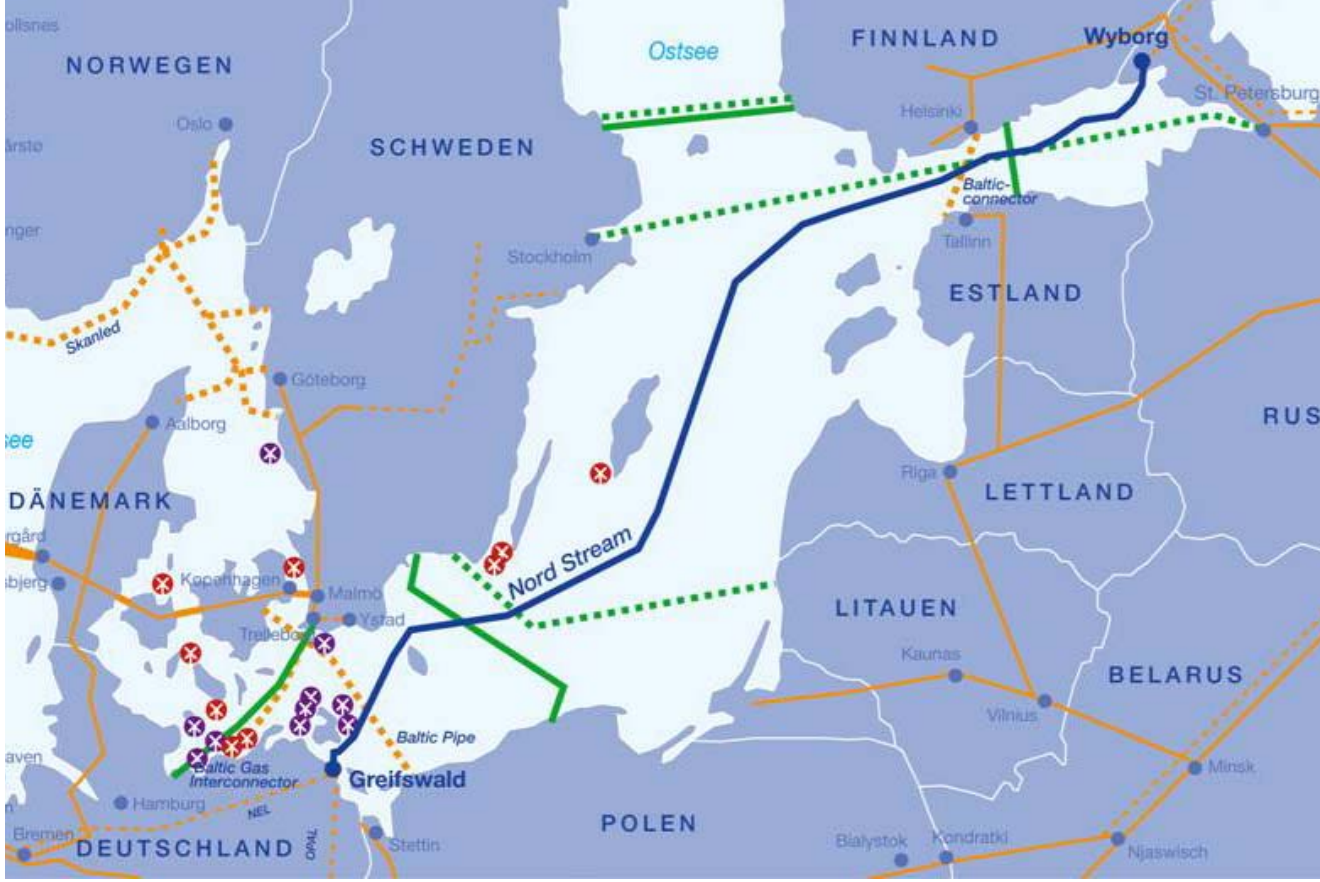
Nord Stream
The new gas supply route for Europe



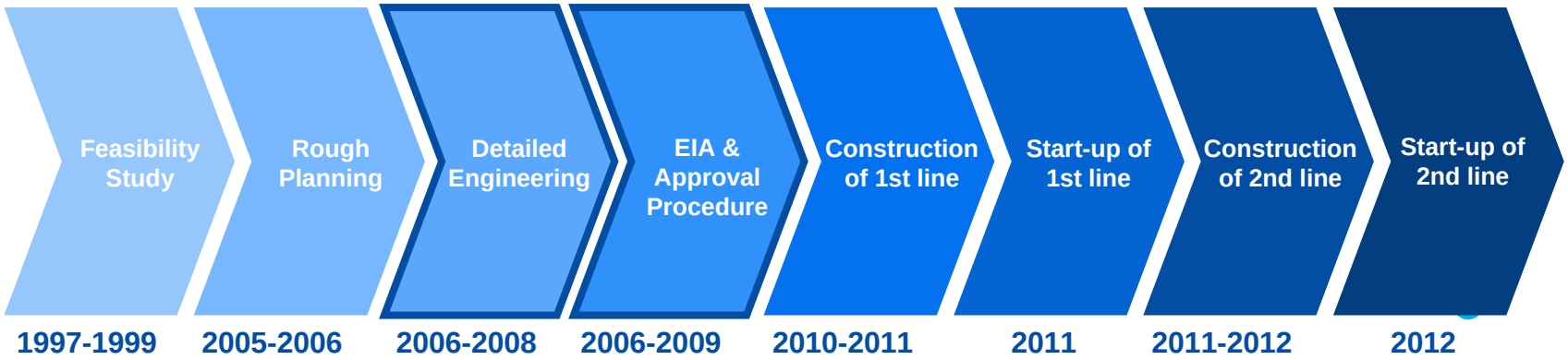
Nord Stream: Secure gas supply for Europe

