



B #:	12611-19
Date:	December 13, 2019
To:	All Participants
Category:	Dividends
From:	International Services
Attention:	Operations, Reorg & Dividend Managers, Partners & Cashiers
Subject:	<u>Tax Relief – Country:</u> RUSSIAN FEDERATION <u>Security Name:</u> PJSC LUKOIL – 144A <u>CUSIP:</u> 69343P204 <u>Record Date:</u> 12/20/2019 <u>Payable Date:</u> TBD <u>CA Web Instruction Deadline:</u> 12/26/2019 8:00 PM ET <u>Quick Refund Open Date:</u> Immediately following DR Payable Date <u>Quick Refund Instruction Deadline:</u> 02/10/2020 8:00 PM ET

Participants can use DTC’s Corporate Actions Web (CA Web) service to certify all or a portion of their position entitled to the applicable withholding tax rate. Participants are urged to consult TaxInfo respectively before certifying their instructions over the CA Web.

Important: Prior to certifying tax withholding instructions, participants are urged to read, understand and comply with the information in the Legal Conditions category found on TaxInfo on the CA Web.

Questions regarding this Important Notice may be directed to GlobeTax 212-747-9100.

Important Legal Information: *The Depository Trust Company (“DTC”) does not represent or warrant the accuracy, adequacy, timeliness, completeness or fitness for any particular purpose of the information contained in this communication, which is based in part on information obtained from third parties and not independently verified by DTC and which is provided as is. The information contained in this communication is not intended to be a substitute for obtaining tax advice from an appropriate professional advisor. In providing this communication, DTC shall not be liable for (1) any loss resulting directly or indirectly from mistakes, errors, omissions, interruptions, delays or defects in such communication, unless caused directly by gross negligence or willful misconduct on the part of DTC, and (2) any special, consequential, exemplary, incidental or punitive damages. To ensure compliance with Internal Revenue Service Circular 230, you are hereby notified that: (a) any discussion of federal tax issues contained or referred to herein is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code; and (b) as a matter of policy, DTC does not provide tax, legal or accounting advice and accordingly, you should consult your own tax, legal and accounting advisor before engaging in any transaction.*

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PJSC LUKOIL 144A has announced a dividend and Citibank, N.A. acts as Depository Receipt (DR) Servicer for the company's Depository Receipt ("DR") program.



Participants may use DTC's Corporate Actions Web ("CA Web") instructions tab to certify all or a portion of their position entitled to each applicable withholding tax rate. Use of this instruction method will permit entitlement amounts to be paid through DTC. By making submissions of such certifications the submitter warrants that it has the required authority to make them, that the party for which the submission is made is eligible therefor, and will indemnify, as applicable, Globe Tax Services, Inc., the applicable depository, the applicable custodian, and other acting, directly or indirectly, in reliance thereon, including for any inaccuracy therein.

On DR Pay Date, holders **that disclose summary beneficial owner information may be eligible** to receive the applicable rate as per a relevant Double Tax Treaty or Russian Tax Rate. All non-disclosed holders will receive this dividend net of a maximum 15% withholding rate.

In order to obtain a more preferential rate than the 15% maximum withholding tax rate, beneficial holder residency disclosure is required on DRs held as of record date. This disclosure includes:

- a) DTT country of residence, entity type by individual or legal, and DRs held

While the punitive rate has been abolished the requirement for disclosure has not been abolished. Therefore, Citibank, N.A. is requesting summary disclosure at the 15% rate for those holders not eligible for a DTT rate or not claiming a DTT rate. Consequences potentially arising from non-disclosure are unclear and Participants and beneficial holders bear all risk and responsibility related to such potential consequences. If disclosure is not made, tax will be withheld at the maximum 15% tax rate.

DIVIDEND EVENT DETAILS	
COUNTRY OF ISSUANCE	RUSSIAN FEDERATION
ISSUE	PJSC LUKOIL 144A
CUSIP#	69343P204
UNDERLYING ISIN	RU0009024277
DEPOSITARY	CITIBANK, N.A.
DR RECORD DATE	DECEMBER 20, 2019
DR PAY DATE	TBD
ORD GROSS DIV. RATE	RUB 192.00
RATIO (DR:ORD)	1:1
STATUTORY WITHHOLDING RATE	15%
	DOUBLE CLICK ICON BELOW TO DOWNLOAD 

UPDATE:

- Japanese entities applying for reduced rates may be paid at full withholding due to the conditional applicability of rates, which is based on the Issuer's land-rich status.
- Scanned copies of cover letters are acceptable and may be emailed to [GlobeTax](#) for this event.

