PRESS RELEASE
MAY 12, 1999

LUKOIL PAYS INTEREST ON CONVERTIBLE BONDS

OAO LUKOIL ensured a coupon payment on the convertible bonds issued by its Dutch affiliated company LUKINTER FINANCE B.V.

In accordance with the terms and conditions of the convertible bonds issue, an interest was paid on the USD350 million convertible bond tranche issued in November 1997. Bonds mature in 2003 and carry a 1% interest paid semiannually.

In accordance with the terms and conditions of the convertible bonds issue, an interest was also paid on the USD230 million tranche issued in May 1997 maturing in 2002. Bonds carry a 3.5% interest paid annually.

Funds for interest payments are reserved and serviced by an international financial institution with the highest reliability rating.

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