Jens D. Müller, Communications Manager, Nord Stream AG
Russian Gas in Europe – Warsaw, 26 June 2008

Nord Stream
The new gas supply route for Europe

Key facts about Nord Stream

- **1,200 kilometre** offshore pipeline across the Baltic Sea
- **Directly connecting Russia** with its largest available gas reserves in the world **to European gas networks**
- Can deliver **25% of additional gas import** needs of EU 25 in 2015
- Transport capacity: **55 bcm per year in 2012**



Nord Stream
The new gas supply route for Europe

Company structure

SUPERVISORY LEVEL

Shareholders Committee

MANAGEMENT LEVEL

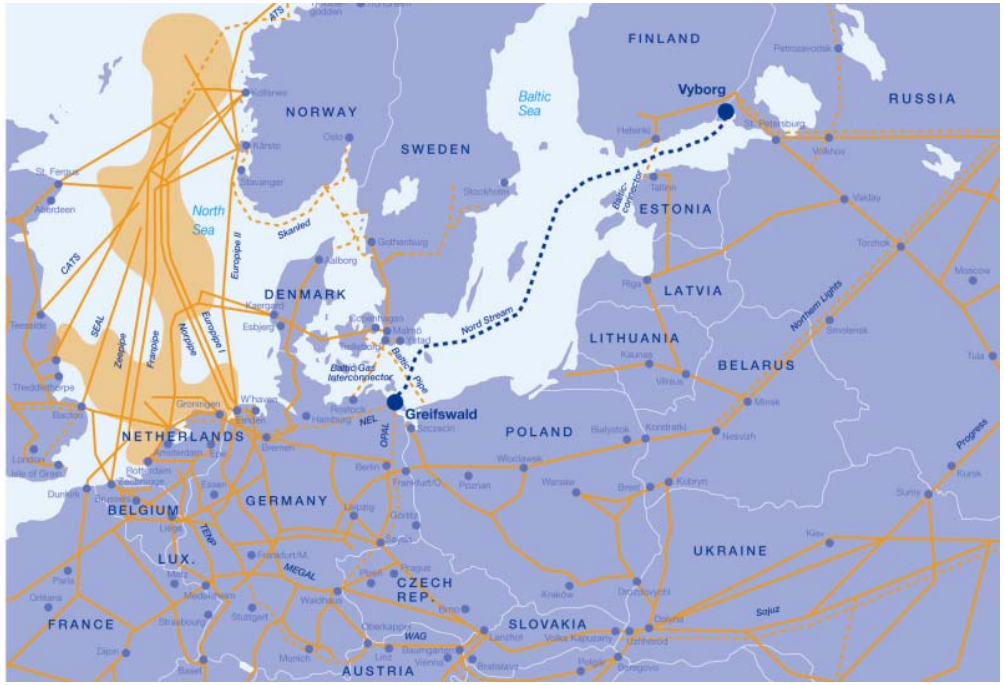
Managing Director

Technical Director	Commercial Director	Financial Director

Nord Stream
The new gas supply route for Europe

ADDITIONAL SUPPLY ROUTE TO EUROPE

- **Nord Stream will provide capacities for additional gas supplies**
- Existing pipelines will not be affected
- From Germany, gas can be transported to Denmark, the UK, the Netherlands, Belgium, France, Italy, Czech Republic and other countries



Nord Stream
The new gas supply route for Europe

Answers to questions | 1

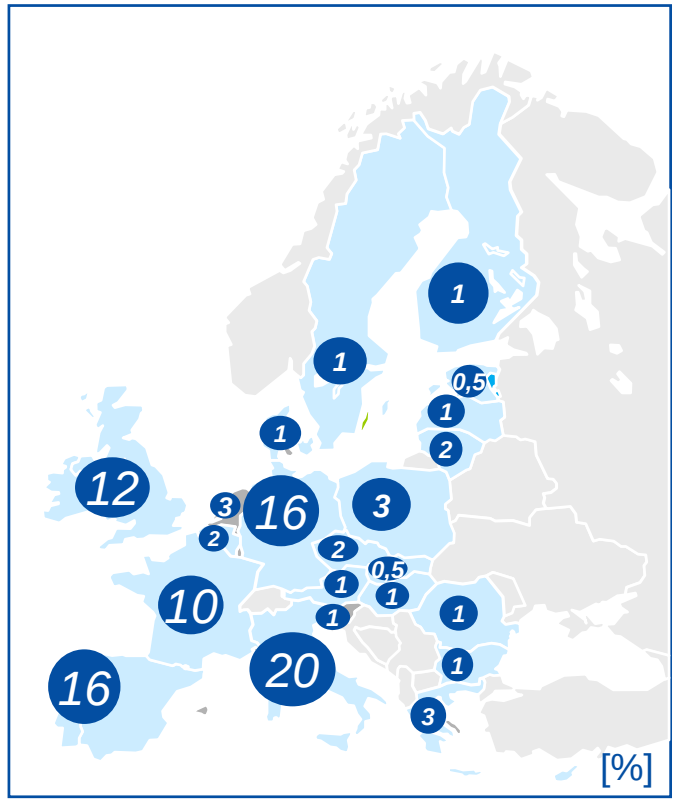
Is there a common understanding of security of supply in Europe?

