

Final Press Conference involving the Gazprom Board of Directors Chairman and the Gazprom Management Committee Chairman
June 28, 2013

Participants:

- Viktor Zubkov, Chairman of the Gazprom Board of Directors;
- Alexey Miller, Deputy Chairman of the Gazprom Board of Directors, Chairman of the Gazprom Management Committee.

MODERATOR: Good afternoon. We've had the first meeting of the newly-elected Board of Directors. The main issue was solved: Viktor Zubkov was appointed Chairman of the Gazprom Board of Directors.

VIKTOR ZUBKOV: Thank you, dear participants. You were with us this morning at the Shareholders Meeting. I have to say that the Board of Directors consisting of 11 members was elected. We have a newcomer. It's a new Member of the Board of Directors: Viktor Martynov, Rector of Gubkin Russian State University of Oil and Gas. He has substituted Igor Yusufov. So at the moment we have two Rectors in the Gazprom Board of Directors: Mau and Martynov. We have elected Alexey Miller, Chairman of the Gazprom Management Committee as Deputy Chairman of the Gazprom Board of Directors. Let's congratulate him.

We also have discussed our plan for the second year half. The addressed issues are very important for the Company. I mean the Company development and revised investment program for 2013: it will be an adequate investment program for the Company development and expansion of its share in the European, Asian and other markets. Gazprom's strategy complies with our ambitious plans. Today we have discussed it and I think that Alexey Miller, Chairman of the Gazprom Management Committee, Deputy Chairman of the Gazprom Board of the Directors will give you a detailed picture. You are welcome, Mr. Miller. Thank you very much. I have to go ahead working with the Members of the Board of Directors and Mr. Miller is going to report.

QUESTION: Roman Tsymbalyuk, UNIAN agency. Mr. Miller, will you answer a few short questions concerning Ukraine, please? What is the current status of the negotiations on establishing a gas transmission consortium for the Ukrainian gas transmission network? What do you think of an energy hub based on the Ukrainian UGS facilities with the European partners? What do you think of Ukraine's plans to produce shale gas and to refuse Gazprom gas?

And, probably, the most important issue: you have initiated the Joint Football Championship, could you explain the reason, please? What do you expect from it being the leader of the major gas Company? Do you do that for improving the image or for some other reason? Thank you.

ALEXEY MILLER: Thank you very much for your questions. I am very pleased to start with our Ukrainian partners, our Ukrainian friends.

As for the consortium: currently we don't negotiate on the consortium, mainly, due to the lack of reasons for that. To negotiate meaningfully it is necessary to change the Ukrainian legislation. It is necessary to amend a dozen regulatory acts of Ukraine. It hasn't been done until now although our Ukrainian partners had told us it would be done – first naming one period of time, then another one. Time is getting on, but we have no results. During the last weeks of negotiations it can be stated that our Ukrainian colleagues don't mention this issue at all.

As to an energy hub in Ukraine: Ukraine may offer any energy and gas projects to its foreign partners, but I'd like to talk of Gazprom's experience. Ukraine proposes to store gas at its underground gas storages, injecting it in summer and selling in winter, supplying it to the market. Gazprom has already had a negative experience of storing gas at Ukrainian UGS facilities. Finally we settled the matter with our Ukrainian partners. We have made a hard decision based on this bitter experience: never ever inject gas into Ukrainian underground gas storages, ignoring all the offers of our Ukrainian friends. Currently, we don't inject gas into Ukrainian UGS facilities and we won't.

As to shale gas: you are welcome to produce shale gas. Some countries do so. This industry suffered grave losses in 2012 – over USD 10 billion. Its production costs are extremely high. If someone wants to produce it not aiming at financial and economic efficiency – you are welcome as well.

As to the Joint Football Championship: please, note, that we are dealing with that primarily as the Zenit Football Club shareholders. Currently, Zenit Football Club is a top Russian football club. We know, to play in the Champions League in Europe we should adhere to the financial ‘fair play’. Nowadays, no Russian club, I stress it, not a single Russian or Ukrainian club, even very famous and successful ones in Europe meets the financial ‘fair play’ requirements.

