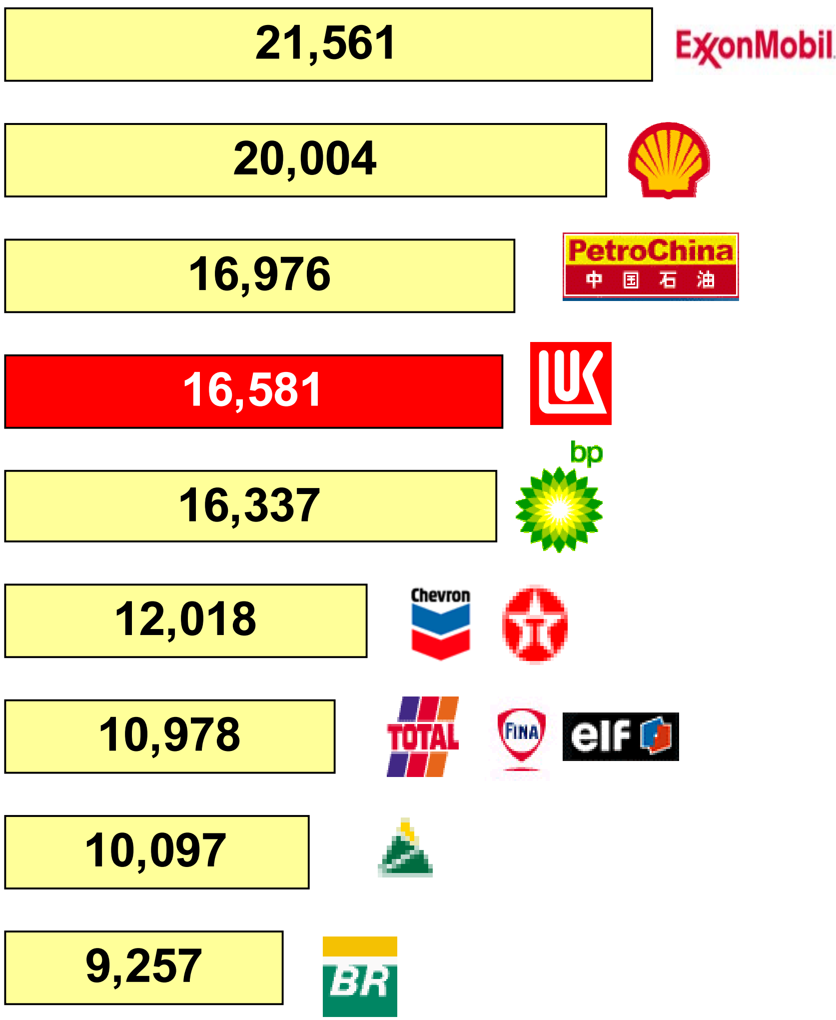
LUKOIL:
EFFICIENT GROWTH

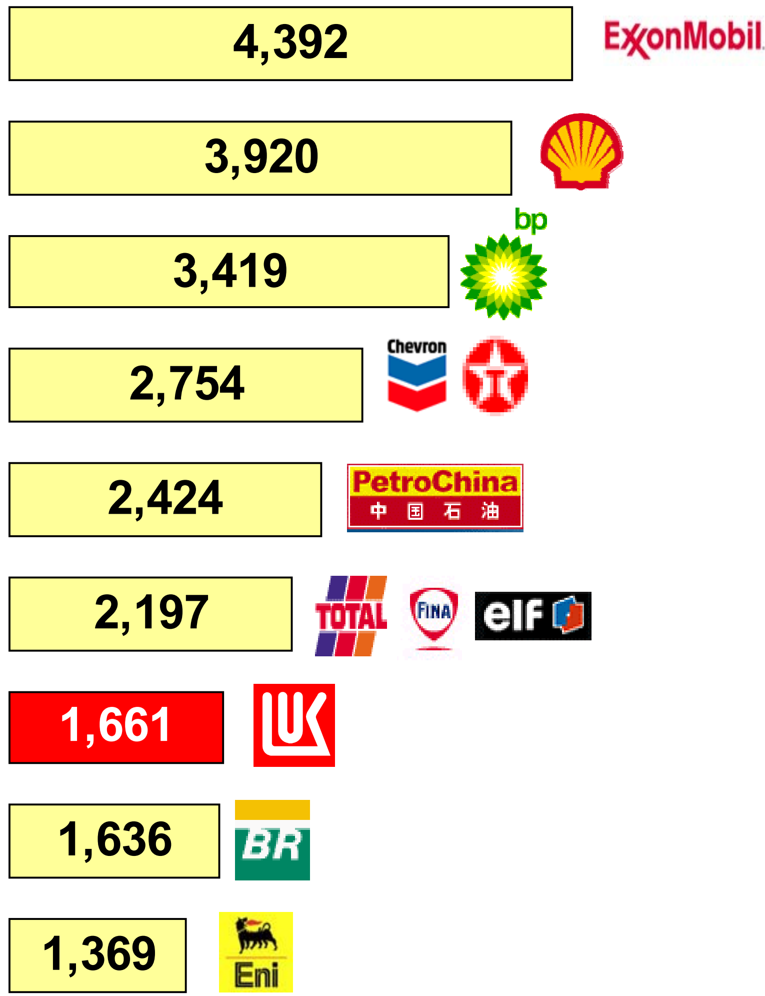
June 24, 2002

LUKOIL Comparison on Reserves and Production

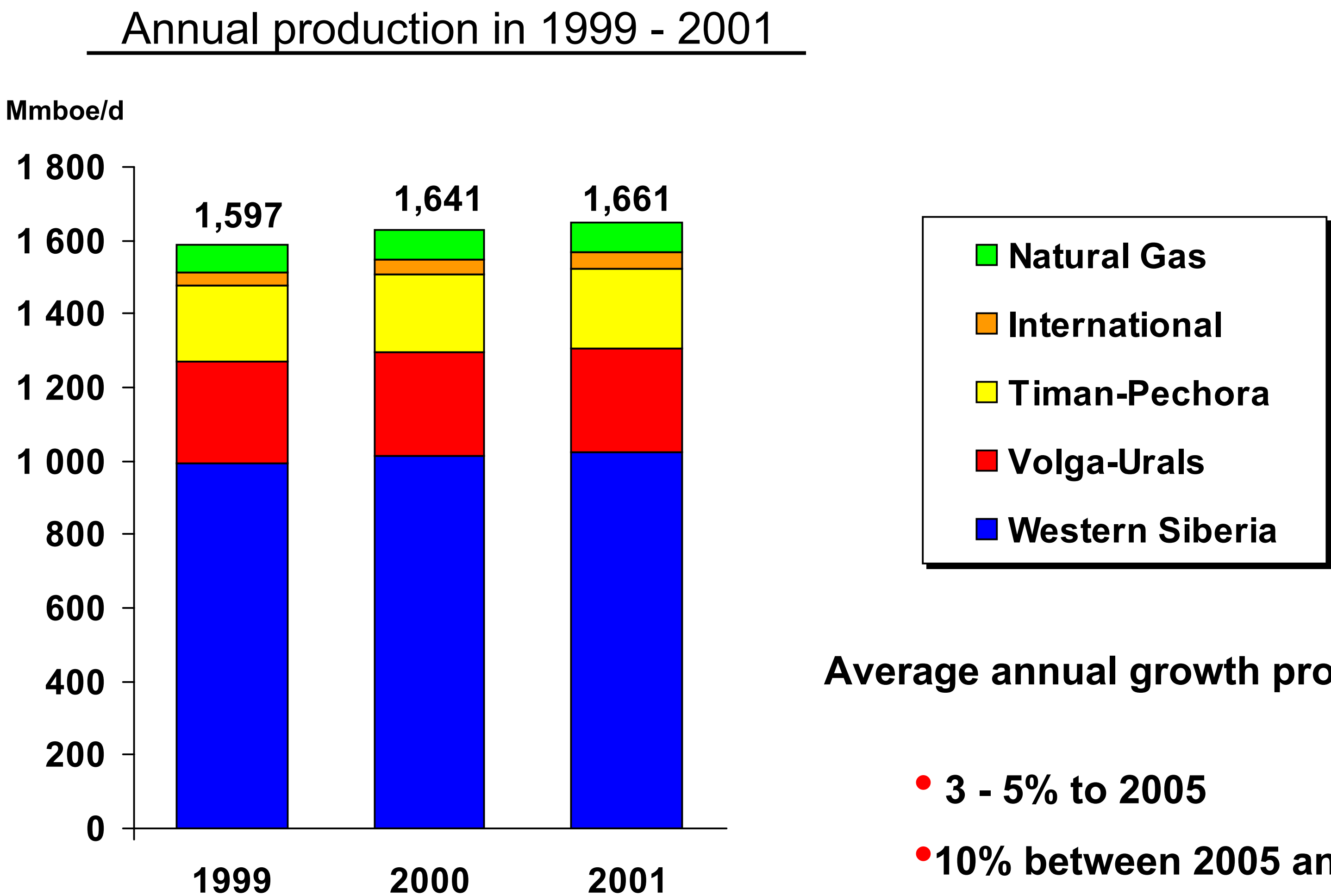
2001 Reserves (mln boe)



2001 Production (thousand boe/d)



LUKOIL Production Growth

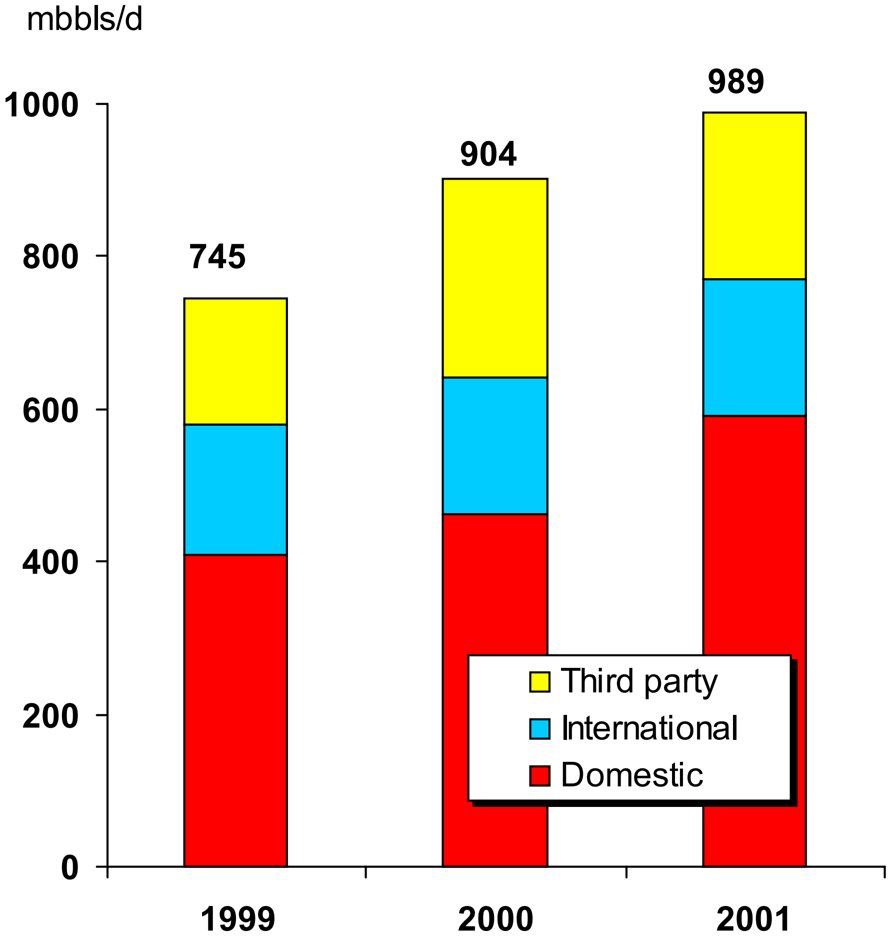


Average annual growth projections:

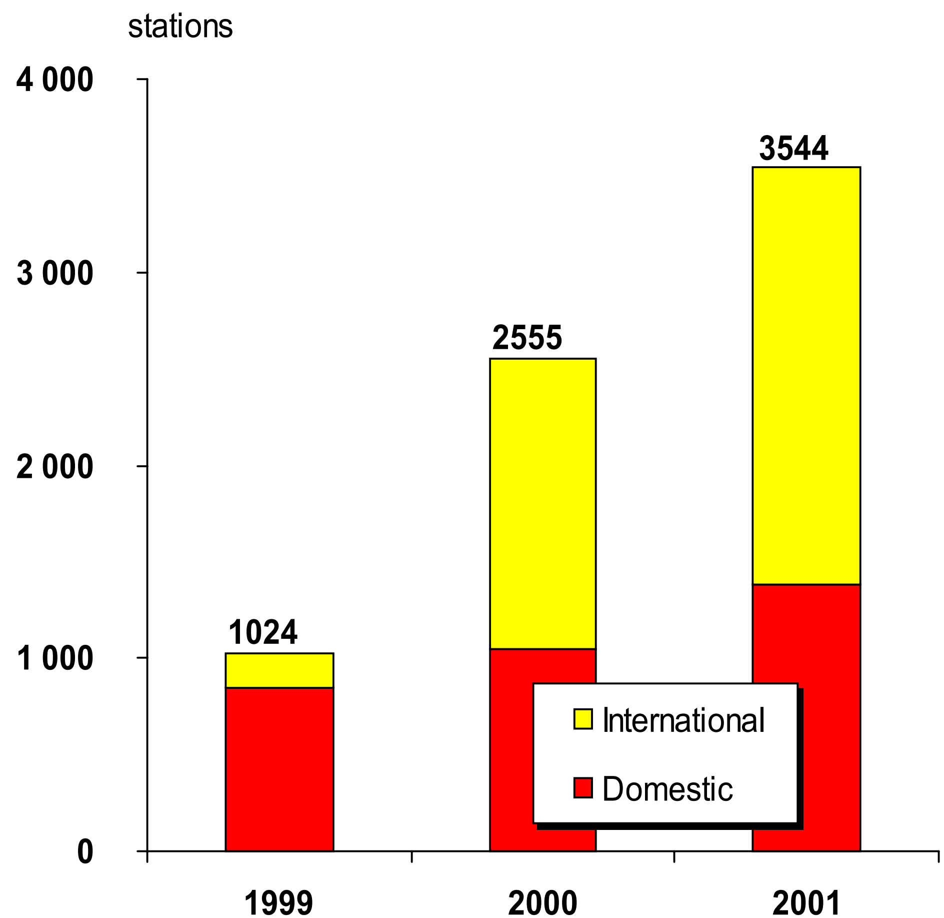
- 3 - 5% to 2005
- 10% between 2005 and 2010

