

# QUARTERLY REPORT

*Open Joint Stock Company “Surgutneftegas”*

*The issuer’s code: 00155-A*

**for 1Q2018**

The issuer’s location: **628415, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Grigoriya Kukuyevitskogo, 1, 1**

**The information contained herein is subject to disclosure pursuant to the Securities Legislation of the Russian Federation**

Acting Director General

Date: 15 May 2018

\_\_\_\_\_ A.N.Bulanov  
signature

Chief Accountant

Date: 15 May 2018

\_\_\_\_\_ A.V.Druchinin  
signature  
STAMP

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The information presented herein is disclosed at the website(s):

**<http://www.surgutneftegas.ru/investors>;**

**<http://www.e-disclosure.ru/portal/company.aspx?id=312>**

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## Introduction

Grounds for the issuer's obligation to disclose information in the form of a quarterly report

*State registration of an issue (additional issue) of the issuer's securities was accompanied by registration of the issue prospectus and such securities were offered publicly or privately to more than 500 persons.*

*The issuer is a joint stock company formed through privatization of state and/or municipal enterprises (their business units); under the duly approved privatization plan, which was the issue prospectus of such an issuer as of the date of its approval, the issuer's shares may be disposed of in favor of more than 500 acquirers or the general public.*

*The joint stock company is organized before 01 September 2014 and meets the criteria for public joint stock company.*

This quarterly report contains estimates and forecasts of the issuer's authorized management bodies as to the forthcoming events and/or actions, prospects of development of the issuer's main industry and the issuer's operating results, including the issuer's plans, probability of certain events and actions. Investors should not entirely rely on the estimates and forecasts of the issuer's management bodies since the issuer's future actual operating results may differ from the forecast results for many reasons. Acquisition of the issuer's securities may entail risks described in this quarterly report.

## **Section I. The issuer's bank accounts, auditor (audit organization), appraiser and financial advisor as well as persons who signed the quarterly report**

### **1.1. The issuer's bank accounts**

Banking institution

Full corporate name: *Joint Stock Company "Surgutneftegasbank"*

Abbreviated corporate name: *JSC BANK "SNGB"*

Location: *628400, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Grigoriya Kukuyevitskogo, 19*

INN: *8602190258*

Bank identification code (BIK): *047144709*

Account number: *40702810000000100368*

Corr. account: *30101810600000000709*

Account type: *settlement*

Banking institution

Full corporate name: *Public Joint Stock Company ROSBANK*

Abbreviated corporate name: *PJSC ROSBANK*

Location: *107078, Moscow, ul.Mashi Poryvaevoy, 34*

INN: *7730060164*

Bank identification code (BIK): *044525256*

Account number: *40702810700001013054*

Corr. account: *30101810000000000256*

Account type: *settlement*

Banking institution

Full corporate name: *Uralsky subsidiary of Joint Stock Company "Raiffesenbank" in Yekaterinburg*

Abbreviated corporate name: *Uralsky subsidiary of JSC "Raiffeisenbank"*

Location: *620075, Sverdlovskaya Oblast, Yekaterinburg, ul. Krasnoarmeyskaya, 10*

INN: *7744000302*

Bank identification code (BIK): *046577906*

Account number: *40702810904000430320*

Corr. account: *30101810100000000906*

Account type: *settlement*

## 1.2. The issuer's auditor(s)

Specify the auditor (audit organization) who is in charge of or has/have prepared independent audit of the accounting (financial) statements of the issuer and the consolidated financial statements of the issuer incorporated into a quarterly report as well as the auditor (audit organization) approved (selected) for audit of the issuer's annual accounting (financial) statements and consolidated financial statements for the current and the last completed financial year.

Full corporate name: **Limited Liability Company "Rosexpertiza"**

Abbreviated corporate name: **LLC "Rosexpertiza"**

Location: **107078, Russian Federation, Moscow, ul.Mashi Poryvaevoy, 34;**

INN: **7708000473**

OGRN: **1027739273946**

Telephone: **+7 (495) 721 3883**

Fax: **+7 (495) 721 3894**

E-mail: **office.msc@rosexpertiza.ru**

Auditor's membership in self-regulated audit organizations

Full name: **Self-Regulated Auditor Organization "Russian Union of Auditors (Association)"**

Location: **107031, Russian Federation, Moscow, Petrovsky pereulok, 8, bld. 2**

Reporting year (years) for the period of five last completed financial years and current financial year for which the auditor has carried or will carry out independent audit of the annual accounting (financial) statements and the annual consolidated financial statements of the issuer

Accounting (financial) statements, year	Consolidated financial statements, year
<b>2013</b>	<b>2013</b>
<b>2014</b>	<b>2014</b>
<b>2015</b>	<b>2015</b>
<b>2016</b>	<b>2016</b>
<b>2017</b>	<b>2017</b>

Describe factors that may affect the auditor's (audit organization's) independence from the issuer, including any material interests between the auditor (officers of the management bodies and bodies supervising the financial activities of the audit organization) and the issuer (officers of the management bodies and bodies supervising the financial activities of the issuer)

***There are no factors that may affect the auditor's (audit organization's) independence from the issuer, including any material interests between the auditor (officers of the management bodies and bodies supervising the financial and business activity of the audit organization) and the issuer (officers of the management bodies and bodies supervising the financial and business activity of the issuer).***

Selection of the issuer's auditor

Tender procedure for auditor selection, if any, and its basic terms and conditions: ***no tender has been held.***

Auditor nomination for approval by the shareholders' (members') meeting, including the management body adopting such a resolution: ***The Company's Board of Directors considers proposals from various auditing companies received by the date of the meeting. The Board of Directors reviews the proposals from auditing companies and (based on recommendations of the Audit Committee of the Board of***

*Directors) adopts a resolution to recommend an auditor to be further approved by a general shareholders' meeting.*

*There was no special engagement of the auditor.*

Describe the procedure for determination of the auditor's (audit organization's) remuneration and specify the actual remuneration paid by the issuer to the auditor (audit organization) upon completion of the last completed reporting year for which the auditor (audit organization) has carried out independent audit of the annual accounting (financial) statements and (or) the annual consolidated financial statements of the issuer:

*LLC "Rosexpertiza" tenders its commercial offer to the Company's Board of Directors which specifies the audit procedure in all substantial aspects and contains an estimation of labor costs to conduct the audit of the Company's annual accounting (financial) statements and annual consolidated financial statements and estimation of traveling expenses, as well as includes a draft Auditing Services Agreement. If necessary, the Company may request information on additional expenses and explanations from LLC "Rosexpertiza". Based on the information provided, the Company's Board of Directors adopts a resolution in regard to the amount of remuneration to be paid to LLC "Rosexpertiza".*

*The Company does not have any deferred and overdue payments for the services provided by the auditor.*

### **1.3. The issuer's appraiser(s)**

*With reference to this section, the Company has not engaged any appraisers during 12 months prior to the end of the reporting quarter.*

### **1.4. The issuer's advisors**

*With reference to this section, the Company has not engaged any financial advisors during 12 months prior to the end of the reporting quarter.*

### **1.5. Persons who signed the quarterly report**

Name: *Bulanov Alexander Nikolaevich*

Year of birth: *1959*

Primary employment

Company: *OJSC "Surgutneftegas"*

Position: *Chief Engineer – First Deputy Director General*

Name: *Druchinin Andrei Vladislavovich*

Year of birth: *1969*

Primary employment

Company: *OJSC "Surgutneftegas"*

Position: *Chief Accountant*

## **Section II. General information on the issuer's financial and economic position**

### **2.1. The issuer's financial and economic performance**

The dynamics of indicators of the issuer's financial and economic performance calculated on the basis of the accounting (financial) statements



Standard (rules) of the accounting (financial) statements in accordance with which the accounting (financial) figures are calculated: **Russian Accounting Standards (RSBU)**

Measurement unit of labor productivity: **thousand RUB per person**

Indicator	2016	2017
Labor efficiency	9,690	11,219
Debt to equity ratio	0.056	0.061
Long-term debt to total long-term debt and equity ratio	0.022	0.023
Debt to operating income (profit)	0.177	0.173
Overdue debts, %	0.0001	0.0312

Measurement unit of labor productivity: **thousand RUB per person**

Indicator	2017, 3 months	2018, 3 months
Labor efficiency	2,716	3,165
Debt to equity ratio	0.054	0.055
Long-term debt to total long-term debt and equity ratio	0.023	0.022
Debt to operating income (profit)	0.378	0.56
Overdue debts, %		0.0792

The analysis of the issuer's financial and economic performance based on the economic analysis of the above performance

*Labor efficiency proves the effectiveness of labor potential use and production operations. The change in this indicator for 2017 and 1Q2018 is caused by the dynamics of revenues in accordance with the market conditions.*

*Such indicators as "Debt to equity ratio" and "Long-term debt to total long-term debt and equity ratio" for 2017 and 1Q2018 show a low level of the Company's dependence on raised and borrowed money.*

*Indicator "Debt to operating income (profit)" remains on a low level, which demonstrates the Company's ability to cover its debts by operating income.*

*The minimum level of the Company's overdue accounts payable in the reporting periods proves that the Company redeems its obligations in time. There is no credit risk.*

## 2.2. The issuer's market capitalization

*Market capitalization is calculated by taking the total number of shares of a certain category (type) and multiplying it by the relevant share market price which is disclosed by the securities market trading organizer*

Unit of measure: **thousand RUB**

Indicator	As of 31.12.2017	As of 31.03.2018
Market capitalization	1,206,337,783.75	1,248,898,626.47

The securities market trading organizer that provides data for market capitalization calculation and any

other additional information on outstanding securities at the issuer's discretion: *the Company's market capitalization is calculated in accordance with data of PJSC "Moscow Exchange"*.

## 2.3. The issuer's liabilities

### 2.3.1. Borrowed funds and accounts payable

As of 31.12.2017

Structure of borrowed funds: *there are no borrowed funds.*

Structure of accounts payable

Unit of measure: *thousand RUB*

Indicator	Indicator value
Total accounts payable	117,373,882
including those overdue	66,497
including	
accounts payable to the budget and state non-budget funds	62,695,083
including those overdue	
accounts payable to suppliers and contractors	18,018,491
including those overdue	66,497
accounts payable to personnel	13,768,384
including those overdue	
other	22,891,924
including those overdue	

In case of any overdue accounts payable, including those under loan agreements, specify the reasons for non-fulfillment of obligations and consequences (both actual and possible) arising for the issuer from such non-fulfillment, including sanctions imposed on the issuer and the date when overdue accounts payable or overdue amount of borrowed funds will be paid or are expected to be paid.

*Non-fulfillment of overdue accounts payable obligations will not have any consequences for the Company in the future.*

Creditors accounting for at least 10 percent of the total accounts payable or at least 10 percent of the total (long-term and short-term) borrowed funds: *No such creditors.*

As of 31.03.2018

Structure of borrowed funds: *there are no borrowed funds.*

Structure of accounts payable

Unit of measure: *thousand RUB*

Indicator	Indicator value
Total accounts payable	98,280,220
including those overdue	155,001

including	
accounts payable to the budget and state non-budget funds	<b>60,420,486</b>
including those overdue	
accounts payable to suppliers and contractors	<b>17,642,913</b>
including those overdue	<b>155,001</b>
accounts payable to personnel	<b>8,103,733</b>
including those overdue	
other	<b>12,113,088</b>
including those overdue	

In case of any overdue accounts payable, including those under loan agreements, specify the reasons for non-fulfillment of obligations and consequences (both actual and possible) arising for the issuer from such non-fulfillment, including sanctions imposed on the issuer and the date when overdue accounts payable or overdue amount of borrowed funds will be paid or are expected to be paid.

***Non-fulfillment of overdue accounts payable obligations will not have any consequences for the Company in the future.***

Creditors accounting for at least 10 percent of the total accounts payable or at least 10 percent of the total (long-term and short-term) borrowed funds: ***No such creditors.***

### **2.3.2. The issuer's credit history**

The history of the issuer's obligations fulfilled under credit and (or) loan agreements having been in force during the last completed reporting and current years, including those in the form of bonds issued and sold, the principal amount of which equaled to or exceeded five percent of the book value of the issuer's assets as of the last day of the last completed reporting period of 3, 6, 9 or 12 months preceding the conclusion of the relevant agreement as well as obligations under other credit and (or) loan agreements which the issuer deems significant.

***The issuer did not have such obligations.***

### **2.3.3. The issuer's liabilities related to security provided by the issuer**

**As of 31.12.2017**

Unit of measure: ***thousand RUB***

<b>Indicator</b>	<b>As of 31.12.2017</b>
The total amount of security provided by the issuer (the amount (sum) of non-fulfilled liabilities in regard to which the issuer provided security if in accordance with terms of provided security the fulfillment of the relevant liabilities is provided in full)	<b>21,687,529</b>
including liabilities of third parties	<b>21,687,529</b>
The amount of security provided by the issuer (the amount (sum) of non-fulfilled liabilities in regard to which the issuer provided security, if in accordance with terms of provided security the fulfillment of the relevant liabilities is provided in full) in the form of pledge	
including liabilities of third parties	
The amount of security provided by the issuer (the amount (sum) of non-fulfilled liabilities in regard to which the issuer provided security, if in accordance with terms of provided security the fulfillment of the relevant liabilities is provided in full) in the form of guarantee	<b>17,438,389</b>

including liabilities of third parties	<b>17,438,389</b>
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The issuer's liabilities related to security provided to third parties, including pledge or guarantee, that account for five or more percent of the book value of the issuer's assets as of the last date of the relevant reporting period: *no such liabilities in this reporting period.*

**As of 31.03.2018**

Unit of measure: *thousand RUB*

Indicator	As of 31.03.2018
Total amount of security provided by the issuer (the amount (sum) of non-fulfilled liabilities in regard to which the issuer provided security if in accordance with terms of provided security the fulfillment of the relevant liabilities is provided in full)	<b>21,964,800</b>
including liabilities of third parties	<b>21,964,800</b>
Amount of security provided by the issuer (the amount (sum) of non-fulfilled liabilities in regard to which the issuer provided security if in accordance with terms of provided security the fulfillment of the relevant liabilities is provided in full) in the form of pledge	
including liabilities of third parties	
Amount of security provided by the issuer (the amount (sum) of non-fulfilled liabilities in regard to which the issuer provided security if in accordance with terms of provided security the fulfillment of the relevant liabilities is provided in full) in the form of guarantee	<b>17,824,331</b>
including liabilities of third parties	<b>17,824,331</b>

The issuer's liabilities related to security provided to third parties, including pledge or guarantee, that account for five or more percent of the book value of the issuer's assets as of the last date of the relevant reporting period: *no such liabilities in this reporting period.*

### **2.3.4. Other liabilities of the issuer**

*There are no other liabilities not shown in the accounting (financial) statements which may significantly affect the issuer's financial position, its liquidity, sources of funds, terms of their use, performance results and expenses.*

## **2.4. Risks related to acquisition of placed securities or those being placed**

Risk management policy of the issuer: *in the course of its activities, the Company seeks to fulfill its obligations and minimize the impact of the risks.*

### **2.4.1. Industry risks**

*Production operations of Surgutneftegas are exposed to risks related to the peculiarities of the oil and gas industry, the most significant of which are the drop in oil and oil products prices, growth of prices for raw materials and services.*

*The drop in oil and oil products prices in foreign and domestic markets adversely affects the ratios of the Company's revenue, cash flow and operations profitability. An extended period of low hydrocarbon prices may negatively affect investments in hydrocarbon production and refining segments and lead to impairment of the Company's assets.*

*The Company takes into account the risk of changes in oil and oil products prices when planning its operating and financial activities, evaluating economic efficiency of new investment projects and measures to enhance hydrocarbon production at the existing fields.*

*OJSC “Surgutneftegas” is subject to the risk of an operational and capital expenditures increase resulting from the growth of prices for raw materials, supplies, equipment, fuel, electric power as well as pipeline and railroad oil and oil products transportation services. To mitigate this risk, the Company regularly implements measures to reduce operating costs and improve efficiency of existing facilities. OJSC “Surgutneftegas” purchases machinery, materials and equipment on a tender basis, monitors the quality of procurements, introduces cost-effective technologies, carries out close examination of the economic efficiency of ongoing and planned investment projects as well as diversifies the ways finished products are transported.*

#### **2.4.2. Country and regional risks**

*OJSC “Surgutneftegas” carries out its business in several regions of the Russian Federation and is subject to the country and regional risks.*

*Unfavorable development of the macroeconomic climate due to external and internal factors may result in a more stringent taxation policy, lower purchasing power of population and affect financial performance of OJSC “Surgutneftegas”.*

*OJSC “Surgutneftegas” operates in regions characterized by stable social and economic conditions and a low unemployment level.*

*The Company operates in the areas with stable weather conditions that are not characterized by natural hazards like hurricanes, floods and other natural disasters. However, stability of the Company’s operations may be influenced by extremely low temperatures. Adverse weather conditions may result in disturbance of supply of materials and equipment to the fields due to a breakdown of transport connection in the areas with no ready-to-use infrastructure. Severe variations in weather averages may lead to the Company’s machinery and equipment failures. A long period of adverse weather conditions and abnormal situations in seaports can affect the planned volumes and terms of finished products delivery.*

*OJSC “Surgutneftegas” is striving to mitigate these risks taking into account the adverse weather conditions in construction of production and transport infrastructure facilities by use of machinery and equipment that are resistant to extreme weather conditions and logistics optimization for the delivery of materials and equipment to the fields.*

#### **2.4.3. Financial risks**

*OJSC “Surgutneftegas” is exposed to financial risks, among which are currency risk, interest rate risk, inflation risk, credit risk and liquidity risk. These risks may adversely affect the Company’s financial performance and lead to lower profitability, cash flow and value of assets.*

*Currency risk due to changes in exchange rates affects OJSC “Surgutneftegas”. The Company regularly evaluates the possible impact of currency risk on efficiency of its current activities and investments in new projects. In order to minimize this risk, OJSC “Surgutneftegas” monitors the key parameters and the structure of financial assets and carries out operational planning of cash flows.*

*Risk of fluctuations of the interest rates has a limited impact on the Company’s activities, as the Company finances operating expenses and capital investments from its own funds. At the same time, OJSC “Surgutneftegas” constantly applies an indicative approach to monitor the levels of interest rates, profitability and risk in the money and capital markets in order to determine the best options for the placement of financial assets.*

*Inflation adversely affects operations of OJSC “Surgutneftegas”. It can influence the level of the current and future production costs, lead to lower profitability and revisions of the plans of investments in new projects. OJSC “Surgutneftegas” takes into account the impact of actual and*

*expected inflation rates when analyzing the results of its current activities and economic feasibility of new projects in the field of production, refining and marketing of finished products. To mitigate this risk, the Company holds procurement tenders to find reliable counterparties and the most favorable ways of goods and services delivery.*

*OJSC “Surgutneftegas” is exposed to credit risk mainly in relation to accounts receivable due to the counterparties’ failure to meet the contractual obligations.*

*In order to mitigate this risk, the Company has developed various systems and methods of cooperation with counterparties. The Company has a system of comprehensive assessment of counterparties which takes into account their financial position, credit history and status of settlements with the budget. Sales of finished products to buyers are carried out by advance payment and payment by a letter of credit. Making advance payments to counterparties in order to reduce possible losses, the Company uses mechanisms of securing the payback in the form of bank guarantees and sureties.*

*Liquidity risk is not significant to OJSC “Surgutneftegas”, as the Company does not raise borrowed funds in money and debt markets to finance its current activities and implement new investment projects because it has sufficient liquid assets. The Company’s system of financial planning allows us to make detailed schedules of future payments and establish a structure of the Company’s cash flows that maintains sufficient liquidity for timely settlement of its liabilities.*

*OJSC “Surgutneftegas” does not apply derivative financial instruments to hedge financial risks, but takes into consideration their possible application when developing investment projects, making plans and budgets. To mitigate financial risks, the Company uses instruments of insurance of assets and operations to protect its property interests in the process of its financial and business activity.*

#### **2.4.4. Legal risks**

*For OJSC “Surgutneftegas”, legal risks are risks of changes in the existing regulatory environment in the field of currency, tax legislation, as well as customs regulations and duties, licensing in oil and gas industry. These risks may result in higher expenses, lower operating performance and deterioration of the Company’s financial performance.*

*Changes in existing currency legislation in the field of currency regulation and control may result in higher transaction expenses and lower operating performance of the Company. OJSC “Surgutneftegas” complies with all requirements of the currency legislation of the Russian Federation in force.*

*Changes in the tax legislation can significantly affect the Company’s activities, its financial performance and implementation of its long-term projects.*

*Surgutneftegas fully provides its tax payment and other binding payments under the current legislation of the Russian Federation. Surgutneftegas regularly monitors these changes in the legislation in the field of tax regulation which allows the Company to evaluate the consequences of such changes in advance and take them into account in its plans. OJSC “Surgutneftegas” makes suggestions related to fiscal policy and takes part in discussions of new tax initiatives in order to ensure sustainable development of the oil and gas industry.*

*Stricter customs clearance may negatively affect operating activities and financial performance of the Company. OJSC “Surgutneftegas” evaluates terms and economic efficiency of foreign trade operations when it makes decisions to carry out such operations.*

*The Company is exposed to the risks of more stringent regulatory requirements in terms of licensing of core operations. These risks may limit the opportunities for further production expansion, higher expenses, lower operating performance and deterioration of the Company’s financial performance.*

*OJSC “Surgutneftegas” is striving for the most rational, safe and efficient use of mineral resources. The Company has advanced technologies of hydrocarbon production and possesses sufficient materials and equipment, financial and human resources necessary to fulfill all of its*

*obligations under the provisions of subsoil use and the requirements of the current legislation of the Russian Federation.*

#### **2.4.5. Reputation risk**

*Reputation risk is related to the loss of trust and unfavorable perception of the Company's image by the clients, counterparties and other stakeholders due to possible non-compliance of finished products with declared specification, violation of the terms of payment for goods and services as well as non-compliance with other contractual obligations, business customs and principles of professional ethics.*

*The main products of OJSC "Surgutneftegas" (oil, refined and petrochemical products) are produced in strict compliance with the requirements and standards codified by the regulations. The Company has its own accredited laboratories providing an ongoing quality monitoring of oil and gas products produced and sold. OJSC "Surgutneftegas" informs its clients and counterparties about the quality of its products and services and controls their compliance with contractual obligations.*

*The Company maintains high standards of environmental technological safety, closely monitors technical condition of motor vehicles, special vehicles, equipment and production and transport infrastructure facilities. These measures minimize risks of environmental and technological accidents and occupational injuries. OJSC "Surgutneftegas" duly fulfills its obligations on tax payment, non-tax payment, settlements with counterparties and payroll management maintaining the reputation of a reliable partner, socially and environmentally responsible Company.*

#### **2.4.6. Strategy risk**

*Strategy risk is related to the failure of achieving the Company's long-term goals caused by mistakes made in decisions that determine the strategy of the Company's development.*

*OJSC "Surgutneftegas" is exposed to the risks of late detection and response to possible internal and external threats which may adversely affect its financial and operating performance.*

*OJSC "Surgutneftegas" conducts an analysis of competitive environment in the key markets of finished products, assesses existing pricing possibilities when making settlements with consumers and suppliers as well as considers current and forecasted macroeconomic indicators in investment planning and considering further development plans.*

*Wrong assessment of the Company's capacities to expand its production operations may cause shortage of financial resources, materials and equipment, human and management resources, lead to longer time frames necessary for project implementation and disruption to the Company's current operating activities.*

*The Company possesses necessary resources to ensure stability of the current operating activities and development of new projects. The Company's investment decision-making standards minimize the risk of shortage of resources necessary to achieve the Company's planned production goals.*

#### **2.4.7. Risks related to the issuer's operations**

*Production operations and financial activities of Surgutneftegas are exposed to different risks which may affect operating and financial performance and lead to a decrease in the Company's financial sustainability and adjustment of its development plans. OJSC "Surgutneftegas" has a risk management system: the Company developed the range of procedures allowing it to carry out a quantitative assessment of impact of risks and to control them, as well as to choose appropriate methods of risk management. The Company's system of risk management covers all spheres of the Company's activities and makes it possible to effectively detect and assess risks controlled by the Company, manage them, as well as mitigate negative consequences of the risks which can hardly be influenced by the Company.*

### **Section III. Detailed information on the issuer**

#### **3.1. The issuer's history**

##### **3.1.1. The issuer's corporate name (name)**

The issuer's full corporate name: *Open Joint Stock Company "Surgutneftegas"*

Date of introduction of the issuer's existing full corporate name: *27.06.1996*

The issuer's abbreviated corporate name: *OJSC "Surgutneftegas"*

Date of introduction of the issuer's existing abbreviated name: *27.06.1996*

**The issuer's corporate name (name for a nonprofit organization) is registered as a trademark or a service mark.**

Trademark registration

Trademark: *Open Joint Stock Company "Surgutneftegas"*

Certificate of trademark: *No. 438918 dated 09.06.2011*

Priority (commencement) of the document of title: *06.05.2010*

Validity period of the document of title: *06.05.2020*

All previous names of the issuer during its existence

Full corporate name: *Production Association "Surgutneftegas"*

Abbreviated corporate name: *PO "Surgutneftegas"*

Introduced: *15.09.1977*

Grounds for introduction:

Full corporate name: *Joint Stock Company of Open Type "Surgutneftegas"*

Abbreviated corporate name: *AOOT "Surgutneftegas"*

Introduced: *06.05.1993*

Grounds for introduction: *Decree of the President of the Russian Federation No. 1403 "On Special Provisions for Privatization and Corporization of State Enterprises, Production and Scientific Production Associations in the Petroleum, Petroleum Refining and Petroleum Products Supply Industries" dated 17.11.1992.*

##### **3.1.2. State registration of the issuer**

Initial state registration

State registration number: *12-4782*

Date of state registration: *06.05.1993*

Body that conducted the state registration: *Administration of the city of Surgut, Khanty-Mansiysky Autonomous Okrug, Tyumenskaya Oblast*

Registration of the legal entity:

Main state registration number of the legal entity: *1028600584540*

Date of entry of the legal body registered prior to 01 July 2002 into the Uniform State Register of Legal Entities: *18.09.2002*

Name of the registration authority: *Inspectorate of the Ministry of Taxation of Russia for Surgut, Khanty-Mansiysky Autonomous Okrug.*



