PRESS RELEASE
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FITCH GIVES INVESTMENT RATING TO LUKOIL

Fitch Ratings has today assigned OAO LUKOIL foreign currency and local currency Issuer Default Ratings (IDR) of 'BBB-' and Short-term rating of 'F3'. The Outlooks for the IDRs are Stable. At the same time the agency has assigned a rating of 'BBB-' to the USD350 million convertible bond issued by LUKinter Finance BV.

The Stable Outlook foresees LUKOIL's continued profitability resulting from sustained growth in crude oil and oil product production, favourable foreign oil prices and growing access to lucrative export markets, especially in North America. On the other hand, aggressive tax legislation, high export tariffs, high transportation costs and increasing domestic downstream competition remain credit concerns.

Fitch sees LUKOIL's business profile as an above-average for an integrated Russian oil company. In its opinion LUKOIL enjoys significant economies of scale by being the country's largest producer of crude oil. Additionally, it has more extensive downstream operations than other domestic competitors, both in terms of refining depth and complexity as well as international marketability and saleability of products. LUKOIL has enjoyed an above-average reserve replacement ratio for the past four years, helping to ensure the company's long-term competitiveness. Operating costs for the company are also quite low, especially compared to international peers.

Fitch sees LUKOIL's financial policy as moderate by Russian standards, targeting a maximum gross gearing ratio of 30%. LUKOIL's external growth strategy, however, means gearing is expected to rise from current low levels. Total on-balance sheet debt is modest at USD3.5bn as of nine months to September 2005.

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