

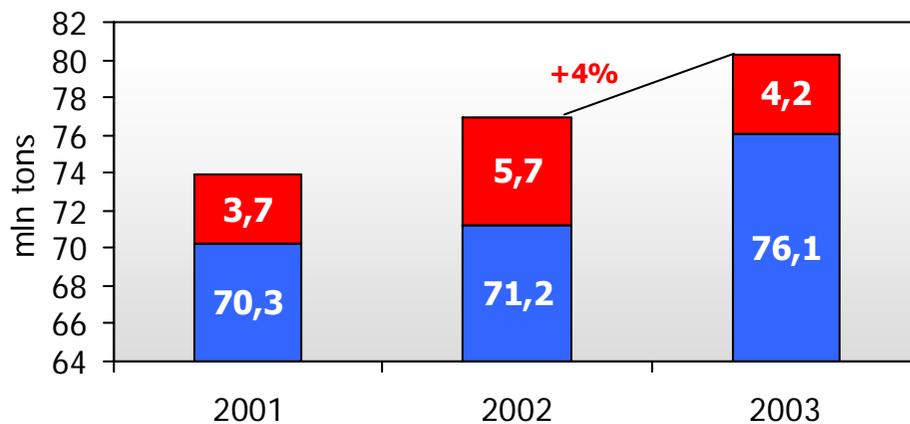
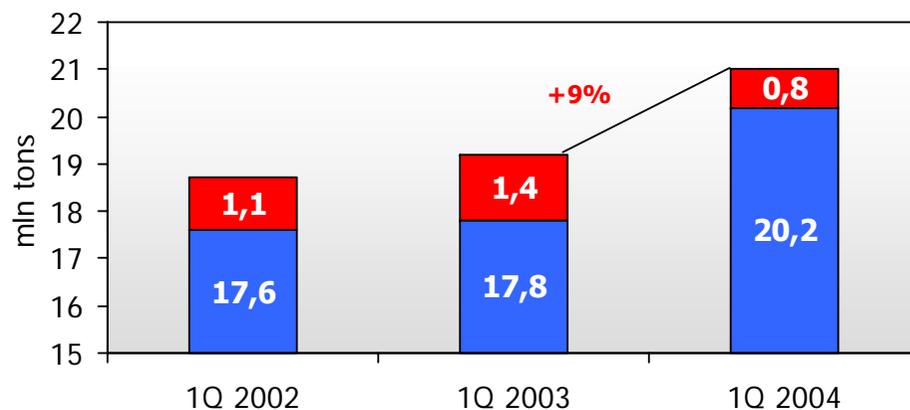


1Q 2004
Financial Results
(US GAAP)

July 2004



Crude oil output



■ Share in affiliates' output
■ Subsidiaries' output



In 1Q 2004 LUKOIL posted double better output growth rates comparing with 2003 results

In 1Q 2004 LUKOIL crude oil output increased by **9.4 %**, subsidiaries' output — by **13.1% y-o-y**



The Pioneer Among Russian Oil Companies Independently Developing Offshore Field (D-6 at the Baltic Sea)



- **The first domestically produced off-shore drilling rig.** The rig was designed and constructed by domestic companies.
 - **Ensuring ecological safety.** The company provides ultimate industrial and ecological safety at the off-shore site through high equipment reliability, and support of a safe and emergency-free working environment.
 - All technological processes at the site are to be managed under "Zero pollution" program. All waste is to be utilized at shore-located processing plant.
 - Project's ecological costs reached around \$6 mln.
-
- **All crude oil production from D-6 will be exported through LUKOIL's terminal "Izhevsky".**
 - In 2003 crude oil and finished products shipments via terminal reached 3.3 mln tons
 - Putting D-6 ("Kravtsovskoye") in commercial use LUKOIL aims to increase terminal capacity up to 4 mln tons per annum.
 - In mid term terminal capacity is expected to reach 6 mln tons per annum

