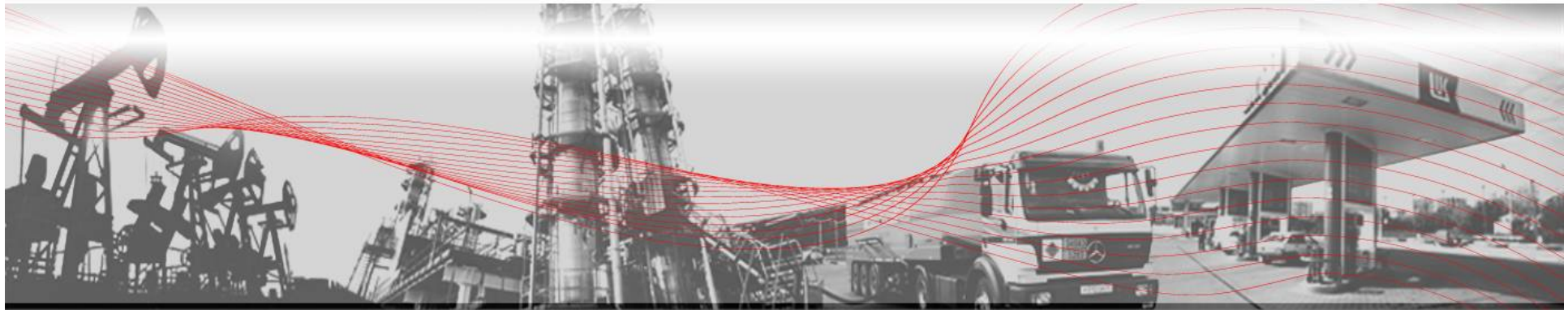




LUKOIL and ERG form ISAB Refinery Joint Venture



June 2008

Forward-Looking Statements



- Certain statements in this presentation are not historical facts and are “forward-looking.” Examples of such forward-looking statements include, but are not limited to:
 - projections or expectations of revenues, income (or loss), earnings (or loss) per share, dividends, capital structure or other financial items or ratios;
 - statements of our plans, objectives or goals, including those related to products or services;
 - statements of future economic performance; and
 - statements of assumptions underlying such statements.
- Words such as “believes,” “anticipates,” “expects,” “estimates”, “intends” and “plans” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.
- By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. You should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements, including our ability to execute our restructuring and cost reduction program.
- When relying on forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which we operate. Such forward-looking statements speak only as of the date on which they are made, and we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. We do not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.

