



LUKOIL

ANALYST DATABOOK

2005

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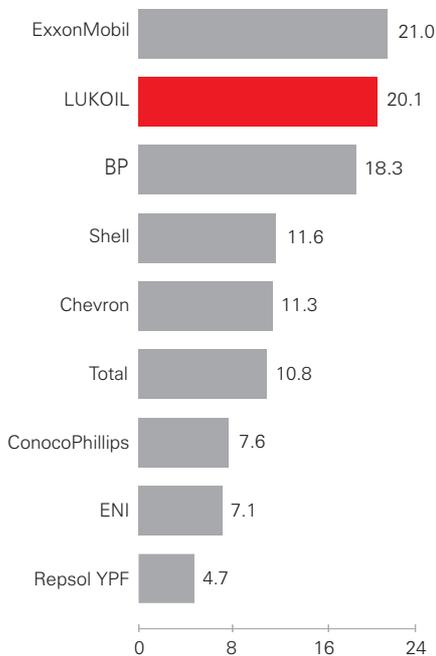
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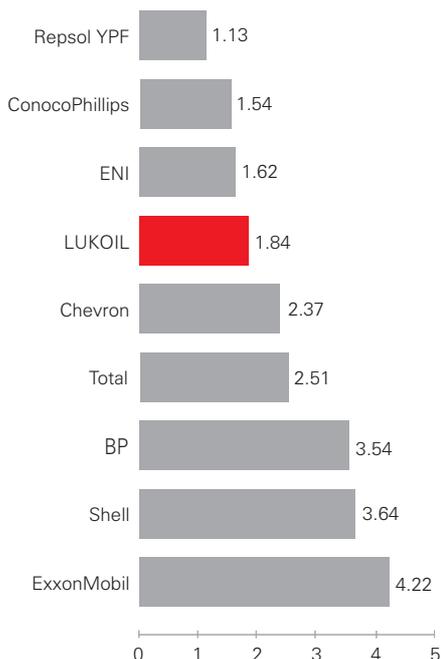
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LUKOIL TODAY

Hydrocarbon reserves of major international private oil companies (31.12.2004), bln boe



Hydrocarbon production by major international private oil companies (2004), mln boe per day



LUKOIL is

one of the world's leading vertically integrated oil & gas companies. Main activities of the Company are exploration and production of oil & gas, production of petroleum products and petrochemicals, and marketing of these outputs. Most of the Company's exploration and production activity is located in Russia, and its main resource base is in Western Siberia. Most of the Company's production is sold on the international market. LUKOIL petroleum products are sold in Russia, Eastern Europe, CIS countries and the USA.

LUKOIL today is:

- > **1.3%** of world oil reserves
- > **2.1%** of world oil production

- > **0.4%** of world gas reserves
- > **0.2%** of world gas production

- > **2.5%** of world oil exports

- > **1.4%** of world oil refining capacities
- > **1.2%** of world oil refinery throughputs

- > The **largest** private oil & gas company in the world by proved reserves of oil
- > **2nd** largest private oil & gas company in the world by proved hydrocarbon reserves

- > **4th** largest private oil & gas company in the world by oil production
- > **6th** largest private oil & gas company in the world by hydrocarbon production

LUKOIL does business in more than 30 countries worldwide. In particular, the Company:

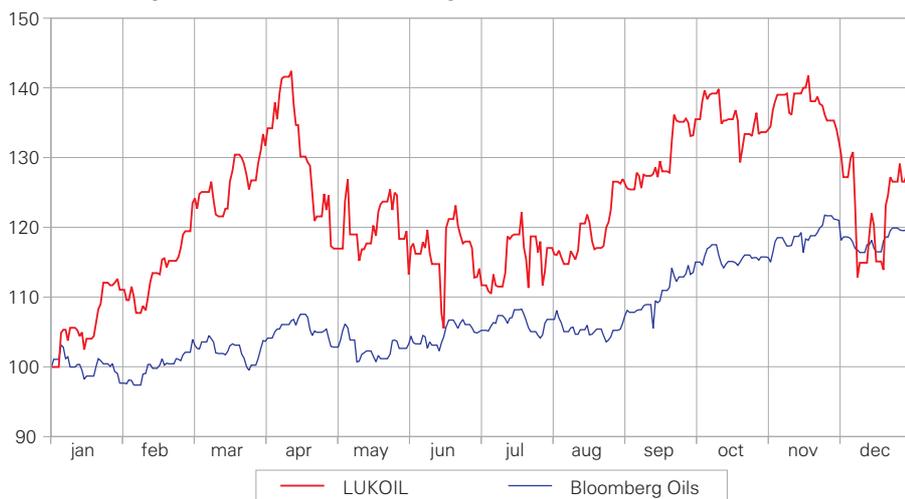
- > Carries out geological exploration work in **9** countries
- > Has proved oil reserves in **5** countries
- > Has proved gas reserves in **4** countries

- > Produces oil in **3** countries
- > Produces gas in **2** countries

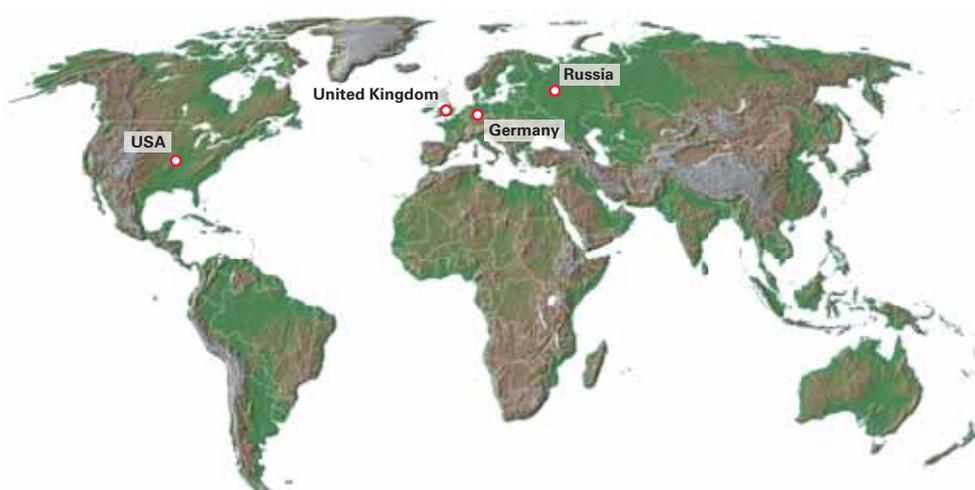
- > Has oil refineries in **4** countries
- > Has petrochemical plants in **3** countries
- > Markets petroleum products in **17** countries

- > **13th** among the 100 largest private and public oil companies in the world by net profit
- > **26th** among the 100 largest oil companies in the world by assets
- > **28th** among the 100 largest oil companies in the world by sales
- > **15th** among the 100 largest private oil companies in the world by capitalization
- > Company securities are traded in **4** countries on stock exchanges and the OTC market
- > Company securities are the **most liquid** corporate stocks from Eastern and Central Europe traded on the London Stock Exchange

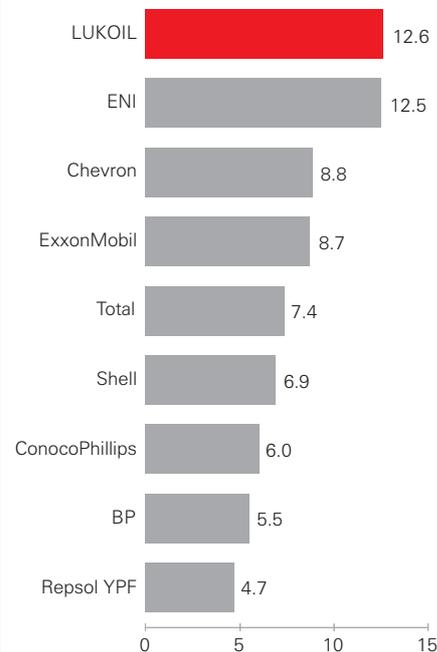
Performance of LUKOIL share price compared with the Bloomberg Oils Index of major international oil companies (2004), %



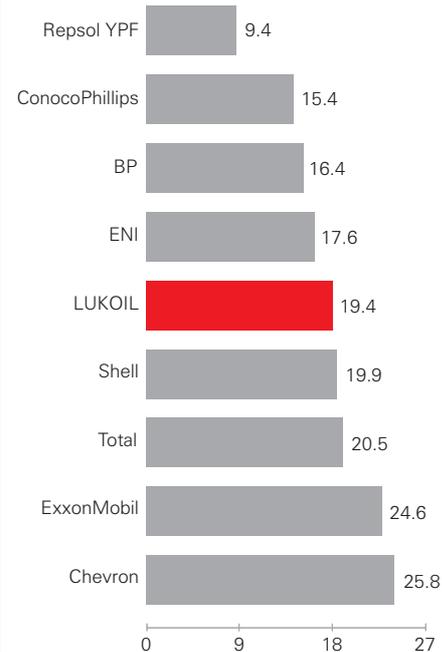
Countries where LUKOIL securities are traded



Net margin of major international private oil companies (2004), %



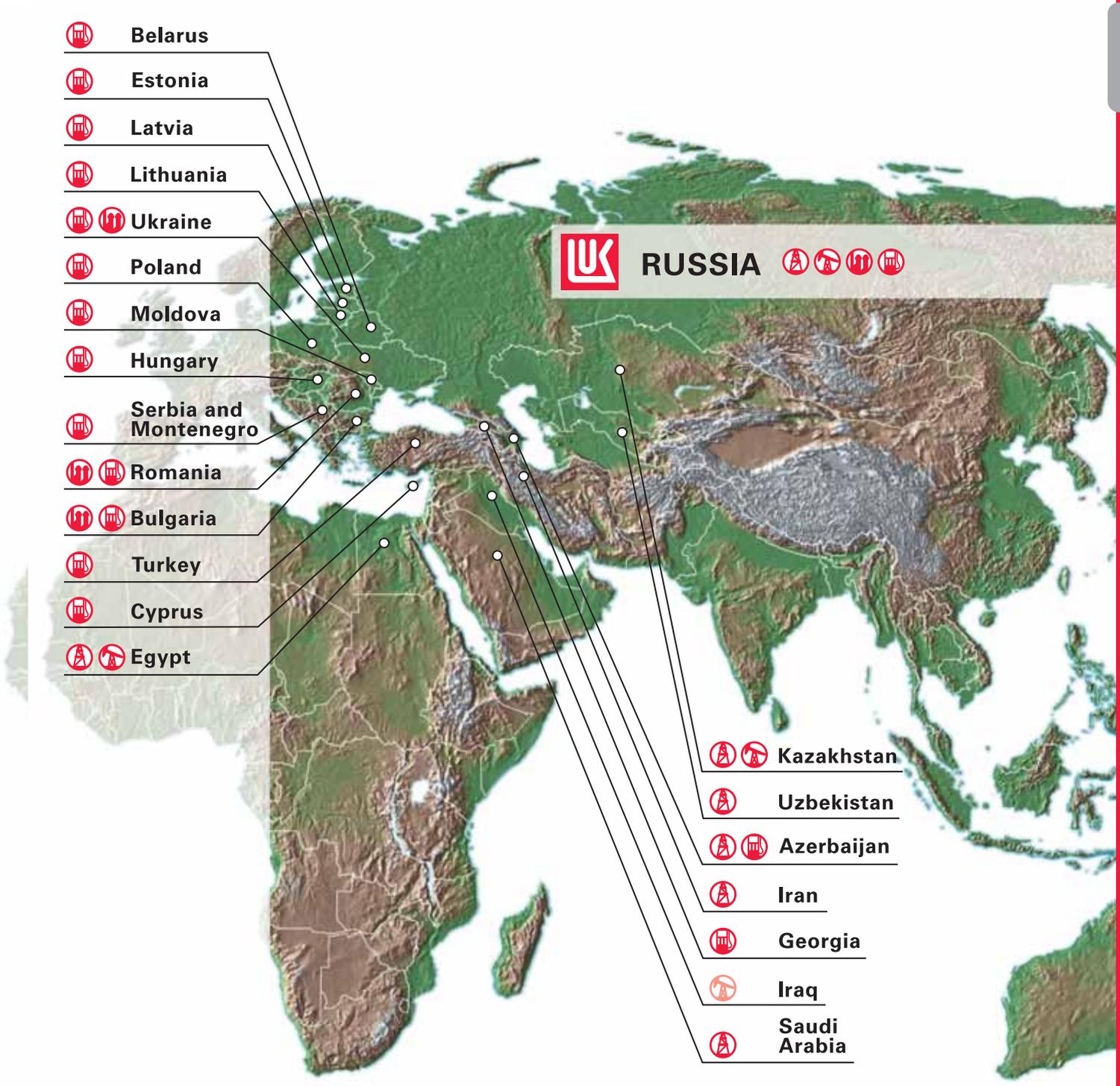
ROACE of major international private oil companies (2004), %



>>> LUKOIL ON THE WORLD MAP

LUKOIL IS ONE OF THE WORLD'S LARGEST VERTICALLY INTEGRATED OIL & GAS COMPANIES





HISTORY OF LUKOIL GROUP

1991

The state oil company LangepasUrayKogalymneft is set up by decree of the USSR Council of Ministers. The new Company unites three oil producing enterprises (Langepasneftegaz, Urayneftegaz, Kogalymneftegaz) and three oil refineries (Perm, Volgograd and Novoufimsk).

1993

LUKOIL is created as a public joint-stock company by decree of the Russian Government. Its share capital consists of controlling stakes in production, refining and marketing enterprises. The Company's privatization plan is approved and a first issue of LUKOIL shares is registered.

1994

The first stage of privatization is completed, and trading of the Company's shares on the secondary market begins. The Company enters the Azeri – Chirag – Guneshli project in Azerbaijan.

1995

A Russian Government decree transfers controlling stakes in 9 production, marketing and service companies in Western Siberia, the Volga Region and the Urals to LUKOIL. LUKOIL Group shifts to a single share. Atlantic Richfield of the USA becomes a major shareholder and strategic partner of LUKOIL. The Company enters international projects: Kumkol in Kazakhstan and Meleiha in Egypt.

1996

ADRs based on LUKOIL shares are placed on the international market. The Company enters the Shakh Deniz project in Azerbaijan.

1997

The Company enters the Karachaganak and Tengiz projects in Kazakhstan and the West Qurnah-2 project in Iraq. Consolidation of main subsidiaries of LUKOIL is completed via exchange of their shares for shares of the Company.

1998

The Company acquires the Romanian oil refinery Petrotel

and public joint-stock company Stavrolen in Russia, and enters the D-222 project in Azerbaijan.

1999

The Company becomes the owner of public joint-stock company KomiTEK, the Odessa Refinery (Ukraine), Ukhta Refinery, limited liability company Saratovnefteorgsintez and the Burgas Refinery in Bulgaria.

2000

The Company buys Getty Petroleum Marketing Inc. of the USA, which owns about 1,300 filling stations in the North-East USA. LUKOIL and company "Oriana" jointly found the petrochemicals enterprise, LUKOR, as a private joint-stock company. Public joint-stock company RITEK and limited liability company LUKOIL-Perm are consolidated.

2001

The Company buys the public joint-stock company Yamalneftegazdobycha, which has licenses to use sub-soil resources in the Bolshekhetskaya Depression. The Company becomes the owner of Nizhny Novgorod Refinery. LUKOIL also acquires the public joint-stock company Arkhangelskgeoldobycha and several small companies (limited liability company Kharyaganeft, public joint-stock company Bitran, private joint-stock company Baitek-Silur, and limited liability company AmKomi), which have licenses for development of fields in Timan-Pechora. Preferred shares are converted to common shares at a conversion rate of 1:1. The Company enters the WEEM project in Egypt.

2002

The Company begins a restructuring program, targeted at efficiency improvements and increase of shareholder value. LUKOIL becomes the first Russian company with a full secondary listing on the London Stock Exchange. Government stake in LUKOIL (5.9%) is placed on the London Stock Exchange. LUKOIL acquires the limited liability companies UralOil and KomiQuest. The Company enters the Condor project in Colombia.

2003

A purchase and sale agreement is signed with Rosneft for

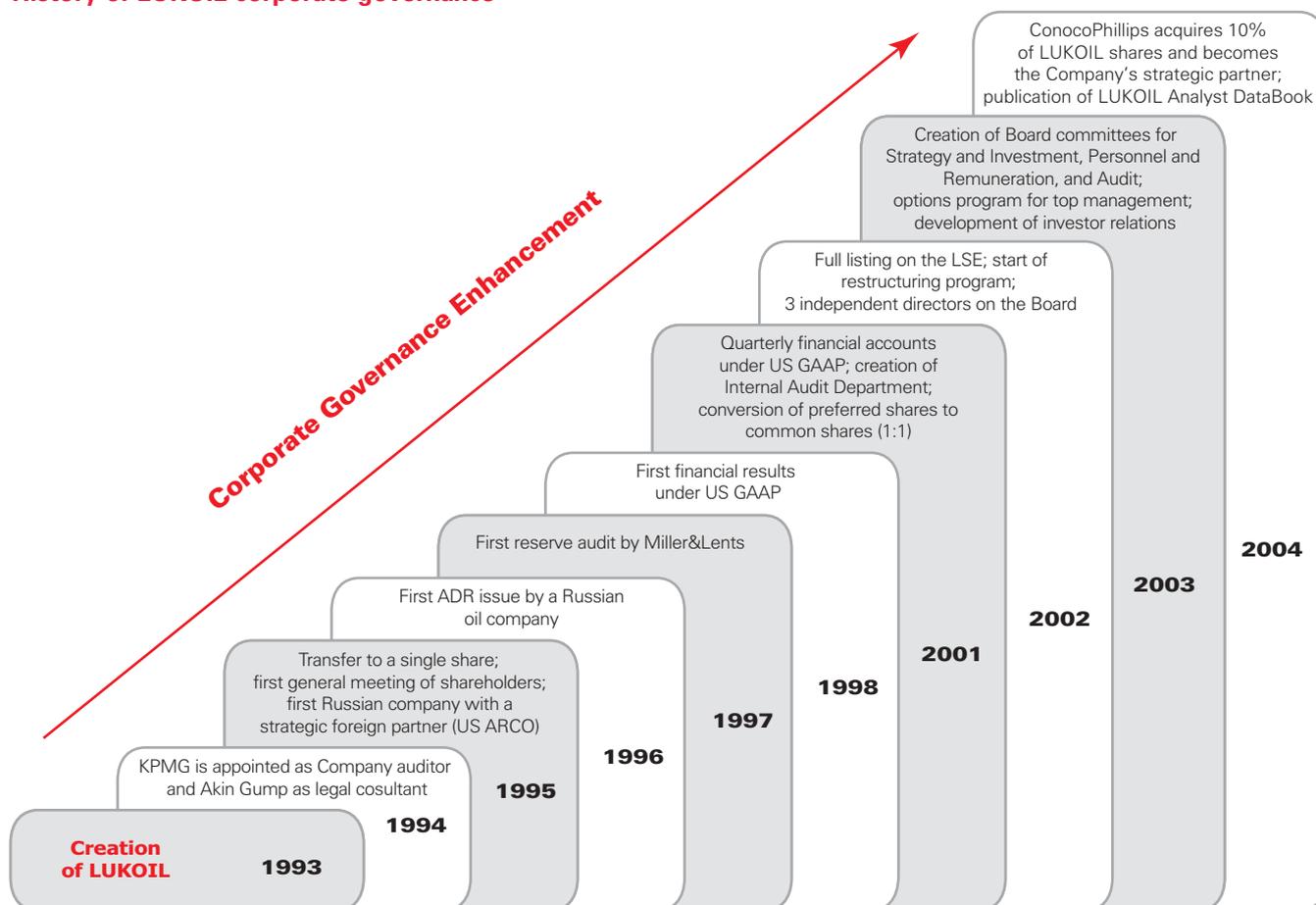
the assets of the following companies: public joint-stock company Arkhangelskgeoldobycha, private joint-stock company Rosshelf and limited liability company Polar Lights. LUKOIL completes consolidation of limited liability company LUKOIL-Perm, public joint-stock companies Komineft, Ukhtaneft, Tebukneft, and YaNTK, and private joint-stock companies LUKOIL-AIK and Investnafta. LUKOIL buys the private joint-stock company RKM-Oil. LUKOIL acquires 79.5% of shares in the Serbian company Beopetrol, which controls about 20% of the retail fuel market in Serbia. The Company's stake in the Azeri – Chirag – Guneshli project is sold. The Company enters the West and North-East Geisum projects in Egypt and the Anaran project in Iran.

2004

LUKOIL enters the Tyub-Karagan and Atashsky projects on the Caspian shelf (Kazakhstan), the Block A gas project in Saudi Arabia and the Kandym – Khauzak – Shady gas

project in Uzbekistan. LUKOIL increases its ownership of LUKAgip to 100% by acquisition of 50% previously owned by ENI Group. The Petrotel-LUKOIL refinery is relaunched following modernization. LUKOIL acquires 779 filling stations from ConocoPhillips in the US states of New Jersey and Pennsylvania. Production begins at the Kravtsovskoye field on the shelf of the Baltic Sea. A new transshipment complex is brought into operation at Vysotsk. LUKOIL sells 100% of public joint-stock company LUKOIL-Drilling. A decision is taken to sell controlling stakes in the public joint-stock company Petrocommerce Bank and in the private joint-stock companies LUKOIL-Neftegazstroi and Arcticneft. ConocoPhillips acquires 7.6% of LUKOIL common shares, which were previously owned by the Russian Federal Government, putting LUKOIL in 100% private ownership. LUKOIL and ConocoPhillips announce creation of a large-scale strategic alliance.

History of LUKOIL corporate governance



OPERATING STRUCTURE OF LUKOIL GROUP (2004)

Russia


Western Siberia LUKOIL-West Siberia	Timan-Pechora LUKOIL-Komi Naryanmarneftegaz LUKOIL-Sever
Volga Nizhnevolzhskneft	
Urals LUKOIL-Perm	Other RITEK Kaliningradmorneft



Volga Volgogradneftepererabotka Nizhegorodnefteorgsintez	Urals Permnefteorgsintez
Timan-Pechora Ukhtaneftepererabotka	Western Siberia Mini-refinery in Uray Mini-refinery in Kogalym



Volga Stavrolen	Volga Saratovorgsintez
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Volga Korobkovsky Plant	Timano-Pechora Usinsky Plant
Urals Permneftegazpererabotka	Western Siberia Lokosovsky Plant



Volganefteproduct Nizhnevolzhsknefteproduct Permnefteproduct Severo-Zapadnefteproduct Severnefteproduct	Srednevolzhsknefteproduct Uralnefteproduct Centrnefteproduct Chelyabnefteproduct Yugnefteproduct
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International

Kazakhstan
Karachaganak
Kumkol
Tengiz
Tyub-Karagan
Atashsky

Azerbaijan
Shakh Deniz
D-222 (Yalama)

Bulgaria
LUKOIL Neftokhim Burgas

Ukraine
Odessa Refinery

Bulgaria
LUKOIL Neftokhim Burgas

Uzbekistan
Kandym – Khauzak – Shady

Iran
Anaran

Iraq
West Qurnah-2

Saudi Arabia
Block A

Romania
Petrotel-LUKOIL

Ukraine
Karpatneftekhim

Egypt
Meleiha
WEEM
West Geisum
North-East Geisum

Colombia
Condor

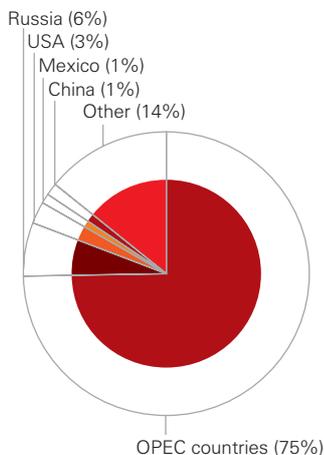
LUKOIL-Azerbaijan
LUKOIL-Baltic
LUKOIL-Serbia
LUKOIL-Belarus
LUKOIL-Bulgaria

LUKOIL-Hungary
LUKOIL-Georgia
LUKOIL-Romania
LUKOIL-Cyprus
LUKOIL-Moldova

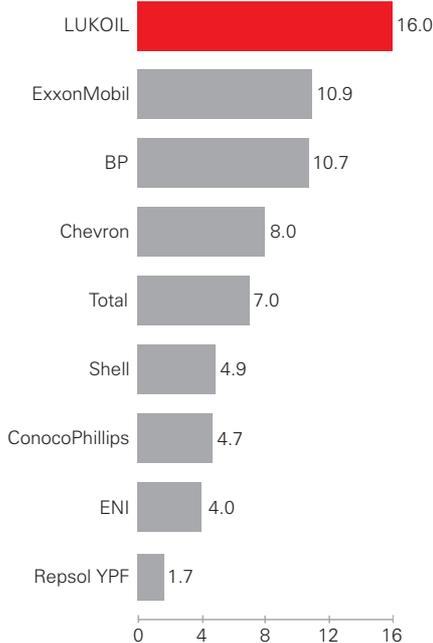
LUKOIL-Poland
LUKOIL-Turkey
LUKOIL-Ukraine
LUKOIL-USA
LITASCO

OIL RESERVES

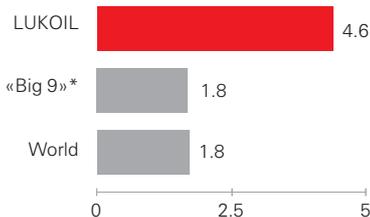
Regional distribution of global oil reserves (31.12.2004)



Proved oil reserves of major international private oil companies (31.12.2004), bln barrels



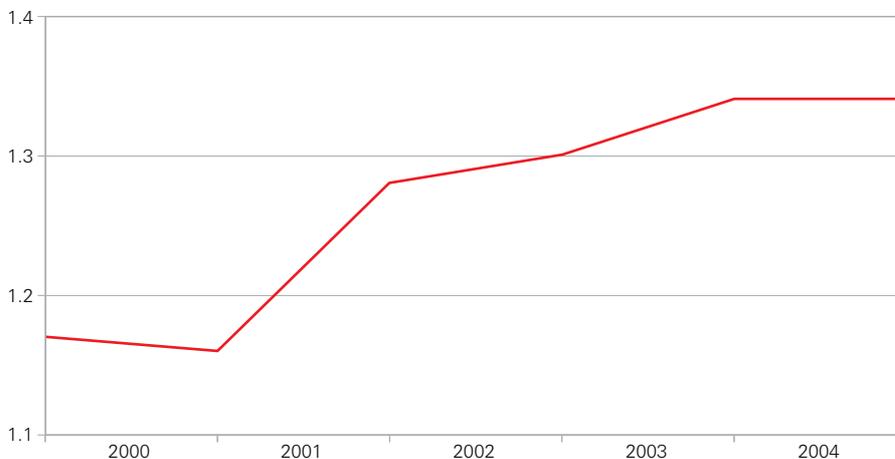
Annual average pace of growth of proved oil reserves (2000–2004), %



* 9 major international private oil companies.

- LUKOIL carries out geological exploration work in **9** countries
- LUKOIL has proved oil reserves in **5** countries
- LUKOIL had **15.97** bln barrels of proved oil reserves at the end of 2004
- LUKOIL's share of total world oil reserves was **1.3%** at the end of 2004
- Proved oil reserves of LUKOIL Group have grown by **25%** over the last 5 years

Share of LUKOIL Group in total world oil reserves, %



- LUKOIL is in the **first** place among major international private oil & gas companies by oil reserves
- LUKOIL has one of **the highest** average annual growth rates of proved oil reserves among international oil & gas companies

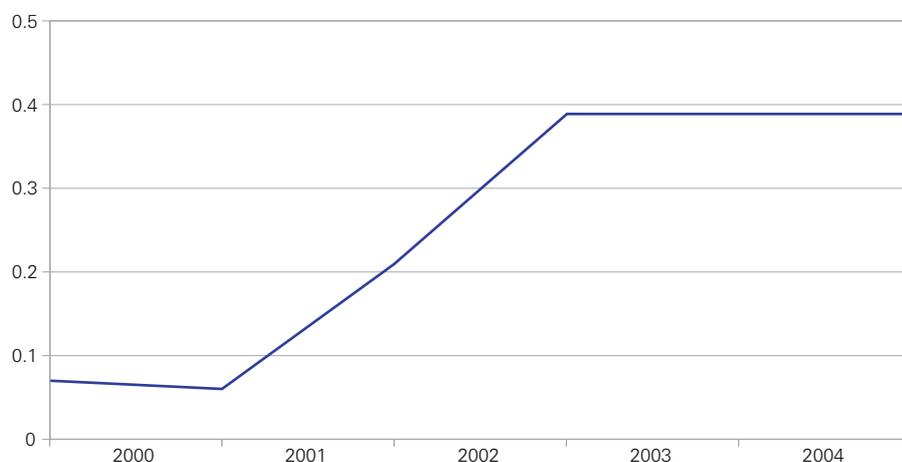
Countries where LUKOIL has oil reserves



»»» GAS RESERVES

- LUKOIL carries out geological exploration work in **9** countries
- LUKOIL has proved gas reserves in **4** countries
- Proved gas reserves of LUKOIL Group at the end of 2004 were **24.6 tcf**
- LUKOIL Group had **0.4%** of world gas reserves at the end of 2004
- Proved gas reserves of LUKOIL Group have grown by **6.3** times over the last 5 years

Share of LUKOIL Group in total world gas reserves, %

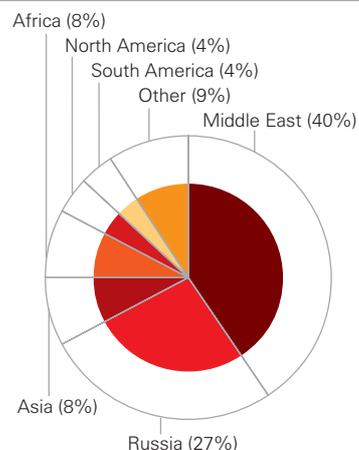


- LUKOIL has the **4th** largest reserves of gas among major international private oil & gas companies
- LUKOIL has one of the **highest** average annual rates of growth of proved gas reserves among international oil & gas companies

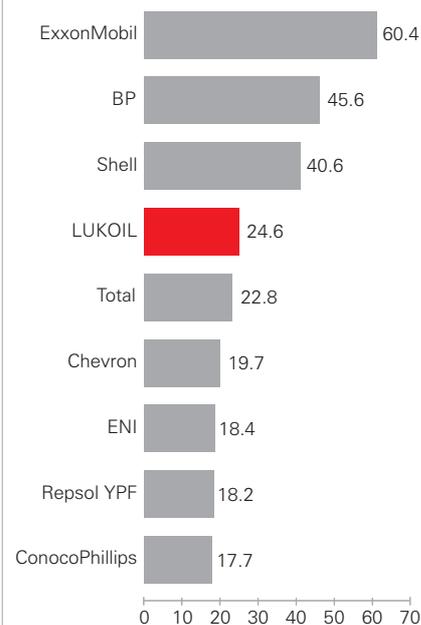
Countries where LUKOIL has gas reserves



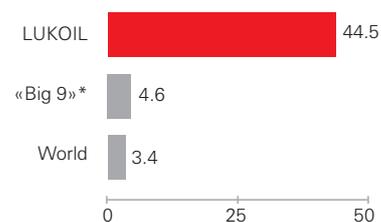
Regional distribution of global gas reserves (31.12.2004)



Proved gas reserves of major international private oil companies (31.12.2004), tcf



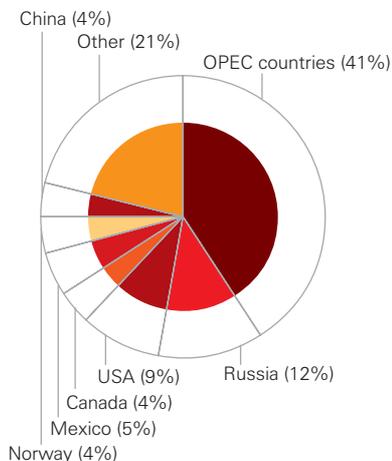
Average annual pace of growth of proved gas reserves (2000–2004), %



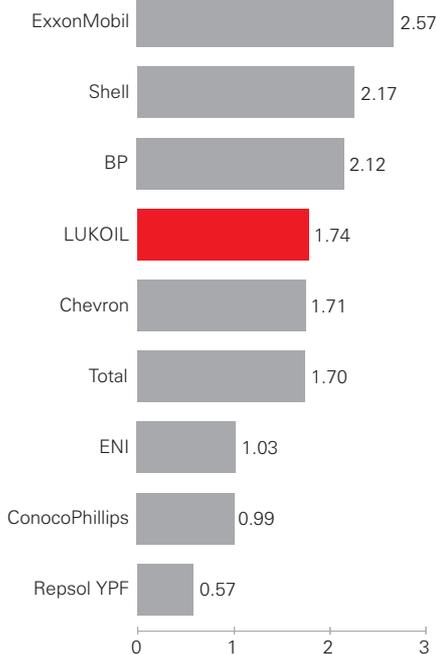
* 9 major international private oil companies.

Oil PRODUCTION

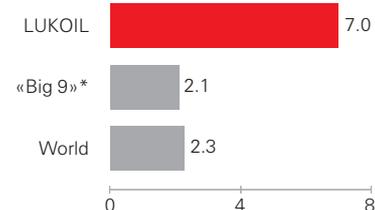
Regional distribution of global oil production (2004)



Oil production by major international private oil companies (2004), mln barrels per day



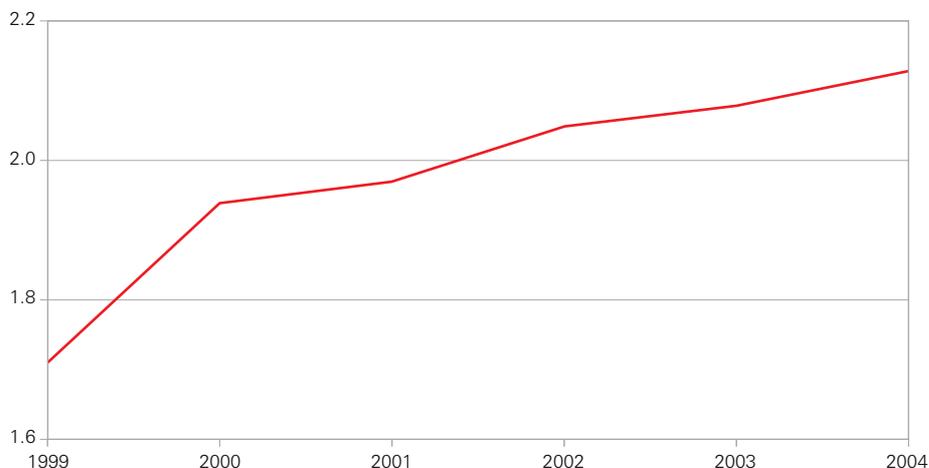
Average annual pace of growth of oil production (2000–2004), %



* 9 major international private oil companies.

- LUKOIL produces oil in **3** countries
- Oil production by LUKOIL Group in 2004 was **86.2** mln tons (**635** mln barrels)
- LUKOIL Group accounted for **2.1%** of world oil production in 2004
- LUKOIL Group has increased oil production by **40.2%** in the last 5 years

Share of LUKOIL Group in total world oil production, %



- LUKOIL is in the **4th** place by oil production among major international private oil & gas companies
- LUKOIL has one of **the highest** average annual rates of oil production growth

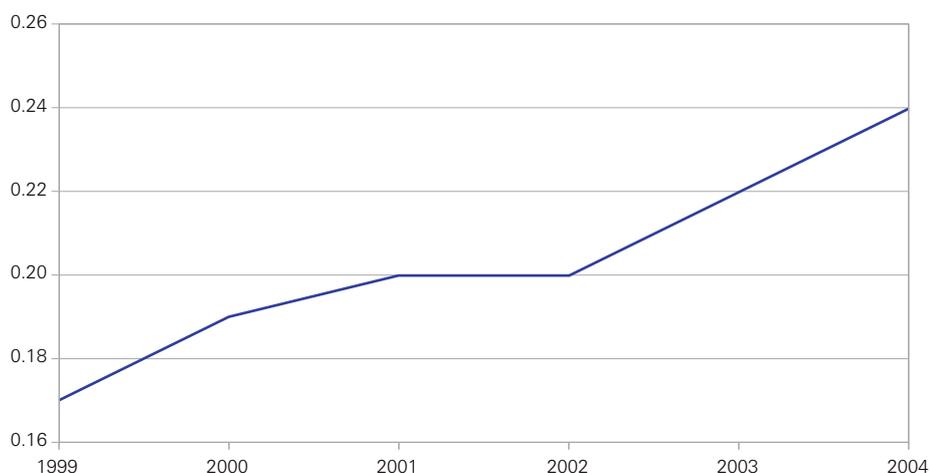
Countries where LUKOIL produces oil



»»» GAS PRODUCTION

- › LUKOIL produces gas in **2** countries
- › Gas production by LUKOIL Group in 2004 was **6.47 bcm (229 bcf)**
- › The share of LUKOIL Group in world gas production in 2004 was **0.24%**
- › LUKOIL Group increased gas production by more than **66.4%** in the last 5 years

Share of LUKOIL Group in total world gas production, %

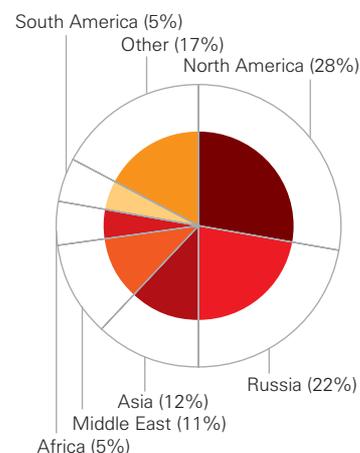


- › LUKOIL has lower levels of gas production than other major private international oil companies, but the Company is currently working hard to increase gas output
- › LUKOIL is **a leader** by rates of gas production growth

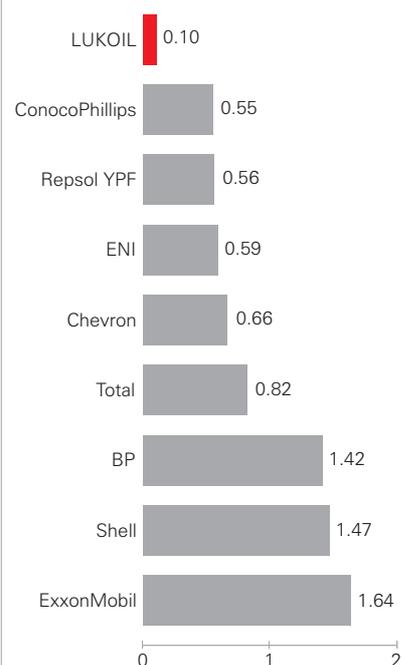
Countries where LUKOIL produces gas



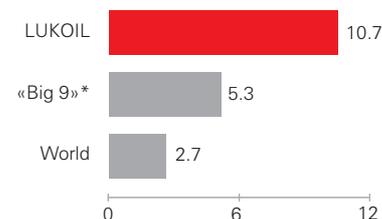
Regional distribution of global gas production (2004)



Gas production by major international private oil companies (2004), mln boe per day



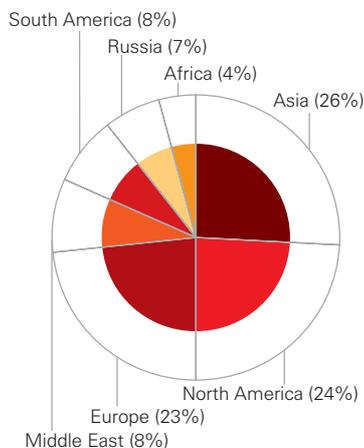
Average annual pace of growth of gas production (2000–2004), %



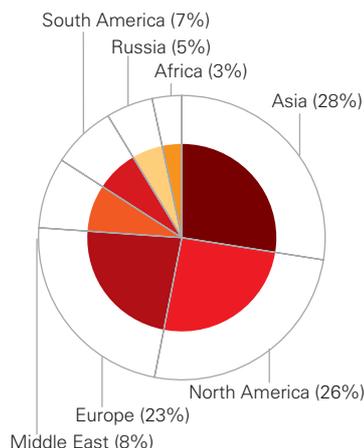
* 9 major international private oil companies.

Oil Refining

Regional distribution of global refining capacities (31.12.2004)

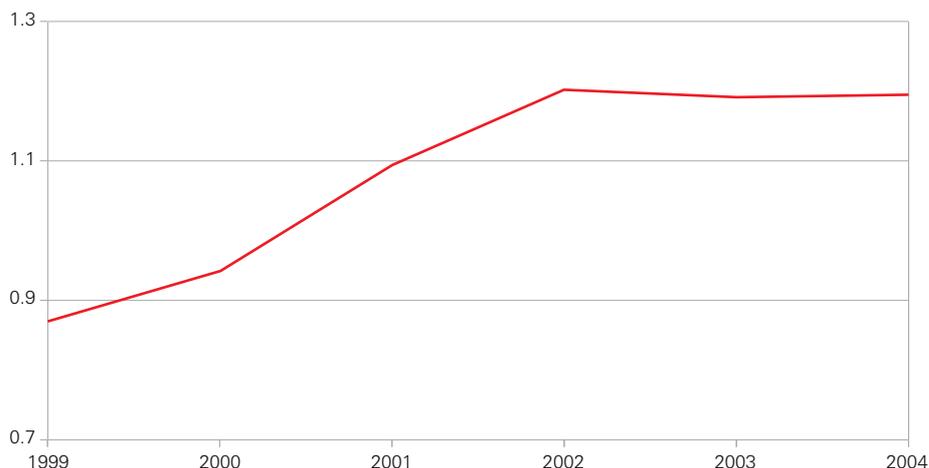


Regional distribution of global refinery throughputs (2004)



- LUKOIL has oil refineries in **4** countries
- Overall capacity of LUKOIL Group oil refineries at the end of 2004 was **58.5** mln tons per year (**429** mln barrels per year) or **1.4%** of global capacities
- Oil refineries of LUKOIL Group refined **44** mln tons (**323** mln barrels) of crude oil in 2004, representing **1.2%** of total world refining
- Refining at LUKOIL Group oil refineries rose by nearly **50%** from 2000 to 2004, and the Company's share in total world refining rose by nearly **1.4** times.

Share of LUKOIL in world oil refining, %



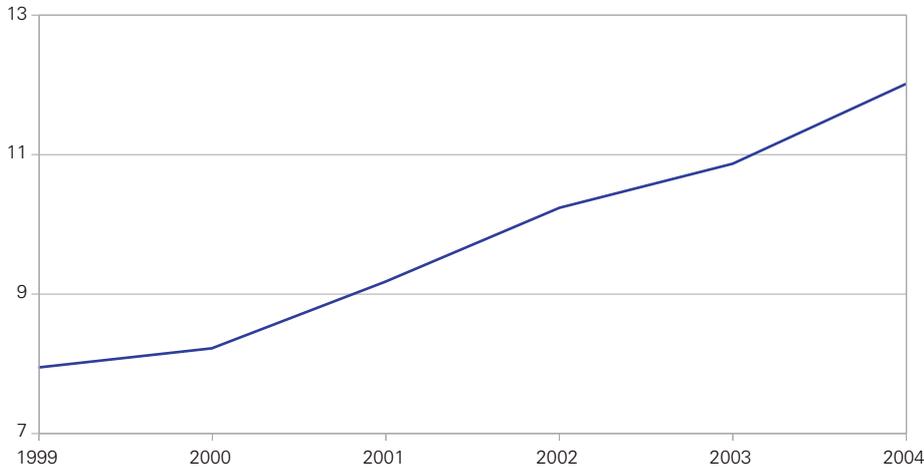
Oil refineries of LUKOIL Group



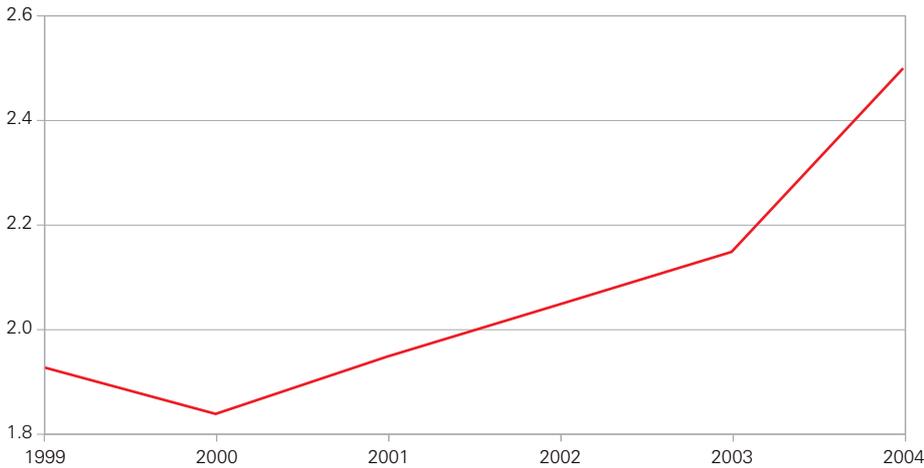
Oil Exports

Subsidiaries of LUKOIL Group exported from Russia **46.3** mln tons of crude oil in 2004, representing **2.5%** of total world exports

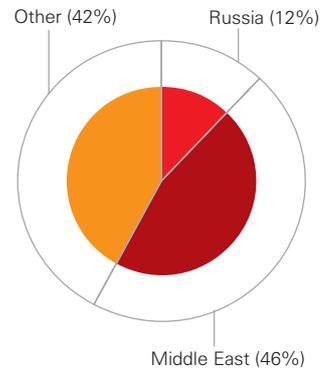
Share of Russia in world oil exports, %



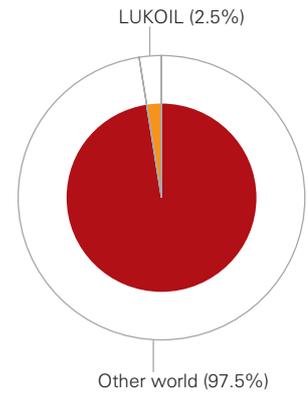
Share of LUKOIL Group in world oil exports, %



Sources of global oil exports (2004)



Share of LUKOIL Group in global oil exports (2004)

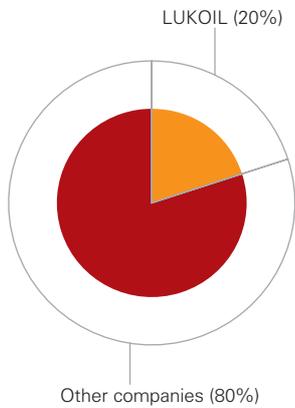


Main crude oil export routes of LUKOIL

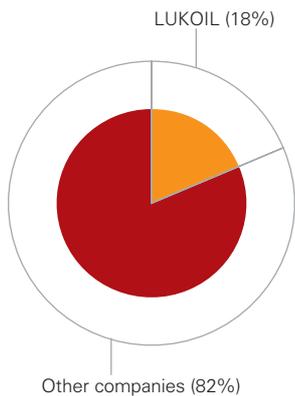


LUKOIL TODAY

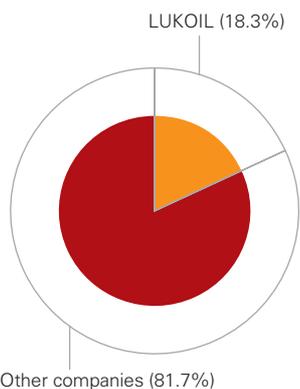
Share of LUKOIL Group in Russian oil reserves (31.12.2004)



Share of LUKOIL Group in Russian oil output (2004)



Share of LUKOIL Group in Russian refinery throughputs (2004)



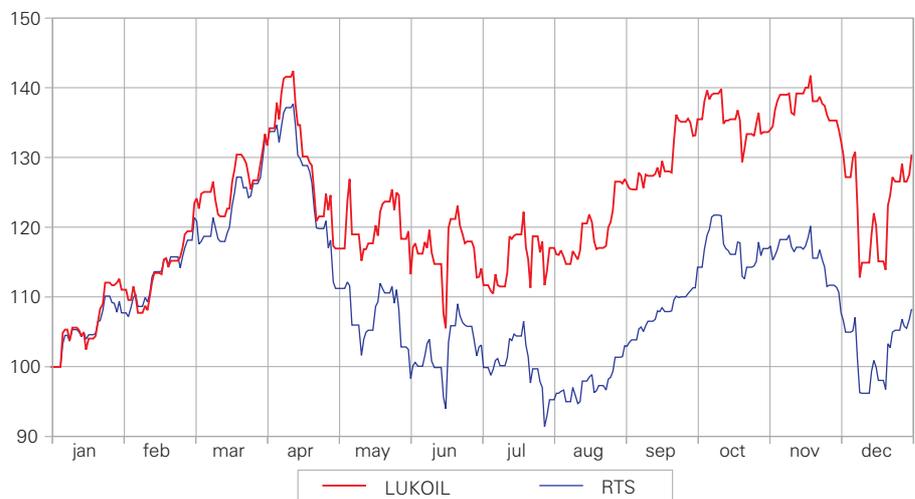
LUKOIL is

the biggest Russian business group with annual turnover in excess of \$30 bln. Most of the Company's activity is focused in 4 federal territories of the Russian Federation: the North-West, Volga, Ural and Southern territories. The Company's main resource base and oil production region is Western Siberia. The Company owns 4 oil refineries and 2 mini-refineries in Russia, as well as 4 gas processing plants. The Company's Russian assets also include 2 petrochemical plants. LUKOIL sells its petroleum products in 59 of Russia's administrative regions (so-called "subjects of the Federation").