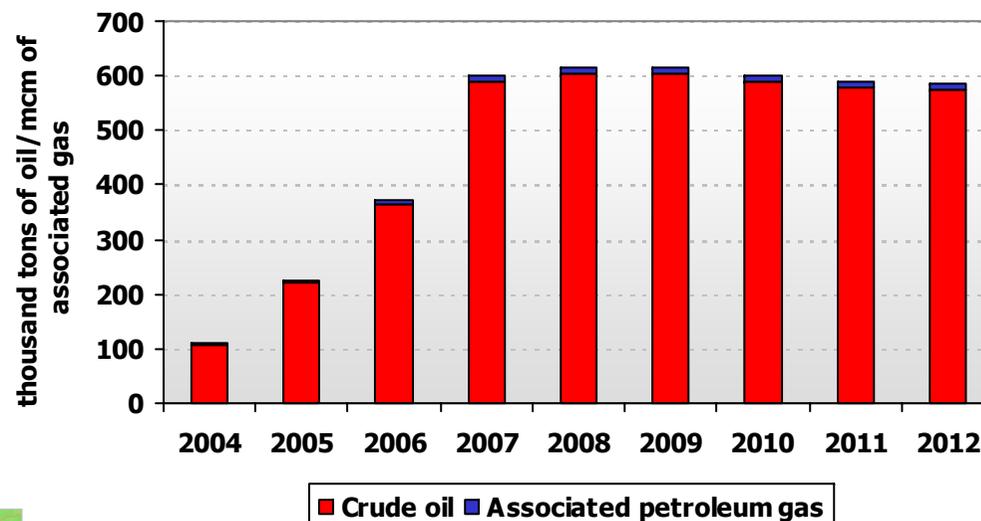




Kravtsovskoye Field (D-6)



Production of D-6 Field

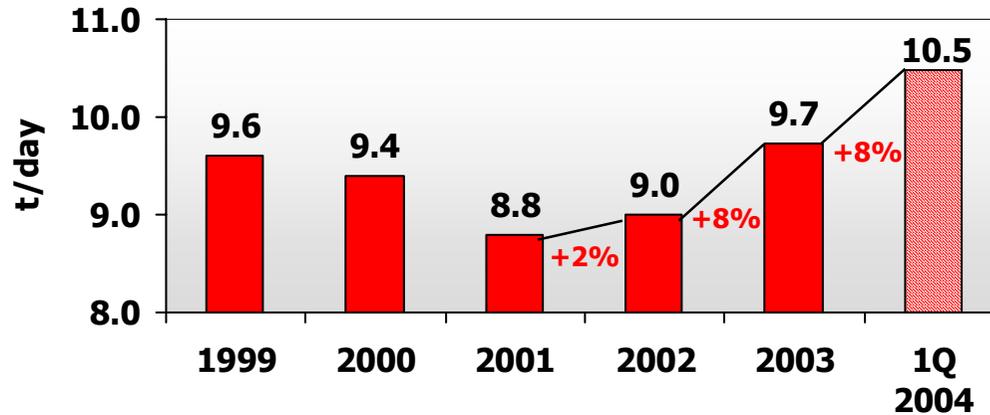


- Proved reserves — 7.5 mln tons
- Oil reservoir depth — 2160 m
- Sea distance — 47 km
- # of wells — 27
- Start of production — 2004 year
- Life span — 20-25 years



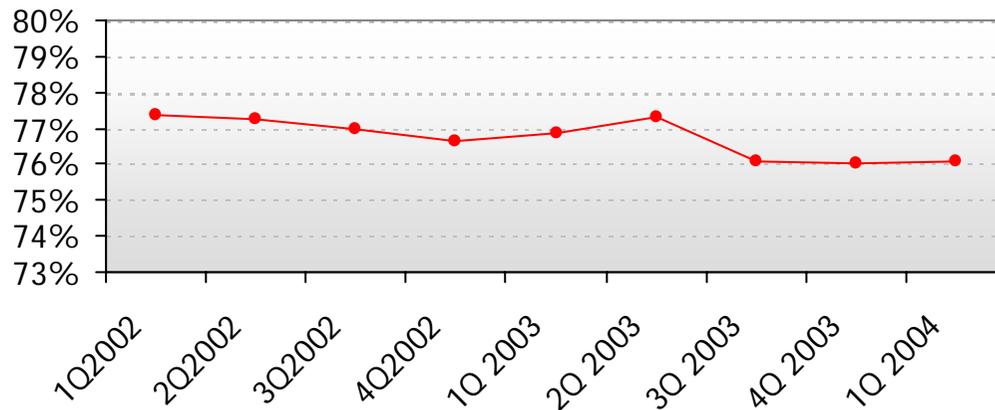
Improving efficiency of E&P

Average flow rate per well



Since 2001 average flow rate per well has been steadily growing

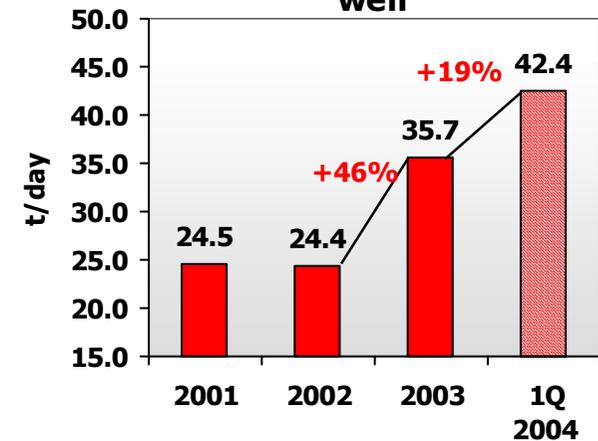
Water cut



Water cut has been also shifting down



Average flow rate per new well





Economic Environment

Economic Environment	1Q 2004	1Q 2003
<u>Domestic Market</u>		
Realized oil (\$/bbl)	12.81	6.40
Realized refined products (\$/ton)	174.72	143.49
Inflation (%)	3.6%	5.2%
Ruble appreciation against USD (%)	7.1%	6.5%
Transportation expenses / sales (%)	10.0%	8.6%
Taxes other than income taxes / sales (%)	24.5%	22.8%
<u>International Market</u>		
Realized oil (\$/bbl)	26.77	26.00
Realized refined products (\$/ton)	309.23	311.77

