

Text approved by the Annual General Shareholders Meeting of Open Joint Stock Company “Oil company “LUKOIL” on 27 June 2002 (Minutes No.1, item 8 on the Agenda) with amendments and addenda approved by the Annual General Shareholders Meetings of Open Joint Stock Company “Oil company “LUKOIL” on 24 June 2004 (Minutes No.1), 28 June 2005 (Minutes No.1) and 28 June 2006 (Minutes No.1)

REGULATIONS ON THE BOARD OF DIRECTORS OF OAO “LUKOIL”

1. General provisions

- 1.1. These Regulations on the Board of Directors of the Open Joint Stock Company “Oil company “LUKOIL” (hereinafter referred to as the “Regulations”) are prepared in accordance with the laws of the Russian Federation and the Charter of OAO “LUKOIL” (hereinafter referred to as the “Company”), and shall determine the procedure for convening and holding meetings of the Board of Directors (hereinafter also referred to as the “Board”).
- 1.2. In the interests of the Company, its shareholders, and its investors, the Board of Directors shall perform the overall management of the operations of the Company, except for issues assigned by the effective legislation of the Russian Federation and the Company Charter to the authority of the General Shareholders Meeting (hereinafter referred to as the “General Meeting”).
- 1.3. In its activity the Board shall be governed by the laws of the Russian Federation, the Company Charter, these Regulations and other internal documents of the Company approved by the General Meeting and the Board of Directors.
- 1.4. The procedure for the formation and the authority of the Board of Directors shall be determined by the effective legislation of the Russian Federation and the Company Charter.
- 1.5. **When exercising their rights and performing their obligations the members of the Board of Directors of the Company shall:**
 - **not disclose or use confidential information on the Company and insider information (pursuant to the definition of these terms given in internal Company documents) in their own interests or in the interests of third parties, or divulge this information to parties that do not have access thereto;**
 - **comply with all rules and procedures stipulated by internal Company documents and the documents concerning the performance of transactions with securities of OAO “LUKOIL”;**

- **disclose information on transactions performed with securities of OAO “LUKOIL” according to the procedure and by the deadlines stipulated by internal Company documents.**

(Point added by the Annual General Shareholders Meeting on 28 June 2006, Minutes No.1)

2. Term and procedure for convening and holding meetings

- 2.1. The Board of Directors shall conduct meetings in accordance with the approved plan of meetings, **at least once every six weeks (including meetings held through absentee voting)**, and also as necessary at the request of persons indicated in clause 2.3 of these Regulations. Each first meeting of the newly elected Board of Directors shall be conducted not later than 20 days from the date of the annual or extraordinary General Meeting electing such Board. The first meeting of the Board of Directors shall elect a Chairman of the Board of Directors (hereinafter referred to as the “Chairman”) and shall appoint a Secretary of the Board of Directors (hereinafter referred to as the “Secretary”) at the recommendation of the Chairman. The Board of Directors shall be entitled to re-elect its Chairman at any time by a majority vote of the total number of the Board members.

(Wording of this paragraph as approved by the Annual General Shareholders Meeting on 24 June 2004, Minutes No.1)

The second meeting of the Board of Directors shall approve a plan of the Board meetings for the period up to the next annual General Meeting.

- 2.2. The Chairman shall organize the work of the Board of Directors, convoke meetings of the Board of Directors, preside over meetings, and organize the keeping of minutes at meetings. The Chairman shall also perform such other functions as are stipulated by effective legislation, the Company Charter, these Regulations, and other internal documents of the Company.

(Wording of this point as approved by the Annual General Shareholders Meeting on 24 June 2004, Minutes No.1)

- 2.3. Meetings of the Board of Directors shall be called on the initiative of the Chairman or at the request of a member of the Board of Directors, the Audit Commission, the Company’s Auditor, the Board of Management, and the President of the Company.
- 2.4. Members of the Management Committee of the Company, persons preparing information and materials on matters reviewed at a meeting, or employees of the Company and its subsidiaries may be invited to take part in the meeting.
- 2.5. The Agenda shall be drawn up by the Chairman on the basis of the approved plan for Board meetings and proposals submitted by the bodies of the Company and the persons listed in point 2.3 of these Regulations.
- 2.6. The Secretary shall carry out preparations for Board meetings under the direction of the Chairman. The Secretary shall organize clerical support, arrange for the collection and indexing of materials for meetings, send to Board members notices of Board meetings, meeting agendas, materials on items on the agenda, and shall prepare draft resolutions of the Board of Directors. Documents related to Board activities shall be kept in Russian. As necessary, the Secretary shall arrange for documents and materials of the Board to be translated into English.

