PRESS RELEASE
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TAXES PAID BY LUKOIL MAKE UP 4.1 PER CENT OF THE RUSSIAN FEDERATION CONSOLIDATED BUDGET

LUKOIL's contribution to all levels of the Russian budget system in the first half of 2004 in the form of various taxes, fees and customs duties reached almost USD 3.4 billion. This is approximately USD 650 million up on the corresponding figure last year.

The Company fully and timely meets all its tax obligations. Taxes paid by LUKOIL, together with the customs duties paid by the Russian organizations of the LUKOIL Group, make up 4.1 per cent of the Russian Federation consolidated budget. There were no arrears in tax and duty payments to the budgets and state non-budget funds as of 1 July 2004, the Russian Federal Property Fund reported in connection with an upcoming auction to sell OAO LUKOIL's stock.

The tax payments had increased primarily due to the growth of the so called "resource" taxes, i.e. the mineral extraction tax, export duties and the petroleum products excise tax. Compared against the first six months of 2003, the mineral extraction tax grew by 24 per cent, crude export duties grew by 11 per cent, petroleum product export duties grew by 8 per cent and petroleum product excise taxes by 22 per cent.

As a result, taxation per every ton of extracted oil increased 29 per cent in dollar terms, whereas the Urals price went up 15 per cent.

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