In order to solve this problem, we believe it is necessary to merge the Russian and the Ukrainian championships into the Joint Football Championship. Such a tournament is causing keen interest. We have already made preliminary estimates. Financial costs of this tournament may be comparable to those of the Champions League. Therefore, promoting this idea we firstly keep in mind the UEFA requirements to the clubs, in particular, to Russian and Ukrainian ones.

The first step towards the Joint Championship (and it’s one of our plan items) is the tournament of four teams which started yesterday. It involves the Ukrainian clubs Shakhtyor (Donetsk), Dynamo (Kiev), and Russian clubs Spartak (Moscow) and Zenit (Saint Petersburg). You know, yesterday Ukrainian teams won both matches with the same score of 1:0 and they are at the top of the tournament bracket.

QUESTION: Maria Tatevosova, ITAR-TASS agency. Mr. Miller, Ukraine shrinks Russian gas import and increases import from Europe via reverse supplies. What is your and Gazprom’s attitude to these shady designs? Thank you.

ALEXEY MILLER: Our attitude is quite simple. As to the Russian gas purchase cut and reverse supplies, first of all Ukraine should meet its contract obligations. In particular, Russian gas purchase is subject to the take-or-pay condition. This obligation applies to Naftogaz of Ukraine. In future we will interact with them based on this contract condition in particular.

As to reverse supplies: we have the agreement on transit or transmission via Ukraine. Ukraine is not authorized to dispose Russian gas in the Ukrainian pipe section as if it were its own. Therefore, any virtual reverse is illegal. We are analyzing the current situation based on these facts. We will act accordingly and take respective measures based on the results of this work, if Ukrainian actions on reverse supplies are illegal and contradictory to the existing contracts.

QUESTION: Polina Stroganova, RBK Daily newspaper. Mr. Miller, how is Gazprom going to force USD 7 billion debt repayment from Ukraine, taking into consideration that the parties are not going to address to court?

And a follow-up question: why did you grant a two times lower advance for gas transit to Naftogaz this year versus the previous one, in other words USD 1 billion instead of USD 2 billion? Thank you.

ALEXEY MILLER: As for the penalties imposed on Naftogaz failing to meet its contract obligations, in particular, the take-or-pay condition: today we are not going to take any measures. Time will show.

As to the advance: we have granted USD 1 billion to Naftogaz of Ukraine as a prepayment for the transit. The reason for a two times reduction of the sum is quite simple: it’s stipulated by our agreement with Ukrainian partners provided that starting with January 1, 2015 we are not going to prepay Ukraine for transit. USD 1 billion was determined by simply calculating the sum of the previous advance and the period up to January 1, 2015 as well as the forecast transit volume via Ukraine in 2014. We got USD 1 billion due to a simple arithmetic.

MODERATOR: Anastasia Goreva, Argus Media, asks, “How much gas should Ukraine purchase for its UGS facilities to secure transit to Europe in winter?”

ALEXEY MILLER: By the start of withdrawal season the working gas volume in Ukrainian UGS facilities should exceed 19 billion cubic meters. Currently, as far as we know, less than 7.5 billion cubic meters has been injected. We think there are some serious risks now for Russian gas transit to Europe through Ukraine in coming winter, if Ukraine does nothing to accelerate gas injection into its

UGS facilities. We still have enough time. USD 1 billion advance for transit was particularly caused by our wish to help our Ukrainian friends.

QUESTION: Denis Pinchuk, Reuters agency. Mr. Miller, taking into consideration the current business environment in Europe – the antimonopoly case, the customer’s desire to review the prices, the Third Energy Package – what will Gazprom’s position be in Europe during the two or three years to come? Will there be any changes? Thank you.

ALEXEY MILLER: Two or three years is quite a modest term for the gas business, but we have observed considerable changes even during a shorter period, precisely, in the recent six months, the first half of 2013.

Currently, according to the situation report, our export to Europe equals 453 million cubic meters of gas. Since it’s an extremely high level of supply to the European Union, I asked them to have a look at which winter period 453 million cubic meters corresponded. You know we revealed quite an interesting coincidence. Average daily supplies of our gas to the EU in January 2013 reached 453 million cubic meters. Today, on June 28, Gazprom’s gas supplies to Europe are commensurate with the winter ones, they are exactly the same as in January.