### 3.1.3. Establishment and development of the issuer

*The issuer is established for an unlimited period of time.*

Summary of the issuer's establishment and development. The issuer's corporate purposes, the issuer's mission (if any) and other information about the issuer's operations essential for a decision to acquire the issuer's securities

*The name of oil and gas producing company "Surgutneftegas" goes hand in hand with the discovery of Big Oil in Western Siberia.*

*Back in March 1964, the first group of oilmen set foot on Surgut ground. The local climate and terrain made it impossible to use conventional methods for building roads, wells, pipelines and field facilities. In fact, the oil producing division "Surgutneft" was a real testing ground where various technologies and methods were created and applied to develop fields in severe geological and climatic conditions. The division proved to be a true forge of skilled workers for all Western Siberia. Many oil and gas producing companies, such as "Kogalymneftegas", "Noyabrskneftegas", "Yuganskneft", "Megionneft" and "Pravdinskneft" were once part of "Surgutneft" and later became separate entities.*

*Construction of the refinery in the city of Kirishi, Leningradskaya Oblast, began in 1961. As was the common practice of that time, the refinery was an All-Union Top Priority Project, and it indeed was built at a rapid pace: as early as December 1965, the refinery received the first oil tank car, and in March 1966, it became fully operational. After it was put into operation, the refinery reversed oil products shortage, which hindered economic development of the North-West of Russia. When the Yaroslavl – Kirishi pipeline was put into service in 1969, the refinery started to process oil delivered from Western Siberian fields.*

*In October 1977, the oil producing division "Surgutneft" was granted the status of the diversified production association "Surgutneftegas" (PO "Surgutneftegas").*

*In 1993, PO "Surgutneftegas" transformed into AOOT "Surgutneftegas" and at the same time, Kirishi refinery transformed into AOOT "KNOS".*

*Under the Soviet system, the Company's marketing subsidiaries, namely "Novgorodnefteproduct", "Kaliningradnefteproduct", "Lennefteproduct", "Pskovnefteproduct" and "Tvernefteproduct", were part of RSFSR Glavneftesnab (Main Department of Oil Supplies) and supplied the corresponding regions with oil products. In 1993, they were also converted into joint stock companies of open type.*

*At present, the Company carries out its business in the territory of constituent entities of the Russian Federation.*

*The main corporate objective is profit earning.*

### 3.1.4. Contacts

The issuer's location: **Russian Federation, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Grigoriya Kukuyevitskogo, 1, bld. 1**

Address of the issuer indicated in the uniform state register of legal entities: **628415, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Grigoriya Kukuyevitskogo, 1, 1**

Telephone: **+7 (3462) 42 60 28; 42 61 33**

Fax: **+7 (3462) 42 64 94**

E-mail: **Bogdanov-VL-REF@surgutneftegas.ru**

Website(s) where information about the issuer and securities issued and/or being issued by the issuer is available:

**<http://www.surgutneftegas.ru/investors;>**

**<http://www.e-disclosure.ru/portal/company.aspx?id=312>**

The name of the third party for shareholder and investor relations: **Limited Liability Company Invest-**

### ***Zaschita***

The third party's location: **628400, Russian Federation, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Entuziastov, 52/1**

Telephone: **+7 (3462) 46 27 64**

Fax: **+7 (3462) 42 11 48**

E-mail: **invz@yandex.ru**

**No website.**

The issuer's special subdivision for shareholder and investor relations: ***Investor relations and DR program support department of Securities division of OJSC "Surgutneftegas"***

Subdivision's location: **628415 Russian Federation, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Grigoriya Kukuyevitskogo, 1, bld. 1.**

Telephone: **+7 (495) 698 94 18**

Fax: **+7 (495) 698 94 14**

E-mail: **ir@surgutneftegas.ru**

Website: **www.surgutneftegas.ru**

### **3.1.5. Taxpayer identification number**

**8602060555**

### **3.1.6. Branches and representative offices of the issuer**

Branches and representative offices of the issuer:

Name: ***Moscow representative office of Open Joint Stock Company "Surgutneftegas"***

Location: ***Russian Federation, Moscow, ul.Myasnitkaya, 34***

Opened on: ***27.09.1993***

Head of the branch (representative office)

Name: ***Makarkin Yury Nikolaevich***

Term of the Power of Attorney: ***31.12.2018***

Name: ***Saint Petersburg representative office of Open Joint Stock Company "Surgutneftegas"***

Location: ***Russian Federation, Saint Petersburg, ul.Podkovyrova, 37***

Opened on: ***28.05.1998***

Head of the branch (representative office)

Name: ***Bandura Sergei Nikolaevich***

Term of the Power of Attorney: ***31.12.2018***

Name: ***Yakutsk representative office of Open Joint Stock Company "Surgutneftegas"***

Location: ***Russian Federation, Republic of Sakha (Yakutia), Yakutsk, ul.Ordzhonikidze, 36***

Opened on: ***01.06.2009***

Head of the branch (representative office)

Name: ***Kruglov Dmitry Valerievich***

Term of the Power of Attorney: ***03.04.2018***

### **3.2. Core operations of the issuer**

#### **3.2.1. Core economic activities of the issuer**

Code of economic activity which is core for the issuer (OKVED2): ***06.10.1***

### 3.2.2. Core operations of the issuer

Types of operations (business activities, types of products (works, services)) that accounted for at least 10 percent of the issuer's revenue (income) in the reporting period

Unit of measure: *thousand RUB*

Type of activity: *sale of oil*

Indicator	2016	2017
Revenue from sales (volume of sales) related to the specified type of activity, thousand RUB	650,828,829	743,749,709
Revenue from sales (volume of sales) related to the specified type of activity in total revenue from sales (volume of sales) of the issuer, %	65.6	65

Indicator	2017, 3 months	2018, 3 months
Revenue from sales (volume of sales) related to the specified type of activity, thousand RUB	174,909,524	208,478,840
Revenue from sales (volume of sales) related to the specified type of activity in total revenue from sales (volume of sales) of the issuer, %	63.4	65.2

Type of activity: *sale of oil products*

Indicator	2016	2017
Revenue from sales (volume of sales) related to the specified type of activity, thousand RUB	304,128,491	362,930,693
Revenue from sales (volume of sales) related to the specified type of activity in total revenue from sales (volume of sales) of the issuer, %	30.6	31.7

Indicator	2017, 3 months	2018, 3 months
Revenue from sales (volume of sales) related to the specified type of activity, thousand RUB	92,256,554	103,226,832
Revenue from sales (volume of sales) related to the specified type of activity in total revenue from sales (volume of sales) of the issuer, %	33.4	32.3

Changes in the issuer's sales revenue (sales volume) equal to or exceeding 10 percent as compared with the corresponding reporting period of the previous year and the reasons for such changes

*For 2017 and 1Q2018, the Company's sales revenue (sales volume) derived from the core business operations increased by more than 10% as compared with the corresponding period of the previous year and such an increase was evidenced in each reporting period and amounted to 15.3% and 15.9% respectively, including 14.3% and 19.2% from the sales of oil and 19.3% and 11.9% from the sales of oil products.*

*The key factor behind the increase in the Company's revenue is determined by the increase in oil quotations and the increase in quotations and prices for oil products.*

Cost structure of the issuer

Indicator	2016	2017
Raw materials and supplies, %	4.12	3.4

Acquired components and semi-finished articles, %	4.37	4.02
Production works and services performed/rendered by third parties, %	19.15	16.19
Fuel, %	0.24	0.3
Energy, %	1.72	1.62
Labor costs, %	13.24	11.61
Interests on loans, %	0	0
Rental payments, %	0.02	0.03
Depreciation of fixed assets, %	16.38	15.65
Taxes included in production costs, %	36.06	42.85
Other costs, %	1.44	1.4
amortization of intangible assets, %	0.15	0.16
remuneration for innovation proposals, %	0	0
compulsory insurance payments, %	0.07	0.06
entertainment expenses, %	0	0
other (facility guard and fire protection services, crew transportation services, information and computer services, advertising and auditing services, other expenses, including business travel expenses, expenses for voluntary insurance), %	1.22	1.18
Insurance premiums	3.26	2.93
Total: costs of production and sale of goods (works, services) (production costs), %	100	100
For reference only: revenue from sale of goods (works, services), % to cost of production	131.1	125.5

Indicator	2017, 3 months	2018, 3 months
Raw materials and supplies, %	3.14	2.72
Acquired components and semi-finished articles, %	3.97	3.55
Production works and services performed/rendered by third parties, %	16.44	14.69
Fuel, %	0.26	0.2
Energy, %	1.64	1.51
Labor costs, %	10.66	10.28
Interests on loans, %	0	0
Rental payments, %	0.02	0.02
Depreciation of fixed assets, %	16.13	14.07
Taxes included in production costs, %	43.26	48.54
Other costs, %	1.34	1.38
amortization of intangible assets, %	0.15	0.24
remuneration for innovation proposals, %	0	0
compulsory insurance payments, %	0.07	0.06
entertainment expenses, %	0	0
other (facility guard and fire protection services, crew transportation services, information and computer services, advertising and auditing services, other expenses, including business travel expenses, expenses for voluntary insurance), %	1.12	1.08
Insurance premiums	3.14	3.04

Total: costs of production and sale of goods (works, services) (production costs), %	<b>100</b>	<b>100</b>
For reference only: revenue from sale of goods (works, services), % to cost of production	<b>126.3</b>	<b>127.5</b>

Essential new types of goods (works, services) offered by the issuer in its core market, to the extent that corresponds to publicly available information about such goods (works, services). Specify the development status of such types of goods (works, services).

***There are no essential new types of goods (works, services).***

Standards (rules) used for the accounting (financial) statements and calculations shown in this subparagraph: ***The accounting (financial) statements of the Company have been prepared in accordance with Federal Law of the Russian Federation No. 402-FZ “On Accounting” dated 06.12.2011, “Accounting and Reporting Regulations in the Russian Federation” approved by Order No. 34n of the Ministry of Finance of the Russian Federation dated 29.07.1998, Accounting Regulations “Reporting of an Enterprise” PBU 4/99 approved by Order No. 43n of the Ministry of Finance of the Russian Federation dated 06.07.1999, Order No. 66n of the Ministry of Finance of the Russian Federation “Reporting Standards of Enterprises” dated 02.07.2010, and approved regulations “Accounting Policy of OJSC “Surgutneftegas” for 2017 for Accounting Purposes” and “Accounting Policy of OJSC “Surgutneftegas” for Taxation Purposes for 2017”, “Accounting Policy of OJSC “Surgutneftegas” for 2018 for Accounting Purposes” and “Accounting Policy of OJSC “Surgutneftegas” for Taxation Purposes for 2018”.***

### **3.2.3. The issuer’s supplies, goods (raw materials) and suppliers**

#### **For 2017**

The issuer’s suppliers who provide at least 10 percent of all supplies of materials and goods (raw materials): ***There are no suppliers who provide at least 10 percent of all supplies of materials and goods (raw materials).***

Change in prices by more than 10% for basic materials and goods (raw materials) during the reporting period against the corresponding reporting period of the previous year

***Prices in 2017 changed against 2016 for more than 10 percent for the specific types of basic materials and goods (raw materials): pipes, fuel, lubricants and chemicals, oil production equipment, building materials, rolled metal products, inert materials.***

The share of imported materials and goods in total supplies, expected availability of import sources in the future and possible alternative sources

***Imported materials and goods account for about 15% of total supplies to the Company during a long period.***

***The Company is expecting availability of these and alternative sources in the future.***

#### **For 3 months of 2018**

The issuer’s suppliers who provide at least 10 percent of all supplies of materials and goods (raw materials): ***There are no suppliers who provide at least 10 percent of all supplies of materials and goods (raw materials).***

Change in prices by more than 10% for basic materials and goods (raw materials) during the reporting period against the corresponding reporting period of the previous year

***Prices for 3 months of 2018 changed against the corresponding period of 2017 for more than 10 percent for the specific types of basic materials and goods (raw materials): pipes, fuel, lubricants and chemicals, oil production equipment, building materials, rolled metal products, inert materials.***

The share of imported materials and goods in total supplies, expected availability of import sources in the future and possible alternative sources

*Imported materials and goods account for about 15% of total supplies to the Company during a long period.*

*The Company is expecting availability of these and alternative sources in the future.*

### **3.2.4. Marketing outlets for the issuer's goods (works, services)**

*The main market where the Company performs its operations is the oil and oil products market. The main oil markets are the number of the federal districts of the Russian Federation, CIS and non-CIS countries. The main oil products markets are some of the federal districts of the Russian Federation and non-CIS countries.*

Factors that can adversely affect the issuer's sales of goods (works, services) and steps that may be taken by the issuer to mitigate such an impact: *Some of the factors that can adversely affect the Company's sales include changes in world oil prices, tax legislation and natural monopoly prices. To minimize the impact of the above factors on sales, the Company monitors prices in foreign and domestic oil and oil products markets on a routine basis and redirects export flows choosing those with better prices.*

### **3.2.5. The issuer's permits (licenses) or authorizations for certain types of works**

*The issuer does not have permits (licenses), information about which is to be specified in the quarterly report.*

### **3.2.6. Activity of certain categories of issuers**

*The issuer is not a stock investment fund, insurance or lending institution, mortgage agent or specialized company.*

### **3.2.7. Additional information on issuers whose core activity is mineral resources extraction**

#### **a) Mineral resources**

The list of mineral deposits which have significant financial and business importance for the issuer, to which the issuer or its subsidiaries hold the right of use

#### **1. Field: Zapadno-Surgutskoye**

Rights to the field are held by: *the issuer*

Type of minerals: *oil*

Proved reserves: *AB1 – 20,007 thous. tonnes; B2 – 2,064 thous. tonnes*

Production rate for the relevant reporting period (periods): *625.503 thous. tonnes*

#### **2. Field: Zapadno-Surgutskoye**

Rights to the field are held by: *the issuer*

Type of minerals: *associated gas*

Proved reserves: *AB1 – 1,045 mn cub m; B2 – 104 mn cub m*

Production rate for the relevant reporting period (periods): *33.204483 mn cub m*

#### **3. Field: Vostochno-Surgutskoye**

Rights to the field are held by: *the issuer*

Type of minerals: *oil*

Proved reserves: *AB1 – 69,756 thous. tonnes; B2 – 10,379 thous. tonnes*

Production rate for the relevant reporting period (periods): *844.651 thous. tonnes*

#### **4. Field: Vostochno-Surgutskoye**

Rights to the field are held by: *the issuer*

Type of minerals: *associated gas*

Proved reserves: *AB1 – 4,216 mn cub m; B2 – 627 mn cub m*

Production rate for the relevant reporting period (periods): *48.585530 mn cub m*

**5. Field: Fedorovskoye**

Rights to the field are held by: *the issuer*

Type of minerals: *oil*

Proved reserves: *AB1 – 242,830 thous. tonnes; B2 – 38,369 thous. tonnes*

Production rate for the relevant reporting period (periods): *2,119.978 thous. tonnes*

**6. Field: Fedorovskoye**

Rights to the field are held by: *the issuer*

Type of minerals: *associated gas*

Proved reserves: *AB1 – 125,251 mn cub m; B2 – 3,800 mn cub m*

Production rate for the relevant reporting period (periods): *869.643688 mn cub m*

**7. Field: Lyantorskoye**

Rights to the field are held by: *the issuer*

Type of minerals: *oil*

Proved reserves: *AB1 – 33,424 thous. tonnes; B2 – 409 thous. tonnes*

Production rate for the relevant reporting period (periods): *980.222 thous. tonnes*

**8. Field: Lyantorskoye**

Rights to the field are held by: *the issuer*

Type of minerals: *associated gas*

Proved reserves: *AB1 – 63,393 mn cub m; B2 – 17 mn cub m*

Production rate for the relevant reporting period (periods): *472.724822 mn cub m*

**9. Field: Bystrinskoye**

Rights to the field are held by: *the issuer*

Type of minerals: *oil*

Proved reserves: *AB1 – 30,296 thous. tonnes; B2 – 308 thous. tonnes*

Production rate for the relevant reporting period (periods): *584.533 thous. tonnes*

**10. Field: Bystrinskoye**

Rights to the field are held by: *the issuer*

Type of minerals: *associated gas*

Proved reserves: *AB1 – 15,578 mn cub m; B2 – 15 mn cub m*

Production rate for the relevant reporting period (periods): *167.756467 mn cub m*

**11. Field: Rogozhnikovskoye**

Rights to the field are held by: *the issuer*

Type of minerals: *oil*

Proved reserves: *AB1 – 99,879 thous. tonnes; B2 – 28,445 thous. tonnes*

Production rate for the relevant reporting period (periods): *711.075 thous. tonnes*

**12. Field: Rogozhnikovskoye**

Rights to the field are held by: *the issuer*

Type of minerals: *associated gas*

Proved reserves: *AB1 – 7,131 mn cub m; B2 – 2,239 mn cub m*

Production rate for the relevant reporting period (periods): *54.062422 mn cub m*

**13. Field: Russkinskoye**

Rights to the field are held by: *the issuer*

Type of minerals: *oil*

Proved reserves: **AB1 – 57,990 thous. tonnes; B2 – 9,482 thous. tonnes**  
Production rate for the relevant reporting period (periods): **712.580 thous. tonnes**

**14. Field: Russkinskoye**

Rights to the field are held by: **the issuer**

Type of minerals: **associated gas**

Proved reserves: **AB1 – 2,982 mn cub m; B2 – 730 mn cub m**

Production rate for the relevant reporting period (periods): **36.144139 mn cub m**

**15. Field: Severo-Labatyuganskoye**

Rights to the field are held by: **the issuer**

Type of minerals: **oil**

Proved reserves: **AB1 – 52,605 thous. tonnes; B2 – 10,542 thous. tonnes**

Production rate for the relevant reporting period (periods): **1,244.629 thous. tonnes**

**16. Field: Severo-Labatyuganskoye**

Rights to the field are held by: **the issuer**

Type of minerals: **associated gas**

Proved reserves: **AB1 – 3,874 mn cub m; B2 – 847 mn cub m**

Production rate for the relevant reporting period (periods): **100.853878 mn cub m**

**17. Field: Central Block of the Talakanskoye oil and gas condensate field**

Rights to the field are held by: **the issuer**

Type of minerals: **oil**

Proved reserves: **AB1 – 86,499 thous. tonnes; B2 – 372 thous. tonnes**

Production rate for the relevant reporting period (periods): **1,232.858 thous. tonnes**

**18. Field: Central Block of the Talakanskoye oil and gas condensate field**

Rights to the field are held by: **the issuer**

Type of minerals: **associated gas**

Proved reserves: **AB1 – 19,321 mn cub m; B2 – 27 mn cub m**

Production rate for the relevant reporting period (periods): **128.936486 mn cub m**

**19. Field: Severo-Talakanskoye**

Rights to the field are held by: **the issuer**

Type of minerals: **oil**

Proved reserves: **AB1 – 32,220 thous. tonnes; B2 – 7,225 thous. tonnes**

Production rate for the relevant reporting period (periods): **479.485 thous. tonnes**

**20. Field: Severo-Talakanskoye**

Rights to the field are held by: **the issuer**

Type of minerals: **associated gas**

Proved reserves: **AB1 – 8,798 mn cub m; B2 – 578 mn cub m**

Production rate for the relevant reporting period (periods): **34.768747 mn cub m**

Licenses for subsoil use obtained by the issuer or subsidiaries for the fields which have significant financial and economic importance

Legal entity that obtained a license: **the issuer**

**1. Lisense: KhMN 01525 NR**

Date of issue: **18.04.2001**

Valid till: **31.12.2115**

Possibility of and basis for license extension: **according to Law of the Russian Federation No. 2395-I “On Subsurface” dated 21.02.1992**



Basis for license issuance: *according to Law of the Russian Federation No. 2395-I "On Subsurface" dated 21.02.1992*

Description of the subsoil plot provided for use: *Khanty-Mansiysky Autonomous Okrug – Yugra, Oktyabrsky and Khanty-Mansiysky Districts, area (sq. km) – 1,271.50*

Type of the license: *geological survey, including prospecting and evaluation of mineral deposits, exploration and production of mineral resources*

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: *prospecting and exploratory drilling, seismic surveys and putting fields into development according to the terms and conditions of the license*

Compulsory payments to be made under license terms and conditions: *all kinds of payments are made in compliance with the law currently in force in the Russian Federation*

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: *as of 31.03.2018 all conditions are being met.*

Legal entity that obtained a license: *the issuer*

**2. Lisenze: KhMN 11293 NE**

Date of issue: *05.09.2002*

Valid till: *31.12.2087*

Possibility of and basis for license extension: *according to Law of the Russian Federation No. 2395-I "On Subsurface" dated 21.02.1992*

Basis for license issuance: *according to Law of the Russian Federation No. 2395-I "On Subsurface" dated 21.02.1992*

Description of the subsoil plot provided for use: *Khanty-Mansiysky Autonomous Okrug – Yugra, Surgutsky District, area (sq. km) – 1,474.95*

Type of the license: *oil and gas exploration and production*

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: *prospecting and exploratory drilling, seismic surveys and putting fields into development according to the terms and conditions of the license*

Compulsory payments to be made under license terms and conditions: *all kinds of payments are made in compliance with the law currently in force in the Russian Federation*

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: *as of 31.03.2018 all conditions are being met.*

Legal entity that obtained a license: *the issuer*

**3. Lisenze: YaKU 12061 NE**

Date of issue: *26.12.2003*

Valid till: *31.12.2081*

Possibility of and basis for license extension: *according to Law of the Russian Federation No. 2395-I "On Subsurface" dated 21.02.1992*

Basis for license issuance: *according to Law of the Russian Federation No. 2395-I "On Subsurface" dated 21.02.1992*

Description of the subsoil plot provided for use: *the Republic of Sakha (Yakutia), Lensky District, area (sq. km) – 410.57*

Type of the license: *exploration and production of mineral resources*

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: *prospecting and exploratory drilling, seismic surveys and putting fields into development according to the terms and conditions of the license*

Compulsory payments to be made under license terms and conditions: *all kinds of payments are made in compliance with the law currently in force in the Russian Federation*

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: *as of 31.03.2018 all conditions are being met.*

Legal entity that obtained a license: *the issuer*

**4. License: KhMN 00431 NE**

Date of issue: *05.03.1997*

Valid till: *31.12.2069*

Possibility of and basis for license extension: *according to Law of the Russian Federation No. 2395-I "On Subsurface" dated 21.02.1992*

Basis for license issuance: *according to the Regulations for Subsurface Use Licensing Procedure*

Description of the subsoil plot provided for use: *Khanty-Mansiysky Autonomous Okrug – Yugra, Surgutsky District, area (sq. km) – 544.03*

Type of the license: *exploration and production of mineral resources*

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: *fields commissioning operations according to the terms and conditions of the license*

Compulsory payments to be made under license terms and conditions: *all kinds of payments are made in compliance with the law currently in force in the Russian Federation*

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: *as of 31.03.2018 all conditions are being met.*

Legal entity that obtained a license: *the issuer*

**5. License: KhMN 00435 NE**

Date of issue: *05.03.1997*

Valid till: *31.12.2100*

Possibility of and basis for license extension: *according to Law of the Russian Federation No. 2395-I "On Subsurface" dated 21.02.1992*

Basis for license issuance: *according to Law of the Russian Federation No. 2395-I "On Subsurface" dated 21.02.1992*

Description of the subsoil plot provided for use: *Khanty-Mansiysky Autonomous Okrug – Yugra, Surgutsky District, area (sq. km) – 1,182.20*

Type of the license: *oil and gas production*

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: *prospecting and exploratory drilling, seismic surveys and putting fields into development according to the terms and conditions of the license*

Compulsory payments to be made under license terms and conditions: *all kinds of payments are made in compliance with the law currently in force in the Russian Federation*

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: *as of 31.03.2018 all conditions are being met.*

Legal entity that obtained a license: *the issuer*

**6. License: KhMN 00408 NE**

Date of issue: *18.12.1996*

Valid till: *31.12.2129*

Possibility of and basis for license extension: *according to Law of the Russian Federation No. 2395-I "On Subsurface" dated 21.02.1992*

Basis for license issuance: *according to the Regulations for Subsurface Use Licensing Procedure*

Description of the subsoil plot provided for use: *Khanty-Mansiysky Autonomous Okrug – Yugra,*

**Surgutsky District, area (sq. km) – 1,952.07**

Type of the license: *exploration and production of mineral resources*

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: *prospecting and exploratory drilling, seismic surveys and putting fields into development according to the terms and conditions of the license*

Compulsory payments to be made under license terms and conditions: *all kinds of payments are made in compliance with the law currently in force in the Russian Federation*

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: *as of 31.03.2018 all conditions are being met.*

Legal entity that obtained a license: *the issuer*

**7. License: KhMN 00406 NE**

Date of issue: **18.12.1996**

Valid till: **31.12.2162**

Possibility of and basis for license extension: *according to Law of the Russian Federation No. 2395-I “On Subsurface” dated 21.02.1992*

Basis for license issuance: *according to the Regulations for Subsurface Use Licensing Procedure*

Description of the subsoil plot provided for use: **Khanty-Mansiysky Autonomous Okrug – Yugra, Surgutsky District, area (sq. km) – 1,815.72**

Type of the license: *exploration and production of mineral resources*

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: *prospecting and exploratory drilling, seismic surveys and putting fields into development according to the terms and conditions of the license*

Compulsory payments to be made under license terms and conditions: *all kinds of payments are made in compliance with the law currently in force in the Russian Federation*

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: *as of 31.03.2018 all conditions are being met.*

Legal entity that obtained a license: *the issuer*

**8. License: KhMN 00409 NE**

Date of issue: **18.12.1996**

Valid till: **31.12.2069**

Possibility of and basis for license extension: *according to Law of the Russian Federation No. 2395-I “On Subsurface” dated 21.02.1992*

Basis for license issuance: *according to the Regulations for Subsurface Use Licensing Procedure*

Description of the subsoil plot provided for use: **Khanty-Mansiysky Autonomous Okrug – Yugra, Surgutsky District, area (sq. km) – 528.793**

Type of the license: *exploration and production of mineral resources*

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: *prospecting and exploratory drilling, seismic surveys and putting fields into development according to the terms and conditions of the license*

