PRESS RELEASE
JANUARY 13, 2003

IL'S BOARD OF DIRECTORS SUMMARIZES 2002 RESULTS AND OUTLINES TARGETS FOR 2003

The Board of Directors of OAO LUKOIL ("LUKOIL" or the "Company") convened in Moscow today to summarize the Company's 2002 results.

LUKOIL President Vagit Alekperov stressed that in 2002 the Company continued its sustained development and fulfilled its targets.

Total oil production (certain equity companies excluded) amounted to 78.2 million tons, an increase of 2.2% compared to 2001 on a consistent group company basis.

Gas production (certain equity companies excluded) in 2002 was 5.1 billion cubic meters, including 3.9 billion cubic meters of associated gas.

LUKOIL's resource base significantly increased in 2002 and hydrocarbon reserves increased by 196 million tons of oil equivalent. Thus, the Company achieved a replacement ratio of 2.5 times that is the highest level since the Company's founding. In 2002, 10 fields and 16 deposits of hydrocarbon reserves were discovered, mainly in new regions – the Caspian Sea basin and Timan Pechora province. Exploration efficiency rose significantly due to investment focus on new provinces. Replacement costs were 2.3 times lower compared to 2001 and amount to US$0.18/bbl.

Throughput at gas processing plants reached 2.4 million tons of NGL, 2.2% higher compared to 2001.

Throughput at LUKOIL's own refineries amounted to 41.5 million tons, an increase of 9.2% compared to 2001 on a consistent group company basis, including 33.8 million tons processed at the Company's Russian refineries and 7.7 million tons processed at international refineries.

The Company's petrochemical plants produced over 1.6 million tons of products, 34% higher compared to 2001.

Oil exports to the near and far abroad were 34.3 million tons, an increase of 4.9% compared to 2001.

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

In 2002, the Company developed new export routes by river and rail. Oil is transported in arctic tankers from oil fields in Timan Pechora province, Ob region and the Island of Kolguyev. The first stage of the Caspian Pipeline Consortium was completed with the assistance of LUKOIL.

The Company sold 46.8 million tons of oil products in 2002 (105% compared to 2001), including 20.6 million tons domestically, 14.2 million tons internationally and 12.0 million tons sold by international distribution companies.

To maximize marketing efficiency and expand its presence in the market LUKOIL undertook restructuring of its oil product distribution companies. New distribution companies were set up in the Central region, North Caucasus, Mid Volga, Urals, Nizhny Novgorod and other regions.

The Company strengthened its financial and economic standing. Its affiliated companies implemented a set of measures aimed at further reduction of operating costs.

Estimated 2002 capital expenditures ("capex") amounted to approximately US$2.4 billion, 5.7% higher than targeted capex. Over 73% of capex were invested in upstream projects. Five hundred eighty eight new wells were built and put into operation in 2002. One hundred seventy eight gasoline filling stations were built in Russia, and 610 gasoline filling stations were acquired, built or upgraded internationally.

In 2002, LUKOIL did much to improve its corporate governance structure. The Company completed test operation of its integrated management system 'ISU LUKOIL', the first stage of which is being put into operation. The Company established an internal audit system to exercise efficient control over all divisions and companies of the LUKOIL Group and increase efficiency of their operations in accordance with current corporate governance principles. The Company took measures to restructure its corporate management center, create a business block of oil and gas operations and gas processing and a business block of downstream operations.

The Board of Directors stressed that despite positive results in LUKOIL's performance in 2002, some of the Company's activities still require special emphasis. This applies, in particular, to switching fully all investment activities to project financing principles. Selling, general and administrative costs (SG&A) still remain high. The second stage of restructuring should be accelerated. The Company's capitalization is not in line with its potential.

The Board of Directors outlined the main objectives for the Company in 2003. The

focus should be on the following:

· Efficiency increase of all business segments of the Company;

· Addition of over 150 million tons of hydrocarbon reserves in order to replace production and prepare the resource base for large-scale oil and gas production in the Northern Caspian, Nenets and Yamal Nenets Autonomous Districts;

· Production of over 80 million tons of crude oil and 5.7 billion cubic meters of gas;

· Accelerated development of new fields in the Nenets Autonomous District and further reduction of oil production costs;

· Increase refining throughput to 44.5 million tons of oil, maximization of refining depth and expansion of product assortment;

· Expansion of markets and development of the Company's retail network;

· Capex of approximately US$2.4 billion;

· Completion of Group restructuring and improvement of corporate governance and internal audit systems;

· Strengthening of the Company's position in the stock market and maximization of its capitalization.

The Board of Directors acknowledged the retirement of Vladislav Bazhenov, LUKOIL Vice President and Member of the Board, and pursuant to the Company's Charter, took the necessary steps to relieve his authority.

Vladislav P. Bazhenov was Vice President in charge of oil refining and petrochemicals. He was born on July 11, 1938 in Voronezh and graduated from the Orsk Oil College in 1956, the Perm Polytechnic Institute in 1969 and the Social Science Academy (Faculty of Economics) in 1981. He worked in the Perm refinery from 1956 until 1970. Since the founding of LUKOIL, he acted as Vice President in charge of oil refining. He is an honored worker of the oil and gas industry of the Russian Federation and was awarded with orders of the Red Labor Banner, the Sign of Honor and Bulgaria's Silver Banner of Labor, Laureate of Government Prizes of the Russian Federation.

The Board of Directors expressed its gratitude to Vladislav Bazhenov for his contribution to the development of the oil refining and petrochemical business of LUKOIL.