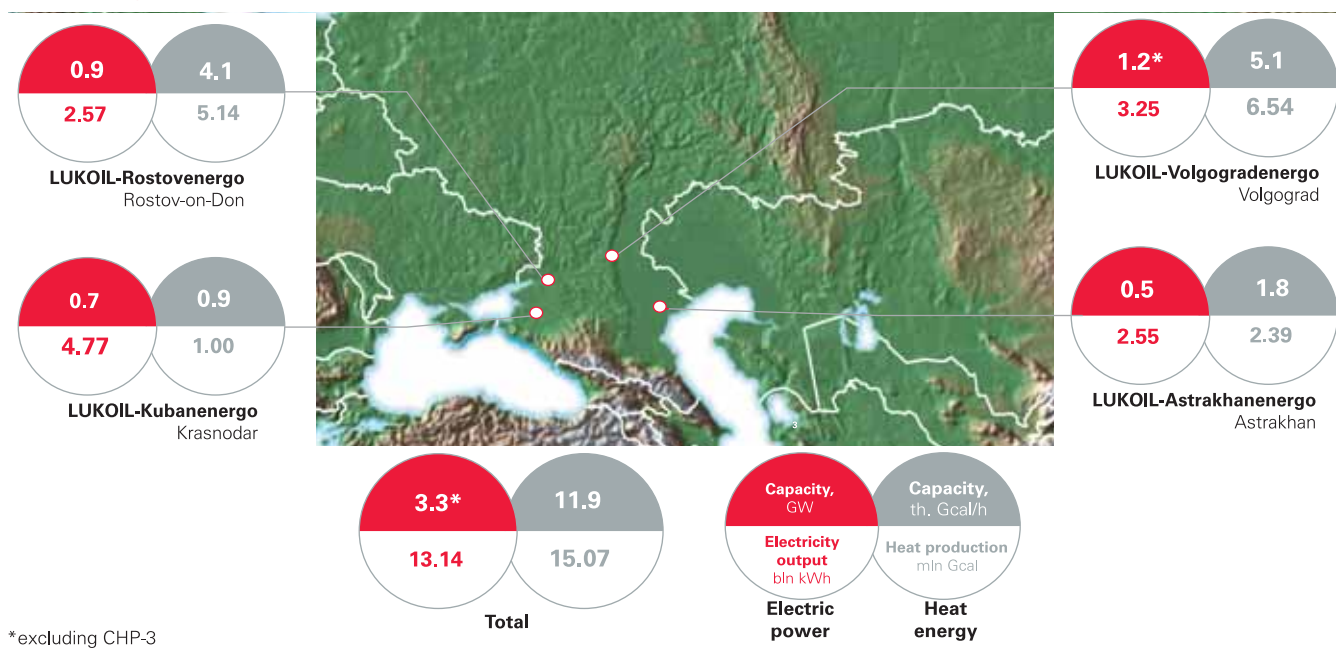


POWER GENERATION

Generating companies of LUKOIL Group



MAIN INDICATORS FOR 2009:

Electricity output, bln kilowatt-hours	14.7
Heat production, mln Gcal	16.9
Employees in the segment, th. people	12.2

LUKOIL created a new business sector in 2008: Power Generation. The new segment has a special role in the revised Company's Strategic development program for 2010–2019 and Power Generation will be an important factor for growth of Company cash flows and shareholder value in the long term.

The new sector includes all aspects of power business, from generation to transmission and sale of heat and electrical power, ensuring reliable supplies for the Company's own needs and for external customers. As well as UGK TGK-8, which was acquired at the end of 2008, the Company's own power generating facilities at oil & gas fields in Russia and a number of power generators in Bulgaria, Romania and Ukraine, the sector also includes sale and supplies of heat and electrical power in Russia.

Restructuring of LUKOIL's power business entered its final stage in the reporting year. The intended final structuring of the

sector was achieved, consisting of 7 organizations, which began operations in 2009, including 4 generating companies: LUKOIL-Astrakhanenergo, LUKOIL-Volgogradenergo, LUKOIL-Kubanenergo and LUKOIL-Rostovenergo.