The reason is that gas from other sources does not enter the European market nowadays. Large volumes of Qatar gas keep passing by. The reduction of Qatar gas supplies to Europe reached 42.3 per cent, Libyan and Algerian gas show 13 per cent and 10 per cent reduction, respectively. Our supplies grew by 10 per cent during the first half of 2013 versus the same period of 2012. I’d like to draw your attention to the fact that this was at the beginning of the year. Here are the figures for June: in June 2013 Gazprom’s gas supplies to Europe grew by 26 per cent versus 2012. Moreover, on certain days our supplies were one and a half times higher than the respective supplies last year. Therefore, referring to the European gas supplies this year we can see quite favourable outlooks for us today. We have already delivered nearly 80 billion cubic meters of gas to Europe during the first year-half under long-term contracts.

In fact, there is another factor: it is not only redirecting supplies to the Asian market but also production drop, particularly, in the North Africa. Expert assessments are available. I believe that if hydrocarbon production goes on decreasing like this in the mentioned region and other producing regions as well, Brent price will reach USD 150 in the near future.

LNG leaves the EU spot market for Asia under long-term contracts. Our European partners used to say, “Yes, we welcome spot trading, everybody’s welcomed for spot.” Nevertheless, this gas has left the spot market under the Asian long-term contracts, and it won’t be back to the EU, these volumes will never return.

Therefore, referring to the current market situation — the market faces serious changes and it happens extensively. The figures I’ve just mentioned are said to be the significant alterations in the gas market. Europe as a whole started yielding its position to other energy consumption centers, in particular, to Asia-Pacific. If it keeps going on, the global growth in gas demand will become too risky for the EU energy security.

As for Gazprom, we’re capable of providing the European market with as much gas as our consumers need. Gas is leaving the spot market and our consumers are shifting to Gazprom’s oil-linked long-term contracts. At the same time, the spot prices currently got significantly closer to those of long-term contracts.

You know, spot prices at some markets in March were two times higher than those of long-term contracts. Redirection to other markets is one of the reasons. Moreover, March in Europe happened to be a winter month (you remember, March in Russia rather looked like February, too). Europe was not ready for such climatic surprises and faced lack of gas in its UGS facilities by March. Besides, the weather was too cold. The demand was high, spot hubs were not liquid — it’s well known. Thus, the prices rocketed. Long-term contract pricing is based on the general prices and it’s absolutely predictable. Therefore, I may say European consumers currently have a real chance for fast restoration of supply volumes they lost due to the escape of a number of suppliers from the European market.

As to Gazprom’s market share, it reached 26 per cent at 2012 year-end. I guess 33 per cent (that is, one-third of the European market) is an absolutely real assessment for 2030.

QUESTION: Anna Shiryaevskaya, Bloomberg agency. Mr. Miller, yesterday the arbitrage awarded an unprecedented judgement on the dispute with RWE and ordered to introduce the market link into the pricing formula. Do you expect further pressure from European consumers onto the contracts in order to introduce the spot-linked component? Could you tell us in detail what spot share is expected in the RWE contract after the judgement is given and what retroactive payments are planned since May 2010 to execute the arbitrage judgements? Thank you.

ALEXEY MILLER: Thank you for the question. Surely, I'm not going to disclose you the commercial part of the issue, including the pricing formula. It's the confidential part of the contract. First of all, our view of the arbitrage judgement is as follows: it's a pure adequate and professional judgement of the court, which clearly sees and feels the trends emerging at the gas market, for instance, the European one. Therefore, we find the judgement positive, in general. We expect no further pressure.

QUESTION: Alexander Maryin, DPA agency. Due to the Third Energy Package becoming effective, Gazprom is facing certain challenges while constructing gas pipelines in Europe. In particular, the mutually acceptable resolution on the OPAL and NEL gas pipelines hasn't been passed so far. Nevertheless, Gazprom started implementing the South Stream project. How do you plan to avoid the risks related to the Third Energy Package?

My second question is, the Shah Deniz consortium has officially announced today the refusal of the Nabucco project for the benefit of the Trans-Adriatic Pipeline (TAP). Is it going to affect the South Stream implementation anyhow, and (if yes) in which way? Thank you.

