PRESS RELEASE
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LUKOIL PUBLISHES CONSOLIDATED US GAAP FINANCIAL ACCOUNTS FOR 2004

Vagit Alekperov, LUKOIL President, presented the consolidated US GAAP financial accounts for 2004 at today's meeting with investors in New-York.

The net profit in 2004 was $4,248 mln, which is $1,862 mln higher than in 2003 (excluding cumulative effect of change in accounting principle, extraordinary income and expenditure items, and the gain from sale of interest in the Azeri-Chirag-Gyuneshli project in the total amount of $1,315 mln). Tax payment to the Russian budget (excluding profit taxes) was $3,424 mln, which is 44% more than in 2003.

The net profit rose mainly due to favorable market conditions and improvement in expense control. At the same time the net profit growth was restrained by the rising tax burden, strengthening ruble and continuing increase in transportation expenses.

With the background of the strengthening ruble (18.5%) the average crude production expenses fell from $2.61 to $2.58 per barrel due to an increase in average flow rate per well from 9.7 to 10.7 tons per day (by 10.3%), and to restructuring of oil production assets in Perm region.

LUKOIL sales revenue in 2004 rose by $11,727 mln or by 53% y-o-y.

Total capital expenditures by LUKOIL in 2004 were $3,248 mln, which is $367 mln higher than in 2003.

According to LUKOIL's estimates, total capital expenditures in 2005 will be $3,542 which is 21.3% higher than in 2004.

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