



**Materials that are made available for those  
entitled to participate in the Annual General  
Shareholders Meeting of PJSC “LUKOIL”  
to be held on June 21, 2017**

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**NOTICE**  
**of the Annual General Shareholders Meeting**  
**of Public Joint Stock Company “Oil company “LUKOIL”**

**Dear Shareholder,**

Public Joint Stock Company “Oil company “LUKOIL”, location: Moscow; address: Sretensky bulvar 11, Moscow, 101000, Russian Federation, hereby informs you that, based on the decision of the Board of Directors of PJSC "LUKOIL" of 26 April 2017, the Annual General Shareholders Meeting of PJSC "LUKOIL" is to be held in the form of a meeting (joint attendance of shareholders to discuss agenda items and take decisions on issues put to a vote) with preliminary distribution (dispatch) of ballots before the conduct of the Meeting.

Date and time of the Meeting:	<b>21 June 2017, at 11:00 a.m.</b>
Place/venue of the Meeting:	<b>PJSC “LUKOIL”, Sretensky bulvar 11, Moscow, Vega Conference Hall (entrance from Kostyansky pereulok)</b>
Postal address the completed and signed ballots may be sent to:	<b>OOO «Registrator «Garant», Krasnopresnenskaya Naberezhnaya 6, Moscow, 123100, Russian Federation</b>
The date of determining (formalizing) the persons entitled to take part in the Annual General Shareholders Meeting:	<b>29 May 2017</b>
Registration of persons participating in the meeting begins at:	<b>09:30 a.m.</b>
Categories (types) of shares whose owners have the right to vote on all agenda items of the Annual General Shareholders Meeting:	<b>Registered Ordinary Shares</b>
Identification details of the shares whose holders are entitled to take part in the Annual General Shareholders Meeting:	<b>State Registration Number of the securities issue: 1-01-00077-A dated 25 June 2003</b>
The deadline for receipt of ballots by OOO «Registrator «Garant» is 18 June 2017, for determining a quorum of the Meeting and tallying votes.	

**AGENDA OF THE MEETING:**

1. Approval of the 2016 Annual Report of PJSC “LUKOIL” and the annual accounting (financial) statements, including the income statement of the Company, and also distribution of profits and adoption of a decision on payment (declaration) of dividends based on the 2016 annual results.
2. Election of the members of the Board of Directors of PJSC “LUKOIL”.
3. Election of the members of the Audit Commission of PJSC “LUKOIL”.
4. On the remuneration and reimbursement of expenses to members of the Board of Directors of PJSC “LUKOIL”.
5. On the remuneration of members of the Audit Commission of PJSC “LUKOIL”.
6. Approval of the Auditor of PJSC “LUKOIL”.
7. Approval of Amendments and addenda to the Charter of Public Joint Stock Company “Oil company “LUKOIL”.
8. Approval of Amendments and addenda to the *Regulations on the Procedure for Preparing and Holding the General Shareholders Meeting of PJSC “LUKOIL”*.
9. Approval of Amendments to the *Regulations on the Board of Directors of PJSC “LUKOIL”*.
10. Decision on consent to perform an interested-party transaction.

In order to take part in the General Meeting, you or your representative must bring your/his/her passport or other identification document; your representative must additionally have a power of attorney drawn up in accordance with the requirements of article 57 of the Federal Law *On Joint Stock Companies*.

Information (materials) to be provided to persons entitled to participate in the Annual General Shareholders Meeting of PJSC “LUKOIL” (hereinafter also the “Company”) in preparation for the Annual General Shareholders Meeting of PJSC “LUKOIL” will be available on the Company’s official websites [www.lukoil.ru](http://www.lukoil.ru) (in Russian), [www.lukoil.com](http://www.lukoil.com) (in English) from 19 May 2017; and from 1 June 2017, from 10:00 a.m. to 05:00 p.m. on business days, in the premises of the executive body of PJSC “LUKOIL”, at the address: Sretensky bulvar 11, Moscow, 101000 Russian Federation, tel. 8 (800) 200 9402 or (495) 627 4884, and also at the following addresses:

Krasnopresnenskaya Naberezhnaya 6, Moscow, 123100  
Malaya Konyushennaya, 16/26, lit. A, Saint Petersburg, 191186

telephone: (495) 221 3112, (800) 500 2947  
telephone: (812) 648-19-91

Troitsky Prospect 63, 3rd floor, office No. 41, Arkhangelsk, 163000  
ulitsa Pobedy 41, 4th floor, Kirovsky district, Astrakhan, 414040  
ulitsa Kooperativnaya 5, Veliky Novgorod, 173003  
ulitsa Mira19, office 309., Volgograd, 400131  
ulitsa Lieutenanta Yanalova 2, Kaliningrad, 236023  
ulitsa Gorkogo 5, 5th floor, office 503, Kirov, 610017  
pr. Mira 94, office 314, "Voskresensky" Office Centre, Krasnoyarsk, 660017  
Prospekt Lenina 73, of. 201, Murmansk, 183038  
M. Gorky square 4/2, A1, 3rd floor, office 2, Nizhny Novgorod, 603000  
Komsomolskiy prospect 34, Perm, 614000  
ulitsa Goroda Volos 42/105, Rostov-on-Don, 344000  
ulitsa Novo-Sadovaya 44, 2nd floor, room No. 213, Samara, 443100  
ulitsa Chernyshevskogo 60/62 "A", Saratov, 410004  
pr. Bumazhnikov 2, 1st floor, Syktyvkar, Komi Republic, 167026  
ulitsa Mendeleevskaya 1, office 501, Tula, 300041  
ulitsa Karla Marksa 54, office 506, Chelyabinsk, 454090  
ulitsa Trefoleva 17/14, Yaroslavl, 150000

telephone: (8182) 65-75-44  
telephone: (8512) 24-10-40, 24-10-70  
telephone: (8162) 73-17-20  
telephone: (8442) 24-72-74, 24-72-79  
telephone: (4012) 60-54-34, 60-54-64  
telephone: (8332) 40-56-31  
telephone: (391) 216-51-01  
telephone: (8152) 45-11-26, 45-11-27  
telephone: (831) 217-81-89, 217-81-90  
telephone: (342) 214-41-70  
telephone: (863) 244-10-26  
telephone: (846) 379-72-18, 379-72-19, 379-72-20  
telephone: (8452) 29-32-36, 57-28-94  
telephone: (8212) 29-31-80, 29-31-81  
telephone: (4872) 70-00-64, 30-71-23  
telephone: (351) 266-47-70  
telephone: (4852) 23-09-39, 73-37-36

Operational office "Birobidzhansky" of PJSC Bank "FC Otkritie " Dalnevostochny Branch, ulitsa Lenina 16, Birobidzhan, 679016

telephone: 8-800-700-78-77

Operational office "Vladivostoksky" of PJSC Bank "FC Otkritie " Dalnevostochny Branch, ulitsa Svetlanskaya 51, Vladivostok, 690091

telephone: 8-800-700-78-77

Operational office "Irkutskiy" of PJSC Bank "FC Otkritie " Munitsypalny Branch, ulitsa Chkalova 36, Irkutsk, 664025

telephone: 8-800-700-78-77

Operational office "Kazansky" of PJSC Bank "FC Otkritie " Sratovskiy Branch, ulitsa Moskovskaya 2A, Kazan, Republic of Tatarstan (Tatarstan), 420111

telephone: (843) 567-35-53

Kogalymsky PKB Branch of PJSC Bank "FC Otkritie ", ulitsa Pribaltiyskaya, 11A, Kogalym, Khanty-Mansiysky Avtonomnyy Okrug, Tyumenskaya oblast, 628486

telephone: (34667) 9-10-01

Operational office "Komsomolsky" of PJSC Bank "FC Otkritie " Dalnevostochny Branch, prospect Lenina 2/1, Komsomolsk-on-Amur, 681027

telephone: 8-800-700-78-77

Krasnodarsky Branch of PJSC Bank "FC Otkritie ", ulitsa Turgeneva 73 / ulitsa Ryleeva 181, Krasnodar, Zapadny district, Krasnodarsky Krai, 350049

telephone: (861) 214-29-72

Additional office No 5 in Langepas Kogalymsky PKB Branch of PJSC Bank "FC Otkritie " ulitsa Lenina 32, Langepas, Tyumen oblast, Khanty-Mansiysky Autonomous Okrug – Yugra 628672

telephone: (34669) 2-02-74

Additional office «Branch Sretenka» Sretensky Bulvar 11, Moscow, 101000

telephone: (499) 973-76-55

Additional office No 2 in Naryan-Mar Arkhangelsky PKB Branch of PJSC Bank "FC Otkritie " ulitsa Lenina 35 B, Naryan-Mar, Nenetsky AO, 166000

telephone: (81853) 4-59-49

Operational office «Omsky» of PJSC Bank "FC Otkritie " Munitsypalny Branch, Irtyshskaya emb.31, Omsk, 644048

telephone: 8-800-700-78-77

Additional office No1 in Urai Kogalymsky PKB Branch of PJSC Bank "FC Otkritie ", ulitsa Lenina 118, Urai, Tyumen oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, 628285

telephone: (34676) 2-02-66

Ufimsky PKB Branch of PJSC Bank "FC Otkritie ", ulitsa Tsyurupy 16, Kirovsky district, Ufa, Republic of Bashkortostan, 450057

telephone: (347) 226-72-70

Additional office «Khabarovskiy» of Dalnevostochnyi Branch of PJSC Bank "FC Otkritie ", Amursky Bulvar18, Khabarovsk, 680000

telephone: 8-800-700-78-77

Operational office «Yuzhno-Sakhalinskiy» of Dalnevostochny Branch of PJSC Bank "FC Otkritie ", ulitsa Pogranichnaya 28A, Yuzhno-Sakhalinsk, 693007

telephone: 8-800-700-78-77

Access to information (materials) provided to shareholders in preparation for the General Shareholders Meeting shall be also given to persons taking part in the Annual General Shareholders Meeting of PJSC "LUKOIL" during the time the Meeting is held.

**For the purpose of ensuring the timely payment of dividends and the provision of information, we kindly ask you to promptly inform** OOO «Registrator «Garant», the company keeping the Company's Shareholder Register (the Registrar), of any changes in your data (name, change in residence/domicile, change in banking details, passport and other data) by completing the Registered Natural/Legal Person's Form and submitting it to the Registrar. Pursuant to clause 16 of article 8.2 of the Federal Law *On Securities Market* neither the Company nor OOO «Registrator «Garant» will be liable for the loss incurred, should you fail to provide information on such changes.

The decisions taken by the Annual General Shareholders Meeting of PJSC "LUKOIL" and voting results will be communicated to the persons entitled to take part in the Meeting in the form of a Report on Voting Results to be made available on the Company's official websites [www.lukoil.ru](http://www.lukoil.ru), [www.lukoil.com](http://www.lukoil.com) not later than 27 June 2017.

Dear Shareholder,

By participating in the Annual General Shareholders Meeting of PJSC "LUKOIL" you exercise your right to participate in managing the Company by taking decisions on the most significant matters of its business operations, which matters fall within the exclusive competence of the General Shareholders Meetings.

More details on the Annual General Shareholders Meeting of PJSC "LUKOIL" will be available if phoned at: 8 (800) 200 9402 or (495) 627 4884.

**Board of Directors of PJSC "LUKOIL"**

**Agenda**  
**of the Annual General Shareholders Meeting of PJSC "LUKOIL"**

Moscow, 21 June 2017

1. Approval of the 2016 Annual Report of PJSC "LUKOIL" and the annual accounting (financial) statements, including the income statement of the Company, and also distribution of profits and adoption of a decision on payment (declaration) of dividends based on the 2016 annual results.
2. Election of the members of the Board of Directors of PJSC "LUKOIL".
3. Election of the members of the Audit Commission of PJSC "LUKOIL".
4. On the remuneration and reimbursement of expenses to members of the Board of Directors of PJSC "LUKOIL".
5. On the remuneration of members of the Audit Commission of PJSC "LUKOIL".
6. Approval of the Auditor of PJSC "LUKOIL".
7. Approval of Amendments and addenda to the Charter of Public Joint Stock Company "Oil company "LUKOIL".
8. Approval of Amendments and addenda to the *Regulations on the Procedure for Preparing and Holding the General Shareholders Meeting of PJSC "LUKOIL"*.
9. Approval of Amendments to the *Regulations on the Board of Directors of PJSC "LUKOIL"*.
10. Decision on consent to perform an interested-party transaction.

**DRAFT DECISIONS  
OF THE 2017 ANNUAL GENERAL SHAREHOLDERS MEETING OF PJSC "LUKOIL"**

**Draft decision on item 1 on the agenda:** ‘Approval of the 2016 Annual Report of PJSC “LUKOIL” and the annual accounting (financial) statements, including the income statement of the Company, and also distribution of profits and adoption of a decision on payment (declaration) of dividends based on the 2016 annual results’:

To approve the Annual Report of PJSC “LUKOIL” for 2016 and the annual accounting (financial) statements, including the income statement of the Company, and also distribute the profits based on the 2016 annual results as follows:

The net profit of PJSC “LUKOIL” based on the 2016 annual results equalled 182,566,224,000 roubles. The net profit in the amount of 102,067,590,600 roubles based on the 2016 annual results (excluding the profit distributed as interim dividends of 63,792,244,125 roubles for the first nine months of 2016) be distributed for the payment of dividends.

The remainder of the profits shall be retained earnings.

To pay dividends on ordinary shares of PJSC “LUKOIL” based on the 2016 annual results in an amount of 120 roubles per ordinary share (excluding the interim dividends of 75 roubles per ordinary share paid for the first nine months of 2016). The total amount of dividends payable for 2016 including the earlier paid interim dividends will be 195 roubles per ordinary share. The dividends of 120 roubles per ordinary share be paid using monetary funds from the account of PJSC “LUKOIL”:

- Dividend payments to nominee shareholders and trust managers who are professional market participants registered in the shareholder register of PJSC “LUKOIL” to be made not later than 21 July 2017,
- Dividend payments to other persons registered in the shareholder register of PJSC “LUKOIL” to be made not later than 11 August 2017.

The costs on the transfer of dividends, regardless of the means, will be paid by PJSC “LUKOIL”.

To set 10 July 2017 as the date on which persons entitled to receive dividends based on the 2016 annual results will be determined.

**Draft decision on item 2 on the agenda:** ‘Election of the members of the Board of Directors of PJSC “LUKOIL”’:

To elect the Board of Directors of PJSC “LUKOIL”, consisting of 11 members, from the list of candidates approved by the Board of Directors of PJSC “LUKOIL” on 6 March 2017 (Minutes No.3).

1. ALEKPEROV, Vagit Yusufovich
2. BLAZHEEV, Victor Vladimirovich
3. GATI, Toby Trister
4. GRAYFER, Valery Isaakovich
5. IVANOV, Igor Sergeevich
6. MAGANOV, Ravil Ulfatovich
7. MUNNINGS, Roger
8. MATZKE, Richard
9. NIKOLAEV, Nikolai Mikhailovich
10. PICTET, Ivan
11. FEDUN, Leonid Arnoldovich
12. KHOBA, Lyubov Nikolaevna

**Draft decision on item 3 on the agenda:** ‘Election the members of the Audit Commission of PJSC “LUKOIL”’:

To elect the Audit Commission of PJSC “LUKOIL” from the list of candidates approved by the Board of Directors of PJSC “LUKOIL” on 6 March 2017 (Minutes No. 3):

1. VRUBLEVSKIY, Ivan Nikolaevich
2. SULOEV, Pavel Aleksandrovich
3. SURKOV, Aleksandr Viktorovich

**Draft decision on item 4 on the agenda:** ‘On the remuneration and reimbursement of expenses to members of the Board of Directors of PJSC “LUKOIL”’:

1. To pay remuneration and reimburse expenses to members of the Board of Directors of PJSC “LUKOIL” pursuant to Appendix No.1 hereto.
2. To establish the amounts of remuneration for the newly elected members of the Board of Directors of PJSC “LUKOIL” pursuant to Appendix No.2 hereto.

