PRESS RELEASE
APRIL 27, 2005

MOODY'S UPGRADES LUKOIL'S SENIOR IMPLIED RATING TO BA 1

Moody's Investors Service upgraded the senior implied rating of OAO LUKOIL to Ba1 from Ba2 on April 26. At the same time, the rating agency upgraded LUKOIL's senior unsecured issuer rating from Ba3 to Ba2. All ratings have a stable outlook.

Moody's said that the upgrade primarily reflects:

- significant improvements in LUKOIL's operational performance and efficiency;

- growing EBITDA in the first 9 months of 2004;

- the company's position as Russia's largest oil company, its vast upstream reserves and strong downstream integration;

- improvements in corporate governance, especially since ConocoPhillips acquired a 7.6% stake in LUKOIL in September last year and raised its stake to 10% in January; gradual improvements in LUKOIL's operational performance and efficiency.

Moody's also acknowledged the company's efforts to gradually decrease its level of secured borrowings and centralise funding. Moody's ratings anticipate that LUKOIL will manage its balance sheet to remain below its 30% leverage target.

Moody's added that LUKOIL's credit portfolio benefits from its growing upstream and downstream exposure outside Russia.

Moody's stated that upward pressure on LUKOIL's ratings could occur over the medium term, should the group consistently maintain its strong financial ratios within recent 3-year averages.

In its part LUKOIL will proceed with the Strategic Development Program striving to win investment rating.

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