



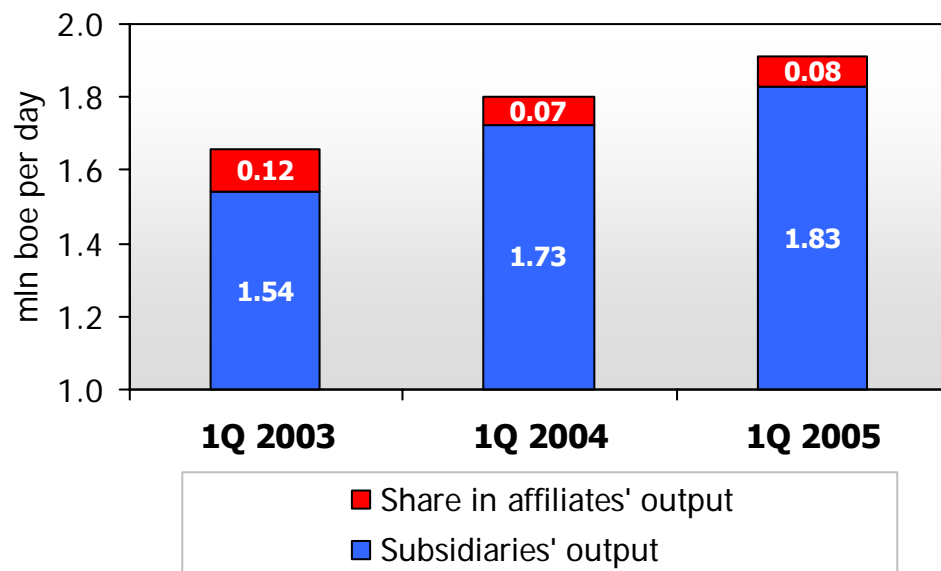
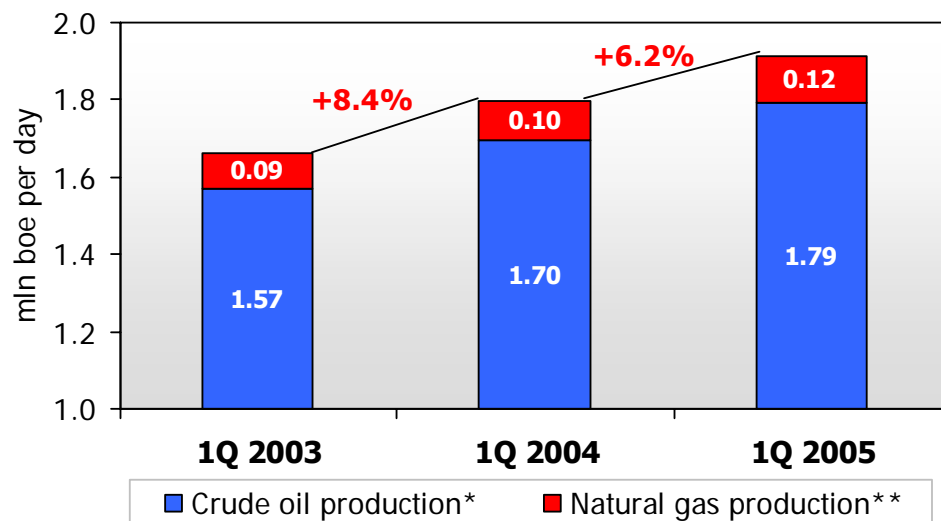
1Q 2005 Financial Results

(US GAAP)

June 2005



Hydrocarbon Production



In 1Q 2005 crude oil output by LUKOIL Group (subsidiaries and LUKOIL's share in affiliates), increased by **4.5%** to **22 mln tons** y-o-y.

Natural gas output increased by **15.1% y-o-y**.

Daily hydrocarbon production increased by 6.2% y-o-y and exceeded 1.9 mln boe per day.

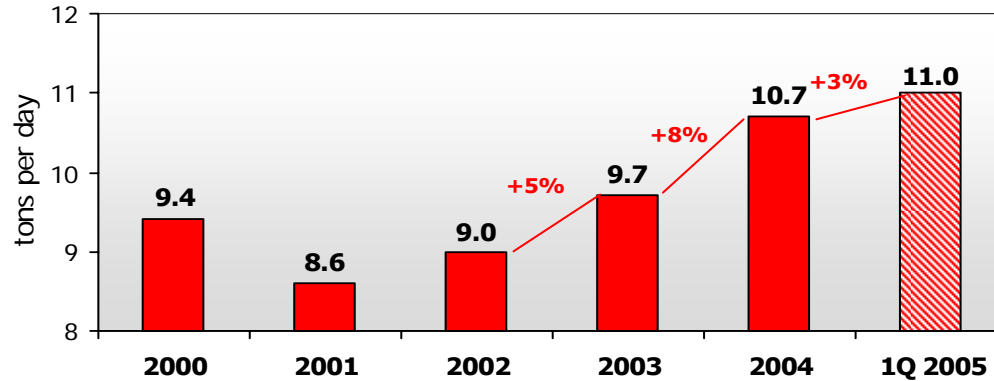
* 1 ton = 7.33 bbl

**Natural gas production includes natural gas for sales, own consumption and reinjection, as well as technological losses.



