PRESS RELEASE
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LUKOIL REPORTS PRELIMINARY OPERATING DATA FOR THE THIRD QUARTER AND FIRST NINE MONTHS OF 2016

The LUKOIL Group oil production for the third quarter and first nine months of 2016 was 22.5 and 69.3 million tons, respectively.

Oil production dynamics in Russia was positively influenced by start of pilot production on offshore V. Filanovsky and onshore Pyakyakhinskoe fields during the third quarter of 2016, increased production drilling in West Siberia, as well as ramp up of oil production in Timan-Pechora and Urals regions.

Oil production dynamics outside of Russia was influenced by divestment of our share in Caspian Investment Resources Ltd. in Kazakhstan in 2015, as well as a decrease in compensation crude oil volume from West Qurna-2 project in Iraq due to the reimbursement of a larger amount of historical costs in 2015.

Oil production, thousand tons

2Q 2016	3Q 2016		9M 2015	9M 2016
22,279	**22,527**	**Total**	**75,275**	**69,301**
21,370	21,560	Total excluding West Qurna-2 project	67,717	64,824
20,495	20,660	Russia	64,310	62,031
20,253	20,414	Subsidiaries	63,774	61,317
242	246	Share in affiliates	536	714
875	900	Outside of Russia	3,407	2,793
439	533	Subsidiaries	1,384	1,533
436	367	Share in affiliates	2,023	1,260
909	967	Compensation oil from West Qurna-2 project	7,558	4,477

The LUKOIL Group marketable gas production for the third quarter and first nine

Press Centre PJSC "LUKOIL"
Phone:
E-mail: media@lukoil.com

months of 2016 was 4.7 and 15.2 billion cubic meters, respectively. Production dynamics was positively influenced by development of projects in Kazakhstan, Azerbaijan and Uzbekistan.

Marketable gas production, million cubic meters

2Q 2016	3Q 2016		9M 2015	9M 2016
5,073	**4,737**	**Total**	**14,883**	**15,184**
3,241	2,985	Russia	9,886	9,595
3,220	2,969	Subsidiaries	9,851	9,551
21	16	Share in affiliates	35	44
1,832	1,752	Outside of Russia	4,997	5,589
1,697	1,637	Subsidiaries	4,554	5,209
135	115	Share in affiliates	443	380

Feedstock processing at the LUKOIL Group refineries for the third quarter and first nine months of 2016 was 17.1 and 49.3 million tons, respectively.

Feedstock processing at refineries, thousand tons

2Q 2016	3Q 2016		9M 2015	9M 2016
16,408	**17,119**	**Total of LUKOIL Group refineries**	**47,896**	**49,339**
9,889	11,092	Russia	31,379	31,029
6,519	6,027	Outside of Russia	16,517	18,310
5,116	5,362	Oil refining	13,742	14,916
1,403	665	Refined products refining	2,775	3,394
73	80	Third party refineries abroad	715	245

Information:
The information in this press release is an estimate of the LUKOIL Group's results in the third quarter and first nine months of 2016 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 third quarter and first nine months of 2016. 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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