


**CONSOLIDATED ACCOUNTS**
**Consolidated income statements, mln USD**

	2000	2001	2002	2003	2004
<b>REVENUES</b>					
Sales (including excise and export tariffs)	13,210	13,426	15,334	22,118	33,845
Equity share in income of affiliates	230	136	115	181	213
<b>Total revenues</b>	<b>13,440</b>	<b>13,562</b>	<b>15,449</b>	<b>22,299</b>	<b>34,058</b>
<b>COSTS AND OTHER DEDUCTIONS</b>					
Operating expenses	(1,628)	(2,584)	(2,403)	(2,546)	(2,880)
Cost of purchased crude oil and petroleum products	(2,597)	(2,087)	(2,693)	(5,909)	(10,124)
Transportation expenses	(735)	(919)	(1,414)	(2,052)	(2,784)
Selling, general and administrative expenses	(1,221)	(1,375)	(1,313)	(1,800)	(2,024)
Depreciation, depletion and amortization	(838)	(886)	(824)	(920)	(1,075)
Taxes other than income taxes	(1,050)	(1,010)	(1,972)	(2,456)	(3,505)
Excise and export tariffs	(932)	(1,456)	(1,996)	(2,954)	(5,248)
Exploration expense	(130)	(144)	(89)	(136)	(171)
Gain from sale of interest in Azeri – Chirag – Guneshli	–	–	–	1,130	–
Loss on disposal and impairment of assets	(247)	(153)	(83)	(69)	(213)
<b>Income from operating activities</b>	<b>4,062</b>	<b>2,948</b>	<b>2,662</b>	<b>4,587</b>	<b>6,034</b>
Interest expense	(198)	(257)	(222)	(273)	(300)
Interest and dividend income	209	146	160	139	180
Currency translation gain (loss)	1	(33)	40	148	135
Other non-operating income	71	31	11	11	21
Minority interest	(61)	(52)	(69)	(36)	(62)
<b>Income before income taxes</b>	<b>4,084</b>	<b>2,783</b>	<b>2,582</b>	<b>4,576</b>	<b>6,008</b>
Current income taxes	(790)	(861)	(834)	(939)	(1,614)
Deferred income taxes	18	187	95	(68)	(146)
<b>Total income tax expense</b>	<b>(772)</b>	<b>(674)</b>	<b>(739)</b>	<b>(1,007)</b>	<b>(1,760)</b>
Cumulative effect of change in accounting principle, net of tax	–	–	–	132	–
<b>Net income</b>	<b>3,312</b>	<b>2,109</b>	<b>1,843</b>	<b>3,701</b>	<b>4,248</b>
Dividends declared on preferred stock	(47)	(157)	–	–	–
<b>Net income available for common shareholders</b>	<b>3,265</b>	<b>1,952</b>	<b>1,843</b>	<b>3,701</b>	<b>4,248</b>
<b>Net income per share of common stock (US dollars)</b>					
Basic	4.83	2.68	2.26	4.52	5.20
Diluted	4.73	2.66	2.26	4.45	5.13

