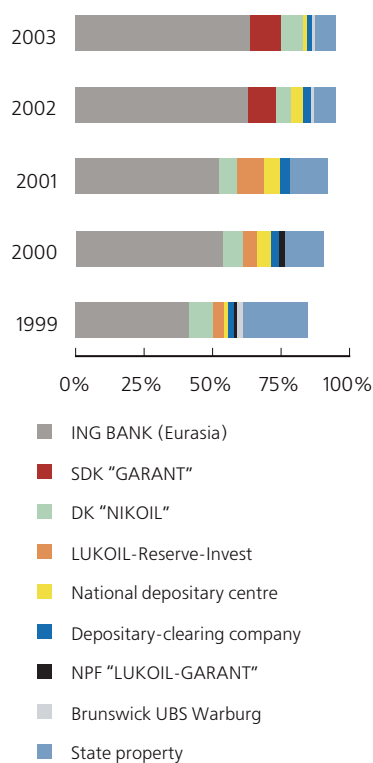


Main shareholders of LUKOIL



LUKOIL Shares

LUKOIL treasury stock

Number of shares	Common shares	Preferred shares
December 31, 1998	669,351,391	77,211,864
Issuance of preferred shares (face-value of 0.15 rub.)		11,500,000
Converting of preferred shares*	69,000,000	(11,500,000)
December 31, 1999	738,351,391	77,211,864
No changes		
December 31, 2000	738,351,391	77,211,864
Issuance of common shares (face-value of 0.025 rub.)	18,431,061	
Issuance of common shares (face-value of 0.025 rub.)	16,568,939	
Converting of preferred shares**	77,211,864	(77,211,864)
December 31, 2001	850,563,255	0
No changes		
December 31, 2002	850,563,255	0
No changes		
December 31, 2003	850,563,255	0

* 1 preferred share = 6 common shares

** 1 preferred share = 1 common share

Main shareholders of common stock** (end of year)

Shareholder's name	1999	2000	2001	2002	2003
ING BANK (Eurasia) (ADRs and GDRs)*	303,140,400	406,039,385	444,703,835	534,070,827	541,249,388
SDK "GARANT"	—	—	—	90,773,746	99,268,415
DK "NIKOIL"	57,078,976	45,521,796	55,140,681	44,630,737	66,162,144
LUKOIL-Reserve-Invest*	30,165,061	36,792,062	87,003,566	—	—
National depository centre*	9,227,176	38,231,431	50,079,368	37,239,863	12,410,284
Depository-clearing company*	17,569,226	19,836,720	29,044,914	24,798,519	16,463,743
NPF "LUKOIL-GARANT"	7,670,346	19,970,446	—	—	—
Brunswick UBS Warburg*	15,538,963	—	—	10,296,442	9,158,298
State property	193,535,031	114,639,290	114,639,090	64,638,729	64,638,729

* Nominee.

** More than 1% of shares.

Main shareholders of preferred stock** (end of year)

Shareholder's name	1999	2000	2001	2002	2003
ING BANK (Eurasia) (ADRs and GDRs)*	34,547,844	33,515,420	—	—	—
DK "NIKOIL"	15,385,776	14,976,868	—	—	—
National depository centre*	817,260	1,955,400	—	—	—
LUKOIL-Reserve-Invest*	2,669,041	3,901,717	—	—	—
Brunswick UBS Warburg*	1,181,717	—	—	—	—
Depository-clearing company*	2,322,458	4,932,103	—	—	—

