PRESS RELEASE
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LUKOIL NET INCOME ROSE BY 43% IN THE FIRST QUARTER OF 2006

LUKOIL publishes today consolidated US GAAP financial accounts for the first quarter of 2006.

LUKOIL net income for the first quarter of 2006 was $1,689 million, which is an increase of 43.1% y-o-y. EBITDA was $2,806 million, which is 43.2% higher y-o-y. Revenue from sales in the first quarter of 2006 was $14,943 million, which is 41.5% higher y-o-y.

The increase in net income resulted from favorable market conditions, refining margins growth, hydrocarbon production and refinery throughputs increase 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 and growth of tax burden.

Tax expenses by the Company in the first quarter of 2006 totalled $5.1 billion, up 45.3% y-o-y.

Operating expenses in the first quarter of 2006 rose by 15.1% y-o-y.

Real appreciation of the ruble against the dollar is a significant factor, affecting our operating expenses inRussia. For the twelve-month period ended March 31, 2006 the real ruble appreciation was 10.9%.

Average hydrocarbon lifting costs rose from $2.52 up to $2.82 per boe, or by 11.9% y-o-y. Taking into account the strengthening of the ruble against the dollar in real terms, average lifting costs remained at the same level as in the first quarter of 2005.

Capital expenditures including non-cash transactions were $1,163 million, which is $225 million higher y-o-y.

In the first quarter of 2006 LUKOIL hydrocarbon production grew by 10.5% and reached 2,122 th. boe per day.

In the first quarter of 2006 LUKOIL increased its average daily production of crude oil by 4.6% to 169.4 million barrels, or 23.0 million tons (including share in affiliates). Average flow rate per well increased from 11.00 tons per day in the first quarter of 2005 to 11.15 tons per day in the first quarter of 2006.

Press Centre PJSC "LUKOIL"
Phone:
E-mail: media@lukoil.com

Gas production (including share in affiliates) in the first quarter of 2006 was 3,665 million cubic meters, which is 97.8% higher y-o-y. This growth is due to the increase of natural gas production at the Nakhodkinskoye field. The field produced 1,823 million cubic meters of natural gas in the first quarter of 2006.

Production of petroleum products at LUKOIL refineries increased by 12.4% y-o-y and totaled 11,279 thousand tons.

LUKOIL sold 30.3 million tons of crude oil and petroleum products in the first quarter of 2006, which is 8.8% higher y-o-y. The share of international sales (including near-abroad countries) in total volume of sales was 81.8% compared with 81.2% in the first quarter of 2005. Retail sales of petroleum products increased by 363,000 tons or by 17.1% y-o-y during the first three months of 2006. Revenues from retail sales grew by $643 million (46.2%).

Consolidated Statements of Income

(Millions of US dollars, unless otherwise noted)

	For the three months ended March 31, 2006(unaudited)	**For the three months ended March 31, 2005(unaudited)**
Revenues		
Sales (including excise and export tariffs)	14943	10557
Equity share in income of affiliates	98	59
Total revenues	**15041**	**10616**
Costs and other deductions		
Operating expenses	(900)	(782)
Cost of purchased crude oil, petroleum and chemical products	(5,300)	(3,380)
Transportation expenses	(848)	(837)
Selling, general and administrative expenses	(761)	(512)
Depreciation, depletion and amortization	(408)	(284)
Taxes other than income taxes	(1,771)	(1,297)

Excise and export tariffs	(2,685)	(1,775)
Exploration expense	(35)	(36)
Loss on disposal and impairment of assets	8	(17)
Income from operating activities	**2341**	**1696**
Interest expense	(62)	(55)
Interest and dividend income	27	18
Currency translation (loss) gain	92	(12)
Other non-operating income	(25)	13
Minority interest	(10)	(22)
Income before income taxes	**2363**	**1638**
Current income taxes	(769)	(490)
Deferred income taxes	95	32
Total income tax expense	**(674)**	**(458)**
Net income	**1689**	**1180**
Per share of common stock (US dollars):		
Basic	2,04	1,45
Diluted	2,04	1,43

The full consolidated US GAAP financial accounts of LUKOIL for the first quarter of 2006 are available on the Company's web sites: www.lukoil.ru and www.lukoil.com.

These consolidated interim financial statements have been prepared by the Company in accordance with U.S. GAAP and have not been audited by our independent auditor. If these financial statements are audited in the future, the audit could reveal differences in our consolidated financial results and we cannot assure that any such differences would not be material.