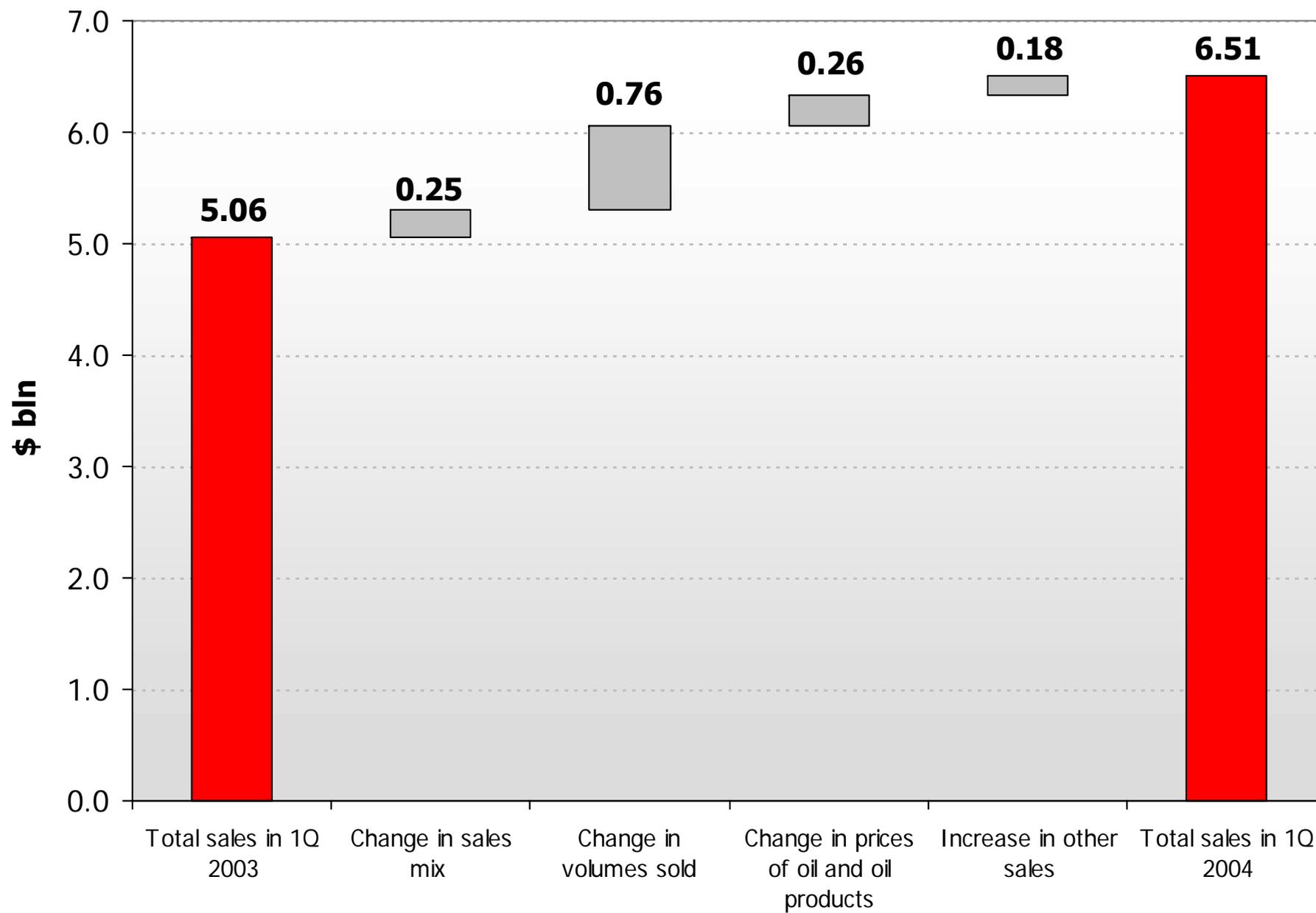


Financial Results

Financial results (mln USD)	1Q 2004	1Q 2003	%
Total revenue	6,582	5,098	+29%
Operating expenses	(660)	(668)	-1%
Taxes other than income taxes (including excise and export tariffs)	(1,597)	(1,151)	+39%
Income from operating activities	1,075	940	+14%
Income before income tax	1,138	956	+19%
Net Income	819	688	+19%
<i>Net Income after cumulative effect of change in accounting principle</i>	<i>819</i>	<i>820</i>	<i>-</i>
EBITDA	1,412	1,231	15%



