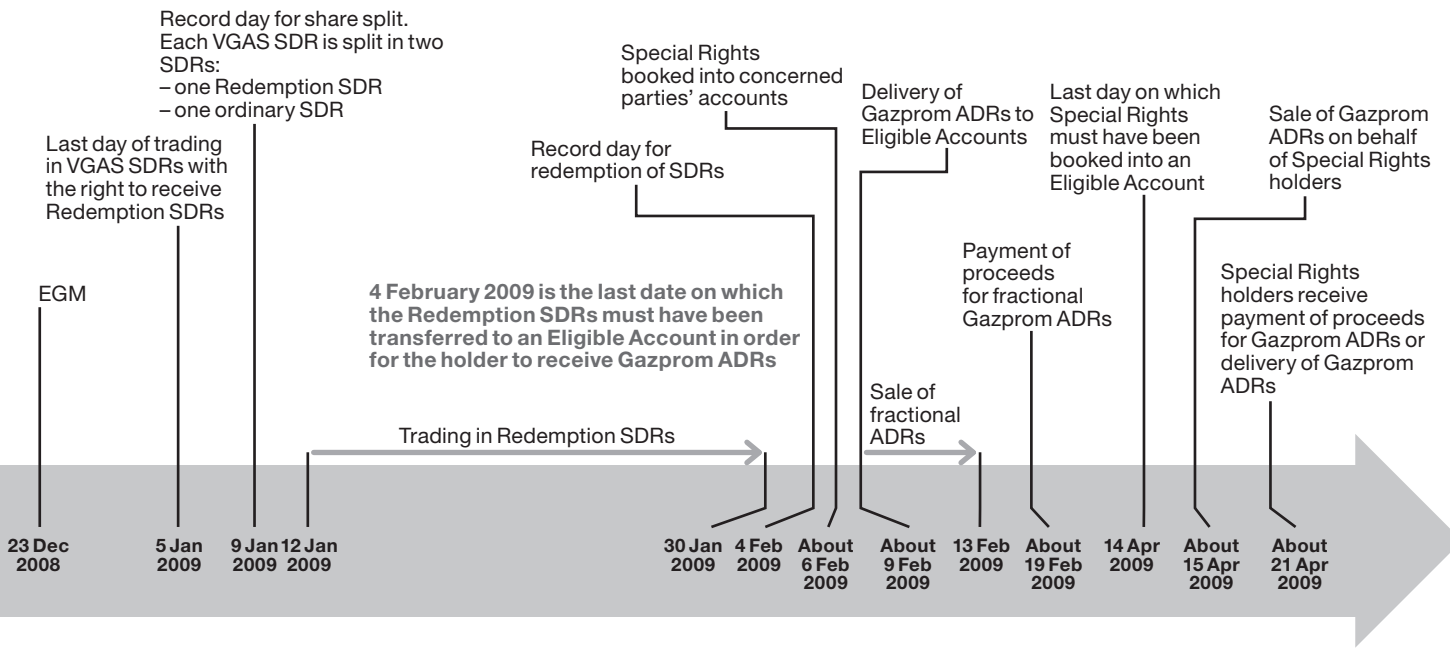


# Share split and mandatory redemption programme in Vostok Gas Ltd.

**Information on the  
distribution of the shares  
held in Gazprom through a  
share split combined with  
a compulsory redemption  
programme**



<b>1 Background</b>	<b>04</b>
<b>2 Actions to be taken – What will happen in practice?</b>	<b>05</b>
<b>3 Process and timetable</b>	<b>06</b>
<b>4 Financial effects</b>	<b>08</b>
<b>5 Terms and Conditions distribution of Gazprom ADRs</b>	<b>09</b>
<b>6 Information on Gazprom</b>	<b>13</b>
<b>7 Tax considerations in Sweden</b>	<b>17</b>

---

**Table of Contents**

## 1 Background

Vostok Gas Ltd. (the "Company" or "VGAS") is an investment company for the Russian gas industry. The Company owns a block of approximately 0.5 per cent of the shares in OAO Gazprom, the world's largest gas company with more than 16 per cent of the world's known gas reserves ("Gazprom"), mainly in the form of American Depositary Receipts ("Gazprom ADRs"). The present global financial turmoil has made it practically impossible to apply leverage to a position such as the Company's holding of Gazprom ADRs. Long term credit is not available at practically any price and extreme volatility makes short term debt very unattractive. Also the size of the holding has been reduced due to deleveraging. In summary, it is no longer in the best interests of the shareholders for the Company to maintain its holding in Gazprom through the vehicle of the Company.

By reason of the above, the Board of Directors has resolved to initiate the closing down of the Company by first redeeming the remaining outstanding loan notes issued to Deutsche Bank and then distributing all Gazprom ADRs held by the Company to its shareholders. At an Extraordinary General Meeting held on 23 December 2008, it was resolved to carry out the distribution by way of a share split and a compulsory redemption programme.

Through the share split, one existing share of the Company will be divided into two shares. One of these shares will be a so-called redemption share. With regard to shares that are represented by Swedish depositary receipts listed on NASDAQ OMX Nordic ("SDRs"), each existing SDR will be divided into one SDR and one so-called redemption depositary receipt ("Redemption SDRs"), which will automatically be booked into each

holder's respective deposit account or securities account in the VPC system. Trading in the Redemption SDRs will take place on NASDAQ OMX Nordic in the period from 12 January 2009 up to and including 30 January 2009.

