PRESS RELEASE
JUNE 08, 2000

LUKOIL SHAREHOLDERS APPROVE THE BOARD OF DIRECTORS PERFORMANCE

LUKOIL Annual Shareholders Meeting (AGM) has been held in Perm today. Shareholders approved a report of the Board of Directors on the Company's financial and operating performance in 1999, balance sheet, statement of income and loss and use of undistributed profit.

The AGM decided to pay dividends for 1999 as much as RUB17.45 per preferred share and RUB3.0 per common share. The dividends are to be paid between July and October 2000. The record date for receiving dividends is April 24, 2000.

Undistributed profit in 2000 will be used to finance investment in production and improvement of the management system (35-40%), repayment of credits and loans and expenses not included in production costs (up to 22%), stabilization fund (13-18%), preferred shares dividends (10%), common shares dividends (up to 10%), unforeseen costs (up to 5%).

If a generated profit is below the estimated level, the expenditure will be decreased on a pro rata basis. If a generated profit surpasses the estimated level, any expenditure item may be raised by the Board's decision. In this case, payment of dividends for common shares and investment activity will be priority expense items.

The AGM decided to approve the maximum number of authorized registered common shares (nominal value RUB0.025) in the amount 35 million shares, including 18.6 million shares to be placed under a close subscription among OAO Arkhangelskgeoldobycha, OAO LUKOIL Ukhtaneftepererabotka and OAO LUKOIL Kominefteprodukt. These shares will be paid with common shares of OAO Arkhangelskgeoldobycha, common and preferred shares of OAO LUKOIL Ukhtaneftepererabotka and OAO Kominefteprodukt. According to an independent evaluation by ZAO Agency Ruspromotsenka, the offer price of LUKOIL common share is RUB338.53 each.

The remaining shares are likely to be placed on the stock market at a maximum market price under open subscription. Proceeds will be used for various investment programs carried out by the Company in the Republic of Komi, Arkhangelsk region and Nenets autonomous district or they can be used for acquiring new production

assets, including through privatization.

The AGM ratified some amendments to the Company Charter. Thus, since 2001 President of the Company will be elected for a 5-year term by the AGM.

The AGM also decided that top managers' remuneration will be performance based, it will depend on the amount of profit generated and dividends.

The AGM ratified an appointment of KPMG that has been conducting audits for the Company since 1995 as an auditor.

Shareholders voted for the following Board of Directors:

Vagit Yu. Alekperov, President of OAO LUKOIL,

Mikhail P. Berezhnoi, General Director of Non-Government Pension Fund LUKOIL Garant,

Valery I. Graifer, General Director of OAO Russian Innovation Fuel and Energy Company,

Sergei P. Kukura, First Vice President of OAO LUKOIL,

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

Vladimir I. Nekrasov, General Director of OOO LUKOIL West Siberia,

Ralif R. Safin, First Vice President of OAO LUKOIL,

Veniamin P. Sukharev, General Director of OOO LUKOIL Permnefteorgsintez,

Nikolai A. Tsvetkov, President of NIKOIL Investment and Banking Group,

Vladimir V. Malin, First Deputy Chairman of the Russian Federal Property Fund,

Sergei G. Novikov, Deputy Minister for Energy.

Valery Graifer was elected Chairman of the Board at the Board's meeting that was held after the AGM.