**Draft decision on item 5 on the agenda:** ‘On the remuneration of members of the Audit Commission of PJSC “LUKOIL”’:

1. To pay remuneration to the members of the Audit Commission of PJSC “LUKOIL” in the following amounts:  
I.N. Vrublevskiy – 3,500,000 roubles  
P.A. Suloev – 3,500,000 roubles  
A.V. Surkov – 3,500,000 roubles
2. To deem it appropriate to retain the amounts of remuneration for members of the Audit Commission of PJSC “LUKOIL” established by decision of the Annual General Shareholders Meeting of PJSC “LUKOIL” of 23 June 2016 (Minutes No. 1).

**Draft decision on item 6 on the agenda:** ‘Approval of the Auditor of PJSC “LUKOIL”’:

To approve the independent auditor of PJSC "LUKOIL" - Joint stock company KPMG.

**Draft decision on item 7 on the agenda:** ‘Approval of Amendments and addenda to the Charter of Public Joint Stock Company “Oil company “LUKOIL”’:

To approve Amendments and addenda to the Charter of Public Joint Stock Company “Oil company “LUKOIL”, pursuant to the appendix hereto.

**Draft decision on item 8 on the agenda:** ‘Approval of Amendments and addenda to the *Regulations on the Procedure for Preparing and Holding the General Shareholders Meeting of PJSC “LUKOIL”*’:

To approve Amendments and addenda to the *Regulations on the Procedure for Preparing and Holding the General Shareholders Meeting of PJSC “LUKOIL”*, pursuant to the appendix hereto.

**Draft decision on item 9 on the agenda:** ‘Approval of Amendments to the *Regulations on the Board of Directors of PJSC “LUKOIL”*’:

To approve Amendments to the *Regulations on the Board of Directors of PJSC “LUKOIL”*, pursuant to the appendix hereto.

**Draft decision on item 10 on the agenda:** ‘Decision on consent to perform an interested-party transaction’:

To take a decision on giving consent to an interested-party transaction – Contract (Policy) on insuring the liability of directors, officers and companies between PJSC “LUKOIL” (Policyholder) and OAO «Kapital Insurance» (Insurer) on the terms and conditions set forth in the appendix hereto.

## **Recommendations of the Board of Directors of PJSC "LUKOIL" on the items on the agenda of the Annual General Shareholders Meeting of PJSC "LUKOIL"**

To recommend that the Annual General Shareholders Meeting of PJSC "LUKOIL" adopt the following decisions:

### **On item 1 on the agenda of the meeting:**

To approve the Annual Report of PJSC "LUKOIL" for 2016 and the annual accounting (financial) statements, including the income statement of the Company, and also distribute the profits based on the 2016 annual results as follows:

The net profit of PJSC "LUKOIL" based on the 2016 annual results equalled 182,566,224,000 roubles.

The net profit in the amount of 102,067,590,600 roubles based on the 2016 annual results (excluding the profit distributed as interim dividends of 63,792,244,125 roubles for the first nine months of 2016) be distributed for the payment of dividends.

The remainder of the profits shall be retained earnings.

To pay dividends on ordinary shares of PJSC "LUKOIL" based on the 2016 annual results in an amount of 120 roubles per ordinary share (excluding the interim dividends of 75 roubles per ordinary share paid for the first nine months of 2016). The total amount of dividends payable for 2016 including the earlier paid interim dividends will be 195 roubles per ordinary share. The dividends of 120 roubles per ordinary share be paid using monetary funds from the account of PJSC "LUKOIL":

- Dividend payments to nominee shareholders and trust managers who are professional market participants registered in the shareholder register of PJSC "LUKOIL" to be made not later than 21 July 2017,
- Dividend payments to other persons registered in the shareholder register of PJSC "LUKOIL" to be made not later than 11 August 2017.

The costs on the transfer of dividends, regardless of the means, will be paid by PJSC "LUKOIL".

To propose that the Annual General Shareholders Meeting set 10 July 2017 as the date on which persons entitled to receive dividends based on the 2016 annual results will be determined.

The proposed decisions are based on the recommendations of the Audit Committee of the Board of Directors of PJSC "LUKOIL" (Minutes No.3 of 11 April 2017) and the Strategy and Investment Committee of the Board of Directors of PJSC "LUKOIL" (Minutes No.1 of 11 April 2017).

The Board of Directors of PJSC "LUKOIL" gave tentative approval to the Annual Report of PJSC "LUKOIL" for 2016 on 15 May 2017 (Minutes No.7).

### **On item 2 on the agenda of the meeting:**

To elect the Board of Directors of PJSC "LUKOIL", consisting of 11 members, from the list of candidates approved by the Board of Directors of PJSC "LUKOIL" on 6 March 2017 (Minutes No.3).

### **On item 3 on the agenda of the meeting:**

To elect the Audit Commission of PJSC “LUKOIL” from the list of candidates approved by the Board of Directors of PJSC “LUKOIL” on 6 March 2017 (Minutes No. 3).

### **On item 4 on the agenda of the meeting:**

1. With the partial payment in mind made based on the decision of the Extraordinary General Shareholders Meeting of PJSC “LUKOIL” of 05 December 2016 (Minutes No.2) on a partial payment of the remuneration to members of the Board of Directors of PJSC “LUKOIL” constituting one-half of the Board fee established by decision of the Annual General Shareholders Meeting of PJSC “LUKOIL” on 23 June 2016 (Minutes No.1), to pay remuneration to the members of the Board of Directors of PJSC “LUKOIL” for their performance of the duties of members of the Board of Directors for the period from the adoption of the decision by the Extraordinary General Shareholders Meeting of PJSC “LUKOIL” of 05 December 2016 to the date a decision is taken by the Annual General Shareholders Meeting of PJSC “LUKOIL”, in the following amounts:

– V.I. Grayfer	– 3,000,000 roubles
– V.Yu. Alekperov	– 3,000,000 roubles
– V.V. Blazheev	– 3,000,000 roubles
– T. Gati	– 3,000,000 roubles
– I.S. Ivanov	– 3,000,000 roubles
– R.U. Maganov	– 3,000,000 roubles
– R. Munnings	– 3,000,000 roubles
– R. Matzke	– 3,000,000 roubles
– I. Pictet	– 3,000,000 roubles
– L.A. Fedun	– 3,000,000 roubles

2. In connection with the demise on 13 February 2017 of a member of the Board of Directors of PJSC "LUKOIL" Mr. Guglielmo Moscato, remuneration for the performance of his duties as a member of the Board of Directors be paid to his widow – Ms. Rosa Lombardi – based on the actual period of performance of the duties of a member of the Board of Directors for the period from the adoption by the Extraordinary General Shareholders Meeting of PJSC “LUKOIL” on 05 December 2016 (Minutes No.2) of the decision on a partial payment of the Board fee through 13 February 2017 in the following amount – RUB 1,167,122.85.

3. In accordance with the decision of the Annual General Shareholders Meeting of PJSC “LUKOIL” of 23 June 2016 (Minutes No. 1), to pay the members of the Board of Directors the following remuneration, in addition to that for the performance of the duties of members of the Board of Directors:

- to V.I. Grayfer, for performance of the functions of the Chairman of the Board of Directors of PJSC “LUKOIL” – 1,500,000 roubles;
- to I.S. Ivanov, for performance of the functions of Chairman of the Strategy and Investment Committee of the Board of Directors of PJSC “LUKOIL” – 700,000 roubles;
- to V.V. Blazheev, for performance of the functions of Chairman of the Audit Committee of the Board of Directors of PJSC “LUKOIL” – 700,000 roubles;

- to R. Munnings, for performance of the functions of Chairman of the Human Resources and Compensation Committee of the Board of Directors of PJSC “LUKOIL” – 700,000 roubles.

4. In addition to remuneration for performing their functions as members of the Board of Directors, to pay the members of the Board of Directors of PJSC “LUKOIL”:

- for their attendance in person at meetings of committees of the Board of Directors, and for their attendance at meetings of the Board of Directors or a committee of the Board of Directors, where attendance requires a transcontinental flight, in the amount established by decision of the Annual General Shareholders Meeting of PJSC “LUKOIL” of 23 June 2016 (Minutes No. 1);
- for their participation in conferences and other events on written instructions from the Chairman of the Board of Directors, in the amount established by decision of the Annual General Shareholders Meeting of PJSC “LUKOIL” of 23 June 2016 (Minutes No. 1).

The specific amount of remuneration due for payment shall be determined as at the date of the Annual General Shareholders Meeting of PJSC “LUKOIL” on 21 June 2017, in accordance with the actual participation of members of the Board of Directors at meetings and conferences (other events).

5. To reimburse members of the Board of Directors for expenses in relation to their performance of the functions of members of the Board of Directors, the types of which are established by decision of the Annual General Shareholders Meeting of OAO “LUKOIL” of 24 June 2004 (Minutes No.1), in the amount of actually incurred documented expenses.

6. To establish the following amounts of remuneration for the newly elected members of the Board of Directors of PJSC “LUKOIL”:

- for performance of the duties of a member of the Board of Directors – 6,500,000 roubles;
- for performance by a member of the Board of Directors of the functions of the Chairman of the Board of Directors – 5,000,000 roubles;
- for performance by a member of the Board of Directors of the functions of the Chairman of a committee of the Board of Directors – 1,000,000 roubles;
- for performance by a member of the Board of Directors of the functions of a member of a committee of the Board of Directors – 1,000,000 roubles;
- for attendance in person at a meeting of the Board of Directors or a committee of the Board of Directors which involves a transcontinental flight (a flight from one continent to another that lasts more than eight hours) – 350,000 roubles. If a member of the Board of Directors takes a transcontinental flight to attend the meetings of both a committee (committees) of the Board of Directors and of the Board of Directors itself, only a single amount of remuneration for the transcontinental flight will be paid;
- for each participation in conferences and other events on written instructions of the Chairman of the Board of Directors, in an amount of 150,000 roubles.

The proposed decisions are based on the recommendations of the Human Resources and Compensation Committee of the Board of Directors of PJSC “LUKOIL” (Minutes No.3 of 31 March 2017).

**On item 5 on the agenda of the meeting:**

1. To pay remuneration to the members of the Audit Commission of PJSC “LUKOIL” in the following amounts:

I.N. Vrublevskiy	– 3,500,000 roubles
P.A. Suloev	– 3,500,000 roubles
A.V. Surkov	– 3,500,000 roubles

2. To deem it appropriate to retain the amounts of remuneration for members of the Audit Commission of PJSC “LUKOIL” established by decision of the Annual General Shareholders Meeting of PJSC “LUKOIL” of 23 June 2016 (Minutes No. 1).

The proposed decisions are based on the recommendations of the Human Resources and Compensation Committee of the Board of Directors of PJSC “LUKOIL” (Minutes No.3 of 31 March 2017).

**On item 6 on the agenda of the meeting:**

To approve the independent auditor of PJSC "LUKOIL" - Joint Stock Company KPMG.

The proposed decision is based on the recommendations of the Audit Committee of the Board of Directors of PJSC “LUKOIL” (Minutes No.1 of 14 March 2017).

**On item 7 on the agenda of the meeting:**

To approve Amendments and addenda to the Charter of Public Joint Stock Company “Oil company “LUKOIL”.

**On item 8 on the agenda of the meeting:**

To approve Amendments and addenda to the *Regulations on the Procedure for Preparing and Holding the General Shareholders Meeting of PJSC “LUKOIL”*.

**On item 9 on the agenda of the meeting:**

To approve Amendments to the *Regulations on the Board of Directors of PJSC “LUKOIL”*.

**On item 10 on the agenda of the meeting:**

To take a decision on giving consent to an interested-party transaction – Contract (Policy) on insuring the liability of directors, officers and companies between PJSC “LUKOIL” (Policyholder) and OAO «Kapital Insurance» (Insurer).

## Summary of PJSC “LUKOIL” 2016 performance results

Despite the unfavorable macroeconomic conditions, LUKOIL Group (hereinafter also the “Company”) continued its development in accordance with the goals and objectives set out in its long-term strategy. Large fields were put in operation, a large-scale program of upgrading the Company’s oil refining facilities was successfully completed. All these achievements enabled the Company to tangibly improve the structure of business and provide a solid base for further upturn of operating and financial performance.

The Company’s sustainable financial position against low oil prices, as well as its appealing development prospects became the key factors in favor of approving a new dividend policy in the reporting year. In line with the new policy, the Board of Directors recommended that the General Shareholders Meeting on 2016 performance results approve dividends of RUB 195 per share (including interim dividends of RUB 75 per share), with this amount exceeding the same for 2015 by 10%.

### Exploration work and hydrocarbon reserves

As opposed to a decrease in the average annual oil price to its minimum for the last 12 years and an increase in the MET base rate, in 2016 an incremental growth in the Company’s proven hydrocarbon reserves amounted to 0.7 billion BOE. Proven reserves replacement ratio reached 81%, in which oil accounted for 85%. At 31 December 2016 the Company’s proven hydrocarbon reserves as per SEC classification amounted to 16.4 billion BOE, of which oil accounted for 76%. The proven reserve life of the Company is 20 years.

In 2016, 13 new fields and 71 deposits were discovered, the success rate of exploration drilling reached 87%, and in the Western Siberia (including Bolshekhetskaya Depression) and in the Caspian the success rate reached 100%.

During the reporting period, a Road Map for the development of the Eastern Taymyr license block was prepared, and a first stage of exploration work started ahead of schedule. The Company proceeded with researching in the Caspian Sea water area where construction works at a prospecting and appraisal well at the Khazri structure are under way. The Exploration and Development Concept for the Baltic Sea shelf was devised, and construction works at a prospecting and appraisal well at D33 oil field were finished. The first prospecting well at Block 10 in Iraq hit oil at Eridu area.

### Oil and gas production

In October 2016, major oil fields – the V. Filanovsky field in the Caspian and Pyakyakhinskoye (Bolshekhetskaya Depression) field in the northern part of the Western Siberia – were put in operation. Their total target production levels approximate 8 million tonnes of liquid hydrocarbons and 6 billion cubic meters of gas per year.

For 2016, production of marketable hydrocarbons at LUKOIL Group amounted to 2.2 million BOE per day, of which liquid hydrocarbons accounted for 85%.

Putting in operation of the V. Filanovsky and Pyakyakhinskoye fields, commencement of hydrocarbon production at 13 new fields, primarily in Timan-Pechora and Volga, as well as an increase in exploration drilling in the Western Siberia (starting from Q2 2016) and an increase in production in Timan-Pechora and Urals had an overall positive effect on the production dynamics.

As for international projects, the most notable results were achieved in Uzbekistan: successful implementation of Southwest Gissar and Kandym-Khauzak-Shady projects in 2016 provided for an increase in gas production in Uzbekistan by 8% (by the Group share).

However, the reduction in compensation oil production under the West Kurna-2 project in Iraq by 53% as a result of compensating a significant portion of historical costs in 2015 was the key factor to negatively affect production.

## **Oil refining**

In May 2016, construction of a hydrocracking facility at Volgograd Refinery was completed, with this facility being the last major site within a large-scale program of upgrading the Company's refineries. The program resulted in a significant improvement of the production structure towards products with high added-value: the output of light petroleum products across the Group grew to 66.5% (63.2% in 2015); the refining depth reached 85.2% (81.5% in 2015).

For 2016, refining of oil feedstock at own and subsidiary refineries of the Group grew by 2.4% to reach 66.1 million tonnes. Russia-based refineries accounted for 63% of the total throughput performance.

## **Gas refining**

In the reporting year oil and natural gas refining volumes increased by 4.7% to 3.9 billion cubic meters, primarily due to commissioning of a gas processing plant with a capacity of 2.2 billion cubic meters per year at Stavrolen in Budennovsk. The facility provides for APG utilization at North Caspian fields and ensures supplies of own gas to new power generating facilities of LUKOIL Group in Stavropol Krai commissioned in 2015. Wide light hydrocarbon fraction produced at a gas processing plant is released as a raw material for petrochemical production at Stavrolen.

