PRESS RELEASE
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LUKOIL BOARD OF DIRECTORS SUMMARIZES COMPANY'S PERFORMANCE IN THE FIRST HALF OF 2014

The OAO LUKOIL BoD has reviewed the preliminary results for the first half of 2014, and budget and investment program realization progress in 2014 in Moscow today.

As a result of geological exploration carried out by the Company 5 oil fields were discovered in the first half of 2014, namely Svetloozerskoye, Razdolnoye, Kulikovskoye and Novokrasinskoye in the Volga region, and Yuzhno-Bayandyskoye in the Komi Republic.

Commercial hydrocarbon production by LUKOIL Group over the first six months of 2014 rose by 3.2% as compared to the similar period of 2013 thus totaling 410 million BOE. The liquid hydrocarbon production grew by 4.5% up to 352 million barrels.

The oil output in the Russian Federation rose by 1.3% and totaled 314 million barrels, while abroad the figure came to 31 million barrels due to the start of commercial production at the West Qurna-2 field in Iraq. The commercial gas output reached 9.8 billion cubic meters.

The associated gas utilization rate at the Company's enterprises in Russia grew by 1.5 percent points and came to 89.2%.

In the first half of 2014 considerable results in implementation of the corporate strategic projects were achieved:

§ completion of the first development stage of the West Qurna-2 field

§ start of production drilling at the Imilorsko-Istochniy license site ahead of schedule

§ continued infrastructure development at the Vladimir Filanovsky field in the Caspian Sea, supply and assembly of the central processing platform and the LQ platform at the bearing blocks

§ commissioning of the mining and concentration complex at the Vladimir Grib

diamond field.

LUKOIL continued to implement measures to enhance output and bring new facilities into development. It also continued to introduce and test new technologies focused on the enhancement of development efficiency of low-permeability gas reservoirs and new well flow rates.

Oil processing at the Company’s refineries (including mini-refineries, and the stake in the Zeeland project) rose by 0.8% against the first six months of 2013 and totaled 32.26 million tons, including 22.52 million tons at Russian refineries.

The capital expenditure of LUKOIL Group in the first six months of 2014 totaled USD 7.7 billion, exceeding the last year’s figure by 11%.

LUKOIL Group organizations have contributed RUB 592 billion in taxes and customs fees to the RF budget, which is 13% more than last year's figure. The growth in the tax payments can be accounted for by the increased profit tax payments, MET payments and petroleum product excise duty.