

Overview of Questions and Answers Session on Investor Day

London, February 11, 2010

Videoconference

Philip Larrieu, California State Teachers Retirement System

Please could you comment on your business with Iran and how Iran fits into Gazprom's long-term strategy? Also, how will international sanctions and US investment laws affect that strategy?

Alexander Medvedev, Deputy Chairman of Gazprom's Management Committee and Director General of Gazprom Exports

I would like to emphasise that Gazprom has always complied with the sanction policy with regard to Iran. We had one project in Iran, which was South Pars, together with Petronas and Total. Before the start of the project, through its implementation, and until now, no claims have been raised, and actually could not have been raised. With respect to other possible plans, Gazprom and its subsidiaries, including Gazprom Neft, will also comply with all of the sanction decisions applied to Iran. I would ask my colleague from Gazprom Neft to also comment on this.

Vadim Yakovlev, Deputy Chairman of the Management Board and CFO of Gazprom Neft

As I mentioned, in December, Gazprom Neft won a tender for Badrah Field in Iraq, which borders on Iran. According to what our subsurface people are saying, it extends further into the Iran territory, so we do have certain interests in Iran with regard to assets. At the same time, however, we are fully aware of the sanction policies. Our lawyers are intricately analysing respective provisions. If we have sanctioned our investment activities to enter into Iran, it will be fully weighted and will lead to no violations of sanctions which might bring about the application of such sanctions to either Gazprom Neft or Gazprom Group.

Matthew Thomas, Morgan Stanley

I have a question with regards to the planned capital expenditure presented on the slide 13 of the presentation. Could you clarify whether the rouble figures stipulated were real, as they are in the Government's 2030 energy strategy government, or whether these are somehow nominal rouble figures? Please could you comment on the constituent parts of the transport components? Should we assume that all of the transport allocations here represent the full 'wish list' and plans for transport projects, both in Europe – such as Nord Stream and South Stream, across the Black Sea – as well as the East Siberian pipelines that might be required to open up the Asian market?

My second question relates to pipelines involving Ukraine. Could you please comment on whether there is a scenario, even a remote scenario, that could arise under which Gazprom would opt to invest in and expand the Ukrainian corridor instead of actually proceeding with some of the large bypass projects, such as South Stream? Is that something that Gazprom is willing to consider, were the Ukrainian side willing to offer a set of conditions that would satisfy Gazprom?

Vlada Rusakova, Member of Gazprom's Management Committee and Head of Strategic Development, to answer the first question

Thank you for your question. As far as our projection for investment is concerned, the particular outlook we show on the slide takes into account the maximum level of demand which we project

during the period for up to 2030. It shows our full need for the investments, including East Siberia and UGSS. These transportation costs not only include the projects which you have mentioned, but in some years up to 50% of the amounts include the upgrading of the currently operated system of transportation. This is practically 40% of the capacities which currently operate within our system, and have been operating in it for over 50 years.

Alexander Medvedev answering the second question

I would like first to disagree with the characteristics of our projects that you have mentioned. These are not ‘bypasses’ as you have mentioned with regards to the Nord Stream and South Stream. These projects expand our export capabilities and diversify our export routing, helping us to optimise the capabilities, taking into account the growing demand for gas in Europe.

With regard to the possibility for Ukraine and us to participate in investing into upgrading and expanding the transportation gas system in Ukraine, this is not a new idea. There is already a legal entity in place, which is a consortium. We noted, in a statement by Mr Yanukovich, that he would like to go back to this idea. It has only been a statement so far though. We are still to see any specific proposition.

I would like to draw your attention to the fact that the Ukrainian gas transportation system has been falling short on investments during the whole period after the break-up of the Soviet Union. The priority task is therefore to bring this whole system into compliance with the technology requirements for contemporary gas transportation.

Ms Rusakova reminds me to say that all gas through the Nord Stream has already been contracted. With regards to the South Stream, we already have the Letter of Intent in place. We are actively negotiating and the maximum volume is 63 bcm.

Matthew Thomas, Morgan Stanley

I did not hear the first part of my question, with regards to the capital expenditure slide. My apologies if I missed the answer. Could you clarify whether the capital expenditure projections are in real constant roubles or whether they are nominal roubles which allow for inflation growth?

Vlada Rusakova

They are current prices.

Matthew Thomas, Morgan Stanley

Could I be sent – or perhaps you could clarify even now – the kinds of economic assumptions that went into the numbers?

Vlada Rusakova

You can send a request in to our electronic mail and we will certainly send you a reply.