PRESS RELEASE
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# PRELIMINARY STATEMENT OF ANNUAL RESULTS

Hereby OAO LUKOIL presents its 2002 preliminary consolidated results for the year ended December 31, 2002 and comparative data for preceding years. All items are presented in millions of US dollars, except for earnings per share data.

| | **2002** | 2001 | 2000 |
|---|---|---|---|
| Sales (including excise and export tariffs)..... | **15,334** | 13,426 | 13,210 |
| Operating expenses..... | **2,403** | 2,584 | 1,628 |
| Net income before income tax..... | **2,582** | 2,783 | 4,084 |
| Minority interest..... | **69** | 52 | 61 |
| Income tax expense..... | **739** | 674 | 772 |
| Net Income attributable to shareholders..... | **1,843** | 2,109 | 3,312 |
| **Net Income excluding special items in 2002*....** | **1,985** | 2,109 | 3,312 |
| Net Income available for common stockholders..... | **1,843** | 1,952 | 3,265 |
| Dividends paid..... | **423** | 244 | 118 |
| Dividends declared on preferred stock..... | **-** | 157 | 47 |
| Dividends declared on common stock..... | **395** | 208 | 74 |
| Basic earnings per share of common stock..... | **2.26** | 2.68 | 4.83 |
| Diluted earnings per share of common stock..... | **2.26** | 2.66 | 4.73 |

* Actual 2002 annual results are somewhat different from those projected earlier because we recorded the following special items in our 2002 net income:

· Taxing authorities made tax claims in respect of income and other taxes amounting to $103 million. We agreed to settle these claims without prejudice and accrued a provision of $103 million in the third quarter. Substantial part of this amount was paid to the budget in December 2002. Management is not expecting any other claims from tax authorities related to tax relief received in prior periods.

· Due to an improvement of the information gathering process, availability of

additional data and the increased stability of the Russian economy, we have significantly revised our actuarial assumptions reducing our pension obligation. During 2002 we have recorded a pension expense of $82 million, which we expect to be reduced by approximately $39 million in future years as a result of the reduced benefit obligation.

We are the largest publicly traded oil company in the world in terms of proven crude oil reserves and in 2002 we were Russia's largest producer of crude oil.

Our operations are divided into two main business segments:

· Exploration and Production, which includes our exploration, development and production operations relating to crude oil and natural gas. These activities are primarily located within Russia, with additional activities in Azerbaijan, Kazakstan, the Middle East, Northern Africa and Colombia; and

· Refining, Marketing and Distribution, which includes marketing and trading of crude oil, natural gas and refined products, and refining and transport operations.

From 2001 to 2002 our sales increased by $1,908 million, or 14.2%, primarily as a result of change in sales mix and increased volumes. Our revenues from sales of crude oil decreased by $138 million, or 2.8%, and our sales of refined products increased by $1,823 million, or 25.0%. The Company continued to expand into new markets, both in Russia and internationally and increase our market share in our old traditional regions.

In 2002 we managed to decrease our operating and selling, general and administrative expenses. However our net income in 2002 is lower compared with 2001 due to a significant increase in taxes other then income taxes caused by changes in tax legislation and an increase in transportation tariffs made by the state transport monopoly.

Our preliminary consolidated results for forth quarter of 2002 and comparative data for preceding year are presented below. All items are presented in millions of US dollars, except for earnings per share data.

| | **2002** | 2001 |
|---|---|---|
| Sales (including excise and export tariffs) | **4,341** | 3,064 |
| Net income before income tax | **696** | 258 |
| Minority interest | **27** | 2 |
| Income tax expense | **199** | 55 |

| | | |
|---|---|---|
| Net Income attributable to shareholders | **497** | 203 |
| Basic earnings per share of common stock | **0.61** | 0.21 |
| Diluted earnings per share of common stock | **0.61** | 0.21 |