LUKOIL today is:

- > **20%** of Russian oil reserves
- > **18%** of Russian oil production
- > **15.4%** of Russian oil refining capacity
- > **18.3%** of Russian refinery throughputs
- > **20.7%** of Russian oil exports
- > **17.4%** of Russian petroleum product exports

The LUKOIL share price and the RTS Index (2004), %

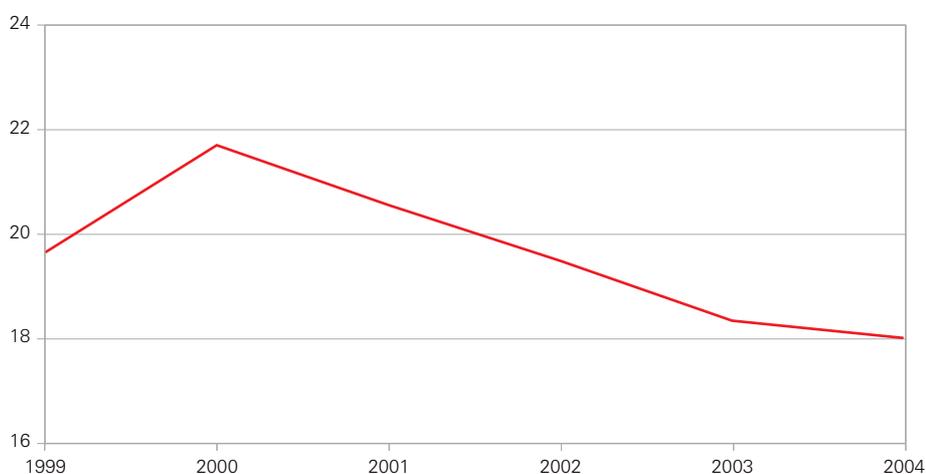


- > **The most** liquid share in the oil & gas sector and **the second most** liquid share overall on the RTS
- > **The leader** among Russian companies by informational openness and transparency, and **the first** Russian company to obtain full listing on the London Stock Exchange
- > **The only** private Russian oil company, whose share capital is dominated by minority shareholders

RESERVES AND PRODUCTION

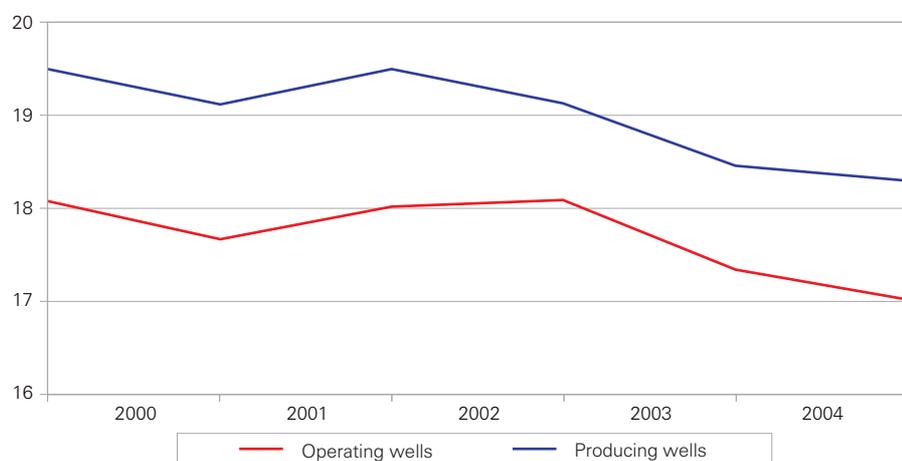
- Proved oil reserves of LUKOIL Group in Russia at the end of 2004 were **15.5** bln barrels, representing **20%** of total Russian reserves and **96.9%** of total Company reserves
- Proved gas reserves of LUKOIL Group in Russia at the end of 2004 were **21.4** tcf or **86.9%** of total Company gas reserves
- LUKOIL organizations produced **82.7** mln tons of oil in Russia in 2004, representing **18%** of total Russian production and **96%** of total production by the Company

Share of LUKOIL production in Russia in total Russian oil production, %

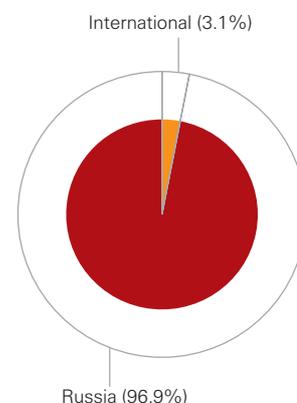


- LUKOIL produced **4.98** bcm of gas in Russia in 2003, representing **0.8%** of total Russian production and **77%** of total production by the Company
- The Company owns **17%** of the total Russian operating wellstock and **18.3%** of Russian producing wellstock

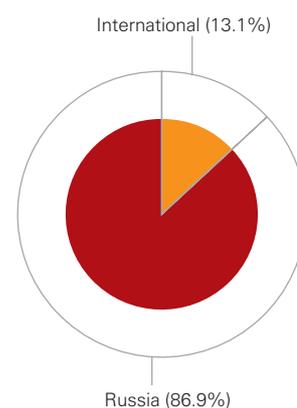
Share of oil wells of LUKOIL Group in total Russian wellstock, %



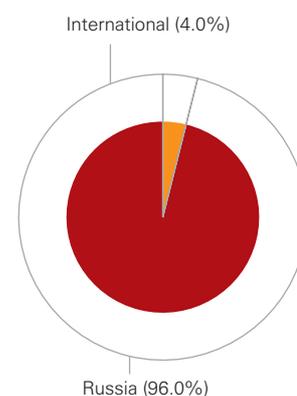
Regional distribution of proved oil reserves of LUKOIL Group (31.12.2004)



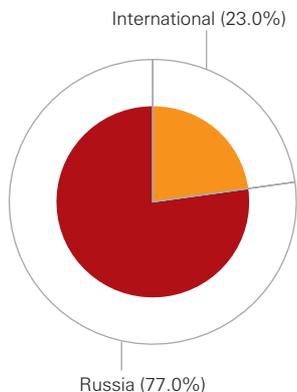
Regional distribution of proved gas reserves of LUKOIL Group (31.12.2004)



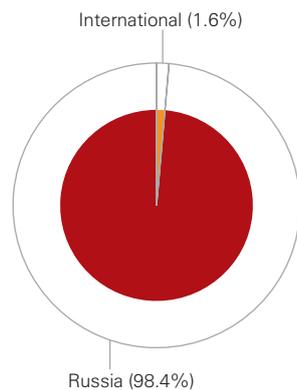
Regional distribution of oil production of LUKOIL Group (2004)



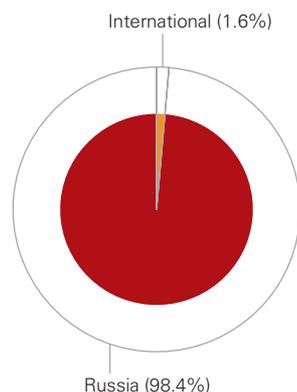
Regional distribution of gas production of LUKOIL Group (2004)



Regional distribution of operating oil wellstock of LUKOIL Group (31.12.2004)

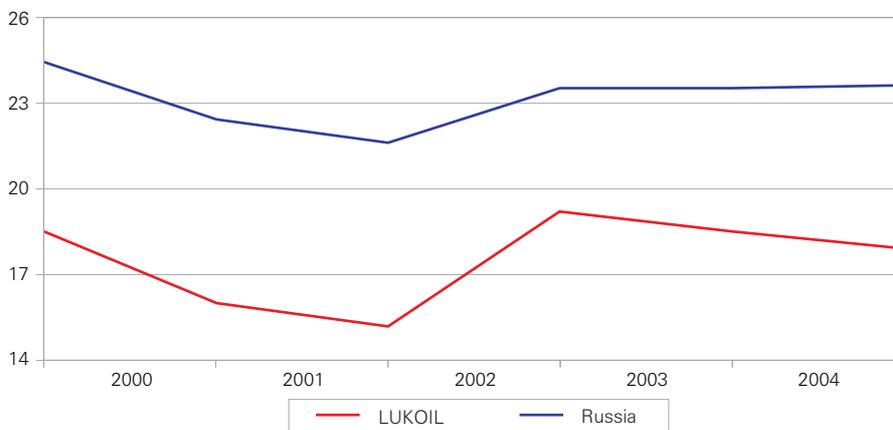


Regional distribution of producing oil wellstock (31.12.2004)



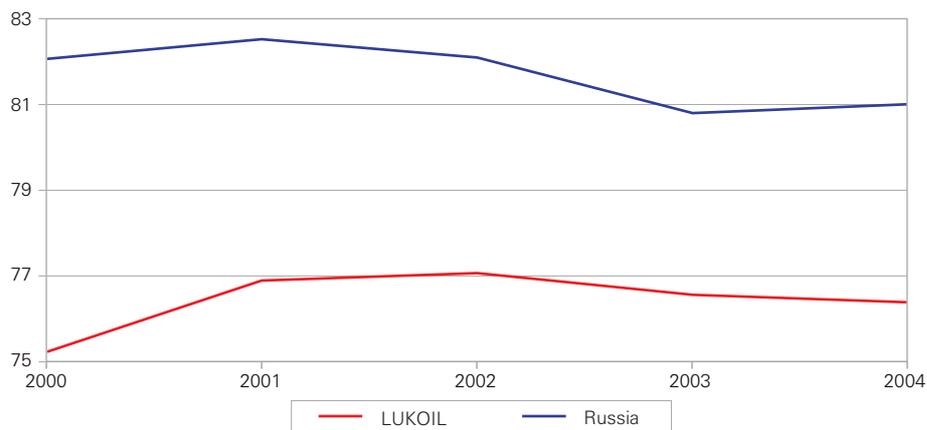
> The share of idle oil wells in total Company wellstock is lower than the Russian average

Share of idle oil wells, %



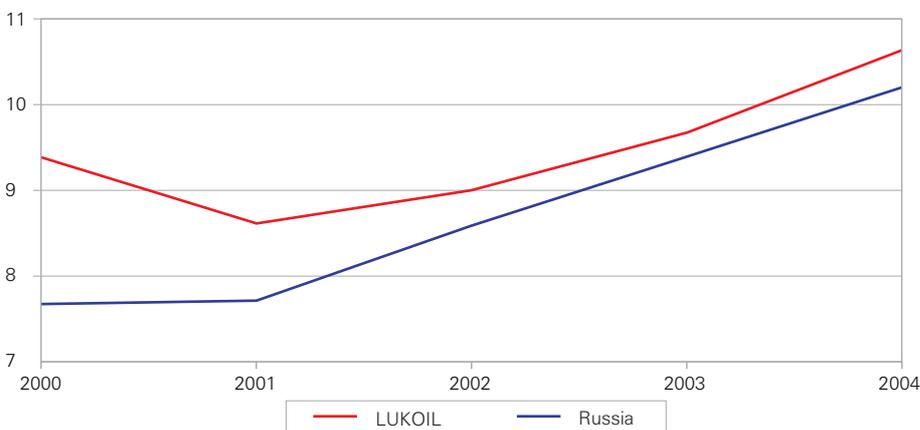
> The watercut at Company oil wells is lower than the Russian average

Watercut, %



> Flow rate of Company wells is higher than the Russian average

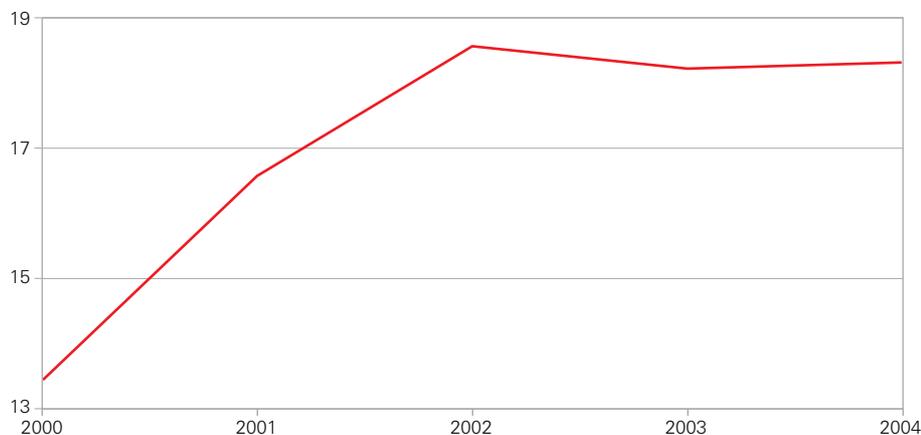
Average flow rate of oil wells, tons per day



Oil Refining

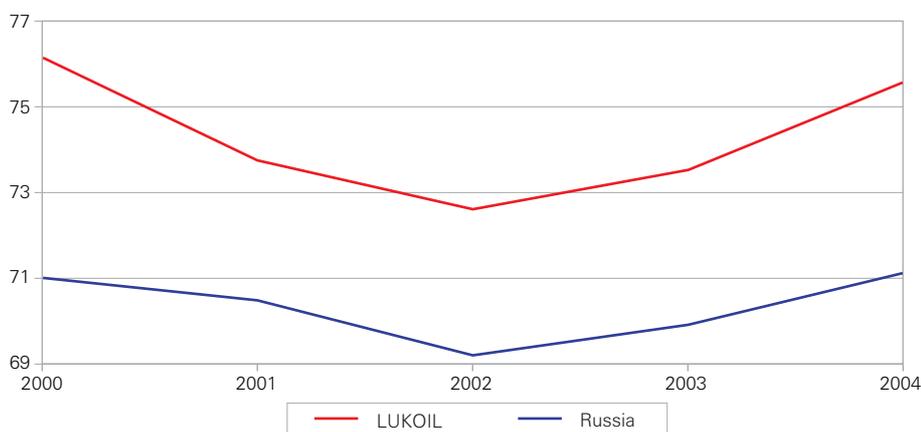
- > Overall capacity of Russian oil refineries of LUKOIL Group at the end of 2004 was:
 - > **15.4%** of total Russian capacities
 - > **41.8** mln tons per year (**306** mln barrels per year)
- > The Company refined **35.55** mln tons of oil at its own Russian refineries in 2004, or **18.3%** of total Russian refining
- > The Company's share in total Russian refining rose by **1.4** times between 2000 and 2004

Share of Russian refineries of LUKOIL Group in total Russian refining, %

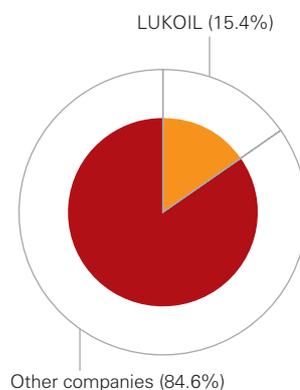


- > Capacity utilization rate at Russian refineries of LUKOIL Group in 2004 was **85.1%** compared with the Russian average of **71.5%**
- > Depth of refining at refineries of LUKOIL Group is higher than the Russian average

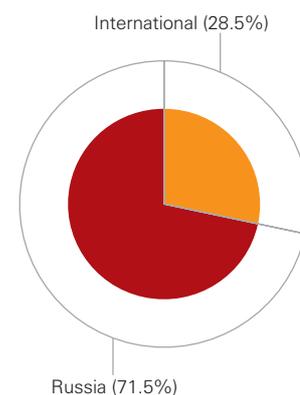
Depth of refining, %



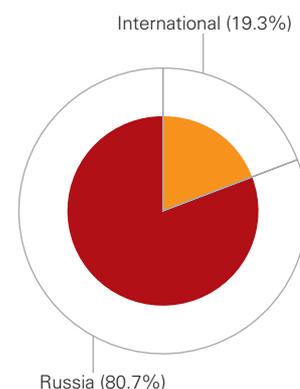
Share of LUKOIL Group in Russian refining capacities (31.12.2004)



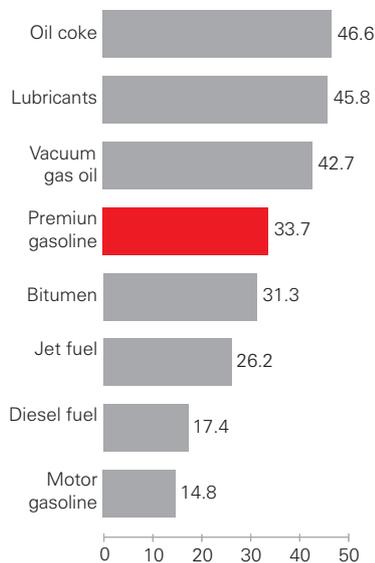
Regional distribution of refining capacities of LUKOIL Group (31.12.2004)



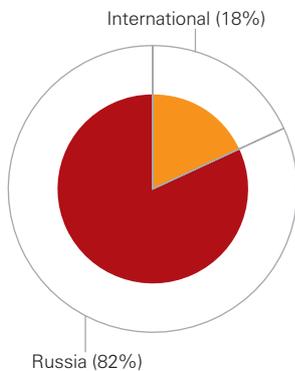
Regional distribution of refinery throughputs of LUKOIL Group (2004)



Share of Russian refineries of LUKOIL Group in overall Russian output of main petroleum products (2004), %



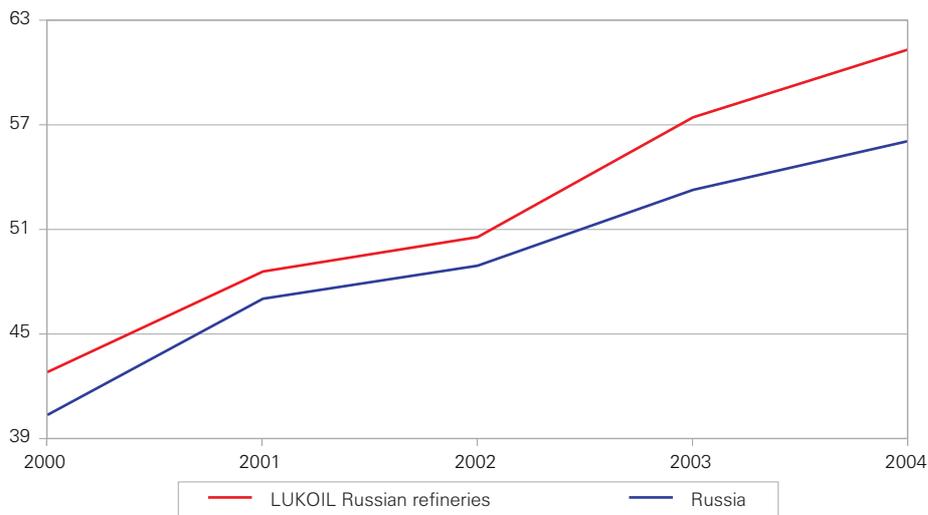
Regional distribution of petroleum product output of LUKOIL Group (2004)



In Russia LUKOIL is:

- > **1st** in production of premium gasoline
 - > **1st** in production of lubricants
 - > **1st** in production of jet fuel
 - > **1st** in production of coke
 - > **1st** in production of oil bitumens
 - > **1st** in production of vacuum gas oil
 - > **2nd** in production of diesel fuel
 - > **3rd** in production of motor gasoline
- > Share of high-octane gasoline in overall production of motor gasoline at the Company's refineries in Russia is higher than the Russian average

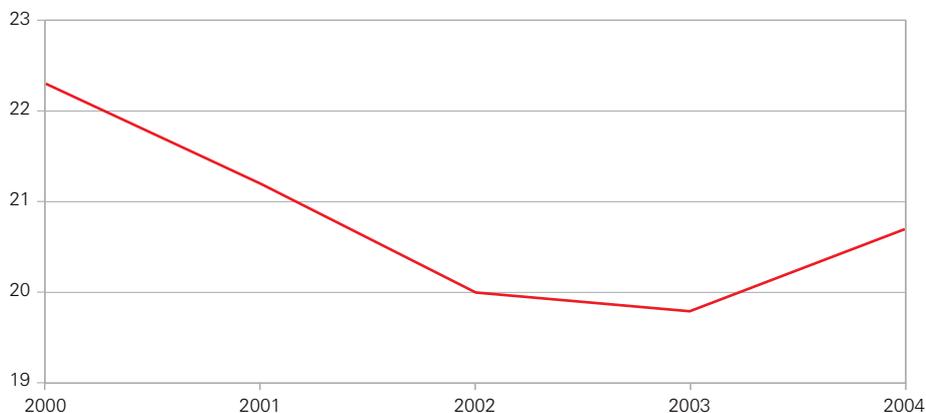
Share of high-octane gasoline in overall production of motor gasoline, %



EXPORT OF OIL AND PETROLEUM PRODUCTS

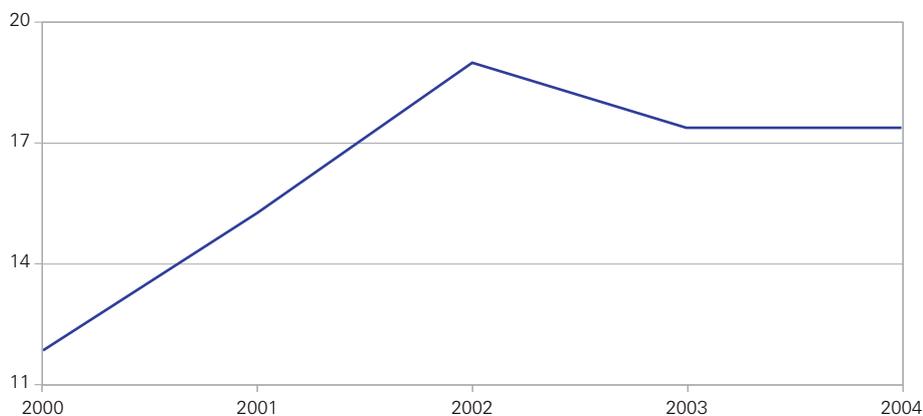
- Subsidiaries of LUKOIL Group exported **46.3** mln tons of crude oil in 2004, representing **20.7%** of total Russian crude oil exports

Share of LUKOIL Group in Russian oil exports, %

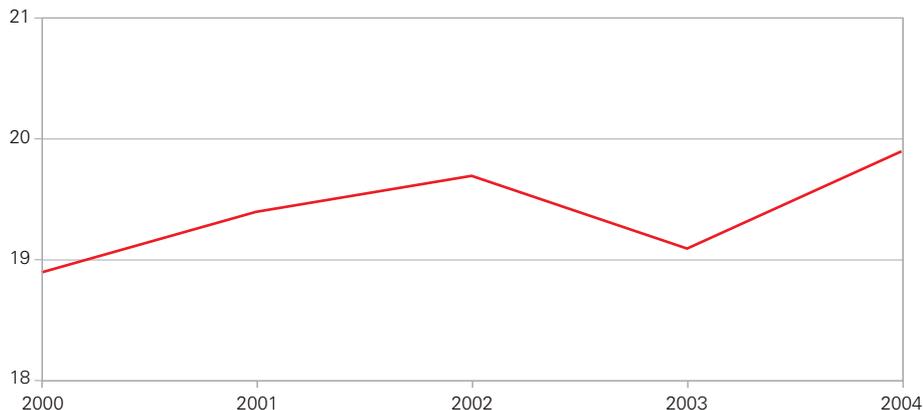


- LUKOIL exported **14.1** mln tons of petroleum products in 2004, or **17.4%** of total Russian petroleum product exports
- The share of LUKOIL Group in exports of Russian petroleum products grew by nearly **1.5** times in 2000–2004

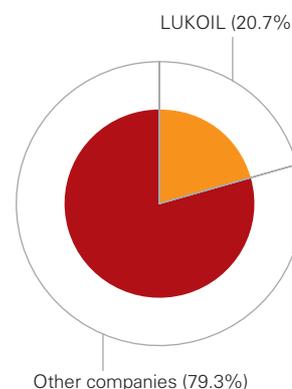
Share of LUKOIL Group in Russian petroleum product exports, %



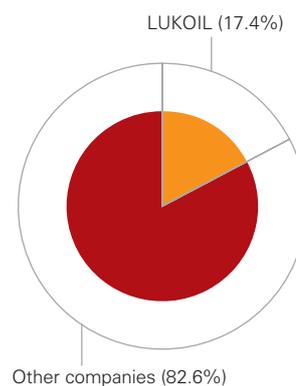
Share of LUKOIL Group in Russian exports of crude oil and petroleum products, %



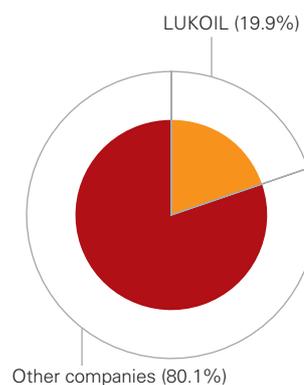
Share of LUKOIL Group in Russian oil exports (2004)



Share of LUKOIL Group in Russian exports of petroleum products (2004)

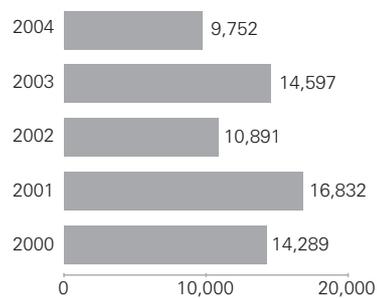


Share of LUKOIL Group in Russian exports of oil and petroleum products (2004)

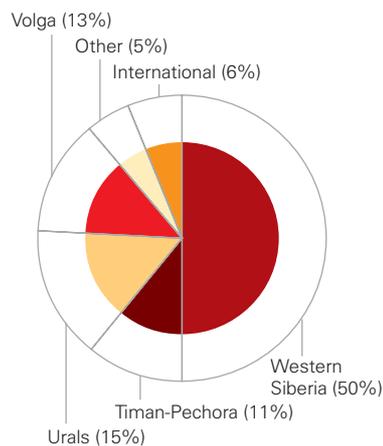


GEOLOGICAL EXPLORATION

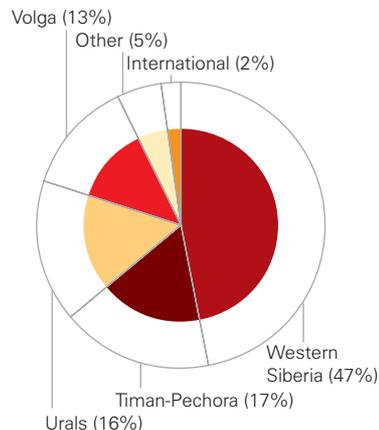
2D seismic prospecting, km



Regional distribution of exploration drilling (2000)



Regional distribution of exploration drilling (2001)

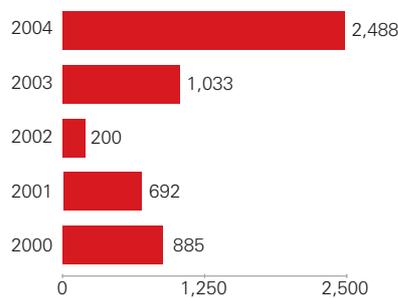
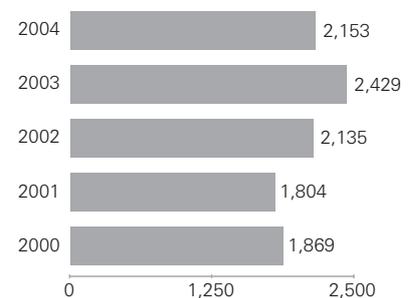


Geological exploration

	2000	2001	2002	2003	2004
2D seismic prospecting, km	14,289	16,832	10,891	14,597	9,752
3D seismic prospecting, km ²	1,869	1,804	2,135	2,429	2,153
VSP*, wells	100	176	59	46	45
Geoelectrics, km	885	692	200	1,033	2,488

*Vertical seismic profiling.

Geoelectrics, km


 3D seismic prospecting, km²


Drilling, th. meters

	2000	2001	2002	2003	2004
Exploration drilling	360	420	181	146	118
Production drilling	1,555	2,055	1,350	1,253	1,345
Total drilling	1,915	2,475	1,531	1,399	1,463

Exploration drilling by regions, th. meters

	2000	2001	2002	2003	2004
<i>Russia</i>	339	413	168	141	111
Western Siberia	181	199	60	66	44
Urals	54	65	10	8	11
Volga	47	56	39	21	17
including Caspian	5	7	7	2	0
Timan-Pechora	40	73	38	29	24
Yamal	0	0	4	1	4
Other	17	20	17	16	11
<i>International</i>	21	7	13	5	7
Total	360	420	181	146	118

Number and average depth of exploration wells drilled in Russia

	2000	2001	2002	2003	2004
Number of wells, wells	87	123	74	48	47
Average depth, meters	2,517	2,465	2,567	2,511	2,541

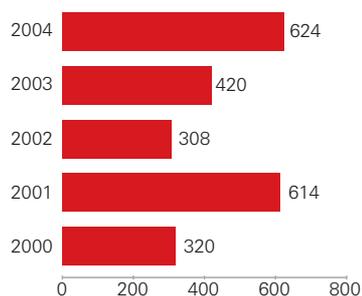
Number of newly discovered fields and strata at existing fields

	2000	2001	2002	2003	2004
Fields	11	17	16	15	13
Strata	23	18	15	14	10

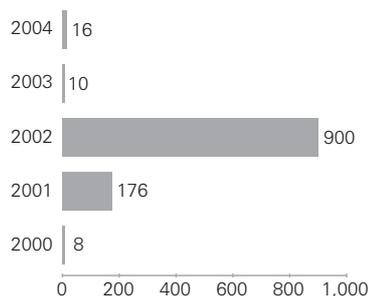
Reserve extensions and discoveries, mln boe

	2000	2001	2002	2003	2004
Oil	320	614	308	420	624
Gas	8	176	900	10	16
Hydrocarbons	328	790	1,208	430	640

Oil reserve extensions and discoveries, mln barrels



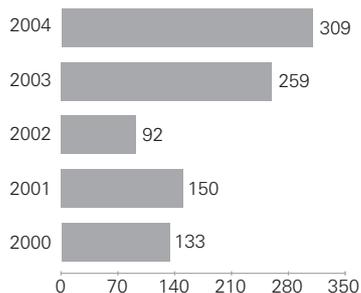
Gas reserve extensions and discoveries, mln boe



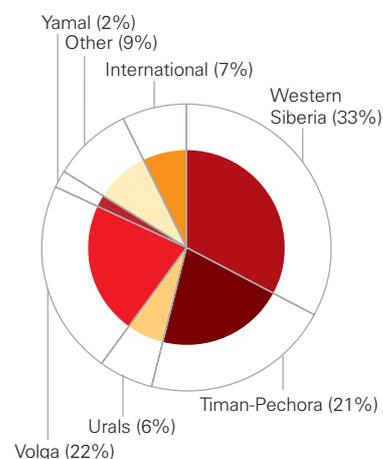
Exploration expenses, mln USD

	2000	2001	2002	2003	2004
Subsidiaries	130	144	89	256	306
Share in affiliates	3	6	3	3	3
Total expenses	133	150	92	259	309

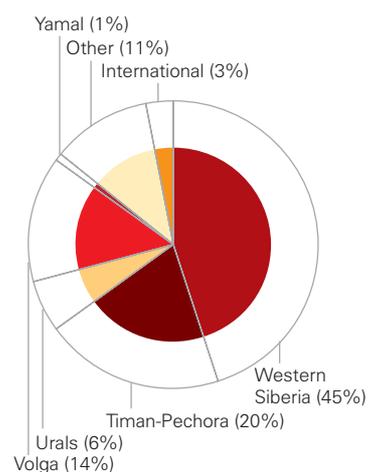
Exploration expenses, mln USD



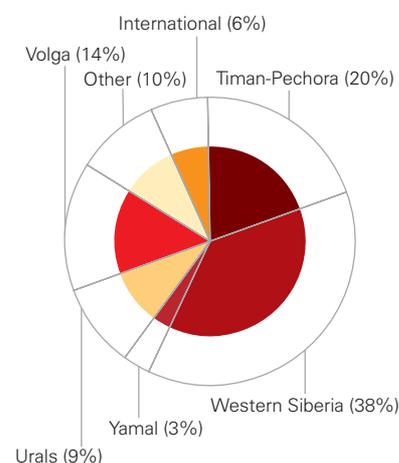
Regional distribution of exploration drilling (2002)



Regional distribution of exploration drilling (2003)



Regional distribution of exploration drilling (2004)



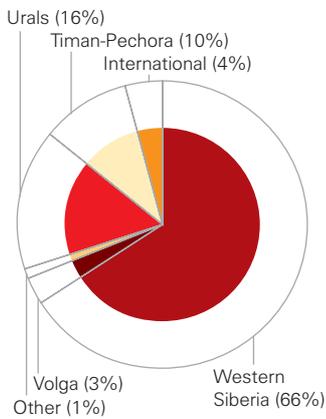
OIL RESERVES
Oil reserves of LUKOIL Group (end of year), mln barrels

	1999	2000	2001	2002	2003	2004
Proved	12,777	12,954	14,576	15,258	15,977	15,972
Probable	5,217	5,969	6,657	6,194	7,238	7,424
Possible	2,576	2,653	4,752	2,939	3,326	3,269
Total	20,570	21,576	25,985	24,391	26,541	26,665

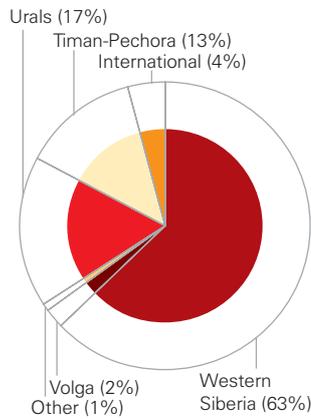
Proved oil reserves of LUKOIL Group (end of year), mln barrels

	1999	2000	2001	2002	2003	2004
<i>Russia</i>	12,229	12,423	14,029	14,733	15,506	15,485
Western Siberia	8,438	8,212	8,052	8,266	8,421	8,536
Urals	1,985	2,161	1,963	2,046	2,124	2,130
Volga	366	316	397	505	516	478
including Caspian	0	0	98	172	185	184
Timan-Pechora	1,340	1,644	3,291	3,478	3,953	3,892
Yamal	0	0	234	193	216	195
Other	100	90	92	245	276	254
<i>International</i>	548	531	547	525	471	487
Total	12,777	12,954	14,576	15,258	15,977	15,972

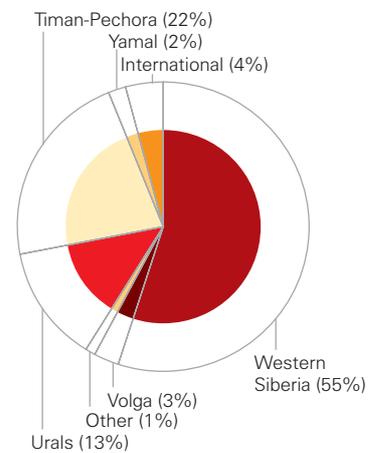
31 December, 1999



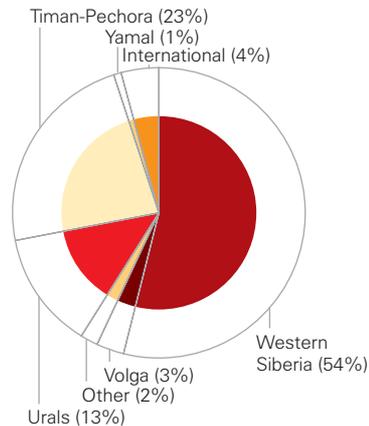
31 December, 2000



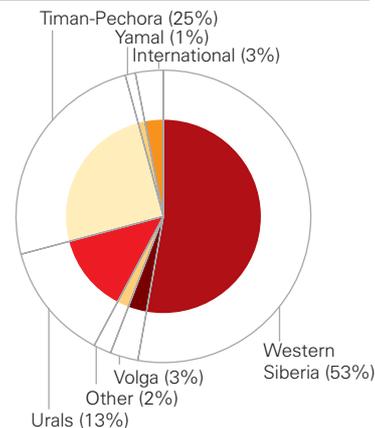
31 December, 2001



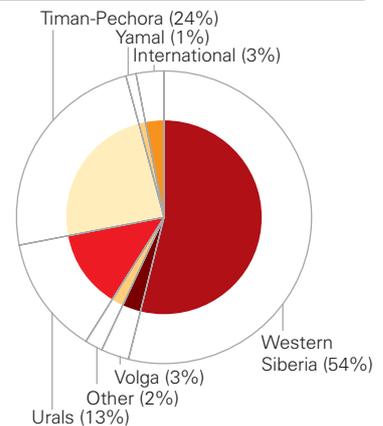
31 December, 2002



31 December, 2003

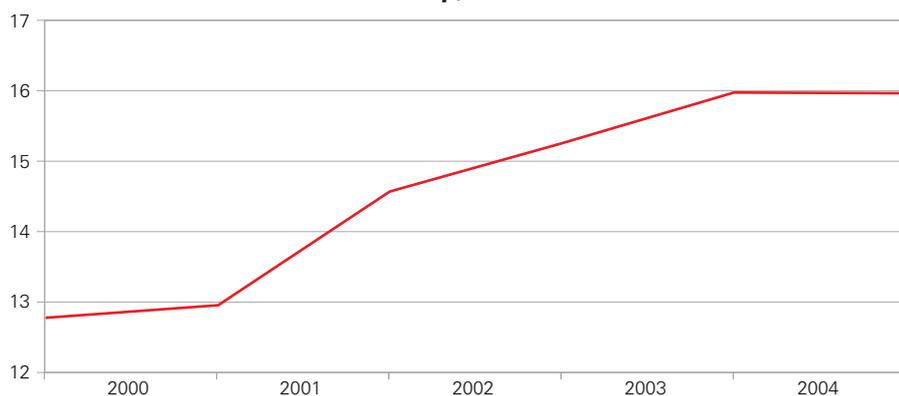


31 December, 2004

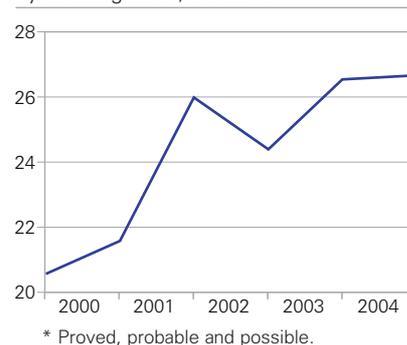


Factors of change in proved oil reserves, mln barrels

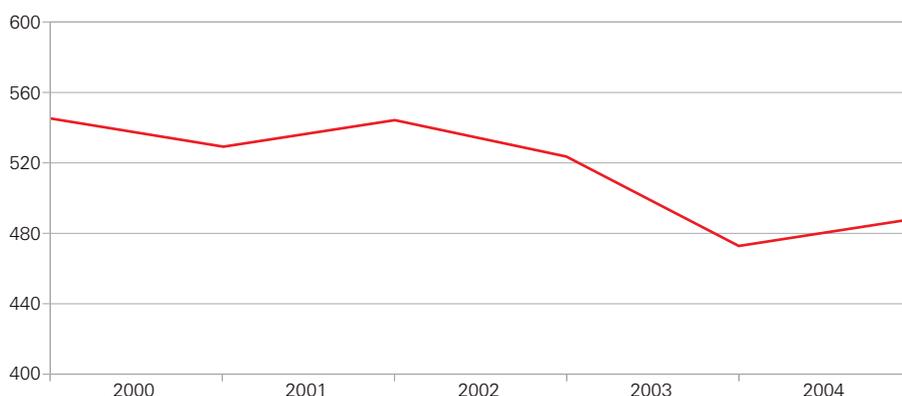
	2000	2001	2002	2003	2004
Reserves at start of year	12,777	12,954	14,576	15,258	15,977
Extensions and discoveries	320	614	308	420	624
Production	(533)	(542)	(564)	(592)	(635)
Acquisition and sale of reserves, revision of previous estimates	390	1,550	938	891	6
Reserves at end of year	12,954	14,576	15,258	15,977	15,972

Proved oil reserves of LUKOIL Group, bln barrels

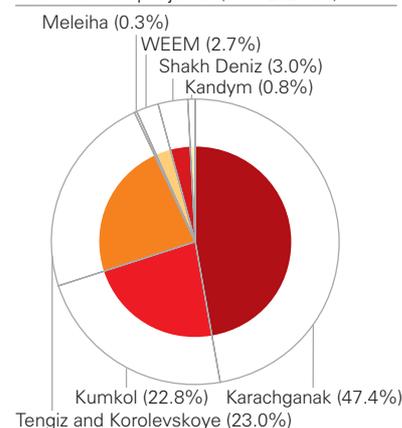
Total oil reserves of LUKOIL Group by all categories*, bln barrels

**Proved oil reserves in international projects (end of year), mln barrels**

	1999	2000	2001	2002	2003	2004
Azerbaijan						
Azeri – Chirag – Guneshli	127	102	120	78	–	–
Shakh Deniz	–	–	–	–	7	15
Kazakhstan						
Tengiz and Korolevskoye	75	73	98	95	106	112
Kumkol	100	91	85	96	107	111
Karachaganak	243	262	240	231	232	231
Egypt						
Meleiha	3	3	4	8	4	1
WEEM	–	–	–	17	15	13
Uzbekistan						
Kandym – Khauzak – Shady	–	–	–	–	–	4
Total	548	531	547	525	471	487

Proved oil reserves in international projects, mln barrels

Proved oil reserves in international projects (31.12.2004)



GAS RESERVES

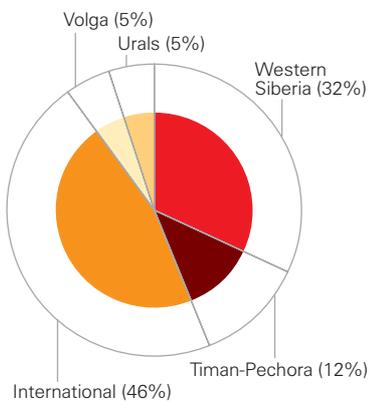
Gas reserves of LUKOIL Group (end of year), bcf

	1999	2000	2001	2002	2003	2004
Proved	3,907	3,625	13,216	24,164	24,473	24,598
Probable	1,264	1,099	3,524	8,960	14,616	15,537
Possible	1,384	453	4,093	2,493	3,548	5,103
Total	6,555	5,177	20,833	35,617	42,637	45,238

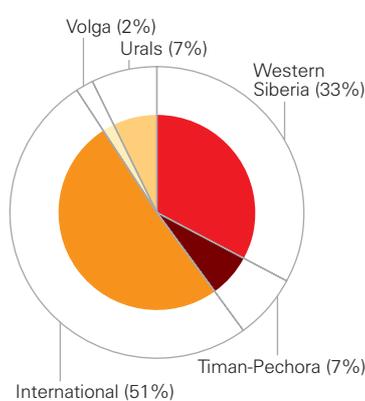
Proved gas reserves of LUKOIL Group (end of year), bcf

	1999	2000	2001	2002	2003	2004
<i>Russia</i>	2,124	1,759	11,392	22,432	22,167	21,382
Western Siberia	1,268	1,191	1,236	1,082	1,284	1,414
Urals	200	243	420	707	568	667
Volga	188	61	1,023	6,359	5,926	5,913
including Caspian	0	0	957	6,331	5,763	5,736
Timan-Pechora	467	263	488	460	577	463
Yamal	0	0	8,223	13,822	13,806	12,919
Other	1	1	2	2	6	6
<i>International</i>	1,783	1,866	1,824	1,732	2,306	3,216
Total	3,907	3,625	13,216	24,164	24,473	24,598

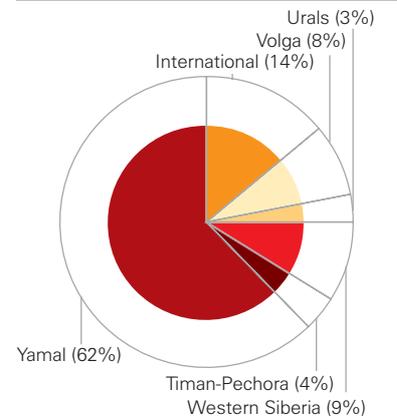
31 December, 1999



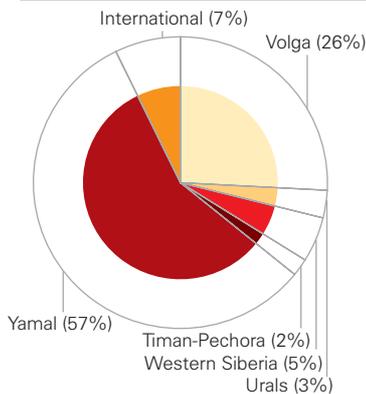
31 December, 2000



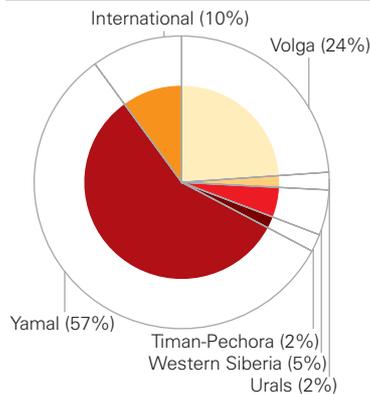
31 December, 2001



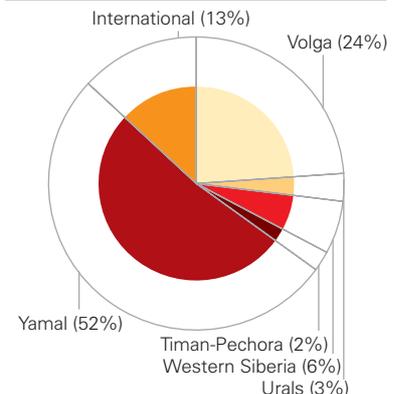
31 December, 2002



31 December, 2003

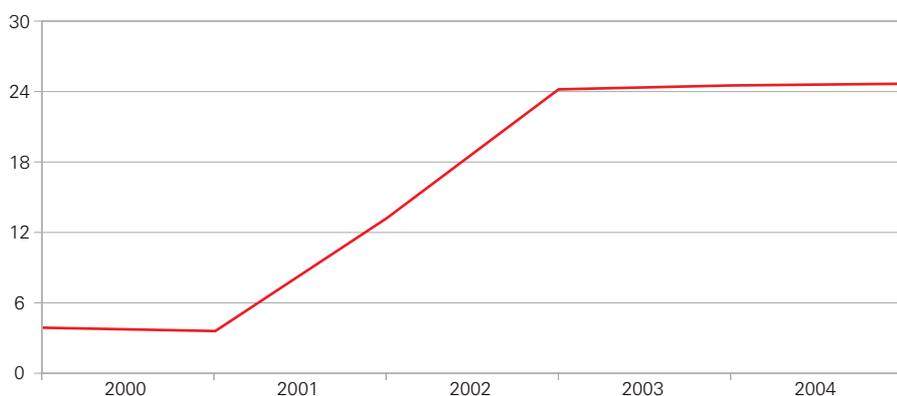


31 December, 2004

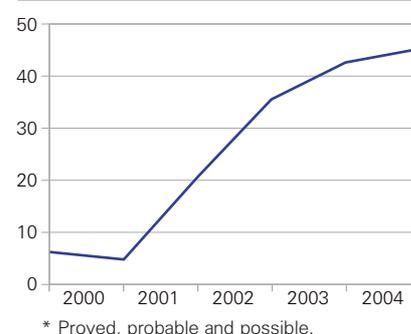


Factors of change in proved gas reserves, bcf

	2000	2001	2002	2003	2004
Reserves at start of year	3,907	3,625	13,216	24,164	24,473
Extensions and discoveries	47	1,053	5,401	57	95
Production	(164)	(174)	(176)	(200)	(229)
Acquisition and sale of reserves, revision of previous estimates	(165)	8,712	5,723	452	259
Reserves at end of year	3,625	13,216	24,164	24,473	24,598

Proved gas reserves of LUKOIL Group, tcf

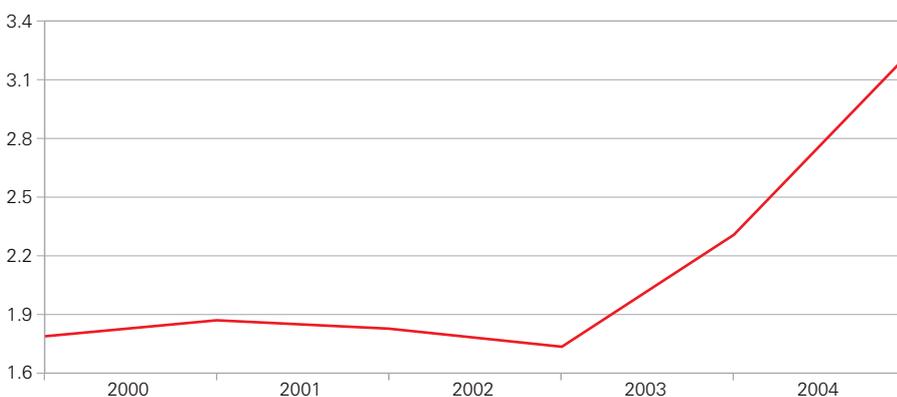
Total gas reserves of LUKOIL Group by all categories*, tcf



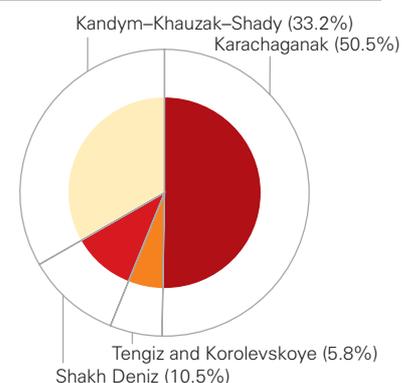
* Proved, probable and possible.