Nord Stream
The new gas supply route for Europe

Common understanding for European energy needs

- **Security of supply**
  - 75% of European gas to be imported in 2015, compared to 59% in 2005
  - Domestic European supplies of natural gas decline
  - Transportation network to be expanded to sustain business by matching new supplies to market demand

- **Diversity**
  - Diversification of sources
  - Diversification of transportation routes
  - Each major supplier of gas to Europe offers physical diversity of its supply routes to customers

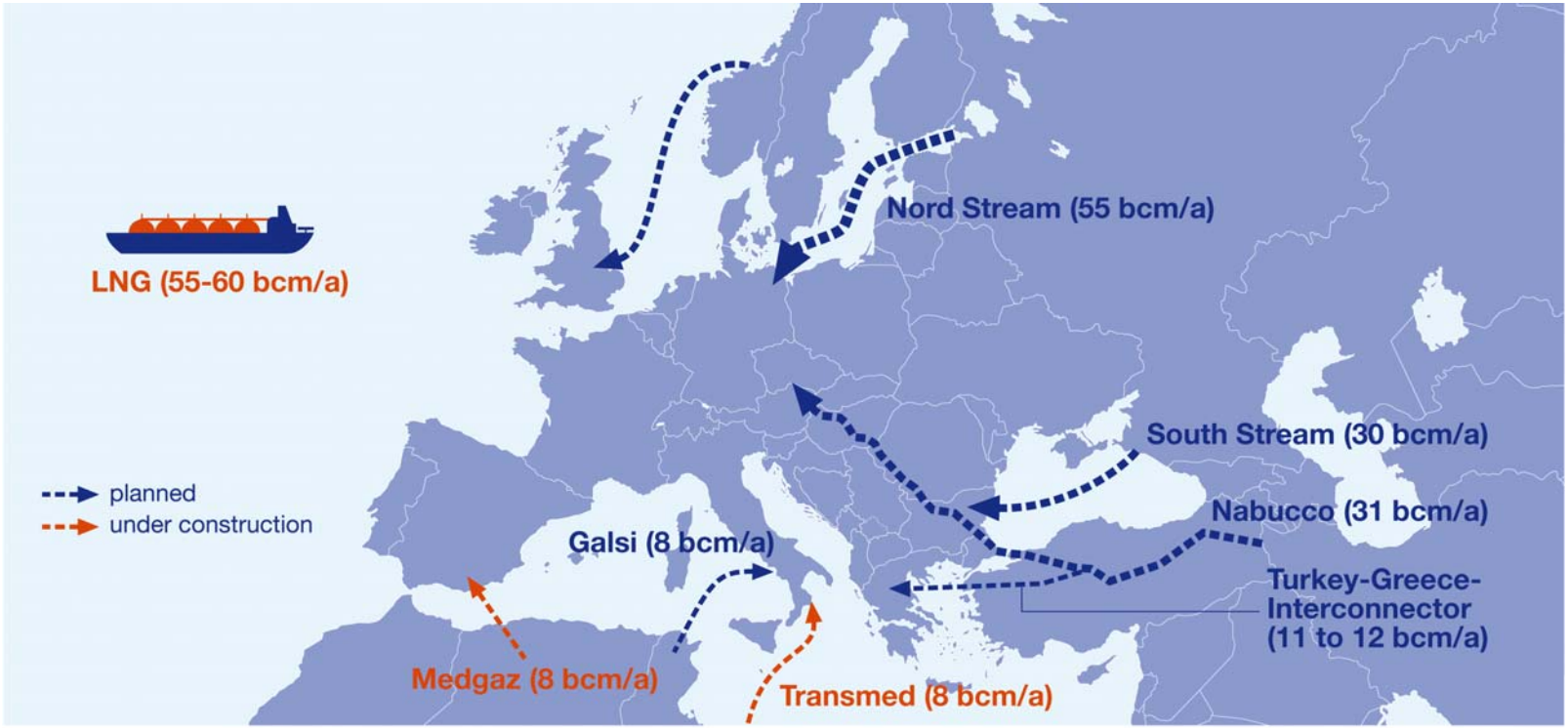


- **Solidarity**
  - Secure supply to be guaranteed for each country – big and small, East and West
  - Mutual interdependence between Russia and the EU

