Transforming into
a Global Energy Company

April 2007

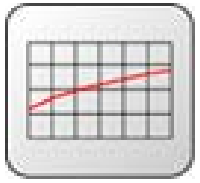
Forward-Looking Statements

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

2006 Highlights

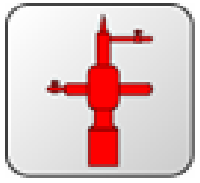
Net income – $7,484 mln (+16.2%)

Basic EPS – $9.06 (+14.5%)

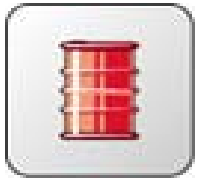


ROACE – 21.5%

Market capitalization – $74.8 bln (+48.1%)



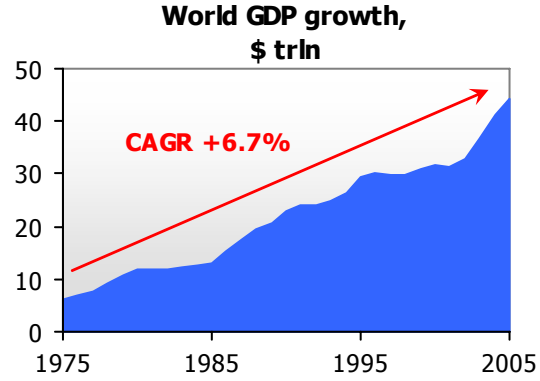
Production of marketable hydrocarbons – 2,145 th. boe per day (+12.2%)

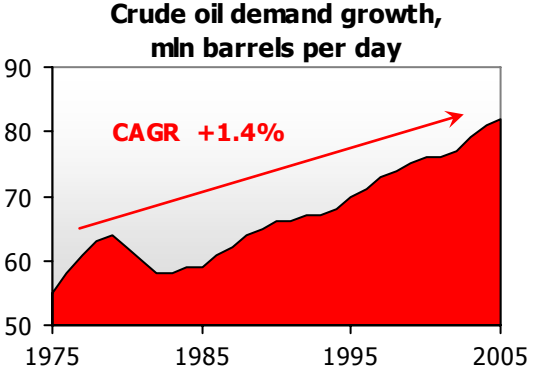


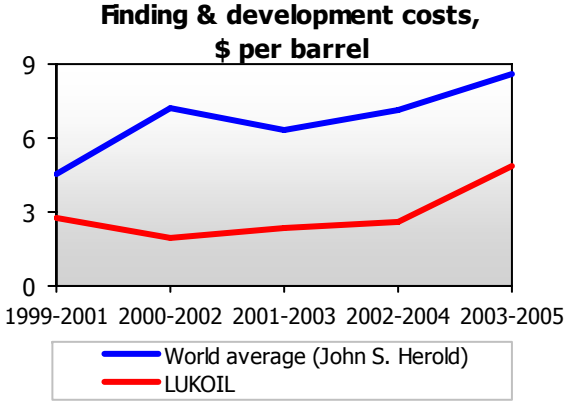
Refinery throughputs – 982* th. bpd (+3.4%)

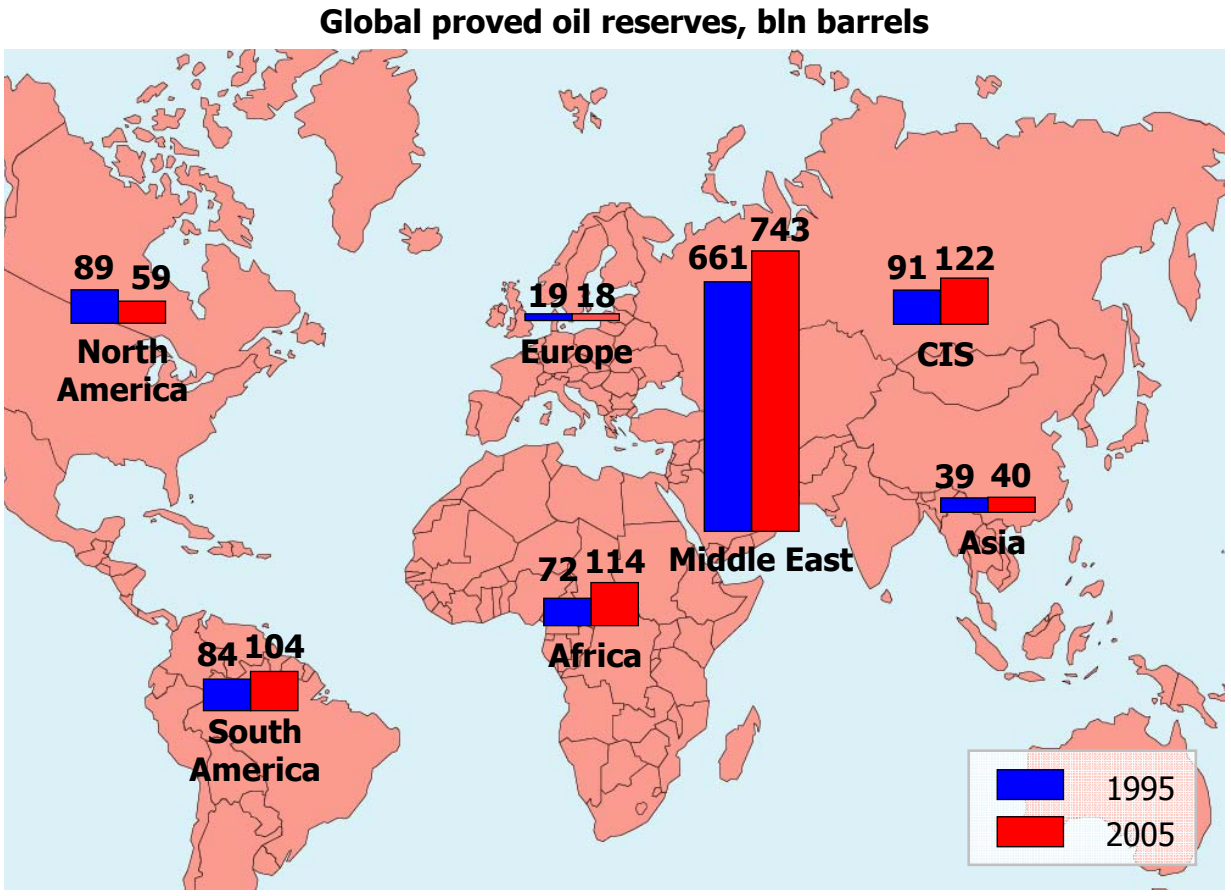
* Including mini-refineries.

The World Needs More Energy, Reserves are not Comfortable to Reach and Develop









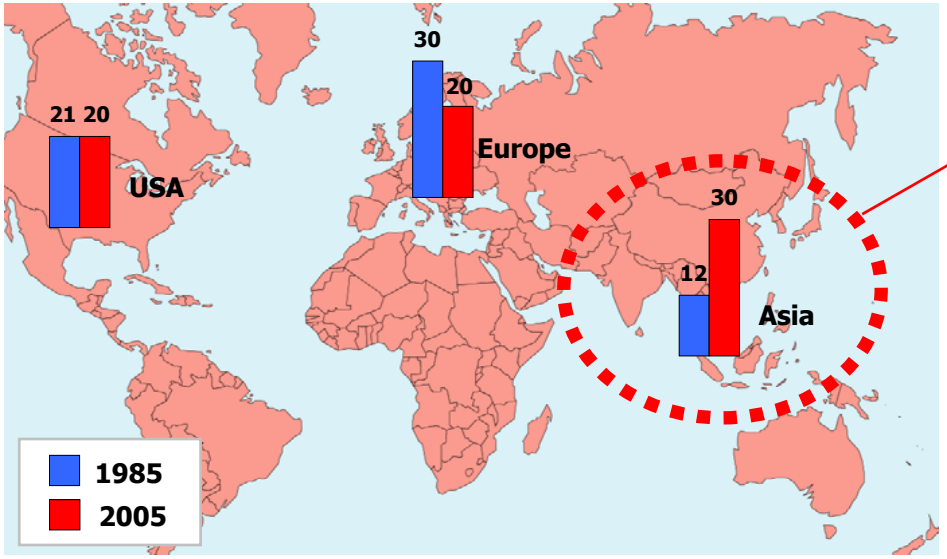
Backed by the growth of the world economy, annual crude oil demand growth has averaged **1.4%** for the last 30 years which resulted in **fundamentally justified increase in oil prices**.

Available hydrocarbon reserves are **difficult to develop** (deep offshore fields, heavy and bitumen oil reserves) and/or located in **the regions of high instability** – Middle East, South America and Africa.

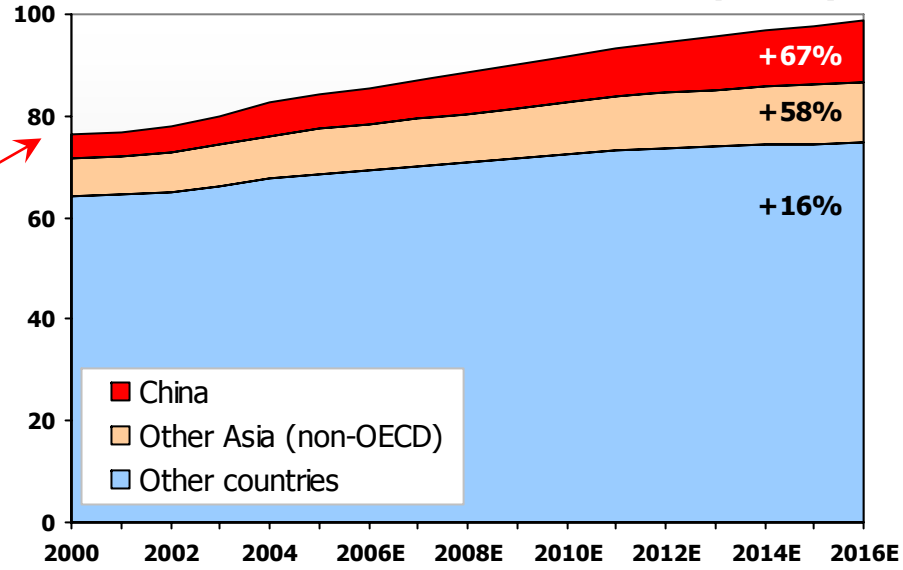
Sources: IMF, UN, Oil and Gas Journal, BP statistical review, US Department of Energy, Association of the Study for Peak oil and gas, IEA, John S. Herold, LUKOIL's estimates.

