

Dear Shareholder

As you may recall, last year we made some fairly substantial changes to the remuneration packages offered to our Executive Directors, in particular an increase in annual bonus opportunity and maximum award levels under the Group's Performance Share Plan. Both were accompanied by the introduction of a greater 'stretch' in the targets employed under these plans.

We believe it good practice to review regularly the structure of, and quantum available under, the Executive Directors' remuneration packages. Arguably, the current economic climate makes such an approach even more appropriate.

The main conclusion of our most recent review was that no material changes should be made to the pay of our highly regarded senior executive team. We believe that an appropriate balance is currently struck between fixed and variable/performance-related pay. Base salaries are set below the median of comparative benchmarks, with significant reward opportunities available under the Group's short-term and long-term incentive plans. While this ensures that due focus is placed on performance-related pay, the Committee is entirely comfortable that this policy does not encourage inappropriate risk-taking which may be to the long-term detriment of shareholders. Indeed, the Committee believes that the Executive Directors' interests are very closely aligned with the long-term interests of investors through (i) the significant compulsory share deferral feature in the annual bonus plan, (ii) the regular annual grant of awards of share incentives, (iii) the imposition of share ownership guidelines and (iv) the use of Total Shareholder Return targets in both short- and long-term incentives (albeit in both cases 'underpinned' by a Remuneration Committee discretion to reduce payouts if other factors make it appropriate to do so).

However, one minor change is being made to the operation of the annual bonus which, in part, has been implemented to reflect the wishes of some of our major shareholders. In 2009, an increased weighting will be placed on the achievement of a blend of corporate key performance indicators, so that 50% of the total bonus opportunity will relate to performance against these targets (up from 33.33%). The balancing 50% of the bonus opportunity will continue to be payable by reference to performance against relative and absolute TSR targets.

Should any shareholder wish to contact me in connection with the Group's senior executive remuneration policy, please email me at: remunerationchair@tullowoil.com.

Yours sincerely



Clare Spottiswoode

Chairman of the Remuneration Committee
10 March 2009

Introduction

This report has been prepared in accordance with the requirements of the Directors' Remuneration Report Regulations 2002, which set out requirements for the disclosure of Directors' remuneration and also in accordance with the requirements of the Listing Rules of the Financial Services Authority.

The Regulations require the auditors to report to the Company's members on the 'auditable part' of the Directors' remuneration report and to state whether, in their opinion, the part of the report that has been subject to audit has been properly prepared in accordance with the Companies Act 1985 (as amended by the Directors' Remuneration Report Regulations 2002). The report is therefore divided into separate sections to disclose the audited and unaudited information.

Unaudited information

Remuneration Committee

The members of the Remuneration Committee are Clare Spottiswoode (Chairman), David Bamford, Steven McTiernan, Pat Plunkett, David Williams and Ann Grant (who was appointed on joining the Board on 15 May 2008). The Committee met six times during the year.

The main responsibilities of the Committee include:

- Determining and agreeing with the Board the remuneration policy for the Chief Executive Officer, Chairman, Executive Directors and senior executives;
- Approving the design of, and determining targets for, an annual performance-related pay scheme for the Executive Directors and senior executives;
- Reviewing the design of share incentive plans for approval by the Board and shareholders and determining the annual award policy to Executive Directors and senior executives under existing plans; and
- Within the terms of the agreed policy, determining the remainder of the remuneration packages (principally comprising salary and pension) for each Executive Director and senior executive.

The full terms of reference for the Committee are available on the Company's website.

Committee's advisers

The Committee invites individuals to attend meetings to provide advice in order to enable it to make informed decisions. These individuals include Aidan Heavey, Chief Executive Officer and Gordon Headley, Chief HR Officer. No Director takes part in any decision directly affecting his own remuneration. The Company Chairman, Pat Plunkett, also absents himself during discussion relating to his own fees. The Committee has appointed Hewitt New Bridge Street (HNBS) as its independent remuneration advisers. They also provide technical advice to the Group in connection with the operation of its share incentive arrangements. A statement outlining the business relationship with HNBS can be viewed on the Investor Relations section of the Group's website. The Committee also consults with the Company's major investors and investor representative groups as appropriate.

Remuneration policy

The Group's policy is to maintain levels of remuneration so as to attract, motivate and retain Executive Directors and senior executives of the highest calibre who can contribute their experience to the Group's operations. The elements of the remuneration package for Executive Directors and senior management are base salary, annual bonus, taxable benefits, pension payments and participation in the Group's share incentive arrangements. A significant element of the potential remuneration package is, therefore, performance-linked.

