

## CONSOLIDATED FINANCIAL STATEMENTS

### Consolidated income statements, mln USD

	2004	2005	2006	2007	2008
<b>REVENUES</b>					
Sales (including excise and export tariffs)	33,845	55,774	67,684	81,891	107,680
<b>COSTS AND OTHER DEDUCTIONS</b>					
Operating expenses	(2,880)	(3,443)	(4,652)	(6,172)	(8,126)
Cost of purchased crude oil, gas and products	(10,124)	(19,590)	(22,642)	(27,982)	(37,851)
Transportation expenses	(2,784)	(3,371)	(3,600)	(4,457)	(5,460)
Selling, general and administrative expenses	(2,024)	(2,578)	(2,885)	(3,207)	(3,860)
Depreciation, depletion and amortization	(1,075)	(1,315)	(1,851)	(2,172)	(2,958)
Taxes other than income taxes	(3,505)	(6,334)	(8,075)	(9,367)	(13,464)
Excise and export tariffs	(5,248)	(9,931)	(13,570)	(15,033)	(21,340)
Exploration expenses	(171)	(317)	(209)	(307)	(487)
(Loss) gain on disposals and impairments of assets	(213)	52	(148)	(123)	(425)
<b>Income from operating activities</b>	<b>5,821</b>	<b>8,947</b>	<b>10,052</b>	<b>13,071</b>	<b>13,709</b>
Interest expense	(300)	(275)	(302)	(333)	(391)
Interest and dividend income	180	96	111	135	163
Equity share in income of affiliates	213	441	425	347	375
Currency translation gain (loss)	135	(134)	169	93	(1,163)
Other non-operating (expense) income	21	(44)	(118)	(240)	(244)
Minority interest	(62)	(121)	(80)	(55)	(83)
<b>Income before income taxes</b>	<b>6,008</b>	<b>8,910</b>	<b>10,257</b>	<b>13,018</b>	<b>12,366</b>
Current income taxes	(1,614)	(2,301)	(2,906)	(3,410)	(4,167)
Deferred income taxes	(146)	(166)	133	(97)	945
<b>Total income tax expense</b>	<b>(1,760)</b>	<b>(2,467)</b>	<b>(2,773)</b>	<b>(3,507)</b>	<b>(3,222)</b>
<b>Net income</b>	<b>4,248</b>	<b>6,443</b>	<b>7,484</b>	<b>9,511</b>	<b>9,144</b>
<b>Net income per common share (USD)</b>					
Basic	5.20	7.91	9.06	11.48	10.88
Diluted	5.13	7.79	9.04	11.48	10.88

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

	2003	2004	2005	2006	2007	2008
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	1,435	1,257	1,650	752	841	2,239
Short-term investments	251	149	111	44	48	505
Accounts and notes receivable, net	3,790	3,867	5,533	5,158	7,467	5,069
Inventories	1,243	1,759	2,619	3,444	4,609	3,735
Prepaid taxes and other expenses	897	1,242	2,107	3,693	4,109	3,566
Other current assets	255	300	287	406	625	519
Assets held for sale	52	–	190	75	70	–
<b>Total current assets</b>	<b>7,923</b>	<b>8,574</b>	<b>12,497</b>	<b>13,572</b>	<b>17,769</b>	<b>15,633</b>
Investments	594	779	1,110	1,442	1,086	3,269
Property, plant and equipment	16,859	19,329	25,464	31,316	38,056	50,088
Deferred income tax assets	117	138	181	362	490	521
Goodwill and other intangible assets	523	610	680	791	942	1,159
Other non-current assets	558	331	413	754	1,289	791
<b>Total assets</b>	<b>26,574</b>	<b>29,761</b>	<b>40,345</b>	<b>48,237</b>	<b>59,632</b>	<b>71,461</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>						
<b>Current liabilities</b>						
Accounts payable	1,564	1,787	2,167	2,759	4,554	5,029
Short-term borrowings and current portion of long-term deb	1,412	1,265	853	1,377	2,214	3,232
Customer deposits and other borrowings of banking subsidiaries	1,007	3	–	–	–	–
Taxes payable	943	1,238	2,087	1,663	2,042	1,564
Other current liabilities	345	252	729	1,132	918	750
<b>Total current liabilities</b>	<b>5,271</b>	<b>4,545</b>	<b>5,836</b>	<b>6,931</b>	<b>9,728</b>	<b>10,575</b>
Long-term debt	2,392	2,609	4,137	4,807	4,829	6,577
Deferred income tax liabilities	497	698	1,830	2,116	2,079	2,116
Asset retirement obligations	210	307	387	608	811	718
Other long-term liabilities	249	338	332	352	395	465
Minority interest in subsidiary companies	483	453	1,019	523	577	670
<b>Total liabilities</b>	<b>9,102</b>	<b>8,950</b>	<b>13,541</b>	<b>15,337</b>	<b>18,419</b>	<b>21,121</b>
<b>Stockholders' equity</b>						
Common stock	15	15	15	15	15	15
Treasury stock, at cost	(435)	(706)	(527)	(1,098)	(1,591)	(282)
Additional paid-in capital	3,522	3,564	3,730	3,943	4,499	4,694
Retained earnings	14,371	17,938	23,586	30,061	38,349	45,983
Accumulated other comprehensive loss	(1)	–	–	(21)	(59)	(70)
<b>Total stockholders' equity</b>	<b>17,472</b>	<b>20,811</b>	<b>26,804</b>	<b>32,900</b>	<b>41,213</b>	<b>50,340</b>
<b>Total liabilities and stockholders' equity</b>	<b>26,574</b>	<b>29,761</b>	<b>40,345</b>	<b>48,237</b>	<b>59,632</b>	<b>71,461</b>

