

## IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY U.S. OR CANADIAN PERSON OR TO ANY PERSON OR ADDRESS IN THE U.S. OR CANADA

**IMPORTANT:** You must read the following before continuing. The following applies to the series prospectus (“**series prospectus**”) following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the series prospectus. In accessing the series prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

THE FOLLOWING SERIES PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED OTHER THAN AS PROVIDED BELOW AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. THIS SERIES PROSPECTUS MAY ONLY BE DISTRIBUTED TO PERSONS THAT ARE NOT U.S. PERSONS AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”). ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS SERIES PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

NOTHING IN THIS SERIES PROSPECTUS CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES DESCRIBED IN THIS SERIES PROSPECTUS (THE “**NOTES**”) HAVE NOT BEEN, AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

THE NOTES ISSUED PURSUANT TO THE PROGRAMME ARE NOT, AND WILL NOT BE, QUALIFIED FOR SALE UNDER THE SECURITIES LAWS OF ANY PROVINCE OR TERRITORY OF CANADA. THE NOTES MAY NOT BE, AND ARE NOT BEING, OFFERED, SOLD, OR DELIVERED, AND NO OFFER TO PURCHASE THE NOTES MAY BE, IS, OR WILL BE SOLICITED, DIRECTLY OR INDIRECTLY, IN CANADA OR TO, OR FOR THE BENEFIT OF, ANY CANADIAN PERSON. THIS SERIES PROSPECTUS OR ANY OTHER OFFERING MATERIAL RELATING TO THE NOTES MAY NOT BE, HAS NOT BEEN, AND WILL NOT BE, DISTRIBUTED, IN CANADA OR TO, OR FOR THE BENEFIT OF, CANADIAN PERSONS. IN ADDITION, CANADIAN PERSONS ARE RESTRICTED FROM DEALING IN ANY WAY, DIRECTLY OR INDIRECTLY, IN THE NOTES, PURSUANT TO THE SPECIAL ECONOMIC MEASURES (RUSSIA) REGULATIONS.

“**CANADIAN PERSON**” MEANS ANY PERSON IN CANADA OR ANY CANADIAN OUTSIDE CANADA, WHERE “**PERSON**” MEANS AN INDIVIDUAL OR A BODY CORPORATE, TRUST, PARTNERSHIP, FUND, AN UNINCORPORATED ASSOCIATION OR ORGANIZATION; AND “**CANADIAN**” MEANS AN INDIVIDUAL WHO IS A CITIZEN WITHIN THE MEANING OF THE CITIZENSHIP ACT (CANADA), OR A BODY CORPORATE FORMED UNDER THE LAWS OF CANADA OR A CANADIAN PROVINCE.

THE SERIES PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to view this series prospectus or make an investment decision with respect to the Notes, investors must not be a U.S. person (within the meaning of Regulation S under the Securities Act). By accepting the e-mail and accessing this series

prospectus, you shall be deemed to have represented to us that you are not a U.S. person; the electronic mail address that you have given to us and to which this e-mail has been delivered is not located in the U.S., its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any State of the United States or the District of Columbia; and that you consent to delivery of such series prospectus by electronic transmission.

You are reminded that this series prospectus has been delivered to you on the basis that you are a person into whose possession this series prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver, forward or distribute this series prospectus to any other person.

This series prospectus does not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and Bank GPB International S.A. Deutsche Bank AG, London Branch, J.P. Morgan Securities plc or VTB Capital plc (the “**Lead Managers**”) or any affiliate of the Lead Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Lead Managers or such affiliate on behalf of Gaz Capital S.A. in such jurisdiction.

Under no circumstances shall this series prospectus constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. Recipients of this series prospectus who intend to subscribe for or purchase the Notes are reminded that any subscription or purchase may only be made on the basis of the information contained in this series prospectus. This series prospectus may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

This series prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Lead Managers or any person who controls it nor any director, officer, employee nor agent of it or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the series prospectus distributed to you in electronic format and the hard copy version available to you on request from the Lead Managers.



# Public Joint Stock Company Gazprom

## £850,000,000 4.25 per cent. Loan Participation Notes due 2024

issued by, but with limited recourse to, Gaz Capital S.A.

(registered office at 2, Boulevard Konrad Adenauer, L-1115 Luxembourg, Register of Commerce and Companies Luxembourg B-95071)

for the purpose of financing a Euro loan to Public Joint Stock Company Gazprom

Issued as Series 42 under the U.S.\$40,000,000,000 Programme for the Issuance of Loan Participation Notes

Issue Price: 100 per cent.

Under the Programme for the Issuance of Loan Participation Notes (the “**Programme**”) described in a Base Prospectus dated March 9, 2017 (the “**Base Prospectus**”) and which is incorporated by reference herein, Gaz Capital S.A. (the “**Issuer**”), subject to compliance with all relevant laws, regulations and directives, may from time to time issue loan participation notes on the terms set out in the Base Prospectus, as completed by final terms or a series prospectus setting out the specific terms of each issue. The aggregate principal amount of notes outstanding under the Programme will not at any time exceed U.S.\$40,000,000,000 (or the equivalent in other currencies). This series prospectus (the “**Series Prospectus**”) is the Series Prospectus applicable to the issue by the Issuer of Series 42 £850,000,000 4.25 per cent. Loan Participation Notes due 2024 (the “**Notes**”).

The sole purpose of issuing the Notes will be to finance a loan (the “**Loan**”) to Public Joint Stock Company Gazprom (“**Gazprom**”) on the terms of an amended and restated facility agreement dated December 7, 2005 (the “**Facility Agreement**”), as amended and supplemented by a loan supplement dated April 4, 2017 (the “**Loan Supplement**”) and, together with the Facility Agreement, the “**Loan Agreement**”), each between the Issuer and Gazprom. The Issuer will enter into currency exchange agreements dated April 4, 2017 (the “**Swap Agreements**”) with each of J.P. Morgan Securities plc and Deutsche Bank AG, London Branch (each, a “**Swap Counterparty**” and together, the “**Swap Counterparties**”) in relation to payments made in connection with the Notes and the Loan. Subject as provided in the Trust Deed (as defined herein) the Issuer will (i) charge by way of first fixed charge as security for its payment obligations in respect of the Notes and under the Trust Deed and the Swap Agreements, its rights and interests as lender under the Loan Agreement to Deutsche Bank Trust Company Americas as trustee (the “**Trustee**”), for the benefit of the holders of the Notes (the “**Noteholders**”) and the Swap Counterparties and will assign its administrative rights under the Loan Agreement to the Trustee (the “**Assigned Rights**”), and (ii) charge by way of first fixed charge as security for its payment obligations in respect of the Notes and under the Trust Deed, its rights and interests as counterparty under the Swap Agreements to the Trustee, for the benefit of the Noteholders and will assign its administrative rights under the Swap Agreements to the Trustee, all as more particularly set out herein and in the Trust Deed. See “Overview of the Transaction”.

In each case where amounts of principal, interest and additional amounts (if any) are stated to be payable in respect of the Notes, the obligation of the Issuer to make any such payment constitutes an obligation only to account to the Noteholders, on each date upon which such amounts of principal, interest and additional amounts (if any) are due in respect of the Notes, for an amount equivalent to all principal, interest and additional amounts (if any) actually received by or for the account of the Issuer pursuant to the Loan Agreement and/or the Swap Agreements. Noteholders will be deemed to have accepted and agreed that they will be relying solely on the credit and financial standing of the Borrower in respect of the payment obligations of the Issuer under the Notes.

**AN INVESTMENT IN THE NOTES INVOLVES A HIGH DEGREE OF RISK. SEE “RISK FACTORS” ON PAGE 10 HEREIN AND ON PAGE 13 OF THE BASE PROSPECTUS.**

The Notes and the Loan (together, the “**Securities**”) have not been, and will not be, registered under the U.S. Securities Act of 1933 (the “**Securities Act**”) and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act). For a description of these and certain further restrictions, see “Subscription and Sale” and “Transfer Restrictions” in the Base Prospectus.

The Notes are provisionally rated BBB- by Fitch Ratings Limited (“**Fitch**”), Ba1 by Moody’s Investors Service Ltd. (“**Moody’s**”) and BB+ by Standard & Poor’s Credit Market Services Europe Limited (“**S&P**”). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Each of Fitch, Moody’s and S&P is established in the EU and registered under Regulation (EC) No 1060/2009.

This Series Prospectus has been approved by the Central Bank of Ireland (the “**Central Bank**”) as competent authority under the Prospectus Directive. The Central Bank only approves this Series Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List (the “**Official List**”) and trading on its regulated market (the “**Main Securities Market**”). The Main Securities Market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on Markets in Financial Instruments. The Notes will initially be represented by interests in a global Note in registered form (the “**Global Note**”), without interest coupons, which will be deposited with a common depositary for, and registered in the name of a common nominee of, Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”) on April 6, 2017 (the “**Closing Date**”). Beneficial interests in the Global Note will be shown on, and transfers thereof will be effected only through records maintained by, Euroclear or Clearstream, Luxembourg. Definitive Notes in registered form will only be available in certain limited circumstances as described in the Base Prospectus.

*Joint Lead Managers*

**Deutsche Bank**

**Bank GPB  
International S.A.**

**J.P. Morgan**

**VTB Capital**

*Financial Advisor to Gazprom*

**Horizon Corporate Finance**

The date of this Series Prospectus is April 4, 2017

This Series Prospectus (the “**Prospectus**”) comprises a prospectus for the purposes of the Prospectus Directive and for the purpose of giving information with regard to the Issuer, Gazprom, Gazprom and its subsidiaries taken as a whole (the “**Group**”) and the Swap Counterparties which, according to the particular nature of the Issuer, Gazprom, the Group, the Swap Counterparties, the Notes, the Loan and the Swap Agreements is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer, Gazprom, the Group and the Swap Counterparties.

In accordance with Article 14 of the Prospectus Directive the Base Prospectus has been electronically published at [http://www.ise.ie/debt\\_documents/Base%20Prospectus\\_60ee9a6a-b849-4be4-8999-64c1d5d0fd0c.PDF](http://www.ise.ie/debt_documents/Base%20Prospectus_60ee9a6a-b849-4be4-8999-64c1d5d0fd0c.PDF).

Each of the Issuer (whose registered office appears on page 56 of the Base Prospectus) and Gazprom (whose registered office appears on page 56 of the Base Prospectus) accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of each of the Issuer and Gazprom (having taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each of Deutsche Bank AG, London Branch and J.P. Morgan Securities plc as swap counterparties accepts responsibility only for the information contained in this Prospectus relating to it and declares that, having taken all reasonable care to ensure that such is the case, such information contained in this Prospectus relating to it is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, Gazprom or the Lead Managers to subscribe for or purchase any Notes.

The distribution of this Prospectus and the offer or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, Gazprom and the Lead Managers to inform themselves about and to observe any such restrictions. In particular, the Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission and will not be registered under the Securities Act. Subject to certain exceptions, Notes may not be offered or sold in the United States or to U.S. persons. Further information with regard to restrictions on offers and sales of the Notes and the distribution of this Prospectus is set out under “Subscription and Sale” in the Base Prospectus.

The Notes issued pursuant to the Programme are not, and will not be, qualified for sale under the securities laws of any province or territory of Canada. The Notes have not been, and are not being, offered, sold, or delivered, and no offer to purchase the Notes may be, is, or will be, solicited directly or indirectly, in Canada or to, or for the benefit of, any Canadian Person. This Prospectus or any other offering material relating to the Notes may not be, has not been, and will not be, distributed, in Canada or to, or for the benefit of Canadian Persons. In addition, Canadian Persons are restricted from participating in any way, directly or indirectly, in the offering of the Notes (or any dealings related to the offering of the Notes), pursuant to the Special Economic Measures (Russia) Regulations.

“**Canadian Person**” means any person in Canada or any Canadian outside Canada, where “**person**” means an individual or a body corporate, trust, partnership, fund, an unincorporated association or organization; and “**Canadian**” means an individual who is a citizen within the meaning of the Citizenship Act (Canada), or a body corporate formed under the laws of Canada or a Canadian province.

No person is authorized to provide any information or make any representation not contained in this Prospectus and any information or representation not contained in this Prospectus and any information or representation so contained must not be relied upon as having been authorized by or on behalf of the Issuer, Gazprom, the Trustee or the Lead Managers. The delivery of this Prospectus at any time does not imply that the information contained in it is correct as at any time subsequent to its date. The websites of Gazprom and the members of the Group do not form any part of the contents of this Prospectus.

Neither the delivery of this Prospectus nor the offer, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of Gazprom or the Group since the date of this Prospectus.

None of the Issuer, Gazprom or the Lead Managers or any of the respective representatives makes any representation or warranty, express or implied, to any offeree or purchaser of the Notes offered hereby, regarding the legality of an investment by such offeree or purchaser under appropriate investment or similar laws. Each

investor should consult with their own advisors as to the legal, tax, business, financial and related aspects of purchase of the Notes.

Prospective purchasers must comply with all laws that apply to them in any place in which they buy, offer or sell any Notes or possess this Prospectus. Any consents or approvals that are needed in order to purchase any Notes must be obtained. Gazprom, the Issuer and the Lead Managers are not responsible for compliance with these legal requirements. The appropriate characterization of any Notes under various legal restrictions, and thus the ability of investors subject to these restrictions to purchase such Notes, is subject to significant interpretative uncertainties. No representation or warranty is made as to whether or the extent to which any Notes constitute a legal investment for investors whose investment authority is subject to legal restrictions. Such investors should consult their legal advisors regarding such matters.

The Lead Managers and their respective affiliates have performed and expect to perform in the future various financial advisory, investment banking and commercial banking services for, and may arrange non-public market financing for, and enter into derivatives transactions with, Gazprom and its affiliates.

The Issuer is a public limited liability company (*société anonyme*) incorporated for an unlimited duration under the laws of the Grand Duchy of Luxembourg (“**Luxembourg**”). The Issuer is not a subsidiary of Gazprom. The registered office of the Issuer is located at 2, Boulevard Konrad Adenauer, L-1115 Luxembourg and the Issuer is registered with the Luxembourg trade and companies register (*Registre de Commerce et des Sociétés, Luxembourg*) under number B 95071. For further information about the Issuer, see “Gaz Capital S.A.” in the Base Prospectus.

The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

For information on Gazprom, see “Gazprom” in the Base Prospectus.

IN CONNECTION WITH THIS ISSUE, J.P. MORGAN SECURITIES PLC (OR PERSONS ACTING ON BEHALF OF J.P. MORGAN SECURITIES PLC) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT J.P. MORGAN SECURITIES PLC (OR PERSONS ACTING ON BEHALF OF J.P. MORGAN SECURITIES PLC) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE CLOSING DATE AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILIZATION ACTION OR OVER-ALLOTMENT SHALL BE CONDUCTED IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, IS MADE BY THE LEAD MANAGERS AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION SET FORTH IN THIS PROSPECTUS, AND NOTHING CONTAINED IN THIS PROSPECTUS IS, OR SHALL BE RELIED UPON AS, A PROMISE OR REPRESENTATION, WHETHER AS TO THE PAST OR THE FUTURE.

EACH PERSON RECEIVING THIS PROSPECTUS ACKNOWLEDGES THAT SUCH PERSON HAS NOT RELIED ON THE LEAD MANAGERS OR ANY OF THEIR AFFILIATES OR ANY PERSON ACTING ON THEIR BEHALF IN CONNECTION WITH ITS INVESTIGATION OF THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION OR ITS INVESTMENT DECISION.

EACH PERSON CONTEMPLATING MAKING AN INVESTMENT IN THE NOTES MUST MAKE ITS OWN INVESTIGATION AND ANALYSIS OF THE CREDITWORTHINESS OF THE SWAP COUNTERPARTIES, THE ISSUER, GAZPROM AND THE GROUP AND ITS OWN DETERMINATION OF THE SUITABILITY OF ANY SUCH INVESTMENT, WITH PARTICULAR REFERENCE TO ITS OWN INVESTMENT OBJECTIVES AND EXPERIENCE, AND ANY OTHER FACTORS WHICH MAY BE RELEVANT TO IT IN CONNECTION WITH SUCH INVESTMENT.

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF NOTES OR THE ACCURACY OR

THE ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

## TABLE OF CONTENTS

OVERVIEW OF THE TRANSACTION.....	6
RISK FACTORS.....	10
INCORPORATION BY REFERENCE .....	12
RECENT DEVELOPMENTS .....	13
TERMS AND CONDITIONS OF THE NOTES.....	14
THE LOAN SUPPLEMENT.....	24
SWAP AGREEMENTS .....	31
DESCRIPTION OF THE SWAP COUNTERPARTIES.....	82
OTHER INFORMATION.....	83

## OVERVIEW OF THE TRANSACTION

*The following summary contains basic information about the Notes, the Loan and the Swap Agreements and should be read in conjunction with, and is qualified in its entirety by, the information set forth under “Terms and Conditions of the Notes” and “Loan Supplement” appearing elsewhere in this Prospectus.*

### Summary of the Notes and the Loan

The transaction will be structured as a Loan to Gazprom by the Issuer. The Issuer will issue the Notes to Noteholders for the sole purpose of funding the Loan. The Notes will be constituted by a supplemental trust deed to be dated on or about the Closing Date and entered into between the Issuer, the Trustee and the Swap Counterparties which is supplemental to a principal trust deed dated December 7, 2005 as amended (together, the “**Trust Deed**”), each entered into between the Issuer and Deutsche Bank Trust Company Americas (the “**Trustee**”).

Pursuant to the Trust Deed, the Issuer will (i) charge as security its rights and interests under the Loan (other than certain Reserved Rights, as defined in the Trust Deed) to the Trustee for the benefit of the Noteholders and the Swap Counterparties and assign its administrative rights under the Loan Agreement to the Trustee as security for its payment obligations in respect of the Notes, the Trust Deed and the Swap Agreements and (ii) charge as security its rights and interests under the Swap Agreements (other than certain Reserved Rights, including but not limited to the right of the Issuer to receive, if applicable, any Termination Amount (as defined in the Swap Agreement) from the Swap Counterparties following the termination of the Swap Agreement) to the Trustee for the benefit of the Noteholders, provided that no Swap Counterparty will benefit from the security in respect of the Swap Agreements and assign its administrative rights under the Swap Agreements to the Trustee as security for its payment obligations in respect of the Notes and the Trust Deed. Such security, together with the security in respect of the Accounts (as defined below), is referred to in this Prospectus as the “**Security Interests**”.

As a consequence of the assignment of the administrative rights under the Loan Agreement and the Swap Agreements, the Trustee shall assume the administrative rights of the Issuer as set out in the relevant provisions of the Trust Deed. If and when the charge of certain of the Issuer’s rights and interests under the Loan and the Swap Agreements is enforced, the Trustee will assume the rights of the Issuer under the Loan and the Swap Agreements, respectively, as set out in the relevant provisions of the Trust Deed, and the Trustee will assume certain rights and obligations towards the Noteholders and the Swap Counterparties, as more fully set out in the Trust Deed.

Any amounts paid by the Swap Counterparties to the Sterling Account are to be held to the order of the Swap Counterparties until Gazprom pays in full to the Euro Account under the Loan.

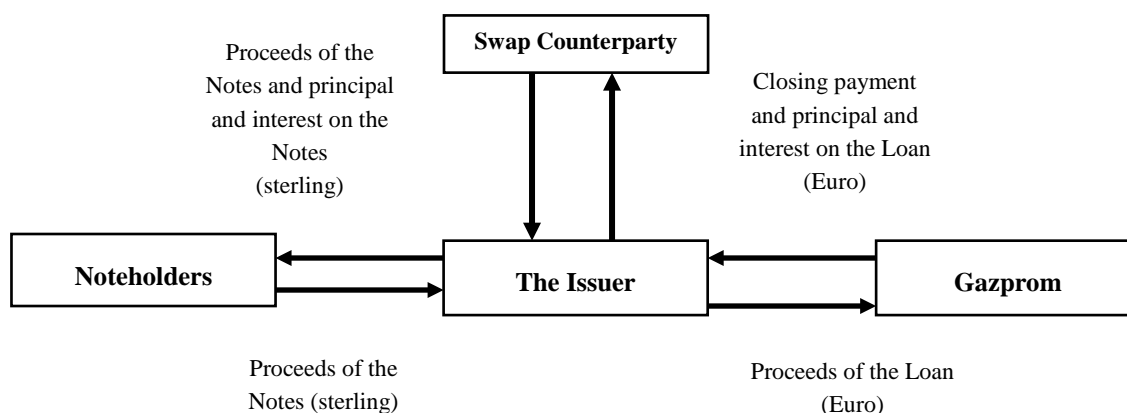
The parties to the Swap Agreements and the Loan Agreement are permitted, without the consent of the Trustee or Noteholders, among other things, to agree to include or make changes to the Knock-out Level, the Knock-out Payment Amount and the EUR Fixed Rate Amount (as they are defined in the Swap Agreements), provided that the Issuer provides an officers’ certificate to the Trustee confirming (a) the changes to or inclusion of the Knock-out Level and/or the Knock-out Payment Amount and/or the EUR Fixed Rate Amount, as applicable, to be made in each Swap Agreement are the same in both Swap Agreements and that such changes or inclusion are made to both Swap Agreements at the same time; (b) the Knock-out Level to be included or changed in each Swap Agreement is a number no greater than GBP1 per EUR1 and no less than GBP0.25 per EUR1; (c) the Knock-out Payment Amount to be included or changed in each Swap Agreement, is a number denominated in GBP, (x) no greater than the amount equal to 10 per cent. of the principal amount of the Notes, and (y) no less than 0.0 (zero); and (d) the EUR Fixed Rate Amount to be included or changed in each Swap Agreement is a number denominated in Euro, (x) no greater than the amount equal to 10 per cent. of the principal amount of the Notes, and (y) no less than 0.0 (zero).

The Notes will be issued on a limited recourse basis and the Issuer will not have any payment obligations thereunder to the Noteholders or to the Swap Counterparties save for to account to the Noteholders and the Swap Counterparties for amounts received by the Issuer pursuant to the Loan and/or the Swap Agreements, as the case may be.



## Summary of the Swap Agreements

### Exchange of sterling for Euro at Closing and Euro for sterling on Interest Payment Dates and at Maturity



## Overview

The Issuer will receive the proceeds of the issue of the Notes, will make interest payments on the Notes and, subject to the limited recourse provisions set out in the Terms and Conditions of the Notes, will repay the principal amount of the Notes at maturity in pounds sterling. Gazprom will receive the principal amount of the Loan on the Closing Date, will make interest payments on the Loan and will repay the principal amount of the Loan at maturity in Euro. The Issuer has, therefore, entered into Swap Agreements with each of the Swap Counterparties so that (1) the pounds sterling proceeds of the issue of the Notes can be exchanged for an amount of Euro and lent to Gazprom pursuant to the Loan Agreement and (2) the Euro interest payments and repayment of principal made by Gazprom pursuant to the Loan Agreement can be exchanged for amounts of pounds sterling and paid to the Noteholders pursuant to the Notes.

Each Swap Counterparty will enter into a separate Swap Agreement with the Issuer. Each Swap Counterparty is liable under the relevant Swap Agreement for 425,000,000 of the total amount of pounds sterling and the corresponding amount in Euro to be exchanged. The Swap Counterparties are not jointly and severally liable.

## Closing Date

The Notes are denominated in pounds sterling in an aggregate amount of £850,000,000. The Loan is for a fixed Euro amount of EUR980,135,000. Noteholders will subscribe for the Notes in pounds sterling on the Closing Date. Pursuant to the Swap Agreements, the Swap Counterparties will, subject to the conditions set out in the Swap Agreements, receive from the Issuer a fixed amount in pounds sterling equal to the pounds sterling subscription moneys received by the Issuer on issuance of the Notes and in exchange therefor shall pay to the Issuer a sum in Euro equal to the aggregate principal amount of the Loan.

## Semi-Annual Interest Payments

Interest on the Loan will be calculated on the basis of a fixed rate of 3.35 per cent. per annum and will be payable by Gazprom to the Issuer semi-annually in arrear. The Loan Agreement requires Gazprom to make such payment to a Euro account (the **"Euro Secured Account"**) with the Principal Paying Agent which is secured as part of the Security Interests pursuant to the Trust Deed.

Pursuant to the Swap Agreements, the Issuer will pay fixed amounts in Euro equal to the Euro interest payments received semi-annually by the Issuer from Gazprom pursuant to the Loan Agreement. In exchange the Swap Counterparties will pay to the Issuer fixed amounts in pounds sterling, equal to the interest on the Notes, prior to each date on which interest payments are required to be made on the Notes. Such payments will be made to a pounds sterling account (the **"Sterling Secured Account"** and, collectively with the Euro Secured Account, the **"Accounts"**) with the Principal Paying Agent and will be held to the order of the Swap Counterparty until the Issuer has received the corresponding Euro payment from Gazprom pursuant to the terms of the Loan.

In the event that either or both of the Swap Agreements is (are) terminated, or a Swap Counterparty defaults such that the amounts of pounds sterling that the Issuer receives from the Swap Counterparties is not sufficient to pay amounts owing to Noteholders on an Interest Payment Date in full or in the event that the Swap Agreements are amended such that the Knock-out Payment Amount becomes due and payable or the EUR Fixed Rate Amounts are increased, Gazprom is obliged under the Loan Agreement to make payments to the Issuer such that it can meet its obligations to Noteholders in full on such date. Such payments can be made by Gazprom either in Euro or in pounds sterling and will be made to the relevant Account.

Subject to receipt thereof, the Issuer will pay interest on the Notes on each Interest Payment Date in pounds sterling.

### **Maturity Date**

Gazprom will be required, pursuant to the Loan Agreement, to repay the Loan at par, together with interest thereon, prior to the Maturity Date of the Notes (the “**Maturity Date**”) in Euro to the Euro Secured Account.

Pursuant to the Swap Agreements, the Issuer will pay a fixed amount in Euro equal to the Euro redemption payment received at maturity by the Issuer from Gazprom pursuant to the Loan Agreement. In exchange the Swap Counterparties will pay to the Issuer a fixed amount in pounds sterling, equal to the aggregate principal amount of the Notes due to be paid on the Maturity Date. Such payment will be made to the Sterling Secured Account.

In the event that any or both of the Swap Agreements is (are) terminated, or a Swap Counterparty defaults such that the amounts of pounds sterling that the Issuer receives from the Swap Counterparties is not sufficient to pay amounts owing to Noteholders on an Interest Payment Date in full, Gazprom is obliged under the Loan Agreement to make payments to the Issuer such that it can meet its obligations to Noteholders in full on such date. Such payments can be made by Gazprom either in Euro or in pounds sterling and will be made to the relevant Account.

Subject to receipt thereof, the Issuer will redeem the Notes on the Maturity Date in pounds sterling.

### **Termination and Default**

Gazprom may elect to prepay the Loan prior to the Maturity Date only in certain limited events (applicable to all issuances of loan participation notes by the Issuer under the Programme) relating to (i) Gazprom being required to make additional payments under the Loan due to increased taxes or costs in respect of the Loan and the Notes or the enforcement of the Security Interests by the Trustee or (ii) certain events of illegality in respect of the Loan and the Notes. In particular, Gazprom is not permitted to prepay the Loan if either or both Swap Agreements terminates, or if Gazprom is required to make increased payments under the Loan relating to the Swap Agreements or the Swap Counterparties.

