PRESS RELEASE
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OAO LUKOIL AND OAO NAFTAN HAVE ESTABLISHED A JOINT VENTURE TO PRODUCE MOTOR OILS ADDITIVES

Today, Maksim Donde, General Director of OOO LLK-International (100% subsidiary of OAO LUKOIL), and Vyacheslav Yakushev, General Director of OAO Naftan, have signed in Novopolotsk, Republic of Belarus, documents of incorporation to establish a joint venture – limited liability company LLK-Naftan to produce and sell additives and motor oils under the LUKOIL brand.

LUKOIL Group has contributed $11.46 mln. in cash assets to the joint venture capital while OAO Naftan's share includes production facilities, buildings, structures and installations, technological equipment, tank farms and other real assets. Each party will have a 50% share in the joint venture limited liability company LLK-Naftan.

The joint venture will ensure implementation of new technologies for production of modern cost effective additives, research and development activities to test and define tolerances for oils based on new additives and will serve as an important step in the development of cooperation between OAO LUKOIL and OAO Naftan.

The joint venture will be based on an integration of OAO Naftan's production capacities and work teams, and OAO LUKOIL's new technologies and developed sales network.

The key goals and objectives of the joint venture limited liability company LLK-Naftan are:

- to meet OAO Naftan's and OAO LUKOIL's demand in additives for production of commercial oils;

- to secure investments in production capacities;

- to develop highly advanced technologies, offer new additives to be used in modern highly efficient oils in order to increase the competitive advantage of OAO Naftan's and OAO LUKOIL's oil produce.

At the initial stage the joint venture limited liability company LLK-Naftan will generate an output of 20 to 25 ths. tons of additives per year. It is planned to step

up production to 40 ths. tons per year by 2010. The joint venture will meet up to 90% of LUKOIL's demand in additives.

Petr Katulsky who previously worked as the head of oils, additives and bitumens production at OAO Naftan was appointed General Director of LLK-Naftan.

OOO LLK-International was established at the end of 2005 and was based on OAO LUKOIL's Oils Production and Sales Department. OOO LLK-International will consolidate the whole process of production and sale of oils at such refineries as OOO LUKOIL-Nizhegorodnefteorgsintez, OOO LUKOIL-Permnefteorgsintez, OOO LUKOIL-Volgogradneftepererabotka, OAO Beloil (Tyumen Oblast), OAO Petrotel-LUKOIL (Romania), and AO Teboil (Finland).