

OPEN JOINT STOCK COMPANY GAZPROM
2000 CONSOLIDATED FINANCIAL REPORTS

TRANSLATOR'S EXPLANATORY NOTE: The above translation is provided as a free translation from Russian, which is the official and binding version.

AUDIT REPORT

General audit license No. 016153 issued by the Central Attesting and Licensing Audit Committee of the Ministry of Finance of the Russian Federation on 23 November 1999. The license is valid until 24 June 2002.

State registration certificate No. 008.890 was issued by the Moscow Registration Bureau on 28 February 1992.

Settlement account No. 407 028 104 000 010 012 93 at the commercial bank ING BANK EURASIA, bank correspondent No. 301 018 105 000 000 002 22, BIC 044 52 52 22, INN 770 505 11 02.

The audit was carried out with participation of the statutory auditor S.A. Blokhin.

AUDIT FIRM'S OPINION
on the 2000 Consolidated Financial Reports of Open Joint Stock Company Gazprom

To the shareholders of Open Joint Stock Company Gazprom:

1. We have audited the attached 2000 Consolidated Financial Reports of open joint stock company Gazprom and its principal subsidiary and associated undertakings (collectively, the "Group") which comprise the Consolidated Balance Sheet as at 31 December 2000, the Consolidated Statement of Income for the year ended 31 December 2000 and the Notes to the Consolidated Financial Reports (together, the "Consolidated Financial Reports"). These Consolidated Financial Reports were prepared by the management of OAO Gazprom in accordance with the Federal Law on Accounting and Regulation on Accounting and Reporting adopted by Decree No. 34H of the Ministry of Finance of the Russian Federation dated 29 July 1998, and the methodology recommendations on preparing consolidated accounting reports approved by Order No. 112 of the Ministry of Finance of the Russian Federation dated 30 December 1996. Such Consolidated Financial Reports differ to a significant extent from those prepared in accordance with International Accounting Standards.
2. Preparation of the Consolidated Financial Reports is the responsibility of the management of OAO Gazprom. Our responsibility is to express our opinion on the Consolidated Financial Reports based on our audit.
3. We conducted our audit in accordance with the Temporary Rules of Audit Activity in the Russian Federation adopted by Decree No. 2263 of the President of the Russian Federation dated 22 December 1993, in accordance with Russian Auditing Standards issued by the Presidential Audit Committee and in accordance with International Standards on Auditing ("ISA"). Russian Auditing Standards and ISA require that we plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Reports are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the Consolidated Financial Reports. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Consolidated Financial Reports presentation in order to ensure compliance with laws and regulations of the Russian Federation. We believe that our audit provides a reasonable basis for our opinion.

The firm is an authorized licensee of the tradename and logo of PricewaterhouseCoopers.

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4. In our opinion, the Consolidated Financial Reports attached to this report have been properly prepared to present in all material respects the assets and liabilities of the Group as at 31 December 2000 and the results of its operations for the year ended 31 December 2000 in accordance with the Federal Law on Accounting and Regulation on Accounting and Reporting in the Russian Federation adopted by Decree No. 34H of the Ministry of Finance of the Russian Federation dated 29 July 1998, and the methodology recommendations on preparing consolidated accounting reports approved by Order No. 112 of the Ministry of Finance of the Russian Federation dated 30 December 1996.

Director of ZAO

K. Rowden

Statutory Auditor

S.A. Blokhin

14 May 2001

OA O GAZPROM
CONSOLIDATED BALANCE SHEET
as at 31 December 2000
(in millions of Roubles)

Note	ASSETS	As of the beginning of 2000	As of the end of 2000
	I. NON-CURRENT ASSETS		
	Intangible assets	3,927	4,346
	including:		
	patents, licenses, trademarks, other rights and assets similar to those listed above	304	222
	start-up expenses	-	-
	goodwill on subsidiaries	1,676	1,498
	Fixed assets	629,426	615,982
	including:		
	plots of land and natural resources	12	12
5	buildings, constructions, machinery and equipment	617,843	600,350
6	Construction in progress	130,052	201,207
	Income-bearing lease investments	-	-
	including		
	property for lease-out	-	-
	property for hiring	-	-
7	Long-term financial investments	77,860	103,228
	including:		
	investments in subsidiaries	25,388	34,994
	investments in associates	8,229	11,656
	investments in other companies	3,246	9,998
	loans issued to companies beyond 12 months	16,855	16,281
	other long-term investments	24,142	30,299
	Other non-current assets	-	-
	TOTAL Section I	841,265	924,763
	II. CURRENT ASSETS		
	Inventories	43,705	69,353
	Including:		
	materials and other inventories	23,255	41,418
	livestock	91	131
	work in progress	982	784
	finished goods and goods for resale	18,894	25,792
	goods dispatched	6	333
	expenses related to future periods	473	893
	other inventories and expenses	4	2
	Value added tax on purchased goods	23,889	39,338
	Accounts receivable (payment expected beyond 12 months of the reporting date)	22,912	26,767
	including:		
8	buyers and customers	20,167	15,545
	promissory notes, bills of exchange receivable	2,223	5,383
	advances paid	-	-
8	other debtors	522	5,839

OAo GAZPROM
CONSOLIDATED BALANCE SHEET
as at 31 December 2000
(in millions of Roubles)

Note	ASSETS	As of the beginning of 2000	As of the end of 2000
	II. CURRENT ASSETS (CONTINUED)		
	Accounts receivable (payment expected within 12 months of the reporting date)	282,691	264,850
	including:		
8	buyers and customers	204,122	164,825
	promissory notes, bills of exchange receivable receivables from participants (founders) on contributions to charter capital	4,555	938
	advances paid	-	-
8	other debtors	9,731	7,169
	Short-term financial investments	64,283	91,918
	including:	29,639	35,836
	loans issued to companies within 12 months	7,644	1,239
11	treasury shares	2,312	2,198
9	other short-term investments	19,683	32,399
10	Monetary assets	33,176	49,328
	including:		
	cash on hand	13	12
	Rouble bank accounts	2,335	6,541
	non-rouble bank accounts	2,963	4,707
	other monetary assets	27,865	38,068
	Other current assets	225	310
	TOTAL Section II	436,237	485,782
4	TOTAL ASSETS	1,277,502	1,410,545