PLEASE NOTE THAT THERE IS THE POTENTIAL FOR AUDIT ON YOUR DRs

Current regulations provide that the Russian authorities may audit the electing participants and their beneficial owner clients who elect a lower withholding rate than the 15% rate for up to three calendar years after the dividend payment.

For beneficial owners (investors having actual right to receive income) electing to invoke the benefits of a Double Tax Treaty, at a minimum, audits are expected to require an original Certificate of Residency ("COR") with specific language in referencing the double tax treaty between the country of residence and the Russian Federation. These CoRs, will need to be translated into Russian and each will need to be Apostilled, Legalized or notarized (as applicable).

The law provides that the documentation requested under audit to substantiate the claims made is required to be provided to the tax authorities within 90 days of the audit notice. An additional 90 day extension may be requested however, the Russian Tax authorities reserve the right to reject the extension or grant it in whole or in part. Additionally, the Russian authorities reserve the right at any time and from time to time to request additional documentation to substantiate all claims made.

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FEES & DEADLINES

FILING METHOD	BATCH	PAYMENT METHOD	TAX RELIEF FEE	FINAL SUBMISSION DEADLINE (ESP)
RELIEF AT SOURCE	PAYMENT ON PAY DATE	VIA DTC	UP TO \$0.005 PER DR	DECEMBER 26, 2019 8:00 P.M. EST
QUICK REFUND	IMMEDIATELY FOLLOWING DR PAY DATE	VIA DTC	UP TO \$0.005 PER DR	FEBRUARY 10, 2020 8:00 P.M. EST

* A CAP OF 40% OF THE USD RECLAIM WILL BE IMPLEMENTED ON FEES WHERE APPLICABLE *

ELIGIBILITY MATRIX – RELIEF AT SOURCE/QUICK REFUND

RATE DESCRIPTION	RECLAIM RATE	ELIGIBLE RESIDENTS		DOCUMENTATION REQUIRED
EXEMPT - 0%	15%	PENSIONS RESIDENT IN:	SWITZERLAND JAPAN NOTE: EXEMPTION IS ONLY APPLICABLE FOR PENSION FUNDS IF THE ORDINARY BUSINESS ACTIVITIES OF THE FUND ARE THE FOLLOWING: PENSION MANAGEMENT OR PENSION PROVISION, PENSION CONTRIBUTIONS OR OTHER SIMILAR PAYMENTS OR INCOME PROVISION TO THE ADVANTAGE OF OTHER PENSION FUNDS	1. COVER LETTER – SCANNED COPY 2. SUMMARY 3. EXHIBIT C – CONDITIONAL RATE REQUEST* ESP USERS: ESP HAS BEEN UPDATED TO ACCEPT BENEFICIAL OWNER INFORMATION FOR EXEMPTION SUBMISSIONS. THE RATE ON ESP FOR THESE SUBMISSIONS WILL BE REFLECTED AS TBD%.
		SELECT ENTITIES:	RUSSIAN UNIT INVESTMENT TRUSTS SUPRANATIONAL / WORLD EXEMPT ENTITY SOVEREIGN / GOVERNMENT ENTITY NOTE: ENTITIES ARE GRANTED EXEMPTION ON A CASE BY CASE BASIS AT THE DISCRETION OF THE RUSSIAN CUSTODIAN BANK OR ISSUER. ACCORDINGLY, NEITHER GLOBETAX NOR THE DEPOSITARY CAN ENSURE EXEMPTION WILL BE GRANTED. THESE ENTITIES MUST BE DISCLOSED AT THE BENEFICIAL OWNER LEVEL	
FAVORABLE - 5%	10%	ALL ENTITIES RESIDENT IN:	KUWAIT, QATAR, SAUDI ARABIA	1. COVER LETTER – SCANNED COPY 2. SUMMARY
FAVORABLE - 10%	5%	ALL ENTITIES RESIDENT IN:	ALBANIA, ARMENIA, AZERBAIJAN, BELGIUM, BOTSWANA, CHILE, CHINA, CROATIA, CYPRUS, CZECH REPUBLIC, DENMARK, ECUADOR, EGYPT, GREECE, HONG KONG, HUNGARY, INDIA, IRAN, IRELAND, ISRAEL, ITALY, JAPAN, KAZAKHSTAN, DEMOCRATIC PEOPLE’S REPUBLIC OF KOREA, REPUBLIC OF KOREA, KYRGYZSTAN, LATVIA, LEBANON, LITHUANIA, NORTH MACEDONIA, MALTA, MEXICO, MOLDOVA, MONGOLIA, MOROCCO, NAMIBIA, NORWAY, POLAND, SINGAPORE, SLOVAKIA, SLOVENIA, TAJIKISTAN, TURKEY, TURKMENISTAN, UNITED KINGDOM, UNITED STATES OF AMERICA, UZBEKISTAN	1. COVER LETTER – SCANNED COPY 2. SUMMARY 3. EXHIBIT C – FRANCE & SPAIN RESIDENTS ONLY* ESP USERS: ESP HAS BEEN UPDATED TO ACCEPT BENEFICIAL OWNER INFORMATION FOR CONDITIONAL RATE SUBMISSIONS. THE RATE ON ESP FOR THESE SUBMISSIONS WILL BE REFLECTED AS TBD%.
		CONDITIONAL RATE FOR RESIDENTS IN:	FRANCE AND SPAIN	
FAVORABLE - 12%	3%	ALL ENTITIES RESIDENT IN:	FINLAND	1. COVER LETTER – SCANNED COPY 2. SUMMARY
RUSSIAN TAX RATE - 13%	2%	ALL ENTITIES RESIDENT IN:	RUSSIAN FEDERATION	1. COVER LETTER – SCANNED COPY 2. SUMMARY
FAVORABLE STATUTORY WITHHOLDING RATE - 15%	0%	DISCLOSED HOLDERS OF DTT COUNTRIES <u>NOT</u> APPLYING FOR DTT RATES OR DISCLOSED HOLDERS OF NON DTT COUNTRIES		1. COVER LETTER – SCANNED COPY 2. SUMMARY

