

**CODE OF THE CORPORATE CONDUCT (MANAGEMENT)
OF JOINT STOCK OIL AND GAS COMPANY SLAVNEFT**

(approved by the resolution of the Board of Directors
dated November 17, 2008, minutes No. 1,
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Introduction

In order to improve the efficiency of the activities, profitability and growth of the capitalization as well as to enhance the confidence of investors and other interested parties ¹, Open Joint Stock Oil and Gas Company Slavneft (hereinafter – OAO NGK Slavneft, the Company) voluntarily accepts the present Code of Corporate Conduct (Management) (hereinafter – the Code) aimed at the systematization of the principles and rules of the corporate management of the Company.

The present Code has been developed on the basis of the applicable international standards of the corporate management, Russian Code of Corporate Conduct as well as on the basis of the Articles of Association of the Company and internal documentation of the Company.

1. Principles of the Corporate Management of OAO NGK Slavneft

1.1. For the purpose of the Code, the expression “corporate conduct (management)” means a body of principles and rules according to which the process of management and control of the Company is performed, as well as the interaction of the shareholders, management and controlling bodies of the Company and other interested parties.

1.2. The system of the corporate management of OAO NGK Slavneft is based on the following principles:

- observance and protection of the rights of the shareholders and investors given to them by law, the Articles of Association and other regulatory documents of the Company;
- provision to the shareholders trustworthy and efficient means of exercising their rights and protection of their interests;
- general management of the Company’s activities by the Board of Directors of OAO NGK Slavneft (hereinafter – the Board of Directors);
- conscientious and intelligent management of activities by all the management bodies of the Company exclusively in the Company interests;
- timely, complete and trustworthy disclosure of the information on the Company’s activities, provision of financial transparency of the Company;
- implementation and maintaining effective system of the internal control over the financial and economic activities of the Company;
- recognition and observance of the rights and interests of all interested parties and adherence to the principles of a socially responsible company;
- observation of the business ethic rules.

2. General Meeting of Shareholders

2.1. General Provisions

The General Meeting of Shareholders is the supreme management body of OAO NGK Slavneft (hereinafter – the Meeting of Shareholders, the Meeting).

The procedure of preparation for, convening and holding the Meeting of Shareholders is governed by the current law of the Russian Federation, the Articles of Association of the Company and internal regulatory document of the Company – the Regulations on the General Meeting of Shareholders of OAO NGK Slavneft.

¹ For the purpose of the present Code, the phrase “interested parties” refers to the government, municipal authorities, Company’s personnel, creditors, contracting parties, as well as the population of the areas where the Company operates.

2.2. Notification on Convening the Meeting of Shareholders

The Company notifies (publishes, sends letters by registered mail or delivers in person against signature) on convening the Meeting of Shareholders in accordance with the Regulations on the Meeting of Shareholders of the OAO NGK Slavneft.

Additionally, the Company places the notification on the Company's website at www.slavneft.ru (hereinafter – the website of the Company).

2.3. Information Provided for the Meeting of Shareholders

The Company endeavors that the information (information items) which is provided to the persons entitled to participate in the Meeting and necessary for adopting substantiated and weighted decisions on the agenda of the Meeting shall be available within the period specified in the Articles of Association and the Company's regulatory documents.

Besides the availability of the above information in the premises of the Company's executive body and the Company's registrar, OAO NGK Slavneft publishes this information on the Company's website.

2.4. The Agenda of the Meeting of Shareholders

When determining the agenda of the Meeting of Shareholders, the Company defines the agenda issues in such a way as to avoid their different or ambiguous interpretation.

2.5. The Meeting of Shareholders

The Company provides to the shareholders convenient conditions, convenient location and time for holding the Meeting of Shareholders thereby affording a real and not difficult opportunity to attend the Meeting.

The Meetings of Shareholders is held in Moscow, at the Company's location or at other place available to the majority of the shareholders, which is appointed by the Board of Directors and it is conducted not earlier than 9:00 a.m. and not later than 9:00 p. m. of the local time.

The Company seeks to ensure that all the shareholders participating at the Meeting of Shareholders would have adequate and equal opportunity to express their opinion and ask questions concerning the agenda.

