



Materials that are made available for those  
entitled to participate in the Annual General Shareholders  
Meeting of PJSC “LUKOIL”  
to be held on June 20, 2019

## CONTENTS

1.	Notice of the Annual General Shareholders Meeting of PJSC “LUKOIL”	4
2.	Agenda of the Annual General Shareholders Meeting of PJSC "LUKOIL"	7
3.	Draft decisions of the Annual General Shareholders Meeting of PJSC "LUKOIL"	8
4.	Position and recommendations of the Board of Directors of PJSC "LUKOIL" on the items on the agenda of the Annual General Shareholders Meeting of PJSC "LUKOIL"	11
5.	Recommendations of the Company’s Board of Directors on the amount of dividends on shares of PJSC “LUKOIL” and procedure for their payment	22
6.	Summary of results achieved by PJSC “LUKOIL” in 2018	23
7.	Report on Interested Party Transactions Entered into by PJSC “LUKOIL” in 2018	28
8.	Information on candidates to the Board of Directors and the Audit Commission of PJSC “LUKOIL”, including the results of assessment of the candidates to the Board of Directors of PJSC “LUKOIL” performed by the HR and Compensation Committee of the Board of Directors of PJSC “LUKOIL” and information on their compliance with the independence criteria and on whether or not the said candidates have given their written consent to be elected to the relevant body of PJSC "LUKOIL"	43
9.	Decision of the HR and Compensation Committee of the Board of Directors of PJSC “LUKOIL” on recognizing Victor Vladimirovich Blazheev as an independent candidate to the Board of Directors of PJSC “LUKOIL” based on the substantiated opinion set out in the decision taken by the Board of Directors on 21 June 2018 (Minutes No.8)	49
10.	Balance Sheet of PJSC “LUKOIL” as at 31 December 2018 and Income Statement of PJSC “LUKOIL” for January through December 2018	51
11.	Draft new version of the Regulations on the Procedure for Preparing and Holding the General Shareholders Meeting of PJSC “LUKOIL”	53
12.	Excerpt from Minutes No.1 of the Annual General Shareholders Meeting of Public Joint Stock Company “Oil company “LUKOIL” held on 21 June 2018, containing the decision on Item 4 (point 2) on the agenda (establishing the amounts of remuneration for newly elected members of the Board of Directors of PJSC “LUKOIL”)	69
13.	Excerpt from the Minutes No.1 of the Annual General Shareholders Meeting of Public Joint Stock Company "Oil company "LUKOIL" of June 23, 2016 on Item 6 (point 2) of the agenda (on the remuneration for the newly elected members of the Audit Commission)	71
14.	Excerpt from the Minutes No.1 of the Annual General Shareholders Meeting of Public Joint Stock Company "Oil company "LUKOIL" of June 24, 2004 on Item 5 (point 5.2) of the agenda (on the remuneration and the types of expenses for the members of the Board of Directors for which members of the Board of Directors shall be compensated during the term of performance of their duties)	73
15.	Opinion of the Audit Commission of PJSC “LUKOIL” based on the audit of the annual accounting (financial) statements of PJSC “LUKOIL” for 2018	75
16.	Opinion of the Audit Commission of PJSC “LUKOIL” based on the audit of the annual report of PJSC “LUKOIL” for 2018	78
17.	Opinion of the Audit Commission of PJSC “LUKOIL” based on the audit of the data contained in the report on interested party transactions entered into by PJSC “LUKOIL” in 2018	81
18.	Independent Auditors’ Report on the financial statements of PJSC "LUKOIL" for the 2018 reporting year	84

19.	Assessment of the Independent Auditors' opinion performed by the Audit Committee of the Board of Directors of PJSC "LUKOIL"	89
20.	Instructions for shareholders of PJSC "LUKOIL" using the electronic voting solution for the Annual General Shareholders Meeting of PJSC "LUKOIL"	90

**NOTICE**  
**of the Annual General Shareholders Meeting**  
**of Public Joint Stock Company “Oil company “LUKOIL”**

**Dear Shareholder,**

Public Joint Stock Company “Oil company “LUKOIL”, location: Moscow; address: Sretensky bulvar 11, Moscow, 101000, Russian Federation, hereby informs you that, based on the decision of the Board of Directors of PJSC “LUKOIL” of 16 May 2019, the Annual General Shareholders Meeting of PJSC “LUKOIL” is to be held in the form of a meeting (joint attendance of shareholders to discuss agenda items and take decisions on issues put to a vote) with preliminary distribution (dispatch) of ballots before the conduct of the Meeting.

Date and time of the Meeting:

**20 June 2019, at 11:00 a.m.**

Place/venue of the Meeting:

**PJSC “LUKOIL”, Sretensky bulvar 11, Moscow, Vega Conference Hall (entrance from Kostyansky pereulok)**

Postal address the completed and signed ballots may be sent to:

**OOO «Registrator «Garant», Krasnopresnenskaya Naberezhnaya 6, Moscow, 123100, Russian Federation**

The date of determining (formalizing) the persons entitled to take part in the Annual General Shareholders Meeting:

**27 May 2019**

Registration of persons participating in the meeting begins at:

**09:30 a.m.**

Categories (types) of shares whose owners have the right to vote on all agenda items of the Annual General Shareholders Meeting:

**Registered Ordinary Shares**

Identification details of the shares whose holders are entitled to take part in the Annual General Shareholders Meeting:

**State Registration Number of the securities issue:  
1-01-00077-A dated 25 June 2003**

The URL of the website on the information and telecommunications network “Internet” where electronic voting ballots may be completed, and the QR-code for prompt connection to the said website:

**<https://evoting.reggarant.ru/Voting/Lk>**



**AGENDA OF THE MEETING:**

1. Approval of the 2018 Annual Report of PJSC “LUKOIL”, the annual accounting (financial) statements, distribution of profits and adoption of a decision on payment (declaration) of dividends based on the 2018 annual results.
2. Election of the members of the Board of Directors of PJSC “LUKOIL”.
3. Election of the members of the Audit Commission of PJSC “LUKOIL”.
4. On the remuneration and reimbursement of expenses to members of the Board of Directors of PJSC “LUKOIL”.
5. On the remuneration of members of the Audit Commission of PJSC “LUKOIL”.
6. Approval of the Auditor of PJSC “LUKOIL”.
7. Approval of a new version of the *Regulations on the Procedure for Preparing and Holding the General Shareholders Meeting of PJSC “LUKOIL”*.
8. On reducing the Charter Capital of PJSC “LUKOIL” through acquisition of a portion of issued shares in order to reduce the total number thereof.
9. Decision on consent to perform an interested-party transaction.

The deadline for receipt of ballots by OOO «Registrator «Garant» is 17 June 2019, for determining a quorum of the Meeting and tallying votes.

Please kindly note that the persons entitled to participate in the Annual General Shareholders Meeting of PJSC “LUKOIL” (the Company) may take part in the Company’s Annual General Shareholders Meeting by completing their voting ballots electronically on the website on the information and telecommunications network “Internet” <https://evoting.reggarant.ru/Voting/Lk> (Instructions for users of the electronic voting solution are included in the list of information (materials) to be provided to persons entitled to participate in the Meeting). Access for completing electronic voting ballots shall be granted from 28 May 2019 to the shareholders who register their title to shares in the Company’s shareholder register, while shareholders who are clients of nominee holders shall be granted access after the said nominee holders provide OOO Registrator Garant, the company keeping the Company’s Shareholder Register, with information on persons entitled to participate in the Annual General Shareholders Meeting of PJSC “LUKOIL”.

When using the electronic voting solution, shareholders who registered on website on the information and telecommunications network “Internet” <https://evoting.reggarant.ru/Voting/Lk> and shareholders who completed the electronic



Operation Office "Ryazansky", ulitsa Dzerzhinskogo 55, Ryazan, Ryazanskaya oblast, 390005	telephone: 8-800-700-78-77
Operation Office "Stavropol na Mira", ulitsa Mira 437, Stavropol, Stavropolsky Krai, 355029	telephone: 8-800-700-78-77
Operation Office "Starooskolsky", district Priborostroitel 53, Stariy Oskol, Belgorod Oblast, 309504	telephone: 8-800-700-78-77
Operation Office "Strezhevoi", 3 microrayon 306, office 3, Strezhevoi, Tomskaya oblast, 636782	telephone: 8-800-700-78-77
Operation Office "Tverskoy", pereulok Svobodny 9, Tver, 170100	telephone: 8-800-700-78-77
Operation Office "Ulyanovsky", ulitsa Karla Libknekhta 24/5A, bld. 1, Ulyanovsk, 432063	telephone: 8-800-700-78-77
Operation Office No1 in Urai, ulitsa Lenina 118, Urai, Tyumen oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, 628285	telephone: (34676) 2-03-17
Operation Office "Ufimsky", ulitsa Tsyurupy 16, Kirovsky district, Ufa, Republic of Bashkortostan, 450057	telephone: (347) 226-72-70
Operation Office «Khabarovsk», Amursky Bulvar18, Khabarovsk, 680000	telephone: 8-800-700-78-77
Operation Office "Cheboksarsky", prospect Lenina 6A, Cheboksary, Chuvaskaya Rebulic-Chuvashiya, 428000	telephone: 8-800-700-78-77
Operation Office "Electrostal", ulitsa Nikolaeva 17A, office 01, Elektrostal, Moskovskaya oblast, 144000	telephone: 8-800-700-78-77
Operation Office «Yuzhno-Sakhalinsky», ulitsa Pogranichnaya 28A, Yuzhno-Sakhalinsk, 693007	telephone: 8-800-700-78-77

#### **Joint Stock Company VTB Registrar**

Ulitsa Zhukovskogo 31A, Maikop, Republic of Adygeya, 385000	telephone: (8772) 52-51-09
6 district 2, office 1, Elista, Republic of Kalmykiya, 358014	telephone: (84722) 6-56-92

Access to information (materials) for the Annual General Shareholders Meeting shall be granted for voting electronically on the website on the information and telecommunications network "Internet" <https://evoting.reggarant.ru/Voting/Lk>.

Information (materials) for the General Shareholders Meeting shall also be available to persons taking part in the Annual General Shareholders Meeting of PJSC "LUKOIL" during the Meeting

The decisions taken by the Annual General Shareholders Meeting of PJSC "LUKOIL" and voting results will be announced at the Meeting and communicated to the persons who are on the list of persons entitled to take part in the Meeting in the form of a Report on Voting Results to be made available on the Company's official websites [www.lukoil.ru](http://www.lukoil.ru), [www.lukoil.com](http://www.lukoil.com) by 26 June 2019.

Should the Annual General Shareholders Meeting of PJSC "LUKOIL" take a decision '*On reducing the Charter Capital of PJSC "LUKOIL" through acquisition of a portion of issued shares in order to reduce the total number thereof*' the notice of acquisition of shares of PJSC "LUKOIL", including the recommended forms for applying for the sale of shares and for recalling applications, will be posted on the Company's websites in information and telecommunications network "Internet" [www.lukoil.ru](http://www.lukoil.ru) (in Russian), [www.lukoil.com](http://www.lukoil.com) (English).

For the purpose of ensuring the timely payment of dividends and the provision of information, we kindly ask you to promptly inform OOO «Registrator «Garant», the company keeping the Company's Shareholder Register (the Registrar), of any changes in your data (name, change in residence/domicile, change in banking details, passport and other data) by completing the Registered Natural/Legal Person's Form and submitting it to the Registrar. Pursuant to Clause 16, Article 8.2 of the Federal Law *On Securities Market* neither the Company nor the Registrar will be liable for the loss incurred, should you fail to provide information on such changes.

Dear Shareholder,

By participating in the Annual General Shareholders Meeting of PJSC "LUKOIL" you exercise your right to participate in managing the Company by taking decisions on the most significant matters of its business operations, which matters fall within the exclusive competence of the General Shareholders Meetings.

More details on the Annual General Shareholders Meeting of PJSC "LUKOIL" will be available if phoned at: 8 (800) 200 9402 or (495) 981 7320, [shareholder@lukoil.com](mailto:shareholder@lukoil.com).

**Board of Directors of PJSC "LUKOIL"**

**Agenda**  
**of the Annual General Shareholders Meeting of PJSC "LUKOIL"**

Moscow, 20 June 2019

1. Approval of the 2018 Annual Report of PJSC "LUKOIL", the annual accounting (financial) statements, distribution of profits and adoption of a decision on payment (declaration) of dividends based on the 2018 annual results.
2. Election of the members of the Board of Directors of PJSC "LUKOIL".
3. Election of the members of the Audit Commission of PJSC "LUKOIL".
4. On the remuneration and reimbursement of expenses to members of the Board of Directors of PJSC "LUKOIL".
5. On the remuneration of members of the Audit Commission of PJSC "LUKOIL".
6. Approval of the Auditor of PJSC "LUKOIL".
7. Approval of a new version of the *Regulations on the Procedure for Preparing and Holding the General Shareholders Meeting of PJSC "LUKOIL"*.
8. On reducing the Charter Capital of PJSC "LUKOIL" through acquisition of a portion of issued shares in order to reduce the total number thereof.
9. Decision on consent to perform an interested-party transaction.

**DRAFT DECISIONS  
OF THE 2019 ANNUAL GENERAL SHAREHOLDERS MEETING OF PJSC "LUKOIL"**

**Draft decision on item 1 on the agenda:** “Approval of the 2018 Annual Report of PJSC “LUKOIL”, the annual accounting (financial) statements, distribution of profits and adoption of a decision on payment (declaration) of dividends based on the 2018 annual results”:

To approve the Annual Report of PJSC “LUKOIL” for 2018, the annual accounting (financial) statements and distribute the profits based on the 2018 annual results as follows:

The net profit of PJSC “LUKOIL” based on the 2018 annual results equalled 219,484,106,242 roubles 18 kopecks.

The net profit in the amount of 116,250,000,000 roubles based on the 2018 annual results (excluding the profit distributed as interim dividends of 71,250,000,000 roubles for the first nine months of 2018) be allocated for the payment of dividends.

The remainder of the profits in the amount 31,984,106,242 roubles 18 kopecks shall be retained earnings.

To pay dividends on ordinary shares of PJSC “LUKOIL” based on the 2018 annual results in an amount of 155 roubles per ordinary share (excluding the interim dividends of 95 roubles per ordinary share paid for the first nine months of 2018). The total amount of dividends payable for 2018 including the earlier paid interim dividends will be 250 roubles per ordinary share. The dividends of 155 roubles per ordinary share be paid using monetary funds from the account of PJSC “LUKOIL” as follows: to nominee shareholders and trust managers who are professional market participants registered in the shareholder register of PJSC “LUKOIL” to be made not later than 19 July 2019, to other persons registered in the shareholder register of PJSC “LUKOIL” to be made not later than 9 August 2019.

The costs on the transfer of dividends, regardless of the means, will be paid by PJSC “LUKOIL”.

To set 9 July 2019 as the date on which persons entitled to receive dividends based on the 2018 annual results will be determined.

**Draft decision on item 2 on the agenda:** “Election of the members of the Board of Directors of PJSC “LUKOIL””:

To elect the Board of Directors of PJSC “LUKOIL”, consisting of 11 members, from the list of candidates approved by the Board of Directors of PJSC “LUKOIL” on 6 March 2019 (Minutes No.4):



1. ALEKPEROV, Vagit Yusufovich
2. BLAZHEEV, Victor Vladimirovich
3. GATI, Toby Trister
4. GRAYFER, Valery Isaakovich
5. MAGANOV, Ravil Ulfatovich
6. MUNNINGS, Roger
7. NIKOLAEV, Nikolai Mikhailovich
8. TEPLUKHIN, Pavel Mikhailovich
9. FEDUN, Leonid Arnoldovich
10. KHOBA, Liubov Nikolaevna
11. SHATALOV, Sergei Dmitrievich
12. SCHUSSEL, Wolfgang

**Draft decision on item 3 on the agenda:** “Election of the members of the Audit Commission of PJSC “LUKOIL””:

To elect the Audit Commission of PJSC “LUKOIL” from the list of candidates approved by the Board of Directors of PJSC “LUKOIL” on 6 March 2019 (Minutes No.4):

VRUBLEVSKIY, Ivan Nikolaevich  
OTRUBYANNIKOV, Artem Valentinovich  
SULOEV, Pavel Aleksandrovich

**Draft decision on item 4 on the agenda:** “On the remuneration and reimbursement of expenses to members of the Board of Directors of PJSC “LUKOIL””:

1. To pay remuneration and reimburse expenses to members of the Board of Directors of PJSC “LUKOIL” pursuant to Appendix No.1 hereto.

2. To establish the amounts of remuneration for the newly elected members of the Board of Directors of PJSC “LUKOIL” pursuant to Appendix No.2 hereto. To establish that during their service the newly elected members of the Board of Directors shall be reimbursed for the expenses related to the performance of their functions as members of the Board of Directors, the types of which were established by decision of the Annual General Shareholders Meeting of OAO “LUKOIL” of 24 June 2004 (Minutes No.1), in the amount of actually incurred and documented expenses, upon submission by members of the Board of Directors of written expense claims.

**Draft decision on item 5 on the agenda:** “On the remuneration of members of the Audit Commission of PJSC “LUKOIL””:

1. To pay remuneration to the members of the Audit Commission of PJSC “LUKOIL” in the following amounts:
- |                  |                     |
|------------------|---------------------|
| I.N. Vrublevskiy | – 3,500,000 roubles |
| P.A. Suloev      | – 3,500,000 roubles |

2. To deem it appropriate to retain the amounts of remuneration for members of the Audit Commission of PJSC “LUKOIL” established by decision of the Annual General Shareholders Meeting of PJSC “LUKOIL” of 23 June 2016 (Minutes No. 1).

**Draft decision on item 6 on the agenda:** “Approval of the Auditor of PJSC “LUKOIL””:

To approve the independent auditor of PJSC "LUKOIL" - Joint Stock Company KPMG.

**Draft decision on item 7 on the agenda:** “Approval of a new version of the Regulations on the Procedure for Preparing and Holding the General Shareholders Meeting of PJSC “LUKOIL””:

To approve a new version of the *Regulations on the Procedure for Preparing and Holding the General Shareholders Meeting of PJSC “LUKOIL”*, pursuant to the Appendix hereto.

To invalidate the *Regulations on the Procedure for Preparing and Holding the General Shareholders Meeting of PJSC “LUKOIL”* approved by the Extraordinary General Shareholders Meeting of OAO “LUKOIL” on 18 December 2012 (Minutes No.2), with amendments and addenda approved by the Annual General Shareholders Meetings on 26 June 2014 (Minutes No.1), 23 June 2016 (Minutes No.1) and 21 June 2017 (Minutes No.1).

**Draft decision on item 8 on the agenda:** “On reducing the Charter Capital of PJSC “LUKOIL” through acquisition of a portion of issued shares in order to reduce the total number thereof”:

To reduce the Charter Capital of PJSC “LUKOIL” through acquisition of a portion of issued shares of PJSC “LUKOIL” in order to reduce the total number thereof, on the following terms:

- class (type) of shares to be acquired: uncertified registered ordinary shares;
- number of shares of PJSC “LUKOIL” of the said class (type) to be acquired: 35,000,000 (thirty-five million) shares;
- purchase price: RUB 5,450 (five thousand four hundred fifty) per share;
- period during which shareholders are authorized to file or recall respective applications to sell shares of PJSC “LUKOIL” owned by them, namely: from 16 July 2019 through 14 August 2019;
- payment due date for the shares to be acquired by PJSC “LUKOIL”: 28 August 2019 at the latest;
- method of payment for the shares to be acquired: in cash.

**Draft decision on item 9 on the agenda:** “Decision on consent to perform an interested-party transaction”:

To give consent to an interested-party transaction – Contract (Policy) on Directors, Officers and Companies Liability Insurance between PJSC “LUKOIL” (Policyholder) and Ingosstrakh Insurance Company (Insurer) on the terms and conditions set forth in the Appendix hereto.

**Position and recommendations of the Board of Directors of PJSC “LUKOIL”  
on items on the agenda  
of the Annual General Shareholders Meeting of PJSC “LUKOIL”**

***On item 1 on the agenda of the Meeting: Approval of the 2018 Annual Report of PJSC “LUKOIL”, the annual accounting (financial) statements, distribution of profits and adoption of a decision on payment (declaration) of dividends based on the 2018 annual results***

***Position:***

As provided in Clause 2, Article 54 of the Federal Law *On Joint Stock Companies*, agenda of a company’s Annual General Shareholders Meeting must include approval of its Annual Report and annual accounting (financial) statements. Further on, as provided in Clause 4, Article 88 of the Federal Law *On Joint Stock Companies*, the annual report of a company is subject to tentative approval by the company’s Board of Directors not later than 30 days before the date of its annual general shareholders meeting.

The Board of Directors of PJSC “LUKOIL” hereby states that the Annual Report of PJSC “LUKOIL” for 2018 reviewed by the Audit Committee of the Board of Directors on 23 April 2019 and tentatively approved by the Board of Directors on 16 May 2019 was composed in accordance with the Federal Law *On Joint Stock Companies*, requirements of the *Regulation on information disclosure by issuers of issuable securities* No. 454-P approved by the Bank of Russia as of 30 December 2014, with regard to the structure and contents of the annual report, as well as recommendations contained in the Corporate Governance Code.

The Board of Directors of PJSC “LUKOIL” reviewed the Opinion of the Audit Commission of PJSC “LUKOIL” based on the audit of the Annual Report of PJSC “LUKOIL” for 2018. Taking into consideration the conclusions contained in the Opinion of the Company’s Audit Commission, the Board of Directors believes that the Annual Report of PJSC “LUKOIL” for 2018 is fair, i.e. is presented in such a way as to ensure, in all material respects, to reflect all data subject to disclosure in accordance with requirements set by the regulatory bodies of the Russian Federation.

The accounting (financial) statements of PJSC “LUKOIL” for 2018 prepared in accordance with the Russian Accounting Standards (RAS) and consolidated financial statements of PJSC “LUKOIL” for 2018 prepared in accordance with the International Financial Reporting Standards (IFRS) underwent a prior review of the Audit Committee of the Board of Directors of PJSC “LUKOIL”.

The Board of Directors of PJSC “LUKOIL” also reviewed the Auditor’s Report of the Company’s independent Auditor, JSC KPMG, on the accounting (financial) statements of PJSC “LUKOIL” for 2018 prepared in accordance with the Russian Accounting Standards.

Relying on the Auditor's Report, the Board of Directors believes that the accounting (financial) statements of PJSC “LUKOIL” present fairly, in all material respects, its financial position as at 31 December 2018, the results of its financial activities and the cash flows for 2018 in accordance with the RAS.

The Board of Directors, based on the financial results of the Company's operations, as reflected in the accounting (financial) statements of PJSC “LUKOIL” for 2018, prepared in accordance with the RAS, and net profit of 219,484,106,242.18 roubles received by PJSC “LUKOIL” for 2018, believes that the Company's net profit for 2018 (excluding the profit distributed as interim dividends of 71,250,000,000.00 roubles for the first nine months of 2018) shall be distributed by allocating 116,250,000,000.00 roubles for the payment of dividends for 2018, with the remainder of the profits of 31,984,106,242.18 roubles being retained earnings.

The Board of Directors proceeds from the premise that at present there is no need to distribute the Company's profit for purposes other than payment of dividends, the Reserve Fund PJSC “LUKOIL” in the amount of 15 percent of the Charter Capital has been fully formed, and there are no restrictions

on payment of dividends under the current legislation.

When determining the amount of dividends to be recommended to the Company's Annual General Shareholders Meeting, the Board of Directors took into account the Company's aim for the uniformity of dividend payments, for which the Company plans to continue to pay dividends to shareholders at least twice a year: based on the results of the nine months of the reporting year (interim dividends) and based on the annual results (final dividends). The Company's practice of dividend payments helps to increase the investment appeal of its securities and attract long-term investors to its shareholder base.

The amount of the final dividend recommended by the Board of Directors for the results of 2018 (155 roubles per ordinary share) is deemed by the Company's Board of Directors to be optimal, as it:

- Fully complies with the principles of calculation of the final dividend amount stated in the *Regulations on the Dividend Policy of PJSC "LUKOIL"*;
- Reflects Company's financial results for the reporting period;
- Exceed industry analysts' expectations.

If the recommended final dividend is approved by Annual General Shareholders Meeting, the total dividend for 2018 will amount to 250 roubles per share including interim dividend already paid and will be 16% higher than the level of 2017.

It is recommended that dividends be paid in cash from the bank account of PJSC "LUKOIL" within the deadlines established by the current legislation of the Russian Federation. The Company bears all and any expenses on such dividend transfer, in line with the existing corporate practices.

Following the requirements of the Federal Law *On Joint Stock Companies*, it is proposed to set 9 July 2019 as the dividend record date for persons entitled to dividends based on the 2018 annual results.

#### ***Recommendation:***

To approve the Annual Report of PJSC "LUKOIL" for 2018, the annual accounting (financial) statements and distribute the profits based on the 2018 annual results as follows:

The net profit of PJSC "LUKOIL" based on the 2018 annual results equalled 219,484,106,242 roubles 18 kopecks.

The net profit in the amount of 116,250,000,000 roubles based on the 2018 annual results (excluding the profit distributed as interim dividends of 71,250,000,000 roubles for the first nine months of 2018) be allocated for the payment of dividends.

The remainder of the profits in the amount 31,984,106,242 roubles 18 kopecks shall be retained earnings.

To pay dividends on ordinary shares of PJSC "LUKOIL" based on the 2018 annual results in an amount of 155 roubles per ordinary share (excluding the interim dividends of 95 roubles per ordinary share paid for the first nine months of 2018). The total amount of dividends payable for 2018 including the earlier paid interim dividends will be 250 roubles per ordinary share. The dividends of 155 roubles per ordinary share be paid using monetary funds from the account of PJSC "LUKOIL" as follows: to nominee shareholders and trust managers who are professional market participants registered in the shareholder register of PJSC "LUKOIL" to be made not later than 19 July 2019, to other persons registered in the shareholder register of PJSC "LUKOIL" to be made not later than 9 August 2019.

The costs on the transfer of dividends, regardless of the means, will be paid by PJSC "LUKOIL".

