PRESS RELEASE
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OAO LUKOIL DEVELOPS ITS ACTIVITIES IN PRIVOLZHSKI FEDERAL DISTRICT

The meeting where the results and future prospects of OAO LUKOIL' activities in Privolzhski Federal District were being discussed was held in Nizhni Novgorod today. The meeting was attended by the representative of the President of Russian Federation in Privolzhski federal district Sergei Kirienko and the governor of Nizhni Novgorod region Gennady Khodyrev.

While making his speech at the meeting, OAO LUKOIL President Vagit Alekperov pointed out, in particular, that Privolzhski Federal District is the basis region for Company's activities. In the result of "NORSI-OIL" acquisition in 2001, LUKOIL, for the first time in its 10-year history ensured production and refining balance. A significant organizational structure improvement targeted at vertical integration was achieved in Privolzhski Federal District branch of the Company.

It was mentioned at the meeting that Company's investment in the region in 2001 was 15 billion rubles (USD 481 mln) with 11 billion spent on oil and gas fields exploration activities.

The main targets of Company's activity in Privolzhski Federal District were also defined on the meeting. They are: achieving steady production growth supported by Company's investments in regional oil and energy industry; ensuring profit growth of both production and marketing; supporting regional budget and its social programs with increasing tax payments; matching production growth and environmental safety programs.

The main target is regional refineries modernization and upgrade. OAO "Lukoil–Nizhegorodnefteorgsintez" development program for the period up to 2005 is aimed at refining volumes increase up to 10 mln tons per year, cost cutting and refined products quality improvement.

OAO "LUKOIL-Nizhegorodnefteorgsintez" is planning to expand Company's oil products market in Privolzhski Federal District through infrastructure development that will accompany the increase in refining volumes. The feeding capacity of "Nizhni Novgorod - Rjazan" pipeline will also be increased. The economic efficiency of Second stage of "Andreevka-Almetievsk" pipeline will also be discussed.

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Environmental safety activities in the region will be carried out in a strict compliance with Russian and International standards.

Social activities will include further increase of employees well-being, including salary, pension and medical insurance improvements. In particular, LUKOIL took an obligation to provide non-government pensions to more than 3000 employees, in a strict compliance with LUKOIL pension policy .

"Privolzhski Federal District is the key region of Company's activities", - sighted LUKOIL's President Vagit Alekperov. "We are sure that Company's success will lead to economic and social development of the region".