

## STATEMENT

31 March 2008

### **Nord Stream Estimates Project Budget at 7.4 billion Euros**

#### **Major contribution to economic development of Trans-European Energy Networks**

**Zug, 31 March 2008.** Following an assessment of the key cost drivers, Nord Stream AG currently estimates the overall project budget at 7.4 billion Euros, which makes it one of the largest private investments in infrastructure in Europe. As a “project of European interest” according to the European Union’s TEN-E (Trans-European Energy Networks) guidelines, Nord Stream represents a key element for the development of the Internal Energy Market of the European Union. It reinforces economic growth and the creation of employment. For the European Union, realisation of the TEN-E strategy calls for total investments of roughly 19 billion Euros in gas projects alone to diversify the energy mix, and to increase import capacity with additional supply routes. The Nord Stream project is a substantial step in achieving the EU’s energy supply goals.

The recalculation of the overall project budget follows contracts with Europipe and OMK for pipe production, as well as Letters of Intent (LOI) with Saipem for pipe-laying and EUPEC for logistics. A more precise budget estimate for the project will be made after all contracts are finalised, taking into account all cost factors. The current budget calculation reflects the latest market, and recent project developments, especially those related to steel prices and additional expenditures on technical and environmental safety.

Paul Corcoran, Nord Stream’s Financial Director, explains: “Naturally, the budget differs from those initial assumptions made before specific requirements of our unique project were known in detail. We are now in the final stages of fixing all important contracts, and we are satisfied with the terms and conditions we negotiated with our major suppliers. They provide a solid basis for our budget estimate.”

Upon completion, Nord Stream will deliver 55 billion cubic meters of natural gas per year, which accounts for 25 per cent of the additional demand expected in the European Union by 2015.

#### **Additional notes:**

**Nord Stream** is a natural gas pipeline that will link Russia and the European Union via the Baltic Sea. Gas imports by the European Union, 336 billion cubic



meters (bcm) in 2005, are 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 the spring of 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 is acquiring a 9 per cent stake.

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