PRESS RELEASE
MARCH 15, 2002

PRESS SERVICE STATEMENT

On March 14th the Daily “Vedomosti” published an interview with the Federal Service of Tax Police (FSTP) Director, Mikhail Fradkov where he claimed that in 2000 OAO LUKOIL has hidden some of its revenues from the government regulatory authorities. The conclusions were based on the “average Urals price”. Following the publication, the Company's Press service officially states:

The “average Urals price of $189 per ton”, mentioned by the Director of FSTP, does not correspond with the data of the leading petroleum information agencies (Platt’s and Petroleum Argus).

The Russian oil branded Urals is quoted on two separate markets: mostly on Mediterranean and also North-West European. In this connection to take average of prices on two separate trading floors is methodologically incorrect. It must be said also that the common international practices do not provide for the use of Urals brand in oil trade. The generally accepted benchmark on the traditional markets for the Russian oil is the Brent dtd.

In 2000 Russian oil branded Urals was traded on the terms CIF Rotterdam and CIF Augusta (Cost, Insurance, Freight via Rotterdam and Augusta ports) while LUKOIL delivered its export supplies on the FOB (Free On Board), DAF (Delivered At Frontier) and DDU (Delivered Duty Unpaid) terms. According to the above stated the correct comparisons must include Company's Freight and Insurance costs.

Based on the facts presented, the arguments used in FSTP Director' interview show low level of competence of those who prepared the information about the “average international Urals price” and groundlessness of their calculations methodology.

Such improper announcements undermine Company's business reputation and Oil industry's reputation as a whole.

The Company's Press Service explicitly states that OAO LUKOIL acts in a strict compliance with Russian legislation. It was repeatedly proved by the results of Company's financial and economic activity audits conducted by the Russian Tax authorities.

Press Centre PJSC "LUKOIL"
Phone:
E-mail: media@lukoil.com