ALEXEY MILLER: The Third Energy Package, you know, is a very interesting document and a remarkable example of a regulatory act, which requires – just think it over – getting an exception from this document to provide economic conditions essential for project implementation. That resulted in various expert assessments. According to them, such sort of a document may unlikely be treated as a tool of the market-based regulation. Vice versa, it's a tool of administrative regulation: you have to get an exception from the regulatory act through the administrative procedure first in order to get the minimum acceptable economic conditions. That's the way it works.

At the same time, we keep fruitfully discussing the matter with the European Commission. In particular, you've mentioned both OPAL and NEL. I think the matter is to be solved in the near future, certainly, by the year-end. To our mind, an agreement on trans-border energy infrastructure between Russia and the EU should be the comprehensive solution to this issue. The Russian party has submitted a respective draft agreement to the European Commission.

As to the South Stream, the Third Energy Package is not relevant for it yet. It may become relevant by the commissioning of the pipeline only. Let me remind you that the first branch is to be commissioned in December 2015. Two more branches will be put into operation in December 2016. The full design capacity of 63 billion cubic meters is to be reached by late 2017. We implement the project in strict compliance with the schedule. The offshore gas pipeline construction start is due the second quarter of the next year.

As to Nabucco and TAP we, figuratively speaking, have evidenced the 'funeral' of Nabucco. There is no more Nabucco. It had been spoken of a lot, for decades, and, at last, Nabucco perished. The 'funeral' was held.

As to the TAP — it's a less known project. The Consortium announced this very route to be the priority. Ok, let it be so. There are no agreements on supply via this gas pipeline yet. The time-schedule for the project implementation is not clear either. Nevertheless, it's good that Nabucco came to a certainty. Now everything is clear to all of us.

The plans related to TAP in no way affect (neither now, nor in the future) our plans for the South Stream implementation, in particular, those connected to its design capacity. The South Stream design capacity comes to 63 billion cubic meters annually. We have the partners – buyers of our gas, and we have no competitors in this regard.

As to the economics of the project as a whole, I'd like to draw your attention that Gazprom shows concern in such sort of projects because we don't pay half of a transit tariff in case of transit countries.

In particular, Gazprom owns, as you know, half of the shares of the South Stream offshore section. It's really not bad if the Company is allowed to pay two times lower tariffs. It's very good.

As to the project financing, first I'd like to stress that it's an absolutely riskless project in terms of financing for our partners in the countries hosting the South Stream: Bulgaria, Serbia, Hungary, Slovenia and the countries hosting gas pipeline branches. There are no financial risks there.

QUESTION: Eugenia Sokolova, Prime agency. Do you really plan to replace the management of the South Stream offshore gas pipeline operator? When will it happen and why? Thank you.

ALEXEY MILLER: Yes, we do. Why? Because we're going to proceed to the construction stage, and the prospective CEO will be the expert highly experienced in gas pipeline construction. You will know of the appointment, as soon as it's done.

QUESTION: Olga Mordyushenko, Kommersant newspaper. Good afternoon, Mr. Miller. I'd like to ask you to what extent the implementation of the Yamal — Europe-2 project is possible due to the extremely morbid response of Poland to this? Thank you.

ALEXEY MILLER: Firstly, transit through Belarus is currently the most cost-effective route for gas supplies to Europe. After the acquisition of a 100 per cent stake in Gazprom Transgaz Belarus (former Beltransgaz), our pipe reached the Poland border. The project displays an extremely high profitability. Secondly, one should note the high level of concern in the project implementation showed by a number of European states, especially by Slovakia and Hungary.

And the last thing. As to the project practicability, it's more than real. Why? Because we have a valid intergovernmental agreement with Poland on the implementation of the Yamal — Europe project comprising two gas pipelines: Yamal — Europe-1 and Yamal — Europe-2. This intergovernmental agreement is signed by the high officials. Therefore, we consider the possibility of the project implementation as perfectly high. The feasibility study is to be completed by the year-end and its basic outcomes will be publicly presented. I'm sure of reaching the initial understanding on the project implementation with the project participants as soon as this year.