Nord Stream
The new gas supply route for Europe

Additional transport capacities needed

To fill the growing **import gap of more than 100 billion cubic meters per year** (bcm/a), infrastructure projects featuring varying transport capacities are planned

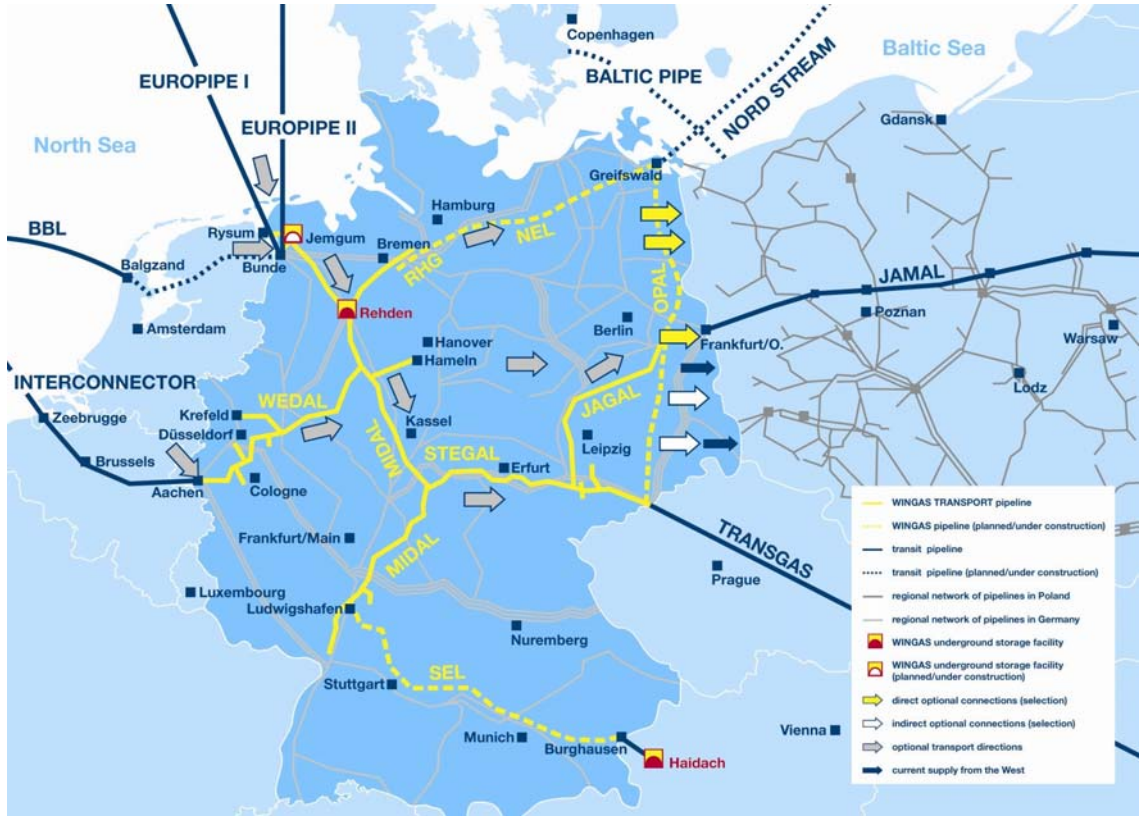


Source: Priority Interconnection Plan 2007; Nord Stream

Nord Stream
The new gas supply route for Europe

Cross border infrastructure – A pre-requisite for the security of supply

- WINGAS offered to link the **Polish natural gas pipeline system to the West European system onshore**
- By connecting Poland to the OPAL pipeline or a reversed flow in the Yamal pipeline Poland could **contract gas from both Russia and the North Sea region**
- Offer provides options to integrate into **a robust West European grid as well as transit alternatives**



Nord Stream
The new gas supply route for Europe

Nord Stream – A genuine EU project

- The "natural gas pipeline via the offshore route from Russia to the EU" nominated as a priority project under the **Trans-European Network Energy Guidelines ('TEN-E')**

- In 2000, the North European Gas Pipeline included into **'TEN-E' Guidelines** – as a **'Project of Common Interest '** (i.e. third level); status confirmed in 2003

- In 2006, Nord Stream designated a **'Project of European Interest,'** recognising its status as one of the most important projects to meet Europe's energy infrastructure needs

- Nord Stream is in line with the EU's overall energy policy objectives: **sustainability, competitiveness and security of supply**

Source: Decision 1364/2006/CE of the European Parliament and the Council of the European Communities, 6 September 2006