Asia – Main Driver of Demand Growth

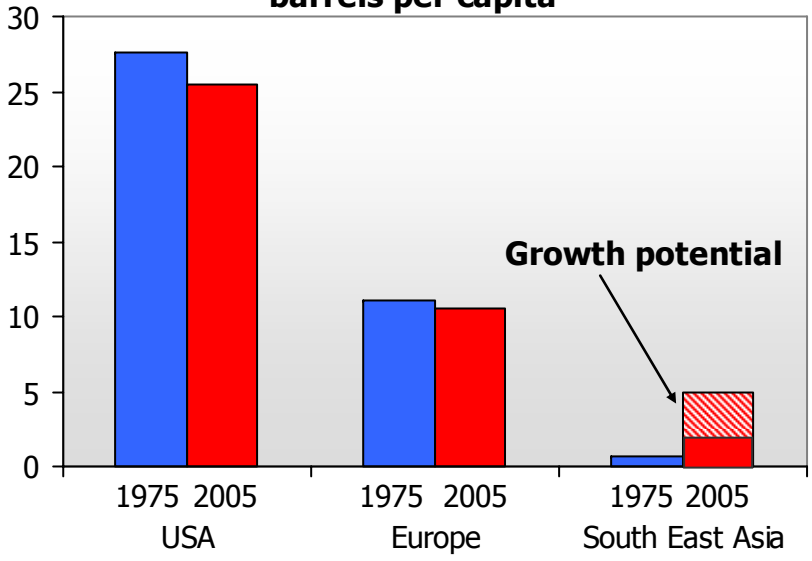
Share in world GDP, %



World crude oil demand, mln barrels per day



Oil consumption per capita, barrels per capita



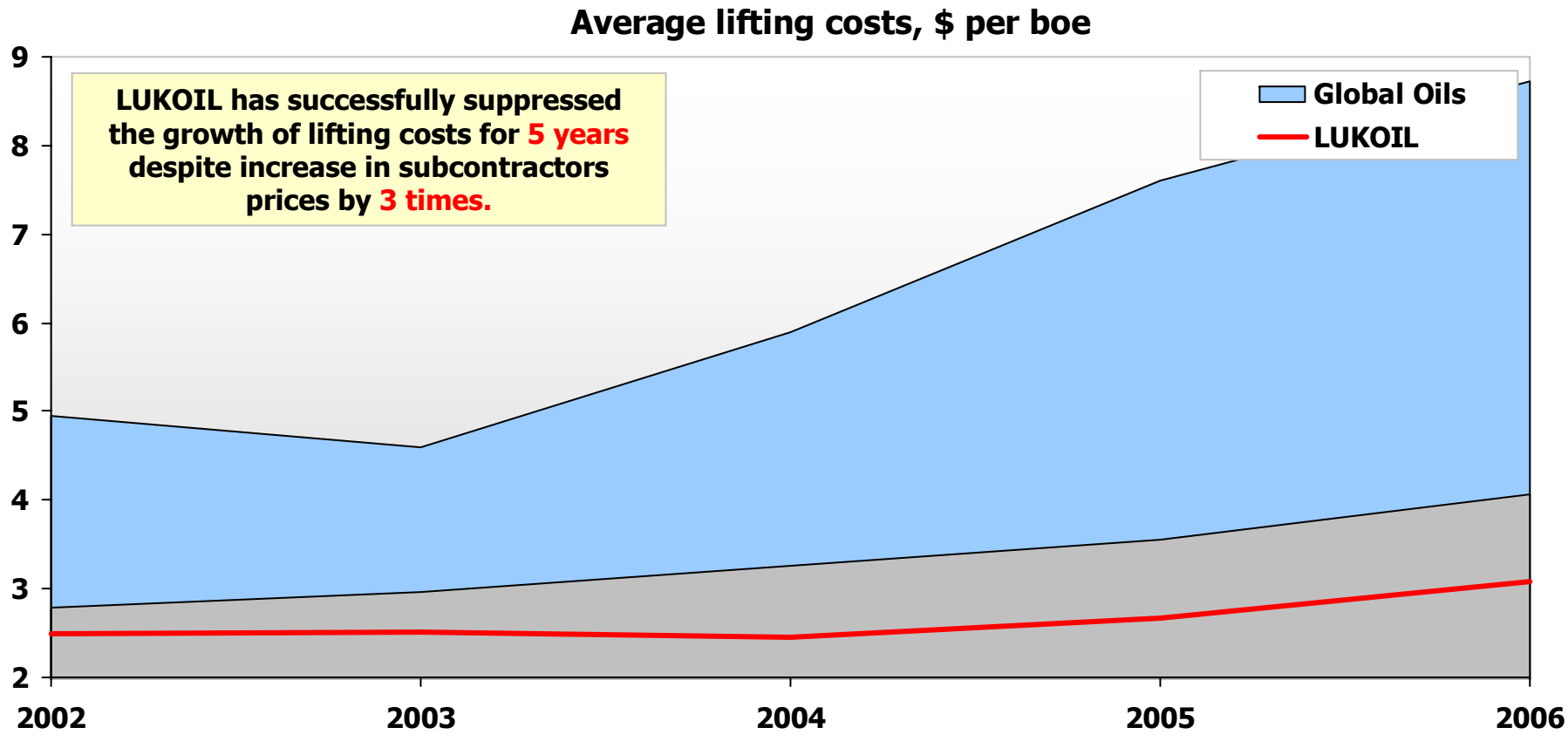
Rapid growth of crude oil demand in Asia is based on increase in prosperity of the population and low per capita consumption compared to the developed countries.

In 2006 China began building up strategic petroleum reserves of 100 mln barrels which equals about 15-day consumption of the country. Under the Chinese government plans, in 10 years the reserves will reach one half of annual crude oil supplies to the country.

Global Energy Consumption Growth Will Be Met by Development of Heavy and Deep Offshore Oil Reserves

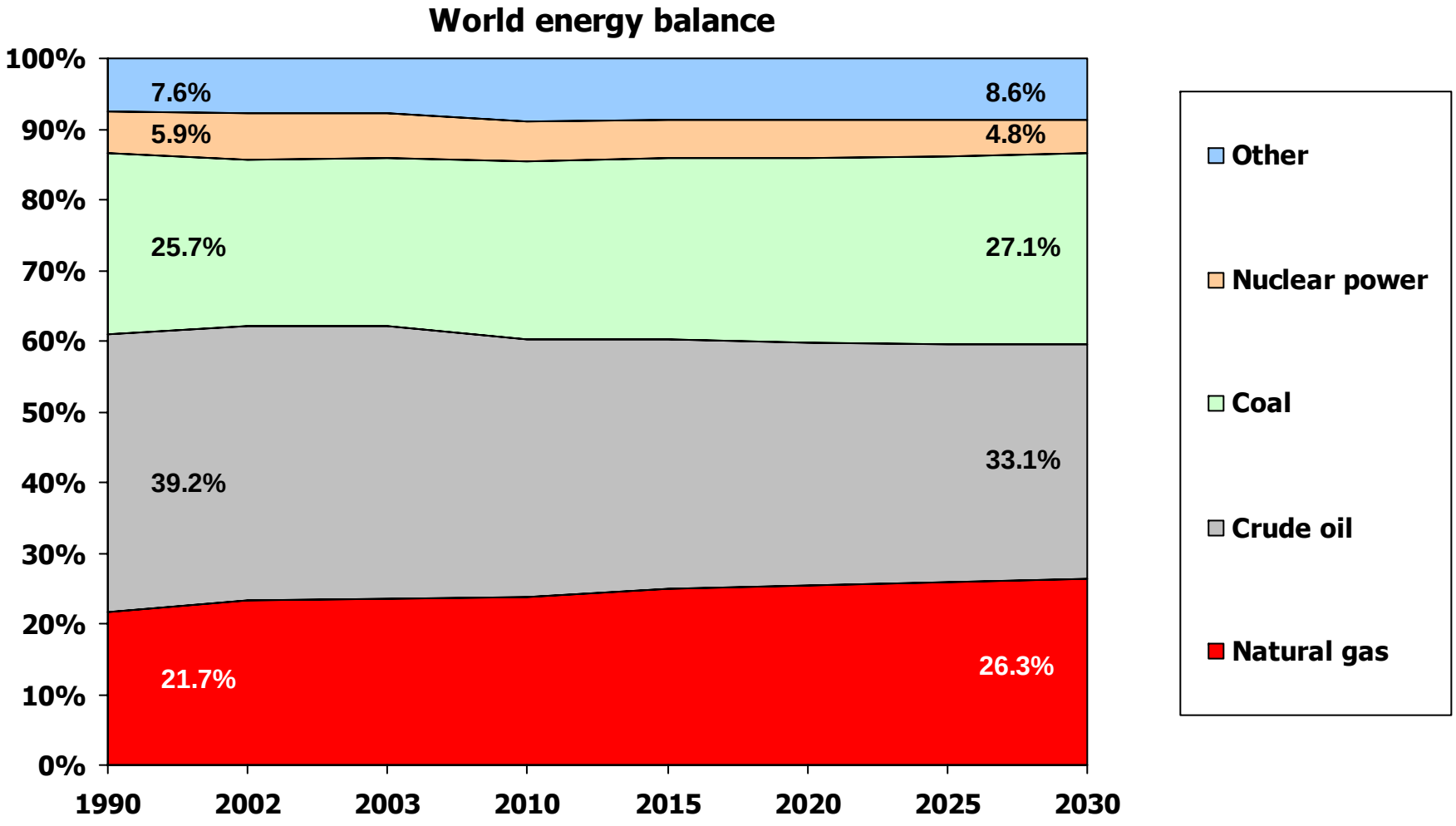
The lack of new large hydrocarbon reserves in the traditional regions of activity forces global oil & gas companies to shift to the development of **deep offshore reserves, reserves in the arctic regions** and **heavy oil reserves**.