The issued share capital of the Company will then be reduced by USD 10,770,021.75 through the redemption of 43,080,087 shares with consideration in form of 28,105,448 Gazprom ADRs. This calculation is indicative and means that each Redemption SDR will entitle the holder to receive 0.6524 Gazprom ADRs. The Board of Directors may adjust the final total number of Gazprom ADRs to be distributed and the exchange ratio. The final exchange ratio will be determined by the Board of Directors in January 2009 and will be communicated thereafter.

1. For the avoidance of doubt, any reference made to SDRs, Redemption SDRs or SDR holders in this information brochure shall apply equally to shares, redemption shares or shareholders in VGAS.

---

## 1 Background

## **2 Actions to be taken – What will happen in practice?**

The Gazprom ADRs cannot be cleared through the VPC system and can therefore only be delivered to a deposit account eligible for receiving financial instruments delivered via Euroclear (an “Eligible Account”). The Redemption SDRs will be booked to your securities account or deposit account and you will be able to trade those Redemption SDRs in the period from 12 January 2009 up to and including 30 January 2009.

This means that you must take action to ensure that you can receive and hold the Gazprom ADRs. Below follows a short description of what you must do in order to receive and hold the Gazprom ADRs.

### **2.1 I have a securities account in the VPC system or a deposit account. I do not know if my deposit account is an Eligible Account which can receive and hold Gazprom ADRs.**

You have to take action in order to receive and hold Gazprom ADRs.

- If you have a securities account in the VPC system, you should contact your bank or broker and open an Eligible Account.
- If you have a deposit account, you should contact your bank or broker to verify that your deposit account is an Eligible Account.
- If you have opened an Eligible Account and have arranged for your Redemption SDRs to have been booked to such Eligible Account by 4 February at the latest, the Gazprom ADRs will be delivered to your Eligible Account on or around 9 February 2009.
- If you have not opened an Eligible Account and have had your Redemption SDRs booked to such account by 4 February 2009 at the latest, special rights will be booked to your securities account or deposit account on or around 6 February 2009.
- If you have opened an Eligible Account and have booked your special rights to such account by 14 April 2009 at the latest, your Gazprom ADRs will be delivered to your Eligible Account.
- If you do not open an Eligible Account, your Gazprom ADRs will be sold and you will receive the proceeds in cash less selling costs and expenses on or about 21 April 2009.

### **2.2 I know that I have an Eligible Account that can hold and receive Gazprom ADRs.**

You do not need to take any action to receive and hold your Gazprom ADRs.

- The Gazprom ADRs will be delivered to your Eligible Account on or about 9 February 2009.

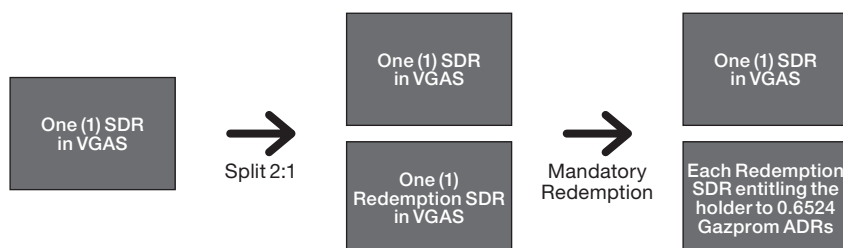
### 3 Process and timeline

On the record day for the share split (9 January 2009), each existing shareholder will receive one redemption share for each share held in the Company. With regard to shares that are represented by SDRs each existing SDR will be divided into one SDR and one Redemption SDR, which will automatically be booked into each holder's respective deposit account or securities account in the VPC system. Holders of Redemption SDRs will have the possibility of trading their Redemption SDRs on NASDAQ OMX Nordic from 12 January 2009 up to and including 30 January 2009. The record day for redemption of the Redemption SDRs will be 4 February 2009. Any fractional Gazprom ADRs resulting from a shareholder holding a number of Redemption SDRs which does not translate into an even number of Gazprom ADRs at the final conversion rate will be sold through E. Öhman J:or Fondkommission AB ("Öhman") and the proceeds distributed among the relevant holders.

The Gazprom ADRs to be distributed to the holders of the Redemption SDRs are listed on the London Stock Exchange (LSE) and held through Euroclear. The Gazprom ADRs cannot be cleared through the VPC system and can only be delivered to an Eligible Account.

Please contact your bank or stock broker to verify that your deposit account is eligible to receive financial instruments, and particularly the Gazprom ADRs, delivered via Euroclear.

In respect of Redemption SDRs not held in an Eligible Account on the record date for the redemption (4 February 2009), the Company has instructed Öhman to receive and hold the corresponding number of Gazprom ADRs in a joint deposit account to be opened on behalf of such holders of Redemption SDRs (the "Joint Account"). For holders of Redemption SDRs that are not held in an Eligible Account, so-called special rights ("Special Rights") will for technical reasons be booked into such holders' deposit accounts or securities accounts in the VPC system. The Special Rights will serve as evidence that their holders own Gazprom ADRs held in the Joint Account. All such holders of Redemption SDRs will have Special Rights booked into their accounts in proportion to their holdings of Gazprom ADRs following the redemption of Redemption SDRs. In order to receive the Gazprom ADRs, the holder of Special Rights must arrange for a re-booking of their Special Rights to an Eligible Account prior to 14 April 2009. If the Special Rights evidencing the ownership of the Gazprom ADRs have not been booked into an Eligible Account by 14 April 2009 at the latest, the Company has instructed Öhman to sell the Gazprom ADRs on behalf of the holders and to distribute the sale proceeds to the relevant holders less selling costs and expenses.