Nord Stream
The new gas supply route for Europe

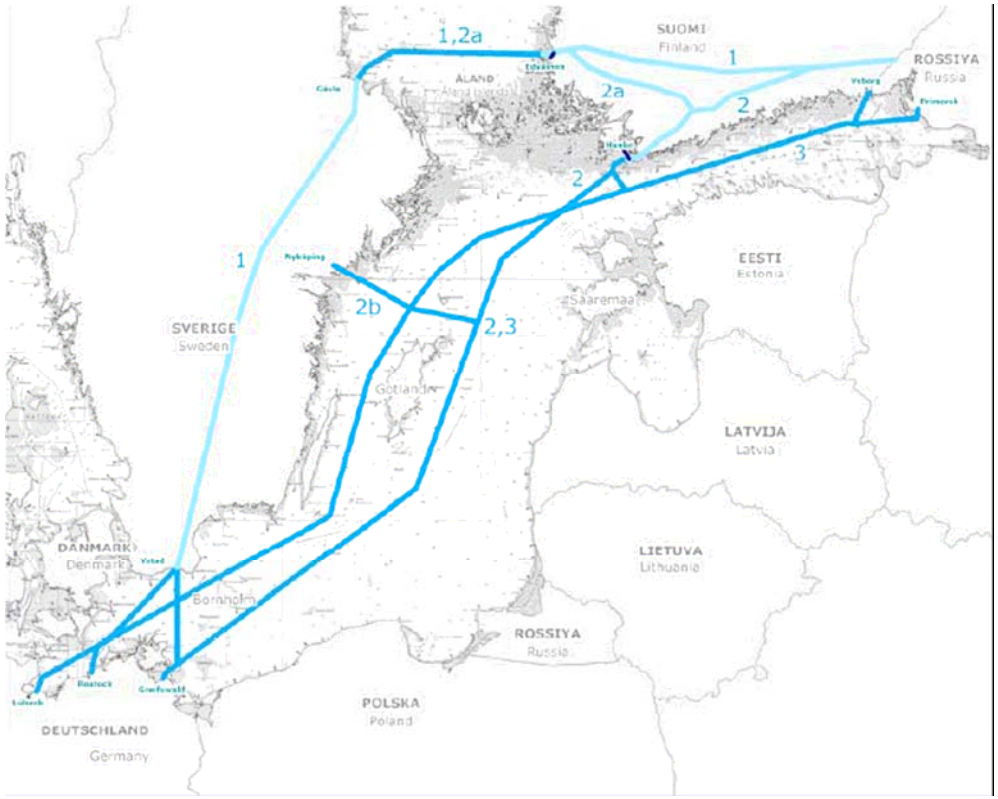
Answers to questions | 2

What is the economic dimension of a politically controversial discussed project?

Nord Stream
The new gas supply route for Europe

Offshore route – A result of thorough assessments

- Route selected after **integrated evaluation of technical, environmental and economic aspects**
- Integrated feasibility study of alternative routes in **1997-99 by a Finnish-Russian consortium**
- The proposed route was assessed as the most feasible
- Nord Stream strives to avoid munitions dump sites and protected areas



Nord Stream
The new gas supply route for Europe

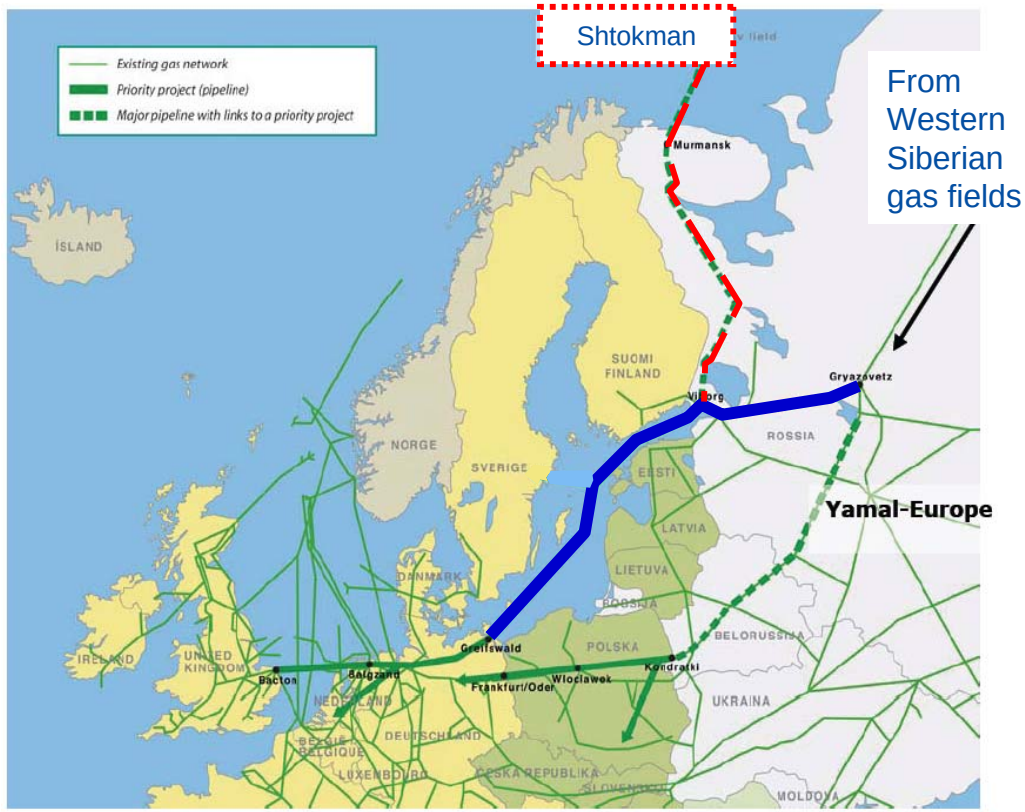
Necessity for a comprehensive comparison