To propose that the Annual General Shareholders Meeting set 9 July 2019 as the date on which persons entitled to receive dividends based on the 2018 annual results will be determined.

The proposed decisions are based on the recommendations of the Audit Committee of the Board of Directors of PJSC "LUKOIL" (Minutes No.3 of 23 April 2019), the Strategy, Investment and Sustainability Committee of the Board of Directors of PJSC "LUKOIL" (Minutes No.3 of 10 April 2019) and of the Board of Directors of PJSC "LUKOIL" (Minutes No.6 of 25 April 2019).

**On item 2 on the agenda of the Meeting: *Election of the members of the Board of Directors of PJSC "LUKOIL"***

#### ***Position:***

As provided in point 9.2 of the Company Charter, members of the Board of Directors consisting of 11 (eleven) persons are elected by the General Shareholders Meeting of the Company by cumulative voting for the term lasting up to the next Annual General Shareholders Meeting.

The List of candidates for election to the Board of Directors of PJSC "LUKOIL" was determined by the Company's Board of Directors on 6 March 2019 (Minutes No.4) in accordance with the Federal Law *On Joint Stock Companies*, the Charter and internal documents of the Company. The List of candidates for election to the Board of Directors of PJSC "LUKOIL" based on proposals of shareholders holding at least 2percent of the voting shares of PJSC "LUKOIL" contains the following nominees: Vagit Yusufovich Alekperov, Victor Vladimirovich Blazheev, Toby Trister Gati, Valery Isaakovich Grayfer, Ravil Ulfatovich Maganov, Roger Munnings, Nikolai Mikhailovich Nikolaev, Leonid Arnoldovich Fedun and Liubov Nikolaevna Khoba.

Along with the nominations put forward by shareholders the Board of Directors of PJSC "LUKOIL", acting in pursuance of Clause 7, Article 53 of the Federal Law *On Joint Stock Companies*, included the following nominees in the list of candidates for election to the Board of Directors of PJSC "LUKOIL" at its own discretion: Pavel Mikhailovich Teplukhin, Sergei Dmitrievich Shatalov and Wolfgang Schüssel.

Therefore, the list of candidates to the Company's Board of Directors consists of 12 individuals, 8 of whom are current members of its Board of Directors.

The HR and Compensation Committee of the Board of Directors of PJSC "LUKOIL" has performed analysis of the professional qualifications and independence of all candidates to the Company's Board of Directors based on their available personal data and the Independence Questionnaires received from the Board candidates. The candidates for the Board of Directors are recognized to have a flawless business reputation, possess professional qualifications, knowledge, skills and experience required for decision-making on issues within the competence of the Board of Directors and for the effective performance of their functions.

Based on the assessment of compliance of candidates to the Board of Directors of PJSC "LUKOIL" with the independence criteria established by the Listing Rules of PJSC Moscow Stock Exchange and provisions of the Corporate Governance Code, the following 5 (five) candidates to the Board of Directors of PJSC "LUKOIL" shall be deemed independent: Toby Trister Gati, Roger Munnings, Pavel Mikhailovich Teplukhin, Sergei Dmitrievich Shatalov and Wolfgang Schüssel. Also, by decision of the HR and Compensation Committee of the Board of Directors of PJSC "LUKOIL" Victor Vladimirovich Blazheev was recognized as an independent candidate to the Board of Directors of PJSC "LUKOIL" based on the substantiated opinion set out in the decision taken by the Board of Directors on 21 June 2018 (Minutes No.8) on recognizing V.V. Blazheev independent as a member of the Board of Directors of the Company despite the formal criteria of association with the Company resulting from his service on the Board of Directors of PJSC "LUKOIL" exceeding the seven-year tenure.

The requirements towards the composition of the Board of Directors set forth in Article 66 of the Federal Law *On Joint Stock Companies* and providing that members of the collegial executive body may not constitute more than one-fourth of the Board of Directors of a company will be met.

### ***Recommendation:***

To elect the Board of Directors of PJSC "LUKOIL", consisting of 11 members, from the list of candidates approved by the Board of Directors of PJSC "LUKOIL" on 6 March 2019 (Minutes No.4).

The proposed decision is based on the recommendations of the Human Resources and Compensation Committee of the Board of Directors of PJSC "LUKOIL" (Minutes No.2 of 28 March 2019).

**On item 3 on the agenda of the Meeting: *Election of the members of the Audit Commission of PJSC "LUKOIL"***

***Position:***

In view of the fact that the Charter of PJSC "LUKOIL" stipulates that the Company must have a control body, the Audit Commission of PJSC "LUKOIL", the agenda of the Annual General Shareholders Meeting of the Company must include an item on the election of the members of the Audit Commission of PJSC "LUKOIL" as provided in Clause 2, Article 54 of the Federal Law *On Joint Stock Companies*.

According to point 12.2 of the Charter of PJSC "LUKOIL", the Audit Commission consisting of three members is annually elected at the Annual General Shareholders Meeting.

As per point 8.6 of the Company Charter, shareholders who collectively own at least 2 percent of the Company's voting shares have proposed three candidates for election to the Company's Audit Commission having a flawless business and personal reputation, relevant education and experience in finance, accounting, taxation required to perform functions within the competence of the Audit Commission of PJSC "LUKOIL". Candidates I.N. Vrublevskiy and P.A. Suloev are members of the current Audit Commission of PJSC "LUKOIL" with an overall positive record.

In order to comply with the requirements established by Clause 6, Article 85 of the Federal Law *On Joint Stock Companies* the proposed Audit Commission candidates are neither members of the Company's Board of Directors nor hold any other positions in the Company's governing bodies.

***Recommendation:***

To elect the Audit Commission of PJSC "LUKOIL" from the list of candidates approved by the Board of Directors of PJSC "LUKOIL" on 6 March 2019 (Minutes No.4).

***On item 4 on the agenda of the Meeting: On the remuneration and reimbursement of expenses to members of the Board of Directors of PJSC "LUKOIL"***

***Position:***

As provided in Clause 2, Article 64 of the Federal Law *On Joint Stock Companies*, by decision of the General Shareholders Meeting, during their term of office members of the Board of Directors of a company may receive remuneration and reimbursement of expenses related to their performance of the functions of the members of the Board of Directors of the company. The amount of such remuneration and reimbursement is established by decision of the General Shareholders Meeting.

The *Director Compensation and Expense Reimbursement Policy of PJSC "LUKOIL"* (hereinafter – the Policy) provides for the principles of remuneration (Board fee) and reimbursement of expenses of members of the Board of Directors of the Company, as well as types of remuneration paid to members of the Board of Directors.

The amounts of remuneration of the members of the Board of Directors elected at the 2018 Annual General Shareholders Meeting were established by decision of the Annual General Shareholders Meeting of PJSC "LUKOIL" on 21 June 2018 (Minutes No.1), including remuneration for performance of the functions of the members of the Board of Directors, for performance of the functions of the Chairman of the Board of Directors of PJSC "LUKOIL", chairmen and members of its committees, for their participation in each and every conferences and other events on written instructions from the Chairman of the Board of Directors, for attendance in person at meetings of the Board of Directors or a committee of the Board of Directors where attendance requires a transcontinental flight.

The Policy also provides for the possibility of a partial payment of remuneration for the performance of the duties of a member of the Board of Directors by decision of the Extraordinary General Shareholders Meetings. The Extraordinary General Shareholders Meeting of PJSC "LUKOIL" of 03 December 2018 (Minutes No.3) passed a decision to pay a part of the remuneration to members of the Board of Directors of PJSC "LUKOIL" for performance of their functions (Board fee) for the period from the date the decision on the election of the Board of Directors was taken to the date the relevant decision was taken by the Extraordinary General Shareholders Meeting of PJSC "LUKOIL" on 03 December 2018 constituting one-half of the Board fee established by decision of the Annual

General Shareholders Meeting of PJSC “LUKOIL” on 21 June 2018 (Minutes No.1). Thus, given the partial payment, remuneration to the members of the Board of Directors of PJSC “LUKOIL” for their performance of the duties of members of the Board of Directors for the period from the date the decision was taken by the Extraordinary General Shareholders Meeting of PJSC “LUKOIL” on 03 December 2018 to the date a decision is taken by the Annual General Shareholders Meeting will amount to 3,375,000 roubles payable to each member of the Board of Directors.

For the newly elected members of the Board of Directors of PJSC "LUKOIL" it is proposed to establish the remuneration with inflation adjustment of approximately 4% to the amount established in 2018. The proposed remuneration is largely consistent with the balance of interests of the Company and the members of the Company’s Board of Directors, individual contribution of each member of the Board of Directors to the Board’s performance, takes their level of responsibility into account and reflects the scope of the Company's operations and the complexity of its business management.

In addition to the Board fee, members of the Board of Directors are reimbursed for expenses incurred in relation to their performance of the functions of members of the Board of Directors, the types of which were established by decision of the Annual General Shareholders Meeting of OAO “LUKOIL” of 24 June 2004 (Minutes No.1), in the amount of actually incurred documented expenses.

***Recommendation:***

1. With the partial payment in mind made based on the decision of the Extraordinary General Shareholders Meeting of PJSC “LUKOIL” of 03 December 2018 (Minutes No.3) on a partial payment of the remuneration to members of the Board of Directors of PJSC “LUKOIL” constituting one-half of the Board fee established by decision of the Annual General Shareholders Meeting of PJSC “LUKOIL” on 21 June 2018 (Minutes No.1), to pay remuneration to the members of the Board of Directors of PJSC “LUKOIL” for their performance of the duties of members of the Board of Directors for the period from the adoption of the decision by the Extraordinary General Shareholders Meeting of PJSC “LUKOIL” of 03 December 2018 to the date a decision is taken by the Annual General Shareholders Meeting of PJSC “LUKOIL”, in the following amounts:

– V.I. Grayfer	– 3,375,000 roubles
– V.Yu. Alekperov	– 3,375,000 roubles
– V.V. Blazheev	– 3,375,000 roubles
– T. Gati	– 3,375,000 roubles
– I.S. Ivanov	– 3,375,000 roubles
– R.U. Maganov	– 3,375,000 roubles
– R. Munnings	– 3,375,000 roubles
– R. Matzke	– 3,375,000 roubles
– I. Pictet	– 3,375,000 roubles
– L.A. Fedun	– 3,375,000 roubles
– L.N. Khoba	– 3,375,000 roubles

2. In accordance with the decision of the Annual General Shareholders Meeting of PJSC “LUKOIL” of 21 June 2018 (Minutes No.1), to pay the members of the Board of Directors the following remuneration, in addition to that for the performance of the duties of members of the Board of Directors:

- to V.I. Grayfer, for performance of the functions of the Chairman of the Board of Directors of PJSC “LUKOIL” – 5,200,000 roubles;
- to I.S. Ivanov, for performance of the functions of the Chairman of the Strategy, Investment and Sustainability Committee of the Board of Directors of PJSC “LUKOIL” – 1,050,000 roubles;
- to V.V. Blazheev, for performance of the functions of the Chairman of the Audit Committee of the Board of Directors of PJSC “LUKOIL” – 1,050,000 roubles;
- to R. Munnings, for performance of the functions of the Chairman of the Human Resources and Compensation Committee of the Board of Directors of PJSC “LUKOIL” – 1,050,000 roubles;

- to I.S. Ivanov, T. Gati, R.U. Maganov, L.A. Fedun, for performance of the functions of a member of the Strategy, Investment and Sustainability Committee of the Board of Directors of PJSC “LUKOIL” – 1,050,000 roubles each;
- to V.V. Blazheev, I.S. Ivanov, I. Pictet, for performance of the functions of a member of the Audit Committee of the Board of Directors of PJSC “LUKOIL” – 1,050,000 roubles each;
- to R. Munnings, V.V. Blazheev, R. Matzke, for performance of the functions of a member of the Human Resources and Compensation Committee of the Board of Directors of PJSC “LUKOIL” – 1,050,000 roubles each.

3. In addition to remuneration for performing their functions as members of the Board of Directors, to pay the members of the Board of Directors of PJSC “LUKOIL”:

- for each attendance at meetings of the Board of Directors or a committee of the Board of Directors, where attendance requires a transcontinental flight, in the amount established by decision of the Annual General Shareholders Meeting of PJSC “LUKOIL” of 21 June 2018 (Minutes No.1);
- for each participation in conferences and other events on written instructions of the Chairman of the Board of Directors, in the amount established by decision of the Annual General Shareholders Meeting of PJSC “LUKOIL” of 21 June 2018 (Minutes No.1).

The specific amount of remuneration due for payment shall be determined as at the date of the Annual General Shareholders Meeting of PJSC “LUKOIL” on 20 June 2019, in accordance with the actual participation of members of the Board of Directors at meetings and conferences (other events).

4. To approve reimbursement of expenses to members of the Board of Directors in relation to their performance of the functions of members of the Board of Directors, the types of which were established by decision of the Annual General Shareholders Meeting of OAO “LUKOIL” of 24 June 2004 (Minutes No.1), in the amount of actually incurred documented expenses..

5. To establish the following amounts of remuneration for the newly elected members of the Board of Directors of PJSC “LUKOIL”:

- for performance of the duties of a member of the Board of Directors – 7,000,000 roubles;
- for performance by a member of the Board of Directors of the functions of the Chairman of the Board of Directors – 5,400,000 roubles;
- for performance by a member of the Board of Directors of the functions of the Chairman of a committee of the Board of Directors – 1,100,000 roubles;
- for performance by a member of the Board of Directors of the functions of a member of a committee of the Board of Directors – 1,100,000 roubles;
- for each attendance in person at a meeting of the Board of Directors or a committee of the Board of Directors which involves a transcontinental flight (a flight from one continent to another that lasts more than eight hours) – 350,000 roubles. If a member of the Board of Directors takes a transcontinental flight to attend the meetings of both a committee (committees) of the Board of Directors and of the Board of Directors itself, only a single amount of remuneration for the transcontinental flight will be paid;
- for each participation in conferences and other events on written instructions of the Chairman of the Board of Directors, in an amount of 150,000 roubles.

6. To establish that during their service the newly elected members of the Board of Directors shall be reimbursed for the expenses related to the performance of their functions as members of the Board of Directors, the types of which were established by decision of the Annual General Shareholders Meeting of OAO “LUKOIL” of 24 June 2004 (Minutes No.1), in the amount of actually incurred and documented expenses, upon submission by members of the Board of Directors of written expense claims.

The proposed decisions are based on the recommendations of the Human Resources and Compensation Committee of the Board of Directors of PJSC “LUKOIL” (Minutes No.2 of 28 March 2019).



**On item 5 on the agenda of the Meeting: *On the remuneration of members of the Audit Commission of PJSC “LUKOIL”***

***Position:***

As provided in Clause 1, Article 85 of the Federal Law *On Joint Stock Companies*, members of the Audit Commission may receive remuneration during their term of office by decision of the General Shareholders Meeting. The amount of such remuneration is established by decision of the General Shareholders Meeting.

The General Shareholders Meeting of PJSC “LUKOIL” held on 21 June 2018 (Minutes No.1) resolved to retain the amount of the remuneration (RUB 3,500,000) payable to each member of the Audit Commission of PJSC “LUKOIL” established by decision of the Annual General Shareholders Meeting of PJSC “LUKOIL” of 23 June 2016 (Minutes No.1). Given that the Audit Commission of PJSC “LUKOIL” has fulfilled its duties in full, the Annual General Shareholders Meeting is advised to resolve to pay remuneration in the above amount to the members of the Audit Commission and retain the amount of the remuneration payable to the members of Audit Commission of PJSC “LUKOIL” established by decision of the Annual General Shareholders Meeting of PJSC “LUKOIL” of 23 June 2016 (Minutes No.1). The proposed remuneration amount is consistent with the level of responsibility accorded to the members of the Company’s Audit Commission, given the scope of the Company’s operations, and makes it possible to nominate highly qualified professionals possessing the experience and skills required for efficient performance of the Audit Commission of PJSC “LUKOIL” to be elected members of the Company’s Audit Commission.

***Recommendation:***

1. To pay remuneration to the members of the Audit Commission of PJSC “LUKOIL” in the following amounts:

I.N. Vrublevskiy	– 3,500,000 roubles
P.A. Suloev	– 3,500,000 roubles
A.V. Surkov	– 3,500,000 roubles

2. To deem it appropriate to retain the amounts of remuneration for members of the Audit Commission of PJSC “LUKOIL” established by decision of the Annual General Shareholders Meeting of PJSC “LUKOIL” of 23 June 2016 (Minutes No. 1).

The proposed decisions are based on the recommendations of the Human Resources and Compensation Committee of the Board of Directors of PJSC “LUKOIL” (Minutes No.2 of 28 March 2019).

**On item 6 on the agenda of the Meeting: *Approval of the Auditor of PJSC “LUKOIL”***

***Position:***

As provided in Clause 2, Article 86 of the Federal Law *On Joint Stock Companies*, the General Shareholders Meeting of PJSC “LUKOIL” shall approve the Company Auditor.

The Company’s Annual General Shareholders Meeting is advised to approve KPMG Joint Stock Company (hereinafter, JSC KPMG) appraised by the Audit Committee of the Board of Directors of PJSC “LUKOIL” as the Company Auditor. The choice of JSC KPMG as the Company Auditor can be accounted for by the fact that JSC KPMG is one of the major audit service providers in Russia and one of the world’s largest audit firms. Since 1995, it has been auditor not only of PJSC “LUKOIL”, but also of the majority of the LUKOIL Group entities. Besides, JSC KPMG has a thorough knowledge of operational specifics of both PJSC “LUKOIL” and the entire LUKOIL Group, which fact facilitates to

conduct audits in a highly professional manner. The fact that there is a single auditor for both the national and international financial statements makes it possible to establish a uniform approach to auditing and utilize the available knowledge and experience during audits thereby reducing the Company's costs. Compliance by JSC KPMG with international audit standards and the ethical requirements for audit independence ensures the high quality and confidentiality of the audit.

***Recommendation:***

To approve the independent auditor of PJSC "LUKOIL" - Joint Stock Company KPMG.

The proposed decision is based on the recommendations of the Audit Committee of the Board of Directors of PJSC "LUKOIL" (Minutes No.1 of 4 March 2019).

***On item 7 on the agenda of the Meeting: Approval of a new version of the Regulations on the Procedure for Preparing and Holding the General Shareholders Meeting of PJSC "LUKOIL"***

***Position:***

According to sub-point 8.2.19 of the Charter of PJSC "LUKOIL", internal regulations governing the activities of the Company's bodies shall be approved by decision of the Company's General Shareholders Meeting.

The proposed revised *Regulations on the Procedure for Preparing and Holding the General Shareholders Meeting of PJSC "LUKOIL"* (hereinafter, the Regulations) shall be subject to approval of the Company's Annual General Shareholders Meeting. The need to approve the revised Regulations is stipulated by the entry into effect since 25 January 2019 of Regulation No. 660-P of the Bank of Russia dated 16 November 2018 *On General Shareholders Meetings* (hereinafter, the Bank of Russia Regulation) that has introduced a number of significant changes into the procedure for convening and holding of the general shareholders' meetings of joint stock companies.

In order to bring the new version of the Company's Regulations (maintaining continuity with its current version) in line with the norms of the Bank of Russia, certain procedural aspects related to convening and holding general shareholders meetings of the Company are specified. The Regulations' new version, *inter alia*:

- contains provisions on the introduction of items into the agenda, and nomination of candidates to the Company's governing bodies, as well as on the right of shareholders whose rights to the Company's shares are recorded by nominee holders to call Extraordinary General Shareholders Meetings;

- contains the norm specifying that the Company's Registrar acting as the Counting Commission shall confirm the fact that the decisions were made by the General Shareholders Meeting of the Company as well as the list of the persons present during the decision making process;

- specifies the provisions on determining a quorum of the General Shareholders Meeting (quorum related to the items on the agenda of the General Shareholders Meeting);

- specifies the explanations to be included into the voting ballot.

Should the Company's Annual General Shareholders Meeting approve the revised Regulations, the effective *Regulations on the Procedure for Preparing and Holding the General Shareholders Meeting of PJSC "LUKOIL"* approved by the Extraordinary General Shareholders Meeting of OAO "LUKOIL" on 18 December 2012 (Minutes No.2), with amendments and addenda approved by the Annual General Shareholders Meetings on 26 June 2014 (Minutes No.1), 23 June 2016 (Minutes No.1) and 21 June 2017 (Minutes No.1) shall be deemed null and void.

***Recommendation:***

1. To approve a new version of the *Regulations on the Procedure for Preparing and Holding the General Shareholders Meeting of PJSC "LUKOIL"*.

2. To invalidate the *Regulations on the Procedure for Preparing and Holding the General Shareholders Meeting of PJSC "LUKOIL"* approved by the Extraordinary General Shareholders Meeting of OAO "LUKOIL" on 18 December 2012 (Minutes No.2), with amendments and addenda approved by the Annual General Shareholders Meetings on 26 June 2014 (Minutes No.1), 23 June 2016 (Minutes No.1) and 21 June 2017 (Minutes No.1).

***On item 8 on the agenda of the Meeting: On reducing the Charter Capital of PJSC "LUKOIL" through acquisition of a portion of issued shares in order to reduce the total number thereof***

***Position:***

According to Clause 1, Article 72 of the Federal Law *On Joint Stock Companies* a company shall have the right to acquire its issued shares by decision of its general meeting of shareholders on the reduction of its charter capital by way of acquiring a part of the issued shares for the purpose of reducing their total amount, if this is provided for by the company's charter. According to sub-point 4.3.3 of the Charter of Public Joint Stock Company "Oil company "LUKOIL" the Company may reduce its Charter Capital through acquisition of a portion of shares in order to reduce the total number thereof.

Based on the above provisions of the Federal Law *On Joint Stock Companies* and the Company Charter, the Annual General Shareholders Meeting of PJSC "LUKOIL" shall be advised to make a decision to reduce the Charter Capital of PJSC "LUKOIL" through acquisition of a portion of issued shares in an amount of 35,000,000 (thirty-five million) shares to reduce their total number. At the same time, if the total number of shares to be sold to the Company based on shareholders' applications exceeds the amount of shares that can be acquired by the Company (35,000,000 shares), the shares shall be acquired from the shareholders in proportion to the requests submitted. Should the Meeting make the respective decision and the Company acquire the specified holding of shares, those shares shall be redeemed upon their acquisition, while the Company's Charter Capital of RUB 18,750,000. will be reduced by RUB 875,000 thus coming to RUB 17,875,000.

According to Clause 4, Article 72 and Article 77 of the Federal Law *On Joint Stock Companies* the Board of Directors determined the purchase price for the Company per one registered ordinary share of PJSC "LUKOIL" being equal to RUB 5,450 (five thousand four hundred and fifty) based on its market value in view of the information provided by Public Joint Stock Company Moscow Exchange MICEX-RTS on the weighted average price of one ordinary share of PJSC "LUKOIL" for the period from 14 November 2018 to 13 May 2019 calculated based on the current calculations methodology of Public Joint Stock Company Moscow Exchange.

The Board of Directors believes that acquisition of a portion of issued shares and their redemption will help optimize the Company's share capital structure, including due to the acquisition and redemption of quasi-treasury shares held by the Company-controlled legal entity. Due to the redemption of a part of issued shares the Company's Key Performance Indicators (including net profit) per issued share will rise, which, in the Board's opinion will contribute to higher investment attractiveness of the Company's shares.

***Recommendation:***

To reduce the Charter Capital of PJSC "LUKOIL" through acquisition of a portion of issued shares of PJSC "LUKOIL" in order to reduce the total number thereof, on the following terms:

- class (type) of shares to be acquired: uncertified registered ordinary shares;
- number of shares of PJSC "LUKOIL" of the said class (type) to be acquired: 35,000,000 (thirty-five million) shares;
- purchase price: RUB 5,450 (five thousand four hundred and fifty) per share;
- period during which shareholders are authorized to file or recall respective applications to sell shares of PJSC "LUKOIL" owned by them, namely: from 16 July 2019 through 14 August 2019;

- payment due date for the shares to be acquired by PJSC “LUKOIL”: 28 August 2019 at the latest;
- method of payment for the shares to be acquired: in cash.

**On item 9 on the agenda of the Meeting: *Decision on consent to perform an interested-party transaction***

***Position:***

The Board of Directors of PJSC “LUKOIL” proposes to bring an interested-party transaction, namely, a Contract (Policy) on Directors, Officers and Companies Liability Insurance between PJSC “LUKOIL” (Policyholder) and Ingosstrakh Insurance Company (Insurer), hereinafter the “Policy”, to the Annual General Shareholders Meeting of PJSC “LUKOIL” for consideration. The above transaction shall be brought to the Company’s Annual General Shareholders Meeting for consideration based on Clause 3.1, Article 83 of the Federal Law *On Joint Stock Companies*, as all the members of the Board of Directors of PJSC “LUKOIL” are recognized as interested parties with respect to this transaction for being its beneficiaries, since they shall be entitled to indemnification should any insured event occur. The President and members of the Management Committee of PJSC “LUKOIL” shall be also recognized as interested parties with respect to this transaction, since they are simultaneously its beneficiaries too. This said, the transaction is worth less than ten (10) percent<sup>1</sup> of the book value of the Company’s assets, based on its accounting (financial) statements as of the most recent reporting date.

Under the Policy, the following liability shall be insured in 2019/2020:

- Under Cover A – the sole executive body, members of management bodies, employees of PJSC “LUKOIL” and/or subsidiaries of PJSC “LUKOIL”, and/or other organisations with the participation of PJSC “LUKOIL” and/or its subsidiary based on whose proposals the sole executive body and/or members of management bodies of such organisations were elected;

- Under Cover B – PJSC “LUKOIL”, subsidiaries of PJSC “LUKOIL”, other organisations with the participation of PJSC “LUKOIL” and/or its subsidiary based on whose proposals the sole executive body and/or members of management bodies of such organisations were elected;

- Under Cover C – PJSC “LUKOIL”, subsidiaries of PJSC “LUKOIL” in respect of any Securities Claims.

The total aggregate limit (liability limit) for Covers A, B and C is at least USD 150,000,000. The Insurance premium for coverage A, B and C to be paid by the Company shall not exceed USD 470,000.