Proved gas reserves in international projects (end of year), bcf

	1999	2000	2001	2002	2003	2004
<i>Azerbaijan</i>						
Shakh Deniz	–	–	–	–	125	338
<i>Kazakhstan</i>						
Tengiz and Korolevskoye	106	103	155	150	151	188
Karachaganak	1,677	1,763	1,669	1,582	2,030	1,624
<i>Uzbekistan</i>						
Kandym – Khauzak – Shady	–	–	–	–	–	1,066
Total	1,783	1,866	1,824	1,732	2,306	3,216

Proved gas reserves in international projects, tcf

Proved gas reserves in international projects (31.12.2004)



HYDROCARBON RESERVES

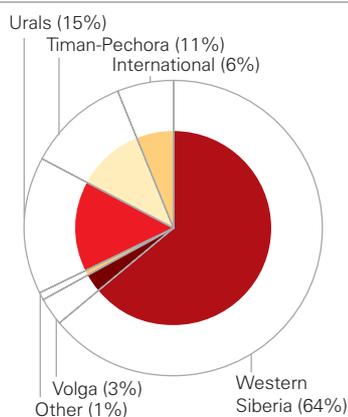
Hydrocarbon reserves of LUKOIL Group (end of year), mln boe

	1999	2000	2001	2002	2003	2004
Proved	13,428	13,558	16,779	19,285	20,056	20,072
Probable	5,428	6,152	7,244	7,687	9,674	10,014
Possible	2,807	2,729	5,434	3,355	3,917	4,119
Total	21,663	22,439	29,457	30,327	33,647	34,205

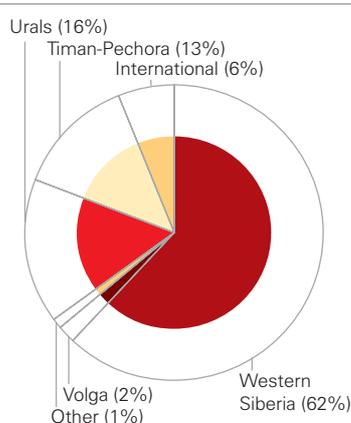
Proved hydrocarbon reserves of LUKOIL Group (end of year), mln boe

	1999	2000	2001	2002	2003	2004
<i>Russia</i>	12,583	12,716	15,928	18,471	19,201	19,049
Western Siberia	8,650	8,410	8,258	8,446	8,635	8,772
Urals	2,018	2,202	2,033	2,164	2,219	2,241
Volga	397	326	568	1,565	1,504	1,464
including Caspian	0	0	258	1,227	1,146	1,140
Timan-Pechora	1,418	1,688	3,372	3,554	4,049	3,969
Yamal	0	0	1,605	2,497	2,517	2,348
Other	100	90	92	245	277	255
<i>International</i>	845	842	851	814	855	1,023
Total	13,428	13,558	16,779	19,285	20,056	20,072

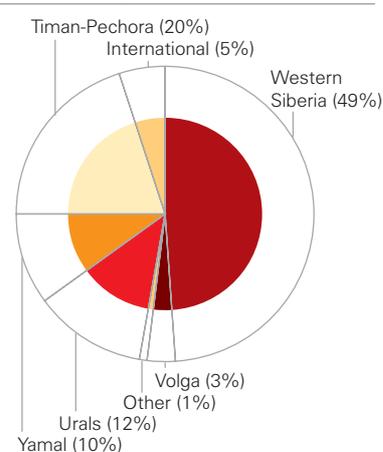
31 December, 1999



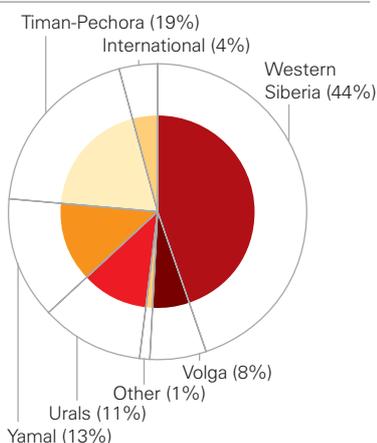
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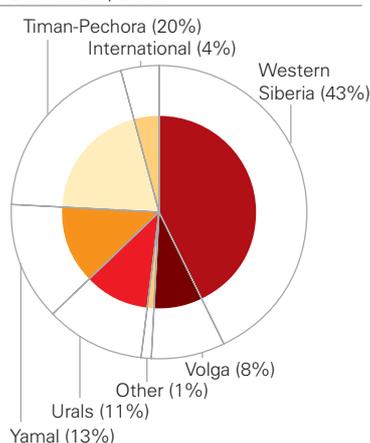
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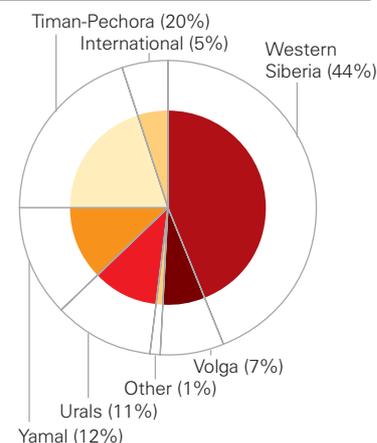
31 December, 2002



31 December, 2003

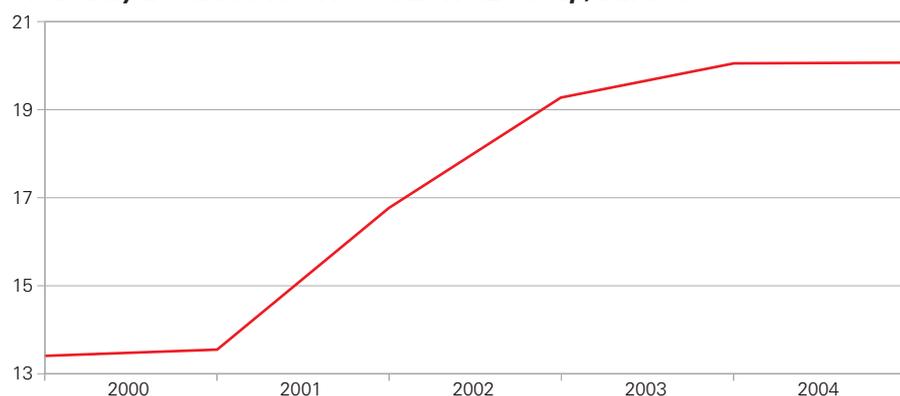


31 December, 2004

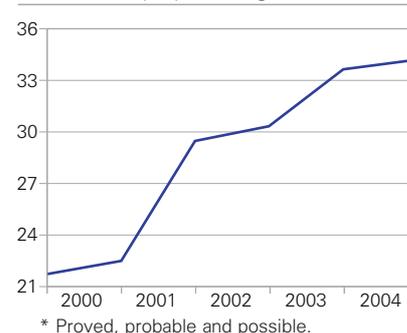


Factors of change in proved hydrocarbon reserves, mln boe

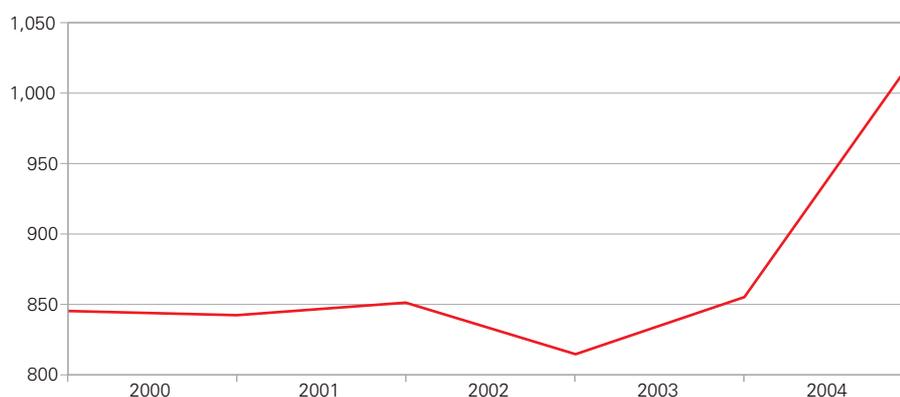
	2000	2001	2002	2003	2004
Reserves at start of year	13,428	13,558	16,779	19,285	20,056
Extensions and discoveries	328	790	1,208	430	640
Production	(560)	(571)	(593)	(625)	(673)
Acquisition and sale of reserves, revision of previous estimates	362	3,002	1,891	966	49
Reserves at end of year	13,558	16,779	19,285	20,056	20,072

Proved hydrocarbon reserves of LUKOIL Group, bln boe

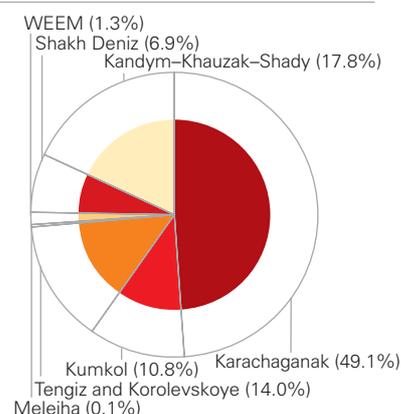
Total hydrocarbon reserves of LUKOIL Group by all categories*, bln boe

**Proved hydrocarbon reserves in international projects (end of year), mln boe**

	1999	2000	2001	2002	2003	2004
<i>Azerbaijan</i>						
Azeri – Chirag – Guneshli	127	102	120	78	–	–
Shakh Deniz	–	–	–	–	28	71
<i>Kazakhstan</i>						
Tengiz and Korolevskoye	93	90	124	120	131	143
Kumkol	100	91	85	96	107	111
Karachaganak	522	556	518	495	570	502
<i>Egypt</i>						
Meleiha	3	3	4	8	4	1
WEEM	–	–	–	17	15	13
<i>Uzbekistan</i>						
Kandym – Khauzak – Shady	–	–	–	–	–	182
Total	845	842	851	814	855	1,023

Proved hydrocarbon reserves in international projects (end of year), mln boe

Proved hydrocarbon reserves in international projects (31.12.2004)



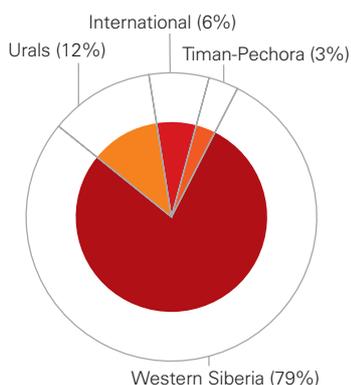
LUKOIL oil and gas reserves by regions (31.12.2004)



Oil and gas reserves in LUKOIL's international projects(31.12.2004)

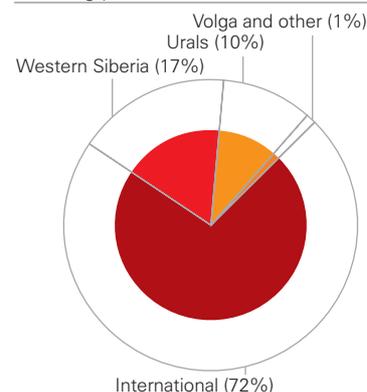


Structure of oil reserve growth including production (2004)



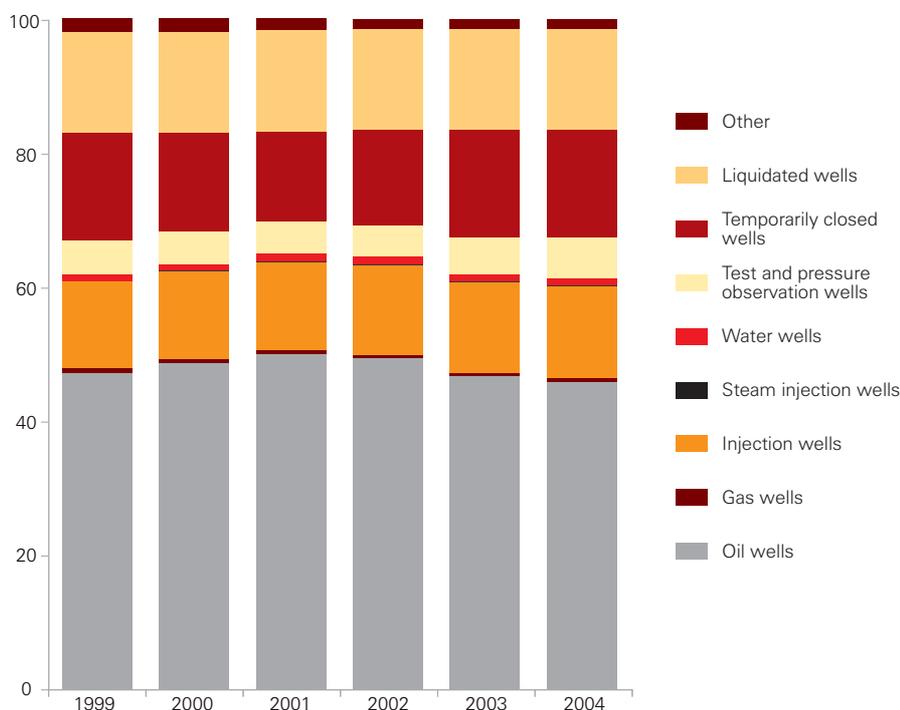
The main resource base of LUKOIL Group is Western Siberia, but the Company is working hard to develop new oil & gas production regions in Russia, including Timan-Pechora and the Boshekhetskaya Depression (Yamal). LUKOIL's international E&P business is also developing rapidly. The Company's strategic goal is to create potential for long-term growth.

Structure of gas reserve growth including production (2004)



FIELD DEVELOPMENT

Drilled oil and gas wellstock of LUKOIL (end of year), %



Regional distribution of production drilling, th. meters

	2000	2001	2002	2003	2004
<i>Russia</i>	1,495	1,975	1,191	1,149	1,245
Western Siberia	1,063	1,437	913	899	933
Urals	157	203	113	109	88
Volga	3	3	1	4	5
Timan-Pechora	203	244	114	98	135
Yamal	0	0	0	0	31
Other	69	88	50	39	53
<i>International</i>	60	80	159	104	100
Total	1,555	2,055	1,350	1,253	1,345

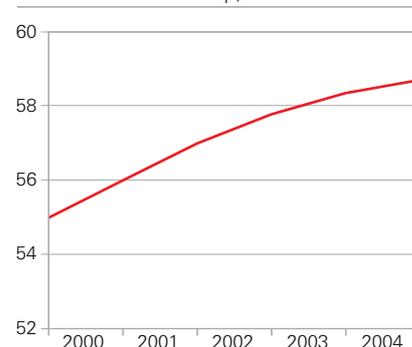
Drilled operating wells and average well depth in Russia

	2000	2001	2002	2003	2004
Number of wells, wells	372	478	334	371	459
Average depth, meters	2,475	2,325	2,350	2,374	2,350

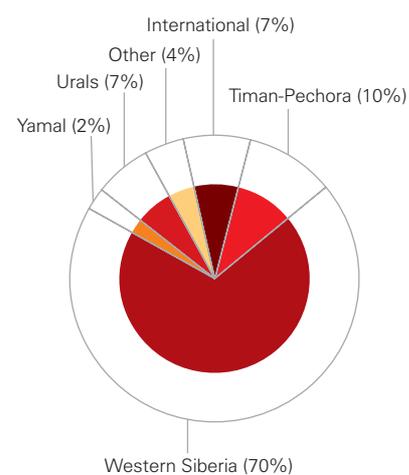
New oil wells put into operation, wells

	2000	2001	2002	2003	2004
Wells	704	930	710	590	514

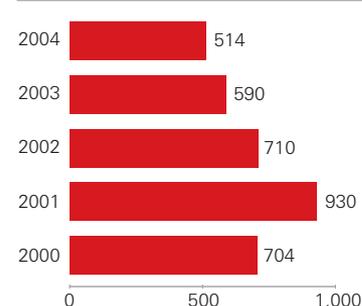
Drilled wellstock at oil and gas fields of LUKOIL Group, th. wells



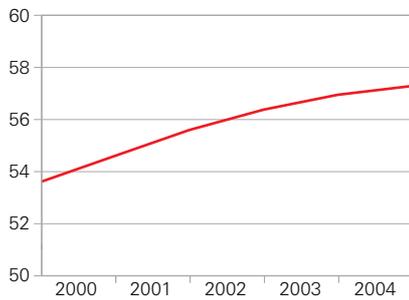
Regional distribution of production drilling (2004)



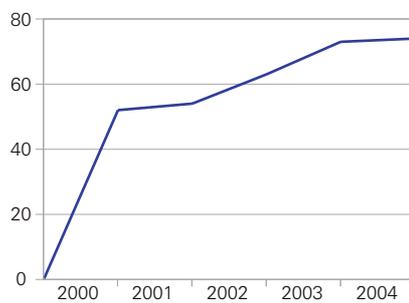
Producing oil wells launches, number of wells



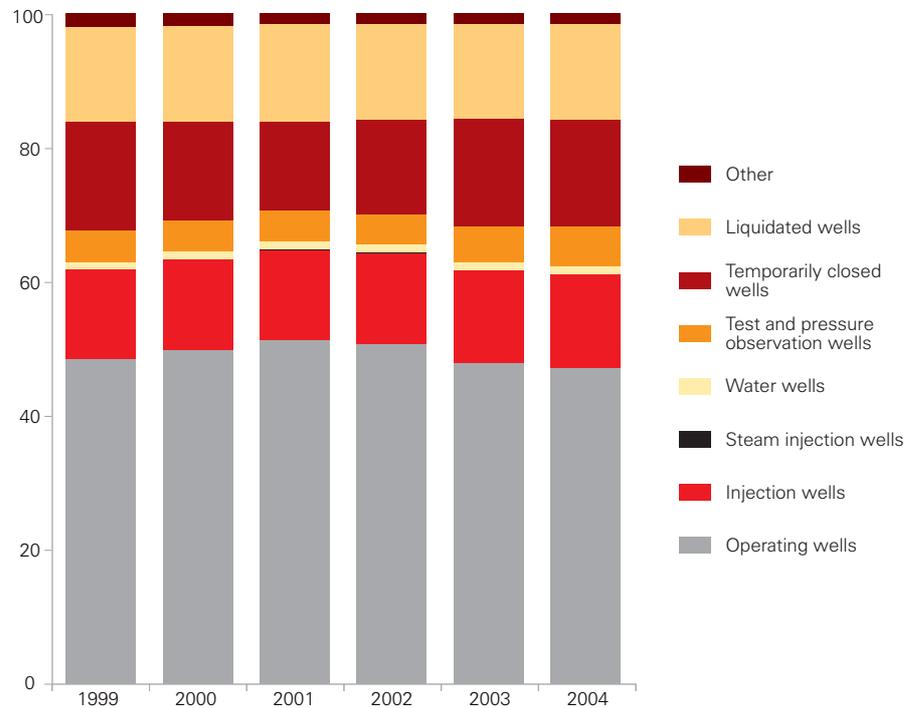
Drilled wellstock at oil fields of LUKOIL Group, th. wells



Steam injection wellstock, wells



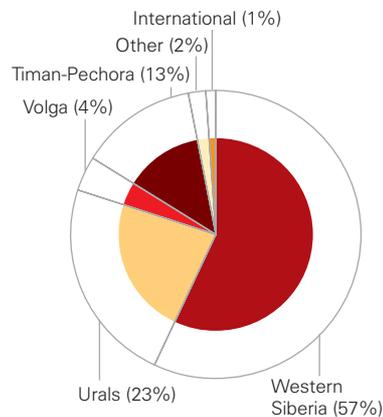
Drilled oil wellstock (end of year), %



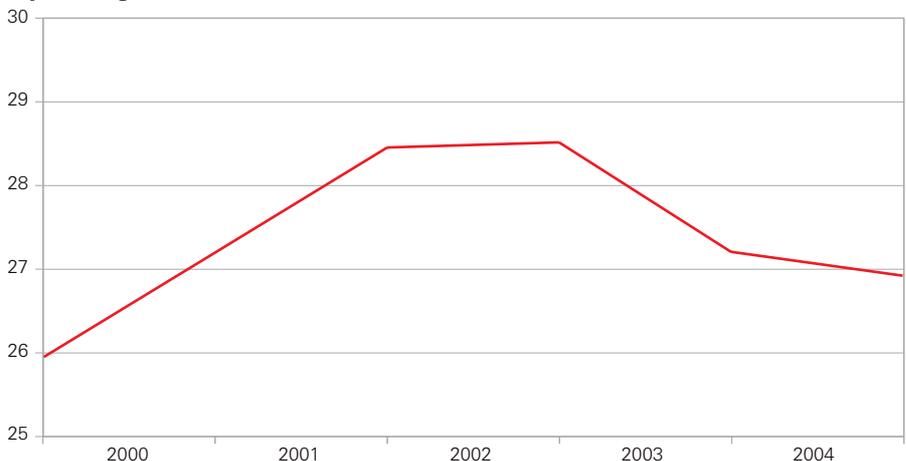
Operating oil wellstock (end of year), wells

	1999	2000	2001	2002	2003	2004
<i>Russia</i>	25,715	26,938	28,142	28,138	26,812	26,502
Western Siberia	15,163	15,721	16,473	16,686	15,436	15,256
Urals	6,071	6,475	6,555	6,398	6,343	6,142
Volga	1,063	979	1,238	1,166	1,114	1,087
Timan-Pechora	2,957	3,242	3,389	3,388	3,395	3,447
Other	461	521	487	500	524	570
<i>International</i>	250	276	323	388	409	434
Total	25,965	27,214	28,465	28,526	27,221	26,936

Regional distribution of operating oil wellstock (31.12.2004)

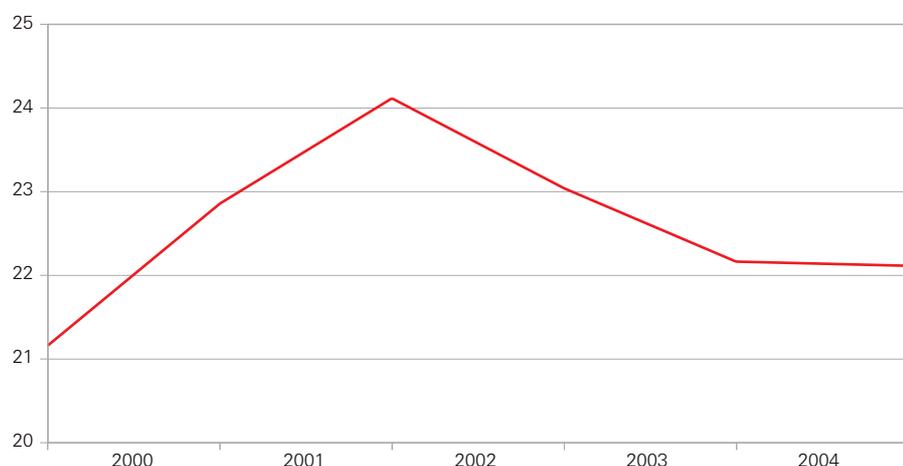


Operating oil wellstock, th. wells

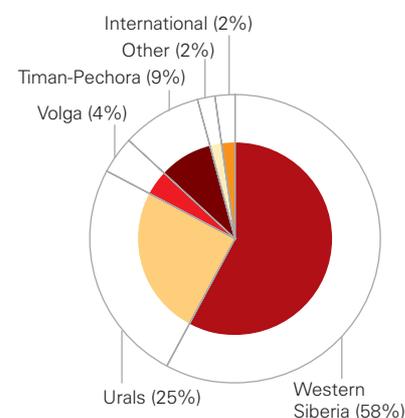


Producing oil wellstock (end of year), wells

	1999	2000	2001	2002	2003	2004
<i>Russia</i>	20,963	22,629	23,860	22,735	21,844	21,761
Western Siberia	12,348	13,210	13,970	13,350	12,721	12,802
Urals	5,525	6,003	6,104	5,776	5,582	5,480
Volga	1,006	925	1,182	1,064	1,045	982
Timan-Pechora	1,655	1,992	2,133	2,080	1,990	1,937
Other	429	499	471	465	506	560
<i>International</i>	205	237	266	315	328	361
Total	21,168	22,866	24,126	23,050	22,172	22,122

Producing oil wellstock, th. wells

Regional distribution of producing oil wellstock (31.12.2004)

**Share of idle wells in operating oil wellstock (end of year), %**

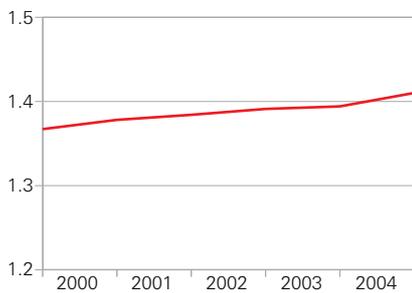
	1999	2000	2001	2002	2003	2004
<i>Russia</i>	18.5	16.0	15.2	19.2	18.5	17.9
Western Siberia	18.6	16.0	15.2	20.0	17.6	16.1
Urals	9.0	7.3	6.9	9.7	12.0	10.8
Volga	5.4	5.5	4.5	8.7	6.2	9.7
Timan-Pechora	44.0	38.6	37.1	38.6	41.4	43.8
Other	6.9	4.2	3.3	7.0	3.4	1.8
<i>International</i>	18.0	14.1	17.6	18.8	19.8	16.8
Total	18.5	16.0	15.2	19.2	18.5	17.9

Improvement of efficiency in the E&P segment is part of LUKOIL's restructuring program, and the Company is withdrawing wells with low flow rates or high levels of watercut. This leads to reduction of total operating wellstock, growth of average flow rate, and lowering of

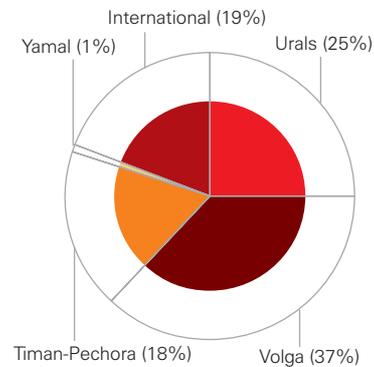
lifting costs in real terms.

This policy has enabled the Company to keep nominal production spending constant, despite real appreciation of the rouble against the US dollar.

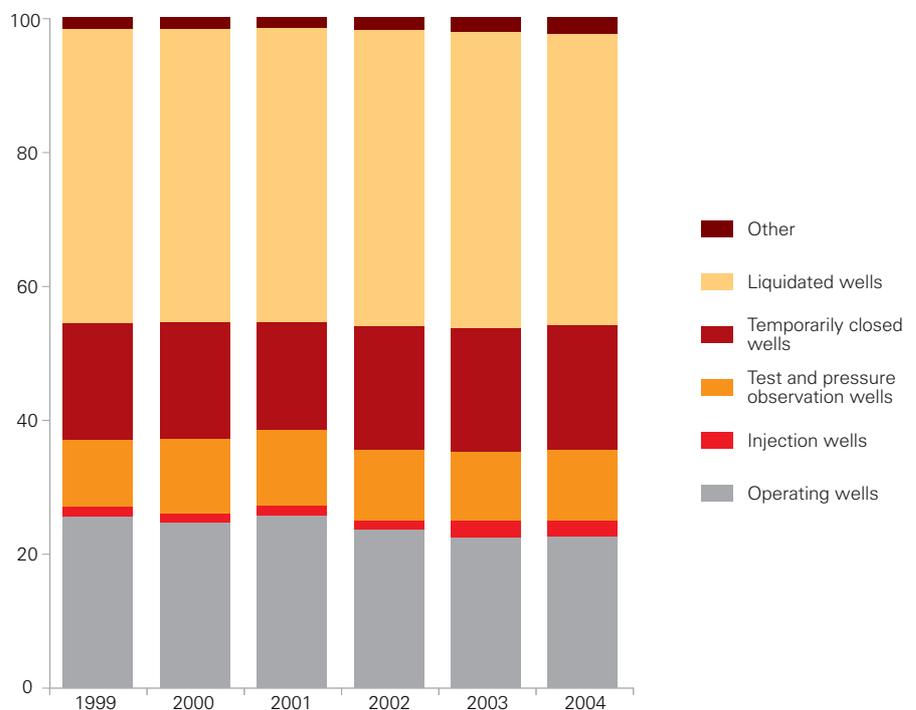
Drilled wellstock at gas fields of LUKOIL Group, th. wells



Regional distribution of operating gas wellstock (31.12.2004)



Drilled gas wellstock (end of year), %



Operating gas wellstock (end of year), wells

	1999	2000	2001	2002	2003	2004
<i>Russia</i>	265	253	253	253	254	258
Western Siberia	0	0	0	0	0	0
Urals	97	83	81	83	85	81
Volga	121	123	125	123	122	118
Timan-Pechora (Komi)	47	47	47	47	47	56
Yamal	0	0	0	0	0	3
<i>International</i>	83	86	103	74	59	59
Total	348	339	356	327	313	317

Producing gas wellstock (end of year), wells

	1999	2000	2001	2002	2003	2004
<i>Russia</i>	222	222	219	217	213	190
Western Siberia	0	0	0	0	0	0
Urals	77	74	72	73	75	74
Volga	104	107	106	103	97	101
Timan-Pechora (Komi)	41	41	41	41	41	14
Yamal	0	0	0	0	0	1
<i>International</i>	41	46	42	34	37	41
Total	263	268	261	251	250	231

Share of idle wells in operating gas wellstock (end of year), %

	1999	2000	2001	2002	2003	2004
<i>Russia</i>	16.2	12.3	13.4	14.2	16.1	26.4
Western Siberia	–	–	–	–	–	–
Urals	20.6	10.8	11.1	12.0	11.8	8.6
Volga	14.0	13.0	15.2	16.3	20.5	14.4
Timan-Pechora (Komi)	12.8	12.8	12.8	12.8	12.8	75.0
Yamal	–	–	–	–	–	66.7
<i>International</i>	50.6	46.5	59.2	54.1	37.3	30.5
Total	24.4	20.9	26.7	23.2	20.1	27.1

LUKOIL Group produces natural gas in European Russia and at the Karachaganak field in Kazakhstan. The Company also launched production at the Nakhodkinskoye field in the Bolshekhetskaya Depression

in April 2005. Three gas wells had been brought into production at the Nakhodkinskoye field by the end of 2004.

Injection wellstock at oil fields (end of year), wells

	1999	2000	2001	2002	2003	2004
<i>Operating wellstock</i>	7,143	7,332	7,505	7,701	7,848	8,007
Russia	7,088	7,275	7,447	7,631	7,780	7,937
International	55	57	58	70	68	70
<i>Wells under pressure</i>	4,389	4,641	4,847	5,116	5,196	5,434
Russia	4,335	4,586	4,792	5,051	5,133	5,365
International	54	55	55	65	63	69
<i>Share of idle wells, %</i>	38.6	36.7	35.4	33.6	33.8	32.1
Russia	38.8	37.0	35.7	33.8	34.0	32.4
International	1.8	3.5	5.2	7.1	7.4	1.4

Number of steam injection wells at oil fields* (end of year), wells

	1999	2000	2001	2002	2003	2004
Wells	0	52	54	63	73	74

*LUKOIL-Komi is the only LUKOIL subsidiary operating steam injection wells.

Injection wellstock at gas fields (end of year), wells

	1999	2000	2001	2002	2003	2004
Russia	21	20	20	20	20	20
International	0	0	0	0	14	14
Total	21	20	20	20	34	34

New fields put into operation

	2000	2001	2002	2003	2004
Fields	5	17	10	14	7

OIL PRODUCTION

LUKOIL's main regions of hydrocarbon production in Russia

Oil production by LUKOIL Group

	2000	2001	2002	2003	2004
Th. tons	72,366	73,884	76,976	80,226	86,200
Mln barrels	533	542	564	592	635
Th. tons per day	198	202	211	220	236
Th. barrels per day	1,456	1,485	1,545	1,622	1,738

Oil production by LUKOIL Group, th. tons

	2000	2001	2002	2003	2004
Subsidiaries	69,227	70,196	71,275	76,072	82,408
Share in production by affiliates	3,139	3,688	5,701	4,154	3,792
Total production by LUKOIL Group	72,366	73,884	76,976	80,226	86,200

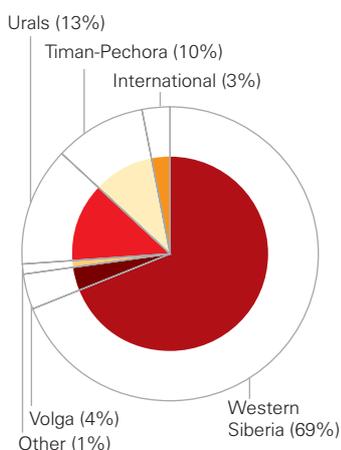
Oil production by regions, th. tons

	2000	2001	2002	2003	2004
Subsidiaries	69,227	70,196	71,275	76,072	82,408
<i>Russia</i>	<i>68,143</i>	<i>69,109</i>	<i>69,833</i>	<i>74,992</i>	<i>81,039</i>
Western Siberia	48,294	48,644	47,577	51,244	55,630
Urals	8,909	9,092	9,850	9,949	10,010
Volga	3,086	3,062	3,016	2,977	2,969
Timan-Pechora	6,847	7,215	8,194	9,582	11,050
Other	1,007	1,096	1,196	1,240	1,380
<i>International</i>	<i>1,084</i>	<i>1,087</i>	<i>1,442</i>	<i>1,080</i>	<i>1,369</i>
Share in production by affiliates	3,139	3,688	5,701	4,154	3,792
<i>Russia</i>	<i>2,152</i>	<i>2,554</i>	<i>4,226</i>	<i>2,365</i>	<i>1,681</i>
Western Siberia	1,358	1,538	3,219	1,486	721

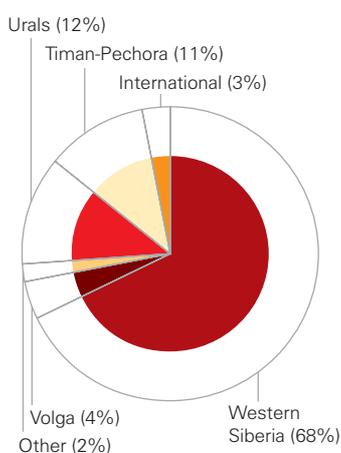
	2000	2001	2002	2003	2004
Urals	325	55	52	66	72
Volga	68	179	163	196	206
Timan-Pechora	369	782	792	617	682
Other	32	0	0	0	0
<i>International</i>	<i>987</i>	<i>1,134</i>	<i>1,475</i>	<i>1,789</i>	<i>2,111</i>
Total production by LUKOIL Group	72,366	73,884	76,976	80,226	86,200
<i>Russia</i>	<i>70,295</i>	<i>71,663</i>	<i>74,059</i>	<i>77,357</i>	<i>82,720</i>
Western Siberia	49,652	50,182	50,796	52,730	56,351
Urals	9,234	9,147	9,902	10,015	10,082
Volga	3,154	3,241	3,179	3,173	3,175
Timan-Pechora	7,216	7,997	8,986	10,199	11,732
Other	1,039	1,096	1,196	1,240	1,380
<i>International</i>	<i>2,071</i>	<i>2,221</i>	<i>2,917</i>	<i>2,869</i>	<i>3,480</i>

Oil production by LUKOIL Group by regions

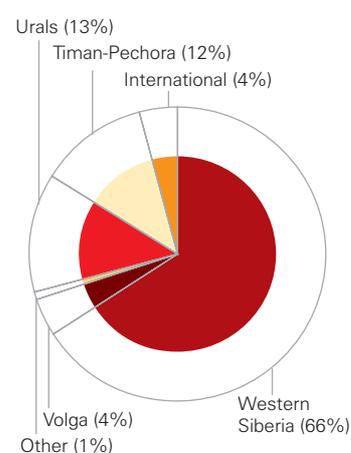
2000



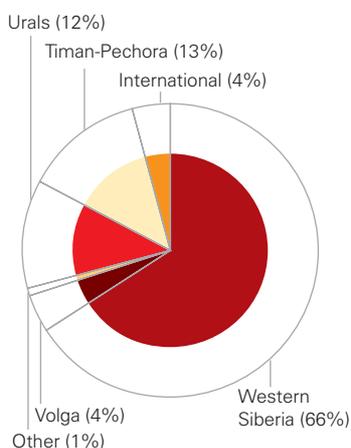
2001



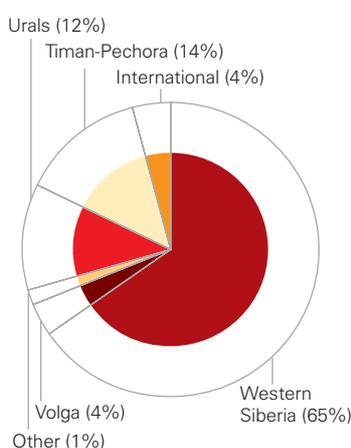
2002



2003



2004

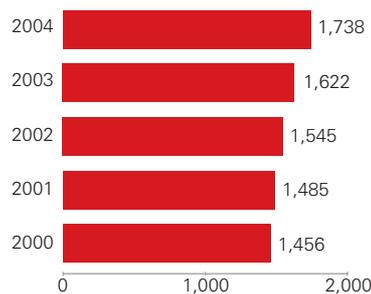
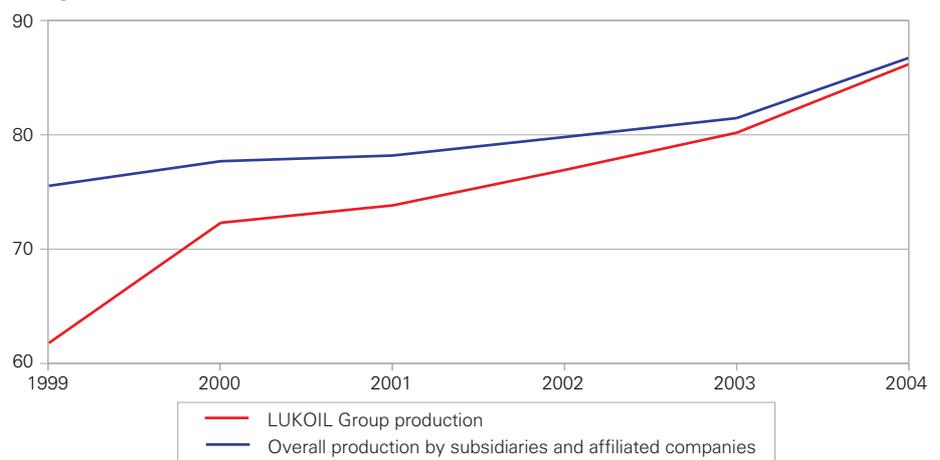


Oil production by LUKOIL Group by regions (2004)

Oil production by LUKOIL Group, mln barrels

	2000	2001	2002	2003	2004
<i>Subsidiaries</i>	510	515	522	560	607
Russia	502	507	512	552	596
International	8	8	10	8	11
<i>Share in production by affiliates</i>	23	27	42	32	28
Total production by LUKOIL Group	533	542	564	592	635

Daily oil production by LUKOIL Group, th. barrels per day


Consolidation of production companies in LUKOIL Group (oil production, mln tons)


The main production region for LUKOIL Group is Western Siberia. The Company is developing a new production base in Timan-Pechora, where its crude oil output has increased by more than 1.6 times in 5 years due both to acquisitions and organic growth.

A joint venture has been set up in Timan-Pechora as part of LUKOIL's strategic partnership with the US company, ConocoPhillips. The joint venture will produce about 10 mln tons of oil per year in the medium term (200,000 barrels per day).

Flow rate of Russian oil wells of LUKOIL Group, tons per day

	2000	2001	2002	2003	2004
New wells	25.9	24.4	27.7	35.7	44.3
Old wells	9.2	8.4	8.8	9.4	10.4
Total wellstock	9.4	8.6	9.0	9.7	10.7
Western Siberia	10.8	10.1	10.2	11.2	12.3
Urals	4.6	4.5	4.7	5.0	5.2
Volga	10.8	8.4	8.7	8.8	9.1
Timan-Pechora	15.4	12.0	13.4	14.5	17.5
Other	7.6	6.9	7.2	7.2	7.3

Watercut of Russian oil wells of LUKOIL Group, %

	2000	2001	2002	2003	2004
New wells	20.3	22.3	19.7	18.4	21.1
Old wells	75.6	77.5	77.7	77.2	77.1
Total wellstock	75.2	76.9	77.1	76.6	76.4
Western Siberia	77.4	78.6	79.1	78.7	78.7
Urals	68.8	70.1	69.8	69.9	69.7
Volga	56.0	62.8	62.7	62.4	62.7
Timan-Pechora	75.2	75.3	74.7	72.1	71.3
Other	72.3	74.8	67.6	67.2	66.8

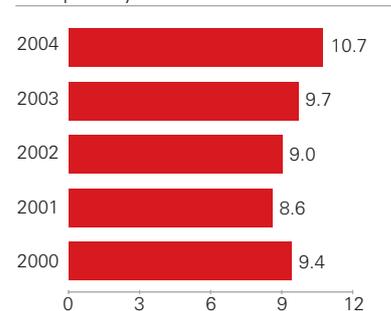
Lifting costs

	2000	2001	2002	2003	2004
MIn USD	1,229	1,411	1,355	1,458	1,556
USD per barrel	2.41	2.74	2.60	2.61	2.58

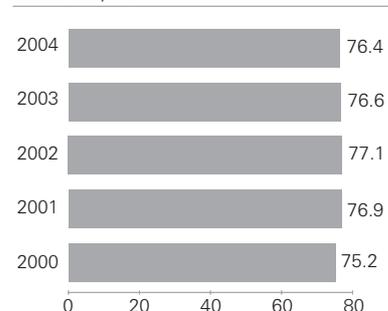
Reserves to production ratio (end of year), years of production

	2000	2001	2002	2003	2004
<i>Russia</i>	24.0	26.7	27.2	27.2	25.4
Western Siberia	22.5	21.9	22.2	21.6	20.6
Urals	31.8	29.3	28.2	28.7	28.7
Volga	13.6	16.7	21.7	22.0	20.4
Timan-Pechora	30.9	56.1	52.8	52.5	45.0
Other	11.8	11.4	28.0	30.2	25.0
<i>International</i>	34.8	33.6	24.6	22.2	19.0
LUKOIL Group, total	24.3	26.9	27.1	27.0	25.2

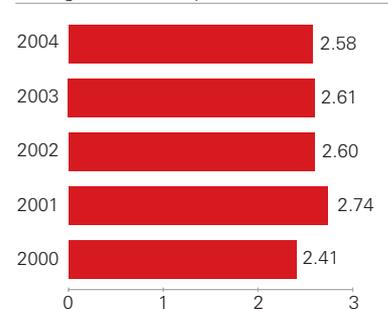
Average flow rate of oil wells, tons per day



Watercut, %



Lifting costs, USD per barrel




GAS PRODUCTION
Gas production by LUKOIL Group

	2000	2001	2002	2003	2004
Mcm	4,655	4,931	4,976	5,664	6,473
Bcf	164	174	176	200	229
Mln boe	27.4	29.0	29.3	33.3	38.1
Mcm per day	12.7	13.5	13.6	15.5	17.7
Mcf per day	449	477	481	548	624
Th. boe per day	74.8	79.5	80.2	91.3	104.1

Gas production by LUKOIL Group, mcm

	2000	2001	2002	2003	2004
Subsidiaries	4,284	4,639	4,678	5,411	6,213
Share in production by affiliates	371	292	298	253	260
LUKOIL Group total production	4,655	4,931	4,976	5,664	6,473

Regional distribution of gas production by LUKOIL Group, mcm

	2000	2001	2002	2003	2004
Russia	3,909	4,261	4,137	4,713	4,982
Subsidiaries	3,637	4,108	4,002	4,630	4,940
Western Siberia	2,029	2,138	1,944	2,471	2,698
Urals	680	834	869	858	879
Volga	515	540	519	549	578
Timan-Pechora	401	583	657	733	765
Other	12	13	13	19	20
Share in production by affiliates	272	153	135	83	42
International	746	670	839	951	1,491
Subsidiaries	647	531	676	781	1,273
Share in production by affiliates	99	139	163	170	218
Total production by LUKOIL Group	4,655	4,931	4,976	5,664	6,473

Gas production by categories, mcm

	2000	2001	2002	2003	2004
Natural gas	1,175	1,110	1,184	1,308	1,828
Associated gas	3,480	3,821	3,792	4,356	4,645
Total gas production	4,655	4,931	4,976	5,664	6,473
Utilization rate of associated gas, %	76.9	79.2	74.4	79.9	79.7

Natural gas production by regions, mcm

	2000	2001	2002	2003	2004
Russia	528	579	508	527	555
<i>Subsidiaries</i>	528	579	508	527	555
Western Siberia	0	0	0	0	7
Urals	401	432	369	368	376
Volga	124	142	134	154	167
Timan-Pechora	3	5	5	5	5
Other	0	0	0	0	0
<i>Share in production by affiliates</i>	0	0	0	0	0
International	647	531	676	781	1,273
<i>Subsidiaries</i>	647	531	676	781	1,273
<i>Share in production by affiliates</i>	0	0	0	0	0
Total LUKOIL Group production	1,175	1,110	1,184	1,308	1,828

Associated gas production by regions, mcm

	2000	2001	2002	2003	2004
Russia	3,381	3,682	3,629	4,186	4,427
<i>Subsidiaries</i>	3,109	3,529	3,494	4,103	4,385
Western Siberia	2,029	2,138	1,944	2,471	2,691
Urals	279	402	500	490	503
Volga	391	398	385	395	411
Timan-Pechora	398	578	652	728	760
Other	12	13	13	19	20
<i>Share in production by affiliates</i>	272	153	135	83	42
International	99	139	163	170	218
<i>Subsidiaries</i>	0	0	0	0	0
<i>Share in production by affiliates</i>	99	139	163	170	218
Total LUKOIL Group production	3,480	3,821	3,792	4,356	4,645

LUKOIL produces natural gas in the European part of Russia and at the Karachaganak field in Kazakhstan.

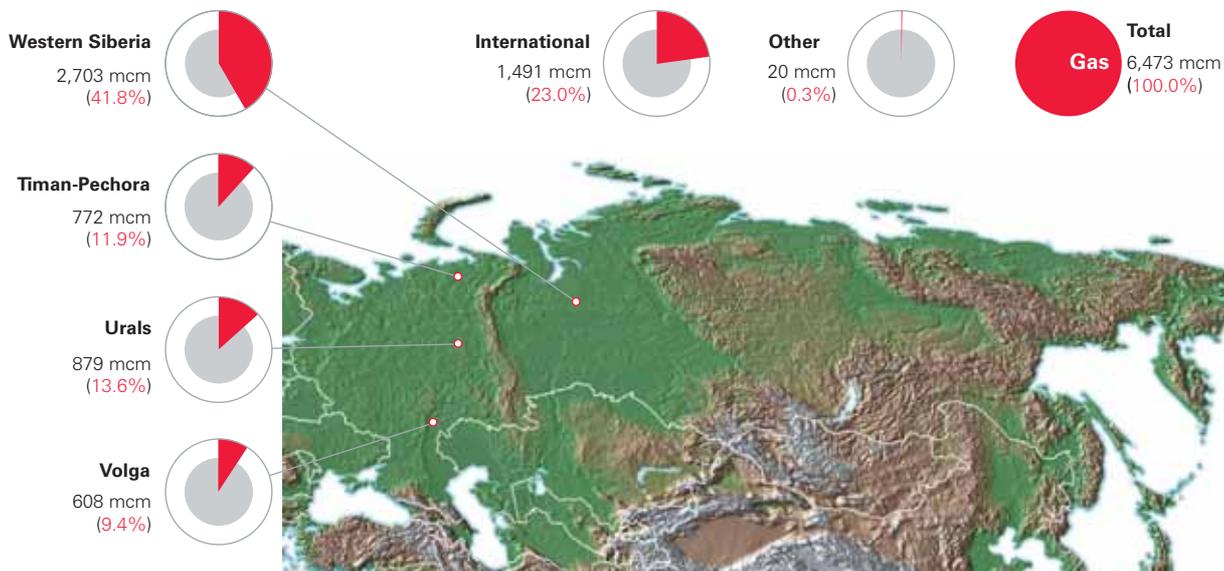
Most of the Company's associated gas is produced in Western Siberia.

LUKOIL's gas program targets rapid growth of gas production in coming years both in Russia and abroad. The key regions for development of LUKOIL gas production will be the Bolshekhetskaya Depression and the Northern Caspian.