Compulsory payments to be made under license terms and conditions: *all kinds of payments are made in compliance with the law currently in force in the Russian Federation*

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: *as of 31.03.2018 all conditions are being met.*

Legal entity that obtained a license: *the issuer*

**9. License: KhMN 00417 NE**

Date of issue: **14.01.1997**

Valid till: **31.12.2083**

Possibility of and basis for license extension: **according to Law of the Russian Federation No. 2395-I "On Subsurface" dated 21.02.1992**

Basis for license issuance: **according to the Regulations for Subsurface Use Licensing Procedure**

Description of the subsoil plot provided for use: **Khanty-Mansiysky Autonomous Okrug – Yugra, Surgutsky District, area (sq. km) – 959.79**

Type of the license: **exploration and production of mineral resources**

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: **prospecting and exploratory drilling, seismic surveys and putting fields into development according to the terms and conditions of the license**

Compulsory payments to be made under license terms and conditions: **all kinds of payments are made in compliance with the law currently in force in the Russian Federation**

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: **as of 31.03.2018 all conditions are being met.**

Legal entity that obtained a license: **the issuer**

**10. Lisenze: YaKU 14372 NE**

Date of issue: **21.01.2008**

Valid till: **31.12.2145**

Possibility of and basis for license extension: **according to Law of the Russian Federation No. 2395-I "On Subsurface" dated 21.02.1992**

Basis for license issuance: **according to Law of the Russian Federation No. 2395-I "On Subsurface" dated 21.02.1992**

Description of the subsoil plot provided for use: **the Republic of Sakha (Yakutia), Lensky District, area (sq. km) – 1,188.46**

Type of the license: **exploration and production of mineral resources**

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: **prospecting and exploratory drilling, seismic surveys and putting fields into development according to the terms and conditions of the license**

Compulsory payments to be made under license terms and conditions: **all kinds of payments are made in compliance with the law currently in force in the Russian Federation**

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: **as of 31.03.2018 all conditions are being met.**

Legal entity that obtained a license: **the issuer**

**11. Lisenze: KhMN 14906 NR**

Date of issue: **27.04.2010**

Valid till: **31.12.2095**

Possibility of and basis for license extension: **according to Law of the Russian Federation No. 2395-I "On Subsurface" dated 21.02.1992**

Basis for license issuance: **according to Law of the Russian Federation No. 2395-I "On Subsurface" dated 21.02.1992**

Description of the subsoil plot provided for use: **Khanty-Mansiysky Autonomous Okrug – Yugra, Surgutsky District, area (sq. km) – 167.45**

Type of the license: **geological survey, including prospecting and evaluation of mineral deposits, exploration and production of mineral resources**

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: **prospecting and exploratory drilling, seismic surveys and putting fields into**

***development according to the terms and conditions of the license***

Compulsory payments to be made under license terms and conditions: ***all kinds of payments are made in compliance with the law currently in force in the Russian Federation***

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: ***as of 31.03.2018 all conditions are being met.***

Legal entity that obtained a license: ***the issuer***

***12. Lisense: KhMN 13143 NR***

Date of issue: ***18.05.2005***

Valid till: ***16.05.2030***

Possibility of and basis for license extension: ***according to Law of the Russian Federation No. 2395-I “On Subsurface” dated 21.02.1992***

Basis for license issuance: ***according to Law of the Russian Federation No. 2395-I “On Subsurface” dated 21.02.1992***

Description of the subsoil plot provided for use: ***Khanty-Mansiysky Autonomous Okrug – Yugra, Oktyabrsky and Khanty-Mansiysky Districts, area (sq. km) – 407.39***

Type of the license: ***geological survey, including prospecting and evaluation of mineral deposits, exploration and production of mineral resources***

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: ***prospecting and exploratory drilling, seismic surveys and putting fields into development according to the terms and conditions of the license***

Compulsory payments to be made under license terms and conditions: ***all kinds of payments are made in compliance with the law currently in force in the Russian Federation***

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: ***as of 31.03.2018 all conditions are being met.***

***This section provides a list of the Company’s main fields***

***In the lines “Proved reserves” the current recoverable oil and condensate reserves in respect of oil are shown under the Russian classification of hydrocarbon reserves and resources.***

***In the lines “Proved reserves” the current recoverable associated gas reserves in respect of associated gas are shown under the Russian classification of hydrocarbon reserves and resources.***

***License KhMN 00431 NE is issued in lieu of License KhMN 00051 NE dated 13.07.1993.***

***License KhMN 00435 NE is issued in lieu of License KhMN 00049 NE dated 13.07.1993.***

***License KhMN 00438 NE is issued in lieu of License KhMN 00057 NE dated 14.07.1993.***

***License KhMN 00408 NE is issued in lieu of License KhMN 00052 NE dated 14.07.1993.***

***License KhMN 00406 NE is issued in lieu of License KhMN 00062 NE dated 15.07.1993.***

***License KhMN 00409 NE is issued in lieu of License KhMN 00047 NE dated 13.07.1993.***

***License KhMN 00417 NE is issued in lieu of License KhMN 00054 NE dated 14.07.1993.***

***License KhMN 00564 NE is issued in lieu of License KhMN 00106 NE dated 29.09.1993.***

b) Mineral resources processing

Fixed assets used for processing

***The refining and processing sector of the Company is represented by refinery LLC “KINEF”***

*with a processing capacity of 20.1 million tonnes of oil per year located in Leningradskaya Oblast, and a gas processing complex with a capacity of 7.3 billion cubic meters per year located in Khanty-Mansiysky Autonomous Okrug – Yugra.*

*The issuer and its subordinates do not engage any contractors to process mineral resources they produce.*

c) Products marketing

Permits granted by authorized government agencies for sale of mineral resources and their processed products and quotas, including export quotas

*In accordance with Federal Law of the Russian Federation No. 147-FZ “On Natural Monopolies” dated 17.08.1995, a duly registered oil producer and an organization being a parent company of an oil producer are granted with the right of access to the system of Russian trunk pipelines and terminals to transport oil out of the customs territory of the Russian Federation, proportionally to the volumes of produced oil pumped into the system of trunk pipelines with a 100% trunk pipeline transmission capacity (subject to feasibility).*

**3.2.8. Additional requirements to be met by issuers whose core activity is telecommunication services provision**

*Telecommunication services provision is not the core activity of the issuer.*

**3.3. Plans for the issuer’s future activity**

*The long-term strategy of OJSC “Surgutneftegas” is aimed at strengthening its position of a financially sustainable company with good production growth prospects in the domestic oil and gas sector. To achieve its goal, the Company is developing the following priority areas of business.*

*Oil and gas production:*

- to strengthen and enlarge the Company’s mineral resource base through geological exploration and acquisition of new promising subsoil blocks;*
- to develop and apply innovative solutions, extend the introduction of advanced technologies and equipment enhancing the efficiency of geological exploration and field development, including fields with low-margin reserves;*
- to maintain the volume of hydrocarbon production according to the current conditions in the oil and gas market;*
- to develop new centers of hydrocarbon production;*
- to use the produced associated petroleum gas in the most efficient way;*
- to provide a high quality of work and control costs.*

*Oil refining and gas processing:*

- to enhance refining and processing efficiency through modernization and reconstruction of production facilities;*
- to increase an oil conversion ratio, share of light oil products yield and to reduce the volume of low-margin products;*
- to provide an extensive range of products in accordance with the market needs.*

*Marketing:*

- to diversify product supplies by entering new markets and developing Russian transportation infrastructure;*
- to increase sales of high-margin products;*
- to attract and retain consumers by providing high quality products;*
- to increase the efficiency of retail sales by developing a network of gas stations and expanding the range of related services.*

**Power generation:**

- to develop the energy complex which ensures generation, transmission and sale of electric and thermal energy;
- to introduce energy saving and energy efficient solutions and technology within every area of the Company's operations.

**Social responsibility:**

- to mitigate the environmental impact, ensure environmental safety of production facilities and use natural resources in a responsible and rational way;
- to assure high industrial and occupational safety standards;
- to maintain the reputation of an attractive and responsible employer, creating environment for personnel development;
- to contribute to balanced social and economic development of the areas where the Company operates and preserve the status of a reliable partner and supplier of high quality products;
- to offer extra social benefits and guarantees for the employees, their families and retired employees.

*In the mid-term, OJSC "Surgutneftegas" is planning to keep the volumes of oil production at the level of 60-62 million tonnes depending on the situation in the hydrocarbon market. In 2018, oil production is planned to reach 61.4 million tonnes and gas production – 9.4 billion cubic meters. Programs for drilling, well construction and workover, well intervention services are designed and optimization of well stock operation modes is continued in the Company to achieve set objectives. The Company is planning that the scope of exploratory drilling in 2018 will be 198 thousand meters. The amount of development drilling is planned to be 4.7 million meters.*

*In 2018, the volume of oil refining at the refinery will amount to 18.2 million tonnes, the volume of light oil products will be increased. The Company is planning to process 5.8 billion cubic meters of gas at its own gas processing plant. The works on upgrading and reconstruction of production capacities will be continued.*

*In the marketing sector, OJSC "Surgutneftegas" will focus on the development of its network of gas filling stations, strengthening their competitiveness through expanded additional services and optimized related product range.*

*In the energy sector, the Company's efforts will focus on further development of its energy facilities and carrying out its energy conservation program. Power generated by the Company's own generating capacities will be above 5.7 billion kWh.*

*As part of its social responsibility initiatives in 2018, OJSC "Surgutneftegas" will continue implementing the complex of measures on environmental protection, promoting comfortable work and leisure environment for its employees and implementing various social programs.*

### **3.4. The issuer's share in banking groups, bank holding companies, holdings and associations**

Name of group, holding or association: *Association of organizations in the field of subsoil use "National Association for Subsoil Use Auditing" (AOON "NAEN")*

The term of the issuer's participation: *since 13.11.2014*

The issuer's role (position) and functions in the organization: *member of the Association*

### **3.5. Organizations under the issuer's control which are material to the issuer**

1. Full corporate name: *Limited Liability Company "Novgorodnefteproduct"*

Abbreviated corporate name: *LLC "Novgorodnefteproduct"*

Location: *Russian Federation, Veliky Novgorod*

INN: *5321059365*

OGRN: *1025300788644*

The characteristics of the issuer's control exercised over the organization in respect to which the issuer is a controlling entity: *right to control over 50 percent of votes in the supreme management body of*

*the organization under the issuer's control.*

Type of control: **direct control**

The issuer's share in the charter capital of the controlled organization: **100%**

The share of the controlled organization in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the controlled organization: **0%**

Description of the company's core business: **procurement, storage and marketing of oil products.**

The Company's Board of Directors (Supervisory Board)

**No provision is made for the Board of Directors (Supervisory Board).**

Individual executive body of the company

Name	The person's share in the charter capital of the issuer, %:	The issuer's ordinary shares held by the person, %:
Serebrennikov Viktor Georgievich	0	0

The company's collegiate executive body

**No provision is made for a collegiate executive body.**

2. Full corporate name: **Limited Liability Company "Marketing Association "Pskovnefteproduct"**

Abbreviated corporate name: **LLC "Pskovnefteproduct"**

Location: **Russian Federation, Pskov**

INN: **6027042337**

OGRN: **1026000970049**

The characteristics of the issuer's control exercised over the organization in respect to which the issuer is a controlling entity: **right to control over 50 percent of votes in the supreme management body of the organization under the issuer's control.**

Type of control: **direct control**

The issuer's share in the charter capital of the controlled organization: **100%**

The share of the controlled organization in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the controlled organization: **0%**

Description of the company's core business: **procurement, storage and marketing of oil products.**

The Company's Board of Directors (Supervisory Board)

**No provision is made for the Board of Directors (Supervisory Board).**

Individual executive body of the company

Name	The person's share in the charter capital of the issuer, %:	The issuer's ordinary shares held by the person, %:
Maleshin Yury Vladimirovich	0	0

The company's collegiate executive body

**No provision is made for a collegiate executive body.**

3. Full corporate name: **Limited Liability Company "Marketing Association "Tvernefteproduct"**

Abbreviated corporate name: **LLC "MA "Tvernefteproduct"**

Location: **Russian Federation, Tver, ul. Novotorzhskaya, 6**

INN: **6905041501**

OGRN: **1026900510647**

The characteristics of the issuer's control exercised over the organization in respect to which the issuer is a controlling entity: **right to control over 50 percent of votes in the supreme management body of the organization under the issuer's control.**

Type of control: **direct control**

The issuer's share in the charter capital of the controlled organization: **100%**

The share of the controlled organization in the charter capital of the issuer: **0%**



The issuer's ordinary shares held by the controlled organization: **0%**

Description of the company's core business: **procurement, storage and marketing of oil products.**

The Company's Board of Directors (Supervisory Board)

**No provision is made for the Board of Directors (Supervisory Board).**

Individual executive body of the company

Name	The person's share in the charter capital of the issuer, %:	The issuer's ordinary shares held by the person, %:
Klinovsky Alexander Eduardovich	0.0025	0.0014

The company's collegiate executive body

**No provision is made for a collegiate executive body.**

4. Full corporate name: **Limited Liability Company "Kaliningradnefteproduct"**

Abbreviated corporate name: **LLC "Kaliningradnefteproduct"**

Location: **Russian Federation, Kaliningrad, Central District, ul. Komsomolskaya, 22-b**

INN: **3900000136**

OGRN: **1023900589240**

The characteristics of the issuer's control exercised over the organization in respect to which the issuer is a controlling entity: **right to control over 50 percent of votes in the supreme management body of the organization under the issuer's control.**

Type of control: **direct control**

The issuer's share in the charter capital of the controlled organization: **100%**

The share of the controlled organization in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the controlled organization: **0%**

Description of the company's core business: **procurement, storage and marketing of oil products.**

The Company's Board of Directors (Supervisory Board)

**No provision is made for the Board of Directors (Supervisory Board).**

Individual executive body of the company

Name	The person's share in the charter capital of the issuer, %:	The issuer's ordinary shares held by the person, %:
Berdnikov Igor Vladimirovich	0	0

The company's collegiate executive body

**No provision is made for a collegiate executive body.**

5. Full corporate name: **Limited Liability Company "Kirishiavtoservis"**

Abbreviated corporate name: **LLC "Kirishiavtoservis"**

Location: **196084, Russian Federation, Saint Petersburg, ul.Smolenskaya, 12, lit. A**

INN: **7840016802**

OGRN: **1057807804064**

The characteristics of the issuer's control exercised over the organization in respect to which the issuer is a controlling entity: **right to control over 50 percent of votes in the supreme management body of the organization under the issuer's control.**

Type of control: **direct control**

The issuer's share in the charter capital of the controlled organization: **100%**

The share of the controlled organization in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the controlled organization: **0%**

Description of the company's core business: **procurement, storage and marketing of oil products.**

The Company's Board of Directors (Supervisory Board)

**No provision is made for the Board of Directors (Supervisory Board).**

Individual executive body of the company

Name	The person's share in the charter capital of the issuer, %:	The issuer's ordinary shares held by the person, %:
Farbman Valery Evseevich	0	0

The company's collegiate executive body

*No provision is made for a collegiate executive body.*

6. Full corporate name: **Limited Liability Company "Production Association "Kirishinefteorgsintez"**

Abbreviated corporate name: **LLC "KINEF"**

Location: **Russian Federation, Leningradskaya Oblast, Kirishi**

INN: **4708007089**

OGRN: **1024701478735**

The characteristics of the issuer's control exercised over the organization in respect to which the issuer is a controlling entity: **right to control over 50 percent of votes in the supreme management body of the organization under the issuer's control.**

Type of control: **direct control**

The issuer's share in the charter capital of the controlled organization: **100%**

The share of the controlled organization in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the controlled organization: **0%**

Description of the company's core business: **oil refining, production and marketing of oil products (motor gasoline, diesel and boiler fuels, petroleum bitumen, aromatic hydrocarbons and other refined and petrochemical products).**

The Company's Board of Directors (Supervisory Board)

*No provision is made for the Board of Directors (Supervisory Board).*

Individual executive body of the company

Name	The person's share in the charter capital of the issuer, %:	The issuer's ordinary shares held by the person, %:
Somov Vadim Evseevich	0.0086	0.0103

The company's collegiate executive body

*No provision is made for a collegiate executive body.*

7. Full corporate name: **Joint Stock Company "Surgutneftegasbank"**

Abbreviated corporate name: **JSC BANK "SNGB"**

Location: **628400, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Grigoriya Kukuyevitskogo, 19**

INN: **8602190258**

OGRN: **1028600001792**

The characteristics of the issuer's control exercised over the organization in respect to which the issuer is a controlling entity: **right to control over 50 percent of votes in the supreme management body of the organization under the issuer's control.**

Type of control: **direct control**

The issuer's share in the charter capital of the controlled organization: **97.7591%**

Fraction of the ordinary shares held by the issuer: **98.2389%**

The share of the controlled organization in the charter capital of the issuer: **0.0015%**

The issuer's ordinary shares held by the controlled organization: **0.0018%**

Description of the company's core business: **banking.**

The Company's Board of Directors (Supervisory Board)

Name	The person's share in the charter capital of the	The issuer's ordinary shares held by the
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	issuer, %:	person, %:
Barankov Vladislav Georgievich (chairperson)	0.0139	0.0153
Burtsev Gennady Alekseevich	0	0
Zhernovkov Alexander Georgievich	0.0007	0.0001
Pospelova Natalia Evgenyevna	0.0002	0.0002
Druchinin Andrei Vladislavovich	0.0006	0.0004
Sobakinskikh Valery Leonidovich	0	0
Tarasova Olga Ivanovna	0	0

Individual executive body of the company

Name	The person's share in the charter capital of the issuer, %:	The issuer's ordinary shares held by the person, %:
Korol Andrei Vitalyevich	0.0003	0.0003

The company's collegiate executive body

Name	The person's share in the charter capital of the issuer, %:	The issuer's ordinary shares held by the person, %:
Korol Andrei Vitalyevich (chairperson)	0.0003	0.0003
Chaplin Dmitry Vladimirovich	0	0
Cherednichenko Marina Vladimirovna	0	0
Chernozhukov Evgeny Nikolaevich	0	0
Krotov Sergei Grigorievich	0	0

*The Board is the collegial executive body of JSC BANK "SNGB".*

8. Full corporate name: *Limited Liability Company "Oil Refining and Petrochemical Enterprises Design Institute"*

Abbreviated corporate name: *LLC "Lengiproneftekhim"*

Location: *Russian Federation, Saint Petersburg, nab. Obvodnogo kanala, 94*

INN: *7810327462*

OGRN: *1057803105755*

The characteristics of the issuer's control exercised over the organization in respect to which the issuer is a controlling entity: *right to control over 50 percent of votes in the supreme management body of the organization under the issuer's control.*

Type of control: *direct control*

The issuer's share in the charter capital of the controlled organization: *100%*

The share of the controlled organization in the charter capital of the issuer: *0%*

The issuer's ordinary shares held by the controlled organization: *0%*

Description of the company's core business: *design of buildings and constructions, including process design of facilities and constructions for fuel, mining and processing industry.*

The Company's Board of Directors (Supervisory Board)

*No provision is made for the Board of Directors (Supervisory Board).*

Individual executive body of the company

Name	The person's share in the charter capital of the issuer, %:	The issuer's ordinary shares held by the person, %:
Lebedskoy-Tambyev Mikhail Andreevich	0	0

The company's collegiate executive body

*No provision is made for a collegiate executive body.*

**3.6. Constitution, structure and cost of the issuer's fixed assets; information on plans to purchase, replace and dispose of fixed assets as well as on all facts of encumbrance of the issuer's fixed assets**

**As of 31.12.2017**

Unit of measure: *thousand RUB*

Name of fixed assets group	Historical (replacement) cost	Accumulated depreciation
Land and objects of environmental management	14,018,775	
Buildings, structures and transfer mechanisms	2,852,693,912	2,199,303,864
Machinery, equipment and vehicles	637,968,754	520,992,526
Perennial growing stock	155,372	20,415
Other types of fixed assets	5,434,231	3,801,821
<b>TOTAL</b>	<b>3,510,271,044</b>	<b>2,724,118,626</b>

Depreciation methods for different groups of fixed assets: *historical (replacement) cost of fixed assets is redeemed through depreciation under the straight-line method in conformity with the depreciation rate calculated on the basis of useful life of such assets.*

**As of 31.03.2018**

Unit of measure: *thousand RUB*

Name of fixed assets group	Historical (replacement) cost	Accumulated depreciation
Land and objects of environmental management	14,018,533	
Buildings, structures and transfer mechanisms	2,882,316,737	2,227,461,594
Machinery, equipment and vehicles	639,698,181	526,513,099
Perennial growing stock	155,372	21,659
Other types of fixed assets	5,443,328	3,879,550
<b>TOTAL</b>	<b>3,541,632,151</b>	<b>2,757,875,902</b>

Depreciation methods for different groups of fixed assets: *historical (replacement) cost of fixed assets is redeemed through depreciation under the straight-line method in conformity with the depreciation rate calculated on the basis of useful life of such assets.*

The results of the last revaluation of fixed assets and long-term leased fixed assets during the last completed financial year, specifying the date of revaluation, full and residual (net of depreciation) of the book value of fixed assets prior to revaluation and full and residual (net of depreciation) replacement cost of fixed assets with regard to this revaluation. The information is provided for groups of fixed assets. Specify information on depreciation methods for different groups of fixed assets.

Unit of measure: *thousand RUB*

Name of fixed assets group	Historical (replacement) cost prior to revaluation	Residual (net of depreciation) historical (replacement) cost prior to revaluation	Date of revaluation	Full replacement cost after revaluation	Residual (net of depreciation) replacement cost after revaluation
Land and objects of environmental management	13,817,383	13,817,383	31.12.2017	14,018,775	14,018,775
Buildings and structures	2,763,349,385	649,354,309	31.12.2017	2,852,693,912	653,390,048
Machinery, equipment and vehicles	606,357,943	115,051,467	31.12.2017	637,968,754	116,976,228

Perennial growing stock	155,372	134,957	31.12.2017	155,372	134,957
Other types of fixed assets	5,366,888	1,610,173	31.12.2017	5,434,231	1,632,410
Total	3,389,046,971	779,968,289	31.12.2017	3,510,271,044	786,152,418

Specify the method of fixed assets revaluation (using the factors of the federal statistics body of executive authority or the market value of such fixed assets supported by documents or expert opinions. In case of an expert opinion, specify the assessment procedure): *revaluation of fixed assets was based on the replacement cost of the fixed assets.*

Specify any plans to purchase, replace and dispose of fixed assets, the value of which is 10 and more percent of the value of the issuer's fixed assets and other fixed assets at the issuer's discretion. Specify all facts of encumbrance of the issuer's fixed assets (stating the nature of encumbrance, the date when such encumbrance occurred, its duration and other conditions at the issuer's discretion): *as of the last day of the reporting quarter, there are no plans to purchase, replace or dispose of fixed assets, the value of which is 10 and more percent of the value of the Company's fixed assets, as well as encumbered fixed assets.*

## Section IV. Financial and business activities of the issuer

### 4.1. Results of the issuer's financial and business activities

The dynamics of indicators characterizing the financial results of the issuer including its profit and loss calculated on the basis of the accounting (financial) statements

Standard (rules) of the accounting (financial) statements in accordance with which the accounting (financial) figures are calculated: *Russian Accounting Standards (RSBU)*

The unit of measure for the amount of uncovered loss: *thousand RUB*

Indicator	2016	2017
Net profit margin, %		13.085
Asset turnover ratio, times	0.28	0.309
Return on assets, %		4.048
Return on equity, %		4.296
Uncovered loss as of the reporting date	104,756,328	
Uncovered loss as of the reporting date to the book value of assets, %	2.959	

The unit of measure for the amount of uncovered loss: *thousand RUB*

Indicator	2017, 3 months	2018, 3 months
Net profit margin, %		19.407
Asset turnover ratio, times	0.08	0.085
Return on assets, %		1.658
Return on equity, %		1.75
Uncovered loss as of the reporting date	90,747,753	

Uncovered loss as of the reporting date to the book value of assets, %	2.638	
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*The above indicators are calculated based on the recommended accounting practices.*

The economic analysis of profit/loss of the issuer based on the dynamics of these indicators as well as reasons which (according to the management bodies) led to the loss/profit of the issuer as shown in the accounting (financial) statements

*The dynamics of oil and oil products quotations both in foreign and domestic markets, as well as foreign exchange fluctuations, affected the profit and profitability indicators of the Company. These indicators are at the high level demonstrating a stable financial position.*

The opinions of the issuer's management bodies regarding the reasons or level of their influence on the financial and business activities of the issuer are different: **no**.

A member of the issuer's Board of Directors (Supervisory Board) or collegiate executive body has his/her dissenting opinion on the specified reasons and/or level of their influence on financial and business activities of the issuer, which is recorded in the minutes of the meeting (session) of the issuer's Board of Directors (Supervisory Board) or collegiate executive body considering relative issues, and presses for this opinion to be included in a quarterly report: **no**.

#### **4.2. The issuer's liquidity position, capital and current assets adequacy**

The dynamics of indicators of the issuer's liquidity position calculated based on the accounting (financial) statements

Standard (rules) of the accounting (financial) statements in accordance with which the accounting (financial) figures are calculated: **Russian Accounting Standards (RSBU)**

The unit of measure for net working capital: **thousand RUB**

Indicator	2016	2017
Net working capital	601,419,689	985,906,581
Current liquidity ratio	6.467	8.534
Quick liquidity ratio	5.658	7.832

Indicator	2017, 3 months	2018, 3 months
Net working capital	563,800,033	899,930,815
Current liquidity ratio	6.672	8.922
Quick liquidity ratio	5.796	8.171

At the issuer's discretion, the dynamics of indicators of the issuer's liquidity position based on the issuer's consolidated accounting (consolidated financial) statements incorporated in the quarterly report: **no**.

All indicators are calculated based on the recommended accounting practices: **yes**.

The economic analysis of the issuer's liquidity and solvency as well as adequacy of the issuer's equity to fulfill short-term liabilities and cover current operating costs based on the economic analysis of the above performance with a description of factors which (in the opinion of the issuer's management bodies) had the most considerable influence on the issuer's liquidity and solvency

*Changes in the net working capital and current and quick liquidity ratios are determined by fluctuation in short-term investments and cash and cash equivalents in accordance with regulatory requirements to include the financial investments to current and non-current assets.*

*Liquidity ratios are significantly higher than recommended levels, which proves that the Company enjoys a high level of financial solvency.*

The opinions of the issuer's management bodies regarding the reasons or level of their influence on the financial and business activities of the issuer are different: **no**.

