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**OPEN JOINT STOCK COMPANY GAZPROM
STATUTORY ACCOUNTING REPORTS
OF THE PARENT COMPANY ОАО ГАЗПРОМ 2009**

AUDIT REPORT on Statutory accounting reports

To the shareholders of Open Joint Stock Company Gazprom

Auditor

ZAO PricewaterhouseCoopers Audit

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

Certificate of inclusion in the Unified State Register of Legal Entities regarding the legal entity registered before 1 July 2002 No. 1027700148431 issued by the Interregional Inspectorate of the Russian Ministry of Taxes and Levies No. 39 for the Moscow City on August 22, 2002.

Member of non-profit partnership "Audit Chamber of Russia" (NP ACR) being a self-regulatory organization of auditors – registration number 870 in the register of NP ACR members.

Major registration record number (ORNZ) in the register of auditors and audit organizations 10201003683.

Client

Open Joint Stock Company Gazprom

Nametkina str., 16, Moscow, 117997

State registration certificate № 022.726, issued by Moscow Registration Bureau on 25 February 1993.

Certificate of inclusion in the Unified State Register of Legal Entities regarding the legal entity registered before 1 July 2002 No. 1027700070518 issued by the Moscow Department of the Russian Ministry of Taxes and Levies on 2 August 2002.

TRANSLATOR'S EXPLANATORY NOTE: This version of our report/the accompanying documents is a translation from the original, which was prepared in Russian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

AUDIT REPORT

on Statutory accounting reports of Open Joint Stock Company Gazprom

To the shareholders of Open Joint Stock Company Gazprom

1. We have audited the attached Statutory accounting reports of Open Joint Stock Company Gazprom (hereinafter – OAO Gazprom) for the period from 1 January up to 31 December 2009. Statutory accounting reports of OAO Gazprom consist of Balance Sheet, Profit and Loss Account, Flow of Equity and Funds Report, Cash Flow Statement, Supplement to the Balance Sheet, Explanatory Notes (hereinafter all the reports together are called “Statutory accounting reports”). The Statutory accounting reports were prepared by the management of OAO Gazprom in accordance with the legislation of Russian Federation applicable to Statutory accounting reports. Such Statutory accounting reports differ to a significant extent from those prepared in accordance with International Financial Reporting Standards.

2. Preparation of the Statutory accounting reports is the responsibility of management of OAO Gazprom. Our responsibility as auditors is to express our opinion on the fair presentation, in all material respects, of these Statutory accounting reports based on our audit.

3. We conducted our audit in accordance with The Federal Law “On auditing activity”, Federal Auditing Standards, International Standards on Auditing and our internal standards.

Our audit was planned and performed to obtain reasonable assurance about whether the Statutory accounting reports are free of material misstatement. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statutory accounting reports, assessing compliance with accounting principles, techniques and rules of Statutory accounting reports preparation, evaluating significant estimates made by the management of OAO Gazprom and the overall Statutory accounting reports presentation. We believe that our audit provides a reasonable basis for our opinion on these Statutory accounting reports.

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4. In our opinion, the Statutory accounting reports of OAO Gazprom attached to this report have been properly prepared to present fairly, in all material respects, the financial position of OAO Gazprom as at 31 December 2009 and financial results of its operations for the period from 1 January up to 31 December 2009 in accordance with the legislation of Russian Federation applicable for Statutory accounting reports.

29 March 2010

Director of ZAO

A. L. Uzornikova

Statutory auditor
 Certificate No K 028205
 for general audit
 termless

V. V. Konoplin

TRANSLATOR'S EXPLANATORY NOTE: This version of our report/the accompanying documents is a translation from the original, which was prepared in Russian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

BALANCE SHEET
as at 31 December 2009

Company OAO GAZPROM
Taxpayer identification number
Field of activity wholesale
Legal form/property form Open Joint Stock Company
Unit of measurement: thousands of RR
Address OAO GAZPROM Russian Federation, 117997,
Moscow, Nametkina str., 16, V-420, GSP-7

	Codes
Form N1 on OKUD	0710001
Date (day, month, year)	31.12.2009
on OKPO	00040778
INN	7736 050 003
on OKVED	51
on OKOPF/OKFS	47 31
on OKEI	384

ASSETS	Line code	At the beginning of reporting year	At the end of reporting year
1	2	3	4
I. NON-CURRENT ASSETS			
Intangible assets	110	214,359	233,375
including:			
patents, licenses, trade marks (service marks), other similar rights and assets	111	214,359	233,375
organizational expenses	112	-	-
goodwill	113	-	-
Fixed assets	120	3,349,540,798	3,292,919,128
including:			
land plots and natural resources	121	187,311	232,890
buildings, machinery and equipment	122	3,346,070,056	3,288,984,445
Construction in progress	130	184,129,174	162,222,409
Income-bearing investments in tangible assets	135	-	-
Long-term financial investments	140	941,535,324	1,627,870,581
including:			
investments in subsidiaries	141	709,784,760	1,403,261,874
investments in associates	142	81,499,824	120,402,551
investments in other entities	143	113,131	102,725
loans provided to companies for a period over 12 months	144	69,990,811	12,887,735
Deferred tax assets	145	59,986,313	8,951,991
Other non-current assets	150	28,426,218	46,826,982
Total section I	190	4,563,832,186	5,139,024,466

ASSETS	Line code	At the beginning of reporting year	At the end of reporting year
1	2	3	4
II. Current assets			
Inventories	210	206,472,300	206,879,907
including:			
raw materials and other inventories	211	2,679,190	2,345,850
livestock	212	108	108
work in progress	213	138,501,525	138,162,013
finished goods and goods for resale	214	56,871,908	55,786,523
goods dispatched	215	1,641,112	1,797,430
expenses related to future periods	216	6,778,457	8,787,983
Value added tax on purchased goods	220	16,701,189	54,508,068
Accounts receivable (payments expected beyond 12 months after the reporting date)	230	298,608,269	565,444,150
including:			
buyers and customers	231	4,135,871	928,500
promissory notes receivable	232	-	-
advances issued	234	-	-
other debtors	235	294,472,398	564,515,650
Accounts receivable (payments expected within 12 months after the reporting date)	240	962,111,162	864,494,248
including:			
buyers and customers	241	322,975,084	323,940,334
promissory notes receivable	242	-	-
outstanding shareholders' contributions to charter capital	244	-	-
advances issued	245	28,010,840	39,472,908
other debtors	246	611,125,238	501,081,006
Short-term investments	250	50,797,174	58,695,234
loans provided to other companies for a period within 12 months	251	44,833,509	49,304,185
Monetary	260	71,014,461	61,688,603
including:			
cash	261	4,601	5,065
settlement accounts	262	6,858,979	17,830,252
foreign currency accounts	263	60,598,220	40,040,926
other monetary assets	264	3,552,661	3,812,360
Other current assets	270	686	2,681
Total section II	290	1,605,705,241	1,811,712,891
TOTAL SECTIONS I and II	300	6,169,537,427	6,950,737,357

EQUITY AND LIABILITIES	Line code	At beginning of reporting year	At end of reporting year
1	2	3	4
III. Equity and reserves			
Charter capital	410	118,367,564	118,367,564
Treasury shares	411	-	-
Additional capital	420	3,291,511,791	3,288,669,802
Legal reserve	430	8,636,001	8,636,001
including:			
reserves and provisions formed in accordance with legislation	431	8,636,001	8,636,001
reserves formed in accordance with foundation documents	432	-	-
Retained earnings (loss)	470	1,364,083,255	1,983,016,052
Social government fund	480	-	-
Total section III	490	4,782,598,611	5,398,689,419
IV. Non-current liabilities			
Borrowings	510	802,224,074	919,635,349
bank borrowings due for repayment beyond 12 months	511	211,734,186	156,639,303
other borrowings due for repayment beyond 12 months	512	590,489,888	762,996,046
Deferred tax liabilities	515	105,379,667	151,573,369
Other non-current liabilities	520	-	-
including:			
promissory notes payable	522	-	-
Total section IV	590	907,603,741	1,071,208,718
V. Current liabilities			
Borrowings	610	226,037,811	163,293,623
bank borrowings due for repayment within 12 months	611	29,752,843	3,973,437
other borrowings due for repayment within 12 months	612	-	-
current portion of long-term borrowings	613	196,284,968	159,320,186
Accounts payable	620	230,260,829	299,019,434
including:			
suppliers and contractors	621	207,633,390	185,960,714
salaries payable	622	41,511	120,419
payable to state non-budget funds	623	11,045	73,658
taxes payable	624	5,338,373	43,010,880
other creditors, including:	625	17,236,510	69,853,763
promissory notes payable	626	-	-
advances received	627	10,324,906	10,961,983
other creditors	628	6,911,604	58,891,780
Dividends payable to participants (shareholders)	630	1,173,463	433,806
Income of future periods	640	-	-
Reserves for future expenses and payments	650	21,862,972	18,092,357
Other current liabilities	660	-	-
Total section V	690	479,335,075	480,839,220
TOTAL SECTIONS III,IV,V	700	6,169,537,427	6,950,737,357

REFERENCE TO ITEMS ACCOUNTED ON OFF-BALANCE SHEET ACCOUNTS

Line name	Line code	At beginning of reporting year	At end of reporting year
1	2	3	4
Rented fixed assets	910	435,014	5,447,376
thereof by leasing	911	-	4,139,775
Working assets and fixed assets accepted for custody	920	74,730	33,288
Materials accepted for processing	921	-	-
Goods on commission	930	-	-
Equipment accepted for installation	931	-	-
Bad debts of insolvent debtors written off to losses	940	15,229,965	15,244,127
Security of liabilities and payments received	950	152,977,139	69,716,172
Security of liabilities and payments issued	960	143,198,723	175,526,694
Housing stock depreciation	970	64,928	27,501
Depreciation of auxiliary engineering facilities and other similar items	980	-	-
Intangible assets obtained for use	990	-	-

Chief Executive Officer _____ A.B. Miller
(signature)

Chief Accountant _____ E.A. Vasilieva
(signature)

**PROFIT AND LOSS ACCOUNT
for 2009**

Company OAO GAZPROM
 Taxpayer identification number
 Field of activity wholesale
 Legal form/property form Open Joint Stock Company
 Unit of measurement: thousands of RR

Form N2 on OKUD	Codes
Date (day, month, year)	0710002
on OKPO	31.12.2009
INN	00040778
on OKVED	7736 050 003
on OKOPF/OKFS	51
on OKEI	47 31
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Parameter		For reporting period	For the similar period of the prior year
name	code		
1	2	3	4
Income from and expenses on ordinary activities			
Sale of goods, products, work, services (less VAT, excise tax and other similar mandatory payments)	10	2,486,940,618	2,507,009,504
including:			
gas	11	1,971,269,781	2,024,207,385
leased assets	12	320,031,155	305,964,055
gas transportation services	13	107,748,996	64,826,514
oil and gas refinery products	14	68,261,423	88,297,396
gas condensate	15	17,037,997	21,725,825
other	16	1,753,748	1,610,994
gas storage services	17	837,518	377,335
Cost of goods, products, work, services sold	20	(1,236,340,473)	(938,425,860)
including:			
gas	21	(743,036,367)	(501,175,328)
leased assets	22	(317,076,500)	(299,844,409)
gas transportation services	23	(109,137,880)	(75,556,292)
oil and gas refinery products	24	(48,946,312)	(45,850,431)
gas condensate	25	(14,735,647)	(13,575,918)
other	26	(3,149,810)	(2,262,666)
gas storage services	27	(257,957)	(160,816)
Gross profit	29	1,250,600,145	1,568,583,644
Selling expenses	30	(658,893,296)	(639,679,363)
Administrative expenses	40	(38,437,940)	(33,278,171)
Profit (loss) from operations	50	553,268,909	895,626,110
Other income and expenses			
Interest income	60	9,499,731	13,735,849
Interest expenses	70	(79,988,279)	(57,968,559)
Income from investments in other companies	80	96,044,474	39,441,008
Other income	105	2,893,297,875	2,533,202,525
Other expenses	110	(2,630,407,372)	(3,129,453,838)
Profit (loss) before profit tax	140	841,715,338	294,583,095
Deferred tax assets	141	(24,975,446)	64,430,461
Deferred tax liabilities	142	(46,200,066)	20,964,384
Current profit tax	150	(119,828,768)	(207,112,443)
Prior year profit tax	153	17,113	329,668
Other expenses out of profit	156	(26,114,898)	(173,535)
Net profit (loss) for the reporting period	190	624,613,273	173,021,630

Form 0710002 p.2

Parameter		For reporting period	For the similar period of the prior year
name	code		
REFERENCE			
Permanent tax liabilities (assets)	200	38,958,580	59,152,775
Basic earnings (loss) per share	201	26,38	7,31
Diluted earnings (loss) per share	202	-	-

Form 0710002 p.3

BREAKDOWN OF SPECIFIC INCOMES AND EXPENSES

Parameter		For reporting period		For the similar period of the prior year	
name	code	income	expense	income	expense
1	2	3	4	5	6
Fines and penalties recognized or in respect of which there are court (arbitration) judgements on their recovery	210	1,950,989	64,524	456,015	36,396
Profit (loss) of prior years	220	17,193,528	10,770,371	526,014	4,038,377
Compensation of damages caused by defaulted obligations or improperly fulfilled obligations	230	-	-	-	-
Exchange differences on foreign currency transactions	240	395,534,023	383,217,193	160,665,900	260,660,500
Revaluation reserves	250	X	15,125,100	X	9,890,114
Written off past due accounts receivable and accounts payable with expired limitation period	260	11,714	32,477	11,523	634,009
Release of revaluation reserve	270	1,176,332	X	981,166	X

Chief Executive Officer _____ A.B. Miller
(signature)

Chief Accountant _____ E.A. Vasilieva
(signature)

**FLOW OF EQUITY AND FUNDS
for 2009**

Company OAO GAZPROM
 Taxpayer identification number
 Field of activity wholesale
 Legal form/property form Open Joint Stock Company
 Unit of measurement: thousands of RR

Form N3 on OKUD	Codes
Date (day, month, year)	0710003
on OKPO	31.12.2009
INN	00040778
on OKVED	7736 050 003
on OKOPF/OKFS	51
on OKEI	47 31
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I. Changes in equity

Parameter name	code	Charter capital	Additional capital	Legal reserve	Retained profit (loss)	Social government fund	Total
1	2	3	4	5	6	7	8
Balance as of 31 December of the year preceding the prior year 2008 (prior year)	70	118,367,564	2,581,019,372	8,636,001	1,247,498,500	-	3,955,521,437
Changes in the accounting policies	71	X	X	X	-	X	-
Revaluation of fixed assets	72	X	711,745,611	X	(3,801,058)	X	707,944,553
Balance as of 1 January of the prior year	80	118,367,564	3,292,764,983	8,636,001	1,243,697,442	-	4,663,465,990
Exchange differences	81	X	-	X	X	X	-
Net profit	82	X	X	X	173,021,630	X	173,021,630
Dividends	83	X	X	X	(62,967,022)	X	(62,967,022)
Allocations to the legal reserve	84	X	X	-	-	X	-
Increase of equity due to:	85	-	322	-	1,253,514	-	1,253,836
additional share issue	86	-	X	X	X	X	-
increased par value of shares	87	-	X	X	X	X	-
reorganization of the legal entity	88	-	-	-	-	-	-
other transactions	89	-	322	-	1,253,514	-	1,253,836
Reduction of equity due to:	90	-	(1,253,514)	-	(322)	-	(1,253,836)
reduced par value of shares	91	-	X	X	X	X	-
reduced number of shares	92	-	X	X	X	X	-
reorganization of the legal entity	93	-	-	-	-	-	-
other transactions	94	-	(1,253,514)	-	(322)	-	(1,253,836)
Balance as of 31 December of the prior year	95	118,367,564	3,291,511,791	8,636,001	1,355,005,242	-	4,773,520,598

Form 0710003 p.1-2

Parameter name	code	Charter capital	Additional capital	Legal reserve	Retained profit (loss)	Social government fund	Total
1	2	3	4	5	6	7	8
2009 (reporting year)							
Other changes	96	X	X	X	9,078,013	X	9,078,013
Revaluation of fixed assets	97	X	-	X	-	-	-
Balance as of 1 January of the reporting year	100	118,367,564	3,291,511,791	8,636,001	1,364,083,255	-	4,782,598,611
Exchange differences	101	X	-	X	X	X	-
Net profit	102	X	X	X	624,613,273	X	624,613,273
Dividends	103	X	X	X	(8,522,465)	X	(8,522,465)
Allocations to the legal reserve	110	X	X	-	-	X	-
Increase of equity due to:	120	-	-	-	2,841,989	-	2,841,989
additional share issue	121	-	X	X	X	X	-
increased par value of shares	122	-	X	X	X	X	-
reorganization of the legal entity	123	-	-	-	-	-	-
other transactions	125	-	-	-	2,841,989	-	2,841,989
Reduction of equity due to:	130	-	(2,841,989)	-	-	-	(2,841,989)
reduced par value of shares	131	-	X	X	X	X	-
reduced number of shares	132	-	X	X	X	X	-
reorganization of the legal entity	133	-	-	-	-	-	-
other transactions	135	-	(2,841,989)	-	-	-	(2,841,989)
Balance as of 31 December of the reporting year	140	118,367,564	3,288,669,802	8,636,001	1,983,016,052	-	5,398,689,419

II. Reserves

Parameter name	code	Balance	Addition	Used	Balance
1	2	3	4	5	6
Legal reserves formed in accordance with legislation:					
Reserve funds	151	-	-	-	-
prior year	152	8,636,001	-	-	8,636,001
reporting year	153	8,636,001	-	-	8,636,001
Other reserves	154	-	-	-	-
prior year	155	-	-	-	-
reporting year	156	-	-	-	-

Parameter		Balance	Addition	Used	Balance
name	code				
1	2	3	4	5	6
Legal reserves formed in accordance with foundation documents:					
Reserve funds	157	-	-	-	-
prior year	158	-	-	-	-
reporting year	159	-	-	-	-
Other reserves	160	-	-	-	-
prior year	161	-	-	-	-
reporting year	162	-	-	-	-
Provisions:					
Provision for impairment of receivables	163	-	-	-	-
prior year	164	11,651,191	9,699,526	-	21,350,717
reporting year	165	21,350,717	13,579,452	(245,063)	34,685,106
Provision for impairment of investments	166				
prior year	167	3,365,640	(139,146)	(651,432)	2,575,062
reporting year	168	2,575,062	423,814	(54,498)	2,944,378
Provision for impairment of inventories	169	-	-	-	-
prior year	170	-	-	-	-
reporting year	171	-	-	-	-
Other provisions	172	-	-	-	-
prior year	173	-	-	-	-
reporting year	174	-	-	-	-
Provisions for liabilities and charges:					
for vacation bonus expenses	175	-	-	-	-
prior year	176	-	-	-	-
reporting year	177	-	-	-	-
for annual work record bonus expenses	178	-	-	-	-
prior year	179	-	-	-	-
reporting year	180	-	-	-	-
for annual appreciation bonus expenses	181	-	-	-	-
prior year	182	728,787	841,096	(737,248)	832,635
reporting year	183	832,635	1,559,748	(957,061)	1,435,322
for repair works to be incurred	184	-	-	-	-
prior year	185	-	-	-	-
reporting year	186	-	-	-	-
for warranty and service expenses	187	-	-	-	-
prior year	188	-	-	-	-
reporting year	189	-	-	-	-
for contingent liabilities	190	-	-	-	-
prior year	191	9,663,634	11,366,703	-	21,030,337
reporting year	192	21,030,337	-	(4,373,302)	16,657,035
Other provisions	193	-	-	-	-
prior year	194	-	-	-	-
reporting year	195	-	-	-	-

REFERENCE

Parameter		At beginning of reporting year		At end of reporting year	
name	code				
1	2	3		4	
1) Net assets	200	4,782,598,611		5,398,689,419	
		from the budget		from non-budget funds	
		for reporting year	for prior year	for reporting year	for prior year
		3	4	5	6
2) Received for:					
expenses					
on ordinary activities – total	210	-	-	-	-
including:					
capital investments					
in non-current assets	220	-	-	-	-
including:					

Chief Executive Officer _____ A.B. Miller
(signature)

Chief Accountant _____ E.A. Vasilieva
(signature)

**CASH FLOW STATEMENT
for 2009**

Company OAO GAZPROM
Taxpayer identification number
Field of activity wholesale
Legal form/property form Open Joint Stock Company
Unit of measurement: thousands of RR

Form N4 on OKUD	Codes
Date (day, month, year)	0710004
on OKPO	31.12.2009
INN	00040778
on OKVED	7736 050 003
on OKOPF/OKFS	51
on OKEI	47 31
	384

Parameter		For reporting period	For the similar period of the prior year
name	code		
1	2	3	4
Cash at beginning of reporting year	100	73,477,438	69,721,329
Cash flows from operating activities			
Total cash received, including from	110	5,057,791,203	5,870,601,486
sale of goods, products, works and services	111	2,955,548,318	3,355,407,836
sale of other assets	112	2,025,344,551	2,379,950,143
including currency sales	113	2,020,270,451	2,375,079,646
advances received from buyers (customers)	114	9,783,701	12,239,758
budget allocations and other special purpose financing	115	-	-
free of charge	116	-	-
other income	117	67,114,633	123,003,749
Total cash used, including:	120	(4,436,009,197)	(5,051,657,423)
purchased goods, works, services, raw materials and other current assets	150	(1,778,884,271)	(1,450,253,245)
wages and salaries	160	(10,215,051)	(6,873,499)
dividends and interest	170	(8,754,026)	(59,153,858)
settlement of taxes and duties	180	(103,716,577)	(229,375,538)
custom duties	183	(414,950,443)	(505,581,517)
payments to non-budget funds	190	(1,371,888)	(806,314)
advances paid	191	(26,966,331)	(10,133,757)
other expenses	192	(2,091,150,610)	(2,789,479,695)
including currency sales	193	(1,953,470,196)	(2,626,788,478)
Net cash received from operating activity	199	621,782,006	818,944,063
Cash flows from investment activities			
Total cash received, including from	200	209,278,969	205,080,444
sale of fixed assets and other non-current assets	210	78,354	282,242
sale of securities and other financial investments	220	21,577	44,240,410
dividends received	230	89,302,582	51,094,803
interest income	240	17,714,359	2,884,960
repayment of loans provided to other companies	250	98,989,111	97,679,311
budget allocations and other special purpose financing	255	-	-
proceeds under the investment contract	256	-	-
settlement of securities and other investments	257	3,172,986	2,935,241
other proceeds	260	-	5,963,477
Total cash used, including	270	(864,450,540)	(952,132,902)
acquisition of subsidiaries	280	(235,194,665)	(175,096,605)
acquisition of fixed assets, income bearing investments in tangible and intangible assets	290	(1,347,864)	(7,289,612)
acquisition of securities and other financial investments	300	(57,838,521)	(134,531,235)

Parameter		For reporting period	For the similar period of the prior year
name	code		
1	2	3	4
loans provided to other companies	310	(43,625,703)	(50,998,993)
financing of joint construction	320	-	-
allocated to capital construction settlements	325	(494,148,583)	(513,875,707)
other payments, transfers, etc.	330	(32,295,204)	(70,340,750)
Net cash from investment activities	340	(655,171,571)	(747,052,458)
Cash flows from financial activities			
Total cash received, including from	350	433,078,161	166,135,045
proceeds from issue of shares and other equity securities	351	-	-
proceeds from loans provided to other companies	352	433,078,161	166,135,045
other receipts	353	-	-
Total cash used, including	360	(411,477,431)	(236,733,522)
repayment of loans, credits (net of interest)	361	(401,477,431)	(236,083,522)
settlement of financial lease	362	-	-
purchased goods, works, services	363	-	-
other payments, transfers, etc.	364	(10,000,000)	(650,000)
Net cash from financial activities	370	21,600,730	(70,598,477)
Net increase (decrease) of cash and cash equivalents	380	(11,788,835)	1,293,128
Cash at the end of reporting year	400	61,688,603	71,014,457
Effect of exchange differences	401	1,927,149	6,350,699

Chief Executive Officer _____ A.B. Miller
(signature)

Chief Accountant _____ E.A. Vasilieva
(signature)

**SUPPLEMENT TO THE BALANCE SHEET
for 2009**

Company OAO GAZPROM
 Taxpayer identification number
 Field of activity wholesale
 Legal form/property form Open Joint Stock Company
 Unit of measurement: thousands of RR

	Codes
Form N5 on OKUD	0710005
Date (day, month, year)	31.12.2009
on OKPO	00040778
INN	7736 050 003
on OKVED	51
on OKOPF/OKFS	47 31
on OKEI	384

Intangible assets

Parameter		At beginning of reporting year	Additions	Disposals	At end of reporting year
name	code				
1	2	3	4	5	6
Intellectual property (exclusive rights to intellectual property)	010	322,952	266,556	-	589,508
including rights of:					
industrial design, useful model patent holders	011	322,431	266,555	-	588,986
owners of software, databases	012	-	-	-	-
owners of IC pattern	013	-	-	-	-
owners of trademarks and service marks, name of goods' origin	014	521	1	-	522
patent holders to plants	015	-	-	-	-
Organisational expenses	020	-	-	-	-
Goodwill	030	-	-	-	-
Other	040	-	-	-	-

Parameter		At beginning of reporting year	At end of reporting year
name	code		
1	2	3	4
Total amortization of intangible assets, including:	050	108,593	356,133

Form 0710005 p.2

Fixed assets

Parameter		At beginning of reporting year	Additions	Disposals	At end of reporting year
name	code				
1	2	3	4	5	6
Buildings	060	329,499,086	16,008,291	(2,726,905)	342,780,472
Structures and transfer mechanisms	061	7,756,196,525	155,438,511	(8,190,188)	7,903,444,848
Machinery and equipment	062	1,119,630,523	67,273,624	(9,637,791)	1,177,266,356
Means of transportation	063	2,325,226	1,082,997	(12,349)	3,395,874
Production and work appliances	064	3,876,255	145,684	(48,767)	3,973,172
Working livestock	065	2,747	-	(67)	2,680
Productive livestock	066	-	-	-	-
Perennial plants	067	29,311	1,261	(194)	30,378
Other types of fixed assets	068	306,148	9,618	(21,187)	294,579
Plots of lands and natural resources	069	187,311	45,579	-	232,890
Capital investments in land rehabilitation	070	-	-	-	-
Total	071	9,212,053,132	240,005,565	(20,637,448)	9,431,421,249