Such liability insurance has been maintained by the Company since 2003, which complies with the best international practices and the Corporate Governance Code that recommends that the said insurance be maintained using joint stock companies’ own funds to the effect that should the activities of the Board members and other officers cause loss to the Company or third parties, such loss could be covered using insurance company funds.

The Policy is proposed to be concluded with Ingosstrakh Insurance Company, the insurance market leader offering large-scale Directors, Officers and Companies Liability Insurance programmes in Russia, having the experience required for settling insured events of this kind, the highest reliability (maximum creditworthiness/financial strength) rating and possessing the AM Best international rating.

***Recommendation:***

To give consent to an interested-party transaction – Contract (Policy) on Directors, Officers and Companies Liability Insurance between PJSC “LUKOIL” (Policyholder) and Ingosstrakh Insurance Company (Insurer).

**No special opinions on items on the agenda of the Annual General Shareholders Meeting of**

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<sup>1</sup> In accordance with the Company’s accounting (financial) statements of PJSC “LUKOIL” as at the latest reporting date (31 March 2019), 10 percent of the book value of the Company’s assets is equal to 201,511,948,300 roubles. 20

**PJSC “LUKOIL” have been filed by the members of the Board of Directors of PJSC “LUKOIL” during preparations for the Annual General Shareholders Meeting of PJSC “LUKOIL”.**

**Recommendations of the Board of Directors of PJSC "LUKOIL"  
on amount of dividends on shares of PJSC "LUKOIL" and  
the procedure for their payment**

Board of Directors of PJSC "LUKOIL" recommends that the Annual General Shareholders Meeting of PJSC "LUKOIL":

Pay dividends on ordinary shares of PJSC "LUKOIL" based on the 2018 annual results in an amount of 155 roubles per ordinary share (excluding the interim dividends of 95 roubles per ordinary share paid for the first nine months of 2018). The total amount of dividends payable for 2018 including the earlier paid interim dividends will be 250 roubles per ordinary share. The dividends of 155 roubles per ordinary share be paid using monetary funds from the account of PJSC "LUKOIL" as follows: to nominee shareholders and trust managers who are professional market participants registered in the shareholder register of PJSC "LUKOIL" to be made not later than 19 July 2019, to other persons registered in the shareholder register of PJSC "LUKOIL" to be made not later than 9 August 2019.

The costs on the transfer of dividends, regardless of the means, will be paid by PJSC "LUKOIL".

Set 9 July 2019 as the date on which persons entitled to receive dividends based on the 2018 annual results will be determined.

## Public Joint Stock Company “Oil company “LUKOIL”

### Summary of results achieved by PJSC “LUKOIL” in 2018

#### *Geological exploration works and hydrocarbon reserves*

According to the SEC classification, at year end the Group’s proved hydrocarbon reserves totaled 15.9 billion boe, 76% of which stood for liquids. The reserves life was 19 years compared to the average of 12 years among the largest international private oil and gas companies. For 2018, the proved reserves replacement ratio for liquids totaled 101% for LUKOIL Group, and reached 127% in Russia. According to the results of geological exploration works and production drilling, in 2018 LUKOIL’s proved reserves stepped up by 576 million boe, with the largest contribution from production drilling in West Siberia and Timan-Pechora.

The application of cutting-edge geological exploration methods resulted in the success rate of exploration drilling reaching 86%, as well as the discovery of six new fields and 43 deposits. The success rate at the Bolshekhetskaya depression, Caspian, Komi, Cis-Urals and international projects was even 100%.

Active geological exploration works were underway in the Caspian Sea. 3D seismic prospecting works covering 772 square km were held at the Khazri, Titonskaya, and Druzhba structures to define more precisely their geology and identify exploration targets. Following the 3D seismic interpretation, the resource base will be estimated and the exploration well drilling site at the Khazri structure will then be determined.

Most international exploration activities were concentrated at Block 10 in Iraq. As part of an approved geological exploration works program, LUKOIL held 3D seismic works at Block 10, successfully completed drilling of the fourth well at a previously discovered major Eridu field, and produced a commercial flow of dry crude oil.

#### *Oil and gas production*

At the end of 2018, production of hydrocarbons by LUKOIL Group amounted to 2.3 million boe per day, with liquid hydrocarbons accounting for 77.0%, and natural and associated petroleum gas for the remaining 23.0%. Despite external limitations, in 2018 LUKOIL Group’s hydrocarbon production, net of West Qurna-2 project, rose by 3.8% year-on-year, primarily due to the priority development of gas projects in Uzbekistan.

During 2017–2018, LUKOIL Group’s daily oil production volume and rate were predominantly governed by external output limitations stipulated by the OPEC+ deal. In H2 2018, following changes in the limiting factors, LUKOIL promptly intensified oil production in Russia by virtue of efficient production

management at mature fields. Bearing in mind the limited total oil production, the Company continued to step up production at major high-performing oil fields as planned through an additional reduction of production at mature fields in West Siberia and Timan-Pechora. In particular, V. Filanovsky and Pyakyakhinskoye high-performing fields reached the planned capacity, the second production platform was launched at the Yu. Korchagin field, production volumes of high-viscosity oil at the Yaregskoe and Usinskoe deposits in Timan-Pechora were expanded. As a result, in 2018 the above-mentioned high-performing oil fields, net of West Qurna-2 project, accounted for 15% of the LUKOIL Group's total oil output, or plus three percentage points to 2017. During the year, oil production was launched at three new fields in Timan-Pechora and the Volga region.

Owing to Uzbek deposits reaching their planned capacity, natural gas production in 2018 amounted to 33.5 billion cubic meters, or +16.2% year-on-year.

### ***Oil refining***

Refinery output at LUKOIL Group's own refineries in 2018 remained virtually the same as in 2017 and amounted to 67.3 million tonnes of refined products, with this accounting for 77% of the Company's oil production during 2018. Russia-based refineries accounted for 64% of the total throughput performance.

In 2018, the Group started construction works at the delayed coking complex at the Nizhny Novgorod refinery. During 2018, EPC contracts were signed with contractors as part of this project, preparatory works at the piling field and base plates for the plants of the complex started. Construction of the isomerization plant to ramp up production of gasoline is the second project intended to step up production of top-quality products at the Nizhny Novgorod refinery. An EPC contract with the contractor was signed in 2018 and preparatory works for an active phase of the plant construction started.

The new refining plants commissioned during 2015–2016 and optimization of secondary processing of oil made it possible to significantly increase the oil refining ratio while reducing the share of fuel oil from 22% in 2014 to 11% in 2018.

### ***Premium distribution channels***

*Retail sales.* In 2018, the total retail sales of petroleum products grew by 6.4% and amounted to 15.1 million tonnes, with Russia accounting for 10.9 million tonnes, and overseas operations for 4.2 million tonnes. During 2018, in the retail sales segment the Company focused on improving performance and maximizing its free cash flow. Appropriate measures were taken to optimize the geographic coverage and format of gas filling stations.



*Branded fuels.* In 2018, EKTO sales picked up by 12% amounting to 9.6 million tonnes. Growth was seen both in the gasoline and diesel segments, both in Russia and abroad. June 2017 saw the introduction of the premium gasoline brand EKTO 100. This new enhanced fuel from the EKTO family having better performance characteristics completely replaced EKTO Sport (AI-98-K5) at the Group's network of filling stations. Commercialization of EKTO 100 resulted in an increase in demand. In 2018, EKTO 100 sales amounted to 111 thousand tonnes.

*Lubricating oils.* Lubricants production at the Group plants (full cycle) in 2018 amounted to 961 thousand tonnes, sales of brand-name lubricating oils – to 594 thousand tonnes, or +2% year-on-year. In 2018, over 60 new lubricating oil grades were developed. LUKOIL customers included all Russia-based plants of foreign car manufacturers who perform assembling and filling operations. A large-scale program of cooperation with the key global manufacturers of cars and industrial machinery was launched in 2018.

*Bunkering and aircraft refuelling.* During 2018, LUKOIL Group sold 4.7 million tonnes of bunker fuel (+4% to 2017), including 1.7 million tonnes in retail supplies to end users, thus generating a top-up margin. Sales of jet kerosene in 2018 exceeded 3.2 million tonnes. High-margin into-plane fuel sales increased by 17% to reach 2.2 million tonnes. Putting into operation of a large fueling facility at the Sheremetyevo International Airport with a capacity of up to 1.2 million tonnes per year in July 2018 was the key growth driver in the retail sales segment.

### ***Corporate social responsibility***

At year end, all key environmental performance indicators were improved.

The crowning achievement of the reporting year was a more sustainable APG utilization, to record high 97.4% across the Group, as a result of consistent modernization, reconstruction and commissioning of new facilities designed to utilize APG sustainably. The reduction by Russian entities of the Group of gas flaring by 44% as compared to 2017 and technological improvements implying the use of emission capture and storage systems helped reduce air pollutant emissions by Russian entities of the Group by 14%, to 433 thousand tonnes, and direct GHG emissions – by 4%, to 29.96 million tonnes of CO<sub>2</sub> equivalent.

## ***Corporate governance***

In 2018, considerable attention was paid to improving internal corporate procedures and practices in accordance with the recommendations of the Code of Corporate Governance. The following activities were carried out:

- Cancellation of 100.6 million shares of PJSC “LUKOIL”.
- Start of a buy-back of PJSC “LUKOIL” shares and depository receipts on the open market.
- Introduction of changes to the Charter to expand powers and authorities of the Board of Directors.
- Approval of internal documents ensuring the exercise of shareholders’ rights, as well as documents relating to the remuneration of the Company’s management personnel.
- Bigging up the status of non-financial reporting.

As a result of implementing both the above-mentioned and other measures, the share of principles of the Code of Corporate Governance PJSC “LUKOIL” fully complies with increased by one percentage point as compared to 2017 to reach 73% in 2018<sup>1</sup>. As at the end of 2018, the Company observed almost all the fundamental principles of the Code of Corporate Governance.

## ***IFRS consolidated financial performance***

Sales revenue for 2018 increased by 35.4% year-on-year to RUB 8,036 billion. The growth was mainly due to higher hydrocarbon prices, weaker Rouble, increase in oil trading volumes, as well as higher gas sales volumes.

EBITDA reached RUB 1,115 billion, or +34.1% to 2017. In addition to a favorable market environment, growth was driven by an increase in the share of top-up margin volumes in the oil production structure, an increase in gas production in Uzbekistan, an increase in oil production in Russia in H2 2018, lower unit production costs, and an increase in volumes of petroleum product sales via premium distribution channels.

In 2018, net profit attributable to shareholders of PJSC “LUKOIL” amounted to RUB 619 billion (+47.8% as compared to 2017). In addition to EBITDA changes, the following three factors affected net profit dynamics: exchange rate differences, disposal of the Company’s diamond business in 2017, and an increase in

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<sup>1</sup> The methodology for assessing compliance with the principles of the Code is based on matching PJSC “LUKOIL” practices with the detailed recommendations of the Code. In the case of non-compliance with at least one of the detailed recommendations for the item, the relevant item is considered to be partially complied with. In the event of failure to comply with all the detailed recommendations for the item, the latter is considered as not being respected by the Company.

depreciation. A strengthening of the Rouble in 2017 resulted in foreign exchange losses, while a weakening of the Rouble in 2018 resulted in foreign exchange gains. An increase in depreciation in 2018 was related to the new production facilities put into operation, primarily in the Caspian and Uzbekistan.

Capital expenditures for 2018 amounted to RUB 451.5 billion, or –11.7% to 2017. The decrease is substantially due to reduced investments in gas projects in Uzbekistan given the main construction works were completed and is partially offset by an increase in capital expenditures in the ‘Refining, Marketing and Distribution’ business segment due to the commencement of construction of the delayed coking complex at the Nizhny Novgorod refinery.

The Company’s free cash flow in 2018 amounted to RUB 555 billion, or +124.8% to 2017. The increase was due to higher cash flows from operating activities before changes in working capital as well as lower capital expenditures.

### ***Share and depository receipt performance***

For 2018, the share price of PJSC “LUKOIL” at the Moscow Exchange rose by 50%, to RUB 4,997 per share, demonstrating better performance versus the MICEX Oil and Gas industry index, which grew by 36%. PJSC “LUKOIL” depository receipts traded on the London Stock Exchange went up by 25%, to USD 71.5.

## Report on Interested Party Transactions Entered into by PJSC “LUKOIL” in 2018

This Report has been prepared in pursuance of Clause 1.1, Article 81 of Federal Law No. 208-FZ *On Joint Stock Companies* dated 26 December 1995 (hereinafter, ‘the Law’).

Public Joint Stock Company “Oil company “LUKOIL” entered into 11 interested party transactions in 2018, in accordance with the Law recognized as interested party transactions: in respect of 10 of them decisions on consent to perform the transactions were taken by the Board of Directors of PJSC “LUKOIL” while decision on one of them was taken by the General Shareholders Meeting of PJSC “LUKOIL” (hereinafter, ‘the GSM’) (see the enclosed list of transactions on 14 pages).

For the purposes of the transactions specified in the Report, members of the governing bodies of PJSC “LUKOIL” (hereinafter, ‘the Company’) shall be deemed interested parties as they:

- hold positions in the governing bodies of the legal entities that are parties to transactions (transactions Nos.2, 4, 5, 7, 8 and 10 approved by the Board of Directors);
- hold positions in the governing bodies of the legal entities that are beneficiaries in transactions (transactions Nos.1, 3, 6, and 9, approved by the Board of Directors);
- are beneficiaries in a transaction (transaction No.1 approved by the Annual GSM);
- their relatives hold positions in the governing bodies of the legal entities that are parties to transactions (transactions Nos. 4 and 10, approved by the Board of Directors) or beneficiaries in transactions (transactions Nos.1, 3 and 9 approved by the Board of Directors).

The above grounds for the interested parties to be recognized as such were in effect as of the time of performing the said transactions.

The amount of each of the transactions where decisions on consent to perform the transactions were taken by the Board of Directors of PJSC “LUKOIL” in pursuance of Chapter 11 of the Law exceeds the limit for transaction amount established by The Bank of Russia Directive No. 4335-Ou of 31 March 2017<sup>1</sup>, but is less than 10 percent of the book value of the assets of PJSC “LUKOIL” as of the relevant accounting (financial) statements reporting date.

One Transaction was submitted to the Annual General Shareholders Meeting of

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<sup>1</sup> The limit for transactions during the year was 2 billion, except for the period when amount of the transactions compared with the book value of assets on 31 March 2018; at that period the limit for transactions was 1 billion.

PJSC “LUKOIL” based on Clause 3.1, Article 83 of the Law, as all the members of the Board of Directors of PJSC “LUKOIL” are recognized as interested parties with respect to this transaction, being beneficiaries thereunder. The decision on consent to perform the said interested party transaction was taken the GSM on proposal of Board of Directors of the Company.

President of PJSC “LUKOIL”

V.Yu. Alekperov

**List of interested party transactions entered into by PJSC “LUKOIL” in 2018,  
where decisions on consent to perform the transaction  
in accordance with the Federal Law *On Joint Stock Companies* were taken  
by the Board of Directors of PJSC “LUKOIL”**

1. Transaction No.	1
2.1. Price (amount in US dollars)	Credit line of USD250,000,000, plus interest of no more than USD20,550,000.
2.2. Price (amount in roubles)	Credit line of RUB14,260,000,000, plus interest of no more than RUB1,172,172,000.
3. Names of parties	PJSC “LUKOIL” (Guarantor) SOCIETE GENERALE (Lender)
4. Names of beneficiaries	LUKINTER FINANCE B.V. (Borrower)
5. Name of transaction	THE CONFIRMATION AND AMENDMENT DEED No.3 to the DEED OF GUARANTEE No.1510236 dated 22.04.2015 (Deed of Guarantee).
6. Subject of the transaction	<p>Under the Deed of Guarantee and the Confirmation and Amendment Deeds Nos. 1-2 thereto, the Guarantor unconditionally and irrevocably guarantees the Lender the due and timely fulfilment of all of the obligations undertaken by the Borrower under the Facility Agreement signed between the Lender and the Borrower (Facility Agreement), for the amount of USD250,000,000 plus all accrued interest, penalties, fees, documented costs, expenses and other amounts payable (or stated to be payable) by the Borrower under the Facility Agreement or in connection with it.</p> <p>Pursuant to the Confirmation and Amendment Deed No.3 to the Deed of Guarantee, the Guarantor confirms and agrees with the following amendments to the Facility Agreement:</p> <ul style="list-style-type: none"> <li>-- Interest rate: LIBOR + 2.45 percent per annum;</li> <li>-- Commitment fee – 0,75%;</li> <li>-- Final Maturity Date: two years after the date Amendment Agreement No.3 to the Facility Agreement is signed.</li> </ul>
7. Interested party, grounds for being recognised as such	<p>Alexander Kuzmich Matytsyn, a member of the Management Committee of PJSC “LUKOIL”, is simultaneously Chairman of the Supervisory Board of LUKINTER FINANCE B.V.</p> <p>Stanislav Georgievich Nikitin, a member of the Management Committee of PJSC “LUKOIL”, is simultaneously a Member of the Supervisory Board of LUKINTER FINANCE B.V.</p> <p>Lyubov Nikolaevna Khoba, a member of the Board of Directors of PJSC “LUKOIL” and the spouse of Alexander Kuzmich Matytsyn, Chairman of the Supervisory Board of LUKINTER FINANCE B.V.</p>
8. Other material terms of the transaction	The Confirmation and Amendment Deed No.3 to the Deed of Guarantee and any non-contractual obligations arising

	out of or in connection with it are governed by English law.
9. The date the decision on consent to perform the transaction was taken by the Board of Directors of PJSC “LUKOIL” and Minutes No.	29.01.2018, Minutes No.2
<b>1. Transaction No.</b>	<b>2</b>
2.1. Price (amount in US dollars)	USD151,245,363.01
2.2. Price (amount in roubles)	RUB8,562,000,000
3. Names of parties	PJSC “LUKOIL” (Seller) IOOO LUKOIL Belorussia (Buyer)
4. Names of beneficiaries	-
5. Name of transaction	Supplemental Agreement to Supply Contract No.1710274 of 18.05.2017 (hereinafter the “Contract”)
6. Subject of the transaction	The Contract stipulates that the Seller supplies the Buyer, on DAP NP Gomel terms, with the following products: diesel fuel of up to 100,000 metric tonnes of the following producers: OOO LUKOIL-Permnefteorgsintez and OOO LUKOIL Nizhegorodnefteorgsintez. Delivery schedule: from the date the Contract is signed through 31 May 2018 in line with the supply volumes approved by the Parties on a monthly basis. The total Contract value in Russian roubles calculated at the averaged price of the product supplied equals RUB 2,600,000,000. In accordance with the Supplemental Agreement to the Supply Contract: - increasing the quantity of Diesel fuel up to 300,000 metric tons; - to prolong delivery dates of Contract up to 31.05.2019 inclusive; - total cost of the Contract in Russian roubles calculated on the basis of the average price of supplied goods, amounts to RUB8,562,000,000.
7. Interested party, grounds for being recognised as such	Oleg Davidovich Pashaev, a member of the Management Committee of PJSC “LUKOIL”, is simultaneously the Chairman of the Supervisory Board of IOOO LUKOIL Belorussia.
8. Other material terms of the transaction	The Additional agreement enters into force from the time of its signing.
9. The date the decision on consent to perform the transaction was taken by the Board of Directors of PJSC “LUKOIL” and Minutes No.	09.04.2018, Minutes No.4
<b>1. Transaction No.</b>	<b>3</b>
2.1. Price (amount in US dollars)	Credit line of USD 200,000,000, plus interest of no more than USD 18,680,000.
2.2. Price (amount in roubles)	Credit line RUB 12,354,000,000, plus interest of no more than RUB 1,153,863,600.
3. Names of parties	PJSC “LUKOIL” (the Guarantor) UNICREDIT S.P.A. (the Lender)
4. Names of beneficiaries	LUKINTER FINANCE B.V. (Borrower)
5. Name of transaction	Deed of Guaranty (hereinafter – the Guarantee)

6. Subject of the transaction	Under the Guarantee the Guarantor unconditionally and irrevocably guarantees the Lender the due and timely fulfilment of all of the obligations undertaken by the Borrower under the Facility Agreement signed between the Lender and the Borrower (Facility Agreement), for the amount of USD200,000,000 plus all accrued interest, penalties, fees, documented costs, expenses and other amounts payable (or stated to be payable) to the Lender under the Facility Agreement or in connection with it.
7. Interested party, grounds for being recognised as such	Alexander Kuzmich Matytsyn, a member of the Management Committee of PJSC “LUKOIL”, is simultaneously Chairman of the Supervisory Board of LUKINTER FINANCE B.V. Stanislav Georgievich Nikitin, a member of the Management Committee of PJSC “LUKOIL”, is simultaneously a Member of the Supervisory Board of LUKINTER FINANCE B.V. Lyubov Nikolaevna Khoba, a member of the Board of Directors of PJSC “LUKOIL” and the spouse of Alexander Kuzmich Matytsyn, Chairman of the Supervisory Board of LUKINTER FINANCE B.V.
8. Other material terms of the transaction	The Guarantee and any non-contractual obligations arising out of or in connection with it are governed by English law.
9. The date the decision on consent to perform the transaction was taken by the Board of Directors of PJSC “LUKOIL” and Minutes No.	17.05.2018, Minutes No.7
<b>1. Transaction No.</b>	<b>4</b>
2.1. Price (amount in US dollars)	Credit line of USD 200,000,000, plus interest of no more than USD 18,680,000; fee of no more than USD 4,000,000. The fee is not VAT-taxable.
2.2. Price (amount in roubles)	Credit line RUB 12,354,000,000, plus interest of no more than RUB 1,153,863,600; fee of no more than RUB 247,080,000. The fee is not VAT-taxable.
3. Names of parties	PJSC “LUKOIL” (the Guarantor) LUKINTER FINANCE B.V. (the Borrower)
4. Names of beneficiaries	-
5. Name of transaction	Contract of Indemnity (hereinafter, the “Contract”)
6. Subject of the transaction	The Parties have entered into the Contract in connection with the Deed of Guarantee (hereinafter – the Guarantee) to be signed by the Guarantor and UNICREDIT S.P.A. (the Bank) to ensure the Borrower’s obligations before the Bank under the Facility agreement entered into on the date of the Deed (or a date close thereto) to the total amount of USD 200,000,000 (hereinafter -- Facility Agreement) plus all interest, forfeits, fines, penalties and other guaranteed amounts payable. The Parties have agreed that the amount paid by the Guarantor to the Bank in fulfillment of obligations under the Guarantee shall be deemed the amount payable by the Debtor to the Guarantor plus the interest for using the



	money on the terms and conditions, by the deadlines and in accordance with the procedure determined by the Contract.
7. Interested party, grounds for being recognised as such	<p>Alexander Kuzmich Matytsyn, a member of the Management Committee of PJSC “LUKOIL”, is simultaneously Chairman of the Supervisory Board of LUKINTER FINANCE B.V.</p> <p>Stanislav Georgievich Nikitin, a member of the Management Committee of PJSC “LUKOIL”, is simultaneously a Member of the Supervisory Board of LUKINTER FINANCE B.V.</p> <p>Lyubov Nikolaevna Khoba, a member of the Board of Directors of PJSC “LUKOIL” and the spouse of Alexander Kuzmich Matytsyn, Chairman of the Supervisory Board of LUKINTER FINANCE B.V.</p>
8. Other material terms of the transaction	<p>The Debtor undertakes to pay the Guarantor the Guarantor’s fee for providing the Deed. The cost of the Guarantee services provided to the Debtor equals 1% per annum of the amount of the Debtor’s debt to the Bank under the Facility Agreement covered by the Guarantee calculated for each day of the reporting period. The said rate shall not change throughout the entire term of validity of the Contract unless stated otherwise by the Parties in writing. The actual number of days in a year (365/366) shall be used for calculating the amount of payment due for the Guarantee services to cover the Debtor’s obligations.</p> <p>The Debtor shall pay the Guarantor interest of LIBOR 3M+3% per annum on the amount wire-transferred by the Guarantor to the Bank in fulfilment of obligations under the Deed. LIBOR 3M shall mean (for any payment) the London Inter-Bank offered USD deposit rates administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) with a three-months maturity as of 03:00 PM Moscow time two business days before the Guarantee obligations are executed by the Guarantor.</p> <p>The Contract shall enter into force from the date of signing and shall remain in effect until the Parties perform their obligations in full.</p>
9. The date the decision on consent to perform the transaction was taken by the Board of Directors of PJSC “LUKOIL” and Minutes No.	17.05.2018, Minutes No.7
<b>1. Transaction No.</b>	<b>5</b>
2.1. Price (amount in US dollars)	The approximate value of the transaction is USD 505,340,347.52, including loan interest accrued.
2.2. Price (amount in roubles)	The approximate value of the transaction is RUB 31,700,000,000, including loan interest accrued.
3. Names of parties	PJSC “LUKOIL” (the Lender) LLC Bashneft-Polus (the Borrower)

4. Names of beneficiaries	-
5. Name of transaction	Supplemental Agreement to Loan agreement № 1210022 of 19.01.2012 (hereinafter the "Agreement")
6. Subject of the transaction	<p>The Lender will provide monetary funds to the Borrower in an amount of up to RUB 21,180,000,000, pursuant to the terms of the Agreement and the Supplemental Agreements thereto, and in accordance with the conditions and rules established by the Contract on the terms for financing by the Participants of the operations of Limited Liability Company Bashneft-Polus No. 1111116 dated 27 December 2011 (hereinafter the "Contract"), concluded between the Borrower, the Lender and Public Joint Stock Oil Company Bashneft (which is the second participant in LLC Bashneft-Polus), on conditions of repayment, interest payment, maturity and targeted use. The Borrower undertakes to use the monetary funds received for their targeted purpose, and to repay the amount of the loan received to the Lender and to pay the interest accrued thereon by the dates and according to the procedure established by the Agreement and Contract.</p> <p>In accordance with the Supplemental Agreement to the Agreement:</p> <p>1. Point 2.1 of the Agreement shall be set out in a revised version whereby the funds will be granted on a revolving basis, with the total amount of debt determined as the amount in excess of the total amount of the Tranches actually provided over the amount of payments made by the Borrower to repay the Tranches granted thereto (the Debt) at any moment during the effective term of the Agreement may not exceed RUB 25,049,000,000.</p> <p>2. Starting from 01.01.2018, the interest rate under the Agreement shall be revised and point 3.1 of the Agreement shall be set out in a revised version whereby interest will be calculated at the rate of 9.1 percent per annum.</p> <p>3. Article 10 of the Agreement shall be set out in a revised version providing new details of the Lender.</p>
7. Interested party, grounds for being recognised as such	Azat Angamovich Shamsuarov, a member of the Management Committee of PJSC "LUKOIL", is simultaneously a member of the Board of Directors of LLC Bashneft-Polus.
8. Other material terms of the transaction	The Supplemental Agreement enters into force from the date of its signing by the authorized representatives of the Parties and extends to the relations between the Parties arising from 01.01.2018, and with respect to point 3 - from 03.04.2018.
9. The date the decision on consent to perform the transaction was taken by the Board of Directors of PJSC "LUKOIL" and Minutes No.	17.05.2018, Minutes No.7
1. Transaction No.	6
2.1. Price (amount in Turkish Lira)	Credit line of TRY120,000,000, plus interest of no more than TRY 23,665,440

2.2. Price (amount in roubles)	Credit line of RUB1,618,632,000, plus interest of no more than RUB 319,213,653.98
3. Names of parties	PJSC "LUKOIL"(Guarantor) Citibank Anonim Şirketi (Bank)
4. Names of beneficiaries	LUKOIL EURASIA PETROL ANONIM ŞİRKETİ (Principal))
5. Name of transaction	Amendment Agreement (hereinafter Amendment Agreement) to Corporate Guarantee for Specific Liabilities No. 1510488 dated 12 October 2015 (Guarantee)
6. Subject of the transaction	<p>In accordance with the Guarantee and the Amendment Agreements thereto, the Guarantor guarantees to the Bank the due and punctual performance of all the Principal's Obligations under the Uncommitted Facility Agreement signed between the Principal and the Bank (Agreement) with the credit line terminating on the earlier of: 12 July 2019 or the date on which all of the Principal's and the Guarantor's payment obligations under the Agreement and the Guarantee respectively have been unconditionally and irrevocably paid and discharged in full, in the amount not exceeding TRY170,000,000, plus all accrued interest, penalties, fees and documented costs, expenses and other amounts payable (or stated to be payable) to the Bank under with the Agreement. The Guarantor undertakes with the Bank that whenever the Principal does not pay any amount when due under or in connection with the Agreement, the Guarantor shall within five (5) Business Days of demand by the Bank pay that amount.</p> <p>In connection with the Amendment Agreement, the Guarantor and the Bank have agreed to make certain amendments to the terms and conditions of the Agreement as set out herein.</p> <ul style="list-style-type: none"> <li>- the total amount of the credit line shall be changed from TRY 170,000,000 (one hundred and seventy million Turkish Lira), to TRY 120,000,000 (one hundred and twenty million Turkish Lira), ;</li> <li>- the date of termination of the Guarantee shall be replaced as follows: this Guarantee shall terminate on the earlier of: 11 July 2020 provided that such termination shall not release the Guarantor from its obligations in respect of any demands or claims which the Bank has made either prior to or on that date; or the date on which all of the Principal's and the Guarantor's payment obligations under the Agreement and this Guarantee respectively have been unconditionally and irrevocably paid and discharged in full.</li> </ul>
7. Interested party, grounds for being recognised as such	Pashaev Oleg Davidovich, a member of the Management Committee of PJSC "LUKOIL", is simultaneously the Chairman of the Board of Directors of LUKOIL EURASIA PETROL ANONIM ŞİRKETİ.
8. Other material terms of the transaction	This Guarantee and any non-contractual obligations arising out of or in connection with it shall be governed by, and construed in accordance with, English law.