## **Premium distribution channels**

*Retail sales.* In 2016, the total retail sale of petroleum products amounted to 13.9 million tonnes, of which 9.8 million tonnes were sold in Russia. Despite a weak demand, retail sales of petroleum products in Russia increased by 3% against 2015 by virtue of the Company's marketing efforts. Optimization of the distribution network made it possible to increase the daily average sales volumes at filling stations in Russia to 12.7 tonnes per day (per station, on average).

*Branded fuel.* LUKOIL is actively moving forward with selling branded fuels with enhanced operational and environmental characteristics under the EKTO brand. In

2016, EKTO sales in Russia increased by 34% to reach 6.4 million tonnes. EKTO sales abroad, net of sold distribution networks, in 2016 amounted to 1.5 million tonnes, or +10.3% to 2015.

*Lubricating oil.* The Company's total production of lubricants increased in 2016 by 11% and exceeded 1 million tonnes, and sales of branded premium motor and industrial oils increased by 22%. Growth in production and sales was a result of an active implementation of the import substitution program and a favorable market environment. In 2016, LUKOIL became the leading Russian supplier of first filling oil for car manufacturers in Russia and Europe. New consumers of LUKOIL lubricating oil comprise Ford, Volkswagen and Lifan plants.

*Bunkering and aircraft refueling.* In 2016, LUKOIL Group sold 3.3 million tonnes of bunker fuel at Russian and foreign ports (+31% to 2015). The growth was primarily a result of bringing new products to market. Sales of aviation fuel in 2016 exceeded 2.7 million tonnes. The most high-margin area of aircraft refueling was into-plane fuel sales (+1.7% to reach 1.8 million tonnes in 2016).

### **Corporate social responsibility**

In 2016, all key environmental impacts were mitigated: the level of waste disposal exceeded that of waste generation, APG utilization exceeded 92%, and contaminated waste water discharges were reduced by twofold.

By virtue of consistent and well-coordinated work aimed at avoiding accidents and running of planning and preventive initiatives and exercises, in the reporting year key work injury indicators were mitigated as follows: accident rates were reduced to 0.21, the number of lost-time incidents was reduced by 14% (to 24 incidents).

### **Corporate governance**

In 2016, thorough attention was paid to enhancing the Company's corporate governance system and improving internal practices and procedures in accordance with the recommendations of the Code of Corporate Governance recommended for application by the Bank of Russia. Specific measures were implemented in the following areas:

- Creating the institution of a Corporate Secretary;
- Enhancing the internal audit system;
- Approving internal documents which govern, inter alia, the activity of the Board of Directors and committees thereof and provide for exercising of shareholders' rights.

### **IFRS consolidated financial performance**

Revenue for 2016 amounted to RUB 5,227.0 billion, or -9.1% as compared to 2015. The above decrease was primarily a result of a reduction in selling prices. Due to an increase in international trading, the share of oil in the sales structure saw a significant growth. An increase in the share of light petroleum products as a result of

revising the structure of production output at the Company's refineries had a positive impact on revenue dynamics.

EBITDA amounted to RUB 730.7 billion, or –10.5% as compared to 2015. The above decrease was associated with the reduction in compensation oil production under the West Kurna-2 project in Iraq due to the compensation of a significant portion of historical costs in 2015. Net of this project, EBITDA increased by 1.7% and amounted to RUB 691.3 billion. EBITDA dynamics were positively influenced by an increase in the share of high-margin production in the overall structure of production, an increase in oil refining capacity and a significant improvement in the structure of petroleum product output, as well as by growth in sales via premium distribution channels. Such factors as an increase in the MET base rate for oil, reduction in oil refining margins, and decrease in the retail margin in Russia driven by progressing excise taxes and transportation tariffs negatively impacted EBITDA dynamics.

Net profit attributable to shareholders of PJSC "LUKOIL" amounted to RUB 206.8 billion (–29.0% as compared to 2015). The above decrease was primarily a result of non-monetary effect of exchange differences due to foreign exchange rate volatility. Except for this factor, the Company's net profit grew by 46.4% mainly due to significant losses from writing off assets in 2015.

The Company's free cash flow for 2016 amounted to RUB 255.1 billion, or +2.7% to 2015. The reduction in capital expenditures and working capital had a positive impact on the free cash flow.

## **Securities**

*Equity price dynamics.* The Company's share price at MICEX grew by 47% to RUB 3,449 per share (as compared to MICEX RUB index only growing by 27%). The price of the Company's depositary receipts traded on the London Stock Exchange grew by 74% to USD 56.1 per receipt.

*Bonds.* In 2016, the Company successfully placed 10-year eurobonds with an all-time low premium to Russian government eurobonds. The Company issued bonds totaling USD 1 billion with a coupon yield of 4.75%. The bonds were rated BBB- by Fitch and Standard&Poor's.

**INFORMATION ON CANDIDATES FOR THE BOARD OF DIRECTORS  
OF PJSC "LUKOIL", RESULTS OF THE EVALUATION OF THE SAID  
CANDIDATES PERFORMED BY THE HUMAN RESOURCES AND  
COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS OF PJSC  
"LUKOIL" AND INFORMATION ON THE CANDIDATES' COMPLIANCE  
WITH THE RELEVANT INDEPENDENCE CRITERIA**



**Valery Isaakovich Grayfer**

Chairman of the Board of Directors of PJSC «LUKOIL», Non-executive member of the Board of Directors of PJSC «LUKOIL», Chairman of the Board of Directors of JSC RITEK

Born: 1929

Graduated from the I.M. Gubkin Moscow Oil Institute in 1952. Candidate of Technical Sciences (PhD). Recipient of seven orders, four medals, and a Certificate of Honor of the Supreme Soviet of the Tatar ASSR. Awarded a Certificate of Honor of the Russian Federation President in 2009. Since 1985: USSR Deputy Minister of Oil Industry in charge of the Chief Tyumen Production Division for the oil and gas industry. From 1992 to 12 January 2010, General Director of OJSC RITEK. Since 2000: Chairman of the Board of Directors of PJSC «LUKOIL». Since 2010: Chairman of the Board of Directors of JSC RITEK.. Professor at the Gubkin Russian State University of Oil and Gas. Lenin Prize and Russian Government Prize Winner.

Has executive/managerial experience, higher professional education in the sphere of the Company's core production activities and also a record of government service and expertise in government and international relations.



**Vagit Yusufovich  
Alekperov**

President of PJSC «LUKOIL», Executive member of the Board of Directors of PJSC «LUKOIL», Chairman of the Management Committee of PJSC «LUKOIL»

Born: 1950

Graduated from the M. Azizbekov Azerbaijan Oil and Chemistry Institute in 1974. Doctor of Economics. Full member of the Russian Academy of Natural Sciences. Distinguished energy industry specialist and Honored oil specialist. Recipient of five orders and eight medals, a Certificate of Honor and two Certificates of Gratitude from the Russian Federation President. Two times winner of the Russian Government Prize. Since 1968: worked at oil fields in Azerbaijan and Western Siberia. 1987–1990: General Director of Production Association Kogalymneftegaz of Glavtyumenneftegaz of the USSR Ministry of Oil and Gas. 1990–1991: Deputy Minister; First Deputy Minister of the USSR Ministry of Oil and Gas. 1992–1993: President of the Oil Concern Langepasuraikogalymneft. 1993–2000: Chairman of the Board of Directors of OAO «LUKOIL». Since 1993: President of PJSC «LUKOIL».

Has executive/managerial experience, higher professional education in the sphere of the Company's core production activities and also a record of government service and expertise in government and international relations.



**Victor Vladimirovich  
Blazheev \*\***

Independent Member of the Board of Directors of PJSC «LUKOIL», Rector of the O.E. Kutafin Moscow State Law University (MSAL), Chairman of the Audit Committee of the Board of Directors of PJSC «LUKOIL», Member of the Human Resources and Compensation Committee of the Board of Directors of PJSC «LUKOIL»

Born: 1961

Graduated from the evening department of the All-Union Extra-Mural Law Institute (AELI) in 1987; completed a post-graduate program at AELI-Moscow Law Institute in the department of civil litigation in 1990. Candidate of Legal Sciences (PhD), Professor. Recipient of a 2nd degree Medal of the Order "For Merits to the Fatherland". Was awarded the title "Honored Lawyer of the Russian Federation", a breastplate "Honored Worker of Higher Professional Education in the Russian Federation", the title "Honored Worker of Science and Technology of the Russian Federation". Since 1999, Mr. Blazheev has been engaged in educational (as a lecturer) and administrative activities occupying various positions at Moscow State Academy of Law. 1999-2001: Dean of the full-time day department of Moscow State Academy of Law. 2001-2002: Vice-Rector of Moscow State Academy of Law in charge of academic agenda. 2002 –2007: First Vice-Rector of Moscow State Academy of Law in charge of academic agenda. Since 2007: Rector of the O.E. Kutafin Moscow State Law University (MSAL). Has executive/managerial experience and also experience/expertise in Economics and Finance.



Toby Trister Gati \*

Independent Member of the Board of Directors of PJSC «LUKOIL», Member of the Strategy and Investment Committee of the Board of Directors of PJSC «LUKOIL»

Born: 1946

In 1967 graduated from the Pennsylvania State University (Bachelor's degree (BA) in Russian Literature and Language), in 1970 – Columbia University (Master's degree (MA) in Russian Literature), in 1972 – the Harriman Institute at Columbia University (Master's degree in International Affairs (MIA) and Certificate in Russian Studies).

Since 1997 — April, 2016 — Senior Advisor on matters of international cooperation and international relations at Akin Gump Strauss Hauer & Feld LLP. Since 2016 - President of TTG Global LLC, since 2012 - Member of the U.S.-Russia Business Council (USRBC), Participant of the Valdai Discussion Club.

Has executive/managerial experience and also a record of government service and expertise in government and international relations.



Igor Sergeevich Ivanov \*\*

Independent Member of the Board of Directors of PJSC «LUKOIL», President of the Russian International Affairs Council (RIAC), Chairman of the Strategy and Investment Committee of the Board of Directors of PJSC «LUKOIL»

Born: 1945

Graduated from the Maurice Thorez Moscow State Institute of Foreign Languages in 1969. Associate member of the Russian Academy of Sciences. Doctor of History, Professor. Recipient of Russian and foreign orders and medals. 1993-1998: First Deputy Minister of Foreign Affairs of the Russian Federation. 1998-2004: Minister of Foreign Affairs of the Russian Federation. 2004 – 2007- Secretary of the Security Council of the Russian Federation. Since 2005: Professor of Moscow State Institute of International Relations (MGIMO University) under the Russian Foreign Ministry. Since 2011 - President of the Russian International Affairs Council (RIAC). Since 2013 - Member of the Board of the Managing Directors of Rissa Investments N.V.

Has executive/managerial experience, experience/expertise in Economics and Finance and a record of government service and expertise in government and international relations.



Ravil Ulfatovich Maganov

Executive member of the Board of Directors of PJSC «LUKOIL», Vice-Chairman of the Board of Directors of PJSC «LUKOIL», Member of the Management Committee of PJSC «LUKOIL», First Executive Vice-President of PJSC «LUKOIL» (E&P), Member of the Strategy and Investment Committee of the Board of Directors of PJSC «LUKOIL»

Born: 1954

Graduated from the I.M. Gubkin Moscow Institute of the Petrochemical and Gas Industry in 1977. Distinguished Oil and Gas Specialist of the Russian Federation, Honored oil specialist. Recipient of four orders and five medals. Has a Letter of Acknowledgement from the Government of the Russian Federation. Three times winner of the Russian Government Prize in Science and Engineering. 1988–1993: Chief Engineer, Deputy General Director, General Director of OPE Langepasneftegaz. 1993–1994: Vice-President of OAO «LUKOIL» (Oil Production). 1994–2006: First Vice-President of OAO «LUKOIL» (E&P). Since 2006: First Executive Vice-President of PJSC «LUKOIL» (E&P). Since 2012 - member of the Supervisory Board of LUKOIL INTERNATIONAL GmbH. Since 2016 - Deputy Chairman of the Board of Directors of PJSC «LUKOIL».

Has executive/managerial experience, higher professional education in the sphere of the Company's core production activities.



Roger Munnings \*

Independent Member of the Board of Directors of PJSC «LUKOIL», Chairman of the Human Resources and Compensation Committee of PJSC «LUKOIL», Independent member of the Board of Directors of Sistema Public Joint Stock Financial Corporation since 2010.

Born: 1950

Graduated from the University of Oxford in 1972, where Mr. Munnings earned a Master's Degree in Philosophy, Politics and Economics.

1996–2008: President and CEO of KPMG Russia/CIS; 1993–2008: Chairman of KPMG's Global Energy and Natural Resources Practice; 1998–2008: Member of KPMG's International Council (ultimate governance body).

Since 2012: Chairman of the Russian-British Chamber of Commerce. Member of the Russian National Council on Corporate Governance, the Russian Union of Industrialists and Entrepreneurs, and of the Russian Institute of Directors, Fellow of the Institute of Chartered Accountants in England and Wales. Roger Munnings was appointed CBE in the UK in HM The Queen's New Year's Honours List in 2007.

Has executive/managerial experience and also experience/expertise in Economics and Finance.



Richard Matzke

Non-executive member of the Board of Directors of PJSC «LUKOIL», Member of the Human Resources and Compensation Committee of the Board of Directors of PJSC «LUKOIL».

Born: 1937

Graduated from Iowa State University in 1959, Pennsylvania State University in 1961, and St. Mary's College of California in 1977. MS in Geology, Master of Business Administration. 1989–1999: President of Chevron Overseas Petroleum, member of the Board of Directors of Chevron Corporation. 2000–2002: Vice-Chairman of the Board of Directors of Chevron, Chevron-Texaco Corporation.

2006: Recipient of a public non-governmental medal "For the Development of the Oil and Gas Complex of Russia" and the "Director of the Year 2006" National Award, Russia, in the "Independent Director of the Year" nomination category, sponsored by the Independent Directors Association (IDA) and PricewaterhouseCoopers. 2010–2013: Board member of Eurasia Drilling Company.

Has executive/managerial experience, higher professional education in the sphere of the Company's core production activities.



Nikolai Mikhailovich Nikolaev

General Director of Joint Stock Company «Russian innovative fuel and energy company» (RITEK), Vice-President of PJSC «LUKOIL»

Born: 1954

Graduated from the I.M. Gubkin Moscow Institute of the Petrochemical and Gas Industry in 1982. Tyumen Industrial Institute in 1994 and the I.M. Gubkin Russian State University of Oil and Gas in 2000. Candidate of Technical Sciences (PhD). Distinguished Oil and Gas Specialist of the Russian Federation. Recipient of an order and six medals. 1996-1997: General Director of AOOT LUKOIL-Langepasneftegaz. 1997-2001: General Director of TPP Langepasneftegaz of OOO LUKOIL-Zapadnaya Sibir [Western Siberia]. 2001-2009: General Director of OOO LUKOIL-Nizhnevolskneft. 03.2009-01.2010: General Director of OOO LUKOIL-Vologradneftegaz. Since 01.2010: General Director of JSC RITEK.

Has executive/managerial experience, higher professional education in the sphere of the Company's core production activities.



Ivan Pictet \*

Independent Member of the Board of Directors of PJSC «LUKOIL», Member of the Audit Committee of PJSC «LUKOIL», Chairman of the Board of Directors of Symbiotics, Chairman of the Board of Directors of PSA International SA

Born: 1944

Master in Economics from the School of Business Administration at the University of St. Gallen (1970). Mr. Pictet is a member of the following governance bodies: since 2010: AEA European Advisory Board. Since 2011, Mr. Pictet was a member of the Board of Directors of Symbiotics in 2015 he was elected Chairman of its Board. He is also President of Fondation pour Geneve and Chairman of the Fondation Pictet pour le développement since 2009. Mr. Pictet was appointed Chairman of the Board of PSA International SA in 2012.

