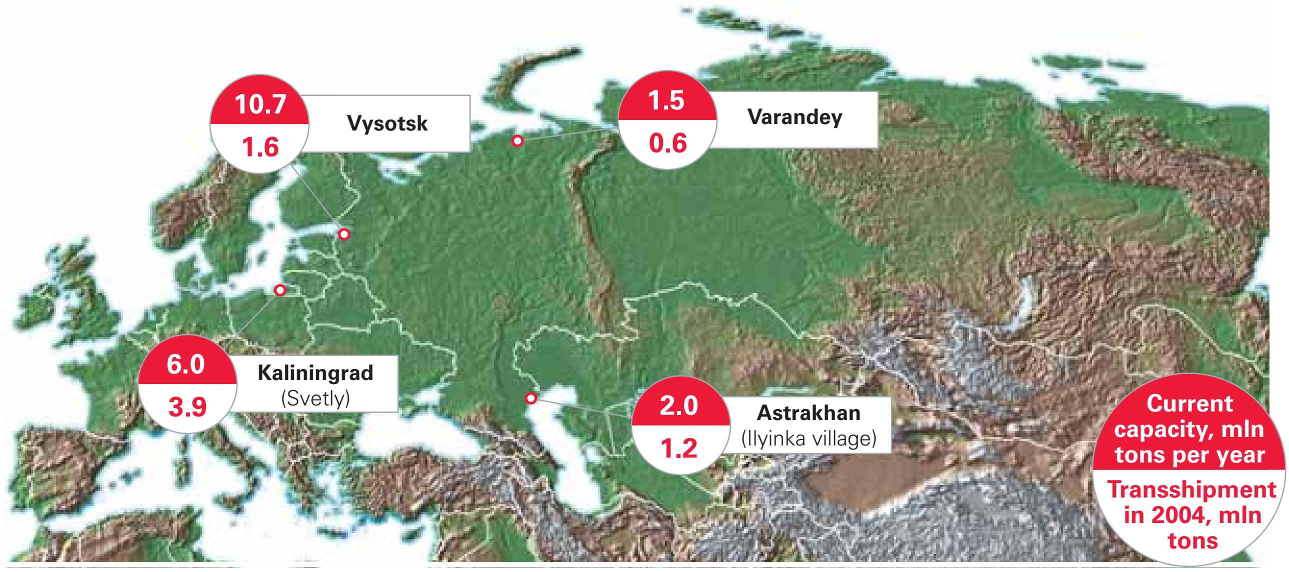
TRANSPORT



Svetly

A terminal at the port of Svetly in Kaliningrad Region (20 km from Kaliningrad) was commissioned in 2002. The terminal is designed for transshipment of crude oil produced by LUKOIL-Kaliningradmorneft and of petroleum products. Initial annual capacity of 1.5 mln tons was increased thanks to work in 2003 and the terminal can now transship as much as 4 mln tons per year.

In 2004 the channel from the port entrance at Baltiysk was widened and deepened, making the terminal accessible for tankers with deadweight up to 20,000 tons (the previous limit was 12,000 tons). The effect is to increase annual capacity to 6 mln tons of oil and petroleum products.

The Svetly terminal transshipped 3.87 mln tons of crude oil and petroleum products in 2004, of which 0.9 mln tons was crude.

Varandey

This terminal with annual capacity of 1.5 mln tons, located 4 km from the village of Varandey on the Barents Sea, began operations in 2000. The terminal is connected to oil reservoirs on the coast by an underwater pipeline and can serve ice-breaking tankers with deadweight up to 20,000 tons.

Varandey is intended for export deliveries from the Timan-Pechora oil & gas province, particularly deliveries to the American market. Construction of the terminal was justified by growth of production in the region and lack of developed transport infrastructure.

Work is now being carried out to expand annual capacity of the terminal to 12 mln tons. Completion of the work is scheduled for 2008.

The expansion will allow the terminal to serve ice-breaking tankers with deadweight up to 70,000 tons. There are also plans to start shuttle deliveries of oil from the terminal to a new transshipment complex on the coast near Murmansk, where the oil will be loaded onto tankers with deadweight up to 180,000 tons and carried to Rotterdam and the eastern seaboard of the USA.

Transshipments through Varandey in 2004 were 0.61 mln tons, up from 0.38 mln in 2003.