---

### 3 Process and timeline

---

## TIME SCHEDULE

5 January 2009	Last trading day in VGAS SDRs with the right to receive Redemption SDRs.
9 January 2009	Record day for the share split. Each VGAS SDR will be divided into two SDRs; one ordinary and one Redemption SDR.
12–30 January 2009	Trading in Redemption SDRs on NASDAQ OMX Nordic.
4 February 2009	Record day for redemption of SDRs and last date on which the Redemption SDRs must have been re-booked to an Eligible Account in order to receive the Gazprom ADRs directly and not have them booked into the Joint Account.
On or about 6 February 2009	Special Rights booked into deposit accounts or securities accounts of holders of Redemption SDRs not held in an Eligible Account on the record day for the redemption.
On or about 9 February 2009	Delivery of Gazprom ADRs to designated Eligible Accounts.
9–13 February 2009	Sale of fractional Gazprom ADRs.
19 February 2009	Payment of sales proceeds for fractional Gazprom ADRs.
14 April 2009	Last date on which the Special Rights must have been booked into an Eligible Account to which Gazprom ADRs will be delivered.
As from 15 April 2009	Sale by Öhman of Gazprom ADRs represented by the Special Rights; sale proceeds to be paid to such holders less selling costs and expenses.

## Key Facts – Gazprom

- Gazprom is the world's largest gas company
- Gazprom's market capitalisation was USD 100,849 million as per close of 15 December 2008
- EBITDA 2007: USD 34,720 million
- Gazprom ADRs listed on London Stock Exchange (in USD) and Frankfurt Stock Exchange (in EUR)
- ISIN code for Gazprom ADR: US3682872078
- Trading symbol for Gazprom ADR on London Stock Exchange: OGZD

#### 4 Financial effects

The financial effects of the distribution of Gazprom ADRs are shown below (all figures in USD millions).

	Before distribution as 8 December 2008	After distribution
<b>Financial Assets</b>		
Market value of financial assets	467.7	0.0
<b>Current Assets</b>		
Cash	1,026.4	4.4
Dividend receivables	25.9	0.0
<b>Total Assets</b>	<b>1,520.1</b>	<b>4.4</b>
<b>Non Current Liabilities</b>		
Borrowings	1,047.9	0.0
Other non-current liabilities	1.2	1.2
<b>Current liabilities</b>		
Other current liabilities	2.7	1.1
<b>Total Liabilities</b>	<b>1,051.9</b>	<b>2.3</b>
NAV	468.2	2.2
<b>Total Equity and Liabilities</b>	<b>1,520.1</b>	<b>4.4</b>

The financial assets which had a market value of USD 467.7 million as of 8 December 2008 will be distributed to the SDR holders of the Company. The cash at hand along with the expected dividend from Gazprom for 2007 due in December 2008, will be used for repayment of the Company's outstanding loan notes.

## **5 Terms and Conditions distribution of Gazprom ADRs**

Set out below are terms and conditions which will apply to the distribution of the Gazprom ADRs. The Board of Directors reserves the right to make any necessary adjustments to these terms and conditions to facilitate the efficient and timely execution of the redemption programme.

### **5.1 Terms**

Each VGAS SDR will be divided into one SDR and one Redemption SDR. Each Redemption SDR will be redeemed in exchange for 0.6524 Gazprom ADRs. The Board of Directors may adjust the total number of Gazprom ADRs to be distributed and the corresponding exchange ratio.

### **5.2 Right to receive Redemption SDRs**

The last day for trading in VGAS SDRs with the right to receive Redemption SDRs will be 5 January 2009. The record day for the share split and the right to receive Redemption SDRs is 9 January 2009. Holders of SDRs are not required to take any measures in order to receive the Redemption SDRs, which will be distributed automatically through the VPC system.

### **5.3 Trading in Redemption SDRs**

Trading in Redemption SDRs on NASDAQ OMX Nordic will take place from 12 January 2009 up to and including 30 January 2009.

### **5.4 Redemption of the Redemption SDRs and delivery of Gazprom ADRs**

The record day for redemption is 4 February 2009. Each Redemption SDR will be redeemed in exchange for 0.6524 Gazprom ADRs or such other exchange ratio as may be determined by the Board of Directors. The Gazprom ADRs can-

not be cleared through the VPC system and can therefore only be delivered to an Eligible Account, i.e. a deposit accounts eligible for receiving financial instruments delivered via Euroclear.

Please contact your bank or stock broker to verify that your deposit account is eligible to receive financial instruments, and particularly the Gazprom ADRs, delivered via Euroclear.

Holders of Redemption SDRs who, on the record day for redemption (4 February 2009), hold their Redemption SDRs in an Eligible Account will automatically receive the Gazprom ADRs. The Gazprom ADRs will be delivered to the Eligible Accounts on or about 9 February 2009.

In respect of Redemption SDRs not held in an Eligible Account on the record day for redemption (4 February 2009), including all Redemption SDRs held on a securities account with VPC (a so-called VP account), the Company has instructed Öhman to receive and hold the corresponding number of Gazprom ADRs in the Joint Account opened on behalf of such holders of Redemption SDRs. The holders of Redemption SDRs which are not held in an Eligible Account will for technical reasons have so-called Special Rights booked into their deposit accounts or securities accounts in the VPC system in connection with the redemption of the Redemption SDRs. The Special Rights constitute evidence that their holders own Gazprom ADRs held in the Joint Account. Special Rights will be booked into the accounts of holders of Redemption SDRs not held in Eligible Accounts in proportion to their holding of Gazprom ADRs booked into the Joint Account.