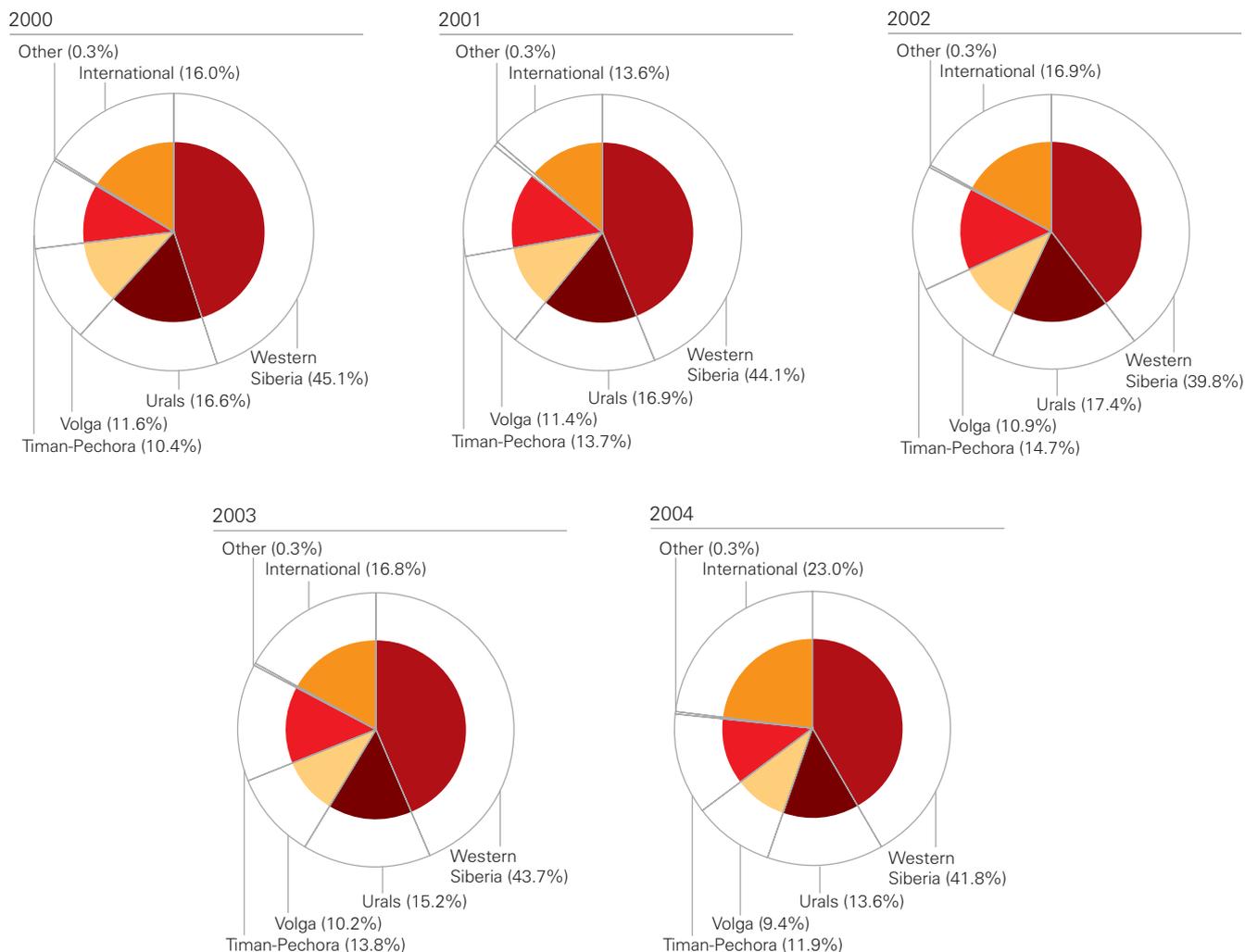
The Nakhodkinskoye gas field, the first of the fields in the Bolshekhetskaya Depression, which the Company plans to develop, was put into operation in April 2005.

In 2004 the Company entered projects for development of gas fields in Uzbekistan and exploration of gas condensate fields in Saudi Arabia.

LUKOIL Group gas production by regions (2004)



LUKOIL Group gas production by regions



»»» HYDROCARBON PRODUCTION

LUKOIL hydrocarbon production, mln boe

	2000	2001	2002	2003	2004
Oil	533	542	564	592	635
Gas	27	29	29	33	38
Total production by LUKOIL Group	560	571	593	625	673
Total LUKOIL production, th. boe per day	1,531	1,565	1,625	1,713	1,842

Hydrocarbon production by regions, mln boe

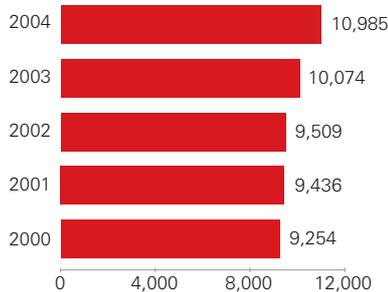
	2000	2001	2002	2003	2004
Subsidiaries	535	542	550	592	643
<i>Russia</i>	523	531	536	579	625
Western Siberia	368	369	361	392	425
Urals	69	72	77	78	79
Volga	26	26	25	25	25
Timan-Pechora	53	56	64	75	86
Other	7	8	9	9	10
<i>International</i>	12	11	14	13	18

	2000	2001	2002	2003	2004
Share in production by affiliates	25	29	43	33	30
<i>Russia</i>	17	20	31	18	12
Western Siberia	10	12	24	11	5
Urals	3	0	0	0	0
Volga	1	2	1	2	2
Timan-Pechora	3	6	6	5	5
Other	0	0	0	0	0
<i>International</i>	8	9	12	15	18

	2000	2001	2002	2003	2004
Total production by LUKOIL Group	560	571	593	625	673
<i>Russia</i>	540	551	567	597	637
Western Siberia	378	381	385	403	430
Urals	72	72	77	78	79
Volga	27	28	26	27	27
Timan-Pechora	56	62	70	80	91
Other	7	8	9	9	10
<i>International</i>	20	20	26	28	36

LARGEST FIELDS OF LUKOIL GROUP

Oil production at the field, th. tons



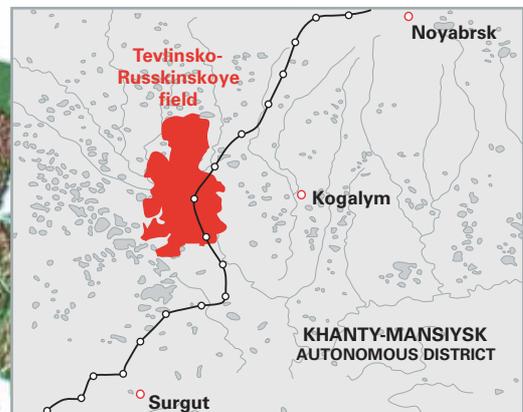
Tevlinsko-Russkinskoye Field

The Tevlinsko-Russkinskoye field is located in Surgut Area of Khanty-Mansiysk Autonomous District, in Tyumen Region, 88 km north of the city of Surgut (Western Siberia).

The field was discovered in 1981, and its development began in 1986.

Proved field reserves at the end of 2004 were over 1.3 bln barrels of oil, and cumulative oil production exceeded 100 mln tons.

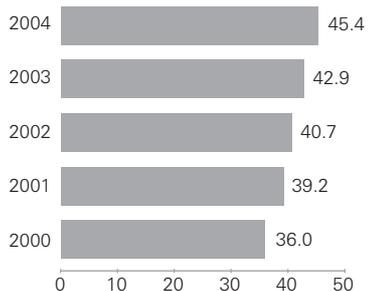
The Tevlinsko-Russkinskoye field is one of LUKOIL's largest fields in Russia.



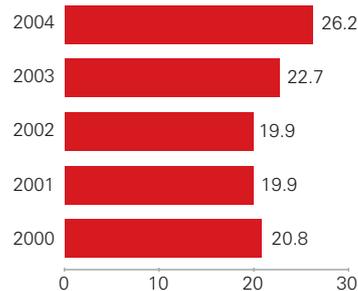
Main development indicators for Tevlinsko-Russkinskoye field

	2000	2001	2002	2003	2004
Oil production, th. tons	9,254	9,436	9,509	10,074	10,985
Cumulative oil production, mln tons	60.0	69.5	79.0	89.0	100.0
<i>Wellstock, wells</i>	<i>1,780</i>	<i>1,883</i>	<i>1,971</i>	<i>2,037</i>	<i>2,088</i>
Operating, wells	1,318	1,394	1,398	1,242	1,233
Producing, wells	1,295	1,375	1,311	1,212	1,171
Average flow rate per well, tons per day	20.8	19.9	19.9	22.7	26.2
Watercut, %	36.0	39.2	40.7	42.9	45.4

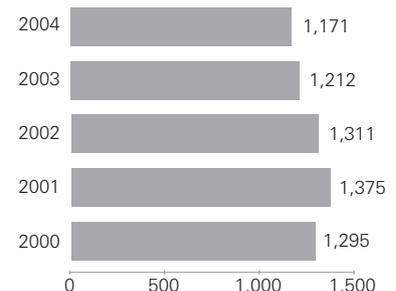
Watercut at the field, %



Average flow rate of oil wells at the field, tons per day



Producing oil wells, number of wells



Vatyeganskoye Field

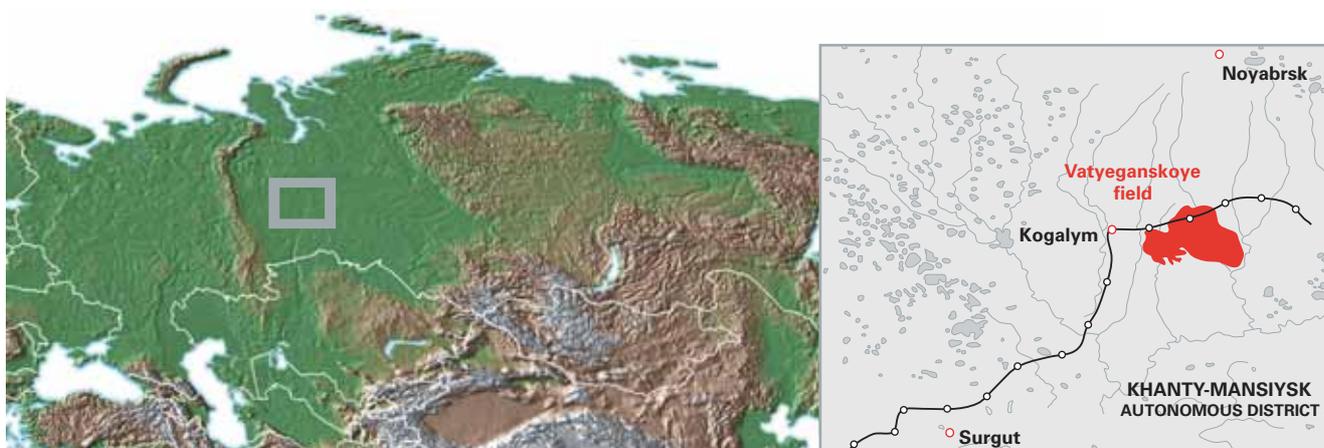
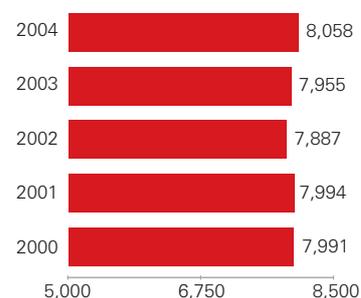
The Vatyeganskoye field is located in Surgut Area of Khanty-Mansiysk Autonomous District, in Tyumen Region, 30 km from the town of Kogalym and 140 km north-east of the city of Surgut (Western Siberia).

The field was discovered in 1971, and its development began in 1983.

Proved reserves at the field at the end of 2004 were nearly 1.5 bln barrels of oil and cumulative production was over 135 mln tons of oil.

The Vatyeganskoye field is one of LUKOIL's largest fields in Russia.

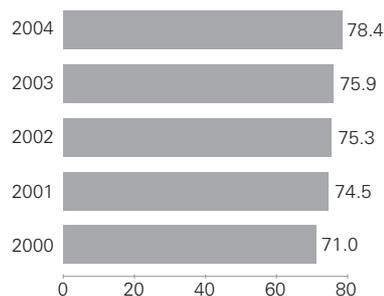
Oil production at the field, th. tons



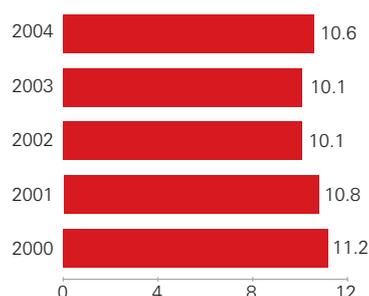
Main development indicators for Vatyeganskoye field

	2000	2001	2002	2003	2004
Oil production, th. tons	7,991	7,994	7,887	7,955	8,058
Cumulative oil production, mln tons	104.3	112.3	120.2	128.1	136.2
<i>Wellstock, wells</i>	<i>2,487</i>	<i>2,516</i>	<i>2,561</i>	<i>2,591</i>	<i>2,611</i>
Operating, wells	2,198	2,400	2,441	2,336	2,362
Producing, wells	2,090	2,186	2,243	2,185	2,144
Average flow rate per well, tons per day	11.2	10.8	10.1	10.1	10.6
Watercut, %	71.0	74.5	75.3	75.9	78.4

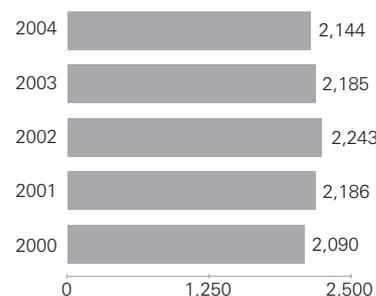
Watercut at the field, %



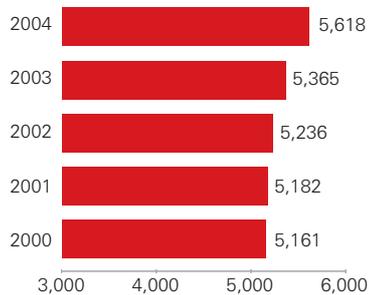
Average flow rate of oil wells at the field, tons per day



Producing oil wells, number of wells



Oil production at the field, th. tons



Povkhovskoye Field

The Povkhovskoye field is located in Surgut Area of Khanty-Mansiysk Autonomous District, in Tyumen Region, 170 km north-east of the city of Surgut (Western Siberia).

The field was discovered in 1972, and its development began in 1978.

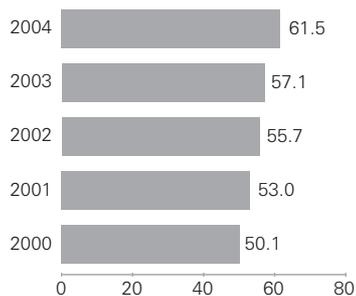
Proved reserves at the field at the end of 2004 were nearly 0.7 bln barrels of oil and cumulative production was over 160 mln tons of oil.



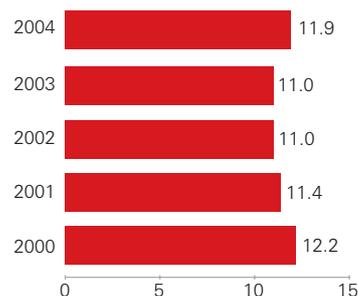
Main development indicators for Povkhovskoye field

	2000	2001	2002	2003	2004
Oil production, th. tons	5,161	5,182	5,236	5,365	5,618
Cumulative oil production, mln tons	138.6	143.8	149.0	154.4	160.0
<i>Wellstock, wells</i>	<i>3,199</i>	<i>3,202</i>	<i>3,202</i>	<i>3,202</i>	<i>3,202</i>
Operating, wells	1,872	1,924	1,951	1,901	1,831
Producing, wells	1,280	1,328	1,346	1,365	1,330
Average flow rate per well, tons per day	12.2	11.4	11.0	11.0	11.9
Watercut, %	50.1	53.0	55.7	57.1	61.5

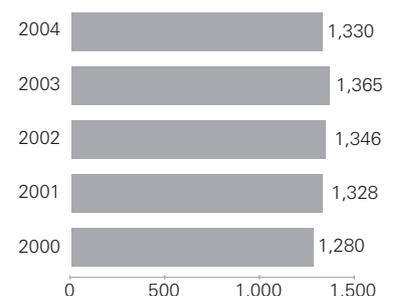
Watercut at the field, %



Average flow rate of oil wells at the field, tons per day



Producing oil wells, number of wells

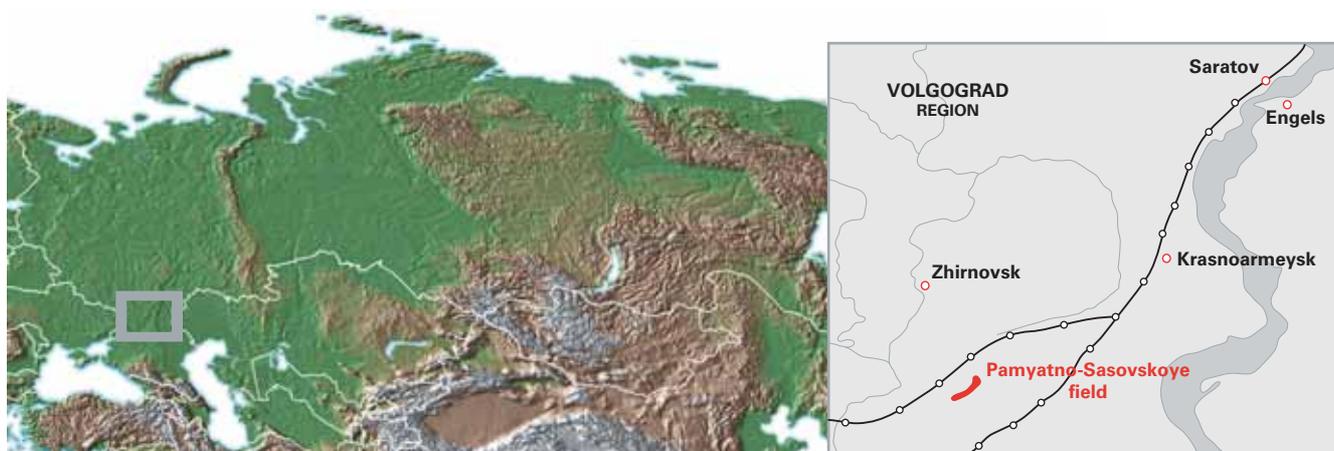
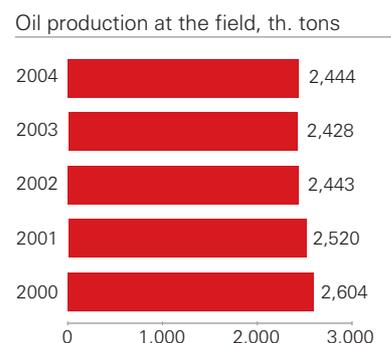


Pamyatno-Sasovskoye Field

The Pamyatno-Sasovskoye field is located in Zhirnovsky District of Volgograd Region, 130 km north of the city of Volgograd.

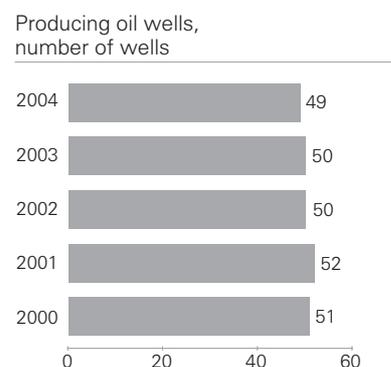
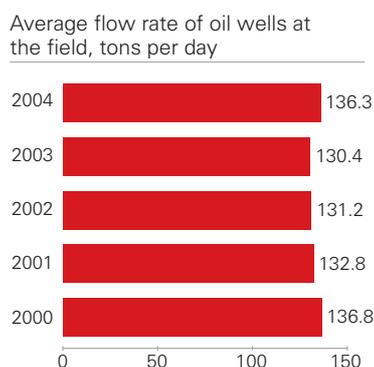
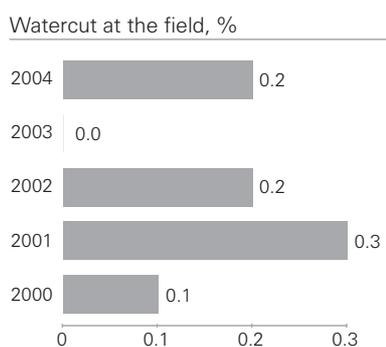
The field was discovered in 1990 and its development began in 1992.

Proved reserves at the field at the end of 2004 were nearly 185 mln barrels of oil and cumulative production was over 25 mln tons of oil.

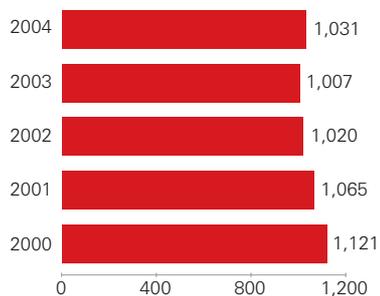


Main development indicators for Pamyatno-Sasovskoye field

	2000	2001	2002	2003	2004
Oil production, th. tons	2,604	2,520	2,443	2,428	2,444
Cumulative oil production, mln tons	14.9	17.4	19.8	22.3	24.7
<i>Wellstock, wells</i>	61	61	61	61	61
Operating, wells	52	52	51	51	49
Producing, wells	51	52	50	50	49
Average flow rate per well, tons per day	136.8	132.8	131.2	130.4	136.3
Watercut, %	0.1	0.3	0.2	0.0	0.2



Oil production at the field, th. tons



Unvinskoye Field

The Unvinskoye field is located in Usolsky District of Perm Region, 125 km north of the city of Perm (Urals).

The field was discovered in 1980 and its development began in 1981.

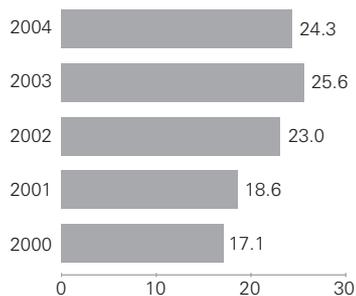
Proved reserves at the end of 2004 were over 150 mln barrels of oil, and cumulative production was over 21 mln tons of oil.



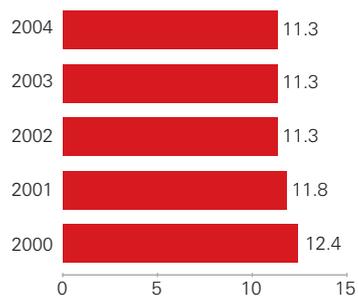
Main development indicators for Unvinskoye field

	2000	2001	2002	2003	2004
Oil production, th. tons	1,121	1,065	1,020	1,007	1,031
Cumulative oil production, mln tons	17.4	18.4	19.5	20.5	21.5
<i>Wellstock, wells</i>	421	421	424	428	428
Operating, wells	277	277	279	283	289
Producing, wells	253	260	257	257	262
Average flow rate per well, tons per day	12.4	11.8	11.3	11.3	11.3
Watercut, %	17.1	18.6	23.0	25.6	24.3

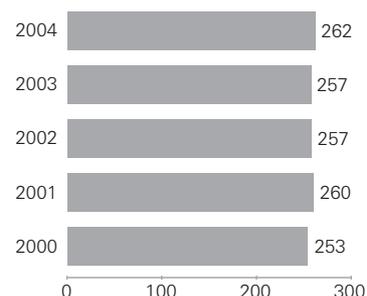
Watercut at the field, %



Average flow rate of oil wells at the field, tons per day



Producing oil wells, number of wells



NEW FIELDS OF LUKOIL GROUP

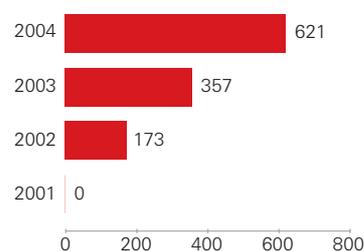
Tedinskoye Field

The Tedinskoye field is located in the central part of the Bolshezemelskaya tundra in the Nenets Autonomous District (Timan-Pechora).

The field was discovered in 1989 and its development began in 2001.

Proved reserves at the end of 2004 were 100 mln barrels of oil and cumulative production was over 1 mln tons.

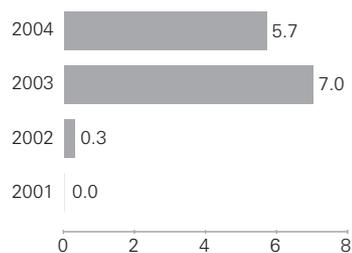
Oil production at the field, th. tons



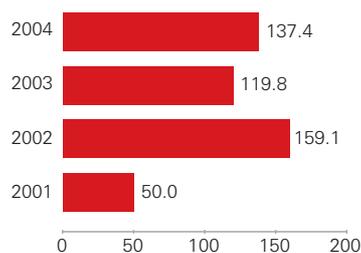
Main development indicators for Tedinskoye field

	2000	2001	2002	2003	2004
Oil production, th. tons	–	0	173	357	621
Cumulative oil production, mln tons	–	0	173	530	1,151
<i>Wellstock, wells</i>	–	1	9	13	19
Operating, wells	–	1	9	13	19
Producing, wells	–	1	9	13	19
Average flow rate per well, tons per day	–	50.0	159.1	119.8	137.4
Watercut, %	–	0.0	0.3	7.0	5.7

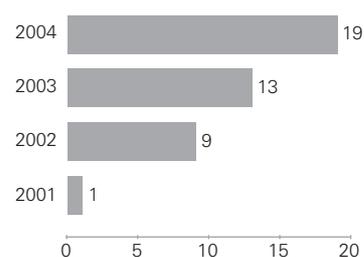
Watercut at the field, %



Average flow rate of oil wells at the field, tons per day



Producing oil wells, number of wells



Kravtsovskoye Field

The Kravtsovskoye field is located on the offshore shelf in the Russian part of the Baltic Sea, 23 km from the coast at depth of 25-35 meters. The field was discovered in 1983. Proved oil reserves at the end of 2004 are 47 mln barrels.

Industrial development was begun at the end of July 2004. Drilling and production are carried out from an ice-resistant stationary platform using a "zero-discharge" principle. Crude oil is transported to the coast by under-

water pipeline and exported through the terminal at the port of Svetly.

Production at the field in 2004 was 80,000 tons with average daily well flow rate of 237 tons. The field is to be developed using 17 wells: 1 vertical, 10 with horizontal ends and 6 horizontal branched wells. The development plan targets annual production of 700,000 tons by 2007. Field lifetime will be about 30 years.



Nakhodkinskoye Field and other fields in the Bolshekhetskaya Depression

As part of its gas program, LUKOIL is working to develop gas reserves in the Bolshekhetskaya Depression (Yamal-Nenets Autonomous District), which will be the main source of growth for Company gas reserves in coming years. Proved reserves at the Company's fields in this region at the end of 2004 were 12.9 tcf, or 52.5% of total gas reserves of LUKOIL Group.

In April 2005 LUKOIL began production at the Nakhodkinskoye field. Gas from the field is carried through a 117-km pipeline to the Yamburg compression station, where it is fed into the Gazprom transport

system. Under an agreement between LUKOIL and Gazprom, all of the gas produced at the Nakhodkinskoye field during the first stage of field development will be purchased by Gazprom.

The field will achieve full production capacity in 2007 with annual production of 10 bcm. Production launches at remaining fields in the Bolshekhetskaya Depression are planned for 2007–2011. Production in the region should reach a peak of 25 bcm and 2 mln tons of gas condensate by 2012.



INTERNATIONAL PROJECTS OF LUKOIL GROUP

Acquisition of, or entry to, international E&P projects

1994	1995	1996	1997	1998	2001	2002	2003	2004
 <p>Azeri – Chirag – Guneshli (Azerbaijan)</p>	 <p>Kumkol (Kazakhstan)</p>	 <p>Shakh Deniz (Azerbaijan)</p>	 <p>West Qurnah-2 (Iraq)</p>	 <p>D-222 (Yalama) (Azerbaijan)</p>	 <p>WEEM (Egypt)</p>	 <p>Condor (Colombia)</p>	 <p>West Geisum (Egypt)</p>	 <p>Tyub-Karagan and Atashsky (Kazakhstan)</p>
	 <p>Meleiha (Egypt)</p>		 <p>Karachaganak (Kazakhstan)</p>		 <p>Zykh-Govsany (Azerbaijan)</p>		 <p>North-East Geisum (Egypt)</p>	 <p>Kandym – Khauzak – Shady (Uzbekistan)</p>
			 <p>Tengiz (Kazakhstan)</p>				 <p>Anaran (Iran)</p>	 <p>Block A (Saudi Arabia)</p>

Sale of, or withdrawal from, international E&P projects

							 <p>Azeri – Chirag – Guneshli (Azerbaijan)</p>	 <p>Zykh-Govsany (Azerbaijan)</p>
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KAZAKHSTAN



Karachaganak

- Acquisition of project stake: November 1997
- Agreement type: PSA; production (oil, condensate, gas)

- Duration of agreement: 40 years (to 2038)
- LUKOIL share in PSA: 15%
- Current share of LUKOIL Group in production: 13.95%
- Other project participants: BG Group (32.5%, operator); ENI Group (32.5%, operator); Chevron Texaco (20%)

Karachaganak, one of the largest oil and gas condensate fields in the world, is located in western Kazakhstan and was discovered in 1979. The field occupies 280 km², and has recoverable reserves of 2.5 bln barrels of oil and gas condensate and over 29 tcf of gas. Field development entered an intensive phase in 1995 thanks to signing of a PSA and creation of a joint operating consortium, the

Karachaganak Integrated Organization. A final version of the PSA was signed in November 1997.

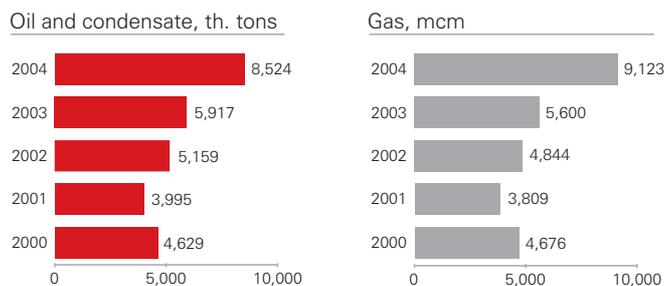
A processing complex with capacity of 7 mln tons per year and the Karachaganak–Atyrau export pipeline with 7 mln tons annual throughput capacity were both commissioned in 2004, enabling exports from Karachaganak via the CPC (Caspian Pipeline Consortium) system. This greatly enhances economic efficiency of the project. Work also began on a first well with multiple boreholes, each giving separate production.

There were 32 operating oil wells and 59 operating gas wells at Karachaganak as of December 31, 2004. Production of saleable gas in 2004 totaled 6.57 bcm.

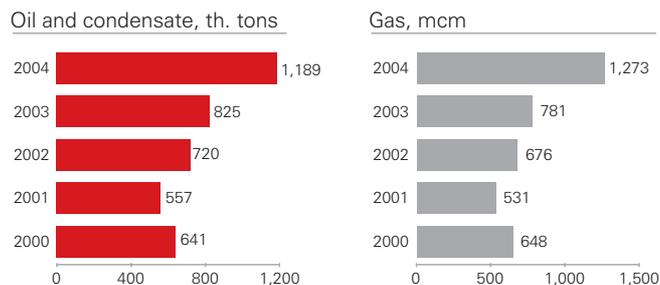
The share of LUKOIL Group in field reserves as of December 31, 2004, is 231 mln barrels of oil and gas condensate and 1.6 tcf of gas.

Unstable condensate from the field is transported by pipeline to the Orenburg Gas-processing plant, stable condensate and oil is carried by pipeline to the CPC, and gas is carried by gas pipeline to the Orenburg Gas-processing Plant.

Karachaganak project production



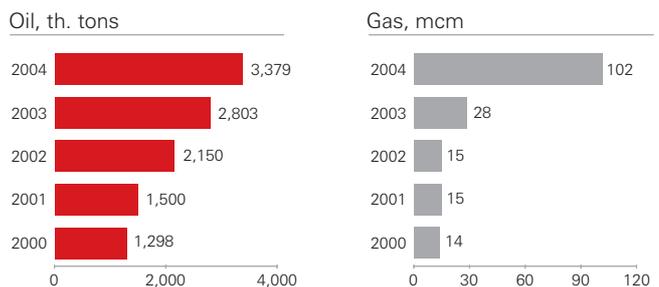
LUKOIL Group production at Karachaganak



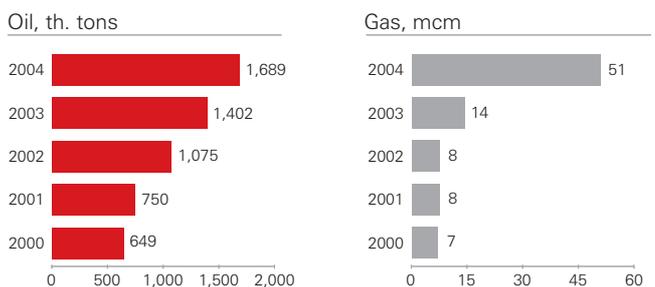
Kumkol

- > Acquisition of project stake: 1995
- > Signing of shareholder agreement: 1999
- > Agreement type: contract; production (oil, gas)
- > Duration of agreement: 25 years (to 2021)
- > LUKOIL stake (also share of production): 50%
- > Other project participants: Petrokazakhstan (50%)

Kumkol project production



LUKOIL Group production at Kumkol



The Kumkol field is located in the southern part of the Turgai Depression (southern Kazakhstan). The field was discovered in 1984 and intensive development began in 1996. LUKOIL Group and Petrokazakhstan are jointly developing the northern part of the field (the license area covers 150 km²), while the southern part is being developed by Petrokazakhstan alone. Recoverable reserves in the license area, as of December 31, 2004, were 256 mln barrels of oil and 115 bcf of gas.

The Kumkol–Zhusali pipeline, providing capacity of 6.5 mln tons per year, was commissioned in 2003 and allows significant reduction of transport costs in export of production via the CPC system. A system for utilizing associated gas was also commissioned, reducing lifting

costs.

There were 231 operating oil wells at the field as of December 31, 2004 (21 wells were launched in 2004).

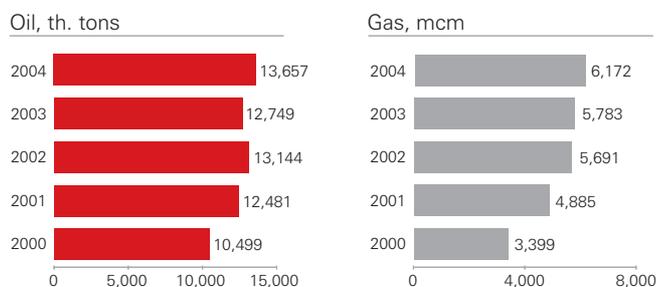
The share of LUKOIL Group in proved field reserves as of December 31, 2004, was 111 mln barrels of oil.

Oil is delivered to export via the CPC and is also supplied to the Shymkent refinery for subsequent sale of petroleum products in Kazakhstan and other CIS countries. Associated gas is used for energy generating.

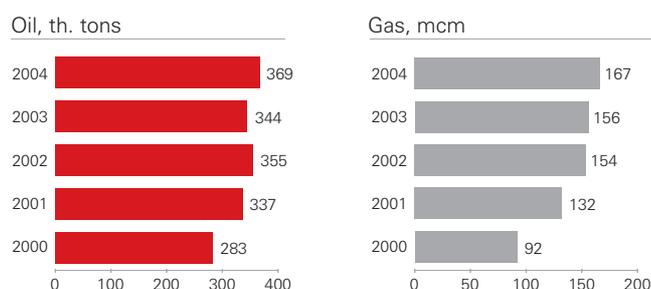
Tengiz

- > Acquisition of project stake: 1997
- > Duration of agreement: to 2032
- > Agreement type: contract; production (oil, gas)
- > LUKOIL stake (also share of production): 2.7% through LUKArco (5%)
- > Other project participants: ChevronTexaco (50%), ExxonMobil (25%), KazMunaiGaz (20%)

Tengiz project production



LUKOIL Group production at Tengiz



The Tengiz field is located in Atyrau Region in the

Republic of Kazakhstan, 150 km from the city of Atyrau. The field was discovered in 1979 and occupies an area of 600 km². The contract area also includes the Korolevskoye field and a number of other smaller fields. Proved reserves (as of December 31, 2004) were 3.8 bln barrels of oil and nearly 1 bln boe of gas. Field development was started in 1991.

There were 59 operating wells at the field as of December 31, 2004. Saleable gas production is 4.87 bcm.

LUKOIL's share of reserves at the field (as of December 31, 2004) was 112 mln barrels of oil and 188 bcf of gas.

Oil is delivered to export via the CPC. Gas from the field is liquefied, used for production of sulphur, and also delivered to export via pipelines.

Tyub-Karagan

- > Signing of agreement: January 2004
- > Duration of the agreement: 40 years (to 2044)
- > Type of agreement: PSA; exploration & production (oil, gas)
- > Stake of LUKOIL Group: 50%
- > Other project participants: KazMunaiGaz (50%)

The Tyub-Karagan territory covers 1,200 km² in Kazakhstan's sector of the Caspian Shelf, located 40 km north-west of Bautino seaport. Depth of the sea at Tyub-Karagan is 7–12 meters. Estimated geological reserves at the field are 2.5 bln barrels of oil and 2.2 tcf of gas. Probability of hydrocarbon finds is rated as high. The agreement provides for a 5-year exploration period with the right to extend the period on 2 occasions by 2 years.

Seismic surveying and interpretation of data were completed and preparations were made for drilling of a first exploration well in 2004.

The Astra drilling platform will be used to drill the first exploration well at Tyub-Karagan in 2005.

Atashsky

- Signing of agreement: January 2004
- Duration of agreement: 3 years (to 2007)
- Type of agreement: contract; exploration (oil, gas)
- Stake of LUKOIL Group: 50%
- Other project participants: KazMunaiTeniz (50%)

The Atashsky territory occupies 8,400 km² in Kazakhstan's sector of the Caspian Sea Shelf. Atashsky is located 80–85 km from the port of Bautino at depth of 7–35 meters. Forecast geological reserves are 1.1 bln barrels of oil and 0.6 tcf of gas. Other promising structures may be discovered in the eastern part of the territory after further exploration work.

The agreement gives a right to extend the exploration period by 2 years.

Seismic survey work at the territory was completed in 2004. Drilling of the first well is scheduled in 2006.

The WEEM block occupies 55 km² in the eastern part of Egypt's Eastern Desert, 8 km west of Hurghada. The block consists of four fields (Rabeh, Rabeh East, Tanan, and Tawoos) and total recoverable reserves are 39 mln barrels of oil. The first field at the block was discovered in 1997 and production began in 1998. Studies of geological structure are still continuing.

The agreement allows extension of the development period by 5 years to 2023.

A 100 km export pipeline to the coastal terminals of Ras El-Bikhar and Gebel Az-Zeit was completed in 2004, enabling deliveries to international markets.

There were 23 operating wells at the WEEM block as of December 31, 2004.

The share of LUKOIL Group in proved reserves at WEEM (as of December 31, 2004) was 13.3 mln barrels of oil.

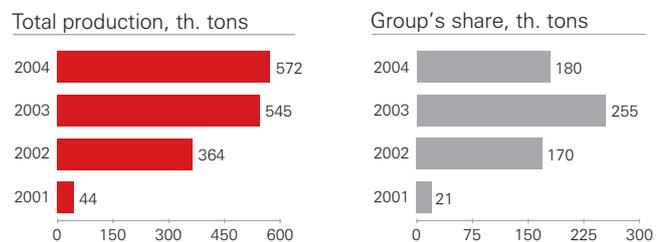
EGYPT



WEEM (West Esh El Mallaha)

- Acquisition of stake in project: September 2001
- Duration of agreement: 25 years (to 2017)
- Type of agreement: concession; production (oil)
- Stake of LUKOIL Group: 100%
- Share of LUKOIL Group in production: varies depending on expenditure and oil prices
- Other project participants: EGPC

WEEM project oil production



Meleiha

- Acquisition of stake in project: 1995
- Duration of agreement: to 2010
- Type of agreement: concession; production (oil)
- Stake of LUKOIL Group through LUKAgip: 24%
- Current share of LUKOIL Group in production: varies depending on expenditure and oil prices
- Other project participants: EGPC (56%), IFC (20%)

The Meleiha block is located in the Northern Province of Egypt's Western Desert, and consists of four main fields (Aman, North-East Meleiha, West Meleiha, and South-East

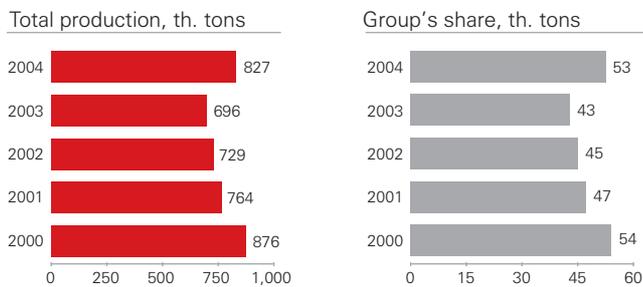
Meleiha. The fields were discovered in the 1970s and development began in 1978. Recoverable reserves are 44 mln barrels of oil.

There were 89 operating wells at the block as of December 31, 2004.

LUKOIL's share of proved reserves at Meleiha, as of December 31, 2004, was 1.3 mln barrels of oil.

Oil is carried through a 167 km pipeline to the Al-Khamra terminal, from where it is exported to international markets.

Meleiha project oil production



West Geisum

- > Acquisition of stake in project: June 2003
- > Duration of agreement: maximum 30 years
- > Type of agreement: concession; exploration & production (oil, gas)
- > Stake of LUKOIL Group: 100%
- > Other project participants: EGPC

The West Geisum block is located along the western side of the Gulf of Suez, occupying an area of 94 km², and 4 promising structures have been discovered at the block to date (Hemeit, West Gemsa, SE Qabrit Pass, and South Ranim). Forecast geological reserves are 92 mln barrels of oil and 23 bcf of gas.

The geological exploration program is scheduled to last 4 years. If commercial reserves are found, the development period will be 20 years with possibility of a 5-year extension and will use existing infrastructure, which was built for the WEEM block, giving a synergy effect.

Seismic survey work was completed in 2004 and positioning of exploration wells has been decided.

North-East Geisum

- > Acquisition of stake in project: June 2003
- > Duration of the agreement: maximum 30 years
- > Type of agreement: concession; exploration & production (oil, gas)
- > Stake of LUKOIL Group: 100%
- > Other project participants: EGPC

The North-East Geisum block is located in the shore area of the southern part of the Gulf of Suez. It occupies an area of 82 km² and 3 promising structures have been discovered to date. Forecast geological reserves are 169 mln barrels and 47 bcf of gas.

The geological exploration program is scheduled to last 4 years. If commercial reserves are found, block development should last 20 years with possible 5 year extension, and will use existing infrastructure of the WEEM block, allowing a synergy effect.

The first exploration well was drilled in 2004 and struck oil. A geological model of the block has been completed.

AZERBAIJAN



Shakh Deniz

- > Acquisition of stake in project: 1996
- > Duration of the agreement: 25 years (to 2021)

- Type of agreement: PSA; exploration & production (gas, gas condensate)
- Stake of LUKOIL Group: 10%
- Other project participants: Total (10%); NICO (10%); Azerbaijan State Oil Company (10%); TRA0 (9%); Statoil (25.5%, operator); BP (25.5%, operator)

The Shakh Deniz gas condensate field is located 100 km south of the city of Baku on the Caspian Sea Shelf at depth of 600 meters. The contract territory covers 860 km². Recoverable reserves are estimated at 18 tcf of gas and over 544 mln barrels of condensate.

Commercial reserves were discovered in March 2001 and the start of commercial production is scheduled for the end of 2006. Turkey will be the first customer for gas from Shakh Deniz.

In 2004 project participants completed assembly of a TPG-500 platform and drilled 2 operating wells.

D-222 (Yalama)

- Signing of the agreement: 1997 and 2003
- Duration of the agreement: to 2035
- Type of agreement: PSA; exploration & production (oil, gas)
- Stake of LUKOIL Group: 80% (operator)
- Other project participants: Azerbaijan State Oil Company (20%)

Block D-222 is a part of the Yalama structure, which straddles the Azerbaijani and Russian sectors of the Caspian Sea. The block is located 30 km from the coast at depths between 80 and 700 meters. Forecast geological reserves at the block are 6.6 bln barrels of oil. Probability of finding industrial reserves is rated as high.

A set of agreements signed in 2003 lays down additional conditions for exploration and development of D-222, including increase of LUKOIL's project stake to 80% and expansion of the contract area to 3,000 km². The geological exploration period will be extended to 2007 and

the production period from 2007 to 2035.

A seismic survey of the block was completed in 2004 and drilling of a search well was begun.

UZBEKISTAN



Kandym – Khauzak – Shady

- Signing of the agreement: 2004
- Duration of the agreement: 35 years (to 2040)
- Type of agreement: PSA; exploration & production (gas)
- Stake of LUKOIL Group: 90% (operator)
- Other project participants: Uzbekneftegaz (10%)

The agreement is for development of the Khauzak and Shady sections of the Dengizkuls koye field and the Kandym group of fields (Kandym, Kuvachi-Alat, Akkum, Parsankul, Khodzhi, and West Khodzhi), as well as exploration work at the Kungradsky block. The contract territory at Khauzak, Shady and Kandym group is 431 km² and the contract territory of the Kungradsky block is 3,700 km². Geological reserves of natural gas at Khauzak, Shady and the Kandym field group are estimated at 11.6 tcf. The Kandym field alone contains over 6 tcf.

Launch of industrial production at Khauzak and Shady is scheduled for 2007. The project includes construction of a gas chemical complex with annual capacity for 6 bcm of gas (the first stage of this complex should be commissioned in 2010). There are plans to drill 240 operating wells and to build more than 1,500 km of pipelines.

SAUDI ARABIA**Block A**

- Signing of agreement: March 2004
- Duration of agreement: 40 years
- Type of agreement: PSA, exploration & production (gas and condensate)
- Stake of LUKOIL Group: 80% (operator)
- Other project participants: Saudi Aramco (20%)

The Block A is located in the northern part of the Rub Al Khali Desert, alongside the Ghawar field, which is the largest in the world. The block covers 30,000 km², and the time allowed for geological exploration is 5 years. 2D and 3D seismic surveys will be carried out in that period and at least 9 exploratory wells will be drilled. Forecast geological reserves at the block are 11.3 tcf of gas and 1.3 bln barrels of condensate.

A tender for seismic exploration and analysis of existing geological and geophysical information was carried out in 2004, new 2D and 3D seismic survey was begun. Seismic exploration will continue throughout 2005 to prepare structures for exploration drilling at the start of 2006.

Condor

- Signing of agreement: June 2002
- Duration of agreement: 28 years (to 2030)
- Type of agreement: association; exploration & production (oil, gas)
- Stake of LUKOIL Group: 70%

COLOMBIA

- Other project participants: ECOPETROL (30%)

The Condor block is located in the Llanos oil & gas basin and covers an area of 3,000 km². Forecast geological reserves are 1.7 bln barrels of oil and condensate and 5.3 tcf of gas. Conditions of the agreement give a maximum 6 years for exploration and 22 years for development (30 years for gas-bearing sectors).

Seismic surveys of the most promising structures have been carried, sites have been prepared for exploration drilling and drilling has begun.

IRAN**Anaran**

- Project entry: 2003
- Duration of agreement: to the end of 2006

- Type of agreement: service; exploration (oil, gas)
- Stake of LUKOIL Group: 25%
- Other project participants: Norsk Hydro (75%, operator)

The Anaran block is located in the western part of Iran. The contract area is 3,500 km² and three promising structures have been detected: Azar, Shangule and Mousian. Forecast geological oil reserves are 2.3 bln barrels.

All seismic studies at the block have been completed, and exploration drilling has struck oil. If reserves are found to be commercial, talks will be held with the Iranian side to reach a service agreement for development of the field.

West Qurnah-2

- Signing of agreement: 1997
- Duration of agreement: 23 years (to 2020)
- Type of agreement: PSA, production (oil, gas)
- Stake of LUKOIL Group: 68.5%
- Other project participants: Zarubezhneft (3.25%), Mashinoimport (3.25%), SOMO (25%)

IRAQ



The West Qurnah Field is part of the huge Rumaylah field and is located in southern Iraq, north-west of the city of Basra. Proved reserves at the field are estimated at 6 bln barrels of oil.

The project is currently suspended pending agreement with the new Iraqi government. There are plans to give a 17.5% stake in the project to ConocoPhillips.