Has executive/managerial experience and also experience/expertise in Economics and Finance.



Leonid Arnoldovich Fedun

Executive member of the Board of Directors of PJSC «LUKOIL», Vice-President for Strategic Development at PJSC «LUKOIL», Member of the Strategy and Investment Committee of the Board of Directors of PJSC «LUKOIL»

Born: 1956

Graduated from the M.I. Nedelin Higher Military Command School in Rostov in 1977 and the Graduate School of Privatization and Entrepreneurship in 1993. Candidate of Philosophical Sciences (PhD). Recipient of two orders and seven medals. 1993–1994: General Director of JSC LUKOIL-Consulting. 1994–2012: Vice-President, Head of the Main Division of Strategic Development and Investment Analysis of OAO «LUKOIL». Since February 2012: Vice-President for Strategic Development at PJSC «LUKOIL».

Has executive/managerial experience, experience/expertise in Economics and Finance and also a record of government service and expertise in government and international relations.



Lyubov Nikolaevna Khoba

Vice-President, Chief Accountant of PJSC «LUKOIL»

Born: 1957

In 1992 graduated from Sverdlovsk Institute of National Economy. Candidate of Economic Sciences. Merited economist of the Russian Federation, Honored oil specialist, Honored worker of the energy sector. Recipient of two orders and two medals.

In 1991–1993: Chief Accountant of Production Association Kogalymneftegaz.

In 1993-2000: Chief Accountant of OAO «LUKOIL». In 2000-2003: OAO «LUKOIL», Vice President, Head of the Main Division of Financial Accounting. In 2003-2004: Chief Accountant — Vice President of PJSC «LUKOIL». In 2004-2012: Chief Accountant of OAO «LUKOIL». 1993 - May 2017: member of the Management Committee, since 2012: Vice President, Chief Accountant of PJSC «LUKOIL».

Has executive/managerial experience and experience/expertise in Economics and Finance.

The candidates have given their written consent to be elected to the Board of Directors of PJSC "LUKOIL".

\* Qualify as independent candidates to the Board of Directors of PJSC "LUKOIL" pursuant to the Moscow Exchange Listing Rules and the Corporate Governance Code recommended by the Bank of Russia by Letter No. 06-52/2463 dated 10.04.2014.

\*\* Is recognized as an independent candidate for the Board of Directors of PJSC "LUKOIL" (point 9.2 of the Charter of PJSC "LUKOIL") based on the decision taken by the Board of Directors as of 23 June 2016 (Minutes No 13), on recognizing V.V. Blazheev and I.S. Ivanov independent as members of the Company's Board of Directors despite the formal criteria of association with the Company resulting from their service on the Board of Directors of PJSC "LUKOIL" exceeding the seven-year tenure.

Based on the analysis of all available biographical details of the candidates, Human Resources and Compensation Committee of PJSC «LUKOIL» recognized (Minutes No 3 of 31.03.2017) that the candidates for the Board of Directors have a flawless business reputation, possess professional qualifications, knowledge, skills and experience required for decision-making on issues within the competence of the Board of Directors and required for the effective performance of their functions.

**INFORMATION ON CANDIDATES  
FOR THE AUDIT COMMISSION OF PJSC “LUKOIL”**



**Ivan Nikolaevich Vrublevskiy** was born on 8 May 1974. Graduated from Moscow Finance Academy under the RF Government in 1996 with a degree in Accounting and Audit. Employed since 1993. In 2005 – 2012: Head of the Division of Transformation of Financial Statements of LUKOIL Group Organisations at the Accounting Department of OAO "LUKOIL". 2012 – 2013: Head of the Division of Transformation of Financial Statements of LUKOIL Group Organisations at the International Reporting Department of OAO "LUKOIL". Since 2013: Managing Director of LUKOIL Accounting and Finance Europe s.r.o., Czech Republic.



**Pavel Aleksandrovich Suloev** was born on 8 December 1957. Graduated from the G.V. Plekhanov Russian Economics Academy in 1982 with a degree in Economics. Employed since 1982. In 2001-2012: Chairman of the Board of SLB Commercial Bank AG, Zurich. 2012 – 2013: Director of Investments, LITASCO, Geneva. Since 2014: Control and Internal Audit Director of ZAO Management Centre Managing Company.



**Aleksandr Viktorovich Surkov** was born on 12 August 1969. Graduated from Ufa Oil Institute in 1993 with a degree in Enterprise Economics and Management. Employed since 1987. In 2009 – 2011: Head of the Division of Automation, Period Closing and Preparation of Financial Statements at the Accounting Department of OAO "LUKOIL". 2011: General Director (job combination) of OOO LUKOIL-Volgograd Regional Accounting Centre. Since 2011: General Director of OOO LUKOIL-Volgograd Regional Accounting Centre.

**All the candidates have given their written consent to be elected to the Audit Commission of PJSC “LUKOIL”.**



PJSC "LUKOIL" (not including subsidiaries and equity affiliates)  
BALANCE SHEET  
as at 31 December 2016

million roubles

	As at 31.12.2016	As at 31.12.2015	As at 31.12.2014
<b>Non-current assets</b>			
Intangible assets	368	347	354
R&D	32	34	40
Intangible development assets	-	-	-
Tangible development assets	-	-	-
Property, plant and equipment	15,427	14,781	13,350
Income-bearing investments in tangible assets	-	-	-
Financial investments	1,135,473	1,143,633	1,148,295
Deferred tax assets	532	493	540
Other non-current assets	82	214	580
<b><u>Non-current assets, total</u></b>	<b><u>1,151,914</u></b>	<b><u>1,159,502</u></b>	<b><u>1,163,159</u></b>
<b>Current assets</b>			
Inventories	35	19	31
VAT on purchased assets	239	29	187
Accounts receivable	189,066	140,710	181,892
Financial investments (other than cash equivalents)	473,099	595,695	337,746
Cash and cash equivalents	132,426	127,226	72,482
<b><u>Current assets, total</u></b>	<b><u>794,865</u></b>	<b><u>863,679</u></b>	<b><u>592,338</u></b>
<b><u>ASSETS TOTAL</u></b>	<b><u>1,946,779</u></b>	<b><u>2,023,181</u></b>	<b><u>1,755,497</u></b>
<b>Equity and reserves</b>			
Charter capital	21	21	21
Additional paid-in capital, including revaluation of non-current assets	12,625	12,625	12,625
Reserve capital	3	3	3
Retained earnings	1,312,190	1,288,596	1,121,449
<b><u>Equity and reserves, total</u></b>	<b><u>1,324,839</u></b>	<b><u>1,301,245</u></b>	<b><u>1,134,098</u></b>
<b>Non-current liabilities</b>			
Loans and borrowings	159,057	309,182	228,021
Deferred tax liabilities	497	421	374
Other non-current liabilities	23	-	53
<b><u>Non-current liabilities, total</u></b>	<b><u>159,577</u></b>	<b><u>309,603</u></b>	<b><u>228,448</u></b>
<b>Current liabilities</b>			
Loans and borrowings	265,853	254,372	193,384
Accounts payable	193,939	155,616	198,408
Estimated liabilities	2,571	2,345	1,159
<b><u>Current liabilities, total</u></b>	<b><u>462,363</u></b>	<b><u>412,333</u></b>	<b><u>392,951</u></b>
<b><u>LIABILITIES AND EQUITY TOTAL</u></b>	<b><u>1,946,779</u></b>	<b><u>2,023,181</u></b>	<b><u>1,755,497</u></b>

## INCOME STATEMENT

for the year ended 31 December

million roubles

	2016	2015
<b>Net sales revenues</b>	<b>316,541</b>	<b>259,198</b>
Including receipts from participation in the authorised capitals of other organisations	273,122	211,991
Cost of goods sold	(18,042)	(21,896)
<b>Gross profit</b>	<b>298,499</b>	<b>237,302</b>
Export customs duties	(65)	-
Selling expenses	(3,479)	(1,608)
Administrative expenses	(24,162)	(22,723)
<b>Profit from sales</b>	<b>270,793</b>	<b>212,971</b>
Income from equity in other organisations	-	-
Interest receivable	67,435	66,565
Interest payable	(51,353)	(42,937)
Result of other income and expenses	(104,141)	88,499
<b>Profit before taxes</b>	<b>182,734</b>	<b>325,098</b>
Current income tax	16,100	(24,621)
Deferred income tax	(37)	(94)
Other	168	35
Redistribution of income tax inside the consolidated group of taxpayers	(16,399)	1,877
<b>Net profit</b>	<b>182,566</b>	<b>302,295</b>
Result of revaluation of non-current assets not included in net profit	-	-
Result of other transactions not included in net profit of the period	-	-
<b>Cumulative financial result of the period</b>	<b>182,566</b>	<b>302,295</b>

**Amendments and addenda  
to the Charter of Public Joint Stock Company  
“Oil company “LUKOIL”**

1. In Article 8 “Shareholder Meeting”:

a) Point 8.2:

- Revise sub-point 8.2.15 to read as follows:

“8.2.15. Adoption of decisions on consent or subsequent approval of interested-party transactions, as provided by the Federal Law *On Joint Stock Companies*;”

- Revise sub-point 8.2.16 to read as follows:

“8.2.16 adoption of decisions on:

8.2.16.1. consent or subsequent approval of major transactions, as provided by the Federal Law *On Joint Stock Companies*;

8.2.16.2. consent or subsequent approval of a major transaction requiring decision on consent or subsequent approval of the Board of Directors in accordance with sub-point 9.7.17 of point 9.7 of this Charter, if the Board of Directors has not reached unanimity on the issue”;

b) Revise the first paragraph of point 8.6 to read as follows:

“8.6. Proposals for the agenda of the Annual Shareholders Meeting and candidates to the Board of Directors and Audit Commission, and to the office of President shall be made by Company shareholder (shareholders) holding in aggregate at least two percent of the Company’s voting shares. Such proposals shall be received by the Company not later than 60 days after the end of the reporting year of the Company. The number of candidates such shareholders may nominate to the Board of Directors and Audit Commission may not exceed the number of positions in the relevant body.”;

c) Amend point 8.7 by supplementing it with a new paragraph, reading as follows:

“The Meeting procedure may, by resolution of the Company’s Board of Directors, enable persons entitled to participate in the Meeting, to complete the voting ballots electronically, through a website on the information and telecommunications network “Internet”, the URL whereof is established by the Board of Directors and included in the Meeting Notice”.

Paragraphs three, four, and five of point 8.7 of the Charter shall be re-numbered as paragraphs four, five and six of point 8.7;

d) Revise point 8.9 by supplementing it with paragraph four, reading as follows:

“If the Meeting procedure, as resolved by the Company’s Board of Directors, enables persons entitled to participate in the Meeting to complete voting ballots electronically, shareholders shall be deemed to have attended the Shareholders Meeting, as long as they are registered on the website on the information and telecommunications network “Internet”, as specified in the Meeting Notice, and filled out their voting ballots electronically via the website on the information and telecommunications network “Internet”, as indicated in the Notice, at least two days prior to the Meeting, or if such Meeting is held in the form of an absentee vote, completed their voting ballots electronically through the website on the information and telecommunications network “Internet”, as specified in the Meeting Notice, prior to the final date of acceptance of voting ballots.”;

e) Revise point 8.17 to read as follows:

“8.17. Decisions on issues specified in sub-point 8.2.15 of point 8.2 of this Charter shall be made by a majority vote of the holders of the Company’s voting shares participating in the voting who have no material benefit (interest) in concluding the transaction .”.

2. In **Article 9 “Board of Directors”**:

a) Point 9.7:

- Revise sub-point 9.7.17 to read as follows:

“9.7.17. consent or subsequent approval of major transactions involving assets with a value of 25 to 50 percent of the book value of the Company's assets according to its accounting (financial) statements as of the latest reporting date, as provided by the Federal Law *On Joint Stock Companies*;”;

- Revise sub-point 9.7.19 to read as follows:

“9.7.19. consent or subsequent approval of interested party transactions, as provided in the Federal Law *On Joint Stock Companies*, involving members of the Company’s Board of Directors, the Company President, members of the Company’s Management Committee or any person acting as a controlling person of the Company, or a person authorized to issue instructions that are binding on the Company, except for transactions specified in sub-point 8.2.15 of point 8.2 hereof;”;

- Revise the point by supplementing it with new sub-points 9.7.27 and 9.7.28, reading as follows:

“9.7.27. Establish corporate principles and approaches that are embraced by the Company in regard to its risk management and internal control system, including approval of risk management and internal control policies;

9.7.28. Oversee the reliability and performance of the Company’s risk management and internal control system;”;

- Re-number sub-point 9.7.27 hereof as subpoint 9.7.29.

b) Revise sub-point 9.8.2.3 of point 9.8 to read as follows:

“9.8.2.3. the issue provided for in sub-point 9.7.17 of point 9.7 hereof. If a unanimous decision on the consent or subsequent approval of a major transaction referred to in sub-point 9.7.17 of point 9.7 of this Charter cannot be reached by the Board of Directors, such issue may be submitted to the Shareholders Meeting by decision of the Board of Directors made by a majority vote of its members present at the meeting;”.

3. In **Article 14 “Accounting and Reporting”** add paragraph two to point 14.1 reading as follows:

“The Company shall, alongside with its accounting (financial) statements, prepare its consolidated financial statements in accordance with the International Financial Reporting Standards, which shall bear the signature of the President and Vice-President-Chief Accountant of the Company, or if absent, signatures of persons acting in such capacity in accordance with the established procedure. The annual consolidated financial statements shall be submitted to the Company shareholders within the times provided by the applicable laws, by publishing them on the Company’s official websites on the information and telecommunications network “Internet”, i.e. [www.lukoil.ru](http://www.lukoil.ru), [www.lukoil.com](http://www.lukoil.com).”.

**Table of Amendments and addenda to the current version  
of the Charter of Public Joint Stock Company “Oil company “LUKOIL”**

№	Current version of the Company Charter	New version of the Company Charter	Comments
1.	Sub-point 8.2.15 of point 8.2: «8.2.15. approval of interested-party transactions, in cases stipulated by effective legislation;».	Sub-point 8.2.15 of point 8.2: «8.2.15. <b><u>adoption of decisions on consent or subsequent</u></b> approval of interested-party transactions, <del>in cases stipulated by effective legislation,</del> <b><u>as provided by the Federal Law On Joint Stock Companies;</u></b> ».	The amendment is being made in order to bring the wording of subpoint 8.2.15 of point 8.2 of the Company’s Charter defining the remit of the General Shareholders Meeting in line with the wording of subclause 15 of clause 1 of Article 48 of the Federal Law <i>On Joint-Stock Companies</i> (hereinafter “the Federal Law on JSCs”) as amended by Federal Law No. 343-FZ dated 03.07.2016 <i>On Amendments to the Federal Law “On Joint Stock Companies” and the Federal Law “On Limited Liability Companies” with regard to the regulation of major transactions and interested-party transactions</i> , which came into force on 01.01.2017.
2.	Sub-point 8.2.16 of point 8.2: «8.2.16. adoption of decisions on: 8.2.16.1. approval of major transactions, which are understood to mean transactions or a series of related transactions on the acquisition, disposal or the possibility of disposal by the Company, directly or indirectly, of assets with the value exceeding 50 percent of the book value of the Company's assets according to its accounting (financial) statements as of the latest reporting date, with the exception of transactions completed in the ordinary course of the Company’s business, transactions related to placement by the Company of ordinary shares by means of subscription (sale)	Sub-point 8.2.16 of point 8.2: «8.2.16. adoption of decisions on: 8.2.16.1. <b><u>consent or subsequent</u></b> approval of major transactions <b><u>as provided by the Federal Law On Joint Stock Companies;</u></b> <del>which are understood to mean transactions or a series of related transactions on the acquisition, disposal or the possibility of disposal by the Company, directly or indirectly, of assets with the value exceeding 50 percent of the book value of the Company's assets according to its accounting (financial) statements as of the latest reporting date, with the exception of transactions completed in the ordinary course of the Company’s business, transactions related to placement by the</del>	The purpose of the amendments is to bring the wording of subpoint 8.2.16 of point 8.2 of the Company's Charter in line with subclause 16 of clause 1 of Article 48 and Article 79 of the Federal Law on JSCs as amended by Law No. 343-FZ.

