PRESS RELEASE
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OAO LUKOIL BOARD OF DIRECTORS APPROVES 2006 ANNUAL REPORT, REVIEWS GROUP STRATEGIC DEVELOPMENT PROGRAM FOR 2008-2017 AND RESULTS AND OPERATION PLANS IN THE CASPIAN

Today OAO LUKOIL Board of Directors held its meeting inAstrakhan. In accordance with the Federal Law of the Russian Federation for Joint-Stock Companies and in compliance with the Company Charter, 2006 Annual Report passed preliminary approval of the Board.

The document is to be approved by the General Shareholders Meeting scheduled for June 28, 2007.

At the meeting reports on activities of the Board of Directors, Audit Committee, Strategy and Investment Committee and HR and Compensation Committee were presented.

Performance of the Board of Directors and its Committees was recognized as positive.

The Board of Directors also reviewed Strategic Development Program of the LUKOIL Group for 2008-2017 aimed at ensuring dynamic production growth and hydrocarbon treatment with strict control over expenses and capital investment. The Program also includes a number of proposals aimed at low profit oil fields development optimization.

In general, Strategic Development Program of the LUKOIL Group for 2008-2017 sets the following priorities:

- asset portfolio optimization;

- capital investment discipline;

- asset diversification;

- oil refinement capacity increase;

- speeding up development of natural gas reserves and further processing;

- power consumption reduction;

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- labor productivity increase.

The Board of Directors also reviewed the Company's operating results and prospects in the Caspian region. Among other things, it was noted that the Company's Caspian project is unparalleled in Russia's modern subsurface use practice in terms of research, geological prospecting efficiency and importance of hydrocarbon reserve discoveries. Over a short period of time, starting from 1995, the Company has thoroughly studied the whole Caspian Sea region (its Russian sector) from the geological point of view, its total area equaling 63,000 sq km, without attracting state funding.

As a result, a 100% confirmability of oil-and-gas content in the discovered structures has been reached, while prospect drilling efficiency amounted to 17.2 th tons per 1 drilled meter. Cost of 1 incremental ton of fuel equivalent was significantly lower that similar indicators of some of the world's leading companies. In general, resource base assessment suggests that in the Russian sector of the Caspian Sea a new oil and gas subprovince was discovered. Over a short period of time a large resource base for oil and gas production has been prepared in the region which is of particular strategic importance to Russia.

Exploratory drilling was performed at 6 structures, including Khvalynskoye, 170 km , Shirotnaya, Sarmatskoye, Rakushechnoe, Yuzhno-Rakushechnoe. Reserves at the discovered fields in the proved, probable and possible categories were estimated at 1.87 bln barrels of oil and more than 17 trillion cu feet of gas as of the end of 2006. Basic oil reserves (around 70%) are concentrated in V. Filanovskogo field, the largest one to be discovered in the country in the recent 20 years, while major gas reserves (around 40%) are concentrated in Khvalynskoye field.

Hydrocarbon reserves of Khvalynskoye, 170 km, Yu. Korchagina, Rakushechnoe, Sarmatskoye and V. Filanovskogo have been examined and registered by the State Reserves Committee of RF Ministry of Natural Resources. Preliminary estimation suggests that state revenue from development of these fields will account for 1.1 trillion rubles (approx. 40 bln US dollars in current prices).

In addition to the discovered fields, 7 new structures have been discovered and prepared for deep drilling in the North and Middle Caspian water area. Atash structure located in Kazakhstan water area in Atashsky license area has been prepared for deep drilling. In the coming five years around 20 prospect and exploratory wells are expected to be drilled in this area, a considerable scope of seismic work will be accomplished.

Engineering solutions to develop fields and structures of the Caspian Sea are elaborated with account of natural, climate and environmental factors, such as ice

conditions, seismic activity, conservation areas, gas flaring ban and zero discharge principle which complies with the Company's environmental policy.

Development of fields and structures of the Caspian Sea would require quite a large scope of construction and installation work. For these purposes, approximately 3,800 additional work places will be created in shipbuilding and other enterprises of the region. In addition to that, to run both onshore and offshore development companies, over 3,000 qualified specialists will be required.

One of the key objectives of the program aimed at developing hydrocarbon resources of oil, gas and gas condensate fields of the Caspian Sea is setting up a production which would ensure deep treatment of produced resources to manufacture petrochemistry products, so highly demanded in the market.

In 2006 LUKOIL-Neftekhim Group began preparing a feasibility study to set up production of ethylene and its derivatives, with the capacity of 600 th tons per year. An example of this is suggested by a plant producing ethylene and its derivatives on OOO Stavrolen industrial platform in Budennovsk (Stavropol region).

As reported earlier, a number of OAO LUKOIL leaders and subsidiary management received RF Government awards for achievements in science and technology, including development and industrial implementation of efficient geological and geophysical research and eco-efficient offshore well construction technologies which helped discover a new large oil-and-gas bearing subprovince in the Russian sector of the Caspian Sea and speed up preparation of the oil and gas production resource base.

Forward-looking Statements

Some statements of this press release are not historical facts, but rather represent expectations or forecasts of future events. Such statements among other things refer to forecasted or expected incomes, revenues (losses), earnings (losses) per share, dividends, capital structure, other financial indicators and rates; statements pertaining to our plans, goals and objectives, including those related to products and services; statements pertaining to future economic indicators; and statements pertaining to assumptions for such statements. Such terms as "anticipate", "expect", "suppose", "plan", "intend" and "predict" and other words with similar meaning 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. One should be aware that a number of important factors could cause actual results to differ significantly from the plans, objectives, expectations,

estimates and intentions expressed in such forward-looking statements regarding the future, including the option to carry out restructuring and expense 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 published and the Company does not undertake any obligations 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 the many possible scenarios and should not be viewed as the most likely or standard scenario.