

PRESS RELEASE

Nord Stream Pipeline Moves Another Step Closer to Completion

- **Two of the three sections of the 1,224 kilometre gas pipeline to be joined together off the coast of Finland**
- **Third section to be joined up off the coast of Gotland, Sweden, in the summer**
- **First pipeline to become operational before the end of 2011**

Zug, May 11, 2011. The Nord Stream Pipeline takes another important step towards its target of starting to deliver gas directly from Russia to the European Union by the end of 2011. Preparations for welding together two of the three sections of the 1,224 kilometre pipeline through the Baltic Sea have now started. They will be welded together on the seabed off the coast of Finland in a complex process expected to take about two weeks. The technical completion of the first of the twin pipelines will be achieved in June, when the final section is welded onto the pipeline off the Swedish island of Gotland. Construction of the second of the twin pipelines is scheduled for completion in 2012.

Nord Stream was able to design its offshore pipeline to operate without an intermediate compressor station, but with three different design pressures and pipe wall thicknesses as the gas pressure drops over its long journey from Russia to landfall in Germany.

The connection of these three pipeline sections will be carried out at the two offshore locations where the design pressure changes from 220 to 200 bar and from 200 to 177,5 bar respectively. Today sees the start of the connection of the Gulf of Finland section and the Central section at a sea depth of approximately 80 metres. The connection of the Central and South Western sections off Gotland will take place at a depth of approximately 110 metres.

Each of the three sections is gauged and thoroughly pressure-tested before being joined together by "hyperbaric tie-ins" and subsequently linked to the landfalls in Russia and Germany. The pre-commissioning activities are already underway: for the Gulf of Finland and Central section cleaning, gauging and pressure-testing have been successfully completed, and the pressure test for South Western section now follows. On the site of the German landfall all piping has been completed and successfully pressure tested. For the Russian landfall site pressure testing is expected by the end of May after completion of all welding works.

Further rigorous testing will be carried out on the whole system before it becomes operational in the last quarter of 2011.

Remote-controlled underwater welding operations

The contract for the hyperbaric tie-ins is being carried out for Nord Stream by the French company Technip SA and its new-built diving support vessel, the Skandi Arctic. Technip uses equipment supplied by the Pipeline Repair System (PRS) pool administered by the Norwegian company Statoil ASA. This "tie-in" process takes place on the seabed in an underwater welding habitat. Welding operations are remotely controlled from the diving support vessel, and divers assist and monitor the subsea construction work.

The welding habitat supplied by the PRS pool is a dry zone on the seabed where divers work without diving equipment to set up the automatic welding machine. The welding is completely controlled from the dive support vessel. The Skandi Arctic transports and operates all of the equipment necessary to move, lift, cut and weld the pipeline sections together. Pipe Handling Frames (PHFs) move the pipeline ends into tie-in position. They can lift up to 150 tonnes and not only lift the pipeline sections, but also shift them sideways to line them up for welding.

When both of Nord Stream's twin pipelines lines are completed in late 2012, Nord Stream will have the capacity to transport 55 billion cubic metres (bcm) a year from Russia to Europe, enough to supply 26 million homes. No other major new pipeline with a capacity over 10 bcm is expected to come on-stream before 2015, but as of today all 101,000 large diameter 23-tonne pipes of the first line have already been laid on the seabed.

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Notes to editors

Nord Stream is a natural gas pipeline that will link Russia and the European Union through the Baltic Sea. The European Union's annual natural gas imports in the year 2008 were approximately 320 billion cubic metres (bcm) and are projected to increase to around 500 bcm by the year 2030. By then, the EU will need additional gas imports of 160 to 200 bcm per year (Source: IEA, World Energy Outlook, 2010). Nord Stream will meet up to one third of this additional gas import requirement by connecting the European gas pipeline network to some of the world's largest gas reserves. The project will be an important contribution to long-term security of supply and a milestone of the energy partnership between the European Union and Russia.



Nord Stream

The new gas supply route for Europe

Nord Stream AG plans to have the first of two parallel pipelines operational in 2011. Each line is approximately 1,220 kilometres long, providing a transport capacity of some 27.5 bcm per year. Full capacity of about 55 bcm per year will be reached when the second line goes on stream. This is enough gas to supply more than 26 million European households.

Nord Stream AG is an international joint venture established for the planning, construction and subsequent operation of the new offshore gas pipeline through the Baltic Sea. Russian OAO Gazprom holds a 51 percent stake in the joint venture. The German companies BASF SE/Wintershall Holding GmbH and E.ON Ruhrgas AG hold 15.5 percent each, and the Dutch gas infrastructure company N.V. Nederlandse Gasunie and the French energy company GDF SUEZ S.A. each hold a 9 percent stake.

Nord Stream is included in the Trans-European Energy Network Guidelines (TEN-E) of the European Union. In 2006, the project was designated a "project of European interest" by the European Commission, the European Parliament and the Council of the European Union. Nord Stream is, therefore, recognised as a key project for meeting Europe's energy infrastructure needs.

Construction of the Nord Stream Pipeline started in April 2010, after completion of environmental studies and planning and an Environmental Impact Assessment (EIA) along the entire pipeline route. Three pipelay barges have been commissioned to work on the project: Saipem's Castoro Sei is carrying out the majority of the construction in the Baltic Sea. The Castoro Dieci has completed its operations in German waters, where it constructed both pipelines in the German landfall section; Allseas' Solitaire handles construction in the Gulf of Finland as a subcontractor of Saipem. The first pipeline is scheduled to be operational in 2011, the second one in 2012.