Vysotsk

The Vysotsk terminal is located on the Baltic coast in the North-West of Russia. Construction began in June 2002 with the aim of increasing export capacities for crude oil and petroleum product exports and reducing transport costs. The first stage of the terminal, with capacity for 4.7 mln tons of oil and petroleum products, was launched in June 2004. Oil and petroleum products are supplied to the terminal by railway. Technical characteristics of

Vysotsk make it one of the most up-to-date terminals in the world. As of mid-2005 the terminal can serve tankers with deadweight up to 50,000 tons and annual capacity is 10.7 mln tons. Vysotsk allows LUKOIL to export oil and petroleum products to Western Europe, the USA and South-East Asia.

Design capacity of the terminal (due for completion in 2006) is 12 mln tons of oil and petroleum products. Attainment of design capacity will enable the terminal to serve tankers with deadweight up to 80,000 tons.

In 2004 Vysotsk handled 0.78 mln tons of oil and 0.78 mln tons of vacuum gas oil, allowing LUKOIL to end inefficient supplies of vacuum gas oil via ports in the Baltic republics.

Astrakhan

In October 2003 LUKOIL commissioned the first stage of a crude oil export terminal in the village of Ilyinka in Astrakhan Region. Oil is carried to the terminal by railway, where it is transshipped to river-sea tankers.

Current annual crude capacity of the terminal is 2 mln tons and the terminal can service tankers with deadweight up to 5,000 tons.

One use of the terminal is for supplies of oil to Iran on a substitution basis.

In 2004 the terminal handled 1.2 mln tons of oil.

Caspian Pipeline Consortium (CPC)

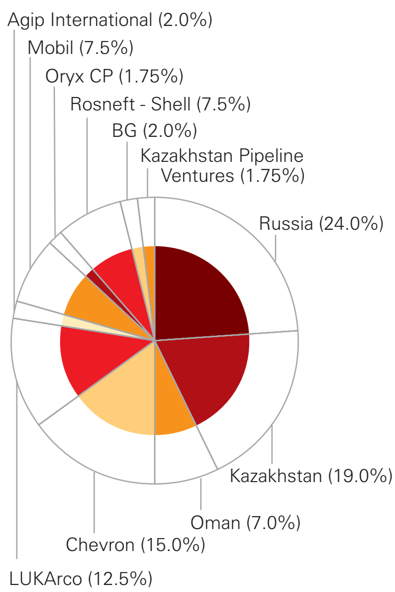
The Caspian Pipeline Consortium (CPC) is a 1,510 km pipeline connecting the Tengiz field with the Yuzhnaya Ozereyevka terminal near Novorossiysk. The first framework agreement on construction of the CPC was signed in mid-1992 between Kazakhstan, Oman and Russia. The first stage of the pipeline with annual capacity of 28.2 mln tons was put into operation at the end of 2001. It was decided in October 2004 to expand annual capacity of the CPC to 67 mln tons by 2008. The first tanker was loaded with CPC oil in October 2001.

Pumping of oil from the Kumkol field through the CPC began in October 2003 (the oil is carried by pipeline from the field to the town of Dzhusaly, and from there by rail to the CPC).

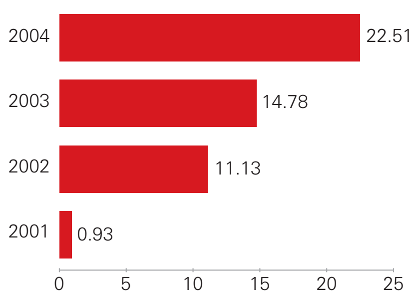
In May 2004 LUKOIL Group began to pump stable gas condensate from the Karachaganak field through the CPC system.

In November 2004 the CPC began to transport LUKOIL Group oil from the Volga region and Western Siberia.

