PRESS RELEASE
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LUKOIL OPTIMIZES HYDROCARBON ASSET PORTFOLIO IN KAZAKHSTAN

Vagit Alekperov, OAO LUKOIL President, signed a purchase and sale agreement today that allows the company to sell its 50-percent stake in the Caspian Investment Resources Ltd to China's Sinopec. The total price of the shares for sale will be around USD 1.2 billion and will be subject to a number of adjustments as of the closing date.

Caspian Investment Resources Ltd., through a number of joint ventures, owns various stakes in four hydrocarbon-production projects in Kazakhstan. LUKOIL's share in commercial hydrocarbon production as part of the above projects equaled 10.2 million BOE in 2013.

The transaction is meant to optimize LUKOIL's overseas hydrocarbon asset portfolio. The transaction closing is subject to a number of conditions precedent, specifically, the approval by the Kazakhstan state authorities. The complete closing of the transaction is expected before the end of 2014.

At the same time, LUKOIL will continue to participate in Kazakhstan hydrocarbon-production projects, including Kumkol, Karachaganak and Tengiz projects. The company is also a member of the Caspian Pipeline Consortium.

"We carry out our activities in Kazakhstan and are interested in investment accrual there. The company intends to reallocate the investments to geologic exploration projects, including those in the Kazakhstan sector of the Caspian Sea. Besides, the company is expected to issue a tender for development of a construction project of a lube-production plant in the vicinity of Almaty in April of 2014," Mr. Alekperov said.

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