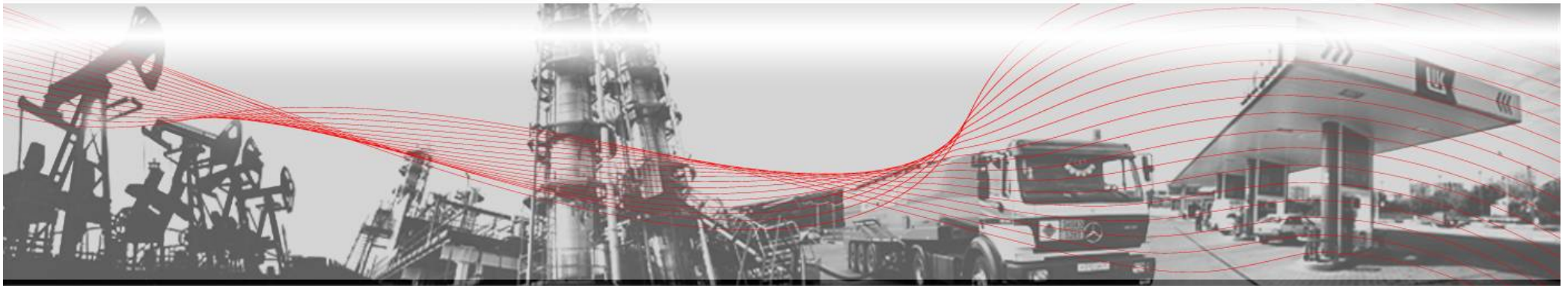




1H 2010 Financial Results

(US GAAP)

Leonid Fedun, Vice-President of LUKOIL



August 2010

Forward-Looking Statements



- Certain statements in this presentation are not historical facts and are “forward-looking”. Examples of such forward-looking statements include, but are not limited to:
 - projections or expectations of revenues, income (or loss), earnings (or loss) per share, dividends, capital structure or other financial items or ratios;
 - statements of our plans, objectives or goals, including those related to products or services;
 - statements of future economic performance; and
 - statements of assumptions underlying such statements.
- Words such as “believes,” “anticipates,” “expects,” “estimates”, “intends” and “plans” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.
- By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. You should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements, including our ability to execute our restructuring and cost reduction program.
- When relying on forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which we operate. Such forward-looking statements speak only as of the date on which they are made, and we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. We do not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.

1H 2010 Financial Highlights

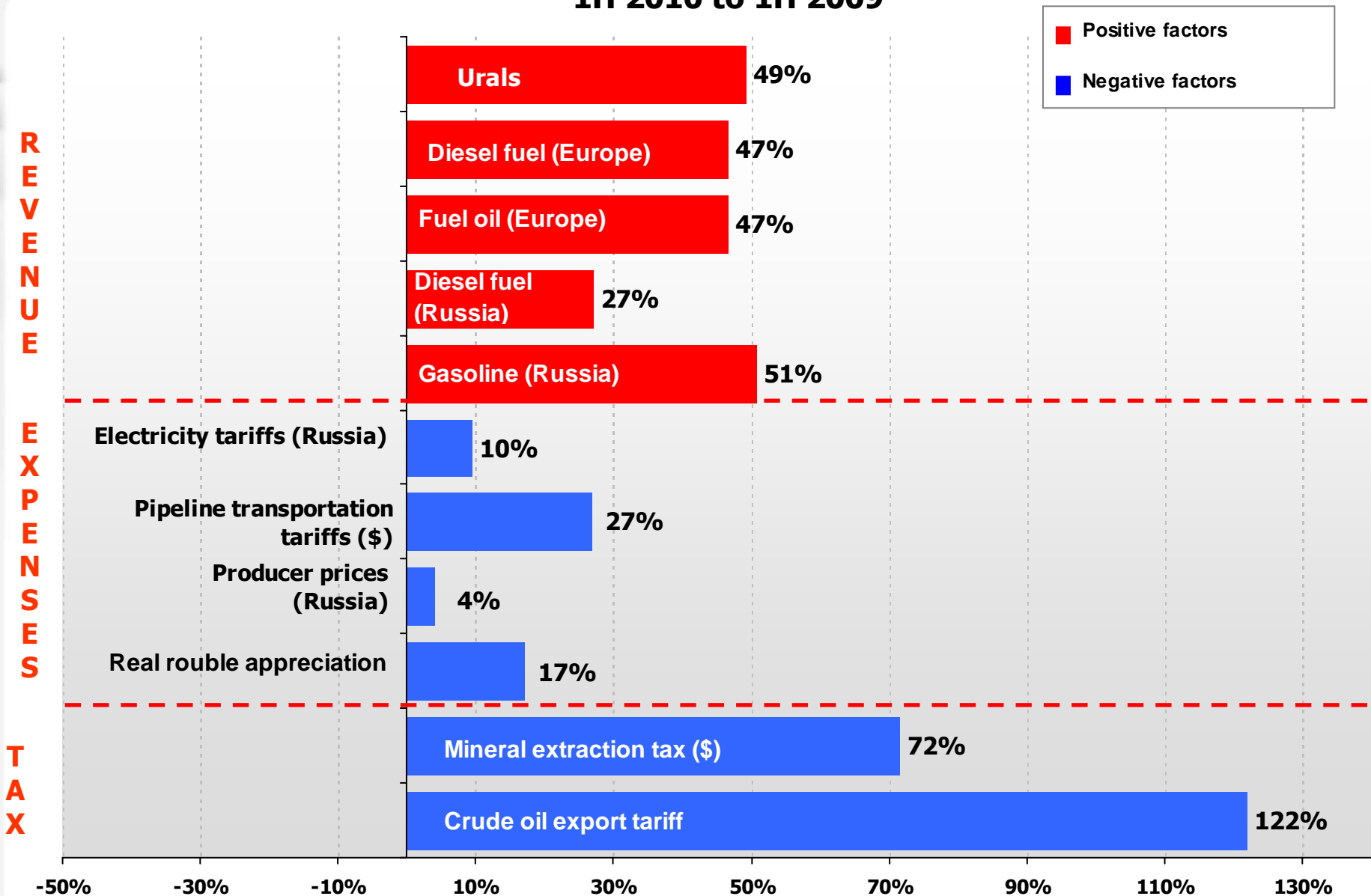


- **Urals price – \$76.1 per barrel (+49.3% y-o-y)**
- **Sales – \$49,755 milion (+42.7%)**
- **EBITDA – \$7,433 million (+13.8%)**
- **Net Debt – \$6,015 million (-33.5% to 2009)**
- **Net income – \$4,002 million (+23.9%)**
- **FCF – \$3,127 million (\$145 million in 1H 2009)**

