# TABLE OF CONTENTS

**ADDRESS BY THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE CHAIRMAN OF THE MANAGEMENT COMMITTEE TO THE SHAREHOLDERS OF OAO GAZPROM**

4

**MAJOR RESULTS**

Gazprom Group’s Results 6
OAO Gazprom’s Results 8

**MAJOR EVENTS**

10

**ABOUT THE COMPANY**

OAO Gazprom’s Mission and Strategic Goal 12
Principles of OAO Gazprom’s Operations 12
Gazprom in 2011 13
Prospects for the Development 16

**OAO GAZPROM’S BOARD OF DIRECTORS AND MANAGEMENT COMMITTEE**

OAO Gazprom’s Board of Directors 20
OAO Gazprom’s Management Committee 24

**BOARD OF DIRECTORS’ REPORT ON OAO GAZPROM’S DEVELOPMENT IN PRIORITY AREAS OF OPERATION**

29

**OVERVIEW OF OPERATING RESULTS**

Exploration and Production 33
Gas Transportation, Storage and Distribution 49
Refining 59
Electric Power 64
Marketing 70

**INNOVATIVE ACTIVITY**

Technology Priorities 89
R&D Financing 92
Open Innovations Model 92

**ENVIRONMENTAL MEASURES, INDUSTRIAL SAFETY AND ENERGY EFFICIENCY**

Environmental Measures 93
Industrial and Labor Safety 99
Energy Saving and Energy Efficiency 100

**SOCIAL POLICY**

Managing Human Capital 102
Social Projects 104
CORPORATE GOVERNANCE

Corporate Governance Principles 108
Corporate Governance Subjects 109
Dividend Policy 114
Compensation and Liability Insurance of Members of the Board of Directors, Members of the Management Committee and Chairman of the Management Committee of OAO Gazprom 116
Internal Control System and Audit 119
Transactions with Core Assets 121
Improving Corporate Governance 122
Share Capital 125
Information Interaction with Shareholders and Investors 128
Share Market and Capitalization 131
Key Risk Factors 134

GLOSSARY

Units of Measurement and Conversion Table 146
List of the Foreign Companies Mentioned in the Report 149

ADDITIONAL INFORMATION

List of Major Transactions with Assets Approved by OAO Gazprom’s Board of Directors 151
List of Interested Party Transactions in 2011 Approved by OAO Gazprom’s Regulatory Bodies 154
Information on Transactions with OAO Gazprom’s Shares Carried Out by Members of OAO Gazprom’s Board of Directors and Management Committee in 2011 175
Information on the Actual Results of Execution of Orders and Directions of the President of the Russian Federation and Orders of the Government of the Russian Federation 178
Information Presented at OAO Gazprom’s Corporate Web-Site 183

ADDRESSES AND CONTACTS 186

Notes

The term OAO Gazprom used in the Annual Report refers to the parent company of Gazprom Group, i.e., to Open Joint Stock Company Gazprom. Gazprom Group, the Group or Gazprom imply OAO Gazprom and its subsidiaries taken as a whole. For the purposes of the Annual Report, the lists of subsidiaries was prepared on the basis used in the preparation of OAO Gazprom’s combined accounting (financial) statements in accordance with the requirements of the Russian legislation.

Similarly, the Gazprom Neft Group and Gazprom Neft refer to OAO Gazprom Neft and its subsidiaries, Gazprom energoholding refers to OOO Gazprom energoholding and its subsidiaries.

The Annual Report also contains information related to Gazprom Group’s business activities in the future, based on the forecast and estimates of Gazprom’s management derived from the current situation. Actual results may differ from the said forecast and estimates, due to the effect of various objective factors.

In the report, a number of Gazprom’s operating and financial results are stated in compliance with the principles for preparing Gazprom Group’s consolidated accounting (financial) statements in accordance with the Russian legislation (consolidated financial statements of Gazprom Group). At the same time, some results of OAO Gazprom and its subsidiaries are stated in compliance with the principles for preparing management accounting. Figures calculated using these methods may differ due to differences in methodologies for preparing consolidated financial statements and management accounting.
Dear Shareholders!

In 2011, Gazprom reached an impressive operational and financial success, which is in line with its clear and coherent long-term strategy that consistently brings Gazprom closer to its ultimate objective – to become the strongest company in the world’s energy sector. This strategy is the only appropriate one in the current economic environment as only robust, vertically-integrated global companies are able to win the competition in the global energy market.

In its operations, Gazprom is driven by the market. We are consumer-oriented, i.e. are guided by the current and long-term fuel consumption plans of our clients. The company works to ensure production and reliable delivery of various types of energy as required by the consumer.

This is why Gazprom’s strategy is based on the principle of diversification, which is applied in three key areas: products, transportation routes and sales markets. Gazprom continued to actively develop along these three tracks in 2011.

Our core product is natural gas. This is the main component of the fuel balance both in Russia and in Europe. 2011 marked the record-high increase in gas reserves due to geological exploration – 719.8 bcm, which is 40.3 % higher than the production volume. In the reporting year the production amounted to 513.2 bcm of gas, and for the first time ever Gazprom produced stranded Turonian gas at the Yuzhno-Russke Field and fed it to the Unified Gas Supply System of Russia.

Building on the principle of product diversification, Gazprom is actively developing the production of both pipeline and liquefied natural gas. This type of fuel was the main driver of the Company’s expanded presence in the international markets. Today Gazprom is the only LNG producer in Russia; its LNG plant under the Sakhalin-2 project has been exporting about 10 mln tons of LNG per annum for two years now. Gazprom has also introduced the gas-to-liquids fuel technology.

We were successful in oil business too. In 2011, necessary prerequisites were put in place to launch a new stage in the development of the Russian fuel and energy complex, i.e. the exploitation of the Arctic shelf. An offshore production platform was deployed at the Prirazlomnoye oil field in the Pechora Sea.

Gazprom set another record in the domestic power sector. In 2011, the company built in Russia 1.9 GW of combined heat and power generation units – more than installed by RAO UES of Russia through its history.

As regards gas transportation, our permanent objective is to enhance reliability of exports. To attain that, in 2011 we took a number of fundamental steps to diversify the transportation routes. First of all, Nord Stream was commissioned – the first gas route to directly connect the Russian and the European gas transportation systems. To ensure uninterrupted exports, it is planned to commence another strategic construction, the South Stream, in 2012. Also, in 2011, Gazprom became the sole owner of Beltransgaz,
thus gaining full control over gas transportation to the Western borders of Belarus. Therefore, we steadily reduce the zones of transit risks between Russia and Europe.

Gazprom’s efforts to diversify its markets are aimed at safeguarding sustainable long-term sales.

The Russian gas market is now becoming the main rival to the exports and the number one market for Gazprom – both in terms of sales and profit. The company provides gasification of the Russian regions, thus building a new gas-consumer base and significantly improving the quality of life, primarily of the rural residents. In 2011, the investments made to gasification reached the record high of over RR 29 bln. However, there is a new record envisaged in 2012 – RR 37.66 bln.

In the new regions of Gazprom’s presence, in the Eastern Russia, we are laying down stable grounds for gas supplies – the company has started to build the gas transportation infrastructure practically from scratch. In 2011, Gazprom commissioned the first gas trunk pipeline in the East of Russia, Sakhalin-Khabarovsk-Vladivostok, which will bring by a large-scale gasification of the region.

In 2011, Gazprom finalized the construction of the first offshore gas pipeline for domestic supplies, Dzhubga-Lazarevskoye-Sochi. This pipeline will be the main means of energy supply for the 2014 Winter Olympic Games.

Gazprom projects are unparalleled in their scale, as well as in efforts and investments required. But the company is able to consistently implement them while meeting strict deadlines. This confidence rests on a high level of financial stability. In 2011, Gazprom showed record-high financial performance: sales revenues, currency earnings, EBITDA and net profit hit the company’s historical high. That’s why the Board of Directors recommended to the Shareholders Meeting to approve the highest dividend payout in the history of Gazprom.

Chairman of the Board of Directors
Victor A. Zubkov

Chairman of the Management Co
Alexey B. Miller
MAJOR RESULTS

Gazprom Group’s Results

INCREASE IN HYDROCARBONS RESERVES DUE TO THE GEOLOGIC EXPLORATION

<table>
<thead>
<tr>
<th>Year</th>
<th>Gas (mln tce)</th>
<th>Gas Condensate (bcm)</th>
<th>Oil (bcm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>678</td>
<td>468.8</td>
<td>0</td>
</tr>
<tr>
<td>2010</td>
<td>797</td>
<td>547.7</td>
<td>0</td>
</tr>
<tr>
<td>2011</td>
<td>969</td>
<td>719.8</td>
<td>0</td>
</tr>
</tbody>
</table>

SALES, RR BLN

<table>
<thead>
<tr>
<th>Year</th>
<th>Gas Condensate (mln tce)</th>
<th>Oil (bcm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>3,118.5</td>
<td>547.7</td>
</tr>
<tr>
<td>2010</td>
<td>3,661.7</td>
<td>508.6</td>
</tr>
<tr>
<td>2011</td>
<td>4,735.8</td>
<td>513.2</td>
</tr>
</tbody>
</table>

HYDROCARBONS PRODUCTION

<table>
<thead>
<tr>
<th>Year</th>
<th>Gas (mln tce)</th>
<th>Gas Condensate (bcm)</th>
<th>Oil (bcm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>592</td>
<td>461.5</td>
<td>0</td>
</tr>
<tr>
<td>2010</td>
<td>649</td>
<td>508.6</td>
<td>0</td>
</tr>
<tr>
<td>2011</td>
<td>656</td>
<td>513.2</td>
<td>0</td>
</tr>
</tbody>
</table>

NET PROFIT, RR BLN

<table>
<thead>
<tr>
<th>Year</th>
<th>Gas Condensate (mln tce)</th>
<th>Oil (bcm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>634.1</td>
<td>508.6</td>
</tr>
<tr>
<td>2010</td>
<td>771.2</td>
<td>513.2</td>
</tr>
<tr>
<td>2011</td>
<td>1,000.9</td>
<td>719.8</td>
</tr>
</tbody>
</table>
### OPERATING RESULTS

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>Change 2011/2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gas production in Russia</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gazprom Group’s production, bcm</td>
<td>461.5</td>
<td>508.6</td>
<td>513.2</td>
<td>0.9 %</td>
</tr>
<tr>
<td>Associated companies’ production attributable to Gazprom Group’s interest, bcm</td>
<td>7.4</td>
<td>10.5</td>
<td>11.3</td>
<td>7.6 %</td>
</tr>
<tr>
<td><strong>Gas Condensate production in Russia</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gazprom Group’s production, mln tons</td>
<td>10.1</td>
<td>11.3</td>
<td>12.1</td>
<td>7.1 %</td>
</tr>
<tr>
<td>Associated companies’ production attributable to Gazprom Group’s interest, mln tons</td>
<td>0.7</td>
<td>0.9</td>
<td>1.0</td>
<td>11.1 %</td>
</tr>
<tr>
<td><strong>Crude oil production in Russia</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gazprom Group’s production, mln tons</td>
<td>31.6</td>
<td>32.0</td>
<td>32.3</td>
<td>0.9 %</td>
</tr>
<tr>
<td>Associated companies’ production attributable to Gazprom Group’s interest, mln tons</td>
<td>19.1</td>
<td>20.7</td>
<td>20.5</td>
<td>–1.0 %</td>
</tr>
<tr>
<td><strong>Hydrocarbons refining</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Natural and associated gas refining, bcm</td>
<td>30.4</td>
<td>33.6</td>
<td>33.2</td>
<td>–1.2 %</td>
</tr>
<tr>
<td>Oil and gas condensate refining, mln tons</td>
<td>44.3</td>
<td>50.2</td>
<td>53.5</td>
<td>6.6 %</td>
</tr>
<tr>
<td><strong>Sales of Gas</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales of gas in Russia, bcm</td>
<td>262.6</td>
<td>262.1</td>
<td>265.3</td>
<td>1.2 %</td>
</tr>
<tr>
<td>Sales of gas in Far Abroad countries, bcm</td>
<td>148.3</td>
<td>148.1</td>
<td>156.6</td>
<td>5.7 %</td>
</tr>
<tr>
<td>Sales of gas in FSU countries, bcm</td>
<td>67.7</td>
<td>70.2</td>
<td>81.7</td>
<td>16.4 %</td>
</tr>
</tbody>
</table>

### FINANCIAL RESULTS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales, RR mln</td>
<td>3,118,462</td>
<td>3,661,699</td>
<td>4,735,822</td>
<td>29.3 %</td>
</tr>
<tr>
<td>Profit from sales, RR mln</td>
<td>844,499</td>
<td>1,161,832</td>
<td>1,622,289</td>
<td>39.6 %</td>
</tr>
<tr>
<td>Net profit, RR mln</td>
<td>634,119</td>
<td>771,242</td>
<td>1,000,900</td>
<td>29.8 %</td>
</tr>
<tr>
<td>Capital expenditures, RR mln</td>
<td>634,976</td>
<td>883,310</td>
<td>1,327,699</td>
<td>50.3 %</td>
</tr>
</tbody>
</table>

* Figures for 2010 may differ from the respective figures in the Annual Report for 2010 due to the restatement of comparable data in the 2011 financial statements.
OAO Gazprom’s Results

### FINANCIAL RESULTS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales of goods, products, work, and services (net of VAT, excise taxes and other similar payments), RR mln</td>
<td>2,486,941</td>
<td>2,879,390</td>
<td>3,534,341</td>
<td>22.7 %</td>
</tr>
<tr>
<td>Profit from sales, RR mln</td>
<td>553,269</td>
<td>821,981</td>
<td>1,188,515</td>
<td>44.6 %</td>
</tr>
<tr>
<td>Net profit, RR mln</td>
<td>624,613</td>
<td>364,478</td>
<td>879,602</td>
<td>141.3 %</td>
</tr>
<tr>
<td>Net assets**, RR mln</td>
<td>5,879,933</td>
<td>6,187,890</td>
<td>7,540,012</td>
<td>21.9 %</td>
</tr>
<tr>
<td>Net assets per share, RR</td>
<td>248</td>
<td>261</td>
<td>318</td>
<td>21.8 %</td>
</tr>
<tr>
<td>Earnings per share, RR</td>
<td>26.38</td>
<td>15.40</td>
<td>37.16</td>
<td>141.3 %</td>
</tr>
<tr>
<td>Dividends per share***, RR</td>
<td>2.39</td>
<td>3.85</td>
<td>8.97***</td>
<td>133.0 %</td>
</tr>
</tbody>
</table>

* Figures for 2010 may differ from the respective figures in the Annual Report for 2010 due to the restatement of comparable data in the 2011 financial statements.

** Net assets in the column “2010” are shown based on the data in the column “At the beginning of reporting year”, while those in the column “2011” are shown based on the data in the column “At the end of reporting year” in OAO Gazprom’s balance sheet as of December 31, 2011.

*** It is recommended that the dividends payable in 2012 based on operating results in 2011 should amount to RR 212,351.4 mln.

Net profit increase in 2011 was mainly influenced by change in sales, other income and income from participation in other organizations. Increase of sales was mainly due to increase of gas sales volumes and prices. A significant increase of other incomes was mainly due to increase of issuers’ stock quotes, primarily quotes of OAO Gazprom Neft, which was resulted in reflection by OAO Gazprom the amount of RR 92 bln of income from revaluation of financial investments at the current market value as of December 31, 2011.
Increase of return ratios in 2011 compared to 2010 was mainly due to an increase of OAO Gazprom’s net profit in 2011.

More than double increase in earnings per share compared to 2010 was reflected in the P/E ratio that decreased in 2011 up to 4.61.
MAJOR EVENTS

Development of Hydrocarbon Resources at the Yamal Peninsula
- The Group was completing preparation for development of a largest Bovanenkovskoye field in Yamal megaproject. By the end of 2011 90% of the first line of Bovanenkovo-Ukhta gas transportation system of a new generation had been welded. First gas from Bovanenkovskoye field will be fed into the UGSS of Russia ahead of schedule, in Q2 2012.

Preparation for Development of Russian Arctic Shelf
- Gazprom completed construction, towed off and mounted at Prirazlomnoye oil field its first offshore ice-resistant fixed platform, designed and built in Russia. Start of oil production at Prirazlomnoye will open the era of Russian Arctic shelf development.

Implementation of the Nord Stream Project
- Commercial deliveries to European consumers started via the first line of Nord Stream gas pipeline – Russian and European gas transportation systems connected directly for the first time.

Work within the South Stream Project
- Shareholder Agreement for South Stream offshore part was signed. According to the document, German Wintershall Holding and French EDF each got 15% with 30% reduction of ENI stake.
- Comprehensive feasibility study for South Stream approved.
- A largest Southeast-European underground gas storage Banatski Dvor, the first facility under South Stream project, is commissioned.
- The permit for South Stream construction in the exclusive economic zone of Turkey is received.
- Decision is made to start construction of South Stream gas pipeline in December 2012 with maximum capacity – 63 bcm per year.

Gas Industry Development in the Russian East
- The first launch complex of Sakhalin – Khabarovsk – Vladivostok gas transportation system is commissioned, the complex is a key facility of the UGSS, constructed in the country’s East. The launch of the GTS gave start to large-scale gasification of regions of the Far East, creating conditions for gas supplies to APR countries.
- License for Kovyktinskoye field in Irkutsk region is received.
- Development of Kirinskoye gas condensate field on Sakhalin’s shelf is started.
Development of Gas Production Capacity in Traditional Production Areas

- Gas production started at Nydinsky block of Medvezhie field, gas is produced from Valanginian deposits of Zapolyarnoye field and Turonian deposits of Yuzhno-Russkoye field. Comprehensive approach to development of hard-to-get horizons in traditional production areas allows Gazprom to successfully increase production capacity.

Development of Cooperation with APR Countries

- Memorandum of Understanding is signed by OAO Gazprom and the Ministry of Oil Industry of DPRK for construction of a gas pipeline to the Republic of Korea through the territory of DPRK.
- Roadmap signed with South-Korean Kogas for gas pipeline transportation project for Russian gas deliveries to the Republic of Korea through the territory of DPRK.

Developing Stronger Partnership Ties with Foreign Partners in Underground Gas Storage

- Phase 2 of Haidach underground gas storage, the largest in Austria and Central Europe’s second largest, was commissioned. The project is participated by Gazprom, RAG and Wingas.

Implementation of Socially Important Projects

- Implementation of Gazprom’s countrywide social project – regional gasification program is underway. Record investments allocated to the program in 2011: over RR 29 bln.
- Construction of power supply facilities for 2014 Winter Olympics continued. Dzhubga–Lazarevskoye–Sochi gas pipeline is commissioned to provide for reliable and continuous natural gas supply of the city of Sochi and Black Sea coastal resort area. Major construction activities are completed, equipment is mounted at Adler TPP – a key power supply facility of Sochi.
- Gas supply started to power generation facilities in Yuzhno-Sakhalinsk and Vladivostok.

Oil Business Development

- Drilling started at Iraq’s Badra oilfield.
- Moscow and Omsk oil refineries started production of higher environmental classes of fuels.
- Gazprom acquired 113 gas stations in Novosibirsk, Chelyabinsk, Nizhny Novgorod and Krasnodar regions.

Development of Electric Power Business

- Over 2011 the Group built 1.9 GW of generating capacity.
ABOUT THE COMPANY

OAO Gazprom’s Mission

OAO Gazprom views its mission in reliable, efficient and balanced supply of natural gas, other energy resources and refined products to consumers.

OAO Gazprom’s Strategic Goal

OAO Gazprom’s strategic goal is to establish itself as a leader among global energy companies by diversifying sales markets, ensuring reliable supplies, increasing operating efficiency and using scientific and technical potential.

Principles of OAO Gazprom’s Operations

- permanent raising of operating efficiency by using experience and scientific and technical potential;
- efficient management of available resources (natural, financial, technological and innovative);
- diversifying through high-performance projects to create products with high added value;
- increasing capitalization and credit ratings;
- meeting the interests of all OAO Gazprom’s shareholders;
- improving corporate governance;
- improving transparency of financial and business activities;
- establishing personal responsibility in its leadership for managerial decision-making;
- minimizing specific adverse environmental impact from technological causes.
Gazprom in 2011

Gazprom Group Activity
In Russia and abroad in 2011

- Hydrocarbons search and geological exploration
- Gas and gas condensate production
- Oil production
- Projects of methane production from coal beds
- Raw hydrocarbons processing
- Gas transportation
- Gas underground storage
- Electric power and heat generation
- Spot sales of LNG
- Sales of gas, supplied by gas trunk pipelines
- Gas sales to end-consumers
- Oil and gas condensate sales
- Refined products sales
- Electricity sales
- Oil products distribution through gasoline stations network
### Exploration and Production

- The worldwide leader in terms of natural gas reserves and production
- Rapidly growing oil segment

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 %</td>
<td>of world’s gas reserves</td>
<td>6,988 operating gas-producing wells in Russia</td>
</tr>
<tr>
<td>72 %</td>
<td>of Russian gas reserves</td>
<td>2.34 oil and gas condensate reserves replacement ratio</td>
</tr>
<tr>
<td>1.4</td>
<td>gas reserves replacement ratio</td>
<td>9 % of Russian oil and gas condensate production</td>
</tr>
<tr>
<td>15 %</td>
<td>of world’s gas production</td>
<td>6,151 operating oil-producing wells in Russia</td>
</tr>
<tr>
<td>77 %</td>
<td>of Russian gas production</td>
<td></td>
</tr>
</tbody>
</table>

### Transportation and Storage

- The world’s largest gas transportation system
- Developed infrastructure of UGSF in Russia and access to storage capacities abroad

<table>
<thead>
<tr>
<th>Measurement</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>164.7 thousand km</td>
<td>length of Gazprom’s gas trunk pipelines in Russia</td>
</tr>
<tr>
<td>683.2 bcm</td>
<td>the volume of natural gas transported through gas transportation system in Russia</td>
</tr>
<tr>
<td>66.7 bcm</td>
<td>the aggregate active capacity of 25 underground gas storage facilities in Russia</td>
</tr>
<tr>
<td>3.0 bcm</td>
<td>access to active capacity of UGSF in Europe</td>
</tr>
</tbody>
</table>

### Refining

- Almost half of the total natural gas refining in Russia
- Leading position in oil and gas condensate refining among Russian companies

<table>
<thead>
<tr>
<th>Measurement</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st place</td>
<td>among Russian companies in terms of gas refining volumes</td>
</tr>
<tr>
<td>77 %</td>
<td>oil refining depth</td>
</tr>
<tr>
<td>52.5 bcm</td>
<td>gas refining capacities</td>
</tr>
<tr>
<td>15 %</td>
<td>of total oil refining in Russia</td>
</tr>
<tr>
<td>75.4 mln tons</td>
<td>oil and gas condensate refining capacities</td>
</tr>
</tbody>
</table>
**Electric Power**

- Leader in the installed capacity and electric power generation in Russia
  - 17% of Russian electric power generation
  - 37 GW installed capacity of 81 power stations in Russia

**Marketing**

- The major natural gas supplier to Russian and FSU consumers
- The largest natural gas exporter in the European market
- Access to end-consumers at foreign gas markets and growing sales of LNG
- A major player in international oil trade
- Increasing refined products sales, growing retail

<table>
<thead>
<tr>
<th>Share</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over 70%</td>
<td>share in the Russian gas market</td>
</tr>
<tr>
<td>27%</td>
<td>share in the European gas market</td>
</tr>
<tr>
<td>2.3 mln tons</td>
<td>LNG sales (an increase of 24% compared to 2010)</td>
</tr>
<tr>
<td>6%</td>
<td>of total Russian oil export to far abroad</td>
</tr>
<tr>
<td>55.4 mln tons</td>
<td>refined products sales (an increase of 6% compared to 2010)</td>
</tr>
<tr>
<td>11%</td>
<td>share of oil products sales through a network of gasoline stations in total sales of refined products</td>
</tr>
</tbody>
</table>

*Note.* Unless otherwise stated, figures are shown as of / for the year ended December 31, 2011
Prospects for the Development

Global Energy Market: Current Situation and Development Trends

Despite the global economic crisis the population will continue to grow and the living standard will continue to improve, especially in the developing countries. This trend will promote the demand for energy in the long-term perspective. According to international energy agencies and organizations, by 2030 the global energy consumption will grow by 40%. And fossil fuels will account for 80% of the total energy consumption. Oil will continue to dominate among fossil fuels accounting for 30% of the energy consumption mix. The share of renewables may rise up to 15%. Gas consumption will grow rapidly: its share in the global energy balance may exceed 25%.

By 2030 the global demand for gas is expected to grow by 50% as compared with the 2010 level. And the gas consumption is expected to grow in all target markets of Gazprom.

Gas consumption in Gazprom’s top-priority Russian market was 473.0 bcm in 2011 and in accordance with the Russian Energy Strategy for the period up to 2030 it may grow up to 539-564 bcm in 2020 and up to 605-641 bcm in 2030.

Gas consumption in Europe, Gazprom’s main export market, will grow gradually. In the long-term perspective uncertainty will remain about the level of demand for natural gas in the region due to continued economic crisis in the Eurozone, increased regulatory pressure on the energy sector in EU countries, increased competition between the gas industry and renewables as well as adjustments to nuclear power development plans. Nevertheless, international organizations expect that after the crisis the annual growth of demand for natural gas will be 1.0% on the average. And in the long-term perspective the main demand for natural gas in Europe will come from the power sector. The demand for natural gas in Europe in 2030 is predicted in the range of 670 - 730 bcm.

CIS markets start to use energy efficiency arrangements. But, given the growth of economy in the region the demand for gas is expected to raise. According to expert estimates, in 2020 gas consumption in CIS countries (excluding Russia) may reach 240 bcm and in 2030 – 260 bcm.

Gazprom has already started to supply liquefied natural gas (LNG) to the Asian-Pacific Region (APR) and views it as a perspective export market for expanded LNG supplies and pipeline gas exports. In the last decade gas consumption in the region increased almost two times and reached half a trillion cubic meters in 2010. Main APR consumers include: the People’s Republic of China, Japan, Thailand, the Republic of Korea and Indonesia. Major gas consumers in the Asian market also include India and Pakistan. According to international organizations, the future growth rate of gas consumption in this region is expected to be the highest in the world. By 2030 gas consumption in APR may increase by more than two times.

Development of LNG will allow Gazprom to deliver gas to other perspective regions of the world.

Major Development Areas of Gazprom Group

In Gas Business

The Gazprom Group’s goal is to retain its leading position in the global gas industry in the long-term perspective. Therefore it is necessary to retain the Group’s share in the domestic market, ensure meeting one third of the European demand for gas and obtain 10-15% of the North-East Asian market. The Gazprom Group plans to produce up to 15% of the global LNG volume.

In order to achieve these goals Gazprom plans to complete a number of strategic tasks.

The goals in the area of gas production include not only maintenance of production at existing fields but an active development of new gas production centers in the Yamal peninsula, offshore areas of arctic seas, in Eastern Siberia and Far East.
In the gas transportation area further development and modernization of the Unified Gas Supply System (the UGSS) will be executed in line with the gas production growth. The existing infrastructure is expected to be used to the maximum extent possible in order to ensure efficiency of supplies. The UGSS will continue to expand to the east of the country, it is planned to increase gas storage and LNG production capacities.

In the area of gas marketing the Group plans to expand its presence in the perspective gas markets including APR markets and to increase the share of LNG in Gazprom’s export portfolio.

The main objective of the Group’s development in gas processing and gas chemistry is to increase the rate of extraction of valuable components of natural and associated oil gas and their effective use for further refining to marketable products with high added value; upgrade the existing and build new gas processing and gas chemistry facilities, in particular in Eastern Siberia and Far East.

In Oil Business

The Gazprom Group intends to increase oil production, including results of its subsidiaries and its share in associated companies. The production and reserves balance is to be maintained at the current level. The number of fields is expected to grow through acquisition of plots from the non-licensed stock of areas and by buying assets in the Russian market. It is planned to expand the Gazprom Group’s activities in the development of hydrocarbon reserves abroad.

In the area of oil refinery the Group plans to increase volumes and improve efficiency of oil refinery. To meet these goals Gazprom plans to expand its own refinery capacities both in Russia and abroad.

Improvement of oil refinery efficiency abroad is expected to be achieved through equity participation in refinery assets and long-term processing contracts. The growth of refinery abroad will depend on how quick oil production will increase. At the same time it is planned to implement the program of improving the quality of motor fuels, the depth of refining and equipment level of the Group’s oil refinery plants in Russia.

In the area of oil product marketing the Group’s strategic goal is to increase premium sales through small-scale wholesale and retail networks including by expanding the network of filling stations in Russia and abroad.

In Electric Power Business

Gazprom targets to increase operating efficiency of the Gazprom Group’s generating entities by modernizing existing capacities and building new effective combined steamgas capacities that will increase production of electric power and heat. The Group is considering participation in potential electric power projects in a number of European and North-East Asia countries.
NEW TRANSPORTATION CHANNELS

The first stage of **Nord Stream** gas pipeline was commissioned. With its capacity of **27.5 bcm p.a.** it will enable to diversify supply channels and improve reliability of Gazprom’s gas supply to European customers.
OAO Gazprom’s Board of Directors

Information About Members of OAO Gazprom’s Board of Directors as of December 31, 2011

Viktor Alekseevich Zubkov
Chairman of the Board of Directors
Born in 1941, graduated from Leningrad Agricultural Institute.
Employment history (last five years):
2007–2008 – Prime Minister of the Russian Federation
since 2008 – First Deputy Prime Minister of the Russian Federation
Year of first election to the Board of Directors of OAO Gazprom – 2008
Mr. Zubkov has no shareholding in OAO Gazprom

Alexey Borisovich Miller
Deputy Chairman of the Board of Directors
Employment history (last five years):
2007–2011 – Chairman of OAO Gazprom's Management Committee
Year of first election to the Board of Directors of OAO Gazprom – 2002
Mr. Miller holds a 0.00095828 % stake in OAO Gazprom

Andrey Igorevich Akimov
Born in 1953, graduated from Moscow Finance Institute
Employment history (last five years):
2007–2011 – Chairman of the Management Committee of Gazprombank (Open Joint-stock Company)
Year of first election to the Board of Directors of OAO Gazprom – 2011
Mr. Akimov has no shareholding in OAO Gazprom
Alexander Georgievich Ananenkov
Born in 1952, graduated from Ufa Oil Institute and the Academy of National Economy of the Council of Ministers of the USSR.
Employment history (last five years):
2007–2011 – Deputy Chairman of OAO Gazprom’s Management Committee
Year of first election to the Board of Directors of OAO Gazprom – 2002
Mr. Ananenkov holds a 0.00693263 % stake in OAO Gazprom

Farit Rafikovich Gazizullin
Born in 1946, graduated from Gorky Institute of Water Transport Engineering.
Year of first election to the Board of Directors of OAO Gazprom – 1998
2011 – member of the Audit Committee of OAO Gazprom’s Board of Directors
Mr. Gazizullin has no shareholding in OAO Gazprom

Elena Evgenyevna Karpel
Born in 1944, graduated from D.S. Korotchenko Kiev Institute of National Economy.
Employment history (last five years):
2007–2011 – Head of the Economic Appraisal and Pricing Department of OAO Gazprom
Year of first election to the Board of Directors of OAO Gazprom – 2004
Ms. Karpel holds a 0.00074825 % stake in OAO Gazprom

Timur Askarovich Kulibaev
Born in 1966, graduated from M.V. Lomonosov Moscow State University.
Employment history (last five years):
2007– Deputy Chairman of the Management Board, AO Samruk Kazakh Holding for State Assets Management
2011 – Member of the Board of Directors, Chairman of the Management Board, Samruk-Kazyna National Welfare Fund
Year of first election to the Board of Directors of OAO Gazprom – 2011
Mr. Kulibaev has no shareholding in OAO Gazprom
Vladimir Alexandrovich Mau
Born in 1959, graduated from G.V. Plekhanov Moscow Institute of National Economy
Employment history (last five years):
Year of first election to the Board of Directors of OAO Gazprom – 2011
Mr. Mau has no shareholding in OAO Gazprom

Valery Abramovich Musin
Born in 1939, graduated from A.A. Zhdanov Leningrad State University.
Employment history (last five years):
2007–2011 – Head of the Civil Procedure Department of the Faculty of Law, St. Petersburg State University
Year of the first election to the Board of Directors of OAO Gazprom – 2009
2011 – Chairman of the Audit Committee of OAO Gazprom’s Board of Directors
Mr. Musin has no shareholding in OAO Gazprom

Mikhail Leonidovich Sereda
Employment history (last five years):
2007–2011 – Deputy Chairman of OAO Gazprom’s Management Committee – Head of the Administration of OAO Gazprom’s Management Committee
Year of first election to the Board of Directors of OAO Gazprom – 2002
2011 – member of the Audit Committee of OAO Gazprom’s Board of Directors
Mr. Sereda holds a 0.00026379 % stake in OAO Gazprom

Igor Khanukovich Yusufov
Born in 1956, graduated from Novocherkassk Polytechnic Institute, All-Union Foreign Trade Academy.
Employment history (last five years):
Year of first election to the Board of Directors of OAO Gazprom – 2003
Mr. Yusufov has no shareholding in OAO Gazprom
Changes in the Board of Directors in 2011

Members of the Board of Directors Who Were Elected in 2011

Andrey Igorevich Akimov – Member of the Board of Directors of OAO Gazprom (since June 30, 2011)
Timur Askarovich Kulibaev – Member of the Board of Directors of OAO Gazprom (since June 30, 2011)
Vladimir Alexandrovich Mau – Member of the Board of Directors of OAO Gazprom (since June 30, 2011)

Members of the Board of Directors Whose Powers Were Terminated in 2011

Burckhard Bergmann – Member of the Board of Directors of OAO Gazprom (until June 30, 2011)
Elvira Sakhipzadovna Nabiullina – Member of the Board of Directors of OAO Gazprom (until June 30, 2011)
Sergey Ivanovich Shmatko – Member of the Board of Directors of OAO Gazprom (until June 30, 2011)
OAO Gazprom’s Management Committee

Information About Members of OAO Gazprom’s Management Committee as of December 31, 2011

Chairman of the Management Committee:

Alexey Borisovich Miller
Employment history (last five years):
2007–2011 – Chairman of OAO Gazprom’s Management Committee
Mr. Miller holds a 0.00095828 % stake in OAO Gazprom

Members of the Management Committee:

Elena Alexandrovna Vasilieva
Born in 1959, graduated from N.A. Voznesensky Leningrad Finance and Economics Institute.
Employment history (last five years):
2007–2011 – Deputy Chairwoman of the Management Committee – Chief Accountant of OAO Gazprom
Ms. Vasilieva holds a 0.00028135 % stake in OAO Gazprom

Valeriy Alexandrovich Golubev
Born in 1952, graduated from V. I. Ulyanov (Lenin) Leningrad Electrotechnical Institute.
Employment history (last five years):
2007–2011 – Deputy Chairman of OAO Gazprom’s Management Committee
Mr. Golubev holds a 0.00074256 % stake in OAO Gazprom
Alexander Nikolaevich Kozlov  
Born in 1952, graduated from Moscow State Institute for International Relations.  
Employment history (last five years):  
2006–2010 – Deputy Chairman of OAO Gazprom’s Management Committee  
Mr. Kozlov holds a 0.00004722% stake in OAO Gazprom

Andrey Vyacheslavovich Kruglov  
Born in 1969, graduated from St. Petersburg Technological Institute of the Refrigeration Industry.  
Employment history (last five years):  
2007–2011 – Deputy Chairman of OAO Gazprom’s Management Committee, Head of the Department for Finance and Economics of OAO Gazprom  
Mr. Kruglov holds a 0.00032174% stake in OAO Gazprom

Alexander Ivanovich Medvedev  
Born in 1955, graduated from Moscow Physics and Technology Institute.  
Employment history (last five years):  
2007–2011 – Deputy Chairman of OAO Gazprom’s Management Committee, General Director of OOO Gazprom Export  
Mr. Medvedev holds a 0.00019869% stake in OAO Gazprom

Sergey Fyodorovich Khomyakov  
Born in 1953, graduated from Leningrad Electrotechnical Institute.  
Employment history (last five years):  
2007 – First Deputy General Director of OAO Gazprom’s Security service  
2007–2008 – Deputy Chairman of OAO Gazprom’s Management Committee, General Director of OAO Gazprom’s security service  
since 2008 – Deputy Chairman of OAO Gazprom’s Management Committee, General Director of the subsidiary of OAO Gazprom’s Corporate Protection Service in Moscow  
Mr. Khomyakov holds a 0.00019901% stake in OAO Gazprom
**Oleg Evgenyevich Aksyutin**
Employment history (last five years):
2007 – Chief Engineer and First Deputy General Director of OOO Kavkaztransgaz
2007–2008 – General Director of OOO Nadymgazprom
2008 – General Director of OOO Gazprom dobycha Nadym
since 2008 – Head of OAO Gazprom’s Department for Gas Transportation, Underground Storage and Utilization
Mr. Aksyutin holds a 0.00021785 % stake in OAO Gazprom

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**Yaroslav Yaroslavovich Golko**
Born in 1961, graduated from Leningrad Mining Institute.
Employment history (last five years):
2007–2011 – Head of OAO Gazprom’s Investment and Construction Department
Mr. Golko holds a 0.00007708 % stake in OAO Gazprom

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**Nikolai Nikolaevich Dubik**
Born in 1971, graduated from M.V. Lomonosov Moscow State University.
Employment history (last five years):
2007–2008 – Deputy Head of OAO Gazprom’s Legal Department
2008 – First Deputy Head of OAO Gazprom’s Legal Department
since 2008 – Head of OAO Gazprom’s Legal Department
Mr. Dubik holds a 0.00095448 % stake in OAO Gazprom

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**Viktor Vasilyevich Ilyushin**
Born in 1947, graduated from Urals Polytechnic Institute and the Academy of Social Sciences of the Communist Party Central Committee of Soviet Union.
Employment history (last five years):
2007–2010 – Head of OAO Gazprom’s Department for Relations with Regional Authorities of the Russian Federation
2010–2011 – Head of OAO Gazprom’s Department for Relations with Authorities of the Russian Federation
Mr. Ilyushin holds a 0.00015285 % stake in OAO Gazprom
Olga Petrovna Pavlova
Born in 1953, graduated from the Far East State University.
Employment history (last five years):
2007–2011 – Head of OAO Gazprom’s Department for Property Management and Corporate Relations
Ms. Pavlova holds a 0.00003013 % stake in OAO Gazprom

Vlada Vilorikovna Rusakova
Born in 1953, graduated from I. M. Gubkin Moscow Petrochemical and Gas Industry Institute.
Employment history (last five years):
2007–2011 – Head of OAO Gazprom’s Strategic Development Department
Ms. Rusakova holds a 0.00002513 % stake in OAO Gazprom

Kirill Gennadyevich Seleznev
Born in 1974, graduated from D.F. Ustinov Baltic State Technical University and St. Petersburg State University.
Employment history (last five years):
2007–2010 – Head of OAO Gazprom’s Department for Marketing and Processing of Gas and Liquid Hydrocarbons, General Director of OOO Mezhregiongaz
since 2010 – Head of OAO Gazprom’s Department for Marketing and Processing of Gas and Liquid Hydrocarbons, General Director of OOO Gazprom Mezhregiongaz
Mr. Seleznev holds a 0.00013844 % stake in OAO Gazprom

Igor Yuryevich Fedorov
Born in 1965, graduated from A.A. Zhdanov Leningrad State University, St.Petersburg State Academy of Service and Economics.
Employment history (last five years):
2007–2009 – General Director of OOO Gazkomplektimpex
since 2009 – General Director of OOO Gazprom Komplektatsiya
Mr. Fedorov holds a 0.00013608 % stake in OAO Gazprom
Vsevolod Vladimirovich Cherepanov
Born in 1966, graduated from M.V. Lomonosov Moscow State University.
Employment history (last five years):
2007–2008 – Chief Geologist of the Nadym Oil and Gas Production Directorate, OOO Nadymgazprom
2008 – Chief Geologist of the Nadym Oil and Gas Production Directorate, OOO Gazprom dobycha Nadym
2008–2010 – Deputy Director General, Chief Geologist of Administration of OOO Gazprom dobycha Nadym
since 2010 – Head of OAO Gazprom’s Gas, Gas Condensate and Oil Production Department
Mr. Cherepanov holds a 0.00001267 % stake in OAO Gazprom

Changes in the Management Committee’s Composition in 2011

Members of the Management Committee Whose Powers Were Terminated in 2011

Alexander Georgievich Ananenkov
Deputy Chairman of OAO Gazprom’s Management Committee
(Powers as the Member of the Management Committee were terminated due to expiration of the term of powers, determined by resolution No. 929 of the Board of Directors dated December 19, 2006)
In 2011, OAO Gazprom’s Board of Directors held 101 meetings (12 of them formal meetings and 89 of them absentee ballots) and resolved 214 issues concerning the company’s key areas of operation (54 resolutions were adopted at formal meetings and 160 resolutions were adopted through an absentee ballot).

OAO Gazprom’s Strategic Development

In the reporting year, the Board of Directors focused on the issues of OAO Gazprom’s comprehensive strategic development.

OAO Gazprom’s strategic area of focus is implementation of the Program for Development of Unified Gas Production, Transportation and Supply System in Eastern Siberia and the Far East with a View to Prospective Gas Exports to Markets of China and other APR Countries (hereinafter – Eastern Gas Program).

The Board of Directors charged the Chairman of OAO Gazprom’s Management Committee with the following:

- organize further work to implement the following top-priority investment projects and activities under Eastern Gas Program:
  - “Sakhalin – Khabarovsk – Vladivostok gas trunk pipeline”,
  - “Kirinskoye gas condensate field development”, “Gas pipeline “Onshore Processing Facilities of Kirinskoye gas condensate field – main CS of Sakhalin”,
  - geological exploration work at Kirinsky block on the shelf of Sakhalin,
  - “Natural gas supply to the Kamchatka region. The first stage, natural gas supply to the city of Petropavlovsk-Kamchatsky. Development of Kshukskoye and Nizhne-Kvakchikskoye fields in Kamchatka region ” (facilities of II and III launch complexes),
  - Comprehensive geological exploration work at Chayandinskoye oil, gas and condensate field, development of Chayandinskoye oil, gas and condensate field for test production period;

- provide for preparation and submission for review by the Board of Directors in Q4 2011 of a list of prospective production facilities of OAO Gazprom in Russia’s East under Eastern Gas Program revision activities, pursuant to Paragraph 6 of the Minutes No. VP-P9-16pr of the meeting with the Prime-Minister of the Russian Federation on March 19, 2011, and also provide for submission of proposals to create favorable conditions for development of gas sector in Eastern Siberia and in the Far East;

- make provisions under OAO Gazprom’s investment program projects for funds to conduct geological exploration and for implementation of investment projects in Russia’s East.

The Board of Directors approved participation of OAO Gazprom in OOO Kovkataneftegaz via acquisition of 100 % stake in registered capital of the company, which together with property, acquired from OAO Kompaniya RUSIA Petroleum, enabled OAO Gazprom to get license for subsoil use for Kovkta gas and condensate field re-registered in the name of Gazprom and significantly increase its resource base.
Upon consideration of ways to increase efficiency of OAO Gazprom’s investment program, the Board of Directors approved key areas to increase efficiency of OAO Gazprom’s investment program:

- optimization of plans to commission OAO Gazprom’s capacity;
- increase in economic efficiency of OAO Gazprom’s investment projects via optimization of technology and cost parameters of construction sites during due diligence of project documentation at OAO Gazprom;
- reduction of investment project implementation costs via optimization of prices for key materials and equipment and competitive procurement of goods, products and services, and also via monitoring of investment project implementation in line with approved project documentation;
- further federal government relations activities to adjust gas prices to a level, securing equity capital to finance investments, required to support operations and development of gas sector and also equal margins from gas delivery to external and domestic markets;
- broader use of project financing methods under implementation of OAO Gazprom’s investment projects;
- transition to financing social programs with government support.

In terms of foreign trade, in order to strengthen Gazprom Group’s positions in the global energy market, to diversify its export routes and sales markets, as well as to ensure safe and reliable supply of natural gas in accordance with OAO Gazprom’s Strategy in the field of LNG production and supply. The Board of Directors continuously reviewed “South Stream” Combined Feasibility Study preparation process.

Upon consideration of information on Russia-Ukraine gas relationships status and prospects of cooperation with Ukraine, the Board of Directors charged the Chairman of OAO Gazprom’s Management Committee with the following activities: provide for further operations under Natural Gas Sale and Purchase Agreement for 2009–2019, dated January 19, 2009 and under Volumes and Conditions of Natural Gas Transit via Ukraine Contract for 2009–2019, dated January 19, 2009; manage further internal Ukrainian market operations via Gazprom Group companies, and also manage activities to create joint ventures for hydrocarbons production in Ukrainian territory.

The Board of Directors approved acquisition of the second stake in OAO Beltransgaz, resulting in OAO Gazprom’s complete control over the company.

Financial, Economic and Investment Activities

Key parameters of OAO Gazprom’s operations for 2011 are approved by the Board of Directors and outlined in OAO Gazprom’s budget (financial plan), OAO Gazprom’s Investment program, and program for optimizing (decreasing) costs for 2011.

The Board of Directors paid close attention to the company’s current financial status, specifically focusing on cost reduction issues.

Upon consideration of cost reduction program for specific operations areas of Gazprom Group, the Board of Directors charged the Chairman of OAO Gazprom’s Management Committee with continuation of activities to reduce costs in 2012 and report of results of such activities to the Board of Directors in Q1 2013; organize preparation of information regarding results of implementation of the Regulation on the Purchase of Goods, Works and Services by Gazprom Group, approved by the resolution of the Board of Directors of OAO Gazprom No. 1662 dated October 27, 2010, and present materials on the issue by the end of 2011 for consideration at a meeting of the Board of Directors of OAO Gazprom.

To provide for transparency of procurement activities of OAO Gazprom and its subsidiaries and to secure transition to electronic procurement, the Board of Directors charged the Chairman of OAO Gazprom’s Management Committee to provide for:
further work to secure transparency of procurement of goods, works and services for needs of OAO Gazprom and its subsidiaries via publication of procurement information, including mass media (including electronic mass media), to a degree, sufficient for potential procurement participants and also to avoid discrimination and unreasonable limitation of procurement participants number;

- electronic purchases, including electronic auctions, starting from July 1, 2011;

- determination of the range of goods (works, services) by the end of 2011, for placement of delivery (execution, performance) orders to be auctioned;

- presentation of quarterly results no later than 30-th day of any month, following a reporting period, starting with Q1 2012 results, to OAO Gazprom’s Board of Directors, and presentation of half year results (starting with results of the first half of 2012) – to the Ministry of Economic Development of Russia and the Federal Anti-Monopoly Service of Russia on procurement activities of OAO Gazprom with parameters, showing numbers of e-auctions held (of the total number of auctions), the total amount for conducted e-auctions (of the total volume), savings ratio for conducted e-auctions, savings ratio for other purchases, ratio of failed e-auctions;

- organization of activities to review contracts, made by OAO Gazprom in 2010 upon results of competitive procedures, and submission of results of such activities for consideration at the May 2011 meeting of the Board of Directors of OAO Gazprom.

The Board of Directors found it feasible for OAO Gazprom to participate in “Increasing economy’s energy efficiency – key to development of agricultural sector of the region” pilot project by Tambov Region Administration, and authorized the Chairman of OAO Gazprom’s Management Committee to conduct a review of the pilot project and to prepare a feasibility study for Tambov Region gasification project with adjustments to the general layout of the region’s gas supply system to increase gas utilization efficiency by agricultural enterprises of Tambov region and report to the Board of Directors on the work done by Q1 2012.

The Board of Directors considered information on activities to increase efficiency of participation of OAO Gazprom and its subsidiaries in equity capital of banking and financial sector companies, information of a number of subsidiaries on efficiency of capital investments for major investment sites.

**Improving Management Efficiency**

The Board of Directors considered the issue of managing property and other assets of OAO Gazprom and its subsidiaries in 2010 and authorized the Chairman of OAO Gazprom’s Management Committee to conduct further activities to improve property management system for OAO Gazprom and its subsidiaries to secure implementation of activities to increase operating efficiency of OAO Gazprom.
SALE OF NON-CORE ASSETS

In line with Resolutions of OAO Gazprom’s Board of Directors No. 1691, dated December 8, 2010 and No. 1883, dated September 27, 2011, it is planned to receive RR 11.9 bln in revenues from sale of non-core/inefficient assets of OAO Gazprom and its subsidiaries (including inter-company transactions). Real revenues of OAO Gazprom and its subsidiaries in 2011 amounted to RR 12.3 bln (103.4 %), including revenue from inter-company transactions – RR 4.1 bln.

In 2011 participation was discontinued in 11 sites of long-term financial investments (ООО Gazprom Burenie (RR 4,050 mln), ООО SMU-7 (RR 28.5 mln), ОАО TISMA (RR 188.1 mln), ОOO VTGSM (RR 68.3 mln) etc. Were sold poorly performing assets, low market value assets, which have been prepared for sale for several years, these include: ООО Ditangaz (68 %) – RR 3.8 mln, ЗАО IK Gorizont (35 %) – RR 3.03 mln, ЗАО Yubileynoye (7.82 %) – RR 4.2 mln and others.

