

PRESS RELEASE
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LUKOIL NET INCOME AND EBITDA EXCLUDING NON-CASH WRITE-OFF
REACHED \$7.1 BILLION AND \$18.4 BILLION IN 2014

LUKOIL has published consolidated US GAAP financial statements for 2014.

The Company's 2014 net income reached \$4,746 million. EBITDA (earnings before interest, taxation, depreciation and amortization) reached \$15,982 million in 2014. Sales revenues were \$144,167 million (+1.9% y-o-y). The changes in ruble-nominated revenues were significantly affected by the ruble devaluation.

Net income in 2014 was negatively affected by \$2,341 million non-cash losses due to asset impairment in Russia, Ukraine, Western Africa and Kazakhstan. Excluding the non-cash losses net income was \$7,087 mln and EBITDA was \$18,426 mln.

Free cash flow in 2014 amounted to \$925 million. Capital expenditures were \$15,391 million in 2014.

Hydrocarbon lifting costs in Russia decreased by 23% in the fourth quarter of 2014 and reached \$4.30 per boe. In 2014, hydrocarbon lifting costs amounted to \$5.74 per boe.

In 2014, LUKOIL Group total hydrocarbon production available for sale increased by 5.1% y-o-y and reached 2,314 thousand boe per day. Crude oil production of LUKOIL Group in 2014 increased 7.0% to 97.208 million tonnes.

Throughput at the Company's own and affiliated refineries increased by 0.3% to 66.6 million tonnes. Throughput the Company's refineries in Russia increased 0.1%.

Consolidated Statements of Income

| | 2014 | 2013 | 2012 |
|---|--------------------------|---------|---------|
| | (millions of US dollars) | | |
| Revenues | | | |
| Sales (including excise and export tariffs) | 144,167 | 141,452 | 139,171 |

Costs and other deductions

| | | | |
|--|----------------|----------------|----------------|
| Operating expenses | (10,115) | (10,086) | (9,359) |
| Cost of purchased crude oil, gas and products | (71,245) | (65,924) | (64,148) |
| Transportation expenses | (5,894) | (6,29) | (6,171) |
| Selling, general and administrative expenses | (3,858) | (3,849) | (3,755) |
| Depreciation, depletion and amortization | (8,816) | (5,756) | (4,832) |
| Taxes other than income taxes | (12,892) | (13,803) | (13,666) |
| Excise and export tariffs | (21,364) | (22,334) | (22,836) |
| Exploration expense | (1,104) | (602) | (364) |
| (Loss) gain on disposals and impairments of assets | (1,753) | (2,561) | 30 |
| Income from operating activities | 7,126 | 10,247 | 14070 |
| Interest expense | (637) | (488) | (538) |
| Interest and dividend income | 275 | 239 | 257 |
| Equity share in income of affiliates | 552 | 575 | 518 |
| Currency translation loss | (355) | (443) | (512) |
| Other non(operating expense (income) | (189) | 328 | (72) |
| Income before income taxes | 6,772 | 10,458 | 13,723 |
| Current income taxes | (2,876) | (2,051) | (2,738) |
| Deferred income taxes | 818 | (780) | (60) |
| Total income tax expense | (2,058) | (2,831) | (2,798) |
| Net income | 4,714 | 7,627 | 10,925 |
| Net loss attributable to non(controlling interests | 32 | 205 | 79 |
| Net income attributable to OAO LUKOIL | 4,746 | 7,832 | 11,004 |

Earning per share of common stock attributable to OAO
LUKOIL

(in US dollars):

| | | | |
|---------|------|-------|-------|
| Basic | 6.29 | 10.38 | 14.47 |
| Diluted | 6.20 | 10.18 | 14.17 |

Full consolidated US GAAP financial accounts of LUKOIL for 2014 are available on the Company's web sites: www.lukoil.com and www.lukoil.ru