

Gazprom

Consolidated 2008 IFRS Financial

Results Presentation



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2008 Highlights



2008 Key Financial Highlights

- **Record Revenue** growth – **up 45%** compared to 2007
- **Adjusted EBITDA⁽¹⁾** increased by **64%** compared to 2007
- **Net Income⁽²⁾** increased by **13%** compared to 2007
- Leverage easing:
 - **Total debt** decreased by **10%** compared to 2007
 - **Total Debt / Adjusted EBITDA** dropped to **0,9x** in 2008 from **1,7x** in 2007

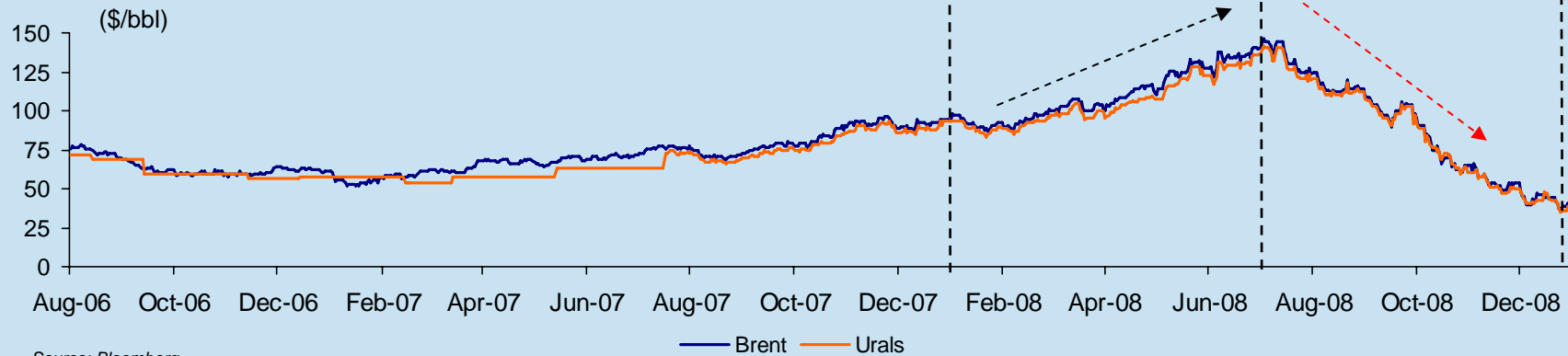
(1) Adjusted EBITDA calculated as operating profit plus depreciation and provisions for impairment of assets (includes provisions for impairment of accounts receivable and prepayments, assets under construction, investments and other long-term assets and inventory obsolescence) except provisions for impairment of accounts receivable and prepayments.

(2) Profit attributed to shareholders of Gazprom.

Recent Market Conditions

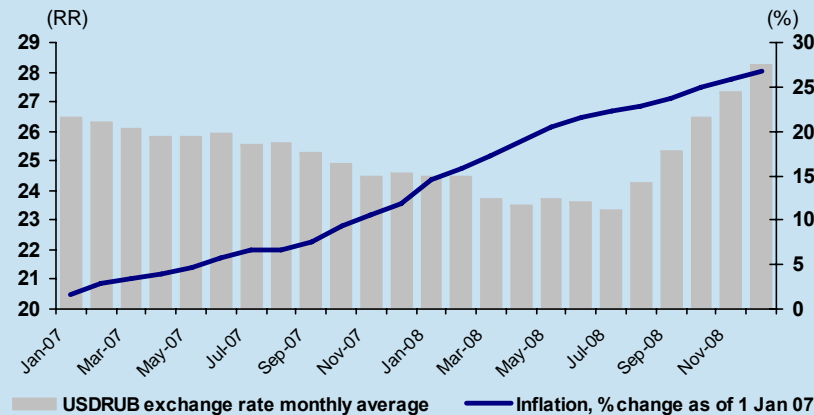
Extreme oil prices resulted in high gas prices

Crude price



Source: Bloomberg

Ruble appreciation/Depreciation and inflation

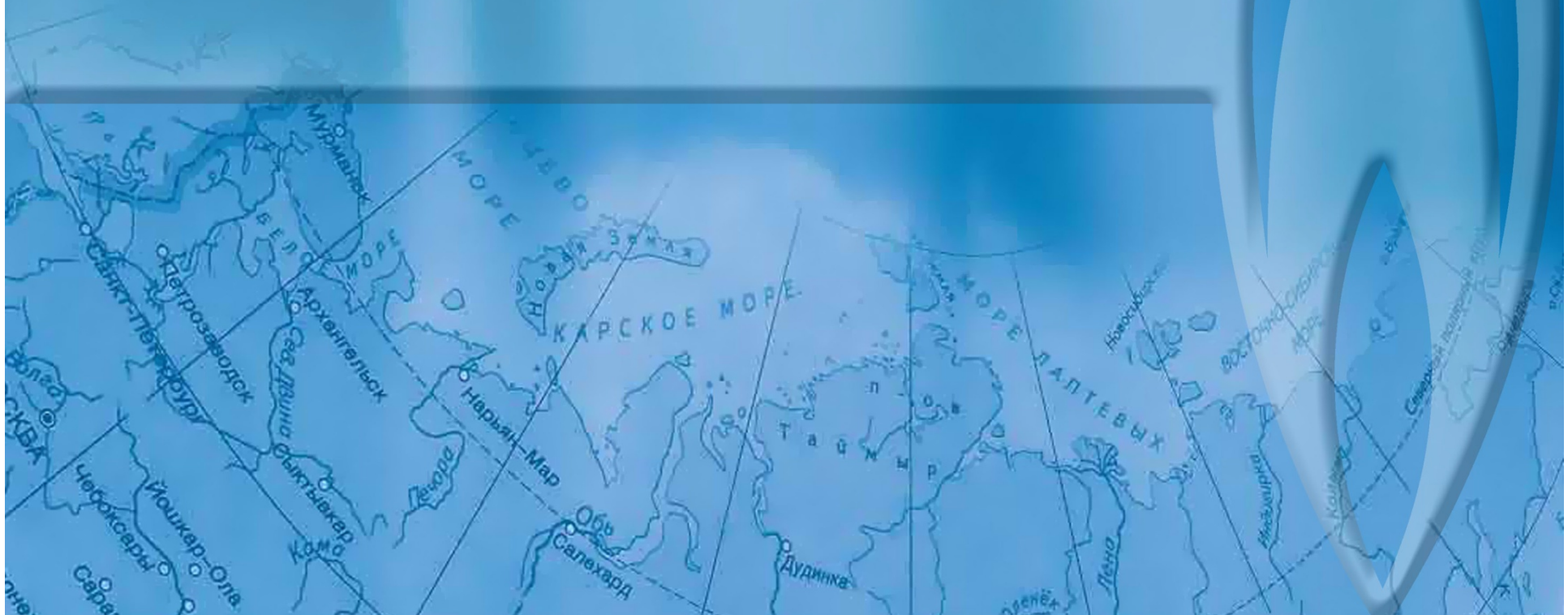


Source: Reuters, State Statistics Committee

Key macro factors

- Oil prices grew steadily in 1H08 reaching **\$146/bbl** in July 08
- In 1H08 **inflation** in Russia was 8.7%, while **oil prices** surged by more than 40%
- In 2H08 Russian exporters were able to benefit from 30% **ruble depreciation** vs USD

