PRESS RELEASE
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LUKOIL REPORTS NET PROFIT ROSE BY 44.1% IN FIRST QUARTER OF 2005

LUKOIL published today consolidated U.S. GAAP financial accounts for the first quarter, ended March 31, 2005.

LUKOIL net profit for the first quarter of 2005 was $1,180 million, which is an increase of 44.1%, compared to $819 million for the same period of 2004. EBITDA was $1,959 million, which is 38.7% higher than in the same period of 2004. Revenue from sales during the first quarter of 2005 was $10,557 million, which is 62.1% higher than in the same period of 2004.

LUKOIL's income tax payments rose by 43.6% in comparison with the same period of 2004. Other taxes, which includes excise and export tariffs, were $3.07 billion. This is almost double the taxes reported in the same period a year earlier.

Operating expenses in the first quarter of 2005 rose by 18.5% in comparison with the same period of 2004, which was mainly due to ruble appreciation against US dollar in real terms and growth in production of crude oil, petroleum products and petrochemicals.

Average lifting costs rose by 4% to $2.61 per barrel. However, the strengthening of the ruble in real terms in the year that ended March 31, 2005 was 16%, which means that average lifting costs fell by 10% in real terms.

Total capital expenditures in the first quarter of 2005 (cash and non-cash) were $938 million, which is 23.3% higher in comparison with the same period of 2004.

As part of the Company's long-term growth strategy, LUKOIL increased its average daily production of crude oil, which includes share in affiliates, by 5.6% to 21.982 million tons during the first quarter of 2005. This was due to growth of average flow rate per well to 11 tons per day from 10.5 tons per day a year earlier and due to putting into exploitation of new fields in Nenets Autonomous District. Organic growth of output by LUKOIL subsidiaries was 3.9%.

During the first quarter of 2005, LUKOIL sold 27.8 million tons of crude oil and petroleum products, which is 7.7% higher than in the first quarter of 2004. The share of international sales (including CIS market) in total volume of sales was

81.2% compared with 78.3% a year earlier.

Retail sales of petroleum products increased by 37.7% in volume terms during the first 3 months of 2005 compared with the first 3 months of 2004; revenues from retail sales grew by 64.0%.