PRESS RELEASE
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LUKOIL BOARD OF DIRECTORS APPROVES THE COMPANY'S 2011 ANNUAL REPORT

The OAO LUKOIL Board of Directors granted preliminary approval to OAO LUKOIL's 2011 Annual Report, in Moscow today, in accordance with the Federal Law of the Russian Federation on Joint-stock Companies and the Company's Charter. The document is recommended for approval at the General Shareholders Meeting which will take place on June 27, 2012 in Moscow.

The Board of Directors also approved the OAO LUKOIL 2011 Corporate Governance Report to be further disclosed in accordance with the Disclosure Rules and Transparency Rules of the UK Financial Services Authority.

The Board of Directors also listened to a report on the performance of LUKOIL Group's systems of internal control, internal audit and risk management, with all systems operating in compliance with the International Standards for the Professional Practice of Internal Auditing by the Institute of Internal Auditors Inc., USA. The Board of Directors acknowledged general compliance of the OAO LUKOIL internal auditing activities with the Definition of Internal Auditing and the Code of Ethics by the Institute of Internal Auditors Inc.

The meeting also approved and positively evaluated the OAO LUKOIL BOD Performance Report for 2011-2012.

The Board of Directors also analyzed the outcomes and outlooks for the international projects in hydrocarbon production and noted that the Company's activities in this business segment in 2007-2011 were conducted in compliance with the approved strategy and current plans.

As part of implementation of international oil and gas projects, LUKOIL created favorable conditions for the development of the existing hydrocarbon production centers and creation of new ones, and moved into new promising regions. The proven reserves across the Company's international projects increased by 23% in the period from 2007 to 2011 and currently total 1.64 billion BOE. It is expected that mid-term implementation of international upstream projects will allow to bring their share in LUKOIL's total production volume up to 17% over the next decade.

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