LUKOIL Refining and Marketing Growth

Oil refining



Gasoline stations



Since 1999:
Oil refining growth – 30%
Gasoline stations added – 2.5 thousand

Restructuring Aims to Increase Shareholder Value

Financial market performance* *as of June 20, 2002*

Company	**Share price USD**	**Market cap USD MM**	**P/E 2002E**	**P/E 2003E**	**P/E 2004E**
Russian Oils					
LUKOIL	**16.25**	**13,825**	**6.3x**	**6.7x**	**7.0x**
YUKOS	9.06	20,262	6.3x	7.6x	8.5x
Surgutneftegas	0.37	13,294	6.0x	7.3x	7.3x
Sibneft	1.59	7,532	6.7x	8.6x	7.0x
Average for Russian oil & gas majors**			7.8x	7.8x	7.5
LUKOIL Discount to Russian Majors			***-20%***	***-14%***	***-6%%***
Average for Emerging Markets Companies***			8.1x	7.6x	12.0x
LUKOIL Discount to Emerging Market peers			***-22%***	***-12%***	***-42%***
Average for International Supermajors****			19.2x	17.0x	16.3x
LUKOIL Discount to International Supermajors			***-67%***	***-61%***	***-57%***

- The Company's stocks trades at a significant discount to other emerging market companies
- The discount to international majors is at about 60% on P/E
- LUKOIL management is very attentive to those aspects of the Company's performance that concern investors
- LUKOIL's strengths have not been properly communicated to the market and are not fully reflected by it
- LUKOIL is developing and implementing measures to raise the efficiency of operations

LUKOIL management presents some of the Company's strategic measures to raise efficiency. Management is committed to keeping investors informed about further steps in this direction.

*Source: IBES, Morgan Stanley estimates for LUKOIL and Petrobras. ** Including: LUKOIL, Yukos, Gazprom, Sibneft, Surgutneftegas;
*** Including: Petrobras, Petrochina, CNOOC; **** Including: ExxonMobil, Royal Dutch Shell, BP Amoco

Short-Term (2002-2003) Restructuring Program

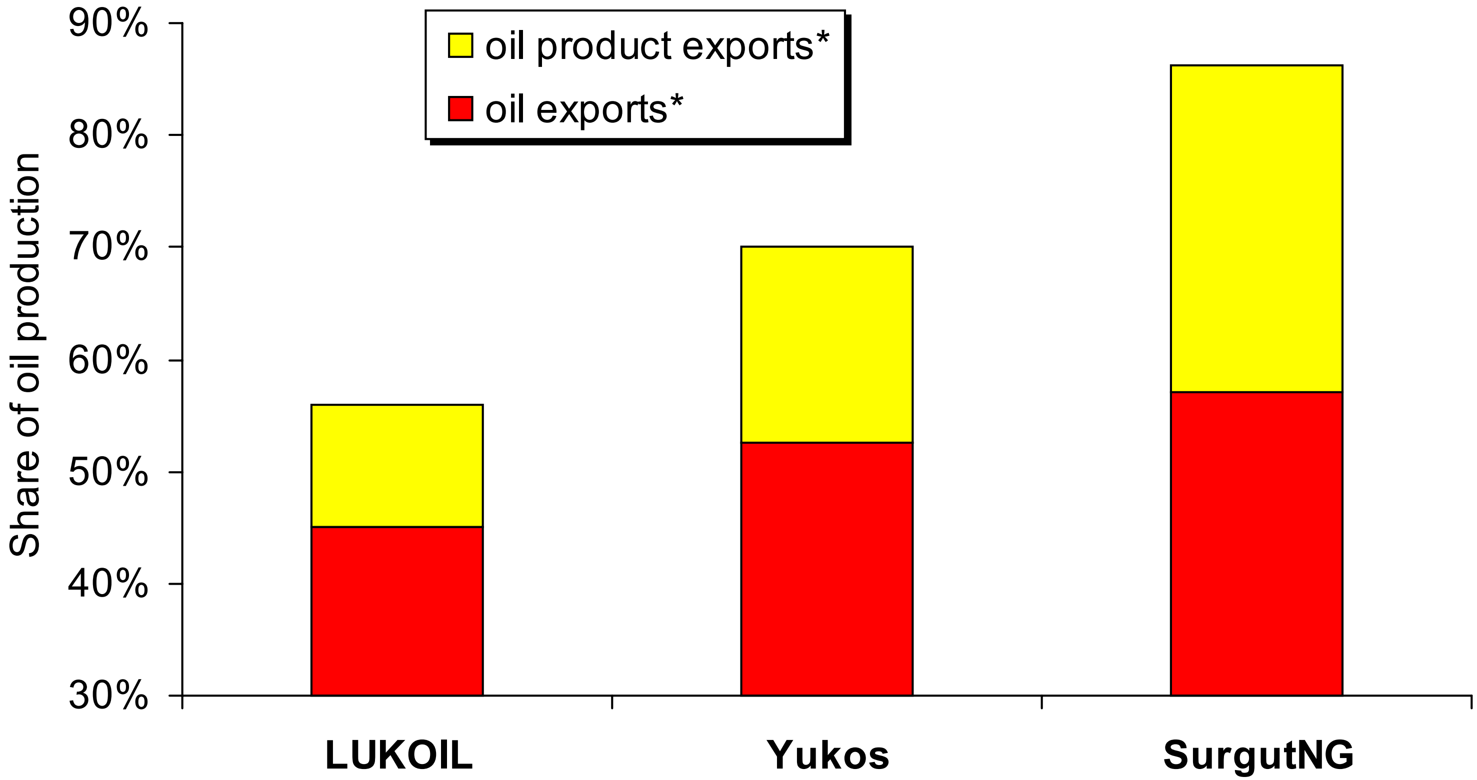
SHORT-TERM RESTRUCTURING (2002-03)

- **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

LONG-TERM STRATEGY

- **Development of new provinces**
- **Gas program**
- **International expansion**

Increasing Focus on Exports



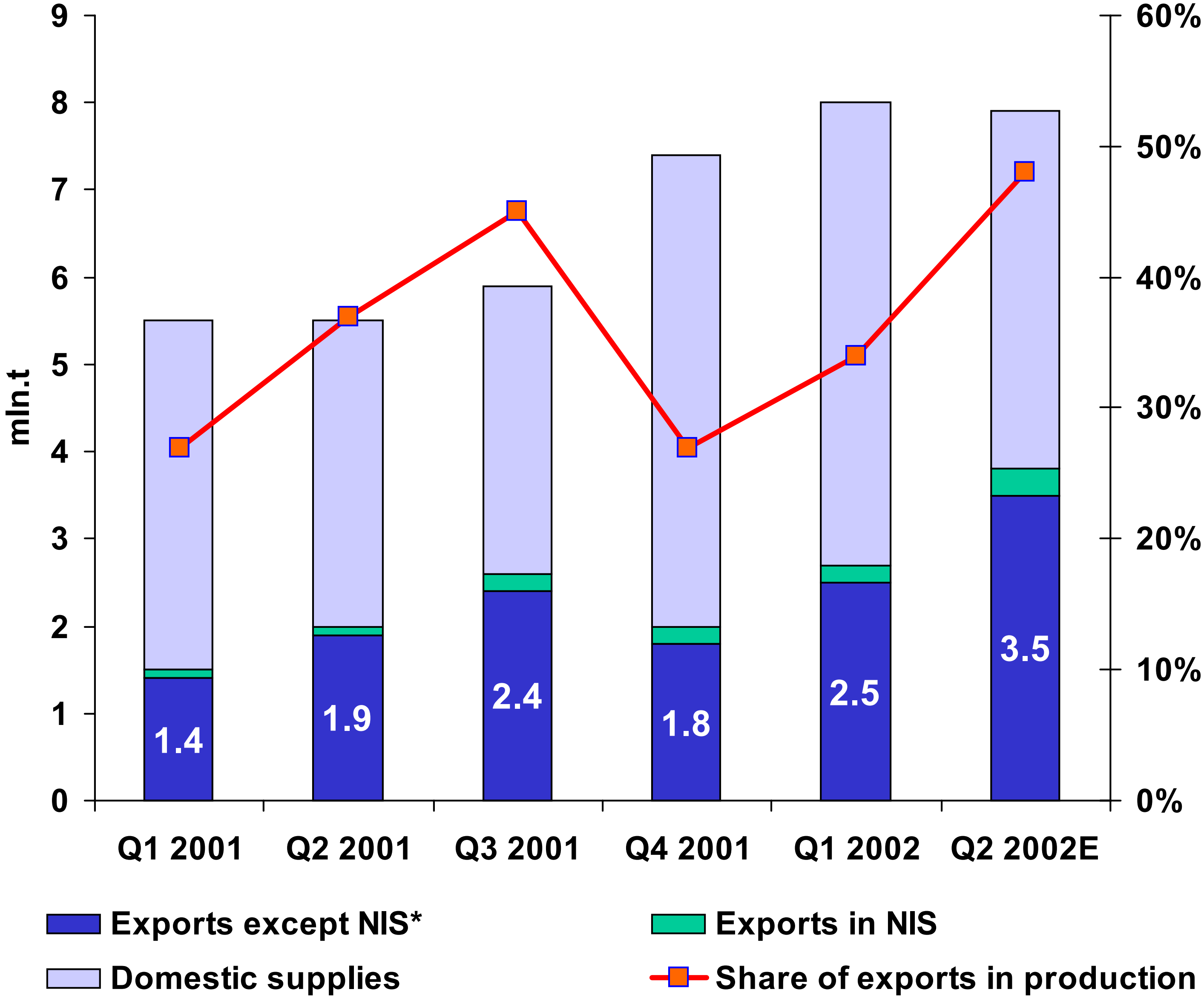
Significantly higher focus on domestic sales vs. peers
had negative impact on our financial performance in 2001

* % of total oil production

Sources: LUKOIL – company data for 9M01, Yukos – Company data (9M01 financials), SurgutNG – RusEnergy

Product Exports Growth

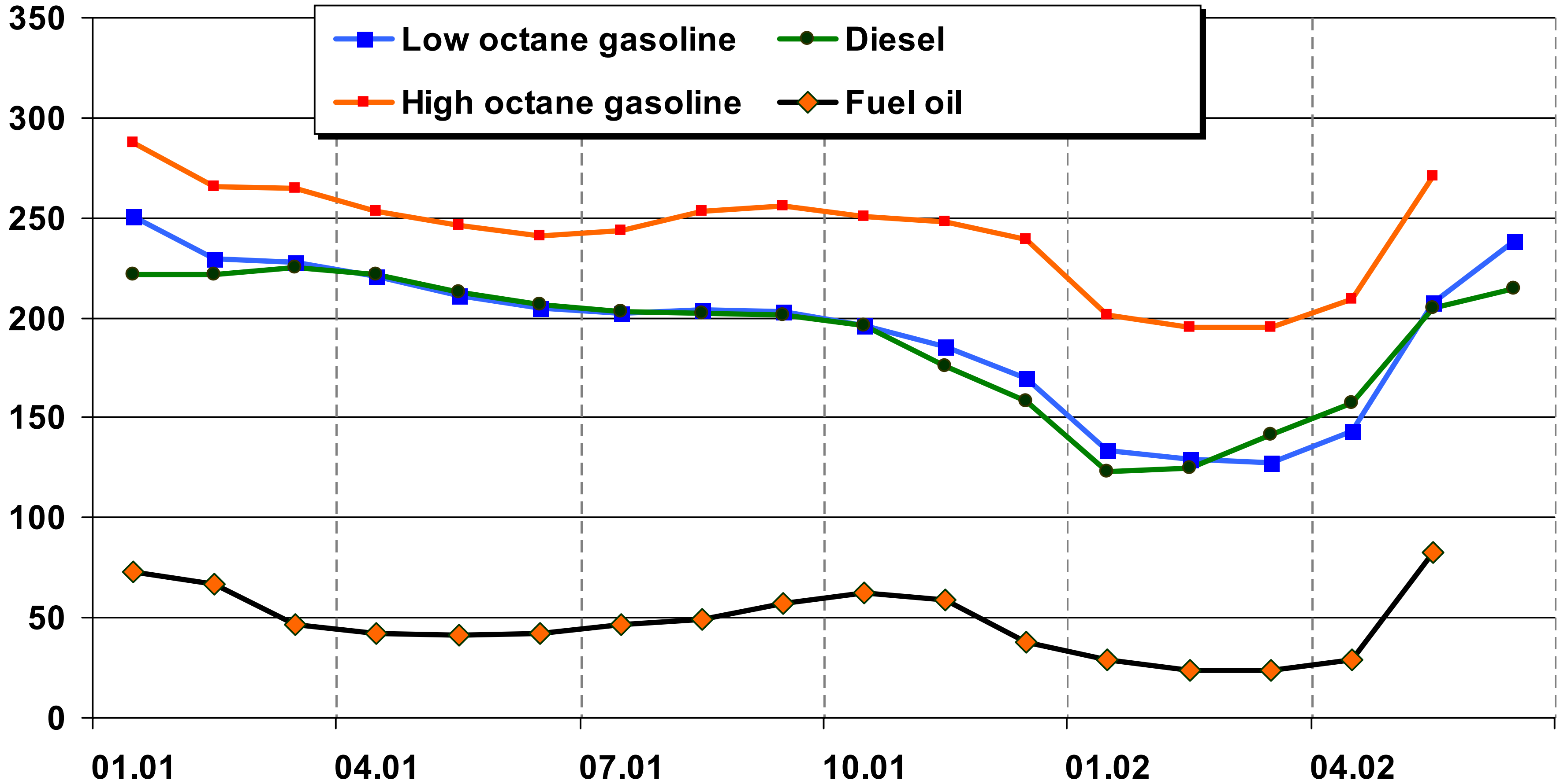
- **Factors of product exports increase**
  - Increased processing on upgraded refineries
  - Limited domestic demand
- **LUKOIL has a significant potential of exports increase**
  - In 2001 LUKOIL exported 31% of products – ¾ out of country average level



