

Recommendations of the Board of Directors of OAO "LUKOIL" on the items on the agenda of the Annual General Shareholders Meeting of OAO "LUKOIL"

To recommend that the Annual General Shareholders Meeting of OAO "LUKOIL" adopt the following decisions:

On item 1 on the agenda of the meeting:

To approve the annual financial statements, including income statements (profit and loss accounts) of the Company, and also the distribution of profits:

The net profit of OAO "LUKOIL" for distribution for 2005 was equal to 66,326,909,000 roubles.

To distribute 28,068,587,000 roubles to the payment of dividends for 2005.

The rest of the net profit shall be left undistributed.

To pay dividends for the 2005 financial year in the amount of 33 roubles per ordinary share. To set the term of payment of dividends as July to December 2006. Payment of dividends shall be made in cash from the account of OAO "LUKOIL".

The list of parties entitled to receive dividends shall be compiled on the date of preparation of the list of parties entitled to participate in the Annual General Shareholders Meeting of OAO "LUKOIL", i.e. 11 May 2006.

The proposed decisions are based on the recommendations of the Strategy and Investment Committee of the Board of Directors of OAO "LUKOIL" (Minutes No. 1 of 11 April 2006), and of the Audit Committee of the Board of Directors of OAO "LUKOIL" (Minutes No. 5 of 15 May 2006).

Recommendation on the approval of the 2005 Annual Report of OAO "LUKOIL" will be made by the Board of Directors when taking the decision on the tentative approval of the Annual Report on 29 May 2006.

On item 2 on the agenda of the meeting:

To elect the Board of Directors of OAO "LUKOIL", consisting of 11 members, from the list of candidates approved by the Board of Directors of OAO "LUKOIL" on 4 February 2006 (Minutes No. 3).

On item 3 on the agenda of the meeting:

To appoint the President of the Company from the list of candidates approved by the Board of Directors of OAO "LUKOIL" on 4 February 2006 (Minutes No. 3) - Vagit Yusufovich Alekperov.

The candidacy was recommended by the Human Resources and Compensation Committee at its meeting on 28 March 2006 (Minutes No. 3).

On item 4 on the agenda of the meeting:

To elect the Audit Commission from the list of candidates approved by the Board of Directors of OAO "LUKOIL" on 4 February 2006 (Minutes No. 3).

On item 5 on the agenda of the meeting:

1. To recognize as advisable the retention of the amounts of remuneration of members of the Board of Directors and the Audit Commission of OAO "LUKOIL" established by decision of the Annual General Shareholders Meeting of OAO "LUKOIL" of 24 June 2004 (Minutes No. 1).
2. To pay members of the Board of Directors remuneration for their performance of the duties of members of the Board of Directors, in the following amounts:

– V.I. Grayfer	– 125,000 currency units (c.u.)
– V.Yu. Alekperov	– 125,000 c.u.
– M.P. Berezhnoi	– 125,000 c.u.
– O.E. Kutafin	– 125,000 c.u.
– R.U. Maganov	– 125,000 c.u.
– R. Matzke	– 125,000 c.u.
– S.A. Mikhailov	– 125,000 c.u.
– N.A. Tsvetkov	– 125,000 c.u.
– I.V. Sherkunov	– 125,000 c.u.
– K. Meyers	– 125,000 c.u.
– A.N. Shokhin	– 125,000 c.u.
3. In accordance with the decision of the Annual General Shareholders Meeting of OAO "LUKOIL" of 24 June 2004 (Minutes No. 1), to pay the members of the Board of Directors the following remuneration in addition to that for the performance of the duties of members of the Board of Directors:

– to V.I. Grayfer, for performance of the functions of the Chairman of the Board of Directors	– 30,000 c.u.;
– to R. Matzke, for performance of the functions of Chairman of the Strategy and Investment Committee	– 15,000 c.u.;
– to O.E. Kutafin, for performance of the functions of Chairman of the Audit Committee	– 15,000 c.u.
– to A.N. Shokhin, for performance of the functions of Chairman of the Human Resources and Compensation Committee	– 15,000 c.u.
4. In addition to remuneration for the performance of functions of members of the Board of Directors, to pay the members of the Board of Directors for their attendance at meetings of a committee of the Board of Directors, and for attendance at meetings of the Board of Directors or a committee of the Board of Directors, where attendance requires a transcontinental flight, in the amount established by decision of the Annual General Shareholders Meeting of OAO "LUKOIL" of 24 June 2004 (Minutes No. 1). The specific amount of remuneration due for payment shall be determined as at the date of the Annual General Shareholders Meeting of OAO "LUKOIL" on 28 June 2006, in accordance with the actual participation of members of the Board of Directors at meetings.

5. To pay remuneration to each of the members of the Audit Commission of OAO "LUKOIL" in the amount established by decision of the Annual General Shareholders Meeting of OAO "LUKOIL" of 24 June 2004 (Minutes No. 1) – 72,500 c.u.
6. To reimburse members of the Board of Directors for expenses in relation to their performance of the functions of members of the Board of Directors, the types of which are established by decision of the Annual General Shareholders Meeting of OAO "LUKOIL" of 24 June 2004 (Minutes No. 1), in the amount of actually incurred documented expenses.

The proposed decisions are based on the recommendations of the Human Resources and Compensation Committee of the Board of Directors of OAO "LUKOIL" (Minutes No. 3 of 28 March 2006).

On item 6 on the agenda of the meeting:

To approve the closed joint-stock company KPMG as the independent auditor of the Company.

The proposed decision is based on the recommendations of the Audit Committee of the Board of Directors of OAO "LUKOIL" (Minutes No. 2 of 17 February 2006).

On item 7 on the agenda of the meeting:

To approve the amendments and addenda to the Charter of the Open Joint Stock Company "Oil Company "LUKOIL".

On item 8 on the agenda of the meeting:

To approve an Addendum to the *Regulations on the Board of Directors of OAO "LUKOIL"*.

On item 9 on the agenda of the meeting:

To approve the amendments and addenda to the *Regulations on the Audit Commission of OAO "LUKOIL"*.

On item 10 on the agenda of the meeting:

To approve interested-party transactions.