

QUESTIONS AND ANSWERS

1. General Terms of Share Acquisition

In pursuance of the resolution 'On reducing the Charter Capital of PJSC "LUKOIL" (hereinafter also the Company) through acquisition of a portion of issued shares in order to reduce the total number thereof of June 20, 2019, adopted by the Annual General Shareholders' Meeting of PJSC "LUKOIL" in accordance with Clause 1 of Article 72 of the Federal Law *On Joint Stock Companies*, PJSC "LUKOIL" shall acquire 35,000,000 ordinary shares of PJSC "LUKOIL" at RUB 5,450 per share.

The offer to acquire PJSC "LUKOIL" shares (hereinafter also *the Offer*) shall enter into effect as from July 16, 2019 and be valid until August 14, 2019. During this period, the shareholders may declare the sale of PJSC "LUKOIL" shares held by them which will subsequently be purchased and paid for by PJSC "LUKOIL" no later than on August 28, 2019. Only holders of registered ordinary shares of PJSC "LUKOIL" (hereinafter the *Shares*) shall have the right to sell their Shares under the above resolution.

2. Participation of holders of Depositary Receipts (hereinafter also *DRs*) in the PJSC "LUKOIL"'s Offer

In pursuance of the requirements of the Russian legislation the Offer is made exclusively in respect of Shares. Accordingly, the holders of DRs (representing the Shares) shall not be entitled to participate in the Offer until such holders convert their DRs into Shares. For further information on the conversion procedure of DRs into Shares, Citibank, N.A., the Depositary bank for all the DR programs of PJSC "LUKOIL", should be consulted.

3. What is the purpose of acquiring Shares?

Acquisition by PJSC "LUKOIL" of a portion of issued Shares and their cancellation will help optimize the Company's authorized capital structure, particularly due to the acquisition and cancellation of quasi-treasury stocks held by a legal entity controlled by the Company. The cancellation of a part of issued Shares will increase the Company's key performance indicators (including the Company's net profit) per issued Share, which will contribute to further growth of investment attractiveness of PJSC "LUKOIL" shares.

4. Purchase Price of Shares

The Board of Directors determined the purchase price per Share for its acquisition by PJSC "LUKOIL" according to Clause 4 Article 72 and Article 77 of the Federal Law *On Joint Stock Companies* being equal to RUB 5,450 based on its market value in view of the information provided by Public Joint Stock Company "Moscow Exchange MICEX-RTS" on the weighted average price of PJSC "LUKOIL"'s ordinary share, calculated pursuant to the current calculation methodology for the period from November 14, 2018 through May 13, 2019. The purchase price per Share is fixed and will remain unchanged during the entire effective period of the Offer.

5. Does a shareholder have to take any steps if he/she chooses not to sell his/her Shares as part of PJSC "LUKOIL"'s acquisition Offer?

The sale of Shares as part of PJSC "LUKOIL"'s acquisition offer is the shareholder's right, rather than his/her obligation. The acquisition of Shares by PJSC "LUKOIL" is not a mandatory buyout procedure. The shareholders not declaring the sale of Shares during the effective period of PJSC "LUKOIL"'s acquisition Offer, shall reserve their rights to the Shares held by them. If a shareholder does not intend to

sell his/her Shares to PJSC "LUKOIL", no steps shall be taken. A shareholder shall resolve upon the sale of PJSC "LUKOIL" Shares held by him/her at his/her own discretion.

6. How will the Shares acquired by PJSC "LUKOIL" be paid for?

The Shares acquired by PJSC "LUKOIL" will be paid for in rubles with payment effected no later than on August 28, 2019. Funds received for the acquired Shares shall be transferred by PJSC "LUKOIL" to bank accounts of the shareholders entered in the register based on details available to the registrar of PJSC "LUKOIL". Expenses associated with the transfer of funds paid for the Shares shall be borne by PJSC "LUKOIL". No other method of payment for the acquired Shares, including postal remittance of funds to the shareholder's address, will be applied due to legal restrictions.

Payment for the Shares acquired by the Company from persons not registered in the register of shareholders of PJSC "LUKOIL" and holding their Shares on a custody account with the depository shall be made by PJSC "LUKOIL" by way of funds transfer to the bank account of the nominal holder of Shares registered in the register of shareholders of PJSC "LUKOIL".

Should there be no bank account details available or possibility to credit funds to the bank account for reasons beyond PJSC "LUKOIL"'s control, a respective amount for the acquired Shares shall be transferred to the notary's deposit account at PJSC "LUKOIL"'s location in Moscow.

