PRESS RELEASE
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# NET INCOME FOR THE THIRD QUARTER OF 2007 ROSE BY 2.1% TO $2.5 BLN

LUKOIL publishes today consolidated US GAAP financial accounts for the third quarter and 9 months of 2007.

LUKOIL net income for the third quarter of 2007 was $2,482 million, which is an increase of 2.1% y-o-y. LUKOIL net income for 9 months of 2007 reached $6,298 million, EBITDA - $10,370 million (an increase of 1.9% y-o-y), revenue from sales amounted to $57,096 million which is 11.0% higher y-o-y.

The Company results were affected by strengthening of the ruble against the dollar in real terms, increase in transportation tariffs, rise in tax expenses as well as reduction in prices for certain petroleum products. Negative impact of those factors was offset by expansion of Company activities and business optimization, rise in oil and petroleum product prices as well as by rapid growth of refinery throughputs and retail sales of petroleum products. While Urals price increased by 1.5% y-o-y and rates of main taxes were virtually stable, LUKOIL total tax expenses rose by 7.0% y-o-y, to $19.4 bln, due to rise in output, exports and retail sales of petroleum products as well as due to strengthening of the ruble against the dollar in real terms.

Operating expenses rose by $1,131 million y-o-y in 9 months of 2007. This growth was mainly caused by real appreciation of the ruble against the dollar (which was 17.5% for the 12-months period ended September 30, 2007), amendments to the Russian excise regulating legislation (starting from January 1, 2007 the Company pays excise to third-party refineries as part of the processing fee, this excise is then included into the operating expenses), increase in crude production and refinery throughputs as well as rise in other operating expenses.

Capital expenditures including non-cash transactions were $6,602 million in 9 months of 2007, which is an increase of 46.0% y-o-y. Upstream CAPEX rose by 55.5% and downstream CAPEX - by 21.6%. Considerable increase in upstream CAPEX resulted from implementation of new major projects in Russia and abroad. Rise in downstream CAPEX was due to major projects of refineries upgrade.

Production of marketable hydrocarbons (including share in production by affiliates) grew by 2.0%, to 2,181 th. boe per day in 9 months of 2007. Crude oil output increased by 2.3% y-o-y, to 537 million barrels (72.7 million tons).

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Production of marketable gas was 9.95 billion cubic meters, which is a minor decrease y-o-y.

Production of petroleum products at LUKOIL refineries increased by 7.7% y-o-y and totaled 36,128 thousand tons in 9 months of 2007. Petroleum product output at Russian refineries of LUKOIL Group increased by 9.6% y-o-y. Production at foreign refineries of the Group decreased by 0.8% due to a scheduled turnaround at the Burgas Refinery. High growth rates of petroleum product output resulted from high refining margin both in Russia and Eastern Europe.

LUKOIL sold 98.8 million tons of crude oil and petroleum products in 9 months of 2007, representing an increase of 4.6% y-o-y. Sales of crude oil decreased by 1.3% y-o-y (with minor increase in sales to far-abroad countries and considerable decline in sales to near-abroad countries and domestic sales). Petroleum product sales were 66.97 million tons which is an increase of 7.7% y-o-y. Retail sales of petroleum products in Russia increased by 17.5% y-o-y while wholesale product sales decreased.

| **For the three months ended September 30, 2007 (unaudited)** | **For the three months ended September 30, 2006 (unaudited)** | **For the nine months ended September 30, 2007 (unaudited)** | **For the nine months ended September 30, 2006 (unaudited)** |
|---|---|---|---|
| **Revenues** | | | |
| Sales (including excise and export tariffs) | 21315 | 18249 | 57096 | 51459 |
| Equity share in income of affiliates | 100 | 134 | 251 | 344 |
| **Total revenues** | **21415** | **18383** | **57347** | **51803** |
| **Costs and other deductions** | | | |
| Operating expenses | (1,555) | (1,105) | (4,469) | (3,338) |
| Cost of purchased crude oil, gas and products | (7,384) | (5,709) | (19,504) | (17,514) |
| Transportation expenses | (1,116) | (974) | (3,251) | (2,613) |
| Selling, general and administrative expenses | (796) | (642) | (2,259) | (2,140) |

| | | | | |
|---|---|---|---|---|
| Depreciation, depletion and amortization | (570) | (468) | (1,675) | (1,325) |
| Taxes other than income taxes | (2,486) | (2,342) | (6,529) | (6,175) |
| Excise and export tariffs | (3,954) | (3,713) | (10,623) | (9,667) |
| Exploration expenses | (51) | (55) | (176) | (118) |
| Gain (loss) on disposals and impairments of assets | 1 | (28) | (33) | (50) |
| **Income from operating activities** | **3,504** | **3,347** | **8,828** | **8,863** |
| Interest expense | (86) | (78) | (240) | (219) |
| Interest and dividend income | 29 | 34 | 82 | 86 |
| Currency translation gain (loss) | 51 | (2) | 122 | 146 |
| Other non-operating expense | (56) | (48) | (137) | (87) |
| Minority interest | (48) | (51) | (118) | (69) |
| **Income before income taxes** | **3,394** | **3,202** | **8,537** | **8,720** |
| Current income taxes | (906) | (586) | (2,364) | (2,170) |
| Deferred income taxes | (6) | (184) | 125 | (108) |
| **Total income tax expense** | **(912)** | **(770)** | **(2,239)** | **(2,278)** |
| **Net income** | **2,482** | **2,432** | **6,298** | **6,442** |
| Per share of common stock (US dollars): | | | | |
| Basic | 3,01 | 2,95 | 7,60 | 7,79 |
| Diluted | 3,00 | 2,90 | 7,59 | 7,77 |

Full consolidated US GAAP financial accounts of LUKOIL for the third quarter and 9 months of 2007 are available on the Company's web sites: www.lukoil.com and

www.lukoil.ru.

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 discrepancies, and we cannot give any assurance that any such discrepancies would not be material.