## Consolidated balance sheets (as of December 31), mIn USD

	1999	2000	2001	2002	2003	2004
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	537	1,137	1,170	1,252	1,435	1,257
Short-term investments	137	253	218	278	251	149
Accounts and notes receivable, net	1,598	2,948	2,230	2,511	3,790	3,867
Inventories	530	719	829	1,063	1,243	1,759
Prepaid taxes and other expenses	133	675	889	736	897	1,242
Other current assets	147	362	340	356	255	300
Assets held for sale	–	–	–	279	52	–
<b>Total current assets</b>	<b>3,082</b>	<b>6,094</b>	<b>5,676</b>	<b>6,475</b>	<b>7,923</b>	<b>8,574</b>
Investments	750	423	770	934	594	779
Property, plant and equipment	8,129	9,906	12,296	13,499	16,859	19,329
Deferred income tax assets	79	201	291	206	117	138
Goodwill and other intangible assets	251	278	485	399	523	610
Other non-current assets	212	207	424	488	558	331
<b>Total assets</b>	<b>12,503</b>	<b>17,109</b>	<b>19,942</b>	<b>22,001</b>	<b>26,574</b>	<b>29,761</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>						
<b>Current liabilities</b>						
Accounts payable	1,479	2,221	1,402	1,293	1,564	1,787
Short-term borrowings and current portion of long-term debt	728	829	1,031	1,772	1,412	1,265
Customer deposits and other borrowings of banking subsidiaries	–	–	449	755	1,007	3
Taxes payable	569	404	522	640	943	1,238
Other current liabilities	110	238	421	337	345	252
<b>Total current liabilities</b>	<b>2,886</b>	<b>3,692</b>	<b>3,825</b>	<b>4,797</b>	<b>5,271</b>	<b>4,545</b>
Long-term debt	1,769	1,483	1,948	1,666	2,392	2,609
Deferred income tax liabilities	146	284	390	261	497	698
Asset retirement obligations	–	–	–	–	210	307
Other long-term liabilities	145	147	463	397	249	338
Minority interest in subsidiary companies	484	984	931	880	483	453
<b>Total liabilities</b>	<b>5,430</b>	<b>6,590</b>	<b>7,557</b>	<b>8,001</b>	<b>9,102</b>	<b>8,950</b>
<b>Stockholders' equity</b>						
Common stock	14	14	15	15	15	15
Preferred stock	1	1	–	–	–	–
Treasury stock, at cost	(549)	(376)	(403)	(428)	(435)	(706)
Additional paid-in capital	2,816	2,895	3,044	3,229	3,522	3,564
Retained earnings	4,803	7,994	9,738	11,186	14,371	17,938
Accumulated other comprehensive loss	(12)	(9)	(9)	(2)	(1)	–
<b>Total stockholders' equity</b>	<b>7,073</b>	<b>10,519</b>	<b>12,385</b>	<b>14,000</b>	<b>17,472</b>	<b>20,811</b>
<b>Total liabilities and stockholders' equity</b>	<b>12,503</b>	<b>17,109</b>	<b>19,942</b>	<b>22,001</b>	<b>26,574</b>	<b>29,761</b>

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

	2000	2001	2002	2003	2004
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>Net income</b>	<b>3,312</b>	<b>2,109</b>	<b>1,843</b>	<b>3,701</b>	<b>4,248</b>
Adjustments for non-cash items:					
Cumulative effect of change in accounting principle	–	–	–	(132)	–
Depreciation, depletion and amortization	838	886	824	920	1,075
Equity share in income of affiliates	(230)	(136)	(100)	(122)	(169)
Gain from sale of interest in Azeri – Chirag – Guneshli	–	–	–	(1,130)	–
Loss on disposal and impairment of assets	247	153	83	69	213
Deferred income taxes	(18)	(187)	(95)	68	146
Non-cash currency translation loss (gain)	(29)	24	(21)	17	(4)
Non-cash investing activities	(177)	(96)	(72)	(64)	(123)
All other items, net	155	181	78	80	139
Changes in operating assets and liabilities:					
Accounts and notes receivable	(1,142)	931	(125)	(797)	(694)
Short-term loans receivable of banking subsidiaries	(71)	(95)	39	(223)	(101)
Net movements of short-term borrowings of banking subsidiaries	102	208	171	341	(90)
Inventories	(50)	(56)	(201)	(153)	(571)
Accounts payable	541	(1,077)	(273)	186	306
Taxes payable	(195)	109	30	284	310
Other current assets and liabilities	(515)	(281)	215	(109)	(505)
<b>Net cash provided by operating activities</b>	<b>2,768</b>	<b>2,673</b>	<b>2,396</b>	<b>2,936</b>	<b>4,180</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Capital expenditures	(1,674)	(2,521)	(2,072)	(2,881)	(3,248)
Proceeds from sale of property, plant and equipment	10	45	34	62	99
Purchases of investments	(197)	(314)	(302)	(459)	(540)
Proceeds from sale of investments	47	228	118	374	242
Proceeds from sale of interest in Azeri – Chirag – Guneshli	–	–	–	1,337	–
Sale of subsidiaries, net of cash disposed	–	–	–	–	183
Acquisitions of subsidiaries, net of cash acquired	(98)	(499)	(168)	(1,225)	(477)
<b>Net cash used in investing activities</b>	<b>(1,912)</b>	<b>(3,061)</b>	<b>(2,390)</b>	<b>(2,792)</b>	<b>(3,741)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Net movements of short-term borrowings	11	121	203	220	(170)
Proceeds from issuance of long-term debt	291	938	879	1,445	1,191
Principal payments of long-term debt	(439)	(349)	(579)	(1,124)	(778)
Dividends paid	(118)	(244)	(423)	(467)	(661)
Financing received from stockholders under privatization tender	50	–	–	–	–
Proceeds from issuance of common stock	–	–	18	–	–
Purchase of treasury stock	(1,021)	(185)	(326)	(368)	(502)
Proceeds from sale of treasury stock	1,005	158	316	290	273
Other – net	(7)	32	8	–	(3)
<b>Net cash provided by (used in) financing activities</b>	<b>(228)</b>	<b>471</b>	<b>96</b>	<b>(4)</b>	<b>(650)</b>
Effect of exchange rate changes on cash and cash equivalents	(28)	(50)	(20)	43	33
<b>Net increase in cash and cash equivalents</b>	<b>600</b>	<b>33</b>	<b>82</b>	<b>183</b>	<b>(178)</b>
Cash and cash equivalents at beginning of year	537	1,137	1,170	1,252	1,435
<b>Cash and cash equivalents at end of year</b>	<b>1,137</b>	<b>1,170</b>	<b>1,252</b>	<b>1,435</b>	<b>1,257</b>

