



RESULTS OF LUKOIL OPERATIONS FOR 2001

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President

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Operating Highlights

	2000	2001	Growth, %
Proved oil and gas reserves, bn boe ⁽¹⁾	14.8	16.6	12%
Crude production, mln. tn ⁽²⁾	77.7	78.3	1%
Gas production, bn cu.m. ⁽²⁾	5.0	5.2	4%
Oil refining (own refineries), mln. tn ^{(2) (3)}	32.4	38.0	18%
Oil exports, mln. tn ⁽²⁾	30.3	32.8	8%
Oil product exports, mln. t ⁽²⁾	7.8	10.8	38%
Petrochemical products output, mln. tn ⁽²⁾	1.1	1.6	46%
Filling stations, units ⁽⁴⁾	2,555	3,544	39%

(1) Including 100% of affiliated companies' reserves and LUKOIL's share in dependent companies' reserves. Proved reserves according to SPE methodology. 2000 data includes reserves of OAO "Arkhangelskgeologodobycha".

(2) Including volumes of affiliated and dependent companies.

(3) Unlike in US GAAP financial reporting, 2001 data includes 100% of OAO "Nizhegorodnefteorgsintez" refinery volumes.

(4) Including owned and leased filling stations.



Operating Highlights (continued)

- Record increase in hydrocarbon reserves:
 - 129 mln tn. of oil equivalent increase from exploration works
 - main increase is in Caspian offshore and Timan-Pechora region;
- 17 new fields discovered
- 18 new deposits identified at existing fields
- Exploratory drilling share reached 32% of Russia's (420 thousand m).
 - Started development of 17 fields, with 64 mln tn of reserves⁽¹⁾
- Oil and gas production — over 83 mln tn o.e.;
- Oil and gas refinery including processing — over 50 mln tn;
- Petrochemical products output achieved 1.6 mln tn,
 - including polyethylene — 368 thousand tones;
- 5.7 mln. tn of oil products sold through own filling station network⁽¹⁾

(1) Including franchised filling stations



Main Events of 2001

- Successfully continued development in Northern Caspian:
 - Discovered three large oil and gas condensate fields: Khvalynskoe, Korchagina and Rakushechnoe
 - Drilled 6 exploration wells in 2000 - 2002. All of them were successful
 - Identified over 3.3 bn boe of extractable reserves with potential for significant increases
- Acquired controlling stake in OAO “Yamalneftegasdobycha”:
 - Licenses for gas fields in Bolshekhetskaya depression area;
- Acquired “NORSI-OIL”:
 - Includes Nizhny Novgorod refinery with throughput capacity of 15 mln tn/year;
- Completed the first stage of Perm - Andreevka product pipeline construction
 - connects Perm refinery with Transnefteproduct pipeline system



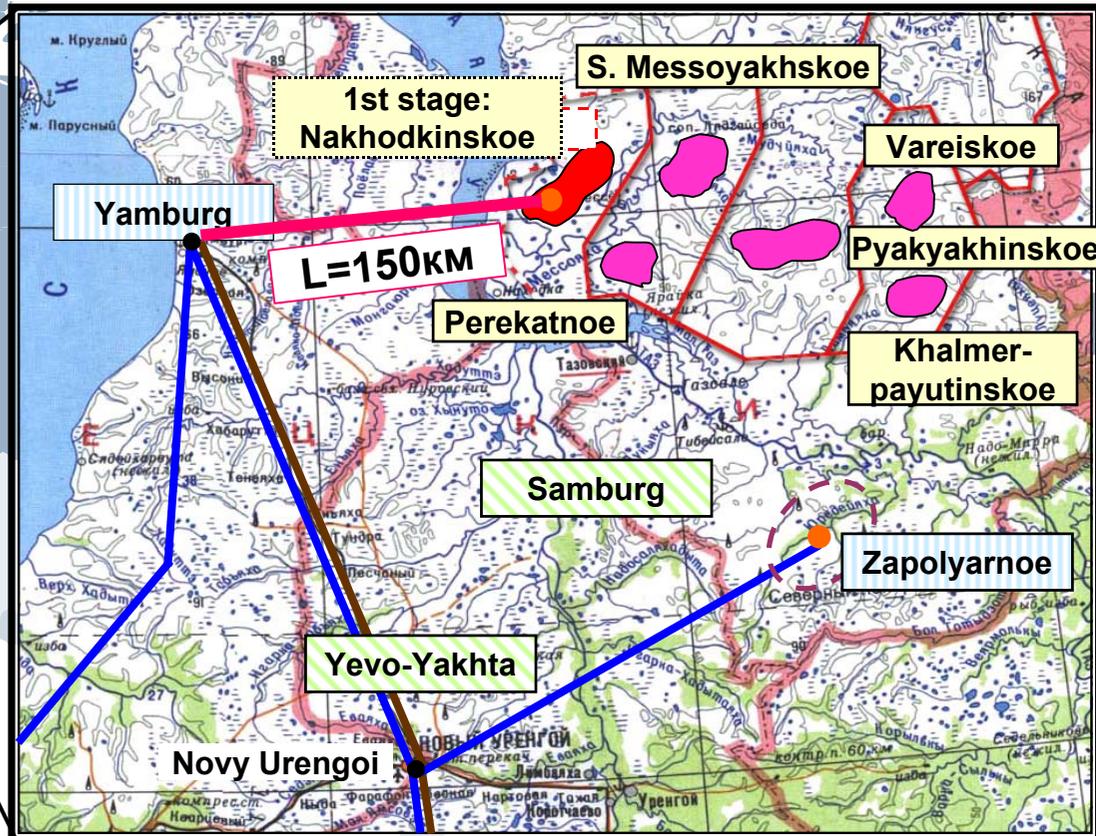
Bolshekhetskaya Depression Gas Production⁽²⁾