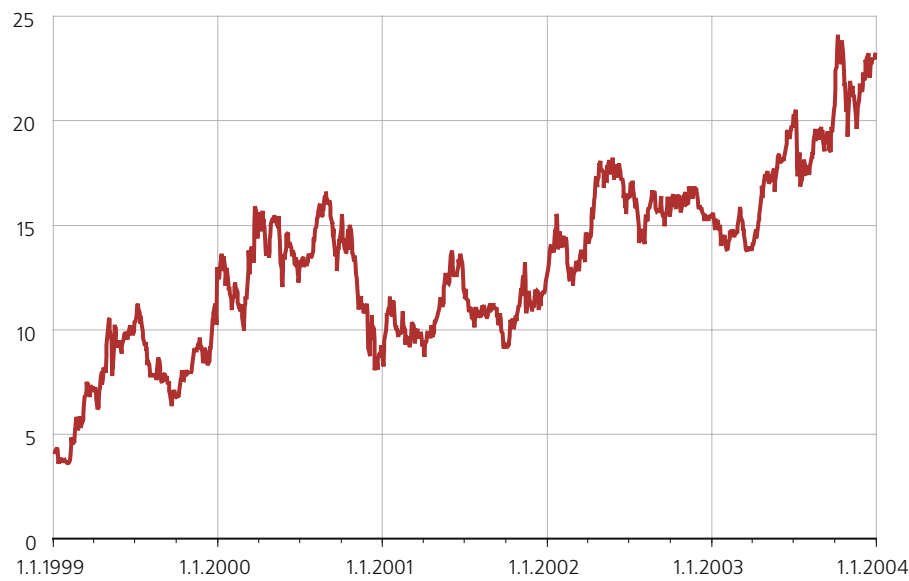
* Nominee.

** More than 1% of shares.

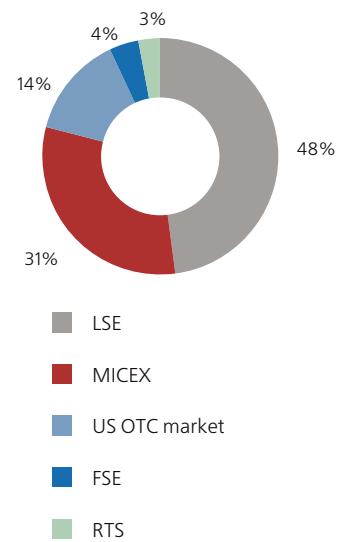
LUKOIL common share prices on the RTS, USD

	1999		2000		2001		2002		2003	
	min	max	min	max	min	max	min	max	min	max
1Q	3.54	7.75	9.95	17.07	8.10	11.84	12.05	15.65	13.61	16.09
2Q	5.95	10.75	11.15	15.95	8.55	14.21	13.75	18.62	13.84	19.88
3Q	6.25	11.39	12.45	16.77	9.12	12.05	13.60	17.32	16.75	20.68
4Q	6.77	13.00	7.90	15.56	9.05	13.65	15.13	17.02	19.15	24.55

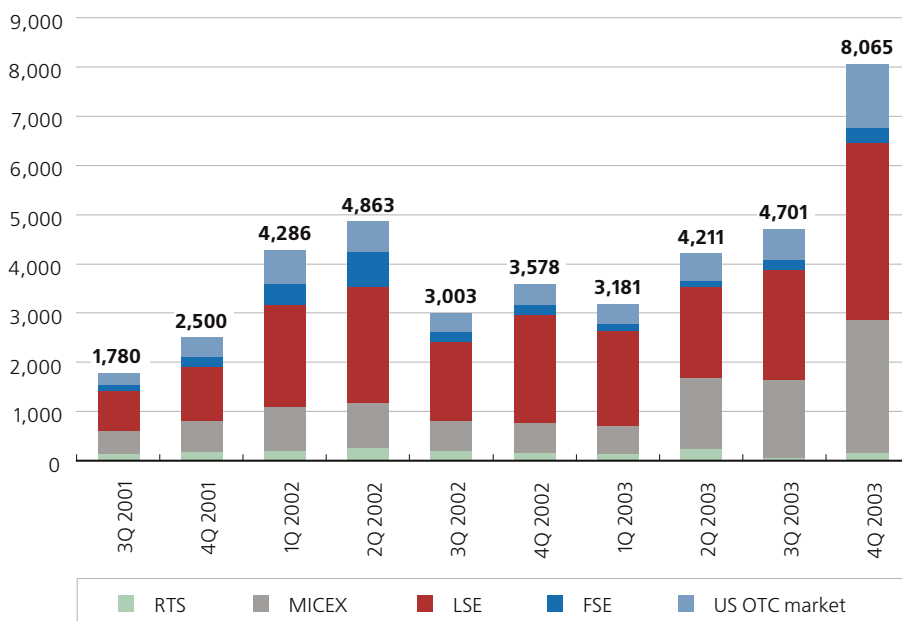
LUKOIL common share prices on the RTS, USD