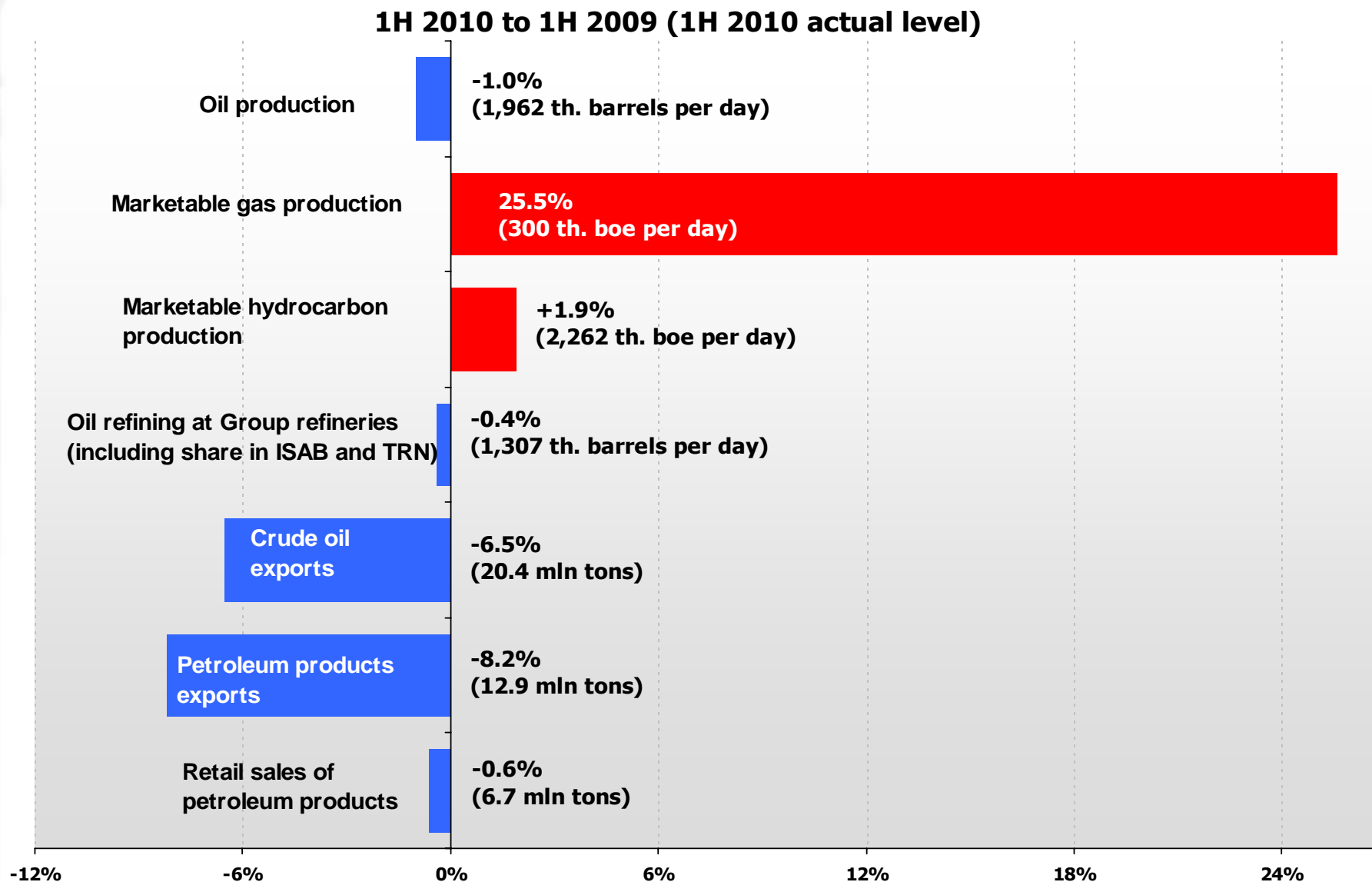
Macroeconomic and Tax Environment



1H 2010 to 1H 2009



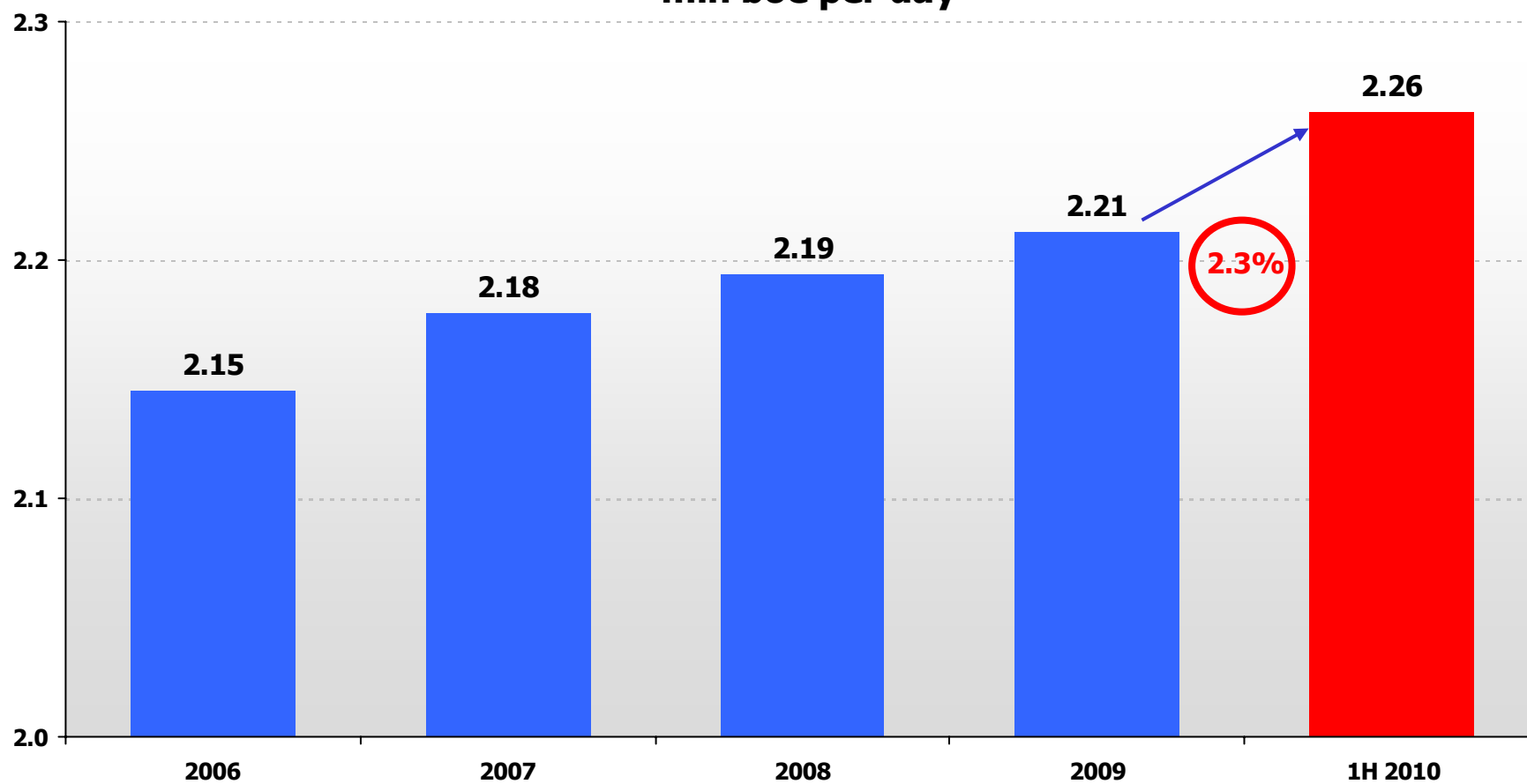
Main Operating Results



E&P segment results



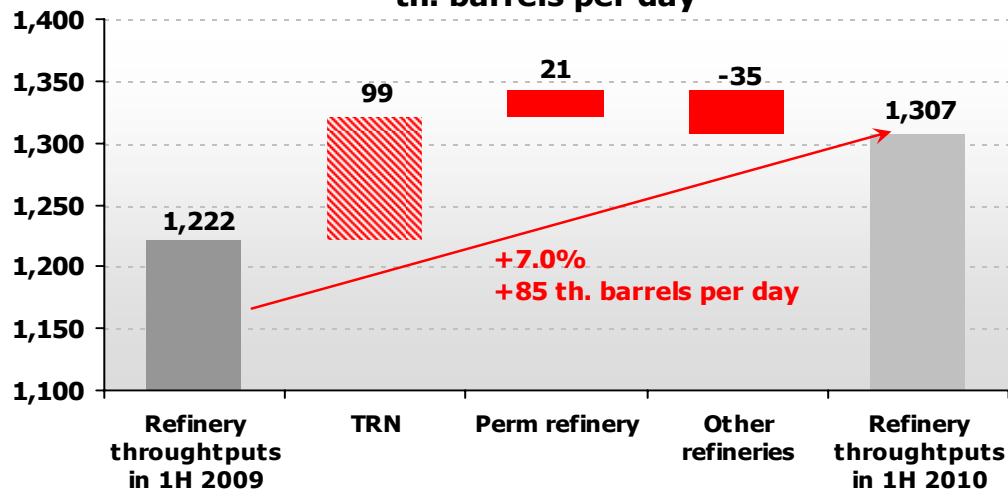
**LUKOIL marketable hydrocarbon production,
mln boe per day**