When determining the total remuneration of the Executive Directors and senior management, the Committee predominately takes into account the remuneration practices adopted by UK listed companies of a similar market capitalisation and overseas complexity to Tullow. Practice within other oil and gas companies is also considered although the availability of relevant data is limited due to there being few other UK listed companies in the sector of a comparable size to Tullow. Finally, in setting the remuneration policy for the Executive Directors, regard is also given to pay practices elsewhere in the Group.

The key elements of the remuneration package for the Executive Directors, are set out below.

Executive Directors' remuneration

Base salary

Base salaries are reviewed annually with effect from 1 January, and are set primarily by reference to external benchmarking data for other UK listed companies of similar market capitalisation and overseas complexity.

In line with the Group's policy that there is a significant weighting attached to the performance-related elements of pay, the salaries of the Executive Directors are set below the median against this peer group.

Following the most recent review, the base salary of each Executive Director with effect from January 2009 is:

Director	2009 salary	% increase since 2008
Aidan Heavey	£666,100	4.0%
Graham Martin	£376,700	4.0%
Paul McDade	£376,700	4.0%
Angus McCoss	£376,700	4.0%
Ian Springett	£400,000	10.4%

In setting the above salaries, the Committee's general policy was to keep percentage increases broadly in line with those across the rest of the Group and to continue to ensure that a significant proportion of executive remuneration is linked to performance. However, Ian Springett was appointed in September 2008 on a salary of £362,250 (in line with the other Executive Directors other than the CEO), with a view that this would be formally reviewed in January 2009. His increase reflects this first formal review since his appointment. Following this review, the Committee determined that his base salary should be increased to £400,000 to reflect his specific responsibilities. This increased base salary, in line with Remuneration Committee policy, is still below the median of comparable benchmarks.

Annual bonus

Each Executive Director is entitled to participate in the Executive Annual Bonus Scheme in respect of each financial year of the Company.

Executive Annual Bonus Scheme

The key features of the Annual Bonus Scheme for the Executive Directors are as follows:

- The maximum annual bonus potential for the Executive Directors, for the achievement of outstanding performance, is 150% of salary;
- For meeting target performance, a bonus of 60% of salary is payable (i.e. 40% of the maximum);
- Any bonus earned in excess of 75% of salary is paid in shares and deferred for three years under the Deferred Share Bonus Plan (DSBP);
- In 2008, all the Executive Directors were subject to the same performance targets, which were as follows:
 - One third was based on TSR relative to the same Oil & Gas group as is used to measure performance for the PSP awards made in 2008 (see below) – no bonus will be paid unless median performance is delivered, with the full bonus for upper quartile performance;
 - One third was based on growth in absolute TSR, (calculated by comparing Tullow's average net return index for January 2008 with that of January 2009), with a full bonus payable if Tullow's TSR grows by 15% over the year; and
 - One third was based on certain corporate key performance indicators (KPIs) designed to reflect major strategic and financial targets specific to the Group.
- The Committee also has broad discretion before finalising any award level on the above parameters, to take into account such other factors and circumstances reflecting the general financial condition and the performance of the Group as it considers appropriate.

The Committee believes that these represented a set of challenging, clear and transparent targets for the year to 31 December 2008, which are closely aligned with the interests of shareholders.

Performance under the Annual Bonus Scheme in 2008

The Committee's assessment of performance under each of the bonus elements for 2008 was as follows:

- Relative TSR: 100% of maximum achievement;
- Absolute TSR: 100% of maximum achievement; and
- Corporate KPIs: 72% of maximum achievement.

Based upon the above performance the bonus awards for all the Executive Directors in 2008 are 135% of salary, reflecting another excellent year of performance against very challenging market conditions.

2009 Annual Bonus Scheme

For 2009, the bonus will operate as set out above, with the exception that the weighting of the targets will be amended as follows:

- One quarter will be based on relative TSR compared to the same Oil & Gas comparator group as is used for the PSP award to be made in 2009;
- One quarter will be based on growth in absolute TSR with the same growth range as for 2008; and
- Half will be based on corporate KPIs, comprising Health, Safety & Environment, Operational & Financial and Project-specific targets.

The objective of increasing the weighting on corporate KPIs is to encourage Executive Directors to be even more focused on executing the corporate strategy and achieving key strategic milestones linked to its ongoing projects. The continued weighting on TSR in both the annual bonus and the PSP ensures that full incentive awards are only delivered for both the execution of the corporate strategy and generating substantial returns to shareholders.