The generating companies manage assets of UGK TGK-8, which was acquired in 2008. The LUKOIL stake in UGK TGK-8 was increased to 100% in 2009 and the company was transformed from a public to a private limited company. Power plants are located in Astrakhan, Volgograd and Rostov regions, Krasnodar and Stavropol Districts, and the Republic of Dagestan of the Russian Federation. By purchasing TGK-8 LUKOIL expects significant synergies through natural gas supplies from the Company's gas fields located in the Northern Caspian and Astrakhan region, which will allow the Company to reach efficient gas price.

Total electricity output in 2009 by UGK TGK-8 was about 13.1 bln kilowatt-hours. Total heat production by generators was 15.1 mln Gcal.

LUKOIL-Volgogradenergo

History and description

- LUKOIL-Volgogradenergo began operations in July 2009 using the production property leased from UGK TGK-8.
- LUKOIL-Volgogradenergo consists of 5 heat power plants: VolgoCHP, Volgograd CHP-2, Volzhsky CHP, Volzhsky CHP-2, Kamishinsky CHP and Volgograd CHP-3 leased by Kaustik. As part of restructuring the Company created LUKOIL Heating Transport Company which will manage operation of heat supply networks of Volzhsky, Kamishin and Astrakhan.
- Installed electricity output capacity of power facilities is **1,205 MW** (excluding CHP-3), installed heat production capacity – **5,079 Gcal/h**.
- Electricity output in 2009 was **3.245 bln kilowatt-hours**, heat production totalled **6.544 mln Gcal**.

LUKOIL-Rostovenergo

History and description

- LUKOIL-Rostovenergo began operations on the market of Southern Federal District in July 2009.
- LUKOIL-Rostovenergo consists of Rostov CHP-2, Rostov heat supply networks and 5 boiler plants (Rostov-on-Don), Volgodonsk CHP-1 and CHP-2, Volgodonsk heat supply networks (in the city of Volgodonsk), Kaspiyskaya CHP (in the city of Kaspiysk), Makhachkalinskaya CHP and Makhachkala heat supply networks (in the city of Makhachkala), Kislovodskaya CHP, 4 boiler plants and their heat supply networks (in the city of Kislovodsk), as well as Zimlyanskaya CHP and Kamenskaya CHP (in the city of Kamensk-Shakhtinsky). Volgodonsk heat supply networks are held in trust.
- Installed electricity output capacity of power facilities of LUKOIL-Rostovenergo in Rostov region is **843 MW**, installed heat production capacity – **4,078 Gcal/h**.
- Total electricity output in 2009 was **2.569 bln kilowatt-hours**, heat production was **5.135 mln Gcal**.

LUKOIL-Kubanenergo

History and description

- LUKOIL-Kubanenergo began operations in July 2009.
- Generating facilities of the company are located in Krasnodarsk region and in the Republic of Adygea. LUKOIL-Kubanenergo consists of Krasnodarsk CHP and 3 HPPs (Belorechechenskaya, Krasnopolyanskaya and Maykopskaya)
- Installed electricity output capacity of power facilities of LUKOIL-Kubanenergo is **736 MW**, installed heat production capacity – **856 Gcal/h**.
- Total electricity output in 2009 was **4.773 bln kilowatt-hours**, heat production amounted to **1.003 mln Gcal**.

LUKOIL-Astrakhanenergo

History and description

- LUKOIL-Astrakhanenergo began operations in July 2009.
- LUKOIL-Astrakhanenergo consists of 2 CHPs (Astrakhankaya CHP and Astrakhanskaya CHP-2) and 28 boiler plants (in the city of Astrakhan).
- Installed electricity output capacity of power facilities of LUKOIL-Astrakhanenergo is **480 MW**, installed heat production capacity – **1,833 Gcal/h**.
- Total electricity output in 2009 totalled **2.550 bln kilowatt-hours**, heat production was **2.390 mln Gcal**.

Small-scale generating

LUKOIL is continuing rapid development of its own power generating at fields. This enables substantial savings on electricity purchases and raises the level of utilization of associated gas, which is used as fuel for gas-fired generating. The Group generated **1.152 bln kilowatt-hours** of electricity at its own power generating units in 2009, representing 8.2% of total consumption of electricity by the Group in its production activities.

COMPANY MANAGEMENT STRUCTURE

