PRESS RELEASE
OCTOBER 28, 2016

LUKOIL BOARD OF DIRECTORS APPROVES DIVIDEND POLICY, RECOMMENDS AMOUNT OF INTERIM DIVIDEND

The Board of Directors of LUKOIL approved today a new Regulation on Dividend Policy and, on its basis, recommended to the Extraordinary General Meeting of Shareholders to resolve on payment of interim dividends on LUKOIL's ordinary shares, based on the results of the first nine months 2016, in the amount of 75 rubles per one ordinary share. The recommended dividend is 15% higher compared to the interim dividend on the results for the first nine months 2015.

The Board of Directors also recommended the 23rd of December, 2016 as dividend record date.

The new Regulation on Dividend Policy establishes the following basic principles:

- The priority of dividend payments in the process of cash allocation;

- The commitment to allocate to dividend payment at least 25% of IFRS consolidated profit for the period that may be adjusted by the amount of non-recurring losses and gains;

- Intention to annually increase the amount of dividends per one ordinary share by not less than the ruble inflation rate for the period.

The full text of the new Regulation is available at www.lukoil.com.

The Board of Directors also approved a Policy on Risk Management and Internal Control.

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