Pension and other benefits

The Executive Directors do not participate in the Group's pension plans. Each Executive Director is entitled to receive a payment of 10% of his base salary into his private pension scheme which increases to 15% at age 50. Each Executive Director is also entitled to 30 days' annual leave, permanent health insurance, private medical insurance and life assurance benefits. The Group also reimburses the Executive Directors in respect of all expenses reasonably incurred by them in the proper performance of their duties.

Share incentive arrangements Performance Share Plan (PSP)

Under the PSP, senior executives are eligible to be granted conditional awards of rights over whole shares worth up to 200% of salary each year (300% in exceptional circumstances, such as to facilitate the recruitment of a new Executive Director). Currently, it is the policy to grant the Executive Directors 200% of salary each year, although the Committee may elect to vary the allocation taking into account the circumstances which prevail at the time (but always subject to the plan maximum).

Awards vest under the PSP subject to a TSR-based performance condition under which the Company's TSR performance is measured over a fixed three-year period commencing on 1 January in the financial year in which the award is granted (i.e. with no opportunity to re-test).

For the awards made in 2008, half are subject to performance against the constituents of the FTSE 100 Index as at the start of the performance period (of which Tullow is a member) and the other half are subject to performance against the following comparator group of international Oil & Gas companies:

Addax Petroleum	Niko Resources
Anadarko	Noble Energy Inc.
Apache Corporation	Pioneer Natural Resources
Cairn Energy	Premier Oil
Dana Petroleum	Santos
Forest Oil Corporation	SOCO International
Lundin Petroleum AB	Talisman Energy Inc.
Nexen Inc.	Venture Production

In line with best practice, a 'common currency' approach is adopted for calculating TSR in respect of the above international group of companies.

For each portion of the award, vesting is as follows:

Company's ranking in comparator group	Vesting percentage
Below median	0%
Median	30%
Upper quintile (top 20%)	100%
Intermediate performance	Pro rata between 30% and 100%

In addition, no award will vest unless the Committee considers that both the Group's underlying financial performance and its performance against other key factors (e.g. health and safety) over the relevant period is satisfactory.

The Committee continues to believe that a TSR performance condition is appropriate as it encourages the Executive Directors to generate returns to shareholders in excess of both the market generally and a group of sector peers, and is a robust reflection of management's success in achieving the strategic targets required to ensure the Group's continued growth. The performance condition applying to the forthcoming 2009 awards will remain unchanged.

The performance conditions applying to outstanding awards made prior to 2008 are shown in the table on page 73.

Share Ownership Guidelines

From 2008, to further align their interests with shareholders, the Executive Directors are required to retain at least 50% of the shares that vest under the PSP and DSBP (after selling sufficient shares to pay tax liabilities) until they have built up a shareholding worth at least 200% of base salary (with existing holdings taken into account). This has been increased from the 2007 level of 100% to reflect the increased rewards which will now be available in shares if performance targets are met.

Share Option Scheme

Before the introduction of the PSP in 2005, Executive Directors were eligible for grants of options under the 2000 Executive Share Option Scheme (the '2000 Scheme'). The Committee does not intend to grant further options to Executive Directors under the 2000 Scheme. During the year, options were granted to substantially all employees of the Group under the 2000 Scheme, other than those senior executives who were granted awards under the PSP.

All-employee Share Incentive Plans

Executive Directors may also participate, on the same terms as other employees, in the Tullow Oil UK and Irish Share Incentive Plans. These are all-employee plans that have been set up in both the UK and Ireland which enable employees to make contributions out of salary up to prescribed limits each month, which each quarter are used by the Plan trustees to acquire Tullow Oil shares (Partnership shares). The Group makes a matching contribution to the trustees to acquire a matching number of shares (Matching shares) on a one-for-one basis.

Sourcing of shares and dilution

Awards under all the Group share schemes may be satisfied using either newly issued shares or shares purchased in the market and held in the Tullow Oil Employee Trust. Awards under the Group's discretionary schemes which may be satisfied by new issue shares must not exceed 5% of the Company's issued share capital in any rolling 10-year period, and the total of all awards satisfied via new issue shares under all plans must not exceed 10% of the Company's issued share capital in any rolling 10-year period.

The Group's current intention is to satisfy awards under the 2000 Scheme via new issue shares, and awards under the PSP, DSBP and all-employee Share Incentive Plans via market purchase shares.

