PRESS RELEASE
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LUKOIL 1H 2010 NET INCOME INCREASED BY ALMOST 24% Y-O-Y, TO $4.0 BILLION

LUKOIL publishes consolidated US GAAP financial accounts for the second quarter and first half of 2010.

The Company's net income was $4,002 million in the first half of 2010, including $1,949 million in the second quarter. The Company's free cash flow in the first half of 2010 amounted to $3,127 million, compared to $145 million in the first half of 2009. EBITDA in the first half of 2010 was $7,433 million. Revenues from sales were $49,755 million.

The Company's tax expenses totalled $14.8 billion in the first half of 2010, including income tax expense of $1.1 billion.

Lifting costs per boe of production in the first half of 2010 increased by 23.7% y-o-y, to $4.02 from $3,25 in the first half of 2009. The growth was due to real appreciation of the ruble against the dollar, as well as increase in electricity and labour costs.

Capital expenditures including non-cash transactions in the first half of 2010 were $3.2 billion, which is 4.9% higher y-o-y.

LUKOIL Group total hydrocarbon production available for sale increased by 1.9% y-o-y and amounted to 2,262 th. boe per day in the first half of 2010, including a 25.5% increase of gas production (to 300 th. barrels per day).

Crude oil production of LUKOIL Group in the first half of 2010 totalled 48.14 mln tons. Natural and petroleum gas output of LUKOIL Group available for sale was 9.24 bcm: output as part of international projects was 2.48 bcm (grew by 5.6% y-o-y), output in Russia increased by 34.9% y-o-y to 6.76 bcm.

Throughputs at the Company's refineries (including its share in throughput at the ISAB Complex and TRN Refinery) increased by 8.2% y-o-y in the first half of 2010 and reached 32.41 mln tons. Throughputs at the Company's refineries in Russia increased by 1.5% y-o-y, throughputs at the Company's international refineries grew by 26.1% y-o-y.

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Crude oil exports in the first half of 2010 amounted to 20.4 million tons, exports of petroleum products were 12.9 million tons. LUKOIL Group crude oil and petroleum product sales remained almost unchanged compared to the first half of 2009 at $76.8 million tons.

LUKOIL copes with the difficult macroeconomic situation and secures positive free cash flow thanks to implementing measures aimed at higher efficiency which were developed at the beginning of the year.

CONSOLIDATED STATEMENT OF INCOME

(Millions of US dollars, unless otherwise noted)

	1st half of	
	2010	**2009**
Revenues		
Sales (including excise and export tariffs).....	49,755	34,861
Costs and other deductions		
Operating expenses.....	-3,802	-3,108
Cost of purchased crude oil, gas and products.....	-20,275	-13,272
Transportation expenses.....	-2,780	-2,356
Selling, general and administrative expenses.....	-1,655	-1,520
Depreciation, depletion and amortization.....	-2,060	(2,003)
Taxes other than income taxes.....	-4,349	-2,593
Excise and export tariffs.....	-9,34	-5,407
Exploration expense.....	-146	-69
Gain on disposals and impairments of assets.....	10	12
Income from operating activities.....	**5,358**	**4 ,545**
Interest expense.....	-373	-334
Interest and dividend income.....	98	65
Equity share in income of affiliates.....	236	182

Currency translation loss.....	-42	-124
Other non-operating (expense) income.....	-75	61
Income before income taxes.....	**5,202**	**4,395**
Current income taxes.....	-1,140	-837
Deferred income taxes.....	44	-196
Total income tax expense.....	**-1,096**	**-1,033**
Net income	**4,106**	**3,362**
Less: net income attributable to non-controlling interests	-104	-133
Net income attributable to OAO LUKOIL.....	**4,002**	**3,229**
Basic and diluted earning per share of common stock attributable to OAO LUKOIL (in US dollars)	26390	29646

Full consolidated US GAAP financial accounts of LUKOIL for the first half of 2010 are available on the Company's web sites: www.lukoil.com and www.lukoil.ru