Source: LUKOIL

* NIS – Newly Independent States

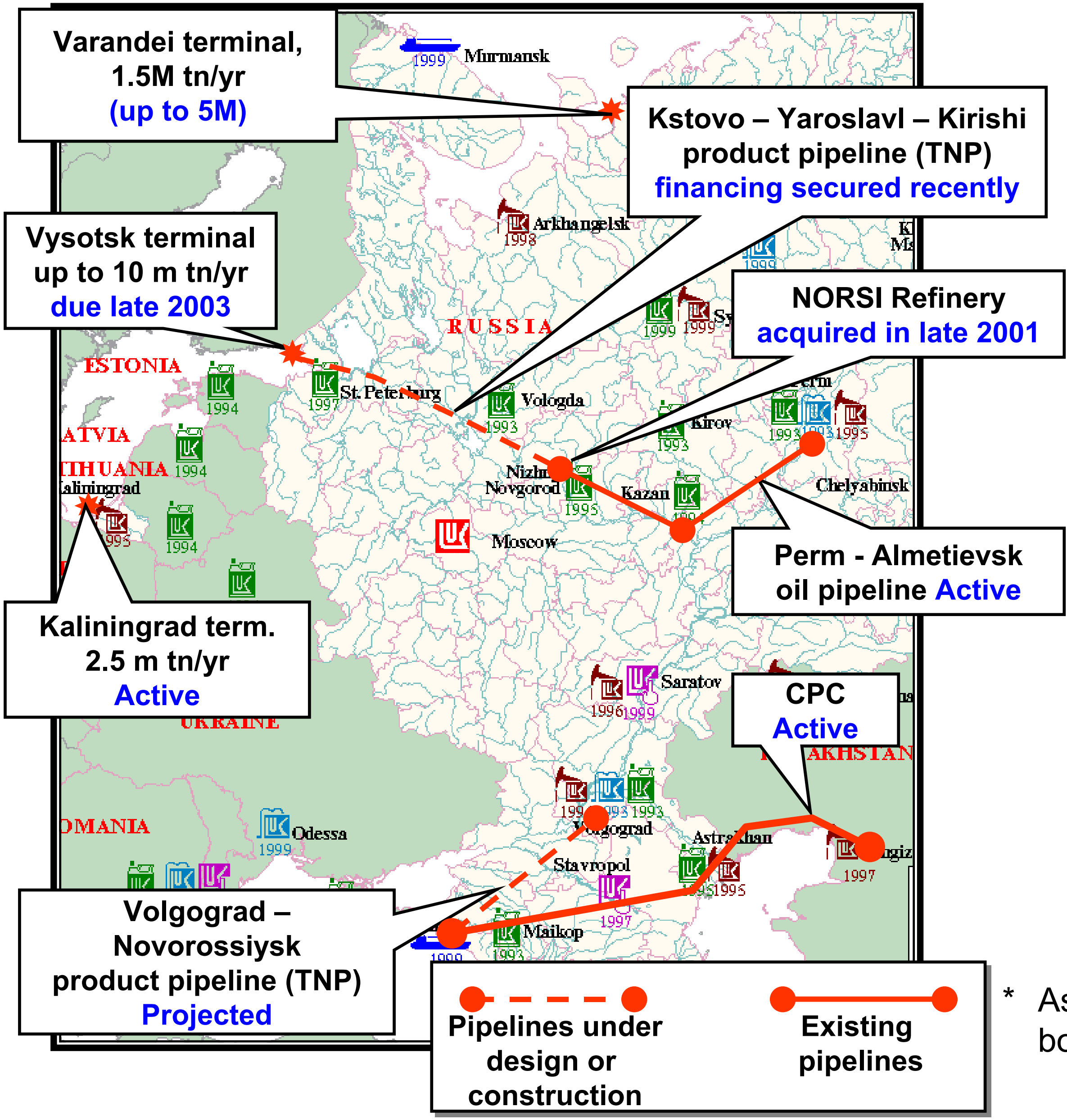
Domestic Refined Products Prices Dynamics



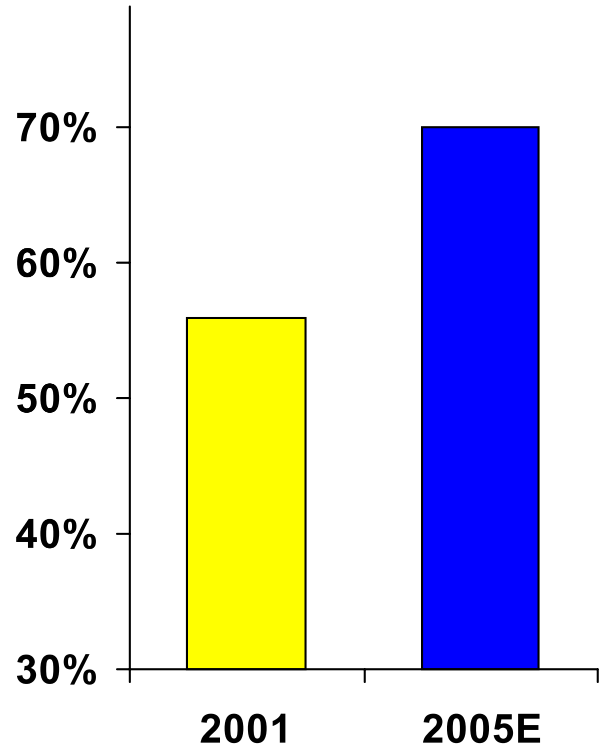
As prices increase, domestic and export sales margins converge.
In the future, LUKOIL will allocate sales to maximize profitability.

Source: Kortes

Enhancing Export Potential



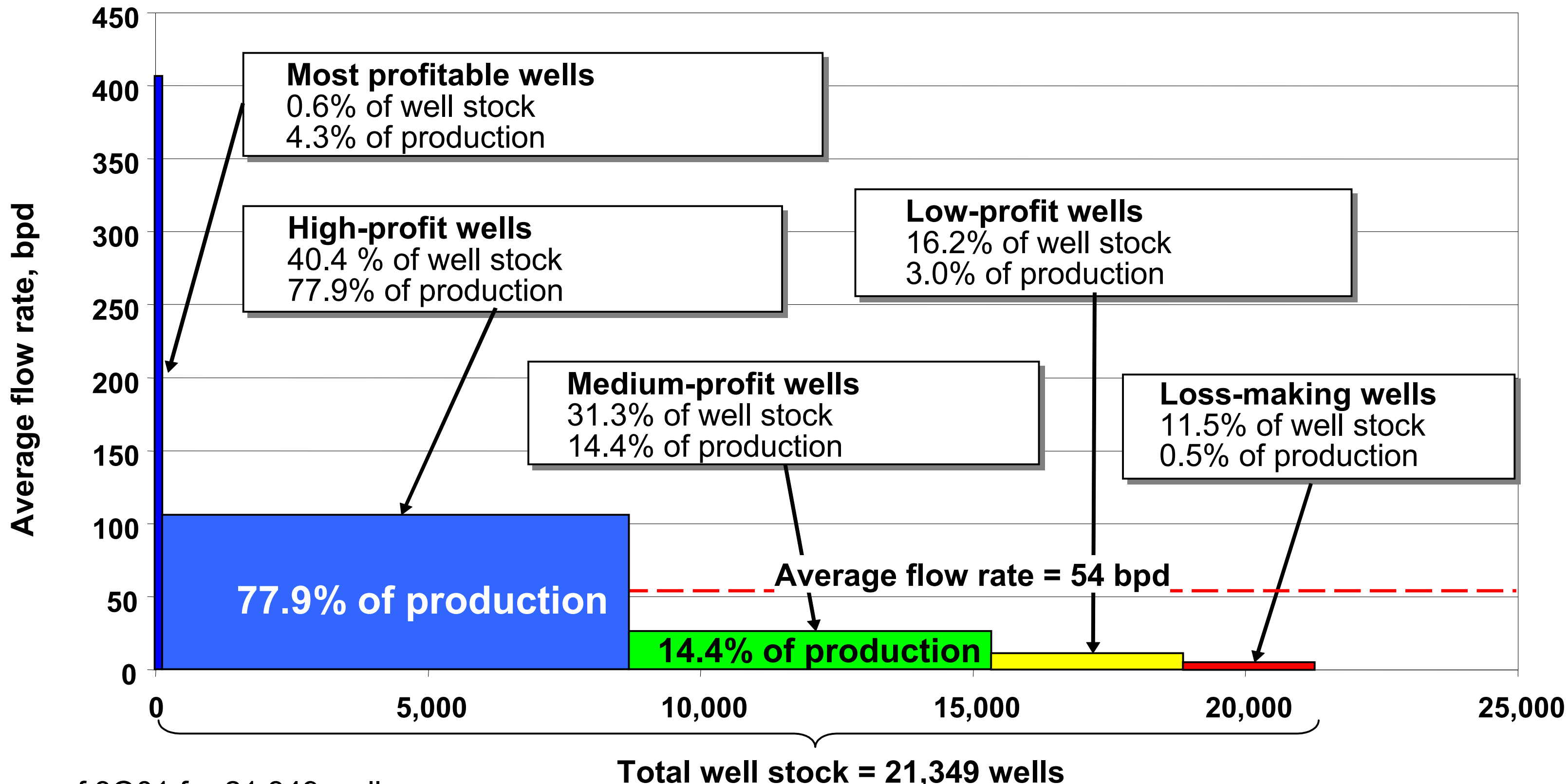
Growth of LUKOIL's share of exports*



* As percentage of total oil production, including both crude oil and products exports

Distribution of Well Stock by Profitability and Productivity

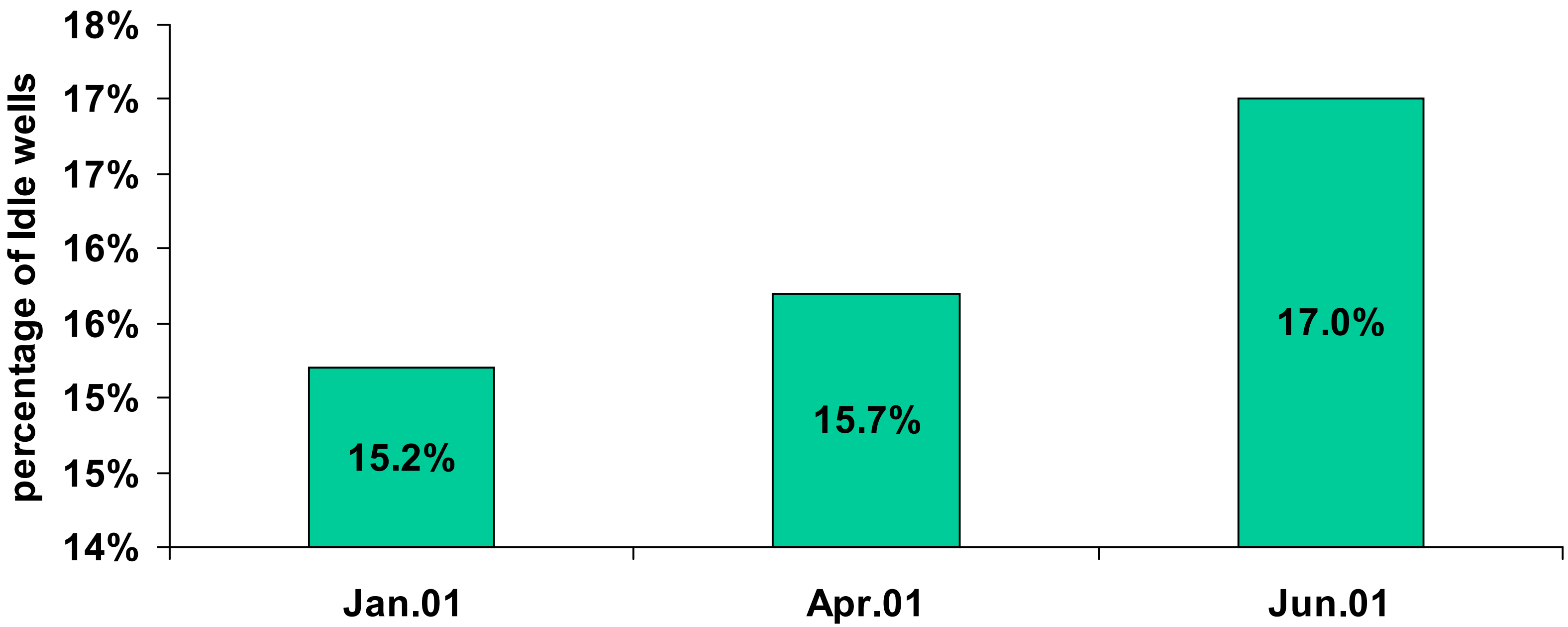
- **LUKOIL is actively monitoring the efficiency of its well stock**
- **Some 80% of the Company's production comes from about 8,500 highly productive wells**
- **The Company is considering closing up to 5,000 unprofitable wells, which contribute just 3% to total production volume**



