

**APPROVED**

**by the Annual General Shareholders Meeting of Open Joint Stock Company “Oil company “LUKOIL” on 27 June 2002 (Minutes No.1, item 6 on the Agenda) with amendments introduced by the Board of Directors on 12 August 2002 (Minutes No.20), by the Annual General Shareholders Meeting on 26 June 2003 (Minutes No.1), by the Annual General Shareholders Meeting on 24 June 2004 (Minutes No.1), by the Extraordinary General Shareholders Meeting on 24 January 2005 (Minutes No.1), by the Annual General Shareholders Meeting on 28 June 2005 (Minutes No.1), by the Annual General Shareholders Meeting on 28 June 2006 (Minutes No.1) and by the Annual General Shareholders Meeting on 28 June 2007 (Minutes No.1)**

**CHARTER  
of Open Joint Stock Company  
“Oil company “LUKOIL”  
(Version No. 4)**

**Moscow, 2002**

Oil company "LUKOIL" (hereinafter referred to as the "Company") was established as an open joint stock company in accordance with Decree No. 1403 of the President of the Russian Federation *On Specific Features of the Privatization and Transformation into Joint Stock Companies of State Enterprises and Industrial and Research-Industrial Associations in the Oil and Oil-Refining Industries and Oil Product Supply*, dated November 17, 1992 and Directive No. 299 of the Government of the Russian Federation *On the Establishment of the Open Joint Stock Company "Oil company "LUKoil"*, dated April 5, 1993, for the purpose of industrial-economic and financial-investment activity.

## **Article 1. Name and Location**

1.1. The full official name of the Company is Открытое акционерное общество «Нефтяная компания «ЛУКОЙЛ».

The abbreviated official name of the Company is ОАО «ЛУКОЙЛ».

The full company name in English is Open Joint Stock Company "Oil company "LUKOIL".

The abbreviated name in English is ОАО "LUKOIL".

1.2. The location of the Company (legal address) is: Sretensky bulvar 11, Moscow, 101000, Russian Federation.

## **Article 2. Legal Status of the Company**

2.1. The Company is a legal entity under the laws of the Russian Federation. The Company acquires the rights of a legal entity from the date of its state registration.

2.2. The Company has a round seal bearing its full name in Russian and indicating its location, stamps and letterheads with its name, its own logo, duly registered trademarks, and **other** means of visual identification, **as determined by the internal documents of the Company.**

The rules on the use of means of visual identification shall be established by applicable laws, the Company's internal regulations and agreements entered into by the Company.

*(Wording of this point as approved by the Annual General Shareholders Meeting on 26 June 2003, Minutes No.1)*

2.3. The Company shall have the right to open bank accounts inside and outside the Russian Federation pursuant to the established procedure.

2.4. The Company shall have the right to enter into any transactions in its own name in compliance with the laws of the Russian Federation, to acquire and exercise property and personal non-property rights, to incur obligations and act as plaintiff and defendant in a court of law.

2.5. As an independent business entity, the Company may own, use and dispose of its separate property accounted for on its independent balance sheet.

2.6. The founder of the Company is the Council of Ministers - Government of the Russian Federation (hereinafter referred to as the "Founder").

2.7. The provisions of this Charter shall be amended, and the new version of this Charter shall be approved by decision of the General Meeting of Shareholders (hereinafter referred to as the “Shareholders Meeting” or the “Meeting”) of the Company or, in such cases as provided for by this Charter, by the Board of Directors, subject to the requirements of effective legislation and the provisions of this Charter.

2.8. The Company is the owner of assets transferred thereto as contributions, payment for shares or otherwise to the charter capital by its Founder and shareholders, and also of assets received as a result of its activity and from other sources.

2.9. The Company is liable for its obligations only to the extent of its assets. The Company is not liable for the obligations of its shareholders.

Shareholders are not liable for the Company’s obligations and bear the risk of losses related to the Company’s operations to the extent of the value of the Company’s shares owned by shareholders.

The state, its bodies and organizations are not liable for the Company’s obligations; the Company is not liable for the obligations of the state, its bodies and organizations.

2.10. The Company has the right to own an interest in other for-profit and non-profit organizations.

2.11. The Company may establish subsidiaries and associates.

2.12. The Company shall have the right to establish branches and representative offices, both in the Russian Federation and abroad.

*(Wording of this point as approved by the Board of Directors on 12 August 2002 (Minutes No. 20))*

2.13. The Company’s branches and representative offices are not legal entities and shall act on behalf of the Company. The Company’s branches and representative offices shall operate on the basis of the Regulations on the Branch (Representative Office) in compliance with the laws of the jurisdiction in which such branch or representative office is located.

2.14. The Company shall take part in negotiations on concluding inter-state and inter-governmental agreements on the supply of oil and oil products by the Company.

2.15. The Company shall independently plan and carry out its activity, determine the remuneration of its employees (hereinafter, “Company employees”), the prices of products and services, the procedure and form of settlements under its transactions, unless otherwise is provided by applicable law.

**2.16. The Company shall disclose information according to applicable legislation and the obligations it assumes, including in connection with the listing of the Company’s securities on stock markets.**

*(Wording of this point as approved by the Annual General Shareholders Meeting on 26 June 2003, Minutes No.1)*

**2.17.** The relationship between the Company and the governmental authorities of the political subdivisions of the Russian Federation and the local governmental authorities in the regions where the Company explores and extracts oil, gas and other mineral resources shall be governed by applicable law and any contracts and agreements between them, with due account of the interests of the Company and the population of such regions.

*(Wording of this point as approved by the Annual General Shareholders Meeting on 26 June 2003, Minutes No.1)*

**2.18.** The Oil Concern LUKOIL, registered by the Moscow Registration Chamber on April 22, 1992 and entered into the Register under No. 2106-14, was reorganized through a takeover by the Company. The Company is the legal successor to all property and personal non-property rights and obligations of the Oil Concern LUKOIL.

*(Wording of this point as approved by the Annual General Shareholders Meeting on 26 June 2003, Minutes No.1)*

### **Article 3. Objective and Types of Activity of the Company**

3.1. The main objective of the Company is to make profit.

3.2. The main types of the Company's activity are as follows:

**3.2.1.** Exploration at oil and gas fields and other deposits, **geological survey of the subsoil**, drilling of wells, extraction, transportation and refining of oil and gas, production of oil products, petrochemical and other products (including consumer goods and services), sale of oil, oil products and other products of the refining of hydrocarbons and other raw materials (including retail sales and exports);

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

3.2.2. Investment and financial activities in Russia and abroad;

3.2.3. Coordination of activities of the Company's subsidiaries;

3.2.4. Procedures for the issue of the Company's securities in compliance with the applicable laws of the Russian Federation;

3.2.5. Creation of production facilities and performance of actions furthering the objectives of the Company and the interests of its shareholders, including advertising, publishing and printing activity, organization of exhibitions, trade exhibitions, and auctions;

3.2.6. Exports and imports of goods and services, development of new forms of mutually beneficial foreign economic relations, trade, economic, scientific and technological cooperation with foreign companies;

3.2.7. Provision of guidelines, coordination of work and control over preparation for mobilization, civil defense, registration and reservation of men eligible for military call-up, and the protection of information constituting a state or trade secret in accordance with the laws and regulatory acts of the Russian Federation;

**3.2.8. Organisation** and performance of research and **technical**, design and exploration, and commissioning activity;

*(Wording of this sub-point as approved by the Annual General Shareholders Meeting on 28 June 2007, Minutes No.1)*

3.2.9. Construction, renovation and operation of facilities for oil and gas extraction, transportation, oil and gas refining, production and sale of oil, gas, oil products and petrochemicals, and also housing, social, and cultural facilities;

3.2.10. Legal support and provision of legal services, including settlement of economic disputes through the standing Arbitration Tribunal of the Company;

3.2.11. Intermediary, consulting, educational and marketing activities, provision of telecommunications services to legal entities and individuals and any other types of activities that do not contravene the Company's objectives and are not prohibited by applicable law;

**3.2.12.** Environmental protection, occupational and industrial safety in accordance with international standard ISO 14001 and standard OHSAS **18001**;

*(Sub-point added by the Annual General Shareholders Meeting on 26 June 2003, Minutes No.1)*

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

3.3. The Company's activities to execute orders for the implementation of federal special-purpose programs and the purchase and supply of products to meet state needs shall be carried out on the basis of state supply contracts to meet state needs, and state supply agreements entered into in connection therewith.