OAo GAZPROM
CONSOLIDATED BALANCE SHEET
as at 31 December 2000
(in millions of Roubles)

Note	EQUITY AND LIABILITIES	As of the beginning of 2000	As of the end of 2000
11	III. EQUITY AND RESERVES		
	Charter capital	118,368	118,368
	Additional capital	591,322	593,374
	Legal reserve	7	2,897
	including:		
	reserves and provisions, formed in accordance with legislation	-	2,613
	reserves formed in accordance with foundation documents	7	284
	Social funds	11,009	9,693
	Special purpose financing	481	490
	Retained earnings of prior periods	7,903	-
	Expenses not covered by sources of financing	-	(7,753)
	Interim dividends for the reporting period	-	(1,483)
	Retained earnings of the reporting period	-	60,748
	TOTAL Section III	729,090	776,334
	Minority interest	2,063	2,191
	IV. NON-CURRENT LIABILITIES		
13	Borrowings	222,337	193,089
	Including:		
	bank loans due for repayment beyond 12 months of the reporting date	219,478	189,768
	other borrowings due for repayment beyond 12 months of the reporting date	2,859	3,321
14	Other non-current liabilities	1,494	34,404
4	TOTAL Section IV	223,831	227,493

OAo GAZPROM
CONSOLIDATED BALANCE SHEET
as at 31 December 2000
(in millions of Roubles)

Note		As of the beginning of 2000	As of the end of 2000
	EQUITY AND LIABILITIES		
	V. CURRENT LIABILITIES		
13	Borrowings	64,753	91,419
	Including:		
	bank credits due for repayment within 12 months of the reporting date	62,156	88,580
	loans due for repayment within 12 months of the reporting date	2,597	2,839
	Accounts payable	253,290	306,037
	Including:		
	suppliers and contractors	37,975	52,430
	promissory notes, bills of exchange payable	20,072	60,658
	salaries payable	1,706	2,362
	payable to state non-budget funds	6,178	3,557
	payable to budget (taxes)	80,922	71,854
	advances received	1,527	1,876
12	other creditors	104,910	113,300
	Dividends payable	127	329
	Income of future periods	2,410	3,677
	Reserves for future expenses and payments	1,938	3,065
	Other current liabilities	-	-
4	TOTAL Section V	322,518	404,527
	TOTAL EQUITY AND LIABILITIES	1,277,502	1,410,545

R. Vyakhirev
Chairman of the Management Committee

I. Bogatyriova
Chief Accountant

OAO GAZPROM
CONSOLIDATED STATEMENT OF INCOME
for 2000
(in millions of Roubles)

Note		For the reporting year	For the prior reporting year
4,15	Sales of goods, products, works and services (less value added tax, excise tax and other similar mandatory payments)	498,099	305,990
4,16	Cost of goods, products, works and services sold	(254,815)	(176,306)
4	Commercial expenses	(267)	(330)
	Management expenses	-	-
	Gross profit from sales	243,017	129,354
	Interest income	4,122	2,416
	Interest expense	(17,097)	(11,952)
	Income from investments in other companies	1,050	810
17	Other operating income	682,237	417,411
17	Other operating expenses	(695,529)	(429,707)
18	Other non-operating income	69,583	64,222
18	Other non-operating expenses	(162,990)	(99,937)
	Profit of associated undertakings	777	32
	Pre-tax profit of the reporting period	125,170	72,649
12,19	Income tax and other similar mandatory payments	(63,991)	(39,762)
	Income from operations	61,179	32,887
	Extraordinary income	-	-
	Extraordinary expenses	-	-
	Minority interest	(431)	(284)
	Net profit (retained profit) of the reporting period	60,748	32,603
22	Profit per share (in Roubles)	2.87	1.53

R. Vyakhirev
Chairman of the Management Committee

I. Bogatyriova
Chief Accountant

ОАО ГАЗПРОМ
NOTES TO THE CONSOLIDATED FINANCIAL REPORTS
(in millions of Roubles)

1. NATURE OF OPERATIONS

Russian joint stock company Gazprom was established in accordance with Presidential Decree No. 1333 dated 5 November 1992. The Annual General Meeting of the shareholders, held on 26 June 1998, approved a recommendation from the Board of Directors on revising the name of the organisation in order to comply with the Federal Law on joint stock companies. Consequently, the organisation became the open joint stock company Gazprom or OAO Gazprom.

OAO Gazprom and its principal subsidiary and associated undertakings (collectively, the “Group”) operate one of the largest gas pipeline systems in the world and are responsible for substantially all gas production and high pressure gas transportation within the Russian Federation. The Group is also a major exporter of gas to European countries.

The Group operates as a vertically integrated business (see Note 4). Substantially all external sales represent gas sales in the Russian Federation and abroad. The principal elements of the Group’s vertically integrated business are the following:

- Production – exploration and production of gas and other hydrocarbons;
- Refining - processing and sale of gas condensate and other hydrocarbons;
- Transportation – transportation and sale of gas; and
- Distribution - domestic and export sale of gas.

The Group’s assets are mainly located on the territory of the Russian Federation.

On average, the Group employed 306.3 and 298.0 thousand people in 2000 and 1999, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Accounting principles

The Consolidated Financial Reports of the Group have been prepared in accordance with the accounting rules effective in the Russian Federation, in particular, the Federal law On Accounting dated 21 November 1996 No. 129-FZ and the Regulation on Accounting and Reporting in the Russian Federation adopted by Decree No. 34H of the Ministry of Finance of the Russian Federation dated 29 July 1998.

Assets are accounted for at actual cost of purchase, excluding fixed assets re-valued on a regular basis.

Basis of consolidation

The Consolidated Balance Sheet and Consolidated Statement of Income and the Notes to the Consolidated Financial Reports (together, the “Consolidated Financial Reports”) comprise a consolidation of the Statutory Accounting Reports of OAO Gazprom and each of the Group’s principal subsidiary and associated undertakings prepared in accordance with the methodology recommendations on preparing consolidated financial reports, approved by Order No. 112 of the Ministry of Finance of the Russian Federation dated 30 December 1996 (“Order 112”).

ОАО ГАЗПРОМ
NOTES TO THE CONSOLIDATED FINANCIAL REPORTS
(in millions of Roubles)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

All significant investments in wholly and partly-owned undertakings in the core gas production and transportation business, and those engaged in administration, sales, procurement and other functions have been included in the Consolidated Financial Reports in compliance with the consolidation methodology. Included on an equity basis are the results and net assets of nine associated undertakings, which are gas distribution businesses in East and West European countries and CIS countries.

