

IN BRIEF

SEASON'S GREETINGS

Dear FACTS Reader,

Nord Stream would like to thank you for your continued interest in FACTS. Transparent and timely communication is one of the company's core values, therefore we offer a wide range of information materials. In addition to FACTS, Nord Stream also produces e-FACTS, its online counterpart. Along with the current e-FACTS newsletter, we have developed a new online magazine, which you can find on our website. If you would like to subscribe to e-FACTS, please visit: www.nord-stream.com/publications

Nord Stream has included a 2010 calendar in the mailing of this issue. We hope you enjoy it. The calendar, like all of our publications, is printed on environmentally friendly, Forest Stewardship Certified Paper, which stems from well-managed forests.

Nord Stream sends you and your family Season's Greetings, and wishes you a happy and peaceful New Year.

Sincerely,

Ulrich Lissek
Communications Director



> www.nord-stream.com/publications

FAST FACTS

- 1 **A project of European interest:** Nord Stream received this designation in 2006 from the European Commission
- 2 **Europe will need natural gas as a less-polluting alternative** to other fossil fuels until renewable sources are more widely available
- 3 **Gas already meets about a quarter** of the EU's primary energy needs and this is expected to increase

The Copenhagen Summit

Natural gas is an area of interest of the climate change meeting

The capital city of Denmark will be the meeting place of delegates and leaders from 192 countries, who will gather in December in the hopes of establishing a new global treaty on climate change.

The 2-week-long Copenhagen summit falls within the guidelines of the United Nations Framework Convention on Climate Change (UNFCCC), which

spawned the soon-to-expire Kyoto Protocol. As Kyoto ends in 2012, governments aim to develop a wider-ranging treaty that will help to curb the rise of CO₂ emissions and mitigate the effects of climate change.

Gas Use to Increase

Increased use of natural gas is an area of interest of the climate change summit, as it is the lowest impact fossil fuel. Gas plays

an important role as a cleaner source of energy to "bridge" the period until sustainable sources, such as solar and wind energy, become widely available.

Should a decision be reached in Copenhagen to set global CO₂ emissions limits, natural gas use will likely increase by about 17 percent worldwide by 2030, according to the International Energy Agency.

World Gas Conference Review

Nord Stream shared its project experience in Buenos Aires

Nord Stream was an exhibitor at the 24th World Gas Conference on October 5-9 in Buenos Aires, Argentina. This event united thousands of experts from the global gas industry.



285 square-metre exhibit

The theme of the international event was: "The Global Energy Challenge – Reviewing the Strategies for Natural Gas." Attendees shared their findings about the latest technologies in the field, and discussed the need for the development of

gas infrastructure as part of the global energy mix. Natural gas, according to International Gas Union President, Ernesto López Anadón, is uniquely positioned to support a sustain-

able energy future, as it is clean, abundant, efficient and cost effective. In parallel to the conference, more than 200 exhibitors from companies around the world showcased their latest advances in natural gas technology products and services. Nord Stream also featured an exhibit where employees guided visitors through four aspects of the project, including engineering, the extensive permitting process, Environmental Impact Assessments, and its strategic logistics concept.

CONTACTS

> **HEAD OFFICE**
Nord Stream AG
Jens D. Müller
Grafenauweg 2
6304 Zug, Switzerland

Tel. +41 41 766 9191
Fax +41 41 766 9192

> **BRANCH OFFICE**
Nord Stream AG
Olga Lugovina
ul. Znamenka 7, bld 3
119019 Moscow, Russia

Tel. +7 495 229 6585
Fax +7 495 229 6580

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FACTS



The permits from three countries substantiate Nord Stream's efforts over the course of several years.

Milestone: Denmark, Sweden and Finland Have All Granted Permits to Nord Stream

The pipeline project is another step closer to its planned start of construction

The permits received from Denmark, Sweden and Finland to utilise their Exclusive Economic Zones (EEZ) for the pipeline through the Baltic Sea are significant milestones for the project and for Europe's security of supply. The 1,223 kilometre (km) pipeline will pass through 49 km of Denmark's EEZ and 88 km of its territorial waters; and 506 km and 374 km of the Swedish and Finnish EEZs respectively.

