PRESS RELEASE
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LUKOIL DEMONSTRATES RECORD FINANCIAL RESULTS IN THE SECOND QUARTER OF 2007

LUKOIL publishes today consolidated US GAAP financial accounts for the second quarter and the first half of 2007.

LUKOIL net income in the second quarter of 2007 was $2,517 million, which is an increase of 8.4% y-o-y and of 93.8% q-o-q. The Company has managed to achieve all-time record results despite less favorable price environment.

Net income in the first half of 2007 was $3,816 million, EBITDA was $6,349 million, revenue from sales amounted to $35,781 million which is 7.7% higher y-o-y.

The Company's results were affected by decrease in oil prices on international market, strengthening of the ruble against the dollar in real terms and increase in transportation tariffs. However, negative impact of those factors was partly offset by expansion of Company's activities and business optimization as well as by minor decrease in export tariffs and mineral extraction tax. Despite decrease in oil prices and tax rates, the Company's tax expenses in the first half of 2007 grew by 6.6% y-o-y to $12 billion due to increase in export volumes and retail sales of petroleum products.

Operating expenses rose by $681 million y-o-y. This growth was mainly caused by real appreciation of the ruble against the dollar (which was 13.9% for the 12-months period ended June 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 production and refinery throughputs.

Capital expenditures including non-cash transactions were $4,175 million in the first half of 2007, which is an increase of 57.7% y-o-y. Upstream CAPEX rose by 76.3% and downstream CAPEX – by 7.8%. Considerable increase in upstream CAPEX resulted from implementation of new major projects in Russia and abroad.

Production of marketable hydrocarbons (including share in production by affiliates) grew by 4.3%, to 2,210 th. boe per day in the first half of 2007.

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Crude oil output increased by 4.1% y-o-y, to 358.5 million barrels (48.5 million tons). Production of marketable gas was 7,030 million cubic meters, which is 6.1% higher y-o-y.

Production of petroleum products at LUKOIL refineries increased by 7.7% y-o-y and totaled 23,472 thousand tons in the first half of 2007. Petroleum product output at Russian refineries of LUKOIL Group increased by 9.9% y-o-y. Output at foreign refineries of the Group decreased by 1.7% due to a scheduled turnaround at the Burgas Refinery.

LUKOIL sold 65.4 million tons of crude oil and petroleum products in the first half of 2007, representing an increase of 4.9% y-o-y. Sales of crude oil grew by 4.9% y-o-y due to an increase in sales to far-abroad countries while sales to near-abroad countries and domestic sales decreased. Petroleum product sales were 43.3 million tons which is an increase of 4.9% y-o-y. Retail sales of petroleum products in Russia increased by 17.8% y-o-y while wholesale product sales decreased.

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CONSOLIDATED STATEMENT OF INCOME

(Millions of US dollars, unless otherwise noted)

	For the three months ended June 30, 2007(unaudited)	**For the three months ended June 30, 2006(unaudited)**	**For the six months ended June 30, 2007(unaudited)**	**For the six months ended June 30, 2006(unaudited)**
Revenues				
Sales (including excise and export tariffs)	20129	18267	35781	33210
Equity share in income of affiliates	67	112	151	210
Total revenues	**20196**	**18379**	**35932**	**33420**
Costs and other deductions				
Operating expenses	(1,471)	(1,308)	(2,914)	(2,233)

Cost of purchased crude oil, gas and products	(7,070)	(6,461)	(12,120)	(11,805)
Transportation expenses	(1,148)	(860)	(2,135)	(1,639)
Selling, general and administrative expenses	(800)	(737)	(1,463)	(1,498)
Depreciation, depletion and amortization	(558)	(449)	(1,105)	(857)
Taxes other than income taxes	(2,214)	(2,062)	(4,043)	(3,833)
Excise and export tariffs	(3,401)	(3,269)	(6,669)	(5,954)
Exploration expenses	(50)	(28)	(125)	(63)
Loss on disposals and impairments of assets	(36)	(30)	(34)	(22)
Income from operating activities	**3448**	**3175**	**5324**	**5516**
Interest expense	(77)	(79)	(154)	(141)
Interest and dividend income	24	25	53	52
Currency translation gain	29	56	71	148
Other non-operating expense	(62)	(14)	(81)	(39)
Minority interest	(56)	(8)	(70)	(18)
Income before income taxes	**3306**	**3155**	**5143**	**5518**
Current income taxes	(828)	(815)	(1,458)	(1,584)
Deferred income taxes	39	(19)	131	76
Total income tax expense	**(789)**	**(834)**	**(1,327)**	**(1,508)**
Net income	**2517**	**2321**	**3816**	**4,010**
Per share of common stock (US dollars):				
Basic	3,03	280	4,59	485
Diluted	3,03	280	4,59	483