	<p>and transactions related to placement of issuable securities convertible into Company's ordinary shares; and transactions that must be performed by the Company in accordance with federal laws and/or other regulatory acts of the Russian Federation, settlements on which are made at prices determined according to the procedure established by the Government of the Russian Federation or at prices and tariffs established by the federal executive authority designated by the Government of the Russian Federation;</p> <p>8.2.16.2. approval of a major transaction requiring approval under decision of the Board of Directors in accordance with sub-point 9.7.17 of point 9.7 of this Charter, if the Board of Directors has not reached unanimity on the issue;».</p>	<p><del>Company of ordinary shares by means of subscription (sale) and transactions related to placement of issuable securities convertible into Company's ordinary shares; and transactions that must be performed by the Company in accordance with federal laws and/or other regulatory acts of the Russian Federation, settlements on which are made at prices determined according to the procedure established by the Government of the Russian Federation or at prices and tariffs established by the federal executive authority designated by the Government of the Russian Federation;</del></p> <p>8.2.16.2. <b><u>consent or subsequent</u></b> approval of a major transaction requiring approval under decision on <b><u>consent or subsequent approval</u></b> of the Board of Directors in accordance with sub-point 9.7.17 of point 9.7 of this Charter, if the Board of Directors has not reached unanimity on the issue;».</p>	
3.	<p>The first paragraph point 8.6: «8.6. Proposals for the agenda of the Annual Shareholders Meeting and candidates to the Board of Directors and Audit Commission, and to the office of President shall be made not later than 60 days after the end of the reporting year of the Company by Company shareholder (shareholders) holding in aggregate at least two percent of the Company's voting shares. The number of candidates such shareholders may nominate to the Board of Directors and Audit Commission may not exceed the number of positions in the relevant body.».</p>	<p>The first paragraph point 8.6: «8.6. Proposals for the agenda of the Annual Shareholders Meeting and candidates to the Board of Directors and Audit Commission, and to the office of President shall be made by Company shareholder (shareholders) holding in aggregate at least two percent of the Company's voting shares. <b><u>Such proposals shall be received by the Company</u></b> not later than 60 days after the end of the reporting year of the Company. The number of candidates such shareholders may nominate to the Board of Directors and Audit Commission may not exceed the number of positions in the relevant body.».</p>	<p>The purpose of the amendment is to clarify the wording of paragraph 1 of point 8.6 of the Company's Charter in accordance with clause 1 of Article 53 of the Federal Law on JSCs.</p>
4.	<p>Not present in the current version.</p>	<p><b><u>Add paragraph three to point 8.7 reading as follows:</u></b> <b><u>«The Meeting procedure may, by resolution of the Company's Board of Directors, enable persons entitled to participate in the Meeting, to complete the voting ballots electronically,</u></b></p>	<p>The addition is being made to reflect in the Company's Charter the provision of clause 4 of Article 60 of the Federal Law on JSCs stipulating the possibility of completing an electronic ballot on a website in the</p>

		<p><b><u>through a website on the information and telecommunications network “Internet”, the URL whereof is established by the Board of Directors and included in the Meeting Notice.».</u></b>  Paragraph three of point 8.7 of the Charter shall be re-numbered as paragraph four of point 8.7</p>	<p>information and telecommunications network Internet by a person entitled to participate in a General Shareholders Meeting if the Company’s Board of Directors has approved this way of completing ballots when preparing for the GSM.</p>
5.	Not present in the current version.	<p><b><u>Add paragraph four to point 8.9 reading as follows:</u></b>  <b><u>«If the Meeting procedure, as resolved by the Company’s Board of Directors, enables persons entitled to participate in the Meeting to complete voting ballots electronically, shareholders shall be deemed to have attended the Shareholders Meeting, as long as they are registered on the website on the information and telecommunications network “Internet”, as specified in the Meeting Notice, and filled out their voting ballots electronically via the website on the information and telecommunications network “Internet”, as indicated in the Notice, at least two days prior to the Meeting, or if such Meeting is held in the form of an absentee vote, completed their voting ballots electronically through the website on the information and telecommunications network “Internet”, as specified in the Meeting Notice, prior to the final date of acceptance of voting ballots.».</u></b></p>	<p>The addition is being made to clarify the procedure for determining the quorum of the General Shareholders Meeting of the Company in accordance with clause 1 of Article 58 of the Federal Law on JSCs in the event that the Board of Directors of the Company, in preparation for the General Shareholders Meeting, decides that it is possible to complete an electronic ballot on a website in the information and telecommunications network Internet.</p>
6.	<p>Point 8.17:  «8.17. Decisions on issues specified in sub-point 8.2.15 of point 8.2 of this Charter shall be made by a majority vote of the holders of voting shares who have no material benefit (interest) in relation to the transaction.».</p>	<p>Point 8.17:  «8.17. Decisions on issues specified in sub-point 8.2.15 of point 8.2 of this Charter shall be made by a majority vote of the holders of <b><u>the Company’s voting shares participating in the voting</u></b> who have no material benefit (interest) in relation <del>to</del> <b><u>concluding</u></b> the transaction.».</p>	<p>The purpose of the amendment is to bring the wording of point 8.17 of the Company's Charter in line with clause 4 of Article 83 of the Federal Law on JSCs as amended by Law No. 343-FZ.</p>
7.	<p>Sub-point 9.7.17 of point 9.7:  «9.7.17. approval of major transactions involving assets with a value of 25 to 50 percent of the book</p>	<p>Sub-point 9.7.17 of point 9.7:  «9.7.17. <b><u>consent or subsequent</u></b> approval of major transactions involving assets with a value of 25 to</p>	<p>The purpose of the amendments is to bring the wording of subpoint 9.7.17 of point 9.7 of the Company's Charter</p>

	value of the Company's assets according to its accounting (financial) statements as of the latest reporting date with the exception of transactions made during the usual course of the Company's business, transactions related to placement of the Company's ordinary shares by way of subscription (sale) and transactions related to placement of issuable securities convertible into the Company's ordinary shares; and transactions that must be performed by the Company in accordance with federal laws and/or other regulatory acts of the Russian Federation, settlements on which are made at prices determined according to the procedure established by the Government of the Russian Federation or at prices and tariffs established by the federal executive authority designated by the Government of the Russian Federation;».	50 percent of the book value of the Company's assets according to its accounting (financial) statements as of the latest reporting date, <b><u>as provided by the Federal Law On Joint Stock Companies</u></b> with the exception of transactions made during the usual course of the Company's business, transactions related to placement of the Company's ordinary shares by way of subscription (sale) and transactions related to placement of issuable securities convertible into the Company's ordinary shares; and transactions that must be performed by the Company in accordance with federal laws and/or other regulatory acts of the Russian Federation, settlements on which are made at prices determined according to the procedure established by the Government of the Russian Federation or at prices and tariffs established by the federal executive authority designated by the Government of the Russian Federation;».	in line with subclause 15 of clause 1 of Article 65 and clause 2 of Article 79 of the Federal Law on JSCs as amended by Law No. 343-FZ.
8.	Sub-point 9.7.19 of point 9.7: «9.7.19. approval of interested party transactions involving, in accordance with the Russian law, members of the Board of Directors, persons holding offices in other management bodies of the Company, shareholders holding together with their affiliated persons 20 or more percent of the Company's voting shares, except for transactions specified in sub-point 8.2.15 of point 8.2 hereof;».	Sub-point 9.7.19 of point 9.7: «9.7.19. <b><u>consent or subsequent approval of interested party transactions as provided in the Federal Law On Joint Stock Companies,</u></b> involving, in accordance with the Russian law, members of the <b><u>Company's Board of Directors, the Company President, members of the Company's Management Committee or any person acting as a controlling person of the Company, or a person authorized to issue instructions that are binding on the Company,</u></b> persons holding offices in other management bodies of the Company, shareholders holding together with their affiliated persons 20 or more percent of the Company's voting shares, except for transactions specified in sub-point 8.2.15 of point 8.2 hereof;».	The purpose of the amendments is to bring the wording of subpoint 9.7.19 of point 9.7 of the Company's Charter in line with subclause 16 of clause 1 of Article 65 and clause 1 of Article 81 of the Federal Law on JSCs as amended by Law No. 343-FZ.
9.	Not present in the current version.	<b><u>Add new sub-points 9.7.27 and 9.7.28 to point 9.7 reading as follows:</u></b>	The additions are being made to the remit of the Board of Directors of the

		<p><b><u>«9.7.27. Establish corporate principles and approaches that are embraced by the Company in regard to its risk management and internal control system, including approval of risk management and internal control policies; 9.7.28. Oversee the reliability and performance of the Company's risk management and internal control system;».</u></b></p> <p><b><u>Sub-point 9.7.27 of the Charter shall become sub-point 9.7.29.</u></b></p>	<p>Company in accordance with the corporate governance principle provided for by clause 2.1.3 of Section II "The Board of Directors of a Company" of Part A "Corporate Governance Principles" and the recommendation contained in clause 68 of Section II "The Board of Directors of a Company" of Part B "Recommendations regarding the corporate governance principles" of the Corporate Governance Code recommended by the Bank of Russia for application by joint-stock companies whose securities are admitted to organized trading pursuant to Letter No. 06-52/2463 dated 10.04.2014.</p>
10.	<p>Sub-point 9.8.2.3 of point 9.8: «9.8.2.3. the issue provided for in sub-point 9.7.17 of point 9.7 hereof. If a unanimous decision on the approval of a major transaction referred to in sub-point 9.7.17 of point 9.7 of this Charter cannot be reached by the Board of Directors, such issue may be submitted to the Shareholders Meeting by decision of the Board of Directors made by a majority vote of its members present at the meeting;».</p>	<p>Sub-point 9.8.2.3 of point 9.8: «9.8.2.3. the issue provided for in sub-point 9.7.17 of point 9.7 hereof. If a unanimous decision on the <b><u>consent or subsequent</u></b> approval of a major transaction referred to in sub-point 9.7.17 of point 9.7 of this Charter cannot be reached by the Board of Directors, such issue may be submitted to the Shareholders Meeting by decision of the Board of Directors made by a majority vote of its members present at the meeting;».</p>	<p>The purpose of the amendments is to bring the wording of subpoint 9.8.2.3 of point 9.8 of the Company's Charter in line with subclause 15 of clause 1 of Article 65 and clause 2 of Article 79 of the Federal Law on JSCs as amended by Law No. 343-FZ.</p>
11.	<p>Not present in the current version.</p>	<p><b><u>Add paragraph two to point 14.1 reading as follows:</u></b> <b><u>«The Company shall, alongside with its accounting (financial) statements, prepare its consolidated financial statements in accordance with the International Financial Reporting Standards, which shall bear the signature of the President and Vice-President-Chief Accountant of the Company, or if absent, signatures of persons acting in such capacity in accordance</u></b></p>	<p>The addition is being made to reflect in the Company's Charter the procedure for presenting annual consolidated financial statements to the Company's shareholders and provisions on persons signing consolidated financial statements of the Company in accordance with the requirements of Article 4 of Federal Law No. 208-FZ dated 27.07.2010 <i>On</i></p>

		<p><b><u>with the established procedure. The annual consolidated financial statements shall be submitted to the Company shareholders within the times provided by the applicable laws, by publishing them on the Company's official websites on the information and telecommunications network "Internet", i.e. <a href="http://www.lukoil.ru">www.lukoil.ru</a>, <a href="http://www.lukoil.com">www.lukoil.com</a>.</u></b></p>	<p><i>Consolidated Financial Statements.</i></p>
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Deleted provisions are shown in this table as strikethrough text, and new provisions are shown as bold and underlined text.

**Amendments and addenda**  
**to the Regulations on the Procedure for Preparing and Holding the General Shareholders Meeting of PJSC “LUKOIL”**

1. Revise section 3 “**Preparation for the holding of a Meeting**” by supplementing point 3.1 with paragraph ten reading as follows:

“The Board of Directors of the Company may resolve that the Meeting procedure shall permit persons entitled to participate in the Meeting to complete the voting ballots electronically, through a website on the information and telecommunications network “Internet”, by establishing the URL of such website.”.

2. Revise Section 5 “**Notifying shareholders of the holding of a Meeting**” by supplementing paragraph four of point 5.3 with the text “, and also the URL on the information and telecommunications network Internet” that enables electronic completion of the voting ballots, if the Meeting procedure enables electronic completion of voting ballots, as stipulated by the Board of Directors;”.

3. Revise Section 9 “**Holding of the Meeting**”:

a) Revise paragraphs one through three of point 9.1 to read as follows:

“9.1. The Counting Commission will register shareholders or their representatives pursuant to the list of persons entitled to participate in the Meeting, at the times and the address indicated in the notification on the holding of the Meeting. If the Meeting procedure enables completion of the voting ballots electronically through a website on the information and telecommunications network Internet, registration of the persons attending the Meeting in the foregoing manner shall take place on the website on the information and telecommunications network “Internet” that enables electronic completion of voting ballots.

The persons entitled to participate in the Meeting must register to participate in the Meeting, with the exception of the persons whose ballots were received or electronically completed through the website on the information and telecommunications network “Internet”, as indicated in the Meeting Notice, at least two days prior to the date when the Meeting is held, if voting on the agenda items of the Meeting can be performed by sending the completed ballots to the Company.

The persons entitled to participate in a Meeting to be held in mixed form whose ballots were received or electronically completed through the website on the information and telecommunications network “Internet”, as indicated in the Meeting Notice, at least two days prior to the date when the Meeting is held have the right to attend the Meeting.”;

d) Add the fourth paragraph to point 9.3 reading as follows:

“If the Meeting procedure, as resolved by the Company’s Board of Directors, enables persons entitled to participate in the Meeting, to complete voting ballots electronically, shareholders shall be deemed to have attended the Shareholder Meeting, as long as they are registered on the website on the information and telecommunications network “Internet”, as specified in the Meeting Notice, and completed their voting ballots electronically via the website on the information and telecommunications network “Internet”, as indicated in the Notice, at least two days prior to the Meeting, or if such Meeting is held in the form of an absentee vote, completed their voting ballots

electronically through the website on the information and telecommunications network “Internet”, as specified in the Meeting Notice, prior to the final date of acceptance of voting ballots.”;

c) Revise paragraph five of point 9.5 to read as follows:

“shares belonging to persons that in accordance with the Federal Law *On Joint Stock Companies* have an interest in the performance by the Company of a transaction (several related transactions), when determining a quorum for the issue of the consent or subsequent approval of the transaction (several related transactions) of the Company in respect of which there is an interested party;”;

d) Revise point 9.19 to read as follows:

“9.19. The Chairman of the Meeting ensures that the rules of order established hereby are followed; reads out the Meeting agenda; establishes the order of appearance of presenters and speakers/cospeakers reporting on the agenda; provides the floor to Meeting participants; has the right to interrupt a speaker at the Meeting and deprive him/her of the floor if the speaker violates the Meeting’s rules of order or speaks on matters outside of the agenda.”;

e) Revise points 9.22 and 9.23 to read as follows:

“9.22. Up to three minutes are given for statements, questions, proposals, announcements and reference information. Repeat speeches on the same topic will not be allowed.

Members of the Board of Directors, President, and members of the Company’s Management Committee shall take precedence of others, when speaking on any matter on the agenda or commenting on what was said by other attendees.

Where necessary, provided there are no objections from the members of Presidium, the Chairman may extend the time for speeches.

