PRESS RELEASE
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LUKOIL AND ITALY'S ERG DEFINE THE TERMS FOR CREATING A REFINING JV

Today in Moscow Vagit Alekperov, President of OAO LUKOIL ('LUKOIL'), and Alessandro Garrone, CEO of ERG S.p.A. ('ERG'), signed a supplementary agreement to the agreement (the 'Agreement') to establish a joint venture. This joint venture will operate the ISAB refinery complex in Priolo, Sicily.

The signing ceremony was held in the presence of President of the Russian Federation Dmitry Medvedev and Prime Minister of Italy Silvio Berlusconi, during the fifth Russian-Italian intergovernmental summit.

As reported earlier, the Agreement was signed in Rome on June 23, 2008. As part of the transaction, LUKOIL will acquire a 49% stake in the joint venture for a cash consideration of Euro 1.347 billion excluding inventory. ERG will retain 51%. The transaction structure provides LUKOIL with a possibility to increase its stake in future.

According to the supplementary agreement, the transaction will be closed on December 01, 2008. By that time LUKOIL will pay ERG an upfront amount of 600 million Euro. The remaining sum, including the share of the minimum operating inventory (valued at average November 2008 prices), will be deferred and paid in three instalments before the end of September 2009.

"In the unfavourable environment of a global financial crisis LUKOIL and ERG confirmed their previous decision to create an alliance before the end of 2008. Thus, both companies proved their commitment to conduct a mutually beneficial and efficient business in a strategic Mediterranean region," Vagit Alekperov said.

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