- In 2001 LUKOIL acquired OAO «Yamalneftegazdobycha», which holds licenses for significant reserves in Bolshekhetskaya depression area
- Some 1 Tcm of gas reserves in C1-C2 categories
- Production start – 2005.
 - First stage – Nakhodkinskoe field
- Payback period: 5 - 10 years⁽¹⁾.
- Close proximity to Gazprom's fields and transport infrastructure (150 km)

(1) Depending on natural gas prices

(2) These are forward looking statements and such results may not be achieved.

Please refer to the slide in the presentation regarding forward looking statements

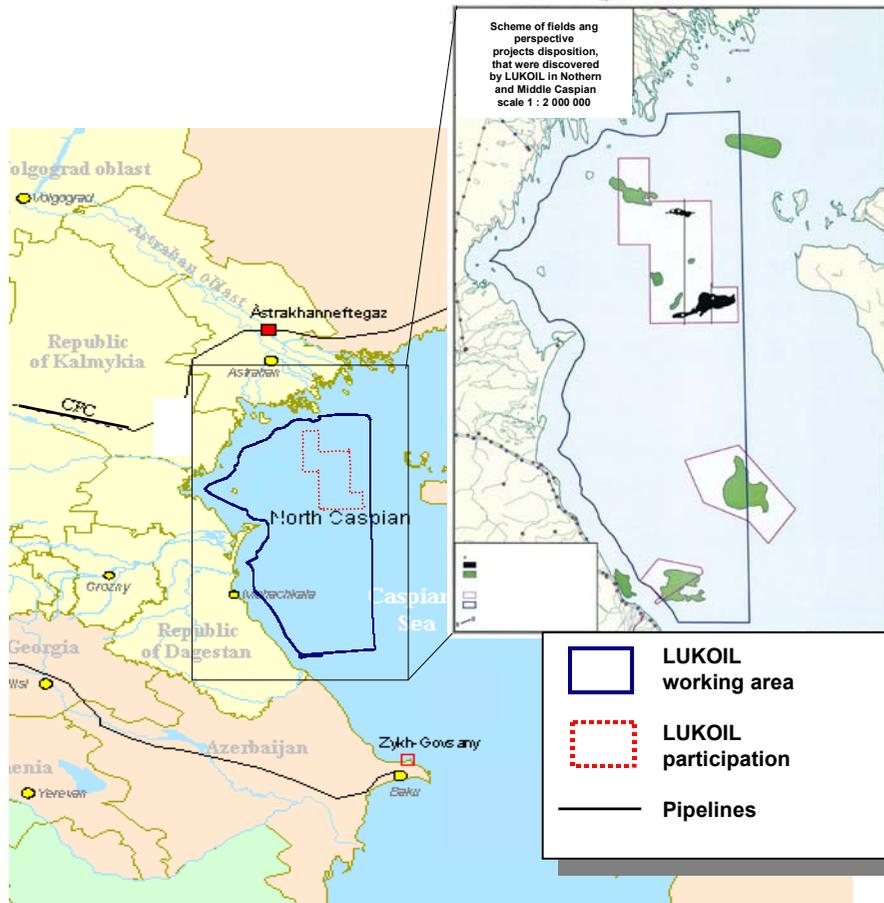


Pipelines		Fields	
	Existing gas		Perekatnoe LUKOIL's
	Existing condensate		Yamburg Gazprom's
	Projected		Samburg Arctic Gas's



