

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statements, mln USD

	2001	2002	2003	2004	2005
REVENUES					
Sales (including excise and export tariffs)	13,426	15,334	22,118	33,845	55,774
Equity share in income of affiliates	136	115	181	213	441
Total revenues	13,562	15,449	22,299	34,058	56,215
COSTS AND OTHER DEDUCTIONS					
Operating expenses	(2,584)	(2,403)	(2,546)	(2,880)	(3,487)
Cost of purchased crude oil, petroleum and chemical products	(2,087)	(2,693)	(5,909)	(10,124)	(19,398)
Transportation expenses	(919)	(1,414)	(2,052)	(2,784)	(3,519)
Selling, general and administrative expenses	(1,375)	(1,313)	(1,800)	(2,024)	(2,578)
Depreciation, depletion and amortization	(886)	(824)	(920)	(1,075)	(1,315)
Taxes other than income taxes	(1,010)	(1,972)	(2,456)	(3,505)	(6,334)
Excise and export tariffs	(1,456)	(1,996)	(2,954)	(5,248)	(9,931)
Exploration expenses	(144)	(89)	(136)	(171)	(317)
Gain from sale of interest in Azeri – Chirag – Guneshli	–	–	1,130	–	–
Gain (loss) on disposals and impairments of assets	(153)	(83)	(69)	(213)	52
Income from operating activities	2,948	2,662	4,587	6,034	9,388
Interest expense	(257)	(222)	(273)	(300)	(275)
Interest and dividend income	146	160	139	180	96
Currency translation gain (loss)	(33)	40	148	135	(134)
Other non-operating income (expense)	31	11	11	21	(44)
Minority interest	(52)	(69)	(36)	(62)	(121)
Income before income tax	2,783	2,582	4,576	6,008	8,910
Current income tax	(861)	(834)	(939)	(1,614)	(2,301)
Deferred income tax	187	95	(68)	(146)	(166)
Total income tax expense	(674)	(739)	(1,007)	(1,760)	(2,467)
Cumulative effect of change in accounting principle, net of tax	–	–	132	–	–
Net income	2,109	1,843	3,701	4,248	6,443
Dividends declared on preferred stock	(157)	–	–	–	–
Net income available for common shareholders	1,952	1,843	3,701	4,248	6,443
Net income per common share (USD)					
Basic	2.68	2.26	4.52	5.20	7.91
Diluted	2.66	2.26	4.45	5.13	7.79

Consolidated balance sheet (as of December 31), mln USD

	2000	2001	2002	2003	2004	2005
ASSETS						
Current assets						
Cash and cash equivalents	1,137	1,170	1,252	1,435	1,257	1,650
Short-term investments	253	218	278	251	149	111
Accounts and notes receivable, net	2,948	2,230	2,511	3,790	3,867	5,533
Inventories	719	829	1,063	1,243	1,759	2,619
Prepaid taxes and other expenses	675	889	736	897	1,242	2,107
Other current assets	362	340	356	255	300	287
Assets held for sale	–	–	279	52	–	190
Total current assets	6,094	5,676	6,475	7,923	8,574	12,497
Investments	423	770	934	594	779	1,110
Property, plant and equipment	9,906	12,296	13,499	16,859	19,329	25,464
Deferred income tax assets	201	291	206	117	138	181
Goodwill and other intangible assets	278	485	399	523	610	680
Other non-current assets	207	424	488	558	331	413
Total assets	17,109	19,942	22,001	26,574	29,761	40,345
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current liabilities						
Accounts payable	2,221	1,402	1,293	1,564	1,787	2,167
Short-term borrowings and current portion of long-term debt	829	1,031	1,772	1,412	1,265	853
Customer deposits and other borrowings of banking subsidiaries	–	449	755	1,007	3	–
Taxes payable	404	522	640	943	1,238	2,087
Other current liabilities	238	421	337	345	252	729
Total current liabilities	3,692	3,825	4,797	5,271	4,545	5,836
Long-term debt	1,483	1,948	1,666	2,392	2,609	4,137
Deferred income tax liabilities	284	390	261	497	698	1,830
Asset retirement obligations	–	–	–	210	307	387
Other long-term liabilities	147	463	397	249	338	332
Minority interest in subsidiary companies	984	931	880	483	453	1,019
Total liabilities	6,590	7,557	8,001	9,102	8,950	13,541
Stockholders' equity						
Common stock	14	15	15	15	15	15
Preferred stock	1	–	–	–	–	–
Treasury stock, at cost	(376)	(403)	(428)	(435)	(706)	(527)
Additional paid-in capital	2,895	3,044	3,229	3,522	3,564	3,730
Retained earnings	7,994	9,738	11,186	14,371	17,938	23,586
Accumulated other comprehensive loss	(9)	(9)	(2)	(1)	–	–
Total stockholders' equity	10,519	12,385	14,000	17,472	20,811	26,804
Total liabilities and stockholders' equity	17,109	19,942	22,001	26,574	29,761	40,345