QUESTION: Alexey Novikov, Interfax agency. Good afternoon, Mr. Miller. In your morning report you were pleased with the competitors who could not raise their gas supplies to Europe this winter. But you didn't mention Azerbaijan, which, to my mind, showed a 30 per cent decrease of export to a number of countries except Russia. What can you say about the future of the Azerbaijan gas industry and export keeping in mind the decision on the Trans-Adriatic gas pipeline? Do you think that at the current stage (I mean, Shah Deniz-2) Azerbaijan's export to Russia will at last be able to reach three billion cubic meters which has been negotiated for a few years by now?

ALEXEY MILLER: Thanks a lot for your questions. As to assessing the situation with regard to the Azerbaijan production — I'm aware of such assessments. Indeed, I haven't mentioned that.

Nevertheless, I'd like to say several words about Turkey before answering your question. Turkey is the target market for Russian, Azerbaijani and Iranian gas supplies. The Turkish market is the most rapidly growing market for our supplies. Turkey has reached the second position by importing Gazprom's gas. Today it's hard on Germany's heel. It should be mentioned that we held a meeting with Mr. Yildiz, Turkish Energy Minister. It was stressed, that Turkey was concerned about the extended purchase of Gazprom's gas. It means they have good reasoning. The first reason is growing demand shown by the Turkish market. Secondly, similar to the European market situation it may be — I stress it 'may be' — gas undersupply by alternative suppliers.

As for the Turkish market, we will be able to reach the maximum annual volumes of gas supply to Turkey, which is 30 billion cubic meters, in the near future. The forecast we made with our Turkish colleagues shows that we might witness a 20 per cent growth versus the volumes we supply to Turkey now.

What conclusions can we make from it? The first one: Turkey may soon become our largest importer having passed even Germany. The second: if we talk of Turkey's need for the additional volumes of

Russian gas, it's likely to result from the following: demand growth or limited capacity to meet this demand through other, non-Russian sources.

QUESTION: Nadezhda Rodova, Platts agency. Good afternoon, Mr. Miller. I have a question about Baltic LNG. We've heard that the first supplies were scheduled for 2018. Could you tell us about this project in details? What gas sources are supposed for the project, what markets and terms? Do you plan to engage partners? Thank you.

ALEXEY MILLER: The Baltic LNG project has a very serious competitive advantage: it's not linked to any field, to any certain resource base. The LNG plant will be fed from the Unified Gas Supply System. The UGSS is like a single large cylinder always filled with gas. This is the doubtless advantage of the project versus its competitors.

As to the markets, the target ones are Europe, Latin America and India. As to Europe, here the situation is obvious: the drop in LNG supply in the first half of 2013 versus the similar period in 2012 amounted to 37 per cent. Therefore, we can clearly see the niche for our LNG supplies to the European market. It results from the transmission branch connecting the LNG plant with the target European market being too short. This gas will show absolute competitiveness.

Secondly, one should see that there is a huge potential for swap, exchange deals. In addition, Gazprom may earn an extra margin due to the craving of the existing LNG suppliers for the European market. The existing suppliers of LNG to Europe are leaving for Asia and we substitute their volumes with our plant output. It's joint business. The margin we earn will be shared reasonably.

Thus, the current environment is quite favourable for the project. Note, that we've elaborated the project during just a few months this year, very quickly and efficiently. It resulted from the changes we witness in the Asian and European gas markets.

As to the terms: the deadline is 2018, and we apply the same approach as to the Vladivostok LNG project. We think it possible to engage partners in the project on a 49 per cent basis. In particular, it can be an industrial partner or a major purchaser, or an investor. We held the meeting dedicated to the Vladivostok LNG and Baltic LNG projects just two days ago. The meeting decided on the list of the companies to be invited to the Vladivostok LNG negotiations. These companies were subdivided into the three groups mentioned: industrial partners, prospective major purchasers and investors. The same approach we'll apply to Baltic LNG. This is the pattern we are planning to follow during our negotiations for engaging partners in the project.

