

BLUE FUEL

Gazprom Export Global Newsletter

June 2015/ Vol. 8/ Issue 3

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To Our Readers

In early June, the most important event in the global gas industry, the International Gas Union's 26th World Gas Conference, was held in Paris. For a week, all major industry players gathered to exchange their views about the new realities of the gas and energy markets and the outlook for the future.

The meeting took place at a crucial time for the gas industry, being a prelude to the most highly anticipated climate summit in recent times, COP21 in Paris in December. Therefore, climate change naturally was on top of the agenda. No less important was the forecast of the structure of future energy demand and the role of natural gas. The IEA Global Energy Outlook, published during the event, sees Europe face declining domestic production and moderate recovery in demand that would raise imports by one third in the next five years, with Russian gas supplies remaining at the same level. The long-term outlook for Asia became more uncertain due to weaker gas demand and some countries opting for coal-fired power generation.

Nevertheless, growing demand for energy is certain, and climate change still poses a serious challenge. The WGC stressed again that natural gas is the solution of choice to meet both challenges. Despite the uncertainties, global gas demand is going to grow by 2% per year until 2020. LNG will become an even bigger story – its production will gain new momentum, thus not only shifting global gas flows, but

supporting demand and encouraging gas use. Among other applications, gas has a huge and promising potential as a motor fuel and our special report on this year's "Blue Corridor" will give further insights into this exciting chapter of the global gas industry.

Natural gas is the best fuel to back up renewable energy sources and provide climate-friendly solutions at a reasonable price. What is remarkable is that all environmental benefits of gas - its physics, abundance and sustainability - are purely 'natural,' while its weaknesses are manmade, like subsidies for renewable energy or the comeback of dirty coal in power generation. It makes no sense to fight what is natural, but there is a strong economic and ecological rationale to address any artificial market distortion and bias.

The promised 'Golden Age' of natural gas is not likely to arrive all by itself. While there is no ground to be extra optimistic, there is a firm reason to be realistic and exert additional efforts to make it a reality. "The time for action is now," outgoing IGU President Jérôme Ferrier said. "We are uniquely positioned to face the challenges and overcome them." Keeping all this in mind, gas industry majors brought together by the WGC have shown the willpower to work together and ensure that gas maintains and extends its place and role in the global energy mix.



Growth through Diversification – Gazprom’s Asia Strategy



*Elena V. Burmistrova,
Director General of
Gazprom Export*

While Europe is and will be Gazprom’s top export market, it is Asia where we see the potential for the future growth of our company. It is this region that has been and will be the driver of

new business opportunities for Gazprom, new opportunities for growth and diversification.

The Asia-Pacific region is set to continue driving global demand growth for natural gas. Of course we should take into account the changing economic performance of the regional leaders, but the region’s thirst for natural gas is still expected to generate half of the global growth of gas consumption. This demand for natural gas also very clearly reflects the benefits of the fuel for increasing energy efficiency, solving environmental problems that many countries of the region face and underpins the potential that the Asian market offers for Gazprom.

A large part of the very tangible reality of our future growth in Asia is a deal that I had the privilege to be personally involved in.

Last year, Gazprom and China National Petroleum Corporation signed a historic thirty-year contract for Russian pipeline gas deliveries to China. Over a trillion cubic meters of gas will be supplied under this long-term agreement through an Eastern route, part of the Power of Siberia gas transmission system.

Furthermore, in November 2014, Gazprom and CNPC also signed a Framework Agreement on additional volumes of gas supply to China via a Western route, the Altai project. On May 8, 2015 the Heads of Agreement for pipeline gas supply from Russia to China via the Western route were inked in the presence of Russian President Vladimir Putin and Chinese President Xi Jinping. The document outlines the main technical and commercial parameters of the future supplies. Negotiations for a Purchase and Sale Agreement for Russian gas supply via a Western route are in progress and, of course, it will require some time, which is only natural when the details of such a big contract are being agreed upon.

Our agreements with Chinese partners are a momentous milestone in Gazprom’s history and open up an entirely new market.

But these deals are only one part of the natural continuation of Gazprom’s geographic expansion and diversification strategy – a strategy that has been in place for a number of years and is driven by the very principle of supply and demand. The expansion of our business in the Asia-Pacific region has been a long-term policy and is by no means a short-term reaction to a drastically changed environment.

Through our Eastern Gas Program we are establishing an integrated gas production, transportation and supply system in Eastern Siberia and Russia’s Far East that is focused on expanding deliveries to our Asia-Pacific clients, be it via pipeline or in form of LNG cargoes.

