PRESS RELEASE
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LUKOIL NET INCOME REACHED RECORD $11.0 BILLION IN 2012, FREE CASH FLOW AMOUNTED TO $6.4 BILLION

LUKOIL has published consolidated US GAAP financial statements for 2012.

The Company's 2012 net income rose by 6.2% and reached record $11,004 million. EBITDA (earnings before interest, taxation, depreciation and amortization) rose by 1.7% and reached $18,915 million. Sales revenues were $139,171 million (+4.1% y-o-y).

The Company's strict financial discipline and cost control helped to keep hydrocarbon extraction expenses in 2012 on the level of 2011, it amounted to $5.0 per boe. Free cash flow in 2012 amounted to $6,429 million.

Capital expenditures, including non-cash transactions, in 2012 were $11,850 million, which is 39.5% higher than in 2011. The Company's net debt reduced by 41.5% to $3,707 million.

Commercial hydrocarbon production by LUKOIL Group for 2012 amounted to 2,170 thousand boe per day, which is 0.2% higher y-o-y.

In 2012, throughputs at the Company's own and affiliated refineries increased by 1.8% y-o-y up to 66.1 million tons.

LUKOIL is the second largest tax payer in Russian oil industry. In 2012 taxes paid by LUKOIL in Russia amounted to 1.1 trillion roubles.

LUKOIL is the largest high-octane gasoline producer in Russia. In 2012 Russian refineries of the Group produced 6.9 million tons of high-octane gasoline, which is 7.8% higher y-o-y. Since 2012 all gasoline produced by LUKOIL is EURO-5.

Consolidated statement of income

	2012	2011	2010
	(millions of US dollars)		
Revenues			

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Sales (including excise and export tariffs)	139,171	133,650	104,956
Costs and other deductions			
Operating expenses	(9,359)	(9,055)	(8,298)
Cost of purchased crude oil, gas and products	(64,148)	(59,694)	(43,250)
Transportation expenses	(6,171)	(6,121)	(5,608)
Selling, general and administrative expenses	(3,755)	(3,822)	(3,558)
Depreciation, depletion and amortization	(4,832)	(4,473)	(4,154)
Taxes other than income taxes	(13,666)	(12,918)	(8,978)
Excise and export tariffs	(22,836)	(22,217)	(18,878)
Exploration expense	(364)	(532)	(336)
Profit (loss) on disposals and impairments of assets	30	(1,663)	(363)
Income from operating activities	**14,070**	**13,155**	**11,533**
Interest expense	(538)	(694)	(712)
Interest and dividend income	257	211	174
Equity share in income of affiliates	518	690	472
Currency translation loss	(512)	(301)	(122)
Other non-operating (expense) income	(72)	58	125
Income before income taxes	**13,723**	**13,119**	**11,470**
Current income taxes	(2,738)	(2,678)	(2,104)
Deferred income taxes	(60)	(615)	(247)
Total income tax expense	**(2,798)**	**(3,293)**	**(2,351)**
Net income	**10,925**	**9,826**	**9,119**
Net loss (income) attributable to noncontrolling interests	79	531	(113)
Net income attributable to OAO LUKOIL	**11,004**	**10,357**	**9,006**

Earning per share of common stock attributable to OAO LUKOIL			
(in US dollars):			
Basic	14.47	13.30	10.95
Diluted	14.17	13.04	10.94

Full consolidated US GAAP financial accounts of LUKOIL for 2012 are available on the Company's web sites: www.lukoil.com and www.lukoil.ru.