Sales Reconciliation





Sales Breakdown

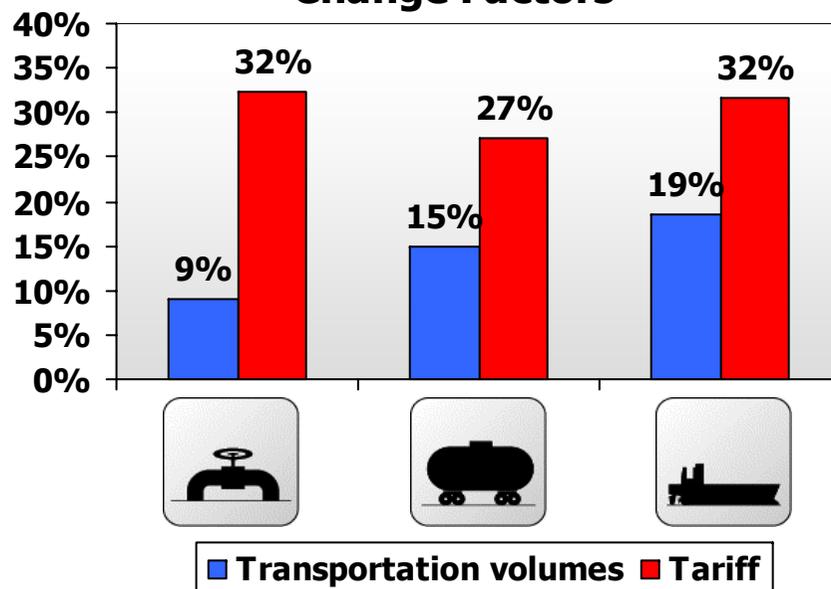
Sales breakdown	1Q 2004	1Q 2003	%
Export sales and sales on international markets to total volume of sales	78.3%	68.8%	+13,8%
Refined products to total volume of sales	52.7%	56.4%	-6,6%
Share of oil products in total export volumes and international sales	43.1%	43.6%	-1,1%
Share of oil products in total export sales and international sales	52.1%	53.6%	-2,8%

Sales in mln USD	1Q 2004	1Q 2003	%
International sales of crude oil (non-CIS)	2,089	1,482	+41%
Sales of crude oil within CIS	168	157	+7%
Sales of crude oil within Russia	68	51	+33%
International sales of refined products	2,698	2,077	+30%
Sales of refined products within Russia	856	839	+2%
International sales of petrochemicals	219	160	+37%
Sales of petrochemicals within Russia	72	35	+106%
Other sales	342	255	+34%
Total sales oil and oil products	6,512	5,056	+29%

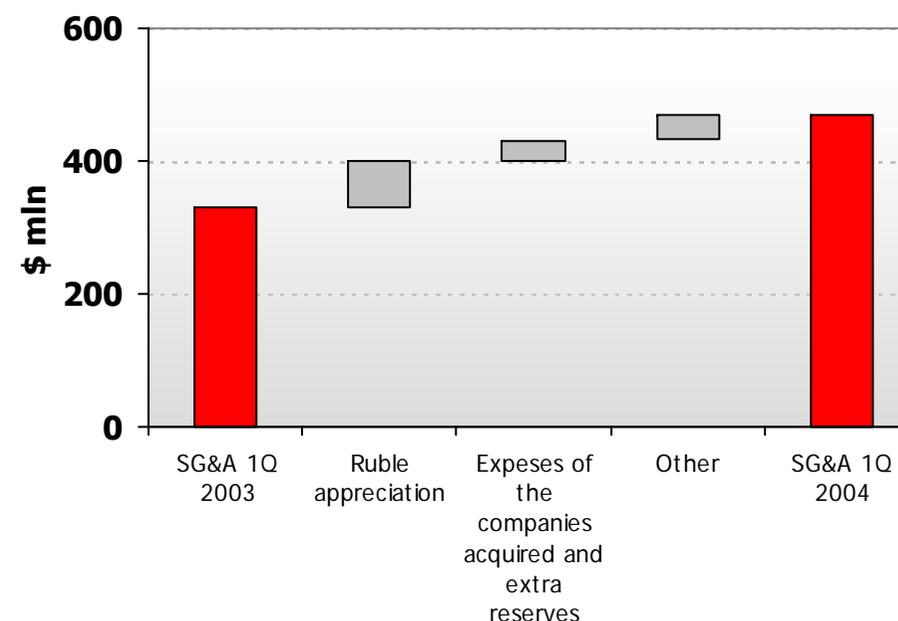


SG&A and Transport Expenses

Transportation Expenses Change Factors



SG&A reconciliation



Selling, general and administrative expenses (mln USD)