Consolidated statements of cash flows, mln USD

	2001	2002	2003	2004	2005
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income	2,109	1,843	3,701	4,248	6,443
Adjustments for non-cash items:					
Cumulative effect of change in accounting principle	-	-	(132)	-	-
Depreciation, depletion and amortization	886	824	920	1,075	1,315
Equity share in income of affiliates	(136)	(100)	(122)	(169)	(397)
Gain from sale of interest in Azeri – Chirag – Guneshli	-	(1,130)	-	-	-
Dry hole costs	68	26	48	42	170
(Gain) loss on disposals and impairments of assets	153	83	69	213	(52)
Deferred income taxes	(187)	(95)	68	146	166
Non-cash currency translation (gain) loss	24	(21)	17	(4)	(26)
Non-cash investment activities	(96)	(72)	(64)	(123)	(133)
All other items – net	113	52	32	97	151
Changes in operating assets and liabilities:					
Accounts and notes receivable	931	(125)	(797)	(694)	(1,314)
Short-term loans receivable of a banking subsidiary	(95)	39	(223)	(101)	(23)
Customer deposits placed in a banking subsidiary	208	171	341	(90)	49
Inventories	(56)	(201)	(153)	(571)	(735)
Accounts payable	(1,077)	(273)	186	306	245
Taxes payable	109	30	284	310	705
Other current assets and liabilities	(281)	215	(109)	(505)	(467)
Net cash provided by operating activities	2,673	2,396	2,936	4,180	6,097
CASH FLOWS FROM INVESTMENT ACTIVITIES					
Capital expenditures	(2,521)	(2,072)	(2,881)	(3,248)	(3,982)
Proceeds from sale of property, plant and equipment	45	34	62	99	51
Purchases of investments	(314)	(302)	(459)	(540)	(242)
Proceeds from sale of investments	228	118	374	242	234
Proceeds from sale of interest in Azeri – Chirag – Guneshli	-	-	1,337	-	-
Sale of interests in subsidiaries and affiliated companies	-	-	183	588	-
Acquisitions of subsidiaries and minority shareholding interest (including advances related to these acquisitions), net of cash acquired	(499)	(168)	(1,225)	(477)	(2,874)
Net cash used in investment activities	(3,061)	(2,390)	(2,792)	(3,741)	(6,225)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net movements of short-term borrowings	121	203	220	(170)	(638)
Proceeds from issuance of long-term debt	938	879	1,445	1,191	2,474
Principal repayments of long-term debt	(349)	(579)	(1,124)	(778)	(704)
Dividends paid	(244)	(423)	(467)	(661)	(746)
Financing from related party	-	-	-	-	101
Proceeds from issuance of common stock	-	18	-	-	-
Purchase of treasury stock	(185)	(326)	(368)	(502)	-
Proceeds from sale of treasury stock	158	316	290	273	46
Other – net	32	8	-	(3)	6
Net cash provided by (used in) financing activities	471	96	(4)	(650)	539
Effect of exchange rate changes on cash and cash equivalents	(50)	(20)	43	33	(18)
Net increase (decrease) in cash and cash equivalents	33	82	183	(178)	393
Cash and cash equivalents at beginning of year	1,137	1,170	1,252	1,435	1,257
Cash and cash equivalents at end of year	1,170	1,252	1,435	1,257	1,650

Consolidated statements of stockholders' equity and comprehensive income, mln USD

	2001	2002	2003	2004	2005
Common stock					
Balance as of January 1	14	15	15	15	15
Conversion of preferred stock into common stock	1	–	–	–	–
Outstanding as of December 31	15	15	15	15	15
Preferred Stock					
Balance as of January 1	1	–	–	–	–
Conversion of preferred stock into common stock	(1)	–	–	–	–
Outstanding as of December 31	–	–	–	–	–
Treasury stock					
Balance as of January 1	(376)	(403)	(428)	(435)	(706)
Stock purchased	(185)	(326)	(368)	(502)	–
Stock sold	158	301	361	231	179
Outstanding as of December 31	(403)	(428)	(435)	(706)	(527)
Additional paid-in capital					
Balance as of January 1	2,895	3,044	3,229	3,522	3,564
Premium on non-outstanding shares issued	147	170	38	–	47
Proceeds from sale of treasury stock in excess of carrying amount	2	15	255	42	119
Outstanding as of December 31	3,044	3,229	3,522	3,564	3,730
Retained earnings					
Balance as of January 1	7,994	9,738	11,186	14,371	17,938
Net income (comprehensive income)	2,109	1,843	3,701	4,248	6,443
Net income (stockholders' equity)	2,109	1,843	3,701	4,248	6,443
Dividends on preferred stock	(157)	–	–	–	–
Dividends on common stock	(208)	(395)	(516)	(681)	(795)
Outstanding as of December 31	9,738	11,186	14,371	17,938	23,586
Accumulated other comprehensive loss, net of tax					
Balance as of January 1	(9)	(9)	(2)	(1)	–
Foreign currency translation adjustment (comprehensive income)	14	(7)	1	1	–
Foreign currency translation adjustment (stockholders' equity)	14	(7)	1	1	–
Minimum pension liability adjustment (comprehensive income)	(14)	14	–	–	–
Minimum pension liability adjustment (stockholders' equity)	(14)	14	–	–	–
Outstanding as of December 31	(9)	(2)	(1)	–	–
Total comprehensive income for the year	2,109	1,850	3,702	4,249	6,443
Total stockholders' equity as of December 31	12,385	14,000	17,472	20,811	26,804