Northern Caspian – a Perspective Province

In 2001 LUKOIL successfully continued the development in Northern Caspian



- Three large oil and gas condensate fields discovered: Khvalynskoe, Korchagina and Rakushechnoe
- Drilled 6 exploration wells in 2000 - 2002. All of them were successful
- Identified over 3.3 bn boe of extractable reserves with potential for significant increases
- The Company has created its own production infrastructure.
 - Owns a jack-up rig “Astra”
 - Has a fleet of support vessels, and created onshore infrastructure
- Participation in the CPC gives LUKOIL access to easy crude export

LUKOIL is the leading Russian oil major with unique E&P and transport assets in the Caspian



Financial Highlights

\$ mln ⁽¹⁾	2001	2000	2001 to 2000
Revenues	13,562	13,440	+1%
Operating profit	2,948	4,062	-28%
Net profit	2,109	3,312	-36%

Profitability decline in 2001 made business restructuring the priority task of the LUKOIL management

According to preliminary estimates, efforts in exports increase and costs reduction should lead to growth of the operating profit in the 1st quarter of 2002 compared the 4th quarter of 2001.⁽²⁾

(1) Financial results by US GAAP

(2) These are forward looking statements and such results may not be achieved.
Please refer to the slide in the presentation regarding forward looking statements



Short-Term (2002-2003) Restructuring Program

The diagram consists of two large, arrow-shaped boxes pointing from left to right. The first box is red with a white border and contains the text 'RESTRUCTURING PROGRAM (2002-03)'. The second box is grey with a black border and contains the text 'LONG-TERM STRATEGY'. The two boxes are connected at their right ends, suggesting a transition or continuation of strategy.

RESTRUCTURING PROGRAM (2002-03)