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

	2000	2001	2002	2003	2004
<b>Common stock</b>					
Balance at January 1	14	14	15	15	15
Conversion of preferred stock into common stock	–	1	–	–	–
<b>Outstanding at December 31</b>	<b>14</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>
<b>Preferred stock</b>					
Balance at January 1	1	1	–	–	–
Conversion of preferred stock into common stock	–	(1)	–	–	–
<b>Outstanding at December 31</b>	<b>1</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Treasury stock</b>					
Balance at January 1	(549)	(376)	(403)	(428)	(435)
Stock purchased	(1,021)	(185)	(326)	(368)	(502)
Stock sold	1,194	158	301	361	231
<b>Outstanding at December 31</b>	<b>(376)</b>	<b>(403)</b>	<b>(428)</b>	<b>(435)</b>	<b>(706)</b>
<b>Additional paid-in capital</b>					
Balance at January 1	2,816	2,895	3,044	3,229	3,522
Premium on non-outstanding shares issued	–	147	170	38	–
Contributions required and received under privatization tender	117	–	–	–	–
Proceeds from sale of treasury stock in excess of carrying amount	292	2	15	255	42
Put option on Company's common stock	(330)	–	–	–	–
<b>Outstanding at December 31</b>	<b>2,895</b>	<b>3,044</b>	<b>3,229</b>	<b>3,522</b>	<b>3,564</b>
<b>Retained earnings</b>					
Balance at January 1	4,803	7,994	9,738	11,186	14,371
Net income (comprehensive income)	3,312	2,109	1,843	3,701	4,248
Net income (stockholders' equity)	3,312	2,109	1,843	3,701	4,248
Dividends on preferred stock	(47)	(157)	–	–	–
Dividends on common stock	(74)	(208)	(395)	(516)	(681)
<b>Outstanding at December 31</b>	<b>7,994</b>	<b>9,738</b>	<b>11,186</b>	<b>14,371</b>	<b>17,938</b>
<b>Accumulated other comprehensive loss, net of tax</b>					
Balance at January 1	(12)	(9)	(9)	(2)	(1)
Foreign currency translation adjustment (comprehensive income)	3	14	(7)	1	1
Foreign currency translation adjustment (stockholders' equity)	3	14	(7)	1	1
Minimum pension liability adjustment (comprehensive income)	–	(14)	14	–	–
Minimum pension liability adjustment (stockholders' equity)	–	(14)	14	–	–
<b>Outstanding at December 31</b>	<b>(9)</b>	<b>(9)</b>	<b>(2)</b>	<b>(1)</b>	<b>–</b>
Total comprehensive income for the year	3,315	2,109	1,850	3,702	4,249
<b>Total stockholders' equity as of December 31</b>	<b>10,519</b>	<b>12,385</b>	<b>14,000</b>	<b>17,472</b>	<b>20,811</b>

**Shares activity, millions of shares**

	2000	2001	2002	2003	2004
<b>Common stock, issued</b>					
Balance at January 1	738	738	850	850	850
Issuance of common stock	–	35	–	–	–
Conversion of preferred stock into common stock	–	77	–	–	–
<b>Outstanding at December 31</b>	<b>738</b>	<b>850</b>	<b>850</b>	<b>850</b>	<b>850</b>
<b>Preferred stock</b>					
Balance at January 1	77	77	–	–	–
Conversion of preferred stock into common stock	–	(77)	–	–	–
<b>Outstanding at December 31</b>	<b>77</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Treasury stock</b>					
Balance at January 1	(62)	(23)	(26)	(27)	(26)
Stock purchased	(88)	(17)	(21)	(19)	(18)
Stock sold	127	14	20	20	10
<b>Outstanding at December 31</b>	<b>(23)</b>	<b>(26)</b>	<b>(27)</b>	<b>(26)</b>	<b>(34)</b>