The construction of the Power of Siberia gas transmission system – which will bring Russian natural gas to China – and the development of the Chayandinskoye gas field in Yakutia, which at the first stage will become the main production base for these supplies, have already started and are going to be finished within the planned period.

Complementing our pipeline projects, Gazprom is also planning to significantly enhance our LNG production and trading operations. Our LNG projects in the Far East of Russia, the Vladivostok LNG project as well as the construction of a third train of the Sakhalin-2 LNG plant, are targeting our traditional customers in North East Asia as well as those in newly emerging South East Asian markets. The progress of the projects’ implementation will be closely linked to the developments of the Asian LNG market, which has changed dramatically during the last year.



Gazprom's LNG projects

** Operated by Sakhalin Energy – Gazprom associated company*

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Already today we supply liquefied natural gas to the Asia-Pacific region. It is Singapore in particular that has been one of the main pillars of Gazprom's ambitions and its success in the Asian market. Our subsidiary Gazprom Marketing & Trading Singapore has grown significantly since it opened in December 2009, focusing particularly on marketing and trading of LNG. In 2014 alone, Gazprom Marketing & Trading delivered 52 LNG cargoes, primarily to Asian customers.

Also, Gazprom has recently agreed a twenty-year contract with Yamal LNG which provides for the annual supply of 2.9 million tons of LNG that will be delivered to the Asia-Pacific markets, primarily to India.

While there is a growing demand for spot, uncontracted LNG, long-term supply contracts remain the cornerstone of energy security in Asia. The long-term contracts with oil-indexation are essential to the gas industry, as they make the market predictable, and gas supplies and trade reliable, benefitting both sides of the equation. We don't expect a fundamental erosion of the existing pricing paradigm in the Asian LNG market, but a smooth transformation to a hybrid pricing model, where oil-indexed long-term contracts set the baseline trend for hub prices while supply and demand only modulates their behavior.

The global LNG market also very much depends on the availability of shipping capacity, that is why our own tanker fleet gives a huge advantage to Gazprom in the LNG market. In 2014, we had two newly built LNG carriers added to our fleet – the Velikiy Novgorod and the Pskov. These state of the art vessels join a small group of LNG carriers with Ice Class strengthened hulls and winterization equipment to allow them to operate in

harsh climatic conditions and sub-zero temperatures all year round. This makes them capable of transporting LNG from any existing LNG terminal as well as able to transit the Northern Sea Route if required.

Our diversification is not only one of regional nature, but also one that sits across the value chain, with liquids proving to be an extremely solid source of growth. Gas condensate production has doubled in a very short space of time and oil production continues to add to a robust revenue stream, also in Asia Pacific.

Meanwhile, the use of natural gas in the transport industry is another emerging bright spot for demand growth. Asia is already leading in the global consumption of gas in transport and will do so in the long-term thanks to the environmental and economic benefits of natural gas.

In this demand driven environment, our vast resource base as well as our experience and expertise in transmission and delivery infrastructure clearly translate into crucial security of supply for all of Gazprom's customers.

With more than four decades experience as a stable, yet flexible long-term supplier of pipeline gas to Europe, as a pioneer in Russian LNG exports and thanks to the simple geographic proximity we have an exclusive competitive advantage to be the supplier of choice in a region, where premium prices lure suppliers from across the globe.

Following its Eurasian nature Russia never has its eyes only on the West. This holds true for Gazprom – as a global company we always strive for regional diversification. And Asia always was, is and will be an essential part of our primary business interests.

Blue Corridor in the City of Lights

For the ninth time already, on May 24th 2015, the Blue Corridor natural gas vehicle (NGV) rally, organized by Gazprom Export and E.ON to promote the use of natural gas as a motor fuel, hit the road from Russia. Vehicles and drivers from Moscow, St. Petersburg, Naberezhnye Chelny, Milan, Leipzig and Potsdam joined the race.



From left: Jérôme Ferrier, Alexander Medvedev and Christopher Delbrück applying Blue Corridor logos to a rally car

Belarus and Poland, where the rally drove through after leaving Russia, are considered very promising markets for the use of gas as a motor fuel. Belarus is considered to be a growing NGV market, with currently 4600 natural gas vehicles and 42 CNG filling stations. Poland's natural gas motor fuel market also demonstrates strong growth: today 3590 NGVs drive the roads of this Eastern European country. To fuel this fleet, 88 natural gas filling stations are being operated today, 87% more than in 2013, and 52 more are currently planned for construction.

