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LUKOIL APPROVES DEVELOPMENT PROGRAM FOR PAYMENT CARD SYSTEM AT FILLING STATIONS

OAO LUKOIL Management Committee approved OAO LUKOIL-Inter-Card development program for 2008-2017. It is a 100%-owned subsidiary of the Company, which acts as an operator for development and maintenance of the settlements system at LUKOIL filling stations by applying plastic cards (LICARD).

Among other things, according to the program, the number of LUKOIL filling stations equipped with LICARD terminals is to increase from almost 3 thousand in the beginning of 2008 up to 5.2 thousand by 2017. Within the same period the number of LUKOIL cards in circulation will increase from 1.75 million up to over 7 million pieces.

The project investments will exceed USD 22 million.

The program envisages introduction of the so-called 'one-stop' principle, i.e., LICARD equipment will accept the greatest possible number of cards of different systems (bank cards of international payment systems with a magnetic stripe or a microchip, cards of local banking systems and cards of different oil and processing companies).

The system is also designed for operation with multi-function cards, for instance, microprocessor-based cards combining a banking application, a fuel LICARD application and a loyalty application.

LUKOIL-Inter-Card will also be able to offer different card products and cuttingedge technologies. For instance, the LICARD system envisages integration with notouch cards, no-touch car identifier LICARD Control, payment for engine fuel and services via a cellular phone, self-servicing of clients via an Internet portal and the establishment of a multilingual Call Center.

A uniform international fuel card (UIFC) is one of the new products by LUKOIL-Inter-Card. By means of this combined (a chip plus a magnetic stripe) multicurrency card for legal entities it is possible to pay for petroleum products, goods and services throughout the Company's network of filling stations, receive VAT reimbursement in the countries where it is stipulated by the legislation and get full account of all UIFC transactions in the form convenient for the client, including

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via the Internet.

UIFC is already accepted within the Company's filling network in Russia and Belarus. By 2010 this card will have been introduced into all (except the USA) LUKOIL overseas filling stations.

The 'loyalty' card is a new product for individuals. It is designed to accumulate bonuses when paying for petroleum products, goods and services, use them at LUKOIL filling stations, and receive discounts for goods and services by the Group's partners. By 2010 this card will have been introduced in Russia, Belarus and all (except the USA) LUKOIL overseas filling stations.

At the beginning of 2008 the retail chain of the Company comprised over 6 thousand filling stations, among them over 1.8 thousand stations in Russia, over 2.2 thousand stations in Europe. In addition, LUKOIL acquired 693 filling stations in Turkey in July, 2008.