#### **Article 4. Charter Capital**

4.1. The Charter Capital of the Company shall consist of the par value of shares acquired by shareholders (placed) and shall be 21,264,081 roubles 37.5 kopecks (twenty-one million two hundred sixty-four thousand eighty-one roubles thirty-seven and one-half kopecks).

4.2. The Charter Capital of the Company is divided into 850,563,255 registered ordinary shares with a par value of 2.5 kopecks per share, representing in aggregate 100 percent of the Charter Capital.

4.3. As necessary and pursuant to the procedure stipulated by the laws of the Russian Federation and this Charter, the Company may:

4.3.1. increase the Charter Capital by placing additional shares within the limit of the authorized shares established by this Charter, or by increasing the par value of all outstanding shares or shares of a certain class (type);

4.3.2. consolidate issued shares or split them into shares of smaller par value;

4.3.3. reduce the amount of the Charter Capital by decreasing the par value of all outstanding shares of the Company or the par value of shares of a certain class, or through the purchase by the Company of a portion of the shares in order to reduce the total number thereof or

through the retirement of shares not paid-up in full, and through the retirement of shares acquired or repurchased by the Company.

4.4. Any changes in the Company's Charter Capital shall be made pursuant to a decision on:

4.4.1. an increase in the Charter Capital:

- 4.4.1.1. by increasing the par value of shares, to be adopted by the Shareholders Meeting;
- 4.4.1.2. by placing additional shares, to be unanimously adopted by the Company's Board of Directors, except as otherwise stipulated by sub-points 4.4.1.3, 4.4.1.4 of point 4.4 of this Charter;
- 4.4.1.3. by placing additional shares through private subscription, to be adopted by the Shareholders Meeting;
- 4.4.1.4. by placing, through open subscription, ordinary shares equal to more than 25 percent of outstanding ordinary shares, to be adopted by the Shareholders Meeting;

4.4.2. a reduction of the Charter Capital through a decrease in the par value of shares or through the acquisition of a portion of shares in order to reduce the total number thereof, to be adopted by the Shareholders Meeting.

4.5. The price of additional shares placed by subscription shall be determined by the Board of Directors, but shall not be less than par value.

The value of assets contributed as payment for shares and other issued securities shall be expressed in roubles.

**4.6. The Company shall have the right to issue, in addition to shares already placed, 85,000,000 (eighty-five million) ordinary registered shares with a par value of 2.5 kopecks each, for a total par value of 2,125,000 (two million one hundred twenty-five thousand) roubles.**

**Ordinary registered shares declared for placement by the Company shall give their owners the rights stipulated by point 5.6 of article 5 of this Charter.**

*(Point added by the Annual General Shareholders Meeting on 28 June 2007, Minutes No.1)*

#### **Article 5. Shares and Other Securities of the Company. Shareholders' Rights**

5.1. The issue, registration, and rules for the trading of the Company's securities and their offering shall be determined by this Charter and applicable securities law.

5.2. If the Company offers additional shares and issued convertible securities by open subscription, the Company's shareholders shall have preemptive right to acquire such additional shares and issued convertible securities in an amount proportionate to the number of such class (type) of shares held by them.

If the Company offers shares and issued convertible securities by private subscription, the Company's shareholders who voted against or abstained from voting on such offering shall have a

preemptive right to acquire such securities in an amount proportionate to the number of such class (type) of shares held by them. Such right shall not apply where shares and other issued convertible securities are offered by private subscription to shareholders only, if the shareholders may acquire a whole number of the shares and other issued convertible securities in proportion to the number of such class of shares held by them.

In each additional issue of shares or issued convertible securities, the Company shall give notice to all holders of such class (type) of shares, stating the amount of shares and issued convertible securities so offered, their offering price or the procedure for determining the same, the procedure for determining the number of securities to which any such shareholder shall be entitled, and the effective term of the preemptive right, at least 45 calendar days' prior to the start of the offering.

Such notice shall be published in the same printed periodical in which notices of Shareholders Meetings are published.

5.3. The Company, acting in compliance with the laws of the Russian Federation, may acquire its shares issued based on a decision of the Board of Directors. The Company may not take such decision on the acquisition of shares by the Company if the par value of outstanding Company shares thereby becomes less than 90 percent of the Company's Charter Capital.

Shares acquired by the Company pursuant to the decision of the Board of Directors shall not provide voting rights, shall be disregarded for the purposes of tallying votes, and shall not accrue any dividend. Such shares shall be sold within one year of their acquisition.

5.4. A share of the Company may be jointly owned by several persons. In such case, the co-owners shall be deemed to be one shareholder.

5.5. If a shareholder is unable acquire a whole number of shares in exercising the preemptive right to acquire additional shares or in consolidation of shares, fractional shares may be created (hereinafter, "fractional shares"). Fractional shares shall be traded *pari passu* with whole shares. Any fractional share shall grant to the holder thereof the rights granted by the relevant class (type) of shares in an amount equal to that portion of a share which it represents. In order to reflect the total number of shares outstanding in the Company's Charter, all outstanding fractional shares shall be aggregated. If the resulting number is a fraction, such fraction shall be specified in the Company's Charter to reflect the number of shares outstanding.

5.6. Each ordinary share shall grant equal rights to the holder thereof.

Pursuant to the procedure stipulated in this Charter, Company shareholders have the right:

5.6.1. to participate in the management of the Company;

5.6.2. to purchase shares and other securities of the Company, including by exercising the preemptive right in accordance with the provisions of point 5.2 of this Charter;

5.6.3. to sell the shares owned by them without permission from the Company and other shareholders;

5.6.4. to receive information about the Company's activities, including all information related to the items on the agenda of the Shareholders Meeting, and review minutes of the Shareholders Meetings;

5.6.5. to participate in the distribution of the Company's assets on its liquidation;

5.6.6. to exercise their rights directly or by proxy, who may be other shareholders, and also other persons acting on the basis of a power of attorney, issued in compliance with the procedure determined by applicable law;

**5.6.7. receive a portion of the Company's net profits (dividend), provided that each share of the same category (type) shall grant to its holder the same measure of rights as to receiving dividends in the amount, form and within terms established by a Shareholders meeting.**

*(Wording of this sub-point as approved by the Extraordinary General Shareholders Meeting on 24 January 2005, Minutes No.1)*

~~5.7. Representatives of the Russian Federation shall participate in the Shareholders Meeting, meetings of the Board of Directors and Audit Commission of the Company pursuant to the procedure established by the laws of the Russian Federation, this Charter and the Company's internal regulations governing the activities of the Company's management bodies.~~

*(Point 5.7 of Article 5 «Shares and Other Securities of the Company. Shareholders' Rights» was deleted by the decision of the Annual General Shareholders Meeting on 28 June 2005, with the numbering of points 5.8 and 5.9 amended accordingly)*

5.7. The shareholders shall comply with confidentiality requirements in respect of such information on the Company's current or future activities as constitutes a trade secret under the laws of the Russian Federation.

**5.8. A party that has purchased more than 30 percent of the total shares of the Company, taking into account the number of shares already owned by the party or its related parties, shall be required to offer to purchase the remaining ordinary shares in the Company and the issuable securities of the Company convertible into ordinary shares from the shareholders that hold them according to the procedure and by the deadlines established by the effective legislation of the Russian Federation.**

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

*(Wording of this point as approved by the Annual General Shareholders Meeting on 28 June 2006, Minutes No.1)*

## **Article 6. Share Register**

6.1. The Company shall maintain a share register through a professional securities market participant maintaining a register of the holders of registered securities (hereinafter, the "Registrar").

The Board of Directors shall adopt a decision to elect the Registrar in accordance with the internationally accepted practice, provided that the rules of its operation comply with the standards and rules for maintaining the share register of a joint-stock company approved by the federal executive body for the securities market.

6.2. The share register of the Company shall be maintained in accordance with the laws of the Russian Federation using a computer database that ensures identification of registered persons, certification of title to securities registered on the personal accounts of registered persons, and which also allows information to be received and sent to registered persons.

6.3. The Company shall provide for the safekeeping of the share register. The share register shall be kept at the premises of the Company or its Registrar.

## **Article 7. Control and Management Bodies**

7.1. The Company shall establish the following bodies of control and governance/management for the purpose of conducting Company's activities.

7.1.1. Management bodies shall be:

7.1.1.1. The Shareholders Meeting;

7.1.1.2. The Board of Directors;

7.1.1.3. The President (General Director) – a single-person executive body (hereinafter, the “President”);

7.1.1.4. The Management Committee – a collective executive body.

7.1.2. The supervisory body shall be: the Audit Commission.

7.2. Members of the Board of Directors, the President of the Company and the members of the Management Committee shall be officers of the Company (hereinafter, the “officers of the Company”).

