PRESS RELEASE
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LUKOIL PRESENTS MAIN PRINCIPLES OF STRATEGIC DEVELOPMENT UP TO 2016, INCLUDING INCREASE OF DAILY HYDROCARBON PRODUCTION TO 4 MLN BOE

Today in New York the President of LUKOIL, Vagit Alekperov, presented main principles of the Company's strategic development program for 2007-2016 to the business community.

The strategy of accelerated growth will place LUKOIL among the largest global energy companies. The main aim is to achieve increasing growth rates and to maximize shareholder value.

LUKOIL plans to practically double its main industrial indicators. The average annual rate of growth of hydrocarbon production is scheduled to increase by almost 50% to 6.7% (compared with the previous strategic development program), reaching a daily production level of 4 mln boe.

The Company's investment program will total $78 bln, assuming the conservative scenario, or $112 bln including acquisitions, assuming the optimistic scenario. In the latter case acquisitions will represent nearly a third of total investments. The proportion between investments in exploration & production and in refining & marketing will be 70:30. Capital expenditures per barrel of production will remain lower than average level of main international companies.

LUKOIL's biggest investment projects in Russia are development of oil & gas provinces in the north of the European part of the country and on the shelf of the Caspian Sea. Daily production of hydrocarbons by LUKOIL Group will increase to 3.5–4.0 mln boe, depending on the scenario. The share of gas in overall hydrocarbon production volumes will increase from 6% in 2005 to 33%.

The Company plans to significantly increase its oil refining capacities in the course of the decade, both in Russia and abroad. LUKOIL expects to increase its daily oil refining capacities by more than 70% to 2 mln barrels by expansion of existing refineries and acquisition of new ones.

As a result the proportion between volumes of oil refining and production will become more balanced and will reach 70%. Geographical diversification will increase in favour of refining outside Russia: the share of refining in Russia will

decrease from current 70% to 56%. Achievement of this task will increase stability of Company cash flows, making them less vulnerable to price volatility on the crude oil market, and increase profitability of the Company's business.

LUKOIL is pressing ahead with modernization of its refineries in order to meet rapid growth of demand for high-quality, environmentally safe petroleum products. The main goal in this context is to increase added value of outputs. LUKOIL expects to produce only high-octane gasoline by 2016, when all of the Company's production will meet the Euro-5 standard. LUKOIL refinery complexity will double by that time, enabling LUKOIL to produce twice as much high-quality motor fuel from the same amount of crude oil.

Achievement of targets in the strategic development program should increase the volume and quality of cash flows, generated by the Company, making them less vulnerable to price volatility on the crude oil market. Even using a conservative estimate of long-term international oil prices in a range of $35-40 per barrel, the potential for LUKOIL value growth will rise by 2 - 2.5 times.

The Company's financial policy will remain conservative with debt-to-capital ratio below 30%. This will allow the Company to carry out a flexible financial policy and raise additional funding in an efficient manner, both for implementation of large-scale projects and for acquisition of new assets. One of LUKOIL's strategic tasks is to ensure that ROACE is no lower than 15-17%.

The Company is careful to ensure avoidance of harm to people and the environment in all aspects of its industrial activities. LUKOIL is currently insured for environmental risks up to a sum of $15 bln. LUKOIL's new ecology program plans spending of $1.7 bln in the period up to 2010.

Forward-looking statements

Certain statements in this press-release are not historical facts and are "forward-looking." Examples of such forward-looking statements include, but are not limited to: projections or expectations of revenues, income (or loss), earnings (or loss) per share, dividends, capital structure or other financial items or ratios; statements of our plans, objectives or goals, including those related to products or services; statements of future economic performance; and statements of assumptions underlying such statements. Words such as "believes," "anticipates," "expects," "estimates", "intends" and "plans" and similar expressions 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.

You should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements, including our ability to execute our restructuring and cost 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 made, and we do not undertake any obligation 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 many possible scenarios and should not be viewed as the most likely or standard scenario.