

**Management's Discussion and Analysis of Financial Condition and Results
of Operations for the three months ended March 31, 2013 and 2012 and December 31, 2012**

Definitions and Conversions

The following discussion is intended to assist you in understanding the Group financial position as of March 31, 2013 and results of operations for the three months ended March 31, 2013 and 2012 and December 31, 2012 and should be read in conjunction with the Interim Condensed Consolidated Financial Statements and notes there to, which were prepared in accordance with International Financial Reporting Standards ("IFRS").

This report represents Group's financial condition and results of operations on a consolidated basis. In this report the terms "Gazprom Neft", "Company", "Group" and "consolidated subsidiaries" represent JSC Gazprom Neft and its consolidated subsidiaries. The term "proportionately consolidated companies" represent proportionately consolidated entities ("Tomskneft" and "Salym petroleum development" (SPD)). The term "Joint ventures" represents entities accounted by equity method.

Tonnes of crude oil produced are translated into barrels using conversion rates reflecting oil density from each of our oil fields. Crude oil purchased as well as other operational indicators expressed in barrels are translated from tonnes using a conversion rate of 7.33 barrels per tonne. Translations of cubic meters to cubic feet are made at the rate of 35.31 cubic feet per cubic meter. Translations of barrels of crude oil into barrels of oil equivalent ("boe") are made at the rate of 1 barrel per boe and of cubic feet into boe at the rate of 6 thousand cubic feet per boe.

Forward-Looking Statements

This discussion contains forward-looking statements concerning the financial condition, results of operations and businesses of Gazprom Neft and its consolidated subsidiaries. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements.

Forward-looking statements include, among other things, statements concerning the potential exposure of Gazprom Neft to market risks and statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions. These forward-looking statements are identified by their use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "objectives", "outlook", "probably", "project", "will", "seek", "target", "risks", "goals", "should" and similar terms and phrases. There are a number of factors that could affect the future operations of Gazprom Neft and could cause those results to differ materially from those expressed in the forward-looking statements contained in this Report, inclusively (without limitation): (a) price fluctuations in crude oil and gas; (b) changes in demand for the Company's products; (c) currency fluctuations; (d) drilling and production results; (e) reserve estimates; (f) loss of market and industry competition; (g) environmental and physical risks; (h) risks associated with the identification of suitable potential acquisition properties and targets, and successful negotiation and completion of such transactions; (i) economic and financial market conditions in various countries and regions; (j) political risks, project delay or advancement, approvals and cost estimates; and (k) changes in trading conditions.

Application of new IFRS

A number of new IFRS standards and interpretation became effective for the periods beginning on or after January 1, 2013: IFRS 10 Consolidated financial statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure on Interest in Other Entities. As a result of the application of new standards IFRS 11 Joint Arrangements in particular, the Group changed the accounting method for its interest in Tomskneft and Salym Petroleum Development from equity method to proportionate consolidation.

The operational information below is restated (including prior periods) to offer a clear comparison with these new accounting methods.

For more information on adoption of IFRS 11, refer to the Note 2 of the Interim Condensed Consolidated Financial Statements for the three months ended March 31, 2013.

Key Financial and Operating Data

1Q 2013	4Q 2012	Δ, %		1Q 2013	1Q 2012	Δ, %
Financial results (RUB million)						
291,895	318,625	(8.4)	Revenue	291,895	278,434	4.8
76,693	78,212	(1.9)	Adjusted EBITDA ¹	76,693	79,262	(3.2)
5,042.3	5,085.3	(0.9)	RUB per toe of production	5,042.3	5,370.1	(6.1)
22.6	22.3	1.3	USD ² per boe of production	22.6	24.1	(6.5)
39,567	41,619	(4.9)	Profit attributable to Gazprom Neft	39,567	48,373	(18.2)
155,141	156,922	(1.1)	Net debt	155,141	152,737	1.6
Operational results						
111.76	113.02	(1.1)	Hydrocarbon production including our share in joint ventures (MMboe)	111.76	108.51	3.0
1.24	1.23	1.1	Daily hydrocarbon production (MMboepd)	1.24	1.19	4.1
90.85	94.32	(3.7)	Crude oil production including our share in joint ventures (MMbbl)	90.85	92.46	(1.7)
125.46	112.21	11.8	Gas production including our share in joint ventures (bcf)	125.46	96.28	30.3
10.36	10.67	(2.9)	Refining throughput at own refineries and joint ventures (MMtonnes)	10.36	10.17	1.9

¹ EBITDA is a non-IFRS measure. A reconciliation of adjusted EBITDA to profit before income taxes is provided in the appendix

² Translated to USD at average exchange rate for the period

1Q 2013 Highlights

- Delivered first oil from Novoport and Messoyakha
- Produced first oil from the Yuzhno-Kinyaminskoye field
- Signed a memorandum with Shell, confirming the General Agreement on Partnership in exploration and development of liquids-rich shales
- Completed drilling of the prospecting and appraisal well with high flow rates at the Bazhenovsky formation of the Krasnoleninskoye field ("shale oil")
- Started new diesel hydrotreating unit at Yaroslavl, allowing higher Class 5 diesel fuel production
- Expanded jet fueling network by adding an airport in Russia (Ostafyevo) and increasing the number of foreign airports serviced from 88 (at the end of 2012) to 95
- Expanded bunkering network: completed acquisition of Marine Bunker Balkan S.A. (Romania), operating in the Black Sea port of Constanta; acquired new bunkering vessel to operate in Far East region.

Results for 1Q 2013 compared with 1Q 2012

- Total hydrocarbon production including our share in joint ventures increased 3.0% to 111.76 million boe due to continued production growth at Priobskoye field, higher associated gas output, increased natural gas production at Muravlenkovskoye field and the start of production at SeverEnergia's Samburgskoye field

- Refining throughput increased 1.9% due to differences in refinery maintenance schedules and in response to higher domestic downstream margins compared to export alternatives
- Higher oil products prices, increased hydrocarbon production and refining throughput, and growth in sales of petroleum products offset by a decrease in crude oil sales resulted in 4.8% higher revenue
- Higher MET rates and tariffs of natural monopolies, partially offset by higher share of Class 4 and 5 gasoline and diesel in sales mix led to a 3.2% decrease in adjusted EBITDA
- The additional impact of foreign exchange losses led to an 18.2% decline in profit attributable to Gazprom Neft.

Results for 1Q 2013 compared with 4Q 2012

- Daily hydrocarbon production including our share in joint ventures increased to 1.24 MMboepd
- Refining throughput decreased 2.9% due to seasonal demand
- Lower refining throughput, higher MET rates and tariffs of natural monopolies, and slightly deteriorated market conditions led to declines of 8.4% in revenue, 1.9% in adjusted EBITDA and 4.9% in profit attributable to Gazprom Neft.

Operational Data and Analysis

Production Drilling

1Q 2013	4Q 2012	Δ, %		1Q 2013	1Q 2012	Δ, %
Consolidated subsidiaries						
615	567	8.4	Production drilling ('000 meters)	615	487	26.2
144	188	(23.4)	New production wells	144	127	13.4
13.79	14.05	(1.9)	Average well flow (tonnes per day)	13.79	14.69	(6.1)
84.72	84.41	0.4	Watercut, %	84.72	83.45	1.5
Proportionately consolidated companies						
187	173	8.5	Production drilling ('000 meters)	187	151	24.2
44	64	(31.3)	New production wells	44	45	(2.2)
Joint ventures						
189	150	25.9	Production drilling ('000 meters)	189	169	12.1
31	45	(31.1)	New production wells	31	30	3.3

- Production drilling increased due to the development of the recently acquired Yuzhno-Kinyaminskoye field and increased drilling at fields in Orenburg
- Rates of production drilling increased faster than the number of new wells as the Company continued its increased focus on more complex horizontal wells with greater yields, which partially offset the growing watercut at active well stock.

