GAZPROM

2009 MILESTONES

Contents

Gazprom is a global energy company focused on geological exploration, production, transportation, storage, processing and marketing of natural gas, gas condensate and oil. Gazprom is active in integrating power generation into its business.

Gazprom holds the world's largest natural gas reserves. The Company's share in the global and Russian gas reserves averages 18 and 69 per cent accordingly. Gazprom accounts for 17 per cent of the global and 83 per cent of Russian gas production.

The Company owns the world's largest gas transmission network – the Unified Gas Supply System of Russia stretching for some 160 thousand kilometers. Gazprom supplies over a half of the produced gas to the domestic market.

Gazprom views its mission in providing secure, efficient and balanced supplies of natural gas, other energy resources and their derivatives to consumers.

At present, Gazprom is active in implementing the following strategic projects:

- gas resources development on the Yamal Peninsula and in the Arctic shelf;
- gas production, transmission and processing system shaping in Eastern Siberia and the Far East;
- offshore Nord Stream and South Stream gas pipelines construction;
- Russian Federation regions gasification.

Between 2009 and the first half of 2010 Gazprom achieved the following milestones:

South Stream gas transmission project progressed

For the purpose of diversifying the natural gas export routes Gazprom is going to construct a gas pipeline running under the Black Sea to South and Central Europe – the South Stream project.

The offshore section is projected to run under the Black Sea from the Russkaya CS on the Russian coast to the Bulgarian coast. Its total length will be around 900 kilometers, maximum depth – over 2 kilometers. Extensive experience of gas pipeline construction in the Black Sea has already been gained by Gazprom when building the Blue Stream gas pipeline to Turkey.

At full capacity, the South Stream offshore section will convey up to 63 billion cubic meters annually.

During the South Stream construction Gazprom and its partners will apply state-of-the-art technologies and comply with the most stringent environmental requirements. Intergovernmental agreements were signed with Austria, Bulgaria, Serbia, Hungary, Greece, Slovenia and Croatia to implement the project's onshore section abroad. Italy is another target market for South Stream.

Between 2009 and 2010 Gazprom was actively cooperating with foreign partners to execute the project.

Gazprom signed cooperation agreements with the partner companies from Austria, Bulgaria, Hungary, Greece and Serbia – OMV Gas & Power, Bulgarian Energy Holding, MFB (Hungarian Development Bank) and state-owned Srbijagas.

Beregovaya compressor station – starting point of Blue Stream

In November 2009 Gazprom and Srbijagas established a joint project company (JPC) – South Stream Serbia AG.

The company will prepare a feasibility study (FS) for the Serbian section of South Stream; it will design, finance, build and operate the gas pipeline in Serbia. Gazprom's share in the JPC will be 51 per cent, Srbijagas will hold 49 per cent.

In November 2009, on the basis of the agreements reached, Gazprom and the French energy company EDF signed the Memorandum of Understanding stipulating EDF's entry into the construction project for the South Stream offshore section. The move highlights the Europe-wide scale of the gas pipeline and provides additional evidence of its significance for the sustainable energy supply to the European continent.

Moreover, in 2009 within the South Stream project implementation Russia received Turkey's permit to perform surveys in its exclusive economic zone. The relevant research activities have already been completed. November 1, 2010 was defined as the date for Turkey's approval of unhampered construction of the new gas pipeline across the Black Sea.

In January 2010 Gazprom and MFB (Hungarian Development Bank) set up a joint project company, South Stream Hungary Zrt., to implement the South Stream project in the Republic of Hungary. Established on a parity basis, the company will deal with the FS preparation for the Hungarian section of the gas pipeline, as well as finance, build and operate South Stream in Hungary.

Nord Stream gas pipeline construction launched

Nord Stream is a fundamentally new route of Russian gas exports to Europe. The major target markets for gas to be supplied via the pipeline are Germany, the Great Britain, the Netherlands, France and Denmark.

