PRESS RELEASE
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LUKOIL TO COOPERATE WITH ASTRAKHAN REGION

Vagit Alekperov, OAO LUKOIL President, and Alexander Zhilkin, Governor of the Astrakhan region, signed a cooperation agreement between the Company and the Government of the Region, in Astrakhan today.

Under the agreement, the Government of the Astrakhan Region will offer the Company assistance in obtaining land plots for the construction of facilities for hydrocarbon production and processing, of oil port terminals, oil plants and filling stations within the framework of the applicable legislation.

The Government will also help the Company to obtain the required permits for work in the Russian Sector of the Caspian Sea, to ensure year-round transportation of freight and personnel necessary to perform operations in this sector and also to conduct R&D and construction in the region.

The agreement also states the parties' interest in and readiness for cooperative development and the implementation of projects aimed at the construction of electric power plants of a new generation and also of renewable-energy power plants.

When placing orders for the manufacture of equipment, steelwork and other engineering products, LUKOIL will give preference to the enterprises located in the Astrakhan Region, provided their products are competitive and all of the tender procedures are complied with.

LUKOIL also provides financing for the construction of environmental facilities, reproduction of sea and land bio-resources, and monitoring of biodiversity in the swamplands of the Lower Volga, including satellite monitoring of the Northern Caspian Sea.

The agreement will be valid for five years.

On the same day, Vagit Alekperov, Alexander Zhilkin, the Astrakhan mayor Sergey Bozhenov and also Evgeniy Zhivoglazov, Head of a Department of the "Our Future" Fund of Regional Social Programs, also signed a reciprocal agreement on the construction of a kindergarten designed for 240 kids, in Astrakhan.

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The “Our Future” Fund was established by Mr. Alekperov to support social entrepreneurship projects.

Under the terms of the document, funding for the construction of the kindergarten will be provided by OOO LUKOIL-Nizhnevolzhskneft, a wholly-owned subsidiary of the Company, while “Our Future” will pay for the interior finishing and will also purchase all the equipment. When finished, the kindergarten will be donated to the city.