Main operating indicators for international projects of LUKOIL Group (Group's share)

Karachaganak

	2000	2001	2002	2003	2004
Proved reserves of oil, mln barrels	262	240	231	232	231
Proved reserves of gas, bcf	1,763	1,669	1,582	2,030	1,624
Hydrocarbon reserves, mln boe	556	518	495	570	502
Oil production, mln barrels	4.8	4.2	5.4	6.5	9.4
Gas production, bcf	22.9	18.8	23.9	27.6	44.9
Hydrocarbon production, mln boe	8.6	7.3	9.4	11.1	16.9

Kumkol

	2000	2001	2002	2003	2004
Proved reserves of oil, mln barrels	91	85	96	107	111
Oil production, mln barrels	4.7	5.5	7.8	10.8	13.0
Gas production, bcf	0.3	0.3	0.3	0.5	1.8
Hydrocarbon production, mln boe	4.8	5.6	7.9	10.9	13.3

Tengiz

	2000	2001	2002	2003	2004
Proved reserves of oil, mln barrels	73	98	95	106	112
Proved reserves of gas, bcf	103	155	150	151	188
Hydrocarbon reserves, mln boe	90	124	120	131	143
Oil production, mln barrels	2.2	2.6	2.7	2.7	2.9
Gas production, bcf	3.2	4.6	5.4	5.5	5.9
Hydrocarbon production, mln boe	2.7	3.4	3.6	3.6	3.9

Meleiha

	2000	2001	2002	2003	2004
Proved reserves of oil, mln barrels	3	4	8	4	1
Oil production, mln barrels	0.4	0.3	0.3	0.3	0.4

WEEM

	2000	2001	2002	2003	2004
Proved reserves of oil, mln barrels	–	–	17	15	13
Oil production, mln barrels	0.0	0.1	1.2	1.8	1.3

Azeri – Chirag – Guneshli

	2000	2001	2002	2003	2004
Proved reserves of oil, mln barrels	102	120	78	–	–
Oil production, mln barrels	3.2	3.7	3.9	–	–

Shakh Deniz

	2000	2001	2002	2003	2004
Proved reserves of oil, mln barrels	–	–	–	7	15
Proved reserves of gas, bcf	–	–	–	125	338
Hydrocarbon reserves, mln boe	–	–	–	28	71

Kandym – Khauzak – Shady

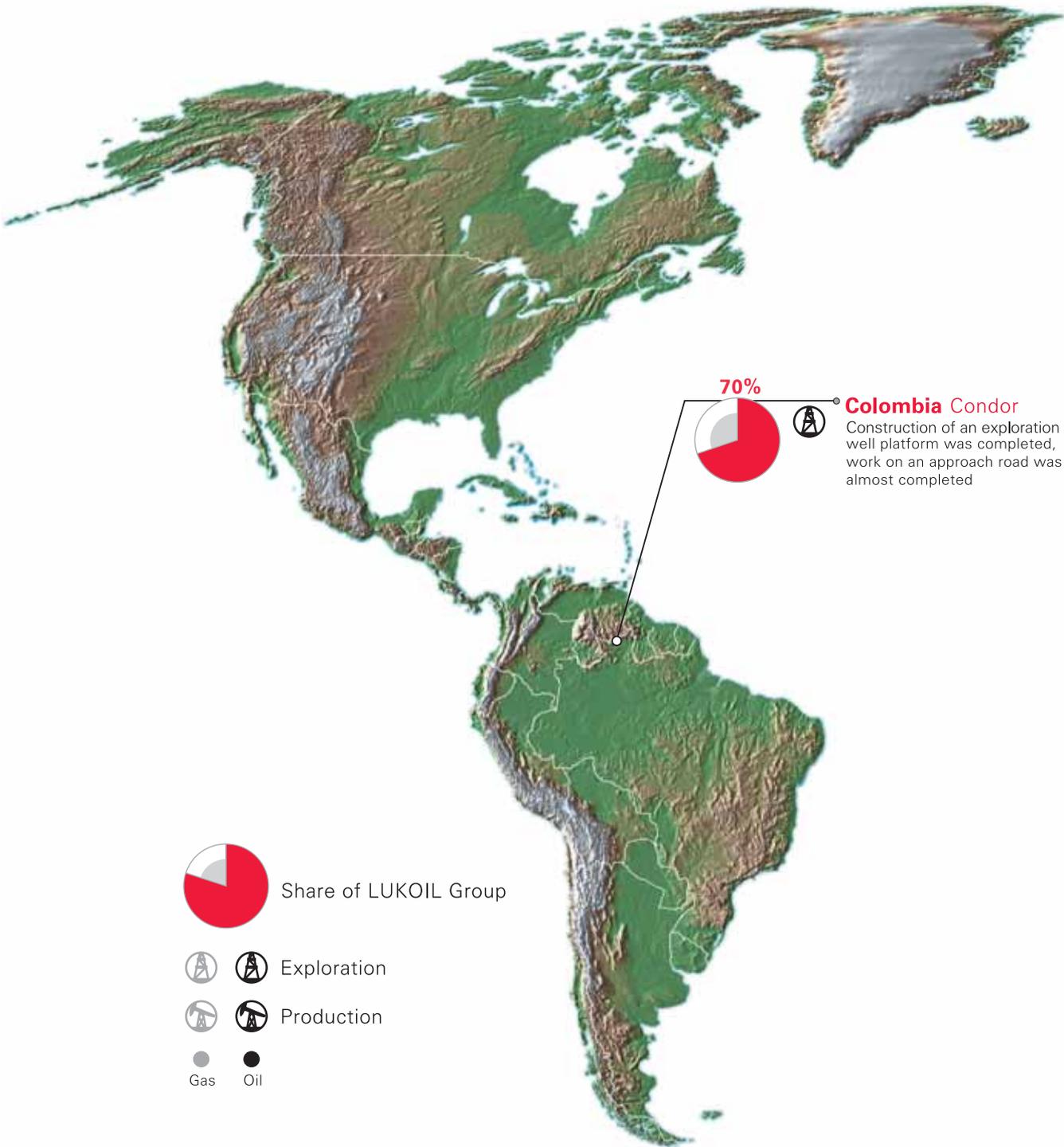
	2000	2001	2002	2003	2004
Proved reserves of oil, mln barrels	–	–	–	–	4
Proved reserves of gas, bcf	–	–	–	–	1,066
Hydrocarbon reserves, mln boe	–	–	–	–	182

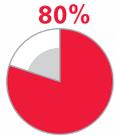
Total international projects

	2000	2001	2002	2003	2004
Proved reserves of oil, mln barrels	531	547	525	471	487
Proved reserves of gas, bcf	1,866	1,824	1,732	2,306	3,216
Hydrocarbon reserves, mln boe	842	851	814	855	1,023
Oil production, mln barrels	15.3	16.4	21.3	22.1	27.0
Gas production, bcf	26.4	23.7	29.6	33.6	52.6
Hydrocarbon production, mln boe	19.7	20.4	26.4	27.7	35.8



INTERNATIONAL PROJECTS OF LUKOIL GROUP (AS OF DECEMBER 31, 2004)





Azerbaijan D-222
Work began in October 2004 on drilling of a first prospecting well with a floating semi-submersible drilling unit. Planned well depth is 4,500 meters



Azerbaijan Shakh Deniz
Two wells were built. Work continued on assembly of a TPG-500 platform, construction of a coastal terminal, and preparation for laying of an underwater pipeline



Kazakhstan Kumkol
21 new oil wells were brought on stream



Kazakhstan Karachaganak
Two horizontal wells were drilled, a refining complex with annual capacity of 7 million tonnes was built, and a 635-kilometer export pipeline from Karachaganak to Atyrau was laid with annual throughput capacity of 7 million tonnes. Work began on a first well with multiple boreholes



Kazakhstan Tengiz
Nine new wells were drilled and seven existing wells were deepened



Kazakhstan Tyub-Karagan
2D seismic studies of the sea floor were completed, the new data and existing data were analyzed, and preparations were completed for drilling of the first exploration well



Kazakhstan Atashsky
2D seismic studies of the sea floor were completed for drilling of the first exploration well



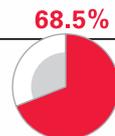
Uzbekistan Kandym-Khauzak-Shady
The agreement came into force in November 2004, and work began on preparation of project documentation and collection of geological and geophysical materials



Iran Anaran
2D seismic surveying was completed and the results were interpreted. Work began on drilling of a second exploration well after closure of the first



Saudi Arabia Block A
A tender for seismic exploration work was completed, analysis of existing geological and geophysical information was begun, and a start was made on new 2D and 3D seismic surveying



Iraq West Qurnah-2
Work on a field development plan was completed. The project is suspended until signing of an agreement with the Iraqi government



Egypt West Geisum
Processing of 2D seismic material was completed, 3D seismic surveying of the seabed was completed and sites were chosen for exploration wells



Egypt North-East Geisum
Processing of seismic material was completed, a first exploration well was drilled and gave oil, all geological and geophysical data were analyzed and assessed, structural projections were adjusted and the geological model was made more accurate



Egypt WEEM
Three new oil wells were brought on stream and the 100-kilometer WEEM-GPC-Geisum export pipeline was commissioned



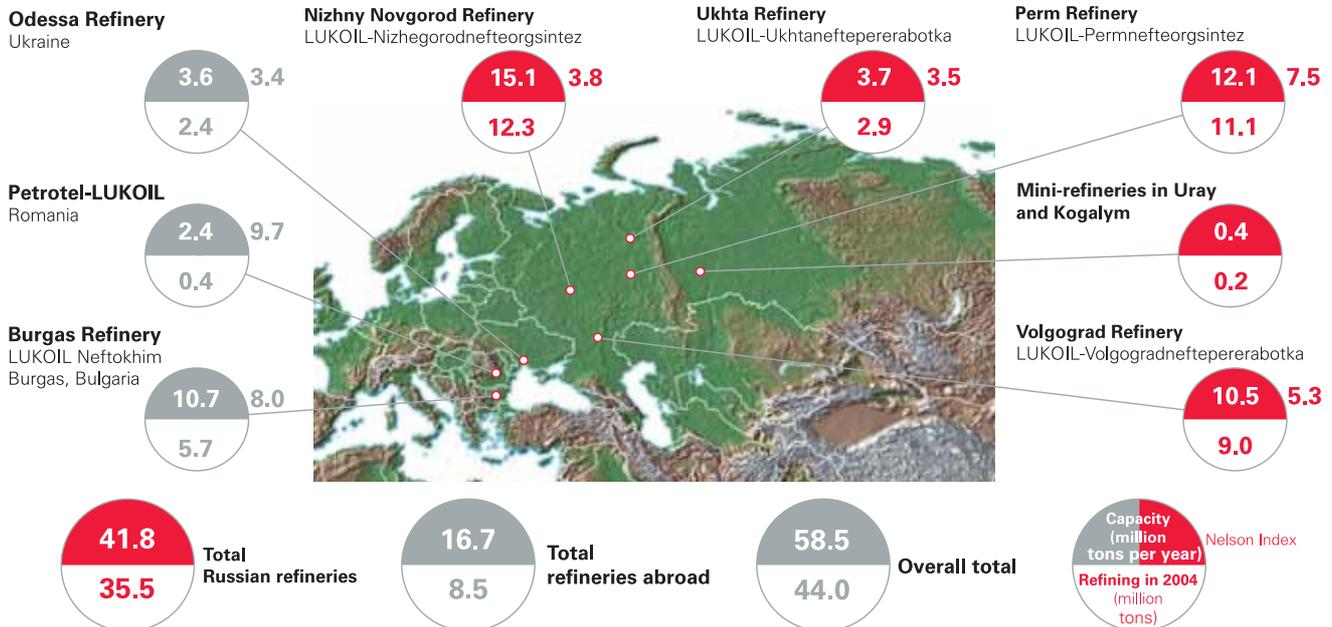
Egypt Meleiha
Production continued in accordance with the development plan

Total Project Production:
572,000 tonnes of oil
LUKOIL Share of Production:
180,000 tonnes of oil

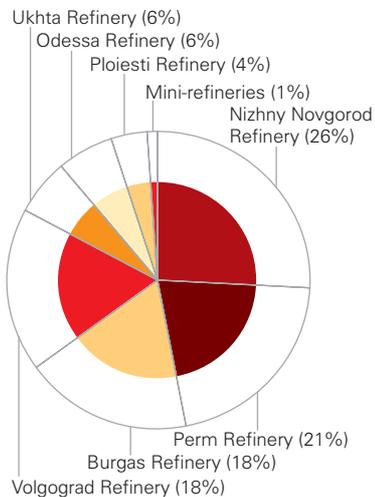
Total Project Production:
827,000 tonnes of oil
LUKOIL Share of Production:
53,000 tonnes of oil

OIL REFINING

LUKOIL Group refineries



Structure of LUKOIL refining capacities



Oil refining at LUKOIL Group refineries, mln tons

	2000	2001	2002	2003	2004
Refinery throughputs	32.37	38.05	41.6	42.33	44.03
Russian refineries	23.42	29.45	33.95	34.31	35.55
including mini-refineries	0.20	0.20	0.20	0.21	0.22
Foreign refineries	8.95	8.6	7.65	8.02	8.48
Refinery throughputs, th. barrels per day	648	764	835	850	882

Product output at LUKOIL Group refineries, mln tons

	2000	2001	2002	2003	2004
Product output	29.58	35.44	38.88	39.44	41.05
Russian refineries	22.18	28.00	32.32	32.65	33.66
including mini-refineries	0.19	0.20	0.19	0.21	0.22
Foreign refineries	7.40	7.44	6.56	6.79	7.39

Refining expenses, mln USD

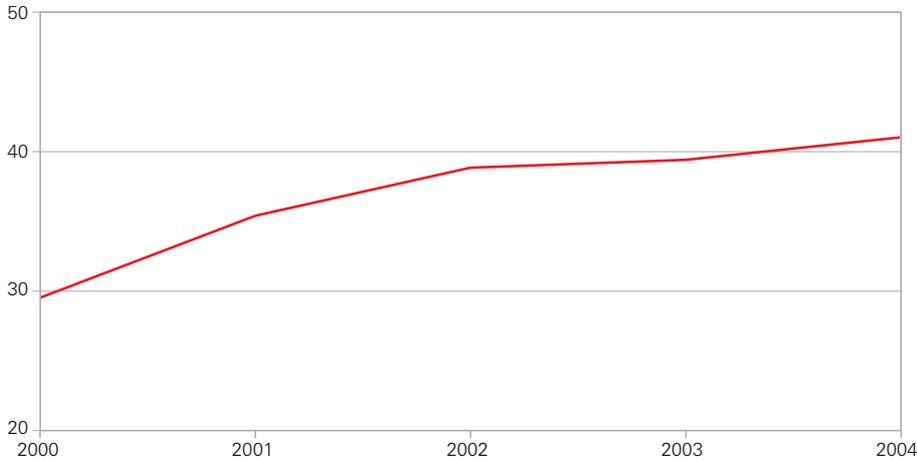
	2000	2001	2002	2003	2004
Owned refineries	–	426	417	479	551
Third-party refineries	–	109	131	–	–

Depth of refining at LUKOIL Group refineries*, %

	2000	2001	2002	2003	2004
LUKOIL Group, total	74.4	72.2	71.1	71.9	74.0
Russian refineries	76.3	73.8	72.7	73.5	75.4
Foreign refineries	71.3	68.4	65.7	66.9	70.5

* Excluding mini-refineries.

Petroleum product output at LUKOIL Group refineries, mln tons

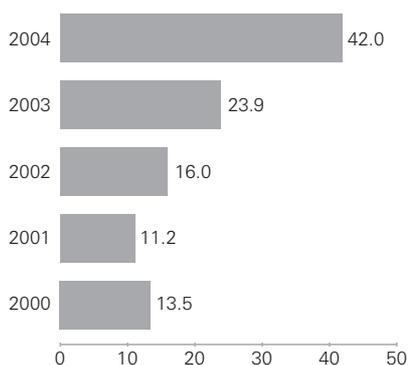


Structure of petroleum products output at LUKOIL Group refineries*, %

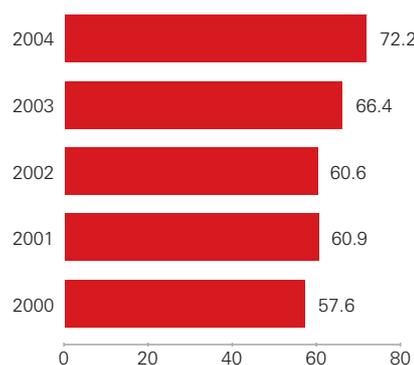
	2000	2001	2002	2003	2004
Motor gasoline	18.2	16.1	14.7	13.8	14.7
Diesel fuel	31.4	29.3	29.4	29.3	28.6
Jet fuel	4.2	5.4	4.5	4.6	5.4
Ship fuel	0.7	1.8	2.8	3.1	3.9
Heating oil	2.0	1.9	1.7	1.6	1.1
Vacuum gas oil	3.3	2.9	3.6	4.1	5.2
Naphta	2.3	2.0	2.8	3.1	2.7
Fuel oil	25.1	28	29.9	29.4	26.7
Bitumen	3.7	4.3	3.3	3.7	3.9
Lubricants	3.1	3.1	2.8	2.8	3.1
Coke	2.2	1.5	1.2	1.1	1.3
Other	3.8	3.7	3.3	3.4	3.4

* Excluding mini-refineries.

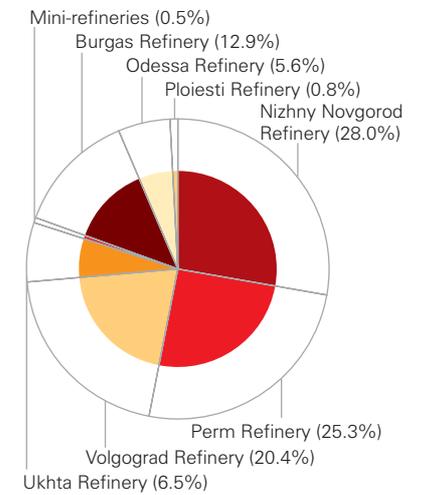
Share of clean diesel in total output of diesel fuel at LUKOIL refineries, %



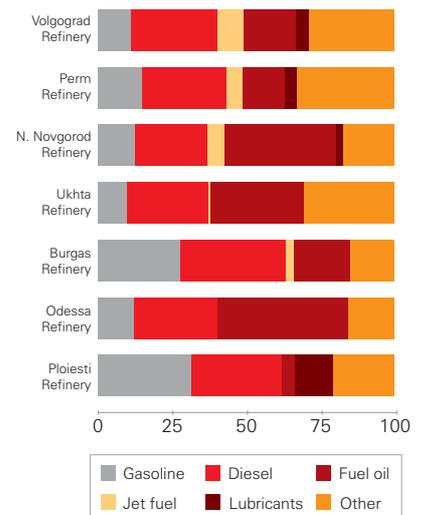
Share of high-octane gasolines in total output of motor gasolines at LUKOIL refineries, %



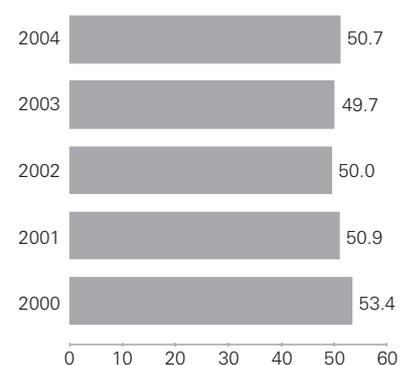
Distribution of throughputs at LUKOIL refineries (2004)



Output of main petroleum products at LUKOIL refineries (2004), %



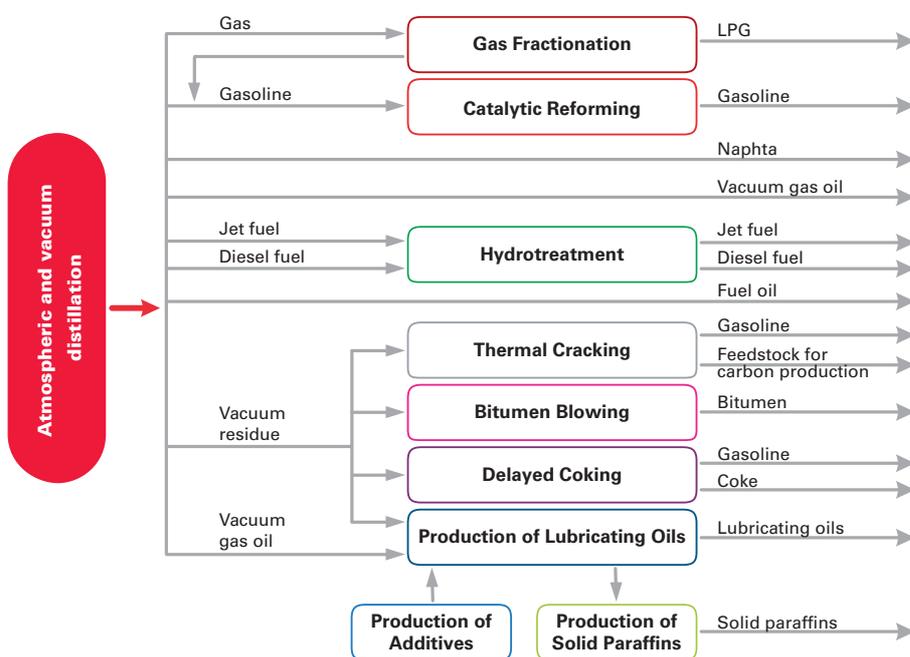
Light products yield at LUKOIL refineries, %



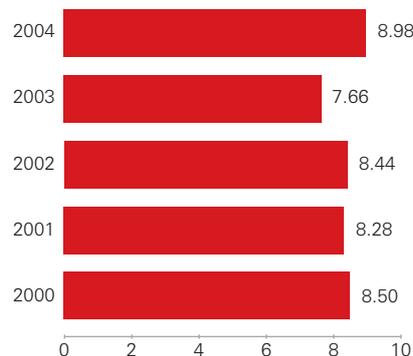
VOLGOGRAD REFINERY

OOO "LUKOIL-Volgogradneftepererabotka"

- The refinery produces fuels and lubricants
- Located in southern Russia
- Refines a light blend of West-Siberian and Lower-Volga crudes
- Crude oil is supplied to the refinery via the **Samara-Tikhoretsk** pipeline
- Petroleum products are shipped by rail, road and river transport
- Capacity – **10.5 mln tons per year**
- Nelson index – **5.3**
- Main conversion processes are coking (**1.2 mln tons per year**) and thermal cracking (**0.75 mln tons per year**)



Refinery throughput, mln tons



Quality of products

- From 2002 the refinery produces diesel fuel with sulphur content below **0.035%**
- The refinery produces **590 th. tons** of mineral, semi-synthetic and synthetic lubricants to Russian and international (**API**) standards per year

Current modernization

- Construction of a reforming unit with **1 mln tons** annual capacity, which will improve quality of gasoline output and reduce production costs. The start-up is planned for 2006
- Construction of an isomerization unit

History of Refinery

The refinery was put into operation in **1957**.

In 1991 the refinery entered LUKOIL Group.

In **1994** equipment for initial refining and gasoline reforming was rebuilt.

In **1997–1998** the refinery launched automatic equipment for blending of gasolines and a rail trestle for crude oil discharge.

In **1998–2001** the refinery launched equipment for hydrotreatment of diesel fuel, naphta stabilization and fractioning of saturated hydrocarbon gases.

In **2002–2003** the refinery was equipped with a lubricant-packaging line, designed

for 200-liter drums, and a storage facility for saleable lubricants. These improvements enabled doubling of saleable lubricant production.

In 2004:

- installations for fine fractionation of gasoline and reforming unit were rebuilt, significantly increasing the octane-number of gasoline components and halving use of high-octane additives more than twice
- a crude oil discharge trestle was rebuilt to allow lading of products into rail transport
- use of new emulsifiers reduced product losses in desalting from **0.9%** to **0.84%**

Crude refining and petroleum product output at the Volgograd Refinery

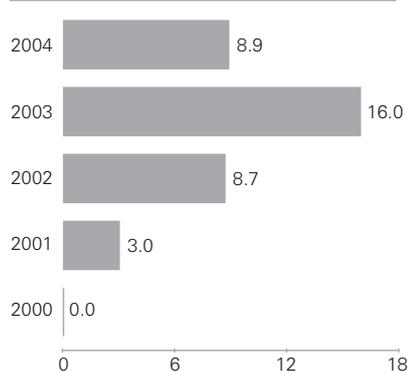
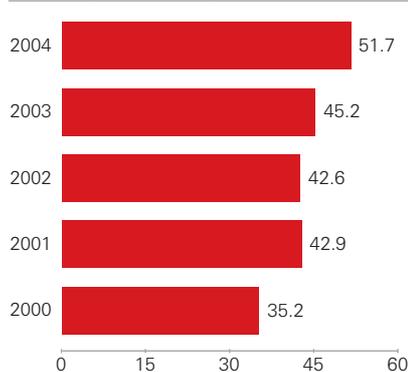
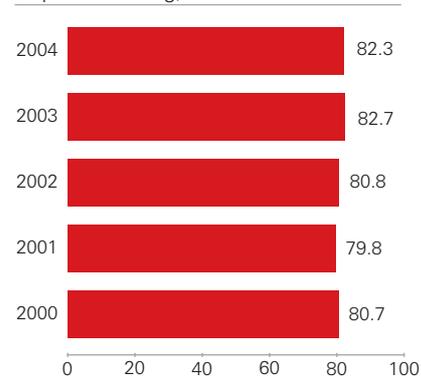
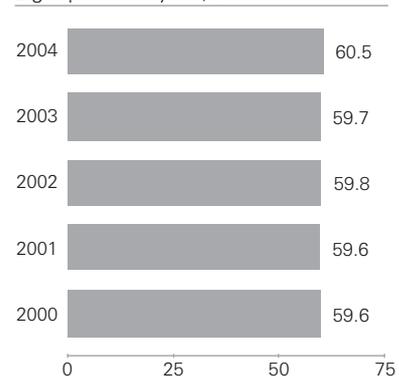
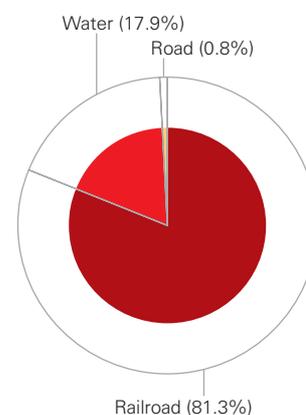
	2000	2001	2002	2003	2004
Refinery throughput, mln tons	8.50	8.28	8.44	7.66	8.98
Petroleum product output, mln tons	8.07	7.83	8.00	7.17	8.46

Structure of petroleum product output, %

	2000	2001	2002	2003	2004
Motor gasoline	14.4	13.2	13.7	11.9	10.9
Diesel fuel	31.4	30.8	29.2	28.7	29.2
Jet fuel	7.8	8.5	8.3	8.2	8.9
Ship fuel	0.0	0.0	0.6	0.8	0.9
Heating oil	3.5	3.5	5.1	5.4	4.1
Vacuum gas oil	5.6	6.2	5.9	5.3	6.1
Naphta	5.6	6.2	5.8	7.5	8.4
Fuel oil	18.8	19.0	18.1	17.1	17.7
Bitumen	1.9	1.6	1.5	2.1	1.7
Lubricants	5.7	5.5	5.2	5.5	5.7
Coke	3.1	2.9	3.1	3.0	3.1
Other	2.2	2.6	3.5	4.5	3.3

Main operating indicators of the Refinery

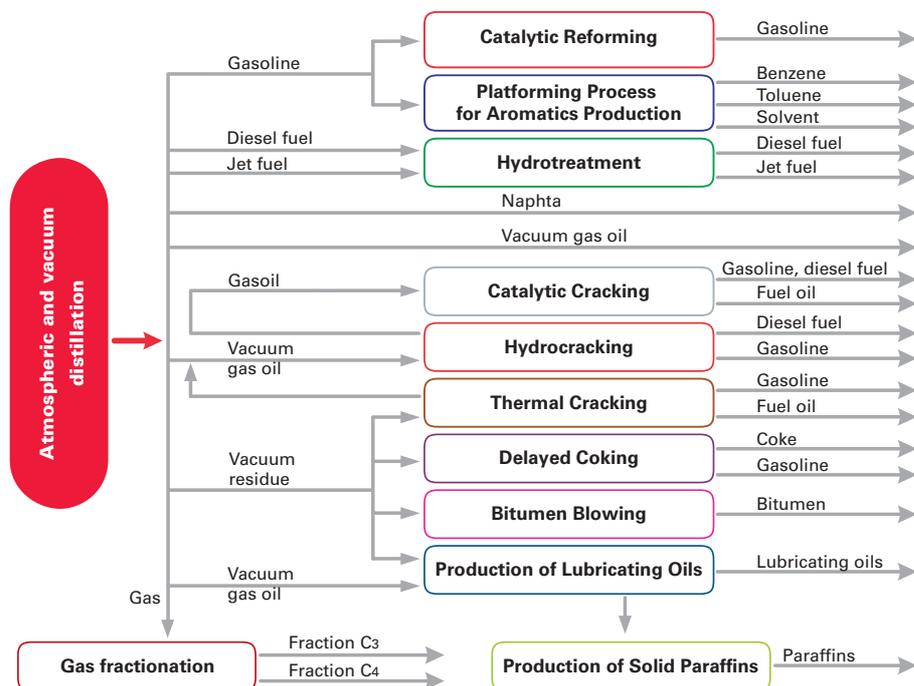
	2000	2001	2002	2003	2004
Depth of refining, %	80.7	79.8	80.8	82.7	82.3
Light products yield, %	59.6	59.6	59.8	59.7	60.5
Share of high-octane gasoline in total output of motor gasoline, %	35.2	42.9	42.6	45.2	51.7
Share of clean diesel in total output of diesel fuel, %	0.0	3.0	8.7	16	8.9

Share of clean diesel in total output of diesel fuel, %*Share of high-octane gasoline in total output of motor gasoline, %**Depth of refining, %**Light products yield, %**Shipments by transport types from Volgograd refinery (2004)*

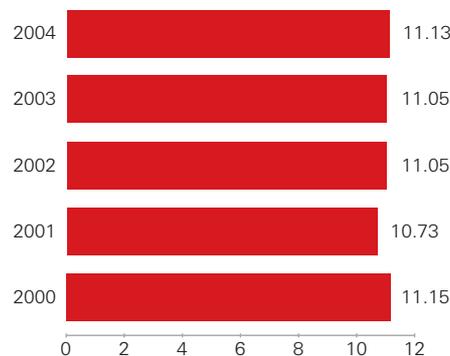
PERM REFINERY

OOO "LUKOIL-Permnefteorgsintez"

- The refinery produces fuels, lubricants and petrochemicals
- Located 9 km from the city of Perm
- Refines a blend of crudes from the northern part of Perm Region and from Western Siberia
- Crude oil is supplied to the Refinery via the **Surgut-Polotsk** pipeline and the **Kholmogory-Klin** pipeline
- Petroleum products are shipped by rail, road, and river transport, and also via the **Perm-Andreyevka-Ufa** product pipeline
- Capacity – **12.1 mln tons per year**
- Nelson index – **7.5**
- Main conversion processes are hydrocracking (**T-Star, 3.5 mln tons per year**), catalytic cracking (**0.95 mln tons per year**), coking (**1.0 mln tons per year**) and thermal cracking (**0.54 mln tons per year**)



Refinery throughput, mln tons



Quality of products

- From 2004 the refinery produces diesel fuel with sulphur content below 50 ppm and 10 ppm (**Euro-4 and Euro-5**) meeting current Scandinavian standards
- The refinery produces mineral, semi-synthetic and synthetic lubricants to Russian and international (**API**) standards
- The refinery was certified in accordance with the **ISO 9001:2000** quality control standard

Current modernization

- The vacuum block of ADU-4 is being additionally equipped to increase supply of inputs to the hydrocracking unit

History of Refinery

The refinery was put into operation in **1958**.

In 1991 the refinery entered LUKOIL Group.

In **1993–1998** a large-scale program of reconstruction was carried out at the refinery. The program included extensive rebuilding of coking equipment, installation of vacuum distillation unit, installation of modern lubricant production, and creation of a system for protecting the environment.

In **1999** the refinery launched new equipment for utilization of hydrogen sulphide and production of sulphuric acid.

In **2004** the refinery launched Russia's first deep-refining complex, designed for hydrotreating and hydrocracking of a mixture of vacuum distillates and secondary components for production of low-sulphur feedstock for catalytic cracking, low-sulphur diesel fuel with reduced aromatic hydrocarbon content, and components for high-quality gasolines.

The most important part of the complex is a T-Star hydrocracker with 3.5 mln tons annual capacity.

Crude refining and petroleum product output at the Perm Refinery

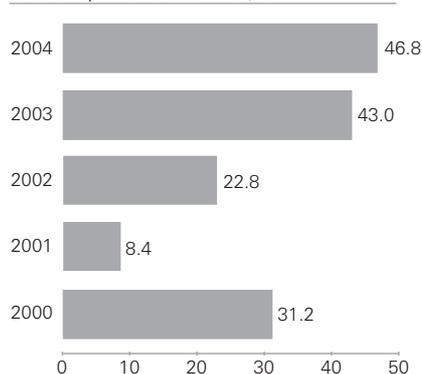
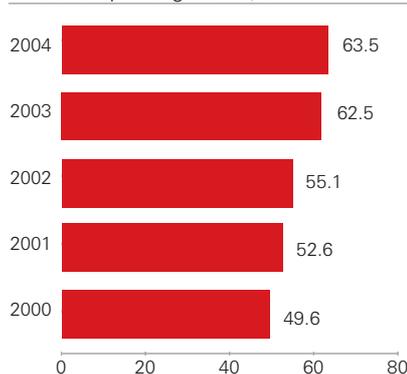
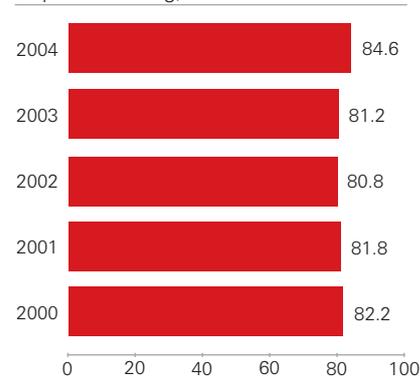
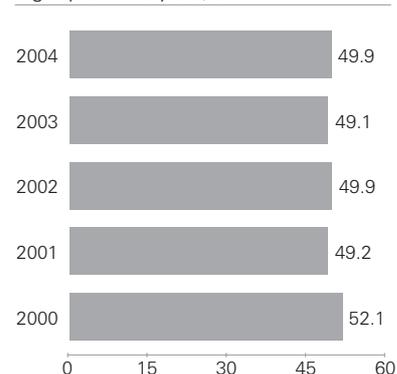
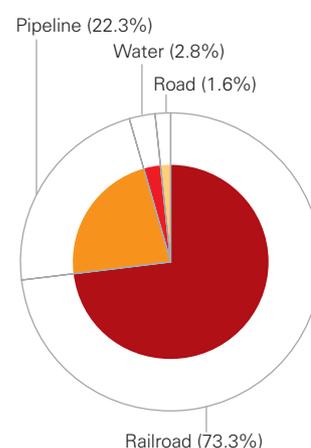
	2000	2001	2002	2003	2004
Refinery throughput, mln tons	11.15	10.73	11.05	11.05	11.13
Petroleum product output, mln tons	10.49	10.14	10.39	10.51	10.49

Structure of petroleum product output, %

	2000	2001	2002	2003	2004
Motor gasoline	17.8	16.8	16.1	14.8	14.7
Diesel fuel	29.8	26.0	27.2	27.1	28.5
Jet fuel	4.4	5.1	4.8	5.2	5.3
Ship fuel	2.1	3.9	3.8	3.2	4.8
Heating oil	1.0	1.4	0.7	0.8	0.3
Vacuum gas oil	2.7	1.9	3.4	4.9	6.0
Naphta	0.9	1.4	2.6	2.2	2.2
Fuel oil	23.0	23.5	23.7	24.2	19.4
Bitumen	6.2	5.7	4.5	5.2	5.5
Lubricants	4.3	4.7	3.9	4.0	4.2
Coke	2.4	2.2	2.0	2.0	2.3
Other	5.4	7.4	7.3	6.4	6.8

Main operating indicators of the Refinery

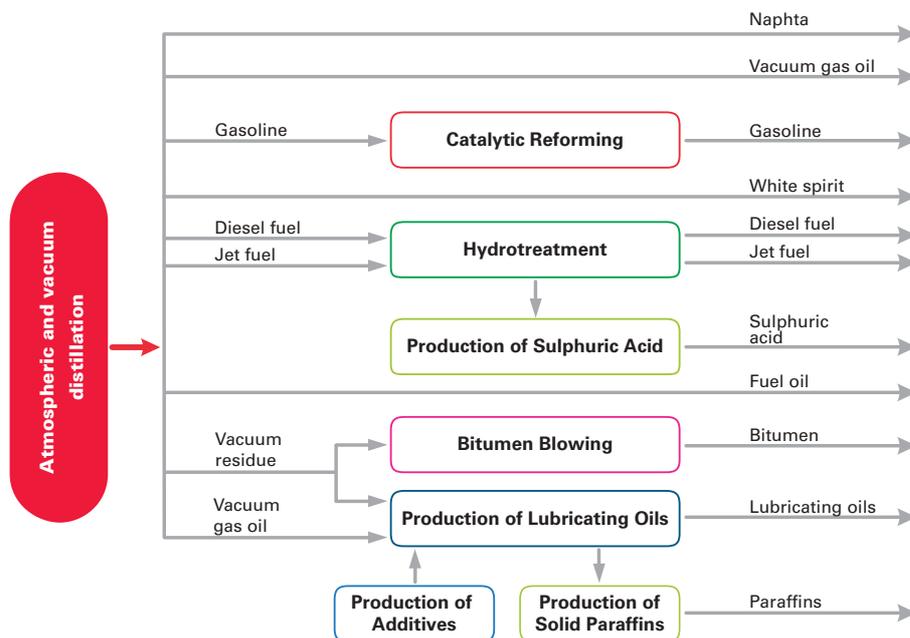
	2000	2001	2002	2003	2004
Depth of refining, %	82.2	81.8	80.8	81.2	84.6
Light products yield, %	52.1	49.2	49.9	49.1	49.9
Share of high-octane gasoline in total output of motor gasoline, %	49.6	52.6	55.1	62.5	63.5
Share of clean diesel in total output of diesel fuel, %	31.2	8.4	22.8	43	46.8

Share of clean diesel in total output of diesel fuel, %*Share of high-octane gasoline in total output of gasoline, %**Depth of refining, %**Light products yield, %**Shipments by transport types from Perm refinery (2004)*

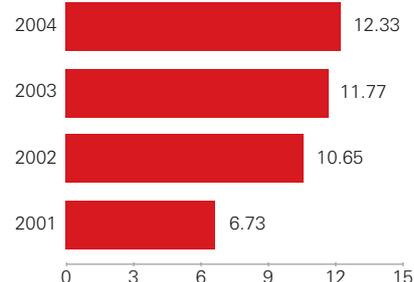
»»» NIZHNY NOVGOROD REFINERY

OAO "LUKOIL-Nizhegorodnefteorgsintez"

- The refinery produces fuels and lubricants
- Located in the town of Kstovo in Nizhny Novgorod region
- Refines a blend of West Siberian oils
- Crude oil is supplied to the refinery via the **Almetyevsk-Nizhny Novgorod** and **Surgut-Polotsk** pipelines
- Petroleum products are shipped by rail, road and river transport and by pipeline
- Capacity – **15.1 mln tons per year**
- Nelson index – **3.8**
- The refinery has no conversion processes. Upgrading processes are reforming and hydrotreatment of diesel fuel



Refinery throughput, mln tons



Quality of products

- From 2004 the refinery produces diesel fuel with sulphur content below 50 ppm (**Euro-4**)
- The refinery produces **234 th. tons** of mineral and semi-synthetic lubricants to Russian and international (API) standards per year
- The enterprise was certified in accordance with the **ISO 9001:2000** quality control standard

Current modernization

- Construction of an isomerization unit enabling production of gasolines to **Euro-3** standards. The start-up is planned for **2006**
- Construction of a deep-refining complex, including catalytic cracking, alkylation and hydrotreatment units

History of Refinery

The refinery was put into operation in **1958**.

In 2001 the refinery entered LUKOIL Group.

In **2002** the refinery rebuilt one of its distillation units, as well as refitting hydrotreatment equipment and a flare installation.

In **2003** the refinery commissioned the only large-scale production of edible paraffins in Russia. Modernization increased production and export of paraffins while reducing production costs by lowering relative spending on reagents.

In **2004:**

- a vacuum block with annual capacity of 3 mln tons of fuel oil was built onto the distillation unit
- a catalytic reforming unit with annual capacity of **1 mln tons** was installed, allowing increased production of high-octane gasoline and to decline the consumption of high-octane additives
- the refinery began production of **Jet A-1** jet fuel and LUKOIL **EN590** diesel fuel

Crude refining and petroleum product output at the Nizhny Novgorod Refinery

	2000	2001	2002	2003	2004
Refinery throughput, mln tons	–	6.73	10.65	11.77	12.33
Petroleum product output, mln tons	–	6.44	10.25	11.28	11.69

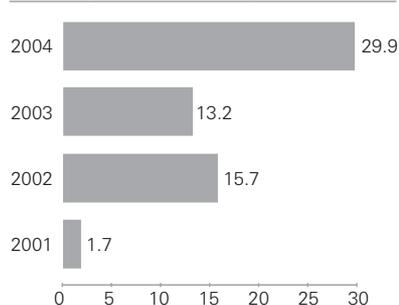
Structure of petroleum product output, %

	2000	2001	2002	2003	2004
Motor gasoline	–	13.3	12.2	11.3	12.3
Diesel fuel	–	25.9	28.1	27.9	24.5
Jet fuel	–	8.0	4.2	4.1	5.7
Ship fuel	–	0.0	1.1	3.0	5.7
Heating oil	–	0.3	0.1	0.1	0.1
Vacuum gas oil	–	1.3	2.4	2.9	5.0
Naphta	–	0.0	2.2	2.4	0.4
Fuel oil	–	40.1	42.4	40.3	37.7
Bitumen	–	7.4	4.2	4.1	4.5
Lubricants	–	2.7	2.4	2.4	2.4
Coke	–	0.0	0.0	0.0	0.0
Other	–	1.0	0.7	1.5	1.7

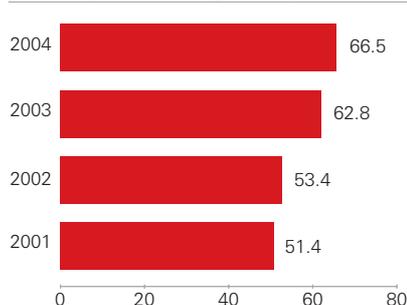
Main operating indicators of the Refinery

	2000	2001	2002	2003	2004
Depth of refining, %	–	61.7	58.8	60.9	63.4
Light products yield, %	–	43.4	44.7	44.4	43.2
Share of high-octane gasoline in total output of motor gasoline, %	–	51.4	53.4	62.8	66.5
Share of clean diesel in total output of diesel fuel, %	–	1.7	15.7	13.2	29.9

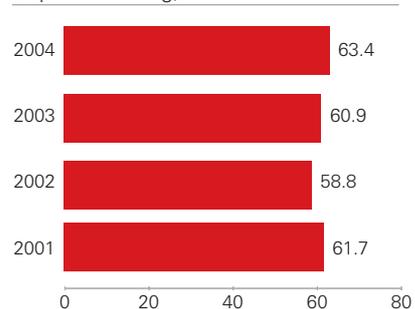
Share of clean diesel in total output of diesel fuel, %



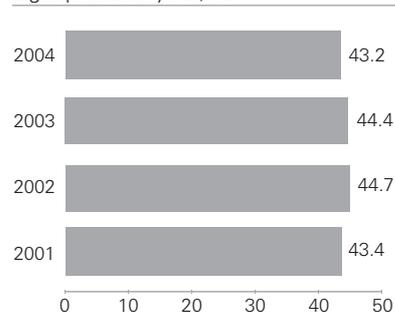
Share of high-octane gasoline in total output of motor gasoline, %



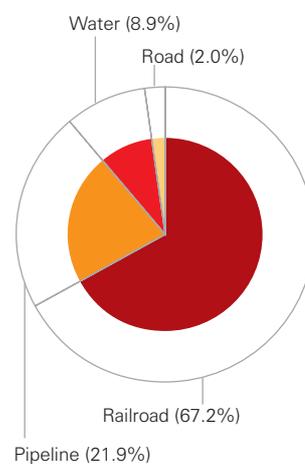
Depth of refining, %



Light products yield, %



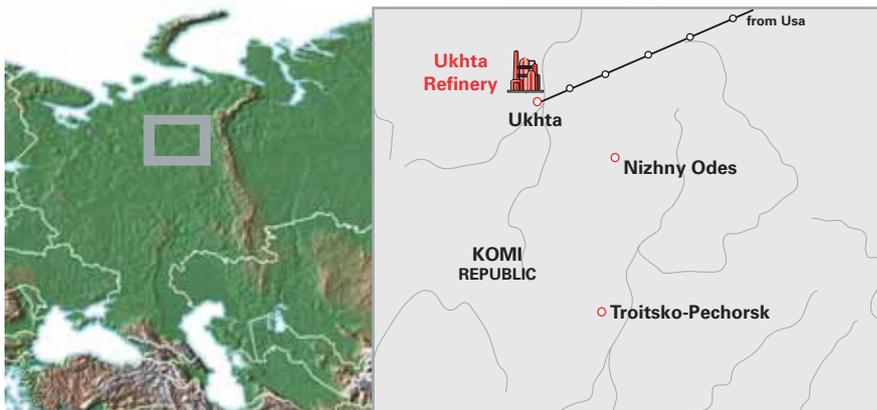
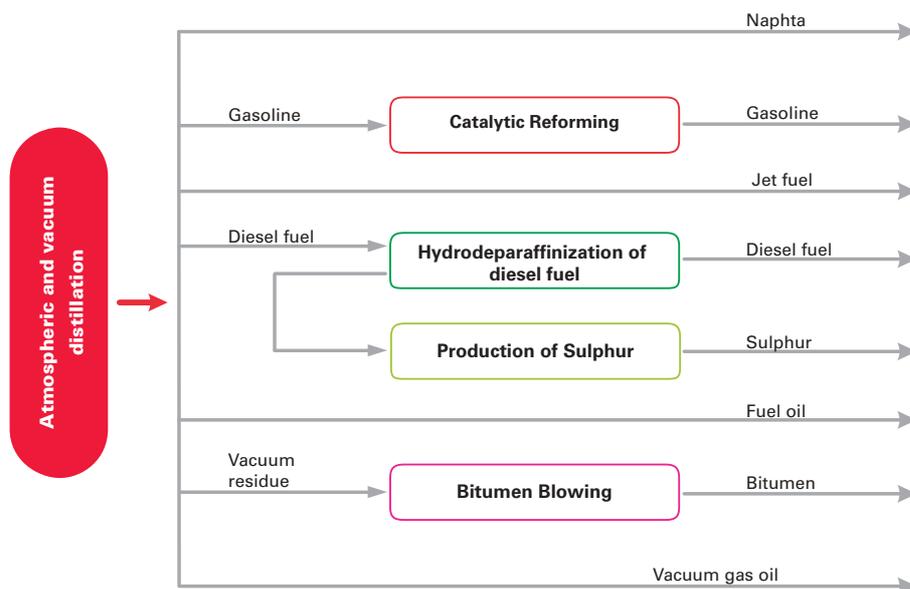
Shipments by transport types from Nizhny Novgorod refinery (2004)



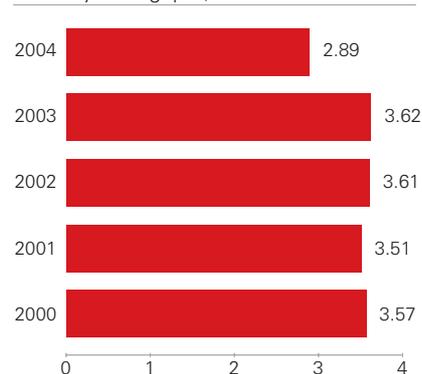
UKHTA REFINERY

ОАО "ЛУКОЙЛ-Укхтанефтепереработка"

- The refinery produces fuels
- Located in the central part of the Komi Republic
- Refines a blend of crudes from oil fields in Komi and Yareg heavy oil
- Crude is supplied to the refinery via the **Usa-Ukhta** pipeline
- Petroleum products are shipped from the refinery by rail and road
- Capacity – **3.7 mln tons per year**
- Nelson index – **3.5**
- The refinery has no conversion processes. Upgrading processes are reforming and hydrodeparaffinization of diesel fuel



Refinery throughput, mln tons



Quality of products

- From **2003** the refinery transferred to production of winter and Arctic brands of diesel fuel

Current modernization

- Construction of a new line for discharge and lading of oil and petroleum products
- From 2005 the refinery starts production of diesel fuel with sulphur content below **50 ppm**

History of Refinery

The refinery was put into operation in **1934**.

In 1999 the refinery entered LUKOIL Group.

In **2001–2002** a distillation unit was reconstructed, gasoline reservoir and nitrogen station were built.

In **2003** the refinery commissioned an installation for hydrodeparaffinization of diesel fuel, including a sulphur-recovery block, which allowed the refinery to start producing winter and Arctic diesel brands.