A member of the issuer's Board of Directors (Supervisory Board) or collegiate executive body has his/her

dissenting opinion on the specified reasons and/or level of their influence on financial and business activities of the issuer, which is recorded in the minutes of the meeting (session) of the issuer's Board of Directors (Supervisory Board) or collegiate executive body considering relative issues, and insists on this opinion to be included in a quarterly report: **no**.

#### **4.3. The issuer's financial investments**

**As of 31.12.2017**

Financial investments of the issuer constituting five and more percent of its total financial investments as of the last day of the reporting period

Investments in equity securities: ***There are no investments in equity securities constituting five and more percent of total financial investments.***

Investments in non-equity securities: ***There are no investments in non-equity securities constituting five and more percent of all financial investments.***

Other financial investments

Object of financial investments: ***deposits***

Amount of the investments in money terms: ***2,148,289,079***

Unit of measure: ***thousand RUB***

Returns from the object of financial investments or the procedure of its determination, the payment period: ***interest accrual on the sums of the deposits and payment periods are determined in accordance with the terms and conditions of the contracts.***

Additional information: ***no***.

The amount of potential losses due to bankruptcy of organizations (enterprises) in which investments have been made, by each type of such investments: ***no***.

Standards (rules) of the accounting (financial) statements used by the issuer to make calculations shown in this section of the quarterly report: ***in accordance with Order No. 126n dated 10.12.2002 of the Ministry of Finance of the Russian Federation "Accounting Regulations "Financial Investments Accounting" PBU 19/02".***

**As of 31.03.2018**

Financial investments of the issuer constituting five and more percent of its total financial investments as of the last day of the reporting period

Investments in equity securities: ***There are no investments in equity securities constituting 5 and more percent of total financial investments.***

Investments in non-equity securities: ***There are no investments in non-equity securities constituting 5 and more percent of all financial investments.***

Other financial investments

Object of financial investments: ***deposits***

Amount of the investments in money terms: ***2,225,103,045***

Unit of measure: ***thousand RUB***

Returns from the object of financial investments or the procedure of its determination, the payment period: ***interest accrual on the sums of the deposits and payment periods are determined in accordance with the terms and conditions of the contracts.***

Additional information: ***no***.

The amount of potential losses due to bankruptcy of organizations (enterprises) in which investments have been made, by each type of such investments: ***no***.

Reporting standards (rules) used by the issuer to make calculations shown in this section of the quarterly report: ***in accordance with Order No. 126n dated 10.12.2002 of the Ministry of Finance of the Russian Federation "Accounting Regulations "Financial Investments Accounting" PBU 19/02".***

#### 4.4. The issuer's intangible assets

Reporting date: **31.12.2017**

Unit of measure: **thousand RUB**

Name of intangible assets group	Historical (replacement) cost	Accumulated depreciation
TOTAL	1,354,192	905,007

Accounting standards (rules) used by the issuer to disclose information about its intangible assets:

- *intangible assets are recorded at their actual (historical) cost determined as of the date when such assets were recorded;*
- *the Company records intangible assets in accordance with Order No. 153n of the Ministry of Finance of the Russian Federation "On Approval of Accounting Regulations "Intangible Assets Accounting" PBU 14/2007" dated 27.12.2007.*

Reporting date: **31.03.2018**

Unit of measure: **thousand RUB**

Name of intangible assets group	Historical (replacement) cost	Accumulated depreciation
TOTAL	1,362,106	928,236

Accounting standards (rules) used by the issuer to disclose information about its intangible assets:

- *intangible assets are recorded at their actual (historical) cost determined as of the date when such assets were recorded;*
- *the Company records intangible assets in accordance with Order No. 153n of the Ministry of Finance of the Russian Federation "On Approval of Accounting Regulations "Intangible Assets Accounting" PBU 14/2007" dated 27.12.2007.*

#### 4.5. Data on the issuer's policy and expenses for scientific and technical development, licenses and patents, new developments and research

*The Company's policy in scientific and technological development is aimed at providing support to the Company's production potential, ensuring effective operations and creating long-term competitive advantages and is implemented in the following directions: introduction of new operating procedures, production methods and equipment, testing new equipment and technologies, import substitution, rationalization and invention activities and acquisition of patents. In 2017, the Company spent RUB 2,638.43 million on scientific and technical activities, for 3 months of 2018 – RUB 705.74 million.*

Information on intellectual industrial property (inventions, utility models, industrial prototypes, trademarks) of the Company as of **31.12.2017**

No.	Description of intellectual property	Document of exclusive rights (patent, certificate)	Priority (commencement of the document of title)	Period of validity of document of title
1	2	3	4	5
1.	Wash tank dewaxer	Patent (PM) No. 79810 dated 20.01.2009	14.02.2008	14.02.2018
2.	Blowout valve	Patent (PM) No. 80495 dated 10.02.2009	05.06.2008	05.06.2018
3.	Loading control unit for natural gas liquids	Patent (PM) No.	18.05.2009	18.05.2019



	(NGL) and commercial propane/butane mixture (CPBM)	89985 dated 27.12.2009		
4.	Trademark of STsBPO EPU (service mark)	Certif. (TZ) No. 248903 dated 16.06.2003	02.11.1999	02.11.2019
5.	Design of an adsorber vessel	Patent (PM) No. 102307 dated 27.02.2011	19.07.2010	19.07.2020
6.	Well stream stimulation method	Patent (I) No. 2209948 dated 10.08.2003	20.11.2000	20.11.2020
7.	Production tree heater	Patent (PM) No. 113902 dated 27.02.2012	20.07.2011	20.07.2021
8.	Sludge pump	Patent (PM) No. 124335 dated 20.01.2013	14.12.2011	14.12.2021
9.	Open Joint Stock Company "Surgutneftegas"	Certificate of trademark No. 438918 dated 09.06.2011	06.05.2010	06.05.2020
10.	Stand for pneumatic tests of screwed pipe joints	Patent (PM) No. 136570 dated 10.01.2014	01.10.2012	01.10.2022
11.	Equipment for multizone well survey and operation	Patent (PM) No. 131074 dated 10.08.2013	10.01.2013	10.01.2023
12.	Turning casing float valve	Patent (PM) No. 135706 dated 20.12.2013	23.07.2013	23.07.2023
13.	Method of determination of SPM mass concentration with scratch resistance over 5 units by Mohs scale in a well production	Patent (I) No. 2273020 dated 27.03.2006	10.12.2003	10.12.2023
14.	Circular casing module	Patent (PM) No. 146266 dated 03.09.2014	19.05.2014	19.05.2024
15.	Open Joint Stock Company "Surgutneftegas" (logotype)	Certificate of trademark No. 580396 dated 12.07.2016	25.03.2015	25.03.2025
16.	Electric submersible pump of a packet assembly type comprised of stages stacked in series	Patent (PM) No. 161445 dated 01.04.2016	30.04.2015	30.04.2025
17.	Mobile pumping unit	Patent (PM) No. 159093 dated 29.12.2015	01.06.2015	01.06.2025
18.	Tubing-casing annulus sealing tool	Patent (I) No. 2311525 dated 27.11.2007	10.01.2006	10.01.2026
19.	Restoration method of disturbed wetlands (swamplands)	Patent (I) No. 2459397 dated 27.08.2012	22.09.2010	22.09.2030
20.	Method for repairing a coiled tubing without retrieving the logging cable	Patent (I) No. 2513319 dated 18.02.2014	27.07.2012	27.07.2032

21.	Method to remove insulating lacquer coatings of lacquer-impregnated windings of electric motors, including submersible electric motors (SEM)	Patent (I) No. 2396670 dated 10.08.2010	04.05.2009	04.05.2029
22.	The method of reclamation of sludge pits without backfilling in the territory of the State Forest Fund of the middle taiga subzone of Western Siberia	Patent (I) No. 2617632 dated 25.04.2017	17.06.2015	17.06.2035
23.	Fresh-water based visco-elastic compound for cementing wells made of recycled paper products and polyacrilamide	Patent (I) No. 2625128 dated 11.07.2017	15.02.2016	15.02.2036

Information on intellectual industrial property (inventions, utility models, industrial prototypes, trademarks) of the Company as of **31.03.2018**

No.	Description of intellectual property	Document of exclusive rights (patent, certificate)	Priority (commencement of the document of title)	Period of validity of document of title
1	2	3	4	5
1.	Blowout valve	Patent (PM) No. 80495 dated 10.02.2009	05.06.2008	05.06.2018
2.	Loading control unit for natural gas liquids (NGL) and commercial propane/butane mixture (CPBM)	Patent (PM) No. 89985 dated 27.12.2009	18.05.2009	18.05.2019
3.	Trademark of STsBPO EPU (service mark)	Certif. (TZ) No. 248903 dated 16.06.2003	02.11.1999	02.11.2019
4.	Open Joint Stock Company "Surgutneftegas"	Certificate of trademark No. 438918 dated 09.06.2011	06.05.2010	06.05.2020
5.	Design of an adsorber vessel	Patent (PM) No. 102307 dated 27.02.2011	19.07.2010	19.07.2020
6.	Well stream stimulation method	Patent (I) No. 2209948 dated 10.08.2003	20.11.2000	20.11.2020
7.	Production tree heater	Patent (PM) No. 113902 dated 27.02.2012	20.07.2011	20.07.2021
8.	Sludge pump	Patent (PM) No. 124335 dated 20.01.2013	14.12.2011	14.12.2021
9.	Stand for pneumatic tests of screwed pipe joints	Patent (PM) No. 136570 dated 10.01.2014	01.10.2012	01.10.2022
10.	Equipment for multizone well survey and operation	Patent (PM) No. 131074 dated 10.08.2013	10.01.2013	10.01.2023
11.	Turning casing float valve	Patent (PM) No. 135706 dated 20.12.2013	23.07.2013	23.07.2023
12.	Method of determination of SPM mass concentration with scratch resistance over 5 units by Mohs scale in a well production	Patent (I) No. 2273020 dated 27.03.2006	10.12.2003	10.12.2023
13.	Circular casing module	Patent (PM) No.	19.05.2014	19.05.2024

		146266 dated 03.09.2014		
14.	Open Joint Stock Company “Surgutneftegas” (logotype)	Certificate of trademark No. 580396 dated 12.07.2016	25.03.2015	25.03.2025
15.	Electric submersible pump of a packet assembly type comprised of stages stacked in series	Patent (PM) No. 161445 dated 01.04.2016	30.04.2015	30.04.2025
16.	Mobile pumping unit	Patent (PM) No. 159093 dated 29.12.2015	01.06.2015	01.06.2025
17.	Tubing-casing annulus sealing tool	Patent (I) No. 2311525 dated 27.11.2007	10.01.2006	10.01.2026
18.	Method to remove insulating lacquer coatings of lacquer-impregnated windings of electric motors, including submersible electric motors (SEM)	Patent (I) No. 2396670 dated 10.08.2010	04.05.2009	04.05.2029
19.	Restoration method of disturbed wetlands (swamplands)	Patent (I) No. 2459397 dated 27.08.2012	22.09.2010	22.09.2030
20.	Method for repairing a coiled tubing without retrieving the logging cable	Patent (I) No. 2513319 dated 18.02.2014	27.07.2012	27.07.2032
21.	The method of reclamation of sludge pits without backfilling in the territory of the State Forest Fund of the middle taiga subzone of Western Siberia	Patent (I) No. 2617632 dated 25.04.2017	17.06.2015	17.06.2035
22.	ESP bypass intake module	Patent (PM) No. 176553 dated 22.01.2018	09.01.2017	09.01.2027
23.	Fresh-water based visco-elastic compound for cementing wells made of recycled paper products and polyacrilamide	Patent (I) No. 2625128 dated 11.07.2017	15.02.2016	15.02.2036

#### 4.6. Trends analysis in the sphere of Company’s core activities

*The development of oil and gas sector in Russia depends greatly on the ongoing changes in the global oil and gas industry as well as on the governmental control of this industry.*

*In 2017, gradual stabilization of oil prices was observed in the oil and gas market. Agreement on limiting oil output between OPEC and non-OPEC countries, including Russia, became the main factor of this stabilization.*

*In the reporting period, the volume of oil production in Russia slightly decreased compared to 2016 and totaled 546.8 million tonnes. Refined crude oil amounted to 52%, which is the same as in the previous year. The volume of oil refining at the Russian refineries amounted to about 280 million tonnes, the production of basic oil products went down by 2.5%. Despite the decrease in the production of main oil products, the quality of their output structure improved: production of fuel oil decreased by 2.4%, production of motor gasoline and diesel fuel increased.*

*In the reporting year, the companies increased the volume of exported oil to 257 million tonnes. The volume of supplies to CIS countries went down by 0.5% and amounted to 18.1 million tonnes. Export to non-CIS countries increased by 1.2% to 238.7 million tonnes.*

*In 2017, Russian oil and gas producers increased the scope of exploratory drilling by 8% to 987.5 thousand meters against 2016. At the end of 2017, development drilling increased by 12% and reached 27.6 million meters.*

*OJSC “Surgutneftegas” has a significant role in Russian oil and gas industry. At the end of 2017, it accounted for over 11% of the industry oil production, 6.5% of total Russian oil refining.*

*Oil production of the Company totaled 60.5 million tonnes in 2017. The Company actively develops fields in Eastern Siberia. The share of this region annually increases and it reached 14.8% in 2017. OJSC “Surgutneftegas” develops new fields, strives to use natural resources effectively. Gas utilization by OJSC “Surgutneftegas” equaled 99.32% in 2017, which is one of the highest rates in the industry.*

*In 2017, the Company increased the scope of development drilling by 4.2% against 2016 and it reached 4,687 thousand meters. The prospecting and exploratory drilling meterage increased by 0.5% to 202.5 thousand meters. OJSC “Surgutneftegas” ensured 17% of development drilling and 20.4% of exploratory drilling in Russia.*

*In 2017, the volume of oil refining at the Company’s refinery LLC “KINEF” totaled 18.2 million tonnes, which is about 30% of produced oil. The volume of production of oil products in 2017 amounted to 17.7 million tonnes, the volume of light oil products increased by 1.4%.*

*In 1Q2018, we witnessed further growth of oil prices in the global market that was largely facilitated by the extension of the OPEC+ agreement on oil production limitation that was in force in 2017.*

*Being one of the parties to this agreement, in the reporting quarter, Russia reduced oil production by 2% compared to 4Q2017. The volume of oil production decreased by 1.2% and amounted to 134.6 million tonnes compared to 1Q2017. In 1Q2018, 70.2 million tonnes of oil was refined by the Russian refineries. The oil refining, as compared to the previous period, dropped by 1.7%, and increased by 1.1% as compared to 1Q2017. The main products output structure showed the reduction of fuel oil, while the production of diesel fuel and motor gasoline increased.*

*In the reporting quarter, the amount of exploratory drilling in oil companies increased by 8.1% compared to the previous quarter, or by 0.7% compared to 1Q2017, and amounted to 215.4 thousand meters. The amount of development drilling in January-March 2018 reached 6,251.4 thousand meters that is 8.4% up against the same period of 2017 and 12.1% down against the previous quarter.*

*In 1Q2018, OJSC “Surgutneftegas” produced 14.8 million tonnes of oil, which is 11% of the industry production. In the reporting quarter, the Company’s development drilling amounted to 1,029.3 thousand meters, exploratory drilling – 54.5 thousand meters. The share of OJSC “Surgutneftegas” in development drilling in Russia amounted to 16.5%, exploratory drilling – 25.3%. In the reporting quarter, oil refining throughput at LLC “KINEF” amounted to 4.6 million tonnes, which is 6.2% of Russian refining volumes.*

#### **4.7. Analysis of the factors influencing the issuer’s activity**

*The Company’s financial results are affected by the following key factors:*

- hydrocarbon price trends in global and domestic markets;*
- tax burden ratio;*
- foreign exchanges/national currency rate;*
- inflation rate and natural monopoly tariffs.*

*Hydrocarbon price trends in global and domestic markets*

*The Company’s operation is affected by oil and oil products prices in domestic and global markets.*

*In 1Q2018 global oil prices kept on recovering:*

- the average Brent price reached 66.82 USD/bbl, which is 9.1% up against the previous quarter and 24.4% higher against 1Q2017;*
- the average Urals price went up by 8% from the previous period to 65.24 USD/bbl, which means a 25% increase against 1Q2017.*

*The price in the domestic market of Russia depends on export alternatives and is based on seasonal demand for hydrocarbons, changes in taxes and levies rates, transportation tariffs and other factors. In 1Q2018, the weighted average oil price in the open Russian market grew by 8.8% against 4Q2017, and by 21.9% against the same quarter in 2017, which is 21.9 thousand RUB/tonne (Western Siberian oil and gas province).*

*To fairly estimate the impact of the price factor on the Company’s activities, it is essential to take into account the tax burden ratio, since any change of global oil quotations results in corresponding changes of export duties and the Mineral Extraction Tax.*

#### *Tax burden ratio*

*In 2018, we are witnessing further growth of tax burden in oil and gas industry: since 01 January 2018, the coefficient  $K_k$  increasing the MET rate for oil has been increased, as well as excise duties for oil products.*

*In 2018, the MET base rate remained at the level of 2017 which is 919 RUB/tonne. Additional indicator  $K_k$  increasing the MET rate for oil is fixed at RUB 357 (in 2017 – RUB 306).*

*In the reporting quarter, an increase of oil price quotes in the global market and slight strengthening of the national currency against the US dollar was observed as compared to the previous quarter, which in conjunction with the additional indicator  $K_k$  led to an increase of the MET effective rate by 7.1%. Under the influence of several factors (weakening of the US dollar against the ruble, increasing global oil price quotes, growth of the additional coefficient  $K_k$ ), MET effective rate grew by 30.7% compared to the same period of the previous year.*

*In 1Q2018, the average duty rate for oil to be exported to non-CIS countries increased by 21.4% against the previous quarter and amounted to 116.9 USD/tonne, and increased by 35.2% against 1Q2017. At the same time, the export duties reduced rate for Eastern Siberian crude oil remained at a zero level.*

#### *Foreign currencies/national currency rate*

*OJSC “Surgutneftegas” receives a part of its revenue from sale of products in foreign currency and a part of the Company’s assets is denominated in foreign currency. Therefore, any fluctuations in the exchange rate of the Russian ruble to main currencies influence the Company’s financial results, including revenue, other income and expenses.*

*During 1Q2018, the national currency strengthened against the US dollar. As a result, the average USD rate for the reporting quarter was 56.88 RUB/USD, or 2.6% lower than in the previous quarter. The USD/national currency rate decreased by 3.3% against 1Q2017.*

*In the reporting quarter, national currency weakening against Euro was observed: the weighted average Euro exchange rate amounted to 69.87 RUB/Euro which is 1.6% up against the previous quarter and 11.5% up against the 1Q2017.*

#### *The inflation rate and natural monopoly tariffs*

*The Company’s financial and business activity is adversely affected by inflation rates and higher natural monopoly tariffs because they lead to the price growth and, therefore, the increase of the Company’s costs.*

*In the reporting quarter, the growth of tariffs of PJSC “Transneft” for pipeline transportation and service tariffs for orders and supervision of oil delivery on the routes used by the Company equaled 4% compared to 1Q2017.*

*The inflation rate in 1Q2018 decreased as compared to the same period of the previous year and the 1Q2017 and amounted to 0.81%.*

#### **4.8. The issuer’s competitors**

*OJSC “Surgutneftegas” is a vertically integrated oil company operating in the territory of the Russian Federation. The Company’s core business is production and sales of oil and gas, production and marketing of oil products. The competitors of the Company are Russian oil companies: PJSC “LUKOIL”, PJSC “NK “Rosneft”, PJSC “Gazprom neft” and PJSC “Tatneft” n.a. V.D.Shashin.*

*Key competitive advantages of the Company in the oil and gas production sector include sound resource base and availability of advanced equipment and technologies for oil production which ensure achievement of high level oil recovery at the fields and development of oil reserves with different characteristics.*

*Key competitive advantages of the refining segment include high quality of products and advantageous location of the Company’s refinery which ensures efficient oil products supply. In the domestic market, the Company sales its oil products mainly in the North-Western part of Russia.*

*The Company's key competitive advantages in the gas sector is the complete cycle for production, utilization and processing of associated petroleum gas. For several years now, OJSC "Surgutneftegas" has been remaining one of the industry leaders among oil companies in terms of associated petroleum gas utilization which is over 99%.*

## **Section V. Detailed data on members of the issuer's management bodies, the issuer's agencies supervising its financial and business activities, and summary on its staff (employees)**

### **5.1. Structure and terms of reference for the issuer's management bodies**

Full description of the structure of the issuer's management bodies and their terms of reference in accordance with the issuer's charter (constituent documents)

*The general shareholders' meeting is the supreme management body of the Company.*

*The Board of Directors carries out overall management of the Company's activities and has the right to adopt resolutions on any matters concerning the Company's activities except those which the Company's Charter limits to the terms of reference for the general shareholders' meeting. The members of the Board of Directors in the number determined by a resolution of the Company's general shareholders' meeting are elected by the annual general shareholders' meeting in the order stipulated by the Company's Charter for a term lasting till the next annual general shareholders' meeting. The members of the Board of Directors can be re-elected an unlimited number of times.*

*Director General is the individual executive body of the Company and manages the Company's current activity in the order and within the terms of reference determined by the Company's Charter as well as in accordance with resolutions of the Board of Directors and the general shareholders' meeting. The Company's Board of Directors appoints Director General of the Company for a five-year period. At expiration of Director General's term of office, the Board of Directors can appoint this person for the same period an unlimited number of times.*

*Director General reports to the Board of Directors and the general shareholders' meeting of the Company.*

*The powers of the Company's management bodies are determined by the Company's Charter.*

The terms of reference for the Company's general shareholders' (members') meeting, as determined by its Charter (constituent documents).

*The terms of reference for the general shareholders' meeting include the following issues (the resolutions on these issues are adopted if shareholders who own more than 50% of the Company's voting shares and take part in the general shareholders' meeting have voted for it, except as otherwise provided by the Company's Charter):*

- 1) To amend the Company's Charter or to approve the Company's Charter in a new wording excluding cases stipulated by the Federal Law "On Joint Stock Companies" and the Company's Charter;*
- 2) To decrease the charter capital through reduction of par value of shares, acquisition of a portion of shares by the Company to reduce their total amount or to redeem partly paid-in shares and through redemption of shares acquired or bought back by the Company;*
- 3) To approve the Company's annual reports and annual accounting statements, including profit and loss accounts (profit and loss statements) of the Company and its profit and loss distribution;*
- 4) To adopt a resolution to pay annual dividends, to approve the dividend size and the form of its payment on shares of each category (type); and to set the date as of which the persons entitled to dividends are determined. Such a resolution is adopted on the Board of Directors' recommendation. The annual dividend size can not exceed the size recommended by the Board of Directors;*
- 5) To elect the members to the Company's Auditing Committee and to terminate their powers ahead of schedule, to approve the Company's Regulations on the Auditing Committee;*
- 6) To adopt resolutions to restructure the Company;*
- 7) To adopt resolutions to liquidate the Company, to appoint the liquidation commission and approve interim and final liquidation balance sheets;*
- 8) To determine the number of the members of the Board of Directors of the Company, to elect members to the Board of Directors and terminate their powers ahead of schedule;*

- 9) To determine the amount of declared shares, their par value, their category (type) and rights granted by these shares;
- 10) To approve the Company's auditor;
- 11) To determine the procedure of a general shareholders' meeting;
- 12) To establish the counting commission;
- 13) To determine the procedure following which the Company provides information (materials) subject to presentation to shareholders while preparing for a general shareholders' meeting, including choice of a press agency in case of publication;
- 14) To carry out share split and share consolidation;
- 15) To adopt a resolution on the Company's approval of interested party transactions in accordance with the Federal Law "On Joint Stock Companies";
- 16) To adopt a resolution on the Company's approval of major transactions in accordance with the Federal Law "On Joint Stock Companies", Article 79, Clause 3;
- 17) To increase the Company's charter capital through placement of additional ordinary shares through public subscription if the quantity of the ordinary shares to be additionally placed exceeds 25 percent of the ordinary shares previously placed;
- 18) To increase the Company's charter capital through placement of additional shares through private subscription;
- 19) To place equity securities convertible into shares through private subscription. To place through public subscription convertible equity securities which can be converted into ordinary shares exceeding 25 percent of the ordinary shares previously placed;
- 20) To increase the Company's charter capital through increase in par value of shares;
- 21) To pass a resolution to participate in holding companies, financial and industrial groups, associations and other unions of business;
- 22) To approve internal documents governing the activities of the Company's bodies
- 23) Other issues provided for by the law of the Russian Federation currently in force.

Issues within the terms of reference for the general shareholders' meeting cannot be delegated to the Board of Directors and Director General of the Company.

The terms of reference for the Company's Board of Directors (Supervisory Board), as determined by its Charter (constituent documents).

