

**Materials that are made available for those entitled to participate  
in the Annual General Shareholders Meeting of OAO LUKOIL  
to be held on June 26, 2014**

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OPEN JOINT STOCK COMPANY "OIL COMPANY "LUKOIL"

**NOTICE**  
**of the Annual General Shareholders Meeting**  
**of Open Joint Stock Company "Oil company "LUKOIL"**

**Dear Shareholder,**

Open Joint Stock Company "Oil company "LUKOIL" located at the address: Sretensky bulvar 11, Moscow, 101000, Russian Federation, hereby informs you that the Annual General Shareholders Meeting of OAO "LUKOIL" will take place on **26 June 2014** in the form of a meeting (joint attendance of shareholders to discuss agenda items and take decisions on issues put to a vote) with preliminary distribution (dispatch) of ballots before the conduct of the Meeting.

Place and time of the Meeting: OAO "LUKOIL", Sretensky bulvar 11, Moscow, in the Conference Hall (entrance from Kostyansky pereulok), at 11:00 a.m.

Registration of persons participating in the meeting begins at 9:30 a.m.

In accordance with Articles 58 and 60 of the Federal Law *On Joint Stock Companies*, you can vote on the items of the Meeting agenda by completing the ballots and mailing them to the following address: OAO Registrar NIKoil, ulitsa Ivana Franko 8, Moscow, 121108 Russian Federation (hereinafter also the "Registrar"). The deadline for receipt of ballots is 23 June 2014, for determining a quorum of the Meeting and tallying votes.

The date of preparation of the list of persons entitled to take part in the Annual General Shareholders Meeting of OAO "LUKOIL" is 12 May 2014.

***Agenda of the Meeting:***

1. Approval of the 2013 Annual Report of Open Joint Stock Company "Oil company "LUKOIL" and the annual financial statements, including the income statement of the Company, and also distribution of profits and adoption of a decision on payment (declaration) of dividends based on the results of the financial year.
2. Election of the members of the Board of Directors of OAO "LUKOIL".
3. Election of the members of the Audit Commission of OAO "LUKOIL".
4. On the remuneration and reimbursement of expenses to members of the Board of Directors of OAO "LUKOIL".
5. On the remuneration of members of the Audit Commission of OAO "LUKOIL".
6. Approval of the Auditor of OAO "LUKOIL".
7. Approval of Amendments and addenda to the Charter of Open Joint Stock Company "Oil company "LUKOIL".
8. Approval of Amendments and addenda to the *Regulations on the Procedure for Preparing and Holding the General Shareholders Meeting of OAO "LUKOIL"*.
9. On the approval of interested-party transactions.

In order to take part in the Meeting, you or your representative must bring with you your/his/her passport or other identification document; your representative must additionally have a power of attorney drawn up in accordance with the requirements of article 57 of the Federal Law *On Joint Stock Companies*.

Information (materials) to be provided to persons entitled to participate in the Annual General Shareholders Meeting of OAO "LUKOIL" (hereinafter also the "Company") in preparation for the Annual General Shareholders Meeting of OAO "LUKOIL" will be available on the Company's official websites [www.lukoil.ru](http://www.lukoil.ru) (in Russian), [www.lukoil.com](http://www.lukoil.com) (in English) from 16 May 2014; and from 23 May 2014, from 10.00 a.m. to 5.00 p.m. in the premises of the executive body of OAO "LUKOIL", at the address: Sretensky bulvar 11, Moscow, 101000 Russian Federation, tel. (495) 983 2171, 8 (800) 200 9402, and also at the following addresses:

ulitsa Ivana Franko 8, Moscow, 121108 Russian Federation

telephone: (495) 926 8173, 926 8160  
(800) 200 8160

Nab. Severnoi Dviny 30, Arkhangelsk, 163000

telephone: (8182) 65 7544

ulitsa Mira 19, office 309, Volgograd, 400131

telephone: (8442) 24 7274, 24 7279

ulitsa Leitenanta Yanalova 2, Kaliningrad, 236023

telephone: (4012) 60 5434, 60 5464

ulitsa Gorkogo 5, 5th floor, office 503, Kirov, 610017

telephone: (8332) 40 5631

ulitsa Lenina 113, office 205, Krasnoyarsk, 660017

telephone: (391) 274 6063, 221 7417, 274 6073

ulitsa Belinskogo 9/1, 5th floor, offices 10 & 11, Nizhni Novgorod, 603022

telephone: (831) 296 1661

ulitsa Svobody 1, office 117, Novorossiysk, Krasnodarsky Krai, 353900

telephone: (8617) 64 2900

Leninsky prospekt 16, Norilsk, Krasnoyarsky Krai, 663305	telephone: (3919) 42 5025, 46 2817
OPS airport Sheremetievo-1, building 6, Khimki, Moscow Oblast, 141426	telephone: (495) 578 3680
Pereulok Tersky 8, Murmansk, 183038	telephone: (8152) 42 1162
ulitsa Kooperativnaya 5, Veliky Novgorod, 173003	telephone: (8162) 73 1720
ulitsa Goroda Volos 42/105, Rostov-on-Don, 344010	telephone: (863) 244 1026
ulitsa Novo-Sadovaya 3, Business Centre '7th Avenue', Samara, 443100	telephone: (846) 379 7218, 379 7219, 379 7220
ulitsa N.G. Chernyshevskogo 60/62A, Saratov, 410004	telephone: (8452) 29 3236, 57 2894
Belovodsky pereulok 6, St. Petersburg, 194044	telephone: (812) 541 8248
Moskovsky prospekt 212, St. Petersburg, 194044	telephone: (812) 371 9868
prospekt Bumazhnikov 2, Syktyvkar-26, Komi Republic, 167026	telephone: (8212) 29 3180, 29 3181
ulitsa Mendeleevskaya 1, Tula, 300041	telephone: (4872) 70 0064, 30 7123
ulitsa Karla Marxa 54, office 215, Chelyabinsk, 454084	telephone: (351) 266 4770
ulitsa Revoliutsionnaya 9a, office 12-a (second floor), Yaroslavl, Yaroslavl Oblast, 150040	telephone: (4852) 26 2524, 72 9314
FKB Petrocommerce, ulitsa Pribaltiyskaya 11A, Kogalym, Tyumen Oblast, 628486	telephone: (34667) 9 1114, 9 1052
Additional office No.5 of FKB Petrocommerce in Kogalym, ulitsa Lenina 32, Langepas, Tyumen Oblast, 628672	telephone: (34669) 2 2658
Additional office No.1 of FKB Petrocommerce in Kogalym, ulitsa Lenina 118, Urai, Tyumen Oblast, 628285	telephone: (34676) 2 0266
OAD Bank Petrocommerce, ulitsa Petrovka 24, building 1, Moscow, 127051	telephone: (495) 411 6411, 8 (800) 200 6411
Additional office of OAO Bank Petrocommerce ('Sretenka'), Sretensky bulvar 11, Moscow, 101000	telephone: (499) 973 7655
Additional office of OAO Bank Petrocommerce ('Pokrovka'), Pokrovsky bulvar 3, building 1, Moscow, 109028	telephone: (495) 221 3031
Additional office of OAO Bank Petrocommerce ('Prospekt Mira'), Prospekt Mira 180, Moscow, 129366	telephone: (495) 780 1913, 780 1905
Additional office of OAO Bank Petrocommerce ('Yakimanka'), ulitsa Malaya Yakimanka 4, Moscow, 109180	telephone: (499) 973 7721
Branch of OOO Computershare, ulitsa Monastyrskaya 61, office 561, Perm, 614000	telephone: (342) 217 9474
OAO FKB Petrocommerce, ulitsa Zakharova 11, Krasnodar, 350007	telephone: (861) 268 7508, ext. 2670, 2460
OAO FKB Petrocommerce, ulitsa Sergievskaya 9, Nizhni Novgorod, 603109	telephone: (831) 421 4853
OAO FKB Petrocommerce, prospekt Oktyabrya 25, Ufa, Republic of Bashkortostan 45000	telephone: (347) 282 52 54, ext. 2010
OAO Uglemetbank, ulitsa Molodogvardeitsev 17B, Chelyabinsk, 454138	telephone: (351) 247 4999

Access to information (materials) provided to shareholders in preparation for the General Shareholders Meeting shall be also given to persons taking part in the Annual General Shareholders Meeting of OAO "LUKOIL" during the time the Meeting is held.

**For the purpose of ensuring the timely payment of dividends and the provision of information, we kindly ask you to promptly inform OAO Registrar NIKoil of any changes in your data (change in residence, change in banking details, etc.) by completing the Securities Owners' Form and submitting it to the Registrar. Pursuant to point 5 of article 44 of the Federal Law *On Joint Stock Companies* neither the Company nor OAO Registrar NIKoil will be liable for the debt incurred, should you fail to provide information on such changes.**

Dear Shareholder,

By participating in the General Shareholders Meeting of OAO "LUKOIL" you exercise your right to participate in managing the Company by taking decisions on the most significant matters of its business operations, which matters fall within the exclusive competence of the General Shareholders Meetings; you also have the opportunity to receive a detailed and reliable report on the Company's policies, express your opinion and ask questions of interest to you.

More details on the Annual General Shareholders Meeting of OAO "LUKOIL" will be available if phoned at: (495) 983 2171, 8 (800) 200 9402.

**Board of Directors of OAO "LUKOIL"**

**Agenda**  
**of the Annual General Shareholders Meeting of OAO "LUKOIL"**

Moscow, 26 June 2014

1. Approval of the 2013 Annual Report of Open Joint Stock Company "Oil company "LUKOIL" and the annual financial statements, including the income statement of the Company, and also distribution of profits and adoption of a decision on payment (declaration) of dividends based on the results of the financial year.
2. Election of the members of the Board of Directors of OAO "LUKOIL".
3. Election of the members of the Audit Commission of OAO "LUKOIL".
4. On the remuneration and reimbursement of expenses to members of the Board of Directors of OAO "LUKOIL".
5. On the remuneration of members of the Audit Commission of OAO "LUKOIL".
6. Approval of the Auditor of OAO "LUKOIL".
7. Approval of Amendments and addenda to the Charter of Open Joint Stock Company "Oil company "LUKOIL".
8. Approval of Amendments and addenda to the *Regulations on the Procedure for Preparing and Holding the General Shareholders Meeting of OAO "LUKOIL"*.
9. On the approval of interested-party transactions.

## **DRAFT DECISIONS OF THE ANNUAL GENERAL SHAREHOLDERS MEETING OF OAO "LUKOIL"**

**Draft decision on item 1 on the agenda:** ‘Approval of the 2013 Annual Report of Open Joint Stock Company “Oil company “LUKOIL” and the annual financial statements, including the income statement of the Company, and also distribution of profits and adoption of a decision on payment (declaration) of dividends based on the results of the financial year’:

To approve the Annual Report of OAO “LUKOIL” for 2013 and the annual financial statements, including the income statement of the Company, and also the distribution of profits for the 2013 financial year as follows:

The net profit of OAO “LUKOIL” based on the results of the 2013 financial year was 209,870,651,000 roubles.

The net profit in the amount of 51,033,795,300 roubles based on the results of the 2013 financial year (excluding the profit distributed as dividends of 42,528,162,750 roubles for the first six months of 2013) be distributed for the payment of dividends.

The rest of the net profit shall be left undistributed.

To pay dividends on ordinary shares of OAO “LUKOIL” based on the results for the 2013 financial year in an amount of 60 roubles per ordinary share (excluding the interim dividends of 50 roubles per ordinary share paid for the first six months of 2013). The total amount of dividends payable for the 2013 financial year including the earlier paid interim dividends will be 110 roubles per ordinary share. The dividends of 60 roubles per ordinary share be paid using monetary funds from the account of OAO “LUKOIL”:

- Dividend payments to nominee shareholders and trust managers who are professional market participants registered in the shareholder register of OAO “LUKOIL” to be made within 10 business days after the date on which persons entitled to receive dividends are determined,
- Dividend payments to other persons registered in the shareholder register of OAO “LUKOIL” to be made within 25 business days after the date on which persons entitled to receive dividends are determined.

The costs on the transfer of dividends, regardless of the means, will be paid by OAO “LUKOIL”.

To set 15 July 2014 as the date on which persons entitled to receive dividends based on the results of the 2013 financial year will be determined.

**Draft decision on item 2 on the agenda:** ‘Election of the members of the Board of Directors of OAO “LUKOIL”’:

To elect members of 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 2014 (Minutes No. 3):

1. ALEKPEROV, Vagit Yusufovich
2. BLAZHEEV, Victor Vladimirovich
3. GRAYFER, Valery Isaakovich
4. IVANOV, Igor Sergeevich
5. KOCHKUROV, Sergei Alekseevich
6. MAGANOV, Ravil Ulfatovich
7. MATZKE, Richard
8. MIKHAILOV, Sergei Anatolievich
9. MOBIUS, Mark
10. MOSCATO, Guglielmo Antonio Claudio
11. PICTET, Ivan
12. FEDUN, Leonid Arnoldovich

**Draft decision on item 3 on the agenda:** ‘Election of the members of the Audit Commission of OAO “LUKOIL”’:

To elect the Audit Commission of OAO “LUKOIL” from the list of candidates approved by the Board of Directors of OAO “LUKOIL” on 4 February 2014 (Minutes No. 3):

1. MAKSIMOV, Mikhail Borisovich
2. SULOEV, Pavel Aleksandrovich
3. SURKOV, Aleksandr Viktorovich

**Draft decision on item 4 on the agenda:** ‘On the remuneration and reimbursement of expenses to members of the Board of Directors of OAO “LUKOIL”’:

1. To pay remuneration and reimburse expenses to members of the Board of Directors of OAO “LUKOIL” pursuant to Appendix No.1 to Ballot No.4.
2. To establish remuneration for newly elected members of the Board of Directors of OAO “LUKOIL” pursuant to Appendix No.2 to Ballot No.4.

**Draft decision on item 5 on the agenda:** ‘On the remuneration of members of the Audit Commission of OAO “LUKOIL”’:

1. To pay remuneration to each of the members of the Audit Commission of OAO “LUKOIL” in the following amounts:

M.B. Maksimov – 2,730,000 roubles  
V.N. Nikitenko – 2,730,000 roubles  
A.V. Surkov – 2,730,000 roubles

2. To establish the following amount of remuneration for the newly elected members of the Audit Commission of OAO “LUKOIL” - 3,000,000 roubles.

**Draft decision on item 6 on the agenda:** ‘Approval of the Auditor of OAO “LUKOIL”’:

To approve the independent auditor of OAO "LUKOIL" - Closed joint stock company KPMG.

**Draft decision on item 7 on the agenda:** ‘Approval of Amendments and addenda to the Charter of Open Joint Stock Company “Oil company “LUKOIL”’:

To approve Amendments and addenda to the Charter of Open Joint Stock Company “Oil company “LUKOIL”, pursuant to the Appendix to Ballot No.7.

**Draft decision on item 8 on the agenda:** ‘Approval of Amendments and addenda to the *Regulations on the Procedure for Preparing and Holding the General Shareholders Meeting of OAO “LUKOIL”*’:

To approve Amendments and addenda to the *Regulations on the Procedure for Preparing and Holding the General Shareholders Meeting of OAO “LUKOIL”*, pursuant to the Appendix to Ballot No.8.