In **2004:**

- a trestle for crude discharge and lading of dark petroleum products was put into operation, allowing the refinery to accept a wider range of oil inputs
- the first stage of reconstruction of a catalytic reforming unit was completed, improving its performance and increasing its annual capacity to 35 th. tons

Crude refining and petroleum product output at the Ukhta Refinery

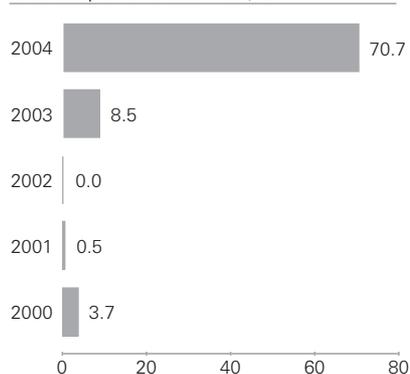
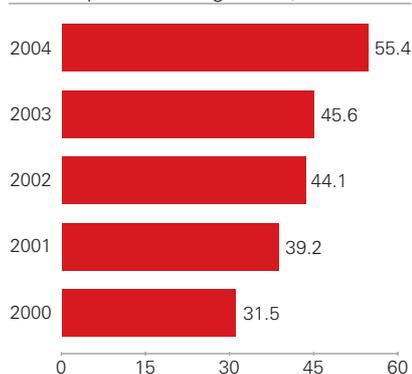
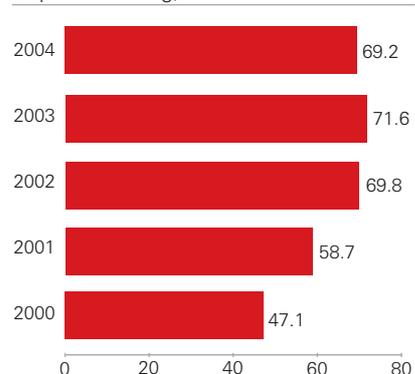
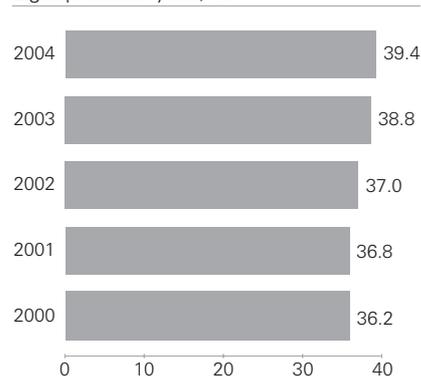
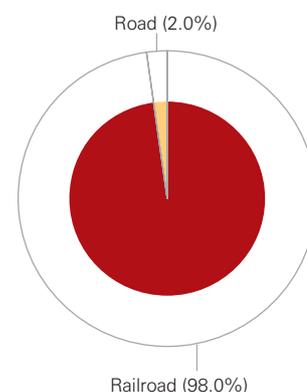
	2000	2001	2002	2003	2004
Refinery throughput, mln tons	3.57	3.51	3.61	3.62	2.89
Petroleum product output, mln tons	3.43	3.39	3.49	3.48	2.80

Structure of petroleum product output, %

	2000	2001	2002	2003	2004
Motor gasoline	10.3	9.6	9.7	9.6	9.8
Diesel fuel	18.4	25.0	26.2	26.7	27.3
Jet fuel	0.0	0.0	0.1	0.5	0.9
Ship fuel	0.0	7.0	14.8	13.4	12.1
Heating oil	0.5	1.0	0.3	0.7	0.0
Vacuum gas oil	6.7	6.3	6.9	9.1	10.8
Naphta	3.6	2.6	2.1	2.7	2.6
Fuel oil	56.2	43.9	36.1	34.2	33.4
Bitumen	3.4	4.0	3.2	2.5	3.0
Lubricants	0.0	0.0	0.0	0.0	0.0
Coke	0.0	0.0	0.0	0.0	0.0
Other	0.9	0.6	0.6	0.6	0.1

Main operating indicators of the Refinery

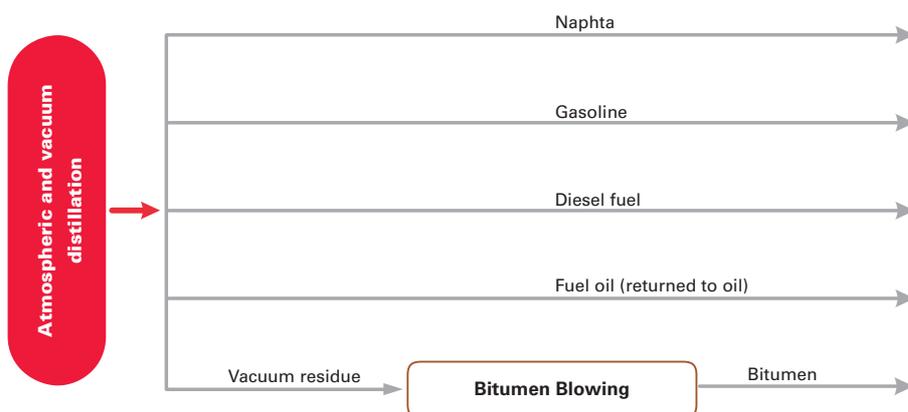
	2000	2001	2002	2003	2004
Depth of refining, %	47.1	58.7	69.8	71.6	69.2
Light products yield, %	36.2	36.8	37.0	38.8	39.4
Share of high-octane gasoline in total output of motor gasoline, %	31.5	39.2	44.1	45.6	55.4
Share of clean diesel in total output of diesel fuel, %	3.7	0.5	0.0	8.5	70.7

Share of clean diesel in total output of diesel fuel, %*Share of high-octane gasoline in total output of motor gasoline, %**Depth of refining, %**Light products yield, %**Shipments by transport types from Ukhta refinery (2004)*

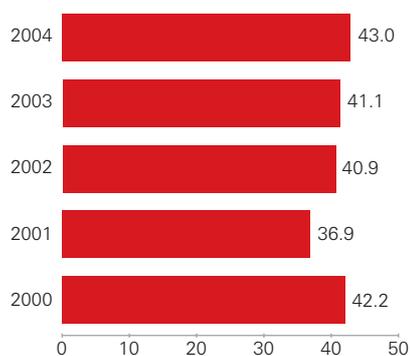
MINI-REFINERY IN URAY

"Urayneftegas"

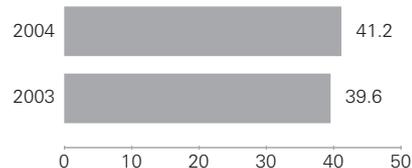
- The refinery produces fuels
- Located in Uray
- Refines a blend of local crudes
- Topping mini-refinery equipped only with an atmospheric and vacuum distillation unit, and bitumen unit
- Capacity – **100 th. tons per year**
- Put into operation by LUKOIL Group in 1995



Refinery throughput, th. tons



Depth of refining, %



Crude refining and petroleum product output at mini-refinery "Urayneftegas"

	2000	2001	2002	2003	2004
Crude oil inputs, th. tons	100.0	100.0	100.0	99.9	100.0
Returned to oil, th. tons	57.8	63.1	59.1	58.8	57.0
Oil refining, th. tons	42.2	36.9	40.9	41.1	43.0
Output of petroleum products, th. tons	38.0	33.7	38.6	38.5	40.1

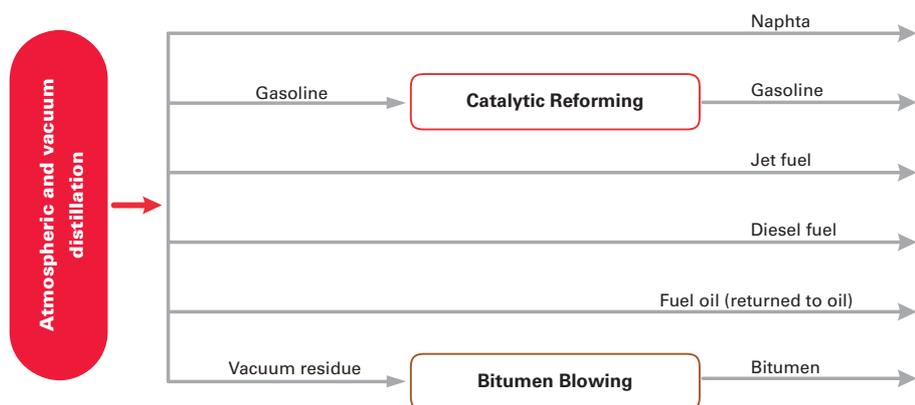
Structure of petroleum product output, %

	2000	2001	2002	2003	2004
Motor gasoline	35.5	29.1	37.1	33.3	32.4
Diesel fuel	59.4	64.2	56.7	55.8	60.4
Naphta	5.1	4.1	2.0	1.0	3.7
Bitumen	0.0	2.6	4.2	9.9	3.5

Main operating indicators of the Refinery

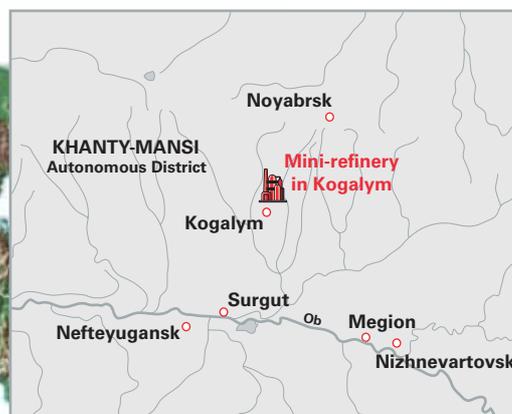
	2000	2001	2002	2003	2004
Depth of refining, %	–	–	–	39.6	41.2
Light products yield, %	38.0	32.9	37.0	34.8	38.7

MINI-REFINERY IN KOGALYM



“Kogalymneftegas”

- The refinery produces fuels
- Located in Kogalym
- Refines a blend of local crudes
- Topping mini-refinery equipped only with an atmospheric and vacuum distillation unit, and a catalytic reforming unit, enabling to increase the octane-number of motor gasoline, and also a bitumen unit
- Capacity – 300 th. tons per year
- Put into operation by LUKOIL Group in 1997



Crude refining and petroleum product output at mini-refinery “Kogalymneftegas”

	2000	2001	2002	2003	2004
Crude oil inputs, th. tons	324.1	331.1	339.5	338.9	355.4
Returned to oil, th. tons	165.5	167.4	182.5	166.8	174.7
Oil refining, th. tons	158.6	163.7	157	172.1	180.7
Output of petroleum products, th. tons	155.0	161.4	155	169.7	179.3

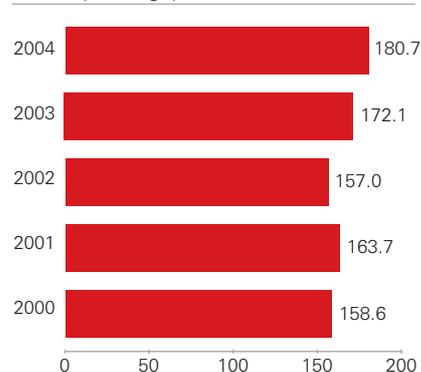
Structure of petroleum product output, %

	2000	2001	2002	2003	2004
Motor gasoline	7.2	20.2	13.5	13.4	12.8
Diesel fuel	43.0	42.2	45.9	45.8	45.4
Jet fuel	13.9	13.7	15.3	14.8	14.0
Naphta	22.1	10.7	20.3	19.8	20.6
Bitumen	13.8	13.2	5.0	6.2	7.2

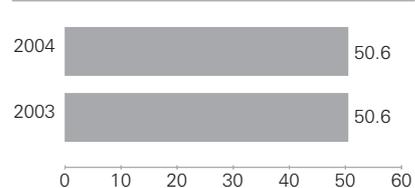
Main operating indicators of the Refinery

	2000	2001	2002	2003	2004
Depth of refining, %	–	–	–	50.6	50.6
Light products yield, %	41.2	43.3	43.4	47.0	46.8

Refinery throughput, th. tons



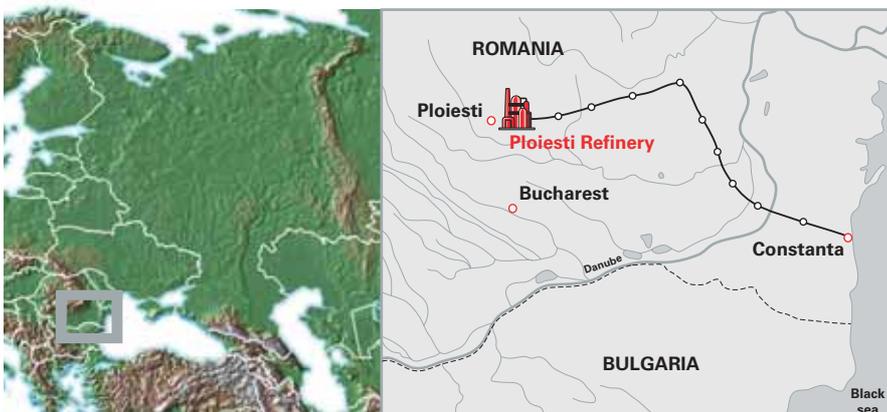
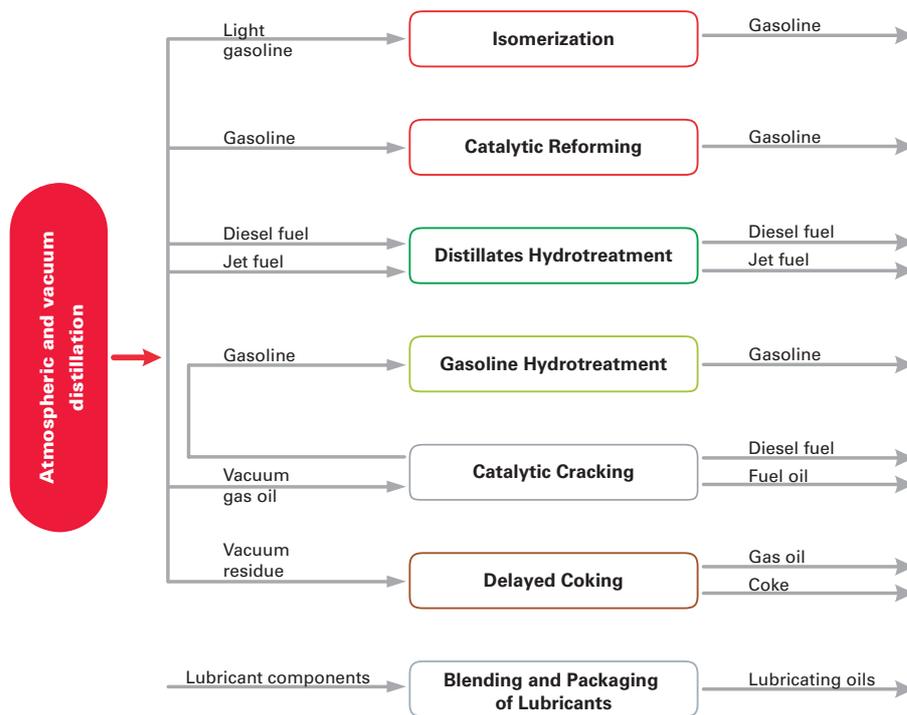
Depth of refining, %



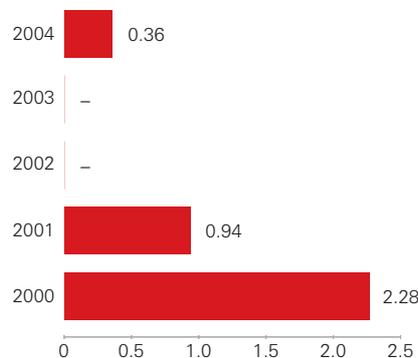
PLOIESTI REFINERY

AO "Petrotel-LUKOIL", Romania

- The refinery produces fuels
- Located in Ploiesti (central part of Romania), 55 km from Bucharest
- Refines Urals crude (Russian export blend)
- Crude oil is supplied to the refinery by pipeline from the Black Sea port of **Constanta** and by rail
- Petroleum products are shipped by rail, road and water
- Capacity – **3.5 mln tons per year**
- Nelson index – **9.7** (the **highest** of all LUKOIL Group refineries)
- Main conversion processes are catalytic cracking (**1.0 mln tons per year**) and coking (**0.6 mln tons per year**)



Refinery throughput, mln tons



Quality of products

- Since 2004 the Refinery produces premium and super gasoline grades as well as diesel fuel to **Euro-4** standards

Current modernization

- Construction of a facility for production of high-octane additives

History of Refinery

The refinery was put into operation in **1927**.

In 1999 the refinery entered LUKOIL Group.

In **2001** the refinery started production of high-octane gasoline (super) and low-sulphur diesel fuel (sulphur content below **0.035%**).

In **2001** the refinery suspended operations in order to carry out reconstruction.

The work included:

- modernization of facilities for initial refining, hydrotreatment, reforming, coking, catalytic cracking, gas fractionation and isomerization
- construction of facilities for hydrotreatment of gasoline, catalytic cracking and production of hydrogen
- reconstruction of purification equipment, installation of sulphur recovery equipment and a power generating facility

In **2004** the refinery was relaunched after major reconstruction.

Crude refining and petroleum product output at Ploiesti Refinery

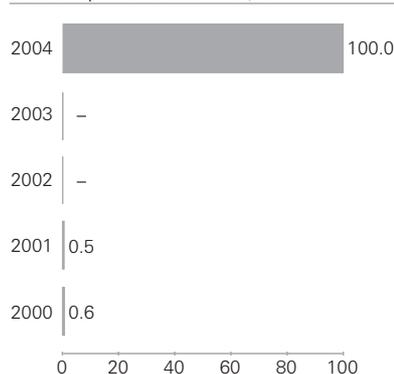
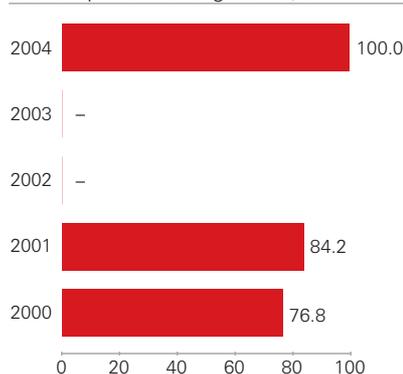
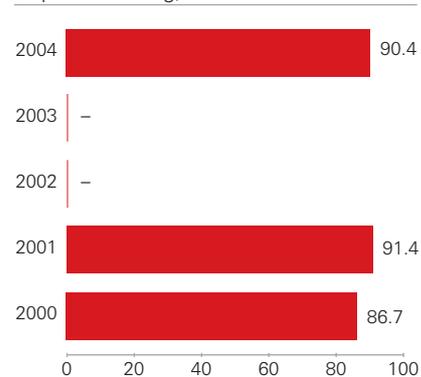
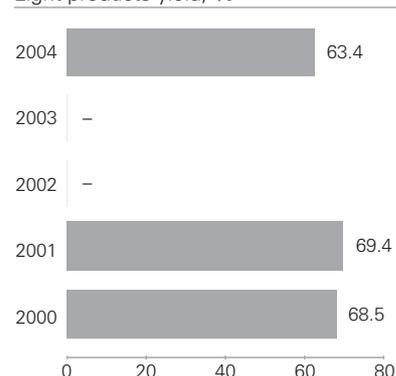
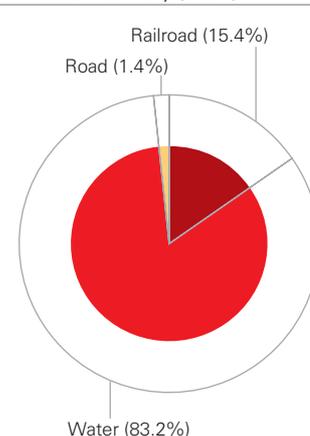
	2000	2001	2002	2003	2004
Refinery throughput, mln tons	2.28	0.94	–	–	0.36
Upgrading of gasolines and diesel fuel, mln tons	0.00	0.02	0.03	0.03	0.03
Mixing and packaging of lubricants, mln tons	0.00	0.01	0.01	0.02	0.03
Petroleum product output, mln tons	1.94	0.88	0.04	0.05	0.33

Structure of petroleum product output, %

Motor gasoline	37.7	34.9	–	–	35.7
Diesel fuel	42.6	42.6	–	–	35.1
Jet fuel	0.0	0.0	–	–	0.0
Ship fuel	0.0	0.0	–	–	0.0
Heating oil	0.0	0.0	–	–	0.0
Vacuum gas oil	0.0	0.0	–	–	0.0
Naphta	0.0	0.0	–	–	0.0
Fuel oil	2.7	5.7	–	–	4.8
Bitumen	0.0	0.0	–	–	0.0
Lubricants	0.0	1.1	–	–	14.8
Coke	7.6	8.2	–	–	5.8
Other	9.4	7.5	–	–	3.8

Main operating indicators of the Refinery

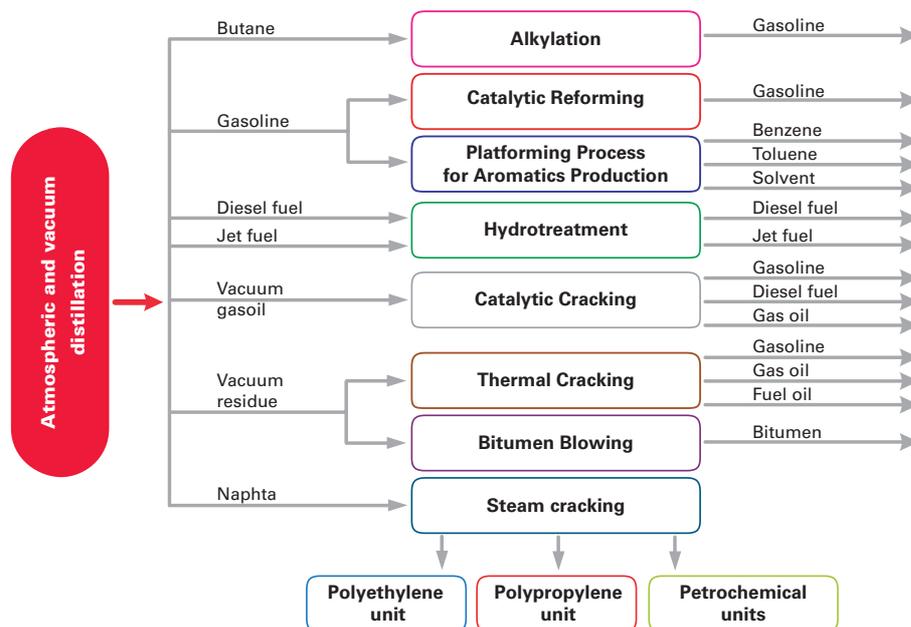
	2000	2001	2002	2003	2004
Depth of refining, %	86.7	91.4	–	–	90.4
Light product yield, %	68.5	69.4	–	–	63.4
Share of high-octane gasoline in total output of motor gasoline, %	76.8	84.2	–	–	100.0
Share of clean diesel in total output of diesel fuel, %	0.6	0.5	–	–	100.0

Share of clean diesel in total output of diesel fuel, %

Share of high-octane gasoline in total output of motor gasoline, %

Depth of refining, %

Light products yield, %

Shipments by transport types from Ploiesti refinery (2004)


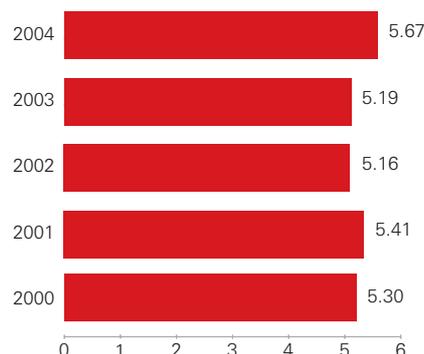
BURGAS REFINERY

AO "LUKOIL Neftokhim Burgas", Bulgaria

- The refinery produces fuels and petrochemicals
- Located on the Black Sea coast, 15 km from the city of Burgas
- Refines Urals crude (Russian export blend) and fuel oil from Odessa refinery
- Oil is supplied to the refinery by pipeline from the port of **Rosenets**
- Petroleum products are shipped by rail, road and sea transport, and also through the petroleum product pipelines, **Burgas-Sofia** and **Burgas-Varna**
- Capacity – **10.7 mln tons per year**
- Nelson index – **8.0**
- The main conversion process at the refinery is catalytic cracking (**1.8 mln tons per year**)



Refinery throughput, mln tons



Quality of products

- In 2003 gasoline production was fully upgraded to high-octane, unleaded products and production of clean diesel fuel with sulphur content below **0.035%** was increased
- In 2004 the refinery began production of diesel fuel and gasoline with maximum sulphur content of 50 ppm (**Euro-4**)

Current modernization

- Completion of a unit for production of sulphur recovery (**30 th. tons** annual capacity)
- Construction of two reservoirs with 50 th. cm volume

History of Refinery

The refinery was put into operation in **1964**.

In 1999 the refinery entered LUKOIL Group.

In **2001** the refinery began production of light high-octane gasolines for marketing in Western Europe and the USA.

In **2002** the refinery started to produce 5 new products to European standards, including products meeting **EN228** and **EN590** standards.

In **2003** work was focused on reconstruction of the catalytic reforming unit and the reactor-generator block of the catalytic cracking unit.

In **2004:**

- the catalytic reforming unit was rebuilt increasing its annual capacity from 400 th. tons to 600 th. tons
- a catalytic agent was replaced and facilities for hydrotreatment of diesel fuel were rebuilt to allow production of **Euro-3** diesel fuel
- a catalytic cracking unit was rebuilt to increase its annual capacity from 1.5 to 2.0 mln tons and raise output of gasoline, diesel fuel, and propane-propylene fraction
- the hydrotreatment section of the catalytic cracking unit was switched to light hydrocracking mode to increase output of diesel fuel

Crude refining and petroleum product output at the Burgas Refinery

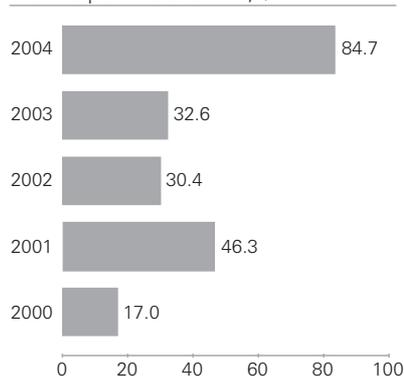
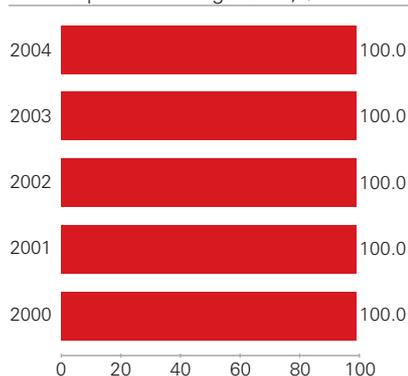
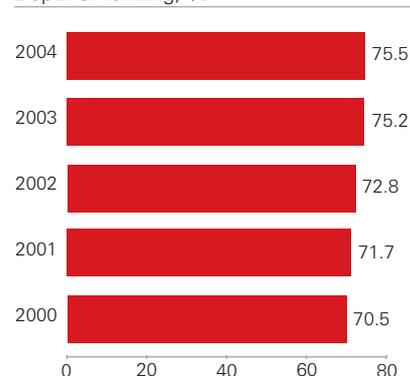
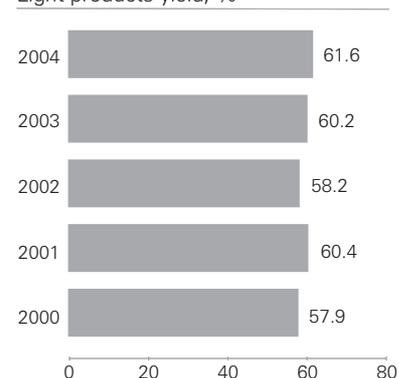
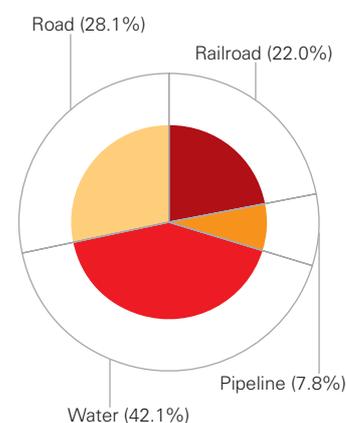
	2000	2001	2002	2003	2004
Refinery throughput, mln tons	5.30	5.41	5.16	5.19	5.67
Including fuel oil from Odessa refinery, mln tons	0.00	0.35	0.40	0.23	0.41
Petrochemical product output, th. tons	385.3	375.4	334.8	371.5	351.6
Petroleum product output, mln tons	4.17	4.43	4.12	4.04	4.72

Structure of petroleum product output, %

Motor gasoline	24.4	26.0	25.0	27.1	30.6
Diesel fuel	41.7	39.9	41.1	43.0	38.3
Jet fuel	2.8	3.5	3.0	3.5	3.0
Ship fuel	0.0	0.0	0.0	0.0	0.0
Heating oil	4.6	4.5	3.8	3.1	1.7
Vacuum gas oil	0.0	0.0	0.0	0.0	0.0
Naphta	0.0	0.0	0.0	0.0	0.0
Fuel oil	19.8	18.7	21.5	17.5	20.4
Bitumen	3.4	3.7	2.2	2.8	2.8
Lubricants	0.0	0.0	0.0	0.0	0.0
Coke	0.0	0.0	0.0	0.0	0.0
Other	3.3	3.7	3.4	3.0	3.2

Main operating indicators of the Refinery

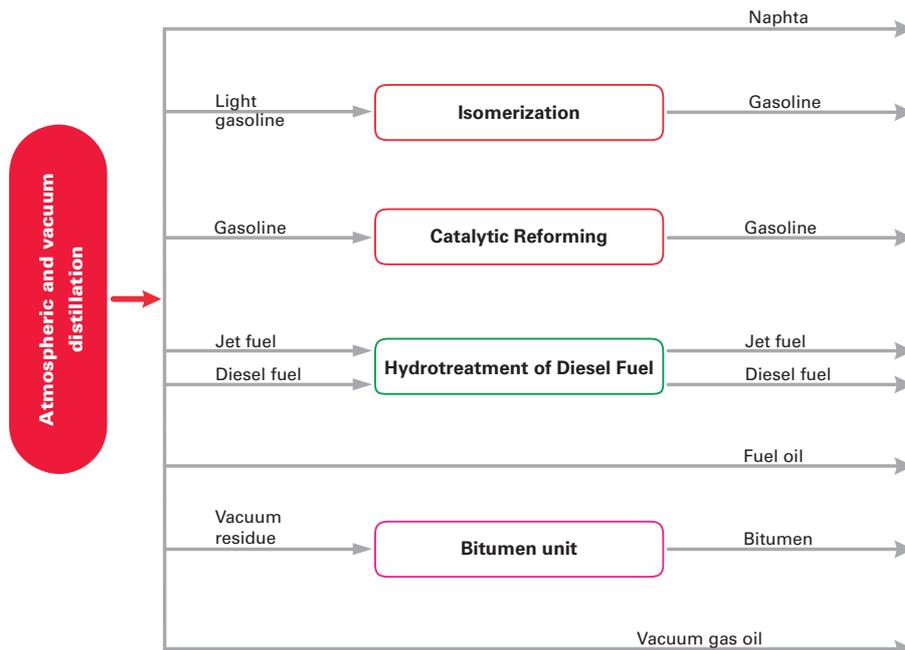
	2000	2001	2002	2003	2004
Depth of refining, %	70.5	71.7	72.8	75.2	75.5
Light products yield, %	57.9	60.4	58.2	60.2	61.5
Share of high-octane gasoline in total output of motor gasoline, %	100.0	100.0	100.0	100.0	100.0
Share of clean diesel in total output of diesel fuel, %	17.0	46.3	30.4	32.6	84.7

Share of clean diesel in total output of diesel fuel, %*Share of high-octane gasoline in total output of motor gasoline, %**Depth of refining, %**Light products yield, %**Shipments by transport types from Burgas refinery (2004)*

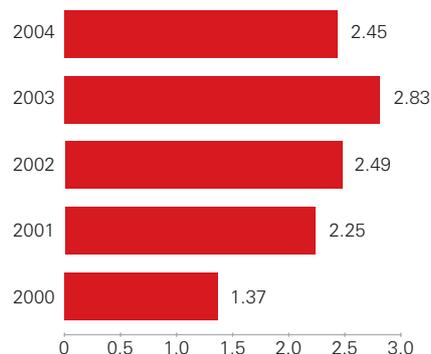
ODESSA REFINERY

ОАО "ЛУКОЙЛ-Одесский НПЗ", Ukraine

- The refinery produces fuels
- Located near port of Odessa
- Refines Urals crude (Russian export blend)
- Crude oil is supplied to the refinery by pipeline **from Russia**
- Petroleum products are shipped by rail and road transport, and also by pipeline to Odessa port, where they are loaded for export
- Capacity – **3.6 mln tons per year**
- Nelson index – **3.4**
- The refinery does not carry out conversion processes, but upgrades products by reforming, hydrotreatment of diesel fuel and isomerization



Refinery throughput, mln tons



Quality of products

- Since **2004** the share of high-octane gasoline exceeds **80%** in total volume of motor gasoline

Current modernization

- From mid-2005 refinery operations were halted for major reconstruction work
- As a result of modernization:
 - depth of refining will be increased
 - output of light products will rise
 - more high-octane gasoline will be produced
 - production of **Euro-3** diesel fuel will be increased

History of Refinery

The refinery was put into operation in **1937**.

In 2000 the refinery entered LUKOIL Group.

In **2001** the refinery began production of vacuum gas oil and oil bitumen.

In **2004**:

- the refinery launched an isomerization unit with annual capacity of 120 th. tons, increasing total annual production of high-octane gasolines
- the catalytic reforming unit and a trestle for lading of light petroleum products into tank wagons were rebuilt

(capacity was increased by 200 th. tons)

- desalting and distillation facilities were reconstructed

In mid-2005 the refinery was closed down for major reconstruction and modernization, which will take 3 years.

Crude refining and petroleum product output at the Odessa Refinery

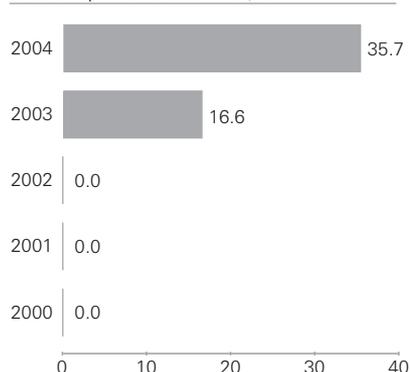
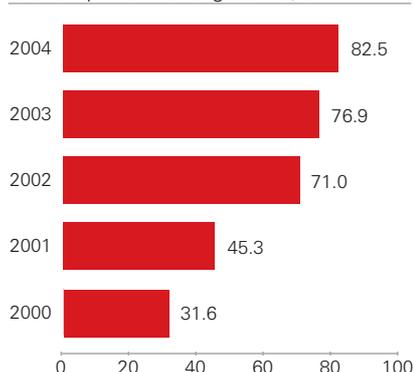
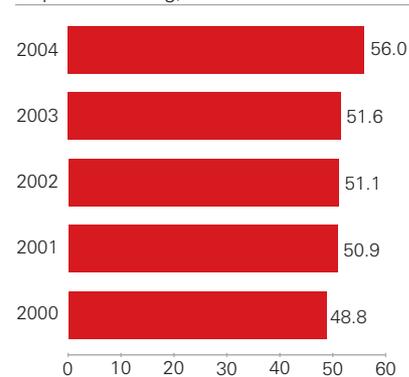
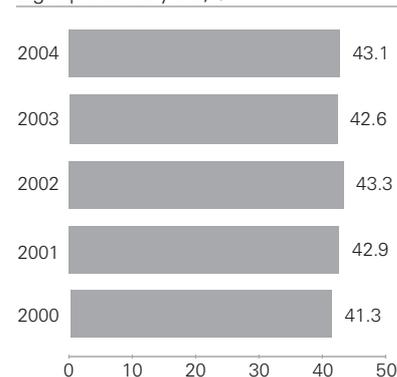
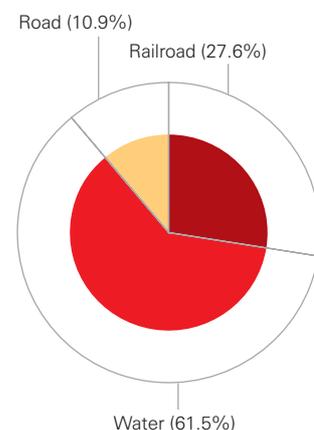
	2000	2001	2002	2003	2004
Refinery throughput, mln tons	1.37	2.25	2.49	2.83	2.45
Petroleum product output, mln tons	1.29	2.13	2.40	2.70	2.34

Structure of petroleum product output, %

Motor gasoline	16.4	14.1	11.1	11.1	12.0
Diesel fuel	28.8	29.0	29.6	28.4	28.1
Jet fuel	1.8	1.7	1.5	2.5	3.2
Ship fuel	0.0	0.0	0.0	0.0	0.0
Heating oil	0.0	0.0	0.0	0.0	0.0
Vacuum gas oil	0.0	2.2	2.5	1.9	4.8
Naphta	0.0	0.0	2.8	2.6	1.7
Fuel oil	51.0	49.3	48.8	49.6	44.3
Bitumen	1.1	1.8	3.0	3.2	5.1
Lubricants	0.0	0.0	0.0	0.0	0.0
Coke	0.0	0.0	0.0	0.0	0.0
Other	0.9	1.9	0.7	0.7	0.8

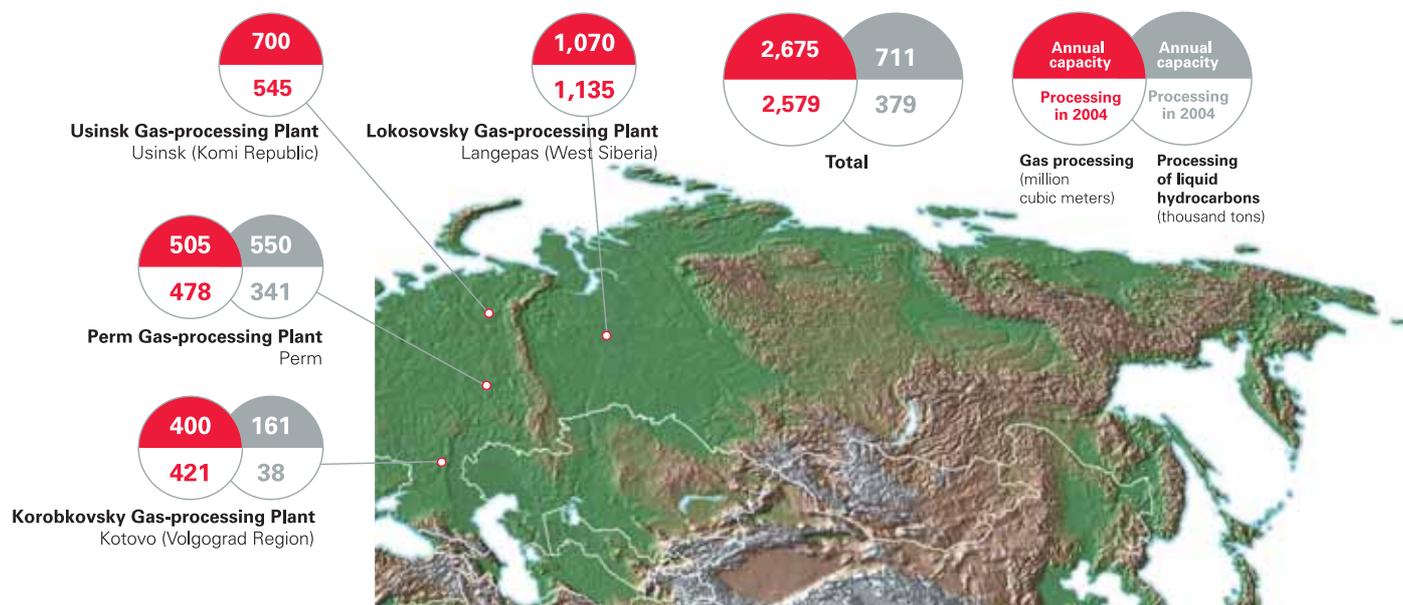
Main operating indicators of the Refinery

	2000	2001	2002	2003	2004
Depth of refining, %	48.8	50.9	51.1	51.6	56.0
Light products yield, %	41.3	42.9	43.3	42.6	43.1
Share of high-octane gasoline in total output of motor gasoline, %	31.6	45.3	71.0	76.9	82.5
Share of clean diesel in total output of diesel fuel, %	0.0	0.0	0.0	16.6	35.7

Share of clean diesel in total output of diesel fuel, %*Share of high-octane gasoline in total output of motor gasoline, %**Depth of refining, %**Light products yield, %**Shipments by transport types from Odessa refinery (2004)*

GAS PROCESSING

Gas-processing plants of LUKOIL Group



Korobkovsky Gas-processing Plant

Modernization plans

- Launch of a compression station with annual capacity of 450 mcm per year
- Construction of a gas-drying block using solid adsorbents
- Modernization of air compression and propane cooling units
- Reconstruction of gas fractionation unit

History and description

- Processes gas from oil fields of LUKOIL-Nizhnevolzhskneft and NGL
- Capacity – 400 mcm per year of gas , 161 th. tons per year of NGL
- Saleable products – stripped gas, stable gas naphta and LPG
- Consumers – petrochemical enterprises, foreign marketing units of LUKOIL Group and local consumers
- Put into operation in 1966. **Entered LUKOIL Group in 1996.**
In 2001–2003 external energy supply was overhauled and a steam unit was launched

Processing and production of saleable products at Korobkovsky Gas-processing Plant

	2000	2001	2002	2003	2004
Gas processing, mcm	400	402	390	395	421
NGL processing, th. tons	39	35	33	38	38
<i>Saleable products</i>					
LPG, th. tons	69	75	73	73	72
Stable gas naphta, th. tons	52	48	44	46	44
Stripped gas, mcm	313	310	299	293	337

Perm Gas-processing Plant

Modernization plans

- Launch of equipment for obtaining dioxide sulphide of industrial sodium
- Increase of gas processing capacity to 600 mcm per year, increase of NGL processing capacity to 950 th. tons per year

History and description

- Processes gas from oil fields of LUKOIL-Perm, wet gas from Perm refinery and NGL from Lokosovsky Gas-processing Plant and other plants
- Capacity – 505 mcm per year of gas, 550 th. tons per year of NGL
- Saleable products – stripped gas, stable gas naphta and LPG

- Consumers – Perm refinery, OOO “Stavrolen”, foreign marketing units of LUKOIL Group and local consumers
- Put into operation in 1969. **Entered LUKOIL Group in 1998.** In 2000 a new desulphurization unit was launched. In 2003 gas fractionation unit was rebuilt to increase NGL processing capacity

Processing and production of saleable products at Perm Gas-processing Plant

	2000	2001	2002	2003	2004
Gas processing, mcm	391	407	412	438	478
NGL, th. tons	192	187	281	322	341
<i>Saleable products</i>					
LPG, th. tons	259	250	327	376	410
Stable gas naphta, th. tons	45	51	83	88	80
Stripped gas, mcm	315	321	290	329	370

Lokosovsky Gas-processing Plant

History and description

- Processes gas from oil fields in Western Siberia
- Saleable products – stripped gas and NGL
- Consumers – Perm Gas-processing Plant and local consumers
- Capacity – 1,070 mcm per year
- Put into operation in 1983. **Entered LUKOIL Group in 2002**

Modernization plans

- Completion of construction of storage tanks and a trestle for lading of NGL
- Completion of construction of a high-stage compression station 1.5 bcm annual capacity

Processing and production of saleable products at Lokosovsky Gas-processing Plant

	2000	2001	2002	2003	2004
Processing, mcm	–	–	896	1,017	1,135
<i>Saleable products</i>					
NGL, th. tons	–	–	293	323	350
Stripped gas, mcm	–	–	704	816	896

Usinsky Gas-processing Plant

History and description

- Processes gas from oilfields of LUKOIL-Komi
- Saleable products – stripped and dry gas
- Consumers – oil producing enterprises of LUKOIL Group and local consumers
- Capacity – 700 mcm per year
- Put into operation in 1980. **Entered LUKOIL Group in 2000.** In 2004 the plant launched a gas preparation and processing block, and a gas input station. This enabled the plant to produce the following products: propane-butane mix, butane, motor propane-butane, stable gas naphta

Modernization plans

- Construction of a new compression station with 300 mcm annual capacity
- Construction of a desulphurization unit with capacity 100 mcm annual capacity

Processing and production of saleable products at Usinsky Gas-processing Plant

	2000	2001	2002	2003	2004
Processing, mcm	414	513	464	419	545
<i>Saleable products</i>					
Stripped and dry gas, mcm	395	495	446	402	526

▶▶▶ PETROCHEMICALS

LUKOIL Group petrochemical plants

OOO "Karpatneftekhim"	
Kalush, Ukraine	
Inputs:	Products:
naphta diesel fuel n-butane NGL	vinyl chloride polyethylene ethylene propylene benzene

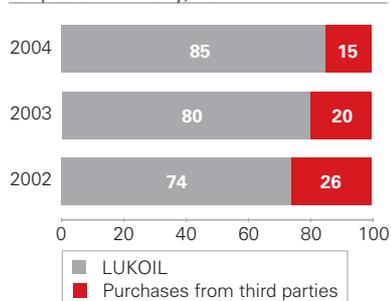
OOO "Saratovorgsintez"	
Saratov, Russia	
Inputs:	Products:
propylene ammonia sulphuric acid benzene oleum methanol	acrylonitrile phenol methyl methacrylate ammonia sulphate synthetic fiber

AO "LUKOIL Neftokhim Burgas"	
(Oil refinery with petrochemical complex) Burgas, Bulgaria	
Inputs:	Products:
naphta propane-butane fraction reformate propylene	polyethylene polypropylene aromatics ethylene oxide ethylene glycols ethanol amines latex synthetic fiber

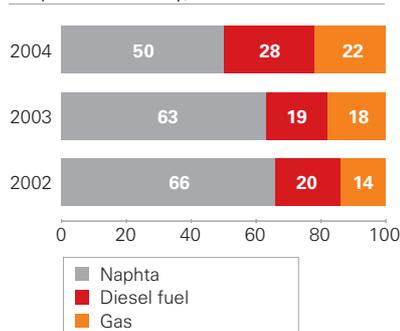
OOO "Stavrolen"	
Budenovsk, Russia	
Inputs:	Products:
naphta propane-butane fraction NGL	polyethylene propylene benzene vinyl acetate



Supplies of feedstock for petrochemistry, %



Structure of steam cracking feedstock for petrochemistry, %



LUKOIL is now the leading producer of petrochemicals in Russia, the CIS and Eastern Europe. In particular, LUKOIL is:

- the **largest** East European producer of olefins (total annual capacity over 1 mln tons)
- the **largest** East European producer of polyethylene (total annual capacity over 480 th. tons)
- the **largest** East European producer, only Russian producer and **fourth largest** producer in Europe of acrylonitrile, a raw material for production of synthetic fibers
- owner of Europe's **largest** vinyl chloride-monomer plant (annual capacity is 370 th. tons)
- the **only** Russian producer of nitron polyacrylic fibers
- the **largest** Russian producer of methyl methacrylate

The Company is successfully replacing distillate fractions by gas as a feedstock for pyrolysis since gas is cheaper. The share of gas in 2004 was 22%, up from 18% in 2003. LUKOIL supplied 85% of total inputs to its petrochemical plants in 2004, up from 74% in 2002.

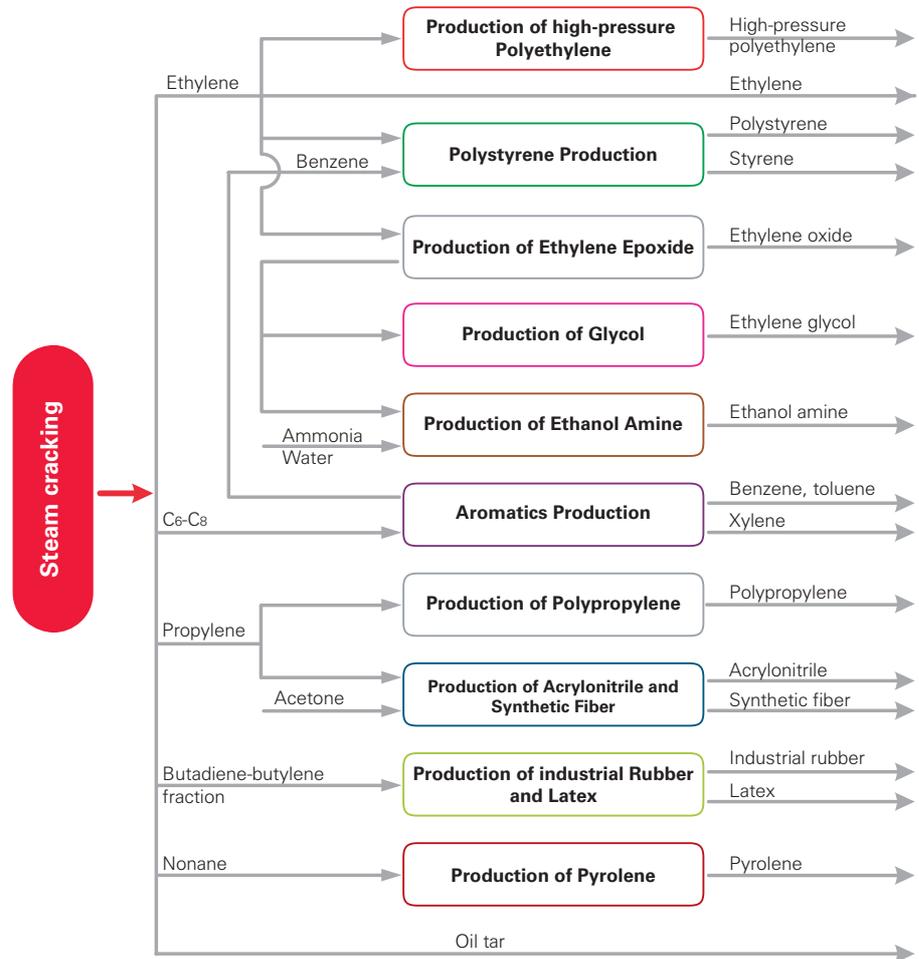
Processing and production of petrochemicals at LUKOIL Group petrochemical plants, th. tons

	2000	2001	2002	2003	2004
Processing*	1,141.3	1,605.2	2,138.0	2,262.4	2,442.0
Saleable products, total	1,249.5	1,570.3	1,967.0	2,135.3	2,241.7
<i>Polymers and monomers</i>	458.6	579.2	713.0	795.6	856.5
Polyethylene	323.0	367.0	430.9	427.8	442.7
Polypropylene	53.4	61.6	56.3	64.3	64.8
Synthetic fiber	19.1	23.3	23.1	32.5	31.9
Vinyl acetate	0.0	0.0	30.7	42.5	40.9
Vinyl chloride	9.5	70.7	120.7	173.2	236.0
Styrene	13.0	13.2	12.8	13.8	7.9
Polystyrene	9.5	9.8	8.3	9.3	0.5
Latex	12.7	13.3	12.8	12.2	12.0
Synthetic rubber	18.4	20.3	17.4	20.0	19.8
<i>Products of organic synthesis</i>	366.6	477.8	513.8	547.9	556.6
Benzene	49.1	128.4	157.8	168.8	179.1
Toluene	26.6	28.6	26.0	25.3	20.1
Xylene	16.8	17.8	14.6	14.9	11.8
Phenol, acetone	43.1	39.6	31.1	36.8	41.3
Methyl methacrylate	19.8	20.6	20.7	23.8	26.3
Acrylonitrile	91.5	100.0	139.5	135.7	139.5
Ammonia sulphate	48.9	56.5	50.3	60.7	63.3
Ethylene glycol	59.8	73.4	63.1	69.1	71.3
Ethanol amines	11.0	12.9	10.7	12.8	3.9
<i>Pyrolysis products and fuel fractions</i>	384.4	468.0	650.9	685.1	689.5
Propylene	118.2	161.9	220.7	233.1	238.3
Saleable ethylene	6.0	35.3	50.0	54.9	22.9
Liquid pyrolysis fractions	213.7	184.6	252.9	263.3	255.6
Heavy oil tar	46.5	86.2	127.3	133.8	172.7
<i>Other</i>	39.9	45.3	89.3	106.7	139.1

*Excluding Burgas refinery.