**Capital expenditures, mln USD**

	2000	2001	2002	2003	2004
<b>Capital expenditures</b>					
<i>Exploration and production</i>					
Russia	648	1,543	1,078	1,537	2,100
International	297	246	333	247	189
Total exploration and production	945	1,789	1,411	1,784	2,289
<i>Refining, marketing and distribution</i>					
Russia	738	645	683	960	749
International	184	183	110	274	409
Total refining, marketing and distribution	922	828	793	1,234	1,158
<b>Total capital expenditures*</b>	<b>1,867</b>	<b>2,617</b>	<b>2,204</b>	<b>3,018</b>	<b>3,447</b>

**Acquisitions of subsidiaries\*\***

<i>Exploration and production</i>					
Russia	45	467	67	989	23
International	–	–	–	–	143
Total exploration and production	45	467	67	989	166
<i>Refining, marketing and distribution</i>					
Russia	–	35	53	23	6
International	118	59	57	257	305
Total refining, marketing and distribution	118	94	110	280	311
<i>Less cash acquired</i>	<i>(65)</i>	<i>(62)</i>	<i>(4)</i>	<i>(44)</i>	<i>–</i>
<b>Total</b>	<b>98</b>	<b>499</b>	<b>173</b>	<b>1,225</b>	<b>477</b>

\*Including non-cash transactions.

\*\*Including prepayments related to acquisitions of subsidiaries and minority shareholding interest.

## FINANCIAL RATIOS

### Profitability and efficiency ratios

#### Income margin

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

	2000	2001	2002	2003*	2004
Sales, mln USD	13,210	13,426	15,334	22,118	33,845
Operating income, mln USD	4,062	2,948	2,662	3,457	6,034
Income before tax, mln USD	4,084	2,783	2,582	3,446	6,008
Net income, mln USD	3,312	2,109	1,843	2,571	4,248
<b>Operating margin, %</b>	<b>30.7</b>	<b>22.0</b>	<b>17.4</b>	<b>15.6</b>	<b>17.8</b>
<b>Pretax margin, %</b>	<b>30.9</b>	<b>20.7</b>	<b>16.8</b>	<b>15.6</b>	<b>17.8</b>
<b>Net margin, %</b>	<b>25.1</b>	<b>15.7</b>	<b>12.0</b>	<b>11.6</b>	<b>12.6</b>

#### EBIT and EBITDA

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

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

	2000	2001	2002	2003*	2004
Income before tax, mln USD	4,084	2,783	2,582	3,446	6,008
Interest expense, mln USD	198	257	222	273	300
Interest and dividend income, mln USD	(209)	(146)	(160)	(139)	(180)
<b>EBIT, mln USD</b>	<b>4,073</b>	<b>2,894</b>	<b>2,644</b>	<b>3,580</b>	<b>6,128</b>
Depreciation and amortization, mln USD	838	886	824	920	1,075
<b>EBITDA, mln USD</b>	<b>4,911</b>	<b>3,780</b>	<b>3,468</b>	<b>4,500</b>	<b>7,203</b>
<b>EBIT margin, %</b>	<b>30.8</b>	<b>21.6</b>	<b>17.2</b>	<b>16.2</b>	<b>18.1</b>
<b>EBITDA margin, %</b>	<b>37.2</b>	<b>28.2</b>	<b>22.6</b>	<b>20.3</b>	<b>21.3</b>

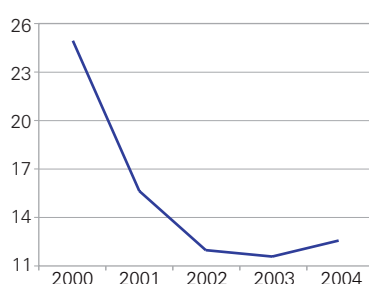
#### Return on equity

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

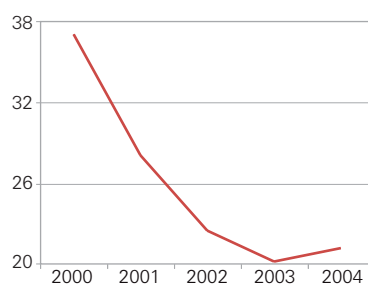
	1999	2000	2001	2002	2003*	2004
Stockholders' equity, mln USD	7,073	10,519	12,385	14,000	17,472	20,811
Net income, mln USD		3,312	2,109	1,843	2,571	4,248
<b>Return on equity, %</b>		<b>37.7</b>	<b>18.4</b>	<b>14.0</b>	<b>16.3</b>	<b>22.2</b>