9. The date the decision on consent to perform the transaction was taken by the Board of Directors of PJSC "LUKOIL" and Minutes No.	04.07.2018, Minutes No.9
1. Transaction No.	7
2.1. Price (amount in Turkish Lira)	Credit line of TRY120,000,000, plus interest of no more than TRY 23,665,440; fee of TRY 753,412.90
2.2. Price (amount in roubles)	Credit line of RUB1,618,632,000, plus interest of no more than RUB 319,213,653.98; fee of RUB 10,162,485.24 рублей.
3. Names of parties	PJSC "LUKOIL"(Guarantor) LUKOIL EURASIA PETROL ANONIM ŞİRKETİ (Borrower)
4. Names of beneficiaries	-
5. Name of transaction	Supplementary Agreement to Contract of Indemnity No.1510468 of 12.10.2015 (hereinafter the "Contract")
6. Subject of the transaction	<p>The Parties have entered into an agreement in connection with the Corporate Guarantee for Specific Liabilities (Guarantee) between the Guarantor and Citibank Anonim Şirketi (Bank) being entered into in order to guarantee to the Bank the due and punctual performance of all the Borrower's Obligations under the Uncommitted Facility Agreement (Credit line in Turkish Lira) for the aggregate amount of up to TRY170,000,000 (Agreement), plus interest, fines, penalties and other guaranteed payments.</p> <p>The Parties have agreed that the amount paid by the Guarantor to the Bank in performance of obligations under the Guarantee shall be considered the amount due and payable by the Borrower to the Guarantor with interest, on the terms, by the deadlines, and pursuant to the procedure determined by the Contract.</p> <p>In accordance with the Supplementary Agreement to the Contract:</p> <ul style="list-style-type: none"> <li>- point 1.1 of the Contract shall be revised to stipulate that the aggregate amount of the Borrower's Obligations under the Agreement shall not exceed TRY 120,000,000, plus interest, forfeits, fines, penalties and other guaranteed payments;</li> <li>- in connection with decrease of the amount of the Borrower's Obligations to TRY120,000,000 and extension of Contract of Indemnity based on the Supplementary Agreement thereto, the Borrower undertakes to pay the Guarantor the fee of TRY 753,412.90, within 180 calendar days from the moment the Supplementary Agreement is signed. The Fee shall be paid by the Borrower in US dollars recalculated in Turkish Lira using the official exchange rates of the Russian Rouble to the Turkish Lira and the US dollar established by the Central Bank of the Russian Federation as of the date this service is provided.</li> </ul>
7. Interested party, grounds for being recognised as such	Oleg Davidovich Pashaev, a member of the Management Committee of PJSC "LUKOIL", is simultaneously the

	Chairman of the Board of Directors of LUKOIL EURASIA PETROL ANONIM ŞİRKETİ.
8. Other material terms of the transaction	The Contract enters into force from the date of signing by the Parties.
9. The date the decision on consent to perform the transaction was taken by the Board of Directors of PJSC “LUKOIL” and Minutes No.	04.07.2018, Minutes No.9
<b>1. Transaction No.</b>	<b>8</b>
2.1. Price (amount in US dollars)	The estimated amount of the transaction is USD 1,303,287,351.06 (loan amount of USD 1,275,659,824.05 plus interest of USD 27,627,527.02.)
2.2. Price (amount in roubles)	The estimated amount of the transaction is RUB 88,884,197,342.63 (loan amount of RUB 87,000,000,000 plus interest of RUB 1,884,197,342.63.)
3. Names of parties	RITEK (Lender) PJSC “LUKOIL” (Borrower)
4. Names of beneficiaries	-
5. Name of transaction	Supplemental Agreement to Loan Agreement No.1610385 of 02.08.2016 (hereinafter the “Agreement”)
6. Subject of the transaction	In accordance with the Agreement and the Supplemental Agreement thereto, the Lender provides the Borrower with a revolving special-purpose loan (either in a lump sum or in instalments (tranches)) the total amount of debt on which may not exceed RUB 61,000,000,000 (excluding the possible increase of the loan amount under point 7.1 of the Agreement) at any time during the effective term of the Agreement, on the terms and conditions stipulated by the Agreement, and the Borrower undertakes to repay the funds received and to pay interest thereon within the deadlines and in accordance with the procedure stipulated in the Agreement. In accordance with the Supplemental Agreement to the Loan Agreement, point 1.1 of the Agreement is set out in a new version stipulating an increase of the loan amount to RUB 87,000,000,000.
7. Interested party, grounds for being recognised as such	Valery Isaakovich Grayfer, Chairman of the Board of Directors of PJSC “LUKOIL”, is simultaneously the Chairman of the Board of Directors of RITEK. Azat Angamovich Shamsuarov, a member of the Management Committee of PJSC “LUKOIL”, is simultaneously a member of the Board of Directors of RITEK.
8. Other material terms of the transaction	The Supplemental Agreement enters into force from the date it is signed by authorized representatives of the Parties.
9. The date the decision on consent to perform the transaction was taken by the Board of Directors of PJSC “LUKOIL” and Minutes No.	23.10.2018, Minutes No.14
<b>1. Transaction No.</b>	<b>9</b>
2.1. Price (amount in US dollars)	Credit line of USD250,000,000, plus interest of no more than USD24,185,650.

2.2. Price (amount in roubles)	Credit line of RUB16,460,000,000, plus interest of no more than RUB1,592,383,196.
3. Names of parties	PJSC "LUKOIL" (Guarantor) CITIBANK N.A., LONDON BRANCH (Lender)
4. Names of beneficiaries	LUKINTER FINANCE B.V. (Borrower)
5. Name of transaction	Deed of Confirmation of Guarantee (Guarantee Confirmation) to Guarantee No.1710237 of 12.04.2017 in connection with amendment to the Facility Agreement (Amendment Letter)
6. Subject of the transaction	In accordance with Guarantee No.1710237 of 12.04.2017 (hereinafter, the Guarantee), the Guarantor guarantees performance of the Borrower's obligations to the Lender under the facility agreement dated 12 April 2017 (hereinafter, the "Facility Agreement") for the principal amount of debt of USD250,000,000, plus all accrued interest, penalties, fees, documented costs, expenses and other amounts payable to the Lender. In accordance with the Guarantee Confirmation the Guarantor confirms obligations under the Guarantee pursuant to an Amendment Letter to the Facility Agreement providing extension of the Facility Agreement for two years after the date of the above Amendment Letter and confirms that obligations under the Guarantee remain in full force and effect.
7. Interested party, grounds for being recognised as such	Aleksandr Kuzmich Matytsyn, a member of the Management Committee of PJSC "LUKOIL", is simultaneously Chairman of the Supervisory Board of LUKINTER FINANCE B.V. Stanislav Georgievich Nikitin, a member of the Management Committee of PJSC "LUKOIL", is simultaneously a Member of the Supervisory Board of LUKINTER FINANCE B.V. Lyubov Nikolaevna Khoba, a member of the Board of Directors of PJSC "LUKOIL" and the spouse of Alexander Kuzmich Matytsyn, Chairman of the Supervisory Board of LUKINTER FINANCE B.V.
8. Other material terms of the transaction	Guarantee Confirmation shall be governed by, and construed in accordance with, English law. Any dispute shall be referred to and finally resolved by arbitration under the LCIA Rules.
9. The date the decision on consent to perform the transaction was taken by the Board of Directors of PJSC "LUKOIL" and Minutes No.	23.10.2018, Minutes No.14
<b>1. Transaction No.</b>	<b>10</b>
2.1. Price (amount in US dollars)	Credit line of USD250,000,000, plus interest of no more than USD24,185,650; the fee of no more than USD5,000,000
2.2. Price (amount in roubles)	Credit line of RUB16,460,000,000, plus interest of no more than RUB1,592,383,196; the fee of no more than RUB329,200,000

3. Names of parties	PJSC "LUKOIL" (Guarantor) LUKINTER FINANCE B.V. (Debtor)
4. Names of beneficiaries	-
5. Name of transaction	Supplemental Agreement to Indemnity Agreement No.1710198 of 12 April 2017 (hereinafter the Agreement).
6. Subject of the transaction	<p>The Parties signed the Agreement in connection with the Deed of Guarantee issued by the Guarantor as a guarantee to CITIBANK N.A., LONDON BRANCH (the "Bank") for meeting the Debtor's liabilities worth USD250,000,000 under the Facility Agreement between the Debtor and the Bank, plus interest, penalties, forfeits, fines and other amounts due and payable (Facility Agreement). The Parties have agreed to deem the amount paid by the Guarantor to the Bank in fulfillment of obligations under the Guarantee the amount payable by the Debtor to the Guarantor plus interest for the use of funds on the terms, within the deadlines and in accordance with the procedure defined by the Agreement.</p> <p>The Debtor is obliged to pay amounts to 0.88% per annum of the amount of the Debtor's obligations to the Bank under the Facility Agreement covered by the Guarantee and calculated for each day of the reporting period.</p> <p>In accordance with the Supplemental Agreement to the Agreement:</p> <ul style="list-style-type: none"> <li>- In connection with extending the maturity of the Guarantee - point 3.2 of the Contract is revised to stipulate that the cost of the service of the Guarantee for the Debtor's obligation amounts to 1% per annum of the amount of the Debtor's obligations to the Bank covered by the Bank under the Facility Agreement and calculated for each day of the reporting period. The said rate shall not change during the validity of the Agreement unless duly stipulated by the Parties in writing. In calculating the amount payable for the Service provided the actual number of days in a year shall be used (365/366).</li> <li>- Clause 15 "Addresses and details of Parties" of the Agreement shall be revised.</li> </ul>
7. Interested party, grounds for being recognised as such	<p>Aleksandr Kuzmich Matytsyn, a member of the Management Committee of PJSC "LUKOIL", is simultaneously Chairman of the Supervisory Board of LUKINTER FINANCE B.V.</p> <p>Stanislav Georgievich Nikitin, a member of the Management Committee of PJSC "LUKOIL", is simultaneously a Member of the Supervisory Board of LUKINTER FINANCE B.V.</p> <p>Lyubov Nikolaevna Khoba, a member of the Board of Directors of PJSC "LUKOIL" and the spouse of Alexander Kuzmich Matytsyn, Chairman of the Supervisory Board of LUKINTER FINANCE B.V.</p>
8. Other material terms of the transaction	Supplemental Agreement shall become effective upon being signed by the Parties.

9. The date the decision on consent to perform the transaction was taken by the Board of Directors of PJSC “LUKOIL” and Minutes No.	23.10.2018, Minutes No.14
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**Interested Party Transaction Entered into by PJSC “LUKOIL” in 2018,  
where the decision on consent to perform the transaction  
in accordance with the Federal Law *On Joint Stock Companies*  
was taken by the Annual General Shareholders Meeting of PJSC “LUKOIL”**

1. Transaction No.	1
2. Price	Not more than USD 430,000 – Insurance premium for coverage A, B and C.
3. Names of parties	<p>OAo Kapital Insurance (Insurer) PJSC “LUKOIL” (Policyholder)</p>
4. Names of beneficiaries	<p>Under Cover A – the sole executive body, members of management bodies, employees of PJSC “LUKOIL” and/or subsidiaries of PJSC “LUKOIL”, and/or other organisations with the participation of PJSC “LUKOIL” and/or its subsidiary based on whose proposals the sole executive body and/or members of management bodies of such organisations were elected (hereinafter, the Insured Person).</p> <p>Under Cover B – PJSC “LUKOIL”, subsidiaries of PJSC “LUKOIL”, other organisations with the participation of PJSC “LUKOIL” and/or its subsidiary based on whose proposals the sole executive body and/or members of management bodies of such organisations were elected (hereinafter, the Company for the purposes of Cover B).</p> <p>Under Cover C – PJSC “LUKOIL”, subsidiaries of PJSC “LUKOIL” (hereinafter the “Company”).</p> <p>The above parties are collectively named the Insured Parties.</p>
5. Name of the transaction	Contract (Policy) on insuring the liability of directors, officers and companies (hereinafter the “Policy”).
6. Subject of the transaction	<p>The Insurer undertakes, for the payment stipulated in the Policy (Insurance Premium), to pay the insurance coverage (indemnification) under the Policy to (as the case may be) respective Insured and/or any other person entitled to such indemnification should any insured event specified in the Policy occur, within the insurance premium (liability limit) determined by the Policy.</p> <p><u>An insured event for the purposes of Cover A</u> in respect of cover for the liability of any Insured Person for any Loss incurred by any third parties shall be deemed to be the onset of all of the following circumstances: (a) the liability of any Insured Person arising at any time prior to or during the Policy Period pursuant to applicable law as a consequence of the incurrence by any third parties of any Loss in connection with any Wrongful Act of the Insured Person, and (b) any Claim made against such Insured Person during the Period of Insurance (means the</p>



effective period during which the insurance set forth in the Policy shall be valid, starting from the first day of the Policy Period and ending on the expiry date of the Policy Period or, if there is a Discovery Period (a 60-day period immediately following the expiry of the Policy Period or early termination/cancellation of the Policy, during which written notice may be given to the Insurer of any Claim first made during such period or during the Policy Period in connection with any Wrongful Act committed prior to the end of the Policy Period), ending on the expiry date of the Discovery Period). An insured event shall be deemed to have occurred upon the Claim being made subject to subsequent confirmation by the Insurer that the insured event has occurred or to a ruling that such insured event has occurred by a court, arbitral court, arbitral tribunal or other similar competent body/institution. The Policy also covers any Loss incurred by any Insured Person and/or which any Insured Person will incur subsequent to the Period of Insurance relating to liability for Loss incurred by any third parties (including, without limitation, in the event of any ruling by a court or arbitral court, arbitral tribunal or other similar competent body/institution subsequent to the Period of Insurance), but in connection with any Claim made during the Period of Insurance.

For the purposes of Cover A the Insurer shall pay to or on behalf of any Insured Person any Loss related to any Claim first made against any Insured Person during the Policy Period or the Discovery Period (if applicable) and reported to the Insurer in writing pursuant to the terms of the Policy, except when and to the extent that the Company has indemnified such Loss.

An insured event for the purposes of Cover B shall be deemed to be the incurrence of any expenses by any Company for the purposes of Cover B in connection with the indemnification for any Loss by such Company for the purposes of Cover B to any Insured Person and/or other person or entity in the interests of any Insured Person in connection with any Claim made against any Insured Person and/or the liability of any Insured Person for any Loss incurred by third parties. For the purposes of Cover B the Policy also covers such expenses incurred by any Company subsequent to the Period of Insurance but relating to any Claim made during the Period of Insurance and/or in connection with the liability of any Insured Person for any Loss incurred by third parties in relation to which a Claim was made during the Period of Insurance.

For the purposes of Cover B the Insurer shall pay to or on behalf of any Company for the purposes of Cover B any Loss related to any Claim first made against any Insured Person during the Policy Period or the Discovery Period (if applicable) and reported to the Insurer in writing

	<p>pursuant to the terms of the Policy, but only to the extent that such Company has indemnified such Loss for the purposes of Cover B.</p> <p><u>An insured event for the purposes of Cover C</u> in respect of cover for the liability of any Company for any Loss incurred by any third parties shall be deemed to be the onset of all of the following circumstances: (a) the liability of any Company arising at any time prior to or during the Policy Period pursuant to applicable law as a consequence of the incurrence by any third parties of any Loss in connection with any Wrongful Act of the Company, and (b) any Securities Claim made against such Company during the Period of Insurance in connection with the Loss of any third parties. An insured event shall be deemed to have occurred upon the Securities Claim being made subject to subsequent confirmation by the Insurer that the insured event has occurred or to a ruling that such insured event has occurred by a court, arbitral court, arbitral tribunal or other similar competent body/institution. The Policy also covers any Loss incurred by any Company and/or which any Company will incur subsequent to the Period of Insurance relating to liability for Loss incurred by any third parties (including, without limitation, in the event of any ruling by a court or arbitral court, arbitral tribunal or similar competent body/institution subsequent to the Period of Insurance), but in connection with any Securities Claim made during the Period of Insurance. For the purposes of Cover C the Insurer shall pay to any Company or on behalf of any Company any Loss related to any Securities Claim first made against any Company during the Policy Period or the Discovery Period (if applicable) and reported to the Insurer in writing pursuant to the terms of the Policy. Insurance cover C is without any prejudice to Insurance cover A in respect of any Securities Claims.</p>
7. Interested parties, grounds for being recognised as such	The President, members of the Board of Directors and the Management Committee of PJSC “LUKOIL” are simultaneously beneficiaries under the transaction.
8. Other material terms of the transaction	<p>The policy is effective from 19 July 2018 through 18 July 2019.</p> <p>The insurance premium (liability limit) is at least USD150,000,000 (total aggregate limit for Covers A, B and C, including legal defence costs).</p> <p>The insurance premium will be paid in roubles at the exchange rate determined by the Parties as of the date the Policy is signed, in accordance with the terms and conditions of the Policy.</p>
9. The date the decision on consent to perform the transaction was taken by the Annual General Shareholders Meeting of PJSC “LUKOIL” and Minutes No.	21.06.2018, Minutes No.1 (dated 25.06.2018)

## INFORMATION ON CANDIDATES FOR THE BOARD OF DIRECTORS OF PJSC "LUKOIL" AND THE AUDIT COMMISSION OF PJSC "LUKOIL"

### CANDIDATES FOR THE BOARD OF DIRECTORS OF PJSC "LUKOIL"



Valery Isaakovich Grayfer

Chairman of the Board of Directors of PJSC "LUKOIL", Non-executive Member of the Board of Directors of PJSC "LUKOIL", Chairman of the Board of Directors of LLC RITEK

Born: 1929

Graduated from the I.M. Gubkin Moscow Oil Institute in 1952. Candidate of Technical Sciences (PhD). Recipient of seven orders, four medals, and a Certificate of Honor of the Supreme Soviet of the Tatar ASSR. Awarded a Certificate of Honor of the Russian Federation President in 2009. Since 1985: USSR Deputy Minister of Oil Industry in charge of the Chief Tyumen Production Division for the oil and gas industry. From 1992 to 12 January 2010, General Director of OAO RITEK. Since 2000: Chairman of the Board of Directors of PJSC "LUKOIL". Since 2010: Chairman of the Board of Directors of RITEK. Professor of the Gubkin Russian State University of Oil and Gas. Lenin Prize and Russian Government Prize Winner.

Has executive/managerial experience, higher professional education in the area of the Company's core production activities, and a record of government service and expertise in government and international relations.



Vagit Yusufovich Alekperov

President of PJSC "LUKOIL", Executive Member of the Board of Directors of PJSC "LUKOIL", Chairman of the Management Committee of PJSC "LUKOIL"

Born: 1950

Graduated from the M. Azizbekov Azerbaijan Oil and Chemistry Institute in 1974. Doctor of Economics. Full member of the Russian Academy of Natural Sciences. Distinguished energy industry specialist and Honored oil specialist. Recipient of five orders and eight medals, a Certificate of Honor and three Certificates of Gratitude from the Russian Federation President. Two times winner of the Russian Government Prize. Since 1968: worked at oil fields in Azerbaijan and Western Siberia. 1987–1990: General Director of Production Association Kogalymneftegaz of Glavtyumenneftegaz of the USSR Ministry of Oil and Gas. 1990–1991: Deputy Minister; First Deputy Minister of the USSR Ministry of Oil and Gas. 1992–1993: President of Oil Concern Langepasuraikogalymneft. 1993–2000: Chairman of the Board of Directors of OAO "LUKOIL". Since 1993: President of PJSC "LUKOIL".

Has executive/managerial experience, higher professional education in the area of the Company's core production activities, and a record of government service and expertise in government and international relations.



Victor Vladimirovich Blazheev\*

Independent Member of the Board of Directors of PJSC "LUKOIL", Rector of the O.E. Kutafin Moscow State Law University (MSAL), Chairman of the Audit Committee of the Board of Directors of PJSC "LUKOIL", Member of the Human Resources and Compensation Committee of the Board of Directors of PJSC "LUKOIL"

Born: 1961

Graduated from the evening department of the All-Union Extra-Mural Law Institute (AELI) in 1987; completed a post-graduate program at AELI-Moscow Law Institute at the department of civil litigation in 1990. Candidate of Legal Sciences (PhD), Professor. Recipient of a 2nd degree Medal of the Order "For Merits to the Fatherland". Was awarded the title "Honored Lawyer of the Russian Federation", a breastplate "Honored Worker of Higher Professional Education in the Russian Federation", the title "Honored Worker of Science and Technology of the Russian Federation". Since 1999, Mr. Blazheev has been engaged in educational (as a lecturer) and administrative activities occupying various positions at Moscow State Academy of Law (MSAL). 1999–2001: Dean of the full-time day department of MSAL. 2001–2002: Vice-Rector of MSAL in charge of academic agenda. 2002–2007: First Vice-Rector of MSAL in charge of academic agenda. Since 2007: Rector of the O.E. Kutafin Moscow State Law University (MSAL).

Has executive/managerial experience and experience/expertise in Economics and Finance.



Toby Trister Gati \*\*

Independent Member of the Board of Directors of PJSC "LUKOIL", Member of the Strategy, Investment and Sustainability Committee of the Board of Directors of PJSC "LUKOIL"

Born: 1946

In 1967 graduated from Pennsylvania State University (Bachelor's degree (BA) in Russian Literature and Language), in 1970 – Columbia University (Master's degree (MA) in Russian Literature), in 1972 – the Harriman Institute at Columbia University (Master's degree in International Affairs (MIA) and Certificate in Russian Studies).

1997 – April 2016: Senior Advisor on matters of international cooperation and international relations at Akin Gump Strauss Hauer & Feld LLP. Since 2016: President of TTG Global LLC. Since 2012: Member of the U.S.-Russia Business Council (USRBC). Participant in the Valdai Discussion Club.

Has executive/managerial experience, a record of government service and expertise in government and international relations.



