

**Management's Discussion and Analysis of Financial Condition and Results
of Operations for the three months ended December 31 and September 30, 2015 and years
ended December 31, 2015 and 2014**

Definitions and Conversions

The following discussion is intended to assist you in understanding the Group financial position as of December 31, 2015 and results of operations for the three months ended December 31 and September 30, 2015 and years ended December 31 2015 and 2014 and should be read in conjunction with the Consolidated Financial Statements and notes thereto, which were prepared in accordance with International Financial Reporting Standards ("IFRS").

This report represents Group's financial condition and results of operations on a consolidated basis. In this report the terms "Gazprom Neft", "Company", "Group" represent PJSC Gazprom Neft, its consolidated subsidiaries and proportionally consolidated entities (Joint operations as defined in IFRS 11) ("Tomskneft", "Salym petroleum development" (SPD) and Yuzhno-Priobskiy GPZ (UGPZ)). The term "Joint ventures" represents entities accounted for by the equity method.

Tonnes of crude oil produced are translated into barrels using conversion rates reflecting oil density from each of our oil fields. Crude oil purchased as well as other operational indicators expressed in barrels are translated from tonnes using a conversion rate of 7.33 barrels per tonne. Translations of cubic meters to cubic feet are made at the rate of 35.31 cubic feet per cubic meter. Translations of barrels of crude oil and liquid hydrocarbon into barrels of oil equivalent ("boe") are made at the rate of 1 barrel per boe and of cubic feet into boe at the rate of 6,000 cubic feet per boe.

Forward-Looking Statements

This discussion contains forward-looking statements concerning the financial condition, results of operations and businesses of Gazprom Neft and its consolidated subsidiaries. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those expressed or implied in these statements.

Forward-looking statements include, among other things, statements concerning the potential exposure of Gazprom Neft to market risks and statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions. These forward-looking statements are identified by their use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "objectives", "outlook", "probably", "project", "will", "seek", "target", "risks", "goals", "should" and similar terms and phrases. There are a number of factors that could affect the future operations of Gazprom Neft and could cause those results to differ materially from those expressed in the forward-looking statements contained in this Report, inclusively (without limitation): (a) price fluctuations in crude oil and gas; (b) changes in demand for the Company's products; (c) currency fluctuations; (d) drilling and production results; (e) reserve estimates; (f) loss of market and industry competition; (g) environmental and physical risks; (h) risks associated with the identification of suitable potential acquisition properties and targets, and successful negotiation and completion of such transactions; (i) economic and financial market conditions in various countries and regions; (j) political risks, project delay or advancement, approvals, and cost estimates; and (k) changes in trading conditions.

Key Financial and Operating Data

4Q 2015	3Q 2015	Δ, %		12m		Δ, %
				2015	2014	
Financial results (RUB million)						
417,527	434,988	(4.0)	Sales ¹	1,655,775	1,690,557	(2.1)
92,588	112,457	(17.7)	Adjusted EBITDA ²	404,811	342,614	18.2
4,422	5,420	(18.4)	RUB per toe of production	5,079	5,172	(1.8)
9.01	11.57	(22.1)	USD ³ per boe of production	11.21	18.27	(38.6)
(21,220)	18,527	-	Profit attributable to Gazprom Neft	109,661	122,093	(10.2)
Operational results						
155.79	154.36	0.9	Hydrocarbon production including our share in joint ventures (MMboe)	592.21	488.10	21.3
20.94	20.75	0.9	Hydrocarbon production including our share in joint ventures (MMtoe)	79.70	66.25	20.3
1.69	1.68	0.6	Daily hydrocarbon production (MMboepd)	1.62	1.34	20.9
106.03	107.38	(1.3)	Crude oil and condensate production including our share in joint ventures (MMbbl)	416.12	384.07	8.3
298.54	281.88	5.9	Gas production including our share in joint ventures (bcf)	1,056.55	624.21	69.3
10.20	11.55	(11.7)	Refining throughput at own refineries and joint ventures (MMtonnes)	43.07	43.48	(0.9)

¹ Sales includes export duties and sales related excise tax

² EBITDA is a non-IFRS measure. A reconciliation of adjusted EBITDA to profit before income taxes is provided in the appendix

³ Translated to USD at the average exchange rate for the period

2015 Highlights

- Obtained control in March 2015 over Gazprom Resource Northgas LLC, which holds 50% of Northgas CJSC, increasing share in Northgas from 9.1% to 50%
- Increased share in SeverEnergiya (Arcticgas) from 45.1% to 46.7% in 3Q
- Began production from Yaro-Yakhinskoye, third SeverEnergiya (Arcticgas) oilfield
- Received first three shipments of oil with total volume 2.5 MMbbl in compensation for expenses at Badra
- Began commercial oil production at Garmian (Kurdistan) in February, producing 98,300 tonnes in February to December 2015
- Awarded exploration and production licenses for Maloyuganskiy, Zapadno-Zimniy, Panlorskiy 5, Nyalinskiy, Yuilskiy 3 and Novochatylkinskiy areas
- Awarded exploration licenses for Lyaminskiy 6 and Severo-Ityakhskiy 1 areas
- Awarded exploration and production licenses for Rusanda Plitko and Martonosh Zapad gas fields and Kasidol oil field in Serbia
- Startup in September 2015 of Yuzhno-Priobskiy gas processing joint venture with Sibur (UGPZ), which will utilize associated gas and produce NGLs. Annual capacity 0.9 bcm
- China's largest independent rating credit agency, Dagong Global Credit Rating, awarded Gazprom Neft a strong long term credit rating for liabilities denominated in Russian rubles: AA with stable outlook.

Results for 2015 compared with 2014

- Total hydrocarbon production including our share in joint ventures increased 20.3% to 79.7 MMtonnes on continued production growth at SeverEnergiya (Arcticgas) fields, gain of controlling interest in Northgas, continued production growth at Orenburg region, Prirazlomnoye, Iraq and Novoport and sustained production at major fields
- The Group optimized crude processing volumes relative to oil and oil products prices and demand conditions. Output of light products remained unchanged from 2014, while total refining throughput declined 0.9%, in part due to reconstruction of Omsk catalytic cracker in September-December 2015
- Lower oil and oil products prices on international markets were offset by higher sales volumes and prices at domestic market, resulting in net 2.1% sales decline

- Increased hydrocarbon production and management actions to optimize refining throughput and product mix not just offset negative effects of tax manoeuvre effective January 2015 but resulted in adjusted EBITDA increase 18.2%
- Despite EBITDA increase by 18.2%, profit attributable to Gazprom Neft declined 10.2% due to negative impact of revaluing non-ruble debt at current foreign exchange rates, increased depreciation, depletion and amortization expenses in line with investment program, assets impairment provision and higher financial expenses due to increased borrowing cost in RF.

Results for 4Q 2015 compared with 3Q 2015

- Daily hydrocarbon production including our share in joint ventures increased to 1.69 MMboe
- Total hydrocarbon production including our share in joint ventures increased 0.9% due to production growth at Prirazlomnoye and seasonal increase in associated gas utilization at West Siberia fields
- Refining throughput declined 11.7% due to reduced efficiency at Moscow refinery, planned repair of “small ring units” at Moscow refinery in October and reconstruction of Omsk catalytic cracker in September-December 2015
- Sales declined 4.0% due to lower oil and oil products prices and seasonal decline in domestic oil products demand
- Planned repair at Moscow refinery, reconstruction of Omsk catalytic cracker in September-December 2015 and seasonal factors resulted in adjusted EBITDA decrease 17.7%
- Losses attributable to Gazprom Neft in 4Q resulted from lower EBITDA, foreign exchange losses from revaluation of Group debt portfolio and assets impairment provision.

Operational Data and Analysis

Exploration Drilling and Discoveries

	2015	2014	Δ, %
Consolidated subsidiaries			
Exploration drilling ('000 meters)	40	72	(44.7)
Exploration wells drilled	14	28	(50.0)
New fields discovered	-	-	-
New reservoirs discovered	14	21	(33.3)
Proportionally consolidated companies			
Exploration drilling ('000 meters)	3	13	(75.2)
Exploration wells drilled	1	4	(75.0)
New reservoirs discovered	6	2	200.0
Joint ventures			
Exploration drilling ('000 meters)	22	34	(35.9)
Exploration wells drilled	7	14	(50.0)
New reservoirs discovered	15	4	-

- Exploration drilling by consolidated subsidiaries in 2015 resulted in the discovery of 14 new reservoirs: 13 oil and one gas. Discoveries were made in Eastern and Western Siberia (1 and 8 reservoirs, respectively) and in Orenburg region (5 reservoirs).