An important milestone during the Blue Corridor rally was the stop at local transport company MZA in Warsaw. Here, at the Ostrobramska bus depot, Gazprom Germania is currently building Gazprom Group's first ever combined filling station for liquefied and liquefied-to-compressed natural gas (LCNG station) in Europe.

Gazprom Germania, in cooperation with Polish bus manufacturer Solbus and its distribution partner Lider Trading, have recently been awarded the contract to provide 35 LNG city buses for the Polish capital. Two mobile LNG filling stations have been fueling these buses since January 2015. Soon, the stationary facility, with two 60 m³ LNG tanks, each 15 metres tall, will add even more security, stability and innovation to the fueling process.

After Warsaw, the rally entered Germany, which is already one of the most advanced countries in Europe in terms of natural gas mobility. A network of more than 900 natural gas stations spreads across the country, fueling around 96,000 gas-powered vehicles.

The rally also made two brief stops in Amsterdam and Brussels. Finally, having driven 3790 km along the motorways of Belarus, Poland, Germany, the Netherlands and Belgium, Blue Corridor crossed the finish line in France, arriving at this year's key event – the 26th World Gas Conference in Paris.

Blue Corridor is not new to the French capital, with the last visit dating back to 2012, but it is the first time it received such a cordial welcome and was honoured to participate at the World Gas Conference, which brings together leading industry representative and high-level policy-makers. The rally's welcome ceremony was hosted by International Gas Union President Jérôme Ferrier, Gazprom Deputy Chairman of the Management Committee Alexander Medvedev and E.ON Global Commodities CEO Christopher Delbrück. The speakers discussed their views on the use of gas in transport, underlining its role in reducing CO₂ emissions and combating climate change.

“There is tremendous potential for the European NGV market to grow,” Alexander Medvedev stated. “The Blue Corridor Rally demonstrates concrete progress towards increasing the role of gas in transport.”

Jérôme Ferrier welcomed the Rally as a great opportunity, adding how he viewed the future for NGVs as bright. Christopher Delbrück argued there is growth potential in the gas market, leading to businesses successfully working together. Other speakers also noted the value of gas as a motor fuel in combating urban pollution, calling gas in transport the last frontier to conquer. Later this year France will also preside over the UN Climate Change Summit, thus making 2015 truly a year of promoting clean energy sources. The Blue Corridor rally is a successful example of great team work aimed at reducing emissions and explaining the benefits of using of natural gas in transport.



Eugene Pronin (Gazprom Export) and Andre Schumann (E.On) at the NGV pavilion

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The second event on its Parisian agenda was the Blue Corridor Rally Presentation at the NGV Village, a special venue for natural gas and automobile experts. Along with presentations on opportunities offered by natural gas vehicles and the use of gas in transport, the rally represented a great variety of available vehicles - a VW Passat, an Audi A3 g-tron, a Scirocco Racing VW, a Solcity 12 LNG city bus, an Opel Zafira, a Fiat Ducato, and a FIAT-500, demonstrating the versatility of vehicles and applications.

The glorious City of Lights and global gas capital, Paris was truly the highlight of the rally. On its return journey the convoy also stopped in Leipzig, Germany, for an expert discussion. On 11 June rally participants successfully arrived in Russia, leaving behind almost 7000 km of Russian, Belorussian, Latvian, Polish, German, Dutch, Belgian and French roads and European markets that increasingly

welcome gas as the new, innovative and efficient motor fuel.

“The history of the Blue Corridor rally is genuinely a story of success. For nearly a decade, rally vehicles have comfortably and economically driven almost the length of the Equator without facing any accidents. There could not be better proof of the safety and affordability of NGV-technology. We are absolutely confident that one day Blue Corridor will move to a global stage. New countries and even entire continents are now starting to value the benefits of natural gas and will join this initiative. The increased use of natural gas in transport will be a tangible contribution to the green and prosperous world of the future,” said Eugene Pronin, Founder of the Blue Corridor Rally.

For more information about the 2015 rally please visit www.bluecorridor.org

Gazprom Germania Acquires CNG Filling Stations in Baden-Württemberg

Gazprom Germania, Gazprom Export's subsidiary, has expanded its network of natural gas filling stations. Gazprom Germania and German utility EnBW Energie Baden-Württemberg (EnBW) signed an agreement on 24 April 2015 that will see Gazprom Germania acquire four natural gas filling stations in Stuttgart and Nagold from EnBW as of 1 May 2015.

