PRESS RELEASE
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# LUKOIL BOARD OF DIRECTORS SUMMARIZES COMPANY PERFORMANCE IN 2012 AND SETS PRIORITIES FOR 2013

The LUKOIL Board of Directors held a meeting in Moscow today to summarize the Company's preliminary performance results in 2012 and set priorities for 2013 and the near term.

Under the Russian classification, its hydrocarbon reserves increment, due to geological exploration, may reach 137.6 million tons of reference fuel in 2012. Five fields were discovered in Perm Region, the Republic of Tatarstan, Volgograd Region and the Republic of Uzbekistan. In addition, 18 new deposits were discovered within the previously discovered fields. The year 2012 saw the commencement of raw hydrocarbon production at seven new fields.

In 2012, LUKOIL Group's hydrocarbons production, including volumes produced by its subsidiaries and also the share in affiliated companies' production, is expected at the level of 114.4 million tons of reference fuel. This is 1.4 million tons higher than in 2011 and is the result of greater volumes of gas produced within Russia and overseas. The estimated oil production rate in LUKOIL Group totals 89.9 million tons, including 84.2 million tons in Russia and 5.6 million tons overseas.

Significantly higher volumes of drilling and of geological and engineering activities in 2012 made it possible to reverse the downward trend and provide stability in the production of crude. To achieve the strategic goal of raising the recovery factor the Company is working to enhance oil recovery by applying gas and water-gas methods, polymer flooding, technologies of multiple completion of wells and of maximum reservoir contact.

The gas production volume by LUKOIL Group is expected to reach 24.5 billion cubic meters in 2012, which will exceed that of 2011 by 11.2%.

The oil stock refining volume for LUKOIL refineries is expected to be 53 million tons in 2012, 44.4 million tons for the Russian refineries (including mini-refineries) and 8.6 million tons for the overseas refineries. The Company's share in the processing volume at the ISAB and Zeeland complexes is expected to reach 13.2 million tons.

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The share of the Euro-3, 4 and 5 compliant automobile gasolines is expected to reach 99.3% within the reporting period. Since July 1, 2012, all LUKOIL refineries in Russia have been manufacturing exclusively Euro-5 compliant automobile gasolines, ahead of the requirements of the State Technical Regulations.

The retail sales volume of petroleum and gas products attributed to LUKOIL Group marketing organizations will total 16 million tons, 1% higher than in 2011. The sales of the Russian petroleum-product supplying companies rose by more than 5% and came to around 9 million tons.

Funding of LUKOIL Group's investment costs in 2012 is expected at the level of USD 13.7 billion, 40% up on 2011.

RUR 4.9 billion was allocated to the financing of science and technology in 2012. The total investment in the Program of Industrial Safety, Improvement and Protection of Labor Conditions and Emergency Response topped RUR 9 billion in 2012. More than RUR 20 billion was spent on environmental safety measures.

The period under consideration witnessed a steady growth of LUKOIL's share prices which exceeded the absolute majority of the competitors both in the domestic market and among major international oil and gas companies. Thus, from January 1 to December 21, 2012 the Company's shares rose by 18.9% at MICEX (RUR trades) and by 23.2% at the London Stock Exchange (USD trades).

According to the preliminary estimates, the total sum of tax and customs payments to the RF consolidated budget will total RUR 1.1 trillion, which by 8% exceeds that of 2011.

LUKOIL's Board of Directors defined the following primary objectives for 2013 and the near future:

- maintenance and growth of the production volume in the traditional regions of activity;

- improvement of development techniques, development of idle reserves, improvement of reservoir recovery;

- fulfillment of plans for the search, exploration, implementation and commissioning of new top-priority projects (Iraq, West Africa, the North Caspian Sea, Bolshekhetskaya Depression fields);

- implementation of the facilities construction schedule at V. Filanovsky field;

- start of oil production in Q4 at West Qurna-2 field in Iraq;

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

- implementation of a program intended to upgrade the Company's refineries in Russia, including the continued construction of the second VGO catalytic-cracking complex in Nizhny Novgorod, a VGO hydrocracking unit in Volgograd, and a new unit for delayed coking in Perm;

- commissioning of a 235 MW-CCGT unit in the Central (Tsentralnaya) Boiler Station in Astrakhan, enhancement of the production and economic efficiency of enterprises belonging to the Power Engineering Business Sector.

Higher market capitalization, retention of the Company's competitive positions in the international and national sectoral markets, extension of the Company's resource base, commercial and regional diversification, and better energy efficiency are considered high priority trends among LUKOIL's activities in 2013.

Information provided in this press release presents expected results of LUKOIL operations in 2012. 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 2012. 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.