PRESS RELEASE
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LUKOIL WINS TENDER TO ACQUIRE 79.5% OF SERBIA'S BEOPETROL

Documents signed in Belgrade today give OAO LUKOIL ('LUKOIL' or 'the Company'), as a tender winner, the right to purchase 79.5% of Beopetrol company. The two signatories were Valentin Zlatev, LUKOIL President's representative in South Eastern Europe, and Mirko Tsvetkovich, Director of the Privatization Agency of Serbia.

LUKOIL will pay 117 million euro for the acquired block of shares. Besides, the Company is to invest 85 million euro in the development of Beopetrol in the course of the next five years. Also, the Company will spend at least 5 million euro on social programs.

Beopetrol operates almost 200 filling stations and 8 tank farms with a total capacity of nearly 30 thousand cubic meters. In 2002 Beopetrol distributed 390 thousand tons of automobile fuel. This means that the company with more than 1,500 employees controls approximately 20% of Serbia's retail fuel market. Beopetrol's annual turnover totaled USD277 million in 2002.

«We are pleased with the successful completion of this mutually-beneficial transaction, while the Company's good name may cause no doubt», OAO LUKOIL President Vagit Alekperov said. «We are interested in further expansion in the Balkans. It is here that the highest growth rates of petroleum products consumption are forecast. This is why integration of the existing assets of LUKOIL in Eastern Europe and those in the Balkans is expected to produce a synergy».

LUKOIL owns two refineries and a network of approximately 800 filling stations in this region. LUKOIL sold 900 thousand tons of petroleum products through its European network of filling stations in 2002.

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