PRESS RELEASE
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# LUKOIL PETROL ACQUIRED THE RIGHT TO PURCHASE A CONTROLLING STAKE IN A BULGARIAN PETROCHEMICAL PLANT

Today in Burgas (Bulgaria) an agreement on the purchase of 58% of the Neftokhim petrochemical complex by LUKOIL Petrol, a subsidiary of LUKOIL, has been signed.

In accordance with the terms of the agreement the controlling stake will be purchased at $101m. Besides, $408.3m. will be invested in the modernization of the plant until 2005. The plant's debt to the state will be also discharged.

Neftokhim is located 15 km from Burgas sea port on the Black sea. This is the largest complex in the Balkans and it has been operated since 1964. Neftokhim comprises a refinery, a petrochemical and a polymer plants. The designed capacity of the complex is 10.5 million tons a year. The refinery is designed to process crude oil with a 1.5% content of sulfur. The refining depth reaches 70%. About 80% of oil supplied to Neftokhim is done by Russia.

The refinery has a processing complex for manufacturing a wide range of oil products such as gasoline, liquefied gas, jet and diesel fuel, heating oil, bitumen. The petrochemical plant can produce ethylene, benzol, toluene, phenol, acetone. The polymer plant produces polyethylene, polypropylene, polystyrene and latex. A high degree of integration of oil refining and petrochemicals ensures a flexible reaction to the market environment.

«We set the task to upgrade Neftokhim that has been built with the help of the Soviet Union and to make it a leading company in its sector in the Eastern Europe», said LUKOIL's President Vagit Alekperov. «We also plan to develop a retail network in Bulgaria to secure a strong position on the local fuel market.»

LUKOIL plans to develop actively the Eastern and Central European markets in future.

Today Vagit Alekperov, President of LUKOIL, and Alexander Bozhkov, Vice Premier of the Republic of Bulgaria, have signed a memorandum on cooperation between the Company and the Government of Bulgaria.

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