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

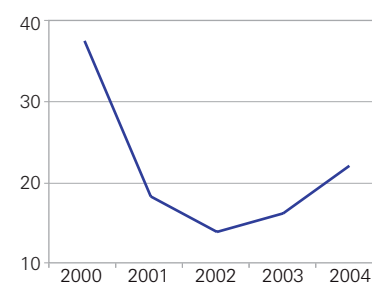
Net margin, %



EBITDA margin, %



Return on equity, %



**Return on assets**

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

	1999	2000	2001	2002	2003*	2004
Assets, mln USD	12,503	17,109	19,942	22,001	26,574	29,761
Net income, mln USD		3,312	2,109	1,843	2,571	4,248
<b>Return on assets, %</b>		<b>22.4</b>	<b>11.4</b>	<b>8.8</b>	<b>10.6</b>	<b>15.1</b>

**Return on non-current assets**

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

	1999	2000	2001	2002	2003*	2004
Non-current assets, mln USD	9,421	11,015	14,266	15,526	18,651	21,187
Net income, mln USD		3,312	2,109	1,843	2,571	4,248
<b>Return on non-current assets, %</b>		<b>32.4</b>	<b>16.7</b>	<b>12.4</b>	<b>15.0</b>	<b>21.3</b>

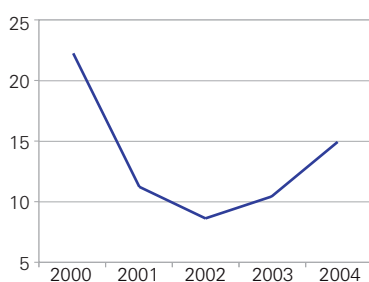
**ROACE**

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

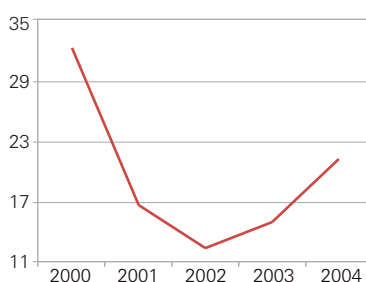
	1999	2000	2001	2002	2003*	2004
Stockholders' equity, mln USD	7,073	10,519	12,385	14,000	17,472	20,811
Long-term debt, mln USD	1,769	1,483	1,948	1,666	2,392	2,609
Short-term debt, mln USD	728	829	1,031	1,772	1,412	1,265
Net income, mln USD		3,312	2,109	1,843	2,571	4,248
Interest expense, mln USD		198	257	222	273	300
Effective income tax rate, %		18.9	24.2	28.6	29.2	29.3
<b>ROACE, %</b>		<b>31.0</b>	<b>16.3</b>	<b>12.2</b>	<b>14.3</b>	<b>19.4</b>

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

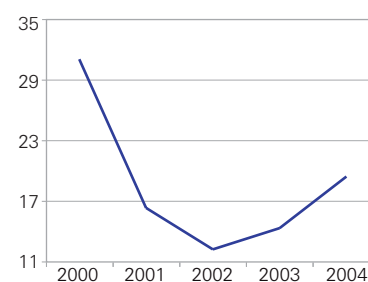
Return on assets, %



Return on non-current assets, %



ROACE, %



**Asset turnover (as of December 31)**

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

	2000	2001	2002	2003	2004
Sales, mln USD	13,210	13,426	15,334	22,118	33,845
Assets, mln USD	17,109	19,942	22,001	26,574	29,761
<b>Asset turnover, days</b>	<b>473</b>	<b>542</b>	<b>524</b>	<b>439</b>	<b>321</b>

**Accounts payable turnover (as of December 31)**

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

	2000	2001	2002	2003	2004
Sales, mln USD	13,210	13,426	15,334	22,118	33,845
Accounts payable, mln USD	2,221	1,402	1,293	1,564	1,787
<b>Accounts payable turnover, days</b>	<b>61</b>	<b>38</b>	<b>31</b>	<b>26</b>	<b>19</b>

**Accounts receivable turnover (as of December 31)**

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

	2000	2001	2002	2003	2004
Sales, mln USD	13,210	13,426	15,334	22,118	33,845
Accounts receivable, mln USD	2,948	2,230	2,511	3,790	3,867
<b>Accounts receivable turnover, days</b>	<b>81</b>	<b>61</b>	<b>60</b>	<b>63</b>	<b>42</b>