Shareholders of Caspian Pipeline Consortium (31.12.2004)



Transportation through CPC, mln tons



OIL MARKETING

LUKOIL oil exports from Russia by directions (2004)

Crude oil sales

	2000	2001	2002	2003	2004
		mln USD			
Export and sales on international markets	4,380	3,951	4,336	6,844	10,940
including export and sales to CIS	n/a	n/a	165	433	602
Domestic sales	1,471	992	469	374	181
Total	**5,851**	**4,943**	**4,805**	**7,218**	**11,121**
		th. tons			
Export and sales on international markets	23,699	25,515	26,951	37,751	46,030
including export and sales to CIS	n/a	n/a	1,872	4,069	4,076
Domestic sales	12,347	12,494	7,724	5,979	1,637
Total	**36,046**	**38,009**	**34,675**	**43,730**	**47,667**

Export of crude oil using Transneft export routes	–	–	30,751	32,763	38,909
Export of crude oil bypassing Transneft	–	–	3,476	5,367	7,389
Total crude oil exports	**30,554**	**32,768**	**34,227**	**38,130**	**46,298**

Realized average sales prices, USD per ton

	2000	2001	2002	2003	2004
Export and sales on international markets	184.8	154.9	160.9	181.3	237.7
including export and sales to CIS	n/a	n/a	88.1	106.4	147.7
Domestic sales	119.1	79.4	60.7	62.6	110.6
Total	**162.3**	**130.0**	**138.6**	**165.1**	**233.3**

Oil purchases, th. tons

	2000	2001	2002	2003	2004
Crude oil purchases in Russia	n/a	–	5,056	4,698	2,839
Crude oil purchases internationally	n/a	–	3,230	8,087	8,826
Total	n/a	**7,128**	**8,286**	**12,785**	**11,665**