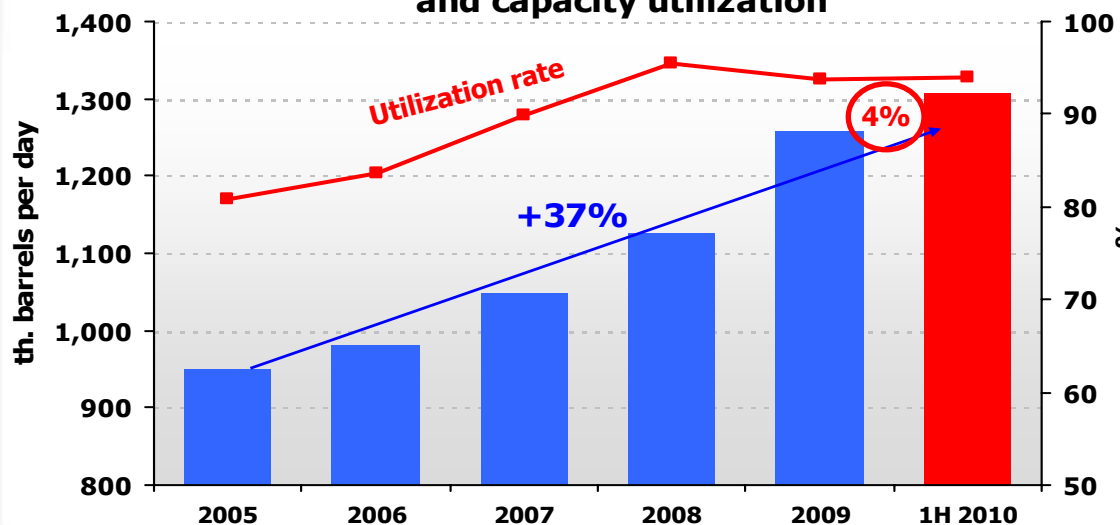
R&M segment results



Refinery throughputs reconciliation (y-o-y),
th. barrels per day



Refinery throughputs at Group refineries
and capacity utilization



- LUKOIL substantially increased refinery throughputs in 1H 2010 thanks to volumes refined at **the TRN Refinery** which was acquired in September 2009 as well as increase in refinery throughputs at **the Perm Refinery**.

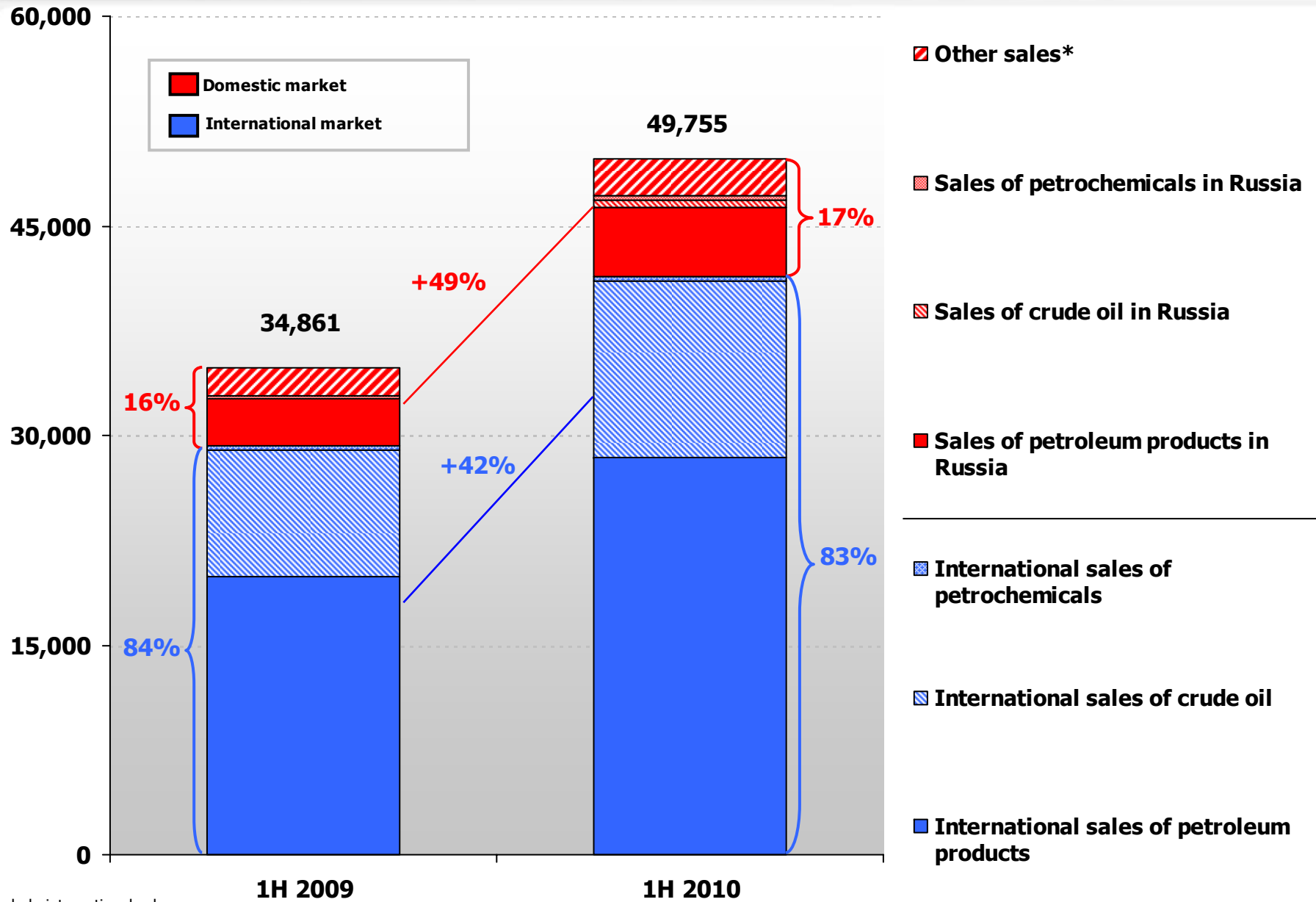
- Refinery throughputs at Group refineries increased by **8.2%** and reached **32.4** mln tons (including company share of refining at the ISAB and TRN complexes) in 1H 2010. Russian refineries increased their throughputs by **1.5%**. Refining at international refineries increased by **26.1%**.

Financial Results



2Q 2010	1Q 2010	Δ, %	\$ million	1H 2010	1H 2009	Δ, %
25,853	23,902	+8.2	Sales	49,755	34,861	+42.7
(2,032)	(1,770)	+14.8	Operating expenses	(3,802)	(3,108)	+22.3
(7,031)	(6,658)	+5.6	Taxes other than income tax (including excise and export duties)	(13,689)	(8,000)	+71.1
2,707	2,651	+2.1	Income from operating activities	5,358	4,545	+17.9
2,637	2,565	+2.8	Income before income tax	5,202	4,395	+18.4
1,949	2,053	-5.1	Net income	4,002	3,229	+23.9
2.30	2.42	-5.0	Basic EPS, \$	4.72	3.81	+23.9
3,704	3,729	-0.7	EBITDA	7,433	6,534	+13.8

