

PRESS RELEASE **SEPTEMBER 29, 2003**

LUKOIL HOLDS FIRST MEETING OF BOD STRATEGY AND INVESTMENT **COMMITTEE**

The first-ever meeting of LUKOIL's Strategy and Investment Committee was held today under the chairmanship of the Company's Independent Director, Richard Matzke.

Richard Matzke is 66 years old. He worked as President of Chevron Overseas Petroleum and Board Member of Chevron Corporation from 1989 to 1999, and as Vice-Chairman of Chevron Corporation from 2000 to 2002.

The Committee reviewed the Company's long-term development program and measures to support implementation of the program and to increase Company cash flow. The measures are as follows:

- Calculation of the investment program by sectors (exploration, production, refining, marketing) and maximization of net profit in each sector, establishment of ROACE and IRR multiples as key criteria for each sector, and calculation of these multiples based on the proposed development program;
- Optimization of marketing policy in Russia by reduction of operations on regional markets with marginal importance for the Company and increase of operations on more profitable markets;
- Unconditional application of a project-by-project approach in the investment program (halting investment in projects with low efficiency);
- Increasing efficiency of management of specific investment projects and assets in order to maximize value.

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