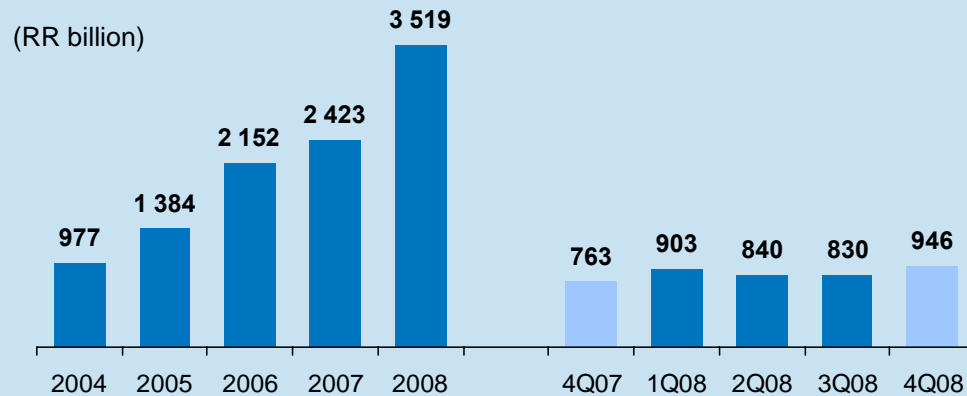
2008 Performance



Revenue

Record Growth of Revenue in 2008

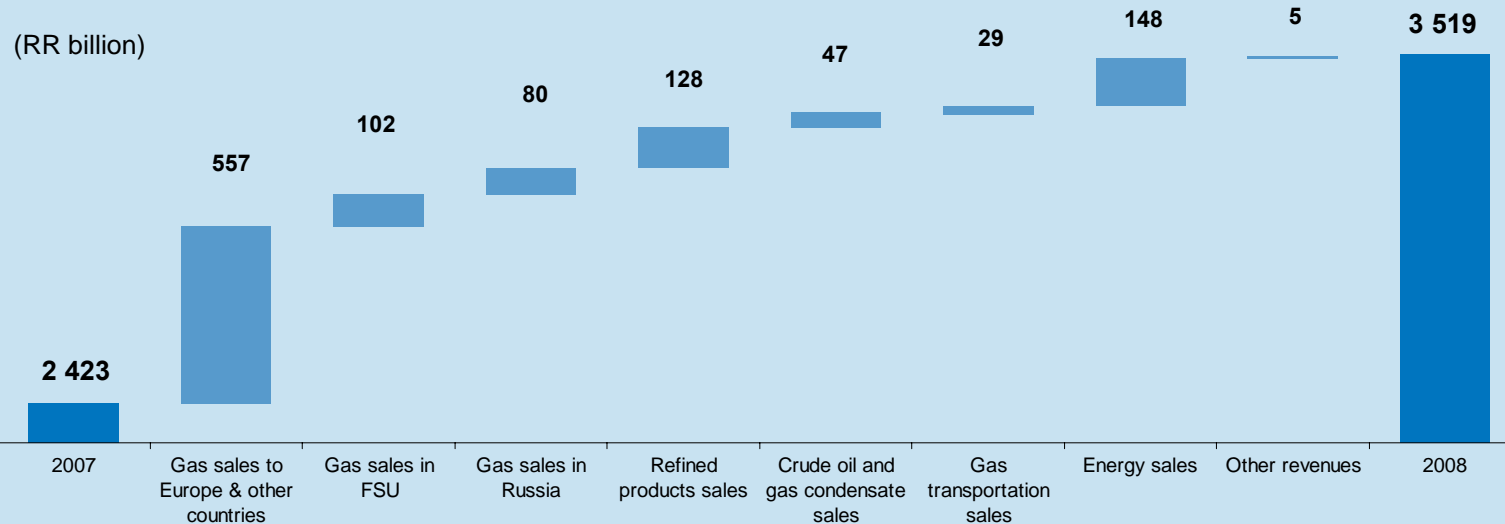
Net revenue



Net revenue growth in 2008 is due to

- gas prices growth
- refined products prices growth
- oil prices growth
- power energy assets consolidation
- transportation tariffs growth

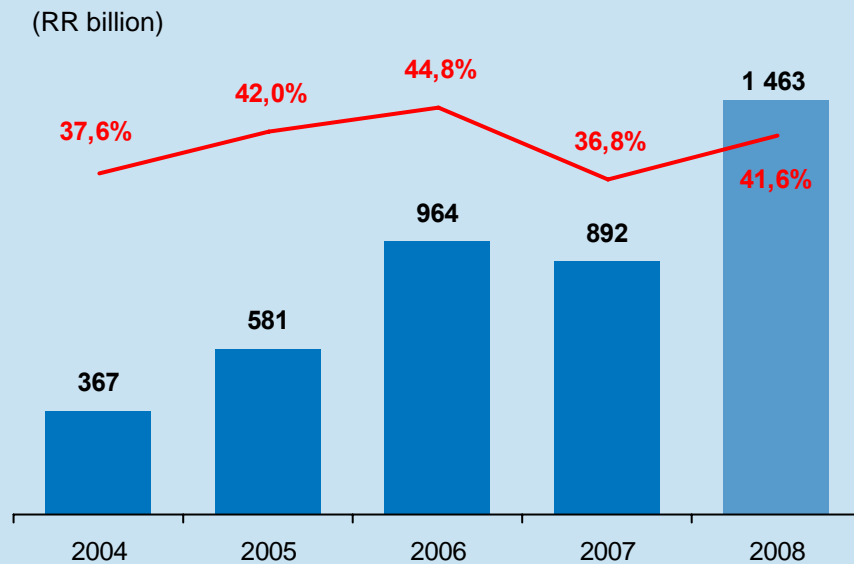
Revenue reconciliation (Y-O-Y)



EBITDA and Net Profit

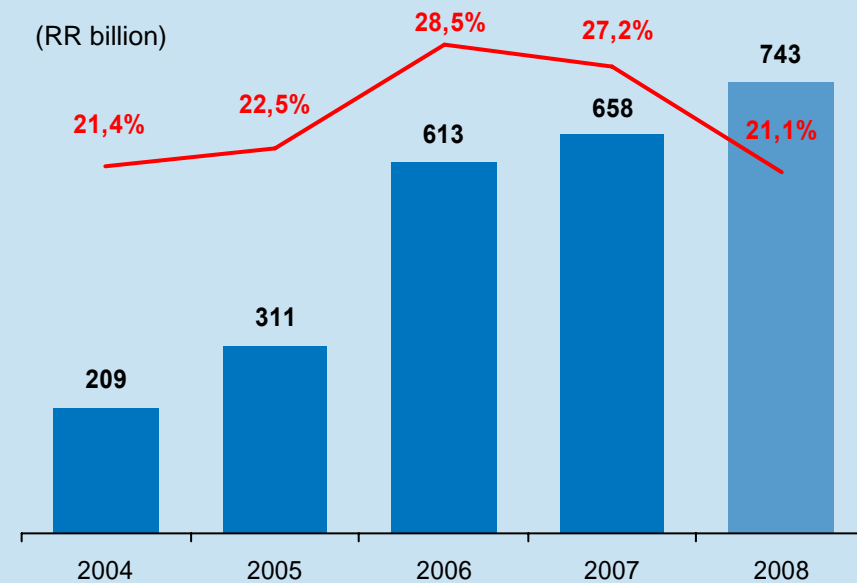
Maintaining Profitability

Adjusted EBITDA⁽¹⁾ and margin



- Adj. EBITDA grew by 64% in 2008 Y-o-Y
- Adj. EBITDA grew 4.0x in the last 5 years