Oil and Gas Reserves

(MMboe)	Gazprom Neft*	Share in proportionally consolidated companies and joint ventures						Total
		Slavneft	Tomskneft	SPD	Sever Energia	Northgas	Messo yakha	
<i>Proved Reserves (December 31, 2013)</i>	6,301	911	577	223	1,911	-	39	9,962
Production	(316)	(62)	(42)	(24)	(27)	(3)	-	(474)
Purchases of minerals in place	110	-	-	-	255	139	-	504
Revision of previous estimates	229	167	91	3	207	-	5	702
<i>Proved Reserves (December 31, 2014)</i>	6,324	1,016	626	202	2,346	136	44	10,694
Production	(330)	(59)	(42)	(23)	(95)	(31)	-	(580)
Purchases of minerals in place***					80	605		685
Revision of previous estimates	330	33	10	1	97	(2)	1	469
<i>Proved Reserves (December 31, 2015)**</i>	6,324	990	594	180	2,428	707	45	11,268
Total group probable reserves	4,554	1,624	417	122	1,420	155	457	8,749
Total group possible reserves	5,099	1,368	355	66	1,240	180	380	8,688

* Reserves above include reserves of Badra and Kurdistan fields on a working interest basis, which differs from net entitlement basis used in Group consolidated financial statements

** The Company's proved reserves as of December 31, 2015 includes proved gas reserves partly recalculated into liquid hydrocarbons (includes NGL)

*** The Group's ownership as of December 31, 2015 is as follows: 46.7% of SeverEnergia (45.1% as of December 31, 2014) and 50.0% of Northgas(9.1% as of December 31, 2014)

- The Company's proved reserves as of December 31, 2015 totaled 6,324 MMboe, including 4,978 MMbbl of crude oil and liquid hydrocarbons and 8,077 bcf of gas
- Group proved reserves, including shares in equity associates, were 11,268 MMboe as of December 31, 2015, including 7,274 MMbbl of crude oil and liquid hydrocarbons and 23,966 bcf of gas
- Proved reserves figures exclude reserve volumes related to the Serbian subsidiary, NIS due to limitations on disclosure of this information in Serbia
- Reserve estimates are made by independent reservoir engineers DeGolyer and MacNaughton on the basis of standards of the Society of Petroleum Engineers Petroleum Reserves Management System (PRMS)
- PRMS reserves figures provided in the table differ from those reported in the supplementary information on oil and gas activities included with our consolidated financial statements. Oil and gas reserves included in that supplementary information are prepared using definitions provided by the US Securities and Exchange Commission (SEC), which require the use of a 12-month average of the first day of the month price for each month within the reporting period. The PRMS reserves in the above table use management's best estimate of future crude oil and natural gas prices.

Production Drilling

4Q	3Q	Δ, %		12m		Δ, %
2015	2015			2015	2014	
Consolidated subsidiaries						
801	850	(5.7)	Production drilling ('000 meters)	3,119	2,945	5.9
201	197	2.0	New production wells	770	840	(8.3)
37.00	39.46	(6.2)	Average new well flow (tonnes per day)	36.74	34.47	6.6
Proportionally consolidated companies						
182	213	(14.8)	Production drilling ('000 meters)	789	694	13.7
57	52	9.6	New production wells	206	188	9.6
Joint ventures						
266	300	(11.5)	Production drilling ('000 meters)	1,147	1,106	3.7
68	51	33.3	New production wells	226	234	(3.4)

- Production drilling increased 5.9% Y-o-Y due to:
 - Increased drilling at Novoport field
 - Increasing share of horizontal wells by 13%.

- Production drilling by proportionally consolidated subsidiaries increased 13.7% Y-o-Y due to drilling increase at SPD

Production

4Q	3Q			12m		
2015	2015	Δ, %		2015	2014	Δ, %
(MMtonnes)			Crude oil and condensate	(MMtonnes)		
3.57	3.63	(1.7)	Noyabrskneftegaz	14.39	15.01	(4.1)
3.64	3.63	0.3	Khantos	14.36	13.91	3.2
1.22	1.25	(2.4)	Tomskneft	4.95	4.97	(0.4)
0.74	0.78	(5.1)	SPD	3.05	3.28	(7.0)
0.68	0.69	(1.4)	Orenburg	2.65	2.34	13.2
0.27	0.28	(3.6)	NIS	1.12	1.21	(7.4)
0.42	0.44	(4.5)	Vostok**	1.59	1.43	11.2
0.01	0.17	(94.1)	Novy Port	0.34	0.14	142.9
0.33	0.24	37.5	Prirazlomnoye	0.87	0.09	866.7
0.18	0.16	12.5	Badra & Kurdistan	0.51	0.00	-
0.02	0.01	100.0	Others	0.17	0.65	(73.8)
11.08	11.28	(1.8)	Total production by subsidiaries and proportionally consolidated companies	44.00	43.03	2.3
1.93	1.94	(0.5)	Share in Slavneft	7.74	8.09	(4.3)
0.98	0.98	-	Share in SeverEnergiya (Arcticgas)	3.42	0.88	288.6
0.16	0.14	14.3	Share in Northgas	0.51	0.06	750.0
3.07	3.06	0.3	Share in production of joint ventures	11.67	9.03	29.2
14.15	14.34	(1.3)	Total crude oil and condensate production	55.67	52.06	6.9
(bcm)			Gas*	(bcm)		
2.53	2.06	22.8	Noyabrskneftegaz	9.38	9.41	(0.3)
0.26	0.22	18.2	Khantos	0.79	0.49	61.2
0.25	0.24	4.2	Tomskneft	0.92	0.88	4.5
0.03	0.04	(25.0)	SPD	0.13	0.13	-
0.57	0.68	(16.2)	Orenburg	2.25	1.83	23.0
0.15	0.14	7.1	NIS	0.57	0.56	1.8
0.01	0.03	(66.7)	Vostok	0.08	0.09	(11.1)
-	-	-	Others	0.03	0.04	(25.0)
3.80	3.41	11.4	Total production by subsidiaries and proportionally consolidated companies	14.15	13.43	5.4
0.13	0.11	18.2	Share in Slavneft	0.46	0.44	4.5
3.15	3.16	(0.3)	Share in SeverEnergiya (Arcticgas)	10.85	3.31	227.8
1.37	1.31	4.6	Share in Northgas	4.46	0.50	792.0
4.65	4.58	1.5	Share in production of joint ventures	15.77	4.25	271.1
8.45	7.99	5.8	Total gas production	29.92	17.68	69.2
(MMtoe)			Hydrocarbons	(MMtoe)		
14.15	14.01	1.0	Total production by subsidiaries and proportionally consolidated companies	55.37	53.81	2.9
6.79	6.74	0.7	Share in production of joint ventures	24.33	12.44	95.6
20.94	20.75	0.9	Total hydrocarbon production	79.70	66.25	20.3
155.79	154.36	0.9	MMtoe	592.21	488.10	21.3
1.69	1.68	0.6	MMboe	1.62	1.34	20.9
			Daily hydrocarbon production (MMboepd)			

* Production volume includes marketable gas and gas utilized in Company power plants

** Production for Archinskoye and Urmanskoye fields is presented in Gazpromneft – Vostok effective June 1, 2015 due to merger of Archinskoye LLC into Gazpromneft-Vostok in June 2015 (previously included in Others)

- Daily hydrocarbon production (toe) increased 20.9% Y-o-Y and 0.6% Q-o-Q
- Group oil production increased 6.9% Y-o-Y to 55.67 MMtoe, driven by increased production at SeverEnergiya (Arcticgas), continued growth at Orenburg region fields, growth at Prirazlomnoye, Iraq and Novoport, and consolidation of 50% of Northgas volume

- Group natural gas production increased 69.2% Y-o-Y and 5.8% Q-o-Q primarily due to higher production at Urengoykoye field, startup at Yaro-Yakhinskoye (SeverEnergiya (Arcticgas)), start up of Yuzhno-Priobskiy gas processing plant (UGPZ), which increased associated gas utilization, and consolidation of 50% of Northgas volume.

Crude Oil Purchases

4Q	3Q			12m		
2015	2015	Δ, %	(MMtonnes)	2015	2014	Δ, %
1.92	2.29	(16.2)	Crude oil purchases in Russia *	7.74	4.97	55.7
0.24	0.08	200.0	Crude oil purchases internationally	0.32	1.66	(80.7)
2.16	2.37	(8.9)	Total crude purchased	8.06	6.63	21.6

* Crude oil purchases in Russia exclude purchases from the Group's joint ventures Slavneft and SeverEnergiya (Arcticgas)

- Crude oil purchases in Russia increased 55.7% Y-o-Y due to more effective domestic trading operations
- Crude oil purchases in Russia decreased 16.2% Q-o-Q due to declining refining throughput

Refining

4Q	3Q			12m		
2015	2015	Δ, %	(MMtonnes)	2015	2014	Δ, %
4.87	5.40	(9.8)	Omsk	20.89	21.28	(1.8)
2.38	3.10	(23.2)	Moscow	11.00	10.76	2.2
0.80	0.80	-	Pancevo	2.94	2.61	12.6
8.05	9.30	(13.4)	Total throughput at refineries owned by subsidiaries	34.83	34.65	0.5
1.99	2.00	(0.5)	Share in Yaroslavl	7.63	7.65	(0.3)
0.16	0.25	(36.0)	Share in Mozyr	0.61	1.18	(48.3)
10.20	11.55	(11.7)	Total refining throughput	43.07	43.48	(0.9)
Production of petroleum products						
2.04	2.46	(17.1)	Gasoline	9.08	8.84	2.7
-	-	-	Class 2 and below	0.02	-	-
-	0.01	-	Class 3	0.01	0.16	(93.8)
0.05	0.04	25.0	Class 4	0.35	0.68	(48.5)
1.99	2.41	(17.4)	Class 5	8.70	8.00	8.7
0.40	0.32	25.0	Naphtha	1.45	1.36	6.6
2.91	3.10	(6.1)	Diesel	11.87	12.15	(2.3)
0.03	0.04	(25.0)	Class 2 and below	0.11	0.07	57.1
-	-	-	Class 3	-	0.14	-
-	-	-	Class 4	-	0.51	-
2.88	3.06	(5.9)	Class 5	11.76	11.43	2.9
2.06	1.72	19.8	Fuel oil	7.20	7.39	(2.6)
0.64	0.90	(28.9)	Jet fuel	3.00	2.99	0.3
0.77	1.01	(23.8)	Bunker fuel	3.67	4.08	(10.0)
0.33	0.70	(52.9)	Bitumen	1.86	1.88	(0.8)
0.10	0.11	(9.1)	Lubricants	0.40	0.37	6.9
0.51	0.66	(22.7)	Other	2.57	2.58	(0.4)
9.76	10.98	(11.1)	Total production	41.10	41.64	(1.3)

- Total throughput declined by an insignificant 0.9% Y-o-Y. The Group optimized refining throughput relative to oil and oil products price and demand conditions. Output of light products was essentially unchanged due to higher gas condensate throughput at Omsk
- Refining throughput decreased 11.7% Q-o-Q due to planned repair of "small ring units" at Moscow refinery in October 2015, reconstruction of Omsk catalytic cracker in September-December 2015, and declined efficiency at Moscow refinery in 4Q 2015
- Diesel production decreased 2.3% Y-o-Y due to Yaroslavl hydrotreating plant repairs in May-June 2015 and reconstruction of Omsk catalytic cracker in September-December 2015

- Gasoline production increased 2.7% Y-o-Y due to the completion of major maintenance and reconstruction of Moscow primary refining unit in 2014, higher gas condensate throughput and an improved n-butane blending system at Omsk, Moscow and Yaroslavl refinery
- Gasoline production declined 17.1% Q-o-Q due to reconstruction of Omsk catalytic cracker in September-December 2015
- Bitumen production declined 52.9% Q-o-Q, jet fuel production declined 28.9% Q-o-Q and bunker fuel production declined 23.8% due to seasonal demand factors. Seasonality and reconstruction of Omsk catalytic cracker resulted in a 19.8% increase in fuel oil production Q-o-Q.