**Consolidated statements of cash flows, mln USD**

	2004	2005	2006	2007	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>Net income</b>	<b>4,248</b>	<b>6,443</b>	<b>7,484</b>	<b>9,511</b>	<b>9,144</b>
Adjustments for non-cash items:					
Depreciation, depletion and amortization	1,075	1,315	1,851	2,172	2,958
Equity share in income of affiliates, net of dividends received	(169)	(397)	(106)	209	(238)
Dry hole write-offs	42	170	91	143	317
(Loss (gain) on disposals and impairments of assets)	213	(52)	148	123	425
Deferred income taxes	146	166	(133)	97	(945)
Non-cash currency translation loss (gain)	(4)	(26)	86	193	(423)
Non-cash investing activities	(123)	(133)	(123)	(36)	(29)
All other items – net	97	258	89	297	404
Changes in operating assets and liabilities:					
Accounts and notes receivable	(795)	(1,337)	388	(2,297)	2,647
Inventories	(571)	(735)	(816)	(1,148)	963
Accounts payable	306	245	592	1,599	(989)
Taxes payable	310	705	(430)	386	(521)
Other current assets and liabilities	(595)	(418)	(1,355)	(368)	599
<b>Net cash provided by operating activities</b>	<b>4,180</b>	<b>6,204</b>	<b>7,766</b>	<b>10,881</b>	<b>14,312</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Acquisition of licenses	–	(3)	(7)	(255)	(12)
Capital expenditures	(3,248)	(3,979)	(6,419)	(9,071)	(10,525)
Proceeds from sale of property, plant and equipment	99	51	310	72	166
Purchases of investments	(540)	(242)	(312)	(206)	(398)
Proceeds from sale of investments	242	234	216	175	636
Sale of interests in subsidiaries and affiliated companies	183	588	71	1 136	3
Acquisitions of subsidiaries and minority shareholding interest (including advances related to these acquisitions), net of cash acquired	(477)	(2,874)	(1,374)	(1,566)	(3,429)
<b>Net cash used in investing activities</b>	<b>(3,741)</b>	<b>(6,225)</b>	<b>(7,515)</b>	<b>(9,715)</b>	<b>(13,559)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Net movements of short-term borrowings	(170)	(638)	700	(59)	974
Cash received under sales-leaseback transaction	–	–	–	–	235
Proceeds from issuance of long-term debt	1,191	2,474	1,092	2,307	2,884
Principal repayments of long-term debt	(778)	(704)	(1,077)	(1,632)	(1,547)
Dividends paid	(661)	(853)	(1,134)	(1,308)	(1,605)
Dividends paid on company common stock	(612)	(800)	(1,015)	(1,230)	(1,437)
Dividends paid to minority	(49)	(53)	(119)	(78)	(168)
Financing from related party and third party minority shareholders	–	101	–	177	39
Purchase of treasury stock	(502)	–	(782)	(712)	(219)
Proceeds from sale of treasury stock	273	46	–	129	–
Other – net	(3)	6	15	–	2
<b>Net cash (used in) provided by financing activities</b>	<b>(650)</b>	<b>432</b>	<b>(1,186)</b>	<b>(1,098)</b>	<b>763</b>
Effect of exchange rate changes on cash and cash equivalents	33	(18)	37	21	(118)
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(178)</b>	<b>393</b>	<b>(898)</b>	<b>89</b>	<b>1,398</b>
Cash and cash equivalents at beginning of year	1,435	1,257	1,650	752	841
<b>Cash and cash equivalents at end of year</b>	<b>1,257</b>	<b>1,650</b>	<b>752</b>	<b>841</b>	<b>2,239</b>

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

	2004	2005	2006	2007	2008
<b>Common stock</b>					
Balance as of January 1	15	15	15	15	15
<b>Balance as of December 31</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>
<b>Treasury stock</b>					
Balance as of January 1	(435)	(706)	(527)	(1,098)	(1,591)
Stock purchased	(502)	–	(782)	(712)	(219)
Stock disposed	231	179	211	219	1,528
<b>Balance as of December 31</b>	<b>(706)</b>	<b>(527)</b>	<b>(1,098)</b>	<b>(1,591)</b>	<b>(282)</b>
<b>Additional paid-in capital</b>					
Balance as of January 1	3,522	3,564	3,730	3,943	4,499
Premium on non-outstanding shares issued	–	47	22	–	20
Effect of stock compensation plan	–	–	–	103	103
Proceeds from sale of treasury stock in excess of carrying amount	42	119	191	453	72
<b>Balance as of December 31</b>	<b>3,564</b>	<b>3,730</b>	<b>3,943</b>	<b>4,499</b>	<b>4,694</b>
<b>Retained earnings</b>					
Balance as of January 1	14,371	17,938	23,586	30,061	38,349
Net income (comprehensive income)	4,248	6,443	7,484	9,511	9,144
Net income (stockholders' equity)	4,248	6,443	7,484	9,511	9,144
Dividends on common stock	(681)	(795)	(1,009)	(1,223)	(1,510)
<b>Balance as of December 31</b>	<b>17,938</b>	<b>23,586</b>	<b>30,061</b>	<b>38,349</b>	<b>45,983</b>
<b>Accumulated other comprehensive loss, net of tax</b>					
Balance as of January 1	(1)	–	–	(21)	(59)
Foreign currency translation adjustment (comprehensive income)	1	–	–	–	–
Foreign currency translation adjustment (stockholders' equity)	1	–	–	–	–
Pension benefits:					
Prior service cost (comprehensive income)	–	–	(16)	(5)	
Prior service cost (stockholders' equity)	–	–	(16)	(5)	
Actuarial loss (comprehensive income)	–	–	–	(22)	(6)
Actuarial loss (stockholders' equity)	–	–	–	(22)	(6)
Effect of initial adoption of SFAS No. 158	–	–	(21)	–	–
<b>Balance as of December 31</b>	<b>–</b>	<b>–</b>	<b>(21)</b>	<b>(59)</b>	<b>(70)</b>
Total comprehensive income for the year	4,249	6,443	7,484	9,473	9,133
<b>Total stockholders' equity as of December 31</b>	<b>20,811</b>	<b>26,804</b>	<b>32,900</b>	<b>41,213</b>	<b>50,340</b>