Data as of 3Q01 for 21,349 wells

* variable costs = cost reduction after shutting a well down, including operating costs and taxes

Closure of Low-margin Wells

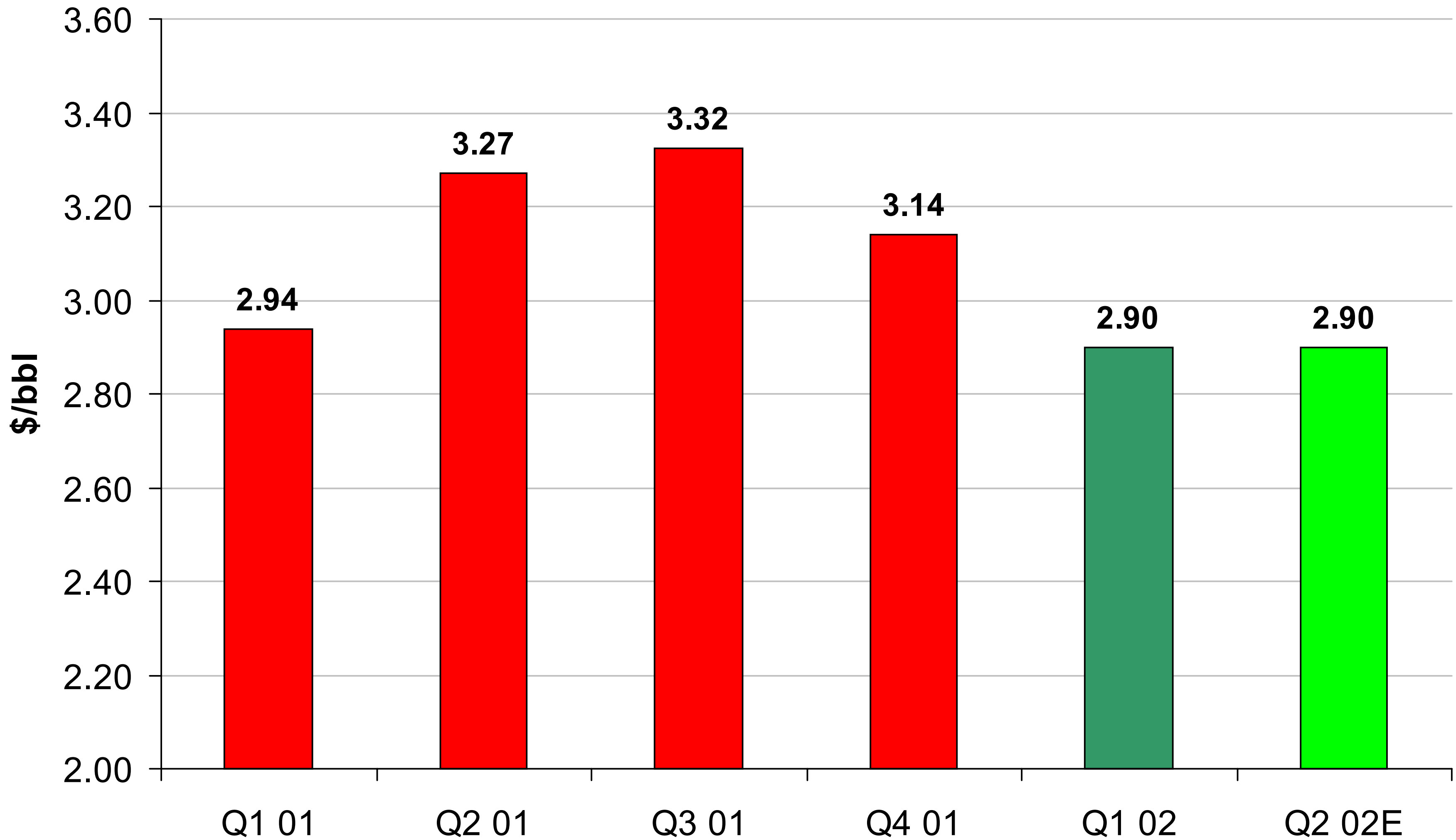


	Jan.01	Apr.01	Jun.01
Exploitation wells	28,464	28,507	28,726
Producing wells	24,126	24,020	23,834
Idle wells	4,338	4,487	4,892

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

Source: LUKOIL

Crude Oil Production Costs*



* Operating costs in Exploration and Production, including lifting costs, expensed wells maintenance and repairs and other costs; excluding taxes and depreciation

Reorganization of LUKOIL Drilling

Now

LUKOIL

100%

LUKOIL Drilling

Subsidiaries

- High cost of services
- High administrative costs

After reorganization

INTERNATIONAL SERVICE COMPANIES

Independent service companies

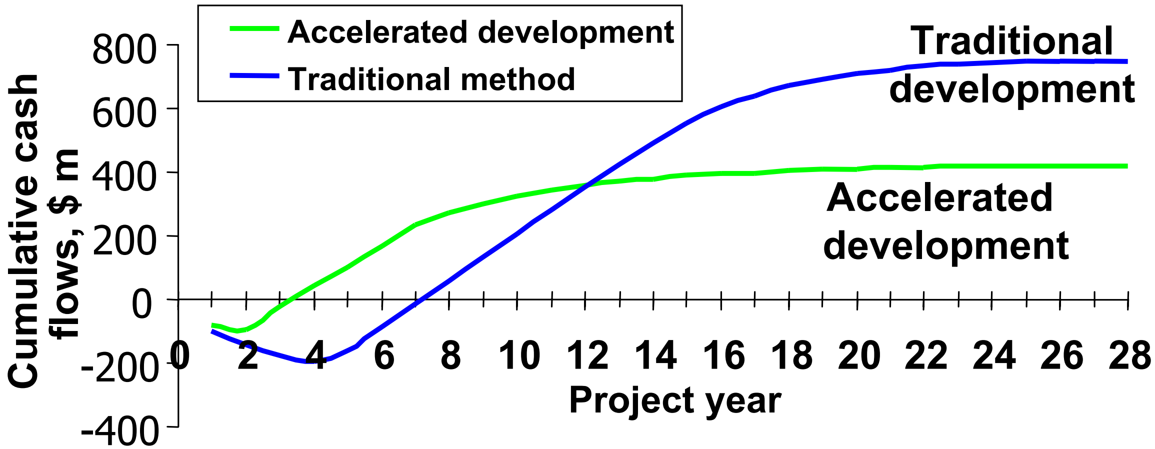
Independent drilling companies

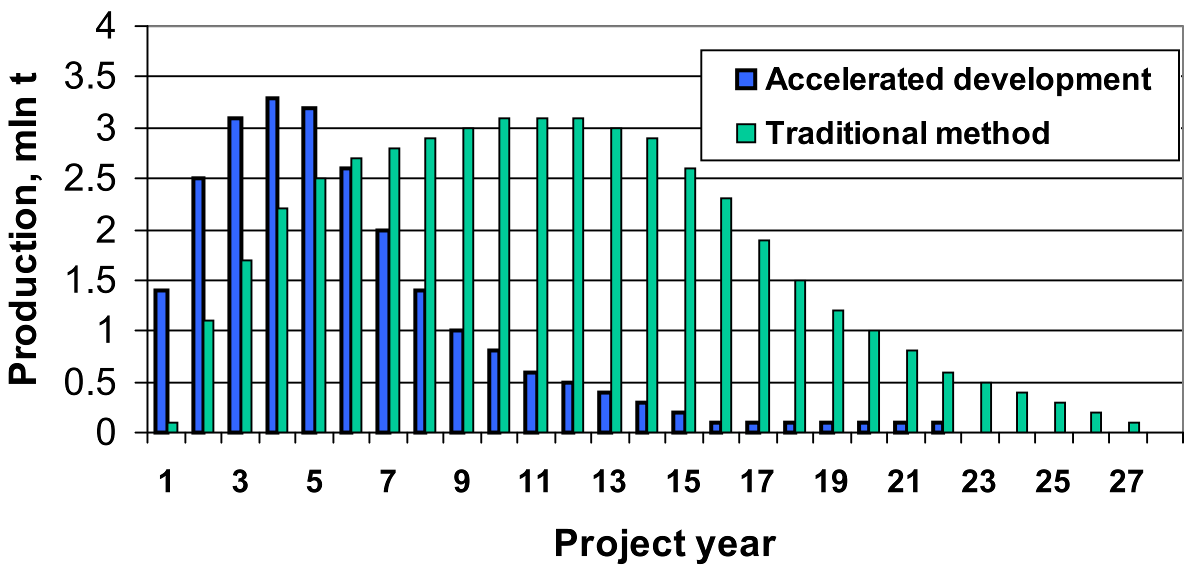
- Providing high-quality and technologically-advanced services
- Creating a competitive environment
- Reducing costs
- Divest non-core asset

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

Accelerated Field Development: Case 1

With decrease of recovery ratio





KEY FIGURES:

Method:	Acce-lerated	Tradi-tional
Cumulative production, m tons	26.7	45.0
Cumulative cash flow, $ m (undiscounted)	420	750
# of wells	10	41
Average. flow rates, tn/day	800	150

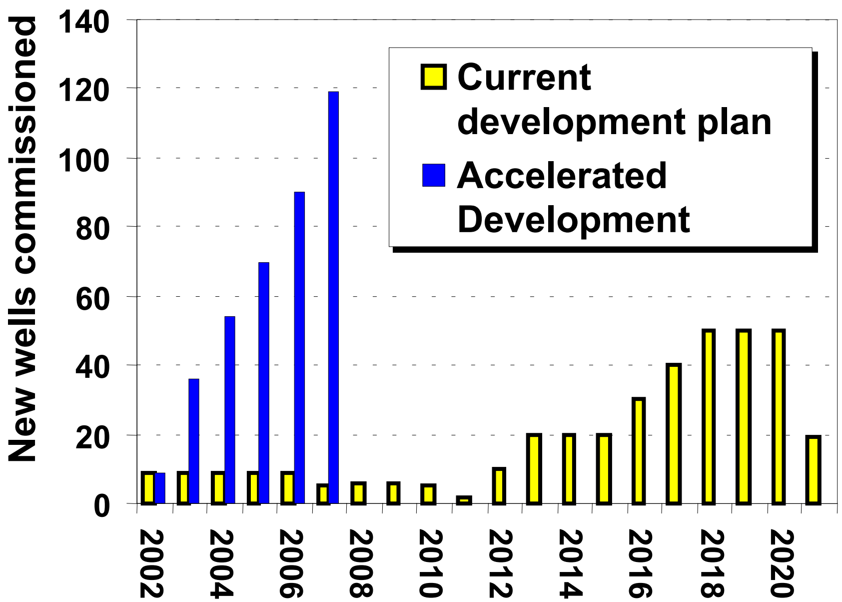
Note: Sample production and cash flow forecasts for one of LUKOIL’s fields in the Volga region

Accelerated Field Development: Case 2

Preserving recovery ratio

Alternative approach to accelerated development is acceleration of drilling schedules.
It allows preservation of recovery ratio and has benefits of bringing forward cash streams

Comparing development forecasts for one of the Timan-Pechora fields



	Current development plan	**Accelerated development**
Reserves, m bbl	161.6	**161.6**
Capex, $ m	357.8	**357.8**
Peak production, m bbl	13.9	**20.0**
Peak production year	2020	**2008**
IRR, %	23.7%	**38.3%**

- **With an optimal approach, accelerated development improves economics**
- **LUKOIL is actively considering opportunities for accelerated development at new fields**

Long-term Strategy

SHORT-TERM RESTRUCTURING (2002-03)