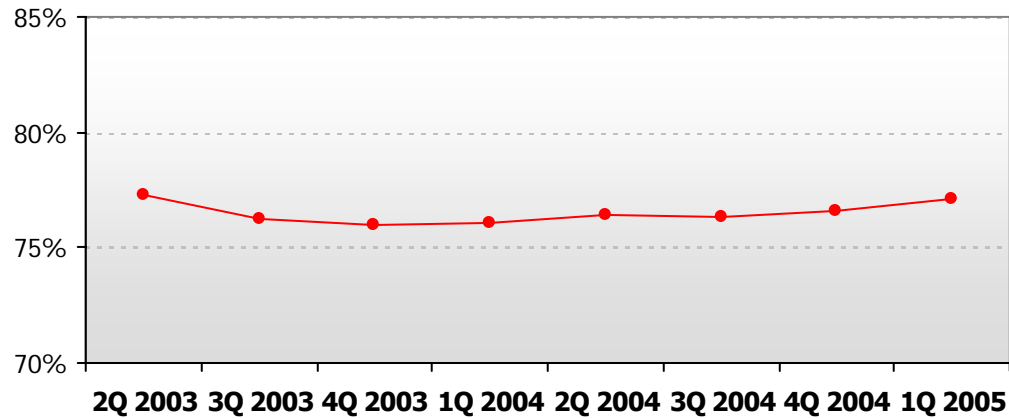
Improving Efficiency of E&P

Average flow rate per well



Since 2001 average flow rate per well has been steadily growing

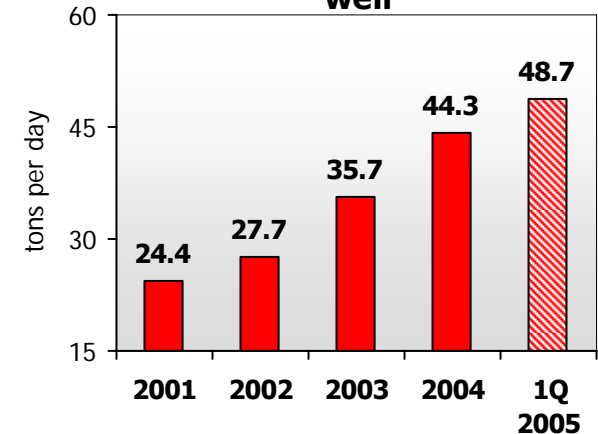
Water cut



Water cut has been stabilized



Average flow rate per new well





Economic Environment

Economic Environment	1Q 2005	1Q 2004
<u>Domestic market</u>		
Realized oil, \$/bbl	12.56	12.81
Realized petroleum products, \$/ton	256.09	174.72
Inflation	5.2%	3.6%
Ruble appreciation against USD	4.9%	7.2%
Taxes other than income taxes / sales	29.1%	24.5%
<u>International Market</u>		
Realized oil, \$/bbl	41.29	26.77
Realized petroleum products, \$/ton	439.79	309.23

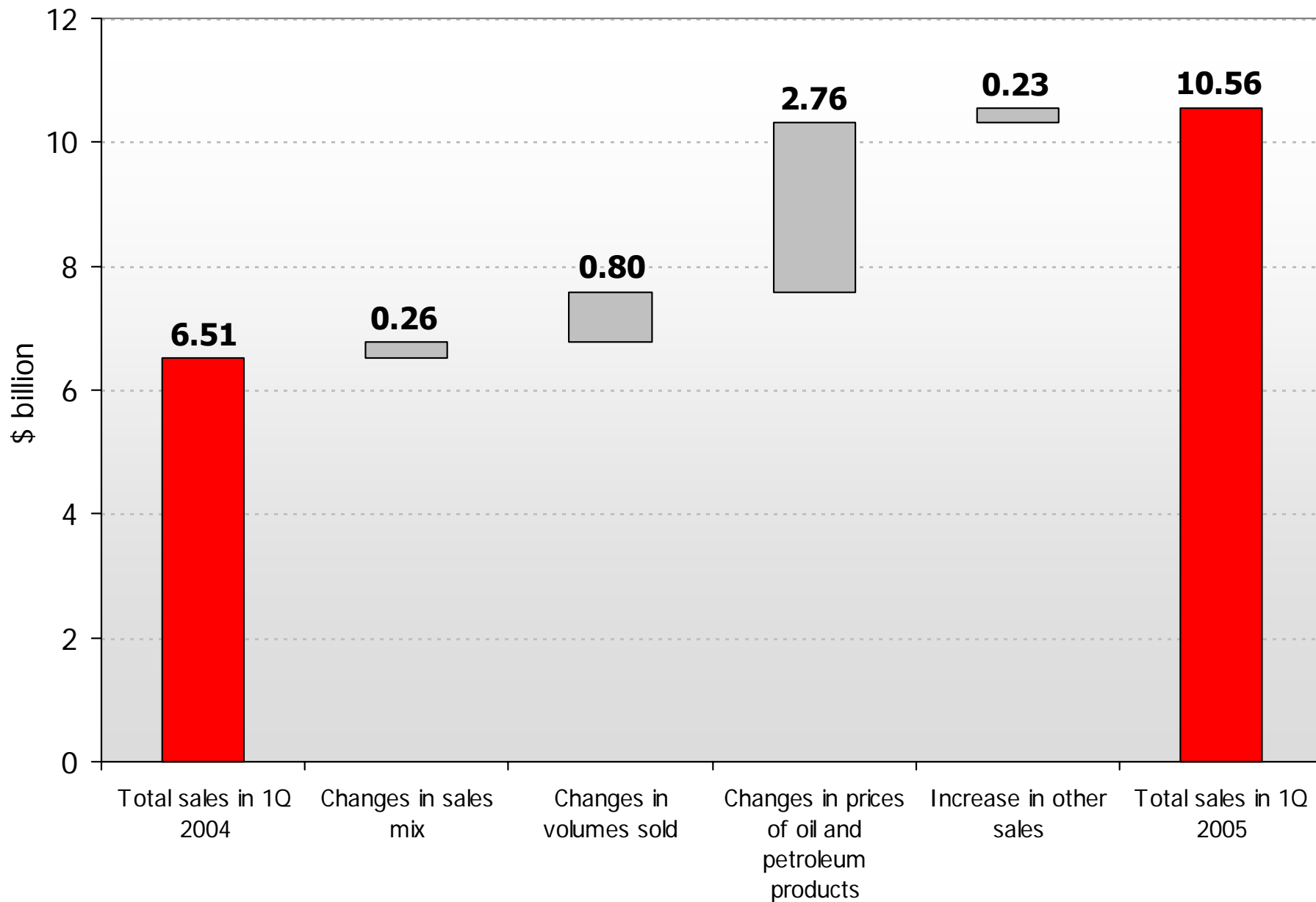


Financial Results

Financial results, \$ million	1Q 2005	1Q 2004	Growth
Total revenue	10,616	6,582	+61.3%
Operating expenses	(782)	(660)	+18.5%
Taxes other than income taxes (including excise and export tariffs)	(3,072)	(1,597)	+92.4%
Income from operating activities	1,696	1,075	+57.8%
Income before income taxes	1,638	1,138	+43.9%
Net Income	1,180	819	+44.1%
Basic income per share, USD	1.45	1.00	+45.1%
EBITDA	1,959	1,412	+38.7%