“With this acquisition we’re advancing the expansion of our network of natural gas filling stations in Germany, and, for the first time, contributing to making mobility in Baden-Württemberg more environmentally friendly,” said Timo Vehrs, Director of Business Development at Gazprom Germania. The acquisition will bring the number of natural gas filling stations Gazprom Germania operates in Germany to 28. Gazprom Germania

plans to be running 35 stations by the end of 2015.

“We’re very happy to have found a reliable partner in Gazprom Germania that will keep serving our customers and keep the stations operating in the long term,” said Volkmar Langefeld, Group Expert for Gas at EnBW.

Natural gas is becoming increasingly important as a fuel for motor vehicles. There are almost 100,000 natural gas vehicles registered in Germany, and that number is increasing. Last year, Germany’s Federal Motor Transport Authority registered over 9,100 new natural gas powered commercial vehicles and cars – 2.3 % more than in the previous year.

Meeting Security of Supply and Gas Market Integration Challenges in South Eastern Europe: The Role of Greece and DEPA



By Spyros Paleoyannis, CEO, Public Gas Corporation of Greece (DEPA) SA and a Member of Management Committee at International Group of Liquefied Natural Gas Importers (GIIGNL)

There is no doubt that during the last years, South Eastern Europe has been at the center of European and international interest, mainly because of the ongoing developments in the energy sector.

Due to the proximity of the region to both traditional and alternative gas sources, nearly all gas transport routes to Europe, either under construction or under development, include many of the region's countries, and thus there is a strong possibility for one or two of them to become new gas hubs and/or gas gateways to Europe in the future.

From a purely geographical point of view, Turkey and Greece certainly have an advantage in such a scenario.

South Eastern Europe, as a significant energy consuming part of Europe, faces a number of realities and challenges as regards

its future needs for natural gas, mainly connected with the supply-demand equation, energy security and sustainability, but also its market characteristics and vulnerabilities.

The adjacent countries of South Eastern Europe recognize the benefits of developing a strong base of interconnected gas infrastructure, thus establishing a regional energy integration that actually contributes to the enforcement of a European energy market. Momentum is building for South Eastern Europe to move into that direction.

However, despite the efforts to create a secure and competitive energy market in the region, gas markets still remain national, with little integration, limited cross border gas flows and trade and with no gas-to-gas competition at all, mainly due to the lack of sufficient gas interconnectors, LNG and UGS facilities. To complete the picture, the region is facing declining local gas production and high dependence on a single gas importer.

The above mentioned vulnerabilities have become more obvious in the course of the last years due to the consecutive crises in Ukraine, during which (especially the one in 2009) the interruption of Russian gas deliveries was extremely painful for a number of South Eastern European countries.



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Nevertheless, due to low energy demand per capita and poor gasification status in many countries in the region, in the Balkans there is the potential for an increase of gas consumption in the future and thus South Eastern Europe represents an attractive market for both traditional and alternative gas suppliers.

This reality also explains the intense and very often geopolitical competition between powerful players in the international arena.

In this environment, there are two significant gas transport projects currently under construction with pivotal strategic importance to South Eastern Europe:

- The Southern Corridor, dedicated to transport Azeri Gas to Europe and
- The TurkStream/Greek Stream, designed to transport Russian gas via Greece to Europe

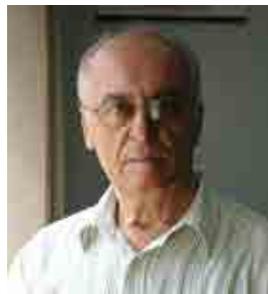
The Southern Corridor is fully backed by the EU and US, with the Americans strongly opposing the second pipeline (TurkStream), simply because it is going to transport Russian gas.

Geopolitical competition aimed at increasing influence and control over gas sources, transport routes and markets is, of course, understandable.

However, from a regional gas consumer point of view, this competition has only limited meaning. The real interest and concern of the countries in South Eastern Europe is for each country to have at least three supply sources and transport routes available in order to enjoy a diverse gas supply portfolio (especially if it includes both pipeline gas and LNG) and thus an acceptable level of energy security. Moreover, with more than one supply option, gas consumers in the region would enjoy lower gas prices due to gas-to-gas competition in the regional market.

Greece has a realistic national energy strategy which also involves a regional dimension. This strategy is aimed at enhancing the country's and the region's energy security by diversifying gas supply sources and also by supporting any possible gas transport route to or through South Eastern Europe, as well as any available gas flows that may reach the region.