Ravil Ulfatovich Maganov

Executive Member of the Board of Directors of PJSC "LUKOIL", Vice-Chairman of the Board of Directors of PJSC "LUKOIL", Member of the Management Committee of PJSC "LUKOIL", First Executive Vice-President of PJSC "LUKOIL" (E&P), Member of the Strategy, Investment and Sustainability Committee of the Board of Directors of PJSC "LUKOIL"

Born: 1954

Graduated from the I.M. Gubkin Moscow Institute of the Petrochemical and Gas Industry in 1977. Distinguished Oil and Gas Specialist of the Russian Federation, Honored oil specialist. Recipient of four orders and five medals, a Certificate of Honor from the Russian Federation President. Has a Letter of Acknowledgement from the Government of the Russian Federation. Three times winner of the Russian Government Prize in Science and Engineering. 1988–1993: Chief Engineer, Deputy General Director, General Director of OPE Langepasneftegaz. 1993–1994: Vice-President of OAO "LUKOIL" (Oil Production). 1994–2006: First Vice-President of OAO "LUKOIL" (E&P). Since 2006: First Executive Vice-President of PJSC "LUKOIL" (E&P). Since 2000 - member of the Supervisory Board of LUKOIL INTERNATIONAL GmbH.

Has executive/managerial experience, higher professional education in the area of the Company's core production activities.



Roger Munnings\*\*

Independent Member of the Board of Directors of PJSC "LUKOIL", Chairman of the Human Resources and Compensation Committee of PJSC "LUKOIL", Independent member of the Board of Directors of Sistema Public Joint Stock Financial Corporation since 2010.

Born: 1950

Graduated from the University of Oxford in 1972, where Mr. Munnings earned a Master's Degree in Philosophy, Politics and Economics.

1996–2008: President and CEO of KPMG Russia/CIS; 1993–2008: Chairman of KPMG's Global Energy and Natural Resources Practice; 1998–2008: Member of KPMG's International Council (ultimate governance body).

Since 2012: Chairman of the Russo British Chamber of Commerce. Member of the Russian National Council on Corporate Governance, Member of the Expert Council of the Russian Institute of Directors and the Russian Union of Industrialists and Entrepreneurs, Fellow of the Institute of Chartered Accountants in England and Wales. Roger Munnings was appointed CBE in the UK in HM The Queen's New Year's Honours List in 2007.

Has executive/managerial experience and experience/expertise in Economics and Finance and expertise in government and international relations.



Nikolai Mikhailovich Nikolaev

Born: 1956.

General Director of LLC "RITEK" since January 2010. Vice-President of PJSC "LUKOIL" since September 2013. Higher Education Degree.

Has executive/managerial experience, higher professional education in the area of the Company's core production activities.



Pavel Mikhailovich Teplukhin \*\*

President of OOO Matrix Capital

Member of the Board of Directors of Rusnano

Born: 1964

Higher Education Degrees: Lomonosov Moscow State University, Diploma in Economics (distinction), Ph.D. Economics (1989); London School of Economics, Master of Science in Economics (1992).

2013 – to present – member of the Board of Directors of Rusnano, Chairman of Strategy Committee. 2010 – 2013: member of the Board of directors of OAO VTB. 2008 – 2015: member of the Supervisory office of the World Trade Center. 2012 – 2016: Chief Country Officer for Russia and CIS, Deutsche Bank. 2017 to present – Matrix Capital, the President, Founding Partner.

Has executive/managerial experience, experience/expertise in Economics and Finance.



Leonid Arnoldovich Fedun

Executive Member of the Board of Directors of PJSC "LUKOIL"<sup>1</sup>, Vice-President for Strategic Development of PJSC "LUKOIL", Member of the Strategy, Investment and Sustainability Committee of the Board of Directors of PJSC "LUKOIL"

Born: 1956

Graduated from the M.I. Nedelin Higher Military Command School in Rostov in 1977 and the Graduate School of Privatization and Entrepreneurship in 1993. Candidate of Philosophical Sciences (PhD). Honored oil specialist. Recipient of two orders and seven medals. 1993–1994: General Director of JSC LUKOIL-Consulting. 1994–2012: Vice-President, Head of the Main Division of Strategic Development and Investment Analysis of OAO "LUKOIL". Since February 2012: Vice-President for Strategic Development of PJSC "LUKOIL".

Has executive/managerial experience, experience/expertise in Economics and Finance, a record of government service and expertise in government and international relations.

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<sup>1</sup> In accordance with the recommendations of the Corporate Governance Code, executive directors are understood not only to be members of the Management Committee of PJSC "LUKOIL", but also persons employed by the Company.



Lyubov Nikolaevna Khoba

Non-executive Member of the Board of Directors of PJSC "LUKOIL".

Born: 1957

Graduated from Sverdlovsk Institute of National Economy in 1992. Candidate of Economic Sciences. Merited economist of the Russian Federation, Honored oil specialist, Honored worker of the energy sector. Recipient of two orders and two medals.

1991—1993: Chief Accountant of Production Association Kogalymneftegaz.

1993-2000: Chief Accountant of OAO "LUKOIL". 2000-2003: Vice-President of OAO "LUKOIL", Head of the Main Division of Financial Accounting. In 2003-2004: Chief Accountant—Vice-President of OAO "LUKOIL". 2004-2012: Chief Accountant of OAO "LUKOIL". 1993 - May 2017: member of the Management Committee of PJSC "LUKOIL", 2012 - February 2018: Vice-President, Chief Accountant of PJSC "LUKOIL". Since 2001: Member of the Supervisory Board of LUKOIL INTERNATIONAL GmbH. Since 2012: Chairperson of the Supervisory Board of LUKOIL Accounting and Finance Europe s.r.o.

Has executive/managerial experience and experience/expertise in Economics and Finance.



Sergei Dmitrievich Shatalov

Non-staff Fiscal Policy Advisor to Russia's Ministry of Finance

Born: 1950

In 1972 graduated from Zhdanov Leningrad State University (Degree in Mathematics). In 2003 Dr. Shatalov defended his doctoral thesis on the "Methodology of forming and developing the tax system in the Russian Federation". Docent of Economics.

2016 – 2018: Vice-President of "Aktion-MTsFER" media group.

2000 – January 18, 2016: Russia's Deputy Minister of Finance. 1998–2000:

Director of Tax Department, PWC & Co. "PricewaterhouseCoopers Audit", LLC.

1995–1998: Russia's Deputy Minister of Finance. 1993 – 1995: Director of Tax

Department JSC "Foreign investment and Privatization Center". 1990 – 1993:

Member of the Supreme Council of the Russian Federation, First Class State

Counselor of the Russian Federation

Has executive/managerial experience, experience/expertise in Economics and Finance, a record of government service and expertise in government and international relations.



Wolfgang Schussel\*\*

President of the Foreign Policy and United Nations Association of Austria (UNA-Austria) since 2008, Member of the Supervisory Board of RWE AG since March 2010, Member of the Board of Directors of MTS PJSC since June 2018, Chairman of the Board of Trustees of Konrad Adenauer Stiftung since 2015, Member of the Board of Trustees of Bertelsmann Foundation from April 2007 to December 2016, Federal Chancellor of Austria from 2000 to 2007, Chairman of the Austrian People's Party from 1995 to 2007. In 1979 - 2011: Member of Austrian National Council, 1989-1995: Austrian Federal Minister of Economic Affairs; 1995 -1999: Vice Chancellor and Federal Minister for Foreign Affairs of the Republic of Austria.

Born: 1945

Higher Education Degree in Economics and Law and a doctorate from the University of Vienna

Has executive/managerial experience, experience/expertise in Economics and Finance, a record of government service and expertise in government and international relations.

\* Qualifies as an independent candidate for the Board of Directors of PJSC "LUKOIL" based on the substantiated opinion set out in the decision taken by the Board of Directors on 21 June 2018 (Minutes No.8) on recognizing V.V. Blazhev independent as a member of the Board of Directors of the Company

despite the formal criteria of association with the Company resulting from his service on the Board of Directors of PJSC “LUKOIL” exceeding the seven-year tenure.

\*\* These candidates comply with the independence criteria established by the Listing Rules of PJSC Moscow Stock Exchange and provisions of the Corporate Governance Code, and are deemed independent candidates.

Based on the assessment of the candidates for the Board of Directors of PJSC “LUKOIL”, the Human Resources and Compensation Committee of PJSC “LUKOIL” recognized that the candidates for the Board of Directors have a flawless business reputation, possess professional qualifications, knowledge, skills and experience required for decision-making on issues within the competence of the Board of Directors and required for the effective performance of their functions (Minutes No.2 of 28.03.2019). The Committee, specifically, notes as follows:

- All candidates to the Board of Directors have executive/managerial experience;
- Candidates to the Board of Directors: V.Y.Alekperov, V.I.Grayfer, R.U.Maganov, N.M.Nikolaev have higher professional education in the sphere of the Company’s core production activities;
- Candidates to the Board of Directors: V.V.Blazheev, R.Munnings, P.M.Teplukhin, L.A.Fedun, L.N.Khoba, S.D.Shatalov, W.Schüssel have experience/expertise in Economics and Finance;
- Candidates to the Board of Directors: V.Y.Alekperov, T.Gati, V.I.Grayfer, L.A.Fedun, S.D.Shatalov, W.Schüssel have a record of government service and expertise in government and international relations.
- Candidates to the Board of Directors: V.Y.Alekperov, W.Schüssel, S.D.Shatalov have doctoral degrees, and V.V.Blazheev, V.I.Grayfer, N.M. Nikolaev, P.M. Teplukhin, L.A.Fedun, L.N.Khoba and S.D.Shatalov have PhD/Candidate of Sciences degrees.
- Candidates to the Board of Directors: V.Y.Alekperov, V.V.Blazheev, V.I.Grayfer, N.M.Nikolaev, R.U.Maganov, R.Munnings, P.M.Teplukhin, L.A.Fedun, L.N. Khoba, S.D.Shatalov, W.Schüssel have various state awards and commendations, including in their core areas of expertise.

**The candidates have given their written consent to be elected to the Board of Directors of PJSC "LUKOIL".**

**INFORMATION ON CANDIDATES**  
**FOR THE AUDIT COMMISSION OF PJSC “LUKOIL”**

**Ivan Nikolaevich Vrublevskiy**



Born: 1974.

Graduated from Moscow Finance Academy under the RF Government in 1996 with a degree in Accounting and Audit. Employed since 1993. In 2005 – 2012: Head of the Division of Transformation of Financial Statements of LUKOIL Group Organisations at the Accounting Department of OAO “LUKOIL”. 2012 – 2013: Head of the Division of Transformation of Financial Statements of LUKOIL Group Organisations at the International Reporting Department of OAO “LUKOIL”. Since 2013: Managing Director of LUKOIL Accounting and Finance Europe s.r.o., Czech Republic.

**Artem Valentinovich Otrubyannikov**



Born: 1972.

General Director of OOO LUKOIL-Volgograd Regional Accounting Centre/General Director of OOO LUKOIL-Perm Regional Accounting Centre from November 2018 (job combination); General Director of OOO LUKOIL-Perm Regional Accounting Centre from August 2017 to November 2018. Higher Education Degree.

**Pavel Aleksandrovich Suloev**



Born: 1957.

Finance/Economics Advisor to the General Director of OOO LLK-International since February 2019. Internal Control and Audit Director of ZAO Management Centre Managing Company from January 2014 to January 2019; Director of Investments, LITASCO, Geneva from April 2012 to December 2013; Chairman of the Board of SLB Commercial Bank AG, Zurich from May 2001 to March 2012. Higher Education Degree.

**The candidates have given their written consent to be elected to the Audit Commission of PJSC “LUKOIL”.**



## **Decision on recognizing Victor Vladimirovich Blazheev as an independent candidate to the Board of Directors of PJSC “LUKOIL”**

Following the assessment of compliance of candidates to the Board of Directors of PJSC "LUKOIL" with the independence criteria, by decision of the HR and Compensation Committee of the Board of Directors of PJSC “LUKOIL” (Minutes No.2 of 28 March 2019) Victor Vladimirovich Blazheev was recognized as an independent candidate to the Board of Directors of PJSC “LUKOIL” based on the substantiated opinion set out in the decision taken by the Board of Directors on 21 June 2018 (Minutes No.8) on recognizing V.V. Blazheev independent as a member of the Board of Directors of the Company despite the formal criteria of association with the Company resulting from his service on the Board of Directors of PJSC “LUKOIL” exceeding the seven-year tenure.

*Contents of the Decision of the Board of Directors of PJSC “LUKOIL” of 21 June 2018 (Minutes No.8) on agenda item III  
On recognizing V.V. Blazheev as an independent member of the Board of Directors of PJSC “LUKOIL”:*

1. In accordance with point 9.2 of the Charter of PJSC “LUKOIL” and based on the results of the audit for compliance with the criteria for determining independence established by the Listing Rules of Moscow Exchange and the Corporate Governance Code, to recognize V.V. Blazheev as an independent member of the Board of Directors of PJSC “LUKOIL” despite the formal criteria of association with the Company resulting from his service on the Board of Directors of PJSC “LUKOIL” exceeding the seven-year tenure set forth in PJSC Moscow Exchange Listing Rules and the Corporate Governance Code, on the following grounds:
  - 1.1. The aggregate tenure of V.V. Blazheev as a member of the Board of Directors of PJSC “LUKOIL” does not exceed 12 years;
  - 1.2. V.V. Blazheev has not been and is not associated with the Company on other grounds set forth in PJSC Moscow Exchange Listing Rules and the Corporate Governance Code, has not been and is not employed by the Company, including membership in the executive bodies of the Company or organizations controlled by the Company, has not held and does not hold the Company shares; has not received and does not receive any compensation from the Company or legal entities controlled by the Company other than his Board/Committee fee for the service on the Board of Directors of PJSC “LUKOIL”; has not rendered and does not render consulting services to the Company or the legal entities controlled by Company;
  - 1.3. During his nine-year tenure, V.V. Blazheev has demonstrated a high degree of involvement in the discussions of the issues brought to the Board of Directors

of PJSC “LUKOIL” for review, has been a member of the Company’s Board committees and performed the duties of the Chairman of the Audit Committee of the Board of Directors of PJSC “LUKOIL”. While in office as the Chairman of the Audit Committee of LUKOIL’s Board of Directors, V.V. Blazheev paid great attention to improving the efficiency and reliability of the risk management and internal control system, as well as the process of development of the internal audit system started in 2016. In doing so, V.V. Blazheev demonstrated independence in adopting his own views based on his professional knowledge and experience;

- 1.4. V.V. Blazheev is a distinguished member of the professional legal community, honored attorney of the Russian Federation, author of academic papers, member of advisory and expert councils set up with governmental authorities and other organizations, and has expertise in economics and finance;
  - 1.5. A review of V.V. Blazheev’s professional activities suggests that his extended service on the Company’s Board of Directors is a plus, for it makes him well versed in the nuances of the Company’s business, target markets, key business processes of the Company and its organization, and renders him capable of making competent decisions under tight deadlines and adopting views that are independent of those of the Company’s executive bodies;
  - 1.6. The formal association criterion (i.e. exceedance of the 7-year Board member tenure) is not material and does not affect V.V. Blazheev’s ability to act to the benefit of PJSC “LUKOIL” on a *bona fide* and reasonable basis, or have opinions or judgments that are independent of those of the Company’s executive bodies.
- V.V. Blazheev has no association with significant shareholders of the Company, significant counterparties or competitors of the Company, governmental authorities or municipalities.

**PJSC “LUKOIL” (not including subsidiaries and equity affiliates)**  
**BALANCE SHEET**  
as at 31 December 2018

million roubles

	As at 31.12.2018	As at 31.12.2017	As at 31.12.2016
<b><i>Non-current assets</i></b>			
Intangible assets	816	384	368
R&D	14	30	32
Intangible development assets	-	-	-
Tangible development assets	-	-	-
Property, plant and equipment	14,599	14,818	15,427
Income-bearing investments in tangible assets	-	-	-
Financial investments	1,609,456	1,585,422	1,135,473
Deferred tax assets	1,094	3,246	532
Other non-current assets	703	538	82
<b><u>Non-current assets, total</u></b>	<b><u>1,626,682</u></b>	<b><u>1,604,438</u></b>	<b><u>1,151,914</u></b>
<b><i>Current assets</i></b>			
Inventories	36	30	35
VAT on purchased assets	117	37	239
Accounts receivable	345,210	294,680	189,066
Financial investments (other than cash equivalents)	40,882	75,802	473,099
Cash and cash equivalents	157,287	121,545	132,426
<b><u>Current assets, total</u></b>	<b><u>543,532</u></b>	<b><u>492,094</u></b>	<b><u>794,865</u></b>
<b><u>ASSETS TOTAL</u></b>	<b><u>2,170,214</u></b>	<b><u>2,096,532</u></b>	<b><u>1,946,779</u></b>
<b><i>Equity and reserves</i></b>			
Charter capital	19	21	21
Additional paid-in capital, including revaluation of non-current assets	-	12,625	12,625
Reserve capital	2	3	3
Retained earnings	995,542	1,342,277	1,312,190
<b><u>Equity and reserves, total</u></b>	<b><u>995,563</u></b>	<b><u>1,354,926</u></b>	<b><u>1,324,839</u></b>
<b><i>Non-current liabilities</i></b>			
Loans and borrowings	277,883	119,749	159,057
Deferred tax liabilities	587	541	497
Other non-current liabilities	41	84	23
<b><u>Non-current liabilities, total</u></b>	<b><u>278,511</u></b>	<b><u>120,374</u></b>	<b><u>159,577</u></b>
<b><i>Current liabilities</i></b>			
Loans and borrowings	651,539	361,052	265,853
Accounts payable	241,412	241,486	193,939
Estimated liabilities	3,189	18,694	2,571
<b><u>Current liabilities, total</u></b>	<b><u>896,140</u></b>	<b><u>621,232</u></b>	<b><u>462,363</u></b>
<b><u>LIABILITIES AND EQUITY TOTAL</u></b>	<b><u>2,170,214</u></b>	<b><u>2,096,532</u></b>	<b><u>1,946,779</u></b>

**INCOME STATEMENT**  
for the year ended 31 December

million roubles

	<b>2018</b>	<b>2017</b>
<b>Net sales revenues</b>	<b>264,355</b>	<b>223,420</b>
Including receipts from participation in the authorised capitals of other organisations	218,860	179,265
Cost of goods sold	(20,625)	(19,365)
<b>Gross profit</b>	<b>243,730</b>	<b>204,055</b>
Export customs duties	-	-
Selling expenses	(1,436)	(1,899)
Administrative expenses	(30,914)	(44,410)
<b>Profit from sales</b>	<b>211,380</b>	<b>157,746</b>
Income from equity in other organisations	-	-
Interest receivable	56,232	65,726
Interest payable	(35,527)	(36,834)
Result of other income and expenses	(4,004)	27,055
<b>Profit before taxes</b>	<b>228,081</b>	<b>213,693</b>
Current income tax	(6,674)	(12,303)
Deferred income tax	(2,198)	2,670
Other	23	(97)
Redistribution of income tax inside the consolidated group of taxpayers	252	401
<b>Net profit</b>	<b>219,484</b>	<b>204,364</b>
Result of revaluation of non-current assets not included in net profit		-
Result of other transactions not included in net profit of the period		-
<b>Cumulative financial result of the period</b>	<b>219,484</b>	<b>204,364</b>

## REGULATIONS

### *On the Procedure for Preparing and Holding the General Shareholders Meeting of PJSC “LUKOIL”*

#### 1. General provisions

1.1. These *Regulations on the Procedure for Preparing and Holding the General Shareholders Meeting of PJSC “LUKOIL”* (hereinafter the “Regulations”) have been drafted in accordance with the effective legislation of the Russian Federation and the Charter of Public Joint Stock Company “Oil company “LUKOIL” (hereinafter the “Company”), and regulate the procedural issues involved in the preparations for, and holding of, a general shareholders meeting of the Company.

1.2. The General Shareholders Meeting (hereinafter the “Meeting”) is the Company’s supreme governance body, and acts within its authorities, as defined by the legislation of the Russian Federation and the Company Charter.

1.3. The issues related to preparing, convening and holding the Meeting that are not regulated by the norms of the Company Charter and these Regulations will be resolved in accordance with the legislative norms of the Russian Federation.

1.4. The Company provides equal opportunity for meaningful participation of all shareholders in the Meeting.

#### 2. Procedure for making proposals and requests

2.1. Proposals on introducing items to the agenda of the Meeting, proposals on nominating candidates for the Company’s governing and other bodies, and requests on holding an extraordinary Meeting will be made according to the procedure stipulated by the Federal Law *On Joint Stock Companies*, the Federal Law *On the Securities Market*, regulatory acts of the Bank of Russia, the Company Charter and these Regulations.

2.2. Proposals on introducing items to the agenda and proposals on nominating candidates for the Company’s governing and other bodies (hereinafter jointly referred to as a “Proposal”) and requests on holding an extraordinary Meeting (hereinafter a “Request”) can be submitted as follows:

delivery by post or courier service to the address of the Company: 11, Sretensky Bulvar, Moscow, 101000 Russian Federation;

delivery against signature to the person holding office (acting in the capacity) of a single-person executive body of the Company (President of the Company), Chairman of the Board of Directors or another person authorized to accept written correspondence addressed to the Company, including the Corporate Secretary;

by giving by the shareholder whose rights to the shares of the Company are recorded by the nominee holder of the instruction (directive) to the nominee holder, if this is stipulated by the contract with the latter, and by sending by the nominee holder of a declaration of the shareholder’s intent according to the instruction (directive) received therefrom.

2.3. A Proposal date will be:

if a Proposal was sent by post – the date indicated on the date stamp, confirming the post date;

if a Proposal was sent by courier service – the date when it was submitted to the courier service for delivery;

if a Proposal was delivered against signature – the date of delivery;

if a Proposal was provided by the nominee holder by sending a declaration of the shareholder's intent according to the instruction (directive) received therefrom – the date the declaration of the shareholder's intent was sent by the nominee holder or another date indicated in such declaration as of which the number of the Company shares owned by the shareholder was indicated in such declaration.

2.4. The date of receipt of a Proposal or Request (the date of filing (submission) of a Request) is:

if a Proposal or Request was sent by regular mail or other regular postal delivery – the date of receipt of the mail by the Company;

if a Proposal or Request was sent by registered mail or other registered postal delivery – the date of delivery of the mail to the person authorized to accept written correspondence addressed to the Company, against signature;

if a Proposal or Request was sent by courier service – the date of delivery by the courier;

if a Proposal or Request was delivered against signature – the date of delivery;

if a Proposal or Request was provided by the nominee holder by sending a declaration of the Company shareholder's intent according to the instruction (directive) received therefrom – the date of receipt by the registrar who keeps the register of shareholders of the Company (hereinafter the "Registrar") of an electronic document from the nominee holder registered in the register of shareholders of the Company, with such electronic document containing the declaration of intent of the shareholder.

2.5. Proposals and Requests will be deemed to have been received from those shareholders (or representatives thereof) who sign them or whose declarations of intent are contained in the electronic document received by the Registrar from the nominee holder who is registered in the Company's shareholder register. 2.6. The percentage of voting shares owned by a shareholder demanding that an extraordinary Meeting be held is determined on the date when the indicated Request is filed (submitted).

The percentage of voting shares owned by a shareholder introducing a Proposal is determined on the date when such Proposal is made.

2.7. Proposals on introducing items to the agenda of the Meeting and proposals on nominating candidates for the Company's bodies will be submitted with an indication of the names (name) of the shareholders (shareholder) submitting them and the number and category (type) of shares owned thereby, and should be signed by the shareholders (shareholder) or representatives thereof.

A Proposal on introducing items to the agenda of the Meeting should contain the wording of each proposed item, and may also contain the wording of the decision on each proposed item.

A Proposal on nominating candidates for the Company's bodies should contain:

the full name of each proposed candidate and details of his/her identification document (series and/or number of the document, date and place of issue, issuing authority);

the body for which the candidate is nominated;

information on the positions held by the candidate over the last five years preceding the nomination;

age;

education;

the mailing address of the candidate for correspondence;

information on the candidate's consent to his or her nomination.

The written consent of the candidate to his or her nomination can be attached to the proposal on his or her nomination. The above consent may be attached to the declaration of the shareholder's intent which contains the proposal on the nomination of a candidate, in electronic form as electronic images of documents (hard copy documents converted to electronic form by means of scanning, with all document attributes preserved).

A Proposal on nominating candidates cannot contain more candidates than the number of members of the Company's relevant body.

The persons who send the proposals on nominating candidates will be responsible for the accuracy and completeness of the information on the candidates.

2.8. A Request should indicate the person (body) demanding that an extraordinary Meeting be convened, and the wording of the items to be included in the agenda of the Meeting. A Request may contain the wording of the decision on each of these items, as well as a proposal on the form for holding the Meeting. In those cases when a Request contains a proposal on nominating candidates, the relevant provisions of the Federal Law *On Joint Stock Companies* and these Regulations will apply to this proposal.

A Request should be signed by the persons (person) demanding that an extraordinary Meeting be convened.

If a Request is received from a shareholder (shareholders), it should indicate the name(s) of the shareholder(s) and the number and category (type) of shares owned thereby.

If a Request originates with a legal entity acting as shareholder, it should be signed by a director who, in accordance with its foundation documents, has the right to act on behalf of the legal entity without a power of attorney or a person acting on the basis of a power of attorney from the indicated legal entity.

2.9. If a Proposal or Request was signed by the representative of a shareholder acting on the basis of the authorities granted by a power of attorney, the power of attorney (a copy of the power of attorney certified according to the procedure established by the laws of the Russian Federation) containing the information on the principal and the representative and drafted in accordance with the requirements of the Federal Law *On Joint Stock Companies* on the voting proxy should be attached to this Proposal (Request).

The power of attorney (a copy of the power of attorney certified according to the procedure established by the laws of the Russian Federation) issued by a foreign individual in a foreign state and drafted in a foreign language should be accompanied by its translation into Russian, with such translation certified according to the procedure established by the laws of the Russian Federation. Such power of attorney should be legalized or have an apostille put down thereon, unless otherwise provided by an international agreement of the Russian Federation.

2.10. If a Proposal or Request was signed by a shareholder (a representative thereof) whose rights to shares are recorded by the nominee holder, such Proposal (Request) should be accompanied by the securities account statement of the shareholder (document of a foreign nominee holder or a foreign organization which is entitled to keep records and transfer the title to securities under its governing law) confirming the number of the Company shares owned by the shareholder as of the date no earlier than seven business days to the date of sending this Proposal of Request. The document of a foreign nominee holder or the said foreign organization drafted in a foreign language should be accompanied by its translation into Russian certified according to the procedure established by the laws of the Russian Federation.

