

IN THIS ISSUE

Letter from the Director General Pg. 2

Supplying Energy Security: Nord, South, East and West Pg. 3

Gazprom Export and WINGAS: Promoting Russo-European Energy Cooperation Pg. 4

Not Only Gas Pg. 6

Gazprom Marketing & Trading Pg. 7

Customer Focus Pg. 8

To Our Readers

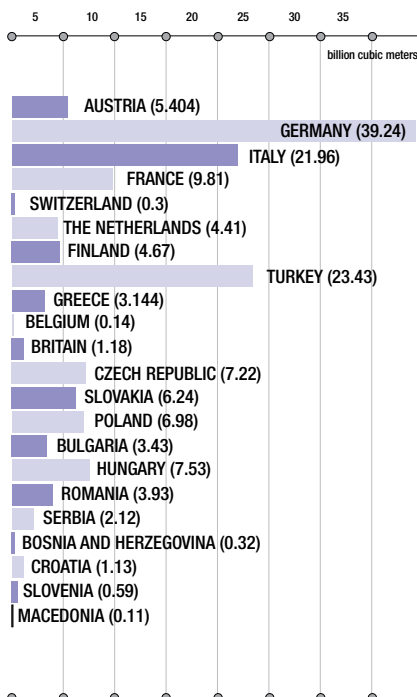
We are pleased to bring you this newsletter, which is dedicated to the 35th Anniversary of OOO Gazprom Export, a subsidiary of OAO Gazprom and the biggest supplier of natural gas in the world. We hope the information provided will be interesting and useful for decision makers and analysts, as well as our partners, clients and the media.

on product innovation, such as liquefied natural gas (LNG), ensuring global energy security and providing clients with first class service. OAO Gazprom's plan to invest \$45 billion on LNG projects by 2030 will allow the company to become a major player in this area.

Gazprom Group, the parent company of Gazprom Export, has uninterruptedly supplied Europe with three trillion cubic meters of natural gas since it commenced deliveries to the continent 40 years ago. During this period, Gazprom has played a

Looking ahead to 2009, Gazprom Export will be celebrating several milestones, most notably, 35 years of gas deliveries to Bulgaria, Finland and Italy, and 30 years of supplies to Romania. The company has also entered the consumer market in Great Britain, Germany, France, Austria and other countries, operating in strict

NATURAL GAS EXPORTS TO EUROPEAN COUNTRIES IN 2007



“We will produce as much gas as is necessary in accordance with growing demand.”

*Alexander Medvedev
Gazprom Export Director General*



key role in liberalizing European markets, having partnered with Wintershall in 1991 to create the first joint venture in Germany.

conformity with the rules set forth by their national regulators.

Gazprom has consistently upheld its contract obligations, proving its value as a reliable supplier of natural gas. In recent years Gazprom Export has extended agreements with several key customers through 2027, 2031 and even 2035. Gazprom Group places a high emphasis

Letter from the Director General

We Are 35. Experience Focused on Future



Gazprom Export, a foreign trade subsidiary of OAO Gazprom, is celebrating its 35th anniversary in

2008. It is a notable accomplishment and milestone for any company engaged in large-scale international business activities, and particularly for one operating through the past two decades of unpredictable and sometimes turbulent political, social and economic developments that have occurred in Russia, Europe and throughout the whole world.

Gazprom Export has spent the past 35 years promoting and developing strong, mutually beneficial relations with foreign partners on its way to becoming one of the world's largest and most reliable exporters of the most ecologically pure hydrocarbon fuel known today – natural gas. For a company with customers in over 20 countries, this is no easy task. It requires not only the necessary infrastructure but also the hard work and dedication of more than 430,000 Gazprom personnel who have the talent, skills and flexibility necessary to monitor, understand and react to the changing global energy market and thus provide uninterrupted supplies of the "blue fuel" to the customers every day.

Long-term contracts remain the focus of our commercial activities. Thus, in 2006 we extended long-term export

contracts with Italy (until 2035), France (until 2031), the Czech Republic (until 2035), Austria (until 2027), and Germany (four long-term contracts were extended until the end of 2035 for a total annual supply of up to 20 billion cubic meters of gas). And for the first time in Gazprom Export's history an agreement was signed with Denmark.

Europe was, is and will be our most important customer. Since the collapse of the Soviet Union, Russia has supplied nearly 2 trillion cubic meters of natural gas to European countries. In 2007 gas exports to Europe comprised 153.3 billion cubic meters. We plan to increase the annual figure to 250 billion by 2020, which will raise Gazprom Group's share in the total consumption of natural gas on the continent from 26% to 33%.

