PRESS RELEASE
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OAO LUKOIL BOARD OF DIRECTORS APPROVES LUKOIL GROUP STRATEGIC DEVELOPMENT PROGRAM FOR 2012-2021

The OAO LUKOIL Board of Directors held a meeting in Moscow today to approve the LUKOIL Group Strategic Development Program for 2012-2021.

According to the Program, the key objective of the Company for the period is to reach the dynamics of sustainable production growth. The average annual growth rate of hydrocarbon production over the next ten years is expected to be at least 3.5%. The major part of the production increment is expected to come from the Company's promising projects in Iraq, Central Asia, the Caspian Sea and the Yamal-Nenets Autonomous District. Production will also continue to grow in the traditional regions due to a significantly greater amount of reserves involved in development. Hydrocarbon production will be completely compensated for by an increment in reserves due to a higher oil recovery factor resulting from broad application of state-of-the-art field exploration and development technologies.

Within the next decade, the Company's Refining&Marketing Business Segment is planning a significant (over 2.5 times) reduction in the output of dark petroleum products at Russian refineries. The implementation of upgrade projects will allow the Company to increase gasoline output at its Russian refineries almost 1.5 times (or up to 9.5 million tons per year) by 2021, while the refining depth will reach almost 95%.

The top priority in the Company's business in 2012-2021, as before, will be personal, environmental, industrial and social safety.

The Program pays special attention to ensuring a balance between the free cash allocated for development purposes (implementation of investment projects), on the one hand, and for shareholder payments, on the other. As a result, the Company's free-cash flow in the coming decade will increase significantly, while shareholder value will grow several times over.

The new strategy will be presented to the financial and investment community in the first quarter of 2012.

The Board of Directors also approved the key indicators of the LUKOIL Group Midterm Plan for 2012-2014.

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The Midterm Plan had been developed based on Brent price projections, ranging from USD 96.2 per barrel in 2012 to USD 108.6 per barrel in 2014.

LUKOIL Group's investment costs for 2012-2014 are expected to be approximately USD 48 billion, including USD 13.9 billion in 2012. These investments will be used to create groundwork for the Company's consistent and sustainable production growth in the coming decade. In particular, large production projects in Iraq (West Qurna-2), in the Caspian Sea (Filanovsky field), in West Siberia (Pyakyakhinskoye field), in Uzbekistan (the Kandym group of fields) and a number of other projects will be launched.

The Board of Directors also discussed the issue of utilizing cutting-edge technologies and innovations in the exploration and production of oil and gas.

As part of a program aimed at testing and implementing new technologies, 381 projects were executed in 2009, as against 625 projects in 2010 and 1,081 ones in 2011. Plans have it that 1,227 projects are to be implemented in 2012.

The year 2011 saw a technological breakthrough that helped improve the forecast for the economically efficient commissioning of an additional 3.6 billion barrels of oil in 2012-2021 by increasing the recovery factor at Russian fields. The greatest effect comes from the implementation of new technical and technological approaches providing maximum contact with the reservoir while drilling new production wells and sidetracks for the existing wells, and also from well-completion technologies utilizing multi-zone hydrolic fracturing which triples the flow rates.