

INFORMATION

on interested-party transactions

In accordance with article 83 of the Federal Law *On Joint Stock Companies*, interested-party transactions must be approved by the Board of Directors or General Shareholders Meeting of the company prior to their conclusion.

Point 4 of article 83 of the Federal Law *On Joint Stock Companies* stipulates that if the subject of a transaction or several interrelated transactions is an asset, the value of which according to the company's accounting data (the asking price of an asset being acquired) is equal to or greater than 2 percent of the book value of the assets of the company according to its financial statements for the latest reporting date, the transaction must be approved by the General Shareholders Meeting. In accordance with point 3 of article 49 of the Federal Law *On Joint Stock Companies*, the decision on approval of interested-party transactions shall only be taken by the general shareholders meeting on the recommendation of the board of directors of the company.

Pursuant to the balance sheet of the Company approved according to the procedure established by legislation on the latest reporting date (31 March 2006) of the balance sheet approved pursuant to effective legislation, the value of the Company's assets equals 399,243,051,000 roubles. Two percent of this amount is equal to 7,984,861,020 roubles.

Seven interested-party transactions are being sent for the approval of the annual General Shareholders Meeting of OAO "LUKOIL". The amount to be paid under each of the six transactions is equal to or greater than two percent of the book value of the Company's assets according to the data of its financial statements as at 31 March 2006, which necessitates that the transactions be sent for the approval of the annual General Shareholders Meeting of OAO "LUKOIL". The seventh transaction is being sent for the approval of the General Shareholders Meeting of the Company based on point 3 of article 83 of the Federal Law *On Joint Stock Companies*, since all the members of the Board of Directors of OAO "LUKOIL" qualify as parties interested in the conclusion of the transaction.

The first two transactions are contracts on the supply of oil and oil products between OAO "LUKOIL" and OOO LUKOIL-Volgogradneftepererabotka, concluded for a term of one year. The contract on the supply of oil was concluded in execution by OAO "LUKOIL" of the Oil Distribution Schedule for 2006–2007, in order to supply raw materials to OOO LUKOIL-Volgogradneftepererabotka; the contract on the supply of oil products was concluded in execution by OAO "LUKOIL" of its export programme. V.S. Sharifov, a member of the Management Committee of OAO "LUKOIL", is considered an interested party to the transaction since his son, R.V. Sharifov, holds a management position (in the Management Committee) at OOO LUKOIL-Volgogradneftepererabotka, which is a party to the transaction. V.S. Sharifov does not receive direct material benefit.

The third transaction is a supplemental agreement to Shareholder Loan Agreement No. 0510225 of 29 March 2005 between OAO "LUKOIL" and OOO Naryanmarneftegaz. This Agreement, concluded in execution of the Framework Agreement with ConocoPhillips of 29 September 2004, the loan amount under which is 32,200,000,000 roubles, was approved by decision of the Board of Directors of OAO "LUKOIL" on 3 May 2005 (Minutes No. 15) in accordance with sub-point 9.7.19 of point 9.7 of the Charter of OAO "LUKOIL" as a transaction worth more than 10 percent but less than 25 percent of the book value of the assets of OAO "LUKOIL" according to the data of its financial statements as at 31 December 2004 (the then latest reporting date). At the time of conclusion of the Agreement there were no grounds to consider the Agreement an interested-party transaction. The Supplemental Agreement changes the interest rate under the Agreement from 0.1% per annum to 8% per annum starting from 1 January 2006. The purpose of the supplemental agreement is to increase the interest rate under the Agreement to the level of market interest rates, as determined based on fixed interest rates for Russian rouble loans offered to companies by the leading international commercial creditors on the Russian market for similar loans for the pertinent term, which will facilitate the truthful disclosure of information on the value of the Company's assets by business segment in accordance with US GAAP standards. By the end of the effective term of the Agreement the amount of accrued interest will equal 70,883,923,249 roubles. The other terms of the Agreement remain unchanged. The Supplemental Agreement applies to the relations between the parties arising from 1 January 2006. D.K. Cheloyants, a member of the Management Committee of OAO "LUKOIL", and simultaneously a member of the Board of Directors of OOO Naryanmarneftegaz, is considered an interested party to the transaction. He does not receive direct material benefit. He is formally considered an interested party due to the fact that he participates in the management bodies of the Company and OOO Naryanmarneftegaz.

