PRESS RELEASE
OCTOBER 17, 2006

LUKOIL DECIDES ON EMISSION OF BONDS IN THE AMOUNT OF 14 BILLION ROUBLES

The Board of Directors of OAO "LUKOIL" ("LUKOIL") made a decision on the placement and emission of 8,000,000 non-convertible documentary interest-bearing bonds to bearer (the "Bonds"). The nominal value of each Bond is 1,000 roubles. The Bonds will have ten coupon periods. The maturity period of the Bonds will be five years.

The Board of Directors also took a decision on the placement and emission of 6,000,000 non-convertible documentary interest-bearing Bonds to bearer with a nominal value of 1,000 roubles each. The Bonds will have fourteen coupon periods and the maturity period will be seven years.

The interest rate for the first coupon will be determined through a tender among interested purchasers.

The Bonds will not be subject to any prior redemption and preferential purchase rights.

The Bond offering commencement date will be determined by LUKOIL's management based on favourable market conditions.

The Bonds will be offered through an open subscription by tender at the Moscow Interbank Currency Exchange.

ZAO "ABN AMRO Bank" will act as the underwriter of the placement.

The Bonds will be placed in accordance with LUKOIL's previously approved debt programme for 2006. Long-term rouble borrowing is expected to have a favourable effect on LUKOIL's debt portfolio structure. Moreover, long-term rouble borrowing will allow LUKOIL to reduce its bank borrowings and appears efficient in view of the macroeconomic forecast.

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