**Share activity, mln shares**

	2004	2005	2006	2007	2008
<b>Common stock, issued</b>					
Balance as of January 1	850.563	850.563	850.563	850.563	850.563
<b>Balance as of December 31</b>	<b>850.563</b>	<b>850.563</b>	<b>850.563</b>	<b>850.563</b>	<b>850.563</b>
<b>Treasury stock</b>					
Balance as of January 1	(26.336)	(33.884)	(21.667)	(23.632)	(23.321)
Purchase of treasury stock	(17.846)	–	(9.017)	(8.756)	(2.899)
Disposal of treasury stock	10.298	12.217	7.052	9.067	22.384
<b>Balance as of December 31</b>	<b>(33.884)</b>	<b>(21.667)</b>	<b>(23.632)</b>	<b>(23.321)</b>	<b>(3.836)</b>

**Capital expenditures\*, mln USD**

	2004	2005	2006	2007	2008
<b>Capital expenditures</b>					
<b>Exploration and production</b>	<b>2,289</b>	<b>2,918</b>	<b>5,120</b>	<b>7,262</b>	<b>7,889</b>
Russia	2,100	2,487	4,334	6,391	6,813
International	189	431	786	871	1,076
<b>Refining, marketing and distribution</b>	<b>1,070</b>	<b>1,129</b>	<b>1,475</b>	<b>1,822</b>	<b>2,150</b>
Russia	677	654	916	1,177	1,377
International	393	475	559	645	773
<b>Chemicals</b>	<b>71</b>	<b>77</b>	<b>172</b>	<b>171</b>	<b>121</b>
Russia	55	59	121	73	23
International	16	18	51	98	98
<b>Other</b>	<b>17</b>	<b>53</b>	<b>119</b>	<b>117</b>	<b>429</b>
<b>Total capital expenditures</b>	<b>3,447</b>	<b>4,177</b>	<b>6,886</b>	<b>9,372</b>	<b>10,589</b>

**Acquisitions of companies and Group investments\*\***

<b>Exploration and production</b>	<b>166</b>	<b>2,737</b>	<b>1,560</b>	<b>434</b>	<b>361</b>
Russia	23	778	1,469	77	4
International	143	1,959	91	357	357
<b>Refining, marketing and distribution</b>	<b>306</b>	<b>256</b>	<b>122</b>	<b>1,196</b>	<b>2,033</b>
Russia	1	27	122	685	636
International	305	229	–	511	1,397
<b>Chemicals</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Other</b>	<b>5</b>	<b>–</b>	<b>32</b>	<b>38</b>	<b>3,194***</b>
<i>Less cash acquired</i>	<i>–</i>	<i>(119)</i>	<i>(26)</i>	<i>(102)</i>	<i>(190)</i>
<b>Total acquisitions of companies and Group investments</b>	<b>477</b>	<b>2,874</b>	<b>1,688</b>	<b>1,566</b>	<b>5,398</b>

\* Including non-cash transactions.

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

\*\*\* Including \$1,969 million of non-cash part of consideration for acquisition of TKG-8.

## FINANCIAL RATIOS

### Specific financial ratios

	2004	2005	2006	2007	2008
Sales per boe of production*, USD per barrel	50.9	80.0	86.4	103.0	134.1
Income from operating activities per boe of production*, USD per barrel	8.8	12.8	12.8	16.4	17.1
EBITDA per boe of production*, USD per barrel	10.8	14.9	15.7	19.4	19.4
Net income per boe of production*, USD per barrel	6.4	9.2	9.6	12.0	11.4
Capital expenditures in exploration and production per boe of production*, USD per barrel	3.4	4.2	6.5	9.1	9.8
Capitalization per boe of reserves, USD per barrel	1.3	2.5	3.7	3.6	1.4
Capitalization per boe of production*, USD per barrel	38.8	72.5	95.5	93.1	33.9

\* Of marketable hydrocarbons.

### Profitability and efficiency ratios

#### Income margin

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

	2004	2005	2006	2007	2008
Sales, mln USD	33,845	55,774	67,684	81,891	107,680
Income from operating activities, mln USD	5,821	8,947	10,052	13,071	13,709
Income before taxes, mln USD	6,008	8,910	10,257	13,018	12,366
Net income, mln USD	4,248	6,443	7,484	9,511	9,144
<b>Operating margin, %</b>	<b>17.2</b>	<b>16.0</b>	<b>14.9</b>	<b>16.0</b>	<b>12.7</b>
<b>Pretax margin, %</b>	<b>17.8</b>	<b>16.0</b>	<b>15.2</b>	<b>15.9</b>	<b>11.5</b>
<b>Net margin, %</b>	<b>12.6</b>	<b>11.6</b>	<b>11.1</b>	<b>11.6</b>	<b>8.5</b>