**Draft decision on item 9 on the agenda:** ‘On the approval of interested-party transactions’:

To approve interested-party transactions on the terms and conditions indicated in the Appendix to Ballot No.9:

1. Policy (contract) on insuring the liability of directors, officers and corporations between OAO “LUKOIL” (Policyholder) and Joint Stock Company «Kapital Insurance» (Insurer).
2. Supplemental Agreement to Loan Agreement No. 0810843 of 13 October 2008 between OAO “LUKOIL” (Borrower) and OAO RITEK (Lender).

## **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 Report of Open Joint Stock Company "Oil company "LUKOIL" for 2013, the annual financial statements, including the income statement of the Company, and also the distribution of profits for the 2013 financial year as follows:

The net profit of OAO "LUKOIL" based on the results of the 2013 financial year was 209,870,651,000 roubles.

The net profit in the amount of 51,033,795,300 roubles based on the results of the 2013 financial year (excluding the profit distributed as dividends of 42,528,162,750 roubles for the first six months of 2013) be distributed for the payment of dividends.

The rest of the net profit shall be left undistributed.

To pay dividends on ordinary shares of OAO "LUKOIL" based on the results for the 2013 financial year in an amount of 60 roubles per ordinary share (excluding the interim dividends of 50 roubles per ordinary share paid for the first six months of 2013). The total amount of dividends payable for the 2013 financial year including the earlier paid interim dividends will be 110 roubles per ordinary share. The dividends of 60 roubles per ordinary share be paid using monetary funds from the account of OAO "LUKOIL":

- Dividend payments to nominee shareholders and trust managers who are professional market participants registered in the shareholder register of OAO "LUKOIL" to be made within 10 business days after the date on which persons entitled to receive dividends are determined,
- Dividend payments to other persons registered in the shareholder register of OAO "LUKOIL" to be made within 25 business days after the date on which persons entitled to receive dividends are determined.

The costs on the transfer of dividends, regardless of the means, will be paid by OAO "LUKOIL".

To recommend that the Annual General Shareholders Meeting set 15 July 2014 as the date on which persons entitled to receive dividends based on the results of the 2013 financial year will be determined.

The proposed decisions are based on the recommendations of the Audit Committee of the Board of Directors of OAO "LUKOIL" (Minutes No. 2 of 7 April 2014) and the Strategy and Investment Committee of the Board of Directors of OAO "LUKOIL" (Minutes No. 2 of 4 April 2014).

The Annual Report of Open Joint Stock Company "Oil company "LUKOIL" for 2013 was tentatively approved by the Board of Directors of OAO "LUKOIL" (Minutes No 11 of 14 May 2014).

### **On item 2 on the agenda of the meeting:**

To elect members of 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 2014 (Minutes No. 3):

### **On item 3 on the agenda of the meeting:**

To elect the Audit Commission of OAO "LUKOIL" from the list of candidates approved by the Board of Directors of OAO "LUKOIL" on 4 February 2014 (Minutes No. 3):

### **On item 4 on the agenda of the meeting:**



1. To pay members of the Board of Directors of OAO "LUKOIL" remuneration for their performance of the duties of members of the Board of Directors, in the following amounts:

V.I. Grayfer	4,700,000 roubles
V.Yu. Alekperov	4,700,000 roubles
V.V. Blazheev	4,700,000 roubles
I.S. Ivanov	4,700,000 roubles
R.U. Maganov	4,700,000 roubles
R. Matzke	4,700,000 roubles
S.A. Mikhailov	4,700,000 roubles
M. Mobius	4,700,000 roubles
G. Moscato	4,700,000 roubles
I. Pictet	4,700,000 roubles
L.A. Fedun	4,700,000 roubles

2. In accordance with the decision of the Annual General Shareholders Meeting of OAO "LUKOIL" of 23 June 2011 (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 – 1,100,000 roubles;
- to I.S. Ivanov, for performance of the functions of Chairman of the Strategy and Investment Committee – 550,000 roubles;
- to V.V. Blazheev, for performance of the functions of Chairman of the Audit Committee – 550,000 roubles;
- to M. Mobius, for performance of the functions of Chairman of the Human Resources and Compensation Committee – 550,000 roubles.

3. In addition to remuneration for performing their functions as members of the Board of Directors, to pay the members of the Board of Directors of OAO "LUKOIL":

- for their attendance in person at meetings of committees of the Board of Directors, and for their attendance at meetings of the Board of Directors or a committee of the Board of Directors, where attendance requires a transcontinental flight;
- for their participation in conferences and other events on written instructions from the Chairman of the Board of Directors, in the amount established by decision of the Annual General Shareholders Meeting of OAO "LUKOIL" of 23 June 2011 (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 26 June 2014, in accordance with the actual participation of members of the Board of Directors at meetings and conferences (other events).

4. To reimburse members of the Board of Directors of OAO "LUKOIL" 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.

5. To establish the following amounts of remuneration for the newly elected members of the Board of Directors of OAO "LUKOIL":

- for performance of the duties of a member of the Board of Directors – 5,200,000 roubles;
- for performance by a member of the Board of Directors of the functions of the Chairman of the Board of Directors – 1,200,000 roubles;
- for performance by a member of the Board of Directors of the functions of the Chairman of a committee of the Board of Directors – 600,000 roubles;
- for attendance in person at a meeting of a committee of the Board of Directors by a member of the Board of Directors who is a member of the committee – 120,000 roubles;

- for attendance in person at a meeting of the Board of Directors or a committee of the Board of Directors which involves a transcontinental flight (a flight from one continent to another that lasts more than eight hours) – 300,000 roubles. If a member of the Board of Directors takes a transcontinental flight to attend the meetings of both a committee (committees) of the Board of Directors and of the Board of Directors itself, only a single amount of remuneration for the transcontinental flight will be paid;
- for participation in conferences and other events on written instructions of the Chairman of the Board of Directors, in an amount of 120,000 roubles.

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. 1 of 13 February 2014).

**On item 5 on the agenda of the meeting:**

1. To pay remuneration to each of the members of the Audit Commission of OAO “LUKOIL” in the following amounts:

M.B. Maksimov – 2,730,000 roubles  
 V.N. Nikitenko – 2,730,000 roubles  
 A.V. Surkov – 2,730,000 roubles

2. To establish the following amount of remuneration for the newly elected members of the Audit Commission of OAO “LUKOIL” - 3,000,000 roubles.

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. 1 of 13 February 2014).

**On item 6 on the agenda of the meeting:**

To approve the independent auditor of OAO "LUKOIL" - Closed joint stock company KPMG.

The proposed decision is based on the recommendations of the Audit Committee of the Board of Directors of OAO “LUKOIL” (Minutes No. 1 of 18 February 2014).

**On item 7 on the agenda of the meeting:**

To approve Amendments and addenda to the Charter of Open Joint Stock Company “Oil company “LUKOIL”.

**On item 8 on the agenda of the meeting:**

To approve Amendments and addenda to the *Regulations on the Procedure for Preparing and Holding the General Shareholders Meeting of OAO “LUKOIL”*

**On item 9 on the agenda of the meeting:**

To approve interested-party transactions.

## **INFORMATION ON CANDIDATES TO THE BOARD OF DIRECTORS OF OAO "LUKOIL"**

### **Valery Isaakovich Grayfer**

**Chairman of the Board of Directors of OAO "LUKOIL", Chairman of the Board of Directors of OAO RITEK**

**Born: 1929**

Graduated from the I.M. Gubkin Moscow Oil Institute in 1952. Candidate of Technical Sciences (PhD). Recipient of six orders, four medals, and a Certificate of Honour of the Supreme Soviet of the Tatar ASSR. Awarded a Certificate of Honour of the Russian Federation President in 2009. Since 1985: USSR Deputy Minister of Oil Industry in charge of the Chief Tyumen Production Division for the oil and gas industry. 1992-12 January 2010: General Director of OAO RITEK. Since 2010: Chairman of the Board of Directors of OAO RITEK. Since 2000: Chairman of the Board of Directors of OAO "LUKOIL". Professor of the I.M. Gubkin Russian State Oil and Gas University, Lenin Prize winner and the Government of the Russian Federation Prize winner.

### **Vagit Yusufovich Alekperov**

**President of OAO "LUKOIL", Member of the Board of Directors of OAO "LUKOIL", Chairman of the Management Committee of OAO "LUKOIL"**

**Born: 1950**

Graduated from the M. Azizbekov Azerbaijan Oil and Chemistry Institute in 1974. Doctor of Economics. Full member of the Russian Academy of Natural Sciences. Recipient of four orders and eight medals, and a Certificate of Gratitude from the RF President. Two times winner of the RF Government Prize. Employed since 1968; worked at oil fields in Azerbaijan and Western Siberia. 1987-1990: General Director of the Production Association Kogalymneftegaz of Glavtyumenneftegaz of the USSR Ministry of Oil and Gas. 1990-1991: Deputy Minister; First Deputy Minister of the USSR Ministry of Oil and Gas. 1992-1993: President of the Oil Concern Langepasuraikogalymneft. 1993-2000: Chairman of the Board of Directors of OAO "LUKOIL". Since 1993: President of OAO "LUKOIL".

### **Victor Vladimirovich Blazheev\***

**Member of the Board of Directors of OAO "LUKOIL", Rector of the O.E. Kutafin Moscow State Law University (MSAL), Chairman of the Audit Committee of the Board of Directors of OAO "LUKOIL"**

**Born: 1961**

Graduated from the evening department of the All-Union Extra-Mural Law Institute (AELI) in 1987; completed a post-graduate program at AELI/Moscow Law Institute in the department of civil litigation in 1990. Since 1999 he has been engaged in educational (as a lecturer) and administrative activities occupying various positions at Moscow State Academy of Law. 1999-2001: Dean of the full-time day department of Moscow State Academy of Law. 2001-2002: Vice-Rector of Moscow State Academy of Law in charge of academic agenda. 2002-2007: First Vice-Rector of Moscow State Academy of Law in charge of academic agenda. Since 2007: Rector of the O.E. Kutafin Moscow State Law University (MSAL).

### **Igor Sergeevich Ivanov\***

**Member of the Board of Directors of OAO "LUKOIL", President of the Russian International Affairs Council (RIAC), Chairman of the Strategy and Investment Committee of the Board of Directors of OAO "LUKOIL"**

**Born: 1945**

Graduated from the Maurice Thorez Moscow State Institute of Foreign Languages in 1969. Associate member of the Russian Academy of Sciences. Doctor of History. Professor. H.E. Ambassador Extraordinary and Plenipotentiary of the Russian Federation. Recipient of Russian and foreign orders and medals. 1993-1998: First Deputy Minister of Foreign Affairs of the Russian Federation. 1998-2004: Minister of Foreign Affairs of the Russian Federation. 2004-2007: Secretary of the Security Council of the Russian Federation. Since 2005:

Professor of Moscow State Institute of International Relations (MGIMO University) under the Russian Foreign Ministry. Since 2011: President of the Russian International Affairs Council (RIAC). Since 2013: member of the Board of Directors of OSAO Ingosstrakh and Rissa Investments N.V. holding company

### **Sergei Alekseevich Kochkurov**

**Vice-President of OAO "LUKOIL", General Director of OOO LUKOIL-Western Siberia**

**Born: 1963**

Graduated from Ufa Oil Institute in 1986. 2005 -2009: General Director of TPP Pokachevneftegaz. 2009-2010: r. – General Director of TPP Kogalymneftegaz. 2010 – 2012: First Deputy General Director - Chief Engineer of OOO LUKOIL-Western Siberia. Since April 2012: General Director of OOO LUKOIL-Western Siberia and Vice-President of OAO "LUKOIL".

### **Ravil Ulfatovich Maganov**

**Member of the Board of Directors of OAO "LUKOIL", Member of the Management Committee of OAO "LUKOIL", First Executive Vice-President of OAO "LUKOIL" (Exploration and Production), Member of the Strategy and Investment Committee of the Board of Directors of OAO "LUKOIL"**

**Born: 1954**

Graduated from the I.M. Gubkin Moscow Institute of the Petrochemical and Gas Industry in 1977. Distinguished Oil and Gas Specialist of the Russian Federation. Recipient of three orders and three medals. Three times winner of the RF Government Prize in Science and Engineering. 1988–1993: Chief Engineer, Deputy General Director, General Director of PO Langepasneftegaz. 1993–1994: Vice-President of OAO "LUKOIL". 1994-2006: First Vice-President of OAO "LUKOIL". Since 2006: First Executive Vice-President of OAO "LUKOIL".

### **Richard Matzke**

**Member of the Board of Directors of OAO "LUKOIL", Member of the Human Resources and Compensation Committee of the Board of Directors of OAO "LUKOIL"**

**Born: 1937**

Graduated from Iowa State University in 1959, Pennsylvania State University in 1961, and St. Mary's College of California in 1977. MS in Geology, Master of Business Administration. 1989–1999: President of Chevron Overseas Petroleum, member of the Board of Directors of Chevron Corporation. 2000–2002: Vice-Chairman of Chevron, Chevron-Texaco Corporation. 2006: Recipient of a public non-governmental medal "For the Development of the Oil and Gas Complex of Russia" and the "Director of the Year 2006" National Award, Russia, in the "Independent Director of the Year" nomination category, inspired by the Independent Directors Association (IDA) and PricewaterhouseCoopers. 2010-2013: Board member of Eurasia Drilling Company.

### **Sergei Anatolievich Mikhailov**

**Member of the Board of Directors of OAO "LUKOIL", Chairman of the Board of Directors of ZAO Gruppya Kapital Upravlenie aktivami [Kapital Group Asset Management], Member of the Audit Committee of the Board of Directors of OAO "LUKOIL", Member of the Human Resources and Compensation Committee of the Board of Directors of OAO "LUKOIL"**

**Born: 1957**

Graduated from the F.E. Dzerzhinsky Military Academy in 1979, the Plekhanov Russian Economics Academy in 1998. Candidate of Technical Sciences (PhD), Doctor of Economics, professor. Recipient of four medals.

1993-1994: Deputy Chairman of the Russian Federal Property Fund. 1996–1997: head of the Department of Restructuring and Investment of the Ministry of Industry of the Russian Federation.

Since 2011: Deputy General Director of OOO Upravlyayushchaya Kompaniya Kapital [Kapital Management Company]. 2001 – February 2011: General Director of OOO Management Consulting. 2002-01.2013: General Director of ZAO Gruppya Konsalting [Consulting Group].

Chairman of the Board of Directors of ZAO Kapital Upravlenie aktivami [Kapital Asset Management], OOO Upravlyayushchaya Kompaniya Kapital Paeve Investitsionnye Fondy [Kapital Unit Investment Funds (Management Company)], ZAO Gruppa Kapital Upravlenie aktivami [Kapital Group Asset Management], National Managers League Not-For-Profit Partnership. Board member of OAO Futbolny Klub Spartak-Moskva [Spartak-Moscow Football Club], OAO Bank Petrocommerce, ZAO IFDK, OAO GSI, ZAO Tushino 2018, OOO Upravlyayushchaya Kompaniya Kapital [Kapital Management Company], ZAO Management Group, OAO ACBT, and of the Association of Managers Interregional Public Organisation. Mr. Mikhailov is also a director of PANATLANTIC ENERGY GROUP LIMITED (VANCO Overseas Energy Limited till 04 April 2012). 2011-January 2013: Board member of OOO Management Consulting. Board member of the Foundation for Social Programme Targeted Support and member of the Central Council of Sports Russia National Voluntary Association.