7.3. The Company shall employ the necessary specialists to support daily operations.

7.4. The Company's executive bodies shall be located at the Company's location.

## **Article 8. Shareholders Meeting**

8.1. The Shareholders Meeting shall be the supreme management body of the Company.

8.2. The following issues shall be within the jurisdiction of the Shareholders Meeting:

8.2.1. amendments to the Company Charter or approval of any new versions of the Company Charter;

8.2.2. reorganization of the Company;

8.2.3. liquidation of the Company, appointment of the liquidation commission and approval of interim and final liquidation balance sheets;

8.2.4. determination of the number of members of the Company's Board of Directors, election of its members, early termination of their powers, determination of remuneration and compensation payable to the Board members;

8.2.5. determination of the amount, par value, class (type) of authorized shares and the rights granted by these shares;

8.2.6. increase in the Charter Capital through:

8.2.6.1. an increase in the par value of the shares;

8.2.6.2. placement of additional shares by private subscription;

8.2.6.3. placement of additional shares representing more than 25 percent of outstanding shares, by open subscription;

8.2.7. decrease in the charter capital of the Company through:

**8.2.7.1.** a decrease in the par value of shares;

**8.2.7.2.** acquisition by the Company of part of the shares in order to reduce the total number thereof;

**8.2.7.3.** the retirement of shares acquired or repurchased by the Company in accordance with the laws of the Russian Federation;

*(Wording of this sub-point as approved by the Annual General Shareholders Meeting on 28 June 2007, Minutes No.1)*

8.2.8. appointment of the President;

early termination of the powers of the President;

8.2.9. election of members of the Audit Commission and early termination of their powers, determination of remuneration and compensation payable to the members of the Audit Commission;

8.2.10. approval of the Company's Auditor;

8.2.11. approval of annual reports and annual financial statements, including the income statement of the Company;

distribution of the its profits, including payment (declaration) of dividend, and losses based on the results of the financial year;

8.2.12. determination of the rules for the conduct of Shareholders Meetings;

8.2.13. election of members of the Counting Commission and early termination of their powers, in cases stipulated by effective legislation;

8.2.14. split and consolidation of shares;

8.2.15. approval of interested-party transactions, in cases stipulated by effective legislation;

**8.2.16 adoption of decisions on:**

**8.2.16.1 approval of major transactions involving acquisition, disposal or the possibility of disposal by the Company of assets with the value exceeding 50 percent of the book value of the Company's assets according to its financial statements as of the latest reporting date, with the exception of transactions completed in the ordinary course of the Company's business, transactions related to placement by the Company of ordinary shares by means of subscription (sale) and transactions related to placement of issuable securities convertible into Company's ordinary shares;**

**8.2.16.2 approval in accordance with the procedure provided for by Article 79 of the Federal Law "On Joint Stock Companies" of a transaction or a series of related transactions with a value exceeding 50 per cent of the book value of the Company's assets according to the Company's financial statements as of the latest reporting date involving acquisition, disposal or the possibility of disposal of capital assets in the sphere of production and processing of oil, gas and gas condensate, refined products marketing facilities, hydrocarbon transportation facilities and shares (participatory shares) in business entities holding such assets and/or rights for exploration or production of hydrocarbon resources. No approval under this sub-clause shall be required if such transactions or a series of related transactions are subject to approval under sub-clause 8.2.16.1 of clause 8.2 hereof;**

**8.2.16.3 approval of a transaction or a series of related transactions requiring approval under decision of the Board of Directors in accordance with sub-clauses 9.7.17 and 9.7.18 of clause 9.7 of this Charter, if the Board of Directors has not reached unanimity on the issue;**

*(Wording of sub-point 8.2.16 as approved by the Extraordinary General Shareholders Meeting on 24 January 2005, Minutes No.1)*

8.2.17. acquisition by the Company of outstanding shares in order to reduce the total number thereof;

**8.2.18. decisions on participation in ~~holding companies~~, financial-industrial groups, associations and other unions of for-profit organizations;**

*(Wording of this sub-point as approved by the Annual General Shareholders Meeting on 28 June 2007, Minutes No.1)*

8.2.19. approval of internal regulations governing the activities of the Company's management bodies;

8.2.20. placement of issued convertible securities through private subscription, and placement through open subscription of issued convertible securities representing more than 25 percent of the Company's outstanding ordinary shares;

8.2.21. other issues stipulated by effective legislation.

8.3. Shareholders Meetings may be annual and extraordinary.

8.4. Annual Shareholders Meetings shall be held annually, not earlier than two and not later than six months after the end of the financial year.

The annual Shareholders Meeting shall settle issues of the election of the Board of Directors and the Audit Commission, approval of the Auditor of the Company, approval of the annual report and annual financial statements, including the Company's income statement, distribution of the profits and losses of the Company based on the results of the financial year, including payment

(declaration) of dividends. In addition, the annual Shareholders Meeting may decide on other issues within its jurisdiction in accordance with effective legislation.

8.5. Extraordinary Shareholders Meetings shall be held by decision of the Company's Board of Directors, on its own initiative or at the request of the Audit Commission, the Company's Auditor, or a shareholder (shareholders) holding at least 10 percent of the Company's voting shares as at the date of such request.

8.6. Proposals for the agenda of the Shareholders Meeting and candidates to the Board of Directors, Audit Commission and Counting Commission, and to the office of President shall be made not later than 30 days after the end of the financial year of the Company by Company shareholders holding in aggregate at least two percent of the Company's voting shares. The number of candidates such shareholders may nominate to the Board of Directors, the Audit Commission and the Counting Commission may not exceed the number of positions in the relevant body.

In addition to issues proposed for the agenda of the Shareholders Meeting by shareholders, and also in cases where no such issues are submitted or no candidates or an insufficient number of candidates are nominated by the shareholders to the relevant body of the Company, the Board of Directors may at its own discretion place issues on the agenda and nominate candidates.

8.7. The notice of any Shareholders Meeting shall be published in the newspapers *Rossiyskaya Gazeta* or *Izvestiya*, **at least 30 days prior to the date when it is to be held, unless an earlier deadline is stipulated by law**, and may also be published in any regional print media.

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

The Company shall send to shareholders voting ballots on all issues on the agenda of the Meeting via mail, e-mail or by personal delivery to the shareholder against acknowledgement of receipt no later than 30 days before the annual Shareholders Meeting **and no later than 25 days before the extraordinary Shareholders Meeting**. For the purposes of determining quorum and voting results, ballots received by the Company by mail, e-mail with a certified electronic digital signature or via delivery by the shareholder to the counting commission not later than 2 days before the Shareholders Meeting **shall be taken into account**.

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

Where the number of persons entitled to participate in any Shareholders Meeting is 500,000 or more, forms of voting ballots shall be published in the print media specified herein.

**The information (materials) to be provided to persons entitled to participate in the annual Shareholders Meeting includes the annual report, including the report of the Board of Directors; the annual financial statements; the opinions of the Auditor and the Internal Audit Commission on the results of the audit of the annual financial statements; information on candidates for election to the Board of Directors, the single-person executive body of the Company, and the Internal Audit Commission; the draft amendments and addenda to the Company Charter or the draft new version of the Company Charter; drafts of internal documents of the Company or amendments and addenda to such documents; draft decisions of the Shareholders Meeting of the Company; and other information and materials established by effective legislation, internal documents of the Company and decisions of the Board of Directors of the Company.**

**If the agenda of the Shareholders Meeting includes the issue of reorganization of the Company, shareholders will be informed of the reason for the reorganization and provided**

**with the annual balance sheets of all organizations participating in the reorganization for the last three financial years.**

*(Wording of this point as approved by the Annual General Shareholders Meeting on 26 June 2003, Minutes No.1)*

8.8. The Meeting shall be conducted by the Chairman of the Board of Directors or a person designated by the Board of Directors or by a representative of shareholders, pursuant to the procedure stipulated by the *Regulations On The Procedure For Preparing And Holding The General Shareholders Meeting Of OAO "LUKOIL"*.

8.9. The meeting shall be authorized (quorate) if it is attended by shareholders holding in aggregate more than half of the outstanding voting shares of the Company. If the agenda of any Shareholders Meeting contains issues to be voted by different types of voters, quorum for voting on such issues shall be determined separately. In such cases, a lack of quorum for voting on issues to be voted by one set of voters shall not preclude voting on issues to be voted by another set of voters for which a quorum is present.

