PRESS RELEASE
APRIL 06, 2001

LUKOIL BOARD OF DIRECTORS APPROVED THE AGM AGENDA

LUKOIL Board of Directors approved the agenda for the Annual General Meeting (AGM) and discussed a number of other issues in Moscow today.

The Board of Directors announced the date of the AGM - June 28, 2001. The AGM will be held in Volgograd. The record date is May 14, 2001. The Board of Directors is going to suggest the following dividend payout ratio based on the Company's performance in 2000: RUB59.16 per one preferred share and RUB8.0 per one common share.

Based on the 2001 OAO LUKOIL non-consolidated net profit estimates of RUB33bn the Board of Directors will recommend its distribution as follows: investment - 25%, consumption fund - 1%, other allocations - 17%, common dividends - 32%, unforeseen expenses - 5%.

A resolution on the maximum number of authorized shares (94,000,000 shares worth RUB2,350,000 of which 77,211,864 shares will be used for exchange of preferred shares into common shares) will be added to the agenda. The remaining shares will be sold on the stock market in accordance with the resolution of the previous AGM.

Given that a portion of authorized shares is expected to be placed on the market at a maximum market price through an open subscription or in the form of derivatives, it will be suggested to shareholders to pass a resolution on non-use of a shareholder preemptive right to purchase these shares in accordance with Articles 40 and 48 of the Law on Shareholder Companies.

The Board of Directors will also submit for consideration of the AGM a number of amendments to the Charter of the Company. Thus, a relevant provision on exchange of preferred shares into common shares will be added to the Charter. The exchange is caused by a serious discrimination of the rights of common shareholders. Despite the fact that preferred shares constitute no more than 9% of the stock capital of the Company, their owners are entitled to more than half of the total dividend amount. The expected exchange ratio is 1:1. The terms and timing of the share exchange will be determined by the Board of Directors. The Company will buy back preferred shares from those shareholders who disagree with the exchange terms at the price determined by an independent valuator ZAO Agency

Russpromotsenka. The buyback price should be determined no later than May 15, 2001.

The Board of Directors also considered main guidelines for Research and Development (R&D). It was mentioned that the existing R&D complex of LUKOIL that includes six R&D institutes permits to solve current and prospective tasks of the Company's development. The total amount of work performed in 2000 by these institutes reached RUB945.4m.

In accordance with a forecast of the Company's R&D development throughout 2001-2010, the total incremental oil production including production due to use of new equipment and technology is expected to reach 100 million tons. Besides, oil refining depth is expected to reach 80% and production of petroleum products is expected to increase by 15-17% compared to 1999 due to efficient upgrade of refining units at the Company's refineries in Russia.

"Expansion of operating spheres, business diversification, ensuring competitiveness of the Company in the world market require an improved efficiency of the R&D complex. Consolidation of all R&D units in accordance with the program of restructuring of the LUKOIL Group will contribute to this improvement," said First Vice President of LUKOIL Ravil Maganov.

The Board of Directors considered the implementation of the Agreement between the Company management and the labor unions. This agreement functions through collective agreements signed by the Company's subsidiaries with their employees and cover 130,000 employees both in Russian and overseas subsidiaries. As Anatoly Yaschenko, Chairman of the Labor Union, stressed at the meeting, the Company's policy in the area of labor remuneration was based on the advanced indexing principle of employees' income compared to the level of consumer prices. As a result, an average monthly remuneration of the Company's employees exceeded 3.3 times remuneration of industrial workers and is 1.33 times higher than in the energy sector. In addition to that, about 3,000 employees of the Company receive non-government pension that is significantly higher than the government pension. "Despite certain drawbacks, the agreement between the management and the labor unions functions and is a core for the social policy of the Company," said Anatoly Yaschenko.

* * *

The 1999/98 LUKOIL consolidated statements in accordance with US GAAP have been posted at the Company's websites www.lukoil.ru (Russian) and www.lukoil.com (English).