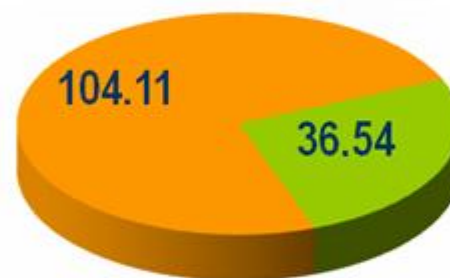


Gas Export and Enhancing Reliability of Gas Supply to Europe

- Gazprom delivered 140.65 billion cubic meters of natural gas beyond the former Soviet Union (FSU).
- Gazprom's foreign currency proceeds from gas sales totaled USD 42.5 billion.
- Today the gas price is equal to some USD 302 per 1,000 cubic meters.
- The largest gas purchasers are:
Germany – 31.36 billion cubic meters,
Turkey – 19.98 billion cubic meters,
Italy – 19.0 billion cubic meters.

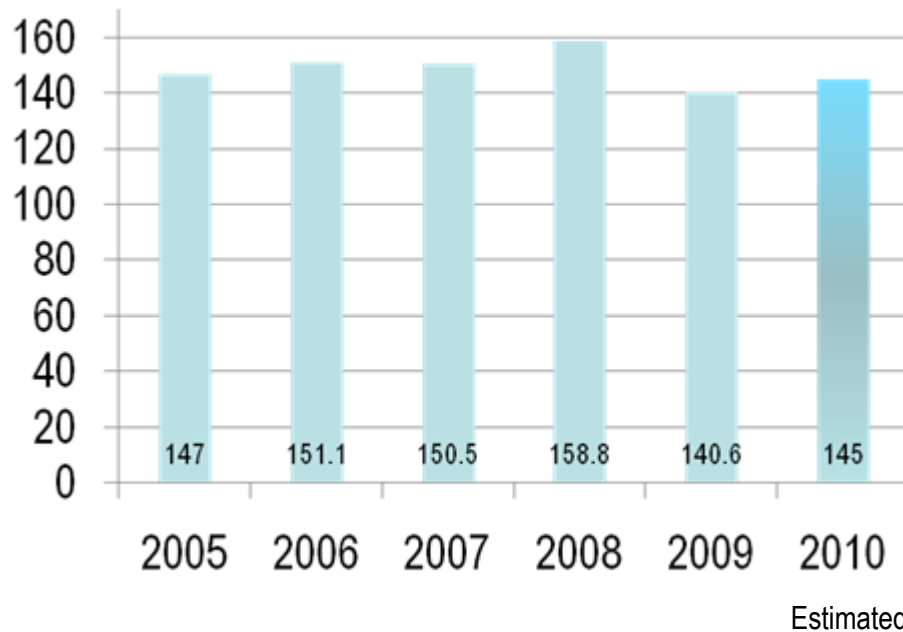
In 2009 140.65 billion cubic meters were supplied beyond FSU



- West Europe
- Central Europe

67.7 billion cubic meters were supplied to FSU in 2009

Gas sales by Gazprom beyond FSU,
billion cubic meters



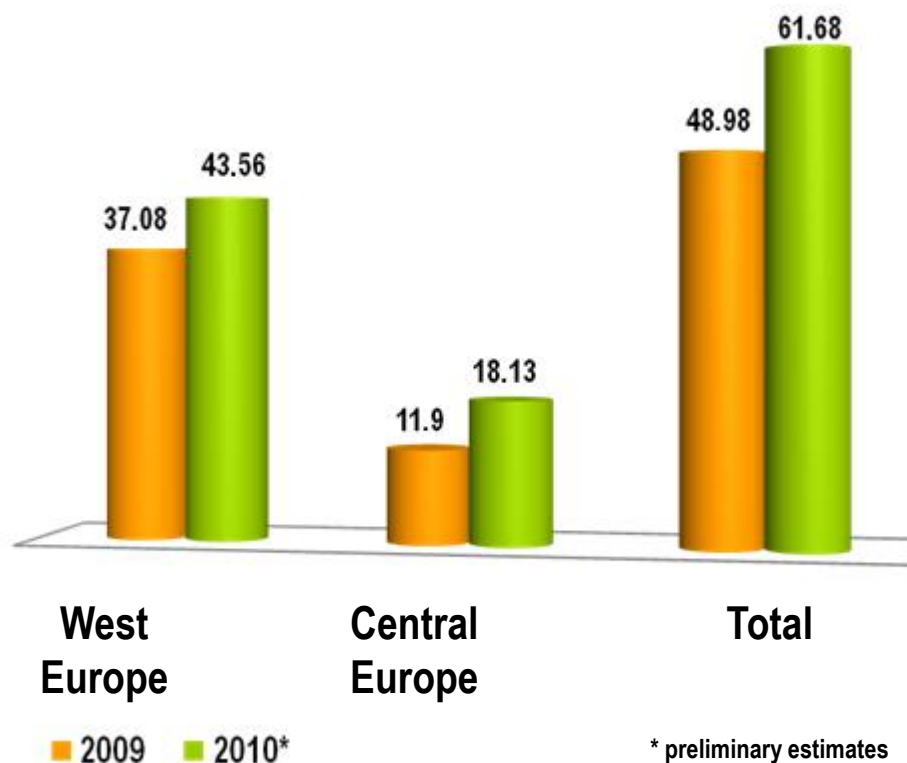
- The overall drop in demand featured in 2009 corresponds to the general trend of the European gas industry.
- Since the beginning of this year natural gas supplies to the European market have started to gradually recover.