If Gazprom does elect to prepay the Loan, or if the Loan is declared due and payable following an event of default thereunder, Gazprom is required to pay to the Issuer a sum sufficient to ensure that the Issuer is able to discharge in full its obligations under the Swap Agreements and the Notes, as further described under “The Loan Supplement”.

Each Swap Agreement may be terminated in the event of an event of default by the relevant Swap Counterparty or the Issuer (which includes failure to make payments under the Swap Agreements when due and certain insolvency and bankruptcy events) and certain increased tax, force majeure and illegality events. Upon the determination by the relevant Calculation Agent under (and as defined in) either Swap Agreement that a Knock-out Event (as defined in the Swap Agreements) has occurred, such Calculation Agent will notify the Issuer and Gazprom within one business day of the event, and no further payments by the Swap Counterparties will be made under the Swap Agreements, subject to their terms and conditions. In such circumstances, since the Knock-out Event under each Swap Agreement is identical, it is expected that both Swap Agreements will be affected at or about the same time. If a Knock-out Event occurs or either or both Swap Agreements terminates for any other reason, Gazprom will be required on the date of any termination payment due under such Swap Agreement, on each Interest Payment Date and on the Maturity Date to pay to the Issuer amounts either in Euro or in pounds sterling sufficient to ensure that the Issuer is able to discharge in full its obligations under the Swap Agreements (if they remain in effect) and the Notes (in all cases).

### **Substitution**

Each Swap Agreement entitles, but does not oblige, the Issuer, at the direction of Gazprom pursuant to the Loan Agreement, to require the substitution of a new entity as swap counterparty in the event of (i) a Ratings Downgrade

(defined in the Swap Agreements as the long-term unsecured, unsubordinated and unguaranteed debt obligations of such Swap Counterparty ceasing to be rated at least as high as “BBB–“ by S&P and/or Fitch and/or “Baa3” by Moody’s or their respective equivalents); (ii) a Swap Counterparty default, (iii) a Change in Taxes, (iv) an event of Illegality and (v) an event of Force Majeure. This substitution provision is a Reserved Right and is, therefore, not subject to the Security Interests.

If Gazprom does elect to require such substitution, it will be required to pay to the Issuer a sum sufficient to ensure that the Issuer is able to discharge in full its obligations under the Swap Agreements and the Notes, as further described under “The Loan Supplement”.

## **RISK FACTORS**

*The purchase of Notes involves substantial risks and is suitable only for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Notes. Before making an investment decision, prospective purchasers of Notes should consider carefully, in the light of their own financial circumstances and investment objectives, the considerations set forth below together with any other considerations deemed appropriate by the prospective purchaser. Prospective purchasers of Notes should make such enquiries as they think appropriate about the Notes, Gazprom, the Issuer and the Swap Counterparties, without relying on Gazprom, the Issuer or the Swap Counterparties or any affiliate of a Swap Counterparty.*

*The following investment considerations, alone or collectively, may reduce the return on the Notes and could result in the loss of all or a portion of a Noteholder's investment in the Notes. Each prospective purchaser of Notes is solely responsible for making its own independent appraisal of all such matters and such other matters as the prospective purchaser deems appropriate, in determining whether to purchase Notes and that an investment in the Notes is suitable for its investment purposes. Capitalized terms used but not defined in this section shall have the respective meanings given to them in "Terms and Conditions of the Notes".*

### ***Limitations on claims against the Swap Counterparties***

Neither of the Swap Counterparties has any obligation to the Noteholders for payment of any amount due in respect of the Notes. The obligations of Swap Counterparties under the Swap Agreements are several and not joint and several.

### ***Provision of information***

Neither Gazprom, the Issuer nor a Swap Counterparty (i) has provided or will provide prospective purchasers of Notes with any information (other than the information included in this Prospectus) or advice with respect to the Swap Counterparties or (ii) makes any representation as to the credit quality of the Swap Counterparties. Gazprom, the Issuer and the Swap Counterparties may have acquired, or during the term of the Notes may acquire, non-public information with respect to the Swap Counterparties which will not be disclosed to holders of Notes.

### ***Business relationships***

Either or both Swap Counterparties may have existing or future business relationships with Gazprom or the Issuer (including, but not limited to, lending, securities trading, depositary, risk management, advisory and banking relationships), and will pursue actions and take steps that it deems or they deem necessary or appropriate to protect its or their interests arising therefrom without regard to the interests of and consequences for a Noteholder.

### ***Security Pari Passu***

Unlike usual loan participation note structures, the Swap Counterparties benefit from security over the Loan and the Secured Accounts *pari passu* with Noteholders. In the event of an Event of Default under the Loan Agreement, the Trustee will, pursuant to the Trust Deed, enforce the Security Interests for the benefit of the Noteholders and the Swap Counterparties equally, which may, in the event of a shortfall in funds recovered, lead to Noteholders receiving less than the full amount available for distribution by the Trustee.

### ***The Issuer has entered into the Swap Agreements with the Swap Counterparties, which will share security with Noteholders***

The Issuer has entered into the Swap Agreements with the Swap Counterparties in respect of the Notes. The Swap Agreements will be subject to the same security arrangements as the Notes. Any early termination of any of the Swap Agreements could, in the circumstances set out below, lead to an Event of Default under the Loan Agreement and ultimately result in the Notes becoming due and payable prior to their maturity date. In the event of an Event of Default under the Loan Agreement, the Trustee will, pursuant to the Trust Deed, enforce the Security Interests for the benefit of the Noteholders and the Swap Counterparties *pari passu* and rateably, which may, in the event of a shortfall in funds recovered, lead to Noteholders receiving less than the full amount available for distribution by the Trustee. To the extent that either or both Swap Agreements are terminated early for any reason, Gazprom will, under the Loan Agreement, be obliged to pay such additional amounts as may be necessary to ensure that, in addition to being able to discharge in full its obligations under the Notes, the Issuer is able to meet any termination or other payment due under the relevant Swap Agreements. If Gazprom fails to make such

additional payments in respect of any termination or other payment due under the relevant Swap Agreements, then this would result in an Event of Default under the Loan Agreement, following which the relevant Swap Counterparty or Swap Counterparties, as the case may be, may direct the Trustee to enforce the Security Interests, which could result in the Notes becoming due and payable prior to their scheduled maturity date.

***Either or both Swap Counterparties may pursue actions and take steps in accordance with the terms of the relevant Swap Agreement and/or Trust Deed that it deems or they deem necessary or appropriate to protect its or their interests without regard to the interests of and consequences for any of the Noteholders***

Pursuant to the terms of the Swap Agreements, either of the Swap Counterparties will, or has the right, to terminate its Swap Agreement in circumstances which do not constitute an Event of Default under the Loan Agreement including certain insolvency and bankruptcy events relating to the Issuer and certain increased tax, force majeure and illegality events, as further described under “The Swap Agreement”. Gazprom is not permitted to prepay the Loan if one or all Swap Agreements terminate. To the extent that one or more relevant Swap Agreements are terminated early for any reason, Gazprom will, under the Loan Agreement, be obliged to pay such additional amounts as may be necessary to ensure that, in addition to being able to discharge in full its obligations under the Notes, the Issuer is able to meet any termination or other payment due under the relevant Swap Agreements. If Gazprom fails to make such additional payments in respect of any termination or is unable to discharge in full its obligations under the Notes following the termination of one or both Swap Agreements, then this would result in an Event of Default under the Loan Agreement.

The Trust Deed provides that, at any time after an Event of Default (as defined in the Loan Agreement) or of a Relevant Event (as defined in the Trust Deed) has occurred and is continuing, the Trustee may, at its discretion and without notice and shall, (i) if so directed to do so by an Extraordinary Resolution or so requested in writing by Noteholders owning 25 per cent. in aggregate principal amount of the Notes outstanding, or, (ii) where sums are due to a Swap Counterparty under a Swap Agreement following the occurrence of an Event of Default under the Loan Agreement, if it shall have received a direction in writing from such Swap Counterparty and, in each case, subject to it being secured and/or indemnified and/or prefunded to its satisfaction, take such steps or actions or institute such proceedings as it may think fit to enforce the rights of the Noteholders and (if appropriate) the Swap Counterparties and the provisions of the Trust Deed, including to declare all amounts payable under the Loan Agreement by Gazprom to be due and payable.

In determining whether or not to exercise any of its or their rights under any Swap Agreements (including the right to terminate a Swap Agreement) or the Trust Deed, either of the Swap Counterparties may pursue actions and take steps that it deems or they deem necessary or appropriate to protect its or their interests without regard to the interests of and consequences for any of the Noteholders.

## INCORPORATION BY REFERENCE

This Prospectus should be read and construed in conjunction with the provisions of the Base Prospectus, which constitutes a base prospectus for the purposes of the Prospectus Directive and which has been previously approved by the Central Bank of Ireland and published in accordance with the Prospectus Directive at [http://www.ise.ie/debt\\_documents/Base%20Prospectus\\_60ee9a6a-b849-4be4-8999-64c1d5d0fd0c.PDF](http://www.ise.ie/debt_documents/Base%20Prospectus_60ee9a6a-b849-4be4-8999-64c1d5d0fd0c.PDF).

The Base Prospectus shall be incorporated in, and form part of this Prospectus in its entirety, save that any statement contained in the Base Prospectus shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Terms used herein but not otherwise defined shall have the meanings given to them in the Base Prospectus. This Prospectus must be read in conjunction with the Base Prospectus and full information on the Issuer, Gazprom and the Group, the Swap Counterparties and the offer of the Notes is only available on the basis of the combination of the provisions set out within this Prospectus and the Base Prospectus.

Copies of the Base Prospectus may be obtained (without charge) from the registered offices of the Issuer and Gazprom.

## RECENT DEVELOPMENTS

*The following section sets forth recent developments relating to the capitalization of the Group.*

In March 2017, we entered into an agreement to obtain a EUR700 million 2.5% loan from Credit Agricole Corporate & Investment Bank due in 2022.

In March 2017, we received from the Issuer a U.S.\$750 million 4.950% loan due in 2027 relating to the loan participation notes issued as Series 41 pursuant to the Programme.

## TERMS AND CONDITIONS OF THE NOTES

*The following, subject to alteration, are the terms and conditions of the Notes which will be endorsed on each Note in definitive form. The Terms and Conditions of the Notes included in the Base Prospectus on pages 231 to 240 do not apply to the Notes.*

The £850,000,000 4.25 per cent. Loan Participation Notes due 2024 (the “**Notes**”) are constituted by, are subject to, and have the benefit of, a supplemental trust deed dated (the “**Supplemental Trust Deed**”) dated April 6 2017 (the “**Closing Date**”) made between Gaz Capital S.A. (the “**Issuer**”) and Deutsche Bank Trust Company Americas (the “**Trustee**”, which expression shall include any trustee or trustees for the time being under the Trust Deed) as trustee and successors thereof for the holders of the Notes (the “**Noteholders**”), J.P. Morgan Securities plc and Deutsche Bank AG, London Branch (the “**Swap Counterparties**” and each a “**Swap Counterparty**”), supplemental to an amended and restated principal trust deed (the “**Principal Trust Deed**”) dated December 7, 2005 made between the Issuer and the Trustee. The Principal Trust Deed and the Supplemental Trust Deed as modified from time to time in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto, as from time to time so modified, are together referred to as the “**Trust Deed**”.

The Issuer has authorised the creation, issue and sale of the Notes for the sole purpose of financing a €980,135,000 loan (the “**Loan**”) to Public Joint Stock Company Gazprom (the “**Borrower**”), including the entry into of the currency exchange mechanics of long form currency exchange confirmations, each with an effective date of April 6, 2017, between the Issuer and each Swap Counterparty (each, a “**Swap Agreement**” and, together, the “**Swap Agreements**”) under which the Issuer has agreed to make payments of Euro amounts (subject to receipt thereof under the Loan Supplement) against payment by each Swap Counterparty of amounts in pounds sterling corresponding to the amounts due under the Notes and the Trust Deed from time to time. The Issuer and the Borrower have recorded the terms of the Loan in an amended and restated facility agreement (the “**Facility Agreement**”) dated December 7, 2005, as supplemented on April 4, 2017 specified hereon by a loan supplement (the “**Loan Supplement**”) each between the Issuer and the Borrower (together, the “**Loan Agreement**”).

In each case where pounds sterling amounts of principal, interest and additional amounts (if any) are stated herein or in the Trust Deed to be payable in respect of the Notes, the obligations of the Issuer to make any such payment shall constitute an obligation only to account to the Noteholders on each date upon which such pounds sterling amounts of principal, interest and additional amounts (if any) are due in respect of the Notes, for an amount equivalent to the amounts of principal, interest and additional amounts (if any) actually received by or for the account of the Issuer pursuant to the Loan Agreement, and, for as long as the Swap Agreements are in effect, as exchanged for pounds sterling amounts pursuant to the Swap Agreements.

The Issuer has charged by way of first fixed charge in favour of the Trustee (the “**Charge**”)

- (a) all principal, interest and other amounts payable by the Borrower to the Issuer as lender under the Loan Agreement;
- (b) the right to receive all sums which may be or become payable by the Borrower under any claim, award or judgment relating to the Loan Agreement;
- (c) all sums now or hereafter payable by each Swap Counterparty to the Issuer as counterparty under each Swap Agreement;
- (d) the right to receive all sums which may be or become payable by each Swap Counterparty under any claim, award or judgment relating to each Swap Agreement; and
- (e) all the rights, title and interest in and to all sums of money now or in the future deposited in accounts (a Euro account (the “**Euro Account**”) and a pounds sterling account (the “**GBP Account**”), respectively) with Deutsche Bank AG, London Branch in the name of the Issuer (together, the “**Accounts**”) and debts represented thereby, including interest from time to time earned on the Accounts,

other than in each case any rights and benefits constituting Reserved Rights and amounts relating to the Reserved Rights (as defined in the Trust Deed) and certain sums payable by either Swap Counterparty under either Swap Agreement which shall be held to the order of such Swap Counterparty until the corresponding Euro payment has been received by the Issuer from the Borrower pursuant to the terms of the Loan Agreement.



The Issuer has also assigned absolutely certain other rights under the Loan Agreement and the Swap Agreements (together, the “**Secured Agreements**”) to the Trustee (the “**Assignment**” and, together with the Charge, the “**Security Interests**”)

The Security Interests are granted to the Trustee as continuing security for the payment of all sums due under the Trust Deed and the Notes and for the performance of the Issuer’s obligations (if any) under the Swap Agreements, in each case, as trustee for itself and/or the holders of the Notes and the Swap Counterparties on a *pari passu* basis, save that no Swap Counterparty shall benefit from the security in respect of the Swap Agreements.

At any time following the occurrence of an Event of Default (as defined in the Loan Agreement) or a Relevant Event (as defined in the Trust Deed) and subject as provided in the Trust Deed and Condition 9, the Trustee can (subject to it being indemnified and/or secured and/or prefunded to its satisfaction) be required by Noteholders holding at least one quarter of the principal amount of the Notes outstanding or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders or, where sums are due to a Swap Counterparty under a Swap Agreement following the occurrence of an Event of Default under the Loan Agreement, by a direction in writing from such Swap Counterparty to exercise certain of its powers under the Trust Deed (including those arising under the Security Interests).

Payments in respect of the Notes will be made (subject to the receipt of the relevant funds from the Borrower and/or the Swap Counterparties) pursuant to, an amended and restated paying agency agreement (the “**Agency Agreement**”) dated December 7, 2005 and made between the Issuer, Deutsche Bank Luxembourg S.A. as paying agent and Luxembourg registrar, Deutsche Bank Trust Company Americas as paying agent and U.S. registrar (together with Deutsche Bank Luxembourg S.A. in such capacity, each a “**Registrar**”, which expressions shall include any successors), Deutsche Bank AG, London Branch as the principal paying agent (the “**Principal Paying Agent**”) and calculation agent, Deutsche International Corporate Services (Ireland) Limited as paying agent and Deutsche Bank AG, London Branch and Deutsche Bank Luxembourg S.A. as transfer agents (the “**Transfer Agents**”), which expressions shall include any additional or successor transfer agents), the Borrower and the Trustee, as supplemented by a supplemental paying agency agreement dated April 4, 2017 made between the Issuer, the Principal Paying Agent and other parties named therein (together, the “**Agency Agreement**”).

Copies of the Trust Deed, the Loan Agreement, the Agency Agreement, the Swap Agreements and the Series Prospectus are available for inspection, or collection from, at the principal office of the Trustee being, at the date hereof, at 60 Wall Street, New York, NY 10005, United States of America; the specified office of the Principal Paying Agent; and the specified office of the Paying Agent in Ireland.

The statements contained in these Terms and Conditions include summaries or restatements of, and are subject to, the detailed provisions of the Trust Deed, the Series Prospectus, the Loan Agreement (the form of which is scheduled to and incorporated in the Trust Deed) and the Agency Agreement. Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and certain provisions of the Agency Agreement.

All capitalised terms used but not otherwise defined in these Terms and Conditions have the meanings given to them in the Trust Deed.

## **1 Status**

The sole purpose of the issue of the Notes is to provide the funds for the Issuer to finance the Loan, including the entry into of the currency exchange mechanics of the Swap Agreements. The Notes constitute the obligation of the Issuer to apply the pounds sterling proceeds from the issue of the Notes solely for financing the Euro Loan, including the entry into of the currency exchange mechanics of the Swap Agreements, and to account to the Noteholders for a pounds sterling amount equivalent to the amounts of principal, interest and other amounts (if any) actually received by or for the account of the Issuer pursuant to the Loan Agreement, less any amount in respect of Reserved Rights, and, for as long as the Swap Agreements are in effect, as exchanged for pounds sterling amounts pursuant to the Swap Agreements.

The Trust Deed provides that payments in respect of the Notes equivalent to the sums actually received by or for the account of the Issuer by way of principal, interest or other amounts (if any) pursuant to the Loan Agreement, and, for as long as the Swap Agreements are in effect, as exchanged for pounds sterling amounts pursuant to the Swap Agreements, will be made in pounds sterling pro rata among all Noteholders, on the date of, and subject to the conditions attaching to, the equivalent payment pursuant to

the Loan Agreement and Swap Agreements. The Issuer shall not be liable to make any payment in respect of the Notes other than as expressly provided herein and in the Trust Deed. As provided therein, neither the Issuer nor the Trustee shall be under any obligation to exercise in favour of the Noteholders any rights of set-off or counterclaim that may arise out of other transactions between the Issuer or the Trustee and the Borrower or the Swap Counterparties.

Noteholders have notice of, and have accepted, these Terms and Conditions, the Series Prospectus and the contents of the Trust Deed, the Swap Agreements and the Loan Agreement, and have hereby accepted that:

- 1.1 neither the Issuer nor the Trustee makes any representation or warranty in respect of, or shall at any time have any responsibility for, or, liability or obligation in respect of the performance and observance by the Borrower of its obligations under the Loan Agreement or the Swap Counterparties of their respective obligations under the Swap Agreements or the recoverability of any sum of principal or interest (or any other amounts) due or to become due from the Borrower under the Loan Agreement or the Swap Counterparties under the Swap Agreements;
- 1.2 neither the Issuer nor the Trustee shall at any time have any responsibility for, or obligation or liability in respect of, the financial condition, creditworthiness, affairs, status or nature of the Borrower or the Swap Counterparties;
- 1.3 neither the Issuer nor the Trustee shall at any time be liable for any representation or warranty or any act, default or omission of the Borrower under or in respect of the Loan Agreement or the Swap Counterparties under of in respect of the Swap Agreements;
- 1.4 neither the Issuer nor the Trustee shall at any time have any responsibility for, or liability or obligation in respect of, the performance and observance by the Principal Paying Agent, any of the Paying Agents, the Registrar or the Transfer Agent of their respective obligations under the Agency Agreement;
- 1.5 the financial servicing and performance of the terms of the Notes depend solely and exclusively upon performance by the Borrower of its obligations under the Loan Agreement and the Borrower's obligations to make payments under the Loan Agreement and its credit and financial standing. The Borrower has represented and warranted to the Issuer in the Loan Agreement that the Loan Agreement constitutes a legal, valid and binding obligation of the Borrower; and
- 1.6 the Issuer and the Trustee shall be entitled to rely on a certificate signed by a duly authorised officer of the Borrower confirming that the Borrower is complying with its obligations under the Loan Agreement and shall not otherwise be responsible for investigating any aspect of the Borrower's performance in relation thereto and, subject as further provided in the Trust Deed, the Trustee will not be liable for any failure to make the usual or any investigations which might be made by a security holder in relation to the property which is the subject of the Trust Deed and held by way of security for the Notes, and shall not be bound to enquire into or be liable for any defect or failure in the right or title of the Issuer to the assigned property whether such defect or failure was known to the Trustee or might have been discovered upon examination or enquiry or whether capable of remedy or not, nor will it have any liability for the enforceability of the security created by the Security Interests whether as a result of any failure, omission or defect in registering or filing or otherwise protecting or perfecting such security; the Trustee has no responsibility for the value of such security.

Under the Trust Deed, the obligations of the Issuer in respect of the Notes rank *pari passu* and rateably without any preference among themselves.

In the event that the payments under the Loan Agreement and the Swap Agreements are made by the Borrower or the Swap Counterparties, as the case may be, to, or to the order of, the Trustee or (subject to the provisions of the Trust Deed) the Principal Paying Agent, they will pro tanto satisfy the obligations of the Issuer in respect of the Notes.

Save as otherwise expressly provided herein and in the Trust Deed, no proprietary or other direct interest in the Issuer's right under or in respect of the Loan Agreement, the Swap Agreements or the Loan exists for the benefit of the Noteholders. Subject to the terms of the Trust Deed, no Noteholder will have any entitlement to enforce the Loan Agreement or the Swap Agreements or direct recourse to the Borrower or the Swap Counterparties except through action by the Trustee pursuant to the Assigned Rights granted to the Trustee in the Trust Deed. Neither the Issuer nor, following the enforcement of the Security Interests

created in the Trust Deed, the Trustee shall be required to take proceedings to enforce payment under the Loan Agreement or the Swap Agreements unless it has been indemnified and/or secured and/or prefunded to its satisfaction.

## **2 Form, Denomination and Title**

The Notes will be issued in fully registered form, and in denominations of £100,000 and integral multiples of £1,000 thereafter, without interest coupons.

## **3 Register, Title and Transfers**

The Registrar will maintain a register (the “**Register**”) in respect of the Notes in accordance with the provisions of the Agency Agreement. In these Conditions the “holder” of a Note means the person in whose name such Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and “**Noteholder**” shall be construed accordingly. A Note will be issued to each Noteholder in respect of its registered holding.

The holder of each Note shall (except as otherwise required by law) be treated as the absolute owner of such Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Note relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Note) and no person shall be liable for so treating such holder.

A Note may be transferred upon surrender of the relevant Note, with the endorsed form of transfer duly completed, at the specified office of the Registrar or at the specified office of the Transfer Agent, together with such evidence as the Registrar or the Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer. Where not all the Notes represented by the surrendered Note are the subject of the transfer, a new Note in respect of the balance of the Note will be issued to the transferor.

Subject to the last paragraph of this Condition, within five business days of the surrender of a Note in accordance with the immediately preceding paragraph above, the Registrar will register the transfer in question and deliver a new Note to each relevant holder at its specified office or (at the request and risk of such relevant holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant holder. In this paragraph, “business day” means a day on which commercial banks are open for business (including dealings in foreign currencies) in the city where the Registrar has its specified office.

The transfer of a Note will be effected without charge but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Notes.

## **4 Restrictive Covenants**

As provided in the Trust Deed, so long as any of the Notes remains outstanding (as defined in the Trust Deed), the Issuer will not, without the prior written consent of the Trustee, agree to any amendments to or any modification or waiver of, or authorise any breach or proposed breach of, the terms of the Loan Agreement or any Swap Agreement and will act at all times in accordance with any instructions of the Trustee from time to time with respect to the Loan Agreement and each Swap Agreement, except as otherwise expressly provided in the Loan Agreement or the Swap Agreements. Any such amendment, modification, waiver or authorisation made with the consent of the Trustee shall be binding on the Noteholders and, unless the Trustee agrees otherwise, any such amendment or modification shall be notified by the Issuer to the Noteholders in accordance with Condition 14.

Save as provided above, so long as any Note remains outstanding, the Issuer, without the prior written consent of the Trustee shall not, inter alia, incur any other indebtedness for borrowed moneys, engage in any other business (other than acquiring and holding the Charged Property in respect of each Series, issuing Notes, entering into Loans and performing any act incidental to or necessary in connection with the

foregoing), declare any dividends, have any subsidiaries or employees, purchase, own, lease or otherwise acquire any real property (including office premises or like facilities), consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entity to any person (otherwise than as contemplated in these conditions and the Trust Deed), issue any shares, give any guarantee or assume any other liability, or subject to the laws of Luxembourg, petition for any winding-up or bankruptcy.

## 5 Interest

Each Note bears interest on its outstanding principal amount from (and including) April 6, 2017 at 4.25 per cent. per annum (the “**Rate of Interest**”) payable semi-annually in arrear, subject to receipt of funds from the Borrower under the Loan Agreement and, for as long as the Swap Agreements are in effect, exchange of such funds for amounts of pounds sterling under the Swap Agreements.

Accordingly, on April 6 and October 6 in each year, commencing on October 6, 2017 (each, an “**Interest Payment Date**”), the Issuer shall account to the Noteholders for an amount equivalent to amounts of interest under the Loan received by or for the account of the Issuer pursuant to the Loan Agreement, as exchanged, for as long as the Swap Agreements are in effect, for amounts of pounds sterling pursuant to the Swap Agreements.

Interest shall continue to accrue on overdue interest at the same rate per annum up to the maximum extent permitted by applicable law.

If interest is required to be calculated for a period of less than a complete interest period, the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of actual days elapsed.

## 6 Redemption

Unless previously prepaid or repaid pursuant to Clause 5.2 or 5.3 of the Facility Agreement, the Borrower will be required to repay the Loan in Euro three Business Days prior to April 6, 2024 (the “**Maturity Date**”) and, subject to such repayment, as set forth in the Loan Agreement and the Swap Agreements, the Issuer will, for as long as the Swap Agreements are in effect, pay such amounts received in Euro to the Swap Counterparties and the Swap Counterparties will make payments in pounds sterling to the Issuer. Subject to, and to the extent of, such payments under the Loan Agreement and, for as long as the Swap Agreements are in effect, the Swap Agreements, being made, all the Notes then remaining outstanding will be redeemed or repaid by the Issuer in pounds sterling on the Maturity Date at 100 per cent. of the principal amount thereof.

If the Loan should become repayable (and be repaid) pursuant to the Loan Agreement prior to the Maturity Date, all Notes then remaining outstanding will thereupon become due and redeemable or repayable at par together with interest accrued to the date of redemption and the Issuer will endeavour to give not less than eight days’ notice thereof to the Trustee and the Noteholders in accordance with Condition 14.