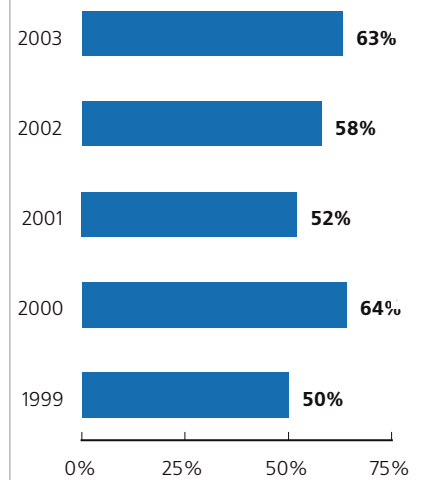
Distribution of trade volumes of LUKOIL shares and depositary receipts (2003)



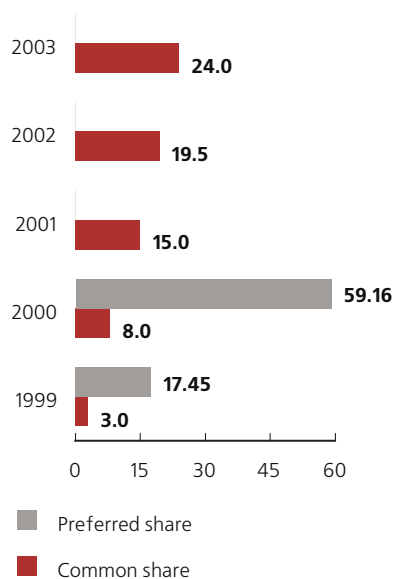
Distribution of trade volumes of LUKOIL shares and depositary receipts, mln USD



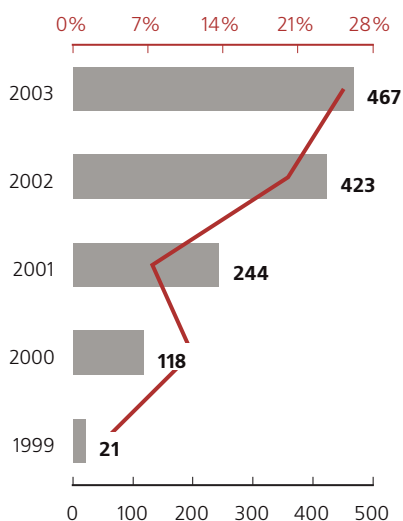
Share of common shares converted into ADRs and GDRs



Dividend per share, rub.



Overall dividends paid (mln USD) and share of dividends paid in net income of respective year (%)



Tickers of LUKOIL common shares

Ticker	Market
LKOH	RTS (Russian Trading System)
LKOH	MICEX (Moscow Interbank Currency Exchange)
LKOD	LSE (London Stock Exchange)*
LUK	FSE (Frankfurt Stock Exchange)*
LUKOY	US OTC* (US over-the-counter market)

* LUKOIL ADRs.

LUKOIL capitalization (end of year)

	1999	2000	2001	2002	2003
Common share price on RTS, USD	13.00	9.25	12.23	15.42	23.25
Number of common shares (mln)	738.4	738.4	850.5	850.5	850.5
Preferred share price on MICEX, USD*	5.00	9.19	-	-	-
Number of preferred shares (mln)	77.2	77.2	-	-	-
Capitalization (mln USD)	10,602	7,543	10,402	13,115	19,774

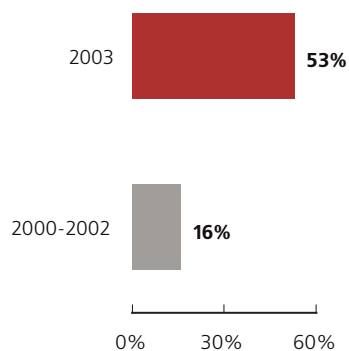
* Preferred share price is converted into USD at the exchange rate of the Central Bank of Russia at the end of year.