Share activity, mln shares

	2001	2002	2003	2004	2005
Common stock, issued					
Balance as of January 1	738	850	850	850	850
Issuance of common stock	35	–	–	–	–
Conversion of preferred stock into common stock	77	–	–	–	–
Balance as of December 31	850	850	850	850	850
Preferred shares					
Balance as of January 1	77	–	–	–	–
Conversion of preferred stock into common stock	(77)	–	–	–	–
Balance as of December 31	–	–	–	–	–
Treasury stock					
Balance as of January 1	(23)	(26)	(27)	(26)	(34)
Purchase of treasury stock	(17)	(21)	(19)	(18)	–
Sales of treasury stock	14	20	20	10	12
Balance as of December 31	(26)	(27)	(26)	(34)	(22)

Capital expenditures*, mln USD

	2001**	2002**	2003	2004	2005
Capital expenditures					
Exploration and production	1,789	1,411	1,784	2,289	2,918
Russia	1,543	1,078	1,537	2,100	2,487
International	246	333	247	189	431
Refining, marketing and distribution	828	793	1,175	1,070	1,129
Russia	645	683	911	677	654
International	183	110	264	393	475
Petrochemicals	n/a	n/a	39	71	77
Russia	n/a	n/a	28	55	59
International	n/a	n/a	11	16	18
Other	n/a	n/a	20	17	53
Total capital expenditures*	2,617	2,204	3,018	3,447	4,177

Acquisitions of companies and Group investments***

Exploration and production	467	67	989	166	2,737
Russia	467	67	989	23	778
International	–	–	–	143	1,959
Refining, marketing and distribution	94	110	280	306	256
Russia	35	53	23	1	27
International	59	57	257	305	229
Petrochemicals	n/a	n/a	–	–	–
Other	n/a	n/a	–	5	–
<i>Less cash acquired</i>	<i>(62)</i>	<i>(4)</i>	<i>(44)</i>	<i>–</i>	<i>(119)</i>
Total	499	173	1,225	477	2,874

* Including non-cash transactions.

** Capital expenditures and acquisitions for "petrochemicals" and "other" are included into "Refining, marketing and distribution".

*** Including prepayments related to acquisitions of subsidiaries and buyout of minorities.

FINANCIAL RATIOS

Specific financial ratios

	2001	2002	2003*	2004	2005
Sales per boe of production, USD per barrel	23.5	25.9	35.4	50.3	78.7
Income from operating activities per boe of production, USD per barrel	5.2	4.5	5.5	9.0	13.2
Net income per boe of production, USD per barrel	3.7	3.1	4.1	6.3	9.1
Capital expenditures in exploration and production per boe of production, USD per barrel	3.1	2.4	2.9	3.4	4.1
Capitalization per boe of reserves, USD per barrel	0.6	0.7	1.0	1.3	2.5
Capitalization per boe of production, USD per barrel	18.2	22.1	31.6	38.4	71.3

Profitability and efficiency ratios

Income margin

$$\text{Income margin} = \frac{\text{Income}}{\text{Sales}}$$

	2001	2002	2003*	2004	2005
Sales, mln USD	13,426	15,334	22,118	33,845	55,774
Income from operating activities, mln USD	2,948	2,662	3,457	6,034	9,388
Income before tax, mln USD	2,783	2,582	3,446	6,008	8,910
Net income, mln USD	2,109	1,843	2,571	4,248	6,443
Operating margin, %	22.0	17.4	15.6	17.8	16.8
Pretax margin, %	20.7	16.8	15.6	17.8	16.0
Net margin, %	15.7	12.0	11.6	12.6	11.6

EBIT and EBITDA

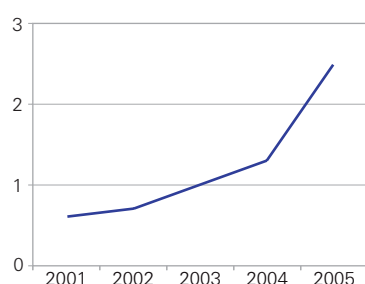
$$\text{EBIT} = \text{Income before income tax} + \text{Interest expense} - \text{Interest and dividend income}$$

$$\text{EBITDA} = \text{EBIT} + \text{Depreciation, depletion and amortization}$$

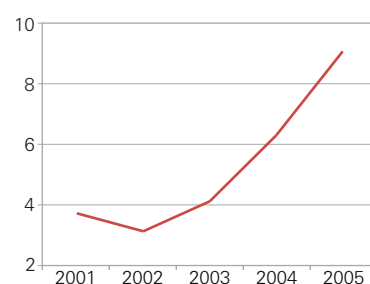
	2001	2002	2003*	2004	2005
Income before tax, mln USD	2,783	2,582	3,446	6,008	8,910
Interest expense, mln USD	257	222	273	300	275
Interest and dividend income, mln USD	(146)	(160)	(139)	(180)	(96)
EBIT, mln USD	2,894	2,644	3,580	6,128	9,089
Depreciation, depletion and amortization, mln USD	886	824	920	1,075	1,315
EBITDA, mln USD	3,780	3,468	4,500	7,203	10,404
EBIT margin, %	21.6	17.2	16.2	18.1	16.3
EBITDA margin, %	28.2	22.6	20.3	21.3	18.7

* Excluding gain from sale of interest in Azeri – Chirag – Guneshli.