To the extent that the Issuer receives amounts of principal, interest or other amounts (other than amounts in respect of the Reserved Rights) following acceleration of the Loan pursuant to Clause 11 of the Loan Agreement and, for as long as the Swap Agreements are in effect, exchanges them for amounts in pounds sterling pursuant to the Swap Agreements, the Issuer shall pay an amount in pounds sterling equivalent to such amounts on the Business Day following receipt of such amounts, subject as provided in Condition 7.

## 7 Payments and Agents

Payments of principal shall be made against presentation and surrender of the relevant Notes at the specified office of the Principal Paying Agent or at the specified office of any Transfer Agent or of the Registrar and in the manner provided in the paragraph below.

Interest shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”). Payments of interest shall be made in pounds sterling by cheque drawn on a bank in London (a “**Bank**”) and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in pounds sterling maintained by the payee with a Bank,

or by transfer to an account in pounds sterling maintained by the payee with, a Bank in London and (in the case of interest payable on redemption) upon surrender of the relevant Notes at the specified office of the Principal Paying Agent or at the specified office of the Transfer Agent.

All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations, but without prejudice to the provisions of Condition 8. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

If the due date for payments of interest or principal is not a business day, a Noteholder shall not be entitled to payment of the amount due until the next following business day and shall not be entitled to any further interest or other payment in respect of any such delay. In this paragraph, “**business day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, where payment is to be made by transfer to an account maintained with a bank in pounds sterling, on which foreign exchange transactions may be carried on in pounds sterling in London, and any day on which the TARGET System is open and “**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET 2) payment system or any successor thereto.

The names of the initial Paying Agents and their initial specified offices are set out below. The Agency Agreement provides that the Issuer may at any time, with the prior written approval of the Trustee, vary or terminate the appointment of the Principal Paying Agent or any of the Paying Agents, and appoint additional or other paying agents provided that so long as the Notes are listed and/or admitted to trading on any stock exchange or market or admitted to listing by any other relevant authority, there will be a paying agent and transfer agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or market or other relevant authority. Any such variation, termination or appointment shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not more than 45 days’ and not less than 30 days’ notice thereof shall have been given to the Noteholders in accordance with Condition 14.

In addition, if the due date for redemption or repayment of a Note is not an Interest Payment Date, interest accrued from the preceding Interest Payment Date or, as the case may be, from the Closing Date shall be payable only as and when actually received by or for the account of the Issuer pursuant to the Loan Agreement and, for as long as the Swap Agreements are in effect, exchanged for pounds sterling pursuant to the Swap Agreements.

Save as otherwise directed by the Trustee at any time after any of the Security Interests created in the Trust Deed becomes enforceable, the Issuer will, pursuant to Clause 6 of the Agency Agreement require the Borrower to make all payments of principal and interest to be made pursuant to the Loan Agreement to the Principal Paying Agent to the GBP Account and the Swap Counterparties to make all payments under the Swap Agreements to the Euro Account. Under the Charge, the Issuer will charge by way of first fixed charge all the rights, title and interest in and to all sums of money then or in the future deposited in the Accounts in favour of the Trustee for the benefit of the Noteholders.

## **8 Taxation**

All payments in respect of the Notes by or on behalf of the Issuer will be made without deduction or withholding for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the Russian Federation or Luxembourg or any authority thereof or therein having the power to tax, unless the deduction or withholding of such taxes or duties is required by law.

In such event, the Issuer shall make such additional payments as shall result in the receipt by the Noteholders of such amount as would have been received by them if no such withholding or deduction had been required but only to the extent and only at such time as the Issuer receives an equivalent amount from the Borrower under the Loan Agreement. To the extent that the Issuer receives a lesser additional amount from the Borrower, the Issuer will account to each Noteholder for an additional amount equivalent to a pro rata proportion of such additional amount (if any) as is actually received by, or for the account of, the Issuer pursuant to the Loan Agreement on the date of, and subject to any conditions attaching to the payment of such additional amount to the Issuer provided that no such additional amount will be payable in respect of any Note:

- 8.1 to a Noteholder who (a) is able to avoid such deduction or withholding by satisfying any statutory requirements or by making a declaration of non-residence or other claim for exemption to the relevant tax authority; or (b) is liable for such taxes or duties by reason of his having some connection with the Russian Federation or Luxembourg other than the mere holding of such Note or the receipt of payments in respect thereof;
- 8.2 in respect of a Note presented for payment of principal more than 30 days after the Relevant Date except to the extent that such additional payment would have been payable if such Note had been presented for payment on such 30th day; or
- 8.3 in respect of a Note presented for payment by or on behalf of a Noteholder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a Member State of the European Union.

As used herein, “**Relevant Date**” (i) means the date on which any payment under the Loan Agreement or a Swap Agreement first becomes due but (ii) if the full amount payable by the Borrower or the Swap Counterparties, as the case may be, has not been received by, or for the account of, the Issuer pursuant to the Loan Agreement or the relevant Swap Agreement on or prior to such date, it means the date on which such moneys shall have been so received and notice to that effect shall have been duly given to the Noteholders by or on behalf of the Issuer in accordance with Condition 14.

Any reference herein or in the Trust Deed to payments in respect of the Notes shall be deemed also to refer to any other amounts which may be payable in accordance with the Trust Deed and this Condition 8 or any undertaking given in addition thereto or in substitution therefor pursuant to the Trust Deed.

## **9 Enforcement**

The Trust Deed provides that only the Trustee may pursue the remedies under the general law, the Trust Deed or the Notes to enforce the rights of the Noteholders and no Noteholder will be entitled to pursue such remedies unless the Trustee (having become bound to do so in accordance with the terms of the Trust Deed) fails or neglects to do so within a reasonable period and such failure or neglect is continuing.

At any time after an Event of Default (as defined in the Facility Agreement) or of a Relevant Event (as defined in the Trust Deed) has occurred and is continuing, the Trustee may, at its discretion and without notice and shall, if requested to do so by Noteholders owning 25 per cent. in aggregate principal amount of the Notes outstanding, or if directed to do so by an Extraordinary Resolution or, where sums are due to a Swap Counterparty under a Swap Agreement following the occurrence of an Event of Default under the Loan Agreement, if it shall have received a direction in writing from the such Swap Counterparty and, in each case, subject to it being secured and/or indemnified and/or prefunded to its satisfaction, take such steps or actions or institute such proceedings as it may think fit to enforce the rights of the Noteholders and (if appropriate) the Swap Counterparties and the provisions of the Trust Deed, including to declare all amounts payable under the Loan Agreement by the Borrower to be due and payable and to terminate each Swap Agreement (to the extent not already terminated in accordance with its terms) (in the case of an Event of Default), or enforce the security created in the Trust Deed in favour of the Trustee (in the case of a Relevant Event). Upon repayment of the Loan following an Event of Default and a declaration as provided herein, the Swap Agreements will be terminated and the Notes will be redeemed or repaid at their principal amount together with interest accrued to the date fixed for redemption and thereupon shall cease to be outstanding.

## **10 Meetings of Noteholders; Modification of Notes, Trust Deed, Loan Agreement and Swap Agreements; Waiver; Substitution of the Issuer**

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including any modification of, or any arrangement in respect of, the Notes, the Loan Agreement, a Swap Agreement or the Trust Deed. Noteholders will vote pro rata according to the principal amount of their Notes. Special quorum provisions apply for meetings of Noteholders convened for the purpose of amending certain terms concerning, inter alia, the amount payable on, and the currency of payment in respect of, the Notes and the amounts payable and currency of payment under the Loan Agreement and a Swap Agreement. Any resolution duly passed at a meeting of Noteholders will be binding on all the Noteholders, whether present or not.

The Trustee may agree, without the consent of the Noteholders, to any modification of the Notes and the Trust Deed or, following the creation of the Security Interests, the Loan Agreement or a Swap Agreement (subject to certain exceptions as provided in the Trust Deed) which in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest error or is not materially prejudicial to the interests of the Noteholders, provided that the Trustee may not concur with the Issuer in making, or consent to the Issuer making modification of any provision of the Loan Agreement and/or Agency Agreement providing for payments by the Borrower in respect of amounts payable by the Issuer to Swap Counterparties under the Swap Agreements unless acting in accordance with a direction in writing of all the Swap Counterparties and subject to it being indemnified and/or secured and/or prefunded to its satisfaction.

The Trustee may also waive or authorise or agree to the waiving or authorising of any breach or proposed breach by the Issuer of the Terms and Conditions of the Notes or the Trust Deed or, following the creation of the Security Interests, by the Borrower of the terms of the Loan Agreement or by a Swap Counterparty of the terms of a Swap Agreement (subject to certain exceptions as provided in the Trust Deed), or determine that any event which would or might otherwise give rise to a right of acceleration under the Loan Agreement or termination under the Swap Agreements shall not be treated as such, if, in the opinion of the Trustee, to do so would not be materially prejudicial to the interests of the Noteholders (as a class) provided that the Trustee may not concur with the Issuer in making, or consent to the Issuer making, any amendment, modification or waiver or authorisation of any breach or proposed breach of any provision of the Loan Agreement and/or Agency Agreement providing for payments by the Borrower in respect of amounts payable by the Issuer to Swap Counterparties under the Swap Agreements, unless acting in accordance with a direction in writing of all the Swap Counterparties and subject to it being indemnified and/or secured and/or prefunded to its satisfaction. Any such modification, waiver or authorisation shall be binding on the Noteholders and, unless the Trustee agrees otherwise, any such modification shall be promptly notified to the Noteholders.

The Trust Deed contains provisions to the effect that the Issuer may, and at the request of the Borrower shall, having obtained the consent of the Borrower (if such substitution is not to be made at the request of the Borrower) and the Swap Counterparties and the Trustee (which latter consent may be given without the consent of the Noteholders) and having complied with such reasonable requirements as the Trustee may direct in the interests of the Noteholders, substitute any entity in place of the Issuer as creditor under the Loan Agreement and the Swap Agreements, as issuer and principal obligor in respect of the Notes and as principal obligor under the Trust Deed, subject to the relevant provisions of the Trust Deed and the substitute's rights under the Loan Agreement and the Swap Agreements being charged and assigned, respectively, to the Trustee as security for the payment obligations of the substitute obligor under the Trust Deed and the Notes.

In connection with the exercise of any of its powers, trusts, authorities or discretions, the Trustee shall have regard to the interests of the Noteholders as a class and, in particular, shall not have regard to the consequences of such exercise for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory. No Noteholder is entitled to claim from the Issuer or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

## **11 Prescription**

Notes will become void unless presented for payment of principal within 10 years (in the case of principal) or five years (in the case of interest) from the due date for payment in respect thereof.

## **12 Indemnification of Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings or any steps or actions to enforce payment unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into contracts or transactions with the Issuer and/or the Borrower and/or the Swap Counterparties and any entity related to the Issuer and/or the Borrower and/or the Swap Counterparties without accounting for any profit, fees, corresponding interest, discounts or share of brokerage earned, arising or resulting from any such contract or transactions.

The Trustee's responsibilities are solely those of trustee for the Noteholders on the terms of the Trust Deed. Accordingly, the Trustee makes no representations and assumes no responsibility for the validity or enforceability of the Loan Agreement or the Swap Agreements or the security created in respect thereof or for the performance by the Issuer of its obligations under or in respect of the Notes and the Trust Deed or by the Borrower in respect of the Loan Agreement or by the Swap Counterparties in respect of the Swap Agreements.

The Trustee has no obligation to take any action (or step) which would or might in its opinion result in it incurring liabilities of any nature unless it is indemnified and/or secured and/or prefunded to its satisfaction in respect of the same and in forming any such opinion the Trustee shall be entitled to rely on legal advice or other advice received by it (as provided for by the Trust Deed) as to the existence and extent of such liabilities without liability to Noteholders for so doing regardless of whether and the extent to which the taking of any action or step by the Trustee is thereby delayed.

Nothing contained in these Conditions shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of any right, power, authority or discretion hereunder if it has reasonable grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it.

### **13 Replacement of Notes**

If any Note shall become mutilated, defaced, lost, stolen or destroyed it may, subject to all applicable laws and regulations and stock exchange requirements, be replaced at the specified office of any Registrar or the Paying Agent in Ireland on payment of such costs, expenses, taxes and duties as may be incurred in connection therewith and on such terms as to evidence, security and indemnity and otherwise as may reasonably be required by or on behalf of the Issuer or the Trustee. Mutilated or defaced Notes must be surrendered before replacements will be issued.

### **14 Notices**

Notices to the Noteholders will be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing. The Issuer shall also ensure that all notices are duly published (if such publication is required) in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed and/or admitted to trading. Any such notice shall be deemed to have been given on the date of such notice.

In case by reason of any other cause it shall be impracticable to publish any notice to holders of Notes as provided above, then such notification to such holders as shall be given with the approval of the Trustee in accordance with the rules of the stock exchange or other relevant authority on which the Notes are for the time being listed and/or admitted to trading shall constitute sufficient notice to such holders for every purpose hereunder..

### **15 Further Issues**

The Issuer may from time to time, without the consent of the Noteholders, create and issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the amount and the date of the first payment of interest) so as to be consolidated and form a single series with the Notes. Such further Notes shall be constituted by a deed supplemental to the Trust Deed between the Issuer, the Trustee and the Swap Counterparties. The Trust Deed contains provisions for convening a single meeting of Noteholders and the holders of Notes of other series in certain circumstances where the Trustee so decides. In relation to any further issue which is to be consolidated and form a single series with the Notes, the Issuer will enter into a loan agreement supplemental to the Loan Agreement with the Borrower on substantially the same terms as the Loan Agreement and swap agreements supplemental to the Swap Agreements with the Swap Counterparties on substantially the same terms as the Swap Agreements (or in all respects except for the amount and the date of the first payment of interest on the further Notes). The Issuer will provide a further fixed charge in favour of the Trustee in respect of certain of its rights and interests under such loan agreement and swap agreements and will assign absolutely certain of its rights under such loan agreement and swap agreements which will secure both the Notes and



such further Notes and which will supplement the Security Interests in relation to the existing Notes of such Series.

**16      Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

**17      Governing Law**

The Notes and the Trust Deed and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law. The Agency Agreement is governed by and construed in accordance with English law. The Issuer has submitted in the Trust Deed to the exclusive jurisdiction of the courts of England and has appointed an agent for the service of process in England. The provisions of articles 84 to 94-8 of the Luxembourg law of August 10, 1915 on commercial companies, as amended, are excluded.

## THE LOAN SUPPLEMENT

*The following is the text of the Loan Supplement that has been entered into between Gazprom and the Issuer. This Loan Supplement should be read in conjunction with, and is qualified in its entirety by, the Facility Agreement between Gazprom and the Issuer dated December 7, 2005.*

This Loan Supplement is made on 4 April 2017 between:

- (1) **GAZ CAPITAL S.A.**, a société anonyme established under the laws of Luxembourg whose registered office is at 2, Boulevard Konrad Adenauer L-1115 Luxembourg, registered with the Register of Commerce and Companies, Luxembourg under number B-95071 (the “**Lender**”); and
- (2) **PUBLIC JOINT STOCK COMPANY GAZPROM**, a company established under the laws of the Russian Federation whose registered office is at 16 Nametkina Street, 117997 Moscow, Russian Federation (“**Gazprom**”).

### Whereas:

- (A) Gazprom has entered into an amended and restated facility agreement dated 7 December 2005 (the “**Facility Agreement**”) with the Lender in respect of the U.S.\$40,000,000,000 Programme for the Issuance of loan participation notes of the Lender (acting as Issuer) (the “**Programme**”).
- (B) Gazprom proposes to borrow EUR980,135,000 (the “**Loan**”) and the Lender wishes to make such Loan on the terms set out in the Facility Agreement and this Loan Supplement.

**It is agreed** as follows:

### 1 Definitions

Capitalised terms used but not defined in this Loan Supplement shall have the meaning given to them in the Facility Agreement save to the extent supplemented or modified herein.

### 2 Additional Definitions

For the purpose of this Loan Supplement, the following expressions used in the Facility Agreement shall have the following meanings:

“**Accounts**” means the Euro Account and the Sterling Account, and “**Account**” means either of them;

“**Base Prospectus**” means the base prospectus dated 9 March 2017;

“**Business Day**” means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in pounds sterling in London and any day on which the TARGET System is open;

“**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007 or any successor thereto;

“**Closing Date**” means 6 April 2017;

“**DB EUR Fixed Rate Amount**” means the EUR Fixed Rate Amount as such term is defined in the DB Swap Agreement;

“**DB Knock-out Payment Amount**” means the Knock-out Payment Amount as such term is defined in the DB Swap Agreement;

“**DB Swap Agreement**” means the Euro/pounds sterling currency swap agreement evidenced by the long form confirmation between the Issuer and Deutsche Bank AG, London Branch with an effective date of 6 April 2017, as may be amended, supplemented or replaced from time to time;

**“EUR Fixed Rate Amount”** means the DB EUR Fixed Rate Amount and/or the JPM EUR Fixed Rate Amount;

**“Euro Account”** means the account in the name of the Issuer with the Principal Paying Agent (Receiving Bank Correspondent: Deutsche Bank AG Frankfurt; Swift Code: DEUTDEFF; Bank Name: Deutsche Bank AG, London; Swift Code: DEUTGB2L; Beneficiary account name: Gaz Capital Series 42; Account Number (IBAN): GB61DEUT40508126417354);

**“Gazprom Account”** means the account in the name of Gazprom (Beneficiary: PJSC “GAZPROM”, INN 7736050003; Bank of the beneficiary: AO UniCredit Bank, Moscow, Russia; SWIFT: IMBKRUMM; account: 40702978800014188643; Intermediary bank: UniCredit Bank AG, Munich; SWIFT: HYVEDEMM; correspondent account: 69102336;

**“Gazprom Agreements”** means this Agreement, the Facility Agreement, the Agency Agreement, the Dealer Agreement, the Trustee and Agents Fee Side Letter, the Subscription Agreement and the Supplemental Paying Agency Agreement;

**“JPM EUR Fixed Rate Amount”** means the EUR Fixed Rate Amount as such term is defined in the JPM Swap Agreement;

**“JPM Knock-out Payment Amount”** means the Knock-out Payment Amount as such term is defined in the JPM Swap Agreement;

**“JPM Swap Agreement”** means the Euro/pounds sterling currency swap agreement evidenced by the long form confirmation between the Issuer and J.P. Morgan Securities plc with an effective date of 6 April 2017, as may be amended, supplemented or replaced from time to time;

**“Knock-out Event”** shall have the meaning attributed to such term in the relevant Swap Agreement;

**“Knock-out Payment Amounts”** means either the DB Knock-out Payment Amount and/or the JPM Knock-out Payment Amount;

**“Lender Agreements”** means the Dealer Agreement, the Loan Agreement, the Agency Agreement, the Trust Deed, the Administrative Services and Domiciliation Agreement, the Trustee and Agents Side Letter, the Subscription Agreement, the Subscription Side Agreement, the Fees and Expenses Side Agreement, the Swap Agreements and the Supplemental Paying Agency Agreement;

**“Loan Agreement”** means the Facility Agreement as amended and supplemented by this Loan Supplement;

**“Notes”** means £850,000,000 4.250 per cent. Loan Participation Notes due 2024 issued by the Lender as Series 42 under the Programme;

**“Repayment Date”** means 6 April 2024;

**“Series Prospectus”** means the stand alone prospectus dated 4 April 2017 prepared by the Issuer and Gazprom in relation to the Notes and which incorporates by reference the Base Prospectus (which terms shall include those documents incorporated by reference into each of them in accordance with their terms and save as provided therein), and references to **“Final Terms”** in the Loan Agreement shall be replaced with references to the Series Prospectus;

**“Side Letter”** means a side letter of even date herewith between the Agents, the Trustee, the Lender and the other parties named thereto;

**“Specified Currency”** means Euro;

**“Sterling Account”** means the account in the name of the Issuer with the Principal Paying Agent (Receiving Bank Correspondent: Deutsche Bank AG, London; Swift Code: DEUTGB2L; Sort Code 40-50-81; Bank Name: Deutsche Bank AG, London; Swift Code: DEUTGB2L; Beneficiary account name: Gaz Capital Series 42; Account Number (IBAN): GB88DEUT40508126417353);

**“Subscription Agreement”** means an agreement between the Lender, Gazprom, Deutsche Bank AG, London Branch, J.P. Morgan Securities plc and VTB Capital plc dated 4 April 2017 relating to the Notes;

**“Swap Agreements”** means the JPM Swap Agreement and the DB Swap Agreement (and, each of them, a **“Swap Agreement”**). .

**“Swap Counterparties”** means J.P. Morgan Securities plc and Deutsche Bank AG, London Branch, or any entity that assumes their rights and obligations pursuant to the substitution or transfer provisions of the Swap Agreements, and **“Swap Counterparty”** means each of them; and

**“Trust Deed”** means the Amended and Restated Principal Trust Deed between the Lender and the Trustee dated 7 December 2005 as amended and supplemented by a Supplemental Trust Deed to be dated on or about 6 April 2017 constituting and securing the Notes.

### **3 Incorporation by Reference**

Except as otherwise provided, the terms of the Facility Agreement shall apply to this Loan Supplement as if they were set out herein and the Facility Agreement shall be read and construed, only in relation to the Loan constituted hereby, as one document with this Loan Supplement.

## **4 The Loan**

### **4.1 Drawdown**

Subject to the terms and conditions of the Loan Agreement, the Lender agrees to make the Loan on the Closing Date to Gazprom and Gazprom shall make a single drawing in the full amount of the Loan on that date.

### **4.2 Interest**

The Loan is a Fixed Rate Loan. Interest shall be calculated, and the following terms used in the Facility Agreement shall have the meanings, as set out below:

<b>4.2.1 Fixed Rate Loan Provisions</b>	<b>Applicable</b>
(i) Interest Commencement Date	6 April 2017
(ii) Rate of Interest:	3.35 per cent. per annum payable semi-annually in arrear.
(iii) Interest Payment Date(s):	6 April and 6 October in each year (not adjusted) commencing 6 October 2017.
(iv) Fixed Amount:	Euro16.75 per Euro1,000 in principal amount of the Loan payable on each Interest Payment Date.
(v) Broken Amount:	Not Applicable
(vi) Day Count Fraction (Clause 4.9):	30/360
(vii) Determination Date(s) (Clause 4.9):	Not Applicable
(viii) Other terms relating to the method of calculating interest for Fixed Rate Loans:	Not Applicable
<b>4.2.2 Floating Rate Loan Provisions</b>	<b>Not Applicable</b>
<b>4.2.3 Put/Call Options</b>	<b>Not Applicable</b>

## **5 Additional Interest and Interest Rebate**

### **5.1 Optional Termination**

If, pursuant to Clause 5.2 or 5.3 of the Facility Agreement, Gazprom elects to repay the Loan, it shall, on the date of prepayment, in addition to any amounts it is required to pay pursuant to Clause 5.4 of the Facility Agreement, pay to the Lender by way of additional interest a sum sufficient to ensure that the Lender is able to discharge in full its obligations under the Swap Agreements and the Notes, in both cases (i) ignoring any limitation of the liability of the Lender to pay only sums actually received but treating all sums potentially payable by the Lender as due and (ii) treating any payment due by the Swap Counterparties but unpaid as of zero value.

### **5.2 Default**

If, pursuant to Clause 11.3 of the Facility Agreement, the Loan is declared due and payable, then Gazprom shall, in addition to any amounts it is required to pay pursuant to Clause 11.3, pay to the Lender, by way of additional interest a sum, calculated up to the date it repays the Loan in full, sufficient to ensure that the Lender is able to discharge in full its obligations under the Swap Agreements and the Notes, ignoring any limitation of the liability of the Lender to pay only sums actually received but treating all sums potentially payable by the Lender as due and treating any payment due by the Swap Counterparties but unpaid as of zero value.

### **5.3 Ongoing Additional Interest Payments**

If, at any time after the date of this Loan Supplement, (i) the Lender is obliged to make additional payments to a Swap Counterparty pursuant to the relevant Swap Agreement or (ii) a Swap Agreement is, or all Swap Agreements are, terminated for any reason (including due to a default by a Swap Counterparty or a novation entered into in accordance with any Swap Agreement), then Gazprom shall, on any date on which a termination payment or other payment is due under a Swap Agreement, on each Interest Payment Date and on the Repayment Date, pay to the Lender, by way of additional interest, a sum, calculated up to the date of such payment, sufficient to ensure that the Lender is able to discharge in full its obligations under the Swap Agreements and the Notes due on such date, ignoring any limitation of the liability of the Lender to pay only sums actually received but treating all sums potentially payable by the Lender as due and treating any payment due by the Swap Counterparties but unpaid as of zero value.

### **5.4 Interest Rebate**

If, pursuant to Clauses 5.2, 5.3 or 11.3 of the Facility Agreement, the Loan is declared due and payable, a Swap Agreement is terminated and the sum paid by Gazprom in repayment of the Loan is greater than the amount required by the Lender to discharge in full its obligations under the Swap Agreements and the Notes, or for any reason one or all Swap Agreements is (are) terminated and the relevant Swap Counterparties are required by the terms of such Swap Agreements to make a termination payment to the Lender, the Lender shall return to Gazprom, or to its order, an amount, by way of a rebate of interest payable on the Loan, equal to such excess sum.

### **5.5 Currency of Payment**

The Lender hereby agrees that, in the event that (i) any payments in pounds sterling by a Swap Counterparty under the relevant Swap Agreement on any date are insufficient to pay the amounts due and owing to Noteholders on the relevant interest payment date or maturity date in full (whether by reason of a Swap Counterparty's default or otherwise), or (ii) one or all Swap Agreements is (are) terminated for any reason, Gazprom may satisfy its obligations to make payments under this Loan Supplement in whole or in part by the payment of amounts in pounds sterling to the Sterling Account.

### **5.6 Further Ongoing Additional Interest Payment**

Without prejudice to the generality of Clause 5.3, if, at any time after the date of this Loan Supplement, the Lender is obliged to make (a) an increased EUR Fixed Rate Amount and/or (b) the Knock-out Payment Amount following the occurrence of a Knock-out Event, in each case pursuant to the:

**5.6.1** DB Swap Agreement, then Gazprom shall, on each Interest Payment Date, pay to the Lender, by way of additional interest, an amount equal to (x) such increase in the DB EUR Fixed Rate Amount and/or (y) the DB Knock-out Payment Amount; and/or

**5.6.2** JPM Swap Agreement, then Gazprom shall, on each Interest Payment Date, pay to the Lender, by way of additional interest, an amount equal to (x) such increase in the JPM EUR Fixed Rate Amount and/or (y) the JPM Knock-out Payment Amount.