Shareholders registered to participate in the Meeting and shareholders whose ballots are received by the Company at least two days prior to the date of the Shareholders Meeting shall be deemed to have participated in the Meeting. In the event a Shareholders Meeting is held in the form of absentee voting, shareholders whose ballots are received prior to the deadline for receipt of ballots shall be deemed to have participated in the Meeting.

8.10. In the absence of a quorum, the date of a rescheduled Shareholders Meeting shall be announced. No changes in the agenda shall be allowed.

The rescheduled Shareholders Meeting convened in place of the canceled meeting shall be quorate if attended by shareholders (their proxies) holding in aggregate at least 30 percent of the outstanding voting shares of the Company.

8.11. The Shareholders Meeting where there is a quorum may decide to suspend its session for a period of up to 30 days. When resumed, the Meeting may take decisions only on issues on the original agenda.

8.12. The functions of the counting commission shall be performed by the Registrar authorized by the decision of the Board of Directors.

8.13. The right to participate in the Shareholders Meeting may be exercised by a shareholder in person or by proxy.

A shareholder's proxy shall act to the extent of the authority provided for in the orders of the federal bodies or the acts of the competent governmental or local authorities, or a written power of attorney.

8.14. Experts (including Company employees) may be invited to the Shareholders Meetings for assistance in the review of certain special issues included in the agenda.

8.15. The Shareholders Meeting shall make decisions by a simple majority vote of the shareholders holding voting shares and present at the Shareholders Meeting, with the exception of the cases stipulated by this Charter.

**8.16. Decisions on the issues indicated in sub-points 8.2.1, 8.2.2, 8.2.3, 8.2.5, 8.2.6.2, 8.2.6.3, 8.2.7.1, 8.2.16.1, 8.2.16.2, 8.2.17 and 8.2.20 of point 8.2 of this Charter shall be taken by the Shareholders Meeting by a three-fourths majority vote of the shareholders holding voting shares present at the Shareholders Meeting.**

*(Wording of this point as approved by the Extraordinary General Shareholders Meeting on 24 January 2005, Minutes No.1)*

*(Wording of this point as approved by the Annual General Shareholders Meeting on 28 June 2007, Minutes No.1)*

**8.17. Decisions on the issues indicated in sub-points 8.2.2, 8.2.3, 8.2.6, 8.2.7.1, 8.2.14, 8.2.15, 8.2.16, 8.2.17, 8.2.18, 8.2.19 and 8.2.20 of point 8.2 of this Charter shall be taken by the Shareholders Meeting only on the proposal of the Board of Directors of the Company.**

*(Wording of this point as approved by the Extraordinary General Shareholders Meeting on 24 January 2005, Minutes No.1)*

*(Wording of this point as approved by the Annual General Shareholders Meeting on 28 June 2007, Minutes No.1)*

8.18. Decisions on issues specified in sub-point 8.2.15 of point 8.2 of this Charter shall be made by a majority vote of the holders of voting shares who do not have an interest in relation to the transaction.

8.19. The minutes of the Shareholders Meeting shall be signed by the Chairman of the Board of Directors or other person presiding at the Shareholders Meeting and the secretary of the Shareholders Meeting, and shall be certified with the Company seal.

The protocol on voting results shall be attached to the Minutes of the Shareholders Meeting.

8.20. The decisions adopted and the voting results shall be announced at the Shareholders Meeting at which the voting was held, **except for Meetings conducted in the form of absentee voting. When a Meeting is conducted in the form of absentee voting, decisions passed at such a Meeting and voting results shall be communicated to the persons included on the list of persons entitled to participate in the Shareholders Meeting, within 10 days after the compilation of the protocol of voting results in the form of a report on voting results, pursuant to the procedure stipulated by this Charter for notification of the conduct of a Shareholders Meeting.**

*(Wording of this point as approved by the Annual General Shareholders Meeting on 26 June 2003, Minutes No.1)*

8.21. A decision of the Shareholders Meeting may be adopted without holding a meeting (joint attendance of shareholders to discuss agenda items and adopt decisions put to voting) by an absentee vote.

## **Article 9. The Board of Directors**

9.1. The Company's Board of Directors shall exercise the general management of the Company's activities, with the exception of issues within the jurisdiction of the Shareholders Meeting. The procedure for convocation and conduct of meetings of the Board of Directors shall be set forth in the *Regulations on the Board of Directors*.

9.2. Members of the Board of Directors shall be elected by the Shareholders Meeting through cumulative voting, for a term lasting until the next annual Shareholders Meeting. The Board shall consist of 11 members. If the annual Shareholders Meeting is not held within the period stipulated by law, the authority of the Board of Directors of the Company shall terminate as of the date following the last day of the period for holding the annual Shareholders Meeting stipulated by law, except for the authority to prepare, convene and hold the annual Shareholders Meeting.

Board members may be elected an unlimited number of times.

**Shareholders shall make every effort to nominate and elect at least three independent directors to the Board of Directors.**

*(Wording of this point as approved by the Annual General Shareholders Meeting on 26 June 2003, Minutes No.1)*

9.3. Pursuant to a decision of the Shareholders Meeting, the authority of all members of the Board of Directors may terminate before the expiry of their term.

9.4. The Board of Directors shall retain its powers irrespective of any vacancies that may occur. If the number of the Board members becomes less than the number constituting a quorum, the Board of Directors shall decide on holding an extraordinary Shareholders Meeting to elect a new Board of Directors.

9.5. The members of the Board of Directors shall elect a Chairman from among their number for the entire term of office of the Board of Directors.

9.6. The Chairman of the Board of Directors shall preside over meetings of the Board. In his absence, Board members shall elect a chairman from among those present.

The Chairman of the Board of Directors shall sign agreements with the President of the Company on behalf of the Company.

**9.7. The following issues shall be referred to the authority of the Board of Directors, with the exception of cases where decisions on the issues listed in this point may only be taken by the Shareholders Meeting in accordance with effective legislation:**

*(Wording of this paragraph as approved by the Annual General Shareholders Meeting on 28 June 2007, Minutes No.1)*

**9.7.1 definition of priorities of Company's activities;**

**9.7.2 convocation of the annual and extraordinary Shareholders Meetings of the Company except for cases provided for by the laws of the Russian Federation;**

**9.7.3 approval of the agenda of the Shareholders Meeting and including the following items on the agenda upon a proposal of the Board of Directors:**

**9.7.3.1. the issue provided for in sub-clause 8.2.2 of clause 8.2 hereof;**

**9.7.3.2. the issue provided for in sub-clause 8.2.3 of clause 8.2 hereof;**

**9.7.3.3. the issues provided for in sub-clauses 8.2.6 and 8.2.20 of clause 8.2 hereof;**

**9.7.3.4 issues provided for in sub-clauses 8.2.14 – 8.2.19 of clause 8.2 hereof;**

**9.7.3.5 other issues in accordance with the laws of the Russian Federation;**

**9.7.4 setting the date for compiling the list of persons entitled to participate in the Shareholders Meeting, as well as other matters related to preparation and holding of the Shareholders Meeting provided for by the laws of the Russian Federation;**

**9.7.5 deciding on the following issues relating to an increase of the Company's Charter Capital:**

**9.7.5.1 increase of the Company's Charter Capital by way of placement of additional shares within the quantity and classes (types) of the authorized shares, except for the cases provided for in sub-clause 8.2.6 of clause 8.2 hereof;**

**9.7.5.2. making amendments and supplements to this Charter related to the increase of the Company's Charter Capital in the events provided for by legislation of the Russian Federation and this Charter;**

**9.7.6 placement of bonds and other issuable securities by the Company, including securities convertible into the Company's shares, except as provided for in sub-clause 8.2.20 of clause 8.2 hereof;**

**9.7.7 determination of the value (monetary value) of assets, price of placement and redemption of issuable securities in accordance with the laws of the Russian Federation;**

**9.7.8 approval of a decision on securities issue, a prospectus of securities issue and a report on the results of securities issue;**

**9.7.9 acquisition of shares, bonds and other issuable securities placed by the Company, except for cases provided for in sub-clause 8.2.17 of clause 8.2 hereof;**

**9.7.10 formation of the Management Committee – the Company's collective executive body, termination of its members' powers before the expiration of their term, determination of the principal terms of agreements entered into the President and members of the Management Committee;**

**9.7.11 recommendation on the amount of remuneration and compensation payable to the members of the Company's Audit Commission and determination of the amount of the Auditor's fee;**