	Offshore	Onshore
Environmental	+ Pipeline lies on the seabed at depths + Fast laying process with little disturbance	- Crossing of sensitive areas (such as forests, rivers, villages etc.)
Technological	+ Higher pressure + Greater output	- Compressor station needed every 200 km + Easy connections to customers
Security	+ Less risk due to difficult accessibility + Lower presence of human beings in the proximity	+ Easy maintenance + Easy repair
Economical	- Higher investment costs + Lower operational costs	+ Lower investment costs - Higher operational costs - Fuel gas needed

Nord Stream
The new gas supply route for Europe

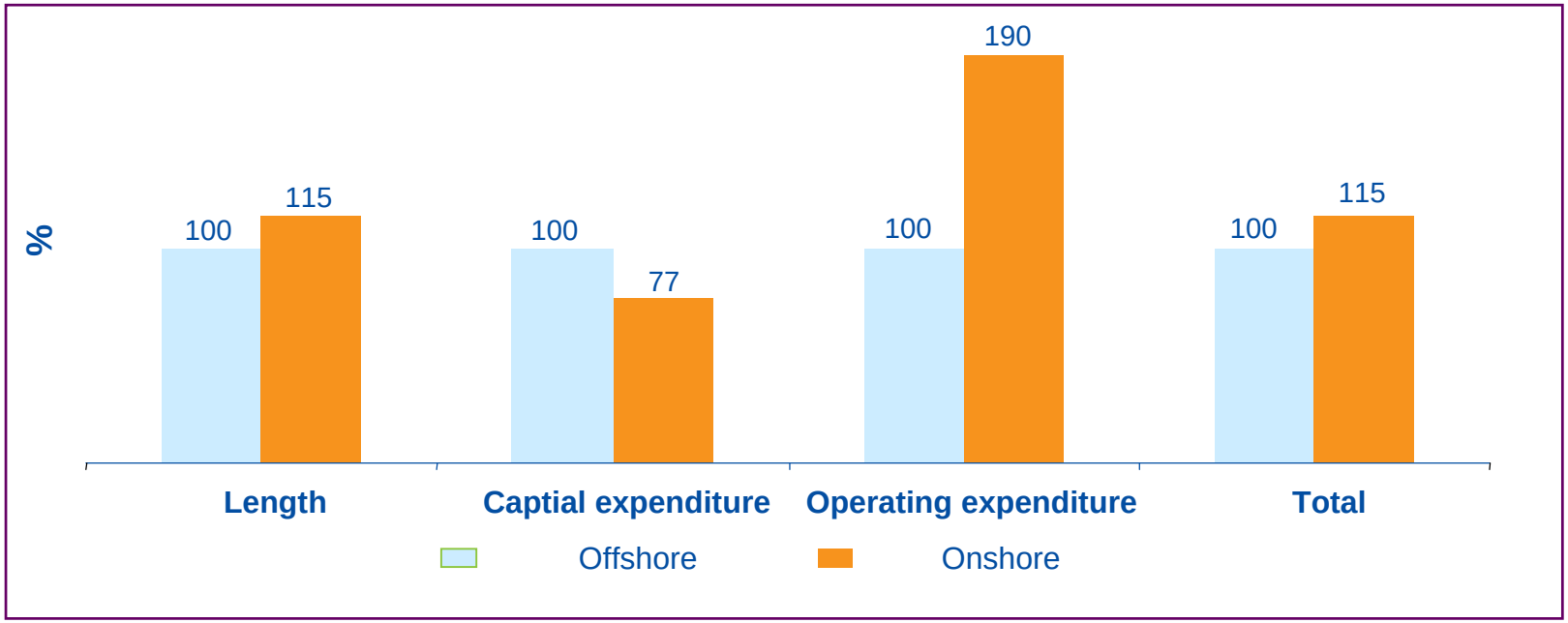
Ecological advantages of the offshore route

- **Obvious savings of an integrated offshore-onshore transportation route** against a 4,000 km pure onshore transportation system, due to **reduced length and higher pressure**
  - **2-3 bcm/year fuel gas** (= actual total demand of Estonia and Latvia)
  - **4-6 Mio. t/year CO_2** (Burned and emitted in 7-10 additional compressor stations)



Nord Stream
The new gas supply route for Europe

Cost advantages of the offshore route

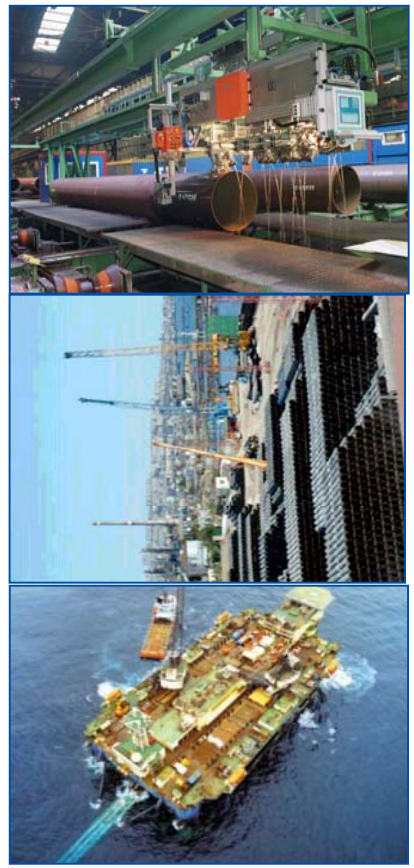


Total costs of an offshore pipeline are **some 15% lower** than an onshore pipeline, calculated over an period of 25 years