Overall dividends paid*, mln rub.

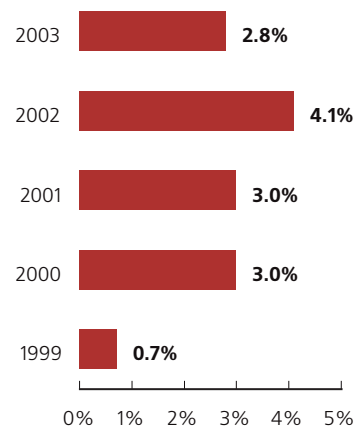
	1999	2000	2001	2002	2003
Common shares	167	2,215	6,054	12,758	16,586
Preferred shares	206	1,347	4,568	0	0
Total	373	3,562	10,622	12,758	16,586

* The dividend data are for the overall number of placed shares at the date when the list of shareholders having the right to participate in the AGM and receive dividends for the respective year was drawn up.

Total shareholders' return



Dividend yield



Consolidated Financial Statements

Consolidated income statements, mln USD

	1999	2000	2001	2002	2003
REVENUES					
Sales (including excise and export tariffs)	7,544	13,210	13,426	15,334	22,118
Equity share in income of affiliates	88	230	136	115	181
Total revenues	7,632	13,440	13,562	15,449	22,299
COSTS AND OTHER DEDUCTIONS					
Operating expenses	(2,622)	(1,628)	(2,584)	(2,403)	(2,546)
Cost of purchased crude oil and petroleum products	–	(2,597)	(2,087)	(2,693)	(5,909)
Transportation expenses	–	(735)	(919)	(1,414)	(2,052)
Selling, general and administrative expenses	(1,623)	(1,221)	(1,375)	(1,313)	(1,800)
Depreciation, depletion and amortization	(598)	(838)	(886)	(824)	(920)
Taxes other than income taxes	(527)	(1,050)	(1,010)	(1,972)	(2,456)
Excise and export tariffs	(460)	(932)	(1,456)	(1,996)	(2,954)
Exploration expense	(61)	(130)	(144)	(89)	(136)
Gain from sale of interest in Azeri Chirag Gyuneshli	–	–	–	–	1 130
Loss on disposal and impairment of assets	(49)	(247)	(153)	(83)	(69)
Income from operating activities	1,692	4,062	2,948	2,662	4,587
Interest expense	(192)	(198)	(257)	(222)	(273)
Interest and dividend income	73	209	146	160	139
Currency translation gain (loss)	(34)	1	(33)	40	148
Other non-operating income	(168)	71	31	11	11
Minority interest	(34)	(61)	(52)	(69)	(36)
Income before income taxes	1,337	4,084	2,783	2,582	4,576
Current income taxes	(390)	(790)	(861)	(834)	(939)
Deferred income taxes	115	18	187	95	(68)
Total income tax expense	(275)	(772)	(674)	(739)	(1,007)
Cumulative effect of change in accounting principle, net of tax	–	–	–	–	132
Net income	1,062	3,312	2,109	1,843	3,701
Dividends declared on preferred stock	(8)	(47)	(157)	–	–
Net income available for common shareholders	1,054	3,265	1,952	1,843	3,701
Net income per share of common stock (US dollars)					
Basic	1.69	4.83	2.68	2.26	4.52
Diluted	1.69	4.73	2.66	2.26	4.45