The terms of reference for the Board of Directors include the following issues:

- 1) To submit issues stipulated by the Company's Charter to a general shareholders' meeting for adopting a resolution;
- 2) To give recommendations to the shareholders regarding the size and procedure for payment of dividends, as well as the date as of which the persons entitled to dividends are determined;
- 3) To determine priority lines of the Company's activity;
- 4) To convene annual and extraordinary general shareholders' meetings of the Company;
- 5) To adopt the agenda for general shareholders' meetings;
- 6) To determine the date for making up the list of persons having the right to participate in a general shareholders' meeting as well as the date, venue and time of a general shareholders' meeting, informing shareholders of holding a meeting, of the list of materials (information) to be presented to shareholders while preparing for a general shareholders' meeting, of the form and text of a ballot paper;
- 7) To preliminarily approve annual reports, balance sheets, profit and loss accounts of the Company;
- 8) To increase the Company's charter capital through placement by the Company of:
  - additional ordinary shares through public subscription within the quantity and the category (type) of declared shares if the quantity of the ordinary shares to be placed additionally amounts to 25% or less of the ordinary shares placed earlier by the Company;
  - additional preference shares through public subscription;
  - additional shares at the expense of the Company's property;
- 9) To approve reports on results of issues and purchases of the Company's shares by the Company;
- 10) To amend the Company's Charter after an increase in its charter capital resulting from an increase in the par value of shares;
- 11) To amend the Company's Charter after an increase in its charter capital resulting from the placement of additional shares;
- 12) Placement by the Company of:

- bonds and other equity securities convertible into shares if the mentioned bonds (other equity securities) are placed through public subscription and can be converted into the Company's ordinary shares amounting to 25% or less of the ordinary shares placed earlier;
- bonds and other equity securities if they are not convertible into the Company's shares under the subscription terms;
- 13) To determine the market value of the Company's property;
- 14) To purchase and buy back shares, bonds and other securities placed by the Company in cases stipulated by the Company's Charter;
- 15) To dispose of shares purchased and bought back by the Company and of shares which came to the disposal of the Company due to the fact that their buyers have not fulfilled their payment obligations;
- 16) To elect the Chairperson of the Board of Directors and the Deputy Chairperson of the Board of Directors out of the members of the Board of Directors;
- 17) To appoint Director General of the Company, to determine the size of remuneration and compensations paid to him;
- 18) To recommend the size of remuneration and compensations paid to the members of the Company's Auditing Committee and to determine the amount of auditor's service payment;
- 19) To determine ways of application of the Company's reserve, purpose-oriented and other funds;
- 20) To approve the Company's internal documents excluding those internal documents which, in conformity with the Federal Law "On Joint Stock Companies", are to be approved by a General shareholders' meeting, and other internal documents of the Company which, according to the Company's Charter, are to be approved by Director General;
- 21) To establish branches and to open representative offices of the Company;
- 22) To amend the Company's Charter because of newly established branches and representative offices and their liquidation;
- 23) To adopt resolutions on the Company's approval of major transactions in accordance with the Federal Law "On Joint Stock Companies";
- 24) To adopt resolutions on the Company's approval of interested party transactions in accordance with the Federal Law "On Joint Stock Companies";
- 25) To approve the Company's registrar, to approve and to cancel an agreement with the Company's registrar;
- 26) Other issues, as provided by the law of the Russian Federation.

The terms of reference for the individual and collegial executive bodies of the Company, as provided by its Charter (constituent documents).

The terms of reference for Director General of the Company include the following:

- 1) To implement resolutions of a general shareholders' meeting and the Board of Directors of the Company;
- 2) To issue orders, instructions, decrees, directions and other acts concerning the Company's activities, which all the Company's employees are required to follow;
- 3) Within the rights granted to him/her, to take all necessary actions to exercise legal powers to possess, use and dispose of the Company's property, including conclusion of contracts on acquisition and alienation of the Company's property, loan, credit, and other agreements on behalf of the Company and in accordance with the law of the Russian Federation currently in force and the present Charter;
- 4) To act on behalf of the Company in relations with any Russian or foreign legal and natural persons, to sign contracts and agreements in the Russian Federation and abroad, to carry out other transactions on behalf of the Company, including signing contracts on acquisition of property accounting for up to 25% of the book value of the Company's assets as per the Company's accounting statements as of the last reporting date, to employ the Company's reserve, purpose-oriented and other funds in compliance with the directions of the Company's Board of Directors, to give letters of attorney to carry out transactions, to open settlement accounts and other accounts with banks and other organizations and institutions;
- 5) To deal with issues concerning investments in the development of enterprises and organizations;
- 6) To approve and change the Company's structure, to establish and abolish the Company's business units, to approve the provisions on the Company's business units;



- 7) To approve the manning table, office expenses estimates, amount and type of compensation for the Company's employees as well as Internal Labor Regulations and job descriptions for all categories of the Company's employees;
- 8) To employ, appoint, dismiss, and discharge the Company's employees, heads of business units, to determine their salaries and bonuses as well as incentives for and sanctions against them, to pass resolutions on their material responsibility, to sign employment agreements (contracts) with employees on behalf of the Company;
- 9) To take decisions on the social development of the Company and its subsidiaries;
- 10) On behalf of the Company, to pass resolutions to raise claims and take legal actions against legal and natural persons both in the Russian Federation and abroad, as determined by the legislation.

Director General of the Company also has the right to pass resolutions on management of any current activities of the Company and its subsidiaries, which do not pertain to the terms of reference for the general shareholders' meeting and the Company's Board of Directors. Director General passes resolutions on issues within his/her terms of reference independently.

For a period of his/her absence and under any other circumstances, Director General has the right to appoint any of the Company's officials as an acting Director General.

The issuer did not approve (adopt) any corporate governance code or any other similar document.

For the last reporting period, the issuer's charter (constituent documents) or internal documents governing the activities of the issuer's bodies were not amended.

## 5.2. Members of the issuer's management bodies

### 5.2.1. The issuer's Board of Directors (Supervisory Board)

Name: **Erokhin Vladimir Petrovich**

(Chairperson)

Year of birth: **1949**

Education: **higher professional**

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	to		
2013	present	Open Joint Stock Company "Surgutneftegas"	Chairperson of the Board of Directors

The person's share in the charter capital of the issuer, %: **0.0104**

The issuer's ordinary shares held by the person, %: **0.0126**

Number of the issuer's shares of each category (type) that may be acquired by the person as a result of exercise of rights to the issuer's options held by the person: **the issuer did not issue any options.**

Participation in the work of the committees of the Board of Directors: **the member of the Board of Directors (Supervisory Board) does not participate in the work of the committees of the Board of Directors (Supervisory Board).**

Share of the person in the charter (share) capital (mutual fund) of the issuer's subsidiaries and affiliates: **the person does not have such shares.**

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities: **no such kinship.**

Administrative actions taken against such a person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: **there were no administrative or criminal actions brought against the person.**

Positions held by such a person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation: **the person did not hold such positions.**

Name: **Bogdanov Vladimir Leonidovich**

Year of birth: **1951**

Education: **higher professional, Doctor of Economics**

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	to		
2013	present	Open Joint Stock Company "Surgutneftegas"	Director General
2013	present	Open Joint Stock Company "Surgutneftegas"	Vice Chairperson of the Board of Directors

The person's share in the charter capital of the issuer, %: **0.3028**

The issuer's ordinary shares held by the person, %: **0.3673**

Number of the issuer's shares of each category (type) that may be acquired by the person as a result of exercise of rights to the issuer's options held by the person: **the issuer did not issue any options.**

Participation in the work of the committees of the Board of Directors: **the member of the Board of Directors (Supervisory Board) does not participate in the work of the committees of the Board of Directors (Supervisory Board).**

Share of the person in the charter (share) capital (mutual fund) of the issuer's subsidiaries and affiliates: **the person does not have such shares.**

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities: **no such kinship.**

Administrative actions taken against such a person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: **there were no administrative or criminal actions brought against the person.**

Positions held by such a person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation: **the person did not hold such positions.**

Name: **Bulanov Alexander Nikolaevich**

Year of birth: **1959**

Education: **higher professional**

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	to		
2013	present	Open Joint Stock Company "Surgutneftegas"	Chief Engineer – First Deputy Director General.
2013	present	Open Joint Stock Company "Surgutneftegas"	Member of the Board of Directors

The person's share in the charter capital of the issuer, %: **0.0005**

The issuer's ordinary shares held by the person, %: **0.0002**

Number of the issuer's shares of each category (type) that may be acquired by the person as a result of exercise of rights to the issuer's options held by the person: **the issuer did not issue any options.**

Participation in the work of the committees of the Board of Directors: **the member of the Board of Directors (Supervisory Board) does not participate in the work of the committees of the Board of Directors (Supervisory Board).**

Share of the person in the charter (share) capital (mutual fund) of the issuer's subsidiaries and affiliates:

*the person does not have such shares.*

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities: ***no such kinship.***

Administrative actions taken against such a person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: ***there were no administrative or criminal actions brought against the person.***

Positions held by such a person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation: ***the person did not hold such positions.***

Name: ***Dinichenko Ivan Kalistratovich***

***Independent Member of the Board of Directors***

Year of birth: ***1946***

Education: ***higher professional***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	to		
June 2014	present	Open Joint Stock Company "Surgutneftegas"	Member of the Board of Directors

The person's share in the charter capital of the issuer, %: ***0.0003***

The issuer's ordinary shares held by the person, %: ***0***

Number of the issuer's shares of each category (type) that may be acquired by the person as a result of exercise of rights to the issuer's options held by the person: ***the issuer did not issue any options.***

Participation in the work of the committees of the Board of Directors: ***the member of the Audit Committee of the Board of Directors***

Share of the person in the charter (share) capital (mutual fund) of the issuer's subsidiaries and affiliates: ***the person does not have such shares.***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities: ***no such kinship.***

Administrative actions taken against such a person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: ***there were no administrative or criminal actions brought against the person.***

Positions held by such a person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation: ***the person did not hold such positions.***

Name: ***Krivosheev Viktor Mikhailovich***

Year of birth: ***1953***

Education: ***higher professional***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	to		
June	present	Open Joint Stock Company	Member of the Board of Directors

Period		Organization	Position
2014		"Surgutneftegas"	

The person's share in the charter capital of the issuer, %: **0.0064**

The issuer's ordinary shares held by the person, %: **0.0072**

Number of the issuer's shares of each category (type) that may be acquired by the person as a result of exercise of rights to the issuer's options held by the person: **the issuer did not issue any options.**

Participation in the work of the committees of the Board of Directors: **the member of the Board of Directors (Supervisory Board) does not participate in the work of the committees of the Board of Directors (Supervisory Board).**

Share of the person in the charter (share) capital (mutual fund) of the issuer's subsidiaries and affiliates: **the person does not have such shares.**

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities: **no such kinship.**

Administrative actions taken against such a person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: **there were no administrative or criminal actions brought against the person.**

Positions held by such a person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation: **the person did not hold such positions.**

Name: **Matveev Nikolai Ivanovich**

Year of birth: **1942**

Education: **higher professional**

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	to		
2013	present	Open Joint Stock Company "Surgutneftegas"	Member of the Board of Directors

**No share in the charter capital of the issuer/no ordinary shares.**

Number of the issuer's shares of each category (type) that may be acquired by the person as a result of exercise of rights to the issuer's options held by the person: **the issuer did not issue any options.**

Participation in the work of the committees of the Board of Directors: **the member of the Audit Committee of the Board of Directors**

Share of the person in the charter (share) capital (mutual fund) of the issuer's subsidiaries and affiliates: **the person does not have such shares.**

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities: **no such kinship.**

Administrative actions taken against such a person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: **there were no administrative or criminal actions brought against the person.**

Positions held by such a person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation: **the person did not hold such positions.**

Name: **Raritsky Vladimir Ivanovich**

Year of birth: **1940**

Education: **higher professional**

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	to		
June 2014	present	Open Joint Stock Company "Surgutneftegas"	Member of the Board of Directors

The person's share in the charter capital of the issuer, %: **0.0079**

The issuer's ordinary shares held by the person, %: **0.0089**

Number of the issuer's shares of each category (type) that may be acquired by the person as a result of exercise of rights to the issuer's options held by the person: **the issuer did not issue any options.**

Participation in the work of the committees of the Board of Directors: **the member of the Board of Directors (Supervisory Board) does not participate in the work of the committees of the Board of Directors (Supervisory Board).**

Share of the person in the charter (share) capital (mutual fund) of the issuer's subsidiaries and affiliates: **the person does not have such shares.**

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities: **no such kinship.**

Administrative actions taken against such a person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: **there were no administrative or criminal actions brought against the person.**

Positions held by such a person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation: **the person did not hold such positions.**

Name: **Usmanov Ildus Shagalievich**

Year of birth: **1954**

Education: **higher professional**

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	to		
June 2014	present	Open Joint Stock Company "Surgutneftegas"	Member of the Board of Directors

The person's share in the charter capital of the issuer, %: **0.0018**

The issuer's ordinary shares held by the person, %: **0.0022**

Number of the issuer's shares of each category (type) that may be acquired by the person as a result of exercise of rights to the issuer's options held by the person: **the issuer did not issue any options.**

Participation in the work of the committees of the Board of Directors: **the member of the Board of Directors (Supervisory Board) does not participate in the work of the committees of the Board of Directors (Supervisory Board).**

Share of the person in the charter (share) capital (mutual fund) of the issuer's subsidiaries and affiliates: **the person does not have such shares.**

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities: **no such kinship.**

Administrative actions taken against such a person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: ***there were no administrative or criminal actions brought against the person.***

Positions held by such a person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation: ***the person did not hold such positions.***

Name: ***Shashkov Vladimir Aleksandrovich***

***Independent Member of the Board of Directors***

Year of birth: ***1946***

Education: ***higher professional***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	to		
2013	present	Open Joint Stock Company "Surgutneftegas"	Member of the Board of Directors

The person's share in the charter capital of the issuer, %: ***0.0094***

The issuer's ordinary shares held by the person, %: ***0.0115***

Number of the issuer's shares of each category (type) that may be acquired by the person as a result of exercise of rights to the issuer's options held by the person: ***the issuer did not issue any options.***

Participation in the work of the committees of the Board of Directors: Chairperson ***of the Audit Committee of the Board of Directors***

Share of the person in the charter (share) capital (mutual fund) of the issuer's subsidiaries and affiliates: ***the person does not have such shares.***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities: ***no such kinship.***

Administrative actions taken against such a person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: ***there were no administrative or criminal actions brought against the person.***

Positions held by such a person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation: ***the person did not hold such positions.***

### 5.2.2. Individual executive body of the issuer

Name: ***Bogdanov Vladimir Leonidovich***

Year of birth: ***1951***

Education: ***higher professional, Doctor of Economics***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	to		
2012	present	Open Joint Stock Company "Surgutneftegas"	Director General
2012	present	Open Joint Stock Company "Surgutneftegas"	Vice Chairperson of the Board of Directors

The person's share in the charter capital of the issuer, %: **0.3028**

The issuer's ordinary shares held by the person, %: **0.3673**

Number of the issuer's shares of each category (type) that may be acquired by the person as a result of exercise of rights to the issuer's options held by the person: **the issuer did not issue any options.**

Share of the person in the charter (share) capital (mutual fund) of the issuer's subsidiaries and affiliates: **the person does not have such shares.**

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities: **no such kinship.**

Administrative actions taken against such a person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: **there were no administrative or criminal actions brought against the person.**

Positions held by such a person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation: **the person did not hold such positions.**

### 5.2.3. The issuer's collegiate executive body

*No provision is made for a collegiate executive body.*

### 5.3. Remuneration and/or compensation for expenses for each management body of the issuer

Remuneration for each management body (except for the individual who performs the functions of the individual executive body of the issuer). Specify all types of remuneration, including salary, bonuses, commissions, benefits and/or compensations for expenses and other material representations

#### Remuneration

The Board of Directors

Unit of measure: **thousand RUB**

Indicator	2017	2018, 3 months
Remuneration for the participation in the work performed by the management body	47,718.1	4,501.6
Salary		
Bonus		
Commission		
Other types of remuneration	321.9	39.5
TOTAL	48,040	4,541.1

Existing agreements in relation to such payments in the current financial year: **remunerations are paid to the members of the Company's Board of Directors in accordance with the Company's Charter and the Regulations of the Board of Directors.**

#### Compensation

Unit of measure: **thousand RUB**

Management body	2017	2018, 3 months
The Board of Directors	4,633.2	664.2

Additional information: **no.**

### 5.4. Structure and terms of reference for the agencies supervising the issuer's financial and business activities and organization of risk management system and internal control

Give the full description of the structure of the agencies supervising the issuer's financial and business activities and their terms of reference in accordance with the issuer's charter (constituent documents) and internal documents:

*The Company's Auditing Committee is established to supervise the Company's financial and operating activity. The Company's Auditing Committee consists of three members elected by a general shareholders' meeting out of shareholders or their proxies. Shares owned by the members of the Board of Directors and Director General of the Company cannot vote to elect members of the Auditing Committee. The Auditing Committee passes resolutions either at its meetings or through polls by a majority of its members' votes, in the order established in the Regulations on the Auditing Committee. A member of the Auditing Committee cannot be a member of the Board of Directors; neither can he/she hold a position of Director General of the Company.*

*Once a financial year is over, the Auditing Committee conducts an annual audit (inspection) of the Company's activities. An unscheduled audit (inspection) is conducted by the Committee at any time on its own initiative, in compliance with the resolution adopted by a general shareholders' meeting, at a shareholder's (shareholders') request in writing, provided the shareholder (shareholders) own(s) an aggregate of at least 10% of the Company's voting shares, or in accordance with the resolution passed by the Board of Directors. As requested by the Auditing Committee, the Company's officers shall timely provide the Auditing Committee with all necessary information and documents on the Company's financial and business activities. Based on its findings, the Auditing Committee prepares a report.*

*The Auditing Committee is entitled to require an extraordinary general shareholders' meeting to be convened, following the procedure stipulated by the Company's Charter.*

*To have annual financial statements audited and confirmed, the Company annually hires a professional auditor who does not share any property interests with the Company or with its shareholders.*

*The Company's auditor is approved by a general shareholders' meeting. The auditor's service payment is determined by the Board of Directors of the Company.*

*An audit of the Company's activities shall be conducted at any time at a shareholder's (shareholders') request in writing, provided the shareholder (shareholders) own(s) an aggregate of at least 10% of the Company's placed shares.*

*The Company established the Audit Committee of the Board of Directors.*

*Key functions of the Audit Committee:*

*The Audit Committee of the Board of Directors of the Company (hereinafter – the Committee) was formed under the Board of Directors of the Company.*

*The Committee shall be elected from among the members of the Company's Board of Directors and shall consist of at least 3 (three) members, with at least one Committee member being an independent director. The Chairperson of the Audit Committee shall be an independent director*

*The members of the Committee shall be elected at a meeting of the Board of Directors for a period until new members of the Board of Directors are elected by the annual general shareholders' meeting of the Company. A resolution to elect the members to the Committee shall be passed by simple majority of the total number of the members of the Board of Directors.*

*The key objective of the Committee shall be efficient supervision of the Company's financial and business activities.*

*The main functions of the Committee are as follows:*

- to control completeness, accuracy and authenticity of financial statements of the Company;*
- to control reliability and efficiency of the Company's risk management and internal control systems;*
- to ensure independence and objectiveness of functions of internal and external audit of the Company's financial and business activity.*

*When performing its duties, the Committee may communicate with the Company's auditor, Auditing Committee, Internal Audit Service, other subdivisions and the Company's management.*

*The Committee shall present an annual performance report to the Board of Directors by the meeting of the Board of Directors.*

*An annual report prepared by the Committee shall include the following:*

- evaluation of the Company's auditor candidates by the Committee;*
- evaluation of the audit opinion on the Company's financial and business activities for the year.*



Members of the Audit Committee of the Board of Directors: *Shashkov Vladimir Aleksandrovich (Chairperson), Matveev Nikolai Ivanovich, Dinichenko Ivan Kalistratovich.*

The issuer's separate business unit(s) for risk management and internal control (body (business unit) other than the Auditing Committee (Auditor), performing internal audit of the issuer's financial and business activities), its objectives and functions: *no.*

The issuer's separate business unit (service) for internal audit, its objectives and functions:

*The structure and staff of the Internal Audit Service are approved by Director General.*

*The main objectives of the Internal Audit Service are:*

- to assist Director General of the Company and employees of the Company in developing and monitoring implementation of procedures and measures on improvement of the Company's risk management, internal control and corporate governance systems;*
- to prepare and provide to the Board of Directors and Director General of the Company reports on the performance of the Internal Audit Service, including, but not limited to, information on significant risks, limitations, results and efficiency of implementation of measures on elimination of identified limitations, the plan performance of the Internal Audit Service, results of assessment of factual state, reliability and efficiency of the risk management, internal control and corporate governance systems;*
- to check compliance by the Company's employees with the provisions of the legislation and internal document of the Company.*

*In order to ensure independence and objectivity of internal control, the Internal Audit Service reports to the Board of Directors of the Company on the functional level and to Director General of the Company on the administrative level.*

*Internal Audit Service acts in compliance with the legislation of the Russian Federation, the Company's Charter and internal documents of the Company.*

*The issuer's policy in the sphere of risk management and internal control is presented in Clause 2.4 of the present quarterly report.*

*The issuer ratified (approved) the issuer's internal document establishing rules to prevent unauthorized use of confidential and insider information.*

The issuer's internal document establishing rules to prevent unauthorized use of confidential and insider information: *OJSC "Surgutneftegas" Regulations on Insider Information are accessible to the public at the Company's website in the Internet.*

Additional information: *no.*

## 5.5. Members of the agencies supervising the issuer's financial and business activities

Agency supervising the issuer's financial and business activities: *Auditing Committee*

Name: *Klinovskaya Taisiya Petrovna*

(*Chairperson*)

Year of birth: *1946*

Education: *higher professional*

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	to		
2013	June 2014	Open Joint Stock Company "Surgutneftegas"	Member of the Board of Directors

The person's share in the charter capital of the issuer, %: *0.0091*

The issuer's ordinary shares held by the person, %: *0.0053*

Number of the issuer's shares of each category (type) that may be acquired by the person as a result of

exercise of rights to the issuer's options held by the person: ***the issuer did not issue any options.***

Share of the person in the charter (share) capital (mutual fund) of the issuer's subsidiaries and affiliates: ***the person does not have such shares.***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities: ***no such kinship.***

Administrative actions taken against such a person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: ***there were no administrative or criminal actions brought against the person.***

Positions held by such a person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation: ***the person did not hold such positions.***

Name: ***Oleynik Tamara Fedorovna***

Year of birth: ***1947***

Education: ***secondary professional***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	to		

***No share in the charter capital of the issuer/no ordinary shares.***

Number of the issuer's shares of each category (type) that may be acquired by the person as a result of exercise of rights to the issuer's options held by the person: ***the issuer did not issue any options.***

Share of the person in the charter (share) capital (mutual fund) of the issuer's subsidiaries and affiliates: ***the person does not have such shares.***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities: ***no such kinship.***

Administrative actions taken against such a person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: ***there were no administrative or criminal actions brought against the person.***

Positions held by such a person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation: ***the person did not hold such positions.***

Name: ***Musikhina Valentina Viktorovna***

Year of birth: ***1960***

Education: ***secondary professional***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	to		

***No share in the charter capital of the issuer/no ordinary shares.***

Number of the issuer's shares of each category (type) that may be acquired by the person as a result of exercise of rights to the issuer's options held by the person: ***the issuer did not issue any options.***

Share of the person in the charter (share) capital (mutual fund) of the issuer's subsidiaries and affiliates: ***the person does not have such shares.***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities: ***no such kinship.***

Administrative actions taken against such a person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: ***there were no administrative or criminal actions brought against the person.***

Positions held by such a person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation: ***the person did not hold such positions.***

Agency supervising the issuer's financial and business activities: ***Other***

#### ***Internal Audit Service***

Head of such separate business unit (body) of the issuer

Position of the head of the business unit: ***Head of service***

Name: ***Arteeva Alexandra Ivanovna***

Year of birth: ***1959***

Education: ***higher professional***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	to		
2012	present	Open Joint Stock Company "Surgutneftegas"	Head of Internal Audit Service

***No share in the charter capital of the issuer/no ordinary shares.***

Number of the issuer's shares of each category (type) that may be acquired by the person as a result of exercise of rights to the issuer's options held by the person: ***the issuer did not issue any options.***

Share of the person in the charter (share) capital (mutual fund) of the issuer's subsidiaries and affiliates: ***the person does not have such shares.***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities: ***no such kinship.***

Administrative actions taken against such a person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: ***there were no administrative or criminal actions brought against the person.***

Positions held by such a person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation: ***the person did not hold such positions.***

## **5.6. Remuneration and (or) compensation for expenses for the agency supervising the issuer's financial and business activity**

### **Remuneration**

For each agency supervising the issuer's financial and business activities (except for the individual who holds the position (who performs the functions) of the issuer's auditor) all types of remuneration with their amount are specified, including salaries of the members of the agencies supervising the issuer's financial and business activities, who are (were) its employees, including ones having (had) other employment, bonuses, commissions, benefits paid separately for the participation in the work performed by the relevant agency supervising the issuer's financial and business activities, other types of remuneration paid by the issuer during the relevant reporting period, and also costs for performing the duties of the members of the agency supervising the issuer's financial and business activities

remunerated by the issuer for the relevant reporting period are specified with their amount.

Agency supervising the issuer's financial and business activities: ***Auditing Committee***

Remuneration for the participation in work performed by the supervising agency

Unit of measure: ***thousand RUB***

Indicator	2017	2018, 3 months
Remuneration for the participation in work performed by the agency supervising the issuer's financial and business activities	2,100	
Salary		
Bonus		
Commission		
Other types of remuneration		
TOTAL	2,100	

Existing agreements in relation to such payments in the current financial year: ***no***.

Agency supervising the issuer's financial and business activities: ***Internal Audit Service***

Remuneration for the participation in work performed by the supervising agency

Unit of measure: ***thousand RUB***

Indicator	2017	2018, 3 months
Remuneration for the participation in work performed by the agency supervising the issuer's financial and business activities		
Salary	10,215.5	2,017
Bonus	2,339.2	422.8
Commission		
Other types of remuneration		
TOTAL	12,554.7	2,439.8

Existing agreements in relation to such payments in the current financial year: ***no***.

Compensation

Unit of measure: ***thousand RUB***

Supervising body (of the business unit)	2017	2018, 3 months
Auditing Committee	131.5	
Internal Audit Service	558.5	

Additional information: ***no***.