TurkStream and its Significance for South Eastern Europe



Dr. Eng. Vojislav Vuletić, President of the Assembly, Gas Association of Serbia

South Eastern European countries are energy-poor. They do not have sufficient quantities of oil and natural gas for their own needs, so they must import them. So far, natural gas has been imported from the Russian Federation. Development of these countries'

economies and their energy needs is based on the import of natural gas. Gas transportation systems in Serbia, Bulgaria, Macedonia and Bosnia-Herzegovina were designed for supplies from one direction only, which is not ideal from the point of view of safety and reliability of the system, as any malfunction on such single-leg pipelines can leave all consumers down the line without gas. Delivery from several directions, at least two, largely resolves the issue of safe and reliable supplies.

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TurkStream. Source: Gazprom

The South Stream project envisaged supply for the aforementioned countries from another direction, and it was designed to meet their needs for natural gas until 2050. With the obstruction by the European Commission and ultimate cancellation of South Stream, these countries were put into a rather difficult situation.

The Russian Federation and Turkey have now agreed to construct TurkStream instead of South Stream, bypassing Bulgaria which also obstructed the construction of the latter. At the Turkish-Greek border TurkStream will offer Europe the quantities originally envisaged by the South Stream project. That way, the problem of adherence to the Third Energy Package, which the EC insisted upon, will be left for Europe to resolve. South Eastern European countries do not have the funds for construction of the onshore pipelines which would be connected to TurkStream, so they would need to be funded by the EU.

These countries need natural gas for production of electricity, as they are currently experiencing a power generation deficit and are forced to import power. Besides, in the near future, Bulgaria will face a shut-down of its aged nuclear power plants, and the same is valid for other countries' thermal power plants running on coal which are approaching the end of their life cycle. Construction of thermal power plants with combined gas-steam cycle and cogeneration enables attaining very high levels of primary energy efficiency which is very important for gas-importing countries, as they need to spend less on gas import. Strong pressure for reduction of greenhouse gas emissions which contribute to global warming also force us to progressively reduce consumption of coal and oil. Natural gas can entirely satisfy the CO₂ emission standards.

In addition to being an energy source, natural gas can also serve as a basis for the chemical and petrochemical industry. It can be used for production of synthesis gas and various chemical compounds, which in turn can be used for the production of methanol, fertilisers, silicones, anesthetics and many other products. Natural gas will also enable these countries to develop production of other gas-based products.

Moreover, TurkStream will enable the use of natural gas in the so-called total energy system which gains importance for industry and public consumption, satisfying diverse year-round energy needs: power, technical needs, heating, air conditioning, cooling, water heating etc. Natural gas has already been introduced in hospitals, sport halls, hotels and industrial facilities, where it is used for all the aforementioned needs.

Compared to Western European countries, South Eastern European countries started gasification of their industry and public consumption relatively late. The use of natural gas in households in these countries is very limited, and it must be substantially increased.

I maintain that the proposals for supplying these countries by alternative suppliers, as some have been suggesting lately, are not realistic, as objectively speaking, the market has no available gas for these countries. Azerbaijani gas, frequently mentioned lately, is already allocated for the BP-built TAP pipeline, and there will be no other options in the foreseeable future. All other mentioned possibilities for diversification of gas systems in South Eastern Europe away from Russia are unrealistic speculations. Firstly, there will be no such gas in the foreseeable future, and secondly, any other natural gas, like LNG, would be considerably more expensive than Russian gas. Import of US shale gas is an especially unrealistic possibility.

It appears therefore that TurkStream emerges as the unique solution for the development of the energy market of these countries and for meeting their energy needs.

South Eastern European countries must continue importing natural gas in order to satisfy their needs. If it gets constructed, the TurkStream pipeline will provide them with an opportunity to develop their energy market and economy in the long-term while ensuring reliable energy supplies. At the same time, the construction of TurkStream will enable these countries to create employment surrounding the construction and maintenance of the pipeline system and other facilities along the route, in addition to the financial gain from transit fees.

Commemorating World War I

Gazprom Marketing & Trading France attended the unveiling of a memorial in honour of the officers and soldiers of the Russian Expeditionary Force, who fell in France during World War I. The monument, erected in Courcy, was sculpted by Russian sculptor, Alexander Taratynov, with support from Gazprom.

In April 2015, the statue by Alexander Taratynov was unveiled in Courcy, near Reims, Champagne-Ardenne, with the Russian Minister of Culture, Vladimir Medinsky, and the Russian Ambassador to France, Alexander Orlov, in attendance. The Russian dignitaries were welcomed by the Mayor of Courcy, Mrs. Martine Jolly, and city council members, alongside members of the 'Association of Descendants of Russian soldiers in France.'