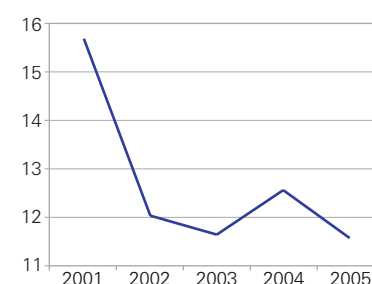
Market capitalization to proved hydrocarbon reserves, USD per boe



Net income to production, USD per boe



Net margin, %



Return on equity

$$\text{Return on equity} = \frac{\text{Net income}}{\text{Average equity for the year}}$$

	2000	2001	2002	2003*	2004	2005
Equity, mln USD	10,519	12,385	14,000	17,472	20,811	26,804
Net income, mln USD		2,109	1,843	2,571	4,248	6,443
Return on equity, %		18.4	14.0	16.3	22.2	27.1

Return on assets

$$\text{Return on assets} = \frac{\text{Net income}}{\text{Average assets for the year}}$$

	2000	2001	2002	2003*	2004	2005
Assets, mln USD	17,109	19,942	22,001	26,574	29,761	40,345
Net income, mln USD		2,109	1,843	2,571	4,248	6,443
Return on assets, %		11.4	8.8	10.6	15.1	18.4

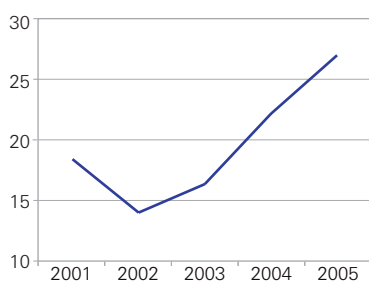
Return on non-current assets

$$\text{Return on non-current assets} = \frac{\text{Net income}}{\text{Average non-current assets for the year}}$$

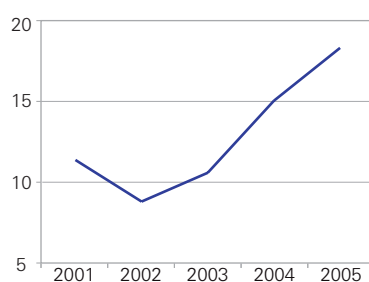
	2000	2001	2002	2003*	2004	2005
Non-current assets, mln USD	11,015	14,266	15,526	18,651	21,187	27,848
Net income, mln USD		2,109	1,843	2,571	4,248	6,443
Return on non-current assets, %		16.7	12.4	15.0	21.3	26.3

* Excluding gain from sale of interest in Azeri – Chirag – Guneshli.

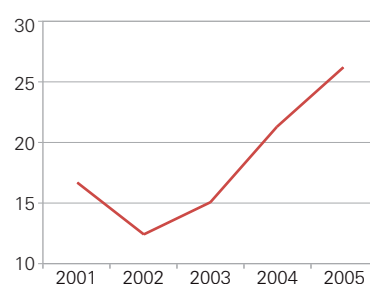
Return on equity, %



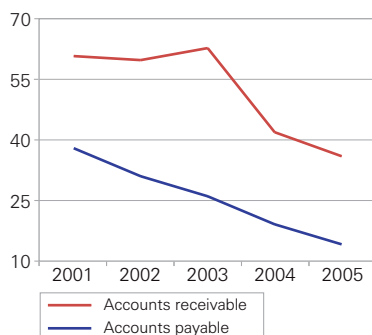
Return on assets, %



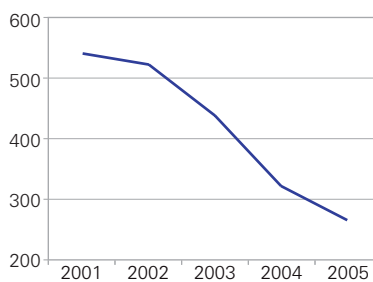
Return on non-current assets, %



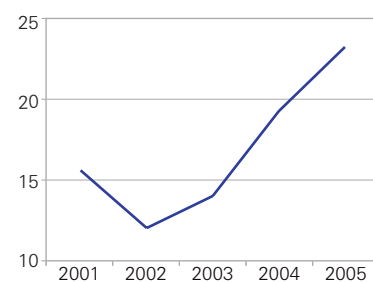
Turnover of accounts receivable and accounts payable, days



