PRESS RELEASE
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PJSC LUKOIL'S BOARD OF DIRECTORS SUMS UP COMPANY'S PERFORMANCE IN THE FIRST HALF OF 2016

LUKOIL's Board of Directors held a meeting in Moscowtoday to discuss the Company's performance in the first half of 2016.

The Board of Directors pointed out that the major tasks for the first half of the year were accomplished in compliance with the plan, budget and investment program for 2016. The oil production targets were achieved, and the gas production targets were exceeded, power generation sector also recorded an increase. An ambitious program aimed at upgrading the Russian refineries was finalized, increasing the value of the petroleum products basket through a major enhancement of oil refining depth.

Despite challenging macroeconomic conditions, due to a sound financial policy, strict capital discipline, and high quality of the asset base, the Company recorded in the first half of 2016 a free cash flow of RUB 93 billion, a 17 percent increase compared to the first half of 2015 results.

The 2015 dividends approved by the Shareholders Meeting on June 23, 2016 amounted to RUB 177 per common share including the earlier paid interim dividends, increased 15% compared to the previous period. The dividends were paid within the set timelines.

'LUKOIL is celebrating its 25-anniversary as a globalenergy company capable of overcoming its external challenges. I am convinced that the experience and the knowledge of our employees will further contribute to the accomplishment of the identified production and financial tasks', said Vagit Alekperov, PJSC LUKOIL's President.

The Board of Directors also resolved to appoint Natalya Podolskaya to the position of the Company's Corporate Secretary.

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