PRESS RELEASE
NOVEMBER 24, 2000

LUKOIL BOARD OF DIRECTORS DISCUSS EARLY RESULTS OF COMPANY PERFORMANCE IN 2000 AND SET GUIDELINES FOR 2001

LUKOIL Board of Directors convened in Moscow today and discussed implementation of budget and investment program in 2000 and outlined main guidelines for 2001.

The Board of Directors noted that favorable world prices and 9-month performance are the factors that make believe in accomplishment of the company's 2000 plan.

In particular, the Company reached positive results in evaluation of oil and gas reserves in the Northern Caspian where two major fields were discovered at the Khvalynskaya structure and the structure named after Yurii Korchagin (former Shirotnaya) with estimated recoverable reserves of 500 million tons. This new oil and gas province will contribute to a significant increase in the Company's and Russia's mineral resource base.

Oil and gas reserves increase is expected to reach 53.3 million tons and 8 billion cubic meters respectively which is the record high level for LUKOIL.

In 2000 the total oil production volume (subsidiaries and affiliated companies included) will reach 77.4 million tons, refining throughput will amount to 31.3 million tons (including LUKOIL refineries in East Europe).

Incremental production will be achieved by a considerable improvement in well stock maintenance. Thus, compared to 1999, number of new wells put into production increased by 35%, restoration of idle wells increased by 31%, well workover increased by 45%, number of operations aimed at optimization of well operation increased by 63%.

Successful performance of operating plans in production of crude oil, production and marketing of oil products and favorable prices contributed to strengthening of the Company financials. Profit before tax (combined figure for 22 subsidiaries of LUKOIL) is expected to reach RUB75bn compared to RUB33bn in 1999. Budget payments and deductions to non-budget funds were done in full and their total amount will exceed 2.1 times the actual payments in 1999.

Steady financial position of LUKOIL allowed to significantly promote investment

activity. The total investment volume rose from RUB17.1bn in 1999 to RUB49bn in 2000. Investment to promising regions of the Northern Caspian zone and Timan Pechora oil and gas province increased from RUB2bn in 1999 to RUB7.9bn in 2000.

In the meantime, given the projected reduction of international oil prices the main objective for LUKOIL in 2001 will be development of additional measures for maintaining high results achieved in 2000. For this purpose the Company will implement measures aimed at cost cutting in all business segments and conservative and efficient use of all resources. The expected overall cost cutting will reach more than 3% compared to this year.

Incremental oil reserves are expected to reach 70 million tons in 2001, oil production by LUKOIL subsidiaries and affiliates will reach 79 million tons, oil refining will reach 35 million tons.

It is planned that the Company's marketing subsidiaries will further expand their presence in the regional markets in the North Western region, Kaliningrad, Orenburg, Samara and Sverdlovsk regions, Republics of Tatarstan, Bashkortostan and Udmurtia in 2001.

The 2001 plan envisages further increase in financing allocated for the Company's R&D complex. It is planned to spend RUB180m for technical upgrade of the Company's R&D entities. The total estimated volume of R&D costs is expected to amount to RUB740m.

RUB3.4bn will be spent for environmental protection.

The 2001 estimated overall investment plan of LUKOIL is RUB73.3bn, including capital expenditures of RUB45bn.

LUKOIL Board of Directors also considered a few personnel issues. The Board of Directors appointed Serik Rakhmetov, former Head of Capital Construction Department, Yurii Storozhev, former Head of Oil Supplies and Oil Product Exports, and Lyubov Khoba, former Chief Accountant of LUKOIL, Vice Presidents of the Company.