	1Q 2004	1Q 2003	%
Transportation expenses	649	436	+49%
Other selling, general and administrative expenses	471	329	+43%
Total SG&A	1,120	765	+46%

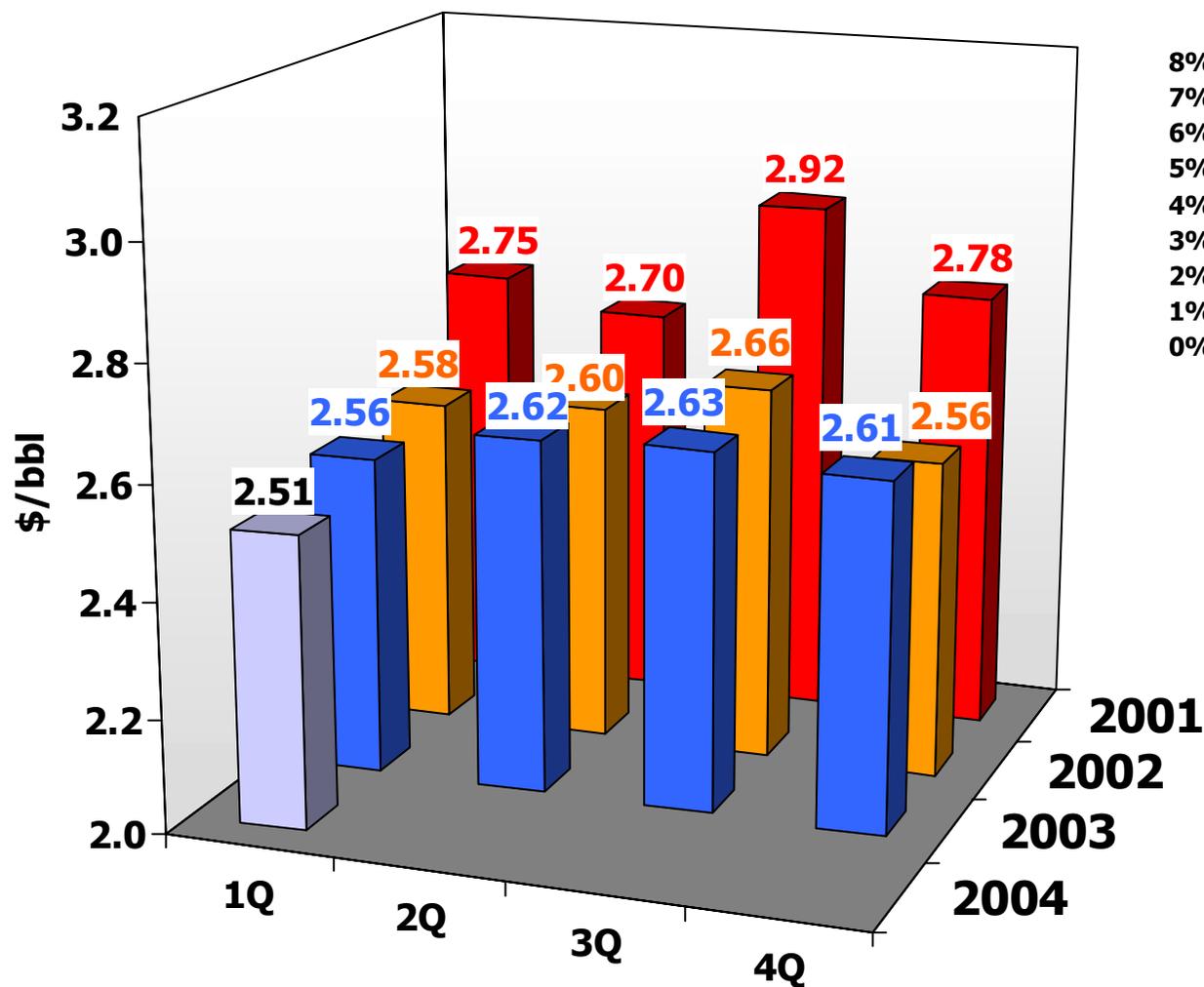


Operating Expenses

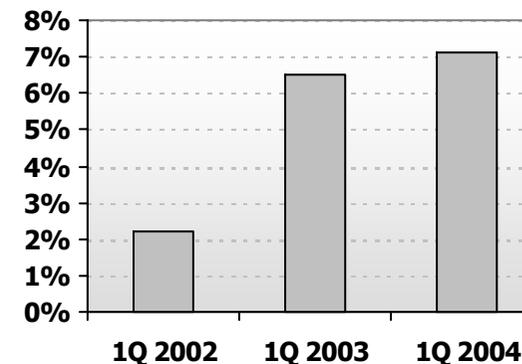
Operating expenses (mln USD)	1Q 2004	1Q 2003	%
Extraction expenses	371	337	+10%
Refinery expenses	130	116	+12%
Processing cost on the affiliated refinery	45	36	+25%
Other operating	114	179	-36%
Total	660	668	-1%
Cost of purchased crude oil, petroleum and chemical products	1,827	1,279	+43%