To secure organizational provisions for OAO Gazprom’ Gas Sales Strategy, it was resolved to approve participation of OAO Gazprom in South Stream AG, ООО Piter Gaz, opening an OAO Gazprom office in the Kingdom of Belgium.
OVERVIEW OF OPERATING RESULTS

Exploration and Production

Significant Resource Potential of Gazprom Group is One of the Key Competitive Advantages of the Company.

License blocks of Gazprom, located predominantly in Russia, account for about 18% of global and about 72% Russian gas reserves. As of December 31, 2011, hydrocarbon reserves of Gazprom Group abroad were less than 1% of the Group’s reserves in Russia (categories A+B+C1).

An audit of Gazprom Group’s hydrocarbon reserves, carried out by DeGolyer & MacNaughton in accordance with the international PRMS standards estimated the Group’s proved and probable hydrocarbon reserves as of December 31, 2011 at 29.2 bln tce with present value of US $ 299.2 bln, with 11% or US $ 29.6 bln increase versus the estimate for December 31, 2010. The assessment covered 90% of gas reserves, 83% of condensate and 89% of oil (categories A+B+C1).

<table>
<thead>
<tr>
<th>Natural gas, bcm</th>
<th>Gas Condensate*, mln tons</th>
<th>Oil, mln tons</th>
<th>Total, mln tce</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proved reserves</td>
<td>19,212.6</td>
<td>605.2</td>
<td>723.9</td>
</tr>
<tr>
<td>Probable reserves</td>
<td>3,631.5</td>
<td>152.6</td>
<td>492.2</td>
</tr>
<tr>
<td>Proved and probable reserves</td>
<td>22,844.1</td>
<td>757.8</td>
<td>1,216.1</td>
</tr>
</tbody>
</table>

* Gas condensate reserves of Gazprom Neft are included in Oil Column.

An increase in Gazprom’s proved and probable hydrocarbon reserves versus the estimate for December 31, 2010 by 0.5 bln tce was mostly due to new fields, included in the audit (Malyginskoye, Zapadno-Tambeyskoye and Tasiyskoye), adjustment of geological models of Chayandinskoye, Myldzhinskoye, Yuzhno-Russkoye, Gubkinskoye, Kamennomysskoye-more fields, and also development parameters for Orneburgskoye field.
Operations in Russia

As of December 31, 2011 the Group developed 124 hydrocarbon fields. Over a half (55 %) of Gazprom’s discovered gas reserves in Russia and about 85 % of its production are covered by the Group’s major gas production subsidiaries – OOO Gazprom Dobycha Yamburg, OOO Gazprom Dobycha Urengoy, OOO Gazprom Dobycha Nadym, and OOO Gazprom Dobycha Noyabrsk operating in Yamalo-Nenets Autonomous Area. The operations related to the development of the Group’s oil reserves are consolidated within Gazprom Neft and are mainly carried out in Yamalo-Nenets and Khanty-Mansi Autonomous Areas, as well as Tomsk, Omsk, Orenburg and Irkutsk regions. Moreover, as of December 31, 2011 Gazprom Group also had shareholdings in associated companies, which were qualified as subsoil users: gas producing company ZAO Nortgaz (51 %), oil producing OAO NGK Slavneft (49.85 %), ZAO Messoyakhaneftegaz (50 %) and OAO Tomskneft VNK (50 %), Salym Petroleum Development N.V. (50 %), in Sakhalin Energy (50 %) – “Sakhalin-2” project operator.

The Group also has 50% in OOO Yamal Razvitiye, which in turn has 51 % in the registered capital of OOO SeverEnergia. Its subsidiaries hold hydrocarbon exploration and production licenses at oil-gas condensate fields in Yamalo-Nenets Autonomous Area.
The share of minority shareholders in reserves of Gazprom Group (categories A+B+C,) as of December 31, 2011 amounted to 595.9 bcm of gas, 0.3 mln tons of gas condensate and 53.4 mln tons of oil.
CHANGE IN GAZPROM GROUP’S HYDROCARBON RESERVES (CATEGORIES A+B+C1) IN RUSSIA, MLN TCE

<table>
<thead>
<tr>
<th></th>
<th>40,000</th>
<th>41,000</th>
<th>42,000</th>
<th>43,000</th>
<th>44,000</th>
<th>45,000</th>
<th>46,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserves as of 31.12.2010</td>
<td>-</td>
<td>-</td>
<td>42,457.7</td>
<td>-</td>
<td>46,000</td>
<td>-</td>
<td>45,000</td>
</tr>
<tr>
<td>Production including losses</td>
<td>-500.3</td>
<td>-</td>
<td>-650.3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Increase in resources as a result of geological exploration</td>
<td>-</td>
<td>-380.4</td>
<td>968.4</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Licensing activity</td>
<td>-</td>
<td>-</td>
<td>2,204.5</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>-13.5</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Reserves as of 31.12.2011</td>
<td>-</td>
<td>-</td>
<td>44,966.9</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

STRUCTURE OF GAZPROM GROUP’S DISCOVERED GAS RESERVES IN RUSSIA, AS OF DECEMBER 31, 2011.

- In operation*: 51%
- Prepared for operation: 39%
- Under exploration: 10%

* Operating fields may include unoperating deposits.

**Geological Exploration**

<table>
<thead>
<tr>
<th>Changes in reserves as result of:</th>
<th>Natural gas, bcm</th>
<th>Condensate, mln tons</th>
<th>Oil, mln tons</th>
<th>Total, mln tce</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geological Exploration</td>
<td>719.8</td>
<td>38.4</td>
<td>58.0</td>
<td>968.4</td>
</tr>
<tr>
<td>Transfer of reserves explored in 2011 into the Russian unallocated mineral reserve fund*, transfer to other companies’ balance, acquisitions from other companies’ balance</td>
<td>-16.9</td>
<td>-1.6</td>
<td>-0.8</td>
<td>-22.9</td>
</tr>
</tbody>
</table>

* In accordance with Russian law, a subsoil user has no absolute right to develop the reserves they discovered in the areas licensed for exploration and beyond the boundaries of the licensed areas. Such reserves are to be transferred into the unallocated mineral reserve fund of the Russian Federation. Later on, the subsoil user enjoys a preferential right to the license for their development.
To provide for sustainable mid- and long-term production growth, Gazprom Group pays special attention to geological exploration.

In 2011 Gazprom’s geological exploration activities secured a record increase in its reserves, amounting to 65% of gas reserves growth due to exploration in Russia.

Gazprom’s geological exploration secured record reserve growth in the past ten years.

In 2011 geological and geophysical exploration activities were carried out in all Russia’s oil and gas provinces: Western and Eastern Siberia, in the Far East, Orenburg region, Krasnodar territory, the Republic of Komi, Kara and Okhotsk Sea shelf.

In order to identify and detail the geological structures, Gazprom performed comprehensive geological exploration activities: 157.7 thousand meters of earth material drilled, 2.8 thousand kilometers of 2D seismic survey performed, 8.8 thousand sq. km of 3D seismic survey carried out. 60 prospecting evaluation and exploratory wells, including 45 productive wells, were completed.
GEOLOGICAL EXPLORATION ON RUSSIA’S CONTINENTAL SHELF

As of December 31, 2011 Gazprom Group held licenses for 15 offshore fields (of these, four fields expand onshore), most of which are prepared for commercial development, and also holds licenses for three prospect blocks of the Far Eastern shelf.

In 2011 OAO Gazprom approved adjusted Program for Developing Hydrocarbon Resources on the Continental Shelf of the Russian Federation for the period until 2030, the Program is a strategic document, determining areas of OAO Gazprom’s activities on Russian shelf. The Program envisions utilization of a comprehensive approach, providing for the most efficient use of infrastructure and technology for shelf project implementation. Particularly, Gazprom plans comprehensive development of Shtokmanovskoye field and its satellites in Barents Sea, joint development of Prirazlomnoye and Dolginskoye oil fields in Pechora Sea. Development of Severo-Kamennomysskoye and Kamennomysskoye-more fields in Obskaya and Tazovskaya bays will lay foundation for comprehensive development of a whole group of neighboring fields. Comprehensive development of fields is also planned at Gazprom’s Sakhalin shelf licensed blocks under “Sakhalin-3” project.

As of December 31, 2011, the Group created a strong reserve base of 6.8 bln tce at Arctic and Sakhalin shelves, of these gas comprises 6.3 tcm for commercially viable categories (С1+С2). By 2030 geological exploration activities of Gazprom Group at Russian shelf are expected to increase reserves by more than 11 bln tce (over 2005–2011 the increase of the company’s shelf reserves amounted to more than 2.2 bln tce). Implementation of the Program will let Gazprom annually produce over 200 bcm of gas and about 10 mln tons of oil at Russian shelf by 2030.

In 2011 geological exploration activities in Russia were funded for RR 50.7 bln (VAT included).

GAZPROM GROUP’S HYDROCARBONS GEOLOGICAL EXPLORATION IN RUSSIA

---

Arctic and Sakhalin shelf resource base of the Group amounts to 6.8 bln tce.
2011 geological exploration activities resulted in discovery of five fields: Mynginskoye at Okhotsk Sea shelf, Novotatishevskoye in Orenburg region, Severo-Trassovoye and Mynginskoye in Tomsk region, and also Ignyalinskoye field in Irkutsk region.

The major incremental growth was achieved at the fields discovered earlier – came from Yuzhno-Kirinskoye and Kirinskoye fields at Sakhalin shelf (156.3 bcm), and also at Chayandinskoye field in the Republic of Sakha (Yakutia) (178.2 bcm) and at Yuzhno-Russkoye field at Yamalo-Nenets Autonomous Area (139.8 bcm).

In 2011 the gas reserve replacement ratio amounted to 140 %, liquid hydrocarbons – 234 %. Performance efficiency of geological and geophysical exploration activities – 6,142 tce/m.

### Licenses

<table>
<thead>
<tr>
<th>Changes in reserves as result of:</th>
<th>Natural gas, bcm</th>
<th>Condensate, mln tons</th>
<th>Oil, mln tons</th>
<th>Total, mln tce</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licenses received including:</td>
<td>1.803.7</td>
<td>82.5</td>
<td>3.6</td>
<td>2,204.6</td>
</tr>
<tr>
<td>Licenses returned</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

As of December 31, 2011 Gazprom Group held 261 licenses in Russia for use of subsoil resources with the purpose of geological surveys, exploration and production of hydrocarbons. The total area of the Group’s licensed blocks in Russia as of December 31, 2011 amounted to 318.8 thousand sq. km, including 61.8 thousand sq. km of shelf.

In 2011 due to resolution of the Government of Russian Federation Gazprom received four licenses for use of subsoil resources of Verkhnevilyuchanskoye, Sobolokh-Nedzhelinskoye, a portion of Srednetyunginskoye and Tas-Yuriakhskoye fields in the Republic of Sakha (Yakutia). The total gas reserves of C1+C2 categories are estimated at 550.6 bcm. Acquisition costs amounted to RR 7.3 bln.

OAO Gazprom was re-issued a license, formerly held by OAO “Kompaniya “RUSIA Petroleum”, for Kovyktinskoye gas condensate field, due to OAO Gazprom’s acquisition of property of bankrupt OAO “Kompaniya “RUSIA Petroleum” in line with procedures of the Federal Law “On insolvency (bankruptcy)”. The reserves of Kovyktinskoye field are estimated at 1.5 tcm of gas and 77 mln tons of С1+С2 categories condensate, as of December 31, 2011.

In 2011 Gazprom returned 16 licenses for use of subsoil resources: 7 of these expired, 9 were returned due to inexpedience of further work. Licenses for 18 blocks were extended.

### Asset Transactions

<table>
<thead>
<tr>
<th>Changes in reserves as result of:</th>
<th>Natural gas, bcm</th>
<th>Condensate, mln tons</th>
<th>Oil, mln tons</th>
<th>Total, mln tce</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of assets</td>
<td>–</td>
<td>–</td>
<td>9.1</td>
<td>13.0</td>
</tr>
<tr>
<td>Disposal of assets</td>
<td>–0.02</td>
<td>–</td>
<td>–3.1</td>
<td>–4.4</td>
</tr>
</tbody>
</table>
Gazprom Neft Group started business consolidation in a new region of its operations – Orenburg region. The company acquired ZAO Tsentr Naukoyemkikh Technologiy, which holds a Tsarichanskoye field hydrocarbons exploration and production license with the reserves of 12.7 mln tons of C₁+C₂ categories oil, as of December 31, 2011, and also the 87.5 % interest in ZAO Yuzhuralneftegaz, which holds a license for Kapitonovskoye field, located 30 km off Tsarichanskoje field. The field’s reserves are estimated at 5.2 mln tons of C₁+C₂ categories oil.

Revaluation

<table>
<thead>
<tr>
<th>Changes in reserves as result of:</th>
<th>Natural gas, bcm</th>
<th>Condensate, mln tons</th>
<th>Oil, mln tons</th>
<th>Total, mln tce</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revaluation</td>
<td>0.5</td>
<td>0.1</td>
<td>0.1</td>
<td>0.8</td>
</tr>
</tbody>
</table>

In 2011 natural gas reserves were revalued due to a change in calculation parameters for Taldinskoye coalbed methane and Gubkinskoye gas fields.

Production

Gas. In 2011 Gazprom produced 513.2 bcm of natural gas in the territory of the Russian Federation, which amounts to 77 % of the overall Russian gas production.
Natural decline in gas production at Cenomanian deposits of Urengoi, Yamal, and Medvezhye fields of Gazprom Group was balanced by commissioned new capacity.

Capital investments into gas production, including exploratory drilling and geological exploration, amounted to RR 237.4 bln, which is 17.3% more than in 2010. The major portion of capital investments was allocated to development of Bovanenkoye field at Yamal Peninsula and construction of Obskaya – Bovanenkovo railway, development of Kirinskoye and Zapolyarnoye fields, maintaining current production levels at Medvezhie, Urengoi, and Yamal fields, development of Nydinsky block of Medvezhie field, Russia’s Far East fields – Kshukskoye and Nizhne-Kvacchiyskoye.

2011 saw commissioning of the following facilities:

- 30MW boosting compressor station installed at CGPU-5V (Section 1) of Urengoi field;
- installation of 2.0 bcm annual output gas processing unit at Nydinsky block of Medvezhie field;
- 187 gas producing wells.

Capacity of boosting compressor stations at Cenomanian deposits of Yety-Purovskoye and Vynsayakhinskoye fields was increased by 48 MW, Komsomolskoye gas field boosting compressor station – by 16 MW.

A total of 476.8 thousand m of gas-producing wells were drilled.
NEW SALES MARKETS

Gazprom is increasing its LNG supplies to Japan and South Korea. In 2011, total supplies amounted to over 2 mln tons.
COMPREHENSIVE PROGRAM FOR RECONSTRUCTION AND RE-EQUIPMENT OF GAS PRODUCTION FACILITIES

In 2011 the Management Committee of OAO Gazprom approved its Comprehensive Program for Reconstruction and Re-Equipment of Gas Production Facilities for 2011–2015. Implementation of the Program is aimed at achieving the strategic goal of OAO Gazprom – securing reliable natural gas supply to domestic consumers and performing export commitments.

Implementation of the Program will prevent reduction of gas output at fields, included in the Program, for 414.5 bcm over 10-year period. Reduction of operational costs is expected to reach up to RR 29.9 bln. The total volume of investment under the Program amounts to RR 265.2 bln.

*Gazprom* is systemically commissioning new production capacity in Yamalo-Nenets Autonomous Area and is efficiently utilizing potential of productive fields of Nadym-Pur-Tazovsky region by tapping into deposits that are deeper than traditional Cenomanian.

*Gazprom* started production of gas and gas condensate at Nydinsky block of Medvezhie field from Aptian-Albian deposits. Upon commissioning seven wells, in 2012 the block will achieve its planned production level of 2.3 bcm of gas and over 5 thousand tons of gas condensate per year.

In April 2011 *Gazprom* started production of gas and gas condensate from Valanginian deposits of Zapolyarnoye oil and gas condensate field.

The reporting year also saw commissioning of two Cenomanian gas deposits at Muravlenkovskoye and Novogodnene fields of *Gazprom Neft*.

A test dual lateral producing well was put into test production at Yuzhno-Russkoye oil and gas condensate field, yielding first Turonian gas, supplied into UGSS of Russia. The well’s daily output is 200 mcm. The launch of the well became *Gazprom Group’s* first experience in producing gas from Turonian deposits at the depth of 810–840 m, such deposits are characterized by heterogeneity and fluidity of sedimentary types, low reservoir permeability.

DEVELOPMENT OF COOPERATION WITH FOREIGN PARTNERS

In October 2011 OAO Gazprom and Wintershall signed in Germany a framework asset swap agreement, providing for joint development of two blocks of Achimovsky deposits of Urengoiskoye field and *Gazprom’s* participation in oil and gas projects of Wintershall for geological exploration and production in the North Sea.

To improve the resource base of Sakhalin – Khabarovsk – Vladivostok GTS, in 2011 *Gazprom* started development of Kirinskoye gas condensate field at Sakhalin shelf, it is planned to commission the field in 2012.

*Gazprom* continued development fields at the West coast of Kamchatka: Nizhnekvachikskoye field was commissioned and Kshukskoye field reached its design output of 175 mmcm per year.
Russian Federation has major reserves of unconventional gas and Gazprom is developing technologies for production of such gas. In 2011 Gazprom continued its development of coalbed methane production under its Methane of Kuzbass project and conducted geological exploration at Taldinskaya and Narysko-Ostashkinskaya areas. Test production of one test and seven exploratory wells continued at Taldinskaya area. The total gas output amounted to 20 mcm per day. The gas is marketed to consumers via NGV refill stations and is also used for power generation for internal needs.

Associated petroleum gas (APG) makes up for about 1% of gas, produced by Gazprom Group in 2011. 2011 APG utilization level for Gazprom Group demonstrated an upward trend and reached up to 68.4%.

<table>
<thead>
<tr>
<th>GAZPROM GROUP’S APG UTILIZATION IN RUSSIA</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>APG available, bcm</td>
<td>6.3</td>
<td>6.7</td>
<td>6.9</td>
</tr>
<tr>
<td>APG utilization, %</td>
<td>59.1</td>
<td>64.1</td>
<td>68.4</td>
</tr>
<tr>
<td>Including Gazprom Neft, %</td>
<td>48.1</td>
<td>55.3</td>
<td>58.8</td>
</tr>
</tbody>
</table>

Gazprom Neft Group in 2011 continued implementation of its mid-term investment program “APG Utilization Improvement”, providing for synchronous expansion of existing gas transportation capacity of Gazprom Neft’s subsidiaries and regional gas processing facilities of ZAO Sibur Holding. Gazprom Neft plans to achieve 95% utilization of APG by 2014.

Oil and Gas Condensate. In 2011 Gazprom Group produced 32.3 mln tons of oil and 12.1 mln tons of gas condensate.

| GAZPROM GROUP’S AND ASSOCIATED COMPANIES’ LIQUID HYDROCARBONS PRODUCTION IN RUSSIA |
|-------------------------------------------|------|------|------|
| OIL, MLN TONS                             | 2009 | 2010 | 2011 |
| 60                                        | 31.6 | 32.0 | 32.3 |
| 50                                        | 19.1 | 20.7 | 20.5 |
| 40                                        |      |      |      |
| 30                                        |      |      |      |
| 20                                        |      |      |      |
| 10                                        |      |      |      |
| 0                                         |      |      |      |

<table>
<thead>
<tr>
<th>GAS CONDENSATE, MLN TONS</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>14</td>
<td>10.1</td>
<td>11.3</td>
<td>12.1</td>
</tr>
<tr>
<td>12</td>
<td>0.7</td>
<td>0.9</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Capital investments of Gazprom Group into oil and gas condensate exploration and production amounted to RR 72.4 bln, with most of the investment going into development of Priobskoye and Prirazlomnoye fields and Messoyakhsky project implementation.

### DEVELOPMENT OF PRIRAZLOMNOYE FIELD

Prirazlomnoye oil field is located in Pechora Sea, its C1+C2 category reserves amount to 72 mln tons of oil. The maximum oil production level at the field will go over 6 mln tons per year.

An offshore ice-resistant fixed platform “Prirazlomnaya” was built for development of the field. This is the first platform of this class, designed and built in Russia. The platform is designed for operating in harsh climate conditions and is capable of withstanding maximum ice loads with specific focus on environmental safety issues.

In August 2011 the platform was towed off to Prirazlomnoye field and mounted in October.

755 new oil producing wells were commissioned and a total of 2,288.1 thousand meters of oil-producing wells were drilled in 2011.

### Developing Hydrocarbon Resources in Foreign Countries

#### Geological Exploration

In 2011 Gazprom continued to implement its hydrocarbon exploration and production projects abroad in line with its contractual commitments.

The volume of financing geological exploration under foreign projects amounted to RR 8.2 bln in 2011.
GAZPROM GROUP’S MAJOR HYDROCARBON EXPLORATION AND PRODUCTION PROJECTS ABROAD

GAZPROM GROUP’S HYDROCARBONS GEOLOGICAL EXPLORATION WORKS IN FOREIGN COUNTRIES

**COMPLETED EXPLORATION WELLS, UNITS**

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exploration drilling, thousand m</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**EXPLORATION DRILLING, THOUSAND M**

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exploration drilling, thousand m</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Gazprom conducted 1.3 thousand km of 2D seismic survey and 0.7 thousand sq. km of 3D seismic survey under prospective foreign projects.
The major volume of geological exploration was carried out in Uzbekistan and Tajikistan (CIS countries) and in Vietnam, Algeria and Equatorial Guinea. *Gazprom* completed construction of a well at Akio Block in Bolivia and started commercial production. In February 2011 the drastic change of the situation in Libya caused declaration of force-majeure conditions for all contracts and suspension of pre-drilling activities at license blocks No. 19 and 64.

*Gazprom* conducted pre-investment surveys of oil-and-gas promising areas in Turkmenistan, at Malta, Sri-Lanka, in Great Britain (Wintershall Holding GmbH assets) and in Venezuela.

In 2011 OAO *Gazprom* and PdVSA signed a Memorandum of Understanding on establishment of a joint venture to develop Robalo gas field in the Gulf of Venezuela.

In July 2011 OAO *Gazprom Neft* entered the project to develop four hydrocarbons areas in the exclusive economic zone of the Republic of Cuba in the Gulf of Mexico, signing a deed of conveyance for a project stake (30%) and a cooperation agreement with Petronas.

### Production of Hydrocarbon Resources Abroad

In 2011 Serbian NIS concern of the *Group* produced 1.1 mln tons of oil and 0.6 bcm of gas. October of 2011 saw start of natural gas production at Wingate field of the North Sea shelf (44/24b and 44/19f blocks), *Gazprom* has a 20% stake in the project. Since the start of production in 2011 the *Group’s* share in production amounted to 23.8 mmcf of gas and 38.6 tons of condensate.

In February 2011 affiliate of Wintershall AG (operator) suspended production of hydrocarbons under C96 and C97 oil concessions due to the destabilization of the situation in Libya. Production was resumed in October 2011 after termination of hostilities. At year-end the *Group’s* share in Libyan hydrocarbons productions amounted to 0.7 mln tons of oil and 67 mmcf of gas.

### Development Prospects

*Gazprom Group* focuses on efficient replacement and extended reproduction of its commercial category reserves. The key document, determining resource base development strategy in the territory of the Russian Federation, is the Program for Development of Gas Industry Raw Materials Base up to the year of 2035, which provides for replacement by increasing reserves increment in existing gas production areas or regions close to UGSS, organizing new centers in Eastern Siberia and the Far East, developing and expanding shelf resource base. It is anticipated that implementation of the Program will increase hydrocarbons reserves in 2011–2035 by 20.3 bln tce.

**AVERAGE ANNUAL INDICATORS OF THE PROGRAM FOR 2011–2035**

- Reserves increment – 813.3 mln tce
- Scope of drilling – 149.9 thousand m
- Geological exploration costs – RR 54.4 bln
- Reserve replacement ratio – 1.1, onshore – 0.6, shelf – 3.4

It is planned to secure required mid-term gas production rates by expanding development of existing fields and commissioning of new fields of Nadym-Pur-Tazovsky region, Yamal Peninsula and Sakhalin-3 Project fields.
ANNUAL REPORT 2011

PRIORITY MID-TERM PROJECTS

- Zapolyarnoye field
- Kharvutinskaya area of Yamburgskoye field
- Early Cretaceous deposits of Pestssovoye field
- Achimovsky deposits of Urengoiskoye field
- Cenomanian-Aptian deposits of Bovanenkovskoye field (Yamal Peninsula)
- Kirinskoye field

The strategic regions for long-term gas production are Yamal Peninsula, offshore areas of Northern and Far-Eastern seas of Russia, fields of Eastern Siberia and the Far East.

PRIORITY LONG-TERM PROJECTS

- Yamal Peninsula fields (primarily Kharasaveyskoye field)
- Obskaya and Tazaovskaya bay fields (primarily Severo-Kamennomysskoye field)
- Barents Sea shelf (Shtokman field)
- Chayandinskoye field
- Kovyktinskoye field

Gazprom Neft is the basis for development of the Group’s oil business. The company plans to increase hydrocarbon production volumes with development in the following priority areas: establishment of a new production center in the north of Yamalo-Nenets Autonomous Area by development of fields of OOO SeverEnergiya subsidiaries, Novoportovskoye field and fields of Messoyakhskaya group; improvement of business processes and large projects management; resource base increment, including new acquisitions.

It is planned to continue implementation of foreign projects in exploration and production to expand resource base of the Group outside Russia, and also to go on with expansion to new markets, securing long-term presence and sustainable positioning at global oil and gas markets.

Gas Transportation, Storage and Distribution

Gas Transportation Assets

The Unified Gas Supply System (UGSS) is a common centralized system for treatment, transportation and storage of natural gas. UGSS includes the world’s largest GTS composed of over 160 thousand km of high-pressure trunk gas pipelines.

Gazprom’s system of trunk pipelines provides highly secure and continuous gas supply to customers based on strong integration and use of parallel multiline large-diameter pipeline sections (1,420, 1,220 and 1,020 mm) and connecting lines, and also use of underground storage facilities. Trunk pipeline transportation of gas is secured by 211 compressor stations (CS), equipped with 3,630 gas pumping units (GPU) with the total capacity of 41.74 thousand MW. The Group also owns assets in Russia’s Far East, with

Additional information about UGSS features is presented in the Factbook “Gazprom in Figures 2007–2011”.
1,354 km Sakhalin – Khabarovsk – Vladivostok trunk pipeline being the largest. The total length of Gazprom's trunk pipelines and branches in Russia at the end of 2011 amounted to 164.7 thousand km.

The major foreign gas transportation asset of the Group is OAO Beltransgaz, where OAO Gazprom’s control was secured in December 2011.

<table>
<thead>
<tr>
<th>KEY SPECIFICATIONS OF OAO BELTRANSGAZ TRANSPORTATION ASSETS AS OF 31.12.2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>■ 7.5 thousand km of gas trunk pipelines (including branches)</td>
</tr>
<tr>
<td>■ 5 linear CS</td>
</tr>
<tr>
<td>■ 76 GPU with 0.318 thousand MW in installed capacity</td>
</tr>
</tbody>
</table>

Gazprom also owns a 575 km section of Yamal-Europe GTS in the territory of the Republic of Belarus, including another 5 linear CS, and GTS in the territory of the Republic of Armenia, including 1.9 thousand km of trunk gas pipelines.

CONTROL OVER OAO BELTRANSGAZ

In 2011 Gazprom signed a sale and purchase agreement for 50% of OAO Beltransgaz shares, held by the Republic of Belarus, taking the share of OAO Gazprom in the equity capital of OAO Beltransgaz to 100%, enabling mutually beneficial resolution of several objectives: secure seamless integration of Russian and Belorussian gas transportation systems, mitigate transit risks in the territory of the Republic, provide additional gas long-term marketing guarantees at a broad market. Integration of OAO Beltransgaz will let OAO Gazprom take an active part in gas infrastructure development in the Republic of Belarus, which is of special importance for synchronizing the system with Russian UGSS development plans.

At present OAO Gazprom is successfully implementing a set of measures in production, marketing and financial businesses of OAO Beltransgaz to improve performance of the company. Current plans envision technical audit of fixed assets of OAO Beltransgaz, preparation of proposals to improve performance of transportation and underground gas storage facilities, design of corporate development programs for three and ten years and the General Gas Supply Map of the Republic of Belarus. Along with these, corporate governance of OAO Beltransgaz is aligned with corporate governance standards of Gazprom Group.
Gas Transportation System Performance in 2011

All UGSS processes are under twenty-four-hour control of the Central Operations and Dispatch Department of OAO Gazprom. In 2011 UGSS performed seamlessly, providing continuous supply of gas to Russian and foreign customers.

The weighted average distance of gas transportation of OAO Gazprom, KM

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>For wholesale customers in Russia</td>
<td>2,504</td>
<td>2,592</td>
<td>2,785</td>
</tr>
<tr>
<td>For export (to Russian border)</td>
<td>3,292</td>
<td>3,262</td>
<td>3,430</td>
</tr>
</tbody>
</table>

An increase in the mean range of gas transportation by OAO Gazprom for domestic and export market deliveries in 2011 versus 2010 is explained by recovery of GTS load in 2011 after the decrease of 2009–2010, which in its turn was caused by the gas demand slump due to the global economic crisis.

In 2011 Gazprom’s GTS received 683.2 bcm of gas.

<table>
<thead>
<tr>
<th>Gas Pumped into Gazprom’s GTS in Russia, BCM</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount pumped into the system</td>
<td>614.1</td>
<td>630.9</td>
</tr>
<tr>
<td>including Central Asian gas</td>
<td>35.3</td>
<td>31.8</td>
</tr>
<tr>
<td>including Azerbaijanian gas</td>
<td>0.8</td>
<td>1.5</td>
</tr>
<tr>
<td>Gas withdrawn from UGSF in Russia</td>
<td>40.8</td>
<td>47.1</td>
</tr>
<tr>
<td>Decrease in the amount of gas within GTS</td>
<td>6.3</td>
<td>5.2</td>
</tr>
<tr>
<td>Total</td>
<td>661.2</td>
<td>683.2</td>
</tr>
</tbody>
</table>
### GAS DISTRIBUTED THROUGH GAZPROM’S GTS IN RUSSIA, BCM

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic supplies</td>
<td>354.9</td>
<td>365.6</td>
</tr>
<tr>
<td>including Central Asian gas</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Foreign supplies</td>
<td>209.3</td>
<td>217.7</td>
</tr>
<tr>
<td>including Central Asian gas</td>
<td>35.2</td>
<td>31.8</td>
</tr>
<tr>
<td>including Azerbaijani gas</td>
<td>0.8</td>
<td>1.5</td>
</tr>
<tr>
<td>Gas pumped into UGSF in Russia</td>
<td>47.7</td>
<td>48.2</td>
</tr>
<tr>
<td>Technical needs of GTS and UGSF</td>
<td>43.6</td>
<td>45.8</td>
</tr>
<tr>
<td>Increase in the amount of gas within the gas transportation system</td>
<td>5.7</td>
<td>5.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>661.2</strong></td>
<td><strong>683.2</strong></td>
</tr>
</tbody>
</table>

OAO Gazprom as the owner of UGSS, provides pipeline access to independent companies if it has available capacity and if such companies have gas production licenses and purchase contracts with buyers of their gas, which has to meet technical specifications.

### PROVIDING NON-GROUP COMPANIES WITH ACCESS TO GAZPROM’S GTS IN RUSSIA

<table>
<thead>
<tr>
<th>Number of companies</th>
<th>Total gas transported</th>
<th>Including Russian gas</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>10</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>20</td>
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<td>20</td>
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<tr>
<td>25</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>30</td>
<td>30</td>
<td>30</td>
</tr>
</tbody>
</table>

- **Number of companies**
- **Total gas transported**
- **Including Russian gas**
Ensuring Reliable and Safe Gas Transportation

In order to improve gas supply reliability, technical and environmental transportation safety and efficient distribution of gas flows, the Group performs annual capital repairs of the GTS and planned preventative maintenance.

In 2011 GTS trunk pipelines had 12 technical failures, making 0.072 failures per 1,000 km.

Gas Transportation System Development

In order to ensure reliable supply of natural gas to the domestic market and to fulfill its export contractual obligations, OAO Gazprom is implementing projects to build new gas transportation facilities. In 2011 the Group invested RR 740.9 bln into gas transportation development (81.8 % increase versus 2010).

Major capital investments of 2011 focused on implementation of the following projects in the territory of Russia.
**Bovanenkovo–Ukhta.** In 2011 planned construction of Bovanenkovo–Ukhta pipelines system was continued. By the end of the year *Gazprom* completed over 90% out of over 1,200 km of the first pipeline.

**Ukhta–Torzhok (Phase 1).** The project envisions construction of one 1,371 km long pipeline and 8 CS with the overall capacity of 805 MW. In 2011 *Gazprom* completed 508 km of the pipeline. Phase 1 design capacity is about 45 bcm.

**Phase 1 of Sakhalin – Khabarovsk – Vladivostok Trunk Pipeline Launch Complex.** September of 2011 saw commissioning of Phase 1 of the first 1,354 km launch complex, including 32 MW CS with 5.5 bcm output per year. Commissioning of the GTS gave start to gas supply to Primorie region. The deadline for completion of the first launch complex – Q2 2012. The gas pipeline is one of the priorities under the Eastern Program. The design length of the project’s pipeline is over 1,690 km. Gas transportation volumes from Sakhalin Island fields after their full development will amount to 28.5 bcm per year. The launch of the GTS gave start to large-scale gasification of Far East regions and created conditions for gas supply to APR countries.

In 2011 *Gazprom* started construction of gas pipeline from onshore processing facility of Kirinskoye gas condensate field to the main CS of Sakhalin for delivery of gas from Kirinskoye gas condensate field to Sakhalin – Khabarovsk – Vladivostok pipeline.

**Pochinki–Gryazovets Gas Pipeline.** In 2011 *Gazprom* commissioned the final 344.5 km section of Pochinki–Gryazovets gas pipeline. The purpose of the gas pipeline construction is supply of additional gas volumes to Gryazovets gas transportation hub and redistribution of gas flows after Yamal Peninsula fields are commissioned. *Gazprom* commissioned about 645 km of the linear part of the pipeline and three CS with the capacity of 272 MW. It is planned to commission a 64 MW CS in 2012.

**Gryazovets-Vyborg Gas Pipeline.** The project envisions construction of two gas lines and seven CS with the total capacity of 1,155 MW, including Portovaya CS on the shores of the Gulf of Finland. The pipeline route stretches for 917 km. Construction of the linear part of the first line is completed for the whole route, the second line is under construction. In 2011 first facilities of five CS were commissioned: Gryazovetskaya – 75 MW, Babayaevskaya – 125 MW, Volkhovskaya – 64 MW, Yelizavetinskaya – 64 MW and Portovaya – 210 MW.

**Dzhubga–Lazarevskoye–Sochi Gas Pipeline.** Commissioned in June 2011. The pipeline will provide for reliable and continuous natural gas supply of the city of Sochi and Black Sea coastal resort area, active gasification of Sochi and Tuapse area of Krasnodar region, higher living standards of the local population and deliver a strong impetus to development of resort business in the region, making Black Sea resorts available all year round. The gas pipeline stretches for 171.6 km, of which 90% are underwater, with transported gas volumes up to 3.8 bcm per year.

Overall in 2011 there were 2,469.5 km of trunk gas pipelines and branches commissioned in Russia, as well as nine linear CS with the total capacity of 1 thousand MW.

Along with construction of new gas transportation capacity in Russia, *Gazprom* undertakes reconstruction and upgrades of gas transportation facilities.
In 2011 the Management Committee of OAO Gazprom approved the Comprehensive Reconstruction and Re-equipment Program for Gas Transportation Facilities for 2011–2015. Implementation of the Program will lead to:

- Reduce power consumption and improve energy efficiency by using cutting-edge gas compressor equipment;
- Reduce emissions of nitrogen and carbon oxides and by upgrading unit burners and using low-emission gas-turbine units for re-equipment of compressor units;
- Reduce process losses in gas transportation by construction, reconstruction and re-equipment of pressure groups at transportation facilities.

The volume of funds, invested for these purposes in 2011, amounted to RR 51.15 bln.

In 2011 Gazprom completed acquisition of Kudar Pass - Tskhinval trunk pipeline in the Republic of South Ossetia.

The foreign priority projects of the Group are Nord Stream and South Stream gas transportation systems, securing diversification of gas export routes to Europe. Gazprom is also considering options to participate in construction of gas pipelines to APR countries.
The first line of Nord Stream pipeline was commissioned in November 2011.

Nord Stream Gas Pipeline. In May 2011 construction of the first line of the pipeline was completed. In August the “gold” pipe joint connected OPAL (Ostsee Pipeline Anbindungs-Leitung) gas pipeline and the first line of Nord Stream in Greifswald, connecting Russian and European gas transportation systems directly for the first time. In November 2011 the first line of the pipeline was commissioned.

The capacity of the first line is 27.5 bcm per year, and this is just a half of the total design capacity of the gas pipeline. By the end of 2011 Gazprom had constructed over 900 km, or more than 76 %, of the second line to be commissioned in Q4 2012.

Natural gas supply via the first line is conducted in accordance with European customer contracts.

South Stream Gas Pipeline. In September 2011 the Shareholder Agreement of South Stream Transport AG for implementation of the offshore part of the project was signed. According to the document, OAO Gazprom’s stake in the offshore gas pipeline project is 50 %, Italian ENI has 20 %, German Wintershall Holding and French EDF –15 % each.

In October 2011 Gazprom completed development of a comprehensive feasibility study for South Stream, combining a feasibility study of the offshore section and studies of construction of national sections of the pipeline across territories of Southern and Central European countries.

In December 2011 Gazprom received a permit for South Stream construction in the exclusive economic zone of Turkey. A detailed action plan was approved and construction started in the end of 2012.

Development of Cooperation with APR Countries. In September 2011 OAO Gazprom and Oil Industry Ministry of the Democratic People’s Republic of Korea signed a Memorandum of Understanding on a construction project for gas pipeline through the territory of DPRK to the Republic of Korea. In September 2011 OAO Gazprom and South Korean Kogas also signed a roadmap on a project of Russian gas pipeline deliveries to the Republic of Korea through the territory of DPRK.

Underground Gas Storage

Underground gas storage facilities provide for adjusting seasonal fluctuations in gas consumption, reducing peak loads and ensuring flexible and reliable gas supply.

Underground gas storage facilities (UGSF) are located in key consumption areas and are an integral part of UGSS. UGSF network provides for up to 20 % of gas supply to Russian consumers during heating season, and this value may go up to 30 % on very cold days.

In 2011 Gazprom operated 25 gas storage sites in Russia (21 UGSF) – 17 in depleted gas fields and 8 in aquiferous structures. As of December 31, 2011 the total active UGSF capacity amounted to 66.7 bcm. UGSF operated 18 CSs, comprising 36 compressor units.

In 2011 the Group withdrew 47.1 bcm of gas from its Russian UGSF, with the maximum daily gas output registered on January 20 of the reporting year – 553.9 mcm per day, and injected 48.2 bcm of gas.

Technical upgrades, reconstruction, expansion of existing storage facilities and arrangement of new UGSF are one of the strategic goals of Gazprom. It is planned to commission 17 CS and 17.9 bcm of active capacity in Russia by 2015.
In 2011 capacity increase construction in Russia was carried out at Stepnovskoye (active capacity increase – 0.5 bcm), Sovkhoznoye (active capacity increase – 0.8 bcm), Nevskoye (12 operating wells brought online) and at other UGSF. Pre-investment surveys to expand a number of existing and construct new UGSF were carried out. Gazprom started construction of Bednodemyanovskoye UGSF and continued its search for new prospective UGSF construction areas.

Long-term objectives for development of Russian underground gas storage system are established in the General Gas Industry Development Map up to 2030 and focus on increasing daily UGSF withdrawal rate and operational gas reserve volumes. In 2011 Gazprom approved the UGSF Development Program in the Russian Federation for the period of 2011–2020 to increase daily output to 1.0 bcm.

To ensure reliable supply of gas under its export contracts, Gazprom utilizes capacity of UGSF in European countries: Haidach in Austria, Vitol’s UGSF in United Kingdom, Rehden USGF in Germany, Katharina and VNG’s UGSF in Germany, Banatski Dvor USGF in Serbia. From 2006 to 2011 Gazprom’s European gas storage capacity had increased from 1.4 to 3.0 bcm, and the daily output rose from 18.2 to 35.7 mmcm. The Group also uses capacity of Inchukalniskoje UGSF in Latvia.

In 2011 UGSF of foreign countries were injected 4.9 bcm of gas (including buffer gas), the total gas withdrawal volume amounted to 3.7 bcm.

Acquisition of OAO Beltransgaz gave to Gazprom three UGSF in Belorussia – Pribugske, Osipovichskoye and Mozyrske facilities with the total active capacity of 960 mmcm. In the Republic of Armenia, Gazprom operates the Abovyanskaya UGSF with an active capacity of 135 mmcm.

In 2011 the following UGSF abroad, constructed with Gazprom’s participation, were commissioned:

- phase 2 of UGSF Haidach (Austria). The volume of the facility is 2.8 bcm, withdrawal rate – 28 mmcm per day. Gazprom’s active gas volume – 1.9 bcm, withdrawal rate – 19 mmcm per day. UGSF Haidach ensures reliability of Russian natural gas export supply to Baumgarten and to consumers in Slovenia, Croatia, Hungary, Austria, Germany, Slovakia, and Italy, enabling additional sales of gas at CEGH, a major European hub;

- UGSF Banatski Dvor (Serbia) ensures reliability of Russian natural gas export supply to Hungary, Serbia, Bosnia and Herzegovina. Phase 1 active volume – 450 mmcm of gas, output – 5 mmcm per day with possible increase to 800 mmcm of active gas and daily output to 9.8 mmcm. Gazprom’s stake in the project is 51 %;

- UGSF Katharina. The project includes 12 salt caverns, construction of surface structures and gas link to JAGAL (Jamal-Gas-Anbindungs-Leitung) trunk gas pipeline. Active volume of the UGSF will be 629 mmcm. UGSF Katharina will be a peak storage facility with withdrawal rate of 13 mmcm per day. The project is planned to achieve its design capacity by 2025.

UGSF Bergemeer is constructed in the Netherlands. OAO Gazprom undertook to supply buffer gas for the storage in exchange for access to capacity of the UGSF – 1.9 bcm of active volume and daily withdrawal of 26.4 mmcm. Ensuring secure operations of Nord Stream gas pipeline, the UGSF will work in immediate proximity to major European trading hubs TTF and Zeebrugge Hub. Buffer gas was injected in 2011; commercial production of the UGSF is planned for 2014.

Gazprom Group’s capital investments into UGSF amounted to RR 20.0 bln.

Gazprom Group investigates feasibility of its participation in joint UGSF projects in the UK (Saltfleethby), the Czech Republic, France, Romania, Turkey. In the Czech Republic Gazprom considers UGSF Damborice construction project with active gas volume of about 450 mmcm.

Gazprom plans to increase its European gas storage capacity and bring it up to over 4.8 bcm of active gas by 2015.
Gazprom Group’s gas distribution subsidiaries (GDS) and associated organizations own and maintain over 80% of gas facilities in Russia.

In 2011 gasification of Russian regions used over RR 29 bln in investments.

Being a gas distribution leader in the Russian Federation, Gazprom ensures safe and reliable operation of gas distribution systems, implements its unified technical policy and exercises corporate control over the compliance with industrial safety requirements. Gas distribution systems development activities are carried out in line with OAO Gazprom’s Concept for participation in gasification of Russian regions.

Gazprom Group includes OAO Gazprom Gazoraspredeleniye, a holding company with 7 branches, 149 subsidiaries and 35 affiliated GDS, and ООО Gazprom Transgaz Kazan, an operator of trunk pipelines and gas distribution systems in the Republic of Tatarstan.

As of December 31, 2011 subsidiaries and affiliated GDS of Gazprom Group maintained 668.6 thousand km of gas distribution pipelines, securing transportation of 226.2 bcm of natural gas to end-consumers.

Gazprom Group’s GDS in 2011 ran diagnostics of 4.3 thousand km of gas distribution pipelines for RR 0.3 bln, performed overhauls for RR 2.7 bln and reconstruction of gas distribution systems for RR 3.6 bln.

In 2011 Gazprom approved its Reconstruction and Re-Equipment Program for Gas Facilities, activities under the Program at the year’s end amounted to RR 0.9 bln.

2011 activities to improve reliability of the system contributed to reduction of the number of incidents. The number of incidents per 100 km of gas distribution pipelines amounted to 0.01, which is 4.3 % lower than in 2010.

Gazprom carries out gasification of Russian regions to implement one of its most important projects of social significance. The regional gasification program is coordinated by ООО Gazprom Mezhregiongaz.

Key pre-conditions of the Group’s participation in gasification include commitment of administrations of constituent regions of the Russian Federation to preparation of their consumers for gas deliveries and adherence to payments discipline. To lock in commitments of OAO Gazprom and regional administrations under implementation of Russian regional gasification programs in 2011, the parties continued practices of countersigning schedules for synchronization of program implementation.

Investments into gasification of Russian regions in 2011 amounted to RR 29.07 bln.
During implementation of Gazprom’s gasification program in 2011, Gazprom completed construction of 244 inter-community pipelines with the total length of about 2.5 thousand km, leading to provision of gas supply to 390 settlements in 49 Russian regions and in line with settlements of administrations of constituent regions of the Russian Federation to change 570 boiler plants over to gas, Gazprom brought gas to 74 thousand apartments and households.

In the reporting year Gazprom continued its activities in major strategically significant areas:

- gasification of Russian regions, aimed at achieving the economically viable gasification level, meeting consumer demand for gas, improvement of living conditions of the population and growth of economic potential of Russian regions;
- alignment of joint activities of OAO Gazprom and administrations of constituent regions of the Russian Federation, aimed at simultaneous development of “gas pipeline – consumer” combination and loading constructed facilities immediately after commissioning;
- gasification and gas supply to Far Eastern and southern regions of Russia, including in line with execution of federal programs for construction of gasification sites, required to support the 2012 Summit of Asian Pacific Economic Cooperation Forum and 2014 Olympics in Sochi.

Successful implementation of the gasification program is assisted by fine-tuned cooperation system of OAO Gazprom and regional Russian authorities. The system is based on cooperation agreements with executive agencies. Gazprom has contracts with 81 constituent regions of the Russian Federation.

Along with these, signing of gasification contracts is a requirement of OAO Gazprom for gasification of Russian regions. Upon expiry in 2011, new gasification contracts were drafted and sent for approval to Arkhangelsk, Lipetsk, Rostov, Sakhalin and Tomsk regions, Komi and Udmurtia republics, Primorie territory, Yamalo-Nenets Autonomous Area. Murmansk and Amur regions received their draft contracts for the first time.

In 2011 Gazprom signed gasification contracts with Belgorod, Nizhny Novgorod, Pskov and Chelyabinsk regions, Krasnodar and Khabarovsk territories, Republics of Adygea, Altai, Dagestan and Karelia. Overall, as of December 31, 2011 there were effective gasification contracts with 64 constituent regions of the Russian Federation.

Large-scale gasification of Russian regions will continue into 2012, and Gazprom plans to allocate for gasification a record investment volume of RR 37.66 bln.

**Refining**

Comprehensive Program for Reconstruction and Technical Re-Equipment of Gas and Liquid Hydrocarbons Processing Facilities for 2011–2015 was approved to deliver timely reconstruction and re-equipment of hydrocarbons processing facilities.

The foundation of Gazprom Group’s downstream processing is comprised of gas and gas condensate processing plants and Gazprom Neft’s oil refining capacity. The Group also includes OOO Sibmetakhim, the owner of Tomsk methanol plant.

Gazprom Group’s hydrocarbons processing capacity includes 52.5 bcm of natural gas and 75.4 mln tons of unstable gas condensate and oil per year (including Gazprom Neft Group’s capacity – 46.6 mln tons of oil).
OAO GAZPROM

Gazprom Group’s Refining Capacity as of 31.12.2011

RAW HYDROCARBONS REFINED BY GAZPROM GROUP

Natural and Associated Gas, bcm

<table>
<thead>
<tr>
<th>Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Oil and Condensate, mln tons

<table>
<thead>
<tr>
<th>Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
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<td></td>
<td></td>
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</tbody>
</table>

Note. The data does not include give and take raw materials.
In 2011 the Group processed 33.2 bcm of natural gas and 53.5 mln tons of oil and unstable gas condensate (give and take raw materials not included). The Group produced 42.6 mln tons of oil products (in 2010 – 39.7 mln tons), 2.9 mln tons of liquefied hydrocarbon gases (in 2010 – 3.1 mln tons) and 3.5 mmcm of helium (in 2010 – 4.9 mmcm).

Insignificant (1.2 %) reduction of gas processing volumes was caused by lower production at fields, supplying Orenburg and Sosnogorsk GPP. Higher oil and unstable gas condensate refining volumes in 2011 is related to start of gas and gas condensate production from Valanginian deposits of Zapolyarnoye oil and gas condensate field, and also due to the Group starting to use all oil refining capacity of Moscow Oil Refinery.

