PRESS RELEASE
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LUKOIL RECOVERS LOSSES FOR VOLGOGRAD REFINERY ACCIDENT

LUKOIL has started to recover losses from OAO Kapital Strakhovanie for the fire outbreak accident at ELOU-AVT-6 unit (fuel production) at OOO LUKOIL-Volgogradneftepererabotka which occurred on March 10, 2007.

As reported earlier, the fire outbreak at the unit was brought under control 2 hours after it had started. The accident resulted in no casualties. There was no land contamination. Equipment decompression caused the incident, which lead to immediate combustion of petroleum products. Under the insurance agreement, the cost of lost and damaged property reconstruction shall be compensated, as well as expenses on clearing debris from the site, dismantling damaged units and installing new equipment.

Insurance coverage of seven oil refineries, three petrochemical plants and four gas processing plants of the LUKOIL Group located in Russia, the Ukraine, Bulgaria and Romania is run according to a long-term program of Kapital Insurance Group. Reinsurance program placement is carried out by Willis, an international broker, in the most prominent insurance companies featuring highest reliability index. AIG, an international insurance giant, runs LUKOIL's reinsurance program.

The property is covered by the all risks insurance. Insurance coverage is unified for all LUKOIL companies. The liability limit for each insured accident amounts to USD 400 million, which is the highest indicator in the Russian oil industry.

LUKOIL won the Best Project in Insurance Coverage Development award in the contest titled 'Best Risk Management Project at Enterprises and Financial Institutions' held for the first time by Expert RA, a rating agency.

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