STATEMENT

7 February 2008

Nord Stream along side other pipeline projects is crucial to meeting Europe's future energy needs

Offshore route makes environmental and economic sense

Zug, 7 February 2008. A debate about the way of transporting new supplies of Russian gas to Europe is ongoing. Deciding on new routes means careful consideration of a wide range of technical, economic and environmental factors. Evaluation by Nord Stream of detailed studies, conducted over several years, shows that its proposed route across the Baltic Sea represents a sound solution: technically, environmentally and economically. Nord Stream is the most advanced and thoroughly assessed project, planned to supply gas to Europe as of 2011. The growing need for gas may require that further projects delivering additional gas are studied and assessed.

The pipeline across the Baltic Sea will directly connect the Russian gas network to the Western European gas grid, delivering gas from existing and planned gas fields (e.g. Shtokman) to the markets where demand is highest.

Offshore pipelines represent a proven technology and have supplied gas to Europe for over 25 years. A sub-sea pipeline will not cross rivers, forests, fields, farming land or villages and private property. Laid by a special vessel at an average speed of 3 kilometres per day directly on the seabed, an offshore pipeline will have limited and temporary impact on the environment during construction and minimal effect during operation. Comprehensive environmental assessment approved by environmental authorities is a prerequisite for obtaining a construction permit.

As sub-sea pipelines can sustain higher pressure, a 1,200 kilometre pipeline can operate without interim compression, compared to a pipeline on land which requires compression stations every 100-200 kilometres. This technical advantage also leads to environmental and economical advantages. An offshore solution, requiring no interim compressor stations, would reduce greenhouse gas emissions by some 40 percent (Source: Global Insight, 2007) and would cut operating costs substantially. In the longer run, such savings more than offset the higher capital costs of an offshore line. Calculated over 25 years, total capital and operating costs for an offshore link are estimated to be 15 per cent below those of an onshore pipeline.

Technical and environmental feasibility, together with economic efficiency considerations, underlie the decision by Europe's major energy companies to invest in Nord Stream. Gas imports into Europe are predicted to rise substantially in the coming decades. Nord Stream is planned to meet only 25 per cent of the expected

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increase. Other new supply routes will also therefore be needed to close the import gap.

The European Union has recognised the importance of the Nord Stream pipeline across the Baltic Sea by including it in its Trans-European Energy Network Guidelines (TEN-E). In 2006, it was designated a “project of European interest” by the European Commission, the European Parliament and the Council of the European Union. Nord Stream is now acknowledged as a key project in order to meet Europe’s energy infrastructure needs.

Nord Stream AG welcomes any initiative to look into further possible means of closing the gas import gap the European Union now faces as domestic production declines and demand increases. Potential pipeline projects providing additional capacities, whose feasibility should be studied, should be seen as complementary rather than competitive with each other.

Notes for editors:

Nord Stream is a natural gas pipeline that will link Russia and the European Union via the Baltic Sea. Gas import of the European Union, 336 bcm in 2005, is projected to grow by 200 bcm to 536 per year in 2015 (Source: Global Insight, 2007). Connecting the world’s biggest gas reserves with the European gas pipeline network, Nord Stream will meet about 25 per cent of that additional requirement. The project will be an important contribution to long-term security of supply and a test of the energy partnership between the European Union and Russia.

Nord Stream AG plans to have the first of two parallel pipelines operational in spring 2011. Each line is approximately 1,220 kilometres long, providing a transport capacity of some 27.5 bcm per annum. Full capacity of about 55 bcm a year will be reached in the second phase when operation of the second line starts.

Nord Stream AG is an international joint venture established for the planning, construction and subsequent operation of the new offshore gas pipeline. Gazprom holds a 51 per cent stake in the joint venture. BASF/Wintershall and E.ON Ruhrgas hold 20 per cent each. Dutch gas infrastructure company N.V. Nederlandse Gasunie will get a 9 per cent stake.

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