The Company also seeks to ensure that the members of the Board of Directors, President of the Company (hereinafter – the President), members of the Management Board, members of the Revision Commission, the Auditor of the Company (representative of the Auditor), candidates for the Board of Directors, Revision Commission and auditors of the Company would participate in the Meeting of Shareholders, and that all the above persons could be questioned.

In order to provide the execution of the shareholder's rights during the tally of the votes at the Meeting of Shareholders, the functions of the counting commission have been given to the independent registrar of the Company.

The resolutions adopted at the Meeting of Shareholders, as well as the voting results are announced at the Meeting or are brought to notice of the shareholders in accordance with the Articles of Association and internal regulatory documents of the Company.

The voting results and resolutions adopted at the Meeting of Shareholders are also published on the Company's website.

3. Board of Directors

3.1. General Provisions

The Board of Directors is an elected standing collegial body of OAO NGK Slavneft, which is responsible for general strategic management of the Company, setting goals and tasks for the management and control of their implementation.

The Board of Directors of OAO NGK Slavneft serves the Company's interests in accordance with the current laws of the Russian Federation, the Company's Articles of Association, and the internal regulatory document – the Regulations on the Board of Directors of OAO NGK Slavneft, as well as the present Code.

3.2. Functions of the Board of Directors

The main functions of the Board of Directors are:

- shaping the development strategy of the Company;
- control of the activities of the Company's executive bodies to ensure their work efficiency and implementation of the adopted strategy of the Company, regular assessment of the executive bodies' activities;
- provision of the system of the internal control and risk management, assessment of the system efficiency and its improvement;
- disclosure of the Company's information to the shareholders and other interested parties;
- observance and protection of the shareholders and other interested parties' rights.

3.3. Composition of the Board of Directors

The number of the members of the Board of Directors is determined by the resolution of the Meeting of Shareholders.

As to the composition of the Board of Directors, the Company considers it fundamentally important that the candidates for the Board had sound business reputation and possessed knowledge, skills and experience necessary for passing decisions on the issues which fall under the competency of the Board of Directors.

3.4. Duties of the Board of Directors

The members of the Board of Directors shall act in the interests of the Company, conscientiously and adequately exercise their rights and duties.

The members of the Board of Directors proactively participate in the meetings of the Board of Directors and its committees where they hold membership.

The members of the Board of Directors shall inform the Board of Directors, Revision Commission and the Auditor of the Company on:

- legal entities where they hold more than 20 per cent of voting shares (share fractions, stakes) independently or jointly with their affiliate(s);
- legal entities where they hold managerial positions;
- transactions, which they are aware of and which are under way or supposed to be performed and where they may be recognized as an interested party;
- they shall immediately notify the Chairman of the Board of Directors on any personal, commercial or other (direct or indirect) interest in transactions, agreements, projects related to the Company;
- they shall not accept gifts, services or any advantages from individuals or legal entities, which are or may be considered as a reward for adopted decisions or actions performed by a member of the Board of Directors under his official authority, except for symbolic courtesies in accordance with generally accepted rules of politeness or souvenirs during formal events;
- they shall observe all the rules and procedures specified in the internal regulatory documents of the Company and related to handling confidential, insider or other proprietary information, as well as they shall not disclose confidential, insider or other proprietary information, which have become known to a member of the Board of Directors during the execution of his respective duties, to persons who do not have access to such information, as well as use it in his interests or interests of third parties during the execution of the duties of a member of the Board of Directors and they shall not disclose it during 3 years after resigning from the Company.

The members of the Board of Directors shall disclose the information on holding the securities of the Company, its subsidiaries and affiliates, as well as on transactions with such securities.

3.5. Management of the Board of Directors Activities

The meetings of the Board of Directors may be held in two formats: joint attendance or absentee voting in the order stipulated in the Articles of Association and internal regulatory documents of the Company.

The meetings of the Board of Directors are convened as and when necessary but it should be conducted at least once in six weeks in accordance with the approved schedule.

The Board of Directors of OAO NGK Slavneft may attract independent consultants for resolving particular issues of their activities.

In order to make the work of the members of the Board of Directors efficient, the Company provides them with access to all the information necessary for the execution of their duties.

3.6. Committees of the Board of Directors

For the purpose of preliminary resolving of the most important issues related to the competency of the Board of Directors, the Board may form committees and commissions.

The following committees have been established and work now in the Company:

- the Audit Committee of the Board of Directors (hereinafter – the Audit Committee);
- the Staff and Remuneration Committee of the Board of Directors (hereinafter - the Staff and Remuneration Committee).