Capable of annually conveying up to 55 billion cubic meters of gas, the pipeline will stretch for some 1,200 kilometers across the Gulf of Finland and the Baltic Sea from the Portovaya Bay to the German coast (Greifswald).

Nord Stream AG was set up in 2005 to design, construct and operate the Nord Stream gas pipeline. At present, Nord Stream AG has the following shareholding structure: Gazprom – 51 per cent, Wintershall Holding GmbH – 20 per cent, E.ON Ruhrgas AG – 20 per cent and Gasunie – 9 per cent.

Gas imports to the EU are anticipated to grow in the coming decades by nearly 200 billion cubic meters, or more than 50 per cent. Directly connecting the world's largest gas reserves located in Russia with the European gas transmission system, Nord Stream will be able to satisfy circa 25 per cent of this extra demand for imported gas.

The Yuzhno-Russkoye field, other fields on the Yamal Peninsula, in the Ob and Taz Bays, as well as the Shtokman field will be the major resource bases for gas deliveries via the Nord Stream gas pipeline.

Between 2009 and 2010 the Nord Stream project implementation progressed according to the approved schedule.

On October 20, 2009 the Danish Energy Agency granted approval to construct Nord Stream in Denmark's territorial waters and exclusive economic zone. In November 2009 the offshore gas pipeline laying was endorsed by the Swedish and Finnish Governments. In December 2009 final approvals were granted by Germany and Russia, in February 2010 the second and final approval in accordance with national environmental laws was received from Finland.

Thus, Nord Stream AG obtained all the necessary approvals to start the Nord Stream construction.

On April 9, 2010 celebrations were held at the Portovaya compressor station (CS) near Vyborg (Leningrad Oblast) to mark the beginning of the Nord Stream construction in the Baltic Sea.

The gas transmission systems of Russia and Europe were symbolically welded together in the presence of Russian President Dmitry Medvedev, EU Energy Commissioner Gunther Oettinger and representatives from the countries participating in the project. German Chancellor Angela Merkel addressed the participants via a video message.

The first string of the gas pipeline will be commissioned in 2011, the second one – a year later.

Castoro 6 pipe-laying vessel at work

Portovaya CS construction launched

In January 2010 the Portovaya CS construction at the Gryazovets – Vyborg gas trunkline was launched.

The compressor station will be a starting point for gas supply via the Nord Stream gas pipeline.

The Portovaya CS will be a unique facility of the global gas industry in terms of the aggregate capacity (366 MW), operating pressure (220 Ata), gas transmission distance (1,200 kilometers with no additional compressor capacities on the German coast) and daily gas dehydration volume (170 million cubic meters per day).

When building the compressor station, Gazprom will utilize novel equipment and cutting-edge technologies. For instance, 52 MW gas-pumping units (GPU) will be installed at a CS for the first time ever in the history of the Russian Unified Gas Supply System operation. A gas treatment unit (GTU) will be constructed at the CS for gas dehydration with the capacity 3.6-fold higher compared to the GTU of the Krasnodarskaya CS at the Blue Stream gas pipeline laid on the Black Sea bottom from Russia to Turkey.

The CS construction is another stage in Gazprom's activities aimed at diversifying Russian gas supply routes and enhancing European energy security.

Portovaya compressor station construction

New gas pipelines put onstream

In August 2009 Gazprom put onstream the Dzuarikau – Tskhinval gas pipeline – a vitally important energy thoroughfare for South Ossetia. The pipeline commissioning created the conditions for direct gas deliveries from Russia to the Republic, thus considerably raising gas supply stability in the region.

The Dzuarikau – Tskhinval pipeline complexity is unparalleled worldwide and it is worth putting in the Guinness Book of Records as the most highland gas pipeline in the world. It was constructed in a harsh geological and climatic environment of the mountainous part of the Great Caucasus – in the areas of high seismic activity featured by hazards of landslides, mudflows, avalanches, as well as in tectonic zones. Almost a half of the pipeline route (75.4 kilometers) runs in highlands over 1,500 meters high and rises to 3,148 meters at the Kudar Pass.

