PRESS RELEASE
APRIL 24, 2007

LUKOIL NET INCOME ROSE BY 16.2% IN 2006 PRODUCTION OF MARKETABLE HYDROCARBONS INCREASED BY 12.2%

LUKOIL publishes 2006 consolidated US GAAP financial accounts.

LUKOIL net income was $7,484 million in 2006, which is an increase of 16.2% y-o-y. EBITDA was $12,299 million, which is 18.2% higher y-o-y. Revenue from sales rose by 21.4%, to $67,684 million.

The increase in net income was due to favorable market conditions, increase in hydrocarbon production and refinery throughputs, cost control, and refining margins growth. Growth of the 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 $24.4 billion, up 30.4% y-o-y.

Operating expenses rose by $1,170 million y-o-y. Main contributors to this growth were real appreciation of the ruble against the dollar (which was 19.3% for the 12-months period ended December 31, 2006) and increase in hydrocarbon output and refinery throughputs.

Average hydrocarbon lifting costs rose from $2.66 in 2005 to $3.08 per boe in 2006, or by 15.8% y-o-y. Adjusted for strengthening of the ruble against the dollar in real terms, average lifting costs remained nearly at the same level as in 2005.

Capital expenditures including non-cash transactions were $6,886 million, which is an increase of 64.9% y-o-y. Upstream CAPEX rose by 75.5% while downstream CAPEX increased by 30.6%.

Production of marketable hydrocarbons (including share in production by affiliates) grew by 12.2%, to 2,145 th. boe per day.

Crude oil output increased by 5.8% y-o-y to 703.1 million barrels (95.2 million tons). Average flow rate per well at LUKOIL fields in Russia increased from 11.07 to 11.20 tons per day.

Production of marketable gas was 13,612 million cubic meters, which is 141.6% higher y-o-y. This growth is due to the increase in natural gas production at the Nakhodkinskoye field.

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Production of petroleum products at LUKOIL refineries increased by 3.4% y-o-y and totaled 45,670 thousand tons. Russian refineries of LUKOIL Group increased petroleum product output by 6.1% y-o-y. Production at foreign refineries of the Group decreased by 7.7% due to closure of the Odessa Refinery for upgrading.

LUKOIL sold 126.7 million tons of crude oil and petroleum products in 2006, representing an increase of 2.8% y-o-y. Domestic sales of crude oil grew by 171.3% y-o-y, to 1.8 million tons. At the same time international sales of crude oil decreased by 10.7% reflecting the high appeal of the Russian market. Petroleum product sales rose by 9.5% y-o-y, to 83.9 million tons. Retail sales of petroleum products in Russia increased by 12.6% y-o-y.