PRESS RELEASE
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LUKOIL PRESIDENT SPEAKS BEFORE COLUMBIA UNIVERSITY STUDENTS

Vagit Alekperov, OAO LUKOIL President, addressed Columbia University students in New York City yesterday.

The Company's CEO shared LUKOIL's plans to increase hydrocarbon production and refining output in Russia and abroad.

According to Mr. Alekperov, production peak is unlikely to take place in the next few decades, however the share of the so-called costly crude oil (offshore, high-viscosity and oil produced from gas and coal) will be on the rise. At the same time, only continental shelf fields can ensure a tangible production increment. This is the reason why Russia is involved in the Arctic shelf border alignment and is establishing international consortia for its development.

LUKOIL also intends to take an active part in the development of Russia's Arctic and Far Eastern shelf, now that the Company has got vast experience in similar operations in the Baltic and the Caspian regions.

LUKOIL's Strategic Development Program provides for a considerable growth of key performance and financial indicators. Over the next decade the share of gas in LUKOIL's overall production will rise from 10% to 30%. The Company's foreign subsidiaries will account for one fifth of the production and half of the refining.

Besides Russia, the key role in development of production activities of the LUKOIL Group will be played by the Caspian region, the Middle East, Africa and Latin America. The Company also intends to strengthen its positions on the mainstream markets of Europe, Asia-Pacific region and North America.

The next step will be organization of direct supplies of Russian oil to the USA. At present, LUKOIL is completing construction of a unique transportation system in the north of Russia, which will allow to supply up to 240 thousand barrels of oil to the United States daily.

LUKOIL can also deliver oil to the USA from its Latin America fields. A trial oil consignment (from Condor Field in Columbia) was exported to the USA earlier this year. Besides, the Company continues the appraisal of heavy-oil fields in Venezuela.

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