This will support the trend of **increase in hydrocarbon development and lifting costs**.



Source: Companies reports.

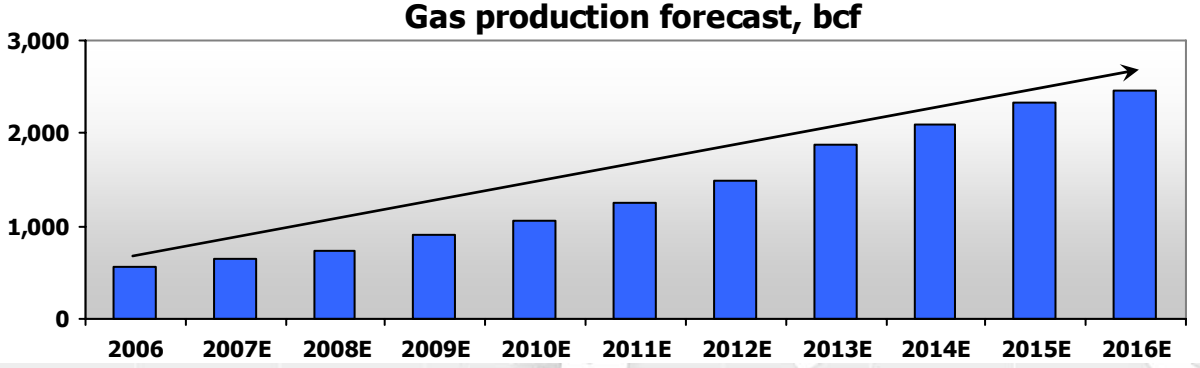
Gas – Fuel of the Future



Growth of global gas consumption has been outpacing that of other energy products over the last years. This is mainly due to the outstanding technological and ecological characteristics of natural gas. Technologies of gas production, transportation (development of LNG market and increase in natural gas shipment by pipelines) and processing (including GTL technology) are advancing. All this suggests that in the future gas share in the world energy balance will continue growing.

Sources: DOE, IEA.

Natural and Associated Gas Strategy



LUKOIL plans to increase gas output by 5 times, to 2.5 tcf, by 2016. The main growth regions are the Bolshekhetskaya Depression and the Caspian Region.

Russia
"Tsentralno-Astrakhanskoye field"
Preparation for production.
Probable and possible reserves - 9.6 tcf.
Forecast production level in 2016 - up to 20 bcm.

Russia
"Bolshekhetskaya Depression"
Exploration works are conducted, Nakhodkinskoye field has been put into operation.
Proved reserves - 12.8 tcf.
Production in 2006 - 8,486 mcm.
Forecast production level in 2016 - 25 bcm.

Russia
"Nothern Caspian"
Exploration works and preparation for production.
Proved reserves - 5.8 tcf.
Forecast production level in 2016 - 17 bcm.

Kazakhstan
"Karachaganak"
Production stage.
Proved reserves* - 1.2 tcf.
Production in 2006* - 1.7 bcm.
Forecast production level in 2016* - 2.3 bcm.

Azerbaijan
"Shakh-Deniz"
Production.
Proved reserves* - 314 bcf.
Forecast production level* in 2016 - 1.7 bcm.

Uzbekistan
"Kandym-Khauzak-Shady"
Additional exploration works and preparation for production are conducted.
3P reserves - 3.4 tcf.
Forecast production level* in 2016 - 9.3 bcm.

Saudi Arabia
"Block A"
Exploration works are conducted at a highly promising acreage.
Hydrocarbon accumulation is discovered, appraisal was begun.

Exploration and preparation for production
Exploration and production

* LUKOIL Group share.

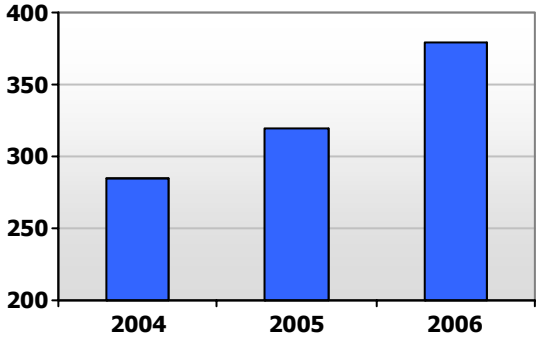
Alternative Energy and Energy-efficient Technologies Can Not Effectively Replace Oil and Gas

- Alternative energy and energy-efficient technologies are advancing, developed countries and top international companies spend a lot on their development
- However these technologies require **substantial capital expenditures and initial costs** and therefore are of **low efficiency**
- There is still **no effective way of producing fuel from cheap electric energy** (hydrogen technology), besides electrical transport is not developed due to the high cost of cells
- Development of energy-efficient technologies falls behind expansion of production and car fleet
- **Biofuel technologies** are **not effective** as well: it takes 20 mln ha of high-quality land resources to produce 1 mln barrels per day of biofuel. Bio-energetic technology advances only owing to ecological problems in big cities, tax grants and financial aid to biofuel producers

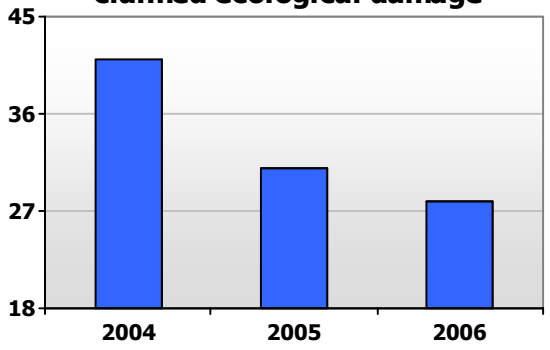
In current market conditions there is no efficient alternative to oil and gas

LUKOIL – Russia's Leader in Ecology and Industrial Safety

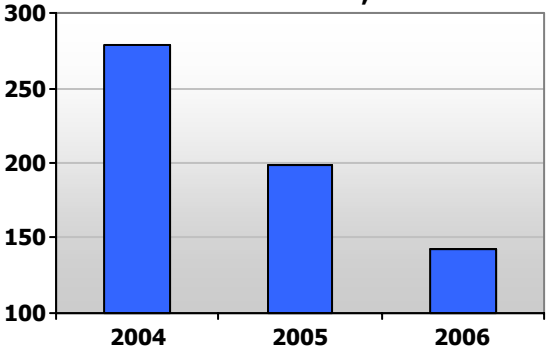
Environmental spending, $ mln



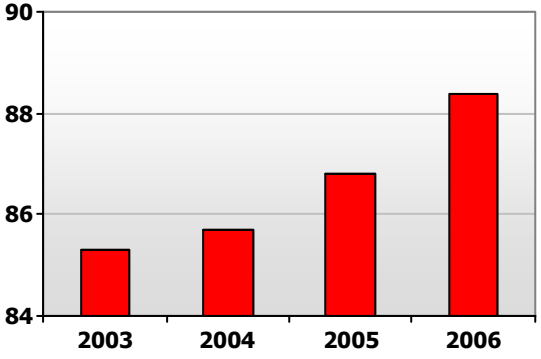
Number of accidents with claimed ecological damage