As at 31 December 2008, the headroom under the Company's 5% and 10% limits was 3.7 million and 40.3 million shares respectively, out of an issued share capital of 732.9 million shares.

As at 31 December 2008, the Tullow Oil Employee Trust held 1.72 million shares.

Non-executive Directors' fees

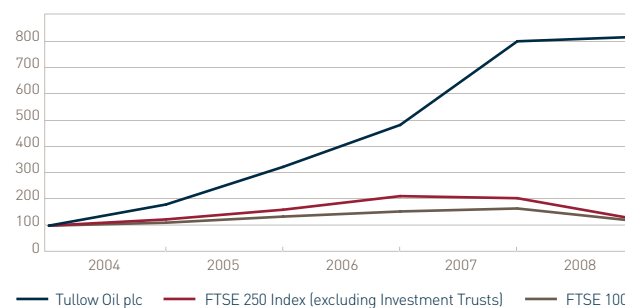
A Committee of the Board comprising the Chairman and Executive Directors sets the remuneration of non-executive Directors. The fees paid are set at a level to attract individuals with the necessary experience and ability to make a significant contribution to the Group's activities, while also reflecting the time commitment and responsibility of the role. Each non-executive Director currently receives an annual fee of £56,000. Steven McTiernan currently receives an additional annual fee of £11,000 to reflect his additional responsibilities as Senior Independent Director and Clare Spottiswoode and David Williams each receive an additional annual fee of £11,000 to reflect their additional responsibilities as Chairman of the Remuneration and Audit Committees respectively. Each non-executive Director is also entitled to reimbursement of necessary travel and other expenses.

Non-executive Directors do not participate in any share scheme or annual bonus scheme and are not eligible to join the Group's Pension Schemes.

The Remuneration Committee, with the Chairman absenting himself from discussions, sets the remuneration of the Chairman, whose annual fee is currently £180,000.

Performance graph

The graph below shows Tullow's TSR against both the FTSE 100 and FTSE 250 (excluding Investment Trusts) over the five-year period from 1 January 2004 to 31 December 2008, over which period Tullow outperformed the FTSE 100 by 697% and the FTSE 250 (excluding Investment Trusts) by 690%. The relevant indices are set to 100 at the beginning of the period. These indices have both been shown because the FTSE 250 is the comparator Index for awards made under the PSP in March 2007 before Tullow moved to the FTSE 100 in September 2007.



Source: Datastream.

This graph shows the value, by the end of 2008, of £100 invested in Tullow Oil on 31 December 2003 compared with the value of £100 invested in the FTSE 100 and FTSE 250 Indices (excluding Investment Trusts). The other points plotted are the values at intervening financial year ends.

Service contracts and letters of appointment

Each Executive Director has entered into a service agreement with Tullow Group Services Limited (dated 2 September 2002 in the case of Aidan Heavey and Graham Martin, dated 29 March 2006 in the case of Paul McDade, dated 18 April 2006 in the case of Angus McCoss and dated 1 September 2008 in the case of Ian Springett). Aidan Heavey has also entered into a service agreement with Tullow Oil International Limited on 16 September 2002 on similar terms. Tom Hickey and Matthew O'Donoghue who left the Board during the year each had a service agreement with Tullow Group Services Limited dated 2 September 2002. Matthew O'Donoghue had also entered into a service agreement with Tullow Oil International Limited on 16 September 2002 on similar terms.

The terms of each of these service contracts is not fixed, although each Executive Director is required under his service agreement to retire from service upon attaining the age of 65. Each agreement is terminable by the Director on six months' notice and by the relevant employing company on 12 months' notice. There are no specific provisions under which any Executive Director is entitled to receive compensation upon

the early termination of his service agreement other than in accordance with these notice periods.

Each service agreement sets out restrictions on the ability of the Director to participate in businesses competing with those of the Group or to entice or solicit away from the Group any senior employees of the Group in the six-month period after the cessation of his employment.

The above reflects the Committee's policy that service contracts should be structured to reflect the interests of the Group and the individuals concerned, while also taking due account of market and best practice. Furthermore, it is the Committee's policy that, in the event of early termination of a Director's service contract, the Committee will take account of the departing Director's duty to mitigate his loss when determining the amount of any compensation that is paid.

Details of remuneration of Executive Directors ceasing to serve in the year

Matthew O'Donoghue ceased to be an Executive Director on 31 March 2008, but continues to provide important consultancy services to the Group for 12 months from 1 April 2008.

Tom Hickey ceased to be an Executive Director on 1 September 2008, although he remained an employee of the Group until 30 September 2008.