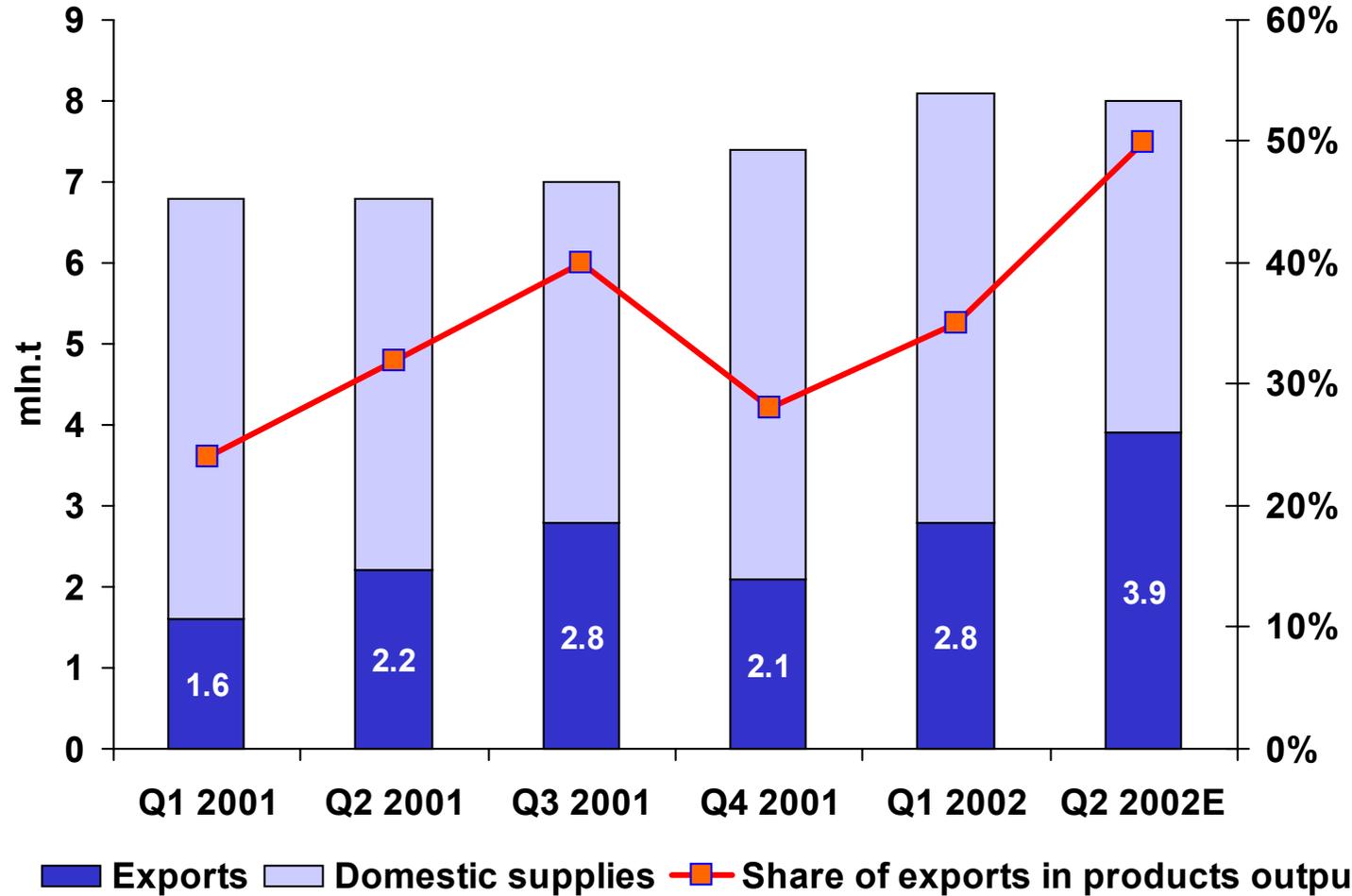
LONG-TERM STRATEGY

- **Revenue Enhancement**
 - Increase oil and oil products exports
 - Accelerate development of new fields
 - **Costs reduction**
 - Reduce the number of low-margin wells
 - Reduce headcount
 - Wider application of enhanced oil recovery technologies.
 - **Corporate structure**
 - Consolidate subsidiaries
 - Service companies divestment
- Development of new provinces
 - Gas program
 - International expansion



Growth of Exports from Own Refineries⁽¹⁾

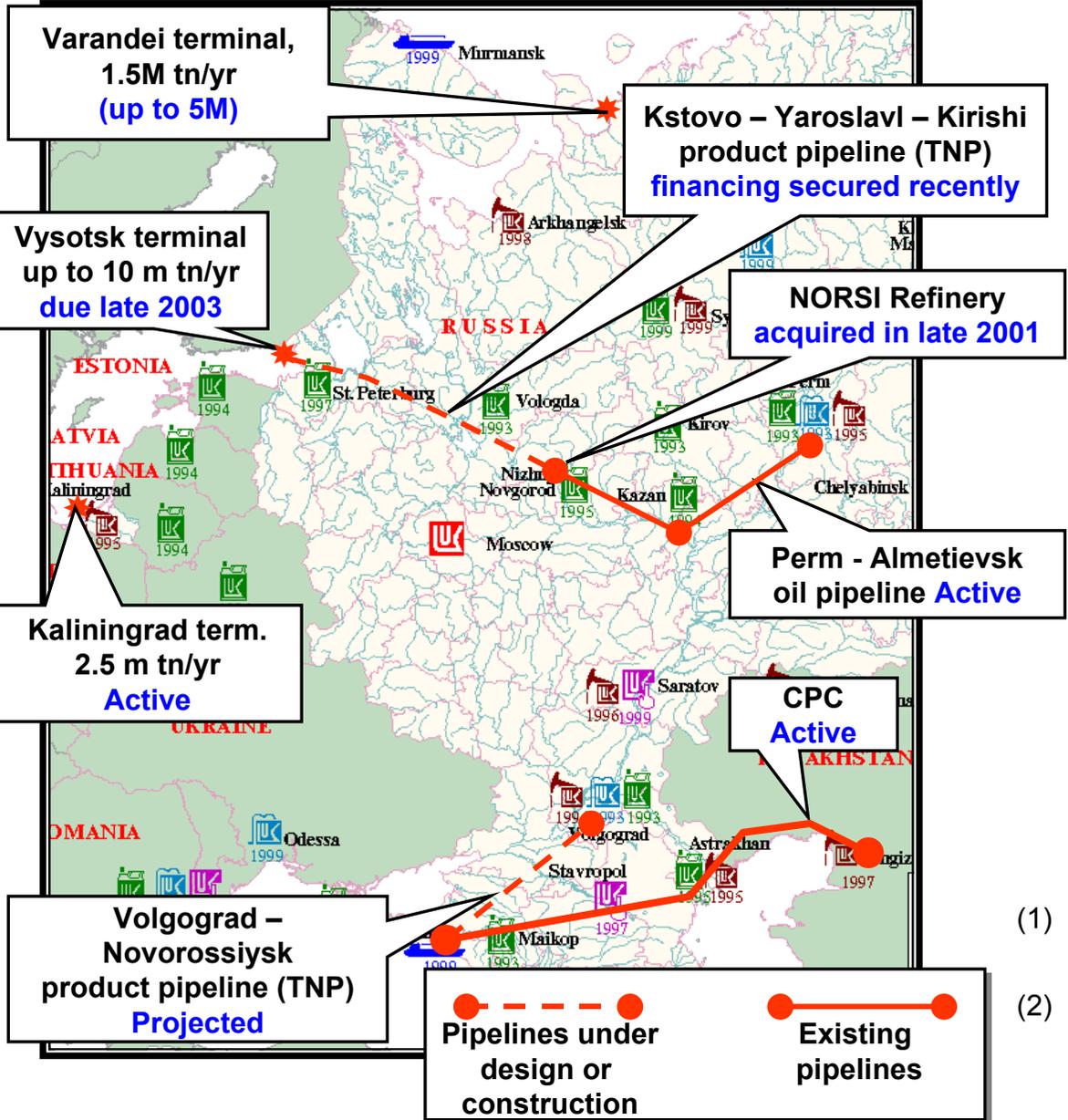
- **Factors of product exports increase**
 - Increased processing on upgraded refineries
 - Limited domestic demand
- **LUKOIL has a significant potential of exports increase**
 - In 2001 LUKOIL exported 31% of products – ¾ out of country average level