Parameter		At beginning of reporting year	At end of reporting year
name	code		
1	2	3	4
Total depreciation of fixed assets	140	5,862,512,334	6,138,502,121
including:			
buildings and structure	141	5,021,557,477	5,257,746,905
machinery, equipment, means of transportation	142	838,752,539	878,086,975
other	143	2,202,318	2,668,241
Total fixed assets leased out	150	9,136,625,324	9,348,600,455
including:			
buildings	151	306,210,395	316,709,192
structure	152	7,720,213,657	7,863,772,995
machinery and equipment	153	1,108,318,542	1,165,318,945
other	154	1,882,730	2,799,323
Suspended fixed assets	160	37,239,031	40,154,939
Fixed assets put into operation and being in the process of state registration	162	71,375,301	97,732,715
REFERENCE	code	At beginning of reporting year	At end of reporting year
	2	3	4
Result of fixed assets revaluation:			
historical (replacement) cost	171	-	1,907,494,884
depreciation	172	-	1,199,550,331
	code	At beginning of reporting year	At end of reporting year
	2	3	4
Changes in the value of fixed assets as a result of fitting-out, rigging up, reconstruction, partial liquidation	180	6,229,301	7,158,335

Form 0710005 p.3

Income bearing investments in tangible assets

Parameter		At beginning of reporting year	Additions	Disposals	At end of reporting year
name	code				
1	2	3	4	5	6
Assets to be leased out	190	-	-	-	-
Assets for hiring	191	-	-	-	-
Other	192	-	-	-	-
Total	193	-	-	-	-
	code	At beginning of reporting year			At end of reporting year
	2	3			4
Depreciation of income bearing investments in tangible assets	200	-			-

Research and development costs

Types of works		At beginning of reporting year	Additions	Disposals	At end of reporting year
name	code				
1	2	3	4	5	6
Total	310	2,677,644	3,416,578	(3,465,369)	2,628,853
including:					

REFERENCE	code	At beginning of reporting year	At end of reporting year
	2	3	4
Total research and development costs in progress	320	140,618	236,389
	code	At beginning of reporting year	At end of reporting year
	2	3	4
Total unsuccessful research and development costs posted to non-operating expenses	321	91,052	91,232

Natural resources development costs

Parameter		At beginning of reporting year	Additions	Disposals	At end of reporting year
name	code				
1	2	3	4	5	6
Total natural resources development costs	410	26,626,500	24,321,952	(4,830,065)	46,118,387
including:					
mineral right licences acquisition costs	411	203,194	138	(9,459)	193,873

REFERENCE	code	At beginning of reporting year	At end of reporting year
	2	3	4
Costs of natural resources development in progress	412	633,489	5,550,138
	code	For reporting period	For the similar period of the prior year
	2	3	4
Costs of unsuccessful natural resources development charged to non-operating expenses	413	2,638,138	5,427,037

Form 0710005 p.4

Financial investments

Parameter		Long-term		Short-term	
name	code	At beginning of reporting year	At end of reporting year	At beginning of reporting year	At end of reporting year
1	2	3	4	5	6
Total investments in share capital of other companies, including	510	792,206,400	1,524,994,841	-	-
subsidiary and associated companies	511	792,093,084	1,524,888,220	-	-
State and municipal securities	515	-	-	-	-
Total securities of other companies, including	520	1,000	1,000	-	-
debt securities (bonds, promissory notes)	521	-	-	-	-
Loans provided	525	69,990,811	12,887,735	44,843,204	49,313 880
Deposits	530	11,339,078	10,192,413	1,296,303	1,285,582
Other	535	70,540,907	82,706,780	4,689,857	8,127,962
Total	540	944,078,196	1,630,782,769	50,829,364	58,727,424

Parameter		Long-term		Short-term	
name	code	At beginning of reporting year	At end of reporting year	At beginning of reporting year	At end of reporting year
1	2	3	4	5	6
Of the total financial investments carried at market value:					
Total investments in share capital of other companies, including	550	202,358,741	703,124,541	-	-
subsidiary and associated companies	551	202,358,741	703,124,541	-	-
State and municipal securities	555	-	-	-	-
Total securities of other companies, including	560	-	-	-	-
debt securities (bonds, promissory notes)	561	-	-	-	-
Other	565	-	-	-	-
Total	570	202,358,741	703,124,541	-	-
Reference					
Changes in financial investments carried at market value due to valuation adjustments	580	(396,183,812)	301,377,936	-	-
For debt securities - the difference between the historic cost and face value charged to financial result of the reporting year	590	-	-	-	-

Form 0710005 p.5

Accounts receivable and accounts payable

Parameter		At beginning of reporting year	At end of reporting year
name	code		
1	2	3	4
Accounts receivable:			
total short-term	600	984,160,032	899,576,215
including:			
receivables from buyers and customers	601	345,023,954	354,022,301
promissory notes receivable	602	-	-
advances issued	603	28,010,840	39,472,908
other	604	611,125,238	501,081,006
total long-term	610	298,608,269	565,444,150
including:			
receivables from buyers and customers	611	4,135,871	928,500
promissory notes receivable	612	-	-
advances issued	613	-	-
other	614	294,472,398	564,515,650
Total	620	1,282,768,301	1,465,020,365
Accounts payable			
total short-term	630	456,996,793	462,709,918
including:			
settlements with suppliers and contractors	631	207,633,390	185,960,714
advances received	632	10,324,906	10,961,983
taxes payable	633	5,349,418	43,084,538
promissory notes payable	634	-	-
credits	635	170,901,124	80,304,375
borrowings	636	55,136,687	82,989,248
other	637	7,651,268	59,409,060
total long-term	640	802,224,074	919,635,349
including:			
credits	641	211,734,186	156,639,303
borrowings	642	590,489,888	762,996,046
other	643	-	-
Total	650	1,259,220,867	1,382,345,267

Ordinary operating expenses (by types of expenses)

Parameter		At beginning	At end
name	code	of reporting year	of reporting year
1	2	3	4
Materials	710	849,651,257	821,004,658
Wages and salaries	720	13,021,132	7,999,407
Social expenses	730	1,615,130	847,678
Depreciation	740	295,479,702	284,532,862
Other expenses	750	35,826,352	33,806,492
Total expenses	760	1,195,593,573	1,148,191,097
Changes in balances (increase [+], decrease [-]):			
work in progress	765	(339,512)	35,323,360
future period expenses	766	21,264,295	2,751,812
provisions for liabilities and charges	767	602,687	103,848

Form 0710005 p.6

COLLATERAL

Parameter		At beginning	At end
name	code	of reporting year	of reporting year
1	2	3	4
Received - total	810	152,977,139	69,716,172
including:			
promissory notes	811	-	-
including past due notes	812	-	-
Pledged assets	820	89,764,225	69,662,777
including:			
fixed asset items	821	4,339,939	4,339,939
securities and other financial investments	822	85,424,286	65,322,838
other	823	-	-
Issued - total	830	143,198,723	175,526,694
including:			
promissory notes	831	-	-
including past due notes	832	-	-
Pledged assets, including:	840	128,395	125,265
fixed asset items	841	-	-
securities and other financial investments	842	128,395	125,265
other	843	-	-

Government grants

Parameter		For reporting period		For the similar period of the prior year	
name	code				
1	2	3		4	
Total budget funds received including:	910	-		-	
		At beginning of reporting year	Received for reporting period	Repaid for reporting period	At end of reporting year
Total credits from the budget including:	920	-	-	-	-

Chief Executive Officer _____ A.B. Miller
 (signature)

Chief Accountant _____ E.A. Vasilieva
 (signature)

ОАО ГАЗПРОМ
EXPLANATORY NOTE TO THE ACCOUNTING REPORTS
 (in thousand Russian Roubles, unless otherwise stated)

1. GENERAL INFORMATION

The principal activity of OAO Gazprom (hereinafter “the Company”) is the sale of natural gas. The Company is also involved in other types of activities, which include leasing of assets, organisation of gas transportation and storage services, sales of gas condensate and refinery products.

The Company is registered at the following address: the Russian Federation, 117997, Moscow, Nametkina street 16 and has branches in the following cities: Algiers, Astana, Ashkhabad, Ekaterinburg, Kiev, Kishenev, Krasnodar, Minsk, Moscow, Novy Urengoy, Beijing, Riga, Samara, St.Petersburg, Teheran, Tomsk, Khabarovsk, Yuzhno-Sakhalinsk and the Moscow region.

As of 31 December 2009 and 2008 the Company employed 17,270 and 10,815 persons, respectively.

Due to the amendments made in the Federal Law “On Products Supplies for the Federal Needs” and Federal Law “On Weapons” and the necessity to ensure the security of the Unified gas supply system facilities, the Security Services of OAO Gazprom, its subsidiaries and organizations were restructured and OAO Gazprom branches, i.e. inter-regional security divisions, were founded; this resulted in the increased number of employees.

As of 31 December 2009 members of the Board of Directors of OAO Gazprom included:

Zubkov, Victor Alekseevich – Chairman of the Board of Directors

Ananenkov, Alexander Georgievich
 Bergmann, Burkhard
 Gazizullin, Farit Rafikovich
 Karpel, Elena Evgenievna
 Miller, Alexei Borisovich

Musin, Valery Abramovich
 Nabiullina, Elvira Sakhipzadovna
 Sereda, Mikhail Leonidovich
 Shmatko, Sergei Ivanovich
 Yusufov, Igor Khanukovich

As of 31 December 2009 members of the Management Committee of OAO Gazprom included:

Miller, Alexei Borisovich – Chairman of the Management Committee

Aksyutin, Oleg Evgenievich
 Ananenkov, Alexander Georgievich
 Vasilieva, Elena Alexandrovna
 Golko, Yaroslav Yaroslavovich
 Golubev, Valery Alexandrovich
 Dubik, Nikolay Nikolayevich
 Ilyushin, Victor Vasilievich
 Kozlov, Alexander Nikolayevich

Kruglov, Andrei Viacheslavovich
 Medvedev, Alexander Ivanovich
 Pavlova, Olga Petrovna
 Podyuk, Vasily Grigorievich
 Rusakova, Vlada Vilorikovna
 Seleznev, Kirill Gennadievich
 Fedorov, Igor Yuryevich
 Khomyakov, Sergei Fedorovich

As of 31 December 2009 members of the Internal Audit Commission of OAO Gazprom included:

Arkipov, Dmitry Alexandrovich – Chairman of the Internal Audit Commission

Bikulov, Vadim Kasymovich
 Ishutin, Rafael Vladimirovich
 Kobzev, Andrey Nikolaevich
 Lobanova, Nina Vladislavovna

Mikhailova, Svetlana Sergeevna
 Ozerov, Sergei Mikhailovich
 Tikhonova, Maria Gennadievna
 Tulinova, Olga Alexandrovna

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Basis of presentation

The accounting reports are prepared in accordance with the accounting and reporting rules applicable in the Russian Federation, specifically with Federal Law “On Accounting” dated 21 November 1996 No.129-FZ, and the Regulations on Accounting and Reporting in the Russian Federation, approved by Order of the Ministry of Finance of the Russian Federation dated 29 July 1998 No.34n, as well as the Accounting Policy Regulation approved by order of OAO Gazprom of 29 December 2008 No.348.

GAZPROM
EXPLANATORY NOTE TO THE ACCOUNTING REPORTS
(in thousand Russian Roubles, unless otherwise stated)

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

Assets and liabilities are measured at actual purchase costs, except for regularly re-valued fixed assets and investments for which current market price is determinable.

Assets, liabilities and transactions denominated in foreign currency

Business transactions in foreign currencies have been recorded using the official Rouble exchange rate effective at the date of the relevant transaction. Cash in currency and deposit accounts in banks, cash in hand, securities (except for shares), accounts receivable and payable, including loans issued and raised but without advances received and issued, prepayments and down payments denominated in foreign currency have been recorded using the official rouble exchange rate as of the reporting date. The rate of exchange as of 31 December 2009 was RR 30.2442 to USD 1 (as of 31 December 2008 – RR 29.3804), RR 43.3883 to EUR 1 (as of 31 December 2008 – RR 41.4411).

Exchange differences arising in the reporting year as a result of transactions involving assets and liabilities denominated in foreign currency as well as revaluation of such assets and liabilities as of the reporting date have been recorded within other income and expenses.

Current and non-current assets and liabilities

Accounts receivable and accounts payable, including loans and borrowings, are treated in the balance sheet as current if the term of their circulation (maturity) does not exceed 12 months after the reporting date or is not specified. Accounts receivable and accounts payable including loans are treated as non-current, if the term of their circulation (maturity) exceeds 12 months after the reporting date. Investments are classified as long-term or short-term based on the anticipated period of their use (circulation, ownership or maturity) after the reporting date.

Fixed assets

Fixed assets include assets which conform to the requirements of the Russian accounting standard “Accounting for Fixed Assets” (RAR 6/01) approved by the order of the Russian Ministry of Finance dated 30 March 2001, No.26n. Fixed assets include real property assets that are duly recognized in the accounts from the moment they are put into operation and the documents are transferred for the state registration.

Fixed assets put into operation before 2008 are recorded in the balance sheet at their replacement cost as of 1 January 2008 less depreciation. Fixed assets put into operation after 1 January 2008 are recorded at historical cost less depreciation accumulated for the period of their use. The analysis of the current (replacement) cost showed that the current (replacement) cost of these fixed assets as of 1 January 2009 does not significantly differ from their current (replacement) cost as of 1 January 2008, therefore revaluation of fixed assets was considered unreasonable.

Fixed assets acquired before 1 January 2002 are depreciated at uniform depreciation rates approved by Decree of the USSR Council of Ministers dated 22 October 1990, No. 1072 “On Uniform Depreciation Rates of Fixed Asset of the USSR National Economy”. Fixed assets acquired after 1 January 2002 are depreciated at rates determined based on their estimated useful lives. Classification of fixed assets by depreciation groups approved by the Resolution of the Russian Government dated 1 January 2002 No.1, is used as one of the sources of information about useful lives of fixed assets. The Company adopted the following useful lives for fixed asset groups, adjusted for modifications made in the Classification in the period through 2009:

	Useful lives of assets recognized on the balance sheet (number of years)	
	prior to 1 January 2002	after 1 January 2002
Trunk pipelines	33	25
Wells	12 – 15	10 – 25
Machinery and equipment	10 – 18	3 – 18
Buildings	20 – 50	7 – 100

Fixed assets are depreciated on a straight line basis.

ОАО ГАЗПРОМ
EXPLANATORY NOTE TO THE ACCOUNTING REPORTS
 (in thousand Russian Roubles, unless otherwise stated)

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

The following assets are not depreciated:

- land plots;
- suspended assets (above 3 months);
- housing assets commissioned prior to 1 January 2006 (similar assets acquired after 1 January 2006 are depreciated in accordance with the generally accepted procedure);
- fully depreciated assets that are still on the balance sheet.

Construction-in-progress

Construction in progress includes, but is not limited to, completed immovable assets that have been put into operation but documents for which have not been transferred to the State Register as of the reporting date. Such assets are depreciated similarly to fixed assets and are presented in the accounting reports at historical cost less depreciation accrued. This practice ensures an adequate representation of the Company's property position as the above assets are actually used in line with their functionality and generate income for the Company.

Investments

Investments are recorded at their historical cost, being their actual cost of acquisition, except for investments for which the market value is determinable.

Investments for which the market value is determinable are re-valued to their current market value at the end of the reporting period. The difference between the market value of these investments as of the reporting date and their prior value is recorded within other income and expenses.

Investments for which significant and constant impairment indicators exist at the reporting date are presented in the year end balance sheet at their carrying (book) value net of the impairment provision. The investment impairment provision is determined annually based on the stock taking results as of 31 December of the reporting year. For the purposes of determining the provision amount the Company estimated the value of investments, for which significant and constant impairment indicators exist, on the basis of the available information and created the investment impairment provision in the amount by which the carrying value (historical cost) of investments exceeded their estimated value. Changes in the above provision resulting from the year-end stock-take are posted to other income and expenses.

Securities which do not have market value (except for those individually identifiable) are recorded upon their disposal (by types) under the FIFO method. Other investments (including individually identifiable securities such as promissory notes and certificates of deposit) with an undeterminable market value are recorded upon disposal at the historic cost of each unit.

Income and expenses attributable to transactions with investments are recorded within other income and expenses.

Inventories

The main type of inventory is natural gas pumped into pipelines and underground storage. In the balance sheet gas inventories are measured at the weighted average cost.

Selling and administrative costs

Selling costs, except for the cost of natural gas transportation and storage, are expensed in full on a monthly basis. Costs of natural gas transportation are allocated in proportion to the volumes of gas sold and to the volumes of gas pumped into underground storage within the reporting period.

Administrative costs are expensed in full on a monthly basis.

ОАО ГАЗПРОМ
EXPLANATORY NOTE TO THE ACCOUNTING REPORTS
 (in thousand Russian Roubles, unless otherwise stated)

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

Expenses related to future periods

Costs incurred by the Company in the reporting period but related to future reporting periods (for example, costs associated with implementation of license agreement terms, exploration costs, costs of natural resources development under PSA terms) are recorded as follows depending on the period when they are written off:

- if in less than 12 months of the reporting period – within current assets (in line “Expenses related to future periods” of the balance sheet);
- if in more than 12 months of the reporting period – within non-current assets (in line “Other non-current assets” of the balance sheet).

These expenses are written off for their intended purposes evenly on the basis of specific calculations during the periods which they relate to.

Trade accounts receivable

Trade accounts receivable are recorded based on prices contracted between the Company and buyers (customers) taking into account all discounts and mark-ups provided by the Company. Bad debts are written-off when recognized as such.

Unsecured overdue trade receivables are stated net of bad debt provisions. These provisions are based on the judgment of the Company's management as to the extent to which the debts will not be recovered. Bad debt provisions are recorded within other expenses. A corresponding amount of the provision is released after settlement of doubtful receivables previously provided for as bad debts.

Loans and credits received

Interest on loans and credits received and additional costs related to the receipt of credits and loans are included in other expenses in the reporting period in which they are incurred.

Loans and credits payable by the Company are recognized in the amount of actually received cash.

Deferred Taxes

For accounting and reporting purposes the Company recognizes deferred tax assets, deferred tax liabilities, non-temporary tax assets and non-temporary tax liabilities, i.e. amounts that can affect current profit tax expense in the current and/or future reporting periods. Information about non-temporary and temporary differences is based on the supporting documents. Current profit tax is determined for accounting purposes based on the theoretical expense (theoretical income) related to the profit tax, non-temporary tax assets and liabilities, deferred tax assets and deferred tax liabilities. This amount corresponds to the current profit tax amount as per the profit tax return.

Deferred tax assets and deferred tax liabilities are recorded within non-current assets or non-current liabilities on a gross-up basis.

Revenue recognition

Revenue from sales of products and services rendered is recognized on an accrual basis (as the products/services are delivered/provided and relevant settlement documents presented). Revenues are stated net of value-added tax, excise and similar mandatory charges.

GAZPROM
EXPLANATORY NOTE TO THE ACCOUNTING REPORTS
(in thousand Russian Roubles, unless otherwise stated)

3. CHANGES IN THE ACCOUNTING POLICIES, OPENING DATA AND COMPARATIVES

Changes in the 2009 accounting policies

Costs of natural resources development performed under international projects should be accumulated within future period expenses until a joint venture is created.

Opening data as of 1 January 2009

The opening balance sheet has been formed by adjusting certain items of the closing balance sheet as of 31 December 2008 for the following changes:

- reduction of the profit tax rate from 24% to 20% in accordance with the Russian legislation (adjustment of lines 145, 470, 515);
- revised accounting treatment of pre-investment study costs and costs of natural resources development under international projects (adjustment of lines 130, 140, 150, 216);
- re-classification of a subsidiary into an associate (adjustment of lines 141, 142).

Line code	Narrative Line code	Amount before the adjustment	Adjustment	After the adjustment
130	Construction-in-progress	185,954,647	(1,825,473)	184,129,174
140	Long-term investments	946,662,260	(5,126,936)	941,535,324
141	Investments in subsidiaries	712,313,181	(2,528,421)	709,784,760
142	Investments in associates	78,971,403	2,528,421	81,499,824
145	Deferred tax assets	71,983,575	(11,997,262)	59,986,313
150	Other non-current assets	24,780,433	3,645,785	28,426,218
216	Expenses related to future periods	3,471,833	3,306,624	6,778,457
470	Retained earnings	1,355,005,242	9,078,013	1,364,083,255
515	Deferred tax liabilities	126,454,942	(21,075,275)	105,379,667

Following the above balance sheet adjustments the Supplement to the balance sheet as of 31 December 2008 has been adjusted as follows:

- Research and Development Costs have been adjusted for pre-investment study costs in line 320;
- Natural Resources Development Costs have been adjusted for costs associated with the implementation of license agreement terms in lines 410, 411;
- Financial Investments have been adjusted for costs of natural resources development under international projects in lines 410, 535.

Line code	Narrative Line code	Amount before the adjustment	Adjustment	After the adjustment
320	Costs of non-finalized research and development work	1,966,091	(1,825,473)	140,618
410	Costs of mineral resources development – total, including:	21,499,564	5,126,936	26,626,500
411	Licenses for the right to use subsurface mineral resources	17,827,705	(17,624,511)	203,194
535	Other	75,667,843	(5,126,936)	70,540,907

GAZPROM
EXPLANATORY NOTE TO THE ACCOUNTING REPORTS
(in thousand Russian Roubles, unless otherwise stated)

3. CHANGES IN THE ACCOUNTING POLICIES, OPENING DATA AND COMPARATIVES (continued)

Comparative data for 2008

To ensure comparability of the 2009 cash flow statement the comparative amounts for 2008 have been adjusted for the changes in the accounting treatment of advances issued, design and survey costs, research and development costs and exploration costs.

Line code	Narrative	Line code	Amount before the adjustment	Adjustment	After the adjustment
Cash from operating activities					
	Cash outflow				
150	to pay for purchased goods, works, services, materials and other current assets		1,412,365,088	37,888,157	1,450,253,245
191	to provide advances		41,315,965	(31,182,208)	10,133,757
192	Other expenses		2,789,428,119	51,576	2,789,479,695
Cash related to investment activities					
	Cash inflow				
257	Redemption of securities and other financial investments		3,712,929	(777,688)	2,935,241
	Cash outflow				
280	To acquire subsidiaries		201,686,601	(26,589,996)	175,096,605
300	To acquire securities and other investments		110,373,702	24,157,533	134,531,235
325	For capital construction settlements		518,824,956	(4,949,249)	513,875,707
330	Other payments and transfers		70,494,251	(153,501)	70,340,750

Changes in the 2010 accounting policies

No significant changes have been introduced in the 2010 accounting policies.

4. SEGMENT INFORMATION

Under RAR 12/2000 "Segment Information", for segment reporting purposes information by operational segments is deemed primary and information by geographical segments – secondary based on the analysis of risk sources and nature as well as generated profit, organizational and management structure and internal reporting systems.

The following principal operational segments can be identified in the Company's activities:

- Domestic and export sale of gas;
- Leasing of assets.

Other types of the Company's activities mainly include services related to organization of gas transportation and storage, sale of gas condensate and refinery products, and other. None of these other activities meets the reporting requirements for segments as per RAR 12/2000 "Segment Information". Therefore, we do not disclose these activities as separate operating segments.

The Company's assets are primarily located in the territory of the Russian Federation. Gas sales to different geographical regions are disclosed in Note 14.

	Domestic and export sale of gas	Property leased out	Other	Total
For 2009				
Segment revenue	1,971,269,781	320,031,155	195,639,682	2,486,940,618
Segment profit/(loss)	540,833,856	(1,885,924)	14,320,977	553,268,909
Unallocated expenses	x	x	x	71,344,364
Capital expenditures for the period	-	210,910,344	2,608,342	213,518,686
Unallocated capital expenditures for the period	-	-	-	6,778,276
Depreciation of fixed assets and intangible assets	-	289,165,802	1,517,583	290,683,385

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4. SEGMENT INFORMATION (continued)

	Domestic and export sale of gas	Property leased out	Other	Total
Unallocated depreciation of fixed assets and intangible assets	x	x	x	1,561,695
As of 31 December 2009				
Segment assets	649,352,611	4,288,584,547	58,787,950	4,996,725,108
Unallocated assets	x	x	x	1,954,012,249
Total assets				6,950,737,357
Segment liabilities	77,882,014	11,616,064	20,613,144	110,111,222
Unallocated liabilities	x	x	x	1,441,936,716
Total liabilities				1,552,047,938
For 2008				
Segment revenue	2,024,207,385	305,964,055	176,838,064	2,507,009,504
Segment profit/(loss)	858,007,717	2,059,709	35,558,684	895,626,110
Unallocated expenses	x	x	x	(722,604,480)
Capital expenditures for the period	-	258,168,462	4,743,222	262,911,684
Unallocated capital expenditures for the period				1,718,403
Depreciation of fixed assets and intangible assets	-	278,884,025	1,138,018	280,022,043
Unallocated depreciation of fixed assets and intangible assets	x	x	x	1,147,100
As of 1 January 2009				
Segment assets	580,049,787	4,160,320,019	34,577,347	4,774,947,153
Unallocated assets	x	x	x	1,394,590,274
Total assets				6,169,537,427
Segment liabilities	84,317,323	12,136,882	18,522,211	114,976,416
Unallocated liabilities	x	x	x	1,271,962,400
Total liabilities				1,386,938,816

Segment revenue (income) is generated from transactions with buyers. Administrative costs are allocated by operational segments in proportion to segment revenue. Profit tax expenses and other similar compulsory payments, interest payable and receivable, income from participation in other organizations are not included in segment profit (loss). Other income and expense are not allocated between segments as it is deemed inappropriate or impractical, since the required allocation base is not available.

Segment assets include primarily fixed assets, construction in progress, work in progress, finished goods, goods for resale, accounts receivable and other current assets. VAT recoverable on purchased transportation and storage services is not included in segment assets because the required allocation base is not available. Financial investments are not included in segment assets as they are not directly related to the reporting segments.

Segment liabilities include predominantly short-term liabilities except for payables for transportation and storage services, profit tax payable to the budget and borrowings received to finance the Company's activity in general.

Segment capital expenditures include investments in fixed and intangible assets of the corresponding period.

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5. FIXED ASSETS

	Trunk pipelines	Wells	Machinery and equipment	Buildings	Other	Total
As of 31.12.2008						
Historical (replacement) cost	6,281,208,933	797,559,881	1,119,630,523	329,499,086	684,154,709	9,212,053,132
Accumulated depreciation	4,042,504,625	590,908,848	837,698,601	133,601,582	257,798,678	5,862,512,334
Net book value	2,238,704,308	206,651,033	281,931,922	195,897,504	426,356,031	3,349,540,798
As of 31.12.2009						
Historical (replacement) cost	6,348,155,070	812,659,848	1,177,266,356	342,780,472	750,559,503	9,431,421,249
Accumulated depreciation	4,218,776,168	611,830,247	876,760,326	142,790,462	288,344,918	6,138,502,121
Net book value	2,129,378,902	200,829,601	300,506,030	199,990,010	462,214,585	3,292,919,128

Net book value of fixed assets leased out to subsidiaries amounted to 3,249,824,737 and 3,309,934,692 as of 31 December 2009 and 2008, respectively.

