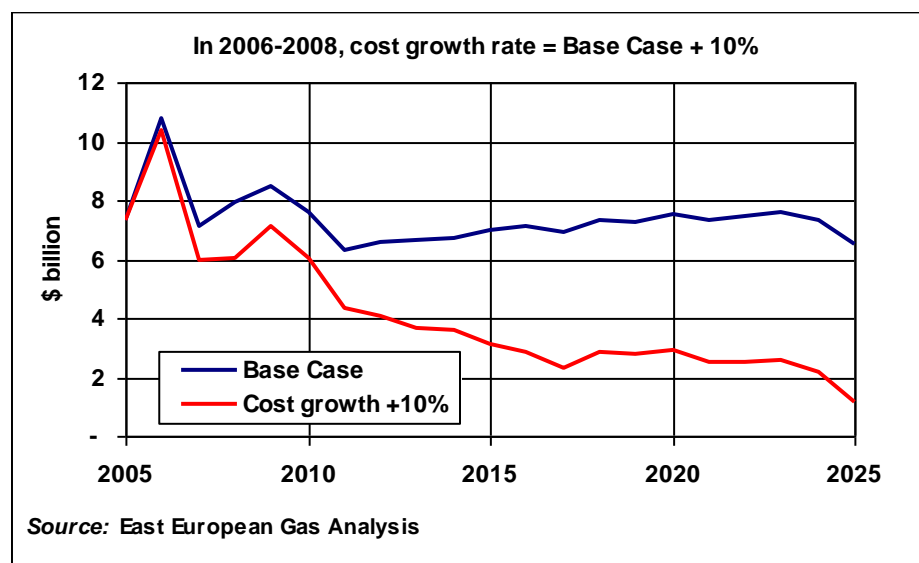


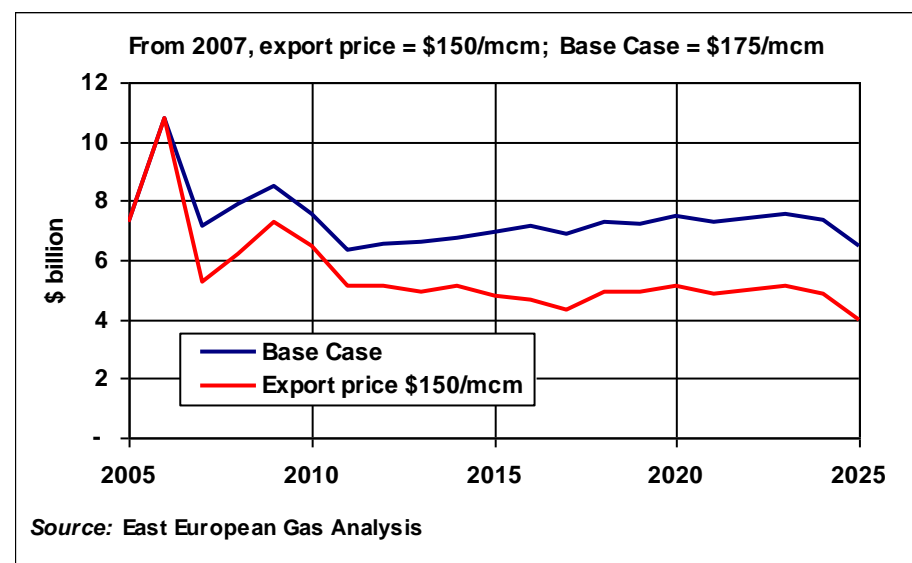
- Note that calculated net cash flow reflects results of business activities related to production, transmission, sales of natural gas from Gazprom pipelines and sales of transit services to third parties only.
  - It is not the real cash flow of Gazprom and it is just a tool for comparison of different corporate strategies.
- Figure 3.28 compares calculated net cash flow from gas operations under Base Case with that under the case when internal costs of Gazprom in 2006-2008 grow 10% faster (see Table 3.38 for assumed growth rate by year).

**Figure 3.28: Net Cash Flow – High Growth of Gazprom Costs**



	NPV @ 10%
Base Case	\$71 bn
In 2006-2008, Gazprom costs grow 10% faster	\$45 bn

**Figure 3.29: Net Cash Flow – Low Export Price**



	NPV @ 10%
Base Case - from 2007, export price = \$175/mcm	\$71 bn
From 2007, export price = \$150/mcm	\$55 bn

- Net cash flow from gas operations is very sensitive to the rate of growth of Gazprom’s costs. NPV of net cash flow at discount rate of 10% drops from \$75 billion of Base Case to \$47 billion.
- By current Russian standards, 10% is a small difference. As mentioned, the difference between average Gazprom salary in 2004 reported by RF Department of Statistics and by Gazprom was 32% (see page 1-1).