### **5.5 Booking of Special Rights into an Eligible Account**

In order to receive the Gazprom ADRs held in the Joint Account, the holders

of Special Rights must open an Eligible Account and have their Special Rights booked into the Eligible Account prior to 14 April 2009. Delivery of Gazprom ADRs to such accounts is expected to take place on or around 21 April 2009. Öhman may on one or more occasions, from time to time, prior to 14 April 2009 decide to deliver Gazprom ADRs to holders who have had their Special Rights booked into an Eligible Account.

If the Special Rights evidencing the ownership of the Gazprom ADRs have not been booked into an Eligible Account on 14 April 2009 at the latest, the Company has instructed Öhman to sell the Gazprom ADRs on behalf of the holders and to distribute the sale proceeds to the relevant holders less selling costs and expenses. Such sale of Gazprom ADRs will commence on 15 April 2009.

The sale of the Gazprom ADRs will be carried out by Öhman in accordance with Öhman's general terms and conditions for trading in financial instruments, available on its website [www.ohman.se](http://www.ohman.se). For further information concerning Öhman, its services and relevant guidelines please refer to Öhman's website. Following the sale of the Gazprom ADRs, the Special Rights will be cancelled and removed from the accounts of the relevant holders.

#### **5.6 Opening of an Eligible Account**

The Gazprom ADRs cannot be cleared through the VPC system and can only be delivered to an Eligible Account, i.e. a deposit account eligible for receiving financial instruments delivered via Euroclear. If you do not already have an Eligible Account, you must open such deposit account to be able to receive and hold your Gazprom ADRs. Please contact your bank or stock broker if you want to open an Eligible Account. You can also contact Nordnet Bank

AB ("Nordnet") who has confirmed to the Company that their deposit accounts are eligible to receive the Gazprom ADRs. For more information about opening a deposit account with Nordnet, please call +46 8 506 33 000 or visit the website [www.nordnet.se](http://www.nordnet.se).

#### **5.7 Sale of fractional Gazprom ADRs and distribution of proceeds**

Any fractional Gazprom ADRs resulting from a shareholder holding a number of Redemption SDRs which does not translate into an even number of Gazprom ADRs at the final conversion rate will be sold by Öhman and the proceeds will be distributed among the relevant holders. No commission will be charged in connection with sale of fractional Gazprom ADRs.

#### **5.8 ONLY FOR DEPOSITARIES**

##### **– Delivery instructions and transfer of Redemption SDRs to blocked VP accounts**

The information below only concerns depositaries that can receive foreign depositary receipts, such as the Gazprom ADRs.

Each depositary needs to submit delivery instructions to Öhman at the following address:

E. Öhman J:or Fondkommission AB  
Emissionsavdelningen/Vostok Gas  
P.O. Box 7415  
SE-103 91 Stockholm

Immediately after the record date for the redemption, the Redemption SDRs will be transferred to a newly opened, blocked VP account (a non-cash transfer account). Each depositary will receive as confirmation a VPC statement indicating the number of Redemption SDRs transferred from the depositary's original VP account and a VPC statement showing the deposit of Redemption SDRs into the newly opened, blocked VP account in the name of the depositary.

---

## **5 Terms and Conditions distribution of Gazprom ADRs**

---

### 5.9 Example<sup>1</sup>

Assume that you hold 1,000 VGAS SDRs. Shortly after the record date for the share split (9 January 2009) you will receive 1,000 Redemption SDRs, with the result that you will now have 1,000 VGAS SDRs and 1,000 Redemption SDRs. The 1,000 Redemption SDRs give you the right to receive 652 Gazprom ADRs.

#### Example 1: Redemption SDRs held in an Eligible Account

If you have Redemption SDRs that are held in an Eligible Account, you can either:

- (i) Sell the Redemption SDRs during the period when there is trading in the Redemption SDRs namely 12 January 2009 to and including 30 January 2009. If you choose this alternative, you will not receive any Gazprom ADRs; instead you will get cash. The price for the Redemption SDRs will be the market price at the time of sale; OR
- (ii) Wait and do nothing. If you decide to do nothing the Gazprom ADRs will be delivered to your deposit account on or around 9 February 2009. The Gazprom ADRs can then be kept or sold, through your depository, on the London Stock Exchange.

#### Example 2: Redemption SDRs are not held in an Eligible Account

If you have Redemption SDRs that are not held in an Eligible Account, you can either:

- (i) Sell the Redemption SDRs during the period when there is trading in the Redemption SDRs on NASDAQ OMX Nordic, namely 12 January 2009 up to and including 30 January 2009. Through this alternative you will not receive any Gazprom ADRs; instead you will receive cash. The price for the Redemption SDRs will be the

- market price at the time of sale; OR
- (ii) Open an Eligible Account and transfer your Redemption SDRs to the Eligible Account well before the record day for redemption of the Redemption SDRs (4 February 2009). This will enable you to receive the Gazprom ADRs, which can either be kept or sold, through your depository, on the London Stock Exchange; OR
- (iii) Wait and do nothing.

- (a) If you decide to do nothing, Special Rights will be booked into your deposit account or securities account on or about 6 February 2009. The Gazprom ADRs corresponding to your Special Rights will be booked to the Joint Account with Öhman opened in accordance with instructions from the Company for the deposit of such Gazprom ADRs.

