PRESS RELEASE
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# STANDARD & POOR`S RATINGS SERVICES RAISED ITS LONG-TERM CREDIT RATINGS ON OAO LUKOIL TO ‘BB+’ FROM ‘BB’

Standard & Poor's Ratings Services raised its long-term corporate credit ratings on OAO LUKoil to 'BB+' from 'BB' yesterday. The outlook is positive. At the same time, ratings on the russian scale were raised to ‘ruAA+’ from ‘ruAA’.

The upgrade recognizes the ongoing improvement in profitability of the company with the first quarter 2006 unit net income of $9/bbl, representing a 29% increase from the first quarter 2005. Standard & Poor's expects future profits and downside to a low oil price environment to be enforced by the group’s rapidly rising share of gas production.

Standard & Poor's doesn`t view country risk to be a hurdle for achieving investment-grade ratings, bearing in mind its long-established track record (including absence of material back tax claims, various license extensions, …), its asset diversity, and its largely Russian ownership, as a result of which it should be qualified to bid for strategic domestic fields.

According to a representative of Standard & Poor's, there`s a possibility of a one notch upgrade in the near to medium term, depending on further comfort gained on management’s stance towards M&A and notably its commitment to keep future debt levels considerably below its current financial policy maximum limit of 30% leverage (11% at year-end 2005).

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