PRESS RELEASE
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# OAO BOARD OF DIRECTORS APPROVES KEY INDICATORS FOR 2011-2013 MID-TERM PLAN, AND BUDGET AND INVESTMENT PROGRAM FOR 2011

The OAO LUKOIL Board of Directors, at its meeting in Moscow today, approved the key indicators of the LUKOIL Group 2011-2013 Mid-term Plan and also the budget and investment program for 2011.

The basic scenario of the Mid-term Plan was developed in accordance with the scenario options of the Russian Federation Budget.

The draft plan provides for a step-by-step alignment of the petroleum product duties and the expected rise of the petroleum-product excise tax.

The draft is also based on lower duties granted to LUKOIL in the fourth quarter 2010 for the oil produced at the Yu.Korchagin and V.Filanovsky fields in the North Caspian.

At the same time, the plan does not take into account the draft law that establishes a higher Mineral Extraction Tax for gas starting from 2011, and for oil – starting from 2012.

The 2011 plan was drafted by way of consolidation of the draft budgets of the LUKOIL Group subsidiaries, given the measures aimed at higher revenues, lower costs and better operational performance.

In hydrocarbon production, a four-percent compound annual growth rate (CAGR) is expected in Exploration & Production over 2011-2013. The plan also includes measures aimed at ensuring hydrocarbon production growth through increasing gas production due to proactive implementation of the Program for Utilization of Associated Petroleum Gas and higher production of natural gas at the Khauzak-Shady field in Uzbekistan. However, the plan does not take into account the impact of higher Mineral Extraction Tax rates.

In the Refining & Marketing, the oil distribution pattern for 2011-2013 is based on a step-by-step alignment of duties for petroleum products and on optimization of crude supplies to the Company's refineries in Russia as its most efficient business, provided Transneft ensures maximum availability of its pipeline system for running the Company's oil, and also considering the limitations of the petroleum-product

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shipping infrastructure and the scheduled maintenance operations at the refineries.

The Company's strategy includes maximum focus on a higher cash flow, optimized and reduced operating expenses, and on brisk international business.

The investment pattern with a breakdown by business segment for the three-year period is shown below:

· Exploration & Production – up to 80%;

· Refining & Marketing – up to 20%.

The program also provides for a gradual increase in dividend payouts.

The Board of Directors also decided to continue efforts aimed at the creation within the Company of a unified research and design body to pursue long-term goals and reach the technological level of the world's leading oil companies through innovation development, identification and implementation of new breakthrough technologies, higher efficacy of design solutions, superior technical competencies and better knowledge management.

Given today's business division into Exploration & Production and Refining & Marketing, the Company is proactive in creating unified engineering centers for the respective business segments:

· OOO LUKOIL-Engineering for Exploration & Production;

· OAO LUKOIL-Nizhegorodniinefteproekt for Refining & Marketing;

· OOO LUKOIL-Energoengineering for the Power Generation segment.