

**The text adopted by the annual General Shareholders Meeting of Open Joint Stock Company “Oil Company “LUKOIL” of 27 June 2002 (Minutes No. 1, item 9 of the Agenda), as amended, and approved by the annual General Shareholders Meeting of Open Joint Stock Company “Oil Company “LUKOIL” of 26 June 2003 (Minutes No. 1)**

**REGULATIONS  
ON THE AUDIT COMMISSION  
OF OAO “LUKOIL”**

These *Regulations on the Audit Commission* of Open Joint Stock Company “Oil Company “LUKOIL” (hereinafter the “Regulations”) have been prepared in accordance with the legislation of the Russian Federation and the Charter of OAO “LUKOIL” (hereinafter the “Company”), and establish the operating procedure of the Audit Commission of the Company.

**1. General provisions.**

1.1. The Audit Commission performs supervision over the Company’s financial and business operations.

1.2. In its activity the Audit Commission is governed by the legislation of the Russian Federation, the Company Charter, these Regulations and the other internal documents of the Company.

1.3. The election procedure, membership, competences and authorities of the Audit Commission are determined by the legislation of the Russian Federation and the Company Charter.

1.4. In order to perform its activity and exercise its authorities, as set forth in the Company Charter, the Audit Commission shall have the following rights:

- to audit the Company’s financial and business activity based on annual performance or at any other point in time;
- to demand documents on the Company’s financial and business activity from officials of the Company’s management bodies;
- to demand that an extraordinary General Shareholders Meeting be convened according to the procedure stipulated by the Federal Law *On Joint-Stock Companies* and the Company Charter;
- to demand that a meeting of the Management Committee or Board of Directors of the Company be convened if violations are discovered in production, business or financial activity that threaten the Company’s interests;
- to engage other specialists to perform the tasks assigned to it.

*(point 1.4 was introduced by the Annual General Shareholders Meeting of 26 June 2003, Minutes No. 1)*

1.5. The members of the Audit Commission shall be liable:

- loss, damage or falsification of the documents and materials received by the Audit Commission, including accounting documents;
- disclosure of confidential information, official or trade secrets on the Company's activity;
- bad-faith or inappropriate performance of audits of the Company's financial and business activity, or late submission of the audit report to the Company's management bodies;
- other actions that damage the Company.

*(point 1.5 was introduced by the Annual General Shareholders Meeting of 26 June 2003, Minutes No. 1)*

## **1. Audit (review) procedure.**

2.1. The Company's financial and business activity shall be audited (reviewed) based on the Company's performance for the year, or at any other point in time in those cases stipulated in point 2.2 of these Regulations. During an unscheduled audit both specific business operations of the Company and business operations over a specific period of time may be reviewed.

Officials of the Company's management bodies and other Company employees are required to promptly provide information and documents regarding the Company's financial and business activity on receipt of the corresponding request from a member of the Audit Commission.

*(this version of point 2.1 was approved by the Annual General Shareholders Meeting of 26 June 2003, Minutes No. 1)*

2.2. An unscheduled review of the Company's financial and business operations shall be performed:

- at the initiative of the Audit Commission;
- by decision of the General Shareholders Meeting;
- by decision of the Board of Directors;
- at the request of a shareholder (shareholders) of the Company holding in aggregate at least 10 percent of the Company's voting shares as at the date when the request is made.

2.3. Shareholders that initiate a review shall send a written request to the Audit Commission.

The request on performance of a review should contain:

- the full name of the shareholders;
- information on the shares belonging thereto (number, class, type);
- the reason for the request.

The request should be signed by the shareholder or his authorised representative. If the request is signed by an authorised representative, the relevant power of attorney should be attached to the request.

If the initiative comes from a legal entity acting as a shareholder, the request should be signed by a person having the right according to its charter to act without a power of attorney. If the request was signed by a representative acting on behalf of a legal entity pursuant to a power of attorney, the power of attorney should be attached to the request.

2.4. The request of the initiators on performance of a review should be sent to the Company by registered mail with a return receipt or delivered to the Administration of the Company. The date of delivery of the request shall be determined as the date of the return receipt or the date of delivery to the Administration of the Company.

2.5. Requests of the General Shareholders Meeting or Board of Directors of the Company on performance of an unscheduled review shall be passed in the form of decisions of these management bodies, registered by the relevant minutes or excerpts therefrom, and delivered to the Chairman of the Audit Commission against signature.

2.6. The Audit Commission must take a decision to perform a review of the Company's operations or draft a reasoned refusal to perform the review within 10 working days after the date of delivery of the request.

2.7. The Audit Commission may refuse to perform an unscheduled audit of the Company's activity if:

- the shareholders requesting the unscheduled audit do not hold the required amount of voting shares as at the date of issue of the request;
- the decision of the Board of Directors or General Shareholders Meeting on performing an unscheduled audit is adopted in violation of effective legislation (lack of a quorum at the meeting of the Board of Directors or General Shareholders Meeting, lack of the number of votes needed to adopt the decision);
- the request is not drafted in accordance with point 2.3 of these Regulations.

