PRESS RELEASE
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VAGIT ALEKPEROV, PRESIDENT OF OAO LUKOIL, SIGNS A MEMORANDUM OF UNDERSTANDING WITH LYAZZAT KIINOV, PRESIDENT OF ZAO KAZMUNAIGAZ

Today in Almaty, Kazakhstan, Vagit Alekperov, President of OAO LUKOIL, and Lyazzat Kiinov, President of ZAO KazMunaiGaz Oil Company, signed a "Memorandum of Understanding in the Area of Cooperation on Exploration and Production of Hydrocarbons in the Kazakh and Russian Sectors of the Caspian Offshore" ("MOU").

The MOU envisages the joint study and assessment of geological data and exploration and production of the prospective sea structures located in the Kazakh and Russian sectors of the Caspian offshore.

Within 15 days following the execution of the MOU, the parties shall create a working group to manage their joint projects. The MOU shall be effective till November 30, 2003, and during this period the parties shall come to an agreement on creating a joint venture to conduct exploration and production of hydrocarbon on the Caspian Sea shelf.

It is stated in the MOU that KazMunaiGaz and LUKOIL possess significant financial and technical resources to effectively implement oil and gas projects in the sea.

Having signed the MOU, Mr. Kiinov said, "this document signifies a new stage in productive cooperation between our companies that is traditionally characterized by close interaction in all spheres."

Mr. Alekperov reconfirmed our fundamental position that the development of the large Kazakh oil and gas reserves can be effective only in close cooperation with the national company."

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