Sales Reconciliation





Sales Breakdown

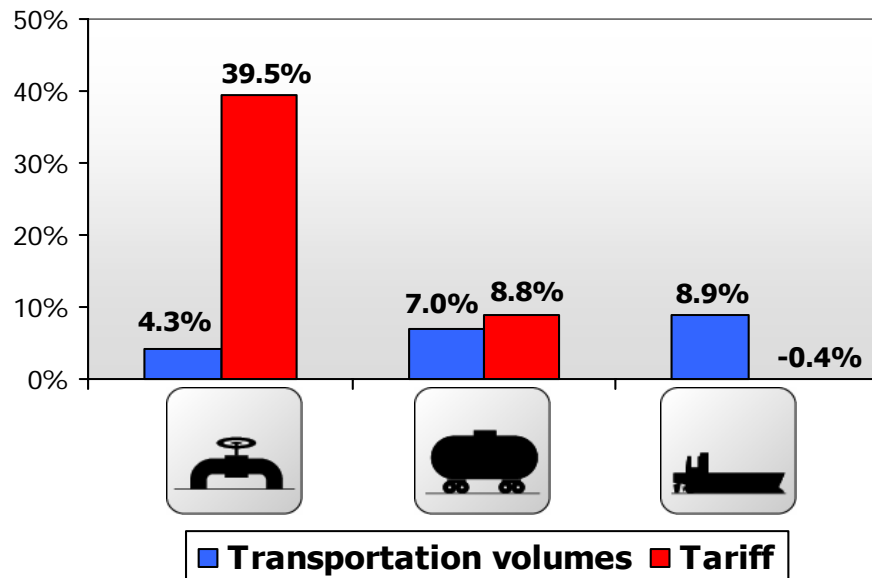
Sales breakdown	1Q 2005	1Q 2004
Export sales and sales on international markets to total volume of sales	81.2%	78.3%
Petroleum products to total volume of sales	58.5%	52.7%
Share of petroleum products in total export volumes and international sales	49.4%	43.1%
Share of petroleum products in total export sales and international sales	56.4%	52.1%

Sales, \$ million	1Q 2005	1Q 2004	Growth
International sales of crude oil (non-CIS)	3,414	2,089	+63.4%
Sales of crude oil within CIS	51	168	-69.6%
Sales of crude oil within Russia	9	68	-86.8%
International sales of petroleum products	4,912	2,698	+82.1%
Sales of petroleum products within Russia	1,309	856	+52.9%
International sales of petrochemicals	331	219	+51.1%
Sales of petrochemicals within Russia	113	72	+56.9%
Other sales	418	342	+22.2%
Total sales of oil and petroleum products	10,557	6,512	+62.1%

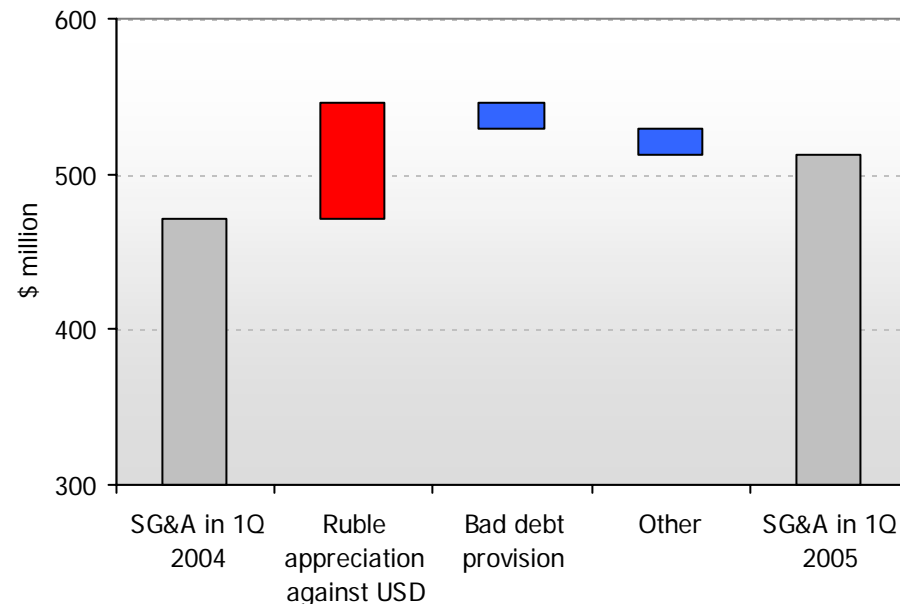


SG&A and Transportation Expenses

Transportation expenses



SG&A reconciliation



Selling, general and administrative expenses, \$ million

	1Q 2005	1Q 2004	Growth
Transportation expenses	837	649	+29.0%
Other selling, general and administrative expenses	512	471	+8.7%
Total SG&A	1,349	1,120	+20.4%



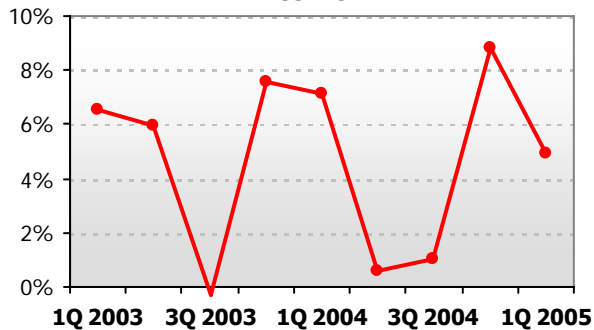
Operating Expenses

Operating expenses, \$ million	1Q 2005	1Q 2004	Growth
Extraction expenses	401	371	+8.1%
Refinery expenses	155	130	+19.2%
Petrochemical expenses	51	45	+13.3%
Other operating expenses	175	114	+53.5%
Total	782	660	+18.5%
Cost of purchased crude oil, petroleum and chemical products	3,380	1,827	+85.0%