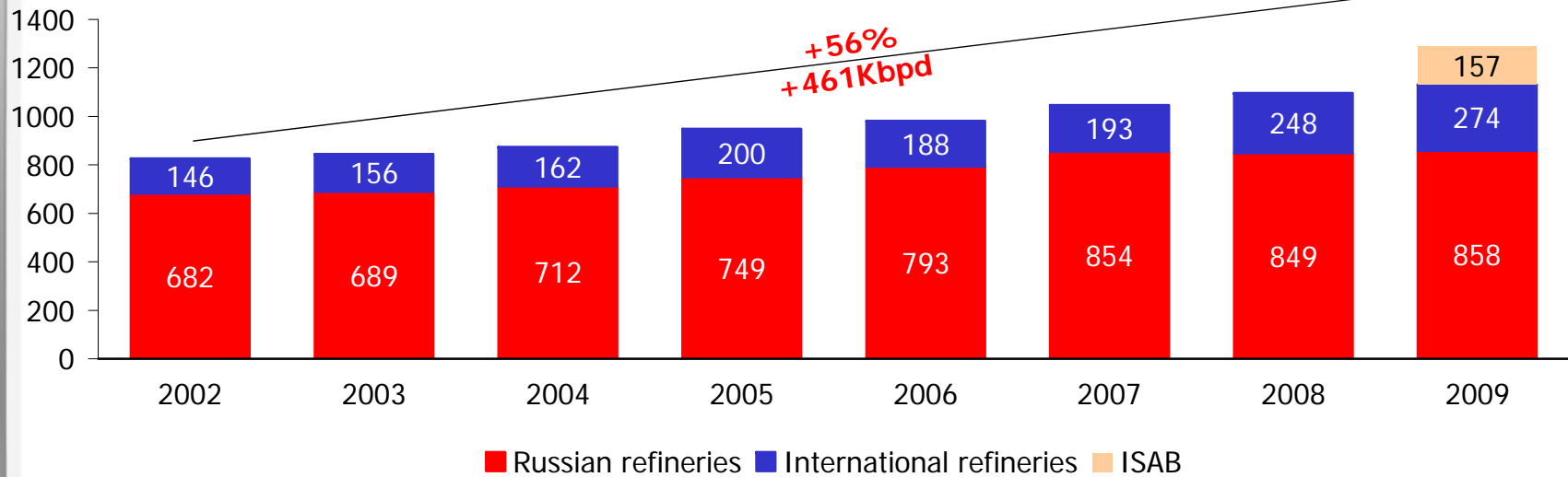
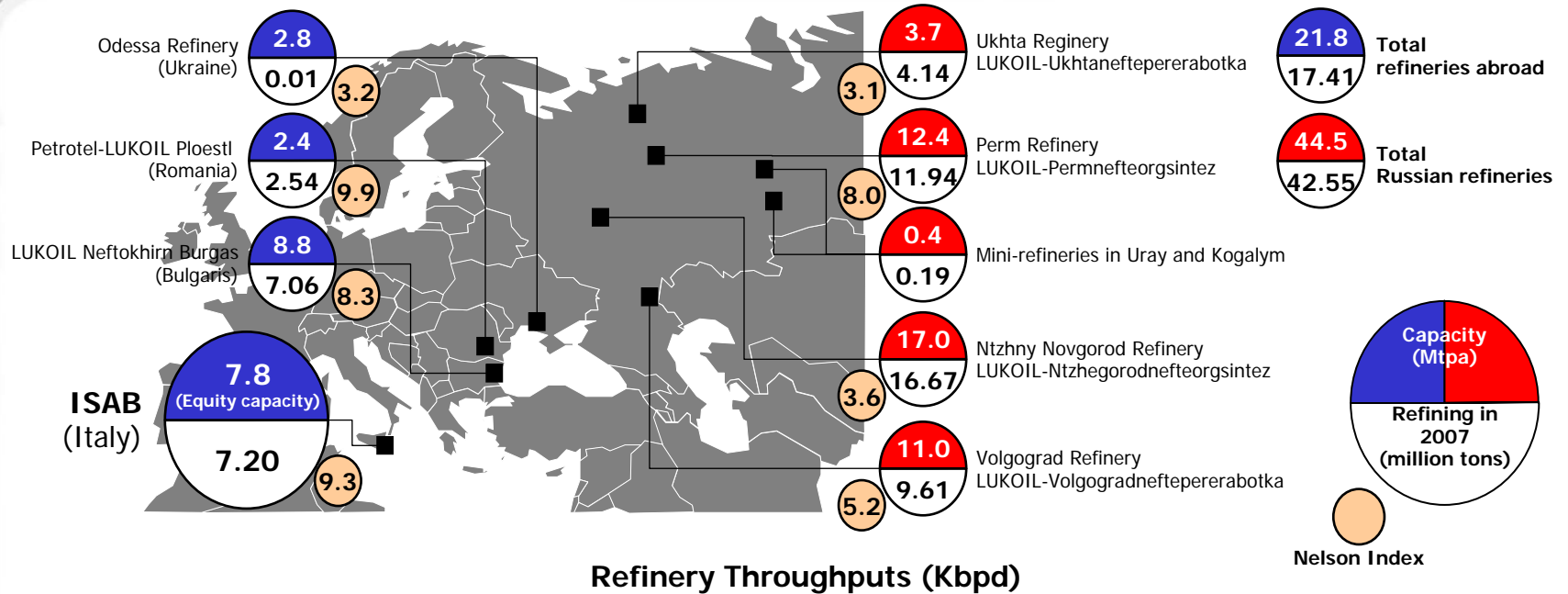
Transaction Overview