**Market valuation of the Company****Enterprise value (EV), (as of December 31)**

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

	2000	2001	2002	2003	2004
Capitalization, mln USD	7,539	10,402	13,116	19,776	25,815
Long-term debt, mln USD	1,483	1,948	1,666	2,392	2,609
Short-term debt, mln USD	829	1,031	1,772	1,412	1,265
Cash and cash equivalents, mln USD	1,137	1,170	1,252	1,435	1,257
<b>EV, mln USD</b>	<b>8,714</b>	<b>12,211</b>	<b>15,302</b>	<b>22,145</b>	<b>28,432</b>

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

	2000	2001	2002	2003*	2004
EV, mln USD	8,714	12,211	15,302	22,145	28,432
EBITDA, mln USD	4,911	3,780	3,468	4,500	7,203
<b>EV/EBITDA</b>	<b>1.77</b>	<b>3.23</b>	<b>4.41</b>	<b>4.92</b>	<b>3.95</b>

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

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

	2000	2001	2002	2003	2004
Share price, USD	9.25	12.23	15.42	23.25	30.35
Basic earnings per share, USD	4.83	2.68	2.26	4.52	5.20
<b>P/E</b>	<b>1.92</b>	<b>4.56</b>	<b>6.82</b>	<b>5.14</b>	<b>5.84</b>

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

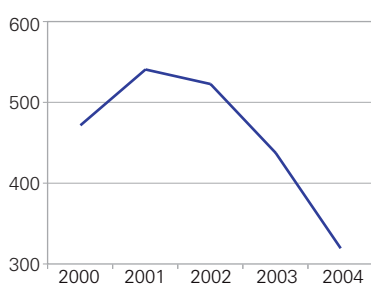
**Net debt = Long-term debt + Customer deposits of banking subsidiaries + Short-term debt – Cash**

	2000	2001	2002	2003	2004
Long-term debt, mln USD	1,483	1,948	1,666	2,392	2,609
Short-term debt, mln USD	829	1,031	1,772	1,412	1,265
Customer deposits and other borrowings of banking subsidiaries, mln USD	–	449	755	1,007	3
Cash and cash equivalents, mln USD	1,137	1,170	1,252	1,435	1,257
<b>Net debt, mln USD</b>	<b>1,175</b>	<b>2,258</b>	<b>2,941</b>	<b>3,376</b>	<b>2,620</b>

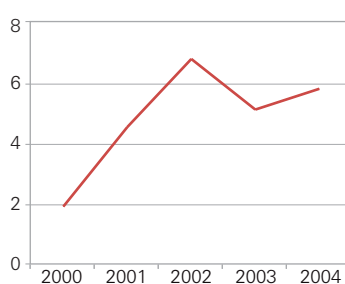
**Debt to equity (as of December 31)**

	2000	2001	2002	2003	2004
Total debt, mln USD	2,312	3,428	4,193	4,811	3,877
Stockholders' equity, mln USD	10,519	12,385	14,000	17,472	20,811
<b>Debt to equity, %</b>	<b>22.0</b>	<b>27.7</b>	<b>30.0</b>	<b>27.5</b>	<b>18.6</b>

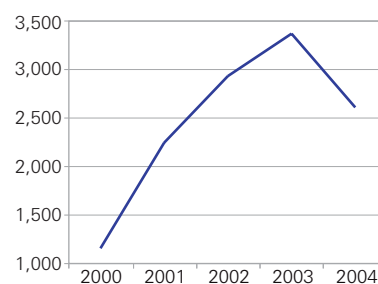
Asset turnover, days



Price to earnings ratio (P/E)



Net debt, mln USD



**Long-term debt to equity (as of December 31)**

	2000	2001	2002	2003	2004
Long-term debt, mln USD	1,483	1,948	1,666	2,392	2,609
Stockholders' equity, mln USD	10,519	12,385	14,000	17,472	20,811
<b>Long-term debt to equity, %</b>	<b>14.1</b>	<b>15.7</b>	<b>11.9</b>	<b>13.7</b>	<b>12.5</b>

**Equity to total long-term capital (Leverage), (as of December 31)**

	2000	2001	2002	2003	2004
Stockholders' equity, mln USD	10,519	12,385	14,000	17,472	20,811
Long-term debt, mln USD	1,483	1,948	1,666	2,392	2,609
<i>Total long-term capital, mln USD</i>	<i>12,002</i>	<i>14,333</i>	<i>15,666</i>	<i>19,864</i>	<i>23,420</i>
<b>Equity to total long-term capital, %</b>	<b>87.6</b>	<b>86.4</b>	<b>89.4</b>	<b>88.0</b>	<b>88.9</b>

