

PRESS RELEASE  
MARCH 03, 2015LUKOIL 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) |         |         |
| <b>Revenues</b>                             |                          |         |         |
| 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             |
| <b>Income from operating activities</b>            | <b>7,126</b>   | <b>10,247</b>  | <b>14070</b>   |
| 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)           |
| <b>Income before income taxes</b>                  | <b>6,772</b>   | <b>10,458</b>  | <b>13,723</b>  |
| Current income taxes                               | (2,876)        | (2,051)        | (2,738)        |
| Deferred income taxes                              | 818            | (780)          | (60)           |
| <b>Total income tax expense</b>                    | <b>(2,058)</b> | <b>(2,831)</b> | <b>(2,798)</b> |
| <b>Net income</b>                                  | <b>4,714</b>   | <b>7,627</b>   | <b>10,925</b>  |
| Net loss attributable to non(controlling interests | 32             | 205            | 79             |
| <b>Net income attributable to OAO LUKOIL</b>       | <b>4,746</b>   | <b>7,832</b>   | <b>11,004</b>  |

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](http://www.lukoil.com) and [www.lukoil.ru](http://www.lukoil.ru)