LUKOIL and ERG S.p.A. signed agreement to set up a joint venture to operate ISAB refinery in Sicily

- On 23 June 2008, LUKOIL executed an agreement to acquire a 49% stake in a newly-established joint venture company operating the ISAB refinery. LUKOIL has paid, in cash, €1.3 billion, excluding inventories
- ISAB is a 320Kbpd (16Mtpa) supersite refinery strategically located in the Mediterranean region in south-east Sicily
 - One of the largest and most complex refineries in the Mediterranean region with a Nelson complexity of 9.3
 - Recently upgraded to focus on middle distillate production, flexible crude slate
 - Attractive long-term contracts in place for off-take of asphalt, naphtha and other products
 - Strategic location ensuring access to crude and growing middle distillate markets in the Mediterranean region
- The refinery to be jointly operated as a cost centre with separate responsibilities for crude supply and product marketing, thus providing strategic flexibility for both partners
 - Transaction structured as an equal partnership
- Strategic portfolio balancing and earnings improvement to LUKOIL
 - 13% increase in Group's refining capacity, International refining grows to 33% of total
 - Access to Mediterranean market at the high margin period, enhancement of trading position
 - No execution risk of major capital projects involved
 - Strong earnings potential, significant synergies anticipated

Increased Scale and Geographic Diversification



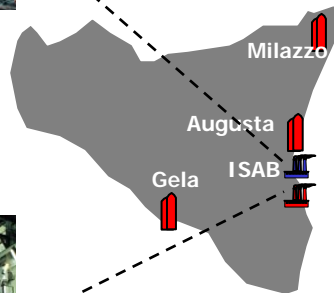
Overview of ISAB



ISAB Nord Refinery



ISAB Sud Refinery



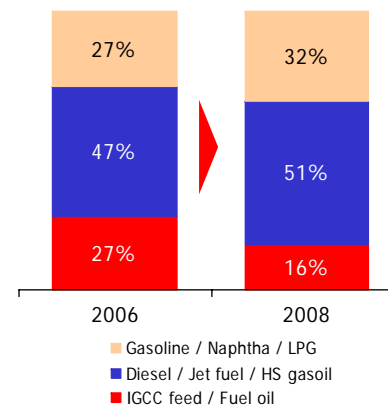
Refining units capacity (Mtpa)

Topping	19,0
Distillate hydrotreatment	8,1
Conversion	
Mild hydrocracking	4,5
Thermal cracking	2,7
Catalytic cracking	1,8
Visbreaking	2,3
Deasphalting	1,6

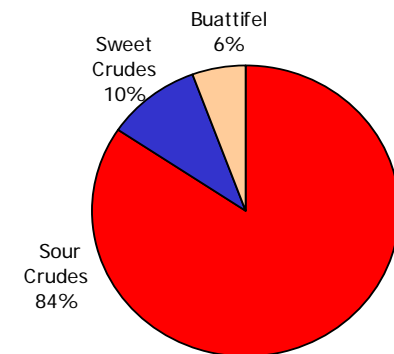
Key Characteristics of ISAB

- North and South refinery sites (16 Mtpa), including infrastructure (tanks, jetties, etc.)
 - Until 2004, ISAB was a refining complex operated as two single entities
- Two sites integrated in 2006 (6 km apart)
- Nuce Sud power plant (99MW)
- **Refinery crude slate designed for medium sour crude of a similar quality to Urals**
 - Crude slate dependent on pricing / availability of opportunity crude oils
- **The upgrade programme, which started in 2004 and was completed in 2008, will help realise full benefit of increased demand in middle distillates**
 - Substantial increase of low sulphur diesel fuel production by installing new mild hydrocracker and gasoil hydrotreaters
- **Integration / recent capex results in substantial reduction in high sulphur diesel fuel and fuel oil yield**
- **Fully new European fuel specifications (2009) compliant**

