PRESS RELEASE
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LUKOIL AND AVTOVAZ PROMOTE COOPERATION

Vagit Alekperov, President of OAO LUKOIL, and Boris Aleshin, President of OAO AVTOVAZ, signed a Cooperation and Technical Partnership Agreement for 2009-2012 between the companies inMoscow today.

Under the agreement, among other things, OAO AVTOVAZ shall purchase petroleum products, oils and liquids by OAO LUKOIL at prices calculated according to a formula in relation to market markers.

AVTOVAZ shall also place slogans reading “AVTOVAZ Recommends LUKOIL Oils”, and “EKTO Fuel” logos in the service manuals for all cars manufactured by AVTOVAZ. Besides, AVTOVAZ shall recommend the service stations incorporated in its network to use LUKOIL fuels and lubricants when servicing cars within the warranty and post-warranty period.

On its part, LUKOIL shall supply high-quality gasolines, diesel fuel and lubricants, including first filling engine and gear oils to ensure undisturbed operation of the conveyor unit and process equipment.

To enhance competitiveness, LUKOIL and AVTOVAZ shall study joint possibilities of manufacturing and testing of promising fuels and lubricants with their subsequent certification and obtainment of use permits. At present, within the partnership framework with AVTOVAZ, a specialized company, LLK-International (OAO LUKOIL wholly owned subsidiary), has already developed a range of special engine oils and successfully completed the testing of “LUKOIL TM-4” and “LUKOIL TM-5” gear oils.

The parties have also reached an agreement on pursuing a uniform engineering policy in the sphere of quality enhancement of fuels and lubricants to ensure their compliance with the current international requirements in terms of performance properties and environmental safety standards.

In 2008, LUKOIL supplied oils in the amount of over RUR 350 million to AVTOVAZ. In the first quarter of 2009 the supply volume came to over 730 thousand tons. The share of LUKOIL first filling oils for LADA cars amounts to 100%. The share of LUKOIL oils for AVTOVAZ process equipment exceeds 85%.

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