As permitted under Order 112, the results of the Group's banking subsidiaries, Gazprombank, Sovfintrade and National Reserve Bank, have been accounted for on the basis prescribed for inclusion in the Consolidated Financial Reports of investments in associated undertakings. Results and net assets of those banks were included in the Consolidated Financial Reports on the basis of their financial statements, as prepared in accordance with RAR.

The results of the banking subsidiaries include the gains and losses incurred on forward contracts only to the extent that they have been closed or settled prior to the balance sheet date. A significant number of forward contracts concluded by the above banks remained open or unsettled as at 31 December 2000.

Insignificant investments, which it would be appropriate to include on a consolidated basis or on an equity basis, have been accounted for at historical cost, except for those denominated in hard currency which were subject to statutory revaluation prior to 1 January 1995. These insignificant investments were not consolidated for the practical reason that the resultant effect would have been immaterial to the accompanying Consolidated Financial Reports.

Assets and liabilities denominated in foreign currency

The official exchange rate of the Russian Rouble ("RR") effective at the date of a transaction, was used to account for transactions made in foreign currency. Monetary assets and liabilities denominated in foreign currencies are recorded at amounts calculated based on the official exchange rate of the RR which equalled RR 28.16 and RR 27.00 for USD 1 as at 31 December 2000 and 1999, respectively.

Exchange differences resulting from transactions with assets and liabilities during the year, and from their recalculation as at the reporting date, are included in the Consolidated Statement of Income.

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings is recorded in the Consolidated Financial Reports and represents the difference between the actual cost of acquired investments and the nominal value of the subsidiaries, net of accumulated depreciation. Goodwill on subsidiary undertakings is depreciated over 10 years starting from the year following the year of purchase of the investment.

OAo GAZPROM
NOTES TO THE CONSOLIDATED FINANCIAL REPORTS
(in millions of Roubles)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Fixed assets

Fixed assets are reported at historical cost less depreciation accumulated for the period of their maintenance.

Fixed assets are depreciated for accounting purposes on a straight line basis based upon the estimated useful lives of the assets as follows:

	<u>Years</u>
Pipelines	33
Wells and gas producing equipment	12 - 40
Machinery and equipment	10 - 18
Buildings and roads	8 - 50
Social assets	5 - 50

Interest incurred on borrowings to finance the purchase (construction) of fixed assets before those assets were put into operation has been capitalised as part of historic cost.

Investments in other companies

Investments in other companies are recorded at actual cost of purchase.

Inventories

Inventories are carried at the historic cost of purchase or production and expensed using the weighted average cost method.

Gas in storage is accounted for in line "Finished goods and goods for resale".

Accounts receivable from buyers and customers

Accounts receivables from buyers and customers have been calculated based on prices contracted between the Group and buyers (customers). Bad debts have been written off when recognised as such.

Unsecured past due receivables have been stated net of doubtful debt provisions. These provisions are based on the judgement of Group management as to the extent to which debts collectability is doubtful. Doubtful debt provisions have been charged against the profit and loss account.

Revenue recognition

Revenues from sales are recognised at the moment when goods are delivered (or services rendered) and settlement documents prepared by customers.

OAO GAZPROM
NOTES TO THE CONSOLIDATED FINANCIAL REPORTS
(in millions of Roubles)

3. CHANGES IN THE ACCOUNTING POLICIES AND COMPARATIVE AMOUNTS

Changes in the accounting policies

In 2000 the accounting policies of OAO Gazprom were changed in the part related to the doubtful debt provisioning rules. The doubtful debt provisioning rules have been changed to ensure observance of the prudence concept by the Group.

In 2001 the Group's accounting policies have been adjusted for requirements of a new Chart of Accounts and Guidance on its application approved by Order No 94H of the RF Ministry of Finance dated 31 October 2000, effective from 1 January 2001.

Comparative amounts

The comparative amounts of the 2000 accounting reports have been formed by adjusting amounts of the 1999 accounting reports in order to bring them in compliance with the changes in the 2000 reporting forms and reporting forms completion procedures approved by Orders No 60H and 4H of the RF Ministry of Finance dated 28 June 2000 and 13 January 2000 respectively. In particular, the comparative amounts have been adjusted or supplemented in compliance with revised or new accounting standards enacted in 2000.

Comparative amount as of 1 January 2000

	As of the end of 1999	Changes in the reporting forms' completion	Changes in the reporting forms	As of the beginning of 2000
ASSETS				
Non-current assets				
Long-term investments	78,353	(493)	-	77,860
Other non-current assets	771	(771)	-	-
Current assets				
Short-term investments	29,146	493	-	29,639
Accounts receivable	304,832	771	-	305,603
Losses	38,720	-	(38,720)	-
Total assets	1,316,222	-	(38,720)	1,277,502
LIABILITIES				
Equity and reserves				
Special purpose finance and receipts	3,439	(2,958)	-	481
Retained profit of prior years	46,623	-	(38,720)	7,903
Long-term liabilities				
Other long-term liabilities	876	618	-	1,494
Short-term liabilities				
Promissory notes payable	20,690	(618)	-	20,072
Other creditors	104,029	881	-	104,910
Income of future periods	333	2,077	-	2,410
Total liabilities	1,316,222	-	(38,720)	1,277,502

OAO GAZPROM
NOTES TO THE CONSOLIDATED FINANCIAL REPORTS
(in millions of Roubles)

3. CHANGES IN THE ACCOUNTING POLICIES AND COMPARATIVE AMOUNTS
(continued)

Effective from 1 January 2000, PBU No. 9/99 "Income of a Company" approved by Order No.32H of the RF Ministry of Finance dated 6 May 1999 and PBU 10/99 "Expenses of a Company" approved by Order No.33H of the RF Ministry of Finance dated 6 May 1999, and the above adjustments have impacted operational and non-operational expenses of the Consolidated Statement of Income as follows:

Comparative amounts for 2000

	The 1999 reports	Exchange differen- ces	Loan interest	Reversal of interests and fines	Social expenses	Other	The 2000 reports
Cost of sold goods	(176,709)	-	205	-	-	198	(176,306)
Interest receivable	2,404	-	-	-	-	12	2,416
Interest payable	(888)	-	(10,411)	-	-	(653)	(11,952)
Other operating income	459,497	(42,086)	-	-	-	-	417,411
Other operating expenses	(497,969)	67,819	-	-	-	443	(429,707)
Non-operating income	16,268	42,086	-	5,868	-	-	64,222
Non-operating expenses	(22,436)	(67,819)	-	-	(6,200)	(3,482)	(99,937)
Net profit	46,623	-	(10,206)	5,868	(6,200)	(3,482)	32,603

Other changes in the comparative amounts mainly represent expenses associated with profit tax benefit payments.