## 5.7. Number of the issuer's employees (workers), their categories and changes in their number

Unit of measure: ***thousand RUB***

Indicator	2017	2018, 3 months
-----------	------	----------------

Average number of employees, people	<b>102,072</b>	<b>101,150</b>
Gross payroll for the reporting period	<b>122,884,259.4</b>	<b>28,285,617.9</b>
Social payments for the reporting period	<b>2,405,384.9</b>	<b>187,968.3</b>

*The employees (workers) of the Company formed a trade union body.*

## **5.8. Obligations of the issuer to its employees (workers) relating to their possible participation in the issuer's charter capital**

*The issuer has no obligations to its employees (workers) relating to their possible participation in the issuer's charter capital.*

## **Section VI. The issuer's members (shareholders) and interested party transactions conducted by the issuer**

### **6.1. Total number of the issuer's shareholders (members)**

The total number of persons having a non-zero balance accounts registered in the issuer's shareholder register as of the end of the reporting quarter: **32,251**

The total number of the issuer's nominee shareholders: **6**

The total number of persons included in the most recently compiled list of persons who had (have) the right to participate in the issuer's general shareholders' meeting (other list of persons compiled in order to exercise (realize) rights to the issuer's shares, and for the compiling of which the nominee holders of the issuer's shares provided data on persons, on behalf of which they held (hold) the issuer's shares): **29,869**

Date when the list of persons included in the most recently compiled list of persons who had (have) the right to participate in the issuer's general shareholders' meeting is compiled (other list of persons compiled in order to exercise (realize) rights to the issuer's shares, and for the compiling of which the nominee holders of the issuer's shares provided data on persons, on behalf of which they held (hold) the issuer's shares): **4 June 2017**

Holders of the issuer's ordinary shares who were to be included in such a list: **29,869**

Holders of the issuer's preference shares who were to be included in such a list: **0**

Information on the number of treasury shares on the issuer's balance as of the end of the reporting quarter

*There are no treasury shares on the issuer's balance.*

Information on the number of the issuer's shares held by its subordinates

Category of shares: **ordinary**

Number of the issuer's shares held by its subordinates, shares: **650,000**

### **6.2. The issuer's members (shareholders) holding at least five percent of its charter capital or at least five percent of its ordinary shares as well as persons controlling such members (shareholders) and in absence of such persons – members (shareholders) of such persons who hold at least 20 percent of the charter capital or at least 20 percent of their ordinary shares**

The issuer's members (shareholders) holding at least five percent of its charter capital or at least five percent of its ordinary shares

#### **1. Nominee holder**

Information on the nominee holder:

Full corporate name: *Non-banking credit organization Joint-Stock Company “National Settlement Depository”*

Abbreviated corporate name: *NCO JSC NSD*

Location

*105066 Russia, Moscow, ul.Spartakovskaya, 12*

INN: *7702165310*

OGRN: *1027739132563*

Telephone: *+7 (495) 232 0273*

Fax: *+7 (495) 956 0938*

E-mail: *reginfo@nsd.ru*

License of securities market professional participant

Number: *045-12042-000100*

Date of issue: *19.02.2009*

Valid till:

*Unlimited*

Issuing authority: *Federal Financial Markets Service (FSFR) of Russia*

Number of the issuer's ordinary shares registered in the issuer's shareholder register in the name of the said nominee holder, shares: *3,914,590,800*

Number of the issuer's preference shares registered in the issuer's shareholder register in the name of the said nominee holder, shares: *5,083,026,550*

Other information as the issuer may wish to disclose: *no*.

### **6.3. Share of the state or a municipal formation in the issuer's charter capital; any special right (“golden share”)**

Persons who administer blocks of shares owned by the state, municipal formations

#### ***Municipal ownership***

Name: *City district, the city of Surgut as represented by the Administration of the city of Surgut*

Location: *628408, ul. Engelsa, 8, Surgut, Khanty-Mansiysky Autonomous Okrug – Yugra, Tyumenskaya Oblast*

Share of the charter capital of the issuer under state (federal, of constituent territories of the Russian Federation) municipal ownership, %. *0.0278*

#### ***Municipal ownership***

Name: *Municipal unit Surgutsky District as represented by the Administration of Surgutsky District*

Location: *628400, Surgut, Khanty-Mansiysky Autonomous Okrug – Yugra*

Share of the charter capital of the issuer under state (federal, of constituent territories of the Russian Federation) municipal ownership, %. *0.0127*

Persons who exercise functions of the issuer's member (shareholder) on behalf of the Russian Federation, an entity of the Russian Federation, or municipal formation

#### ***Municipal ownership***

Name: *City district, the city of Surgut as represented by the Administration of the city of Surgut*

Location: *628408, ul. Engelsa, 8, Surgut, Khanty-Mansiysky Autonomous Okrug – Yugra, Tyumenskaya Oblast*

Share of the charter capital of the issuer under state (federal, of constituent territories of the Russian Federation) municipal ownership, %. *0.0278*

***Municipal ownership***

Name: ***Municipal unit Surgutsky District as represented by the Administration of Surgutsky District***

Location: ***628400, Surgut, Khanty-Mansiysky Autonomous Okrug – Yugra***

Share of the charter capital of the issuer under state (federal, of constituent territories of the Russian Federation) municipal ownership, %. ***0.0127***

Special right of the Russian Federation, the constituent territories of the Russian Federation or municipalities to participate in the administration of the issuer – joint stock company (“golden share”) and duration of the special right (“golden share”)

***No such right.***

**6.4. Restrictions on participation in the issuer’s charter capital**

***There are no restrictions on participation in the issuer’s charter capital.***

**6.5. Changes in the list and participation of the issuer’s shareholders (members) holding at least five percent of its charter capital or at least five percent of its ordinary shares**

The issuer’s shareholders (members) holding at least five percent of the issuer’s charter (share) capital, and for issuers as joint stock companies also holding at least five percent of the issuer’s ordinary shares determined as of the date when the list was drawn up of persons entitled to participate in each general shareholders’ (members’) meeting of the issuer held in the last completed financial year preceding the end of the reporting quarter, and for the period from the date when the current financial year started till the date when the reporting quarter ended based on the list of persons entitled to participate in each of such meetings.

Additional information: ***no.***

**6.6. Interested party transactions conducted by the issuer**

***No such transactions.***

**6.7. Accounts receivable**

As of 31.12.2017

Unit of measure: ***thousand RUB***

<b>Indicator</b>	<b>Indicator value</b>
Accounts receivable from buyers and customers	<b><i>91,505,749</i></b>
including those overdue	<b><i>278</i></b>
Notes receivable	
including those overdue	
Members’ (incorporators’) arrears of charter capital contributions	
including those overdue	
Other accounts receivable	<b><i>190,142,722</i></b>
including those overdue	
Total accounts receivable	<b><i>281,648,471</i></b>
including total overdue accounts receivable	<b><i>278</i></b>

Debtors who account for at least 10 percent of the total accounts receivable in the reporting period

***No such debtors.***

As of 31.03.2018

Unit of measure: ***thousand RUB***

<b>Indicator</b>	<b>Indicator value</b>
Accounts receivable from buyers and customers	<b><i>83,171,676</i></b>
including those overdue	<b><i>31,801</i></b>
Notes receivable	
including those overdue	
Members' (incorporators') arrears of charter capital contributions	
including those overdue	
Other accounts receivable	<b><i>187,447,056</i></b>
including those overdue	
Total accounts receivable	<b><i>270,618,732</i></b>
including total overdue accounts receivable	<b><i>31,801</i></b>

Debtors who account for at least 10 percent of the total accounts receivable in the reporting period

***No such debtors.***



## Section VII. The issuer's accounting (financial) statements and other financial information

### 7.1. Annual accounting (financial) statements of the issuer

#### Balance Sheet as of 31.12.2017

Company: **Open Joint Stock Company "Surgutneftegas"**

Taxpayer identification number

Type of activity: **crude oil production**

Form of legal organization/form of ownership: **open joint stock company / private property**

Unit of measure: **thousand RUB**

Location (address): **628415 Russia, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Grigoriya Kukuyevitskogo, 1, bld. 1**

	Codes
Form by OKUD	<b>0710001</b>
Date	<b>31.12.2017</b>
by OKPO	<b>05753490</b>
INN	<b>8602060555</b>
by OKVED2	<b>06.10.1</b>
by OKOPF/OKFS	<b>12247 / 16</b>
by OKEI	<b>384</b>

Notes	ASSETS	Line code	As of 31.12.2017	As of 31.12.2016	As of 31.12.2015
1	2	3	4	5	6
	<b>I. NON-CURRENT ASSETS</b>				
3.1	Intangible assets	1110	572,897	567,427	548,352
3.2	R&D results	1120	267,803	143,419	213,665
3.3	Intangible prospecting assets	1130	47,979,317	44,486,303	36,423,674
	Tangible prospecting assets	1140			
3.4	Fixed assets	1150	836,009,871	817,489,027	752,847,663
	including				
	buildings, machinery, equipment, and other fixed assets, excluding land, objects of environmental management, and capital investments in progress	1151	772,133,643	754,655,089	676,370,601
3.4	Income yielding investments in tangible assets	1160	2,672,188	2,887,646	3,093,832
3.5	Financial investments	1170	1,539,907,397	1,773,553,018	2,007,179,799
	including other financial investments, excluding investments in organizations and loans granted	1171	1,409,937,695	1,619,633,606	1,866,481,918
3.11	Deferred tax assets	1180	8,693,537	23,718,078	26,166
3.6	Other non-current assets	1190	59,352,979	58,032,386	59,369,781
	<b>TOTAL for Section I</b>	<b>1100</b>	<b>2,495,455,989</b>	<b>2,720,877,304</b>	<b>2,859,702,932</b>
	<b>II. CURRENT ASSETS</b>				
3.7	Stocks	1210	86,965,050	84,612,290	81,154,030
	Value Added Tax on acquired valuables	1220	4,921,233	4,319,637	4,479,359

3.8	Accounts receivable	1230	281,648,471	272,521,980	206,168,244
3.5	Financial investments (excluding cash equivalents)	1240	765,615,792	414,155,608	479,972,123
	including other financial investments, excluding investments in organizations and loans granted	1241	738,351,384	414,155,608	479,972,123
3.9	Cash and cash equivalents	1250	62,235,108	42,293,015	72,125,809
	Other current assets	1260	1,960,542	1,585,023	877,956
	TOTAL for Section II	1200	1,203,346,196	819,487,553	844,777,521
	BALANCE (assets)	1600	3,698,802,185	3,540,364,857	3,704,480,453

Notes	LIABILITIES	Line code	As of 31.12.2017	As of 31.12.2016	As of 31.12.2015
1	2	3	4	5	6
	<b>III. CAPITAL AND RESERVES</b>				
3.10	Charter capital (share capital, authorized fund, partners' contributions)	1310	43,427,993	43,427,993	43,427,993
	Treasury shares	1320			
	Revaluation of non-current assets	1340	518,252,396	513,790,825	490,607,359
	Additional capital (no revaluation)	1350	192,511,786	192,511,786	192,511,786
	Reserve capital	1360	6,514,198	6,514,198	6,514,198
	Retained profit (uncovered loss)	1370	2,725,058,334	2,596,504,129	2,770,302,491
	TOTAL for Section III	1300	3,485,764,707	3,352,748,931	3,503,363,827
	<b>IV. LONG-TERM LIABILITIES</b>				
	Borrowed funds	1410			
3.11	Deferred tax liabilities	1420	81,281,076	76,257,353	70,670,532
	Estimated liabilities	1430			
3.12	Other liabilities	1450	199,902	639,292	509,218
	TOTAL for Section IV	1400	81,480,978	76,896,645	71,179,750
	<b>V. SHORT-TERM LIABILITIES</b>				
	Borrowed funds	1510			
3.12	Accounts payable	1520	117,173,980	96,541,953	116,947,293
3.13	Deferred income	1530	689,238	703,022	314,861
3.14	Estimated liabilities	1540	13,339,290	13,077,807	12,203,314
	Other liabilities	1550	353,992	396,499	471,408
	TOTAL for Section V	1500	131,556,500	110,719,281	129,936,876
	BALANCE (liabilities)	1700	3,698,802,185	3,540,364,857	3,704,480,453

**Income Statement  
for January-December 2017**

Company: **Open Joint Stock Company “Surgutneftegas”**

Taxpayer identification number

Type of activity: **crude oil production**

Form of legal organization/form of ownership: **open joint stock company / private property**

Unit of measure: **thousand RUB**

Location (address): **628415 Russia, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Grigoriya Kukuyevitskogo, 1, bld. 1**

	Codes
Form by OKUD	<b>0710002</b>
Date	<b>31.12.2017</b>
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INN	<b>8602060555</b>
by OKVED2	<b>06.10.1</b>
by OKOPF/OKFS	<b>12247 / 16</b>
by OKEI	<b>384</b>

Notes	Indicator	Line code	For 12 months of 2017	For 12 months of 2016
1	2	3	4	5
5.1	Revenue	2110	1,144,372,835	992,538,456
5.1	Cost of sales	2120	-818,592,909	-662,748,194
	Gross profit (loss)	2100	325,779,926	329,790,262
	Selling expenses	2210	-93,569,907	-94,334,433
	Management expenses	2220		
	Sales profit (loss)	2200	232,210,019	235,455,829
	Income from participation in other organizations	2310	962,230	901,300
	Interest receivable	2320	91,434,086	102,397,511
	Interest payable	2330		-104
5.2	Other income	2340	1,018,492,577	1,256,553,675
5.2	Other expenses	2350	-1,158,599,685	-1,718,383,074
	Profit (loss) before tax	2300	184,499,227	-123,074,863
3.11	Current profit tax	2410	-15,352,412	
3.11	incl. permanent tax liabilities (assets)	2421	4,948,922	2,327,916
3.11	Change in deferred tax liabilities	2430	-5,023,723	-5,586,821
3.11	Change in deferred tax assets	2450	-15,024,541	23,691,912
	Other	2460	354,998	46,319
	Reallocation of profit tax within the consolidated group of taxpayers	2465	283,039	167,125
	Net profit (loss)	2400	149,736,588	-104,756,328
	FOR REFERENCE ONLY			
	Results of revaluation of non-current assets not included in net profit (loss) of the period	2510	9,140,576	28,744,063
	Results of other operations not included in net profit (loss) of the period	2520		
	For reference only			
	Comprehensive income of the period	2500	158,877,164	-76,012,265
5.3	Base profit (loss) per share	2900		
	Diluted profit (loss) per share	2910		

**Statement of Changes in Equity  
for January-December 2017**

Company: **Open Joint Stock Company “Surgutneftegas”**

Taxpayer identification number

Type of activity: **crude oil production**

Form of legal organization/form of ownership: **open joint stock company / private property**

Unit of measure: **thousand RUB**

Location (address): **628415 Russia, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Grigoriya Kukuyevitskogo, 1, bld. 1**

	Codes
Form by OKUD	<b>0710003</b>
Date	<b>31.12.2017</b>
by OKPO	<b>05753490</b>
INN	<b>8602060555</b>
by OKVED2	<b>06.10.1</b>
by OKOPF/OKFS	<b>12247 / 16</b>
by OKEI	<b>384</b>

1. Capital flow							
Indicator	Line code	Charter capital	Treasury shares	Additional paid-in capital	Reserve capital	Retained profit (uncovered loss)	Total
1	2	3	4	5	6	7	8
Capital as of 31 December of the year preceding the previous year	3100	43,427,993		683,119,145	6,514,198	2,770,302,491	3,503,363,827
For the reporting period of the previous year:							
Increase in capital – total:	3210			30,637,461		5,691,391	36,328,852
including:							
net profit	3211						
revaluation of property	3212			30,637,461			30,637,461
income allocated directly to increase in capital	3213					5,691,391	5,691,391
additional issue of shares	3214						
increase in par value of shares	3215						
reorganization of a legal entity	3216						
Decrease in capital – total:	3220			-7,453,995		-179,489,753	-186,943,748
including:							
loss	3221					-104,756,328	-104,756,328
revaluation of property	3222			-1,893,398			-1,893,398
expenses allocated directly to decrease in capital	3223			-5,560,597			-5,560,597

decrease in par value of shares	3224						
decrease in the number of shares	3225						
reorganization of a legal entity	3226						
dividends	3227					-74,733,425	-74,733,425
Change in additional capital	3230						
Change in reserve capital	3240						
Capital as of 31 December of the preceding year	3200	43,427,993		706,302,611	6,514,198	2,596,504,129	3,352,748,931
For the reporting year:							
Increase in capital – total:	3310			11,267,128		154,611,001	165,878,129
including:							
net profit	3311					149,736,588	149,736,588
revaluation of property	3312			11,267,128			11,267,128
income allocated directly to increase in capital	3313					4,874,413	4,874,413
additional issue of shares	3314						
increase in par value of shares	3315						
reorganization of a legal entity	3316						
Decrease in capital – total:	3320			-6,805,557		-26,056,796	-32,862,353
including:							
loss	3321						
revaluation of property	3322			-2,126,552			-2,126,552
expenses allocated directly to decrease in capital	3323			-4,679,005			-4,679,005
decrease in par value of shares	3324						
decrease in the number of shares	3325						
reorganization of a legal entity	3326						
dividends	3327					-26,056,796	-26,056,796
Change in additional capital	3330						
Change in reserve capital	3340						
Capital as of 31 December of the reporting year	3300	43,427,993		710,764,182	6,514,198	2,725,058,334	3,485,764,707

2. Adjustments due to changes in the accounting policy and error correction					
			Changes in capital for 2016		
Indicator	Line code	As of 31.12.2015	due to net profit	due to other factors	As of 31.12.2016
1	2	3	4	5	6
Capital – total					
prior to adjustments	3400				
adjustment due to:					
changes in the accounting policy	3410				
error correction	3420				
after adjustments	3500				
including:					
retained profit (uncovered loss)					
prior to adjustments	3401				
adjustment due to:					
changes in the accounting policy	3411				
error correction	3421				
after adjustments	3501				
other adjusted capital items:					
(by items)					
prior to adjustments	3402				
adjustment due to:					
changes in the accounting policy	3412				
error correction	3422				
after adjustments	3502				

Reference information				
Indicator	Code	As of 31.12.2017	As of 31.12.2016	As of 31.12.2015
1	2	3	4	5
Net assets	3600	3,486,453,945	3,353,451,953	3,503,678,688

**Cash Flow Statement  
for January-December 2017**

Company: **Open Joint Stock Company “Surgutneftegas”**

Taxpayer identification number

Type of activity: **crude oil production**

Form of legal organization/form of ownership: **open joint stock company / private property**

Unit of measure: **thousand RUB**

Location (address): **628415 Russia, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Grigoriya Kukuyevitskogo, 1, bld. 1**

	Codes
Form by OKUD	<b>0710004</b>
Date	<b>31.12.2017</b>
by OKPO	<b>05753490</b>
INN	<b>8602060555</b>
by OKVED2	<b>06.10.1</b>
by OKOPF/OKFS	<b>12247 / 16</b>
by OKEI	<b>384</b>

Indicator	Line code	For 12 months of 2017	For 12 months of 2016
1	2	3	4
Cash flow from current operations			
Proceeds – total	4110	1,165,553,107	961,315,471
including:			
from sales of goods, products, works and services	4111	1,131,448,353	950,617,606
lease payments, license payments, royalty, commission and other similar payments	4112	703,987	783,750
from resale of financial investments	4113		
other proceeds	4119	33,400,767	9,914,115
Payments – total	4120	-911,884,002	-828,642,914
including:			
to suppliers (contractors) for raw materials, supplies, works and services	4121	-288,911,904	-293,666,529
due as remuneration of employees’ labor	4122	-109,354,017	-105,322,417
debenture interest	4123		-104
corporate profit tax	4124	-17,414,246	-58,491,910
taxes and charges (excl. profit tax)	4125	-486,587,629	-356,797,048
other payments	4129	-9,616,206	-14,364,906
Cash flow balance from current operations	4100	253,669,105	132,672,557
Cash flow from investing			
Proceeds – total	4210	60,382,109	58,270,899
including:			
from sale of non-current assets (excl. financial investments)	4211	413,403	304,549
from sale of shares of (interest in) other organizations	4212	958,139	
from repayment of loans granted and sale of debt securities (cash receivables from other persons)	4213		3,409,756
dividends, interest on financial debt investments and similar proceeds from interest in other organizations	4214	58,819,774	54,002,596
other proceeds	4219	190,793	553,998
Payments – total	4220	-267,905,601	-145,737,828
including:			
due to acquisition, formation, modernization, reconstruction and preparation of non-current assets for use	4221	-42,986,491	-47,713,086

due to acquisition of shares of (interest in) other organizations	4222		
due to acquisition of debt securities (cash receivables from other persons) and loans granted to other persons	4223	-7,143,299	-13,210,675
debenture interest to be included in the cost of investment assets	4224		
other payments	4229	-217,775,811	-84,814,067
Cash flow balance from investing	4200	-207,523,492	-87,466,929
Cash flow from financing			
Proceeds – total	4310		
including:			
borrowings and loans received	4311		
cash deposits by owners (members)	4312		
from issue of shares and increase in interest	4313		
from issue of bonds, bills of exchange, other debt securities, etc.	4314		
other proceeds	4319		
Payments – total	4320	-23,773,048	-70,713,540
including:			
to owners (members) due to repurchase of their shares of (interest in) the organization or cessation of their membership	4321		
for payment of dividends and other payments related to distribution of profit among owners (members)	4322	-23,773,048	-70,713,540
due to payment (buyback) of bills of exchange and other debt securities and repayment of borrowings and loans	4323		
other payments	4329		
Cash flow balance from financing	4300	-23,773,048	-70,713,540
Cash flow balance for the reporting period	4400	22,372,565	-25,507,912
Balance of cash and cash equivalents at the beginning of the reporting period	4450	42,292,970	72,125,763
Balance of cash and cash equivalents at the end of the reporting period	4500	62,235,094	42,292,970
Effect of changes in the exchange rates of foreign currency to the Russian ruble	4490	-2,430,441	-4,324,881



## Appendix to the Balance Sheet

Notes to the Balance Sheet and the Income Statement for 2017 (table form):

*The information is provided in the appendix to this quarterly report.*

Notes to the Balance Sheet and the Income Statement for 2017 (text form):

*The information is provided in the appendix to this quarterly report.*

Explanatory note on the accounting (financial) statements:

*The information is provided in the appendix to this quarterly report.*

### 7.2. Interim accounting (financial) statements of the issuer

#### Balance Sheet as of 31.03.2018

Company: <b>Open Joint Stock Company “Surgutneftegas”</b> Taxpayer identification number Type of activity: <b>crude oil production</b> Form of legal organization/form of ownership: <b>open joint stock company / private property</b> Unit of measure: <b>thousand RUB</b> Location (address): <b>628415 Russia, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Grigoriya Kukuyevitskogo, 1, bld. 1</b>	Form by OKUD	Codes
	Date	<b>0710001</b>
	by OKPO	<b>31.03.2018</b>
	INN	<b>05753490</b>
	by OKVED2	<b>8602060555</b>
	by OKOPF/OKFS	<b>06.10.1</b>
	by OKEI	<b>12247 / 16</b>
		<b>384</b>

Notes	ASSETS	Line code	As of 31.03.2018	As of 31.12.2017	As of 31.12.2016
1	2	3	4	5	6
	<b>I. NON-CURRENT ASSETS</b>				
	Intangible assets	1110	577,359	572,897	567,427
	R&D results	1120	243,202	267,803	143,419
	Intangible prospecting assets	1130	51,316,875	47,979,317	44,486,303
	Tangible prospecting assets	1140			
	Fixed assets	1150	835,906,780	836,009,871	817,489,027
	including				
	buildings, machinery, equipment, and other fixed assets, excluding land, objects of environmental management, and capital investments in progress	1151	769,737,716	772,133,643	754,655,089
	Income yielding investments in tangible assets	1160	2,618,323	2,672,188	2,887,646
	Financial investments	1170	1,689,455,946	1,539,907,397	1,773,553,018
	including other financial investments, excluding investments in organizations and loans granted	1171	1,559,036,903	1,409,937,695	1,619,633,606
	Deferred tax assets	1180	2,846,012	8,693,537	23,718,078
	Other non-current assets	1190	58,032,710	59,352,979	58,032,386
	<b>TOTAL for Section I</b>	<b>1100</b>	<b>2,640,997,207</b>	<b>2,495,455,989</b>	<b>2,720,877,304</b>
	<b>II. CURRENT ASSETS</b>				

	Stocks	1210	80,677,926	86,965,050	84,612,290
	Value Added Tax on acquired valuables	1220	4,658,465	4,921,233	4,319,637
	Accounts receivable	1230	270,618,732	281,648,471	272,521,980
	Financial investments (excluding cash equivalents)	1240	693,352,748	765,615,792	414,155,608
	including other financial investments, excluding investments in organizations and loans granted	1241	666,066,142	738,351,384	414,155,608
	Cash and cash equivalents	1250	52,688,185	62,235,108	42,293,015
	Other current assets	1260	473,905	1,960,542	1,585,023
	<b>TOTAL for Section II</b>	<b>1200</b>	<b>1,102,469,961</b>	<b>1,203,346,196</b>	<b>819,487,553</b>
	<b>BALANCE (assets)</b>	<b>1600</b>	<b>3,743,467,168</b>	<b>3,698,802,185</b>	<b>3,540,364,857</b>

Notes	LIABILITIES	Line code	As of 31.03.2018	As of 31.12.2017	As of 31.12.2016
1	2	3	4	5	6
	<b>III. CAPITAL AND RESERVES</b>				
	Charter capital (share capital, authorized fund, partners' contributions)	1310	43,427,993	43,427,993	43,427,993
	Treasury shares	1320			
	Revaluation of non-current assets	1340	517,323,568	518,252,396	513,790,825
	Additional capital (no revaluation)	1350	192,511,786	192,511,786	192,511,786
	Reserve capital	1360	6,514,198	6,514,198	6,514,198
	Retained profit (uncovered loss)	1370	2,788,067,241	2,725,058,334	2,596,504,129
	<b>TOTAL for Section III</b>	<b>1300</b>	<b>3,547,844,786</b>	<b>3,485,764,707</b>	<b>3,352,748,931</b>
	<b>IV. LONG-TERM LIABILITIES</b>				
	Borrowed funds	1410			
	Deferred tax liabilities	1420	81,164,537	81,281,076	76,257,353
	Estimated liabilities	1430			
	Other liabilities	1450	199,902	199,902	639,292
	<b>TOTAL for Section IV</b>	<b>1400</b>	<b>81,364,439</b>	<b>81,480,978</b>	<b>76,896,645</b>
	<b>V. SHORT-TERM LIABILITIES</b>				
	Borrowed funds	1510			
	Accounts payable	1520	98,080,318	117,173,980	96,541,953
	Deferred income	1530	661,422	689,238	703,022
	Estimated liabilities	1540	15,290,014	13,339,290	13,077,807
	Other liabilities	1550	226,189	353,992	396,499
	<b>TOTAL for Section V</b>	<b>1500</b>	<b>114,257,943</b>	<b>131,556,500</b>	<b>110,719,281</b>
	<b>BALANCE (liabilities)</b>	<b>1700</b>	<b>3,743,467,168</b>	<b>3,698,802,185</b>	<b>3,540,364,857</b>

