PRESS RELEASE
JUNE 30, 2006

MOODY'S UPGRADES LUKOIL TO INVESTMENT GRADE

On June 29th Moody's Investors Service has upgraded by two notches the corporate family ratings of OAO LUKOIL to Baa2 from Ba1. Moody's also upgraded the company's unsecured issuer ratings to Baa2 from Ba2, thereby eliminating the notching between the two ratings.

The upgrade of OAO LUKOIL to investment-grade rating have been prompted by LUKOIL's consistent track record of strong operational and financial performance metrics, as well as Moody's view that the operating environment for privately owned Russian oil companies in general, and for LUKOIL in particular has stabilised.

The rating action also reflects LUKOIL's ongoing efforts to strengthen corporate governance, and ongoing measures to reduce secured and subsidiary debt to the degree necessary such that senior unsecured lenders will no longer be at a material disadvantage.

"LUKOIL's ratings are supported by its large resource base, which should support production growth over the medium term", says Philipp Lotter, Vice President – Senior Credit Officer at Moody's. "Furthermore, its focus on maintaining a large domestic and internationally growing refining business makes LUKOIL one of the most integrated peers in Russia", Lotter adds.

Moody's would aim to maintain some level of proximity between LUKOIL's ratings and those of the Russian state, although LUKOIL's ratings are not constrained by the sovereign.

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