Changes in the comparative amounts primarily represent reclassification of expenses that were posted directly to retained earnings in 1999.

OAO GAZPROM
NOTES TO THE CONSOLIDATED FINANCIAL REPORTS
(in millions of Roubles)

4. SEGMENT INFORMATION

	Production	Refining	Transport	Distribution	Other	Total
31 December 2000						
Segment assets	188,090	17,912	745,798	231,007	53,482	1,236,289
Unallocated assets						234,033
Inter-segment eliminations						<u>(59,777)</u>
Total assets						1,410,545
Segment liabilities	25,160	1,044	21,315	128,749	19,859	196,127
Unallocated liabilities						495,670
Inter-segment eliminations						<u>(59,777)</u>
Total liabilities						632,020
Capital expenditures for the period	44,900	2,876	45,859	423	5,663	99,721
Depreciation and amortisation	6,013	1,337	29,648	365	1,056	38,419
31 December 1999						
Segment assets	124,425	16,429	740,650	225,630	53,740	1,160,874
Unallocated assets						172,399
Inter-segment eliminations						<u>(55,771)</u>
Total assets						1,277,502
Segment liabilities	14,261	3,166	18,596	82,470	16,531	135,024
Unallocated liabilities						467,096
Inter-segment eliminations						<u>(55,771)</u>
Total liabilities						546,349
Capital expenditures for the period	31,213	2,723	52,204	770	556	87,466
Depreciation and amortisation	6,680	1,474	29,120	130	735	38,139

OAO GAZPROM
NOTES TO THE CONSOLIDATED FINANCIAL REPORTS
(in millions of Roubles)

4. SEGMENT INFORMATION (continued)

	Production	Refining	Transport	Distribution	Other	Total
Year ended						
31 December 2000						
Segment revenues						
Inter-segment sales	38,623	8,600	91,240	5,366	-	143,829
External sales	<u>4,936</u>	<u>27,090</u>	<u>24,262</u>	<u>408,117</u>	<u>33,694</u>	<u>498,099</u>
Total segment revenues	43,559	35,690	115,502	413,483	33,694	641,928
Segment expenses						
Inter-segment expenses	956	4,217	7,428	131,228	-	143,829
External expenses	<u>29,223</u>	<u>16,201</u>	<u>75,186</u>	<u>101,490</u>	<u>32,982</u>	<u>255,082</u>
Total segment expenses	30,179	20,418	82,614	232,718	32,982	398,911
Segment result	13,380	15,272	32,888	180,765	712	243,017
Year ended						
31 December 1999						
Segment revenues						
Inter-segment sales	24,052	6,545	67,156	2,793	-	100,546
External sales	<u>3,105</u>	<u>10,990</u>	<u>15,493</u>	<u>254,479</u>	<u>21,923</u>	<u>305,990</u>
Total segment revenues	27,157	17,535	82,649	257,272	21,923	406,536
Segment expenses						
Inter-segment expenses	366	2,737	3,874	93,569	-	100,546
External expenses	<u>20,631</u>	<u>8,784</u>	<u>57,586</u>	<u>71,021</u>	<u>18,614</u>	<u>176,636</u>
Total segment expenses	20,997	11,521	61,460	164,590	18,614	277,182
Segment result	6,160	6,014	21,189	92,682	3,309	129,354

The inter-segment revenues mainly consist of:

- Production – sale of gas to the Distribution segment and sale of hydrocarbons to the Refining segment;
- Refining – sale of refined products to other segments;
- Transport – rendering transportation services to the Distribution segment; and
- Distribution – sale of gas to the Transport segment for own needs.

Internal transfer prices are established by the management of the Group with the objective of providing for the specific funding requirements of the individual segments.

OAO GAZPROM
NOTES TO THE CONSOLIDATED FINANCIAL REPORTS
(in millions of Roubles)

5. FIXED ASSETS

	Buildings	Constructions	Machinery and equipment	Total
At 31 December 2000				
Cost	66,416	943,293	107,832	1,117,541
Accumulated depreciation	<u>(16,564)</u>	<u>(432,598)</u>	<u>(68,029)</u>	<u>(517,191)</u>
Net book value	<u>49,852</u>	<u>510,695</u>	<u>39,803</u>	<u>600,350</u>
At 1 January 2000				
Cost	65,504	938,506	99,066	1,103,076
Accumulated depreciation	<u>(15,218)</u>	<u>(407,929)</u>	<u>(62,086)</u>	<u>(485,233)</u>
Net book value	<u>50,286</u>	<u>530,577</u>	<u>36,980</u>	<u>617,843</u>

6. CONSTRUCTION IN PROGRESS

Construction in progress is comprised of the following:

	31 December	
	2000	1999
Construction in progress	174,473	107,628
Equipment for installation	21,263	17,216
Advances paid	<u>5,471</u>	<u>5,208</u>
Total	<u>201,207</u>	<u>130,052</u>

In connection with introduction of the new procedures for putting into operation fixed assets due for statutory registration, the construction in progress included fixed assets that were put into operation but were not registered at 31 December 2000 in the amount of RR 24,023.

7. LONG-TERM FINANCIAL INVESTMENTS

Investments in subsidiaries

In 2000, the Group continued its long term restructuring plans. As a part of this restructuring, various non-core business activities such as agriculture, construction, science, industry and others were transferred into separate subsidiaries. Over time, it is management's intention, to the extent possible, to divest these companies.

The Group's management does not view the activities of these companies as core to the primary business functions and in the aggregate they are immaterial. Accordingly, amounts related to these companies have not been included in the Consolidated Financial Reports on a consolidated basis.

Also included in investments in subsidiaries are the Group's banking subsidiaries (see Note 2).

