PRESS RELEASE
NOVEMBER 01, 2001

LUKOIL'S NET INCOME FOR THE 1ST HALF OF 2001 ACCORDING TO US GAAP INTERIM CONSOLIDATED FINANCIAL REPORT WAS $1421 MLN

OAO LUKOIL prepared consolidated financial statements for the first half of 2001 in accordance with US GAAP.

Group's consolidated net income for 6 months of 2001 was $1421 mln. (98% to the similar period of the previous year). Income from operations and income before taxes came to $1989 and $1845 mln., and increased 5% and 6% respectively. Sales revenue (tax-free) constituted $6273 mln. (100.4% to the similar period of the previous year). Group's assets as of june 30, 2001 grew to $19214 mln. (6% increase over 6 months), stockholders equity - $11720 mln. (5%).

World oil market and macroeconomic conditions in Russia during first half of 2001 resulted in high profitability of operations and ensured further increase of Group's financials. The group's balance structure and liquidity notably improved profitability of operations and maintained high liquidity.

The financials grew due to the increase in the volumes of production and sales, and cost reduction. Intensive increase of crude production (not including the effects of acquisitions and dispositions) by LUKOIL's subsidiaries amounted to 1.6% - oil (38.7 mln. tons) and 6.0% - gas (2.6 bln. m3) over first half of 2001. The highest increase in crude production was achieved by OAO KomiTEK (+13.9%), OAO "Arkhangelskgeoldobicha" (+50.7%), ZAO "LUKOIL-Perm" (+6.2%), group of projects on Caspian and in Azerbaijan (+11.3%).

The increase in drilling for 1st half year of 2001 was 35.9% - to 1.1 mln. meters (29,7% increase in exploration and 37.5% in operational drilling). 365 wells were drilled and completed, 6 new fields and 5 deposits of hydrocarbons discovered.

Refining throughput on Company's own refineries increased by 9.6%. The increase was solely provided by Company's foreign refineries in CIS countries and Eastern Europe.

Principal marketing subsidiaries of the Company in Russia, Europe and US sold 3.4; 0.3 and 1.6 mln. tons of refined products using the retail networked owned. The number of petrol stations owned and leased carrying the LUKOIL's flag increased up to 2641 units by the middle of 2001. 684 petrol stations operated under

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franchise agreements, including the retail network in Bulgaria.

0.6 mln. tons of commercial products were produced by the Company's petrochemical plants in Saratov, Stavropol, Romania, Bulgaria and Ukraine during the reporting period (25.1% increase). LUKOIL's gas refineries increased the volume of crude produced up to 0.75 mln.(by 7.5%)

Currently the Company employs 136.5 thousand persons.

The Company continued to invest heavily in 2001. Group's total investment exceeded $1402 mln. over the 6 months of 2001. The significant portion of that amounts was invested in newly developed regions. We expect that these investments will ensure high long-term competitiveness of the Company under both favorable and unfavorable market conditions.

The interim consolidated financial statements prepared according to US GAAP as of and for the period ended June 30, 2001 may be viewed in full on the Company's web-site (www.lukoil.ru).

The following financial statements were prepared by OAO LUKOIL in accordance with US GAAP and have not been audited or reviewed by an outside auditor. If the financial statements are audited in the future, the audit could reveal differences in our financial results and we cannot assure you that any such differences would not be material.

Some information included in this press-release may contain projections or any other information on the future events and financial results of LUKOIL. We are warning you that this information does not guarantee the future results and depends heavily on the risks, other variable factors and projections which can not be predicted with high level of certainty. According to the above mentioned the results of our activities may be of a material difference from the stated or projected in the information presented.