PRESS RELEASE
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LUKOIL WILL CARRY ON INVESTMENT IN SOCIAL SERVICES

Vagit Alekperov, President of OAO LUKOIL, delivered a speech at the reporting conference of the International Association of Trade Union Organizations of OAO LUKOIL held in Moscow today.

‘In the early 90-s LUKOIL became the first company in the industry to have established a trade union association based on the principle ‘one employer – one trade union’. Thus, we succeeded in retaining stability in the work collectives and initiating a constructive dialogue with the Company’s employees. Over the 15 years since its establishment, the Association has acquired profound experience in cooperation between the trade union organization and the employer. The features of the well-balanced social package were elaborated during this period jointly with the employees and the trade union association. It allows both the employees and the Company to be confident about the future’, Mr. Alekperov said.

In the meantime, the global economic growth rate is slowing down, thus leading to a lower demand for energy carriers. The oil prices dropped 3.5 times within the last six months. LUKOIL experts suggest that the low oil prices will last for at least one and a half or two years. It means that the Company will have to adjust its plan, budget and the investment program to the present situation

Under these conditions, the Company has to cut its operating costs. Starting from the fourth quarter of 2008, all LUKOIL Group organizations introduced a rigid economy mode. Financing under the investment program has been reduced.

At the same time, the Company does not intend to reduce the number of employees or cut their salary. LUKOIL shall also fulfill its social obligations. The sixth Agreement between the Employer and the Trade Union Association for 2009-2011 was signed in September, 2008. According to the well-established practice, the new Agreement is as good as the previous one, signed in 2005, in terms of the scope of social guarantees.

The OAO LUKOIL Management Committee expects the International Association of Trade Union Organizations to support its efforts aimed at ensuring the Company's steady operations and stability in the work collectives during the crisis.

‘Retention of the present human resources potential, attraction of new talents, building a vision of employees as a key strategic resource, training of young specialists for better performance during economic recovery are top priorities in our human resources policy under the present economic conditions', Mr. Alekperov said.