6. CONSTRUCTION-IN-PROGRESS

	31 December 2009	1 January 2009
Construction-in-progress	162,147,482	184,028,014
Equipment for installation	74,927	101,160
Total	162,222,409	184,129,174

As of 31 December 2009 and 2008 construction in progress included assets of 144,760,887 and 178,340,140 respectively (net of accumulated depreciation of 2,195,743 and 1,299,643 respectively) that were constructed and put into operation but are still to be registered in the State Register. As of 31 December 2009 most significant assets to be registered in the State Register include the following production infrastructure assets: gas pipeline Pochinki-Gryazovets – section 0.0 – 80.0 km; gas pipeline Pochinki-Gryazovets, section Pochinki-Yaroslavl 323.0 – 357.0 km; gas pipeline Pochinki-Gryazovets, section Pochinki-Yaroslavl 220.1 – 250.1 km; gas pipeline Zapolyarnoye – Urengoy – section Zapolyarnoye – CS Purtazovskaya, Luping 0.0 – 32.0 km, and other infrastructure assets.

7. INVESTMENTS

Long-term investments

Investments in subsidiaries and associated undertakings

Information on investments in subsidiary and associated undertakings is provided in Note 18.

Investments in subsidiaries (balance sheet line 141) are presented net of impairment provision of 461,069 and 51,232 as of 31 December 2009 and 2008, respectively.

Investments in associates (balance sheet line 142) are presented net of impairment provision of 762,726 and 757,268 as of 31 December 2009 and 2008, respectively.

Investments in other companies

Investments in other companies (balance sheet line 143) are presented net of impairment provision of 3,896 and 185 as of 31 December 2009 and 2008, respectively.

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7. INVESTMENTS (continued)

Loans provided to companies for a period over 12 months

Loans provided to companies for a period over 12 months (balance sheet line 144) include long-term loans of 12,887,735 and 69,990,811 as of 31 December 2009 and 2008 respectively. Loans provided for a period from one to three years, among them, amounted to 2,789,809 and 123,327 as of 31 December 2009 and 2008, respectively.

Security of liabilities and payments received (balance sheet line 950) include security of 65,322,838 and 126,611,257 received for granted loans as of 31 December 2009 and 2008, respectively.

In November 2006 the Company provided a loan to Gazprom Germania GmbH due in 2007-2013 and the interest rate of 6.2%. In December 2007 the Company signed a supplement to the loan agreement under which the total debt amount including accrued interest is due in 2013. The loan payable recognized in the line "Loans Provided to Entities for a Period of over 12 Months" (line 144) of the balance sheet, totalled 58,604,348 as of 31 December 2008. This loan is secured by the guarantee of ZGG Caiman Holding Ltd. and 588,835 thousand shares of OAO Novatek. The loan was fully repaid by Gazprom Germania GmbH in December 2009. In accordance with the share pledge contract the duration of pledge expires in December 2010. The collateral value of shares is USD 2,159,847 under the share pledge agreement.

Other long-term investments

Other long-term investments included within Long-term investments (balance sheet line 140) are presented net of impairment provision of 1,684,497 and 1,734,187 as of 31 December 2009 and 2008, respectively. The provision relates to investments in joint activities.

	31 December 2009	31 December 2008
Joint activity	80,258,963	67,080,152
including:		
development of oil and gas fields on the Barents and Pechora Seas shelf (operator – OOO Gazprom Neft Shelf)	59,642,626	51,092,544
development of a satellite communication system (OAO Gazprom Space Systems)	3,180,363	3,165,102
Long-term deposits	10,192,413	11,339,078
Other	764,320	1,727,568
including:		
South Pars (oil and gas field located in Iran)	763,320	1,726,568
Total	91,215,696	80,146,798

Long-term investments amounted to 506,634,588 and 209,405,373 in 2009 and 2008, respectively.

Disposed long-term investments amounted to 89,023,422 and 29,509,662 in 2009 and 2008, respectively.

Long-term investments include securities of other entities of 1,106,968,435 and 529,695,205 as of 31 December 2009 and 2008 respectively, including securities of foreign issuers of 363,516,436 and 287,418,855 as of 31 December 2009 and 2008, respectively.

Short-term investments

Short-term investments amounted to 10,839,433 and 55,571,508 in 2009 and 2008, respectively.

Disposal of short-term investments amounted to 42,084,335 and 93,236,806 in 2009 and 2008, respectively.

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8. OTHER NON-CURRENT ASSETS

As of 31 December 2009 and 1 January 2009 other non-current assets included costs associated with implementation of license agreement terms of 30,391,288 and 17,624,511 and costs associated with implementation of international projects of 9,300,146 and 5,492,171, respectively.

9. ACCOUNTS RECEIVABLE

Trade accounts receivable

	31 December	
	2009	2008
Accounts receivable for gas sold:	260,575,993	275,093,768
in Russia	80,999,795	47,752,712
outside Russia		
(net of impairment provision		
of 35,081,967 and 21,693,219		
as of 31 December 2009 and 2008 respectively), including	179,576,198	227,341,056
to far abroad countries		
(net of impairment provision		
in the amount of 2,333,900 and 3,621,855		
as of 31 December 2009 and 2008 respectively)	130,816,965	161,023,112
Accounts receivable for leased property		
(no doubtful debt provision		
as of 31 December 2009 and 2008)	36,633,603	39,640,605
Accounts receivable for services related		
to organisation of gas transportation		
(net of doubtful debt provision of 346,916		
as of 31 December 2008. No provision was formed as of 31 December 2009)	8,882,737	2,195,098
Accounts receivable for sold gas condensate		
and oil and gas refinery products		
(net of doubtful debt provision of 8,735		
as of 31 December 2008. No provision was formed as of 31 December 2009)	17,712,749	4,379,011
Other trade receivables	1,063,752	5,802,473
Total	324,868,834	327,110,955

The increase in accounts receivable for gas sold in the Russia was primarily due to increased accounts receivable from OOO Mezhhregiongaz. As of 31 December 2009 and 2008 accounts receivable from OOO Mezhhregiongaz for supplied gas amounted to 70,768,617 and 40,290,625, respectively. In 2009 the debt of OOO Mezhhregiongaz was partially restructured under a relevant agreement. The restructured receivable balance amounted to 12,435,700 as of 31 December 2009.

The decrease in the accounts receivable for the gas sold outside Russia Federation was primarily due to decreased gas sale volumes.

As of 31 December 2009 and 2008 accounts receivable from RosUkrEnergo AG amounted to 8,683,034 and 49,562,094, respectively. In January 2009 part of accounts receivable from RosUkrEnergo AG was transferred to NAK Naftogaz of Ukraine and settled.

In 2007 the Company and OOO Factoring-Finance signed the agreement for debt assigning to OOO Mezhhregiongaz for the period to December 2010 in the total amount of 14,798,781 including accounts receivable of 14,477,662 for gas supplied in 2002-2004 and penalty and interest receivable of 321,119. As of 31 December 2009 accounts receivable from OOO Factoring-Finance recorded in the balance sheet line "Trade accounts receivable (payments expected within 12 months of the reporting date)" (line 246) was 12,874,625.

The accounts receivable recorded in the balance sheet line "Trade accounts receivable (payments expected within 12 months after the reporting date)" (line 241) are presented net of a bad debt provision of 35,081,967 and 22,048,870 as of 31 December 2009 and 2008, respectively. The doubtful debt provision was calculated net of a deferred excise in the amount of 396,861 and 698,153 as of 31 December 2009 and 2008, respectively. Deferred excise reduces the balance sheet line "Other creditors" (line 628).

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9. ACCOUNTS RECEIVABLE (continued)

Advances receivable

The balance sheet line “Advances given” (accounts receivable payments for which are expected within 12 months after the reporting date) (line 245) includes the advance paid to NAK Naftogaz Ukraine for gas transportation services in 2009-2010 in the amount of 26,295,302 and 9,546,519 as of 31 December 2009 and 2008, respectively.

Other accounts receivable

The Company concludes investment agreements with developers (mainly its subsidiaries) for construction and commencement of production fixed assets. The Company is the owner of all assets constructed under such investment agreements. Subsidiaries have no right to sell, pledge or otherwise dispose of the constructed assets.

A long-term portion of accounts receivable from subsidiaries relates to amounts received for investment project financing and is presented in the balance sheet line “Receivables from other debtors (payments expected beyond 12 months after the reporting date)” (line 235) in the amount of 539,607,272 and 261,175,908 as of 31 December 2009 and 2008, respectively.

A current portion of accounts receivable from subsidiaries relates to amounts received for investment project financing and is presented in the balance sheet line “Receivables from other debtors (payments expected within 12 months after the reporting date)” (line 246) in the amount of 283,682,657 and 347,313,463 as of 31 December 2009 and 2008, respectively.

Accounts receivable from debtors (payments expected within 12 months after the reporting date (balance sheet line 246) include accounts receivable from OOO Gazprom Energoholding (former OOO Gazoenergeticheskaya Kompania) related to the contract of guarantee of 38,339,216 as of 31 December 2008, the amount did not change in 2009. The Company issued a guarantee to secure the loans obtained by OOO Gazoenergeticheskaya kompaniya from OAO Gazprombank (open joint stock company) to finance the purchase of shares of energy companies.

10. CASH

The balance sheet line “Other monetary assets” (line 264) includes cash balances of 3,637,686 and 3,532,187 as of 31 December 2009 and 2008, respectively, which are restricted as to withdrawal under the terms of certain loans (see Note 12).

The cash flow statement line “Other income” (line 117) includes cash paid to the Company by principals under gas transit agency agreements in the amount of 4,739,548 and 60,601,196 in 2009 and 2008, respectively.

The cash flow statement line “Other expenses” (line 192) includes cash paid by the Company to contractors under gas transportation agency agreements in the amount of 3,710,264 and 53,847,784 in 2009 and 2008, respectively. In addition the above expenses include costs associated with implementation of license agreement terms amounting to 14,662,042 for 2009. In 2008 costs associated with implementation of license agreement terms were recorded in line 290 “Acquisition of fixed assets, income-bearing investments in tangible and intangible assets” in the amount of 5,661,631.

11. EQUITY AND RESERVES

Charter capital

The Company's charter capital amounts to 118,367,564 (23,673,513 thousand fully paid common shares with the nominal value of RR 5 each) and did not change in 2009.

In accordance with the decision of the general shareholders' meeting, final dividends on the Company 2008 results were accrued in the amount of RR 0.36 per one common share. Based on the 2007 results the dividends were accrued in the amount of RR 2.66 per common share.

Reserve capital

In 2009 and 2008 the Company did not make any contributions to the reserve fund from net profit as the target limit of the fund was reached (7.3% of the charter capital).

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12. CREDITS AND LOANS

Bank loans

Lender	Credit currency	Maturity	31 December	
			2009	2008
AK Sberbank of Russia (OAO)	US dollar	2009-2013	70,564,210	-
Royal Bank of Scotland AG (ABN AMRO Bank NV) ³	US dollar	2013	54,625,436	53,065,287
Royal Bank of Scotland AG (ABM AMRO Bank NV) ^{1,3}	US dollar	2009-2012	17,819,379	24,453,575
Deutsche Bank AG	US dollar	2009-2014	16,143,664	25,552,475
Credit Suisse International ¹	US dollar	2017	15,866,779	15,413,611
Credit Suisse International	Euro	2010	10,859,506	10,418,223
Commerzbank AG (Dresdner Bank AG) ^{1,3}	US dollar	2009-2010	9,473,694	18,558,084
Royal Bank of Scotland AG (ABM AMRO Bank NV) ^{1,3}	US dollar	2009-2010	8,151,678	18,534,565
Gazprombank (Open Joint Stock Company)	RR	2012	7,500,000	7,508,197
Royal Bank of Scotland AG (ABM AMRO Bank NV) ^{1,3}	US dollar	2009-2010	6,730,384	19,791,617
Deutsche Bank AG	US dollar	2009-2011	5,770,671	8,454,627
Citibank N.A.	US dollar	2010	3,973,438	-
J.P. Morgan Chase Bank	US dollar	2009-2011	3,034,253	4,428,552
PNB PARIBAS S.A. ¹	Euro	2011-2012	2,851,919	-
Citibank N.A.	US dollar	2009-2012	1,819,558	-
Credit Suisse International ²	Japanese yen	2018	-	58,653,562
Citigroup Global Markets Deutschland AG&Co KGaA (Salomon Brothers AG) ³	US dollar	2009	-	20,974,632
Credit Suisse International	Euro	2009	-	16,680,304
J.P. Morgan Chase Bank	US dollar	2009	-	14,920,065
Credit Suisse International	US dollar	2009	-	14,712,451
Societe General Bank	US dollar	2009	-	10,326,279
Credit Suisse International	Euro	2009	-	8,466,203
Golden Gates B.V. (OAO Bank of Moscow) ⁴	RR	2009-2010	-	7,528,988
PNB PARIBAS S.A. ¹	US dollar	2009	-	5,945,668
Credit Suisse International	US dollar	2009	-	5,894,061
SC Vnesheconombank	US dollar	2009	-	4,506,499
Golden Gates B.V. (OAO Bank of Moscow) ⁴	RR	2009	-	2,533,420
Royal Bank of Scotland AG (ABM AMRO Bank NV) ^{1,3}	US dollar	2009	-	2,452,843
Deutsche Bank AG	US dollar	2009	-	666,143
Loans of other banks	Various	Various	1,759,109	2,195,379
Total, including:			236,943,678	382,635,310
Due within one year, including current portion of long term loans			80,304,375	170,901,124

¹ Credits received from bank syndicate, as a creditor agent-bank is mentioned

² These loans were repaid ahead of contracted schedule

³ Renamed banks (former name is indicated in round brackets)

⁴ Transfer of the loan from OAO Bank of Moscow to Golden Gates B.V.

Total amount of loans received in 2009 was 129,280,578; total amount of loans and interest repaid in 2009 was 301,845,147.

For the acquisition of the 20.0002% interest of OAO Gazprom Neft in April 2009 the Company raised a long-term loan of 100,611,300 from AK Sberbank of Russia (OAO) and a long-term loan of 20,122,260 from OAO Rosselkhozbank. The loan from OAO Rosselkhozbank was fully repaid ahead of time in December 2009. The loan from AK Sberbank of Russia (OAO) was partially repaid in the amount of 21,919,608 ahead of time in December 2009 .

In April 2009 the loan of Credit Suisse International was repaid ahead of time in the amount of 60,598,925.

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12. CREDITS AND LOANS (continued)

In 2009 and 2008 interest rates for long-term foreign currency loans ranged from 4.15% to 10.50% and from 4.05% to 10.50%, respectively. In addition, the LIBOR rates were used in 2008-2009.

The LIBOR rates were used for foreign currency short-term loans in 2008 and 2009.

In 2009 and 2008 interest rates on the long-term bank loans denominated in Russian roubles ranged from 6.25% to 8.00%.

Borrowing

Lenders	Currency	Maturity	31 December	
			2009	2008
Gaz Capital S.A.	US dollar	2019	69,238,425	-
Gaz Capital S.A.	Euro	2018	55,099,779	52,628,043
Gaz Capital S.A.	US dollar	2013	48,588,994	47,201,251
Gaz Capital S.A.	Euro	2015	44,875,253	42,861,321
Gaz Capital S.A.	Euro	2010	44,278,414	42,291,267
Gaz Capital S.A.	Euro	2012	43,509,209	41,556,583
Gaz Capital S.A.	US dollar	2016	41,104,440	39,930,462
Gaz Capital S.A.	US dollar	2022	40,127,989	38,981,900
Gaz Capital S.A.	US dollar	2014	39,093,806	-
Gaz Capital S.A.	US dollar	2037	38,838,467	37,729,208
Gaz Capital S.A.	Euro	2015	38,144,354	-
Gaz Capital S.A.	US dollar	2034	36,840,838	35,788,632
Gaz Capital S.A.	Euro	2014	35,288,660	33,705,629
Gaz Capital S.A.	US dollar	2018	33,870,856	32,903,476
Gaz Capital S.A.	Euro	2014	30,648,541	29,273,082
Gazprom International S.A.	US dollar	2009-2020	27,117,502	30,451,398
White Night Finance B.V.	US dollar	2014	24,230,645	-
Gaz Capital S.A.	Euro	2017	22,564,151	21,551,507
Gaz Capital S.A.	Euro	2017	21,888,149	20,905,843
Gaz Capital S.A.	US dollar	2013	15,551,190	15,107,034
Gaz Capital S.A.	Swiss franc	2011	15,471,747	-
White Night Finance B.V.	US dollar	2014	15,210,313	-
Gaz Capital S.A.	US dollar	2013	12,295,114	11,943,955
Gaz Capital S.A.	US dollar	2012	7,956,077	7,728,844
Gaz Capital S.A.	US dollar	2010	5,301,968	5,150,539
Gazstream SA	US dollar	2009-2012	3,524,558	4,565,191
Golden Gates B.V. (OAO Bank of Moscow) ¹	RR	2009-2010	3,227,303	-
Gazstream SA	US dollar	2009-2010	1,735,752	4,637,626
Gazprom EP International B.V. (Gazprom Netherlands B.V.) ²	Euro	2009	-	23,188,334
A13 series Russian bonds	RR	2012	10,007,200	-
A4 series Russian bonds	RR	2010	5,158,750	5,157,650
A9 series Russian bonds	RR	2014	5,132,700	5,131,700
A8 series Russian bonds	RR	2011	5,060,400	5,059,450
A11 series Russian bonds	RR	2014	5,003,750	-
A6 series Russian bonds	RR	2009	-	5,139,000
A7 series Russian bonds	RR	2009	-	5,057,650
Total, including:			845,985,294	645,626,575
Due within one year, including current portion of long term loans			82,989,248	55,136,687

¹ Assignment of the loan from OAO Bank of Moscow

² Renamed lenders (former name in brackets)

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12. CREDITS AND LOANS (continued)

Total amount of loans received in 2009 was 333,477,083; total amount of loans and interest repaid in 2009 was 201,177,679.

As of 31 December 2009 and 2008 long-term loans amounting to 27,117,502 and 30,451,398 are secured by export revenues from gas sales to Western Europe.

In April 2009 the company raised the long-term loan of 20,122,260 from GPB Credit Risk management to finance the acquisition of the 20.0002% interest in ОАО Gazprom Neft; the loan was early repaid in September 2009.

As of 31 December 2009 and 2008 the long-term borrowings include the loan from Gaz Capital S.A. related to bonds issued in 2004 in the amount of 34,644,000 due on 28 April 2034 at the interest rate of 8.63%. The bonds issued can be redeemed in the amount of the principal balance and interest accrued on 28 April 2014 (put option exercise date).

In 2008 the Company raised a loan from Gaz Capital S.A. related to the issue of loan participation notes of 11,722,800 due in 2013. The loan has a variable rate and is linked to Brent oil quotes. In 2009 and 2008 the interest rate was 6.81%.

In 2009 and 2008 interest rates on foreign currency long-term borrowings received from Gaz Capital S.A., Gazprom International and Gazstream as a result of Loan Participation Notes ranged from 4.56% to 9.25% and from 4.56% to 8.63%, respectively.

In 2009 interest rates on other foreign currency long-term loans ranged from 5.30% to 10.50%.

In 2009 interest rates on foreign currency short-term loans ranged from 2.00% to 3.70%.

In 2009 and 2008 interest rates on long-term borrowings (including bonds) denominated in Russian Roubles ranged from 6.77% to 13.75% and from 6.25% to 8.22%, respectively.

13. TAXATION

Profit tax

Theoretical profit tax of the reporting year determined based on accounting profit and statutory rates amounted to 152,028,587 and 62,235,155 in 2009 and 2008 respectively. According to tax returns, the profit tax was 119,828,768 and 207,112,443 in 2009 and 2008 respectively. Total taxable profit amounted to 678,840,813 and 898,197,192 in 2009 and 2008, respectively.

Non-temporary differences which increase the taxable profit totalled 288,572,105 and 286,980,995 in 2009 and 2008 respectively. Non-temporary differences which decrease the taxable profit totalled 95,481,464 and 40,459,432 in 2009 and 2008 respectively. Non-temporary differences that increase the taxable profit exceeded non-temporary differences that decrease the taxable profit by 193,090,641 and 246,521,563 in 2009 and 2008, respectively. This resulted in the profit tax amount (calculated per tax accounts (the current profit tax)) exceeding the theoretical profit tax amount by 38,958,580 and 59,152,775 in 2009 and 2008, respectively.

Deductible temporary differences amounted to 55,966,499 and 273,240,202 in 2009 and 2008, respectively; deductible temporary differences redeemed in 2009 and 2008 totalled 180,843,729 and 4,779,948, respectively. In 2009 redeemed deductible temporary differences exceeded newly originated deductible temporary differences by 124,877,230 as a result of which the deferred tax asset decreased by 24,975,446. In 2008 newly originated deductible temporary differences exceeded redeemed deductible temporary differences by 268,460,254 as a result of which the deferred tax asset increased by 64,430,461.

Deductible temporary differences have primarily arisen from revaluation for accounting purposes of investments, for which the current market value can be determined, and resulted in a deferred tax asset decrease of 26,166,876 in 2009 and in a deferred tax asset increase of 62,920,074 in 2008.

In addition the 2009 net profit has been reduced by written off deferred tax assets of 26,058,876; 26,049,717 of the above amount relate to the deferred tax asset that arose earlier in connection with the revaluation for accounting purposes of investments that were disposed of in 2009. In 2008 the deferred tax asset decreasing the net profit amounted to 7,753.

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13. TAXATION (continued)

Taxable temporary differences amounted to 373,570,984 and 58,370,009 in 2009 and 2008, respectively; taxable temporary differences redeemed in 2009 and 2008 totalled 142,411,744 and 145,628,673, respectively. In 2009 newly originated taxable temporary differences exceeded redeemed taxable temporary differences by 231,159,240 as a result of which the deferred tax liability increased by 46,200,066. In 2008 redeemed taxable temporary differences exceeded newly originated taxable temporary differences by 87,258,664 as a result of which the deferred tax liability decreased by 20,964,384.

Taxable temporary differences primarily arise from:

- revaluation for accounting purposes of investments, for which the current market value can be determined, that has resulted in a deferred tax liability increase of 34,108,708 in 2009 and in a deferred tax liability decrease of 32,164,043 in 2008;
- different methods of depreciation used for accounting and tax accounting purposes, including the right to deduct for tax accounting purposes capital investment costs of up to 10% (up to 30% – for fixed assets of depreciation groups 3 – 7) of the historical cost of fixed assets, as a result of which the deferred tax liability increased by 5,756,071 and 8,465,209 in 2009 and 2008, respectively;
- different methods of recognition of exploration costs used for accounting and tax accounting purposes as a result of which the deferred tax liability increased by 4,647,354 in 2009 while in 2008 these costs did not impact the deferred tax liability amount;
- different methods of recognition of gas storage costs used for accounting and tax accounting purposes as a result of which the deferred tax liability increased by 1,536,235 and 2,721,200 in 2009 and 2008, respectively.

The net profit of the reporting year was increased by the deferred tax liabilities of 6,364. In 2008 the deferred tax liabilities decreasing the net profit amounted to 7,072.

Other taxes

VAT accrued upon dispatch (transfer) of goods (works, services, property rights) including VAT accrued upon receipt of payment, partial payment against forthcoming supplies of goods (works, services, property rights) totalled 260,152,117 and 258,364,024 for 2009 and 2008, respectively.

As of 31 December 2009 and 2008 outstanding deferred excise amounted to 396,861 and 698,153, respectively.

14. SALE OF GOODS, WORK AND SERVICES

	2009	2008
Revenue from gas sales:		
in Russia	565,561,358	543,223,095
outside Russia, including	1,405,708,423	1,480,984,290
to far abroad countries	1,041,087,414	1,192,543,330
	1,971,269,781	2,024,207,385
Revenue from leasing out assets	320,031,155	305,964,055
Revenue from sale of gas condensate and refined products	85,299,420	110,023,221
Revenue from sale of gas transportation services	107,748,996	64,826,514
Other	2,591,266	1,988,329
Total	2,486,940,618	2,507,009,504

The 2.6% decrease of gas sales was primarily due to decreased volumes of gas sale.

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15. COST OF SALES AND SELLING EXPENSES (LINES 020 AND 030 OF THE PROFIT AND LOSS ACCOUNT)

	2009	2008
Purchase cost of gas, including gas sold		
in Russia	224,287,070	193,464,127
outside Russia, including	518,749,297	307,711,201
to far abroad countries	330,324,937	134,278,979
	743,036,367	501,175,328
Gas transportation costs, including		
in Russia	283,592,380	300,056,664
outside Russia, including	373,550,098	338,112,192
to far abroad countries	305,827,985	294,574,340
	657,142,478	638,168,856
Cost of assets leasing	317,076,500	299,844,409
Cost of purchased gas condensate, oil products and their refinery and transportation	65,432,777	60,936,856
Cost of gas transportation services	109,137,880	75,556,292
Cost of other sales	3,407,767	2,423,482
Total	1,895,233,769	1,578,105,223

The increase in purchased gas costs resulted from increased internal settlement prices of gas purchased from the Company's subsidiaries as well as increased price of gas purchased outside Russia.

Total costs of used energy resources were 395,475 and 293,821 in 2009 and 2008, respectively. The Company used the following types of energy resources: electric power, heat and gas.

16. OTHER INCOME AND EXPENSES

	2009		2008	
	Income	Expenses	Income	Expenses
Sale of foreign currency	2,141,979,104	2,141,520,995	2,329,984,168	2,331,516,902
Exchange differences				
on foreign currency transactions	395,534,023	383,217,193	160,665,900	260,660,500
Market value revaluation of investments	301,561,425	183,489	x	396,183,812
Contributions in subsidiaries' property	x	21,999,279	x	60,855,105
Income / expense from the contribution to the charter capital of OOO Novourenogysky GHK	18,466,581	18,466,581	-	-
Prior year profit (loss)	17,193,528	10,770,371	526,014	4,038,377
Movement of securities and other financial investments	11,300	9,639	30,889,555	22,677,522
Assignment of the right to claim accounts receivable	5,279,595	5,279,840	648,213	648,213
Bad debt provision accrual/release	1,121,804	14,701,256	109,188	9,808,714
Costs of mineral resources development	x	2,638,138	x	5,427,037
Contingent liabilities provision accrual/release	4,373,301	-	-	11,366,703
Investments impairment provision accrual/release	54,528	423,844	871,978	81,400
Other	7,722,686	31,196,747	9,507,509	26,189,553
Total	2,893,297,875	2,630,407,372	2,533,202,525	3,129,453,838

The line "Contributions in subsidiaries' property" include contributions made into the property of subsidiaries under decisions adopted by the participant (the Company) in 2004-2009. As of 31 December 2009 and 2008 contributions in the subsidiaries' property that were to be made under the adopted decisions amounted to 21,739,539 and 10,465,928, respectively.