The fourth transaction is a supplemental agreement to Shareholder Loan Agreement No. 0610114 of 3 March 2006 between OAO "LUKOIL" and OOO Naryanmarneftegaz. This agreement, the loan amount under which equals 6,356,099,620.30 roubles, was approved by decision of the Board of Directors of OAO "LUKOIL" on 30 January 2006 (Minutes No. 2) as an interested-party transaction. Pursuant to the Supplemental Agreement the interest rate under the Agreement was changed from 0.1% per annum to 6.8% per annum starting from 1 April 2006. The purpose of the supplemental agreement is to increase the interest rate under the Agreement to the level of

market interest rates, as determined based on fixed interest rates for Russian rouble loans offered to companies by the leading international commercial creditors on the Russian market for similar loans for the pertinent term, which will facilitate the truthful disclosure of information on the value of the Company's assets by business segment in accordance with US GAAP standards. The amount of accrued interest will be 12,313,500,000 roubles. The other terms of the Agreement remain unchanged. The supplemental agreement applies to the relations between the parties arising from 1 April 2006. D.K. Cheloyants, a member of the Management Committee of OAO "LUKOIL", and simultaneously a member of the Board of Directors of OOO Naryanmarneftegaz, is considered an interested party to the transaction. He does not receive direct material benefit. He is formally considered an interested party due to the fact that he participates in the management bodies of the Company and OOO Naryanmarneftegaz.

The fifth and sixth transactions are shareholder loan agreements between OAO "LUKOIL" and OOO Naryanmarneftegaz, the amount of which exceeds two percent of the book value of the assets of OAO "LUKOIL" according to the data of its financial statements as at the latest reporting date. D.K. Cheloyants, a member of the Management Committee of OAO "LUKOIL", and simultaneously a member of the Board of Directors of OOO Naryanmarneftegaz, is considered an interested party to the transaction. He does not receive direct material benefit. He is formally considered an interested party due to the fact that he participates in the management bodies of the Company and OOO Naryanmarneftegaz. These agreements were concluded for a term of 30 years from the date of their signing, and may be extended for another 30 years. The purpose of the loan is to finance the Borrower's activity pursuant to point 3.6 of the Agreement on the Joint Venture Group between OAO "LUKOIL" and ConocoPhillips of 29 September 2004. The fifth transaction stipulates the issue by the Company (Lender) to OOO Naryanmarneftegaz (Borrower) of a loan worth a total of no more than 15,500,000,000 roubles; the sixth transaction stipulates the issue by the Company (Lender) to OOO Naryanmarneftegaz (Borrower) of a loan worth a total of no more than 15,000,000,000 roubles. The interest rate under these agreements is established by the Lender based on market interest rates, as determined based on fixed interest rates for Russian rouble loans offered to companies by the leading international commercial creditors on the Russian market for similar loans for the pertinent term.

The seventh transaction is a policy (contract) on insurance of the liability of directors, officers and corporations between OAO Kapital Strakhovanie [Capital Insurance] (Insurer) and OAO "LUKOIL" (Policyholder) under which the liability of the members of the Board of Directors and other officers of the Company, i.e. the President and members of the Management Committee, and the liability of the Company itself is insured (under coverage A and coverage B, respectively) for the period of 2006–2007. This transaction must be approved by the General Shareholders Meeting in accordance with point 3 of article 83 of the Federal Law *On Joint Stock Companies*, since all members of the Board of Directors of the Company are considered interested parties to this transaction as beneficiaries under the transaction. The limit of liability under coverage A and B together, including legal defence costs, is at least USD 30,000,000. The insurance premium for coverage A is up to USD 20,000, and for coverage B – up to USD 2,080,000. Professional liability insurance is a generally accepted practice throughout the world. The Corporate Governance Code recommends that joint stock companies buy this type of insurance using internal funds so that any losses caused to third parties by the culpable actions of the members of the Board of Directors can be compensated using the funds of the insurance company. Under the indicated contract the Policyholder undertakes to pay the insurance premium by the indicated date and to comply with the terms of the contract, and the Insurer undertakes to pay insurance compensation in accordance with the contractual terms in the event of the occurrence of an insured event.

By its resolution of 25 April 2006, the Board of Directors of OAO "LUKOIL" recommended that the Annual General Shareholders Meeting of OAO "LUKOIL" approve the aforementioned interested-party transactions. In accordance with article 77 of the Federal Law *On Joint Stock Companies*, the Board determined the price of assets underlying the interested-party transactions submitted for the consideration of the Annual General Shareholders Meeting of OAO "LUKOIL", based on their market value.