Gazprom's ability to continue to provide reliable, timely and uninterrupted supplies to our European customers would be impossible without making significant investments in the modernization of gas transportation networks and the construction of new pipelines, which can pump gas for a distance of up to six thousand kilometers from the field to the consumer. We are convinced that stable exports to Europe will be ensured for decades to come by the construction of new trunk pipelines – most notably the Nord Stream and South Stream pipelines, but also by the upcoming development of the gigantic Shtokman field.

As we celebrate our 35th anniversary we are not only looking at how far we have come, we are also looking to the future. Our future is taking shape today, and it includes a number of exciting opportunities for growth. One such example is liquefied natural gas (LNG), and our

company is actively looking for ways to access this important world market. It is a new business for us, but we are confident we will succeed.

Major plans are linked to the development of new and promising fields – including the Sakhalin-2 projects, the Shtokman reserves and the fields on the Yamal Peninsula – which will allow us to access the markets of Asia and North America. These and other major international projects demand huge investments, including foreign funds. The reputation of OOO Gazprom Export gives us the ability to act as a guarantor of financing major projects and of drafting and handling credit agreements concluded by Gazprom Group with leading world banks.

As we contemplate what the next 35 years will bring, and as the mutual dependence of suppliers and consumers of energy continues to grow across the globe, it is clear that helping to ensure the security of supply and promote the economic integration of the East and the West is one of the most important roles Gazprom can play.

Alexander MEDVEDEV,
*Deputy Chairman of OAO Gazprom
Management Committee,
Director General of OOO Gazprom Export*

Supplying Energy Security: Nord, South, East and West



Nord Stream

The Nord Stream pipeline will directly connect Russia to Germany. This project requires the construction of two lines on the Baltic Sea seabed, each with an annual transport capacity of 27.5 billion cubic meters, from the Portovaya Bay near the city of Vyborg to the German coast near Greifswald, stretching some 1,200 kilometers. Gas deliveries are due to start in 2011, with designed capacity reached by 2016.



The Nord Stream AG (Switzerland) gas transportation company was created to oversee pipeline planning, construction, ownership, financing and operations. A Final Shareholder's Agreement was signed in September 2006, along with an Agreement on the main gas transportation conditions.

Nord Stream AG's current shareholders are: Gazprom (51 percent), E.ON Ruhrgas (24.5 percent) and Wintershall (24.5). It is presumed that the two German companies will each transfer 4.5 percent of their shares to a fourth participant, the Dutch Gasunie company. The Agreement was signed in November 2007.

The Nord Stream gas pipeline will play an important role enhancing the security of supplies to Europe and help meet Europe's energy demand.

South Stream

The South Stream construction project will help expand Russian gas exports to Europe and ensure their reliability. Its sea segment – stretching some 900 kilometers – will run on the Black Sea seabed from Russia to Bulgaria. Its projected capacity stands at around 30 billion cubic meters per year. The sea segment is due to commence operation in 2013.

In January 2008 OAO Gazprom and the Italian oil and gas concern ENI gave priority approval to the establishment of the South Stream AG special purpose vehicle. It will conduct marketing research and develop technical and economic feasibility studies for the South Stream project, which are expected to be completed by the end of 2008. The Russian and Italian sides may also mutually agree to engage other partners.

Sakhalin-2

Sakhalin Island holds reserves that are valued at 45 billion barrels of oil equivalent and contains new world-class oil and gas facilities. Nine carbohydrate material deposits have been discovered on the Sakhalin shelf. Their aggregate reserves represent 1.2 trillion cubic meters of gas, 394 million tons of oil, and 88.5 million tons of condensate.

Gazprom is taking part in the Sakhalin-2 project. Its licensed reserves stand at some 4 billion barrels of oil equivalent.

The project is regulated by a production sharing agreement. In April 2007, Gazprom obtained a 50 percent plus one share in the Sakhalin Energy company, which operates Sakhalin-2. Its other shareholders are Royal Dutch Shell, Mitsubishi and Mitsui.

This project includes three marine production platforms, an offshore pipeline system with a total length of 300 kilometers, an integrated onshore technological system for the receipt and treatment of oil and gas for transportation, onshore 800-kilometer-long oil and gas pipelines, an oil off-load terminal, and Russia's first LNG plant.