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

	2000	2001	2002	2003	2004
Net debt, mln USD	1,175	2,258	2,941	3,376	2,620
Cash flow from operating activities, mln USD	2,768	2,673	2,396	2,936	4,180
<b>Net debt to cash flow from operating activities, %</b>	<b>42.4</b>	<b>84.5</b>	<b>122.7</b>	<b>115.0</b>	<b>62.7</b>

**Cash flow from operating activities to capital expenditures**

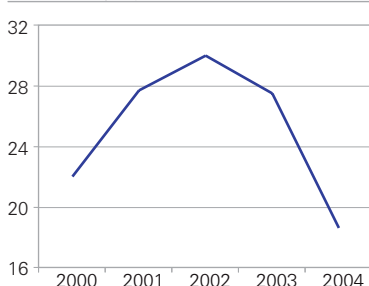
	2000	2001	2002	2003	2004
Cash flow from operating activities, mln USD	2,768	2,673	2,396	2,936	4,180
Capital expenditures, mln USD	1,674	2,521	2,072	2,881	3,248
<b>Cash flow from operating activities to capital expenditures</b>	<b>1.65</b>	<b>1.06</b>	<b>1.16</b>	<b>1.02</b>	<b>1.29</b>

**EBIT coverage of interest expense**

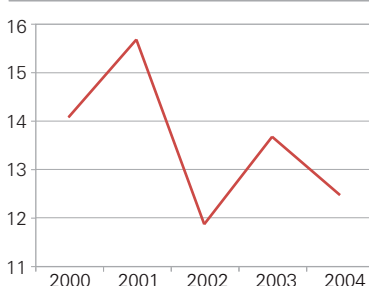
	2000	2001	2002	2003*	2004
EBIT, mln USD	4,073	2,894	2,644	3,580	6,128
Interest expense, mln USD	198	257	222	273	300
<b>EBIT coverage of interest expense</b>	<b>20.6</b>	<b>11.3</b>	<b>11.9</b>	<b>13.1</b>	<b>20.4</b>

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

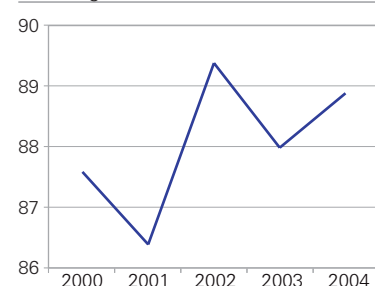
Debt to equity, %



Long-term debt to equity, %



Equity to total long-term capital (Leverage), %



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

	2000	2001	2002	2003	2004
Liabilities, mln USD	6,590	7,557	8,001	9,102	8,950
Assets, mln USD	17,109	19,942	22,001	26,574	29,761
<b>Liabilities to assets, %</b>	<b>38.5</b>	<b>37.9</b>	<b>36.4</b>	<b>34.3</b>	<b>30.1</b>

**Liabilities to equity (as of December 31)**

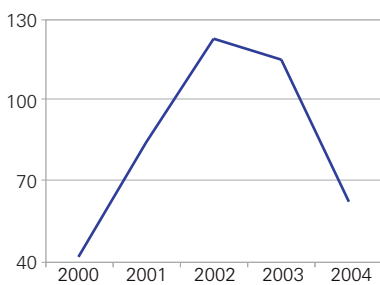
	2000	2001	2002	2003	2004
Liabilities, mln USD	6,590	7,557	8,001	9,102	8,950
Stockholders' equity, mln USD	10,519	12,385	14,000	17,472	20,811
<b>Liabilities to equity, %</b>	<b>62.6</b>	<b>61.0</b>	<b>57.2</b>	<b>52.1</b>	<b>43.0</b>

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

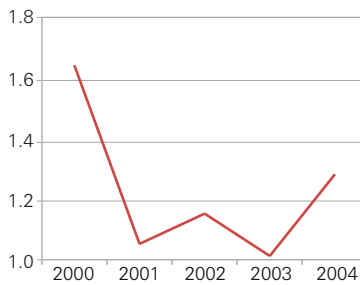
$$\text{EV/DACF} = \frac{\text{EV}}{\text{Cash flow from operating activities} + \text{Interest expense adjusted for income tax}}$$

	2000	2001	2002	2003	2004
EV, mln USD	8,714	12,211	15,302	22,145	28,432
Cash flow from operating activities, mln USD	2,768	2,673	2,396	2,936	4,180
Interest expense, mln USD	198	257	222	273	300
Interest expense adjusted for income tax, mln USD	139	167	169	207	228
DACF, mln USD	2,907	2,840	2,565	3,143	4,408
<b>EV/DACF</b>	<b>3.0</b>	<b>4.3</b>	<b>6.0</b>	<b>7.0</b>	<b>6.5</b>