Denmark was the first country to grant a construction permit on October 20, and just weeks later, both Sweden and Finland confirmed on November 5 that they would confer permits to Nord

Stream to use their EEZs. "We were pleased and surprised to receive two permits in one day," explains Nord Stream Managing Director, Matthias Warnig. "While the news of gaining two permits within hours of one another was unexpected, it also substantiates the efforts Nord Stream has made to make this possible. For example, more than 100 million euros have been invested into environmental impact studies and technical planning of the pipeline, exceeding all previous investigations for a single project in the Baltic Sea."

The three permits are the result of extensive environmental studies, close cooperation with

authorities, as well as in-depth consultations with stakeholders and experts over the course of several years.

Optimal Route

The routing of the pipeline is based on a continuous dialogue with the environmental authorities of all five countries through which waters the pipeline will pass. The route also accommodates feedback from different stakeholder groups. When planning the pipeline, several possible routes were investigated and carefully evaluated against many factors, including seabed conditions, maritime traffic, fisheries, and munitions from both World Wars and cultural

heritage, along with many environmental considerations. As the Nord Stream Pipeline passes through the territorial waters and/or the EEZs of Russia, Finland, Sweden, Denmark, and Germany, permits to construct and operate the pipeline must be obtained from each of these five countries in accordance with their national legislation. The permitting process for the pipeline is currently underway in Russia and Germany; in Finland, the company also needs a water permit for construction. The construction of the pipeline is planned to start in the Spring of 2010, with the first pipeline operational in 2011, and the second in 2012.

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Please note: In addition to its print newsletter, Nord Stream also offers e-FACTS, its electronic newsletter. e-FACTS provides monthly short updates on Nord Stream and related topics. e-FACTS is available online and via email in English only.

Please visit www.nord-stream.com to subscribe.

Munitions Clearance for the Pipeline Began In Finnish Waters at the End of November

Nord Stream's plan for munitions removal ensures the safety of the project

Munitions clearance activities for the safe installation and operation of the Nord Stream Pipeline began in late November in Finnish waters. Approximately 70 munitions in Finnish, Swedish and Russian waters were identified within the security and anchor corridors of the pipeline route. In order to ensure smooth mine clearance operations, Nord Stream, together with BACTEC International and relevant authorities, has developed an environmental and a safety management plan that establishes monitoring and mitigation measures

related to munitions clearance in Finland and Sweden. Responsibility for munitions clearance in Russian waters resides with the Russian government, and the work will be undertaken by the Russian navy following their standard procedures for clearance.

Approximately 30 mines were identified in Russian waters. About 35 munitions must be cleared in the Finnish Exclusive Economic Zone (EEZ), and currently two in the Swedish EEZ. "Nord Stream works closely with the relevant authorities on mine clearance activities and

in accordance with applicable legislation," explained Simon Bonnell, Nord Stream Senior Project Engineer, who has been responsible for surveys at Nord Stream since 2007. The mines, which are very sensitive to movement, will be detonated on site, or "in situ" by BACTEC, a leading UK-based explosive ordnance and mine action company established in 1991. The company is active in 40 countries with both marine and land mine clearance operations. "In situ detonation is a safe and proven procedure commonly used in the Baltic Sea by international mine

clearance operations, including Open Spirit and Baltic Sweep," explained Kevin Kneebone, Managing Director of BACTEC International. "For safety, this procedure was also chosen for the Nord Stream project." Mine clearance in the Baltic Sea is nothing new. It is a task that the Baltic navies undertake regularly. Since 1996, about 1,000 munitions have been cleared.

To learn more about munitions clearance procedures, you can order our new pamphlet on the topic. Just send us an e-mail at: contact@nord-stream.com

Mitigation Measures



Qualified marine mammal observers supervise activities and look out for marine life from the support vessels.