Shtokman Field

The Shtokman field is one of the world's largest natural gas fields, holding gas reserves of 3.8 trillion cubic meters. It is

Continues on page 5

Gazprom Export and WINGAS: Promoting Russo-European Energy Cooperation

*Dr. Rainer Seele, Member of the Board of Directors Wintershall Holding AG
and Chairman of WINGAS GmbH*



For nearly 20 years, Gazprom Export and WINGAS have enjoyed a partnership built on mutual trust. However, partnership cannot solely be an end in itself; rather, it must bring clear benefit to both parties. Furthermore, a partnership should never be about disregarding interests; it should be about defining and bringing them into balance.

The Vertrag über die gaswirtschaftliche Zusammenarbeit (agreement on gas-industry partnership), signed shortly before German reunification, formed the basis for something completely unprecedented in the gas industry – cooperation between partners from the Russian and German energy industries. The WINGAS, WIEH (Wintershall Erdgas Handelshaus GmbH & Co. KG) and WIEE (Wintershall Erdgas Handelshaus Zug AG) joint ventures were formed as a result and have been trading gas in the German and European markets in partnership since.

As a business WINGAS is firmly focused on the European market, but we also feel at home in Moscow and are firmly anchored in the corporate structure of Gazprom. In a sense, WINGAS serves as a successful model for Russo-European energy cooperation because it has mitigated

competing interests to forge a mutually beneficial partnership. We depend on each other. For example, Gazprom and our German shareholder, BASF, have joined forces via WINGAS to make a crucial contribution to securing Europe's energy supply.

Supplying Gas to Europe

With billion-dollar investments, our companies have created a joint natural gas pipeline network in a monopolistically structured market in the middle of Europe. The money invested in developing the WINGAS gas trading network alone now totals more than three billion euros. The involvement of Gazprom in these activities represents one of the largest investments ever by a Russian company in Germany.

We have been a successful team for more than 17 years, initially in the area of natural gas trading and, since 2003, we have also added joint exploration and production activities. This unique cooperation helps safeguard Europe's future natural gas supplies along the entire value chain, from the wells in Siberia to the customers in Europe.

At the same time with the joint development of the Yuzhno–Russkoe gas field in mid-December 2007, Gazprom increased its interest in the WINGAS joint venture, which it operates with Wintershall, to 50 percent less one share. Before, Gazprom had a 35 percent interest in WINGAS, and BASF subsidiary Wintershall held 65 percent. In addition, BASF/Wintershall and Gazprom are participating in the construction of the Nord Stream pipeline through the Baltic Sea. For 25 years, starting with the commissioning of Nord Stream, planned for 2011, WINGAS will receive an additional nine billion cubic

Continues on page 5

“For nearly 20 years, Gazprom Export and WINGAS have enjoyed a partnership built on mutual trust.”

Dr. Rainer Seele

Gazprom Export and WINGAS: Promoting Russo-European Energy Cooperation

Continued from page 4

meters of natural gas per year through the Baltic Sea pipeline Nord Stream for supply to consumers in Germany and Western Europe.

Russian natural gas is becoming increasingly important for Central and Western Europe due to declining output from the North Sea and soaring demand. In 2004, WINGAS increased, and extended to 2030, its gas purchase contracts with Gazprom, ensuring considerable volumes of Russian natural gas for customers in Germany and Western Europe. This, as well as the increase in its interest in WINGAS, is evidence that the world's biggest gas producer has a long-term interest in Europe's sales markets.

Increasing Energy Supply, Together

Our Russian German Joint Venture WINGAS, as one of the largest German importers of Russian natural gas, has now secured supply contracts with Gazprom Export through to 2036 for the delivery of 700 billion cubic meters of natural gas. This is the sort of commitment Gazprom is

willing to make and gives Europe the energy security it needs. We fervently believe there are few other gas producers who are willing to conclude such long-term supply agreements.

To a certain extent, successful interaction along the whole value creation chain – from the borehole to the end customer – represents a model for Russo-European economic relations. It is an example of what a future energy charter, which balances all interests, would have to reflect. However, a relationship based on mutual trust, like ours, is not a twist of fate or a random by-product. It is the fruit of hard work stretching back decades. And it is the result of mutual respect.

To further reinforce our positive interactions, WINGAS recently opened our Moscow office. This is in the same building as Gazprom Export, which will allow us to improve communication channels and ensure quick and effective interactions that will better secure the supply of natural gas to Europe. Today we see the efficiency that we have

achieved with our partnership: we have built new infrastructure and we work together in different countries. Today we can speak about a strong partnership.

Supplying Energy Security: Nord, South, East and West

Continued from page 3

located in the center of the Barents Sea, some 600 kilometers from the city of Murmansk. Gazprom will develop the field jointly with Total and StatoilHydro. The volume of production in the first phase is 22.5 billion cubic meters.

