PRESS RELEASE
JUNE 04, 2008

# LUKOIL NET INCOME ROSE BY 143.5% IN THE FIRST QUARTER OF 2008. REFINERY THROUGHPUTS AT GROUP REFINERIES INCREASED BY 9.8%.

LUKOIL publishes consolidated US GAAP financial accounts for the first quarter of 2008.

LUKOIL net income reached $3,163 million in the first quarter of 2008, which is an increase of 143.5% y-o-y. EBITDA was $4,846 million, which is 99.3% higher y-o-y. Revenue from sales rose by 59.4%, to $24,955 million.

The increase in net income was due to favorable market conditions, high refinery margin, increase in refinery throughputs as well as due to effective cost control. Growth of the net income was held back by appreciation of the ruble against the dollar, increase in transportation tariffs and growth of the tax burden. The Company's tax expenses totaled $8.7 billion, up 54.9% y-o-y.

Operating expenses rose by $465 million y-o-y, to $1.9 billion. This growth was mainly caused by real appreciation of the ruble against the dollar (which was 17.3% y-o-y); increase in refinery throughputs; increase in other sales. Lifting costs per boe of production in the first quarter of 2008 amounted to $3.86 per boe, which is 15.6% higher y-o-y. The growth is lower than the real appreciation of the ruble against the dollar. This means that lifting costs in real terms decreased in the first quarter of 2008 y-o-y.

LUKOIL transportation expenses increased by 21.1%, to $1,195 million. This was due to an increase in transportation tariffs in Russia, the increased volumes of refined products export from Russia and an overall increase in sales volumes. However, an increase in transportation expenses was partly compensated by decreased average freight rates.

Capital expenditures including non-cash transactions were $2,412 million, which is an increase of 17.0% y-o-y. Upstream CAPEX rose by 15.4% while downstream CAPEX increased by 28.5%. New projects (fields in the North of Timan-Pechora, fields of the Bolshekhetskaya Depression, Northern Caspian fields) accounted for over 30% of upstream capital expenditures. These projects will have a favourable impact on LUKOIL financial and operating performance in the mid-term.

Production of marketable hydrocarbons (including share in production by

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affiliates) decreased by 2.1% y-o-y, to 2,193 th. boe per day. Company maintains positive hydrocarbon production forecast for 2008 thanks to the launch of the Yuzhnaya Khylchuya field in Timan-Pechora in mid-July.

Refinery throughputs at the Group refineries grew by 9.8% to 13.32 million tons. Increase in refinery throughputs at the Company refineries in Russia was 8.9%, at foreign refineries – 14.2%. Volgograd refinery accounted for most of the growth. Thanks to an increase in capacity load and optimization of the operations, production of petroleum products at LUKOIL owned refineries increased by 9.1% y-o-y and totaled 12,460 thousand tons.

LUKOIL sold 32.6 million tons of crude oil and petroleum products in the first quarter of 2008, representing an increase of 4.0% y-o-y. The Company decreased oil sales and considerably increased sales of petroleum products. Retail sales of petroleum products increased by 21.2% y-o-y, to 3.2 million tons.

Full consolidated US GAAP financial accounts of LUKOIL for the first quarter of 2008 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.