PRESS RELEASE
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LUKOIL OPTIMIZES REFINING & MARKETING BUSINESS SEGMENT

A meeting of OAO LUKOIL Board of Directors dedicated to summarizing the Company's performance in the sphere of refining and marketing and approval of key development areas in this business segment for 2011-2012 took place in Istanbul today.

Under the approved plans, the Company's oil refining complex will focus on lower costs and power consumption, higher efficiency of capital expenses and maximum use of oil-refining capacities in Russia.

Among other things, the meeting emphasized that the segment revenues are growing while expenses are declining. The Company's capital expenses in refining and marketing came to USD 532 million in the 1st half of 2010, which is by 12.4% lower than the similar figure in 2009.

In 2009, the operating expenses and the total purchase costs in the Refining, Trading & Marketing Business Segment were reduced by 16.6% as compared with 2008.

The sales volume of petroleum products via the LUKOIL Group sales network remains stable; it came to 6,685 thousand tons in the 1st half of 2010. At the same time, the sales volume of EKTO motor fuels is growing steadily, with its sales geography constantly expanding both in Russia and beyond. In 2010, LUKOIL introduced EURO-5 compliant diesel fuel to the Russian retail market.

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