The activities of the Audit Committee are aimed at consulting the Board of Directors on the issues falling under the competencies of the Audit Committee. In particular, the Audit Committee provides monitoring of the completeness and credibility of the financial statements, the reliability and efficiency of the system of the internal control and external and internal audit, as well as the assessment of the efficiency of the procedures for maintaining the Company's compliance with the laws of the Russian Federation or any other applicable law, the Articles of Association and internal regulatory documents of the Company, also the Audit Committee prepares recommendations on these issues for the Board of Directors.

The Staff and Remuneration Committee enables the Board of Directors to adopt substantiated and weighted decisions on personnel affairs and elaborates on the Company's policy related to remuneration.

The Committees are advisory and consultative bodies of the Board of Directors, their activities are regulated by the respective provisions, which can be found on the Company's website.

The composition of the Committees of the Board of Directors is determined by the priority of the tasks faced by the Company and is approved by the resolution of the Board of Directors.

As and when necessary, the Board of Directors may form other committees.

3.7. Work Assessment and Remuneration of the members of the Board of Directors

By resolution of the Meeting of Shareholders of the Company, the remuneration and(or) reimbursement for the expenses incurred by the execution of their duties as members of the Board may be paid to the members of the Board of Directors. The amount of such remuneration is determined by the resolution of the Meeting of Shareholders in accordance with the annual results of the Company's activities.

The Company aims at the correspondence between an amount of remuneration paid to a member of the Board of Directors and his contribution to the results of the Company's activities and to determine such amount on the basis of appraisal of a member of the Board of Directors work.

It's intended that the annual appraisal of the work of the Board of Directors on the whole, it's Committees and each member of the Board of Directors will be performed. For assistance in such appraisal an independent consultant can be engaged.

If such payments are made to the members of the Board of Directors, the Company discloses the amount of the remuneration.

4. Executive Bodies

4.1. The President and Management Board: Division of Powers

In accordance with the Articles of Association of the Company, the management of the current Company's activities is performed by the President, who is a sole executive body of the Company and by the Management Board, which is a collegial executive body of the Company.

The executive bodies are accountable to the Meeting of Shareholders and the Board of Directors of the Company.

The President and the members of the Management Board perform their duties in strict compliance with the Articles of Association of OAO NGK Slavneft and internal regulatory documents of the Company.

The status and authorities of the executive bodies of the Company, procedure of appointment and termination of office, as well as meetings of the collegial executive body of the Company, duties, responsibilities and remuneration of the members of the executive bodies are determined by the Regulations on executive bodies of OAO NGK Slavneft, which can be found on the Company's website.

The President and Management Board are aware of their responsibility to the shareholders and their main goal is conscientious and competent fulfillment of their duties for the management of the current activities of OAO NGK Slavneft, which provides the Company's long-term profitability and growth of its value.

The joint work of the President and Management Board is based on the principles of the division of powers of the executive bodies: the President may not take decision on the issues, which fall under the competency of the Management Board.

The President, besides his management of the current activities of the Company, may not perform any other commercial activities except for taking the membership in the Board of Directors and, at the consent of the Board of Directors of the Company, may hold a position in executive bodies of other legal entities (apart from the cases of representation of interests in the Company's subsidiaries or other companies where the Company participates), if it is not contradict the Company's interests.

4.2. Duties of the Executive Bodies' Members

The President and members of the Management Board shall ensure that the Company's activities are in strict compliance with the laws, the Articles of Associations and internal regulatory documents of the Company as well as the policy of the Board of Directors.

The executive bodies regularly submit to the Board of Directors reports on all major aspects of the Company's commercial activities including the information on the implementation of the Company's development strategy, the efficiency of the Company and its subsidiaries and affiliates, as well as the reports on the fulfillment of financial and economic plans and programs of the Company.

4.3. Work Assessment and Remuneration of Members of the Executive Bodies

The Board of Directors regularly assesses the President's activities and members of the Management Board in accordance with the criteria developed by the Staff and Remuneration Committee.

During the execution of their duties, the President and members of the Management Board of the Company receive remuneration in accordance with the agreement concluded with them.