9.23. A shareholder (or his/her representative) shall have the right to request that he/she be given the floor only on the items of the proposed agenda, indicating the expected subject that he/she will speak on. A request to be given the floor to speak on an agenda item and questions from shareholders (or their representatives) shall at all times be submitted in writing to the Presidium of the Meeting, indicating the full name of the shareholder (his/her/its representative), (postal and/or email) address, and carry the signature of such shareholder (or his/her/its representative).

A shareholder or his/her/its representative shall have the right to begin to speak at the Meeting only on an item of the agenda and only after being given the floor by the Chairman of the Meeting.

Answers to questions that have been sent in may be given during the Meeting or provided in writing to the shareholders (their representatives) within two weeks after the Meeting is closed.”;

f) Delete point 9.24.

4. Revise the first paragraph of point 10.2, Section 10 “**Voting Procedure**”, to read as follows:

“10.2. The Company will send to each person indicated in the list of persons entitled to participate in the Meeting ballots on all agenda items of the Meeting via mail, e-mail or by personal delivery to the shareholder against a signature no later than 20 days before the date of the Meeting, and if the agenda of the Meeting contains an item on the reorganization of the Company – no later than 30 days before said date. If the Meeting procedure, as resolved by the Company’s Board of Directors, allows electronic completion of voting ballots through a website on the information and telecommunications network “Internet”, the Company shall, within the times set forth herein, make available such electronic voting ballots on the website on the information and telecommunications network “Internet”, the URL whereof appears in the Meeting Notice. When completing the electronic voting ballots through the website on the information and telecommunications network “Internet”, the system shall record the date and time of such completion.”.

5. In Section 12 “**Minutes of the Meeting**”:

a) Revise paragraph eleven of point 12.2 by supplementing it with the text “and if the Meeting procedure allowed electronic completion of the voting ballots through the website on the information and telecommunications network “Internet”, also such website’s URL;”;

b) Revise the first paragraph of point 12.3 to read as follows:

“12.3. If the agenda of the Meeting includes an item on the consent or subsequent approval by the Company of an interested-party transaction, the minutes of the Meeting must indicate:”;

c) Revise point 12.5 to read as follows:

“12.5. One copy of the minutes of the Meeting and of the Report on Voting Results is held for storage in the Company’s archive, and one copy with the Corporate Secretary of the Company.”.

**Table of amendments and addenda  
to the current version of the Regulations on the *Procedure for Preparing and Holding the General Shareholders Meeting of PJSC “LUKOIL”* (hereinafter the “Regulations”)**

No.	Current version of the Regulations	Proposed amendments and addenda to the Regulations	Comments
1.	Not present in the current version.	<b><u>Add paragraph 10 to point 3.1 to read as follows:</u></b> <b><u>«The Board of Directors of the Company may resolve that the Meeting procedure shall permit persons entitled to participate in the Meeting, to complete the voting ballots electronically, through a website on the information and telecommunications network “Internet”, by establishing the URL of such website.».</u></b>	The addition is being made since new rules are proposed to be included in the Charter of PJSC “LUKOIL” (hereinafter “the Company”) to set forth how the Company’s Board of Directors, when preparing for a General Shareholders Meeting, determines the possibility of completing an electronic ballot by a person entitled to participate in the GSM on a website in the information and telecommunications network Internet determined by the Company’s Board of Directors and specified in a GSM notice in accordance with subclause 3 of clause 1 of Article 54 and clause 4 of Article 60 of Federal Law <i>On Joint-Stock Companies</i> (hereinafter “the Federal Law on JSCs”).
2.	Paragraph four of point 5.3: «the date, place (indicating the address at which the Meeting is to be held) and time of the Meeting, the place and time of the start of registration of the persons participating in the Meeting (the place of registration of the persons participating in the Meeting must be located at the address where the Meeting will be held), and in cases where pursuant to the Federal Law <i>On Joint Stock Companies</i> and the Company Charter completed ballots may be sent to the Company, the postal address to which the completed ballots may be	Paragraph four of point 5.3: «the date, place (indicating the address at which the Meeting is to be held) and time of the Meeting, the place and time of the start of registration of the persons participating in the Meeting (the place of registration of the persons participating in the Meeting must be located at the address where the Meeting will be held), and in cases where pursuant to the Federal Law <i>On Joint Stock Companies</i> and the Company Charter completed ballots may be sent to the Company, the postal address to which the completed ballots may be sent, or in the event that the Meeting is held in the form of absentee voting, the date of	The addition is being made in accordance with paragraph 8 of clause 2 of Article 52 of the Federal Law on JSCs. See also the comment to clause 1 of this Table.

No.	Current version of the Regulations	Proposed amendments and addenda to the Regulations	Comments
	<p>sent, or in the event that the Meeting is held in the form of absentee voting, the date of the deadline for the receipt of ballots and the postal address to which the completed ballots should be sent;».</p>	<p>the deadline for the receipt of ballots and the postal address to which the completed ballots should be sent, <b><u>and also the URL on the information and telecommunications network Internet” that enables electronic completion of the voting ballots, if the Meeting procedure enables electronic completion of voting ballots, as stipulated by the Board of Directors;».</u></b></p>	
3.	<p>Paragraphs one through three of point 9.1: «9.1. The Counting Commission will register shareholders or their representatives pursuant to the list of persons entitled to participate in the Meeting, at the times and the address indicated in the notification on the holding of the Meeting.</p> <p>The persons entitled to participate in the Meeting must register to participate in the Meeting, with the exception of the persons whose ballots were received at least two days prior to the date when the Meeting is held, if voting on the agenda items of the Meeting can be performed by sending the completed ballots to the Company.</p> <p>The persons entitled to participate in a Meeting to be held in mixed form whose ballots were received at least two days prior to the date when the Meeting is held have the right to attend the Meeting.».</p>	<p>Paragraphs one through three of point 9.1: «9.1. The Counting Commission will register shareholders or their representatives pursuant to the list of persons entitled to participate in the Meeting, at the times and the address indicated in the notification on the holding of the Meeting. <b><u>If the Meeting procedure enables completion of the voting ballots electronically through a website on the information and telecommunications network Internet, registration of the persons attending the Meeting in the foregoing manner shall take place on the website on the information and telecommunications network “Internet” that enables electronic completion of voting ballots.</u></b></p> <p>The persons entitled to participate in the Meeting must register to participate in the Meeting, with the exception of the persons whose ballots were received <b><u>or electronically completed through the website on the information and telecommunications network “Internet”, as indicated in the Meeting Notice,</u></b></p>	<p>The addition is being made in accordance with clause 1 of Article 58 of the Federal Law on JSCs. See also the comment to clause 1 of this Table.</p>

No.	Current version of the Regulations	Proposed amendments and addenda to the Regulations	Comments
		<p>at least two days prior to the date when the Meeting is held, if voting on the agenda items of the Meeting can be performed by sending the completed ballots to the Company.</p> <p>The persons entitled to participate in a Meeting to be held in mixed form whose ballots were received <b><u>or electronically completed through the website on the information and telecommunications network “Internet”,</u></b> as indicated in the Meeting Notice, at least two days prior to the date when the Meeting is held have the right to attend the Meeting.».</p>	
4.	Not present in the current version.	<p>Add the fourth paragraph to point 9.3 reading as follows:</p> <p><b><u>«If the Meeting procedure, as resolved by the Company’s Board of Directors, enables persons entitled to participate in the Meeting, to complete voting ballots electronically, shareholders shall be deemed to have attended the Shareholder Meeting, as long as they are registered on the website on the information and telecommunications network “Internet”, as specified in the Meeting Notice, and completed their voting ballots electronically via the website on the information and telecommunications network “Internet”, as indicated in the Notice, at least two days prior to the Meeting, or if such Meeting is held in the form of an absentee vote, completed their voting ballots electronically through the website on the information and telecommunications network</u></b></p>	<p>The addition is being made to clarify the procedure for determining the quorum of the General Shareholders Meeting of the Company in accordance with clause 1 of Article 58 of the Federal Law on JSCs in the event that the Board of Directors of the Company, in preparation for the General Shareholders Meeting, decides that it is possible to complete an electronic ballot on a website in the information and telecommunications network Internet. See also the comment to clause 1 of this Table.</p>

No.	Current version of the Regulations	Proposed amendments and addenda to the Regulations	Comments
		<b><u>“Internet”, as specified in the Meeting Notice, prior to the final date of acceptance of voting ballots.».</u></b>	
5.	Paragraph five of point 9.5: «shares belonging to persons that in accordance with the Federal Law <i>On Joint Stock Companies</i> have an interest in the performance by the Company of a transaction (several related transactions), when determining a quorum for the issue of the approval of the transaction (several related transactions) of the Company in respect of which there is an interested party;».	Paragraph five of point 9.5: «shares belonging to persons that in accordance with the Federal Law <i>On Joint Stock Companies</i> have an interest in the performance by the Company of a transaction (several related transactions), when determining a quorum for the issue of the <b><u>consent or subsequent</u></b> approval of the transaction (several related transactions) of the Company in respect of which there is an interested party;».	The amendment is being made in order to bring the wording of paragraph 5 of point 9.5 of the Regulations in line with the wording of subclause 15 of clause 1 of Article 48 of the Federal Law <i>On Joint-Stock Companies</i> as amended by Federal Law No. 343-FZ dated 03.07.2016 <i>On Amendments to the Federal Law “On Joint Stock Companies” and the Federal Law “On Limited Liability Companies” with regard to the regulation of major transactions and interested-party transactions</i> , which came into force on 01.01.2017.
6.	Point 9.19: «9.19. The Chairman of the Meeting is responsible to the shareholders for the normal running of the Meeting and for promptly putting the corresponding issues to a vote; ensures that the rules of order are followed; provides the floor to Meeting participants in the order in which applications are received; may change the order of speeches with an announcement of the reason for the change; has the right to warn the speaker and deprive them of the floor if the speaker violates the Meeting’s rules.».	Point 9.19: « <del>9.19. The Chairman of the Meeting is responsible to the shareholders for the normal running of the Meeting and for promptly putting the corresponding issues to a vote;</del> ensures that the rules of order <b><u>established hereby</u></b> are followed, <b><u>reads out the Meeting agenda, establishes the order of appearance of presenters and speakers/cospeakers reporting on the agenda;</u></b> provides the floor to Meeting participants <del>in the order in which applications are received;</del> may change the order of speeches <del>with an announcement of the reason for the change;</del> has the right to warn the speaker <b><u>interrupt a speaker at the Meeting</u></b> and deprive	The amendments are being made to clarify the powers of the GSM Chairman with regard to the conduct of the Meeting.

No.	Current version of the Regulations	Proposed amendments and addenda to the Regulations	Comments
		him/her of the floor if the speaker violates the Meeting's rules <b><u>of order, or speaks on matters outside of the agenda.</u></b> ».	
7.	<p>Point 9.22: «9.22. Those taking part in debates are given up to five minutes, while up to three minutes is given for speeches on candidacies, on the procedure for holding the meeting and voting, statements, questions, proposals, announcements and reference information. Repeat speeches on the same topic will not be allowed.</p> <p>Where necessary, provided there are no objections from the members of Presidium, the Chairman may extend the time for speeches. The shareholder or its representative has the right to begin a speech at the Meeting only after being given the floor by the Chairman.».</p>	<p>Point 9.22: «9.22. <del>Those taking part in debates are given up to five minutes, while u</del>Up to three minutes are given for <del>speeches on candidacies, on the procedure for holding the meeting and voting,</del> statements, questions, proposals, announcements and reference information. Repeat speeches on the same topic will not be allowed.</p> <p><b><u>Members of the Board of Directors, President, and members of the Company's Management Committee shall take precedence of others, when speaking on any matter on the agenda or commenting on what was said by other attendees.</u></b></p> <p>Where necessary, provided there are no objections from the members of Presidium, the Chairman may extend the time for speeches. <del>The shareholder or its representative has the right to begin a speech at the Meeting only after being given the floor by the Chairman.</del>».</p>	The amendments and additions are being made to clarify the procedure for making speeches at the Meeting, as well as structuring the provisions of the Regulations governing the procedure for making speeches by including the contents of point 9.24 of the Regulations in point 9.22 of the Regulations and transferring the rule on the speech of a shareholder (their representative) to point 9.23 of the Regulations.
8.	<p>Point 9.23: «9.23. Applications to be given the floor should be submitted in writing to the Presidium of the Meeting. The Chairman may also give the floor based on an oral request from a shareholder.».</p>	<p>Point 9.23: «9.23. <b><u>A shareholder (or his/her representative) shall have the right to request that he/she be given the floor only on the items of the proposed agenda, indicating the expected subject that he/she will speak on.</u></b> Applications to be given the floor should <b><u>A request to be given the floor to speak on an</u></b></p>	The amendments and additions are being made in order to clarify the procedure for making speeches by shareholders (their representatives) at the Meeting and providing responses to questions received from shareholders (their representatives) taking into account the established corporate practice.

No.	Current version of the Regulations	Proposed amendments and addenda to the Regulations	Comments
		<p><b><u>agenda item and questions from shareholders (or their representatives) shall at all times</u></b> be submitted in writing to the Presidium of the Meeting, <b><u>indicating the full name of the shareholder (his/her/its representative), (postal and/or email) address, and carry the signature of such shareholder (or his/her/its representative).</u></b></p> <p><b><u>A shareholder or his/her/its representative shall have the right to begin to speak at the Meeting only on an item of the agenda and only after being given the floor by the Chairman of the Meeting.</u></b><del>The Chairman may also give the floor based on an oral request from a shareholder.</del></p> <p><b><u>Answers to questions that have been sent in may be given during the Meeting or provided in writing to the shareholders (their representatives) within two weeks after the Meeting is closed.</u></b>».</p>	
9.	Point 9.24: «9.24. Members of the Board of Directors, the President and members of the Management Committee of the Company have the right to speak out of regular turn to provide reference material on any item on the agenda and speeches of participants in the debate.».	Delete point 9.24.	Point 9.24 is being excluded from the Regulations due to the transfer of the rule on the right of the members of the Board of Directors, the President and members of the Management Committee of the Company to an extraordinary address to point 9.22 of the Regulations to structure the provisions of the Regulations governing the procedure for making speeches at the Meeting.