Reducing Crude Production Costs* Mitigating Negative Macroeconomic Effect



Ruble appreciation



In 1Q 2004 LUKOIL successfully reduced crude production costs by 2% (nominated in USD)

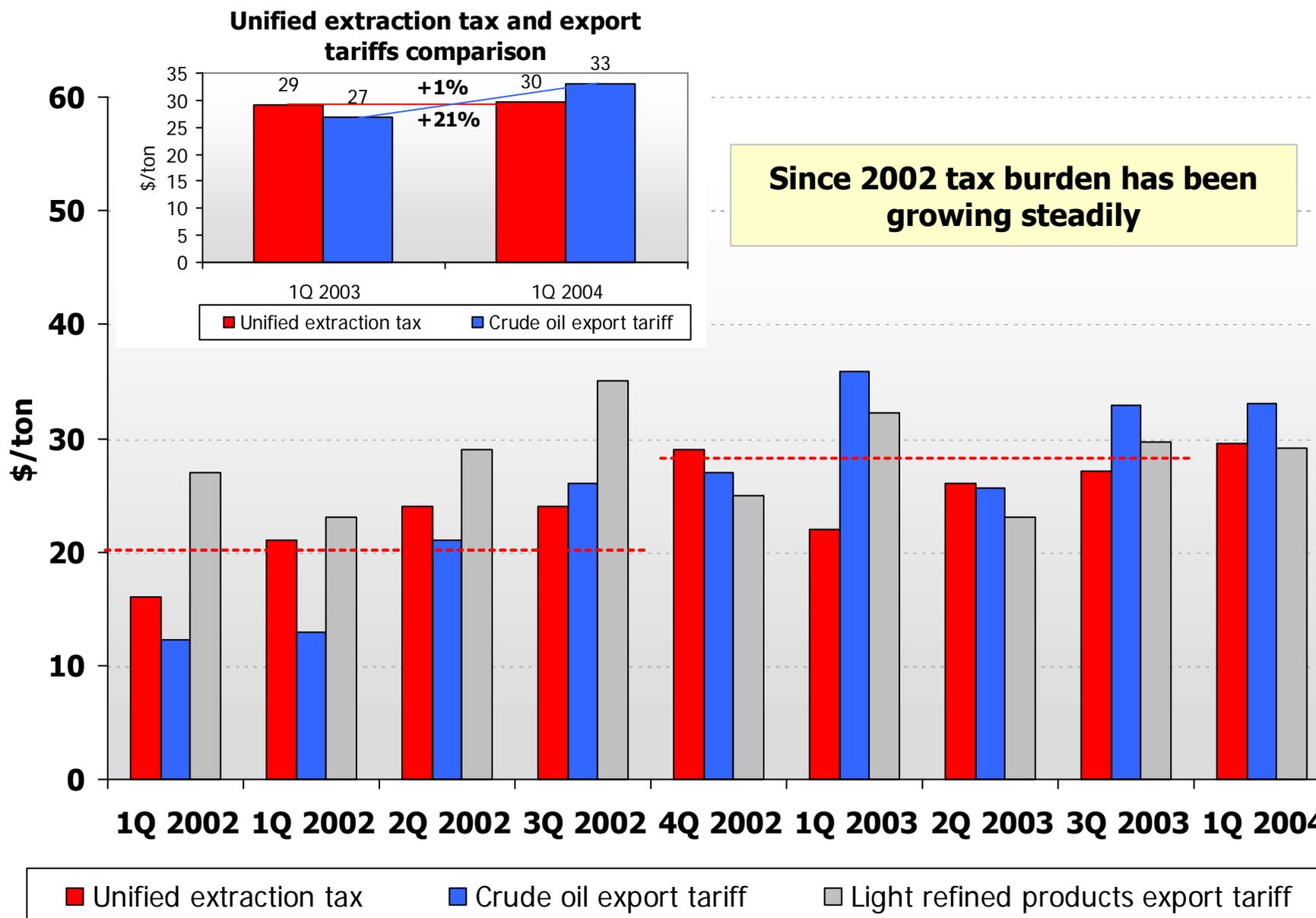
Rouble strengthened vs. US dollar by 7.1% y-o-y

Cost reduction in real terms reached 9% y-o-y

* Exploration and production costs, including lifting costs, maintenance and repair of expensed wells, insurance and other costs; excluding taxes and depreciation. Calculated in accordance with US GAAP data.

