PRESS RELEASE
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LUKOIL BOD SETS PRIORITIES FOR COMPANY BUSINESS IN 2005

The BoD of LUKOIL met today in Moscow and set priorities for the Company's business in 2005.

LUKOIL's main financial objective in the medium term is to achieve return on invested capital comparable with its main international competitors, despite of increasing tax burden.

The Company has set a target of increasing hydrocarbon reserves by an amount equal to 130% of crude production, which should be no less than 90.2 million tons. The main challenge in oil refining will be to increase the relative value of crude by optimization of capacity load at the Company's Russian refineries and by raising the share of high value-added products.

In the field of corporate governance, further steps will be taken to implement principal conditions of the planned Strategic Partnership with ConocoPhillips, which is a priority for LUKOIL. The Company's restructuring program will also be continued in 2005. This program is intended to optimize Company activities, with significant reduction of the number of legal entities in the Group, particularly of non-core assets.

The BoD included the following individuals in the list of candidates to the new BoD, which is to be selected at the extraordinary general meeting of shareholders on 24 January, 2005:

Vagit Yu. Alekperov	President of OAO "LUKOIL"
Mikhail P. Berezhnoi	General Director of the Non-State Pension Fund LUKOIL-GARANT
Valery I. Grayfer	General Director of OAO "RITEK"
Tatyana S. Yesaoulkova	General Director of OOO Specialized Depositary Company GARANT
Oleg E. Kutafin	Rector of the Moscow State Academy of Law
Ravil U. Maganov	First Vice President of OAO "LUKOIL"

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Richard H. Matzke	former Vice Chairman of Chevron Corporation
Kevin O. Meyers	President of Russia/Caspian Region, ConocoPhillips
Sergei A. Mikhailov	General Director of OOO Management-Consulting
Nikolai A. Tsvetkov	Chairman of OAO AKB AVTOBANK- NIKoil
Igor V. Sherkunov	Chairman of the Board of Directors of ZAO Investitsionnaya Gruppa Kapital [Capital Investment Group]
Alexander N. Shokhin	President of the State University – Higher School of Economics