No.	Current version of the Regulations	Proposed amendments and addenda to the Regulations	Comments
10.	<p>Paragraph one of point 10.2:            «10.2. The Company will send to each person indicated in the list of persons entitled to participate in the Meeting ballots on all agenda items of the Meeting via mail, e-mail or by personal delivery to the shareholder against a signature no later than 20 days before the date of the Meeting, and if the agenda of the Meeting contains an item on the reorganization of the Company – no later than 30 days before said date. When determining quorum and voting results, ballots received by the Company by mail, e-mail with a certified electronic digital signature no later than 2 days before the date of the Meeting will be taken into account. In absentee voting, completed ballots should be received at the Company before the day that is the deadline for the receipt of ballots. The date of a Meeting held in the form of absentee voting is the date of the deadline for the receipt of ballots.».</p>	<p>Paragraph one of point 10.2:            «10.2. The Company will send to each person indicated in the list of persons entitled to participate in the Meeting ballots on all agenda items of the Meeting via mail, e-mail or by personal delivery to the shareholder against a signature no later than 20 days before the date of the Meeting, and if the agenda of the Meeting contains an item on the reorganization of the Company – no later than 30 days before said date. <del>When determining quorum and voting results, ballots received by the Company by mail, e-mail with a certified electronic digital signature no later than 2 days before the date of the Meeting will be taken into account. In absentee voting, completed ballots should be received at the Company before the day that is the deadline for the receipt of ballots. The date of a Meeting held in the form of absentee voting is the date of the deadline for the receipt of ballots.</del>  <u><b>If the Meeting procedure, as resolved by the Company's Board of Directors, allows electronic completion of voting ballots through a website on the information and telecommunications network "Internet", the Company shall, within the times set forth herein, make available such electronic voting ballots on the website on the information and telecommunications network "Internet", the URL whereof appears in the Meeting Notice. When completing the electronic voting ballots through the website on the information and telecommunications network "Internet", the</b></u></p>	<p>The amendment is being made to avoid duplication of the provisions of the Regulations governing the procedure for determining the quorum of the General Shareholders Meeting of the Company more fully described in point 9.3 of the Regulations. The additions are being made for the purpose of establishing the deadline for the placement of electronic ballots on the website in the information and telecommunications network Internet, if the General Shareholders Meeting of the Company is conducted with the possibility to complete electronic ballots, and also to reflect in the Regulations the provisions of clause 4 of Article 60 of the Federal Law on JSCs on the need to fix the date and time of filling out the electronic form of the ballots.</p>

No.	Current version of the Regulations	Proposed amendments and addenda to the Regulations	Comments
		<b><u>system shall record the date and time of such completion.».</u></b>	
11.	Paragraph eleven of point 12.2: «mailing address (addresses) to which completed ballots were sent when the Meeting is held in the form of absentee voting, and also when the Meeting is held in mixed form, if voting on items included on the agenda of the Meeting could be performed by sending completed ballots to the Company;».	Paragraph eleven of point 12.2: «mailing address (addresses) to which completed ballots were sent when the Meeting is held in the form of absentee voting, and also when the Meeting is held in mixed form, if voting on items included on the agenda of the Meeting could be performed by sending completed ballots to the Company, <b><u>and if the Meeting procedure allowed electronic completion of the voting ballots through the website on the information and telecommunications network “Internet”, also such website’s URL;».</u></b>	The addition is being made in order to specify in the minutes of the General Shareholders Meeting the website address at which the electronic form of the ballots could be filled out in case the decision was made by the Board of Directors of the Company to fill out the electronic form of the ballots when preparing for the General Shareholders Meeting. See also the comment to clause 1 of this Table.
12.	Paragraph one of point 12.3: «12.3. If the agenda of the Meeting includes an item on the approval by the Company of an interested-party transaction, the minutes of the Meeting must indicate:».	Paragraph one of point 12.3: «12.3. If the agenda of the Meeting includes an item on the <b><u>consent or subsequent</u></b> approval by the Company of an interested-party transaction, the minutes of the Meeting must indicate:».	See comment to clause 5 of this Table.

No.	Current version of the Regulations	Proposed amendments and addenda to the Regulations	Comments
13.	Point 12.5: «12.5. One copy of the minutes of the Meeting is held for storage in the Company's archive, and one copy with the Secretary of the Company.».	Point 12.5: «12.5. One copy of the minutes of the Meeting <b><u>and of the Report on Voting Results</u></b> is held for storage in the Company's archive, and one copy with the <b>Corporate</b> Secretary of the Company.».	The addition is being made to clarify the place of storage of the report on voting results at the Meeting.

Deleted provisions are shown in this table as strikethrough text, and new provisions are shown as bold and underlined text.

**Amendments**  
**to the *Regulations on the Board of Directors of PJSC “LUKOIL”***

1. Revise sub-point 7 of point 3.11 to read as follows:

“7) consent or subsequent approval of major transactions, as provided by the Federal Law *On Joint Stock Companies*”.

2. Revise sub-point 3.11.9 of point 3.11 to read as follows:

“3.11.9. Decision on the consent or subsequent approval of an interested-party transaction as defined by the laws of the Russian Federation shall be taken by a majority vote of Directors who do not have an interest in the transaction in accordance with the requirements established by the effective legislation of the Russian Federation.”.

**Table of amendments  
to the current version of the *Regulations on the Board of Directors of PJSC “LUKOIL”*  
(hereinafter the “Regulations”)**

No.	Current version of the Regulations	Proposed amendments and addenda to the Regulations	Comments
	Sub-point 7 of point 3.11: «7) approval of major deals;».	Sub-point 7 of point 3.11: «7) <b><u>consent or subsequent</u></b> approval of major <b><u>transactions, as provided by the Federal Law On Joint Stock Companies</u></b> ;».	The amendment is being made in order to bring the wording of subclause 7 of clause 3.11 of the Regulations defining the list of issues considered at a formal meeting of the Board of Directors of the Company in line with the wording of subclause 15 of clause 1 of Article 65 of the Federal Law <i>On Joint-Stock Companies</i> as amended by Federal Law No. 343-FZ dated 03.07.2016 <i>On Amendments to the Federal Law “On Joint Stock Companies” and the Federal Law “On Limited Liability Companies” with regard to the regulation of major transactions and interested-party transactions</i> , which came into force on 01.01.2017.
1.	Sub-point 3.11.9 of point 3.11: «3.11.9. Decision on the approval of an interested-party transaction as defined by the laws of the Russian Federation shall be taken by a majority vote of all of the independent members of the Board of Directors who do not have an interest in the transaction, pursuant to the procedure established by effective legislation.».	Sub-point 3.11.9 of point 3.11: «3.11.9. Decision on the <b><u>consent or subsequent</u></b> approval of an interested-party transaction as defined by the laws of the Russian Federation shall be taken by a majority vote of <del>all of the independent members of the Board of Directors</del> who do not have an interest in the transaction <b><u>in accordance with the requirements</u></b> established by the effective legislation <b><u>of the Russian Federation</u></b> .	The amendment and the addition are being made to bring the wording of subclause 3.11.9 of the Regulations into accordance with clause 3 of Article 83 of Federal Law <i>On Joint-Stock Companies</i> as amended by Federal Law No. 343-FZ dated 03.07.2016.

Deleted provisions are shown in this table as strikethrough text, and new provisions are shown as bold and underlined text.

## Information on an interested-party transaction

In accordance with article 83 of the Federal Law *On Joint Stock Companies* as of 03.07.2016 No. 343-FZ (hereinafter also the “Law”), interested-party transactions must be approved by the Board of Directors or General Shareholders Meeting of the company prior to their conclusion.

One interested-party transaction is being sent for the consideration of the Annual General Shareholders Meeting of PJSC “LUKOIL”: Policy (contract) on insuring the liability of directors, officers and corporations between PJSC “LUKOIL” (Policyholder) and OAO «Kapital Insurance» (Insurer).

The amount of this transaction does not exceed 10% of the book value of the assets of PJSC “LUKOIL” according to its financial statements as at 31 March 2017 (ten percent equals 190,657,885,500 roubles). The transaction is being sent for the approval of the General Shareholders Meeting of the Company based on point 3.1 of article 83 of the Federal Law *On Joint Stock Companies*, since all the members of the Board of Directors of PJSC “LUKOIL” qualify as parties interested in the conclusion of the transaction. Under this transaction, all members of the Board of Directors of the Company are considered interested parties to this transaction as beneficiaries under the transaction, as they will be entitled to a compensation should an insured event occur.

Under the Policy (contract) on insuring the liability of directors, officers and corporations for 2017-2018 (hereinafter the “Policy”), insured is the liability of the sole executive body, members of management bodies, employees of PJSC “LUKOIL” and/or subsidiaries of PJSC “LUKOIL”, and/or other organisations with the participation of PJSC “LUKOIL” and/or its subsidiary based on whose proposals the sole executive body and/or members of management bodies of such organisations were elected (Cover A); the liability of PJSC “LUKOIL”, subsidiaries of PJSC “LUKOIL”, other organisations with the participation of PJSC “LUKOIL” and/or its subsidiary based on whose proposals the sole executive body and/or members of management bodies of such organisations were elected (Cover B); the liability of PJSC “LUKOIL” and its subsidiaries in connection with claims in respect of securities (Cover C). PJSC “LUKOIL” undertakes to pay the insurance premium and OAO «Kapital Insurance» undertakes to pay the insurance coverage/indemnification (as the situation requires) under the Policy to respective Insured and/or any other person entitled to such indemnification should any insured event specified in the Policy occur, within the insurance premium (liability limit) determined by the Policy. The total aggregate limit for Covers A, B and C is at least USD 150,000,000. Insurance premium for Covers A, B and C is up to USD 450,000. The insurance premium will be paid in roubles at the exchange rate determined by the Parties as of the date the Policy is signed, in accordance with the terms and conditions of the Policy. The terms and conditions of the Policy submitted for approval have not changed compared the Policy approved by the previous Annual General Shareholders Meeting of the Company held on 23 June 2016.

It is noteworthy that in accordance with point 3 of article 49 of the Federal Law *On Joint Stock Companies*, by decision of 26 April 2017 the Board of Directors of PJSC "LUKOIL" recommended that the said transaction be approved by Annual General

**MINUTES No. 1**  
**of the Annual General Meeting of Shareholders**  
**of Public Joint Stock Company “Oil company “LUKOIL”**

**Full trade name of the company:** *Public Joint Stock Company “Oil company “LUKOIL”*

**Location of the company:** Moscow

**Address of company:** *Sretensky bulvar 11, Moscow 101000 Russian Federation*

**Type of the General Meeting:** *annual*

**Date of the General Meeting:** *23 June 2016*

**Date of preparation of the Minutes:** *27 June 2016*

*Item 5 of the agenda. On the remuneration and reimbursement of expenses to members of the Board of Directors of PJSC “LUKOIL”.*

Resolution on Item 5 on the agenda (Ballot No.5):

*«2. To establish the amounts of remuneration for the newly elected members of the Board of Directors of PJSC “LUKOIL” pursuant to Appendix No.2 hereto.».*

”

...

**Decision taken on Item 5 (point 2) on the agenda:**

*To establish the amounts of remuneration for the newly elected members of the Board of Directors of PJSC “LUKOIL” pursuant to Appendix No.2 hereto.*

Chairman of the Meeting

V.I. Grayfer

Secretary of the Meeting

N.A. Illarionov

I hereby certify that this is a true and accurate excerpt from Minutes No.1

Corporate Secretary

N.I. Podolskaya

**Appendix to decision on Item 5 (point 2) on the agenda of the Annual General Meeting of Shareholders of Public Joint Stock Company “Oil company “LUKOIL” of 23 June 2016 (Minutes No.1)**

To deem it appropriate to establish the following amounts of remuneration for the newly elected members of the Board of Directors of PJSC “LUKOIL”:

- for performance of the duties of a member of the Board of Directors – 6,000,000 roubles;
- for performance by a member of the Board of Directors of the functions of the Chairman of the Board of Directors – 1,500,000 roubles;
- for performance by a member of the Board of Directors of the functions of the Chairman of a committee of the Board of Directors – 700,000 roubles;
- for attendance in person at a meeting of a committee of the Board of Directors by a member of the Board of Directors who is a member of the committee – 150,000 roubles;
- for attendance in person at a meeting of the Board of Directors or a committee of the Board of Directors which involves a transcontinental flight (a flight from one continent to another that lasts more than eight hours) – 350,000 roubles. If a member of the Board of Directors takes a transcontinental flight to attend the meetings of both a committee (committees) of the Board of Directors and of the Board of Directors itself, only a single amount of remuneration for the transcontinental flight will be paid;
- for participation in conferences and other events on written instructions of the Chairman of the Board of Directors, in an amount of 150,000 roubles.

**OPINION**  
**OF THE AUDIT COMMISSION OF PJSC “LUKOIL”**  
**BASED ON THE AUDIT OF THE FINANCIAL AND BUSINESS**  
**ACTIVITY AND THE ANNUAL ACCOUNTING (FINANCIAL)**  
**STATEMENTS OF PJSC “LUKOIL” FOR 2016**

«14» April 2017

Moscow

1. INTRODUCTION

The Audit Commission of PJSC “LUKOIL” elected by decision of the Annual General Shareholders Meeting of PJSC “LUKOIL” of 23 June 2016 (Minutes No. 1) and comprised of:

The Chairman of the Audit Commission	Suloev Pavel Alexandrovich
Members of the Audit Commission:	Surkov Alexander Viktorovich, Vrublevskiy Ivan Nikolaevich,

based on its authority and being guided by:

- Federal Law No. 208-FZ of 26 December 1995 “On Joint Stock Companies”;
- the Regulation of the Central Bank of the Russian Federation No. 454-P of 30 December 2014 “On disclosing of information by issuers of issuable securities”;
- the Charter of the Public Joint Stock Company “Oil Company “LUKOIL”;
- the Regulations on the Audit Commission of OAO “LUKOIL” approved by the Annual General Shareholders Meeting of OAO “LUKOIL” on 27 June 2002 (Minutes No. 1), with amendments thereto approved by the Annual General Shareholders Meetings of OAO “LUKOIL” on 26 June 2003 (Minutes No. 1) and 28 June 2006 (Minutes No. 1),

has reviewed the financial and business activity of PJSC “LUKOIL” (hereinafter also the “Company”) for 2016, as well as its annual financial statements for 2016 (hereinafter also the “Review”).

No requests for extraordinary reviews of the financial and business activity were received by the Audit Commission of PJSC “LUKOIL” during the reporting period as provided for by the effective Russian legislation.

No failures to provide documentation on the financial and business activity of the Company to the Audit Commission of PJSC “LUKOIL” by members of the Company’s management bodies were identified during the Review.

The Audit Commission of PJSC “LUKOIL” conducted the Review in accordance with the Audit Program (Minutes No. 3 of the Meeting of the Audit Commission of PJSC “LUKOIL” of 13 March 2017).

Results of the Review documented in the Act of Acceptance and the present Opinion have been considered and unanimously approved by all members of the Audit Commission of PJSC “LUKOIL” (Minutes No.4 of the Meeting of the Audit Commission of PJSC “LUKOIL” of 14 April 2017).

The goals of the Review were as follows:

- to obtain sufficient objective evidence that the Company’s financial and business activity was carried out in accordance with the Company’s interests and the interests of its shareholders, management decisions were taken and implemented in accordance with Russian laws, key regulations and requirements for management and internal control at PJSC “LUKOIL”;
- to obtain sufficient objective evidence that the Company’s financial results reported in PJSC “LUKOIL” annual financial statements prepared in accordance with the effective regulatory requirements fairly present to the users of the financial statements the Company’s financial position as at 31 December 2016 and its financial performance and cash flows for the year then ended.

Management of PJSC “LUKOIL” is responsible for carrying out the financial and business activity in the interests of the Company and in the interests of its shareholders, complying with the effective laws of the Russian Federation, as well as for providing fair data, reports and reporting.

The Audit Commission of PJSC “LUKOIL” is responsible for providing PJSC “LUKOIL”, represented by its supreme governance body, namely the General Shareholders Meeting of PJSC “LUKOIL”, with an objective opinion regarding the fairness, in all material respects, of PJSC “LUKOIL” annual financial statements for 2016, the integrity of assets, the amount of net profit and the observance by the Company of the applicable laws of the Russian Federation.

## II. REVIEW PROCEDURE AND ANALYTICAL WORK

The review had several stages, combining both current and follow-up control procedures.

At the final stage the Audit Commission of PJSC “LUKOIL”, through random sampling and testing of evidence supporting figures included in the Company’s annual financial statements for 2016 and analyzing information on the Company’s financial and business activity, based on the sufficient and objective analysis of the information, data and documents provided for review, formed an opinion and appraised the fairness of the provided annual financial statements of PJSC “LUKOIL” for 2016 prepared in accordance with the effective reporting rules of the Russian Federation.

### III. CONCLUSIONS

According to the opinion of the Audit Commission of PJSC “LUKOIL”, the Review of information, data and documents obtained is sufficient to provide a basis for making the conclusions.

1. The Audit Commission of PJSC “LUKOIL” has not identified any violations of the Company’s interests or interests of its shareholders or PJSC “LUKOIL” key regulations on management and internal control or the applicable Russian laws in the Company’s financial and business activity.

2. The Audit Commission of PJSC “LUKOIL” confirms that the annual financial statements of PJSC “LUKOIL” for 2016 are fair, i.e. fairly present, in all material respects, assets and liabilities of the Company as at 31 December 2016, the Company’s financial performance and cash flows for 2016 based on the requirements of the effective accounting and reporting legislation of the Russian Federation and the Company’s Accounting Policy for 2016.