### **Mark Mobius\***

**Member of the Board of Directors of OAO "LUKOIL", Executive Chairman, Templeton Emerging Markets Group; Chairman of the Human Resources and Compensation Committee of OAO "LUKOIL", Member of the Strategy and Investment Committee of the Board of Directors of OAO "LUKOIL"**

**Born: 1936**

Graduated from the Massachusetts Institute of Technology (1964). Dr. Mobius earned a Ph.D. in economics and political science from the Massachusetts Institute of Technology, as well as Bachelor's and Master's degrees from Boston University. Executive Chairman of Templeton Asset Management Ltd till August 2010, since August 2010: Executive Chairman, Templeton Emerging Markets Group. Joined Franklin Templeton Investments in 1987.

### **Guglielmo Antonio Claudio Moscato\***

**Member of the Board of Directors of OAO "LUKOIL", Chairman and CEO of Gas Mediterraneo & Petrolio, Member of the Strategy and Investment Committee of the Board of Directors of OAO "LUKOIL",  
Born: 1936**

Graduated from Polytechnic University of Milan (Politecnico di Milano) (Italy), 1961. Former Chairman of the Board of Directors of Eni SpA and former Chairman and Chief Executive Officer of AGIP SpA, as well former Chairman of Eni Enrico Mattei Foundation and Chairman of Eni Corporate University. At present: Board member of Trevi S.p.A., Canadian Oil Co (Canoel), Chairman and CEO of Gas Mediterraneo & Petrolio.

### **Ivan Pictet\***

**Member of the Board of Directors of OAO "LUKOIL", Chairman of the UN Investments Committee of the UN Joint Staff Pension Fund Board (New York, USA), Member of the Audit Committee of the Board of Directors of OAO "LUKOIL"**

**Born: 1944**

Master in Economics from the School of Business Administration at the University of St. Gallen (1970). Senior Managing Partner of Pictet & Cie Group SCA (2005-2010). Member of the UN Investments Committee of the UN Joint Staff Pension Fund Board since 2005, he was elected Chairman on January 1<sup>st</sup>, 2014. Mr. Pictet serves as a member of the International Advisory Board of Blackstone Group International Limited since 1995, AEA European Advisory Board since 2010, AEA Investors LP Global Advisory Board (NY, USA) since 2011 and as a member of the Board of Directors of Symbiotics since 2011. Mr. Pictet was appointed Chairman of the Board of PSA International SA in 2012. He is also President of the Fondation pour Genève and Chairman of the Fondation Pictet pour le Développement since 2009.

## **Leonid Arnoldovich Fedun**

**Member of the Board of Directors of OAO "LUKOIL", Vice-President for Strategic Development of OAO "LUKOIL", Member of the Strategy and Investment Committee of the Board of Directors of OAO "LUKOIL"**

**Born: 1956**

Graduated from the M.I. Nedelin Higher Military Command School in Rostov in 1977 and the Graduate School of Privatization and Entrepreneurship in 1993. Candidate of Philosophical Sciences (PhD). Recipient of an order and seven medals. 1993–1994: General Director of AO LUKoil-Consulting. 1994 – January 2012: Vice-President, Head of the Main Division of Strategic Development and Investment Analysis. Since February 2012: Vice-President for Strategic Development of OAO "LUKOIL".

**The candidates have given their written consent to be elected to the Board of Directors of OAO "LUKOIL".**

**\*Qualifying as an independent candidate to the Board of Directors of OAO "LUKOIL" in accordance with the Corporate Governance Code recommended for application by FCSM Resolution No. 421/r of 04 April 2002 and the new ZAO MICEX Listing Rules (based on data received from the candidates and their available personal data).**

## **INFORMATION ON CANDIDATES FOR THE AUDIT COMMISSION OF OAO "LUKOIL"**

**Mikhail Borisovich Maksimov** was born on 26 October 1956. Graduated from Moscow Finance Institute in 1979 with a degree in "Finance and credit". 1979 – 1991: service in the USSR armed forces. 2006 – 2008: Manager of the GAAP Methodology Project Office of the Accounting Department of OAO "LUKOIL". 2008 – 2009: Senior Manager of the Division of International Accounting Methodology of the Accounting Department of OAO "LUKOIL". 2009: Head of the Project Office for the Reform and Development of Accounting Processes of the Accounting Department of OAO "LUKOIL". 2009 - 2010: Head of the Project Office for the Reform and Development of Accounting Processes of the Division of International Accounting Methodology of the Accounting Department of OAO "LUKOIL". 2009 - 2010: General Director (job combination) of OOO LUKOIL-Perm Regional Accounting Centre. Since 2010: General Director of OOO LUKOIL-Perm Regional Accounting Centre.

**Pavel Aleksandrovich Suloev** was born on 8 December 1957. Graduated from the G.V. Plekhanov Russian Economics Academy in 1982 with a degree in "Economics". Employed since 1982. 2001-2012: Chairman of the Board of SLB Commercial Bank AG, Zurich. 2012 – 2013: Director of Investments, LITASCO, Geneva. Since 2014: Control and Internal Audit Director of ZAO Management Centre Managing Company.

**Aleksandr Viktorovich Surkov** was born on 12 August 1969. Graduated from Ufa Oil Institute in 1993 with a degree in "Enterprise economics and management". Employed since 1987. 2005 - 2008: Deputy Head of the Division of Automation Methodology for Financial and Tax Accounting, Accounting Department of OAO "LUKOIL"». 2008 – 2009: Head of Tax Accounting and Reporting of the Accounting Department of OAO "LUKOIL". 2009 – 2011: Head of the Division of Automation, Period Closing and Preparation of Financial Statements at the Accounting Department of OAO "LUKOIL". 2011: General Director (job combination) of OOO LUKOIL-Volgograd Regional Accounting Centre. Since 2011: General Director of OOO LUKOIL-Volgograd Regional Accounting Centre.

**All the candidates have given their written consent to be elected to the Audit Commission of OAO "LUKOIL".**

**Opinion**  
**of the Audit Commission based on a review**  
**of the financial and business activity of**  
**OAO “LUKOIL” in 2013**

**Moscow**

**10 April 2014**

**I. Introduction**

In accordance with the legislation of the Russian Federation, the Charter of OAO “LUKOIL” (hereinafter also the “Company”), the *Regulations on the Audit Commission of OAO “LUKOIL”*, and on the basis of the audit opinion of ZAO KPMG, a review was performed of the Company’s financial and business activity in 2013.

No requests for extraordinary reviews and audits were received during the year by the Audit Commission from shareholders and the Board of Directors of OAO “LUKOIL”.

In accordance with the Audit Programme, (Minutes No. 3 of the meeting of the Audit Commission of 14 March 2014), a review was performed of the financial and business activity of the Company, including:

1. Assessment of the financial position and structure of the Company’s balance sheet;
2. Assessment of the Company’s liquidity;
3. Review of the compliance of the financial and tax accounting methods used with the requirements of the Accounting Policy, and also the timely provision of financial statements;
4. Review of documentation of the results of the stocktake;
5. Analysis of the justification for expenses that are not deductible for income tax purposes;
6. Analysis of the state of accounts payable and receivable, including overdue payables and receivables;
7. Review of compliance with the requirements of legislative and in-house regulatory documents on the accrual of provisions and estimated liabilities;
8. Review of the accounting treatment of financial investments;
9. Analysis of loans and borrowings received;
10. Analysis of income from equity in other organisations;
11. Review of the reliability of the data of the OAO “LUKOIL” Annual Report.

The review was conducted by an examination and analysis on a test basis of accounting documents, financial statements and other documentation of the financial and business activity of the Company, specifically:

- foundation and registration documents;



- Accounting Policy for financial and tax accounting, and taxation of the consolidated group of taxpayers for 2013;
- orders, directives and other in-house regulatory documents;
- materials of the annual stocktake of property and financial liabilities;
- financial and tax accounting ledgers;
- financial statements of OAO “LUKOIL” for 2013;
- acts of reconciliation of settlements with counterparties and the tax authorities;
- the quarterly report of the issuer for 2013.

In addition, the main indicators characterising the financial and business activity and the financial position of the Company in 2013 were assessed.

The following was established based on the results of the audit review:

## **II. Analysis**

### **1. Brief description of the Company’s operations**

OAO “LUKOIL” is the leading vertically-integrated oil company in Russia. The Company’s subsidiaries perform exploration, production and sale of oil and gas; the manufacture and sale of petroleum products; and the generation, transmission and sale of heat and electricity.

The Company is a commercial organisation with an independent balance sheet. The Company is responsible for overall management of the production, business, financing and investing activity of subsidiaries and associates.

In accordance with the Charter of OAO “LUKOIL” and the main principles of commercial operations on the sale of oil (Minutes No. 33 of the meeting the Management Committee of 2 December 2009), from 1 January 2010 the Company moved to a business arrangement for performing production and marketing operations. In accordance with these principles the Company performs:

- deliveries of purchased gas to the domestic market;
- under commission contracts – deliveries of oil, petroleum products, petrochemical products and gas-refining products for export.

The Company’s main lines of business in 2013 also included:

- revenues from participation in the equity of other organisations;
- provision of usage rights to intangible assets: trademarks, patents, technical specifications, etc.;
- provision of integrated services to subsidiaries under holding-company agreements, etc.

### **2. Assessment of the financial position and structure of the Company’s balance sheet.**

In order to more reliably reflect the Company’s financial position, starting from the annual financial statements for 2013 revenues from equity in other entities will be recognised as income from ordinary lines of business. The relevant data in the income statement for 2012 have been presented in comparable form.

Analysis of the figures for revenues from sales and the cost of sales for 2013 compared to 2012 shows a decrease in revenues from sales (15%) and an increase in the cost of sales (7%).

Gross profit for the period under review was RUB 240,411,234 thousand, which is 16% lower than in 2012.

Selling and administrative expenses in 2013 equalled RUB 24,637,433 thousand, which were 44% higher than in the previous year.

Interest receivable rose by 11%, while interest payable also rose by 23%.

Other incomes were almost three times higher. Other expenses fell by 52%.

The assessment of the financial position of the Company over 2013 is characterised by the following results:

- profit from sales of RUB 215,773,801 thousand were generated (-20%),
- profits before taxes were RUB 217,208,078 thousand (-1%),
- net profits were RUB 209,870,651 thousand (-4%).

Basic earnings per share for 2013 were RUB 246.74, which is RUB 9 or 4% lower than basic earnings per share for 2012.

Analysis of changes to the figures of the balance sheet shows that an increase of 9% to the balance-sheet total as at 31 December 2013 compared to 31 December 2012.

The total value of the Company's property rose during the reporting period compared to the start of the year by RUB 108,219,307 thousand (9%).

The increase in value of the Company's property compared to the start of the year was achieved through the substantial growth in equity by 17%, due to the receipt of profits for the reporting year and the 13% reduction in the amount of dividends paid compared to the previous year.

### **3. Assessment of the Company's liquidity**

The current ratio as at the end of the period under review was equal to 0.9; at the start of the period it was 1.15. The fall in the current ratio was caused by a significant reduction in current assets (by RUB 190,476,896 thousand, or 37%) coupled with a reduction in current liabilities (by RUB 88,218,751 thousand, or 20%).

### **4. Review of the compliance of the financial and tax accounting methods used with the requirements of the Accounting Policy, and the timely provision of financial statements.**

In 2013 the Company kept accounts in accordance with the approved Financial Accounting Policy and the Tax Accounting Policy for a consolidated group of taxpayers.

The financial statements for 2013 were prepared by the deadlines set by the Company's document management procedures, and were provided to interested users in a timely manner.

The reliability of the financial statements of OAO “LUKOIL” for 2013 was confirmed by an auditors’ report issued by audit firm ZAO KPMG.

Inventory sheets confirming the submission of financial and tax accounting documents for 2013 for centralised storage have been provided to the Audit Commission.

## **5. Review of documentation of the results of the stocktake**

In order to confirm the reliability of the data of accounting and reporting on assets and liabilities, OAO “LUKOIL” performed a stocktake of the Company’s assets and liabilities for the preparation of the financial statements for 2013.

The stocktake of assets and liabilities at the Company is governed by in-house regulatory documents.

The stocktake was performed by working commissions, and the results of the stocktake were documented.

The working commissions prepared minutes of the meetings of the working stocktake commissions, based on which the Main Stocktake Commission of the Company confirmed the results of performance of the stocktake of assets and liabilities of OAO “LUKOIL”.

Based on the results of the stocktake of assets and liabilities of OAO “LUKOIL”, the accounting data correspond to actual data.

## **6. Analysis of the justification for expenses that are not deductible for income tax purposes**

Analysis, planning and control over expenses that are not deductible for income tax purposes, and improvement of the measures to reduce these expenses at the Company are governed by an in-house regulatory document.

When determining the income tax base for 2013, the amount of expenses that are not deductible for tax purposes in accordance with article 270 of the RF Tax Code, and that also do not meet the criteria of article 252 of the RF Tax Code, equaled RUB 10,723,819 thousand. This was RUB 6,748,739 thousand, or 170%, more than in the previous year.

## **7. Analysis of the state of accounts payable and receivable, including overdue payables and receivables**

The Company’s accounts receivable as at the end of the reporting year were RUB 168,113,561 thousand; which was equal to 52% of current assets (at 31 December 2012 – 29%), and 13% of the balance-sheet total (similar to the indicator at 31 December 2012).

There is only overdue debt on payments due within the 12 months following the reporting date, and this debt equals RUB 60,527 thousand, a share of 0.03% (at 31 December 2012 – 0.3%).

Accounts receivable increased by 12% during the period from the start of the year.

The Company's accounts payable as at the reporting date were RUB 143,499,769 thousand, or 11% of the balance-sheet total (similar to the indicator at 31 December 2012). Accounts payable increased by RUB 10,158,747 thousand, or 8%, compared to the start of the year.

The ratio of current debt to overall accounts payable bonuses was 99.6%.

Overdue accounts payable at 31 December 2013 equals RUB 75,048 thousand, a share of 0.05%. Accounts payable increased threefold compared to the start of the reporting year.

As at 31 December 2013 the ratio of accounts receivable to accounts payable was 1.2 units.

## **8. Review of compliance with the requirements of legislative and in-house regulatory documents on the accrual of estimated liabilities and provisions**

The creation and use of estimated liabilities and provisions are governed by in-house regulatory documents.

The Company created doubtful debt provisions and impairment provisions for financial investments in 2013. Impairment provisions for tangible assets were not created, because there were no grounds to do so.

The Company forms and presents information on estimated liabilities in accordance with accounting legislation. The Company's estimated liabilities consist of liabilities on future expenses on the payment of employee leave and annual bonus payments.

## **9. Review of the accounting treatment of financial investments**

Financial investments were recognised in accounts in 2013 in accordance with the requirements of the Company's Accounting Policy and Russian accounting legislation.

Non-current financial investments of the Company as at the end of the reporting year equaled RUB 959,049,433 thousand.

The growth in non-current financial investments from the start of the year was RUB 298,033,743 thousand, or 45%.

Current financial investments of the Company as at the end of the reporting year equaled RUB 142,331,861 thousand.

The reduction in current financial investments from the start of the year was RUB 204,942,381 thousand, or 59%.