## **6 Amendments to the Facility Agreement**

For the purposes of the Loan, the Facility Agreement is modified as follows:

**6.1** the phrase “one Business Day” is replaced by “three Business Days” on the fourth line of Clause 4.2 of the Facility Agreement;

**6.2** the phrase “one Business Day” is replaced by “three Business Days” on the second line of Clause 5.1 of the Facility Agreement;

**6.3** the following shall be added as a new Clause 5.8:

### **“No Prepayment due to Swap Agreements**

Gazprom and the Lender agree that Gazprom may not prepay the Loan, including in exercise of its rights, or pursuant to its obligations, under Clauses 5.2 and 5.3 hereof, due to any increased payment required to be made under the Loan Agreement (whether under Clause 6.2, Clause 6.3, Clause 8 or the relevant Loan Supplement or otherwise) by Gazprom in relation to a Swap Agreement or a Swap Counterparty, nor shall it be entitled to prepay the Loan in the event of the termination (whether due to a Swap Counterparty’s default or otherwise) of one or all Swap Agreements.”;

**6.4** the phrase “one Business Day” is replaced by “three Business Days” on the second line of Clause 6.1 of the Facility Agreement;

**6.5** the words “together with a sum (if any), calculated up to the date of such payment, sufficient to ensure that the Lender is able to discharge in full its obligations under the Swap Agreements and the Notes due on such date, ignoring any limitation of the liability of the Lender to pay only sums actually received but treating all sums potentially payable by the Lender as due and treating any payment due by the Swap Counterparties but unpaid as of zero value” shall be inserted following “such Taxes” on the eighth line of Clause 6.2;

**6.6** the words “or a Swap Agreement” are inserted following “Series of Notes” on the fourth, sixth and tenth lines of Clause 6.3;

**6.7** the words “and performed its obligations to be performed on or prior to the Closing Date under the Swap Agreements” are inserted following “Subscription Agreement and” on the third to last line of Clause 7.2;

**6.8** the words “or any Swap Agreement” are inserted in Clause 8.1 following:

**6.8.1** “such Loan Agreement” on the third line of sub-Clause 8.1.1;

**6.8.2** “such Loan Agreement” on the third line of sub-Clause 8.1.2;

**6.8.3** “such Loan” on the second line of sub-Clause 8.1.3;

**6.8.4** “such Loan” on the first line of sub-Clause (i);

**6.8.5** “such Loan Agreement” on the second line of sub-Clause (ii); and

**6.8.6** “such Loan” on the fifth line of sub-Clause (iii); and

- 6.9** the word “neither” is inserted immediately before the second occurrence of the word “Trustee” on the ninth line of sub-Clause 14.5.1 and the words “nor the Swap Counterparties” are inserted immediately following the second occurrence of the word “Trustee” on the ninth line of sub-Clause 14.5.1 and the word “not” occurring after the word “shall” shall be deleted in the ninth line of sub-Clause 14.5.1.

## **7 Fees and Expenses**

Pursuant to Clause 3.2 of the Facility Agreement and in consideration of the Lender making the Loan to Gazprom, Gazprom hereby agrees that it shall one Business Day prior to the Closing Date pay to the Lender, in Same-Day Funds, the amount of the reasonable documented reimbursable expenses incurred by the Lender in connection with such Loan, which expenses shall include the amount of all of the commissions, fees, costs and expenses as set forth in sub-clause 4.1 of the Subscription Agreement and Clause 3.2 of the Facility Agreement pursuant to an invoice submitted by the Lender to Gazprom in the total amount of EUR9,679,445.65.

In the event that the Loan is not made on the Closing Date and Gazprom has made the payment referred to in the previous paragraph, the Lender shall, as soon as reasonably practicable, repay a portion of the payment to Gazprom, provided that the Lender has received such funds, pursuant to Clause 5.2.4 of the Subscription Agreement.

## **8 Ability to Direct and Notification**

- 8.1** The Lender agrees, provided that any action taken and expense incurred by the Lender will be for the account, and at the expense, of Gazprom, to act in accordance with the prior written instructions and directions of Gazprom with respect to:

**8.1.1** any right of the Lender to require the substitution, or the transfer of the rights and obligations, of a Swap Counterparty under a Swap Agreement as set out in such Swap Agreement; and

**8.1.2** the recovery from a Swap Counterparty of any sums due and payable to the Lender pursuant to the Swap Agreement but unpaid by such Swap Counterparty.

- 8.2** The Lender shall notify Gazprom as soon as reasonably practicable of any Rating Downgrade (as defined in the Swap Agreements).

## **9 Governing Law**

This Loan Supplement shall be governed by and construed in accordance with English law.

This Loan Supplement has been entered into on the date stated at the beginning in Luxembourg and elsewhere in counterpart.

**PUBLIC JOINT STOCK COMPANY GAZPROM**

By:

**GAZ CAPITAL S.A.**

By:

By:



## SWAP AGREEMENTS

*The following is the text of the Swap Agreements that have been entered into between the Issuer and each of the Swap Counterparties.*

To: Gaz Capital S.A.

Attention: The Directors

Cc: PJSC Gazprom

Attention: Igor A. Golenischev  
Head of Department 816/5/1

From: J.P. Morgan Securities plc

### 1 Introduction

The purpose of this letter agreement (this “**Confirmation**”) is to confirm the following Transaction entered into on the Trade Date specified below (the “**Transaction**”) between J.P. Morgan Securities plc (the “**Bank**”) and Gaz Capital S.A. (“**Gaz Capital**”), each a “**party**” and together the “**parties**” to this Transaction. The Bank is acting as principal in this Transaction. This Confirmation evidences a complete and binding agreement between you and us as to the terms of the Transaction to which this Confirmation relates.

In the event of any inconsistency between the provisions of section 2 below and the other provisions of this Confirmation, section 2 will prevail for the purposes of the Transaction to which this Confirmation relates.

### 2 The terms of the Transaction to which this Confirmation relates are as follows:

The defined terms used in this section 2 shall have the meaning ascribed to them in Annex A to this Confirmation.

In accordance with section 14 (*Payment and Limited Recourse*) below, each party shall make each of the following payments specified to be made by it:

GBP Notional Amount:	GBP425,000,000.00
EUR Notional Amount:	EUR490,067,500.00
Trade Date:	29 March 2017
Effective Date:	6 April 2017
Scheduled Termination Date:	6 April 2024
Calculation Agent:	Bank, subject to the provisions of section 13 below.

#### **Initial Exchange**

EUR Initial Exchange Payer:	Bank
EUR Initial Exchange Amount:	On the Initial Exchange Date, the EUR Initial Exchange Payer shall pay to Gaz Capital: EUR490,067,500.00 (subject to receipt of the GBP Initial Exchange Amount from Gaz Capital)
GBP Initial Exchange Payer:	Gaz Capital
GBP Initial Exchange Amount:	On the Initial Exchange Date, the GBP Initial Exchange

	Payer shall pay to the Bank:
	GBP425,000,000.00 (subject to receipt of such funds from Noteholders)
Initial Exchange Date:	Effective Date

### **Final Exchange**

GBP Final Exchange Payer:	Bank
GBP Final Exchange Amount:	By 10:00 a.m. (London time) on the second Business Day prior to the Final Exchange Date (the “ <b>GBP Final Exchange Amount Payment Date</b> ”), the GBP Final Exchange Payer shall pay to Gaz Capital (subject to the occurrence of a Knock-out Event): GBP425,000,000.00
EUR Final Exchange Payer:	Gaz Capital
EUR Final Exchange Amount:	On the third Business Day prior to the Final Exchange Date (the “ <b>EUR Final Exchange Amount Payment Date</b> ”), the EUR Final Exchange Payer shall pay to the Bank (subject to the occurrence of a Knock-out Event and section 14.2 ( <i>Limited Recourse</i> )): EUR490,067,500.00
Final Exchange Date:	Scheduled Termination Date

### **EUR Fixed Amounts**

EUR Fixed Rate Payer:	Gaz Capital
EUR Fixed Rate Amount:	On each EUR Fixed Rate Payer Payment Date, the EUR Fixed Rate Payer shall pay to the Bank (subject to the occurrence of a Knock-out Event and section 14.2 ( <i>Limited Recourse</i> )): EUR Notional Amount x EUR Interest Rate x EUR Day Count Fraction
Period End Dates:	6 April and 6 October in each year, commencing on 6 October 2017.
EUR Fixed Rate Payer Payment Dates:	The third Business Day prior to 6 April and 6 April in each year, commencing on 6 October 2017 and subject to the Business Day Convention.
EUR Interest Rate:	3.35%
EUR Day Count Fraction:	30/360, provided that in respect of a complete calculation period, the EUR Day Count Fraction shall be 1/2.

### **GBP Fixed Amounts**

GBP Fixed Rate Payer:	Bank
GBP Fixed Rate Amount:	By 10:00 a.m. (London time) on each GBP Fixed Rate Payer Payment Date, the GBP Fixed Rate Payer shall pay to Gaz Capital (subject to the occurrence of a Knock-out Event): GBP Notional Amount x GBP Interest Rate x GBP Day Count Fraction

Period End Dates:	6 April and 6 October in each year, commencing on 6 October 2017.
GBP Fixed Rate Payer Payment Dates:	The second Business Day prior to 6 April and 6 October in each year, commencing 6 October 2017 and subject to the Business Day Convention.
GBP Interest Rate	4.25%
GBP Day Count Fraction:	30/360, provided that in respect of a complete calculation period, the GBP Day Count Fraction shall be 1/2.

### **Knock-out Provisions**

Knock-out Event:	A Knock-out Event will occur if the Calculation Agent determines that the EUR/GBP Spot FX Rate on any TARGET Settlement Day (as defined below) during the Observation Period is less than or equal to the Knock-out Level.
EUR/GBP Spot FX Rate:	In respect of any TARGET Settlement Day during the Observation Period, the EUR/GBP exchange rate, expressed as the amount of GBP per EUR 1, which appears on Reuters Screen ECB37 to the right of the caption "GBP" at approximately 4:30 p.m. (Central European Time), on such day, provided that if (i) the European Central Bank changes the publication time of the euro foreign exchange reference rates, or (ii) such rate does not appear on the Reuters Screen ECB37 (or such other page that may replace that page on that service or a successor service) as at approximately 4:30 p.m. (Central European Time) on such day, then the EUR/GBP Spot FX Rate (or a method, including the time, for determining such rate) shall be determined by the Calculation Agent taking into consideration all available information that in good faith it deems relevant.
Observation Period:	The period from, and including, the first Knock-out Business Day following the sixth GBP Fixed Rate Payer Payment Date to, and including, the Observation Time on the Scheduled Termination Date.
Observation Time:	4:30 p.m. (Central European Time) or, if the Calculation Agent determines the EUR/GBP Spot FX Rate at a time other than 4:30 p.m. (Central European Time) in accordance with the definition of "EUR/GBP Spot FX Rate" above, the time of such determination.
Knock-out Level:	GBP0.6993 per EUR 1.
Consequences of Knock-out Event:	If a Knock-out Event occurs, the Calculation Agent shall notify Gaz Capital and Gazprom within one Knock-out Business Day of the occurrence thereof by facsimile and/or email and/or recorded telephone message to the respective facsimile number, email

address or telephone number specified in section 16 (*Notices*) below, without the need for confirmation of receipt.

In addition, as soon as reasonably practical after such notification, the Calculation Agent shall deliver a Knock-out Event Notice to Gaz Capital.

For the purposes hereof:

**“Knock-out Business Day”** means a day (other than a Saturday or a Sunday) on which the clearing banks in London and Moscow are open for general business and which is also a TARGET Settlement Day.

**“Knock-out Date”** means the TARGET Settlement Day on which the Knock-out Event occurs.

**“Knock-out Event Notice”** means an irrevocable notice in writing (including by facsimile) from the Calculation Agent to Gaz Capital substantially in the form set out in Annex B to this Confirmation, notifying it of its determination of the occurrence of a Knock-out Event.

Upon the occurrence of a Knock-out Event:

- (a) subject to paragraph (c) below, the GBP Fixed Rate Amounts and the GBP Final Exchange Amount payable by the Bank and the EUR Fixed Rate Amounts and the EUR Final Exchange Amount payable by Gaz Capital will be reduced to zero and consequently no further payments will be due from the relevant party to the other party in respect of any GBP Fixed Rate Amount, GBP Final Exchange Amount, EUR Fixed Rate Amount and/or EUR Final Exchange Amount arising in respect of any GBP Fixed Rate Payer Payment Date, EUR Fixed Rate Payer Payment Date and/or Final Exchange Date following the occurrence of such Knock-out Event;
- (b) subject to paragraph (c) below, Gaz Capital will pay to the Bank an amount equal to the Knock-out Payment Amount on each Knock-out Payment Date, commencing on the first Knock-out Payment Date following the occurrence of such Knock-out Event;
- (c) if a Knock-out Event occurs during the period from, and including, the Observation Time on the eighth Knock-out Business Day prior to a EUR Fixed Rate Payer Payment Date, and/or the EUR Final Exchange Amount Payment Date to and including such EUR Fixed Rate Payer Payment Date and/or EUR Final Exchange Amount Payment Date, then, without prejudice to the termination of all other payments provided for in paragraph (a) above,

the payments due on such EUR Fixed Rate Payer Payment Date (and GBP Fixed Rate Payer Payment Date which immediately follows such EUR Fixed Rate Payer Payment Date) and/or EUR Final Exchange Amount Payment Date (and GBP Final Exchange Amount Payment Date) shall be made by the relevant party in accordance with the provisions of this Confirmation and the payment obligations of Gaz Capital pursuant to paragraph (b) above shall instead commence on the Knock-out Payment Date following such EUR Fixed Rate Payer Payment Date;

- (d) any amounts that have become payable under the Transaction to which this Confirmation relates (or that would have become payable but for section 14.1 below) on or prior to the Knock-out Date and which remain unpaid as at such date shall remain payable by the relevant party (or, in the case of any amounts that would have become payable but for section 14.1 below, shall become immediately payable on the Knock-out Date), together with any amount of interest accrued in respect of any such amounts at the Default Rate (as defined in section 3 below) for the period from, and including, the date the relevant amount became payable to, but excluding, the date such amount is paid.

Knock-out Payment Amount:

GBP 0 (zero).

Knock-out Payment Date:

The third Business Day prior to 6 April and 6 October in each year from, and including, 6 April or 6 October immediately following the Knock-out Date to, and including, the Scheduled Termination Date.

### **Business Days**

Business Days:

A day (other than a Saturday or a Sunday) on which the clearing banks in London are open for general business and which is also a TARGET Settlement Day.

Business Day Convention:

Following Business Day Convention

TARGET Settlement Day:

A day on which TARGET2 (the Trans-European Automated Real-time Gross Settlement Express Transfer system) is open for settlement of payments in EUR.

## **3 Non-Performance**

If any of the events described in sections 3.1, 3.2 or 3.3 occurs:

- 3.1** the Bank (in such context, the "**non-performing party**") (i) is dissolved (other than pursuant to a consolidation, amalgamation or merger); or (ii) becomes insolvent or is unable to pay its debts or fails or

admits in writing its inability generally to pay its debts as they become due; or (iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors; or (iv) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition either (a) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (b) is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof; or (v) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); or (vi) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; or (vii) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 15 days thereafter; or (viii) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (i) to (vii) (inclusive); or (ix) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; or (x) defaults in making any payment to Gaz Capital under the Transaction to which this Confirmation relates or any other transaction between the parties, but excluding any default in making any payment that is remedied on or before the first Business Day (or, where the default results solely from an error or omission of an administrative or operational nature, on or before the second Business Day) after notice of such default is given to the non-performing party; or (xi) makes a representation under section 6.1 below (other than in respect of section 6.1.9) which proves to have been incorrect or misleading in any material respect when made or repeated; (xii) makes a representation under section 6.1.9 which proves to have been incorrect or misleading in any material respect when made or repeated and remains incorrect or misleading in any material respect for 30 days after notice of such inaccuracy is given by Gaz Capital; or (xiii) disaffirms, disclaims, repudiates or rejects, in whole or in part, a Specified Transaction (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

- 3.2** with regard to the Bank only (the "**non-performing party**") there occurs or exists (i) a default, event of default or other similar condition or event (however described) in respect of the Bank under one or more agreements or instruments related to Specified Indebtedness in an aggregate amount of not less than the Threshold Amount which has resulted in such Specified Indebtedness becoming due and payable under such agreements or instruments, before it would otherwise have been due and payable, or (ii) a default by the Bank in making one or more payments on the due date thereof in an aggregate amount of not less than the Threshold Amount under such agreements or instruments (after giving effect to any applicable notice requirement or grace period) (either such event, a "**Cross-Default**" with respect to the Bank); provided, however, that, notwithstanding the foregoing, a Cross-Default will not occur with respect to the Bank under (ii) above if:

**3.2.1** the following applies:

- (i) the failure to pay referred to in 3.2(ii) above is a failure to pay caused by an error or omission of an administrative or operational nature;
- (ii) funds would have been available to the Bank to enable it to make the relevant payment when due in the absence of any such error or omission; and
- (iii) such payment is made within three (3) business days (in the relevant place for payment) following receipt of written notice from an interested party of such failure to pay; or

- 3.2.2 the Bank was precluded from paying, or was unable to pay, using reasonable means, through the office through which it was acting for purposes of the relevant Specified Indebtedness, by reason of force majeure, act of State, illegality or impossibility.
- 3.3 with regard to Gaz Capital only (in such context, the “**non-performing party**”), (i) the Loan (as defined in the Supplemental Trust Deed) becomes capable of being declared, or becomes, due and payable prior to its stated maturity; or (ii) there is a default in making any payment to the Bank under the Transaction to which this Confirmation relates or any other transaction between the parties, but excluding any default in making any payment that is remedied on or before the first Business Day (or, where the default results solely from an error or omission of an administrative or operational nature, on or before the second Business Day) after notice of such default is given to Gaz Capital; or (iii) Gaz Capital becomes insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or (in the opinion of the Trustee (as defined in the Supplemental Trust Deed)) a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any such debts or a moratorium is agreed or declared in respect of or affecting all or (in the opinion of the Trustee) a material part of the debts of Gaz Capital; or (iv) an order is made or an effective resolution is passed for the winding up or dissolution of Gaz Capital; or (v) Gaz Capital becomes subject to any insolvency, bankruptcy, concordat préventif de faillite, moratorium, controlled management (*gestion contrôlée*), general settlement with creditors, liquidation, reorganisation and any other similar legal proceedings affecting Gaz Capital; or (vi) a *commissaire à la gestion contrôlée*, a *liquidateur*, a *commissaire*, a *curateur*, an *administrateur* or any similar officer is appointed as a consequence of financial difficulties affecting Gaz Capital; or (vii) Gaz Capital makes a representation under section 6.1 or 6.2 below (other than in respect of section 6.1.9) which proves to have been incorrect or misleading in any material respect when made or repeated; (viii) makes a representation under section 6.1.9 which proves to have been incorrect or misleading in any material respect when made or repeated and remains incorrect or misleading in any material respect for 30 days after notice of such inaccuracy is given by the Bank; or (xi) Gaz Capital disaffirms, disclaims, repudiates or rejects, in whole or in part, a Specified Transaction (as defined in Annex A) (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf),
- then in any such event described pursuant to sections 3.1 to 3.3 (inclusive), the other party (the “**performing party**”) shall have the right immediately and at any time(s) thereafter to terminate the Transaction to which this Confirmation relates by giving at least one Business Day’s notice to the party in breach (and designating therein a date not earlier than the date such notice is effective and not later than twenty (20) days after such effective date as the date on which the Transaction to which this Confirmation relates shall terminate, being the “**Early Termination Date**”). Upon the occurrence or effective designation of an Early Termination Date, no further payments or deliveries in respect of the Transaction to which this Confirmation relates will be required to be made, but without prejudice to the other provisions of this Agreement.
- 3.4 The amount payable on termination of the Transaction to which this Confirmation relates (being the “**Termination Amount**”) shall be calculated and payable in accordance with the following provisions:
- 3.4.1 The “**Termination Amount**” will be an amount equal to (i) the sum of (a) the Termination Currency Equivalent of the Close-out Amount (whether positive or negative) determined by the performing party for the Transaction to which this Confirmation relates, and (b) the Termination Currency Equivalent of the Unpaid Amounts owing to the performing party, less (ii) the Termination Currency Equivalent of the Unpaid Amounts owing to the non-performing party. If the Termination Amount is a positive number, the non-performing party will pay it to the performing party; if it is a negative number, the performing party will pay the absolute value of the Termination Amount to the non-performing party.
- 3.4.2 The party with the payment obligation (in the case of Gaz Capital, subject to section 14.2 (*Limited Recourse*)) shall pay such amount to the other party two Business Days after the day on which the performing party notifies the non-performing party of such single liquidated amount and interest

will accrue on such single liquidated amount at the Default Rate, from (and including) the date on which such amount is due to (but excluding) the date such amount is actually paid.

**3.4.3** Prior to the termination, as described above, of this Transaction, a party that defaults in the performance of any payment obligation (in the case of Gaz Capital, subject to section 14.2 (*Limited Recourse*)) will be required to pay interest at the Default Rate on the overdue amount to the other party on demand in the same currency as such overdue amount for the period from (and including) the original due date of payment to (but excluding) the date of actual payment.

**3.4.4** Where Gaz Capital is the performing party, Gaz Capital may, instead of exercising its right immediately and at any time(s) after the occurrence of any event described pursuant to sections 3.1 and 3.2 to terminate the Transaction to which this Confirmation relates, request the transfer by way of novation of all of the rights and obligations of the Bank under the Transaction to which this Confirmation relates to a replacement swap counterparty by giving the Bank a notice in writing to such effect, provided that the novation shall become effective on the Early Termination Date designated by Gaz Capital in its sole and absolute discretion (or such later date, and on such conditions (including as to the consequences of a failure to effect the novation by such later date), as agreed between Gaz Capital and the Bank).

On the date on which any such novation becomes effective, (i) an amount equal to the amount which would have been payable by or to the Bank if the Transaction to which this Confirmation relates is terminated as provided in this section 3 shall be payable by the Bank to the replacement swap counterparty or, as the case may be, by the replacement swap counterparty to the Bank, (ii) subject to payment of the amount referred to in (i) above, the Bank and Gaz Capital will be released and discharged of their respective obligations under and in respect of the Transaction without any further payment between the Bank and Gaz Capital, and (iii) the Transaction shall be novated to the replacement swap counterparty without any further payment between the Bank and Gaz Capital.

For the avoidance of doubt, in the absence of any agreement between Gaz Capital and the Bank with respect to the terms of any such novation or the identity of the replacement swap counterparty, the Transaction to which this Confirmation relates shall not be novated but shall be terminated in accordance with the foregoing provisions of this section 3.

**3.5** The performing party's rights under this section 3 shall be in addition to, and not in limitation or exclusion of, any other rights which the performing party may have (whether by agreement, operation of law or otherwise). The non-performing party (in the case of Gaz Capital, subject to section 14.2 (*Limited Recourse*)) shall indemnify and hold the performing party harmless from all costs and expenses, including reasonable attorney fees, incurred in the exercise of any remedies hereunder (save that the Bank as the non-performing party shall be under no such obligation to indemnify Gaz Capital as the performing party for all such amounts incurred as a result of Gaz Capital's exercise of its right to request a transfer by way of novation under section 3.4.4 above of all of the rights and obligations of the Bank under the Transaction to which this Confirmation relates).

#### **4 Payment Netting**

If any payment dates for the Transaction to which this Confirmation relates shall fall on the same day and in the same currency, payments shall be made on a net basis so that the party obligated to pay the larger aggregate amount (in the case of Gaz Capital, subject to section 14.2 (*Limited Recourse*)) shall pay the other party an amount equal to the excess of the larger aggregate amount over the smaller aggregate amount.

#### **5 Set-off**

Neither the Bank nor Gaz Capital shall have any rights of set-off under the Transaction to which this Confirmation relates save as expressly provided hereunder.



## **6 Representations**

**6.1** Each of the Bank and Gaz Capital represents to each other (which representations will be deemed to be repeated at all times until the termination of the Transaction to which this Confirmation relates) that:

- 6.1.1** it is duly organized and validly existing under the laws of the jurisdiction of its organization or incorporation and, if relevant under such laws, in good standing;
- 6.1.2** it has the power to execute this Confirmation and any other documentation relating to the Transaction to which this Confirmation relates, to deliver this Confirmation and any other documentation relating to the Transaction to which this Confirmation relates that is required to deliver or perform its obligations under such Transaction and has taken all necessary action to authorize such execution, delivery and performance;
- 6.1.3** such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restrictions binding on or affecting it or any of its assets;
- 6.1.4** all governmental and other consents that are required to have been obtained by it with respect to the Transaction to which this Confirmation relates have been obtained and are in full force and effect and all conditions of any such consents have been complied with;
- 6.1.5** its obligations under the Transaction to which this Confirmation relates constitute its legal, valid and binding obligations, enforceable in accordance with its terms (subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law));
- 6.1.6** no events specified in section 3 above with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under the Transaction to which this Confirmation relates;
- 6.1.7** there is no pending or, to its knowledge, threatened against it any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the legality, validity or enforceability against it of the Transaction to which this Confirmation relates or its ability to perform its obligations under such Transaction;
- 6.1.8** all applicable information that is furnished in writing by or on behalf of it to the other party and is identified for the purposes of this section 6.1.8 in section 7.1 below is, as of the date of the information, true, accurate and complete in every material respect; and
- 6.1.9** each representation made by it for the purpose of sections 6.3 and 6.4 below is accurate and true.

**6.2** Gaz Capital represents to the Bank on the Trade Date (which representations will be deemed to be repeated at all times until the termination of the Transaction to which this Confirmation relates) that:

- 6.2.1** it is acting for its own account, and it has made its own independent decisions to enter into the Transaction to which this Confirmation relates and as to whether such Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the Bank as investment advice or as a recommendation to enter into that Transaction; it being understood that information and explanations related to the terms and conditions of the Transaction shall not be considered investment advice or a recommendation to enter into that Transaction. No communication (written or oral) received from the Bank shall be deemed to be an assurance or guarantee as to the expected results of that Transaction;

- 6.2.2 it is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of that Transaction. It is also capable of assuming, and assumes, the risks of that Transaction;
  - 6.2.3 the Bank is not acting as a fiduciary for or an adviser to it in respect of that Transaction;
  - 6.2.4 it has obtained, complied with the terms of and maintained all authorisations, approvals, licences and consents (which, for the avoidance of doubt, include all relevant exchange control authorisations) required to enable it lawfully to enter into and perform its obligations under that Transaction and this Confirmation and to ensure the legality, validity, enforceability and admissibility in evidence of such Transaction and this Confirmation in the jurisdiction of Gaz Capital; and
- 6.3** As of the Trade Date, the Bank and Gaz Capital each represents to the other that it is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment to be made by it to the other party under the Transaction to which this Confirmation relates. In making this representation, it may rely on:
- 6.3.1 the accuracy of any payer representations made by the other party pursuant to section 6.4 below;
  - 6.3.2 the satisfaction of the agreement contained in section 7.1 below, and the accuracy and effectiveness of any taxation document, form or certificate provided by the other party pursuant to section 7.1 below; and
  - 6.3.3 the satisfaction of the agreement of the other party contained in section 7.4 below, provided that it shall not be a breach of this representation where reliance is placed on section 6.3.2 above and the other party does not deliver a form or document under section 7.1(ii) below by reason of material prejudice to its legal or commercial position.
- 6.4** The Bank and Gaz Capital make the following representations:
- 6.4.1 in respect of the Bank:
    - (i) it is not acting as agent or intermediary with respect to payments received or to be received by it in connection with the Transaction to which the Confirmation relates; and
    - (ii) it is resident in the United Kingdom for U.K. tax purposes.
  - 6.4.2 in respect of Gaz Capital:
    - (i) it is acting as a principal and not as an agent or intermediary with respect to the payments received or to be received by it in connection with the Transaction to which this Confirmation relates; and
    - (ii)
      - (a) it is fully eligible for the benefits of the “Business Profits” or “Industrial and Commercial Profits” provision, as the case may be, the “Interest” provision or the “Other Income” provision (if any) of the applicable Specified Treaty with respect to any payment described in such provisions and received or to be received by it in connection with the Transaction to which this Confirmation relates and no such payment is attributable to a trade or business carried on by it through a permanent establishment in the United Kingdom;
      - (b) each payment received or to be received by it in connection with the Transaction to which this Confirmation relates will not be effectively connected with its conduct of a trade or business in the United Kingdom;
      - (c) it is organized under the laws of Luxembourg; and

- (d) it is treated as a corporation for U.S. federal income tax purposes and is a "foreign person" (as that term is used in section 1.6041-4(a)(4) of the United States Treasury Regulations) for U.S. federal income tax purposes.