OAO GAZPROM
NOTES TO THE CONSOLIDATED FINANCIAL REPORTS
(in millions of Roubles)

7. LONG-TERM FINANCIAL INVESTMENTS (continued)

Other long-term investments

At 31 December 2000, the Group had a 14.3% interest in ZAO Media-Most. The interest in ZAO Media-Most was acquired in 2000 via the settlement of ZAO Media-Most's debt to the Group of RR 5,157. ZAO Media-Most is one of the largest publishing and entertainment companies operating in the Russian Federation.

Loans issued to companies beyond 12 months

Loans issued to companies include amounts due from WINGAS GmbH, Germany, of RR 12,960 and RR 13,460 as at 31 December 2000 and 1999, respectively.

This balance sheet item also includes loans provided to the National Reserve Bank in the amount of RR 1,971 and RR 1,980 as at 31 December 2000 and 1999.

Other long-term investments

	31 December	
	2000	1999
Joint activities, including	11,279	8,538
OAO Gazcom (satellite communication)	2,208	1,784
OAO Rosshelf (developing of oil and gas fields on the Barents Sea shelf)	1,414	617
Long-term deposits in subsidiary banks	3,971	10,212
Other, including	15,049	5,392
South Pars (development of an oil and gas field in Iran)	9,456	3,069
Total	30,299	24,142

8. ACCOUNTS RECEIVABLE

Accounts receivables from buyers and customers at 31 December 2000 are shown net of a doubtful debt provision of RR 81,360.

Accounts receivable (payment expected beyond 12 months after the reporting date) of the Consolidated Balance Sheet include amounts related to pipes supplied by OAO Gazprom to an associated undertaking, EuRoPol Gaz c.a., (see Notes 20 and 21) for construction of the Polish section of the Yamal-Europe pipeline in the amount of RR 12,123 and RR 14,658 as at 31 December 2000 and 1999, respectively.

At 31 December 2000 included within other debtors of the Consolidated Balance Sheet is RR 1,322 due from NTV and RR 1,915 from a subsidiary of ZAO Media-Most for payments made under guarantee contracts (see Note 9).

OAO GAZPROM
NOTES TO THE CONSOLIDATED FINANCIAL REPORTS
(in millions of Roubles)

9. SHORT-TERM FINANCIAL INVESTMENTS

Other short-term investments

At 31 December 1999, the Group held collateral representing a further interest of 17.1% in ZAO Media-Most in exchange for providing certain loan guarantees on behalf of ZAO Media-Most. During 2000, ZAO Media-Most defaulted on its payment obligation and the Group fulfilled its obligations.

In November 2000, the Group signed agreements with ZAO Media-Most to change the collateral under the guarantees, both those fulfilled in 2000 and those outstanding at 31 December 2000, to interests in NTV and other ZAO Media-Most operating companies. The Group then exercised its rights to take ownership of interests in ZAO Media-Most operating companies and a further interest in NTV.

At 31 December 2000, other short-term investments include a 46% interest in NTV and 25% plus one share interest in various other ZAO Media-Most operating companies.

Outstanding guarantees of the Group made on behalf of ZAO Media-Most as at 31 December 2000 amounted to RR 7,363 with collateral in the form of interests in NTV and other ZAO Media-Most operating companies (see Note 23).

The Group is currently in negotiations to sell its investments in these companies.

Included in other short-term investments are investments in securities and deposits. Short-term deposits held at the Group's banking subsidiaries amounted to RR 63 and RR 891 at 31 December 2000 and 1999, respectively.

10. CASH FLOWS

	For 2000	For 1999
Cash at the beginning of the reporting period	32,876	30,887
Total cash received, including:	<u>851,156</u>	<u>355,544</u>
sales of goods (work, products, services)	477,563	236,460
sales of fixed and other assets	22,660	7,290
advances received from buyers (customers)	7,978	3,309
Borrowings	291,936	85,173
proceeds from financial investments	37,881	14,192
exchange differences on purchased currency	480	1,381
other receipts	12,658	7,739
Total cash used, including:	<u>836,455</u>	<u>354,299</u>
payment for purchased goods (work, services)	144,608	79,801
wages, salaries and social payments	33,483	22,855
advances issued	15,998	4,314
purchase of financial investments	77,025	45,827
settlements to budget	214,631	88,332
settlements related to profit tax allowance	18,192	3,465
payment of loans and interest on loans received	301,637	84,399
exchange differences on currency sold	4,411	8,895
other payments and transfers	26,470	16,411
Cash at the end of the reporting period	<u>47,577</u>	<u>32,132</u>

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10. CASH FLOW (continued)

In accordance with the Guidance on the procedures to form annual accounting reports approved by Order No. 60H of the Ministry of Finance of the Russian Federation dated 28 June 2000, hard currency cash balances and all hard currency receipts and payments reported in the above cash flows have been restated using the exchange rates of the Central Bank of the Russian Federation effective at the end of the respective years.

The Group maintained cash balances with its banking subsidiaries of RR 6,703 and RR 5,997 and at 31 December 2000 and 1999, respectively.

Included within other cash monetary assets in the consolidated balance sheet are balances totalling RR 32,738 and RR 21,281 at 31 December 2000 and 1999, which are restricted as to withdrawal under the terms of certain of the borrowings noted above.

11. EQUITY AND RESERVES

The number of shares issued and fully paid did not change in 2000 and amounted to 23,674 million with a nominal value of RR 5 each.

Treasury shares have been recorded at their purchase cost. The number of treasury shares owned by the subsidiaries of the Group totals 2,217 million and 2,344 million as at 31 December 2000 and 1999, respectively. The number of treasury shares owned by the Group's banking subsidiaries totals 468 million and 152 million as at 31 December 2000 and 1999, respectively.

	For 2000	For 1999
Balance at the beginning of the year		
(Section III of the Consolidated Balance Sheet)	729,090	709,711
Retained earning of the reporting period	60,748	32,603
Net decrease in equity and reserves due to use of prior year profit	(11,193)	(10,613)
Social assets transferred to State authorities	(1,316)	(1,176)
Dividends accrued	(2,966)	(710)
Differences resulting from the revaluation of foreign investments	709	949
Other movements	<u>1,262</u>	<u>(1,674)</u>
Balance at the year end		
(Section III of the Consolidated Balance Sheet)	776,334	729,090

In accordance with the decision of the general meeting of shareholders, final dividends accrued by OAO Gazprom on the 1999 results amounted to RR 0.07 per one common share. The interim dividends in 2000 also amounted to RR 0.07 per one common share.