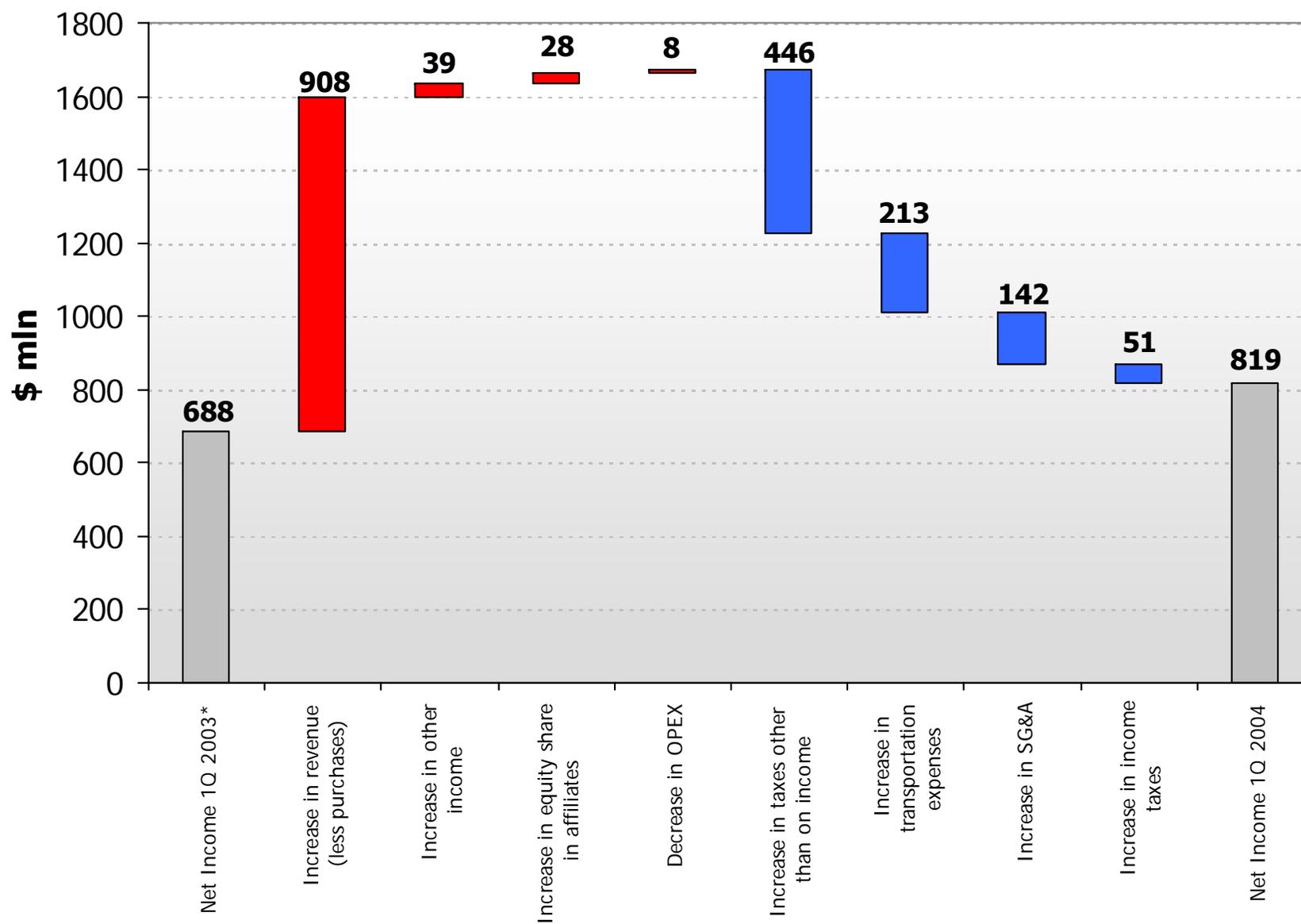


Growth of Tax Burden





Net Income Reconciliation



* Net Income before cumulative effect of change in accounting principle.