The above representations shall each constitute a representation for the purposes of section 3.1(xi) and 3.3(vii) above.

- 6.5** Based on the description of the activities of Gazprom as set forth in the Series Prospectus, Gaz Capital represents that it is not a financial end user as defined in the margin requirements adopted by a "prudential regulator," (as defined in Commodity Exchange Act § 1a(39)) pursuant to Commodity Exchange Act § 4s(e) and Exchange Act § 15F(e). Notwithstanding the foregoing, each party agrees that an event of default, termination event, or other similar event that gives a party grounds to cancel or otherwise terminate the Transaction shall not occur under this Confirmation or any other contract between the parties solely on the basis of the foregoing representation being incorrect or misleading in any material respect.

## **7 Agreements**

Each party agrees with the other that, so long as either party has or may have any obligation under the Transaction to which this Confirmation relates:

- 7.1** it will deliver to the other party (by the date specified in the table below or if no such date is specified, as soon as reasonably practicable), or, in certain cases, to such government or taxing authority as the other party reasonably directs, (i) the documents set out in the table below and, (ii) upon reasonable demand by such other party, any form or document that may be required or reasonably requested in writing in order to allow such other party to make a payment under the Transaction to which this Confirmation relates without any deduction or withholding for or on account of any Tax (as defined in Annex A) or with such deduction or withholding at a reduced rate (so long as the completion, execution or submission of such form or document would not materially prejudice the legal or commercial position of the party in receipt of such demand), with any such form or document to be accurate and completed in a manner reasonably satisfactory to such other party and to be executed and to be delivered with any reasonably required certification:

<b>Party required to deliver document</b>	<b>Form/Document/Certificate</b>	<b>Date by which to be delivered</b>
(i) The Bank and Gaz Capital	Any form of document required or reasonably requested by the Bank/Gaz Capital to make payments under this Agreement without any deduction or withholding for or on account of any tax or with such deduction or withholding at a reduced rate.  Provided that notwithstanding the generality of the foregoing, if any such form, document or certificate is required to be approved, certified or otherwise accepted (by way of prior tax clearance or otherwise) by the government or taxing authorities of the Grand Duchy of Luxembourg to allow payments by Gaz Capital without deduction or withholding for or on account of any Tax or with such deduction or withholding at a reduced	Upon request of the Bank/Gaz Capital

Party required to deliver document	Form/Document/Certificate	Date by which to be delivered
	<p>rate, the Bank shall use its reasonable efforts to obtain such approval, certification or acceptance. The Bank is not under any obligation to obtain such approval, certification or acceptance and failure to obtain such approval, certification or acceptance and provide Gaz Capital with forms of documents as approved, certified or otherwise accepted by the government or taxing authority of the Grand Duchy of Luxembourg shall not constitute a failure by the Bank to comply with or perform any agreement contained in section 7.1 or 7.4 for the purposes of section 8 (<i>Gross Up</i>) below or otherwise prejudice any other provisions of this Confirmation.</p>	
(ii) The Bank and Gaz Capital	<p>Any forms required to be delivered pursuant to section 1471(b) or section 1472(b)(1) of the Internal Revenue Code of 1986 or to any other domestic or international law or intergovernmental agreement which brings such sections into force in the Relevant Jurisdictions, as amended, and any other documentation reasonably requested by the other party as it relates thereto.</p>	<p>On or before the date such forms are prescribed by law to be supplied and otherwise at the time or times reasonably requested by the other party, but in no event before the form and content of such forms or other documentation are made known by the Internal Revenue Service.</p>
(iii) Gaz Capital	<p>A valid and complete U.S. Internal Revenue Service Form W-9, Form W-8EXP, Form W-8BEN-E and/or Form W-8ECI (or applicable successor form) from Gaz Capital (or, where Gaz Capital is not the beneficial owner for U.S. federal income tax purposes, from each beneficial owner of Gaz Capital together with a valid and complete Form W-8IMY (or applicable successor form), with the allocation statement required to be delivered in connection therewith, from Gaz Capital, as relevant).</p>	<p>Upon execution of this Confirmation; and promptly upon learning that any form or other document previously provided by Gaz Capital has become obsolete or incorrect.</p>
(iv) The Bank and Gaz Capital	<p>Evidence reasonably satisfactory to the other counterparty to the names, true signatures and authority of the officers or officials signing this Confirmation on its behalf.</p>	<p>Upon execution of this Confirmation</p>

<b>Party required to deliver document</b>	<b>Form/Document/Certificate</b>	<b>Date by which to be delivered</b>
(v) Gaz Capital	A notarised copy of the charter and other constitutive documents of Gaz Capital with all registered amendments thereto.	Upon execution of this Confirmation
(vi) Gaz Capital	Minutes from the meeting where the Resolution of Gaz Capital's Board of Directors was made authorising the conduct of such trades, the execution and delivery of this Confirmation and performance of its obligations hereunder.	Upon execution of this Confirmation
(vii) Gaz Capital	Legal opinions issued by external counsel	Upon execution of this Confirmation

The information furnished by a party to the other pursuant to Items (ii) to (vi) (inclusive) shall be covered by section 6.1.8 above;

- 7.2** it will use all reasonable efforts to maintain in full force and effect all consents of any governmental or other authority that are required to be obtained by it with respect to the Transaction to which this Confirmation relates and will use all reasonable efforts to obtain any that may become necessary in the future;
- 7.3** it will comply in all material respects with all applicable laws and orders to which it may be subject if failure to so comply would materially impair its ability to perform its obligations under the Transaction to which this Confirmation relates; and
- 7.4** it will give notice of any failure of a representation made under section 6.4 above to be accurate and true promptly upon learning of such failure.

## **8 Gross Up**

All payments under the Transaction to which this Confirmation relates will be made without any deduction or withholding for or on account of any Tax unless such deduction or withholding is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, then in effect. If a party (the "**Owing Party**") is so required to make a deduction or withholding from any payment due to the other party (the "**Owed Party**") for or on account of an Indemnifiable Tax, the Owing Party (in the case of Gaz Capital, subject to section 14.2 (*Limited Recourse*)) shall pay such additional amounts as shall be necessary in order that the net amounts received by the Owed Party after such deduction or withholding shall equal the amount which would have been receivable hereunder in the absence of such deduction or withholding.

## **9 Change in Taxes, Illegality, Force Majeure, early redemption of the Notes and Sanctions:**

### **9.1 If:**

#### **9.1.1 Change in Taxes:** due to:

- (i) any action taken by any taxing authority or brought in a court of competent jurisdiction on or after the Trade Date specified in section 2 above (regardless of whether that action is brought with respect to the Bank or Gaz Capital); or

- (ii) the enactment, promulgation, execution or ratification of, or any change in or amendment to, any law (or in the application or official interpretation of any law) that occurs on or after the Trade Date specified in section 2 above,

either party (“X”) will, or there is a substantial likelihood that it will, on the next Payment Date (as defined in Annex A) for the Transaction to which this Confirmation relates either:

- (a) be required to pay an amount in respect of an Indemnifiable Tax; or
- (b) receive a payment from which an amount is required to be deducted or withheld for or on account of an Indemnifiable Tax (as defined in Annex A) and no additional amount is required to be paid in respect of that Indemnifiable Tax,

(each, a “**Relevant Change in Tax**”);

**9.1.2 Illegality:** subject to section 9.1.4 (*Sanctions*) below, due to the adoption of, or any change in, any applicable law on or after the Trade Date specified in section 2 above, or due to the promulgation of, or any change in, the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law on or after such date, it becomes unlawful for either party (“X”) (other than as a result of a breach by X of section 7.2) to perform any absolute or contingent obligation to make a payment or to receive a payment in respect of the Transaction to which this Confirmation relates or to comply with any other material provision of the Transaction to which this Confirmation relates;

**9.1.3 Force Majeure:** subject to section 9.1.4 (*Sanctions*) below, by reason of force majeure or act of state occurring on or after the Trade Date specified in section 2 above, on any day, either party (“X”) is prevented from performing any absolute or contingent obligation to make a payment in respect of the Transaction to which this Confirmation relates, from receiving a payment in respect of the Transaction to which this Confirmation relates or from complying with any other material provision of the Transaction to which this Confirmation relates (or would be so prevented if such payment or compliance were required on that day), or it becomes impossible or impracticable for X so to perform, receive or comply (or it would be impossible or impracticable for X so to perform, receive or comply if such payment or compliance were required on that day), so long as the force majeure or act of state is beyond the control of X, and X could not, after using all reasonable efforts (which will not require X to incur a loss, other than immaterial, incidental expenses), overcome such prevention, impossibility or impracticability; or

**9.1.4 Sanctions:** the Transaction, any payments contemplated under the Transaction and/or the performance by either party, its affiliates or its employees of any other obligations under this Confirmation becomes subject to Sanctions (and regardless of whether the subject of such Sanctions is the Bank, Gaz Capital, or any of their affiliates or employees, Gaz Capital shall be “X”),

then either party may (i) give a notice to the other party electing to terminate the Transaction to which this Confirmation relates, and (ii) designate an “**Early Termination Date**” for the Transaction to which this Confirmation relates by giving not more than 20 days’ notice to the other party (such Early Termination Date to be not earlier than the day the notice is effective or later than the date that is twenty (20) days after such effective date). Upon effective designation of the Early Termination Date, no further payment shall be required under the Transaction to which this Confirmation relates, other than the Termination Amount determined as provided below. On, or as soon as reasonably practicable after the Early Termination Date, the party other than X (“Y”) shall calculate in a commercially reasonable manner the Termination Amount for the Transaction to which this Confirmation relates in accordance with section 3.4 above (and for the purposes of calculating the Termination Amount only, references in section 3.4 to (i) the “performing party” shall be construed as Y and (ii) the “non-performing party” shall be construed as X).

**9.2** Y shall set off (i) all such Termination Amounts that are due to X, plus (at Y’s election) any or all other amounts due to X under the Transaction to which this Confirmation relates, against (ii) all such

Termination Amounts that are due to Y, plus (at Y's election) any or all other amounts due to Y under the Transaction to which this Confirmation relates, so that all such amounts shall be netted to a single liquidated amount payable by one party to the other. The party with the payment obligation (in the case of Gaz Capital, subject to section 14.2 (*Limited Recourse*)) shall pay such amount to the other party five Business Days after the day on which Y notifies X of such single liquidated amount.

**9.3** However, if both the Bank and Gaz Capital are X, each of the Bank and Gaz Capital shall determine the Termination Amount(s) in respect of the Transaction to which this Confirmation relates in accordance with section 9.1 and net such Termination Amounts in accordance with section 9.2 and the amount payable by one party (in the case of Gaz Capital, subject to section 14.2 (*Limited Recourse*)) to the other shall be the algebraic average of the two single liquidated amounts so obtained.

**9.4** Where Gaz Capital is Y, Gaz Capital shall have the right, but not the obligation, to request the transfer by way of novation of all of the rights and obligations of the Bank under the Transaction to which this Confirmation relates to a replacement swap counterparty by giving the Bank a notice in writing to such effect, provided that the novation shall become effective on the Early Termination Date designated by the Bank in its sole and absolute discretion (or such later date, and on such conditions (including as to the consequences of a failure to effect the novation by such later date), as agreed between Gaz Capital and the Bank).

On the date on which any such novation becomes effective, (i) an amount equal to the amount which would have been payable by or to the Bank if the Transaction to which this Confirmation relates is terminated as provided in sections 9.1, 9.2 and 9.3 shall be payable by the Bank to the replacement swap counterparty or, as the case may be, by the replacement swap counterparty to the Bank, (ii) subject to payment of the amount referred to in (i) above, the Bank and Gaz Capital will be released and discharged of their respective obligations under and in respect of the Transaction without any further payment between the Bank and Gaz Capital, and (iii) the Transaction shall be novated to the replacement swap counterparty without any further payment between the Bank and Gaz Capital.

For the avoidance of doubt, in the absence of any agreement between Gaz Capital and the Bank with respect to the terms of any such novation or the identity of the replacement swap counterparty, the Transaction to which this Confirmation relates shall not be novated but shall be terminated in accordance with the provisions of section 3 (*Non-Performance*) above.

**9.5** In the event that the Notes (as defined in Annex A) become subject to early redemption or are declared due and payable prior to their scheduled maturity date (including, but not limited to, where the Trustee has, pursuant to the Supplemental Trust Deed, enforced the security or the Issuer (as defined in the Supplemental Trust Deed) and/or the Trustee has accelerated the Loan), then the Bank may, to the extent not already terminated under section 3 (*Non-Performance*) above, give a notice to Gaz Capital electing to terminate the Transaction to which this Confirmation relates, and shall designate an “**Early Termination Date**” for the Transaction to which this Confirmation relates by giving not more than 20 days’ notice to Gaz Capital (such Early Termination Date to be not earlier than the day the notice is effective and not later than twenty (20) days after such effective date); provided that in the event that the Bank fails for any reason to give such notice or designate an Early Termination Date within three (3) Business Days of the relevant event, then Gaz Capital (or the Trustee on its behalf) may do so. Upon effective designation of the Early Termination Date, no further payment shall be required under the Transaction to which this Confirmation relates, other than the Termination Amount determined as provided below. On, or as soon as reasonably practicable after the Early Termination Date, the Bank shall calculate in a commercially reasonable manner the Termination Amount for the Transaction to which this Confirmation relates in accordance with section 3.4 (and for the purposes of calculating the Termination Amount only, references in section 3.4 to (i) the “performing party” shall be construed as the Bank and (ii) the “non-performing party” shall be construed as Gaz Capital).

## **10 Substitution in the event of Ratings Downgrade:**

If the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Bank, or if the Bank does not have any such debt obligations outstanding, the stand-alone rating of the Bank, ceases to have at least one rating as high as “BBB-” by Standard & Poor’s Ratings Services or Fitch Ratings Limited or “Baa3” by Moody’s Investors Service, Inc. or their respective equivalents (a “**Rating Downgrade**”), Gaz Capital will have the right, but not the obligation, to request in writing the transfer by way of novation all of the rights and obligations of the Bank under the Transaction to which this Confirmation relates to a Replacement Party (as defined below) within 30 days of the occurrence of the Rating Downgrade (a “**Request**”).

If Gaz Capital makes a valid Request, the Bank and Gaz Capital will jointly determine the replacement value of the Transaction to which this Confirmation relates (the “**Replacement Value**”) and in doing so will take into consideration any commercially reasonable Executable Quotation that Gaz Capital may have obtained from a Reference Market-maker (as defined below), to be effective on an agreed date (such date, the “**Novation Date**”).

If the Bank and Gaz Capital cannot agree on a Replacement Value by three Business Days prior to the Novation Date, each of them will appoint an independent leading dealer in the relevant market and both independent leading dealers will jointly appoint a third independent leading dealer to determine the Replacement Value. The Replacement Value as determined by this third independent leading dealer will be conclusive and binding, absent manifest error.

On the Novation Date (i) the Replacement Value will be paid by the Bank to Gaz Capital or by Gaz Capital to the Bank, as the case may be, (ii) subject to payment of the Replacement Value, the Bank and Gaz Capital will be released and discharged of their respective obligations under and in respect of the Transaction, (iii) the Transaction will be novated by the Bank to the relevant Reference Market-maker (the “**Replacement Party**”) without any further payment between the Bank and Gaz Capital, and (iv) the Replacement Party will receive from, or pay to, Gaz Capital the amount of the Executable Quotation.

## **11 Recordings of Conversations:**

Each of the Bank and Gaz Capital:

- 11.1** consents to the recording of telephone conversations between the trading, marketing and other relevant personnel of the parties in connection with the Transaction to which this Confirmation relates;
- 11.2** agrees to obtain any necessary consent of, and give any necessary notice of such recording to, its relevant personnel; and
- 11.3** agrees, to the extent permitted by applicable law, that recordings may be submitted in evidence in any proceedings.

## **12 Law and Jurisdiction:**

- 12.1 Governing law:** the Transaction to which this Confirmation relates and this Confirmation shall be governed by and construed in accordance with English law.
- 12.2 Jurisdiction:** In relation to the Transaction to which this Confirmation relates and/or this Confirmation and any rights and/or claims of each party arising out of or relating to such Transaction and/or this Confirmation, each party hereby irrevocably agrees that the High Court of Justice in England is to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Transaction to which this Confirmation relates and that accordingly any suit, action or proceedings arising out of or in connection with the Transaction to which this Confirmation relates (“**Proceedings**”) may be brought in such court. For this purpose, Gaz Capital agrees that any documents required to start any Proceedings against Gaz Capital and any other documents required to be served on Gaz Capital in relation to Proceedings may be served on it by being delivered to Deutsche Bank AG, London Branch, Winchester



House, 1 Great Winchester Street, London EC2N 2DB for the attention of Deutsche Bank Luxembourg S.A. or at any address of Gaz Capital in Great Britain at which service of process may be served on it in accordance with Part 37 of the Companies Act 2006. Nothing in this section 12.2 shall affect the right of any party to serve process in any other manner permitted by law. This section 12.2 applies to Proceedings in England and to Proceedings elsewhere. Each party further agrees that without prejudice to section 16 (*Notices*), any such legal process, demand or notice shall be deemed to have been duly made or served on each party at the expiry of twenty-four hours after the time of posting as aforesaid and, further, each party shall abide and be bound by a final and conclusive judgment of such court in any action brought against either party in respect of any such claim as aforesaid.

### 13 Calculation Agent

The Bank shall be responsible under this Confirmation for: (a) calculating amounts payable under this Confirmation, as applicable; (b) calculating (where applicable) a currency amount by reference to a currency amount in another currency; (c) giving notice to the parties hereto for each Payment Date or for each calculation period, specifying (i) the Payment Date, (ii) the party or parties required to make the payment or payments then due, (iii) the amount or amounts of the payment or payments then due and (iv) reasonable details as to how the amount or amounts were determined; (d) if, after notice is given, there is a change in the number of days in the relevant calculation period and the amount or amounts of the payment or payments due for that Payment Date or for that calculation period, promptly giving the parties hereto notice of those changes, with reasonable details as to how those changes were determined; (e) determining the occurrence of a Knock-out Event and delivering a Knock-out Event Notice following such determination and (f) performing any other duties specified in this Confirmation as being duties required to be performed by the Calculation Agent. Whenever the Calculation Agent is required to select banks or dealers for purposes of making any calculation or determination or to select any exchange rate, the Calculation Agent will make the selection in good faith after consultation with the other party, if practicable, for purposes of obtaining a representative rate that will reasonably reflect conditions prevailing at the time in the relevant market or designating a freely convertible currency, as the case may be. Whenever the Calculation Agent is required to act or to exercise judgment in any other way, it will do so in good faith and in a commercially reasonable manner.

### 14 Payment and Limited Recourse

**14.1 Payment:** Payments under this Confirmation will be made on the relevant Payment Date for value on such Payment Date in the place of the account specified in section 15 (*Account Details*) below, in freely transferable funds and in the manner customary for payments in the required currency. Each payment obligation of each of the Bank and Gaz Capital is subject to the condition precedent that no default under section 3 (*Non-Performance*) above or event which, with the giving of notice or the lapse of time or both, would constitute a default under section 3 (*Non-Performance*) above, with respect to the other party has occurred and is continuing.

**14.2 Limited Recourse:** the Bank acknowledges that, notwithstanding any other provision hereof, the obligations of Gaz Capital under the Transaction to which this Confirmation relates shall be solely to make payments of amounts in aggregate equivalent to each sum actually received by or for the account of Gaz Capital from Public Joint Stock Company Gazprom (“**Gazprom**”), in respect of principal or, as the case may be, interest or additional amounts relating to the Loan pursuant to the Loan Agreement (as defined in the Supplemental Trust Deed), the right to receive which will, inter alia, be charged and assigned to the Trustee on behalf of the Noteholders (as defined in Annex A) and the Bank on a *pari passu* basis by virtue of the relevant Charge (as defined in the Supplemental Trust Deed) and Assignment (as defined in the Supplemental Trust Deed) as security for Gaz Capital’s payment obligations under the Trust Deed and in respect of the Notes and this Confirmation. Accordingly, all payments to be made by Gaz Capital under the Transaction to which this Confirmation relates will be made only from and to the extent of such sums received or recovered by or on behalf of Gaz Capital. The Bank shall look solely to such sums for payments to be made by Gaz Capital under the Transaction to which this Confirmation relates, the

obligation of Gaz Capital to make payments under the Transaction to which this Confirmation relates will be limited to such sums and the Bank will have no further recourse to Gaz Capital in respect thereof. In the event that the amount due and payable by Gaz Capital under the Transaction to which this Confirmation relates exceeds the sums so received or recovered by Gaz Capital as described above, the right of the Bank and any other person to claim payment of any amount exceeding such sums shall be extinguished. The Bank must therefore rely solely and exclusively upon performance by Gazprom of its obligations under the Loan Agreement and Gazprom's covenant to pay under the Loan Agreement and the credit and financial standing of Gazprom.

**15 Account Details**

SEPARATELY PROVIDED FOR.

**16 Notices**

Any notice or other communication in respect of this Confirmation by one party to the other shall, unless otherwise provided herein, be given or made in writing to the other in any manner set forth below and to the address or number details provided below and will be deemed effective as indicated:

- 16.1** if delivered by hand, on the Business Day of delivery or on the first Business Day after the date of delivery if delivered on a day other than a Business Day;
- 16.2** if sent by first class post, on the fifth Business Day after the day of posting; or
- 16.3** if sent by facsimile transmission and a valid transmission report confirming good receipt is generated, on the day of transmission if transmitted before 3:00 p.m. (London time) on a Business Day or otherwise on the first Business Day after receipt.

Notice details:

**Gaz Capital:**

2, blvd Konrad Adenauer  
L-1115 Luxembourg

Matthias Olinger ([Matthias.Olinger@db.com](mailto:Matthias.Olinger@db.com))  
Graeme Jenkins ([Graeme.Jenkins@db.com](mailto:Graeme.Jenkins@db.com))

General email: [corporateservices.luxembourg@db.com](mailto:corporateservices.luxembourg@db.com)

Main telephone: +352 421 222980

*with a copy to Gazprom:*

2 Pobedy Square, Victoria Plaza  
Saint-Petersburg, Russian Federation

Igor Golenischev  
+7 852 609 4138  
[i.golenischev@adm.gazprom.ru](mailto:i.golenischev@adm.gazprom.ru)  
Alexander Tuzenko  
+7 852 609 4153  
[a.tuzenko@adm.gazprom.ru](mailto:a.tuzenko@adm.gazprom.ru)

**Bank:**

SEPARATELY PROVIDED FOR.

For the sake of good order, please note that the terms of this transaction shall be agreed solely between the parties and that any brokers confirmation telex referencing the details of this transaction is for informational purposes only.

## **17 Transfer**

Subject to the provisions of sections 3 (*Non-Performance*), 9.1 (*Change in Taxes, Illegality, Force Majeure and early redemption of the Notes*) or 10 (*Substitution in the event of a Ratings Downgrade*) of this Confirmation, and to the extent permitted by applicable law, neither this Confirmation nor any interest or obligation in or under this Confirmation may be transferred (whether by way of security or otherwise) by either party without the prior written consent of the other party, except that:

- 17.1** a party may make such a transfer of this Confirmation pursuant to a consolidation or amalgamation with, or merger with or into, or transfer of all or substantially all its assets to, another entity (but without prejudice to any other right or remedy under this Confirmation);
- 17.2** a party may make such a transfer of all or any part of its interest in any Termination Amount payable to it by the other party, together with any amounts payable on or with respect to that interest and any other rights associated with that interest in relation to any calculation made pursuant to section 3 (*Non-Performance*);
- 17.3** the parties may agree and consent to the assignment by way of security by Gaz Capital of its interest under this Confirmation (without prejudice to, and after giving effect to, any contractual netting provision contained in this Confirmation) to the Trustee to be held subject to and in accordance with the terms of the Trust Deed; and
- 17.4** prior to any purported transfer by Gaz Capital, the Replacement Party shall enter into a deed assuming the rights and obligations of the Bank under the Supplemental Trust Deed.

Any purported transfer that is not in compliance with this section 17 will be void.

This confirmation shall inure to the benefit of and be binding upon the parties, their respective successors and any permitted assignee or transferee of some or all of a party's rights or obligations under this Confirmation. Any reference in this Confirmation to any party shall be construed accordingly.

## **18 Trust Deed**

The Bank acknowledges that its rights under this Confirmation (and its ability to exercise the same) are subject to the provisions of the Supplemental Trust Deed.

## **19 Amendments**

This Confirmation may not be varied except by an agreement in writing signed by the parties. Prior to agreeing to any modification to the Knock-out Level and/or the Knock-out Payment Amount and/or the EUR Fixed Rate Amount, as applicable, the Bank may request from Gaz Capital (i) a copy of the officers' certificate that Gaz Capital is required to provide to the Trustee pursuant to Clause 14.1.8 of the Supplemental Trust Deed in relation to any such modification and/or (ii) such other written confirmation as the Bank may reasonably request evidencing Gazprom's consent to such modification(s).

## **20 Provision of Translations**

For the avoidance of doubt, any translation into Russian of this Confirmation or Annex A hereto which we may have provided to you is for information purposes only and shall not affect the construction of, nor shall be taken into consideration in interpreting the terms of, this Confirmation or Annex A hereto.

Please confirm that the foregoing correctly sets forth the terms of our agreement with respect to this Transaction (Contract Reference Number: SEPARATELY PROVIDED FOR) by signing this

Confirmation in the space provided below and immediately returning a copy of the executed Confirmation to the attention of:

SEPARATELY PROVIDED FOR.

Regards,

**J.P. Morgan Securities plc**

By:

Name:

Title:

By:

Name:

Title:

Signed on behalf of **Gaz Capital S.A.**

By:

Name:

Title:

## Annex A

### DEFINED TERMS

“**30/360**” means the number of days in the calculation period (being the period from, and including, the Effective Date to, but excluding, the first Period End Date and, thereafter, from, and including, each Period End Date to, but excluding, the next following Period End Date) divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the calculation period is the 31st day of a month but the first day of the calculation period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the calculation period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)).

“**Affiliate**” shall mean, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, “**control**” of any entity or person means ownership of a majority of the voting power of the entity or person.