Net profit and margin

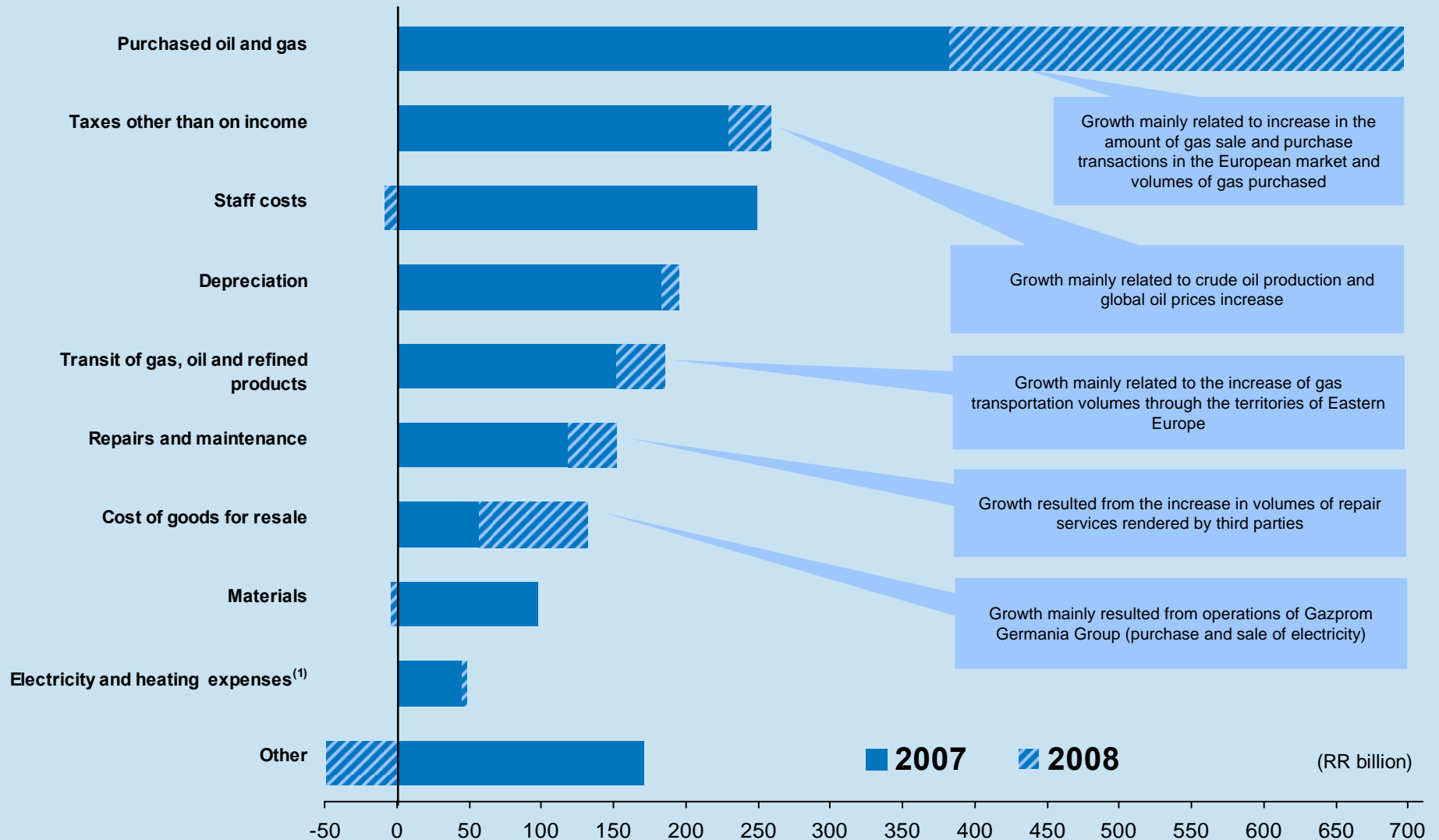


- Net profit grew by 13% in 2008 Y-o-Y
- Net profit grew 3.6x in the last 5 years

(1) EBITDA calculated as operating profit plus depreciation and impairment provisions for assets (includes impairment provisions of accounts receivable and prepayments, assets under construction, investments and other long-term assets and inventory obsolescence) except for impairment provisions for accounts receivable and prepayments.

Operating Expenses

Breakdown of Major Operating Expense Items – Y-o-Y Comparison



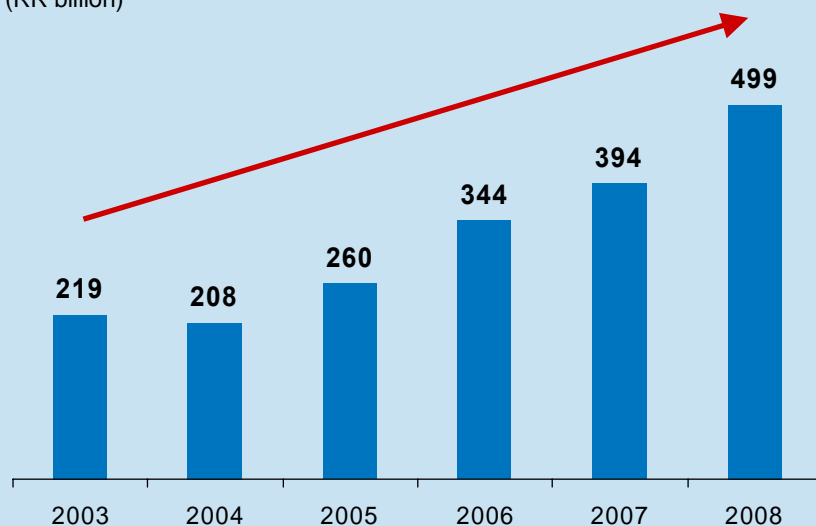
(1) Other include: social expenses, insurance expenses, rental expenses and other operating expenses.

Working Capital

Management of Accounts Receivable

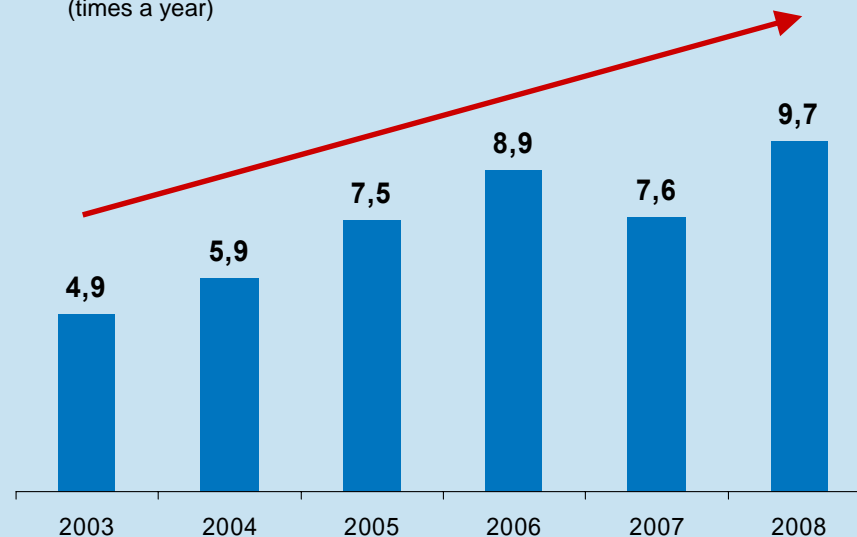
Trade receivables ⁽¹⁾

(RR billion)



Accounts receivable turnover

(times a year)