Petroleum Products Purchases on International Markets

	4Q 2015		3Q 2015		Δ, %	
	RUB million	MMtonnes	RUB million	MMtonnes	RUB million	MMtonnes
Diesel	2 297	0,09	1 394	0,04	64,8	125,0
Jet fuel	1 613	0,05	2 740	0,07	(41,1)	(28,6)
Bunker fuel	1 171	0,05	866	0,03	35,2	66,7
Lubricants	260	0,00	281	0,01	(7,5)	-
Total	5 341	0,19	5 281	0,15	1,1	26,7

	12m 2015		12m 2014		Δ, %	
	RUB million	MMtonnes	RUB million	MMtonnes	RUB million	MMtonnes
High octane gasoline	-	-	176	0,01	-	-
Naphtha	-	-	2 976	0,10	-	-
Diesel	7 869	0,27	29 427	0,91	(73,3)	(70,3)
Fuel oil	61	0,00	35 415	1,88	(99,8)	-
Jet fuel	9 385	0,26	10 785	0,29	(13,0)	(10,3)
Bunker fuel	5 054	0,19	3 638	0,15	38,9	26,7
Lubricants	1 124	0,01	826	0,01	36,1	-
Other	-	-	201	0,01	-	-
Total	23 493	0,73	83 444	3,36	(71,8)	(78,3)

- Purchases on international markets declined Y-o-Y due to reduced international trading operations.

Petroleum Products Purchases in CIS

	4Q 2015		3Q 2015		Δ, %	
	RUB million	MMtonnes	RUB million	MMtonnes	RUB million	MMtonnes
High octane gasoline	1,534	0.05	3,442	0.09	(55.4)	(44.4)
Low octane gasoline	154	0.01	356	0.01	(56.7)	-
Diesel	546	0.03	982	0.03	(44.4)	-
Other	255	0.01	103	0.01	147.6	-
Total	2,489	0.10	4,883	0.14	(49.0)	(28.6)

	12m 2015		12m 2014		Δ, %	
	RUB million	MMtonnes	RUB million	MMtonnes	RUB million	MMtonnes
High octane gasoline	5,820	0.16	8,217	0.25	(29.2)	(36.0)
Low octane gasoline	533	0.02	1,245	0.05	(57.2)	(60.0)
Diesel	2,269	0.09	2,280	0.09	(0.5)	-
Fuel oil	-	-	165	0.01	-	-
Other	653	0.03	488	0.02	33.8	50.0
Total	9,275	0.30	12,395	0.42	(25.2)	(28.6)

Domestic Purchases of Petroleum Products

	4Q 2015		3Q 2015		Δ, %	
	RUB million	MMtonnes	RUB million	MMtonnes	RUB million	MMtonnes
High octane gasoline	14,658	0.46	11,754	0.33	24.7	39.4
Diesel	7,336	0.23	5,312	0.17	38.1	35.3
Fuel oil	116	0.02	110	0.01	5.5	100.0
Jet fuel	1,889	0.07	2,762	0.09	(31.6)	(22.2)
Bunker fuel	610	0.04	491	0.02	24.2	100.0
Lubricants	141	0.01	166	0.00	(15.1)	-
Other	1,107	0.04	267	0.00	314.6	-
Total	25,857	0.87	20,862	0.62	23.9	40.3

	12m 2015		12m 2014		Δ, %	
	RUB million	MMtonnes	RUB million	MMtonnes	RUB million	MMtonnes
High octane gasoline	43,080	1.36	34,810	1.12	23.8	21.4
Diesel	20,456	0.65	15,671	0.51	30.5	27.5
Fuel oil	919	0.10	737	0.06	24.7	66.7
Jet fuel	9,055	0.33	14,849	0.57	(39.0)	(42.1)
Bunker fuel	2,225	0.12	891	0.05	149.7	140.0
Lubricants	528	0.01	126	0.00	319.0	-
Petrochemicals	-	-	413	0.01	-	-
Other	2,099	0.07	1,526	0.07	37.5	-
Total	78,362	2.64	69,023	2.39	13.5	10.5

- Domestic jet fuel purchases decreased Y-o-Y due to lower consumption and reduced exports to Kyrgyzstan
- Domestic bunker fuel purchases increased Y-o-Y due to purchases of ultra-low sulfur fuel oil ULS FO connected with adoption of MARPOL standards in North-West Europe resulting in increased demand
- Domestic diesel and gasoline purchases increased Y-o-Y due to increased trading operations.

Products Marketing

4Q 2015	3Q 2015	Δ, %		12m 2015	12m 2014	Δ, %
	(units)		Active retail stations		(units)	
1,189	1,159	2.6	In Russia	1,189	1,150	3.4
243	247	(1.6)	In CIS	243	239	1.7
420	422	(0.5)	In Eastern Europe	420	421	(0.2)
1,852	1,828	1.3	Total retail stations (as at the end of the period)	1,852	1,810	2.3
20.3	19.7	3.1	Average daily sales per retail site in Russia (tonnes per day)	19.1	20.0	(4.3)
	(MMtonnes)		Sales volume through premium channels		(MMtonnes)	
4.71	5.13	(8.2)	Gasoline and Diesel	18.70	18.51	1.0
0.55	0.83	(33.7)	Jet	2.80	2.84	(1.4)
0.92	1.06	(13.2)	Bunkering	3.92	4.20	(6.7)
0.06	0.06	-	Lubricants	0.23	0.19	21.1
6.24	7.08	(11.9)	Total sales volume through premium channels	25.65	25.74	(0.3)

- Total number of active retail stations increased 2.3% Y-o-Y
- Average daily sales per retail site in Russia declined 4.3% Y-o-Y due to lower level of consumer purchase capacity and oil products demand
- Average daily sales per retail site in Russia increased 3.1% Q-o-Q due to higher demand
- Sales volume through premium channels remained essentially unchanged Y-o-Y as:

- Management actions resulted in increased gasoline sales and market share gains in all premium channels under weaker market conditions
- Lubricants production increased 21.1% Y-o-Y as domestic markets shifted from imported to locally produced lubricants. Production also increased due to full-period operation of the Omsk lubricants plant (Russia's largest) in 2015 compared to operation from April startup in 2014.
- Bunkering sales declined mainly due to lower demand at Russian ports
- Jet fuel sales declined due to lower demand and the liquidation of OJSC Transaero Airlines;
- Sales volumes through premium channels declined 11.9% Q-o-Q primarily due to lower seasonal demand.

Results of Operations

4Q	3Q			12m		
2015	2015	Δ, %	(RUB million)	2015	2014	Δ, %
417,527	434,988	(4.0)	Sales*	1,655,775	1,690,557	(2.1)
(49,404)	(50,262)	(1.7)	Less export duties and excise tax**	(187,832)	(282,319)	(33.5)
368,123	384,726	(4.3)	Total revenue	1,467,943	1,408,238	4.2
Costs and other deductions						
(94,673)	(90,392)	4.7	Purchases of oil, gas and petroleum products	(345,909)	(382,505)	(9.6)
(64,544)	(52,630)	22.6	Production and manufacturing expenses	(214,267)	(171,711)	24.8
(25,679)	(29,652)	(13.4)	Selling, general and administrative expenses	(100,176)	(86,318)	16.1
(33,626)	(33,925)	(0.9)	Transportation expenses	(133,320)	(116,125)	14.8
(28,011)	(24,623)	13.8	Depreciation, depletion and amortization	(98,501)	(85,951)	14.6
(77,000)	(88,408)	(12.9)	Taxes other than income tax	(353,145)	(343,576)	2.8
(391)	(229)	70.7	Exploration expenses	(922)	(936)	(1.5)
(323,924)	(319,859)	1.3	Total operating expenses	(1,246,240)	(1,187,122)	5.0
(21,331)	(5,899)	261.6	Other loss, net	(14,088)	(8,471)	66.3
22,868	58,968	(61.2)	Operating profit	207,615	212,645	(2.4)
707	6,984	(89.9)	Share of profit / (loss) of associates and joint ventures	24,956	(6,306)	-
(26,929)	(40,238)	(33.1)	Net foreign exchange loss	(67,910)	(52,265)	29.9
4,239	3,547	19.5	Finance income	14,732	7,075	108.2
(12,542)	(7,663)	63.7	Finance expense	(33,943)	(15,279)	122.2
(34,525)	(37,370)	(7.6)	Total other expense	(62,165)	(66,775)	(6.9)
(11,657)	21,598	-	(Loss) / Profit before income tax	145,450	145,870	(0.3)
(11,263)	(11,717)	(3.9)	Current income tax (expense)	(38,026)	(17,518)	117.1
5,824	10,209	(43.0)	Deferred income tax benefit / (expense)	8,774	(1,696)	-
(5,439)	(1,508)	260.7	Total income tax benefit / (expense)	(29,252)	(19,214)	52.2
(17,096)	20,090	-	(Loss) / Profit for the period	116,198	126,656	(8.3)
(4,124)	(1,563)	163.9	Less: Profit attributable to non-controlling interest	(6,537)	(4,563)	43.3
(21,220)	18,527	-	Profit attributable to Gazprom Neft	109,661	122,093	(10.2)