“**Close-out Amount**” means, with respect to the Transaction to which this Confirmation relates, the amount of the losses or costs of the performing party that are or would be incurred under then prevailing circumstances (expressed as a positive number) or gains of the performing party that are or would be realised under then prevailing circumstances (expressed as a negative number) in replacing, or in providing for the performing party the economic equivalent of the material terms of the Transaction to which this Confirmation relates, including the payments by the parties under the Transaction to which this Confirmation relates that would, but for the occurrence of the Early Termination Date, have been required after that date (assuming satisfaction of the applicable conditions precedent).

Any Close-out Amount will be determined by the performing party (or its agent), which will act in good faith and use commercially reasonable procedures in order to produce a commercially reasonable result. The Close-out Amount will be determined as of the Early Termination Date or, if that would not be commercially reasonable, as of the date or dates following the Early Termination Date as would be commercially reasonable.

Unpaid Amounts in respect of the Transaction to which this Confirmation relates and legal fees and out-of-pocket expenses are to be excluded in all determinations of Close-out Amounts.

In determining a Close-out Amount, the performing party may consider any relevant information, including, without limitation, one or more of the following types of information:

- (i) quotations (either firm or indicative) for replacement transactions supplied by one or more third parties that may take into account the creditworthiness of the performing party at the time the quotation is provided and the terms of any relevant documentation between the performing party and the third party providing the quotation;
- (ii) information consisting of relevant market data in the relevant market supplied by one or more third parties including, without limitation, relevant rates, prices, yields, yield curves, volatilities, spreads, correlations or other relevant market data in the relevant market; or
- (iii) information of the types described in clause (i) or (ii) above from internal sources (including any of the performing party’s Affiliates) if that information is of the same type used by the performing party in the regular course of its business for the valuation of similar transactions.

The performing party will consider, taking into account the standards and procedures described in this definition, quotations pursuant to clause (i) above or relevant market data pursuant to clause (ii) above unless the performing party reasonably believes in good faith that such quotations or relevant market data are not readily available or would produce a result that would not satisfy those standards. When considering information described in clause (i), (ii) or (iii) above, the performing party may include costs of funding, to the extent costs of funding are not and would not be a component of the other information being utilised. Third parties supplying quotations pursuant to

clause (i) above or market data pursuant to clause (ii) above may include, without limitation, dealers in the relevant markets, end-users of the relevant product, information vendors, brokers and other sources of market information.

Without duplication of amounts calculated based on information described in clause (i), (ii) or (iii) above, or other relevant information, and when it is commercially reasonable to do so, the performing party may in addition consider in calculating a Close-out Amount any loss or cost incurred in connection with its terminating, liquidating or re-establishing any hedge related to the Transaction to which this Confirmation relates (or any gain resulting from it).

Commercially reasonable procedures used in determining a Close-out Amount may include the following:

- (i) application to relevant market data from third parties pursuant to clause (ii) above or information from internal sources pursuant to clause (iii) above of pricing or other valuation models that are, at the time of the determination of the Close-out Amount, used by the performing party in the regular course of its business in pricing or valuing transactions between the performing party and unrelated third parties that are similar to the Transaction to which this Confirmation relates; and
- (ii) application of different valuation methods to the Transaction to which this Confirmation relates depending on the type, complexity, size or number of the Transaction to which this Confirmation relates.

**“Default Rate”** means a rate per annum equal to the cost (without proof of evidence of any actual cost) to the relevant payee (as certified by it) if it were to fund or of funding the relevant amount plus 1% per annum.

**“Effective Date”** means the date specified as such for the Transaction, which date is the first date of the term of the Transaction.

**“Executable Quotation”** means, with respect to the Transaction to which this Confirmation relates, a binding quotation representing an amount, if any, that would be paid to Gaz Capital (expressed as a negative number) or by Gaz Capital (expressed as a positive number) respectively, by or to the quoting Reference Market-maker in consideration for the Reference Market-maker entering into a transaction (the **“Replacement Transaction”**) that would have the effect of preserving for Gaz Capital the economic equivalent of any payment or delivery by the parties under the Transaction that would have been required after the Novation Date.

**“Following Business Day Convention”** means that any Payment Date falling on a non-Business Day shall be postponed to the next day that is a Business Day.

**“Indemnifiable Tax”** means any Tax other than any tax that would not be imposed in respect of any payment pursuant to the Transaction to which this Confirmation relates but for a present or former connection between the jurisdiction of the government or taxing authority imposing the tax and the recipient of such payment or a person related to such recipient (including, without limitation, a connection arising from such recipient or related person being or having been a citizen or resident of such jurisdiction, or being or having been organized, present or engaged in a trade or business in such jurisdiction, or having or having had a permanent establishment or fixed place of business in such jurisdiction, but excluding a connection arising solely from such recipient or related person having executed, delivered, performed its obligations or received a payment under, or enforced, the Transaction to which this Confirmation relates).

**“Notes”** means GBP850,000,000 4.25 per cent. Loan Participation Notes due 2024 issued by Gaz Capital S.A. as Series 42 under the U.S.\$40,000,000,000 Programme for the issuance of Loan Participation Notes, and

**“Noteholders”** means the holders of such Notes.

**“Payment Date”** means, in respect of the Transaction, the Initial Exchange Date, the Final Exchange Date, each EUR Fixed Rate Payer Payment Date and each GBP Fixed Rate Payer Payment Date, as applicable. If a Payment Date falls on a day which is not a Business Day, such Payment Date shall be adjusted in accordance with the Following Business Day Convention but the amount payable shall not be adjusted.

**“Series Prospectus”** means the series prospectus dated on or about the date hereof issued by Gaz Capital S.A. relating to the Notes.

**“Reference Market-maker”** means a leading dealer in the relevant market selected by Gaz Capital in good faith (a) from among dealers of the highest credit standing which satisfy all the criteria that Gaz Capital applies generally at the time in deciding whether to offer or to make an extension of credit, (b) to the extent practicable, from among such dealers having an office in the same city as one another, and (c) which is otherwise consented to by the Bank (which consent shall not be unreasonably withheld or delayed).

**“Relevant Jurisdiction”** means, with respect to a party, the jurisdictions (a) in which the party is incorporated, organized, managed and controlled or considered to have its seat, (b) in which the party executes the Transaction to which this Confirmation relates (including, for the avoidance of doubt, the United Kingdom), and (c) in relation to any payment, from or through which such payment is made.

**“Sanctions”** means any sanctions under:

- (i) the laws and regulations administered or enforced by the U.S. Government (including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury (“OFAC”), the U.S. Department of State, or the Department of Commerce’s Bureau of Industry and Security), or any enabling legislation or executive order relating thereto; or
- (ii) any equivalent sanctions or measures imposed by the European Union, the United Kingdom, the United Nations, Switzerland, including sanctions imposed against certain states, organisations and individuals under the European Union's Common Foreign & Security Policy,

and **“subject to Sanctions”**, with respect to any person, activity, business or transaction means that engaging in such activity, business or transaction or dealing with such person would be prohibited by Sanctions for any U.S., E.U, U.K., Swiss person or other person to whom the relevant Sanctions restrictions apply in accordance with their terms.

**“Specified Indebtedness”** shall mean any obligation (whether present or future, contingent or otherwise, as principal or surety or otherwise) in respect of borrowed money; except that such term shall not include obligations in respect of deposits received in the ordinary course of a party’s banking business.

**“Specified Transaction”** means (a) any transaction (including an agreement with respect thereto) now existing or hereafter entered into between the Bank and Gaz Capital (i) which is a rate swap transaction, swap option, basis swap, forward rate transaction, commodity swap, commodity option, commodity spot transaction, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, weather swap, weather derivative, weather option, credit protection transaction, credit swap, credit default swap, credit default option, total return swap, credit spread transaction, repurchase transaction, reverse repurchase transaction, buy/sell-back transaction, securities lending transaction or forward purchase or sale of a security, commodity or other financial instrument or interest (including any option with respect to any of these transactions) or (ii) which is a type of transaction that is similar to any transaction referred to in clause (i) that is currently, or in the future becomes, recurrently entered into in the financial markets (including terms and conditions incorporated by reference in such agreement) and which is a forward, swap, future, option or other derivative on one or more rates, currencies, commodities, equity securities or other equity instruments, debt securities or other debt instruments, or economic indices or measures of economic risk or value, and (b) any combination of these transactions.

**“Specified Treaty”** means the UK/Luxembourg Double Taxation Convention signed 24 May 1967 amended by Protocols signed on 18 July 1978, 28 January 1983 and 2 July 2009.

**“Supplemental Trust Deed”** means the supplemental trust deed dated on or about 6 April 2017 between Gaz Capital, Deutsche Bank Trust Company Americas as trustee, Deutsche Bank AG, London Branch and J.P. Morgan Securities plc, supplemental to an amended and restated principal trust deed dated 7 December 2005 between Gaz Capital as issuer and Deutsche Bank Trust Company Americas as trustee.

**“Tax”** means any present or future tax, levy, impost, duty, charge, assessment or fee of any nature (including interest, penalties and additions thereto) that is imposed by any government or other taxing authority in respect of



any payment due under the Transaction to which this Confirmation relates other than stamp, registration, documentation or similar tax.

**“Termination Currency”** means Euro.

**“Termination Currency Equivalent”** means (i) in respect of any amount denominated in the Termination Currency, such Termination Currency amount, and (ii) in respect of any amount denominated in a currency other than the Termination Currency (the **“Other Currency”**), the amount in the Termination Currency determined by the performing party as being required to purchase such amount of such Other Currency as at the Early Termination Date, or, if the relevant Close-out Amount is determined as of a later date, that later date, with the Termination Currency at the rate equal to the spot exchange rate of the foreign exchange agent (selected as provided below) for the purchase of such Other Currency with the Termination Currency at or about 11:00 a.m. (in the city in which such foreign exchange agent is located) on such date as would be customary for the determination of such a rate for the purchase of such Other Currency for value on the Early Termination Date or that later date. The foreign exchange agent will be selected in good faith by the performing party and otherwise will be agreed by the parties.

**“Threshold Amount”** shall mean an amount equal to 3 per cent (3%) of its total shareholders equity as specified from time to time in its most recent Annual Report (which as at the Effective Date shall be the Annual Report of 2015) containing consolidated financial statements, prepared in accordance with accounting principles that are generally accepted for institutions of its type in the jurisdiction of its organisation and certified by independent public accountants, or its equivalent in any other currency.

**“Unpaid Amounts”** owing to any party means, with respect to an Early Termination Date, the aggregate of the amounts that became payable (or that would have become payable but for Clause 14.1) to such party under the Transaction to which this Confirmation relates on or prior to the Early Termination Date and which remain unpaid as at the Early Termination Date, together with any amount of interest accrued or other compensation in respect of that obligation or deferred obligation, as the case may be, at the Default Rate provided above.

**ANNEX B**  
**FORM OF KNOCK-OUT EVENT NOTICE**

To: Gaz Capital S.A.  
  
Attention: The Directors  
Facsimile: +352 421 22 718

Dear Sirs

**Reference Number:** SEPARATELY PROVIDED FOR.

**Internal Reference:** SEPARATELY PROVIDED FOR.

The purpose of this letter is to confirm our notification to you that a Knock-Out Event occurred on *[insert date]* (the “**Knock-out Date**”) in respect of the Transaction confirmed with the reference numbers detailed above.

Any terms used within this Knock-out Event Notice and not defined above shall have the meaning set out in the Confirmation applicable to the relevant Transaction.

Yours faithfully,

**[CALCULATION AGENT]**

By:

Cc: PJSC Gazprom

Attention: [●]

Facsimile: [●]

Cc: Deutsche Bank Trust Company Americas

(in its capacity as Trustee in respect of the Notes)

Attention: [●]

Facsimile: [●]

Cc: Deutsche Bank AG, London Branch

(in its capacity as Principal Paying Agent in respect of the Notes)

Attention: [●]

Facsimile: [●]

Cc: *[Insert details of other Swap Counterparty]*

Attention: [●]

Facsimile: [●]

To: Gaz Capital S.A.

Attention: The Directors

Cc: PJSC Gazprom

Attention: Igor A. Golenischev  
Head of Department 816/5/1

From: Deutsche Bank AG, London Branch

## 1 Introduction

The purpose of this letter agreement (this “**Confirmation**”) is to confirm the following Transaction entered into on the Trade Date specified below (the “**Transaction**”) between Deutsche Bank AG, London Branch (the “**Bank**”) and Gaz Capital S.A. (“**Gaz Capital**”), each a “**party**” and together the “**parties**” to this Transaction. The Bank is acting as principal in this Transaction. This Confirmation evidences a complete and binding agreement between you and us as to the terms of the Transaction to which this Confirmation relates.

In the event of any inconsistency between the provisions of section 2 below and the other provisions of this Confirmation, section 2 will prevail for the purposes of the Transaction to which this Confirmation relates.

## 2 The terms of the Transaction to which this Confirmation relates are as follows:

The defined terms used in this section 2 shall have the meaning ascribed to them in Annex A to this Confirmation.

In accordance with section 14 (*Payment and Limited Recourse*) below, each party shall make each of the following payments specified to be made by it:

GBP Notional Amount:	GBP425,000,000.00
EUR Notional Amount:	EUR490,067,500.00
Trade Date:	29 March 2017
Effective Date:	6 April 2017
Scheduled Termination Date:	6 April 2024
Calculation Agent:	Bank, subject to the provisions of section 13 below.

### **Initial Exchange**

EUR Initial Exchange Payer:	Bank
EUR Initial Exchange Amount:	On the Initial Exchange Date, the EUR Initial Exchange Payer shall pay to Gaz Capital: EUR490,067,500.00 (subject to receipt of the GBP Initial Exchange Amount from Gaz Capital)
GBP Initial Exchange Payer:	Gaz Capital
GBP Initial Exchange Amount:	On the Initial Exchange Date, the GBP Initial Exchange Payer shall pay to the Bank: GBP425,000,000.00 (subject to receipt of such funds from Noteholders)
Initial Exchange Date:	Effective Date

### **Final Exchange**

GBP Final Exchange Payer:	Bank
GBP Final Exchange Amount:	By 10:00 a.m. (London time) on the second Business Day prior to the Final Exchange Date (the “ <b>GBP Final Exchange Amount Payment Date</b> ”), the GBP Final Exchange Payer shall pay to Gaz Capital (subject to the occurrence of a Knock-out Event): GBP425,000,000.00
EUR Final Exchange Payer:	Gaz Capital
EUR Final Exchange Amount:	On the third Business Day prior to the Final Exchange Date (the “ <b>EUR Final Exchange Amount Payment Date</b> ”), the EUR Final Exchange Payer shall pay to the Bank (subject to the occurrence of a Knock-out Event and section 14.2 ( <i>Limited Recourse</i> )): EUR490,067,500.00
Final Exchange Date:	Scheduled Termination Date

### **EUR Fixed Amounts**

EUR Fixed Rate Payer:	Gaz Capital
EUR Fixed Rate Amount:	On each EUR Fixed Rate Payer Payment Date, the EUR Fixed Rate Payer shall pay to the Bank (subject to the occurrence of a Knock-out Event and section 14.2 ( <i>Limited Recourse</i> )): $\text{EUR Notional Amount} \times \text{EUR Interest Rate} \times \text{EUR Day Count Fraction}$
Period End Dates:	6 April and 6 October in each year, commencing on 6 October 2017.
EUR Fixed Rate Payer Payment Dates:	The third Business Day prior to 6 April and 6 October in each year, commencing on 6 October 2017 and subject to the Business Day Convention.
EUR Interest Rate:	3.35%
EUR Day Count Fraction:	30/360, provided that in respect of a complete calculation period, the EUR Day Count Fraction shall be 1/2.

### **GBP Fixed Amounts**

GBP Fixed Rate Payer:	Bank
GBP Fixed Rate Amount:	By 10:00 a.m. (London time) on each GBP Fixed Rate Payer Payment Date, the GBP Fixed Rate Payer shall pay to Gaz Capital (subject to the occurrence of a Knock-out Event): $\text{GBP Notional Amount} \times \text{GBP Interest Rate} \times \text{GBP Day Count Fraction}$
Period End Dates:	6 April and 6 October in each year, commencing on 6 October 2017.
GBP Fixed Rate Payer Payment Dates:	The second Business Day prior to 6 April and 6 October in each year, commencing 6 October 2017 and subject to the Business Day Convention.

GBP Interest Rate	4.25%
GBP Day Count Fraction:	30/360, provided that in respect of a complete calculation period, the GBP Day Count Fraction shall be 1/2.

**Knock-out Provisions**

Knock-out Event:	A Knock-out Event will occur if the Calculation Agent determines that the EUR/GBP Spot FX Rate on any TARGET Settlement Day (as defined below) during the Observation Period is less than or equal to the Knock-out Level.
------------------	--

EUR/GBP Spot FX Rate:	In respect of any TARGET Settlement Day during the Observation Period, the EUR/GBP exchange rate, expressed as the amount of GBP per EUR 1, which appears on Reuters Screen ECB37 to the right of the caption "GBP" at approximately 4:30 p.m. (Central European Time), on such day, provided that if (i) the European Central Bank changes the publication time of the euro foreign exchange reference rates, or (ii) such rate does not appear on the Reuters Screen ECB37 (or such other page that may replace that page on that service or a successor service) as at approximately 4:30 p.m. (Central European Time) on such day, then the EUR/GBP Spot FX Rate (or a method, including the time, for determining such rate) shall be determined by the Calculation Agent taking into consideration all available information that in good faith it deems relevant.
-----------------------	--

Observation Period:	The period from, and including, the first Knock-out Business Day following the sixth GBP Fixed Rate Payer Payment Date to, and including, the Observation Time on the Scheduled Termination Date.
---------------------	---

Observation Time:	4:30 p.m. (Central European Time) or, if the Calculation Agent determines the EUR/GBP Spot FX Rate at a time other than 4:30 p.m. (Central European Time) in accordance with the definition of "EUR/GBP Spot FX Rate" above, the time of such determination.
-------------------	--

Knock-out Level:	GBP0.6993 per EUR 1.
------------------	----------------------

Consequences of Knock-out Event:	If a Knock-out Event occurs, the Calculation Agent shall notify Gaz Capital and Gazprom within one Knock-out Business Day of the occurrence thereof by facsimile and/or email and/or recorded telephone message to the respective facsimile number, email address or telephone number specified in section 16 ( <i>Notices</i> ) below, without the need for confirmation of receipt.
----------------------------------	---

In addition, as soon as reasonably practical after such notification, the Calculation Agent shall deliver a Knock-out Event Notice to Gaz Capital.

For the purposes hereof:

**“Knock-out Business Day”** means a day (other than a Saturday or a Sunday) on which the clearing banks in London and Moscow are open for general business and which is also a TARGET Settlement Day.

**“Knock-out Date”** means the TARGET Settlement Day on which the Knock-out Event occurs.

**“Knock-out Event Notice”** means an irrevocable notice in writing (including by facsimile) from the Calculation Agent to Gaz Capital substantially in the form set out in Annex B to this Confirmation, notifying it of its determination of the occurrence of a Knock-out Event.

Upon the occurrence of a Knock-out Event:

- (a) subject to paragraph (c) below, the GBP Fixed Rate Amounts and the GBP Final Exchange Amount payable by the Bank and the EUR Fixed Rate Amounts and the EUR Final Exchange Amount payable by Gaz Capital will be reduced to zero and consequently no further payments will be due from the relevant party to the other party in respect of any GBP Fixed Rate Amount, GBP Final Exchange Amount, EUR Fixed Rate Amount and/or EUR Final Exchange Amount arising in respect of any GBP Fixed Rate Payer Payment Date, EUR Fixed Rate Payer Payment Date and/or Final Exchange Date following the occurrence of such Knock-out Event;
- (b) subject to paragraph (c) below, Gaz Capital will pay to the Bank an amount equal to the Knock-out Payment Amount on each Knock-out Payment Date, commencing on the first Knock-out Payment Date following the occurrence of such Knock-out Event;
- (c) if a Knock-out Event occurs during the period from, and including, the Observation Time on the eighth Knock-out Business Day prior to a EUR Fixed Rate Payer Payment Date, and/or the EUR Final Exchange Amount Payment Date to and including such EUR Fixed Rate Payer Payment Date and/or EUR Final Exchange Amount Payment Date, then, without prejudice to the termination of all other payments provided for in paragraph (a) above, the payments due on such EUR Fixed Rate Payer Payment Date (and GBP Fixed Rate Payer Payment Date which immediately follows such EUR Fixed Rate Payer Payment Date) and/or EUR Final Exchange Amount Payment Date (and GBP Final Exchange Amount Payment Date) shall be made by the

relevant party in accordance with the provisions of this Confirmation and the payment obligations of Gaz Capital pursuant to paragraph (b) above shall instead commence on the Knock-out Payment Date following such EUR Fixed Rate Payer Payment Date;

- (d) any amounts that have become payable under the Transaction to which this Confirmation relates (or that would have become payable but for section 14.1 below) on or prior to the Knock-out Date and which remain unpaid as at such date shall remain payable by the relevant party (or, in the case of any amounts that would have become payable but for section 14.1 below, shall become immediately payable on the Knock-out Date), together with any amount of interest accrued in respect of any such amounts at the Default Rate (as defined in section 3 below) for the period from, and including, the date the relevant amount became payable to, but excluding, the date such amount is paid.

Knock-out Payment Amount: GBP 0 (zero).

Knock-out Payment Date: The third Business Day prior to 6 April and 6 October in each year from, and including, 6 April or 6 October immediately following the Knock-out Date to, and including, the Scheduled Termination Date.

#### **Business Days**

Business Days: A day (other than a Saturday or a Sunday) on which the clearing banks in London are open for general business and which is also a TARGET Settlement Day.

Business Day Convention: Following Business Day Convention

TARGET Settlement Day: A day on which TARGET2 (the Trans-European Automated Real-time Gross Settlement Express Transfer system) is open for settlement of payments in EUR.

### **3 Non-Performance**

If any of the events described in sections 3.1, 3.2 or 3.3 occurs:

- 3.1** the Bank (in such context, the "**non-performing party**") (i) is dissolved (other than pursuant to a consolidation, amalgamation or merger); or (ii) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; or (iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors; or (iv) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition either (a) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (b) is not

dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof; or (v) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); or (vi) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; or (vii) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 15 days thereafter; or (viii) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (i) to (vii) (inclusive); or (ix) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; or (x) defaults in making any payment to Gaz Capital under the Transaction to which this Confirmation relates or any other transaction between the parties, but excluding any default in making any payment that is remedied on or before the first Business Day (or, where the default results solely from an error or omission of an administrative or operational nature, on or before the second Business Day) after notice of such default is given to the non-performing party; or (xi) makes a representation under section 6.1 below (other than in respect of section 6.1.9) which proves to have been incorrect or misleading in any material respect when made or repeated; (xii) makes a representation under section 6.1.9 which proves to have been incorrect or misleading in any material respect when made or repeated and remains incorrect or misleading in any material respect for 30 days after notice of such inaccuracy is given by Gaz Capital; or (xiii) disaffirms, disclaims, repudiates or rejects, in whole or in part, a Specified Transaction (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

- 3.2** with regard to the Bank only (the "**non-performing party**") there occurs or exists (i) a default, event of default or other similar condition or event (however described) in respect of the Bank under one or more agreements or instruments related to Specified Indebtedness in an aggregate amount of not less than the Threshold Amount which has resulted in such Specified Indebtedness becoming due and payable under such agreements or instruments, before it would otherwise have been due and payable, or (ii) a default by the Bank in making one or more payments on the due date thereof in an aggregate amount of not less than the Threshold Amount under such agreements or instruments (after giving effect to any applicable notice requirement or grace period) (either such event, a "**Cross-Default**" with respect to the Bank); provided, however, that, notwithstanding the foregoing, a Cross-Default will not occur with respect to the Bank under (ii) above if:

**3.2.1** the following applies:

- (i) the failure to pay referred to in 3.2(ii) above is a failure to pay caused by an error or omission of an administrative or operational nature;
- (ii) funds would have been available to the Bank to enable it to make the relevant payment when due in the absence of any such error or omission; and
- (iii) such payment is made within three (3) business days (in the relevant place for payment) following receipt of written notice from an interested party of such failure to pay; or

**3.2.2** the Bank was precluded from paying, or was unable to pay, using reasonable means, through the office through which it was acting for purposes of the relevant Specified Indebtedness, by reason of force majeure, act of State, illegality or impossibility.

- 3.3** with regard to Gaz Capital only (in such context, the "**non-performing party**"), (i) the Loan (as defined in the Supplemental Trust Deed) becomes capable of being declared, or becomes, due and payable prior to its stated maturity; or (ii) there is a default in making any payment to the Bank under the Transaction to which this Confirmation relates or any other transaction between the parties, but excluding any default in making any payment that is remedied on or before the first Business Day (or, where the default results solely from an error or omission of an administrative or operational nature, on or before the second Business Day)



after notice of such default is given to Gaz Capital; or (iii) Gaz Capital becomes insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or (in the opinion of the Trustee (as defined in the Supplemental Trust Deed)) a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any such debts or a moratorium is agreed or declared in respect of or affecting all or (in the opinion of the Trustee) a material part of the debts of Gaz Capital; or (iv) an order is made or an effective resolution is passed for the winding up or dissolution of Gaz Capital; or (v) Gaz Capital becomes subject to any insolvency, bankruptcy, concordat préventif de faillite, moratorium, controlled management (*gestion contrôlée*), general settlement with creditors, liquidation, reorganisation and any other similar legal proceedings affecting Gaz Capital; or (vi) a *commissaire à la gestion contrôlée*, a *liquidateur*, a *commissaire*, a *curateur*, an *administrateur* or any similar officer is appointed as a consequence of financial difficulties affecting Gaz Capital; or (vii) Gaz Capital makes a representation under section 6.1 or 6.2 below (other than in respect of section 6.1.9) which proves to have been incorrect or misleading in any material respect when made or repeated; (viii) makes a representation under section 6.1.9 which proves to have been incorrect or misleading in any material respect when made or repeated and remains incorrect or misleading in any material respect for 30 days after notice of such inaccuracy is given by the Bank; or (xi) Gaz Capital disaffirms, disclaims, repudiates or rejects, in whole or in part, a Specified Transaction (as defined in Annex A) (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf),

then in any such event described pursuant to sections 3.1 to 3.3 (inclusive), the other party (the “**performing party**”) shall have the right immediately and at any time(s) thereafter to terminate the Transaction to which this Confirmation relates by giving at least one Business Day’s notice to the party in breach (and designating therein a date not earlier than the date such notice is effective and not later than twenty (20) days after such effective date as the date on which the Transaction to which this Confirmation relates shall terminate, being the “**Early Termination Date**”). Upon the occurrence or effective designation of an Early Termination Date, no further payments or deliveries in respect of the Transaction to which this Confirmation relates will be required to be made, but without prejudice to the other provisions of this Agreement.

**3.4** The amount payable on termination of the Transaction to which this Confirmation relates (being the “**Termination Amount**”) shall be calculated and payable in accordance with the following provisions:

**3.4.1** The “**Termination Amount**” will be an amount equal to (i) the sum of (a) the Termination Currency Equivalent of the Close-out Amount (whether positive or negative) determined by the performing party for the Transaction to which this Confirmation relates, and (b) the Termination Currency Equivalent of the Unpaid Amounts owing to the performing party, less (ii) the Termination Currency Equivalent of the Unpaid Amounts owing to the non-performing party. If the Termination Amount is a positive number, the non-performing party will pay it to the performing party; if it is a negative number, the performing party will pay the absolute value of the Termination Amount to the non-performing party.