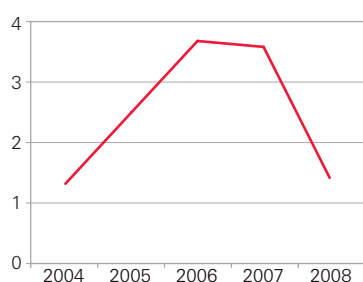
#### EBIT and EBITDA

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

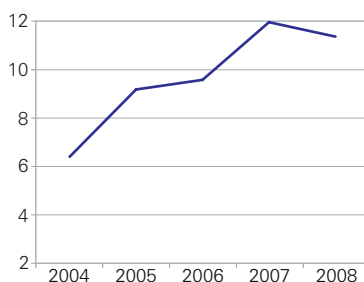
$$\text{EBITDA} = \text{EBIT} + \text{Depreciation, depletion and amortization}$$

	2004	2005	2006	2007	2008
Income before taxes, mln USD	6,008	8,910	10,257	13,018	12,366
Interest expense, mln USD	300	275	302	333	391
Interest and dividend income, mln USD.	180	96	111	135	163
<b>EBIT, mln USD</b>	<b>6,128</b>	<b>9,089</b>	<b>10,448</b>	<b>13,216</b>	<b>12,594</b>
Depreciation, depletion and amortization, mln USD	1,075	1,315	1,851	2,172	2,958
<b>EBITDA, mln USD</b>	<b>7,203</b>	<b>10,404</b>	<b>12,299</b>	<b>15,388</b>	<b>15,552</b>
<b>EBIT margin, %</b>	<b>18.1</b>	<b>16.3</b>	<b>15.4</b>	<b>16.1</b>	<b>11.7</b>
<b>EBITDA margin, %</b>	<b>21.3</b>	<b>18.7</b>	<b>18.2</b>	<b>18.8</b>	<b>14.4</b>

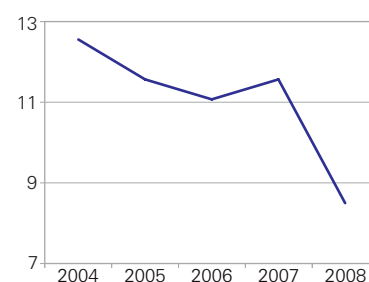
Market capitalization to proved hydrocarbon reserves, USD per boe



Net income to production, USD per boe



Net margin, %



**Return on equity**

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

	2003	2004	2005	2006	2007	2008
Equity, mln USD	17,472	20,811	26,804	32,900	41,213	50,340
Net income, mln USD		4,248	6,443	7,484	9,511	9,144
<b>Return on equity, %</b>		<b>22.2</b>	<b>27.1</b>	<b>25.1</b>	<b>25.7</b>	<b>20.0</b>

**Return on assets**

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

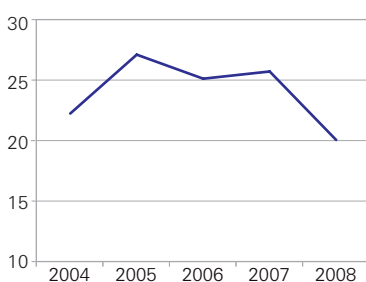
	2003	2004	2005	2006	2007	2008
Assets, mln USD	26,574	29,761	40,345	48,237	59,632	71,461
Net income, mln USD		4,248	6,443	7,484	9,511	9,144
<b>Return on assets, %</b>		<b>15.1</b>	<b>18.4</b>	<b>16.9</b>	<b>17.6</b>	<b>14.0</b>

**Return on non-current assets**

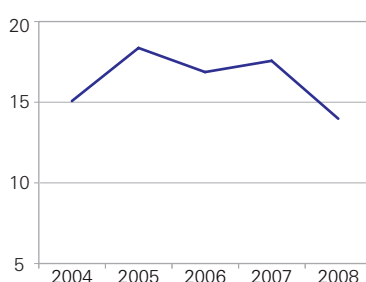
$$\text{Return on non-current assets} = \frac{\text{Net income}}{\text{Average non-current assets for the year}}$$

	2003	2004	2005	2006	2007	2008
Non-current assets, mln USD	18,651	21,187	27,848	34,665	41,863	55,828
Net income, mln USD		4,248	6,443	7,484	9,511	9,144
<b>Return on non-current assets, %</b>		<b>21.3</b>	<b>26.3</b>	<b>23.9</b>	<b>24.9</b>	<b>18.7</b>

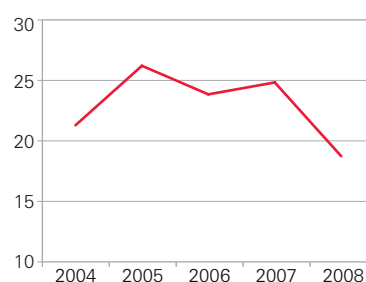
Return on equity, %



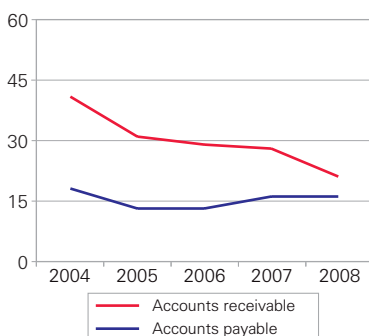
Return on assets, %



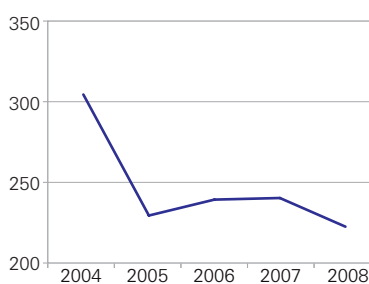
Return on non-current assets, %



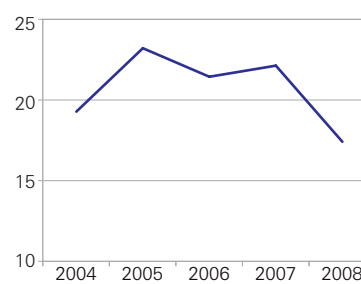
Turnover of accounts receivable and accounts payable, days