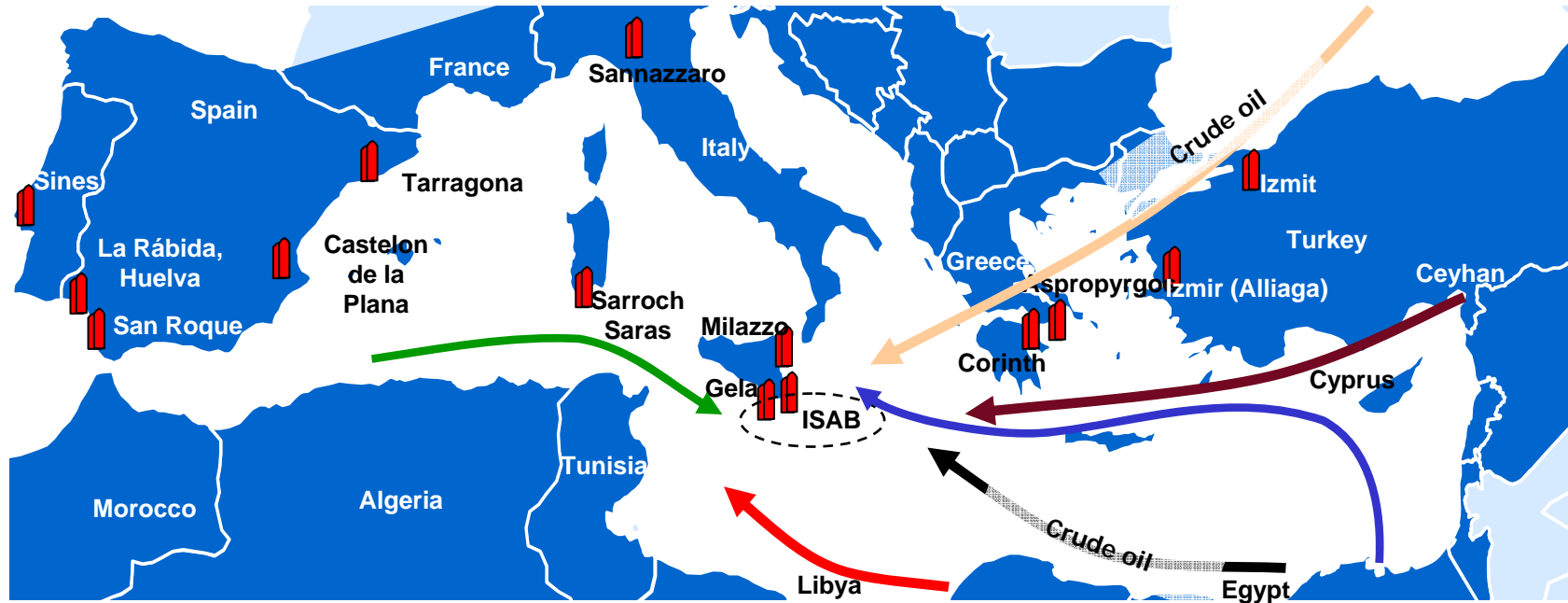
Yields



Crude slate in 2008



Strategic Location



Crude Flows (Mediterranean Region)
2010 MMT/yr

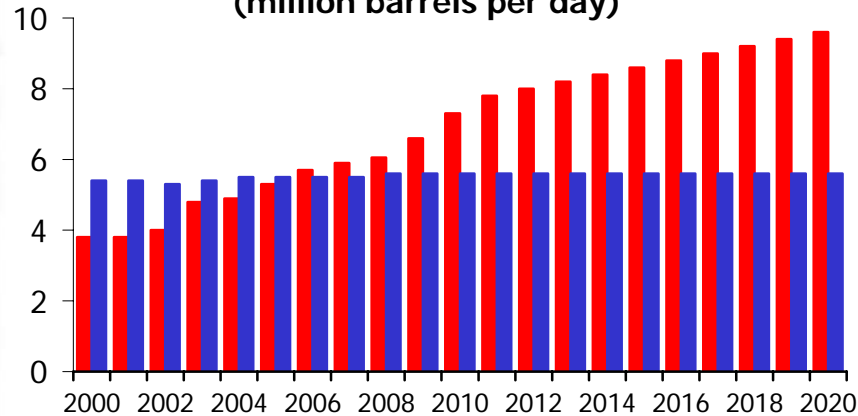
Black Sea	135.6	} 455.2
Middle East	75.8	
Libya	97.5	
Algeria	74.3	
BTC	50.8	
Egypt	21.2	

ISAB is strategically located in the heart of crude oil and product trading of Mediterranean

The Transaction Protects LUKOIL's Profits from Price Volatility



**Crude Supply and Demand
(million barrels per day)**

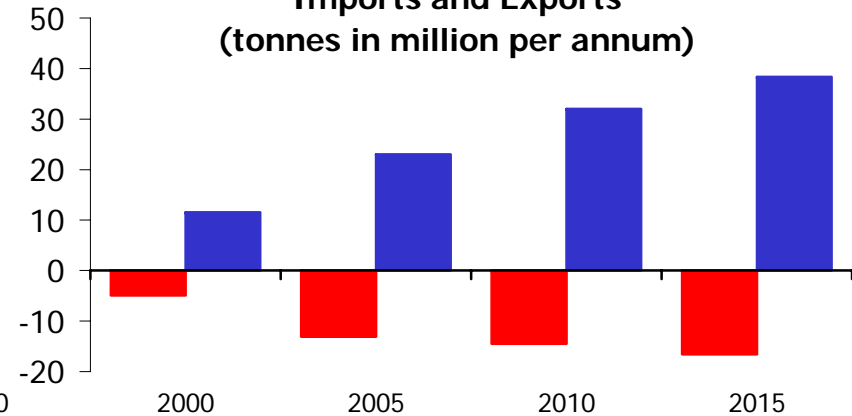


■ Crude exports ■ Crude imports

- The Mediterranean region is expected to significantly grow its crude production which will cover large portion of local demand
 - As a result, imports of crude from other regions including Russia will be less competitive
- Price pressure may result, causing discounts on crude oil passing through the region