- (b) You then have until 14 April 2009 to have your Special Rights booked into an Eligible Account, in which case you will receive your Gazprom ADRs on or around 21 April 2009.

- (c) If you do not arrange to have your Special Rights booked to an Eligible Account by 14 April 2009 at the latest, the Company has instructed Öhman to sell the Gazprom ADRs that remain in the deposit account. The proceeds less selling costs and expenses will be distributed to the bank account that is linked to each holder's VP account or deposit account. Following the sale of the Gazprom ADRs, the Special Rights will be cancelled and removed from your account.

1. The example assumes an exchange ratio of 0.652 Gazprom ADRs for each Redemption SDR.

### **5.10 Tax consequences**

The Swedish Tax Agency has confirmed that the share split and mandatory redemption programme will be treated in accordance with Swedish market practice as a sale of Redemption SDRs for the consideration received. This implies that the acquisition cost of the VGAS SDRs will be allocated between the ordinary VGAS SDRs and the Redemption SDRs with a subsequent tax liability for any capital gain or loss on the difference between the market value

of the Gazprom ADRs and the allocated acquisition cost of the Redemption SDRs. The allocation of acquisition cost between the ordinary SDRs and the Redemption SDRs as well as the deemed market value for tax purposes of the distributed Gazprom ADRs will be established by the Swedish Tax Agency in its General Advice. The advice will be published on the website of VGAS and on the website of the Swedish Tax Agency. Please see further the section 7 “Tax considerations in Sweden”.

## 6 Information on Gazprom

Gazprom, the world's largest gas company, has activities within all parts of the value-chain for gas and other hydrocarbons. Gazprom holds more than 16 percent of the world's known gas reserves. The Russian state is a majority shareholder in Gazprom.

### 6.1 Operations

Gazprom is a vertically integrated energy company engaged in extraction, transmission, processing and marketing of natural gas, oil and other hydrocarbons. In addition, the company undertakes other activities such as underground gas storage, technical control over pipeline systems, oil and gas wells drilling, equipment supply, thermal and elec-

tric power generation, R&D, data processing and banking services.

#### 6.1.1 Gas and liquid hydrocarbons production

Gazprom accounts for 84 percent of Russia's total gas production and more than 17 percent of the global output of natural gas. In 2007, Gazprom produced 549 bcm (billion cubic metres) of gas, down from 556 bcm in 2006. The company's oil business segment is mainly developed on the platform of Gazprom Neft that was integrated into the Gazprom Group in October 2005. In 2007, gas condensate production totalled 11.3 million tons and oil production totalled 34.0 million tons (of which 32.7 million tons by Gazprom Neft).

Major operating results	2004	2005	2006	2007
Increase in the natural gas reserves due to the exploration work, bcm	n/a	583.4	590.9	592.1
Gas production, bcm	547.9	555.0	556.0	548.6
Condensate production, million tons	13.0*	11.5	11.4	11.3
Oil production, million tons	n/a	9.5	34.0	34.0

\* Incl. oil production

#### 6.1.2 Reserves

Gazprom controls significant proven gas reserves, which corresponds to more than 60 percent of Russia's proven gas reserves and more than 16 per-

cent of the global proven gas reserves, respectively. Gazprom Group's explored gas reserves totalled approximately 29,800 bcm as of 31 December 2007.

Reserves at year end	2004	2005	2006	2007
Natural gas, bcm	28,920	29,131	29,854	29,785
Condensate, million tons	1,225	1,216	1,217	1,213
Oil, million tons	649	1,358	1,387	1,510

#### 6.1.3 Markets and distribution

Step-by-step Gazprom is building up its presence in the LNG market (liquefied natural gas) which means increased diversification in terms of geographical markets. Global gas consumption undergoes an average increase of 2.5% year-on-year with the bulk of the growth being driven by LNG. LNG has

become an integral part of the global gas trade and is currently classified as a key factor for the world market formation. In 2005, LNG marketing volumes reached 189 bcm growing twofold since the early 1990s. The forecasts point to a further twofold expansion of the LNG market by 2015, to be largely stimulated by growing demand for natural

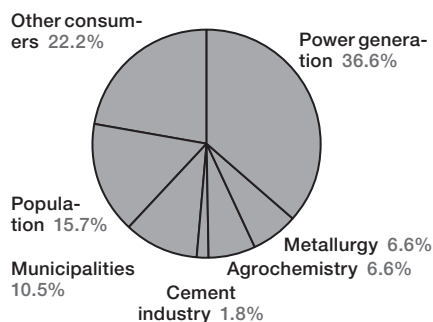
gas in the USA, the UK and Asia-Pacific countries. In 2005 Gazprom opened up the US LNG market. Over 2005 through 2007 Gazprom sold about 1 bcm of LNG to the USA, the UK, South Korea, Japan, Mexico and India.

Gazprom owns the Unified Gas Supply System of Russia (UGSS) which is a gas trunkline network conveying gas to its customers. Seasonal and peak fluctuations of gas demand are regulated by the use of 25 underground gas storage sites in Russia. The UGSS, which as at the end of 2007 was over 158,000 km long, is continuously being expanded.