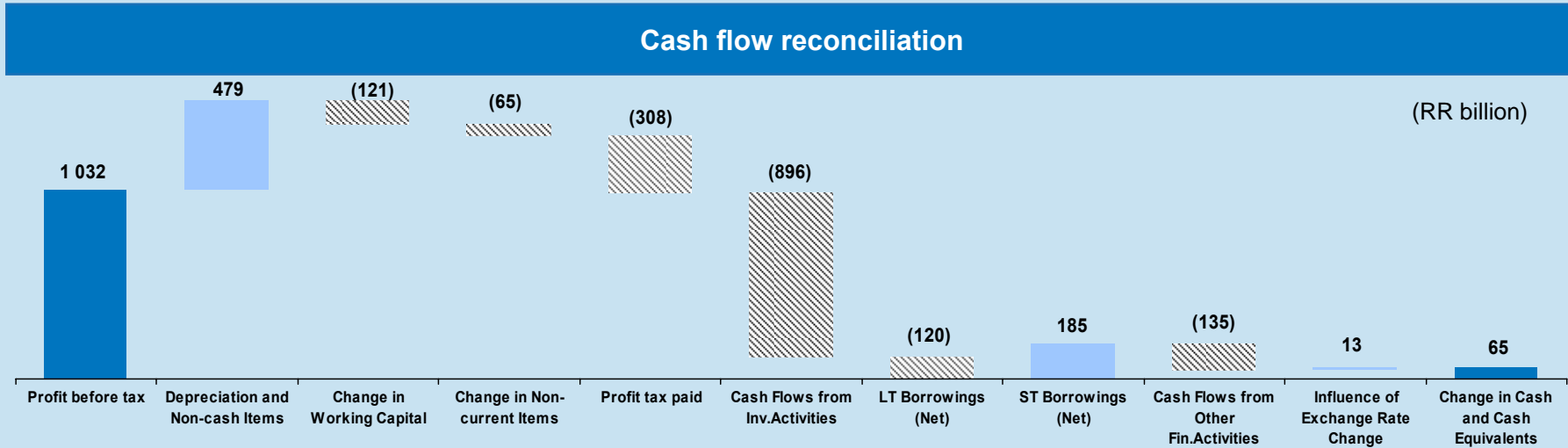
Improvement of receivable turnover and prevention of liquid funds freezing:

- Tightening of FSU payment discipline
- Prepayment for gas delivered to Russian consumers
- Gazprom's reduction of prepayments to suppliers and contractors

(1) Including bad debt provisions and long-term trade receivables.

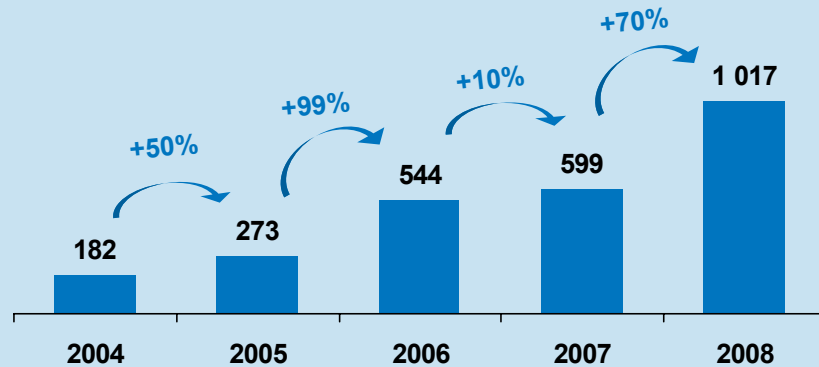
Operating Cash Flow

Increasing Cash Flow Generation



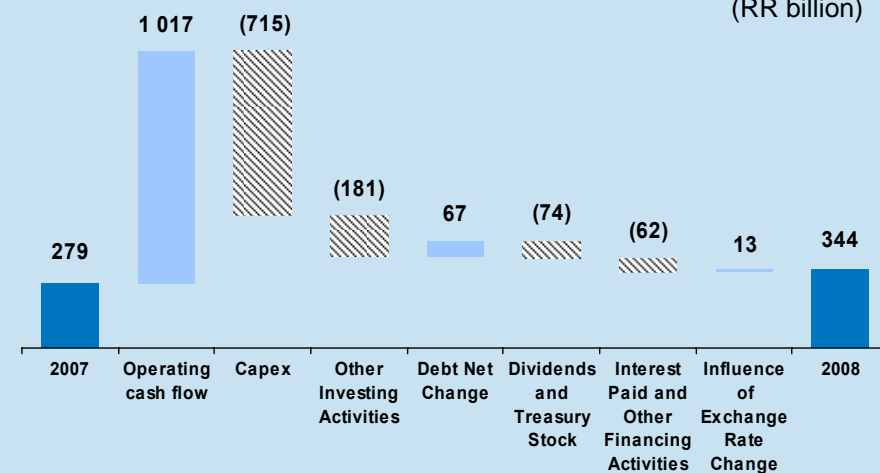
Operating cash flow

(RR billion)



Net cash flow

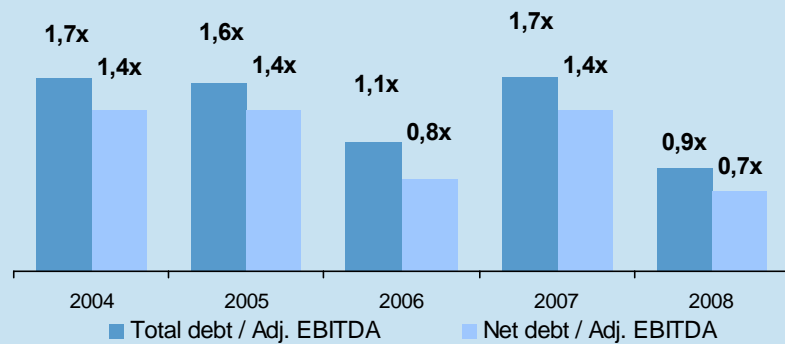
(RR billion)



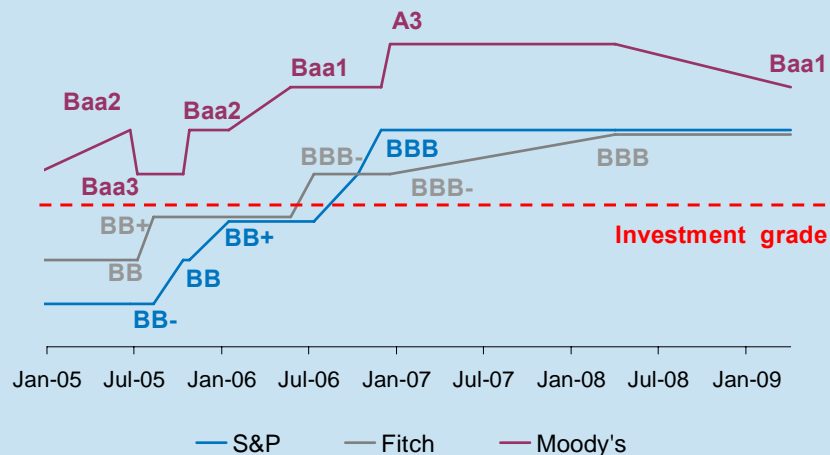
Debt Strategy

Leverage Under Control

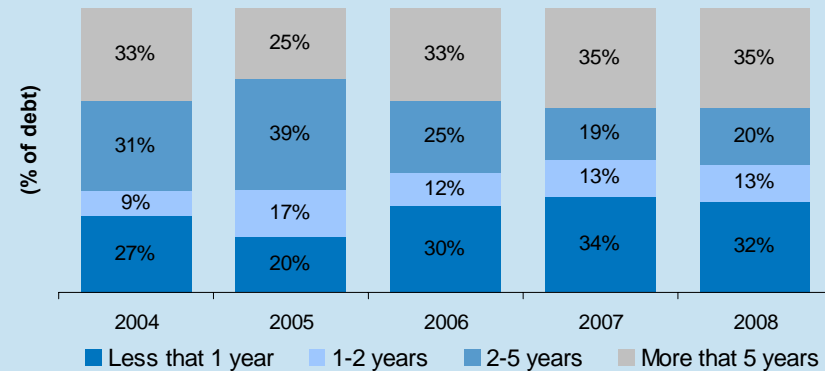
Credit metrics



Credit ratings



Debt maturity profile ⁽¹⁾



Funding facilities

- In 2009 we obtained **\$ 6.75 bln loans**
- In April 2009 we issued:
 - **\$2.25 bln Loan Participation Notes** (9.25% rate; maturity 2019)
 - **CHF 0.5 bln Loan Participation Notes** (9.0% rate; maturity 2011)
- In April 2009 we issued **RR 10.0 bln bonds** (16.7% rate; 2 years buy-back put option)