**9.7.12 recommendation on the amount of dividend on shares and the procedure for its payment;**

**9.7.13 recommendations to shareholders at the initiative of the Board of Directors on voting on issues included in the agenda of the Shareholders Meeting;**

**9.7.14 use of the reserve and other funds of the Company;**

**9.7.15 approval of the internal corporate documents other than those the approval of which falls within the authority of the Shareholders Meeting and the Company's executive bodies;**

**9.7.16 establishment of branches and representative offices of the Company and their liquidation, and amending the Company's Charter accordingly;**

**9.7.17 approval of major transactions involving assets with a value of 25 to 50 percent of the book value of the Company's assets according to its financial statements as of the latest reporting date with the exception of transactions made during the usual course of the Company's business, transactions related to placement of the Company's ordinary shares by way of subscription (sale) and transactions related to placement of issuable securities convertible into the Company's ordinary shares;**

**9.7.18 approval in accordance with the procedure provided for by Article 79 of the Federal Law "On Joint Stock Companies" of a transaction or a series of related transactions with a value of 25 per cent to 50 per cent of the book value of the Company's assets according to the Company's financial statements as of the latest reporting date involving acquisition, disposal or the possibility of disposal of assets in the sphere of production and processing of oil, gas and gas condensate, refined products marketing facilities, hydrocarbon transportation facilities and shares (participatory shares) in business entities holding such assets and/or rights for exploration or production of hydrocarbon resources. No approval**

under this sub-clause shall be required if such transactions or a series of related transactions are subject to approval under sub-clause 9.7.17 of clause 9.7 hereof;

9.7.19 approval of a transaction or a series of related transactions relating to acquisition, disposal or the possibility of disposal of assets with a value of 10 to 25 per cent of the book value of the Company's assets according to its financial statements as of the latest reporting date with the exception of transactions made during the usual course of the Company's business;

9.7.20 approval of a transaction or a series of related transactions with a value exceeding 7.5 per cent of the consolidated value of assets of the Company according to the latest published consolidated financial statements of OAO "LUKOIL" (within this Charter, the "consolidated financial statements of OAO "LUKOIL" shall mean consolidated financial statements of the Company prepared in accordance with the US Generally Accepted Accounting Principles) which do not relate to the main types of the Company's activities, referred to in the following sub-clauses of clause 3.2 of this Charter:

9.7.20.1. in sub-clause 3.2.1 (except for consumer goods and services supplied);

9.7.20.2 in sub-clause 3.2.2 to the extent such activities are aimed at financing operations of the Company and its subsidiaries in the sphere of exploration of oil, gas and other fields, geological survey of subsoil, drilling wells, production, transportation and processing of oil and gas, manufacture of petroleum, petrochemical and other products, sales of oil, petroleum products, petroleum derivatives and other raw material derivatives (including sales to consumers and export deliveries), as well as construction, upgrade and operation of oil and gas extraction, transportation and refining facilities, production and sale of oil, gas, petroleum products and petrochemicals facilities;

9.7.20.3 in sub-clause 3.2.4;

9.7.20.4 in sub-clause 3.2.6 to the extent such activities relate to exploration of oil, gas and other fields, geological survey of subsoil, drilling wells, production, transportation and processing of oil and gas, manufacture of petroleum, petrochemical and other products, sales of oil, petroleum products, petroleum derivatives and other raw material derivatives (including sales to consumers and export deliveries), as well as construction, upgrade and operation of oil and gas extraction, transportation and refining facilities, production and sale of oil, gas, petroleum products and petrochemicals facilities;

9.7.20.5 in sub-clauses 3.2.8 and 3.2.9;

9.7.21 approval of interested party transactions involving, in accordance with the Russian law, members of the Board of Directors, persons holding offices in other management bodies of the Company, shareholders holding together with their affiliated persons 20 or more percent of the voting shares, except for transactions specified in sub-clause 8.2.15 of clause 8.2 hereof;

9.7.22 approval of the Company's Registrar and the terms of the agreement with the Registrar, termination of such agreement;

9.7.23 regulation of the activities of the Company's Arbitration Tribunal;

9.7.24 formation of committees and commissions of the Board of Directors, approval of internal regulations governing formation and proceedings of such committees and commissions;

9.7.25 making decisions on filing by the Company with a commercial (arbitrazhny) court of a petition on recognizing the Company as a bankrupt, as well as submission to other bodies of the Company for consideration of issues on which the Company makes decisions in accordance with insolvency (bankruptcy) laws, except if the Company or the President of the Company is obligated to undertake relevant actions under insolvency (bankruptcy) laws;

**9.7.26 approval by the Board of Directors of a transaction or a series of related transactions entered into by a Significant Subsidiary for the amount exceeding 7.5 per cent of the consolidated value of assets of the Company according to the latest published consolidated financial statements of OAO "LUKOIL".**

**No approval pursuant to this sub-clause shall be required, if such transaction or a series of related transactions: (a) are completed in connection with any reorganization (merger, accession, split-up, spin-off, transformation) of a Significant Subsidiary, placement of Significant Subsidiaries' shares or participatory shares to be paid for by shares or participatory shares in any other Company's subsidiaries, placement of the Significant Subsidiaries shares by way of conversion of shares in other Company's subsidiaries into the Significant Subsidiaries' shares being placed or other similar transactions as a result of which the Company will be entitled to dispose directly or indirectly of more than 50 per cent of shares (participatory shares) in the charter capital of the Significant Subsidiary or an entity (entities) created as a result of its reorganisation; or (b) are completed between a Significant Subsidiary and the Company or between a Significant Subsidiary and another entity in which the Company's direct or indirect participation is 90 per cent or more.**

**Within this Charter a "Significant Subsidiary" shall mean a subsidiary (with the Company's direct or indirect participation in its charter capital) with respect to which any of the following tests is met:**

**(a) the investment of the Company and its subsidiaries in such subsidiary (including its subsidiaries) (contributions to the charter and additional capital as well as granted credit facilities and loans) exceeds 10 per cent of the consolidated value of assets of the Company;**

**(b) the assets of such subsidiary (including its subsidiaries) (after deduction of mutual indebtedness and counterclaims relating to the Company and its subsidiaries) represent in excess of 10 per cent of the consolidated value of assets of the Company; or**

**(c) the income (before income taxes) of such subsidiary (including its subsidiaries) represents in excess of 10 per cent of the consolidated income of the Company (before income taxes).**

**The foregoing tests shall be applied with reference to the latest published annual consolidated financial statements of OAO "LUKOIL";**

**9.7.27 making decisions on the issue of liquidation of a Significant Subsidiary of the Company;**

**9.7.28 making decisions on the issue of reorganisation of a Significant Subsidiary by way of merger or accession.**

**No decision under this sub-clause shall be required if as a result of reorganisation of a Significant Subsidiary by way of merger or accession the aggregate direct and/or indirect participation of the Company in the charter capital of the Significant Subsidiary or an entity (entities) created as the result of its reorganisation is 90 per cent or more;**

**9.7.29 making decisions on any actions by a Significant Subsidiary relating to filing by a Significant Subsidiary of a bankruptcy petition or any other actions under the insolvency (bankruptcy) laws, except if the Company, the Significant Subsidiary or their managers (executive bodies) are obligated to take respective actions under the applicable insolvency (bankruptcy) laws;**

**9.7.30 other issues provided for in the laws of the Russian Federation and this Charter.**  
*(Wording of point 9.7 as approved by the Extraordinary General Shareholders Meeting on 24 January 2005, Minutes No.1)*

**9.8. The procedure for making decisions by the Board of Directors:**

**9.8.1. The Board of Directors shall make decisions by a majority vote of those participating in the meeting, unless otherwise provided for in this Charter and the laws of the Russian Federation. In case of a tie, the Chairman shall have the casting vote;**

**9.8.2. Decisions on the following issues should be taken unanimously by all members of the Board of Directors (without taking into account votes of the members withdrawn from the Board of Directors):**

