

PRESS RELEASE
DECEMBER 16, 2010

LUKOIL ANNOUNCES THE COMPLETION OF THE ISSUANCE OF US\$1.5
BILLION IN CONVERTIBLE BONDS

OAO LUKOIL announced the completion of the issuance of U.S.\$1.5 billion 2.625 per cent senior unsecured convertible bonds due June 2015.

The bonds are convertible into American Depositary Receipts ("ADRs") listed on the London Stock Exchange each representing one ordinary share of OAO LUKOIL.

The bonds were issued by LUKOIL International Finance B.V. with a limited guarantee by OAO LUKOIL.

The bonds were issued at 100 per cent of their principal amount and will mature after four and a half years post their issue date. The conversion price was set at US\$73.7087 per ADR.

Bondholders will be able to convert their bonds into ADRs of LUKOIL at any point from 40 days after the issue date to the sixth dealing day prior to the final maturity date. The Issuer will have the right to redeem the bonds at any time after December 31, 2013.

LUKOIL intends to use the proceeds of the offering for general corporate purposes.

This issuance of senior unsecured convertible bonds represents the first post crisis major issue of convertible debentures. Due to high investment grade rating of the Company and positive investor attitude towards the oil and gas sector, the transaction created a strong demand by the investment community. Many long-term investors and hedge funds took part in the offering.