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**Press release**

**Stockholm, 5 June 2013**

## **Alliance Oil launches preference share issue**

- Alliance Oil today announces a transaction through which the Company aims to raise at least SEK 670 million (equivalent to approx. USD 100 million<sup>1</sup>) through issuance of new preference shares represented by SDRs.
- The offering is targeted at retail investors in Sweden and institutional investors in Sweden and internationally.
- The proceeds from the offering will primarily be used to increase the Company's financial flexibility and to support new growth opportunities.
- The offering is targeted at a level of approximately 2.2–2.4 million newly issued preference shares represented by SDRs, depending on the ultimate subscription price.
- The subscription price will be in the range of SEK 280–310 per preference share and the ultimate subscription price will be determined in a book building process with institutional investors.
- The newly issued preference shares will have equal rights as the preference shares previously issued by Alliance Oil. Each preference share entitles the holder to an annual dividend of SEK 30 per share (translating into a quarterly payment of SEK 7.50), corresponding to a yield of 9.7–10.7 percent depending on the final subscription price.
- The subscription period is expected to run from 10–19 June 2013 and the ultimate subscription price is expected to be announced on 20 June 2013, with an expected settlement on 26 June 2013.
- The new preference shares represented by SDRs are expected to begin trading on NASDAQ OMX Stockholm on 4 July 2013, under the existing ticker AOIL SDB PREF.

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<sup>1</sup> Based on a SEK/USD rate of 6.70.



*“Alliance Oil has a strong track record of organic growth and successfully acquiring and integrating complementary businesses, both within our upstream and downstream operations. We are constantly evaluating growth opportunities and there are currently several acquisition opportunities available in the Russian oil and gas industry.*

*The issue of preference shares will increase our financial flexibility in support of such growth opportunities. At the same time the issue offers our existing and new investors the opportunity to participate in the Company’s further development through a highly demanded financial instrument”,* said Arsen Idrisov, Managing Director of Alliance Oil.

### **Background and motives**

Alliance Oil Company Ltd (“Alliance Oil” or the “Company”) is a leading independent oil and gas company with vertically integrated operations in Russia and Kazakhstan. Alliance Oil’s upstream operations have proven and probable oil and gas reserves of 733 mmboe<sup>2</sup>, and the Company’s downstream operations include the Khabarovsk Refinery and the leading network of filling stations and wholesale petroleum product terminals in the Russian Far East.

The Company has a strong track record of organic growth and successfully acquiring and integrating complementary businesses, both within its upstream and downstream operations, while continuously improving its capital structure and maintaining a high level of financial flexibility. The Company is constantly evaluating growth opportunities and there are currently several acquisition opportunities available in the Russian oil and gas industry.

In order to increase the Company’s financial flexibility and support new growth opportunities, the board of directors of Alliance Oil has, based on an authorisation from the annual general meeting, resolved to launch a new issue of preference shares through which the Company aims to raise at least SEK 670 million (equivalent to approximately USD 100 million<sup>3</sup>).

### **The offering**

The Company’s board of directors today resolved to, with deviation from the Company’s shareholders’ preferential rights, offer Swedish and international institutional investors as well as the general public in Sweden, including the Company’s existing shareholders, holders of convertible bonds and interest bearing bonds, to subscribe for newly issued preference shares represented by SDRs.

The offering is targeted at a level of approximately 2.2–2.4 million preference shares represented by SDRs, depending on the ultimate subscription price. The subscription price will be in the range of SEK 280–310 per preference share and the ultimate subscription price will be determined in a book building process with institutional investors and is expected to be announced by the Company on 20 June 2013.

The newly issued preference shares will have equal rights as the preference shares previously issued by Alliance Oil. Each preference share carries a tenth of a vote of an ordinary share and entitles the holder to an annual dividend of SEK 30 per share (translating into a quarterly payment of SEK 7.50), corresponding to a yield of 9.7–10.7 percent depending on the ultimate subscription price. The next dividend record date is 30 August 2013. Any dividend distribution remains subject to the resolution by the general meeting, normally the annual general meeting. The annual general meeting held on 22 May 2013 resolved to pay dividends on preference shares until the next annual general meeting. Dividends on preference shares have priority to dividends on ordinary shares.

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<sup>2</sup> As evaluated by DeGolyer and MacNoughton under SPE standards as of 31 December 2012. Excluding the group’s interest in non-consolidated 2P gas reserves of approximately 79 mmboe.

<sup>3</sup> Based on a SEK/USD rate of 6.70.



In case of over-subscription in the offering, holders of ordinary shares, preference shares, interest bearing bonds and convertible bonds in the Company who have subscribed for preference shares will have priority to allotment of preference shares represented by SDRs.

If the offer is subscribed for at the targeted level, the number of shares in the Company will increase by 2.2–2.4 million preference shares (corresponding to a dilution effect of 1.2–1.3 percent of the share capital and 0.1–0.1 percent of the votes).

The new preference shares represented by SDRs are expected to be listed on NASDAQ OMX Stockholm on or around 4 July 2013, under the existing ticker AOIL SDB PREF.

#### **Key indicative dates**

Prospectus made public (available on the Company's website)	5 June 2013
Subscription period	10–19 June 2013
Announcement of subscription outcome and ultimate subscription price	20 June 2013
Settlement date	26 June 2013
First day of trading on NASDAQ OMX Stockholm	4 July 2013

#### **Other**

Carnegie Investment Bank AB is acting as Global Coordinator and Joint Bookrunner, Gazprombank is acting as Joint Bookrunner and Swedbank is acting as Co-lead Manager in the transaction. Baker & McKenzie acts as legal advisor to Alliance Oil in relation to the transaction.

#### **For further information please contact:**

Arsen Idrisov, Managing Director, Alliance Oil, Tel.: +7 495 777 18 08  
Eric Forss, Chairman, Alliance Oil, Tel.: +46 8 611 49 90

Also visit [www.allianceoilco.com](http://www.allianceoilco.com)



### **Important information**

*This press release is not an offering to subscribe for securities in Alliance Oil. A prospectus for the offering in this press release and the subsequent listing of the preference shares on NASDAQ OMX Stockholm will be approved by the Swedish Financial Supervisory Authority (the "SFSA") on or around 5 June 2013 and made public on or around 5 June 2013. The prospectus will be available on the webpages of Alliance Oil, Carnegie and the SFSA.*

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*This press release contains forward-looking statements that reflect executive management's current view of future events and potential financial development. While Alliance Oil believes that the expectations described in such statements are reasonable, there is no guarantee that these forward-looking statements will be realized or correct. Consequently, as a result of various factors, the outcome of such statements could differ significantly from the forward-looking statements. The reader is urged to read this press release and the prospectus and any information incorporated through reference therein for a further discussion of the factors that could affect Alliance Oil's future performance and the markets and industries where the Company is active. In the light of these risks, uncertainties and assumptions, it is possible that the events described in the forward-looking statements in this press-release will not be known.*

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*Alliance Oil Company Ltd is a leading independent oil and gas company with vertically integrated operations in Russia and Kazakhstan. Alliance Oil has substantial oil and gas reserves and downstream operations that include the Khabarovsk refinery and the leading network of filling stations and wholesale petroleum product terminals in the Russian Far East. Alliance Oil's ordinary shares depository receipts are traded on the NASDAQ OMX Stockholm under the ticker AOIL SDB.*