If a Proposal or Request was provided by the nominee holder by sending a declaration of the Company shareholder's intent according to the instruction (directive) received therefrom, such declaration should contain the date of its sending by the nominee holder, the number of the Company shares owned by the shareholder, and the date as of which the number of such shares was indicated.

The number of the Company shares owned by the shareholder is indicated in the declaration of the shareholder's intent as of the date such declaration is sent by the nominee holder, if the instruction (directive) received from the shareholder does not indicate another date or provide for a different procedure for its determining, with such date occurring no earlier than the date of receipt of the shareholder instruction (directive) by the nominee holder and no later than the date of sending by the nominee holder of the declaration of the shareholder's intent.

2.11. A Proposal may be introduced and a Request may be raised (submitted) by several shareholders acting jointly or in concert, and by the shareholder whose rights to shares are recorded on the shareholder's personal account in the shareholder register of the Company and by nominee holders (several nominee holders) in the procedure and manner established by the Bank of Russia.

### **3. Preparation for the holding of a Meeting**

3.1. When preparing for the holding of the Meeting, the Board of Directors of the Company will determine:

the form of the Meeting (a meeting (joint attendance of shareholders to discuss agenda items and take decisions on items put to a vote) with preliminary distribution (dispatch) of voting ballots prior to the holding of the Meeting (hereinafter also referred to as “mixed form”) or absentee voting);

the date, venue and time of the Meeting, the time of the start of registration of persons participating in the Meeting, the postal address to which completed ballots can be sent, or if the Meeting is held through absentee voting – the deadline for receiving ballots and the postal address to which the completed ballots should be sent;

the date of determining (formalizing) persons entitled to participate in the Meeting;

the deadline for receiving proposals from shareholders on nominating candidates for election to the Board of Directors of the Company, if the agenda of an extraordinary Meeting contains an item on the election of members of the Company’s Board of Directors;

the agenda of the Meeting;

the procedure for notifying shareholders of the holding of the Meeting;

the list of information (materials) to be provided to shareholders when preparing for the holding of the Meeting, and the procedure for delivering it (them);

the form and text of the ballots, as well as the wording of decisions on items of the agenda of the Meeting, which are to be sent in electronic form (in the form of electronic documents) to nominee holders of shares registered in the Company’s shareholder register.

The Board of Directors of the Company may resolve that the Meeting procedure shall permit persons entitled to participate in the Meeting to complete the voting ballots electronically, through a website on the information and telecommunications network Internet, by establishing the URL of such website.

3.2. The administrative and technical measures involved in preparing for the Meeting will be performed by the Management Committee of the Company, which will approve an action plan for preparing for the Meeting, including the list of measures and deadlines for their performance and an indication of the responsible persons, at a session of the Management Committee.

### **4. Preparation of the list of persons entitled to participate in a Meeting**

4.1. The list of persons entitled to participate in the Meeting will be drafted in accordance with the rules set out in the securities laws of the Russian Federation for the preparation of the list of persons who exercise their rights under securities.

4.2. The list of persons entitled to participate in the Meeting, other than information on the declaration of intent thereof, will be provided at the request of persons included on this list and having at least one per cent of votes. Information that may help identify individuals included on this list, other than their family names, first names and patronymic (if any), may be provided solely with the consent of such individuals.

4.3. Information on the date of determining (formalizing) persons entitled to participate in the Meeting shall be disclosed by the Company at least 7 days before the said date.

### **5. Notifying shareholders of the holding of a Meeting**

5.1. The notice on the holding of the Meeting (hereinafter the “Meeting Notice”) will be posted on the Company’s official websites [www.lukoil.ru](http://www.lukoil.ru) and [www.lukoil.com](http://www.lukoil.com). at least 30 days prior to the date when it is to be held, unless an earlier deadline is stipulated by law.

5.2. The Company also has the right to inform persons entitled to participate in the Meeting on the holding of the Meeting through other mass media (television, radio).



5.3. The Meeting Notice should indicate:  
the Company's full trade name and location;  
the type of the Meeting (annual or extraordinary), the form in which the Meeting will be held (meeting or absentee voting), and identification attributes of shares whose owners are entitled to participate in the Meeting;  
the date, venue (indicating the address at which the Meeting will be held) and time of the Meeting, the place and time of the start of registration of the persons participating in the Meeting (must be located at the address where the Meeting will be held), and in cases where completed ballots may be sent to the Company pursuant to the Federal Law *On Joint Stock Companies* and the Company Charter – the postal address to which the completed ballots may be sent, or in the event that the Meeting is held through absentee voting – the deadline for the receipt of ballots and the postal address to which the completed ballots should be sent, and also the website's URL on the information and telecommunications network Internet that enables electronic completion of the voting ballots, if the Meeting procedure enables electronic completion of voting ballots, as stipulated by the Board of Directors of the Company;  
the date when persons entitled to participate in the Meeting will be determined (formalized);  
the agenda of the Meeting;  
the procedure for reviewing the information (materials) to be provided when preparing for the Meeting, and the address (addresses) at which it (they) will be available for review;  
the procedure for notifying shareholders of the decisions taken and the voting results;  
a warning that shareholders must have an identification document, and their representatives must have a power of attorney drafted in accordance with the requirements of effective legislation.

5.4. Information (materials) which is (are) to be provided to persons entitled to participate in the Meeting when preparing for the Meeting must be made available to the above persons within 20 days, and if the agenda of the Meeting contains an item on the reorganization of the Company – within 30 days before the date of the Meeting in the procedure established in points 5.6 and 5.7 of these Regulations.

5.5. In the event of absentee voting, shareholders will be notified through the delivery thereto of the following documents:

- the text of the Meeting Notice;
- voting ballots;
- materials on the agenda items;
- the information needed by the shareholder to take a decision.

5.6. The information (materials) to be provided to persons entitled to participate in the Meeting will not be sent to shareholders during preparations for the Meeting, except in those cases when the Meeting is to be held through absentee voting. Shareholders are entitled to read this information at the premises of the Company's single-person executive body, as well as at other places, the addresses of which are indicated in the Meeting Notice.

Shareholders will be given the opportunity to read the information (materials) to be provided during preparations for the holding of the Meeting at the Company's website on the information and telecommunications network Internet.

At the request of a person entitled to participate in the Meeting, the Company must provide this person with copies of the indicated documents within seven business days after the receipt of a respective request by the Company (from the onset of the period during which the information (materials) to be provided to persons entitled to participate in the Meeting should be made available to these persons, if a respective request was received by the Company before this period started). The fee charged by the Company for the provision of copies of documents (copies of materials) containing information to be provided during preparations for the holding of the Meeting to persons entitled to participate in the Meeting cannot exceed the costs on their preparation.

5.7. The materials (information) to be provided for information purposes to persons entitled to participate in the Meeting when preparing for the Meeting include(s):

the Company's annual report and the report of the Audit Commission of the Company on the results of reviewing the annual report;

the annual financial statements, Auditors' report and opinion of the Company's Audit Commission on the results of the audit of such financial statements;

information on candidates for election to the Company's Board of Directors, Audit Commission and the post of the single-person executive body;

information on the written consent (or lack thereof) of the nominated candidates for election to the relevant Company body;

draft amendments and addenda to the Company Charter, or a draft new version of the Company Charter;

draft in-house documents of the Company or amendments and addenda thereto to be approved during the Meeting;

draft decisions of the Meeting;

recommendations of the Company's Board of Directors on the distribution of profits (including on the payment (declaration) of dividends on the Company's shares) based on the results of the reporting year;

other information (materials) stipulated by effective legislation, in-house documents of the Company and decisions of the Company's Board of Directors.

The indicated information and materials will also be available to persons participating in the Meeting at the time when the Meeting is held.

5.8. If a person registered in the Company's shareholder register is a nominee holder of shares, the Meeting Notice and information (materials) to be provided to persons entitled to participate in the Meeting during preparations for the Meeting shall be provided in accordance with the rules set out in the securities laws of the Russian Federation for the provision of information and materials to persons who exercise their rights under securities.

## **6. Methods of participation of shareholders and their representatives in a Meeting. Procedure for drafting powers of attorney/voting proxies**

6.1. Persons included on the list of persons entitled to participate in the Meeting, persons to whom rights to the shares of the indicated persons have been transferred through inheritance or reorganization, or their representatives acting based on the authorities granted based on the provisions of federal laws or acts of the duly authorized state and local government bodies or a written power of attorney may participate (through attendance and/or voting) in a Meeting held in any form.

6.2. Shareholders that own shares and that are included on the list of shareholders entitled to participate in the Meeting, their authorized representatives, the Company Auditor, members of the Board of Directors, the Management Committee and the Audit Commission of the Company, the Company President and the Registrar, as well as the candidates included on the ballots for election to the governing and supervisory bodies of the Company have the right to attend the Meeting held in mixed form.

The Company's Board of Directors will send invitations to attend the Meeting to the Company President, members of the Board of Directors, the Management Committee and the Audit Commission of the Company, as well as the Company Auditor. The Company's Board of Directors will also send invitations to candidates in those cases when the Meeting will consider the election of the Company President, members of the Board of Directors, members of the Audit Commission of the Company, and the approval of the Company Auditor.

6.3. A shareholder's right to participate in the Meeting may be exercised by the shareholder in person or through a representative.

6.4. Rights (authorities) will be transferred to the representative of a shareholder through the issue of a written authorization – a power of attorney.

6.5. A shareholder may issue a power of attorney on all or part of the shares owned thereby.

6.6. A power of attorney may be issued on all or part of the rights conferred by the shares.

6.7. The voting proxy must contain information on the principal and the representative (for individuals – name, identification document details (series and/or number of the document, date and place of issue, issuing authority); for legal entities – name, information on location).

6.8. The voting proxy must be certified by the organization in which the principal works or studies or the administration of the medical facility to which he or she has been admitted for treatment, or must be notarized.

6.9. A power of attorney on behalf of a legal entity should be signed by the director of the legal entity or another person authorized to do so in accordance with the law and the foundation documents.

6.10. The representative of a shareholder may also act at a Meeting in accordance with the authorities established by the provisions of federal laws or acts of the duly authorized state or local government bodies.

6.11. A shareholder will have the right to replace its authorized representative at any time or to exercise the rights conferred by the shares in person, having terminated the effect of the power of attorney according to the procedure established by law, with account taken of the ramifications of the termination of the effect of the power of attorney established by law.

6.12. If Company shares are in common ownership of several persons, the authority to vote at the Meeting will be exercised at their discretion by one of the participants in common ownership or by their joint representative. The authorities of each of the aforementioned persons should be duly registered.

6.13. A fractional share will provide the shareholder that owns it the rights conferred by the share in the scope proportionate to that part of the whole share which it comprises.

6.14. If shares are transferred after the date when persons entitled to participate in the Meeting are determined (formalized) but prior to the holding of the Meeting (hereinafter the “transferred shares”), the person entitled to participate in the Meeting will be required to issue a voting proxy to the buyer or vote at the Meeting according to the instructions of the buyer of shares, if this is stipulated by share transfer agreement.

6.15. If the transferred shares are acquired by two or more buyers, the person entitled to participate in the Meeting will be required, if specified by the share transfer agreement(s), to vote at the Meeting according to the instructions of each corresponding buyer of the shares or to issue each such buyer a voting proxy, indicating therein the number of shares on which voting rights are conferred.

## **7. Working bodies of a Meeting**

7.1. The working bodies of the Meeting are the Presidium and the Secretariat.

7.2. The Presidium is formed at a Meeting held in mixed form.

7.3. The Presidium of a Meeting convened by decision of the Board of Directors on its own initiative, at the request of the Audit Commission of the Company, the Company Auditor, as well as a shareholder (shareholders) owning at least 10 per cent of the Company’s voting shares as at the date of the Request will consist of the members of the Company’s Board of Directors. In all other cases the members of the Presidium of an extraordinary Meeting will be determined by the person (body) that is responsible, in accordance with effective legislation, for convening and holding an extraordinary Meeting.

7.4. The Secretariat of the Meeting will ensure organizational and informational support, and keep minutes during the preparation for, and holding of, the Meeting; inter alia it will:

determine the list of the documents necessary for informational support of shareholders at the Meeting on agenda items for subsequent approval at a meeting of the Board of Directors;

organize the notification of shareholders on the convening of the Meeting, its agenda, date, venue and time, and the start of registration by the deadlines and pursuant to the procedure established by the Company Charter and the Federal Law *On Joint Stock Companies*;

on the basis of information of the Counting Commission, prepare a statement for the Meeting on the quorum (authority) of the Meeting;

ensure that a stenographic record of the Meeting is kept, edit the decisions taken by the Meeting, and prepare the minutes of the Meeting and the report on voting results.

7.5. The Secretariat shall be led by the head of the Secretariat who is also the Secretary of the Meeting. The head of the Secretariat manages the work of the Secretariat and signs minutes of the Meeting and the reports on voting results.

7.6. Members of the Secretariat, including the head of the Secretariat and his/her deputy, will be approved by decision of the Management Committee of the Company.

## **8. Counting Commission**

8.1. The functions of the Counting Commission are entrusted to the professional participant in the securities market that keeps the register of holders of the Company's securities (the Registrar), approved by decision of the Company's Board of Directors.

By acting in the capacity of the Counting Commission, the Registrar acknowledges and confirms the fact of taking decisions by the Meeting and the composition of those present when these decisions were taken. The Registrar acting in the capacity of the Counting Commission is not required to take other measures to confirm the fact of taking decisions by the Meeting and the composition of those present when these decisions were taken.

8.2. The Registrar may authorize one or several of its employees to act in the capacity of the Counting Commission on his/her behalf.

8.3. The Counting Commission will check the authority and register persons participating in the Meeting, determine a quorum for the Meeting, clarify issues arising in connection with the exercise by shareholders (representatives thereof) of voting rights at the Meeting and the procedure for voting on items put to a vote, support the established voting procedure and shareholders' right to participate in voting, count the votes and prepare voting results, prepare a protocol on voting results, and transfer voting ballots to the Company's archive for storage.

## **9. Holding of a Meeting**

9.1. In case the Meeting is held in mixed form, the Counting Commission will register shareholders or representatives thereof pursuant to the list of persons entitled to participate in the Meeting, at the times and the address of holding the Meeting indicated in the Meeting Notice. If the Meeting procedure enables completion of the voting ballots electronically through a website on the information and telecommunications network Internet, registration of persons attending the Meeting in the foregoing manner shall take place on the website on the information and telecommunications network Internet at which voting ballots are completed electronically.

Persons entitled to participate in the Meeting must register to participate in the Meeting, with the exception of the persons whose ballots (declarations of intent) were received or electronically completed through the website on the information and telecommunications network Internet, as indicated in the Meeting Notice, at least two days prior to the date when the Meeting is held, if voting on the agenda items of the Meeting can be performed by sending the completed ballots to the Company.

Persons entitled to participate in the Meeting to be held in mixed form, whose ballots (declarations on intent) were received or electronically completed through the website on the information and telecommunications network Internet, as indicated in the Meeting Notice, at least two days prior to the date when the Meeting is held, have the right to attend the Meeting.

Documents certifying the authority of successors and representatives of the persons included on the list of persons entitled to participate in the Meeting (copies thereof certified in the manner established by the laws of the Russian Federation) will be attached to the ballots sent by these persons

or transferred to the Registrar acting in the capacity of the Counting Commission when these persons register to participate in the Meeting.

The Counting Commission will register persons entitled to participate in the Meeting provided that the persons that come to participate in the Meeting are identified through matching the data contained in the list of persons entitled to participate in the Meeting with the data of the documents presented (submitted) by the indicated persons.

9.2. A person that has opened a securities account for depository programs exercises his/her/its right to participate in the Meeting in respect of shares rights to which are certified by depository securities given that the owners of such securities and other persons exercising their rights under such securities gave specific instructions on how to vote at the Meeting and the Company (Registrar) was provided with the information on such persons, with an indication of the number of shares rights to which are certified by depository securities owned by each of them.

If various items are included on the agenda of the Meeting and the number of shares in respect of which a person that has opened a securities account for depository programs received specific instructions on how to vote at the Meeting from owners of depository securities or other persons exercising their rights under such securities disagrees (is not the same), in addition to the information on the owners of depository securities and other persons exercising their rights under depository securities the Company (Registrar) should be provided with the information on the number of shares in respect of which the person that has opened a securities account for depository programs has received specific instructions on how to vote on each such item included on the agenda of the Meeting.

9.3. The Meeting is considered competent (quorate) if shareholders (representatives thereof) that hold in aggregate more than half the votes conferred by outstanding voting shares of the Company participate in the Meeting.

Shareholders who have registered to participate in the Meeting and shareholders whose ballots have been received no later than two days before the holding of the Meeting are deemed to have participated in it. For a Meeting in the form of absentee voting, shareholders whose ballots have been received by the deadline for the receipt of ballots are deemed to have participated in the Meeting.

Shareholders who, in accordance with the rules set out in the securities laws of the Russian Federation, gave voting instructions (directives) to persons keeping record of their rights to shares, shall also be considered to have participated in the Meeting, if declarations of their intent have been received no later than two days before the date of holding the Meeting or the deadline for the receipt of ballots in case the Meeting will be held through absentee voting.

If the Meeting procedure, as resolved by the Company's Board of Directors, enables persons entitled to participate in the Meeting to complete voting ballots electronically, shareholders shall be deemed to have participated in the Shareholder Meeting, as long as they are registered on the website on the information and telecommunications network Internet, as specified in the Meeting Notice, and completed their voting ballots electronically via the website on the information and telecommunications network Internet, as indicated in the Meeting Notice, at least two days prior to the Meeting, or if such Meeting is held through absentee voting – completed their voting ballots electronically through the website on the information and telecommunications network Internet, as specified in the Meeting Notice, prior to the final date of acceptance of voting ballots.

9.4. Votes on ballots that lack the signature of the person (representative thereof) entitled to participate in the Meeting will not be counted when determining a quorum for the Meeting held through absentee voting, and also when determining a quorum for the Meeting held in mixed form, if the vote on such a ballot was cast by sending this ballot to the Company, which received this ballot no later than two days before the holding of the Meeting. This rule will not apply if voting on the items included on the agenda of the Meeting is held by sending two or more ballots to the Company and at least one of such ballots received by the Company in a timely manner is signed by the person (representative thereof) entitled to participate in the Meeting.

9.5. Quorum for the Meeting (for items on the agenda of the Meeting) is determined proceeding from the number of outstanding voting shares of the Company as at the date of determining (formalizing) persons entitled to participate in the Meeting, with the exception of:

shares, title to which has passed to the Company;  
shares that constitute more than 30, 50 or 75 percent of the total number of outstanding ordinary shares of the Company, if such shares are owned by a person that in accordance with the requirements of the Federal Law *On Joint Stock Companies* is obligated to make a mandatory offer but has not sent a mandatory offer to the Company, and also its affiliates;

shares canceled after the date on which persons entitled to participate in the Meeting are determined (formalized) but before the date when the Meeting is held;

shares owned by the members of the Board of Directors of the Company or persons holding positions in the governing bodies of the Company, when a quorum is determined for the election of the members of the Audit Commission of the Company;

shares not taken into account when determining a quorum in other cases stipulated by federal laws and regulatory acts of the Bank of Russia.

When determining a quorum and counting votes, the parts of the votes granted by fractional shares are summed up without rounding.

Quorum for the Meeting (for items on the agenda of the Meeting) is determined with due account for events (actions) that occurred (were taken) after the date when persons entitled to participate in the Meeting are determined (formalized) but before the date when the Meeting is held.

9.6. When determining a quorum for the Meeting in which a person that has opened a securities account for depository programs participates and votes on shares rights to which are certified by depository securities, only that number of shares is taken into account in respect of which the said person has received specific instructions on how to vote at the Meeting on behalf of owners of depository securities and other persons exercising their rights under depository securities.

9.7. A Meeting held in mixed form is opened if by the time it is to be held there is a quorum on at least one of the agenda items of the Meeting. Registration of persons entitled to participate in the Meeting that have not registered to participate in the Meeting before its opening will end after the discussion of the last item on the agenda of the Meeting (last item on the agenda of the Meeting for which there is a quorum) is completed but before the start of the time allocated for voting by persons that have not voted before this time.

If by the time the Meeting is to start a quorum is not available for any of the agenda items of the Meeting, the opening of the Meeting is deferred for 2 (two) hours.

The opening of the Meeting may not be deferred more than once.

In the absence of quorum, an adjourned Shareholders Meeting with the same agenda is held.

An adjourned Shareholders Meeting convened to replace a failed meeting is considered competent (quorate) if shareholders (representatives thereof) that hold in aggregate at least 30 per cent of the votes conferred by outstanding voting shares of the Company participate in the adjourned Meeting.

9.8. Persons that have registered to participate in the Meeting held in mixed form are entitled to vote on all items on the agenda from the time of opening the Meeting and until the time when votes on the items of the agenda of the Meeting begin to be counted. This rule does not apply to voting on the procedure for holding the Meeting.

Before discussing an item on the election of members of the Company's Board of Directors, persons present at the Meeting should be informed of the number of votes given for each of the candidates being elected to the Board of Directors through cumulative voting under ballots that were received or electronically completed on the Internet website no later than two days prior to the date of holding the Meeting.

After completion of the discussion on the last item on the agenda of the Meeting (last item on the agenda of the Meeting for which there is a quorum) but before the closure of the Meeting (start of vote counting), persons that have not voted before this moment are given time to vote.

9.9. A Meeting which at the time of opening has a quorum only for certain agenda items may not be closed if at the time registration is completed persons have registered whose registration ensures a quorum for taking decisions on other items on the agenda of the Meeting.

9.10. After completion of the discussion of the last agenda item of the Meeting for which there is a quorum and before the start of the time allocated for voting by persons that have not voted by this moment, the persons present at the Meeting should be informed of the number of votes that belong to the persons registered and/or participating in the Meeting at this moment.

9.11. Votes under ballots received by the Company and signed by a representative acting on the basis of a voting proxy will not be taken into account when determining a quorum and also when counting voting results of the Meeting if the Company or the Registrar receives a notification on the replacement (recall) of this representative no later than two days before the date of the Meeting or the deadline for the receipt of ballots in case the Meeting will be held through absentee voting.

9.12. Persons entitled to participate in the Meeting (including a new representative acting on the basis of a voting proxy) are to register to participate in the Meeting and should be given ballots in the event that a notification on the replacement (recall) of the representative is received by the Company or the Registrar acting in the capacity of the Counting Commission before the registration of the representative whose authorities are being canceled.

A representative acting on the basis of the irrevocable voting proxy may be replaced (recalled) in cases and in the procedure in which the irrevocable voting proxy may be revoked in accordance with the laws of the Russian Federation.

9.13. If voting at the Meeting may be performed by sending completed ballots to the Company (for mixed meetings) at the request of persons included on the list of persons entitled to participate in such Meeting, they are issued ballots with a notification of their repeat issue.

Any person entitled to participate in the Meeting (representative thereof) shall have the right to call for authorization by the Counting Commission of the copy of the ballot completed by him/her before the closing of the Meeting.

9.14. Invalidation of a ballot as regards voting on one, several, or all items voted on using the given ballot, does not constitute grounds to exclude votes under this ballot when determining the existence of a quorum.

9.15. By agreement with the Presidium of the Meeting, the Meeting may be attended by representatives of state and public organizations and also the press.

9.16. The Meeting will be presided over by the Chairman of the Board of Directors or Vice Chairman. Should they be absent, the Chairman of the Meeting will be appointed by the members of the Presidium from among their number. The Chairman of the Meeting will open and run the Meeting.

9.17. The working language of the Meeting is Russian.

9.18. The Meetings are held on business days, with breaks after every three hours of work.

9.19. The Chairman of the Meeting ensures that the rules of order established hereby are followed; reads out the Meeting agenda; establishes the order of appearance of presenters and speeches/supporting presentations on the agenda; provides the floor to Meeting participants; has the right to interrupt a speaker at the Meeting and deprive him/her of the floor if the speaker violates the Meeting's rules of order or speaks on matters outside of the agenda.

9.20. Each agenda item is considered as follows:

provision of the floor to the speaker;

answers to questions;

discussion;

voting and counting of votes.

Voting results and decisions taken on the items under consideration are announced at the end of the Meeting.

9.21. The time set aside for speeches, supporting presentations and closing remarks is established by the Chairman of the Meeting upon agreement with the speakers, but may not exceed 40 minutes for a speech and 20 minutes for a supporting presentation.

9.22. Up to three minutes are given for declarations, questions, proposals, announcements and reference information. Repeat speeches on the same topic will not be allowed.

Members of the Board of Directors, President, and members of the Company's Management Committee shall take precedence of others, when speaking on any item on the agenda or commenting on what was said by other attendees.

Where necessary, provided there are no objections from the members of the Presidium, the Chairman of the Meeting may extend the time for speeches.

9.23. A shareholder (representative thereof) shall have the right to request that he/she be given the floor only on the items of the agenda, indicating the expected subject that he/she will speak on. A request to be given the floor to speak on an agenda item and answer questions from shareholders (representatives thereof) shall at all times be submitted in writing to the Presidium of the Meeting, indicating a family name, first name and patronymic (name) of the shareholder (representative thereof), (postal and/or email) address, and carry the signature of such shareholder (representative thereof).

A shareholder or representative thereof shall have the right to begin to speak at the Meeting only on an item of the agenda and only after being given the floor by the Chairman of the Meeting.

Answers to questions that have been received may be given during the Meeting or provided in writing to the shareholders (representatives thereof) within two weeks after the Meeting is closed.

## **10. Voting procedure**

10.1. Voting at the Meeting on agenda items of the Meeting shall only proceed using ballots.

Voting on all items, including procedural items, proceeds on the 'one voting share equals one vote' principle, except for cases of cumulative voting in elections of members of the Board of Directors of the Company.

