PRESS RELEASE
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ON THE GAAP FINANCIAL STATEMENTS OF THE LUKOIL GROUP

LUKOIL and KPMG announce that, LUKOIL intends to publish the financial statements of LUKOIL for 1998-1999 and the first half of 2000 within the nearest two months.

Then starting with 2001, it is planned that both the annual and the interim financial statements of the Company will be prepared according to US GAAP standards on an ongoing basis.

LUKOIL and KPMG have made this statement to set out the history of LUKOIL's progress towards public financial reporting to the highest international standards and its estimates of the future timing of the completion of the audits currently in progress. The purpose is to replace the rumours and speculations relating to LUKOIL's progress and its intentions which have appeared in some recent commentaries.

The open joint-stock company LUKOIL Oil Company was virtually the first major industrial company from Russia to switch to the international audit of its financial statements. With this goal in mind, in 1994 LUKOIL signed a contract with one of the biggest international audit firms, KPMG.

For the past six years, the annual Russian financial statements of LUKOIL have been submitted to the strictest international audit, as reflected in corresponding reports of the Company. These audits included a thorough professional analysis by KPMG of the financial statements of the enterprises of the LUKOIL group directly on site, and the subsequent audit of consolidated financial data.

In 1996 LUKOIL decided to transfer their financial statements to a presentation in accordance with international standards. KPMG and the Company started performing this work in a consistent manner.

In 1997-1998 IAS financial statements were prepared and published for 1994-96. Subsequently the company decided to switch to a presentation in accordance with US generally accepted accounting principles, aiming to complete the financial statements for the past three years in 2000.

The preparation of US GAAP financial statements, in conjunction with the stringent

requirements of the US Securities and Exchange Commission (SEC) on such a large company as LUKOIL has required an enormous amount of work, unprecedented in Russia.

More than 500 Russian and foreign subsidiaries and associated companies which are part of the LUKOIL Group or which related to it by financial operations have been included in the international audits. At the same time, given the intensive pace of development, the structure of the LUKOIL Group has been constantly changing. Other significant complicating factors were macro-financial changes, such as the devaluation of the rouble and the instable movements of its exchange rate.

Nearing the end of 2000, all of this extremely complicated but consistently performed work is now at the stage of completion.