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Press Release

“Slavneft” privatization resulted in lowering the Corporate Governance Rating of “Slavneft-Megionneftegaz”

The updated **Corporate Governance Rating of Russian Companies (CORE-Rating)** was presented by the Institute of Corporate Law and Corporate Governance on April 10, 2003. The Rating reflects the results of a survey of the quality of corporate governance in 25 Russian companies in Q4, 2002.

The list of leaders and outsiders of the new CORE-Rating in Q4 did not see much change: “**VypelCom**” is again on top of the list in the rating table, while the lowest line is occupied by OAO “**Rosneft-Purneftegaz**”.

Compared to Q3 2002 the following companies have *significantly improved* its score and, therefore, moved up in the rating table: OAO “**Lenenergo**”, OAO “**Tyumen Oil Company**” and OAO “**MGTS**”. These companies timely provided all documents requested by the Institute as a shareholder. The analysis of these documents did not discover any violations of information disclosure requirements.

Companies “**LUKOIL**” and “**Slavneft-Megionneftegaz**” had a *significant deterioration* of their ratings. “LUKOIL” failed to provide a single document requested by the Institute as a shareholder during the whole quarter. As a consequence of such poor information disclosure, the company moved down the list from the 7th place to the 15th.

Lowering of the rating of OAO “**Slavneft-Megionneftegaz**” is first of all related to the privatization of the parent company, GNK “Slavneft” in Q4 2002. The Institute’s experts gave these events a dual evaluation. On one hand, after the privatization of “Slavneft” the risk associated with the Government’s influence reduced significantly. However, as the plans of the new owners are not yet publicly disclosed, the risks related to the company restructuring grow dramatically. At the same time as the new owners came in, the disclosure of information about material facts also deteriorated, which creates additional risks for shareholders.

The analysis of the **overall dynamics** of corporate governance in Russian companies in 2002 showed that gradual improvement of corporate governance was demonstrated by “**GMK Norilsk Nickel**”, “**Rostelecom**”, “**AEROFLOT**”, “**Surgutneftegaz**” and “**GAZ**”. OAO “**Severstal**”, OAO “**Kuzbassenergo**” and RAO “**UES of Russia**”, on the contrary, showed negative corporate governance trends in 2002.

CORPORATE GOVERNANCE RATING (CORE-Rating)

At 1st January 2003

Rank	Company	Final score*	Change**
1(1)	VimpelCom	84,12	-0,42
2(3-4)	GMK Norilsk Nickel	65,57	0,21
3(2)	UES Rossiya	65,15	-1,04
4-5(11-12)	Lenenergo	64,95	6,81
4-5(3-4)	Severo-Zapadnyy Telecom	64,95	-0,41
6(6)	Sibneft	62,47	-1,04
7(5)	YUKOS	62,27	-2,06
8(8)	Rostelecom	60,41	0
9(9)	Kuzbassenergo	59,59	0
10(10)	Gazprom	59,18	0,42
11(11-12)	AEROFLOT	58,97	0,83
12(15)	Samaraenergo	56,08	0,82
13(16)	Irkutskenergo	55,05	1,03
14(18)	MGTS	54,64	3,09
15(7)	Lukoil	54,43	-6,19
16(14)	Bashkirenergo	54,23	-1,23
17(20)	Tyumenskaya Neftyanaya Kompaniya	54,23	4,75
18(13)	Slavneft-Megionneftegaz	52,78	-3,71
19(17)	Surgutneftegaz	52,37	-0,21
20(19)	Severstal	50,72	0
21(21)	Tatneft	46,19	-0,61
22(22)	GAZ	45,36	0,41
23(24)	AVTOVAZ	44,95	2,27
24(23)	VolgaTelecom (Nizhegorodsvyazin-form)	44,74	0
25(25)	Rosneft-Purneftegaz	33,2	0,21

* As a percentage of the maximum possible

** Change in the company's final score compared with the previous period (at 01.10.2002), in percentage points