PRESS RELEASE
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LUKOIL REPORTS RESULTS FOR THE NINE MONTHS OF 2002 UNDER US GAAP

Moscow – 31 January 2003 – OAO LUKOIL today reported its unaudited consolidated financial results under U.S. GAAP for the nine months ended 30 September 2002 reviewed by KPMG, our independent accountants. The following table sets forth summary unaudited consolidated income statement data for the nine months ended 30 September 2002 and three months ended 30 September 2002 compared with the same period in 2001. All items are presented in US Dollars, except earnings per share data and the items expressed as a percentage or revenue.

	Three months ended September 30		**Nine months ended September 30**	
	2002	**2001**	**2002**	**2001**
Revenues				
Sales (including excise and export tariffs)	4,392	3,577	11,033	10,395
Equity share in income of affiliates	40	37	75	103
Total revenues	**4,432**	**3,614**	**11,108**	**10,498**
Costs and other deductions				
Operating expenses	(1,426)	(1,430)	(3,577)	(3,575)
Selling, general and administrative expenses	(754)	(726)	(1,970)	(1,660)
Depreciation, depletion and amortization	(226)	(229)	(704)	(676)
Taxes other than income taxes	(628)	(271)	(1,436)	(763)
Excise and export tariffs	(593)	(362)	(1,378)	(1,17)
Exploration expense	(20)	(20)	(70)	(64)
Loss on disposal and impairment of assets	(42)	(38)	(68)	(50)

Income from operating activities	**743**	**538**	**1,905**	**2,540**
Interest expense	(49)	(35)	(175)	(164)
Interest and dividend income	35	46	103	128
Currency translation gain	52	45	36	28
Other non-operating (expense) income	(10)	31	60	43
Minority interest	(11)	1	(42)	(50)
Income before income taxes	**760**	**626**	**1,887**	**2,525**
Current income taxes	(271)	(219)	(627)	(706)
Deferred income tax benefit	18	66	87	87
Net income	**507**	**473**	**1,347**	**1,906**
Dividends declared on preferred stock	-	(157)	-	(157)
Net income available for common shareholders	**507**	**316**	**1,347**	**1,749**
Basic earnings per share of common stock (US dollars)	0.62	0.43	24108	15373
Diluted earnings per share of common stock (US dollars)	0.62	0.43	24108	14277
Adding back non-recurring tax charges 1	103		103	
Net income excluding non-recurring tax charge.....	**610**	**316**	**1,450**	**1,749**

In the nine months ended 30 September 2002 compared to the same period in 2001:

Our revenues increased by $638 million, or 6.1% mainly because of the growth of export and domestic prices of crude oil and refined products in the third quarter of 2002, as well as increase of export volumes and volume of refined products as a percentage of total volume sold. Furthermore, total volume of crude oil and refined products sold reached 60.5 million tones, that is 3.6% more than for the same period of 2001. Other sales increased by $116 million, or 14.2%.

The proportion of our sales volumes represented by refined products was 55.6%

compared to 49.9% in the 2001 period. This is the result of the company's strategy to increase the share of exports in the total volume of sales, which was realized mainly through increase of refined products exports. The proportion of our international sales volumes, including both crude oil and refined products, reached 66.0% for nine months of 2002 compared to 59.2% in the 2001.

Our operating expenses increased slightly by $2 million, or less than 1%, in comparison with the same period of 2001. Of those, extraction expenses decreased by $39 million, or 3.7%. At the same time average extraction costs per barrel decreased from $2.79 per barrel during the first nine months of 2001 to $2.61 per barrel during the first nine months of 2002. The decrease in the average extraction costs per barrel resulted from our cost reduction policy, which in the first half of 2002 included shutting-in unproductive wells and increasing oil flows by using artificial stimulation and other technologies. It is important to note that our methodology of the reporting extraction costs changed recently to exclude operating expenses of upstream subsidiaries unrelated to crude oil production.

Our refining expenses on our refineries decreased by $26 million, or 7.9%, from nine months of 2001 to nine months of 2002. This was primarily caused by the closure of the Petrotel SA refinery in July 2001. Operating expenses of Nizhegorodnefteorgsintez were included in our refining expenses include starting from August 2002, when it became a subsidiary

Our selling expenses increased by $312 million, or 43.5%, principally because of an increase of all transport tariffs, the increase in sales volumes described above and change in of product mix – increase in volume of refined products sold as a percentage of total volume sold. Our general and administrative expenses decreased by $2 millions, or less than 1%.

Our taxes other than income taxes increased, primarily due to changes in tax legislation that replaced royalty, mineral replacement and oil excise taxes with one unified tax effective January 1, 2002. This unified extraction tax led to an increase of these expenses by $499 million, or 92%, in comparison to the same period in 2001. Other taxes increased by $57 million.

Our excise and export duties increased by $208 million, or 17.8%, compared to the prior period. This was caused mainly by an increase of export duties rates, primarily for crude oil.

During the third quarter of 2002 our effective income tax rate increased as a result of a settlement of claims with tax authorities in respect to income tax and other taxes relief received in 2001. This issue arose late in the fourth quarter and led to a series of negotiations with the tax authorities after which the tax authorities agreed to settle all claims without prejudice for $103 million. Under US GAAP we accrued a provision for the settlement amount in the third quarter. We paid the settlement amount to the budget at the end of December 2002. Management is not expecting any other claims from tax authorities related to tax relief received in prior periods.

Exploration expenses changed insignificantly in comparison with the prior period. The increase was $6 million, or 9.3%.

The following table set out our sales volumes for the nine months ended September 30, 2001 and 2002.

Sales volumes	**Nine months ended September 30,**			
	2001		**2002**	
Crude oil	(thousands of barrels)			
International sales	137,657	32.1%	149,592	33.7%
Domestic sales	77,229	18.0%	47,549	10.7%
Refined products	(thousands of tonnes)			
International sales	16,174	27.7%	19,572	32.3%
Domestic sales	12,952	22.2%	14,069	23.3%

Since the beginning of 2002, we have been implementing a restructuring plan to improve our operations and maximize shareholder value. The plan contemplates that we will undertake the following measures in the near term: (i) increase exports of crude oil and refined products; (ii) accelerate the development of our most productive fields; (iii) shut-in low-producing wells; (iv) apply enhanced oil recovery technologies; (v) seek competitive bids for oilfield services; (vi) divest non-core businesses and reduce headcount; (vii) strengthen performance-related pay; and (viii) streamline our administration. A specific manifestation of the results of this restructuring program is the above-mentioned decrease in the extraction costs to $2.61 per barrel. We believe that these steps should help us to meet our strategic goals of sustainable growth and value creation.

OAO LUKOIL is Russia's largest oil and gas company in terms of reserves and production. Our full financial results for the nine months ended 30 September 2002 as well as other information about the company can be found on our website at www.lukoil.com.

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