Messrs O'Donoghue and Hickey are treated as 'good leavers' under the Group's share incentive plans, reflecting their outstanding performance over the lengthy periods which they served and their crucial contributions to the Group's success.

Their remuneration arrangements on cessation of employment are as follows:

- They were paid no ex-gratia amounts on termination;
- Their salaries were paid up to the date of cessation with no additional amounts in lieu of notice;
- Matthew O'Donoghue was not entitled to participate in the 2008 Annual Bonus Scheme. Tom Hickey was entitled to participate on the same terms as the other Executive Directors, although with his bonus pro-rated to reflect his reduced period of service;
- The Remuneration Committee exercised its discretion to allow both to exercise their outstanding options under the 1998 and 2000 share option schemes for a period of 12 months from leaving;
- Their outstanding PSP awards will vest on their normal vesting dates, subject to performance conditions, with a pro-rata reduction for the reduced period of service (in Mr O'Donoghue's case, being the date to which he ceases to provide consultancy services); and
- DSBP awards will vest in full on their normal vesting dates.

Under the terms of his consultancy agreement, under which Mr O'Donoghue carries out significant and important services (and which the Group believes is very much in the interests of shareholders), he receives £24,500 per month.

Non-executive Director Terms of Appointment

Each of the non-executive Directors is engaged by the Company under the terms of a letter of appointment (dated 9 December 2008 in the case of Pat Plunkett; dated 29 June 2007 in the case of David Bamford; dated 1 March 2008 in the case of Clare Spottiswoode and Steven McTiernan; dated 31 May 2006 in the case of David Williams and in the case of Ann Grant dated 14 May 2008). Subject to retirement, for example, under the Articles of Association, the appointments are for the period to 31 December 2009 in respect of Pat Plunkett, to 30 June 2010 in the case of David Bamford, to 28 February 2011 in the case of Clare Spottiswoode and Steven McTiernan, to 31 May 2009 in the case of David Williams and to 14 May 2011 in the case of Ann Grant. In each case, the appointment is renewable thereafter if agreed by the Director and the Board. The appointments for each of the non-executive Directors may be terminated by either party on three months' notice. There are no arrangements under which any non-executive Director is entitled to receive compensation upon the early termination of his or her appointment.

Material contracts

There have been no other contracts or arrangements during the financial year in which a Director of the Company was materially interested and/or which were significant in relation to the Group's business.

External appointments

The Board has not introduced a formal policy in relation to the number of external directorships that an Executive Director may hold. Currently, the only Executive Director who holds an external directorship is Aidan Heavey who is a director of Traidlinks, a charity promoting enterprise in the developed world, especially Africa. He receives no fee for this position.

Audited information

Directors' remuneration

The remuneration of the Directors for the year ended 31 December 2008 payable by Group companies was as follows:

	Salary/ fees	Bonuses		Pensions	Taxable benefits ²	2008 Total	2007 Total
	£	Cash £	Shares ¹ £				
Executive Directors							
Aidan Heavey	640,500	480,375	384,300	96,075	33,185	1,634,435	1,285,121
Graham Martin	362,250	271,688	217,350	54,338	2,745	908,371	710,841
Angus McCoss	362,250	271,688	217,350	36,225	2,388	889,901	674,025
Paul McDade	362,250	271,688	217,350	36,225	3,078	890,591	645,826
Ian Springett ³	120,750	163,013	–	18,113	–	301,876	–
<i>Directors leaving the Board during 2008</i>							
Tom Hickey ⁴	307,125	414,619	–	30,713	–	752,457	781,245
Matthew O'Donoghue ⁵	73,500	–	–	–	–	73,500	518,000
Subtotal	2,228,625	1,873,071	1,036,350	271,689	41,396	5,451,131	4,615,058
Non-executive Directors							
Pat Plunkett	170,000	–	–	–	–	170,000	150,000
Clare Spottiswoode	63,000	–	–	–	–	63,000	46,000
Steven McTiernan	63,000	–	–	–	–	63,000	46,000
David Bamford	53,000	–	–	–	–	53,000	46,000
David Williams	63,000	–	–	–	–	63,000	46,000
Ann Grant ⁶	33,363	–	–	–	–	33,363	–
Subtotal	445,363	–	–	–	–	445,363	334,000
Total	2,673,988	1,873,071	1,036,350	271,689	41,396	5,896,494	4,949,058

Notes:

1. These figures represent that part of the bonus required to be deferred into shares as explained on page 67.

2. The amounts disclosed under Taxable Benefits for Aidan Heavey include car benefits.

3. Ian Springett was appointed as Chief Financial Officer on 1 September 2008 on a starting salary of £362,250 p.a. His 2008 bonus entitlement was pro rated for his period of service.