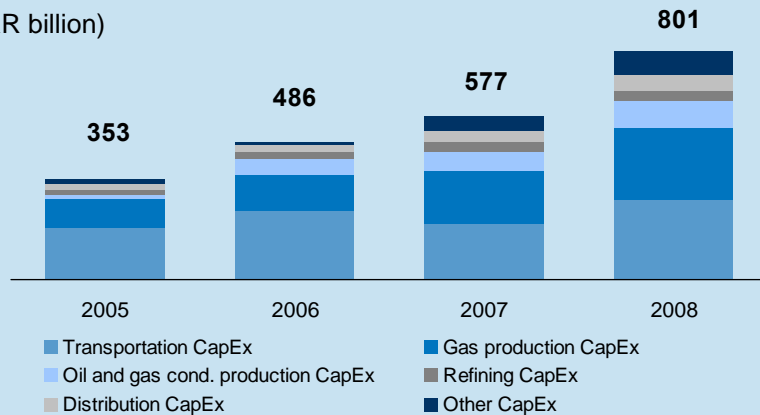
(1) Excluding promissory notes.

Investment Program

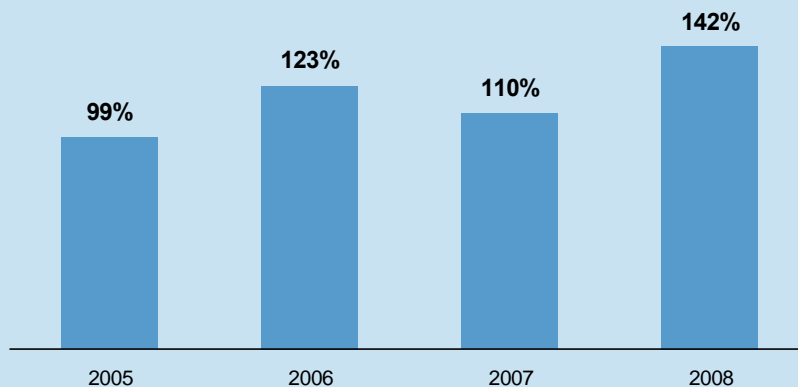
Growth Driver for Future Cash Flows

Gazprom Group CapEx

(RR billion)



Self funding (OpCF/Cash CapEx)

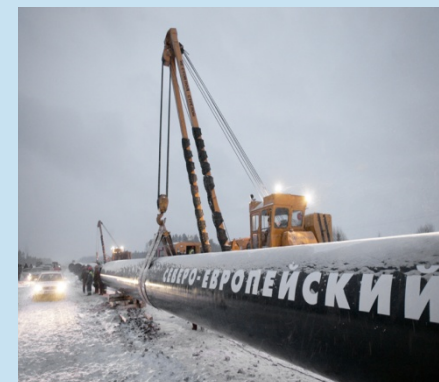


Priority projects for 2009



Production

- Zapolyarnoye field
- Yamal Peninsula
(Bovanenkovskoye field)
- Urengoiskeye field
- Severo-Kamennomisskoye field



Transportation

- Nord Stream pipeline
- Pochinki-Gryazovets pipeline
- Yamal-Center pipeline
- Bovanenkovo-Ukhta pipeline
- Ukhta-Gryazovets pipelines

Operational Results and Segment Performance



Major Achievements of 2008 and Recent Developments

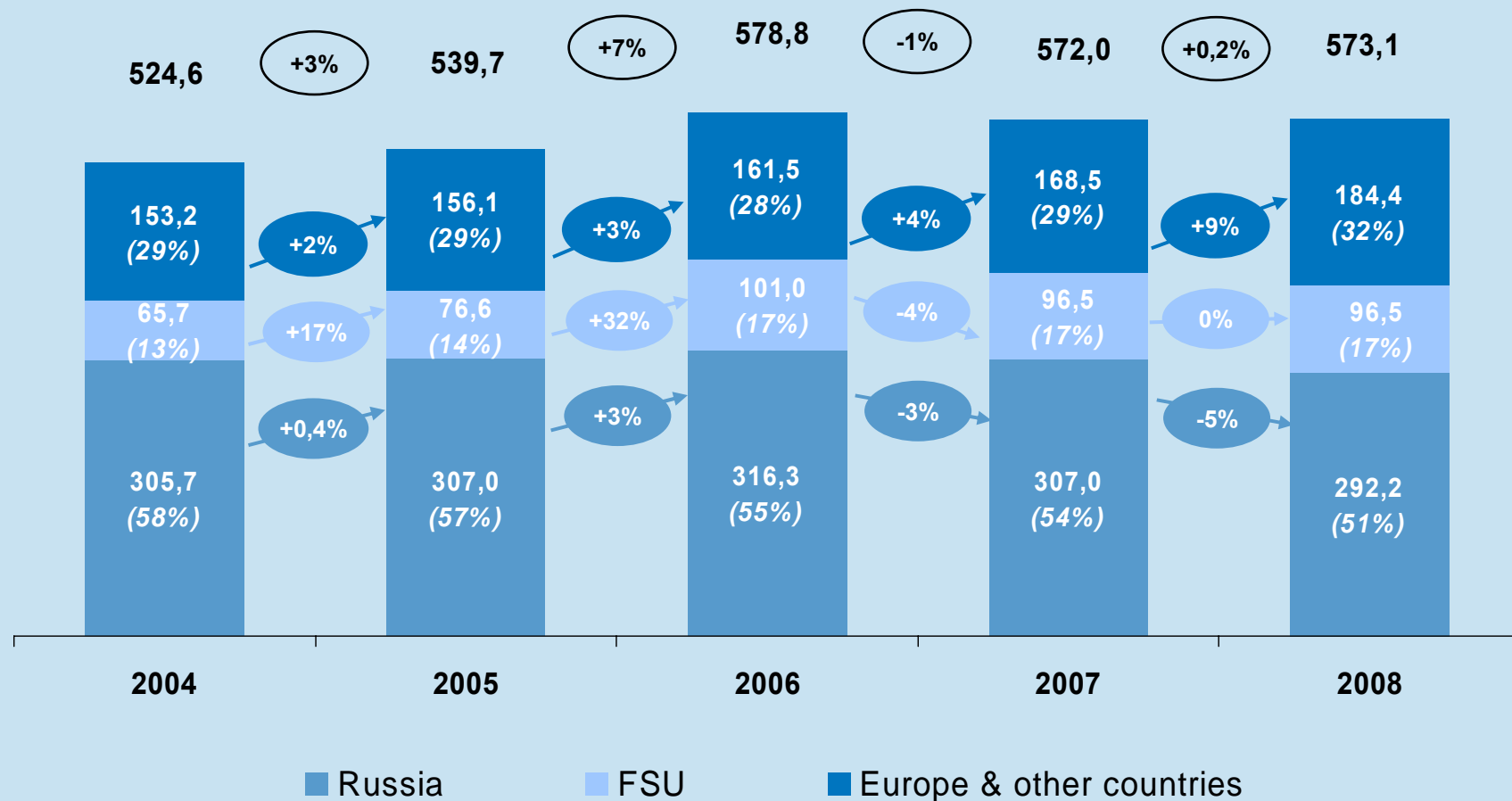


Operational Results

Demand Impacts Gas Sales Volumes

Gas sales volumes by markets

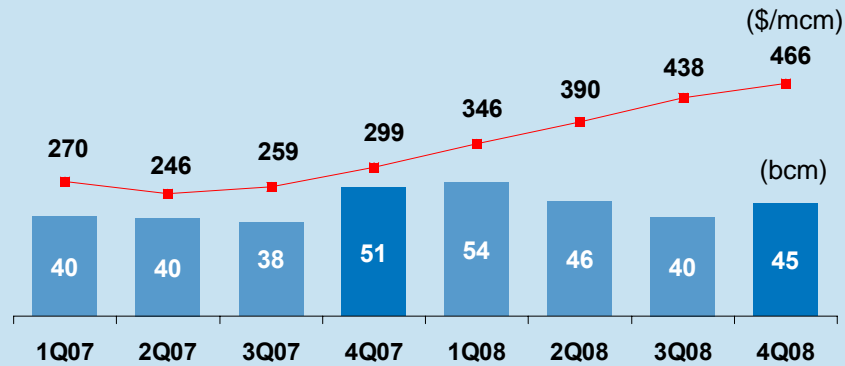
(Bcm)