The Staff and Remuneration Committee develops and periodically updates the criteria for the determination of the annual payments and bonuses according to the annual results based on the key financial and nonfinancial indicators of the Company's activities, as well as according to the long-term

system of motivation aimed at bringing the interests of the top management in compliance with the shareholders' interests.

The Company discloses the information on the amount of the remuneration paid to the President and Management Board members of the Company.

5. Major Corporate Activities

The Company seeks to meet the requirements of maximum openness and transparency, as well as disclose the information on the consequences, which these actions may lead to.

The execution of certain activities by the Company is considered as major corporate activities.

The major corporate activities include:

- major transactions, transactions, which are covered by the procedure of settlement of major transactions, as well as interested party transactions;
- acquisition of more than 30 per cent of the Company's shares;
- reorganization and liquidation of the Company;
- amendments to the Articles of Association of the Company, approval of the new edition of the Articles of Association;
- other major corporate actions, which are accepted as such.

6. Dividends

The Company has established the procedure for the determination of the dividend amount and payment, which is transparent and clear to the shareholders. The Company ensures that the amount of dividends paid to the shareholders correlated to the net profit for the reporting period and requirements for the development of the operating and investment activities of the Company.

The dividends announced by the Company are paid in cash.

7. The System of Control of the Financial and Economic Activities of the Company

7.1. General Provisions

The main goals of the control of the financial and economic activities of the Company are safeguarding the shareholders' investments and the Company's assets, improvement of the shareholders' welfare.

These goals are achieved by the efficient and transparent system of the management, setting out procedures of the internal control in the Company, prevention, disclosure and limiting financial and operational risks, as well as the provision of the credibility of the financial information disclosed by the Company.

The control of the financial and economic activities of OAO NGK Slavneft is carried out by the Board of Directors of the Company, Audit Committee of the Board of Directors, Revision Commission, Chief Auditor Service, as well as by the independent audit company (auditor) of the Company.

Within its authority the Board of Directors exercises its general control of the financial and economic activities of the Company, which is based on the full information provided to them.

7.2. The Audit Committee of the Board of Directors

The Audit Committee:

- controls the efficiency of the process of the preparation of the financial statements;
- supervises of the efficiency of the system of the internal control of the Company;
- controls the efficiency of the internal audit work.

7.3. The Revision Commission

The Revision Commission of OAO NGK Slavneft examines the annual results of the financial and economic activities of the Company, as well as the activities for any other period at the request of the Meeting of Shareholders, Board of Directors, its own initiative or at the request of the Company's shareholders holding in the aggregate at least 10 per cent of the voting shares of the Company.

7.4. The General Auditor Service

The Company has set up the General Auditor Service (hereinafter – the Service), which:

- examines and analyses aspects of the Company's activities, its business processes and assesses the efficiency of the systems of the internal control and risk management;
- works out recommendations on improving the efficiency of the Company's activities and eliminating shortcomings in the control system;
- checks the execution of the work of the independent (outside) auditor; coordinates its activities with the outside auditor in order to provide credibility of the audit and to exclude the overlapping of efforts and minimize the costs of the audit;
- assists to the Company's departments in assessment and improvement of the management quality.

The General Auditor is functionally accountable to the Audit Committee and administratively - to the President of the Company.

Duties and tasks of the Service, responsibilities and authorities of its personnel, as well as its subordination are governed by the Regulations for the General Auditor Service of OAO NGK Slavneft.

7.5. The Outside Auditor of the Company

For the purpose of the maximum credibility and objectivity of the financial accounting, each year the Company engages an independent professional auditor for auditing and confirming the correctness of the annual financial reporting.

The independent auditor of the Company is approved at the Meeting of Shareholders according to the recommendations given by the Board of Directors. The terms of the agreement with the auditor, as well as the amount of the fee is approved by the Company's Board of Directors.

The Company ensures participation of the auditor representatives in the Annual Meetings of Shareholders so that the Slavneft's shareholders could question them on the auditing conclusions, if necessary.

The outside auditor does not provide any other services to the Company except for auditing ones.

8. Disclosure of the Company's information

8.1. Principles of the Company's Information Policy

To meet the information needs of the Company's shareholders, potential investors, governmental bodies and other interested parties, OAO NGK Slavneft shapes its information policy according to the principles, rules and approach to the disclosure of the information, which are defined by the internal regulatory document of the Company – the Regulations for the Information Policy of OAO NGK Slavneft, which can be found at the Company's website.