4. Tom Hickey resigned from the Board on 1 September 2008. Following his resignation from the Board, he received £34,125 salary in his capacity as an employee. As he left employment during the year, the Remuneration Committee exercised its discretion not to defer any of the 2008 bonus entitlement into shares.

5. Matthew O'Donoghue retired from the Board on 31 March 2008. Mr O'Donoghue agreed to provide consultancy services for a 12-month period from 1 April 2008 for which he will receive fees of £294,000.

6. Ann Grant was appointed as a non-executive Director on 15 May 2008.

Directors' interests in the share capital of the Company

The interests (all of which were beneficial) of the Directors who held office at 31 December 2008 are set out in the table below. The table also shows the holdings at the date of this report and reflect changes since 31 December 2008 as summarised in the note following the table:

Director	Ordinary shares 10.03.09	Ordinary shares 31.12.08	Ordinary shares 01.01.08 (or date of appointment)
Aidan Heavey	6,020,988	6,000,000	6,000,000
Graham Martin	1,359,610	1,352,005	1,102,005
Angus McCoss	–	–	–
Paul McDade	255,269	243,600	15,578
Ian Springett	12,000	12,000	–
Pat Plunkett	1,011,326	1,011,326	1,229,326
David Bamford	13,445	13,445	13,445
Ann Grant	–	–	–
Steven McTiernan	–	–	–
Clare Spottiswoode	–	–	–
David Williams	5,000	5,000	5,000

Note:
The awards of shares granted under the Deferred Share Bonus Plan on 30 March 2006 as detailed in the table on page 74 vested in Aidan Heavey on 1 January 2009 and in Graham Martin and Paul McDade on 2 January 2009. Aidan Heavey retained the full award of 20,988 shares; Graham Martin and Paul McDade sold sufficient to meet tax obligations, retaining 7,605 shares and 11,669 shares respectively. As a result, the interests of Messrs Heavey, Martin and McDade have increased since the year end. Other than as set out above and in the notes to the tables below, there have been no changes in the interests of any Director between 1 January 2009 and the date of this report.

Tullow Oil UK Share Incentive Plan and Tullow Oil Irish Share Incentive Plan

Details of shares purchased and awarded to Executive Directors in accordance with the terms of the UK SIP and the Irish SIP. A brief description of the SIPs is set out on page 69.

Director	Plan	Shares held 01.01.08	Partnership shares acquired in year	Matching shares awarded in year	Shares released in year	Total shares held 31.12.08
Graham Martin	UK SIP	5,928	229	229	–	6,386
Angus McCoss	UK SIP	958	229	229	–	1,416
Paul McDade	UK SIP	5,928	229	229	–	6,386
<i>Director leaving the Board in 2008</i>						
Tom Hickey	Irish SIP	2,866	236	236	1,495	1,843

Note:
Graham Martin, Angus McCoss and Paul McDade each acquired 53 partnership shares and were awarded 53 matching shares on 5 January 2009.

Performance Share Plan 2005 (PSP)

Details of conditional awards over ordinary shares granted to Executive Directors for nil consideration under the PSP.

Director	Award grant date	As at 01.01.08	Granted in year	Vested in year	As at 31.12.08	Vesting date
Aidan Heavey	29.06.05	347,755	–	347,755	–	30.06.08
	30.03.06	219,512	–	–	219,512	30.03.09
	22.03.07	230,567	–	–	230,567	22.03.10
	15.05.08	–	141,939	–	141,939	15.05.11
		797,834	141,939	347,755	592,018	
Graham Martin	29.06.05	213,877	–	213,877	–	30.06.08
	30.03.06	129,125	–	–	129,125	30.03.09
	22.03.07	130,402	–	–	130,402	22.03.10
	15.05.08	–	80,277	–	80,277	15.05.11
		473,404	80,277	213,877	339,804	
Angus McCoss	27.04.06	100,230	–	–	100,230	27.04.09
	22.03.07	90,539	–	–	90,539	22.03.10
	15.05.08	–	80,277	–	80,277	15.05.11
		190,769	80,277	–	271,046	
Paul McDade	29.06.05	188,571	–	188,571	–	30.06.08
	30.03.06	118,364	–	–	118,364	30.03.09
	22.03.07	90,539	–	–	90,539	22.03.10
	15.05.08	–	80,277	–	80,277	15.05.11
		397,474	80,277	188,571	289,180	
Ian Springett	01.09.08	–	68,873	–	68,873	01.09.11
		–	68,873	–	68,873	
<i>Directors leaving the Board in 2008</i>						
Tom Hickey	29.06.05	213,877	–	213,877	–	29.06.08
	30.03.06	139,885	–	–	116,570	30.03.09
	22.03.07	147,412	–	–	73,705	22.03.10
		501,174	–	213,877	190,275	
Matthew O'Donoghue	29.06.05	188,571	–	188,571	–	30.06.08
	30.03.06	107,604	–	–	107,604	30.03.09
	22.03.07	72,188	–	–	48,125	22.03.10
		368,363	–	188,571	155,729	