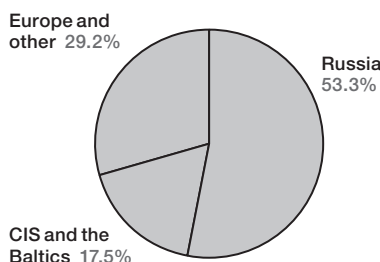
In addition to supplying the Russian markets with natural gas, Gazprom exports gas to 32 countries. In 2007, Gazprom supplied the domestic market with 307 bcm of gas and in addition exported 170 bcm of gas to Europe and

101 bcm of gas to CIS and the Baltics. Gazprom supplies its main export market, Western Europe, with roughly one third of its aggregate gas imports. The key gas pipeline routes linking gas fields in Western Siberia with export destinations in Western Europe traverse Ukraine (above 80% of Russia's total gas exports). Gazprom exports gas to Central and West European countries mainly under long-term, 25-year agreements that typically derive from intergovernmental treaties. The largest importers of Russian gas are Germany, Italy, Turkey and France. Gazprom's key customers in the CIS are Ukraine, Belarus and Kazakhstan. To enhance the reliability and diversification of the Russian gas export routes, Gazprom is implementing large gas transportation projects.

Gazprom's gas marketing structure by consumer categories, 2007



Gazprom's gas marketing volume by market, 2007



## 6.2 History

In 1989, the USSR Ministry of the Gas Industry was reorganized into a gas concern named Gazprom. In 1993, by resolution of the Russian Federation Government, Gazprom State Gas Concern was converted into a joint stock company. All the shares were owned by

the Russian Federation. From 1993 and up to 1996 the state reduced its equity stake in the company to 41 percent by selling shares to employees and Russian citizens. Gazprom, at the time, was a key factor in maintaining the national stability, ensuring gas supplies at the rates set

by the Russian Government and thereby subsidizing the Russian economy.

A government agreement was concluded in December 1997 regarding a Russian natural gas supply to Turkey along the Black Sea bed. This laid the basis of a major international gas transmission project, the Blue Stream pipeline.

In 1998 Gazprom was reincorporated into an open joint stock company. In the same year Gazprom agreed with Ruhrgas on guaranteed sales of 160 bcm of gas to Germany up to 2020. In December 1999, the first contract to supply Russian natural gas to the Netherlands was concluded. In early 2001, a feasibility study for the construction of a gas pipeline from Russia to Europe along the Baltic Sea bed was conducted. This project was later called Nord Stream. In October 2001, the first natural gas was supplied to Europe through the Yamal-Europe pipeline.

In June 2005, the state acquired a majority stake in Gazprom. In December 2005, all the legislative restrictions imposed earlier on Gazprom shares were waived. This event facilitated widespread trading in the company's share.

### 6.3 Market deregulation

Russia is Gazprom's main target market consuming more than half of overall volumes supplied by the company. However, domestic gas supplies are less than profitable due to low domestic prices regulated by the government. Despite the regulated gas prices having increased at rates exceeding inflation indexes in recent years, they have not reached Gazprom's break-even level. Gazprom derives more than 60 percent of its revenues from export, offsetting, thus, gas sale losses on the domestic market.

The deregulation of the domestic gas prices that was decreed by the government in 2007 is being implemented despite the fears of inflation getting out of control and the current financial and economic turbulence. Russia's Federal Tariff Service has approved 2009 tariff growth for Gazprom in all regulated components:

- industrial gas tariffs will be increased twice by 13 percent – on 1 January 2009 and on 1 July 2009
- household gas tariff will rise 25 percent from 1 January 2009

This is an important step towards achieving export netback parity (which occurs when domestic price equals export price less export tariffs and transportation costs) from 2011, in accordance with government plans.

### 6.4 6.4 Summary of sales and financials

In USD million unless otherwise stated, IFRS	1Q2008	1Q2007	2007	2006	2005
Sales, bcm	184	174	572	579	540
Export gas price, net of taxes, USD/mcm*	269	208	270	262	192
Revenues	37,158	23,252	93,744	79,122	48,889
Total operating expenses (excl. depreciation)	19,790	13,370	59,024	43,988	28,438
EBITDA	17,368	9,882	34,720	35,134	20,451
Operating income	15,046	7,977	27,521	28,978	16,042
Pre-tax income	15,651	10,628	36,243	31,473	15,905
Net income (reported)	11,253	7,997	27,254	22,549	15,905
Net income (adjusted)	11,374	6,322	22,896	21,326	11,784

\* Million cubic metres

## 6.5 The Gazprom share and largest shareholders

Gazprom's share capital amounts to Russian roubles 118,367,564,500 and is divided into 23,673,512,900 ordinary registered shares with a par value of Russian roubles 5 each. The total

number of shareholders registered in Gazprom's shareholders register as of 29 December 2007 was 49,047. The largest shareholder in Gazprom is the Russian Federation, controlling 50.002 percent of the shares.

Share capital structure	29 Dec 2007
Shareholding controlled by the Russian Federation	50.002%
Federal Agency for Federal Property Management	38.373%
OAO Rosneftegaz	10.740%
OAO Rosgazifikatsiya	0.889%
ADR holders	21.020%
Other registered entities	28.978%
Total	100.000%

Shareholders controlling more than 2 percent	29 Dec 2007
Gazprombank (Open Joint Stock Company) (nominal holder)	42.041%
Federal Agency for Federal Property Management	38.373%
OAO Rosneftegaz	10.740%
ZAO Gerosgaz	2.930%
E.ON Ruhrgas AG	2.500%
Total	96.584%

An American Depository Receipt (ADR) represents the ownership of shares in a foreign company. The underlying shares are deposited with a US bank. Gazprom has issued ADRs to ensure circulation of the company's shares on foreign markets. One Gazprom ADR entitles the holder to four Gazprom

ordinary shares. Gazprom ADRs are traded on LSE (London Stock Exchange) and on Frankfurt Stock Exchange. Gazprom ordinary shares are traded on MICEX (Moscow Interbank Currency Exchange) and on RTS (Russian Trading System Stock Exchange, Moscow).