## **10. Analysis of loans and borrowings received.**

An analysis of the change in the amount of borrowings compared to the previous year showed that the amount of funds received fell by RUB 27,145,832 thousand, or 9%. In this regard, current loans and borrowings received fell by 31%, while non-current loans and borrowings increased significantly (by 30 times).

## **11. Analysis of income from equity in other organisations**

Receipts from equity in other organisations in 2013 equaled RUB 218,829,973 thousand. Compared to the previous year, this income decreased by RUB 46,330,374 thousand, or 17%.

## **12. Review of the reliability of the data of the OAO “LUKOIL” Annual Report**

The Annual Report of OAO “LUKOIL” submitted for the approval of the general shareholders’ meeting of OAO “LUKOIL” includes:

- the company’s standing in the industry;
- the company’s main lines of business;
- information on the amount of each type of energy resource used by the company in the reporting year, in physical and monetary terms;
- development prospects;
- a description of the main risk factors associated with operations;
- a list of major transactions performed in the reporting year, as well as other transactions covered by the approval procedure for major transactions in accordance with the Charter of OAO “LUKOIL”, with an indication of the management body of the company responsible for taking the decision on their approval;
- a list of interested-party transactions performed in the reporting year, with an indication of the interested party (parties) and the management body of the company responsible for taking the decision on their approval;
- the members of the Board of Directors;
- information on the person holding the position (performing the duties) of the sole executive body/CEO of the company, and the members of the collegial executive body of the company;
- information on compliance with the recommendations of the Code of Corporate Conduct, or, in the case of non-compliance, an explanation of the reasons why the company did not comply with these recommendations;
- other information stipulated by the charter of OAO “LUKOIL” or another internal Company document.

## **III. Conclusions.**

The accounting methods were determined by the Accounting Policy of OAO “LUKOIL” for 2013, approved by Order No. 261 of 29 December 2012, prepared in accordance with Federal Law No. 402-FZ of 6 December 2011 *On Accounting* and the accounting regulations and other regulatory documents governing accounting issues.

The Audit Commission did not disclose any instances of violations of the accounting procedures established by the legislative acts of the Russian Federation, the accounting policy of OAO “LUKOIL”, or the provision of financial statements that would be capable of having a material effect on the reliability of the data of the financial statements of OAO “LUKOIL”.

The financial statements were prepared by the deadlines set by the Company's document management procedures, and were provided to interested users in a timely manner.

The Company's financial statements consist of:

- the balance sheet;
- the income statement;
- the statement of changes in equity;
- the cash flow statement;
- the notes to the balance sheet and income statement, in text and table form.

The Annual Report of OAO "LUKOIL" contains information on the Company's operations, set forth in section 12 of this Opinion.

The Annual Report of OAO "LUKOIL" was prepared in accordance with the requirements of FFMS Order No. 11-46/pz-n of 4 October 2011 (point 8.2).

The Audit Commission confirms the reliability of the data contained in the Annual Report of OAO "LUKOIL" and the annual financial statements for 2013.

Date of drafting of the Opinion                      10 April 2014.

Chairman of the Audit Commission                      \_\_\_\_\_ V.N. Nikitenko

Members of the Audit Commission:                      \_\_\_\_\_ A.V. Surkov

\_\_\_\_\_ M.B. Maksimov

To the shareholders of  
the Open Joint Stock Company  
**“Oil Company “LUKOIL”**

**Auditors’ report**  
on the financial statements of  
the Open Joint Stock Company  
“Oil Company “LUKOIL”  
for the 2013 reporting year

Set out below is an unofficial translation of the auditors’ report on the statutory financial statements of the Open Joint Stock Company “Oil Company “LUKOIL” as at and for the year ended 31 December 2013. The statutory financial statements to which the auditors’ report relates have been prepared in accordance with the accounting and reporting regulations of the Russian Federation. Russian accounting and reporting regulations differ from accounting frameworks in other jurisdictions. Consequently, the accompanying statutory financial statements are not intended to present the financial position, financial performance and cash flows of the Open Joint Stock Company “Oil Company “LUKOIL” in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than the Russian Federation.

**Information on the audit firm**

Name of the audit firm:	Closed Joint Stock Company KPMG.
Location (legal address):	18/1, Olympiysky prospect, Room 3035, Moscow 129110.
Postal address:	10, Presnenskaya Naberezhnaya, Block C, floor 31, Moscow 123317.
State registration:	Registered by the Moscow Registration Chamber on 25 May 1992, Registration No. 011.585.  Included in the Unified State Register of Legal Entities on 13 August 2002 by the Moscow Inter-Regional Tax Inspectorate No.39 of the Ministry for Taxes and Duties of the Russian Federation, Registration No. 1027700125628, Certificate series 77 No. 005721432.
Membership in a self-regulating auditors' organisation	Member of the Non-commercial Partnership "Chamber of Auditors of Russia".  The Principal Registration Number of the Entry in the State Register of Auditors and Audit Organisations: No.10301000804.

**Information on the audited company**

Name of audited company:	Open Joint Stock Company "Oil Company "LUKOIL".
Location (legal address):	11, Sretensky boulevard, Moscow, 101000.
Postal address:	11, Sretensky boulevard, Moscow, 101000.
State registration:	Registered by Moscow Registration Chamber on 22 April 1993, Registration No. 024020.  Registered in the Unified State Register of Legal Entities on 17 July 2002 by Administration of the Ministry of the Russian Federation for Taxes and Levies in Moscow, Registration No. 1027700035769, Certificate series 77 No. 007892347.

*\*Unofficial translation, please refer to the front page*



## **Auditors' report**

To the shareholders of the Open Joint Stock Company "Oil Company "LUKOIL"

We have audited the accompanying financial statements of the Open Joint Stock Company "Oil Company "LUKOIL" (hereinafter the "Company") for the 2013 reporting year.

The financial statements, set on 60 pages, comprise:

- the balance sheet as at 31 December 2013;
- the income statement for 2013;
- the appendices to the balance sheet and the income statement including:
  - the statement of changes in equity for 2013;
  - the cash flow statement for 2013;
  - the notes to the balance sheet and income statement;

### *Management's Responsibility for the Financial Statements*

Management of the Company is responsible for the preparation and reliability of the financial statements in accordance with the requirements of the Russian reporting legislation and for the system of internal control necessary for the preparation of the financial statements which are free from material misstatements, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on the financial statements in all material respects based on our audit. We conducted our audit in accordance with the Federal Standards on Auditing. These standards require that we comply with relevant ethical requirements and planning and performing the audit in order to obtain sufficient assurance as to whether the financial statements are free from material misstatements.

The audit included performing procedures to obtain audit evidence confirming the amounts and disclosures in the financial statements. The selection of the procedures is a matter of our judgment, which is based on the assessment of risk of material misstatement, whether due to fraud or error. In the process of risk assessment we considered the system of internal control relevant to the preparation and reliability of the financial statements in order to select appropriate audit procedures, but not for the purpose of expressing an opinion on the effectiveness of internal control.

The audit also included an assessment of the appropriateness of the Company's accounting policy and the reasonableness of the estimates made by management, as well as the evaluation of the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the reliability of the financial statements.

*\*Unofficial translation, please refer to the front page*

*Opinion*

In our opinion, the accompanying financial statements present reliably, in all material respects, the financial position of the Company as at 31 December 2013 and its financial performance and cash flows for the 2013 reporting year in accordance with the requirements of the Russian reporting legislation.

Director of CJSC KPMG,  
(power of attorney dated 1 October 2013 No. 86/13)  
11 March 2014

Sloutsky E.A.

*\*Unofficial translation, please refer to the front page*

**Summary review  
of the Independent Auditors' Opinion  
performed by the Audit Committee of the Board of Directors of OAO "LUKOIL"**

MINUTES No. 2  
OF THE MEETING OF THE AUDIT COMMITTEE  
OF THE BOARD OF DIRECTORS

7 April 2014

Moscow

**E X C E R P T**

V.V. Blazheev

PRESENT:

Committee members

In person:

S.A. Mikhailov

Via videoconferencing

I. Pictet

Secretary of the Committee

E.L. Khavkin

Vice-Presidents

S.N. Malyukov, L.N. Khoba

KPMG representatives

O.N. Goschansky, A.I. Oussov

Company employees in charge

The Committee meeting is being held with the attendance of three members of the Committee.

The meeting is quorate.

**I. Examination of the Independent Auditors' opinion for subsequent submission to shareholders as material for the Annual General Shareholders Meeting.**

**(L.N Khoba, A.I. Oussov, S.A. Mikhailov, V.V. Blazheev)**

Having considered the report of the Company's independent Auditor, ZAO KPMG, on the financial statements of OAO "LUKOIL" for 2013,

***THE COMMITTEE HAS RESOLVED:***

Based on the result of the analysis and the discussion of issues of material importance to the preparation of complete and reliable financial statements, and also in light of the fact that the audit of the financial statements of OAO "LUKOIL" for the period from 1 January to 31 December 2013 resulted in an unqualified audit opinion, to propose to the Board of Directors that it recommend to the Annual General Shareholders Meeting of the Company that the Meeting approve the audited financial statements of the Company for 2013 and include the Independent Auditors' Opinion examined by the Audit Committee of the Board of Directors of OAO "LUKOIL" in the list of materials to be provided to shareholders when preparing for the General Shareholders Meeting.

VOTING RESULTS (votes counted by the Chairman):

IN FAVOR voted the following Committee members:

V.V. Blazheev, S.A. Mikhailov, I. Pictet

Decision passed unanimously.

**Chairman**

*I hereby certify that this is a true and accurate excerpt from Minutes No.2*  
Secretary of the Board of Directors

**V.V. Blazheev**

E.L. Khavkin

OAO "LUKOIL" (not including subsidiaries and equity affiliates)

**BALANCE SHEET**

as at 31 December 2013

million roubles

	As at 31.12.2013	As at 31.12.2012	As at 31.12.2011
<b><i>Non-current assets</i></b>			
Intangible assets	319	308	283
R&D	65	90	56
Intangible development assets	-	-	-
Tangible development assets	-	-	-
Property, plant and equipment	13,138	7,532	6,846
Income-bearing investments in tangible assets	-	-	-
Financial investments	959,049	661,015	470,960
Deferred tax assets	483	397	355
Other non-current assets	255	5,199	2,920
<b><u>Non-current assets, total</u></b>	<b><u>973,309</u></b>	<b><u>674,541</u></b>	<b><u>481,420</u></b>
<b><i>Current assets</i></b>			
Inventories	33	34	38
VAT on purchased assets	96	30	31
Accounts receivable	168,113	150,556	142,735
Financial investments (other than cash equivalents)	142,332	347,274	518,611
Cash and cash equivalents	12,393	15,550	39,085
<b><u>Current assets, total</u></b>	<b><u>322,967</u></b>	<b><u>513,444</u></b>	<b><u>700,500</u></b>
<b>ASSETS</b>	<b>TOTAL</b>	<b><u>1,296,276</u></b>	<b><u>1,187,985</u></b>
<b><u>1,181,920</u></b>			
<b><i>Equity and reserves</i></b>			
Charter capital	21	21	21
Additional paid-in capital, including revaluation of non-current assets	12,625	12,625	12,625
Reserve capital	3	3	3
Retained earnings	851,528	726,646	606,556
<b><u>Equity and reserves, total</u></b>	<b><u>864,177</u></b>	<b><u>739,295</u></b>	<b><u>619,205</u></b>
<b><i>Non-current liabilities</i></b>			
Loans and borrowings	73,146	2,384	10,053
Deferred tax liabilities	404	140	127
Other non-current liabilities	601	-	7
<b><u>Non-current liabilities, total</u></b>	<b><u>74,151</u></b>	<b><u>2,524</u></b>	<b><u>10,187</u></b>
<b><i>Current liabilities</i></b>			
Loans and borrowings	213,144	311,052	420,041
Accounts payable	142,899	133,341	131,211
Estimated liabilities	1,905	1,773	1,276
<b><u>Current liabilities, total</u></b>	<b><u>357,948</u></b>	<b><u>446,166</u></b>	<b><u>552,528</u></b>
<b>LIABILITIES AND EQUITY</b>	<b>TOTAL</b>	<b><u>1,296,276</u></b>	<b><u>1,187,985</u></b>
<b><u>1,181,920</u></b>			

## INCOME STATEMENT

for the year ended 31 December

million roubles

	2013	2012
<b>Net sales revenues</b>	<b>260,008</b>	<b>305,067</b>
Including receipts from participation in the authorised capitals of other organisations	218,830	265,160
Cost of goods sold	(19,597)	(18,250)
<b>Gross profit</b>	<b>240,411</b>	<b>286,817</b>
Export customs duties	-	-
Selling expenses	(1,037)	(871)
Administrative expenses	(23,600)	(16,283)
<b>Profit from sales</b>	<b>215,774</b>	<b>269,663</b>
Income from equity in other organisations	-	-
Interest receivable	36,958	41,331
Interest payable	(15,774)	(20,427)
Result of other income and expenses	(19,750)	(71,868)
<b>Profit before taxes</b>	<b>217,208</b>	<b>218,699</b>
Deferred income tax	(37)	29
Current income tax and other mandatory payments	(7,427)	(384)
Redistribution of income tax inside the consolidated group of taxpayers	127	(537)
<b>Net profit</b>	<b>209,871</b>	<b>217,807</b>
Result of revaluation of non-current assets not included in net profit	-	-
Result of other transactions not included in net profit of the period	-	-
<b>Cumulative financial result of the period</b>	<b>209,871</b>	<b>217,807</b>

**Amendments and addenda  
to the Charter of Open Joint Stock Company  
“Oil company “LUKOIL”**

1. Revise the first paragraph of point 4.5 of article 4 “Charter capital” to read as follows:  
“4.5. The price of additional shares placed by subscription shall be determined, or the procedure for determination of which shall be established, by the Board of Directors, but shall not be less than par value.”.
2. In point 5.2 of article 5 “Shares and other securities of the Company. Shareholders' Rights”:
  - revise the third paragraph to read as follows:  
“In each additional issue of shares or issuable convertible securities, the Company shall give notice to all holders of such class (type) of shares, at least 45 calendar days prior to the start of the offering according to the procedure stipulated for notifying of the holding of a Shareholders’ Meeting, stating the amount of shares and issuable convertible securities so offered, their offering price or the procedure for determining the same, or that the price or the procedure for determining the same will be established by the Board of Directors of the Company no later than the start of placement of the securities, as well as the procedure for determining the number of securities to which any such shareholder shall be entitled, the procedure for submitting an application to the Company on the acquisition of shares or issuable securities convertible into shares, and the period during which these applications must be submitted to the Company.”.
  - delete the fourth paragraph.
3. Revise the second paragraph of point 6.1 of article 6 “Share register” to read as follows:  
“The Board of Directors shall adopt a decision to approve the Registrar, provided that its operation comply with the laws of the Russian Federation and generally accepted international practices.”.
4. Add sub-point 8.2.20.1 to point 8.2 of article 8 “Shareholders meeting”, to read as follows:  
“8.2.20.1. Adoption of a decision on filing an application on the delisting of the Company’s shares and/or issuable securities convertible into shares;”.
5. In point 8.7 of point 8 “Shareholders meeting”:
  - revise the first paragraph to read as follows:  
“8.7. The notice of any Shareholders Meeting shall be placed on the Company’s official websites (www.lukoil.ru, www.lukoil.com), at least 30 days prior to the date when it is to be held, unless an earlier deadline is stipulated by law.”.
  - revise the third paragraph to read as follows:  
“Where the number of persons entitled to participate in any Shareholders Meeting is more than 500,000, forms of voting ballots shall be published in the newspaper *Rossiyskaya gazeta*.”.
  - revise the third paragraph to read as follows:  
“If the agenda of the Shareholders Meeting includes the issue of reorganization of the Company, shareholders will be informed, inter alia, of the reason for the reorganization and provided with the annual financial statements of all organizations participating in the reorganization for three completed financial years.”.
6. Revise point 8.16 of article 8 “Shareholders meeting” to read as follows:  
“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, 8.2.17, 8.2.20 and 8.2.20.1 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.”.