PETROLEUM PRODUCT MARKETING

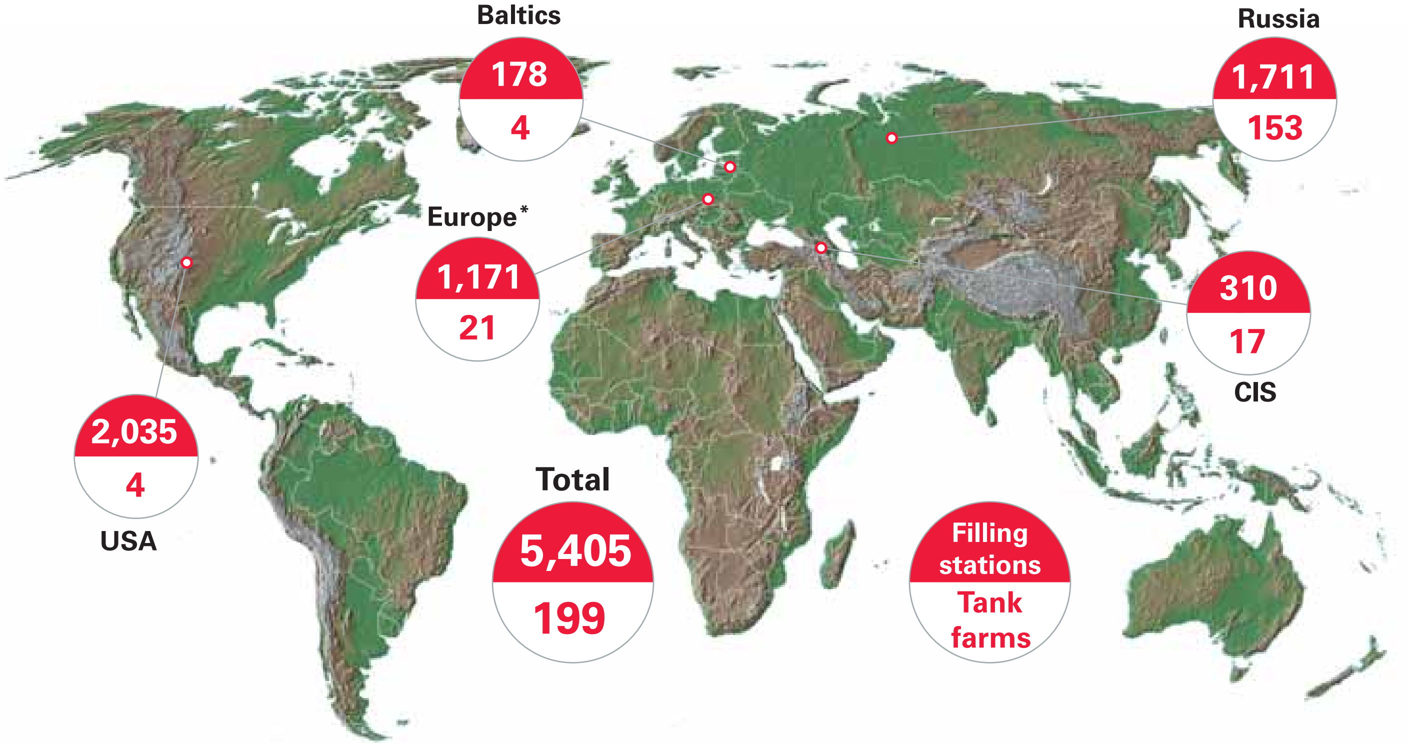
Petroleum product sales

	2000	2001	2002	2003	2004
		mln USD			
Export and sales on international markets	4,076	4,690	6,225	9,480	15,317
Wholesale	–	–	–	7,214	11,403
Retail	–	–	–	2,266	3,914
Domestic sales	2,287	2,595	2,883	3,450	4,665
Wholesale	–	–	–	2,608	3,429
Retail	–	–	–	842	1,236
Total	**6,363**	**7,285**	**9,108**	**12,930**	**19,982**
		th. tons			
Export and sales on international markets	18,544	20,725	26,284	33,995	41,426
Wholesale	–	–	–	30,193	35,946
Retail	–	–	–	3,802	5,480
Domestic sales	16,921	18,281	19,727	20,473	19,724
Wholesale	–	–	–	17,967	16,981
Retail	–	–	–	2,506	2,743
Total	**35,465**	**39,006**	**46,011**	**54,468**	**61,150**
Petroleum product exports, mln tons	**7.8**	**10.8**	**14.2**	**13.5**	**14.1**

Realized average petroleum product sales prices, USD per ton

	2000	2001	2002	2003	2004
Export and sales on international markets	219.8	226.3	236.8	278.9	369.7
Wholesale	-	-	-	238.9	317.2
Retail	-	-	-	596.0	714.2
Domestic sales	135.2	142.0	146.1	168.5	236.5
Wholesale	-	-	-	145.2	201.9
Retail	-	-	-	335.9	450.6
Total	**179.4**	**186.8**	**198.0**	**237.4**	**326.8**

LUKOIL's filling stations and tank farms (December 31, 2004)



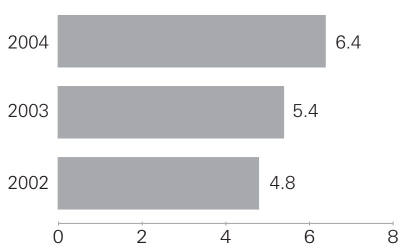
* Including Petrol (Bulgaria).

Company's retail network* (end of year), filling stations

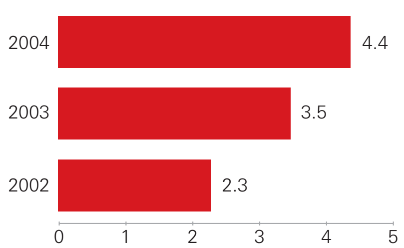
	2000	2001	2002	2003	2004
Total	**2,647**	**3,745**	**4,076**	**4,599**	**5,405**
Russia	1,217	1 585	1,691	1,732	1,711
owned and leased	924	1 384	1,428	1,456	1,449
franchised	293	201	263	276	262
Europe	34	553	679	1,063	1,171
Baltics	73	146	154	175	178
CIS	63	184	266	304	310
USA	1,260	1,277	1,286	1,325	2,035

* Owned, leased and franchised.

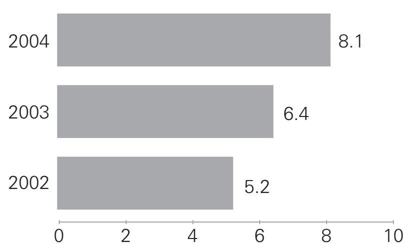
Average daily sales of petroleum products per 1 filling station in Russia, tons



Average daily sales of petroleum products per 1 filling station in Europe and CIS, tons



Average daily sales of petroleum products per 1 filling station in USA, tons



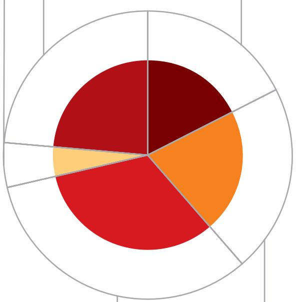
LUKOIL share in petroleum product markets of Russian federal districts, %