**9.8.2.1. the issue provided for in sub-clause 9.7.2 of clause 9.7 hereof, if the agenda of the Shareholders Meeting includes amending sub-clauses 3.2.1, 3.2.2, 3.2.4, 3.2.6, 3.2.8, 3.2.9 of clause 3.2, sub-clause 5.6.7 of clause 5.6, sub-clauses 8.2.16.1, 8.2.16.2 of clause 8.2, sub-clauses 9.7.3.1-9.7.3.3, 9.7.5.1, 9.7.12, 9.7.13, 9.7.17, 9.7.18, 9.7.20 and 9.7.25-9.7.29 of clause 9.7, sub-clause 9.8.2 of clause 9.8 hereof, except if (a) an item on amending the Charter has been included on the agenda of the Shareholders Meeting by a shareholder (shareholders) and its inclusion in the agenda may not be rejected other than on the grounds provided for by Article 53(5) of the Federal Law “On Joint Stock Companies”; or (b) the extraordinary Shareholders Meeting is convened by a person (persons) authorised under the Federal Law “On Joint Stock Companies” and convocation of such Shareholders Meeting cannot be rejected other than on the grounds provided for by Article 55(6) of the Federal Law “On Joint Stock Companies”;**

**9.8.2.2. issues on including in the agenda of a Shareholders Meeting of an issue (issues) on amending 3.2.1, 3.2.2, 3.2.4, 3.2.6, 3.2.8, 3.2.9 of clause 3.2, sub-clause 5.6.7 of clause 5.6, sub-clauses 8.2.16.1, 8.2.16.2 of clause 8.2, sub-clauses 9.7.3.1-9.7.3.3, 9.7.5.1, 9.7.12, 9.7.13, 9.7.17, 9.7.18, 9.7.20 and 9.7.25-9.7.29 of clause 9.7, sub-clause 9.8.2 of clause 9.8 hereof, except if (a) an item on amending the Charter has been included on the agenda of a Shareholders Meeting by a shareholder (shareholders) and its inclusion in the agenda may not be rejected other than on the grounds provided for by Article 53(5) of the Federal Law “On Joint Stock Companies”; or (b) an extraordinary Shareholders Meeting with respect to amending the Charter is convened by a person (persons) authorised under the Federal Law “On Joint Stock Companies” and convocation of such Shareholders Meeting may not be rejected other than on the grounds provided for by Article 55(6) of the Federal Law “On Joint Stock Companies”;**

**9.8.2.3 an issue provided for in sub-clause 9.7.3.1. of clause 9.7 hereof, if a reorganisation of the Company constitutes (a) merger of the Company with other entity or accession of the Company to any entity resulting in termination of the Company’s activities; (b) accession to the Company of other entity (entities) as a result of which the shareholders who held as of the date of cessation of activities of the entity (entities) taken over by the Company 100 per cent of the Company’s shares will hold less than 50 per cent of the Company’s shares; (c) the Company’s split-up; (d) spin-off from the Company of one or more entities pursuant to which shares in the newly-formed entity or entities are distributed among the Company’s shareholders (unless the value of assets divested from the Company as a result of the spin-off from the Company of one or more entities does not exceed 10 per cent of the balance sheet assets of the Company according to its accounting reports as of the latest reporting date preceding the date such decision on spin-off is made); and (e) the Company’s transformation, except for a change in the type of joint stock company;**

**9.8.2.4. issues provided for in sub-clauses 9.7.3.2, 9.7.20, 9.7.25-9.7.29 of clause 9.7 hereof;**

**9.8.2.5 the issue provided for in sub-clause 9.7.3.3 of clause 9.7 hereof, if the Board of Directors submits to the Shareholders Meeting for its consideration an issue connected with an increase of the Company’s Charter Capital by more than 10 percent or a placement of**

issuable securities that are convertible into shares representing more than 10 percent of the Company's outstanding shares within any twelve-month period;

9.8.2.6 the issue provided for in sub-clause 9.7.5.1 of clause 9.7 hereof;

9.8.2.7. the issue provided for in sub-clause 9.7.6 of clause 9.7 hereof, in case of placement of issuable securities that are convertible into more than 10 percent of the Company's outstanding shares within any twelve-month period;

9.8.2.8 determination of the placement value of shares or securities convertible into shares, in case of placement of shares comprising more than 10 per cent of outstanding shares, or placement of issuable securities that are convertible into more than 10 percent of the Company's outstanding shares within any twelve-month period;

9.8.2.9 the issue provided for in sub-clause 9.7.12 of clause 9.7 hereof, if the amount of annual dividend recommended for approval by the Shareholders Meeting exceeds the consolidated net profit of the Company (based on the consolidated financial statements of OAO "LUKOIL" for the financial year to which such dividend relates), unless such amount of dividend is less than or equal to the amount of the annual dividend approved by the Shareholders Meeting in the preceding year;

9.8.2.10 the issue provided for in sub-clause 9.7.13 of clause 9.7 of this Charter, if the decision is made with respect to recommending to the Company's shareholders on voting on an item of a Shareholders Meeting agenda regarding amending sub-clause 3.2.1, 3.2.2, 3.2.4, 3.2.6, 3.2.8, 3.2.9 of clause 3.2, sub-clause 5.6.7 of clause 5.6, sub-clauses 8.2.16.1, 8.2.16.2 of clause 8.2, sub-clauses 9.7.3.1-9.7.3.3, 9.7.5.1, 9.7.12, 9.7.13, 9.7.17, 9.7.18, 9.7.20 and 9.7.25-9.7.29 of clause 9.7, sub-clause 9.8.2 of clause 9.8 hereof;

9.8.2.11 the issue provided for in sub-clauses 9.7.17 and 9.7.18 of clause 9.7 hereof. If a unanimous decision on the approval of a major transaction or a series of related transactions, referred to in sub-clauses 9.7.17 or 9.7.18 of clause 9.7 of this Charter cannot be reached by the Board of Directors, such issue may be submitted to the Shareholders Meeting by decision of the Board of Directors made by a majority vote of its members present at the meeting;

9.8.3 Participation shall mean personal presence of a Board member at the meeting or a written opinion on the agenda items sent in the established manner by a Board member absent from such meeting.

The Board of Directors may adopt decisions by an absentee vote.

*(Wording of point 9.8 as approved by the Extraordinary General Shareholders Meeting on 24 January 2005, Minutes No.1)*

9.8.4. When establishing the basic conditions of the contracts to be concluded with the President and members of the Management Committee of the Company, the votes of the members of the Board of Directors that are simultaneously the President and/or members of the Management Committee of the Company shall not be taken into account when tallying votes.

*(Sub-point added by the Annual General Shareholders Meeting on 28 June 2006, Minutes No.1)*

9.9. The Board of Directors shall hold meetings as necessary. Meetings shall be called by the Chairman of the Board of Directors on his own initiative or at the request of a member of the Board of Directors, the Audit Commission, the Company's Auditor, the President or the Company's Management Committee.

Written notice of each Board meeting shall be sent to each member of the Board of Directors pursuant to the procedure and by the deadlines established by the Regulations on the Board of Directors. If necessary, any meeting of the Board of Directors may be temporarily adjourned, pursuant to the procedure set forth in the Regulations on the Board of Directors.

9.10. The meeting shall be quorate if at least half of the elected members of the Board of Directors are present; **in addition, the presence of at least one independent director (if there are any on the Board of Directors) shall be mandatory.** Board members present at the meeting and written opinions on agenda items received from the Board members absent from the meeting shall be taken into account when determining quorum.

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

9.11. No member of the Board of Directors may transfer his/her voting rights to any other person, including to other Board members.

9.12. The Board of Directors may form committees and commissions, which may include Board members and Company employees. Such committees and commissions shall act on the basis of internal regulations governing the formation and operation of such committees and commissions, and also their functions and authority. Such regulations shall be approved by a simple majority vote of the Board of Directors.

**9.13.** Minutes of meetings of the Board of Directors shall be signed by the Chairman of the Board of Directors or, in his/her absence, by the person presiding at the meeting, and shall be certified by the Company seal.

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

9.14 Agendas shall be prepared for Board meetings and clerical support shall be provided by the Secretary of the Board of Directors, who shall be appointed by decision of the Board of Directors on the recommendation of the Chairman of the Board of Directors.

**9.15.** During the period of the performance of their duties, Members of the Board of Directors may receive remuneration and (or) compensation of expenses related to the performance of their functions as the Members of the Board of Directors, pursuant to the decision of the Shareholders Meeting. The amounts of such compensations shall be established by decision of the Shareholders Meeting.

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

9.16 All issues not settled by this Article shall be governed by the *Regulations on the Board of Directors* of the Company.

## **Article 10. President of the Company and the Management Committee**

10.1. The President of the Company, being the single-person executive body of the Company, shall manage the current operations of the Company and head the Management Committee, which is Company's collective executive body.

The President shall be appointed by the General Meeting of Shareholders for a term of five years.

**10.2.** Pursuant to the laws of the Russian Federation, the President of the Company is vested with all powers he may need to manage the Company.

