PRESS RELEASE
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LUKOIL AND SLOVENIAN PETROL TO ESTABLISH A JOINT VENTURE

OAO LUKOIL and PETROL, Slovenia entered into a framework agreement to establish a joint venture for marketing of oil products in the Balkans.

PETROL is to own 51 per cent of the new JV and LUKOIL will have 49 per cent. The JV will be governed on a parity basis.

It is expected that PETROL will contribute the shares of its 4 companies which own filling stations in Slovenia, Croatia, Bosnia and Serbia. LUKOIL's input in the new JV will be the stocks of its subsidiaries – LUKOIL Beopetrol (Serbia) and LUKOIL Macedonia.

The contributions will be made based on an independent asset valuation and partially in cash to complete the input value.

The framework agreement received the approval of LUKOIL's and PETROL's governing bodies. The closing of the deal on establishment of the JV is subject to a number of conditions precedent. The parties anticipate finalizing the incorporation of the JV by the end of 2006.

"The terms and conditions of this joint venture deal were mutually beneficial", - said Vagit Alekperov, President of OAO LUKOIL, – "We are keen to expand our presence in the Balkans market. To a great extent this is where we can achieve the synergy among LUKOIL's existing Eastern European assets."

Forward-looking Statements

This press release contains forward-looking statements. The forward-looking statements represent statements containing forecasts of future incomes, revenues, intakes and other financial indicators, future plans, economic indicators or other forecasts or assessments in relation to assumptions pertaining to such statements. Such statements typically refer to future events and expected incomes, revenues, business strategies, competitive standing or other aspects of business performance or results thereof. In many cases, forward-looking statements may be identified by the use of such terms as "expect", "assess", "believe", "continue", "possibly", "intends", "may", "plan", "potential", "predict", "should", "will", "anticipate", "goal", "forecast", "assumption", "objective", "prospect", "efforts", "mission" and

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