PRESS RELEASE
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LUKOIL NET INCOME REACHED $6.8 BILLION IN NINE MONTHS OF 2010, FREE CASH FLOW AMOUNTED TO $7.0 BILLION

LUKOIL published consolidated US GAAP financial accounts for the third quarter and nine months of 2010.

The Company's net income was $6,820 million in the nine months of 2010 (including $2,818 million in the third quarter), which is 29.0% higher y-o-y. EBITDA increased by 17.1% in the nine months of 2010 and amounted to $11,985 million. Revenues from sales were $76,272 million.

Capital expenditures including non-cash transactions in the nine months of 2010 remained flat y-o-y and amounted to $4.7 billion. Strong financial discipline enabled the Company to generate record high free cash flow, which reached $6,964 million in the nine months of 2010, compared to $1,442 million in the nine months of 2009. Despite the share buy-back in the third quarter of 2010, which amounted to $4.42 billion, the Company managed to achieve good financial results.

The Company's tax expenses, including excise and export tariffs, totalled $22.3 billion in the nine months of 2010, including an income tax expense of $1.7 billion.

Lifting costs per boe of production in the nine months of 2010 were $4.04, which is a 19.2% increase y-o-y. The growth was mainly due to the real rouble appreciation, which reached 14%.

LUKOIL Group total hydrocarbon production available for sale reached 2,249 th. boe per day in the nine months of 2010, which is a 1.6% increase y-o-y.

Crude oil production of LUKOIL Group in the nine months of 2010 totalled 72.27 mln tons. Natural and petroleum gas output available for sale increased by 26.1% , to 13.79 bcm.

Production at own and affiliated refineries of LUKOIL Group (including the share in oil and petroleum product throughputs at the ISAB and TRN complexes) increased by 7.6% y-o-y in the nine months of 2010 and reached 47.79 mln tons. Production at the Company's refineries in Russia increased by 1.3% y-o-y; production at the international refineries grew by 23.9% y-o-y.

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Measures aimed at higher efficiency and cost control allow the Company to generate higher free cash flow and increase net income.

CONSOLIDATED STATEMENT OF INCOME

(Millions of US dollars, unless otherwise noted)

	9 months of 2010	2009
Revenues		
Sales (including excise and export tariffs)	76,272	56,802
Costs and other deductions		
Operating expenses	(5,994)	(5,015)
Cost of purchased crude oil, gas and products	(31,173)	(21,475)
Transportation expenses	(4,169)	(3,594)
Selling, general and administrative expenses	(2,557)	(2,398)
Depreciation, depletion and amortization	(3,114)	(3,001)
Taxes other than income taxes	(6,522)	(4,569)
Excise and export tariffs	(14,072)	(9,176)
Exploration expense	(175)	(188)
Gain on disposals and impairments of assets	29	15
Income from operating activities	**8,525**	**7,401**
Interest expense	(535)	(503)
Interest and dividend income	144	105
Equity share in income of affiliates	335	270
Currency translation loss	(101)	(337)
Other non-operating income	225	37
Income before income taxes	**8,593**	**6,973**
Current income taxes	(1,678)	(1,430)
Deferred income taxes	18	(123)

Total income tax expense	**(1,660)**	**(1,553)**
Net income	**6,933**	**5,42**
Less: net income attributable to noncontrolling interests	(113)	(135)
Net income attributable to OAO LUKOIL	**6,820**	**5,285**
Basic and diluted earning per share of common stock attributable to OAO LUKOIL (in US dollars)	8.16	6.24

Full consolidated US GAAP financial accounts of LUKOIL for the nine months of 2010 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.