PRESS RELEASE
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OAO LUKOIL BOARD OF DIRECTORS APPROVES THE 2005 ANNUAL REPORT

Today, OAO LUKOIL's Board of Directors held its meeting in Moscow. In accordance with the Federal Law of the Russian Federation for Joint-Stock Companies and in compliance with the Company Charter, the 2005 Annual Report passed preliminary approval of the Board. The document was submitted for consideration of the General Shareholders Meeting scheduled for June 28, 2006.

In 2005 geological exploration yielded discovery of four new oilfields and one oil and gas condensate field together with eleven new reservoirs in the fields discovered earlier.

As of 1 January 2006, proven reserves of the LUKOIL Group reached, according to the international classification of reserves, 20.3 billion barrels of oil equivalent including 16.1 billion barrels of oil and 25.3 trillion cubic feet of gas. The amount of proven reserves secures 24 years of oil production and 95 years of gas production at the current extraction rate.

The most substantial oil reserves growth was observed in the Nenetz Autonomous Region, in Western Siberia, in the Caspian basin and in Perm Region. Hydrocarbon replenishment rate reached 137 per cent.

LUKOIL Group's oil production in 2005 totaled 90,158 ths tons. Average daily production rate increased by 4.7 per cent as compared to 2004. Natural production growth rate reached 4 per cent. Domestic production totaled 86 277 ths tons.

In 2005, gas production of the LUKOIL Group totaled 7,569 mln cu m. Average daily gas production rose by 17.3 per cent as compared to 2004. Natural gas production reached 2,628 million cu m and increased by 43.8 per cent as compared to 2004.

Increasing attractiveness of domestic supplies accounted for 1 per cent decrease in oil exports of LUKOIL subsidiaries, as compared to the same period of the previous year, and amounted to 45.8 mln tons.

Oil refining volumes, including processing at third party refineries, increased by 11.3 per cent as compared to 2004 and totaled 50.4 mln tons.

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Petroleum product sales in the Russian market reached 19.97 mln tons in 2005. Retail sales totaled 3.55 mln tons, which made a 29.4 per cent increase as compared to 2004. Petroleum product daily average per filling station increased by 19 per cent and reached 7.6 tons per day.

Sales of petroleum products abroad in 2005 reached 56.67 mln tons, including 7.12 mln tons (29.9% up from the level of 2004) through the Company's retail network of filling stations.

In 2005, the LUKOIL Group companies spent USD 320 mln on environmental safety programs, including USD 160 mln on nature conservation facilities. Approximately USD 230 mln were allocated to finance the Occupational Health and Safety Program in 2005.

In 2005 the market value of the Company’s shares made over 95.7 per cent. The monthly average stock trading for OAO LUKOIL ADRs on the London Stock Exchange generated about USD 2.7 billion as compared to 1.8 billion in 2004.

Reports of the Board of Directors, the Audit Committee, the Strategy and Investments and the HR and Compensation Committees were presented at the meeting.

In 2005 the Board of Directors approved major indicators for the Budget and Investments Program for 2006 and the Midterm Development Plan of the LUKOIL Group for 2006-2008. The Board of Directors also resolved to make further improvements in corporate governance and outlined areas of development for specific business segments.

The Audit Committee particularly examined the issue of improving accountancy and accounting policy and endorsed the improved system of hydrocarbon reserves evaluation and audit management.

The Strategy and Investments Committee analyzed the major indicators for the Budget and Investments Program for 2006 and the Midterm Development Plan of the LUKOIL Group for 2006-2008 and reviewed amendments to the Group’s investment program in account of the global oil price changes.

The HR and Compensation Committee analysed implementation of the Company’s social policy pursued in accordance with OAO LUKOIL’s Social Code and the Agreement between the employer and the Company’s labor union for 2006-2008.

Performance of the Board of Directors and its Committees was recognized as positive. The 2005 Annual Report was suggested to be submitted to the General

Shareholders Meeting for approval.