	Share in wholesale market			Share in retail market		
	2002	2003	2004	2002	2003	2004
Central	3.6	5.2	5.4	1.3	3.0	4.8
North-West	17.5	17.4	21.3	9.6	12.2	14.5
Urals	28.4	27.2	23.6	15.0	20.0	29.0
South	16.3	17.8	16.5	11.5	12.9	13.1
Volga	12.8	13.4	11.0	11.5	14.6	15.0

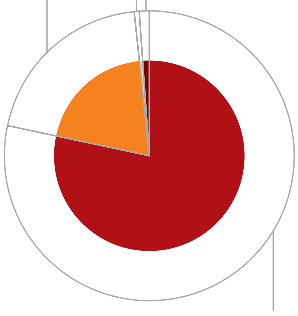
Petroleum product export by transport types, %

	2000	2001	2002	2003	2004
Rail	75.2	68.4	70.5	62.5	64.6
River	20.0	20.2	17.5	18.4	22.3
Pipeline	4.8	11.4	12.0	19.1	13.1

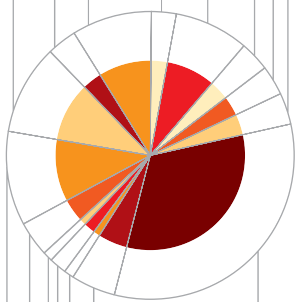
Structure of petroleum product wholesale sales by Company marketing units (2004)



Structure of petroleum product retail sales by Company marketing units (2004)



Structure of petroleum product sales by LUKOIL foreign marketing units in Europe and CIS, (wholesale and retail, 2004)



