

PJSC GAZPROM

CONSOLIDATED REPORT ON PAYMENTS TO GOVERNMENTS

FOR THE YEAR 2016

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(in millions of Russian roubles)

1 GENERAL INFORMATION

This consolidated Report on payments to governments (the "Report") has been prepared under the requirements of the UK Financial Conduct Authority's Disclosure Rules and Transparency Rules 4.3A.

The Report contains information on payments made to governmental bodies in 2016 by PJSC Gazprom and its subsidiary undertakings (the "Gazprom Group") engaged in exploration, prospection and extraction of mineral resources ("extractive activities"). The Report excludes payments made by the Group entities not engaged in extractive activities.

2 BASIS FOR PREPARATION

For the purposes of this Report, the Gazprom Group subsidiary undertakings are defined as entities controlled by PJSC Gazprom.

Associated entities, joint ventures and joint arrangements accounted for using the equity method are excluded from this Report.

The Russian Ruble is the presentation currency of this Report and the Consolidated Financial Statements of the Gazprom Group prepared in accordance with the International Financial Reporting Standards ("IFRS"). All amounts disclosed in this Report are presented in millions of Russian Rubles.

Payments made in foreign currencies have been translated into Russian Rubles at the average annual exchange rates of respective currencies set by the Central Bank of the Russian Federation.

For the purposes of this Report, the term "governments" mean any national, regional or local authority, ministry or agency authorized for collection of taxes, budgetary and other payments in accordance with applicable legislation effective as of the date of the occurrence of a payment obligation. In the context of the Report governments also include legal entities authorized for collection of taxes, fees and other payments imposed by state authorities.

The Report includes all direct and indirect payments to governments.

For the purposes of this Report, payments include the following:

- a) Production entitlements;
- b) Taxes on income, production or profit of the organization (mineral extraction tax, profit tax (including profit tax paid by PJSC Gazprom consolidated group of taxpayers), land tax and other similar taxes), except for those specified in paragraph (h) below;
- c) Royalties;
- d) Dividends (except for those specified in paragraph (i) below);
- e) Signature, discovery and production bonuses;
- f) License fees, rental fees, other considerations for obtaining and using licenses or concessions;
- g) Payments for infrastructure improvements (except for those that are social expenses in nature).

2 BASIS FOR PREPARATION (continued)

For the purposes of this Report, payments to governments do not include the following:

- h) Turnover taxes (value added tax, sales tax and other similar taxes) or taxes withholding by an entity acting as tax agent (personal income tax and other similar taxes);
- i) Dividends paid to shareholders that are government bodies, on the same terms as to other shareholders;
- j) Export duties and other payments related to export and transportation of mineral resources.

There were no payments of royalties (c), dividends (d) or bonuses (e) to governments in 2016.

The Report presents payments breakdowns by the following categories:

- Countries in which the Gazprom Group's organizations are engaged in extraction activities and projects for extraction activities;
- Countries in which the Gazprom Group's organizations are engaged in extraction activities and governments (budgets) for the benefit of which payments were made.

For the purposes of this Report, the term "project" means a legal entity engaged in extraction activities. This definition is based on the existing tax regulations in the Russian Federation where the Gazprom Group performs most of its extraction activities. In accordance with the effective tax legislation in Russia, only mineral extraction tax can be determined for each particular field. All other taxes are calculated and collected at the level of a legal entity as a whole and cannot be allocated to particular fields.

If a Gazprom Group company is involved in several types of business activities (including extraction activities) and a portion of its tax obligations directly related to extraction activities cannot be determined, the whole tax payment is included in this Report.

Note 31 "Net cash provided by operating activities" in the Consolidated Financial Statements of the Group for the year 2016, prepared in accordance with IFRS, discloses information on taxes paid and other similar payments made in cash by all subsidiaries of the Gazprom Group (regardless of their types of business activities) in 2016.