Production

1Q 2013	4Q 2012	Δ, %		1Q 2013	1Q 2012	Δ, %
(MMtonnes)			Crude oil	(MMtonnes)		
3.62	3.85	(6.0)	Noyabrskneftegaz	3.62	3.89	(6.9)
3.18	3.19	(0.3)	Khantos*	3.18	2.94	8.2
1.23	1.28	(3.9)	Tomskneft	1.23	1.27	(3.2)
0.87	0.93	(6.5)	SPD	0.87	0.98	(11.2)
0.33	0.32	3.1	Orenburg	0.33	0.24	37.5
0.32	0.31	3.2	NIS	0.32	0.30	6.7
0.25	0.26	(3.9)	Gazprom Neft	0.25	0.29	(13.8)
0.23	0.25	(8.0)	Vostok	0.23	0.26	(11.5)
0.17	0.18	(5.6)	Others	0.17	0.16	6.3
10.20	10.57	(3.5)	Total production by subsidiaries and proportionately consolidated companies	10.20	10.33	(1.3)
2.12	2.22	(4.5)	Share in Slavneft	2.12	2.24	(5.4)
0.04	0.02	100.0	Share in SeverEnergiya (SE)	0.04	-	-
2.16	2.24	(3.6)	Share in production of joint ventures	2.16	2.24	(3.6)
Total crude oil production				Total crude oil production		
12.36	12.81	(3.5)	MMtonnes	12.36	12.57	(1.7)
90.85	94.32	(3.5)	MMbbl	90.85	92.46	(1.7)
(bcm)			Gas**	(bcm)		
2.42	2.10	15.2	Noyabrskneftegaz	2.42	1.91	26.7
0.03	0.03	-	Khantos*	0.03	0.03	-
0.21	0.25	(16.0)	Tomskneft	0.21	0.18	16.7
0.03	0.03	-	SPD	0.03	0.04	(25.0)
0.31	0.29	6.9	Orenburg	0.31	0.28	10.7
0.14	0.15	(6.7)	NIS	0.14	0.14	-
0.02	0.02	-	Gazprom Neft	0.02	0.02	-
0.01	0.02	(50.0)	Vostok	0.01	0.01	-
0.02	0.01	100.0	Others	0.02	0.01	100.0
3.19	2.90	10.0	Total production by subsidiaries and proportionately consolidated companies	3.19	2.62	21.8
0.10	0.11	(9.1)	Share in Slavneft	0.10	0.11	(9.1)
0.26	0.18	44.4	Share in SeverEnergiya (SE)	0.26	-	-
0.36	0.29	24.1	Share in production of joint ventures	0.36	0.11	227.3
3.55	3.19	11.3	Total gas production	3.55	2.73	30.0
(MMtoe)			Hydrocarbons	(MMtoe)		
12.76	12.89	(1.0)	Total production by subsidiaries and proportionately consolidated companies	12.76	12.43	2.7
2.45	2.49	(1.6)	Share in production of joint ventures	2.45	2.33	5.2
Total hydrocarbon production				Total hydrocarbon production		
15.21	15.38	(1.1)	MMtoe	15.21	14.76	3.1
111.76	113.02	(1.1)	MMboe	111.76	108.51	3.0
1.24	1.23	1.1	Daily hydrocarbon production (MMboepd)	1.24	1.19	4.1

* From the 1 March 2013 Khantos merged with Yugra

** Production volume includes marketable gas and gas utilized in Company's power plants

- Daily hydrocarbon production increased 4.1% Y-o-Y and 1.1% Q-o-Q
- Group oil production decreased 1.7% Y-o-Y and 3.5% Q-o-Q, due to increased watercut and decline in production at legacy fields. Growth at the Priobskoye field and fields in the Orenburg region was achieved by adding new wells
- Group gas production increased 30.0% Y-o-Y and 11.3% Q-o-Q, mainly as a result of further development of the Muravlenkovskoye field, the gas utilization program, and the start of production at SeverEnergiya's Samburgskoye oilfield.

Crude Oil Purchases

1Q 2013	4Q 2012	Δ, %	(MMtonnes)	1Q 2013	1Q 2012	Δ, %
1.51	1.86	(18.8)	Crude oil purchases in Russia *	1.51	1.60	(5.6)
0.37	0.95	(61.1)	Crude oil purchases internationally	0.37	0.28	32.1
1.88	2.81	(33.1)	Total crude purchased	1.88	1.88	-

* Crude oil purchases in Russia exclude purchases from the Group's joint ventures Slavneft and SeverEnergiya

- Oil purchases on international markets increased 32.1% Y-o-Y due to increased refining throughput at NIS
- Oil purchases on international markets decreased 61.1% Q-o-Q due to reduced trading activity and decreased throughput at Pancevo.

Refining

1Q 2013	4Q 2012	Δ, %	(MMtonnes)	1Q 2013	1Q 2012	Δ, %
5.09	5.17	(1.6)	Omsk	5.09	4.91	3.7
2.53	2.30	10.0	Moscow	2.53	2.65	(4.5)
0.52	0.68	(23.5)	Pancevo	0.52	0.41	26.8
8.14	8.15	(0.1)	Total throughput at refineries owned by subsidiaries	8.14	7.97	2.1
1.87	2.00	(6.5)	Share in Yaroslavl	1.87	1.85	1.1
0.35	0.52	(32.7)	Share in Mozyr	0.35	0.35	-
10.36	10.67	(2.9)	Total refining throughput	10.36	10.17	1.9

Production of petroleum products

2.25	2.22	1.4	Gasoline	2.25	2.14	5.1
0.04	0.11	(63.6)	Below Class 2	0.04	0.09	(55.6)
-	0.17	-	Class 2	-	0.03	-
0.16	0.09	77.8	Class 3	0.16	1.50	(89.3)
0.79	0.79	-	Class 4	0.79	0.50	58.0
1.26	1.06	18.9	Class 5	1.26	0.02	6,200.0
0.34	0.28	21.4	Naphtha	0.34	0.27	25.9
3.01	2.91	3.4	Diesel	3.01	2.70	11.5
0.03	0.11	(72.7)	Below Class 2	0.03	0.25	(88.0)
-	1.55	-	Class 2	-	1.08	-
1.36	0.08	1,600.0	Class 3	1.36	0.29	369.0
0.60	0.35	71.4	Class 4	0.60	0.54	11.1
1.02	0.82	24.4	Class 5	1.02	0.54	88.9
2.04	2.22	(8.1)	Fuel oil	2.04	2.29	(10.9)
0.56	0.47	19.2	Jet fuel	0.56	0.53	5.7
1.61	1.95	(17.4)	Other	1.61	1.67	(3.6)
9.81	10.05	(2.4)	Total production	9.81	9.60	2.2

- Refining throughput:
 - Increased 1.9% Y-o-Y due to differences in refinery maintenance schedules and in response to higher domestic downstream margins compared to export alternatives
 - Declined 2.9% Q-o-Q due to seasonal demand
 - Throughput at Moscow refinery increased after the completion of maintenance held in 4Q 2012.
- Production of light products (gasoline, naphtha, diesel, jet fuel) increased Q-o-Q due start up of new processing units and completion of maintenance at Moscow refinery in 4Q 2012
- Production of Class 4 and 5 gasoline and Class 3, 4 and 5 diesel fuel increased Y-o-Y and Q-o-Q as a result of production capacity modernization (completion of a gasoline and a diesel hydrotreating units at Omsk refinery in May 2012 and December 2012, respectively, and completion of a diesel hydrotreating unit at Yaroslavl refinery in February 2013)
- Gasoline production increased 5.1% and fuel oil decreased 10.9% Y-o-Y due to maintenance of catalytic cracking units at Omsk, Moscow and Yaroslavl refineries in 1Q 2012

- Diesel production increased Y-o-Y and Q-o-Q due to decreased yield of bunkering fuel at Omsk and heating oil at Yaroslavl after completion of new diesel hydrotreating units in February 2013 and December 2012, respectively.

Petroleum Products Purchases on International Markets

	1Q 2013		4Q 2012		Δ, %	
	RUB million	MMtonnes	RUB million	MMtonnes	RUB million	MMtonnes
Naphtha	1,880	0.07	1,140	0.04	64.9	75.0
Diesel	6,132	0.20	8,453	0.27	(27.5)	(25.9)
Fuel oil	698	0.04	-	-	-	-
Jet fuel	2,156	0.07	2,182	0.06	(1.2)	16.7
Total	10,866	0.38	11,775	0.37	(7.7)	2.7

	1Q 2013		1Q 2012		Δ, %	
	RUB million	MMtonnes	RUB million	MMtonnes	RUB million	MMtonnes
Naphtha	1,880	0.07	1,312	0.04	43.3	75.0
Diesel	6,132	0.20	5,094	0.17	20.4	17.7
Fuel oil	698	0.04	1,135	0.05	(38.5)	(20.0)
Jet fuel	2,156	0.07	1,478	0.05	45.9	40.0
Other	-	-	138	-	-	-
Total	10,866	0.38	9,157	0.31	18.7	22.6

- Purchases on international markets increased 22.6% Y-o-Y due to improved market conditions and increased trading activity.