The first gas production is planned for 2013, with natural gas deliveries due to begin in 2014. The field will help meet a growing EU demand for natural gas via pipelines and supply markets in North America with LNG.

Yuzhno-Russkoe Field

In December 2007 Gazprom and BASF staged the ceremonial commercial launch of the Yuzhno-Russkoe field. In the words of Gazprom's Management Committee Chairman Alexey Miller this was "one of the momentous events of 2007 for Gazprom," marking a major step on the path to "providing stable and secure gas supplies to domestic and foreign markets."

The Yuzhno-Russkoe oil and gas deposit is located in the Yamal-Nenets Autono-

mous District. Its explored reserves stand at over 1 trillion cubic meters of gas, and 5.7 million tons of oil. The field is scheduled to reach its designed capacity of 25 billion cubic meters of gas in 2009.

Not Only Gas

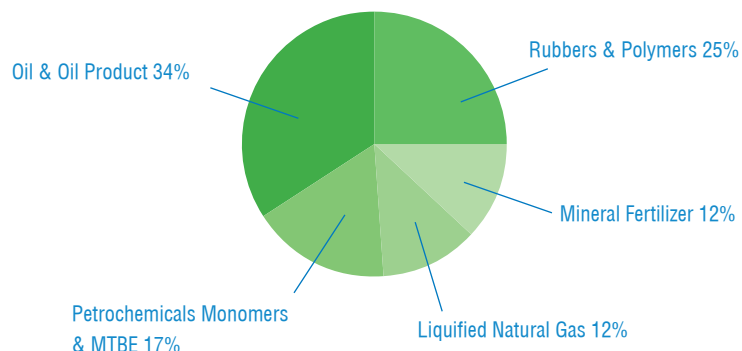


In addition to natural gas deliveries, Gazprom Export also exports oil, oil products and a wide range of petrochemicals. The aggregate volume of these exports reached 4.32 million tons in 2007, for a total of more than 2.4 billion dollars. Export volumes grew by 12 percent – and sales revenues by 25 percent – compared to 2006 figures.

The product portfolio of OOO Gazprom Export includes oil, gas condensate, oil products, LNG, monomers, synthetic liquid fuels, mineral fertilizers, polymers and synthetic rubbers.

The share of each group (excluding piped natural gas) in the total volume of production exported in 2007, and the sales proceeds from their export, are provided below:

2007 EXPORT REVENUES, BY PRODUCT GROUP



Goods are delivered under commission agreements with OAO Gazprom, OAO Sibur Holding and other producers.

Russia's largest petrochemical company is OAO Sibur Holding enterprises, which produces more than 100 different types of goods. Compared to 2006, OAO Sibur Holding's export volume grew by 16.5 percent to 2.79 million tons, while export revenues rose by 30.2 percent to 1.71 billion dollars.

In 2007, 35 percent of all export revenues (excluding natural gas) came from oil and oil product sales, and 25 percent of proceeds came from synthetic rubbers. The end consumers of oil and oil products are represented by companies such as BP, Chevron, Neste Oil, ExxonMobil, Dow, BASF, Borealis and others. The main consumers for rubber are the major tire producers: Michelin, Bridgestone Corp., Nokian Tyres, Continental AG and Matador.

Organic synthesized petrochemical products are shipped to countries in Asia, Europe, North America, and the Commonwealth of Independent States (CIS).

In 2008 OOO Gazprom Export will export 100 percent of the sulfur produced by OOO Astrakhangazprom. In the future, we are planning to continue efforts to include the production of other companies into a single export channel.

Gazprom Marketing & Trading: Maximizing the Value of Our Supply

Gazprom Marketing & Trading is a subsidiary of Gazprom Export

Vitaly Vasiliev –
Chief Executive Officer's report



2007 was a very successful year for Gazprom Marketing & Trading. The business grew rapidly, exceeding

our own expectations by a considerable margin. This expansion has created a profitable and scalable platform for our future growth.

A key achievement in the last year was the restructuring of the business. We now have seven clearly defined business units – Trading, UK Retail, France Retail, Global Carbon, Power, LNG and GM&T US. Although these businesses are managed and operate separately, they are comprehensively supported by our seven corporate functions: Human Resources, Public Relations, Risk, Finance, Legal, IT and Business Services. This '7+7' business model provides a solid foundation for our new corporate structure and future growth.

Last year we saw particularly strong performances from our Trading and UK Retail businesses. Both have been operational for several years and have already made a significant contribution to our development. The challenge now is to maintain a balance between these and our fledgling operations in related fields that are at earlier stages of development. These newer businesses – France Retail, Carbon, Power, LNG and GM&T US – are currently in their own start-up phases. Ultimately, they too will become robust performers, making strong contributions in their own right to the overall performance of the company as the global energy market develops.