In addition to its great socio-economic significance, the project turns a new page in the history of gas pipeline construction in high mountains.

Dzuarikau – Tskhinval gas pipeline commissioning

Pursuant to the Russian Federation Government's orders, in September 2009 the second string of the Minsk – Vilnius – Kaunas – Kaliningrad gas pipeline was completed, which would make it possible to nearly double gas supply to the Kaliningrad Oblast: from 1.4 up to 2.5 billion cubic meters. This will boost the economic expansion, promote the industrial growth and create extra workplaces in the Kaliningrad Oblast. The new gas pipeline will also improve the security of gas supply to Lithuania and open up new prospects for raising the gasification level and the volume of gas deliveries to Lithuanian consumers.

Minsk – Vilnius – Kaunas – Kaliningrad gas pipeline construction

In November 2009 Gazprom commissioned the Kasimovskoye UGS facility – Voskresensk CS gas pipeline. Previously, extremely cold weather periods had brought about the maximum loading of regional gas pipelines supplying gas to consumers in Moscow and the Moscow Oblast. The pipeline commissioning entirely eliminated this problem. Capable of conveying up to 130 million cubic meters of additional gas per day to the consumers of Moscow and the Moscow Oblast, the Kasimovskoye UGS facility – Voskresensk CS pipeline considerably increases the supply security.

Voskresensk compressor station

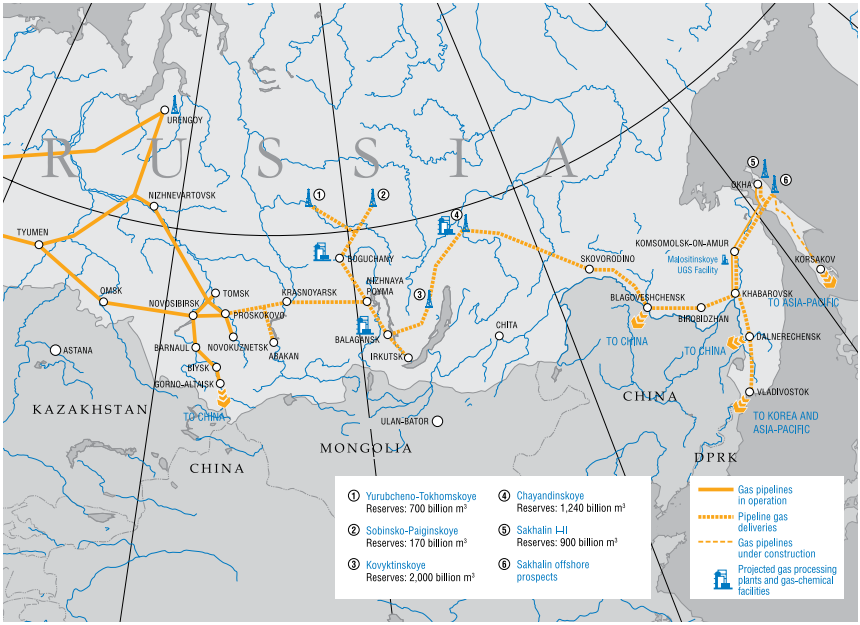
Eastern Gas Program implementation is underway

Gazprom was appointed by the Russian Federation Government as the execution coordinator of the Development Program for an integrated gas production, transportation and supply system in Eastern Siberia and the Far East, taking into account potential gas exports to China and other Asia-Pacific countries (Eastern Gas Program).

Eastern Siberia and the Far East occupy nearly 60 per cent of the Russian Federation land area. Eastern Russia's initial gas in place amounts to 52.4 trillion cubic meters onshore and 14.9 trillion cubic meters offshore. At the same time, the regional gas potential, standing at 7.3 per cent for the onshore area and 6 per cent for the continental shelf, has been poorly explored.

