



## News Release

April 27, 2006

### **BASF and Gazprom agree on swap of assets**

#### **Cooperation to be intensified along the entire value chain**

- **BASF subsidiary Wintershall participates in Yuzhno Russkoye gas field**
- **Gazprom increases its interest in WINGAS**
- **New joint venture for gas trading in Europe**
- **Gazprom is going to participate in exploration and production activities**

**Tomsk.** BASF and Gazprom are to extend and intensify their successful cooperation internationally: During the Russian-German government consultations being held in Tomsk, Siberia, the CEOs of the two companies, Dr. Jürgen Hambrecht and Alexei Miller, have today (April 27, 2006) signed an agreement to this effect in the presence of Russia's President Vladimir Putin and Germany's Chancellor Angela Merkel. "The agreement we have just signed demonstrates that Russia and Germany are able to build upon one another. It contributes to the further development of a stable and reliable partnership between Gazprom and BASF," said Jürgen Hambrecht, CEO of BASF Aktiengesellschaft. Alexei Miller, CEO of OAO Gazprom, emphasized: "The agreements regulate an equal exchange of assets in the natural gas production and marketing, which reflect the strategic interests of both companies. All necessary contracts, which this agreement legally substantiates, have already been finalized and are to be signed this year. Our co-operation with BASF is one of a kind and encompasses the entire value creation chain: from exploration and production of natural gas in West Siberia and its transportation through the North-European Gas Pipeline to its further distribution over the entire Pipeline network in Germany as well as in other European countries. Through this, we open up further opportunities for a long-term and reliable supply of Russian natural gas in Europe to competitive conditions."

**BASF subsidiary participates with 35% less than one share at the Yuzhno Russkoye gas field**

The agreement signed in Tomsk stipulates the swap of assets of equivalent value in the areas of natural gas production and natural gas marketing, over which BASF and Gazprom have held intensive negotiations in the past few months. Supplementary detailed agreements are currently being drafted and are expected to be implemented before the end of this year.

According to the agreement, BASF subsidiary Wintershall will receive an interest of 25% less one share in the company Severneftegazprom (SNGP), which holds the license in the Yuzhno Russkoye gas field in Western Siberia. In addition, BASF Wintershall will receive a further 10% in the company SNGP in the form of preferred shares, carrying no voting rights. This will give the BASF subsidiary Wintershall an interest of 35% less one share in the economic rewards of the Yuzhno Russkoye field.

The Yuzhno Russkoye field has recoverable reserves of more than 600 billion cubic meters of natural gas, approximately three times the size of Achimgaz, an existing joint venture of Gazprom and Wintershall for the production of hydrocarbons in Siberia. Based on the fact that annually, the actual delivered quantity is 40 billion cubic meters, will this field secure a further 15 years for Russian gas export. On the Yuzhno-Russkoye field seismic and drilling operations have already begun. Production from this field in Western Siberia is scheduled to start in 2008. By acquiring an interest in Yuzhno Russkoye, the BASF subsidiary Wintershall is making a significant and sustainable addition to its natural gas production base.

**Gazprom will in future hold 50% less one share of WINGAS GmbH**

In return, Gazprom is to increase its interest in WINGAS GmbH to 50% less one share. Currently, Gazprom has a 35% interest in WINGAS, and the BASF subsidiary Wintershall holds 65%. In addition, Gazprom will participate in a Wintershall subsidiary with interests in exploration and production activities in Libya.

In line with Gazprom increasing its interest in WINGAS, the jointly operated natural gas marketing sector will be restructured to reflect the growing importance of European sales and marketing activities. WINGAS will in future focus on selling and marketing natural gas in Germany. Gazprom and BASF will also participate with a share of 50 % each in a new company (WINGAS Europe), which will be responsible for expanding gas marketing activities outside Germany. With these measures, Gazprom will involve itself in the German and European natural gas markets with even greater commitment than before.

The German-Russian partners have been involved in natural gas marketing in Germany and other European countries since back in 1990 and have to date invested around three billion euros in creating and expanding their infrastructure. More than 100 billion cubic meters of natural gas have been supplied to customers in Germany alone since the WINGAS joint venture was set up. The involvement of Gazprom in these activities represents one of the largest ever investments by a Russian company in Germany.

The two companies had already advanced their cooperation in the expansion of European infrastructure by establishing the North European Gas Pipeline Company (NEGP) joint venture, in which Gazprom has an interest of 51% and BASF/Wintershall holds 24.5%. The company is to build the North European Gas Pipeline, which will also be used to transport gas from the Yuzhno Russkoye field to Western Europe.

Last year, WINGAS increased, and extended its gas purchase contracts with Gazprom subsidiary OOO Gazexport through the end of 2030, thus safeguarding considerable volumes of Russian gas for customers in Germany and Western Europe. This, as well as the planned increase in its interest in WINGAS, is evidence that Gazprom, the world's biggest natural gas producer, has a long-term interest in Europe's sales markets. The signed agreement also underlines Gazprom's readiness to assume yet more entrepreneurial responsibility for the development of stable, reliable and long-term economic ties with German companies. Russian natural gas is becoming increasingly important for Central and Western Europe due to declining output from the North Sea on the one hand and soaring demand on the other. Gazprom has been supplying its European customers for over 35 years.

**GAZPROM** is the world's leading natural gas company. Its main activities are the exploration, production, transportation, storage, processing, and marketing of natural gas and other hydrocarbons. Gazprom is estimated to have gas reserves of 28 TCM, equal to around 60% of Russia's and 16% of global gas reserves. Gazprom accounts for around 90% of Russia's and 20% of global gas production. Gazprom has a 25% share of the European gas market and a share of over 70% of the Russian gas market and exports to 28 countries. Further information on Gazprom is available on the internet at [www.gazprom.com](http://www.gazprom.com)

**BASF** is the world's leading chemical company: The Chemical Company. Its portfolio ranges from chemicals, plastics, performance products, agricultural products, and fine chemicals to crude oil and natural gas. As a reliable partner to virtually all industries, BASF's intelligent system solutions and high-value products help its customers to be more successful. BASF develops new technologies and uses them to open up additional market opportunities. It combines economic success with environmental protection and social responsibility, thus contributing to a better future. In 2005, BASF had approximately 81,000 employees and posted sales of more than € 42.7 billion. BASF shares are traded on the stock exchanges in Frankfurt (BAS), London (BFA), New York (BF) and Zurich (AN). Further information on BASF is available on the internet at [www.basf.com](http://www.basf.com).

**Note to editors:**

The speech by Dr. Hambrecht is available online at [www.wintershall.com](http://www.wintershall.com).

Press photographs are available online from Wintershall's press photo database at [www.wintershall.com](http://www.wintershall.com).

Transmittable TV clips are available at Tuesday, 27.4.06 via ATM.

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