PRESS RELEASE
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COLORADO STATE COURT IN US HAS DISMISSED THE CLAIM OF ARCHANGEL DIAMOND CORPORATION AGAINST OAO ARKHANGELSKGEOLDOBYCHA AND OAO LUKOIL

On Tuesday, October 15, 2002, OAO LUKOIL and OAO Arkhangelskgeoldobycha won an expected victory in the courts of Colorado. The District Court of the City and County of Denver granted OAO LUKOIL's and OAO Arkhangelskgeoldobycha's motions to dismiss in a case filed by Archangel Diamond Corporation ("Archangel"). This marks the third time that a legal body has ruled that it lacked jurisdiction to hear Archangel's claims against OAO LUKOIL and OAO Arkhangelskgeoldobycha. Previously the Stockholm arbitration tribunal and the United States Court for the District of Colorado held that they lacked jurisdiction over Archangel's claims.

Archangel had alleged among other things breach of contract and breach of certain common law duties, claiming that AGD failed to honor a series of agreements providing for the transfer of a diamond field development license to Archangel. Archangel sought to recover approximately $4.8 billion comprised of $1.2 billion of actual and $3.6 billion of punitive damages. Archangel argued in circumvention of Colorado law and the Due Process Clause of the United States Constitution, despite the parties' negotiations having taken place outside of the United States, the diamond field being located in the Russian Federation, and all required contractual performance occurring in the Russian Federation. Thus, ADC brought what was clearly a Russian claim in a Colorado court. Recognizing this, the Colorado court denied this attempt, noting that it had "no personal jurisdiction over ADG [sic] or LUKOIL in this matter, either pursuant to [Colorado law] or the Due Process Clause [of the United States Constitution]."

The result of the court's decision is to completely dismiss OAO LUKOIL and OAO Arkhangelskgeoldobycha from the Colorado proceeding. The decision confirms what OAO LUKOIL has consistently argued – that this case should be decided by the courts of the Russian Federation. OAO LUKOIL has already publicly stated that it will submit to the jurisdiction of the courts of the Russian Federation, and will abide by whatever ruling the Russian court reaches with regard to the contested diamond license.

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