Polluted land, ha

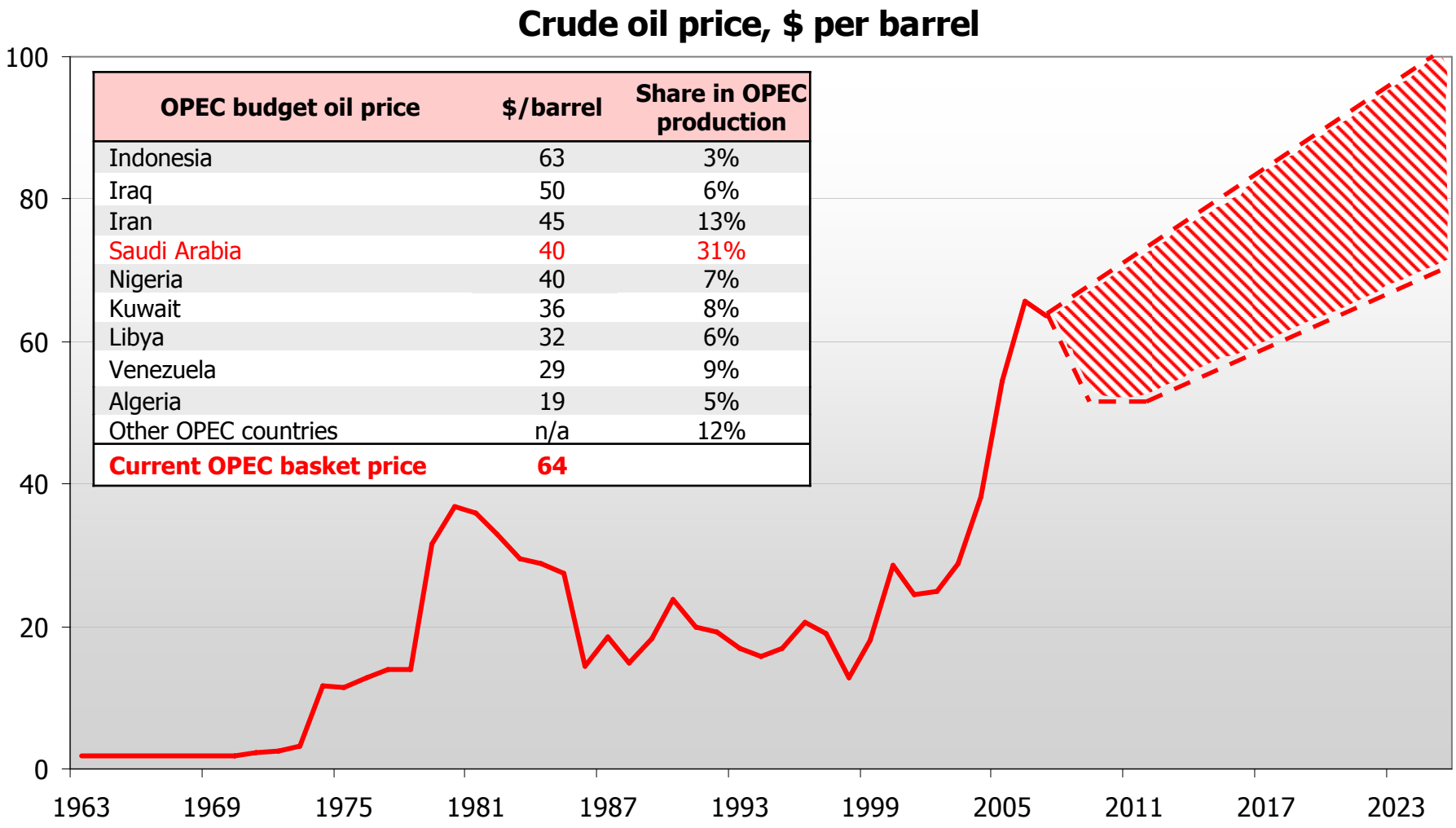


Associated gas utilization rate at "LUKOIL-Western Siberia" fields, %



LUKOIL expands study and usage of effective technologies allowing to reduce negative environmental impacts. For instance, LUKOIL develops its own electric power generating facilities which help to decrease energy costs and increase associated gas utilization rate by using it as fuel at gas power stations. Foreign refineries of the Group are ready to produce biofuel in full compliance with the legislation.

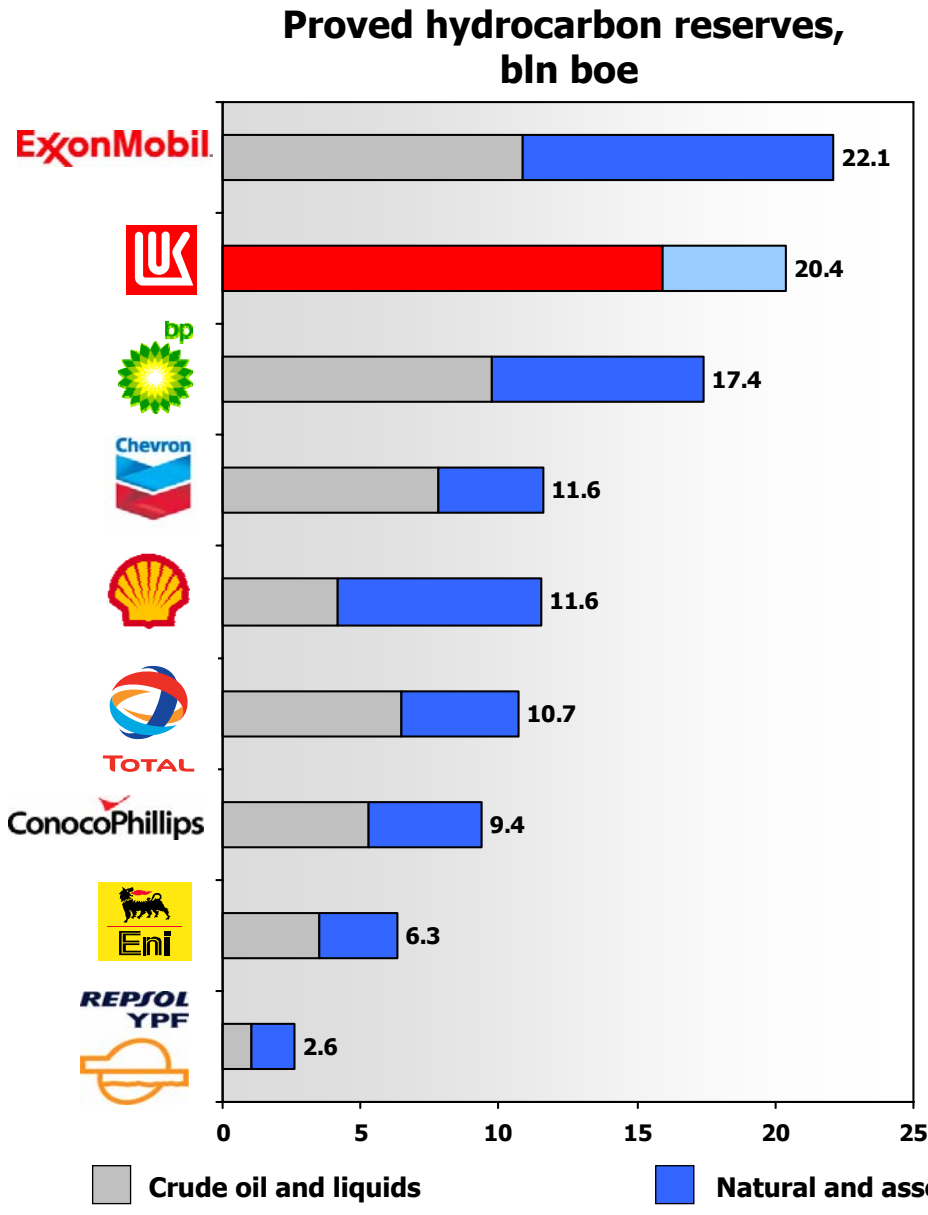
High Crude Oil Prices Are Fundamentally Justified

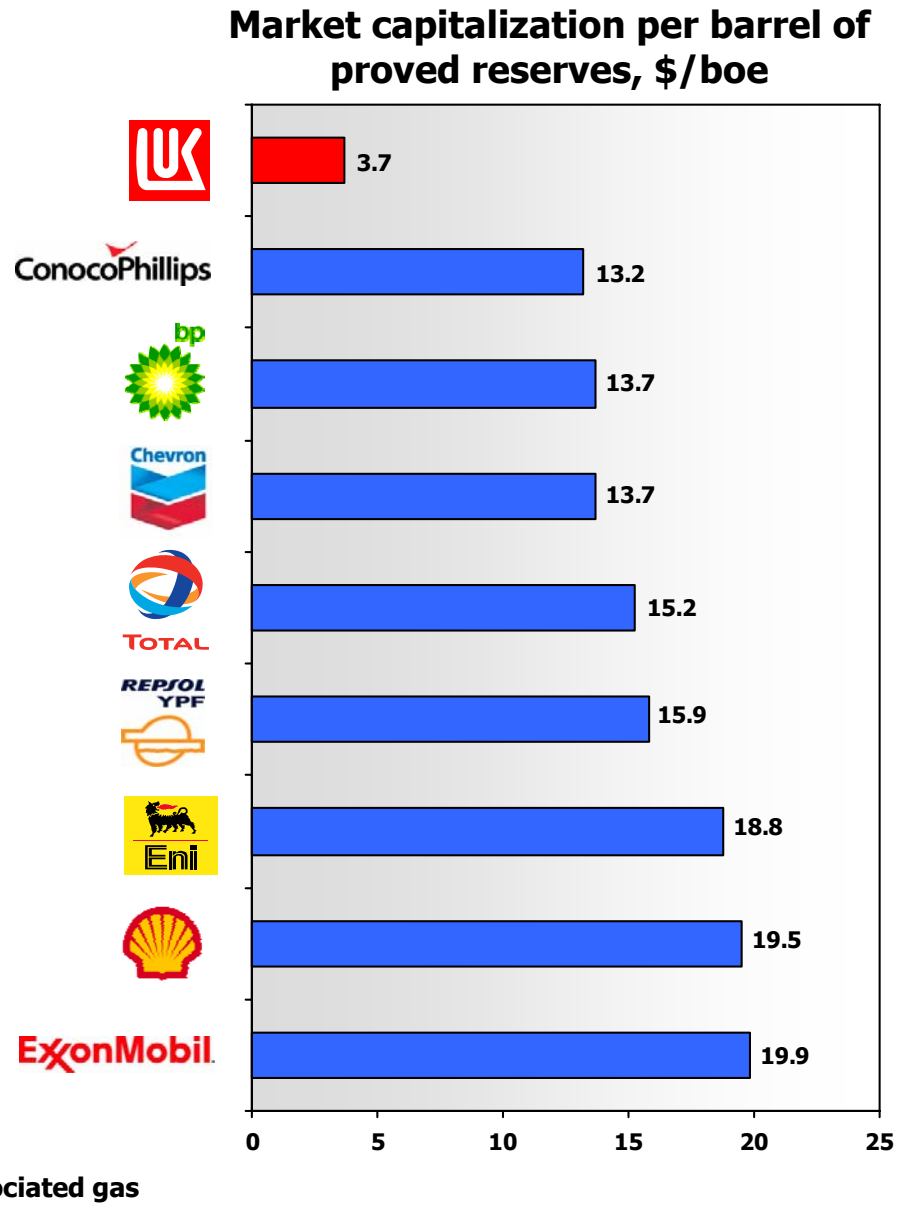


OPEC budget oil price	$/barrel	Share in OPEC production
Indonesia	63	3%
Iraq	50	6%
Iran	45	13%
Saudi Arabia	40	31%
Nigeria	40	7%
Kuwait	36	8%
Libya	32	6%
Venezuela	29	9%
Algeria	19	5%
Other OPEC countries	n/a	12%
Current OPEC basket price	**64**	

High oil prices are fundamentally justified by increase in exploration and development costs. Besides, OPEC members budgets are based on the weighted average price of $40 per barrel, and Saudi Arabia regards $50 per barrel as the minimum price level. OPEC therefore will take active steps if oil price falls bellow $50 per barrel.