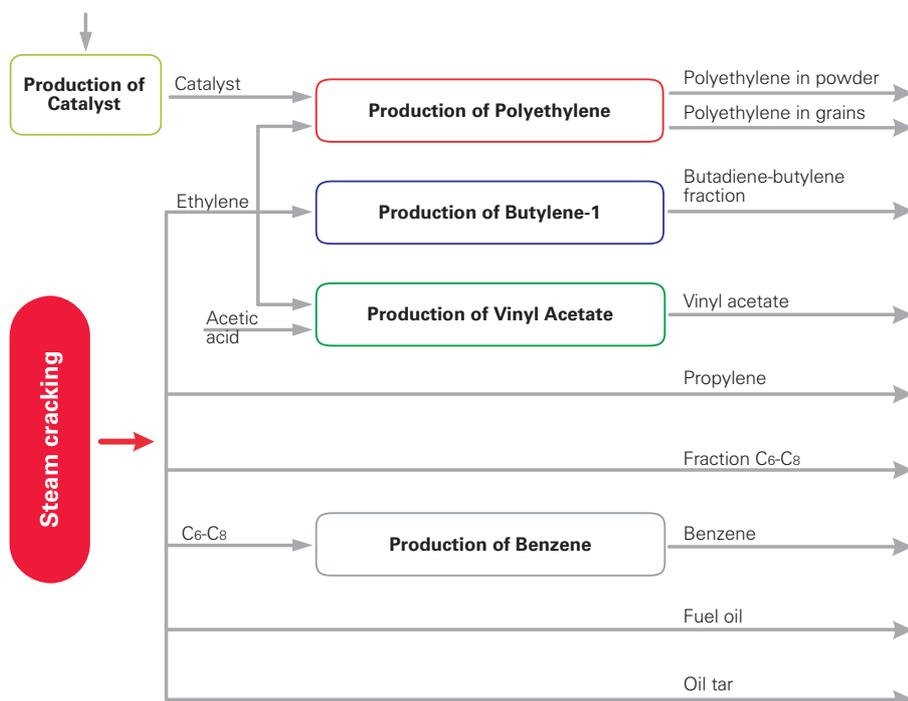

REFINERY WITH PETROCHEMICAL COMPLEX IN BURGAS
AO "LUKOIL Neftokhim Burgas", Bulgaria

- The petrochemical complex was put into operation in **1968**
- **Entered LUKOIL Group at the end of 1999**
- Complex is supplied by hydrocarbon feedstocks (naphta, reformate, propane-butane fraction, propylene) from the Burgas refining complex
- The petrochemical complex includes production of ethylene, aromatic hydrocarbons, ethylene oxide, ethylene glycols, ethanol amines and phenol
- The complex also produces six types of polymers: polyethylene, polypropylene, styrene and polystyrene, acrylonitrile and polyacrylonitrile, rubber and latex, pyrolene


Production of petrochemicals at Burgas Refinery, th. tons

	2000	2001	2002	2003	2004
<i>Saleable products</i>	385.3	375.4	334.8	371.5	351.6
Ethylene	4.4	2.9	2.5	2.3	3.3
Polyethylene	70.2	68.9	64.4	71.6	70.3
Polypropylene	53.4	61.6	56.3	64.3	64.8
Acrylonitrile	18.8	16.6	17.3	18.0	20.8
Synthetic fiber	9.8	11.7	9.6	11.3	9.6
Styrene	13.0	13.2	12.8	13.8	7.9
Polystyrene	9.5	9.8	8.3	9.3	0.5
Latex	12.7	13.3	12.8	12.2	12.0
Rubber	18.4	20.3	17.4	20.0	19.8
Ethylene glycol	59.8	73.4	63.1	69.1	71.3
Ethanol amine	11.0	12.9	10.7	12.8	3.9
Benzene	28.9	9.7	6.2	10.8	20.0
Toluene	26.6	28.6	26.0	25.3	20.1
Xylene	16.8	17.8	14.6	14.9	11.8
Other	32.0	14.7	12.8	15.8	15.5

OOO "STAVROLEN"



OOO "Stavrolen"

- Put into operation in **1981**
- Entered **LUKOIL Group in 1998**
- Pyrolysis capacity of ethylene production – **330 th. tons per year**
- The enterprise owns one of the largest pyrolysis unit in Russia which uses a wide range of feedstocks – naphta, propane-butane fraction, NGL
- As a result of modernization, the share of gas in total volume of feed stock was raised to 20%. The change in feedstock structure and in construction of furnaces improved efficiency of production and increased basic olefins yield
- At present a propylene unit of **120 th. tons** of annual capacity is under construction (start-up is planned for **2006**) and polyethylene production is being rebuilt

Main products of OOO "Stavrolen"

- **Low-pressure polyethylene**
Produced by gas-phase polymerization using UNIPOL technology. Stavrolen is currently the largest Russian producer of low-pressure polyethylene. The enterprise produces polyethylene in grains stabilized by a highly efficient antioxydant
- **Propylene**
Raw material for production of polypropylene, propylene oxide, isopropyl and butyl alcohol, acrylonitrile, etc.
- **Butadiene-butylene fraction**
Raw material for production of synthetic rubber
- **Benzene**
Raw material for production of caprolactam, phenol, nitrobenzene, isopropyl benzene
- **Vinyl acetate**
Raw material for production of water-based emulsion paints, paints for the car industry, various adhesives, polyvinyl acetate, polyvinyl spirit, copolymers with vinyl chloride, ethylene, etc.
- **Fractions C₅-C₉ and C₆-C₈**
Raw material for production of motor fuels, solvents and aromatic hydrocarbons

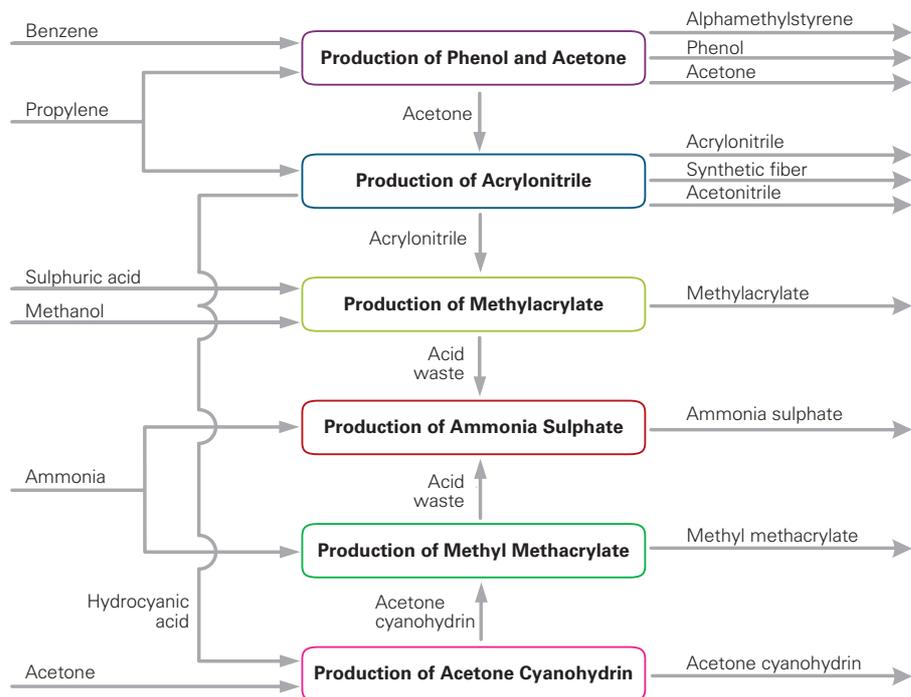
Processing and production of petrochemicals at OOO "Stavrolen", th. tons

	2000	2001	2002	2003	2004
Processing	826.4	788.5	889.8	914.4	906.5
Saleable products	634.5	581.0	671.2	686.6	692.4
Propylene	115.2	109.8	128.7	129	128.9
Polyethylene	252.6	245.8	267.8	263.9	274.3
Benzene	19.0	70.4	75.9	78.2	78.2
Vinyl acetate	0.0	0.0	30.7	42.5	40.9
Heavy liquid fuel	38.3	35.5	32.7	33.9	36.5
Liquid pyrolysis fractions	209.4	119.5	135.4	139.1	133.6

OOO "SARATOVORGSINTEZ"

OOO "Saratovorgsintez"

- Put into operation in **1957**
- Entered **LUKOIL Group in 1999**
- The plant has three huge productions:
 - hydrocyanic acid and acrylonitrile (capacity – **125 th. tons**)
 - synthetic fiber (capacity – **25 th. tons**)
 - organic synthesis (capacity – **110 th. tons**)
- Main feedstock is polypropylene from OOO "Stavrolen"
- From 2000 the Company has been rebuilding main production units. The plant is installing production of sodium cyanide (start-up is planned for 2007) to recycle wastes from production of hydrocyanic acid



Main products of OOO "Saratovorgsintez"

› Acrylonitrile

One of the most important monomers for production of acrylic fiber, butadiene-nitrile rubbers, alkyl- and polyamides

› Ammonia sulphate

Nitrogenous fertilizer widely used in agriculture

› Acrylic fiber

Raw material for the knitwear industry

› Phenol

Used in production of phenolformaldehyde resins, caprolactam, diphenylpropane, lubricants and lubricant

additives, pigments, pesticides, pharmaceuticals, thermoplastics

› Acetone

Used in the paint and varnish, food and pharmaceutical industries, and also in production of cellulose acetate, and nitrocellulose, cinema film, plexiglass, etc.

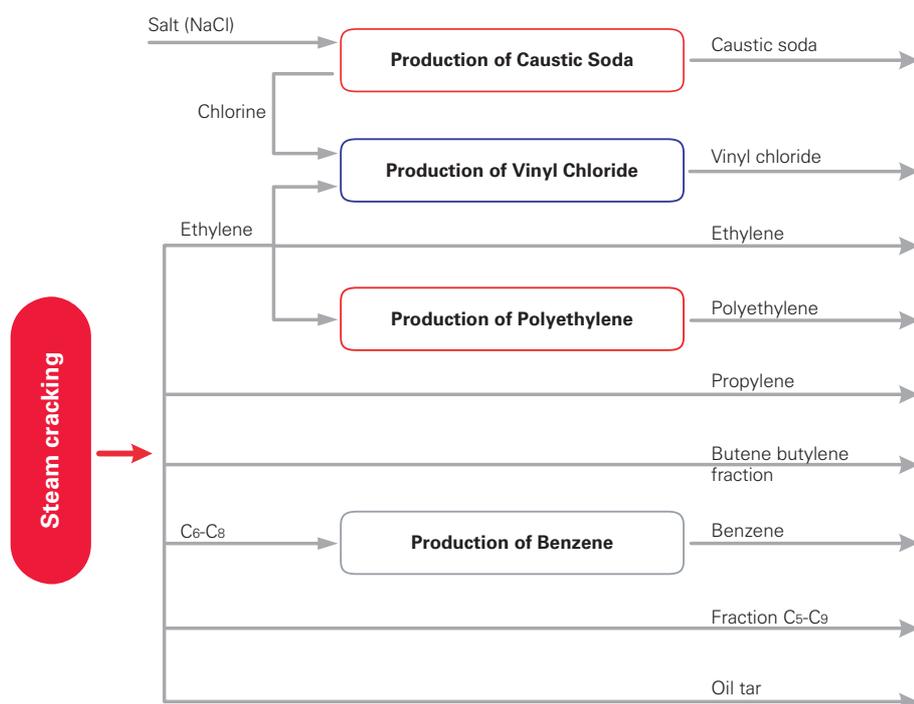
› Methyl methacrylate

Used in production of plexiglass, synthetic resins, latex, emulsions, ash-free additives to petroleum and lubricating oils, impact strength modifiers, paints and varnishes

Processing and production of petrochemical products at OOO "Saratovorgsintez", th. tons

	2000	2001	2002	2003	2004
Processing	278.8	305.2	373.2	401.6	415.2
Saleable products	201.7	218.0	244.0	269.5	279.6
Phenol	35.6	33.3	28.4	33.3	37.5
Acetone	7.5	6.3	2.7	3.5	3.8
Acrylonitrile	72.7	83.4	122.2	117.7	118.7
Synthetic fiber	9.3	11.6	13.5	21.2	22.3
Acetone cyanhydride	3.2	2.6	0.5	2.8	1.0
Methyl methacrylate	19.8	20.6	20.7	23.8	26.3
Sulphate of ammonia	48.9	56.5	50.3	60.7	63.3
Other	4.7	3.7	5.7	6.5	6.7

OOO "KARPATNEFTEKHIM"



OOO "Karpatneftekhim" (previously ZAO "LUKOR"), Ukraine

- Put into operation in the early **1970s**
- A joint venture established in **2000** between LUKOIL and the company "Oriana"
- Pyrolysis capacity of ethylene production – **250 th. tons per year**
- Main feedstocks – diesel fuel, supplied from Nizhny Novgorod refinery, and sodium chloride
- In **2001–2003** the capacities for production of olefins and polyethylene were rebuilt and modernized

Main products of OOO "Karpatneftekhim"

> Vinyl chloride

Raw material for production of polyvinylchloride, which is widely used in the construction industry, manufacture of cables and artificial leather, as well as in agriculture, packaging production, and various consumer products

> Polyethylene

Production is based on gas-phase technology developed by the US firm, Union Carbide, which is the world leader in polyolefins

The olefin production unit makes ethylene, propylene, C₄ fraction, C₅-C₉ fraction, benzene and pyrolysis resin

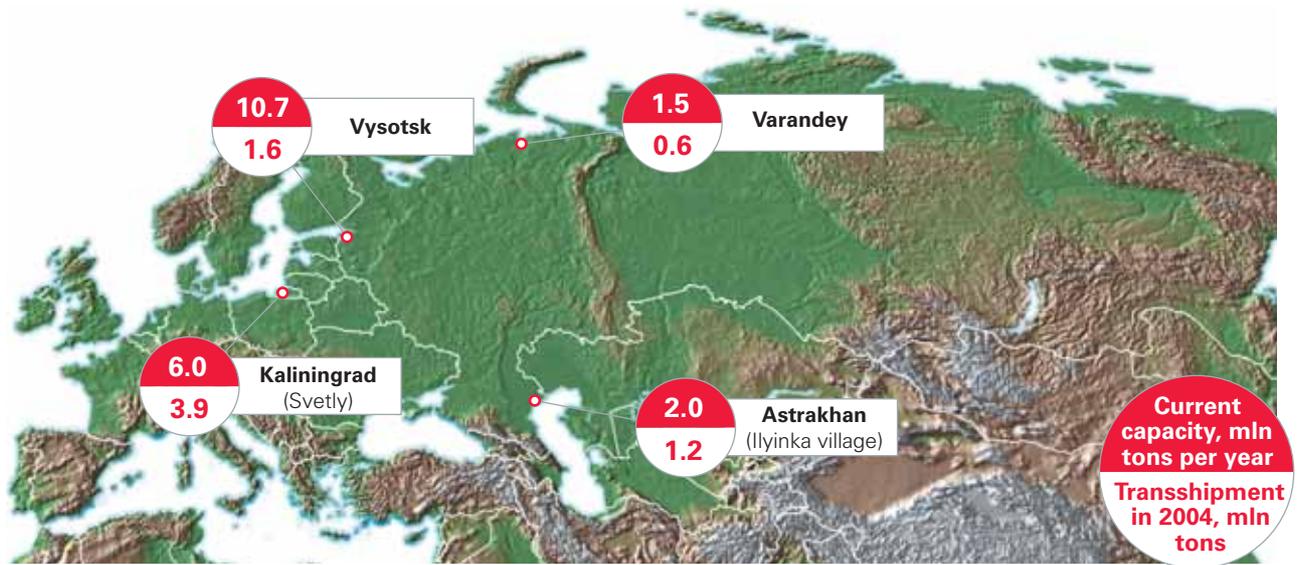
> Caustic soda

One of the strongest alkalies. More than 95% of produced soda is used in industry for production of synthetic fibers, hydrogen nitride, caprolactam and basic chemicals. Also used in electroenergy, the cellulose industry, food industry and in production of pharmaceuticals

Processing and production of petrochemicals at OOO "Karpatneftekhim", th. tons

	2000	2001	2002	2003	2004
Processing	36.1	511.5	875.0	946.4	1,120.3
Saleable products	28.0	395.9	717.0	807.7	918.1
Ethylene	1.6	32.4	47.5	52.6	19.6
Propylene	3.0	52.1	92.0	104.1	109.4
Benzene	1.2	48.3	75.7	79.8	80.9
Polyethylene	0.2	52.3	98.7	92.3	98.1
Vinyl chloride	9.5	70.7	120.7	173.2	236.0
Liquid pyrolysis fractions	4.3	65.1	117.5	124.2	122.0
Oil tar	8.2	50.7	94.6	99.9	136.2
Other	0.0	24.3	70.3	81.6	115.9

TRANSPORT



Svetly

A terminal at the port of Svetly in Kaliningrad Region (20 km from Kaliningrad) was commissioned in 2002. The terminal is designed for transshipment of crude oil produced by LUKOIL-Kaliningradmorneft and of petroleum products. Initial annual capacity of 1.5 mln tons was increased thanks to work in 2003 and the terminal can now transship as much as 4 mln tons per year.

In 2004 the channel from the port entrance at Baltiysk was widened and deepened, making the terminal accessible for tankers with deadweight up to 20,000 tons (the previous limit was 12,000 tons). The effect is to increase annual capacity to 6 mln tons of oil and petroleum products.

The Svetly terminal transshipped 3.87 mln tons of crude oil and petroleum products in 2004, of which 0.9 mln tons was crude.

Varandey

This terminal with annual capacity of 1.5 mln tons, located 4 km from the village of Varandey on the Barents Sea, began operations in 2000. The terminal is connected to oil reservoirs on the coast by an underwater pipeline and can serve ice-breaking tankers with deadweight up to 20,000 tons.

Varandey is intended for export deliveries from the Timan-

Pechora oil & gas province, particularly deliveries to the American market. Construction of the terminal was justified by growth of production in the region and lack of developed transport infrastructure.

Work is now being carried out to expand annual capacity of the terminal to 12 mln tons. Completion of the work is scheduled for 2008.

The expansion will allow the terminal to serve ice-breaking tankers with deadweight up to 70,000 tons. There are also plans to start shuttle deliveries of oil from the terminal to a new transshipment complex on the coast near Murmansk, where the oil will be loaded onto tankers with deadweight up to 180,000 tons and carried to Rotterdam and the eastern seaboard of the USA.

Transshipments through Varandey in 2004 were 0.61 mln tons, up from 0.38 mln in 2003.

Vysotsk

The Vysotsk terminal is located on the Baltic coast in the North-West of Russia. Construction began in June 2002 with the aim of increasing export capacities for crude oil and petroleum product exports and reducing transport costs. The first stage of the terminal, with capacity for 4.7 mln tons of oil and petroleum products, was launched in June 2004. Oil and petroleum products are supplied to the terminal by railway. Technical characteristics of

Vysotsk make it one of the most up-to-date terminals in the world. As of mid-2005 the terminal can serve tankers with deadweight up to 50,000 tons and annual capacity is 10.7 mln tons. Vysotsk allows LUKOIL to export oil and petroleum products to Western Europe, the USA and South-East Asia.

Design capacity of the terminal (due for completion in 2006) is 12 mln tons of oil and petroleum products. Attainment of design capacity will enable the terminal to serve tankers with deadweight up to 80,000 tons.

In 2004 Vysotsk handled 0.78 mln tons of oil and 0.78 mln tons of vacuum gas oil, allowing LUKOIL to end inefficient supplies of vacuum gas oil via ports in the Baltic republics.

Astrakhan

In October 2003 LUKOIL commissioned the first stage of a crude oil export terminal in the village of Ilyinka in Astrakhan Region. Oil is carried to the terminal by railway, where it is transhipped to river-sea tankers.

Current annual crude capacity of the terminal is 2 mln tons and the terminal can service tankers with deadweight up to 5,000 tons.

One use of the terminal is for supplies of oil to Iran on a substitution basis.

In 2004 the terminal handled 1.2 mln tons of oil.

Caspian Pipeline Consortium (CPC)



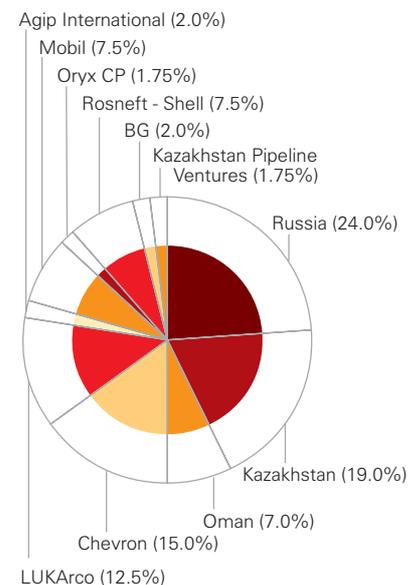
The Caspian Pipeline Consortium (CPC) is a 1,510 km pipeline connecting the Tengiz field with the Yuzhnaya Ozereyevka terminal near Novorossiysk. The first framework agreement on construction of the CPC was signed in mid-1992 between Kazakhstan, Oman and Russia. The first stage of the pipeline with annual capacity of 28.2 mln tons was put into operation at the end of 2001. It was decided in October 2004 to expand annual capacity of the CPC to 67 mln tons by 2008. The first tanker was loaded with CPC oil in October 2001.

Pumping of oil from the Kumkol field through the CPC began in October 2003 (the oil is carried by pipeline from the field to the town of Dzhusalay, and from there by rail to the CPC).

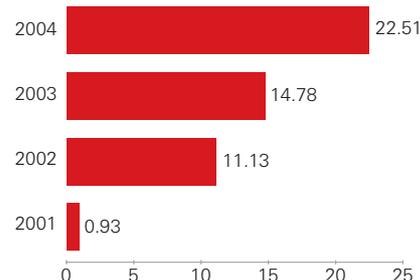
In May 2004 LUKOIL Group began to pump stable gas condensate from the Karachaganak field through the CPC system.

In November 2004 the CPC began to transport LUKOIL Group oil from the Volga region and Western Siberia.

Shareholders of Caspian Pipeline Consortium (31.12.2004)



Transportation through CPC, mln tons



Oil Marketing

LUKOIL oil exports from Russia by directions (2004)

Murmansk 2.2 mln tons

Vitino 1.6 mln tons

Vysotsk 0.8 mln tons

Butinge 1.0 mln tons

Primorsk 8.4 mln tons

Svetly 0.9 mln tons

Varandey 0.6 mln tons

Odessa 1.0 mln tons

Novorossiysk 4.8 mln tons

Tuapse 1.3 mln tons



Crude oil sales

	2000	2001	2002	2003	2004
mln USD					
Export and sales on international markets	4,380	3,951	4,336	6,844	10,940
including export and sales to CIS	n/a	n/a	165	433	602
Domestic sales	1,471	992	469	374	181
Total	5,851	4,943	4,805	7,218	11,121
th. tons					
Export and sales on international markets	23,699	25,515	26,951	37,751	46,030
including export and sales to CIS	n/a	n/a	1,872	4,069	4,076
Domestic sales	12,347	12,494	7,724	5,979	1,637
Total	36,046	38,009	34,675	43,730	47,667
Export of crude oil using Transneft export routes	–	–	30,751	32,763	38,909
Export of crude oil bypassing Transneft	–	–	3,476	5,367	7,389
Total crude oil exports	30,554	32,768	34,227	38,130	46,298

Realized average sales prices, USD per ton

	2000	2001	2002	2003	2004
Export and sales on international markets	184.8	154.9	160.9	181.3	237.7
including export and sales to CIS	n/a	n/a	88.1	106.4	147.7
Domestic sales	119.1	79.4	60.7	62.6	110.6
Total	162.3	130.0	138.6	165.1	233.3

Oil purchases, th. tons

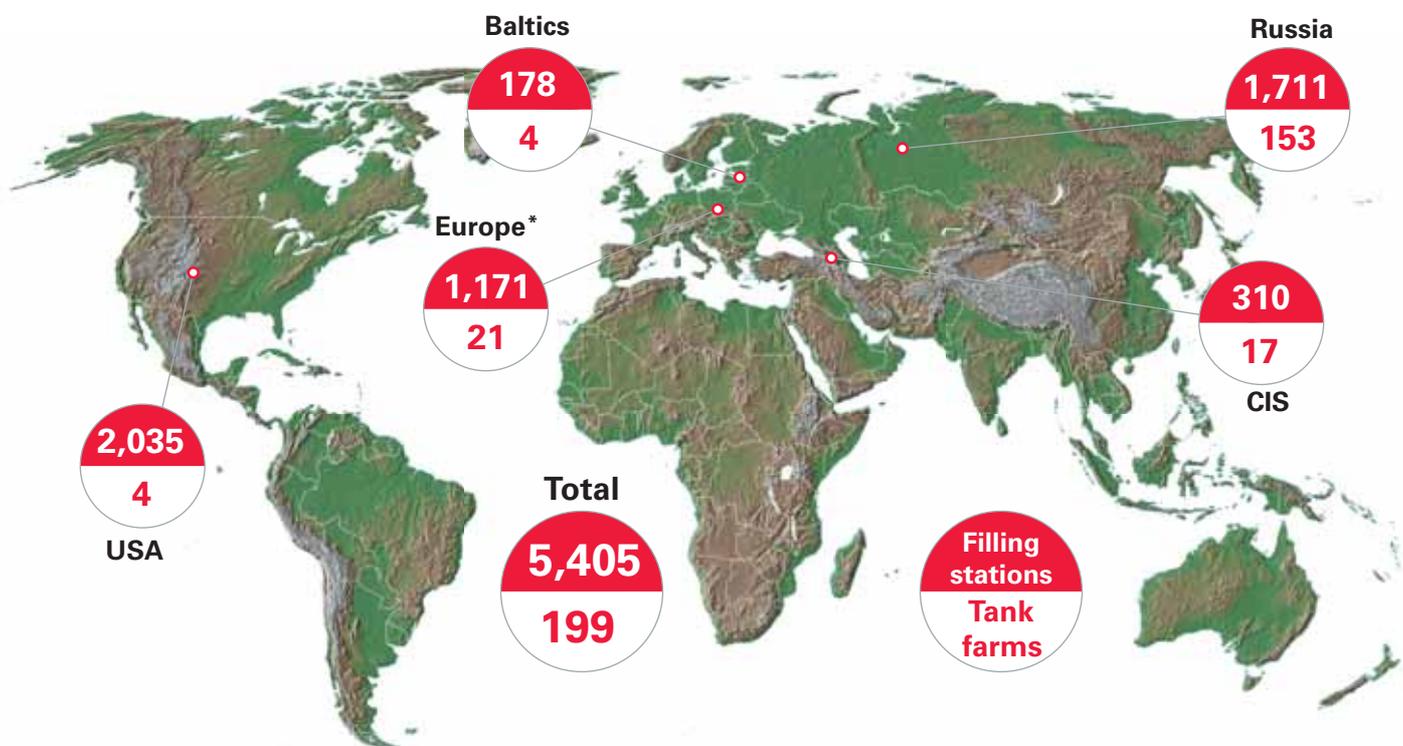
	2000	2001	2002	2003	2004
Crude oil purchases in Russia	n/a	–	5,056	4,698	2,839
Crude oil purchases internationally	n/a	–	3,230	8,087	8,826
Total	n/a	7,128	8,286	12,785	11,665


PETROLEUM PRODUCT MARKETING
Petroleum product sales

	2000	2001	2002	2003	2004
	mln USD				
Export and sales on international markets	4,076	4,690	6,225	9,480	15,317
Wholesale	–	–	–	7,214	11,403
Retail	–	–	–	2,266	3,914
Domestic sales	2,287	2,595	2,883	3,450	4,665
Wholesale	–	–	–	2,608	3,429
Retail	–	–	–	842	1,236
Total	6,363	7,285	9,108	12,930	19,982
	th. tons				
Export and sales on international markets	18,544	20,725	26,284	33,995	41,426
Wholesale	–	–	–	30,193	35,946
Retail	–	–	–	3,802	5,480
Domestic sales	16,921	18,281	19,727	20,473	19,724
Wholesale	–	–	–	17,967	16,981
Retail	–	–	–	2,506	2,743
Total	35,465	39,006	46,011	54,468	61,150
Petroleum product exports, mln tons	7.8	10.8	14.2	13.5	14.1

Realized average petroleum product sales prices, USD per ton

	2000	2001	2002	2003	2004
Export and sales on international markets	219.8	226.3	236.8	278.9	369.7
Wholesale	-	-	-	238.9	317.2
Retail	-	-	-	596.0	714.2
Domestic sales	135.2	142.0	146.1	168.5	236.5
Wholesale	-	-	-	145.2	201.9
Retail	-	-	-	335.9	450.6
Total	179.4	186.8	198.0	237.4	326.8

LUKOIL's filling stations and tank farms (December 31, 2004)


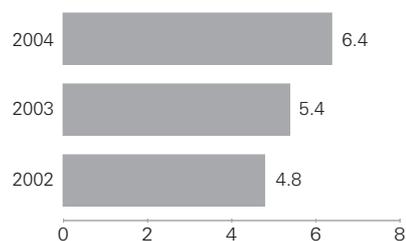
* Including Petrol (Bulgaria).

Company's retail network* (end of year), filling stations

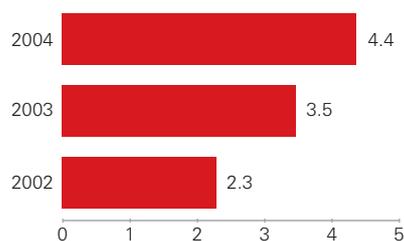
	2000	2001	2002	2003	2004
Total	2,647	3,745	4,076	4,599	5,405
Russia	1,217	1 585	1,691	1,732	1,711
owned and leased	924	1 384	1,428	1,456	1,449
franchised	293	201	263	276	262
Europe	34	553	679	1,063	1,171
Baltics	73	146	154	175	178
CIS	63	184	266	304	310
USA	1,260	1,277	1,286	1,325	2,035

* Owned, leased and franchised.

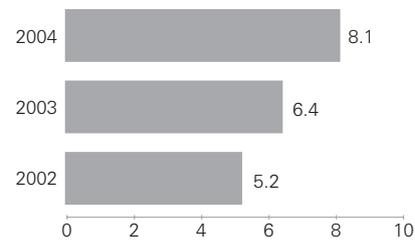
Average daily sales of petroleum products per 1 filling station in Russia, tons



Average daily sales of petroleum products per 1 filling station in Europe and CIS, tons



Average daily sales of petroleum products per 1 filling station in USA, tons



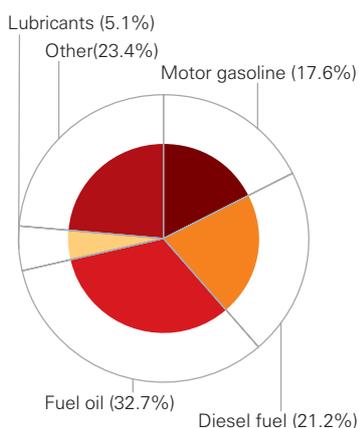
LUKOIL share in petroleum product markets of Russian federal districts, %

	Share in wholesale market			Share in retail market		
	2002	2003	2004	2002	2003	2004
Central	3.6	5.2	5.4	1.3	3.0	4.8
North-West	17.5	17.4	21.3	9.6	12.2	14.5
Urals	28.4	27.2	23.6	15.0	20.0	29.0
South	16.3	17.8	16.5	11.5	12.9	13.1
Volga	12.8	13.4	11.0	11.5	14.6	15.0

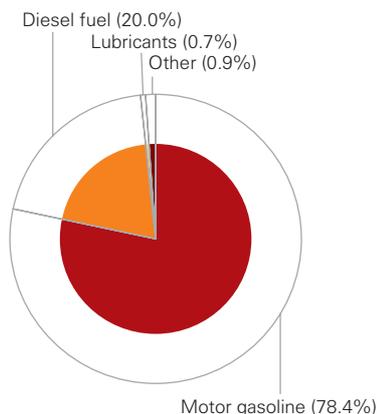
Petroleum product export by transport types, %

	2000	2001	2002	2003	2004
Rail	75.2	68.4	70.5	62.5	64.6
River	20.0	20.2	17.5	18.4	22.3
Pipeline	4.8	11.4	12.0	19.1	13.1

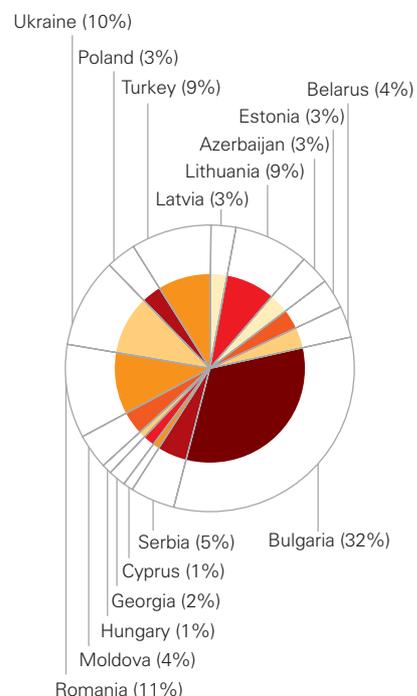
Structure of petroleum product wholesale sales by Company marketing units (2004)



Structure of petroleum product retail sales by Company marketing units (2004)



Structure of petroleum product sales by LUKOIL foreign marketing units in Europe and CIS, (wholesale and retail, 2004)



▶▶▶ PETROCHEMICALS MARKETING

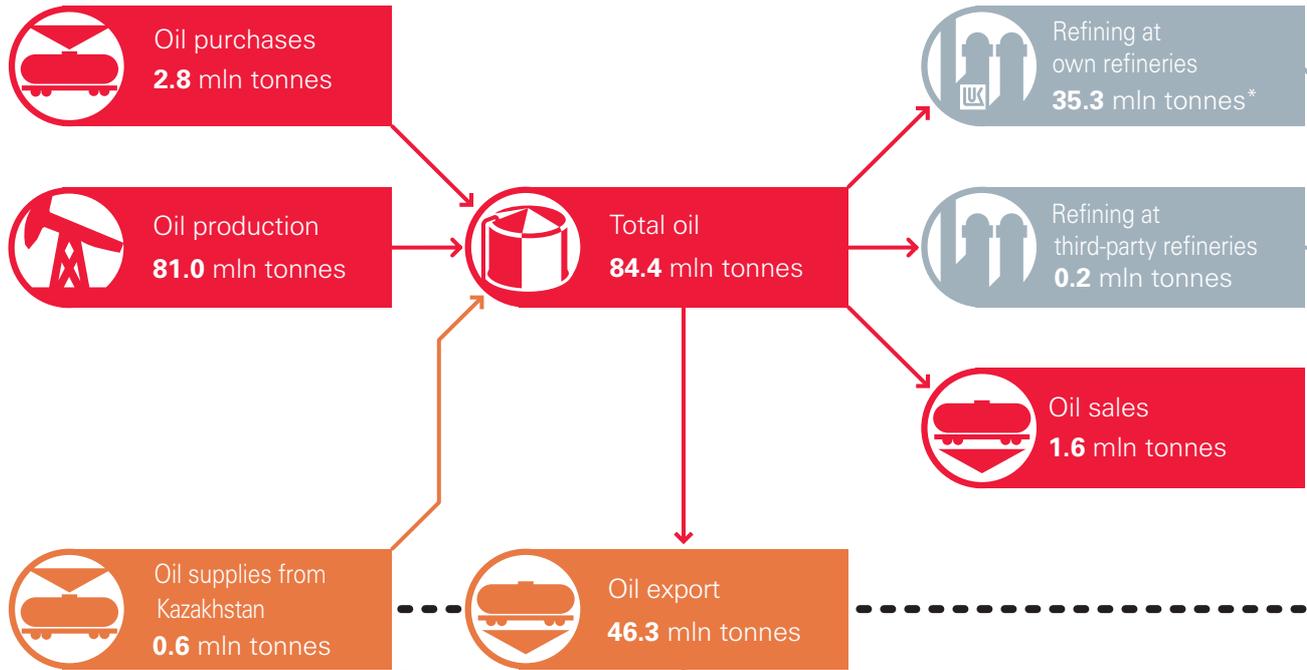
Petrochemical product sales

	2000	2001	2002	2003	2004
mIn USD					
Export and sales on international markets	97	334	392	671	1,021
Domestic sales	224	159	134	251	332
Total	321	493	526	922	1,353
th. tons					
Sales in Russia and CIS*	531	639	640	776	706
Exports beyond CIS*	333	556	992	988	1,184
Total*	864	1,195	1,632	1,764	1,890

* Excluding LUKOIL Neftokhim Burgas.

TRADE BALANCE OF LUKOIL SUBSIDIARIES (2004)

RUSSIA



INTERNATIONAL

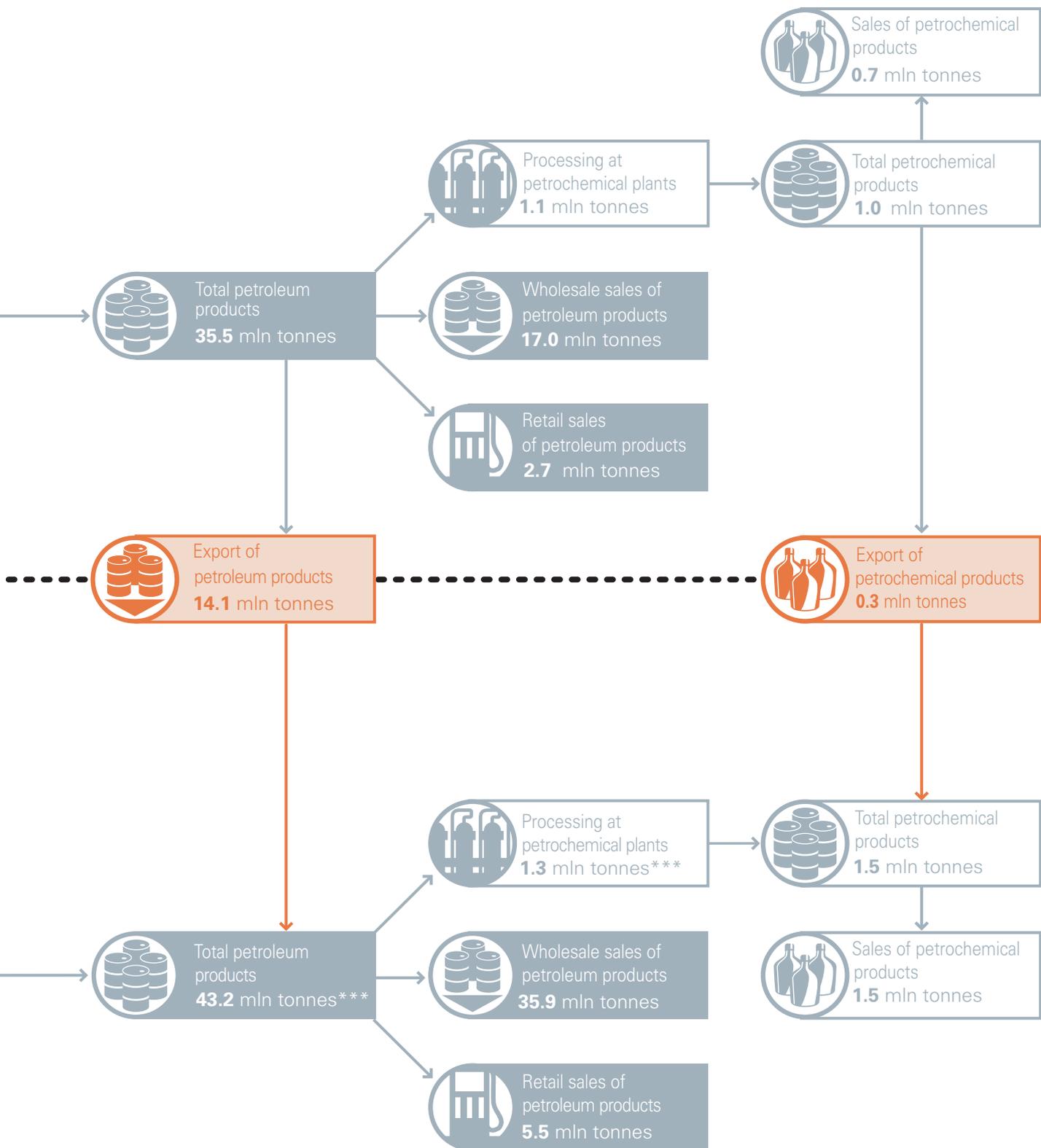


"Total oil" includes LUKOIL's own consumption and transportation losses. Other figures include refining, transportation and storage losses as well as changes in stocks.

* Excluding refining at mini-refineries.

** Excluding fuel oil processed at Burgas Refinery.

*** Including petrochemical products produced at Burgas Refinery.



COMPANY MANAGEMENT STRUCTURE



COMMITTEES OF THE BOARD OF DIRECTORS

Board of Directors

Audit Committee

Oleg Kutafin
Mikhail Bereznoi
Sergei Mikhailov

Purpose:

to make recommendations to the BoD concerning independent external and internal audit of financial accounts and appraisal of Company property

Responsibilities:

To prepare recommendations to the BoD concerning:

- selection of candidates for appointment as Company Auditor from among internationally recognized auditors with high professional reputation;
- supervision of any competition (tender) for choice of the Auditor, if such a competition is held;
- analysis and discussion with the Auditor of any significant questions arising during conduct of independent external audit of the Company;
- acquaintance with the Auditor's conclusions before the latter are presented to shareholders at the General Meeting of Shareholders;
- review of the most significant amendments to the Company's accounts as a result of the audit;
- efficiency of the Company's system of internal control and audit;
- assessment of the Company's risk management system;
- possible preliminary approval of the Company's annual report by the BoD;
- observance of audit procedures and assessment of the level of objectivity and independence of the Company Auditor;
- definition of a limit for the Auditor's remuneration, depending on the type and volume of his work, including services, which complement the actual audit.

Strategy and Investment Committee

Richard Matzke
Ravil Maganov
Kevin Meyers
Igor Sherkunov

Purpose:

to make recommendations to the BoD on design of strategic development goals for the Company and to coordinate strategic planning activities with the BoD

Responsibilities:

To prepare recommendations to the BoD concerning:

- analysis of concepts, programs and plans for strategic development of the Company;
- assessment of Company policy in relations with investors and shareholders;
- decisions on the level of dividends to be recommended to shareholders, and procedure for dividend payment;
- distribution of Company profit and loss at the end of each year;
- Company policy with respect to its own securities;
- plans for Company reorganization;
- participation in holding companies, financial-industrial groups, associations and any other unified commercial organizations;
- major transactions, involving property that is equal in value to 25-50% of the balance-sheet value of Company assets on the day, when the decision on such transaction is taken;
- creation of Company subsidiaries and opening of representative offices, and closure of the same in the Russian Federation and foreign countries;
- use of Company reserves;
- use of non-core assets of the Company;
- change in the structure of Company asset management.

Personnel and Remuneration Committee

Alexander Shokhin
Sergei Mikhailov
Nikolai Tsvetkov

Purpose:

to prepare recommendations to the BoD on Company policy regarding personnel and regarding remuneration of managers and of the Company's auditing commission

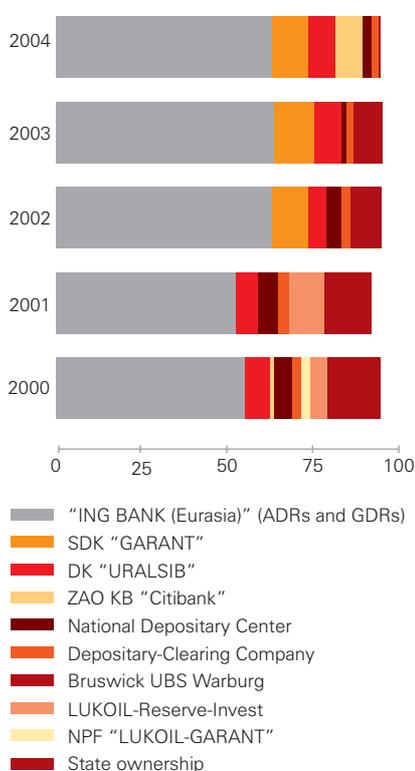
Responsibilities:

To prepare recommendations to the BoD concerning:

- Company actions to do with personnel and remuneration of managers and of the Company's auditing commission;
- assessment of candidates to positions in the respective management positions in the Company;
- design of criteria for determining independence of any director in the BoD;
- analysis of results of work by members of Company management bodies and of the audit commission, particularly as concerns possible increase of remuneration paid to them and any other types of incentive;
- decision on a recommended level of remuneration to be paid to members of the auditing commission;
- advisability of reappointing members of the auditing commission;
- design of long-term programs of remuneration to Company employees, based on Company shares;
- significant conditions of contracts with members of the Company's executive bodies.

COMPANY SHARES

Main shareholders of LUKOIL, %



LUKOIL share capital

Number of shares	Common shares	Preferred shares
December 31, 1999	738,351,391	77,211,864
No changes		
December 31, 2000	738,351,391	77,211,864
Issuance of common shares (face-value of 0,025 RUR)	18,431,061	
Issuance of common shares (face-value of 0,025 RUR)	16,568,939	
Conversion of preferred shares	77,211,864	(77,211,864)
December 31, 2001	850,563,255	0
No changes		
December 31, 2002	850,563,255	0
No changes		
December 31, 2003	850,563,255	0
No changes		
December 31, 2004	850,563,255	0

Main shareholders of common stock (end of year)

Shareholder's name	2000	2001	2002	2003	2004
"ING BANK (Eurasia)" (ADRs and GDRs)*	406,039,385	444,703,835	534,070,827	541,249,388	535,975,699
SDK "GARANT"*	–	–	90,773,746	99,268,415	87,986,591
DK "URALSIB"*	45,521,796	55,140,681	44,630,737	66,162,144	69,560,926
ZAO KB "Citibank"*	10,532,220	–	–	1,644,462	66,322,006
National Depository Center*	38,231,431	50,079,368	37,239,863	12,410,284	22,056,584
Depository-Clearing Company*	19,836,720	29,044,914	24,798,519	16,463,743	17,982,613
Brunswick UBS Warburg*	–	–	10,296,442	9,158,298	4,843,084
NPF "LUKOIL-GARANT"*	19,970,446	–	–	–	–
LUKOIL-Reserve-Invest*	36,792,062	87,003,566	–	–	–
State ownership	114,639,290	114,639,090	64,638,729	64,638,729	–

*Nominee.

Main shareholders of preferred stock (end of year)

Shareholder's name	2000	2001	2002	2003	2004
"ING BANK (Eurasia)" (ADRs and GDRs)*	33,515,420	–	–	–	–
DK "NIKOIL"*	14,976,868	–	–	–	–
Depository-Clearing Company*	4,932,103	–	–	–	–
LUKOIL-Reserve-Invest*	3,901,717	–	–	–	–
National Depository Center*	1,955,400	–	–	–	–

*Nominee.

LUKOIL common share price on the RTS, USD

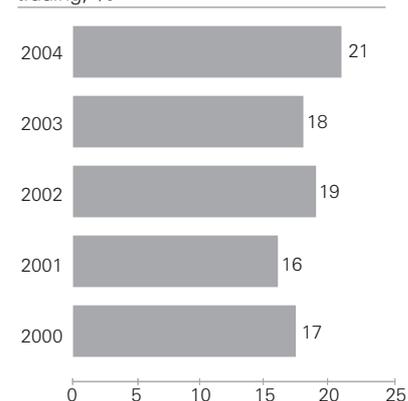
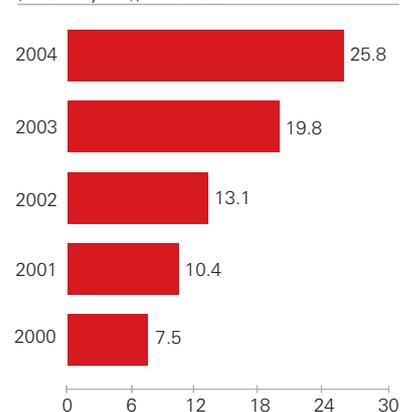
	1999			2000			2001		
	min	max	end	min	max	end	min	max	end
1Q	3.60	7.50	7.23	9.95	15.90	15.60	8.25	11.60	9.30
2Q	6.18	10.53	9.90	12.05	15.70	12.78	8.70	13.80	11.93
3Q	6.35	11.26	6.80	12.82	16.62	14.40	9.12	11.95	9.35
4Q	6.78	13.00	13.00	8.05	15.55	9.25	9.13	13.25	12.23

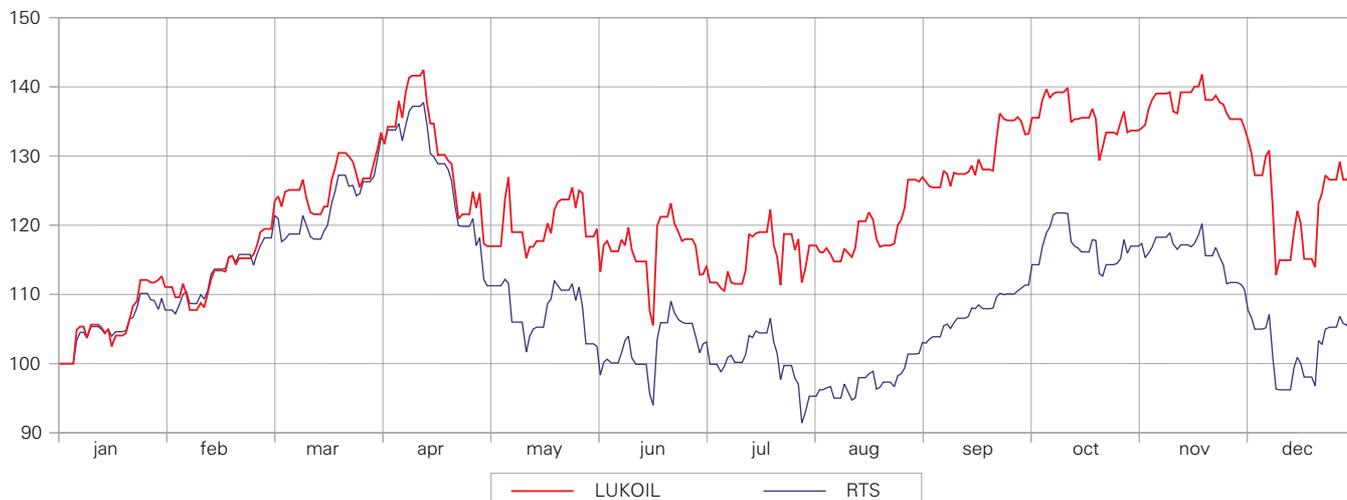
	2002			2003			2004		
	min	max	end	min	max	end	min	max	end
1Q	12.10	15.55	14.57	13.77	15.86	13.80	23.85	31.05	31.05
2Q	14.14	18.23	16.25	13.90	19.75	19.75	24.55	33.15	26.30
3Q	14.10	17.12	15.40	16.70	20.60	20.60	25.72	31.70	31.00
4Q	15.21	16.85	15.42	19.25	24.10	23.25	26.25	33.00	30.35

LUKOIL common share price on the RTS, USD**LUKOIL capitalization (end of year)**

	2000	2001	2002	2003	2004
Common share price on the RTS, USD	9.25	12.23	15.42	23.25	30.35
Number of common shares, mln	738.4	850.6	850.6	850.6	850.6
Preferred share price on the MICEX, USD **	9.19	-	-	-	-
Number of preferred shares, mln	77.2	-	-	-	-
Capitalization, mln USD	7,539	10,402	13,116	19,776	25,815

*Preferred share price is converted into USD at the exchange rate of the Central Bank of Russia at the end of year.

