PRESS RELEASE
NOVEMBER 25, 2011

LUKOIL 9M 2011 NET INCOME REACHED $9.0 BILLION, FREE CASH FLOW AMOUNTED TO $ 7.7 BILLION

LUKOIL has published consolidated US GAAP financial statements for the third quarter and 9 months of 2011.

The Company's net income was $9,012 million in the 9 months of 2011, which is 32.1% higher y-o-y, including $2,244 million in the third quarter. EBITDA in the 9 months of 2011 was $15,316 million, which is 27.8% higher y-o-y. Sales revenues were $99,101 million (+29.9% y-o-y). Positive dynamics of our financial results was mainly due to an increase in hydrocarbon prices in the 9 months of 2011 compared to the same period of 2010.

Net income for the third quarter 2011 was negatively affected by losses in the amount near $570 million due to depreciation of Russian ruble, including near $340 million of tax on currency translation gain of Russian LUKOIL subsidiaries.

The Company's strict financial discipline and efficient costs management helped to generate record high free cash flow in the 9 months of 2011 compared to the same period of previous years. Free cash flow reached $7,712 million in the 9 months of 2011 compared to $6,964 million in the 9 months of 2010. Capital expenditures including non-cash transactions in the 9 months of 2011 were $5.6 billion, which is 19.7% higher y-o-y.

In the 9 months of 2011, lifting costs per boe of production were $4.74, which is 17.3% higher y-o-y. The growth was mainly due to the real ruble appreciation by 14.6%.

In the 9 months of 2011, LUKOIL Group total hydrocarbon production available for sale reached 2,143 th. boe per day, which is a 4.7% decrease y-o-y.

In the 9 months of 2011 throughputs at the Company's refineries (including its share in crude oil and petroleum product throughput at the ISAB and TRN refining complexes) decreased by 1.4% y-o-y and reached 48.72 mln tones. In the 9 months of 2011, throughputs at the Company's refineries in Russia increased by 0.1% y-o-y, throughputs at the Company's international refineries decreased by 4.8% y-o-y due to shutdown of the Odessa Refinery because of unfavorable economic conditions.

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

CONSOLIDATED STATEMENT OF INCOME

	9 months of	
	2011	**2010**
	(millions of US dollars)	
Revenues		
Sales (including excise and export tariffs)	99,101	76,272
Costs and other deductions		
Operating expenses	(6,858)	(6,165)
Cost of purchased crude oil, gas and products	(43,058)	(31,002)
Transportation expenses	(4,677)	(4,169)
Selling, general and administrative expenses	(2,845)	(2,557)
Depreciation, depletion and amortization	(3,345)	(3,114)
Taxes other than income taxes	(9,811)	(6,522)
Excise and export tariffs	(16,519)	(14,072)
Exploration expense	(309)	(175)
(Loss) gain on disposals and impairments of assets	(171)	29
Income from operating activities	**11,508**	**8,525**
Interest expense	(532)	(535)
Interest and dividend income	144	144
Equity share in income of affiliates	510	335
Currency translation loss	(312)	(101)
Other non-operating income (expense)	287	225
Income before income taxes	**11,605**	**8,593**
Current income taxes	(2,071)	(1,678)

Deferred income taxes	(500)	18
Total income tax expense	**(2,571)**	**(1,66)**
Net income	**9,034**	**6,933**
Net loss (net income) attributable to non-controlling interests	(22)	(113)
Net income attributable to OAO LUKOIL	**9,012**	**6,82**
Earnings per share of common stock attributable to OAO LUKOIL (US dollars):		
Basic	11.55	8.16
Diluted	11.31	8.16

Full consolidated US GAAP financial accounts of LUKOIL for the 9 months of 2011 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.