Gas supply in January-May, billion cubic meters

In the first five months of 2010 the supplies showed a 13 billion cubic meter increase.

Gas export and foreign currency proceeds are expected to exceed 145 billion cubic meters and USD 45 billion, respectively, by the year end.

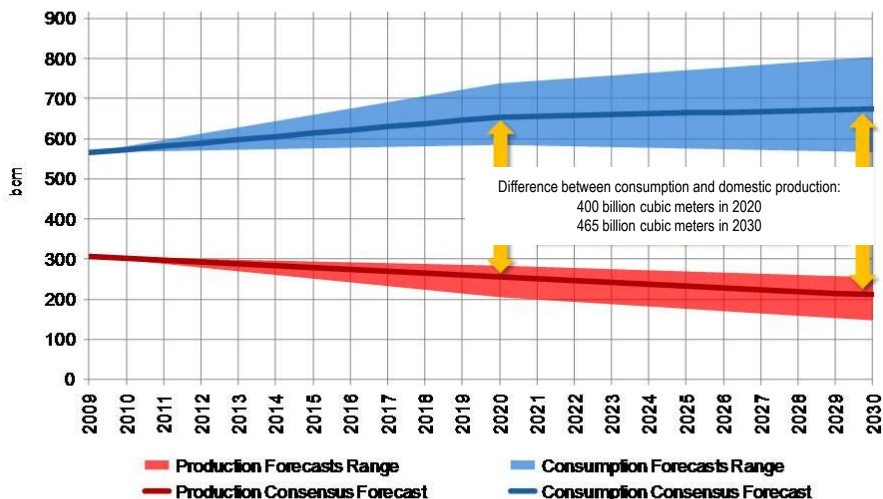
We foresee a complete demand recovery to the pre-crisis level by 2012.



- We take into account the crisis environment and demonstrate flexibility in relation to our partners. Such flexibility is envisaged by the long-term contracts.
- The amendments to the contracts are not made in a one-way street manner.
- We offer a package of terms and conditions stimulating our purchasers to offtake gas in excess of the minimum specified quantity.
- The basic marketing principles remain intact. These are: long-term contracts, gas price pegging to the oil basket, the take-or-pay principle.
- The long-term contractual system is a guarantee of investment. The gas that will be conveyed via Nord Stream was contracted several years ago.
- The Continental Europe spot market can currently give adequate signals neither for pricing nor for long-term investment decisions.
- The price balance and the pre-crisis demand will recover in a number of years.

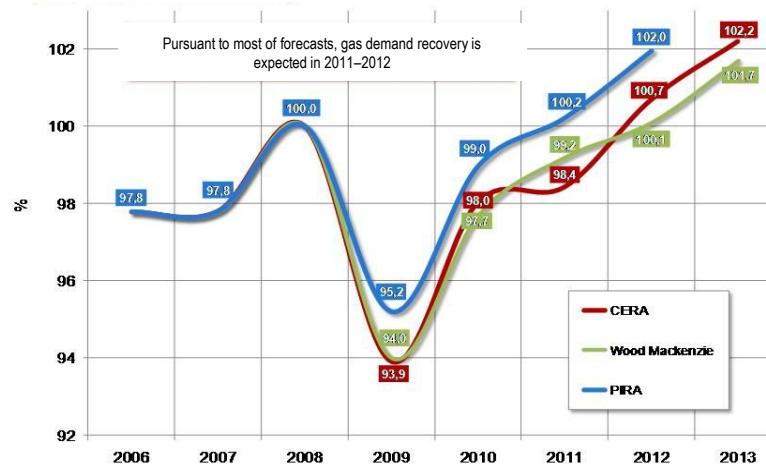
Gas production and consumption in Europe

Scenarios and forecasts for 2020–2030



Scenarios for gas demand recovery in Europe

(2008 consumption = 100%)



- We have compiled a consensus forecast for the coming 20 years based on the forecasts made by competent analytical centers during the recent 12 months.
- The demand for the “blue fuel” will increase while the indigenous gas production in Europe will decrease.
- By 2030 the demand for additionally imported gas will be some 210 billion cubic meters versus the present-day level.