UNFAVORABLE STATUTORY WITHHOLDING RATE- 15%	0%	NON-DISCLOSED HOLDERS	**NONE
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All documents listed in **BLUE font** are generated by GlobeTax's ESP website after submission of beneficial owner data.

* Exhibit C is for non-ESP users only

****Non-disclosure is not permitted under the Russian tax regulations and the consequences are unclear. Participants and holders will bear all risk and responsibility if summary disclosure is not obtained and retained in support of the statutory rate.**

Note: There are some countries with double taxation treaties with the Russian Federation that have multiple withholding rates. The lower reclaim rate applies to the Relief At Source and Quick Refund process. The higher reclaim rates generally apply to conditional situations (i.e. holding a minimum amount of outstanding shares or a special entity type). Beneficial owners who receive tax relief via the Relief At Source or Quick Refund process are ineligible to apply for a lower rate from the Russian Tax Authorities at a later date. For more information please contact GlobeTax.

PROCESS STEPS

- Go to <https://esp.globetax.com/> and disclose your ultimate beneficial owners by
 - Country of Tax Residence
 - Entity Type (either legal entity or individual)
- Sign the ESP generated cover letter and summary and email a scanned copy to GlobeTax
- Complete your withholding rate certification at DTC's CA Web

IMPORTANT: TO RECEIVE YOUR DIVIDEND WITH APPLICABLE RATE AS PER TREATY YOU MUST BOTH COMPLETE THE DISCLOSURE TO GLOBETAX AND A CORRESPONDING CA WEB CERTIFICATION AT DTC.

CONTACT DETAILS

PRIMARY CONTACT	POLINA KANDOVA
DOMESTIC PHONE (U.S.)	1-800-628-4646
DOMESTIC FAX (U.S.)	1-800-633-4646
INTERNATIONAL PHONE	1-212-747-9100
INTERNATIONAL FAX	1-212-747-0029
GROUP EMAIL	RUSSIAESP@GLOBETAX.COM
COMPANY	GLOBETAX SERVICES INC.
STREET ADDRESS	ONE NEW YORK PLAZA, 34 TH FLOOR
CITY/STATE/ZIP	NEW YORK, NY 10004
ADDITIONAL CONTACTS	NICOLE BRODIE

ESP

powered by **GLOBETAX**

Citibank, N.A. offers ESP powered by GlobeTax, an electronic withholding tax submission system. This system allows for the secure and simplified transfer of beneficial owner level data from the Participant to Citibank, N.A. and creates applicable documentation on the Participants behalf.

