PRESS RELEASE
AUGUST 29, 2014

LUKOIL NET INCOME INCREASED TO $2.4 BILLION IN THE SECOND QUARTER OF 2014, EBITDA – TO $5.4 BILLION, LIQUID HYDROCARBONS PRODUCTION – BY 7.2%

LUKOIL has published consolidated US GAAP financial statements for the second quarter of 2014.

The Company's net income in the second quarter of 2014 amounted to $2,389 million, which is a 13.5% y-o-y increase. EBITDA (earnings before interest, taxation, depreciation and amortization) in the second quarter of 2014 increased by 24.7% y-o-y to $5,437 million. Sales revenues were $38,205 million (+9.0% y-o-y). The increase in revenue and EBITDA was mainly due to crude oil production growth in Russia and the start of cost compensation from West Qurna-2 project in Iraq.

Capital expenditures, including non-cash transactions, in the second quarter of 2014 were $4,490 million.

In the second quarter of 2014, LUKOIL Group total hydrocarbon production available for sale increased by 5.5% y-o-y and reached 2,313 thousand boe per day. Crude oil and natural gas liquids production in the second quarter of 2014 increased by 7.2% to 2,002 thousand barrels per day. The increase was mainly due to the start of commercial production from West Qurna-2 project in Iraq. Throughput at the Company's refineries in Russia increased by 1.6%.

Consolidated Statements of Income

	2nd quarter of		1st half of	
	2014	2013	2014	2013
	(millions of US dollars)			
Revenues				
Sales (including excise and export tariffs)	38,205	35,053	73,886	68,823

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Costs and other deductions				
Operating expenses	(2,558)	(2,516)	(4,867)	(4,966)
Cost of purchased crude oil, gas and products	(18,871)	(16,462)	(36,114)	(31,565)
Transportation expenses	(1,557)	(1,562)	(3,110)	(3,212)
Selling, general and administrative expenses	(1,015)	(972)	(1,871)	(1,838)
Depreciation, depletion and amortization	(2,485)	(1,444)	(3,997)	(2,813)
Taxes other than income taxes	(3,408)	(3,396)	(6,854)	(6,779)
Excise and export tariffs	(5,339)	(5,787)	(10,826)	(11,288)
Exploration expense	(64)	(75)	(269)	(138)
Gain (loss) on disposals and impairments of assets	1	17	(414)	10
Income from operating activities	**2,909**	**2,856**	**5,564**	**6,234**
Interest expense	(155)	(121)	(295)	(218)
Interest and dividend income	63	58	120	119
Equity share in income of affiliates	91	139	273	297
Currency translation gain (loss)	2	(257)	(268)	(396)

Other non-operating (expense) income	(39)	168	(119)	181
Income before income taxes	**2,871**	**2,843**	**5,275**	**6,217**
Current income taxes	(541)	(658)	(1,346)	(1,304)
Deferred income taxes	70	(90)	208	(233)
Total income tax expense	**(471)**	**(748)**	**(1,138)**	**(1,537)**
Net income	**2,400**	**2,095**	**4,137**	**4,680**
Net (income) loss attributable to non-controlling interests	(11)	9	(15)	5
Net income attributable to OAO LUKOIL	**2,389**	**2,104**	**4,122**	**4,685**
Earning per share of common stock attributable to OAO LUKOIL (in US dollars):				
Basic	3.16	2.79	5.46	6.21
Diluted	3.10	2.73	5.35	6.08

Full version of US GAAP interim consolidated financial statements of OAO LUKOIL for the three and six-month periods ended June 30, 2014, is available on the Company's web sites: www.lukoil.com and www.lukoil.ru

These interim consolidated financial statements have been prepared by the Company in accordance with U.S. GAAP and have not been audited by our independent auditor. If these financial statements are audited in the future, the audit could reveal discrepancies, and we cannot give any assurance that any such discrepancies would not be material.