It is projected to establish the Sakhalin, Yakutia, Krasnoyarsk, Irkutsk and Kamchatka gas production centers in eastern regions of Russia that will satisfy local demand and secure gas exports to Asia-Pacific in the long term.

The Gazprom Group holds subsurface use licenses in all of these regions including for the Chayandinskoye field in Yakutia, the Chikanskoye field in the Irkutsk Oblast, the Sobinskoye field in the Krasnoyarsk Krai and the Kirinskoye field



offshore the Sakhalin Island, as well as the Zapadno-Kamchatsky prospect in the Sea of Okhotsk shelf. Gazprom is performing intense geological exploration to expand its resource base in eastern regions.

The top-priority projects of Gazprom in eastern Russia are as follows:

- the Sakhalin – Khabarovsk – Vladivostok gas transmission system construction and the Sakhalin Island offshore fields development;
- the gas supply system shaping in the Kamchatka Krai including the Sobolevo – Petropavlovsk-Kamchatsky gas pipeline construction;
- the Chayandinskoye field development in Yakutia and the Yakutia – Khabarovsk – Vladivostok gas trunkline construction;
- natural gas supply to the Irkutsk Oblast from the Chikanskoye field (brought into pilot commercial operation) and a gas pipeline construction to supply natural gas to Sayansk, Angarsk and Irkutsk;
- the Sobinskoye field pre-development in the Krasnoyarsk Krai;
- geological exploration and Gazprom's resource base preparation in Eastern Siberia and the Far East.

Multi-component natural gas found in eastern fields contains a whole range of valuable components including helium that has to be utilized with maximum efficiency. At present, Gazprom is studying various scenarios of creating gas chemical capacities in Eastern Siberia and the Far East. Thus, the gas production and processing industries will be developed simultaneously in eastern Russia.

Drilling rig in Nizhne-Kvakchikskoye field

In July 2009 Gazprom commenced the Sakhalin – Khabarovsk – Vladivostok gas transmission system (GTS) construction, thus laying the cornerstone for shaping a gas supply system in eastern Russia. The first startup complex of the GTS will be put into operation in the third quarter of 2011. It is aimed at supplying gas to Vladivostok and commissioning power generation facilities in the Primorsky Krai, including for the 2012 APEC Summit.

In addition, in July 2009 Gazprom launched production drilling in the Nizhne-Kvakchikskoye gas and condensate field located on the western coast of the Kamchatka Peninsula. The drilling startup was a crucial step towards practical implementation of the Gas Supply to the Kamchatka Krai project that would significantly influence the socio-economic development of this region in the coming decades.

In parallel, exploration drilling started in the Kirinskoye field offshore the Sakhalin Island. Geological exploration of the field is targeted at establishing Gazprom's resource base in the Far East and developing a new gas production region offshore the Sakhalin Island.

Significant progress achieved in cooperation with Asia-Pacific countries

A rapid pace of the Eastern Gas Program execution by Gazprom is favorable for natural gas exports eastwards.

In May 2009 Gazprom signed the Memorandum of Understanding with the Natural Resources and Energy Agency under Japan's Economy, Trade and Industry Ministry, Itochu Corporation and Japan Petroleum Exploration Company (JAPEX). The Memorandum stipulates joint investigation of possible natural gas utilization near Vladivostok including its further transportation, distribution and/or processing, and marketing of derivatives for potential customers in Asia-Pacific including Japan.

In June 2009 Gazprom and Korea's Kogas signed the Agreement to jointly explore a gas supply project. The Agreement envisages the study of gas supply scenarios from the terminal point of the Sakhalin – Khabarovsk – Vladivostok GTS to Korea.

In October 2009 Gazprom and China National Petroleum Corporation signed the Framework Agreement on the major terms and conditions for natural gas supply from Russia to China. The Agreement details the major terms and conditions of a future contract.