Assets turnover, days



ROACE, %



## ROACE

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

	2003	2004	2005	2006	2007	2008
Equity, mln USD	17,472	20,811	26,804	32,900	41,213	50,340
Long-term debt, mln USD	2,392	2,609	4,137	4,807	4,829	6,577
Short-term debt, mln USD	1,412	1,265	853	1,377	2,214	3,232
Minority interest in subsidiary companies, mln USD	483	453	1,019	523	577	670
Net income, mln USD		4,248	6,443	7,484	9,511	9,144
Interest expense, mln USD		300	275	302	333	391
Minority interest, mln USD		62	121	80	55	83
Effective income tax rate*, %		29.0	27.3	26.8	26.8	25.9
<b>ROACE, %</b>		<b>19.3</b>	<b>23.3</b>	<b>21.5</b>	<b>22.2</b>	<b>17.4</b>

\* Income taxes to income before income taxes before deduction of minority interest.

## Assets turnover (as of December 31)

$$\text{Asset turnover} = \frac{\text{Average assets for the year} \times 365 \text{ days}}{\text{Sales}}$$

	2003	2004	2005	2006	2007	2008
Sales, mln USD		33,845	55,774	67,684	81,891	107,680
Assets, mln USD	26,574	29,761	40,345	48,237	59,632	71,461
<b>Asset turnover, days</b>		<b>305</b>	<b>229</b>	<b>239</b>	<b>240</b>	<b>222</b>

## Accounts payable turnover (as of December 31)

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

	2003	2004	2005	2006	2007	2008
Sales, mln USD		33,845	55,774	67,684	81,891	107,680
Accounts payable, mln USD	1,564	1,787	2,167	2,759	4,554	5,029
<b>Accounts payable turnover, days</b>		<b>18</b>	<b>13</b>	<b>13</b>	<b>16</b>	<b>16</b>

## Accounts receivable turnover (as of December 31)

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

	2003	2004	2005	2006	2007	2008
Sales, mln USD		33,845	55,774	67,684	81,891	107,680
Accounts receivable, mln USD	3,790	3,867	5,533	5,158	7,467	5,069
<b>Accounts receivable turnover, days</b>		<b>41</b>	<b>31</b>	<b>29</b>	<b>28</b>	<b>21</b>

## Gearing ratios

### Total debt to total capital (as of December 31)

	2004	2005	2006	2007	2008
Total debt, mln USD	3,877	4,990	6,184	7,043	9,809
Equity, mln USD	20,811	26,804	32,900	41,213	50,340
Total capital, mln USD	24,688	31,794	39,084	48,256	60,149
<b>Total debt to total capital, %</b>	<b>15.7</b>	<b>15.7</b>	<b>15.8</b>	<b>14.6</b>	<b>16.3</b>

### Total debt to equity (as of December 31)

	2004	2005	2006	2007	2008
Total debt, mln USD	3,877	4,990	6,184	7,043	9,809
Equity, mln USD	20,811	26,804	32,900	41,213	50,340
<b>Total debt to equity, %</b>	<b>18.6</b>	<b>18.6</b>	<b>18.8</b>	<b>17.1</b>	<b>19.5</b>

### Total debt to EBITDA (as of December 31)

	2004	2005	2006	2007	2008
Total debt, mln USD	3,877	4,990	6,184	7,043	9,809
EBITDA, mln USD	7,203	10,404	12,299	15,388	15,552
<b>Total debt to EBITDA, %</b>	<b>53.8</b>	<b>48.0</b>	<b>50.3</b>	<b>45.8</b>	<b>63.1</b>
Financial guarantees, mln USD	642	473	418	361	161
Adjusted total debt, mln USD	4,519	5,463	6,602	7,404	9,970
<b>Adjusted total debt to EBITDA, %</b>	<b>62.7</b>	<b>52.5</b>	<b>53.7</b>	<b>48.1</b>	<b>64.1</b>

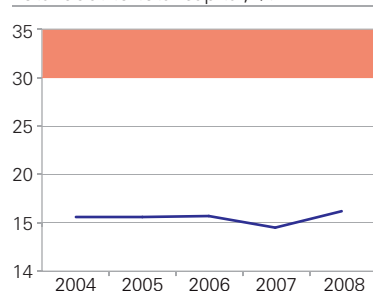
### Short-term debt to total debt (as of December 31)

	2004	2005	2006	2007	2008
Short-term debt, mln USD	1,265	853	1,377	2,214	3,232
Total debt, mln USD	3,877	4,990	6,184	7,043	9,809
<b>Short-term debt to total debt, %</b>	<b>32.6</b>	<b>17.1</b>	<b>22.3</b>	<b>31.4</b>	<b>32.9</b>

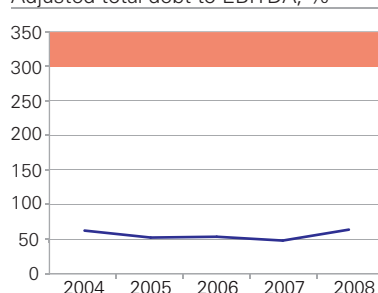
### Secured debt to total debt (as of December 31)