Notes:

- The awards of conditional shares made on 15 May 2008 equated to shares worth 200% of salary for each Executive Director based on the share price for the dealing day preceding the date of grant. The award made to Ian Springett on 1 September 2008 equated to shares worth 200% of salary pro-rated for the period from his joining to the end of the related performance period based on the average share price for the preceding three dealing days. The Tullow share price on the date of grant of the awards made on 15 May 2008 was 902.5p and for the award made on 1 September 2008 was 791p.
- Under the PSP, for the 2006 and 2007 awards, 50% of each award is subject to a condition that compares Tullow's TSR to the constituents of the FTSE 250 Index (excluding Investment Trusts). The other 50% of the award is subject to a condition that compares Tullow's TSR condition to a comparator group of specific oil and gas companies. For median performance, 30% of the relevant part of the award will vest, with full vesting for upper quartile performance. Details of the conditions applying to the awards made in 2008 are set out on page 68.
- The PSP awards made in March 2006 and April 2006 reached the end of their performance period on 31 December 2008. The Remuneration Committee determined that both parts of the relevant performance condition were met in full, as the Company was ranked in the upper quartile compared to both the relevant comparator groups, and the underlying performance of the Company was determined to be a fair reflection of the Company's TSR. Accordingly, the Executive Directors will be eligible to receive their awards on 30 March 2009, the third anniversary of grant, subject to continued employment.
- Tom Hickey resigned from the Board on 1 September 2008. As a result, the PSP awards made on 30 March 2006 and 22 March 2007 have been pro-rated accordingly as reflected in the year end figures in the above table. The above awards will vest on the normal vesting dates, to the extent that the performance conditions are met.
- Matthew O'Donoghue retired from the Board on 31 March 2008. As disclosed on page 70, he is providing consultancy services to the Group until 31 March 2009. As a result, the PSP award made on 22 March 2007 has been pro-rated accordingly as reflected in the year end figure in the above table. The above awards will vest on the normal vesting dates, to the extent that the performance conditions are met.
- On 29 June and 30 June 2008, being the dates on which awards made in June 2005 vested, the market prices of a Tullow share were 950.75p and 930p respectively.

Deferred Share Bonus Plan (DSBP)

Details of awards over ordinary shares granted to Executive Directors for nil consideration under the DSBP.

Director	Award grant date	As at 01.01.08	Granted in year	Vested in year	As at 31.12.08	Vesting date
Aidan Heavey	30.03.06	20,988	-	-	20,988	01.01.09
	18.01.07	42,714	-	-	42,714	01.01.10
	13.03.08	-	28,328	-	28,328	01.01.11
		63,702	28,328	-	92,030	
Graham Martin	30.03.06	12,908	-	-	12,908	02.01.09
	18.01.07	25,126	-	-	25,126	01.01.10
	13.03.08	-	16,021	-	16,021	01.01.11
		38,034	16,021	-	54,055	
Angus McCoss	13.03.08	-	14,686	-	14,686	01.01.11
		-	14,686	-	14,686	
Paul McDade	30.03.06	19,806	-	-	19,806	02.01.09
	18.01.07	7,260	-	-	7,260	01.01.10
	13.03.08	-	14,686	-	14,686	01.01.11
		27,066	14,686	-	41,752	
<i>Directors leaving the Board in 2008</i>						
Tom Hickey	30.03.06	12,908	-	12,908	-	31.12.08
	18.01.07	27,220	-	-	27,220	01.01.10
	13.03.08	-	18,111	-	18,111	01.01.11
		40,128	18,111	12,908	45,331	
Matthew O'Donoghue	30.03.06	13,177	-	13,177	-	31.12.08
	18.01.07	2,147	-	-	2,147	01.01.10
	13.03.08	-	4,334	-	4,334	01.01.11
		15,324	4,334	13,177	6,481	

Notes:

1. The awards of shares made in 2008 equated to shares worth the amount of bonus deferred into shares for 2007 based on the share price for the dealing day preceding the date of grant. The Tullow share price on the date of grant of the awards made on 13 March 2008 was 629.5p.
2. Further details of the DSBP are set out in the Annual bonus section of this report on pages 67 and 68.
3. On 31 December 2008, being the date on which the awards made in 2006 to Tom Hickey and Matthew O'Donoghue vested, the market price of a Tullow share was 659.5p.