- Downstream integration is a possible strategy for LUKOIL to place its crude in the Mediterranean and move LUKOIL production down the value chain

Acquisition of a refinery in the Mediterranean reduces the risks of price discount for Russian exports

**Mediterranean Regional Product Imports and Exports
(tonnes in million per annum)**



■ Gasoline (Export) ■ Diesel (Import)

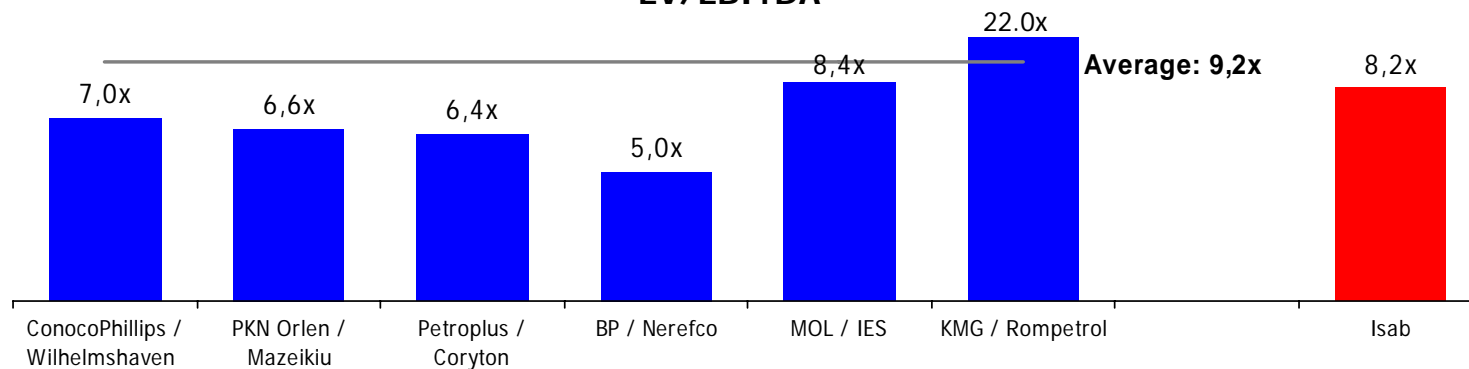
- Overall demand for petroleum products in the region is expected to remain stable
- Majority of product growth is in middle distillates resulting in significant import requirements to meet demand, even after capacity expansions are accounted for
- Gasoline exports expected to remain high
- Export market demand (US, Iran) may diminish due to capacity increases, and changes in domestic policy