Petroleum Products Purchases in CIS

	1Q 2013		4Q 2012		Δ, %	
	RUB million	MMtonnes	RUB million	MMtonnes	RUB million	MMtonnes
High octane gasoline	-	-	97	0.01	-	-
Low octane gasoline	291	0.01	-	-	-	-
Diesel	423	0.02	250	0.01	69.2	100.0
Other	136	0.01	222	0.01	(38.7)	-
Total	850	0.04	569	0.03	49.4	33.3

	1Q 2013		1Q 2012		Δ, %	
	RUB million	MMtonnes	RUB million	MMtonnes	RUB million	MMtonnes
Low octane gasoline	291	0.01	-	-	-	-
Diesel	423	0.02	355	0.01	19.2	100.0
Other	136	0.01	173	0.01	(21.4)	-
Total	850	0.04	528	0.02	61.0	100.0

Domestic Purchases of Petroleum Products

	1Q 2013		4Q 2012		Δ, %	
	RUB million	MMtonnes	RUB million	MMtonnes	RUB million	MMtonnes
High octane gasoline	5,304	0.20	6,300	0.23	(15.8)	(13.0)
Diesel	3,242	0.11	1,681	0.06	92.9	83.3
Fuel oil	2,440	0.14	1,221	0.07	99.8	100.0
Jet fuel	2,220	0.09	3,020	0.12	(26.5)	(25.0)
Other	788	0.04	616	0.03	27.9	33.3
Total	13,994	0.58	12,838	0.51	9.0	13.7

	1Q 2013		1Q 2012		Δ, %	
	RUB million	MMtonnes	RUB million	MMtonnes	RUB million	MMtonnes
High octane gasoline	5,304	0.20	4,834	0.22	9.7	(9.1)
Diesel	3,242	0.11	1,160	0.04	179.5	175.0
Fuel oil	2,440	0.14	880	0.05	177.3	180.0
Jet fuel	2,220	0.09	1,381	0.06	60.8	50.0
Other	788	0.04	633	0.03	24.5	33.3
Total	13,994	0.58	8,888	0.40	57.5	45.0

- Domestic purchases increased 45.0% Y-o-Y mostly due to higher trading activity
- Domestic purchases increased 13.7% Q-o-Q to offset lower refining throughput.

Products Marketing

1Q 2013	4Q 2012	Δ, %		1Q 2013	1Q 2012	Δ, %
	(units)		Active retail stations		(units)	
1,060	1,060	-	In Russia	1,060	1,052	0.8
214	205	4.4	In CIS	214	197	8.6
392	344	14.0	In Eastern Europe	392	429	(8.6)
1,666	1,609	3.5	Total retail stations (as at the end of the period)	1,666	1,678	(0.7)
			Average daily sales per retail site in Russia (tonnes per day)			
17.6	19.1	(8.2)		17.6	15.9	10.1
	(MMtonnes)		Sales volume through premium channels		(MMtonnes)	
3.90	4.31	(9.5)	Gasoline and Diesel	3.90	4.10	(4.9)
0.53	0.53	-	Jet	0.53	0.44	20.5
0.66	0.75	(12.0)	Bunkering	0.66	0.57	15.8
0.03	0.04	(25.0)	Lubricants	0.03	0.03	-
5.12	5.63	(9.1)	Total sales volume through premium channels	5.12	5.14	(0.4)

- Total active retail stations decreased 0.7% Y-o-Y primarily due to retail network optimization in Eastern Europe
- Total active retail stations increased 3.5% Q-o-Q following completion of reconstruction, construction and rebranding
- Average daily sales per retail site in Russia increased 10.1% Y-o-Y due to results of rebranding campaign, new promotions and customer loyalty program
- Sales volume through premium channels decreased 0.4% Y-o-Y due to reduced small wholesale volumes for gasoline and diesel
- Jet fuel sales increased Y-o-Y due to expansion of sales network within and outside Russia, including Russian military airports
- Bunkering sales increased Y-o-Y due to growing Far East markets, increased market penetration in the Baltic and Black Sea regions and new long-term contracts with Russian and foreign shipping companies
- Sales volumes through premium channels decreased 9.1% Q-o-Q due to seasonal demand.

Results of Operations

1Q 2013	4Q 2012	Δ, %	(RUB million)	1Q 2013	1Q 2012	Δ, %
Revenues						
355,954	393,917	(9.6)	Sales	355,954	344,993	3.2
(64,059)	(75,292)	(14.9)	Less export duties and excise tax*	(64,059)	(66,559)	(3.8)
291,895	318,625	(8.4)	Total revenue	291,895	278,434	4.8
Costs and other deductions						
(70,760)	(93,321)	(24.2)	Purchases of oil, gas and petroleum products	(70,760)	(63,172)	12.0
(34,100)	(38,206)	(10.7)	Production and manufacturing expenses	(34,100)	(31,608)	7.9
(14,276)	(19,487)	(26.7)	Selling, general and administrative expenses	(14,276)	(14,531)	(1.8)
(25,444)	(25,170)	1.1	Transportation expenses	(25,444)	(22,298)	14.1
(17,993)	(17,558)	2.5	Depreciation, depletion and amortization	(17,993)	(16,462)	9.3
(77,302)	(70,412)	9.8	Taxes other than income tax	(77,302)	(76,681)	0.8
(712)	(392)	81.6	Exploration expenses	(712)	(394)	80.7
(240,587)	(264,546)	(9.1)	Total operating expenses	(240,587)	(225,146)	6.9
(943)	(4,576)	(79.4)	Other (loss) / gain, net	(943)	190	-
50,365	49,503	1.7	Operating profit	50,365	53,478	(5.8)
2,337	3,154	(25.9)	Share of profit of equity accounted investments	2,337	6,965	(66.4)
(1,172)	1,409	-	Net foreign exchange (loss) / gain	(1,172)	2,831	0.0
1,511	1,089	38.8	Finance income	1,511	533	183.5
(3,090)	(3,289)	(6.1)	Finance expense	(3,090)	(2,342)	31.9
(414)	2,363	-	Total other income / (expense)	(414)	7,987	-
49,951	51,866	(3.7)	Profit before income tax	49,951	61,465	(18.7)
(7,399)	(7,398)	0.0	Current income tax expense	(7,399)	(9,629)	(23.2)
(2,025)	(1,088)	86.1	Deferred income tax expense	(2,025)	(1,748)	15.8
(9,424)	(8,486)	11.1	Total income tax expense	(9,424)	(11,377)	(17.2)
40,527	43,380	(6.6)	Profit for the period	40,527	50,088	(19.1)
(960)	(1,761)	(45.5)	Less: Profit attributable to non-controlling interest	(960)	(1,715)	(44.0)
39,567	41,619	(4.9)	Profit attributable to Gazprom Neft	39,567	48,373	(18.2)

* Includes excise tax, calculated based on petroleum products volumes sold by the Company's subsidiary in Serbia

Revenues

1Q 2013	4Q 2012	Δ, %	(RUB million)	1Q 2013	1Q 2012	Δ, %
Crude oil						
28,926	57,249	(49.5)	Export	28,926	39,843	(27.4)
57,429	97,349	(41.0)	Export sales	57,429	74,996	(23.4)
(28,503)	(40,100)	(28.9)	Less related export duties	(28,503)	(35,153)	(18.9)
10	717	(98.6)	International markets	10	637	(98.4)
12,267	7,100	72.8	Export to CIS	12,267	9,871	24.3
2,964	3,507	(15.5)	Domestic	2,964	3,072	(3.5)
44,167	68,573	(35.6)	Total crude oil revenue	44,167	53,423	(17.3)
Gas						
619	1,630	(62.0)	International markets	619	1,422	(56.5)
5,728	5,291	8.3	Domestic	5,728	5,000	14.6
6,347	6,921	(8.3)	Total gas revenue	6,347	6,422	(1.2)
Petroleum products						
71,490	60,398	18.4	Export	71,490	59,529	20.1
100,783	87,448	15.2	Export sales	100,783	85,445	18.0
(29,293)	(27,050)	8.3	Less related export duties	(29,293)	(25,916)	13.0
16,601	20,032	(17.1)	International markets	16,601	14,154	17.3
22,137	27,141	(18.4)	Sales on international markets	22,137	18,200	21.6
(5,536)	(7,109)	(22.1)	Excise*	(5,536)	(4,046)	36.8
11,341	12,483	(9.1)	CIS	11,341	12,101	(6.3)
12,068	13,516	(10.7)	Export sales and sales in CIS	12,068	13,545	(10.9)
(727)	(1,033)	(29.6)	Less related export duties	(727)	(1,444)	(49.7)
134,440	140,168	(4.1)	Domestic	134,440	126,097	6.6
233,872	233,081	0.3	Total petroleum products revenue	233,872	211,881	10.4
7,509	10,050	(25.3)	Other revenue	7,509	6,708	11.9
291,895	318,625	(8.4)	Total revenue	291,895	278,434	4.8

