PRESS RELEASE
AUGUST 31, 1999

LUKOIL HAS MADE DIVIDEND PAYMENT TO THE STATE

LUKOIL ahead of the payment schedule has made dividend payment to the State in full against the state-owned block of shares (26.6%), which accounted for 49 589 753 rubles 50 kopecks. Dividend-related taxes were also paid in full to the Federal budget.

As was announced before, the General Shareholders Meeting of LUKOIL held on June 29, 1999 has adopted a decision to pay the dividends in accordance with the financial results of the year 1998 as follows: 0.25 ruble on one common share and 2.67 rubles on one preferred share.

At present LUKOIL is paying dividends to the rest of the Company`s shareholders - legal entities and private shareholders. Total amount of dividends to be paid during the period from July to December 1999 will total over 373 million rubles.

LUKOIL is the only Russian oil company which maintains increased annual dividend payments.