LONG-TERM STRATEGY

- **Revenue Enhancement**
  - Increase oil and oil products exports
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  - Consolidate subsidiaries
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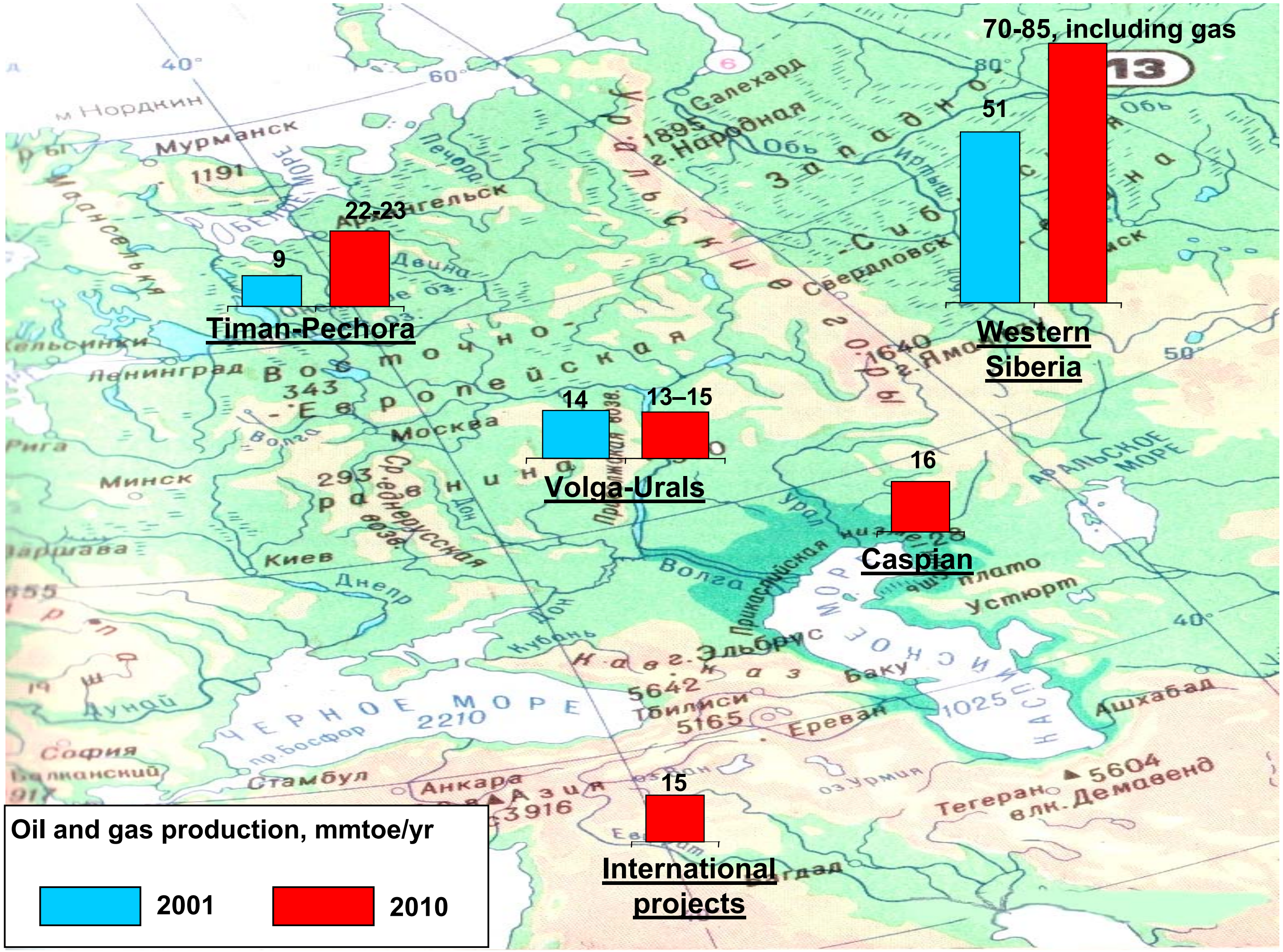
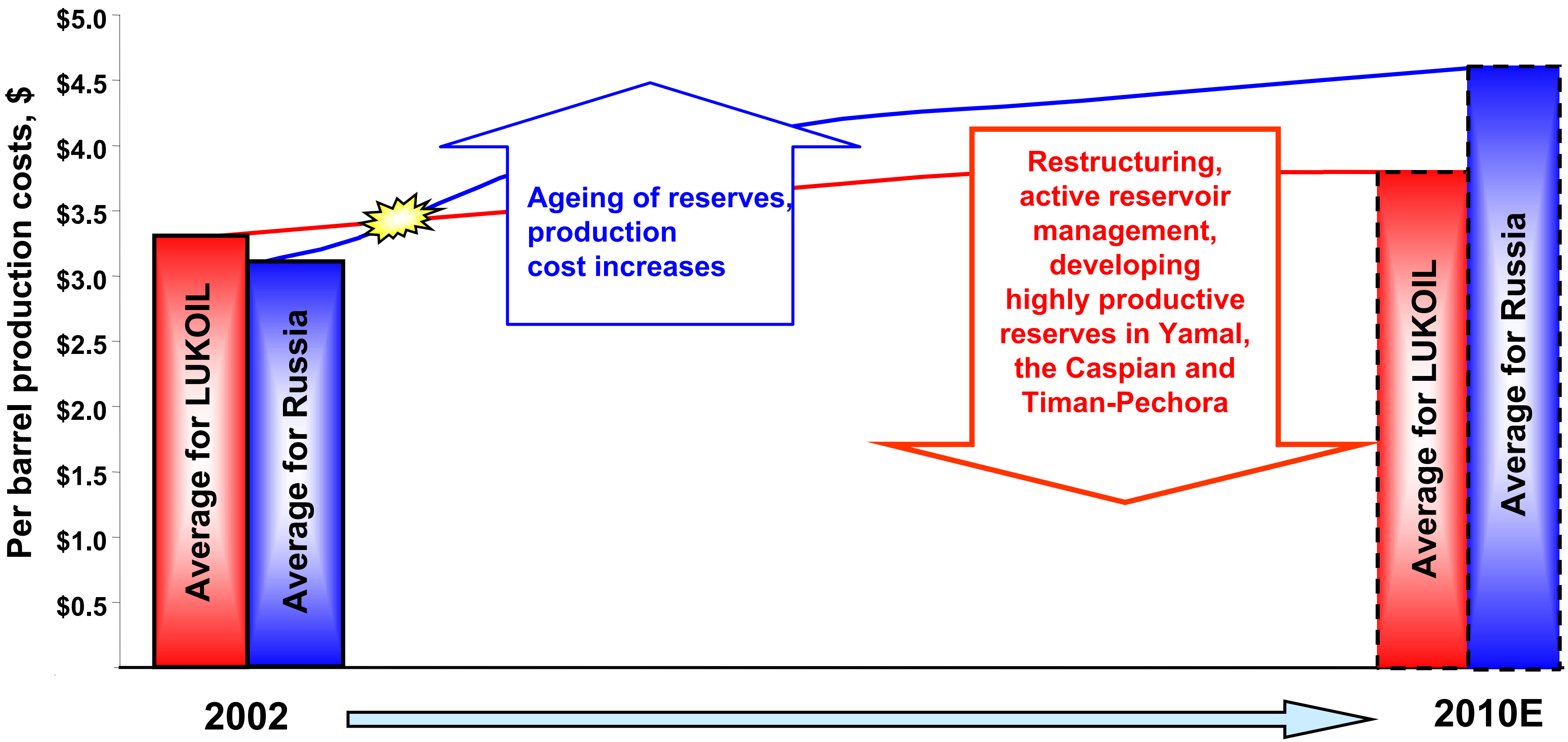
- **Development of new provinces**
- **Gas program**
- **International expansion**

Long-term Production Growth by Region

Growth of production in new provinces



Reaching Competitive Cost Level Control



- LUKOIL is the only oil company in Russia with a prepared resource base in new provinces
- With the depletion of Western Siberian reserves, average Russian production costs will grow
- Companies with a prepared resource base will have a competitive advantage in terms of production costs

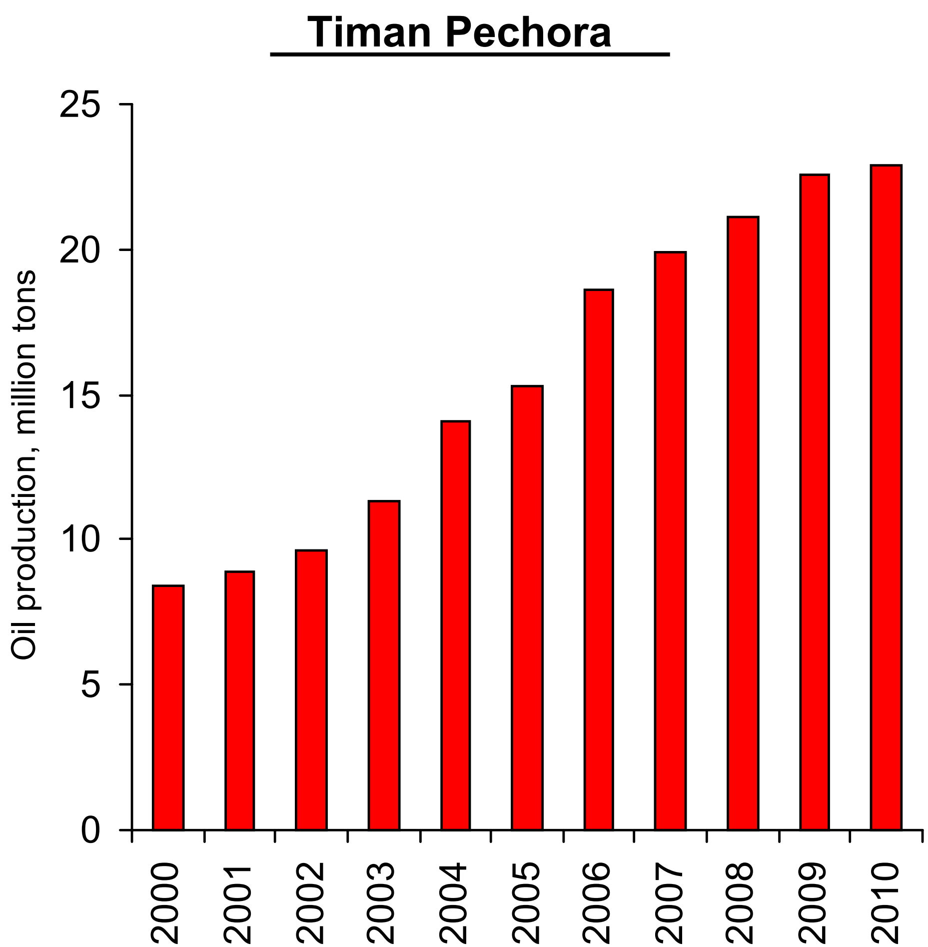
Capital Expenditure in New Projects

LUKOIL’s Capex in New E&P and Pipeline Projects

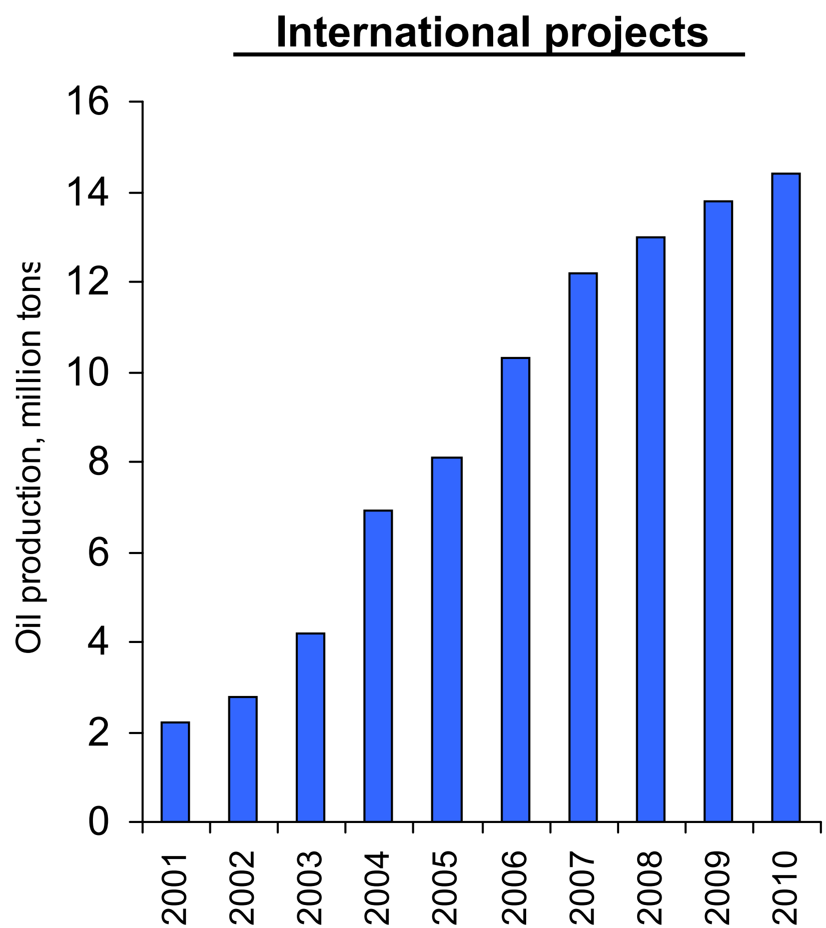
$ m	1999	2000	2001
E&P in Russia - New regions*	50.0	236.9	445.8
Caspian E&P Projects**	184.3	229.1	244.9
Other International E&P	3.2	0.8	3.5
CPC	72.8	166.1	120.2
TOTAL	**310.3**	**632.9**	**814.4**

* Includes Timan-Pechora and Northern Caspian regions
** Includes AIOC, Karachaganak, Kumkol, Tengiz and other Caspian projects