Share options

Details of share options granted to Executive Directors:

Director	Scheme	Grant date	As at 01.01.08	Granted during year	Exercised during year	As at 31.12.08	Exercise price	Date from which exercisable	Last date exercisable
Aidan Heavey	1998	30.04.99	1,230,230	-	1,230,230	-	€0.84	30.04.02	29.04.09
	2000	10.10.01	550,000	-	550,000	-	80p	10.10.04	09.10.11
	2000	06.10.03	600,000	-	600,000	-	85p	06.10.06	05.10.13
	2000	20.09.04	450,000	-	450,000	-	131p	20.09.07	19.09.14
			2,830,230	-	2,830,230	-			
Graham Martin	1998	30.04.99	988,426	-	988,426	-	€0.84	30.04.02	29.04.09
	2000	10.10.01	380,000	-	-	380,000	80p	10.10.04	09.10.11
	2000	06.10.03	400,000	-	-	400,000	85p	06.10.06	05.10.13
	2000	20.09.04	190,000	-	-	190,000	131p	20.09.07	19.09.14
			1,958,426	-	988,426	970,000			
Paul McDade	2000	18.06.01	80,000	-	80,000	-	95p	18.06.04	17.06.11
	2000	10.10.01	50,000	-	50,000	-	80p	10.10.04	09.10.11
	2000	06.10.03	220,000	-	220,000	-	85p	06.10.06	05.10.13
			350,000	-	350,000	-			
<i>Directors leaving the Board in 2008</i>									
Tom Hickey	1998	02.05.00	220,000	-	-	220,000	61p	02.05.03	30.09.09
	2000	10.10.01	450,000	-	-	450,000	80p	10.10.04	30.09.09
	2000	06.10.03	290,000	-	-	290,000	85p	06.10.06	30.09.09
	2000	20.09.04	350,000	-	-	350,000	131p	20.09.07	30.09.09
			1,310,000	-	-	1,310,000			
Matthew O'Donoghue	1998	30.04.99	699,958	-	699,958	-	€0.84	30.04.02	31.03.09
	2000	10.10.01	250,000	-	250,000	-	80p	10.10.04	31.03.09
	2000	06.10.03	330,000	-	330,000	-	85p	06.10.06	31.03.09
			1,279,958	-	1,279,958	-			

Notes:

- The Schemes under which these options were granted are: 1998 – Options granted under the Tullow Oil 1998 Executive Share Option Scheme ('1998 Scheme') and 2000 – Options granted under the Tullow Oil 2000 Executive Share Option Scheme ('2000 Scheme').
- No performance conditions attach to 1998 Scheme options. The performance condition that attaches to options granted under the 2000 Scheme requires Tullow's TSR to exceed that of the median company of the FTSE 250 (excluding Investment Trusts) over the three-year period from the date of grant. All these performance conditions have now been satisfied and so the options are fully exercisable.
- Options shown with an exercise price denominated in Euro were granted on or before 30 April 1999 with an exercise price in IRE. On conversion of IRE to Euro effective 1 January 2002, the exercise price for each such option was converted from IRE into Euro by dividing the original IRE exercise price per share by the fixed IRE/Euro conversion rate. All options granted after 30 April 1999 were granted with an exercise price denominated in sterling. Options are granted for nil consideration.
- The aggregate gains made by Directors and a former director on the exercise of options under the Schemes during the year was €42.3 million. On 30 June 2008, being the date that Aidan Heavey, Graham Martin and Paul McDade exercised the options listed in the table, the market price of a Tullow share was 930p. On 16 December 2008, being the date that Matthew O'Donoghue exercised all his outstanding options, the market price was 620p.
- During 2008, the highest mid-market price of the Company's shares was 975p and the lowest was 419p. The year-end price was 659.5p.



Clare Spottiswoode

Chairman of the Remuneration Committee
10 March 2009