*(this version of point 2.7 was approved by the Annual General Shareholders Meeting of 26 June 2003, Minutes No. 1)*

2.8. An unscheduled audit of the Company's financial and business operations should be started no later than 30 days after the date of delivery of the request on its performance. The timeframe for performing an unscheduled audit should not usually exceed 90 days. The report of the Audit Commission on the results of an unscheduled audit should be provided to the initiator of the audit within three days after the completion of audit procedures.

2.9. The initiators of a review of the Company's operations shall have the right to recall their request at any time prior to the adoption of a decision by the Audit Commission to perform the review, by sending a written notification of such to the Audit Commission.

2.10. On the completion of the audit of the Company's financial and business operations, the Audit Commission shall prepare a report containing:

- confirmation of the reliability of the data contained in the reports and other financial documents of the Company;
- information on violations of accounting and financial reporting rules established by the legal acts of the Russian Federation, and on violations of the legal acts of the Russian Federation during the performance of financial and business operations.

2.11. The opinion of the Audit Commission on the results of the audit of the Company's financial and business activity for the year shall be submitted to all persons entitled to participate in the Annual General Shareholders' Meeting of the Company, at least 20 days, and in those cases when the agenda of the General Shareholders Meeting contains the issue of reorganization of the Company, at least 30 days, prior to the Annual General Shareholders' Meeting of the Company according to the procedure established by the Board of Directors in the decision on convening the meeting.

*(this version of point 2.11 was approved by the Annual General Shareholders Meeting of 26 June 2003, Minutes No. 1)*

## **1. Meetings of the Audit Commission**

3.1. The Audit Commission shall resolve all issues at its meetings. Minutes shall be kept of meetings of the Audit Commission. The Audit Commission shall hold meetings according to the schedule approved thereby, as well as before the start and on the completion of each audit. A member of the Audit Commission may demand that an unscheduled meeting of the Commission be held in cases where violations have been discovered that require immediate resolution by the Audit Commission.

*(this version of point 3.1 was approved by the Annual General Shareholders Meeting of 26 June 2003, Minutes No. 1)*

3.2. The meetings of the Audit Commission shall be quorate if at least half of the elected members of the Audit Commission are present.

3.3. All meetings of the Audit Commission shall be held through the joint attendance of the members of the Audit Commission.

3.4. The Audit Commission shall elect the chairman of the Audit Commission (hereinafter also the "Chairman") by a majority vote of its elected members at the first meeting after its election.

3.5. The Chairman shall convene and preside over the meetings of the Audit Commission; organize the everyday work of the Audit Commission; represent it at the meetings of the Management Committee, Board of Directors and General Shareholders Meeting of the Company; sign the documents issued in its name; and organize the keeping of minutes of meetings and the delivery of decisions, acts and opinions of the Audit Commission to their addressees

*(this version of point 3.5 was approved by the Annual General Shareholders Meeting of 26 June 2003, Minutes No. 1)*

3.6. When resolving issues, each member of the Commission shall have one vote. A member of the Audit Commission may not transfer his/her vote to other persons, including other members of the Audit Commission.

3.7. Unscheduled meetings of the Audit Commission and the decision to perform an unscheduled audit at the initiative of the Audit Commission shall be performed as follows:

- on discovering violations, a member of the Audit Commission shall send the Chairman of the Audit Commission a written request with a description of the identified violations that demand the immediate attention of the Audit Commission;
- the Chairman of the Audit Commission shall be required to convene a meeting of the Audit Commission within three working days after receiving the request;
- if the Audit Commission takes a decision to perform an unscheduled review, the Chairman of the Audit Commission shall be required to immediately organise the performance thereof.

*(this version of point 3.7 was approved by the Annual General Shareholders Meeting of 26 June 2003, Minutes No. 1)*

3.8. The decisions, acts and reports of the Audit Commission shall be approved through open voting by a majority vote of the members of the Audit Commission present at the meeting of the Audit Commission. In the event of a tie vote, the vote of the Chairman shall be decisive.

3.9. The reports of the Audit Commission shall be signed by the Chairman and members of the Audit Commission in person. If a member of the Audit Commission has not signed a report and has not prepared a dissenting opinion, the report must state the reasons for this.

3.10. A member of the Audit Commission that disagrees with the report of the Audit Commission shall have the right to prepare a dissenting opinion that will be attached to the report of the Audit Commission and be an integral part thereof.

#### **4. Procedure for approval and amendment of these *Regulations on the Audit Commission***

4.1. These *Regulations on the Audit Commission* and all amendments and addenda hereto shall be approved by the General Shareholders Meeting of the Company by a majority vote of the shareholders participating in the meeting.

4.2. Proposals on amendments and addenda to the Regulations shall be made pursuant to the procedure stipulated by the Company Charter for making proposals for the agenda of an annual or extraordinary General Shareholders Meeting.

4.3. From the time when these Regulations are approved by the General Shareholders Meeting of the Company the *Regulations on the Audit Commission* approved by the General Shareholders Meeting of the Company on 8 June 2000 (minutes No. 1) shall lose legal force.