Long-Term Growth in New Provinces

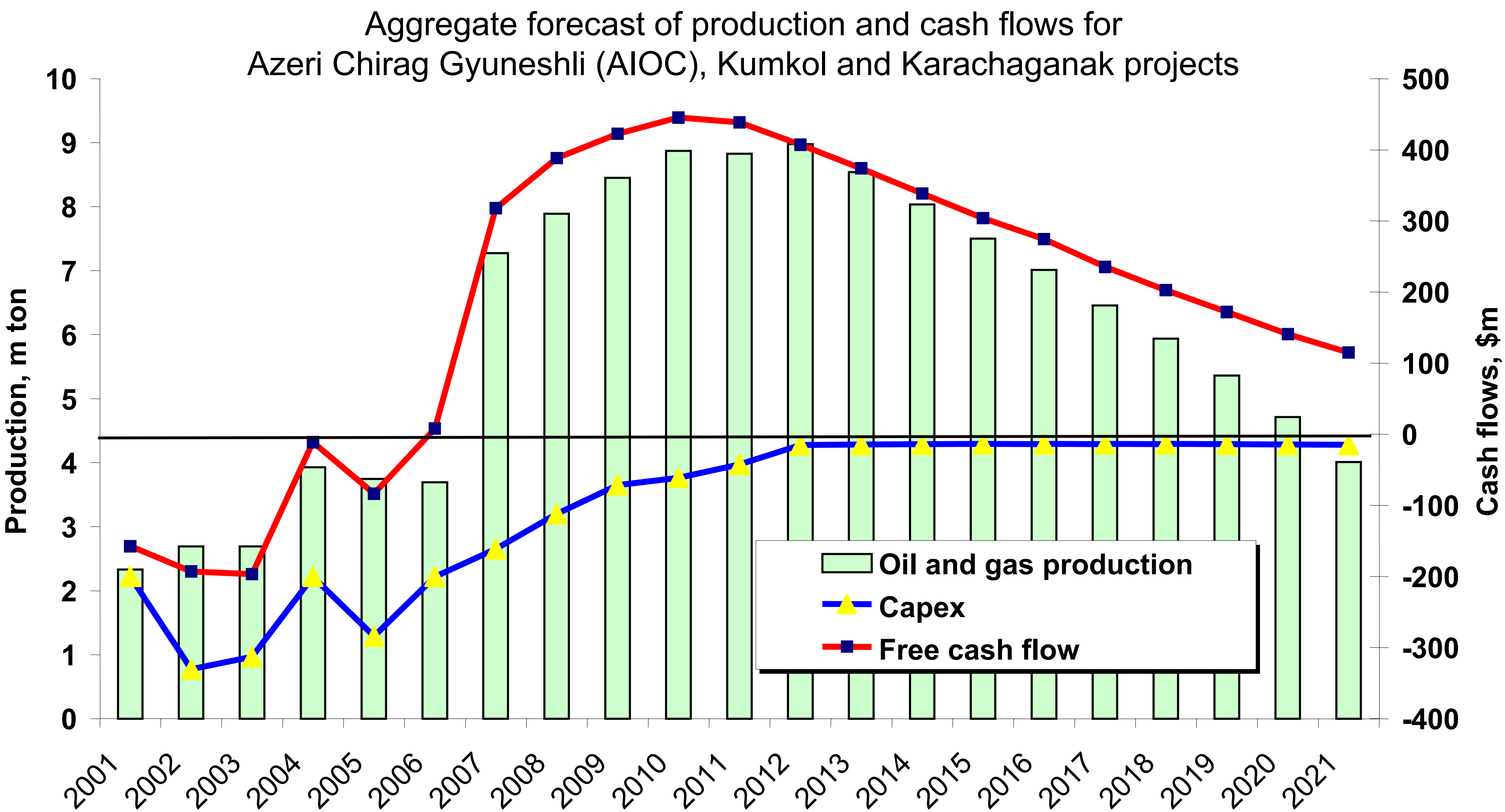


Existing fields in Timan-Pechora: AGD, KomiTEK, Northern Territories (100%)
2000–2001: actual data
2002–2010: LUKOIL estimates



Existing international projects, excluding Iraq
2001: actual data
2002–2010: LUKOIL estimates

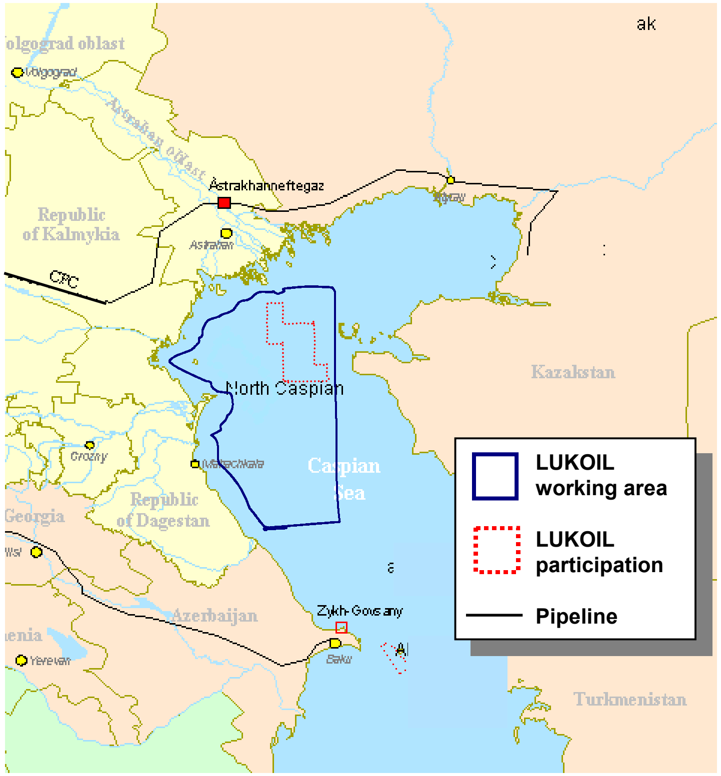
International Projects: Cash Flows Forecast



Source: LUKOIL estimates
Only includes Azeri Chirag Gyuneshli (AIOC), Kumkol and Karachaganak projects

North Caspian – Opening of a New Province

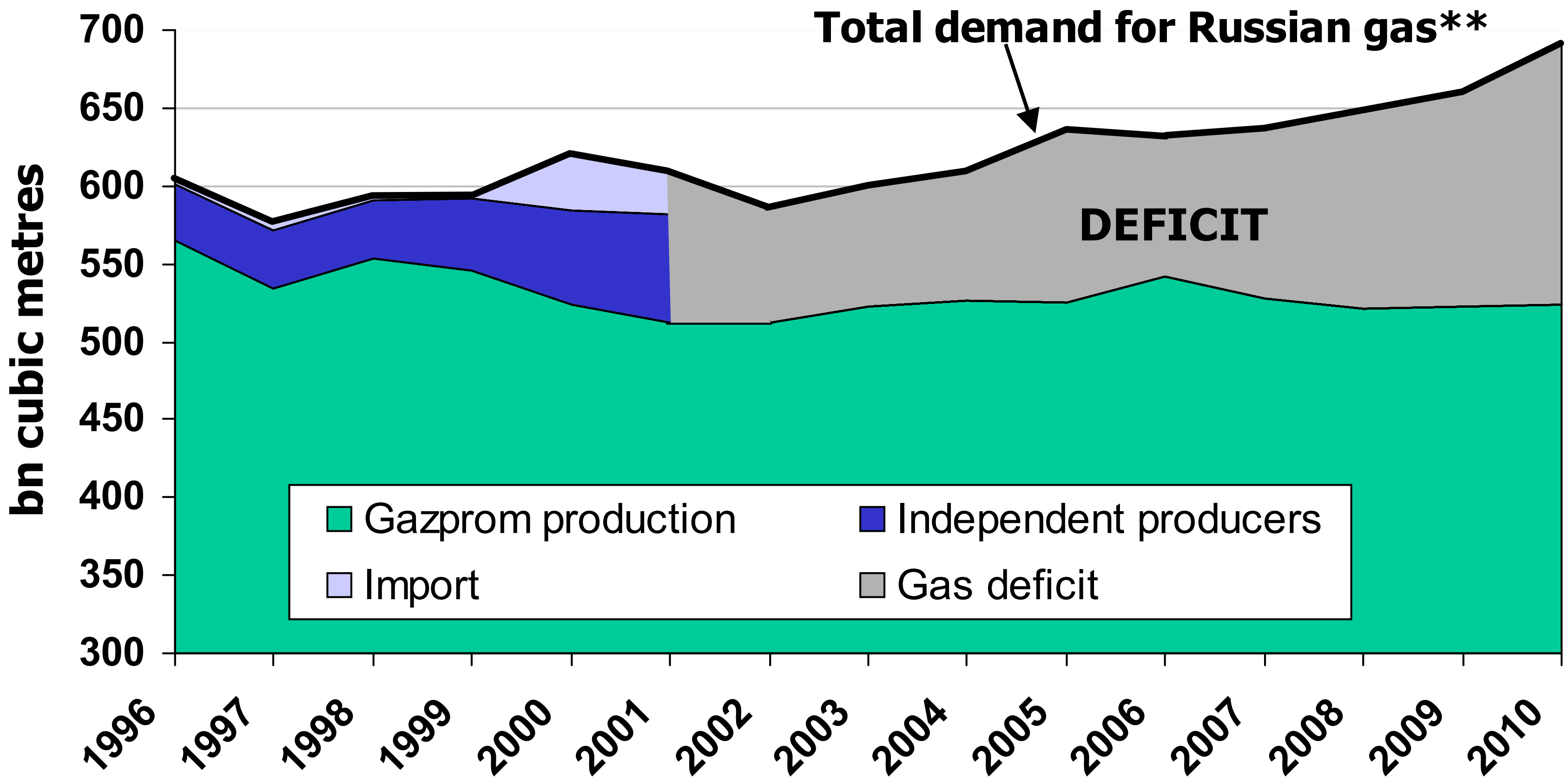
A large reserve base has been found and production and transport infrastructure created in an area previously believed to be of low commercial attractiveness



- Identified over 3.3 bn boe of extractable reserves with potential for significant increases
- Significantly larger potential for the whole license area
- LUKOIL has undertaken significant seismic work, on the basis of which 6 wells have been drilled. All were successful
- The Company has created its own production infrastructure. It has its own Astra jack-up rig, a fleet of support vessels, and has created on-shore 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

Natural Gas Demand Growth



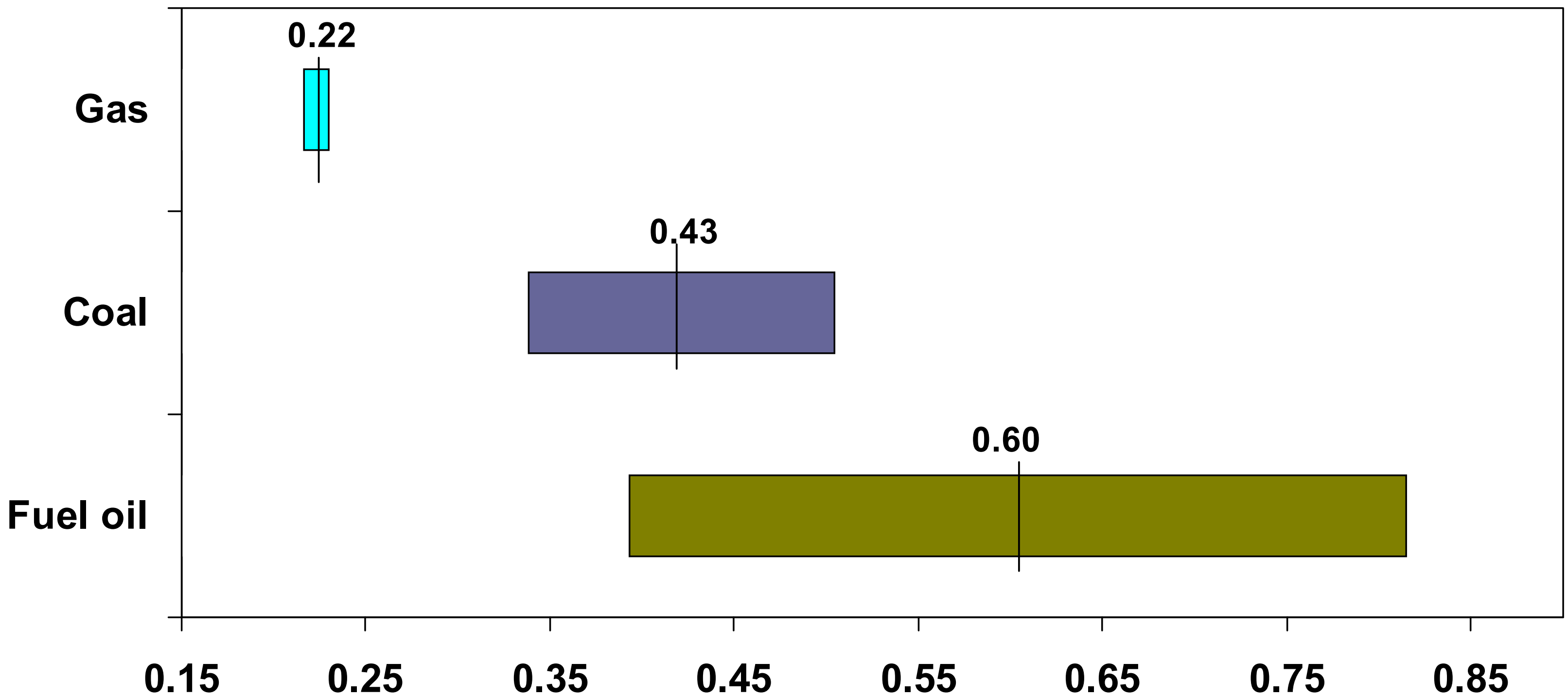
The projected decrease in Gazprom's production leads to a deficit of natural gas in Russia. This creates opportunities for independent producers and importers.