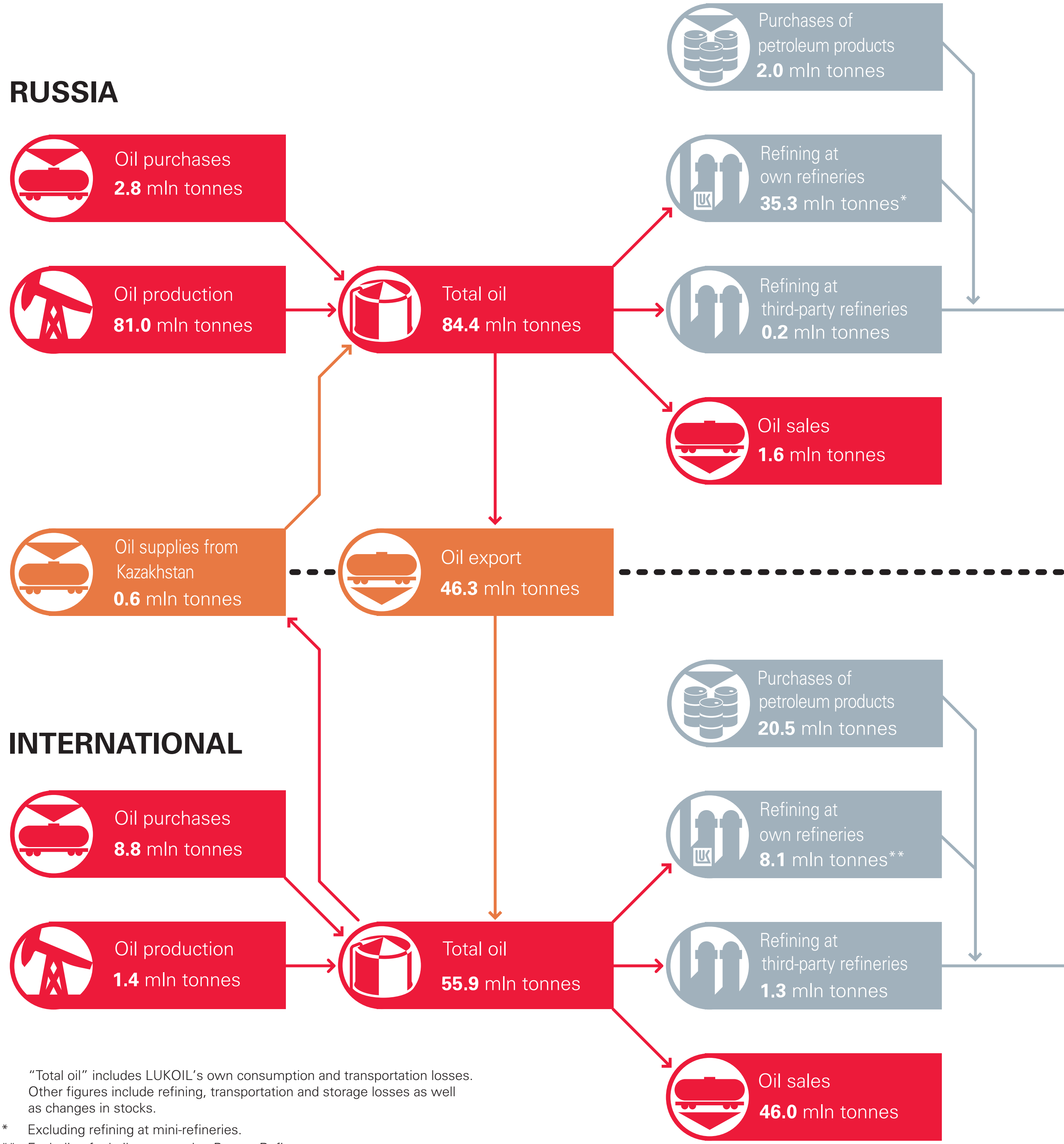
PETROCHEMICALS MARKETING

Petrochemical product sales

	2000	2001	2002	2003	2004
		mln USD			
Export and sales on international markets	97	334	392	671	1,021
Domestic sales	224	159	134	251	332
Total	**321**	**493**	**526**	**922**	**1,353**
		th. tons			
Sales in Russia and CIS*	531	639	640	776	706
Exports beyond CIS*	333	556	992	988	1,184
Total*	**864**	**1,195**	**1,632**	**1,764**	**1,890**

* Excluding LUKOIL Neftokhim Burgas.

TRADE BALANCE OF LUKOIL SUBSIDIARIES (2004)

