PRESS RELEASE
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LUKOIL AND TRANSNEFT SIGN COOPERATION AGREEMENT

Vagit Alekperov, OAO LUKOIL President, and Nikolay Tokarev, President of OAO AK Transneft, signed a cooperation agreement between the companies, today.

In order to ensure uninterrupted supplies of high-quality engine fuel to the domestic market, and based on the development outlook of the pipeline system, the parties agreed on enhanced volumes to be refined at the LUKOIL-Volgogradneftepererabotka refinery.

As part of the project, LUKOIL will partially sponsor the expansion of the system of trunk pipelines and guarantee that a minimum of 3 million tons of EURO-5-compliant diesel fuel will be delivered yearly to Transneft's system of trunk oil-product pipelines over a 15-year period. In its turn, as part of a partial-financing arrangement, Transneft will ensure increased supplies of LUKOIL oil to the Volgograd refinery and issue technical specifications for connection to the oil-product pipeline Yug.

In addition, in order to ensure the full load of the product-pipeline system, under modernization now, LUKOIL will hand over to Transneft, while Transneft will accept to its system of trunk oil-product pipelines, petroleum products in the amount of 10 million tons per year, including 1.8 million tons of diesel fuel from the LUKOIL-Permnefteorgsintez refinery, as well as another 5.4 million tons of diesel fuel, 2.1 million tons of automobile gasoline and 0.7 million tons of aviation kerosene, all from the LUKOIL-Nizhegorodnefteorgsintez refinery.

As part of the project Sever, which provides for the expansion of the system of trunk oil-product pipelines, the parties will also take steps to develop the infrastructure of the main pump station Primorsk in order to increase the volume of diesel-fuel transportation to the port of Vysotsk (Leningrad Oblast) from 1.5 million tons per year to 3 million tons per year, starting in November of 2015. At the same time, LUKOIL will maintain the volume of diesel-fuel supply to the main pump station Primorsk at the level it was on the date of the agreement execution.

The agreement also stipulates that based on the thermohydraulic calculation results for the Usa-Ukhta-Privodino-Yaroslavl trunk oil pipeline, Transneft will consider the possibility of issuing technical specifications for acceptance of the oil from LUKOIL's Yaregskoye field in the amount of at least 3.5 million tons per year, to be

accompanied by appropriate operations to enhance the capacity of the pipeline.

“I am quite sure that better cooperation between our companies will contribute to the development of Russia’s pipeline system and strengthen the competitive advantages of the Russian Federation’s petroleum industry,” Mr. Alekperov said.

In his turn, Mr. Tokarev noted that the execution of the agreement was an example of fruitful partnership focused on the efficient implementation of major infrastructure projects in Russia’s fuel-and-energy sector.