Assets turnover, days



ROACE, %



ROACE

$$\text{ROACE} = \frac{\text{Net income} + \text{Interest expense} \times (1 - \text{Effective income tax rate}) + \text{Minority interest}}{\text{Average for the year (Equity} + \text{Long-term debt} + \text{Short-term debt} + \text{Minority interest})}$$

	2000	2001	2002	2003*	2004	2005
Equity, mIn USD	10,519	12,385	14,000	17,472	20,811	26,804
Long-term debt, mIn USD	1,483	1,948	1,666	2,392	2,609	4,137
Short-term debt, mIn USD	829	1,031	1,772	1,412	1,265	853
Minority interest in subsidiary companies, mIn USD	984	931	880	483	453	1,019
Net income, mIn USD		2,109	1,843	2,571	4,248	6,443
Interest expense, mIn USD		257	222	273	300	275
Minority interest, mIn USD		52	69	36	62	121
Effective income tax rate, %		24.2	28.6	29.2	29.3	27.7
ROACE, %		15.6	12.0	14.0	19.3	23.3

Assets turnover (as of December 31)

$$\text{Asset turnover} = \frac{\text{Assets} \times 365 \text{ days}}{\text{Sales}}$$

	2001	2002	2003	2004	2005
Sales, mIn USD	13,426	15,334	22,118	33,845	55,774
Assets, mIn USD	19,942	22,001	26,574	29,761	40,345
Assets turnover, days	542	524	439	321	264

Accounts payable turnover (as of December 31)

$$\text{Accounts payable turnover} = \frac{\text{Accounts payable} \times 365 \text{ days}}{\text{Sales}}$$

	2001	2002	2003	2004	2005
Sales, mIn USD	13,426	15,334	22,118	33,845	55,774
Accounts payable, mIn USD	1,402	1,293	1,564	1,787	2,167
Accounts payable turnover, days	38	31	26	19	14

Accounts receivable turnover (as of December 31)

$$\text{Accounts receivable turnover} = \frac{\text{Accounts receivable} \times 365 \text{ days}}{\text{Sales}}$$

	2001	2002	2003	2004	2005
Sales, mIn USD	13,426	15,334	22,118	33,845	55,774
Accounts receivable, mIn USD	2,230	2,511	3,790	3,867	5,533
Accounts receivable turnover, days	61	60	63	42	36

* Excluding gain from sale of interest in Azeri – Chirag – Guneshli.

Gearing ratios

Total debt to total capital (as of December 31)

	2001	2002	2003	2004	2005
Total debt, mln USD	3,428	4,193	4,811	3,877	4,990
Equity, mln USD	12,385	14,000	17,472	20,811	26,804
Total capital, mln USD	15,813	18,193	22,283	24,688	31,794
Total debt to total capital, %	21.7	23.0	21.6	15.7	15.7

Total debt to equity (as of December 31)

	2001	2002	2003	2004	2005
Total debt, mln USD	3,428	4,193	4,811	3,877	4,990
Equity, mln USD	12,385	14,000	17,472	20,811	26,804
Total debt to equity, %	27.7	30.0	27.5	18.6	18.6

Total debt to EBITDA (as of December 31)

	2001	2002	2003	2004	2005
Total debt, mln USD	3,428	4,193	4,811	3,877	4,990
EBITDA, mln USD	3,780	3,468	4,500	7,203	10,404
Total debt to EBITDA, %	90.7	120.9	106.9	53.8	48.0
Financial guarantees, mln USD	534	667	781	642	473
Adjusted total debt, mln USD	3,962	4,860	5,592	4,519	5,463
Adjusted total debt to EBITDA, %	104.8	140.1	124.3	62.7	52.5

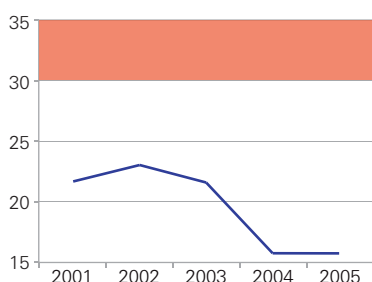
Short-term debt to total debt (as of December 31)

	2001	2002	2003	2004	2005
Short-term debt, mln USD	1,031	1,772	1,412	1,265	853
Total debt, mln USD	3,428	4,193	4,811	3,877	4,990
Short-term debt to total debt, %	30.1	42.3	29.3	32.6	17.1

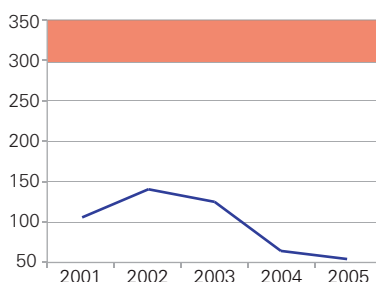
Secured debt to total debt (as of December 31)

	2001	2002	2003	2004	2005
Secured debt, mln USD	n/a	1,702	2,175	2,171	1,672
Total debt, mln USD	n/a	4,193	4,811	3,877	4,990
Secured debt to total debt, %	n/a	40.6	45.2	56.0	33.5

