PRESS RELEASE
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LUKOIL CONSOLIDATES ITS FLEET

The Management Board of OAO LUKOIL decided to consolidate its sea and river fleet operated by some of its subsidiaries within OAO LUKOIL-Arctic-Tanker, LUKOIL President Vagit Alekperov has announced in Volgograd today. Optimization of the fleet management was caused by the Company's expanding operations in the Arctic region and in the Black, Caspian and Baltic sea regions.

Centralized management in LUKOIL-Arctic-Tanker will enable to accomplish a long-term program aimed at LUKOIL fleet development, increase its operational efficiency, reduce traffic handling costs and transportation costs, including those incurred as a result of shipments to arctic districts, and minimize shipbuilding costs.

"We can confidently declare that Russia saw an emergence of a new powerful fleet that is capable of accomplishing any task to meet both the interests of the Company and the Russian economy," said LUKOIL President Vagit Alekperov.

Delivery of another ice-breaking tanker is expected to take place at the Admiralty Shipyards (St. Petersburg) in March 2001. 4 sea/river class tankers were built at the Volgograd Shipyard where the Company placed an order for 6 more tankers of this class.

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