PRESS RELEASE
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LUKOIL NET INCOME IN 2005 ROSE BY 51.7%

LUKOIL publishes today consolidated US GAAP financial accounts for 2005.

LUKOIL achieved outstanding financial and operating results in 2005. LUKOIL net income in 2005 was $6,443 million, which is an increase of 51.7% y-o-y. EBITDA was $10,404 million, which is 44.4% higher than in 2004. Revenue from sales in 2005 was $55,774 million, which is 64.8% higher y-o-y. Average daily hydrocarbon production rose by 5.4% and reached 1.94 million boe per day.

The increase in net income resulted from favorable market conditions and hydrocarbon production growth as well as from costs control. At the same time the growth of net income was restrained by strengthening of the ruble against the dollar, rise in transportation costs and increase of tax burden.

Tax expenses by the Company totalled in 2005 $18.7 billion, up 78.2% y-o-y. Tax expenses (including mineral extraction tax, excise, export tariffs, etc.) charged in Russia were 51.8% of the sales revenue of LUKOIL Russian entities.

Average lifting costs rose by 6.6% to $2.75 per barrel in comparison with the level of 2004. However, taking into account the strengthening of the ruble against the dollar in real terms, average lifting costs in 2005 fell by more than 7% y-o-y in real terms. LUKOIL managed to reduce average lifting costs in real terms thanks to a growth of average flow rate per well from 10.70 tons per day in 2004 up to 11.07 tons per day in 2005, or by 3.5%, and also thanks to the restructuring of production assets.

Total capital expenditures including non-cash transactions were $4,177 million in 2005, which is an increase of 21.2% y-o-y.

In 2005 the Company produced 90.16 million tons (664 million barrels) of crude oil, up 4.6%

y-o-y. Daily production growth reached 4.7%, with organic growth of 4.0%.

Refinery throughputs in 2005 were 47.55 million tons, which is 8.0% higher y-o-y.

In 2005 LUKOIL subsidiaries exported 45.8 million tons of oil (including purchased

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oil) in comparison with 46.3 million tons in 2004. This decrease in export volumes is due to a growth of throughputs at LUKOIL Russian refineries and a reduction of domestic oil purchases.

In 2005 LUKOIL sold 123.2 million tons of crude oil and petroleum products, which is 13.2% higher y-o-y. The share of international sales (including near-abroad countries) in total volume of sales was 83.2% compared to 80.4% in 2004.

Retail sales of petroleum products increased by 29.7% in volume terms y-o-y, while revenues from retail sales grew by 60.5%.