PRESS RELEASE
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LUKOIL PRESENTS MAJOR TRENDS IN GLOBAL OIL & GAS MARKETS TO 2025

Leonid Fedun, OAO LUKOIL Vice President, presented an outlook of major trends in global oil-and-gas markets till 2025 to the oil-and-gas-market community, in Moscow today. The document is an analysis of trends which the company specialists believe are essential for the development of global oil-and-gas markets. The company prepares analyses like this on a regular basis in order to keep the strategy up to date and to form a program of investments. However, this is the first time that we are making this analysis public.

A crucial part of this outlook is analysis of the current problems of Russia's oil-and-gas industry in a context of the main development trends of global oil-and-gas markets.

Key conclusions of this outlook are as follows:

- Global demand for oil will continue growing. The growth of population and the formation of the consumer class in Asia will boost the demand for oil. The main increase in consumption will come from transportation sectors in developing countries.

- Growing oil production in North America will not lead to a global collapse of oil prices. Modern methods of evaluation of shale-oil reserves are fairly uncertain, which is why we should be cautious in our estimates of the US production potential. A number of factors, including higher costs of reserve replacement, the balancing action of OPEC and depreciation of the US dollar, will help to support the current level of oil prices in the mid-term.

- The European oil-refining industry is experiencing a systemic crisis. Such ongoing trends as the declining US gasoline imports and the commissioning of new highly effective oil refineries in the Middle East and Asia will have a long- term negative effect on European producers.

- Gas consumption will grow faster than oil consumption. The greatest potential for the growth of gas consumption is in China, while the European market, where Russia traditionally has a good standing, will remain stagnant.

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- To maintaining oil production in Russia, a large-scale introduction of new technologies is required. Projects already scheduled are unable to compensate declining production at mature fields. Without large-scale use of new technologies, oil production in Russia will begin to fall in 2016-2017.

- The Russian oil-refining industry will undergo significant modernization, yet risks of gasoline deficits remain. Measures taken by the Russian government will promote the conversion rate of domestic oil refineries, but the situation on the automotive gasoline market will remain quite tense until 2016-2017.

- The main challenge for the Russian gas industry is access to new markets. Competition on the international gas markets will continue to rise. To develop gas production, Russian companies need to ensure access to growing markets.