The Group’s capital investments into refining reached up to RR 111.3 bln, increasing versus 2010 by 57.4 %.

Gas Processing

Gas and liquid hydrocarbons are refined at six plants, including Astrakhan, Orenburg, and Sosnogorsk GPP as well as Orenburg Helium Plant. Liquid hydrocarbons refining products are also produced at Surgut Condensate Stabilization Plant and Uregoy Condensate Preparation Plant.

In 2011 Astrakhan GPP started production of Technical Regulations Class 3 gasoline, and Surgut Condensate Stabilization Plant – started production of Class 5 diesel.


Under the Program, Gazprom performed the following activities in 2011:

- Astrakhan GPP – reconstruction and expansion of No. 3, 6 gas condensate processing facilities (the first launch complex was commissioned in 2011), construction of low pressure sour gas flare header of Phases I, II; reconstruction of indoor switchgear 6-10 kV and development of automated accounting system for raw materials, semi-finished products and marketable products at the plant;
- Orenburg GPP – reconstruction of treatment facilities with development of zero discharge water use system and reconstruction of processing facilities;
Surgut Condensate Stabilization Plant – construction of a unit for low-pressure gases utilization, construction of a scaffold bridge for filling dark oil products (stable condensate) and a scaffold bridge for discharging MTBE, construction of an oil and gas condensate mix metering unit at Urengoy – Surgut condensate pipeline input to Surgut Condensate Stabilization Plant.

In 2011 Gazprom implemented another stage of action plan to execute a decision of OAO Gazprom’s Board of Directors to increase ООО Gazprom Pererabotka’s stake in OAO Gazprom Neftekhim Salavat – a major Russian petrochemical and oil-refining complex. ООО Gazprom Pererabotka’s stake in OAO Gazprom Neftekhim Salavat grew to 69.03 %.

Oil Refining

Gazprom Neft refineries hold leading positions in the Russian oil refining sector. The company exports oil products to European and CIS markets.

Gazprom Neft’s major refinery asset is Omsk Oil Refinery, one of Russia’s most advanced and one of the world’s largest oil refineries. Its installed capacity is 20 mln tons of crude oil per year. Refining depth in 2011 amounted to 84.05 %, one of the best ratios in the industry. In the reporting year OAO Gazpromneft-ONPZ produced 4.1 mln tons of gasoline. The share of high-octane gasoline sorts amounted to 86 %. The refinery started production of Class 5 gasolines.

Gazprom Neft also owns the Moscow Oil Refinery, NIS’s oil refineries in the cities of Panchevo and Novi Sad (Serbia), and an oils and lubricant plant in the city of Bari (Italy).

Moreover, Gazprom Neft has access to the refining facilities of OAO Slavneft-Yaroslavnefteorgsintez by virtue of a shareholding in OAO NK Slavneft.

There is a program of upgrade and reconstruction of refining facilities and construction of new units underway, focused on improvement of environmental specifications of manufactured fuels, significant improvement of refining depth, expansion of volumes and range of manufactured products.

In 2011 the following capacity upgrade and reconstruction activities were carried out at Gazprom Neft’s refineries:

- Omsk Oil Refinery – Phase 1 of catalytic cracking KT-1/1 facility reconstruction; reconstruction of L-24/7 diesel fuel hydrofining unit with switchover of one stream to deparaffinization process;
- Moscow Oil Refinery – reconstruction of 22/4 gasoline treatment unit;
- Yaroslavnefteorgsintez – construction of isomerisation unit and catalytic cracking unit for hydro treatment of gasoline. Implementation of these projects will increase output of high-octane gasolines, compliant with the Technical Regulations.

Upgrade of refining capacity enabled production of environmental Class 4 gasoline and diesel fuel at Moscow Oil Refinery in 2011. In July 2011 Omsk Oil Refinery started production of Super Euro-98 environmental Class 5 gasoline.

The total costs of oil refining capacity upgrade amounted to RR 12.7 bln.

Gas Processing, Oil Refining and Gas Chemical Development Prospects

The primary goal of Gazprom Group in development of gas processing and gas chemical production is increasing rate of valuable component recovery from natural gas and APG, their efficient use for further processing into liquid products with high added value; upgrading the existing and construction of new gas processing and gas chemical facilities, including in Eastern Siberia and in the Far East.
To increase quality of manufactured engine fuels, it is planned to commission gasoline hydrotreatment and isomerization units at Astrakhan GPP in 2012. It is planned to commission an isomerization unit at Surgut Condensate Stabilization Plant in 2015.

The following activities are carried out to provide for commissioning new gas production and treatment facilities in Western Siberia to transport these volumes of gas and gas condensate:

- expansion and reconstruction of Urengoy Condensate Preparation Plant with planned output increase by 2014 to 12 mln tons of deethanized condensate per year;
- construction of treatment and transportation facilities for gas condensate from Achimovsky deposits and oil;
- completion of unfinished sections of Urengoy – Surgut condensate pipeline;
- expansion and reconstruction of Surgut Condensate Stabilization Plant, including construction of condensate stabilization units (lines 8-9).

The Novourengoi gas chemical complex project implementation continues on the basis of project financing.

To implement the Development strategy for gas chemical and gas processing facilities, OAO Gazprom is conducting investment rationale for:

- development of Chayandinskoye field, gas transportation and processing;
- development of gas chemical and gas processing facilities for extracting valuable components from Valanginian gas deposits of the northern areas of Tyumen region;
- development and transportation of hydrocarbons from Sobinskoye oil and gas condensate field, construction of gas chemical and gas processing facilities.

**STRATEGIC OIL REFINING GOALS IN RUSSIA**

- Manufacturing products, meeting prospective requirements of Technical Regulations, – class 5;
- maximum output of light oils;
- bringing capacity in compliance with the existing and prospective industrial safety requirements.

_Gazprom Neft_'s oil refining development program is designed for the period up to 2020, and it is planned to implement most of oil refining improvement projects before 2015. The company is considering petrochemistry development projects, particularly, increasing output of aromatic hydrocarbons at Omsk Oil Refinery.

The 2009 acquisition of NIS gives Gazprom Neft an opportunity to develop oil refining in South-Eastern Europe. The Serbian refineries will undergo upgrades of crude oil primary distillation units, catalytic cracking, visbraking, alkylation units, with construction of sulphuric-acid recovery unit, light hydrocarbon vapor recovery system at railway and road tanker oil product loading racks.

It is planned to commission the hydrocracking and hydrotreatment facility, built by Chevron Lummus Global's technology, at Panchevo Oil Refinery in 2012.

Implementation of Serbian NIS upgrade investment financing program will provide technical capability to manufacture the whole volume of NIS engine fuels in compliance with EU requirements, increase oil refining efficiency with simultaneous reduction of adverse environmental impact of the refineries.
Electric Power

Gasprom is the largest investor in Russian power industry. In 2011 Gazprom built 1.9 GW of combined heat and power generating capacity in Russia, more than RAO UES of Russia installed through its history.

Being the largest owner of generating assets in the Russian Federation, Gazprom Group occupies leading positions at Russian power market. Gazprom’s share in Russian power generation amounts to 17%, in heating power generation 8%.

### INSTALLED CAPACITY OF RUSSIAN ELECTRIC POWER COMPANIES

<table>
<thead>
<tr>
<th>ELECTRIC POWER, GW</th>
<th>HEAT CAPACITY, THOUSAND GCAL/H</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gazprom</td>
<td>IES Holding</td>
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<tr>
<td>37</td>
<td>67</td>
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<td>RusHydro</td>
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<tr>
<td>Inter RAO</td>
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<tr>
<td>10</td>
<td>10</td>
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</tbody>
</table>

Source: Gazprom’s data, companies’ data

The merger of OAO OGK-2 and OAO OGK-6 created a company with installed capacity of 17.9 GW.

Power generation assets of the Group in Russia (AO Mosenergo, OAO TGK-1, OAO OGK-2) are consolidated under the management of subsidiary OOO Gazprom Energoholding. In November 2011 OAO OGK-2 and OAO OGK-6 merged into OAO OGK-2. The merger resulted in creation of the largest Russian heating power generation company with installed capacity of 17.9 GW.

Generating facilities of Gazprom are situated in regions with stable paying ability, including Moscow and Saint-Petersburg. The assets structure combines both coal- and gas-fired stations, enabling flexible fuel balance management. The Group also includes hydroelectric power stations of OAO TGK-1.
The Group also includes ZAO Kaunasskaya teplofikatsionnaya elektrostantsiya, the owner of Kaunas Thermal Power Plant (TPP) in Lithuania. As of December 31, 2011 electric power output of Kaunas TPP amounted to 170 MW, heating power output – 894 Gcal/h. In September 2011 the Board of Directors of OAO Gazprom decided to sell its stake in the company and initiated negotiations with a potential buyer.
The first offshore ice-resistant fixed platform was deployed at Prirazlomnoye field, which will enable to start production in an absolutely new region – the Pechora sea shelf.
**Electric and Heating Power Generation**

According to the System Operator of the Unified Energy System, in 2011 Russia demonstrated 1.5% power generation growth versus 2010, including heating power generation growth by 2.1%, which was to a significant degree explained by cancellation of the daylight saving time, leading to extra power consumption for lighting. But power consumption growth rates in Russia slowed down significantly as compared to 2010, when during the period of recovery from the economic crisis power generation growth amounted to 5.0%.

At the end of 2011, the Group’s power generation in Russia amounted to 172.8 bln kWh, 1.1% lower than in 2010. Heat generation of the Group in Russia amounted to 98.8 mln Gcal, 6.3% lower than in 2010. Over the latest three years the average power generation growth rate amounted to 3.8%, heat generation – to 0.3%. The insignificant decrease in the values was caused by subnormal temperatures in the previous heating season.

Kaunas TPP (Lithuania) in 2011 generated 0.4 bln kWh of electric power and 1.4 mln Gcal of heating power. The total electric power output of Gazprom Group amounted to 173.2 bln kWh, heat power output – 100.2 mln Gcal.

**Electric and Heating Power Sales**

In 2011 Russian electric power consumption, according to the System Operator of the Unified Energy System, amounted to 1,000.1 bln kWh (1.1% growth versus 2010). Weak dynamics were to some extent caused by lack of further growth potential with major industrial power consumers, forced to significantly reduce their investments following the economic crisis. This is proved by slower annual industrial production growth rates. At the same time, rising prices motivate customers to save electric and heat power. Implementation of power-saving technologies in retail sector is also stimulated by government programs. Major energy-intensive manufacturers face competition risks, because domestic power prices are getting closer to those of other countries.

In 2011 regulators proposed a number of measures to limit growing power prices. Capacity indexation was canceled and adjustments to competitive capacity outtake arrangements were approved for 2012. The Federal Tariff Service indicated that it plans not only to adjust power company rates by inflation levels, but even to reduce prices for their services. Eventually the raise of tariffs in the power sector was postponed: controlled energy prices will be increased by 6% on July 1, 2012, and heating power prices will be raised in 2012 twice: in July – by 6%, in September – by no more than 5.6%.

Electric power, produced by generating companies of the Group, is sold at the wholesale electric power and capacity market. Gazprom Group also carried out power trading at European trading platforms. The total power trading volume amounted to 255 TWh. Along with this, in 2011 the Group supplied about 1.5 TWh to end-consumers in Great Britain and Germany.

The Group’s electric and heat power sales revenues (ex-VAT) increased by 15.3% versus 2010 (by RR 45.4 bln in terms of money) and amounted to RR 342.9 bln.
Investment Projects

Gasprom Group is the largest investor in the Russian electric power industry. Generating companies of Gasprom Group are implementing the investment program based on capacity supply agreements (CSA). From the moment of its entry into Russia’s power industry in 2007 the Group implemented over a half of its CSA investment program, securing significant cash flows from sale of new power generating plant capacity.

In 2011 Gazprom constructed the following facilities:

- Power generating unit CCGT-420 MW at TPP-26 (OAO Mosenergo);
- First power generating unit CCGT-180 MW at Pervomayskaya TPP (OAO TGK-1);
- Power generating unit CCGT-450 MW at Yuzhnaya TPP (OAO TGK-1);
- Hydroelectric generating unit No. 2 of Lesogorskaya hydro power plant with 29.5 MW capacity (OAO TGK-1);
- Power generating plant CCGT-800 MW at Kirishskaya state regional power plant (GRES) (OAO OGK-2).

KEY INVESTMENT PROJECTS: PERVOMAYSKAYA TPP

In 2011 Gazprom commissioned the first power generating unit and completed construction of the second unit at Pervomayskaya TPP in Saint-Petersburg (each plant with 180 MW capacity). This project is a unique one, because essentially it involved replacement of the old plant with 1957–1962 equipment for a new state-of-the-art plant with advanced equipment. Starting from 2012, Gazprom is implementing Phase 2 of the project – construction of a combined auxiliary complex of two steam and three hot water boilers. This will enable complete switchover of heat power supply for TPP customers to the new equipment and decommission obsolete facilities.

Before the year 2016, companies of the Group are to commission about 9 GW of new capacity in Russia, with relevant financing for RR 350 bln. In 2012 it is planned to commission Adlerskaya TPP for 360 MW, securing Sochi power requirements, including multiple Olympic facilities.

KEY INVESTMENT PROJECTS: KIRISHSKAYA GRES

800 MW power generating unit at Kirishskaya GRES in Russia’s North-West is an innovative and unique one. The project may become a benchmark for Russian power industry and be successfully replicated at other power industry sites.

In foreign countries in the reporting year the Group continued construction and upgrades of the fifth power generating unit of Razdanskaya TPP (Armenia). In December 2011 Gazprom ran comprehensive tests of the unit. After implementation of the project Gazprom will hold a considerable share in the electric power generation market in Armenia and get an opportunity to supply electric power to neighboring countries.

Gazprom Group’s capital investment into electric and heating power generation and sales in the reporting year amounted to RR 67.2 bln, which is 52.4 % or RR 23.1 bln more than in 2010.
Marketing

_Gazprom_ is developing a basis to increase its presence on perspective gas markets. In the area of oil product marketing the _Group_ expands sales through small-scale wholesale and retail networks.

Russian Gas Market Overview

Demand

Due to industrial output growth by 4.7 % versus 2010 the total 2011 gas consumption volume in Russia increased by 2.8 %. The key consumers are still such industries as electric power industry, metallurgy and agrochemistry, which summarily consume about 50 % of all gas volumes. Gas consumption of utilities sector and households remains high.

Supply

Providing for more than 70 % of all gas supply, _Gazprom_ is the largest domestic supplier. Apart from _Gazprom_, large gas volumes on Russian market are sold by OAO NOVATEK, ООО NGK Itera and OAO TNK-BP Holding.

There are third-party gas suppliers outside of the _Group_, particularly, supplying to electric power industry, metallurgy, agrochemistry, cement sector, when such presence is based on financially reliable companies with high gas consumption levels, located close to gas production areas and enjoying flexible pricing policies of independent producers. The key regions with independent producer presence are Sverdlovsk, Chelyabinsk, Tyumen regions, including Khanty-Mansiysk and Yamalo-Nenets Autonomous Areas, Perm territory. Kemerovo and Novosibirsk regions also have significant presence of non- _Gazprom Group_ producers.

Pricing

_Gazprom_ is actively cooperating with federal executive bodies on improving government pricing policies in gas sphere. In 2010 the Government of the Russian Federation adopted Regulation No. 1205 On Improving Government Regulations for Gas Pricing, which established that in 2011–2014 wholesale gas prices for industrial consumers are to be regulated on the basis of a gas price formula, providing for incremental achievement during the transition period of equal return from supply to domestic and export markets, accounting for alternative fuels price ratio.


473.0 bcm – gas consumption in Russia in 2011.
INCREASING TAX BURDEN FOR OAO GAZPROM

The changes in Part 2 of the Tax Code of the Russian Federation, made in November 2011, envision 2.15 times increase of the Mineral Extraction Tax rate for natural gas, applicable to OAO Gazprom and companies, where it has over 50 %, starting from January 1, 2012. For the next two years it is expected that Mineral Extraction Tax rates will increase by 14.3 and 6.9 % correspondingly.

Such an increase in Mineral Extraction Tax rates for OAO Gazprom over the three-year period (2012–2014) will lead to RR 440 bln payable by OAO Gazprom versus 2011, including for 2012 – RR 114 bln.


Thus, in 2012 the state budget will receive not only all of the extra revenue from price growth, but RR 64 bln of OAO Gazprom’s profit.

As a result, increased Mineral Extraction Tax rate for gas in 2012–2014 will take away from OAO Gazprom about 90 % of extra revenue from gas price adjustments, which was planned to be allocated to financing development and reconstruction of gas production and gas transportation facilities to deliver gas to Russian customers.

One of the promising directions of the Russian natural gas market development is futures contracts for selling physical natural gas and exchange derivatives trading (futures for natural gas). In 2011 Gazprom continued its cooperation with federal executive authorities to prepare and align a regulation of the Government of the Russian Federation, which envisages OAO Gazprom’s right to sell natural gas produced by Gazprom and its affiliates on electronic trading floors and at commodity exchanges at prices that are not regulated by the government.
Domestic Gas Sales

In 2011 Gazprom Group sold 265.3 bcm of gas to its Russian Federation customers, which is 1.2 % above the level of 2010.

The Group’s gas sales in Russia (ex-VAT and excise tax) in 2011 reached up to RR 723.0 bln, which is 17.6 % higher than in 2010.

To maintain its gas market share in 2011, Gazprom promptly adjusted gas delivery schedules based on customer requests and approved dispatch schedules for gas delivery to customers.


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<tr>
<td>Sales volume, bcm</td>
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<td>Weighted average sales price, RR/mcm</td>
</tr>
</tbody>
</table>
Overview of European Natural Gas Market

The key export market of Gazprom Group’s operations is the market of European countries.

Demand

In 2010 the above market saw record gas consumption levels in its entire history, but 2011 results, according to preliminary estimates of Gazprom’s experts, showed a significant plunge (down to 551 bcm, or by more than 9 %).

The key reason for falling consumption were weather conditions – warm winters and cold summer in most of the European countries.

Supply

The key competitors of Gazprom Group at the European market are gas and LNG suppliers from Norway, the Netherlands, Great Britain, Algeria, Qatar, Nigeria and Libya.

In 2011 traditional pipeline gas suppliers reduced their supply volumes to the European market. According to preliminary assessments, Libyan supply fell by 7.8 bcm (75.8 % reduction), Algerian supply – by 5.2 bcm (9.1 % reduction). Hostilities in Libya resulted in gas export infrastructure sitting idle from March to October 2011. Then the country resumed GreenStream pipeline supply to Italy, but only in reduced volumes.

Domestic gas production in European countries also slumped and, according to preliminary assessments, amounted to about 288 bcm, which is by 23 bcm (7.4 %) below the level of 2010.

Slumping European production is explained both by natural depletion of reserves and stronger market competition. Lower prices at trading platforms made imports more efficient than production for many gas producers to meet their liabilities.

LNG producers from Qatar and Nigeria increased their European export volumes.
European Market Gas Sales

Partners

The major counterparties of Gazprom Group in Western Europe are E.ON Ruhrgas, Wingas, WIEH (Germany), ENI (Italy), Botas (Turkey), PGNiG (Poland), GDF SUEZ (France), Panrusgas (Hungary), RWETransgas (Czech Republic), SPP (Slovakia), EconGas (Austria) and GasTerra (the Netherlands).

Under their contracts with OAO Gazprom, in 2011 European customers bought 150 bcm of natural gas, which is 8.2% higher than 2010 contract offtake.

In a number of European countries Gazprom Group sells gas directly to end-consumers. In 2011 subsidiaries of the Group sold 3.7 bcm of gas to commercial and industrial customers in Great Britain, France and the Czech Republic.

Overall, in 2011 Gazprom Group sold 156.6 bcm of natural gas in Far Abroad countries, with sales (minus excise and customs duties) reaching up to RR 1,439.1 bln.
Export Contract Pricing


Considering trends of global oil market and European gas spot market, Russian natural gas export prices in 2011 demonstrated an upward trend. However, gas pricing specifics, determined by baseline periods in adjustment formulas of oil-linked contracts (mostly 9 months), and also introduction of gas adjustment for a part of volumes, supplied under long-term contracts, largely leveled out the growth of Russian gas export prices versus liquid fuel prices.

OAO Gazprom contract gas prices reached their maximum in Q4 2011 (US $ 416.65/mcm), increasing versus Q1 (US $ 347.57/mcm) by 19.8%. Overall 2011 weighted average gas price amounted to US $ 383.38/mcm versus US $ 305.33/mcm in 2010 (growth by 25.6%).

At the background of the overall consumption decrease, the share of OAO Gazprom’s gas at European market in 2011 grew by 4 p.p., which was primarily caused by measures, taken in 2010–2011 to increase competitiveness of Russian gas.

The reporting year saw achievement of agreements to adjust pricing conditions with Edison, SinerigiItaliane, GDF SUEZ, WIEH, Wingas and SPP companies. Oil product-linked contract price formulas were adjusted subject to these agreements. These price adjustments made a major contribution to competitiveness of Russian natural gas at European markets.

But oil product price-linked contracts are still relevant. Oil price link is an indispensable tool for long-term business planning, meeting interests of both buyer and seller of gas. The tool secures continuity and sustainability of industry investment cycle across its vertical – from wells to end-consumers. Oil product price link is proven by more than 40-years of global oil market development history. Today oil products in gas price formulas play a universal deflator role. Their availability prevents gas price from detachment from other commodity prices.
Promising Natural Gas Markets

_Gazprom Group_’s marketing strategy envisages diversification of export revenue sources through expanding its presence in the promising natural gas markets. The priorities are to increase LNG volumes in the _Group_’s export portfolio and to diversify geographically by entering markets of North-East Asia countries and other APR countries.

Liquefied Natural Gas

_Gazprom_ has limited market coverage in terms of its pipeline export supply. LNG marketing is a tool that will significantly expand the range of new markets available to the _Group_ and provide for possibility to raise volumes. The strategy envisons increasing LNG volumes in the export portfolio both through implementation of Russian projects and participation in foreign ones.

LNG gives _Gazprom_ opportunities to:
- reach out to remote regions;
- get access to niche markets of countries without developed pipeline infrastructure, or countries with no pipeline connections;
- sell to end-consumers, bypassing transit countries and redirecting volumes to other markets when market conditions deteriorate or to get arbitration profit at spot markets.

In 2011 companies of the _Group_ – Gazprom Global LNG Ltd. and Gazprom Marketing and Trading Singapore sold 2.3 mln tons of LNG (3.06 bcm), of which 0.96 mln tons (1.28 bcm) was made up by Sakhalin-2 LNG project, purchased from Sakhalin Energy under a long-term contract.

Due to LNG portfolio flexibility and access to tanker fleet, _Gazprom Group_ promptly responded to changing market conditions and increased supply volumes to cover gas shortages, resulting from the Fukushima NPP disaster in Japan in March 2011. Out of 34 LNG cargoes, supplied by the _Group_ in 2011, 30 went to APR countries, and 6 of these were directed to Japan, including 4 cargos from Sakhalin-2 Project. Supply geography expanded as well: in 2011 LNG was for the first time shipped to Kuwait and Thailand terminals.

_Gazprom_ is also working on long-term LNG supplies. In May – June 2011 _Gazprom_ signed Memorandums of Understanding with four Indian companies for supplying India with up to 10 mln tons of LNG per year over 25 years from the portfolio of _Gazprom Group_.

In January 2011 OAO Gazprom and Agency of Natural Resources and Energy of the Ministry of Economy, Trade and Industry of Japan signed a Cooperation Agreement to prepare a feasibility study for natural gas use options in Vladivostok area, transportation and sales of natural gas and gas chemical products from Vladivostok area to potential customers in APR countries.

_Gazprom_ is reviewing options for the _Group_ to enter beneficial gas liquefaction projects abroad and is in search for such options, monitoring the existing and planned foreign LNG projects.

More attention is paid to promising areas for sales of Russian natural gas – low-tonnages of LNG and compressed natural gas (CNG). The above products are mostly in demand by transportation segment, small-scale power generation and utilities sector.
Markets of North-East Asian Countries

One of Gazprom Group’s most promising projects is to supply natural gas to China. Gazprom carries out work to arrange the export of pipeline gas through the two export corridors – western and eastern – with a volume of up to 68 bcm. Supply projects for each corridor are complementary, because they are targeted to satisfy gas demand at various regional markets of China.


Gazprom reviews options to facilitate deliveries of Russian gas to other countries in the region. In 2011 it continued the activities to organize pipeline deliveries of up to 10 bcm of gas per year to the Republic of Korea. For purposes of synchronizing activities under the project, OAO Gazprom is in talks with North Korea in line with the Memorandum of Understanding, signed by OAO Gazprom and the Ministry of Oil Industry of DPRK in September 2011 and decisions of the first meeting of the Joint working group of OAO Gazprom and the Ministry of Oil Industry of DPRK. Gazprom also considered options for increasing gas supply to Japanese market.
Gas Sales in the Former Soviet Union Countries

In 2011 Gazprom Group’s natural gas sales in FSU countries increased by 16.4 % versus 2010 and reached up to 81.7 bcm.

Group’s work, aimed at the transition to contractual prices (providing Gazprom with the same earning capacity similar to the European prices for Gazprom) with its major buyers of natural gas in FSU countries, had an impact on average gas sale prices. This led to regional revenues (ex-VAT, excise tax and customs duties) increase to RR 637.2 bln, which is 41.6 % above the level of 2010.
Over 80% of gas sales volumes to FSU countries are taken up by Ukraine and the Republic of Belarus.

**Ukraine.** Gas supplies to Ukrainian consumers in 2011 were performed under the long-term contract of OAO Gazprom and NAK Naftogaz of Ukraine for sale and purchase of natural gas in 2009–2019. Transit via Ukrainian territory is based on the long-term contract of OAO Gazprom and NAK Naftogaz of Ukraine on volumes and conditions of natural gas transit through the territory of Ukraine in 2009–2019.

In December 2011 OAO Gazprom and NAK Naftogaz of Ukraine signed supplements to these gas supply and transit contracts, providing for payments for gas and transit services through the territory of Ukraine to be made in Russian roubles or US dollars.

**Republic of Belarus.** Gas supplies to consumers in the Republic of Belarus and gas transit via the territory of the Republic of Belarus in 2007–2011 were carried out under the contract between OAO Gazprom and OAO Beltransgaz.

In November 2011 a package of documents was signed, establishing relationships of the parties on the acquisition of 50% government-held stake of OAO Beltransgaz and further operations of the company, pricing principles, gas supply volumes and its transit starting from 2012. Among other, OAO Gazprom and OAO Beltransgaz signed contracts for gas supplies to the Republic of Belarus and natural gas transportation through the territory of the Republic of Belarus in 2012–2014.
Central Asia and Azerbaijan. In 2011 Gazprom Group continued to purchase gas in the Central Asia and Azerbaijan under its gas marketing cooperation.

<table>
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<tr>
<th>GAZPROM GROUP’S PURCHASE OF CENTRAL ASIAN AND AZERBAIJANIAN GAS, BCM</th>
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<tr>
<td><strong>Countries</strong></td>
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<tr>
<td>For sales in Far Abroad countries</td>
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<tr>
<td>Turkmenistan</td>
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<tr>
<td>Uzbekistan</td>
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<td>Kazakhstan</td>
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<td>Azerbaijan</td>
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<tr>
<td>Average weighted gas purchase price on the border of the supplying country, US $/mcm</td>
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<tr>
<td>For sales to south part of Kazakhstan</td>
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<tr>
<td>Turkmenistan</td>
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<td>Uzbekistan</td>
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To facilitate supply of Turkmenistan’s and Uzbekistan’s gas to the borders of the Russian Federation, OAO Gazprom executed contracts with gas transportation companies of Uzbekistan and Kazakhstan for 2011–2012 and 2011–2015 correspondingly.

**Overview of Global Oil and Refined Products Market**

**Demand**

According to estimates of the International Energy Agency (IEA), in 2011 total global consumption of oil amounted to about 90 mln barrels per day. The key regions, defining growing oil demand, are still developing countries of Asia and the Middle East, and the level of oil consumption in the USA, Japan and European countries has been stable over the past few years. Impact of the debt crisis in Europe and the slowdown of US economy growth rate, as well as tighter credit and monetary policy in China remain the key uncertainty factors for further assessment of global demand prospects.

Global consumption of gasoline in 2011 went down by 1 % to 22 mln barrels per day due to deteriorating economic situation, debt crises in Europe and the USA. The total consumption slumped despite significant demand growth in APR countries, primarily in China and India, and also in Russia. Diesel fuel consumption rose by 3 % – to 23 mln barrels per day, for the first time going over the demand for gasoline due to increasing numbers of diesel engines in vehicle fleets and economic growth in developing countries, particularly in China, India and Russia.
Supply

In 2011 global oil production growth rates went down. Nevertheless, the total production rose by 1%, to 78.7 mln barrels per day. The growth was supported by increased production in Saudi Arabia, UAE, Kuwait, Iraq to slow down growth of global oil prices. Moreover, US production also increased due to the need to reduce import dependency with high raw materials prices and internal debt crisis.

According to IEA, total OPEC oil supply volumes in 2011 increased by over 1 mln barrels per day and total oil supply volumes of non-OPEC countries stayed at approximately the same level of last year. The global oil supply structure in 2011 was influenced by replacement of reduced Libyan production volumes by increased Saudi Arabia production.

Prices

In 2011 Brent quotes were quite stable, especially versus weaker dynamics of other industrial products and goods. Average annual price level amounted to about US $ 111 per barrel (versus US $ 79.5 per barrel in 2010 and US $ 61.3 per barrel in 2009). Prices were supported by supply shortages, particularly, with discontinued supply of Libyan oil.

Along with the above, commodity price levels at global markets in 2011 were determined by the following events:
- revolutions and overthrown ruling regimes in Northern Africa countries;
- series of earthquakes in Japan and the Fukushima nuclear plant disaster in spring 2011;
- credit crunch in the Eurozone countries;
- aggravation of Iran situation;
Oil and Gas Condensate Sales

The total volume of Gazprom Group sales of oil and stable gas condensate in 2011 amounted to 28.5 mln tons.

The Group’s sales of oil and stable gas condensate (ex-VAT and customs duties) in 2011 amounted to RR 311.7 bln, up by 25.9 % versus last year.

Due to the need to utilize the Group’s own production capacities in accordance with the approved oil refining and export programs, the free oil sales (not taking into account supplies for replacement) in Russia were insignificant.

Gazprom Group’s major export markets for oil in Far Abroad countries in 2011 were the countries of North-Western and Central Europe and Mediterranean where Urals crude oil is mostly supplied.

Supplies to FSU countries included those to the Republic of Belarus (to the Mozyr Oil Refinery) and Kazakhstan (to the Pavlodar Oil Refinery). The prices applied to these supplies are based on formulas and depend upon the pricing situation for Urals crude oil.

Reduction of export oil and gas condensate sales volumes in 2011 versus 2010 was caused by increased volumes of oil refining at Gazprom’s oil refineries.

The key countries for product sales were Belarus, Kazakhstan, Germany, the Czech Republic.
Sales of Refined Products

Gazprom Group’s total sales of refined oil and gas products in 2011 amounted to 55.4 mln tons, up by 6.1 % versus last year. Gazprom Group’s sales volumes of helium in 2011 amounted to 3.5 mmcm. Oil and gas refined products sales reached up to RR 973.0 bln (ex-VAT, excise tax and customs duties).

Gazprom Group’s main refined products sold in the Russian market are motor gasoline, diesel, and furnace fuel oil, whereas the markets of FSU countries receive diesel, sulfur, and motor gasoline. Diesel and furnace fuel oil account for about 50 % of the refined products volume sold by the Group to Far Abroad countries.

High refining margin in 2011 determined key areas of the marketing policy: sales of oil products at higher-margin domestic market grew by 3.4 mln tons or by 14.5 %, reaching up to 26.8 mln tons.

The year saw continued development of retail product business units, – into-plane fueling, bunkering, production and sales of motor oils and lubricants.
NEW LEVEL OF RELIABILITY

*Gazprom* purchased 100% shares in Beltransgaz. The Unified Gas Supply System of Russia and Belarus was rebuilt. Having full control over Belarus’ gas transportation system *Gazprom* will significantly enhance reliability of gas supplies to Europe.
NEW HORIZONS

Belarus

Russia
SALES OF OIL PRODUCTS THROUGH GAZPROM NEFT’S SPECIALIZED BUSINESS UNITS

Premium business segments

Fueling aircraft (ZAO Gazpromneft-Aero)
Fueling ships (OOO Gazpromneft Marin Bunker)
Production and sales of motor oil (OOO Gazpromneft-smazochniye materialy)

Selling aviation fuel through its subsidiaries in Russia, Kazakhstan, and Tajikistan. The share in the Russian retail market is 20%.

Supplying marine fuel and fueling seagoing vessels and river boats in 15 sea ports and 9 river ports in Russia. The share in the Russian retail market is 18.5%.

The range of products included over 300 various lubricants produced in Russia and Western Europe.

The number of the Group’s active gasoline stations in 2011 increased to 1,670 (of these 627 gas stations are foreign assets of the Group) during expansion of Russian and FSU countries retail chains.
At the end of 2011, the Group became the largest Russian motor gasoline supplier, having sold 9.4 mln tons versus 8.3 mln tons in 2010. Supply growth was secured by increased production and lower gasoline exports in favor of the domestic market.

*Gasprom* re-branded 290 gasoline stations in Russia, Tajikistan, Kazakhstan, Kyrgyzstan and Belarus, including MTK chain gasoline stations. “Gazpromneft” gasoline stations brand was awarded with a renowned national award “Brand of the Year/EFFIE”. Integration of SibirEnergy assets helped double the presence of “Gazpromneft” in Moscow region. The Group acquired 113 gasoline stations in Novosibirsk, Chelyabinsk, Nizhny Novgorod and Krasnodar regions. G-Drive fuel launch pilot project was successfully completed and rolled out to most regions with presence – the product is sold at 315 gasoline stations of the Group, G-Diesel test sales have started. The number of members of “Gazpromneft” chain loyalty program “Going one way” went over 1.9 mln.

By results of 2011, the Group remains the largest diesel fuel supplier in Russia: domestic sales amounted to 7.6 mln tons.

Given limited domestic consumption of sulphur, *Gazprom* exports most of its sulphur, bringing the Group 10-12 % of the global market. Exports of sulphur in 2011 amounted to 3.7 mln tons.

*Gazprom Group’s* helium sales volumes in 2011 went down to 3.5 mmcm versus 4.9 mmcm in 2010. Reduction of helium sales volumes in 2011, which are mostly sold on the domestic market, was caused by off-schedule maintenance of helium concentrate storage infrastructure.

To expand its market for oil, hydrocarbon gases liquified, petroleum, oil and lubricants in South-Eastern Europe in 2011, NIS, a company of the Group, established subsidiaries in Romania, Bulgaria, Bosnia and Herzegovina.
INNOVATIVE ACTIVITY

Continuous development of Gazprom’s technological level to support its world energy business leader’s position is the long-term goal of Gazprom’s innovation activities.

OAO Gazprom considers development of innovations and advancement of the company’s technological level as top-priority areas in its operations.

The Group invests heavily into research and development. In this field Gazprom is a leader among Russian energy companies and ranks among the top ten largest energy companies in the world.

<table>
<thead>
<tr>
<th>RESEARCH AND DEVELOPMENT WORK CARRIED OUT ON GAZPROM GROUP’S ORDER, RR BLN (NET OF VAT)</th>
<th>2009</th>
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<td>6.6</td>
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High level of innovations is maintained across all key business areas of Gazprom Group. Research and development activities focus on achieving efficiency in the following areas:

- development forecasting and planning;
- supporting high levels of energy resources sustainability;
- hydrocarbons production;
- reliable delivery of products to customers;
- improving competitiveness of products and services at domestic and international markets;
- providing operational security, increasing investment and social attractiveness.

To determine and streamline key areas and objectives of OAO Gazprom’s innovative activities, optimize available resources and define innovative development indicators, OAO Gazprom’s Innovative Development Program - 2020 was developed and approved by the Board of Directors in 2011.

The Program features a set of interrelated measures, focused on development and implementation of new technologies, innovative products and services in compliance with international level, and also at creating favorable conditions for development of innovations both at OAO Gazprom and in related industry sectors of the Russian Federation.
Technology Priorities

Anticipated economic benefits from implementation of technology developments – about RR 450 bln over the period up to 2020.

OAO Gazprom’s Innovative Development Program - 2020 specifically focuses on a system of technology priorities for its gas, oil and power businesses. The system is based on a forecast for research and development of OAO Gazprom up to the year of 2020, developed in line with OAO Gazprom’s 10-year development program and General Scheme for Russia’s Gas Industry Development up to 2030.

Each business process was assessed for possible improvement of its economic parameters withing the planned period with replacement of current technologies for cutting-edge ones, the assessment resulted in selection of baseline areas for technology improvement – technology priorities, investments in which will bring Gazprom the strongest economic benefits.

Each technology priority was assigned integral performance indicators and key innovative technologies were selected.

Technology priorities, outlined in the Program, are to be implemented under annually approved OAO Gazprom's R&D Program, and R&D plans were developed for every key technology.

In Gas Business

Innovations in Field Exploration

Gazprom Group has implemented the below methods for improving the accuracy of reservoir development forecasting:

- methods of identifying and optimizing exploration scope at first priority gas bearing areas of deep drilling in the regions of Eastern Siberia and the Far East;
- method of differential calculating exploration efficiency by regions of OAO Gazprom’s production operations, including foreign projects, aimed at ensuring compliance with corporate requirements to return on project investments;
Innovations in Field Development and Production

For the purposes of improving the efficiency of fields development including new gas production regions and offshore areas of northern seas the Group has developed the following unparalleled technical solutions:

- engineering solutions for under ice production of gas worked out in the course of development of Rusanovskoye and Leningradskoye fields in the offshore areas of the Kara sea;
- a technology for a joint treatment of Cenomanian, Valanginian and oil gas at the final stage of field development;
- a technology for developing helium-rich gas fields under which helium concentrate is pumped back into developed deposits;
- automated systems of remote control and management of wells in electrified and non-electrified clusters, systems managing vital infrastructure of gas fields on the principles of minimal manned technology.

Innovations in Gas Transportation and Underground Gas Storage

For the purposes of ensuring the reliability and safety of gas transportation, OAO Gazprom has been developing and consistently implementing a system that will manage technical condition and integrity of the linear part of the trunk pipelines and compressor stations of the UGSS.

In the process of gas compressor stations reconstruction engineering solutions have been worked out that enhance the efficiency of compressor equipment and reduce pollutant emissions from its operation. The solutions provide for the use of gas-turbine units with the capacity of 32-35 MW. At the same time modernization of combusters by using low emission burners has been continued.

The development of a modern device for internal survey of trunk pipelines is in its final stage. The survey will be based on a non-contact electro-magnetic acoustic system of defect control. This device has no parallel in terms of the ability to maintain the target speed of movement in the gas pipeline, including pipelines of "composite topography" and in terms of having no effect on technological parameters of gas transportation.

Innovations in Processing of Hydrocarbons and Production of Oil and Gas Products

For gas processing purposes the Group is implementing the projects on:

- developing the testing and production facility to produce the synthetic liquid fuels with the capacity of 100 thousand tons per year;
- low-tonnage installation to produce super-gasoline to be used at depleted and low pressure wells.

For the purposes of rational utilization of the helium-rich fields the technology of complex raw processing to produce LNG and separate helium and technical decisions related to transportation and storage of helium are being developed.
In order to increase the depth of liquid hydrocarbon raw materials processing and to improve the quality of the produced petrol in accordance with Euro-4 and Euro-5, the secondary processing of the stable gas condensate and oil are being implemented at Astrakhan gas processing complex and Surgut Stable Condensate Plant.

Developing the technology of HSFO processing at Astrakhan gas processing plant and implementation of sulphur bituminous for the purposes of construction and repairing the highways are being carried out.

In Oil Business

Completed research and development projects allowed to start in 2011 the project of managing waterflooding and maintaining formation pressure in a test section of Sugmutskoye field for the purposes of extracting difficult oil from depleted reservoir sections.

Projects aimed at a complex protection of downhole equipment from corrosion are implemented and the regulatory system that would optimize the inhibitory protection of wells is introduced. The works performed in 2011 resulted in the decrease of the corrosion related breakdowns multiple of the active assets from 0.37 to 0.16.

The research performed to develop the software for generating a list of idle wells ranked by economic and technical features for bringing them back into operation resulted in a 15-fold increase in the speed of analyzing idle wells.

In 2011 OAO Gazprom implemented large-scale innovation project on development and commissioning a bizeolite catalytic cracking catalyst in OAO Gazpromneft-ONPZ. Implementation of the new catalyst enabled Omsky refinery to increase light oil products yield, depth of processing and decrease sulphur content in the products while decreasing operating costs. Currently, Gazprom Neft is the only producer of catalytic cracking catalysts in Russia.

In Electric Power Business

Gazprom Group is implementing a number of large-scale projects which are unique for the Russian electric power:

- the construction of a carbon block CFB-330 with fluidize bed at Novocherkasskaya GRES continued in 2011 which will enable to use several different coal types including those of low quality;

- large-scale modernisation of the existing power generating unit at Kirishi GRES is being completed as part of the Combined Cycle Plant-800 construction project. During the modernisation, two single-turbine units with two boilers and capacity of 279 MW each are built up on the currently operating K-300 steam turbine. This conceptually new scheme helps increase the performance of the power generating unit from 38% to 55%, reduce the specific fuel consumption at normal capacity from 324 g/kWh to 221.5 g/kWh, and significantly enhance environmental characteristics.
R&D Financing

It is planned to allocate significant funds for implementation of the Innovative Development Program. R&D costs are the key element: up to the year of 2020 their planned amount in absolute terms may increase by 4.2 times and reach up to RR 34 bln, and their share in revenues may rise by three times and exceed average global level.

Open Innovations Model

Corporate innovative system of OAO Gazprom will be developed on the basis of Open Innovations Model, envisioning proactive partnership with external sources of innovations:

- corporate and third parties for R&D activities;
- academic institutions for joint research and personnel training;
- domestic related industry enterprises, Russian and foreign electric sector companies, including establishment and operation of technological platforms – forums for joint resolution of innovation issues. Such activities eliminate redundant research and also help distribute risks and costs of implementing major new technology development projects;
- innovative small and medium businesses, enabling the Group to implement ideas and technologies, already available on the market.

The Innovative Development Program also establishes ways to improve OAO Gazprom's intellectual property management along with development and implementation of innovations.

LEGAL PROTECTION AND APPLICATION OF INTELLECTUAL ACTIVITY RESULTS

As of December 31, 2011 Gazprom Group organizations held 1,608 patents (of these 145 were granted in 2011).

In 2011 214 patents were used in production, bringing RR 960 mln in economic benefits.

OAO Gazprom’s Innovative Development Program - 2020 takes into account all specific business factors of Gazprom: unique technology complex, large-scale projects, complexity of product value added creation chain, development of strong in-house research and technology base, corporate structure specifics. These lead to expect that the Program will be an efficient enabler for further improvement of Gazprom Group’s innovative level as foundation for future development of the company, expansion of its competitive edge and resulting value increase.
ENVIRONMENTAL MEASURES, INDUSTRIAL SAFETY AND ENERGY EFFICIENCY

Environmental Measures

Successful implementation of international standards in the field of environmental management, a high level of compliance with the Russian and international legislation, and an increase in the environmental investments underlie the Group’s conscientious approach to environmental protection.

Being one of the largest users of natural resources in Russia, Gazprom Group adheres to the principle of strictly following requirements of the international and Russian environmental legislation. Gazprom places priority on environmental safety issues when carrying out its key projects.

Environmental Management System

The integrated environmental management system used in OAO Gazprom and its major gas exploration, production, transportation, storage, and refining subsidiaries is an advanced structure, which integrates environmental management bodies of the head company and its 28 subsidiaries. In 2011 the Environmental Management System of OAO Gazprom was successfully certified as compliant with ISO 14001:2004 international standard. Certification audit was conducted by an independent certification body Det Norske Veritas. The crucial components of the system are the corporate Environmental policy, the database of regulatory documents and standards related to environment protection, efficient use of natural resources and energy saving. OAO Gazprom’s Coordinating Committee for Environmental Protection and Energy Efficiency provides for implementation of corporate Environmental Policy and carries out a comprehensive review of environmental activities of the company.

As part of its existing Environmental Management System, OAO Gazprom implements its adopted Corporate Environmental Goals.

CORPORATE ENVIRONMENTAL GOALS OF OAO GAZPROM:

- reduction in methane emissions into the atmosphere;
- reduction in nitrogen oxide specific emissions into the atmosphere;
- reduction of discharge of polluted and undertreated water into surface water bodies;
- decrease in the share of waste sent for burial;
- decrease in payment for impacts in excess of limits as an integral indicator of negative environmental impact;
- decrease in specific consumption of natural gas for the company’s own technological needs;
- implementation of environmental management system in line with ISO 14001:2004 international standard.
ISO 14001-certified environmental systems also successfully perform in the Group’s electric power companies such as OAO Mosenergo, OAO OGK-2, OAO TGK-1, in Gazprom Neft Group’s OOO Gazpromneft - Smazochniye Materialy, OAO Gazpromneft - ONPZ, OAO Gazpromneft-MNPZ (former OAO Moscow Oil Refinery), as well as subsidiary companies OAO Tomskneft and Sakhalin Energy.

In October 2011 the Board of Directors approved OAO Gazprom’s Environmental Policy as amended and recommended the document for use in Gazprom Group companies. In the reporting year OAO Gazprom approved its Comprehensive Environmental Program for 2011–2015, aimed at environmentally focused development of gas industry.

Increased attention is paid to preventive environmental actions: OAO Gazprom’s Environmental Inspectorate was established at corporate level, and all project-related materials undergo OAO Gazprom’s environmental expert review before being submitted for their state expert review.

The Environmental Inspectorate of OAO Gazprom carried out 621 audits in 76 subsidiaries and contractors. It also audited operations of customers and general contractors, working at key construction sites, reconstruction and overhaul of the UGSS. Moreover, 209 target inspections of atmospheric air protection compliance were conducted in 2011. Inspection outcomes with recommendations for improvement of environmental activities were handed over to management of the inspected companies.

State environmental inspections in 2011 did not reveal any major violations of environmental laws of the Russian Federation by Gazprom Group companies, with RR 4.6 mln in penalties. The amount of penalty fees, an insignificant one for the Group, is proof to the fact that the Group is highly compliant with environmental protection requirements.

Gazprom views environmental safety concerns as top priority during implementation of key projects. Project solutions provide for maximum reduction of environmental impact of business and other activities both during construction and operation of facilities.

Environmental Impact Indicators

The total volume of hazardous atmospheric emissions from stationary sources was reduced by 3% compared to the previous year’s level.
The reduction in gross emissions was mainly due to energy-saving measures, taken by OAO Gazprom’s 100 % gas transportation subsidiaries to decrease methane emissions, and also due to lower emissions by facilities of Gazprom energoholding companies, which reduced electric and heating power output and burned less fuel than in 2010.

The same reason applied to a decrease in waste production across the Group, (over 80 % of which was represented by ashes and slag discharged by coal-fired power plants) as well as water consumption and water drain.

2011 saw reduced wastewater discharge into surface-water bodies due to water consumption reduction versus 2010 levels; including consumption for own technological needs. The Group’s energy companies accounted for some 97 % of water consumed and almost 99 % of water drained. 96.5 % of wastewater discharged into surface-water bodies was regulatory clean effluents and effluents treated to standard quality.

Increased contaminated soil remediation financing resulted in remediated soil area increase by 18.4 % versus 2010.

Environmental Protection Costs

Overall Gazprom Group environmental protection costs in 2011 amounted to RR 24.6 bln, which is RR 4.1 bln more than in 2010. Current environmental protection costs of the Group rose by 9.2 % to RR 11.2 bln, costs of total overhaul of production assets for environmental protection – by 106.9 %, reaching RR 2.6 bln.

Investments of Gazprom Group into fixed assets for environmental protection and efficient use of natural resources increased by 26 % to RR 9.8 bln. About 70 % of the above investments in 2011 accounted to OAO Gazprom and its 100 % subsidiaries.
Gazprom Group managed to achieve 17.6% overall reduction of charges for adverse environmental impact both with lower volumes of emissions and discharge, and significant reduction of charges for above-standard impact.

Corporate Climate Policy

The Corporate Climate Policy follows provisions of the Russian Energy Strategy for the period until 2030 and the Environmental Doctrine of the Russian Federation. Operations of OAO Gazprom are also in line with the comprehensive plan to implement Russia’s Climatic Doctrine, which envisages development and implementation of governmental programs to mitigate the anthropogenic impact on the Earth’s atmosphere.

OAO Gazprom’s corporate system for greenhouse gas inventory is a showcase for environment and climate protection corporate responsibility and meets both national and international requirements.

OAO Gazprom’s actions to reduce greenhouse gas emissions contribute to achieving the goal of reducing national greenhouse gas emissions by 15-25% versus the level of 1990 by 2020, declared by the Russian Federation at the 15-th session of the Conference of Parties to the Framework Convention on Climate Change (UN FCCC).