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16. OTHER INCOME AND EXPENSES (continued)

The Company recognized income of 301,561,425 from the market revaluation of investments as of 31 December 2009 due to a sharp rise in the share quotation of investees. The Company's investments in its subsidiary and associated undertakings are of a long-term nature and are not intended to derive profit from the movement of share quotations at Russian stock exchanges. In 2008 the Company recognized a loss of 396,183,812 from the market revaluation of investments as of 31 December 2008.

Income and expenses from the accrual and release of doubtful debt and contingency provisions are presented in the Company's accounting reports on a net basis except for income from a release of the bad debt provision in the part related to accounts receivable settled during the year.

In 2009 the line "Assignment of the right to claim accounts receivable" included expenses and income incurred in connection with the assignment of the right to claim accounts receivable from RosUkrEnergo AG of 5,279,840 and 5,279,595, respectively.

The line "Other expenses" includes pension contributions of 602,626 and 539,053 transferred to OAO Gazprom's joint account in NPF Gazfund in 2009 and 2008, respectively. Non-state pensions shall be paid to employees of the Company when corresponding conditions are met.

The line "Profit (Loss) of prior years" includes income in the form of custom duties of 14,137,109 related to export supplies of gas under the Blue Stream Project that were paid in 2008 and returned back in 2009. Corrections of 8,494,909 to prior period custom duties were recognised within expenses.

17. EARNINGS PER SHARE

Basic earnings per share have been calculated by dividing the net profit for the year by the weighted average number of common shares outstanding during the year. The weighted average number of shares totalled 23,673,513 and 23,672,238 during the years ended 31 December 2009 and 2008, respectively.

As of the beginning and the end of the reporting period the Company did not have any potentially dilutive securities and therefore the diluted profit per share was not calculated.

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18. RELATED PARTIES

Major 100% subsidiaries of OAO Gazprom:

000 Gazprom Burenie	000 Gazpromtrans
000 Gazprom VNIIGAZ	000 Gazflot
000 Gazprom Dobycha Astrakhan	000 Gazprom Energoholding
000 Gazprom Dobycha Noyabrsk	000 Gazprom Export
000 Gazprom Dobycha Nadym	000 Gazprom PHG
000 Gazprom Dobycha Orenburg	000 Airline GAZPROMAVIA
000 Gazprom Dobycha Urengoy	000 Gazprom Investholding
000 Gazprom Dobycha Yamburg	000 Gazprom Transgaz-Kuban
000 Gazprom Transgaz Volgograd	000 Georesource
000 Gazprom Transgaz Kazan	000 Informgaz
000 Gazprom Transgaz Moskva	000 Kap-Infin
000 Gazprom Transgaz Makhachkala	000 Gazprom Dobycha Krasnoyarsk
000 Gazprom Transgaz Nizhni Novgorod	000 Kubangazprom
000 Gazprom Transgaz Ekaterinburg	000 Mezhtregiongaz
000 Gazprom Transgaz Saint Petersburg	000 Novourenogoy GKH
000 Gazprom Transgaz Samara	000 Project Finance
000 Gazprom Transgaz Saratov	000 Gazprom Neft Shelf
000 Gazprom Transgaz Stavropol	000 Gazprom Liquefied Gas
000 Gazprom Transgaz Surgut	000 Surgutstroygaz
000 Gazprom Transgaz Tomsk	000 Trans-Invest
000 Gazprom Transgaz Ufa	000 TyumenNIIgiprogaz
000 Gazprom Transgaz Ukhta	ZAO Yamalgazinvest
000 Gazprom Transgaz Chaykovsky	Gazprom-Finance B.V.
000 Gazprom Transgaz Yugorsk	Gazprom (U.K.) Limited
000 Gazprom Pererabotka	Gazprom Sakhalin Holdings B.V.
000 Gazprom Komplektatsia	000 Gazprom Svyaz
000 Gazprom Dobycha Shelf	Gazprom EP International B.V.
000 Gazprom Podzemremont Urengoy	

All the above subsidiary companies, excluding Gazprom-Finance B.V., Gazprom EP International B.V. and Gazprom Sakhalin Holding B.V., which are registered in the Netherlands, and Gazprom (UK) Ltd., which is registered in Great Britain, are registered in Russia. These companies are mainly engaged in producing, transporting and selling natural gas.

In July 2009 the Company contributed to the charter capital of 000 Gazprom Energoholding 21,253,338,464 ordinary shares of OAO Mosenergo, or 53.47% of OAO Mosenergo's equity, and 1,104,735,971,846 ordinary shares of OAO TGC-1, or 28.66% of OAO TGC-1's equity.

In November – December 2008 the Company contributed 66,756,932 to the charter capital of 000 Gazprom Energoholding. As of 31 December 2008 no increase in the charter capital of 000 Gazprom Energoholding was registered, therefore the Company recorded settlements related to the contribution in the charter capital of 000 Gazprom Energoholding within “Accounts receivable from other debtors (payments expected within 12 months after the reporting date)” (balance sheet line 246) and did not recognize any increase of its investment into the equity. In January 2009 the Company made an additional contribution of 2,000,000 to the charter capital of 000 Gazprom Energoholding. The increase of the charter capital of 000 Gazprom Energoholding was registered in March 2009. As of 31 December 2009 the Company recorded these contributions in the balance sheet line Long-term investments (line 140).

In 2008 the Company contributed 10,589,153 into the charter capital of Gazprom Sakhalin Holdings B.V. in payment for 300 preferred shares. As of 31 December 2008 settlements related to the contribution into the charter capital of Gazprom Sakhalin Holdings B.V. were recorded in the line “Accounts receivable from other debtors (payments expected within 12 months after the reporting date)” (balance sheet line 246). In September 2009 the charter capital of Gazprom Sakhalin Holdings B.V. increased and the Company acquired 40,000,000 of its shares by contributing 133,324 shares of OAO Severneftegazprom. In addition the Company acquired 421 preferred shares of Gazprom Sakhalin Holdings B.V. for 19,212,508. As of 31 December 2009 the Company's share in the equity of Gazprom Sakhalin Holdings B.V. did not change and remained 100%, the contribution was recognized in full in the balance sheet line “Long-term investments” (line140).

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18. RELATED PARTIES (continued)

In June 2009 the Company made a contribution of 18,566,724 to the charter capital of OOO Novourenogysky GHK by contributing fixed assets, CIP items, materials and equipment. Income and expenses related to the contribution in the charter capital of OOO Novourenogysky GHK are recorded within other income and expenses (note 16).

Other major subsidiaries of OAO Gazprom:

Company's name	% of interest	Type of activity	Location
OOO GazpromPurInvest	99.99	Investment	Russia
OAO TsentrGaz	99.99	Construction	Russia
OAO Gazmash	99.99	Manufacture of household fuel using equipment	Russia
OAO Vostokgazprom	99.98	Production, processing and sale of gas and gas condensate	Russia
ZAO Kaunasskaya Heat-Electric Generating Plant	99.5	Generation and sales of electricity	Lithuania
OAO Gazpromtrubinvest	99.87	Manufacturing and sale of pipes	Russia
OOO Gaztorgpromstroy	99.0	Trading	Russia
OAO Lazurnaya	99.69	Design and construction	Russia
OAO Gazprom Neft	90.0	Oil production, processing and refinery	Russia
ZAO ArmRosGazprom	80.0	Transportation and sale of gas	Armenia
OAO Zapsibgazprom	76.69	Construction	Russia
ZAO Gazprom YuRGM Trading	75.0	Gas production, storage and transportation	Russia
ZAO Gazprom YuRGM Development	75.0	Sale of hydrocarbons	Russia
ZAO Gazprom Neft Orenburg	61.8	Oil production, processing and refinery	Russia
OOO SeverEnergiya	51.0	Production, transportation and processing of oil, natural gas and gas condensate	Russia
OAO Severneftegazprom	40.0	Production, processing and sale of gas and gas condensate	Russia

In October 2009 as a result of an additional issue of ordinary and preferred shares of OAO Severneftegazprom in favour to Gazprom Gerosgaz Holdings B.V. and Wintershall Holding A.G. the Company's share in the total voting power of OAO Severneftegazprom decreased to 50% plus six shares. As of 31 December 2009 the Company's interest in the total charter capital (including preferred shares of OAO Severneftegazprom) was 40 %.

In April 2009 the Company acquired from Eni PetroRussia B.V. a 20.0002% interest in the charter capital of OAO Gazprom Neft for 138,527,489 having realized the stock option entered into in April 2007. In addition in December 2009 the Company acquired from Gazprom Finance B.V. a 10.9876 % interest in the charter capital of OAO Gazprom Neft for 84,764,642. As of 31 December 2009 the Company recognized on its balance sheet a payable of 15,812,450 to Gazprom-Finance B.V. for the acquired shares of OAO Gazprom Neft.

In September 2009 the Company acquired from Arctic Russia B.V. a 51 % interest in the charter capital of OOO SeverEnergiya for 43,176,978 having realized the stock option entered into in April 2007. As of 31 December 2009 outstanding accounts payable of the Company for the interest in the charter capital of OOO SeverEnergiya were 35,757,215.

Major associates of OAO Gazprom:

Company's name	% of interest	Type of activity	Location
Nord Stream AG	51.0	Construction	Switzerland
AO Moldovagaz	50.0	Transportation and sale of gas	Moldova
AO Slovrugaz	50.0	Sale of gas	Slovakia
Blue Stream Pipeline Company B.V.	50.0	Gas transportation	Netherlands
TOO KazRosGaz	50.0	Transportation and sale of gas	Kazakhstan
RosUkrEnergo AG	50.0	Transportation and sale of gas	Ukraine
AO YugoRosGaz	50.0	Transportation and sale of gas	Serbia
OAO Belgazprombank	49.02	Banking	Byelorussia
EuRoPol Gaz s.a.	48.0	Transportation and sale of gas	Poland
AO Turusgaz	45.0	Sale of gas	Turkey

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18. RELATED PARTIES (continued)

Company's name	% of interest	Type of activity	Location
Gazprombank (Open Joint Stock Company)	41.7	Banking	Russia
AO Lietuvos Dujos	37.1	Transportation and sale of gas	Lithuania
ZAO Rosshelf	39.5	Production of gas	Russia
AO Latvijas Gaze	34.0	Transportation and sale of gas	Latvia
ZAO Stella Vitae	30.0	Transportation and sale of gas	Lithuania
GAZPROM BELTRANS	37.5	Gas transportation	Byelorussia
AO Gazum	25.0	Sale of gas	Finland
GAZPROM DALTRANS	25.0	Gas transportation	Russia
Shtockman Development AG	51.0	Gas field development	Switzerland

In May 2007 the Company signed a contract with the State Property Committee of the Republic of Belarus under which the Company within a four year period starting from 2007 was to acquire a 50% interest in GAZPROM BELTRANS for USD 2,500,000 thousand. In accordance with the contract in February 2009 the Company acquired a 12.5 % interest in GAZPROM BELTRANS for 22,134,125. Taking into account the 25% interest acquired by the Company for 31,453,563 in June 2007 and in February 2008, the Company's investment in GAZPROM BELTRANS reached 37.5% as of 31 December 2009 and its cost of 53,587,688 was recorded in the balance sheet line "Investments in associates" (line 142) (Note 20).

Other major related parties

WINGAS GmbH and Co. KG	AO Overgas Inc.
Wintershall Erdgas Handelshaus GmbH & Co. KG	AO Panrusgaz
Wintershall Erdgas Handelshaus Zug AG	AO Promgaz S.P.A.
GWH Gas unt Varen Handelshaus GmbH	Gazprom Marketing and Trading Ltd.
Gazprom Germany GmbH	GAZPROM SALAVATNEFTORGSYNTEZ
GAZPROM GAZENERGOSSET	Sakhalin Energy Investment Company Ltd.
GAZPROM NOVATEK	AO Fragas

In August 2009 ZMB GmbH (former ZMB-Zarubezhgaz Management und Beteiligungsgesellschaft GmbH) was reorganised by merging with Gazprom Germania GmbH.

The Company owns directly or through its subsidiaries the blocks of shares or has ownership interest in the above companies. In addition, the Company has its representatives in the Boards of Directors thus influencing their business significantly. The above companies (except for GAZPROM SALAVATNEFTORGSYNTEZ and GAZPROM GAZENERGOSSET) are involved in gas transportation and sales.

Related party transactions:

GAZPROM transactions with major wholly owned subsidiaries

	2009	2008
Sale (net of VAT, excise, custom duties and similar payments):		
gas	565,550,245	536,252,891
leasing out of property	310,270,184	291,369,883
gas transportation services	14,429,583	24,465,718
Purchase:		
gas transportation and storage services	593,598,949	606,629,543
gas	261,838,386	260,208,591
liquid hydrocarbons	41,422,577	38,088,431
liquid hydrocarbons processing services	18,465,269	16,391,534

Prices for gas, gas transportation and storage services purchased from wholly owned subsidiary companies of GAZPROM were set in accordance with the Price-List "Internal Settlement (Wholesale) Prices of Gas and Internal Settlement Tariffs for Gas Transportation and Storage for GAZPROM Entities" approved by GAZPROM ("inter-group tariffs"). Gas and gas transportation services were provided to major wholly owned subsidiaries based on the above price-list. Prices for liquid hydrocarbons and liquid hydrocarbons processing services

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18. RELATED PARTIES (continued)

purchased from major wholly owned subsidiaries were set in accordance with the Price-List “Internal Settlement (wholesale) Prices of liquid hydrocarbons and Internal Settlement Tariffs for hydrocarbons processing services” approved by OAO Gazprom.

Accounts receivable from and accounts payable to major wholly owned subsidiaries of OAO Gazprom were as follows:

	31 December	
	2009	2008
Accounts receivable	853,364,406	765,241,580
Accounts payable	167,400,910	159,504,627

In 2009 and 2008 no doubtful debt provision was formed for accounts receivable from major wholly owned subsidiaries of OAO Gazprom.

Loan debt of major wholly owned subsidiaries of OAO Gazprom was as follows:

	31 December	
	2009	2008
Loans due beyond 12 months of the reporting date	2,209,095	1,250,185
Loans due within 12 months of the reporting date	5,788,220	33,140,379

Interest on loans that the Company issued to its major wholly owned subsidiaries was 1,158,440 and 3,486,615 in 2009 and 2008, respectively. The Company granted loans to its major subsidiaries at the interest rate in the range from 5.79% to 9.00% and from 5.79% to 8.50% in 2009 and 2008, respectively.

As of 31 December 2008 loans due within 12 months of the reporting date were represented by the Company's payable to Gazprom EP International B.V. that was repaid in full in March 2009.

	31 December	
	2009	2008
Loans due within 12 months of the reporting date	-	23,188,334

Interest on loans that the Company received from its major wholly owned subsidiaries was 271,363 and 919,687 in 2009 and 2008, respectively.

The Company received loans from its major wholly owned subsidiaries at the interest rate in the range from 2.00% to 5.30% and from 5.00% to 5.30% in 2009 and 2008, respectively.

Guarantees issued by the Company on behalf of its major wholly owned subsidiaries totalled 57,005,939 and 28,389,263 as of 31 December 2009 and 2008, respectively.

Transactions with other major subsidiaries

	2009	2008
Sale (net of VAT, excise, custom duties and similar payments):		
services related to organisation of gas transportation	19,215,035	8,510,604
gas	7,076,396	1,086,845
Purchase:		
gas	61,404,368	33,408,654
liquid hydrocarbons	3,558,400	3,036,561

In 2009 for other major subsidiaries gas prices were in the range from USD 111.07 to USD 305.52 per thousand cubic meters. In 2008 gas sales to one of its major subsidiaries – ZAO Kaunasskaya TEC – were at fixed prices based on the contract and supplements thereto.

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Accounts receivable and accounts payable arising from settlements with other major subsidiaries of the Company were as follows:

	31 December	
	2009	2008
Accounts receivable	16,594,545	8,594,560
Accounts payable	16,077,340	6,450,789

In 2009 and 2008 no doubtful debt provision was formed for accounts receivable from other major subsidiaries of the Company.

Loan debt of other major subsidiaries of the Company was as follows:

	31 December	
	2009	2008
Loans due within 12 months of the reporting date	14,395,625	6,475,000

Loans due within 12 months of the reporting date are represented primarily by the loan receivable from OOO GazpromPurInvest that amounted to 13,000,000 and 6,000,000 as of 31 December 2009 and 2008, respectively. Under the contract the loan is due in April 2010 at the interest rate of 6.98% per annum. Interest on loans that the Company granted to one of its other major wholly owned subsidiaries – OOO GazpromPurInvest – was 598,176 and 56,069 in 2009 and 2008, respectively.

Interest on loans that the Company granted to its other major subsidiaries was 628,926 and 1,165,011 in 2009 and 2008, respectively.

The Company granted loans to its other major subsidiaries at interest rates ranging from 6.98% to 8.00% in 2009 and 2008 respectively. The loan to OOO SeverEnergiya was granted at the interest rate LIBOR plus 1.40%.

Guarantees issued by the Company on behalf of its other major subsidiaries totalled 28,841,550 and 34,907,261 as of 31 December 2009 and 2008, respectively.

Transactions with major associates

	2009	2008
Sale (net of VAT, excise, custom duties and similar payments):		
gas	162,875,087	314,109,042
Purchase:		
gas	2,065,124	23,984,171
gas transportation and storage services, including	37,269,014	34,312,513
through the commissioner OOO Gazprom Export	21,045,072	19,718,809

For major associates external market gas prices were in the range from USD 117.21 to USD 458.49 and from USD 120.73 to USD 557.40 per thousand cubic meters in 2009 and 2008, respectively.

Prices for gas transportation and storage services purchased from major associates were set up based on the contracts by reference to the level of market prices.

Accounts receivable and accounts payable from settlements with major associates of the Company were as follows:

	31 December	
	2009	2008
Accounts receivable	65,038,874	83,597,745
Accounts payable	9,944,113	7,460,157

As of 31 December 2009 and 2008 the doubtful debt provision of 32,748,067 and 18,071,364 respectively, was formed with respect to accounts receivable from major associated companies.

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18. RELATED PARTIES (continued)

Loans due within 12 months of the reporting date are represented by the loan receivable from Nord Stream AG:

	31 December	
	2009	2008
Loans due within 12 months of the reporting date	23,234,435	-

Under the contract the loan is due in December 2010 at the interest rate of 7.54% per annum.

Interest on the loan that the Company provided to its major associate – Nord Stream AG – was 320,783 for 2009.

Deposits placed by the Company in Gazprombank (Open Joint Stock Company) totalled 11,477,995 and 12,635,381 as of 31 December 2009 and 2008, respectively.

	31 December	
	2009	2008
Deposits due beyond 12 months of the reporting date	10,192,413	11,339,078
Deposits due within 12 months of the reporting date	1,285,582	1,296,303

The Company's debt to its major associate – Gazprombank (Open Joint Stock Company) – were as follows:

	31 December	
	2009	2008
Loans due beyond 12 months of the reporting date	7,500,000	7,500,000
Loans due within 12 months of the reporting date	-	8,197

Interest on loans that the Company received from Gazprombank (Open Joint Stock Company) at the interest rate of 8.00% was 600,000 and 8,197 in 2009 and 2008, respectively.

Guarantees issued by the Company on behalf of major associates totalled 22,445,864 and 30,233,573 as of 31 December 2009 and 2008, respectively.

Transactions with other major related parties

	2009	2008
Sale (net of VAT, excise, custom duties and similar payments):		
gas	291,682,570	328,488,676
gas condensate and oil refinery products	58,113,548	36,927,766
services related to organisation of gas transportation	51,203,483	12,159,599
Purchase:		
gas	227,684,818	27,570,282
gas transportation and storage services, including	6,779,785	5,958,344
through the commissioner OOO Gazprom Export	6,779,785	5,958,344

For major related parties external market gas prices were in the range from USD 113.49 to USD 474.98 and from USD 107.58 to USD 531.35 per thousand cubic meters in 2009 and 2008, respectively.

In 2008 OAO Novatek sold gas on the domestic market at RR 813.00 per thousand cubic meters.

Prices for gas transportation and storage services purchased from other major related parties were set up based on the contracts by reference to the level of relevant market prices.

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18. RELATED PARTIES (continued)

Accounts receivable and accounts payable from settlements with other major related parties of the Company were as follows:

	31 December	
	2009	2008
Accounts receivable	55,810,157	53,500,494
Accounts payable	7,879,906	5,714,308

In 2009 and 2008 no doubtful debt provision was formed for accounts receivable from other major related parties of the Company.

Loans receivable from other major related parties of the Company were as follows (Note 7):

	31 December	
	2009	2008
Loans due beyond 12 months of the reporting date	-	58,604,348

Interest on loans that the Company granted to its other major related parties was 3,866,026 and 3,601,736 in 2009 and 2008, respectively. The Company granted loans to its other major related parties at interest rates 6.20% and ranging from 6.20% to 6.64% in 2009 and 2008, respectively.

As of 31 December 2009 and 2008 there were no guarantees issued by the Company on behalf of other major related parties.

Remuneration to key management personnel

Short-term compensation of key management personnel (the members of the Board of Directors and Management Committee of ОАО Gazprom), including salary, bonuses and remuneration for serving in the management bodies of the Company, amounted to 1,203,766 and 994,078 for the years ended 31 December 2009 and 2008, respectively. The above amounts include personal income tax and unified social tax. Government officials, who are directors, do not receive any remuneration from the Company. Remuneration of members of the Board of Directors shall be approved by the annual meeting of shareholders. Compensation of key management personnel (other than remuneration of the Board of Directors) is determined by the terms of the annual employment contracts. Key management personnel also receive certain short-term benefits related to healthcare.

According to the Russian legislation, the Company makes contributions to the Russian Federation State pension fund for all of its employees including key management personnel.

The Company provided medical insurance and liability insurance for key management personnel. Voluntary medical insurance was 656 and 564, and liability insurance was 1,314 and 2,082 as of 2009 and 2008, respectively.

19. CONTINGENCIES

Contingencies in respect of guarantees issued

	31 December	
	2009	2008
Outstanding guarantees issued on behalf of:		
ООО Novourenskiy GHK	42,884,581	15,424,811
ОАО Severneftegazprom	27,536,138	33,643,303
Blue Stream Pipeline Company B.V.	19,790,500	27,697,378
ООО Gazprom Neft Shelf	10,237,145	10,819,918
ООО Stroygazconsulting	8,841,227	-
Gazprom Lybia B.V.	8,831,306	8,579,077
MRK Energy DMSS	8,619,597	6,958,760
ОАО Gazprom Space Systems	6,983,445	6,998,885
ООО Russian Energy Projects	6,659,877	-
EM Interfinance Ltd.	5,785,118	5,822,939

OAO GAZPROM
EXPLANATORY NOTE TO THE ACCOUNTING REPORTS
(in thousand Russian Roubles, unless otherwise stated)

19. CONTINGENCIES (continued)

	31 December	
	2009	2008
Dereve Capital International Ltd.	5,671,750	5,691,441
Blackrock Capital Investments Ltd.	4,899,553	4,934,303
ZAO Achimgaz	4,840,879	4,960,534
OOO Investgazavtomatika	3,154,864	-
OOO Gazprom Export	2,662,787	787,381
ZAO Kaunasskaya Heat-Electric Generating Plant	1,305,413	1,263,958
OOO Gazprom Burenie	1,221,426	-
Mortgage Lending Assistance Fund Gazpromipoteka	1,202,032	1,213,480
ZAO Gaztransit	972,098	1,293,650
DSL Assets International Ltd.	-	887,935
United Energy Investments Ltd.	-	887,292
Other	3,426,958	5,333,678
Total	175,526,694	143,198,723

In July 2005 Blue Stream Pipeline Company B.V. refinanced some of the existing liabilities, guaranteed by the Company, by means of repayment of the liabilities to a group of Italian and Japanese banks. For the purpose of this transaction loans in the amount of USD 1,185.3 million were received from Gazstream S.A. The Company guaranteed the above loans until July 2013. As of 31 December 2009 and 2008 the guarantees amounted to 19,790,500 and 25,493,848, respectively.

The guarantee for the loan provided by Depfa Investment Bank Ltd to Blue Stream Pipeline Company B.V. until July 2009 was repaid in 2009.

In December 2004 and June 2005 the Company guaranteed loans raised by OOO Gazprom Neft Shelf (former OOO Sevmorneftegaz) from ING Bank N.V. for the financing of fixed assets construction for a period until June 2016 and November 2015, respectively. In January 2007 the Company issued additional guarantees for the liabilities of OOO Gazprom Neft Shelf to Blueward Shipping Company Ltd. and Nostalgic Moon Shipping Company Ltd. under shipping agreements. The guarantee shall be valid for 25 years after the vessels are transferred to OOO Gazprom Neft Shelf. As of 31 December 2009 and 2008 guarantees totalled 10,237,145 and 10,819,918, respectively.

In 2006 the Company issued guarantees to Asset Repackaging Trust Five B.V. registered in the Netherlands for five companies (Devere Capital International Limited, Blackrock Capital Investments Limited, DSL Assets International Limited, United Energy Investments Limited, EM Interfinance Limited) registered in Ireland with respect to the bonds issued by them and due in December 2012, June 2018, December 2009, December 2009, and December 2015, respectively. The bonds were issued for the purposes of financing the construction of a transit gas pipeline in the territory of Poland to be carried out by EuroPol Gaz s.a. In December 2009 liabilities related to the bonds of DSL Assets International Limited and United Energy Investments Limited were settled. As a result the total amount of guarantees issued to Asset Repackaging Trust Five B.V. was 16,356,421 and 18,223,910 as of 31 December 2009 and 2008, respectively.

In July 2009 the Company issued guarantees valid until June 2010 to Societe General Bank as a security of multi currency loans issued to OAO Severneftegazprom. As of 31 December 2009 the guarantees totalled RR 27,536,138.

In July 2009 the Company issued a guarantee valid until January 2012 to JP Morgan Europe Limited as a security of the loan granted to OOO Novourenogysky GHK. As of 31 December 2009 the guarantee amounted to RR 15,642,837.