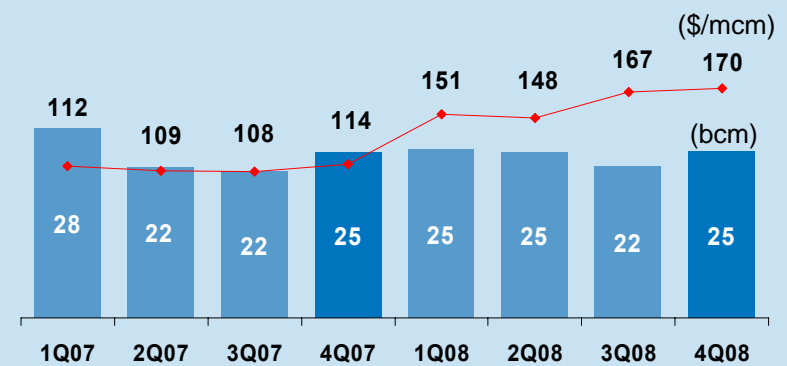
Export Markets

Key factor of 2008 Revenue Growth

Gas prices and volumes in Europe & other countries

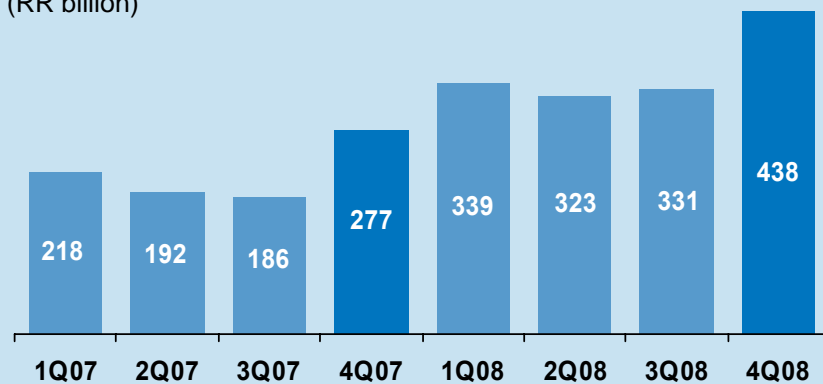


Gas prices and volumes in FSU



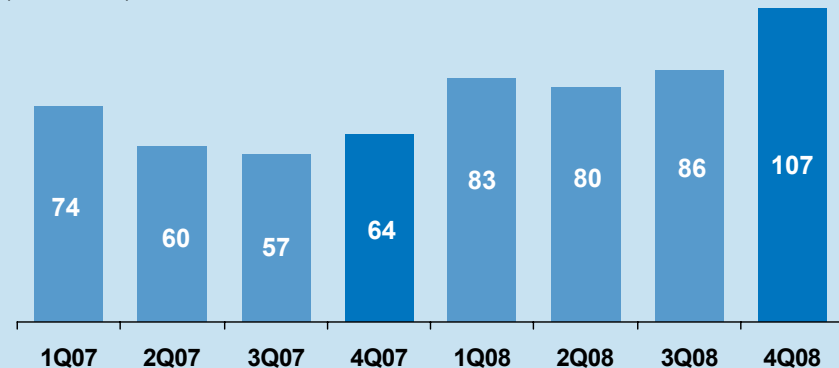
Net revenues from Europe & other countries

(RR billion)



Net revenues from FSU

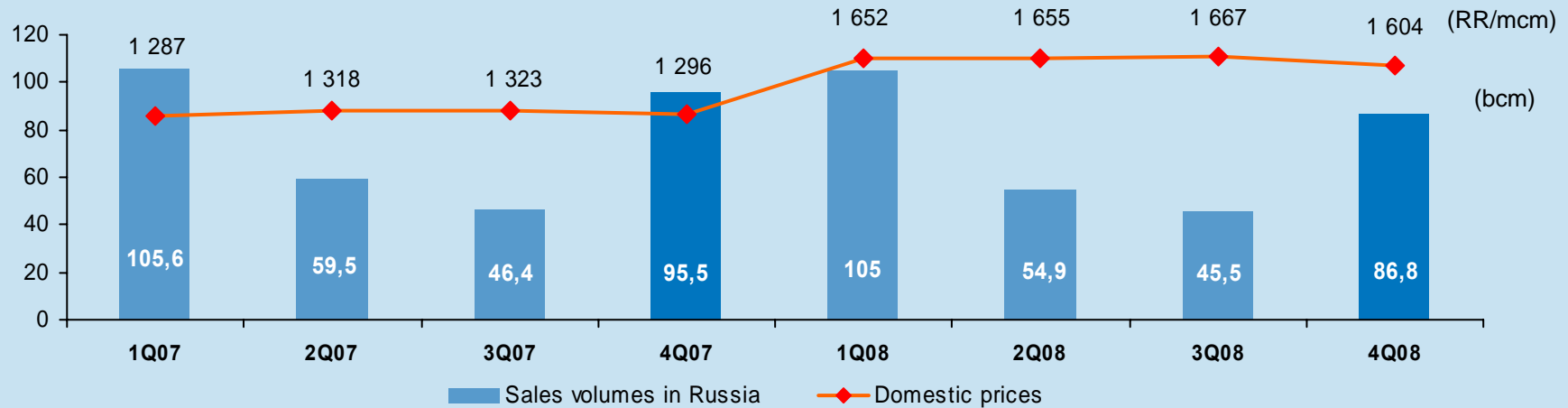
(RR billion)



Domestic Market

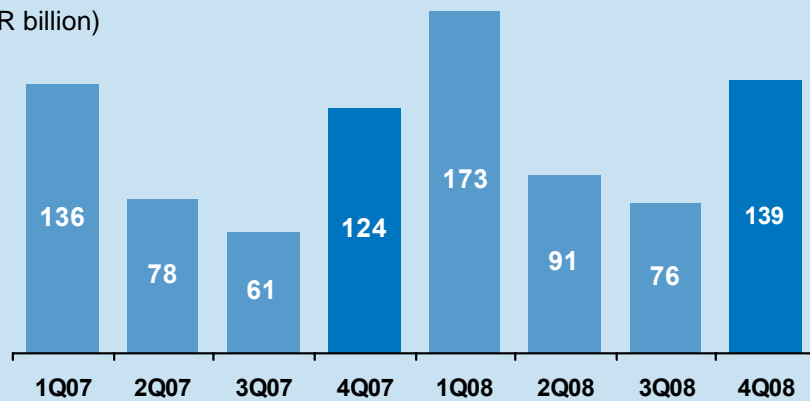
Key Future Value Driver

Gas prices and volumes

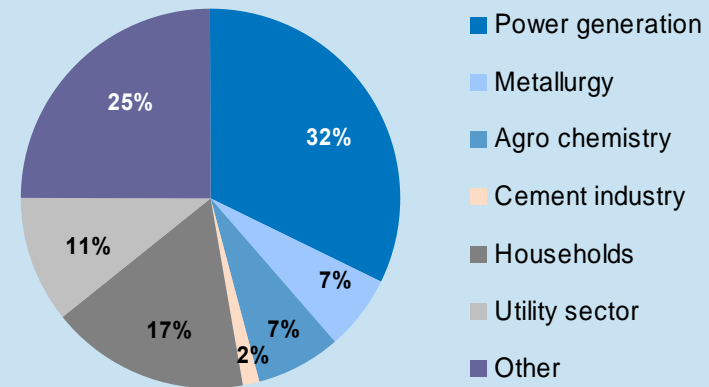


Net revenues

(RR billion)