Consolidated balance sheets (as of December 31), mln USD

	1998	1999	2000	2001	2002	2003
A S S E T S						
Current assets						
Cash and cash equivalents	93	537	1,137	1,170	1,252	1,435
Short-term investments	65	137	253	218	278	251
Accounts and notes receivable, net	1,209	1,598	2,948	2,230	2,511	3,790
Inventories	341	530	719	829	1,063	1,243
Prepaid taxes and other expenses	195	133	675	889	736	818
Other current assets	25	147	362	340	356	334
Assets held for sale	–	–	–	–	279	52
Total current assets	1,928	3,082	6,094	5,676	6,475	7,923
Investments	603	750	423	770	934	594
Property, plant and equipment	6,756	8,129	9,906	12,296	13,499	16,639
Deferred income tax assets	150	79	201	291	206	117
Goodwill and other intangible assets	90	251	278	485	399	523
Other non-current assets	116	212	207	424	488	778
Total assets	9,643	12,503	17,109	19,942	22,001	26,574
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current liabilities						
Accounts payable	948	1,479	2,221	1,402	1,293	1,564
Short-term borrowings and current portion of long-term debt	591	728	829	1,031	1,772	1,412
Customer deposits and other borrowings of banking subsidiaries	–	–	–	449	755	1,007
Taxes payable	443	569	404	522	640	943
Other current liabilities	202	110	238	421	337	345
Total current liabilities	2,184	2,886	3,692	3,825	4,797	5,271
Long-term debt	1,483	1,769	1,483	1,948	1,666	2,392
Deferred income tax liabilities	219	146	284	390	261	497
Asset retirement obligations	–	–	–	–	–	210
Other long-term liabilities	100	145	147	463	397	249
Minority interest in subsidiary companies	72	484	984	931	880	483
Total liabilities	4,058	5,430	6,590	7,557	8,001	9,102
Stockholders' equity						
Common stock	14	14	14	15	15	15
Preferred stock	1	1	1	–	–	–
Treasury stock, at cost	(426)	(549)	(376)	(403)	(428)	(435)
Additional paid-in capital	2,245	2,816	2,895	3,044	3,229	3,522
Retained earnings	3,756	4,803	7,994	9,738	11,186	14,371
Accumulated other comprehensive loss	(5)	(12)	(9)	(9)	(2)	(1)
Total stockholders' equity	5,585	7,073	10,519	12,385	14,000	17,472
Total liabilities and stockholders' equity	9,643	12,503	17,109	19,942	22,001	26,574

Consolidated statements of cash flows, mln USD

	1999	2000	2001	2002	2003
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income	1,062	3,312	2,109	1,843	3,701
Adjustments for non-cash items:					
Cumulative effect of change in accounting principle	—	—	—	—	(132)
Depreciation, depletion and amortization	598	838	886	824	920
Equity share in income of affiliates	(88)	(230)	(136)	(100)	(122)
Gain from sale of interest in Azeri Chirag Gyuneshli	—	—	—	—	(1,130)
Loss on disposal and impairment of assets	49	247	153	83	69
Deferred income taxes	(115)	(18)	(187)	(95)	68
Non-cash currency translation loss (gain)	(37)	(29)	24	(21)	17
Non-cash investing activities	(92)	(177)	(96)	(72)	(64)
All other items, net	49	155	181	78	80
Changes in operating assets and liabilities:					
Accounts and notes receivable	(139)	(1,142)	931	(125)	(797)
Short-term loans receivable of banking subsidiaries	(70)	(71)	(95)	39	(223)
Net movements of short-term borrowings of banking subsidiaries	140	102	208	171	341
Inventories	(25)	(50)	(56)	(201)	(153)
Accounts payable	147	541	(1,077)	(273)	186
Taxes payable	(71)	(195)	109	30	284
Other current assets and liabilities	32	(515)	(281)	215	(109)
Net cash provided by operating activities	1,440	2,768	2,673	2,396	2,936
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital expenditures	(766)	(1,674)	(2,521)	(2,072)	(2,881)
Proceeds from sale of property, plant and equipment	41	10	45	34	62
Purchases of investments	(390)	(197)	(314)	(302)	(459)
Proceeds from sale of investments	250	47	228	118	374
Proceeds from sale of interest in Azeri Chirag Gyuneshli	—	—	—	—	1,337
Acquisitions of subsidiaries, net of cash acquired	(10)	(98)	(499)	(168)	(1,225)
Net cash used in investing activities	(875)	(1,912)	(3,061)	(2,390)	(2,792)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net movements of short-term borrowings	(400)	11	121	203	220
Proceeds from issuance of long-term debt	549	291	938	879	1,445
Principal payments of long-term debt	(189)	(439)	(349)	(579)	(1,124)
Dividends paid	(21)	(118)	(244)	(423)	(467)
Financing received from stockholders under privatization tender	102	50	—	—	—
Proceeds from issuance of common stock	—	—	—	18	—
Purchase of treasury stock	(150)	(1,021)	(185)	(326)	(368)
Proceeds from sale of treasury stock	27	1,005	158	316	290
Other – net	(6)	(7)	32	8	—
Net cash provided by (used in) financing activities	(88)	(228)	471	96	(4)
Effect of exchange rate changes on cash and cash equivalents	(33)	(28)	(50)	(20)	43
Net increase in cash and cash equivalents	444	600	33	82	183
Cash and cash equivalents at beginning of year	93	537	1,137	1,170	1,252
Cash and cash equivalents at end of year	537	1,137	1,170	1,252	1,435