In September 2009 the Company issued a guarantee of the loan received by OOO Novourenogysky GHK from OAO Bank VTB, valid until December 2014. As of 31 December 2009 the guarantee amounted to 13,367,936.

In December 2009 the Company issued a guarantee to Deutsche Bank AG, London to secure the loan provided to OOO Novourenogysky GHK. As of 31 December 2009 the guarantee amounted to 8,135,594. The guarantee is valid until December 2014.

The Company believes that it will have to pay some of its obligations under guarantees issued. Therefore, a provision for the guarantees issued was created by the Company in the amount of 16,657,035 and 21,030,337 as of 31 December 2009 and 2008, respectively.

ОАО ГАЗПРОМ
EXPLANATORY NOTE TO THE ACCOUNTING REPORTS
 (in thousand Russian Roubles, unless otherwise stated)

19. CONTINGENCIES (continued)

Operating environment

From the middle of 2008 the Russian economy has been affected by the global financial crisis characterized by decreasing mutual trust in the investing and lending areas. Higher credit, currency and price risks resulted in negative developments in economy, in particular, volatility of exchange quotations of securities, reduced industrial production, and bankruptcies. The Company's management is unable to predict all the trends that could have an impact on the Company's financial position and performance. Management believes it is taking all the necessary measures to support the sustainability and growth of the Company's business in the current circumstances.

Legal proceedings

The Company is a party to certain legal proceedings arising in the ordinary course of business. Additionally, the Company is subject to various environmental laws regarding handling, storage, and disposal of certain products and is subject to regulation by various governmental authorities. There are no current legal proceedings or other claims outstanding which could have a material adverse effect on the results of operations or financial position of the Company.

Taxation

The Russian tax, currency and customs legislation is subject to varying interpretations, and changes, which can occur frequently. As of 31 December 2009 management believes that its interpretation of the relevant legislation is appropriate and the Company's tax, currency and customs positions will be sustained.

20. POST BALANCE SHEET EVENTS

In February 2010 the Company paid USD 625,000 thousand for 12.5% shares of ОАО Beltransgaz and increased its total interest in this entity to 50.0%.

The Company made a decision to revalue its fixed assets as of 1 January 2010. Results of the revaluation will be recognized in the accounting reports for 2010.

29.03.2010

Chief Executive Officer _____ A.B. Miller
 (signature)

Chief Accountant _____ E.A. Vasilieva
 (signature)

**STATUTORY CONSOLIDATED ACCOUNTING REPORTS
OF ОАО ГАЗПРОМ AND ITS SUBSIDIARIES FOR 2009 PREPARED
IN ACCORDANCE WITH RUSSIAN ACCOUNTING STANDARDS**

AUDIT REPORT

on Statutory consolidated accounting reports

To the shareholders of Open Joint Stock Company Gazprom:

Auditor

ZAO PricewaterhouseCoopers Audit (ZAO PwC Audit)

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

Certificate of inclusion in the Unified State Register of Legal Entities regarding the legal entity registered before 1 July 2002 No. 1027700148431 issued by the Interregional Inspectorate of the Russian Ministry of Taxes and Levies No. 39 for the Moscow City on August 22, 2002.

Member of non-profit partnership "Audit Chamber of Russia" (NP ACR) being a self-regulatory organization of auditors - registration number 870 in the register of NP ACR members.

Major registration record number (ORNZ) in the register of auditors and audit organizations 10201003683.

Client

Open Joint Stock Company Gazprom

Russian Federation, 117997, Moscow, Nametkina str., 16

State registration certificate № 022.726 was issued by the Moscow Registration Bureau on 25 February 1993.

Certificate of inclusion in the Unified State Register of Legal Entities regarding the legal entity registered before 1 July 2002 No. 1027700070518 issued by the Moscow Department of the Russian Ministry of Taxes and Levies No. 2 for the Moscow City on August 2, 2002.

TRANSLATION NOTE: Our report has been prepared in Russian and in English. In all matters of interpretation of information, views or opinions, the Russian version of our report takes precedence over the English version.

AUDIT REPORT

on Statutory consolidated accounting reports of OAO Gazprom and its subsidiaries prepared in accordance with Russian Accounting Standards

To the shareholders of Open Joint Stock Company Gazprom:

1. We have audited the attached Statutory consolidated accounting reports of Open Joint Stock Company Gazprom (OAO Gazprom) and its subsidiaries (the Group) for the period from 1 January up to 31 December 2009. The Statutory consolidated accounting reports of the Group consist of Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in the Shareholders' Equity, Consolidated Statement of Cash Flow and Notes to the consolidated accounting reports (hereinafter all the reports together are called "Statutory consolidated accounting reports"). These Statutory consolidated accounting reports were prepared by the management of OAO Gazprom in accordance with the legislation of Russian Federation applicable to Statutory consolidated accounting reports. Such Statutory consolidated accounting reports differ to a significant extent from those prepared in accordance with International Financial Reporting Standards.

2. Preparation of the Statutory consolidated accounting reports is the responsibility of the management of OAO Gazprom. Our responsibility as auditor is to express our opinion on the fair presentation, in all material respects, of these Statutory consolidated accounting reports based on our audit.

3. We conducted our audit in accordance with the Federal Law "On Auditing activity", Federal Auditing Standards, International Standards on Auditing and our internal standards.

Our audit was planned and performed to obtain reasonable assurance about whether the Statutory consolidated accounting reports are free of material misstatement. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statutory consolidated accounting reports, assessing compliance with accounting principles, techniques and rules of Statutory consolidated accounting reports preparation, evaluating significant estimates made by the management of OAO Gazprom and the overall Statutory consolidated accounting reports presentation. We believe that our audit provides a reasonable basis for our opinion on these Statutory consolidated accounting reports.

TRANSLATION NOTE: Our report has been prepared in Russian and in English. In all matters of interpretation of information, views or opinions, the Russian version of our report takes precedence over the English version.

4. In our opinion, the Statutory consolidated accounting reports attached to this report have been properly prepared to present fairly, in all material respects the financial position of the Group as at 31 December 2009 and financial results of its operations for the period from 1 January up to 31 December 2009 in accordance with the legislation of Russian Federation applicable for Statutory consolidated accounting reports.

29 April 2010

Director of ZAO



R. Justice

Statutory Auditor
Certificate K013014
for general audit
termless

V.Y. Sokolov

TRANSLATION NOTE: Our report has been prepared in Russian and in English. In all matters of interpretation of information, views or opinions, the Russian version of our report takes precedence over the English version.


OAO GAZPROM
CONSOLIDATED BALANCE SHEET as of 31 December 2009
 (in million Roubles)

Note	ASSETS	As of 1 January 2009	As of 31 December 2009
	I. NON-CURRENT ASSETS		
	Intangible assets, including:	509,971	816,832
5	goodwill on subsidiaries	508,630	814,347
6	Fixed assets, including:	4,068,829	4,185,800
	buildings, constructions, machinery and equipment	4,024,426	4,129,702
7	Construction in progress	967,381	1,236,578
8,18,24,26	Long-term financial investments, including:	935,804	1,040,180
	investments in subsidiaries	43,375	45,800
	investments in associates	688,821	691,795
	investments in other companies	61,721	171,077
	loans issued to companies beyond 12 months	102,069	90,317
	other long-term financial investments	39,818	41,191
14	Deferred tax assets	33,599	39,575
	Other non-current assets	108,476	168,658
	TOTAL Section I	6,624,060	7,487,623
	II. CURRENT ASSETS		
	Inventories, including:	337,191	353,954
	raw materials and other inventories	122,339	126,503
	work in progress	6,540	5,651
	finished goods and goods for resale	180,532	190,111
	goods dispatched	2,917	4,809
	expenses related to future periods	24,863	26,880
	Value added tax on purchased goods	116,460	144,618
9	Accounts receivable (payment expected beyond 12 months of the reporting date), including:	104,714	124,705
	buyers and customers	12,685	22,896
	promissory notes, bills of exchange receivable	355	13
	advances paid	54,190	41,792
	other accounts receivable	37,484	60,004
9	Accounts receivable (payment expected within 12 months of the reporting date), including:	822,283	915,286
	buyers and customers	414,538	383,757
	promissory notes, bills of exchange receivable	569	629
	advances paid	188,286	227,262
	other accounts receivable	218,890	303,638
	Short-term financial investments, including:	126,327	178,384
	loans issued to companies due within 12 months	27,250	86,641
10	other short-term financial investments	99,077	91,743
11	Monetary assets, including:	252,820	184,875
	cash on hand	136	243
	rouble bank accounts	102,037	92,911
	non-rouble bank accounts	141,731	87,174
	other monetary assets	8,916	4,547
	Other current assets	463	216
	TOTAL Section II	1,760,258	1,902,038
	TOTAL ASSETS	8,384,318	9,389,661

OAO GAZPROM
CONSOLIDATED BALANCE SHEET as of 31 December 2009
(in million Roubles)

Note	EQUITY AND LIABILITIES	As of 1 January 2009	As of 31 December 2009
12	III. EQUITY AND RESERVES		
	Charter capital	118,368	118,368
	Treasury shares	(597)	(127,071)
	Additional capital	3,645,447	3,691,791
	Legal reserves, including:	23,643	24,627
	reserves and provisions formed in accordance with legislation	9,602	10,051
	reserves formed in accordance with foundation documents	14,041	14,576
	Retained earnings	2,492,187	3,196,008
2,6	Social government fund	1,265	765
	TOTAL Section III	6,280,313	6,904,488
	Minority interest	225,855	250,455
	IV. NON-CURRENT LIABILITIES		
13	Loans and borrowings, including:	904,578	1,127,839
	bank borrowings due for repayment beyond 12 months of the reporting date	278,380	317,631
	loans due for repayment beyond 12 months of the reporting date	626,198	810,208
14	Deferred tax liabilities	126,099	173,293
	Other non-current liabilities	4,340	1,986
	TOTAL Section IV	1,035,017	1,303,118
	V. CURRENT LIABILITIES		
13	Loans and borrowings, including:	373,451	336,986
	bank borrowings due for repayment within 12 months of the reporting date	112,806	77,223
	loans due for repayment within 12 months of the reporting date	21,331	26,124
	current portion of loans and borrowings due for repayment beyond 12 months of the reporting date	239,314	233,639
	Accounts payable, including:	425,325	525,651
	suppliers and contractors	318,960	300,056
	promissory notes, bills of exchange payable	142	5,434
	salaries payable	7,535	8,949
	payable to state non-budget funds	1,064	1,382
	payable to budget	57,673	109,803
	advances received	23,375	23,978
	other accounts payable	16,576	76,049
	Dividends payable	8,112	2,355
	Income of future periods	1,409	3,182
28	Provisions for future expenses and payments	34,836	63,426
	TOTAL Section V	843,133	931,600
	TOTAL EQUITY AND LIABILITIES	8,384,318	9,389,661


A.B. Miller
Chairman of the Management Committee


E.A. Vasilieva
Chief Accountant

29 April 2010

GAZPROM
CONSOLIDATED STATEMENT OF INCOME for the year ended 31 December 2009
(in million Roubles)

Note		For 2009	For 2008
	INCOME FROM AND EXPENSES ON ORDINARY ACTIVITIES		
15	Sales of goods, products, works and services (less value added tax, excise tax and other similar mandatory payments)	3,116,092	3,384,730
16	Cost of goods, products, works and services sold	(2,135,697)	(1,990,798)
16	Commercial expenses	(144)	(236)
16	Management expenses	(139,876)	(136,203)
	Profit from sales	840,375	1,257,493
	OTHER INCOME AND EXPENSES		
	Interest income	17,863	17,923
	Interest expense	(99,935)	(69,323)
	Income from investments in other companies	4,821	2,809
17	Other income	3,826,544	3,426,618
17	Other expenses	(3,781,974)	(3,845,546)
8	Capitalized profit of associates	47,772	44,612
	Profit before profit tax	855,466	834,586
14	Deferred tax assets	4,605	11,533
14	Deferred tax liabilities	(21,185)	13,920
14	Current profit tax	(188,244)	(305,685)
14	Other similar payments	(983)	(1,495)
	Net profit of the reporting period before minority interest	649,659	552,859
	Minority interest	(15,540)	(46,939)
	Net profit of the reporting period	634,119	505,920
	FOR REFERENCE:		
14	Permanent tax liabilities	30,562	77,796
20	Basic earnings per share (in Roubles)	26.99	21.40



A.B. Miller
Chairman of the Management Committee

29 April 2010



E.A. Vasilieva
Chief Accountant

GAZPROM
CONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY
for the year ended 31 December 2009
(in million Roubles)

Note		For 2009	For 2008
	Balance at the end of the prior reporting period	6,238,999	4,965,037
3	Change in opening balance	41,314	798,082
	Balance at the beginning of the reporting period (Section III of the Consolidated Balance Sheet)	6,280,313	5,763,119
	Increase of treasury shares	(126,474)	(266)
	Increase of additional capital, including:	46,344	29,619
	change in the Group structure and change of interest in subsidiaries	44,578	2,536
	differences resulting from the translation of foreign investments	8,403	31,123
	revaluation surplus upon disposal of revalued fixed assets	(8,895)	(4,199)
	other movements	2,258	159
	Increase of legal reserve, including:	984	831
	change in the Group structure and change of interest in subsidiaries	334	285
	allocation from retained earnings	650	546
	other movements	-	-
	Increase (decrease) in retained earnings, including:	69,702	(59,526)
	change in the Group structure and change of interest in subsidiaries	71,459	(1,015)
	revaluation surplus upon disposal of revalued fixed assets	8,895	4,199
	dividends	(8,528)	(62,614)
	allocations to legal reserve	(650)	(546)
	other movements	(1,474)	450
	Net profit of the reporting period	634,119	505,920
	Decrease of social government fund, including:	(500)	(698)
6	social assets transferred to State authorities	(500)	(698)
	Decrease of special purpose financing	-	-
	Balance at the end of the reporting period (Section III of the Consolidated Balance Sheet)	6,904,488	6,238,999



A.B. Miller
Chairman of the Management Committee



E.A. Vasilieva
Chief Accountant

29 April 2010

OAO GAZPROM
CONSOLIDATED STATEMENT OF CASH FLOW for the year ended 31 December 2009
 (in million Roubles)

Note		For 2009	For 2008
11	Cash at the beginning of the reporting period	258,355	191,389
	Cash provided by operating activities		
	Total cash received, including:	4,098,731	4,937,685
	sales of goods, products, works and services	3,814,020	4,640,190
	sales of accounts receivable and other assets	6,682	6,418
	advances received from buyers (customers)	16,132	15,564
	other receipts	201,816	275,513
	impact of changes in exchange rates on sales and purchases of currency	60,081	-
	Total cash used, including:	(3,355,080)	(3,954,715)
	payment for purchased goods, works, products, services	(1,651,806)	(1,582,464)
	wages, salaries and social payments	(244,958)	(227,545)
	dividend and interest payments	(26,400)	(68,013)
	settlements with budget	(523,230)	(685,809)
	settlements with customs	(564,722)	(699,253)
	advances paid	(75,544)	(69,112)
	interest payments for borrowings and loans received	(98,450)	(74,540)
	other payments	(169,970)	(238,217)
	impact of changes in exchange rates on sales and purchases of currency	-	(309,762)
	Net cash provided by operating activities	743,651	982,970
	Cash flows used for investing activities		
	Total cash received, including:	232,160	334,059
	sales of fixed assets and other non-current assets	5,902	4,670
	sales of securities and other financial investments	24,983	54,834
	redemption of securities and other financial investments	133,116	213,225
	return of loans issued	17,899	16,411
	other receipts	50,260	44,919
	Total cash used, including:	(1,118,257)	(1,203,656)
	acquisition of fixed assets and other non-current assets	(34,716)	(32,591)
	acquisition of subsidiaries	(219,917)	(32,237)
	acquisition of securities and other financial investments	(145,226)	(413,839)
	construction in progress	(611,553)	(603,362)
	loans issued	(72,577)	(85,338)
	other payments	(34,268)	(36,289)

ОАО ГАЗПРОМ

CONSOLIDATED STATEMENT OF CASH FLOW for the year ended 31 December 2009

(in million Roubles)

	Net cash used for investing activities	(886,097)	(869,597)
	Cash flows provided by financing activities		
	Total cash received, including:	834,972	469,053
	loans and borrowings received	833,760	457,780
	sales of treasury shares	255	1,526
	other receipts	957	9,747
	Total cash used, including:	(766,083)	(521,070)
	repayment of borrowings (net of interest)	(733,786)	(501,515)
	purchase of treasury shares	(272)	(1,794)
	other payments	(32,025)	(17,761)
	Net cash provided by (used for) financing activities	68,889	(52,017)
	Net (decrease) increase of cash	(73,557)	61,356
11	Cash at the end of the reporting period	184,798	252,745
	FOR REFERENCE:		
	Impact of changes in exchange rates	4,750	12,664



A.B. Miller
Chairman of the Management Committee

29 April 2010



E.A. Vasilieva
Chief Accountant

ОАО ГАЗПРОМ
NOTES TO THE CONSOLIDATED ACCOUNTING REPORTS
 (in million Roubles)

1. GENERAL INFORMATION

ОАО Gazprom and its subsidiaries (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 in the Russian Federation. The Group is a major exporter of gas to European countries. The Group is engaged in oil production, refining activities and electricity/heat generation.

The Group is directly involved in the following principal activities:

- Exploration and production of gas;
- Transportation of gas;
- Sales of gas on internal and external markets;
- Production of crude oil and gas condensate;
- Processing of oil, gas condensate and other hydrocarbons, and sales of refined products.

Other activities representing principal activities but not forming separate operating segments mainly include gas storage, electricity and heat energy generation and sale, construction, and production of other works and services.

The Group operates as a vertically integrated business (see Note 4). The Group's assets are mainly located on the territory of the Russian Federation.

On average, the Group employed 383,375 and 456,185 people in 2009 and 2008, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Accounting principles

The statutory consolidated accounting 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 29 November 1996 No. 129-FZ and the Regulation on Accounting and Reporting in the Russian Federation adopted by Order of the Ministry of Finance of the Russian Federation dated 29 July 1998 No. 34n, and other statutory accounting and reporting regulatory acts included in accounting and reporting regulatory system of organizations in the Russian Federation.

Assets and liabilities are accounted for at actual purchase costs, except for fixed assets that are revalued on a regular basis, investments for which fair value is determinable, and other assets against which impairment provisions have been formed in accordance with the applicable accounting rules and regulations.

Basis of consolidation

In accordance with the methodology recommendations on preparing consolidated accounting reports, approved by Order of the Russian Ministry of Finance dated 30 December 1996 No. 112 (“the Methodology recommendations”), the Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Shareholder's Equity, Consolidated Statement of Cash Flow and the Notes to the consolidated accounting reports (together, the “statutory consolidated accounting reports”) comprise a consolidation of the statutory accounting reports of ОАО Gazprom and its principal subsidiaries and associates.

Accounting policy of ОАО Gazprom and its subsidiaries is approved by Order No. 347 dated 29 December 2008.

All significant investments in subsidiary undertakings which exercise a significant influence on the financial position and financial results of the Group have been included in the consolidated accounting reports in compliance with the consolidation methodology, with the exception of the Group's banking subsidiaries which have been accounted for on the basis prescribed for inclusion in the consolidated accounting reports of investments in associates and included within investments in subsidiaries of the Consolidated Balance Sheet. Investments in companies with the 50% interest owned by the Group and in case the Group does not exercise control over these companies are accounted for as investments in associates in the Consolidated Balance Sheet.

Statutory consolidated accounting reports include investments in associates, financial results and net assets of which are stated on the equity basis in these consolidated accounting reports.

ОАО ГАЗПРОМ
NOTES TO THE CONSOLIDATED ACCOUNTING REPORTS
(in million Roubles)

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

Assets and liabilities denominated in foreign currency

Business transactions in foreign currencies have been recorded using the official Rouble exchange rate determined by Central Bank of Russian Federation as of the date of the relevant transaction. Cash on currency and deposit accounts, cash on hand, securities (except for shares) and settlement balances, including loans issued and raised (except for advances received and issued, prepayments and down payments) denominated in foreign currency were recorded using the official Rouble exchange rate as of 31 December 2009. The rate of exchange as of 31 December 2009 was RR 30.2442 to USD 1 (as of 31 December 2008 – RR 29.3804), RR 43.3883 to EUR 1 (as of 31 December 2008 – RR 41.4411).

Exchange differences resulting from transactions with assets and liabilities during the year denominated in foreign currency, and from their recalculation as of the reporting date, are included in the Consolidated Statement of Income as other income and expenses.

Exchange differences arising from the translation of the assets and liabilities and income and expenses of foreign subsidiaries and associates are recognized as translation differences and included in additional capital. Statements of Income of foreign entities are translated at average exchange rates of relevant foreign currency for the year.

Current and non-current assets and liabilities

On the Consolidated Balance Sheet accounts receivable and accounts payable, including loans and borrowings, are treated as current if the term of their circulation (maturity) does not exceed 12 months after the reporting date or is not specified. All other assets and liabilities are treated as non-current.

Investments are classified as current or non-current based on the estimated period of use (circulation, possession or maturity) after the reporting date.

Goodwill of subsidiaries

In the consolidated accounting reports goodwill arising on the acquisition of subsidiary undertakings represents the positive difference between the nominal value of acquired investments in subsidiaries and the nominal value of the shares at the date of their acquisition. Goodwill is amortized on a straight-line basis over 20 years starting from the month following the month of acquisition. Amortization charge of goodwill for the period is shown within other expenses in the Consolidated Statement of Income.

Fixed assets

Fixed assets include assets which conform to the requirements of the Russian accounting rule “Accounting for Fixed Assets” (RAR 6/01) approved by Order of the Russian Ministry of Finance dated 30 March 2001, No. 26n. Fixed assets include real estate assets which have been put into operation, documents for the state registration of title for which were submitted.

In the consolidated accounting reports fixed assets are recorded at replacement cost (as of 1 January 2009) or historical cost (additions of 2009 year) net of depreciation accumulated for the period of their use. Certain assets of the certain group companies (including Gazprom нефть Group entities, ОАО WGC-2, ОАО WGC-6, ОАО TGC-1) are reported at historical cost net of depreciation accumulated for the period of their use. The management of ОАО Gazprom does not believe that the exclusions from the revaluation process of these assets have a material impact on the consolidated accounting reports.

Fixed assets recorded on the subsidiaries' balance sheets include state social assets. The Group's companies received these assets without title transfer, in the course of restructuring of the unified gas supply system and assets of the state gas concern Gazprom. These assets were accounted for in accordance with the procedures effective at that period by creating the fund of social assets in the amount equal to their net book value. When the subsidiaries were restructured to the subsidiary undertakings of the Group these assets jointly with the fund of social assets were transferred to the Group's companies. When these assets are transferred to the municipal authorities (or disposed otherwise) their net book value is charged to the above mentioned fund recorded in line “Social government fund” of the Consolidated Balance Sheet. Although this practice represents a deviation from the established procedure, Management of ОАО Gazprom believes that it ensures fair presentation of the Group's property relations as the assets are used according to their functional purposes and the Group is held liable for their maintenance and safety.

ОАО ГАЗПРОМ
NOTES TO THE CONSOLIDATED ACCOUNTING REPORTS
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2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Fixed assets accounted before 1 January 2002 are depreciated based on uniform depreciation rates approved by Decree of the USSR Council of Ministers dated 22 October 1990, No. 1072 "On Uniform Depreciation Rates of Fixed Assets of the USSR National Economy". Fixed assets acquired after 1 January 2002 are depreciated at rates based on estimated useful lives of these assets. Classification of fixed assets by depreciation groups approved by Government Resolution of the Russian Federation No.1 dated 1 January 2002, is used as one of the sources of information about useful lives of fixed assets. The Group has adopted the following useful lives for fixed asset groups:

	Useful lives of assets recorded on the balance sheet (number of years)	
	before 1 January 2002	after 1 January 2002
Trunk pipelines	33	25
Wells	12 – 15	7 – 15
Machinery and equipment	10 – 18	5 – 25
Buildings and roads	8 – 100	10 – 50
Social assets	5 – 50	5 – 50

All fixed assets are depreciated on a straight-line basis.

The following assets are not depreciated:

- land;
- suspended assets (above 3 months);
- state social assets;
- fully depreciated assets that are still on the balance sheet;
- housing assets commissioned prior to 1 January 2006 (similar assets acquired after 1 January 2006 are depreciated in accordance with the general procedure), public amenities and other similar assets.

Construction in progress

Construction in progress includes, but without limitation to, completed fixed assets, which have been put into operation but documents for the state registration of title for which have not been submitted to the State Register. Such assets are depreciated similarly to depreciation of fixed assets and in the consolidated accounting reports they are recorded at historical cost less accumulated depreciation. Although this practice represents a deviation from the established procedure, the management of OAO Gazprom believes that it ensures appropriate presentation of the Group's operations as the assets are used in practice and generate income to the Group.

Financial investments

Investments are recorded at their historical cost (actual acquisition costs) except for investments for which market value is determinable and investments for which impairment provision is created.

Investments for which market value is determinable are restated to their market value as of the end of the reporting year. The change in the investment value at the reporting date and the date of previous valuation is recorded in other income and expenses.

Investments for which market value is non-determinable and there are indications as of the reporting date that the decline in their value is significant and constant are recorded on the Consolidated Balance Sheet as of the end of the reporting year at their carrying (book) value net of impairment provision. The investment impairment provision is determined annually based on the stock taking results as of 31 December. While determining the provision, the Group calculated the estimated value of investments, showing significant steady decline, based on available information and created the investment impairment provision in the amount by which the carrying value of investments exceeded their estimated value. Changes in provision in accordance with stock-taking as of 31 December are posted to other expenses and income.

Securities which do not have market value (except for those individually identifiable, including promissory notes and certificates of deposit) are recorded by types in the statutory accounting reports upon disposal under the first in, first out (FIFO) method. Other investments (including individually identifiable securities such as promissory notes and certificates of deposit) for which the market value is not determinable are recorded upon disposal at the historical cost of each unit.

Income and expenses related to investments are included within other income and expenses.

ОАО ГАЗПРОМ
NOTES TO THE CONSOLIDATED ACCOUNTING REPORTS
 (in million Roubles)

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

Inventories and costs

Raw materials are recognized at their actual cost of purchase or production. Dispatch into production or other disposals of inventories are recorded using the average cost method.

Oil and gas produced and purchased but unsold and retained in storages and pipelines as of the end of the reporting period are reported in line "Finished goods and goods for resale" of the Consolidated Balance Sheet. Disposals of finished goods and goods for resale are recorded using the average cost method.

