



Press release

November 25, 2013

Alliance Oil Company's social responsibility and charity contributions

Social responsibility is one of the fundamental components of Alliance Oil Company. The Company has established clear and transparent mechanisms for selecting, approving and monitoring its social contributions on an ongoing basis.

Alliance Oil and Alliance Group firmly refute any allegation of inappropriate behavior in relation to Alliance Oil's charitable activities and of any linkage between these activities and the financing of the proposed buy-out of Alliance Oil announced on October 31, 2013.

Alliance Oil's sponsorship and donations are implemented in close cooperation with regional and federal state bodies, as well as private and public charity organisations. The cooperation prioritizes the socio-economic and cultural development of Russian regions with Company's operations.

Historically, charity and social spendings amounted to 1-2% of the Company's cost of sales, or on average approximately 3% of EBITDA, which is deemed by the Company to be an adequate and reasonable contribution compared to Alliance Oil Company's financial performance. Since 2008, Alliance Oil Company earned more than USD 4 billion of gross profit and invested about USD 130 million in charity and social programs. The level of the Company's social activity is fairly reflecting more than 7,000 families of its employees and presence in regions with overall population exceeding 33 million inhabitants, including Moscow, Samara, Tatarstan, Tomsk, Yamalo-Nentsk, Khanty-Mansiysk, Komi, Khabarovsk, Primorsk, Amur and Buryatia.

Social and charity spendings include USD 80 million of donations through the charitable foundation named after Zia Bazhaev (the "Foundation"), a member of the Bazhaev family that tragically passed away in 2000. The Foundation is organized and registered as a non-profit organization under Russian law, managed by the board of directors and monitored by the supervisory board in accordance with civil Code of Russian Federation and Federal law N7-FZ of 12.01.1996. Independent members and representatives of the Bazhaev family are appointed to the boards of the Foundation. The activity is audited with tax reports on a quarterly basis and annual reports to the Russian Ministry of Justice. Contributions to the Foundation are reflected as related party transactions in Alliance Oil Company's financial statements since 2008.

The cooperation of Alliance Oil and the Foundation has resulted in numerous social projects in several regions including: day-and-night hospitals for more than 700 patients, medical centers and ambulant clinics, hundreds of surgeries and medical treatments performed and projects which have benefitted orphan asylums and schools for disabled children, preschools and educational centers, cultural centers and museums, grants and scholarships, housing and rent subsidies, financial support to victims of natural disasters, etc.

Alliance Oil's board of directors approves the social and charity plans as part of its annual budgets. Charity expenses are recorded in the Company's statements as per IFRS standards when they occur and disclosed quarterly in Alliance Oil's financial reports.

A major part of the funds allocated for 2013 were approved late 2012, disbursed and recorded in the third quarter in line with existing partnership agreements from previous years and committed investment projects.

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 gas stations and wholesale oil products terminals in the Russian Far East. Alliance Oil's depositary receipts are traded on the NASDAQ OMX Nordic under the symbol AOIL.

In addition, in the most recent quarter, the Russian Far East, one of the main regions of the Company's activities, experienced unprecedented flooding that caused numerous individual human tragedies and damage to more than 100,000 houses. The Company's subsidiaries participated in several acts of endowing to support and help the prompt recovery after this natural disaster.

Alliance Oil remains committed to provide aid and assistance to the poor and disadvantaged and to support institutions that promote the physical, moral and spiritual improvement of society.

Alliance Oil and Alliance Group firmly refute any allegation of inappropriate behavior and linkage between its charitable activity and the financing of the proposed buy-out of Alliance Oil which was announced on October 31, 2013. In the announcement, it is stated that the Transaction will be funded by a committed debt facility, which will be provided by Gazprombank (Open Joint-Stock Company).

Alliance Oil and Alliance Group consider the allegations unacceptable and clearly defamatory to the reputation of the Companies, their employees and their shareholders and reserve the right to take further action in this respect.

<i>Consolidated (Expressed in USD thousands)</i>	2008	2009	2010	2011	2012
Revenue	2,721,565	1,726,438	2,195,756	3,082,660	3,445,239
EBITDA	585,042	387,858	438,391	690,345	734,096
Gross profit	435,446	743,833	620,128	914,270	1,041,094
Cost of sales	1,969,062	1,152,917	1,576,679	2,168,390	2,462,866
Capex (investing activities)	549,734	234,960	650,635	1,025,118	806,580
Charity and social expenses	18,813	25,140	14,849	18,739	15,626

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