PRESS RELEASE
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LUKOIL-NEFTECHEM PLANS TO ACQUIRE «NITRON» PETROCHEMICAL PLANT

Today in Moscow President of LUKOIL Vagit Alekperov and Governor of the Saratov region Dmitri Ayatskov signed a Protocol stipulating for LUKOIL-Neftechem's intention to acquire the assets of Nitron petrochemical plant. This Protocol is a follow-up on the cooperation agreement signed between the government of the Saratov region and LUKOIL on June 25, 1997.

Nitron, founded in 1953, specializes in manufacturing of a variety of chemicals such as phenol, «Nitron» synthetic fibers, methyl metacrilate products. The plant is the only producer in Russia of acrylic acid nitrile which is used for synthetic fibers production.

LUKOIL-Neftechem, LUKOIL's sibsidiary, was established in 1997 to develop the Company's petrochemical sector. LUKOIL-Neftechem is focused on attracting investment to the petrochemical sector.

Since April 1998, LUKOIL-Neftechem has been participating in the management of Stavropolpolimer petrochemical plant in Budennovsk (the Stavropol region). Over this period the plant reached its designed capacity in ethylene, propylene, polyethylene, vinyl acetate production. Stavropolpolimer holds a leading position in the CIS petrochemical markets and plays an important role in strengthening Russia's export potential.

LUKOIL-Neftechem targets to restore traditional links between Stavropolpolimer and Nitron and production cooperation of petrochemical plants of Saratov, Budennovsk, Volgograd and Perm.

«Nitron's possible acquisition is another example of successful cooperation of LUKOIL and the government of the Saratov region», - said LUKOIL President Vagit Alekperov. «Soon Saratov will see an efficient plant and LUKOIL will strengthen its petrochemical sector contributing to the improvement of the company's operating and financial performance.»

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