

Press Conference Background

Gazprom's Power Generation Strategy Execution

June 21, 2010

The Company's Power Generation Strategy was approved by the Gazprom Board of Directors in April 2007.

In 2009 Gazprom Group consolidated the controlling stakes of four power generating companies (Mosenergo, TGC-1, OGK-2 and OGK-6) on the balance of Gazprom energoholding, a vertically-integrated holding company wholly-owned by Gazprom.

Gazprom Group's power generating companies are featured with conspicuous competitive advantages and complement each other in a natural manner.

Mosenergo is Russia's largest power generating company with a high ratio of installed capacity utilization. The company is a national leader in the modern cogeneration technology development.

TGC-1 is the major power generating company in Northwest Russia. Hydropower generation accounts for 46 per cent in the company's installed capacity.

OGK-2 is a power generating company with the biggest gas share in the fuel balance. The company comprises one of the largest gas-fired power stations in Russia – Surgut State District Power Station (SDPS-1).

OGK-6 is a power generating company with the biggest coal share in the fuel balance. The company is among Russia's power industry leaders in terms of installed capacity.

The installed capacity of Gazprom Group's power generating assets equals 36 GW or 16 per cent of the total installed capacity of the domestic power industry.

Thus, three years after the Strategy was endorsed, Gazprom has transformed into Russia's largest power generating assets owner and is among top ten electric power producers in the world with 165 billion kWh generated in 2009.

Based on the 2009 results, the total net profit of Gazprom Group's four power generating companies (according to Russian Accounting Standards) increased 12 times up to RUB 12.4 billion.

Investment programs execution

Gazprom is the most responsible domestic investor delivering investment projects in the power generation sector in compliance with the obligations assumed when

purchasing power generating assets.

At present, Gazprom Group's power generating companies are executing more than 10 large investment projects worth in excess of RUB 200 billion.

In addition, Gazprom implements individual promising projects on new power generating capacities construction. In September 2009 the Company launched construction of the largest energy supply facility for the 2014 Sochi Olympic Games – Adler CHPS (360 MW), the second power generating unit of the Kaliningrad CHPP-2 (450 MW) is expected to be constructed in 2010.

Between 2008 and 2009 Gazprom ensured commissioning of 57 per cent of Russia's new power generating capacities. It is projected to commission more than 1.98 GW of new capacities this year.

The Gazprom Group Investment Program stipulates increasing the installed capacity of the Group's power generating assets from 36.8 GW to 44.8 GW by 2020.

Gazprom performs a wide scope of work to develop a long-term program for equipment commissioning/decommissioning till 2025. The program will account for the existing capacities reconstruction and upgrade projects that will raise power stations' performance on the wholesale market and increase the equipment reliability.

Power supply and power distribution activities

Pursuant to the Company's Strategy, Gazprom Group continued power supply and power distribution activities in 2009 in order to optimize the energy supply to its member companies.

In particular, Gazprom Group comprises the following members:

- Mezhhregionsbyt – a largest power distribution company in Russia by now. Based on the 2009 results, the consolidated amount of energy trading exceeded 80 billion kWh.
- Gazprom energo – operates low- and medium-voltage power networks owned by Gazprom Group member companies.