The Charter of OAO Gazprom envisages the creation of a reserve fund of not less than 15% of the Charter capital which is formed by annual allocations in the amount of not less than 5% of net profit of OAO Gazprom until the above amount is formed. In 2000 the annual allocation totalled RR 2,613, or 5% of OAO Gazprom net profit for 1999.

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11. EQUITY AND RESERVES (continued)

Allocations to the reserve fund out of the net profit of OAO Gazprom for 2000 will be recorded in the next reporting period, upon approval of the annual report, the balance sheet and the profit and loss account of OAO Gazprom at the annual general meeting.

12. TAXATION

In accordance with the Group's accounting policy, the income tax charge recorded for the years ended 31 December 2000 and 1999 have been calculated based on the profits associated with sales when recognised on a modified cash basis, i.e. upon receiving payment in a bank settlement account, cash on hand, the making of a mutual cancellation, barter transactions or upon completing a similar procedure. As this basis differs from that used for recognising revenue in the Consolidated Statement of Income, the stated income tax charges in the Consolidated Statement of Income are not directly related to the profit recognised.

In compliance with current legislation, no provision is made for deferred income tax.

Value added tax (VAT) and excise tax due from customers and ultimately payable to the budget are included within other creditors. The other creditors balance at 31 December 2000 includes deferred VAT and excise tax of RR 53,661 and RR 29,600, respectively. The other creditors balance at 31 December 1999 includes deferred VAT and excise tax of RR 43 622 and RR 34 282, respectively.

13. BORROWINGS

		31 December	
		2000	1999
<u>Lender</u>	<u>Currency</u>		
a French banking consortium	US Dollar	79,866	81,142
a German banking consortium	US Dollar	60,396	69,105
Sberbank of the Russian Federation	Roubles	34,832	15,025
an Italian banking consortium	US Dollar	32,253	35,739
a German banking consortium	Euro	17,913	20,317
an International banking consortium	Deutsche Mark	12,678	13,781
a German banking consortium	Euro	9,872	11,730
a Cypriot banking consortium	US Dollar	7,616	7,254
a German banking consortium	Euro	6,775	8,425
a German banking consortium	Euro	3,895	4,270
Alfa Bank	Roubles	-	3,242
Vneshekonombank	Roubles	-	1,892
a Swiss banking consortium	US Dollar	-	1,520
Inkombank	US Dollar	-	1,478
other	Various	<u>18,412</u>	<u>12,170</u>
Total borrowings		284,508	287,090
including:			
due within one year		91,419	64,753

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13. BORROWINGS (continued)

Substantially all long-term borrowings received from international banking consortiums are secured by contractual obligations to sell gas in Western Europe.

A part of the loans received from international banking consortiums is provided in the form of equipment supplies.

Interest rates on the long-term foreign currency denominated borrowings are variable, except for interest on the Italian borrowing, which is fixed at 5.7% per annum. The annual interest rates on other long-term foreign currency denominated borrowings ranged from 3.8% to 10.7% and from 3.7% to 10.5% per annum in 2000 and 1999, respectively.

Interest rates on the short-term foreign currency denominated borrowings ranged from 7% to 18% and on rouble short-term borrowings from 17% to 37% in 2000. In 1999 these rates ranged from 8.5% to 15% on the short-term foreign currency denominated borrowings and from 35% to 40% on the rouble short-term borrowings.

Capitalised interest, included in historical cost of capital construction amounted to RR 14,354 and RR 12,383 for 2000 and 1999, respectively.

Other loans

In 1999, OAO Gazprom issued coupon non-documentary bearer bonds. The issue amounted to 3 million bonds, each with a nominal value of RR 1 000 and a due date of 15 April 2003. The total amount of the issue, excluding the discount related to future periods, is recorded in other loans due for repayment beyond 12 months of the reporting date.

14. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities include liabilities of the Group associated with bills of exchange and promissory notes payable beyond 12 months of the reporting date, in the amount of RR 10,414 and RR 1,494 as at 31 December 2000 and 1999, respectively.

In addition, in 2000 the Group executed contracts on restructuring debt to the Federal budget. At 31 December other non-current liabilities included amount of RR 23,943 payable to the Federal budget beyond 12 months of the reporting date.

15. SALES OF GOODS, PRODUCTS, WORKS AND SERVICES

	For 2000	For 1999
Gas sales (net of VAT and excise tax) to customers in:		
Russia	74,882	61,933
Former Soviet Union (excluding Russia)	43,875	40,552
Europe	<u>294,296</u>	<u>155,099</u>
Net sales of gas	413,053	257,584
Sales of gas condensate and other oil products (net of sales taxes)	27,090	10,990
Sales of gas transportation services (net of VAT)	24,262	15,493
Other revenues (net of VAT)	<u>33,694</u>	<u>21,923</u>
Net sales	<u>498,099</u>	<u>305,990</u>

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15. SALES OF GOODS, PRODUCTS, WORKS AND SERVICES (continued)

In 2000, net sales increased by 63% as compared with 1999, mainly as a result of higher gas prices for sales to Europe, the result of higher world oil prices, and an increase in the volumes of gas supplied to European countries in accordance with the terms of the contracts.

Revenues from the sale of gas transportation services mainly comprise services provided to the Itera Group companies. As compared with 1999 the increase of revenues mainly reflected the growth in the volumes of transportation services rendered.

Commencing in 1999 the Group has been participating in the creation of regional companies involved in the distribution of gas in Russia. The interest of the Group in the majority of such companies amounts to less than 20% of their share capital.

Gas sales (net of VAT and excise) to customers in Russia include sales made to the regional companies of 141 billion cubic meters (bcm) and 43 bcm, or RR 37,573 and RR 8,500, for 2000 and 1999, respectively.

16. COST OF GOODS, PRODUCTS, WORKS AND SERVICES SOLD

	<u>For 2000</u>	<u>For 1999</u>
External transit cost	70,791	57,633
Payroll expenses and social expenditure	38,378	22,030
Depreciation	38,192	36,997
Taxation	27,984	18,465
Goods	19,648	9,818
Purchase cost of gas	12,704	1,239
Materials	11,046	9,026
Other	<u>36,072</u>	<u>21,098</u>
Total	<u>254,815</u>	<u>176,306</u>

In 2000 OAO Gazprom purchased 9 bcm of gas from Turkmenistan for RR 11,489. Itera LLC acted as an agent for the Turkmen government in the sale of Turkmen gas.

