PRESS RELEASE
JUNE 02, 2010

LUKOIL NET INCOME REACHED $2.1 BILLION IN THE FIRST QUARTER OF 2010 INCREASING BY OVER 100% Y-O-Y, FREE CASH FLOW REACHED $1.4 BILLION

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

The Company's net income was $2,053 million in the first quarter of 2010, which is 126.9% higher y-o-y. EBITDA was $3,729 million, which is 54.5% higher y-o-y. Revenues from sales were $23,902 million.

Capital expenditures including non-cash transactions in the first quarter of 2010 remained flat y-o-y and amounted to $1.5 billion. The Company's policy of capital expenditures control helps to generate high free cash flow which reached $1,399 million in the first quarter of 2010 compared to $229 million in the first quarter of 2009.

Lifting costs per boe of production in the first quarter of 2010 increased by 28% y-o-y, to $3.97 from $3.10 in the first quarter of 2009. The growth was mainly due to the real ruble appreciation which reached 22%. However, it should be noted that lifting costs decreased by 2.5% q-o-q.

The Company's tax expenses totalled $7.2 billion in the first quarter of 2010, including income tax expense of $0.5 billion.

LUKOIL Group total hydrocarbon production available for sale reached 2,280 th. boe per day in the first quarter of 2010, which is a 2.5% increase y-o-y.

Crude oil production of LUKOIL Group in the first quarter of 2010 totalled 24.06 mln tons. Natural and petroleum gas output of LUKOIL Group available for sale increased by 23.9% to 4.72 bcm: output as part of international projects totalled 1.24 bcm, output in Russia was 3.48 bcm.

Throughputs at the Company's refineries (including its share in oil and petroleum product throughput at the ISAB and TRN refining complexes) increased by 6.3% y-o-y in the first quarter of 2010 and reached 15.34 mln tons. Throughputs at the Company's refineries in Russia increased by 0.9% y-o-y, throughputs at the Company's international refineries grew by 23.4% y-o-y.

Press Centre PJSC "LUKOIL"
Phone:
E-mail: media@lukoil.com

Measures aimed at higher efficiency and cost control allow LUKOIL to generate positive free cash flow and obtain high income per boe of production.

CONSOLIDATED STATEMENT OF INCOME

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	3 months of 2010	2009
	(millions of US dollars)	
Revenues		
Sales (including excise and export tariffs)	23,902	14,745
Costs and other deductions		
Operating expenses	(1,77)	(1,232)
Cost of purchased crude oil, gas and products	(9,52)	(5,362)
Transportation expenses	(1,351)	(1,169)
Selling, general and administrative expenses	(802)	(729)
Depreciation, depletion and amortization	(1,030)	(994)
Taxes other than income taxes	(2,080)	(1,198)
Excise and export tariffs	(4,578)	(2,519)
Exploration expense	(117)	(37)
(Loss) gain on disposals and impairments of assets	(3)	27
Income from operating activities	**2,651**	**1,532**
Interest expense	(177)	(163)
Interest and dividend income	53	38
Equity share in income of affiliates	107	111
Currency translation loss	(40)	(15)
Other non-operating expense	(29)	(1)
Income before income taxes	**2,565**	**1,502**

Current income taxes	(556)	(300)
Deferred income taxes	34	(90)
Total income tax expense	**(522)**	**(390)**
Net income	**2,043**	**1,112**
Less: net loss (income) attributable to noncontrolling interests	10	(207)
Net income attributable to OAO LUKOIL	**2,053**	**905**
Basic and diluted earning per share of common stock attributable to OAO LUKOIL (in US dollars)	2.42	1.07

Full consolidated US GAAP financial accounts of LUKOIL for the first quarter 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.