Participation in International Organizations

In 2011 International Gas Union with OAO Gazprom’s input developed industry guidelines “Reduction of greenhouse gas emissions” with best practices for gas industry value chain, for the upcoming World Gas Congress in Kuala Lumpur (Malaysia, 2012).

Under its Cooperation Agreement with the Federal Service for Hydrometeorology and Environmental Monitoring (Rosgidromet) Gazprom took part in activities of international UN FCCC bodies. At the 34-th session of UN FCCC Subsidiary bodies and Kyoto Protocol on June 14, 2011 (Bonn, Germany) OAO Gazprom delivered a seminar “Developing corporate greenhouse gas registers in the Russian Federation: gas industry experience”.

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**CHARGES FOR ADVERSE ENVIRONMENTAL IMPACT, RR MLN**

- 2009: 1,218.4
- 2010: 1,234.4
- 2011: 1,017.2

**CAPITAL EXPENDITURES RELATED TO ENVIRONMENTAL PROTECTION AND RATIONAL USE OF NATURAL RESOURCES, RR MLN**

- 2009: 6,323.6
- 2010: 7,744.4
- 2011: 9,785.7
Development of Regulatory Documents
in Accordance with International Agreements

OAO Gazprom developed a set of regulations to provide for UN FCCC compliance. More than 10 documents are used for inventory preparation, registering and controlling greenhouse gas emissions for development of emission reduction projects. Standard STO Gazprom 102-2011 “Inventory of greenhouse gas emissions” was developed in order to establish uniform procedures for registration and assessment of greenhouse gas emissions in subsidiaries of OAO Gazprom.

Greenhouse Gas Emissions-Related Research

*Gazprom* has been conducting main greenhouse gas emissions-related research (carbon dioxide and methane) in gas industry since 1992. The priorities in this area are development of corporate system for control, inventory and registration of all greenhouse gas emissions (including methane) from all controlled and uncontrolled sources, development of measures to reduce greenhouse gas emissions.

OAO Gazprom’s experts regularly share their experience, conduct joint research on greenhouse gas emissions issues with their colleagues from E.ON Ruhrgas, GDF SUEZ, Gasunie under Research and Development Cooperation Programs.

**CARBON DISCLOSURE PROJECT (CDP)**

Carbon Disclosure Project (CDP) is a partnership of over 500 financial entities all over the world, holding and managing funds for over US $ 60 trln. CDP maintains the world’s largest database on corporate greenhouse gas emissions, used for making investment decisions.

Disclosure of Greenhouse Gas Emissions Information

OAO Gazprom annually reports to Rosgidromet its quantitative estimates of annual greenhouse gas emissions for preparation of the greenhouse gas emissions Inventory of the Russian Federation in accordance with requirements of UN FCCC and Russian law.

OAO Gazprom regularly participates in annual Carbon Disclosure Project (global investment partnership).

Under the project *Gazprom* declared its measures to reduce greenhouse gas emissions to global financial institutions and investors for making investment decisions and was granted access to the global corporate climate change information database, to be able to research and analyze experience of major global oil and gas companies. In 2011 upon completion of a Carbon Disclosure Project poll OAO Gazprom achieved the highest score among Russian companies.

**GREENHOUSE GAS EMISSIONS BY OAO GAZPROM’S MAJOR SUBSIDIARIES**

In 2011 greenhouse gas emissions (carbon dioxide and methane) by OAO Gazprom’s gas production, refining, transportation, and underground gas storage subsidiaries reduced by 3 % versus previous year, amounting to 133 mln tons of CO₂ equivalent.
Efficient Use of APG

Associated petroleum gas (APG) flaring has major importance for resolving the greenhouse gas emissions issue in oil and gas segment. OOO Gazprom Dobycha Orenburg, OOO Gazprom Pererabotka, and OOO Gazprom Neft Orenburg use 100% of APG. Gazprom Neft Group’s APG utilization (use) value in 2011 reached up to 58.8%.

Surgutskaya GRES-1, a part of OAO OGK-2, uses APG as its primary and backup fuel.

In 2011 OAO Gazprom completed preparation of required documentation for Efficient Utilization of Associated Petroleum Gas at Urengoiskoye oil and gas condensate field Project for subsequent transactions with carbon units. The Order No. 20 of the Ministry of Economic Development of Russia, dated January 20, 2012, included the project into the list of projects, implemented in line with requirements of Article 6 of Kyoto Protocol to the UN FCCC.
Industrial and Labor Safety

Improvement of OAO Gazprom’s Unified System for Managing Labor and Industrial Safety, allows ensuring a high level of employees’ labor safety.

OAO Gazprom’s Unified Corporate Labor and Industrial Safety Policy applies to OAO Gazprom and its major exploration, production, processing, transportation and underground gas storage subsidiaries, and also those subsidiaries that operate UGSS.

The key labor and industrial safety priorities and goals of OAO Gazprom and its subsidiaries are the following:
- absolute priority of life and health of employees;
- maximum safety working environment for employees;
- securing reliable performance of hazardous industrial facilities.

OAO Gazprom established its Unified system for managing labor and industrial safety, setting standard organizational procedures and activities to ensure labor and industrial safety.

OAO Gazprom’s goal is to bring its Unified system for managing labor and industrial safety in line with OHSAS 18001:2007 “Occupational Health and Safety Management Systems” international standard.

The work carried out by OAO Gazprom and its subsidiaries and organizations in the field of labor and industrial safety results in bringing down the number of casualties, accidents and incidents.

The number of incidents is continuously decreasing, demonstrating a reduction by more than two times in 2009, and 38% lower than in 2010. The total amount of persons, injured in industrial accidents in 2011 amounted to 156 persons. This figure reduced by 32% versus 2009 and by another 4% versus last year.
In 2011 197.5 thousand employees of OAO Gazprom and its subsidiaries were trained and tested for knowledge of labor safety requirements, 76.3 thousand were trained in industrial safety. Gas producing and gas transportation subsidiaries completed their workplace appraisal activities.

*Gazprom Neft* is implementing its own Industrial, Environmental and Labor Safety Policy.

## Energy Saving and Energy Efficiency

Implementing energy savings programs with the use of innovation technologies and new equipment as well as continuous monitoring of subsidiaries’ operations makes it possible to decrease man-caused environmental impact and increase energy efficiency.

In order to improve its operations, OAO Gazprom pursues a consistent policy of energy savings and raising energy efficiency for its production processes. This systematic work involves medium- and long-term planning.


The Concept defines further areas for operational development of OAO Gazprom and its major production, transportation, refining and underground gas storage subsidiaries in order to improve their energy efficiency. Moreover, to comply with energy saving laws and regulations of the Russian Federation, energy savings and energy efficiency benchmarks for production and technology processes in production, transportation, refining and underground gas storage of OAO Gazprom were approved:

- reduction of specific consumption of fuel and energy resources for process needs over the period up to 2020 – at least 1.2 % per year;
- reduction of specific consumption of natural gas for own technological needs and losses in primary operations – at least 11.4 %;
- reduction of greenhouse gas emissions – at least 48.6 mln tons of CO₂-equivalent.

Considering the defined goals, the key tasks in this area for the period up to 2020 are the following:

- maximum utilization of energy savings potential in all business areas based on the government support for energy savings policy of OAO Gazprom and energy saving improvement;
- improving energy efficiency of OAO Gazprom’s subsidiaries and entities based on innovative technologies and equipment;
- reduction of man-caused environmental pressure.

According to the Concept, the overall technologically feasible energy savings potential for the period up to 2020 is estimated at 28.2 mln tce (including 22.5 bcm of natural gas). In 2011–2013 it is planned to achieve total savings of 6.4 mln tce in line with the developed mid-term program.
The Mid-Term Program for Energy Saving and Improving Energy Efficiency of OAO Gazprom for 2011–2013. The Program is designed to provide for implementation of management decisions, based on improving control over energy efficiency of production, increasing economic motivation in energy efficiency for individual employees and subsidiaries.

**CONSUMPTION OF FUEL AND ENERGY RESOURCES BY OAO GAZPROM’S SUBSIDIARIES IN 2011**

Gas consumption for own process needs by major production, transportation and underground gas storage subsidiaries of OAO Gazprom amounted to 52.0 bcm and is estimated at RR 112.3 bln. The total electric power consumption reached up to 16.9 bln kWh, of these 6.4 % were generated by corporate power stations. Process needs also took 23.6 mln Gcal of heating energy (86.9 % generated at corporate facilities). Electrical and heating power purchase costs amounted correspondingly to RR 39.25 bln an RR 6.71 bln.

Specific consumption of fuel and energy resources during gas trunk pipeline transportation amounted to 34.1 kg of coal equivalent /mmcm.km. The benchmark specific consumption value for fuel and energy resources, determined by FTS order for this business, is 36.88 kg of coal equivalent/mmcm.km.

Implementation of energy savings program by OAO Gazprom’s subsidiaries in 2011 resulted in savings of 2.8 mln tce: gas transportation – 2.5 mln tce, gas production – 312 thousand tce, gas, oil and condensate processing – 22 thousand tce, underground gas storage – 13 thousand tce.

The key areas for fuel and energy resources savings in 2011 were the following:

- improving operational conditions for gas transportation system facilities;
- reduction of gas consumption for process needs of line section and gas distribution stations (including gas withdrawal from repaired line sections of pipelines and tapping technologies without gas blowout);
- reconstruction and upgrade of technological facilities of CS.

In accordance with the Federal Law No. 261-FZ, dated November 23, 2009 “Energy saving and improving energy efficiency, amendments to specific regulations of the Russian Federation”, other entities of Gazprom Group implement and develop their own energy saving programs.
SOCIAL POLICY

The scale and geography of Gazprom’s operations are strategically important for the development of the entire Russian economy and involve interests of millions of people, determining Gazprom’s special social responsibility.

Managing Human Capital

Following requirements of the International Labor Organization’s Conventions, Gazprom Group observes international standards concerning freedom of association, payroll, duration of the workday, labor conditions, compensation for employees’ labor, social insurance, paid leave, labor safety, etc.

Personnel Structure and Professional Development

As of December 31, 2011, the listed number of employees engaged in Gazprom Group’s companies was 404.4 thousand, including 25.9 thousand employed by the Group’s companies registered outside Russia. At the same time, the listed number of employees engaged in Gazprom Group’s major gas production, transportation, underground storage, and gas refining companies was 219.3 thousand.

In order to maintain and increase the professional level of its employees in accordance with its needs, the Group has a System of on-going in-house professional education of OAO Gazprom personnel in place, functioning through the corporate training centers. Approaches used by Gazprom in the personnel training and re-training make it possible to efficiently manage employees’ knowledge and to develop capacity to achieve the goals of innovative development. The number of employees working in Gazprom Group’s companies who received training in 2011 was 99.4 thousand workers and 108.3 thousand managers, specialists and other personnel. The number of employees went through professional development programs grew by more than 18 thousand people versus 2010.

Gazprom pays special attention to on-boarding young specialists for their quick and seamless integration into business processes. Gazprom employs individual training and development approach for this employee category. In 2011 entities of Gazprom Group hired 1.8 thousand young specialists-graduates of higher education institutions and vocational schools.
Personnel Motivation System

Gazprom Group’s personnel motivation system, comprising material and immaterial stimulation is aimed at attract and hold highly-qualified employees, and to raise concernment of laborers in business results.

The existing payroll systems in Gazprom Group’s companies provide official salaries and basic rates (set with account taken of personal qualification and business skills), bonuses (paid for employees’ current performance), extra payments (tied to the labor environment and the scope of work performed), one-off bonuses (paid for the commissioning of production facilities and other facilities, implementation of new machinery, energy resource savings, discovery of new hydrocarbon deposits, etc.) as well as rewards paid based on the operating performance.

In order to motivate top executives of OAO Gazprom and its major gas production, transportation, underground storage, refining, and marketing subsidiaries, the Board of Directors adopted Resolution No. 927 dated December 19, 2006, envisaging:

- Annual bonus system taking into account the achievement of corporate and individual key performance indicators in a reporting year. The list of key performance indicators was approved by OAO Gazprom’s Board of Directors under the Regulation for annual bonus system for OAO Gazprom’s top management. At the corporate level the list includes specific costs in natural gas production, specific costs in natural gas transportation, in-kind natural gas sales and commissioning of top-priority production facilities.
- Program for rewarding shares as a bonus aimed at ensuring long-term motivation of key management staff depending upon an increase in OAO Gazprom’s shareholder value.

In order to motivate its employees, Gazprom Group implemented a system for stimulation, based on state awards of the Russian Federation, awards of the Ministry of Energy of Russia and OAO Gazprom. The system of corporate awards significantly increased prestige of moral encouragement and received positive feedback from subsidiaries.

Social Security and Social Partnership System

Gazprom Group’s social policy is aimed at balancing the employees’ and employers’ interests within the social partnership system in order to practice human resource management motivate employees to accomplish corporate goals and provide employees with an optimum level of social protection.

Social security is provided to employees through benefits, guarantees, and compensations, medical services, treatment and aftercare in health resorts, and various types of personal insurance, establishing comfortable and safe labor environment and assisting in resolving housing problems via a baseline bank mortgage lending facility and supplementary pensions.

In 2011, social and labor relationships within Gazprom Group were regulated by the current labor legislation, the Industry agreement for the organizations of the oil and gas industries and the construction of objects of the oil and gas sector for the period from 2011 through 2013, the Industry tariff agreement in electric power industry of the Russian Federation for the period from 2009 through 2011 (extended till 2012), the General Collective Contract of OAO Gazprom and its subsidiaries for the period from 2010 through 2012, the collective contracts and other local regulatory documents of OAO Gazprom’s subsidiaries and organizations.
Social Projects

In its day-to-day practice Gazprom traditionally pays special attention to implementing social projects, supporting such public spheres as sports, culture, education, science, and also takes part in projects, focused on renaissance of national values.

Supporting Children and Youth

To create conditions for harmonious development of children and adolescents in regions of its operations, the Group started its “Gazprom to Children” program five years ago. It is a largest current social project of Gazprom with RR 17.8 bln in funding.

The Program covers construction and reconstruction of cultural and sports facilities in 72 Russian regions, purchasing sports equipment for sports clubs and arts groups, organizing festivals and sports events. At the end of the reporting year the Program was participated by more than 80 companies of the Group – two times the number for 2010. The Program covers a total of 815 sports facilities, including stadiums, multifunctional sports grounds, tennis courts, football fields, swimming pools, as well as sports and health centers.

Gazprom continued to support the International Children's Forum “This World is Ours!”. OAO Gazprom sponsored the II International Children's Forum “This World is Ours!”, held in Segovia (Spain) and Terracina (Italy) as part of cross-cultural Russian-Spanish and Russian-Italian Years. In 2011 OAO Gazprom continued to sponsor Children's Radio – Russia's only radio, broadcasting exclusively for children.

Christmas and New Year celebrations attended by over a thousand children from Moscow orphanages and shelters under OAO Gazprom's patronage have become a tradition. During the reporting year considerable help was rendered to disabled children, low-earning people, children from large families and orphans.

Supporting Culture and Art

In 2011 OAO Gazprom supported “Blue Rider” exhibition in the Pushkin State Museum of Fine Arts in Q4 2011, 1-st International Forum “Art and Reality” in Saint-Petersburg, and also concerts by Spivakov’s National Philharmonic Orchestra of Russia, the Moiseyev’s State Academic Ensemble of Popular Dance, “Russian Seasons XXI Century” ballet festival tour across Russia and abroad.

In 2011 as part of the Year of Russian Culture and Language in Italy and the Year of Italian Culture and Language in Russia, OAO Gazprom acted as a partner to The Pyatnitsky Russian Folk Chorus at the International Festival of Ethnic Cultures “Russia’s Constellation” in Rome, Italy.

In May 2011 the city of Gelendzhik hosted the finals of the IV Corporate “Fakel” Festival, an event, participated by amateur groups and performers. The festival was also participated by foreign partners, French GDF Suez and Chinese CNPC.

Supporting Sports and Physical Education in Russia

2011 saw further close cooperation with sports federations. OAO Gazprom is the general sponsor of Russian Rhythmic Gymnastics Federation, Russian Biathlon Union, Russian Football Union, Russian Rowing and Canoeing Federation and football club Zenit. Gazprom also supported Russian Volleyball Federation and Russian Chess Federation.

In 2011 OAO Gazprom started financing equestrian sports competitions.

With the purpose of preparing Russian athletes for 2014 Sochi Olympics, OAO Gazprom started to render financial support to Russian Olympic Committee, the cooperation will continue into 2012 as well.

714 sports facilities constructed and redesigned under “Gazprom to Children” Project over the past 5 years
Apart from Gazprom Group’s systemic support to sports federations and clubs in the territory of the Russian Federation, OAO Gazprom also sponsors the annual top International Tennis Tournament St. Petersburg Open – 2011 was the year when athletes stepped out onto courts for the 17-th time.

Regions of Gazprom Group presence regularly see summer and winter Spartakiada Games, participated by both employees and children, attending sports schools of the Group’s subsidiaries. In 2011 there were several summer Spartakiada Games. The IX adult summer Spartakiada in Saransk (the Republic of Mordovia) had 30 teams of OAO Gazprom’s subsidiaries and entities. The IV children summer Spartakiada in Anapa was participated by 20 teams.

**Supporting Russian Orthodox Church**

In 2011 OAO Gazprom supported the construction of the Life-Giving Trinity Cathedral in the city of Petropavlovsk-Kamchatsky, the restoration of Novoierusalimsky Voskresensky stavropegal monastery and Kharlampiyevsky Church in Irkutsk, the construction of iconostasis at Cathedral of Dormition in Astana (Kazakhstan). OAO Gazprom also supported presentation of “Freedom and Responsibility: In Search of Harmony. Human Rights and Personal Dignity”, a book by His Holiness Kirill, Patriarch of Moscow and All Russia and the premiere of “Christmas Oratorio” at Megaron Music Palace in Athens.

**Supporting Russian Education**

OAO Gazprom traditionally implements projects related to the support of national education, including projects with I.M. Gubkin Russian State University of Oil and Gas, Higher School of Management of St. Petersburg State University.
NEW REGIONS OF GASIFICATION

In the South, Gazprom commissioned the first offshore gas pipeline Zhubga – Lazarevskoye – Sochi intended to deliver gas to Russian consumers. It made a significant contribution to energy supply for the Olympic facilities and quickly developing infrastructure in the regions of the Black Sea coast in the Caucasus.
In the East, the first start-up complex of the gas transportation system Sakhalin – Khabarovsk – Vladivostok was commissioned, which launched the large-scale gasification process in the Far East and made possible gas supplies to the Asia-Pacific Region.

_Gazprom_ addresses an important social and economic task to provide gas to Kamchatka. The gas pipeline Sobolevo – Petropavlovsk-Kamchatsky was built. The Company is developing field infrastructure in the Western part of the peninsula. Natural gas will improve the reliability and efficiency of the energy sector in Kamchatka.
OAO Gazprom continuously improves its corporate governance to ensure greater security of shareholder rights.

Corporate Governance Principles

OAO Gazprom is building a corporate governance system that will comply with generally accepted international standards, secure all of its shareholders’ rights, and allow building effective relationships with its shareholders, investors, and other stakeholders.

The fundamental principles for corporate governance are outlined in OAO Gazprom’s Corporate Governance (Conduct) Code adopted at OAO Gazprom’s General Shareholders Meeting on June 28, 2002.

According to the above document, corporate governance improvement is a key operating principle of OAO Gazprom. Its corporate governance is primarily aimed at unswerving compliance of all rights of Gazprom’s shareholders and is designed to provide:

- Real opportunity for shareholders to exercise their rights, related to their stake in OAO Gazprom;
- Timely disclosure of information about OAO Gazprom, including its financial status, performance indicators, ownership and governance structure;
- Active interaction of OAO Gazprom with investors, lenders and other stakeholders to increase OAO Gazprom’s assets, value of shares and other securities of OAO Gazprom;
- Efficient control over financial and operational activities of OAO Gazprom.

OAO Gazprom recognizes the importance of improving corporate governance in its subsidiaries and affiliated entities and focuses on ensuring transparency of operations of the above entities and practical implementation of key principles, defined by the Corporate Governance (Conduct) Code of OAO Gazprom.

THE CORE DOCUMENTS SECURING RIGHTS OF OAO GAZPROM SHAREHOLDERS

- OAO Gazprom’s Charter;
- Regulation on OAO Gazprom’s General Shareholders Meeting;
- Regulation on OAO Gazprom’s Board of Directors;
- Regulation on OAO Gazprom’s Management Committee;
- Regulation on the Chairman of OAO Gazprom’s Management Committee;
- Regulation on OAO Gazprom’s Revision Commission;
- Dividend Policy of OAO Gazprom.
Gazprom is seeking to achieve maximum efficient use of corporate governance principles, specified in the Corporate Governance Code, recommended by FCSM of Russia in its instruction No. 421/r dated April 4, 2002 (hereinafter – FCSM Code). OAO Gazprom directly follows recommendations of the document and proposes to its investors and shareholders other solutions, focused on protection of their rights and legal interests with consideration of its corporate specifics (vertical integration and business diversity, corporate shareholder structure). Moreover, individual aspects of public company business, specified in FCSM Code, such as reorganization and merger, are in great depth regulated by applicable Russian laws, thus making their further detailing in internal documents of OAO Gazprom unnecessary.

Corporate Governance Subjects

The key subjects of OAO Gazprom’s corporate governance are management and control bodies of OAO Gazprom – General Shareholders Meeting, Board of Directors, Management Committee, Chairman of the Management Committee and Revision Commission. Independent audit of financial and operational activities of OAO Gazprom is performed by an external auditor.

Considering the broad spectrum of issues, related to preparation and delivery of corporate events at OAO Gazprom, large scale and complexity of such matters and also significance of decisions made for OAO Gazprom and stakeholders, corporate secretary functions, prescribed by FCSM Code, are distributed between structural units of OAO Gazprom within their respective competence. Most of these functions are concentrated with the Secretariat of the Board of Directors, the Administration of the Management Committee, and also with Department for Property Management and Corporate Relations.

OAO Gazprom is the parent company for a group of subsidiaries and affiliated companies, with the following corporate interactions:

- Participation of OAO Gazprom’s representatives in governance bodies, collegiate executive bodies and control bodies of entities, shares (stakes, interests) in which are owned by OAO Gazprom;
- Making individual decisions on operations of subsidiaries, where OAO Gazprom is the sole shareholder, in line with applicable laws;
- Exercising the right to issue mandatory instructions to subsidiaries, in line with applicable laws.

Responsibility for control over performance efficiency of subsidiaries and affiliated companies by business areas is vested with structural units of OAO Gazprom, depending on their line of business. Coordination and methodology support for representatives of OAO Gazprom and its subsidiaries in governance bodies of investment subjects are the responsibility of Department for Property Management and Corporate Relations.

General Shareholders Meeting

General Shareholders Meeting is the supreme management body of OAO Gazprom. Procedures for preparation and holding of shareholder meetings are established in the Charter and the Regulation on the General Shareholders Meeting and are thoroughly adhered to by OAO Gazprom.
Preparation and Holding of General Shareholders Meeting

Shareholders Meeting is announced no later than 30 days prior to its date, including through publications in “Rossiyskaya gazeta” and for “Tribuna” newspapers and OAO Gazprom’s website. Information for shareholders is made available 20 days prior to a meeting in an office of OAO Gazprom’s executive body, at OAO Gazprom’s website and in other places, listed in notifications of upcoming General Shareholders Meetings, this information is comprehensive and enables decision-making on agenda issues of a shareholders meeting.

The list of persons, eligible to participate in a General Shareholders Meeting, is generated based on the register of shareholders and may be presented for review by request of persons on the list with at least 1 % of voting rights.

The Regulation for Execution of Proposals and Requests of shareholders to call for a General Shareholders Meeting is designed to secure rights of shareholders to participate in General Shareholders Meeting.

Registration procedure for General Shareholders Meeting participants is established in the Regulation on General Shareholders Meeting. According to the above Regulation, notifications to participate in a General Shareholders Meeting are sent to members of the Board of Directors and the Management Committee, representatives of OAO Gazprom’s auditor, members of the Revision Commission and nominees, listed in voting bulletins for election to the Board of Directors and the Revision Commission, and also other persons, as proposed by members of the Board of Directors and the Management Committee.

Resolutions, adopted by General Shareholders Meeting and voting results are announced at the meeting, where the voting procedure took place. The Regulation on General Shareholders Meeting also provides for a voting results report option to inform shareholders. Minutes of a General Shareholders Meeting are posted at OAO Gazprom’s website.

Board of Directors

The Board of Directors performs general management of OAO Gazprom’s operations, excluding those issues, which are reserved for General Shareholders Meeting by the Federal law “On Joint-Stock Companies”.

Rights, Responsibility and Liabilities of Members of the Board of Directors

Rights, responsibility and liabilities of members of the Board of Directors are established in the Charter and the Regulation on the Board of Directors.

Members of Board of Directors have the right to receive information, required for performance of their functions, from OAO Gazprom. Thus, for preparation to a meeting of the Board of Directors, a member of the Board of Directors may exercise his right for information by sending a request to the Chairman of the Management Committee for provision of additional information on agenda issues. Chairman of the Management Committee provides requested documents and information during 5 calendar days from the date of the request’s receipt.
Competence of the Board of Directors

The Charter provides the Board’s approval for prospective plans and key action programs of OAO Gazprom, including annual budget and investment programs.

<table>
<thead>
<tr>
<th>KEY OPERATIONAL OBJECTIVES OF OAO GAZPROM’S BOARD OF DIRECTORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>■ Determine development strategy.</td>
</tr>
<tr>
<td>■ Increase market capitalization.</td>
</tr>
<tr>
<td>■ Provide for OAO Gazprom’s information disclosure for shareholders and other stakeholders.</td>
</tr>
<tr>
<td>■ Develop internal control mechanisms.</td>
</tr>
<tr>
<td>■ Regularly evaluate performance of executive bodies of OAO Gazprom and top management performance.</td>
</tr>
</tbody>
</table>

The Board of Directors, in line with the Charter, is also in charge of setting up executive bodies and early termination of their powers, determining reward and compensation amounts for the Chairman and Members of the Management Committee, approval of holding positions in executive bodies of other entities. The Charter does not expressly provide for the right of the Board of Directors to approve terms and conditions of contracts with the Chairman and Members of the Management Committee, but the Board of Directors is entitled to approve terms and conditions of contracts, considering the fact that the list of matters within its competence is an open one.

The Board of Directors is focused on improvement of internal control system and corporate risk management development issues.

The Board of Directors plays a significant role in choosing corporate course of actions for those companies, which are subjects to long-term OAO Gazprom investments. Particularly, approval of the Board of Directors is required to align OAO Gazprom’s voting position to be followed by its representatives in executive bodies of investment subjects on matters of participation and termination of participation of these entities in other companies; contributions of investment subject participants into its property and also contributions by investment subject into property of other companies; reorganization or liquidation and other significant matters.

Election Procedures for Members of the Board of Directors and Composition of the Board of Directors

Election and early termination of powers of members of the Board of Directors are assigned to the competence of General Shareholders Meeting of OAO Gazprom. Elections of members of the Board of Directors are held by cumulative voting in line with the procedure, outlined in the Charter.

According to a General Shareholders Meeting resolution, the Board of Directors has 11 members, unless otherwise established by a General Shareholders Meeting resolution. Members of the Management Committee of OAO Gazprom cannot take up more than one fourth of members of the Board of Directors.

In accordance with applicable Russian laws and the Charter of OAO Gazprom, the right to nominate candidates to OAO Gazprom’s Board of Directors, including those meeting independence criteria, is available to those shareholders (shareholder), jointly holding at least 2% of OAO Gazprom’s voting shares.
CHANGES IN THE BOARD OF DIRECTORS IN 2011

Extraordinary General Shareholders Meeting of OAO Gazprom on June 30, 2011 elected its Board of Directors (Minutes No. 2 of the Extraordinary General Shareholders Meeting of OAO Gazprom, dated June 30, 2011) and replaced public officials - members of Board of Directors, representing industry government ministries, for professional directors.

As of December 31, 2011, members of the Board of Directors Kulibayev Timur Askarovich and Musin Valery Abramovich, elected on June 30, 2011 by the Extraordinary General Shareholders Meeting of OAO Gazprom, have independent director status.

A director may be considered independent when he is capable of making independent judgments and free from any conditions that may affect his opinion, a list of such conditions is provided in FCSM Code.

Committees of the Board of Directors

Structure and operational procedures of committees of the Board of Directors are established by Standard Regulation on the Board of Directors’ Committee, and also by regulations on committees of the Board of Directors.

Forming committees and commissions of the Board of Directors, approval of their composition and regulations are assigned to the competence of the Board of Directors.

The Audit Committee of the Board of Directors, headed by an independent director, is established in order to assist the Board of Directors’ function of securing efficient control over financial and operational activities of OAO Gazprom.

Existing comprehensive integration of all planning levels of OAO Gazprom enables participation of the Board of Directors in defining strategic goals and controlling progress of their achievement. Particularly, the Board of Directors approves the list and levels of strategic target indicators of OAO Gazprom, which are milestones for long-, mid- and short-term planning. The Board of Directors also approves annual budget and investment program.

Strategic planning and investment activities functions are effectively distributed between the Board of Directors and the Management Committee of Gazprom. The organizational structure provides for special units, responsible for support of strategic planning process and investment activities – Prospective Development Department and Investment and Construction Department. OAO Gazprom’s approach to strategic planning, based on balanced scorecard system, meets current requirements and enables efficient achievement of OAO Gazprom’s objectives.

The existing OAO Gazprom’s procedures of comprehensive participation of the Board of Directors in resolving fundamental activity planning matters are an efficient alternative to creation of a specialized committee of the Board of Directors.


Coordination of the Program’s implementation and general management is performed by Coordinating Council, comprised of officers of structural units of OAO Gazprom’s administration and heads of departments of subsidiaries and entities.

The existing OAO Gazprom’s material incentives system for top management is aimed at execution of business objectives of OAO Gazprom, implementation of OAO Gazprom’s strategic operations areas by securing personal commitment of each officer.
A regulation on compensations procedure for members of the Board of Directors of OAO Gazprom has been developed in line with internationally recognized corporate governance principles and provisions of FCSM Code.

The established HR management system and the material incentives system for top management ensure that OAO Gazprom hires top professionals, required to achieve goals and objectives of OAO Gazprom.

Introduction of any additional elements into the governance structure of OAO Gazprom without any objective requirements will lead to excessive complexity of OAO Gazprom’s decision-making process. When there is a need for establishing an HR and rewards committee of the Board of Directors, the issue will be put up for consideration.

Meetings of the Board of Directors

Meetings of the Board of Directors follow a six-month Action Plan of the Board. The Plan is prepared in line with proposals of the Chairman and Deputy Chairman of the Board of Directors, members of the Board of Directors, the Management Committee, the Chairman of the Management Committee, Revision Commission and OAO Gazprom’s auditor. Internal documents of OAO Gazprom do not specify frequency of meetings of the Board of Directors, but they are held at least once in six weeks, and normally even more often.

Quorum requirements for the Board of Directors are established in the Charter, over a half of elected members of the Board of Directors are required to pass resolutions on agenda issues by simple majority of votes.

Members of Board of Directors are required to participate in meetings of the Board of Directors in person. If a member cannot attend a meeting for any reason, such member of the Board of Directors must notify the Board of Directors, specifying the reasons for his absence. In this case such a member of the Board of Directors may send his written opinion on agenda issues. Although internal documents of OAO Gazprom do not require independent directors to attend meetings of the Board of Directors of OAO Gazprom, independent directors are to take an active part in meetings of the Board of Directors on key issues, assisted by the established OAO Gazprom’s six-month action planning practices for the Board of Directors and availability of liability insurance program for persons on governance bodies of OAO Gazprom.

Management Committee and Chairman of the Management Committee

The sole executive body of OAO Gazprom is the Chairman of the Management Committee, the collegiate executive body is the Management Committee.

Rights, Responsibility and Liabilities of Executive Bodies

Activities of the Management Committee and the Chairman of the Management Committee are prescribed by the Charter and internal documents of OAO Gazprom, including Management Committee Regulation and Management Committee Chairman Regulation.

The Management Committee and its Chairman report to General Shareholders Meeting and the Board of Directors. The Management Committee Regulation establishes that the Management Committee is required to report to the Board of Directors annually and also when so requested by the Board of Directors. These procedures and reporting standards for executive bodies of OAO Gazprom that provide for prompt presentation of required information at a request of members of the Board of Directors, enable provision of more comprehensive information on OAO Gazprom’s performance to members of the
Board of Directors, than monthly reports, recommended by FCSM Code.

**Competence of Executive Bodies**

The Management Committee and the Chairman of the Management Committee perform their current management in such a way as to secure dividend to shareholders and provide for development of OAO Gazprom. In order to achieve these goals, the executive bodies primarily strive to implement goals, strategy and policy of OAO Gazprom, and also promptly, efficiently and properly execute decisions of the Board of Directors and General Shareholders Meeting.

The Management Committee develops financial and operational plans and action programs for OAO Gazprom’s activities, designs internal control and risk monitoring system for early discovery of trends that are likely to cause adverse impact on current performance results and implementation of forward-looking development plans of OAO Gazprom.

**Structure and Composition of Executive Bodies**

The Management Committee is formed by the Board of Directors in line with the Charter out of top managers of OAO Gazprom, its subsidiaries and such other persons with relevant professional skills and management experience, primarily in OAO Gazprom’s area of business.

The quantitative composition of the Management Committee is determined by the Board of Directors and is deemed to be optimum for constructive discussion of issues and making timely and efficient management decisions.

**Dividend Policy**

The Dividend Policy of OAO Gazprom is developed in line with the applicable laws of the Russian Federation, the Code of FCSM, the Charter and internal documents of OAO Gazprom; the Policy establishes guiding principles for the Board of Directors to prepare its recommendations to General Shareholders Meeting for profit allocation including dividend payment resolutions.

The distinctive feature of the Dividend Policy, adopted by the Board of Directors in 2010, is the increase of the maximum cap of dividends payable to 35 % of net profit, securing greater participation of shareholders in OAO Gazprom’s profits.

Dividends are calculated based on the amount of OAO Gazprom’s profit, posted in annual RAS accounts. When determining dividends and preparing recommendations to General Shareholders Meeting for profit allocation, the Board of Directors is guided by the following principles:

- transparency of dividend amount calculations methodology;
- alignment of short-term (profits) and long-term (development of OAO Gazprom) interests of shareholders;
- focus on increasing investment attractiveness and capitalization of OAO Gazprom.

The established dividend amount calculation methodology enables payments ranging from 17.5 % to 35 % of corporate net profit, provided the Reserve Fund is fully formed in line with the Charter. As of December 31, 2011 the Reserve Fund was fully formed.
OAO GAZPROM’S DIVIDEND POLICY DETAILS

<table>
<thead>
<tr>
<th>Part</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allocated for investment:</td>
<td>65%</td>
</tr>
<tr>
<td>minimum 65% of net profit (RAS)</td>
<td></td>
</tr>
<tr>
<td>Allocated for dividend payment:</td>
<td>17.5%</td>
</tr>
<tr>
<td>minimum 17.5% of net profit (RAS)</td>
<td></td>
</tr>
<tr>
<td>Distributed among investments and payments of dividends:</td>
<td>17.5%</td>
</tr>
<tr>
<td>the remaining 17.5% of net profit (RAS)</td>
<td></td>
</tr>
</tbody>
</table>

Net profit amount for dividend calculation may be adjusted (downward) for additional valuation of financial investments and similar economic events of business activities of OAO Gazprom.

Dividend policy with amendments is posted at OAO Gazprom’s website.

The Dividend Policy provides for dividends payable on OAO Gazprom’s ordinary shares. Due to the fact that the Charter does not provide for issue of privileged shares, the Dividend Policy has no dividend payment procedures for these.

For 2011 performance, the Board of Directors of OAO Gazprom proposes to pay dividend of RR 212.4 bln, or RR 8.97 per share. 2011 dividend will be a record one for all previous periods and will exceed the level of 2010 by 2.3 times.

### Dividend Yield

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>0.8%</td>
</tr>
<tr>
<td>2007</td>
<td>0.8%</td>
</tr>
<tr>
<td>2008</td>
<td>0.3%</td>
</tr>
<tr>
<td>2009</td>
<td>1.3%</td>
</tr>
<tr>
<td>2010</td>
<td>2.0%</td>
</tr>
<tr>
<td>2011</td>
<td>5.2%</td>
</tr>
</tbody>
</table>

**Note.** Dividend yield is calculated as of the December 31 of the respective year.

In accordance with the requirements of the law, the annual General Shareholders Meeting of OAO Gazprom on June 30, 2011 amended the Charter of OAO Gazprom, significantly reducing dividend payout period (to 60 days from the day of dividend payout resolution). The Charter also prohibits any preferences in dividend payout periods for individual categories of shares.
Compensation and Liability Insurance of Members of the Board of Directors, Members of the Management Committee and Chairman of the Management Committee of OAO Gazprom

Compensation to the Members of the Board of Directors, the Members of the Management Committee and the Chairman of the Management Committee

The total 2011 short-term compensation paid by OAO Gazprom to the members of the Board of Directors, members of the Management Committee and the Chairman of the Management Committee (including salaries, bonuses and compensation for participating in OAO Gazprom’s control bodies) amounted to RR 1,339,256 thousand. This amount is inclusive of individual income tax and insurance premiums. The members of the Board of Directors who hold public positions and/or positions in public civil service do not get any compensation from OAO Gazprom. The compensation paid to the members of the Board of Directors is approved by the Annual General Shareholders Meeting. The short-term compensation paid to the Chairman of the Management Committee, the members of the Management Committee, and the members of the Board of Directors who are OAO Gazprom employees is stipulated in labor contracts and also includes payment for health services.

DIVIDENDS PAID OUT IN 2011 BASED ON OAO GAZPROM’S RESULTS FOR 2010 AS OF DECEMBER 31, 2011

<table>
<thead>
<tr>
<th></th>
<th>Accrued, thousand RR</th>
<th>Paid, thousand RR</th>
<th>Unpaid, thousand RR*</th>
<th>Unpaid to Accrued ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>91,143,024</td>
<td>90,983,996</td>
<td>159,028</td>
<td>0.17 %</td>
</tr>
<tr>
<td>including those accrued/ paid on shares:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>belonging to the Government</td>
<td>34,974,450</td>
<td>34,974,450</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>belonging to OAO Rosneftogaz and OAO Rosgazifikatsiya controlled by the Government</td>
<td>10,598,698</td>
<td>10,598,698</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>belonging to individuals and entities (exclusive of those controlled by the Government)</td>
<td>45,564,889</td>
<td>45,410,848</td>
<td>154,041</td>
<td>0.34 %</td>
</tr>
<tr>
<td>belonging to unidentified holders</td>
<td>4,987</td>
<td>0</td>
<td>4,987</td>
<td>100 %</td>
</tr>
</tbody>
</table>

* Dividends remained unpaid to those shareholder entities and individuals that had not submitted the data for the transfer of dividends in accordance with Clause 5 of Article 44 of Federal Law No. 208-FZ “On joint stock companies” dated December 26, 1995. Dividends accrued on shares belonging to unidentified holders are paid as shareholders’ rights to those whose securities are identified.
The Regulation envisages that the compensation paid to a member of the Board of Directors is composed of two parts: basic and premium.

The basic part of the compensation is paid for exercising the authority of a member of the Board of Directors. Its amount is determined based on the practice established in OAO Gazprom for paying compensations to the members of the Board of Directors.

The premium part of the compensation is paid for any additional responsibilities fulfilled by the member of the Board of Directors when functioning as Chairman of the Board of Directors or Deputy Chairman of the Board of Directors, or when working in the Committees of the Board of Directors. The premium part of the compensation depends upon the performance assessed against OAO Gazprom’s corporate key performance indicators applicable within the annual bonus system for OAO Gazprom’s management.

In order to compensate for negative effects of inflation, the Regulation envisages adjustments of the compensation amount payable to the members of OAO Gazprom’s Board of Directors.

The document also envisages that the Board of Directors may recommend that considering the existing economic situation the General Shareholders Meeting should pay smaller compensations to the members of the Board of Directors than the amount calculated based on the Regulation.

In accordance with Russian legislation, OAO Gazprom transfers payments to the Pension Fund of the Russian Federation for its employees, including the Chairman of the Management Committee and members of the Management Committee, as well as the members of the Board of Directors who are OAO Gazprom employees.

OAO Gazprom also provides for the voluntary medical insurance to the Chairman of the Management Committee, members of the Management Committee, and members of the Board of Directors who are OAO Gazprom employees. The total for insurance premiums related to voluntary medical insurance amounted to RR 1,049 thousand in 2011.

Liability Insurance of the Members of the Board of Directors and the Management Committee of OAO Gazprom

In order to provide Gazprom Group with insurance protection, the liability of the members of the Board of Directors and the Management Committee of OAO Gazprom is insured to reimburse shareholders, lenders, or other persons against damages caused by unintended negligent actions (failure to act) of the insured individuals when carrying out their managerial duties.

Having such an insurance contract is a practice accepted by large international companies that may face unforeseen expenses due to claims filed by third parties and litigations, which in their turn may impair the company’s financial performance, business reputation and image.

This type of insurance is relevant for OAO Gazprom because there is a probability of claims against OAO Gazprom or members of its Board of Directors and Management Committee in an environment characterized by the company’s increasing integration into the global economy, liberalization of OAO Gazprom share market and availability of ADR program, as well as by changes Russian and international law and corporate governance.

Information about the annual bonus system for OAO Gazprom’s top management is presented in the “Managing Human Capital” section.

REGULATION ON PROCEDURES FOR DETERMINING THE AMOUNT OF COMPENSATION TO THE MEMBERS OF THE BOARD OF DIRECTORS OF OAO GAZPROM

The Regulation envisages that the compensation paid to a member of the Board of Directors is composed of two parts: basic and premium.

The basic part of the compensation is paid for exercising the authority of a member of the Board of Directors. Its amount is determined based on the practice established in OAO Gazprom for paying compensations to the members of the Board of Directors.

The premium part of the compensation is paid for any additional responsibilities fulfilled by the member of the Board of Directors when functioning as Chairman of the Board of Directors or Deputy Chairman of the Board of Directors, or when working in the Committees of the Board of Directors. The premium part of the compensation depends upon the performance assessed against OAO Gazprom’s corporate key performance indicators applicable within the annual bonus system for OAO Gazprom’s management.

In order to compensate for negative effects of inflation, the Regulation envisages adjustments of the compensation amount payable to the members of OAO Gazprom’s Board of Directors.

The document also envisages that the Board of Directors may recommend that considering the existing economic situation the General Shareholders Meeting should pay smaller compensations to the members of the Board of Directors than the amount calculated based on the Regulation.
The contract provides with insurance protection covering the following risks:

- claims filed by third parties against the members of the Board of Directors and the Management Committee for the reimbursement of losses caused by unintended negligent actions of the insured individuals when carrying out their managerial duties;
- claims filed by third parties against OAO Gazprom for the reimbursement of losses caused by unintended negligent actions of members of the Board of Directors and the Management Committee of OAO Gazprom when carrying out their managerial duties.

Insurance compensation under the contract to insure liability of the members of the Board of Directors and the Management Committee of OAO Gazprom complies with international standards in terms of the insured risk scope and reimbursement limits.

Based on the quotations of this risk determined by western re-insurers for OAO Gazprom, the insurance premium under the contract signed in 2011 is US $ 1.57 mln, whereas the insured amount is US $ 100 mln.
Internal Control System and Audit

The Internal Control System is an important component for ensuring Gazprom’s sustainable development, securing its shareholders’ and investors’ rights by means of controlling whether all structural units fulfill the resolutions taken by the company’s management bodies in a complete and timely manner as well as controlling the performance of OAO Gazprom’s structural units and investment facilities.

Goals, objectives and components of the internal control system, bodies and persons, responsible for internal control, are established in the Regulation on OAO Gazprom’s Internal Control System (approved by resolution of OAO Gazprom’s Board of Directors No. 1459 dated July 13, 2009).

Efficiency of control over business activities of OAO Gazprom is secured by interaction of the internal audit department with other controlling bodies.

Ensuring the Operation of OAO Gazprom’s Internal Control System

Revision Commission

The Revision Commission, composed of nine members, is elected by the annual General Shareholders Meeting. The authority of the Revision Commission is determined by the Federal Law “On Joint-Stock Companies” and by the Charter of OAO Gazprom for issues outside the law’s competence.

The short-term compensations, paid to members of the Revision Commission in 2011 including salaries, bonuses and compensation for participation in the Commission amounted to RR 81,568,997, including personal income tax and insurance premium. For those Commission members who are employees of OAO Gazprom the short-term compensation is stipulated by employment contracts.
The Audit Committee of the Board of Directors

The Committee’s major task is to develop recommendations for the Board of Directors so that it could make decisions to ensure the functioning of an efficient internal control system over OAO Gazprom's financial and business activities.

The Regulation on the Audit Committee of the Board of Directors provides all members of the Committee with the right to access any documentation and information of OAO Gazprom, required for consideration of issues in their business areas under confidentiality obligations.

Major functions of the Audit Committee of the Board of Directors are as follows:
- evaluate efficiency of OAO Gazprom’s internal control procedures and prepare proposals about their improvement;
- evaluate potential auditors;
- evaluate the auditor’s opinion.

In 2011, the Audit Committee was composed of three members of OAO Gazprom’s Board of Directors: V.A. Musin (chairman), F.R. Gazizullin, and M.L. Sereda. The Committee held five meetings during the year, where regular issues of their agenda, related to performance of the internal audit unit and of the external auditor, the Committee also considered performance of OAO Gazprom’s risk management systems and a draft Code of Professional Ethics for internal auditor.

Internal Audit Department

The Internal Audit Department carries out its activities in accordance with the key international principles of the internal audit standards. One of the key functions of the Department is to keep top management of OAO Gazprom informed about reliability and efficiency of the internal audit system.

The Department reports directly to Deputy Chairman of the Management Committee – head of the Administration of the Management Committee. The results of audits carried out by the Department are promptly reported to the Chairman of the Management Committee and annually presented to OAO Gazprom’s Management Committee and the Audit Committee of OAO Gazprom’s Board of Directors.

In 2011 the Department developed and approved local regulations for internal audit system functions, including procedures for planning and conducting audits. The Department also developed the Code of Professional Ethics for internal auditors, approved by the Resolution of the Board of Directors No. 1956 dated March 14, 2012.

Under the annual audit plan, inspections were carried out in 20 subsidiaries and entities, a number of OAO Gazprom structural units, major strategic investment projects and significant business areas of Gazprom, such as overhauls, marketing hydrocarbons, operations of customer departments for gas and gas condensate production investment projects, exploration and production of hydrocarbons abroad, upkeep of non-productive sphere facilities.

Internal audit inspections were used to prepare proposals, aimed at improvement of operations of OAO Gazprom, its subsidiaries and entities. The proposals of the Department resulted in relevant orders of the Chairman of the Management Committee, implementation of which is systemically monitored by the Department.
OAO Gazprom’s External Auditor

OAO Gazprom’s auditor is selected every year based on an open tender, in accordance with laws of the Russian Federation. Potential auditor is approved by the General Shareholders Meeting, and its remuneration is determined by the Board of Directors.

The winner of the tender audits three types of reports:

- accounting statements of OAO Gazprom (head company) in line with Russian laws (Russian Accounting Standards);
- consolidated accounting statements of Gazprom Group in line with Russian laws (Russian Accounting Standards);
- consolidated financial statements of Gazprom Group prepared in accordance with the International Financial Reporting Standards (IFRS).

Closed Joint Stock Company PricewaterhouseCoopers Audit was recognized as the winner of an open tender in 2011 and approved as the auditor by OAO Gazprom’s Annual General Shareholders Meeting on June 30, 2011. The price of the contract suggested by the winner amounted to an equivalent of US $ 6,700,000 (net of VAT) and was approved by Resolution of the Board of Directors No. 1845 dated July 21, 2011.

ZAO PricewaterhouseCoopers Audit follows its independence policy, which envisages the following:

- ensure that annual confirmation of independence is provided by the auditor’s employees;
- prohibit employees from having any financial investment in the company by which audit services are rendered;
- monitor any close personal or family relationships between its employees and representatives of Gazprom Group’s top management at any level of its organizational structure.

In order to prevent any impairment of objectivity and hence the quality of its services, ZAO PricewaterhouseCoopers Audit carries out obligatory rotation of its key management personnel engaged in auditing OAO Gazprom. As outlined, the period of continuous work of a decision-maker in respect of OAO Gazprom’s audit cannot exceed seven years.

ZAO PricewaterhouseCoopers Audit also provides OAO Gazprom with other audit-related services. OAO Gazprom and the auditor analyze the subject matter of the contract before signing it in order to ensure the auditor’s independence. The amount paid in 2011 for audit-related services is equivalent to US $ 188,800 (VAT included).

Transactions with Core Assets

Assets Transaction Procedures

OAO Gazprom has preliminary Board approval procedures in place for specific categories of significant transactions.

In particular, the Board approval is required for transactions with fixed assets of OAO Gazprom and loans, if value of such transactions exceeds 0.3 % of book value of OAO Gazprom’s assets, regardless of whether these are “business as usual” transactions or not.

The Board of Directors approves major transactions by a simple majority vote of members of the Board of Directors, present at the meeting.

