PRESS RELEASE
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# LUKOIL AND LATSIS GROUP WERE ANNOUNCED PREFERRED BIDDERS FOR ACQUISITION OF 23.17% STAKE IN HELLENIC PETROLEUM

On Friday, May 17, the government of the Hellenic Republic announced that, after a thorough review of the joint bid of LUKOIL and the Latsis Group (hereinafter referred to as the Partners) for the acquisition of a 23.17% stake in Hellenic Petroleum (HP), the Partners were selected as the Preferred Bidder. The next step of the privatization process envisages a period (which is expected to last 2 months) during which a wide range of issues related to the Partners' participation in HP, including corporate governance / minority protections and the expansion of the Partners' and HP's cooperation in the region (including the optimal asset combination, etc.) should be agreed.

The Partners' bid includes a package of measures aimed at achieving the most efficient partnership with HP and its transformation into a major energy company in the region. The Partners' technical and financial bid is premised on this inter-linked range of measures including specifically the technical cooperation of HP and the Partners and the degree of Partner participation in HP's corporate governance.

HP includes one of the leading refineries in Europe in Aspropyrgos near Athens (refining capacity is 140,000bbl/d, with Nelson complexity index of 9.7) which is operationally integrated with the less complex Thessaloniki refinery (70,000 bpd capacity, Nelson complexity index of 3.9). Both of HP's Greek refineries are run as a single efficient structure for the production of petroleum products and petrochemical feedstock. The company controls over 60% of the automotive fuel market in Greece with a higher market share for certain types of oil products. HP's net revenues (after excise duties) in 2000 were EUR 3,792 mln, EBITDA was EUR 391 mln and its net income amounted to EUR 194 mln. In 2001 due to a lower refining margin environment, these indicators decreased to EUR 3,377 mln, EUR 214 mln and EUR 60 mln respectively.

HP controls over a quarter of the Greek petroleum product market through a wide network of wholesale terminals and 1,537 service stations operated under HP's brands (EKO-ELDA and Mamidakis). The Company also controls OKTA - a small refinery in Skopje (Former Yugoslav Republic of Macedonia). Construction of the crude / products pipeline which will link Skopje and Thessaloniki will be completed soon. HP has marketing entities in Albania and Georgia and continues to

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expand its presence in regional markets.

LUKOIL is interested in joint efforts with HP to expand its presence in the Balkan markets, especially in Yugoslavia. These markets are expected to show the highest rates in oil product consumption growth in Europe. The combination of LUKOIL's existing Balkan assets with HP assets is likely to produce synergy benefits in these markets.

HP owns 35% of the shares and an option to acquire additional stakes in DEPA. DEPA is the monopoly transmission pipeline owner and has significant distribution company interests in the dynamic Greek gas market. Gas consumption in Greece is expected to grow by a factor of 3.5 to 4.0 by 2010 and LUKOIL's participation in the development of this market may become a part of the company's gas development programme.

LUKOIL is satisfied that the government of the Hellenic Republic has shown its interest and commitment to further progressing the privatization process of HP and its transformation into a leader in the regional energy markets.