* Includes excise tax, calculated based on petroleum products volumes sold by the Company's subsidiary in Serbia

Sales Volumes

1Q 2013	4Q 2012	Δ, %		1Q 2013	1Q 2012	Δ, %
(MMtonnes)			Crude oil	(MMtonnes)		
2.32	3.99	(41.9)	Export	2.32	2.99	(22.4)
-	0.03	-	Sales on international markets	-	0.02	-
0.98	0.62	58.1	Export to CIS	0.98	0.82	19.5
0.31	0.34	(8.8)	Domestic sales	0.31	0.26	19.2
3.61	4.98	(27.5)	Total crude oil sales	3.61	4.09	(11.7)
(bcm)			Gas	(bcm)		
0.06	0.12	(50.0)	International markets	0.06	0.11	(45.5)
2.79	3.16	(11.7)	Domestic sales	2.79	2.99	(6.7)
2.85	3.28	(13.1)	Total gas sales	2.85	3.10	(8.1)
(MMtonnes)			Petroleum products	(MMtonnes)		
4.16	3.54	17.5	Export	4.16	3.43	21.3
0.56	0.69	(18.8)	Sales on international markets	0.56	0.50	12.0
0.47	0.49	(4.1)	Export and sales in CIS	0.47	0.59	(20.3)
5.57	5.83	(4.5)	Domestic sales	5.57	5.74	(3.0)
10.76	10.55	2.0	Total petroleum products sales	10.76	10.26	4.9

Average Realized Sales Prices

1Q 2013	4Q 2012	Δ, %		1Q 2013	1Q 2012	Δ, %
(RUB per tonne)			Crude oil	(RUB per tonne)		
24,754	24,398	1.5	Export	24,754	25,082	(1.3)
12,517	11,452	9.3	Export and sales in CIS	12,517	12,038	4.0
9,561	10,315	(7.3)	Domestic sales	9,561	11,815	(19.1)
(RUB per tonne)			Petroleum products	(RUB per tonne)		
24,227	24,703	(1.9)	Export	24,227	24,911	(2.7)
39,530	39,335	0.5	Sales on international markets	39,530	36,400	8.6
25,677	27,584	(6.9)	Export and sales in CIS	25,677	22,958	11.8
24,136	24,043	0.4	Domestic sales	24,136	21,968	9.9

Crude Oil Export Sales

- Crude export sales declined 23.4% Y-o-Y driven primarily by 22.4% decrease in volumes due to higher throughput at refineries and export to CIS, which are economically more attractive
- Crude export sales to CIS increased 24.3% Y-o-Y and 72.8% Q-o-Q by shifting crude from export (non CIS) sales

Petroleum Products Exports

	1Q 2013		4Q 2012		Δ, %	
	RUB million	MMtonnes	RUB million	MMtonnes	RUB million	MMtonnes
High octane gasoline	1,707	0.06	2,501	0.08	(31.8)	(25.0)
Low octane gasoline	1,919	0.07	2,330	0.09	(17.6)	(22.2)
Naphtha	8,788	0.31	7,679	0.26	14.4	19.2
Diesel	45,068	1.55	31,558	1.04	42.8	49.0
Fuel oil	34,762	1.87	27,725	1.53	25.4	22.2
Jet fuel	2,515	0.08	2,412	0.07	4.3	14.3
Other	6,024	0.22	13,243	0.47	(54.5)	(53.2)
Total	100,783	4.16	87,448	3.54	15.3	17.5

	1Q 2013		1Q 2012		Δ, %	
	RUB million	MMtonnes	RUB million	MMtonnes	RUB million	MMtonnes
High octane gasoline	1,707	0.06	2,326	0.08	(26.6)	(25.0)
Low octane gasoline	1,919	0.07	456	0.02	320.8	250.0
Naphtha	8,788	0.31	8,056	0.27	9.1	14.8
Diesel	45,068	1.55	28,053	0.95	60.7	63.2
Fuel oil	34,762	1.87	31,988	1.57	8.7	19.1
Jet fuel	2,515	0.08	1,495	0.05	68.2	60.0
Other	6,024	0.22	13,071	0.49	(53.9)	(55.1)
Total	100,783	4.16	85,445	3.43	18.0	21.3

- Petroleum products export volumes increased 21.3% Y-o-Y and 17.5% Q-o-Q due to market expansion and shifting sales from the domestic market, where demand decreased

Petroleum Products Export and Sales in CIS

	1Q 2013		4Q 2012		Δ, %	
	RUB million	MMtonnes	RUB million	MMtonnes	RUB million	MMtonnes
High octane gasoline	4,423	0.16	4,452	0.15	(0.7)	6.7
Low octane gasoline	1,068	0.05	1,284	0.05	(16.8)	-
Diesel	3,380	0.13	3,595	0.13	(6.0)	-
Fuel oil	472	0.04	667	0.05	(29.2)	(20.0)
Jet fuel	1,624	0.04	2,081	0.05	(22.0)	(20.0)
Other	1,101	0.05	1,437	0.06	(23.4)	(16.7)
Total	12,068	0.47	13,516	0.49	(10.7)	(4.1)

	1Q 2013		1Q 2012		Δ, %	
	RUB million	MMtonnes	RUB million	MMtonnes	RUB million	MMtonnes
High octane gasoline	4,423	0.16	4,043	0.15	9.4	6.7
Low octane gasoline	1,068	0.05	962	0.04	11.0	25.0
Naphtha	-	-	638	0.04	-	-
Diesel	3,380	0.13	3,806	0.15	(11.2)	(13.3)
Fuel oil	472	0.04	504	0.04	(6.4)	-
Jet fuel	1,624	0.04	1,661	0.07	(2.2)	(42.9)
Other	1,101	0.05	1,931	0.10	(43.0)	(50.0)
Total	12,068	0.47	13,545	0.59	(10.9)	(20.3)

Domestic Sales of Petroleum Products

	1Q 2013		4Q 2012		Δ, %	
	RUB million	MMtonnes	RUB million	MMtonnes	RUB million	MMtonnes
High octane gasoline	52,850	1.83	54,538	1.83	(3.1)	-
Low octane gasoline	1,330	0.05	2,284	0.08	(41.8)	(37.5)
Diesel	43,284	1.53	43,647	1.63	(0.8)	(6.1)
Fuel oil	5,448	0.48	7,883	0.61	(30.9)	(21.3)
Jet fuel	14,617	0.59	13,150	0.55	11.2	7.3
Other	16,911	1.09	18,666	1.13	(9.4)	(3.5)
Total	134,440	5.57	140,168	5.83	(4.1)	(4.5)

	1Q 2013		1Q 2012		Δ, %	
	RUB million	MMtonnes	RUB million	MMtonnes	RUB million	MMtonnes
High octane gasoline	52,850	1.83	48,392	1.88	9.2	(2.7)
Low octane gasoline	1,330	0.05	2,119	0.09	(37.2)	(44.4)
Diesel	43,284	1.53	42,851	1.75	1.0	(12.6)
Fuel oil	5,448	0.48	6,018	0.56	(9.5)	(14.3)
Jet fuel	14,617	0.59	10,925	0.48	33.8	22.9
Other	16,911	1.09	15,792	0.98	7.1	11.2
Total	134,440	5.57	126,097	5.74	6.6	(3.0)

- Domestic motor fuels sales volumes declined Y-o-Y and Q-o-Q due to unfavourable market conditions
- Domestic fuel oil sales volumes decreased 14.3% Y-o-Y due to lower production
- Domestic jet fuel sales volumes increased 22.9% Y-o-Y and 7.3% Q-o-Q due to sales network expansion, including Russian military airports.

Other Revenue

Other revenue primarily includes revenue from transport, construction, and other services.

- Other revenue increase of 11.9% Y-o-Y was primarily driven by changes in volumes sold.

Purchases of Oil, Gas and Petroleum Products

- Purchases of oil, gas and petroleum products increased 12.0% Y-o-Y primarily due to higher domestic purchase volumes of petroleum products.