Transaction procedures require that opinions on market value of fixed asset items (property) by an independent appraiser are submitted to the Board of Directors for transaction approvals.
Major transactions are approved by the Board of Directors or General Shareholders Meeting in line with the Charter. Major transaction with property, valued at 25 to 50% of book value of OAO Gazprom’s assets as of the date of resolution to approve such a transaction, requires unanimous approval by the Board of Directors. Major transaction with property, valued at over 50% of book value of OAO Gazprom’s assets, is to be made by General Shareholders Meeting.

The Chairman of the Management Committee of OAO Gazprom makes quarterly presentation of information on execution of transactions, approved by the Board of Directors.

**Major Transactions and Interested Party Transactions**

No major transactions (as defined in the current Russian law) were carried out by OAO Gazprom in 2011.

In the reporting year, OAO Gazprom completed 233 transactions defined in the current Russian law as interested party transactions. These were approved by the Resolutions of OAO Gazprom’s Annual General Shareholders Meeting on June 25, 2010 and June 30, 2011, and resolutions of the Board of Directors.

All the transactions approved by the Annual General Shareholders Meeting and OAO Gazprom’s Board of Directors support operating and commercial activities of the company and its corporate interests.

**Improving Corporate Governance**

**Development of Internal Control System**

Following Resolution of OAO Gazprom’s Board of Directors No. 1292 dated October 28, 2008, the establishment of a centralized functional model of internal audit system organization is currently underway in Gazprom.

2011 saw activities to improve coordination of Gazprom Group organizations, having significant impact on consolidated reporting values, and revision commissions of subsidiaries and associated companies.

In the process of the implementation of a centralized functional model of internal audit system organization, the Internal Audit Department participated in establishing the auditing committees for OAO Gazprom’s subsidiaries and associated companies; these committees include the Department’s representatives and heads of the subsidiaries’ and associated companies’ internal audit structural units.

**Development of the Code of Corporate Ethics**

OAO Gazprom is developing, discussing and aligning with all internal stakeholders a Code of Corporate Ethics of OAO Gazprom. The goal of the activities is to define and establish key ethical norms to be adhered to by corporate employees, members of the Board of Directors, the Management Committee and the Revision Commission. The developed Code of Corporate Ethics will include such issues as conflict of interest, reporting, confidentiality and insider information. It is expected that a draft Code will be submitted for consideration by the Board of Directors in 2012.
Performance Efficiency Monitoring Setup

Performance efficiency monitoring for OAO Gazprom and its subsidiaries is being set up in line with Corporate Data Warehouse (CDW) Project of OAO Gazprom based on a system of key performance indicators (KPI) under OAO Gazprom’s IT Strategy.

The project is to support regular reporting to OAO Gazprom’s management on performance efficiency of all business areas of Gazprom Group.

In 2011 KPI system, corporate data model, data capture procedures, KPI calculation and report generation were developed under the project and aligned with monitoring subjects (structural units and subsidiaries of OAO Gazprom). The developed KPI system is designed for comprehensive (cross-functional) evaluation of performance efficiency of the following control objects: Gazprom Group, businesses, operational areas, functional business-processes, investment projects, subsidiaries.

Pilot CDW tests, based on KPI's, have started for a number of monitoring subjects. The system generates:

- daily reports for forecasting key economic and financial indicators for Gazprom Group’s gas business with change of key production indicators and market values;
- quarterly reports for comprehensive assessment of performance of Gazprom Group’s oil business.

It is planned to complete test production at all performance monitoring subjects and put KPI-based CDW into permanent operation in 2012.

Procurement Improvement

In 2010 resolution of OAO Gazprom’s Board of Directors No. 1662 dated October 27 approved the Regulation for procurement of goods, works and services in order to improve the procurement system of Gazprom Group, the Regulation came into force on January 1, 2011. The document established uniform procurement principles for Gazprom Group, optimized competitive procurement methodology, requirements to the business process for preparation and conduct of competitive procurement, from planning phase to control over performance of contracts, executed upon results of competitive procurement. A central procurement management body of Gazprom Group – Department for Managing Competing Procurements of OAO Gazprom was established.

<table>
<thead>
<tr>
<th>PROCUREMENT IMPROVEMENT EFFECTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall, in 2011 there were more than 9 thousand competitive purchases in the interests of Gazprom Group entities for the total amount of RR 611.3 bln. Reduction in initial (maximum) prices amounted to 8.1 %, bringing benefits of RR 54.1 bln.</td>
</tr>
</tbody>
</table>

In 2011 procurement tenders of OAO Gazprom and its subsidiaries were held under the principles, adopted in the Procurement Regulation, currently these principles are established by the Federal Law No. 223-FZ dated July 18, 2011 “Procurement of goods, works and services by specific legal entity types”, which came into force on January 1, 2012.
Improving Asset Ownership Structure

In order to increase its performance efficiency, OAO Gazprom implements *Gazprom Group* asset ownership structure improvement projects and improves governance structures of OAO Gazprom and its subsidiaries.

In 2011 these activities involved the following areas:

**Sale of OOO Gazprom Burenie.** Due to major depreciation of assets, OOO Gazprom Burenie required significant investments from OAO Gazprom for re-equipment and modernization of production facilities. Sale of the asset allowed for avoiding such costs.

**Preparation for Improvement of Foreign Assets Ownership Structure in Gas Marketing Area.** Change of asset ownership structure provides for reduction of asset ownership chains, elimination of intermediaries and consolidation of assets by their operational profiles into specialized foreign sub-holdings.

**Consolidation of Oil Assets in Gazprom Neft Group.** For their further consolidation in OAO Gazprom Neft, the license and assets of Novoportovskoye field had been taken out to OOO Gazprom Neft Novy Port, established after the split-off from OOO Gazprom Dobycha Nadym. October 2011 saw closing of ZAO Gazprom Neft Orenburg’s shares (61.8 %) owned by OAO Gazprom, sale to OAO Gazprom Neft.

**Improving Foreign Assets Ownership Structure in Exploration and Production.** Gazprom prepared transactions to consolidate operations and assets of ZAO Gazprom Zaru-bezhneftegaz in Gazprom EP International B.V., with OAO Gazprom being the sole shareholder.

**Consolidation of UGSS Maintenance Assets in OOO Gazprom Tsentrremont.** OAO Gazprom’ Board of Directors approved participation of OAO Gazprom in companies, split off from key 100 % subsidiaries of OAO Gazprom for their separation and further consolidation in OOO Gazprom Tsentrremont.

**Consolidation of Gas Distribution Assets.** To increase *Gazprom Group*’s gas distribution performance efficiency, 2011 saw continued effort to consolidate gas distribution assets in OAO Gazprom Gazoraspredelenie. Consolidation of assets enables creating conditions for safe operation of gas distribution systems under common norms, rules and requirements implement a uniform technology development policy for gas distribution and gas supply and also secure financial sources to promote gasification of regions of the Russian Federation and upgrades of medium and low pressure networks.
OAO Gazprom’s share capital amounts to RR 118,367,564,500 divided into 23,673,512,900 ordinary registered shares with a par value of RR 5 each. The total number of entities and individuals registered in the OAO Gazprom’s shareholders register as of the end of 2011 was 45,741, including 10 nominal holders.

**SHARE CAPITAL STRUCTURE**

<table>
<thead>
<tr>
<th>Shareholding controlled by the Russian Federation, including:</th>
<th>as of December 31, 2010.</th>
<th>as of December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russian Federation represented by the Federal Agency for State Property Management</td>
<td>38.373 %</td>
<td>38.373 %</td>
</tr>
<tr>
<td>OAO Rosneftegaz</td>
<td>10.740 %</td>
<td>10.740 %</td>
</tr>
<tr>
<td>OAO Rosgazifikatsiya</td>
<td>0.889 %</td>
<td>0.889 %</td>
</tr>
<tr>
<td>ADR holders</td>
<td>27.570 %</td>
<td>28.350 %</td>
</tr>
<tr>
<td>Other registered entities</td>
<td>22.428 %</td>
<td>21.648 %</td>
</tr>
</tbody>
</table>

The share capital structure did not see any significant changes in 2011. The Russian Federation is OAO Gazprom’s largest shareholder. Taking into account shares owned by OAO Rosneftegaz and OAO Rosgazifikatsiya, the state controls a 50.002 % shareholding in OAO Gazprom.

**ENTITIES WITH A SHAREHOLDING OF MORE THAN 2 % AS OF DECEMBER 31, 2011**

<table>
<thead>
<tr>
<th>Name of registered entity</th>
<th>Shareholding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russian Federation represented by the Federal Agency for State Property Management</td>
<td>38.373 %</td>
</tr>
<tr>
<td>The Bank of New York Mellon (Depositary bank of OAO Gazprom’s ADR Program)</td>
<td>28.350 %</td>
</tr>
<tr>
<td>OAO Rosneftegaz</td>
<td>10.740 %</td>
</tr>
<tr>
<td>Gazprom Gerosgaz Holdings B.V.</td>
<td>2.930 %</td>
</tr>
</tbody>
</table>
Alternative routes of South Stream gas pipeline

Alternative 1:
Russia – Bulgaria – Serbia – Hungary – Austria

Alternative 2:
Russia – Bulgaria – Serbia – Hungary – Slovenia

Alternative 3:
Russia – Bulgaria – Serbia – Hungary – Austria and Bulgaria – Greece – Italy

Section of the pipeline comprised in all alternative routes

Alternative 4:
Russia – Romania – Serbia – …

Gas Pipeline Branches
From Croatia to Serbia
NEW PROJECTS

In order to diversify natural gas export routes, Gazprom is implementing the construction of the South Stream pipeline. This new gas pipeline system that meets the state-of-the-art environmental and technology requirements will significantly boost energy security of the European continent as a whole.
Information Interaction with Shareholders and Investors

Gazprom adheres to high international standards related to information disclosure and transparency, which imply timely publication of adequate information about the Group’s operating and financial results as well as corporate governance practices.

Key Principles of Information Disclosure

The structure of disclosed information and disclosure procedures are specified in OAO Gazprom’s Information Disclosure Regulation. The Regulation also establishes the basic principles of disclosing information, which include regularity and promptness of its disclosure, availability of such information for shareholders and other stakeholders, reliability and completeness of its contents, as well as maintaining reasonable balance between OAO Gazprom’s transparency and its commercial interests. Disclosure of information, including share issue phases, is carried out in line with applicable requirements of the Russian legislation.

Shareholder and Investor Relations

Gazprom pays special attention to developing relationships with shareholders and investors. Gazprom has a successful Coordinating Committee for Shareholder and Investor Relations in place.

Gazprom’s management maintains a constant dialog with shareholders, various investor groups, and analysts by organizing regular meetings, press conferences, and presentations of OAO Gazprom’s strategic plans and results in Russia and the world’s largest financial centers.

To improve quality of its relations with current investors, expand investor and shareholder base, increase information transparency of the Group, Gazprom develops annual Investor and Shareholder Relations Action Plan.

A most important annual event in investor and shareholder relations is the annual Gazprom Investor Day, which in 2011 saw three group presentations for the investor community (in Moscow, London and New York). The presentations highlighted strategic mid- and long-term corporate objectives, detailed key areas of operations at major markets, financial status and development prospects of Gazprom Group. The event was traditionally participated by top management of OAO Gazprom and its major subsidiaries – OAO Gazprom Neft and OOO Gazprom Energoholding. More than 30 individual meetings were organized to facilitate direct dialog of top managers with representatives of major shareholders.

Quarterly teleconferences on publication of consolidated IFRS reports of the Group are another important tool for implementation of OAO Gazprom’s investor relations strategy. The format is a convenient one to clarify reports to investors and promptly present operating and financial outlooks.

Consensus forecast of analysts, published prior to publication of reports, normally corresponds to published reports, which is indirect proof to high current level of quarterly and annual information disclosure.
Under implementation of the Investor and Shareholder Relations Action Plan, top managers and investor relations officers of OAO Gazprom in 2011 took part in more than 30 international conferences and forums of leading investment banks and delivered multiple specialised road shows in the USA, European, Scandinavian and Asian countries. This approach enabled Gazprom to support its relations with existing major investors and address potential investors.

The large-scale road show program was supplemented by regular group and individual investor meetings in OAO Gazprom’s Moscow headquarters, verbal and written inquiries of shareholders and investors were responded to.

OAO Gazprom’s website (www.gazprom.ru, www.gazprom.com) is an important information resource and disclosure channel. The website features the Charter, underlying internal documents and data which may have an impact on value of OAO Gazprom’s securities.

**INVESTOR AND SHAREHOLDER RELATIONS ASSESSMENT**

A special study by Thomson Reuters Extel with IR Magazine Russia & CIS in July 2011 again recognized OAO Gazprom as the best Russia&CIS company in the area of investor relations (in “High Capitalization Company” nomination). The study gave a high rating to professional skills of OAO Gazprom’s investor and shareholder relations officers.
### OAO GAZPROM

#### Obligatory Information Disclosure
(as required by the securities market regulators)
- Annual report
- Quarterly reports
- Information messages about significant facts
- Information about affiliates
- RAS Annual Financial (Accounting) Statements
- IFRS Annual Financial Statements
- Management report based on IFRS financial statements
- Offering Circulars of securities
- Other information envisaged by legislation

#### Voluntary Information Disclosure
- Sustainability report
- Analytical fact book “Gazprom in Figures”
- Environmental report
- News releases
- IFRS quarterly financial statements
- Management’s analysis and evaluation of financial standing and results
- Corporate journal “Gazprom”

### Direct dialog

- Conferences, forums and workshops in Russia and abroad
- Presentations on recently published IFRS quarterly and annual financial statements and a recently held annual General Shareholders Meeting
- Management’s outside meetings and meetings in headquarters with analysts and investment banks
- Television and press conferences, briefings
- Company’s web site
- Responding to shareholders’ and investors’ verbal and written queries

### SHAREHOLDERS, INVESTORS AND ANALYSTS

| Reports and reviews prepared by investment bank analysts and stock market specialists | Reports on how the company is perceived by the investment community (Perception Studies) | Comments concerning the outcome of the events carried out within information interaction with shareholders and investors |
Share Market and Capitalization

Ordinary shares of OAO Gazprom are listed at MICEX and RTS stock exchanges (a merger agreement for the two major Russian exchanges was signed in June 2011). OAO Gazprom's shares are among the most liquid shares on the Russian stock market; these are included in the list of securities, used for calculation of MICEX and RTS indices. The volume of OAO Gazprom shares trades amounted to 26.5% of the total MICEX shares trading volume in 2011.

In 2011 Russian stock market demonstrated negative dynamics. By the year’s end MICEX index fell by 17%. Being strongly correlated with the leading global exchanges, Russian market reacted to European and US events, and to a lesser degree – to domestic Russian events.

In the first few months of 2011 investors were predominantly optimistic. Global economy continued its recovery after several crisis years. Escalation of political situation in the Middle East and in Libya was followed by growing oil prices. By April external Greek debt, threat of some countries defaulting and destabilization of European financial system had become the most acute problems. Stock and commodity markets responded by falling and pulled down OAO Gazprom’s shares too. The first financial aid package for Greece was approved last summer. At the very same time there were disturbing news from the USA. The world’s largest economy faced the need to hike the upper limit of its sovereign debt in order to avoid technical default early in August. Late
last summer – early fall the markets demonstrated weak dynamics at the background of US and European economy reports, showing slower economic growth. In September the situation was aggravated by Greece’s failure to keep its sovereign debt reduction and budget spending restriction obligations. The year ended in weak market dynamics.

Starting from May 2011, investors had been taking their money out of Russian country funds and developing countries’ funds, bringing the Russian market further down. Preliminary estimates say that the outflow of private capital from Russia in 2011 amounted to about US $ 80 bln.

Russian shares were supported by high oil prices over the year.

In 2011 OAO Gazprom stock prices at MICEX fell by 11 %, but OAO Gazprom stock showed stronger dynamics versus MICEX index.

American Depository Receipts (ADR) of OAO Gazprom are being traded at London, Berlin and Frankfurt stock exchanges, with most trades happening at London Stock Exchange (LSE).

A significant portion of OAO Gazprom’s ADRs is traded on the US over-the-counter market by qualified institutional investors.
In April 2011 the ADR program ratio for OAO Gazprom was changed: the number of ordinary shares per ADR went down from four to two. The key goal of the ratio change was to create additional liquidity and to expand ADR market without diluting stakes of existing holders.

As of December 31, 2011 the market capitalization of OAO Gazprom amounted to US $ 122.6 bln, falling by US $ 28.3 bln, or by 19 %, over the year. The average 2011 market capitalization of OAO Gazprom versus 2010 grew by 18 % and amounted to US $ 155.2 bln. The total 2011 shareholder return, which is calculated as a change – during the year – in the value of capital invested into OAO Gazprom’s ordinary shares traded on the MICEX to include the pay-out of dividends in the reporting year but without their reinvestment, amounted to -10 %.
**Key Risk Factors**

Risk management within the framework of the unified corporate system is defined as continuous cycle of making and implementing management decisions consisted of identification, assessment and measurement of risks, response to risks, efficient control, planning for management and monitoring of risks. This cycle is an integral part of the Group's general management system and focuses on risk optimization that serves OAO Gazprom's interests in all areas of the Group's operations.

To ensure the sustainable development and improved quality of decision-making process in OAO Gazprom measures are taken to improve the corporate risk management system. In 2011 the Chairman of OAO Gazprom Management Board approved the updated action plan aimed at developing the corporate risk management system of OAO Gazprom. In 2012 Gazprom plans to develop the unified approaches to arranging the risk management system of Gazprom Group including organizational structure, unified classifier of key risks and methodology and regulation base (policy and risk management rules of procedure). By the end of 2013 Gazprom plans to create an interaction scheme under which OAO Gazprom will interact with its subsidiary and associated undertakings on risk management.

**Strategic and Country-Specific Risks**

**Risks Relating to the Global Credit Crunch Developments**

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>MANAGEMENT / INFLUENCE ON THE RISK LEVEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Despite the recent positive trends, there is still a wide spread uncertainty about how and at what rate the world economy will recover from the deep global recession. Unfavourable economic conditions may have an adverse impact on the Group's operations.</td>
<td><em>Gazprom</em> pursues the policy that ensures the financial stability, improvement of financial standing and optimisation of debt portfolio that will enable to respond adequately if macroeconomic situation worsens.</td>
</tr>
</tbody>
</table>

**Risks Relating to Operations in the European Gas Market**

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>MANAGEMENT / INFLUENCE ON THE RISK LEVEL</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Gazprom</em> is the largest natural gas supplier in Europe. EU countries are actively pursuing the policy of gas market liberalization that contributes in the improvement of competition and increase in spot sales. The aforementioned liberalization can entail the partial refusal from a long-term contract system. Liberalization policy also provides for separation of gas production assets from transportation networks within EU. Lack of exemption from the above provision means that the Group is not able to own or exercise control over transport business that will impede the implementation of the investments projects in EU. In addition, the EU energy sector strategy is focused on the diversification of sources of energy resources supplies, development of alternative energy sources. Disparity of prices under long-term contracts and gas prices at spot markets represent a certain risk for <em>Gazprom</em>.</td>
<td><em>Gazprom</em> is maintaining the system of long-term contracts as the basis of its business which maximises its returns and provides guaranteed supplies to its customers. The Group is actively negotiating with its customers on finding mutually beneficial solutions depending on the market situation development. Refusal from the system of long-term contracts may disrupt the balance of demand and supply in the European gas market and result in unpredictable consequences, including threat to energy security of importing countries. For the purpose of diversifying its operations <em>Gazprom</em> considers the Asia-Pacific countries as key new markets.</td>
</tr>
</tbody>
</table>
Risks of State Regulation in the Sector

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>MANAGEMENT / INFLUENCE ON THE RISK LEVEL</th>
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</thead>
<tbody>
<tr>
<td>The Russian Federation controls 50.002% of OAO Gazprom’s shares. The governmental representatives are the members of Gazprom’s Board of Directors whose powers include the approval of the financial plan and the investment program; in this way the government exercises the control over financial flows of OAO Gazprom.</td>
<td>Gazprom’s strategy is aimed at mutually beneficial cooperation with the government so as to ensure the energy security of the country and stable development of the Group. The development strategy of OAO Gazprom has been designed and implemented in cooperation with governmental agencies and is an integral part of the Russian Energy Strategy. OAO Gazprom is engaged in an active dialogue with the Russian Government with regard to improving its pricing policy. On 31 December 2010 the Russian Government adopted the Resolution No. 1205 providing for regulation of gas wholesale prices in 2011-2014 by applying the price formula and gradual achieving equal profitability of export gas supplies and supplies at domestic market during the period considering the price of alternative fuels sources.</td>
</tr>
</tbody>
</table>

In accordance with the Federal Law “On Natural Monopolies” the Gazprom’s gas transportation via pipelines is regulated as natural monopoly operations. The government regulates the wholesale prices for gas which Gazprom applies to the major portion of domestic sales; tariffs for trunk pipeline transportation services provided to independent producers; tariffs for trunk pipeline transportation services via gas distribution networks; charges for procurement and sale services as well as retail prices for gas.

At the same time the government is interested in the company’s effective development because Gazprom is one of the largest Russian taxpayers and supplies a half of primary energy sources in the country.

Risks Relating to Natural Gas Transit

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>MANAGEMENT / INFLUENCE ON THE RISK LEVEL</th>
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</table>
| Major volumes of natural gas sold in Europe transit FSU territories, in particular Ukraine, Belarus and Moldova. Unstable political and social situation in transit countries may result in violations of contracted transit arrangements and failure to supply gas under export contracts of OAO Gazprom. Thus, cases were noted when part of Gazprom’s natural gas transited through Ukraine was directed to the wrong destinations and in early 2009 Ukraine suspended Russian gas transit via its transportation system. | To mitigate its dependence on transit countries the Group:
- is gradually shifting to principles and procedures generally accepted in the global gas business for market pricing of gas imported by FSU and of related gas transit services;
- is implementing gas transportation projects aimed at diversifying export routes (the first thread of Nord Stream gas pipeline was put into operation; works under South Stream project are under way);
- is expanding the use of UGSF abroad;
- is developing the LNG trading. |
Risks Associated with Entering New Regions and New Markets

<table>
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<tr>
<th>DESCRIPTION</th>
<th>MANAGEMENT / INFLUENCE ON THE RISK LEVEL</th>
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<tbody>
<tr>
<td>A key direction of Gazprom Group’s development strategy is the expansion of regions of its operations. Gazprom implements projects related to exploration and production of hydrocarbons in FSU countries, South America, South-East Asia, Africa and Middle East. Potential for entering gas markets of Asia, Africa, South and North America is being considered.</td>
<td>Subsidiary undertakings and joint companies with foreign partners are established in the new regions for the purpose of obtaining the necessary business experience. Gazprom’s representative offices abroad are operating to enhance efficiency of Gazprom’s interaction with governmental agencies, enterprises, companies and organizations of the respective countries and regions and provide information and analytical support to managing the international projects. As of 31 December 2011 twelve representative offices of OAO Gazprom are registered abroad, including Algeria, Brazil, Belarus, Iran, Qatar, Kazakstan, Kyrgyzstan, the People’s Republic of China, Latvia, Moldova, Turkmenia and Ukraine.</td>
</tr>
</tbody>
</table>

Risks Associated with the Development of Gas Production From Unconventional Sources

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>MANAGEMENT / INFLUENCE ON THE RISK LEVEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher prices of natural gas and the progress in science and technology in the last decades supported the increasing interest to unconventional resources of natural gas. In North American countries the share of gas produced from unconventional sources is expected to grow in the long-term perspective. This may result in reduced volumes of LNG imported by the United States and redistribution of released LNG volumes to markets in Europe and Northeast Asia and consequently, increased competition in these markets. Projects on gas production from unconventional sources being implemented in various countries, in particular in China, may decrease the demand for imported gas in these countries.</td>
<td>To support competitiveness of natural gas production and supply by applying the traditional methods, Gazprom:  - controls investment and running costs of production;  - improves and implements new technologies that enhance efficiency of traditional gas production.  Russia has large unconventional gas reserves and Gazprom develops technology of their development.  At the same time perspectives of unconventional gas production are still uncertain as such a production is economically viable only when prices are stably high and continued investments are required to maintain the formation productivity and it’s also associated with significant environmental risks.</td>
</tr>
</tbody>
</table>
Geographical and Climatic Risks

**DESCRIPTION**
Climate specifics and geographical location of principal regions where Gazprom operates significantly impact the Group’s performance. Gazprom’s production in West Siberia accounts for a substantial portion of the overall natural gas production and it is characterized by challenging environmental conditions and high costs. The fields in the Yamal Peninsula and resources of the Russian continental shelf will be developed in even more harsh climates.

Gazprom’s gas sales and revenues may be significantly affected by climatic conditions of short-term nature. Due to warm winters of recent years gas sales to Europe were decreasing. However, the influence of this factor of a probabilistic nature on Gazprom’s gas sale volumes and revenues for the last several years is not significant as the alteration of cold and warm winters compensate the impact.

**MANAGEMENT / INFLUENCE ON THE RISK LEVEL**
The Group successfully implements the efficient technological processes developed for harsh climate conditions. The Group also develops and implements programs of improving efficiency of gas production and transportation, including efficiency of gas transportation network.

The Group also actively participates in the development and implementation of governmental programs aimed at improving the use of energy resources in Russia.

Risks Relating to Customs, Foreign Currency and Tax Regulation

**DESCRIPTION**
Gazprom is involved in international transactions, it has foreign currency denominated assets and liabilities and foreign currency accounts opened with foreign banks. At the background of ongoing liberalization of foreign currency legislation, the Russian Government and Central Bank of Russia undertook measures to increase control over transactions denominated in foreign currency.

Russian tax legislation is subject to frequent changes. Each year, laws are approved to amend the Russian Tax Code and modify procedures to calculate and settle specific taxes.

Currently, there is a high risk of increase in MET rate. Considering the responsibility of Gazprom for reliable gas supply and ensuring construction, operation, reconstruction and development of UGSS facilities, further increase in fiscal burden may have a significant impact not only on income and building the sources of capital expenditure financing but in prospect, on reliability of gas supplies.

In addition, changes in regulatory framework related to pricing for tax purposes may result in additional risks associated with application of internal settlement prices between OAO Gazprom and Gazprom Group entities.

**MANAGEMENT / INFLUENCE ON THE RISK LEVEL**
The Group monitors changes in currency and tax legislation and makes every effort to comply with the requirements following the best law application practice and is also focused on mutually beneficial cooperation with the government so as to ensure the energy security of the country and stable development of the company.

Building the effective tax risk management system in Gazprom Group as a whole is one of the key objectives for medium-term period. Centralised database in place and permanent monitoring of crucial risks in the Group’s entities will enable to identify them timely at an early stage and minimize their adverse impact in advance.

In 2012 Gazprom Group established a consolidated group of taxpayers where OAO Gazprom acts as a responsible participant, in order to minimize tax risks associated with transfer pricing.

To restrict further increase in MET rate OAO Gazprom continues to cooperate with governmental agencies to maintain the balance between fiscal burden and necessity of significant investments in the nearest future to ensure reliable gas supplies. In addition, OAO Gazprom is preparing economically justified proposals to differentiate MET depending on field development conditions in order to commission complex fields in hard-to-access regions.
Risks Relating to Changes in Rules of Customs Control and Payments in the Russian Federation

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>MANAGEMENT / INFLUENCE ON THE RISK LEVEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operations of the <em>Group</em> relating to export of hydrocarbons are subject to customs regulations. Some of key issues relating to export supply of natural gas are disputed by the <em>Group</em> and the customs agencies, in particular, the determination of the approach to declaring and collecting customs duties, applying exchange rates when calculating customs value and its adjusting if prices for the natural gas supplied to counterparties retroactively change. A number of disputes were challenged by OAO Gazprom / OOO Gazprom Export in court. The actions of customs agencies were invalidated. However, current procedure for paying export customs duty on exported natural gas prior to its transportation based on approximate data about the supplies details is complicated to determine the export customs duty payable due to potential adjusting the custom value of natural gas by customs authorities.</td>
<td>The <em>Group</em> makes every effort to comply with the customs legislation requirements, control and propose the respective amendments to the current customs clearance considering the gas industry interests; interacts with regulators regarding disputable issues, including the Russian Government. As a result of the work performed the issue related to documenting the actually dispatched amount of natural gas was regulated in the effective Customs Union Code. The Federal Law “On Customs Regulation in the Russian Federation” of 27 November 2010 took into account the proposals of OAO Gazprom on guaranteeing the customs duties payment, customs duties payment procedure when declaring natural gas over the period exceeding one calendar month. The legislation provided for a zero rate of interest accrued on customs duties when putting natural gas that was temporarily taken out to foreign gas storages under the customs export procedure. Meanwhile, any uncertainties related to adjusting the customs value of natural gas by customs authorities prior to its supplies should be eliminated. Therefore, it’s necessary to continue activities jointly with federal government bodies on amending the Federal law “On Customs Regulation in the Russian Federation” of 27 November 2010 to improve the customs duty payment procedure.</td>
</tr>
</tbody>
</table>
Financial Risks

Foreign Exchange Risks, Interest Rate and Inflation Risks

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>MANAGEMENT / INFLUENCE ON THE RISK LEVEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gazprom's sales revenue is largely denominated in US dollars and Euro, while most of our costs are denominated in rubles. A part of OAO Gazprom debt portfolio is represented by syndicated loans from Western banks. The interest rate on many of these loans is based on LIBOR/EURIBOR rates. Therefore, changes in inflation rates and exchange rates significantly affect the Group’s performance results.</td>
<td>OAO Gazprom is developing a methodology and contractual base for using hedging instruments in accordance with the requirements of the Russian legislation. Regulation on tax accounting policies of OAO Gazporm for 2011 includes provisions related to tax accounting for transactions with financial instruments of forward-type deals (FIFD) including hedging currency and other risks. Natural hedging of risks associated with market changes in the foreign exchange rates and interest-bearing payments by: ■ calculating net currency position of Gazprom Group and balancing the cash flows of OAO Gazprom in terms of currency, volumes and period of receipt/payment; ■ maintaining the currency balance in OAO Gazprom debt portfolio similar to the proportion of currency in the company’s revenue.</td>
</tr>
</tbody>
</table>

Credit and Liquidity Risks

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>MANAGEMENT / INFLUENCE ON THE RISK LEVEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Untimely or partial fulfillment by some counterparties of their contractual obligations to Gazprom may have an adverse impact on Gazprom operations. Up to date, the receivables from a part of customers from Russia and FSU countries for natural gas previously supplied are not settled in full, and Gazprom does not have guarantees that the above-noted receivables will be fully paid in cash. Recently, the situation with payments for the gas supplied improved significantly. However, the deterioration in the business environment can result in failure of a number of customers to make payments for the gas supplied in cash and on the due date. In addition, the customers’ failure to perform their payment obligations for the gas supplied may result in a risk of bringing OAO Gazprom to administrative responsibility by the Russian currency regulation authorities for breaching currency legislation.</td>
<td>The Group pursues a transparent policy requiring fulfillment of contractual obligations regarding payments for supplies and non-payers. All counterparties engaged in gas supplies to Far Abroad countries are assigned with an internal credit rating (according to the adopted methodology of credit risks assessments). Based on assessment of the counterparties’ creditworthiness and Monte Carlo modelling the credit risks are quantitatively assessed by applying CreditVaR method. The basic tools to manage credit risks associated with gas supplies to Far Abroad countries include preparation of a list of authorized counterparties, with which the deals can be concluded and the requirement to provide the guarantees from the counterparties with low credit rating. The Group monitors the changes in the internal credit ratings of these counterparties on a daily basis and if they significantly decline, the respective contracts may be amended to mitigate non-payment risks. Gazprom Group cooperates with credit institutions based on credit risk limits established on a regular basis.</td>
</tr>
</tbody>
</table>
## Market Risks Including Risks Associated with Decrease in Volumes and Cost of Gas Sold at Foreign Markets

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>MANAGEMENT / INFLUENCE ON THE RISK LEVEL</th>
</tr>
</thead>
</table>
| Export sales of gas generate a major portion of the Group’s revenue. Gas is exported under long-term contracts at prices linked to the world prices for major core products (oil products, coal, gas). Therefore, risks of failure to receive the planned revenue (export price of commercial gas) or adverse change in the portfolio cost due to market factors effects arise. Price risks associated with fluctuations of prices for oil products and gas indices which are the basis for prices calculation under export contracts and risks of volume associated with the fact that the buyers are provided with certain flexibility in gas withdrawal are the basic factors of market risk. | Price and volume risks represent key risks for OAO Gazprom. The Group is taking measures to mitigate these risks, namely:  
- As the pricing policy that is pursued by the state and aimed at transferring from the regulating the wholesale gas prices to the regulating the gas transportation tariffs improves, a share in the revenue from Gazprom supplies at the domestic market will increase mitigating the effects of export sales risks.  
- Gazprom is entering new markets, including Asian-Pacific Region, LNG global market that will enable to mitigate the volume risk and, partially price risk.  
- For the purposes of internal optimization the changes in the contractual conditions or conclusion of new contracts, identification of the affirmatively authorized deals and financial instruments and accordingly, counterparties with which these deals can be concluded, represent the main tool of the internal optimization.  
- Currently, a major part of long-term contracts include “take-or-pay” conditions, which stipulate an advance payment against gas supply in subsequent period, even if the gas is not taken in the current year.  
- Earnings at Risk (EaR) assessment that measures the maximum potential decrease in revenue on a designated planning horizon with high probability level and performed on a regular basis is the basic method applied for quantitative assessment of price risks associated with gas sales to Far Abroad countries. For these purposes the probable scenarios of the portfolio are modelled considering the current contractual conditions and history of changes in risk factors related to prices, currency and volumes.  
  In addition, predominantly diverging trends in movements of prices for oil, oil products and Russian rouble exchange rate partially provide for natural hedging of Gazprom currency revenue denominated in roubles. |
## Operating Risks

### Risks Relating to Non-Extension of Subsoil Licenses

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>MANAGEMENT / INFLUENCE ON THE RISK LEVEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Group operates in compliance with subsoil licenses for exploration and production of hydrocarbons. Most licenses provide for an opportunity to suspend, amend or withdraw them if the requirements of license agreements are not complied with. Licenses for production at major Group fields cover the period to 2012-2028. The Russian legislation provides for an opportunity to extend the licenses but do not provide the license holder with vested right of extension.</td>
<td>Gazprom satisfies license requirements and takes all required steps to minimize the probability of license withdrawal, suspension or amendment.</td>
</tr>
</tbody>
</table>

## Cost Escalation Risks

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>MANAGEMENT / INFLUENCE ON THE RISK LEVEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>During the pre-crisis years growth rates related to unit costs of capital construction in petroleum industry exceeded the inflation rates due to increase in prices of raw materials, component parts, services including prices of metals, gas-compressor plants, drilling costs, etc. During the global crisis the costs of some items stabilized or even decreased but, as before, there is a probability of outrunning growth of costs in prospect.</td>
<td>Gazprom organizes tenders to select suppliers and directly works with its suppliers. In 2011 Gazprom Group successfully performed actions related to OAO Gazprom cash flow management, Gazprom Group entities’ debt portfolio management and the Group’s operations transparency in accordance with the plan of actions aimed at improving the efficiency of some lines of Gazprom Group activities. In 2012 Gazprom Group will continue its activities in this sphere.</td>
</tr>
</tbody>
</table>
### Risks Relating to Exploitation of Operating Facilities

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>MANAGEMENT / INFLUENCE ON THE RISK LEVEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>OAO Gazprom upstream, midstream and downstream operations are exposed to a wide range of technological, technical and natural and climatic character risks and risks associated with negative actions of personnel and third parties, including risks of employees’ errors, thefts, terrorist attacks, subversive activities. The above risks may have an adverse impact on the property interests of Gazprom Group and entail the decrease in production and economic indicators of Gazprom operations. At that, liquidation of effects of natural and technogenic accidents and other adverse events requires significant financial costs. When implementing the investment programs the priority is providing guarantees of completing the construction (reconstruction) of investee which, among other issues, is associated with the construction and assembly risks characterized by a high damage level.</td>
<td>The unified gas supply system ensures the system reliability of gas supplies assuming that in case of a failure at one of its sections gas can be supplied via other routes by means of technological and intersystem shunt pipes. Stability of the system operation is ensured by implementation of the advanced diagnostic technique, reconstruction and upgrading. OAO Gazprom has developed, approved and is implementing the policy on HSEA aimed at ensuring occupational safety, life and health safety of OAO Gazprom's and its subsidiaries’ employees and operational reliability of hazardous production facilities. To ensure the sustainable operations of OAO Gazprom and its subsidiaries and minimize the financial resources directed to mitigation of consequences resulting from natural and technogenic accidents and other unfavorable events (including terrorist attacks, subversive activities) the Group arranges a complex insurance coverage of the Group's companies including property insurance program (including off-shore facilities), insurance against production breaks at gas processing plants, insurance of hazardous facility operator's liability.</td>
</tr>
</tbody>
</table>

### Risks Associated with Assessment of Hydrocarbon Reserves

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>MANAGEMENT / INFLUENCE ON THE RISK LEVEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Group’s development plans are based on the amount and location of hydrocarbon reserves that are assessed in accordance with scientifically grounded and generally accepted standards. Accuracy of reserves assessments depends on the quality of available information and technological and geological interpretation. At the same time the regions where a significant part of the Group’s reserves are located, are well explored that reduce these risks.</td>
<td>The results of Group Gazprom reserves assessment in accordance with the Russian classification of reserves are recorded on the balance sheet after annual consideration and approval by the State Reserves Commission. OAO Gazprom has developed and is implementing the procedures for reserves assessment in accordance with international standards PRMS engaging an independent appraiser. The accuracy of reserves assessment is based on a unique experience accumulated by Gazprom over many years of activities in this sphere.</td>
</tr>
</tbody>
</table>
## Risks Associated with Vertical Integration and Diversification of Operations

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>MANAGEMENT / INFLUENCE ON THE RISK LEVEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over recent five years Gazprom significantly expanded oil business through acquisition of OAO Gazprom neft, joined electricity generation and sales business. Gazprom also expands its activities on foreign markets of natural gas by applying new form of trading, develops business related to LNG production and sales. Any failure in integration of past or future acquisitions may have an adverse impact on the Group’s business, financial position and performance results.</td>
<td>The Group improves the internal corporate governance structure for the purposes of breaking down the financial flows by types of activities and enhancing the efficiency of Gazprom as a vertically integrated company. The Group also performs actions to bring the organizational structures of its subsidiaries engaged in gas production, transportation and processing in compliance with the corporate requirements of OAO Gazprom including the adopted standards of personnel number and corporate span of control. The effective management procedures and projects on enhancing the efficiency of OAO Gazprom and its subsidiaries operations management, which are currently being implemented by the Group will also cover the Group’s entities that exercise a significant influence on Gazprom’s performance results. Gazprom has successfully developed, approved and is implementing the strategies in electric power and oil businesses aimed at increasing Gazprom’s market value and establishing itself as a leader in electric power and oil businesses. In accordance with the strategy on information system development the Group takes actions to create a unified information space. Currently, the projects on creating vertically integrated management systems based on the corporate data bank to support the managerial process related to gas business, computerized budget management system and computerized consolidated accounting reporting system of OAO Gazprom are actively implementing. The above-noted work will enable to improve the transparency of corporate reporting preparation from the primary data sources to key performance indicators and risks.</td>
</tr>
</tbody>
</table>
### Risks Relating to Registration of Title to Real Estate and Land Plots of OAO Gazprom

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>MANAGEMENT / INFLUENCE ON THE RISK LEVEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under constant increase in property and land resources of OAO Gazprom the company may experience the claims made by the third parties, if the title to these assets is incorrectly or untimely registered.</td>
<td>Gasprom Group is intensively and timely working over registering the title both to the land plots used to locate the production capacities and real estate items.</td>
</tr>
<tr>
<td>Lack of registered title to the real estate items and land plots can have an adverse impact on attracting the investments in oil and gas industry.</td>
<td>The Group is extensively applying all possible legal methods to defend the Group’s interests including applications to the court regarding the confirmation and subsequent registration of title to the real estate items and land plots.</td>
</tr>
<tr>
<td>Intensive development of town-planning activities in the Russian Federation regions identified the necessity to minimize the risk of violating the protected zones of UGSS and power supply network.</td>
<td>The Group arranged a system of monitoring the registration of the title to real estate items and providing the Head Office with the respective information from the regions by means of electronic database of the Unified register of title to the real estate items. In addition, according to the strategy on information system development OAO Gazprom is working over creation of the property and other assets management system which will be integrated in the information-management system of the Gazprom Group.</td>
</tr>
<tr>
<td></td>
<td>Gasprom Group is extensively working over prevention and elimination of the protected zones violations by preparing the maps (plans) of protective zones and including the information about these protected zones in the State Immovable Property Cadastre.</td>
</tr>
</tbody>
</table>
### Environmental Risks

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>MANAGEMENT / INFLUENCE ON THE RISK LEVEL</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Gazprom Group</em> production activity is associated with the use of natural resources and accordingly, involves a potential risk of environmental disruption. Environmental damage or pollution may result in:</td>
<td><em>Gazprom Group</em> pursues a consistent environmental policy, implements programs and actions to reduce environmental effect, provides the financing for environmental activity, implements advanced resource-conservative and energy-conservative and other environmental protection technology.</td>
</tr>
<tr>
<td>■ legal consequence, including bringing to responsibility;</td>
<td></td>
</tr>
<tr>
<td>■ finance costs associated with payments of fines and compensations of the incurred damage;</td>
<td></td>
</tr>
<tr>
<td>■ damage to the company’s business reputation.</td>
<td></td>
</tr>
</tbody>
</table>

*Gazprom Group* continues improving its Environmental Management System. OAO Gazprom performs predesigned environmental researches, assessment of environmental effects of the planned operations, environmental assessments of projects. At all stages of construction, operation and decommissioning of assets the company exercises a control over compliance with legislation and corporate environmental standards. implements environmental monitoring, develops and implements environmental protection measures.

The key component of environmental risks management is the use of the best available technologies when designing, re-equipping and upgrading the production process.

Within the framework of comprehensive insurance coverage of the Group’s entities the Group insures the third party liability when constructing and operating dangerous production facilities that enables to compensate the damage incurred to environment and minimizes a risk of adverse financial consequences for the Group’s entities.