Domestic gas sales by consumer type in 2008 ⁽¹⁾

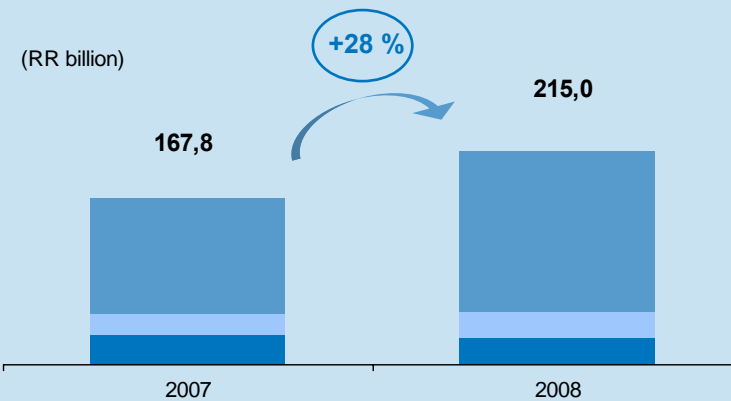
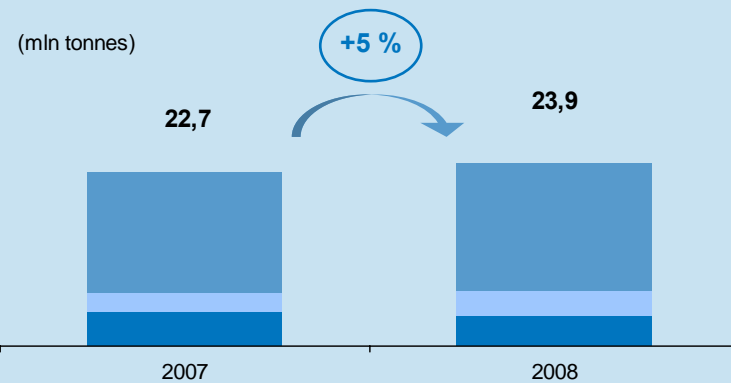


(1) Management estimates

Oil, Gas Condensate and Refined Products

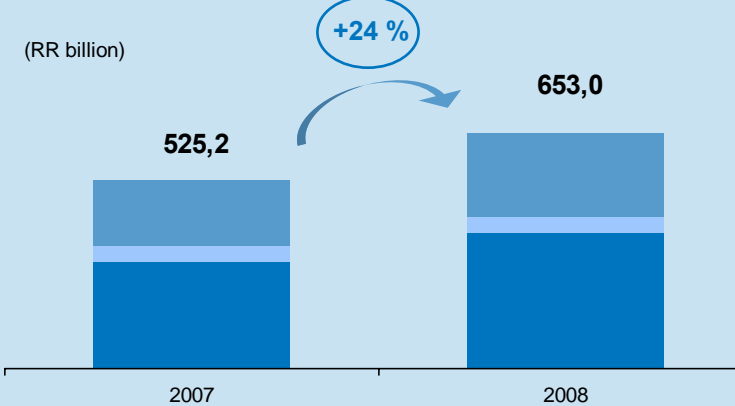
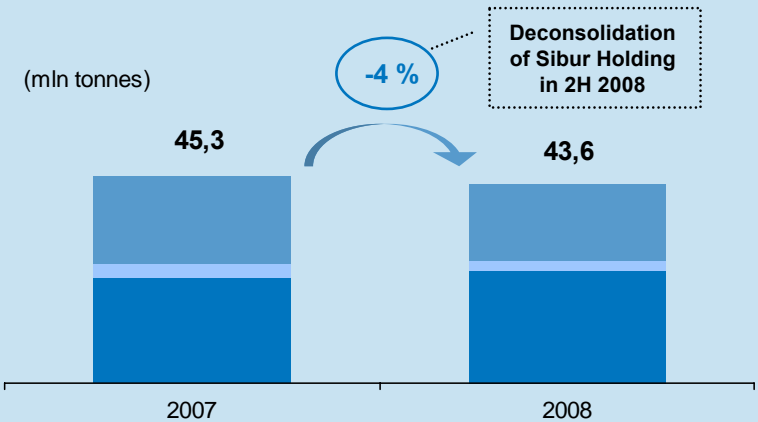
High Business Efficiency

Sales of crude oil and gas condensate



■ Russia ■ FSU ■ Europe & other countries

Sales of refined products



■ Russia ■ FSU ■ Europe & other countries

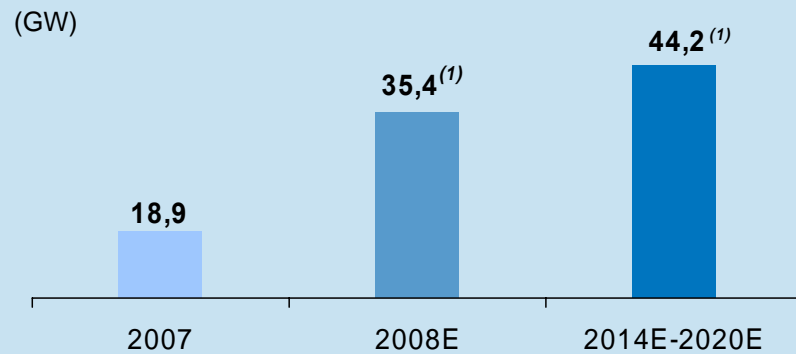
Power Generation

Expected Efficiency Growth

Rationale for energy business

- Liberalisation of electricity market
- Guaranteed and growing demand for electricity
- Further vertical integration:
 - Consolidation of Mosenergo, OGC-2 and OGC-6
 - Advance payment for 17,7% of TGC-1

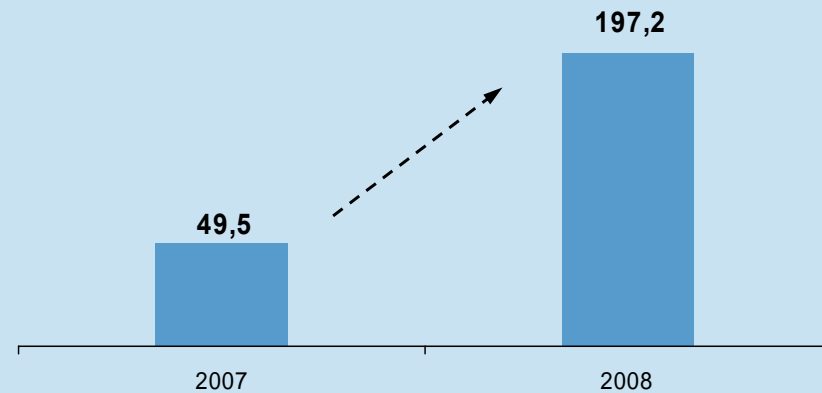
Generation capacity under control



(1) OGC-2, OGC-6, Mosenergo, TGC-1.