	2004	2005	2006	2007	2008
Secured debt, mln USD	2,171	1,672	715	378	453
Total debt, mln USD	3,877	4,990	6,184	7,043	9,809
<b>Secured debt to total debt, %</b>	<b>56.0</b>	<b>33.5</b>	<b>11.6</b>	<b>5.4</b>	<b>4.6</b>

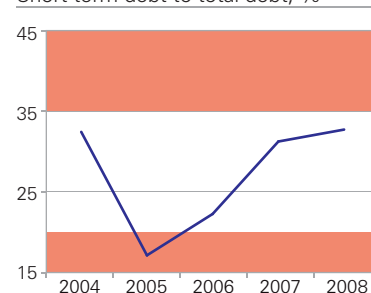
Total debt to total capital, %



Adjusted total debt to EBITDA, %



Short-term debt to total debt, %



**Financial guarantees to adjusted total debt (as of December 31)**

	2004	2005	2006	2007	2008
Financial guarantees, mln USD	642	473	418	361	161
Adjusted total debt, mln USD	4,519	5,463	6,602	7,404	9,970
<b>Financial guarantees to adjusted total debt, %</b>	<b>14.2</b>	<b>8.7</b>	<b>6.3</b>	<b>4.9</b>	<b>1.6</b>

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

	2004	2005	2006	2007	2008
Fixed debt, mln USD	1,074	907	2,214	3,947	4,440
Total debt*, mln USD	3,874	4,990	6,184	7,043	9,809
<b>Fixed debt to total debt, %</b>	<b>27.7</b>	<b>18.2</b>	<b>35.8</b>	<b>56.0</b>	<b>45.3</b>

\* Excluding liabilities of banking subsidiaries.

**Net debt (as of December 31)**

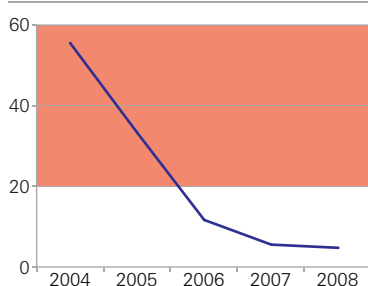
**Net debt = Long-term debt + Customer deposits of banking subsidiaries + Short-term debt – Cash**

	2004	2005	2006	2007	2008
Long-term debt, mln USD	2,609	4,137	4,807	4,829	6,577
Short-term debt, mln USD	1,265	853	1,377	2,214	3,232
Customer deposits and other borrowings of banking subsidiaries, mln USD	3	0	0	0	0
Cash and cash equivalents, mln USD	1,257	1,650	752	841	2,239
<b>Net debt, mln USD</b>	<b>2,620</b>	<b>3,340</b>	<b>5,432</b>	<b>6,202</b>	<b>7,570</b>
Cash of banking subsidiaries in roubles and other currencies, mln USD	176	102	130	47	132
Financial guarantees, mln USD	642	473	418	361	161
<b>Adjusted net debt, mln USD</b>	<b>3,438</b>	<b>3,915</b>	<b>5,980</b>	<b>6,610</b>	<b>7,863</b>

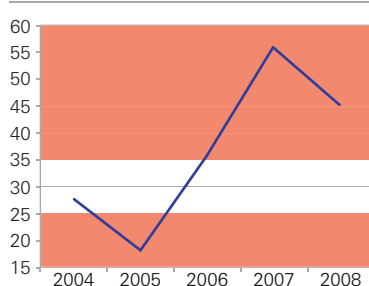
**Net debt to equity (as of December 31)**

	2004	2005	2006	2007	2008
Net debt, mln USD	2,620	3,340	5,432	6,202	7,570
Equity, mln USD	20,811	26,804	32,900	41,213	50,340
<b>Net debt to equity, %</b>	<b>12.6</b>	<b>12.5</b>	<b>16.5</b>	<b>15.0</b>	<b>15.0</b>
Adjusted net debt, mln USD	3,438	3,915	5,980	6,610	7,863
<b>Adjusted net debt to equity, %</b>	<b>16.5</b>	<b>14.6</b>	<b>18.2</b>	<b>16.0</b>	<b>15.6</b>

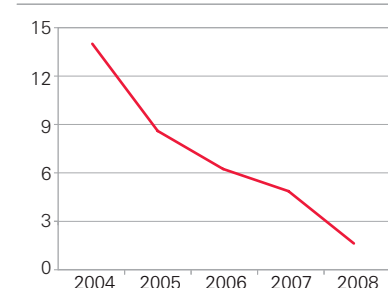
Secured debt to total debt, %



Fixed debt to total debt\*, %



Financial guarantees to adjusted total debt, %



\* Excluding liabilities of banking subsidiaries.

