PRESS RELEASE
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LUKOIL CONSOLIDATES ITS JOINT VENTURES ASSETS

Today the management board of LUKOIL OAO has made a decision on transfer of a 100% equity of LUKOIL Perm ZAO (LUKOIL owns a 50% interest) and a 100% equity of Vatoil OOO joint venture (LUKOIL owns a 54% interest) to an international petroleum company.

This decision was made in accordance with the 1999-2010 LUKOIL strategic concept and the program of joint ventures management restructuring aimed at creating an international company whose stock will be traded on international stock markets.

Consolidation of LUKOIL Perm ZAO and Vatoil OOO joint venture is being realized with assistance of KPMG and PricewaterhouseCoopers who conducted a comparative analysis of the shareholder value and worked out consolidations scenarios.

As a result of the stock transfer of LUKOIL Perm ZAO and Vatoil OOO joint venture to the international petroleum company, LUKOIL OAO will control 73% of the voting shares in the company.

"By consolidating our joint ventures' assets we try to maximize their shareholder value, enhance company management quality, expand investment opportunities as well as increase their financial transparency and stock liquidity," said LUKOIL President Vagit Alekperov.

In 1999 LUKOIL Perm ZAO and Vatoil OOO joint venture produced 2.5 million tons and 2.9 million tons of oil respectively.

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