PRESS RELEASE
DECEMBER 20, 2002

LUKOIL SIGNS AGREEMENT TO SELL ITS INTEREST IN THE AZERI-CHIRAG-GUNASHLI PROJECT TO INPEX

OAO LUKOIL ("Lukoil" or the "Company") (LSE: LKOH) today announced that it has entered into a definitive agreement with INPEX Corporation for the sale of its entire interest in the Azeri-Chirag-Gunashli (ACG) project. The agreed consideration is $1.375 billion in cash, subject to certain adjustments. Lukoil has a 10% interest in the project, including a 10% share in the project's production sharing agreement, an 11.11% share under the related joint operating agreement and certain interests in other ancillary assets.

Pursuant to the terms of existing agreements relating to the ACG project, the consent of the State Oil Company of the Azerbaijan Republic (SOCAR) and the current participants in the ACG consortium will be sought before completion. The transaction is subject to customary closing conditions and obtaining consents and approvals. Completion of the transaction is therefore expected to take place in the first half of 2003.

Commenting on the agreement to sell Lukoil's interest, Mr. Vagit Alekperov, President of Lukoil, said:

"This transaction is effected in the framework of the Company's restructuring program and presents an excellent opportunity to monetize our fairly appraised assets. The Company will continue to review opportunities to divest its interests in projects where it is not an operator. We remain committed to the development of oil and gas in the Caspian Sea region and in particular to our close relationship with Azerbaijan. We also appreciate the opportunity this transaction has given us to work closely with INPEX and we hope to be able to undertake other opportunities with them in the future."

Mr. Kunihiko Matsuo, President of INPEX, said:

"This transaction marks an important additional step for INPEX's involvement in the Caspian Sea region, which we believe is one of the most prolific oil and gas regions in the world. We look forward to working with SOCAR, BP and the other consortium members to realize the tremendous potential that this project presents. INPEX and Lukoil, the largest oil company in Russia, also view this transaction as a significant advance in their relationship, providing an excellent platform for both

companies to continue to develop their activities inside and outside Russia."

The PSA signed by Lukoil and other oil companies in September 1994, covers the development of the Azeri, Chirag and the Deepwater portion of the Gunashli (ACG) oil fields in the Azerbaijan sector of the Caspian Sea.

The Azerbaijan International Operating Company (AIOC) was formed in 1994 by the members of the consortium to develop the ACG filed. BP is currently the operator of AIOC.

This press release contains "forward-looking statements," as the phrase is defined in Section 27A of the Securities Act and Section 21E of the Exchange Act. These statements relate to the Company's intention to consummate the proposed transaction described above and are based on Management's best assessment of the Company's strategic and financial position and of future market conditions and trends. These discussions involve risks and uncertainties. The actual outcome may differ materially from these statements as a result of unforeseen developments from competition, governmental regulations, political and economic developments in Russia and other factors. As a result, there can be no assurance that the Company will be able to complete this proposed transaction. LUKOIL disclaims any obligation to update developments of these risk factors or to announce publicly any revision to any of the forward-looking statements contained in this release, or to make corrections to reflect future events or developments.