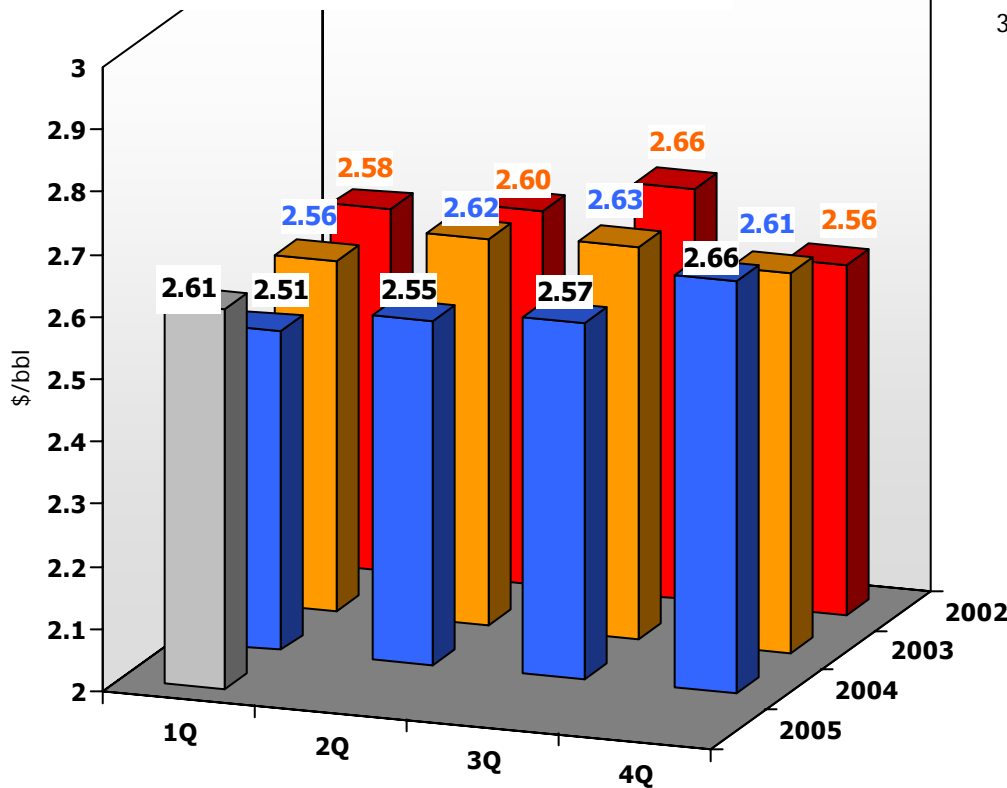
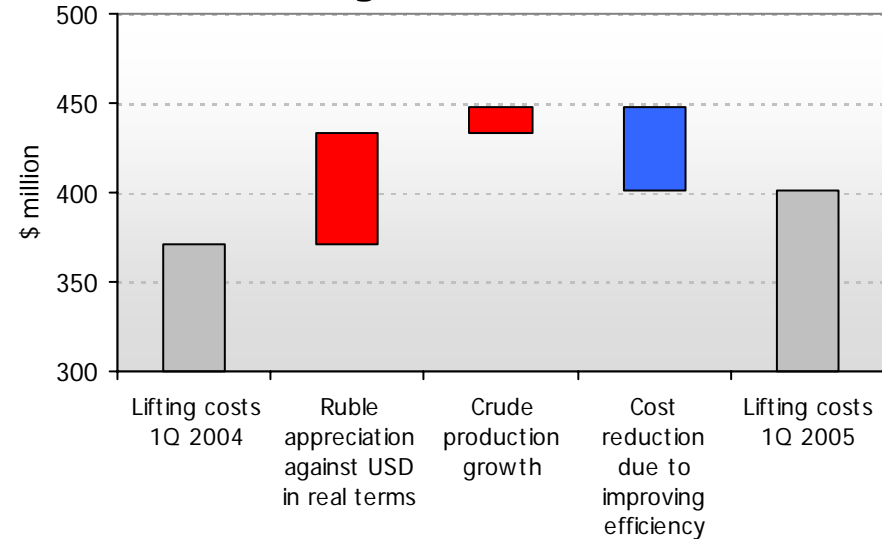


Stabilizing Crude Production Costs*

Ruble appreciation against USD in real terms



Lifting costs reconciliation



In 1Q 2005 lifting costs per barrel of oil produced increased by 4% y-o-y.

Ruble appreciation against USD in real terms was 16%.