An authority approved environmental monitoring programme is employed to ensure mitigation measures are implemented.



A health, safety and environment advisor ensures that industry best practices are followed at all times.



Munitions disposal will take place during daylight and in good weather to ensure visual detection of mammals is effective.



The detailed effects of the detonation are modelled and monitored for each planned disposal.



Safety of third parties is managed with the Gulf of Finland Mandatory Reporting System. Detonation is delayed if ships are in the safety zone.



Passive acoustic monitoring (PAM) for marine mammals will be employed to determine if mammals are in the area.



Detonation of explosives will be delayed to protect marine life (mammals, fish, birds) if any are sighted.



A sonar survey to detect fish shoals will be conducted prior to any clearance operations.



In Spring 2010, the first pipes will be delivered to the Castoro Sei for installation.

The Promising Events of 2009 Will Pave the Way Forward for Nord Stream in 2010

Interview with Matthias Warnig, Managing Director of Nord Stream AG

FACTS: 2009 has been an eventful year for the company. What are some of the highlights?

MW: Among the greatest highlights of the year are the permits from Denmark, Sweden and Finland, which would not have been possible without the ongoing commitment of our staff. Nord Stream is beginning to reap the benefits of the many years of hard work we have invested into the planning of the pipeline project. Let's not forget that detailed surveys and research of the potential environmental and socioeconomic impacts of the Nord Stream Pipeline started back in the 1990s. In total, we have invested more than 100 million euros in environmental impact studies to ensure that the routing of the pipeline will be safe and environmentally sound.

FACTS: The first permit to construct the pipeline was received in October. Was this in line with your expectations?

MW: Permitting processes are elaborate and time consuming. However, the permits have been granted well within schedule.

Overall, all national permitting processes have been conducted in accordance with the requirements of the five countries through which waters the pipeline will pass. Estonia, Latvia, Lithuania and Poland have also been involved in the international consultation process. This has been the largest Espoo consultation ever, and sets a benchmark for international cooperation.

FACTS: The permit processes are still ongoing in Germany and Russia. Do you expect good news on these fronts as well?

MW: We are aiming to obtain all required permits within the next days and weeks, so that all basics are in place allowing us to start construction of the pipeline in April 2010 according to plan.

FACTS: Is the financing for the project also well underway?

MW: Twenty-nine banks confirmed participation in the financing for about 3.9 billion euros. Contracts for Phase 1 should be finalised within a short time. Nord Stream will seek additional funding for Phase 2 in early 2010.

FACTS: In April, you attended the opening of the concrete coating yard in Mukran, Germany.

MW: The opening was a major step in the logistic preparations for the project. By the scheduled start of construction, about two-thirds of the pipes will be ready for laying. In 2009, another concrete coating yard opened in Kotka, Finland and interim stockyards are being built in Slite and Karlskrona, Sweden and in Hanko, Finland. More than 400 local jobs will be created with the development of these sites, which are components of an economic and environmentally based transport strategy.

FACTS: So, everything is on track to begin construction?

MW: Definitely. The first transshipment of pipes from Mukran to Karlskrona began in August, and

the majority of the pipes needed for the first line of the pipeline are already in storage at strategically located marshalling yards. Mine clearance operations, which began at the end of November, also take us another step closer to construction start.

FACTS: What are the biggest challenges ahead for 2010?

Our primary focus in 2010 is the construction phase. In preparation, we have hired an experienced Deputy Director of Construction to oversee pipeline installation in close cooperation with authorities and in accordance with permit requirements. We will also be entering Phase 2 of the project's financing. With this constellation, and with the continued support of our shareholders, we are well positioned to meet our targets. None of the achievements made thus far would have been possible without the dedication of our staff, who now number 160. I would like to thank them for their hard work, and know that through their efforts the Nord Stream Pipeline will become a reality.



Matthias Warnig, Managing Director of Nord Stream AG