Production and Manufacturing Expenses

1Q 2013	4Q 2012	Δ, %	(RUB million)	1Q 2013	2012	Δ, %
16,255	18,056	(10.0)	Upstream expenses	16,255	14,819	9.7
13,190	14,481	(8.9)	Consolidated subsidiaries	13,190	11,730	12.4
1,261	1,384	(8.9)	<i>RUB per toe</i>	1,261	1,173	7.5
5.66	6.08	(6.9)	<i>USD¹ per boe</i>	5.66	5.29	7.0
3,065	3,575	(14.3)	Proportionately consolidated companies	3,065	3,089	(0.8)
1,333	1,471	(9.4)	<i>RUB per toe</i>	1,333	1,271	4.8
5.98	6.46	(7.4)	<i>USD¹ per boe</i>	5.98	5.73	4.3
8,563	9,184	(6.8)	Downstream expenses	8,563	7,512	14.0
4,552	5,179	(12.1)	Refining expenses at own refineries	4,552	4,132	10.2
559	635	(12.0)	<i>RUB per tonne</i>	559	518	7.9
2.51	2.79	(10.1)	<i>USD¹ per bbl</i>	2.51	2.34	7.3
2,865	2,788	2.8	Refining expenses at refineries of joint ventures	2,865	2,337	22.6
1,291	1,106	16.6	<i>RUB per tonne</i>	1,291	1,062	21.5
5.79	4.86	19.2	<i>USD¹ per bbl</i>	5.79	4.79	20.9
1,146	1,217	(5.8)	Lubricants manufacturing expenses	1,146	1,043	9.9
4,830	5,125	(5.8)	Transportation expenses to refineries	4,830	5,011	(3.6)
4,452	5,841	(23.8)	Other operating expenses	4,452	4,266	4.4
34,100	38,206	(10.7)	Total	34,100	31,608	7.9

¹ Translated to USD at average exchange rate for the period

- Upstream expenses include expenditures for raw materials and supplies, maintenance and repairs of extraction equipment, labor costs, fuel and electricity costs, activities to enhance oil recovery, and other similar costs at our Upstream subsidiaries
- Upstream expenses at consolidated subsidiaries increased 12.4% Y-o-Y due to increased hydrocarbon production including addition of new assets (Novoportovskoye, Yuzhno-Kinyaminskoye and Baleykinskoye fields) and further development of Muravlenkovskoye gas field
- Upstream expenses per toe at consolidated subsidiaries increased 7.5% Y-o-Y due to higher tariffs for electricity, inflation and the acquisition of the Novoportovskoye field in December 2012
- Upstream expenses per toe of production at consolidated subsidiaries decreased 8.9% Q-o-Q due to seasonally higher activities to increase yields in 4Q 2012 and cost optimization in 1Q 2013
- Refining expenses at own refineries include expenditures for raw materials and supplies, maintenance and repairs of productive equipment, labor and electricity costs, and other similar costs
- Refining expenses at own refineries increased 10.2% Y-o-Y primarily due to higher tariffs of natural monopolies and start of new processing units at Omsk and Moscow refineries
- Refining expenses at own refineries decreased 12.1% Q-o-Q due to differences in maintenance schedules
- Refining expenses at joint venture refineries increased 22.6% Y-o-Y due to startup of higher value-added production units at Yaroslavl and higher processing fees
- Lubricants manufacturing expenses increased 9.9% Y-o-Y due to differences in maintenance schedules at the Omsk lubricants plant, and increased production of packaged lubricants

Selling, General and Administrative Expenses

Selling, general and administrative expenses include general business expenses, wages, salaries (except wages and salaries at our production and refining subsidiaries), insurance, banking commissions, legal fees, consulting and audit services, allowances for doubtful accounts, and other expenses.

- Selling, general and administrative expenses are flat Y-o-Y.

Transportation Expenses

Transportation expenses include costs to transport crude oil and petroleum products to final customers. These costs consist of pipeline transportation, sea freight, railroad, shipping, handling, and other transportation costs

- Increase in transportation expenses Y-o-Y was driven by higher tariffs and volumes sold.

Depreciation, Depletion and Amortization

Depreciation, depletion and amortization expenses include depreciation of oil and gas properties, refining and other assets

- Depreciation, depletion and amortization expenses increased 9.3% Y-o-Y in line with the increase in depreciable assets driven by capital expenditure.

Taxes Other than Income Tax

(RUB million)	1Q		Δ, %
	2013	2012	
Mineral extraction taxes	50,858	51,908	(2.0)
Excise	19,308	19,793	(2.5)
Property tax	1,829	1,878	(2.6)
Other taxes	5,307	3,102	71.1
Total taxes other than income tax	77,302	76,681	0.8

- Mineral extraction tax (MET) expenses decreased 2.0% Y-o-Y in line with lower oil production
- While the average Urals price declined 5.3% Y-o-Y, the MET rate fell only by 0.4% as the base MET rate rose from 446 RUB/tonne to 470 RUB/tonne
- Excise tax expenses decreased 2.5% Y-o-Y as higher excise rates were offset by increased production of Class 5 gasoline and diesel taxed at lower rates.

Share of Profit of Equity Accounted Investments

1Q 2013	4Q 2012	Δ, %	(RUB million)	1Q 2013	2012	Δ, %
2,386	2,856	(16.5)	Slavneft	2,386	6,436	(62.9)
(250)	-	-	Messoyakha	(250)	-	-
(54)	(58)	(6.9)	SE	(54)	122	-
255	356	(28.4)	Other companies	255	407	(37.3)
2,337	3,154	(25.9)	Share of profit of equity accounted investments	2,337	6,965	(66.4)

- The decrease in share of profit of equity accounted investments Y-o-Y was driven by lower domestic crude prices;
- The decrease in share of profit of equity accounted investments Q-o-Q was driven primarily by lower production of Slavneft

Other Financial Items

- Foreign exchange gains/losses were mainly driven by a revaluation of that part of the Group's debt portfolio that is denominated in foreign currencies
- Finance income increased Y-o-Y due to more efficient cash management and higher average cash and short term deposits.

Liquidity and Capital Resources

Cash Flows

(RUB million)	1Q		
	2013	2012	Δ %
Net cash provided by operating activities	43,928	69,772	(37.0)
Net cash used in investing activities	(36,788)	(41,801)	(12.0)
Net cash (used in) / provided by financing activities	(16,264)	4,413	-
Net increase/(decrease) of cash and cash equivalents	(9,124)	32,384	-

Net Cash Provided by Operating Activities

(RUB million)	1Q		
	2013	2012	Δ %
Net cash provided by operating activities before changes in working capital	71,172	64,089	11.1
Net changes in working capital	(17,199)	14,079	-
Income tax paid	(7,216)	(6,628)	8.9
Interest paid	(3,233)	(1,996)	62.0
Dividends received	404	228	77.2
Net cash provided by operating activities	43,928	69,772	(37.0)

- Net cash provided by operating activities decreased 37.0% Y-o-Y primarily due to a RUB 17,199 million increase in working capital during 1Q 2013 vs. RUB 14,079 million decrease in 1Q 2012. Working capital increase was driven by:
 - RUB 14,186 million increase in trade receivables during 1Q 2013
 - RUB 9,125 million decline in other liabilities during 1Q 2013 (customer advances at December 31, 2012 were elevated as customers sought to secure product supplies during Russian winter holidays)
 - RUB 6,427 million increase in inventories during 1Q 2013

Net Cash Used in Investing Activities

(RUB million)	1Q		Δ %
	2013	2012	
Capital expenditures	(36,857)	(33,964)	8.5
Acquisition of subsidiaries and shares in equity affiliates	(1,287)	-	-
Net changes in deposits	3,486	(11,605)	-
Other transactions	(2,130)	3,768	-
Net cash used in investing activities	(36,788)	(41,801)	(12.0)

- Net cash used in investing activities decreased 12.0% Y-o-Y mostly due to withdrawal of deposits.

Net Cash (Used in) / Provided by Financing Activities

(RUB million)	1Q		Δ %
	2013	2012	
Net changes in debt	(16,038)	4,685	-
Payment of dividends to shareholders	(3)	-	-
Acquisition of non-controlling interest in subsidiaries	(29)	(272)	(89.3)
Other transactions	(194)	-	-
Net cash (used in) / provided by financing activities	(16,264)	4,413	-

- During the 1Q 2013 the Group reduced its debt by RUB 16,038 million primarily by repayment of the RUB 12 billion loan from Sberbank.