Submit the data online through the web site below, print out the document on letterhead, sign, and email a scanned copy to GlobeTax.

These claims should be submitted through the following web site. (Requires a one-time registration) <https://ESP.GlobeTax.com>

Please contact support@globetax.com at 212-747-9100 if you have any questions about this process.

FREQUENTLY ASKED QUESTIONS (FAQs)




<p>Do I need to provide a certificate of residency (“COR”)?</p>	<p>For Relief At Source and Quick Refund processes, the ESP generated forms will be required at the time of the election. However, CORs will be required in the event of an audit for those disclosing for treaty benefits and you will be liable to maintain and provide these in that event. It is expected that CORs must be translated into Russian and apostilled, legalized and/or notarized and that they must be issued as of the calendar year.</p>
<p>Would a form W-8BEN or a W-9 suffice in place of a COR as proof of residency in case of an audit?</p>	<p>No. A W-8BEN or W-9 form will not be accepted in place of a COR.</p>
<p>Is it required to use ESP to disclose?</p>	<p>If you are not able to utilize the ESP system please contact GlobeTax to obtain copies of the ESP forms to submit manually.</p>
<p>Is there a difference between the Relief At Source and Quick Refund?</p>	<p>The process steps are the same for both processes. However, the Relief At Source period is shorter and involves payment of your dividend with tax relief on pay date. The Quick Refund is a longer period for submission and will involve payment of your tax relief after pay date. Both payments are electronic.</p>
<p>Is there opportunity for standard refund?</p>	<p>At this time there is no defined standard refund. Please contact GlobeTax for additional information.</p>
<p>Is it possible for me to disclose ownership of the DRs for 15% withholding even if the country of tax residence has a DTT?</p>	<p>Yes. You may indicate the shares by country of residence to disclose ownership residency but not obtain treaty benefits.</p>
<p>Can residents of a DTT country with an entity type considered transparent disclose their DRs to receive the dividend at the double tax treaty rate?</p>	<p>The DRs of transparent entities should be disclosed at the ultimate beneficial holder level. Always check the specifics of the relevant tax treaty to ensure you are properly disclosing the DRs of the entity and country of tax residence with respect to the Russian Federation.</p>
<p>Will Citibank, N.A./GlobeTax accept claims filed directly to them by beneficial owners?</p>	<p>Citibank, N.A./GlobeTax will only accept claims filed by the DTC Participant who held the securities through DTC and only to the extent that the DTC has reported these holdings to us as valid.</p>
<p>Why is the summary disclosure required if the 15% statutory rate will apply for disclosed or undisclosed positions?</p>	<p>Russian regulations (Law 39-FZ) require disclosures on all positions regardless of benefit and accordingly Citibank, N.A. is required to request the summary disclosure. Consequences of non-disclosure are unclear and participants and holders will bear all risk and responsibility in relation thereto.</p>

Warning and Disclaimer

The information and data contained in this Notice is based on information obtained from multiple sources believed to be reliable. However, Citibank, N.A. and its agents do not warrant or guarantee the accuracy or completeness of, nor undertake to update or amend, this information or data. We and our agents expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon any of this information or data. The information contained in this Notice is subject to change, including in the and subject to discretion of third parties, and/or pre-emption or being superseded by local market rules, and practices or actions taken by non-U.S. agents or tax authorities. Deadlines often differ from statutory deadlines. You should file claims as soon as possible, and at least six months prior to the specified deadline.

FORMS AND ATTACHMENTS

**Double click on respective icon to view attachment.*

COVER LETTER <i>**For Non-ESP users ONLY</i>	COVER LETTER EXCEL BREAKDOWN <i>**For Non-ESP users ONLY</i>	EXEMPT/CONDITIONAL RATES BREAKDOWN <i>**For Non-ESP users ONLY</i>
 Cover Letter	 Exhibit B	 Exhibit C

DISCLAIMER

The Representative has determined that the beneficial owner(s) of the DRs and the Ordinary Shares represented thereby(individual or legal entity) is(are) eligible for the preferential tax withholding rates as stated herein and has performed all the necessary due diligence to satisfy itself as to the accuracy of the information submitted to it by (or on behalf of) the beneficial owners of the DRs and the Ordinary Shares represented thereby.