10.2. The Company will send to each person indicated in the list of persons entitled to participate in the Meeting ballots on all agenda items of the Meeting via mail, e-mail or by personal delivery to the shareholder against signature no later than 20 days before the date of the Meeting, and if the agenda of the Meeting contains an item on the reorganization of the Company – no later than 30 days before the said date. If the Meeting procedure, as resolved by the Company's Board of Directors, allows for electronic completion of voting ballots through a website on the information and telecommunications network Internet, the Company shall, within the times set forth herein, make available such electronic voting ballots on the website on the information and telecommunications network Internet, the URL of which appears in the Meeting Notice. When completing the electronic voting ballots through the website on the information and telecommunications network Internet, the system shall record the date and time of such completion.

Where the number of persons entitled to participate in the Meeting exceeds 500,000, ballot forms will be published in the newspaper "Rossiyskaya Gazeta".

10.3. The ballot should indicate:

the full trade name of the Company and its location and address;

the form for holding the Meeting (meeting or absentee voting);

the date, venue, and time of the Meeting and the mailing address to which completed ballots may be sent, or in the event the Meeting is to be held through absentee voting – the deadline for the receipt of ballots and the mailing address to which completed ballots should be sent;

the wording of the decisions on each item (name of each candidate) that will be voted on using the ballot;

the options for voting on each agenda item, expressed as "for", "against", or "abstain", and opposite each option a field for indicating the number of votes cast for each voting option;

a field for the signature of the shareholder (representative thereof) and a reminder that the ballot should be signed by the shareholder (representative thereof);

the number of votes owned by the person entitled to participate in the Meeting. At the same time, if such a ballot is used to vote on two or more agenda items of the Meeting and the number of votes that the person entitled to participate in the Meeting may cast on various items on the agenda



of the Meeting does not agree, then this ballot should indicate the number of votes that may be cast by the person entitled to participate in the Meeting for each agenda item of the Meeting.

10.4. The ballot should contain the following explanations:

if voting is held in accordance with the instructions of the persons that acquired shares after the date when persons entitled to participate in the Meeting were determined (formalized) or pursuant to the instructions of owners of depository securities and other persons exercising their rights under depository securities, the voter is entitled to choose (select) more than one voting option; in other cases the voter is entitled to choose (select) only one voting option;

if more than one voting option is chosen (selected) on a ballot, the voter must also indicate the number of votes given for a corresponding voting option in the fields for indicating the number of votes given for each option, and a note should be made indicating that voting is being performed pursuant to the instructions of the persons that acquired shares after the date when persons entitled to participate in the Meeting were determined (formalized), or pursuant to the instructions of owners of depository securities and other persons exercising their rights under such securities;

if voting is held based on a proxy issued in respect of shares transferred after the date when persons entitled to participate in the Meeting were determined (formalized) but before the date of holding the Meeting (hereinafter the “transferred shares”), the voter should indicate the number of votes given for the chosen (selected) voting option in the field opposite the chosen (selected) voting option, and make a note indicating that voting is being performed on the basis of a voting proxy issued in respect of the transferred shares;

if not all shares were transferred after the date when persons entitled to participate in the Meeting were determined (formalized), the voter should indicate the number of votes given for a chosen (selected) voting option in the field opposite the chosen (selected) voting option and make a note indicating that part of the shares was transferred after the date when persons entitled to participate in the Meeting were determined (formalized). If instructions of the buyers are received in relation to the transferred shares and these instructions correspond to the chosen (selected) voting option, then these votes are summed up.

10.5. The ballot used for cumulative voting on the election of members of the Board of Directors of the Company, in addition to explaining the substance of cumulative voting, should contain explanations that the fraction of a vote received as a result of multiplying the number of votes owned by the shareholder owning a fractional share by the number of persons who will be elected to the Board of Directors of the Company may be cast only for a single candidate.

In the ballot used for cumulative voting, the voting options “for”, “against”, or “abstain” are indicated once in respect of all candidates included on the list of candidates for election to the Board of Directors of the Company, and opposite each candidate on this list there should be a field for indicating the number of votes cast for this candidate.

The number of candidates among which votes are allocated in cumulative voting may exceed the number of persons who are to be elected to the Board of Directors of the Company.

10.6. A person that has opened a securities account for depository programs must vote on shares rights to which are certified by depository securities strictly in accordance with the instructions received from owners of depository securities and other persons exercising their rights under such securities.

10.7. Members of the Board of Directors and persons holding positions in other governing bodies of the Company may not take part in voting to elect members of the Audit Commission.

## **11. Counting of votes**

11.1. The results of voting on issues put to a vote are counted by the Counting Commission.

11.2. Votes are counted using the number of votes for each item on which the shareholder has chosen only one of the possible voting options.

11.3. If the number of votes given by a person that has opened a securities account for depository programs does not agree with the number of shares information on which was supplied to

the Company (Registrar) pursuant to these Regulations, the said votes are not taken into account when tallying the voting results of the Meeting.

11.4. If when counting votes two or more completed ballots of the same person are discovered by the Counting Commission, in which different voting options are chosen (selected) for one and the same item on the agenda of the Meeting, then all such ballots will be declared invalid by the Counting Commission as regards voting on this item.

This rule does not apply to ballots signed by the person that issued the voting proxy in respect of the transferred shares and/or the person acting on the basis of such voting proxy, in which the fields for indicating the number of votes cast for each voting option indicate the number of votes cast for one of voting options and which ballots contain the notes stipulated by point 10.4 of these Regulations.

11.5. When tallying votes in the election of the Audit Commission of the Company, votes on shares owned by the members of the Board of Directors and persons holding positions in other governing bodies of the Company are not counted.

If a ballot for the election of members of the Audit Commission of the Company shows (states) a vote of “for” for a larger number of candidates than the number of persons to be elected to the Commission, the ballot is declared invalid as regards voting on this item.

This rule does not apply when ballots signed by a person voting on the transferred shares in accordance with the instructions received from buyers of such shares and/or a person voting on shares rights to which are certified by depositary securities contain the notes stipulated by point 10.4 of these Regulations.

If the ballot for the election of members of the Audit Commission of the Company shows (states) more than one voting option in respect of one or several candidates, then such ballot is declared invalid only as regards voting for the candidate (candidates), in respect of which more than one voting option was chosen (selected).

11.6. If, simultaneous with the item on the election of members of the Audit Commission of the Company, the agenda of the Meeting includes items on the election of members of the Board of Directors of the Company and/or the single-person executive body of the Company, then when tallying votes for the election of members of the Audit Commission of the Company, votes on shares owned by candidates who were elected to the Board of Directors of the Company or to the position of the single-person executive body of the Company are not taken into account. At the same time, votes on shares owned by members of the Board of Directors and the single-person executive body of the Company whose powers have been canceled are taken into account when determining a quorum and counting votes for the election of members of the Audit Commission of the Company.

11.7. If the agenda of an extraordinary Meeting includes items on the early termination of the powers of members of the Board of Directors of the Company and on the election of a new Board of Directors of the Company, votes for the election of a new Board of Directors of the Company are not tallied if the decision on the early termination of the powers of previously elected members of the Board of Directors of the Company was not passed.

This rule also applies when the agenda of the Meeting includes items on the early termination of the powers of the Company President and on the appointment of a new Company President, or items on the early termination of the powers of members of the Audit Commission of the Company and on the election of a new Audit Commission of the Company. 11.8. Votes on ballots that lack the signature of a person (representative thereof) entitled to participate in the Meeting are not taken into account when tallying votes at the Meeting.

11.9. The results of voting and the decisions taken by the Meeting may be announced at the Meeting during which the voting was held, except for Meetings held through absentee voting, and shall also be communicated to the persons included on the list of persons entitled to participate in the Meeting in the form of a report on voting results, pursuant to the procedure stipulated for the Meeting Notice, no later than four business days after the date of closure of the Meeting, or the deadline for the receipt of ballots, if the Meeting is held through absentee voting.

If on the date of determining (formalizing) persons entitled to participate in the Meeting a shareholder registered in the Company's shareholder register was a nominee holder, information contained in the report on voting results will be provided thereto in accordance with the rules set out in the securities laws of the Russian Federation for the provision of information and materials to persons who exercise their rights under securities.

11.10. Based on the results of the holding of, and voting at, the Meeting, the minutes of the Meeting and the protocol of voting results of the Meeting are prepared, and also a report on voting results.

11.11. The protocol of voting results is prepared by the Counting Commission no later than three business days after the closure of the Meeting or the deadline for the receipt of ballots, when the Shareholders Meeting is held through absentee voting. The protocol of voting results of the Meeting is signed by the persons authorized by the Registrar.

11.12. The report on voting results of the Meeting is signed by the Chairman of the Meeting and the Secretary of the Meeting.

## **12. Minutes of the Meeting**

12.1. The minutes of the Meeting are drafted in two copies, no later than three business days after the closure of the Meeting. Both copies must be signed by the Chairman of the Meeting and the Secretary of the Meeting.

12.2. The minutes of the Meeting must indicate:

the full trade name of the Company and its location and address;

the type of Meeting (annual, extraordinary, adjourned annual, adjourned extraordinary);

the form for holding the Meeting (meeting or absentee voting);

the date when persons entitled to participate in the Meeting were determined (formalized);

the date the Meeting was held;

the venue of the Meeting, if held in mixed form (address at which the Meeting was held);

the agenda of the Meeting;

the time of the opening and closing of registration of persons entitled to participate in the Meeting held in mixed form;

the time of the opening and closing of the Meeting held in mixed form, and if the decisions taken by the Meeting and the voting results thereon were announced at the Meeting, also the time when votes began to be counted;

the mailing address (addresses) to which completed ballots were (could be) sent when the Meeting is held through absentee voting, and also when the Meeting is held in mixed form, if voting on items included on the agenda of the Meeting could be performed by sending completed ballots to the Company, and if the Meeting procedure allowed for electronic completion of voting ballots through the website on the information and telecommunications network Internet – also such website's URL;

the number of votes owned by the persons included on the list of persons entitled to participate in the Meeting for each agenda item of the Meeting;

the number of votes attributable to the voting shares of the Company on each agenda item of the Meeting, as determined with due account for the provisions of point 9.5 of these Regulations;

the number of votes owned by the persons that took part in the Meeting for each agenda item of the Meeting, with an indication of whether there was a quorum for each item;

the number of votes cast for each of the voting options ("for", "against", and "abstained") for each agenda item of the Meeting for which there was a quorum;

the wording of the decisions taken by the Meeting, for each agenda item of the Meeting;

key points of the speeches and the names of the speakers for each agenda item of the Meeting held in mixed form;

the Chairman (Presidium) and the Secretary of the Meeting;

the person who confirmed the fact of taking decisions by the Meeting and the composition of those present when these decisions were taken;

the date the minutes of the Meeting were drafted.

12.3. If the agenda of the Meeting includes an item on the consent or subsequent approval by the Company of an interested-party transaction, the minutes of the Meeting, the protocol of the Counting Commission on voting results of the Meeting, and the report on voting results of the Meeting must indicate:

the number of votes owned by persons who did not have any interest in the Company's performance of this transaction but who took part in the Meeting;

the number of votes cast for this item, by each of the voting options ("for", "against", and "abstained").

12.4. The following must be attached to the minutes of the Meeting:

the protocol on the results of voting at the Meeting;

documents adopted or approved by decisions of the Meeting.

12.5. One copy of the minutes of the Meeting, including one copy of the protocol on voting results of the Meeting and one copy of the report on voting results, is held for storage in the Company's archive, with one copy of each held with the Corporate Secretary of the Company.

12.6. At the request of shareholders or authorized representatives thereof, the minutes of the Meeting shall be provided for review in the manner established by the Regulations on Providing Information to Shareholders of Public Joint Stock Company "Oil Company "LUKOIL".

12.7. If necessary, a copy of the minutes of the Meeting/protocol on the results of voting at the Meeting and/or an excerpt from the minutes of the Meeting/protocol on the results of voting at the Meeting will be issued and signed by the Corporate Secretary of the Company (in his/her absence – by the Deputy Chief of Staff of PJSC "LUKOIL") and certified by the round seal of the Company, intended for use in the operations of the Board of Directors of the Company. The excerpt from the minutes of the Meeting or the protocol on the results of voting at the Meeting may be signed by the Chairman of the Meeting and/or the Secretary of the Meeting, and the Company President. The excerpt shall indicate:

the date and number of the minutes;

the agenda item for which the excerpt was requested;

the fact of a quorum on the given agenda item and the results of voting thereon;

the decisions taken on the given agenda item.

The excerpt may also include other requested information contained in the minutes of the Meeting/protocol on the results of voting at the Meeting.

### **13. Approval and amendment of these Regulations**

13.1. These Regulations and all amendments and addenda thereto must be approved by the General Shareholders Meeting of the Company by a majority vote of the shareholders participating in the Meeting.

13.2. Proposals on amendments and addenda to these Regulations must be made pursuant to the procedure stipulated by the Company Charter for making proposals to the agenda of an annual or extraordinary General Shareholders Meeting.

13.3. If as a result of a change in the legislation of the Russian Federation or the Company Charter certain points of these Regulations come into conflict therewith, these points will become inoperative, and until such time as amendments are made to these Regulations the said issues must be governed by the laws of the Russian Federation or the Charter of the Company.

**MINUTES No. 1**  
**of the Annual General Meeting of Shareholders**  
**of Public Joint Stock Company “Oil company “LUKOIL”**

**Full trade name of the company:** *Public Joint Stock Company “Oil company “LUKOIL”*

**Location of the company:** *Moscow*

**Address of the company:** *Sretensky bulvar 11, Moscow 101000 Russian Federation*

**Type of the General Meeting:** *annual*

**Form of the General Meeting:** *a meeting (joint attendance of shareholders to discuss agenda items and take decisions on issues put to a vote) with preliminary distribution (dispatch) of ballots before the conduct of the Meeting*

**The date of determining (formalizing) the persons entitled to participate in the General Meeting:** *28 May 2018*

**Date of the General Meeting:** *21 June 2018*

**Place of the General Meeting:** *PJSC “LUKOIL”, Sretensky bulvar 11, Moscow, Vega Conference Hall (entrance from Kostyansky pereulok)*

**Opening of the General Meeting:** *11:00 a.m.*

**Closing of the General Meeting:** *01:45 p.m.*

**Start of registration of persons entitled to participate in the General Meeting:** *9:30 a.m.*

**End of registration of persons entitled to participate in the General Meeting:** *01:04 p.m.*

**Start of counting votes:** *01:12 p.m.*

**Postal address to which completed ballots had been sent:** *OOO «Registrator «Garant», Krasnopresnenskaya Naberezhnaya 6, Moscow, 123100, Russian Federation*

**Date of preparation of the Minutes:** *25 June 2018*

***Item 4 on the agenda. On the remuneration and reimbursement of expenses to members of the Board of Directors of PJSC “LUKOIL”.***

**Voting results on Item 4 (point 2) on the agenda:**

1. The number of votes belonging to the persons included in the list of persons entitled to participate in the General Meeting on this Item:	850,563,255
2. The number of votes for the Company's voting shares on this agenda item determined taking into account the provisions of point 4.20 of the <i>Regulations on additional requirements to the procedure of preparation, convocation and holding of General Shareholders Meetings</i> , approved by FSFM Order No.12-6/pz-n of 02.02.2012:	850,563,255
3. The number of votes belonging to the persons who took part in the General Meeting on this Item:	642,894,413 (75.5846%), the Item is quorate
The number of votes cast for each voting option:	
“For”	633,497,377 (98.5383%)
“Against”	888,206
“Abstain”	284,654

**Decision taken on Item 4 (point 2) on the agenda:**

*To establish the amounts of remuneration for the newly elected members of the Board of Directors of PJSC “LUKOIL” pursuant to Appendix No.2 hereto.*

Chairman of the Meeting  
Secretary of the Meeting

V.I. Grayfer  
N.A. Illarionov

**Appendix to decision on Item 4 (point 2) on the agenda of the Annual General Meeting of Shareholders of Public Joint Stock Company “Oil company “LUKOIL” of 21 June 2018 (Minutes No.1)**

To establish the following amounts of remuneration for the newly elected members of the Board of Directors of PJSC “LUKOIL”:

- for performance of the duties of a member of the Board of Directors – 6,750,000 roubles;
- for performance by a member of the Board of Directors of the functions of the Chairman of the Board of Directors – 5,200,000 roubles;
- for performance by a member of the Board of Directors of the functions of the Chairman of a committee of the Board of Directors – 1,050,000 roubles;
- for performance by a member of the Board of Directors of the functions of a member of a committee of the Board of Directors – 1,050,000 roubles;
- for attendance in person at a meeting of the Board of Directors or a committee of the Board of Directors which involves a transcontinental flight (a flight from one continent to another that lasts more than eight hours) – 350,000 roubles. If a member of the Board of Directors takes a transcontinental flight to attend the meetings of both a committee (committees) of the Board of Directors and of the Board of Directors itself, only a single amount of remuneration for the transcontinental flight will be paid;
- for each participation in conferences and other events on written instructions of the Chairman of the Board of Directors, in an amount of 150,000 roubles.

**MINUTES No. 1**  
**of the Annual General Meeting of Shareholders**  
**of Public Joint Stock Company “Oil company “LUKOIL”**

**Full trade name of the company:** *Public Joint Stock Company “Oil company “LUKOIL”*

**Location of the company:** Moscow

**Address of the company:** *Sretensky bulvar 11, Moscow 101000 Russian Federation*

**Type of the General Meeting:** *annual*

**Date of the General Meeting:** *23 June 2016*

**Date of preparation of the Minutes:** *27 June 2016*

**Item 6 of the agenda. On the remuneration of members of the Audit Commission of PJSC “LUKOIL”.**

Resolution on Item 6 on the agenda (Ballot No.6):

...

«2. To establish the following amount of remuneration for the newly elected members of the Audit Commission of PJSC “LUKOIL” - 3,500,000 roubles each.».

**Voting results on Item 6 (point 2) on the agenda:**

- |  |   |
|--|---|
| 1. The number of votes belonging to the persons included in the list of persons entitled to participate in the General Meeting on this Item:   | 850,563,255                                       |
| 2. The number of votes for the Company's voting shares on this agenda item determined taking into account the provisions of point 4.20 of the <i>Regulations on additional requirements to the procedure of preparation, convocation and holding of General Shareholders Meetings</i> , approved by FSFM Order No.12-6/pz-n of 02.02.2012: | 850,563,255                                       |
| 3. The number of votes belonging to the persons who took part in the General Meeting on this Item:   | 584,446,887<br>(68,7129%),<br>the Item is quorate |

The number of votes cast for each voting option:

- |           |                           |
|-----------|---------------------------|
| “For”     | 583,500,961<br>(99,8382%) |
| “Against” | 462,963                   |
| “Abstain” | 354,386                   |

**Decision taken on Item 6 (point 2) on the agenda:**

*To establish the following amount of remuneration for the newly elected members of the Audit Commission of PJSC "LUKOIL" - 3,500,000 roubles each.*

Chairman of the Meeting

V.I. Grayfer

Secretary of the Meeting

*N.A. Illarionov*



**MINUTES No.1**  
**of the Annual General Meeting of Shareholders**  
**of Open Joint Stock Company “Oil company “LUKOIL”**

**Full trade name of the company:** *Open Joint Stock Company “Oil company “LUKOIL”*

**Location of the company:** *Sretensky bulvar 11, Moscow*

**Type of the General Meeting:** *annual*

**Form of the General Meeting:** *a meeting (joint attendance of shareholders to discuss agenda items and take decisions on issues put to a vote) with preliminary distribution (dispatch) of ballots before the conduct of the Annual General Meeting of Shareholders*

**Date of the General Meeting:** *24 June 2004*

**Place of the General Meeting:** *OAO “LUKOIL”, Sretensky bulvar 11, Moscow*

**Opening of the General Meeting:** *11:00 a.m.*

**Closing of the General Meeting:** *01:50 p.m.*

**Start of registration of persons entitled to participate in the General Meeting:** *9:30 a.m.*

**End of registration of persons entitled to participate in the General Meeting (upon closing the discussion of the last item on the agenda):** *01:35 p.m.*

**Start of counting votes:** *01:40 p.m.*

**Postal address to which completed ballots had been sent:** *OAO Registrator NIKoil, 3-ya ulitsa Yamskogo Polya 28, Moscow 125124, Russian Federation*

**Date of preparation of the Minutes:** *8 July 2004*

***Item 5 on the agenda. On the remuneration and compensation of expenses to the members of the Board of Directors and the Audit Commission of OAO “LUKOIL”.***

**Resolution for voting on Item 5 on the agenda:**

...

*5.2. Establish the amounts of remuneration and the types of expenses for newly elected members of the Board of Directors and the Audit Commission for which members of the Board of Directors and Audit Commission shall be compensated in accordance with the Appendix hereto.*

...

**Decision taken on Item 5 on the agenda, point 5.2:**

*Establish the amounts of remuneration and the types of expenses for newly elected members of the Board of Directors and the Audit Commission for which members of the Board of Directors and Audit Commission shall be compensated in accordance with the Appendix hereto.*

*Chairman of the Meeting*

*V.I.Grayfer*

*Secretary of the Meeting*

*S.N.Malyukov*

I hereby certify that this is a true and accurate excerpt from Minutes No.1  
Corporate Secretary

*N.I. Podolskaya*

**Appendix to decision on Item 5 (point 5.2) on the agenda of the Annual General Meeting of Shareholders of Open Joint Stock Company "Oil company "LUKOIL" of 24 June 2004 (Minutes No.1)**

...

4. To establish the following types of expenses for which members of the Board of Directors and Audit Commission shall be compensated during the term of performance of their duties:
- expenses related to travel to the site of the meeting of the Board of Directors and from the site of the meeting to their point of destination, and related to their stay at the site of the meeting;
  - expenses related to travel to the site of the audit and/or meeting of the Audit Commission and from the site of the audit and/or meeting to their point of destination, and related to their stay at the site of the audit and/or meeting;
  - expenses related to participating in a meeting of the Board of Directors by telephone, using a teleconferencing system, dispatching a written opinion, and also related to absentee voting;
  - expenses related to the performance by members of the Board of Directors of their functions in the periods between meetings;
  - expenses related to engaging consultants and experts and obtaining the relevant opinions on issues of the activity of the Board of Directors in aggregate not exceeding the amount of funds planned for these purposes in the budget of the Company;
  - expenses of persons, accompanying a member of the Board of Directors during the performance thereby of the functions of a member of the Board of Directors (translator, consultant, administrative assistant), or representatives of the member of the Board of Directors on issues related to the activity of the Board of Directors, in the amount of actual documented expenses, not more than one person (support staff or representative) for each trip related to the activity of the member of the Board of Directors.

...

**OPINION  
OF THE AUDIT COMMISSION OF PJSC “LUKOIL”  
BASED ON THE AUDIT OF THE ANNUAL ACCOUNTING  
(FINANCIAL) STATEMENTS OF PJSC “LUKOIL” FOR 2018**

«16» May 2019

Moscow

**1. INTRODUCTION**

The Audit Commission of PJSC “LUKOIL” elected by decision of the Annual General Shareholders Meeting of PJSC “LUKOIL” of 21 June 2018 (Minutes No. 1) and comprised of:

The Chairman of the Audit Commission	Suloev Pavel Aleksandrovich
Members of the Audit Commission:	Surkov Aleksandr Viktorovich, Vrublevskiy Ivan Nikolaevich,

based on its authority and being guided by:

- Federal Law No. 208-FZ of 26 December 1995 “On Joint Stock Companies” (with amendments and addenda);
- the Regulation of the Central Bank of the Russian Federation No. 454-P of 30 December 2014 “On disclosing of information by issuers of issuable securities” (with amendments and addenda);
- the Charter of Public Joint Stock Company “Oil company “LUKOIL”;
- the Regulations on the Audit Commission of OAO “LUKOIL” approved by the Annual General Shareholders Meeting of OAO “LUKOIL” on 27 June 2002 (Minutes No. 1), with amendments thereto approved by the Annual General Shareholders Meetings of OAO “LUKOIL” on 26 June 2003 (Minutes No. 1) and 28 June 2006 (Minutes No. 1),

has reviewed the Annual accounting (financial) statements of PJSC “LUKOIL” for 2018 (hereinafter also the “Review”).

No requests for extraordinary reviews (audits) of the financial and business activity were received during the 2018 as provided for by the effective Russian legislation.

No failures to provide documentation on the financial and business activity of the Company to the Audit Commission of PJSC “LUKOIL” by members of the Company’s management bodies were identified during the Review.

The Audit Commission of PJSC “LUKOIL” conducted the Review in accordance with the Review Program (Minutes No. 3 of the Meeting of the Audit Commission of PJSC “LUKOIL” of 11 March 2019).

Results of the Review documented in the Act of Review of the annual accounting (financial) statements of PJSC “LUKOIL” for 2018 of the Audit Commission of PJSC “LUKOIL” dated 26 April 2019 and the present Opinion have been considered and unanimously approved by all members of the Audit Commission of PJSC “LUKOIL”.

The goals of the Review were as follows:

- to obtain sufficient objective evidence that the Company’s financial and business activity was carried out in accordance with the Company’s interests and the interests of its shareholders, management decisions were taken and implemented in accordance with Russian laws, key regulations and requirements for management and internal control at PJSC “LUKOIL”;
- to obtain sufficient objective evidence that the Company’s financial results reported in PJSC “LUKOIL” annual accounting (financial) statements prepared in accordance with the effective regulatory requirements fairly present to the users of the financial statements the Company’s financial position as at 31 December 2018 and its financial performance and cash flows for the year then ended.

Management of PJSC “LUKOIL” is responsible for carrying out the financial and business activity in the interests of the Company and in the interests of its shareholders, complying with the effective laws of the Russian Federation, as well as for providing fair data, reports and reporting.

The Audit Commission of PJSC “LUKOIL” is responsible for providing PJSC “LUKOIL” represented by the General Shareholders Meeting of PJSC “LUKOIL”, its supreme governance body, with an objective opinion regarding the fairness, in all material respects, of PJSC “LUKOIL” annual accounting (financial) statements for 2018, the integrity of assets, the amount of net profit and the observance by the Company of the applicable laws of the Russian Federation.

## II. REVIEW PROCEDURE AND ANALYTICAL WORK

The review had several stages, combining both current and follow-up control procedures.