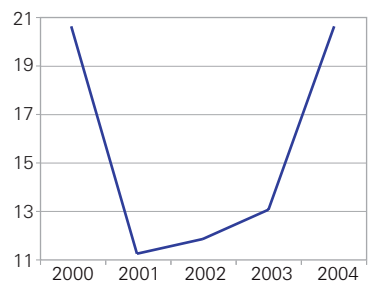
Net debt to cash flow from operating activities, %



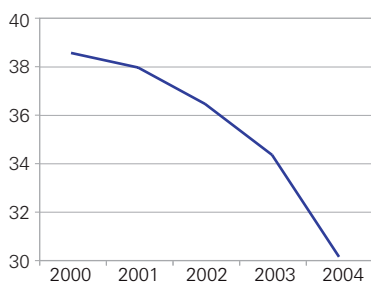
Cash flow from operating activities to capex



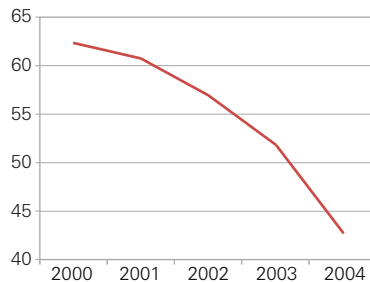
EBIT coverage of interest expense



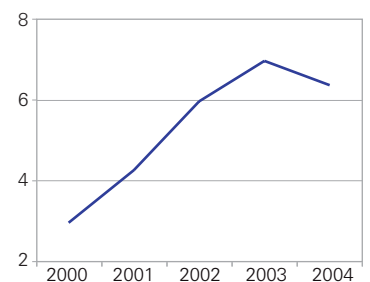
Liabilities to assets, %



Liabilities to equity, %



EV/DACF



## Liquidity ratios

### Cash ratio (as of December 31)

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

	2000	2001	2002	2003	2004
Cash and cash equivalents, mln USD	1,137	1,170	1,252	1,435	1,257
Current liabilities, mln USD	3,692	3,825	4,797	5,271	4,545
<b>Cash ratio</b>	<b>0.31</b>	<b>0.31</b>	<b>0.26</b>	<b>0.27</b>	<b>0.28</b>

### Quick ratio (as of December 31)

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

	2000	2001	2002	2003	2004
Cash and cash equivalents, mln USD	1,137	1,170	1,252	1,435	1,257
Short-term investments, mln USD	253	218	278	251	149
Accounts receivable, mln USD	2,948	2,230	2,511	3,790	3,867
Current liabilities, mln USD	3,692	3,825	4,797	5,271	4,545
<b>Quick ratio</b>	<b>1.17</b>	<b>0.95</b>	<b>0.84</b>	<b>1.04</b>	<b>1.16</b>

### Current ratio (as of December 31)

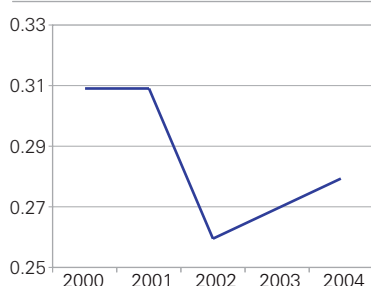
$$\text{Current ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

	2000	2001	2002	2003	2004
Current assets, mln USD	6,094	5,676	6,475	7,923	8,574
Current liabilities, mln USD	3,692	3,825	4,797	5,271	4,545
<b>Current ratio</b>	<b>1.65</b>	<b>1.48</b>	<b>1.35</b>	<b>1.50</b>	<b>1.89</b>

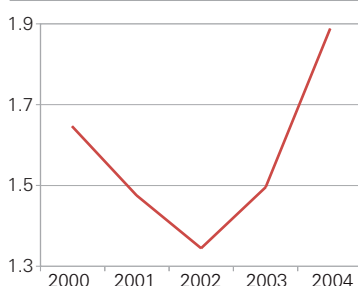
### Assets to equity (as of December 31)

	2000	2001	2002	2003	2004
Assets, mln USD	17,109	19,942	22,001	26,574	29,761
Stockholders' equity, mln USD	10,519	12,385	14,000	17,472	20,811
<b>Assets to equity</b>	<b>1.63</b>	<b>1.61</b>	<b>1.57</b>	<b>1.52</b>	<b>1.43</b>

Cash ratio



Current ratio



Assets to equity