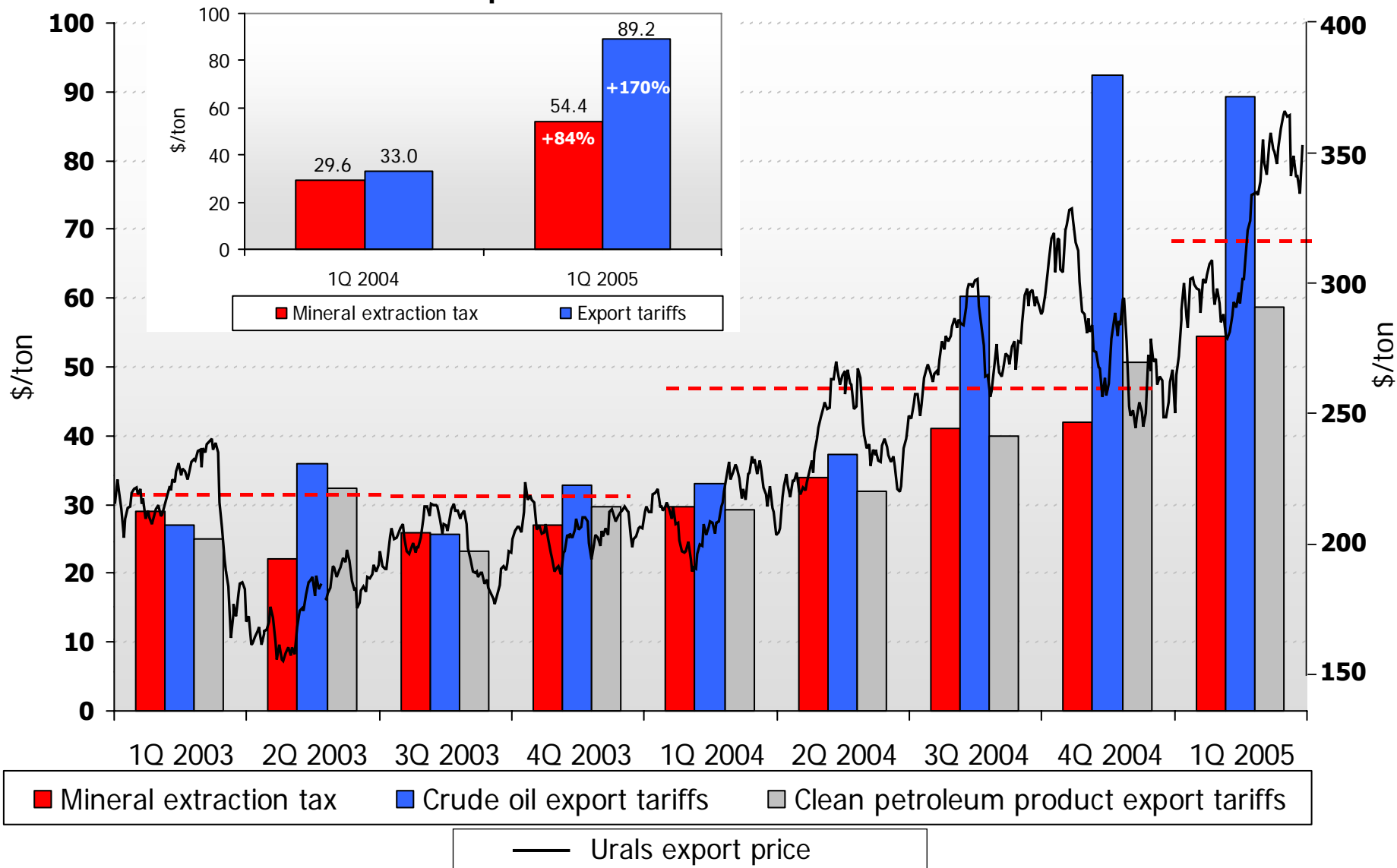
Lifting costs declined by 10% in real terms.

* Exploration and production costs, including lifting costs, maintenance and repair of expensed wells, insurance and other costs; excluding taxes and depreciation. Calculated in accordance with US GAAP data.



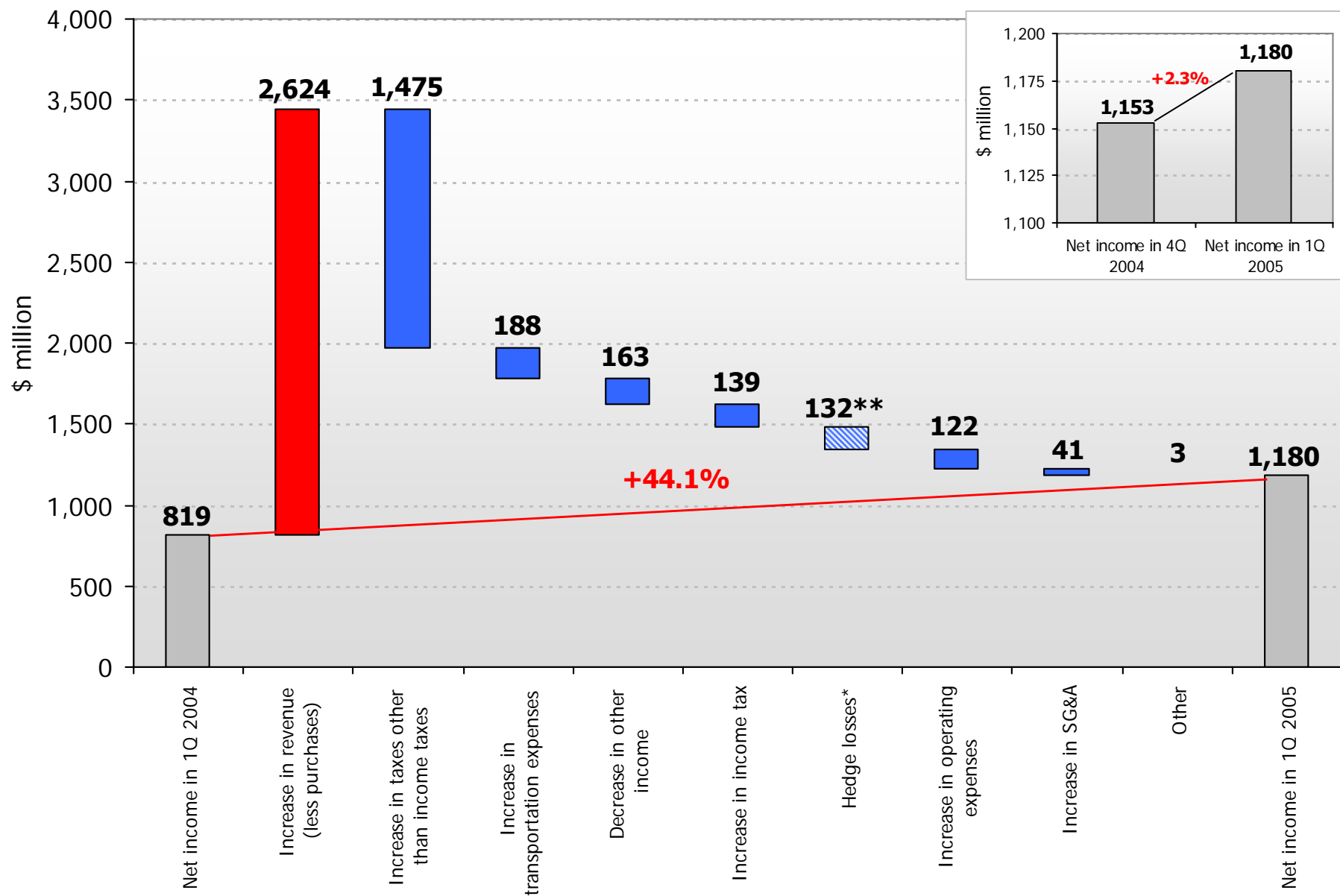
Growth of Tax Burden

Mineral extraction tax and export tariffs comparison





Net Income Reconciliation



*Paper losses (calc.)



