PRESS RELEASE
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LUKOIL EXPANDS COOPERATION WITH THE UKRAINE

Yesterday in Kiev LUKOIL President Vagit Alekperov and Head of the City of Kiev Alexander Omelchenko signed a cooperation agreement between the Company and the City executive board.

The parties agreed to expand their cooperation in the sphere of crude oil and refined products marketing in Russia and the Ukraine and outlined their joint steps to ensure manufacturing and supplies of oil field and engineering equipment.

As a supplement to the agreement which outlined basic principles and guidelines of cooperation, a protocol on implementation of specific joint projects has been signed.

In particular, the Kiev city executive board considers LUKOIL as a supplier of oil products to the city consumers and will support LUKOIL's efforts aimed at expanding its activities in this sphere. The Company, in its turn, will start preparation for construction of 10 filling stations in the city (5 will be built until the end of this year) and, by the end of 2000, will bring into operation a new retail outlet with a full range of motor services on the ring road which is under construction now.

The documents signed is another step contributing to the development of LUKOIL's activities in the Ukraine. In April 1999, LUKOIL Sintez Oil Ltd., LUKOIL's subsidiary, acquired a controlling stake (51.9%) in the Odessa refinery. The refinery with an annual throughput of 3.9 million tons specializes in production of motor gasoline, diesel fuel, fuel oil, oil bitumen and liquefied gas. In 1998 the refinery processed about 2 million tons of oil. At present, an investment program aimed at increasing the refining depth is being worked out. In addition to that, LUKOIL operates 10 filling stations in the Crimea, 5 of which are operated under franchising agreements.

«Kiev and the Ukraine, in general, are a promising and important region for the Company,» said LUKOIL President Vagit Alekperov. «This agreement is another step on the way to restore economic and industrial links between Russia and the Ukraine».

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