7. Revise point 8.20 of article 8 “Shareholders meeting” to read as follows:

“8.20. The decisions adopted and the voting results may be announced at the Shareholders Meeting at which the voting was held, except for Meetings conducted in the form of absentee voting, and shall also be brought to the attention of the persons included in the list of persons entitled to participate in the Meeting in the form of a report on voting results not later than four business days after the close of the Meeting or the deadline for acceptance of voting ballots if the Meeting is held through absentee voting, according to the procedure stipulated for notification on the holding of the Shareholders Meeting.”.

8. In point 9.7 of article 9 “Board of Directors”:

- revise sub-point 9.7.7 to read as follows:

“9.7.7. determination of the value (monetary value) of assets, price of placement or the procedure for its determination and the redemption price of issuable securities in accordance with the laws of the Russian Federation;”.

- add sub-point 9.7.23, to read as follows:

“9.7.23. Filing an application on the listing of the Company’s shares and/or issuable securities convertible into shares;”.

- Accordingly, re-number sub-point 9.7.23 as sub-point 9.7.24.

9. Revise sub-point 10.6.5 of point 10.6 of article 10 “President of the Company and the Management Committee” to read as follows:

“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, as well as decisions on the acquisition of subsoil use rights which could lead to investment expenses in an amount exceeding the rouble equivalent of USD 150 million, and termination of rights to subsoil use at the initiative of the subsoil user, except termination of subsoil use rights for geological exploration, and coordination of the operations of Company subsidiaries, including approval of the documents regulating the activities of Company subsidiaries;”.

10. Revise point 13.5 of article 13 “Profits, dividends and funds” to read as follows:

“13.5. Decisions on the payment (declaration) of dividends shall be adopted by the Shareholders Meeting. The decision on the payment (declaration) of dividends should determine the size of dividends on each class (type) of shares, the form of their payment, the procedure for the payment of dividends in non-cash form, and the date on which the parties entitled to receive dividends is determined. The decision on the establishment of the date on which the parties entitled to receive dividends is determined will only be taken on the recommendation of the Board of Directors of the Company.

Annual dividends may not exceed the amount of dividends recommended by the Company’s Board of Directors.

The term of dividend payments to a nominee holder and a trust manager who is a professional participant on the securities market who are registered in the Company’s shareholder register should not exceed 10 business days, and to other parties registered in the shareholder register - 25 business days, from the date when the persons entitled to receive dividends is determined.”.

11. Revise point 13.6 of article 13 “Profits, dividends and funds” to read as follows:

“13.6. The date on which the persons entitled to receive dividends is established in accordance with the decision on payment (declaration) of dividends cannot be earlier than 10 days before or later than 20 days after the date of adoption of the decision on payment (declaration) of dividends.”.

12. Revise point 13.7 of article 13 “Profits, dividends and funds” to read as follows:

“13.7. Payment of dividends in cash to individuals whose rights to shares are recorded in the shareholder register of the Company is performed through postal money order or, if the relevant request has been received from the indicated persons, through wire transfer to their bank accounts, and to other persons whose rights to shares are recorded in the shareholders’ register of the Company through cash transfer to their bank accounts.”.



**Table of amendments and addenda  
to the current version of the Charter of Open Joint Stock Company “Oil company “LUKOIL”**

№	Current version of the Charter	New version of the Charter	Comments
1.	The first paragraph of point 4.5: “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 first paragraph of point 4.5: “4.5. The price of additional shares placed by subscription shall be determined <b><u>or the procedure for determination of which shall be established</u></b> by the Board of Directors, but shall not be less than par value.”.	This amendment is being made to bring the wording of the first paragraph of point 4.5 of the Charter of OAO “LUKOIL” (hereinafter the “Company”) into line with the second paragraph of point 1 of article 36 of Federal Law No. 208-FZ of 26 December 1995 <i>On Joint Stock Companies</i> , with subsequent amendments and addenda (hereinafter the “JSC Law”).
2.	The third paragraph of point 5.2: “In each additional issue of shares or issuable convertible securities, the Company shall give notice to all holders of such class (type) of shares, stating the amount of shares and issuable 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.”.	The third paragraph of point 5.2: “In each additional issue of shares or issuable convertible securities, the Company shall give notice to all holders of such class (type) of shares, at least 45 calendar days prior to the start of the offering <b><u>according to the procedure stipulated for notifying of the holding of a Shareholders’ Meeting</u></b> , stating the amount of shares and issuable convertible securities so offered, their offering price or the procedure for determining the same, <b><u>or that the price or the procedure for determining the same will be established by the Board of Directors of the Company no later than the start of placement of the securities, as well as</u></b> the procedure for determining the number of securities to which any such shareholder shall be entitled, <b><u>the procedure for submitting an application to the Company on the acquisition of shares or issuable securities convertible into shares</u></b> , and <del>the effective term of the preemptive right</del> <b><u>period</u></b>	This amendment and addendum are being made to bring the wording of the third paragraph of point 5.2 of the Company Charter into line with point 1 of article 41 of the JSC Law.

		<b><u>during which these applications must be submitted to the Company.”.</u></b>	
3.	The fourth paragraph of point 5.2: “Such notice shall be published in the same printed periodical in which notices of Shareholders Meetings are published.”.	Delete the fourth paragraph of point 5.2.	The relevant norm on the procedure for notifying shareholders of the possibility to exercise their preemptive right has been included in the new version of the third paragraph of point 5.2 (see point 2 of the Table).
4.	The second paragraph of point 6.1: “The Board of Directors shall adopt a decision to approve 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.”.	The second paragraph of point 6.1: “The Board of Directors shall adopt a decision to approve the Registrar <del>in accordance with the internationally accepted practice</del> , provided that <del>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</del> <b><u>with the laws of the Russian Federation and generally accepted international practices.”.</u></b>	This amendment was made to bring the wording into line with effective legislation.
5.	The current version does not contain this text.	<b><u>Sub-point 8.2.20.1:</u></b> <b><u>“8.2.20.1. Adoption of a decision on filing an application on the delisting of the Company’s shares and/or issuable securities convertible into shares;”.</u></b>	This addendum is being made to clarify the competence of the Company’s General Shareholders’ Meeting in accordance with sub-point 19.2 of point 1 of article 48 of the JSC Law.
6.	The first paragraph of point 8.7: “8.7. The notice of any Shareholders Meeting shall be published in the newspapers <i>Rossiyskaya Gazeta</i> or <i>Izvestiya</i> , 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.”.	The first paragraph of point 8.7: “8.7. The notice of any Shareholders Meeting shall be <del>published</del> <b><u>placed on the Company’s official websites (www.lukoil.ru, www.lukoil.com)</u></b> , at least 30 days prior to the date when it is to be held, unless an earlier deadline is stipulated by law, <del> and may also be published in any regional print media.”.</del>	This amendment is being made with due account for the amendment from 1 January 2014 of the methods for sending notices on the holding of a General Shareholders’ Meeting of the Company, established by the third paragraph of point 1 of article 52 of the JSC Law, as amended by Federal Law No. 282-FZ of 29 December 2012 <i>On Introducing Amendments to Certain Legislative Acts of the Russian Federation and Invalidation</i>

			<i>of Certain Provisions of the Legislative Acts of the Russian Federation</i> (hereinafter “Federal Law No. 282-FZ), for the purpose of covering the Company’s financial costs on notifying of the holding of a General Shareholders’ Meeting and the voting results in the print media.
7.	The third paragraph of point 8.7: “Where the number of persons entitled to participate in any Shareholders Meeting is more than 500,000, forms of voting ballots shall be published in the print media specified herein.”.	The third paragraph of point 8.7: “Where the number of persons entitled to participate in any Shareholders Meeting is more than 500,000, forms of voting ballots shall be published in the <u>newspaper <i>Rossiyskaya gazeta</i></u> print media specified herein.”.	This amendment is being made to determine the print media in which the ballots will be published in case the number of the Company’s shareholders is 500 thousand or more, with due account for the adjustments to be made to the first paragraph of point 8.7 of the Charter of OAO “LUKOIL”.
8.	The fifth paragraph of point 8.7: “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.”.	The fifth paragraph of point 8.7: “If the agenda of the Shareholders Meeting includes the issue of reorganization of the Company, shareholders will be informed, <u>inter alia</u> , of the reason for the reorganization and provided with the annual <u>financial statements</u> <del>balance sheets</del> of all organizations participating in the reorganization for <del>the last three</del> <u>completed</u> financial years.”.	This amendment is being made to correct the wording of the fifth paragraph of point 8.7 of the Company Charter pursuant to point 3.5 of the Regulations <i>Regulations on Additional Requirements on the Procedure for Preparing, Convening and Conducting the General Shareholders’ Meeting</i> , approved by Federal Financial Market Service Order No. 12-6/pz-n of 2 February 2012.
9.	Point 8.16: “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, 8.2.17 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	Point 8.16: “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, 8.2.17, 8.2.20 and <u>8.2.20.1</u> 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	This addendum is being made in connection with the inclusion of the issue indicated in sub-point 8.2.20.1 of the Company Charter in the competence of the General Shareholders’ Meeting, a decision on which is taken by a three-fourths

	Shareholders Meeting.”.	present at the Shareholders Meeting.”.	majority vote of the shareholders holding voting shares present at the Shareholders’ Meeting in accordance with point 4 of article 49 of the JSC Law, as amended by Federal Law No. 282-FZ.
10.	Point 8.20: “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.”.	Point 8.20: “8.20. The decisions adopted and the voting results <del>shall</del> <b>may</b> be announced at the Shareholders Meeting at which the voting was held, except for Meetings conducted in the form of absentee voting, <b>and shall also be brought to the attention of the persons included in the list of persons entitled to participate in the Meeting in the form of a report on voting results not later than four business days after the close of the Meeting or the deadline for acceptance of voting ballots if the Meeting is held through absentee voting, according to the procedure stipulated for notification on the holding of the Shareholders Meeting</b> <del>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.”.</del>	This amendment and addendum are being made to bring the wording of sub-point 8.20 of the Company Charter into line with paragraph 1 of point 4 of article 62 of the JSC Law, as amended by Federal Law No. 379-FZ of 21 December 2013 <i>On Introducing Amendments to Certain Legislative Acts of the Russian Federation</i> (hereinafter “Federal Law No. 379-FZ”), which will enter into force from 1 July 2014, which stipulates the obligation for companies to inform the parties included in the list of parties entitled to participate in meetings of the decisions adopted by a general shareholders’ meeting and the voting results, in the form of a report on voting results.
11.	Sub-point 9.7.7: “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;”.	Sub-point 9.7.7: “9.7.7. determination of the value (monetary value) of assets, price of placement <b>or the procedure for its determination</b> and <b>the redemption price</b> of issuable securities in accordance with the laws of	This amendment is being made to bring the wording of sub-point 9.7.7 of the Company Charter into line with sub-point 7 of point 1 of article 65 of the JSC Law.

		the Russian Federation;”.	
12.	The current version does not contain this text.	<b><u>New sub-point 9.7.23:</u></b> <b><u>“9.7.23. Filing an application on the listing of the Company’s shares and/or issuable securities convertible into shares;”.</u></b> <b><u>Accordingly, sub-point 9.7.23 of the Company Charter should be considered sub-point 9.7.24.</u></b>	This addendum is being made to expand the competence of the Company’s Board of Directors in accordance with sub-point 17.2 of point 1 of article 65 of the JSC Law.
13.	Sub-point 10.6.5: “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 decisions on acquisition and termination of rights to subsoil use, and coordination of the operations of Company subsidiaries, including approval of the documents regulating the activities of Company subsidiaries;”.	Sub-point 10.6.5: “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, <b><u>as well as</u></b> <del>and</del> <b><u>decisions on the acquisition of subsoil use rights which could lead to investment expenses in an amount exceeding the rouble equivalent of USD 150 million</u></b> , and termination of rights to subsoil use <b><u>at the initiative of the subsoil user, except termination of subsoil use rights for geological exploration</u></b> , and coordination of the operations of Company subsidiaries, including approval of the documents regulating the activities of Company subsidiaries;”.	This addendum is being made to clarify the competence of the Management Committee of the Company to make decisions on acquiring and terminating subsoil use rights of Company subsidiaries.
14.	Point 13.5: “13.5. Decisions on the payment of dividends, the size and form of payment of dividends on each class (type) of shares, as well as the date 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.  The term of dividend payments shall not exceed 60 days from the date the decision on their	Point 13.5: “13.5. <b><u>Decisions on the payment (declaration) of dividends shall be adopted by the Shareholders Meeting. The</u></b> <del>decisions</del> <b><u>(declaration)</u></b> of dividends <b><u>should determine</u></b> <del>the size of dividends and form of payment</del> on each class (type) of shares, <b><u>the form of their payment,</u></b> <del>as well as the date and the</del> procedure for the payment of dividends <b><u>in non-cash form, and the date on which the parties entitled to receive dividends is determined.</u></b> <del>shall be taken by the Shareholders Meeting.</del> <b><u>The decision on the</u></b>	This amendment and addendum are being made to bring the wording of point 13.5 of the Company Charter into line with the wording of points 3 and 4 of article 42 of the JSC Law, as amended by Federal Law No. 282-FZ and point 6 of article 42 of the JSC Law, as amended by Federal Law No. 379-FZ, which entered into force from 1 January 2014.

	<p>payment was passed.”.</p>	<p><b><u>establishment of the date on which the parties entitled to receive dividends is determined will only be taken on the recommendation of the Board of Directors of the Company.</u></b></p> <p>Annual dividends may not exceed the amount <b><u>of dividends</u></b> recommended by the Company’s Board of Directors.</p> <p>The term of dividend payments <b><u>to a nominee holder and a trust manager who is a professional participant on the securities market who are registered in the Company’s shareholder register should not exceed 10 business days, and to other parties registered in the shareholder register - 25 business days, from the date when the persons entitled to receive dividends is determined.</u></b></p> <p><del>should not exceed 60 days after the date of adoption of the decision on their payment.”.</del></p>	
<p>15.</p>	<p>Point 13.6: “13.6. A list of persons entitled to receive dividends 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.”.</p>	<p>Point 13.6: <del>“13.6. A list of persons entitled to receive dividends 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.</del></p> <p><b><u>The date on which the persons entitled to receive dividends is established in accordance with the decision on payment (declaration) of dividends cannot be earlier than 10 days before or later than 20 days after the date of adoption of the decision on payment (declaration) of dividends.”.</u></b></p>	<p>This amendment is being made to bring the wording of point 13.6 of the Company Charter into line with the wording of point 5 of article 42 of the JSC Law, as amended by Federal Law No. 379-FZ, which entered into force from 1 January 2014.</p>
<p>16.</p>	<p>Point 13.7: “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</p>	<p>Point 13.7: <del>“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</del></p>	<p>This amendment is being made to bring the wording of point 13.7 of the Company Charter into line with the wording of point 8 of article 42 of the JSC Law, as amended by Federal Law</p>

	<p>form of other assets in the event the Shareholders Meeting passes a decision on the payment of dividends in other assets.”.</p>	<p><del>assets in the event the Shareholders Meeting passes a decision on the payment of dividends in other assets.</del> <b><u>Payment of dividends in cash to individuals whose rights to shares are recorded in the shareholder register of the Company is performed through postal money order or, if the relevant request has been received from the indicated persons, through wire transfer to their bank accounts, and to other persons whose rights to shares are recorded in the shareholder register of the Company through cash transfer to their bank accounts.”.</u></b></p>	<p>No. 282-FZ, which entered into force from 1 January 2014.</p>
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Deleted provisions are shown in this table as strikethrough text, and new provisions are shown as bold and underlined text.