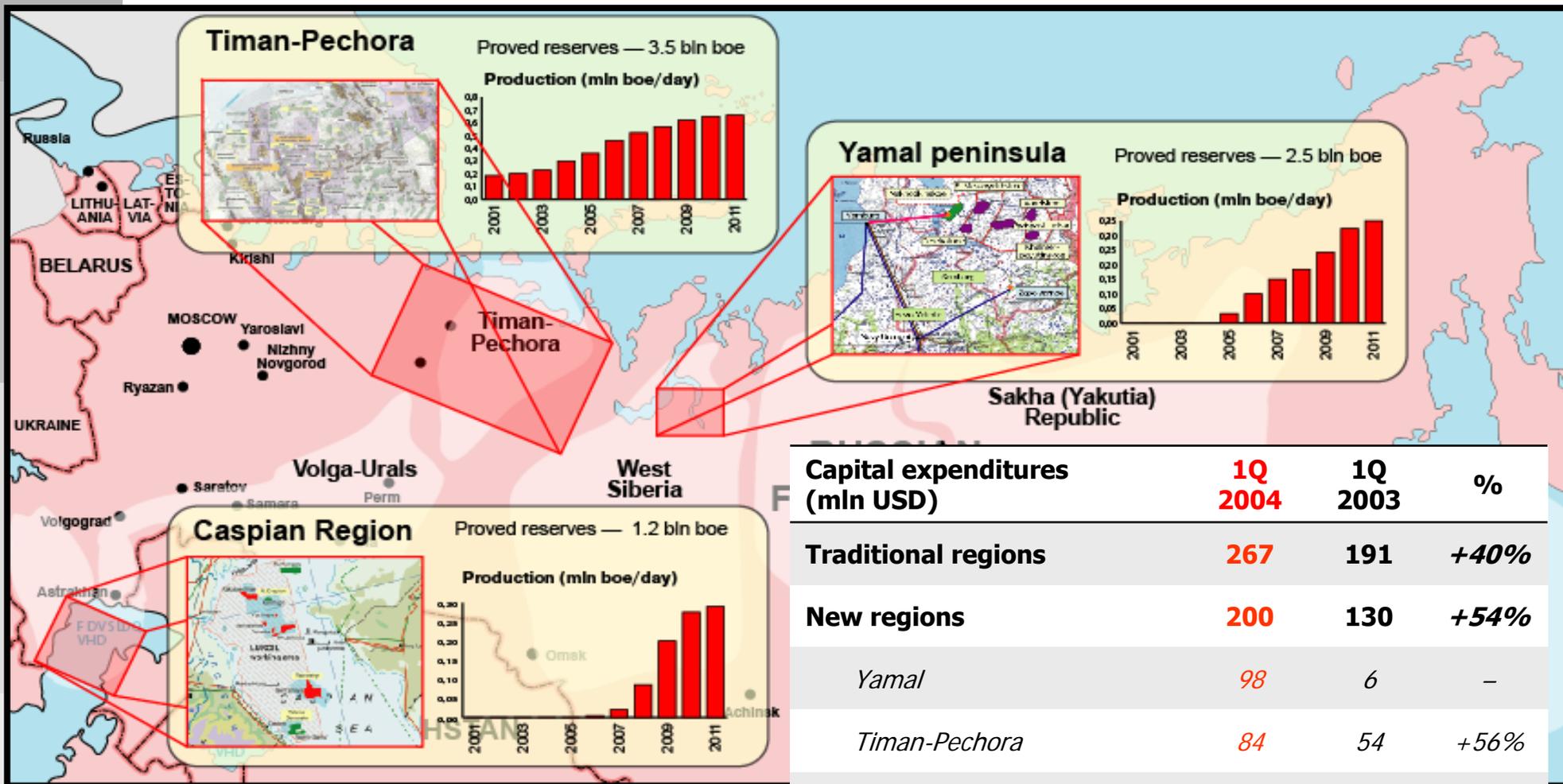


Capex Breakdown

Capital expenditures (mln USD)	1Q 2004	1Q 2003	%
Exploration and production	508	391	+30%
<i>Russia</i>	467	321	+45%
<i>International</i>	41	70	-41%
Refining / Marketing and distribution and other	253	177	+43%
<i>Russia</i>	162	139	+17%
<i>International</i>	91	38	+139%
Total (cash and non-cash)	761	568	+34%



E&P Capex



Capital expenditures (mln USD)	1Q 2004	1Q 2003	%
Traditional regions	267	191	+40%
New regions	200	130	+54%
<i>Yamal</i>	<i>98</i>	<i>6</i>	<i>—</i>
<i>Timan-Pechora</i>	<i>84</i>	<i>54</i>	<i>+56%</i>
<i>Caspian</i>	<i>18</i>	<i>70</i>	<i>-74%</i>
Russia total	467	321	+45%



Company's Strategy



- **Increase revenues**

- increase volume of oil extracted
- increase volume of refined products
- increase export of crude oil and refined products



- **Decrease expenses**

- shut-in inefficient (low-producing) wells
- put into operation new high-producing wells
- use effective and efficient service companies



- **Increase efficiency of investments**

- development of export infrastructure
- purchase new oil and gas reserves at the lowest possible price
- increase number of high-producing wells
- divesting of non-core assets



Forward Looking Statements

- Certain statements in this presentation are not historical facts and are “forward-looking.” Examples of such forward-looking statements include, but are not limited to:
 - projections or expectations of revenues, income (or loss), earnings (or loss) per share, dividends, capital structure or other financial items or ratios;
 - statements of our plans, objectives or goals, including those related to products or services;
 - statements of future economic performance; and
 - statements of assumptions underlying such statements.
- Words such as “believes,” “anticipates,” “expects,” “estimates”, “intends” and “plans” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.
- By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. You should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements, including our ability to execute our restructuring and cost reduction program.
- When relying on forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which we operate. Such forward-looking statements speak only as of the date on which they are made, and we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. We do not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.