PRESS RELEASE
MARCH 31, 2000

STATEMENT BY THE BOARD OF DIRECTORS AND MANAGEMENT BOARD OF OAO LUKOIL

•FULFILLING OUR POTENTIAL: OBJECTIVES AND STRATEGY FOR 2001 TO 2010

In 2001 LUKOIL will celebrate its 10th anniversary. During the past years LUKOIL became the leader in Russia's oil industry. Since its inception, LUKOIL has grown to become Russia's largest vertically integrated oil company which constantly shows stable production and profit growth dynamics. Today LUKOIL has almost 100,000 shareholders worldwide. LUKOIL shares are among the most liquid securities of the Russian oil companies quoted in RTS and at the MICEX.

We are confident that the next decade will bear witness to substantial growth in our hydrocarbons production and refining capacity. Meeting of the Company's objectives will not only strengthen LUKOIL's position as a leader of the Russian energy industry but also will allow to LUKOIL to take a position among the leading international oil companies.

LUKOIL's primary objectives are to increase the effectiveness of its operations in the area of exploration, production and refining of hydrocarbons, to increase dividend distributions to shareholders as a result of the Company's profit growth, and to strengthen commitment to environmental safety.

•GROWTH OF OUR RESERVES, PRODUCTION, AND REFINING CAPACITY

During the recent years LUKOIL has invested more than 12 billion US dollars in oil production and refining. Having as one of its primary objectives maximization of profits from the production, refining, marketing, and transportation of hydrocarbons and oil products the Company intends by 2010 to have increased its share of the Russian market from 23% to 30% and supply 2.5% of the world's oil production. The aggregate Company's investments for the next decade are estimated at US$25-30 billion.

Our strategy to accomplish these goals consists of four key components.

•CONTINUING TO ACQUIRE AND DEVELOP HIGH-QUALITY HYDROCARBON RESERVES

In the coming decade we will focus on developing our hydrocarbon reserves in Timano-Pechora region, the Northern Caspian region and Iraq. We plan to invest an average $600 to $800 million annually in acquiring and developing new reserves in Russia and abroad.

•INCREASING OUR REFINING CAPACITY AND MARKETING EFFORTS

Planned upgrades and acquisitions of our refining facilities will significantly increase our refining capacity and will enable us to achieve international product quality standards. We plan to invest $300 to $350 million annually to develop new products and intensify efforts to develop new markets in Russia, Eastern Europe, and other countries in which we identify opportunities.

•DIVERSIFICATION OF CORE BUSINESSES

Diversifying our core businesses by expanding our petrochemical, gas, transportation, and service operations to account for as much as 15% of our income will help insulate us against fluctuations in the price of oil and thus help increase our revenues.

•TAKING ADVANTAGE OF AVAILABLE TECHNOLOGY

Currently about 20% of our production benefits from the use of modern drilling and production methods and technology. Our plans to increase our utilization of highly efficient techniques and modern equipment will generate significant savings, increase production capability and ensure the compliance with the international environmental safety.

•IMPROVING MANAGEMENT EFFICIENCY

The efficient use of our time and resources is critical to maximizing shareholder value. In the coming decade we plan to accelerate our ongoing efforts to improve our management structure and techniques by integrating progressive industry standards. Additionally, we intend to incorporate state-of-the-art information technologies to streamline and improve our exploration, production, refining, and marketing operations. In general, we believe it is necessary to ensure the financial transparency and openness required by the Russian and international standards by the 2001.

Based on our anticipated efficiency gains and growth in operational revenues, and based on projected political stability, growth of the Russian economy, stability of the ruble, and certain tax reforms, we estimate that LUKOIL could achieve financial results similar to those illustrated below:

	2001	2005	2010
Estimated Revenues	$11.5 - $12 bln	$16 - $20 bln	$27 - $35 bln
Estimated Net Income	$1.6 - $1.8 bln	$2.2 - $2.4 bln	$3.5 - $3.9 bln

•DISTRIBUTING DIVIDENDS TO OUR SHAREHOLDERS

Paying dividends to our shareholders is a high priority. We expect to significantly increase the portion of our net income allocated to dividends and to eventually pay dividends biannually. For the years 2001 through 2005, we anticipate that we will distribute to shareholders 15-20% of our net income. By 2010, we expect to dividend 20-25% of our net income and, under favorable market conditions, possibly as much as 35-40%.

•MAINTAINING A STRONG COMMITMENT TO EMPLOYEE AND ENVIRONMENTAL SAFETY

Operating in a manner conscious of employee and environmental safety is fundamentally related to our ultimate success. In the coming decade we will seek to continually improve our operating practices to reflect our strong commitment to our employees and the environment. Our current plans include educational programs for our employees, adopting enhanced safety and control techniques.

•ACHIEVING INTERNATIONAL STANDARDS

LUKOIL remains committed to maintaining its position as the standard-setting leader in the energy industry. In the coming decade we expect to strengthen our position as market leader while continuing to set the standard for meeting corporate responsibilities to shareholders and the community. These responsibilities include:

•Meeting international standards of financial transparency and disclosure;

•Respecting Russian and international standards protecting shareholders' rights;

•Ensuring that officers and directors fulfill their duties to our shareholders;

•Observing ethical principles in our business conduct; and Increasing our contribution to the community through educational and charitable efforts.

Chairman of the Board of Directors

V. Graifer President

V. Alekperov