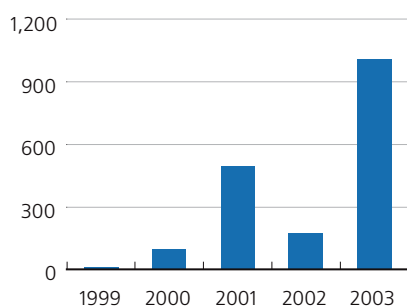
Capital expenditures, mln USD

	1999	2000	2001	2002	2003
CAPITAL EXPENDITURES					
<i>Exploration and production</i>	388	945	1,789	1,411	1,324
Russia	332	648	1,543	1,078	1,106
International	56	297	246	333	218
<i>Refining, marketing and distribution</i>	470	922	828	793	855
Russia	385	738	645	683	673
International	85	184	183	110	182
Total	858	1,867	2,617	2,204	2,179

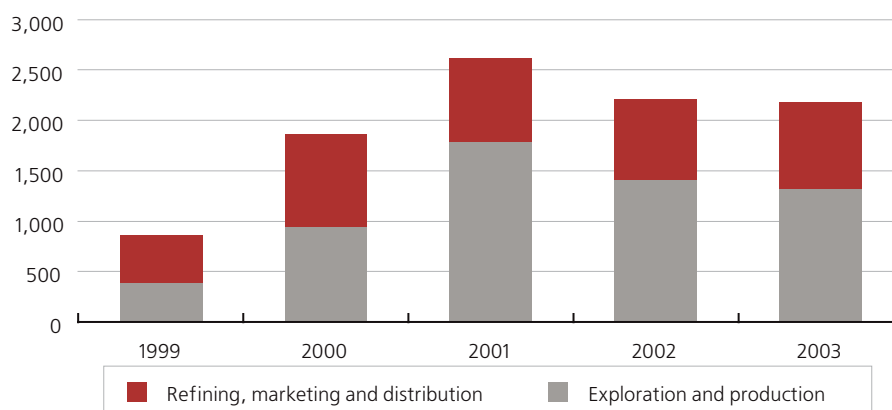
Acquisitions of subsidiaries

<i>Exploration and production</i>	3	45	467	67	876
Russia	3	45	467	67	876
International	0	0	0	0	0
<i>Refining, marketing and distribution</i>	81	118	94	110	172
Russia	0	0	35	53	24
International	81	118	59	57	148
<i>Less cash acquired</i>	(74)	(65)	(62)	(4)	(40)
Total	10	98	499	173	1,008