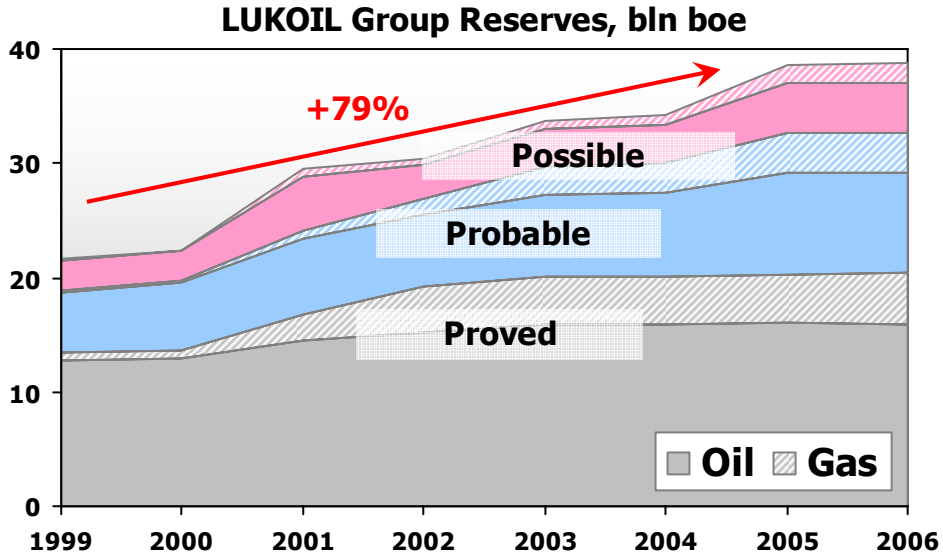
Rich Conventional Hydrocarbon Reserves of LUKOIL Are Undervalued by the Market





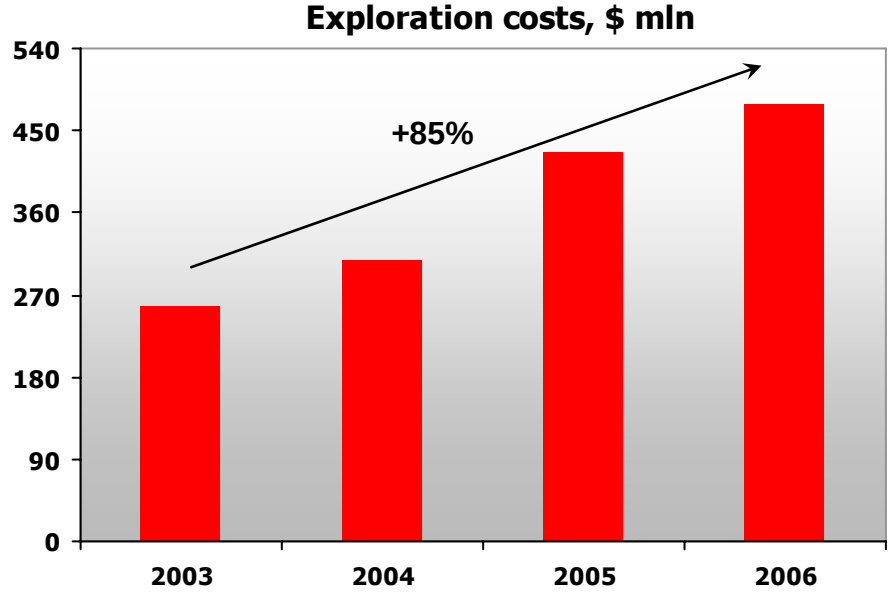
Source: Companies reports.
LUKOIL reserves are under SPE.

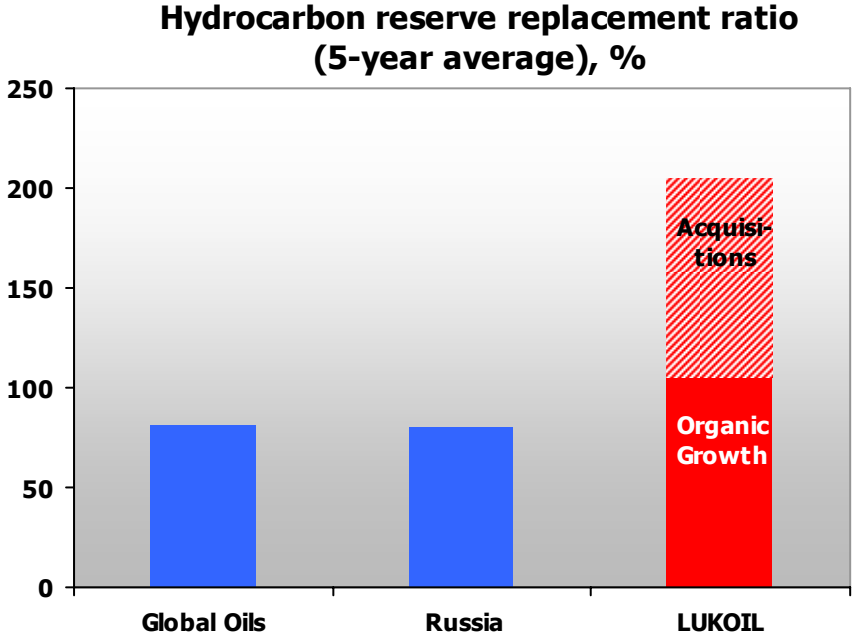
Building Strong Reserve Base – LUKOIL Targeted Policy



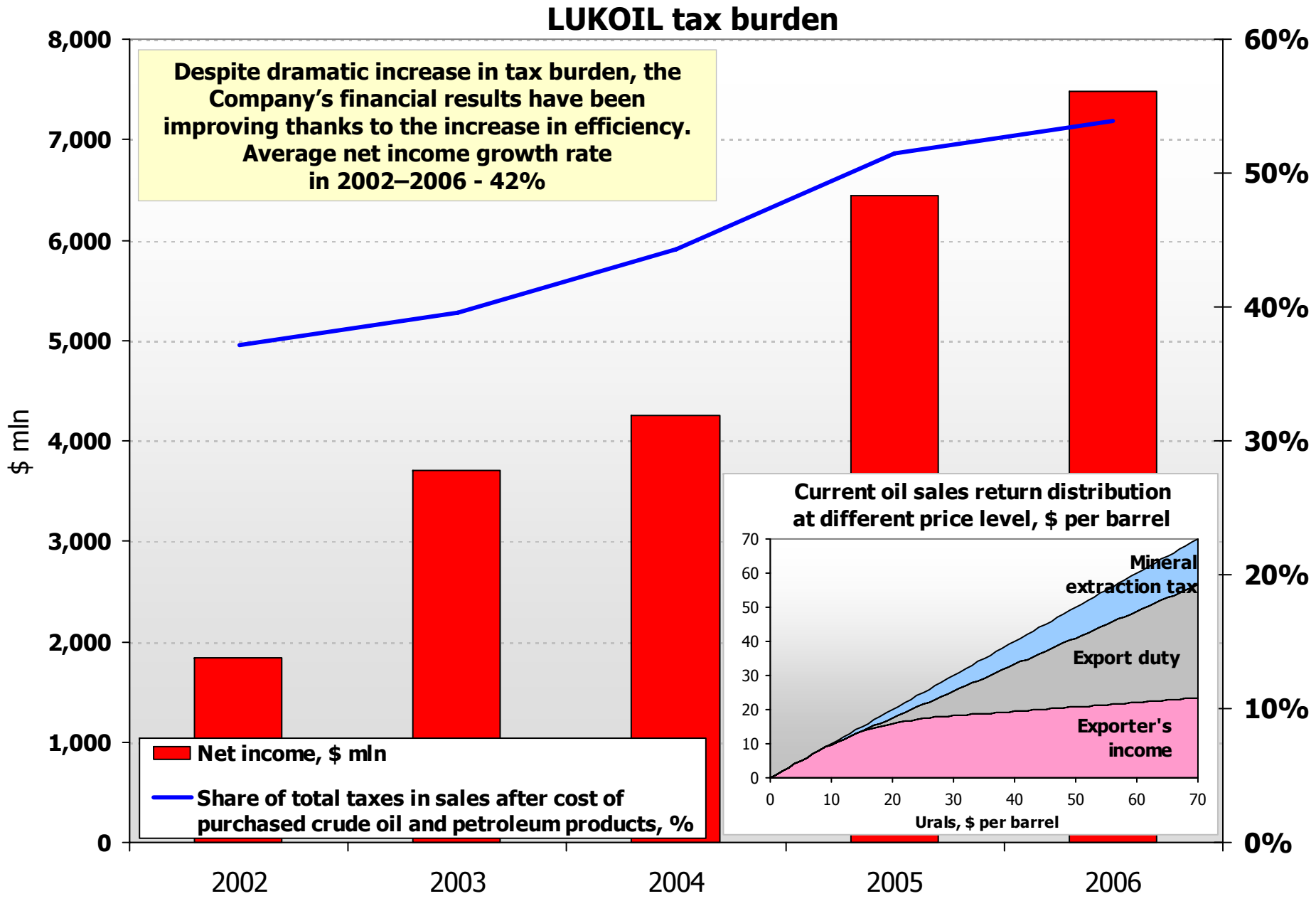
Over the last years LUKOIL has built a rich and efficient reserve base which will allow to maintain high production growth rates in the long term.

Use of the up-to-date technologies has enabled to raise considerably the exploration efficiency. Organic reserve replacement ratio exceeded 100% during the last five years.