**Income Statement  
for January-March 2018**

Company: **Open Joint Stock Company “Surgutneftegas”**

Taxpayer identification number

Type of activity: **crude oil production**

Form of legal organization/form of ownership: **open joint stock company / private property**

Unit of measure: **thousand RUB**

Location (address): **628415 Russia, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Grigoriya Kukuyevitskogo, 1, bld. 1**

	Codes
Form by OKUD	<b>0710002</b>
Date	<b>31.03.2018</b>
by OKPO	<b>05753490</b>
INN	<b>8602060555</b>
by OKVED2	<b>06.10.1</b>
by OKOPF/OKFS	<b>12247 / 16</b>
by OKEI	<b>384</b>

Notes	Indicator	Line code	For 3 months of 2018	For 3 months of 2017
1	2	3	4	5
	Revenue	2110	319,888,388	275,895,776
	Cost of sales	2120	-227,518,162	-196,090,369
	Gross profit (loss)	2100	92,370,226	79,805,407
	Selling expenses	2210	-23,450,713	-22,377,174
	Management expenses	2220		
	Sales profit (loss)	2200	68,919,513	57,428,233
	Income from participation in other organizations	2310		
	Interest receivable	2320	22,070,624	22,760,632
	Interest payable	2330		
	Other income	2340	305,272,430	196,776,156
	Other expenses	2350	-322,418,971	-367,253,739
	Profit (loss) before tax	2300	73,843,596	-90,288,718
	Current profit tax	2410	-7,388,143	
	incl. permanent tax liabilities (assets)	2421	324,621	15,463,731
	Change in deferred tax liabilities	2430	116,539	-451,667
	Change in deferred tax assets	2450	-5,847,525	-16,574
	Other	2460	803	-9,834
	Reallocation of profit tax within the consolidated group of taxpayers	2465	1,354,809	19,040
	Net profit (loss)	2400	62,080,079	-90,747,753
	FOR REFERENCE ONLY			
	Results of revaluation of non-current assets not included in net profit (loss) of the period	2510		
	Results of other operations not included in net profit (loss) of the period	2520		
	Comprehensive income of the period	2500	62,080,079	-90,747,753
	Base profit (loss) per share	2900		
	Diluted profit (loss) per share	2910		

### 7.3. Consolidated financial statements of the issuer

*Consolidated financial statements were not prepared by the Company in the reporting quarter.*

#### **7.4. Information on accounting policy of the issuer**

##### *Information on Accounting Policy of the Company for 2018 for Accounting Purposes*

*1. Accounting policy of the Company is developed in compliance with the requirements of the laws of the Russian Federation on accounting, federal and industry standards.*

##### *2. Intangible Assets Accounting (hereinafter referred to as “IA”)*

*The Company’s IA include:*

*exclusive rights to invention, industrial prototype, utility model;*

*exclusive rights to computer programs and databases;*

*exclusive rights to trademarks and service marks;*

*other protected results of intellectual activities and individualization means.*

*IA is recorded at its actual (historical) cost determined as of the date when it was recorded.*

*The cost of IA is redeemed through amortization under the straight-line method within the fixed period of their useful life.*

*The useful life of IA is determined when an item is entered in accounting records based on the term of a patent or certificate, and other limitations for the useful life of intellectual property under the law of the Russian Federation, and the expected useful life of such item during which the Company can obtain economic benefits (profit).*

*The useful life of IA is checked by the Company annually during inventory to see whether it needs to be adjusted. If the duration of the period during which the Company expects to use the asset changes by more than 5%, the useful life of such asset is to be adjusted.*

*Changes in estimated values caused by this are shown in prospect.*

*Intangible assets are not revalued and not tested for impairment.*

##### *3. Research, development and technological works accounting (hereinafter referred to as “R&D”)*

*The historical cost of R&D assets is the actual amount spent on their acquisition or development.*

*R&D cost is written off as cost of manufacturing of goods (performing of works, rendering of services) within the fixed period of their expected useful life (but within 5 years from the first day of a month following the month when the R&D results were first applied).*

*Once R&D results have ceased to be used and when there is a clear proof that the use of R&D results will not bring economic benefits in the future, the residual value of R&D assets is subject to write-off as other expenses.*

##### *4. Intangible Prospecting and Exploration Assets Accounting*

*Intangible prospecting assets include prospecting costs (costs of prospecting, hydrocarbon fields appraisal and hydrocarbon resources exploration) associated with acquisition of licenses and paid for discovery of hydrocarbon fields and preliminary appraisal of reserves.*

*Prospecting costs, paid by the Company for discovery of hydrocarbon fields and preliminary appraisal of reserves before production was proved to be commercially feasible are accumulated within a group of objects in every license area and shown as investments in non-current assets.*

*Intangible prospecting assets are not amortized during prospecting, hydrocarbon fields appraisal and hydrocarbon resources exploration, except for licenses which authorize to carry out prospecting, hydrocarbon fields appraisal and hydrocarbon resources exploration.*

*Part of the cost of licenses which authorize to carry out prospecting, hydrocarbon fields appraisal and hydrocarbon resources exploration is transferred equally during the term of these licenses and is included in the costs for creation of exploration assets.*

*As of the end of the reporting period the Company analyzes factors which imply possible impairment of intangible prospecting assets. If prospecting assets show signs of devaluation, the cost of intangible prospecting assets is lowered by means of other expenses.*

*If there are beneficial consequences for the Company, occurred after recognizing losses from intangible prospecting assets devaluation or expected in the near future due to an increase of economic efficiency of intangible prospecting assets use or due to restructuring of activity in which the intangible*

*prospecting asset is used, the adjustment of previously recognized losses by means of other expenses is made.*

*Intangible prospecting assets are not revalued.*

*The Company's intangible prospecting assets are ceased to be recognized in relation to a certain subsurface area when hydrocarbons production is proved to be commercially feasible or recognized as unpromising.*

*If production of hydrocarbons in the relative license area (field) is recognized as unpromising, the cost of intangible prospecting asset constitutes the part of the Company's other expenses.*

*If production of hydrocarbons in a relevant license area (of an oil field) is proved to be commercially feasible, intangible prospecting asset is tested for impairment and transferred to fixed assets or other non-current assets:*

- prospecting and exploration wells built when developing intangible prospecting assets recognized by the Company as suitable for further use in production activity, are recorded as fixed assets;*

- prospecting costs for discovery of hydrocarbon fields and preliminary appraisal of reserves form the value of exploration assets.*

*The value of the exploration asset is charged to the cost of oil and gas production evenly within the fixed period of their useful life starting from the month following the month when exploration assets were entered in accounting records. Useful life is determined when an asset is entered in accounting records based on the expected term of its use during which the Company can obtain economic benefits (profit).*

#### **5. Fixed Assets Accounting**

*Asset is recorded as fixed assets if the requirements defined in Clause 4 of Accounting Regulations "Accounting of Fixed Assets" PBU 6/01 approved by Order of the Ministry of Finance of the Russian Federation No. 26n dated March 30, 2001 are met.*

*The historical (replacement) cost of fixed assets recorded on and after 01.01.2002 is redeemed through depreciation under the straight-line method in conformity with depreciation rates calculated on the basis of the useful life of such assets determined when such assets are entered in accounting records.*

*The historical (replacement) cost of fixed assets recorded before 01.01.2002 is redeemed according to the procedure valid at the time when such assets were recorded, through straight-line depreciation in conformity with depreciation rates for complete repair approved by Resolution No. 1072 of the USSR Council of Ministers dated 22.10.1990.*

*Revaluation is conducted annually as of 31 December of the reporting year.*

#### **6. Financial Investments Accounting**

*Financial investments are recorded at their historical cost. The historical cost of financial investments acquired at a charge is the amount of the actual costs of their acquisition excluding value-added tax and other reimbursed taxes (except for cases stipulated by the tax and levy legislation of the Russian Federation).*

*The Company does not evaluate the discounted value of debt securities and loans granted.*

*When financial investments with current market value that cannot be determined are retired, their value is determined on the basis of the historical cost of each unit of financial investments accounting.*

*When financial investments with current market value that can be determined are retired, their value is determined on the basis of their current book value.*

*Income from sales of securities, interest and other income are recognized as other income.*

#### **7. Stocks Accounting**

*The Company accepts the following assets as stocks:*

- assets used as feedstock, materials, etc. to manufacture products, perform works or render services;*

- assets meant to be sold;*

*assets used for management needs.*

*Stocks are recorded at their actual cost.*

*Stocks (except for goods and assets with maximum value of RUB 40000 per item) are written off to production or otherwise retired at their average cost of production. Assets with value not exceeding RUB 40 000 per item are retired at their single cost.*

#### **8. Formation and Use of Reserves, Recording of Estimated Liabilities:**

*An estimated liability is recorded in order to account for expenses for vacation payments to employees. The reserve for future expenses for vacation payments to employees is created from costs of manufacturing of products (performing of works, rendering of services). Reserves at the end of a reporting year are adjusted in line with the inventory results. Reserves are additionally created from costs of manufacturing of goods (performing of works, rendering of services). Over-accrued reserves are adjusted against other expenses.*

*As of 31 December, the Company carries out an inspection for devaluation of financial investments (not traded publicly) with current market value that cannot be determined. If the inspection confirms that the cost of financial investments is substantially and persistently reducing (by more than 5%), an impairment reserve for financial investments is formed; reserves for doubtful debts are formed for loans granted, accounts receivable acquired on the basis of the assignment of claim agreement.*

*As of 31 December, a reserve is formed for decreases in the value of tangible assets for slow moving stocks the market price for which went down during the reporting year or which became obsolete or which lost, either fully or partially, their original qualities. The reserve is formed out of other expenses.*

*Reserves for doubtful debts are formed if any accounts receivable are deemed doubtful. Accounts receivable are deemed doubtful if they are not redeemed, or if there is high risk of their non-redemption within the period established by the contract, and if they are not duly guaranteed. Such reserves are formed out of other expenses.*

*Estimated liabilities used to dispose of facilities constructed (purchased) in the course of prospecting, hydrocarbon fields appraisal, hydrocarbon resources exploration and restoration of disturbed lands are created. The sums of the reserves are included in intangible prospecting assets (explorations assets).*

#### **9. Definition of Revenue from Sale**

*For accounting purposes, the Company's revenue from sale of products (goods), performance of works, rendering of services to other organizations and natural persons is recognized provided that the requirements stipulated by Item 12 (including requirements of Item 14) of the Accounting Regulations "Income of an Enterprise" PBU 9/99 approved by Order No. 32n of the Ministry of Finance of the Russian Federation of 06 May 1999 are met.*

*Revenue from sale of products (goods), performance of works, rendering of services does not include VAT, excises and export duties.*

#### **10. Selling Expenses Accounting**

*Selling expenses related to the sale of oil, gas, oil and gas products are included in the cost of sales or in other expenses subject to the type of sold assets at the end of a reporting period.*

### **7.5. Total export and share of export in total sales**

*Total earnings of the issuer from export of products (goods, works, services) for 2017 amounted to RUB 833,441,179 thousand, for 3 months of 2018 – RUB 240,520,596 thousand. The share of such earnings in sales revenue for 2017 is 72.8%, for 3 months of 2018 – 75.2%.*

### **7.6. Substantial changes in the issuer's property after the end of the last completed reporting year**

*Substantial changes in the issuer's property during 12 months prior to the end of the reporting quarter*

*There were no substantial changes in the issuer's property during 12 months prior to the end*

*of the reporting quarter.*

Additional information: *no*.

#### **7.7. The issuer's participation in litigations in case such participation may substantially affect financial and business activities of the issuer**

*The issuer did not/does not participate in any litigations which affected/may affect financial and business activities for the period from the beginning of the last completed financial year and up to the end of the reporting quarter.*

### **Section VIII. Additional information on the issuer and equity securities placed by the issuer**

#### **8.1. Additional information on the issuer**

##### **8.1.1. Size and structure of the issuer's charter capital**

The issuer's charter capital as of the end of the last reporting quarter, RUB: **43,427,992,940**

Ordinary shares

Total nominal value, RUB: **35,725,994,705**

Share in the charter capital, %: **82.2648994034**

Preference shares

Total nominal value, RUB: **7,701,998,235**

Share in the charter capital, %: **17.7351005966**

Specify if the amount of charter capital shown in this paragraph corresponds to the issuer's constituent documents: *the amount of the Company's charter capital corresponds to the constituent documents.*

*The issuer's shares are traded outside the Russian Federation by means of depository securities trading (foreign issuers' securities which represent such shares of the Russian issuer)*

Category (type) of shares traded outside the Russian Federation

Type of securities: *shares*

Category of shares: *ordinary*

Shares traded outside the Russian Federation in the total number of shares of the same category (type), %: **5.85**

Foreign issuer whose securities represent the issuer's shares of the same category (type)

Full corporate name: *The Bank of New York Mellon*

Location: *USA, NY 10286, New York, 101 Barclay Street*

Summary of the issue program (type of the program) for the foreign issuer's depository receipts representing shares of the relevant category (type): *sponsored, level I. Each American depository share represents 10 ordinary registered shares of the Company.*

On the Company's obtaining a permit issued by The Bank of Russia and (or) authorized government body (authorized state authority) of the Russian Federation to offer and (or) trade issuer's securities of the same category (type) outside the Russian Federation: *not applicable.*

Foreign market maker(s) trading the issuer's shares (depository receipts representing the issuer's shares) (if such trading exists): *Berlin Stock Exchange, Frankfurt Stock Exchange, London Stock Exchange,*

***Pink OTC Markets Inc.***

Other information about the issuer's shares traded outside the Russian Federation as the issuer may wish to disclose: ***the date when the program was launched is 30 December 1996.***

Type of securities: ***shares***

Category of shares: ***preference***

Type of shares: -

Shares traded outside the Russian Federation in the total number of shares of the same category (type), %: ***8.05***

Foreign issuer whose securities represent the issuer's shares of the same category (type)

Full corporate name: ***The Bank of New York Mellon***

Location: ***USA, NY 10286, New York, 101 Barclay Street***

Summary of the issue program (type of the program) for the foreign issuer's depository receipts representing shares of the same category (type): ***sponsored, level I. Each American depository share represents 10 preference registered shares of the Company.***

On the Company's obtaining a permit issued by The Bank of Russia and (or) authorized government body (authorized state authority) of the Russian Federation to offer and (or) trade issuer's securities of the same category (type) outside the Russian Federation: ***not applicable.***

Foreign market maker(s) trading the issuer's shares (depository receipts representing the issuer's shares) (if such trading exists): ***Berlin Stock Exchange, Frankfurt Stock Exchange, Pink OTC Markets Inc.***

Other information about the issuer's shares traded outside the Russian Federation as the issuer may wish to disclose: ***the date when the program was launched is 19 March 1998.***

**8.1.2. Changes in the size of the issuer's charter capital**

***The size of the charter capital did not change during this period.***

**8.1.3. Convening and holding a meeting (session) of the issuer's supreme management body**

Supreme management body of the issuer: ***General Shareholders' Meeting***

Notification of shareholders (members) about a meeting (session) of the issuer's supreme management body

***A notice of a general shareholders' meeting is given within the period stipulated by the Federal Law "On Joint Stock Companies" but at least 30 days before such a meeting is held.***

***A notice of a general shareholders' meeting shall include:***

***full corporate name and location of the Company;***

***form of a general shareholders' meeting (a meeting or absent voting);***

***date, venue and time of a general shareholders' meeting as well as the mailing address for sending completed ballot papers to the Company; the deadline for ballot papers and mailing address for sending completed ballot papers to, in case a general shareholders' meeting is held through absent voting;***

***the date of compiling the list of persons entitled to participate in a general shareholders' meeting;***

***agenda of a general shareholders' meeting;***

***procedure of familiarization with the information (materials) subject to presentation to shareholders while preparing for a general shareholders' meeting, and address(es) where this information is available;***



*categories (types) of shares the holders of which have the right to vote on all or some issues of the agenda of the general shareholders' meeting.*

*The notice of a general meeting to be held in the form of a meeting shall additionally state the registration time for participants of such general meeting.*

*Information on a general shareholders' meeting is published in the newspaper "Neft Priobya". The agenda of a general shareholders' meeting cannot be changed after the information has been published. A general shareholders' meeting is not entitled to adopt resolutions on issues not included in the agenda, neither is it entitled to alter the agenda.*

Persons (bodies) entitled to convene (request) an extraordinary meeting (session) of the issuer's supreme management body and the procedure for submitting (filing) such requests:

*Extraordinary general shareholders' meetings can be convened by the Company's Board of Directors either on its own initiative or at the written request of the Auditing Committee, the Company's Auditor, or a shareholder (shareholders) holding an aggregate of at least 10 percent of the Company's voting shares as of the date such request is submitted. The request shall state the issues to be included in the agenda of a meeting. It shall be signed by the person (persons) demanding that an extraordinary general shareholders' meeting be convened.*

Determination of the date of a meeting (session) of the issuer's supreme management body

*The Company's Board of Directors determines the date, venue and time of a general shareholders' meeting, its agenda and procedure, the date of compiling the list of persons entitled to participate in a general shareholders' meeting, the order of informing shareholders about a general shareholders' meeting, list of materials (information) available for the shareholders while preparing for a general shareholders' meeting, the form and the text of a ballot paper.*

Persons entitled to propose the agenda of a meeting (session) of the issuer's supreme management body and the procedure for such proposals

*Shareholders (a shareholder) of the Company holding an aggregate of at least 2 percent of the Company's voting shares are entitled to introduce issues to the agenda of an annual general shareholders' meeting and to nominate candidates for the Company's Board of Directors and Auditing Committee, provided that the number of candidates does not exceed the number of members of the above mentioned bodies, not later than 30 days after the end of the Company's reporting year.*

*Issues are included in the agenda of a general shareholders' meeting in writing; each shall state the name(s) of the shareholder(s) proposing the issue, the number and category (type) of shares he/she holds. Nomination of candidates for the Board of Directors of the Company and Auditing Committee (including self-nomination) shall be made in writing and shall state the name of the candidate (if the candidate is a shareholder of the Company), the number and category (type) of shares he/she holds, the name(s) of the shareholder(s) nominating the candidate, and the number and category (type) of shares he/she/they hold(s).*

*The Board of Directors of the Company is obliged to consider submitted proposals and pass a resolution on whether or not to include them in the agenda of an annual general shareholders' meeting not later than 5 days after the deadline for proposals concerning the agenda and for nomination of candidates. The Board of Directors' reasoned resolution not to include any issue into the agenda or not to include any candidate in the list of candidates for election to the relevant body of the Company is to be sent to the shareholder (shareholders) who proposed that issue or nomination not later than 3 days after such decision was made.*

Persons who have the right to review information (materials) presented in order to arrange and hold a meeting (session) of the issuer's supreme management body and the procedure for review of such information (materials)

*In accordance with the Federal Law "On Joint Stock Companies", persons who have the right to review the information presented in order to arrange and hold a shareholders' meeting are the persons who have the right to participate in a general shareholders' meeting. The list of persons who have the right to participate in a general shareholders' meeting is compiled on the basis of the Company's shareholder register.*

*Review of the information presented in order to arrange a shareholders' meeting shall be made in*

*compliance with Article 52 of the Federal Law “On Joint Stock Companies”.*

Procedure for announcement (communication to the issuer’s shareholders (members)) of resolutions passed by the issuer’s supreme management body and vote returns

*Resolutions passes at a general shareholders’ meeting and vote returns shall be communicated to shareholders at a general shareholders’ meeting. If votes cannot be counted before a general shareholders’ meeting is closed or in case of absentee voting, resolutions passed at a general shareholders’ meeting and vote returns shall be communicated to shareholders within the period set forth by the law of the Russian Federation by way of publication in the Neft Priobya newspaper.*

#### **8.1.4. Commercial organizations where the issuer holds at least five percent of the charter capital or at least five percent of ordinary shares**

Commercial organizations where the issuer holds at least five percent of the charter (share) capital (mutual fund) or at least five percent of ordinary shares as of the end of the last reporting quarter

1. Full corporate name: ***Limited Liability Company “Novgorodnefteproduct”***

Abbreviated corporate name: ***LLC “Novgorodnefteproduct”***

Location: ***Russian Federation, Veliky Novgorod***

INN: ***5321059365***

OGRN: ***1025300788644***

The issuer’s share in the charter capital of commercial organization: ***100%***

The person’s share in the charter capital of the issuer: ***0%***

The issuer’s ordinary shares held by the person: ***0%***

2. Full corporate name: ***Limited Liability Company “Syrgutmebel”***

Abbreviated corporate name: ***LLC “Syrgutmebel”***

Location: ***Russian Federation, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgutsky District, poselok Barsovo, Vostochnaya industrial 1 territory, 2***

INN: ***8617013396***

OGRN: ***1028601679688***

The issuer’s share in the charter capital of commercial organization: ***100%***

The person’s share in the charter capital of the issuer: ***0%***

The issuer’s ordinary shares held by the person: ***0%***

3. Full corporate name: ***Limited Liability Company “Marketing Association “Pskovnefteproduct”***

Abbreviated corporate name: ***LLC “Pskovnefteproduct”***

Location: ***Russian Federation, Pskov***

INN: ***6027042337***

OGRN: ***1026000970049***

The issuer’s share in the charter capital of commercial organization: ***100%***

The person’s share in the charter capital of the issuer: ***0%***

The issuer’s ordinary shares held by the person: ***0%***

4. Full corporate name: ***Limited Liability Company “Marketing Association “Tvernefteproduct”***

Abbreviated corporate name: ***LLC “MA “Tvernefteproduct”***

Location: ***Russian Federation, Tver, ul.Novotorzhskaya, 6***

INN: ***6905041501***

OGRN: ***1026900510647***

The issuer’s share in the charter capital of commercial organization: ***100%***

The person’s share in the charter capital of the issuer: ***0%***

The issuer's ordinary shares held by the person: **0%**

5. Full corporate name: ***Limited Liability Company “Kaliningradnefteproduct”***

Abbreviated corporate name: ***LLC “Kaliningradnefteproduct”***

Location: ***Russia, Kaliningrad, Central District, ul.Komsomolskaya, 22-b.***

INN: ***3900000136***

OGRN: ***1023900589240***

The issuer's share in the charter capital of commercial organization: ***100%***

The person's share in the charter capital of the issuer: ***0%***

The issuer's ordinary shares held by the person: ***0%***

6. Full corporate name: ***Limited Liability Company “Oil Refining and Petrochemical Enterprises Design Institute”***

Abbreviated corporate name: ***LLC “Lengiproneftekhim”***

Location: ***Russian Federation, Saint Petersburg, nab.Obvodnogo kanala, 94***

INN: ***7810327462***

OGRN: ***1057803105755***

The issuer's share in the charter capital of commercial organization: ***100%***

The person's share in the charter capital of the issuer: ***0%***

The issuer's ordinary shares held by the person: ***0%***

7. Full corporate name: ***Limited Liability Company “Kirishiavtoservis”***

Abbreviated corporate name: ***LLC “Kirishiavtoservis”***

Location: ***196084, Russian Federation, Saint Petersburg, ul.Smolenskaya, 12, lit. A***

INN: ***7840016802***

OGRN: ***1057807804064***

The issuer's share in the charter capital of commercial organization: ***100%***

The person's share in the charter capital of the issuer: ***0%***

The issuer's ordinary shares held by the person: ***0%***

8. Full corporate name: ***Limited Liability Company “Media-Invest”.***

Abbreviated corporate name: ***LLC “Media-Invest”***

Location: ***Moscow***

INN: ***7704667322***

OGRN: ***1077762407580***

The issuer's share in the charter capital of commercial organization: ***100%***

The person's share in the charter capital of the issuer: ***0%***

The issuer's ordinary shares held by the person: ***0%***

9. Full corporate name: ***Open Joint Stock Company “Sovkhoz “Chervishevsky”***

Abbreviated corporate name: ***OJSC “Sovkhoz “Chervishevsky”***

Location: ***Russian Federation, Tyumenskaya Oblast, Tyumensky District, s.Chervishevo.***

INN: ***7224019466***

OGRN: ***1027200789142***

The issuer's share in the charter capital of commercial organization: ***94.9996%***

The Company's ordinary shares held by the issuer: ***94.9996%***

The person's share in the charter capital of the issuer: ***0%***

The issuer's ordinary shares held by the person: ***0%***

10. Full corporate name: **Limited Liability Company “Insurance Company “Surgutneftegas”**  
Abbreviated corporate name: **LLC “Insurance Company “Surgutneftegas”**  
Location: **Russian Federation, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut**  
INN: **8602103061**  
OGRN: **1028600581811**  
The issuer’s share in the charter capital of commercial organization: **100%**  
The person’s share in the charter capital of the issuer: **0%**  
The issuer’s ordinary shares held by the person: **0%**
11. Full corporate name: **Limited Liability Company “Production Association “Kirishinefteorgsintez”**  
Abbreviated corporate name: **LLC “KINEF”**  
Location: **Russian Federation, Leningradskaya Oblast, Kirishi**  
INN: **4708007089**  
OGRN: **1024701478735**  
The issuer’s share in the charter capital of commercial organization: **100%**  
The person’s share in the charter capital of the issuer: **0%**  
The issuer’s ordinary shares held by the person: **0%**
12. Full corporate name: **Joint Stock Company “Surgutneftegasbank”**  
Abbreviated corporate name: **JSC BANK “SNGB”**  
Location: **628400, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Grigoriya Kukuyevitskogo, 19**  
INN: **8602190258**  
OGRN: **1028600001792**  
The issuer’s share in the charter capital of commercial organization: **97.7591%**  
The Company’s ordinary shares held by the issuer: **98.2389%**  
The person’s share in the charter capital of the issuer: **0.0015%**  
The issuer’s ordinary shares held by the person: **0.0018%**
13. Full corporate name: **Limited Liability Company “Invest-Zaschita”**  
Abbreviated corporate name: **LLC “Invest-Zaschita”**  
Location: **628400, Russian Federation, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Entuziastov, 52/1**  
INN: **8602102332**  
OGRN: **1028600581680**  
The issuer’s share in the charter capital of commercial organization: **15.13%**  
The person’s share in the charter capital of the issuer: **0.1106%**  
The issuer’s ordinary shares held by the person: **0.0236%**
14. Full corporate name: **Joint Stock Company “St. Petersburg International Mercantile Exchange”**  
Abbreviated corporate name: **JSC “SPIMEX”**  
Location: **Russian Federation, Saint Petersburg**  
INN: **7840389730**  
OGRN: **1089847188903**  
The issuer’s share in the charter capital of commercial organization: **8%**  
The Company’s ordinary shares held by the issuer: **8%**  
The person’s share in the charter capital of the issuer: **0%**  
The issuer’s ordinary shares held by the person: **0%**