Share of LUKOIL stocks in RTS trading, %**LUKOIL market capitalization (end of year), bln USD**

LUKOIL share price and the RTS Index, %
2004

2003

2002

2001

2000

LUKOIL share performance and the RTS Index (based on daily changes)

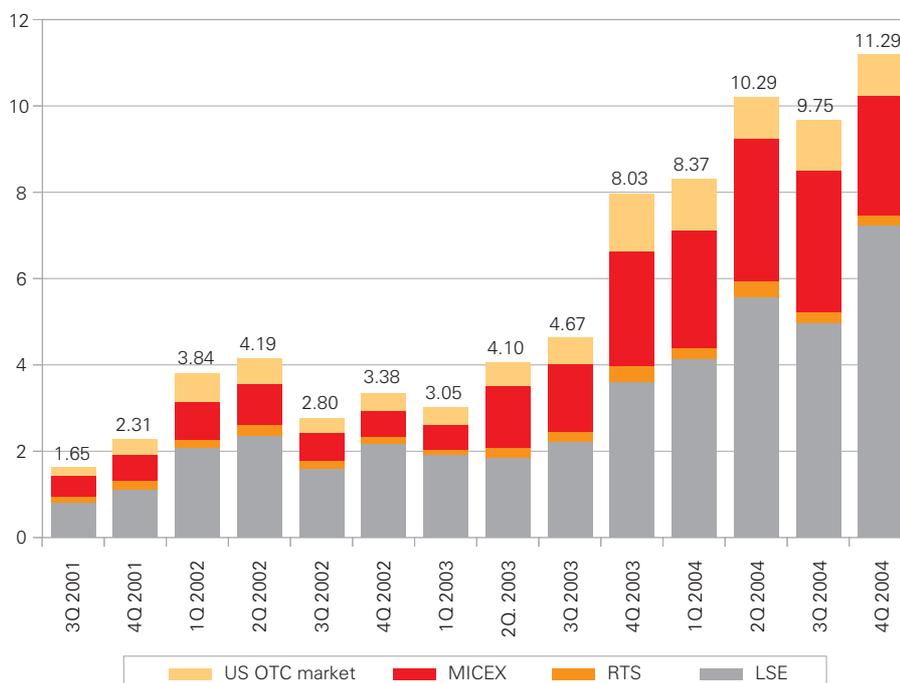
	2000	2001	2002	2003	2004	2000–2004
LUKOIL standard deviation, %	3.70	2.92	2.16	2.13	2.21	2.72
RTS standard deviation, %	3.19	2.20	1.87	1.90	1.87	2.28
Correlation	0.92	0.89	0.85	0.81	0.87	0.88
Beta coefficient	1.07	1.18	0.98	0.91	1.03	1.05

Tickers of LUKOIL common shares

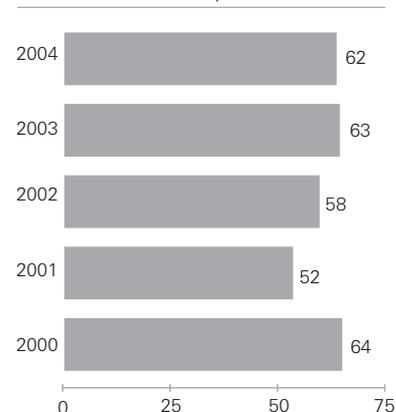
Ticker	Market
LKOH	RTS (Russian Trading System)
LKOH	MICEX (Moscow Interbank Currency Exchange)
LKOD	LSE (London Stock Exchange)*
LUK	FSE (Frankfurt Stock Exchange)*
LUKOY	US OTC (US over-the-counter market)*

*ADRs on LUKOIL shares.

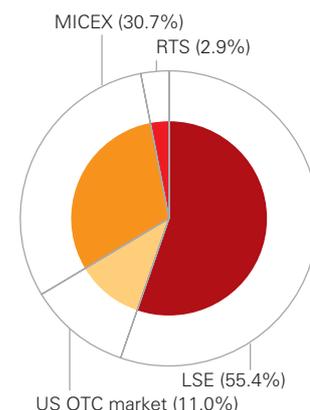
LUKOIL share and ADR trade volumes, bln USD



Share of common shares converted into ADRs and GDRs, %



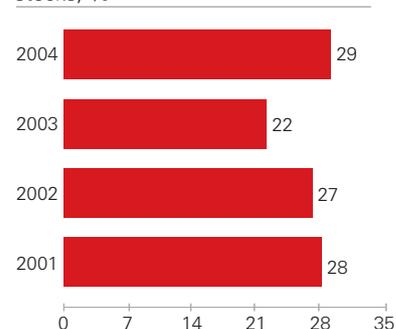
Distribution of trade volumes of LUKOIL shares and depository receipts (2004)



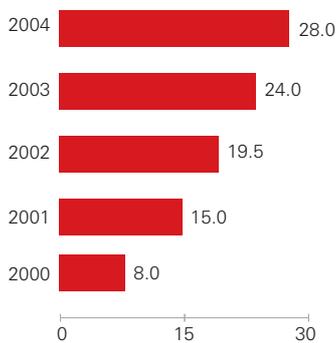
LUKOIL share performance compared with shares of major international oil and gas companies (2000–2004), %



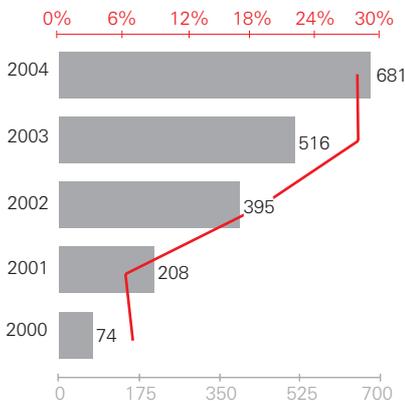
Share of LUKOIL ADRs in LSE trading of Central and East European stocks, %



Dividend per common share, RUR

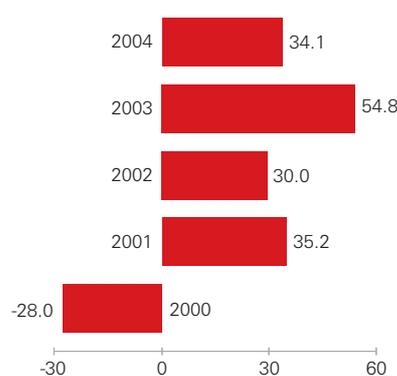


Dividends accrued on common stock (mln USD), and their share in the net income of the respective period, %

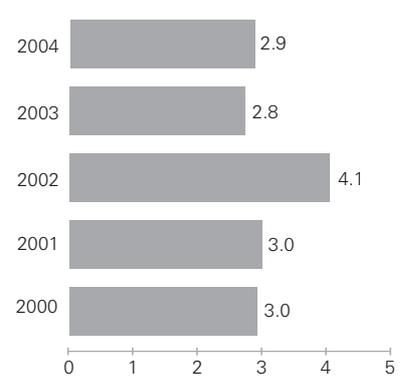

LUKOIL dividend policy

	2000	2001	2002	2003	2004
Dividend per common share, RUR	8.0	15.0	19.5	24.0	28.0
Dividend per preferred share, RUR	59.16	–	–	–	–
Dividends accrued for the previous year, mln USD	121	365	395	516	681
including dividends accrued on preferred stock	47	157	–	–	–
Dividend payments, mln USD	118	244	423	467	661
Dividend yield, %	3.0	3.0	4.1	2.8	2.9

Total shareholders return, %



Dividend yield, %



»»» TAX ENVIRONMENT

Business of LUKOIL Group is subject to taxation in Russia and elsewhere.

Given the relative size of our activities in Russia, our tax profile is largely determined by the taxes payable in Russia. Taxes paid in Russia represented more than 80% of all taxes paid by the Company in 2000–2004.

The most significant part of the tax burden for Russian oil companies is represented by the mineral extraction tax and crude oil export tariffs.

Main taxes paid by the Company:

- » income tax
- » mineral extraction tax
- » excises
- » export tariffs
- » property tax
- » unified social tax
- » VAT
- » other taxes and contributions

Average rates of main taxes levied on oil companies in the Russian Federation

		2000	2001	2002	2003	2004
Income tax	%	30	35	24	24	24
Property tax	%	2.0	2.0	2.0	2.0	2.2
VAT	%	20	20	20	20	18
Unified social tax	%	–	35.6	35.6	35.6	35.6
Mineral extraction tax	RUR/ton	–	–	667.1	801.4	1,052.8
Oil export tariffs	USD/ton	20.9	26.3	18.6	30.4	55.8
<i>Petroleum product export tariffs</i>						
light distillates	USD/ton	20.10	34.95	28.41	27.37	37.93
middle distillates and gas oil	USD/ton	15.45	34.95	28.41	27.37	37.93
liquid fuels	USD/ton	14.38	22.06	14.31	27.37	36.64
<i>Petroleum product excises</i>						
high-octane gasoline	RUR/ton	585	1,850	2,072	3,000	3,360
low-octane gasoline	RUR/ton	455	1,350	1,512	2,190	2,460
diesel fuel	RUR/ton	–	550	616	890	1,000
motor oils	RUR/ton	–	1,500	1,680	2,440	2,732

Income tax payment by LUKOIL, mln USD

	2000	2001	2002	2003	2004
Current income tax					
Russia	775	849	821	883	1,511
Abroad	15	12	13	56	103
Total current income tax	790	861	834	939	1,614
Deferred income tax					
Russia	(27)	(207)	(67)	49	76
Abroad	9	20	(28)	19	70
Total deferred income tax	(18)	(187)	(95)	68	146
Total income tax	772	674	739	1,007	1,760

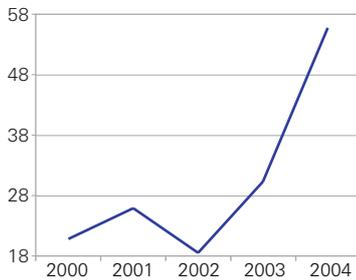
Payment of taxes other than income tax, mln USD

	2000	2001	2002	2003	2004
Mineral extraction tax	–	–	1,472	1,966	2,971
Royalty tax	259	347	–	–	–
Mineral replacement tax	150	215	–	–	–
Road users' tax	179	100	126	–	–
Social taxes and contributions	198	201	198	257	330
Property tax	50	83	101	139	111
Other taxes and contributions	214	64	75	94	93
Total taxes other than income tax	1,050	1,010	1,972	2,456	3,505

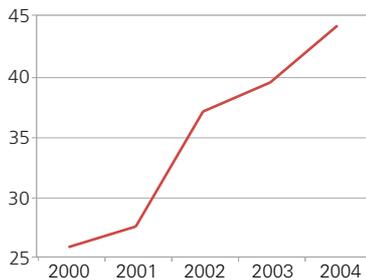
Excises and export tariffs payment, mln USD

	2000	2001	2002	2003	2004
Excises and export tariffs	932	1,456	1,996	2,954	5,248

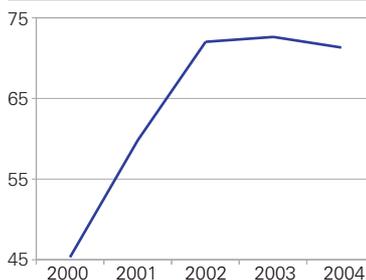
Average oil export tariff, USD per ton



Share of taxes, excises and export tariffs in sales after cost of purchased crude oil, %



Share of taxes, excises and export tariffs in income before their payment, %


Mineral extraction tax (MET), USD per ton

$$MET = \frac{(\text{Oil price} - \text{Base oil price}) \times \text{Tax rate}}{\text{Base exchange rate (RUR/USD)} \times \text{Base oil price}}$$

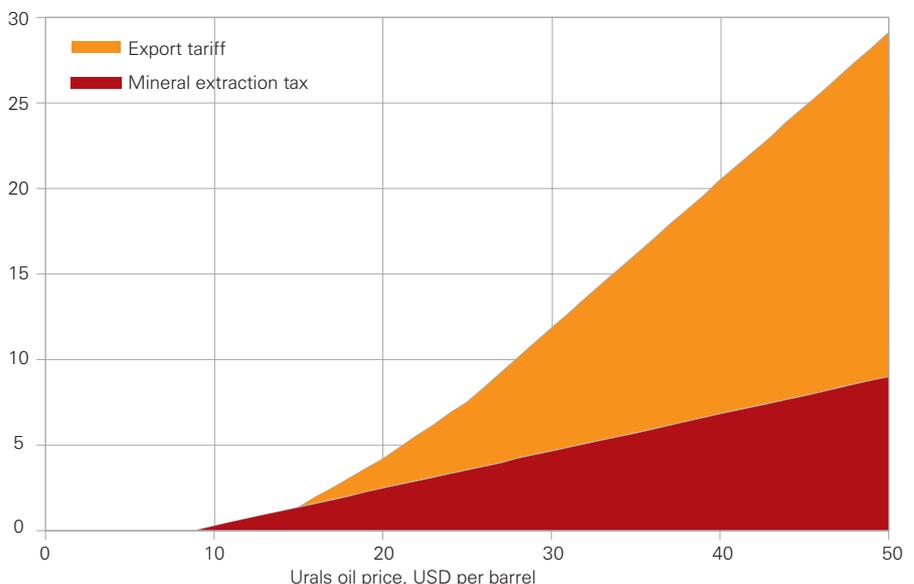
		2004	2005
Oil price	USD per barrel	Urals oil price	
Base oil price	USD per barrel	8	9
Tax rate	RUR per ton	347	419
Base RUR/USD exchange rate	RUR/USD	31.5	29.0

The rate of the mineral extraction tax changes each month. For example, the tax rate for June is calculated in July based on the average international market price for Urals crude in June.

Crude oil export tariff, USD per barrel

Oil price (P), USD per barrel	Tariff rate, USD per barrel	
	before June 2004	after June 2004
P < 15	0	0
15 < P < 20	(P - 15) × 35%	(P - 15) × 35%
20 < P < 25	(P - 15) × 35%	1.75 + (P - 20) × 45%
P > 25	3.5 + (P - 25) × 40%	4.0 + (P - 25) × 65%

The export tariff rate on crude oil is revised every two months. For example, the export tariff rate for December–January is calculated in November based on the average price of Urals oil on the international market in September–October.

Dependence of crude oil export tariff rate and mineral extraction tax rate on oil prices (model applied in 2005), USD per barrel



CONSOLIDATED ACCOUNTS
Consolidated income statements, mln USD

	2000	2001	2002	2003	2004
REVENUES					
Sales (including excise and export tariffs)	13,210	13,426	15,334	22,118	33,845
Equity share in income of affiliates	230	136	115	181	213
Total revenues	13,440	13,562	15,449	22,299	34,058
COSTS AND OTHER DEDUCTIONS					
Operating expenses	(1,628)	(2,584)	(2,403)	(2,546)	(2,880)
Cost of purchased crude oil and petroleum products	(2,597)	(2,087)	(2,693)	(5,909)	(10,124)
Transportation expenses	(735)	(919)	(1,414)	(2,052)	(2,784)
Selling, general and administrative expenses	(1,221)	(1,375)	(1,313)	(1,800)	(2,024)
Depreciation, depletion and amortization	(838)	(886)	(824)	(920)	(1,075)
Taxes other than income taxes	(1,050)	(1,010)	(1,972)	(2,456)	(3,505)
Excise and export tariffs	(932)	(1,456)	(1,996)	(2,954)	(5,248)
Exploration expense	(130)	(144)	(89)	(136)	(171)
Gain from sale of interest in Azeri – Chirag – Guneshli	–	–	–	1,130	–
Loss on disposal and impairment of assets	(247)	(153)	(83)	(69)	(213)
Income from operating activities	4,062	2,948	2,662	4,587	6,034
Interest expense	(198)	(257)	(222)	(273)	(300)
Interest and dividend income	209	146	160	139	180
Currency translation gain (loss)	1	(33)	40	148	135
Other non-operating income	71	31	11	11	21
Minority interest	(61)	(52)	(69)	(36)	(62)
Income before income taxes	4,084	2,783	2,582	4,576	6,008
Current income taxes	(790)	(861)	(834)	(939)	(1,614)
Deferred income taxes	18	187	95	(68)	(146)
Total income tax expense	(772)	(674)	(739)	(1,007)	(1,760)
Cumulative effect of change in accounting principle, net of tax	–	–	–	132	–
Net income	3,312	2,109	1,843	3,701	4,248
Dividends declared on preferred stock	(47)	(157)	–	–	–
Net income available for common shareholders	3,265	1,952	1,843	3,701	4,248
Net income per share of common stock (US dollars)					
Basic	4.83	2.68	2.26	4.52	5.20
Diluted	4.73	2.66	2.26	4.45	5.13

Consolidated balance sheets (as of December 31), mIn USD

	1999	2000	2001	2002	2003	2004
ASSETS						
Current assets						
Cash and cash equivalents	537	1,137	1,170	1,252	1,435	1,257
Short-term investments	137	253	218	278	251	149
Accounts and notes receivable, net	1,598	2,948	2,230	2,511	3,790	3,867
Inventories	530	719	829	1,063	1,243	1,759
Prepaid taxes and other expenses	133	675	889	736	897	1,242
Other current assets	147	362	340	356	255	300
Assets held for sale	–	–	–	279	52	–
Total current assets	3,082	6,094	5,676	6,475	7,923	8,574
Investments	750	423	770	934	594	779
Property, plant and equipment	8,129	9,906	12,296	13,499	16,859	19,329
Deferred income tax assets	79	201	291	206	117	138
Goodwill and other intangible assets	251	278	485	399	523	610
Other non-current assets	212	207	424	488	558	331
Total assets	12,503	17,109	19,942	22,001	26,574	29,761
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current liabilities						
Accounts payable	1,479	2,221	1,402	1,293	1,564	1,787
Short-term borrowings and current portion of long-term debt	728	829	1,031	1,772	1,412	1,265
Customer deposits and other borrowings of banking subsidiaries	–	–	449	755	1,007	3
Taxes payable	569	404	522	640	943	1,238
Other current liabilities	110	238	421	337	345	252
Total current liabilities	2,886	3,692	3,825	4,797	5,271	4,545
Long-term debt	1,769	1,483	1,948	1,666	2,392	2,609
Deferred income tax liabilities	146	284	390	261	497	698
Asset retirement obligations	–	–	–	–	210	307
Other long-term liabilities	145	147	463	397	249	338
Minority interest in subsidiary companies	484	984	931	880	483	453
Total liabilities	5,430	6,590	7,557	8,001	9,102	8,950
Stockholders' equity						
Common stock	14	14	15	15	15	15
Preferred stock	1	1	–	–	–	–
Treasury stock, at cost	(549)	(376)	(403)	(428)	(435)	(706)
Additional paid-in capital	2,816	2,895	3,044	3,229	3,522	3,564
Retained earnings	4,803	7,994	9,738	11,186	14,371	17,938
Accumulated other comprehensive loss	(12)	(9)	(9)	(2)	(1)	–
Total stockholders' equity	7,073	10,519	12,385	14,000	17,472	20,811
Total liabilities and stockholders' equity	12,503	17,109	19,942	22,001	26,574	29,761

Consolidated statements of cash flows, mln USD

	2000	2001	2002	2003	2004
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income	3,312	2,109	1,843	3,701	4,248
Adjustments for non-cash items:					
Cumulative effect of change in accounting principle	–	–	–	(132)	–
Depreciation, depletion and amortization	838	886	824	920	1,075
Equity share in income of affiliates	(230)	(136)	(100)	(122)	(169)
Gain from sale of interest in Azeri – Chirag – Guneshli	–	–	–	(1,130)	–
Loss on disposal and impairment of assets	247	153	83	69	213
Deferred income taxes	(18)	(187)	(95)	68	146
Non-cash currency translation loss (gain)	(29)	24	(21)	17	(4)
Non-cash investing activities	(177)	(96)	(72)	(64)	(123)
All other items, net	155	181	78	80	139
Changes in operating assets and liabilities:					
Accounts and notes receivable	(1,142)	931	(125)	(797)	(694)
Short-term loans receivable of banking subsidiaries	(71)	(95)	39	(223)	(101)
Net movements of short-term borrowings of banking subsidiaries	102	208	171	341	(90)
Inventories	(50)	(56)	(201)	(153)	(571)
Accounts payable	541	(1,077)	(273)	186	306
Taxes payable	(195)	109	30	284	310
Other current assets and liabilities	(515)	(281)	215	(109)	(505)
Net cash provided by operating activities	2,768	2,673	2,396	2,936	4,180
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital expenditures	(1,674)	(2,521)	(2,072)	(2,881)	(3,248)
Proceeds from sale of property, plant and equipment	10	45	34	62	99
Purchases of investments	(197)	(314)	(302)	(459)	(540)
Proceeds from sale of investments	47	228	118	374	242
Proceeds from sale of interest in Azeri – Chirag – Guneshli	–	–	–	1,337	–
Sale of subsidiaries, net of cash disposed	–	–	–	–	183
Acquisitions of subsidiaries, net of cash acquired	(98)	(499)	(168)	(1,225)	(477)
Net cash used in investing activities	(1,912)	(3,061)	(2,390)	(2,792)	(3,741)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net movements of short-term borrowings	11	121	203	220	(170)
Proceeds from issuance of long-term debt	291	938	879	1,445	1,191
Principal payments of long-term debt	(439)	(349)	(579)	(1,124)	(778)
Dividends paid	(118)	(244)	(423)	(467)	(661)
Financing received from stockholders under privatization tender	50	–	–	–	–
Proceeds from issuance of common stock	–	–	18	–	–
Purchase of treasury stock	(1,021)	(185)	(326)	(368)	(502)
Proceeds from sale of treasury stock	1,005	158	316	290	273
Other – net	(7)	32	8	–	(3)
Net cash provided by (used in) financing activities	(228)	471	96	(4)	(650)
Effect of exchange rate changes on cash and cash equivalents	(28)	(50)	(20)	43	33
Net increase in cash and cash equivalents	600	33	82	183	(178)
Cash and cash equivalents at beginning of year	537	1,137	1,170	1,252	1,435
Cash and cash equivalents at end of year	1,137	1,170	1,252	1,435	1,257

Consolidated statements of stockholders' equity and comprehensive income, mln USD

	2000	2001	2002	2003	2004
Common stock					
Balance at January 1	14	14	15	15	15
Conversion of preferred stock into common stock	–	1	–	–	–
Outstanding at December 31	14	15	15	15	15
Preferred stock					
Balance at January 1	1	1	–	–	–
Conversion of preferred stock into common stock	–	(1)	–	–	–
Outstanding at December 31	1	–	–	–	–
Treasury stock					
Balance at January 1	(549)	(376)	(403)	(428)	(435)
Stock purchased	(1,021)	(185)	(326)	(368)	(502)
Stock sold	1,194	158	301	361	231
Outstanding at December 31	(376)	(403)	(428)	(435)	(706)
Additional paid-in capital					
Balance at January 1	2,816	2,895	3,044	3,229	3,522
Premium on non-outstanding shares issued	–	147	170	38	–
Contributions required and received under privatization tender	117	–	–	–	–
Proceeds from sale of treasury stock in excess of carrying amount	292	2	15	255	42
Put option on Company's common stock	(330)	–	–	–	–
Outstanding at December 31	2,895	3,044	3,229	3,522	3,564
Retained earnings					
Balance at January 1	4,803	7,994	9,738	11,186	14,371
Net income (comprehensive income)	3,312	2,109	1,843	3,701	4,248
Net income (stockholders' equity)	3,312	2,109	1,843	3,701	4,248
Dividends on preferred stock	(47)	(157)	–	–	–
Dividends on common stock	(74)	(208)	(395)	(516)	(681)
Outstanding at December 31	7,994	9,738	11,186	14,371	17,938
Accumulated other comprehensive loss, net of tax					
Balance at January 1	(12)	(9)	(9)	(2)	(1)
Foreign currency translation adjustment (comprehensive income)	3	14	(7)	1	1
Foreign currency translation adjustment (stockholders' equity)	3	14	(7)	1	1
Minimum pension liability adjustment (comprehensive income)	–	(14)	14	–	–
Minimum pension liability adjustment (stockholders' equity)	–	(14)	14	–	–
Outstanding at December 31	(9)	(9)	(2)	(1)	–
Total comprehensive income for the year	3,315	2,109	1,850	3,702	4,249
Total stockholders' equity as of December 31	10,519	12,385	14,000	17,472	20,811

Shares activity, millions of shares

	2000	2001	2002	2003	2004
Common stock, issued					
Balance at January 1	738	738	850	850	850
Issuance of common stock	–	35	–	–	–
Conversion of preferred stock into common stock	–	77	–	–	–
Outstanding at December 31	738	850	850	850	850
Preferred stock					
Balance at January 1	77	77	–	–	–
Conversion of preferred stock into common stock	–	(77)	–	–	–
Outstanding at December 31	77	–	–	–	–
Treasury stock					
Balance at January 1	(62)	(23)	(26)	(27)	(26)
Stock purchased	(88)	(17)	(21)	(19)	(18)
Stock sold	127	14	20	20	10
Outstanding at December 31	(23)	(26)	(27)	(26)	(34)

Capital expenditures, mln USD

	2000	2001	2002	2003	2004
Capital expenditures					
<i>Exploration and production</i>					
Russia	648	1,543	1,078	1,537	2,100
International	297	246	333	247	189
Total exploration and production	945	1,789	1,411	1,784	2,289
<i>Refining, marketing and distribution</i>					
Russia	738	645	683	960	749
International	184	183	110	274	409
Total refining, marketing and distribution	922	828	793	1,234	1,158
Total capital expenditures*	1,867	2,617	2,204	3,018	3,447

Acquisitions of subsidiaries**

<i>Exploration and production</i>					
Russia	45	467	67	989	23
International	–	–	–	–	143
Total exploration and production	45	467	67	989	166
<i>Refining, marketing and distribution</i>					
Russia	–	35	53	23	6
International	118	59	57	257	305
Total refining, marketing and distribution	118	94	110	280	311
<i>Less cash acquired</i>	<i>(65)</i>	<i>(62)</i>	<i>(4)</i>	<i>(44)</i>	<i>–</i>
Total	98	499	173	1,225	477

*Including non-cash transactions.

**Including prepayments related to acquisitions of subsidiaries and minority shareholding interest.

FINANCIAL RATIOS

Profitability and efficiency ratios

Income margin

$$\text{Income margin} = \frac{\text{Income}}{\text{Sales}}$$

	2000	2001	2002	2003*	2004
Sales, mln USD	13,210	13,426	15,334	22,118	33,845
Operating income, mln USD	4,062	2,948	2,662	3,457	6,034
Income before tax, mln USD	4,084	2,783	2,582	3,446	6,008
Net income, mln USD	3,312	2,109	1,843	2,571	4,248
Operating margin, %	30.7	22.0	17.4	15.6	17.8
Pretax margin, %	30.9	20.7	16.8	15.6	17.8
Net margin, %	25.1	15.7	12.0	11.6	12.6

EBIT and EBITDA

$$\text{EBIT} = \text{Income before income taxes} + \text{Interest expense} - \text{Interest and dividend income}$$

$$\text{EBITDA} = \text{EBIT} + \text{Depreciation and amortization}$$

	2000	2001	2002	2003*	2004
Income before tax, mln USD	4,084	2,783	2,582	3,446	6,008
Interest expense, mln USD	198	257	222	273	300
Interest and dividend income, mln USD	(209)	(146)	(160)	(139)	(180)
EBIT, mln USD	4,073	2,894	2,644	3,580	6,128
Depreciation and amortization, mln USD	838	886	824	920	1,075
EBITDA, mln USD	4,911	3,780	3,468	4,500	7,203
EBIT margin, %	30.8	21.6	17.2	16.2	18.1
EBITDA margin, %	37.2	28.2	22.6	20.3	21.3

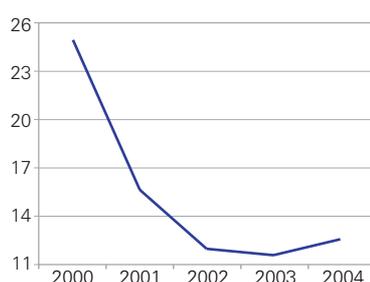
Return on equity

$$\text{Return on equity} = \frac{\text{Net income}}{\text{Average equity for the year}}$$

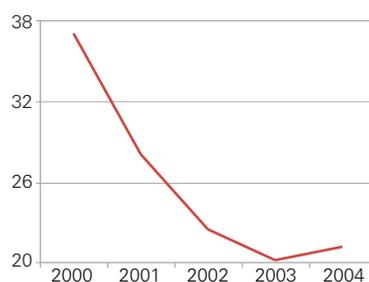
	1999	2000	2001	2002	2003*	2004
Stockholders' equity, mln USD	7,073	10,519	12,385	14,000	17,472	20,811
Net income, mln USD		3,312	2,109	1,843	2,571	4,248
Return on equity, %		37.7	18.4	14.0	16.3	22.2

*Excluding gain from sale of interest in Azeri – Chirag – Guneshli.

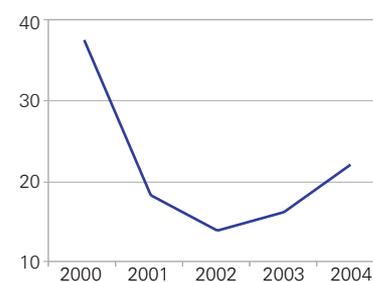
Net margin, %



EBITDA margin, %



Return on equity, %



Return on assets

$$\text{Return on assets} = \frac{\text{Net income}}{\text{Average assets for the year}}$$

	1999	2000	2001	2002	2003*	2004
Assets, mln USD	12,503	17,109	19,942	22,001	26,574	29,761
Net income, mln USD		3,312	2,109	1,843	2,571	4,248
Return on assets, %		22.4	11.4	8.8	10.6	15.1

Return on non-current assets

$$\text{Return on non-current assets} = \frac{\text{Net income}}{\text{Average non-current assets for the year}}$$

	1999	2000	2001	2002	2003*	2004
Non-current assets, mln USD	9,421	11,015	14,266	15,526	18,651	21,187
Net income, mln USD		3,312	2,109	1,843	2,571	4,248
Return on non-current assets, %		32.4	16.7	12.4	15.0	21.3

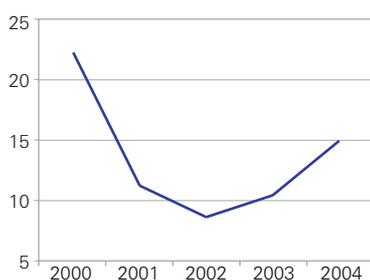
ROACE

$$\text{ROACE} = \frac{\text{Net income} + \text{Interest expense} \times (1 - \text{Effective income tax rate})}{\text{Average for the year (Equity} + \text{Long-term debt} + \text{Short-term debt})}$$

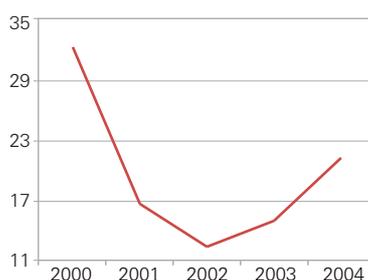
	1999	2000	2001	2002	2003*	2004
Stockholders' equity, mln USD	7,073	10,519	12,385	14,000	17,472	20,811
Long-term debt, mln USD	1,769	1,483	1,948	1,666	2,392	2,609
Short-term debt, mln USD	728	829	1,031	1,772	1,412	1,265
Net income, mln USD		3,312	2,109	1,843	2,571	4,248
Interest expense, mln USD		198	257	222	273	300
Effective income tax rate, %		18.9	24.2	28.6	29.2	29.3
ROACE, %		31.0	16.3	12.2	14.3	19.4

*Excluding gain from sale of interest in Azeri – Chirag – Guneshli.

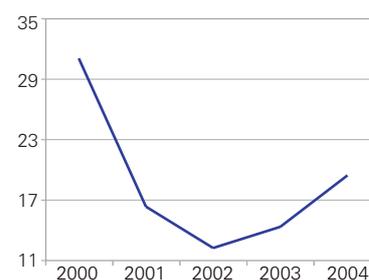
Return on assets, %



Return on non-current assets, %



ROACE, %



Asset turnover (as of December 31)

$$\text{Asset turnover} = \frac{\text{Assets} \times 365 \text{ days}}{\text{Sales}}$$

	2000	2001	2002	2003	2004
Sales, mln USD	13,210	13,426	15,334	22,118	33,845
Assets, mln USD	17,109	19,942	22,001	26,574	29,761
Asset turnover, days	473	542	524	439	321

Accounts payable turnover (as of December 31)

$$\text{Accounts payable turnover} = \frac{\text{Accounts payable} \times 365 \text{ days}}{\text{Sales}}$$

	2000	2001	2002	2003	2004
Sales, mln USD	13,210	13,426	15,334	22,118	33,845
Accounts payable, mln USD	2,221	1,402	1,293	1,564	1,787
Accounts payable turnover, days	61	38	31	26	19

Accounts receivable turnover (as of December 31)

$$\text{Accounts receivable turnover} = \frac{\text{Accounts receivable} \times 365 \text{ days}}{\text{Sales}}$$

	2000	2001	2002	2003	2004
Sales, mln USD	13,210	13,426	15,334	22,118	33,845
Accounts receivable, mln USD	2,948	2,230	2,511	3,790	3,867
Accounts receivable turnover, days	81	61	60	63	42

Market valuation of the Company**Enterprise value (EV), (as of December 31)**

$$\text{EV} = \text{Market capitalization} + \text{Long-term debt} + \text{Short-term debt} - \text{Cash}$$

	2000	2001	2002	2003	2004
Capitalization, mln USD	7,539	10,402	13,116	19,776	25,815
Long-term debt, mln USD	1,483	1,948	1,666	2,392	2,609
Short-term debt, mln USD	829	1,031	1,772	1,412	1,265
Cash and cash equivalents, mln USD	1,137	1,170	1,252	1,435	1,257
EV, mln USD	8,714	12,211	15,302	22,145	28,432

EV/EBITDA (as of December 31)

	2000	2001	2002	2003*	2004
EV, mln USD	8,714	12,211	15,302	22,145	28,432
EBITDA, mln USD	4,911	3,780	3,468	4,500	7,203
EV/EBITDA	1.77	3.23	4.41	4.92	3.95

*Excluding gain from sale of interest in Azeri – Chirag – Guneshli.

Price to earnings ratio (P/E), (as of December 31)

	2000	2001	2002	2003	2004
Share price, USD	9.25	12.23	15.42	23.25	30.35
Basic earnings per share, USD	4.83	2.68	2.26	4.52	5.20
P/E	1.92	4.56	6.82	5.14	5.84

Gearing ratios
Net debt (as of December 31)

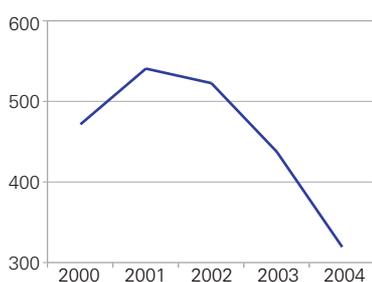
Net debt = Long-term debt + Customer deposits of banking subsidiaries + Short-term debt – Cash

	2000	2001	2002	2003	2004
Long-term debt, mln USD	1,483	1,948	1,666	2,392	2,609
Short-term debt, mln USD	829	1,031	1,772	1,412	1,265
Customer deposits and other borrowings of banking subsidiaries, mln USD	–	449	755	1,007	3
Cash and cash equivalents, mln USD	1,137	1,170	1,252	1,435	1,257
Net debt, mln USD	1,175	2,258	2,941	3,376	2,620

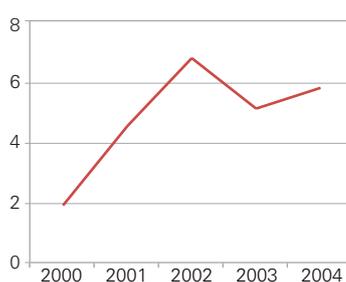
Debt to equity (as of December 31)

	2000	2001	2002	2003	2004
Total debt, mln USD	2,312	3,428	4,193	4,811	3,877
Stockholders' equity, mln USD	10,519	12,385	14,000	17,472	20,811
Debt to equity, %	22.0	27.7	30.0	27.5	18.6

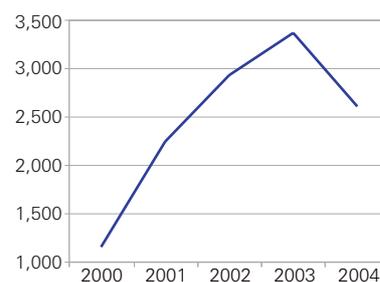
Asset turnover, days



Price to earnings ratio (P/E)



Net debt, mln USD



Long-term debt to equity (as of December 31)

	2000	2001	2002	2003	2004
Long-term debt, mln USD	1,483	1,948	1,666	2,392	2,609
Stockholders' equity, mln USD	10,519	12,385	14,000	17,472	20,811
Long-term debt to equity, %	14.1	15.7	11.9	13.7	12.5

Equity to total long-term capital (Leverage), (as of December 31)

	2000	2001	2002	2003	2004
Stockholders' equity, mln USD	10,519	12,385	14,000	17,472	20,811
Long-term debt, mln USD	1,483	1,948	1,666	2,392	2,609
<i>Total long-term capital, mln USD</i>	<i>12,002</i>	<i>14,333</i>	<i>15,666</i>	<i>19,864</i>	<i>23,420</i>
Equity to total long-term capital, %	87.6	86.4	89.4	88.0	88.9

Net debt to cash flow from operating activities (as of December 31)

	2000	2001	2002	2003	2004
Net debt, mln USD	1,175	2,258	2,941	3,376	2,620
Cash flow from operating activities, mln USD	2,768	2,673	2,396	2,936	4,180
Net debt to cash flow from operating activities, %	42.4	84.5	122.7	115.0	62.7

Cash flow from operating activities to capital expenditures

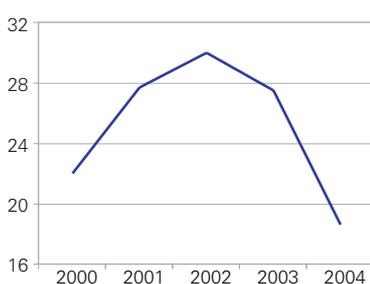
	2000	2001	2002	2003	2004
Cash flow from operating activities, mln USD	2,768	2,673	2,396	2,936	4,180
Capital expenditures, mln USD	1,674	2,521	2,072	2,881	3,248
Cash flow from operating activities to capital expenditures	1.65	1.06	1.16	1.02	1.29

EBIT coverage of interest expense

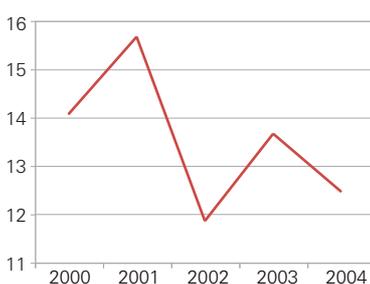
	2000	2001	2002	2003*	2004
EBIT, mln USD	4,073	2,894	2,644	3,580	6,128
Interest expense, mln USD	198	257	222	273	300
EBIT coverage of interest expense	20.6	11.3	11.9	13.1	20.4

*Excluding gain from sale of interest in Azeri – Chirag – Guneshli.

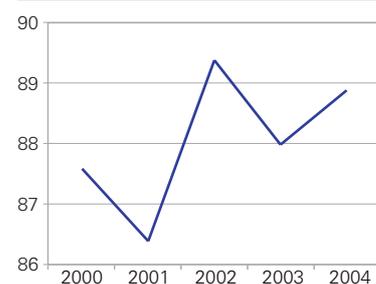
Debt to equity, %



Long-term debt to equity, %



Equity to total long-term capital (Leverage), %



Liabilities to assets (as of December 31)

	2000	2001	2002	2003	2004
Liabilities, mln USD	6,590	7,557	8,001	9,102	8,950
Assets, mln USD	17,109	19,942	22,001	26,574	29,761
Liabilities to assets, %	38.5	37.9	36.4	34.3	30.1

Liabilities to equity (as of December 31)

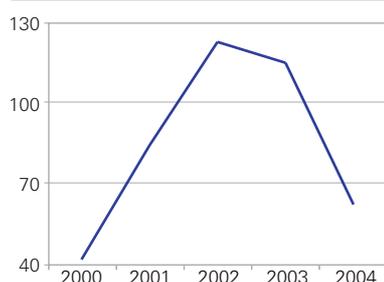
	2000	2001	2002	2003	2004
Liabilities, mln USD	6,590	7,557	8,001	9,102	8,950
Stockholders' equity, mln USD	10,519	12,385	14,000	17,472	20,811
Liabilities to equity, %	62.6	61.0	57.2	52.1	43.0

EV/DACF (as of December 31)

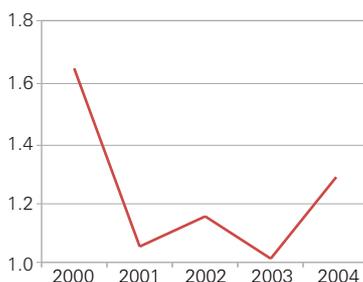
$$\text{EV/DACF} = \frac{\text{EV}}{\text{Cash flow from operating activities} + \text{Interest expense adjusted for income tax}}$$

	2000	2001	2002	2003	2004
EV, mln USD	8,714	12,211	15,302	22,145	28,432
Cash flow from operating activities, mln USD	2,768	2,673	2,396	2,936	4,180
Interest expense, mln USD	198	257	222	273	300
Interest expense adjusted for income tax, mln USD	139	167	169	207	228
DACF, mln USD	2,907	2,840	2,565	3,143	4,408
EV/DACF	3.0	4.3	6.0	7.0	6.5

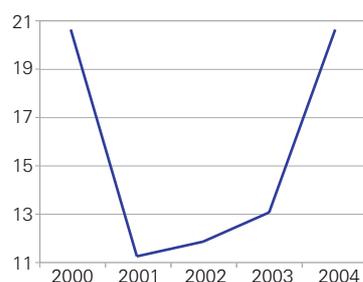
Net debt to cash flow from operating activities, %



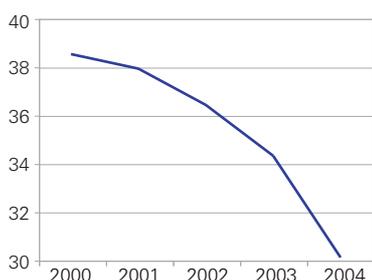
Cash flow from operating activities to capex



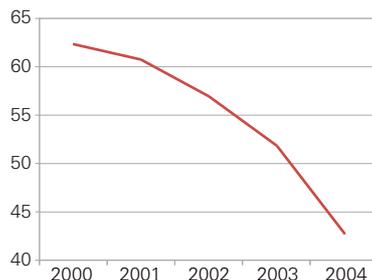
EBIT coverage of interest expense



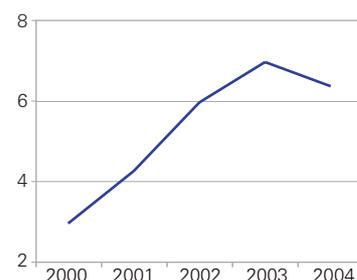
Liabilities to assets, %



Liabilities to equity, %



EV/DACF



Liquidity ratios

Cash ratio (as of December 31)

$$\text{Cash ratio} = \frac{\text{Cash and cash equivalents}}{\text{Current liabilities}}$$

	2000	2001	2002	2003	2004
Cash and cash equivalents, mln USD	1,137	1,170	1,252	1,435	1,257
Current liabilities, mln USD	3,692	3,825	4,797	5,271	4,545
Cash ratio	0.31	0.31	0.26	0.27	0.28

Quick ratio (as of December 31)

$$\text{Quick ratio} = \frac{\text{Cash} + \text{Short-term investments} + \text{Accounts and notes receivable}}{\text{Current liabilities}}$$

	2000	2001	2002	2003	2004
Cash and cash equivalents, mln USD	1,137	1,170	1,252	1,435	1,257
Short-term investments, mln USD	253	218	278	251	149
Accounts receivable, mln USD	2,948	2,230	2,511	3,790	3,867
Current liabilities, mln USD	3,692	3,825	4,797	5,271	4,545
Quick ratio	1.17	0.95	0.84	1.04	1.16

Current ratio (as of December 31)

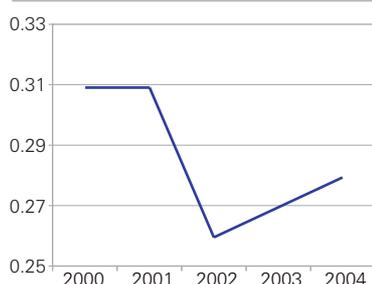
$$\text{Current ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

	2000	2001	2002	2003	2004
Current assets, mln USD	6,094	5,676	6,475	7,923	8,574
Current liabilities, mln USD	3,692	3,825	4,797	5,271	4,545
Current ratio	1.65	1.48	1.35	1.50	1.89

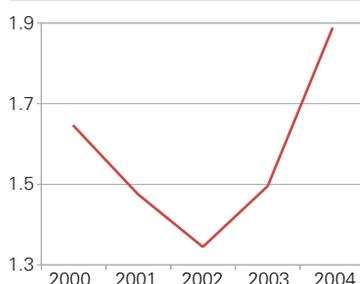
Assets to equity (as of December 31)

	2000	2001	2002	2003	2004
Assets, mln USD	17,109	19,942	22,001	26,574	29,761
Stockholders' equity, mln USD	10,519	12,385	14,000	17,472	20,811
Assets to equity	1.63	1.61	1.57	1.52	1.43

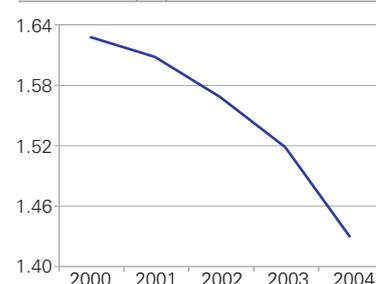
Cash ratio



Current ratio



Assets to equity





NOTES

REFERENCE INFORMATION

More information about the company is available at LUKOIL's website at www.lukoil.ru (Russian version) or www.lukoil.com (English version).

By visiting our site you can find out more about LUKOIL's main businesses and company results, as well as staying informed of current company news across the spectrum of LUKOIL activities. The site also provides information about company policy and involvement in social and environmental affairs.

A section of the site for investors and shareholders provides the company's financial results, history of dividend payments, share prices and accounts. A number of presentations for the investment community are also available through this section of the site.

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LUKOIL Publications

An electronic version of the following financial reports for 2004 are available in the Investor Center of the company web site

(www.lukoil.com/ir)

1. Annual Report.
2. Consolidated Financial Accounts.
3. Quarterly Consolidated Financial Accounts.
4. Management Discussion of Company Performance.

All information in this document is presented as of 31.12.2004. This document does not reflect any changes that happened after that date.

Concepts and Terms Used in the Document

The references to LUKOIL, LUKOIL Group, 'the company', 'we' and 'our' in this document all refer to LUKOIL and/or its subsidiary enterprises, depending upon the context, in which the terms are used.

Sources of information

- Information provided by the Ministry of Industry and Energy of Russia
- Information provided by the State Committee of the Russian Federation of Statistics
- Annual reports of major international private oil companies
- Information provided by the US Department of Energy and the International Energy Agency
- Statistical Review of World Energy 2004 (British Petroleum)
- Annual Statistical Bulletin (OPEC)
- Worldwide Refineries-Capacities as of January 1, 2005 (Oil&Gas Journal)
- Platt's

Abbreviations

USD — United States Dollars

RUR — Russian ruble

mIn — million

bln — billion

th. — thousand

boe — barrel of oil equivalent (1 boe = 6,000 tcf of gas)

tcf — trillion cubic feet

bcf — billion cubic feet

mcf — million cubic feet

th. cf — thousand cubic feet

bcm — billion cubic meters

mcm — million cubic meters