The Office of the Board of Directors, headed by the Secretary, shall be responsible for organizational support for the Board of Directors.

- 2.7. The date of a Board meeting shall be determined by the Chairman based on the plan of Board meetings or at the request of the persons or bodies of the Company listed in point 2.3 of these Regulations.

The persons and bodies of the Company entitled to request an extraordinary Board meeting shall file a request with the Secretary at least 30 days prior to the proposed date of the meeting. Such request must be made in writing and sent to the Secretary by registered mail with confirmation of receipt, by fax with confirmation of transmission, or delivered in person to the Secretary of the Board against a signature. The date of the request to convene an extraordinary Board meeting shall be determined by the date of the receipt notice or the date of its delivery to the Secretary.

- 2.8. A request to convene a Board meeting shall contain:
- Full name of the initiator of the meeting,
 - Agenda items and the reasons for their submission for consideration by the Board,
 - Background materials and/or documents necessary consider the proposed agenda items,
 - Proposed date of the Board meeting.
- 2.9. Within 10 days of the request, the Chairman shall take a decision to hold a Board meeting and set a date for the meeting or a date for absentee voting, or shall take a decision to refuse to convene a meeting of the Board of Directors. A substantiated refusal to convene a Board meeting shall be sent to the initiator thereof within three days from the date such decision is taken.
- 2.10. Notice of the meeting of the Board of Directors shall be sent to each Board member by registered mail with confirmation of receipt, by fax with confirmation of transmission, or delivered in person to the Secretary of the Board against a signature, or sent in such other manner as is specified by the decision of the Chairman on holding the meeting. Notice shall be sent to Board members not later than 10 days before the appointed date for the meeting, with the exception of cases indicated in point 2.11 of these Regulations, and shall carry the following information:
- Date, time and venue of the meeting,
 - Agenda,
 - Initiator of the Board meeting, reasons for holding the meeting,
 - Appendix containing all necessary materials,
 - Written Opinion Form to record the opinions of Board members absent from the Board meeting (using the form given in Appendix No. 1).
- 2.11. If urgent decisions must be taken by the Board to ensure compliance with the requirements of effective legislation or to take prompt actions to ensure the normal conduct of Company business and prevent losses and damages, the Chairman may decide to change the dates of the Board meetings and absentee voting, and also the deadlines for sending the relevant notices and materials. In such cases, when determining dates for the convocation of Board meetings and absentee voting, and also the deadlines for sending the relevant notices and materials, the Chairman must be governed by the reasonable time required for Board members to study materials and take an informed decision.

(Wording of this point as approved by the Annual General Shareholders Meeting on 28 June 2005, Minutes No.1)

3. Procedure for the Conduct of Board Meetings

- 3.1 Board meetings **may be held through the joint attendance of Board members or as “virtual”/absentee voting meetings, with decisions taken through absentee voting.**

(Wording of this point as approved by the Annual General Shareholders Meeting on 24 June 2004, Minutes No.1)

- 3.2 Board meetings shall have a quorum if at least one-half of the elected Board members are present at the meeting; **in addition, the presence of at least one independent director (if there are any on the Board of Directors) shall be mandatory.** When opening the meeting, the Chairman shall determine whether the meeting has a quorum.

(Wording of this paragraph as approved by the Annual General Shareholders Meeting on 24 June 2004, Minutes No.1)

The written opinions on agenda items of Board members not in attendance shall be considered in determining whether there is a quorum and in tallying votes. The written opinion of a Board member shall be deemed to have been duly dispatched if sent to the Secretary in the form shown in Appendix No. 1 to these Regulations by registered mail with confirmation of receipt, by fax with confirmation of transmission, or delivered to the Secretary in person against a signature. The written opinions of the Board members received by the Secretary prior to the start of the Board meeting shall be considered in determining whether there is a quorum, and in tallying votes.