* Sales include export duties and sales related excise tax

** Includes excise tax calculated based on petroleum products volumes sold by the Company's subsidiary in Serbia

Revenues

4Q	3Q			12m		
2015	2015	Δ, %	(RUB million)	2015	2014	Δ, %
Crude oil						
37,598	24,189	55.4	Export	115,905	107,340	8.0
54,256	41,917	29.4	Export sales	180,240	229,065	(21.3)
(16,658)	(17,728)	(6.0)	Less related export duties	(64,335)	(121,725)	(47.1)
3,741	2,193	70.6	International markets	9,146	4,036	126.6
6,051	4,691	29.0	Export to CIS	27,581	15,889	73.6
6,197	4,994	24.1	Export sales and sales in CIS	28,416	15,889	78.8
(146)	(303)	(51.8)	Less related export duties	(835)	-	-
19,959	18,799	6.2	Domestic	81,187	42,624	90.5
67,349	49,872	35.0	Total crude oil revenue	233,819	169,889	37.6
Gas						
296	535	(44.7)	International markets	3,411	1,604	112.7
7,271	6,288	15.6	Domestic	28,243	24,406	15.7
7,567	6,823	10.9	Total gas revenue	31,654	26,010	21.7
Petroleum products						
43,653	42,611	2.4	Export	202,477	282,084	(28.2)
56,410	56,812	(0.7)	Export sales	260,731	400,345	(34.9)
(12,757)	(14,201)	(10.2)	Less related export duties	(58,254)	(118,261)	(50.7)
28,189	30,257	(6.8)	International markets	107,405	104,413	2.9
48,023	48,271	(0.5)	Sales on international markets	171,749	146,153	17.5
(19,834)	(18,014)	10.1	Less excise*	(64,344)	(41,740)	54.2
20,289	22,592	(10.2)	CIS	78,070	63,989	22.0
20,298	22,608	(10.2)	Export sales and sales in CIS	78,134	64,582	21.0
(9)	(16)	(43.8)	Less related export duties	(64)	(593)	(89.2)
178,698	215,548	(17.1)	Domestic	740,520	715,854	3.4
270,829	311,008	(12.9)	Total petroleum products revenue	1,128,472	1,166,340	(3.2)
22,378	17,023	31.5	Other revenue	73,998	45,999	60.9
368,123	384,726	(4.3)	Total revenue	1,467,943	1,408,238	4.2

* Includes excise tax calculated based on petroleum products volumes sold by the Company's subsidiary in Serbia

Sales Volumes

4Q	3Q			12m		
2015	2015	Δ, %		2015	2014	Δ, %
(MMtonnes)			Crude oil			
2.73	1.82	50.0	Export	8.11	8.47	(4.3)
0.20	0.12	66.7	Sales on international markets*	0.48	0.13	269.2
0.43	0.36	19.4	Export to CIS	1.88	1.16	62.1
1.65	1.50	10.0	Domestic sales	6.14	3.96	55.1
5.01	3.80	31.8	Total crude oil sales	16.61	13.72	21.1
(bcm)			Gas			
0.02	0.04	(50.0)	International markets	0.22	0.13	69.2
3.32	3.10	7.1	Domestic sales	13.56	12.37	9.6
3.34	3.14	6.4	Total gas sales	13.78	12.50	10.2
(MMtonnes)			Petroleum products			
3.01	2.56	17.6	Export	11.81	15.64	(24.5)
0.92	0.87	5.7	Sales on international markets	3.25	3.03	7.3
0.63	0.64	(1.6)	Export and sales in CIS	2.28	2.09	9.1
6.48	7.72	(16.1)	Domestic sales	27.50	27.54	(0.1)
11.04	11.79	(6.4)	Total petroleum products sales	44.84	48.30	(7.2)

* Including production sharing agreement (PSA)

Average Realized Sales Prices

4Q 2015	3Q 2015	Δ, %		12m		
				2015	2014	Δ, %
(RUB per tonne)			Crude oil	(RUB per tonne)		
19,874	23,031	(13.7)	Export	22,224	27,044	(17.8)
14,072	13,031	8.0	Export and sales in CIS	14,671	13,697	7.1
12,096	12,533	(3.5)	Domestic sales	13,223	10,764	22.8
(RUB per tonne)			Petroleum products	(RUB per tonne)		
18,741	22,192	(15.6)	Export	22,077	25,598	(13.8)
52,199	55,484	(5.9)	Sales on international markets	52,846	48,235	9.6
32,219	35,325	(8.8)	Export and sales in CIS	34,269	30,900	10.9
27,577	27,921	(1.2)	Domestic sales	26,928	25,993	3.6

Crude Oil Sales

- Crude export volumes declined 4.3% Y-o-Y due to a shift to domestic sales at improved market prices
- Crude export volumes increased 50.0% Q-o-Q due to lower refining throughput
- Crude export volumes to CIS increased 62.1% Y-o-Y due to beginning exports to Uzbekistan and increased sales to Group's Mozyr refinery
- Domestic crude volumes increased 55.1% Y-o-Y due to more effective domestic trading operations.

Gas sales

- Domestic gas sales increased 9.6% Y-o-Y due to increased production at subsidiaries and proportionally consolidated companies
- Gas sales increased 6.4% Q-o-Q due to seasonal factors.

Petroleum Products Exports

	4Q 2015		3Q 2015		Δ, %	
	RUB million	MMtonnes	RUB million	MMtonnes	RUB million	MMtonnes
Naphtha	8,039	0.30	6,144	0.23	30.8	30.4
Diesel	21,052	0.83	21,412	0.71	(1.7)	16.9
Fuel oil	16,366	1.56	17,927	1.21	(8.7)	28.9
Jet fuel	2,809	0.09	4,340	0.12	(35.3)	(25.0)
Bunker fuel	2,469	0.10	3,160	0.12	(21.9)	(16.7)
Bitumen	61	0.01	149	0.01	(59.1)	-
Lubricants	3,247	0.05	753	0.02	331.2	150.0
Petrochemicals	1,405	0.05	1,120	0.06	25.4	(16.7)
Other	962	0.02	1,807	0.08	(46.8)	(75.0)
Total	56,410	3.01	56,812	2.56	(0.7)	17.6

	12m 2015		12m 2014		Δ, %	
	RUB million	MMtonnes	RUB million	MMtonnes	RUB million	MMtonnes
High octane gasoline	1,515	0.05	2,564	0.08	(40.9)	(37.5)
Low octane gasoline	642	0.02	5,336	0.17	(88.0)	(88.2)
Naphtha	28,904	1.08	36,044	1.16	(19.8)	(6.9)
Diesel	98,405	3.34	148,502	4.59	(33.7)	(27.2)
Fuel oil	78,146	5.45	137,816	7.12	(43.3)	(23.5)
Jet fuel	17,947	0.54	24,431	0.72	(26.5)	(25.0)
Bunker fuel	17,304	0.68	26,505	1.03	(34.7)	(34.0)
Bitumen	406	0.03	831	0.04	(51.1)	(25.0)
Lubricants	5,570	0.12	3,925	0.09	41.9	33.3
Petrochemicals	8,415	0.38	7,941	0.39	6.0	(2.6)
Other	3,477	0.12	6,450	0.25	(46.1)	(52.0)
Total	260,731	11.81	400,345	15.64	(34.9)	(24.5)

- Total petroleum products export volumes increased 17.6% Q-o-Q due to lower petroleum products sales on domestic markets
- Total petroleum products export volumes declined 24.5% Y-o-Y due to a reduction in transactions based on purchased petroleum products and reduced fuel oil production volumes

Petroleum Products Export and Sales in CIS

	4Q 2015		3Q 2015		Δ, %	
	RUB million	MMtonnes	RUB million	MMtonnes	RUB million	MMtonnes
High octane gasoline	7,823	0.20	9,117	0.20	(14.2)	-
Low octane gasoline	1,347	0.04	1,465	0.04	(8.1)	-
Diesel	7,666	0.22	7,444	0.19	3.0	15.8
Fuel oil	253	0.05	186	0.02	36.0	150.0
Jet fuel	1,776	0.06	1,776	0.05	-	20.0
Bitumen	222	0.03	1,014	0.08	(78.1)	(62.5)
Lubricants	595	0.02	614	0.02	(3.1)	-
Petrochemicals	207	0.01	457	0.02	(54.7)	(50.0)
Other	409	0.00	535	0.02	(23.6)	-
Total	20,298	0.63	22,608	0.64	(10.2)	(1.6)

	12m 2015		12m 2014		Δ, %	
	RUB million	MMtonnes	RUB million	MMtonnes	RUB million	MMtonnes
High octane gasoline	32,971	0.81	25,693	0.75	28.3	8.0
Low octane gasoline	5,019	0.14	3,884	0.13	29.2	7.7
Diesel	26,479	0.71	24,617	0.76	7.6	(6.6)
Fuel oil	471	0.08	688	0.07	(31.5)	14.3
Jet fuel	5,505	0.17	3,192	0.09	72.5	88.9
Bitumen	2,395	0.19	1,870	0.13	28.1	46.2
Lubricants	2,435	0.07	2,181	0.07	11.6	-
Petrochemicals	1,218	0.06	994	0.05	22.5	20.0
Other	1,641	0.05	1,463	0.04	12.2	25.0
Total	78,134	2.28	64,582	2.09	21.0	9.1

