PRESS RELEASE
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LUKOIL ANNOUNCES CONDITIONS OF SHARES ACQUISITION IN KOMITEK

Today Vagit Alekperov, Chairman of the Board of Directors of LUKOIL OAO, has publicly offered to acquire up to 100% of shares in KomiTEK Oil Company OAO.

LUKOIL offers its convertible preference shares in exchange for KomiTEK ordinary shares owned by shareholders of KomiTEK. In the future, each LUKOIL convertible preference share will be converted into 6 LUKOIL ordinary shares. For the shareholders of KomiTEK, the exchange ratio will be 25.2 KomiTEK ordinary shares for one LUKOIL preference convertible share.

The conditions of this offer were agreed upon with a group of controlling shareholders whose aggregate shareholdings in KomiTEK are some 83%. "I'm glad that a company as strong as LUKOIL shows interest in acquiring KomiTEK", said Grigory Berezkin, Chairman of the Board of Directors of KomiTEK.

LUKOIL's financial advisors for the transaction are Dresdner Kleinwort Benson and NIKoil Investment and Banking Group. The NIKoil Registrar is acting as an agent for collecting applications from the shareholders of KomiTEK wishing to exchange their shares. The advisors to the said group of shareholders are Brunswick Warburg and Warburg Dillon Reed - both companies also intend to take part in the public offer holding 5.4% and 6.2% of shares in KomiTEK respectively.

According to Vagit Alekperov, "This transaction, the first and the largest of this kind in Russia, will enable our company to strengthen its position in the Timan Pechora province in the development of the immense oil reserves of Russia's north. The deal lays a foundation for the energy security of the country in the XXI century.

The agent, NIKoil Registrar, accepts applications from shareholders of KomiTEK until November 1, 1999. Location of the Agent: Apt. 45, 8 Pravdy Ul., Moscow 125124. Contact phone: (095) 755-9077, fax: (095) 755-9077.

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