

Information on interested-party transactions

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 the 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 several interrelated transactions is an asset, the value of which according to the company's accounting data (the asking price of an asset being acquired) is two percent or more of the book value of the company's assets according to its financial statements as at the latest reporting date, the transaction must be approved by the general shareholders meeting. Transactions must also be submitted for the approval of the general shareholders meeting if all members of the board of directors qualify as interested parties. In accordance with point 3 of article 49 of the Federal Law *On Joint Stock Companies*, the decision to approve interested-party transactions shall only be taken by the general shareholders meeting on the recommendation of the board of directors of the company.

Pursuant to the balance sheet of OAO "LUKOIL" (hereinafter also the "Company") duly approved according to the statutory procedure, on the latest reporting date (as at 31 December 2009) the value of the assets of OAO "LUKOIL" were RUB 903,053,738 thousand. Two percent of this amount equals RUB 18,061,074,760, 10 percent equals RUB 90,305,373,800, and 25 percent equals RUB 225,763,434,500.

Two interested-party transactions are being submitted for the consideration of the Annual General Shareholders Meeting of OAO "LUKOIL".

The first transaction is a Contract (contracts) of guarantee between OAO "LUKOIL" (the Guarantor) and Sberbank of Russia OAO (the Bank), the purpose of which is to ensure the performance of obligations by LUKOIL Finance Limited (the Borrower) – a subsidiary of OAO "LUKOIL" – to the Bank on a loan (loans) used to finance the Borrower's charter activity. The main line of business of LUKOIL Finance Limited is to provide short- and long-term financing to LUKOIL Group organisations. The person interested in the conclusion of the transaction – H.O. Gref, a member of the Board of Directors of OAO "LUKOIL" and simultaneously the President, Chairman of the Management Board, and member of the Supervisory Board of Sberbank of Russia OAO – does not stand to gain a direct material benefit. He is formally considered an interested party due to the fact that he participates in the management bodies of the Company and of Sberbank of Russia OAO. The subject of this transaction is the Company's assumption of the obligation to answer to the Bank for the full and due performance by the Borrower of all of its obligations under the loan agreement or agreements concluded between the Borrower and the Bank, with an effective term of no more than 10 (ten) years from the time of conclusion, in accordance with which the Bank provides the Borrower with a loan totalling not more than RUB 150 billion (or the equivalent in USD) at an interest rate not to exceed 12.45% per annum in roubles or 8.01% in US dollars. The Guarantor will be jointly and severally liable with the Borrower to the Bank for the payment in full of all monetary funds due and payable by the

Borrower under the loan agreement(s) to be concluded with the Bank, including the principal of the loan, interest on the loan, and all other amounts to be repaid by the Borrower under the loan agreement(s). The anticipated sum of accrued interest on the loan (loans) to the end of the effective term of the loan agreement (loan agreements), based on potential rates not exceeding 12.45% per annum on roubles and 8.01% on US dollars is up to RUB 150,000,000,000.

Since the value of the assets (cash) that are the subject of the transaction exceeds two percent of the book value of the Company's assets according to the data of its financial statements as at 31 December 2009, this transaction has been submitted for the approval of the Annual General Shareholders Meeting of OAO "LUKOIL".

The second transaction is an Insurance Policy (contract) for the liability of directors, officers and corporations between OAO Kapital Strakhovanie (the Insurer) and OAO "LUKOIL" (the Policyholder). This transaction has been submitted for the approval of the shareholders' meeting 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. The basis for recognising the members of the Board of Directors as interested parties is the fact that they are the beneficiaries in the transaction, since they would receive the appropriate indemnification should an insured event occur. The size of the transaction does not exceed two percent of the book value of the assets of OAO "LUKOIL" according to the data of its financial statements as at 31 December 2009, but 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.

In accordance with the terms of the Insurance Policy (contract) on the liability of directors, officers and corporations, the liability of the members of the Board of Directors and other officers of the Company, i.e. the President and members of the Management Committee is insured (under coverage A), and the liability of the Company itself is insured (under coverage B) for the period 2010–2011. 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 RUB 305,000, and for coverage B – up to RUB 39,345,000. Under this contract, OAO "LUKOIL" (the Policyholder) undertakes to pay the insurance premium by the date established in the contract and to comply with the contractual terms, and OAO Kapital Strakhovanie (the Insurer) undertakes to pay insurance claims in accordance with the contractual terms on the occurrence of an insured event.

Professional liability insurance is a generally accepted practice throughout the world. The Corporate Governance Code, recommended for use by Directive No. 421/r of the Federal Commission on the Securities Market of 4 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.

The terms of the Insurance Policy (contract) on the liability of directors, officials and corporations submitted for approval are unchanged compared to the Insurance Policy (contract) on the liability of directors, officers and corporations approved by decision of the Annual General Shareholders Meeting of OAO "LUKOIL" on 25 June 2009 (Minutes No. 1), the term of which expires on 18 July 2010.