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

	2004	2005	2006	2007	2008
Net debt, mln USD	2,620	3,340	5,432	6,202	7,570
Cash flow from operating activities, mln USD	4,180	6,204	7,766	10,881	14,312
<b>Net debt to cash flow from operating activities, %</b>	<b>62.7</b>	<b>53.8</b>	<b>71.1</b>	<b>57.0</b>	<b>52.9</b>
Adjusted net debt, mln USD	3,438	3,915	5,980	6,610	7,863
<b>Adjusted net debt to cash flow from operating activities, %</b>	<b>82.2</b>	<b>63.1</b>	<b>78.3</b>	<b>60.7</b>	<b>54.9</b>

**EBITDA interest coverage**

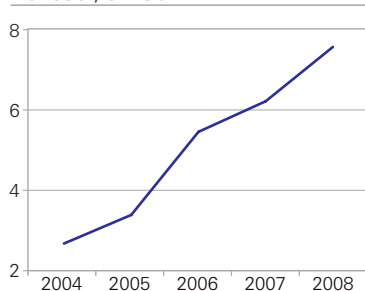
	2004	2005	2006	2007	2008
EBITDA, mln USD	7,203	10,404	12,299	15,388	15,552
Interest expense, mln USD.	300	275	302	333	391
<b>EBITDA interest coverage</b>	<b>24.0</b>	<b>37.8</b>	<b>40.7</b>	<b>46.2</b>	<b>39.8</b>

**Free cash flow**

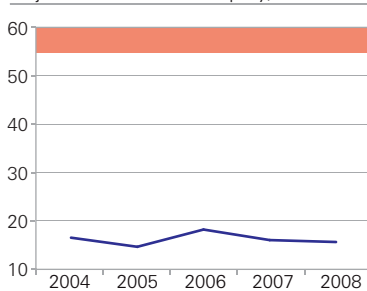
	2004	2005	2006	2007	2008
Cash flow from operating activities, mln USD	4,180	6,204	7,766	10,881	14,312
Capital expenditures*, mln USD	3,248	3,982	6,426	9,326	10,537
<b>Free cash flow, mln USD</b>	<b>932</b>	<b>2,222</b>	<b>1,340</b>	<b>1,555</b>	<b>3,775</b>

\* Including acquisition of licenses.

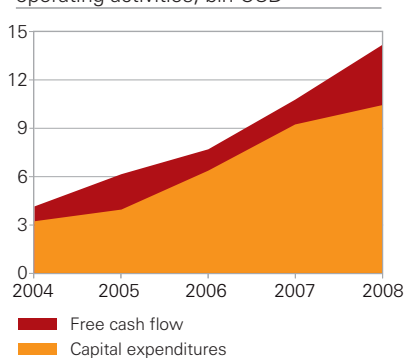
Net debt, bln USD



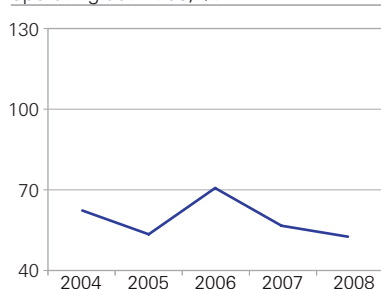
Adjusted net debt to equity, %



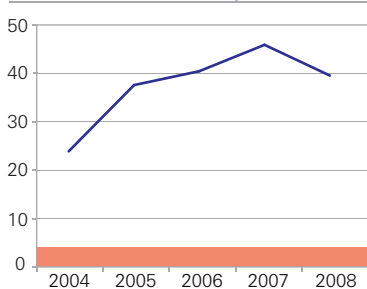
Structure of cash flow from operating activities, bln USD



Net debt to cash flow from operating activities, %



EBITDA interest coverage



## Liquidity ratios

### Cash ratio (as of December 31)

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

	2004	2005	2006	2007	2008
Cash and cash equivalents, mln USD	1,257	1,650	752	841	2,239
Current liabilities, mln USD	4,545	5,836	6,931	9,728	10,575
<b>Cash ratio</b>	<b>0.28</b>	<b>0.28</b>	<b>0.11</b>	<b>0.09</b>	<b>0.21</b>

### Quick ratio (as of December 31)

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

	2004	2005	2006	2007	2008
Cash and cash equivalents, mln USD	1,257	1,650	752	841	2,239
Short-term investments, mln USD	149	111	44	48	505
Accounts receivable, mln USD	3,867	5,533	5,158	7,467	5,069
Current liabilities, mln USD	4,545	5,836	6,931	9,728	10,575
<b>Quick ratio</b>	<b>1.16</b>	<b>1.25</b>	<b>0.86</b>	<b>0.86</b>	<b>0.74</b>

### Current ratio (as of December 31)

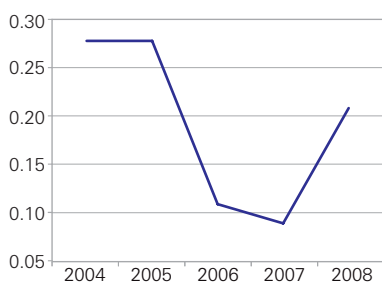
$$\text{Current ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

	2004	2005	2006	2007	2008
Current assets, mln USD	8,574	12,497	13,572	17,769	15,633
Current liabilities, mln USD	4,545	5,836	6,931	9,728	10,575
<b>Current ratio</b>	<b>1.89</b>	<b>2.14</b>	<b>1.96</b>	<b>1.83</b>	<b>1.48</b>

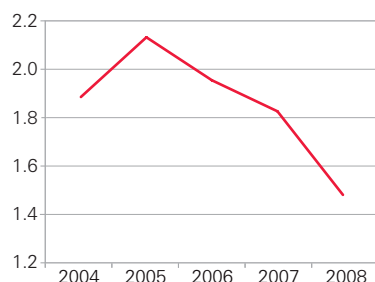
### Assets to equity (as of December 31)

	2004	2005	2006	2007	2008
Assets, mln USD	29,761	40,345	48,237	59,632	71,461
Equity, mln USD	20,811	26,804	32,900	41,213	50,340
<b>Assets to equity</b>	<b>1.43</b>	<b>1.51</b>	<b>1.47</b>	<b>1.45</b>	<b>1.42</b>