Nord Stream
The new gas supply route for Europe

Major contribution to economic development of Trans-European Energy Networks

- Nord Stream overall **project budget of 7.4 billion Euros**
- Budget based on **assessment of the key cost drivers** (especially those related to steel prices and additional expenditures on technical and environmental safety)
- Conclusion of supply contracts important steps towards **efficient and timely project implementation**
- One of the **largest private investments in infrastructure** in Europe
    - 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
- **Reinforces economic growth** and the creation of employment



Nord Stream
The new gas supply route for Europe

Expression of the European dimension

Nord Stream and Shareholders

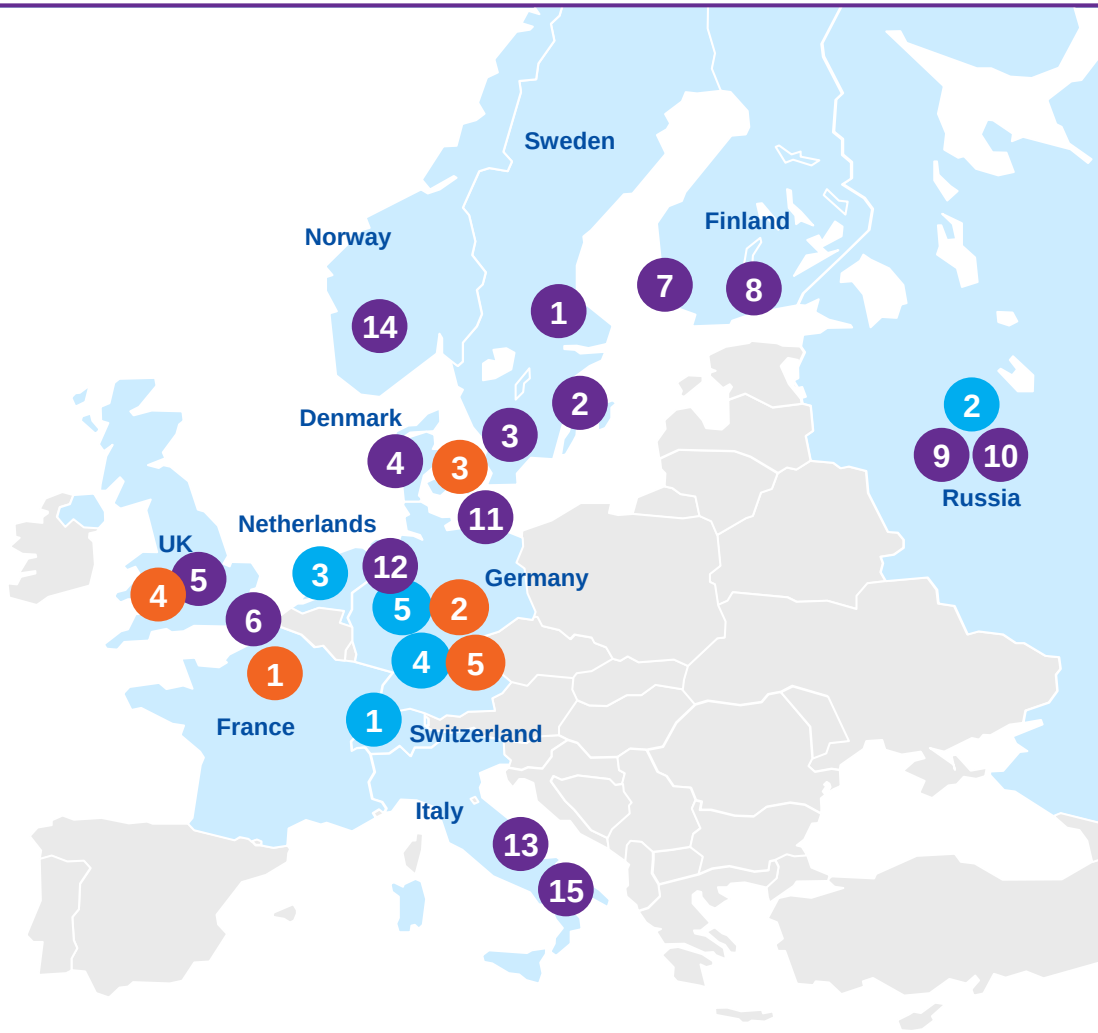
1. **Nord Stream AG**
2. **OAO GAZPROM**
3. **N.V. Nederlandse Gasunie**
4. **BASF/Wintershall AG**
5. **E.ON Ruhrgas AG**