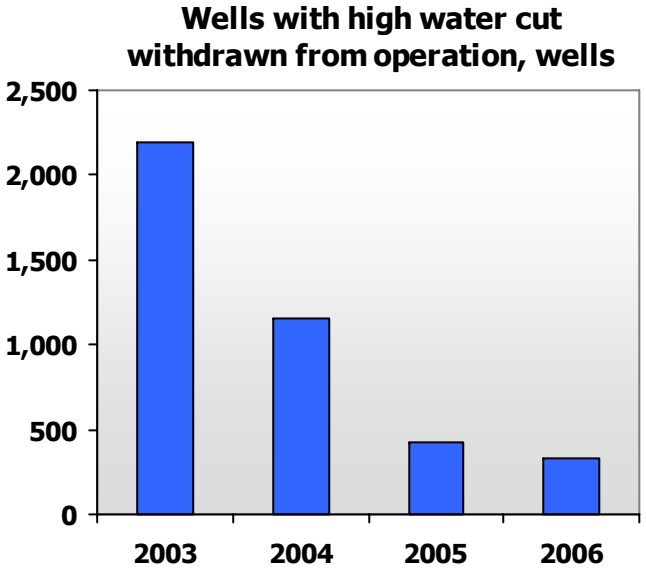


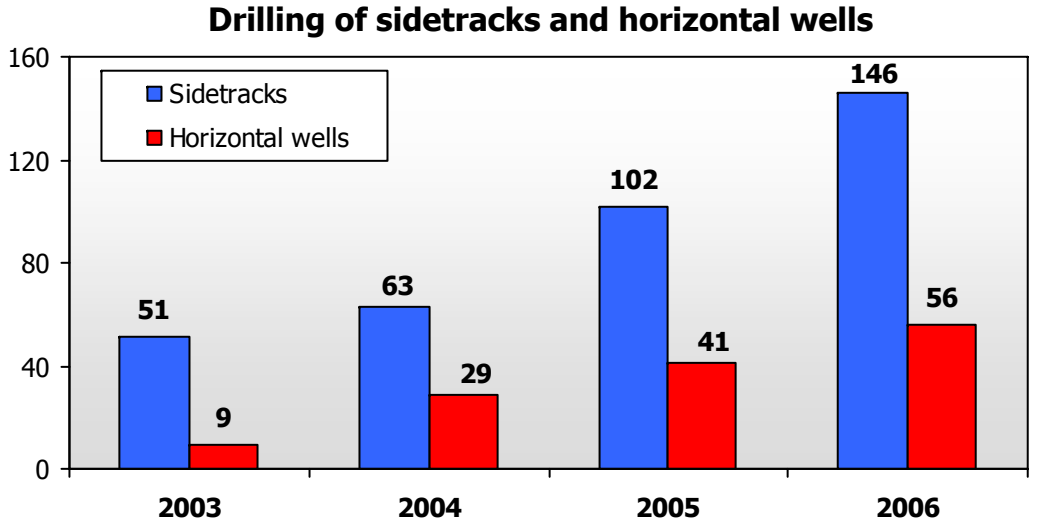


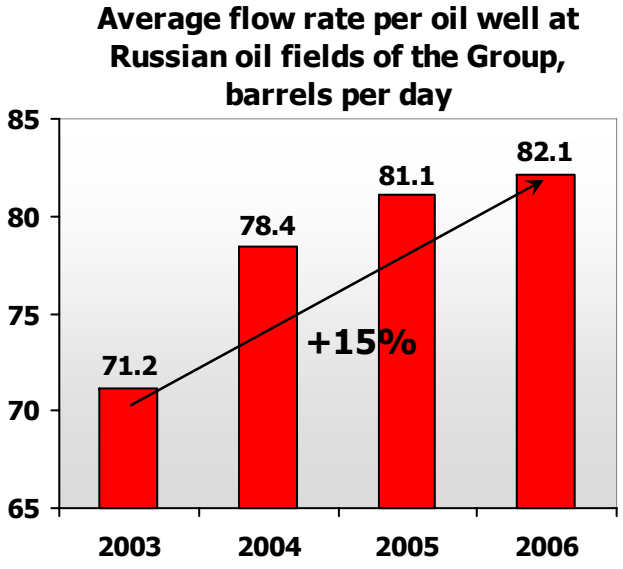
Outstanding Financial Results Under Heavy Tax Burden



Improving Oil Production Efficiency







The Company takes active steps to increase production efficiency: applies new enhanced oil recovery methods (hydro fracturing, drilling of sidetracks and horizontal wells, chemical techniques, etc), withdraws wells with low flow rate and high watercut, uses geological-hydrodynamic models.

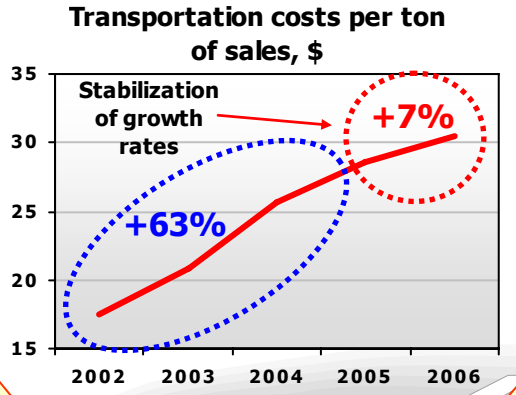
In 2003-2006 4,109 oil wells with high watercut were withdrawn which accounted for 15% of oil production wellstock of the Group. As a result power consumption decreased whereas production efficiency increased.

Development of Own Export Infrastructure – Reaction to Increase in Transportation Costs

Terminal at Vysotsk
12 mln tons per year

In 2006 the terminal allowed to save $300 mln by halting petroleum products supplies via alternative ports in the Baltic Republics.

Transshipment in 2006 – 9.2 mln tons of petroleum products (capacity expansion up to 15 mln tons per year provided development of the railway).



Varandey Terminal
1.5 mln tons per year

Increase in capacity to **12 mln tons per year** by 2008.

The terminal will allow year-round crude oil shipment to the Western Europe and the USA from the fields in the North of Timan-Pechora.

Transshipment in 2006 – 0,5 mln tons of crude oil.

Terminal at the port of Svetly
6 mln tons per year

The terminal allows to ship crude oil produced in Kaliningrad region and petroleum products.

Transshipment in 2006 – 5.3 mln tons of crude oil and petroleum products.

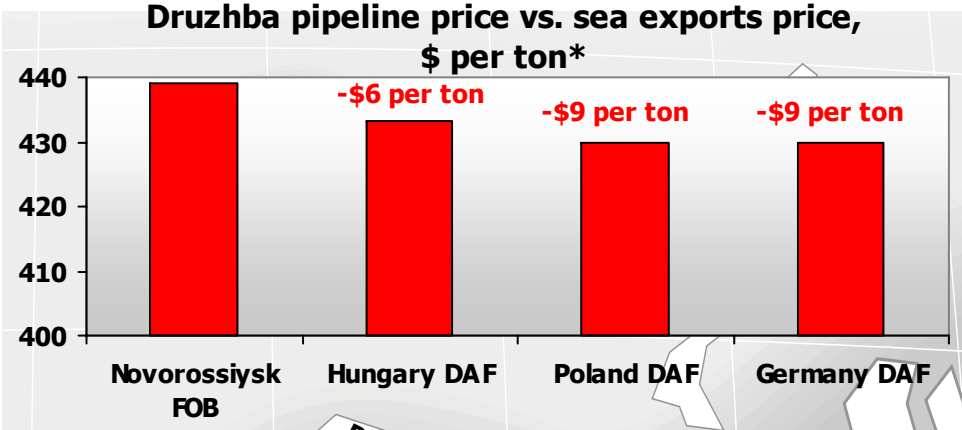
Terminal in Astrakhan
2 mln tons per year

The terminal opens for the Company new markets in Asia-Pacific region (swap deals with Iran) and allows to optimize transportation costs.

Transshipment in 2006 – 0.7 mln tons of crude oil and petroleum products.

In 2006 LUKOIL continued to develop its own export terminals enabling to reduce significantly transportation costs (saving more than $400 mln in 2006) and making transportation arrangements more flexible.

Eastern Siberia–Pacific Ocean Pipeline Will Improve Competitive Positions of Russian Suppliers



Eastern Siberia–Pacific Ocean pipeline construction will cause a redirection of export flows to the East while overall export capacities will exceed potential export volumes.

Primorsk, Butinge (72 mln tons per year)

ESPO (30 mln tons by 2008 and 80 mln tons by 2014)

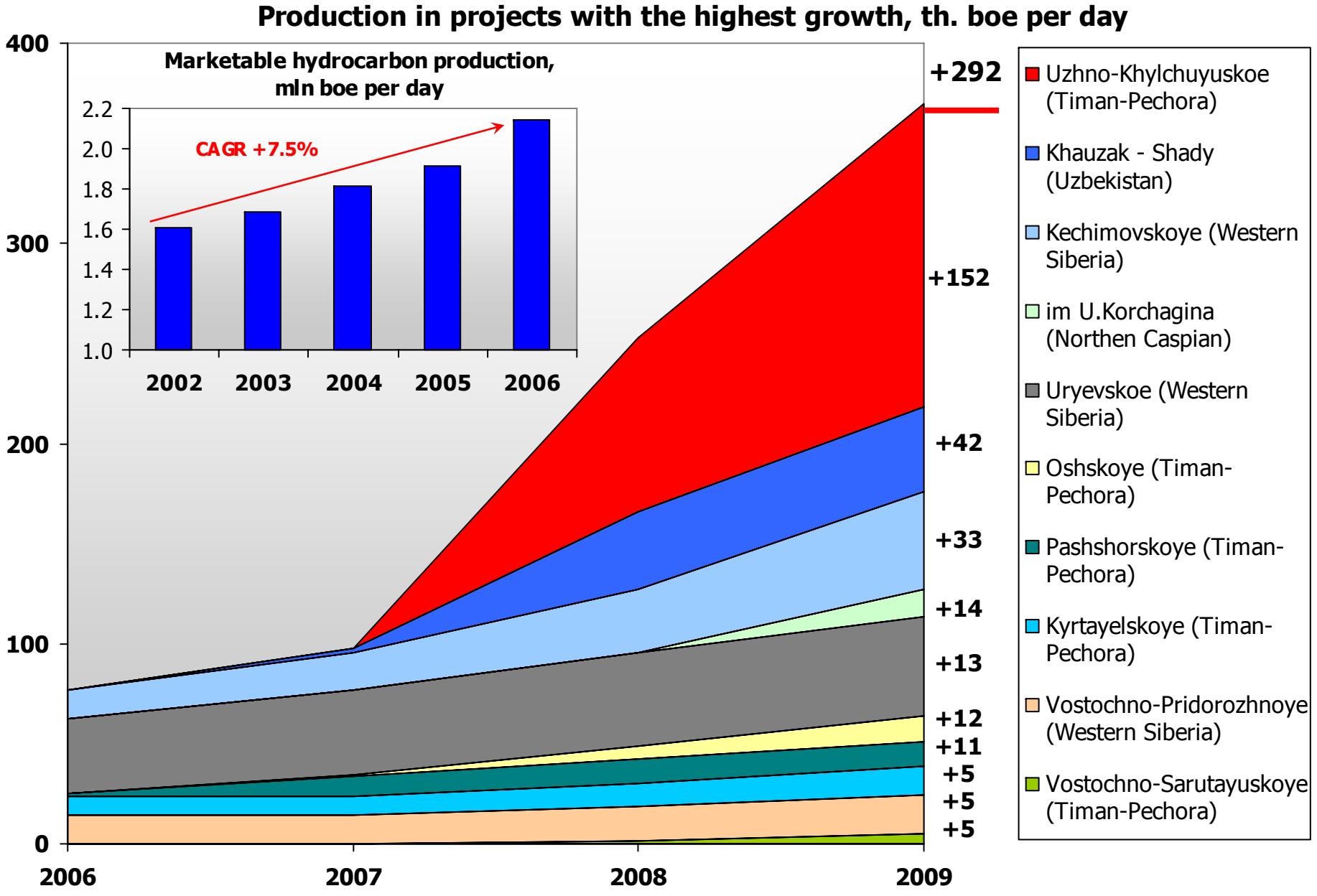
Druzhba (71 mln tons per year)