Transportation costs related to the transportation of natural gas on the territory of Russia and abroad are allocated between volumes of gas sold and gas in pipelines and storage as of the end of the reporting period. Transit costs for gas, oil and refined products are shown in "Cost of goods, products, works and services sold" of the Consolidated Statement of Income.

Impairment provision is created for raw materials and other inventories used in production, works and services, if current market value of those goods, works and services is less than their actual cost as of reporting date.

Work in progress is carried at actual cost of production less general administrative expenses.

Finished goods are carried at the simplified actual cost of production less general administrative expenses.

Cash

In accordance with the approved methodological guidelines on the procedures for preparing statutory accounting reports (Order of the Ministry of Finance of the Russian Federation dated 22 July 2003 No. 67n "On Reporting Forms") foreign currency cash balances and all foreign currency receipts and payments reported in the Consolidated Statement of Cash Flow are restated using the exchange rates of the Central Bank of the Russian Federation effective at the end of the respective periods.

Cash used for the acquisition of subsidiaries is disclosed in the Consolidated Statement of Cash Flow in line "Acquisition of subsidiaries" in section "Cash flows used for investing activities". Cash on the balance of acquired subsidiaries at the date of acquisition is disclosed in line "Other receipts" of the above section of the Consolidated Statement of Cash Flow within investing activities.

Management expenses

These expenses include general administrative costs, which are expensed in the reporting period, on a monthly basis.

Accounts receivable

Trade receivables are recorded based on prices contracted between the Group and buyers (customers) taking account of all discounts (markups) provided by the Group. Bad debts are written off when recognized as such.

Unsecured overdue accounts receivable, including "Other accounts receivable" are stated net of bad debt provisions. These provisions are based on the judgement as to the extent to which the debts will not be recovered. Bad debt provisions are recorded within other expenses in the Consolidated Statement of Income. Corresponding amount of provision is recorded in other income (recognised as bad debt) upon repayment of doubtful receivables.

Despite the fact, that accounting for bad debt provision in line "Other accounts receivable" is a deviation from Russian Accounting Standards, management of OAO Gazprom believes, that such presentation gives more true and fair view of the position of the Group, as the provision was created mainly for the payments under guarantee agreements and there is a significant uncertainty relating to the receipt of these payments in the future.

Loans and borrowings received

Interest on credits and loans received and additional costs attributable to the receipt of credits and loans are included in other expenses in the reporting period, in which they are incurred.

ОАО ГАЗПРОМ
NOTES TO THE CONSOLIDATED ACCOUNTING REPORTS
(in million Roubles)

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

ОАО Газпром is the Group's main credit raiser. The majority of the finance acquired are general purpose loans and borrowings which are passed on to subsidiaries under investment agreements (the subsidiaries are acting as developers). Due to investment process specifics and following the principle of rational accounting the Group does not calculate any loan interest on non-investment activities for inclusion in the cost of investment assets.

The Group accounts for loans or credits payable in the amounts actually received.

Provisions for future expenses and payments

The Group records provisions for future expenses related to annual performance bonuses. The provision for year-end bonuses payable to its employees is determined based on the Group's established procedures for calculating year-end bonuses and charged to expenses on ordinary activities.

Deferred taxes

For the purposes of consolidated accounting reports the Group recognizes non-temporary tax assets and non-temporary tax liabilities, deferred tax assets and deferred tax liabilities, i.e. amounts that can affect current profit tax expenses in the current or future reporting periods.

Information about non-temporary and temporary differences is based on the supporting documents. Current profit tax is determined based on theoretical expense (theoretical income) related to profit tax, non-temporary tax assets and liabilities, deferred tax assets and liabilities for accounting purposes. The amount corresponds to current tax according to profit tax return. On the Consolidated Balance Sheet deferred tax assets and deferred tax liabilities are recorded within non-current assets or non-current liabilities on a gross-up basis.

Revenue and other income recognition

Revenues from sales of goods and services rendering are recognized at the moment when goods are shipped (or services rendered) and corresponding settlement documents are submitted to customers. In the consolidated accounting reports revenues are presented net of value added tax, customs duties and other similar mandatory payments.

Other income primarily include transactions related to the sale of foreign currency and investments, positive exchange differences arising from foreign currency transactions and releases of impairment provisions for doubtful debts and investments.

3. CHANGES IN THE ACCOUNTING POLICIES, OPENING AND COMPARATIVE AMOUNTS

Changes in the 2009 accounting policies

Costs of natural resources development incurred within the framework of the international projects shall be accumulated within future period expenses until a joint venture is created.

Opening data as of 1 January 2009

The 2009 opening Consolidated Balance Sheet has been formed by way of adjusting the 2008 closing Consolidated Balance Sheet for:

- changes in profit tax rate from 24% to 20% in accordance with the legislation of Russian Federation;
- revaluation of fixed assets performed by independent appraisers as of 1 January 2009 according to the decisions of ОАО Газпром subsidiaries' management;
- changes in the procedure for recording due diligence costs and mineral resources development costs under international projects.

GAZPROM
NOTES TO THE CONSOLIDATED ACCOUNTING REPORTS
(in million Roubles)

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

The above mentioned corrections impacted the Consolidated Balance Sheet as follows:

Item	As of 31 December 2008	Adjustment	As of 1 January 2009
I. NON-CURRENT ASSETS			
Fixed assets, including:	4,023,464	45,365	4,068,829
buildings, constructions, machinery and equipment	3,979,231	45,195	4,024,426
Construction in progress	969,207	(1,826)	967,381
Long-term financial investments, including:	940,845	(5,041)	935,804
investments in associates	688,735	86	688,821
investments in other companies	44,945	(5,127)	39,818
Deferred tax assets	40,150	(6,551)	33,599
Other non-current assets	104,830	3,646	108,476
TOTAL Section I	6,588,467	35,593	6,624,060
II. CURRENT ASSETS			
Inventories, including:	333,884	3,307	337,191
expenses related to future periods	21,556	3,307	24,863
TOTAL Section II	1,756,951	3,307	1,760,258
TOTAL ASSETS	8,345,418	38,900	8,384,318
III. EQUITY AND RESERVES			
Additional capital	3,618,029	27,418	3,645,447
Retained earnings	2,478,291	13,896	2,492,187
TOTAL Section III	6,238,999	41,314	6,280,313
Minority interest	206,679	19,176	225,855
IV. NON-CURRENT LIABILITIES			
Deferred tax liabilities	147,689	(21,590)	126,099
TOTAL section IV	1,056,607	(21,590)	1,035,017
TOTAL EQUITY AND LIABILITIES	8,345,418	38,900	8,384,318

To ensure comparability of the 2009 data the comparative amounts for 2008 in the Consolidated Statement of Income have been adjusted for the changes in the disclosure of revenues and cost of sales relating to trading operations without actual delivery performed by Gazprom Germania Group. From 2009 income and expenses relating to the above transactions shall be recognized within other income and expenses.

Item	Amount before adjustment (for 2008)	Adjustment	Amount after adjustment (for 2008)
INCOME FROM AND EXPENSES ON ORDINARY ACTIVITIES			
Sales of goods, products, works and services (less value added tax, excise tax and other similar mandatory payments)	3,618,204	(233,474)	3,384,730
Cost of goods, products, works and services sold	(2,220,051)	229,253	(1,990,798)
Profit from sales	1,261,714	(4,221)	1,257,493
OTHER INCOME AND EXPENSES			
Other income	3,193,144	233,474	3,426,618
Other expense	(3,616,293)	(229,253)	(3,845,546)

To ensure comparability of the 2009 data the comparative amounts for 2008 in the Consolidated Statement of Cash Flows have been adjusted for the changes in the accounting policies related to recognition of advances issued, due diligence costs and mineral resources development costs under international projects, taking into account the change of the presentation of sales and payment for purchased goods, works, products and services associated with the Gazprom Germania Group contracts entered into trading operations without actual delivery.

OAO GAZPROM
NOTES TO THE CONSOLIDATED ACCOUNTING REPORTS
(in million Roubles)

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

Item	Amount before adjustment (for 2008)	Adjustment	Amount after adjustment (for 2008)
Cash provided by operating activities			
Total cash received, including:	5,198,479	(260,794)	4,937,685
sales of goods, products, works and services	4,905,204	(265,014)	4,640,190
other receipts	271,293	4,220	275,513
Total cash used, including:	(4,213,841)	259,126	(3,954,715)
payment for purchased goods, works, products, services	(1,807,272)	224,808	(1,582,464)
advances paid	(103,430)	34,318	(69,112)
Net cash provided by operating activities	984,638	(1,668)	982,970
Cash flows used for investing activities			
Total cash used, including:	(1,205,324)	1,668	(1,203,656)
acquisition of securities and other financial investments	(415,507)	1,668	(413,839)
Net cash used for investing activities	(871,265)	1,668	(869,597)

Changes in the 2010 accounting policies

No significant changes have been made in the 2010 accounting policies.

4. SEGMENT INFORMATION

Under RAR 12/2000 “Segment Information”, for segment information purposes information by business segments is deemed primary and information by geographical segments – secondary based on the analysis of sources and inherent risks as well as generated profit, the organizational and management structure and internal reporting systems.

The following business segments are identified within the Group:

- Production of gas – exploration and production of gas;
- Transportation – transportation of gas;
- Distribution of gas – sales of gas on internal and external markets;
- Production of crude oil and gas condensate – exploration of oil and gas condensate, sales of crude oil and gas condensate;
- Refining – processing of oil, gas condensate and other hydrocarbons, and sales of refined products;
- Other – other activities, including production and sales of electric and heat energy, construction and gas storage.

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GAZPROM
NOTES TO THE CONSOLIDATED ACCOUNTING REPORTS
(in million Roubles)

4. SEGMENT INFORMATION (continued)

	Production of gas	Transportation	Distribution of gas	Production of crude oil and gas condensate	Refining	Other	Total
For 2008							
Capital expenditures for the period	220,213	227,485	34,701	72,551	44,871	74,292	674,113
Depreciation	60,642	222,541	2,284	22,247	10,538	22,192	340,444
Capitalized profit of associates	1,057	1,404	26,989	531	2,421	12,210	44,612
As of 31 December 2009							
Segment assets	1,446,734	3,312,482	891,881	965,628	435,708	1,003,514	8,055,947
Unallocated assets							1,714,488
Inter-segment elimination							(380,774)
Total assets							9,389,661
Segment liabilities	100,121	135,788	195,403	179,689	79,856	147,560	838,417
Unallocated liabilities							1,777,075
Inter-segment elimination							(380,774)
Total liabilities							2,234,718
For 2009							
Capital expenditures for the period	218,921	231,723	27,185	74,811	44,239	54,018	650,897
Depreciation	67,383	226,576	4,547	26,954	11,733	26,795	363,988
Capitalized profit (loss) of associates	2,088	2,702	19,061	19,035	(779)	5,665	47,772

Segment assets include primarily fixed assets, construction in progress, inventory, work in progress, accounts receivable and other non-current assets. Investments into unconsolidated subsidiaries, associates, equity investments and joint activity are allocated to the reporting segments on the basis of primary activity of these entities. Other financial investments are not included in segment assets as they are not directly related to the reporting segments and the required allocation base is not available.

Segment liabilities include primarily short-term liabilities except for profit tax and other taxes payable to the budget for which there is no basis for allocation and loans and borrowings received to finance the Group operations.

Inter-segment elimination include intercompany balances.

Segment capital expenditures include capital investments in fixed assets of the corresponding periods.

	Production of gas	Transportation	Distribution of gas	Production of crude oil and gas condensate	Refining	Other	Total
For 2009							
Segment revenues							
Inter-segment sales	292,164	485,973	118,693	188,070	6,845	19,470	1,111,215
External sales	13,665	47,029	1,955,414	215,047	540,505	344,432	3,116,092
Total segment revenues	305,829	533,002	2,074,107	403,117	547,350	363,902	4,227,307
Segment expenses							
Inter-segment expenses	(3,830)	(58,485)	(779,612)	-	(206,765)	(62,523)	(1,111,215)
External expenses	(237,933)	(466,357)	(705,059)	(331,540)	(259,525)	(275,303)	(2,275,717)

GAZPROM
NOTES TO THE CONSOLIDATED ACCOUNTING REPORTS
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4. SEGMENT INFORMATION (continued)

	Production of gas	Transportation	Distribution of gas	Production of crude oil and gas condensate	Refining	Other	Total
Total segment expenses	(241,763)	(524,842)	(1,484,671)	(331,540)	(466,290)	(337,826)	(3,386,932)
Segment profit from sales	64,066	8,160	589,436	71,577	81,060	26,076	840,375
For 2008							
Segment revenues							
Inter-segment sales	290,847	561,050	118,021	178,280	8,462	20,994	1,177,654
External sales	11,678	63,468	2,079,749	269,427	652,956	307,452	3,384,730
Total segment revenues	302,525	624,518	2,197,770	447,707	661,418	328,446	4,562,384
Segment expenses							
Inter-segment expenses	(6,427)	(71,352)	(853,380)	-	(196,291)	(50,204)	(1,177,654)
External expenses	(243,985)	(518,625)	(464,554)	(365,806)	(282,516)	(251,751)	(2,127,237)
Total segment expenses	(250,412)	(589,977)	(1,317,934)	(365,806)	(478,807)	(301,955)	(3,304,891)
Segment profit from sales	52,113	34,541	879,836	81,901	182,611	26,491	1,257,493

The inter-segment sales mainly consist of:

- Production of gas – sales of gas to the Distribution of gas segment;
- Transportation – rendering transportation services to the Distribution of gas segment;
- Distribution of gas – sales of gas to the Transportation segment for own needs;
- Production of crude oil and gas condensate – sales of oil and gas condensate to the Refining segment for further processing;
- Refining – sales of refined hydrocarbon products to other segments.

Internal transfer prices mainly for Production of gas and Transportation segments are established by OAO Gazprom management with the objective of providing for the specific funding requirements of the individual subsidiaries within separate segment. Prices are determined on the basis of the statutory accounting reports of the individual subsidiaries on a cost plus basis.

Segment revenues (income) of the Group are generated from transactions with customers. Profit tax expense and other similar mandatory payments, interest income and expense, income from investments in other companies are not included in the segment profit (loss). Other income and expenses are not allocated by segments because it is deemed impracticable and as the required allocation base is not available.

Information on sales by geographical segments is presented in Note 15. Information on assets by geographical segments is not disclosed as assets of the Group are mainly located on the territory of the Russian Federation.

GAZPROM
NOTES TO THE CONSOLIDATED ACCOUNTING REPORTS
(in million Roubles)

5. GOODWILL ON SUBSIDIARIES

Note		Gross book value	Accumulated amortization	Net book value
As of 1 January 2009				
	GAZPROM Neft	401,193	(64,315)	336,878
18,21	GAZPROM WGC-2	45,468	(947)	44,521
18	GAZPROM Mosenergo	46,612	(4,331)	42,281
18,21	GAZPROM WGC-6	41,611	(867)	40,744
18	GAZPROM Neft shelf	37,416	(7,069)	30,347
18	GAZPROM Daltransgaz	5,702	-	5,702
	Others	9,593	(1,436)	8,157
	Total	587,595	(78,965)	508,630
Additions				
18,23	GAZPROM Neft	138,527		
18,24	Sibir Energy plc	94,962		
18,25	GAZPROM SeverEnergiya and its subsidiaries	66,664	(6,235)	
18,26	GAZPROM TGC-1	35,518		
18,24	GAZPROM Moscovsky NPZ	8,963		
	Others	4,434		
	Total	349,068	(6,235)	
2	Amortization charge			
	GAZPROM Neft		(24,677)	
	GAZPROM WGC-2		(2,521)	
	GAZPROM WGC-6		(2,398)	
	Sibir Energy plc		(2,374)	
	GAZPROM Neft shelf		(1,883)	
	GAZPROM Mosenergo		(1,329)	
	GAZPROM SeverEnergiya and its subsidiaries		(833)	
	GAZPROM Daltransgaz		(285)	
	GAZPROM Moscovsky NPZ		(224)	
	Others		(592)	
	Total		(37,116)	
As of 31 December 2009				
	GAZPROM Neft	539,720	(88,992)	450,728
	Sibir Energy plc	94,962	(2,374)	92,588
	GAZPROM SeverEnergiya and its subsidiaries	66,664	(7,068)	59,596
	GAZPROM Mosenergo	46,612	(5,660)	40,952
	GAZPROM WGC-2	45,468	(3,468)	42,000
	GAZPROM WGC-6	41,611	(3,265)	38,346
	GAZPROM Neft shelf	37,416	(8,952)	28,464
	GAZPROM TGC-1	35,518	-	35,518
	GAZPROM Moscovsky NPZ	8,963	(224)	8,739
	GAZPROM Daltransgaz	5,702	(285)	5,417
	Others	14,027	(2,028)	11,999
	Total	936,663	(122,316)	814,347

OAO GAZPROM
NOTES TO THE CONSOLIDATED ACCOUNTING REPORTS
 (in million Roubles)

6. FIXED ASSETS

Note		Trunk pipelines	Wells	Machinery and equipment	Buildings and roads	Other	Total
	Net book value as of 31 December 2007	1,868,863	224,984	333,889	440,219	342,990	3,210,945
	Revaluation of fixed assets	502,676	49,239	33,727	128,676	82,678	796,996
	Net book value as of 1 January 2008	2,371,539	274,223	367,616	568,895	425,668	4,007,941
	As of 1 January 2008						
	Historical (replacement) cost	6,244,418	887,352	1,310,822	808,923	731,381	9,982,896
	Accumulated depreciation	(3,872,879)	(613,129)	(943,206)	(240,028)	(305,713)	(5,974,955)
	Net book value	2,371,539	274,223	367,616	568,895	425,668	4,007,941
	Additions	75,142	39,554	130,630	79,717	86,059	411,102
	Disposals	(59)	(17)	(19,597)	(19,925)	(15,537)	(55,135)
4	Depreciation	(179,659)	(31,823)	(64,514)	(27,620)	(36,828)	(340,444)
	Net book value as of 31 December 2008	2,266,963	281,937	414,135	601,067	459,362	4,023,464
3	Revaluation	1,869	294	2,533	33,103	7,566	45,365
	Net book value as of 1 January 2009	2,268,832	282,231	416,668	634,170	466,928	4,068,829
	As of 1 January 2008						
	Historical (replacement) cost	6,321,759	923,970	1,405,649	915,790	822,236	10,389,404
	Accumulated depreciation	(4,052,927)	(641,739)	(988,981)	(281,620)	(355,308)	(6,320,575)
	Net book value	2,268,832	282,231	416,668	634,170	466,928	4,068,829
	Additions	72,004	55,976	129,374	91,800	150,043	499,197
	Disposals	(598)	(1,975)	(1,460)	(8,222)	(5,983)	(18,238)
4	Depreciation	(179,918)	(35,805)	(74,685)	(31,658)	(41,922)	(363,988)
	Net book value as of 31 December 2009	2,160,320	300,427	469,897	686,090	569,066	4,185,800
	As of 31 December 2009						
	Historical (replacement) cost	6,390,552	973,592	1,537,059	998,013	973,918	10,873,134
	Accumulated depreciation	(4,230,233)	(673,165)	(1,067,162)	(311,922)	(404,852)	(6,687,334)
	Net book value as of 31 December 2009	2,160,319	300,427	469,897	686,091	569,066	4,185,800

In 2009 the Group entities continued to transfer social assets which were obtained in the course of privatization to local authorities (see Note 2). The transferred assets which were obtained in the course of privatization amounted to RR 500 in 2009 (in 2008 – RR 698).

7. CONSTRUCTION IN PROGRESS

	As of 1 January 2009	As of 31 December 2009
Construction in progress	901,984	1,135,354
Equipment for installation	65,397	101,224
Total	967,381	1,236,578

The balance of construction in progress as of 1 January and 31 December 2009 includes assets constructed and put into operation in the amount of RR 241,905 and RR 235,930 (net of accumulated depreciation in the amount of RR 2,842 and RR 5,810), respectively, subject to registration of the title in the State Register, documents for which had not yet been submitted.

GAZPROM
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7. CONSTRUCTION IN PROGRESS (continued)

Construction in progress mostly consists of construction of new objects of transport infrastructure, including the implementation of projects on construction of the gas pipeline Bovanenkovo – Ukhta and North Europe pipeline and construction of new wells and related facilities for gas treatment on Bovanenkovskoe, Kharasaveiskoye and Yuzhno-Russkoye fields.

8. LONG-TERM FINANCIAL INVESTMENTS

Investments in subsidiaries

Included within investments in subsidiaries in the Consolidated Balance Sheet are investments in bank subsidiaries of the Group in the amount of RR 7,408 and RR 7,705 as of 1 January and 31 December 2009, respectively (see Note 18).

Investments in subsidiaries in the Consolidated Balance Sheet are stated net of impairment provision in the amount of RR 5,459 and RR 5,759 as of 1 January and 31 December 2009, respectively. The impairment provision primarily relates to non-core investments.

Investments in associates

Note		Carrying value		Capitalized profit (loss)	
		as of 1 January 2009	as of 31 December 2009	for 2009	for 2008
	Sakhalin Energy Investment Company Ltd.	219,974	176,748	8,673	(10,325)
19	GAZ Tomskeft VNK and its subsidiaries	89,519	89,848	4,390	967
19	GAZ NGK Slavneft and its subsidiaries	76,851	81,254	3,597	9,407
19	GAZ Beltransgaz*	32,202	54,363	742	701
19	WINGAS GmbH & Co. KG	47,884	45,907	3,481	7,284
19,28	GAZ Gazprombank and its subsidiaries	36,489	39,577	3,635	8,903
28	Nord Stream AG	25,528	32,373	(729)	(58)
	Bennfield Ltd.	-	22,418	-	-
19	GAZ Salavatnefteorgsintez	20,959	19,272	(1,678)	-
19	TOO KazRosGaz	9,898	18,675	9,941	4,693
19,28	SGT EuRoPol GAZ S.A.	16,921	17,744	596	(1,273)
	Shtokman Development AG	2,622	14,298	102	86
	Wintershall AG	12,856	11,325	1,690	3,459
19,28	Blue Stream Pipeline company B.V.	6,403	8,907	2,093	2,034
19	AO Lietuvos dujos	7,726	8,481	698	9
19	AO Latvijas Gaze	7,125	7,430	406	373
19,24	Salym Petroleum Development N.V.	-	7,412	1,888	-
	ZAO Nortgaz	3,876	4,331	455	1,034
19,26	GAZ TGC-1	39,372	-	975	27
24	GAZ Moscovsky NPZ	9,336	-	-	69
	Others	23,280	31,432	6,817	17,222
	Total	688,821	691,795	47,772	44,612

* In February 2009 the Group acquired 12.5% interest in GAZ Beltransgaz for USD 625 million. As a result the Group increased its interest in GAZ Beltransgaz up to 37.5%.

Investments in associates in the Consolidated Balance Sheet are stated net of impairment provision in the amount of RR 1,167 and RR 127 as of 1 January and 31 December 2009, respectively.

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8. LONG-TERM FINANCIAL INVESTMENTS (continued)

Investments in other companies

The line "Investments in other companies" includes an investment in ОАО Novatek in the amount of 19.39% of shares in statutory fund, with carrying value amounting to RR 33,130 and RR 117,538 as of 1 January and 31 December 2009, respectively.

The line "Investments in other companies" includes an investment in ОАО TGC-5 in the amount of 5% of shares in statutory fund, with carrying value amounting to RR 246 and RR 726 as of 1 January and 31 December 2009, respectively and an investment in ОАО Enel WGC-5 in the amount of 5.27% of shares in statutory fund, with carrying value amounting to RR 1,947 and RR 3,983 as of 1 January and 31 December 2009, respectively.

The line "Investments in other companies" also includes investments in shares of other energy companies, with carrying value amounting to RR 12,357 and RR 44,338 as of 1 January and 31 December 2009, respectively.

Investments in other companies in the Consolidated Balance Sheet are stated net of impairment provision in the amount of RR 901 and RR 1,230 as of 1 January and 31 December 2009, respectively. The impairment provision primarily relates to non-core investments.

Loans issued to companies due beyond 12 months

The line "Loans issued to companies beyond 12 months" of the Consolidated Balance Sheet includes the RR denominated loan granted to ОАО Mezhtregionteploenergo, due in 2016, in the amount of RR 17,091 and RR 24,400 as of 1 January and 31 December 2009, respectively.

Loans issued to companies beyond 12 months in the Consolidated Balance Sheet include a foreign currency loan to the associated undertaking WINGAS GmbH & Co. KG maturing in 2015 in amount of RR 11,721 and RR 16,609 as of 1 January and 31 December 2009, respectively. In 2009 and 2008 the average interest rate on this loan was 2.3% and 5.6%, respectively.

Other long-term financial investments

	As of 1 January 2009	As of 31 December 2009
Joint activity, including:	17,656	20,996
development of a satellite communication system (operator – ОАО Gazprom kosmicheskoye sistemy)	3,165	3,180
Other, including:	22,162	20,195
third party promissory notes	6,704	6,296
long-term deposits	13,548	12,953
South Pars project (oil and gas field in Iran)	1,727	763
Total	39,818	41,191

The Group's long-term deposits in subsidiary banks amounted to RR 234 and RR 840 as of 1 January and 31 December 2009, respectively.

Other long-term financial investments in the Consolidated Balance Sheet are stated net of impairment provision in the amount of RR 1,734 and RR 2,413 as of 1 January and 31 December 2009, respectively, and are primarily related to joint activity.

9. ACCOUNTS RECEIVABLE

Accounts receivable (payment expected beyond 12 months of the reporting date)

Accounts receivable from buyers and customers in the Consolidated Balance Sheet include amounts related to pipes supplied by ОАО Gazprom to its associate, SGT EuRoPol GAZ S.A. (see Note 19), for construction of the Polish section of the Yamal-Europe pipeline. The long-term portion of the SGT EuRoPol GAZ S.A. receivables is RR 3,967 and RR nil as of 1 January and 31 December 2009, respectively. Also long-term receivables from buyers and customers include long-term receivables for gas in the amount of RR 1,610 and RR 13,163 as of 1 January and 31 December 2009 (including accounts receivable related to RosUkrEnergo amounting RR 11,842 as of 31 December 2009).

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9. ACCOUNTS RECEIVABLE (continued)

Accounts receivable (payment expected within 12 months of the reporting date)

As of 1 January and 31 December 2009 accounts receivable from buyers and customers in the Consolidated Balance Sheet include accounts receivable for gas supplies in the amount of RR 315,859 and RR 246,339, respectively (including RosUkrEnerg AG debt amounting to RR 69,911 and RR 8,683 as of 1 January and 31 December 2009, respectively).

The decrease in trade receivables is explained primarily by reduced revenues from gas sales to Far Abroad (see Note 15).