** Includes domestic, CIS, Baltic demand and commitments under Gazprom's long-term export contracts.

Source: Gazprom, Energy Ministry, InfoTEK, Renaissance Capital estimates

Gas is the most economical fuel for power plants

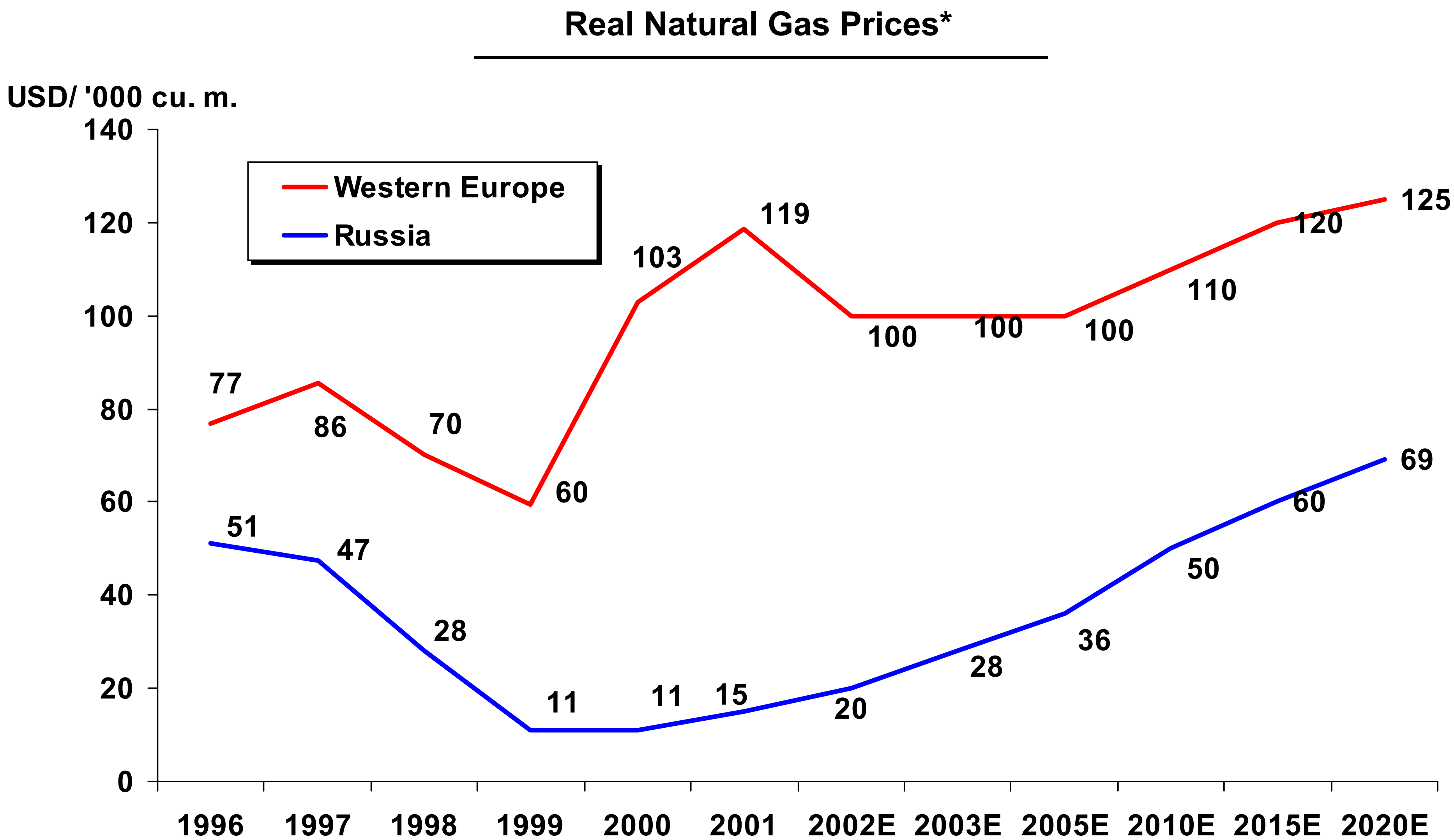
Cost of electricity production, RUB/kWh*



Gas prices have to double to reach cost levels of coal and to triple to reach the level of fuel oil

* Based on data for representative Russian power plants
Source: Renaissance Capital, Lukoil analysis

Gas Prices Projections



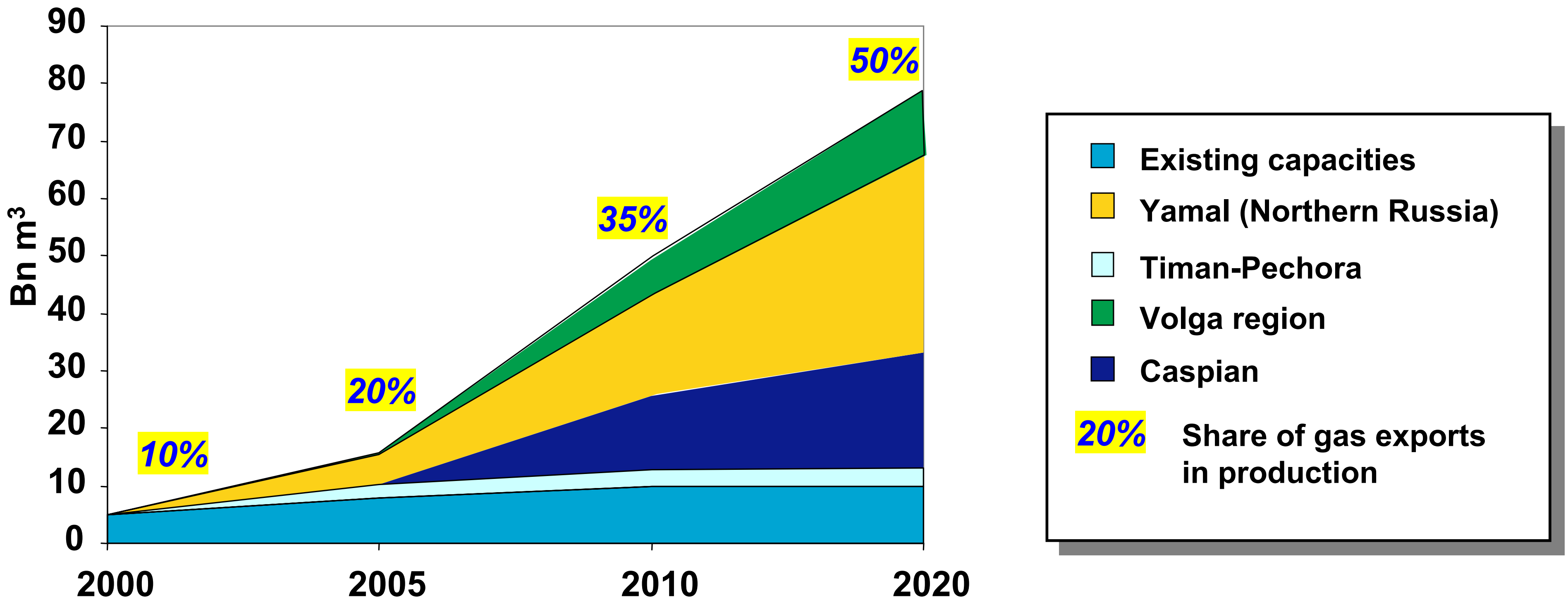
* In constant 2001 USD; LUKOIL projections; Domestic prices are for industrial consumers

Source: Renaissance Capital, LUKOIL projections

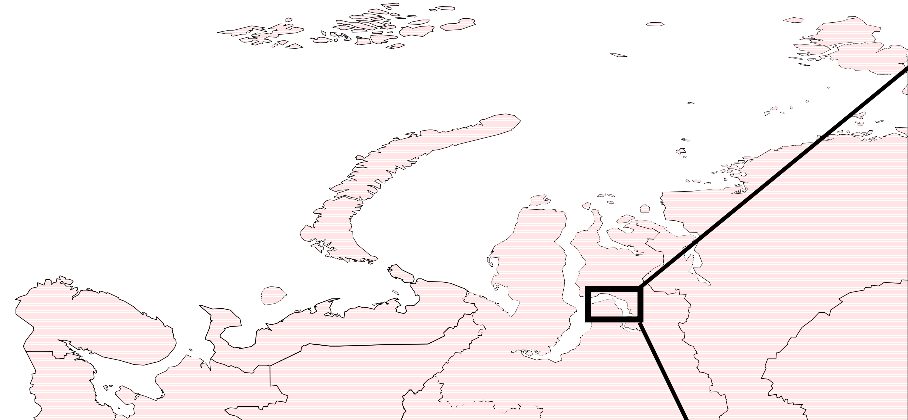
Considerable Increase in Gas Production

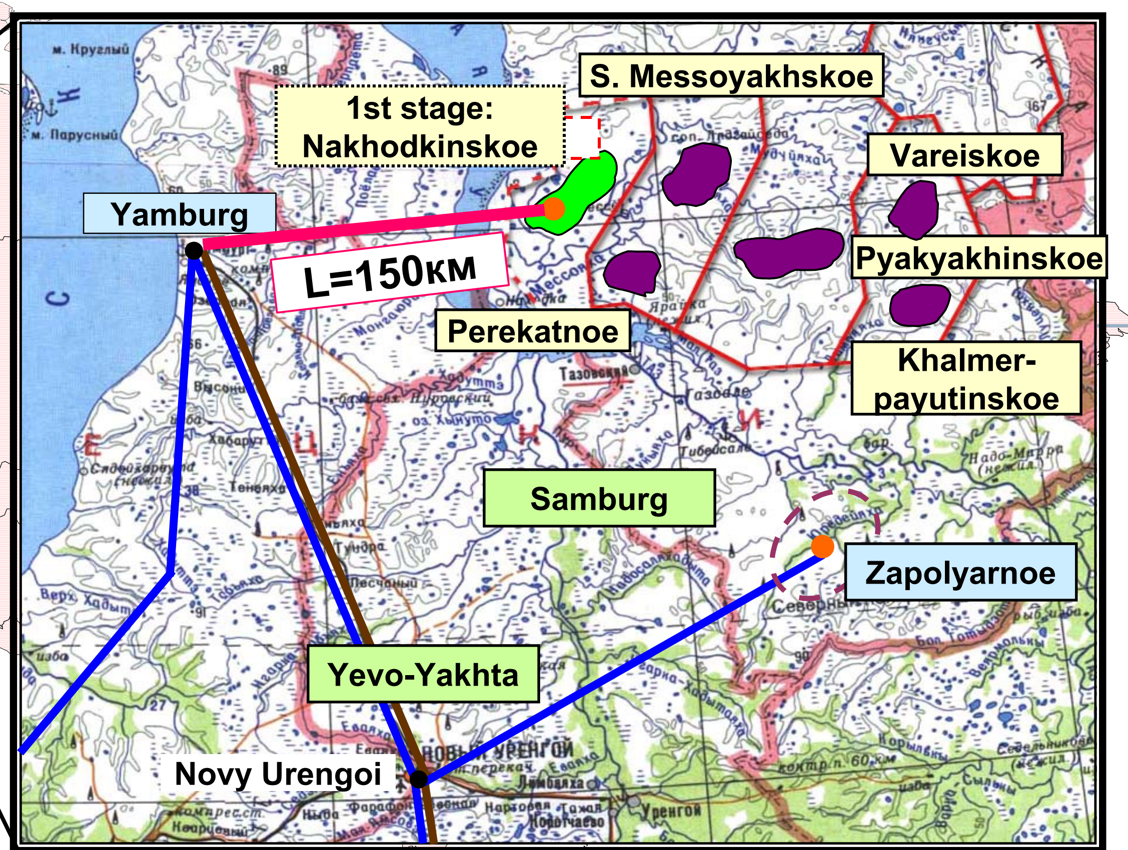
- LUKOIL expects significant growth in gas production at its fields
- Revenue should grow through developing projects in the CIS and bigger pipeline export volumes
- There are opportunities to find additional sources of gas

