PRESS RELEASE
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ACCORDING TO US GAAP STANDARDS, LUKOIL NET INCOME FOR 2000 AMOUNTED TO $3,312 MLN

OAO LUKOIL has prepared consolidated financial statements in accordance with US GAAP. These financial statements have been audited by international auditing firm KPMG and approved by LUKOIL's Board of Directors. The financial statements confirm LUKOIL's best-ever financial results.

2000 highlights included:

•Net income of $3,312 mln - 3.1 times higher than in 1999;

•Earnings per share increased to $4.8;

•A 31% improvement in the Group operating margin;

•Net revenues amounted to a $13,240 mln compared with $7,376 mln in 1999;

•Total assets as of December 31, 2000 of $17,109 mln - an increase of 37%;

•Stockholders' equity of $10,519 mln - an increase of 49%;

•EBITDA of $4,854 mln;

•Net cash provided by operating activities (before changes in the working capital) - to $4,098 mln.

•Quick ratio of 1.46 compared to 1999's 0.88;

•The Group's leverage decreased to 14% as against 25% at the end of 1999;

•Production and income taxes increased by more than two times and amounted to $1,619 mln;

•Dividend payments to shareholders in 2000 amounted to $118 mln.

The basis for maintaining the Group's high growth rate of development was the increase in capital expenditure, both in traditional and new, promising activities. Net cash used in investing activities and non-cash investing activities over the year

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amounted to $2,089 mln (excluding capital expenditure of affiliated companies).

LUKOIL's investments were primarily aimed at:

•maintaining oil production in Western Siberia and the Urals;

•increasing production in the Timan-Pechora region;

•exploration and preparation for development of large hydrocarbon fields in the Northern Caspian.

The construction of the Caspian pipeline's linear section was completed and the Group's tanker fleet was enlarged. New petrochemical production capacities were put into operation at the Volgograd and Ukhta refineries. Refining and marketing capacities in the CIS, Eastern Europe and other countries were further developed. New technologies in production and management were also implemented.

These investment priorities as well as the acquisition of new high-performance assets in oil and gas production and refining are at the core of the Group' investment strategy for both 2001 and beyond. The strategic aim is to increase the scale and efficiency of the Group's business both domestically and internationally ensuring stable growth of the Group's profit and value.

LUKOIL's positive financial results were, to a considerable extent, promoted by the improvement in management efficiency, better market conditions and the global increase in demand for oil and oil products. The improvement of the Group's principal indices was also assisted by increasing production volumes. Excluding acquisition effects these volume increases amounted to: 2.8% for oil, 6.1% for gas and 10.8% - for petroleum products. The Group's financial position was also affected by the acquisition of new companies.

Strong Group production and attractive investment potential remained the basis for the liquidity of the Company's shares on the stock market.

Preliminary Group operational results in the first six months for 2001 show that the positive trends in the Company's operations are maintained and strengthened. Growth in oil and gas production, refining, oil product output and marketing through the Group's sales network has continued. Development and expansion into new activities provide the Company with additional stability and competitive profitability, not only in a high-oil-price environment but also under less favorable market conditions.