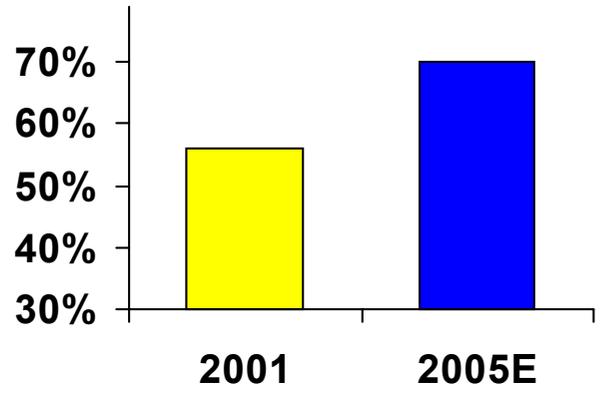
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Enhancing Export Potential



Growth of LUKOIL's exports potential⁽¹⁾

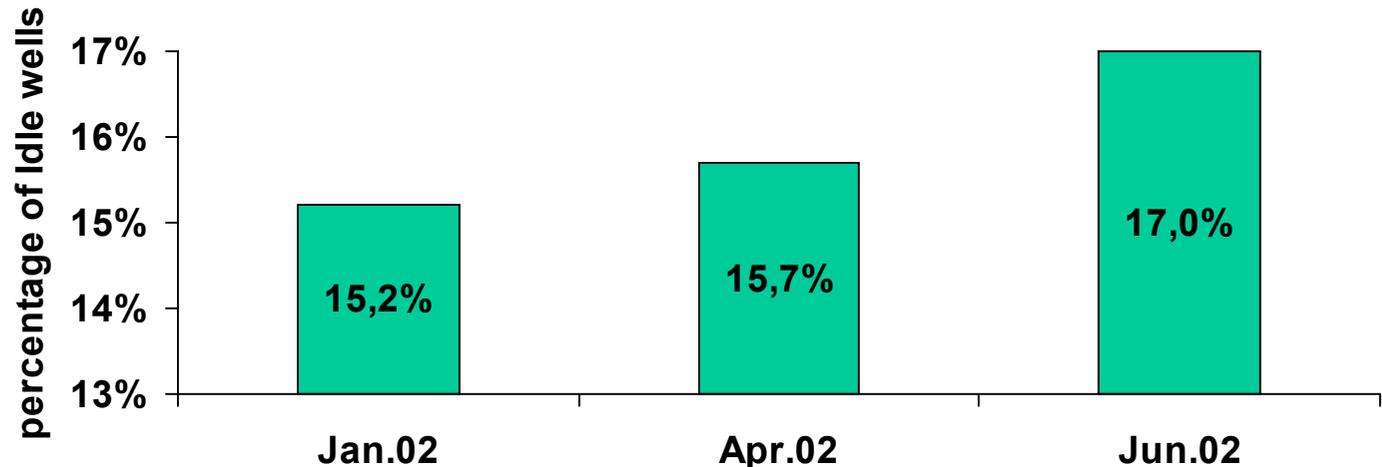


- Expanding products exports infrastructure
- Increasing flexibility in sales allocation depending on market conditions

(1) As percentage of total oil production, including both crude oil and products exports
 (2) These are forward looking statements and such results may not be achieved. Please refer to the slide in the presentation regarding forward looking statements



Closure of Low-margin Wells



	Jan.02	Apr.02	Jun.02
Exploitation wells	28,464	28,507	28,726
Producing wells	24,126	24,020	23,834
Idle wells	4,338	4,487	4,892

As LUKOIL proceeds with wells closure program, the share of idle wells increases

- Real-time monitoring of wells efficiency
- Optimization of wells stock depending on market conditions