**3.4.2** The party with the payment obligation (in the case of Gaz Capital, subject to section 14.2 (*Limited Recourse*)) shall pay such amount to the other party two Business Days after the day on which the performing party notifies the non-performing party of such single liquidated amount and interest will accrue on such single liquidated amount at the Default Rate, from (and including) the date on which such amount is due to (but excluding) the date such amount is actually paid.

**3.4.3** Prior to the termination, as described above, of this Transaction, a party that defaults in the performance of any payment obligation (in the case of Gaz Capital, subject to section 14.2 (*Limited Recourse*)) will be required to pay interest at the Default Rate on the overdue amount to the other party on demand in the same currency as such overdue amount for the period from (and including) the original due date of payment to (but excluding) the date of actual payment.

**3.4.4** Where Gaz Capital is the performing party, Gaz Capital may, instead of exercising its right immediately and at any time(s) after the occurrence of any event described pursuant to sections 3.1 and 3.2 to terminate the Transaction to which this Confirmation relates, request the transfer by way of novation of all of the rights and obligations of the Bank under the Transaction to which this Confirmation relates to a replacement swap counterparty by giving the Bank a notice in writing to such effect, provided that the novation shall become effective on the Early Termination Date designated by Gaz Capital in its sole and absolute discretion (or such later date, and on such conditions (including as to the consequences of a failure to effect the novation by such later date), as agreed between Gaz Capital and the Bank).

On the date on which any such novation becomes effective, (i) an amount equal to the amount which would have been payable by or to the Bank if the Transaction to which this Confirmation relates is terminated as provided in this section 3 shall be payable by the Bank to the replacement swap counterparty or, as the case may be, by the replacement swap counterparty to the Bank, (ii) subject to payment of the amount referred to in (i) above, the Bank and Gaz Capital will be released and discharged of their respective obligations under and in respect of the Transaction without any further payment between the Bank and Gaz Capital, and (iii) the Transaction shall be novated to the replacement swap counterparty without any further payment between the Bank and Gaz Capital.

For the avoidance of doubt, in the absence of any agreement between Gaz Capital and the Bank with respect to the terms of any such novation or the identity of the replacement swap counterparty, the Transaction to which this Confirmation relates shall not be novated but shall be terminated in accordance with the foregoing provisions of this section 3.

**3.5** The performing party's rights under this section 3 shall be in addition to, and not in limitation or exclusion of, any other rights which the performing party may have (whether by agreement, operation of law or otherwise). The non-performing party (in the case of Gaz Capital, subject to section 14.2 (*Limited Recourse*)) shall indemnify and hold the performing party harmless from all costs and expenses, including reasonable attorney fees, incurred in the exercise of any remedies hereunder (save that the Bank as the non-performing party shall be under no such obligation to indemnify Gaz Capital as the performing party for all such amounts incurred as a result of Gaz Capital's exercise of its right to request a transfer by way of novation under section 3.4.4 above of all of the rights and obligations of the Bank under the Transaction to which this Confirmation relates).

#### **4 Payment Netting**

If any payment dates for the Transaction to which this Confirmation relates shall fall on the same day and in the same currency, payments shall be made on a net basis so that the party obligated to pay the larger aggregate amount (in the case of Gaz Capital, subject to section 14.2 (*Limited Recourse*)) shall pay the other party an amount equal to the excess of the larger aggregate amount over the smaller aggregate amount.

#### **5 Set-off**

Neither the Bank nor Gaz Capital shall have any rights of set-off under the Transaction to which this Confirmation relates save as expressly provided hereunder.

#### **6 Representations**

**6.1** Each of the Bank and Gaz Capital represents to each other (which representations will be deemed to be repeated at all times until the termination of the Transaction to which this Confirmation relates) that:

**6.1.1** it is duly organized and validly existing under the laws of the jurisdiction of its organization or incorporation and, if relevant under such laws, in good standing;

- 6.1.2 it has the power to execute this Confirmation and any other documentation relating to the Transaction to which this Confirmation relates, to deliver this Confirmation and any other documentation relating to the Transaction to which this Confirmation relates that is required to deliver or perform its obligations under such Transaction and has taken all necessary action to authorize such execution, delivery and performance;
  - 6.1.3 such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restrictions binding on or affecting it or any of its assets;
  - 6.1.4 all governmental and other consents that are required to have been obtained by it with respect to the Transaction to which this Confirmation relates have been obtained and are in full force and effect and all conditions of any such consents have been complied with;
  - 6.1.5 its obligations under the Transaction to which this Confirmation relates constitute its legal, valid and binding obligations, enforceable in accordance with its terms (subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law));
  - 6.1.6 no events specified in section 3 above with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under the Transaction to which this Confirmation relates;
  - 6.1.7 there is no pending or, to its knowledge, threatened against it any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the legality, validity or enforceability against it of the Transaction to which this Confirmation relates or its ability to perform its obligations under such Transaction;
  - 6.1.8 all applicable information that is furnished in writing by or on behalf of it to the other party and is identified for the purposes of this section 6.1.8 in section 7.1 below is, as of the date of the information, true, accurate and complete in every material respect; and
  - 6.1.9 each representation made by it for the purpose of sections 6.3 and 6.4 below is accurate and true.
- 6.2** Gaz Capital represents to the Bank on the Trade Date (which representations will be deemed to be repeated at all times until the termination of the Transaction to which this Confirmation relates) that:
- 6.2.1 it is acting for its own account, and it has made its own independent decisions to enter into the Transaction to which this Confirmation relates and as to whether such Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the Bank as investment advice or as a recommendation to enter into that Transaction; it being understood that information and explanations related to the terms and conditions of the Transaction shall not be considered investment advice or a recommendation to enter into that Transaction. No communication (written or oral) received from the Bank shall be deemed to be an assurance or guarantee as to the expected results of that Transaction;
  - 6.2.2 it is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of that Transaction. It is also capable of assuming, and assumes, the risks of that Transaction;
  - 6.2.3 the Bank is not acting as a fiduciary for or an adviser to it in respect of that Transaction;
  - 6.2.4 it has obtained, complied with the terms of and maintained all authorisations, approvals, licences and consents (which, for the avoidance of doubt, include all relevant exchange control authorisations) required to enable it lawfully to enter into and perform its obligations under that

Transaction and this Confirmation and to ensure the legality, validity, enforceability and admissibility in evidence of such Transaction and this Confirmation in the jurisdiction of Gaz Capital; and

**6.3** As of the Trade Date, the Bank and Gaz Capital each represents to the other that it is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment to be made by it to the other party under the Transaction to which this Confirmation relates. In making this representation, it may rely on:

- 6.3.1** the accuracy of any payer representations made by the other party pursuant to section 6.4 below;
- 6.3.2** the satisfaction of the agreement contained in section 7.1 below, and the accuracy and effectiveness of any taxation document, form or certificate provided by the other party pursuant to section 7.1 below; and
- 6.3.3** the satisfaction of the agreement of the other party contained in section 7.4 below, provided that it shall not be a breach of this representation where reliance is placed on section 6.3.2 above and the other party does not deliver a form or document under section 7.1(ii) below by reason of material prejudice to its legal or commercial position.

**6.4** The Bank and Gaz Capital make the following representations:

**6.4.1** in respect of the Bank:

- (i) it is not acting as agent or intermediary with respect to payments received or to be received by it in connection with the Transaction to which the Confirmation relates; and
- (ii) it is resident in Germany for German tax purposes and is acting through its London branch.

**6.4.2** in respect of Gaz Capital:

- (i) it is acting as a principal and not as an agent or intermediary with respect to the payments received or to be received by it in connection with the Transaction to which this Confirmation relates; and
- (ii)
  - (a) it is fully eligible for the benefits of the “Business Profits” or “Industrial and Commercial Profits” provision, as the case may be, the “Interest” provision or the “Other Income” provision (if any) of the applicable Specified Treaty with respect to any payment described in such provisions and received or to be received by it in connection with the Transaction to which this Confirmation relates and no such payment is attributable to a trade or business carried on by it through a permanent establishment in Germany;
  - (b) each payment received or to be received by it in connection with the Transaction to which this Confirmation relates will not be effectively connected with its conduct of a trade or business in the Germany;
  - (c) it is organized under the laws of Luxembourg; and
  - (d) it is treated as a corporation for U.S. federal income tax purposes and is a “foreign person” (as that term is used in section 1.6041-4(a)(4) of the United States Treasury Regulations) for U.S. federal income tax purposes.

The above representations shall each constitute a representation for the purposes of section 3.1(xi) and 3.3(vii) above.

- 6.5** Based on the description of the activities of Gazprom as set forth in the Series Prospectus, Gaz Capital represents that it is not a financial end user as defined in the margin requirements adopted by a "prudential regulator," (as defined in Commodity Exchange Act § 1a(39)) pursuant to Commodity Exchange Act § 4s(e) and Exchange Act § 15F(e). Notwithstanding the foregoing, each party agrees that an event of default, termination event, or other similar event that gives a party grounds to cancel or otherwise terminate the Transaction shall not occur under this Confirmation or any other contract between the parties solely on the basis of the foregoing representation being incorrect or misleading in any material respect.

## **7 Agreements**

Each party agrees with the other that, so long as either party has or may have any obligation under the Transaction to which this Confirmation relates:

- 7.1** it will deliver to the other party (by the date specified in the table below or if no such date is specified, as soon as reasonably practicable), or, in certain cases, to such government or taxing authority as the other party reasonably directs, (i) the documents set out in the table below and, (ii) upon reasonable demand by such other party, any form or document that may be required or reasonably requested in writing in order to allow such other party to make a payment under the Transaction to which this Confirmation relates without any deduction or withholding for or on account of any Tax (as defined in Annex A) or with such deduction or withholding at a reduced rate (so long as the completion, execution or submission of such form or document would not materially prejudice the legal or commercial position of the party in receipt of such demand), with any such form or document to be accurate and completed in a manner reasonably satisfactory to such other party and to be executed and to be delivered with any reasonably required certification:

<b>Party required to deliver document</b>	<b>Form/Document/Certificate</b>	<b>Date by which to be delivered</b>
(i) The Bank and Gaz Capital	Any form of document required or reasonably requested by the Bank/Gaz Capital to make payments under this Agreement without any deduction or withholding for or on account of any tax or with such deduction or withholding at a reduced rate.  Provided that notwithstanding the generality of the foregoing, if any such form, document or certificate is required to be approved, certified or otherwise accepted (by way of prior tax clearance or otherwise) by the government or taxing authorities of the Grand Duchy of Luxembourg to allow payments by Gaz Capital without deduction or withholding for or on account of any Tax or with such deduction or withholding at a reduced rate, the Bank shall use its reasonable efforts to obtain such approval, certification or acceptance. The Bank is not under any obligation to obtain such approval, certification or acceptance and failure to obtain such	Upon request of the Bank/Gaz Capital

Party required to deliver document	Form/Document/Certificate	Date by which to be delivered
	approval, certification or acceptance and provide Gaz Capital with forms of documents as approved, certified or otherwise accepted by the government or taxing authority of the Grand Duchy of Luxembourg shall not constitute a failure by the Bank to comply with or perform any agreement contained in section 7.1 or 7.4 for the purposes of section 8 ( <i>Gross Up</i> ) below or otherwise prejudice any other provisions of this Confirmation.	
(ii) The Bank and Gaz Capital	Any forms required to be delivered pursuant to section 1471(b) or section 1472(b)(1) of the Internal Revenue Code of 1986 or to any other domestic or international law or intergovernmental agreement which brings such sections into force in the Relevant Jurisdictions, as amended, and any other documentation reasonably requested by the other party as it relates thereto.	On or before the date such forms are prescribed by law to be supplied and otherwise at the time or times reasonably requested by the other party, but in no event before the form and content of such forms or other documentation are made known by the Internal Revenue Service.
(iii) Gaz Capital	A valid and complete U.S. Internal Revenue Service Form W-9, Form W-8EXP, Form W-8BEN-E and/or Form W-8ECI (or applicable successor form) from Gaz Capital (or, where Gaz Capital is not the beneficial owner for U.S. federal income tax purposes, from each beneficial owner of Gaz Capital together with a valid and complete Form W-8IMY (or applicable successor form), with the allocation statement required to be delivered in connection therewith, from Gaz Capital, as relevant).	Upon execution of this Confirmation; and promptly upon learning that any form or other document previously provided by Gaz Capital has become obsolete or incorrect.
(iv) The Bank and Gaz Capital	Evidence reasonably satisfactory to the other counterparty to the names, true signatures and authority of the officers or officials signing this Confirmation on its behalf.	Upon execution of this Confirmation
(v) Gaz Capital	A notarised copy of the charter and other constitutive documents of Gaz Capital with all registered amendments thereto.	Upon execution of this Confirmation
(vi) Gaz Capital	Minutes from the meeting where the	Upon execution of this

Party required to deliver document	Form/Document/Certificate	Date by which to be delivered
	Resolution of Gaz Capital's Board of Directors was made authorising the conduct of such trades, the execution and delivery of this Confirmation and performance of its obligations hereunder.	Confirmation
(vii) Gaz Capital	Legal opinions issued by external counsel	Upon execution of this Confirmation

The information furnished by a party to the other pursuant to Items (ii) to (vi) (inclusive) shall be covered by section 6.1.8 above;

- 7.2** it will use all reasonable efforts to maintain in full force and effect all consents of any governmental or other authority that are required to be obtained by it with respect to the Transaction to which this Confirmation relates and will use all reasonable efforts to obtain any that may become necessary in the future;
- 7.3** it will comply in all material respects with all applicable laws and orders to which it may be subject if failure to so comply would materially impair its ability to perform its obligations under the Transaction to which this Confirmation relates; and
- 7.4** it will give notice of any failure of a representation made under section 6.4 above to be accurate and true promptly upon learning of such failure.

## **8 Gross Up**

All payments under the Transaction to which this Confirmation relates will be made without any deduction or withholding for or on account of any Tax unless such deduction or withholding is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, then in effect. If a party (the "**Owing Party**") is so required to make a deduction or withholding from any payment due to the other party (the "**Owed Party**") for or on account of an Indemnifiable Tax, the Owing Party (in the case of Gaz Capital, subject to section 14.2 (*Limited Recourse*)) shall pay such additional amounts as shall be necessary in order that the net amounts received by the Owed Party after such deduction or withholding shall equal the amount which would have been receivable hereunder in the absence of such deduction or withholding.

## **9 Change in Taxes, Illegality, Force Majeure, early redemption of the Notes and Sanctions:**

### **9.1 If:**

#### **9.1.1 Change in Taxes:** due to:

- (i) any action taken by any taxing authority or brought in a court of competent jurisdiction on or after the Trade Date specified in section 2 above (regardless of whether that action is brought with respect to the Bank or Gaz Capital); or
- (ii) the enactment, promulgation, execution or ratification of, or any change in or amendment to, any law (or in the application or official interpretation of any law) that occurs on or after the Trade Date specified in section 2 above,

either party ("**X**") will, or there is a substantial likelihood that it will, on the next Payment Date (as defined in Annex A) for the Transaction to which this Confirmation relates either:

- (c) be required to pay an amount in respect of an Indemnifiable Tax; or

- (d) receive a payment from which an amount is required to be deducted or withheld for or on account of an Indemnifiable Tax (as defined in Annex A) and no additional amount is required to be paid in respect of that Indemnifiable Tax,

(each, a “**Relevant Change in Tax**”);

- 9.1.2 Illegality:** subject to section 9.1.4 (*Sanctions*) below, due to the adoption of, or any change in, any applicable law on or after the Trade Date specified in section 2 above, or due to the promulgation of, or any change in, the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law on or after such date, it becomes unlawful for either party (“**X**”) (other than as a result of a breach by X of section 7.2) to perform any absolute or contingent obligation to make a payment or to receive a payment in respect of the Transaction to which this Confirmation relates or to comply with any other material provision of the Transaction to which this Confirmation relates;
- 9.1.3 Force Majeure:** subject to section 9.1.4 (*Sanctions*) below, by reason of force majeure or act of state occurring on or after the Trade Date specified in section 2 above, on any day, either party (“**X**”) is prevented from performing any absolute or contingent obligation to make a payment in respect of the Transaction to which this Confirmation relates, from receiving a payment in respect of the Transaction to which this Confirmation relates or from complying with any other material provision of the Transaction to which this Confirmation relates (or would be so prevented if such payment or compliance were required on that day), or it becomes impossible or impracticable for X so to perform, receive or comply (or it would be impossible or impracticable for X so to perform, receive or comply if such payment or compliance were required on that day), so long as the force majeure or act of state is beyond the control of X, and X could not, after using all reasonable efforts (which will not require X to incur a loss, other than immaterial, incidental expenses), overcome such prevention, impossibility or impracticability; or
- 9.1.4 Sanctions:** the Transaction, any payments contemplated under the Transaction and/or the performance by either party, its affiliates or its employees of any other obligations under this Confirmation becomes subject to Sanctions (and regardless of whether the subject of such Sanctions is the Bank, Gaz Capital, or any of their affiliates or employees, Gaz Capital shall be “**X**”),

then either party may (i) give a notice to the other party electing to terminate the Transaction to which this Confirmation relates, and (ii) designate an “**Early Termination Date**” for the Transaction to which this Confirmation relates by giving not more than 20 days’ notice to the other party (such Early Termination Date to be not earlier than the day the notice is effective or later than the date that is twenty (20) days after such effective date). Upon effective designation of the Early Termination Date, no further payment shall be required under the Transaction to which this Confirmation relates, other than the Termination Amount determined as provided below. On, or as soon as reasonably practicable after the Early Termination Date, the party other than X (“**Y**”) shall calculate in a commercially reasonable manner the Termination Amount for the Transaction to which this Confirmation relates in accordance with section 3.4 above (and for the purposes of calculating the Termination Amount only, references in section 3.4 to (i) the “performing party” shall be construed as Y and (ii) the “non-performing party” shall be construed as X).

- 9.2** Y shall set off (i) all such Termination Amounts that are due to X, plus (at Y’s election) any or all other amounts due to X under the Transaction to which this Confirmation relates, against (ii) all such Termination Amounts that are due to Y, plus (at Y’s election) any or all other amounts due to Y under the Transaction to which this Confirmation relates, so that all such amounts shall be netted to a single liquidated amount payable by one party to the other. The party with the payment obligation (in the case of Gaz Capital, subject to section 14.2 (*Limited Recourse*)) shall pay such amount to the other party five Business Days after the day on which Y notifies X of such single liquidated amount.
- 9.3** However, if both the Bank and Gaz Capital are X, each of the Bank and Gaz Capital shall determine the Termination Amount(s) in respect of the Transaction to which this Confirmation relates in accordance with



section 9.1 and net such Termination Amounts in accordance with section 9.2 and the amount payable by one party (in the case of Gaz Capital, subject to section 14.2 (*Limited Recourse*)) to the other shall be the algebraic average of the two single liquidated amounts so obtained.

- 9.4** Where Gaz Capital is Y, Gaz Capital shall have the right, but not the obligation, to request the transfer by way of novation of all of the rights and obligations of the Bank under the Transaction to which this Confirmation relates to a replacement swap counterparty by giving the Bank a notice in writing to such effect, provided that the novation shall become effective on the Early Termination Date designated by the Bank in its sole and absolute discretion (or such later date, and on such conditions (including as to the consequences of a failure to effect the novation by such later date), as agreed between Gaz Capital and the Bank).

On the date on which any such novation becomes effective, (i) an amount equal to the amount which would have been payable by or to the Bank if the Transaction to which this Confirmation relates is terminated as provided in sections 9.1, 9.2 and 9.3 shall be payable by the Bank to the replacement swap counterparty or, as the case may be, by the replacement swap counterparty to the Bank, (ii) subject to payment of the amount referred to in (i) above, the Bank and Gaz Capital will be released and discharged of their respective obligations under and in respect of the Transaction without any further payment between the Bank and Gaz Capital, and (iii) the Transaction shall be novated to the replacement swap counterparty without any further payment between the Bank and Gaz Capital.

For the avoidance of doubt, in the absence of any agreement between Gaz Capital and the Bank with respect to the terms of any such novation or the identity of the replacement swap counterparty, the Transaction to which this Confirmation relates shall not be novated but shall be terminated in accordance with the provisions of section 3 (*Non-Performance*) above.

- 9.5** In the event that the Notes (as defined in Annex A) become subject to early redemption or are declared due and payable prior to their scheduled maturity date (including, but not limited to, where the Trustee has, pursuant to the Supplemental Trust Deed, enforced the security or the Issuer (as defined in the Supplemental Trust Deed) and/or the Trustee has accelerated the Loan), then the Bank may, to the extent not already terminated under section 3 (*Non-Performance*) above, give a notice to Gaz Capital electing to terminate the Transaction to which this Confirmation relates, and shall designate an “**Early Termination Date**” for the Transaction to which this Confirmation relates by giving not more than 20 days’ notice to Gaz Capital (such Early Termination Date to be not earlier than the day the notice is effective and not later than twenty (20) days after such effective date); provided that in the event that the Bank fails for any reason to give such notice or designate an Early Termination Date within three (3) Business Days of the relevant event, then Gaz Capital (or the Trustee on its behalf) may do so. Upon effective designation of the Early Termination Date, no further payment shall be required under the Transaction to which this Confirmation relates, other than the Termination Amount determined as provided below. On, or as soon as reasonably practicable after the Early Termination Date, the Bank shall calculate in a commercially reasonable manner the Termination Amount for the Transaction to which this Confirmation relates in accordance with section 3.4 (and for the purposes of calculating the Termination Amount only, references in section 3.4 to (i) the “performing party” shall be construed as the Bank and (ii) the “non-performing party” shall be construed as Gaz Capital).

## **10 Substitution in the event of Ratings Downgrade:**

If the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Bank, or if the Bank does not have any such debt obligations outstanding, the stand-alone rating of the Bank, ceases to have at least one rating as high as “BBB-” by Standard & Poor’s Ratings Services or Fitch Ratings Limited or “Baa3” by Moody’s Investors Service, Inc. or their respective equivalents (a “**Rating Downgrade**”), Gaz Capital will have the right, but not the obligation, to request in writing the transfer by way of novation all of the rights and obligations of the Bank under the Transaction to which this Confirmation relates to a Replacement Party (as defined below) within 30 days of the occurrence of the Rating Downgrade (a “**Request**”).

If Gaz Capital makes a valid Request, the Bank and Gaz Capital will jointly determine the replacement value of the Transaction to which this Confirmation relates (the “**Replacement Value**”) and in doing so will take into consideration any commercially reasonable Executable Quotation that Gaz Capital may have obtained from a Reference Market-maker (as defined below), to be effective on an agreed date (such date, the “**Novation Date**”).

If the Bank and Gaz Capital cannot agree on a Replacement Value by three Business Days prior to the Novation Date, each of them will appoint an independent leading dealer in the relevant market and both independent leading dealers will jointly appoint a third independent leading dealer to determine the Replacement Value. The Replacement Value as determined by this third independent leading dealer will be conclusive and binding, absent manifest error.

On the Novation Date (i) the Replacement Value will be paid by the Bank to Gaz Capital or by Gaz Capital to the Bank, as the case may be, (ii) subject to payment of the Replacement Value, the Bank and Gaz Capital will be released and discharged of their respective obligations under and in respect of the Transaction, (iii) the Transaction will be novated by the Bank to the relevant Reference Market-maker (the “**Replacement Party**”) without any further payment between the Bank and Gaz Capital, and (iv) the Replacement Party will receive from, or pay to, Gaz Capital the amount of the Executable Quotation.

## **11 Recordings of Conversations:**

Each of the Bank and Gaz Capital:

- 11.1** consents to the recording of telephone conversations between the trading, marketing and other relevant personnel of the parties in connection with the Transaction to which this Confirmation relates;
- 11.2** agrees to obtain any necessary consent of, and give any necessary notice of such recording to, its relevant personnel; and
- 11.3** agrees, to the extent permitted by applicable law, that recordings may be submitted in evidence in any proceedings.

## **12 Law and Jurisdiction:**

- 12.1 Governing law:** the Transaction to which this Confirmation relates and this Confirmation shall be governed by and construed in accordance with English law.
- 12.2 Jurisdiction:** In relation to the Transaction to which this Confirmation relates and/or this Confirmation and any rights and/or claims of each party arising out of or relating to such Transaction and/or this Confirmation, each party hereby irrevocably agrees that the High Court of Justice in England is to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Transaction to which this Confirmation relates and that accordingly any suit, action or proceedings arising out of or in connection with the Transaction to which this Confirmation relates (“**Proceedings**”) may be brought in such court. For this purpose, Gaz Capital agrees that any documents required to start any Proceedings against Gaz Capital and any other documents required to be served on Gaz Capital in relation to Proceedings may be served on it by being delivered to Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB for the attention of Deutsche Bank Luxembourg S.A. or at any address of Gaz Capital in Great Britain at which service of process may be served on it in accordance with Part 37 of the Companies Act 2006. Nothing in this section 12.2 shall affect the right of any party to serve process in any other manner permitted by law. This section 12.2 applies to Proceedings in England and to Proceedings elsewhere. Each party further agrees that without prejudice to section 16 (*Notices*), any such legal process, demand or notice shall be deemed to have been duly made or served on each party at the expiry of twenty-four hours after the time of posting as aforesaid and, further, each party shall abide and be bound by a final and conclusive judgment of such court in any action brought against either party in respect of any such claim as aforesaid.

### 13 Calculation Agent

The Bank shall be responsible under this Confirmation for: (a) calculating amounts payable under this Confirmation, as applicable; (b) calculating (where applicable) a currency amount by reference to a currency amount in another currency; (c) giving notice to the parties hereto for each Payment Date or for each calculation period, specifying (i) the Payment Date, (ii) the party or parties required to make the payment or payments then due, (iii) the amount or amounts of the payment or payments then due and (iv) reasonable details as to how the amount or amounts were determined; (d) if, after notice is given, there is a change in the number of days in the relevant calculation period and the amount or amounts of the payment or payments due for that Payment Date or for that calculation period, promptly giving the parties hereto notice of those changes, with reasonable details as to how those changes were determined; (e) determining the occurrence of a Knock-out Event and delivering a Knock-out Event Notice following such determination and (f) performing any other duties specified in this Confirmation as being duties required to be performed by the Calculation Agent. Whenever the Calculation Agent is required to select banks or dealers for purposes of making any calculation or determination or to select any exchange rate, the Calculation Agent will make the selection in good faith after consultation with the other party, if practicable, for purposes of obtaining a representative rate that will reasonably reflect conditions prevailing at the time in the relevant market or designating a freely convertible currency, as the case may be. Whenever the Calculation Agent is required to act or to exercise judgment in any other way, it will do so in good faith and in a commercially reasonable manner.

