PRESS RELEASE
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LUKOIL SHAREHOLDERS APPROVE THE BOARD OF DIRECTORS' PERFORMANCE

Today in Kogalym (West Siberia) where LUKOIL's largest oil producing unit is headquatered, the annual general meeting of LUKOIL shareholders was held.

LUKOIL shareholders by a majority vote approved the Board's report on the Company's financial and operating performance in 1998, the balance sheet and the use of undistributed profit as well as the size and the order of dividend payments.

The dividends were approved at the rate of 2.67 rubles per preferred share and 0.25 rubles per common share.

On the basis of the 1999 estimated profit of 8.5 billion rubles, the Company's shareholders decided to use the undistributed profit in the following way: up to 45% on production-related investments, other investments and administrative costs; up to 34% on debt servicing; up to 5% on unanticipated expenditures; 500 million rubles on dividend payment on common shares; 10% on dividend payment on preferred shares.

To increase its production capacities, maximize oil reserves and expand sales markets, the Company intends to merge with KomiTEK oil company, its main subsidiaries and affiliates.

To complete this transaction the shareholders approved the maximum number of authorized shares recommended by the Board of Directors (11.5 million registered convertible preferred shares worth 1.725 million rubles and 69 million registered common shares worth 1.725 million rubles). Dresdner Kleinwort Benson and NIKoil Investment and Banking Group were appointed as financial advisers to the stock issue.

After the general shareholder meeting LUKOIL will make a public offer to KomiTEK shareholders to swap their shares at the following ratio: 25.2 shares of KomiTEK to be swapped against 1 convertible preferred share of LUKOIL which subsequently will be converted into 6 common shares of LUKOIL. The swap terms will be equal for all KomiTEK shareholders.

The shareholder meeting elected the Auditing Commission and ratified the

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appointment of KPMG as LUKOIL's independent auditors.

The shareholders voted for the following nominees who will serve on the Board of Directors of LUKOIL:

Vagit Yu. Alekperov, Chairman of the Board of Directors, President of LUKOIL;

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

Anatoly N. Golomolzin, Department Chief of the State Anti-Trust Committee;

Valery I. Graifer, General Director of RITEK OAO;

Sergei P. Kukura, First Vice President of LUKOIL;

Ravil U. Maganov, First Vice President of LUKOIL;

Yuri M. Medvedev, First Deputy Minister of State Property of the Russian Federation;

Sergei G. Novikov, Deputy Minister of Fuel and Energy of the Russian Federation;

Ralif R. Safin, First Vice President of LUKOIL;

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

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

The Board of Directors convened a meeting after the general shareholder meeting and voted unanimously for the election of Mr. Alekperov as the Chairman of the Board of Directors.

Vagit Alekperov said in his keynote address to the shareholders that after surviving the crisis the Company's operating and financial fundamentals remain stable and that allows LUKOIL to be confident in the prospects of its long-term development.