The *Gazprom Group* maintains transparency of its ecological information.
<table>
<thead>
<tr>
<th>GLOSSARY</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADR of OAO Gazprom</td>
<td>American depository receipt issued on OAO Gazprom's shares. Equals two ordinary shares of OAO Gazprom</td>
</tr>
<tr>
<td>APG</td>
<td>Associated petroleum gas</td>
</tr>
<tr>
<td>APR</td>
<td>Asian and Pacific Region includes countries located on continental Asia, America and in the Pacific Ocean zone Central Asia Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan</td>
</tr>
<tr>
<td>CCGT</td>
<td>Combined cycle gas turbine</td>
</tr>
<tr>
<td>CGPU</td>
<td>Comprehensive gas processing unit</td>
</tr>
<tr>
<td>CNG</td>
<td>Compressed natural gas</td>
</tr>
<tr>
<td>CS</td>
<td>Compressor Station</td>
</tr>
<tr>
<td>CSA</td>
<td>Capacity supply agreement</td>
</tr>
<tr>
<td>Dollars, US $</td>
<td>U.S. dollars</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>Far Abroad</td>
<td>Foreign countries, excluding FSU Countries</td>
</tr>
<tr>
<td>FCSM</td>
<td>Federal Commission for the Securities Market</td>
</tr>
<tr>
<td>FSU Countries</td>
<td>Republics of the former USSR, except for the Russian Federation</td>
</tr>
<tr>
<td>FTS of Russia</td>
<td>Federal Tarif Service of Russia</td>
</tr>
<tr>
<td>Gasification</td>
<td>Construction of low-pressure gas pipelines to ensure gas supply to the ultimate consumers</td>
</tr>
<tr>
<td>GDS</td>
<td>Gas distribution subsidiary</td>
</tr>
<tr>
<td>GPP</td>
<td>Gas processing plant</td>
</tr>
<tr>
<td>GPU</td>
<td>Gas pumping unit</td>
</tr>
<tr>
<td>GRES</td>
<td>State district power station</td>
</tr>
<tr>
<td>GTS</td>
<td>Gas transportation system</td>
</tr>
<tr>
<td>IFRS</td>
<td>International Financial Reporting Standards</td>
</tr>
<tr>
<td>LNG</td>
<td>Liquefied natural gas</td>
</tr>
<tr>
<td>LSE</td>
<td>London Stock Exchange</td>
</tr>
</tbody>
</table>
MICEX  Moscow Interbank Currency Exchange

NGV refill station  Natural gas vehicle refill station

RAS  Russian Accounting Standards

Rubles, RR  Russian rubles

UGSF  Underground gas storage facility

UGSS  Unified Gas Supply System of Russia

VAT  Value added tax

Brent  A reference oil for the various types of oil in the North Sea, used as a basis for pricing

EURIBOR  European Interbank Offered Rate

ISO 14001  International Organization for Standardization

ISO 9001  International Organization for Standardization

LIBOR  London Interbank Offered Rate

OHSAS 18001:2007  Occupational Health and Safety Management Systems

Urals  A reference oil used as a basis for pricing for the Russian export oil mixture
# Units of Measurement and Conversion Table

<table>
<thead>
<tr>
<th>Measure</th>
<th>Definition</th>
<th>Correspondence</th>
</tr>
</thead>
<tbody>
<tr>
<td>cm of natural gas</td>
<td>Cubic meters of natural gas as measured under a pressure of one atmosphere and 20°C</td>
<td>= 35.316 cubic feet (cf) of natural gas</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 mcm of natural gas = 1.154 tce</td>
</tr>
<tr>
<td>barrel of crude oil</td>
<td>–</td>
<td>= 0.1364 metric ton of crude oil</td>
</tr>
<tr>
<td>barrel of gas condensate</td>
<td>–</td>
<td>= 0.1222 metric ton of gas condensate</td>
</tr>
<tr>
<td>ton of oil</td>
<td>–</td>
<td>= 7.33 barrels of crude oil</td>
</tr>
<tr>
<td>ton of gas condensate</td>
<td>–</td>
<td>= 8.18 barrels of gas condensate</td>
</tr>
<tr>
<td>tce</td>
<td>A ton of standard coal equivalent</td>
<td>= 866.6 cm of natural gas;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>= 0.7 ton of gas condensate;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>= 0.7 ton of crude oil</td>
</tr>
</tbody>
</table>
## List of the Foreign Companies Mentioned in the Report

<table>
<thead>
<tr>
<th>Short name</th>
<th>Full name</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beltransgaz</td>
<td>OAO Beltransgaz</td>
<td>Belarus</td>
</tr>
<tr>
<td>Naftogaz of Ukraine</td>
<td>NAK Naftogaz of Ukraine</td>
<td>Ukraine</td>
</tr>
<tr>
<td>Botas</td>
<td></td>
<td>Turkey</td>
</tr>
<tr>
<td>Chevron Lummus Global</td>
<td></td>
<td>USA</td>
</tr>
<tr>
<td>CNPC</td>
<td>China National Petroleum Corporation</td>
<td>China</td>
</tr>
<tr>
<td>EconGas</td>
<td></td>
<td>Austria</td>
</tr>
<tr>
<td>E.ON Ruhrgas</td>
<td>E.ON Ruhrgas AG</td>
<td>Germany</td>
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<tr>
<td>EDF</td>
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<td>France</td>
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<tr>
<td>Edison</td>
<td></td>
<td>Italy</td>
</tr>
<tr>
<td>ENI</td>
<td>ENI S.p.A.</td>
<td>Italy</td>
</tr>
<tr>
<td>Gasunie</td>
<td></td>
<td>Netherlands</td>
</tr>
<tr>
<td>GasTerra</td>
<td></td>
<td>Netherlands</td>
</tr>
<tr>
<td>Gazprom Gerosgaz Holdings</td>
<td>Gazprom Gerosgaz Holdings B.V.</td>
<td>Netherlands</td>
</tr>
<tr>
<td>Gazprom Global LNG</td>
<td>Gazprom Global LNG Ltd</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>Gazprom Marketing and Trading Singapore</td>
<td>Gazprom Marketing and Trading Singapore Ltd</td>
<td>Singapore</td>
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<td>GDF SUEZ</td>
<td></td>
<td>France</td>
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<tr>
<td>Kogas</td>
<td></td>
<td>South Korea</td>
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<tr>
<td>NIS</td>
<td>Naftna Industrija Srbije A.D.</td>
<td>Serbia</td>
</tr>
<tr>
<td>Panrusgas</td>
<td></td>
<td>Hungary</td>
</tr>
<tr>
<td>PoVSA</td>
<td>Petroleos de Venezuela S.A.</td>
<td>Venezuela</td>
</tr>
<tr>
<td>Petronas</td>
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<td>Malaysia</td>
</tr>
<tr>
<td>PGNiG</td>
<td></td>
<td>Poland</td>
</tr>
<tr>
<td>RAG</td>
<td></td>
<td>Austria</td>
</tr>
<tr>
<td>RWETransgas</td>
<td></td>
<td>Czech Republic</td>
</tr>
<tr>
<td>Short name</td>
<td>Full name</td>
<td>Country</td>
</tr>
<tr>
<td>----------------------------</td>
<td>------------------------------------------</td>
<td>---------------</td>
</tr>
<tr>
<td>Sakhalin Energy</td>
<td>Sakhalin Energy Investment Company Ltd.</td>
<td>Bermuda</td>
</tr>
<tr>
<td>Salym Petroleum Development</td>
<td>Salym Petroleum Development N.V.</td>
<td>Netherlands</td>
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<tr>
<td>SinergieItalienne</td>
<td></td>
<td>Italy</td>
</tr>
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<td>South Stream</td>
<td>South Stream AG</td>
<td>Switzerland</td>
</tr>
<tr>
<td>SPP</td>
<td></td>
<td>Slovakia</td>
</tr>
<tr>
<td>The Bank of New York Mellon</td>
<td></td>
<td>USA</td>
</tr>
<tr>
<td>Vitol</td>
<td>Vitol S.A.</td>
<td>Switzerland</td>
</tr>
<tr>
<td>VNG</td>
<td>Verbundnetz Gas AG</td>
<td>Germany</td>
</tr>
<tr>
<td>WIEH</td>
<td></td>
<td>Germany</td>
</tr>
<tr>
<td>Wingas</td>
<td></td>
<td>Germany</td>
</tr>
<tr>
<td>Wintershall Holding</td>
<td>Wintershall Holding GmbH</td>
<td>Austria</td>
</tr>
</tbody>
</table>
### ADDITIONAL INFORMATION

**List of Major Transactions with Assets Approved by OAO Gazprom’s Board of Directors**

**Agreements on purchase/sale of shares (stakes)**

<table>
<thead>
<tr>
<th>No.</th>
<th>Description of transaction</th>
<th>Authorization</th>
<th>Total amount</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Approval of the OAO Gazprom’s participation in ООО Koviktaneftegas through the acquisition by OAO Gazprom of 100% interest in share capital of ООО Koviktaneftegas</td>
<td>Resolution of OAO Gazprom’s Board of Directors No. 1724 dated 05.03.2011</td>
<td>RR 1,290,283,368.2</td>
<td>09.03.2011 – transfer of ownership</td>
</tr>
<tr>
<td>2.</td>
<td>Approval of the termination of OAO Gazprom’s participation in ООО Gazprom burenie</td>
<td>Resolution of OAO Gazprom’s Board of Directors No. 1672 dated 11.10.2010</td>
<td>RR 4,050,000,000</td>
<td>11.03.2011 – transfer of ownership</td>
</tr>
<tr>
<td>3.</td>
<td>Approval of the termination of OAO Gazprom’s participation in ООО Ditangaz</td>
<td>Resolution of OAO Gazprom’s Board of Directors No. 1435 dated 11.06.2009</td>
<td>RR 3,750,000</td>
<td>13.04.2011 – transfer of ownership</td>
</tr>
<tr>
<td>4.</td>
<td>Approval of the share capital increase of South Stream Serbia AG through acquisition of additional nominal shares, maintaining OAO Gazprom’s interest at 51%</td>
<td>Resolution of OAO Gazprom’s Board of Directors No. 1710 dated 20.01.2011</td>
<td>CHF 1,683,000</td>
<td>03.05.2011 – changes to the shareholders register</td>
</tr>
<tr>
<td>5.</td>
<td>Approval of alienation of 38.89 % of shares of ЗАО ИК Горизонт, which belonged to OAO Gazprom</td>
<td>Resolution of OAO Gazprom’s Board of Directors No. 1495 dated 20.10.2009</td>
<td>RR 3,038,890</td>
<td>07.06.2011 – transfer of ownership</td>
</tr>
<tr>
<td>6.</td>
<td>Approval of the OAO Gazprom’s participation in South Stream AG equal to 50% interest in the share capital of South Stream AG</td>
<td>Resolution of OAO Gazprom’s Board of Directors No. 1741 dated 01.04.2011</td>
<td>CHF 13,160</td>
<td>16.06.2011 – transfer of ownership</td>
</tr>
<tr>
<td>7.</td>
<td>Approval of the share capital increase of Shtokman Development AG through acquisition of additionally issued shares, maintaining OAO Gazprom’s interest at 51%</td>
<td>Resolution of OAO Gazprom’s Board of Directors No. 1798 dated 27.04.2011</td>
<td>CHF 56,100,000</td>
<td>24.06.2011 – registration of amendments</td>
</tr>
<tr>
<td>No.</td>
<td>Description of transaction</td>
<td>Authorization</td>
<td>Total amount</td>
<td>Date</td>
</tr>
<tr>
<td>-----</td>
<td>------------------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------</td>
<td>---------------------------------------</td>
<td>-------------------------------</td>
</tr>
<tr>
<td>8.</td>
<td>Approval of the share capital increase of South Stream Serbia AG through acquisition of</td>
<td>Resolution of OAO Gazprom’s Board of Directors No. 1850 dated 28.07.2011</td>
<td>CHF 4,386,000</td>
<td>17.08.2011 – registration of amendments</td>
</tr>
<tr>
<td></td>
<td>additionally issued shares, maintaining OAO Gazprom’s interest at 51 %</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>Approval of the share capital increase of South Stream Austria GmbH through acquisition</td>
<td>Resolution of OAO Gazprom’s Board of Directors No. 1843 dated 20.07.2011</td>
<td>EURO 195,000</td>
<td>23.09.2011 – registration of amendments</td>
</tr>
<tr>
<td></td>
<td>of additionally issued shares, maintaining OAO Gazprom’s interest at 50 %</td>
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<tr>
<td>10.</td>
<td>Approval of the termination of OAO Gazprom’s participation in ZAO Gazprom neft Orenburg</td>
<td>Resolution of OAO Gazprom’s Board of Directors No. 1881 dated 26.09.2011</td>
<td>RR 3,576,000,000</td>
<td>18.10.2011 – transfer of ownership</td>
</tr>
<tr>
<td></td>
<td>through alienation of 61.8% of ZAO Gazprom neft Orenburg’s shares owned by OAO Gazprom</td>
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<td></td>
<td>to OAO Gazprom neft</td>
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<tr>
<td>11.</td>
<td>Approval of the share capital increase of Nord Stream AG through the issue of additional</td>
<td>Resolution of OAO Gazprom’s Board of Directors No. 1789 dated 15.04.2011</td>
<td>01.06.2011 – CHF 48,960,000</td>
<td>02.11.2011 – registration of amendements</td>
</tr>
<tr>
<td></td>
<td>shares, maintaining OAO Gazprom’s interest at 51 %</td>
<td></td>
<td>29.08.2011 – CHF 67,320,000</td>
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<td>31.10.2011 – CHF 44,880,000</td>
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</tr>
<tr>
<td>12.</td>
<td>Approval of the share capital increase of South Stream Greece S.A through acquisition of</td>
<td>Resolution of OAO Gazprom’s Board of Directors No. 1849 dated 26.07.2011</td>
<td>Euro 325,000</td>
<td>11.11.2011 – registration of amendments</td>
</tr>
<tr>
<td></td>
<td>additionally issued shares, maintaining OAO Gazprom’s interest at 51 %</td>
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<tr>
<td>13.</td>
<td>Approval of the increase in OAO Gazprom’s interest in the share capital of OAO Belttransgaz</td>
<td>Resolution of OAO Gazprom’s Board of Directors No. 1988 dated 23.11.2011</td>
<td>US $ 2,500,000,000</td>
<td>01.12.2011 – transfer of ownership</td>
</tr>
<tr>
<td></td>
<td>up to 100 % through the acquisition of 50 % of OAO Belttransgaz’s charter capital by OAO</td>
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<td></td>
<td>Gazprom through payment in cash</td>
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<tr>
<td>14.</td>
<td>Approval of the share capital increase of Shtokman Development AG through acquisition of</td>
<td>Resolution of OAO Gazprom’s Board of Directors No. 1904 dated 01.12.2011</td>
<td>CHF 76,500,000</td>
<td>10.02.2012 – payment for the value of the shares</td>
</tr>
<tr>
<td></td>
<td>additionally issued shares, maintaining OAO Gazprom’s interest at 51 %</td>
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<tr>
<td>15.</td>
<td>Approval of the acquisition of 375,000 additionally issued nominal ordinary shares of</td>
<td>Resolution of OAO Gazprom’s Board of Directors No. 1911 dated 23.12.2011</td>
<td>RR 7,500,000,000</td>
<td>06.02.2011 – shares are registered at the depositary account of OAO Gazprom</td>
</tr>
<tr>
<td></td>
<td>Gazprombank (Open Joint-stock Company) by OAO Gazprom with the total value of RR 375,000,000</td>
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<tr>
<td></td>
<td>through payment in cash</td>
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</tr>
</tbody>
</table>
## Other Major Transactions with Assets

<table>
<thead>
<tr>
<th>No.</th>
<th>Description of transaction</th>
<th>Authorization</th>
<th>Total amount</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Share capital increase of 100% subsidiary OOO Gazprom mezhregiogas paid in cash</td>
<td>Resolution of OAO Gazprom’s Board of Directors No. 1655 dated 14.10.2010</td>
<td>RR 7,000,000,000</td>
<td>21.03.2011 – registration of amendments</td>
</tr>
<tr>
<td>2.</td>
<td>Share capital increase of 100% subsidiary OOO Gazprom pererabotka paid in cash</td>
<td>Resolution of OAO Gazprom’s Board of Directors No. 1204 dated 27.05.2008</td>
<td>RR 10,000,000,000</td>
<td>08.11.2011 – registration of amendments</td>
</tr>
<tr>
<td>3.</td>
<td>Share capital increase of 100% subsidiary OOO Gazprom investproekt paid in cash</td>
<td>Resolution of OAO Gazprom’s Board of Directors No. 1834 dated 08.06.2011</td>
<td>RR 2,800,000,000</td>
<td>22.11.2011 – registration of amendments</td>
</tr>
<tr>
<td>4.</td>
<td>Share capital increase of 100% subsidiary OOO Gazprom energoholding paid in cash</td>
<td>Resolution of OAO Gazprom’s Board of Directors No. 1853 dated 03.08.2011</td>
<td>RR 10,000,000,000</td>
<td>28.12.2011 – approval of the results of share capital increase</td>
</tr>
<tr>
<td>5.</td>
<td>Share capital increase of 100% subsidiary OOO Gazprom mezhregiogaz paid in cash</td>
<td>Resolution of OAO Gazprom’s Board of Directors No. 1895 dated 14.11.2011</td>
<td>RR 2,455,490,000</td>
<td>27.01.2012 – payment for the value of the shares part</td>
</tr>
</tbody>
</table>

2. Paid services agreement with OAO Gazprom Promgaz. OAO Gazprom Promgaz undertakes to provide services on “Analysis of labor inputs to designing of upstream facilities, trunk pipelines and compressor stations on the basis of actual data received from OAO Gazprom’s design institutes” in accordance with the Assignment to provide services, and OAO Gazprom is obliged to pay for rendered services. The agreement is valid as of 01.07.2010 up to 30.12.2010. The cost of work is RR 11,016,949.15 (net of VAT). The terms and conditions of the agreement are applicable to the parties effective from 01.07.2010. The interested person is V.V. Rusakova, member of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.

3. Contract with OAO Gazprom Promgaz for performance of the research work. OAO Gazprom binds and OAO Gazprom Promgaz commits to execute in accordance with technical assignment the research work. The theme: “Developing of normative and technical documentation for arrangement and execution of repair of OAO Gazprom facilities”. The cost of work is RR 162,711,860 (net of VAT). The time of work delivery is from 01.07.2010 up to 30.11.2011. The terms and conditions of the contract are applicable to the parties effective from 01.07.2010. The interested person is V.V. Rusakova, member of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.

4. Addendum No. 1 to the insurance contract with OAO Sogaz. No. IORT0222 dated 01.07.2010. The liability limit for one insurable event is increased up to RR 300,000,000. The total insurance amount for all insurable events is not to exceed RR 100,000,000. The interested persons are A.B. Miller, N.N. Dubik, A.V. Kruglov, members of OAO Gazprom’s governance bodies. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.

5. Order No. 4 to the agency contract No. PNR-15-2010 dated 02.07.2010 with ZAO Gazprom invest Yug, concerning contract support for comprehensive installation and commissioning works. Limited amount of reimbursable by OAO Gazprom expenses (including VAT paid by ZAO Gazprom invest Yug to the third parties) is RR 31,740,000. The limited remuneration fee of ZAO Gazprom invest Yug (including extra fees) is RR 67,245.76 (net of VAT). The interested person is Y.Y. Golko, member of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.

6. Order No. 3 to the agency contract No. PNR-15-2010 dated 02.07.2010 with ZAO Gazprom invest Yug, concerning contract support for comprehensive installation and commissioning works. Limited amount of reimbursable by OAO Gazprom expenses (including VAT paid by ZAO Gazprom invest Yug to the third parties) is RR 67,129,240. The limited remuneration fee of ZAO Gazprom invest Yug (including extra fees) is RR 142,222.96 (net of VAT). The interested persons are A.L. Medvedev, K.G. Selезнев, V.A. Golubev, members of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.

7. Contract with TOO KazRosGaz concerning gas transportation arrangement services through the territory of the Russian Federation in 2011. The volume of gas transportation is 7,492 mmcm. The rate of payment for transportation arrangement of 1000 cubic meters of gas at a distance of 100 km equals to US $ 2, including all taxes and charges payable on the territory of the Russian Federation, as well as VAT at the statutory rate. The interested persons are A.I. Medvedev, K.G. Selезнев, V.A. Golubev, members of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.

8. Addendum No. 20 to the Contract No.6GLi-2004 dated 05.02.2004 for the natural gas supply in 2004-2017 with ZAO Kaunas Heat and Power Plant due to adjustments of mark up price for gas. From 01.01.2011 up to 31.03.2011 in case of delivery, according to the Kaunas Heat and Power Plant bid, of accommodated volumes of gas from Inchukalnskoye UGSF through HES Kemenai, the price for these volumes of gas increases by Euro 20.45 for 1000 cm and is recalculated considering actual calorie power. The interested persons are K.G. Selезнев, V.A. Golubev, members of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.

9. Addendum No.53 to the contract on volumes and terms and conditions of deliveries of natural gas to the Lithuanian Republic for the period from 2000 through 2015 No.1GI-2000 dated 16.12.1999 with AO Lietuvosdujos due to adjustments of volume of gas transported to AO Lietuvosdujos through the territory of the Lithuanian Republic for AO Achema, ZAO KHP and LT Gas Stream AG, and due to adjustments of mark up price for gas. From 01.01.2011 up to 31.03.2011 in case of delivery, according to the Kaunas Heat and Power Plant bid, of accommodated volumes of gas from Inchukalnskoye UGSF through HES Kemenai, the price for these volumes of gas increases by Euro 20.45 for 1000 cm and is recalculated on the base of actual calorie power. The interested persons are K.G. Selезнев, V.A. Golubev, members of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2009.


11. Order No. 1 to the agency contract No. PNR-14-2010 dated 02.07.2010 with OAO Gazprom Centremerr, concerning contract support for comprehensive installation and commissioning works. Limited amount of reimbursable by OAO Gazprom expenses (including VAT paid by OAO Gazprom Centremerr to the third parties) is RR 30,124,678.30. The limited remuneration fee of OAO Gazprom Centremerr (including extra fees) is RR 63,823.47 (net of VAT). The interested persons are A.V. Kruglov and M.L. Sereda, members of OAO Gazprom’s governance bodies. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.

12. Bank guarantee contract with OAO Bank VTB. OAO Bank VTB undertakes upon written application of OAO Gazprom, beginning with the date of contract signing up to 20.09.2012, to issue bank guarantees in benefit of the Central Energy Custom about invalidity of the claim. The interested person is K.G. Selезнев, member of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.
Bank guarantee contract with OAO Bank VTB. OAO Bank VTB undertakes to support OAO Gazprom obligations to execute customs payments with the Central Energy Custom in the amount of OAO Gazprom Guaranteed sum in accordance with OAO Bank VTB to the Central Energy Custom in case, when Moscow Arbitration Court issues decision, which become in force, of full or partial abjuration of OAO Gazprom’s obligations to the Central Energy Custom about the claim. The amount of all simultaneously effective guarantees is not to exceed RUR 5,000,000,000. Validity period of a single guarantee cannot be more than 12 months from the date of its issue inclusive. For every issued guarantee OAO Gazprom pays to OAO Bank VTB remuneration fee in size of 0.31% per annum of the sum of guarantee calculated for the period of its action. The remuneration fee is paid lump sum within 25 business days from the date of full fulfillment of guarantee issue after receipt by OAO Gazprom from OAO Bank VTB of a notification of its payment. In case of nonperformance or improper performance by OAO Gazprom is an obligation of within 25 Bank VTB supports the contract, after forwarding by OAO Bank VTB a notification to OAO Gazprom about forfeit, OAO Gazprom pays OAO Bank VTB a forfeit, calculated at a base rate of the Bank of Russia (effective on the date of forfeit charge), on sum of nonperformance or improper performance of OAO Gazprom’s obligations after OAO Bank VTB supported by the contract up to the date of its full fulfillment by OAO Gazprom. In the absence of notification obligation to pay forfeit does not arise. The contract comes in force as of the date of signing by the parties and is effective until full execution by the parties of accepted obligations. The interested person is the Russian Federation, the Shareholder of OAO Gazprom which owns more than 20% shares. Approved by the Resolution of OAO Gazprom’s Board of Directors No. 1682 dated 06.12.2010.

Bank guarantee contract with OAO Bank VTB. OAO Bank VTB undertakes to support OAO Gazprom obligations to execute customs payments with the Central Energy Custom, in accordance with OAO Bank VTB to the Central Energy Custom in case, when Moscow Arbitration Court issues decision, which become in force, of full or partial abjuration of OAO Gazprom’s obligations to the Central Energy Custom about the claim. The amount of all simultaneously effective guarantees is not to exceed RUR 9,000,000,000. Validity period of a single guarantee cannot be more than 12 months from the date of its issue inclusive. For every issued guarantee OAO Gazprom pays to OAO Bank VTB remuneration fee in size of 0.31% per annum of the sum of guarantee calculated for the period of its action. The remuneration fee is paid lump sum within 25 business days from the date of full fulfillment of guarantee issue after receipt by OAO Gazprom from OAO Bank VTB of a notification of its payment. In case of nonperformance or improper performance by OAO Gazprom is an obligation of within 25 Bank VTB supports the contract, after forwarding by OAO Bank VTB a notification to OAO Gazprom about forfeit, OAO Gazprom pays OAO Bank VTB a forfeit, calculated at a base rate of the Bank of Russia (effective on the date of forfeit charge), on sum of nonperformance or improper performance of OAO Gazprom’s obligations after OAO Bank VTB supported by the contract up to the date of its full fulfillment by OAO Gazprom. In the absence of notification obligation to pay forfeit does not arise. The contract comes in force as of the date of signing by the parties and is effective until full execution by the parties of accepted obligations. The interested person is the Russian Federation, the Shareholder of OAO Gazprom which owns more than 20% shares. Approved by the Resolution of OAO Gazprom’s Board of Directors No. 1683 dated 06.12.2010.

Guarantee agreement with Gas Transport Services B.V. OAO Gazprom irrevocably and unconditionally guarantees Gas Transport Services B.V. and its successors and assigns on the first demand of Gas Transport Services B.V. prompt, timely payment of all existing and subsequent final payments of OAO Gazprom Export, payable to Gas Transport Services B.V. under Clause 5 of Transportation Conditions (TSC) for the services rendered under Clause 2 of TSC, concerning reservations executed in accordance with: 1) Data List under the contract dated 11.07.2007 (Contract 1); 2) Data List under the contract to be concluded under Preliminary conditions dated 12.11.2009 (Contract 2); 3) Data List under the contract to be concluded under Additional agreement ITF 09.1943 dated 30.09.2009 (Contract 3) Responsibility under Contract 1 is limited to Euro 1,900,000. Responsibility under Contract 2 is limited to Euro 34,600. Responsibility under Contract 3 is limited to Euro 21,500,000. Total responsibility under Contract 1, Contract 2 and Contract 3 is limited to Euro 56,000,000. Agreement comes into force from the signing date except obligations under guarantee agreement as for Contract 2 and Contract 3, which come into force from the date of issue of these contracts. Guarantee agreement is effective in full up to 01.08.2028. The interested person is A.I. Medvedev, member of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s Board of Directors No. 1701 dated 31.12.2010.

Buy and sell agreement of property with OAO Gazpromregio. OAO Gazpromregio undertakes to sell and transfer property beneficially owned by OAO Gazprom. The total cost of property is RR 3,230,639.51 (net of VAT in Central Energy Region of OAO Gazprom). OAO Gazpromregio takes liability and pay for property beneficially owned by OAO Gazprom. The total cost of property is RR 3,230,639.51 (net of VAT in Central Energy Region of OAO Gazprom). OAO Gazpromregio manages within 20 calendar days as of the date of signing of the agreement executes prepay by transfer of RR 3,230,639.51 plus VAT at amount of RR 581,515.11 to the account of OAO Gazprom. OAO Gazprom is obliged within 5 calendar days from the date of execution of payment to transfer property with providing acceptance acts for fixed assets (form OS-1 gazex). The Agreement is effective as of the date of signing by the parties and is effective until full execution by the parties of accepted obligations. The interested persons are K.G. Seleznev, O.P.Pavlova, V.V. Byshun, members of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s Board of Directors No. 1704 dated 31.12.2010.

Agreement No.1 to the order No.2 dated 30.08.2010 to the agency contract No. PNR-14-2010 dated 02.07.2010 with OAO Gazprom Invest Yug, concerning contract support for comprehensive installation and commissioning works. Limited amount of reimbursable by OAO Gazprom expenses (including VAT paid by OAO Gazprom invest Yug to the third parties) is RR 22,300,310. The limited remuneration fee of OAO Gazprom invest Yug (including extra fees) is RR 74,274.05 (net of VAT). The interested person is Y.Y. Golko, member of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.

Addendum No.54 to the contract on the volumes and the terms and conditions for the natural gas supply to the Lithuanian Republic for the period from 2000 through 2015 No.1Gi-2000 dated 16.12.1999 with AO Lietuvosdujos due to adjustments of volumes of transit and payment procedures for arrangement of gas transportation services through the Lithuanian Republic for the customers of Kaliningradskaya oblast. From 2011 to 2015 annual volumes of gas transportation transit through the Lithuanian Republic for the customers of Kaliningradskaya oblast are to be determined in the contract for the sum of “Ship-or-pay”. The interested persons are K.G. Seleznev, V.A. Golubev, members of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.

Addendum No.6/11 to the contract No.23RK-2007-K5-32-0042/07 dated 12.03.2007 with OAO Gazprom mezhegreqgaz due to adjustments of volumes of gas deliveries and specification of essential elements. The volume of gas supply in 2011 is up to 2,165.2 mmcm, price for gas to be delivered in 2011 is RR 2,844 for 1 mmcm. The interested person is K.G. Seleznev, member of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.

Additional agreement No.1/1 to the contract No. MRG-np/2010-1/007/10 dated 30.07.2010 with OAO Gazprom mezhegreqgaz due to changes of volumes of gas deliveries and specification of essential elements. The volume of gas supply in 2011 is 175.0 mmcm. The interested person is K.G. Seleznev, member of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.

Contract with OAO Gazprom Pr.omgaz for performance of the research work. OAO Gazprom binds and OAO Gazprom Pr.omgaz commits to execute research work. The theme: “Estimates of potential capabilities of sales of methane extracted from priority Kuzbas fields. The cost of work is RR 29,661,000 (net of VAT). The time of work delivery is from 01.07.2010 up to 31.12.2012. The terms and conditions of the contract are applicable to the parties effective from 01.07.2010. The interested person is V.V. Rukasova, member of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.

Contract with OAO Gazprom Pr.omgaz for performance of the research work. OAO Gazprom binds and OAO Gazprom Pr.omgaz commits to execute research work. The theme: “Developing proposals on use of methane as an auxiliary fuel by energy power plants for existing power plants in the analysis of projects of electric power plants and geological-technical communications. The cost of work is RR 8,718,620 (net of VAT). The time of work delivery is from 01.07.2010 up to 31.12.2012. The terms and conditions of the contract are applicable to the parties effective from 01.07.2010. The interested person is V.V. Rukasova, member of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.
25. Additional agreement No. 2 to the contract No. 12NPr/k-2010 dated 31.12.2009 for gas transit and OAO Gazprom services with OAO Gazprom Neft due to increase of volume of gas transportation in the 4Q 2010, caused by appearance of a new customer (OAO Serebryakovkement), new gas sources (Muravevskoye, Bukhankovo and Sar-Kou-Kaya gas fields) as well as costs of gas transportation through the territory of the Republic of Kazakhstan. The volume of gas transportation from 01.01.2010 is 2,653.51 mmcm. The cost of arrangement of gas transportation services through the territory of the Republic of Kazakhstan is determined on the basis of negotiated by the parties rate in the amount of RR 59.34 for transportation of 1000 cubic meters of gas at a distance of 100 km and actual commodity-transportation job in connection with gas transportation performed (net of VAT). The terms and conditions of the agreement are applicable to the parties effective from 01.10.2010. The interested persons are A.B. Miller, A.V. Kruglov, V.A. Golubev, K.G. Seleznev, N.N. Dubik, O.P. Pavlova, members of OAO Gazprom’s governance bodies. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.

26. Order No. 5 to the agency contract No. PNR-15-2010 dated 02.07.2010 with ZAO Gazprom invest Yug, concerning contract support for comprehensive installation and commissioning works. Limited amount of reimbursable by OAO Gazprom expenses (including VAT paid by ZAO Gazprom invest Yug to the third parties) is RR 24,510,000. The limited remuneration fee of ZAO Gazprom invest Yug (including extra fees) is RR 51,927.97 net of VAT. The interested person is Y.Y. Golko, member of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.

27. Contract with OAO Gazprom Centrrentom for performance of the research work on arrangements and OAO Gazprom Centrrentom’s remuneration to execute in accordance with technical assignment the research work. The theme: "Developing of normative documents in the sphere of technical maintenance and safety of the objects". The cost of work is RR 268,195.34 (net of VAT). The time of work delivery is as of 01.05.2010 up to 30.11.2011. The terms and conditions of the contract are applicable to the parties effective from 01.05.2010. The interested persons are A.V. Kruglov, M.L. Sereda, members of OAO Gazprom’s governance bodies. Approved by the resolution No. 1715 of OAO Gazprom’s Board of Directors dated 11.02.2011.

28. Guarantee agreement of controlling company with OMV Gas GmbH. OAO Gazprom irrevocably and unconditionally guarantees OMV Gas GmbH and his successors and assigns on the first demand of OMV Gas GmbH prompt and timely payment of all existing and subsequent final payments of OOO Gazprom Export, payable to Gas Transport Services B.V. under cession contracts of following capacities:

- Capacity in size of 268,926 cm³/h for the period from 01.04.2011 up to 01.10.2012 (under contracts TR_PW_F_US_110401_270930_14532, TR_PW_F_US_110401_270930_14545);
- Capacity in size of 20,454 cm³/h for the period from 01.04.2011 up to 01.10.2012 (under contracts TR_PW_F_US_110401_270930_14531, TR_PW_F_US_110401_270930_14548);
- Capacity in size of 10,620 cm³/h for the period from 01.04.2011 up to 01.10.2012 (under contracts TR_PW_F_US_110401_270930_14550).

OMV Gas GmbH has to request OAO Gazprom in written in regard to all payment (cash) obligations of OOO Gazprom Export executed not timely, and OAO Gazprom is obliged to arrange payments of these obligations within 5 business days upon receipt of request. Responsibility is limited to Euro 24,625.781. Agreement comes into force as of the signing date and is effective until parties fulfill their obligations in full, provided that Agreement covers only obligations arising at or before 01.10.2017. The interested person is A.I. Medvedev, member of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s Board of Directors No. 1728 dated 17.03.2011.

29. Agency agreement with OAO Centrtransgaz. OAO Centrtransgaz commits for remuneration fee in the amount of RR 22,288,135.59 for order execution of equipment and repair of equipment and structures. The cost of work is RR 22,288,135.59 net of VAT. OAO Gazprom binds and OOO Gazprom Centrremont commits to prompt and timely payment of all existing and subsequent final payments of OAO Gazprom irrevocably and unconditionally guarantees OMV Gas GmbH has to request OAO Gazprom in written in regard to all payment (cash) obligations of OOO Gazprom Export executed not timely, and OAO Gazprom is obliged to arrange payments of these obligations within 5 business days upon receipt of request. Responsibility is limited to Euro 24,625.781. Agreement comes into force as of the signing date and is effective until parties fulfill their obligations in full, provided that Agreement covers only obligations arising at or before 01.10.2017. The interested person is A.I. Medvedev, member of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.


31. Loan agreement with OAO Severneftegazprom. Gazprom provides OAO Severneftegazprom with the sum of money not more than RR 13,000,000,000 and OAO Severneftegazprom undertakes to repay the loan in full and pay interest for the use of borrowed funds. Given by OAO Gazprom loan is used by OAO Severneftegazprom for redemption of indebtedness under taken from a group of banks credits. Interests are charged monthly at a rate of 0.01% for each calendar day of late payment. Work of interest is charged monthly at a rate of 0.01% for each calendar day of late payment. OAO Severneftegazprom is obliged to arrange and execute the works of gas transportation in 2011 No.GB dated 31.12.2006 with OAO Beltransgaz due to adjustments of volumes of gas supply to the Republic of Belarus transit gas transportation through the territory of the Republic of Belarus for the period from 2007 through 2011 No.GB dated 31.12.2006 with OAO Beltransgaz due to adjustments of volumes of gas supply in 2011. OAO Beltransgaz reserves the right to claim from OAO Severneftegazprom the payment of forfeits in the sum of 0.01% for each calendar day of late payment. Contract comes into force with the transfer by OAO Gazprom sum loan to OAO Severneftegazprom and is valid until full performance of obligations of the parties. The interested persons are A.I. Medvedev, O.P. Pavlova, V.V. Cherepanov, members of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s Board of Directors No.1733 dated 21.03.2011.

32. Addendum to the contract on the volumes and the terms and conditions for the natural gas supply to the Republic of Belarus transit gas transportation through the territory of the Republic of Belarus for the period from 2007 through 2011 No.GB dated 31.12.2006 with OAO Beltransgaz due to adjustments of volumes of gas supply in 2011. OAO Beltransgaz reserves the right to claim from OAO Severneftegazprom the payment of forfeits in the sum of 0.01%. The term of loan repay is not later than 3.09.2011. For delay in repayment of principal debt in full and payment of interests OAO Gazprom has the right to claim from OAO Severneftegazprom the payment of forfeits in the sum of 0.01% for each calendar day of late payment. Contract comes into force with the transfer by OAO Gazprom sum loan to OAO Severneftegazprom and is valid until full performance of obligations of the parties. The interested persons are A.I. Medvedev, O.P. Pavlova, V.V. Cherepanov, members of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s Board of Directors No.1733 dated 21.03.2011.

33. Order No. 2 to the agency contract No. PNR-2-2010 dated 03.06.2010 with ZAO Yamalagazinvest, concerning contract support for comprehensive installation and commissioning works. Limited amount of reimbursable by OAO Gazprom expenses (including VAT paid by ZAO Yamalagazinvest to the third parties) is RR 133,506,440. The limited remuneration fee of ZAO Yamalagazinvest (including extra fees) is RR 282,852.63 net of VAT. The interested persons are E.A. Vasilieva, Y.Y. Golko, V.V. Ilushin, members of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.
34. Agreement to the contract No. 3/2010-2 concerning amendments to the contract for investment projects execution No. 01/412-3716 dated 11.12.2009 with OAO Gazprom Centremont due to specification of investment projects list and objects within investment project and adjustment of the volumes of investments for 2010. The cost of services of OOO Gazprom Centremont for 2010 is RR 297,061,000 net of VAT. The terms and conditions of the agreement are applicable to the parties effective from 30.09.2010. The interested persons are A.V. Kruglov, M.L. Sereda, members of OAO Gazprom’s governance bodies. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.


36. Addendum No.48 to the contract No.1GLa-2000 dated 11.16.1999 with AO Latvijas Gaze and AO Latvijas Gaze executes pumping to UGSF and storage of natural gas belonging to OAO Gazprom and also performs its withdrawal from UGSF and annually accumulated volumes. The interested persons are K.G. Seleznov, V.V. Rusakova, E.E. Karpel, members of OAO Gazprom’s governance bodies. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.

37. Addendum No. 3 to the contract No.23 Pk-2009 dated 29.12.2008 with ZAO Nortgaz Plant for the natural gas supply to OAO Gazprom due to specification of investment projects list and objects within investment project and adjustment of the volumes of investments for 2010. The costs of services of OOO Gazprom Centremont for 2010 is RR 297,061,000 net of VAT. The terms and conditions of the agreement are applicable to the parties effective from 30.09.2010. The interested persons are A.V. Kruglov, M.L. Sereda, members of OAO Gazprom’s governance bodies. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.

38. Guarantee agreement GBP (OJSC). OAO Gazprom is responsible for the fulfillment by OOOG Gazprom dobycha Shelf of its obligations to GBP (OJSC) in full, arising out of Letter of credit agreement No. IMP-718 dated 26.11.2010 between GBP (OJSC) and Gazprom dobycha Shelf, including payments (in procedure of recourse) executed by GBP (OJSC) under Letter of credit. Responsibility of OAO Gazprom is limited to US $ 111,604,576. In case of nonperformance of guaranteed obligations supported by the guarantee, obligation by Gazprom dobycha Shelf OAO Gazprom and Gazprom dobycha Shelf are jointly and severally liable to GBP (OJSC). OAO Gazprom is liable to GBP (OJSC) in the same amount as OAO Gazprom dobycha Shelf in accordance with terms and conditions of the agreement mentioned above. In case of nonperformance of guarantee agreement obligations by OAO Gazprom, GBP (OJSC) has the right to claim the payment of forfeit in the sum of 0.03% for each day of late payment. Agreement comes into force on the date of signing and is effective up to 31.07.2013. The interested persons are A.B. Miller, M.L. Sereda, E.A. Vasilieva, K.G. Seleznev, members of OAM Gazprom’s governance bodies. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 17.01.2011.


40. Guarantee agreement with GBP (OJSC). OAO Gazprom is responsible for the fulfillment by OAO Gazprom Avtomatizatsiya of its obligations to GBP (OJSC) in full, arising out of the credit agreement No. 307/10-R dated 15.12.2010 between GBP (OJSC) and OAO Gazprom Avtomatizatsiya, concerning opening of credit line, including reimbursement of principal debt and payment of the credit interest for use of loaned funds according to the credit agreement. OAO Gazprom responsibility is limited to RR 2,312,000,000. In case of nonperformance of guarantee obligations supported by the guarantee, obligation by OAO Gazprom Avtomatizatsiya OAO Gazprom and OAO Gazprom Avtomatizatsiya are jointly and severally liable to GBP (OJSC). OAO Gazprom is liable to GBP (OJSC) in the same amount as OAO Gazprom Avtomatizatsiya in accordance with terms and conditions of the agreement mentioned above. In case of nonperformance of guarantee agreement obligations by OAO Gazprom, GBP (OJSC) has the right to claim the payment of forfeit in the sum of 0.03% for each day of late payment. Agreement comes into force on the date of signing and is effective up to 14.03.2013. The interested persons are A.B. Miller, M.L. Sereda, E.A. Vasilieva, A.V. Kruglov, K.G. Seleznov, members of OAO Gazprom’s governance bodies. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 04.03.2011.

41. Agreement No. 21/2010-2 concerning amendments to the contract for investment project No. 53-887 dated 08.12.1999 with OAO Gazprom Koschmische Systezy due to changes in investment program for 2010. The cost of services of OAO Gazprom Koschmische Systezy for 2010 is RR 582,366,20 net of VAT. The terms and conditions of the agreement are applicable to the parties effective from 30.09.2010. The interested persons are O.P. Pavlova, S.F. Khomyakov, M.L. Sereda, members of OAO Gazprom’s governance bodies. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.

42. Paid services contract with OOOG Gazprom Investproekt. OOOG Gazprom Investproekt commits to provide for OAO Gazprom a range of information, consulting, managerial and other services, during execution of concrete investment projects in the best interests of OAO Gazprom through implementation of advanced procedures and approaches to investment projects’ management with the purpose of optimal application of funds of OAO Gazprom investment program in accordance with assignments established in additional agreements to the paid services contract; and OAO Gazprom agrees to accept and pay for these services. Under any investment project the parties negotiate assignments which establish range, scope, terms and cost of services. Term of services provision by OOOG Gazprom Investproekt is defined in every concrete assignment. Cost of services being rendered by OOOG Gazprom Investproekt to OAO Gazprom under every assignment is determined on the base of evaluation of the project scope, which is approved by the Project Management Committee. Evaluation is provided by independent valuators from amongst institutes, selected by OAO Gazprom in accordance with procedures in force. Within 30 calendar days as of the date of signing of the terms and conditions of the agreement mentioned above. In case of nonperformance or improper performance of supported by the guarantee obligations by OAO Gazprom, OAO Gazprom is liable to GPB (OJSC) in the same amount as OAO Gazprom services rendered under assignment in all OAO Gazprom’s projects; within 10 calendar days as of the date of signing of the parties of final acceptance act, pays to GPB (OJSC) the remainder 20% of the cost of services provided under assignment. The executed prepayment is counted towards payment for rendered in any reported Quarter services in proportion of the cost defined in the relevant acceptance act. If in any Concrete investment project under any investment project the parties obligations in full. The parties of the agreement are applicable to the parties effective from 01.01.2010. The interested persons are S.F. Khomyakov, V.A. Golubev, O.P. Pavlova, E.A. Vasilieva, A.V. Kruglov, members of OAO Gazprom’s executive committee. Approved by the Resolution of OAO Gazprom’s Board of Directors No. 1727 dated 17.01.2011.

43. Additional agreement No. 1 to the paid services contract No. 270 dated 14.04.2011 with OAO Gazprom Investproekt. Initial assignment. Additional agreement is accommodation of assignment to the paid services contract, range, scope, terms and cost of services. Services are aimed to develop a responsive system of project execution for OAO Gazprom project, i.e. project management (see, if not less than 360 Mwt or “design, survey works and construction”) in the best interests of OAO Gazprom through implementation of advanced procedures and approaches to investment projects’ management with the purpose of optimal application of funds of OAO Gazprom investment program. Tasks set to OAO Gazprom Investproekt are as follows:

- Developing of general scheme of project execution and ins financing;
- Developing of project financing framework paid to unburden investment project of OAO Gazprom through engaging of external financing. Arrangement of project financing attraction for execution of the project;
- Managing of investment-construction process to support monitoring by OAO Gazprom of construction progress and arrangement of control over capital expenditures for project financing. Analysis of risks arising in the course of project execution and creation of effective risks-management system;
- Developing of procedure of project transfer within Gazprom Group. The total period of services delivery is 2010-2012. The cost of services amounts to RR 459,800,000 (net of VAT). The contract comes into force as of the date of signing of the parties and is effective until execution of adopted by the parties obligations in full. The terms and conditions of the agreement are applicable to the parties effective from 01.01.2010. The interested persons are S.F. Khomyakov, V.A. Golubev, O.P. Pavlova, E.A.Vasilieva, A.V. Kruglov, members of OAO Gazprom’s executive committee. Approved by the Resolution of OAO Gazprom’s Board of Directors No. 1727 dated 17.03.2011.

44. Addendum No.48 to the contract No.1GLa-2000 dated 16.11.1999 with AO Latvijas Gaze for the natural gas supply to Latvia Republic for the period 2000–2030 due to changes in rate of gas transportation services. The rate of transportation arrangement of 1000 cubic meters of gas at a distance of 100 km equals to US $ 1.62. The interested persons are A.B. Miller, M.L. Sereda, E.A. Vasilieva, A.V. Kruglov, K.G. Seleznov, members of OAO Gazprom’s governance bodies. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.


47. Agreement No. 27/2010-2 concerning amendments to the contract for investment projects execution No. YaGl-99 dated 01.01.1999 with ZAO YamalGasInvest due to specification of investment projects list and objects within investment projects and adjustment of the volume of investments for 2010. The cost of services of ZAO YamalGasInvest for 2010 is RR 2,489,649,000 net of VAT. The terms and conditions of the agreement are applicable to the parties effective from 30.09.2010. The interested persons are E.A. Vasilieva, V.V. Cherepanov, members of OAO Gazprom's collegiate executive body. Approved by the Resolution of OAO Gazprom's annual General Shareholders Meeting dated 25.06.2010.

48. Additional agreement with OAO Severneftegazprom, Wintershall Vernogenverwaltungsgesellschaft mbH and E.ON Ruhrgas E&P GmbH. Loan agreements between:
- OAO Gazprom and OAO Severneftegazprom for no more than RR 13,000,000,000 (Loan agreement 1);
- Wintershall Vernogenverwaltungsgesellschaft mbH and OAO Severneftegazprom for no more than RR 11,375,000,000 (Loan agreement 2);
- E.ON Ruhrgas E&P GmbH and OAO Severneftegazprom for no more than RR 8,125,000,000 (Loan agreement 3).

The Parties represent and warrant that any payment under Loan Agreements 1, 2, 3 (including, but not limited to, repayment of the amount of principal debt, accrued interest, penalties and other payments), payable by OAO Severneftegazprom to any of the Lenders (hereinafter – Repayment), and any Provision of Funds by any Lender to OAO Severneftegazprom (to the extent that such repayment or provision are available subject to terms and conditions of Loan Agreements 1, 2, 3) will be performed by a relevant Party in such a manner that the following ratio is maintained for such Repayment and Provision of Funds, and also for principal debt amounts, payable under Loan Agreements 1, 2, 3: 40% under Loan agreement 1, 35% under Loan agreement 2 and 25% under Loan agreement 3. OAO Severneftegazprom shall promptly notify each Lender of planned date of Repayment or Provision of Funds, and each Lender shall confirm to OAO Severneftegazprom whether such Repayment or Provision of Funds are acceptable, provided such payments do not violate the Ratio. No Lender is entitled to make amendments to a Loan agreement, of which it is a party, without prior written consent of other Lenders, or prior to execution of a written contract between Lenders, provided such a contract maintains the Ratio. If Lenders agree to amend any condition or provision of any Loan agreement, the Parties are to secure that relevant amendments are made to Loan Agreements 1, 2, 3 to ensure similar conditions thereof. The interested persons are A.I. Medvedev, O.P. Pavlova, V.V. Cherepanov, members of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s Board of Directors No. 1733 dated 21.03.2011.

49. Agreement No. 23/2010-2 concerning amendments to the contract for investment projects execution No. 53-577 dated 09.08.1999 with ZAO Gaztelecom due to specification of investment projects list and objects within investment projects and adjustment of the volume of investments for 2010. The cost of services of ZAO Gaztelecom for 2010 is RR 22,101,000 net of VAT. The terms and conditions of the agreement are applicable to the parties effective from 30.09.2010. The interested person is M.I. Sereda, member of OAO Gazprom’s Board of Directors. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.

50. Agreement on facilitation of exchange bond issue with OAO GPB (OJSC) and OOO Renaissance Broker. OAO GPB (OJSC) and OOO Renaissance Broker undertake to provide the following consulting, information and other services in order to facilitate primary placement and secondary trading of OAO Gazprom’s exchange bonds of RR 01.875 Bond convertible into OAO Gazprom’s common shares for a period of 3 years. The Parties represent and warrant that any payment under Loan Agreements 1, 2, 3 (including, but not limited to, repayment of the amount of principal debt, accrued interest, penalties and other payments) payable by OAO Gazprom to any of the Lenders (hereinafter – Repayment), and any Provision of Funds by any Lender to OAO Gazprom (to the extent that such repayment or provision are available subject to terms and conditions of Loan Agreements 1, 2, 3) will be performed by a relevant Party in such a manner that the following ratio is maintained for such Repayment and Provision of Funds, and also for principal debt amounts, payable under Loan Agreements 1, 2, 3: 40% under Loan agreement 1, 35% under Loan agreement 2 and 25% under Loan agreement 3. OAO Severneftegazprom shall promptly notify each Lender of planned date of Repayment or Provision of Funds, and each Lender shall confirm to OAO Severneftegazprom whether such Repayment or Provision of Funds are acceptable, provided such payments do not violate the Ratio. No Lender is entitled to make amendments to a Loan agreement, of which it is a party, without prior written consent of other Lenders, or prior to execution of a written contract between Lenders, provided such a contract maintains the Ratio. If Lenders agree to amend any condition or provision of any Loan agreement, the Parties are to secure that relevant amendments are made to Loan Agreements 1, 2, 3 to ensure similar conditions thereof. The interested persons are A.I. Medvedev, O.P. Pavlova, V.V. Cherepanov, members of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s Board of Directors No. 1717 dated 25.02.2011.

51. Agreement No. 13/2010-2 concerning amendments to the contract for investment projects execution No. 42 dated 29.09.2003 with OOO Gazpromtrans due to specification of investment projects list and objects within investment projects and adjustment of the volume of investments for 2010. The cost of services of OOO Gazpromtrans for 2010 is RR 238,218,000 net of VAT. The terms and conditions of the agreement are applicable to the parties effective from 30.09.2010. The interested persons are O.P. Pavlova, N.N. Dubik, members of OAO Gazprom's collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.

52. Rental contract with OAO Gazprom Gazorasperedelenie. The amount of lease fee for the period up to 01.04.2011 is RR 28,725,000 (net of VAT). The amount of monthly lease fee effective from April to September 2011 is RR 92,925 (net of VAT). The amount of lease fee effective from 01.10.2011 up to 30.10.2011 is RR 9,286 (net of VAT). The terms and conditions of the contract are applicable to the parties effective from 30.09.2010. The interested persons are E.O. Kruglov, K.G. Seleznev, members of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.

53. Rental contract with ZAO Gaztelecom. The amount of lease fee for the period up to 01.04.2011 is RR 2,787,369 (net of VAT). The amount of monthly lease fee effective from April to September 2011 is RR 9,575 (net of VAT). The amount of lease fee effective from 01.10.2011 up to 30.10.2011 is RR 899,151 (net of VAT). The terms and conditions of the contract are applicable to the parties effective from 01.01.2011. The interested person is M.L. Sereda, a member of OAO Gazprom’s Board of Directors. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.

54. Agreement No. 6/2010-2 concerning amendments to the contract for investment projects execution No.1 dated 03.12.2008 with ZAO Gazprom Neft Orenburg due to specification of investment projects list and objects within investment projects and adjustment the volume of investments for 2010. The terms and conditions of the agreement are applicable to the parties effective from 30.09.2010. The interested person is M.L. Sereda, a member of OAO Gazprom’s Board of Directors. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.
55. Buy and sell agreement of property with OAO Gazoraspredeleniye. The interested persons are A.V. Kruglov, M.L. Sereda, members of OAO Gazprom's governance bodies. Approved by the Resolution of OAO Gazprom's annual General Shareholders Meeting dated 25.06.2010.

56. Underwriting Contract with OAO GPB. OAO Gazprom hereby engages OAO GPB, from disposal of the Pledged Assets, to the extent of the full amount of secured by OAO Gazprom (hereinafter – Pledged Assets). The pledge is to secure the of OAO Severneftegazprom, placed after execution of the contract and owned face value of RR 1 each, representing 40.0004506 % of the chartered  capital of ING Bank N.V. (London branch) to secure prompt and due performance (London branch). OAO Gazprom shall provide as the first charge in favor of OAO Gazprom's governance bodies. Approved by the Resolution of OAO Gazprom’s Board of Directors No. 1725 dated 17.03.2011.

57. Share Pledge Agreement of OAO Severneftegazprom with ING Bank N.V. (London branch). OAO Gazprom shall provide as the first charge in favor of ING Bank N.V. (London branch) to secure prompt and due performance by OAO Severneftegazprom of its secured liabilities under the Project Financing Contract, executed for Yuzhno-Russskoye oil and gas field project by OAO Severneftegazprombank International Bank N.V. (London branch) and a group of banks-initial lenders (hereinafter – Loan Agreement) 266,668 unregistered certificated ordinary shares of OAO Severneftegazprom with face value of RR 1 each, representing 40.0004506 % of the chartered capital of OAO Severneftegazprom, placed after execution of the contract and owned by OAO Gazprom (hereinafter – Pledged Assets). The pledge is to secure the full amount of secured liabilities. Upon foreclosure of the Pledged Assets, ING Bank N.V. (London branch) shall be entitled to receive the full amount of funds from disposal of the Pledged Assets, to the extent of the full amount of secured liabilities, as limited by the collateral for the Loan Agreement; OAO Gazprom retains title to the Pledged Assets while it remains the registered owner of the Pledged Assets, and shall be entitled to exercise its rights for the Pledged Assets, including, inter alia, voting rights granted by the Pledged Assets and its right to any dividend or other distributions, related to the Pledged Assets. The right of pledge for Pledged Assets arises from the moment of signing of the contract support for comprehensive installation and commissioning works. The interested persons are A.V. Kruglov, M.L. Sereda, members of OAO Gazprom’s governance bodies. Approved by the Resolution of OAO Gazprom’s Board of Directors No. 1718 dated 25.02.2011.