The memorial commemorates members of the two brigades of the Russian Expeditionary Force who participated in a large-scale offensive under the command of General R. Nivelle. The artist and sculptor Alexander Taratynov took inspiration for the monument from a photo from the First World War, showing a Russian soldier holding a little girl in one hand and a teddy bear in another.

On 16 April 1917, after a difficult and bloody battle, the first special brigade, led by General M.D. Nechvolodov, managed to recapture Courcy from German troops, who had occupied the town for two years. Under intense artillery fire, the Russian troops heroically defended their positions for three days, resulting in 700 Russian fatalities on the battlefield. The liberation of Courcy was one of the few victories of the Allied Forces throughout the Nivelle offensive.

Mr. Medinsky noted at the ceremony that "Russia and France were allies in the two most terrifying wars in the history of civilization; we keep the memory of French pilots and we are grateful to the French people for remembering our soldiers."

As part of the centenary of World War I, this project is important for French-Russian relations and marks the significant contribution of Russia to the victory over Germany in World War I.

The ceremony concluded with the singing of both national anthems. The Russian National Anthem was performed by pupils of the Russian Embassy School from Paris and local French school children sang the "Marseillaise."



Russian-German Academy Orchestra Performs in St. Petersburg and Berlin

8 June 2015 saw Berlin's Konzerthaus host a celebration of a date close to the hearts of Germans and Russians – the 70th anniversary of the end of World War II. The Russian-German Music Academy's orchestra performed its debut concert in Berlin to mark the occasion, just days after wowing a traditionally tough audience at the Mariinsky Theatre in St. Petersburg.

The ensemble brings together exceptional young talents from Germany and Russia – promising musicians and students of renowned music schools and academies. Led by star conductor Valery Gergiev and solo cellist Julian Steckel, the young musicians presented a German-Russian programme of works by Jörg Widmann, Robert Schumann, and Nikolai Rimsky-Korsakov.

The theme of the two concerts in St. Petersburg and Berlin stretched beyond remembrance to focus on the two countries' common future. Indeed, regular exchange between German and Russian musicians is a priority for the Russian-German Music Academy, which offers joint rehearsals, workshops, and

performances. With Valery Gergiev, the music academy has found an artistic director who has long been committed to promoting up-and-coming talent and who feels as strongly about German music as he does about Russian music.

The project was launched by young Germans and Russians during the Russian-German Year of Culture 2012/2013 who were brought together by music and felt connected to a cultural tradition uniting the two nations. The Russian-German Music Academy performed its highly successful debut at the 2014 Festival of White Nights at the renowned Mariinsky Theatre in St. Petersburg. Such collaboration and performances at the prestigious stages were made possible thanks to a sponsorship by the Gazprom Group.

GAZPROM Germania is the main sponsor of the Russian-Germany Music Academy. With its sponsorship, the company is supporting cultural exchange between Russia and Germany in the interest of nurturing mutual understanding.



Russian-German Music Academy with Valery Gergiev



Gazprom & FC Schalke 04: Partners Through Thick and Thin



Gazprom's sponsorship of the German Bundesliga football club FC Schalke 04 goes far beyond the usual kit and on-pitch advertising. It also includes

an array of activities designed to raise public awareness of natural gas and how Gazprom provides a stable supply of this key resource.

At the start of the 2014/15 Bundesliga season, Gazprom Germania kicked off a campaign centred around a number of its core business areas, such as using natural gas to fuel vehicles. The effort has already drawn significant interest from football fans across Germany.

The Gazprom Buddy Card (Kumpelkarte) campaign works as follows: Schalke fans were invited to visit www.gazprom-football.com/kumpelkarte to take part in the Gazprom Super Buddy Quiz. The entrant who managed to answer 10 head-scratching questions about FC Schalke 04, Gazprom, and natural gas in the shortest amount of time was declared the contest's first winner. The winner's prize was the Gazprom Buddy Card, an exclusive card that grants him and a friend entry to all of Schalke's matches. For the club's international away matches in the UEFA Champions League, it was also good for a VIP travel package. Among other amenities, this included seats on the team plane and accommodation at the team hotel. The buddy card holder was, however, required to take on two other challengers at regular intervals to defend his elite status. During these additional rounds of the competition, the participants had the help of Schalke stars from seasons past, which gave them a true sense of the close ties between club and sponsor.

