PRESS RELEASE
MAY 17, 2017

LUKOIL REPORTS PRELIMINARY OPERATING DATA FOR THE FIRST QUARTER OF 2017

The LUKOIL Group's oil production for the first quarter of 2017 was 21.8 million tons or 1,789 thousand barrels per day. Production change compared to the first quarter of 2016 was mainly driven by the reduction in compensation crude oil from the West Qurna-2 project in Iraq.

Average daily production excluding this project was 0.8% lower compared to the first quarter of 2016, mainly due to the temporary external limitations of production volumes by the Russian companies. However, production growth continued as planned at V. Filanovsky and Pyakyakhinskoe fields that were brought into production in the second half of 2016. Production drilling volumes in West Siberia increased as well, which should positively impact production profile in the region.

Oil production, thousand tons

1Q 2017	4Q 2016		1Q 2017	1Q 2016
21,397	***22,104***	**Total** (excluding West-Qurna 2 project)	***21,397***	***21,894***
20,442	21,146	Russia	20,442	20,876
20 178	20,889	Subsidiaries	20,178	20,650
264	257	Share in affiliates	264	226
955	958	Outside of Russia	955	1,018
517	504	Subsidiaries	517	561
438	454	Share in affiliates	438	457
405	*587*	*Compensation oil from West Qurna-2 project*	*405*	*2,601*
21,802	**22,691**	**Total**	**21,802**	**24,495**

The LUKOIL Group's marketable gas production for the first quarter of 2017 was 5.4 billion cubic meters, almost unchanged compared to the first quarter of 2016.

Marketable gas production was positively impacted by the launch of gas production at Pyakyakhinskoe field in the beginning of 2017.

Marketable gas production, million cubic meters

1Q 2017	4Q 2016		1Q 2017	1Q 2016
5,358	**5,131**	**Total**	**5,358**	**5,374**
3,450	3,144	Russia	3,450	3,369
3,438	3,125	Subsidiaries	3,438	3,362
12	19	Share in affiliates	12	7
1,908	1,987	Outside of Russia	1,908	2,005
1,771	1,847	Subsidiaries	1,771	1,875
137	140	Share in affiliates	137	130

Refinery throughput at the LUKOIL Group's refineries for the first quarter of 2017 was 16.2 million tons. The 2.4% year-on-year volumes growth was mainly attributable to the increase in the utilization rate at our refineries in Perm, Volgograd and Burgas. The quarter-on-quarter dynamics was driven by planned maintenance works at our refineries in Nizhny Novgorod and Romania.

Refinery throughput at refineries, thousand tons

1Q 2017	4Q 2016		1Q 2017	1Q 2016
16,196	**16,722**	**Total for LUKOIL Group refineries**	**16,196**	**15,812**
10,506	10,723	Russia	10,506	10,048
5,690	5,999	Outside of Russia	5,690	5,764
5,119	5,456	Oil processing	5,119	4,428
571	543	Refined products processing	571	1,336
1,396	499	Third party refineries abroad	1,396	92

Note:

LUKOIL will release its Interim Consolidated Financial Statements prepared in

accordance with IFRS and MD&A for 1Q 2017 on May 30, 2017.

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The information in this press release is an estimate of the LUKOIL Group's results in the first quarter of 2017 and therefore constitutes forward-looking statements. This information is preliminary and based on information available at the date of this document, and may be revised after statistical, financial, tax and accounting statements become available. The information on the LUKOIL Group's operational results in this press release are subject to many external factors which may cause the actual results to differ materially from those expressed or forecasted in this press release for the first quarter of 2017. The LUKOIL Group assumes no obligation to update or alter its forward-looking statements, whether as a result of new information, subsequent events or otherwise, except to the extent required by applicable law.

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Information about company:
PJSC "LUKOIL" is one of the largest publicly traded, vertically integrated oil and gas companies in the world in terms of proved hydrocarbon reserves and production; and the second largest producer of crude oil in Russia. Established in 1991, the Company currently operates in more than 30 countries with core upstream assets located in Russia. The full production cycle includes oil and gas exploration, production and refining; production of petrochemicals and lubricants; power generation; marketing and distribution providing LUKOIL with maximum synergies from its activities. The Company's shares are listed in Russia on Moscow Exchange under the ticker "LKOH" and depositary receipts are listed on the London Stock Exchange under the ticker "LKOD".