### Gazprom ADR price development since January 2005



Sources: Vostok Gas Ltd. Annual Report 2007, Vostok Gas Ltd. Nine Months Report Covering the Period January 1, 2008–September 30, 2008, Vostok Gas Ltd. Six Months Report Covering the Period January 1, 2008–June 30, 2008, www.gazprom.com, OAO Gazprom Annual Report 2006 and 2007 and Datastream.

## **6 Information on Gazprom**

## 7 Tax considerations in Sweden

Below follows a summary of certain Swedish tax regulations that apply as a result of the redemption procedure regarding the SDRs representing shares in VGAS and the distribution and holding of ADRs representing shares in Gazprom. The summary covers only Swedish tax considerations, unless otherwise stated. If not expressly stated, the summary is based on regulations and practice currently in force and is intended only as general information for security holders with an unlimited tax liability in Sweden. The summary does not cover situations in which securities are held as current assets in business operations or are held by partnerships. Neither does it deal with the specific tax regulations applying to certain corporate categories nor the special rules that in certain cases may apply to holdings considered to be held for business purposes or that may fall under the special rules (the “CFC-rules”) for owners of certain legal entities with income that is subject to low taxation. Nor does the summary cover the special rules that may apply to securities in companies that previously have been closely held or securities that have been acquired by means of “qualified shares” in closely held companies. The summary does not address tax consequences with respect on any currency exchange gains or losses. For security holders who are not tax resident in Sweden, the tax consequences may be affected by provisions of the holder’s home state and by tax treaties concluded by that other state. The tax implications for each security holder depend on the holder’s specific circumstances. Each holder should therefore consult a tax advisor for information on the specific tax consequences that may arise for their part.

1. The Swedish Tax Agency has confirmed such tax treatment in a written letter dated 12 December 2008.

2. Information on the Swedish Tax Agency’s general advice will be published on VGAS website ([www.vostokgas.com](http://www.vostokgas.com)) and the Swedish Tax Agency’s website ([www.skatteverket.se](http://www.skatteverket.se)).

3. For deductibility of capital losses, see further in the section “Redemption and sale of Redemption SDRs”.

## Receipt of Redemption SDRs

The receipt of Redemption SDRs pursuant to the share split does not give rise to any taxation. Instead, the acquisition cost of the original VGAS SDRs immediately before the share split is to be allocated between the Redemption SDRs and the ordinary VGAS SDRs<sup>1</sup>. The allocation will be based on the market values of the different SDRs in connection with the share split and the receipt of Redemption SDRs. VGAS intends to seek general advice from the Swedish Tax Agency regarding how this allocation should be made<sup>2</sup>.

### Example of allocation of acquisition cost

Assume in this example, that a holder of VGAS SDRs has one VGAS SDR with an average acquisition cost of SEK 330 immediately before the share split, that the trading price for the original VGAS SDR at the time of the share split is SEK 80 and that the price for the Redemption SDR is SEK 76. Furthermore, assume in this example, that the Swedish Tax Agency in its forthcoming general advice determines that 5 per cent (note that this is solely an assumption) of the acquisition cost for one original VGAS SDR will be allocated to the ordinary SDR and that 95 per cent will be allocated to the Redemption SDR. The acquisition cost for the Redemption SDR will consequently be SEK 313.50 (95 per cent of SEK 330). The acquisition cost of the ordinary VGAS SDR will then be SEK 16.50 (5 per cent of SEK 330). Thus, if the Redemption SDR is sold, a capital loss of (SEK 76 – SEK 313.50 =) SEK 237.50 will arise on each Redemption SDR<sup>3</sup>. The same consequence will arise at redemption if the Swedish Tax Agency, for example, would determine SEK 76 to be the value of the distributed Gazprom ADRs.

---

## 7 Tax considerations in Sweden

---

## Redemption and sale of Redemption SDRs

Redemption or sale of Redemption SDRs, for example, by sale in the market, give rise to capital gains taxation. A capital gain or capital loss is computed as the difference between the received payment, after deduction of sales costs, if any, and the acquisition cost. In this case, the received payment for Redemption SDRs redeemed is based on the market value of the distributed Gazprom ADRs<sup>4</sup> as determined by the Swedish Tax Agency. For Redemption SDRs sold in the market, the sales price is the payment received.

The acquisition cost for Redemption SDRs received in the share split is to be calculated by allocating the acquisition cost as described above under the heading "Receipt of Redemption SDRs". The acquisition cost of Redemption SDRs acquired in the market is the actual acquisition cost for the Redemption SDRs. The acquisition cost of all Redemption SDRs of the same series and type is to be computed collectively in accordance with the average method. It should be noted that the Redemption SDRs are no longer considered to be of the same series and type as the ordinary VGAS SDRs. For Redemption SDRs that are quoted on a market, the acquisition cost may alternatively be determined in accordance with the standard method to 20 per cent of the sales price after deduction of sales costs.

### Individuals

For individuals, the capital gain is taxed in the capital income category. The tax rate is 30 per cent. A capital loss on quoted securities that are taxed as shares, for example depository receipts representing shares, is fully deductible against taxable capital gains in the same year on shares and other quoted securities that are taxed as shares except for units in Swedish investment funds that only contain Swedish receivables (Sw: rän-

tefonder). Any excess losses are 70 per cent deductible against other income from capital. If an overall capital deficit arises, a reduction is granted against municipal and national income tax as well as against real estate tax and municipal real estate charge. A tax reduction of 30 per cent is provided for deficits that do not exceed SEK 100,000 and 21 per cent of any remaining deficit. Deficits cannot be carried forward to future fiscal years.

