

PRESS RELEASE
MAY 27, 2011

LUKOIL LAUNCHES POLYVINYL CHLORIDE PRODUCTION AT
KARPATNEFTEKHIM

Karpatneftekhim, member of LUKOIL Group located in Kalush (Ukraine), has launched industrial production of suspension polyvinyl chloride (PVC).

The rated capacity of the new production is 300,000 tons of PVC per year. The investments into the project reached USD 236 million and its implementation started in 2007 .

The technology applied makes it possible to produce world-class PVC of 6 different brands. There are two completely independent lines at the plant, which ensures process flexibility and allows the Company to produce a wide range of goods.

In addition, Karpatneftekhim can promptly respond to the market requirements in terms of end product shipment, which can be in big bags, polymer containers or bags.

The products of the new PVC plant will be sold in Ukraine, Russia and a number of Eastern European countries.

As reported earlier, in 2010 Karpatneftekhim started production of 200,000 tons of caustic soda and about 180,000 tons of chlorine per year, which fully satisfies the demand of the PVC plant for this stock.

In 2010, Karpatneftekhim also resumed production of 250,000 tons of ethylene and 100,000 tons of polyethylene per year.