PRESS RELEASE
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GENERAL ANNUAL SHAREHOLDERS MEETING OF OAO LUKOIL HELD IN MOSCOW

General Shareholders Meeting of OAO LUKOIL was held in Moscow today to approve the Annual Report of the Company for the year 2004 and the Accounting Report for the past fiscal year.

President of OAO LUKOIL Vagit Alekperov delivered his report on the results of the Company's operations in 2004 and development prospects.

"Last year, the Company did not only attain the best financial results in its entire history, but also confirmed its positions as the leading business group in Russia. LUKOIL Group's net profit in 2004 exceeded 4 bln. USD which is by 74% more than in the previous year (excluding the sale of LUKOIL's share in the Azeri-Chirag-Gyuneshli project and the effect from changing the accounting policy). Return on average capital employed came to more than 19% against 14% in the year 2003. Capitalization of the Company by the end of the year reached 26 bln. USD. Consolidated shareholder revenue is 34%" said the Company CEO.

The activities carried out under the Restructuring Program significantly contributed to the Company's outstanding performance. Since 2002, the direct economic benefit from the implementation of the Program has made up 2 bln. USD.

In 2002, the Company produced 86.2 mln. tons of crude exceeding the previous year level by more than 7%. In addition to this, organic growth was over 5%. Gas production in 2004 grew by 14% reaching 6.5 bcm. The Company commissioned seven new fields including the D-6 field on the Baltic Sea shelf. This project marks a landmark in the development of not LUKOIL only, but of the whole Russian oil and gas industry. For the first time in history, a Russian company prepared and commissioned an off-shore field without external assistance. Development of the D-6 field is performed from the first and only integrated stationary platform which was designed and built by Russian contractors. All wells in the field have horizontal boreholes and "intellectual" endings providing an increase in production output by a factor of 3 to 4.

At the same time, despite the real appreciation of the ruble against the US dollar, the Company managed to cut its per barrel production costs to the level of 2.58 USD. In the mid-term, LUKOIL intends to maintain its annual hydrocarbons production

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growth rate at the level of at least 7%.

Besides the increasing oil and gas production, LUKOIL's profits benefited from the changes made to the petroleum product output structure. Upgrading of Russian and foreign refineries of the Company enabled LUKOIL to step up production of high octane gasoline and low-sulfur diesel fuel in 2004.

Crude exports grew by 21.4% to the level of 46.3 mln. tons, petroleum products sales in the international markets increased by 21.9% reaching 41.4 mln. tons. In 2004, LUKOIL exported 7.4 mln. tons of crude via alternative transportation, which is by 37.7% more than in the year 2003. This became possible after the first stage of the Vysotsk transshipment facility was put into operation and the Izhevskoye terminal in the Kaliningrad Oblast was expanded. Since November 2004, LUKOIL has been exporting crude via the Caspian Pipeline Consortium system and by railway to China. This enabled the Company to generate an additional 8 mln. USD of revenue.

Retail sales price for petroleum products grew in 2004 by 30.4% to reach the level of over 8.2 mln. tons, taking up a share of 13% in total sales. The Company plans to bring this indicator to 30% in the future. Petroleum products retail sales grew owning to a 21% increase of the average daily throughput per service station and aggressive expansion of the foreign retail network.

An organic element of the Restructuring Program of the Company is the optimization of LUKOIL Group's organizational structure and the sale of non-core assets. At present, the number of organizations within the group has been reduced almost by half and now the Group includes only 400 enterprises.

The Board of Directors endorsed the Strategic Development Program of the LUKOIL Group for 2005 – 2014. The Program envisages growth of the key financial indicators by a factor of two – two and a half, compared to the current level, and an increase of dividend payments.

LUKOIL believes that the improved efficiency of its operations is a significant contribution to the development of Russia's economy. High industrial and financial performance attained in 2004 enabled LUKOIL Group to pay over 10.5 bln. USD in taxes. Effective profit tax rate was over 29%.

One of LUKOIL's crucial objectives is to secure environmentally safe industry operations. In 2004, the Company invested 285 mln. USD in environmental protection.

In 2004, LUKOIL joined its efforts with its strategic investor – the ConocoPhillips

Company. ConocoPhillips purchased 7.6% of the Company's shares from the Russian state. At present, its share in LUKOIL's shareholder equity is more than 10%. In January 2005, LUKOIL introduced a number of significant changes to its Charter, aimed to increase the role of the Board of Directors in the resolution of strategically important issues. Consequently, the Company has become one of the global leaders in the protection of minority shareholder rights.

Shareholders approved the dividend payment, based on the Company's performance in 2004, in the amount of 28 rubles per ordinary share (24 rubles in 2003). The Shareholders Meeting also endorsed the changes to the Company Charter aimed to further improve corporate governance. Shareholders approved amendments and addenda to the Regulations on the Procedure for Preparing and Holding the General Shareholders Meeting as well as amendments and addenda to the Regulations on the Board of Directors. The Meeting approved the remunerations and compensation of expenses to the members of the Board of Directors and the Audit Commission of OAO LUKOIL. ZAO KPMG was endorsed as the Company's independent Auditor. The Shareholders Meeting elected the Audit Commission and approved transactions involving interested/related parties.

Shareholders elected the following persons to the Board of Directors of OAO LUKOIL:

Vagit Yusufovich Alekperov	President of OAO LUKOIL
Mikhail Pavlovich Berezhnoy	Director General of the Non-State Pension Fund LUKOIL-Garant
Valeriy Isaakovich Graifer	General Director of OAO RITEK
Oleg Emelyanovich Kutafin	Rector of the Moscow State Academy of Law
Ravil Ulfatovich Maganov	First Vice-President of OAO LUKOIL
Richard Matzke	former Vice Chairman of ChevronTexaco
Kevin Omar Meyers	President of Russia/Caspian Region, ConocoPhillips
Sergei Anatolievich Mikhailov	Director General of OOO Management Consulting
Nikolai Alexandrovich Tsvetkov	President of Joint Stock Bank Avtobank-NIKoil
Igor Vladimirovich Sherkunov	Chairman of the Board of Directors of ZAO Investment Group Kapital
Aleksandr Nikolayevich Shokhin	President of the State University – Higher School of Economics

The meeting of the newly elected Board of Directors which took place after the Shareholders Meeting elected General Director of OAO RITEK Valeriy Graifer to the position of the Chairman of the Board.