PRESS RELEASE
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LUKOIL BOARD OF DIRECTORS DISCUSSED PRELIMINARY RESULTS OF COMPANY'S BUSINESS ACTIVITY IN 2001 AND SCHEDULED TARGET PLANS FOR 2002

LUKOIL's Board of Directors meeting was held today in Moscow. The questions discussed were the fulfilment of the economic plan, budget and the investment programme of the Company in 2001. Primary goals for 2002 were also determined. It was stressed on the meeting that further strengthening of resource base is expected in the current year. LUKOIL's cumulative increase of hydrocarbon reserves will reach about 100 million tons of conventional fuel, including more than 50 million tons of crude oil with condensate and about 50 billion cubic metres of gas. The total amount of oil recovery of the Company, its subsidiaries and joint ventures will reach 78 million tons in 2001, with 31 million tons refined.

The Company invested heavily in 2001. The total amount of investments will increase by 66% compared with investments of 2000 and will reach the figure of 88 billion roubles (approx. USD 2.9 billion).

The new target plans for 2002 were set in accordance with the "Preliminary plans of the of the Company for 2001—2005", further expansion of the group was also considered (In 2001 the budget plans were set for 22 subsidiaries. The project plan for 2002 covers 40 subsidiaries and their incorporated 147 legal entities).

Considering the long-term decline on the oil markets, LUKOIL's Board of directors has made the decision to conduct all budget calculations taking USD 16 per barrel as a benchmark for 2002.

The oil production planned by subsidiaries and affiliates (including production sharing) for 2002 will reach 80.2 million tons, with refining of 39.8 million tons.

The budget for 2002 is predicted as balanced. The projected investments projected for 2002 are 46.4 billion roubles (USD 1.5 billion). The foreign projects financing with the investment amount of 7.6 billion roubles (USD 254 million) is planned to be completely self-financed.

The board of directors has also discussed the "Programme of Company's investment rating increase". It was noted, that the level of fundamental investment ratings of LUKOIL remains high due to an increase in Company's crude reserves,

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development of its oil refining, petrochemicals production and increase of foreign assets. The transition to US GAAP accounting and up-to-date presentation of the Company's financials has made the Company more trustworthy in the eyes of its investors and stockholders. The quality of the new internet web-site also improved Company's image. The priority in investment activity has been given to the development Timan-Pechora provinces and the Russian shelf of Caspian sea. The development of these highly productive oil regions will improve economic and financial stand of the Company. Among the other provisions of the Programme are the significant improvement in corporate management standards and increase in transparency of investment policy, strict observance of the standards in timing and presentation of the results of Company's activity. The acceptance of progressive corporate code, listing on the London Stock Exchange, membership of one or two representatives of foreign investors, shareholders and top Russian business in the Board of directors, the establishment of a close co-operation with leading international business mass media is also set as a target for the coming year.

The Board of Directors has considered the strategy of LUKOIL's petrochemical division development. It was also decided to work out the Programme of petrochemical division development until 2030. In particular this programme will provide complex exploitation of Timan-Pechora province, Western Siberia, Northern Caspian and Saratov Region gas resources.

For the purpose of commodities and financial flows consolidation and elimination of internal competition it was decided to concentrate export sales of petrochemical products of Russian and foreign enterprises in "LUKOIL Chemical" company.

The forecast of hydrocarbon resource base presented in the Conception of LUKOIL's Gas division development until 2030 has discovered the need of further expansion in petrochemicals production for more effective use of resource potential. In this connection a programme of petrochemical plants reconstruction with replacement of oil (naphtha, diesel fuel) by liquefied gases and ethane is prepared. Chemical facilities for gas processing of Northern Caspian and Saratov Region resources are being designed.

The Board of Directors has affirmed the Management Committee's decisions on marketing structure reorganisation.

In accordance with this decision OOO LUKOIL-Kirovnefteprodukt merges with OOO LUKOIL-Permnefteprodukt; OOO LUKOIL-Adygei merges with OOO LUKOIL-Krasnodar which title changes to OOO LUKOIL-Yugnefteprodukt; OOO LUKOIL-Astrakhannefteprodukt merges with OOO LUKOIL-Volgogradnefteprodukt which title changes to OOO LUKOIL-Nizhnevolzhsknefteprodukt; OOO LUKOIL-Arkhangelsk merges with OAO

LUKOIL-Kominefteprodukt which title changes to OAO LUKOIL-Severnefteprodukt.

The Board of Directors has also affirmed the Management Committee's decision to purchase 100% share in charters of OOO LUKOIL-Severo-Kavkaznefteprodukt, OOO LUKOIL-Volganefteprodukt and OOO LUKOIL-Krasnodar (new title of OOO LUKOIL-Yugnefteprodukt).

It was also decided to make OOO LUKOIL-Holding-Service a leading marketing organisation in charge for 12 regions in Central Russia and to rename it to OOO LUKOIL-Tsentrnefteprodukt.

It was settled to establish OOO LUKOIL-Astrakhanmorneftegaz in Astrakhan region and to sell 14.95% common shares of OAO Mosnefteprodukt now owned by OAO LUKOIL.

The Board of Directors has examined the issue of pension benefits for the Company's employees and development of social policy on the whole. It was noted that LUKOIL's activity in the field of additional pension benefits was recognised the best in the country in a contest "Russian entity of high social effectiveness, 2001". Major priorities in the Company's social policy are in particular providing of appropriate work conditions, development of labour protection system, personal insurance and pension benefits for the employees. The Board of Directors has decided to proceed to creation of Social Code which complies with international regulations and Company's social policy principles.