PRESS RELEASE
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LUKOIL 1H 2012 NET INCOME REACHED $4.8 BILLION, EBITDA AMOUNTED TO $8.8 BILLION

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

The Company's net income was $4,807 million in the first half of 2012, which is a 29.0% decrease y-o-y. EBITDA was $8,808 million, which is a 17.6% decrease y-o-y. Negative effect of foreign exchange differences had a significant impact on net income. Nevertheless, LUKOIL continues to show the best financial efficiency in the industry.

Sales revenues reached $67,658 million (+4.8% y-o-y). Net debt in the first half of 2012 decreased by $893 million or by 14.1% in comparison with the beginning of the year.

Capital expenditures including non-cash transactions in the first half of 2012 were $5.4 billion. Free cash flow in the first half of 2012 was$1,699 million.

In the first half of 2012, lifting costs per boe of production were $4.86, which is a 2.0% decrease y-o-y. Cost inflation was offset by ruble depreciation in the second quarter of 2012 and efficient cost management.

In the first half of 2012, LUKOIL Group total hydrocarbon production available for sale reached 395.1 million boe, which is a 0.2% decrease y-o-y. Crude oil and natural gas liquids production of LUKOIL Group in the first half of 2012 totaled 336.4 million bbl. Production of gas available for sale increased by 10.1% y-o-y, to 9.96 bcm, mainly due to launch of new gas projects in Uzbekistan.

In the first half 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) decreased by 1.3% y-o-y and reached 1.280 million barrels per day. Output at the Company's refineries in Russia decreased by 3.6% y-o-y mainly due to scheduled maintenance at the Nizhny Novgorod Refinery in the first half of 2012, while output at the Company's international refineries increased by 6.6% y-o-y mainly due to an increase in shareholding in ISAB refining complex from 49% to 60%.

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

CONSOLIDATED STATEMENT OF INCOME

	1st half of	
	2012	**2011**
	(millions of US dollars)	
Revenues		
Sales (including excise and export tariffs)	67,658	64,358
Costs and other deductions		
Operating expenses	(4,542)	(4,578)
Cost of purchased crude oil, gas and products	(30,784)	(28,007)
Transportation expenses	(3,102)	(3,073)
Selling, general and administrative expenses	(1,761)	(1,802)
Depreciation, depletion and amortization	(2,272)	(2,208)
Taxes other than income taxes	(6,939)	(6,369)
Excise and export tariffs	(11,667)	(10,391)
Exploration expense	(147)	(113)
Loss on disposals and impairments of assets	166	(160)
Income from operating activities	**6,610**	**7,837**
Interest expense	(321)	(350)
Interest and dividend income	132	91
Equity share in income of affiliates	344	342
Currency translation loss	(396)	(158)
Other non-operating (expense) income	(67)	335
Income before income taxes	**6,302**	**8,097**
Current income taxes	(1,592)	(980)
Deferred income taxes	52	(473)

Total income tax expense	**(1,540)**	**(1,453)**
Net income	**4,762**	**6,644**
Net loss attributable to non-controlling interests	45	124
Net income attributable to OAO LUKOIL	**4,807**	**6,768**
Basic and diluted earning per share of common stock attributable to OAO LUKOIL (in US dollars)		
Basic	6.27	8.66
Diluted	6.15	8.48

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