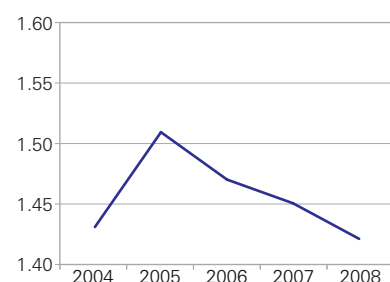
Cash ratio



Current ratio



Assets to equity



## Market valuation of the Company

### Enterprise value (EV) (as of December 31)

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

	2004	2005	2006	2007	2008
Market capitalization, mln USD	25,815	50,523	74,807	73,999	27,218
Long-term debt, mln USD	2,609	4,137	4,807	4,829	6,577
Short-term debt, mln USD	1,265	853	1,377	2,214	3,232
Cash and cash equivalents, mln USD.	1,257	1,650	752	841	2,239
<b>EV, mln USD</b>	<b>28,432</b>	<b>53,863</b>	<b>80,239</b>	<b>80,201</b>	<b>34,788</b>

### EV/EBITDA (as of December 31)

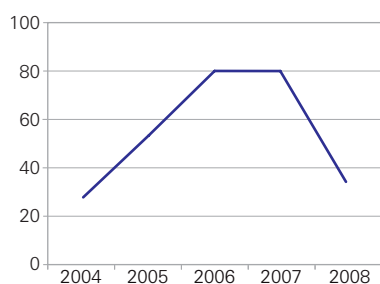
	2004	2005	2006	2007	2008
EV, mln USD	28,432	53,863	80,239	80,201	34,788
EBITDA, mln USD	7,203	10,404	12,299	15,388	15,552
<b>EV/EBITDA</b>	<b>3.95</b>	<b>5.18</b>	<b>6.52</b>	<b>5.21</b>	<b>2.24</b>

### EV/DACF (as of December 31)

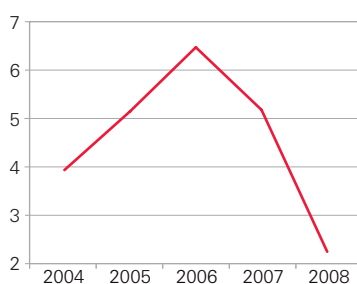
$$EV/DACF = \frac{EV}{\text{Cash flow from operating activities} + \text{Interest expense adjusted for income tax}}$$

	2004	2005	2006	2007	2008
EV, mln USD	28,432	53,863	80,239	80,201	34,788
Cash flow from operating activities, mln USD	4,180	6,204	7,766	10,881	14,312
Interest expense, mln USD	300	275	302	333	391
Interest expense adjusted by effective income tax rate, mln USD	213	200	221	244	290
DACF, mln USD	4,393	6,404	7,987	11,125	14,602
<b>EV/DACF</b>	<b>6.5</b>	<b>8.4</b>	<b>10.0</b>	<b>7.2</b>	<b>2.4</b>

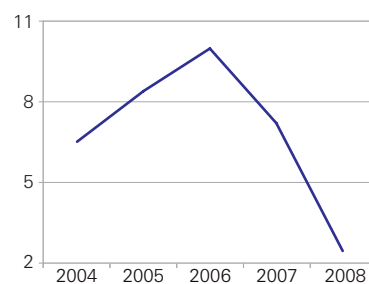
EV, bln USD



EV/EBITDA



EV/DACF



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

	2004	2005	2006	2007	2008
Share price, USD	30.35	59.40	87.95	87.00	32.00
Basic earnings per share, USD	5.20	7.91	9.06	11.48	10.88
<b>P/E</b>	<b>5.84</b>	<b>7.51</b>	<b>9.71</b>	<b>7.58</b>	<b>2.94</b>

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

	2004	2005	2006	2007	2008
Market capitalization, mln USD	25,815	50,523	74,807	73,999	27,218
Sales, mln USD	33,845	55,774	67,684	81,891	107,680
<b>Price to sales</b>	<b>0.76</b>	<b>0.91</b>	<b>1.11</b>	<b>0.90</b>	<b>0.25</b>

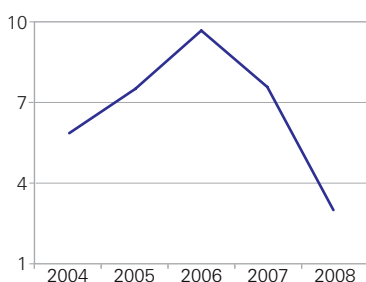
**Price to assets (as of December 31)**

	2004	2005	2006	2007	2008
Market capitalization, mln USD	25,815	50,523	74,807	73,999	27,218
Assets, mln USD	29,761	40,345	48,237	59,632	71,461
<b>Price to assets</b>	<b>0.87</b>	<b>1.25</b>	<b>1.55</b>	<b>1.24</b>	<b>0.38</b>

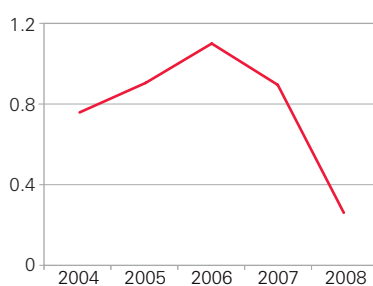
**Price to book (P/B) (as of December 31)**

	2004	2005	2006	2007	2008
Market capitalization, mln USD	25,815	50,523	74,807	73,999	27,218
Equity, mln USD	20,811	26,804	32,900	41,213	50,340
<b>Price to book</b>	<b>1.24</b>	<b>1.88</b>	<b>2.27</b>	<b>1.80</b>	<b>0.54</b>

P/E



Market capitalization to sales



Market capitalization to equity