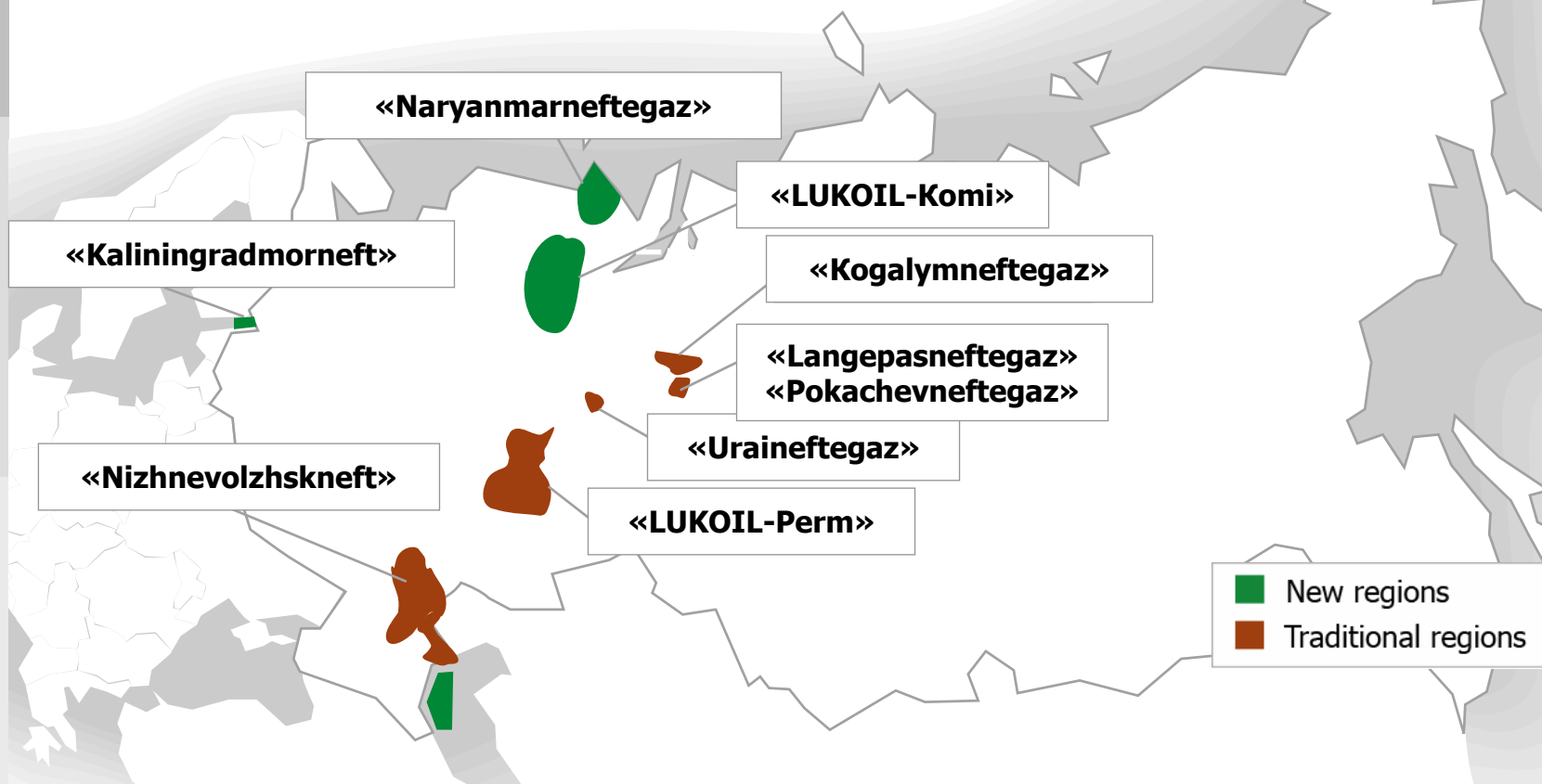
Capex Breakdown

Capital Expenditures, \$ million	1Q 2005	1Q 2004	Growth
Exploration and production	654	508	+28.7%
<i>Russia</i>	<i>571</i>	<i>467</i>	<i>+22.3%</i>
<i>International</i>	<i>83</i>	<i>41</i>	<i>+102.4%</i>
Refining and Marketing	260	240	+8.3%
<i>Russia</i>	<i>157</i>	<i>152</i>	<i>+3.3%</i>
<i>International</i>	<i>103</i>	<i>88</i>	<i>+17.0%</i>
Petrochemistry	10	8	+25.0%
<i>Russia</i>	<i>5</i>	<i>5</i>	<i>+0.0%</i>
<i>International</i>	<i>5</i>	<i>3</i>	<i>+66.7%</i>
Other	14	5	+180.0%
Total (cash and non-cash)	938	761	+23.3%



