PRESS RELEASE
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LUKOIL AND ST. PETERSBURG GOVERNMENT OUTLINE COOPERATION PROSPECTS

A cooperation agreement between OAO LUKOIL and the Government of St. Petersburg was signed by Governor Valentina Matviyenko and LUKOIL President Vagit Alekperov in St. Petersburg on April 22.

The document establishes principal directions of cooperation in the sphere of social and economic development of the city and the development of the fuel and energy complex in 2004-2007.

The Parties agreed on the development and implementation of programs designed to improve quality and ecological safety of petroleum products. The Company undertook to supply the city with petroleum products meeting the requirements of Euro-2 environmwental standards.

It is planned that LUKOIL will remit through its subsidiaries not less than 900 million rubles in taxes to the city budget in 2004 and at least 2 billion rubles in 2007. Also, LUKOIL intends to spend 5-7 million rubles on the city social programs.

In 2004-2007 LUKOIL intends to invest US$20 million in the development of the city's infrastructure as an investment condition at the stage of filling stations design and construction. The Company plans to build at least 60 new filling stations, including sites for small-size vessels, in addition to its 30 stations now operating in St. Petersburg.

"LUKOIL has been actively cooperating with the government of St. Petersburg for more than six years. In December 1997, the first cooperation agreement, determining general spheres of our interaction, was signed. I am glad to say that the parties have fully fulfilled their obligations. I am certain that the newly adopted cooperation program for 2004-2007 will also be successfully implemented so that both the citizens of the 'Northern Capital' and LUKOIL shareholders will find it beneficial", Vagit Alekperov said.

"Cooperation with such powerful companies as LUKOIL is of great importance to us. It is an investment flow and new tax revenue to the city budget. I am quite confident that other oil companies such as "Sibneft" and "Tatneft" will follow LUKOIL example soon," said Valentina Matviyenko

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