Sales Breakdown, \$ million



* Include international sales

Operating Expenses



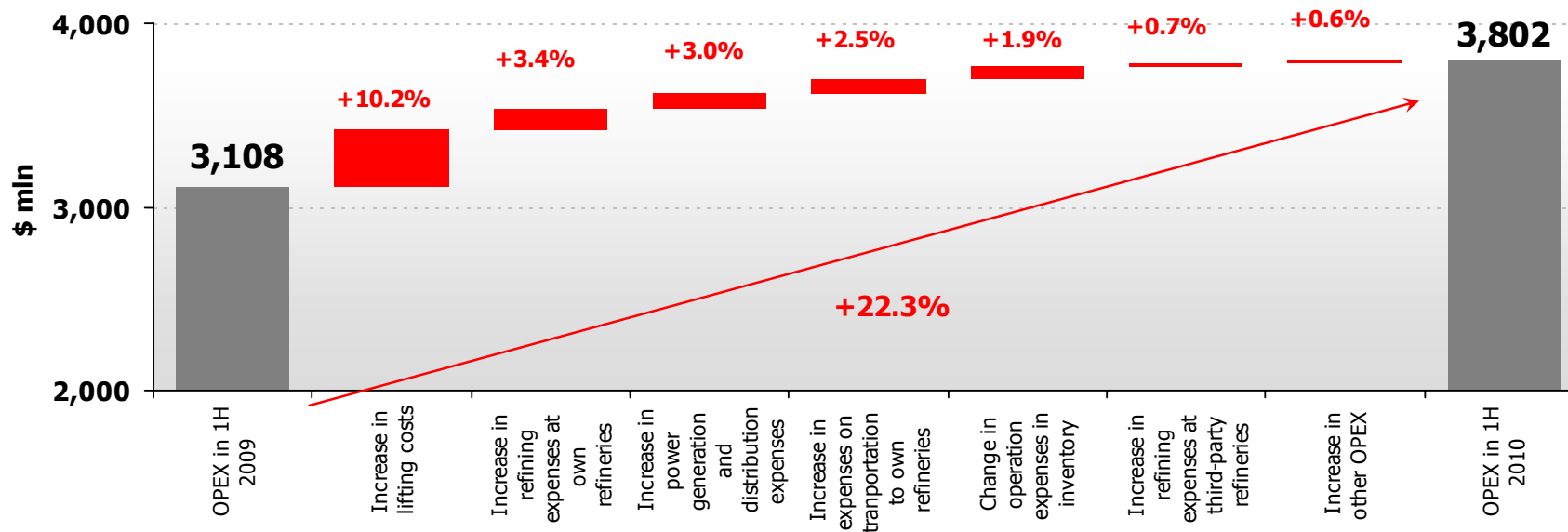
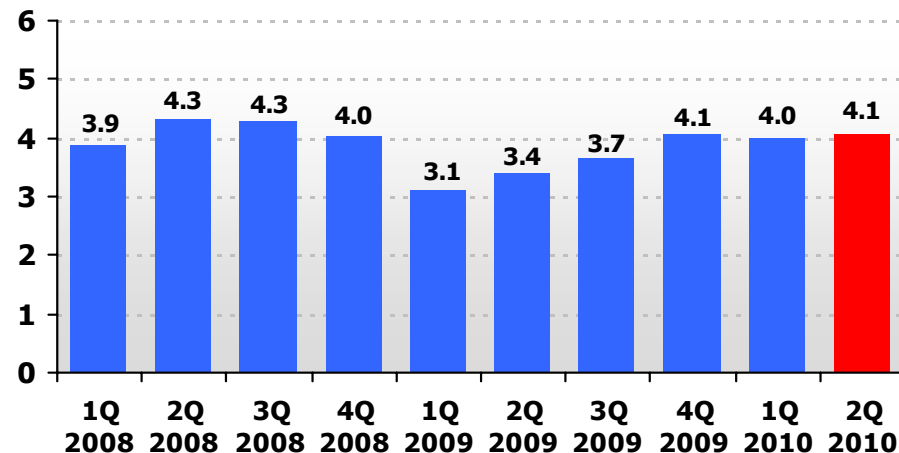
2Q 2010	1Q 2010	Δ, %	\$ million	1H 2010	1H 2009	Δ, %
800	784	+2.0	Hydrocarbon lifting costs	1,584	1,267	+25.0
252	263	-4.2	Own refining expenses	515	435	+18.4
172	179	-3.9	Refining expenses at third-party refineries and ISAB refining complex	351	328	+7.0
275	266	+3.4	Expenses for crude oil transportation to refineries	541	465	+16.3
145	148	-2.0	Power generation and distribution expenses	293	200	+46.5
40	40	0.0	Petrochemical expenses	80	54	+48.1
362	308	+17.5	Other operating expenses	670	651	+2.9
(14)	(218)	-93.6	Change in operating expenses in crude oil and refined products inventory originated within the Group	(232)	(292)	-20.5
2,032	1,770	+14.8	Total	3,802	3,108	+22.3
10,755	9,520	+13.0	Cost of purchased crude oil, gas and products	20,275	13,272	+52.8

Operating Expenses



In 1H 2010 operation expenses increased by 22.3% y-o-y, which is mainly explained by general increase in operating expenses in sector due to the real ruble appreciation, increase in hydrocarbon extraction expenses, expenses of crude oil transportation to refineries.

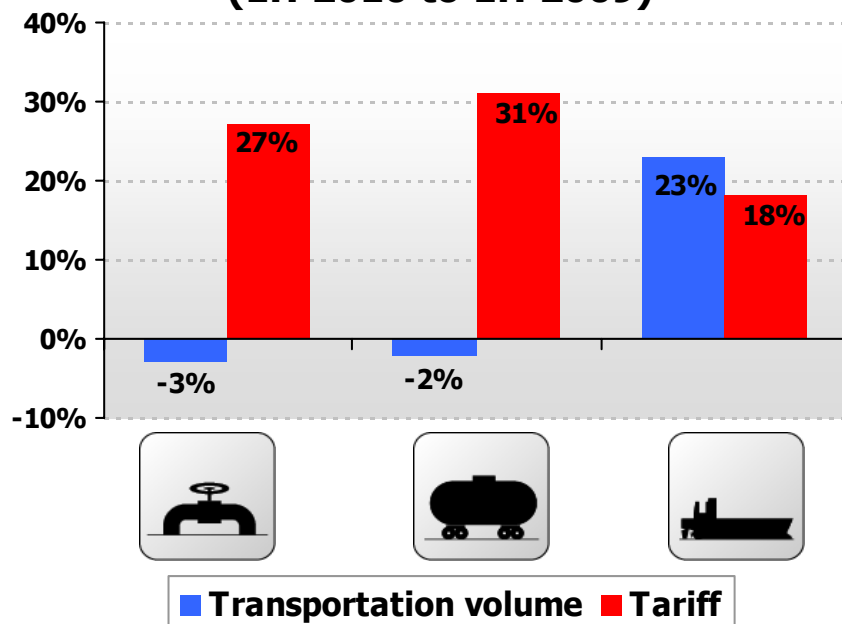
Lifting costs, \$ per boe



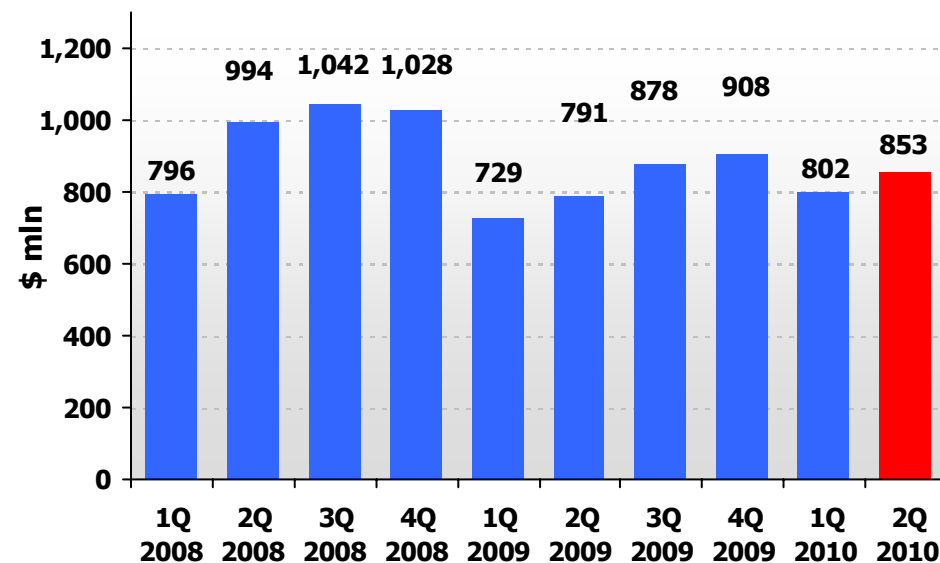
SG&A and Transportation Expenses



Transportation expenses (1H 2010 to 1H 2009)