15. Full corporate name: ***Joint Stock Company “Aksionerny Bank “ROSSIYA”***

Abbreviated corporate name: ***JSC “AB “ROSSIYA”***

Location: ***Russian Federation, Saint Petersburg***

INN: ***7831000122***

OGRN: ***1027800000084***

The issuer's share in the charter capital of commercial organization: ***5.42%***

The Company's ordinary shares held by the issuer: ***0%***

The person's share in the charter capital of the issuer: ***0%***

The issuer's ordinary shares held by the person: ***0%***

16. Full corporate name: ***Open Joint Stock Company “Airport Surgut”***

Abbreviated corporate name: ***OJSC “Airport Surgut”***

Location: ***628422 Russia, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Aeroflotskaya, 49/1.***

INN: ***8602060523***

OGRN: ***1028600603998***

The issuer's share in the charter capital of commercial organization: ***5%***

The Company's ordinary shares held by the issuer: ***5%***

The person's share in the charter capital of the issuer: ***0%***

The issuer's ordinary shares held by the person: ***0%***

17. Full corporate name: ***TELCREST INVESTMENTS LIMITED***

Abbreviated corporate name: ***TELCREST INVESTMENTS LIMITED***

Location: ***Cyprus, JULIA HOUSE 1066, Nicosia, Cyprus, Themistokli Dervi, 3***

The issuer's share in the charter capital of commercial organization: ***9.5341%***

The person's share in the charter capital of the issuer: ***0%***

The issuer's ordinary shares held by the person: ***0%***

#### **8.1.5. Major transactions conducted by the issuer**

***No such transactions in the period under review.***

#### **8.1.6. Credit ratings of the issuer**

***There are no credit ratings known to the issuer.***

### **8.2. Data on each category (type) of the issuer's shares**

Category of shares: ***ordinary***

Par value of each share (RUB): ***1***

Number of outstanding shares (number of shares that are placed and are not redeemed), shares: ***35,725,994,705***

Number of additional shares which can be or being placed (number of shares in additional issue in respect to which the state registration has been granted, but additional issue report was not registered, or additional issue notification was not submitted in case Federal Law “On Securities Markets” does not prescribe state registration of additional issue report, shares: ***0***

Number of declared shares, shares: ***0***

Number of shares which came to the disposal (are on the balance) of the issuer, shares: ***0***

Number of additional shares that can be placed through conversion of previously placed securities

convertible into shares or by virtue of fulfillment of the issuer's option obligations, shares: 0

Issues of shares of this category (type):

Date of state registration	State registration number of the Issue
24.06.2003	1-01-00155-A

Shares grant shareholders the following rights:

*An ordinary share of the Company entitles its owner:*

- to have one vote when addressing issues put to the vote at a general shareholders' meeting excluding elections of the members to the Board of Directors of the Company (the members to the Board of Directors of the Company are elected through cumulative voting. When conducting cumulative voting the number of votes for each Company's voting share shall be equal to the total number of the Board of Directors of the Company. A shareholder has the right to cast all the votes carried by his/her share for one candidate or distribute them among several candidates to the Company's Board of Directors);
- to receive dividend out of the Company's net profit;
- to get a share of the Company's property if the Company is dissolved;
- to demand that the Company buy out shares belonging to him/her in case: the Company is being restructured or a major transaction is being conducted, the resolution about which is adopted by the general shareholders' meeting in compliance with the Company's Charter, if he/she voted against such resolution or transaction or did not vote on these issues; the Company's Charter is amended or approved in a new wording to restrict his/her rights if he/she voted against the corresponding resolution or did not participate in voting;
- to participate in the general shareholders' meeting both in person and by proxy that can be acted by, without limitations, other shareholders of the Company as well as its officers;
- to purchase and dispose of shares belonging to him/her (consent of other shareholders is not required).

*In case the Company, via public subscription, places voting shares and securities convertible into voting shares which are paid with money, those of the shareholders who own voting shares of the Company have the pre-emptive right over these securities in the quantity proportional to the quantity of the Company's voting shares belonging to them.*

Other information about the shares as the issuer may wish to disclose

*In accordance with Ordinance of the Federal Securities Market Commission of Russia No. 03-1215/r dated June 24, 2003, the additional issues of equity securities of OJSC "Surgutneftegas" were consolidated to cancel the following state registration numbers assigned to the issues of preference registered non-documentary shares of OJSC "Surgutneftegas":*

*87-1-664 dated 19.07.1994;*

*MF 67-1-01430 dated 30.09.1996;*

*1-05-00155-A dated 25.08.1997;*

*1-06-00155-A dated 22.12.1997;*

*1-07-00155-A dated 18.04.2000.*

Category of shares: *preference*

Type of shares:

Par value of each share (RUB): 1

Number of outstanding shares (number of shares that are placed and are not redeemed), shares: 7,701,665,235

Number of additional shares which can be or being placed (number of shares in additional issue in respect to which the state registration has been granted, but additional issue report was not registered, or additional issue notification was not submitted in case Federal Law "On Securities Markets" does not prescribe state registration of additional issue report, shares: 0

Number of declared shares, shares: 0

Number of shares which came to the disposal (are on the balance) of the issuer, shares: 0

Number of additional shares that can be placed through conversion of previously placed securities convertible into shares or by virtue of fulfillment of the issuer's option obligations, shares: 0

Issues of shares of this category (type):

Date of state registration	State registration number of the Issue:
24.06.2003	2-01-00155-A

Shares grant shareholders the following rights:

*A preference share of the Company entitles its owner:*

- *to receive an annual fixed dividend. The total amount paid as a dividend on each preference share is set at the rate of 10% of the Company's net profit on the basis of the latest financial year results divided into the number of shares accounting for 25% of the Company's charter capital. If the amount of dividend paid by the Company on each ordinary share in a certain year exceeds the amount payable as dividends on each preference share, the dividend rate paid on the latter shall be increased up to the dividend rate paid per ordinary share. The Company is not entitled to pay out preference dividends in a manner differing from the procedure stipulated by the Company's Charter;*
- *to vote at a general shareholders' meeting when resolutions regarding the Company's reorganization and liquidation, introduction of amendments and supplements to the Company's Charter affecting the rights and interests of preference shareholders are adopted;*
- *to get a share of the Company's property if the Company is dissolved;*
- *to participate in a general meeting of shareholders with the vote on all the issues within its terms of reference starting from the meeting following the annual general meeting of shareholders, which, irrespective of the reasons, did not adopt the resolution to pay dividends or adopted a resolution to partially pay dividends on preference shares of this type. The preference shareholders' right to participate in the general meeting of shareholders becomes invalid after the first full dividend payment on the shares mentioned is effected;*
- *to purchase and dispose of shares belonging to him/her (consent of other shareholders is not required);*
- *in case of acquisition of the voting right, to demand that the Company buy back his/her shares if:*
  - the Company is being restructured or a major transaction is being conducted, the resolution about which is adopted by the general shareholders' meeting in compliance with the Company's Charter, if he/she voted against such resolution or transaction or did not vote on these issues;*
  - the Company's Charter is amended or approved in a new wording to restrict his/her rights if he/she voted against the corresponding resolution or did not participate in voting.*

Other information about the shares as the issuer may wish to disclose

*In accordance with Ordinance of the Federal Securities Market Commission of Russia No. 03-1215/r dated June 24, 2003, the additional issues of equity securities of OJSC "Surgutneftegas" were consolidated to cancel the following state registration numbers assigned to the issues of preference registered non-documentary shares of OJSC "Surgutneftegas":*

*87-1-664 dated 19.07.1994;*

*MF 67-1-01184 dated 05.04.1996;*

*MF 67-1-01431 dated 30.09.1996;*

*2-05-00155-A dated 25.08.1997;*

*2-06-00155-A dated 24.10.1997.*

### **8.3. Previous issues of the issuer's equity securities excluding the issuer's shares**

#### **8.3.1. Issues with all securities redeemed**

*No such issues.*

#### **8.3.2. Issues with securities that are not redeemed**

*No such issues.*

#### **8.4. Person(s) who offered security for the issuer's secured bonds and security offered for the issuer's secured bonds**

*The issuer made no registration of the prospectus for secured bonds, no secured bonds were admitted to stock-exchange trade.*

##### **8.4.1. Additional information on the issuer's mortgage bonds**

*The issuer did not place any mortgage bonds with obligations not fulfilled yet.*

##### **8.4.2. Additional information on collateral for collateral bonds that includes money claims**

*The issuer did not place any collateral cash secured bonds with obligations not fulfilled yet.*

#### **8.5. Organizations keeping records of rights for the issuer's equity securities**

Information about the registrar

Full corporate name: *Closed Joint Stock Company "Surgutinvestneft"*

Abbreviated corporate name: *CJSC "Surgutinvestneft"*

Location: *Russian Federation, Tyumenskaya Oblast, Surgut*

INN: *8602039063*

OGRN: *1028600588246*

License for keeping the register of security holders

Number: *10-000-1-00324*

Date of issue: *24.06.2004*

Valid till: *unlimited*

Issuing authority: *Russian Federal Commission for the Securities Market (FKTsB) (Federal Financial Markets Service (FSFR) of Russia)*

The date when the registrar started keeping the register for holders of the issuer's registered securities: *02.04.1994*

#### **8.6. Legislative acts regulating import and export of capital which may influence the payment of dividends, interests, and other payments to non-residents**

*As of 31.03.2018, the following legislative acts were in force regulating import and export of capital that may influence the payment of dividends, interests or other payments to non-residents:*

*Federal Law No. 173-FZ dated 10.12.2003 "On Currency Exchange Regulation and Control";*

*Federal Law No. 208-FZ dated 26.12.1995 "On Joint Stock Companies";*

*Federal Law No. 160-FZ dated 09.07.1999 "On Foreign Investments in the Russian Federation";*

*Federal Law No. 39-FZ dated 25.02.1999 "On Investment Activities in the Form of Capital Investments in the Russian Federation";*

*Tax Code of the Russian Federation;*

*Federal Law No. 115-FZ dated 07.08.2001 "On Counteraction of the Legitimization of Proceeds of Crime and the Financing of Terrorism";*

*Double taxation treaties between the Russian Federation and foreign states where holders of the Company's securities reside.*

#### **8.7. Declared (accrued) and (or) paid dividends on the issuer's shares and the issuer's bond**



## yield

### 8.7.1. Dividends declared and paid on the issuer's shares

Information for five last completed reporting years or for each completed reporting year if the issuer conducts its business for less than five years, and for the period from the date when the current financial year started till the date when the reporting quarter ended

Indicator	Indicator value for the relevant reporting period – 2013, full year
Category of shares, for preference shares – type	<i>ordinary</i>
The issuer's management body which passed a resolution of dividend declaration, date when such a resolution was adopted, date and number of the minutes of the meeting (session) of the issuer's management body when such a resolution was adopted	<i>The resolution was adopted at a general shareholders' meeting 27.06.2014, Minutes No. 25 dated 30.06.2014</i>
Dividends declared per one share, RUB	<i>0.6</i>
Total dividends declared on all shares of this category (type), RUB	<i>21,435,596,823.00</i>
The date as of which the persons entitled to dividends are determined	<i>16.07.2014</i>
Reporting period (year, quarter) for which (on the results of which) the dividends declared are (were) paid	<i>2013, full year</i>
The due period (date) for declared dividend payment	<i>dividends shall be paid not later than on 20 August 2014</i>
Form of declared dividend payment (cash, other property)	<i>cash</i>
Sources of payment of the declared dividends (net profit of the reporting year, retained profit of prior years, special fund)	<i>net profit of the reporting year</i>
Declared dividends ratio in the net profit of the reporting year, %	<i>8.36</i>
Total dividends paid on shares of this category (type), RUB	<i>21,423,858,854.06</i>
Payout ratio in the total amount of the declared dividends on all shares of this category (type), %	<i>99.95</i>
In case declared dividends are not paid or paid by the issuer not in full – reasons for non-payment of declared dividends	<i>Obligations to pay dividends for 2013 on the Company's ordinary shares were fulfilled except the situations when the Company does not bear responsibility in accordance with Article 44 of Federal Law "On Joint Stock Companies" for the reasons beyond the Company's control when incorrect, incomplete or outdated information on banking details and/or mailing address were entered in a registered person's dividends questionnaire</i>
Other information about declared and (or) paid dividends as the issuer may wish to disclose	<i>Declared unclaimed dividends were reinstalled as part of the Company's undistributed profits.</i>

Indicator	Indicator value for the relevant reporting period – 2013, full year
Category of shares, for preference shares – type	<i>preference</i>
The issuer's management body which passed a resolution	<i>the resolution was adopted at a general</i>

of dividend declaration, date when such a resolution was adopted, date and number of the minutes of the meeting (session) of the issuer's management body when such a resolution was adopted	<i>shareholders' meeting 27.06.2014, Minutes No. 25 dated 30.06.2014</i>
Dividends declared per one share, RUB	<i>2.36</i>
Total dividends declared on all shares of this category (type), RUB	<i>18,176,715,834.60</i>
The date as of which the persons entitled to dividends are determined	<i>16.07.2014</i>
Reporting period (year, quarter) for which (on the results of which) the dividends declared are (were) paid	<i>2013, full year</i>
The due period (date) for declared dividend payment	<i>dividends shall be paid not later than on 20 August 2014</i>
Form of declared dividend payment (cash, other property)	<i>cash</i>
Sources of payment of the declared dividends (net profit of the reporting year, retained profit of prior years, special fund)	<i>net profit of the reporting year</i>
Declared dividends ratio in the net profit of the reporting year, %	<i>7.09</i>
Total dividends paid on shares of this category (type), RUB	<i>17,993,063,074.43</i>
Payout ratio in the total amount of the declared dividends on all shares of this category (type), %	<i>98.99</i>
In case declared dividends are not paid or paid by the issuer not in full – reasons for non-payment of declared dividends	<i>obligations to pay dividends for 2013 on the Company's preference shares were fulfilled except the situations when the Company does not bear responsibility in accordance with Article 44 of Federal Law "On Joint Stock Companies" for the reasons beyond the Company's control when incorrect, incomplete or outdated information on banking details and/or mailing address were entered in a registered person's dividends questionnaire.</i>
Other information about declared and (or) paid dividends as the issuer may wish to disclose	<i>declared unclaimed dividends were reinstalled as part of the Company's undistributed profits.</i>

<b>Indicator</b>	<b>Indicator value for the relevant reporting period – 2014, full year</b>
Category of shares, for preference shares – type	<i>ordinary</i>
The issuer's management body which passed a resolution of dividend declaration, date when such a resolution was adopted, date and number of the minutes of the meeting (session) of the issuer's management body when such a resolution was adopted	<i>the resolution was adopted at a general shareholders' meeting 27.06.2015, Minutes No. 26 dated 30.06.2015</i>
Dividends declared per one share, RUB	<i>0.65</i>
Total dividends declared on all shares of this category	<i>23,221,896,558.25</i>

(type), RUB	
The date as of which the persons entitled to dividends are determined	<b>16.07.2015</b>
Reporting period (year, quarter) for which (on the results of which) the dividends declared are (were) paid	<b>2014, full year</b>
The due period (date) for declared dividend payment	<b><i>dividends shall be paid not later than on 20 August 2015</i></b>
Form of declared dividend payment (cash, other property)	<b><i>cash</i></b>
Sources of payment of the declared dividends (net profit of the reporting year, retained profit of prior years, special fund)	<b><i>net profit of the reporting year</i></b>
Declared dividends ratio in the net profit of the reporting year, %	<b>2.6</b>
Total dividends paid on shares of this category (type), RUB	<b>23,208,451,441.05</b>
Payout ratio in the total amount of the declared dividends on all shares of this category (type), %	<b>99.94</b>
In case declared dividends are not paid or paid by the issuer not in full – reasons for non-payment of declared dividends	<b><i>obligations to pay dividends for 2014 on the Company's ordinary shares were fulfilled except the situations when the Company does not bear responsibility in accordance with Article 44 of Federal Law "On Joint Stock Companies" for the reasons beyond the Company's control when incorrect, incomplete or outdated information on banking details and/or mailing address were entered in a registered person's dividends questionnaire.</i></b>
Other information about declared and (or) paid dividends as the issuer may wish to disclose	<b><i>no</i></b>

<b>Indicator</b>	<b>Indicator value for the relevant reporting period – 2014, full year</b>
Category of shares, for preference shares – type	<b><i>preference</i></b>
The issuer's management body which passed a resolution of dividend declaration, date when such a resolution was adopted, date and number of the minutes of the meeting (session) of the issuer's management body when such a resolution was adopted	<b><i>the resolution was adopted at a general shareholders' meeting 27.06.2015, Minutes No. 26 dated 30.06.2015</i></b>
Dividends declared per one share, RUB	<b>8.21</b>
Total dividends declared on all shares of this category (type), RUB	<b>63,233,405,509,35</b>
The date as of which the persons entitled to dividends are determined	<b>16.07.2015</b>
Reporting period (year, quarter) for which (on the results of which) the dividends declared are (were) paid	<b>2014, full year</b>
The due period (date) for declared dividend payment	<b><i>dividends shall be paid not later than on 20</i></b>

	<b>August 2015</b>
Form of declared dividend payment (cash, other property)	<b>cash</b>
Sources of payment of the declared dividends (net profit of the reporting year, retained profit of prior years, special fund)	<b>net profit of the reporting year</b>
Declared dividends ratio in the net profit of the reporting year, %	<b>7.09</b>
Total dividends paid on shares of this category (type), RUB	<b>62,610,299,350.81</b>
Payout ratio in the total amount of the declared dividends on all shares of this category (type), %	<b>99.01</b>
In case declared dividends are not paid or paid by the issuer not in full – reasons for non-payment of declared dividends	<b>obligations to pay dividends for 2014 on the Company's preference shares were fulfilled except the situations when the Company does not bear responsibility in accordance with Article 44 of Federal Law "On Joint Stock Companies" for the reasons beyond the Company's control when incorrect, incomplete or outdated information on banking details and/or mailing address were entered in a registered person's dividends questionnaire.</b>
Other information about declared and (or) paid dividends as the issuer may wish to disclose	<b>no</b>

<b>Indicator</b>	<b>Indicator value for the relevant reporting period – 2015, full year</b>
Category of shares, for preference shares – type	<b>ordinary</b>
The issuer's management body which passed a resolution of dividend declaration, date when such a resolution was adopted, date and number of the minutes of the meeting (session) of the issuer's management body when such a resolution was adopted	<b>the resolution was adopted at a general shareholders' meeting 29.06.2016, Minutes No. 27 dated 30.06.2016</b>
Dividends declared per one share, RUB	<b>0.6</b>
Total dividends declared on all shares of this category (type), RUB	<b>21,435,596,823.00</b>
The date as of which the persons entitled to dividends are determined	<b>18.07.2016</b>
Reporting period (year, quarter) for which (on the results of which) the dividends declared are (were) paid	<b>2015, full year</b>
The due period (date) for declared dividend payment	<b>22.08.2016</b>
Form of declared dividend payment (cash, other property)	<b>cash</b>

Sources of payment of the declared dividends (net profit of the reporting year, retained profit of prior years, special fund)	<i>net profit of the reporting year</i>
Declared dividends ratio in the net profit of the reporting year, %	<b>2.85</b>
Total dividends paid on shares of this category (type), RUB	<b>21,422,352,628.19</b>
Payout ratio in the total amount of the declared dividends on all shares of this category (type), %	<b>99.94</b>
In case declared dividends are not paid or paid by the issuer not in full – reasons for non-payment of declared dividends	<i>obligations to pay dividends for 2015 on the Company's ordinary shares were fulfilled except the situations when the Company does not bear responsibility in accordance with Clause 16 of Article 8.2 of Federal Law "On Securities Market"</i>
Other information about declared and (or) paid dividends as the issuer may wish to disclose	<i>no</i>

<b>Indicator</b>	<b>Indicator value for the relevant reporting period – 2015, full year</b>
Category of shares, for preference shares – type	<i>preference</i>
The issuer's management body which passed a resolution of dividend declaration, date when such a resolution was adopted, date and number of the minutes of the meeting (session) of the issuer's management body when such a resolution was adopted	<i>the resolution was adopted at a general shareholders' meeting 29.06.2016, Minutes No. 27 dated 30.06.2016</i>
Dividends declared per one share, RUB	<b>6.92</b>
Total declared dividends on all shares of this category (type), RUB	<b>53,297,827,786.20</b>
The date as of which the persons entitled to dividends are determined	<b>18.07.2016</b>
Reporting period (year, quarter) for which (on the results of which) the dividends declared are (were) paid	<b>2015, full year</b>
The due period (date) for declared dividend payment	<b>22.08.2016</b>
Form of declared dividend payment (cash, other property)	<i>cash</i>
Sources of payment of the declared dividends (net profit of the reporting year, retained profit of prior years, special fund)	<i>net profit of the reporting year</i>

Declared dividends ratio in the net profit of the reporting year, %	<b>7.09</b>
Total dividends paid on shares of this category (type), RUB	<b>52,761,651,318.92</b>
Payout ratio in the total amount of the declared dividends on all shares of this category (type), %	<b>98.99</b>
In case declared dividends are not paid or paid by the issuer not in full – reasons for non-payment of declared dividends	<i>obligations to pay dividends for 2015 on the Company's preference shares were fulfilled except the situations when the Company does not bear responsibility in accordance with Clause 16 of Article 8.2 of Federal Law "On Securities Market"</i>
Other information about declared and (or) paid dividends as the issuer may wish to disclose	<b>no</b>

<b>Indicator</b>	<b>Indicator value for the relevant reporting period – 2016, full year</b>
Category of shares, for preference shares – type	<i>ordinary</i>
The issuer's management body which passed a resolution of dividend declaration, date when such a resolution was adopted, date and number of the minutes of the meeting (session) of the issuer's management body when such a resolution was adopted	<i>the resolution was adopted at a general shareholders' meeting 29.06.2017, Minutes No. 28 dated 29.06.2017</i>
Declared dividends per one share, RUB	<b>0.6</b>
Total dividends declared on all shares of this category (type), RUB	<b>21,435,596,823</b>
The date as of which the persons entitled to dividends are determined	<b>19.07.2017</b>
Reporting period (year, quarter) for which (on the results of which) the dividends declared are (were) paid	<b>2016, full year</b>
The due period (date) for declared dividend payment	<b>23.08.2017</b>
Form of declared dividend payment (cash, other property)	<b>cash</b>
Sources of payment of the declared dividends (net profit of the reporting year, retained profit of prior years, special fund)	<b>retained profit of previous years</b>
Declared dividends ratio in the net profit of the reporting year, %	<b>-</b>
Total dividends paid on shares of this category (type), RUB	<b>21,421,277,316.13</b>
Payout ratio in the total amount of the declared dividends on all shares of this category (type), %	<b>99.93</b>

In case declared dividends are not paid or paid by the issuer not in full – reasons for non-payment of declared dividends	<i>obligations to pay dividends for 2016 on the Company's ordinary shares were fulfilled except the situations when the Company does not bear responsibility in accordance with Clause 16 of Article 8.2 of Federal Law "On Securities Market"</i>
Other information about declared and (or) paid dividends as the issuer may wish to disclose	<i>no</i>

<b>Indicator</b>	<b>Indicator value for the relevant reporting period – 2016, full year</b>
Category of shares, for preference shares – type	<i>preference</i>
The issuer's management body which passed a resolution of dividend declaration, date when such a resolution was adopted, date and number of the minutes of the meeting (session) of the issuer's management body when such a resolution was adopted	<i>the resolution was adopted at a general shareholders' meeting 29.06.2017, Minutes No. 28 dated 29.06.2017</i>
Declared dividends per one share, RUB	<i>0.6</i>
Total dividends declared on all shares of this category (type), RUB	<i>4,621,198,941</i>
The date as of which the persons entitled to dividends are determined	<i>19.07.2017</i>
Reporting period (year, quarter) for which (on the results of which) the declared dividends are (were) paid	<i>2016, full year</i>
The due period (date) for declared dividend payment	<i>23.08.2017</i>
Form of declared dividend payment (cash, other property)	<i>cash</i>
Sources of payment of the declared dividends (net profit of the reporting year, retained profit of prior years, special fund)	<i>retained profit of previous years</i>
Declared dividends ratio in the net profit of the reporting year, %	<i>-</i>
Total dividends paid on shares of this category (type), RUB	<i>4,571,731,496.78</i>
Payout ratio in the total amount of the declared dividends on all shares of this category (type), %	<i>98.93</i>
In case declared dividends are not paid or paid by the issuer not in full – reasons for non-payment of declared dividends	<i>obligations to pay dividends for 2016 on the Company's preference shares were fulfilled except the situations when the Company does not bear responsibility in accordance with Clause 16 of Article 8.2 of Federal Law "On Securities Market"</i>
Other information about declared and (or) paid dividends as the issuer may wish to disclose	<i>no</i>

*Obligations to pay dividends for 2014 – 2016 on the Company's shares were fulfilled except the situations when the Company does not bear responsibility in accordance with the legislation of the Russian Federation.*

#### **8.7.2. Accrued and paid yield on the issuer's bonds**

*The issuer did not issue any bonds.*

#### **8.8. Miscellaneous information**

*Forms of Section VII "The issuer's accounting (financial) statements and other financial information" of this report do not meet the requirements of Order No. 66n of the Ministry of Finance of the Russian Federation "Reporting Standards of Enterprises" dated 02.07.2010 in terms of reflecting subtracted and negative indicators.*

#### **8.9. Represented securities and the issuer of represented securities the title to which is evidenced by Russian Depositary Receipts**

*The issuer does not issue any represented securities the title to which is evidenced by Russian Depositary Receipts.*



## **Appendices to the quarterly report.**