Other includes the cost of electric power, payment for transportation services, costs of repairs to fixed assets and other similar expenses.

17. OTHER OPERATING INCOME AND EXPENSES

	<u>For 2000</u>		<u>For 1999</u>	
	<u>Income</u>	<u>Expenses</u>	<u>Income</u>	<u>Expenses</u>
Sale of foreign currency	432,059	433,058	197,663	198,442
Movements of securities, including promissory notes	209,214	206,877	199,749	199,343
Other	<u>40,964</u>	<u>55,594</u>	<u>19,999</u>	<u>31,922</u>
Total operating income/expenses	<u>682,237</u>	<u>695,529</u>	<u>417,411</u>	<u>429,707</u>

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NOTES TO THE CONSOLIDATED FINANCIAL REPORTS
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18. OTHER NON-OPERATING EXPENSES

	For 2000		For 1999	
	Income	Expenses	Income	Expenses
Exchange differences	39,806	43,927	42,086	67,819
Profit and losses of previous years identified in the reporting period	10,113	8,498	3,710	6,606
Bad debt provision	-	81,360	-	-
Payments on account of profit tax allowance	-	18,192	-	3,482
Reversal of interest and fines accrued on budget settlements	5,623	-	5,868	-
Other	<u>14,041</u>	<u>11,013</u>	<u>12,558</u>	<u>22,030</u>
Total non-operating income/expenses	<u>69,583</u>	<u>162,990</u>	<u>64,222</u>	<u>99,937</u>

No bad debt provision was made as at 31 December 1999 (see Note 2), but, if it had been, the provision would have amounted to approximately RR 66,200.

19. INCOME TAX AND OTHER SIMILAR MANDATORY PAYMENTS

The Income tax and other similar payments in the Consolidated Statement of Income include profits tax for the reporting period and other expenditures payable to the Budget and non-Budget funds out of retained earnings.

	For 2000	For 1999
Profits tax	45,573	20,194
Payments to the Budget:		
Taxes	27	90
Penalties	222	304
Interest	<u>15,284</u>	<u>15,946</u>
	15,533	16,340
Payments to non-Budget funds:		
Penalties	14	14
Interest	<u>2,871</u>	<u>3,214</u>
	2,885	3,228
Total	<u>63,991</u>	<u>39,762</u>

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20. PRINCIPAL CONSOLIDATED SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

Subsidiary undertakings, 100% owned

OOO Astrakhangazprom	OOO Gazexport	OOO Samaratransgaz
	Zarubezhgaz Erdgashandel GmbH	
OOO Bashtransgaz	(ZGG)	OOO Severgazprom
OOO Burgaz	OOO Informgaz	OOO Servicegazprom
OOO VNIlgaz	OOO IRTs Gazprom	OOO Liquified gas
OOO Volgogradtransgaz	OOO Kavkaztransgaz	OOO Surgutgazprom
OOO Volgotransgaz	OOO Kaspygazprom	OOO Tattransgaz
OOO Gazkomplektimpex	OOO Kubangazprom	OOO Tomsktransgaz
OOO Gaznadzor	OOO Lentransgaz	OOO TyumenNIIgiprogaz
OOO Gazobezopasnost	OOO Mezhregiongaz	OOO Tyumentransgaz
OOO Gazpromavia	OOO Mostransgaz	OOO Uraltransgaz
ZAO Gazprominvestholding	OOO Nadymgazprom	OOO Urengoygazprom
ОАО Gazprom-Media	OOO Nadymstroygazdobytcha	OOO Ulianovskgazservice
Gazprom Finance B.V.	OOO Novourengoy GCC	OOO Yugtransgaz
OOO Gaztorgpromstroy	OOO Noyabrskgazdobytcha	ZAO Yamalgazinvest
NPF Gazfund	OOO Orenburggazprom	OOO Yamburggazdobytcha
OOO Gazflot	OOO Permtransgaz	

All of these subsidiaries are incorporated in the Russian Federation, with the exception of Gazprom Finance B.V. and ZGG, which are incorporated in the Netherlands and Germany, respectively. Gazprom Finance B.V. was established in February 1999 for the purpose of obtaining financing for the Group outside Russia. ZGG acts as the holding company for the Group's interests in a number of gas distribution, storage and transportation companies operating in Central Europe. Other companies are mainly involved in production, transportation and sale of gas.

Other subsidiary undertakings

Company	% of interest	Type of activity	Location
ОАО Volgogradneftemash	51.5	Production of oil and gas refinery equipment	Russia
ОАО Vostokgazprom	63.0	Production, processing and sale of gas and gas condensate	Russia
ОАО Gazavtomatika	51.0	Science	Russia
OOO KB Gazprombank	96.9	Banking	Russia
ОАО Gazsibcontract	51.0	Investing, trading	Russia
ОАО Gazenergосervice	51.0	Equipment repairs	Russia
ZAO Gerosgaz	51.0	Investing, consultancy	Russia
ОАО Zapsibgazprom	33.9	Construction	Russia
ZAO Kostomatrubinvest	99.4	Production and sale of pipes	Russia
ОАО Lebedinsky GOK	57.0	Industry	Russia
ОАО АKB National Reserve Bank	40.2	Banking	Russia
AKB Sovfintrade	65.4	Banking	Russia
ОАО Spetsgazavtotrans	51.0	Transport services	Russia

OAO GAZPROM
NOTES TO THE CONSOLIDATED FINANCIAL REPORTS
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20. PRINCIPAL CONSOLIDATED SUBSIDIARY AND ASSOCIATED UNDERTAKINGS
(continued)

The Group's interest in the equity capital of National Reserve Bank is 40.2% and in OAO Zapsibgazprom – 33.9%. However, due to the fact that the Group continues to exercise control over activities of the above companies, they are still considered as subsidiaries.