8.2. Scope and Manner of Information Disclosure

OAO NGK Slavneft meets all the requirements set by the laws related to the disclosure of information on all the relevant activities of the Company.

During preparation for and holding the Meeting of Shareholders, the Company provides to the shareholders all the relevant information on each agenda item in accordance with the list approved by the Board of Directors.

Each year the Company prepares and submits to the shareholders the annual report containing all the necessary information, which enables the shareholders to estimate the results of the Company's activities during the one year period. The Company tries to include additional information into the report in order to provide more detailed information on all important issues of the Company's activities, plans and its development strategies.

The Company pays special attention to disclosure of the relevant information publishing it on its corporate website as it understands its easy accessibility as the source of the information for the majority of the shareholders and other interested parties; besides the information that is obligatory for disclosure, the Company places financial statements prepared in accordance with the Russian and international accounting standards, the dividend history and its social policy on the website.

8.3. Information Regarded as a Commercial Secret

The list of data regarded as a commercial secret, access to this information and rules for its use are specified by the Company which determines reasonable balance between the openness of the Company and its intention not to impair its interests.

8.4. Insider Information

Insider information – is the information with following characteristics:

- adequate and correct, precise and closed information;
- information which may significantly influence the cost of financial instruments, foreign currency and (or) goods;
- information included into the list of insider information approved by the Russian Federal Markets Service and included as well into the OAO NGK Slavneft's insider information.

This information may be of a commercial, official, bank, postal secret (in terms of information on postal money transfer) and other secret protected by law.

In the purposes of preventing, revealing and restraint of misuse in the form of unlawful use of insider information and (or) market manipulation, the Company determines the list of insider information, list of the Company insiders, procedure for access to insider information, rules of keeping its confidentiality and control over observation of the legislation requirements.

9. The Corporate Relations in the Group of Companies – Relations between OAO NGK Slavneft and Subsidiaries

OAO NGK Slavneft is aware of the importance of improving the corporate management of its subsidiaries and affiliates and the Company will aim at ensuring openness and transparency of their activities, as well as introducing the basic principles of the Code into them.

OAO NGK Slavneft interacts with the subsidiaries and affiliates on:

- participation of the Company's representatives in the executive and controlling bodies of the subsidiaries and affiliates;
- organization and control of the subsidiaries activities, as well as control of the executive bodies of the subsidiaries and affiliates;
- development and implementation of coordinated and efficient investment policy of the Company, its subsidiaries and affiliates;
- implementation of the OAO NGK Slavneft's policy for the key development issues of the subsidiaries which shall comply with the strategy of the Company's participation in the subsidiaries.

10. Settlement of the Corporate Conflicts

The Company understands the importance of preventing and settling all disputes and discord between the management bodies of the Company and its shareholders, as well as disputes and discord among the shareholders if it affects the Company's interests.

For the purpose of settling a conflict originating from an issue falling under the competency of the Board of Directors or the executive bodies of the Company, the Board of Directors may set up a commission from among its members for settlement of the corporate conflicts.

11. Corporate Social Responsibility

OAo NGK Slavneft as a large oil holding is fully aware of its social responsibility for the Company's personnel, the society as a whole and population of the regions where it operates, business partners, governmental and municipal authorities.

The Company takes part in solving issues related to the development of the communities, where the Company and its subsidiaries operate, engaging in a continuous and open dialog with locals.

The Company's relationships with governmental and municipal authorities are based on the principles of transparency and observance of their lawful requirements.

12. Principles of the Corporate Ethics

For the purpose of enhancing the shareholders' confidence, the Company's personnel and officials, investors and other interested parties, the Company seeks to observe the principles of the business ethics as well as the key provisions of the Company's business ethics in relation to interested parties, which are fixed in the Regulations for business ethics of OAo NGK Slavneft published on the Company's website.

13. Final Provisions

The present Code comes into force since its approval by the Board of Directors of the Company.

The Board of Directors constantly monitors the observance of the regulations of the Code and, if and when necessary, amends it.

If some provisions of the Code contradict with the requirements of the laws of the Russian Federation due to their amendments, such provisions will be considered void and the Company's activities will be governed by the laws of the Russian Federation until the introduction of the amendments into the Code.

The present Code and its amendments are approved by the Board of Directors of the Company.