**Amendments and addenda**  
**to the *Regulations on the Procedure for Preparing and Holding the General***  
***Shareholders Meeting of OAO "LUKOIL"***

1. Revise Point 4.4 to read as follows:

“4.4. If the Company’s shares have been deposited in the personal account (depot account) of a trust manager, the trust manager in the account of which the shares were deposited, or the founder of the trust, information on which has been provided by the trust manager will be included in the list of persons entitled to participate in the Meeting.”.

2. Revise Point 4.5 to read as follows:

“4.5. The list of persons entitled to participate in the Meeting shall also present information on the number of shares registered on the account of unidentified persons.”.

3. Revise Point 4.6 to read as follows:

“4.6. The list of persons entitled to participate in the Meeting shall also present information on the number of shares for which the nominee shareholder has not provided the information that is to be included in the given list.”.

4. Add Point 4.9 to section 4 “Preparation of the list of persons entitled to participate in a Meeting” reading as follows:

“4.9. Information on the date of preparation of the list of persons entitled to participate in the Meeting shall be disclosed by the Company at least 5 days before said date.”.

5. Revise Point 5.1 to read as follows:

“5.1. The notice on the holding of a Meeting will, at least 30 days prior to the date when it is to be held, unless an earlier deadline is stipulated by law, be posted on the Company’s official websites [www.lukoil.ru](http://www.lukoil.ru) and [www.lukoil.com](http://www.lukoil.com).”.

6. Revise Point 5.2 to read as follows:

“5.2. The Company also has the right to inform the persons entitled to participate in the Meeting on the holding of the Meeting through other mass media (television, radio).”.

7. Revise Point 5.4 to read as follows:

“5.4. The date of notification of shareholders on the holding of a Meeting will be determined as the date the text of the notice on the holding of the Meeting is posted to the Company’s official websites [www.lukoil.ru](http://www.lukoil.ru) and [www.lukoil.com](http://www.lukoil.com).”.

8. Revise Point 5.7 to read as follows:

“5.7. The materials (information) to be provided to the shareholders when preparing for a Meeting include(s):

the annual report, including the report of the Board of Directors;

the annual financial statements, Auditors’ report, and opinion of the Company’s Audit Commission on the results of the audit of the annual financial statements, containing a verification of the reliability of the data contained in the Company’s annual report and annual financial statements;

information on candidates for election to the Company’s Board of Directors, Audit Commission and the post of the single-person executive body;

information on the written consent (or lack thereof) of the nominated candidates to election to the relevant Company bodies;

draft amendments and addenda to the Company Charter, or a draft new version of the Company Charter;

draft internal Company documents or amendments and addenda thereto;

draft decisions of the Meeting;



recommendations of the Company's Board of Directors on distribution of profits, including on the amount of dividends on the Company's shares and the procedure for their payment, and the Company's losses based on the results of the financial year;  
other information (materials) stipulated by effective legislation, the regulatory legal acts related to the financial markets, and the decisions of the Company's Board of Directors.  
The indicated information and materials will also be available to the persons participating in the Meeting at the time when the Meeting is held.”.

9. Revise Point 5.8 to read as follows:

“5.8. If a person listed in the Company's shareholder register is a nominee holder of shares, the notice on the holding of a Meeting and also the information (materials) to be provided to persons entitled to participate in the Meeting during preparations for the Meeting will be sent to the nominee holder of shares in electronic form (in the form of electronic documents signed by a digital signature). The nominee holder of shares will be required to bring this notice on the holding of the Meeting to the attention of its depositors, along with the information (materials) that it received in accordance with this point, according to the procedure and by the deadlines established by regulatory legal acts of the Russian Federation or the contract with the depositor.”.

10. Revise Point 6.8 to read as follows:

“6.8. A voting proxy should be certified by the organisation in which the principal works or studies or the administration of the medical facility to which he or she has been admitted for treatment, or should be notarised.”.

11. Revise the first paragraph of point 6.9 to read as follows:

“6.9. A power of attorney on behalf of a legal entity should be signed by the officer of the legal entity or another person authorised to do so in accordance with the law and the foundation documents.”.

12. Revise Point 6.14 to read as follows:

“6.14. If shares are transferred after the list of persons entitled to participate in the Meeting has been compiled, but prior to the holding of the Meeting (hereinafter “shares transferred after the compilation of the list”), the person included in the list will be required to issue a voting proxy to the buyer or vote at the Meeting according to the instructions of the buyer of the shares, if this is stipulated by the share transfer agreement.”.

13. Revise Point 6.15 to read as follows:

“6.15. If shares are transferred to two or more buyers after the list of persons entitled to participate in the Meeting has been drafted, the person included in the list of persons entitled to participate in the Meeting will be required, if specified by the share transfer agreement (agreements), to vote at the Meeting according to the instructions of each corresponding buyer of the shares or to issue each such buyer a voting proxy, indicating therein the number of shares on which voting rights are conferred.”.

14. Revise the third paragraph of point 7.4 to read as follows:

“organise and ensure the notification of shareholders on the holding of the Meeting, its agenda, date, place and time, and the start of registration by the deadlines and pursuant to the procedure established by the Company Charter and the Federal Law *On Joint Stock Companies*;”.

15. Revise the fifth paragraph of point 7.4 to read as follows:

“ensure that a stenographic record of the Meeting is kept, edit the decisions taken by the Meeting, and prepare the minutes of the Meeting and the report on voting results;”.

16. Revise the second paragraph of point 7.5 to read as follows:

“the Secretary (manages the work of the Secretariat and signs minutes of the Meeting and the report on voting results);”.

17. Revise Point 9.4 to read as follows:

“9.4. Votes on ballots that lack the signature of the person (representative of the person) entitled to participate in the Meeting will not be counted when determining a quorum for a Meeting conducted through absentee voting, and also when determining a quorum for a Meeting conducted in mixed form, if the vote on such a ballot was cast by sending it to the Company, which received this ballot not later than two days before the holding of the Meeting, except for cases established by regulatory acts related to the financial markets.”.

18. Revise the second paragraph of point 10.2 to read as follows:

“Where the number of persons entitled to participate in a Meeting is more than 500,000, ballot forms will be published in the newspaper *Rossiyskaya gazeta*.”.

19. Revise Point 10.6 to read as follows:

“10.6. If shares representing the right to vote at the Meeting circulate outside the Russian Federation in the form of securities of a foreign issuer, issued in accordance with foreign law and certifying the rights to such shares (depository securities), voting on such shares must proceed only in accordance with the directives of the owners of the depository securities and other persons exercising rights to depository securities.”.

20. Revise Point 11.9 to read as follows:

“11.9. The results of voting and the decisions taken by the Meeting may be announced at the Meeting during which the voting was conducted, except for Meetings conducted in the form of absentee voting, and shall also be communicated to the persons included in the list of persons entitled to participate in the Meeting, in the form of a report on voting results, pursuant to the procedure stipulated for the notice of the holding of the Meeting, not later than four business days after the date of closure of the Meeting, or the final date for accepting ballots, if the Meeting is conducted in the form of absentee voting.

If on the list date a shareholder registered in the Company’s shareholder register is a nominee shareholder, the report on voting results shall be sent in electronic form (in the form of an electronic document signed by a digital signature) to the nominee shareholder. The nominee shareholder must convey this report on voting results to its depositors, pursuant to the procedure and by the deadlines established by the regulatory legal acts of the Russian Federation or the contract with the depositor.”.

21. Revise Point 11.10 to read as follows:

“11.10. Based on the results of the conduct and voting of the Meeting, the minutes of the Meeting and the protocol of voting results of the Meeting are prepared, and a report on voting results is also prepared.”.

**Table of amendments to the current version  
of the Regulations on the Procedure for Preparing and Holding the General Shareholders Meeting of OAO "LUKOIL"  
(hereinafter the "Regulations")**

№	Current version of the Regulations	New version of the Regulations	Comments
1.	Point 4.4: "4.4. If the Company's shares have been deposited in the personal account (depot account) of a trust manager (trust manager of rights), the trust manager (trust manager of rights) in the account of which the shares were deposited will be included in the list of persons entitled to participate in the Meeting."	Point 4.4: "4.4. If the Company's shares have been deposited in the personal account (depot account) of a trust manager ( <del>trust manager of rights</del> ), the trust manager ( <del>trust manager of rights</del> ) in the account of which the shares were deposited, <b><u>or the founder of the trust, information on which has been provided by the trust manager</u></b> will be included in the list of persons entitled to participate in the Meeting."	This change is being made to bring the wording of point 4.4 of the Regulations into line with point 2.13 of the <i>Regulations on Additional Requirements on the Procedure for Preparing, Convening and Conducting the General Shareholders' Meeting</i> , approved by Order No. 12-6/pz-n of the Federal Financial Markets Service of Russia of 2 February 2012, as amended by FFMS Order No. 13-65/pz-n of 30 July 2013.
2.	Point 4.5: "4.5. If the Company's shares are recorded on the personal account (deposit account) as "securities of unidentified persons", information on the number of shares will be included in the list of persons entitled to participate in the Meeting, with an indication of the fact that the shares belong to unidentified persons."	Point 4.5: " <del>4.5. If the Company's shares are recorded on the personal account (deposit account) as "securities of unidentified persons", information on the number of shares will be included in the list of persons entitled to participate in the Meeting, with an indication of the fact that the shares belong to unidentified persons.</del> <b><u>The list of persons entitled to participate in the Meeting shall also present information on the number of shares registered on the account of unidentified persons.</u></b> "	This change is being made to bring the wording of point 4.5 of the Regulations into line with point 2.14 of the <i>Regulations on Additional Requirements on the Procedure for Preparing, Convening and Conducting the General Shareholders' Meeting</i> , approved by Order No. 12-6/pz-n of the Federal Financial Markets Service of Russia of 2 February 2012, as amended by FFMS Order No. 13-65/pz-n of 30 July 2013.
3.	Point 4.6: "4.6. If the Company's shares are deposited in the account of a nominee holder that does not provide information on the persons in whose interest it holds the	Point 4.6: " <del>4.6. If the Company's shares are deposited in the account of a nominee holder that does not provide information on the persons in whose interest it holds the shares, information on the</del>	This change is being made to bring the wording of point 4.6 of the Regulations into line with point 2.15 of the <i>Regulations on Additional Requirements on the Procedure for Preparing, Convening and Conducting the General</i>

№	Current version of the Regulations	New version of the Regulations	Comments
	shares, information on the number of shares will be included in the list of persons entitled to participate in the Meeting, with an indication of the fact that the indicated nominee holder did not provide the relevant data.”.	<p><del>number of shares will be included in the list of persons entitled to participate in the Meeting, with an indication of the fact that the indicated nominee holder did not provide the relevant data.</del></p> <p><b><u>The list of persons entitled to participate in the Meeting shall also present information on the number of shares for which the nominee shareholder has not provided the information that is to be included in the given list.”.</u></b></p>	Shareholders’ Meeting, approved by Order No. 12-6/pz-n of the Federal Financial Markets Service of Russia of 2 February 2012, as amended by FFMS Order No. 13-65/pz-n of 30 July 2013.
4.	The current version does not contain this text.	<p><b><u>Point 4.9:</u></b>  <b><u>“4.9. Information on the date of preparation of the list of persons entitled to participate in the Meeting shall be disclosed by the Company at least 5 days before said date.”.</u></b></p>	This addendum is being made to reflect in the Regulations the requirements established by Appendix No. 3 to the <i>Procedure for Admitting Securities to Organised Trading</i> , approved by FFMS Order No. 13-62/pz-n of 30 July 2013.
5.	Point 5.1: “5.1. The notice on the holding of a Meeting will be published in the newspaper <i>Rossiyskaya Gazeta</i> 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 regional print media.”.	Point 5.1: “5.1. The notice on the holding of a Meeting will <del>be published</del> , at least 30 days prior to the date when it is to be held, unless an earlier deadline is stipulated by law, <del>in the newspaper <i>Rossiyskaya gazeta</i></del> . <b><u>posted on the Company’s official websites <a href="http://www.lukoil.ru">www.lukoil.ru</a> and <a href="http://www.lukoil.com">www.lukoil.com</a></u></b> , and may also be published in regional print media.”.	This amendment is being made to bring the wording of point 5.1 of the Regulations as regards the means of sending notice on the holding of a General Shareholders’ Meeting of OAO “LUKOIL” (hereinafter also the Company) into line with the amendments made to the first paragraph of point 8.7 of the Charter of OAO “LUKOIL” due to the change from 1 January 2014 in the means for sending notice of the conduct of a General Shareholders' Meeting, established by the third paragraph of point 1 of article 52 of the Federal Law <i>On Joint Stock Companies</i> (the “JSC Law”), as amended by Federal Law No. 282-FZ of 29 December 2012.
6.	Point 5.2:	Point 5.2:	This amendment is being made to correct point 5.2