58. Contract with OAO Gazprom Neft concerning gas transportation arrangement services. The volumes of gas transportation in the period from 01.03.2011 up to 31.12.2011 is 2,782.606 mmcm. The cost of services is determined on the basis of negotiation between OAO Gazprom trunk pipe-lines established by the order of FTS in accordance with the current market conditions and with actual volume of gas transported and commodity-transportation job performed (net of VAT). The Contract comes into force from the signing date and is valid until the end of the period following terms of the obligations. The interested persons are A.B. Miller, A.V. Kruglov, N.D. Dubik, V.A. Golubev, K.G. Seleznev, O.P. Pavlova, V.V. Cherepanov, members of OAO Gazprom’s governance bodies. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.

59. Buy and sell agreement of shares of South Stream AG with Gazprom Germania GmbH. OAO Gazprom acquires belonging to Gazprom Germania GmbH 50 personal shares of South Stream AG (50% of chartered capital) with nominal price CHF100 each and total value of CHF50,000,000, at a price of 60,333,160. The interested persons are A.I. Medvedev, A.V. Kruglov members of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s Board of Directors No.1741 dated 04.01.2011.

60. Order No. 2 to the agency contract No. PNR-14-2010 dated 02.07.2010 with OAO Gazprom Centremont, concerning contract support for comprehensive installation and commissioning works. Limited amount of reimbursable by OAO Gazprom expenses (including VAT paid by OAO Gazprom Centremont to the third parties) is RR 32,414,600. The unlimited remuneration fee of OAO Gazprom Centremont (including extra fees) is RR 68,675 (net of VAT). The interested persons are A.V. Kruglov, M.L. Sereda, members of OAO Gazprom’s governance bodies. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.

61. Rental contract with ZAO Gazprom Neft Orenburg. The amount of lease fee for the period till 01.04.2015 is RR 15,527,478 and monthly lease fee effective from April to September 2011 is RR 5,175,826 (net of VAT). The amount of lease fee effective from 01.10.2011 up to 30.10.2011 is RR 5,008,864 (net of VAT). The terms and conditions of the contract are applicable to the parties effective from 01.01.2011. The interested persons are O.P.Pavlova, N.N. Dubik, members of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.

62. Agreement No. 22/2010-3 concerning amendments to the contract for research work due to changes in time of work delivery for OAO Gazprom Kosmicheskiy Sistem, due to determination of framework of execution of investment program for 2010. The interested persons are O.P. Pavlova, S.V. Tumyanov, M.L. Sereda, members of OAO Gazprom’s governance bodies. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.

63. Agreement No.4/2010-3 concerning amendments to the contract for investment projects execution No. 01/0412-3716 dated 11.12.2009 with OOOG Gazprom Centremont due to determination of framework of execution of investment program for 2010. The interested persons are A.V. Kruglov, M.L. Sereda, members of OAO Gazprom’s governance bodies. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.

64. Addendum No.39 to the Contract No.22NPtr/k-2004 dated 06.10.2003 with OAO Novatek for gas transportation arrangement services. Gas transportation arrangement services are to be rendered during the period up to 31.12.2013. The volumes of gas transportation are: in 2011: 26,055,155 mmcm. in 2012 – 22,570,512 mmcm., in 2013 – 9,506,841 mmcm. The interested persons are R.G. Serebryakova, B. Bergmann, members of OAO Gazprom’s governance bodies. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.

65. Agreement No.1 to order No. 1 dated 23.08.2010 to the agency contract No. PNR-15-2010 dated 02.07.2010 with ZAO Gazprom invest Yug, concerning contract support for comprehensive installation and commissioning works. Limited amount of reimbursable by OAO Gazprom expenses (including VAT paid by ZAO Gazprom invest Yug to the third parties) is RR 33,250,000. The limited remuneration fee of ZAO Gazprom invest Yug (including extra fees) is RR 70,444.91 (net of VAT). The interested person is Y.Y. Golko, member of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.

66. Agreement No.1 to the contract No.1045-08-2 dated 10.09.2008 with OAO Gazprom Neft concerning gas transportation arrangement services. The interested persons are A. I. Medvedev, O.P. Pavlova, V.V. Cherepanov, members of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.

67. Agreement No. 14/2010-3 concerning amendments to the contract for investment projects execution No. 53-887 dated 08.12.1999 with OAO Gazprom invest Yug, concerning contract support for comprehensive installation and commissioning works. Limited amount of reimbursable by OAO Gazprom expenses (including VAT paid by OAO Gazprom invest Yug) is RR 1,097,333. The interested persons are A.V. Kruglov, N.D. Dubik, V.A. Golubev, K.G. Seleznev, O.P. Pavlova, V.V. Cherepanov, members of OAO Gazprom’s governance bodies. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.
68. Agreement No. 15/2011-1 concerning amendments to the contract for investment projects execution No. 42 dated 29.09.2003 with OOO Gazpromtrans due to specification of investment projects list and objects within investment projects and adjustment of the volume of investments for 2011. The cost of services of ZAO Gazprom Invest Yug for 2010 is RR 2,414,652,000 net of VAT. The terms and conditions of the agreement are applicable to the parties effective as of the date of signing. The interested persons are V.A. Golubev, Y.Y. Golko, members of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.

69. Agreement No. 12/2010-2 concerning amendments to the contract for investment projects execution No. 43-1-2006 dated 04.10.2006 with ZAO Gazprom Invest Yug due to specification of investment projects list and objects within investment projects and adjustment the volume of investments for 2010. The cost of services of ZAO Gazprom Invest Yug for 2010 is RR 2,414,652,000 net of VAT. The terms and conditions of the agreement are applicable to the parties effective as of the date of signing. The interested persons are V.A. Golubev, Y.Y. Golko, members of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.

70. Order No. 6 to the agency contract No. PNR-15-2010 dated 02.07.2010 with ZAO Gazprom invest Yug, concerning contract support for comprehensive installation and commissioning works. Limited amount of reimbursable by OAO Gazprom expenses (including VAT paid by ZAO Gazprom invest Yug to the third parties) is RR 25,790,000. The remuneration fee of ZAO Gazprom invest Yug (including extra fees) is RR 5,465,893. (net of VAT). The interested person is V.Y. Golko, member of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.

71. Agreement No. 28/2010-3 concerning amendments to the contract for investment projects execution No. YaGI-99 dated 01.01.1999 with ZAO Gazprom invest Yug, concerning opening of credit line for the reimbursement of the principal amount of the debt and payment of interest for credit use, payment for opening of credit line and use of limits under credit line, forfeits, reimbursement of documented court costs due to debt recovery and other documented losses of OAO Sberbank Rossi caused by nonperformance or improper performance by OAO Gazprom Kosmicheskie Systemy of its obligations arising from Credit agreement. Responsibility of OAO Gazprom under the Credit agreement is limited to RR 5,000,000,000. OAO Gazprom is liable within 5 business days from the date of written notification about late payment by OAO Gazprom Kosmicheskie Systemy under Credit agreement to pay to OAO Sberbank Rossi overdue amount including with the date of act of acceptance of services rendered in the presence of expressed by OAO Gazprom Promgaz invoice. The time of services delivery is 9 months as of the date of signing of the agreement by the parties.

72. Guarantee agreement with OAO Sberbank Rossi. OAO Gazprom is jointly and severally liable to OAO Sberbank Rossi for the full size fulfillment by OAO Gazprom Kosmicheskie Systemy of its obligations to OAO Sberbank Rossi arising from the agreement No.5409 between OAO Sberbank Rossi and OAO Gazprom Kosmicheskie Systemy (hereinafter Credit agreement), concerning opening of credit line for the reimbursement of the principal amount of the debt and payment of interest for credit use, payment for opening of credit line and use of limits under credit line, forfeits, reimbursement of documented court costs due to debt recovery and other documented losses of OAO Sberbank Rossi caused by nonperformance or improper performance by OAO Gazprom Kosmicheskie Systemy of its obligations arising from Credit agreement. Responsibility of OAO Gazprom under the Credit agreement is limited to RR 5,000,000,000. OAO Gazprom is liable within 5 business days from the date of written notification about late payment by OAO Gazprom Kosmicheskie Systemy under Credit agreement to pay to OAO Sberbank Rossi overdue amount including with the date of act of acceptance of services rendered in the presence of expressed by OAO Gazprom Promgaz invoice. The time of services delivery is 9 months as of the date of signing of the agreement by the parties.

73. Guarantee agreement with OAO Sberbank Rossi. OAO Gazprom is jointly and severally liable to OAO Sberbank Rossi for the full size fulfillment by OAO Gazprom Kosmicheskie Systemy of its obligations to OAO Sberbank Rossi arising from the agreement No.5410 dated 07.06.2011 between OAO Sberbank Rossi and OAO Gazprom Kosmicheskie Systemy (hereinafter Credit agreement), concerning opening of credit line for the reimbursement of the principal amount of the debt and payment of interest for credit use, payment for opening of credit line and use of limits under credit line, forfeits, reimbursement of documented court costs due to debt recovery and other documented losses of OAO Sberbank Rossi caused by nonperformance or improper performance by OAO Gazprom Kosmicheskie Systemy of its obligations arising from Credit agreement. Responsibility of OAO Gazprom under the Credit agreement is limited to RR 5,000,000,000. OAO Gazprom is liable within 5 business days from the date of written notification about late payment by OAO Gazprom Kosmicheskie Systemy under Credit agreement to pay to OAO Sberbank Rossi overdue amount including with the date of act of acceptance of services rendered in the presence of expressed by OAO Gazprom Promgaz invoice. The time of services delivery is 9 months as of the date of signing of the agreement by the parties.

74. Paid services agreement with OAO Gazprom Promgaz. OAO Gazprom Promgaz undertakes to provide services on analysis of soft environmental benefit of the program of developing in East Siberia and Far East of unified gas production, transportation and supply system taking into consideration possibility gas export to the markets of China and other Asian-Pacific Region in accordance with agreement to provide services for OAO Gazprom Kosmicheskie Systemy. The cost of services under agreement is RR 3,500,000 plus VAT in the amount of RR 630,000. The total cost of services under the agreement including VAT is RR 4,130,000. Payment for the services is executed by transferring to the account of OAO Gazprom Promgaz cash within 30 calendar days as of the date of signing by the parties of act of acceptance of services rendered in the presence of expressed by OAO Gazprom Promgaz invoice. The time of services delivery is 9 months as of the date of signing of the agreement by the parties.

75. Agreement No. 01/1600-S-76/2011 on amendments to the rental contract No.01/1600-D-36/2011 dated 30.11.2010 with OOO Gazpromtrans due to specification of asset holdings list and lease fee. The amount of monthly lease fee effective from January to June 2011 is RR 14,586,246 (net of VAT); the amount of monthly lease fee effective from July to September 2011 is RR 645,389,845 (net of VAT). The amount of lease fee effective from 01.10.2011 up to 30.10.2011 is RR 624,570,817 (net of VAT). The terms and conditions of the contract are applicable to the parties effective from 01.01.2011. The interested persons are V.A. Golubev, Y.Y. Golko members of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.
76. Agreement No. 13/2010-3 concerning amendments to the contract for Guarantee agreement with Sumitomo Mitsui Banking Corporation Europe Limited, OAO Gazprom’s guarantee and Fee Agreement; undertakes to Sumitomo Mitsui Banking Corporation Europe Limited that in the event when OAO Gazprom’s Guarantee Agreement fails to pay an amount in due time, as per the Credit Facility Agreement, secured by OAO Gazprom’s guarantee and/or Fee Agreement, or in relation thereof, OAO Gazprom shall within ten days from the date of receipt of a claim under the Guarantee agreement from Sumitomo Mitsui Banking Corporation Europe Limited, to pay the required amount, as if it were the principal; fulfillment of all obligations of ОАО Gazprom Kosmicheskiye Sistemi under the Guarantee Contract, and such payment leads to unconditional and irrevocable unconditional and irrevocably pays all amounts, payable by it under the OAO Gazprom’s Guarantee and Fee Agreement, or OAO Gazprom’s liability under the contract is limited by Euro 41,800,000. OAO Gazprom shall in 10 business days from the date of the receipt by OAO Gazprom of a claim under the Guarantee Contract from Sumitomo Mitsui Banking Corporation Europe Limited, to pay the required amount, payable to Sumitomo Mitsui Banking Corporation Europe Limited otherwise, if such events had not happened.

77. Agreement No. 13/2010-3 concerning amendments to the contract for investment program for 2010. The interested person is Y.Y. Golko member of OAO Gazprom Invest Yug Due to determination of framework of execution investment projects execution No.ID-1-2006 dated 04.10.2006 with Sumitomo Mitsui Banking Corporation Europe Limited under the Credit Facility Agreement, secured by OAO Gazprom’s guarantee, accrued to the claimed amount, starting from the day, following the payment date and up to the date of actual payment by OAO Gazprom of such a claim, prior to the moment or after a court ruling. The Contract comes into force as of the date of signing and will terminate at the earliest of the following events: final performance of all obligations of OAO Gazprom Kosmicheskiye Sistemi under the Credit Facility Agreement, secured by OAO Gazprom’s Guarantee and Fee Agreement, or the date when the credit facility provided by OAO Gazprom will be due to be repaid. The interested person is A.B. Miller, A.V. Kruglov, V.A. Golubev.

78. Insurance contract with OAO Sogaz. The property insurance amount according to the “Rules of equipment damage insurance” equals to RR 6,189,830.51 (net of VAT). The contract comes into force from the date, when OAO Gazprom makes any payment under the Guarantee Contract from Sumitomo Mitsui Banking Corporation Europe Limited, to pay the required amount, payable to Sumitomo Mitsui Banking Corporation Europe Limited proper guarantees to Sumitomo Mitsui Banking Corporation Europe Limited proper execution by OAO Gazprom Kosmicheskiye Sistemi all of its liabilities under the Credit Facility Agreement, secured by OAO Gazprom’s guarantee and Fee Agreement; undertakes to Sumitomo Mitsui Banking Corporation Europe Limited that in the event when OAO Gazprom’s Guarantee Agreement fails to pay an amount in due time, as per the Credit Facility Agreement, secured by OAO Gazprom’s guarantee and/or Fee Agreement, or in relation thereof, OAO Gazprom shall within ten days from the date of receipt of a claim under the Guarantee agreement from Sumitomo Mitsui Banking Corporation Europe Limited, to pay the required amount, as if it were the principal; fulfillment of all obligations of OAO Gazprom Kosmicheskiye Sistemi under the Guarantee Contract, and such payment leads to unconditional and irrevocable unconditional and irrevocably pays all amounts, payable by it under the OAO Gazprom’s Guarantee and Fee Agreement, or OAO Gazprom’s liability under the contract is limited by Euro 41,800,000. OAO Gazprom shall in 10 business days from the date of the receipt by OAO Gazprom of a claim under the Guarantee Contract from Sumitomo Mitsui Banking Corporation Europe Limited, to pay the required amount, payable to Sumitomo Mitsui Banking Corporation Europe Limited otherwise, if such events had not happened.

79. License contract with OAO Gazprom Neft for use of trademarks. OAO Gazprom (License holder) for use of trademarks OAO Gazprom (Licenser) grants a exclusive license to OAO Gazprom Neft (Licensee) for any losses, sustained by Sumitomo Mitsui Banking Corporation Europe Limited fo any losses, sustained by Sumitomo Mitsui Banking Corporation Europe Limited in 10 business days from the date of receipt by OAO Gazprom of a claim under the Guarantee Contract from Sumitomo Mitsui Banking Corporation Europe Limited. Total insurance premium equals to RR 5,500,000,000. The property insurance amount according to the “Rules of wells insurance” equals to RR 151,673,662,276, the property insurance amount according to the “Rules of floating drilling units and marine stationary platform insurance” (FDC Obsky-1) equals to RR 1,752,765,300, the property insurance amount according to the “Rules of drilling units and marine stationary platform insurance” (FDC Obsky-1) equals to RR 1,752,765,300, the property insurance amount according to the “Rules of vessel insurance” in respect of UV Pomor equals to RR 1,522,500, business interruption losses insurance according to the “Additional terms of business interruption losses insurance” equals to RR 1,500,000,000. Total insurance premium equals to RR 5,500,000,000. The contract comes into force from the date of signing  and will terminate at the date, following the payment date and up to the date of actual payment of such period, then OAO Gazprom shall also pay to Sumitomo Mitsui Banking Corporation Europe Limited an amount of penalties, payable as penalty interest under the Credit Facility Agreement, secured by OAO Gazprom’s guarantee, accrued to the claimed amount, starting from the day, following the payment date and up to the date of actual payment by OAO Gazprom of such a claim, prior to the moment or after a court ruling. The Contract comes into force as of the date of signing and will terminate at the earliest of the following events: final performance of all obligations of OAO Gazprom Kosmicheskiye Sistemi under the Credit Facility Agreement, secured by OAO Gazprom’s Guarantee and Fee Agreement, or the date when the credit facility provided by OAO Gazprom will be due to be repaid. The interested person is A.B. Miller, N.N. Dubik, O.P. Pavlova, V.V. Cherapanov, members of OAO Gazprom’s governance bodies. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.

80. Agreement on repayment conditions for recourse claims (final loan of Gazprom TradeCo 1) with OAO Severneftegazprom. Subject to the guarantee contract with limited recourse and obligation to provide a loan for individual obligations of TradeCo 1, executed by OAO Gazprom, OAO Severneftegazprom, ZAO GarantBank Tradinco Ltd, and a group of banks - initial lenders (hereinafter - Guarantee Contract). OAO Gazprom, acting as a guarantor, is entitled to recourse to OAO Severneftegazprom for any amounts, paid by OAO Gazprom in favor of ING Bank N.V. (London branch) subject to the Guarantee Contract (hereinafter – recourse claims). The Parties agree, that starting from the date, when OAO Gazprom makes any payment under the Guarantee Contract, OAO Severneftegazprom will be indebted to OAO Gazprom in the amount, equal to the total debt amount in relevant currency, in each case arising from recourse claims subject to the Guarantee Contract. The amount of debt under recourse claims is not to exceed the amount, equivalent to Euro 442,750,000, fixed in U.S. dollars, Euros and Russian rubles as of the date of signing of the Project Financing Agreement for Yuzhno-Russkoye oil and gas field project between OAO Severneftegazprom, UniCredit Bank AG, ING Bank N.V. (London branch) and a group of banks-initial lenders (hereinafter - Loan Agreement). The full amount of debt daily accrues interest in the amount of the following annual interest rate:

- For amounts, payable in Euros – a sum of 2.50% and Euro IBOR for six months;
- For amounts, payable in US Dollars – a sum of 2.50% and LIBOR for six months;
- For amounts, payable in Rubles - 11.4%

The interest rate may be changed by the Parties in writing. Failure to pay any amounts in due time subject to the Agreement will result in accrual of interest at 1% p.a. rate from the date the amount became due to its actual payment. Repayment of debt under recourse claims is to happen no later than 31.12.2019. The volume of liabilities and the liability limit of OAO Gazprom shall not exceed the equivalent of Euro 442,750,000, fixed in US dollars, Euros and Russian rubles as of the date of signing of the Loan Agreement. The Agreement is governed by legislation of the Russian Federation in force. The interested persons are A. I. Medvedev, O.P. Pavlova, V.V. Cherapanov, members of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s Board of Directors No. 1783 dated 13.04.2011.
81. Reimbursement Commitment Agreement due to ban of the World Bank on conducting financial operations with OAO Severneftegazprom, as a result of the ban of the World Bank on OAO Severneftegazprom. Due to enforcement by the International Bank for Reconstruction and Development of its rights under General Terms of Loan, OAO Gazprom, as Security Agent, is required to submit for the benefit of OAO Gazprom a letter addressed to OAO Gazprom with OAO Severneftegazprom (the Company), as Beneficiary (Shareholder), UniCredit Bank AG (Facility Agent), ING Bank N.V. (London branch) and a group of banks-initial lenders, a letter addressed to OAO Gazprom (hereinafter – letter to the Russian Federation), signed on June 05, 2009 by the Shareholders and OAO Severneftegazprom (hereinafter – letter to the Russian Federation).

The volume of obligations and liability limit of OAO Gazprom shall not exceed the equivalent of Euro 506,000,000, fixed in U.S. dollars, Euros and Russian roubles as of the date of signing of the Project Financing Agreement for Yuzhno-Russkooye oil and gas field project between OAO Severneftegazprom, UniCredit Bank AG, ING Bank N.V. (London branch) and a group of banks-initial lenders.

The Agreement comes into force as of the date of signing of the Project Financing Agreement for Yuzhno-Russkooye oil and gas field project. The Agreement is terminated in the event of failure to make available the initial amount of loan under the Loan Agreement during 90 days as of the date of signing thereof. The Agreement and any disputes or claims, arising under the Agreement, are governed and construed under English law. The interested persons are, A. I. Medvedev, O.P. Pavlova, V.V. Cherepanov, - members of OAO Gazprom’s collegiate executive body.

82. Express Agreement in relation to the Shareholder Agreement of OAO Severneftegazprom with OAO Severneftegazprom (the Company), Wintershall Holding GmbH (Shareholder), E.ON Ruhrgas E&P GmbH (Shareholder), UniCredit Bank AG (Facility Agent), ING Bank N.V. (London branch) (Joint and Several Creditor, Security Agent) and Credit Agricole Corporate and Investment Bank (Technical Bank). The Agreement is binding for the Russian Federation.

OAO Gazprom – Shareholder. Senior lenders: Facility Agent, Security Agent, each manager, Joint and Several Creditor, each service provider-bank, documentation bank, technical bank, each Lender (including any shareholder), guarantors, guarantee and guarantees in favor of this Transferor in relation to any subordinated debt or related to it, including rights for any amounts payable to this Transferor, and also full benefits from any security, options, unconditional guarantees, guarantee and guarantees in favor of this Transferor in relation to subordinated debt (hereinafter – assigned rights).

The Russian Federation is a member country and borrower (as defined in IBRD General Terms) of OAO Gazprom. Senior lenders: Facility Agent, Security Agent, each of the managers, Joint and Several Lender, each service provider-bank, documentation bank, technical bank, each Lender (including any shareholder), guarantors, guarantee and guarantees in favor of this Transferor in relation to any subordinated debt or related to it, including rights for any amounts payable to this Transferor, and also full benefits from any security, options, unconditional guarantees, guarantee and guarantees in favor of this Transferor in relation to subordinated debt (hereinafter – assigned rights).

The Agreement and any disputes or claims, arising under the Agreement, are governed and construed under English law. The interested persons are, A. I. Medvedev, O.P. Pavlova, V.V. Cherepanov, - members of OAO Gazprom’s collegiate executive body.

83. Shareholder Agreement of OAO Severneftegazprom shareholders with OAO Gazprom, Wintershall Holding GmbH, E.ON Ruhrgas E&P GmbH with OAO Severneftegazprom. Shareholders made commitments to each other in the form of payment of monies or transfer of OAO Severneftegazprom shares, after execution by a Shareholder of his tag along rights for acquisition of OAO Severneftegazprom subject to the Express Agreement for the Agreement of Shareholders of OAO Severneftegazprom, executed by OAO Gazprom, E.ON Ruhrgas E&P GmbH, Winterhall Holding GmbH, Credit Agricole Corporate and Investment Bank. The volume of obligations and the liability limit of OAO Gazprom shall not exceed the equivalent of Euro 506,000,000, fixed in U.S. dollars, Euros and Russian roubles as of the date of signing of the Project Financing Agreement for Yuzhno-Russkooye oil and gas field project between OAO Severneftegazprom, UniCredit Bank AG, ING Bank N.V. (London branch) and a group of banks-initial lenders (hereinafter - Loan Agreement).

The Agreement comes into force as of the date of disbursement of the initial loan amount and is satisfied only with funds, received from enforcement in relation to assigned rights. The Security Agent shall not have any recourse versus any Transferor’s assets, excluding assigned rights. OAO Gazprom irrevocably disclaims its pre-emptive rights for buy option in relation to a portion of the total debt, equal to the stake of a relevant Shareholder in such debt. OAO Gazprom irrevocably disclaims its pre-emptive rights for buy option in relation to a portion of the total debt, equal to the stake of a relevant Shareholder in such debt. OAO Gazprom irrevocably disclaims its pre-emptive rights for buy option in relation to a portion of the total debt, equal to the stake of a relevant Shareholder in such debt. OAO Gazprom irrevocably disclaims its pre-emptive rights for buy option in relation to a portion of the total debt, equal to the stake of a relevant Shareholder in such debt.

The Agreement and any disputes or claims, arising under the Agreement, are governed and construed under English law. The interested persons are, A. I. Medvedev, O.P. Pavlova, V.V. Cherepanov, members of OAO Gazprom’s collegiate executive body.

85. Agreement on obligation to register pledges of shares of OAO Severneftegazprom between shareholders of OAO Severneftegazprom (OAO Gazprom, Winterhal Holding GmbH, E.ON. Ruhrgas E&P GmbH) and OAO Severneftegazprom (Borrower). Shareholders pledge all individually owned by each Shareholder shares of OAO Severneftegazprom in favor of ING Bank N.V. (London branch) as security for performance of obligations by OAO Severneftegazprom under the Project Financing Agreement for Yuzhno-Russkoye oil and gas field project between OAO Severneftegazprom, UniCredit Bank AG, ING Bank N.V. (London branch) and a group of banks-initial lenders (hereinafter - Loan Agreement). Each Shareholder must promptly submit all documents, related to pledge of shares, to OAO Gazprom's collegiate executive body at the same time on behalf of each Shareholder or provide for filing of documents by each Shareholder with the register of shareholders, required for registration of pledges for simultaneous registration of security in the register of shareholders;

in the event of denial of registration in the register of shareholders of any of share pledge agreements, eliminate the cause for such denial. The Agreement and any disputes or claims, arising under the Agreement, are governed and construed under English law. The interested persons are A. I. Medvedev, O.P. Pavlova, V.V. Cherepanov, members of OAO Gazprom's collegiate executive body. Approved by the Resolution of OAO Gazprom’s Board of Directors No. 1803 dated 13.05.2011.

86. Additional Agreement No. 11 to the gas supply contract No. 25PA-2007 dated 13.12.2007 with OAO Severneftegazprom. The price for gas to be delivered from 10:00 01.07.2011 up to 10:00 01.01.2012 equals to RR 981.55 for 1000 cubic meters of gas. The price for gas to be delivered 13.12.2007 with OAO Severneftegazprom. The price for gas to be delivered under the loan agreement (including any shareholder), any hedge bank, OAO Gazprom and OAO Severneftegazprom bear further responsibility for performance of all their obligations under Gas Supply Contract, to maintain in line with the terms of Guarantee Contract and on conditions, provided by the Loan Agreement of Gazprom TradeCo 1, made between OAO Gazprom and a group of banks-initial lenders (hereinafter - Loan Agreement), referred to below as – guaranteed liabilities;

in relation to loan making obligation– RR 33,626,250,000,000.

OAO Gazprom’s liability for failure to perform or improper performance of the Agreement: if any amounts payable under the Agreement will not be paid in due time, the debt will accrue interest starting from the established due date of payment (both before and after court ruling) at a rate which is 1% higher than the rate under the Loan Agreement for payments in relevant currency and based on one month interest period. The Agreement comes into force upon its execution (excluding conditions, related to OAO Gazprom’s surety, loan and payment of amounts under the Agreement, coming into force as of the date of provision of the initial loan amount under the Loan Agreement).

87. Express Agreement for gas supply contract for Yuzhno-Russkoye oil and gas field project between OAO Severneftegazprom, UniCredit Bank AG, ING Bank N.V. (London branch) (Security Agent), OAO Gazprom - Buyer, Senior lenders - Facility Agent, Security Agent, each of the managers, Joint and Several Lender, each service provider-bank, documentation bank, each Lender (including any shareholder), any hedge bank, OAO Gazprom and OAO Severneftegazprom bear further responsibility for performance of all their obligations under Gas Supply Contract, to maintain in line with the terms of Guarantee Contract and on conditions, provided by the Loan Agreement of Gazprom TradeCo 1, made between OAO Gazprom and a group of banks-initial lenders (hereinafter - Loan Agreement), referred to below as – guaranteed liabilities;

in relation to loan making obligation– RR 33,626,250,000,000.

OAO Gazprom’s liability for failure to perform or improper performance of the Agreement: if any amounts payable under the Agreement will not be paid in due time, the debt will accrue interest starting from the established due date of payment (both before and after court ruling) at a rate which is 1% higher than the rate under the Loan Agreement for payments in relevant currency and based on one month interest period. The Agreement comes into force upon its execution (excluding conditions, related to OAO Gazprom’s surety, loan and payment of amounts under the Agreement, coming into force as of the date of provision of the initial loan amount under the Loan Agreement).

88. Loan agreement between Gazprom TradeCo 1 and OAO Severneftegazprom. Under inarity to TradeCo to pay, OAO Severneftegazprom in favor of Senior lender under any financing document;

GSC termination.

The Express Agreement and any disputes or claims, arising under the Express Agreement, are governed and construed under English law. The interested persons are A. I. Medvedev, O.P. Pavlova, V.V. Cherepanov, members of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s Board of Directors No. 1773 dated 13.04.2011.
90. Guarantee Agreement with limited right of claim and obligation to provide loan in relation to gas supply contract with OAO Severneftegazprom (Seller), UniCredit Bank AG (Facility Agent) and ING Bank N.V. (London branch) (Security Agent). OAO Gazprom - Guarantor. Senior lenders - Facility Agent, Security Agent, each of the managers, Joint and Several Lender, each service provider-bank, documentation bank, technical bank, each Lender (including any shareholder), any hedge. OAO Gazprom must make the following payments, if in the event of any current or past due or in default of any sum as of repayment date due, not paid to any Shareholder, any hedge bank.

OAO Gazprom irrevocably and unconditionally:
- guarantees to Facility Agent prompt performance by OAO Severneftegazprom of the liabilities under the Project Financing Agreement for Yuzhno-Russkoye oil and gas field project between OAO Severneftegazprom, UniCredit Bank AG, ING Bank N.V. (London branch) and a group of banks-initial lenders (hereinafter - Loan Agreement), referred to below as of Guaranteed liabilities;
- undertakes to Facility Agent to pay to said established procedures the amount of guaranteed liabilities;
- undertakes to Facility Agent to make a loan to OAO Severneftegazprom in accordance with the established procedures for the amount, calculated in line with the terms of the Contract and on conditions, provided by the Loan Agreement in relation to surety, made between OAO Gazprom and OAO Severneftegazprom.

Obligations volume and liability limit of OAO Gazprom:
- for guaranteed liabilities – the amount, equivalent to Euro 506,000,000, fixed in US dollars, Euros and Russian rubles as of the date of signing of the Loan Agreement;
- in relation to loan making obligation – RR 38,430,000,000.

The Guarantee Agreement liability for failure to perform or improper performance of the Guarantee Agreement: if any amounts payable under the Agreement will not be paid in due time, the debt will accrue interest starting from the established date of payment and to the date of actual payment (both before and after court ruling).

The Agreement comes into force upon its execution (excluding conditions, related to OAO Gazprom's surety, loan and payment of amounts under the Agreement, coming into force as of the date of provision of the initial loan amount under the Loan Agreement).

The Agreement is terminated:
- in the event of failure to make available the initial amount of loan under the Loan Agreement during 90 days as of the date of signing thereof;
- on the date of repayment of all present and future amounts, debt, obligations and liabilities, payable or unfulfilled by OAO Severneftegazprom in favor of Senior lender under any financing document;
- on December 31, 2045.

The Agreement and any disputes or claims, arising under the Agreement, are governed and construed under English law. The interested persons are A. I. Medvedev, O.P. Pavlova, V.V. Cherepanov, members of OAO Gazprom's collegiate executive body. Approved by the Resolution of OAO Gazprom’s Board of Directors No. 1775 dated 13.04.2011.

91. Loan agreement between Gazprom TradeCo 1 and OAO Severneftegazprom. Under insolvency to TradeCo Gazprom provides OAO Severneftegazprom a loan in sum of not more than RR 9,000,000,000. OAO Gazprom can at any time increase the amount of loan through executing of supplement agreement. The term of loan repayment is not later than 31.12.2019. Up to the date of repayment the total amount of loan accrues daily interest in the amount of 5.6% per annum. Interest rate can be changed under mutual parties agreement. Forfeit in the amount of 1% per annum is charged for every day of late payment of any sum as of repayment date up to the date of actual payment. Total OAO Gazprom’s liability is not to exceed RR 9,000,000,000. The agreement is governed by the legislation of the Russian Federation in force. The interested persons are A.I. Medvedev, O.P. Pavlova, V.V. Cherepanov, members of OAO Gazprom’s collegiate executive body.


Ranking of debt by payment claim rights and payment priority:
- First priority – all present and future amounts, debt, liability and obligations payable or unfulfilled by OAO Severneftegazprom in favor of Senior lender under any financing document (hereinafter - Senior debt);
- Second priority – all current and future amounts, debt, liability and obligations (actual or conditional), payable or unfulfilled by OAO Severneftegazprom (hereinafter - subordinated debt);
- Third priority – all present and future amounts, debt, liability and obligations (actual or conditional), payable or unfulfilled by OAO Severneftegazprom (hereinafter - subordinated debt); In favor of TradeCo Guarantor due to any recourse of TradeCo Guarantor, arising due to guarantee for Buyer and any loans, made by Guarantor to OAO Severneftegazprom in relation to Buyer’s guarantees;
- In favor of Subordinated lender (or his affiliate) in relation to subordinated loans, provided to OAO Severneftegazprom upon execution of an agreement between lenders;
- In relation to all present and future dividend, declared by OAO Severneftegazprom, but not paid to any Shareholder;
- and any other current and future amounts, debt, liability and obligations (actual or conditional), payable or unfulfilled by OAO Severneftegazprom (hereinafter - subordinated debt); In favor of OAO Gazprom to OAO Severneftegazprom in relation to TradeCo guarantees, arising due to guarantee for Buyer and any loans, made by Guarantor to OAO Severneftegazprom in relation to Buyer’s guarantees;
- In favor of Subordinated lender (or his affiliate) in relation to subordinated loans, provided to OAO Severneftegazprom upon execution of an agreement between lenders;
- In favor of OAO Gazprom to OAO Severneftegazprom in relation to implementation of Yuzhno-Russkoye oil and gas field project, excluding Senior debt, payable to them.
- Senior lender under any financing document;

94. Guarantee Agreement with limited right of claim and obligation to provide loan for individual liabilities of ZAO Gazprom YURGM Development with OAO Severneftegazprom (Seller), ZAO Gazprom YURGM Development (hereinafter – «TradeCo 2» (Buyer), UniCredit Bank AG (Facility Agent) and ING Bank N.V. (London branch) and a group of banks-initial lenders (hereinafter - Loan Agreement), referred to below as – «Senior lenders»

Ranking of subordinated debt by payment claim rights and payment priority:

First priority – all current or future amounts (actual or conditional), debt, cash and other obligations, payable to, payable by or sustained by OAO Severneftegazprom in favor of Buyer (or its permitted assigns or purchasers) in relation to any claim of Buyer under gas supply contracts, made by OAO Severneftegazprom with OAO Gazprom, ZAO Gazprom YURGM Trading, ZAO Gazprom YURGM Development under implementation of Yuzhno-Russkoye oil and gas field project (hereinafter - GSC);

Second priority – all current or future amounts (actual or conditional), debt, cash and other obligations, payable to, payable by or sustained by OAO Severneftegazprom in favor of Guarantor (or its permitted assigns or purchasers) in relation to any recourse rights of Guarantor, arising from Guarantor’s surety, and, loans, provided by Guarantor to OAO Severneftegazprom in relation to Guarantor’s surety;

Third priority – all current or future amounts, debt, cash and other obligations (actual or conditional), payable to, payable by or sustained by OAO Severneftegazprom in favor of TradeCo Guarantor (or its permitted assigns or purchasers) in relation to any recourse rights of TradeCo Guarantor, arising from guarantee for TradeCo and loans, provided by TradeCo Guarantor to OAO Severneftegazprom in relation to guarantee for TradeCo;

Fourth priority - all current and future amounts, debt, cash and other obligations (actual or conditional), payable to, payable by or sustained by OAO Severneftegazprom in favor of Subordinated lender (or his affiliates, or its permitted assigns or purchasers);

Fifth priority – all dividends, declared by OAO Severneftegazprom, but not paid to Shareholders (or their permitted assigns or purchasers).

For assignment of debt, the assigned debt retains its payment claim rights and payment priority, available to the debt prior to its assignment. The volume of obligations and the liability limit of OAO Gazprom shall not exceed the equivalent of Euro 506,000,000, fixed in U.S. dollars, Euros and Russian roubles as of the date of availability of the initial loan amount under the Loan Agreement and shall remain in force until final and full payment of all current or future amounts, debt, obligations and liabilities, payable or executable by OAO Severneftegazprom in relation to loans, provided by Subordinated Lenders;

Senior lender under any financing document.

The Agreement is terminated in the event of failure to make available the initial amount of loan during 90 days as of the date of signing thereof; in the event of failure to make available the initial amount of loan under the Loan Agreement during 90 days as of the date of signing thereof. The Agreement and any disputes or claims, arising under the Agreement, are governed and construed under English law. The interested persons are A. I. Medvedev, O.P. Pavlova, V.V. Cherepanov, members of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s Board of Directors No. 1786 dated 13.04.2011.
96. Agreement on repayment conditions for recourse claims (final loan in relation to transaction No. 5/2011-1 concerning amendments to the contract for investment projects execution No.1 dated 03.12.2008 with ZAO Gazprom) and一会 Gazprom Promgaz commitments to execute comprehensive installation and commissioning work “under pressure” due to specification of essential elements of the parties.

The感兴趣的人是 A.V. Kruglov, M.L. Sereda members of OAO Gazprom’s governance bodies. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 30.06.2011.

97. Agreement on repayment conditions for recourse claims (final loan of Gazprom TradeCo 2) with OAO Severneftegazprom. Subject to the guarantee contract with limited recourse and obligation to provide a loan for individual obligations of TradeCo 2, made between OAO Gazprom, OAO Severneftegazprom, OAO Gazprom, YURGM Development and UniCredit Bank AG, ING Bank N.V. (London branch) (hereinafter – Guarantee Contract). The amount of debt under recourse claims is not to exceed the amount, equivalent to Euro 506,000,000, fixed in US dollars, Euros and Russian roubles as of the date of signing of the Loan Agreement. The total amount of debt daily accrues interest in the amount of the following annual interest rate: For amounts, payable in Euros – a sum of 2.50% and Euro IBOR for six months; For amounts, payable in US dollars – a sum of 2.50% and LIBOR for six months; And for amounts, payable in roubles - 11.4%.

98. Addendum No. 11 to the contract No.22Nphg/k-2007 dated 23.07.2007 with OAO NOVATEK for the implementation of Yuzhno-Russkoye oil and gas field project (hereinafter – Guarantee Contract). OAO Gazprom, acting as a guarantor, is entitled to recourse from any amounts, paid by OAO Gazprom in favor of ING Bank N.V (London branch) subject to the保证 Contract (hereinafter – recourse claims). The Parties agree, that starting from the date, when OAO Gazprom makes any payment under the Guarantee Contract, OAO Severneftegazprom will be indebted to OAO Gazprom in the amount, equal to the total debt amount in relevant currency, in each case arising from recourse claims subject to the Guarantee Contract. The amount of debt under recourse claims is not to exceed the amount, equivalent to Euro 316,250,000, fixed in U.S. dollars, Euros and Russian roubles as of the date of signing of the Project Financing Agreement for Yuzhno-Russkoye oil and gas field project between OAO Severneftegazprom, UniCredit Bank AG, ING Bank N.V. (London branch) and a group of banks-initial lenders (hereinafter – Loan Agreement). The total amount of debt daily accrues interest in the amount of the following annual interest rate: For amounts, payable in Euros – a sum of 2.50% and Euro IBOR for six months; For amounts, payable in US dollars – a sum of 2.50% and LIBOR for six months; And for amounts, payable in roubles - 11.4%.

99. Agreement on repayment conditions for recourse claims subject to the Guarantee Contract. The amount of debt under recourse claims is not to exceed the amount, equivalent to Euro 506,000,000, fixed in U.S. dollars, Euros and Russian roubles as of the date of signing of the Project Financing Agreement for Yuzhno-Russkoye oil and gas field project between OAO Severneftegazprom, UniCredit Bank AG, ING Bank N.V. (London branch) and a group of banks-initial lenders (hereinafter – Loan Agreement). The total amount of debt daily accrues interest in the amount of the following annual interest rate: For amounts, payable in Euros – a sum of 2.50% and Euro IBOR for six months; For amounts, payable in US dollars – a sum of 2.50% and LIBOR for six months; And for amounts, payable in roubles - 11.4%.

100. Additional agreement No. 1 to the agency contract No. PNR-14-2010 dated 02.07.2010 with OOO Gazprom Centremont, concerning contract support for comprehensive installation and commissioning work “under pressure” on OAO Gazprom facilities being put in use under contracts for investment projects execution and UniCredit Bank AG for implementation of works “under pressure” due to specification of essential elements of the parties. The interested persons are A.V. Kruglov, M.L. Sereda members of OAO Gazprom’s governance bodies. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 30.06.2011.

101. Order No.3 to the agency contract No. PNR-2-2010 dated 03.06.2010 with OAO Yamalgazinvest, concerning contract support for comprehensive installation and commissioning works. Limited amount of reimbursable by OAO Gazprom expenses (including VAT paid by OAO Gazprom towards the third parties) is RR 481,227,203,028.20. The limited remuneration fee of OAO Yamalgazinvest (including extra fees) is RR 481,362,35 net of VAT. The interested persons are E.A. Vasilieva, Y.Y. Golro, V.V. Ilyushin, members of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 30.06.2011.

102. Order No.3 to the agency contract No. PNR-14-2010 dated 02.07.2010 with OOO Gazprom Centremont, concerning contract support for comprehensive installation and commissioning works. Limited amount of reimbursable by OAO Gazprom expenses (including VAT paid by OAO Gazprom towards the third parties) is RR 142,237,200. The limited remuneration fee of OAO Gazprom Centremont (including extra fees) is RR 301,350 net of VAT. The interested persons are A.V. Kruglov, M.L. Sereda members of OAO Gazprom’s governance bodies. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 30.06.2011.

103. Contract with OAO Gazprom Promgaz for performance of the research work. OAO Gazprom binds and OAO Gazprom Promgaz commits to execute research work. The theme: "Developing of General scheme of gas supply and carbonization of Kemerovo deposit" with OAO Gazprom gas production company from 01.07.2010 up to 31.07.2012. The cost of work is RR 139,830,500 (net of VAT). The interested person is V.V. Rusakova, member of OAO Gazprom’s collegiate executive body. Approved by the Resolution of the OAO Gazprom’s annual General Shareholders Meeting dated 30.06.2011.

104. Contract with OAO Gazprom Promgaz for performance of the research work. OAO Gazprom binds and OAO Gazprom Promgaz commits to execute research work. The theme: "Developing of General scheme of gas supply and carbonization of Kemerovo deposit" for the work of OAO Gazprom gas production company from 01.07.2010 up to 31.07.2012. The cost of work is RR 45,000,000 (net of VAT). The interested person is V.V. Rusakova, member of OAO Gazprom’s collegiate executive body. Approved by the Resolution of the OAO Gazprom’s annual General Shareholders Meeting dated 30.06.2011.


106. Rental contract with ZAO Gazprom, Neft Orenburg. The amount of lease fee for the period up to 01.06.2011 is RR 26,008,668 (net of VAT). The amount of monthly lease fee effective from June to September 2011 is RR 13,004,334 (net of VAT). The amount of lease fee effective from 01.10.2011 up to 30.10.2011 is RR 584,839 (net of VAT). The terms and conditions of this contract are applicable to the parties effective from 01.04.2011. The interested persons are O.P. Pavlova, N.N. Dubik, V.V. Cherepanov, members of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.


108. Agreement No. 24/2011-1 concerning amendments to the contract for investment projects execution No.53/777 dated 09.08.1999 ZAO Galextelme due to specification of investment projects list and changes in investment program for 2011. The cost of services of ZAO Galextelme for 2011 is RR 2,217,000. The interested person is M.L. Sereda, member of OAO Gazprom’s Board of Directors. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.

110. Additional agreement No. 1 to the contract with TOO KazRosGaz concerning gas transportation arrangement services in the territory of the Republic of Buryatia under the contract No. 1554 of OAO Gazprom’s Board of Directors dated 29.03.2010. Agreement is limited to RR 296,271,664.23. In case of nonperformance of guarantee agreement obligations by OAO Gazprom, (GPB OJSC) has the right to claim the payment of forfeit in the sum of 0.03% for each day of late payment by giving written notice to OAO Gazprom. Agreement comes into force from the signing date and is valid till 09.09.2011. The interested persons are A.B. Miller, M.I. Sereda, E.A. Vasilieva, A.V. Kruglov, O.P. Pavlova, members of OAO Gazprom’s governance bodies. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 30.06.2011.

111. Order No.7 to the agency contract No. PNР-15-2010 dated 02.07.2010 with ZAO Gazprom Invest Yug, concerning contractor support for commissioning and installation works. Limited amount of reimbursable by OAO Gazprom expenses (including VAT paid by ZAO Gazprom invest Yug to the third parties) is RR 215,278,675.57. The limited remuneration fee of ZAO Gazprom invest Yug (including extra fees) is RR 498,471.77 (net of VAT). The interested person is V.Y. Golko, member of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 30.06.2011.

112. Additional agreement No.3 to the gas supply contract No. 30PK-2010/2009-690-M dated 27.01.2010 with OAO Novatek due to change of volume of gas supply in 2011. The volume of gas supply in 2011 is up to 17,200,000 mmcm.The interested persons are K.G. Seleznov, A.I.Akimov, members of OAO Gazprom’s governance bodies. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 30.06.2011.


114. Addendum No.40 to the contract No.22NPpr/k-2004 dated 06.10.2003 with OAO Novatek for gas transportation arrangement services due to changes in time of gas transportation arrangement services delivery and gas transportation arrangement services arrangements with OAO Gazprom and with GPB (OJSC) were rendered during the period from 01.01.2011 up to 31.12.2014. The volumes of gas transportation are: in 2011 - 29,650,717 mmcm. in 2012 - 25,749,874 mmcm.; in 2013 - 13,598,330 mmcm. in 2014 – 4,076,889 mmcm. The interested persons are K.G. Seleznov, A.I.Akimov, members of OAO Gazprom’s governance bodies. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 30.06.2011.

115. Addendum No. 1 to the contract No.12NPtr/k-2011 dated 30.03.2011 for gas transportation arrangement services with OAO Gazprom Neft due to change of volume of gas transportation in 2011. The volume of gas transportation in 2011 is 2,832,606 mmcm. The interested persons are A.B. Miller, A.V. Kruglov, V.A. Golubev, K.G. Seleznov, N.N. Dubik, O.P. Pavlova, V.V. Belykh, members of OAO Gazprom’s governance bodies. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 30.06.2011.

116. Addendum No.49 to the contract No.1GLа-2000 dated 16.11.2009 with OAO Gazprom Neft due to changes in the list of insured persons. The total insurance premium under the contract is not changed. The agreement is limited to RR 296,271,664.23. In case of nonperformance of guarantee agreement obligations for the fulfillment by OOO Gazprom Torgservice of its debtor, creditor and personnel as well as Government in the name of Beneficiaries are private persons and legal bodies in benefit of which the contract and who could be harmed, including OAO Gazprom shareholders, debtors, creditors and personnel as well as Government in the name of its territorized bodies and resources of the Republic of Buryatia and possibilities of its exploitation for purposes of gasification. The theme: “Information analysis of oil-gas bearing capacities and estimate of hydrocarbon resources of the Republic of Buryatia; determination of prospects and examples of geologic exploration works; developing of proposals for mineral raw materials base formation. Evaluation of hydrocarbon resources of the Republic of Buryatia and possibilities of its exploitation for purposes of gasification. The agreement is limited to RR 2,871,663,000 net of VAT. The interested person is V.Y. Rusakova, member of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 30.06.2011.

117. Additional agreement No.3 to the commission contract No. GE 01/09 dated 07.12.2009 with OOO Gazprom Export due to specification of range and qualitative characteristics of Goods intended for realization. The interested person is A.L.Medvedev, member of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 30.06.2011.

118. Agreement No.1 to the contract No. 1552-0750-09-2 dated 11.11.2009 with OAO Gazprom Promgaz for performance of research work due to changes in time of work delivery under contract in general established from 01.07.2009 up to 30.12.2011. Agreement comes into force from the signing date. The terms and conditions of the agreement are applicable to the parties effective from 31.12.2010. The interested person is V.V. Rusakova, member of OAO Gazprom’s collegiate executive body. Approved by the Resolution No.1856 of OAO Gazprom’s Board of Directors dated 12.08.2011.