The tax relief service is being made available to owners of DRs on a voluntary and discretionary basis outside the terms and conditions of any applicable deposit agreement. Nothing contained herein or in any accompanying documents is intended to constitute any guarantee of entitlement to any tax relief, nor legal, tax, accounting or other professional advice on the referenced matters. Citigroup Global Markets Deutschland AG in its capacity as depository for the DRs (Depository) and Citibank, N.A. as DR Servicer disclaims any liability for the failure to secure any tax relief and for any loss that may be incurred in connection with the tax relief service.

The Representative certifies that the Representative has all requisite power and authority to provide this certification and any related information on behalf of itself and on behalf of the applicable beneficial owner(s) of DRs, that the Representative has obtained (and has directed each of the beneficial owners of DRs that it represents to seek) independent tax advice, that each of the beneficial owners identified is eligible for the stated preferential withholding tax rates, that the Representative has performed all requisite due diligence to verify the accuracy of the information submitted on behalf of the beneficial owners of the DRs, that the Representative has obtained the requisite supporting documentation, including certificates of tax residency (translated to Russian, duly notarized and apostilled or legalized), that the beneficial owners of DRs (and their agents) have unconditionally consented to the disclosure of such information and documentation to the Depository, DR Servicer, its agents and affiliates (including, without limitation, the custodian of the ordinary shares represented by DRs), any paying agent, any tax withholding agent and the applicable tax authorities, that the Representative (and the beneficial owners of DRs that it represents) understand(s) that the tax relief process is subject to review, approval and audit, that the Representative (and the beneficial owners of DRs that it represents) will cooperate with the Depository, DR Servicer and its agents to the fullest extent not prohibited by applicable law with any requests for information or proof as a result of any review, approval or audit by any tax authority, tax withholding agent (including, without limitation, any custodian or paying agent), that the Representative (and the beneficial owners of DRs that it represents) are fully liable for any and all claims, penalties and/or interest associated with the tax relief process, including without limitation, any foreign exchange fluctuations associated therewith, that the benefits of the preferential withholding tax rates may be reversed at any time by the the applicable tax authorities, the paying agents, tax withholding agents and the Depository, DR Servicer and its agents, and that, upon issuance by the Depository of a notice of such reversal, all amounts applicable to such reversal are due and payable will be remitted to the Depository upon demand, may be debited from the applicable Representative's accounts (and any beneficial owner accounts that the Representative may designate to the Depository from time to time), and may be deducted from any distribution made by the Depository (in the Depository's discretion).

The Representative expressly and irrevocably agrees, on behalf of itself and on behalf of each beneficial owner of DRs that it represents, to indemnify the Depository, DR Servicer and its agents and affiliates, and to defend and hold each of them harmless, from and against any and all loss, liability, damage, judgment, settlement, fine, penalty, demand, claim, cost or expense (including, without limitation, fees and expenses of investigation, defending itself and enforcing the terms hereof) arising out of, or in connection with, the tax relief service made available to the Representative and each beneficial owner that the Representative represents (including, without limitation, as a result of the reliance by the Depository, DR Servicer and its agents and affiliates on the information and certifications provided to them). The Representative further agrees, on behalf of itself and on behalf of each beneficial owner of DRs that it represents, that any payments due to the Depository, DR Servicer and its agents and affiliates in satisfaction of such indemnity, and defend and hold harmless obligations are payable immediately when billed and that such amounts may be debited from the applicable Representative's accounts (and any beneficial owner accounts that the Representative may designate to the Depository from time to time) and deducted from any distribution made by the Depository (in the Depository's discretion).

The Representative accepts and agrees, on behalf of itself and the beneficial owners of the DRs that it represents, to pay the fees, charges (including VAT) and expenses of, or incurred by, the Depository, DR Servicer, its agents (including any custodian) and the tax authorities in connection with the tax relief service, that such fees, charges and expenses may be billed to you, debited from the applicable Representative's participant account (and any beneficial owner accounts that the Representative may designate to the Depository from time to time) and deducted from any distribution made by the Depository (in the Depository's discretion), that such fees, charges and expenses are due and payable whether or not the tax relief is obtained in full or in part, and that any fees paid to the Depository may be shared with its agents and affiliates.