№	Current version of the Regulations	New version of the Regulations	Comments
	<p>“5.2. The Company also has the right to inform the persons entitled to participate in the Meeting on the holding of the Meeting through other mass media (television, radio), and by placing a notice on the holding of the Meeting on the Company’s official website in the Internet.”.</p>	<p>“5.2. The Company also has the right to inform the persons entitled to participate in the Meeting on the holding of the Meeting through other mass media (television, radio), <del>and by placing a notice on the holding of the Meeting on the Company’s official website in the Internet.”.</del></p>	<p>of the Regulations in connection with the change in the means of sending notice on the holding of a General Shareholders’ Meeting pursuant to the changes made to the first paragraph of point 8.7 of the Charter of OAO “LUKOIL” and point 5.1 of the Regulations.</p>
7.	<p>Point 5.4: “5.4. The date of notification of shareholders on the holding of a Meeting will be determined as the postmark date, the date of personal delivery of the text of the notice, or the date of its publication in the mass media.”.</p>	<p>Point 5.4: “5.4. The date of notification of shareholders on the holding of a Meeting will be determined as the <del>postmark date, the date of personal delivery of the text of the notice, or</del> <b><u>date the text of the notice on the holding of the Meeting is posted to the Company’s official websites www.lukoil.ru and www.lukoil.com.”.</u></b></p>	<p>This amendment is being made to correct point 5.4 of the Regulations in connection with the change in the means of sending notice on the holding of a General Shareholders’ Meeting pursuant to the changes made to the first paragraph of point 8.7 of the Charter of OAO “LUKOIL” and point 5.1 of the Regulations.</p>
8.	<p>Point 5.7: “5.7. The materials (information) to be provided to the shareholders when preparing for a Meeting include(s): the annual report, including the report of the Board of Directors; the annual financial statements, Auditors’ report, and opinion of the Company’s Audit Commission on the results of the audit of the annual financial statements, containing a verification of the reliability of the data contained in the Company’s annual report and annual financial statements; information on candidates for election to the Company’s Board of Directors, Audit Commission and the post</p>	<p>Point 5.7: “5.7. The materials (information) to be provided to the shareholders when preparing for a Meeting include(s): the annual report, including the report of the Board of Directors; the annual financial statements, Auditors’ report, and opinion of the Company’s Audit Commission on the results of the audit of the annual financial statements, containing a verification of the reliability of the data contained in the Company’s annual report and annual financial statements; information on candidates for election to the Company’s Board of Directors, Audit Commission and the post of the single-person executive body;</p>	<p>These addenda to the third paragraph of point 5.7 of the Regulations are being made to revise the name of the annual financial statements (<i>n/a to the English version</i>) pursuant to the wording of Federal Law No. 402-FZ <i>On Accounting</i> of 6 December 2011 and point 8.7 of the Charter of OAO “LUKOIL”. This amendment to the tenth paragraph of point 5.7 of the Regulations is being made in connection with the transfer, pursuant to Federal Law No. 251-FZ of 23 July 2013, to the Central Bank of the Russian Federation of authorities on the regulation, control and supervision in the area of financial markets.</p>

№	Current version of the Regulations	New version of the Regulations	Comments
	<p>of the single-person executive body;  information on the written consent (or lack thereof) of the nominated candidates to election to the relevant Company bodies;  draft amendments and addenda to the Company Charter, or a draft new version of the Company Charter;  draft internal Company documents or amendments and addenda thereto;  draft decisions of the Meeting;  recommendations of the Company's Board of Directors on distribution of profits, including on the amount of dividends on the Company's shares and the procedure for their payment, and the Company's losses based on the results of the financial year;  other information (materials) stipulated by effective legislation, the regulatory legal acts of the federal executive authority on the securities market, and the decisions of the Company's Board of Directors.  The indicated information and materials will also to available to the persons participating in the Meeting at the time when the Meeting is held.”.</p>	<p>information on the written consent (or lack thereof) of the nominated candidates to election to the relevant Company bodies;  draft amendments and addenda to the Company Charter, or a draft new version of the Company Charter;  draft internal Company documents or amendments and addenda thereto;  draft decisions of the Meeting;  recommendations of the Company's Board of Directors on distribution of profits, including on the amount of dividends on the Company's shares and the procedure for their payment, and the Company's losses based on the results of the financial year;  other information (materials) stipulated by effective legislation, the regulatory legal acts <del>of the federal executive authority on the securities</del> <b>related to the financial</b> markets, and the decisions of the Company's Board of Directors.  The indicated information and materials will also to available to the persons participating in the Meeting at the time when the Meeting is held.”.</p>	
9.	<p>Point 5.8:  “5.8. If a person listed in the register is a nominee holder of shares, the notice on the holding of a Meeting will be sent to the nominee holder of shares. The nominee holder of shares will be required to bring</p>	<p>Point 5.8:  “5.8. If a person listed in the <b>Company's shareholder</b> register is a nominee holder of shares, the notice on the holding of a Meeting <b>and also the information (materials) to be provided to persons entitled to participate in</b></p>	<p>This amendment is being made to bring the wording of point 5.8 of the Regulations into line with point 4 of article 52 of the JSC Law, as amended by Federal Law No. 282-FZ of 29 December 2012.</p>

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	<p>this notice to the attention of its clients according to the procedure and by the deadlines established by applicable legislation and the contract with the client.”.</p>	<p><b><u>the Meeting during preparations for the Meeting</u></b> will be sent to the nominee holder of shares <b><u>in electronic form (in the form of electronic documents signed by a digital signature)</u></b>.</p> <p>The nominee holder of shares will be required to bring this notice <b><u>on the holding of the Meeting</u></b> to the attention of its clients <del>depositors, along with the information (materials) that it received in accordance with this point,</del> according to the procedure and by the deadlines established by <del>applicable legislation</del> <b><u>regulatory legal acts of the Russian Federation or</u></b> the contract with the client <del>depositor</del>.”.</p>	
10.	<p>Point 6.8: “6.8. A voting proxy should be certified by the organisation in which the principal works or studies, the housing authority at his or her place of residence or the administration of the medical facility to which he or she has been admitted for treatment, or should be notarised.”.</p>	<p>Point 6.8: “6.8. A voting proxy should be certified by the organisation in which the principal works or studies, <del>the housing authority at his or her place of residence</del> or the administration of the medical facility to which he or she has been admitted for treatment, or should be notarised.”.</p>	<p>This amendment is being made in connection with the establishment of new requirements on certification of identity by article 185.1 of the Civil Code of the Russian Federation.</p>
11.	<p>First paragraph of point 6.9: “6.9. A power of attorney on behalf of a legal entity should be signed by the officer of the legal entity or another person authorised to do so by its foundation documents, and should be affixed with the stamp of this legal entity or notarised.”.</p>	<p>First paragraph of point 6.9: “6.9. A power of attorney on behalf of a legal entity should be signed by the officer of the legal entity or another person authorised to do so <del>by its foundation documents, and should be affixed with the stamp of this legal entity or notarised</del> <b><u>in accordance with the law and the foundation documents</u></b>.”.</p>	<p>This amendment is being made to bring the wording of the first paragraph of point 6.9 of the Regulations into line with point 4 of article 185.1 of the Civil Code of the Russian Federation.</p>
12.	<p>Point 6.14:</p>	<p>Point 6.14:</p>	<p>This addenda and amendment are being made to</p>

№	Current version of the Regulations	New version of the Regulations	Comments
	<p>“6.14. If shares are transferred after the list of persons entitled to participate in the Meeting has been compiled, but prior to the holding of the Meeting (hereinafter “shares transferred after the compilation of the list”), the person included in the list will be required to issue a voting proxy to the buyer or vote at the Meeting according to the instructions of the buyer of the shares. This rule shall also apply to each subsequent instance of the transfer of shares.”.</p>	<p>“6.14. If shares are transferred after the list of persons entitled to participate in the Meeting has been compiled, but prior to the holding of the Meeting (hereinafter “shares transferred after the compilation of the list”), the person included in the list will be required to issue a voting proxy to the buyer or vote at the Meeting according to the instructions of the buyer of the shares, <b><u>if this is stipulated by the share transfer agreement.</u></b> <del>This rule shall also apply to each subsequent instance of the transfer of shares.”.</del></p>	<p>bring the wording of point 6.14 of the Regulations into line with the first paragraph of point 2.16 of the <i>Regulations on Additional Requirements on the Procedure for Preparing, Convening and Conducting the General Shareholders’ Meeting</i>, approved by FFMS Order No. 12-6/pz-n of 2 February 2012, as amended by FFMS Order No. 13-65/pz-n of 30 July 2013.</p>
13.	<p>Point 6.15: “6.15. If shares are transferred to two or more buyers after the list of persons entitled to participate in the Meeting has been drafted, the person included in the list of persons entitled to participate in the Meeting will be required to vote at the Meeting according to the instructions of each buyer of the shares and/or to issue each buyer a voting proxy, indicating therein the number of shares on which voting rights are conferred.”.</p>	<p>Point 6.15: “6.15. If shares are transferred to two or more buyers after the list of persons entitled to participate in the Meeting has been drafted, the person included in the list of persons entitled to participate in the Meeting will be required, <b><u>if specified by the share transfer agreement (agreements),</u></b> to vote at the Meeting according to the instructions of each <b><u>corresponding</u></b> buyer of the shares <del>and/or</del> to issue each <b><u>such</u></b> buyer a voting proxy, indicating therein the number of shares on which voting rights are conferred.”.</p>	<p>This amendment is being made to bring the wording of point 6.15 of the Regulations into accordance with the second paragraph of point 2.16 of the Regulations on Additional Requirements on the Procedure for Preparing, Convening and Conducting the General Shareholders’ Meeting, approved by Order No. 12-6/pz-n of the Federal Financial Markets Service of Russia of 2 February 2012, as amended by FFMS Order No. 13-65/pz-n of 30 July 2013.</p>
14.	<p>The third paragraph of point 7.4: “organise and ensure the notification of shareholders through the mass media of information on the holding of the Meeting, its agenda, date, place and time, and the start of registration by the deadlines established by the Company Charter and the Federal Law <i>On Joint Stock Companies</i>;”.</p>	<p>The third paragraph of point 7.4: “organise and ensure the notification of shareholders <del>through the mass media of information</del> on the holding of the Meeting, its agenda, date, place and time, and the start of registration by the deadlines <b><u>and pursuant to the procedure</u></b> established by the Company Charter and the Federal Law <i>On Joint Stock Companies</i>;”.</p>	<p>This amendment is being made to correct the third paragraph of point 7.4 of the Regulations in connection with the change in the means of sending notice on the holding of a General Shareholders’ Meeting pursuant to the changes made to the first paragraph of point 8.7 of the Charter of OAO “LUKOIL” and point 5.1 of the Regulations.</p>
15.	<p>The fifth paragraph of point 7.4:</p>	<p>The fifth paragraph of point 7.4:</p>	<p>This addendum is being made in connection with</p>



№	Current version of the Regulations	New version of the Regulations	Comments
	“ensure that a stenographic record of the Meeting is kept, edit the decisions taken by the Meeting, and prepare the minutes of the Meeting;”.	“ensure that a stenographic record of the Meeting is kept, edit the decisions taken by the Meeting, and prepare the minutes of the Meeting <b><u>and the report on voting results;</u></b> ”.	the entry into force from 1 July 2014 of Federal Law No. 379-FZ of 21 December 2013 <i>On Amending Certain Legislative Acts of the Russian Federation</i> , which amended point 4 of article 62 of the JSC Law, establishing the obligation of companies to notify persons included on the list of persons entitled to participate in the meeting of the decisions taken by the general shareholders meeting and the voting results in the form of a report on voting results.
16.	Second paragraph of point 7.5: “the Secretary (manages the work of the Secretariat and signs minutes of the Meeting);”.	Second paragraph of point 7.5: “the Secretary (manages the work of the Secretariat and signs minutes of the Meeting <b><u>and the report on voting results;</u></b> ”.	This addendum is being made in connection with the entry into force from 1 July 2014 of Federal Law No. 379-FZ of 21 December 2013 <i>On Amending Certain Legislative Acts of the Russian Federation</i> , which amended point 4 of article 62 of the JSC Law, establishing the obligation of companies to notify persons included on the list of persons entitled to participate in the meeting of the decisions taken by the general shareholders meeting and the voting results in the form of a report on voting results, to be signed by the Chairman and Secretary of the General Meeting.
17.	Point 9.4: “9.4. Votes on ballots that lack the signature of the person (representative of the person) entitled to participate in the Meeting will not be counted when determining a quorum for a Meeting conducted through absentee voting, and also when determining a quorum for a Meeting conducted in mixed form, if the vote on such a ballot was cast by sending it to the Company, which received this ballot not later than two days before the holding	Point 9.4: “9.4. Votes on ballots that lack the signature of the person (representative of the person) entitled to participate in the Meeting will not be counted when determining a quorum for a Meeting conducted through absentee voting, and also when determining a quorum for a Meeting conducted in mixed form, if the vote on such a ballot was cast by sending it to the Company, which received this ballot not later than two days before the holding of the Meeting, <b><u>except for cases established by regulatory acts related to</u></b>	This addendum is being made in order to reflect in point 9.4 of the Regulations the norms of the second paragraph of point 4.24 of the <i>Regulations on Additional Requirements on the Procedure for Preparing, Convening and Conducting the General Shareholders’ Meeting</i> , approved by Order No. 12-6/pz-n of the Federal Financial Markets Service of Russia of 2 February 2012, as amended by FFMS Order No. 13-65/pz-n of 30 July 2013.

№	Current version of the Regulations	New version of the Regulations	Comments
	of the Meeting.”.	<b><u>the financial markets.</u></b> ”.	
18.	Second paragraph of point 10.2: “Where the number of persons entitled to participate in a Meeting is more than 500,000, ballot forms will be published in the print media indicated in point 5.1 of these Regulations.”.	Second paragraph of point 10.2: “Where the number of persons entitled to participate in a Meeting is more than 500,000, ballot forms will be published in the <del>print media</del> <b><u>newspaper <i>Rossiyskaya gazeta</i></u></b> indicated in point 5.1 of these Regulations.”.	This amendment is being made to determine the print medium in which the ballots will be published in the event the number of Company shareholders exceeds 500,000, pursuant to the changes made to the third paragraph of point 8.7 of the Charter of OAO “LUKOIL” and also taking into account the adjustment to point 5.1 of the Regulations.
19.	Point 10.6: “10.6. If shares representing the right to vote at the Meeting circulate outside the Russian Federation in the form of securities of a foreign issuer, issued in accordance with foreign law and certifying the rights to such shares (depository securities), voting on such shares must proceed only in accordance with the directives of the owners of the depository securities.”.	Point 10.6: “10.6. If shares representing the right to vote at the Meeting circulate outside the Russian Federation in the form of securities of a foreign issuer, issued in accordance with foreign law and certifying the rights to such shares (depository securities), voting on such shares must proceed only in accordance with the directives of the owners of the depository securities <b><u>and other persons exercising rights to depository securities.</u></b> ”.	This addendum is being made to bring the wording of point 10.6 of the Regulations into line with point 2.17 of the Regulations on Additional Requirements on the Procedure for Preparing, Convening and Conducting the General Shareholders’ Meeting, approved by Order No. 12-6/pz-n of the Federal Financial Markets Service of Russia of 2 February 2012, as amended by FFMS Order No. 13-65/pz-n of 30 July 2013.
20.	Point 11.9: “11.9. The results of voting and the decisions taken by the Meeting are announced at the Meeting during which the voting was conducted, except for Meetings conducted in the form of absentee voting. If the Meeting is conducted in the form of absentee voting, the decisions taken at such a Meeting as well as the voting results will be published in the print media indicated in point 5.1 of these Regulations within 10 days from the preparation of the protocol	Point 11.9: “11.9. The results of voting and the decisions taken by the Meeting <del>may</del> <b><u>are be</u></b> announced at the Meeting during which the voting was conducted, except for Meetings conducted in the form of absentee voting, <b><u>and shall also be communicated to the persons included in the list of persons entitled to participate in the Meeting, in the form of a report on voting results, pursuant to the procedure stipulated for the notice of the holding of the Meeting, not later than four business days after the</u></b>	This amendment and addendum are being made to bring the wording of point 11.9 of the Regulations into line with point 4 of article 62 of the JSC Law in the version of Federal Law No. 379-FZ of 21 December 2013 <i>On Amending Certain Legislative Acts of the Russian Federation</i> , which enters into force from 1 July 2014, establishing the obligation of companies to notify persons included on the list of persons entitled to participate in the meeting of the decisions taken by the general shareholders’ meeting and the voting results in the form of a report on voting results.