As at 31 December 2016 the Company’s net assets amounted to RUB 1,324,839,090 thousand.

The net profit of PJSC “LUKOIL” for 2016 amounted to RUB 182,566,224 thousand.

Chairman of the Audit Commission:

P.A. Suloev

Members of the Audit Commission:

A.V. Surkov

I.N. Vrublevskiy



Commission of PJSC “LUKOIL” by members of the Company’s management bodies were identified during the review.

The Audit Commission reviewed the Annual Report of PJSC “LUKOIL” for 2016 in accordance with the Audit Program (Minutes No. 3 of the Meeting of the Audit Commission of PJSC “LUKOIL” of 13 March 2017).

Results of reviewing the Annual Report of PJSC “LUKOIL” for 2016 documented in the Act of Acceptance and the present Opinion have been considered and unanimously approved by all members of the Audit Commission of PJSC “LUKOIL” (Minutes No.5 of the Meeting of the Audit Commission of PJSC “LUKOIL” of 15.05.2017).

The goals of reviewing the Annual Report of PJSC “LUKOIL” for 2016 were as follows:

- to obtain sufficient objective evidence that the Company’s financial and business activity was carried out in accordance with the Company’s interests and the interests of its shareholders, management decisions were taken and implemented in accordance with Russian laws, key regulations and requirements for management and internal control at PJSC “LUKOIL”;

- to obtain sufficient objective evidence that the data included in the Annual Report of PJSC “LUKOIL” for 2016 presents fairly, in all material respects, disclosures that must be made in accordance with the requirements established by Russian regulators.

Management of the Company is responsible for ensuring compliance with the effective RF legislation and providing fair data, reports and reporting.

The Audit Commission of PJSC “LUKOIL” is responsible for providing PJSC “LUKOIL”, represented by its supreme governance body, namely the General Shareholders Meeting of PJSC “LUKOIL”, with an objective opinion confirming that the data contained in the Annual Report of PJSC “LUKOIL” for 2016 is fair in all material respects, and the Company complied with the RF legislation, key regulations and requirements for management and internal control at PJSC “LUKOIL”.

## II. REVIEW PROCEDURE AND ANALYTICAL WORK

The review had several stages, combining both current and follow-up control procedures.

At the final stage the Audit Commission of PJSC “LUKOIL”, through random sampling and testing of evidence supporting metrics and data included in the Annual Report of PJSC “LUKOIL” for 2016, based on the sufficient and

objective analysis of the information, data and documents provided for review, formed an opinion and appraised the fairness of the Annual Report of PJSC “LUKOIL” for 2016 prepared in accordance with the disclosure requirements established by Russian regulators.

### III. CONCLUSIONS

According to the opinion of the Audit Commission of PJSC “LUKOIL”, the review of information, data and documents obtained is sufficient to provide a basis for making the conclusions.

1. The Audit Commission of PJSC “LUKOIL” has not identified any violations of the Company’s interests or interests of its shareholders or PJSC “LUKOIL” key regulations on management and internal control or the applicable Russian laws in the Company’s financial and business activity.

2. The Audit Commission of PJSC “LUKOIL” confirms that the Annual Report of PJSC “LUKOIL” for 2016 is fair, i.e. presents, in all material respects, data required to be disclosed in accordance with the requirements set by Russian regulators.

Chairman of the Audit Commission:

P.A. Suloev

Members of the Audit Commission:

A.V. Surkov  
I.N. Vrublevskiy

**OPINION**  
**OF THE AUDIT COMMISSION OF PJSC “LUKOIL”**  
**ON THE RELIABILITY OF DATA CONTAINED IN THE REPORT**  
**ON INTERESTED PARTY TRANSACTIONS**  
**ENTERED INTO BY PJSC «LUKOIL» IN 2016**

«15» March 2017

Moscow

1. INTRODUCTION

The Audit Commission of PJSC “LUKOIL” elected by decision of the Annual General Shareholders Meeting of PJSC “LUKOIL” of 23 June 2016 (Minutes No. 1) and comprised of:

The Chairman of the Audit Commission	Suloev Pavel Alexandrovich
Members of the Audit Commission:	Surkov Alexander Viktorovich, Vrublevskiy Ivan Nikolaevich,

based on its authority and being guided by:

- Federal Law No. 208-FZ of 26 December 1995 “On Joint Stock Companies”;

- the Charter of the Public Joint Stock Company “Oil Company “LUKOIL”;

- the Regulations on the Audit Commission of OAO “LUKOIL” approved by the Annual General Shareholders Meeting of OAO “LUKOIL” on 27 June 2002 (Minutes No. 1), with amendments thereto approved by the Annual General Shareholders Meetings of OAO “LUKOIL” on 26 June 2003 (Minutes No. 1) and 28 June 2006 (Minutes No. 1),

has reviewed the Report on interested-party transactions concluded by PJSC “LUKOIL” during 2016 (hereinafter also the “Report”).

The Audit Commission of PJSC “LUKOIL” certifies that the Report has been prepared in pursuance of requirements of Point 1.1 of Article 81 of Federal Law No. 208-FZ of 26 December 1995 “On Joint Stock Companies”, as approved by Federal Law No. 343-FZ of 3 July 2016 in effect from 1 January 2017. The Report contains data on interested-party transactions concluded by PJSC “LUKOIL” (hereinafter the “Company”) during 2016 which were designated as such and were subject to approval in accordance with the provisions of Federal Law No. 208-FZ of 26 December 1995 “On Joint Stock Companies” (hereinafter also the “Law On Joint Stock Companies”) as in effect prior to 1 January 2017.

The Audit Commission of PJSC “LUKOIL” reviewed the Report in accordance with the Audit Program (Minutes No. 3 of the Meeting of the Audit Commission of PJSC “LUKOIL” of 13 March 2017).

Results of the review documented in the Act of Acceptance and the present Opinion have been considered and unanimously approved by all members of the Audit Commission of PJSC “LUKOIL” (Minutes No.6 of the Meeting of the Audit Commission of PJSC “LUKOIL” of 15.05. 2017).

The goals of reviewing the Report were as follows:

- to obtain sufficient objective evidence that PJSC “LUKOIL” (hereinafter also the “Company”) complied with the requirements of the RF legislation, the Charter and internal documents of PJSC “LUKOIL” in part of approving interested-party transactions contained in the Report on interested-party transactions concluded by PJSC “LUKOIL” during 2016, and reflecting all data envisaged by Federal Law No. 208-FZ of 26 December 1995 “On Joint Stock Companies” in decisions of a relevant governance body of the Company;
- to obtain sufficient objective evidence that the data contained in the Report on interested-party transactions concluded by PJSC “LUKOIL” during 2016 presents fairly, in all material respects, information on interested-party transactions concluded by PJSC “LUKOIL” during 2016.

Management of the Company is responsible for ensuring compliance with the effective RF legislation and providing fair data, reports and reporting.

The Audit Commission of PJSC “LUKOIL” is responsible for providing PJSC “LUKOIL”, represented by its supreme governance body, namely the General Shareholders Meeting of PJSC “LUKOIL”, with an objective opinion confirming that the data contained in the Report is fair in all material respects, and the Company complied with the RF legislation in part of approving interested-party transactions.

## II. REVIEW PROCEDURE AND ANALYTICAL WORK

By objectively analyzing information and documents supplied, the Audit Commission of PJSC “LUKOIL” has checked the grounds for designating transactions contained in the Report as interested-party transactions, and verified conformity of key terms and conditions of interested-party transactions concluded by the Company during 2016 with information on transactions documented in the decisions of the Board of Directors of PJSC “LUKOIL” and the Annual General Shareholders Meeting of the Company.

The Audit Commission of PJSC “LUKOIL” notes that PJSC “LUKOIL” has in place the procedures necessary for identifying interested-party transactions for the purpose of submitting them for approval to a relevant governance body of the Company, i.e. the Board of Directors of PJSC “LUKOIL” or the General Shareholders Meeting of the Company.

To review the Report, the sampling analysis of the Company’s documents was applied.

Decisions taken by the Board of Directors of PJSC “LUKOIL” and the General Shareholders Meeting of the Company in respect of approving interested-party transactions contain information on transactions in strict compliance with the requirements of the Law on Joint Stock Companies.

The Audit Commission of PJSC “LUKOIL” confirms that the value of each transaction approved by the Board of Directors of the Company is less than 2 per cent of the carrying amount of the Company’s assets as per its financial statements at the respective reporting date. The value of the transaction submitted for approval of the Annual General Shareholders Meeting of PJSC “LUKOIL” is also less than 2 per cent of the carrying amount of the Company’s assets as per its financial statements at the respective reporting date, however, this transaction was submitted for approval of the General Shareholders Meeting of the Company on the basis of Point 3 of Article 83 of the Law on Joint Stock Companies, as all members of the Board of Directors of PJSC “LUKOIL” were considered interested parties to the transaction on formal grounds, i.e. were beneficiaries thereunder.

### III. CONCLUSIONS

According to the opinion of the Audit Commission, the review of information and documents obtained is sufficient to provide a basis for making the following conclusions:

1. The Audit Commission has ascertained that the Company complied with the requirements of Federal Law No. 208-FZ of 26 December 1995 “On Joint Stock Companies”, the Charter and internal documents of PJSC “LUKOIL” in part of approving interested-party transactions, reflecting all data required by the Law on Joint Stock Companies in decisions of a relevant governance body of the Company, and verifying conformity of key terms and conditions of interested-party transactions concluded by the Company during 2016 with information on transactions documented in the decisions of the Board of Directors of PJSC “LUKOIL” and the Annual General Shareholders Meeting of the Company.

2. The Audit Commission confirms that the Report on interested-party transactions concluded by PJSC “LUKOIL” during 2016 is fair, i.e. presents, in all material respects, data required to be disclosed in accordance with the requirements set by Russian regulators.

Chairman of the Audit Commission:

P.A. Suloev

Members of the Audit Commission:

A.V. Surkov

I.N. Vrublevskiy

To the shareholders of the Public Joint Stock Company  
“Oil company “LUKOIL”

# Auditors' report

**on the financial statements of  
the Public Joint Stock Company  
“Oil company “LUKOIL”  
for the 2016 reporting year**

**PJSC “LUKOIL”**

*Auditors’ report on the financial statements for the 2016 reporting year*

**Information on the audit firm**

- Name of the audit firm:** Joint Stock Company “KPMG”.
- Location (legal address):** 18/1, Olympiysky prospect, Room 3035, Moscow 123112.
- Postal address:** 10, Presnenskaya Naberezhnaya, Block C, floor 31, Moscow 123112.
- State registration:** Registered by the Moscow Registration Chamber on 25 May 1992, Registration No. 011.585.  
Included in the Unified State Register of Legal Entities on 13 August 2002 by the Moscow Inter-Regional Tax Inspectorate No.39 of the Ministry for Taxes and Duties of the Russian Federation, Registration No. 1027700125628, Certificate series 77 No. 005721432.
- Membership in a self-regulating auditors’ organisation** Member of the Self-regulated organization of auditors “Russian Union of auditors” (Association).  
The Principal Registration Number of the Entry in the Register of Auditors and Audit Organisations: No. 11603053203.

**Information on the audited company**

- Name of audited company:** Public Joint Stock Company “Oil company “LUKOIL”.
- Location (legal address):** 11, Sretensky boulevard, Moscow, region, 101000.
- Postal address:** 11, Sretensky boulevard, Moscow, region, 101000.
- State registration:** Registered by the Moscow registration chamber on April, 22 1993. Registration No. 024020.  
Registered in the Unified State Register of Legal Entities on July, 17 2002 by the Administrative Department of Ministry of Taxation of the Russian Federation, Registration No. 1027700035769, Certificate series 77 No. 007892347.

**PJSC “LUKOIL”**

*Auditors’ report on the financial statements for the 2016 reporting year*

## **Auditors’ report**

### **To the shareholders of the Public Joint Stock Company “Oil company “LUKOIL”**

We have audited the accompanying financial statements of the Public Joint Stock Company “Oil company “LUKOIL” (hereinafter the “Company”) for the 2016 reporting year.

The financial statements, set on 70 pages, comprise:

- the balance sheet as at 31 December 2016;
- the statement of financial performance for 2016;
- the appendices to the balance sheet and the statement of financial performance including:
  - the statement of changes in equity for 2016;
  - the statement of cash flows for 2016;
  - the notes to the balance sheet and the statement of financial performance.

### ***Management’s Responsibility for the Financial Statements***

Management of the Company is responsible for the preparation and reliability of the financial statements in accordance with the requirements of the Russian reporting legislation and for the system of internal control necessary for the preparation of the financial statements which are free from material misstatements, whether due to fraud or error.

### ***Auditors’ Responsibility***

Our responsibility is to express an opinion on the financial statements in all material respects based on our audit. We conducted our audit in accordance with the Federal Standards on Auditing. These standards require that we comply with relevant ethical requirements and planning and performing the audit in order to obtain sufficient assurance as to whether the financial statements are free from material misstatements.

The audit included performing procedures to obtain audit evidence confirming the amounts and disclosures in the financial statements. The selection of the procedures is a matter of our judgment, which is based on the assessment of risk of material misstatement, whether due to fraud or error. In the process of risk assessment we considered the system of internal control relevant to the preparation and reliability of the financial statements in order to select appropriate audit procedures, but not for the purpose of expressing an opinion on the effectiveness of internal control.

The audit also included an assessment of the appropriateness of the Company’s accounting policy and the reasonableness of the estimates made by management, as well as the evaluation of the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the reliability of the financial statements.

**PJSC “LUKOIL”**

*Auditors’ report on the financial statements for the 2016 reporting year*

**Opinion**

In our opinion, the accompanying financial statements present reliably, in all material respects, the financial position of the Company as at 31 December 2016 and its financial performance and cash flows for the 2016 reporting year in accordance with the requirements of the Russian reporting legislation.

Director of JSC “KPMG”,  
(power of attorney dated March, 16 2015 No. 18/15)  
March, 13 2017

A.I.Oussov

**Assessment  
of the Independent Auditors' Opinion performed by the Audit Committee  
of the Board of Directors of PJSC "LUKOIL"**

11 April 2017

Time 10.00 A.M.

**E X C E R P T No.KA3/11-04-17/v1/1**

CHAIRMAN: V.V. Blazheev  
PRESENT:  
Committee members  
In person: I.S. Ivanov  
Via videoconferencing I. Pictet

...

The Committee meeting is being held with the attendance of three members of the Committee.  
The meeting is quorate.

**I. Assessment of the Independent Auditors' opinion for subsequent submission to shareholders  
as materials for the Annual General Shareholders Meeting**

(L.N. Khoba, V.V. Blazheev)

Having considered the report of the Company's independent Auditor, JSC KPMG, on the accounting (financial) statements of PJSC "LUKOIL" for 2016,

***THE COMMITTEE HAS RESOLVED:***

Based on the result of the analysis and the discussion of issues of material importance to the preparation of complete and reliable financial statements, and also in light of the fact that the audit of the accounting (financial) statements of PJSC "LUKOIL" for the period from 1 January to 31 December 2016 resulted in an unqualified audit opinion, to propose to the Board of Directors that it recommend to the Annual General Shareholders Meeting of the Company that the Meeting approve the audited accounting (financial) statements of the Company for 2016 and include the Independent Auditors' Opinion examined by the Audit Committee of the Board of Directors of PJSC "LUKOIL" in the list of materials to be provided to shareholders when preparing for the General Shareholders Meeting.

VOTING RESULTS (votes counted by the Chairman):

IN FAVOR voted the following Committee members:

V.V. Blazheev, I.S. Ivanov, I. Pictet

Decision passed unanimously.

**Chairman**

**V.V. Blazheev**

*I hereby certify that this is a true and accurate excerpt from Minutes No.3 of 11 April 2017*

Corporate Secretary

N.I.Podolskaya