Acquisitions of subsidiaries, mln USD

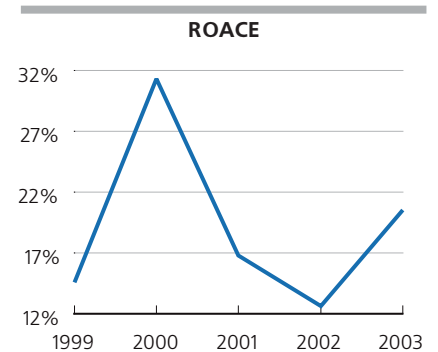
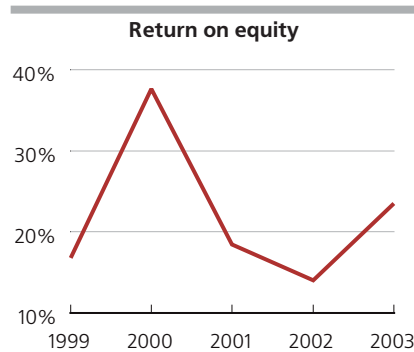
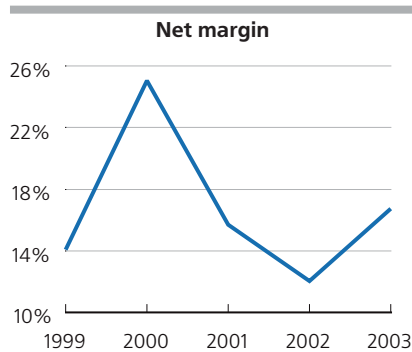


Capital expenditures, mln USD



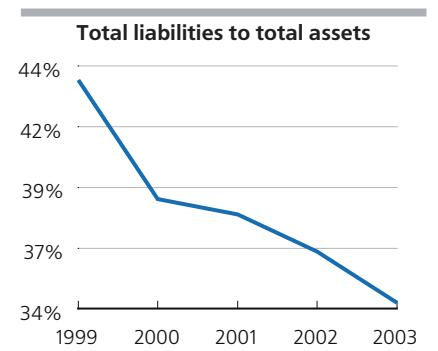
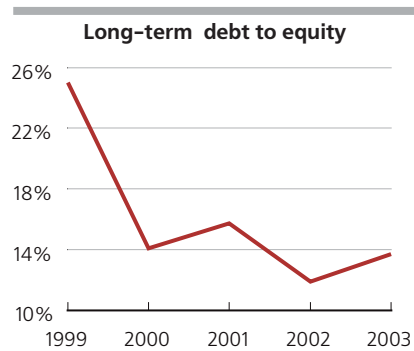
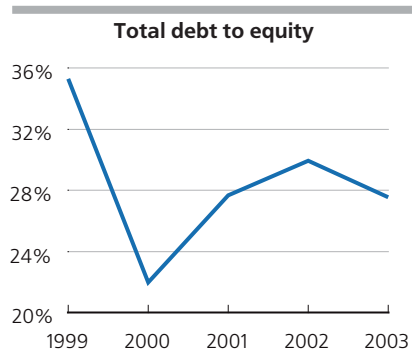
Profitability ratios

	1999	2000	2001	2002	2003
Net income, mln USD	1,062	3,312	2,109	1,843	3,701
EBIT, mln USD	1,456	4,073	2,894	2,644	4,710
EBITDA, mln USD	2,054	4,911	3,780	3,468	5,630
Operating margin, %	22.4	30.7	22.0	17.4	20.7
Pretax margin, %	17.7	30.9	20.7	16.8	20.7
Net margin, %	14.1	25.1	15.7	12.0	16.7
Return on equity, %	16.8	37.7	18.4	14.0	23.5
Return on total assets, %	9.6	22.4	11.4	8.8	15.2
Return on non-current assets, %	12.4	32.4	16.7	12.4	21.7
ROACE, %	14.6	31.3	16.8	12.6	20.5