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In 2009 the USA significantly increased non-conventional gas production, which led to a short-term oversupply on the market.

- In the long run, shale gas will increase the share of gas in the US energy mix thus raising the overall gas demand in the USA.
- Gazprom Group welcomes an increasingly significant role of gas in the energy balance. This creates additional opportunities for production and sales growth.
- The current pricing environment allows shale gas producers to cover operating expenses only, thus creating objective reasons for an increase in the gas price.
- Potential shale gas production in Europe may turn out to be less profitable due to a higher population density and specific geological features, as well as a different landowning system as compared to the one in the USA.

- The celebrations dedicated to the construction startup were held on April 9, 2010.
- During 2009 we received permits for the pipeline construction from all the countries whose territorial waters will be crossed by the pipeline route.
- Gas supply will start in the fourth quarter of 2011.

Project partners:



The Agreement on the entry of

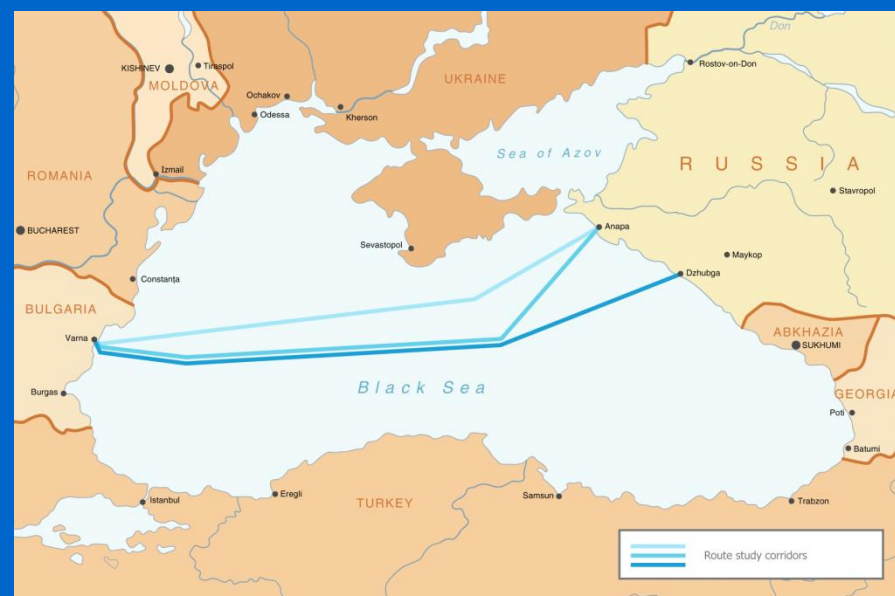
GDF SUEZ

into the project

was signed on June 19, 2010.



- A comprehensive feasibility study for the project will be finalized early in 2011. Construction will be launched in 2013 after design work is accomplished.
- We are planning to start gas supply in 2015.
- The projected throughput capacity will be up to 63 billion cubic meters.
- The inter-government agreements were signed with all the project participants whose territories will be crossed by the onshore pipeline route. Appropriate joint ventures were set up in Serbia, Hungary and Greece.
- The Memorandum was signed between Gazprom and EDF for the French company's entry into the project.



- In 2010 the gap between the spot market prices and the contractual prices in Continental Europe will remain.
- We expect the prices to equal out by 2012.
- The spot market has never been self-sustained but played a balancing role in the markets of Continental Europe.
- An insignificant number of sellers and buyers, as well as a small sales volume do not make the market liquid and deep enough, they do not allow for adequately assessing the supply to demand relation and for giving price signals.
- None of our partners suggest giving up a system of long-term contracts in favor of spot trading only.

Market liquidity index *churn ratio* is a relation between “paper” trading and physical supply. This parameter is five times higher in the liquid UK market than the one at the trading floors in Continental Europe.

- We share the aspiration of the European Union to mitigating the adverse environmental impact. Natural gas is the most environmentally-friendly fossil fuel, which can significantly contribute to achieving this goal.
- Just a 1 per cent growth of the natural gas share in the EU ecological mix will result in a 3 per cent decline of CO₂ emissions.
- Switching every second coal-fired power plant to CCGT units will allow by 2020 solving half of the task set by the EU regarding CO₂ emissions reduction.
- We stand for fair competition of the energy sources where the direction of the power generation industry development is determined by the economic viability and the environmental efficiency. Significant subsidizing of renewable energy disrupts the conditions for inter-fuel competition.
- We are sure that natural gas is the fuel of choice in the 21st century. Gas will play a decisive role in developing the power generation industry and the entire economy both in Europe and around the Globe.

Thank You for Your Attention!