PRESS RELEASE
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LUKOIL REPRESENTATIVES ELECTED TO THE KOMITEK BOARD OF DIRECTORS

An extraordinary shareholder meeting of KomiTEK held in Moscow today has decided on the early termination of authorities of the Board of Directors of KomiTEK and elected a new Board of Directors.

The KomiTEK shareholder meeting held on October 30, 1997 put Evroseverneft as an external manager in order to pursue restructuring of the company's finances and improve its profitability. Over the past time the holding company repaid its debt to the budgets of all levels, optimized the management system, stabilized oil production. The shareholders of KomiTEK and LUKOIL opened negotiations on the merger of their companies to be able to start a complex development of oil fields of the northern part of the Timan Pechora province.

The KomiTEK shareholder meeting made a decision to terminate the agreement on the transfer of management authorities from KomiTEK to Evroseverneft as the latter successfully completed its work and finalized negotiations with LUKOIL.

On September 9, 1999 LUKOIL's Chairman of the Board of Directors Vagit Alekperov made a public offering to acquire up to 100% of KomiTEK shares. LUKOIL offered its convertible preference shares (CPS) in exchange for KomiTEK ordinary shares owned by shareholders of KomiTEK. Each LUKOIL CPS will be converted into 6 LUKOIL ordinary shares. The exchange ratio for the shareholders of KomiTEK will be 25.2 KomiTEK ordinary shares for one LUKOIL CPS.

The conditions of this offer were agreed upon with a group of controlling shareholders whose aggregate shareholdings in KomiTEK are some 83%.

LUKOIL's financial advisors for the transaction are Dresdner Kleinwort Benson and NIKoil Investment and Banking Group. The advisors to the controlling group of shareholders are Brunswick Warburg and Warburg Dillon Reed - both companies also intend to take part in the public offer owning 5.4% and 6.2% of shares in KomiTEK respectively.

The NIKoil Registrar is acting as an agent for collecting applications from the shareholders of KomiTEK wishing to exchange their shares. Applications from shareholders of KomiTEK are accepted until November 1, 1999.

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The conversion of LUKOIL CPS is expected to take place after the sale of a 9% stake currently held in the federal property at the tender with investment provisions. The tender results will be summarized on October 29, 1999.

After the acquisition of KomiTEK and consolidation of its principal joint ventures LUKOIL's total reserves of oil and gas will increase by 26% and 78% respectively, oil production and exports will rise by 13% and 21% respectively.

This deal will also enable to speed up the implementation of LUKOIL's projects in the development of the immense hydrocarbon reserves of the Timan Pechora province in Russia's north thanks to a more active use of the KomiTEK infrastructure.

«Consolidation of oil companies is the basic way of the global oil industry development,» LUKOIL's President Vagit Alekperov said. «LUKOIL's presence in the Komi Republic implies an economic recovery in the region, staff increase, solution of numerous problems in the social sphere. By increasing LUKOIL's assets through a combination with KomiTEK, we are acting in favor of all shareholders, including the Government, and KomiTEK shareholders. They will own a bigger and a more stable company with a highly liquid stock and explicit market value. A consolidated oil company will be able to attract investment to the region and obtain a good rate of return, ensure stability of tax payments and reliability of fuel supplies to northern regions. An enlarged company will be able to prospect for and extract oil in more easily, increase its margins through costs optimization,» Vagit Alekperov said.

This deal, the first and the largest of this kind in Russia, lays a foundation for the energy security of the country in the 21st century. This acquisition will enable LUKOIL to strengthen its leading position not only in Russia but in the global oil community as well.

The extraordinary shareholder meeting of KomiTEK elected the following Board of Directors:

Vladimir N. Zarubezhnov, First Deputy of the Chairman of the Executive Board of KomiTEK ZAO;

Boris I. Zubkov, Section Chief of the Legal Department of LUKOL OAO;

Vitaliy F. Lesnichy, Vice President of LUKOIL OAO;

Ravil U. Maganov, First Vice President of LUKOIL OAO;

Sergei N. Malyukov, General Director of the Oil Fund for Reconstruction and Development OAO;

Farida R. Rasuleva, Head of the Production Planning and Marketing Department of LUKOIL OAO;

Elena V. Selivanova, Deputy Head of the Credit Department LUKOIL OAO;

Lilya Ya. Khisyametdinova, Head of the Accounting Practices Department and Deputy Chief Accountant of LUKOIL OAO;

Konstantin A. Shilov, Head of the Oil Field Construction Department of LUKOIL OAO.