**The President shall act without the power of attorney on behalf of the Company within his competence set out by this Charter and applicable laws.**

*(Wording of this point as approved by the Extraordinary General Shareholders Meeting on 24 January 2005, Minutes No.1)*

**In the absence of the President of the Company (due to business travel, temporary disability, leave, or other reasons) the duties of the President of the Company shall be performed without power of attorney by the First Executive Vice-President or another person appointed acting President of the Company by executive order of OAO "LUKOIL".**

*(Paragraph added by the Annual General Shareholders Meeting on 28 June 2007, Minutes No.1)*

10.3 The authority of the Company's President shall include all issues relating to the management of the Company's operations, except for those within the authority of the Shareholders Meeting or the Board of Directors of the Company. The President shall perform, *inter alia*, the following duties:

10.3.1. management of the day-to-day operations of the Company;

10.3.2. exercise of the right of first signature on financial documents of the Company;

10.3.3. management of the Company's assets for the purpose of the Company's current operations, within the limits established by the Charter;

10.3.4. represent the Company inside and outside the Russian Federation;

10.3.5. approval of personnel, conclusion of employment contracts with Company employees, establishment of incentives and imposition of penalties;

10.3.6. performance of the function of chairman of the Management Committee and organization of its work;

10.3.7. submission for the approval of the Board of Directors of a list of nominees to the Management Committee and signing of agreements with members of the Management Committee on behalf of the Board of Directors;

10.3.8. performance of transactions on the Company's behalf, issue of powers of attorney on the Company's behalf, and opening of the bank accounts of the Company;

10.3.9. organization of the accounting, reporting and document flow in the Company;

10.3.10. issuing of orders and instructions binding on all employees of the Company;

10.3.11. filing of claims and suits on the Company's behalf against legal entities and individuals in the Russian Federation and abroad;

**10.3.12 representing the Company at general shareholders (participants) meetings of its subsidiaries and other entities in which the Company holds an interest and voting on all issues on the agenda of such general meetings. In the events referred to in sub-clauses 9.7.26-9.7.29 of clause 9.7 of this Charter, voting at general meetings of shareholders (participants) of subsidiaries is made only pursuant to the decision of the Board of Directors of the Company;**

*(Wording of this point as approved by the Extraordinary General Shareholders Meeting on 24 January 2005, Minutes No.1)*

10.3.13. approval of the Company's structure and regulations on the Company's structural and separate subdivisions;

10.3.14. approval of the Company's internal documents governing its current operations, other than internal documents whose approval is assigned by this Charter to the authority of the Management Committee of the Company.

**10.3.15. Appointment (approval) of the first executive vice-president, first vice-presidents and vice-presidents.**

*(Sub-point added by the Annual General Shareholders Meeting on 28 June 2005, Minutes No.1)  
(Wording of this sub-point as approved by the Annual General Shareholders Meeting on 28 June 2007, Minutes No.1)*

**10.4.** The Management Committee, the Company's collective executive body, shall be formed annually by the Board of Directors. The President of the Company shall, within one month of the election of the Board of Directors at the annual Shareholders Meeting, submit for approval to the Board of Directors a proposal on the composition and candidates to the Management Committee. The Board of Directors may reject any candidate to the Management Committee, but may not approve any members of the Management Committee without recommendation of the President.

Members of the Management Committee need not be employees of the Company and may, in particular, hold executive positions in the Company's subsidiaries, subject to the Board's consent.

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

10.5. The term of office of members of the Management Committee shall be reckoned from the time they are approved by the Board of Directors to the moment when a new Management Committee is approved by the Board of Directors. The authority of any Management Committee member may be terminated at any time by the Board of Directors on the recommendation of the President. During the year the President may propose additional candidates to the Management Committee for approval by the Board of Directors. Newly approved Management Committee members replacing previous members shall hold their positions until approval of the new Management Committee by the Board of Directors.

Any Management Committee member may withdraw from the Management Committee before the expiration of his/her term, by submitting written notice to the President. This issue shall then be submitted to the Board of Directors for a decision.

The time and procedure for convocation and holding meetings and the procedure for decision-making shall be determined by the *Regulations on the Management Committee*.

10.6. The authority of the Management Committee shall include the following issues:

10.6.1. organization of efficient day-to-day management of the current operations of the Company;

10.6.2. development and implementation of the Company's current business policy to enhance its profitability and competitiveness;

**10.6.3.** development and approval of the Company's **quarterly**, annual and future plans of action, budget and investment program, and control over the implementation thereof;  
*(Wording of this sub-point as approved by the Annual General Shareholders Meeting on 28 June 2005, Minutes No.1)*

**10.6.4. arranging for Shareholders Meetings and activities of the Company's Board of Directors, ensuring implementation of the decisions made by them;**  
*(Wording of this sub-point as approved by the Extraordinary General Shareholders Meeting on 24 January 2005, Minutes No.1)*

10.6.5. development and implementation of the general development strategy for Company subsidiaries, including uniform production, technical, fiscal, pricing, sales, social and staffing policies, preliminary approval of the decisions of Company subsidiaries on participation in other entities, and coordination of the operations of Company subsidiaries, including approval of the documents regulating the activities of Company subsidiaries;

10.6.6. decisions on the sale of shares and other issued Company securities repurchased by the Company;

10.6.7. appointment of representatives of the President of the Company for the political subdivisions of the Russian Federation and foreign countries on recommendation of the President of the Company;

10.6.8. monitoring of work on collection of the accounts receivable of the Company;

10.6.9. decisions on the observation of anniversaries and other significant dates, on awards and grants of honorary titles to employees of the Company and its subsidiaries;

**10.6.10. decisions on the Company's participation in other entities, except for cases provided for under sub-clause 8.2.18 of clause 8.2 hereof, sub-clauses 9.7.27 and 9.7.28 of clause 9.7 hereof;**  
*(Wording of this sub-point as approved by the Extraordinary General Shareholders Meeting on 24 January 2005, Minutes No.1)*

10.6.11. approval of the Company's internal documents on issues assigned by this Charter to the authority of the Management Committee;

**10.6.12. decisions on approval of material transactions, entered into by the Company's subsidiaries, except for the case set out in sub-clause 9.7.26 of clause 9.7 hereof; adoption of internal documents of the Company establishing criteria and the procedure for approval of material transactions;**

*(Wording of this sub-point as approved by the Extraordinary General Shareholders Meeting on 24 January 2005, Minutes No.1)*

**10.6.13. adoption of decisions on registration and use of Company trademarks, approval of the Company's corporate identity and recommendations on its use;**  
*(Point added by the Annual General Shareholders Meeting on 26 June 2003, Minutes No.1)*

**10.6.14** the Management Committee may exercise other authorities granted to it by the President of the Company, and may delegate any of its powers to the President.

*(Wording of this sub-point as approved by the Annual General Shareholders Meeting on 26 June 2003, Minutes No.1)*

## **Article 11. Duties of Officers and Other Persons**

11.1. When exercising their rights and performing their duties, the Company's officers and other persons in cases stipulated by the effective legislation shall act in the interests of the Company and shall exercise their rights and perform their duties in respect of the Company reasonably and in good faith.

11.2. The officers of the Company and other persons in cases stipulated by the effective legislation shall be liable to the Company for losses incurred by the Company through their culpable actions (inaction), unless other grounds and scope of liability are set forth by federal law.

**The officers of the Company and other persons in cases stipulated by the effective legislation shall be liable to the Company or shareholders for losses caused to the Company by their culpable actions (inaction) in violation of the procedure for acquiring shares in an open joint stock company stipulated by effective legislation.**

No liability shall be borne by members of the Board of Directors and Management Committee of the Company who voted against a decision that caused losses to the Company **or shareholder** or who did not participate in the voting.

*(Wording of this point as approved by the Annual General Shareholders Meeting on 28 June 2007, Minutes No.1)*

11.3. In determining the grounds and scope of liability of the persons specified in point 11.2 of this Charter, ordinary business custom and other relevant circumstances shall be taken into account.