Sakhalin – Khabarovsk – Vladivostok gas pipeline construction

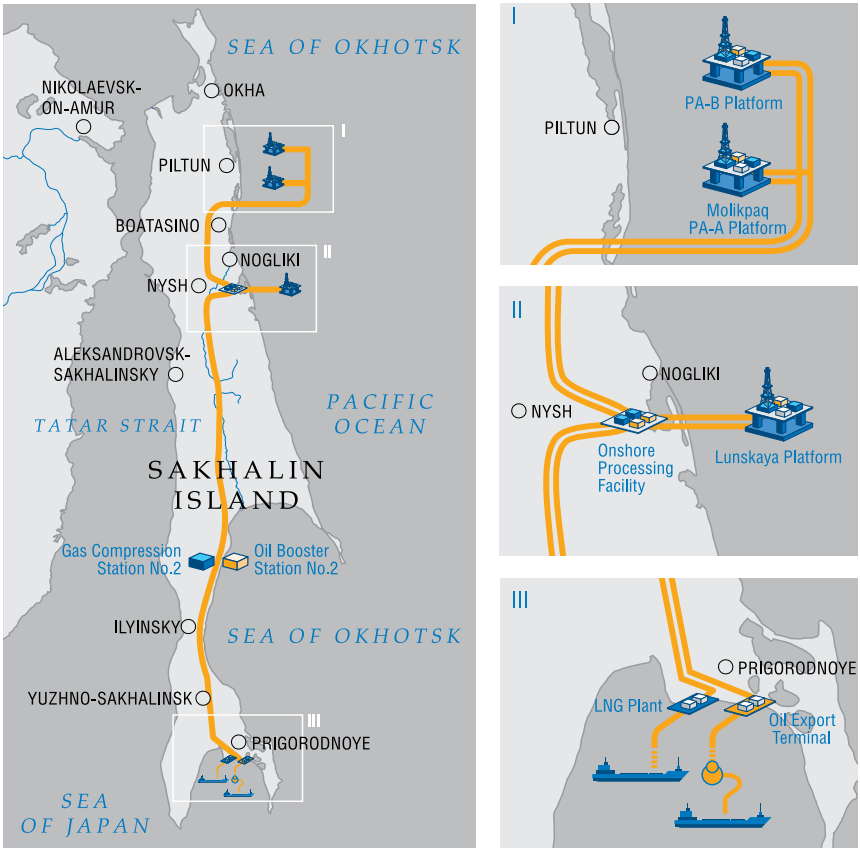
First Russian LNG plant commissioned within Sakhalin II project

The Sakhalin II is the world's largest comprehensive oil and gas project encompassing:

- development of two fields (Piltun-Astokhskoye and Lunskoye);
- laying of offshore pipelines (300 kilometers) and a trans-Sakhalin pipeline system (1,600 kilometers);
- construction of a liquefied natural gas (LNG) plant and an oil export terminal.

The Sakhalin II recoverable hydrocarbon reserves exceed 600 billion cubic meters of gas and 170 million tons of oil and gas condensate.

The project operator is Sakhalin Energy, where Gazprom holds 50 per cent plus one share, Royal Dutch Shell plc – 27.5 per cent minus one share,



Mitsui & Co. Ltd – 12.5 per cent and Mitsubishi Corporation – 10 per cent. Gazprom's entry into the project was a crucial milestone on the Company's way to becoming a leading player on the global LNG market.

As part of the Sakhalin II project implementation, the first Russian liquefied natural gas plant was commissioned on February 18, 2009. The plant consists of two trains, each having the annual throughput capacity of 4.8 million tons of LNG. The plant is projected to reach its design capacity (9.6 million tons per annum) in 2010.

On March 29, 2009 the first cargo of Russian liquefied natural gas produced within the Sakhalin II project was off-loaded from the LNG plant to Japan. Russian LNG was also delivered to South Korea, Kuwait, China and Taiwan.

In 2009 LNG production on Sakhalin amounted to 5.3 million tons, with around 9.1 million tons slated for 2010.

