

## PRESS RELEASE MAY 27, 2010

## LUKOIL GUARANTEES HIGH HEALTH, SAFETY AND ENVIRONMENTAL STANDARDS

The OAO LUKOIL Management Committee reviewed the annual report titled "Health, Safety and Environment in OAO LUKOIL in 2009".

The report is an approved method to study the performance of the HSE management system by the Company's management.

The report contains basic indicators of the effectiveness of HSE within the LUKOIL Group organizations, and also environmental impact parameters and environmental protection measures.

Integrated and target audits, including those conducted by LUKOIL specialists, are considered a traditional form of industrial and professional risk management adopted by the Company. For instance, in 2009 more than 4,000 HSE audits were conducted. Development and implementation of respective corporate programs is considered the primary way to manage the industrial and professional risks of the Company. At present, the "Program of Industrial Safety, Improvement of Working Conditions and Labor Protection, Emergency Prevention and Response in OAO LUKOIL and Other LUKOIL Group Organizations for 2006-2010" is being implemented. The program financing amounts for 2009 came to about RUR 5 billion.

As to the Company's personnel health protection in 2009, last year saw implementation of compulsory and voluntary health insurance programs, and also of welfare payment programs and health care programs. The welfare payment and expenses for personnel health improvement and recreation amounted to more than RUR 2.5 billion, while the cost of the financing of 85 health centers was estimated at more than RUR 112 million.

In the environmental protection sphere the Company has developed and is now implementing the "Environmental Safety Program of the LUKOIL Group Organizations in 2009-2013". The program comprises about 500 measures totaling nearly RUR 60 billion. Over RUR 13 billion were spent on environmental safety measures in 2009. Based on year-end results, implementation of the program allowed the Company to considerably cut the polluting emissions released into the atmosphere by 8%, the contaminated waste water discharges by more than 22%,

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and the waste on balance by 4.4 %.

Last year, 2009, witnessed no emergencies at the LUKOIL Group facilities, including those occurring due to oil and petroleum-product spills. Regular training and exercises arranged at all offshore and river terminals, and also at facilities which produce, refine and store oil and petroleum products, all contributed to ensuring a high state of preparedness of the Company for possible oil and petroleum-product-spill response. A total of 86 exercises and training sessions aimed at emergency response to oil and petroleum spills were arranged.

In mid-June of 2010, the Company intends to arrange large-scale international oil-spill-response exercises in the vicinity of the floating storage unit at Yu. Korchagin field in the Russian sector of the Caspian Sea.