Domestic Sales of Petroleum Products

	4Q 2015		3Q 2015		Δ, %	
	RUB million	MMtonnes	RUB million	MMtonnes	RUB million	MMtonnes
High octane gasoline	73,219	2.13	93,605	2.44	(21.8)	(12.7)
Low octane gasoline	402	0.01	617	0.02	(34.8)	(50.0)
Diesel	62,355	1.86	62,500	2.11	(0.2)	(11.8)
Fuel oil	2,742	0.44	2,536	0.32	8.1	37.5
Jet fuel	17,288	0.61	23,855	0.86	(27.5)	(29.1)
Bunker fuel	10,575	0.77	15,529	0.93	(31.9)	(17.2)
Bitumen	2,273	0.23	6,278	0.56	(63.8)	(58.9)
Lubricants	2,503	0.06	2,893	0.06	(13.5)	-
Petrochemicals	5,178	0.23	4,874	0.26	6.2	(11.5)
Other	2,163	0.14	2,861	0.16	(24.4)	(12.5)
Total	178,698	6.48	215,548	7.72	(17.1)	(16.1)

	12m 2015		12m 2014		Δ, %	
	RUB million	MMtonnes	RUB million	MMtonnes	RUB million	MMtonnes
High octane gasoline	311,214	8.94	285,311	8.60	9.1	4.0
Low octane gasoline	2,028	0.07	3,604	0.13	(43.7)	(46.2)
Diesel	231,189	7.44	220,000	7.35	5.1	1.2
Fuel oil	11,629	1.55	18,271	1.74	(36.4)	(10.9)
Jet fuel	76,269	2.81	76,108	2.91	0.2	(3.4)
Bunker fuel	53,451	3.30	60,823	3.39	(12.1)	(2.7)
Bitumen	14,604	1.50	16,405	1.58	(11.0)	(5.1)
Lubricants	10,249	0.23	7,693	0.22	33.2	4.5
Petrochemicals	19,607	1.01	18,969	0.98	3.4	3.1
Other	10,280	0.65	8,669	0.64	18.6	1.6
Total	740,520	27.50	715,853	27.54	3.4	(0.1)

- Domestic jet fuel volumes declined 29.1% Q-o-Q due to reduced airlines demand
- Domestic bitumen volumes decreased 58.9% Q-o-Q due to seasonal factors
- Domestic bunker fuel volumes decreased 17.2% Q-o-Q and 2.7% Y-o-Y due to lower market demand in Russia
- Total domestic sales of petroleum products remained unchanged Y-o-Y. The Group's sales mix was aligned with production
- Domestic bitumen volumes decreased 5.1% Y-o-Y due to reduced public funding of the road sector.

Other Revenue

Other revenue primarily includes revenue from transport, construction, and other services.

- Other revenue increased 60.9% Y-o-Y primarily due to an increase in operating services provided by the Group to Messoyakha, in line with the project development plan.

Purchases of Oil, Gas and Petroleum Products

- Purchases of oil, gas, and petroleum products declined 9.6% Y-o-Y due to reduced purchase volumes and lower oil and petroleum products prices

Production and Manufacturing Expenses

4Q	3Q			12m		
2015	2015	Δ, %	(RUB million)	2015	2014	Δ, %
29,434	24,793	18.7	Upstream expenses	99,378	83,602	18.9
20,590	18,027	14.2	Consolidated subsidiaries inside Russia including	72,854	63,955	13.9
17,591	15,276	15.2	Brownfields	61,225	57,271	6.9
1,780	1,602	11.1	<i>RUB per toe</i>	1,582	1,472	7.5
3.68	3.47	6.1	<i>USD* per boe</i>	3.54	5.22	(32.2)
2,999	2,751	9.0	Greenfields	11,629	6,684	74.0
3,582	2,465	45.3	Consolidated subsidiaries outside Russia (including PSA)**	9,426	4,323	118.0
5,262	4,301	22.3	Proportionally consolidated companies	17,098	15,324	11.6
2,392	1,912	25.1	<i>RUB per toe</i>	1,932	1,691	14.2
4.95	4.14	19.5	<i>USD* per boe</i>	4.32	6.01	(28.0)
14,849	13,993	6.1	Downstream expenses	53,549	46,222	15.9
8,835	7,789	13.4	Refining expenses at own refineries	30,724	26,510	15.9
1,098	838	31.0	<i>RUB per tonne</i>	882	765	15.3
2.27	1.81	25.2	<i>USD* per bbl</i>	1.97	2.72	(27.3)
3,788	4,071	(7.0)	Refining expenses at refineries of joint ventures	14,648	14,145	3.6
1,762	1,809	(2.6)	<i>RUB per tonne</i>	1,778	1,602	11.0
3.64	3.92	(7.0)	<i>USD* per bbl</i>	3.98	5.69	(30.1)
2,226	2,133	4.4	Lubricants manufacturing expenses	8,177	5,567	46.9
6,573	7,628	(13.8)	Transportation expenses to refineries	27,541	26,234	5.0
13,688	6,216	120.2	Other operating expenses	33,799	15,653	115.9
64,544	52,630	22.6	Total	214,267	171,711	24.8

* Translated to USD at average exchange rate for the period

** PSA refers to production sharing agreement

- Upstream expenses include expenditures for raw materials and supplies, maintenance and repairs of producing equipment, labor costs, fuel and electricity costs, activities to enhance oil recovery, and other similar costs at our Upstream subsidiaries.
- Upstream expenses at consolidated subsidiaries in Russia increased 13.9% Y-o-Y due to financial consolidation of Prirazlomnoye and expanded activities to increase yields
- Upstream expenses per toe at Brownfields increased 7.5% Y-o-Y due to:
 - Increase in workovers and other activities to maintain crude production levels
 - Increase in total liquids production volumes due to higher watercut at mature fields
 - Continuing transition to electric submersible pump (ESP) rental program (over time, savings from pump purchases and ownership costs will offset rental expense)
 - Higher tariffs of natural monopolies and inflationary pressures, which were partially offset by cost optimization measures
- Upstream expenses at consolidated subsidiaries outside Russia increased 118.0% Y-o-Y due to commercial production startups in Iraq (Badra) and Kurdistan
- Refining expenses at own refineries include expenditures for raw materials and supplies, maintenance and repairs of productive equipment, labor and electricity costs, and other similar costs
- Refining expenses per tonne at own refineries increased 15.3% Y-o-Y primarily due to:
 - Higher tariffs of natural monopolies
 - Higher expenditures for materials and supplies due to inflationary pressures
 - Higher expenditures related to pipeline transport of higher quality diesel
 - Increased repair expenses at Omsk
 - Increased environmental costs
- Refining expenses per tonne at refineries of joint ventures increased 11.0% Y-o-Y due to higher expenditures for materials and supplies due to inflationary pressures

- Refining expenses at refineries of joint ventures decreased 7.0% Q-o-Q primarily due to reduced throughput at Mozyr
- Transportation expenses to refineries increased 5.0% Y-o-Y due to higher throughput at Moscow refinery and increase in oil transport tariffs
- Other operating expenses increased Y-o-Y mainly as result of increase in operating services provided by the Group to Messoyakha.

Selling, General and Administrative Expenses

Selling, general and administrative expenses include general business expenses, wages, salaries (except wages and salaries at production and refining subsidiaries), insurance, banking commissions, legal fees, consulting and audit services, and other expenses.

- Selling, general and administrative expenses increased by 16.1% Y-o-Y, driven by:
 - Commercial production startup at Iraq (Badra) and Kurdistan
 - Consolidation of GPN-Shelf from November 2014
 - Higher expenses at foreign subsidiaries due to weakening of Russian ruble
 - Provision for doubtful debt accrued in relation to OJSC TRANSAERO Airlines
 - Growth in number of retail stations and overall business.

Transportation Expenses

Transportation expenses include costs to transport crude oil and petroleum products to final customers. These costs consist of pipeline transportation, sea freight, railroad, shipping, handling, and other transportation costs.

- Transportation expenses increased 14.8% Y-o-Y due to increased crude oil production, higher tariffs of natural monopolies and weakening Russian ruble, which affected transportation costs for crude and oil product exports.

Depreciation, Depletion and Amortization

Depreciation, depletion and amortization expenses include depreciation of oil and gas properties, refining and other assets.

- Depreciation, depletion and amortization expenses increased 14.6% Y-o-Y in line with increase in depreciable assets driven by capital expenditure.

Taxes Other than Income Tax

4Q	3Q			12m		
2015	2015	Δ, %	(RUB million)	2015	2014	Δ, %
52,241	63,052	(17.1)	Mineral extraction taxes	256,477	236,027	8.7
14,926	19,691	(24.2)	Excise	68,358	84,184	(18.8)
2,396	2,369	1.1	Property tax	9,529	9,477	0.5
4,347	3,238	34.2	Social security contributions	15,599	11,886	31.2
3,090	58	5,264.7	Other taxes	3,182	2,002	58.9
77,000	88,408	(12.9)	Total taxes other than income tax	353,145	343,576	2.8

- Taxes other than income tax increased 2.8% Y-o-Y due to higher mineral extraction taxes (8.7% Y-o-Y) resulting from higher base tax rate following tax manoeuvre effective January 2015 and increased production at subsidiaries and proportionally consolidated companies, partly offset by 18.8% Y-o-Y reduction in excise tax expenses.

Share of Profit of Equity Accounted Investments

4Q	3Q			12m		
2015	2015	Δ, %	(RUB million)	2015	2014	Δ, %
631	442	42.8	Slavneft	9,265	(5,072)	-
(126)	5,283	-	SeverEnergiya (Arcticgas)	11,913	(1,809)	-
1,322	873	51.4	Nortgaz	3,466	-	-
(1,120)	386	-	Other companies	312	575	(45.7)
707	6,984	(89.9)	Share of profit / (loss) of associates and joint ventures	24,956	(6,306)	-

- Share of Slavneft profit increased Y-o-Y mainly due to higher oil prices on domestic markets, higher prices charged for processing services and lower foreign exchange losses
- Share of SeverEnergiya (Arcticgas) profit increased Y-o-Y due to startup of main SeverEnergiya fields (Arcticgas) and increase in Group's holding in SeverEnergiya (Arcticgas).

