PRESS RELEASE
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LUKOIL AND KRASNODAR REGION SIGN COOPERATION AGREEMENT IN POWER ENGINEERING

Vagit Alekperov, OAO LUKOIL President, and Alexander Tkachev, Governor of the Krasnodar Region, signed a cooperation agreement in power engineering between the Company and the Region, in Moscow today.

According to the Agreement, the regional government will aid in the implementation of the Company's long-term projects aimed at the construction of new and reconstruction of the existing thermal and electric power-generating facilities in the Krasnodar Region.

Under the legislation, the Krasnodar Region administration will work to restrain the growth of energy tariffs and will engage the Company's experts in developing measures to optimize energy prices and tariffs.

To create a favorable investment climate for the construction and reconstruction of environmental facilities, the Region administration will look at the Company's proposal aiming to amend the legislation of the Krasnodar Region in order to set corporate property tax exemptions.

While implementing the investment projects, LUKOIL will contribute towards improving the industrial and scientific potential of the Krasnodar Region by attracting (via tenders) industrial, research, contracting and other organizations, for the most part those located within the Region, provided that the quality of the work performed by these organizations, the services rendered and the goods supplied by them comply with the requirements of the Company.

LUKOIL will ensure high-quality maintenance, repair and management of the high-risk facilities owned by the Company, and also ensure compliance with the maximum permissible environmental-impact standards which guarantee environmental safety.

The Parties will jointly participate in the development and implementation of integrated programs of power-industry development for the Region, including those aimed at increasing the share of joint generation of electric and thermal power.

The Agreement is valid till December 31, 2014.

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