The short-term portion of the SGT EuRoPol GAZ S.A. debt totals RR 1,322 and RR nil as of 1 January and 31 December 2009, respectively.

As of 1 January and 31 December 2009 accounts receivable from buyers and customers are stated net of impairment provision of RR 89,295 and RR 121,074, respectively. The impairment provision has been calculated net of deferred excise tax on natural gas of RR 698 and RR 397 as of 1 January and 31 December 2009, respectively.

As of 1 January and 31 December 2009 advances issued in the Consolidated Balance Sheet include advances of RR 9,547 and RR 26,295, respectively, issued by OAO Gazprom to NAK Naftogaz Ukraine for gas transportation services.

As of 1 January and 31 December 2009 other accounts receivable of the Consolidated Balance Sheet include the following:

	As of 1 January 2009	As of 31 December 2009
Settlements on claims	20,306	18,705
Overpayment of taxes to the budget	67,799	56,744
Other	130,785	228,189
Total	218,890	303,638

As of 1 January and 31 December 2009 other accounts receivable are stated net of the impairment provision of RR 10,005 and RR 13,932, respectively.

10. OTHER SHORT-TERM FINANCIAL INVESTMENTS

	As of 1 January 2009	As of 31 December 2009
Short-term deposits	83,443	73,024
Shares, bonds and participatory interests	8,297	2,757
Third party promissory notes	6,172	15,789
Other	1,165	173
Total	99,077	91,743

The Group's short-term deposits in subsidiary banks amount to RR 4,860 and RR 2,251 as of 1 January and 31 December 2009, respectively.

As of 1 January and 31 December 2009, other short-term financial investments in Consolidated Balance Sheet are stated net of impairment provision of RR 1,226 and RR 465, respectively.

11. MONETARY ASSETS

The Group had cash balances in Roubles and foreign currencies with its banking subsidiaries of RR 20,882 and RR 29,663 as of 1 January and 31 December 2009, respectively.

Other monetary assets in the Consolidated Balance Sheet include balances of RR 3,585 and RR 3,639 as of 1 January and 31 December 2009, respectively, which are restricted as to withdrawal under the terms of certain loans and borrowings.

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12. EQUITY

GAO Gazprom's charter capital amounted to RR 118,368. The number of ordinary shares issued and paid did not change in 2009 and amounted to 23,674 million with nominal value of 5 Roubles each.

Treasury shares are recorded in the Consolidated Balance Sheet at their purchase cost. The number of treasury shares held by subsidiaries of the Group totals 30 million and 724 million as of 1 January and 31 December 2009, respectively.

In October 2009 the Group completed the asset swap transaction with E.ON Ruhrgas AG. As a result the Group exchanged a 25 % interest in GAO Severneftegazprom less three ordinary shares, three non-voting preference shares of GAO Severneftegazprom and one preference share of ZAO Gazprom YRGM Development for a 49% interest in ZAO Gerosgaz. The above transaction resulted in recording the additional treasury shares of 2.93% on the Group's Consolidated Balance Sheet (Note 27). Treasury shares were reflected in the Consolidated Statement of Changes in the Shareholders' Equity at their purchase price at the date of acquisition.

Shares held by subsidiaries are not taken into account in calculation of earnings per share (see Note 20).

The Group retains control over all treasury shares held by its subsidiaries.

In accordance with the decision of the General shareholders meeting, based on the 2008 results of GAO Gazprom, final dividends were paid in 2009 in the amount of 0.36 Roubles per ordinary share. Based on the 2007 results dividends were paid in 2008 in the amount of 2.66 Roubles per ordinary share.

13. LOANS AND BORROWINGS

Bank borrowings

Lender	Currency	Maturity	As of 1 January 2009	As of 31 December 2009
Savings Bank of the Russian Federation	US Dollar	2009-2013	-	70,564
The Royal Bank of Scotland (ABN AMRO Bank NV)	US Dollar	2013	53,065	54,625
Banque Societe Generale	US Dollar	2010	42,021	32,838
WestLB AG*	US Dollar	2008-2013	29,760	30,446
Savings Bank of the Russian Federation	US Dollar	2010	-	25,937
The Royal Bank of Scotland (ABN AMRO Bank NV)*	US Dollar	2007-2012	44,245	24,550
State Corporation Bank for Development and Foreign Economic Affairs (Vnesheconombank)	US Dollar	2011	-	22,751
Russian National Commercial Bank	US Dollar	2012	-	18,872
Calyon Credit Agricole CIB*	US Dollar	2007-2010	41,183	18,156
Deutsche Bank AG	US Dollar	2008-2014	25,553	16,144
Credit Suisse International	US Dollar	2017	15,414	15,867
Bank of Tokyo-Mitsubishi UFJ Ltd.	US Dollar	2012	-	15,184
JP Morgan Chase Bank	US Dollar	2012	-	12,757
GAO VTB Bank	US Dollar	2012	-	12,226
Credit Suisse International	Euro	2010	10,418	10,860
Commerzbank AG (Dresdner Bank AG)*	US Dollar	2007-2010	18,558	9,474
Banque Societe Generale	Euro	2010	8,888	8,395
The Royal Bank of Scotland (ABN AMRO Bank NV)*	US Dollar	2006-2010	18,535	8,152
GAO Gazprombank	Rouble	2012	7,508	7,500

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13. LOANS AND BORROWINGS (continued)

Lender	Currency	Maturity	As of 1 January 2009	As of 31 December 2009
Deutsche Bank AG	US Dollar	2014	-	6,058
Deutsche Bank AG	US Dollar	2008-2011	8,455	5,770
The Royal Bank of Scotland (ABN AMRO Bank NV)*	US Dollar	2008-2013	5,068	5,479
Citibank N.A.	US Dollar	2010	-	3,973
JP Morgan Chase Bank	US Dollar	2008-2011	4,429	3,034
BNP Paribas SA	Euro	2011-2012	-	2,852
BNP Paribas SA	Euro	2023	-	2,070
GAZPROMBANK	US Dollar	2010	2,978	301
Credit Suisse International	Japanese yen	2009	58,654	-
Citigroup Global Markets Deutschland AG&Co KGaA (Salomon Brothers AG)	US Dollar	2009	20,975	-
Credit Suisse International	Euro	2009	16,680	-
Salomon Brothers AG	US Dollar	2009	15,436	-
JP Morgan Chase Bank	US Dollar	2009	14,920	-
Credit Suisse International	US Dollar	2009	14,712	-
Commerzbank AG*	US Dollar	2009	12,358	-
Banque Societe Generale	US Dollar	2009	10,326	-
The Royal Bank of Scotland (ABN AMRO Bank NV)*	US Dollar	2009	9,627	-
Credit Suisse International	Euro	2009	8,466	-
Golden Gates BV (GAZBANK MOSKVA)	Rouble	2009	7,529	-
BNP Paribas SA*	US Dollar	2009	5,946	-
Credit Suisse International	US Dollar	2009	5,894	-
Citibank International Plc	US Dollar	2009	4,803	-
GK Vneshekonombank	US Dollar	2009	4,506	-
GK Vneshekonombank	US Dollar	2009	4,422	-
European Bank for reconstruction and development	Rouble	2009	3,878	-
ZAO Raiffeisenbank-Austria	US Dollar	2009	2,939	-
European Bank for reconstruction and development	Rouble	2009	2,792	-
Golden Gates B.V. (GAZBANK MOSKVA)	Rouble	2009	2,533	-
The Royal Bank of Scotland (ABN AMRO Bank NV)*	US Dollar	2009	2,453	-
Other	Various	Various	31,894	74,839
Total, including			597,821	519,674
Due within one year, including current portion of long-term borrowings			319,441	202,043

*Loans received from syndicate of banks, named lender is the bank-agent.

In 2009 interest rates on the long-term bank loans denominated in foreign currency ranged from 3.68% to 12.5%. In 2008 the rates ranged from 1.56% to 12.5%.

In 2009 interest rates on long-term loans denominated in Russian Roubles ranged from 6.25% to 16.85%. In 2008 the rates ranged from 6.25% to 15%.

Interest rates on short-term foreign currency denominated borrowings ranged from 5.5% to 12% and on Rouble short-term borrowings from 9.6% to 20.2% in 2009. In 2008 these rates ranged from 3.18% to 8.54% on the short-term foreign currency denominated borrowings and from 9.6% to 18% on the Rouble short-term borrowings.

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13. LOANS AND BORROWINGS (continued)

Loans

Borrowing / Creditors	Currency	Maturity	As of 1 January 2009	As of 31 December 2009
Loan participation notes issued in April 2009*	US Dollar	2019	-	69,238
Loan participation notes issued in October 2007*	Euro	2018	52,628	55,100
Loan participation notes issued in June 2007*	GBP	2013	47,201	48,589
Loan participation notes issued in May 2005*	Euro	2015	42,861	44,875
Loan participation notes issued in September 2003*	Euro	2010	42,291	44,278
Loan participation notes issued in December 2005*	Euro	2012	41,557	43,509
Loan participation notes issued in November 2006*	US Dollar	2016	39,930	41,104
Loan participation notes issued in March 2007*	US Dollar	2022	38,982	40,128
White Nights Finance B.V.	US Dollar	2014	-	39,441
Loan participation notes issued in July 2009*	US Dollar	2014	-	39,094
Loan participation notes issued in August 2007*	US Dollar	2037	37,729	38,838
Loan participation notes issued in July 2009*	Euro	2015	-	38,144
Loan participation notes issued in April 2004*	US Dollar	2034	35,789	36,841
Loan participation notes issued in October 2006*	Euro	2014	33,706	35,289
Loan participation notes issued in April 2008*	US Dollar	2018	32,903	33,871
Loan participation notes issued in June 2007*	Euro	2014	29,273	30,649
Structured export notes issued in July 2004**	US Dollar	2007-2020	30,451	27,118
Loan participation notes issued in November 2006*	Euro	2017	21,552	22,564
Loan participation notes issued in March 2007*	Euro	2017	20,906	21,888
Russian bonds, issued in April 2009*****	Rouble	2019	-	18,856
Loan participation notes issued in July 2008*	US Dollar	2013	15,107	15,551
Loan participation notes issued in April 2009*	CHF	2011	-	15,472
Loan participation notes issued in April 2008*	US Dollar	2013	11,944	12,295
A13 series Russian bonds, issued in June 2009	Rouble	2012	-	10,007
Loan participation notes issued in November 2007*	Japanese yen	2012	7,729	7,956
OOO Aragon*****	Euro	2010	11,397	7,343

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13. LOANS AND BORROWINGS (continued)

Borrowing / Creditors	Currency	Maturity	As of 1 January 2009	As of 31 December 2009
Loan participation notes issued in November 2007*	Japanese yen	2010	5,151	5,302
A4 series Russian bonds, issued in February 2005	Rouble	2010	5,158	5,159
A9 series Russian bonds, issued in February 2007	Rouble	2014	5,132	5,133
A8 series Russian bonds, issued in November 2006	Rouble	2011	5,059	5,060
Russian bonds-03 Series, issued in December 2009****	Rouble	2014	-	5,038
A11 series Russian bonds, issued in June 2009	Rouble	2014	-	5,004
Russian bonds issued in July 2007***	Rouble	2010	5,192	5,001
Russian bonds issued in October 2008*****	Rouble	2012	-	5,000
Russian bonds-02 Series, issued in March 2006****	Rouble	2016	4,731	4,909
Wintershall Holding GmbH (Wintershall Holding AG) *****	Euro	2010	4,686	4,906
Russian bonds-01 Series, issued in September 2006****	Rouble	2011	4,908	4,799
Gazstream SA	US Dollar	2006-2012	4,565	3,525
Golden Gates B.V. (OAO Bank of Moscow)	Rouble	2008-2010	-	3,227
Russian bonds issued in April 2007***	Rouble	2012	2,915	2,916
Stock bonds-BO-02, issued in August 2009****	Rouble	2010	-	2,079
Gazstream SA	US Dollar	2006-2010	4,638	1,736
A6 series Russian bonds, issued in August 2005	Rouble	2009	5,100	-
A7 series Russian bonds, issued in November 2006	Rouble	2009	5,058	-
Other loans	Various	Various	23,979	38,319
Total, including			680,208	945,151
Due within one year, including current portion of long-term borrowings			54,010	134,943

* Issuer of these bonds is Gaz Capital S.A.

** Issuer of these bonds is Gazprom International S.A.

*** Issuers of these bonds are OAO WGC-2 and OAO WGC-6.

**** Issuer of these bonds is OAO Mosenergo.

***** Loans were obtained for development of Yuzhno-Russkoye oil and gas field.

***** Issuer of these bonds is OAO Gazprom neft.

***** Issuer of these bonds is OAO TGC-1.

As of 1 January and 31 December 2009 long-term loans (including current portion of long-term loans) of RR 30,451 and RR 27,118, respectively, were secured by cash from gas sales contracts to Western Europe.

Interest rates on long-term foreign currency denominated borrowings ranged from 4.56% to 10.5% in 2009 and from 4.56% to 8.9% in 2008. In 2009 and 2008 interest rates on long-term borrowings denominated in Russian Roubles (including bonds) ranged from 6.77% to 16.99% and from 6.25% to 13.8%, respectively.

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13. LOANS AND BORROWINGS (continued)

In 2009 interest rates on short-term borrowings denominated in Russian Roubles ranged from 5% to 19.5% and interest rate on short-term borrowings denominated in foreign currency ranged from 6% to 13%. In 2008 interest rates on short-term borrowings denominated in Russian Roubles ranged from 1% to 16%. In 2008 interest rates on short-term borrowings denominated in foreign currency ranged from 1% to 6.62%.

As of 1 January and 31 December 2009 long-term borrowings included loans received from Gaz Capital S.A. in connection with the issue in 2004 of the loan participation notes of USD 1,200 million at an interest rate of 8.625% due on 28 April 2034. The loan participation notes can be presented for payment in the amount of the principal debt and accumulated interest before the maturity date, i.e. on 28 April 2014 (put option exercise date).

14. TAXATION

Profit tax

In 2009 and 2008 theoretical profit tax determined based on accounting profit and statutory rates amounted to RR 174,262 and RR 202,436, respectively. According to the tax returns the profit tax in 2009 and 2008 included within line Current Profit Tax amounted to RR 188,244 and RR 305,685, respectively.

In 2009 permanent differences which increase the taxable profit exceeded permanent differences which decrease the taxable profit by RR 156,448 (in 2008 by RR 332,624). The permanent differences principally arise from non-deductible expenses, such as excess of depreciation charge in respect of fixed assets revalued for accounting purposes as compared to depreciation charge for tax purposes, social expenses, charitable donations, expenses exceeding prescribed limits and other non-production costs.

In 2009 and 2008 incurred deductible temporary differences which impacted the difference between the theoretical profit tax expense and the current profit tax amounted to RR 145,159 and RR 104,476, respectively.

Deductible temporary differences incurred in 2009 principally arise from the elimination of profit from intergroup transactions, longer useful lives of certain fixed asset items for tax purposes as compared to useful lives of these items for accounting purposes, tax losses carried forward for tax purposes and the fact that geological and geophysical exploration and annual bonuses are deductible for tax purposes later than for accounting purposes.

Deductible temporary differences settled in 2009 and 2008 totaled RR 121,976 and RR 56,422, respectively. Settlement of these differences in 2009 is principally due to decrease of the current tax base related to geological and geophysical exploration, investments revaluation, settlements of accumulated losses carried forward for tax purposes with current year profit, annual bonuses and other expenses recognized for accounting purposes in prior periods.

In 2009 and 2008 incurred taxable temporary differences which impacted the difference between the theoretical profit tax expense and the current profit tax expense amounted to RR 156,541 and RR 92,048, respectively. Taxable temporary differences in 2009 principally arise from longer useful lives of certain fixed asset items for accounting purposes as compared to useful lives of these items for tax purposes, investment revaluation, excess costs of storage included in the cost of finished goods for accounting purposes and one-time recognition of one-off payments for mineral resources use for tax purposes and realized opportunity to recognize expenses for licenses during two years due to the changes in Tax Code.

Taxable temporary differences settled in 2009 and 2008 totaled RR 49,752 and RR 151,291, respectively. Settlement of these differences in 2009 is principally due to increase of the current tax base by the amount of costs of storage included in the cost of finished goods recognized in prior period for accounting purposes.

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14. TAXATION (continued)

Other similar payments

Other similar payments in the Consolidated Statement of Income include other charges payable to budget and non-budget funds out of current year profit:

	For 2009	For 2008
Other similar payments:		
Fines	77	29
Late payment charges and other taxes	899	1,459
Total paid and payable to budget	976	1,488
Total paid and payable to non-budget funds (penalties and late payment charges)	7	7
Total	983	1,495

15. SALES OF GOODS, PRODUCTS, WORKS AND SERVICES

Gas sales (net of VAT, excise and other similar mandatory payments)		
Russian Federation	494,931	474,268
Former Soviet Union countries (excluding Russian Federation)	371,152	356,514
Europe and other countries	1,102,996	1,260,645
Net sales of gas	1,969,079	2,091,427
Sales of refined products (net of VAT, excise and other similar mandatory payments)		
Russian Federation	297,885	378,182
Former Soviet Union countries (excluding Russian Federation)	35,951	44,980
Europe and other countries	206,669	229,794
Net sales of refined products	540,505	652,956
Sales of oil and gas condensate (net of VAT and other similar mandatory payments)		
Russian Federation	56,771	81,468
Former Soviet Union countries (excluding Russian Federation)	26,562	26,570
Europe and other countries	131,714	161,389
Net sales of oil and gas condensate	215,047	269,427
Sales of electric and heat energy (net of VAT)		
Russian Federation	191,334	131,964
Former Soviet Union countries (excluding Russian Federation)	3,706	2,370
Europe and other countries	-	-
Net sales of electric and heat energy	195,040	134,334
Sales of gas transportation services (net of VAT)		
Russian Federation	46,063	62,863
Former Soviet Union countries (excluding Russian Federation)	966	605
Europe and other countries	-	-
Net sales of gas transportation services	47,029	63,468
Other sales (net of VAT)		
Russian Federation	134,908	156,303
Former Soviet Union countries (excluding Russian Federation)	6,664	7,685
Europe and other countries	7,820	9,130
Total other sales	149,392	173,118
Net sales	3,116,092	3,384,730

Compared to 2008 revenues from sales of gas in 2009 the sales decreased by 6% mostly resulting from decline in volumes of gas supplies and gas prices in Europe and other countries.

Sales of refined products decrease by 17% mostly due to deconsolidation of OAO Sibur and its subsidiaries starting June 2008.

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16. COST OF GOODS, PRODUCTS, WORKS AND SERVICES SOLD, COMMERCIAL AND MANAGEMENT EXPENSES

	For 2009	For 2008
Purchased gas	451,153	346,689
Depreciation and amortization	369,053	328,364
Transit costs for gas, oil and refined products	244,254	198,263
Taxes included in cost of sales	241,869	255,159
Staff costs and social expenses	234,391	221,404
Purchased oil	194,806	205,289
Repairs and maintenance	149,565	157,396
Cost of goods for resale	90,956	109,487
Materials	86,160	98,176
Energy	43,404	49,065
Rent, lease payments	30,654	23,781
Insurance	24,322	21,657
Other	115,130	112,507
Total cost of goods, products, works and services sold, commercial and management expenses	2,275,717	2,127,237

The increase of purchased gas was primarily related to growth of price on Central Asian gas purchased for the purpose of resale to Western Europe and Former Soviet Union.

The cost of purchased oil decreased mainly due to a fall in oil world market prices.

The natural resources production tax within Taxes included in cost of sales amounted to RR 144,907 and RR 188,494 for 2009 and 2008, respectively.

Other expenses primarily include costs of refining, transportation services, legal and consulting fees, heat energy transfer services to final consumers, telecommunication, advertisement and other services.

17. OTHER INCOME AND EXPENSES

Note	For 2009		For 2008		
	Income	Expenses	Income	Expenses	
	Sales and purchases of foreign currency	2,653,538	2,652,950	2,854,469	2,855,428
	Exchange differences	486,443	476,421	196,299	331,587
3	Income/expenses from trading activity without delivery	359,212	350,917	233,474	229,253
	Amortization of goodwill	-	37,116	-	27,950
	Provisions for contingent events	-	32,201	-	14,175
	Transactions with securities, including promissory notes	32,139	30,248	67,559	58,017
	Bad debt provision	-	28,415	-	36,981
	Social expenses	-	21,869	-	22,636
	Transfer of the Group claims to third parties	13,671	17,703	1,490	1,400
	Profit and losses of previous years identified in the reporting period	23,030	16,114	5,164	9,526
	Services of credit organizations	-	6,090	-	5,252

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17. OTHER INCOME AND EXPENSES (continued)

Note	For 2009		For 2008		
	Income	Expenses	Income	Expenses	
	Income/expenses related to gratuitous transfer of assets	409	5,213	74	3,064
	Income and expenses from sale and contribution of fixed assets to charter capital	6,264	3,329	6,355	4,724
	Accounts receivable write off	-	3,135	-	2,990
	Investments impairment provision	-	667	1,558	-
	Fees and penalties for breach of contracts	2,654	611	983	692
	Adjustment of investments (to fair value)	119,268	-	-	130,655
27	Gain from swap of assets transaction	103,030	-	-	-
	Other	26,886	98,975	59,193	111,216
	Total	3,826,544	3,781,974	3,426,618	3,845,546

Other income and expenses related to accrual (release) of bad debt provision, impairment provision for financial investments and provision for contingent events are reported net in the consolidated accounting reports of the Group.

18. CONSOLIDATED SUBSIDIARIES AND ASSOCIATES OF THE GROUP

Principal subsidiaries as of 31 December 2009

Note	Company	Share in Charter Capital*, %	Type of activity	Location
	OOO Aviapredpriyatie Gazprom avia (OOO Aviapredpriyatie Gazpromavia)**	100	Air transportation services	Russia
	GAO Arkticheskaya gazovaya kompaniya	100	Geological survey, exploration of hydrocarbons	Russia
	ZAO ArmRosgazprom	80	Gas transportation and gas distribution	Armenia
	Vemex s.r.o.	50	Gas distribution	Czech Republic
	GAO Vostokgazprom	100	Gas production	Russia
	OOO Gazprom Burenie (OOO Burgaz)**	100	Exploration, wells construction	Russia
	OOO Gazprom VNIIGAZ (OOO VNIIGAZ)**	100	Research and development	Russia
	GAZPROM Germania GmbH	100	Gas distribution	Germany
	Gazprom Global LNG Ltd.	100	Participation in LNG production and realization projects	United Kingdom
	OOO Gazprom dobycha Astrakhan	100	Production and refining of hydrocarbons	Russia
	OOO Gazprom dobycha Krasnodar (OOO Kubangazprom)**	100	Gas production	Russia
	OOO Gazprom dobycha Krasnoyarsk	100	Exploration, geophysics	Russia
	OOO Gazprom dobycha Nadym	100	Production of hydrocarbons	Russia
	OOO Gazprom dobycha Noyabrsk	100	Production of hydrocarbons	Russia
	OOO Gazprom dobycha Orenburg	100	Production, refining and transportation of hydrocarbons	Russia
	OOO Gazprom dobycha Urengoy	100	Production of hydrocarbons	Russia
	OOO Gazprom dobycha shelf	100	Development of hydrocarbons fields	Russia
	OOO Gazprom dobycha Yamburg	100	Production of hydrocarbons	Russia
	Gazprom EP International B.V. (Gazprom Netherlands B.V.)**	100	Investments, asset management	Netherlands
	OOO Gazprom invest Vostok	100	Construction	Russia

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18. CONSOLIDATED SUBSIDIARIES AND ASSOCIATES OF THE GROUP (continued)

Note	Company	Share in Charter Capital*, %	Type of activity	Location
	ООО Газпром инвест Запад	100	Construction	Russia
	ЗАО Газпром инвест Юг	100	Construction	Russia
	ООО Газпром investholding	100	Investing	Russia
	ООО Газпром комплектация	100	Trading	Russia
	Газпром Libyen Verwaltungs GmbH	100	Investing	Germany
	Газпром Marketing and Trading Ltd.	100	Gas distribution	United Kingdom
	ЗАО Газпром нефть Оренбург	100	Exploration and sales oil and petroleum gas	Russia
	Газпром Нефть Trading GmbH	100	Oil products trading	Austria
	ООО Газпром нефть shelf (ООО Севморнефтегаз)**	100	Development of oil and gas fields	Russia
23	ОАО Газпром нефть	96	Exploration, refining and sales of crude oil	Russia
	ООО Газпром переработка	100	Refining of hydrocarbons	Russia
	ООО Газпром подземремонт Оренбург	100	Repairs, modernization, reconstruction and conservation of gas production wells	Russia
	ООО Газпром подземремонт Уренгой	100	Repairs, modernization, reconstruction and conservation of gas production wells	Russia
	ООО Газпром PKhG	100	Gas storage	Russia
	Газпром Sakhalin Holding B.V.	100	Foreign investing	Netherlands
	ООО Газпром торгсервис (ООО Газторгпромстрой)**	100	Trading	Russia
	ООО Газпром трансгаз Волгоград	100	Gas transportation	Russia
	ООО Газпром трансгаз Екатеринбург	100	Gas transportation	Russia
	ООО Газпром трансгаз Казань	100	Gas transportation	Russia
	ООО Газпром трансгаз Махачкала	100	Gas transportation	Russia
	ООО Газпром трансгаз Москва	100	Gas transportation	Russia
	ООО Газпром трансгаз Нижний Новгород	100	Gas transportation	Russia
	ООО Газпром трансгаз Самара	100	Gas transportation	Russia
	ООО Газпром трансгаз Санкт-Петербург	100	Gas transportation	Russia
	ООО Газпром трансгаз Саратов	100	Gas transportation	Russia
	ООО Газпром трансгаз Ставрополь	100	Gas transportation	Russia
	ООО Газпром трансгаз Сургут	100	Gas transportation	Russia
	ООО Газпром трансгаз Томск	100	Gas transportation	Russia
	ООО Газпром трансгаз Уфа	100	Gas transportation	Russia
	ООО Газпром трансгаз Ухта	100	Gas transportation	Russia
	ООО Газпром трансгаз Чайковский	100	Gas transportation	Russia
	ООО Газпром трансгаз Югорск	100	Gas transportation	Russia
	ООО Газпром трансгаз-Кубань	100	Gas transportation	Russia
	Газпром Finance B.V.	100	Investing	Netherlands
	ООО Газпром ремонт	100	Repairs and reconstruction of gas equipment	Russia
	ООО Газпром экспорт	100	Foreign trade	Russia
	ООО Газпром энерго (ООО Газпромэнерго)**	100	Electric energy transmission	Russia
	ООО Газпром энергохолдинг (ООО Газэнергопетехская Компания)**	100	Investing, asset management	Russia
	ЗАО Газпром ЯРГМ Развитие***	100	Gas distribution	Russia
	ЗАО Газпром ЯРГМ Торговля***	100	Gas distribution	Russia
	ООО Газпромнефть-Восток	100	Oil and gas production	Russia