NADEZHDA RODOVA: I'd like to clarify something, please. Gazprom has obtained a good few licenses for the new blocks in the Russian shelf. What are your plans for developing these new blocks? Could you provide us with any details? Do you plan to develop these blocks on your own or jointly with foreign partners? Thank you.

ALEXEY MILLER: As to the new blocks: first of all these are the blocks in the Kara Sea. It will become one of our offshore gas production centers in the near future.

As to the foreign partners: I'm going to answer your question by giving an example. We negotiated with Rosneft on the Arctic shelf development. In particular, we discussed two blocks: East-Siberian-1 and East-Siberian-2. Initially, we proposed to establish a joint venture with Rosneft. The proposal was based on the fact that at the moment Gazprom was the only Russian Company experienced in developing our shelf. We've already discovered seven fields during our geological exploration activities, and this year we are going to put two offshore fields into operation: Prirazlomnoye and Kirinskoye. Moreover, subsea production will be first introduced in Russia at the Kirinskoye field.

Therefore, our proposal was based on the fact that Gazprom had experience, technologies and experts to conduct exploration activities at these offshore blocks. Nevertheless, the final decision was to share the scope equally, and that was done. We got the second block and we will proceed with it independently. The government tasked us with the following: the Russian companies should conduct offshore exploration works based on their own competence. Gazprom adheres to such recommendations now and it will do so in future.

QUESTION: Dmitry Bandura, Nikkey newspaper. My question is related to Asia. Gazprom's efforts aimed at occupying a strong position in the Asian market are outstanding, but after commissioning the Sakhalin LNG plant we do not see any new remarkable achievements here, although the negotiations on pipeline gas and LNG are in progress. Could you tell us please when do you expect to sign new contracts?

And my second question: you've just mentioned the list of candidates for the Vladivostok LNG partnership. Could you please provide us with more details, at least what countries you meant, if not certain companies?

And further: there's a criterion — purchase of 6 million tons of LNG. In what way may it relate to industrial partners? It's not quite clear.

ALEXEY MILLER: As to signing the contracts: we may hope for entering legally binding agreements both on LNG and pipeline gas before late 2013.

As to the list of companies we are going to invite for the negotiations on Vladivostok LNG, I think, first they'd better get official notifications from Gazprom and then we could comment on it. I believe you'll be aware of it soon.

Yes, 6 million tons of LNG is a requirement for the prospective purchaser. It's not applied to an investor or an industrial partner.

QUESTION: Anna Shiryayevskaya, Bloomberg agency. My question is related to liberalizing the LNG export. The issue is under discussion and waiting for a decision. What are the likely consequences of such a decision for Gazprom? What proposals did Gazprom submit to the government on arranging such liberalization, I mean, is any coordination between suppliers expected? What are your proposals for solving the matter? Thank you.

ALEXEY MILLER: First: there's no decision yet, therefore, it's too early to talk about any coordination. You are asking about the consequences for the Company. If such a decision is made, Gazprom won't have a monopoly for LNG export operations. However, it should be noted that gas export monopoly is not a preference. It's not a preference, because now we support the domestic market through the benefit we get in the international one. Therefore, it's not a preference for Gazprom. If the decision is made, we'll look for the way to cooperate. However, a decision is still missing.

QUESTION: Maria Kudryavtseva, Rossiya-24 TV channel. Good afternoon, Mr. Miller. It was reported yesterday that the government might refuse the plan on conversion to equal profitability of domestic and international pricing. Experts say that in this case Gazprom will face profit shortage in the amount of USD 60 billion. To your mind, is this figure precise, and if not, what is the real amount? And, in case of such a scenario what will be the Company's strategy? Thank you.

ALEXEY MILLER: The strategy is quite simple: we're a state-owned Company, the government defines the domestic pricing strategy and we're going to adhere to this strategy. We're going to work efficiently to provide shareholders with suitable share dividends. The Company will hold the leading position at the global market.

QUESTION: Vladimir Soldatkin, Reuters agency. Mr. Miller, what can you say to those who stand for the Company being split into the producing and transmission ones? And, accordingly, did you provide for any measures to stop share devaluation and increase the Company's capital? Thank you.