Principal associated undertakings

Company	% of interest	Type of activity	Location
WINGAS GmbH	35	Transportation and sale of gas	Germany
ZAO Gazsnabtransit	50	Transportation and sale of gas	Moldova
AO Gazum	25	Sale of gas	Finland
EuRoPol Gaz c.a.	48	Transportation and sale of gas	Poland
OAO Latvias Gase	25	Transportation and sale of gas	Latvia
AO Overgaz Inc.	50	Sale of gas	Bulgaria
AO Slovrusgaz	50	Sale of gas	Slovakia
ZAO Stella Vitae	30	Transportation and sale of gas	Lithuania
AO Turusgaz	45	Sale of gas	Turkey

21. RELATED PARTIES

During 2000 and 1999 the Group supplied gas to its associates (see Note 20) for RR 28,730 and RR 15,283, respectively.

Gas is sold to the above mentioned companies, except for ZAO Gazsnabtransit, on the basis of long-term contracts, at market prices based on world oil and gas prices. Gas prices per tcm ranged from USD 64 to USD 133 in 2000 and from USD 50 to USD 84 in 1999. Gas is sold to ZAO Gazsnabtransit based on annual contracts with fixed prices. Prices of gas per tcm sold to Moldova amounted to USD 80 and USD 60 in 2000 and 1999, respectively.

In addition, the Group has purchased gas transportation services from certain of the above mentioned companies, that amounted to RR 5,577 and RR 360 for 2000 and 1999, respectively. The cost of these services was determined based on prices of gas sold to these companies.

At 31 December 2000 and 1999 the amounts due to the Group from its associated undertakings, including EuRoPol Gaz c.a. (see Note 8), totalled RR 29,114 and RR 27,744, respectively. Amounts due from ZAO Gazsnabtransit at the reporting date are presented net of a bad debt provision of RR 11,867.

In the normal course of business, OAO Gazprom enters into transactions with OAO Stroytransgaz for the construction of pipelines based on the results of tenders. During 2000 and 1999 certain members of the Board of Directors of the Company and close members of their families owned significant interests in OAO Stroytransgaz.

OAO Stroytransgaz rendered constructions services for the Group in the amounts of RR 21,689 and RR 16,651 for the years ended 31 December 2000 and 31 December 1999, respectively. As at 31 December 2000 and 31 December 1999, the Group had advances and receivables due from OAO Stroytransgaz in the amounts of RR 1,696 and RR 576, respectively.

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21. RELATED PARTIES (continued)

As at 31 December 2000 and 31 December 1999, the Group had accounts payable to OAO Stroytransgaz in respect of construction of RR 9,111 and RR 4,117, respectively.

The amount of guarantees issued by OAO Gazprom on behalf of the related parties totalled RR 11,645 and RR 12,715 at 31 December 2000 and 1999, respectively (see Note 23).

Remuneration to senior management and directors

In 2000 the Company paid to members of the Board of Directors and Management Committee remuneration (salary and bonuses) for the total amount of approximately RR 51. The remuneration of members of the Board of Directors is subject to approval by the General shareholders meeting. Compensation paid to members of the Management Committee is determined by the terms of annual employment contracts.

Other related parties

Other related parties information is not disclosed due to its immateriality for the Group accounting reports.

22. PROFIT PER SHARE

Profit per share was calculated by dividing the net profit for the year by the average weighted number of outstanding common shares during the year.

The average weighted number of outstanding common shares amounted to 21,197 million and 21,339 million shares for the years ended 31 December 2000 and 1999, respectively.

23. POST BALANCE SHEET EVENTS AND CONTINGENCIES

Guarantees issued

As at 31 December 2000, the Group had issued guarantees to third parties, including associates and investments, for RR 74,719; such guarantees are recorded off-balance sheet. Management expects that OAO Gazprom will have to pay some part of its obligations under the guarantees issued.

	31 December	
	2000	1999
Guarantees issued on behalf of:		
AO Interconnector	28,160	27,000
OOO Interprokom	14,362	-
ZAO Media-Most	7,363	12,773
OAO Stroytransgaz	5,844	7,153
EuRoPolGaz c.a.	5,801	5,562
Itera Group companies	5,484	4,049
Other	<u>7,705</u>	<u>4,733</u>
Total	<u>74,719</u>	<u>61,270</u>

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23. POST BALANCE SHEET EVENTS AND CONTINGENCIES (continued)

Long-term loan agreements

During 2000 OAO Gazprom signed agreements with a consortium of West European banks and with Japanese banks on obtaining loans to finance OAO Gazprom's interest in the Blue Stream project. During the first quarter of 2001 a loan in the amount of Euro 250 million was provided by a consortium of West European banks. A loan agreement on the provision of USD 295 million by Japanese banks will come into power after OAO Gazprom complies with certain technical requirements.

Financial investments

In January 2001 OAO Gazprom purchased an interest of 51% in the voting shares of AK Sibur. AK Sibur is a leading Russian company selling oil, gas and chemical products.

Revaluation of fixed assets

As a result of a revaluation of fixed assets completed by an independent appraiser, Ernst and Young (the CIS) Limited, the net book value of OAO Gazprom fixed assets increased by RR 770,791 as at 1 January 2001.

Investigation of relationship with the Itera Group of companies

In January 2001 the Board of Directors of OAO Gazprom initiated an investigation into the financial, property, commercial and operational relationships between OAO Gazprom and the Itera Group of companies. The accompanying notes to the consolidated financial reports do not reflect any results of this investigation, which is ongoing.

Dividends on the results of 2000

In May 2001 the Board of Directors of OAO Gazprom adopted a decision to recommend to the general meeting of shareholders to approve dividends on the 2000 results in the amount of RR 0.23 per one common share in addition to interim dividends accrued earlier. Given that the above decision was made after the balance sheet date the dividends accrued on the year results have not been recognised in the consolidated balance sheet.

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23. POST BALANCE SHEET EVENTS AND CONTINGENCIES (continued)

Operating environment

The economy of the Russian Federation continues to display characteristics of an emerging market. These characteristics include, but are not limited to, the existence of:

- a currency that is not freely convertible outside of the country;
- extensive currency controls;
- a low level of liquidity in the public and private debt and equity markets; and
- high inflation.

Transactions on the Russian stock exchange market are influenced by underdeveloped infrastructure, especially registration and settlement systems which are in the process of formation as well as the regulation basis.

The prospects for future economic stability in the Russian Federation are largely dependent upon the effectiveness of economic measures undertaken by the government, together with legal, regulatory, and political developments.

R. Vyakhirev
Chairman of the Management
Committee

I. Bogatyriova
Chief Accountant