There are numerous synergies between the products in our expanding portfolio and the way we trade and market them. This situation presents us with numerous opportunities for cross selling – but we also face plenty of challenges. Our senior managers must capture and retain the entrepreneurial flavour we have worked hard to cultivate within these businesses. Yet at the same time we must all be mindful of the need to underpin this vigor with a strong unified culture that supports our corporate goals.

The supporting functions have played a key role in enabling the business units to capitalise on opportunities. They now have to keep pace with the numerous demands that our growing operations are placing on them.

Our vision is to be the leading marketing and trading company in liberalising markets. However, we will only achieve this goal with the combined efforts of all our staff. In this context, I particularly want to highlight our values: Communication, Innovation, Leadership and Teamwork. Almost every company has a set of values, but in view of GM&T's recent rapid growth and our

a top down perspective, but as a concept where everyone in the company can be a leader in their own field of expertise. We find this attitude nurtures the entrepreneurial mindset that pervades our company. Of course it is important that we have strong leaders in our businesses, as well as our functional teams, but everyone can make a positive contribution in their own way.

Communication is particularly important. The company is growing fast, and it is therefore vital that we exchange ideas and experiences widely. An atmosphere of openness and collaboration enables us to learn from and support each other, broadens our knowledge base and increases our effectiveness as an organisation.

Teamwork, too, is playing an important part in our growth strategy. We need to remember, however, that truly effective teams are made up of great individuals. Each business has its own targets, but it is everyone's combined performance that makes up our overall achievement.

We have set ourselves ambitious targets for 2008 – not simply in terms of profit

Gazprom entered the UK market in 1999 and in 2004 established Gazprom Marketing & Trading to liberalise downstream energy markets.

Based in Kingston upon Thames, just outside London, the company now employs 140 people and has subsidiary offices in Manchester, Paris and Houston.

ambitious plans for the future, these have a particular relevance for all our employees.

Innovation is our lifeblood. A creative approach to the way we do business will give us new opportunities with new customers, enabling us to move the business forward. We are fortunate that the caliber and enthusiasm of the people we have recruited means that they are equal to the challenges we face.

We regard leadership in GM&T not from

growth and expansion but with regard to cost management. The business units will continue to generate cash for GM&T, but our internal functional teams can also make a positive contribution to the bottom line through prudent management and efficient operation.

In the increasingly competitive global energy markets, GM&T has established a strong foothold. The company is in excellent shape and is well placed to take advantage of the opportunities that lie ahead.

Customer Focus

Turkey

Gazprom Export has always been committed to aiding its customers in their urgent time of need. Last winter, as Turkey experienced a gas supply shortage, Gazprom Export sent the country an additional 450 million cubic meters of gas.

Gazprom Export has also repeatedly met requests from its Turkish partner, Botas, to pump additional gas beyond the daily minimum volume, technology permitting. For example, following a gas pipeline explosion in September 2007, Gazprom Export substantially increased daily natural gas supplies until the damaged pipeline was repaired. This was in addition to the nearly 50 million cubic meters of gas the company was already exporting.

In 2007, Turkey was only second to Germany in purchased volumes of Russian natural gas, having imported 23.4 billion cubic meters according to preliminary estimates.



Underground Natural Gas Storages

In an effort to enhance the security of gas supplies and promote flexible shipments to consumers, Gazprom Export is expanding its participation in European underground natural gas storage projects.

In January of this year, Gazprom and Austrian OMV signed a cooperation agreement with regard to the implementation of joint underground natural gas storage projects in Austria and neighboring countries.

In the Czech Republic, Gazprom Export's Vemex subsidiary and Moravske Naftove Doly signed a memorandum of understanding on the joint development of the Damborice deposit into underground natural gas storage. Accordingly, the Russian-Serbian energy cooperation agreement signed on January 25, 2008 calls for underground natural gas storage development in Banatski Dvor.

Gazprom Export in the News



BusinessWeek | February 28, 2008
**Gazprom in Eastern Russia,
 Entry to Asia Pacific Markets**



Forbes | February 28, 2008
**Gazprom and E.ON to Jointly Build
 Gas-Turbine Power Station in Germany**

THE WALL STREET JOURNAL.

February 28, 2008
**Gazprom Delegation Visits
 Republic of Hungary**

CORRIERE DELLA SERA

April 22, 2008
Medvedev: Gazprom in Lybia with Eni

Handelsblatt

April 22, 2008
**Secure Networks, Secure
 Supply**