PRESS RELEASE
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LUKOIL REPORTS RESULTS FOR THE FIRST HALF OF 2002 UNDER US GAAP

Moscow – 3 October 2002 – OAO LUKOIL today reported its unaudited consolidated financial results under U.S. GAAP for the six months ended 30 June 2002 reviewed by KPMG, our independent auditors. The following table sets forth summary unaudited consolidated income statement data for the six months ended 30 June 2002 compared with the same period in 2001.

	Six months ended June 30,			
In mln USD except per share data	**2001**		**2002**	
Revenues				
Sales (including excise and export tariffs)	6,818	99.0%	6,641	99.5%
Equity share in income of affiliates	66	1.0%	35	0.5%
Total revenues	**6,884**	**100.0%**	**6,676**	**100.0%**
Costs and other deductions				
Operating expenses	(2,145)	-31.2%	(2,151)	-32.2%
Selling, general and administrative expenses	(934)	-13.6%	(1,216)	-18.2%
Depreciation, depletion and amortization	(447)	-6.5%	(478)	-7.2%
Taxes other than income taxes	(492)	-7.1%	(808)	-12.1%
Excise and export tariffs	(808)	-11.7%	(785)	-11.8%
Exploration expense	(44)	-0.6%	(50)	-0.7%
Loss on disposal and impairment of assets	(12)	-0.2%	(26)	-0.4%
Income from operating activities	**2,002**	**29.1%**	**1,162**	**17.4%**
Interest expense	(129)	-1.9%	(126)	-1.9%

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Interest and dividend income	82	1.2%	68	1.0%
Currency translation loss	(17)	-0.2%	(16)	-0.2%
Other non-operating income	12	0.1%	70	1.0%
Minority interest	(51)	-0.7%	(31)	-0.4%
Income before income taxes	**1,899**	**27.6%**	**1,127**	**16.9%**
Current income taxes	(487)	-7.1%	(356)	-5.3%
Deferred income tax benefit	21	0.3%	69	1.0%
Net income	**1,433**	**20.80%**	**840**	**12.6%**
Basic earnings per share of common stock	1.77		1.04	
Diluted earnings per share of common stock	1.75		1.04	

In the six months ended 30 June 2002 compared to the same period in 2001:

Our sales decreased mainly due to the reduction of export and domestic prices on crude oil and refined products, which reached the prior year average levels only by the end of the second quarter.

Our operating expenses increased by $6 million, or less than 1%, in comparison with the prior period. Of those, our extraction expenses decreased by $3 million, or less than 1%. At the same time average extraction costs per barrel decreased from $3.02 per barrel during first half 2001 to $2.98 per barrel during first half 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.

Our refining expenses on our refineries decreased by $36 million, or 15%, from first half 2001 to first half 2002. This was primarily caused by the closure of the Petrotel SA refinery in July 2001.

Our processing costs on the affiliated refinery (Nizhegorodnefteorgsintez) increased by $61 million, or 109%, in comparison with the first half 2001. The increase of processing costs was caused by an increase in volumes processed by 2.5 million tonnes, or 116%. During the first half 2002 processing volumes on Nizhegorodnefteorgsintez increased to 4.6 million tonnes.

An increase in selling, general and administrative expenses by $282 million was principally caused by an increase of all transport tariffs of about 30%, the increase in sales volumes and a general increase in expenses due to the real appreciation of the Russian rouble against the dollar.

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. This increase was partially offset by a decrease of expenses on excise and export duties (see below).

Our excise and export duties decreased by $23 million, or 3%, compared to the prior period. This resulted mainly from cancellation of excise on crude oil sales and establishing of the unified extraction tax.

Exploration expenses changed insignificantly in comparison with prior period. An increase was $6 million, or 14%.

The following table sets forth sales volumes for the three and six months periods ended respectively on 31 March 2002 and 30 June 2002.

Period:	Three months ended 31 March 2002	Six months ended 30 June 2002
Sales of crude oil (mln tonnes)		
International sales	7.098	13.744
Domestic sales	2.990	5.088
Sales of refined products (mln tonnes)		
International sales	5.450	12,264
Domestic sales	4.555	9,326

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 $2.98 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 six months ended 30 June 2002 as well as other information about the company can be found on our website at www.lukoil.com.