Novorossiysk, Tuapse, Odessa (68 mln tons per year)

If the costs of delivering crude oil to the East and West are equal, more than 1 mln barrels per day will be redirected to the East where the premium is up to $5 per barrel. As a result the discount in the West will decrease, and Russian exports efficiency will increase on average by $3 per barrel.

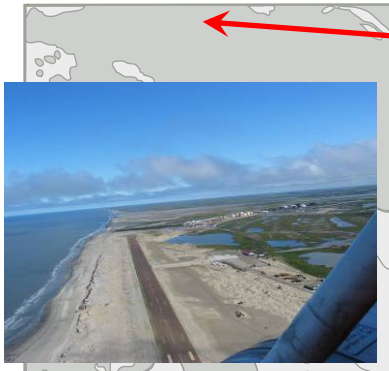
* 2006 average price. Source: Petroleum Argus

Ten Large Fields Will Provide Most of Production Growth



Uzhno-Khylchuyuskoye Field: Major Event of 2007

- Uzhno-Khylchuyuskoye field – the Company major field in the North of Timan-Pechora. Start-up is scheduled for the end of 2007. LUKOIL share – 70%, ConocoPhillips share – 30%
- Discovered in 1981. Production drilling began in 2006
- Proved oil reserves (as of 01.01.2007) – more than 500 mln barrels
- Oil quality is superior to that of Russian export blend Urals: its density – 35.5 API (Urals– 32.0 API), sulphur content – 0.71% (Urals – 1.30%) – the oil will be sold at the international market with premium to Urals
- The field will be developed with 90 wells
- Planned production level - 7.5 mln tons of crude oil per year (more than 150 th. bpd) by 2009

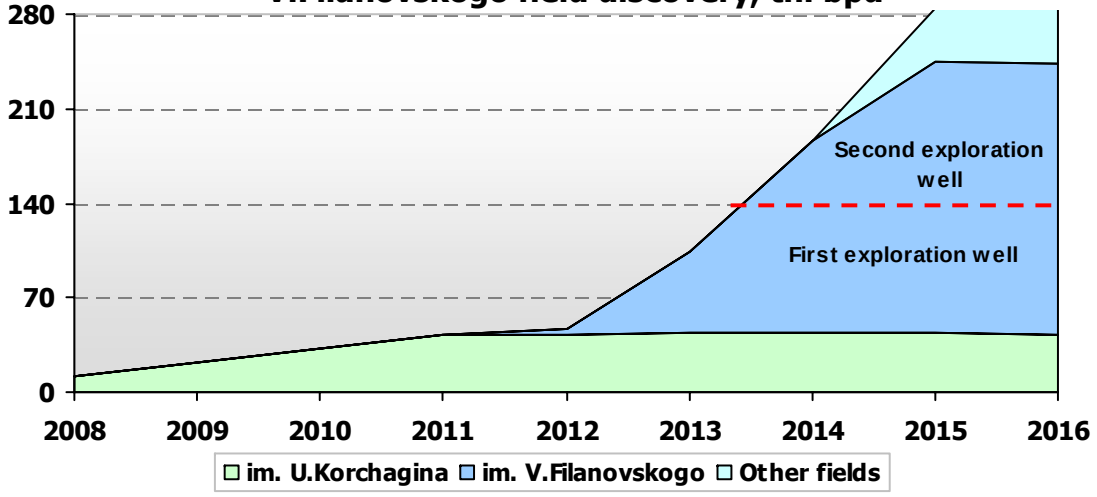


- Crude oil transportation through the Varandey terminal – construction of oil pipeline «Uzhnoe Khylchuyu – Varandey»

Northern Caspian Fields: Major Event of 2008

- As a result of exploration works conducted by the Company in the Russian sector of the Caspian Sea in 1995-2006, LUKOIL **discovered six major fields**: Khvalynskoye (2000), im. U.Korchagina (2000), 170 km (2001), Rakoushechnoye (2001), Sarmatskoye (2002) and im. V.Filanovskogo (2005).
- Exploration drilling in the Northern Caspian region presents **100% SUCCESS RATE**
- The oil flows per well at the im. V.Filanovskogo field are unique – up to **6.2 th. bpd**
- **Proved, probable and possible crude oil reserves** at the im. V.Filanovskogo field are now estimated at **1.3 bln barrels**

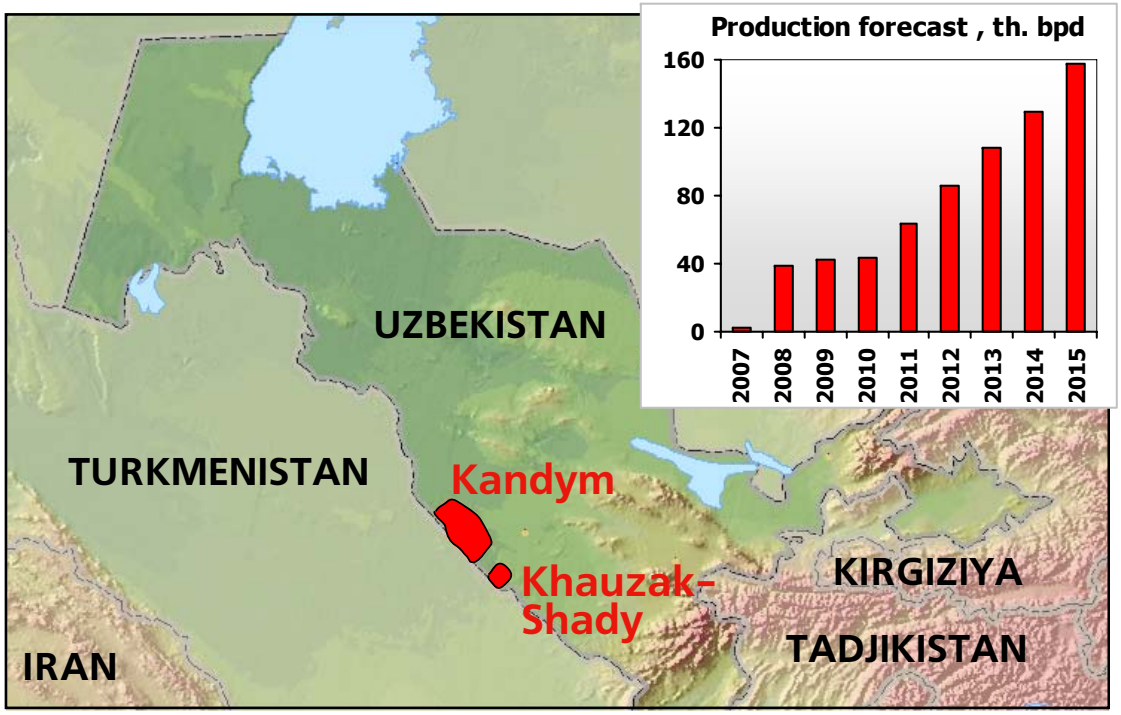
Estimated oil production in the Northern Caspian after the V.Filanovskogo field discovery, th. bpd



LUKOIL in the Northen Caspian:
Capital expenditures in 2001–2005 – **$325 mln**
3P oil reserves as of January 1, 2007 – **1.87 bln barrels,** natural gas reserves – **17.1 tcf**

Kandym-Khausak-Shady (Uzbekistan): Production Launch in 2007

- The project includes development of Khauzak and Shady blocks of the Dengizkulskoye field and the Kandym group of fields, as well as exploration works at the Kungradsky block
- LUKOIL share in proved reserves (as of 01.01.07) - 7.9 mln barrels of oil and liquids and 2.76 tcf of gas



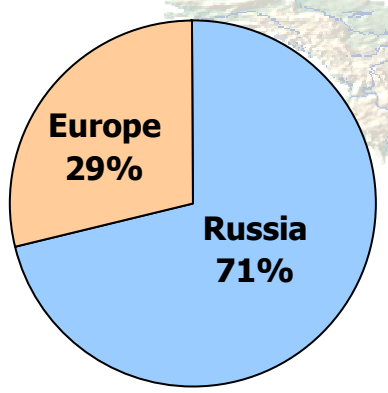
- In 2006 2D and 3D seismic works were carried out at the Khausak and Shady blocks, location of production wells was specified
- Commercial gas production is expected to begin in the end of 2007
- Maximum overall production - more than 10 bcm per year
- Gas will be sold at the price set by the Republic of Uzbekistan and OAO Gazprom by that time ($100 per 1,000 cm in 2007)
- The project provides for the construction of a gas processing plant with capacity of 8 bcm (the first phase is scheduled for commissioning in 2010)