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3 PAYMENTS TO GOVERNMENTS

The table below sets forth information on payments to governments, summarized by countries and projects:

	Production entitlements	Taxes on income, production or profit	License fees, rental fees, entry fees and other considerations for obtaining and using licenses or concessions	Payments for infrastructure improvements	Total
Russian Federation	24,885	643,087	2,342	1,231	671,545
PJSC Gazprom	23,341	58,435	230	-	82,006
LLC Gazprom dobycha Yamburg	-	126,142	62	31	126,235
LLC Gazprom dobycha Urengoy	294	95,943	202	67	96,506
LLC Gazpromneft-Khantos ¹	189	86,028	217	94	86,528
JSC Gazpromneft-Noyabrskneftegaz ¹	78	52,534	273	83	52,968
LLC Gazprom dobycha Nadym	-	36,221	91	2	36,314
LLC Gazprom dobycha Astrakhan	-	33,871	7	4	33,882
LLC Zapolyarneft ¹	-	26,745	80	6	26,831
OJSC Severneftegazprom	-	24,963	69	15	25,047
LLC Gazprom dobycha Noyabrsk	-	23,042	38	-	23,080
CJSC Purgaz	-	18,661	11	8	18,680
LLC Gazpromneft-Orenburg ¹	-	14,574	192	148	14,914
LLC Gazprom dobycha Orenburg	-	12,152	38	606	12,796
OJSC Vostokgazprom	-	9,648	102	25	9,775
LLC Gazpromneft-Vostok ¹	-	7,523	83	23	7,629
LLC Gazpromneft-Yamal ¹	983	5,830	394	110	7,317
LLC Gazprom neft shelf ¹	-	6,029	2	2	6,033
LLC Gazprom dobycha Krasnodar	-	2,832	45	-	2,877
JSC Yuzhuralneftegaz ¹	-	1,376	2	-	1,378
LLC Gazprom transgaz Ukhta	-	346	120	-	466
LLC Meretoyakhaneftegaz ¹	-	67	8	-	75
OJSC Kamchatgazprom	-	40	1	-	41
LLC Gazprom geologorazvedka	-	1	34	5	40
LLC Gazpromneft-Angara ¹	-	8	15	-	23
LLC Gazprom transgaz Yugorsk	-	66	-	-	66
LLC Gazpromneft-Zapolyarye ¹	-	10	11	-	21
LLC Gazpromneft-Sakhalin ¹	-	-	13	2	15
PJSC Krasnoyarskgazprom	-	-	2	-	2
Republic of Serbia	-	1,256	201	-	1,457
Naftna Industrija Srbije a.d. ¹	-	1,248	201	-	1,449
NAFTAGAS-Naftni servisi d.o.o. Novi Sad ¹	-	8	-	-	8
Republic of Iraq	-	295	271	-	566
Gazprom neft Middle East B.V. ¹	-	295	271	-	566
Algerian People's Democratic Republic	-	295	-	-	295
Gazprom EP International B.V.	-	295	-	-	295
Republic of Angola	-	194	-	-	194
Naftna Industrija Srbije a.d. ¹	-	194	-	-	194
Romania	-	18	-	-	18
NIS PETROL doo Banya Luka ¹	-	18	-	-	18
Kyrgyz Republic	-	-	1	-	1
PJSC Gazprom	-	-	1	-	1
Total	24,885	645,145	2,815	1,231	674,076

¹ Subsidiaries of PJSC Gazprom neft

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3 PAYMENTS TO GOVERNMENTS (continued)

The table below sets forth information on payments, summarized by countries and governments (budgets):

	Production entitlements	Taxes on income, production or profit	License fees, rental fees, entry fees and other considerations for obtaining and using licenses or concessions	Payments for infrastructure improvements	Total
Russian Federation	24,885	643,087	2,342	1,231	671,545
federal budget	24,588	570,636	626	-	595,850
regional budgets	297	71,602	1,189	33	73,121
local budgets	-	849	527	1,198	2,574
Republic of Serbia	-	1,256	201	-	1,457
budget of Serbian Republic	-	488	71	-	559
regional budgets	-	92	130	-	222
local budgets	-	676	-	-	676
Republic of Iraq	-	295	271	-	566
Ministry of natural resources of KAR	-	295	271	-	566
Algerian People's Democratic Republic	-	295	-	-	295
Major taxpayer department of the Ministry of Finance	-	295	-	-	295
Republic of Angola	-	194	-	-	194
budget of Angolan Republic	-	194	-	-	194
Romania	-	18	-	-	18
local budgets	-	18	-	-	18
Kyrgyz Republic	-	-	1	-	1
local budgets	-	-	1	-	1
Total	24,885	645,145	2,815	1,231	674,076

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