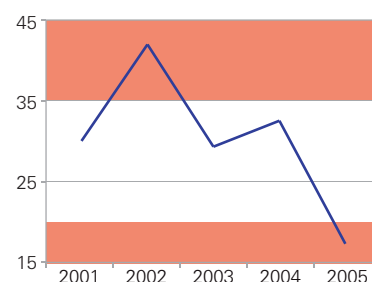
Total debt to total capital, %



Adjusted total debt to EBITDA, %



Short-term debt to total debt, %



Financial guarantees to total debt (as of December 31)

	2001	2002	2003	2004	2005
Financial guarantees, mln USD	534	667	781	642	473
Total debt, mln USD	3,428	4,193	4,811	3,877	4,990
Financial guarantees to total debt, %	15.6	15.9	16.2	16.6	9.5

Fixed debt to total debt* (as of December 31)

	2001	2002	2003	2004	2005
Fixed debt, mln USD	n/a	918	761	1,074	907
Total debt, mln USD	n/a	3,438	3,804	3,874	4,990
Fixed debt to total debt, %	n/a	26.7	20.0	27.7	18.2

* Excluding liabilities of banking subsidiaries.

Net debt (as of December 31)

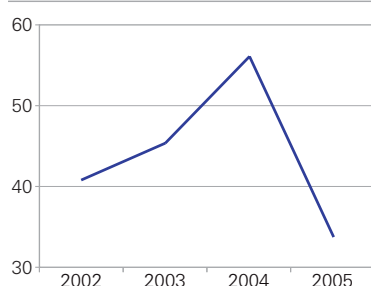
Net debt = Long-term debt + Customer deposits of banking subsidiaries + Short-term debt – Cash

	2001	2002	2003	2004	2005
Long-term debt, mln USD	1,948	1,666	2,392	2,609	4,137
Short-term debt, mln USD	1,031	1,772	1,412	1,265	853
Customer deposits and other borrowings of banking subsidiaries, mln USD	449	755	1 007	3	0
Cash and cash equivalents, mln USD	1,170	1,252	1,435	1,257	1,650
Net debt, mln USD	2,258	2,941	3,376	2,620	3,340
Cash of banking subsidiaries in roubles and other currencies, mln USD	365	436	667	176	102
Financial guarantees, mln USD	534	667	781	642	473
Adjusted net debt, mln USD	3,157	4,044	4,824	3,438	3,915

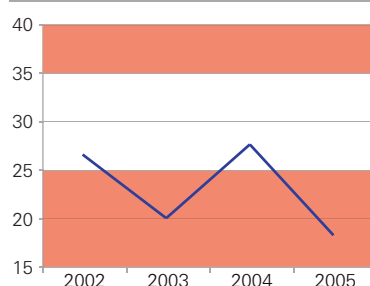
Net debt to equity (as of December 31)

	2001	2002	2003	2004	2005
Net debt, mln USD	2,258	2,941	3,376	2,620	3,340
Equity, mln USD	12,385	14,000	17,472	20,811	26,804
Net debt to equity, %	18.2	21.0	19.3	12.6	12.5
Adjusted net debt, mln USD	3,157	4,044	4,824	3,438	3,915
Adjusted net debt to equity, %	25.5	28.9	27.6	16.5	14.6

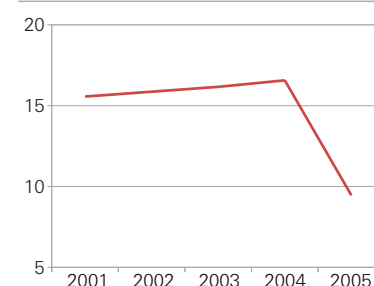
Secured debt to total debt, %



Fixed debt to total debt, %



Financial guarantees to total debt, %



Net debt to cash flow from operating activities (as of December 31)

	2001	2002	2003	2004	2005
Net debt, mln USD	2,258	2,941	3,376	2,620	3,340
Cash flow from operating activities, mln USD	2,673	2,396	2,936	4,180	6,097
Net debt to cash flow from operating activities, %	84,5	122,7	115,0	62,7	54,8
Adjusted net debt, mln USD	3,157	4,044	4,824	3,438	3,915
Adjusted net debt to cash flow from operating activities, %	118,1	168,8	164,3	82,2	64,2

EBITDA interest coverage

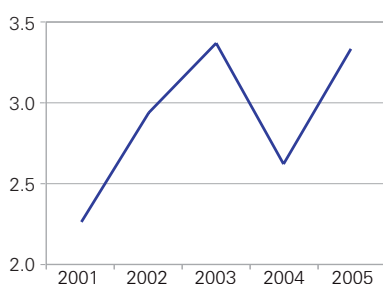
	2001	2002	2003*	2004	2005
EBITDA, mln USD	3,780	3,468	4,500	7,203	10,404
Interest expense, mln USD	257	222	273	300	275
EBITDA interest coverage	14,7	15,6	16,5	24,0	37,8

Free cash flow

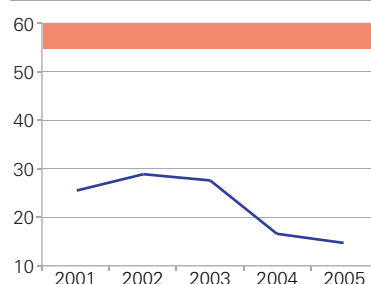
	2001	2002	2003	2004	2005
Capital expenditures in exploration and production, mln USD	1,789	1,411	1,784	2,289	2,918
Capital expenditures in refining, marketing and distribution, petrochemicals and other, mln USD	828	793	1,234	1,158	1,259
Cash flow from operating activities, mln USD	2,673	2,396	2,936	4,180	6,097
Free cash flow, mln USD	56	192	(82)	733	1,920

* Excluding gain from sale of interest in Azeri – Chirag – Guneshli.