In focus: the advantages of Russian natural gas

As the contest went on, it incorporated connections to subjects involving natural gas. Under the theme "Natural Gas at Schalke", all of the entrants were in the first round chauffeured by the Gazprom Buddy Taxi – a car fuelled by natural gas and driven by Schalke stadium announcer Dirk Oberschulte-Beckmann. The owner of the buddy card also had the chance to get behind the wheel, of course. To retain this highly sought after prize (or claim it as their own), the entrants were required to put their knowledge of natural gas to the test.

Media hails fan-focused campaigns

The emotional connection among the club, its fans, and its main sponsor served to bolster the positive association between Gazprom and its primary product. The contest also proved to be a fun and exciting way to improve people's knowledge of natural gas. Finally, this approach underscored the benefits of having a reliable sponsor close at hand: Instead of just putting its name on Schalke shirts, Gazprom wants to be a partner to the club's fans by keeping up with their aspirations and giving them access to once-in-a-lifetime experiences. All of this has made the German media take notice as well. The renowned business newspaper Handelsblatt, for example, published an article about sponsorships that described the Gazprom Buddy Card as a perfect example of how to engage people in a fan-conscious manner. This shows how Schalke's effort to design its sponsored activities with its fans in mind reflects positively on Gazprom and natural gas in general. The response to the Gazprom Buddy Card has also ensured its continuation next season.

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In addition, Gazprom Germania has worked with FC Schalke 04 on initiating numerous social projects that also focus on fans. Since the beginning of the current season, the company has supported the club's foundation – "Schalke hilft" ("Schalke Helps"), which is dedicated to projects that serve the public good in the Ruhr region of Western Germany – through the initiative "Weil Du es verdient hast" ("Because You've Earned It").

A key platform for dialogue among opinion leaders

Meanwhile, Gazprom Germania also uses sponsorships as a means of bringing together leading decision-makers and experts from the realms of science, business, and politics. One such event is the Energy Meeting Schalke began hosting two years ago, featuring a dialogue format and presentations on political and business-related subjects in the energy industry. The speakers invited typically provide an overview of the current debate on energy policy. In the run-up to Schalke's final home match of the season against SC Paderborn, Gazprom Germania held the fifth edition of this event under the theme "The Energy Transition: Blessing or Curse?"

How can Germany succeed in its transition to alternative sources of energy? What role will natural gas play in the energy mix of the future? Answers to these and other questions were provided by 25 representatives from the business sector (including STEAG AG, E.ON AG, and Thyssengas GmbH), the scientific community (the Wuppertal Institute, IASS Potsdam, and other entities), and the political arena (energy policy spokespersons from the CDU, SPD, and FDP). Gazprom Germania spokesman Mirco Hillmann welcomed in Dr. Patrick Matschoss (Transdisciplinary Panel on Energy Change, IASS Potsdam), Dr. Axel Botzenhardt (Thyssengas), Peter Meyer (erdgas mobil), and Timo Vehrs (Gazprom Germania) to give presentations on these topics.

Those in attendance agreed that natural gas can and should play a key part in the energy transition. Meanwhile, Dr. Botzenhardt,

managing director of the natural gas grid operator Thyssengas, called for improved integration of Russian natural gas suppliers into the European market. "We need to do an even better job of incorporating our Russian partners into the European market," he asserted, describing this effort as vital in light of the decline in natural gas production in Germany, Great Britain, and the Netherlands.

Timo Vehrs, Director of Business Development at Gazprom Germania, added to Botzenhardt's comments: "Gazprom is capable of providing a secure supply of natural gas," he stated before underscoring the resource's efficiency and environmental compatibility. Whether for generating electricity and heat or fueling vehicles, Vehrs described natural gas as suitable for a variety of purposes. Clemens Tönnies, supervisory board chairman at FC Schalke 04, echoed this sentiment in describing how the energy transition is affecting the competitiveness of his food production company, Tönnies Fleischwerk. "We're relying on decentralized, gas-powered combined heat and power plants and have liked what we've seen so far," Tönnies affirmed. "Natural gas is clean, efficient, and suitable for a variety of uses."