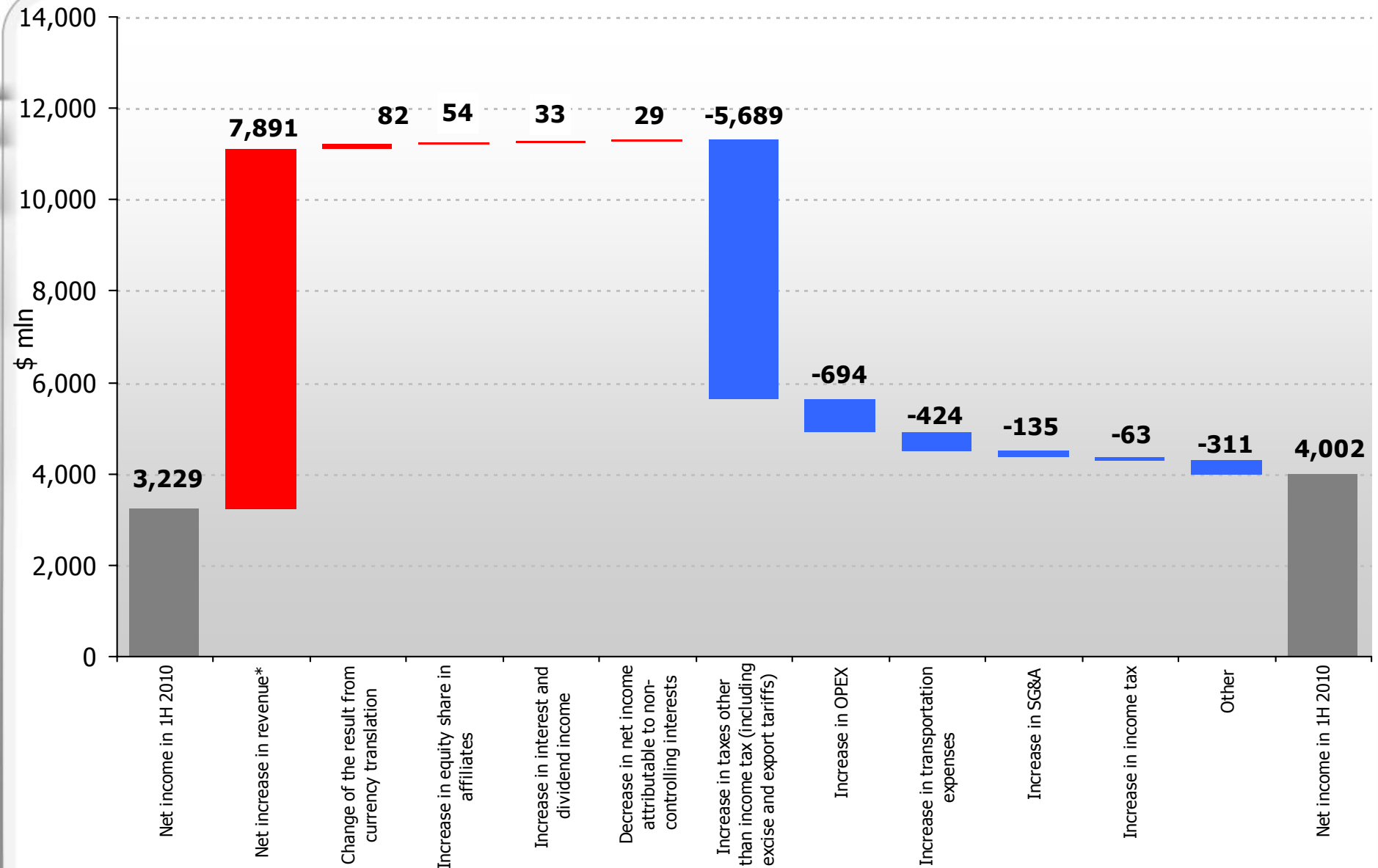


SG&A expenses



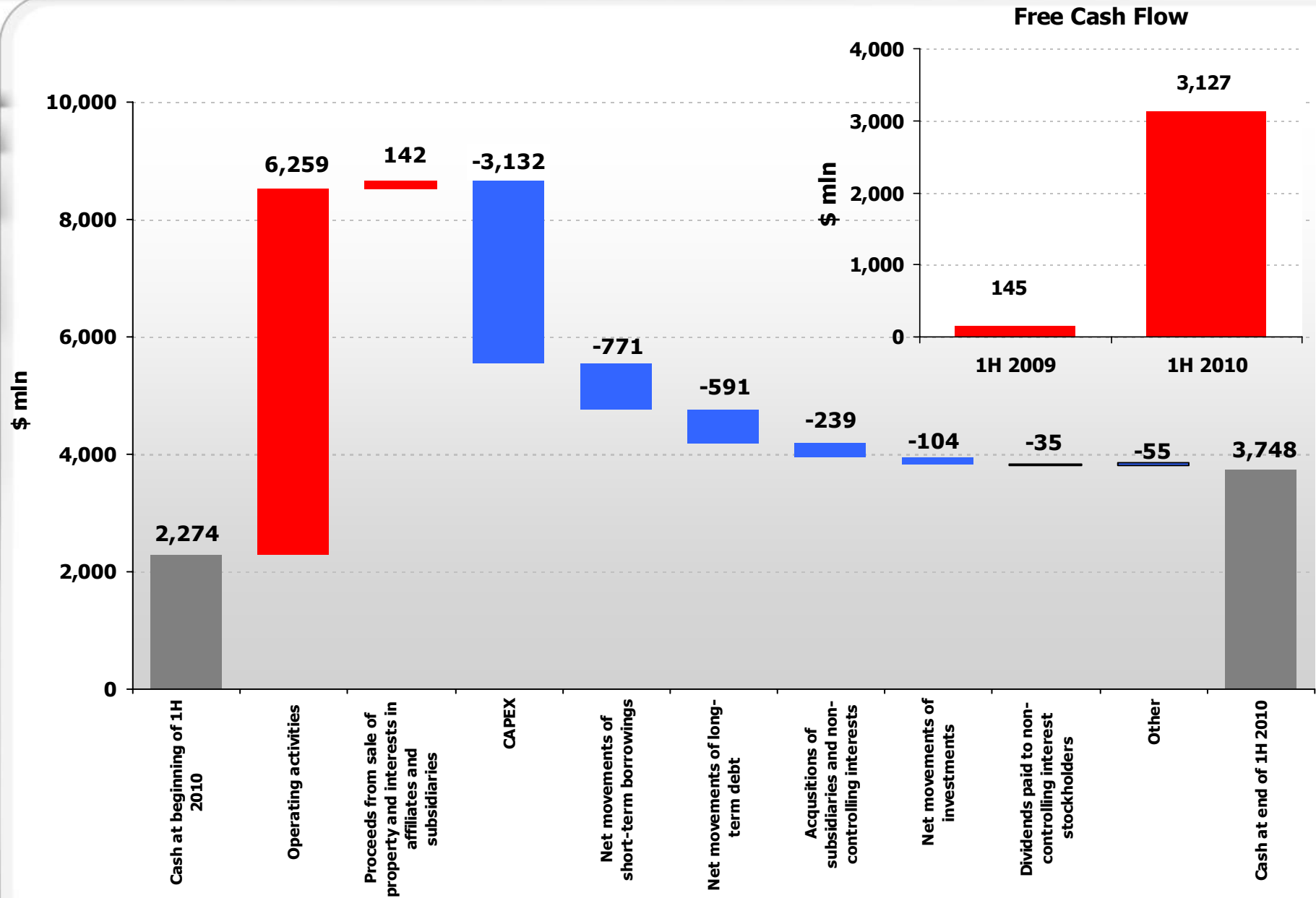
2Q 2010	1Q 2010	Δ, %	\$ million	1H 2010	1H 2009	Δ, %
1,429	1 351	+5.8	Transportation expenses	2,780	2,356	+18.0
853	802	+6.4	Other selling, general and administrative expenses	1,655	1,520	+8.9
2,282	2 153	+6.0	Total	4,435	3,876	+14.4

Net Income Reconciliation



* Change in revenue less purchases of oil and petroleum products.

