PRESS RELEASE
OCTOBER 03, 2000

LUKOIL WORKS OUT A STRATEGY TO DEVELOP PETROCHEMICAL SECTOR

The Management Board of OAO LUKOIL took a decision on promoting the Company's activities in tha area of petrochemicals. LUKOIL President Vagit Alekperov has announced that in Saratov today.

It was decided, in particular, to restructure ZAO LUKOIL-Neftechim and to raise LUKOIL's interest in it to 100%.

LUKOIL-Neftochim currently owns assets of OOO Stavrolen (Budennovsk), OOO Saratovnefteorgsintez (Sartatov), OAO Stavroplast (Mineralnye Vody) and over 51% in Vars terminal (Ventspils). In 1999 LUKOIL-Neftochim produced 1.423 million tons of products worth RUB8.6bn.

Under the Main Guidelines for Development of LUKOIL Petrochemical Sector throughout 2005 aproved by the Company Board of Directors in September 1999, the total petrochemical throughput is expected to reach 5 million tons in 2005.

"Restructuring of the Company petrochemical sector will step up the pace of development of this extremely important business sector, improve its operating transparency and create a profit center," said Vagit Alekperov.

In the near future LUKOIL plans to increase investment into petrochemical production, including through acquisition of new assets.

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