At full capacity, the Sakhalin II project will account for nearly 5 per cent of the global LNG production and make a substantial contribution to the world's energy security reinforcement.

LNG plant

Yamal megaproject execution furthered

The Yamal Peninsula is a region of Gazprom's strategic interests. Commercial development of Yamal's fields will make it possible to build up local gas production to 310–360 billion cubic meters per annum by 2030. Tapping the Yamal potential is of utter importance for the purpose of ensuring gas production growth in Russia.

11 gas fields and 15 oil, gas and condensate fields have been discovered on the Yamal Peninsula and in the adjacent offshore areas. Their explored and provisionally estimated gas reserves average 16 trillion cubic meters. The Bovanenkovskoye field (4.9 trillion cubic meters) is the largest gas field on Yamal.

Annual gas production from the Bovanenkovskoye field is projected to be increased from the current 115 billion cubic meters to 140 billion cubic meters in the long run.

Yuribey River bridge crossing

Ekaterina drilling rig

In 2009 Gazprom continued its sustained efforts on the Yamal megaproject execution.

Construction of the key production facilities (comprehensive gas treatment units and gas well clusters) was performed in the Bovanenkovskoye field. The work was underway to create the Bovanenkovo – Ukhta gas trunkline system with the average length of 1,100 kilometers, and the first string of the Baidarata Bay underwater crossing was finalized. Commissioning of the first startup complexes at the Bovanenkovskoye field and the Bovanenkovo – Ukhta gas trunkline system is slated for the third quarter of 2012.

Defender pipe-laying vessel operating in Baidarata Bay

In September 2009 the Yuribey River bridge crossing at the Obskaya – Bovanenkovo railroad was put into operation. This is a unique structure unparalleled in the global practice of bridge construction. The 3.9-kilometer bridge over the Yuribey is the longest one beyond the Polar Circle. Its operating life reaches 100 years.

In January 2010 Gazprom launched regular operation of the railroad to the Bovanenkovskoye field (KP 525). At present, the work is underway to construct a railroad section to the Karskaya station (KP 572).

Commissioning of the Obskaya – Bovanenkovo railroad and the Bovanenkovo – Karskaya railroad section will secure a year-round, fast and cost-effective delivery of cargoes and personnel to Yamal's fields under the harsh natural and climatic conditions in all kinds of weather. This will enable to rapidly form on the Peninsula a new gas production region of fundamental importance for Russia's gas industry development in the coming decades.

Gazprom launched gas production from Achimov deposits

In October 2009 Gazprom brought a comprehensive gas treatment unit (CGTU) into pilot commercial operation to develop the Achimov deposits in the Urengoy oil, gas and condensate field. Thus, the Company launched its first stand-alone project on gas production from the Achimov deposits, which have a much more complex geological structure as compared to the conventional Cenomanian and Valanginian deposits.

Once the CGTU reaches full capacity, it is expected to annually produce around 3.5 billion cubic meters of gas.

Development of the hardly-accessible Achimov deposits makes it possible to extract additional gas from declining fields.

Comprehensive gas treatment unit No.22

2009 Russian Regions Gasification Program goals fully accomplished

In 2009 Gazprom continued executing another project of national significance – the Gasification Program. Gazprom earmarked RUB 19.3 billion for the gasification of 69 Russian regions in 2009. These funds were used to supply gas to hundreds of population centers, thus considerably improving the living conditions of millions of Russian citizens.

The Company's proactive efforts in this field increased Russia's average gasification level from 62 per cent (as of January 1, 2008) to 63.2 per cent (as of January 1, 2010). At the same time, this increase was mostly achieved through the engagement of settlements and villages into the gasification process.

The Russian Regions Gasification Program is progressing in 2010, as well. RUB 25 billion is to be earmarked for this purpose, with special attention to be paid to the gasification of Eastern Siberia and the Far East.