Other loss

- Other expenses increased 66.3% Q-o-Q and 261.6% Y-o-Y due to assets impairment provision.

Other Financial Items

- Foreign exchange losses were mainly due to revaluation of portion of Group debt portfolio that is denominated in foreign currencies.

Liquidity and Capital Resources

Cash Flows

(RUB million)	12m		
	2015	2014	Δ %
Net cash provided by operating activities	285,175	283,965	0.4
Net cash used in investing activities	(314,511)	(364,792)	(13.8)
Net cash provided by financing activities	82,193	10,573	677.4
Increase / (Decrease) in cash and cash equivalents	52,857	(70,254)	-

Net Cash Provided by Operating Activities

(RUB million)	12m		
	2015	2014	Δ %
Net cash provided by operating activities before changes in working capital, income tax, interest and dividends	312,169	304,421	2.5
Net changes in working capital	18,342	23,907	(23.3)
Income tax paid	(19,522)	(30,122)	(35.2)
Interest paid	(28,229)	(16,624)	69.8
Dividends received	2,415	2,383	1.3
Net cash provided by operating activities	285,175	283,965	0.4

- Net cash provided by operating activities increased 0.4 % Y-o-Y primary due to operating profit increase, partly compensated by increased finance expenses and changes in working capital.

Net Cash Used in Investing Activities

(RUB million)	12m		
	2015	2014	Δ %
Capital expenditures	(349,036)	(271,330)	28.6
Acquisition of subsidiaries, shares in joint operations and equity affiliates	197	(57,848)	-
Net changes in deposits	45,745	(15,877)	-
Other transactions	(11,417)	(19,737)	(42.2)
Net cash used in investing activities	(314,511)	(364,792)	(13.8)

- Net cash used in investing activities declined 13.8% Y-o-Y. Higher capital expenditures were offset by a reduction in acquisitions.

Net Cash Used in Financing Activities

(RUB million)	12m		Δ %
	2015	2014	
Net changes in debt	121,565	67,160	81.0
Payment of dividends to shareholders	(36,346)	(46,755)	(22.3)
Acquisition of non-controlling interest in subsidiaries	-	(4,118)	-
Other transactions	(3,026)	(5,714)	(47.0)
Net cash provided by financing activities	82,193	10,573	677.4

- Net cash provided by financing activities increased due to increased borrowing.

Capital Expenditure

(RUB million)	12m		Δ, %
	2015	2014	
Exploration and production	255,235	192,739	32.4
Consolidated subsidiaries	239,199	178,330	34.1
Proportionally consolidated companies	16,036	14,409	11.3
Refining	31,552	26,765	17.9
Marketing and distribution	13,547	13,576	(0.2)
Others	13,317	10,731	24.1
Subtotal capital expenditures	313,651	243,811	28.6
Change in advances issued and material used in capital expenditures	35,385	27,519	28.6
Total capital expenditures	349,036	271,330	28.6

- Capital expenditures for Exploration and Production increased 32.4% Y-o-Y due primarily to
 - Construction of major infrastructure for Novoport
 - Capital expenditures at Prirazlomnoye due to consolidation since November 2014
 - Exploration expenses in Iraq
 - Purchase of new licenses in Orenburg and West Siberia
 - Increased production drilling at Priobskoye
 - Construction of gas utilization facilities in Orenburg region.

Debt and Liquidity

(RUB million)	December 31, 2015	December 31, 2014
Short-term loans and borrowings	147,319	61,121
Long-term loans and borrowings	670,779	502,306
Cash and cash equivalents	(114,198)	(53,167)
Short-term deposits	(49,206)	(76,658)
Net debt	654,694	433,602
Short-term debt / total debt, %	18.0	10.8
Net debt / EBITDA ttm	1.90	1.44

- The Group's diversified debt structure includes syndicated and bilateral loans, bonds, and other instruments
- Average debt maturity declined from 4.49 years at December 31, 2014 to 3.50 years at December 31, 2015.
- Average interest rate increased from 3.48% at December 31, 2014 to 4.38% at December 31, 2015.

Financial Appendix

EBITDA Reconciliation

4Q	3Q			12m		
2015	2015	Δ, %	(RUB million)	2015	2014	Δ, %
(17,096)	20,090	-	Profit for the period	116,198	126,656	(8.3)
5,439	1,508	260.7	Total income tax benefit / (expense)	29,252	19,214	52.2
12,542	7,663	63.7	Finance expense	33,943	15,279	122.2
(4,239)	(3,547)	19.5	Finance income	(14,732)	(7,075)	108.2
28,011	24,623	13.8	Depreciation, depletion and amortization	98,501	85,951	14.6
26,929	40,238	(33.1)	Net foreign exchange loss	67,910	52,265	29.9
21,331	5,899	261.6	Other loss, net	14,088	8,471	66.3
72,917	96,474	(24.4)	EBITDA	345,160	300,761	14.8
(707)	(6,984)	(89.9)	less Share of profit / (loss) of associates and joint ventures	(24,956)	6,306	-
20,378	22,967	(11.3)	add Share of EBITDA of equity accounted investments	84,607	35,547	138.0
92,588	112,457	(17.7)	Adjusted EBITDA	404,811	342,614	18.2

Financial ratios

Profitability

	12m		
	2015	2014	Δ, p.p.
Adjusted EBITDA margin, %	27.58	24.33	3.2
Net profit margin, %	7.92	8.99	(1.1)
Return on assets (ROA), %	5.07	6.92	(1.8)
Return on equity (ROE), %	9.77	11.90	(2.1)
Return on average capital employed (ROACE), %	10.51	13.07	(2.6)

Liquidity

	12m		
	2015	2014	Δ, %
Current ratio	1.46	1.88	(22.1)
Quick ratio	0.79	0.94	(16.1)
Cash ratio	0.51	0.53	(2.4)

Leverage

	12m		
	2015	2014	Δ, p.p.
Net debt/ Total Assets, %	26.34	20.67	5.7
Net debt/ Equity, %	52.44	38.38	14.1
Gearing, %	36.05	31.11	4.9
			Δ, %
Net debt/ Market Capitalization	0.90	0.64	40.3
Net debt/ EBITDA	1.90	1.44	31.6
Total debt/ EBITDA	2.37	1.87	26.5

Main Macroeconomic Factors Affecting Results of Operations

The main factors affecting the Group's results of operations include:

- Changes in market prices of crude oil and petroleum products
- Changes in exchange rate between the Russian ruble and US dollar and inflation
- Taxation
- Changes in transportation tariffs for crude oil and petroleum products.

Changes in Market Prices of Crude Oil and Petroleum Products

Prices for crude oil and petroleum products on international and Russian markets are the primary factor affecting the Group's results of operations.

Petroleum products prices on international markets are primarily determined by world prices for crude oil, supply and demand of petroleum products, and competition in different markets. Petroleum product price trends on international markets in turn determine domestic prices. Price dynamics are different for different types of petroleum products.

The sharp drop in oil and oil products prices on international markets in US dollar terms since 2014 negatively affected Group results, but oil price declines were largely offset by changes in the exchange rate for the US dollar relative to the Russian ruble.

4Q 2015	3Q 2015	Δ, %		12m 2015	2014	Δ, %
			International market	(US\$/ barrel)		
43.77	50.47	(13.3)	Brent	52.46	98.95	(47.0)
42.01	49.55	(15.2)	Urals Spot (average Med + NWE)	51.49	96.94	(46.9)
				(US\$/ tonne)		
461.60	599.03	(22.9)	Premium gasoline (average NWE)	569.96	918.72	(38.0)
402.45	419.54	(4.1)	Naphtha (average Med. + NWE)	450.05	825.28	(45.5)
410.39	485.24	(15.4)	Diesel fuel (average NWE)	500.70	854.41	(41.4)
395.99	471.36	(16.0)	Gasoil 0.2% (average Med.)	486.26	837.77	(42.0)
174.93	234.76	(25.5)	Fuel oil 3.5% (average NWE)	247.49	518.48	(52.3)
			Domestic market	(RUB/ tonne)		
32,521	36,597	(11.1)	High-octane gasoline	32,488	31,948	1.7
28,934	31,219	(7.3)	Low-octane gasoline	28,435	28,071	1.3
29,502	29,492	-	Diesel fuel	28,944	27,764	4.2
5,553	7,448	(25.4)	Fuel oil	7,202	9,014	(20.1)

Sources: Platts (international), Kortes (domestic)

Ruble vs. US Dollar Exchange Rate and Inflation

The Group presentation currency is the Russian ruble. The functional currency of each of the Group's consolidated entities is the currency of the primary economic environment in which the entity operates, which for most entities is the Russian ruble.

4Q 2015	3Q 2015		12m 2015	2014
2.5	2.0	Change in Consumer Price Index (CPI), %	12.9	11.4
65.94	62.98	Average RUB/US\$ exchange rate for the period	60.96	38.42
66.24	55.52	US\$/ RUB exchange rate as of the beginning of the period	56.26	32.73
72.88	66.24	US\$/ RUB exchange rate as of the end of the period	72.88	56.26
10.0%	19.0%	Depreciation (appreciation) of Russian rouble to US\$	30.0%	72.0%

Hydrocarbon Taxes

Average tax rates effective in reporting periods for taxation of oil and gas companies in Russia

4Q 2015	3Q 2015	Δ, %		12m		
				2015	2014	Δ, %
			Export customs duty	(US\$/ tonne)		
92.33	128.47	(28.1)	Crude oil	120.25	366.14	(67.2)
44.30	61.60	(28.1)	Light petroleum products	57.67	241.63	(76.1)
44.30	61.60	(28.1)	Diesel	57.67	237.93	(75.8)
71.97	100.17	(28.2)	Gasoline	93.75	329.48	(71.5)
78.43	109.17	(28.2)	Naphtha	102.17	329.48	(69.0)
70.10	97.57	(28.2)	Heavy petroleum products	91.34	241.63	(62.2)
			Mineral extraction tax			
5,099	6,262	(18.6)	Crude oil (RUB/ tonne)	6,326	5,831	8.5

Crude and oil products export duty rates

Resolution of the Russian Government # 276 (March 29, 2013) establishes a methodology for the Ministry of Economic Development of the Russian Federation to calculate export duty rates for crude oil and certain oil products.

