PRESS RELEASE
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LUKOIL HELD BOD MEETING

LUKOIL held BoD meeting reviewing the results of the first stage of its restructuring program and define objectives for off-shore projects in Russia's sector of the Caspian Sea.

LUKOIL's BoD reviewed the results of the first stage of the restructuring program and ordered to work out further measures to increase operating efficiency of the company for 2003-2004.

The first stage of LUKOIL restructuring program aimed at simplifying its corporate structure through consolidation of its core assets and divesting non-core assets. Between February 2001 and April 2002 LUKOIL liquidated (through mergers and sale) 183 legal entities.

Through the first stage of restructuring LUKOIL also merged 37 marketing companies into 13, which operate in 50 regions of Russia.

In Volga region LUKOIL merged oil-producing companies LUKOIL-Nizhnevolzhskneft Ltd., LUKOIL-Astrakhanmorneft Ltd., LUKOIL-Saratovneftedobycha Ltd., LUKOIL-Astrakhanmorneftegas Ltd., Geo-as Ltd. into LUKOIL-Nizhnevolzhskneft Ltd.

In Perm region LUKOIL increased its stake to 100% in the following oil producing companies: LUKOIL-Perm Ltd., Kama-Neft Ltd., Permtex Ltd., Visherskaya oil & gas producing company Ltd., "Russkaya Toplivnaya Kompaniya" Ltd., Maikorskaya company Ltd. In Komi republic LUKOIL secured control in the following oil producing companies: Amkomi Ltd., Biteck-Silur Ltd., Parma-Oil Ltd. BoD recognized that upstream projects in Sakhalin and Morocco are not attractive and took decision to leave them.

LUKOIL streamlined its overseas downstream operations. The company authorized LUKOIL Overseas Holding Ltd. to run all overseas exploration and production projects and jvs in Russia. LUKOIL International Gmbh was empowered to operate overseas refining and marketing assets.

In April 2002 LUKOIL launched the second stage of restructuring program targeting to increase efficiency of LUKOIL operating activities. Within the second stage

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

LUKOIL plans to continue merging and spinning of non-core assets. LUKOIL also aims to divest servicing company LUKOIL-Bureniye and to outsource drilling services. LUKOIL plans to complete divesting its drilling company in 1H 2003.

LUKOIL BoD ordered to develop restructuring program for 2003-2004 within the next three months. Over 2003-2004 LUKOIL will restructure its transport, engineering and financial companies.

LUKOIL BoD ordered to shape an integrated financial model under US GAAP standards for medium- and long-term planning. Using this tool the company will be better able to manage risks under various scenarios.

BoD reviewed results of exploratory drilling in the Northern sector of the Caspian Sea and development program for its off-shore upstream projects in the region.

LUKOIL has drilled 6 exploratory wells on Khvalynskaya, “170 km”, Shyrotnay and Rakushechnaya structures (all part of Severny block) since 1995. The company discovered 4 oil, gas and gas condensate fields which contain cumulative recoverable reserves of 3,3 bn boe. The company is now carrying out exploratory drilling at Sarmatskaya structure.

LUKOIL BoD plans to approve in 1H03 its exploratory drilling program for the Northern sector of the Caspian Sea (2004-2010). The company also plans to approve development program for Yuri Korchagin and Khvalynskoye structures (all part of Severny block) aiming to produce the first commercial crude oil in 2006, commercial natural gas in 2007. LUKOIL BoD hired US engineering company ABB Lummus Global to work out development program for Severny block.

LUKOIL and Kasakhstan Government are working out PSA terms for joint development of Khvalynskaya structure.

LUKOIL carries out its drilling operations using “zero pollution” technology. According to continuous environmental monitoring data, ecosystems in LUKOIL operating area have not been deteriorated for the past six years.