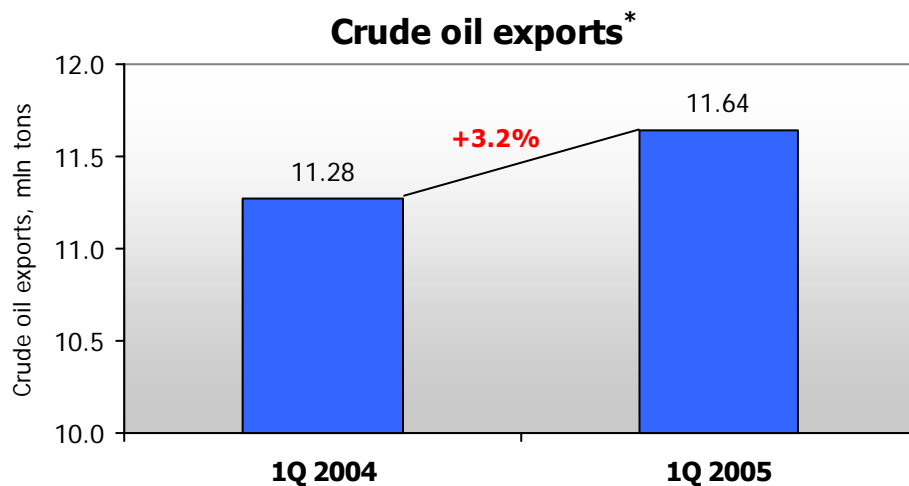
E&P Capex

Capital expenditures, \$ million	1Q 2005	1Q 2004	Growth
Traditional regions	283	267	+6.0%
New regions	288	200	+44.0%
<i>Yamal</i>	<i>86</i>	<i>98</i>	<i>-12.2%</i>
<i>Timan-Pechora (Naryanmarneftegaz)</i>	<i>141</i>	<i>84</i>	<i>+67.9%</i>
<i>Caspian (incl. international projects)</i>	<i>61</i>	<i>18</i>	<i>+238.9%</i>
Total in Russia	571	467	+22.3%



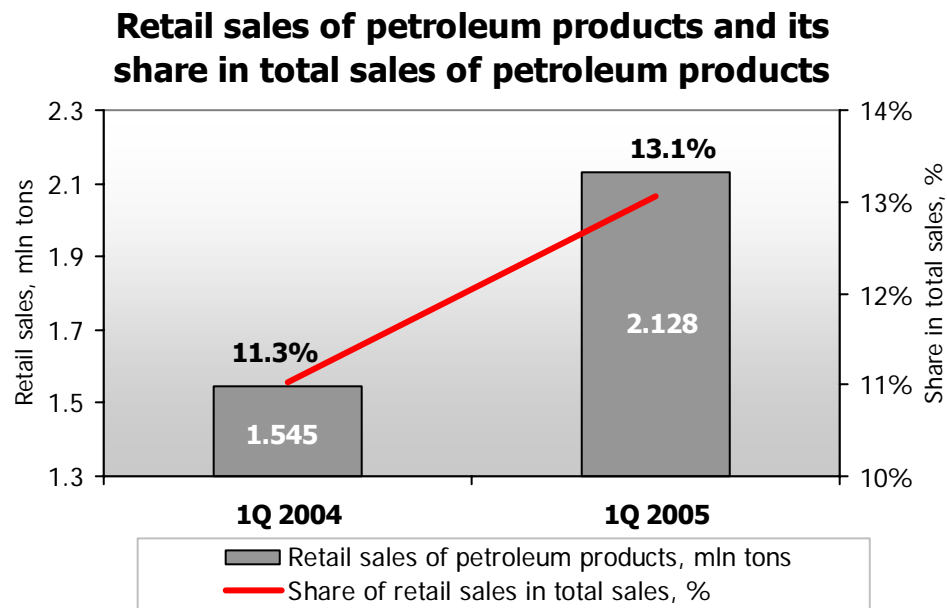


LUKOIL Develops Highly Efficient Operations



* Crude oil exports from Russia by LUKOIL subsidiaries including purchased oil.

In 1Q 2005 LUKOIL subsidiaries exported **11.6** million tons of crude oil, **3.2%** up y-o-y.



Share of petroleum product retail sales grows constantly. In 1Q 2005 LUKOIL retail sales were **2.1** million tons, **37.7%** up y-o-y. Total sales of petroleum product increased by **19.5%** y-o-y.



Acquisition of Finnish Companies – Teboil and Suomen Petrooli

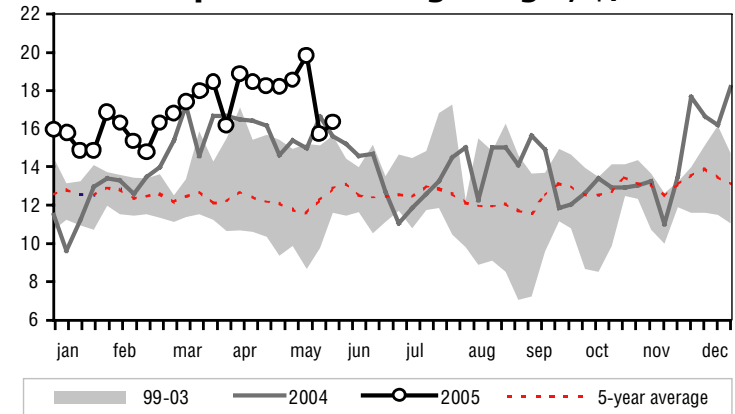
- The network of 289 filling stations and 132 D-points. Oil storage facilities consist of 7 own and 7 leased tank farms
- Lubricants production and blending plant and a special laboratory for lubes research and development
- 13 owned and 122 leased oil tank trucks

- **Cost of purchase - 160 mln USD**
- **Sales in 2004 – 1.9 mln tons, or 1.15 bln euro**
- **Net income in 2004 – Euro 13 mln**
- **Planned investments – 120 mln USD**

