PRESS RELEASE
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LUKOIL NET INCOME REACHED $3.8 BILLION IN THE FIRST QUARTER OF 2012, EBITDA AMOUNTED TO $5.3 BILLION

LUKOIL has published consolidated US GAAP financial statements for the first quarter of 2012.

The Company's net income was $3,789 million in the first quarter of 2012, which is 7.7% higher y-o-y. EBITDA was $5,346 million, which is 0.1% higher y-o-y. Sales revenues were $35,261 million (+19.0% y-o-y). Net debt decreased by $1,083 million or by 17.1% q-o-q in the first quarter of 2012. Positive dynamics of our financial results was mainly due to an increase in hydrocarbon prices in the first quarter of 2012 compared to the respective period of 2011.

Capital expenditures including non-cash transactions in the first quarter of 2012 were $2.5 billion, which is 43.0% higher y-o-y. Free cash flow was $1,458 million in the first quarter of 2012.

In the first quarter of 2012, lifting costs per boe of production were $4.70, which was flat compared to the first quarter of 2011. Cost inflation was offset by ruble depreciation and efficient cost management.

In the first quarter of 2012, LUKOIL Group total hydrocarbon production available for sale reached 200.0 million boe, which is a 0.4% increase y-o-y. Crude oil and natural gas liquids production of LUKOIL Group in the first quarter of 2012 totaled 169.0 million bbl. Production of gas available for sale increased by 13.6% y-o-y, to 5.27 bcm, mainly due to a 70.2% y-o-y increase in gas production in Uzbekistan.

In the first quarter of 2012 throughputs at the Company's refineries (including its share in crude oil and petroleum product throughput at the ISAB and Zeeland refining complexes) increased by 1.5% y-o-y and reached 1.257 million barrels per day. Output at the Company's refineries in Russia increased by 0.7% y-o-y, while output at the Company's international refineries increased by 9.7% y-o-y mainly due to an increase in shareholding in ISAB refining complex from 49% to 60%.

Measures aimed at higher efficiency and cost control allow the Company to increase net income and operating efficiency.

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CONSOLIDATED STATEMENT OF INCOME

	3 months of	
	2012	2011
	(millions of US dollars)	
Revenues		
Sales (including excise and export tariffs)	35,261	29,626
Costs and other deductions		
Operating expenses	(2,215)	(2,138)
Cost of purchased crude oil, gas and products	(16,368)	(12,845)
Transportation expenses	(1,605)	(1,420)
Selling, general and administrative expenses	(829)	(825)
Depreciation, depletion and amortization	(1,095)	(1,059)
Taxes other than income taxes	(3,478)	(2,822)
Excise and export tariffs	(5,577)	(4,614)
Exploration expense	(43)	(28)
Loss on disposals and impairments of assets	(9)	(3)
Income from operating activities	4,042	3,872
Interest expense	(161)	(173)
Interest and dividend income	66	45
Equity share in income of affiliates	181	169
Currency translation loss	(86)	(65)
Other non-operating (expense) income	(22)	222
Income before income taxes	4,020	4,070
Current income taxes	(487)	(331)
Deferred income taxes	120	(308)
Total income tax expense	(367)	(639)
Net income	3,653	3,431

Plus: net loss attributable to non-controlling interests	136	86
Net income attributable to OAO LUKOIL	3,789	3,517
Basic and diluted earning per share of common stock attributable to OAO LUKOIL(in US dollars)		
Basic	4.90	4.50
Diluted	4.79	4.41

Full consolidated US GAAP financial accounts of LUKOIL for the first quarter of 2012 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.