PRESS RELEASE
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LUKOIL NET INCOME ROSE BY 34.2% IN 9M 2006 PRODUCTION OF MARKETABLE HYDROCARBONS INCREASED BY 13.1%

LUKOIL publishes 9M 2006 consolidated US GAAP financial accounts.

LUKOIL net income was $6,442 million in 9M 2006, which is an increase of 34.2% y-o-y. EBITDA was $10,178 million, which is 32.9% higher y-o-y. Revenue from sales rose by 27.9% to $51,459 million.

The increase in net income was due to favourable market conditions, increase of hydrocarbon production and refinery throughputs, cost control, and refining margins growth. Growth of net income was held back by strengthening of the ruble against the dollar and growth of the tax burden. The Company's tax expenses totaled $18.1 billion, up 36.8% y-o-y.

Operating expenses rose by $943 million y-o-y. Main contributors to this growth were: real appreciation of the ruble against the dollar, which was 16.6% for the 12-months period ended September 30, 2006 (the effect of the appreciation exceeded $200 million); considerable change in operating expenses relating to crude oil and petroleum product inventory originated within the Group ($259 million); and increase in hydrocarbon lifting costs primarily due to the production volumes growth ($391 million). (In accordance with Company accounting policy, operating expenses associated with production of marketable products are accounted at the time of sale. Therefore, increase of product inventory entails proportional reduction of operating expenses, and vice versa.)

Average hydrocarbon lifting costs rose from $2.63 in 9M 2005 to $3.01 per boe in 9M 2006, or by 14.4% y-o-y. Taking account of strengthening of the ruble against the dollar in real terms, average lifting costs remained at the same level as in 9M 2005.

Capital expenditures including non-cash transactions were $4,552 million, which is an increase of 55.0% y-o-y. Upstream CAPEX rose by 64.0% while downstream CAPEX increased by 24.8%.

Production of marketable hydrocarbons grew by 13.1% to 2,138 th. boe per day.

Crude oil output (including share in production by affiliates) increased by 6.6% y-

o-y to 524.9 million barrels (71.13 million tons). Average flow rate per well at LUKOIL fields in Russia increased to 11.21 tons per day or by 1.5% y-o-y.

Production of marketable gas (including share in production by affiliates) was 9,983 million cubic meters, which is 149.2% higher y-o-y. This growth is due to the increase of natural gas production at the Nakhodkinskoye field.

Production of petroleum products at LUKOIL refineries increased by 2.4% y-o-y and totaled 33,550 thousand tons. Russian refineries of LUKOIL Group increased petroleum product output by 5.1% y-o-y. Production at foreign refineries of the Group decreased by 8.0% due to closure of the Odessa Refinery for upgrading.

LUKOIL sold 94.4 million tons of crude oil and petroleum products in 9M 2006, representing an increase of 3.8% y-o-y. Domestic sales of crude oil grew by 142.9% y-o-y, to 1.4 million tons. At the same time international sales of crude oil decreased by 12.1% reflecting the high attractiveness of the Russian market. Petroleum product sales rose by 12.3% y-o-y to 62.2 million tons. Retail sales of petroleum products in Russia increased by 13.2% y-o-y.