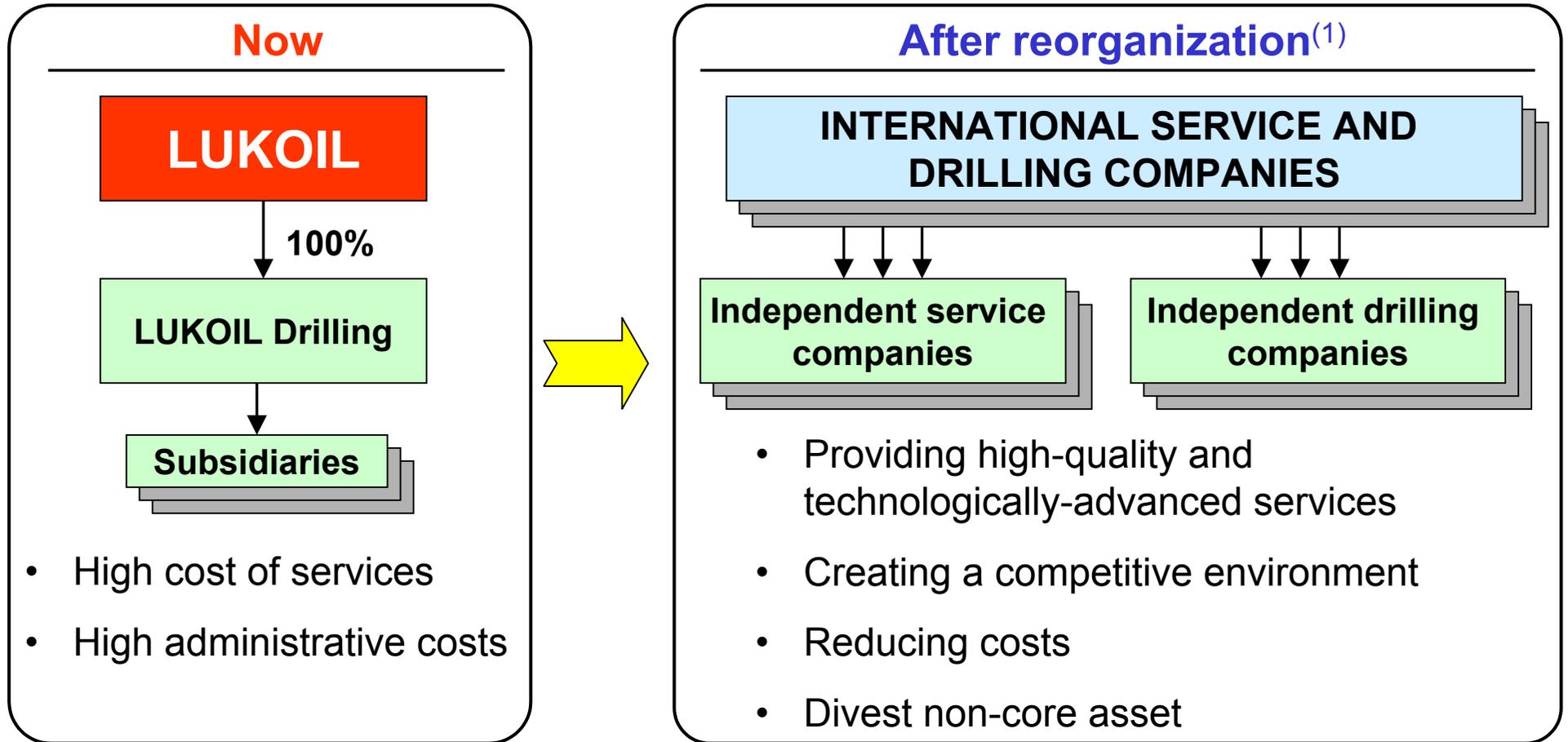


New Approaches in Exploration and Production

- Focus on financial efficiency in investments
 - LUKOIL's management is paying special attention to the financial efficiency of investments, including drilling projects
- Accelerated field development
 - LUKOIL is planning to apply accelerated development methods in new fields with increasing production rate up to 10% and higher
- Application of modern oil recovery techniques
 - Broader application of new oil recovery techniques will help the Company to maintain production from aging fields
- Steps towards using independent service and drilling contractors
 - LUKOIL prepares to divest its service and drilling subsidiaries to international strategic investors
 - Objective – to promote competition and to increase technological level of service and drilling contractors



