

PRESS RELEASE

Nord Stream Decides on Second Pipe Tender

- **All major contracts for Nord Stream project closed**
- **Transparent international tender process**
- **Project on time and budget**

Zug, 22 January 2010. Nord Stream will commission Europipe (Germany), OMK (Russia) and Sumitomo (Japan) with the supply of 1 million tons of steel pipes for the construction of the second pipeline of the Nord Stream project. The contract value is approximately 1 billion euros of which German Europipe will be awarded 65 percent, the Russian pipe company OMK 25 percent, and Japanese Sumitomo 10 percent.

The tender award for the second 1,220 kilometres gas pipeline from Vyborg in Russia to Lubmin in Germany will ensure timely delivery of the pipes in line with the logistic requirements of the Nord Stream project. The decision was made by the Shareholder's Committee today following thorough evaluation of bids from German, Japanese and Russian companies.

"We are happy to have Europipe and OMK, the suppliers of the first pipeline, as well as Sumitomo, a newcomer to our project, on board. Sumitomo has a solid track record in offshore projects," says Henning Kothe, Project Director at Nord Stream. "With 1 billion euros, the total volume of the contracts is below the price level of the first line reflecting the current market development of increased competition and more available capacity. Three times the amount of steel pipes required was quoted."

All Major Contracts Finalised

The tender for line 2 was completely independent of the 2007 tender of the first line. Procurement of the steel pipes for the second line was the last outstanding significant decision regarding the requirements for the project as well as for the overall budget. With the contracts for the second line, which are expected to be signed within the next weeks, Nord Stream secures the pipes at the current price level. Delivery of the pipes for the second pipeline is scheduled to start in May 2010.

World-Wide Call for Tender

The world-wide call for tender for the supply of pipes was made in February 2009. Six manufacturers from Japan, Russia and Germany had prequalified to participate and were invited to bid. Pre-qualification is either by track record for experienced suppliers or by trial production. All potential suppliers had to show they were capable of supplying large-diameter, high-pressure-proof steel pipes for offshore use that met international quality standards.

Project on Track

Construction of the first line of the Nord Stream Pipeline is scheduled to commence on 1 April 2010; construction of line two is planned to start in spring 2011. Nord Stream has received permits for its project by the states whose waters it crosses (Russia, Finland, Sweden, Denmark, and Germany) towards the end of 2009.

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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 2007 were approximately 312 billion cubic metres (bcm) and are projected to increase to 516 bcm by the year 2030. This means that by 2030, the EU's annual import needs will have increased by about 200 bcm (Source: IEA, World Energy Outlook, 2009). Nord Stream will meet about 25 percent 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 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 in the second phase, when the second line goes on stream. This is enough 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 across the Baltic Sea. Russian OAO Gazprom holds a 51 percent stake in the joint venture. The German companies BASF/Wintershall Holding AG and E.ON Ruhrgas AG hold 20 percent each, and the Dutch gas infrastructure company N.V. Nederlandse Gasunie has a 9 percent stake.