PRESS RELEASE
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LUKOIL BOARD OF DIRECTORS SUMMARIZES COMPANY'S PERFORMANCE IN 2011 AND SETS PRIORITIES FOR 2012

The OAO LUKOIL Board of Directors held a meeting in Moscow today to summarize the Company's preliminary performance results in 2011 and set priorities for 2012 and the near term.

According to the Russian classification, the hydrocarbon reserves increment in 2011 may reach 143 million tons of reference fuel (TRF). Five fields (in the Komi Republic, the Perm Region, Western Siberia and the Volgograd Region) were discovered. In addition, 20 new deposits were discovered at the fields already under development. The year saw the commencement of raw hydrocarbon production at two new fields located in the Perm Region and the Volgograd Region.

In 2011, hydrocarbon production by LUKOIL Group (including what is produced by subsidiaries and the share in affiliated companies' production) is expected to total 112.7 million TRF, which is 4.6 million TRF lower than in 2010. As for crude oil, LUKOIL Group's expected production figure is 90.7 million tons, of which 84.7 million tons will be produced in the Russian Federation and 6 million tons abroad.

A technological break-through achieved in 2011 allowed to enhance the forecast of an economic commencement in 2012-2021 of an additional 3.6 billion barrels of oil reserves by way of raising the oil recovery factor at fields within the Russian Federation. Maximum efficiency was achieved thanks to the introduction of new technical and engineering approaches enabling maximum contact with the collector as new production wells and sidetracks of the existing wells are drilled, and also the application of well completion techniques characterized by multi-zone fracturing, which tripled the rates.

Gas production volume by LUKOIL Group is expected to reach 22 billion cubic meters in 2011, a 3.2% increment on the 2010 figure.

Last year, LUKOIL exported 41.3% of the oil produced in Russia.

The oil stock refining volume for the Company's refineries is expected to be 53.5 million tons in 2011, including 45.3 million tons for the Russian refineries (including mini-refineries) and 8.2 million tons for the overseas refineries, due to the raising of the Company's stake in the ISAB Complex up to 60%. Yet, as against

2010, the overall volume of refining has gone down by 3% in connection with the scheduled outage at the PAO "LUKOIL Odessa Refinery" and the lowered loading of the refineries in Bulgaria and Romania, which is part of operational planning aimed at minimizing the operation losses.

The retail sales volume of petroleum and gas products via the LUKOIL Group marketing organizations will total 15.7 million tons, 6.1 % higher than in 2010. The sales of the Russian companies supplying petroleum products rose by 17.8% and came to 8.3 million tons The retail sales of petroleum products by the European interregional companies will exceed 6.6 million tons in 2011, which is 4% higher compared with the 2010 level.

LUKOIL Group's investments in 2011 are expected to reach USD 9.8 billion (+ 22% to the level of 2010). In the "Geological Exploration&Production" business segment, investments will grow 29% to reach USD 7.6 billion. In "Refining&Marketing", investments in 2011 are expected at the level of USD 2 billion, which will allow to produce more gasoline of premium quality.

RUR 4.9 billion was allocated to the financing of science and technology in 2011. The financing volume of the Program for Industrial Safety, Improvement and Protection of Labor Conditions, and Prevention and Response to Emergency Situations topped RUR 7 billion in 2011. Over RUR 20 billion were spent on environmental safety measures in 2011.

According to the preliminary estimates, tax proceeds and customs dues transferred by LUKOIL Group to the Russian Federation Budget is expected to be approximately RUR 1,026 billion, which exceeds last year's total by RUR 255 billion. This makes LUKOIL the Russian Federation's second biggest taxpayer.

LUKOIL's Board of Directors defined the following primary objectives for 2012 and the near future:

- stabilization and maintenance of the production volume in the traditional regions of operation;

- implementation of plans for new top priority projects in Russia (the Northern Caspian Sea, fields located at the Bolshekhetskaya Depression);

- continued implementation of overseas projects in the deep waters of West Africa, the Romanian sector of the Black Sea shelf, and the Aral Sea shelf in Uzbekistan, as well as the Uzbek projects of Gissar and Khauzak-Shady-Kandym;

- implementation of key tasks under the West Qurna-2 project;

- implementation of a program aimed at increasing the associated petroleum gas utilization level for 2011-2013;

- implementation of a program intended to modernize the Company's refineries, including the construction of a new delayed coking unit in Perm, a vacuum gasoil hydrocracking unit in Volgograd, a second catalytic cracking unit and a heavy residue hydrocracking unit in Nizhny Novgorod.

According to the Program of the LUKOIL Group Strategic Development for 2012-2021, approved by the OAO LUKOIL Board of Directors on December 1, 2011, maintenance of the competitive level of the return on capital employed, a higher free cash flow and increased return on shareholder value are considered OAO LUKOIL 's top priorities for 2012.

Information provided in this press release presents expected results of OAO LUKOIL operations in 2011. It was generated based on the latest preliminary operational and financial data, which hasn't been financially audited. The information represents a preliminary assessment only, which can be adjusted after statistical, financial, fiscal and business reporting becomes available. The information about the LUKOIL Group operating results in this press release depends on many external factors and therefore, provided all permanent obligations imposed by the London Stock Exchange listing rules are unconditionally observed, cannot qualify for accuracy and completeness and should not be regarded as an invitation for investment. Therefore, the results and indicators achieved in reality may significantly differ from any declared or forecast operating results in 2011. OAO LUKOIL assumes no obligation (and expressly declares that it has no such obligation) to update or change any declarations concerning any future results, whether due to new information obtained, any future events or for any other reasons.