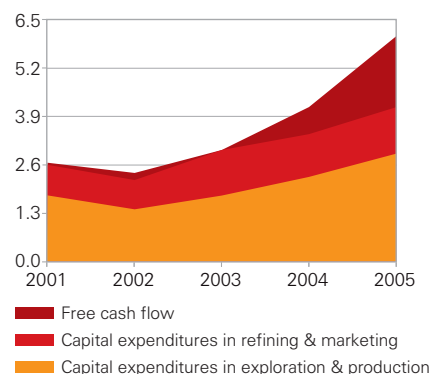
Net debt, bln USD



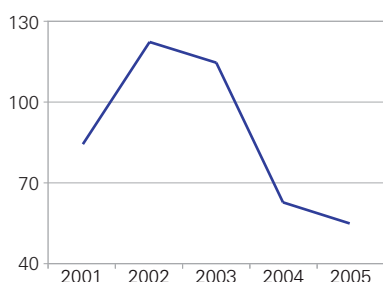
Adjusted net debt to equity, %



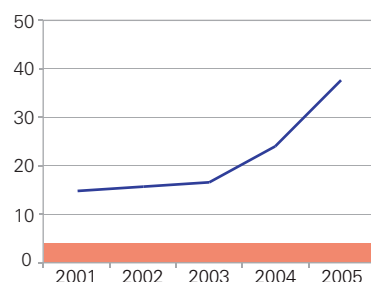
Structure of cash flow from operating activities, bln USD



Net debt to cash flow from operating activities, %



EBITDA interest coverage



Liquidity ratios

Cash ratio (as of December 31)

$$\text{Cash ratio} = \frac{\text{Cash and cash equivalents}}{\text{Current liabilities}}$$

	2001	2002	2003	2004	2005
Cash and cash equivalents, mln USD	1,170	1,252	1,435	1,257	1,650
Current liabilities, mln USD	3,825	4,797	5,271	4,545	5,836
Cash ratio	0.31	0.26	0.27	0.28	0.28

Quick ratio (as of December 31)

$$\text{Quick ratio} = \frac{\text{Cash} + \text{Short-term investments} + \text{Accounts and notes receivable}}{\text{Current liabilities}}$$

	2001	2002	2003	2004	2005
Cash and cash equivalents, mln USD	1,170	1,252	1,435	1,257	1,650
Short-term investments, mln USD	218	278	251	149	111
Accounts receivable, mln USD	2,230	2,511	3,790	3,867	5,533
Current liabilities, mln USD	3,825	4,797	5,271	4,545	5,836
Quick ratio	0.95	0.84	1.04	1.16	1.25

Current ratio (as of December 31)

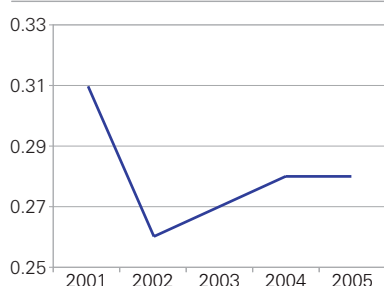
$$\text{Current ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

	2001	2002	2003	2004	2005
Current assets, mln USD	5,676	6,475	7,923	8,574	12,497
Current liabilities, mln USD	3,825	4,797	5,271	4,545	5,836
Current ratio	1.48	1.35	1.50	1.89	2.14

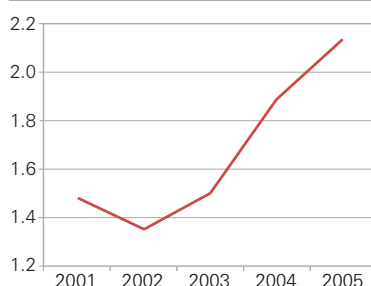
Assets to equity (as of December 31)

	2001	2002	2003	2004	2005
Assets, mln USD	19,942	22,001	26,574	29,761	40,345
Equity, mln USD	12,385	14,000	17,472	20,811	26,804
Assets to equity	1.61	1.57	1.52	1.43	1.51

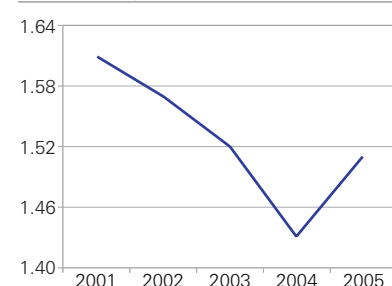
Cash ratio



Current ratio



Assets to equity



Market valuation of the Company

Enterprise value (EV) (as of December 31)

$$\text{EV} = \text{Market capitalization} + \text{Long-term debt} + \text{Short-term debt} - \text{Cash}$$

