PRESS RELEASE
OCTOBER 22, 2004

LUKOIL BOD APPROVES MAIN PARAMETERS OF COMPANY ACTIVITY IN 2005 AND STRATEGIC DEVELOPMENT PROGRAM FOR 2005-2014

The Board of Directors of LUKOIL Group, meeting today in Odessa (Ukraine), confirmed main production targets and parameters of the Company's budget and investment program for 2005. The parameters were decided using a Brent forecast price of $28 per barrel.

The crude production target for subsidiaries, including shares in affiliates and foreign projects, is 90.2 million tonnes in 2005, which is 4% higher than expected production in 2004.

Natural gas production in 2005 should be 7.8 billion cubic meters, which is 20% more than expected in 2004. Most of the increase will be due to launch of production at the Nakhodkinsky gas field in Yamal-Nenets Autonomous District.

Main parameters for the refining and marketing segment are based on increase of exports, which should total 49 million tonnes including supplies to refineries owned by the Company outside Russia. That will be 11% more than the expected level of exports in 2004.

The Company will pursue its strategic goal of increasing refining depth and output of high-octane gasoline at its Russian refineries, and will commission new capacities as part of this strategy.

Refining at the Company's refineries outside Russia will be increased from 8.4 million tonnes in 2004 to 11 million tonnes in 2005. The increase will be mainly due to launch of the Ploiesti Refinery following its reconstruction. The Company will refine 2.4 million tonnes of oil at Ploiesti in 2005.

LUKOIL-Neftekhim, the Company's petrochemical subsidiary, should increase its production of petrochemicals to 1.75 million tonnes in 2005, which will be 8.3% more than in 2004.

It is planned that LUKOIL's marketing organizations in Russia will increase retail sales of petroleum products by 19% in 2005, and retail sales outside Russia should be 50% higher than their expected level in 2004.

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The Company BoD approved the Strategic Development Program for LUKOIL Group in the Period 2005-2014. This Program is a corrected version of the Strategic Development Program for LUKOIL Group in the Period 2004-2013, which was approved by the BoD on 21 November, 2003. Correction of the original document proved necessary due to revisions of macroeconomic and marketing forecasts for the period 2005-2014 in the Russian Federation and abroad, as well as geographical expansion of the Company's business, advances in technology and intensification of competition on world markets. The Strategic Development Program is important for defining LUKOIL's long-term priorities, increasing return on invested capital and boosting Company capitalization.

Plans for hydrocarbon production, contained in the Program, envisage increase of reserves by 130% at producing fields and new license areas.

LUKOIL should reduce the total number of companies, in which it has stakes, from 293 to 105 in 2005-2006.

Main priorities set out in the Company's Strategic Development Program are:

- increasing value of reserves, particularly gas reserves;

- increasing the Company's market share on its traditional downstream markets and achieving competitive advantage for the LUKOIL brand;

- achieving returns of 15-17% on invested capital;

- improving efficiency of management accounting;

- optimizing management structure;

- obtaining synergy effect from strategic partnership.

Some of the information in this press release may contain forecasts or other declarations about the outlook for business development or future financial results of LUKOIL. These declarations do not guarantee achievement of the results referred to or necessary occurrence of any forecast events, associated with company business, and involve risks, uncertainties and assumptions, which cannot be predicted with accuracy by the Company. For these reasons, the results actually achieved may differ significantly from data and forecasts, contained in the relevant declarations concerning the outlook for Company development. The Company does not intend to make any changes to these declarations in order to put them in accordance with actual results.