PRESS RELEASE
NOVEMBER 29, 1999

LUKOIL BOARD OF DIRECTORS DISCUSS THE 1999 EARLY RESULTS AND OUTLINES TARGETS FOR 2000

LUKOIL held a meeting of the Board of Directors on the 26th of November 1999. The Board of Directors discussed the 1999 budget accomplishment and outlined basic guidelines for the Company's performance in 2000.

It was marked at the meeting that the actual 1999 economic environment has been more favorable than expected and the Company's 1990 preliminary results exceed the targeted figures.

The 1999 oil production by LUKOIL's subsidiaries and affiliates is expected to reach about 67 million tons (including KomiTEK's output in 4Q99).

The refining runs at LUKOIL's Russian refineries is likely to reach 20.4 million tons, 12% higher y-o-y, or 0.6 million tons in excess of the targeted plan for this year.

The Russian economic development and international oil price estimates for 2000 allow the Board of Directors to assume and make relevant provisions in the economic plan, investment program and 2000 budget that the Company and its affiliates will retain a positive development trend next year.

A draft of the 2000 investment program envisages a three-fold increase in investment from RUB12.4bn to RUB36.6bn. It is planned to invest over 70% of the total investment funds in oil production. Over RUB9bn are expected to be invested to finance the Company's maritime projects. Significant funds will be invested in exploration drilling, in particular, in the Kaliningrad, Astrakhan and Arkhangelsk regions of the Russian Federation.

The 2000 budget framework of LUKOIL is expected to be deficit-free and to bring RUB196.1bn in revenues.

Next year it is planned to drill over 1 million meters, to put 297 new oil wells into production (1.5 times higher of the estimated 1999 figures). In 2000, the Company plans to bring into operation booster compressors of the total capacity of 11,800 cubic meters per day, 515 km of field pipelines and 205 km of power transmission lines.

Press Centre PJSC "LUKOIL"
Phone:
E-mail: media@lukoil.com

In 2000 the total output of oil produced by the Company and its affiliates may reach 74 million tons, refining runs may amount to 23 million tons.

In 2000 the construction of a hydrocracking unit at the Perm refinery, gas fractionation unit and diesel hydrofining unit with a complex of environmental facilities at the Volgograd refinery will progress. Next year the construction of a light oil products loading facility at the Ukhta refinery will be launched.

The Board of Directors also discussed a transition of the Company's accounts to the IAS format. Preparation of the IAS accounts will provide the Company with a better access to international capital markets, improve its competitiveness and be a decisive factor for its participation in international projects. The Company has now reconciled its accounts for 1994-1996. By May of 2000, the 1997-1998 accounts will be reconciled either.

The Board of Directors of LUKOIL approved an appointment of Vladimir Nekrasov as a Vice President of LUKOIL and General Director of LUKOIL West Siberia. Vladimir Nekrasov was born on March 31, 1957. He graduated from the Tyumen Industrial Institute in 1978. Since 1995 he has been General Director of the Kogalymneftegas territorial and production enterprise which make part of LUKOIL West Siberia.