To receive payment for the disposed PJSC "LUKOIL" Shares in due time, we recommend you to update your personal data, including bank account details, with the Company's registrar, OOO "Registrator "Garant", or the nominee holder (depending on the place of Share rights registration) before August 14, 2019, which is the deadline for the submission of applications on the sale of Shares.

7. How will taxes be withheld on the sale of Shares by shareholders to PJSC "LUKOIL"?

To clarify the tax consequences of the sale of PJSC "LUKOIL" Shares, we recommend that the shareholders consult with their tax advisor. In accordance with the current legislation PJSC "LUKOIL" will not calculate, withhold or transfer taxes to the budget, as well as fill in and file tax returns for the shareholders in connection with the sale of Shares by the shareholders to PJSC "LUKOIL".

8. What should a shareholder do if he/she decides to sell his/her Shares to PJSC "LUKOIL"?

The shareholders intending to sell their Shares to PJSC "LUKOIL" in accordance with the resolution 'On reducing the Charter Capital of PJSC "LUKOIL" through acquisition of a portion of issued shares in order to reduce the total number thereof' of June 20, 2019, adopted by the Annual General Shareholders' Meeting of PJSC "LUKOIL", shall from **July 16, 2019** through **August 14, 2019**:

- *(in the event of Share rights registration directly in the register of shareholders)* submit to the Company's registrar, OOO "Registrator "Garant", a completed and signed application on the sale of Shares drawn in the form as attached to the notice of Shares acquisition by PJSC "LUKOIL" by sending it by post (to 6 Krasnopresnenskaya Nab., Moscow, 123100) or by delivering it against written acknowledgment of receipt;
- *(in the event of Share rights registration on the custody account with the depository)* give a respective instruction to the person responsible for the registration of their rights to PJSC "LUKOIL" Shares.

The shareholder shall have the right to sell all or part of the PJSC "LUKOIL" Shares held. If the number of Shares specified in the application on the sale of Shares/respective instruction exceeds the number of Shares held by the shareholder, no Shares will be acquired by PJSC "LUKOIL" based on such an application/instruction.

A shareholder may revoke the previously submitted application on the sale of Shares by sending a revocation notice to the registrar of PJSC "LUKOIL" in the manner prescribed for filing an application drawn in the form as attached to the notice of the acquisition of PJSC "LUKOIL" Shares (in the event of Share rights registration directly in the register of shareholders) or submit a respective instruction to the person responsible for the registration of rights to PJSC "LUKOIL" Shares (in the event of Share rights registration on the custody account with the depository). Revocation of the previously submitted application or respective instruction shall be filed for the total number of Shares previously offered for sale and shall be submitted through August 14, 2019.

9. Pro Rata Acquisition of Shares

If the total number of Shares to be sold to PJSC "LUKOIL" based on the shareholders' applications exceeds 35,000,000 Shares, the Shares will be purchased from the shareholders pro rata to the specified requirements, based on the number of Shares, specified in the Application form on sale, given by owners of PJSC "LUKOIL" Shares (rounded upward to the whole number, as fractional Shares shall not be purchased by the Company).

In case of pro rata purchase the precise number of Shares to be purchased by the Company from a particular shareholder shall be calculated in accordance with the following formula:

$$X = Y \frac{35,000,000}{Z}$$

X – number of Shares to be purchased from a particular shareholder;

Y – number of Shares, specified by the shareholder of PJSC "LUKOIL"'s Shares in the Application on the sale received and accepted by the Registrar;

Z – the total number of Shares, specified in all the Applications on the sale received and accepted by the Registrar.

The total number of Shares acquired by PJSC "LUKOIL" from each shareholder who has declared the sale of his/her Shares will be specified in the report on the shareholders' applications on the sale of Shares approved by PJSC "LUKOIL"'s Board of Directors no later than on August 19, 2019.

10. Supplementary Information

Shareholders may address any questions related to acquisition of Shares by the Company as per the resolution adopted by the Annual General Shareholders' Meeting of PJSC "LUKOIL" of June 20, 2019, to:

- Depository Institutions and Registrars Directorate of PJSC "LUKOIL" by phone at +7 800-200-9402 (information provided in the English and Russian languages, on weekdays: from 9.00 am till 6.00 pm on Monday - Thursday, from 9.00 am till 4.45 pm on Friday, domestic calls are free), E- mail: shareholder@lukoil.com.
- the Company's registrar, OOO "Registrator "Garant", (located at: 6 Krasnopresnenskaya Nab., 123100, Moscow; www.reggarant.ru) by phone: at +7 800 500 2947 (information provided in the Russian language only, on weekdays, from 10.00 am till 4.30 pm, domestic calls are free) and +7 (495) 221-31-12 (on weekdays, from 9.00 am till 6.00 pm), E-mail: mail@reggarant.ru;