PRESS RELEASE
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OAO LUKOIL BOD REVIEWS COMPANY PERFORMANCE IN 2003

The OAO LUKOIL ("LUKOIL" or "the Company") Board of Directors reviewed preliminary results of the Company's performance in 2003 at a meeting in Moscow today.

In 2003 LUKOIL focused on improving the efficiency of its projects, development of an investment strategy and targeted better financial results, maximization of net profit and growth of the Company's value. It resulted in successful realization of the first stage of the Comprehensive Program for the Optimisation of the Development and Production of Oil. In 2004 LUKOIL will keep on improving economic efficiency of its operations.

There was a steady growth of average well output, with reduction of the water cut. Average well output by the end of 2003 exceeded 10 tons per day compared with 9 tons per day in 2002. The Company began production at 11 new fields in 2003.

The LUKOIL Strategic Development Program for 2004-2013, approved in 2003, defines the main directions of the Company development in the coming decade. Aiming to increase efficiency of its investment process, LUKOIL schedules a number of measures targeting a shift to a project-by-project approach in the investment program in 2004.

Overall production by the LUKOIL Group last year was about 81.5 million tons. Gas production in 2003 was 5.5 billion cubic meters, which is 8% higher than in 2002.

Increase of hydrocarbon reserves in 2003 due to geological prospecting may exceed 157 million tons of fuel equivalent, including about 68 million tons of oil and gas condensate. This represents a 190% replacement rate.

Company refineries processed 42 million tons of crude oil in 2003, up by 0.4 million tons compared with 2002. Refining at LUKOIL refineries in Russia rose by 0.7% to over 34 million tons. LUKOIL refineries outside Russia processed 7.9 million tons of crude, which is 2.6% more than in 2002. Output by the Company's petrochemical plants was about 1.8 million tons, according to preliminary figures, representing an 8.1% increase from the level of 2002.

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Preliminary figures show a 9.6% increase of oil exports, including exports to CIS countries, to 37.5 million tons. Total deliveries of oil products from LUKOIL's Russian refineries in 2003 were 34 million tons, of which 20.4 million were sold on the domestic market and 13.6 million were exported.

Russian oil product distributors sold 14.2 million tons of LUKOIL oil products in 2003. Sale of oil products through the Company's own filling stations rose 1.3 times to 2.4 million tons in 2003, and average daily sales per filling station rose by 12.5% to 5.4 tons.

Investment spending in 2003 rose 1.9 times to USD 4.2 bln, according to preliminary figures. Thus, LUKOIL is one of the largest investors in Russia's economy. Capital expenditures rose to USD 2.57 bln last year, up by 26.6% from 2002. Most of the growth of investment spending was associated with asset acquisitions to a total value exceeding USD 1.6 bln.

Taxes and duties paid in 2003 by organizations of LUKOIL Group to all levels of the Russian budget totaled 156.4 bln rubles, of which 103.7 bln were paid to the federal budget. Total tax payments increased by 26.7 bln rubles or 21% compared with 2002.

LUKOIL's efforts to strengthen its financial position and improve corporate governance merited a raise of the Company's credit rating by Moody's in October to Ba2, the highest credit rating ever awarded to LUKOIL by Moody's.

The Board of Directors also reviewed the current state and prospects of LUKOIL's international prospecting and production projects. The meeting noted that in the last 10 years LUKOIL has built a portfolio of foreign assets, which answers to the main needs of the Company's development strategy. Major prospecting projects are located in Azerbaijan (D-222) Columbia (Condor), Iran (Anaran) and Egypt (North-East Geisum and West Geisum). Projects already in the state of development and industrial production of hydrocarbons are mainly concentrated in Kazakhstan (Karachaganak, Kumkol, Tengiz) and in Egypt (WEEM and Meleiha).

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Figures reflecting Company activities in 2003, offered in this press release, are a preliminary assessment and may be subject to correction after compilation in due course of final production figures, financial accounts and tax accounts.