Increasing Refining to Production Ratio Under Oil Production Accelerated Growth

LUKOIL refining capacities diversification in 2006

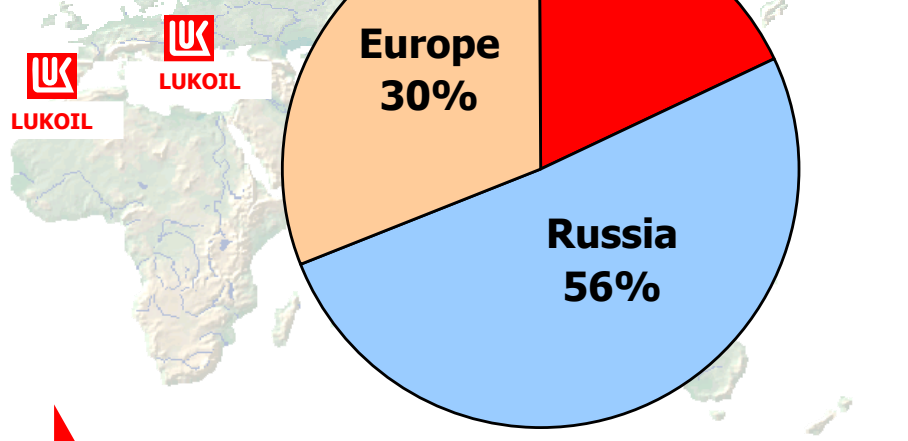
LUKOIL targeted refining capacities diversification in 2016

58 mln tons



Refinery throughputs – 50% of crude output

100 mln tons



Refinery throughputs – 70% of crude output

LUKOIL strategic objective – to increase refining to production ratio.

Refining capacities growth:
- **In Russia: +15–20 mln tons (construction/acqusitions)**
- **In Europe: +13–16 mln tons**
- **In Asia and America: +10–20 mln tons**

Modernization of the Nizhny Novgorod Refinery : Product Quality Improvement

First stage (2006–2010): increase in output of motor gasoline, production of motor gasoline meeting Euro-4 standards

Catalytic cracking complex – investment - $780 mln:

- Vacuum gas oil hydrotreating with a capacity of 2,5 mln tons
- Catalytic cracking unit with a capacity of 2 mln tons
- Alcylation unit with a capacity of 360 th. tons
- Hydrogen production unit with a capacity of 50 th. tons
- Propylene concentration unit with a capacity of 150 th. tons
- Sulphur production unit with a capacity of 90 th. tons

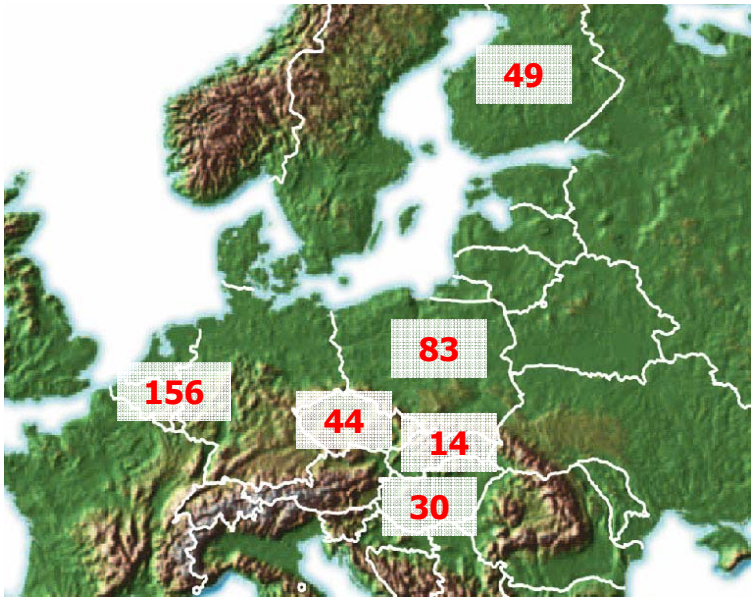
	2006	2010E
Capacity, mln tons per year	17	17
Nelson Index	4.2	7.4
Light products yield, %	42	60
Share of high-octane gasoline, %	85	100

Economic effect (EBITDA) – about $240 mln per year

Construction of a catalytic cracking complex at the Nizhny Novgorod refinery will allow to begin production of motor gasoline meeting Euro-4 standards (starting from 2006 the refinery produces motor gasoline meeting Euro-3 standards) while total motor gasoline output will increase by 1.5 times.

Acquisition of Retail Network from ConocoPhillips

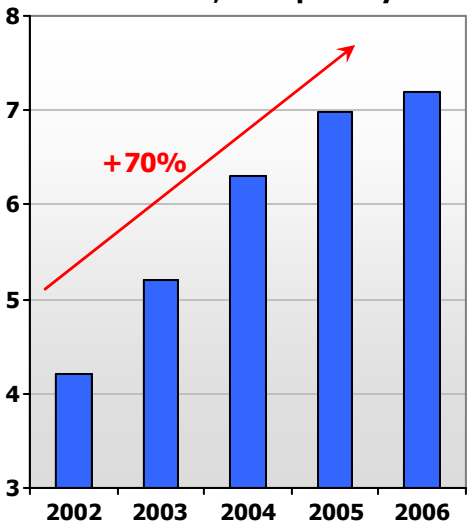
Geography of the assets, filling stations



Retail sales volume of LUKOIL Group will increase by **1.4 mln tons per year** (**+19%** to the volume of international retail sales in 2006).

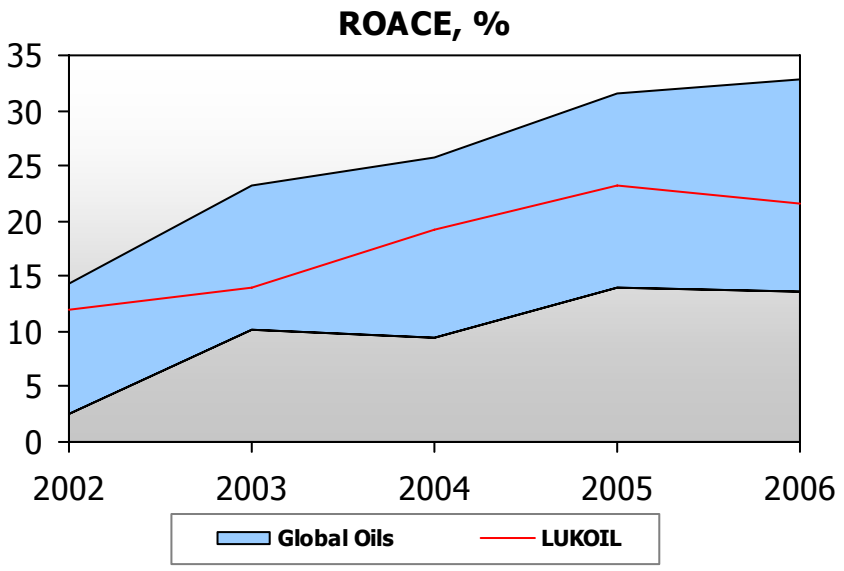
The acquired retail network is highly efficient: average fuel sales per filling station of the network is **9.9 tons per day** (**+38%** to LUKOIL average of **7.2 tons per day**).

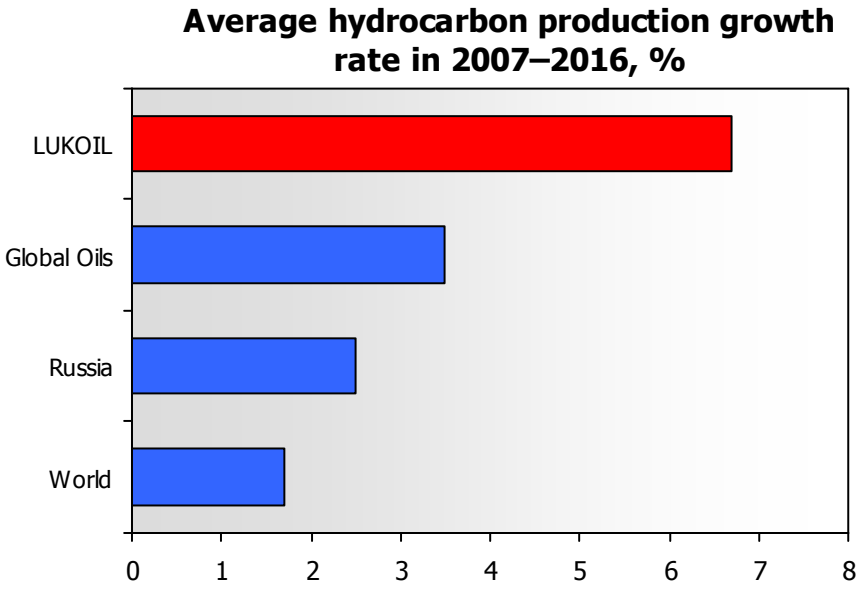
Average fuel sales per filling station, tons per day



	Number of filling stations/ Share on the retail market	Volume of retail sales (2006), th. tons	Average fuel sales per filling station, tons per day	Share of LUKOIL Group on the retail market after acquisition
Belgium	156 / 8.3%	487	8.6	**8.3%**
Czech Republic	44 / 4.0%	152	9.5	**4.0%**
Slovakia	14 / 3.5%	59	11.5	**3.5%**
Poland	83 / 5.0%	396	13.1	**6%**
Hungary	30 / 4.3%	118	10.7	**6%**
Finland	49 / 5.5%	141	7.9	**29%**
Total	**376**	**1,353**	**9.9**	

Strategic Objectives





- **Main objective — maintaining corporate ROACE at the level of at least 15%;**
- **Stable growth of basic financials which are under control of the management;**
- **Maintaining hydrocarbon output growth rate at the level of 5.6–6.7% depending on the level of oil prices on the international market.**