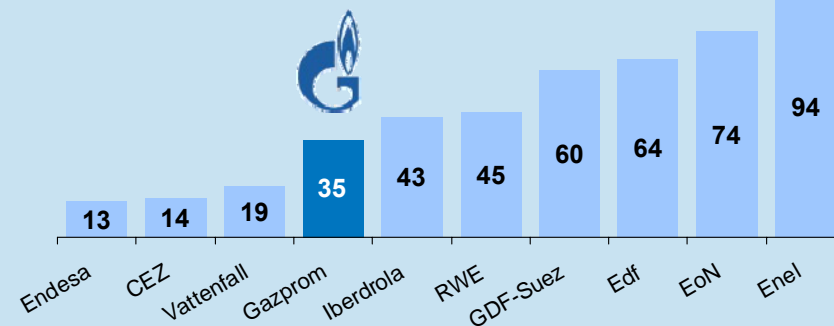
Net revenues

(RR million)



Installed capacity compared to European peers

(GW)



Conclusions & Expectations

We expect 2009 results to be rather modest

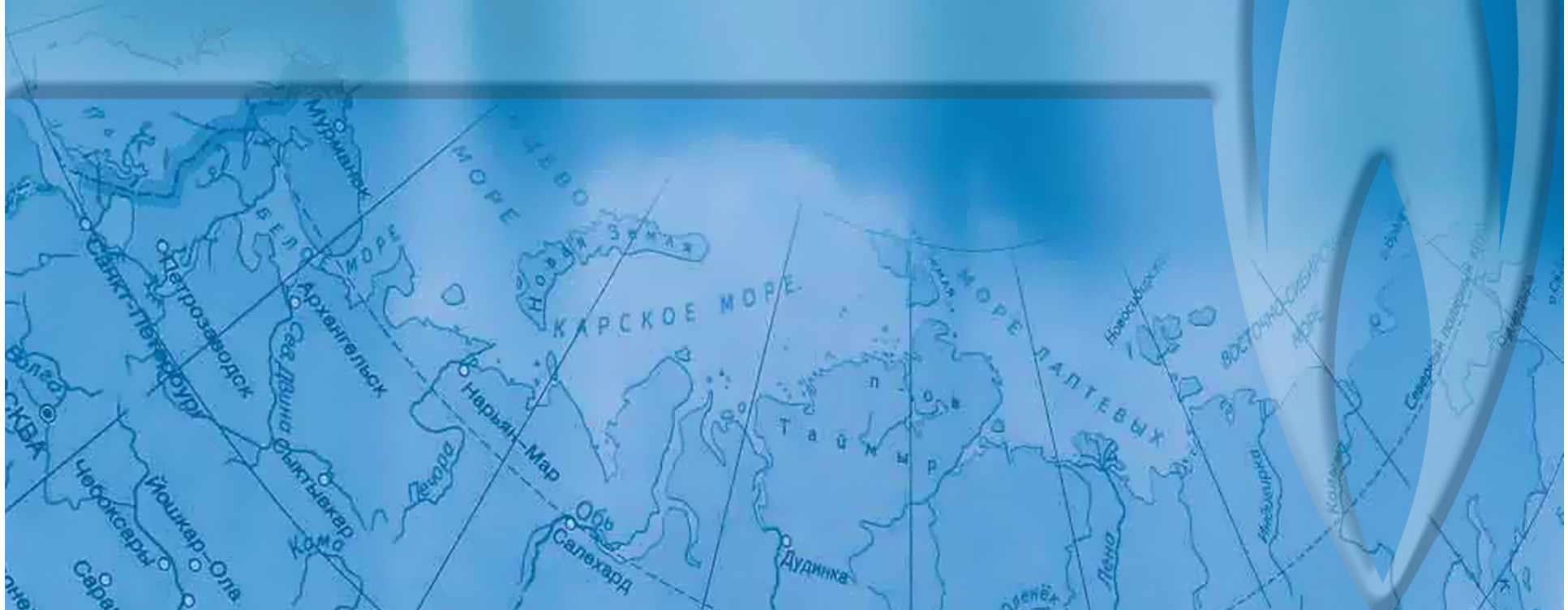
World economies
slowdown

Decline in global
energy demand

Significant drop in
oil prices

- **Reduction of our production volumes**
- **Decrease of our domestic and export sales volumes**
- **Our price and revenue expectations to be more comparable with 2007**

Summary Financial Statements



Balance Sheet

Balance Sheet, RR million	2007	2008	Change, RR million	Change, +/(-)%
Total current assets, of which	1 566 417	1 572 075	5 658	0%
Cash and cash equivalents and restricted cash	291 134	347 580	56 446	19%
Accounts receivable and prepayments	697 464	675 934	(21 530)	-3%
Total long-term assets, of which	5 226 139	5 596 493	370 354	7%
Property, plant and equipment	3 490 477	4 020 522	530 045	15%
Investments in associated undertakings and jointly controlled entities	670 403	772 143	101 740	15%
Total assets	6 792 556	7 168 568	376 012	6%
Total current liabilities, of which	1 084 554	964 845	(119 709)	-11%
Taxes payable	23 033	6 774	(16 259)	-71%
Short-term interest bearing debt ⁽¹⁾	525 525	440 692	(84 833)	-16%
Total long-term liabilities, of which	1 394 905	1 290 624	(104 281)	-7%
Long-term interest bearing debt ⁽²⁾	985 141	925 072	(60 069)	-6%
Total liabilities	2 479 459	2 255 469	(223 990)	-9%
Total liabilities and equity	6 792 556	7 168 568	376 012	6%

(1) Short-term interest bearing debt: short-term borrowings and current portion of long-term debt, short-term promissory notes payable.
(2) Long-term interest bearing debt: long-term borrowings, long-term promissory notes payable, restructured tax liabilities.

Financial Results – Income Statement

Statement of Income, RR million	2007	2008	Change, +/(-)%
Sales	2 423 245	3 518 960	45%
Operating expenses	(1 713 759)	(2 159 690)	26%
Reserves for impairment of assets and other reserves	(7 708)	(98 964)	1184%
Operating profit / EBIT	701 778	1 260 306	80%
Gain from sale of interest in subsidiary	50 853	-	
Gain (loss) from change in fair value of call option	50 738	(50 738)	-200%
Deconsolidation of NPF Gazfund	44 692	-	
Finance income	159 380	165 603	4%
Finance expenses	(132 573)	(341 179)	157%
Share of net income (loss) of associated undertakings and jointly controlled entities	24 234	(16 686)	-169%
Gain on available-for-sale financial assets	25 102	14 326	-43%
Profit before profit tax	924 204	1 031 632	12%
Current profit tax expense	(218 266)	(307 094)	41%
Deferred profit tax expense	(10 953)	46 842	-528%
Profit tax expense	(229 219)	(260 252)	14%
Shareholders' profit (1)	658 038	742 928	13%

(1) Excluding minority interest.

Cash Flow Statement

Cash flow from Operating activities, RR million	2007	2008	Change, +/-%
Profit before tax	924 204	1 031 632	12%
Depreciation	183 577	195 016	6%
Net unrealized foreign exchange losses (gains)	(27 338)	162 523	-694%
Interest expense	76 975	59 910	-22%
Working capital changes	32 492	(120 706)	-471%
Profit tax	(194 037)	(308 772)	59%
Net cash provided by operating activities	598 508	1 016 551	70%
Investing Activities, RR million			
Capex	(543 420)	(714 714)	32%
Others	(348 821)	(180 884)	-48%
Net cash used for investing activities	(892 241)	(895 598)	0%
Financing Activities, RR million			
Long-term financing and loans, net	460 275	(119 570)	-126%
Interest paid	(74 152)	(55 225)	-26%
Net cash (used for) provided by financing activities	309 706	(68 893)	-122%
Cash and cash equivalents at the beginning of reporting period	269 224	279 109	4%
Cash and cash equivalents at the end of reporting period	279 109	343 833	23%