### Limited liability companies

In the case of limited liability companies, capital gains on depository receipts representing shares that are not deemed as held for business purposes are taxed as income from business operations at a tax rate of 26.3 per cent<sup>5</sup>. Deductible capital losses on securities that are taxed as shares, for example depository receipts representing shares, may only be offset against taxable capital gains on shares and other securities that are taxed as shares. In certain cases, capital losses may be offset against taxable capital gains within a certain corporate group if group contributions are permitted among the companies. Capital losses that cannot be utilized during a certain year may be carried forward and be utilized against eligible capital gains in subsequent fiscal years.

## Taxation of received Gazprom ADRs

### Dividends

Since the Gazprom ADRs represent shares in a Russian company, Russian withholding tax is generally payable on dividend payments made by Gazprom to recipients that are not tax residents of Russia. The withholding tax deducted is generally 15 per cent, which corresponds to the treaty rate for portfolio investors according to the tax treaty between Sweden and Russia. The Russian tax treatment is however not entirely clear.

If the payment of the dividend is made by a central securities depository or

4. VGAS also intends to seek general advice from the Swedish Tax Agency on the value of the distributed Gazprom ADRs to be used when calculating capital gains or losses and whether or not the same principles and the same value shall apply for Redemption SDRs holders without an Eligible Account. The information will be published on the websites of VGAS and the Swedish Tax Agency.  
5. This tax rate will be applicable as of financial years commencing on or after 1 January 2009 (Government Bill 2008/09:65).

---

## 7 Tax considerations in Sweden

---

certain other financial institutions to a private individual resident in Sweden, a Swedish preliminary tax of an additional 15 per cent is generally withheld by such central securities depository or, for nominee-registered depository receipts, the nominee in Sweden.

The dividend is also taxable in Sweden. Dividend payments on Gazprom ADRs are taxed in the capital income category at a rate of 30 per cent for individuals and as income from business operations at a rate of 26.3 per cent<sup>6</sup> for limited liability companies. Since the dividend is taxable also in Russia, the dividend may be subject to certain double taxation. Gazprom ADR holders with treaty residence in Sweden, may therefore under certain circumstances credit the Russian tax paid from Swedish tax on the dividends. If there is no Swedish tax payable on the dividend, for example when a private individual declares a deficit in the capital income category, no foreign tax credit can be claimed that year. Instead, subject to certain limitations, the credit may be carried forward and be utilized by the shareholder in any of the three following fiscal years. Alternatively, the withholding tax may be deducted when the taxable income of the shareholder is computed. However, a tax credit of at least SEK 100 is permitted each year.

#### Sale of Gazprom ADRs and fractional shares of ADRs

For Swedish tax purposes, a sale of Gazprom ADRs will generally give rise to capital gains taxation. The capital gain or capital loss is computed as the difference between the received payment and the acquisition cost. The acquisition cost of Gazprom ADRs received by redemption of VGAS SDRs is the fair market value of the Gazprom ADRs, as determined by the Swedish Tax Agency<sup>7</sup>. The acquisition cost of all Gazprom ADRs of the same series and type is to be computed collectively in accordance with the average

method. For ADRs that are quoted on a market, the acquisition cost may alternatively be determined in accordance with the standard method to 20 per cent of the sales price after deduction of sales costs. If any consideration received in foreign currency is exchanged for SEK within 30 days from the sale, no separate currency exchange gain or loss is to be computed. For a more detailed description of the taxation of capital gains and capital losses, see under the heading "Redemption and sale of Redemption SDRs" above.

#### **Certain Russian tax issues on the sale of Gazprom ADRs**

The sale of Gazprom ADRs by a private individual with no tax residence in Russia may cause capital gains taxation in Russia if the income is deemed as derived from Russian sources. This might be the case for example if the sale is conducted within Russia. A sale of ADRs by a private individual with no tax residency in Russia conducted outside of Russia should generally not be considered as derived from Russian sources.

For limited liability companies and other legal entities, with no tax residency in Russia, withholding taxation on the sale of Gazprom ADRs on a recognized stock exchange outside of Russia will generally not occur. Capital gains taxation may however occur on sales outside such stock exchange (where Gazprom ADRs are traded) to a Russian person or to a person with certain Russian connection if Gazprom would be considered as having more than 50 per cent of its assets in the form of real property as defined by Russian tax law.

Each holder of Gazprom ADRs is urged to consult with a tax advisor for specific advice on dividends received on the Gazprom ADRs and any sale of the Gazprom ADRs.

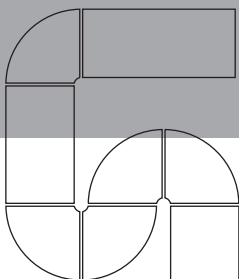
6. See footnote 5.

7. See footnote 4.

---

## **7 Tax considerations in Sweden**

---



**Registered office** Vostok Gas Sverige AB  
**Codan Services Ltd** Hovslagargatan 5  
**2 Church Street** SE-111 48 Stockholm, Sweden  
**P.O. Box HM 666** Phone +46 8 545 015 50  
**Hamilton** Fax +46 8 545 015 54  
**Bermuda** [www.vostokgas.com](http://www.vostokgas.com)