PRESS RELEASE
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LUKOIL NET INCOME REACHED $9 BILLION IN 2010, FREE CASH FLOW AMOUNTED TO $6.9 BILLION

LUKOIL has published consolidated US GAAP financial statements for 2010.

The Company's net income was $9,006 million in 2010, which is 28.5% higher compared to 2009. EBITDA was $16,049 million, which is 19.1% higher y-o-y. Sales revenues were $104,956 million (+29.4% y-o-y). Positive dynamic of our financial resultswas mainly due to a sharp increase in hydrocarbon prices in2010 compared to 2009.

Capital expenditures including non-cash transactions in 2010 were $6.8 billion, which is 4.7% higher y-o-y. The Company's strict financial discipline helped to generate record free cash flow which reached $6,930 million in 2010 compared to $2,360 million in 2009.

In 2010, the Company's tax expenses totalled $30.2 billion, including income tax expense of $2.4 billion.

In 2010, lifting costs per boe of production were $4.12, which is 15.7% higher y-o-y. The growth was mainly due to the real ruble appreciation which reached 11.6%.

In 2010, LUKOIL Group total hydrocarbon production available for sale reached 2,239 th. boe per day, which is a 1.2% increase y-o-y.

In 2010, crude oil production of LUKOIL Group totalled 95.99 mln tonnes. Natural and petroleum gas output available for sale increased by 24.5%, to 18.55 bcm. Meanwhile, the production of gas on our major gas field - Nakhodkinskoe field amounted to 8.15 bcm in 2010, which is 37.2% higher y-o-y. The growth was mainly due to increase in purchases of our gas by OAO Gazprom ("Gazprom") starting from the second half of 2009.

In 2010 throughputs at the Company's refineries (including its share in crude oil and petroleum product throughput at the ISAB and TRN refining complexes) increased by 5.5% y-o-y and reached 66.18 mln tonnes. Throughputs at the Company's refineries in Russia increased by 1.7% y-o-y, throughputs at the Company's international refineries increased by 14.6% y-o-y.

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

CONSOLIDATED STATEMENT OF INCOME

	2010	2009	2008
	(millions of US dollars)		
Sales (including excise and export tariffs)	104,956	81,083	107,680
Costs and other deductions			
Operating expenses	(7,969)	(7,124)	(8,126)
Cost of purchased crude oil, gas and products	(43,579)	(31,977)	(37,851)
Transportation expenses	(5,608)	(4,830)	(5,460)
Selling, general and administrative expenses	(3,558)	(3,306)	(3,860)
Depreciation, depletion and amortization	(4,154)	(3,937)	(2,958)
Taxes other than income taxes	(8,978)	(6,474)	(13,464)
Excise and export tariffs	(18,878)	(13,058)	(21,340)
Exploration expense	(336)	(218)	(487)
Loss on disposals and impairments of assets	(363)	(381)	(425)
Income from operating activities	**11,533**	**9,778**	**13,709**
Interest expense	(712)	(667)	(391)
Interest and dividend income	174	134	163
Equity share in income of affiliates	472	351	375
Currency translation loss	(122)	(520)	(918)
Other non-operating income (expense)	125	(13)	(244)
Income before income taxes	**11,470**	**9,063**	**12,694**
Current income taxes	(2,104)	(1,922)	(4,167)
Deferred income taxes	(247)	(72)	700
Total income tax expense	**(2,351)**	**(1,994)**	**(3,467)**

Net income	**9,119**	**7,069**	**9,227**
Less: net income attributable to noncontrolling interests	(113)	(58)	(83)
Net income attributable to OAO LUKOIL	**9,006**	**7,011**	**9,144**
Basic earning per share of common stock attributable to OAO LUKOIL(in US dollars)	10.95	8.28	10.88
Diluted earning per share of common stock attributable to OAO LUKOIL(in US dollars)	10.94	8.28	10.88

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