PRESS RELEASE
DECEMBER 03, 2007

OAO LUKOIL BOARD OF DIRECTORS DISCUSSES PROJECTS AIMED AT INCREASING COMPANY'S SHAREHOLDER VALUE AND IMPROVING PERFORMANCE OF OIL REFINERIES AND PETROCHEMICAL PLANTS

OAO LUKOIL Board of Directors held its meeting in Moscow today to discuss projects aimed at increasing Company's shareholder value and measures aimed at improving performance of oil refineries and petrochemical companies of the LUKOIL Group.

Among other things, it was agreed that increasing shareholder value was LUKOIL's primary strategic objective. Investment and planning optimization in accordance with the world's best practices is one of the ways to reach the objective, which will make it possible to enhance the quality, accelerate the planning speed and contribute to efficient implementation of the Company's long-term strategy.

Business expansion is one of the main feasible ways to increase the Company's market value. Reaching expected operating indexes – ensuring competitive growth rates of hydrocarbon production, extension and upgrading of refineries, development of petrochemical and marketing units, and also of the electric power segment - will double OAO LUKOIL value. Commencement of accelerted development of the northern part of Timan-Pechora oil and gas province (Yuzhno-Khylchuyuskoye field) in 2008, development of the North Caspian fields in 2009, establishing partner relations with state companies, which would provide access to strategic fields, the upgrading and expansion of oil processing facilities and the establishment of an Electric Power Business Sector will be the largest projects in this sphere.

At the meeting of the Board of Directors the following high-priority areas aimed at improving performance of oil refining and petrochemical organizations of the LUKOIL Group were defined:

- Industrial safety;

- Profitability;

- Sustainable development.

A number of target programs had been elaborated to ensure attainment of the above

objectives. For instance, Increased Equipment Reliability Program is aimed at ensuring reliable performance of process installations, decreasing overhaul time and increasing periods between overhauls up to 4 years for Russian refineries and up to 5 years for overseas refineries. HSE Program is aimed at achieving zero occupational accident and injury rate.

In general, the Downstream Business Segment faces the following tasks:

- Optimize production/refining ratio;

- Achieve high return on capital employed;

- Achieve competitive advantages by delivering premium quality petroleum products.

In accordance with the Refinery Development Master Plan for 2008-2017, which is part of OAO LUKOIL Intensive Growth Strategy, refining output at the Company's refineries is expected to increase up to 65.7 million tons a year by 2017 and the Nelson Index will come to 8.2.

The information in this press release may contain forecasts or other statements concerning expected business development or future financial indicators of OAO LUKOIL. One should be aware that such statements do not guarantee attainment of the Company's stated results or forecasted events pertaining to the Company's operations and include risks, uncertainties and assumptions which the Company cannot forecast with perfect accuracy. Therefore, the Company's actual indicators and results may significantly differ from the stated information or forecasts contained in the statements on the Company's future development. The Company does not intend to update or revise them in accordance with the actual performance.