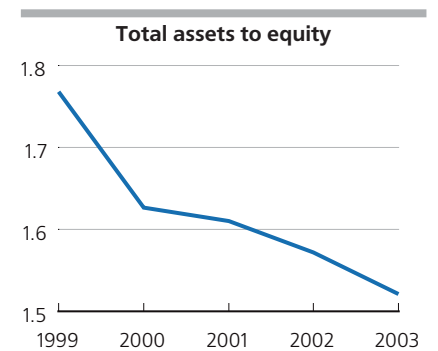
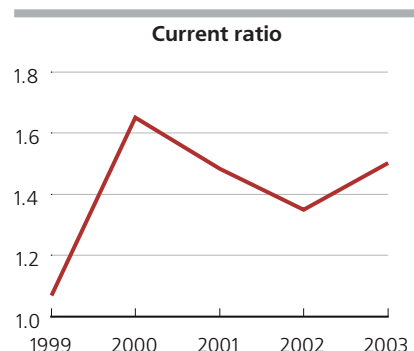
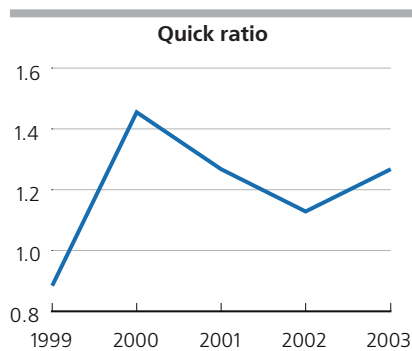
Gearing ratios (as of December 31)

	1999	2000	2001	2002	2003
Net debt, mln USD	1,960	1,175	2,258	2,941	3,376
Total debt to equity, %	35.3	22.0	27.7	30.0	27.5
Long-term debt to equity, %	25.0	14.1	15.7	11.9	13.7
Total net debt to net cash flow provided by operating activities, %	136.1	42.4	84.5	122.7	115.0
Total liabilities to total assets, %	43.4	38.5	37.9	36.4	34.3
Total liabilities to equity, %	76.8	62.6	61.0	57.2	52.1
EV/DACF	7.9	3.0	4.3	6.0	7.0



Liquidity ratios (as of December 31)

	1999	2000	2001	2002	2003
Quick ratio	0.88	1.46	1.27	1.13	1.27
Current ratio	1.07	1.65	1.48	1.35	1.50
Total assets to equity	1.77	1.63	1.61	1.57	1.52



Reference Information

More information about the company is available at LUKOIL's website at www.lukoil.ru (Russian version) or www.lukoil.com (English version).

By visiting our site you can find out more about LUKOIL's main businesses and company results, as well as staying informed of current company news across the spectrum of LUKOIL activities. The site also provides information about company policy and involvement in social and environmental affairs.

A section of the site for investors and shareholders provides the company's financial results, history of dividend payments, share prices and accounts. A number of presentations for the investment community are also available through this section of the site.

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LUKOIL Publications

An electronic version of the following financial reports for 2003 are available in the Investor Center of the company web site (www.lukoil.com/ir)

1. Annual Report.
2. Consolidated Financial Accounts.
3. Quarterly Consolidated Financial Accounts.
4. Management Discussion of Company Performance.

All data in the Document are at 1 January, 2004. Any changes which have occurred after this date are not covered by the Document.

Concepts and Terms Used in the Document

The references to LUKOIL, LUKOIL Group, 'the company', 'we' and 'our' in this document all refer to LUKOIL and/or its subsidiary enterprises, depending upon the context, in which the terms are used.

Sources of information

Data from the following sources are used in this document:

- Information provided by the Ministry of Industry and Energy of Russia
- Information provided by the State Committee of the Russian Federation of Statistics
- Annual reports of major international private oil companies
- Statistical Review of World Energy 2003 (British Petroleum)
- Annual Statistical Bulletin (OPEC)
- Worldwide Refineries-Capacities as of January 1, 2004 (Oil&Gas Journal)

Abbreviations

USD – United States Dollars

boe – barrel of oil equivalent (1 boe = 6,000 cft of gas)