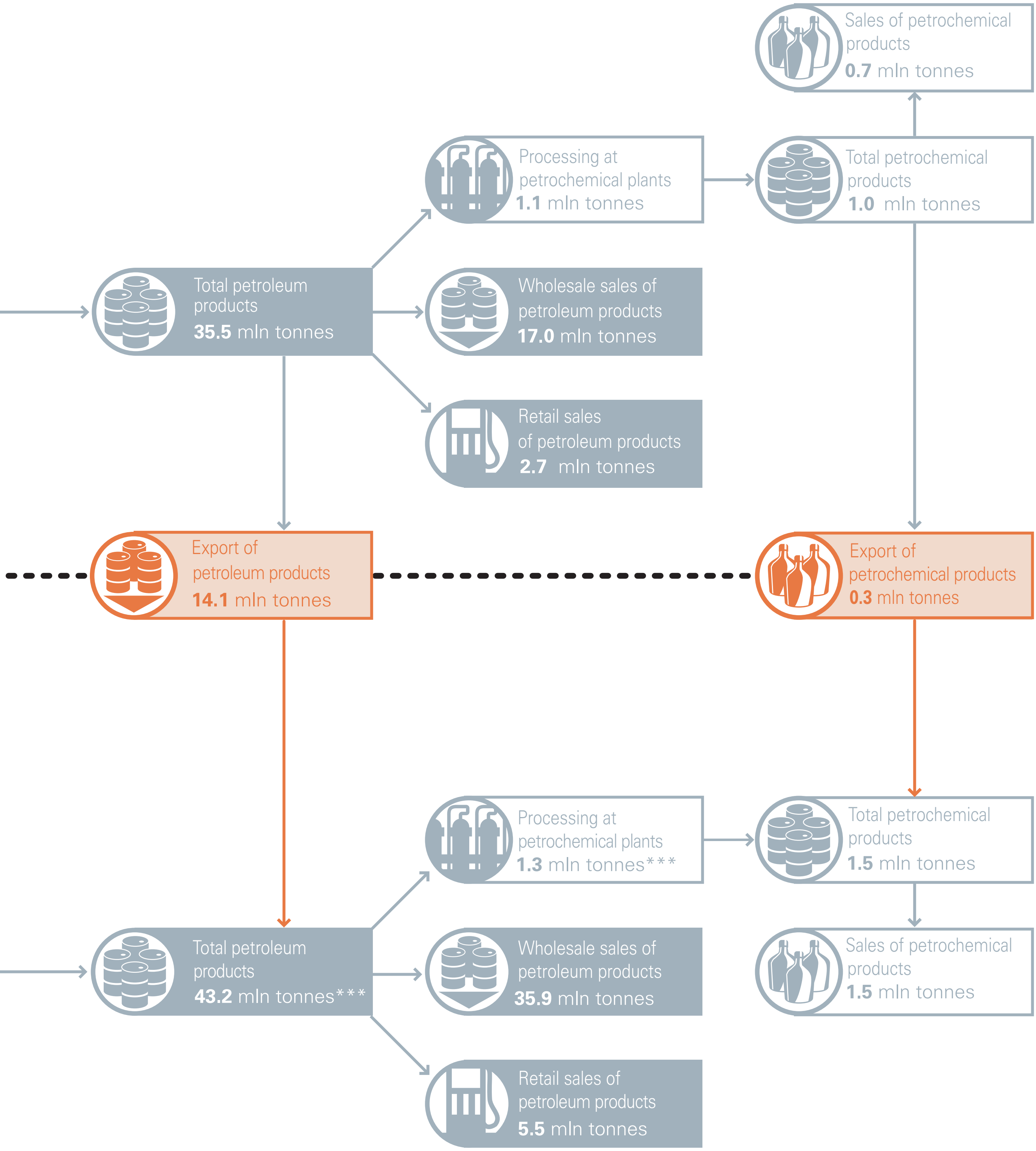


"Total oil" includes LUKOIL's own consumption and transportation losses. Other figures include refining, transportation and storage losses as well as changes in stocks.

* Excluding refining at mini-refineries.

** Excluding fuel oil processed at Burgas Refinery.

*** Including petrochemical products produced at Burgas Refinery.


Sales of petrochemical products
0.7 mln tonnes
Processing at petrochemical plants
1.1 mln tonnes
Total petrochemical products
1.0 mln tonnes
Total petroleum products
35.5 mln tonnes
Wholesale sales of petroleum products
17.0 mln tonnes
Retail sales of petroleum products
2.7 mln tonnes
Export of petroleum products
14.1 mln tonnes
Export of petrochemical products
0.3 mln tonnes
Processing at petrochemical plants
1.3 mln tonnes***
Total petrochemical products
1.5 mln tonnes
Total petroleum products
43.2 mln tonnes***
Wholesale sales of petroleum products
35.9 mln tonnes
Sales of petrochemical products
1.5 mln tonnes
Retail sales of petroleum products
5.5 mln tonnes

COMPANY MANAGEMENT STRUCTURE

Management Committee
President
Vagit Alekperov

Board of Directors
Chairman
Valery Grayfer

Oil and Gas Production
First Vice-President
Ravil Maganov

Main Division of Oil and Gas Production
Vice-President
Jevan Cheloyants

Main Division of Geology and Development
Vice-President
Anatoly Novikov

Department of Economy of Exploration and Oil & Gas Production
Head
Pavel Kaufman

Refining and Marketing
First Vice-President
Vladimir Nekrasov

Main Division of Coordination of Petroleum Products Production and Marketing in Russia
Vice-President
Vladimir Vorobiev

Main Division of Coordination of Petroleum Products Production and Marketing Abroad
Vice-President
Nikolai Cherny

Main Division of Sales and Supplies
Vice-Head
Valery Subbotin

Department for Production and Sale of Lubricants and Special Petroleum Products
Head
Maxim Donde

Department of Refining and Marketing Control and Development
Head
Andrei Bycheko

Technical Support Division for Refining and Marketing
Head
Vladimir Rakitsky

Economy and Finance
First Vice-President
Sergey Kukura

Main Treasury and Corporate Finance Division
Vice-President
Alexander Matytsyn

Main Division of Corporate Budget and Economic Planning and Investment
Vice-President
Anatoly Kozyrev

Accounts
Chief Accountant
Lubov Khoba

Main Division of Strategic Development and Investment Analysis
Vice-President
Leonid Fedun

Main Division of General Issues, Corporate Security and Communications
Vice-President
Anatoly Barkov

Main Division of Control and Internal Audit
Vice-President
Vagit Sharifov

Main Division of Human Resources
Head
Anatoly Moskalenlo

Main Division of Legal Affairs
Head
Ivan Masliaev

Department of Industrial Security, Ecology, Science and Technology
Head
Igor Zaikin