№	Current version of the Regulations	New version of the Regulations	Comments
	of voting results.”.	<p><b><u>date of closure of the Meeting, or the final date for accepting ballots, if the Meeting is conducted in the form of absentee voting.</u></b> <del>If the Meeting is conducted in the form of absentee voting, the decisions taken at such a Meeting as well as the voting results will be published in the print media indicated in point 5.1 of these Regulations within 10 days from the preparation of the protocol of voting results</del></p> <p><b><u>If on the list date a shareholder registered in the Company’s shareholder register is a nominee shareholder, the report on voting results shall be sent in electronic form (in the form of an electronic document signed by a digital signature) to the nominee shareholder. The nominee shareholder must convey this report on voting results to its depositors, pursuant to the procedure and by the deadlines established by the regulatory legal acts of the Russian Federation or the contract with the depositor.”.</u></b></p>	
21.	Point 11.10: “11.10. Based on the results of the conduct and voting of the Meeting, the minutes of the Meeting and the protocol of voting results of the Meeting are prepared, and if decisions taken by the Meeting and the voting results are not announced during the Meeting at which the voting was conducted, a report on voting results is also prepared.”.	Point 11.10: “11.10. Based on the results of the conduct and voting of the Meeting, the minutes of the Meeting and the protocol of voting results of the Meeting are prepared, and <del>if decisions taken by the Meeting and the voting results are not announced during the Meeting at which the voting was conducted,</del> a report on voting results is also prepared.”.	This amendment is being made in connection with the entry into force from 1 July of Federal Law No. 379-FZ of 21 December 2013 <i>On Amending Certain Legislative Acts of the Russian Federation</i> , which amends point 4 of article 62 of the JSC Law.

In this table, deleted provisions are shown in the table as strikethrough text, and new provisions are shown as bold underlined text.

## **Information on interested-party transactions**

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

Two interested-party transactions are being sent for the consideration of the Annual General Shareholders Meeting of OAO “LUKOIL”: Policy (contract) on insuring the liability of directors, officers and corporations between OAO “LUKOIL” (Policyholder) and Joint Stock Company «Kapital Insurance» (Insurer) and Supplemental Agreement to Loan Agreement No. 0810843 of 13 October 2008 between OAO “LUKOIL” (Borrower) and OAO RITEK (Lender).

The amount of the first transaction does not exceed 2% of the book value of the assets of OAO “LUKOIL” (hereinafter also the “Company”) according to its financial statements as at 31 December 2013 (two percent of this amount equals 25,925,524,060 roubles). This transaction is being sent for the approval of the General Shareholders Meeting of the Company based on point 3 of article 83 of the Law, since all the members of the Board of Directors of OAO “LUKOIL” qualify as parties interested in the conclusion of the transaction. Under this transaction, all members of the Board of Directors of the Company are considered interested parties to this transaction as beneficiaries under the transaction, as they will be entitled to a compensation should an insured event occur.

Interested parties under the second transaction are Valery Isaakovich Grayfer, Chairman of the Board of Directors of OAO “LUKOIL”, also the Chairman of the Board of Directors of OAO RITEK, and Azat Angamovich Shamsuarov, a member of the Management Committee of OAO “LUKOIL”, also a member of the Board of Directors of OAO RITEK. The interested parties have no direct material benefit. These parties are recognised as interested parties due to the formal characteristic of participation in the management bodies of the Company and OAO RITEK. The amount of the second transaction exceeds 2% of the book value of the assets of OAO “LUKOIL” according to its financial statements as at 31 December 2013, therefore it needs to be submitted for approval to the General Shareholders Meeting of OAO “LUKOIL”.

Under the Policy (contract) on insuring the liability of directors, officers and corporations for 2014-2015 (hereinafter the “Policy”), insured is the liability of the sole executive body, members of management bodies, employees of OAO “LUKOIL” and/or subsidiaries of OAO “LUKOIL”, and/or other organisations with the participation of OAO “LUKOIL” and/or its subsidiary based on whose proposals the sole executive body and/or members of management bodies of such organisations were elected (Cover A); the liability of OAO “LUKOIL”, subsidiaries of OAO “LUKOIL”, other organisations with the participation of OAO “LUKOIL” and/or its subsidiary based on whose proposals the sole executive body and/or members of management bodies of such organisations were elected (Cover B); the liability of OAO “LUKOIL” and its subsidiaries (Cover C) in connection with claims in respect of securities. OAO “LUKOIL” undertakes, within the dates specified in the Policy, to pay the insurance premium and Joint Stock Company «Kapital Insurance» undertakes to pay the insurance coverage (indemnification) under the Policy to respective Insured and/or any other person entitled to such indemnification should any insured event specified in the Policy occur, within the insurance premium (liability limit) determined by the Policy. The total aggregate limit for Covers A, B and C is at least USD 100,000,000. Insurance premium for Covers A, B and C is up to USD 450,000. The insurance premium will be paid in roubles at the RF Central Bank exchange rate as of the date of payment, in accordance with the terms and conditions of the Policy.

As to the second transaction - Supplemental Agreement to Loan Agreement No. 0810843 of 13 October 2008 (hereinafter the “Agreement”) - it is worth mentioning that this Agreement, with the

initial amount RUB 1,000,000,000, was first signed between OAO “LUKOIL” (the Borrower) and OOO Volgogradneftegaz (the Lender) (whose successor became OAO LUKOIL-Volgogradneftegaz later merged with OAO RITEK) and, under Article 83 of the Law, did not require approval from the competent management body of OAO “LUKOIL” as there were no interested parties at the time of its signing. Under Supplemental Agreements to the Loan Agreement signed with OAO RITEK, the current party thereto, the loan amount was increased to RUB 18,000,000,000 (approved by the Board of Directors of OAO “LUKOIL” on 25.12.2012, Minutes No. 25), to RUB 23,000,000,000 (approved by the Board of Directors of OAO “LUKOIL” on 25.07.2013, Minutes No. 16) and to RUB 24,430,000,000 (approved by the Board of Directors of OAO “LUKOIL” on 24.09.2013, Minutes No. 20). In accordance with the Supplemental Agreement being submitted to the General Shareholders Meeting for consideration, the loan amount to be provided by the Lender to the Borrower is being increased from RUB 24,430,000,000 to RUB 100,000,000,000. The purpose of the Supplemental Agreement is to provide the Company with the borrowing funds to ensure efficient use of free cash of OAO RITEK. The interest rate will be determined in accordance with the Marketing Policy for Determining Interest Rates on Loans between OAO “LUKOIL” and the Russian Organisations of the LUKOIL Group, approved by decision of the Management Committee of OAO “LUKOIL” of 30 August 2006 (Minutes No. 26), with subsequent amendments and addenda for on-call loans. The estimated interest accruals for the period from the date the Agreement entered into force to 31.12.2014 will be RUB 5.7 billion.

It is noteworthy that in accordance with point 3 of article 49 of the Federal Law *On Joint Stock Companies*, the Board of Directors of OAO “LUKOIL” by decision of 24 April 2014 recommended that the Company’s Annual General Shareholders Meeting approve the said transactions. In accordance with article 77 of this same Law, the Board also determined the price parameters of these transactions.

## **Open Joint Stock Company “Oil Company “LUKOIL”**

### **Summary of 2013 performance results and main objectives for 2014**

In 2013 OAO “LUKOIL” (hereinafter also the “Company”) successfully reached its objectives, confirming its competitiveness, high-level efficiency, and reliability, which made it possible to increase shareholder return by increasing dividends to RUB 110/share<sup>1</sup> (+22% compared to 2012). Dividend yield may equal 5.5%.

#### **Geological exploration and oil and gas reserves**

In terms of exploration, 2013 was one of the Company’s most successful years: nine deposits and 43 occurrences were discovered, which is the best result in the past five years.

When performing exploration work, the Company pays special attention to the use of innovative technologies, which makes it possible to significantly increase the efficiency of exploration work. The success rate for the Company’s exploratory drilling in 2013 was 73%.

The Company entered a promising new region in 2013 – the Norwegian sector of the Barents Sea, which has high development potential.

The Company’s proven hydrocarbon reserves as at 31 December 2013 are 17.4 billion barrels of oil equivalent. More than 100% of production was replaced by increases in proven reserves in 2013. Through exploratory drilling in traditional operating regions, accelerated development of deposits discovered in 2013, and asset acquisitions, the increase in the Company’s proven reserves in 2013 was 822 million BOE. Reviews of previous estimates led to an increase in reserves by 116 million BOE. This was possible due to improvements in the technology for developing existing deposits, and also taking into account the tax concessions provided by the Russian Government for difficult-to-recover reserves and offshore reserves.

#### **Oil and gas production**

The LUKOIL Group (hereinafter also the “Group”) increased its daily average oil production by 1.3% as result of new acquisitions and organic growth in the Caspian, in the Komi Republic, and in Perm. Oil production (including the Company’s share of the production of associates) was equal to 90.8 million tonnes (670.1 million barrels).

The Company is working actively to start production at new deposits. Over the course of 2013, hydrocarbon production began at nine new deposits in the Russian Federation (not including the acquisition of ZAO Samara-Nafta). More than 16 of the Company’s deposits in the Russian Federation increased their oil production in 2013 compared to 2012 by more than 50 thousand tonnes. As result of the growth of production drilling, significant increases were achieved in oil production at the Yu. Korchagin deposit (578 thousand t), the Vostochno-Lambeyshorskoye deposit in Komi (482 thousand t), and the Vostochno-Perevalnoye deposit in Western Siberia (249 thousand t).

A great achievement of the Company was to slow the rates of decline in production at mature deposits in Western Siberia, which are in the final stage of development.

In the Caspian Sea, the Company also achieved impressive results: hydrocarbon production at the Yu. Korchagin deposit increased significantly, and the first stage of development was completed at the region’s largest deposit, the V. Filanovsky deposit.

In Iraq, the infrastructure of the West Qurna-2 deposit went into its final stage of preparations, with many facilities necessary to begin production being completed.

#### **Oil refining**

Russian enterprises of the refining block achieved positive results in 2013, not only due to the favourable external situation, but also through their high level of competitiveness. All of the Company’s refineries are undergoing comprehensive modernization. Among other things, construction continued on

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<sup>1</sup> Dividends recommended by the Board of Directors for payment based on the results of the 2013 financial year (including interim dividends of RUB 50 per share, paid based on the results of the first half of the 2013 financial year).

a coking unit in Perm, a hydro-cracking unit in Volgograd, and a catalytic cracking unit in Nizhny Novgorod. Commissioning of these units will make it possible to ensure adequate growth in the Company's cash flow.

Due to continuing modernization, the depth of processing at Russian refineries reached 75.7%, fuel oil production was reduced by 1%, and high-octane gasoline accounted for 99.9% of the total production of automotive gasoline.

Compared to 2012, production of petroleum products at subsidiary and associated refineries of the Group increased by 0.7%, including an increase of 2.3% in the production of petroleum products at Russian refineries.

### **Power generation industry**

The Company continued to develop the power generation sector in 2013 in accordance with the strategic development programme. Total output of electrical power in 2013 was 15.7 billion kWh. Total output of thermal energy was 13.6 million GCal, including 12.5 million GCal in Russia. The volume of thermal energy and electrical power produced was determined proceeding from the conditions on the power generation market.

In 2013, the Company commissioned two steam gas units in Astrakhan, with a total capacity of 235 MW, and six gas-turbine units were installed in Rostov and Stavropol, with a combined capacity of 10.5 MW. In Romania, construction began of a wind power station with a capacity of 84 MW, and a project was initiated to build a solar power station at the idle grounds of the refinery in Ploesti.

### **Oil and gas sales**

The Company's aggregate sales of oil, including deliveries for refining at the Company's own refineries and associate refineries, were equal to 105 million tonnes in 2013. At the same time, in connection with the high efficiency of oil supplies on the domestic market compared to the majority of deliveries abroad, significant volumes of oil were rerouted from inefficient export deliveries to the Company's refineries and sales on the Russian domestic market. Exports decreased by 8.4% in 2013, and were equal to 31.8 million tonnes.

The Company exported 6.3 million t of oil through its own terminals, an increase of 50%. Shipments through the Varandei terminal grew by more than 70%, due to the commissioning of the new Kharyaga–Yuzhnoye Khylochuyu oil pipeline.

An important achievement for the Company was the organisation of export shipments through the East Siberia–Pacific Ocean system to the port of Kozmino, which made it possible to sell light crude while maintaining its quality and with greater efficiency than traditional exports to the West.

### **Sale of oil products**

As it possesses a well-diversified distribution network (more than 5,867 filling stations and 166 oil depots in 27 countries), LUKOIL sells its own petroleum products on the retail market. The Company increased sales of petroleum products by 2.1% in 2013. The greatest share of the increase came on the Russian market (+3.4% compared to 2012) due to the increased demand for high-quality fuel.

Average daily sales per filling station in Russia rose to 12.8 tonnes, due to the introduction of highly efficient stations and the optimization of money-losing stations, reconstruction of older stations, and also the implementation of client loyalty programs (LICARD). Sales of non-fuel goods rose by 6%.

### **Corporate responsibility**

For more than 20 years, we have prudently used our natural and human resources, which is the underlying reason for our success. Among Russian oil and gas companies, OAO "LUKOIL" is the only operator of offshore deposits, where strict compliance with the zero-emission principle ensures the preservation of the natural environment.

In 2013, the Company focused its attention on issues of health, safety and the environment in its regions of presence.

The Company has invested approximately USD 4 billion in environmental measures over the past five years, specifically, in preventing atmospheric pollution, including by improving the utilization of associated petroleum gas (APG) and also accident prevention and clean-up operations.

Maintaining its dedication to the principles of social responsibility, in 2013 OAO “LUKOIL” continued its sponsorship and charitable activities, supporting educational, medical and sports institutions and promoting preservation of the cultural and historical heritage in its regions of presence.

Without doubt, a key factor in the Company’s successful work is the integrated work of its entire workforce. Strong financial indicators in 2013 allowed us to index employee wages and pay annual bonuses. A key priority for the Company is to create conditions where every employee can realize their full potential.

### **Corporate governance**

A stable shareholder structure creates the foundations for high standards of corporate governance and maintaining continuity, which is confirmed by highest reliability ratings. In 2013, the international agencies Fitch and Standard & Poor’s raised the Company’s ratings to the level of BBB with a stable forecast.

### **Stock market**

Over the course of 2013, under pressure from instability on commodity markets, Russian stock indexes traded within a fairly narrow price range. In addition there was a significant outflow of capital from developing markets to developed markets.

The MICEX index rose only 2.0% from the start of the year. Trading in OAO “LUKOIL” shares followed the general trend, with quotations on MICEX growing only 2.0% over the year.

As at 2013 year end, major investment banks with total assets of more than USD 9 trillion under management made a “buy” recommendation for Company shares.

### **The Company’s main objectives for 2014 are:**

The Company’s strategy consists in seeking to increase long-term shareholder value and shareholder return. By creating effective new points of growth for the business for steady future development, the Company is currently going through the peak of the investment cycle. Investments in new projects are aimed at reinforcing the raw materials base, and at modernising refining capacities to improve efficiency.

In future, the Company will continue to work to achieve its goals and objectives, creating a highly profitable business that will make it possible to derive maximum benefits from the existing market situation and to ensure a high return for shareholders.