PRESS RELEASE
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OAO LUKOIL BOARD OF DIRECTORS GIVES TENTATIVE APPROVAL TO 2002 ANNUAL REPORT

In compliance with the Federal Law of the Russian Federation on Joint Stock Companies and the Company Charter, OAO LUKOIL ("LUKOIL") Board of Directors gave its tentative approval to the annual report for 2002 at its session in Moscow today. The report was recommended for approval by the Annual General Meeting ("AGM") to be held on June 26, 2003.

In 2002 the LUKOIL Group produced a total of 79.8 mln. tons of crude against 78.3 mln. tons in 2001. Out of this amount 76.9 mln. tons were extracted within Russia. Gas production totaled 5.1 bln. cubic meters (against 5.2 bln. cubic meters in 2001), including 1.2 bln. cubic meters of natural gas (against 1.1 bln. cubic meters in 2001).

Additions to hydrocarbon reserves for the LUKOIL Group amounted to 197 mln. tons of oil equivalent which replaced production by 246%. Unit finding cost went down 2.3 times and is now equal to USD1.5 per ton of oil equivalent.

The largest fields were discovered in the new regions: the Caspian offshore and Timan-Pechora province. In 2002 alone, 16 fields were discovered and 10 fields entered the development stage.

In 2002 throughput at LUKOIL refineries reached 41.5 mln. tons of crude (compared to 38.0 mln. tons in 2001). Out of this amount 33.9 mln. tons were processed within Russia (compared to 29.4 mln tons in 2001), whereas 7.7 mln. tons were refined abroad (compared to 8.6 mln. tons in 2001). The key reason behind the reduction in throughput at LUKOIL international refineries was a shut-down of the Petrotel Refinery in Ploesti, Romania. The current upgrading, when completed, will enable the refinery to turn out products complying with the Euro-3 and Euro-4 Standards. In 2002, the quality control systems at LUKOIL's international refineries were certified to comply with ISO 9001:2000.

In 2002 LUKOIL refined 2.1 bln. cubic meters of gas and 0.3 mln. tons of light hydrocarbons at its gas processing plants.

The LUKOIL Group's petrochemical plants produced 1.6 mln. tons of products (against 1.2 mln. tons in 2001). The output of the principal petrochemical product,

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polyethylene, reached 431.6 thou. tons (368 thou. tons in 2001).

Crude exports in 2002 hit 34.2 mln. tons (32.8 mln. tons in 2001), whereas the exports of petroleum products reached 14.2 mln. tons (10.8 mln. tons in 2001).

LUKOIL's marketing organizations sold a total of 25.8 mln. tons of petroleum products, including 13.6 mln. tons in Russia, 9.2 mln. tons in Europe and 3.0 mln. tons in the USA. The distribution network of the Company comprises 263 oil tank farms and 4,076 filling stations, including 215 oil tank farms and 1,691 filling stations in Russia (together with the franchised ones) and also 48 oil tank farms and 2,385 filling stations in Europe and the USA (together with the leased ones).

In the course of 2002 LUKOIL took a number of steps to increase its investment attractiveness. A specially developed Restructuring Program aimed at improving financial performance was presented to the public. In August 2002 LUKOIL received a full secondary listing on the London Stock Exchange. These two factors were of key importance in boosting the trading volumes of LUKOIL shares on the stock markets both in Russia and abroad. Twenty percent of the shares sold through the Russian Trading System in 2002 were LUKOIL shares. By December 2002 the trading volume of LUKOIL shares on the London Stock Exchange exceeded USD700 mln.

In 2003, the Company aims in particular to ensure additions to reserves of more than 150 mln. tons of oil equivalent, to produce more then 80 mln. tons of crude and 5.7 bln. cubic meters of gas, to process at LUKOIL's facilities 44.5 mln. tons of oil feedstock and to sell, both domestically and internationally, at least 60 mln. tons of petroleum products.

Work will continue throughout this year to implement the Company Restructuring Program and improve the corporate governance system. The 2003 LUKOIL's investment program is expected to reach some USD2.4 bln, which exceeds last year's figure by 12.4%.

Basing on the Company's performance in 2002 it is recommended that the AGM approve dividends amounting to 19.5 rubles per one ordinary share (15.0 – rubles per one ordinary share in 2001).