



New GSS Telecommunication Centre.

Building on its achievements

Gazprom Space Systems is a company with big plans. With three satellites under construction and plans for expansion into new markets and service areas, this is an exciting time for the Russian operator. Helen Jameson spoke to Dmitry Sevastiyanov, Director General of Gazprom Space Systems, about future plans and business in the EMEA region.

Question: Gazprom Space Systems has recently been aggressively marketing in the South and South East Asian markets, but what is your current strategy for the EMEA region?

Dmitry Sevastiyanov: First of all, thank you for the opportunity to speak to your magazine and to give an update on the company and our future plans.

Gazprom Space Systems' (GSS) international business strategy is derived from our understanding that the international market is quite capacious and holds many prospects for our company.

GSS has rights for five GEO slots and we can potentially provide satellite coverage for the whole Eastern Hemisphere.

With regard to the EMEA region, our

business has been developing rather successfully. We are constantly receiving requests for capacity not only on our current satellites, but also for the satellites we have under construction, and we expect to strengthen our position in this market. Operating at 49°E since 2003, the Yamal-202 satellite has established a good reputation in the Middle East and has gathered a considerable client base that generates 20 percent of our company revenue.

We have used our experience in the EMEA region to configure the service zones of our new satellites. The new Yamal-402 satellite in particular will have powerful European, Middle East and African coverage and steerable beams along with a significant Ku-band capability (more than 40 equivalent

transponders).

The other main reason for GSS to extend its presence in the EMEA region is due to the strategy of our main shareholder, Gazprom. Gazprom's objective is to consolidate its position as a leading global energy company by entering into new markets. GSS forms the satellite and telecommunications assets of Gazprom, and we therefore aim to grow our presence in all the regions where our shareholders have interests - and EMEA region is no exception.

Question: Gazprom has three satellites under construction. Can you please tell us more about the satellites, their capabilities, the markets they will serve and how they will help Gazprom Space



Dmitry Sevastiyanov, Director General of Gazprom Space Systems.

Systems develop as a company?

Dmitry Sevastiyanov: We expect to launch our three new satellites over the next three years.

First of all, next year, Yamal-300K will be launched. This satellite will satisfy Russian market demand and support the overloaded Yamal-201 at 90°E. It will also have a steerable beam aimed at the international market.

Then, in 2013 the heavy satellite Yamal-401 will go to the same orbital slot. It will serve the Russian and CIS market.

In 2011, we expect to orbit Yamal-402, a heavy satellite to be located at the 55°E position. This satellite is intended for the Russian and CIS market as well as for further developing our existing international business in the Middle East and Asian markets, and also for entering new markets such as Africa.

These new satellites will contribute to the further development of our company as they will increase our orbital capacity by four times. We will be able to further develop our key business as an FSS operator.

As I already mentioned, our company intends to extend the global reach of the business. The global market is more than ten times more capacious than the Russian one, and in spite of tough competition with the global and local operators, our company, supported by the new satellites, intends to focus on the markets beyond Russia. The target ratio between Russian and international sales is 3:1.

Question: It has recently been announced that Gazprom Space Systems has

remained in the global top twenty satellite operators. What is behind the success of the company?

Dmitry Sevastiyanov: Based on 2009 results, GSS ranked 19th in the Global Top Twenty.

Our company continues to improve its business structure in order to diversify our activities and decrease market risks. Today, due to the fact that our current satellites are full, we are not able to keep up the fast pace of growth and the income. We attach more importance to widening the spectrum of services we provide, based on advanced capacity-saving technologies.

Moreover, we have activated our system integration business by deploying VSAT and TV networks for our Russian clients and we are also looking at the provision of aerospace monitoring services - a new market for us. We hope that the launch of new satellites will increase our position in the global operators rating.

Question: Can you tell us how the development of the new telecommunications centre in Moscow Region is progressing?

Dmitry Sevastiyanov: In 2009, we began the construction of a new Telecommunication Centre in Schelkovo, near Moscow, with the objective of moving our main facilities there. In Autumn 2009 one of the company's oldest teleports was moved to the Centre. The Yamal-201 and Yamal-202 controls have also

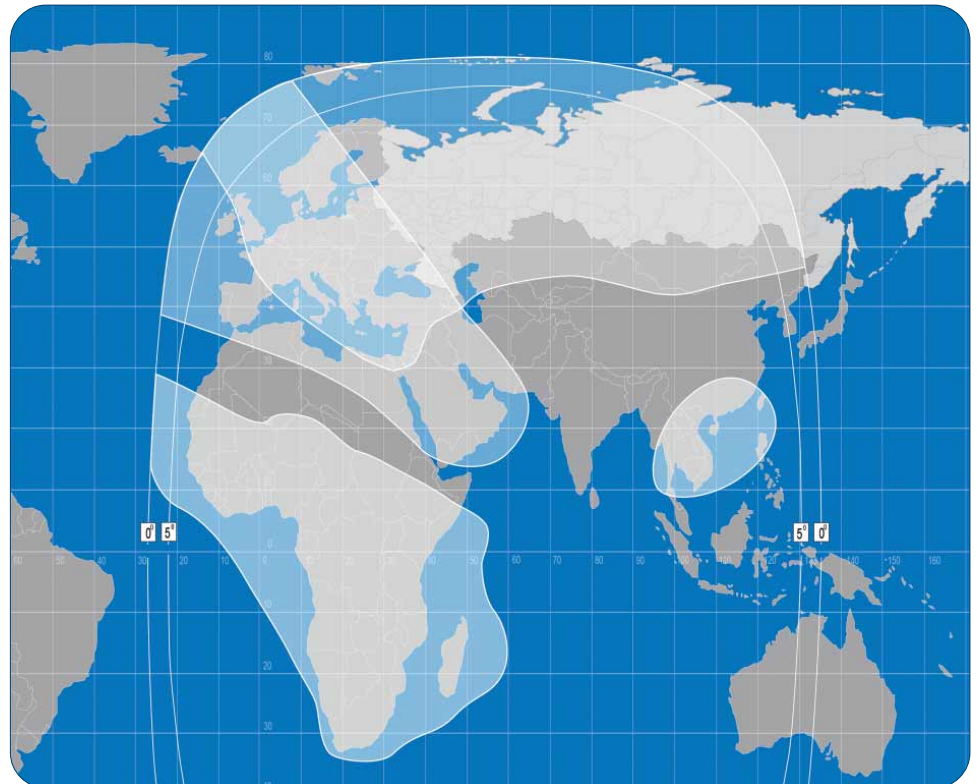
recently been transferred there. All new ground infrastructure to control and operate the satellites under construction will also be housed in the centre.

Question: Finally, can you tell us which market sectors form the main core of your business?

Dmitry Sevastiyanov: As I have already mentioned, we are primarily an FSS operator and this remains our key business. However, in Russia GSS is not only a satellite operator, but a networks integrator and satellite services provider. More than one third of our current Yamal satellite capacity is used for value-added services such as VSAT, broadcasting and Internet access. This is provided based on our ground infrastructure which consists of teleports, our satellite digital TV centre and communications networks in the Russian region.

We will develop our ground infrastructure to increase the volume, types and quality of the telecommunications services that we provide.

I would like to make it clear that we have no intention of stopping at what we have already accomplished and we want to create the correct conditions to help us to start new types of business and to diversify. GSS constantly investigates new prospects and probes the market for new services that we can provide such as satellite broadband access, earth observation and aerospace monitoring.



Yamal-402 Service Zone.