PRESS RELEASE
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LUKOIL BOARD OF DIRECTORS PRELIMINARILY APPROVED THE ANNUAL REPORT FOR 2000

The meeting of LUKOIL Board of Directors has taken place today in Moscow where in accordance with Joint Stock Companies Law and the charter of the Company the annual report was preliminarily approved for subsequent submission for approval by the General Stockholders' Meeting on June 28, 2001.

In 2000, oil production by LUKOIL subsidiaries, affiliates and joint ventures increased by 2.8% compared to last year and amounted to 77.7 mln tons. Oil production in new regions grew at accelerated rates: on KomiTEK oil fields - by 9% and amounted to 3.9 mln tons, in overseas projects on Caspian and in Kazakhstan - by 18% reaching 2.1 mln tons. Every sixth ton of oil was produced using progressive enhanced recovery technologies.

In 2000, big volume of carried out exploratory activities - 2.7-fold increase (8.3 bn rubles) compared to 1999 - resulted in significant additions to the reserve base: about 70 mln tons of conventional fuel. According to the independent reserve audit, Company's reserves reached 14.2 bn bbl of oil and 3.6 trln cubic feet of gas. A new oil and gas province in Russian part of Caspian was discovered.

Refinery throughput at Company's refineries increased by 10% and amounted to 32 mln tons, including 72% in Russia and 28% - at refineries abroad. LUKOIL's share in the total refining volume in Russia increased to 14.4% compared to 12.2% in 1999. Refining depth exceeded 76%, whereas the sector average is 71%. In 2000, the reconstruction of refineries in Russia and abroad continued, including Ukhta refinery where the refinery throughput increased by 70% (to 3.6 mln tons).

The active development of the service stations network and oil product sales continued. At the end of 2000 the Company's network of service stations exceeded 2500 outlets. Oil product sales in Russia increased by 35%, packaged lubricants sales - 1.6-fold. The volume of sales by a Company's single fuel card increased by 47%.

In 2000, the Company achieved record financial results. Income before taxation amounted to 112.6 bn rubles, which in current prices represents a 2.7-fold increase compared to 1999. Operating profit in 2000 increased up to 119 bn rubles compared to 48.9 bn rubles a year before. LUKOIL Group share in net income of affiliates -

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earnings from affiliated equity interests - amounted to 3.0 bn rubles in 2000 (increase of 61%). Income taxes increased to 16.2 bn rubles compared to 9.5 bn rubles in 1999.

Consolidated net profit of LUKOIL Group amounted to 102.5 bn rubles, or 96.4 bn rubles excluding income applicable to minority shareholders in Company's subsidiaries. Earnings per 1 common share (before suggested dividends on preferred shares) amounted to 124 rubles - 3-fold increase under comparable conditions.

Group assets as of December 31, 2000 amounted to 338.1 bn rubles (227. 4 bn rubles a year before), shareholders' equity - 156.2 bn rubles (75.7 bn rubles).

In accounting period there was a significant improvement in practically all profitability and liquidity ratios (compared to the data as of December 31, 1999):

- quick ratio - 51% (37%)

- current ratio - 155% (133%)

- operating margin - 29% (18%)

- net return on invested capital - 44% (22%)

- leverage ratio (net debt/{net debt + equity}) - 16% (36%)

In 2001, a whole range of production facilities and capacities will be put into operation, in particular the second stage of reconstruction at Volgograd refinery, Caspian pipeline. The development of oil fields in Timan-Pechora oil & gas province will continue, as well as exploration activities in license areas in Caspian, the construction of the pipeline Ural - Central Russia and others.

Carrying out these and other projects gives the Company additional stability and secures competitive returns and profitability of business not only in high-oil-price environment, but also under less favourable market conditions.