

PRESS RELEASE
NOVEMBER 22, 2016

LUKOIL HELD A MEETING OF THE BOARD OF DIRECTORS

LUKOIL held a Board of Directors meeting in Moscow today that reviewed a number of questions including LUKOIL's Group budget for 2017-2019, as well as key trends in global energy industry development to 2030.

The budget for 2017-2019 is based on a conservative oil price assumption (in particular, \$40 per barrel of Brent is used for 2017) and envisages active development of Company's projects primarily in the upstream segment, which will account for more than 80% of total capital expenditures.

Positive dynamics of hydrocarbon production from 2016 level is planned to be achieved by ramping up the offshore V. Filanovsky and the onshore Pyakyakhinskoe fields to plateau, increasing production drilling in West Siberia, increasing share of advanced drilling and wellwork techniques, developing heavy crude oil production in Timan-Pechora, increasing gas production in Russia and Uzbekistan and implementing other upstream projects.

Increase in share of high-margin barrels in the overall hydrocarbon production, as well as enhanced product output structure at the refineries, are expected to positively impact cash flow generation.

LUKOIL's Board of Directors also approved the Regulations on Information Policy of LUKOIL, the Regulations on Provision of Information to Shareholders of LUKOIL, the Director Compensation and Expense Reimbursement Policy of LUKOIL as well as documents related to the internal audit.

The new Information Policy was developed in accordance with the Corporate Governance Code recommended for application by joint stock companies by the Bank of Russia.

The Regulations on Provision of Information to Shareholders of LUKOIL were developed to ensure shareholder rights to receive information in accordance with the Federal Law On joint stock companies.

Information:

The information in this press release is an estimate of the LUKOIL Group's results in 2017-2019 and therefore constitutes forward-looking statements. This

information is preliminary 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. 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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