PRESS RELEASE
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LUKOIL BOARD OF DIRECTORS SUMMARIZES COMPANY PRELIMINARY PERFORMANCE IN 2013 AND SETS PRIORITIES FOR 2014

LUKOIL's Board of Directors held a meeting in Moscow today to summarize the company's preliminary performance results from 2013 and set priorities for 2014.

The geologic exploration results prove that an increment of the recoverable hydrocarbon reserves in the amount of 130.2 million tons of reference fuel (93.5 million tons of liquid hydrocarbons and 36.7 billion cubic meters of natural gas) is expected in 2013, which will ensure hydrocarbon production compensation with a 112-percent increase of the hydrocarbon reserves. In 2013, the company obtained 42 new licenses for subsoil use.

The hydrocarbon production by LUKOIL Group (including its share in subsidiaries and affiliated companies' production) is expected to total 116.6 million tons of reference fuel, which exceeds the 2012 figure by 2.2 million tons (or 1.9%) of reference fuel.

The estimated oil production volume in LUKOIL Group totals 90.8 million tons, including 85.5 million tons in Russia and 5.3 million tons overseas. In 2013, the company reversed a years-long decline in the daily oil production rate. The oil production volume grew by 0.9 million tons as compared with 2012.

The gas production volume by LUKOIL Group is expected to reach 25.8 billion cubic meters in 2013, including 18.1 billion cubic meters in Russia and 7.7 billion cubic meters overseas. The gas production volume will grow by 1.2 billion cubic meters, or 4.9%, as compared with 2012.

The utilization level of associated (petroleum) gas in the RF territory will come to 87.7%, higher than in 2012.

The supply of oil to be processed by the company's refineries (including the mini-refineries) within Russia is expected to reach 45.2 million tons (+1.9% as compared with 2012).

The 2013 oil export volume by LUKOIL Group is expected to reach 31.9 million tons. The reduction of export via the AK Transneft pipeline system by 5.2 million tons (-17%), as compared with 2013 is due, specifically, to the increased oil sales at

the Russian Federation domestic market.

Export shipments via the new route, the "East Siberia - Pacific Ocean" System in the port of Kozmino, began in July of 2013, which ensured sales of the company's light crude oil, while preserving its quality under more favorable terms as compared with its westward export. The entry into the Asia-Pacific market complies with the company's strategy aimed at diversification of its sales markets.

The 2013 production volume of the Euro-compliant automobile gasoline by the company's refineries is expected to reach 99.97%. The 2013 retail sales volume of petroleum and gas products is expected to total 16.2 million tons, 1.7 % higher than in 2012. A stable growth of retail sales of ECTO premium fuel was registered in 2013: the sales volume in Russia totaled 3.7 million tons, exceeding the 2012 figure by 15%. The ECTO share represents 40% of the total retail sales of engine fuels (up from 35% in 2012).

Based on the implementation results of the annual Energy Saving Program, the 2013 total volume of fuel and energy saving is expected to exceed RUR 2.6 billion in monetary terms.

According to the preliminary estimates, the total sum of tax and customs payments to the consolidated budget of the Russian Federation will come to RUR 1.12 trillion, an increase of 1.7% over 2012.

Also, the OAO LUKOIL Board of Directors set a number of priorities for 2014, including:

· implementation of geologic exploration programs in Iraq, West Africa, Romania, the Baltic Sea, the Komi Republic, Samara Oblast and the Northern Caspian Sea to ensure compensation of the hydrocarbon production with commercial reserves;

· start of commercial hydrocarbon production at West Qurna-2 field scheduled for the first half of 2014;

· implementation of the projects "Kandym Early Gas" and "Complete Development of Hissar" in Uzbekistan;

· implementation of operating plans to develop fields in the Northern Caspian Sea, the Bolshekhetskaya Depression, the Imilorsko-Istochny and V. Vinogradov license areas located in West Siberia, the Denisovsky and Yaregsky license areas located in the Timano-Pechora Province and the fields of the Samara Oblast;

· implementation of measures aimed at increasing utilization of associated

petroleum gas;

· conduct of pilot operations to bring into development the proved undeveloped reserves of fields located in the Nenets Autonomous Okrug;

· introduction of new highly efficient technologies to bring the hard-to-recover reserves into development and enhance the oil recovery;

· prompt implementation of projects to enhance the oil conversion rate, ensure modernization of the oil refining capacities in order to cut the fuel oil production rates;

· enhanced sales volume and expanded sales geography of branded engine fuels;

· implementation of the "Client-oriented Filling Station" concept and the Client Incentive Program;

· continued operations to hand over the retail sales assets overseas under dealers' control;

· efficiency enhancement of the Power Engineering business sector.

The Board of Directors also decided that in the process of formulating plans and approving budgets and investments full regard should be taken of the necessity to achieve the objectives outlined in the 2014-2018 Environmental Safety Program of LUKOIL Group organizations approved by the OAO LUKOIL Management Committee in December of 2013.

Over the years, LUKOIL Group has implemented four medium-term environmental-safety programs, which enabled it to considerably reduce negative environmental consequences, with parallel production growth. For instance, in the oil refining industry, a 5-fold reduction in the specific emissions and a 3-fold reduction in water consumption were registered.

Around USD 3.7 billion was allocated to implement environmental measures between 2009 and 2013. Specifically, the following indicators were achieved: the APG utilization level grew from 71% to 87.7%, while the volume of atmospheric pollution dropped by more than 90,000 tons. More than 40% of the total funds were allocated to raising the utilization level of associated petroleum gas to 95%. This goal was reached at the company's fields in West Siberia, the Baltic Sea and the Lower Volga Region, including the Northern Caspian Sea.

The 2014-2018 Environmental Safety Program of LUKOIL Group organizations

provides for 618 measures with a total cost of around USD 4.5 billion. The projected economic effect due to implementation of the measures as part of the above program may come to around USD 5 billion. The following results are expected from implementation of the 2014-2018 Program:

· 95% associated petroleum gas utilization level;

· volume of atmospheric emissions reduced by 130,000 tons;

· additional treatment of 6.8 million cubic meters of waste waters;

· water consumption reduced by 7.6 million cubic meters;

· utilization of oil-contaminated waste: 300,000 tons;

· utilization of waste accumulated during the pre-privatization period: 550,000 tons;

· rehabilitation of disturbed and contaminated lands: 5,100 hectares;

· abandonment of sludge pits: 1,008 pieces;

· capital repair and replacement of pipelines: 4,000 kilometers;

· troubleshooting of pipelines: 31,600 kilometers;

· insulation of pipelines: 18,800 kilometers.

Information provided in this press release presents expected results of LUKOIL operations in 2013. 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 2013. 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.