PRESS RELEASE
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LUKOIL REPORTS PRELIMINARY OPERATING DATA FOR THE FOURTH QUARTER AND TWELVE MONTHS OF 2016

The LUKOIL Group oil production for the fourth quarter and twelve months of 2016 was 22.7 and 92.0 million tonnes, respectively. Production for the fourth quarter excluding compensation crude oil from West Qurna-2 project in Iraq increased by 2.5% compared to the third quarter of 2016.

Oil production dynamics in Russia was positively impacted by launches of

V. Filanovsky and Pyakyakhinskoe fields in the second half of 2016, an increase in production drilling volumes in West Siberia, as well as growth in production volumes in Timan-Pechora and Ural regions.

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

Oil production, thousand tonnes

4Q 2016	3Q 2016		2016	2015
22,104	**21,560**	**Total** (excluding West-Qurna 2 project)	**86,928**	**89,963**
21,146	20,660	Russia	83 177	85,612
20,889	20,414	Subsidiaries	82 206	84,866
257	246	Share in affiliates	971	746
958	900	Outside of Russia	3,751	4,351
504	533	Subsidiaries	2,037	1,887
454	367	Share in affiliates	1 714	2,464
587	967	Compensation oil from West Qurna-2 project	5,064	10,725
22,691	**22,527**	**Total**	**91,992**	**100,688**

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The LUKOIL Group marketable gas production for the fourth quarter of 2016 increased to 5.1 billion cubic meters, or by 8.3% compared to the third quarter 2016. Gas production for the twelve months of 2016 remained practically unchanged year-on-year at 20.3 billion cubic meters. Production volume was positively influenced by development of projects in Kazakhstan, Azerbaijan and Uzbekistan.

Marketable gas production, million cubic meters

4Q 2016	3Q 2016		2016	2015
5,131	**4,737**	**Total**	**20,315**	**20,251**
3 144	2,985	Russia	12 739	13,235
3 125	2,969	Subsidiaries	12 676	13,190
19	16	Share in affiliates	63	45
1,987	1,752	Outside of Russia	7,576	7,016
1,847	1,637	Subsidiaries	7,056	6,450
140	115	Share in affiliates	520	566

Refinery throughput at the LUKOIL Group refineries for the fourth quarter and twelve months of 2016 was 16.7 and 66.1 million tonnes, respectively. The year-on-year positive dynamics was mainly attributable to the increase in utilization rate at our refineries in Italy and Romania, while the volume of refinery throughput at our Russian refineries remained at 2015 level. The quarter-on-quarter dynamics was driven by planned maintenance works at our Volgograd refinery.

Refinery throughput at refineries, thousand tonnes

4Q 2016	3Q 2016		2016	2015
16,722	**17,119**	**Total for LUKOIL Group refineries**	**66,061**	**64,489**
10,723	11,092	Russia	41,752	41,855
5,999	6,027	Outside of Russia	24,309	22,634
5,456	5,362	Oil processing	20,356	18,832
543	665	Refined products processing	3,953	3,802
499	80	Third party refineries abroad	744	896

Information:
The information in this press release is an estimate of the LUKOIL Group's results in the fourth quarter and twelve 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 fourth quarter and twelve 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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