11.4. If several persons are liable pursuant to the terms of this article of the Charter, they shall be jointly and severally liable to the Company, **and in those cases stipulated by the second paragraph of point 11.2 of this Charter, to the shareholder.**

*(Wording of this point as approved by the Annual General Shareholders Meeting on 28 June 2007, Minutes No.1)*

11.5. The Company or a shareholder (shareholders) owning in aggregate not less than one percent of the outstanding ordinary shares of the Company shall have the right to file suit in court against the persons specified in point 11.2 of this Charter to recover the losses caused to the Company **in cases stipulated in the first paragraph of point 11.2 of this Charter.**

**The Company or shareholder shall have the right to file suit in court against the persons specified in point 11.2 of this Charter to recover the losses caused to the Company (shareholder) in cases stipulated in the second paragraph of point 11.2 of this Charter.**

*(Wording of this point as approved by the Annual General Shareholders Meeting on 28 June 2007, Minutes No.1)*

11.6. The Company shall insure the liability of its officers in accordance with international practice.

## **Article 12. Audit Commission and Audit**

12.1. The Audit Commission shall exercise control over the financial and economic activity of the Company. The rules of the Audit Commission shall be set forth in the *Regulations on the Audit Commission*.

12.2. The Audit Commission shall be elected by the annual Shareholders Meeting in accordance with the procedure established by this Charter and shall have three members.

The term of office of the Audit Commission shall be reckoned from the time of its election by the annual Shareholders Meeting to the time of the election of a new Audit Commission by the next annual Shareholders Meeting.

12.3. The authority of individual members or the entire Audit Commission may be terminated early by decision of the Shareholders Meeting.

In the event the number of members of the Audit Commission is less than half of the figure stipulated by the Company Charter, the Board of Directors must convene an extraordinary Shareholders Meeting to elect a new Audit Commission. The remaining members of the Audit Commission shall perform their functions until a new Audit Commission is elected at an extraordinary Shareholders Meeting.

In the event of the early termination of the authority of the Audit Commission or specific members thereof, the authority of the new Audit Commission shall be effective until the Audit Commission is elected (re-elected) by the annual Shareholders Meeting one year after the annual Meeting that elected the Audit Commission whose authority was terminated.

12.4. Any shareholder or any person nominated by a shareholder may be a member of the Audit Commission. Members of the Audit Commission may not concurrently be members of the Board of Directors or hold any other positions in the management bodies of the Company.

12.5. Members of the Audit Commission shall elect a chairman from among their number.

12.6. An audit (review) of the financial and economic activities of the Company shall be conducted based on the Company's performance in the previous year.

An audit (review) of the Company's financial and economic activities may be performed at any time on the initiative of the Audit Commission, by decision of the Shareholders Meeting or Board of Directors, or at the request of a shareholder (shareholders) of the Company holding in aggregate at least 10 percent of the voting shares of the Company.

12.7. Persons holding positions in the Company's management bodies are obliged to provide documents about the Company's financial and economic activities at the request of the Audit Commission of the Company.

12.8. The Audit Commission of the Company shall have the right to request the convocation of an extraordinary Shareholders Meeting pursuant to the procedure established by effective legislation, this Charter and the Company's internal documents.

12.9. On the basis of audit of the Company's financial and economic activities, the Audit Commission of the Company shall prepare a report, which must contain the following:

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 in the course of the performance of financial and economic activities.

**12.10. During the period of the performance of their duties, members of the Audit Commission may be paid remuneration and (or) reimbursement of costs, pursuant to the procedure and in the amounts established by decision of the Shareholders Meeting**  
*(Wording of this point as approved by the Annual General Shareholders Meeting on 28 June 2005, Minutes No.1)*

12.11. The Auditor of the Company shall be approved by the Shareholders Meeting.

Acting on the basis of legal acts of the Russian Federation, the Auditor of the Company shall perform an audit of the Company's financial and economic activities, on the basis of a signed contract.

### **Article 13. Profits, Dividends and Funds**

13.1. The Company's profits shall be determined pursuant to the procedure established by the laws of the Russian Federation. The Company's net profits shall remain at the disposal of the Company and shall be used by the Company at its own discretion.

13.2. The Company shall create a reserve fund and may create other financial funds. The procedure for the use of such funds shall be established by the Board of Directors.

13.3. The Company shall form a reserve fund in the amount of 15 percent of the Charter Capital. Until the reserve fund reaches this amount, annual deductions to the reserve fund shall be made in the amount of five percent of net profits.

The reserve fund shall be used to cover the Company's losses and to redeem Company bonds and repurchase Company shares in the absence of other resources.

**13.4. The Company may decide on (declare) the payment of dividends on outstanding shares.**

Dividends shall be paid from the Company's net profits.  
*(Wording of this point as approved by the Annual General Shareholders Meeting on 26 June 2003, Minutes No.1)*

**13.5. Decisions on the payment of dividends, the amount and form of payment of dividends on each class (type) of shares, as well as the deadlines and procedure for the payment of dividends shall be taken by the Shareholders Meeting. Annual dividends may not exceed the amount recommended by the Company's Board of Directors.**

**Annual dividends shall be paid no later than the end date of the financial year during which the decision on their payment was passed.**

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

**13.6. For each payment of dividends, the Board of Directors shall compile a list of persons entitled to receive dividends. This list shall be compiled as at the date of compilation of the list of persons entitled to participate in the Shareholders Meeting at which the decision on payment of dividends is taken. In order to prepare the list of persons entitled to receive dividends, nominal shareholders shall provide information on the persons on whose behalf they hold shares.**

*(Wording of this point as approved by the Annual General Shareholders Meeting on 26 June 2003, Minutes No.1)*

13.7. Dividends shall be paid in cash by wire transfer to the bank account or bank deposit of the shareholder, by mail order, or in any other manner agreed with the shareholder, or in the form of other assets in the event the Shareholders Meeting passes a decision on the payment of dividends in other assets.

13.8. The tax on dividends payable to shareholders shall be withheld pursuant to the procedure established by applicable law.

#### **Article 14. Accounting and Reporting**

**14.1.** The Company shall perform financial, **tax** and other types of accounting and provide **financial, tax** and other reports according to the procedure established by effective legislation.

*(Wording of this point as approved by the Annual General Shareholders Meeting on 28 June 2006, Minutes No.1)*

**14.2.** The President is responsible for the organisation, maintenance and reliability of financial **and tax** accounting at the Company; the timely submission of the annual report and other financial statements to the relevant bodies; and the information on the Company's operations to be provided to shareholders, creditors and the mass media.

The Chief Accountant of the Company shall exercise control over the accuracy of recording on accounts and **in tax ledgers** of all business operations and the timely submission of financial statements and **tax reports**.

*(Wording of this point as approved by the Annual General Shareholders Meeting on 28 June 2006, Minutes No.1)*

14.3. The financial year shall be from January 1 through December 31 inclusive of each year.

14.4. The Company's Audit Commission shall confirm the reliability of information contained in the annual report and annual financial statements of the Company.

14.5 The annual report of the Company shall be subject to preliminary approval by the Board of Directors of the Company, not later than 30 days prior to the date of the annual Shareholders Meeting.

## **Article 15. Reorganization and Liquidation of the Company**

15.1. Reorganization and liquidation of the Company shall be carried out in accordance with the requirements of the laws of the Russian Federation.

15.2. The reorganization of the Company (merger, takeover, split-up, spin-off, transformation) shall be carried out by decision of the Shareholders Meeting only on the recommendation of the Board of Directors, and also in cases stipulated by the laws of the Russian Federation.

15.3. In the event of reorganization, the transfer of the rights and duties of the Company to its legal successor(s) shall be documented in an act of transfer or separation balance sheet.

15.4. The liquidation of the Company shall be carried out pursuant to the decision of the Shareholders Meeting and also in cases stipulated by the laws of the Russian Federation.

15.5. The liquidation of the Company shall be carried out by a liquidation commission elected by the Shareholders Meeting or appointed by a court.

15.6. The liquidation commission shall publish, in the print media where information on the registration of legal entities is published, an announcement of the liquidation of the Company and the procedure and deadlines for the filing of claims by creditors.

15.7. From the time the liquidation commission is appointed, all authorities in the management of the Company shall pass to the liquidation commission.

15.8. The procedure and time period for the Company's liquidation shall be established by the Shareholders Meeting or a court. The deadline for filing of claims by creditors may not be less than two months from the date of publication of the announcement of the Company's liquidation.

15.9. The order in which the creditors' claims are satisfied in case of the Company's liquidation shall be determined by the laws of the Russian Federation.

15.10. The Company shall be deemed to have been reorganized or liquidated from the date the appropriate entry is made in the Unified State Register of Legal Entities.

15.11. In the event of a reorganization of the Company that results in the termination of the Company's activity, all documents shall be transferred to the legal successor in compliance with applicable rules. In the event of the liquidation of the Company, documents designated for permanent storage, having scientific and historical value, shall be transferred to the State Archives of the Russian Federation.