Crude oil export customs duty rate

a) According to Russian Federal Law # 5003-1 (May 21, 1993) clause 3.1. subclause 4, amended by Russian Federal Law # 366-FZ (November 24, 2014) export custom duty rates should not exceed the marginal export duty rates calculated according to the following formulas:

Quoted Urals price (P), USD/ tonne	Maximum Export Custom Duty Rate
≤109.50	0%
109.50 < P ≤ 146.00	35.0% x (P - 109.50)
146.00 < P ≤ 182.50	12.78 + 45.0% x (P - 146.00)
>182.50	29.20 + 59.0% x (P - 182.50) for 2014 29.20 + 42.0% x (P - 182.50) for 2015

Crude oil exports to Kazakhstan, Belarus are not subject to oil export duties.

b) Under Federal Law # 239-FZ (December 3, 2012) the Government of the Russian Federation established formulas for lower customs duty rates for crude oil that meets certain chemical and physical conditions, identified by the codes TN VED TS 2709 00 900 1 and 2709 00 900 3. According to Russian Government Resolution # 276 (March 29, 2013) these lower duty rates are calculated based on the average Urals price in the monitoring period using the following formula:

Quoted Urals price (P), USD/ tonne	Export duty rate
≤365	0
>365	45.0% x (P - 365)

Russian Federal Law # 366-FZ (November 24, 2014) and Resolution of the Russian Government # 1274 (November 29, 2014) amended the formulas described above. Under the new standards the reduced custom duty rates for specified crudes are calculated according to the following formula:

$$Ct = (P - 182.5) * K - 56.57 - 0.14 * P$$

Where P is the Urals price (USD/tonne) and K is an incremental coefficient equal to 42% for 2015.

Resolution of the Russian Government # 846 (September 26, 2013) sets the rules for applying specific crude oil export duty rates and monitoring their use in respect of Group investment projects in Sakha Republic (Yakutia), Irkutsk Oblast, Krasnoyarsk Krai, and Yamalo-Nenets Autonomous Okrug north of Latitude 65°.

Order # 868 (December 3, 2013) of the Ministry of Energy establishes the application form and methodology to analyze the applicability of these special rates for crude oil.

c) Under Federal Law # 5003-1 (May 12, 1993) "Custom tariffs" crude oil produced from new offshore fields is exempted from export duties until:

- March 31, 2032 – for offshore fields located entirely in the Azov Sea, or located 50% or more in the Baltic Sea, Black Sea (at water depths less than 100 meters), Pechora Sea, White Sea, Sea of Okhotsk (south of 55° N), or the Caspian Sea
- March 31, 2042 – for offshore fields located 50% or more in the Black Sea (at depths exceeding 100 meters), Sea of Okhotsk (north of 55°), Barents Sea (south of 72°N)
- Indefinitely – for offshore fields situated 50% or more in the Kara Sea, Barents Sea (north of 72° N), or the Eastern Arctic (Laptev Sea, East Siberian Sea, Chukchi Sea, Bering Sea).

According to the Russian Federation Tax Code clause 11.1 subclause 5, a new offshore field is a field where commercial hydrocarbon production commences no earlier than 1 January 2016. The taxpayer may elect to designate any offshore field as a "new offshore field" provided no more than 1% of hydrocarbons (not including associated gas) have been produced from the field as at 1 January 2014.

Export customs duty rate on petroleum products

In accordance with clause 3.1 of Russian Federal Law # 5003-1 (May 21, 1993) the export customs duty rate on petroleum products is determined by the Government. Petroleum products exported to Kazakhstan, Belarus and Kyrgyzstan are not subject to customs duties. Exports of petroleum products to Tadzhikistan and Armenia within the indicative limits are not subject to customs duties from November 13, 2013 and January 19, 2015 respectively.

According to Resolution of the Russian Government # 276 (March 29, 2013) the export customs duty rate on petroleum products is calculated using the following formula:

$R = K * R_{\text{crude}}$, where R_{crude} is the export customs duty rate per tonne of crude oil and K is a coefficient depending on the type of petroleum product.

Under Resolution of the Russian Government #2 (January 3, 2014), the coefficient K is set at 0.65 for diesel fuel, 0.90 for gasoline and naphtha, and 0.66 for other oil products.

From 1 January 2015, in accordance with Federal Law # 366-FZ (November 24, 2014) and Resolution of the Russian Government #1274 (November 24, 2014), the coefficients K for different petroleum products are as follows:

	2015	2016	from 2017
Light and middle distillates			
Diesel	0.48	0.4	0.3
Lubricants oil			
Naphtha	0.85	0.71	0.55
Gasoline	0.78	0.61	0.3

Excise duties on petroleum products

In Russia, excise duties are paid by the producers of refined products. Excise duties are also applied to petroleum products imported into Russia.

Tax Code RF clause 193 (amended by Russian Federal Law # 323-FZ November 23, 2015) established the following excise duty rates for petroleum products (in rubles/tonne):

	2014	2015	2016	2017
Gasoline				
Below Class 3	11,110	7,300	7,530	5,830
Class 3	10,725	7,300	7,530	5,830
Class 4	9,916	7,300	7,530	5,830
Class 5	6,450	5,530	7,530	5,830
Naphtha	11,252	11,300	10,500	9,700
Diesel fuel				
Below Class 3	6,446	3,450	4,150	3,950
Class 3	6,446	3,450	4,150	3,950
Class 4	5,427	3,450	4,150	3,950
Class 5	4,767	3,450	4,150	3,950
Heating oil	6,446	3,000	3,000	2,800
Motor oil	8,260	6,500	6,000	5,400

Mineral extraction tax (MET) on crude oil.

According to Russian Federation Tax code clause 342 as amended in Federal Law # 366-FZ November 24, 2014 the mineral extraction tax rate on crude oil (R) is calculated using the following general formula:

	2014	2015	2016	2017
MET oil - R	$493 * Kc * Kv * Kz * Kd * Kdv$	$766 * Kc - Dm$	$857 * Kc - Dm$	$919 * Kc - Dm$

$Dm = Kmet * Kc * (1 - Kv * Kz * Kd * Kdv * Kkan)$, where

$Kmet$ – 530 for 2015 FY, 559 starting from 2016 FY.

Kc reflects the volatility of crude oil prices on the global market. $Kc = (P - 15) * D / 261$, where P is average monthly Urals oil price on the Rotterdam and Mediterranean markets (in USD/bbl.) and D is the average ruble/ US dollar exchange rate.

Kv characterizes the degree of depletion of the specific field, providing lower tax rates for highly depleted fields. Depletion is measured by N/V , where N is cumulative production volume from the field and V is total initial reserves (ABC1 + C2 reserves volume at January 1, 2006). For fields with depletion between 0.8 and 1, $Kv = 3.8 - 3.5 * N / V$. Where depletion is greater than 1, Kv is 0.3. In all other cases $Kv = 1$. Where fields include deposits with $Kd < 1$, Kv is equal to 1.

Kz characterizes the relative size of the field (by reserves) and provides lower tax rates for small fields. For fields with initial reserves (designated by V_3 , defined as ABC1 + C2 reserves volume at January 1 of the year proceeding the tax period) below 5 MMtonnes and depletion (N / V_3 where N is the cumulative production volume from the field) less than 0.05, $Kz = 0.125 * V_3 + 0.375$

Kd characterizes the effort required to recover oil. It varies between 0.2 and 1 depending on recovery complexity from the deposit as follows:

- 0.2 – for oil produced from deposits with permeability no greater than $2 \cdot 10^{-3} \mu^2$ and effective formation thickness no greater than 10 meters
- 0.4 – for oil produced from deposits with permeability no greater than $2 \cdot 10^{-3} \mu^2$ and effective formation thickness greater than 10 meters
- 0.8 – for oil produced from deposits classified in the state mineral reserves balance as related to the Tyumen formation
- 1 – for oil produced from other deposits.

Kdv characterizes the degree of depletion of the deposit, providing lower tax rates for highly depleted deposits. Depletion is measured by Ndv/Vdv , where Ndv is cumulative production volume from the deposit and Vdv is total initial reserves (ABC1 + C2 reserves at January 1 of the year preceding the tax period). For deposits with depletion between 0.8 and 1, $Kdv = 3.8 - 3.5 \cdot Ndv / Vdv$. Where depletion is greater than 1, Kdv is 0.3. In all other cases $Kdv = 1$. For areas containing deposits for which the coefficient Kd is less than 1, the coefficient Kdv for all other deposits in the area (for which the coefficient $Kd=1$) is the value of Kv as calculated for the entire area.

Kkan characterizes the oil production region and oil quality. This coefficient provides lower tax rates for fields located partly or completely in regions with challenging climate and geological conditions (specifically, Yamal Peninsula in Yamalo-Nenets Autonomous Okrug, Irkutsk Oblast, and Sakha Republic (Yakutia)). Coefficient $Kkan$ is set at 0 until the first day of the month following the month when one of the following conditions is met:

- 1) Achieving maximum cumulative stipulated production from the field;
- 2) Expiration of the stipulated term.