Contractors

1. **Marin Mätteknik** – Seabed survey
2. **Port of Slite** – Marshalling and stock yard
3. **Port of Karlshamn** – Marshalling and stock yard
4. **Rambøll** – EIA and permit applications
5. **Saipem** – Pipeline-laying, Investment over €1bn
6. **EUPEC** – Transshipment, Investment of €650Mill.
7. **Port of Hanko** – Marshalling and stock yard
8. **Port of Kotka** – Coating yard
9. **PeterGaz** – Seabed survey
10. **OMK** – Pipe production
11. **Mukran** – Marshalling and coating yard
12. **EUROPIPE** – Pipe production, Investment €1bn
13. **Snamprogetti** – Engineering/design
14. **DoF** – Seabed survey
15. **PetrolValves** – Supply of valves

Contracted Gas Purchasers

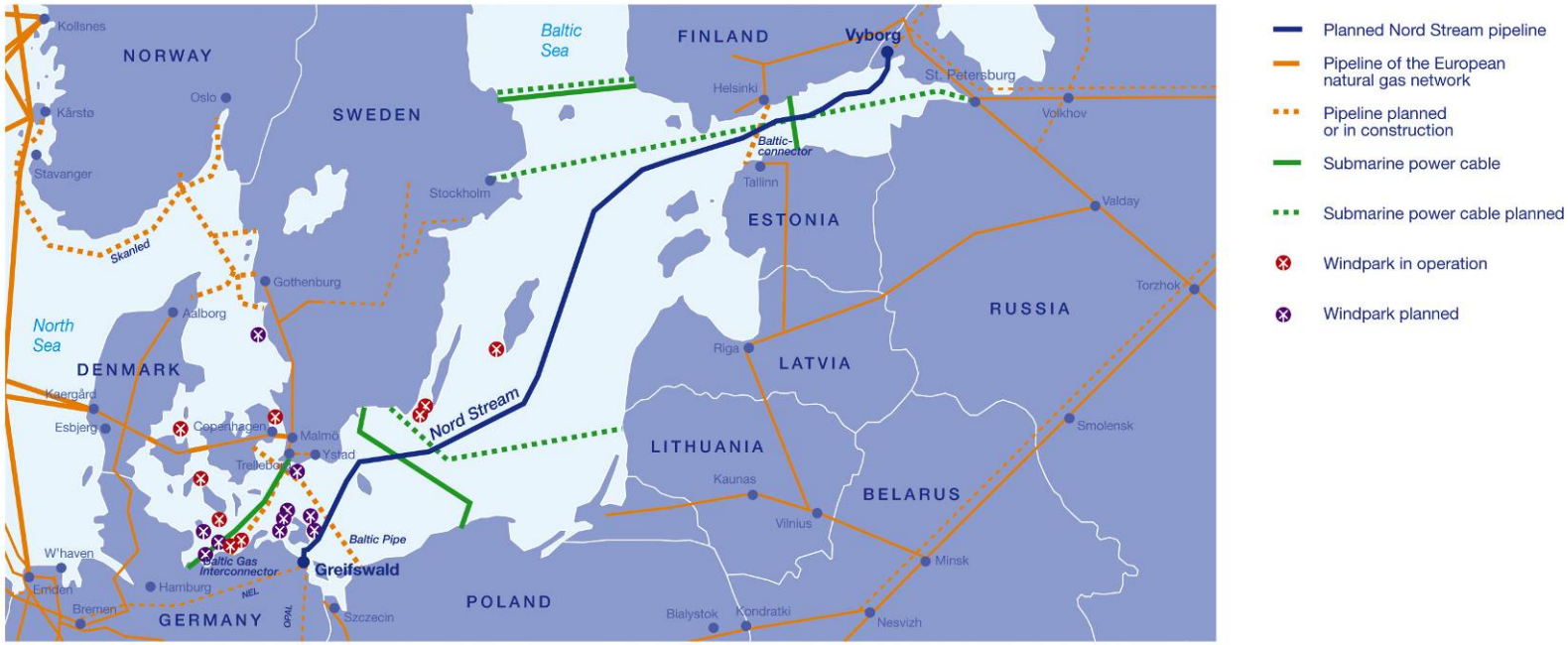
1. **Gaz de France S. A.**
2. **E.ON Ruhrgas AG**
3. **DONG Energy A/S**
4. **GAZPROM MARKETING AND TRADING, UK**
5. **WINGAS GmbH**



Nord Stream
The new gas supply route for Europe

Environmental impact – A common challenge for all Baltic Sea infrastructure projects

- Offshore pipelines are a **well established, proven and environmentally sound technology** since 30 years, especially in the North Sea
- Nord Stream **is only one of several planned or existing energy infrastructure projects** in the Baltic Sea
- All projects strive to **minimise their impact on the environment** and preserve the ecosystem



Nord Stream
The new gas supply route for Europe

Contacts

Nord Stream AG
Grafenauweg 2
6304 Zug / Switzerland
Phone: +41 (0) 41 766 91 91
info@nord-stream.com
www.nord-stream.com

Jens D. Müller
Communications Manager