PRESS RELEASE
APRIL 02, 1999

LUKOIL SUCCESSFULLY WORKING ON THE Y2K PROBLEM

In April 1999 within the framework of the Y2K problem, LUKOIL will complete testing of all its information systems. The Company started working on the Y2K-compliance in 1997. All measures are taken in accordance with detailed plans worked out by all subsidiaries of the Company. They will primarily cover the most critical business areas such as finance, economics, marketing of oil and petroleum products, SCADA control systems, telecommunications, interaction with partners, social infrastructure and security.

To coordinate all activities related to the Y2K problem the Central Coordination Council has been established, expert groups have been formed at the Company subsidiaries, the Y2K problem «hot line» has been set up and the Y2K web site has been created in the corporate web Intranet.

Initial testing of information systems which serve the Company critical business areas proved that 7% of the total systems facilities are not Y2K-compliant yet. Therefore, company software or hardware will be either upgraded or replaced accordingly before September 1999. Besides, contingency plans are being worked out for LUKOIL subsidiaries' to operate in emergency situations.

Generally, LUKOIL views IT as a strategic business tool. The Company is constantly developing and improving its information systems. Over the past 3 years many of information systems designed in the 80-s have been upgraded or replaced. The Company has taken on software and hardware standards. In 1998, LUKOIL started introducing a R/3 complex integrated information control system designed by SAP AG from Germany. R/3 will not only help to meet some new requirements but will make LUKOIL core business areas Y2K-compliant. Today, oil and petroleum products marketing control systems have been created and are operated successfully, analytical decision-making support system is being implemented.

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