PRESS RELEASE
JANUARY 12, 2002

OAO LUKOIL'S BOARD OF DIRECTORS SUMMING UP COMPANY'S RESULTS FOR 2001

LUKOIL's Board of Directors meeting was held today in Moscow. The Board discussed the results of Company's activity in 2001.

In his report, LUKOIL's President Vagit Alekperov stressed that in 2001 the Company kept its operations stable and increased its investment activity.

In 2001 the Company has significantly broadened its reserves base with an increase of 128.9 mln tons in oil and gas reserves (942 mln barrels). The major increase in reserves base was achieved in the new area of Company's operations — the Caspian sea and Timan-Pechora province, which proves high potential of these new fields. All the increase in gas reserves was made thanks to the discoveries in the Caspian sea. In particular, the drilling of three exploratory wells at "Severni" field was completed, and drilling at "Rakushechnaya" area showed commercial reserves of another large block of "Severni" licensed territory. Seismic exploration of previously discovered oil fields Hvalinskoe and U. Korchagin is underway.

The total number of hydrocarbon fields discovered is 10 in 2001. In Saratov region, in particular, 3 high productive oil deposits were discovered for the first time in 10 years period.

The 2001 total volume of oil production by the LUKOIL group of companies has reached 78.3 mln tons (comparing with 77.7 mln tons in 2000). 2.2 mln tons were produced outside of Russia. More than 14 mln tons of oil was produced using enhanced recovery improving methods. The Company's share in Russia's oil production is 22%. The volume of drilling if compared with 2000 increased by 26%. 850 new development wells are built. The share of company's non-producing wells in total number of 28 thousand is 15%, which is 10% less than in 2000.

The Company produced 5.2 billion cubic meters of gas which is almost 4% higher than in 2000.

The preliminary data shows that in 2001 the Company has exported 33 mln tons of oil (with 28.4 mln tons in 2000).

The Company's own refineries processed 38 mln tons of oil (32.2 in 2000), with 29

mln tons processed at Russian refineries (including 7 mln tons refined by OAO NORSI) and 9 mln tons —abroad. Total volume of petroleum products exported is 10.7 mln tons, domestic sales is on the level of 25.6 mln.

Sales of petroleum products through the petrol stations network (including franchising) exceeded 5 mln tons. The volume of packed products (lubricating oil) sold increased by 20% and amounted to approximately 90,000 tons due to intensive development of the dealers chain which at present includes more than 200 dealers and over 1700 outlets in nearly all of Russia's regions. The quantity of petrol stations accepting fuel cards as a payment instrument almost doubled. In 2001 over 170,000 tons of petroleum products were paid with more than 73,000 fuel cards distributed.

By estimate, more than 1.5 mln tons of petrochemical products were produced at the Company's domestic and foreign plants in 2001 (1.1 mln tons in 2000). The volume of gas processed by the Company's enterprises exceeded 1 bln cubic metres.

In 2001 Company's capex reached 92.6 bln roubles which is 44% higher than the 2000 figure. This growth made it possible to intensify the development of new projects almost in all sectors of Company's business. Among them the main are programmes of Timan-Pechora and Caspian provinces development, acquisition of OAO Norsi Oil, creating the infrastructure for oil and natural gas exploration and production, and expansion of exports geography for fuels and petrochemical products.

In 2001 a new reinforced ice class tanker was launched and a new oil terminal was put into operation in Kaliningrad region. The terminal's project capacity exceeds 1.5 mln tons of oil and petroleum products per year; tank stock capacity is 80,000 cubic metres.

The Board of Directors affirmed changes to the OAO LUKOIL Charter due to placement of 77,211,864 non-documentary nominal common shares which were issued to replace by conversion the nominal preferred shares. Consequently, now OAO LUKOIL charter capital divides into 850,563,255 nominal common shares with face value of 2.5 kopecks each which are all aggregated to 100% of charter capital.

The Board of Directors decided to issue the "Principal goals of OAO LUKOIL financial and investment policy" report annually. This report is to be approved by the Board of Directors and will be published for investors and shareholders. It is also decided to organize meetings of the members of the Management Committee with the groups of investors and shareholders on the regular basis. A project of the

Corporate Governance Code will be prepared in the first half of 2002.

The principal objective for 2002 and the next few years as determinded by the Board of Directors is an increase of effectiveness of Company's business and, first of all, shorter payout period and increase of internal rate of return, more carefull preparation of business plans and new investment projects, increase of profitability and returns on a per unit basis. It was also planned to cut all kinds of costs and to complete the organisational restructuring in order to increase the quality of financial and investment decisions.