Reorganization of LUKOIL Drilling

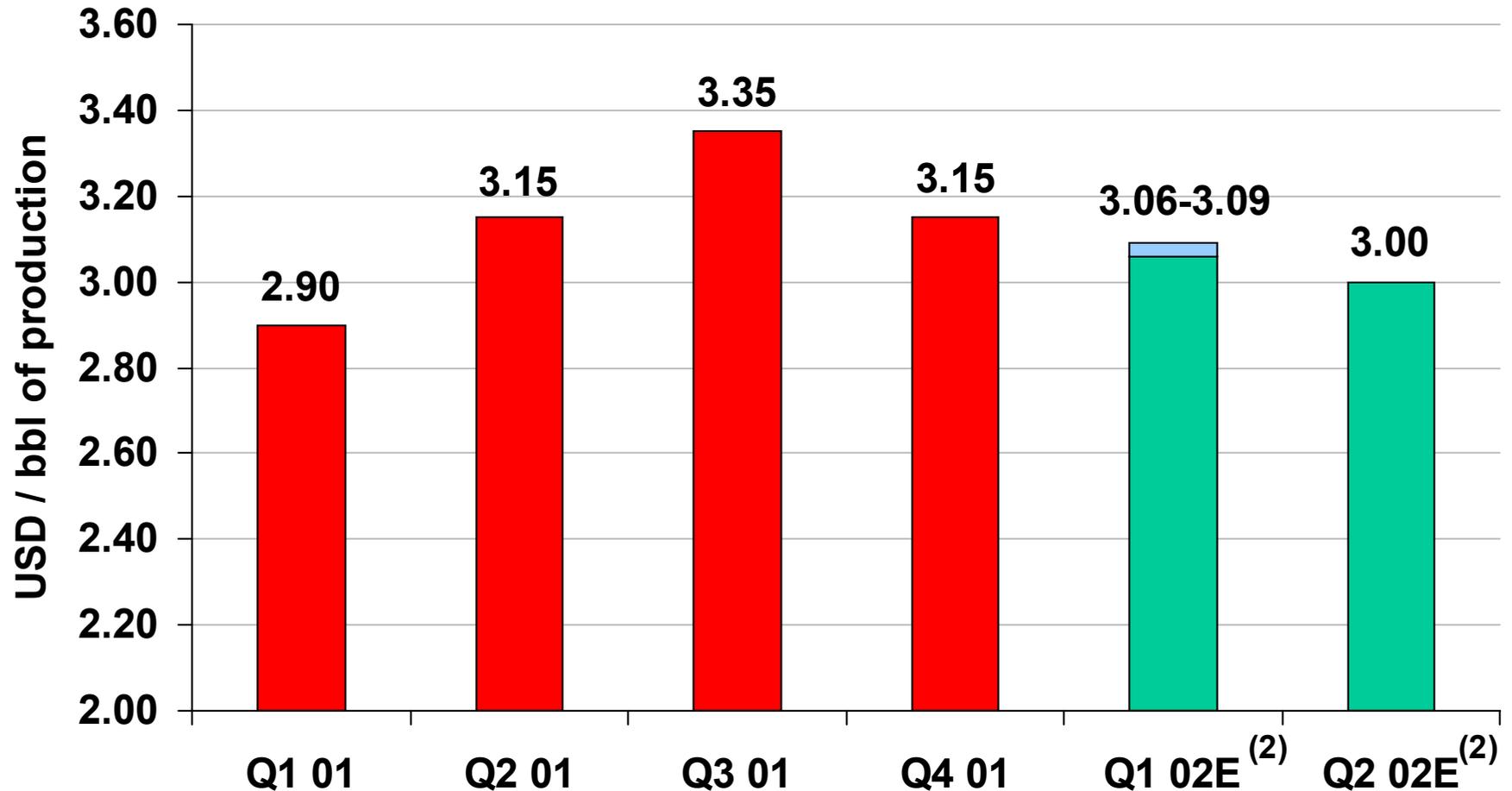


Several international service and drilling companies have already expressed interest in the LUKOIL Drilling divestment.

(1) One of the possible divestment structures. The exact structure will be decided after negotiations with potential buyers and financial advisers