Capital Expenditure

(RUB million)	1Q		Δ, %
	2013	2012	
Exploration and production	27,113	21,232	27.7
Consolidated subsidiaries	24,323	17,581	38.3
Proportionately consolidated companies	2,790	3,651	(23.6)
Refining	5,742	7,275	(21.1)
Marketing and distribution	2,335	2,223	5.0
Others	809	1,941	(58.3)
Subtotal capital expenditures	35,999	32,671	10.2
Change in advances issued and material used in capital expenditures	858	1,293	(33.6)
Total capital expenditures	36,857	33,964	8.5

- Capital expenditures for Exploration and Production increased 27.7% Y-o-Y mostly due to the development of the Novoportovskoye and Orenburg fields. Reorientation toward drilling more expensive horizontal wells also led to higher capital expenditures
- Capital expenditures for Refining decreased 21.1% Y-o-Y mostly due to completion in 2012 of investments at Omsk to build the gasoline hydrotreating and diesel hydrotreating units.

Debt and Liquidity

(RUB million)	2013	2012
Short-term loans and borrowings	63,477	77,193
Long-term loans and borrowings	166,647	166,447
Cash and cash equivalents	(70,942)	(79,199)
Short-term deposits	(4,041)	(7,519)
Net debt	155,141	156,922
Short-term debt / total debt, %	27.6	31.7
Net debt / EBITDA ttm	0.52	0.51

- The Group has a diversified debt structure that includes pre-export financing, syndicated and bilateral loans, bonds, and other instruments
- Average maturity of the Group's debt increased from 3.81 years at December 31, 2012 to 3.89 years at March 31, 2013
- The Company's average interest rate decreased from 3.48% at December 31, 2012 to 3.46% at March, 2013
- On April 19, 2013 the Group signed an unsecured term and revolving loan agreement with several banks for the amount of US\$ 1 billion. The agreement comprises two loan facilities being an amortizing USD 700 million term loan facility maturing in five years and a USD 300 million revolving loan facility with a bullet repayment after three years. The term loan facility bears a floating interest rate of LIBOR plus 1.75% per annum while the interest rate for the revolving portion is the sum of LIBOR and spread ranging from 1.2% to 1.5% per annum, depending on the level of utilization of the revolving loan facility.
- On April 26, 2013 the Group raised EUR 750 million financed by 2.933% Loan Participation Notes (LPN) due 2018 (Series 2). The interest is to be paid annually at par.

Financial Appendix

EBITDA Reconciliation

1Q 2013	4Q 2012	Δ, %	(RUB million)	1Q 2013	2012	Δ, %
40,527	43,380	(6.6)	Profit for the period	40,527	50,088	(19.1)
9,424	8,486	11.1	Total income tax expense	9,424	11,377	(17.2)
3,090	3,289	(6.1)	Finance expense	3,090	2,342	31.9
(1,511)	(1,089)	38.8	Finance income	(1,511)	(533)	183.5
17,993	17,558	2.5	Depreciation, depletion and amortization	17,993	16,462	9.3
1,172	(1,409)	-	Net foreign exchange (loss) / gain	1,172	(2,831)	-
943	4,576	(79.4)	Other (loss) / gain, net	943	(190)	-
71,638	74,791	(4.2)	EBITDA	71,638	76,715	(6.6)
(2,337)	(3,154)	(25.9)	less Share of profit of equity accounted investments	(2,337)	(6,965)	(66.4)
7,392	6,575	12.4	add Share of EBITDA of equity accounted investments	7,392	9,512	(22.3)
76,693	78,212	(1.9)	Adjusted EBITDA	76,693	79,262	(3.2)

Profitability

	2013	1Q 2012	Δ, p.p.
Adjusted EBITDA margin, %	26.27	28.47	(2.2)
Net profit margin, %	13.88	17.99	(4.1)
Return on assets (ROA), %	13.64	16.26	(2.6)
Return on equity (ROE), %	20.67	24.91	(4.2)
Return on average capital employed (ROACE), %	18.21	21.26	(3.0)

Liquidity

	2013	1Q 2012	Δ, %
Current ratio	1.88	1.94	(2.8)
Quick ratio	0.83	0.91	(8.7)
Cash ratio	0.42	0.50	(15.2)

Leverage

	2013	1Q 2012	Δ, p.p.
Net debt/ Total Assets, %	11.40	13.02	(1.6)
Net debt/ Equity, %	17.02	19.47	(2.4)
Gearing, %	14.87	17.34	(2.5)
			Δ, %
Net debt/ Market Capitalization	0.25	0.21	20.7
Net debt/ EBITDA	0.52	0.52	0.0
Total debt/ EBITDA	0.79	0.79	(0.6)

Proportionate consolidation of SPD and Tomskneft

(RUB million)	1Q 2013			
	Subsidiaries	Proportionate consolidation		Group
		SPD	Tomskneft	
Revenues				
Sales	355,335	(1)	620	355,954
Less export duties and excise tax	(64,059)	-	-	(64,059)
Total revenue	291,276	(1)	620	291,895
Costs and other deductions				
Purchases of oil, gas and petroleum products	(91,887)	8,393	12,734	(70,760)
Production and manufacturing expenses	(31,035)	(486)	(2,579)	(34,100)
Selling, general and administrative expenses	(13,788)	(275)	(213)	(14,276)
Transportation expenses	(25,444)	-	-	(25,444)
Depreciation, depletion and amortization	(15,239)	(1,313)	(1,441)	(17,993)
Taxes other than income tax	(65,939)	(4,537)	(6,826)	(77,302)
Exploration expenses	(425)	(196)	(91)	(712)
Total operating expenses	(243,757)	1,586	1,584	(240,587)
Other (loss) / gain, net	(996)	48	5	(943)
Operating profit	46,523	1,633	2,209	50,365
Share of profit of equity accounted investments	5,214	(1,085)	(1,792)	2,337
Net foreign exchange (loss) / gain	(1,172)	-	-	(1,172)
Finance income	1,434	16	61	1,511
Finance expense	(3,106)	-	16	(3,090)
Total other income / (expense)	2,370	(1,069)	(1,715)	(414)
Profit before income tax	48,893	564	494	49,951
Current income tax expense	(6,550)	(371)	(478)	(7,399)
Deferred income tax expense	(1,816)	(193)	(16)	(2,025)
Total income tax expense	(8,366)	(564)	(494)	(9,424)
Profit for the period	40,527	-	-	40,527
Less: Profit attributable to non-controlling interest	(960)	-	-	(960)
Profit attributable to Gazprom Neft	39,567	-	-	39,567

(RUB million)	4Q 2012			
	Subsidiaries	Proportionate consolidation		Group
		SPD	Tomskneft	
Revenues				
Sales	393,238	(115)	794	393,917
Less export duties and excise tax	(75,292)	-	-	(75,292)
Total revenue	317,946	(115)	794	318,625
Costs and other deductions				
Purchases of oil, gas and petroleum products	(115,320)	9,015	12,984	(93,321)
Production and manufacturing expenses	(34,631)	(479)	(3,096)	(38,206)
Selling, general and administrative expenses	(18,826)	(337)	(324)	(19,487)
Transportation expenses	(25,170)	-	-	(25,170)
Depreciation, depletion and amortization	(15,022)	(1,403)	(1,133)	(17,558)
Taxes other than income tax	(59,006)	(4,766)	(6,640)	(70,412)
Exploration expenses	(360)	(23)	(9)	(392)
Total operating expenses	(268,335)	2,007	1,782	(264,546)
Other (loss) / gain, net	(4,246)	18	(348)	(4,576)
Operating profit	45,365	1,910	2,228	49,503
Share of profit of equity accounted investments	6,242	(1,550)	(1,538)	3,154
Net foreign exchange (loss) / gain	1,493	(84)	-	1,409
Finance income	1,034	19	36	1,089
Finance expense	(3,298)	(6)	15	(3,289)
Total other income / (expense)	5,471	(1,621)	(1,487)	2,363
Profit before income tax	50,836	289	741	51,866
Current income tax expense	(6,398)	(474)	(526)	(7,398)
Deferred income tax expense	(1,058)	185	(215)	(1,088)
Total income tax expense	(7,456)	(289)	(741)	(8,486)
Profit for the period	43,380	-	-	43,380
Less: Profit attributable to non-controlling interest	(1,761)	-	-	(1,761)
Profit attributable to Gazprom Neft	41,619	-	-	41,619