High diesel fuel yield at ISAB (over 50%) favourably positions it to capitalize on regional fuel demand trends

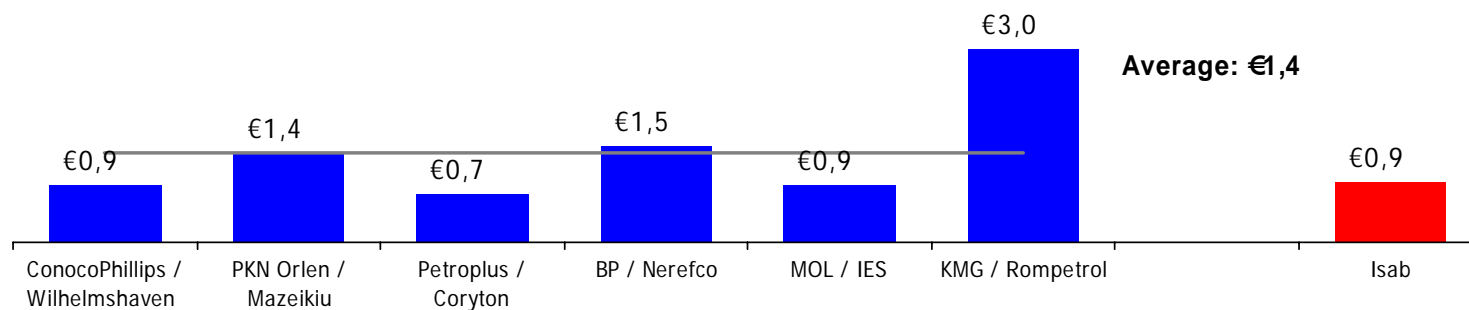
Refinery Industry Comparable Acquisitions



EV/EBITDA



€k / bpd / Nelson Complexity



Transaction Value *

€1,061m

€1,923m

€1,070m

€2,192m

€489m

€2,654m

€2,750m **

Announcement date

Nov-2005

May-2006

Feb-2007

Mar-2007

Jul-2007

Aug-2007

Jun-2008

* Transaction value assumed to be net of working capital.

** Based on EV (excluding net working capital) of €2,750m for 100% of ISAB and EBITDA 08E of €336m (Q1 08A annualised).

Conclusions



The acquisition of a 49% stake in ISAB provides substantial strategic benefits to LUKOIL

- LUKOIL gains access to one of the largest and most complex refineries in the region
- The transaction increases LUKOIL's earnings and generates significant synergies
- The refinery is already optimized to satisfy the growing middle distillate product demand in the region
- The JV will be jointly operated as a cost centre and is structured as a partnership of equals allowing both partners to meet their strategic needs
- The transaction substantially increases the scale of LUKOIL's refining operations and fits well with its long-term international downstream strategy
- ISAB is a strong refining base that acts as a hub for further downstream expansion by LUKOIL within Europe