PRESS RELEASE
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OAO LUKOIL BOARD OF DIRECTORS APPROVES 2004 ANNUAL REPORT

In compliance with the Federal Law of the Russian Federation on Joint Stock Companies and the Charter of OAO LUKOIL, the Board of Directors of OAO LUKOIL gave its tentative approval to the 2004 Annual Report at its session in Moscow today. The Report was recommended for approval by the Annual General Shareholders Meeting ("AGSM") to be held on June 28, 2005.

According to the Report, 12 oil fields and one gas/condensate field were discovered in 2004 as a result of geological exploration. Also, 10 new oil deposits at the previously discovered fields were detected.

As of 1 January, 2005, the proved hydrocarbon reserves of the LUKOIL Group as per the international classification totaled 20.1 billion barrels of oil equivalent, including 16 billion barrels of oil and 24.6 trillion cubic feet of gas. Proved oil reserves are sufficient for 25 years at current production rate.

The major increment of oil reserves was in Western Siberia. Hydrocarbon reserves replacement ratio was 102.3%.

In 2004, the LUKOIL Group produced 86.2 million tons of oil. The average daily production of oil increased by 7.1% compared to 2003. Out of this amount, 82.7 million tons were extracted within Russia.

The average daily output of the new oil wells reached increase by more than 24% from 35.7 tons per day in 2003 to 44.4 tons per day in 2004.

In 2004, the LUKOIL Group produced 6.47 billion cubic meters of gas (14% up of the daily rate on the year 2003).

Crude exports from Russia increased by 21.3% in 2004 against 2003 hitting 45.7 million tons (55.3% of the production).

The amount of the refined oil increased by 4% (from 43.5 billion tons in 2003 to 45.3 million tons of oil in 2004, including at the refineries not owned by the LUKOIL Group).

12 million tons of petroleum products were supplied to the Russian market in 2004.

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2.8 million tons were sold through the retail network (18% up on the year 2003). The average daily sales per retail petrol service station increased by 19% and reached 6.4 tons.

LUKOIL Group spent $258 million on ecological security measures in 2004, including $156 million invested in equipment and facilities for environmental protection. $208 million were spent for implementation of the Health and Safety Program in 2004.

In 2004, the LUKOIL share price growth exceeded 30%. The LUKOIL ADR average monthly trade volume on the London Stock Exchange was about $1.8 billion in 2004 against $0.8 billion in 2003.

Reports on the performances of the Board of Directors, Audit Committee, Strategy and Investment Committee and HR and Compensation Committee were read out at the session.

In 2004, the Board of Directors adopted the Program for Strategic development of the LUKOIL Group for 2005-2014 and defined the priorities for the Company in 2005. The Board of Directors also decided to continue development of the corporate governance within the framework of the strategic partnership with ConocoPhillips being the latter one of the priorities of the Company's activities.

The Audit Committee studied along with other issues the interaction between the accounts departments of ConocoPhillips and LUKOIL on the methods and terms for preparation and submittal of the LUKOIL financial information for including it into the consolidated report of ConocoPhillips.

The Strategy and Investment Committee studied in particular the issue of the proved and probable oil and gas reserves and prospects of their growth. It also analyzed the costs for the reserves growth and approved the Company performance in respect of the hydrocarbon reserves increment.

The HR and Compensation Committee studied along with other issues the Regulations On Incentives for Management Personnel of OAO "LUKOIL".

The Board of Directors Committees reviewed also other issues within their competence.

The performances of the Board of Directors and the Committees were recognized as positive.