

## **Recommendations of the Board of Directors of OAO "LUKOIL" on the items on the agenda of the Annual General Shareholders Meeting of OAO "LUKOIL"**

To recommend that the Annual General Shareholders Meeting of OAO "LUKOIL" adopt the following decisions:

### **On item 1 on the agenda of the meeting:**

To approve the annual financial statements, including income statements (profit and loss accounts) of the Company, and also the distribution of profits:

The net profit of OAO "LUKOIL" for distribution for 2008 was equal to 67,191,723,000 roubles.

To distribute 42,528,163,000 roubles to the payment of dividends for 2008.

The rest of the net profit shall be left undistributed.

To pay dividends for the 2008 financial year in the amount of 50 roubles per ordinary share. To set the term of payment of dividends as July through December 2009. Payment of dividends shall be made in cash from the account of OAO "LUKOIL".

If the dividends transferred by OAO "LUKOIL" are returned due to incorrect banking details in the shareholder register of OAO "LUKOIL" or the death of a shareholder, repeat payment of dividends will be performed after information is provided to OAO Registrar NIKoil (hereinafter the "Registrar") on changes in payment and other details and the relevant amendments are made to the shareholder register of OAO "LUKOIL".

If dividends sent by postal money order are returned, repeat payment will be made through wire transfer to the shareholder's bank account after the latter provides the Registrar with information on its banking details and this information is entered into the shareholder register of OAO "LUKOIL".

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

The list of parties entitled to receive dividends shall be compiled on the date of preparation of the list of parties entitled to participate in the Annual General Shareholders Meeting of OAO "LUKOIL", i.e. 8 May 2009.

The proposed decisions are based on the recommendations of the Strategy and Investment Committee of the Board of Directors of OAO "LUKOIL" (Minutes No. 1 of 9 April 2009).

To establish that the recommendations on the approval of the 2008 Annual Report of OAO "LUKOIL" be made by the Board of Directors when taking the decision on the tentative approval of the Annual Report on 22 May 2009.

### **On item 2 on the agenda of the meeting:**

To elect the Board of Directors of OAO "LUKOIL", consisting of 11 members, from the list of candidates approved by the Board of Directors of OAO "LUKOIL" on 4 February 2009 (Minutes No. 4).

### **On item 3 on the agenda of the meeting:**

To elect the Audit Commission from the list of candidates approved by the Board of Directors of OAO "LUKOIL" on 4 February 2009 (Minutes No. 4).

**On item 4 on the agenda of the meeting:**

1. To pay members of the Board of Directors remuneration for their performance of the duties of members of the Board of Directors, in the following amounts:
  - V.I. Grayfer – 4, 470,000 roubles
  - V.Yu. Alekperov – 4, 470,000 roubles
  - I.V. Belikov – 4, 470,000 roubles
  - D.E. Wallette – 4, 470,000 roubles
  - R.U. Maganov – 4, 470,000 roubles
  - R. H. Matzke – 4, 470,000 roubles
  - S.A. Mikhailov – 4, 470,000 roubles
  - N.A. Tsvetkov – 4, 470,000 roubles
  - I.V. Sherkunov – 4, 470,000 roubles
  - A.N. Shokhin – 4, 470,000 roubles
2. In accordance with the decision of the Annual General Shareholders Meeting of OAO “LUKOIL” of 26 June 2008 (Minutes No. 1), to pay the members of the Board of Directors the following remuneration in addition to that for the performance of the duties of members of the Board of Directors:
  - to V.I. Grayfer, for performance of the functions of the Chairman of the Board of Directors – 1,040,000 roubles;
  - to R.H. Matzke, for performance of the functions of Chairman of the Strategy and Investment Committee – 520,000 roubles;
  - to S.A. Mikhailov, for performance of the functions of Chairman of the Audit Committee – 520,000 roubles;
  - to A.N. Shokhin, for performance of the functions of Chairman of the Human Resources and Compensation Committee – 520,000 roubles.
3. In addition to remuneration for performing their functions as members of the Board of Directors, to pay the members of the Board of Directors for their attendance at meetings of committees of the Board of Directors, and for their attendance at meetings of the Board of Directors or a committee of the Board of Directors, where attendance requires a transcontinental flight, in the amount established by decision of the Annual General Shareholders Meeting of OAO “LUKOIL” of 26 June 2008 (Minutes No. 1). The specific amount of remuneration due for payment shall be determined as at the date of the Annual General Shareholders Meeting of OAO “LUKOIL” on 25 June 2009, in accordance with the actual participation of members of the Board of Directors at meetings.
4. In connection with the demise on 4 December 2008 of a member of the Board of Directors of OAO “LUKOIL” Oleg Emelyanovich Kutafin, to pay his remuneration for performing functions as a member of the Board of Directors and for his attendance at meetings of the Audit Committee of the Board of Directors of OAO “LUKOIL” to his widow, Natalia Nikolaevna Kutafina, pro rata to his actual term of office and his actual participation in Committee meetings, in the amount of 1,966,500 roubles.
5. To pay remuneration to each of the members of the Audit Commission of OAO “LUKOIL” in the amount established by decision of the Annual General Shareholders Meeting of OAO “LUKOIL” of 26 June 2008 (Minutes No. 1) – 2,600,000 roubles.
6. To reimburse members of the Board of Directors for expenses in relation to their performance of the functions of members of the Board of Directors, the types of which are established by decision of the Annual General Shareholders Meeting of OAO “LUKOIL” of 24 June 2004 (Minutes No. 1), in the amount of actually incurred documented expenses.

7. To deem it appropriate to retain the amounts of remuneration for members of the Board of Directors and the Audit Commission of OAO "LUKOIL" established by decision of the Annual General Shareholders Meeting of OAO "LUKOIL" of 26 June 2008 (Minutes No. 1).

The proposed decisions are based on the recommendations of the Human Resources and Compensation Committee of the Board of Directors of OAO "LUKOIL" (Minutes No. 1 of 25 February 2009).

**On item 5 on the agenda of the meeting:**

To approve Closed Joint Stock Company KPMG as the independent auditor of OAO "LUKOIL".

The proposed decision is based on the recommendations of the Audit Committee of the Board of Directors of OAO "LUKOIL" (Minutes No. 1 of 18 February 2009).

**On item 6 on the agenda of the meeting:**

To approve amendments to the *Regulations on the Procedure for Preparing and Holding the General Shareholders Meeting of OAO "LUKOIL"*.

**On item 7 on the agenda of the meeting:**

To approve an interested-party transaction - Policy (contract) on insuring the liability of directors, officers and corporations between OAO "LUKOIL" and OAO Kapital Strakhovanie.