(RUB million)	1Q 2012			
	Subsidiaries	Proportionate consolidation		Group
		SPD	Tomskneft	
Revenues				
Sales	344,535	(8)	466	344,993
Less export duties and excise tax	(66,559)	-	-	(66,559)
Total revenue	277,976	(8)	466	278,434
Costs and other deductions				
Purchases of oil, gas and petroleum products	(87,571)	11,014	13,385	(63,172)
Production and manufacturing expenses	(28,519)	(433)	(2,656)	(31,608)
Selling, general and administrative expenses	(14,008)	(310)	(213)	(14,531)
Transportation expenses	(22,298)	-	-	(22,298)
Depreciation, depletion and amortization	(14,070)	(1,017)	(1,375)	(16,462)
Taxes other than income tax	(64,283)	(5,414)	(6,984)	(76,681)
Exploration expenses	(355)	(1)	(38)	(394)
Total operating expenses	(231,104)	3,839	2,119	(225,146)
Other (loss) / gain, net	237	78	(125)	190
Operating profit	47,109	3,909	2,460	53,478
Share of profit of equity accounted investments	12,087	(3,261)	(1,861)	6,965
Net foreign exchange (loss) / gain	2,552	279	-	2,831
Finance income	543	(14)	4	533
Finance expense	(2,338)	(13)	9	(2,342)
Total other income / (expense)	12,844	(3,009)	(1,848)	7,987
Profit before income tax	59,953	900	612	61,465
Current income tax expense	(8,325)	(733)	(571)	(9,629)
Deferred income tax expense	(1,540)	(167)	(41)	(1,748)
Total income tax expense	(9,865)	(900)	(612)	(11,377)
Profit for the period	50,088	-	-	50,088
Less: Profit attributable to non-controlling interest	(1,715)	-	-	(1,715)
Profit attributable to Gazprom Neft	48,373	-	-	48,373

	As at 31/03/2013			
	Subsidiaries	Proportionate consolidation		Group
		SPD	Tomskneft	
Assets				
Current assets				
Cash and cash equivalents	65,010	1,158	4,774	70,942
Short-term financial assets	12,495	-	32	12,527
Trade and other receivables	79,059	1,168	378	80,605
Inventories	95,269	1,135	1,899	98,303
Current income tax prepayments	8,304	-	6	8,310
Other current assets	101,042	578	196	101,816
Total current assets	361,179	4,039	7,285	372,503
Non-current assets				
Property, plant and equipment	693,123	48,477	41,454	783,054
Goodwill and other intangible assets	41,264	-	9,683	50,947
Investments in associates and joint ventures	187,030	(45,703)	(33,741)	107,586
Long-term trade and other receivables	149	-	1	150
Long-term financial assets	25,548	-	3	25,551
Deferred income tax assets	11,184	181	1,815	13,180
Other non-current assets	8,267	17	88	8,372
Total non-current assets	966,565	2,972	19,303	988,840
Total assets	1,327,744	7,011	26,588	1,361,343
Liabilities and shareholders' equity				
Current liabilities				
Short-term debt and current portion of long-term debt	52,482	-	10,995	63,477
Trade and other payables	54,373	(1,561)	1,013	53,825
Other current liabilities	20,964	(165)	332	21,131
Current income tax payable	2,744	467	163	3,374
Other taxes payable	40,373	3,026	4,237	47,636
Provisions for liabilities and charges	7,821	52	336	8,209
Total current liabilities	178,757	1,819	17,076	197,652
Non-current liabilities				
Long-term debt	166,617	-	30	166,647
Other non-current financial liabilities	6,149	-	-	6,149
Deferred income tax liabilities	40,978	5,949	4,820	51,747
Provisions for liabilities and charges	18,227	1,670	4,346	24,243
Other non-current liabilities	3,527	-	31	3,558
Total non-current liabilities	235,498	7,619	9,227	252,344
Equity				
Share capital	98	-	-	98
Treasury shares	(1,170)	-	-	(1,170)
Additional paid-in capital	16,160	-	-	16,160
Retained earnings	855,498	(485)	285	855,298
Other reserves	941	(1,942)	-	(1,001)
Equity attributable to the Company's owners	871,527	(2,427)	285	869,385
Non-controlling interest	41,962	-	-	41,962
Total equity	913,489	(2,427)	285	911,347
Total liabilities and shareholders' equity	1,327,744	7,011	26,588	1,361,343

	As at 31/12/2012			
	Subsidiaries	Proportionate consolidation		Group
		SPD	Tomskneft	
Assets				
Current assets				
Cash and cash equivalents	76,012	324	2,863	79,199
Short-term financial assets	15,863	-	26	15,889
Trade and other receivables	66,596	(131)	149	66,614
Inventories	88,284	1,163	1,767	91,214
Current income tax prepayments	8,384	-	9	8,393
Other current assets	106,265	616	201	107,082
Assets classified as held for sale	2,179	-	-	2,179
Total current assets	363,583	1,972	5,015	370,570
Non-current assets				
Property, plant and equipment	669,425	47,630	41,157	758,212
Goodwill and other intangible assets	40,162	-	9,716	49,878
Investments in associates and joint ventures	185,087	(45,703)	(33,741)	105,643
Long-term trade and other receivables	159	-	1	160
Long-term financial assets	23,253	-	3	23,256
Deferred income tax assets	10,670	223	1,771	12,664
Other non-current assets	7,769	-	58	7,827
Total non-current assets	936,525	2,150	18,965	957,640
Total assets	1,300,108	4,122	23,980	1,328,210
Liabilities and shareholders' equity				
Current liabilities				
Short-term debt and current portion of long-term debt	66,195	-	10,998	77,193
Trade and other payables	51,348	(2,125)	784	50,007
Other current liabilities	31,128	(139)	90	31,079
Current income tax payable	2,631	343	184	3,158
Other taxes payable	35,908	3,028	4,088	43,024
Provisions for liabilities and charges	6,987	51	263	7,301
Liabilities associated with assets classified as held for sale	42	-	-	42
Total current liabilities	194,239	1,158	16,407	211,804
Non-current liabilities				
Long-term debt	166,417	-	30	166,447
Other non-current financial liabilities	5,232	-	-	5,232
Deferred income tax liabilities	38,759	5,386	4,759	48,904
Provisions for liabilities and charges	18,062	1,573	4,260	23,895
Other non-current liabilities	1,968	-	31	1,999
Total non-current liabilities	230,438	6,959	9,080	246,477
Equity				
Share capital	98	-	-	98
Treasury shares	(1,170)	-	-	(1,170)
Additional paid-in capital	16,125	-	-	16,125
Retained earnings	818,808	(1,570)	(1,507)	815,731
Other reserves	1,023	(2,425)	-	(1,402)
Equity attributable to the Company's owners	834,884	(3,995)	(1,507)	829,382
Non-controlling interest	40,547	-	-	40,547
Total equity	875,431	(3,995)	(1,507)	869,929
Total liabilities and shareholders' equity	1,300,108	4,122	23,980	1,328,210

Supplementary Information

Main Macroeconomic Factors Affecting Results of Operations

The main factors affecting the Group's results of operations include:

- Changes in market prices of crude oil and petroleum products
- Changes in exchange rate between the Russian ruble and US dollar and inflation
- Taxation
- Changes in transportation tariffs for crude oil and petroleum products.

Changes in Market Prices of Crude Oil and Petroleum Products

Prices for crude oil and petroleum products on international and Russian markets are the primary factor affecting the Group's results of operations.

Petroleum products prices on international markets are primarily determined by world prices for crude oil, supply and demand of petroleum products, and competition in different markets. Petroleum product price trends on international markets in turn determine domestic prices. Price dynamics are different for different types of petroleum products.

1Q 2013	4Q 2012	Δ, %		1Q 2013	1Q 2012	Δ, %
			International market	(US\$/ barrel)		
112.57	110.08	2.3	Brent	112.57	118.60	(5.1)
110.99	108.80	2.0	Urals Spot (average Med + NWE)	110.99	117.18	(5.3)
				(US\$/ tonne)		
1,040.53	988.86	5.2	Premium gasoline (average NWE)	1,040.53	1,063.58	(2.2)
932.75	930.31	0.3	Naphtha (average Med. + NWE)	932.75	1,005.84	(7.3)
972.67	985.32	(1.3)	Diesel fuel (average NWE)	972.67	1,010.26	(3.7)
953.80	946.51	0.8	Gasoil 0.2% (average Med. + NWE)	953.80	997.17	(4.3)
604.61	582.27	3.8	Fuel oil 3.5% (average NWE)	604.61	678.45	(10.9)
			Domestic market	(RUB/ tonne)		
27,220	28,309	(3.8)	High-octane gasoline	27,220	23,918	13.8
24,440	24,481	(0.2)	Low-octane gasoline	24,440	21,987	11.2
26,094	26,257	(0.6)	Diesel fuel	26,094	23,293	12.0
8,195	9,049	(9.4)	Fuel oil	8,195	8,918	(8.1)

Sources: Platts (international), Kortes (domestic)

Ruble vs. US Dollar Exchange Rate and Inflation

The Group presentation currency is the Russian ruble. The functional currency of each of the Group's consolidated entities is the currency of the primary economic environment in which the entity operates, which for most entities is the Russian ruble.