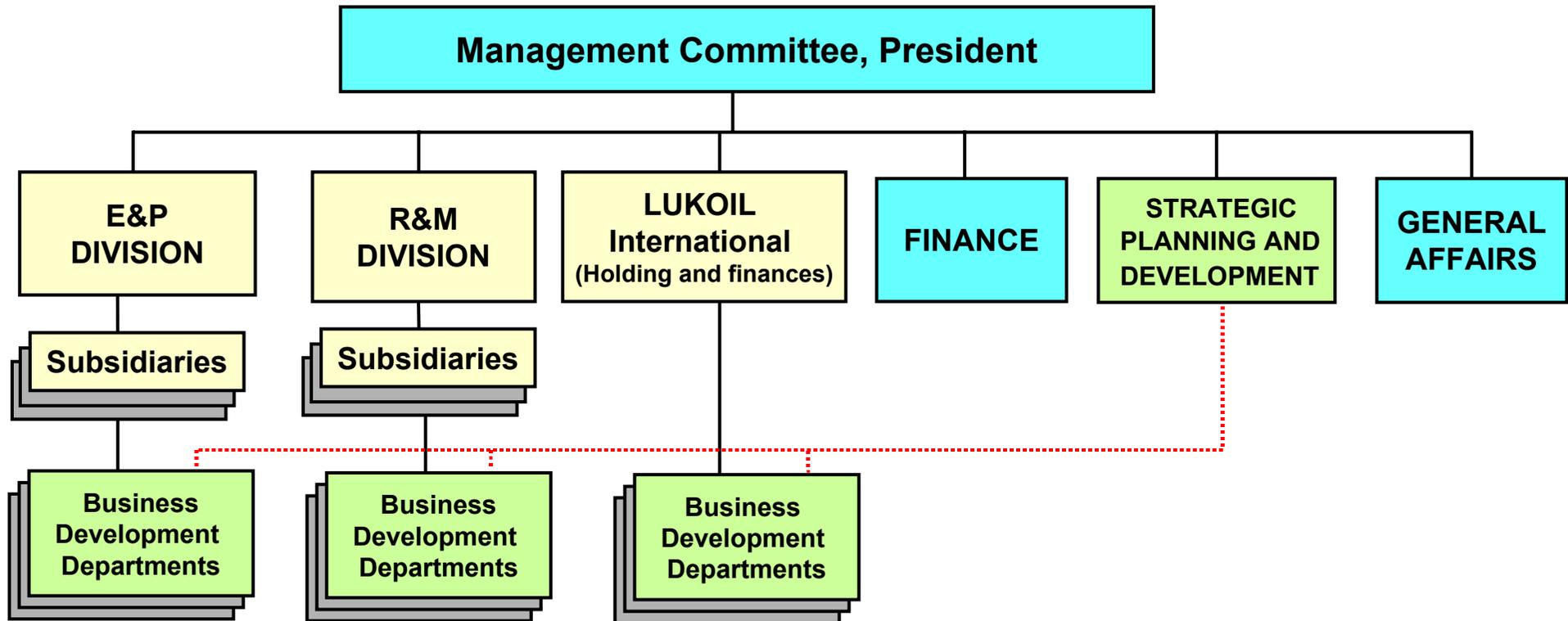
Crude Oil Production Costs⁽¹⁾



- (1) Operating costs in Exploration and Production, including lifting costs, expensed wells maintenance and repairs and other costs; excluding taxes and depreciation. Calculated in accordance with US GAAP data.
- (2) These are forward looking statements and such results may not be achieved. Please refer to the slide in the presentation regarding forward looking statements



Improvement of Corporate Practices

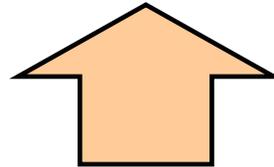


- Listing in London and New York
- Consistent Dividend Policy
- Improving investor relations
- Bringing management systems in line with International standards
- Restructuring of management structure
- Increasing transparency
- Implementation of Corporate Governance Code
- Introduction of independent directors

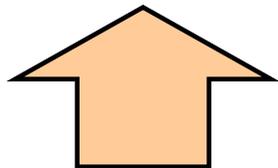


LUKOIL: Restructuring Program

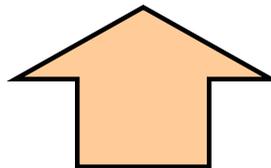
INCREASE OF COMPANY VALUE



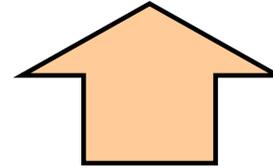
PROFIT GROWTH



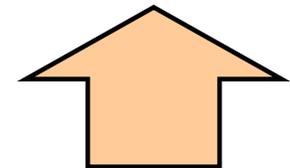
**Increasing
export
sales**



**Reducing
operating
costs**



**Accelerating
development of
new fields**



**Improving
return on
investment**



Forward Looking Statements

- Certain statements in this presentation are not historical facts and are “forward-looking.” Examples of such forward-looking statements include, but are not limited to:
 - projections or expectations of revenues, income (or loss), earnings (or loss) per share, dividends, capital structure or other financial items or ratios;
 - statements of our plans, objectives or goals, including those related to products or services;
 - statements of future economic performance; and
 - statements of assumptions underlying such statements.
- Words such as “believes,” “anticipates,” “expects,” “estimates”, “intends” and “plans” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.
- By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. You should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements, including our ability to execute our restructuring and cost reduction program.
- When relying on forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which we operate. Such forward-looking statements speak only as of the date on which they are made, and we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. We do not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.