1H 2010 Cash Flow Reconciliation



CAPEX Breakdown



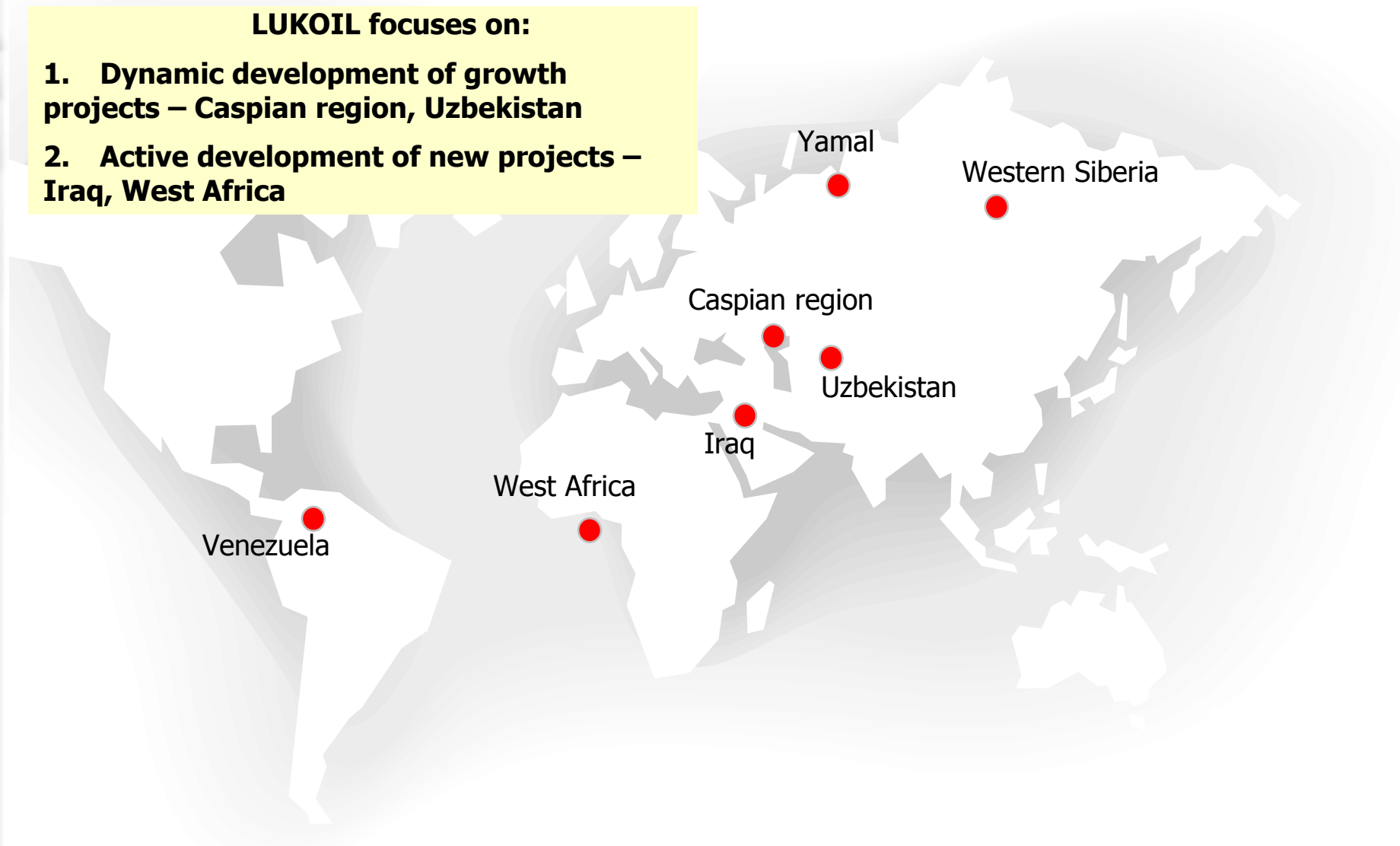
2Q 2010	1Q 2010	Δ, %	\$ mln	1 H 2010	1 H 2009	Δ, %
1,273	1,117	+14.0	Exploration and production	2,390	2,241	+6.6
976	862	+13.2	<i>Russia</i>	1,838	1,899	-3.2
297	255	+16.4	<i>International</i>	552	342	+61.4
304	228	+33.3	Refining and marketing	532	607	-12.4
219	160	+36.9	<i>Russia</i>	379	343	+10.5
85	68	+25.0	<i>International</i>	153	264	-42.0
20	23	-13.0	Petrochemicals	43	61	-29.5
10	2	+400	<i>Russia</i>	12	6	+100.0
10	21	-52.4	<i>International</i>	31	55	-43.6
111	89	+24.7	Power Generation	200	111	+80.2
14	11	+27.2	Other	25	20	+25.0
1,722	1,468	+17.3	Total (cash and non-cash)	3,190	3,040	+4.9

Company's Key Projects



LUKOIL focuses on:

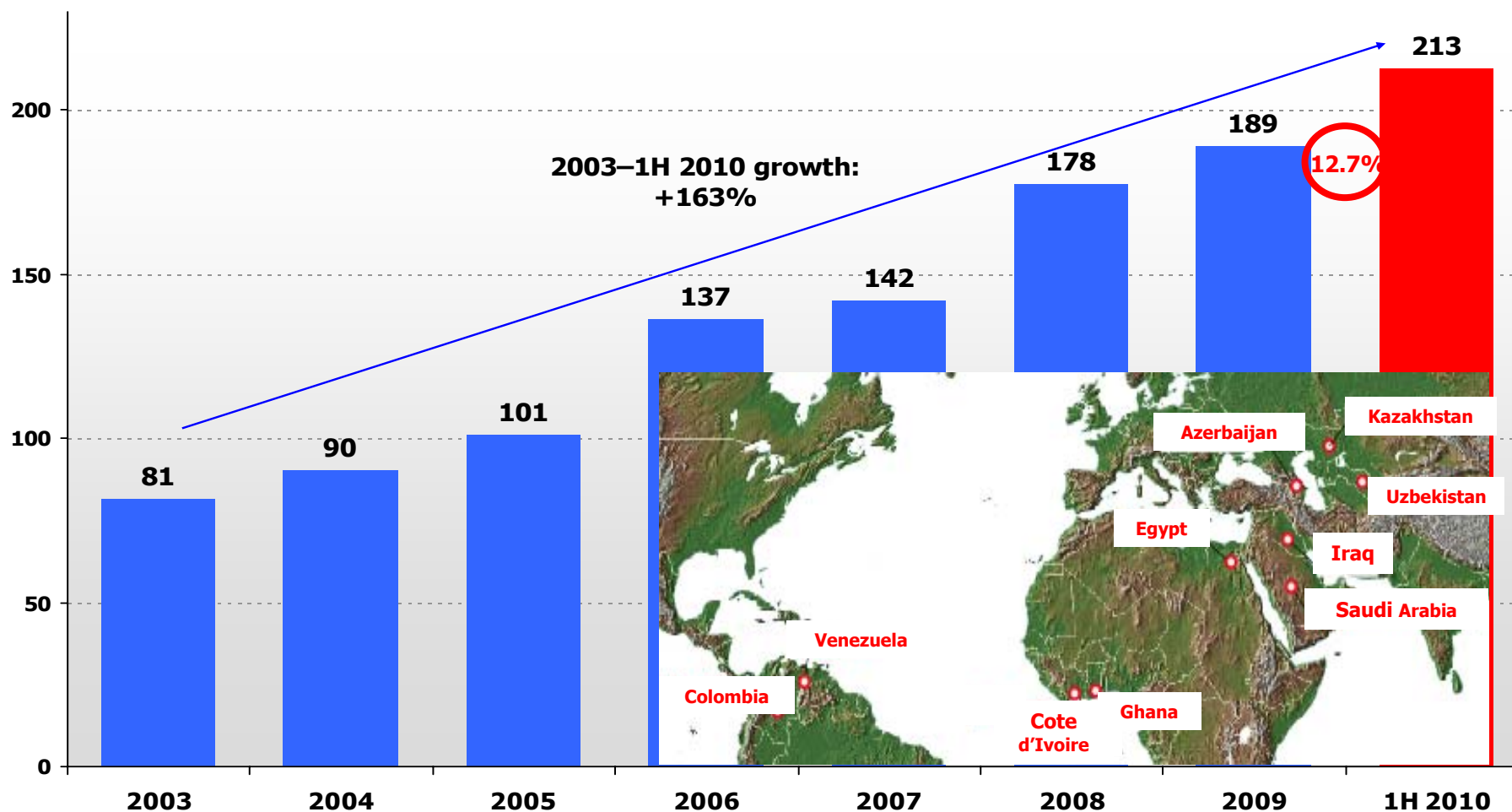
1. Dynamic development of growth projects – Caspian region, Uzbekistan
2. Active development of new projects – Iraq, West Africa



International Projects of LUKOIL Group

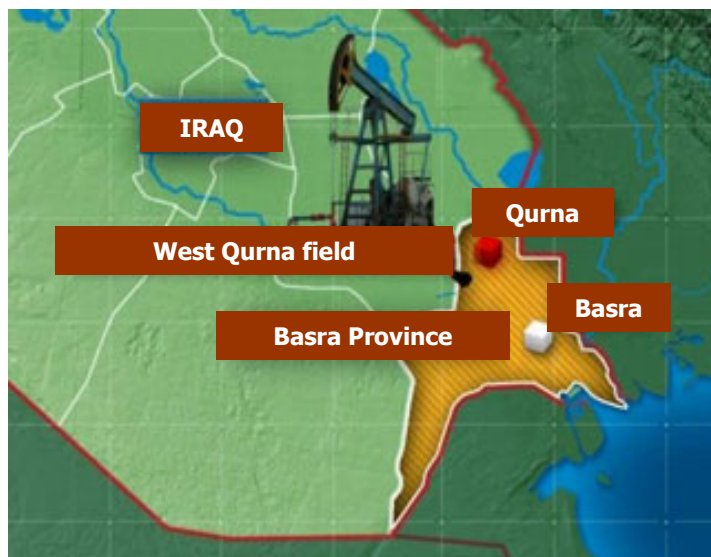


Marketable hydrocarbon production in international projects, th. boe per day



The Company will lower its overall risks and maintain competitive rates of return thanks to dynamic development of international E&P projects

