PRESS RELEASE
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LUKOIL SETS UP SPECIAL COMPANY TO PRODUCE AND MARKET LUBRICANTS

OAO LUKOIL Steering Committee resolved to set up OOO LLK International, a 100% subsidiary, which would be granted control over lubricant production and marketing.

OOO LLK International shall become a unified responsibility center for this business segment, which would allow the Company to consolidate accounting and ensure unbiased evaluation of financial performance, react to market fluctuations timely and promptly, improve and develop lubricant production, pursue research, optimize lubricant marketing without introducing significant changes to infrastructure.

The set-up of the company which would focus on lubricant production and marketing is a reasonable step in winding up the structural reform of this business segment management. The reform has been underway since February 2005, ever since the creation of LUKOIL's Profile Department.

While preparing the set-up of the special company, Department specialists have done a research on the experience of ConocoPhillips, LUKOIL's strategic partner. The results suggest that leading world oil companies which have already separated this business segment have had a positive experience so far. The business is lucrative, and the management structure helps achieve maximum transparency.

LUKOIL refineries produce over 40% of all lubricants manufactured in Russia. In the first six months of 2005 the lubricant output of Russian refineries amounted to 550.8 thousand tons.

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