

НАЦІОНАЛЬНА АКЦІОНЕРНА КОМПАНІЯ
НАФТОГАЗ
У К Р А І Н И



NATIONAL JOINT-STOCK COMPANY
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O F U K R A I N E

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Preliminary results of the Company's operations in 2009 and challenges for 2010

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Naftogaz of Ukraine –

- 2008 revenue over USD 10 billion (auditor Ernst&Young)
- **170 000** employees
- gas and oil field exploration and development, production and exploratory drilling, gas and oil transport and storage, supply of natural gas and LPG
- over 90% of all oil and gas produced in Ukraine
- gas, oil and condensate procession at its five gas processing plants, producing LPG, motor fuels and other petroleum products
- network of filling stations
- gas transit operator, transporting to Europe 70-80% of Russian gas.

In 2009 uninterrupted transit to Europe of the Russian natural gas in the volumes, made available by Russia.

The technical condition of Ukraine's gas transit system (GTS) has been maintained at the level that corresponds to the rated parameters

INOGATE study, performed under the technical plan, co-signed by the *European Commission* and *Naftogaz of Ukraine*, determined:

- **technical safety and credibility of Ukraine's GTS,**
- **annual capability of gas transit to Europe not less than 140 bcm.**

UNDERGROUND GAS STORAGE

of NJSC *Naftogaz of Ukraine*

- Total capacity is over **30 bcm**,
- Main capacities are in Western part of Ukraine, **next to EU borders**,
- On January 1st, 2010, our 13 storages contained **23.7 bcm of natural gas**,
- *Naftogaz of Ukraine* owns **95%** of the gas in its storages ,
- Therefore, reliability of uninterrupted domestic supply and transit to Europe is assured.

In 2009 NJSC *Naftogaz of Ukraine* transported to Europe about 95 bcm of Russian natural gas while in 2008 - about 120 bcm.

In 2009 the financial burden on the *Naftogaz* increased, mainly due to the said decrease in transit volumes, financial and economic downturn in the world and in Ukraine.

Nevertheless *Naftogaz of Ukraine* executed properly its obligations under the contract with GAZPROM. Gas, supplied to Ukraine, was paid always in time.

To lower financial burden, in 2009 *Naftogaz of Ukraine* restructured successfully all external credit obligations. They were exchanged for new Eurobonds with maturity in 5 years.

PRODUCTION

2009 milestones

Increase in natural gas production by 2.5% as compared to the planned indices, and by 0.4% to 2008.

Growth in petroleum and gas condensate refining by 12.23 % as compared to the planned indices, and by 12.29% to 2008.

Growth in liquefied gas production by 11.96 % as to the planned indices and by 10.58 % to 2008

Diversifying the energy sources and routes of transportation

in **Egypt**: exploration and production of hydrocarbons in the Western Desert;

In **UAE**: exploration and production of the hydrocarbons in Jal-Fujairah;

in **Libya**: license for construction of oil and gas installations as well as the oil pipelines.

Cooperation with the EU

- March 23rd, 2009 Joint Declaration EU-Ukraine of the Joint EU-Ukraine International Conference on Modernization of the Ukraine's Gas Transit System.
- July 31st, 2009 Joint Statement of the [European Commission](#) and the International Financial Organizations regarding financing for the projects to modernize the Ukraine's Gas Transit System.
- Adjustment of the Ukraine's gas legislation to European gas directives and regulations is under way.

Challenges for 2010

Solidify position as the main operator of Russian gas transit to European countries

Adjust domestic gas prices for certain categories of the Ukrainian consumers, bringing them to economically justified level.

Realize projects of modernization of the GTS.

Increase production, develop exploration, including in the Black Sea

Reform Ukraine's gas industry.