West Qurna-2, Iraq (Early Oil)

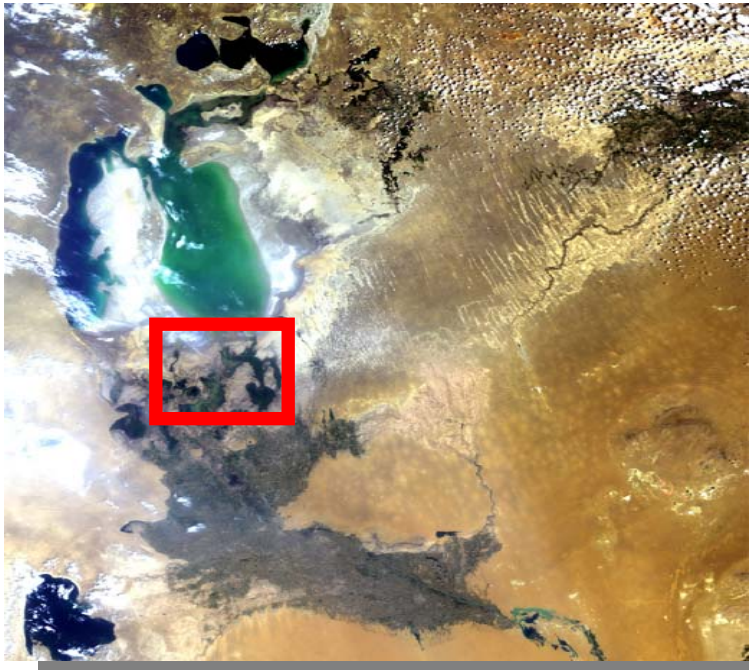


Total investments into the project in 2011-2013 will amount to \$ 5 bln

West Qurna-2 oil field is one of the world's 20 largest fields and second largest among fields which are not currently being developed

- **The first stage** (2011 – beginning of 2013): maximum expected oil production – **400 th. barrels per day** (about 20 mln tons per year)
 - Drilling of 67 wells
 - Launch of an oil treatment system of relevant capacity
 - Construction of an oil gathering system
 - Construction of an export pipeline (length – 70 km)
 - Construction of a tank farm
 - Installation of a power generation unit at the field

Uzbekistan – Reinforcing Success: Discovery of a New Field



Production sharing agreement (PSA) was signed on September 30, 2006, and came into effect on January 30, 2007.

The field is located in the western part of Uzbekistan in Karakalpakstan (North Ustyurt basin).

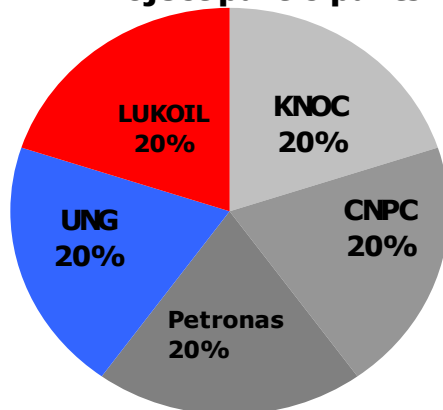
Gas-bearing capacity of Jurassic sediments was determined in the area of Kosbulaksky Lowland (North Ustyurt basin) on June, 16

Main characteristics:

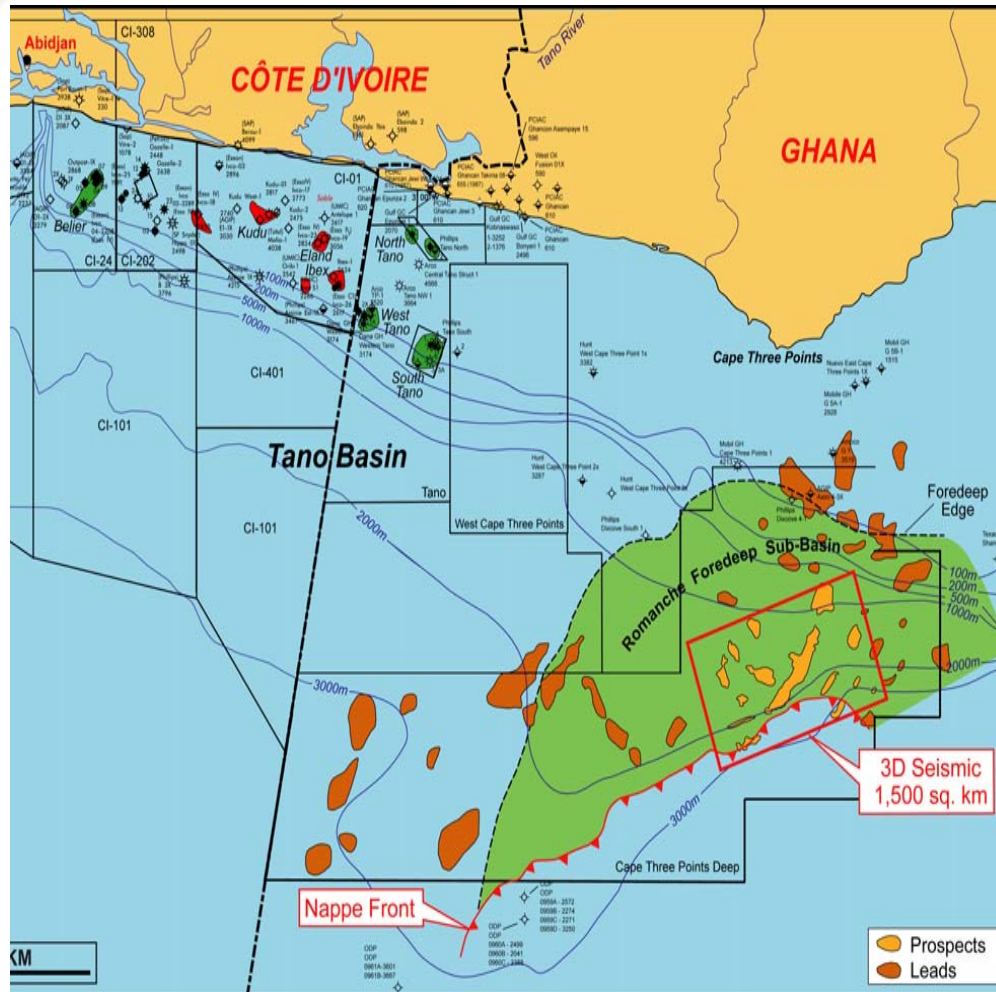
- Well depth – 3,300 meters
- Penetration of productive formations at an interval of 2,000-3,000 meters
- Daily flow rate – about 580 th. cubic meters

Analysis of obtained data and specification of discovered reserves is being carried out at present.