When the tax exemption term expires $Kkan$ is equal to 1.

b) According to the Russian Federation Tax Code clause 342 subclause 2.1 and clause 338 subclause 6 the following ad valorem MET rates should be used for oil produced from new offshore fields (as a % of price):

- 30% from start of commercial hydrocarbon production until a five-year termination period, but not later than 31 March 2022 – for fields located entirely in the Sea of Azov or for fields located more than 50% in the Baltic Sea
- 15% from start of commercial hydrocarbon production until a seven-year termination period, but not later than 31 March 2032 – for fields located more than 50% in the Black Sea (at water depths less than 100 meters), the Sea of Japan, Pechora Sea, White Sea, Sea of Okhotsk (south of 55° N), Caspian Sea
- 10% from start of commercial hydrocarbon production until a ten-year termination period, but not later than 31 March 2037 – for fields located more than 50% in the Sea of Okhotsk (north of 55° N), Black Sea (at depths exceeding 100 meters), Barents Sea (south of 72° N)
- 5% from start of commercial hydrocarbon production until a 15-year termination period, but not later than 31 March 2042 – for fields located more than 50% in the Kara Sea, Barents Sea (north of 72° N), and eastern Arctic (Laptev Sea, East Siberian Sea, Chukchi Sea, Bering Sea).

Russian Federation tax law also provides for a zero rate of MET on oil produced from deposits classified in the state mineral reserves balance as related to the Bazhenov formation, provided all other Tax Code conditions are met.

Group effective MET rate

4Q	3Q		12m			
2015	2015	Δ , %	2015	2014	Δ , %	
5,099	6,262	(18.6)	Nominal crude oil MET rate, RUB/tonne	6,326	5,831	8.5
4,812	5,855	(17.8)	Effective crude oil MET rate, RUB/tonne	5,961	5,588	6.7
			Difference between nominal and effective rates, RUB/tonne	365	243	
5.6%	6.5%		Difference between nominal and effective rates, %	5.8%	4.2%	

In 12 months 2015 the Group's effective MET rate was 5,961 RUB/tonne, or 366 RUB/tonne lower than the nominal MET rate established in Russian legislation. The difference results from the application of certain factors (Kv , Kz and Kd) that reduce the MET rate.

Mineral extraction tax (MET) on natural gas and gas condensate

Russian Federation Tax Code clause 342 as amended in Federal Law # 366-FZ of November 24, 2014 established mineral extraction tax rates for natural gas and gas condensate as follows:

	2014 (January - June)	2014 (July - December)	2015
MET on natural gas (RUB/mcm)	471*	35 * Eut * Kc	35 * Eut * Kc + Tg
	700		
MET on gas condensate (RUB/tonne)	647	42 * Eut * Kc	42 * Eut * Kc * Kkm

* The lower rate of MET applies to taxpayers that do not own the central gas transportation system and that are not more than 50% owned directly or indirectly by the owners of the central gas transportation system.

Eut is the base rate per fuel-equivalent unit calculated by the taxpayer depending on natural gas and gas condensate prices and their relative production amounts.

Kc characterizes the effort required to recover hydrocarbons from the particular deposit. The coefficient is designed to reduce the tax rate on natural gas and gas condensate and is equal to the lowest of the following concessionary coefficients: Kr – depending on location, Kvg – for highly depleted deposits, Kgz – for deposits at depths of more than 1,700 meters, Kas – for deposits related to the regional gas supply system and Korz – for deposits classified as Turonian formations.

Tg reflects gas transportation costs (set at zero for 2015 according to Federal Tariff Service of the Russian Federation).

Kkm is a correction coefficient that for 2015 is equal to 4.4.

Tax concessions

Under effective tax legislation Group subsidiaries apply the following tax concessions (including lower tax rates and coefficients that reduce the MET rate):

Tax concessions, applied during 9 m 2015	Subsidiaries (oil fields) belonging to the Group
MET for Oil	
Small fields factor Kz	OJSC Gazpromneft-Noyabrskneftegaz (Vorgentskoye, Vostochno-Vyngayakhinskoye, Severo-Karamovskoye, Valyntoyskoye, Yuzhno-Purpeyskoye)) CJSC Zhivoy Istok (Baleykinskoye)
Depletion factor Kv	OJSC Gazpromneft-Noyabrskneftegaz (Pogranichnoye, Kholmogorskoye, Chatilkinskoye, Muravlenkovskoye, Sugmutskoye) LLC Gazpromneft-Vostok (Zapadno-Luginetskiy area, Shinginskoye) OJSC Yuzhuralneftegas (Kapitonovskoye)
Hard-to-recover factor Kd	OJSC Gazpromneft-Noyabrskneftegaz (Vyngayakhinskoye, Etu-Purovskoye, Zapadno-Noyabrskoye, Kraynee) LLC Gazpromneft-Vostok (Urmanskoye, Archinskoye, Yuzhno-Shinginskoye) LLC Zapolyarneft (Vyngapurovskoye, Novogodnee) LLC Gazpromneft-Khantos (Priobskoye)
Oil production region and oil quality factor Knan	LLC Gazpromneft-Angara (Tympychikanskoye,

	<p>Ignyalinskoye) LLC Gazpromneft Yamal (Novoport)</p>
<p>Zero MET rate for fields classified as belonging to Bazhenov formation</p>	<p>LLC Gazpromneft-Khantos (Krasnoleninskoye)</p>
<p>Lower MET rate for new offshore fields in the Pechora Sea</p>	<p>LLC Gazpromneft-Shelf (Prirazlomnoye)</p>
<p>MET for Gas</p>	
<p>Hard-to-recover factor Kc</p>	<p>LLC Gazpromneft -Yamal (Novoport) CJSC Gazpromneft Orenburg (East part of Orenburg oilfield)</p>
<p>Profit tax</p>	
<p>16% rate (4% concession under regional legislation of Khanty–Mansiysk Autonomous Okrug)</p>	<p>LLC Gazpromneft-Khantos OJSC Gazpromneft-Noyabrskneftegaz</p>
<p>15.5% rate (4.5% concession under regional legislation of Yamalo-Nenets Autonomous Okrug)</p>	<p>OJSC Gazpromneft-Noyabrskneftegaz</p>
<p>Property tax</p>	
<p>Exemption from property tax for investment projects in Khanty–Mansiysk Autonomous Okrug under applications filed before January 1, 2011 (under regional legislation of Khanty–Mansiysk Autonomous Okrug)</p>	<p>LLC Gazpromneft-Khantos</p>
<p>Exemption from property tax for fields with exploration startup after January 1, 2011 (under regional legislation of Khanty–Mansiysk Autonomous Okrug)</p>	<p>LLC Gazpromneft-Khantos</p>
<p>1.1% rate on property purchased/constructed for investment projects in Yamalo-Nenets Autonomous Okrug (under regional legislation of Yamalo-Nenets Autonomous Okrug)</p>	<p>OJSC Gazpromneft-Noyabrskneftegaz LLC Zapolyarneft</p>
<p>Exemption from property tax for investment projects in Orenburg region (under Orenburg regional legislation)</p>	<p>CJSC Gazpromneft Orenburg, CJSC High Technology Center</p>

Transportation of Crude Oil and Petroleum Products

Transportation tariff policies are established by the state authorities to ensure a balance between the interests of the state and all participants in the transportation process. Transportation tariffs for natural monopolies are set by the Federal Tariff Service of the Russian Federation (FTS). Tariffs are dependent on transport destination, delivery volume, transportation distance, and several other factors. Changes in tariffs depend on inflation forecasts made by the Ministry of Economic Development of the Russian Federation, investment needs of the owners of transportation infrastructure, other macroeconomic factors, and compensation of economically reasonable expenses incurred by entities of natural monopolies. Tariffs are to be revised by FTS at least annually, and comprise dispatch, loading, transshipment, pumping, and other tariffs.

The following table shows average transportation costs per tonne for the Group's crude oil for export and use at its refineries, as well as costs per tonne for transportation of its petroleum products from refineries for export:

4Q 2015	3Q 2015	Δ, %	(RUB per tonne)	12m		
				2015	2014	Δ, %
Crude oil						
Export						
1,617	1,463	10.6	Pipeline	1,624	1,681	(3.4)
CIS						
1,456	1,062	37.2	Pipeline	1,221	1,204	1.4
Transportation to Refineries						
441	384	15.1	Omsk	428	509	(15.9)
889	904	(1.6)	Moscow	1,006	972	3.5
1,180	1,088	8.5	Yaroslavl	1,081	1,067	1.3
Petroleum products						
Export from ONPZ						
2,749	2,747	0.1	Gasoline	2,759	2,401	14.9
4,024	4,028	(0.1)	Fuel oil	4,275	4,121	3.8
5,333	5,000	6.6	Diesel fuel	4,682	3,288	42.4
Export from MNPZ						
1,944	1,944	-	Gasoline	1,923	1,678	14.6
2,751	2,651	3.8	Fuel oil	2,537	1,523	66.6
2,162	1,559	38.7	Diesel fuel	1,915	1,720	11.3
Export from YaNPZ						
1,516	1,363	11.2	Gasoline	1,414	1,210	16.9
1,844	1,809	2.0	Fuel oil	1,826	1,659	10.1
1,880	1,906	(1.3)	Diesel fuel	1,819	1,530	18.9

The Group's crude oil export route mix (tonnes) in 12 months 2015 and 12 months 2014 is presented below:

	12m	
	2015	2014
Crude oil export		
Primorsk Baltic Sea port	6.3%	33.5%
Druzhba pipeline	19.0%	13.1%
Port of Novorossiysk	31.4%	22.9%
ESPO pipeline and the port of Kozmino	31.9%	30.5%
Exported without using Transneft system, including:	11.4%	0.0%
Prirazlomnoye	8.3%	0.0%
Novoport	3.1%	0.0%
Total	100.0%	100.0%
Crude oil export to CIS countries		
Belarus	95.5%	100.0%
Uzbekistan	4.5%	0.0%
Total	100.0%	100.0%

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