PRESS RELEASE
FEBRUARY 21, 2003

LUKOIL SIGNS AGREEMENT TO PURCHASE OAO PFPG-ENERGY AND ITS 27% OF ZAO LUKOIL-PERM

OAO LUKOIL ("Lukoil") (LSE: LKOH) today announced that its indirect wholly-owned subsidiary LUKOIL Overseas Cyprus Limited has entered into a definitive agreement with all of the shareholders of OAO PFPG-Energy to purchase 100% of the outstanding share capital of PFPG-Energy.

PFPG-Energy holds 27% of the outstanding share capital of ZAO LUKOIL-Perm, one of Lukoil's key upstream operating subsidiaries. Lukoil, through an indirect subsidiary, currently holds the remaining 73% of ZAO LUKOIL-Perm and controls its day-to-day operations. The agreed consideration is approximately $398 million in cash. The transaction is subject to approval by Russian regulatory authorities and customary closing conditions. Completion of the transaction is expected to take place in the first half of 2003.

Key information on ZAO LUKOIL-Perm:

	Reserves
Audited proven reserves as of February 2, 2002	208.8 mln. tons
Source: Miller & Lents	
Reserves under Russian classification (ABC1)	268.5 mln. tons

	2002	**2003**	**2004**
Production, mln. tons per year	8.57	8.8	9.1
Annual growth, %	*12*	*4*	*3*

Source: ZAO LUKOIL-Perm

Thus, the cost of acquisition was approximately $0.97 per barrel of audited proven reserves, i.e. somewhat lower than the corresponding Russian average.

Press Centre PJSC "LUKOIL"
Phone:
E-mail: media@lukoil.com

At the same time the productivity of ZAO LUKOIL-Perm reserves is relatively higher than the Russian average and the productivity of OAO LUKOIL reserves, which allows ZAO LUKOIL-Perm to maintain low production costs relative to other Russian producers.

9 months of 2002	**Cost of oil production, US$/barrel**
OAO LUKOIL	2.6
ZAO LUKOIL-Perm	**2.0**

Source: OAO LUKOIL, ZAO LUKOIL-Perm

2001	**Average well debit, barrels/day**
Average industry figure	59
OAO LUKOIL	66
ZAO LUKOIL-Perm	**89**

Source: Central Dispatching Unit of the Russian Ministry of Energy, OAO LUKOIL, ZAO LUKOIL-Perm

The purchase price was established on the basis of an independent appraisal conducted by PricewaterhouseCoopers. The purchase price of US$398 mln. is within the possible range of the market value of 27% of shares determined by the independent appraiser which was between US$378.2 million and 472.8 mln.

The acquisition of PFPG-Energy marks an additional step in line with Lukoil’s overall restructuring strategy which includes consolidating its holdings in core assets in Russia and streamlining its corporate structure to increase efficiency and transparency for investors.

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.