

Information on an interested-party transaction

In accordance with article 83 of the Federal Law *On Joint Stock Companies*, interested-party transactions must be approved by the Board of Directors or general shareholders meeting of the company prior to their conclusion.

Point 4 of article 83 of the Federal Law *On Joint Stock Companies* stipulates that if the subject of a transaction or a series of related transactions is an asset, the value of which according to the company's accounting data (the asking price of an asset being acquired) is equal to or greater than two percent of the book value of the assets of the company according to its financial statements for the latest reporting date, the transaction must be approved by the general shareholders meeting. In addition, transactions must be approved by the general shareholders meeting if all members of the board of directors of a company are considered interested parties. In accordance with point 3 of article 49 of the Federal Law *On Joint Stock Companies*, the decision on approval of interested-party transactions shall only be taken by the general shareholders meeting on the recommendation of the board of directors of the company.

One interested-party transaction is being submitted for the approval of the annual General Shareholders Meeting of OAO "LUKOIL" - Policy (contract) on insuring the liability of directors, officers and corporations between OAO Kapital Strakhovanie (Insurer) and OAO "LUKOIL" (Policyholder). This transaction is being sent for the approval of the General Shareholders Meeting of the Company based on point 3 of article 83 of the Federal Law *On Joint Stock Companies*, since all the members of the Board of Directors of OAO "LUKOIL" qualify as parties interested in the conclusion of the transaction. Under this transaction, all members of the Board of Directors of the Company are considered interested parties to this transaction as beneficiaries under the transaction, as they will be entitled to a compensation should an insured event occur. Noteworthy, the amount of the transaction is less than two percent of the book value of the assets of the Company as of the latest reporting data (31 December 2008). Two percent of this amount is equal to 13,171,148,920 roubles.

Under the Policy (contract) on insuring the liability of directors, officers and corporations, insured is the liability of Board members and other executives of the Company, i.e. the President and the members of the Management Committee (Coverage A), and the liability of the Company itself (Coverage B) for 2009-2010. The aggregate limit of liability under coverage A and B, including legal defence costs, is at least USD 50,000,000. The insurance premium for coverage A is up to USD 10,000, and for coverage B – up to USD 1,290,000.

Under the indicated contract OAO "LUKOIL" (Policyholder) undertakes to pay the insurance premium by the indicated date and to comply with the terms of the contract, and OAO Kapital Strakhovanie (Insurer) undertakes to pay insurance

compensation in accordance with the contractual terms in the event of the occurrence of an insured event.

Professional liability insurance is a generally accepted practice throughout the world. The Corporate Governance Code recommended for application by the Federal Commission on Security Markets by Resolution No. 421/r of 04 April 2002 also recommends that joint stock companies obtain this type of insurance using internal funds, so that any losses caused to third parties by the culpable actions of the members of the Board of Directors can be compensated using the funds of the insurance company.