ALEXEY MILLER: As to the Company splitting into producing and transmission companies: you know, the main competitive advantage (I don't mean Gazprom, but the Russian gas industry as a whole and that we pass through every winter with no troubles) is vertical integration. There is a serious fundamental principle. It implies that we have the most reliable gas supply system in the world. Everybody recognizes that — both domestic and international experts. It's of vital importance for Russia, because we're a northern country with extremely cold winters. So, we have the most reliable gas supply system due to the fact that this system has been designed (I invite your attention —

designed) and will be designed as a unified gas supply system. It's not being constructed or operated as, but it has been designed and will be designed as a unified gas supply system. We have no alternatives in that behalf.

As to the shares: we have talked a lot of shares today answering our shareholders' questions. No doubt, they're worrying about that. There are analysts here who write about this topic. They know well that industrial and financial performance indicators of Gazprom — like other major Russian companies, including banks — merely affect or do not affect at all the Company's capital increase.

You know, one may keep talking everyday of what factors affected stock market fluctuations and much more and referring to what output and whatever this or that company had. Nevertheless, today's basic factors shown by the stock market are not related to production or financial indicators of those companies. However, it doesn't mean that the management of those companies cannot undertake serious measures to increase the company's capital.

Therefore, we raise the issue, analyze and think it over. But if we talk about what happens at the market and the way to earn money, you're well aware that at the stock market money is made based on price volatility. Volatility, that is high stock price fluctuations, is very important for stock market players. Money is made both by 'bulls' and 'bears'. If someone wants to get profit, you know the rule — one should buy as prices drop and sell as prices grow. If a drop means purchase, then it's high time to buy Gazprom's shares.

MODERATOR: Alexander Frolov, corporate Gazprom Magazine, asks, "What international NGV sales markets do we rely on except the Russian one?"

ALEXEY MILLER: As to the European NGV market potential, we consider it a highly potent and capacious market for us. In particular, I mean low-tonnage LNG and bunkering in the Baltic and North Seas. To the date, we've already got an experience of working in the German and Czech NGV markets. As to the geographic preferences of Gazprom with regard to the NGV markets where we're going to cover a bigger share, these are, primarily, Germany, the Czech Republic and Poland.

QUESTION: Moyon Germain, France Press agency. As to the Shtokman project, you said you were waiting for more efficient technologies to emerge. How long may it take? What is Total, your partner, going to do during all this time? Have you negotiated? What are they going to do?

ALEXEY MILLER: Let me say some words about Shtokman then. The project is very capital-intensive. There is no doubt that it displays technological practicability. However, the basic issue for the shareholders is the internal rate of return. It's impossible to make the final investment decision featuring the internal rate of return that will suit the shareholders considering the current costs. In particular, our French partners Total informed us that they saw an opportunity for cost reduction. We agreed with them that they would submit their proposals to us. Therefore, we are not negotiating now waiting for the Total proposals.

QUESTION: Vladimir Kondratyev, NTV television company. Mr. Miller, recently Gazprom and its management have been hugely reproached for "having overslept, missed, not considered, failed to respond correctly" and so on. Gazprom was even said to come near to insolvency due to shale gas and growing market competition. What do you think of such reproaches and what future is there for Gazprom? What are its future market positions?

ALEXEY MILLER: I'd like to say that Gazprom works within all Russian time zones and our working day and certainly our activity never end. Therefore, Gazprom definitely couldn't "oversleep" anything. Insomuch as Gazprom couldn't, we treat these statements you've just mentioned the same way.

As to our future: currently we are the real, note, the real leader of the global energy market. We are the real global company now. We have valid LNG supply agreements with ten countries around the globe. Our LNG market share comes to 5 per cent. As soon as we commission the Vladivostok LNG and the Baltic LNG our global LNG market share will reach 15 per cent. Moreover, this is just one of our activities.

We are going to keep strengthening our positions. Our positions in the European market and the authority of Gazprom and, consequently, pipeline gas are surely to grow stronger. In the mid-term we expect the market share to rise and gas supplies to Asia to reach those to Europe. Answering one of the questions, I've already mentioned that we expected first legally binding agreements to emerge before late 2013.

ALEXEY MILLER: Thanks a lot, colleagues. It was a pleasure to see you today.

MODERATOR: Thank you very much. See you later.