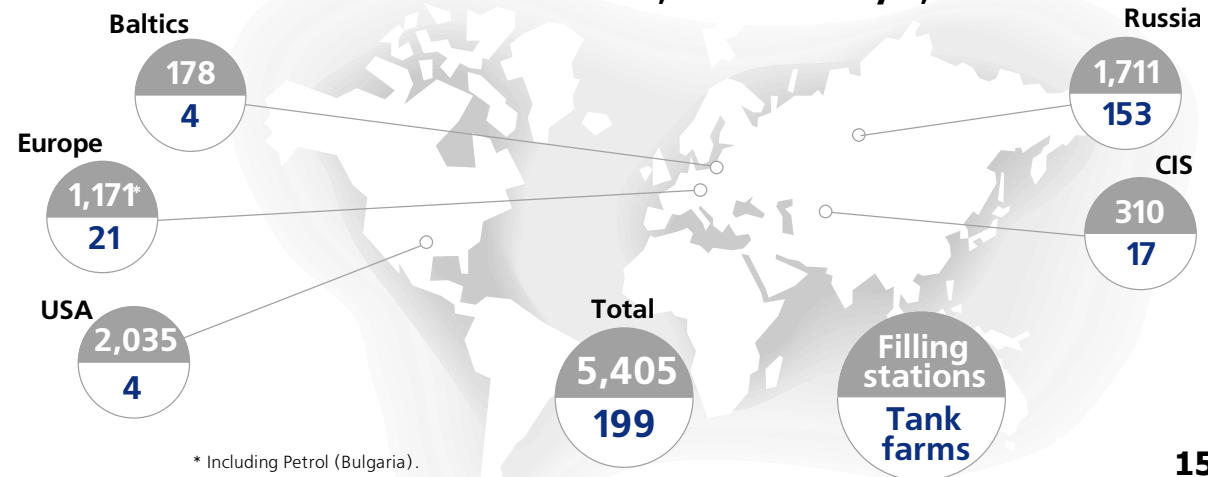
With Teboil LUKOIL receives additional income from supplying Finnish market with 1 mln tons per year of ecologically clean diesel (10 ppm), which is produced at LUKOIL Perm Refinery.

Half of that volume will be retail sales and the other half – wholesale.

European marketing margin, \$/bbl



LUKOIL retail network, as of January 1, 2005



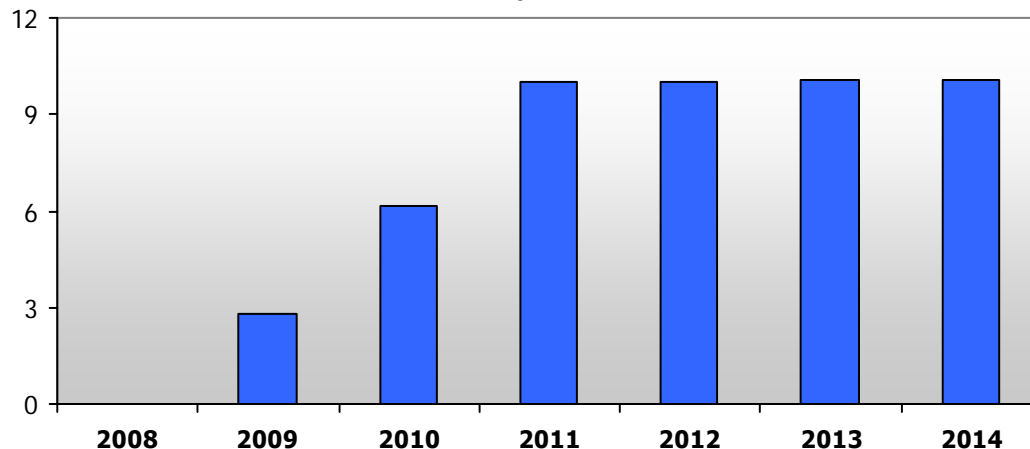


Setting up of Joint Venture for Development of Khvalynskoye Field

- The Khvalynskoye field was discovered in 2002
- Sea depth is from 25 to 30 meters
- Seismic works and drilling of two appraisal wells showed four natural gas liquids strata and one oil strata
- Recoverable oil reserves – 36.3 mln tons, natural gas liquids reserves – 17.4 mln tons, geological gas reserves – 343 bln m³

In March 2005 LUKOIL signed an agreement with Kazakh «KazMunaiGaz» setting up Joint Venture for development of Khvalynskoye field on a parity basis.

Natural gas production forecast at Khvalynskoye field, bln m³

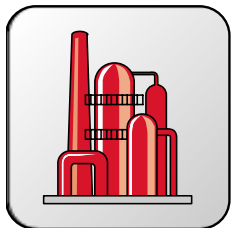


LUKOIL proved reserves in Russian sector of Caspian sea – 1.2 bln boe

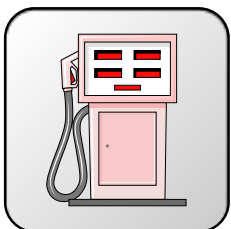


LUKOIL Reduces Its Sensitivity to Oil Price Fluctuations

LUKOIL reduces price volatility risks by:



- **Upgrading its refineries to increase output of products with high value added**



- **Developing and expanding its distribution network and thus increasing retail sales of petroleum products as retail sales are more profitable than wholesale**



- **Increasing natural gas sector weight in LUKOIL total production as gas price is more stable and will grow in the mid-term**



Company's Strategy



- **Increase revenues**
 - increase volume of oil extracted
 - increase volume of refined products
 - increase export of crude oil and refined products



- **Decrease expenses**
 - shut-in inefficient (low-producing) wells
 - put into operation new high-producing wells
 - use effective and efficient service companies



- **Increase efficiency of investments**
 - development of export infrastructure
 - purchase new oil and gas reserves at the lowest possible price
 - increase number of high-producing wells
 - divesting of non-core assets



Forward Looking Statements

- Certain statements in this presentation are not historical facts and are “forward-looking.” Examples of such forward-looking statements include, but are not limited to:
 - projections or expectations of revenues, income (or loss), earnings (or loss) per share, dividends, capital structure or other financial items or ratios;
 - statements of our plans, objectives or goals, including those related to products or services;
 - statements of future economic performance; and
 - statements of assumptions underlying such statements.
- Words such as “believes,” “anticipates,” “expects,” “estimates”, “intends” and “plans” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.
- By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. You should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements, including our ability to execute our restructuring and cost reduction program.
- When relying on forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which we operate. Such forward-looking statements speak only as of the date on which they are made, and we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. We do not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.