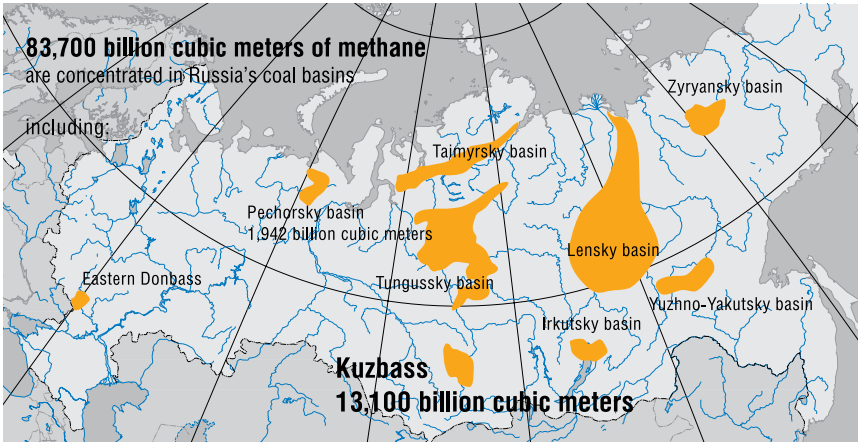
In December 2009 the Gazprom Management Committee approved the updated Concept for Gazprom's participation in the gasification of Russian regions. The updated Concept envisages long-term (three-year) gasification planning for each region.

The Concept is targeted at reinforcing the Company's stance on the end user markets, optimizing the fuel consumption structure, decreasing the payback period of gas supply facilities and raising the investment attractiveness of the Russian gas distribution system.

Inter-settlement gas pipeline placement

Coalbed gas production launched

A new segment is emerging in the Russian fuel and energy sector – gas extraction from coal beds.



In February 2010 Gazprom launched Russia's first coalbed gas production project at the Taldinskoye field.

The coalbed gas production project in Kuzbass is aimed at substantially expanding Gazprom's resource base. In addition, it will ensure gas supply to and gasification of Western Siberia's southern areas, improve the environment and promote further socio-economic development on the basis of natural gas, as well as will contribute to miners' safety.

Ceremonial launch of coalbed methane production

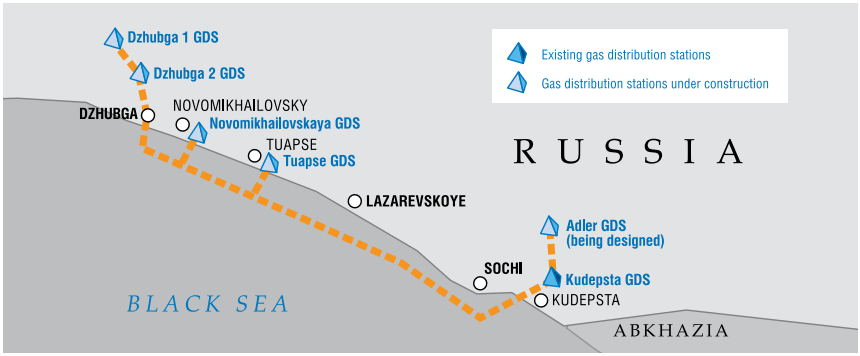
The Russian CBM production technology was developed by Gazprom. 31 international and Russian patents were received for the entire process cycle from exploration to utilization of CBM.

Gas production from Taldinskoye field

Energy supply facilities construction initiated for 2014 Winter Olympic Games

In September 2009 Gazprom launched construction of the Dzhubga – Lazarevskoye – Sochi gas pipeline and the Adler CHPS in the Krasnodar Krai. The said facilities have been included in the Russian Government approved Program for the construction of Olympic facilities and development of Sochi as a mountain-climatic resort. Implementation of these projects is a substantial contribution of Gazprom to the preparations for the 2014 Winter Olympic Games and the socio-economic development of the entire Black Sea coast region of the North Caucasus.