Project participants



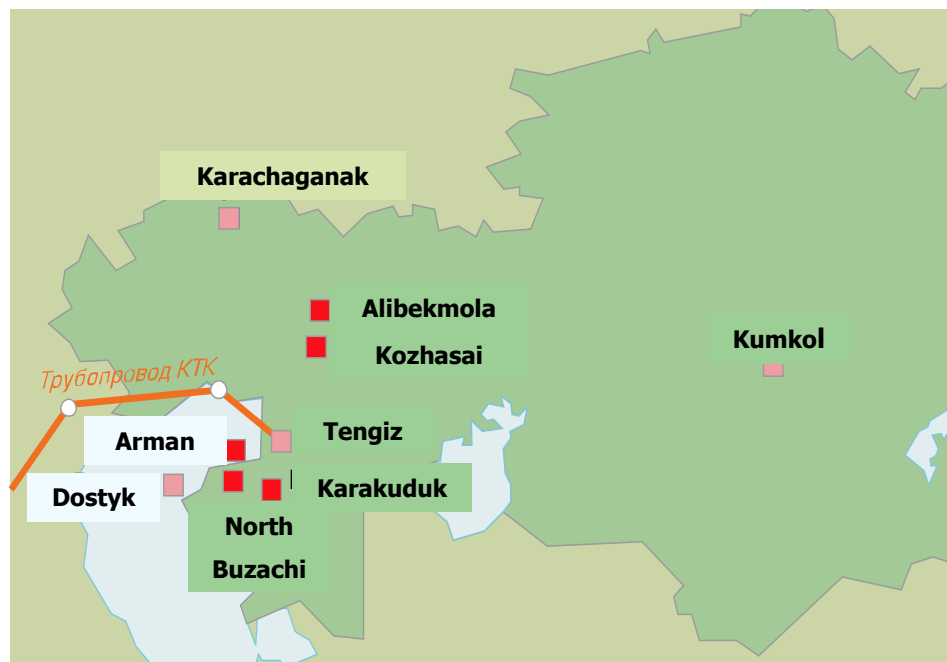
LUKOIL in West Africa



West Africa will become key factor of Company development abroad

- Deep water exploratory wells were drilled in Ghana and Cote d'Ivoire (sea depth of about 2,000 m)
- Total acreage of blocks is **10,500 square kilometers** – LUKOIL is one of the major players in West Africa by acreage of exploration assets
- The first stage (2011-2012): drilling of 11 appraisal and exploratory wells, which will provide reliable data on existing reserves
- Investment in geological exploration will amount to **\$700 – 900 mln**

Corporate Governance Standards: Mutually Beneficial Settlement of the "Old" Corporate Dispute

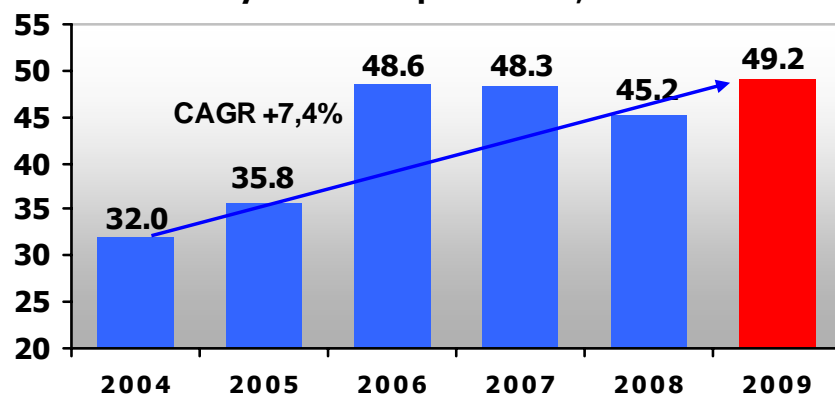


LUKOIL and Petrokazakhstan Inc. reached Amicable Agreement on the "old" corporate dispute regarding AO Turgai Petroleum

- Ownership structure remains unchanged (partners hold equal 50% stakes)
- **\$438 million** was paid to LUKOIL as compensation of damage

Settlement of the dispute paves the way to a new stage in strategic cooperation between LUKOIL and CNPC.

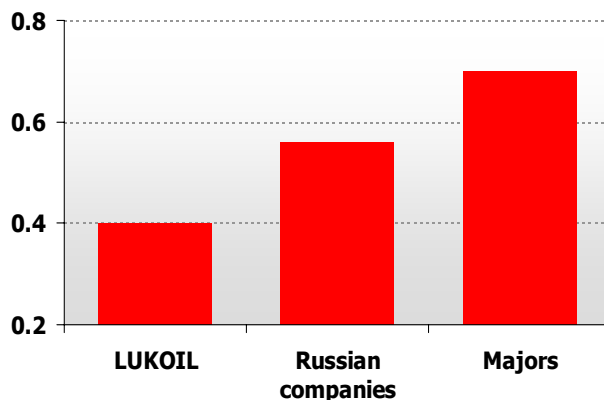
Hydrocarbon production, mln boe



Solid position on capital markets



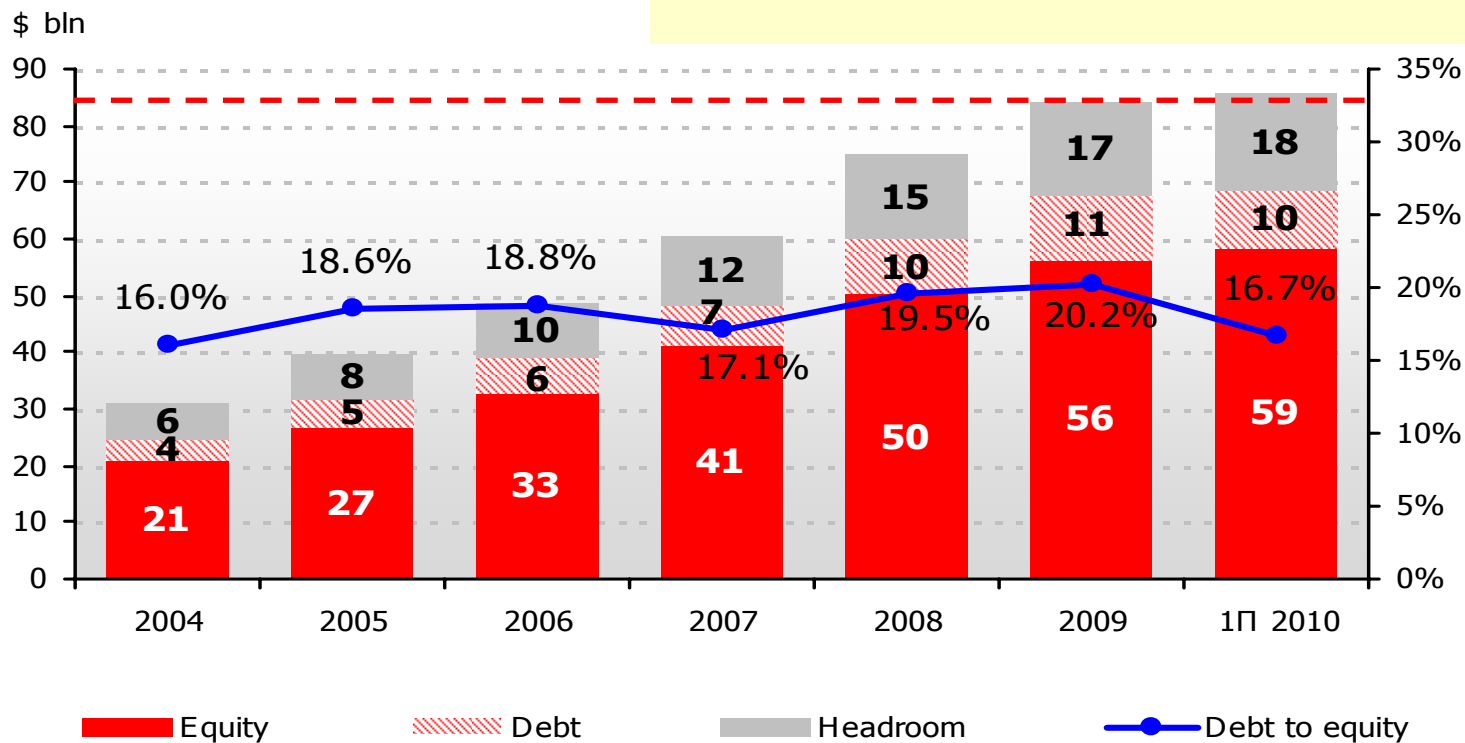
Net debt to EBITDA



LUKOIL maintains an optimal balance between borrowed and own capital, net debt to EBITDA is considerably lower than industry average, compared both to Russian and foreign companies.

Company's net debt decreased by more than **33.5%** and amounted to **\$6,015 mln** in 1H 2010 compared to 2009.

LUKOIL has considerable headroom that allows the Company to comfortably raise additional capital.



Conclusion



The Company plans to develop dynamically thanks to:

- Optimizing and significantly **reducing 2010 CAPEX and OPEX**
- **Dynamic development of Company's promising international E&P projects**
- **Development of R&M segment**
- Development of a program aimed at **securing positive cash flows** amid financial instability
- Maintaining **conservative** financial policy, keeping **access** to domestic and international financial sources **comfortable and open**