PRESS RELEASE
SEPTEMBER 22, 2003

LUKOIL GETS USD 225 MILLION LOAN TO FINANCE ITS VYSOTSK TERMINAL

Vagit Alekperov, President of LUKOIL and Ross J. Connelly, Executive Vice President and Chief Operating Officer of Overseas Private Investment Corporation (OPIC), signed a Loan Agreement in Saint-Petersburg today within the framework of the Second US-Russia Commercial Energy Summit.

The Agreement, designed to finance the construction of a terminal to transship petroleum products on the island of Vysotsk, Leningrad region, was also signed on behalf of Credit Suisse First Boston by Jeremy Bennett, Managing Director, Global Head of Credit and Insurance Structuring, and Kevin Hudson, Managing Director, Head of Investment Banking for the Emerging Europe.

Under the document signed, American private investment fund HBK Fund shall extend a USD 225 million credit facility to a special-purpose company «RPK Vysotsk – LUKOIL-II» for a 12-year period. OPIC shall provide a guarantee for the amount of USD 130 million, while CSFB, who arranged the financing, shall provide a USD 75million guarantee. In its capacity as Financial Consultant to LUKOIL, Fluor Corporation assisted in structuring and arranging the OPIC-based financing.

The terminal construction is performed under a lump sum turnkey contract by ZAO «LUKOIL-Neftegazstroy» jointly with Fluor Corporation, a leading US-based engineering company. Phase 1 of the terminal with an annual capacity of 2.5 million tons will be put in operation late in 2003 – early in 2004. The terminal's full annual capacity will be approximately 11 million tons. LUKOIL has already invested over USD 170 million in the construction of the terminal.

«In many respects, this Agreement is the first of its kind for both LUKOIL and OPIC. For the first time LUKOIL attracts debt financing with such a long maturity with no oil export receivables used as collateral. And it is for the first time that OPIC finances a project with 100% Russian equity ownership. The new terminal will allow the Company to considerably increase its petroleum products export capacity whilst reducing the transportation costs», President Alekperov said.

The terminal project envisages unparalleled measures to protect the environment. The remote location of the terminal guarantees protection of local residents.

Press Centre PJSC "LUKOIL"
Phone:
E-mail: media@lukoil.com

Besides, all the oil product storage tanks are double-walled, which provides for absolute protection against leakages. Safety is also ensured by ice-class double-hulled tankers. The Ministry of Natural Resources of the Russian Federation approved the project and validated its compliance with the effective Environmental Protection Regulations.