(Wording of this paragraph as approved by the Annual General Shareholders Meeting on 24 June 2004, Minutes No.1)

- 3.3. A Board member unable to attend the meeting in person may take part in the meeting by telephone or via teleconferencing. In this case, such member’s vote shall be counted in determining quorum and tallying votes only if the member has prepared a written opinion in accordance with point 3.2 of these Regulations.

- 3.4. The Chairman shall preside over the Board meetings. In the absence of the Chairman, the Board shall appoint one of its members to preside.

- 3.5. At meetings of the Board of Directors, up to 15 minutes shall be allocated for reports, up to 10 minutes for supplementary reports and speeches during the debate, and up to 5 minutes for information statements. When necessary, the member presiding at the Board meeting may change the time allocated for speeches. Members of the Board of Directors and persons invited to the meeting to discuss specific issues may take part in the debate, make proposals and comments, and provide information on substantive aspects of issues under discussion. The working language at Board meetings shall be Russian. When necessary, the Secretary shall arrange simultaneous interpretation into English at Board meetings.

- 3.6. By decision of a majority of the Board members present at the meeting, a decision may be taken at any meeting to adjourn temporarily for a period of not more than 10 days.

- 3.7. The Secretary shall arrange for a transcript or audio recording to be taken at Board meetings and shall be responsible for the subsequent storage of these materials.

- 3.8. Each Board member shall have one vote. No member of the Board of Directors may transfer voting rights to other persons, including to other members of the Board of Directors.

3.9. Decisions of Board meetings shall be taken by open-ballot majority vote by Board members attending the meeting, unless provided otherwise by the Company Charter and the laws of the Russian Federation.

(Wording of this point as approved by the Annual General Shareholders Meeting on 28 June 2005, Minutes No.1)

3.10. In the event of a tie vote, the member presiding at the Board meeting shall have a casting vote.

3.11. If urgent decisions must be taken, the Board may pass decisions by absentee voting. Absentee voting of members of the Board may be conducted on any issues under the authority of the Board of Directors.

3.11.1. The Chairman shall take the decision to hold an absentee vote.

3.11.2. After the Chairman makes a decision on absentee voting, the Secretary shall send to all Board members a notice on absentee voting, indicating the list of issues to be put to an absentee vote and appending thereto all necessary background materials, a draft resolution and ballots (the format of the ballot is given in Appendix No. 2 to these Regulations).

3.11.3. Ballots shall be certified by the Company seal used to certify Board documents.

3.11.4. All materials required for absentee voting shall be forwarded in accordance with the procedure set out in point 2.10 of these Regulations. The Secretary shall retain confirmations of receipt of ballots and the aforementioned materials.

3.11.5. Upon receipt of the notice, Board members shall complete the ballots and forward the original ballots to the Secretary by the deadlines established by the decision on absentee voting. Ballots shall be deemed to have been duly forwarded if they are delivered to the Secretary or sent to the Company by registered mail with confirmation of receipt. The date of submission of ballots shall be the date of the delivery notice or the date of delivery of the ballots to the Secretary.

3.11.6. Members of the Board of Directors who send their ballots by the deadlines and pursuant to the procedure established by point 3.11.5 of these Regulations are considered to have taken part in the vote.

3.11.7. Decisions requiring the unanimous decision of the Board shall be declared passed upon ballots have been received from all members of the Board of Directors with signatures in the line "In Favor/Approve" of the relevant ballot.

3.11.8. Decisions requiring a majority vote by the Board of Directors under the Company Charter shall be declared passed if a majority of Board members (of the total number of members of the Board of Directors) have voted in favor of such decisions. In the event of a tie vote during absentee voting, the Chairman shall have a casting vote.

3.11.9. Decision on the approval of an interested-party transaction as defined by the laws of the Russian Federation shall be taken by a majority vote of all of the independent members of the Board of Directors who do not have an interest in the transaction, pursuant to the procedure established by effective legislation.

(Wording of this sub-point as approved by the Annual General Shareholders Meeting on 24 June 2004, Minutes No.1)

3.11.10. Members of the Board of Directors shall affix their signatures to ballots in their own hands.

3.11.11. Ballots may be declared null and void **by the Chairman of the Board**. In this case, the vote of a member of the Board of Directors so voting shall not be counted.

(Wording of this sub-point as approved by the Annual General Shareholders Meeting on 28 June 2005, Minutes No.1)

3.11.12. Ballots may be declared null and void:

- if marks have been made in more than one line of the voting options,
- if the signature of the voting Board member is absent,
- in other cases where the ballot received does not allow the expressed will of the Board member to be determined unambiguously.