### 14 Payment and Limited Recourse

- 14.1 Payment:** Payments under this Confirmation will be made on the relevant Payment Date for value on such Payment Date in the place of the account specified in section 15 (*Account Details*) below, in freely transferable funds and in the manner customary for payments in the required currency. Each payment obligation of each of the Bank and Gaz Capital is subject to the condition precedent that no default under section 3 (*Non-Performance*) above or event which, with the giving of notice or the lapse of time or both, would constitute a default under section 3 (*Non-Performance*) above, with respect to the other party has occurred and is continuing.
- 14.2 Limited Recourse:** the Bank acknowledges that, notwithstanding any other provision hereof, the obligations of Gaz Capital under the Transaction to which this Confirmation relates shall be solely to make payments of amounts in aggregate equivalent to each sum actually received by or for the account of Gaz Capital from Public Joint Stock Company Gazprom (“**Gazprom**”), in respect of principal or, as the case may be, interest or additional amounts relating to the Loan pursuant to the Loan Agreement (as defined in the Supplemental Trust Deed), the right to receive which will, inter alia, be charged and assigned to the Trustee on behalf of the Noteholders (as defined in Annex A) and the Bank on a *pari passu* basis by virtue of the relevant Charge (as defined in the Supplemental Trust Deed) and Assignment (as defined in the Supplemental Trust Deed) as security for Gaz Capital’s payment obligations under the Trust Deed and in respect of the Notes and this Confirmation. Accordingly, all payments to be made by Gaz Capital under the Transaction to which this Confirmation relates will be made only from and to the extent of such sums received or recovered by or on behalf of Gaz Capital. The Bank shall look solely to such sums for payments to be made by Gaz Capital under the Transaction to which this Confirmation relates, the obligation of Gaz Capital to make payments under the Transaction to which this Confirmation relates will be limited to such sums and the Bank will have no further recourse to Gaz Capital in respect thereof. In the event that the amount due and payable by Gaz Capital under the Transaction to which this Confirmation relates exceeds the sums so received or recovered by Gaz Capital as described above, the right of the Bank and any other person to claim payment of any amount exceeding such sums shall be extinguished. The Bank must therefore rely solely and exclusively upon performance by Gazprom of its obligations under the Loan Agreement and Gazprom’s covenant to pay under the Loan Agreement and the credit and financial standing of Gazprom.

## 15 Account Details

SEPARATELY PROVIDED FOR.

## 16 Notices

Any notice or other communication in respect of this Confirmation by one party to the other shall, unless otherwise provided herein, be given or made in writing to the other in any manner set forth below and to the address or number details provided below and will be deemed effective as indicated:

- 16.1 if delivered by hand, on the Business Day of delivery or on the first Business Day after the date of delivery if delivered on a day other than a Business Day;
- 16.2 if sent by first class post, on the fifth Business Day after the day of posting; or
- 16.3 if sent by facsimile transmission and a valid transmission report confirming good receipt is generated, on the day of transmission if transmitted before 3:00 p.m. (London time) on a Business Day or otherwise on the first Business Day after receipt.

Notice details:

### **Gaz Capital:**

2, blvd Konrad Adenauer  
L-1115 Luxembourg

Matthias Olinger ([Matthias.Olinger@db.com](mailto:Matthias.Olinger@db.com))  
Graeme Jenkins ([Graeme.Jenkins@db.com](mailto:Graeme.Jenkins@db.com))

General email: [corporateservices.luxembourg@db.com](mailto:corporateservices.luxembourg@db.com)  
Main telephone: +352 421 222980

*with a copy to Gazprom:*

2 Pobedy Square, Victoria Plaza  
Saint-Petersburg, Russian Federation

Igor Golenischev  
+7 852 609 4138  
[i.golenischev@adm.gazprom.ru](mailto:i.golenischev@adm.gazprom.ru)  
Alexander Tuzenko  
+7 852 609 4153  
[a.tuzenko@adm.gazprom.ru](mailto:a.tuzenko@adm.gazprom.ru)

### **Bank:**

SEPARATELY PROVIDED FOR.

For the sake of good order, please note that the terms of this transaction shall be agreed solely between the parties and that any brokers confirmation telex referencing the details of this transaction is for informational purposes only.

## 17 Transfer

Subject to the provisions of sections 3 (*Non-Performance*), 9.1 (*Change in Taxes, Illegality, Force Majeure and early redemption of the Notes*) or 10 (*Substitution in the event of a Ratings Downgrade*) of this Confirmation, and to the extent permitted by applicable law, neither this Confirmation nor any interest or obligation in or under this Confirmation may be transferred (whether by way of security or otherwise) by either party without the prior written consent of the other party, except that:

- 17.1** a party may make such a transfer of this Confirmation pursuant to a consolidation or amalgamation with, or merger with or into, or transfer of all or substantially all its assets to, another entity (but without prejudice to any other right or remedy under this Confirmation);
- 17.2** a party may make such a transfer of all or any part of its interest in any Termination Amount payable to it by the other party, together with any amounts payable on or with respect to that interest and any other rights associated with that interest in relation to any calculation made pursuant to section 3 (*Non-Performance*);
- 17.3** the parties may agree and consent to the assignment by way of security by Gaz Capital of its interest under this Confirmation (without prejudice to, and after giving effect to, any contractual netting provision contained in this Confirmation) to the Trustee to be held subject to and in accordance with the terms of the Trust Deed; and
- 17.4** prior to any purported transfer by Gaz Capital, the Replacement Party shall enter into a deed assuming the rights and obligations of the Bank under the Supplemental Trust Deed.

Any purported transfer that is not in compliance with this section 17 will be void.

This confirmation shall inure to the benefit of and be binding upon the parties, their respective successors and any permitted assignee or transferee of some or all of a party's rights or obligations under this Confirmation. Any reference in this Confirmation to any party shall be construed accordingly.

## **18 Trust Deed**

The Bank acknowledges that its rights under this Confirmation (and its ability to exercise the same) are subject to the provisions of the Supplemental Trust Deed.

## **19 Amendments**

This Confirmation may not be varied except by an agreement in writing signed by the parties. Prior to agreeing to any modification to the Knock-out Level and/or the Knock-out Payment Amount and/or the EUR Fixed Rate Amount, as applicable, the Bank may request from Gaz Capital (i) a copy of the officers' certificate that Gaz Capital is required to provide to the Trustee pursuant to Clause 14.1.8 of the Supplemental Trust Deed in relation to any such modification and/or (ii) such other written confirmation as the Bank may reasonably request evidencing Gazprom's consent to such modification(s).

## **20 Provision of Translations**

For the avoidance of doubt, any translation into Russian of this Confirmation or Annex A hereto which we may have provided to you is for information purposes only and shall not affect the construction of, nor shall be taken into consideration in interpreting the terms of, this Confirmation or Annex A hereto.

Please confirm that the foregoing correctly sets forth the terms of our agreement with respect to this Transaction (Contract Reference Number: SEPARATELY PROVIDED FOR) by signing this Confirmation in the space provided below and immediately returning a copy of the executed Confirmation to the attention of:

SEPARATELY PROVIDED FOR.

Regards,

**Deutsche Bank AG, London Branch**

By:

Name:

Title:

By:

Name:

Title:

Signed on behalf of **Gaz Capital S.A.**

By:

Name:

Title:

## Annex A

### DEFINED TERMS

“**30/360**” means the number of days in the calculation period (being the period from, and including, the Effective Date to, but excluding, the first Period End Date and, thereafter, from, and including, each Period End Date to, but excluding, the next following Period End Date) divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the calculation period is the 31st day of a month but the first day of the calculation period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the calculation period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)).

“**Affiliate**” shall mean, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, “**control**” of any entity or person means ownership of a majority of the voting power of the entity or person.

“**Close-out Amount**” means, with respect to the Transaction to which this Confirmation relates, the amount of the losses or costs of the performing party that are or would be incurred under then prevailing circumstances (expressed as a positive number) or gains of the performing party that are or would be realised under then prevailing circumstances (expressed as a negative number) in replacing, or in providing for the performing party the economic equivalent of the material terms of the Transaction to which this Confirmation relates, including the payments by the parties under the Transaction to which this Confirmation relates that would, but for the occurrence of the Early Termination Date, have been required after that date (assuming satisfaction of the applicable conditions precedent).

Any Close-out Amount will be determined by the performing party (or its agent), which will act in good faith and use commercially reasonable procedures in order to produce a commercially reasonable result. The Close-out Amount will be determined as of the Early Termination Date or, if that would not be commercially reasonable, as of the date or dates following the Early Termination Date as would be commercially reasonable.

Unpaid Amounts in respect of the Transaction to which this Confirmation relates and legal fees and out-of-pocket expenses are to be excluded in all determinations of Close-out Amounts.

In determining a Close-out Amount, the performing party may consider any relevant information, including, without limitation, one or more of the following types of information:

- (iii) quotations (either firm or indicative) for replacement transactions supplied by one or more third parties that may take into account the creditworthiness of the performing party at the time the quotation is provided and the terms of any relevant documentation between the performing party and the third party providing the quotation;
- (iv) information consisting of relevant market data in the relevant market supplied by one or more third parties including, without limitation, relevant rates, prices, yields, yield curves, volatilities, spreads, correlations or other relevant market data in the relevant market; or
- (v) information of the types described in clause (i) or (ii) above from internal sources (including any of the performing party’s Affiliates) if that information is of the same type used by the performing party in the regular course of its business for the valuation of similar transactions.

The performing party will consider, taking into account the standards and procedures described in this definition, quotations pursuant to clause (i) above or relevant market data pursuant to clause (ii) above unless the performing party reasonably believes in good faith that such quotations or relevant market data are not readily available or would produce a result that would not satisfy those standards. When considering information described in clause (i), (ii) or (iii) above, the performing party may include costs of funding, to the extent costs of funding are not and would not be a component of the other information being utilised. Third parties supplying quotations pursuant to

clause (i) above or market data pursuant to clause (ii) above may include, without limitation, dealers in the relevant markets, end-users of the relevant product, information vendors, brokers and other sources of market information.

Without duplication of amounts calculated based on information described in clause (i), (ii) or (iii) above, or other relevant information, and when it is commercially reasonable to do so, the performing party may in addition consider in calculating a Close-out Amount any loss or cost incurred in connection with its terminating, liquidating or re-establishing any hedge related to the Transaction to which this Confirmation relates (or any gain resulting from it).

Commercially reasonable procedures used in determining a Close-out Amount may include the following:

- (i) application to relevant market data from third parties pursuant to clause (ii) above or information from internal sources pursuant to clause (iii) above of pricing or other valuation models that are, at the time of the determination of the Close-out Amount, used by the performing party in the regular course of its business in pricing or valuing transactions between the performing party and unrelated third parties that are similar to the Transaction to which this Confirmation relates; and
- (ii) application of different valuation methods to the Transaction to which this Confirmation relates depending on the type, complexity, size or number of the Transaction to which this Confirmation relates.

**“Default Rate”** means a rate per annum equal to the cost (without proof of evidence of any actual cost) to the relevant payee (as certified by it) if it were to fund or of funding the relevant amount plus 1% per annum.

**“Effective Date”** means the date specified as such for the Transaction, which date is the first date of the term of the Transaction.

**“Executable Quotation”** means, with respect to the Transaction to which this Confirmation relates, a binding quotation representing an amount, if any, that would be paid to Gaz Capital (expressed as a negative number) or by Gaz Capital (expressed as a positive number) respectively, by or to the quoting Reference Market-maker in consideration for the Reference Market-maker entering into a transaction (the **“Replacement Transaction”**) that would have the effect of preserving for Gaz Capital the economic equivalent of any payment or delivery by the parties under the Transaction that would have been required after the Novation Date.

**“Following Business Day Convention”** means that any Payment Date falling on a non-Business Day shall be postponed to the next day that is a Business Day.

**“Indemnifiable Tax”** means any Tax other than any tax that would not be imposed in respect of any payment pursuant to the Transaction to which this Confirmation relates but for a present or former connection between the jurisdiction of the government or taxing authority imposing the tax and the recipient of such payment or a person related to such recipient (including, without limitation, a connection arising from such recipient or related person being or having been a citizen or resident of such jurisdiction, or being or having been organized, present or engaged in a trade or business in such jurisdiction, or having or having had a permanent establishment or fixed place of business in such jurisdiction, but excluding a connection arising solely from such recipient or related person having executed, delivered, performed its obligations or received a payment under, or enforced, the Transaction to which this Confirmation relates).

**“Notes”** means GBP850,000,000 4.25 per cent. Loan Participation Notes due 2024 issued by Gaz Capital S.A. as Series 42 under the U.S.\$40,000,000,000 Programme for the issuance of Loan Participation Notes, and

**“Noteholders”** means the holders of such Notes.

**“Payment Date”** means, in respect of the Transaction, the Initial Exchange Date, the Final Exchange Date, each EUR Fixed Rate Payer Payment Date and each GBP Fixed Rate Payer Payment Date, as applicable. If a Payment Date falls on a day which is not a Business Day, such Payment Date shall be adjusted in accordance with the Following Business Day Convention but the amount payable shall not be adjusted.

**“Series Prospectus”** means the series prospectus dated on or about the date hereof issued by Gaz Capital S.A. relating to the Notes.



**“Reference Market-maker”** means a leading dealer in the relevant market selected by Gaz Capital in good faith (a) from among dealers of the highest credit standing which satisfy all the criteria that Gaz Capital applies generally at the time in deciding whether to offer or to make an extension of credit, (b) to the extent practicable, from among such dealers having an office in the same city as one another, and (c) which is otherwise consented to by the Bank (which consent shall not be unreasonably withheld or delayed).

**“Relevant Jurisdiction”** means, with respect to a party, the jurisdictions (a) in which the party is incorporated, organized, managed and controlled or considered to have its seat, (b) in which the party executes the Transaction to which this Confirmation relates (including, for the avoidance of doubt, the United Kingdom), and (c) in relation to any payment, from or through which such payment is made.

**“Sanctions”** means any sanctions under:

- (i) the laws and regulations administered or enforced by the U.S. Government (including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury (“OFAC”), the U.S. Department of State, or the Department of Commerce’s Bureau of Industry and Security), or any enabling legislation or executive order relating thereto; or
- (ii) any equivalent sanctions or measures imposed by the European Union, the United Kingdom, the United Nations, Switzerland, including sanctions imposed against certain states, organisations and individuals under the European Union's Common Foreign & Security Policy,

and **“subject to Sanctions”**, with respect to any person, activity, business or transaction means that engaging in such activity, business or transaction or dealing with such person would be prohibited by Sanctions for any U.S., E.U, U.K., Swiss person or other person to whom the relevant Sanctions restrictions apply in accordance with their terms.

**“Specified Indebtedness”** shall mean any obligation (whether present or future, contingent or otherwise, as principal or surety or otherwise) in respect of borrowed money; except that such term shall not include obligations in respect of deposits received in the ordinary course of a party’s banking business.

**“Specified Transaction”** means (a) any transaction (including an agreement with respect thereto) now existing or hereafter entered into between the Bank and Gaz Capital (i) which is a rate swap transaction, swap option, basis swap, forward rate transaction, commodity swap, commodity option, commodity spot transaction, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, weather swap, weather derivative, weather option, credit protection transaction, credit swap, credit default swap, credit default option, total return swap, credit spread transaction, repurchase transaction, reverse repurchase transaction, buy/sell-back transaction, securities lending transaction or forward purchase or sale of a security, commodity or other financial instrument or interest (including any option with respect to any of these transactions) or (ii) which is a type of transaction that is similar to any transaction referred to in clause (i) that is currently, or in the future becomes, recurrently entered into in the financial markets (including terms and conditions incorporated by reference in such agreement) and which is a forward, swap, future, option or other derivative on one or more rates, currencies, commodities, equity securities or other equity instruments, debt securities or other debt instruments, or economic indices or measures of economic risk or value, and (b) any combination of these transactions.

**“Specified Treaty”** means the Convention Between the Federal Republic of Germany and the Government of the Grand Duchy of Luxembourg for the Avoidance of Double Taxation and the establishment of rules of Reciprocal Administrative and Legal Assistance with respect to Taxes on Income and Capital, Business Tax and Land Tax, as amended or replaced.

**“Supplemental Trust Deed”** means the supplemental trust deed dated on or about 6 April 2017 between Gaz Capital, Deutsche Bank Trust Company Americas as trustee, Deutsche Bank AG, London Branch and J.P. Morgan Securities plc, supplemental to an amended and restated principal trust deed dated 7 December 2005 between Gaz Capital as issuer and Deutsche Bank Trust Company Americas as trustee.

“**Tax**” means any present or future tax, levy, impost, duty, charge, assessment or fee of any nature (including interest, penalties and additions thereto) that is imposed by any government or other taxing authority in respect of any payment due under the Transaction to which this Confirmation relates other than stamp, registration, documentation or similar tax.

“**Termination Currency**” means Euro.

“**Termination Currency Equivalent**” means (i) in respect of any amount denominated in the Termination Currency, such Termination Currency amount, and (ii) in respect of any amount denominated in a currency other than the Termination Currency (the “**Other Currency**”), the amount in the Termination Currency determined by the performing party as being required to purchase such amount of such Other Currency as at the Early Termination Date, or, if the relevant Close-out Amount is determined as of a later date, that later date, with the Termination Currency at the rate equal to the spot exchange rate of the foreign exchange agent (selected as provided below) for the purchase of such Other Currency with the Termination Currency at or about 11:00 a.m. (in the city in which such foreign exchange agent is located) on such date as would be customary for the determination of such a rate for the purchase of such Other Currency for value on the Early Termination Date or that later date. The foreign exchange agent will be selected in good faith by the performing party and otherwise will be agreed by the parties.

“**Threshold Amount**” shall mean an amount equal to 3 per cent (3%) of its total shareholders equity as specified from time to time in its most recent Annual Report (which as at the Effective Date shall be the Annual Report of 2016) containing consolidated financial statements, prepared in accordance with accounting principles that are generally accepted for institutions of its type in the jurisdiction of its organisation and certified by independent public accountants, or its equivalent in any other currency.

“**Unpaid Amounts**” owing to any party means, with respect to an Early Termination Date, the aggregate of the amounts that became payable (or that would have become payable but for Clause 14.1) to such party under the Transaction to which this Confirmation relates on or prior to the Early Termination Date and which remain unpaid as at the Early Termination Date, together with any amount of interest accrued or other compensation in respect of that obligation or deferred obligation, as the case may be, at the Default Rate provided above.

**ANNEX B**  
**FORM OF KNOCK-OUT EVENT NOTICE**

To: Gaz Capital S.A.  
  
Attention: The Directors  
Facsimile: +352 421 22 718

Dear Sirs

**Reference Number:** SEPARATELY PROVIDED FOR.

**Internal Reference:** SEPARATELY PROVIDED FOR.

The purpose of this letter is to confirm our notification to you that a Knock-Out Event occurred on *[insert date]* (the “**Knock-out Date**”) in respect of the Transaction confirmed with the reference numbers detailed above.

Any terms used within this Knock-out Event Notice and not defined above shall have the meaning set out in the Confirmation applicable to the relevant Transaction.

Yours faithfully,

**[CALCULATION AGENT]**

By:

Cc: PJSC Gazprom

Attention: [●]

Facsimile: [●]

Cc: Deutsche Bank Trust Company Americas

(in its capacity as Trustee in respect of the Notes)

Attention: [●]

Facsimile: [●]

Cc: Deutsche Bank AG, London Branch

(in its capacity as Principal Paying Agent in respect of the Notes)

Attention: [●]

Facsimile: [●]

Cc: *[Insert details of other Swap Counterparty]*

Attention: [●]

Facsimile: [●]

## DESCRIPTION OF THE SWAP COUNTERPARTIES

### DEUTSCHE BANK AG

Deutsche Bank AG, London Branch (for the purposes of this description, “**Deutsche Bank**”) originated from the reunification of Norddeutsche Bank Aktiengesellschaft, Hamburg, Rheinisch-Westfälische Bank Aktiengesellschaft, Duesseldorf and Süddeutsche Bank Aktiengesellschaft, Munich; pursuant to the Law on the Regional Scope of Credit Institutions, these had been disincorporated in 1952 from Deutsche Bank which was founded in 1870. The merger and the name were entered in the Commercial Register of the District Court Frankfurt am Main on May 2, 1957. Deutsche Bank is a banking institution and a stock corporation incorporated under the laws of Germany under registration number HRB 30 000. Deutsche Bank has its registered office in Frankfurt am Main, Germany. It maintains its head office at Taunusanlage 12, 60325 Frankfurt am Main and branch offices in Germany and abroad including in London, New York, Sydney, Tokyo and an Asia-Pacific Head Office in Singapore which serve as hubs for its operations in the respective regions.

Deutsche Bank is the parent company of a group consisting of banks, capital market companies, fund management companies, a real estate finance company, instalment financing companies, research and consultancy companies and other domestic and foreign companies (the “**Deutsche Bank Group**”).

“**Deutsche Bank AG, London Branch**” is the London branch of Deutsche Bank. On January 12, 1973, Deutsche Bank filed in the United Kingdom the documents required pursuant to section 407 of the Companies Act 1948 to establish a place of business within Great Britain. On January 14, 1993, Deutsche Bank registered under Schedule 21A to the Companies Act 1985 as having established a branch (Registration No. BR000005) in England and Wales. Deutsche Bank AG London is an authorized person for the purposes of section 19 of the Financial Services and Markets Act 2000. In the United Kingdom, it conducts wholesale banking business and through its Private Wealth Management division, it provides holistic wealth management advice and integrated financial solutions for wealthy individuals, their families and selected institutions.

### J.P. MORGAN SECURITIES PLC

J.P. Morgan Securities plc is a principal subsidiary of JPMorgan Chase & Co. in Europe, the Middle East & Africa and engages in international investment banking activity. Its activities include underwriting government and corporate bonds, equities and other securities, arranging private placements of debt and convertible securities, trading in debt securities, equity securities, commodities and swaps and other derivatives, brokerage and clearing services for exchange traded future and options contracts and providing investment banking advisory services.

J.P. Morgan Securities plc is a public limited company and is incorporated and domiciled in England and Wales. The address of its registered office is 25 Bank Street, Canary Wharf, London, E14 5JP, England. J.P. Morgan Securities plc’s ultimate parent undertaking and controlling party is JPMorgan Chase & Co., which is incorporated in the state of Delaware in the United States of America. JPMorgan Chase & Co. is also the parent undertaking of the largest group in which the results of J.P. Morgan Securities plc are consolidated.

J.P. Morgan Securities plc is a UK bank authorized by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and the PRA. J.P. Morgan Securities plc is a member of most major European financial infrastructures, including LCH Clearnet Ltd., LME Clear, Eurex Clearing AG and ICE Clear Europe. The current ratings of J.P. Morgan Securities plc are A+/A-1 by S&P, A1/P-1 by Moody's and AA-/F1+ by Fitch.

## OTHER INFORMATION

1. The issue of the Notes and entry into the Swap Agreements was approved by the Board of Directors of the Issuer on March 7, 2017 and the borrowing of the Loan was approved by the Board of Directors of Gazprom on February 2, 2017.
2. Deutsche Bank AG, London Branch, J.P. Morgan Securities plc and VTB Capital plc have, pursuant to a subscription agreement dated April 4, 2017 (the “**Subscription Agreement**”), jointly and severally agreed with the Issuer and Gazprom, and the Lead Managers pursuant to a subscription side agreement dated April 4, 2017 (the “**Subscription Side Agreement**”), jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe the Notes at 100 per cent of their principal amount. The Subscription Agreement and the Subscription Side Agreement entitle the Managers to terminate it in certain circumstances prior to payment being made to the Issuer.
3. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market with effect from April 6, 2017.
4. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to the Official List or trading on its regulated market for the purposes of the Prospectus Directive.
5. The Issuer and Gazprom estimate that the total expenses related to the admission of the Notes to trading on the Irish Stock Exchange will be EUR3,200.
6. The Notes to be issued are expected to be rated:  
  
Fitch: BBB-  
  
Moody's: Ba1  
  
S&P: BB+  
  
Each of Fitch, Moody's and S&P is established in the EU and registered under Regulation (EC) No 1060/2009.  
  
A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
7. The Notes are expected to carry a yield of 4.25 per cent. per annum. The yield is calculated at the Closing Date on the basis of the Issue Price. It is not an indication of future yield.
8. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for the Notes is XS1592279522, the Common Code for the Notes is 159227952 and the CFI Code is DTFXFR. Delivery of the Notes will be made against payment.

**COMPANY****Public Joint Stock Company Gazprom**

16 Nametkina Street  
117997 Moscow  
Russian Federation

**ISSUER****Gaz Capital S.A.**

2, Boulevard Konrad Adenauer  
L-1115 Luxembourg

**FINANCIAL ADVISER TO GAZPROM****Horizon-Corporate Finance OOO**

71/32 Novocheremushkinskaya Street  
117420 Moscow  
Russian Federation

**AUDITORS OF GAZPROM**

*In respect of year 2014*

**AO PricewaterhouseCoopers Audit**

Butyrsky Val, 10  
125047 Moscow  
Russian Federation

*In respect of reporting periods  
subsequent to December 31, 2014*

**FBK**

Myasnitskaya Street, 44/1  
101990 Moscow  
Russian Federation

**LEAD MANAGERS****Bank GPB International S.A.**

15, rue Bender  
L-1229  
Luxembourg

**Deutsche Bank AG, London Branch**

Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

**J.P. Morgan Securities plc**

25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

**VTB Capital plc**

14 Cornhill  
London EC3V 3ND  
United Kingdom

**LEGAL ADVISERS TO GAZPROM**

*As to English law*

**Winston & Strawn LLP**

CityPoint, One Ropemaker Street  
London EC2Y 9HU  
United Kingdom

*As to Russian law*

**Winston & Strawn LLP**

26 Valovaya St.  
115054, Moscow  
Russian Federation

**LEGAL ADVISERS TO THE LEAD MANAGERS**

*As to English law*

**Linklaters LLP**

One Silk Street  
London EC2Y 8HQ  
United Kingdom

*As to Russian law*

**Linklaters CIS**

Paveletskaya Square 2  
Bld. 2  
115054 Moscow  
Russian Federation

**LEGAL ADVISOR TO THE ISSUER**

*As to Luxembourg law*

**Allen & Overy**

Société en commandite simple (inscrite au  
Barreau de Luxembourg)  
33, avenue J.F. Kennedy  
L-1855 Luxembourg

**TRUSTEE**

**Deutsche Bank Trust Company Americas**  
60 Wall Street  
New York, New York 10005  
United States of America

**PRINCIPAL PAYING AGENT AND TRANSFER  
AGENT**

**Deutsche Bank AG, London Branch**  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

**LUXEMBOURG REGISTRAR, PAYING AGENT AND  
TRANSFER AGENT**

**Deutsche Bank Luxembourg S.A.**  
2, Boulevard Konrad Adenauer  
L-1115 Luxembourg

**IRISH PAYING AGENT**

**Deutsche International Corporate Services (Ireland)  
Limited**  
5 Harbourmaster Place, IFSC  
Dublin  
Republic of Ireland

**PETROLEUM CONSULTANTS TO GAZPROM**

**DeGolyer and MacNaughton**  
Suite 800 East  
5001 Spring Valley Road  
Dallas, Texas 75244  
United States of America

**LISTING AGENT**

**Arthur Cox Listing Services Limited**  
10 Earlsfort Terrace  
Dublin 2  
Republic of Ireland