PRESS RELEASE
JANUARY 13, 2006

LUKOIL BOARD OF DIRECTORS SUMMARIZES PRELIMINARY RESULTS OF COMPANY OPERATION IN 2005 AND SETS OBJECTIVES FOR 2006

A meeting of the OAO LUKOIL Board of Directors was held in Moscow today to summarize preliminary results of Company operation in 2005 and set objectives for 2006.

In his report, OAO LUKOIL President Vagit Alekperov pointed out among other things that macroeconomics in 2005 had an ambiguous effect on the LUKOIL Group performance. On one hand, it resulted in favorable pricing trends both in the international and domestic market of oil and petroleum products, on the other hand, 2005 inflation index exceeded the expected level and the tax burden grew significantly.

The hydrocarbon reserves increased as a result of exploration and prospecting to 160 mln TOE. The major oil reserves growth accounted for Russia (Nenets Autonomous District, Western Siberia and Perm Region). The main growth of gas reserves accounted for the Yamal-Nenets Autonomous District, after a large Nakhodka gas field was commenced. Oil and gas reserves increment is 1.5 the amount of their recovery. LUKOIL intends to increase its hydrocarbon reserves in 2006 by 106 mln TOE. Exploration program enabled the Company to discover 5 new oil, gas and condensate fields and 6 oil deposits in earlier discovered fields.

Preliminary data suggests that oil production of the LUKOIL Group, including equity interest of subsidiaries and foreign projects, came to 90.1 mln tons, including 86.3 mln tons in the Russian Federation and 3.8 mln tons abroad. Oil production increase in 2005 amounted to 4.5% against 2004. Western Siberia remains the largest oil production region.

Gas production in 2005 increased by 17% against the previous year and exceeded 7.6 BCM. In 2006 LUKOIL plans to increase gas production by more than 40%, with the most part of natural gas to be produced in Nakhodkinskoye field.

Oil export of the LUKOIL Group in 2005 rose by 2.3% against the last year and amounted to 46.6 mln tons, including non-CIS countries (40.7 mln tons) and CIS countries (5.9 mln tons). Preliminary data suggests that oil export using alternative (mixed) transportation rose up to 8.1 mln tons, which is 11% more than the last year amount.

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

In 2005 natural, associated and stripped gas sold by the Russian subsidiaries of the LUKOIL Group came to 4.1 BCM, which is 17% more than the corresponding indicator registered in 2004.

Crude processing at the LUKOIL Group refineries (excluding the mini-refineries) in 2005 amounted to 47.4 mln tons, including 37.1 mln tons in Russia and 10.3 mln tons abroad. As compared to 2004, the total refining increased by 8.2%. In 2006 refining at the LUKOIL refineries is to remain at the level of 2005.

In 2005 production of EN590 diesel fuel in the Russian refineries owned by the LUKOIL Group reached 4.7 mln tons or 46.5% of the total diesel fuel production, which is almost 6 times the amount of the last year. Production of light petroleum products in the LUKOIL Group refineries rose to 53%, the share of high octane gasoline in the total amount of auto gasoline reached 79%.

Total investment expenditures in 2005 (according to the unaudited data generated using the corporate investment accounting methodology) came to USD 6.9 bln, which exceeds the previous year indicator by 72%.

Preliminary data indicates that the total amount of the 2005 taxes and levies paid to all levels of the Russian Federation budget amounted to RUR 469.1 bln or USD 16.6 bln. The amount of deposited taxes and levies has increased by more than 1.7 times as compared to 2004.

Positive results in all lines of business were achieved among other things due to further improvement of the corporate governance system. The restructuring program envisaging development of corporate relationship transparency between the LUKOIL Group enterprises and the non-core marketing businesses implemented during the period from August 2004 to October 2005 resulted in a 30% reduction of the total number of Russian organizations and entities of the LUKOIL Group.

Information provided in this press release presents expected results of OAO LUKOIL operation in 2005. It was generated based on the latest preliminary operational and financial data which haven’t been financially audited. The information represents preliminary assessment only, which can be adjusted after statistical, financial, fiscal and business reporting becomes available. The information on the LUKOIL Group operation results in this press release depends on many external factors and therefore, provided all permanent obligations imposed by the London Stock Exchange listing rules are unconditionally observed, cannot qualify for accuracy and completeness and should not be regarded as an invitation for investment. Therefore, the results and indicators actually achieved may significantly differ from any declared or forecast operation results in 2005. OAO

LUKOIL assumes no obligation (and expressly declares that it has no such obligation) to update or change any declarations concerning any future results, both due to new information obtained, any future events or for any other reasons.