PRESS RELEASE
FEBRUARY 18, 2008

LUKOIL CREATES A COMPANY TO OPERATE POWER GENERATION ASSETS

The Management Committee of OAO LUKOIL (the Company) held a meeting in Moscow today to approve the procedure of acquisition of a 82.3% interest in OAO UGK TGK-8 (TGK-8), which represents 1,696,675,068 701 shares worth RUR 67.5 billion. The acquisition will be paid for with 23,550,000 registered ordinary shares of OAO LUKOIL and with cash.

The acquisition is expected to be completed before June 01, 2008.

The acquired power industry assets will be operated by a specially created entity, LUKOIL Power Generation Ltd (a 100% subsidiary of OAO LUKOIL).

As reported earlier, the Board of Directors had approved acquisition of a controlling interest of OAO UGK TGK-8 by LUKOIL Group.

TGK-8 is one of the major gas consumers in the Southern Federal District with the annual consumption reaching 6 billion cubic meters per year. Its power plants are located in Astrakhan, Volgograd and Rostov regions, Krasnodar and Stavropol Districts, and the Republic of Dagestan.

By purchasing TGK-8 shares, LUKOIL expects significant synergies through natural gas supplies from the Company’s gas fields located in the Northern Caspian and in Astrakhan region, which will allow the Company to reach efficient gas price.

In future LUKOIL intends to develop its power generation business. The Strategic Development Program of LUKOIL Group for 2008-2017 envisages establishment of a separate Power Engineering Business Segment in the Company. Development in this area is considered one of the major factors contributing to the Company’s capitalization growth.

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