Dependable partners for eight years – and counting

In addition to its energy summits at Schalke, Gazprom Germania regularly organizes press conferences, receptions, and other events designed to highlight the benefits of Russian natural gas. To help kick off the second half of the Bundesliga season, for instance, the company invited some 120 thought leaders to a gathering it dubbed "a New Year's reception in royal blue" – a nod to Schalke's colour of choice. Among the attendees were members of the federal association of German press officers (BdP) and the business association Deutsch-Russischer Wirtschaftsclub (DRW), who gained extensive insights into the press and sponsorship activities of the world's leading producer of natural gas. Here, Burkhard Woelki, Director of Corporate Communications at Gazprom Germania, emphasized



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the special partnership the company has with Schalke. “Our sponsorship goes far beyond the typical business arrangement; it’s based on a foundation of friendship and trust among all those involved,” he declared. In his subsequent speech, Alexander Jobst – Director of Marketing at FC Schalke 04 – spoke of a “vibrant partnership in its eighth year” while citing the many social projects the two sides have seen through together. “Over the years, Gazprom has always proven to be a partner we can count on,” he stated. Clemens Tönnies was also on hand with a statement for the media representatives in attendance: “Our partnership with Gazprom has been marked by trust and excellence since 2007,” he asserted. “I can assure you that they’ve been a loyal ally of ours and will be for a long time to come – just as we’ll be to them.” Following these speeches,

the guests were treated to an engaging entertainment programme. During a tour of the VELTINS-Arena, Schalke press spokesman Thomas Spiegel explained how the club’s media department operates, while an autograph session with goalkeeper Ralf Fährmann and an exclusive photo shoot in the Schalke dugout rounded out the day.

“We had some exciting behind-the-scenes looks into the work of Schalke and its sponsor, Gazprom. It was really worth the visit!” Markus Jablonski (BdP) offered in summary. “The partnership between Gazprom and Schalke is a great example of efficient German-Russian collaboration,” added Marianne S. van Ooijen (DRW). The executives from both partners could hardly have put it better themselves.

SKA Wins 2015 Gagarin Cup

St. Petersburg-based ice hockey club SKA, proudly sponsored by Gazprom Export, has stormed to 2015 Gagarin Cup glory. The final playoffs for the Gagarin Cup of the Kontinental Hockey League (KHL) took place in the city of Kazan. SKA defeated home-team Ak Bars 6-1, securing the fourth decisive victory in the playoff series.

number of tickets available. Those lucky ones watching live were not disappointed, SKA showcased hockey games full of fiery spirit and artistic grace.

This was the KHL’s seventh season and for ice hockey clubs across Russia and Europe to win the Gagarin Cup. 2015 was the first year that SKA entered the final and accomplished what they have strived for. The long-time dream of the club’s players and fans alike finally came true: SKA won the long-awaited trophy!

The latest playoffs were one of the most spectacular in the history of the KHL. In the semi-final stages SKA was victorious after perhaps, the most interesting seven matches in the history of the League against Moscow-based CSKA.

Gazprom Export staff actively supported the club at the ice arenas, with the number of people wishing to attend the matches consistently exceeding the



FC Chelsea Legend Ferreira Coaches Kids in London



On 17 April 2015, Paulo Ferreira — former Chelsea FC defender — joined more than 50 children to launch Gazprom’s new community partnership with London-based football club Chelsea FC. Gazprom, the Official Energy Partner for Chelsea, is extending its commitment to the club and the local community by funding two extra nights of the Chelsea Foundation Premier League ‘Kicks’ programme each week.

Kicks is a nationwide programme aimed at engaging young people and bringing communities together through football with the Chelsea Foundation currently offering 13 sessions a week, in five London boroughs, which equates to more than 30 hours of free football.

Club legend Ferreira, who retired at the end of the 2012/13 season, was on hand to coach some of the young players and share his valuable knowledge gained during a trophy-laden spell at Stamford Bridge which included three Premier League titles.

After his coaching session, Ferreira insisted that community outreach and engagement is a vital part of the club and its partners’ roles in football.

He said: “It is fantastic for these young people to have something to do in the evenings with these sessions of the Premier League Kicks programme organised and run by the

Chelsea Foundation. I hope the attendance continues to grow as they were a really good group.

“It is so important for football to give back to the community so I am delighted that Chelsea’s partner Gazprom is positively impacting young people by providing more opportunities for them to engage with sport and social activity.”

Launched in September 2013, the Chelsea Foundation’s Premier League Kicks project continues to thrive, promoting universal sports engagement within disadvantaged areas and with at risk individuals.

Away from the pitch more than 200 youngsters have been helped to further education while the Premier League Kicks coaches also assist youngsters with their Duke of Edinburgh awards, and six former Kicks participants are now working within the Chelsea Foundation as coaches.

Gazprom is very pleased to be supporting the Chelsea Foundation Premier League Kicks Programme. It is vital for local communities to be engaged in sports and to experience playing football with professional coaches is an incredible opportunity. Kicks’ approach to develop both sporting and personal skills of youngsters is hugely valuable.



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