At the final stage the Audit Commission of PJSC “LUKOIL”, through random sampling and testing of evidence supporting figures included in the Company’s annual financial statements for 2018 and analyzing information on the Company’s financial and business activity, based on the sufficient and objective analysis of the

information, data and documents provided for review, formed an opinion and appraised the fairness of the provided annual accounting (financial) statements of PJSC “LUKOIL” for 2018 prepared in accordance with the effective reporting rules of the Russian Federation.

### III. CONCLUSIONS

According to the opinion of the Audit Commission of PJSC “LUKOIL”, the Review of information, data and documents obtained is sufficient to provide a basis for making the conclusions.

1. The Audit Commission of PJSC “LUKOIL” has not identified any violations of the Company’s interests or interests of its shareholders or PJSC “LUKOIL” key regulations on management and internal control or the applicable Russian laws in the Company’s financial and business activity.

2. The Audit Commission of PJSC “LUKOIL” confirms that the annual accounting (financial) statements of PJSC “LUKOIL” for 2018 are fair, i.e. fairly present, in all material respects, assets and liabilities of the Company as at 31 December 2018, the Company’s financial performance and cash flows for 2018 based on the requirements of the effective accounting and reporting legislation of the Russian Federation and the Accounting Policy of PJSC “LUKOIL” for 2018.

As at 31 December 2018 the Company’s net assets amounted to RUB 995,563,401 thousand.

The net profit of PJSC “LUKOIL” for 2018 amounted to RUB 219,484,106 thousand.

Chairman of the Audit Commission:

P.A. Suloev

Members of the Audit Commission:

A.V. Surkov

I.N. Vrublevskiy

**OPINION  
OF THE AUDIT COMMISSION OF PJSC “LUKOIL”  
BASED ON THE AUDIT OF THE ANNUAL REPORT  
OF PJSC “LUKOIL” FOR 2018**

«16» May 2019

Moscow

**1. INTRODUCTION**

The Audit Commission of PJSC “LUKOIL” elected by decision of the Annual General Shareholders Meeting of PJSC “LUKOIL” of 21 June 2018 (Minutes No. 1) and comprised of:

The Chairman of the Audit Commission	Suloev Pavel Aleksandrovich
Members of the Audit Commission:	Surkov Aleksandr Viktorovich, Vrublevskiy Ivan Nikolaevich,

based on its authority and being guided by:

- Federal Law No. 208-FZ of 26 December 1995 “On Joint Stock Companies” (with amendments and addenda);
- the Regulation of the Central Bank of the Russian Federation No. 454-P of 30 December 2014 “On disclosing of information by issuers of issuable securities” (with amendments and addenda);
- the Code of Corporate Governance approved by Letter of the Central Bank of Russia No. 06-52/2463 of 10 April 2014;
- the Charter of Public Joint Stock Company “Oil company “LUKOIL”;
- the Regulations on the Audit Commission of OAO “LUKOIL” approved by the Annual General Shareholders Meeting of OAO “LUKOIL” on 27 June 2002 (Minutes No. 1), with amendments thereto approved by the Annual General Shareholders Meetings of OAO “LUKOIL” on 26 June 2003 (Minutes No. 1) and 28 June 2006 (Minutes No. 1),

has reviewed the Annual Report of PJSC “LUKOIL” for 2018.

No requests for reviews (audits) of the financial and business activity of PJSC “LUKOIL” were received during the 2018 as provided for by the effective Russian legislation.

No failures to provide documentation on the financial and business activity of PJSC “LUKOIL” (hereinafter also the “Company”) to the Audit Commission

of PJSC “LUKOIL” by members of the Company’s management bodies were identified during the review.

The Audit Commission reviewed the Annual Report of PJSC “LUKOIL” for 2018 in accordance with the Review Program (Minutes No. 3 of the Meeting of the Audit Commission of PJSC “LUKOIL” of 11 March 2019).

Results of reviewing the Annual Report of PJSC “LUKOIL” for 2018 documented in the Act of Review of the Audit Commission of PJSC “LUKOIL” dated 26 April 2019 and the present Opinion have been considered and unanimously approved by all members of the Audit Commission of PJSC “LUKOIL”.

The goals of reviewing the Annual Report of PJSC “LUKOIL” for 2018 were as follows:

- to obtain sufficient objective evidence that the Company’s financial and business activity was carried out in accordance with the Company’s interests and the interests of its shareholders, management decisions were taken and implemented in accordance with Russian laws, key regulations and requirements for management and internal control at PJSC “LUKOIL”;
- to obtain sufficient objective evidence that the data included in the Annual Report of PJSC “LUKOIL” for 2018 present fairly, in all material respects, disclosures that must be made in accordance with the requirements established by Russian regulators.

Management of the Company is responsible for ensuring compliance with the effective RF legislation and providing fair data, reports and reporting.

The Audit Commission of PJSC “LUKOIL” is responsible for providing PJSC “LUKOIL” represented by the General Shareholders Meeting of PJSC “LUKOIL”, its supreme governance body, with an objective opinion confirming that the data contained in the Annual Report of PJSC “LUKOIL” for 2018 is fair in all material respects, and the Company complied with the RF legislation, key regulations and requirements for management and internal control at PJSC “LUKOIL”.

## II. REVIEW PROCEDURE AND ANALYTICAL WORK

The review had several stages, combining both current and follow-up control procedures.

At the final stage the Audit Commission of PJSC “LUKOIL”, through random sampling and testing of evidence supporting metrics and data included in the Annual Report of PJSC “LUKOIL” for 2018, based on the sufficient and objective analysis of the information, data and documents provided for review,

formed an opinion and appraised the fairness of the Annual Report of PJSC “LUKOIL” for 2018 prepared in accordance with the disclosure requirements established by Russian Federation regulators.

### III. CONCLUSIONS

According to the opinion of the Audit Commission of PJSC “LUKOIL”, the review of information, data and documents obtained is sufficient to provide a basis for making the conclusions.

1. The Audit Commission of PJSC “LUKOIL” has not identified any violations of the Company’s interests or interests of its shareholders, or PJSC “LUKOIL” key regulations on management and internal control, or the applicable Russian Federation laws in the Company’s financial and business activity.

2. The Audit Commission of PJSC “LUKOIL” confirms that the Annual Report of PJSC “LUKOIL” for 2018 is fair, i.e. presents, in all material respects, data required to be disclosed in accordance with the requirements set by Russian regulators.

Chairman of the Audit Commission:

P.A. Suloev

Members of the Audit Commission:

A.V. Surkov

I.N. Vrublevskiy



**OPINION**  
**OF THE AUDIT COMMISSION OF PJSC “LUKOIL”**  
**BASED ON THE AUDIT OF THE DATA CONTAINED IN THE REPORT**  
**ON INTERESTED PARTY TRANSACTIONS**  
**ENTERED INTO BY PJSC “LUKOIL” IN 2018**

«16» May 2019

Moscow

1. INTRODUCTION

The Audit Commission of PJSC “LUKOIL” elected by decision of the Annual General Shareholders Meeting of PJSC “LUKOIL” of 21 June 2018 (Minutes No. 1) and comprised of:

The Chairman of the Audit Commission	Suloev Pavel Aleksandrovich
Members of the Audit Commission:	Surkov Aleksandr Viktorovich, Vrublevskiy Ivan Nikolaevich,

based on its authority and being guided by:

- Federal Law No. 208-FZ of 26 December 1995 “On Joint Stock Companies” (with amendments and addenda);
- the Charter of Public Joint Stock Company “Oil company “LUKOIL”;
- the Regulations on the Audit Commission of OAO “LUKOIL” approved by the Annual General Shareholders Meeting of OAO “LUKOIL” on 27 June 2002 (Minutes No.1), with amendments thereto approved by the Annual General Shareholders Meetings of OAO “LUKOIL” on 26 June 2003 (Minutes No.1) and 28 June 2006 (Minutes No.1),

has reviewed the *Report on Interested Party Transactions Entered into by PJSC «LUKOIL» in 2018* (hereinafter also the “Report”).

The Audit Commission of PJSC “LUKOIL” certifies that the Report has been prepared in pursuance of requirements of Clause 1.1, Article 81 of Federal Law No. 208-FZ of 26 December 1995 “On Joint Stock Companies” (hereinafter also the “Federal Law No. 208-FZ”).

The Audit Commission of PJSC “LUKOIL” reviewed the Report in accordance with the Review Program (Minutes No.3 of the Meeting of the Audit Commission of PJSC “LUKOIL” of 11 March 2019).

Results of the review documented in the Act of Review of the Audit Commission of PJSC “LUKOIL” of 26 April 2019 and the present Opinion have been considered and unanimously approved by all members of the Audit Commission of PJSC “LUKOIL”.

The goals of reviewing the Report were as follows:

– to obtain sufficient objective evidence that PJSC “LUKOIL” (hereinafter also the “Company”) complied with the norms of the RF legislation, the Charter and internal documents of PJSC “LUKOIL” in respect of getting consent on interested-party transactions contained in the *Report on Interested Party Transactions Entered into by PJSC «LUKOIL» in 2018*, and reflecting all data envisaged by Federal Law No. 208-FZ in decisions taken by the Company’s relevant governing body;

– to obtain sufficient objective evidence that the data contained in the *Report on Interested Party Transactions Entered into by PJSC «LUKOIL» in 2018* presents fairly, in all material respects, information on interested-party transactions concluded by PJSC “LUKOIL” during 2018.

Management of the Company is responsible for ensuring compliance with the effective RF legislation and providing fair data, reports and reporting.

The Audit Commission of PJSC “LUKOIL” is responsible for providing PJSC “LUKOIL” represented by the General Shareholders Meeting of PJSC “LUKOIL”, its supreme governance body, with an objective opinion confirming that the data contained in the Report are fair in all material respects, and that the Company complied with the procedure for performing interested-party transactions.

## II. REVIEW PROCEDURE AND ANALYTICAL WORK

By objectively analyzing information and documents supplied, the Audit Commission of PJSC “LUKOIL” has checked the grounds for designating transactions contained in the Report as interested-party transactions, and verified conformity of key terms and conditions of interested-party transactions entered into by the Company during 2018 with information on transactions documented in the decisions of the Board of Directors and the Annual General Shareholders Meeting of PJSC “LUKOIL”.

The Audit Commission of PJSC “LUKOIL” notes that PJSC “LUKOIL” has the procedures in place necessary for identifying interested-party transactions (in particular, *Contractual Regulations*, approved by Order No.38 of OAO "LUKOIL", dated 11 March 2012, with amendments and addenda) for the purpose of submitting them for consideration to a relevant governing body of the Company, i.e. the Board of Directors or the General Shareholders Meeting of PJSC “LUKOIL”, for taking a decision on giving consent to conduct the said transactions.

To review the Report, the sampling analysis of the Company’s appropriate documents including documents on the transactions entered into was applied.

The Audit Commission found that in respect of the interested-party transactions entered into by the Company in 2018, decisions on giving consent to conduct such transactions were made by the authorized governing bodies of PJSC “LUKOIL”.

Decisions on giving consent to conduct interested-party transactions taken by the Board of Directors, the Annual General Shareholders Meeting of PJSC “LUKOIL” contain information on transactions in strict compliance with the requirements of the Federal Law No. 208-FZ.

The Audit Commission of PJSC “LUKOIL” confirms that the amount of each of the transactions where decisions on consent to perform the transactions were taken by the Board of Directors of PJSC “LUKOIL” in pursuance of Chapter 11 of Federal Law No.208-FZ exceeded the limit for transaction amount established by The Bank of Russia Directive No. 4335-Ou<sup>1</sup> of 31 March 2017, but was less than 10 per cent of the book value of the Company’s assets as of the relevant accounting (financial) statements reporting date.

One transaction was submitted for the consideration of the Company’s Annual General Shareholders Meeting based on Clause 3.1, Article 83 of Federal Law No.208-FZ, as all the members of the Board of Directors of PJSC “LUKOIL” are recognized as interested parties with respect to this transaction and are deemed beneficiaries thereunder. The decision of the Company’s Annual General Shareholders Meeting on consent to conduct the said interested-party transaction was approved on the proposal of the Board of Directors of the Company.

### III. CONCLUSIONS

According to the Opinion of the Audit Commission, the review of information and documents obtained is sufficient to provide a basis for making the following conclusions:

1. The Audit Commission has ascertained that the Company complied with the norms of Federal Law No. 208-FZ, the Charter and internal documents of PJSC “LUKOIL” in respect of getting consent to conduct interested-party transactions, reflecting all data required by the Law in decisions of a relevant governing body of the Company, and verifying conformity of key terms and conditions of interested-party transactions entered into by the Company during 2018 with information on transactions documented in the decisions of the Board of Directors, and the Annual General Shareholders Meeting of PJSC “LUKOIL”.

2. The Audit Commission confirms that the data contained in the *Report on Interested Party Transactions Entered into by PJSC «LUKOIL» in 2018* are fair.

Chairman of the Audit Commission:

P.A. Suloev

Members of the Audit Commission:

A.V. Surkov

I.N. Vrublevskiy

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<sup>1</sup> The limit on the amount of a transaction for the Company during the year was 2 billion roubles, except for the period when the transaction amount was compared to the book value of the Company's assets as of 31 March 2018: during this period, the limit value of the transaction amount was 1 billion roubles.



# Independent Auditors' Report

**on the financial statements  
of Public Joint Stock Company "Oil Company "LUKOIL"  
for 2018**



# Independent Auditors’ Report

To the shareholders of the Public Joint Stock Company “Oil Company “LUKOIL”

## Opinion

We have audited the financial statements of the Public Joint Stock Company “Oil Company “LUKOIL” (the “Company”), which comprise the balance sheet as at 31 December 2018, the statements of financial performance, changes in equity and cash flows for the year then ended, and notes to the balance sheet and the statement of financial performance comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2018 and its financial performance and its cash flows for the year then ended in accordance with Russian Accounting Standards (“RAS”).

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors’ Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the independence requirements that are relevant to our audit of the financial statements in the Russian Federation and with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the requirements in the Russian Federation and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audited entity: PJSC “Oil Company “LUKOIL”  
Registration No. in the Unified State Register of Legal Entities:  
1027700035769.  
Moscow, Russia

Independent auditor: JSC “KPMG”, a company incorporated under the Laws of the Russian Federation, a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity.

Registration No. in the Unified State Register of Legal Entities:  
1027700125628.

Member of the Self-regulated organization of auditors “Russian Union of auditors” (Association). The Principal Registration Number of the Entry in the Register of Auditors and Audit Organizations: No. 11603053203.



**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Assessment of the Company's Financial Investments for Potential Impairment**

See Note 2.4.4 "Financial Investments" to the financial statements.

The key audit matter	How the matter was addressed in our audit
<p>At the reporting date, the Company had significant financial investments in its subsidiaries and other related parties. For financial investments whose current market value cannot be determined, PBU 19/02 "Accounting for Financial Investments" requires impairment to be recognized if there are conditions for a sustainable decline in the value.</p> <p>The Company monitors whether there are conditions for a sustainable decline in the value of financial investments on a regular basis. Should such conditions be identified, the Company performs impairment testing of its financial investments. To determine economic benefits expected to be derived from such financial investments, the Company makes use of models of discounted future cash flows.</p> <p>Given uncertainty inherent in projecting and discounting of future cash flows which serve as a basis for recoverability assessment, this matter reflects one of the key areas involving professional judgment and is one of most significance in our audit.</p>	<p>Our audit procedures in this area included the following:</p> <ul style="list-style-type: none"> <li>- analysis of the Company's accounting policy as regards identification of conditions for a sustainable decline in value;</li> <li>- analysis of facts supporting a sustainable decline in the value of financial investments;</li> <li>- analysis of the approach used to determine the estimated value to confirm whether it complies with the adopted methodology;</li> <li>- tests of budgeting procedures, subsequently used for projecting purposes, at a group level;</li> <li>- tests of strategy principles and methodology applied in discounted cash flow models.</li> </ul> <p>We engaged our subject matter experts to analyze assumptions and methodology used by the Company. We assessed macroeconomic assumptions used by the Company's management, including price and sales volume growth rates, post-projection growth rates, inflation rates and discounting rates.</p> <p>We compared the value of future economic benefits with the book value of financial investments to determine whether it is necessary to make a provision for impairment of financial investments in the financial</p>



	statements.
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### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the 2018 Annual Report but does not include the financial statements and our auditors' report thereon. The 2018 Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with RAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those



- risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is:

A.I. Oussov

JSC "KPMG"  
Moscow, Russia

25 March 2019



**MINUTES No. 2  
OF THE MEETING OF THE AUDIT COMMITTEE  
OF THE BOARD OF DIRECTORS**

10 April 2019

Moscow

Start of the meeting: 10.30 a.m.

**E X C E R P T No. KA2/10-04-19/B1/1**

CHAIRING THE MEETING: V.V. Blazheev  
PRESENT:  
Committee members  
*By video-conferencing*  
Member of the Board of Directors I.S. Ivanov, I. Pictet  
Chairman of the Audit Commission L.N. Khoba  
Management Committee members P.A. Suloev  
Vice-President - Head of the Internal Audit Service I.A. Maslyayev, A.K. Matytsyn, E.L. Khavkin  
Chief Accountant A.V. Leyfrid  
KPMG Partner V.A. Verkhov  
Corporate Secretary A.I. Oussov  
Company employees in charge N.I. Podolskaya  
Three members of the Audit Committee are present at the meeting.  
The meeting is quorate.

**I. Assessment of the Independent Auditors' opinion for subsequent submission to shareholders  
as materials for the Company's Annual General Shareholders Meeting**

**(V.A. Verkhov, V.V. Blazheev)**

*RESOLVED:*

Having considered the report of the Company's independent Auditor, JSC KPMG, on the accounting (financial) statements of PJSC "LUKOIL" for 2018 and based on the result of the analysis and the discussion of issues of material importance to the preparation of complete and reliable financial statements, and also in light of the fact that the audit of the accounting (financial) statements of PJSC "LUKOIL" for the period from 1 January to 31 December 2018 resulted in an unqualified audit opinion, to propose to the Board of Directors that it recommend to the Annual General Shareholders Meeting of the Company that the Meeting approve the audited accounting (financial) statements of the Company for 2018 and include the Independent Auditors' Opinion examined by the Audit Committee of the Board of Directors of PJSC "LUKOIL" in the list of materials to be provided to shareholders when preparing for the General Shareholders Meeting.

VOTING RESULTS (votes counted by the Committee Chairman):

IN FAVOR voted the following Committee members: V.V. Blazheev, I.S. Ivanov, I. Pictet

Decision passed unanimously.

**Chairman**

**V.V. Blazheev**

*I hereby certify that this is a true and accurate excerpt from Minutes No.2 of 10 April 2019*


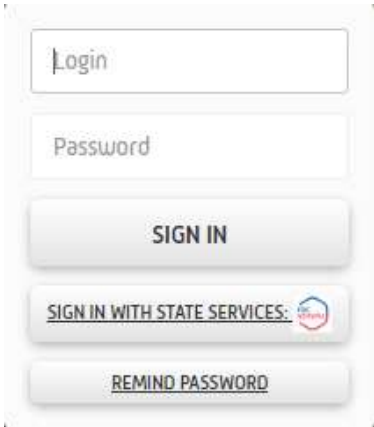
Corporate Secretary

N.I. Podolskaya

**Instructions for shareholders of PJSC “LUKOIL”  
using the electronic voting solution  
for the Annual General Shareholders Meeting of PJSC “LUKOIL”**

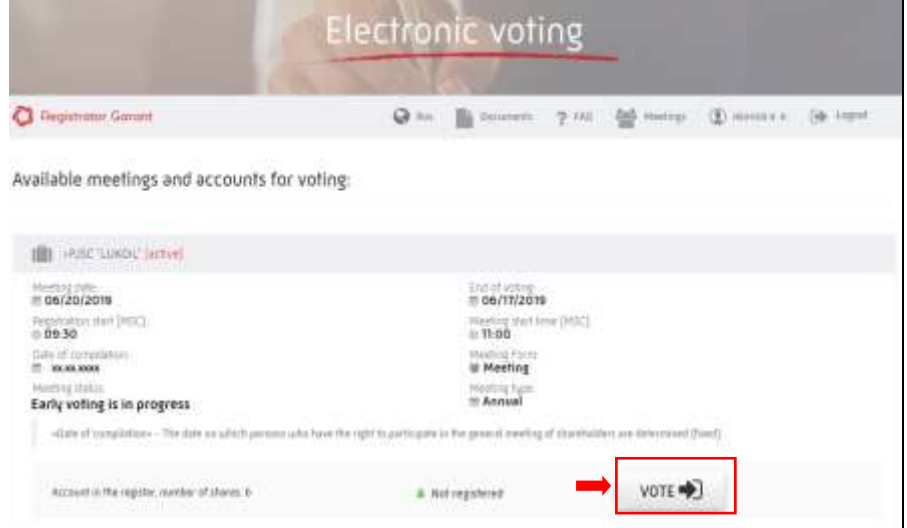
Please be informed that access for completing electronic voting ballots shall be granted from 28 May 2019 to the shareholders who register their title to shares in the Company’s shareholder register, while shareholders who are clients of nominee holders shall be granted access after the said nominee holders provide OOO «Registrator «Garant», the company keeping the Company’s Shareholder Register, with information on persons entitled to participate in the Annual General Shareholders Meeting of PJSC “LUKOIL”.

To use the e-voting service:

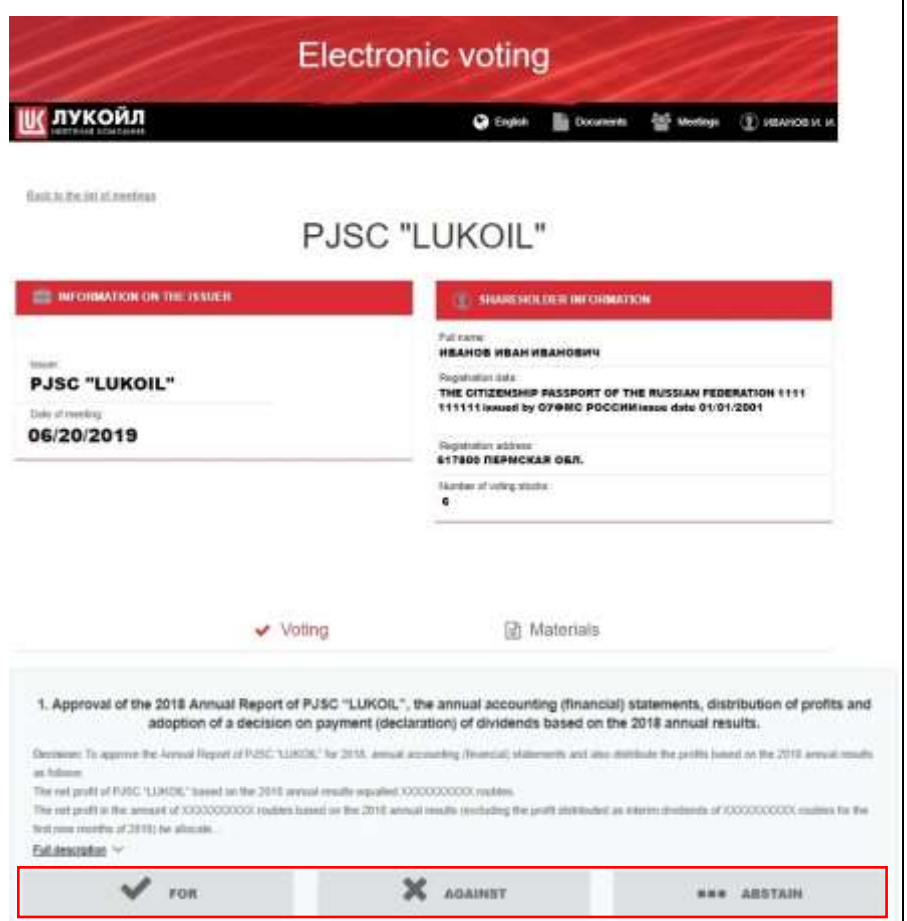
<p>1. Follow the link: <a href="https://evoting.reggarant.ru/Voting/Lk">https://evoting.reggarant.ru/Voting/Lk</a>  or  use the QR code to reach the website immediately.</p>	
<p>2. On the opening page, choose your preferred identification method: - via your <b>certified</b> account at the Public Services Portal (<a href="https://gosuslugi.ru">https://gosuslugi.ru</a>); - using your credentials issued by OOO «Registrator «Garant».</p> <p>If you are a registered user of the Shareholder’s Personal Account service, please use your credentials to enter.</p>	
<p>3. Check the relevant box to confirm that you agree with the e-voting rules. (<b>This is mandatory to continue using the Service</b>).</p> <p>4. To receive notifications on the progress of the General Shareholders’ Meeting and on the voting results please provide your mobile phone number and/or email address and check <i>Email Notifications</i> and/or <i>Text (SMS) Notifications</i> boxes and confirm your mobile phone number by pressing “Confirm”.</p> <p>5. Save changes.</p>	

If you have any questions regarding the E-voting Service, please contact  
OOO «Registrator «Garant»: call +7 800 500 29 47 or email: [evoting@reggarant.ru](mailto:evoting@reggarant.ru).

6. In the List of Meetings section, choose the available meeting and click on the VOTE button to proceed to the ballot.



7. On the electronic voting ballot page:  
 7.1. Read the Meeting agenda, resolutions on agenda items that have been put to the vote, and information (reference materials) for the Meeting;  
 7.2. Click to choose the voting option (“FOR,” “AGAINST,” “ABSTAIN”) on each item on the agenda;  
 7.3. Click on the VOTE button.



Recommended specifications:  
 PC

OS: Windows 7 and higher  
 Browser: Google Chrome 61+  
 Channel throughput: 10Mb and higher

**Mobile devices:**  
 OS: Android 4.2 and higher, IOS  
 Browser: Google Chrome, Safari  
 Display resolution: 1280x720 pixels and more

If you have any questions regarding the E-voting Service, please contact  
 OOO «Registrator «Garant»: call +7 800 500 29 47 or email: [evoting@reggarant.ru](mailto:evoting@reggarant.ru).