3.12. Decisions of the Board of Directors shall be recorded in the minutes of the **meeting** of the Board of Directors (**hereinafter the “minutes” or “minutes of the Board of Directors”**). The minutes shall be compiled within 3 days of the meeting or absentee voting. If a meeting extends over several days, the deadline for compiling minutes shall be counted from the final day of the meeting. The Chairman shall ensure that minutes are taken at each meeting.

(Wording of this point as approved by the Annual General Shareholders Meeting on 24 June 2004, Minutes No.1)

3.13. The minutes shall indicate:

- Date, time and venue of the Board meeting or the date of absentee voting,
- List of Board members participating in the consideration of agenda items, and also a list of other attendees at the meeting of the Board of Directors,
- Agenda,
- Issues put to a vote and voting results,
- Decisions taken.

3.14. The Chairman shall sign the Board minutes. In the absence of the Chairman, the member presiding at this meeting shall sign the minutes.

The minutes of the Board of Directors containing decisions taken through absentee voting shall be signed by the Chairman of the Board of Directors. In the event of circumstances which prevent the Chairman of the Board of Directors from signing the minutes of the Board on the results of absentee voting, the minutes shall be signed by the oldest member of the Board of Directors of those taking part in the voting, who in this case shall be considered the Chairman of the meeting of the Board of Directors, held through absentee voting.

(Wording of this paragraph as approved by the Annual General Shareholders Meeting on 24 June 2004, Minutes No.1)

The Chairman and other signatories of the Board minutes shall be liable for the correctness of such minutes.

The minutes shall be certified by the round seal of the Company used in the activity of the Board of Directors.

(Wording of this paragraph as approved by the Annual General Shareholders Meeting on 24 June 2004, Minutes No.1)

- 3.15. The minutes of Board meetings shall be stored at the location of the Company. The originals of ballots and written opinions of Board members on agenda items shall be kept together with the related minutes.
- 3.16. Excerpts from the minutes of Board meetings shall be issued and signed by the Secretary of the Board of Directors (**or in his absence by the Deputy Head of the Office the Board of Directors**), and certified by the Company seal used to certify Board documents. Excerpts shall indicate:

(Wording of this paragraph as approved by the Annual General Shareholders Meeting on 28 June 2005, Minutes No.1)

- Date and reference number of the minutes,
- List of Board members participating in the consideration of agenda items,
- Agenda item for which the excerpt was requested,
- Decisions taken on the given agenda item,
- Voting results for the given item.

4. Control over the Implementation of Decisions Taken by the Board

- 4.1. The implementation of decisions taken by the Board shall be monitored through the submission of reports to the Board of Directors by the executives appointed by the relevant Board resolutions.
- 4.2. The Secretary shall bring the adopted decisions and the relevant assignments to the attention of those responsible for their execution, and shall arrange for information to be collected on progress in the execution of such decisions.
- 4.3. For the purposes of monitoring the implementation of Board decisions, the Secretary shall arrange for a review of the status and results of the implementation of decisions. The Secretary shall provide information to the Chairman and other Board members regarding the implementation of decisions.
- 4.4. As advised by the Chairman, at its meetings the Board may review reports on the implementation of Board decisions.
- 4.5. The Board of Directors shall evaluate the results of their activity for the year. The evaluation of the activity of the Board of Directors of the Company shall be performed at the meeting of the Board of Directors at which the Company's annual report is approved. The evaluation of the activity of the Board of Directors shall be included in the Company's annual report.**

(Point added by the Annual General Shareholders Meeting on 24 June 2004, Minutes No.1)

5. Approval and Amendment of the Regulations on the Board of Directors

- 5.1. The Regulations on the Board of Directors and all amendments and addenda hereto shall be subject to approval at the General Shareholders Meeting of the Company by a majority vote of shareholders participating in the Meeting.
- 5.2. Proposals in respect of amendments and addenda to these Regulations shall be made pursuant to the procedure established by the Company Charter for including proposals on the agenda of an annual or extraordinary General Shareholders Meeting.
- 5.3. From the date of approval of these Regulations by the General Shareholders Meeting, the Regulations on the Board of Directors approved by the Board of Directors on 31 August 2000 (Minutes No. 7) shall be deemed null and void.