	2001	2002	2003	2004	2005
Market capitalization, mln USD	10,402	13,116	19,776	25,815	50,523
Long-term debt, mln USD	1,948	1,666	2,392	2,609	4,137
Short-term debt, mln USD	1,031	1,772	1,412	1,265	853
Cash and cash equivalents, mln USD	1,170	1,252	1,435	1,257	1,650
EV, mln USD	12,211	15,302	22,145	28,432	53,863

EV/EBITDA (as of December 31)

	2001	2002	2003*	2004	2005
EV, mln USD	12,211	15,302	22,145	28,432	53,863
EBITDA, mln USD	3,780	3,468	4,500	7,203	10,404
EV/EBITDA	3.23	4.41	4.92	3.95	5.18

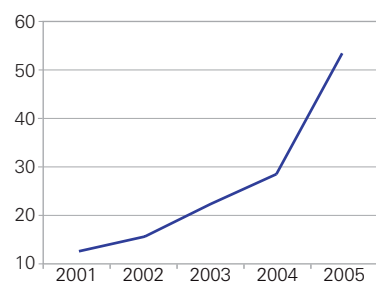
* Excluding gain from sale of interest in Azeri – Chirag – Guneshli.

EV/DACF (as of December 31)

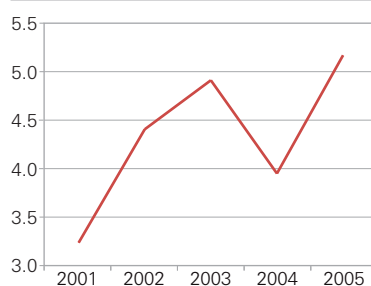
$$\text{EV/DACF} = \frac{\text{EV}}{\text{Cash flow from operating activities} + \text{Interest expense adjusted for income tax}}$$

	2001	2002	2003	2004	2005
EV, mln USD	12,211	15,302	22,145	28,432	53,863
Cash flow from operating activities, mln USD	2,673	2,396	2,936	4,180	6,097
Interest expense, mln USD	257	222	273	300	275
Interest expense adjusted by effective income tax rate, mln USD	195	159	193	212	199
DACF, mln USD	2,868	2,555	3,129	4,392	6,296
EV/DACF	4.3	6.0	7.0	6.5	8.5

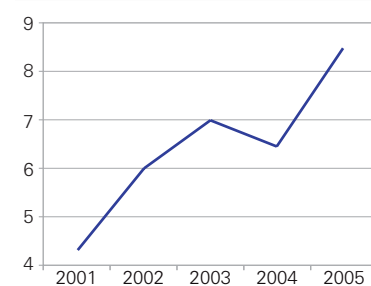
EV, bln USD



EV/EBITDA



EV/DACF



Price to earnings (P/E) (as of December 31)

	2001	2002	2003	2004	2005
Share price, USD	12.23	15.42	23.25	30.35	59.40
Basic earnings per share, USD	2.68	2.26	4.52	5.20	7.91
P/E	4.56	6.82	5.14	5.84	7.51

Price to sales (P/S) (as of December 31)

	2001	2002	2003	2004	2005
Market capitalization, mln USD	10,402	13,116	19,776	25,815	50,523
Sales, mln USD	13,426	15,334	22,118	33,845	55,774
Price to sales	0.77	0.86	0.89	0.76	0.91

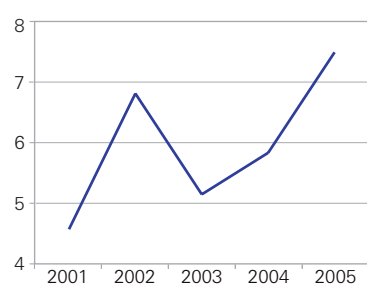
Price to assets (as of December 31)

	2001	2002	2003	2004	2005
Market capitalization, mln USD	10,402	13,116	19,776	25,815	50,523
Assets, mln USD	19,942	22,001	26,574	29,761	40,345
Price to assets	0.52	0.60	0.74	0.87	1.25

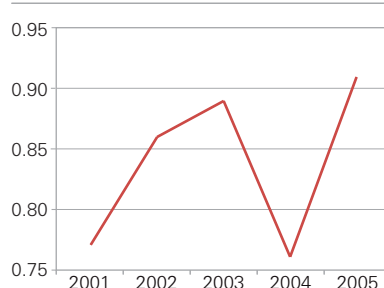
Price to book (as of December 31)

	2001	2002	2003	2004	2005
Market capitalization, mln USD	10,402	13,116	19,776	25,815	50,523
Equity, mln USD	12,385	14,000	17,472	20,811	26,804
Price to book	0.84	0.94	1.13	1.24	1.88

P/E



Market capitalization to sales



Market capitalization to equity