Dzhubga – Lazarevskoye – Sochi gas pipeline



The gas pipeline length will be 177 kilometers, including the 159.5-kilometer offshore section. The pipeline route will run on the Black Sea bottom along the coastal line (approximately 4.5 kilometers away from the coast) to the Kudepsta gas distribution station near Sochi. The 530-millimeter gas pipeline will have the annual throughput capacity of some 3.8 billion cubic meters.

C-Master pipe-laying vessel at work

Gas purchase portfolio diversification continued

In October 2009 Gazprom export and the State Oil Company of the Azerbaijan Republic (SOCAR) signed the long-term Natural Gas Purchase and Sale Contract. The Contract marked the launch of Azerbaijani gas supplies to Russia for the first time in the history of cooperation between the countries. It was agreed that in 2010 Gazprom would purchase 1 billion cubic meters of Azerbaijani gas, and in 2011 supply volumes would increase to 2 billion cubic meters.

In December 2009 Gazprom export and Turkmenneftegaz signed the amendments and supplements to the long-term Gas Purchase and Sale Contract. Starting from 2010, the purchase and supply of Turkmen gas resumed in the amount of up to 30 billion cubic meters annually. In addition, the agreement was reached to jointly implement the projects on the Pre-Caspian gas pipeline and to produce hydrocarbons on the Caspian Sea shelf.

International presence expanded

In January 2009 Gazprom International B.V., a subsidiary of Gazprom, and the Algerian State Oil and Gas Corporation (ASOGC) Sonatrach signed the Agreement for the transfer of rights for hydrocarbons exploration and production in the onshore El Assel area located in the Berkine basin of Algeria. Gazprom's share in the project will account for 49 per cent. The Agreement enabled Gazprom to launch the first hydrocarbons exploration and production project in Algeria reinforcing the Company's position in the region.

In June 2009 Gazprom and the Nigerian National Petroleum Corporation signed the Agreement to set up on a parity basis a joint venture aimed to execute large-scale projects aimed at hydrocarbons exploration, production and transportation; engineering and constructing an associated petroleum gas (APG) gathering and processing system as well as constructing power generation facilities in Nigeria.

First prospecting well, Rhourde Sayah-2, drilling in Algeria

LNG carrier

In October 2009 Gazprom Marketing & Trading, a member of the Gazprom Group, launched gas supplies to North America. This market is Gazprom's LNG production and supply target. It is projected that Gazprom will take part in LNG liquefaction, sea-borne transportation, regasification and sales to ultimate consumers. The current trends on the global gas markets create the conditions for Gazprom to ramp up LNG production and supply.

Gazprom's power generation business developing

Pursuing its power generation strategy and forming a continuous process chain from gas production to electric power marketing, Gazprom started developing its own power distribution company. In 2009 Mezhregionenergosbyt (a member of the Gazprom Group) became the largest electric power supplier in Russia.

In June 2009 Moscow saw the Gazprom Energy House inauguration. This business center hosts power generating companies of the Gazprom Group – Gazprom energoholding, Mosenergo, OGK-2, OGK-6, TGC-1, Gazprom energo, Mezhregionenergosbyt and Gazenergoprombank. Consolidation of the Group's energy assets is part of the vertical integration and management structure streamlining policy.

Having signed the Purchase and Sale Agreement with ENI in April 2009 for a 20 per cent stake in Gazprom neft, the Gazprom Group promoted its oil business to a fundamentally new level. The deal enabled the Company to start consolidated development of its oil assets within a single subsidiary company. By now, the Gazprom Group has raised its stake in Gazprom neft to 95.68 per cent.

In addition, Gazprom neft consolidated in June 2009 a 54.71 per cent stake in Sibir Energy. Thus, the Group gained control over the Moscow refinery, a network of filling stations in the Moscow region and a number of fields being developed in Western Siberia. In May 2010 Gazprom neft increased its portfolio of Sibir Energy shares to 80.37 per cent.

Substantial results were achieved by Gazprom in expanding its presence on the international oil market, namely, in such countries as Serbia, Venezuela, Iran and Iraq.

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