OAO GAZPROM
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18. CONSOLIDATED SUBSIDIARIES AND ASSOCIATES OF THE GROUP (continued)

Note	Company	Share in Charter Capital*, %	Type of activity	Location
	ZAO Gazpromneft-Kuzbass	100	Oil products trading	Russia
	OAO Gazpromneft-Noyabrskneftegaz	100	Oil and gas production	Russia
	OAO Gazpromneft-Omsk	100	Oil products trading	Russia
	OAO Gazpromneft-Omskiy NPZ	100	Oil refining	Russia
	ZAO Gazpromneft-Severo-Zapad	100	Oil products trading	Russia
	OOO Gazpromneftfinans	100	Investing	Russia
	OOO Gazpromneft-Khantos	100	Oil and gas production	Russia
	OOO Gazpromneft-Centr	100	Oil products trading	Russia
	OOO GazpromPurInvest	100	Investing	Russia
	OAO Gazpromregiongaz	100	Gas network operation	Russia
	OOO Gazpromtrans	100	Forwarding services	Russia
	OAO Gazpromtrubinvest	100	Production and sales of pipes	Russia
	OOO Gazflot	100	Transportation, offshore field development	Russia
	ZAO Gazenergoprombank	73	Banking	Russia
	OOO Georesurs	100	Exploration, geophysics	Russia
	ZAO Gerosgaz	100	Investing	Russia
	OAO Daltransgaz	73	Gas transportation	Russia
	OOO Zapolyarneft	100	Oil and gas production	Russia
	OAO Zapsibgazprom	77	Construction	Russia
	ZMB (Schweiz) AG	100	Gas distribution	Switzerland
	ZAO Kaunasskaya power station	99	Electric power generation and distribution	Lithuania
	OAO Krasnoyarskgazprom	75	Exploration, geophysics	Russia
	OOO Mezhtregiongaz	100	Gas distribution	Russia
24	OAO Moscovsky NPZ	77	Processing and distribution of refined products	Russia
	OAO Mosenergo	53	Production of electric and heat power, electric power supply services	Russia
	OAO Neftegastehnologiya	100	Geological survey, exploration of petrochemicals	Russia
22	Naftna Industrija Srbije	51	Processing and distribution of refined products	Serbia
	OOO NK Sibneft-Yugra	100	Oil and gas production	Russia
	OOO Novourenogysky GHK	100	Construction	Russia
21	OAO WGC-2	58	Production and sales of electric and heat energy	Russia
21	OAO WGC-6	61	Production and sales of electric and heat energy	Russia
	ZAO Purgaz	51	Gas production	Russia
	OAO Regiongazholding	56	Construction and maintenance of gas facilities	Russia
	ZAO Rosshelf	57	Investments in oil and gas fields	Russia
	ZAO RSh-Centre	100	Information, consulting and transportation services	Russia
	OAO Severneftegazprom***	50	Exploration, processing and sales of gas and gas condensate	Russia
25	OOO SeverEnergiya	51	Investments, asset management	Russia
24	Sibir Energy plc	55	Exploration, processing and sales of hydrocarbons	United Kingdom

OAO GAZPROM
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18. CONSOLIDATED SUBSIDIARIES AND ASSOCIATES OF THE GROUP (continued)

Note	Company	Share in Charter Capital*, %	Type of activity	Location
	OOO Sibmetahim	100	Gas processing and sales of petrochemicals	Russia
	AKB Soyuz (OAO)	75	Banking	Russia
	OAO Spetsgazavtotrans	51	Construction and transportation Services	Russia
26	OAO TGC-1	52	Production and sales of electric and heat energy	Russia
	OAO Tomskgazprom	100	Exploration, production, transportation of hydrocarbons	Russia
	ZAO Urengoil Inc.	100	Geological survey, exploration of hydrocarbons	Russia
	OOO Faktoring-Finance	90	Investing	Russia
	OAO Tsentrgez	100	Construction	Russia
	OAO Tsentrenergogaz	66	Repair and maintenance of gas equipment	Russia
	ZAO Yamalgazinvest	100	Designing and construction of gas facilities	Russia

* cumulative share of the Group in charter capital of investees

** marked subsidiaries were renamed (their former names are presented in brackets)

*** Group's portion of voting shares

Principal associates as of 31 December 2009

Company	Share in Charter Capital*, %	Type of activity	Location
ZAO Achimgaz	50	Exploration and production of gas	Russia
OAO Beltransgaz	38	Transportation and gas supply	Belarus
Bosphorus Gaz Corporation A.S.	51	Gas distribution	Turkey
Wintershall AG	49	Production of oil and gas distribution	Germany
WINGAS GmbH & Co. KG	50	Transportation and sales of gas	Germany
Wintershall Erdgas Handelshaus GmbH&Co,KG (WIEH)	50	Gas distribution	Germany
Gaz Project Development Central Asia AG	50	Gas distribution	Switzerland
OAO Gazprombank	42	Banking	Russia
AO Gazum	25	Gas distribution	Finland
Blue Stream Pipeline Company B.V.	50	Construction, gas transportation	Netherlands
SGT EuRoPol GAZ S.A.	48	Transportation and gas distribution	Poland
TOO KazRosGaz	50	Gas processing and sales of gas and refined products	Kazakhstan
AO Latvijas Gaze	34	Transportation and gas distribution	Latvia
AO Lietuvos dujos	37	Transportation and gas distribution	Lithuania
AO Moldovagaz	50	Transportation and gas distribution	Moldova
ZAO Nortgaz	51	Exploration and sale of gas and gas condensate	Russia
Nord Stream AG	51	Construction, gas transportation	Switzerland
AO Overgaz Inc.	50	Gas distribution	Bulgaria
RosUkrEnergo AG	50	Gas distribution	Switzerland
OAO Salavatnefteorgsyntez	50	Processing and distribution of refined products	Russia
Salym Petroleum Development N.V.	50	Oil production	Netherlands
Sakhalin Energy Investment Company Ltd.	50	Oil production, production of LNG	Bermuda Islands

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18. CONSOLIDATED SUBSIDIARIES AND ASSOCIATES OF THE GROUP (continued)

Company	Share in Charter Capital*, %	Type of activity	Location
ОАО НКГК Slavneft	50	Production of oil, sale of oil and refined products	Russia
ОАО Tomskneft VNK	50	Oil production	Russia
АО Turusgas	45	Gas distribution	Turkey
Centrex Beteiligungs GmbH	38	Gas distribution	Austria
Shtokman Development AG	51	Exploration and production of gas	Switzerland

* cumulative share of the Group in charter capital of investments

19. RELATED PARTIES

As defined by RAR 11/2008 "Related parties", parties are considered to be related if one party has the ability to control another party for exercise significant influence over another party in making financial and operational decisions, or parties are engaged in joint activity. A non-state pension fund acting in favor of entity's employees is also considered a related party.

Associates and other major related parties

In 2009 and 2008 the Group had following operations with major associates and other related parties:

	For 2009	For 2008
Revenue (net of VAT, excises and other similar mandatory payments):		
Gas sales		
Wintershall Erdgas Handelshaus GmbH & Co.KG (WIEH)	104,370	115,317
ОАО Beltransgaz	83,306	60,509
ЗАО Panrusgaz	64,068	74,878
WINGAS GmbH & Co.KG	55,472	56,092
АО Gazum	25,119	26,822
АО Moldovagaz	20,785	8,999
АО Overgaz Inc	16,360	14,088
Wintershall Erdgas Handelshaus Zug AG (WIEE)*	13,304	25,740
ОАО TGC-1	12,981	5,492
Promgaz SPA	11,435	14,864
АО Lietuvos dujos	8,129	9,039
GWH – Gaz und Warenhandels GmbH	7,059	10,336
АО Latvijas Gaze	6,015	6,533
RosUkrEnergo AG	5,349	230,093
Gas transportation services		
ОАО NOVATEK	20,020	11,262
RosUkrEnergo AG	-	23,455
Crude oil, gas condensate and refined products sales		
ОАО НКГК Slavneft and its subsidiaries	22,841	15,137
ОАО Salavatnefteorgsyntez	10,787	14,207
Gas refining services		
ТОО KazRosGaz	4,140	3,735
Purchases:		
Gas purchases		
ТОО KazRosGaz	31,810	17,265
ОАО NOVATEK	15,791	5,505
RosUkrEnergo AG	-	39,341
Gas transportation services		
ОАО Beltransgaz	14,111	11,864
SGT EuRoPol GAZ S.A.	12,314	12,206

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19. RELATED PARTIES (continued)

	For 2009	For 2008
Blue Stream Pipeline Company B.V.	8,731	7,513
WINGAS GmbH & Co.KG	4,926	3,748
Oil and oil products purchases		
OAO NGK Slavneft and its subsidiaries	54,849	79,511
OAO Tomskneft VNK and its subsidiaries	31,628	32,958
Salym Petroleum Development N.V.	17,575	-
Oil and oil product refining services		
OAO NGK Slavneft and its subsidiaries	6,916	5,816
Pension fund contributions:		
NPF Gazfund	8,782	7,623

* Wintershall Erdgas Handelshaus Zug AG (WIEE) is the subsidiary of Wintershall Erdgas Handelshaus GmbH & Co.KG (WIEH).

In Russia the Group sold gas to associates and other major related parties mainly using tariffs set by FTS. Export sales are based on long-term contracts with prices linked to world commodity prices.

In 2009 gas prices varied from USD 73 to USD 475 per mcm, in 2008 the prices varied from USD 33 to USD 557 per mcm.

Prices for gas sales to AO Moldovagaz were calculated on a quarterly basis by formula which takes into account the price indexes on gasoil and fuel oil. In 2009 gas was sold to AO Moldovagaz at average price of USD 253 per mcm.

For 2009 revenue received in non-cash assets totalled RR 30,333, compared to RR 42,535 in 2008.

In 2009 and 2008 the Group purchased gas from TOO KazRosGaz at average prices of USD 152 and USD 110 per mcm, respectively.

The following balances of accounts receivable and accounts payable with major associates and other related parties were recorded on the Consolidated Balance Sheet of the Group as of 1 January and 31 December 2009:

	As of 1 January 2009	As of 31 December 2009
Accounts receivable:		
Payment expected beyond 12 months of the reporting date:		
RosUkrEnergo AG	-	11,842
SGT EuRoPol GAZ S.A.	3,967	-
Payment expected within 12 months of the reporting date:		
Wintershall Erdgas Handelshaus GmbH & Co.KG (WIEH)	1,783	12,018
RosUkrEnergo AG	76,514	10,573
OAO Salavatnefteorgsyntez	2,493	10,488
OAO Beltransgaz	8,664	9,725
ZAO Panrusgaz	11,341	8,877
WINGAS GmbH & Co.KG	13,888	4,791
AO Gazum	4,322	4,082
AO Moldovagaz*	3,274	3,731
Wintershall Erdgas Handelshaus Zug AG (WIEE)	11,925	2,249
OAO NGK Slavneft and its subsidiaries	2,843	1,647
OAO Gazprombank	1,077	1,026
OAO Novatek	209	530
SGT EuRoPol GAZ S.A.	1,322	-
Short-term accounts payable:		
SGT EuRoPol GAZ S.A.	4,470	6,590
WINGAS GmbH & Co.KG	9,239	2,675
OAO Beltransgaz	1,351	2,028
TOO KazRosGaz	1,994	1,896
OAO NGK Slavneft and its subsidiaries	1,368	788

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19. RELATED PARTIES (continued)

	As of 1 January 2009	As of 31 December 2009
GAZPROM Novatek	1,111	784
GAZPROM Gazprombank	970	203
RosUkrEnergo AG	9,176	-

* Net of provision for doubtful debts amounting to RR 37,125 and 51,802 as of 1 January 2009 and 31 December 2009, respectively

Loans issued to major associates as of 1 January 2009 and 31 December 2009 are presented as follows:

	As of 1 January 2009	As of 31 December 2009
Loans and promissory notes due for repayment beyond 12 months of the reporting date:		
WINGAS GmbH & Co.KG	11,721	16,609
Salym Petroleum Development N. V.	-	8,896
GAZPROM Gazprombank	2,536	2,193
Promissory notes due for repayment within 12 months of the reporting date:		
GAZPROM Gazprombank	419	754

Loans received from major associates as of 1 January 2009 and 31 December 2009 are presented as follows:

	As of 1 January 2009	As of 31 December 2009
Loans and borrowings due for repayment beyond 12 months of the reporting date:		
GAZPROM Gazprombank	9,513	9,536
Loans and borrowings due for repayment within 12 months of the reporting date:		
GAZPROM Tomskneft VNK and its subsidiaries	8,478	10,463
GAZPROM Gazprombank	7,875	4,563
Wintershall Erdgas Handelshaus GmbH & Co.KG	2,344	-

The Group received loans from its major associates in Russian Roubles at rates ranging from 8.0% to 16.0% in 2009. Loan nominated in foreign currency was received at the rate 12.5%.

Remuneration to key management personnel

Key management personnel's (the members of the Board of Directors and Management Committee of GAZPROM Gazprom) short-term compensation, including salary, bonuses and remuneration for serving in the management bodies of GAZPROM Gazprom and its subsidiaries, amounted to RR 1,382 and RR 2,056 for the years ended 31 December 2009 and 2008, respectively.

The above amounts include personal income tax and unified social tax. Government representatives serving in the Board of Directors do not receive any remuneration from GAZPROM Gazprom and its subsidiaries. Remuneration of members of the Board of Directors is approved by the annual meeting of shareholders. Compensation of key management personnel (other than remuneration of the Board of Directors) paid by GAZPROM Gazprom and its subsidiaries is determined by the terms of the employment contracts. Key management personnel also receive certain short-term benefits related to healthcare.

According to Russian legislation, the Group makes contributions to the Russian Federation State pension fund for all of its employees including key management personnel.

GAZPROM Gazprom provided medical insurance and liability insurance to key management personnel. Voluntary medical insurance amounted to RR 1 and RR 1 and liability insurance amounted to RR 1 and RR 2 for 2009 and 2008, respectively.

ОАО ГАЗПРОМ
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20. EARNINGS PER SHARE

Basic earnings per share have been calculated by dividing the net profit for the year by the weighted average number of ordinary shares outstanding during the reporting year. The weighted average number of ordinary shares outstanding for 2009 and 2008 amounted to 23,498 and 23,644 million shares, respectively.

The weighted average number of ordinary shares outstanding for 2009 has been calculated taking into consideration the acquisition of 693,628 thousand of own shares of ОАО Gazprom under swap agreement with E.ON Ruhrgas AG. (see Note 27).

The weighted average number of ordinary shares outstanding for the reporting year has been calculated taking into consideration the repurchase of 1,700,000 of own shares by ОАО Gazprom at the amount of RR 536 in March 2008 under realization of ОАО Gazprom management remuneration program. In December 2008 ОАО Gazprom sold the shares to Gazprom Stimul Fund.

Diluted earnings per share have not been calculated due to the absence of instruments convertible to ordinary shares as of 31 December 2009 and 2008.

21. ACQUISITION OF ОАО WGC-2 AND ОАО WGC-6

As a result of the reorganization of RAO UES in July 2008 the Group exchanged its shares in RAO UES for interest in certain companies, including additional 44.39% interest in ОАО WGC-2 and additional 42.88% interest in ОАО WGC-6. As of 1 January 2009 and 31 December 2009 the Group's share in the charter capital of ОАО WGC-2 was 57.28% and 57.95%, respectively and in the charter capital of ОАО WGC-6 was 60.07% and 60.61%, respectively.

The goodwill resulting from the above transactions amounted to RR 59,279 and RR 52,798 for ОАО WGC-2 and ОАО WGC-6, respectively. The amounts of goodwill arising from the acquisition of interest in ОАО WGC-2 and ОАО WGC-6 during the year 2008, was reduced by RR 13,811 and RR 11,187, respectively.

22. ACQUISITION OF НАФТНА ИНДУСТРИЈА СРБИЈЕ (NIS)

In February 2009 the Group acquired 51% of voting shares in NIS for RR 18,489. As part of the purchase agreement the Group pledged to invest Euro 547 million to rebuild and upgrade NIS's refining facilities by 2012.

Negative goodwill, occurred as a result of the acquisition, in the amount of RR 3,113, was accounted within Other income and expenses of the Consolidated Statement of Income.

NIS is the one of the largest vertically integrated oil companies in the Central Europe, operating two oil refineries in Pancevo and Novi Sad and also has hydrocarbons production in Serbia and operates a network of retail stations throughout Serbia.

23. PURCHASE OF ОАО ГАЗПРОМНЕФТ

In April 2009 the Group acquired from ENI S.P.a. an additional 20% interest in ОАО Gazprom Neft for RR 138,527 by exercising a share option concluded in April 2007. As a result of this transaction the Group's interest in ОАО Gazprom Neft increased up to 95.68%.

The above transactions gave rise to a goodwill of RR 138,527 (Note 5).

24. ACQUISITION OF SIBIR ENERGY PLC (SIBIR)

In the period from 23 April 2009, the date of acquisition of the first block of shares of Sibir, through 23 June 2009 the Group invested GBP 1,057 million (approximately RR 53 billion) to acquire 48.39% voting shares of Sibir and the right to buy additional 6.32 % shares of Sibir. As a result of these acquisitions the Group obtained control over Sibir and started to include it in its consolidated accounting reports.

Sibir is a vertically integrated oil company operating in the Russian Federation. Sibir's assets include assets of ОАО Oil Company Magma (Sibir holds 95% of the company) and a 50% interest in Salym Petroleum Development N.V. (a joint activity with Royal Dutch Shell). Sibir's production assets are located in the Khanty-Mansiysk Autonomous Area and their annual capacity is over 10,600 tons of oil per day. Sibir also owns a 38.63% interest in ОАО Moscow Refinery and a network of 134 gas stations in Moscow and Moscow region via ОАО Moscow Fuel Company and ОАО Mosnefteproduct.

ОАО ГАЗПРОМ
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24. ACQUISITION OF SIBIR ENERGY PLC (SIBIR) (continued)

As a result of acquiring Sibir's shares the Group also obtained control over OAO Moscow Refinery having increased the Group's share in the refinery from 38.63% to 77.26%. The Group recorded the 38.63% interest in OAO Moscow Refinery within investments in associated companies.

The above transactions gave rise to a goodwill of RR 103,925 (see Note 5).

25. ACQUISITION OF OOO SEVERENERGIA AND ITS SUBSIDIARIES

In September 2009 the Group acquired a 51% interest in OOO SeverEnergia for USD 1,428 million. As a result of the transaction the Group acquired a 51% share of OOO SeverEnergia's debt for USD 138 million. As of 31 December 2009 the Group's payable of RR 35,757 related to the above transaction is recorded within other accounts payable. This debt was settled in 31 March 2010. The above transactions gave rise to a goodwill of RR 60,429 (see Note 5).

26. ACQUISITION OF OAO TGC-1

In December 2009, the Group completed the series of transactions and obtained the controlling interests in OAO TGC-1. As of 1 January 2009 and 31 December 2009 the Group's share in the charter capital of OAO TGC-1 was 28.7% and 51.8%, respectively. Total amount of investment in OAO TGC-1 as of 31 December 2009 was RR 67,539.

The goodwill resulting from the above transactions amounted to RR 47,578. The amount of goodwill arising from the acquisition of interest in OAO TGC-1 during the fourth quarter 2009, was reduced by RR 12,060, i.e. by the Group's portions of the share premium (see Note 5).

27. SWAP TRANSACTION WITH E.ON RUHRGAS E&P GmbH

30 October 2009 the Group completed the transaction with E.ON Ruhrgas e&p GmbH to exchange a 25% ownership interest in OAO Severneftegazprom less three ordinary shares, three non-voting preference shares of OAO Severneftegazprom and one preference share of ZAO Gazprom YRGM Development for a 49% ownership interest in ZAO Gerosgaz and cash compensation amounting to Euro 67 million. OAO Severneftegazprom holds a development and production license for the Yuzhno-Russkoye field in Siberia. ZAO Gerosgaz owns 2.93% of Gazprom's shares. Income from the disposal of shares transferred in OAO Severneftegazprom and ZAO Gazprom YRGM Development of RR 103,030 calculated as the difference between the carrying value of transferred assets and the cost of acquired treasury shares, was recognized in the Consolidated Statement of Income. The treasury shares were recognized in the Consolidated Statement of Changes in Shareholder's Equity at their purchase price at the date of acquisition.

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28. CONTINGENCIES

Guarantees issued

	As of 1 January 2009	As of 31 December 2009
Outstanding guarantees issued on behalf of:		
Blue Stream Pipeline Company B.V.	27,698	19,791
OOO Stroygazkonsalting	-	8,841
MRK Energy DMCC	6,959	8,620
EM Interfinance Limited	5,823	5,785
Devere Capital International Limited	5,691	5,672
ZAO Achimgaz	4,961	4,841
Blackrock Capital Investments Limited	4,934	4,900
GAZ Group E4	3,562	3,729
Nord Stream AG	2,536	2,655
DSL Assets International Limited	888	-
United Energy Investments Limited	887	-
Other	16,052	18,068
Total	79,991	82,902

In July 2005 Blue Stream Pipeline Company B.V. refinanced some of the existing liabilities, guaranteed by the Group, by means of repayment of the liabilities to a group of Italian and Japanese banks. For the purpose of this transaction loans in the amount of USD 1,185.3 million were received from Gazstream S.A. The Group guaranteed the above loans. As of 1 January and 31 December 2009 outstanding amounts of these loans were RR 25,494 and RR 19,791, respectively, which were guaranteed by the Group, pursuant to its obligations.

The guarantee of the loan issued by Depfa Investment Bank Ltd. to Blue Stream Pipeline Company B.V. amounted to RR 2,204 as of 1 January. As of 31 December 2009 this loan was repaid.

In April 2009 the Group provided a guarantee to GAZ Group on behalf of OOO Stroygazconsulting as a security of credit facility for construction supplies for Bovanenkovskoye, Yamburgskoe fields and Bovanenkovo-Ukhta gas trunk-line system. As of 31 December 2009 the above guarantee amounted to RR 8,841.

In April 2008 the Group provided a guarantee to Credit Suisse International and AKB National Reserve Bank (GAZ) on behalf of MRK Energy DMCC as a security of loans received and used for construction of gas pipeline: Kudarsky pereval – Tskhinval (South Ossetia). As of 1 January and 31 December 2009 the above guarantee amounted to RR 6,959 and RR 8,620 respectively.

In 2006 the Group provided guarantees to Asset Repackaging Trust Five B.V. registered in the Netherlands on behalf of the five companies (Devere Capital International Limited, Blackrock Capital Investments Limited, DSL Assets International Limited, United Energy Investments Limited, EM Interfinance Limited) registered in Ireland, with respect to bonds issued by them with due date December 2012, June 2018, December 2009, December 2009 and December 2015 respectively. Bonds were issued for financing transit gas pipeline construction in Poland, performed by SGT EuRoPol GAZ S.A. In December 2009 Assets International Limited and United Energy Investments Limited bonds were repaid. As a result the amount of Asset Repackaging Trust Five B.V. guarantees amounted to RR 18,223 and RR 16,357 as of 1 January and 31 December 2009, respectively.

In May 2008 the Group provided a guarantee to GAZ Bank of Moscow on behalf of GAZ Group E4 as a security of loans under the contracts for delivering of power units. As of 1 January and 31 December 2009 the above guarantee amounted to RR 3,562 and RR 3,729 respectively.

In 2007 the Group provided a guarantee to Wintershall Vermögens-Verwaltungsgesellschaft mbH on behalf of ZAO Achimgaz as a security of loans received and used for additional financing of the pilot implementation of the project on the development of Achimsky Deposits of the Urengoy field. The Group's liability with respect to loans is limited by 50% in accordance with the ownership interest in ZAO Achimgaz. As of 1 January and 31 December 2009 the above guarantee amounted to RR 4,961 and RR 4,841, respectively.

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28. CONTINGENCIES (continued)

In January 2008 the Group provided a guarantee to Europipe GmbH (supplier of large diameter steel pipes) on behalf of Nord Stream AG related to pipe supply contract for construction of Nord Stream pipeline. As of 1 January and 31 December 2009 the above guarantee amounted to RR 2,536 and RR 2,655 respectively.

Other guarantees include mainly guarantees issued by the Group under contracts for the purchase of equipment and construction and installation works.

The management believes that it will have to pay some of its obligations under guarantees issued. Therefore, provision for the guarantees issued was created by the Group in the amount of RR 6,681 and RR 16,657 as of 1 January and 31 December 2009, respectively.

Operating environment

In the middle of 2008 the global financial crisis started to affect the Russian economy, leading to lower levels of mutual trust in investments and lending. The rise of credit, currency and price risks has led to negative economic conditions in the economy, namely greater volatility of stock market quotations, the decline in industrial output and numerous insolvencies. Management of ОАО Gazprom is unable to estimate reliably all trends that may influence the Group's financial position and operating activity. Management believes it is taking all the necessary measures to support the sustainability and growth of the Group's business in the current circumstances.

Legal proceedings

The Group is a party to certain legal cases arising in the normal course of business. Additionally, the Group is subject to various environmental laws regarding handling, storage, and disposal of certain products and is subject to regulation by various governmental authorities. The management of ОАО Gazprom believes that there are no current legal cases or other claims outstanding, which could have a material negative effect on the result of operations or financial position of the Group.

Taxation

Russian tax, currency and customs legislation is subject to varying interpretations and changes, which can occur frequently. As of 31 December 2009 interpretation of the relevant legislation is appropriate and all of the Group's tax, currency and customs positions will be sustained.

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29. POST BALANCE SHEET EVENTS

Revaluation of fixed assets

There was a decision made by most of the Group companies to revalue fixed assets as of 1 January 2010. Results of the revaluation will be reflected in the consolidated financial statements for 2010.

Investments

In February 2010 the Group has paid USD 625 million for 12.5% shares of ОАО Beltransgaz and as a result increased its share up to 50.0%.

Borrowings and loans

In February 2010 the Group signed an agreement to obtain a long-term loan from Citibank N.A. in the amount of USD 367 million due in 2021 at an interest rate of LIBOR +1.6%.

In April 2010 the Group issued bonds in the amount of RR 20,000 due in 2013 at an interest rate of 7.15%.



A.B. Miller
 Chairman of the Management Committee

29 April 2010



E.A. Vasilieva
 Chief Accountant