119. Agreement No.1 to the contract No. 1553-1600-09-2 dated 07.09.2009 with OAO Gazprom Promgaz for performance of research work due to changes in time of work delivery under contract in general established from 01.07.2009 up to 30.12.2011. Agreement comes into force from the signing date. The terms and conditions of the agreement are applicable to the parties effective from 30.10.2010. The interested person is V.V. Rusakova, member of OAO Gazprom’s collegiate executive body. Approved by the Resolution No.1855 of OAO Gazprom’s Board of Directors dated 12.08.2011.
125. Buy and sell agreements of shares of ZAO Gazprom net Orenburg with OAO Gazprom net Orenburg shares of OAO Gazprom net Orenburg are to the account of OAO Gazprom net, and OAO Gazprom net commits to buy from OAO Gazprom net 2 516 500 ordinary personal shares of ZAO Gazprom net Orenburg (61.5% of chartered capital) with nominal value of RR 20. The price of ZAO Gazprom net Orenburg shares is RR 3,576,000,000. The payment for ZAO Gazprom net Orenburg shares is executed by OAO Gazprom net during 5 business days as of the date of signing through transfer funds to the account of OAO Gazprom net. The point of transition of property on ZAO Gazprom net Orenburg shares from OAO Gazprom to OAO Gazprom net is making an entry in OAO Gazprom net's custodian accounts with OAO Deutsche Bank. The contract is to come into force from the signing date and is valid until full and proper fulfillment by the parties of admitted obligations. The interested persons are A.B. Miller, A.V. Kruglov, V.A.Golubev, K.G. Seleznev, N.N. Dubik, O.P.Pavlova, V.V. Cherepanov, members of OAO Gazprom's governance bodies. Approved by the Resolution of OAO Gazprom's Board of Directors No. 1881 dated 26.09.2011.

126. Additional agreement No. 1 to the bank account contract No. 1400 dated 24.11.2006 with GPB (OJSC) due to change of interest charging on funds remaining on the account. The interested persons are A.B. Miller, M.L. Sereda, E.A. Vasilieva, A.V.Kruglov, K.G. Seleznev, members of OAO Gazprom's governance bodies. Approved by the Resolution of OAO Gazprom's annual General Shareholders Meeting dated 25.06.2010.

127. Additional agreement No. 1 to the bank account contract No. 2155 dated 24.11.2006 with GPB (OJSC) due to change of interest charging on funds remaining on the account. The interested persons are A.B. Miller, M.L. Sereda, E.A. Vasilieva, A.V. Kruglov, K.G. Seleznev, members of OAO Gazprom's governance bodies. Approved by the Resolution of OAO Gazprom's annual General Shareholders Meeting dated 25.06.2010.

128. Additional agreement No. 1 to the bank account contract No. 810-0-0001/2006 dated 24.11.2006 with GPB (OJSC) due to change of interest charging on funds remaining on the account. The interested persons are A.B. Miller, M.L. Sereda, E.A. Vasilieva, A.V. Kruglov, K.G. Seleznev, members of OAO Gazprom's governance bodies. Approved by the Resolution of OAO Gazprom's annual General Shareholders Meeting dated 25.06.2010.

129. Additional agreement No. 1 to the bank account contract No. 919 dated 24.11.2006 with GPB (OJSC) due to change of interest charging on funds remaining on the account. The interested persons are A.B. Miller, M.L. Sereda, E.A. Vasilieva, A.V. Kruglov, K.G. Seleznev, members of OAO Gazprom's governance bodies. Approved by the Resolution of OAO Gazprom's annual General Shareholders Meeting dated 25.06.2010.

130. Additional agreement No. 1 to the bank account contract No. 919 dated 24.11.2006 with GPB (OJSC) due to change of interest charging on funds remaining on the account. The interested persons are A.B. Miller, M.L. Sereda, E.A. Vasilieva, A.V. Kruglov, K.G. Seleznev, members of OAO Gazprom's governance bodies. Approved by the Resolution of OAO Gazprom's annual General Shareholders Meeting dated 25.06.2010.

131. Additional agreement No. 1 to the bank account contract No. 295P-06 dated 24.11.2006 with GPB (OJSC) due to change of interest charging on funds remaining on the account. The interested persons are A.B. Miller, M.L. Sereda, E.A. Vasilieva, A.V. Kruglov, K.G. Seleznev, members of OAO Gazprom's governance bodies. Approved by the Resolution of OAO Gazprom's annual General Shareholders Meeting dated 25.06.2010.
149. Additional agreement No. 1 to the bank account contract No. BA/1-1557 dated 15.11.2006 with GPB (OJSC) due to change of interest charging on funds remaining on the account. The interested persons are A.B. Miller, M.L. Sereda, E.A. Vasilieva, A.V. Kruglov, K.G. Seleznev, members of OAO Gazprom’s governance bodies. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.

150. Additional agreement No. 1 to the bank account contract No. 810-1-0001/2006 dated 24.11.2006 with GPB (OJSC) due to change of interest charging on funds remaining on the account. The interested persons are A.B. Miller, M.L. Sereda, E.A. Vasilieva, A.V. Kruglov, K.G. Seleznev, members of OAO Gazprom’s governance bodies. Approved by the Resolution of OAO Gazprom annual General Shareholders Meeting dated 25.06.2010.

151. Additional agreement No. 1 to the bank account contract No. 810-3-0001/2006 dated 24.11.2006 with GPB (OJSC) due to change of interest charging on funds remaining on the account. The interested persons are A.B. Miller, M.L. Sereda, E.A. Vasilieva, A.V. Kruglov, K.G. Seleznev, members of OAO Gazprom’s governance bodies. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.

152. Additional agreement No. 1 to the bank account contract with GPB (OJSC) dated 24.11.2006 due to setting up of current account and change of interest charging on funds remaining on the account. The interested persons are A.B. Miller, M.L. Sereda, E.A. Vasilieva, A.V. Kruglov, K.G. Seleznev, members of OAO Gazprom’s governance bodies. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.


154. Confidentiality agreement with V.A. Mau. V.A. Mau (member of Board of Directors) exercising his authorities in compliance with legislation of the Russian Federation, OAO Gazprom Charter, Statutes of OAO Gazprom’s Board of Directors and other OAO Gazprom corporate documents undertakes an obligation of nondisclosure of commercial classified information and other confidential information of OAO Gazprom and its contracting parties. The agreement comes into force as of the date of signing by the parties and is effective within 5 years since termination of authorities of a member of OAO Gazprom’s Board of Directors. Should the authorities of a member of OAO Gazprom’s Board of Directors terminate on the date of OAO Gazprom General Shareholders Meeting and on the same day he is elected to the Board of Directors for a new term, the power of the agreement does not terminate. The interested person is V.A. Mau, member of OAO Gazprom’s Board of Directors. Approved by the Resolution of OAO Gazprom’s Board of Directors No. 1880 dated 23.09.2011.

155. Confidentiality agreement with T.A. Kulibayev. T.A. Kulibayev (member of Board of Directors) exercising his authorities in compliance with legislation of the Russian Federation, OAO Gazprom Charter, Statutes of OAO Gazprom’s Board of Directors and other OAO Gazprom corporate documents undertakes an obligation of nondisclosure of commercial classified information and other confidential information of OAO Gazprom and its contracting parties. The agreement comes into force as of the date of signing by the parties and is effective within 5 years since termination of authorities of a member of OAO Gazprom’s Board of Directors. Should the authorities of a member of OAO Gazprom’s Board of Directors terminate on the date of OAO Gazprom General Shareholders Meeting and on the same day he is elected to the Board of Directors for a new term, the power of the agreement does not terminate. The interested person is T.A. Kulibayev, member of OAO Gazprom’s Board of Directors. Approved by the resolution of OAO Gazprom’s Board of Directors No. 1879 dated 23.09.2011.

156. Indemnity Agreement for postponed debt security between Guarantors (Sponsors): Shell Petroleum N.V., Mitsui & Co., Ltd., Tosoh Corporation, OAO Gazprom and Facility Agent (for and on behalf of financing parties) - The Bank of Tokyo-Mitsubishi UFJ, Ltd. Beneficiaries: Sakhalin Energy Investment Company Ltd (hereinafter – Company), Financing parties, represented by The Bank of Tokyo-Mitsubishi UFJ, Ltd. Facilities: NCS-2. Onshore processing facility, Land rental agreement for Port territory with any LNG plant onshore facilities and Export Terminal onshore facilities, located at the plot of land, leased under the Land rental agreement for Port territory. Land rental agreement N Y-04039, to be executed by the Company (hereinafter - Rental Agreement N Y-04039), with any LNG plant onshore facilities and Oil Export Terminal onshore facilities, located at the plot of land, leased under the Rental agreement N Y-04039, CEB-1 and rights under the relevant long-term land rental agreement, governed by laws of the Russian Federation. Each individual Sponsor unconditionally and finally guarantees to financing parties to indemnify them for a relevant percentage of any loss of value or losses of financing parties under financing documents (hereinafter - indemnity), arising only as a result of:

(a) The Company’s failure to complete required registration formalities for its ownership title or lease right for relevant facilities after the date, when registration of ownership title or lease right of the Company for relevant facilities became available for the first time; or
(b) pre-emptive rights or conflicting interests in relation to existing facilities after the date, when registration of pledge for relevant facilities became available for the first time, for each specific case, arising for any reason, including:
- Force of law;
- Attachment of property;
- Assignment of ownership title by the Company: registration of ownership title or lease right for any relevant facility to any third party, preventing exercise of rights, required for the Company to implement a project; or any violation by the Company of its obligations, established in Article 20.4 of Agreement on General Financing Terms dated 16.06.2008. Indemnity applies only upon enforcement of judgment and to those losses, that the financing parties cannot recover from the Company after taking all reasonable actions to protect and maintain their position in relation to pre-emptive right or conflicting interests for relevant facility and receipt of all such amounts from the Company. OAO Gazprom’s liability limit is US $ 4,700,000,000. Sponsor’s liabilities expire: Starting from the date of duly registered Company's ownership title or starting from the date of pledge for: NCS-2, Onshore processing facility. Each facility, exercising the onshore part of LNG plant and Oil Export Terminal onshore facilities, located at the plots, leased under the Land rental agreement for Port territory and rental agreement N Y-04039. CEB-1 and rights under the relevant long-term land rental agreement, governed by laws of the Russian Federation. Starting from the date of duly registered Company’s lease right or starting from the date of pledge for the leased plot: Under Land rental agreement for Port territory. Under rental agreement N Y-04039, paying by OAO Gazprom any indemnity provided any reference to “pledge” means first priority pledge, structured by the Company subject to laws of the Russian Federation in favor of Mizuho Corporate Bank, Ltd. as joint and several lender in relation to the loan, provided to the Company on 16.06.2008 by Japan Bank for International Cooperation, satisfactory to The Bank of Tokyo-Mitsubishi UFJ, Ltd. in form and content. The Agreement is governed and construed under English law. The interested persons are V.A. Golubev, A. I. Medvedev, members of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s Board of Directors No. 1709 dated 20.01.2011.

157. Contract with ZAO Yamalgasinvest, concerning alienation of exclusive right for the purpose of dual ownership. ZAO Yamalgasinvest for the purpose of dual ownership transfers to OAO Gazprom the exclusive right on useful model “Design of road dressings for auto roads (variants)”, confirmed by the patent of the Russian Federation on useful model No. 56409. OAO Gazprom pays to ZAO Yamalgasinvest all at once fixed remuneration fee in the amount of RR 20,000 (VAT free). The interested persons are E.A. Vasilieva, V.V. Ilyushin, Y.Y. Golko, members of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 30.06.2011.

158. Contract with ZAO Yamalgasinvest, concerning alienation of exclusive right for the purpose of dual ownership. ZAO Yamalgasinvest for the purpose of dual ownership transfers to OAO Gazprom the exclusive right on useful model “Design of fixtures of a ground slope”, confirmed by the patent of the Russian Federation on useful model No. 56409. OAO Gazprom pays to ZAO Yamalgasinvest all at once fixed remuneration fee in the amount of RR 20,000 (VAT free). The interested persons are E.A. Vasilieva, V.V. Ilyushin, Y.Y. Golko, members of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 30.06.2011.
158. Contract with ZAO Yamalgasinvest, concerning alienation of exclusive right for the purpose of dual ownership. ZAO Yamalgasinvest for the purpose of dual ownership transfers to OAO Gazprom the exclusive right on useful model “Matchpipe of road embankment with rote “underlying course”, confirmed by the patent of the Russian Federation on useful model No. 564/08. OAO Gazprom pays to ZAO Yamalgasinvest all at once fixed remuneration fee in the amount of RR 20,000 (VAT free). The interested persons are E.A. Vasilieva, V.V. Ilyushin, Y.Y. Golko, members of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 30.06.2011.

159. Contract with ZAO Yamalgasinvest, concerning alienation of exclusive right for the purpose of dual ownership. ZAO Yamalgasinvest for the purpose of dual ownership transfers to OAO Gazprom the exclusive right on useful model “3-D carcass with cellular structure for reinforcement of ground (variants)” and a strip for its production. OAO Gazprom undertakes to pay to ZAO Yamalgasinvest all at once fixed remuneration fee in the amount of RR 20,000 (VAT free). The interested persons are E.A. Vasilieva, Y.Y. Golko, members of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 30.06.2011.

160. Guarantee agreement with WB (OJSC) OAO Gazprom is responsible for the payment of 0.003% for each day of late payment of obligation by OAO Gazprom under Guarantee agreement SC “Olympstroy”. Responsibility arising from the Guarantee agreement is applicable to the parties effective from 30.12.2010. The interested persons are E.A. Vasilieva, V.V. Ilyushin, Y.Y. Golko, members of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 30.06.2011.

161. Guarantee agreement with GPB (OJSC) OAO Gazprom is responsible for the payment of 0.03% for each day of late payment of obligation by OOO Gazpromviet under Guarantee agreement SC “Olympstroy”). OAO Gazprom is responsible for full size performance by OOO Gazprom Mezhregiongaz of obligations before SC “Olympstroy” arising out of the Agreement No. 1878 dated 30.07.2010 between SC “Olympstroy” and OOO Gazprom Mezhregiongaz (hereinafter Agreement) concerning construction of Olympic facility – “The second line of gas pipeline Astrakhan – Krasnodar Polyana – Esto – Sadok (design and survey works, construction)” which is enclosed in The Program of Construction of Olympic Venues and Development of Sochi as Mountain Climatic Resort (hereinafter Olympic facility). The size of refund under guarantee depends on volume of investments and is equal to 5% of the total investments to the construction of Olympic facility. Responsibility arising from the Agreement is limited to RR93.588.345, including payments of interests, legal costs and other losses. Responsibility under the agreement is limited to RR 125,494,521. In case of nonperformance of obligations by OOO Gazpromviet OAO Gazprom have the right to demand forfeit in size of 0.01% of the sum of nonpayment for every day of delay by means of advice note to OAO Gazprom. Agreement comes into force as of the date of signing and is effective on expiry of 90 business days from the date of construction termination established in the Agreement. The interested person is K.G. Seleznev, member of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s Board of Directors No.1889 dated 30.09.2011.

162. Additional agreement No. 1 to the contract of raw materials supply No. ST 01/10 dated 01.09.2009 with ZAO Gazprom neftegazovyi kompleks E.A. Vasilieva, members of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 30.06.2011.

163. Guarantee agreement with State Corporation on Construction of Olympic Venues and Development of Sochi as Mountain Climatic Resort (SC “Olympstroy”). OAO Gazprom is responsible for the payment of 0.003% for each day of late payment of obligation by OOO Gazpromviet OAO Gazprom and OOO Gazpromviet are jointly and severally liable. In case of nonperformance of guarantee agreement obligations by OOO Gazpromviet (Beneficiary (Debtor) of its obligations to the Guarantor) the Guarantor, OAO Gazprom, for the purpose of dual ownership transfers to OAO Gazprom the exclusive right on useful tools “gas pipeline with cellular structure for reinforcement of ground (variants)”. The size of refund under guarantee depends on volume of investments and is equal to 5% of the total investments to the construction of Olympic Facility. Responsibility arising from the Guarantee agreement is applicable to the parties effective from 30.12.2010. The interested persons are A.B. Miller, M.L. Sereda, E.A. Vasilieva, A.V. Kruglov, K.G. Seleznev, A.I. Akimov, V.V. Cherepanov, members of OAO Gazprom’s governance bodies. Approved by the Resolution of OAO Gazprom’s Board of Directors No. 1887 of OAO Gazprom dated 29.09.2011.

164. Guarantee agreement with State Corporation on Construction of Olympic Venues and Development of Sochi as Mountain Climatic Resort (SC “Olympstroy”). OAO Gazprom is responsible for full size performance by OOO Gazprom Mezhregiongaz of obligations before SC “Olympstroy” arising out of the Agreement No. 1878 dated 30.07.2010 between SC “Olympstroy” and OOO Gazprom Mezhregiongaz (hereinafter Agreement) concerning construction of Olympic facility – “The second line of gas pipeline Astrakhan – Krasnodar Polyana – Esto – Sadok (design and survey works, construction)” which is enclosed in The Program of Construction of Olympic Venues and Development of Sochi as Mountain Climatic Resort (hereinafter Olympic facility). The size of refund under guarantee depends on volume of investments and is equal to 5% of the total investments to the construction of Olympic facility. Responsibility arising from the Agreement is limited to RR93.588.345, including payments of interests, legal costs and other losses. Responsibility under the agreement is limited to RR 125,494,521. In case of nonperformance of obligations by OOO Gazprom Mezhregiongaz Responsibility arising from the Guarantee agreement is applicable to the parties effective from 30.12.2010. The interested persons are A.B. Miller, M.L. Sereda, E.A. Vasilieva, V.V. Ilyushin, Y.Y. Golko, members of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 30.06.2011.

165. Confidentiality agreement with A.I.Akimov. A.I.Akimov (member of Board of Directors) executing his authorities in compliance with legislation of the Russian Federation, OAO Gazprom Charter, Statutes of OAO Gazprom’s Board of Directors and other OAO Gazprom corporate documents undertakes an obligation of nondisclosure of commercial data, information of dual ownership. In case of nonperformance or improper performance of obligations by one of the interested persons the interested persons have the right to demand forfeit in size of 0.01% of the sum of nonpayment for every day of delay by means of advice note to OAO Gazprom. Agreement comes into force as of the date of signing and is effective on expiry of 90 business days from the date of construction termination established in the Agreement. The interested person is K.G. Seleznev, member of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s Board of Directors No. 1878 dated 23.09.2011.

166. Agreement No. 1 to order No. 5 dated 10.03.2011 to the agency contract No. PNR-15-2010 dated 02.07.2010 with ZAO Gazprom invest Yug, concerning contract support for comprehensive installation and commissioning works. Limited amount of reimbursable by OAO Gazprom expenses (including VAT paid by ZAO Gazprom invest Yug to the third parties) is RR 24,510,000. The limited remuneration fee of ZAO Gazprom invest Yug (including extra fees) is RR 51,927.96 (net of VAT). The interested person is Y.Y. Golko, member of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.

167. Agreement to the contract No. 2036-1030-10-2 dated 30.08.2010 with OAO Gazprom Promgaz for performance of research work due to changes of sections 5, 6, 7 of Technical assignment and Calendar Schedule. Agreement comes into force from the signing date. The interested persons are Y.Y. Golko, member of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 29.09.2011.

168. Order No. 2 to the agency contract No. PNR-13-2010 dated 29.06.2010 with OOO Gazpromtrans, concerning contract support for comprehensive installation and commissioning works. Limited amount of reimbursable by OAO Gazprom expenses (including VAT paid by OOO Gazpromtrans to the third parties) is RR 69,026,02. The limited remuneration fee of OOO Gazpromtrans (including extra fees) is RR 146,243.50 (net of VAT). The interested persons are V.V. Rasukova, member of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 30.06.2011.

169. Contract with OAO Gazprom Promgaz for performance of the research work. OAO Gazprom binds and OAO Gazprom Promgaz commits to execute the research work. The theme: “Perfecting of gas conversion technology on the basis of bi-functional catalyst agent with getting GL and developing of prospects for implementation of adopted technological solutions in trial-industrial scale. The cost of work is RR 287,775,850 (net of VAT). The time of work delivery under the contract in general is from 01.07.2011 to 31.12.2011. The interested person is V.V. Rasukova, member of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 30.06.2011.


178. Agreement to the contract of the voluntary medical insurance of individuals with OAO SOGAZ dated 28.12.2010 due to adjustment of number of insured persons, changing of health care institutions attached to the programs of voluntary insurance No. 1, 2, 3, 4, 5, 6. The total number of insured persons is 7,680 persons. The total insurance sum amounts to RR 79,969,758,600. The total insurance premium is RR 18,190,900,600. The interested persons are: A.B. Miller, N.N. Dubik, A.V. Kruglov, members of OAO Gazprom's governance bodies. Approved by the Resolution of OAO Gazprom's annual General Shareholders Meeting dated 30.06.2011.


181. Liability insurance contract with OAO Soyuzgazprom. The subject of the contract is insurance of OAO Gazprom and/or insured persons liability against infliction of harm to the third persons in result of unwitting erratic actions of insured persons performing management activity in accordance with “Rules of liability insurance of executive officers and governance bodies of corporate entities of OAO Soyuzgaz” dated 29.04.2005. The insurance amount (total liability limit) equals to RR equivalent of US $ 100,000,000 on the exchange rate of Central Bank of Russian Federation on the date of payment. Total insurance premium equals to RR Equivalent of US $ 1,575,000. Insurance contract is effective within one year, coming in force at 00:00 01.10.2011 (date of beginning of Insurance period) and is valid up to 24:00 30.09.2012 (date of termination of Insurance period). The interested persons are: A.B. Miller, N.N. Dubik and A.V. Kruglov, members of OAO Gazprom's governance bodies. Approved by the Resolution of OAO Gazprom's annual General Shareholders Meeting dated 30.06.2011.

192. License contract with OAO Gazprom neftehim Salavat for use of trademarks. OAO Gazprom (License holder) and OAO Gazprom neftehim Salavat (License holder) for use of trademar OAO Gazprom – Gazprom and ® registered in State register of trademarks (service marks) of the Russian Federation (service marks) No. 228725 dated 19.11.2002. No. 228276 dated 19.11.2002. No. 220181 dated 03.09.2002 (hereinafter Licensor trademarks) for all goods and services for which Licensor trademarks are registered. License holder has the right to use Licensor trademarks in following cases:
- on goods, labels, packages of goods which are produced, sold, offered for sale, sold, demonstrated on exhibitions and fairs, put into operation by other means on the territory of the Russian Federation; stored or transported with this purpose, or imported to the Russian Federation;
- during performing of works and services;
- in business, supporting and other documents including those connected with goods put into operation;
- in offers concerning sale of the goods, performing of the services, for use in advertisements, printed publications, official blanks, outdoor signs;
- in the Internet;
- in the License holder’s corporate name;
- on license holder’s letterhead;
- on goods, labels, packages of goods which are produced, sold, offered for sale, sold, demonstrated on exhibitions and fairs, put into operation by other means on the territory of the Russian Federation; stored or transported with this purpose, or imported to the Russian Federation;
- during performing of works and services;
- in business, supporting and other documents including those connected with goods put into operation;
- in offers concerning sale of the goods, performing of the services, for use in advertisements, printed publications, official blanks, outdoor signs;
- in the Internet;
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- on license holder’s letterhead;
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- in business, supporting and other documents including those connected with goods put into operation;
- in offers concerning sale of the goods, performing of the services, for use in advertisements, printed publications, official blanks, outdoor signs;
- in the Internet;
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- on license holder’s letterhead;
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- in offers concerning sale of the goods, performing of the services, for use in advertisements, printed publications, official blanks, outdoor signs;
- in the Internet;
- in the License holder’s corporate name;
- on license holder’s letterhead;
- on goods, labels, packages of goods which are produced, sold, offered for sale, sold, demonstrated on exhibitions and fairs, put into operation by other means on the territory of the Russian Federation; stored or transported with this purpose, or imported to the Russian Federation;
- during performing of works and services;
- in business, supporting and other documents including those connected with goods put into operation;
- in offers concerning sale of the goods, performing of the services, for use in advertisements, printed publications, official blanks, outdoor signs;
209. Rental contract with OAO Druzhba. OAO Gazprom undertakes to lend for a fee to OAO Druzhba for possession and use beneficially owned by OAO Gazprom property having an address at: v. Rogozinovo of Naro-Fominskiy District of Moscowskaya Region. The property is lent to OAO Druzhba for support of primary activities defined in OAO Druzhba Charter.

The amount of lease fee is RR33,971,010 including effective from 01.01.2010 up to 31.12.2011 is RR27,166,808 (net of VAT) and from 01.01.2012 up to 30.09.2012 is RR7,695,202 (net of VAT). The terms and conditions of the contract are applicable to the parties effective from 31.10.2011. Payment of lease fee for use of property is executed by OAO Druzhba on a monthly basis by transfer of money to OAO Gazprom current account not later than the last working day of a month, next to accounting month. Lease fee up to 01.01.2012 is paid for the entire period in accordance with act drawn not later than December 12 2011. The contract comes into force at 00:00 01.01.2012 and is effective up to 24:00 31.12.2012. The interested person is A.N. Kozlov, member of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s Board of Directors No. 1907 dated 14.12.2011.

210. Rental contract with OAO Gazprom Promgaz. The amount of lease fee for the period till 01.12.2011 is RR 286,219 (net of VAT). The amount of monthly lease fee effective from December 2011 to September 2012 is RR267,097 (net of VAT). The amount of lease fee effective from 01.10.2012 to 29.10.2012 is RR 249,865 (net of VAT). The terms and conditions of the contract are applicable to the parties effective from 31.10.2011. The interested person is V.V. Rusanova, member of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 30.06.2011.

211. Rental contract with ZAO Yamagalinvest. The amount of lease fee for the period till 01.12.2011 is RR 467,796 (net of VAT). The amount of monthly lease fee effective from December 2011 to September 2012 is RR 502,604 (net of VAT). The amount of lease fee effective from 01.10.2012 to 29.10.2012 is RR 416,182 (net of VAT). The terms and conditions of the contract are applicable to the parties effective from 31.10.2011. The interested person is E.A.Vasilyeva, V.V. Byushin, Y.Y.Golko, members of OAO Gazprom’s collegial executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 30.06.2011.

212. Rental contract with OOO Gazprom Komplektatsiya. The amount of lease fee for the period till 01.12.2011 is RR 631,050 (net of VAT). The amount of monthly lease fee effective from December 2011 to September 2012 is RR 556,508 (net of VAT). The amount of lease fee effective from 01.10.2012 to 29.10.2012 is RR 520,604 (net of VAT). The terms and conditions of the contract are applicable to the parties effective from 31.10.2011. The interested persons are A.B. Miller, N.N. Dubik, A.V. Kruglov, members of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting Meeting dated 30.06.2011.

213. Rental contract with OAO Gazprom Komplektatsiya. The amount of lease fee for the period till 01.12.2011 is RR 631,050 (net of VAT). The amount of monthly lease fee effective from December 2011 to September 2012 is RR 556,508 (net of VAT). The amount of lease fee effective from 01.10.2012 to 29.10.2012 is RR 520,604 (net of VAT). The terms and conditions of the contract are applicable to the parties effective from 31.10.2011. The interested persons are A.B. Miller, N.N. Dubik, A.V. Kruglov, members of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting Meeting dated 30.06.2011.
227. Contract for Fee-Based Consultancy Services with OAO GPB. Since OAO Gazprom’s joint venture with its inter differed financial OAO Gazprom (OJSC) will provide to OAO Gazprom the following consulting services: Assistance in preparation of final investment decision for the project; Assistance in development of contract structure of the project, contract conditions for OAO Gazprom’s participation in the project, securing its commercial interests, and in coordinating activities of a financial consultant of the project; Organization of project financing with limited recourse, and other services, as agreed by the parties. Service period – from 03.04.2009 to 31.03.2013. The cost of services includes: Monthly fee of OAO GPB (OJSC) in the amount of rouble equivalent of US $ 60,000 per calendar month; fee 1 in the amount of rouble equivalent of US $ 230,000, payable upon presentation of draft general terms for bridge financing by OAO Gazprom, Total S.A. and Statoil ASA in the form of shareholder loans and/or loans, provided under guarantees of OAO Gazprom, Total S.A. and Statoil ASA; fee 2 in the amount of rouble equivalent of US $ 300,000, payable after presentation to OAO Gazprom of OAO Gazprom’s financial and economic model; fee 3 in the amount of rouble equivalent of US $ 300,000, payable after execution of general financing terms with financing managers; fee 6 in the amount of rouble equivalent of US $ 400,000, payable after presentation of the project’s briefing memorandum; result fee, comprising: rouble equivalent of the amount of 0.15% of the total amount of all loans (excluding loans, provided by OAO Gazprom, Total S.A. and Statoil ASA, and loans, provided with full loan term guarantees of OAO Gazprom, Total S.A. and Statoil ASA, or under partial equity financing or under bridge financing), raised for financing the project for up to US $ 5,000,000,000 inclusive, and rouble equivalent of the amount of 0.17% of the total amount of all loans (excluding loans, provided by OAO Gazprom, Total S.A. and Statoil ASA, and loans, provided with full loan term guarantees of OAO Gazprom, Total S.A. and Statoil ASA, or under partial equity financing or under bridge financing), raised for financing the project for over US $ 5,000,000,000, minus: amounts, paid to OAO GPB (OJSC) as its fees 2 – 6; amounts, paid as monthly fee up to the moment of resulting fee, no more than for 24 months. The resulting fee is paid upon project loan documentation coming into force and is the total fee for services, performed during the service period, leading to availability of a specific loan amount. Furthermore, OAO Gazprom shall reimburse OAO GPB (OJSC) for: Justified and confirmed expenses of OAO Gazprom, related to payment for services of professional consultants (other than financial consultants), engaged by OAO GPB (OJSC) on its behalf and on its account, subject to written approval of OAO Gazprom. Legal counsel costs shall not exceed the amount of rouble equivalent of US $ 1,000,000. Fee limits for other professional consultants (other than financial consultants), if required, shall be set by written agreement of the parties; justified and confirmed overhead costs of OAO Gazprom (OJSC) in the amount not more than the rouble equivalent of US $ 30,000 per each calendar quarter of services. In the event of exceeding the limit, OAO GPB (OJSC) is required to obtain written approval of such costs from OAO Gazprom. The Contract comes into force as of the date of signing by the parties. Terms of the Contract apply to party relationships, which arose after 01.04.2009. The interested persons are A.B. Miller, M.L. Sereda, E.A. Vasilieva, A.V. Kruglov, V.V. Cherepanov, members of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s annual General Shareholders Meeting dated 25.06.2010.

230. License contract with OOO Gazprom Investproekt for use of trademarks. OAO Gazprom (Licensor) grants a nonexclusive license to OOO Gazprom Investproekt (Licensee holder) for use of trademarks OAO Gazprom – «Газпром», Gazprom and ® registered in State register of trademarks (service marks) of the Russian Federation, certificates for trademarks (service marks) No. 228275 dated 19.11.2002 No. 228276 dated 19.11.2002, No. 220181 dated 03.09.2002 (Licensor trademarks) for all the goods and services for which Licensor trademarks are registered. Licensee holder has the right to use Licensor trademarks in following cases: - on goods, labels which are produced, sold, demonstrated on exhibitions and fairs, put into operation by means on the territory of the Russian Federation/ stored or transported with this purpose, or imported to the Russian Federation; - for performing works and services, including exploitation of oil and gas fields, construction of oil and gas pipelines; - on business supporting and other documents including those connected with the goods put into operation; - in offers concerning sale of the services, for use in advertisements, charitable and sponsor events, printed publications, official blanks, outdoor signs including administrative and production buildings, on transport, clothes and means of individual protection; - on License holder’s stamp; - in the Internet; - in the License holder's corporate name. License remuneration for the right to use any trademark is adjusted quarterly and equals to 300 minimum statutory monthly pay (МSMР) established by legislation of the Russian Federation in force on the date of signing of acceptance acts (net of VAT). The interested persons are S.F. Khomyakov, V.A. Golubev, O.P. Pavlova, E.A. Vasilieva, V.V. Cherepanov, members of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s Board of Directors No. 1703 dated 31.12.2010.


232. Buy and sell agreement of real estate between OAO Gazprom and OAO Gazpromregazprom. The cost of real estate is RR 136,859,593.87 (net of VAT) in the amount of RR 24,634,726.90. The interested persons are K.G. Seleznev, O.P. Pavlova, V.V. Ilyushin, members of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s Board of Directors No. 1726 dated 31.12.2010.


228. Additional agreement No. 3 to loan contact No. 0608 dated 05.06.2008 with OOO CentrGasnepre regreted due to amendments to the contract as related to prolongation of terms of principal sum return and interest payments for use of loaned funds. The term of principal sum repayment is prior to or on 25.12.2012. Interest charged under the contract for the period from 26.12.2009 up to 25.12.2012, are paid all at once on the date of principal sum repayment i.e. 25.12.2012. Additional agreement comes into force as of the date of signing. The interested person is V.V. Cherepanov, member of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s Board of Directors No. 1920 dated 16.01.2012.

229. Additional agreement No. 3 to loan contact No. CKNG-0507 29.05.2007 with OOO CentrGasnepre regreted due to amendments to the contract as related to prolongation of terms of principal sum return and interest payments for use of loaned funds. The term of principal sum repayment is prior to or on 25.12.2012. Interest charged under the contract for the period from 26.12.2009 up to 25.12.2012, are paid all at once on the date of principal sum repayment i.e. 25.12.2012. Additional agreement comes into force as of the date of signing. The interested person is V.V. Cherepanov, member of OAO Gazprom’s collegiate executive body. Approved by the Resolution of OAO Gazprom’s Board of Directors No. 1922 dated 16.01.2012.
**Information on Transactions with OAO Gazprom’s Shares Carried Out by Members of OAO Gazprom’s Board of Directors and Management Committee in 2011**

<table>
<thead>
<tr>
<th>Name</th>
<th>Transaction date</th>
<th>Type of transaction</th>
<th>Number of OAO Gazprom’s ordinary registered shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.N. Koslov</td>
<td>09.12.2011</td>
<td>sale</td>
<td>51,270</td>
</tr>
<tr>
<td>O.P. Pavlova</td>
<td>29.12.2011</td>
<td>sale</td>
<td>33,493</td>
</tr>
<tr>
<td>V.V. Rusakova</td>
<td>28.12.2011</td>
<td>sale</td>
<td>27,906</td>
</tr>
<tr>
<td>I.Y. Fedorov</td>
<td>05.08.2011</td>
<td>purchase</td>
<td>22,220</td>
</tr>
</tbody>
</table>
NEW LAYERS
The Company launched the project to develop Turonian deposits of the Yuzhno-Russkoe field. The forecast higher-layer methane deposits in Russia, including coal gas, make over 80 tcm, which is about one third of total forecast gas resources in the country.
NEW HORIZONS

Lena coal basin

Irkutsk coal basin

Kuzbas
Information on the Actual Results of Execution of Orders and Directions of the President of the Russian Federation and Orders of the Government of the Russian Federation


As per the Investment Program for 2011, approved by a resolution of the Board of Directors of OAO Gazprom, the actual implementation volume of investments in 2011 amounted to RR 1,314.8 bln, the volume of capital investments – to RR 1,122.7 bln, long-term financial investments – to RR 153.14 bln, acquisition of non-current assets – RR 38.97 bln.

The investment priorities for capital construction under the Investment Program were the following:

- development of Bovanenkovskoye field, Aptian-Albian deposits of Nydinskoye block of Medvezhie gas condensate field, Achimovsky deposits of Urengoyskoye oil and gas condensate field, development of Kshukskoye, Nizhne-Kvakchikskoye and Kirinskoye fields;
- implementation of gas transportation projects, including construction of trunk gas pipeline systems Bovanenkovo – Ukhta and Ukhta – Torzhok, gas pipelines Gryazovets – Vyborg, Pochinki – Gryazovets, Northern Tyumen regions – Torzhok, GTS Sakhalin – Khabarovsk – Vladivostok, gas pipeline from Kirinskoye onshore facilities to Sakhalin main compressor station;
- development of underground gas storage system.

Key areas of long-term financial investments in 2011 were related to OAO Gazprom’s involvement in Shtokman and Prirazlomnoye fields, construction of Nord Stream and South Stream pipelines, and power generation projects, including construction of Adler TPP.

The financing of OAO Gazprom’s Investment Program in 2011 amounted to RR 1,250.98 bln, of which RR 1,166.90 bln came from OAO Gazprom’s equity capital.


Energy saving and energy efficiency issues are in the focus of OAO Gazprom’s Board of Directors every year. Upon consideration of the issue of implementation of energy saving technologies in OAO Gazprom’s operations at its February 2011 meeting, the Board of Directors with the purpose of reducing gas production and transportation costs ordered the Chairman of the Management Committee to provide for priority financing of energy saving technologies (Resolution of the Board of Directors of OAO Gazprom No. 1713 dated February 4, 2011).
Furthermore, in April 2011 the Board of Directors summarized implementation of OAO Gazprom’s energy saving program in gas production and gas transportation entities of OAO Gazprom in 2002–2010 (Resolution of the Board of Directors No. 1794 dated April 19, 2011). The Board also reviewed the prepared Energy Savings and Energy Efficiency Improvement Concept of OAO Gazprom for 2011–2020 and Energy Savings and Energy Efficiency Improvement Program of OAO Gazprom for 2011–2013, upon review of the issues the Chairman of the Management Committee was charged with achieving target energy efficiency values, determined by the above documents (Resolution of the Board of Directors No. 1795 dated April 19, 2011).

**Increasing Procurement of Russian-made Products**

Under the Energy Strategy of Russia up to 2030 (Order of the Government of Russia No. 1715-r dated November 13, 2009), support to Russian manufacturers is a priority for OAO Gazprom. The company involves domestic manufacturers in OAO Gazprom’s import substitution program and production engineering for new high-tech equipment.

<table>
<thead>
<tr>
<th>SHARE OF RUSSIAN-MADE PRODUCTS IN TOTAL VOLUME OF MATERIALS AND EQUIPMENT PURCHASED BY OOO GAZPROM KOMPLEKTATSIYA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Products</td>
</tr>
<tr>
<td>Russian-made materials and equipment</td>
</tr>
<tr>
<td>Imported materials and equipment</td>
</tr>
</tbody>
</table>


**Development Strategy Preparation (Minutes of the Meeting with the Prime-Minister of the Government of the Russian Federation No. 4 dated 03.08.2010)**

OAO Gazprom has a well-developed and modern planning system in place. The company develops mid- and long-term development programs, including business area-specific ones, with strategic target performance values by years, production capacity commissioning plans, financial and economic performance indicators, and information, required for OAO Gazprom’s budget planning.

The company regularly prepares OAO Gazprom’s 10-year development program (gas business) to establish optimum development options for OAO Gazprom, providing for achievement of strategic target performance values and maximization of economic performance benefits.
In pursuance of the Directives of the Prime-Minister of the Government of the Russian Federation V.V. Putin 6464p-P13 dated 06.12.2010 and No. 2828p-P113 dated 16.06.2011, resolutions of the Board of Directors of OAO Gazprom No. 1738 dated March 22, 2011 and No. 1846 dated July 21, 2011, the following activities were completed:

- Determined and submitted to the Ministry for Economic Development a list of products, work and services for online procurement by OAO Gazprom online, including online auctions.
- In 2011 OAO Gazprom and Gazprom Group companies performed online auction procurement, including a large multi-item purchase for RR 11.5 bln (VAT included). The company auctioned contract rights for financial leasing of various equipment.
- OAO Gazprom regularly submits procurement reports to the Board of Directors of OAO Gazprom, Ministry of Energy of Russia, Rosstat, information is published at MV – Portal of the Federal Agency for State Property Management.
- OAO Gazprom publishes at its website its open competitive procurement plan, procurement notices, notifications and documentation, detailed procurement information. The website also publishes results of open competitive purchases and data on resulting contracts.


Information on compensations to members of the Board of Directors, members of the Management Committee and Chairman of the Management Committee, made by OAO Gazprom in 2011, is provided in “Corporate Governance” section.

Decisions to Reduce Procurement Costs of Products (Work, Services) per Unit of Output at Least by 10 % per Year During Three Years in Real Terms and Using Resulting Reduction Values as a Key Performance Indicators for Evaluation of Performance Efficiency of Entities and Managers (sub-para. “E”, Para. 1 of the List of Orders of the President of the Russian Federation No. Pr-846 dated 02.04.2011)

In pursuance of the Order, the Cost Reduction Value Calculation Methodology for procurement of products (work, services) per unit of output was approved. The Document was submitted to the federal executive authorities.

To provide for implementation of the Methodology, OAO Gazprom issued the following orders “On facilitation of activities to generate organization of cost reduction values for procurement of products (work, services)” No. 405 dated December 29, 2011, and No. 406 “On measures to reduce costs of the company in 2012”, dated December 29, 2011.
To provide for stronger correlation of compensations of OAO Gazprom’s top management with corporate key performance indicators, the company decided to include into its list of corporate key performance indicators, used in the annual bonus system, a fifth indicator—“Reduction of costs for procurement of products (work, services)”. The company prepared materials for review by the Board of Directors of OAO Gazprom of “Amendments to the system of key performance indicators of OAO Gazprom and changes in the Regulation on compensations to the top management, related to achievement of set cost reduction value for procurement of products (work, services)”. The Board of Directors of OAO Gazprom passed a relevant resolution on March 5, 2012.

**Liability Insurance for Independent Directors – Representatives of State Interests in Governance Bodies of Public Companies (Order of the President of the Russian Federation No. Pr-2206 dated 03.08.2011)**

Liability insurance for members of the Board of Directors of OAO Gazprom, including those meeting independence criteria, has been available since 2008 and provides for indemnification of damages to shareholders, lenders or other parties, resulting from unintentional wrong actions (omission of action) of insured persons, performing management activities.

**Stimulating Environmental Responsibility Mechanisms, Based on International Standards (Sub-para “L”, Para. 1 of the List of Orders of the President of the Russian Federation No. Pr-1640 dated 06.06.2010)**

In October 2011 the Board of Directors of OAO Gazprom reviewed OAO Gazprom’s Environmental Policy. The meeting decided to recommend the Policy for use in companies of Gazprom Group.

**Innovative Development Program Design (lists of orders of the President of the Russian Federation No. Pr-22 dated 04.01.2010 and No. Pr-307 dated 07.02.2011)**

OAO Gazprom has developed its Innovative Development Program to the year of 2020. The Program is approved by the Ministry of Economic Development of Russia, the Ministry of Energy of Russia, the Ministry of Education and Science of Russia, approved on May 31, 2011 meeting of the Working Group for development of public-private partnership in the area of innovations under the Government Committee for high technologies and innovations (Minites No. 20-AK) and approved by Resolution No. 1825 of the Board of Directors of OAO Gazprom dated June 1, 2011.
Implementation of Gas Transportation Projects

In line with Para. 3, Part II of Minutes of the meeting with the Prime-Minister of the Government of the Russian Federation V.V. Putin on September 1, 2008 No. VP-P16-17pr, in September 2011 the Phase 1 of the first launch complex of Sakhalin – Khabarovsk – Vladivostok gas transportation system was commissioned.

Pursuant to Para. 5 of the Order of the Prime-Minister of the Government of the Russian Federation V.V. Putin No. BP-P2-4776 dated August 11, 2009, OAO Gazprom submits South Stream project status information every quarter to the Ministry of Energy of Russia for preparation of reports to the Government of the Russian Federation.

In line with the Order of Deputy Prime-Minister of the Government of the Russian Federation I.I. Sechin No. IS-P9-2550 dated May 10, 2009, on preparation of quarterly status reports for tasks, set by the President of the Russian Federation D.A. Medvedev (No. Pr-1034 dated April 28, 2009, Para. 7 (Charge OAO Gazprom with a feasibility study for South Stream offshore route in the Turkish area of the Black Sea) and Para. 8 (Charge OAO Gazprom with accelerated development of technology solutions under the South Stream feasibility study, submit to the Government of the Russian Federation a relevant report and project implementation schedule)) OAO Gazprom submitted the required information to the Ministry of Energy of Russia every quarter.

Pursuant to the Order of Deputy Prime-Minister of the Government of the Russian Federation I.I. Sechin No. IS-P2-6616 dated September 19, OAO Gazprom submits performance status reports on the offshore section of South Stream project in the exclusive economic zone of the Republic of Turkey every month.

Development of Proposals to Adjust the Program for Construction of a Common System for Gas Production, Transportation and Gas Supply to Russian Consumers in Eastern Siberia and in the Far East, and for Possible Gas Exports to Markets of China and Other Asian-Pacific countries

Pursuant to Para. 6 of the Order of the Government of the Russian Federation No. VP-P9-16pr dated March 19, 2011, in 2011 OAO Gazprom facilitated activities to adjust the Program for construction of a common system for gas production, transportation and gas supply to Russian consumers in Eastern Siberia and in the Far East, and for possible gas exports to markets of China and other Asian-Pacific countries. The activities were carried out by a working group under the Ministry of Energy of Russia. The final proposals were reported by the Ministry of Energy of the Russian Federation at the meeting of the Government of the Russian Federation on December 28, 2011.

Utilisation of Associated Petroleum Gas

Pursuant to the Order of the President of the Russian Federation No. Pr-3399 dated November 15, 2011, OAO Gazprom completed technical documentation for “Efficient utilisation of associated petroleum gas at Urengoyskoye oil and gas condensate field” project for further transactions with carbon units. The technical documentation for utilisation of associated petroleum gas was brought in line with changed legal requirements, an investment declaration was prepared, an expert opinion of an independent auditor was obtained. The above documentation was sent to OAO Sberbank of Russia on December 6, 2011. Order of the Ministry of Economic Development of Russia No. 20 dated January 20, 2012 included the project into the list of projects, carried out in line with Article 6 of Kyoto Protocol of the United Nations Framework Convention on Climate Change.
Pursuant to the list of orders of the Prime-Minister of the Government of the Russian Federation No. PR-1461 dated August 10, 2008 for metering associated petroleum and natural gas, including flares at production facilities, OAO Gazprom is designing metering hubs for burned gas in its subsidiaries under its Investment Program.

**Coalbed Methane Development**

Pursuant to orders of the President of the Russian Federation No. Pr-1827 dated September 16, 2000 and No. Pr-1738 dated September 26, 2007, OAO Gazprom and Kemerovo region Administration jointly implement coalbed methane innovative production project in Kuzbass, with the ultimate purpose of industrial production of coalbed methane.

**Development of Russian Continental Shelf Hydrocarbon Resources**

Pursuant to the Order of Deputy Prime-Minister of the Government of the Russian Federation I.I. Sechin No. IS-P9-3073 for consideration of proposals of the Ministry of Natural Resources of Russia to develop an exploration program for Russian continental shelf and development of its mineral resources, the company submitted to the Ministry of Natural Resources its report on activities on the continental shelf of the Russian Federation in 2011 and OAO Gazprom’s proposals for licensing blocks of the continental shelf of the Russian Federation for the period up to 2020.

Pursuant to the Order of the Government of the Russian Federation No. DK-P13-2776 dated April 28, 2011, OAO Gazprom performed detailed review of the issues, related to creation of a special economic zone in Murmansk region. The purpose of the zone creation in Murmansk region is comprehensive development of Shtokmanovskoye gas condensate field with more favourable conditions for business activities. Gazprom’s stand on a matter was submitted to the Ministry of Economic Development of the Russian Federation.

**Information Presented at OAO Gazprom’s Corporate Web-Site:**

- Members of OAO Gazprom’s Revision Commission
- Meetings held by OAO Gazprom’s Board of Directors in 2010
- Meetings held by the Audit Committee of OAO Gazprom’s Board of Directors in 2011
- Ongoing legal proceedings connected with debt enforcement as of December 31, 2011
- OAO Gazprom participation in share capital of third companies as of December 31, 2011
NEW POSSIBILITIES
FOR BALANCED DEVELOPMENT

“Gazprom to Children” is the Company’s largest social program.
It covers **72 regions** of the country. In 2007 – 2011, over **RR 13 bln** was invested into its implementation, **714 sports facilities** were built and reconstructed. Corporate "Fakel" festivals and Spartakiada Games are held on a regular basis.

Towns with facilities constructed under “Gazprom to Children” program.

“Fakel” festival

OAO Gazprom Spartakiada Games
ADDRESSES AND CONTACTS

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Open Joint Stock Company Gazprom

Abbreviated Name
OAO Gazprom

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www.gazprom.ru

E-mail
gazprom@gazprom.ru

Certificate of Entry Into the Unified State Register of Legal Entities
Issued by the Moscow Department of the Ministry of Taxes and Fees of the Russian Federation on August 02, 2002; No. 1027700070518

Indentification Number of Taxpayer (INN)
7736050003

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E-mail: O.Borodina@adm.gazprom.ru.

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E-mail: A.Baranov@adm.gazprom.ru.

Auditor to OAO Gazprom: ZAO PricewaterhouseCoopers Audit
Member of the non-commercial partnership “Russian Audit Chamber” (NP RAC), which is a self-regulatory organization of auditors – registration number 870 in the register of NP RAC members. The main registration number in the register of auditors and audit organizations - 10201003683.

Location and Mail Address
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Tel.: +7 (495) 967-60-00. Fax: +7 (495) 967-60-01

Registrar
Closed joint stock company Specialized registrar – Holder of gas industry shareholders register (ZAO SR-DRAGA)

Location and Mail Address
71/32 Novocheremushkinskaya St., Moscow, 117420, Russian Federation
Tel.: +7 (495) 719-39-29. Fax: +7 (495) 719-45-85
This annual report is preliminary approved by the resolution of OAO Gazprom's Board of directors No. 1989 dated May 22, 2012

Chairman of the Management Committee
Alexey B. Miller

Chief Accountant
Elena A. Vasilieva