PRESS RELEASE
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LUKOIL BOARD OF DIRECTORS DISCUSSES BASIC PRINCIPLES OF THE COMPANY INTENSIVE GROWTH STRATEGY FOR 2007-2016

A meeting of LUKOIL Board of Directors was held in Saint-Petersburg in the Taurida Palace today to consider the basic principles of intensive growth strategy for 2007-2016. The meeting considered the Company's 2006 first half year preliminary results, budget performance and investment program progress in the current year and also discussed the issue of the LUKOIL Group activity in North-West federal district of the Russian Federation (NWFD).

Plenipotentiary of the RF President in the NWFD Ilya Klebanov, the Governor of Saint-Petersburg Valentina Matvienko, the Governor of the Leningrad Region Valery Serdukov, the Governor of the Kaliningrad Region Georgy Boos, the Governor of the Arkhangelsk Region Nikolay Kiselev, the Governor of the Pskov Region Mikhail Kuznetsov, the Head of the Komi Republic Vladimir Torlopov, the Head of the Administration of the Nenets Autonomous District Valery Potapenko took part in the LUKOIL BOD meeting.

Having given consideration to the principles of the Company intensive growth strategy for 2007-2016, the Board of Directors took a decision to prepare the Programs of Strategic Development of LUKOIL for ten years, branch-wise and functional development programs, long-term forecast for the next ten years, as well as medium-term plan for 2008-2009.

LUKOIL's long-term development requests implementation of the Intensive Growth Strategy which will provide for achievement of volume and specific terms on the level of the TOP-7 Majors.

BOD also looked at the LUKOIL Group 2006 first half year main results.

The aggregate LUKOIL Group hydrocarbon production (production by subsidiaries and share of production by affiliates) totaled 2.14 million boe per day, which is an increase of 11.9% over the first six months of the last year. The Company's average daily well production rate on the territory of Russia came up to 11.23 tonnes, or by 2.1%.

In the first six month of 2006 the Company acquired 95% of OAO Khantymansiyskneftegazgeologia shares and 100% of Paitykh Oil and

Nazymgeodobycha shares. Also purchase of the largest gas condensate field was completed and the Company's interest in OAO Primorieneftegaz reached 100%. The opening of V. Filanovsky oil field was the major discovery ever made in Russia for the last 20 years; its recoverable reserves are 1.9 bln boe (1.6 bln barrels of oil). Twofold extension of the field reserves in comparison with initial estimates results from successful drilling of the second exploration hole.

The LUKOIL Group refineries yielded 23.32 million tonnes, an increase of 3.6% over the first six months of 2005. Main investment projects in the Downstream business-segment included: isomerization installation commissioning at the Nizhny Novgorod Refinery, beginning of construction of a similar installation at the Volgograd Refinery, putting into operation of methyl t-butyl ether production installation at the Petrotel-LUKOIL Refinery in Romania and continued large-scale reconstruction of the Odessa Refinery. Acquisition of 41.81% of Udmurtnefteproduct shares was the biggest purchase in the marketing segment. This company has more than 100 fuel stations and 9 tank farms as its part.

LUKOIL's increasing credibility and investment appeal gave way to Company's credit ratings growth with all the three leading rating agencies – Fitch Ratings (assigned "BBB-" investment grade), Moody's (marked the rating up to "Baa2" investment grade) and Standard&Poor`s (marked the rating up to "BB+" grade).

BOD also analyzed the Company activity in the North-West federal district.

The Company's proven oil reserves estimated by Miller & Lents in NWFD were more than 3.9 bln boe as of January 1, 2006. From 2000 tol 2005 the Company discovered 16 oil fields in the region, and the proven oil reserves grew more than twofold. Oil production by the LUKOIL Group in 2000 - 2005 grew from 7.95 million tonnes to 13.66 mln tonnes in NWFD, or by 72%.

The Ukhta Refinery operates on the territory of NWFD with an annual production capacity in excess of 3 mln tonnes. LUKOIL operates about 300 fuel stations in NWFD. About 2.5 mln tonnes of petrochemicals were sold in NWFD in 2005, that includes more than 750.000 tonnes sold through the fuel stations network.