Gas production and exports from LUKOIL fields



Bolshekhetskaya Depression Gas Production

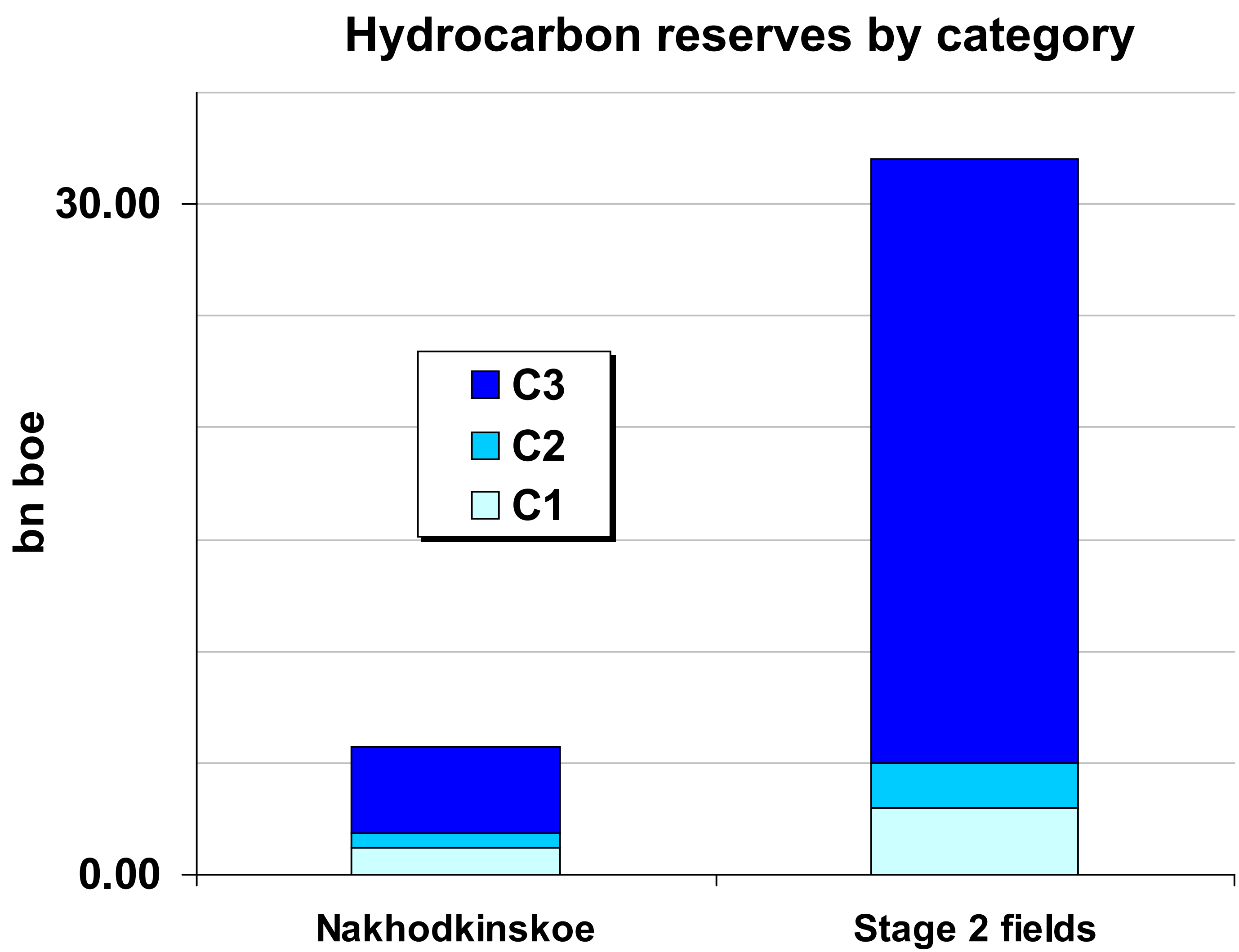




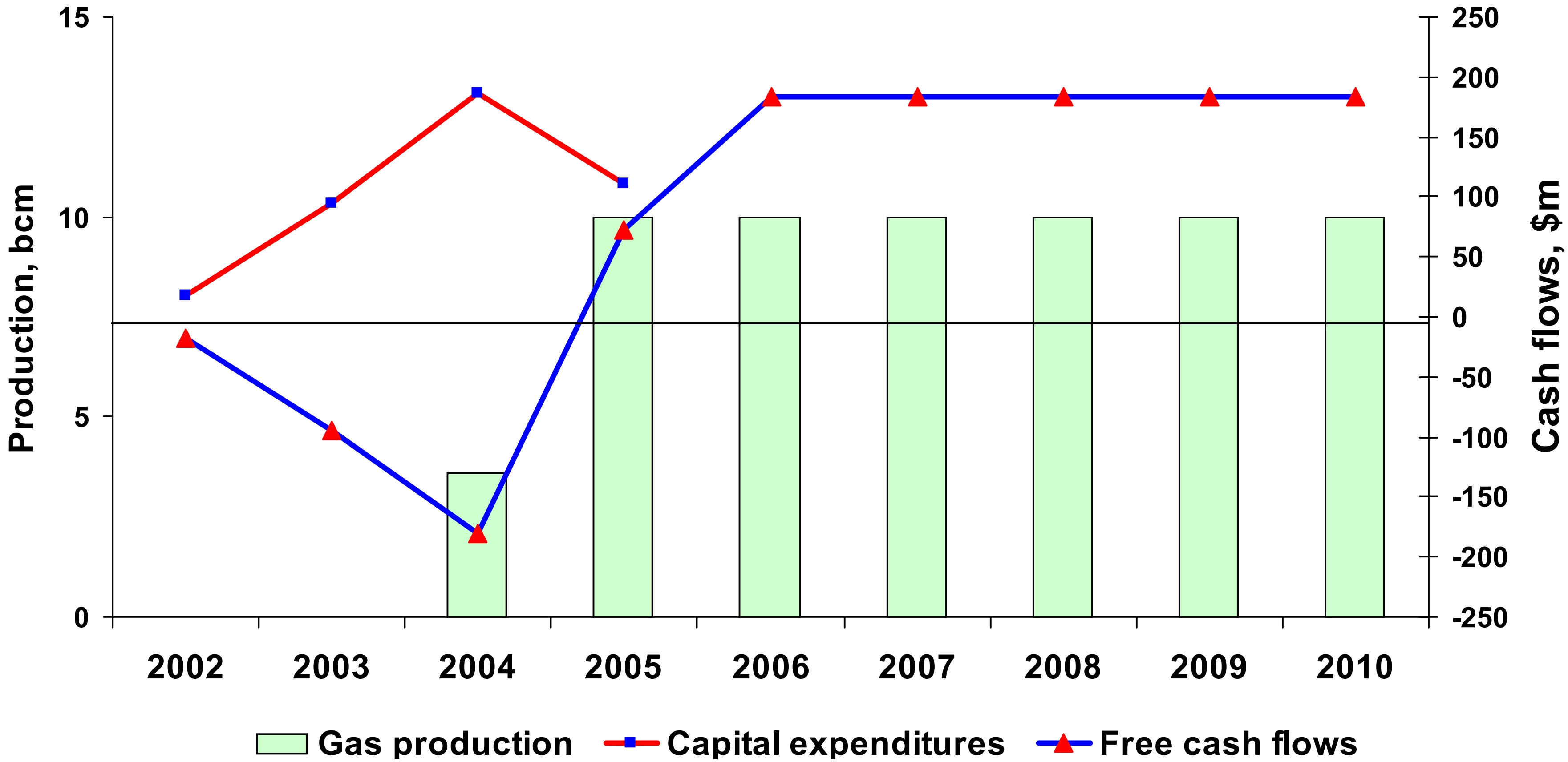
- In 2001 LUKOIL acquired OAO «Yamalneftegazdobycha», which holds licenses for significant reserves in Bolshekhetskaya depression area
- Some 1 Tcm of gas reserves in C1-C2 categories
- Production start – 2005.
  - First stage – Nakhodkinskoe field
- Payback period: 5 - 10 years.
- Close proximity to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

Pipelines		Fields	
(blue line)	Existing gas	Perekatnoe	LUKOIL's
(brown line)	Existing condensate	Yamburg	Gazprom's
(pink line)	Projected	Samburg	Arctic Gas's

Reserves of Bolshekhetskaya Depression



Cash Flow Forecast for Nakhodkinskoe Field



Assumptions:

- Domestic gas price: $24.7 / 1000 м^3
- World gas price: $100 / 1000 м^3
- Transportation costs: $22 / 1000 м^3
- Construction of 150 km pipeline
- Forecast in constant 2002 USD.

Acquisition of High-value Assets

LUKOIL's strategy aims to increase reserves through profitable acquisitions and exploration

	2001 reserve additions, bn boe	NPV*, bn $
Proved	3.61	**$4.35**
Possible	1.57	$1.75
Probable	3.25	$1.44
Total	**8.43**	**$7.54**

Total upstream capex and exploration expenses in 2001 amounted to **$1.6 bn**

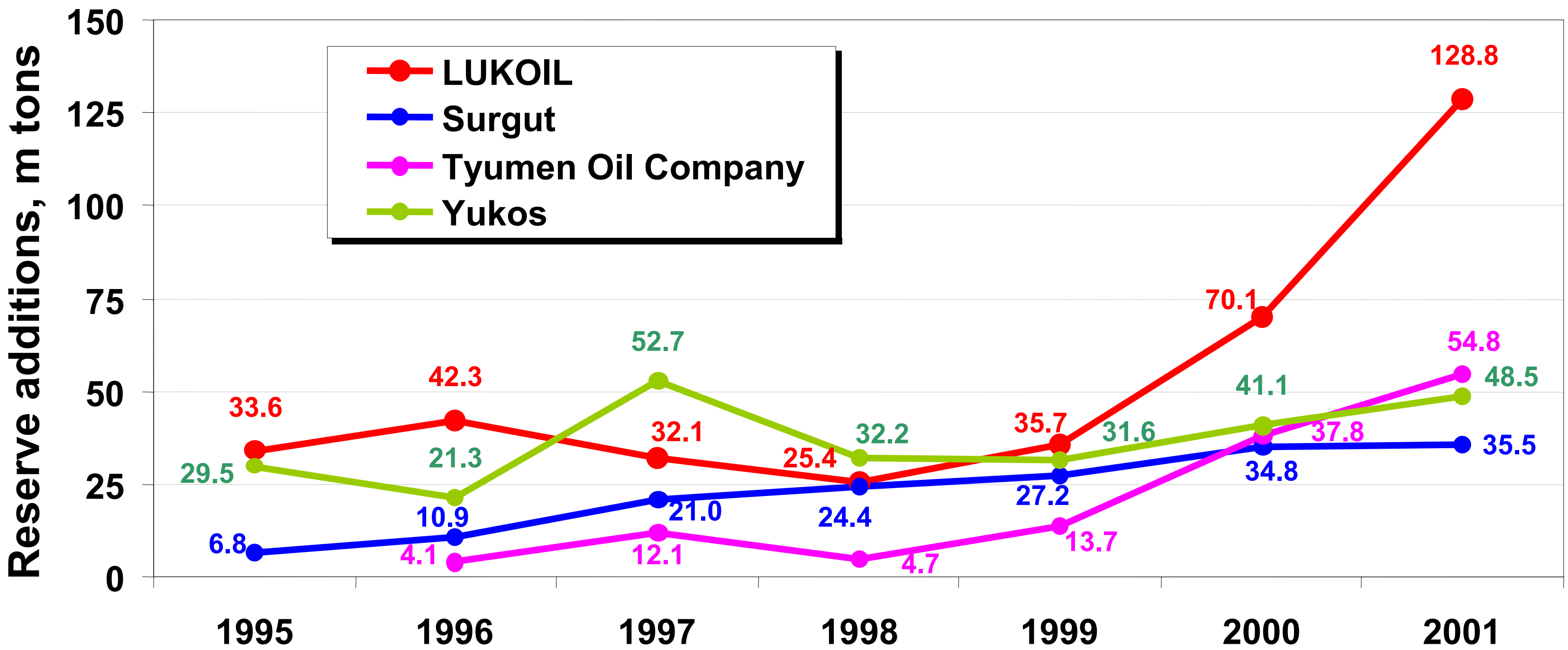
Reserve additions include:

- **Gross increase in reserves from discoveries on the Caspian (only 1 field included so far),**
- **Acquisitions of gas reserve of Bolshekhetskaya depression on the Tazovski Peninsula**
- **Reserves of the recently acquired AGD**
- **Additional volumes from the Komi Republic as a result of exploration, more efficient production, acquiring minority stakes**

* NPV calculated according to the U.S. SEC's methodology

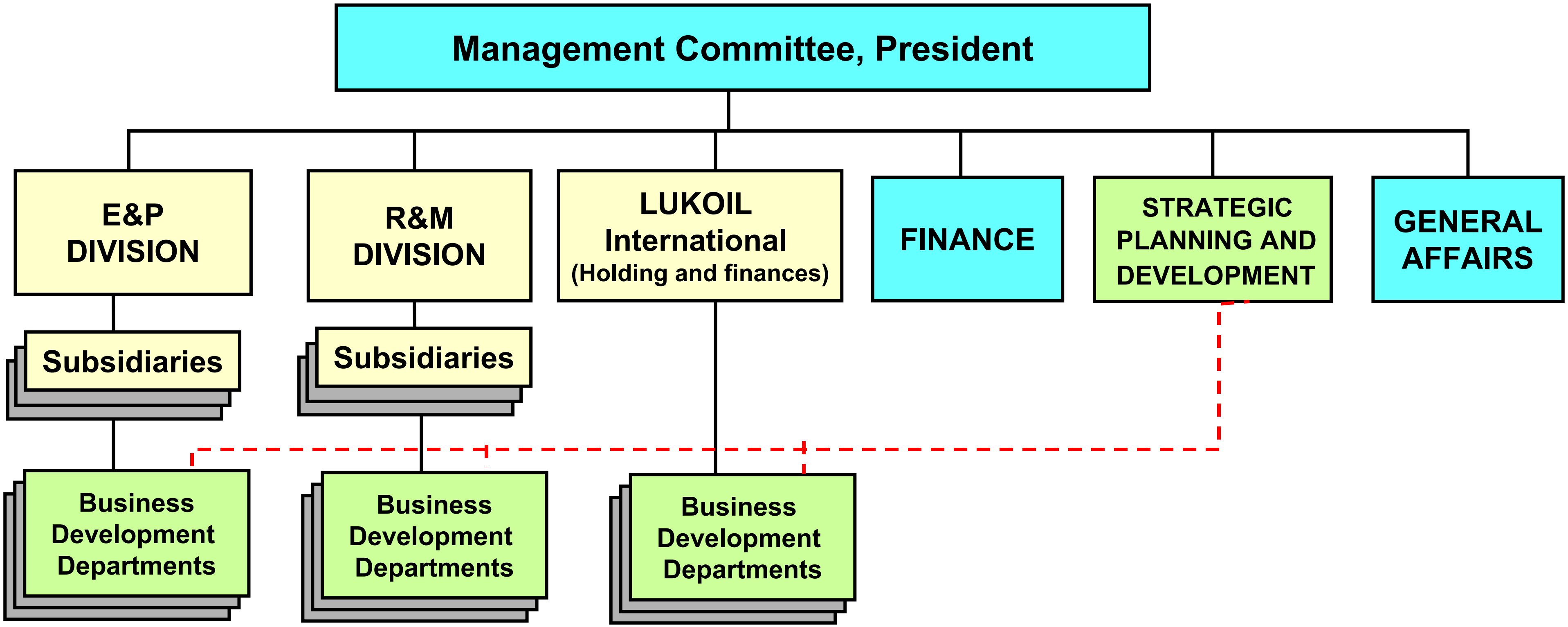
Leadership in Adding Hydrocarbon Reserves

Hydrocarbon reserves additions by leading Russian oil companies



- LUKOIL has the largest hydrocarbon reserves
- The value of its reserves will continue to grow as the Russian economy develops
- LUKOIL will seek opportunities to accelerate monetisation of its reserves

Increasing Comfort for Investors



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

INCREASED COMPANY VALUE

PROFIT GROWTH

Increasing export sales

Reducing operating costs

Accelerating development of new fields

Improving return on investment