1Q 2013	4Q 2012		1Q 2013	1Q 2012
1.9	1.3	Change in Consumer Price Index (CPI), %	1.9	1.5
0.9	(3.7)	Change in Producer Price Index (PPI), %	0.9	2.9
31.08	30.37	US\$/ RUB exchange rate as of the end of the period	31.08	29.33
30.41	31.08	Average RUB/US\$ exchange rate for the period	30.41	30.26

Hydrocarbon Taxes

1Q 2013	4Q 2012	Δ, %		1Q 2013	1Q 2012	Δ, %
			Export customs duty			
						(US\$/ tonne)
406.50	406.63	-	Crude oil	406.50	400.80	1.4
268.29	268.37	-	Light petroleum products	268.29	264.50	1.4
365.85	365.97	-	Gasoline and naphtha	365.85	360.70	1.4
268.29	268.37	-	Heavy petroleum products	268.29	264.50	1.4
			Mineral extraction tax			
5,261	5,007	5.1	Crude oil (RUB/ tonne)	5,261	5,284	(0.4)
			Natural gas for owners of Integrated gas-supply system and its subsidiaries (RUB/Mcm)			
582	509	14.3		582	509	14.3
265	251	5.6	Natural gas for other categories (RUB/Mcm)	265	251	5.6

Crude oil export customs duty rate. The export customs duty rate per tonne of crude oil is established on a monthly basis by the Government of the Russian Federation. The rate is based on the average Urals price in the period from the 15th calendar day of the prior month to the 14th calendar day of the current month (the monitoring period). The rate is effective on the first day of the month following the monitoring period.

The Government sets export custom duty rates according to the following formulas (established by Russian Federal Law #5003-1 (21 May 1993)):

Quoted Urals price (P), USD/ tonne	Maximum Export Custom Duty Rate
0 – 109.50	0%
109.50 – 146.00	35.0% * (P - 109.50)
146.00 – 182.50	US\$ 12.78 + 45.0% * (P - 146.00)
>182.50	US\$ 29.20 + 65.0% * (P - 182.50)

Crude oil exports to those CIS countries that are Customs Union members (Kazakhstan, Belorussia, and Kyrgyzstan) are not subject to export duties.

After October 2011 when the new 60/66/90 tax regime was introduced, the top 65% marginal rate in the above export customs duty formula was set as 60%, although that percentage decrease was not confirmed in customs legislation.

Export customs duty rate on petroleum products. The export customs duty rate on petroleum products is determined by the Government. Petroleum products exported to those CIS countries that are Customs Union members (Kazakhstan, Belorussia, and Kyrgyzstan) are not subject to export duties.

Before February 1, 2011 export customs duty on light and middle distillates products was calculated using the following formula: $0.438 * (\text{Price} * 7.3 - 109.5)$, where Price is the average Urals price in US dollars per barrel. Export customs duty on dark petroleum products was calculated using the following formula: $0.236 * (\text{Price} * 7.3 - 109.5)$.

Resolution of the Russian Government # 1155 (December 27, 2010) changed the export customs duty rates charged on petroleum products. From February 1, 2011 the export customs duty rate on petroleum products is calculated using the following formula:

$R = K * R_{\text{crude}}$, where R_{crude} is the export customs duty rate per tonne of crude oil and K is a coefficient depending on the type of petroleum product according to the following table:

	2011	2012	2013
Light and middle distillates	0.67	0.64	0.60
Fuel oil	0.467	0.529	0.60

In May 2011, a protective duty for gasoline exports amounting to 90% of the crude oil export duty was introduced in order to stabilize the Russian domestic market. An equivalent measure was introduced for naphtha exports in June 2011.

In August 2011, Resolution of the Russian Government # 1155 (December 27, 2010) was amended. From October 2011 the coefficient K for each type of petroleum product is established according to the following table:

	From October 10, 2011 until December 31,	
	2014	From January 1, 2015
Light and middle distillates	0.66	0.66
Fuel oil	0.66	1.00
Gasoline	0.90	0.90

Excise on petroleum products. In Russia, excise duties are paid by the producers of refined products. In other countries where the Group operates, excise duties are paid either by producers or retailers depending on local legislation.

Russian Federal Law # 203-FZ (November 29, 2012) established the following excise rates for petroleum products (in Rubles/tonne) with effect from January 1, 2013:

	2012 (Jan. - June)	2012 (July - Dec.)	2013 (Jan. - June)	2013 (July - Dec.)	2014	2015
Gasoline						
Below Class3	7,725	8,225	10,100	10,100	11,110	13,332
Class3	7,382	7,882	9,750	9,750	10,725	12,879
Class4	6,822	6,822	8,560	8,960	9,416	10,358
Class5	6,822	5,143	5,143	5,750	5,750	6,223
Naphtha	7,824	7,824	10,229	10,229	11,252	13,502
Diesel fuel						
Below Class3	4,098	4,300	5,860	5,860	6,446	7,735
Class3	3,814	4,300	5,860	5,860	6,446	7,735
Class4	3,562	3,562	4,934	5,100	5,427	5,970
Class5	3,562	2,962	4,334	4,500	4,767	5,244
Heating oil	-	-	-	5,860	6,446	7,735
Motor oil	6,072	6,072	7,509	7,509	8,260	9,086

Mineral extraction tax (MET) on crude oil. The mineral extraction tax rate on crude oil (R) is calculated in 2013 using the following general formula:

$$R = 470 * K_c * K_v * K_z, \text{ where}$$

$K_c = (P-15) * D / 261$, where P is average monthly Urals oil price on the Rotterdam and Mediterranean markets (US\$/bbl) and D is the average ruble/ US dollar exchange rate.

K_v characterizes the degree of depletion of the field. Depletion is measured by N/V , where N is the accumulated production volume from the field and V is the total reserves (ABC1 + C2 reserves volume according to the state mineral reserves balance for the specific field as at 01 January, 2006). For fields with depletion between 0.8 and 1, $K_v = 3.8 - 3.5 * N / V$. Where depletion is greater than 1, K_v is 0.3. In all other cases $K_v = 1$.

K_z is a factor that decreases the tax rate for small fields. For field's with initial reserves (designated by V3, defined as ABC1 + C2 reserves volume according to the state mineral reserves balance approved in the year preceding the tax period) below 5 MMtonnes and depletion (N/V) less than 0.05, $K_z = 0.125 * V_3 + 0.375$

Russian Federal Law # 307-FZ (November 27, 2010) established base mineral extraction tax rates for crude oil in the above formula for the years 2011 to 2013 as follows:

	2011	2012	2013
MET on crude oil (RUB/tonne)	419	446	470

Mineral extraction tax (MET) on natural gas. Russian federal law # 204-FZ (November 29, 2012) established mineral extraction tax rates for natural gas as follows:

	2012	2013 (January - June)	2013 (July - December)	2014	2015
MET on natural gas (RUB/ Mcm)	251*	265	402	471	552
	509	582	622	700	788

* The lower rate of MET applies to taxpayers that do not own the central gas transportation system and that are not more than 50% owned directly or indirectly by the owners of the central gas transportation system.

Transportation of Crude Oil and Petroleum Products

Transportation tariff policies are established by the state authorities to ensure a balance of interests of the state and all participants in the transportation process. Transportation tariffs for natural monopolies are set by the Federal Tariffs Service of the Russian Federation ("FTS"). The tariffs are dependent on transport destination, delivery volume, transportation distance, and several other factors. Changes in the tariffs depend on inflation forecasts made by the Ministry of Economic Development of the Russian Federation, the investment needs of the owners of transportation infrastructure, other macroeconomic factors, and compensation of economically reasonable expenses incurred by entities of natural monopolies. Tariffs are to be revised by FTS at least annually, and comprise a dispatch tariff, loading, transshipment, pumping, and other tariffs.

The following table shows average transportation costs per tonne for Group's crude oil for export and use at its refineries, as well as costs per tonne for transportation of its petroleum products from refineries for export:

1Q 2013	4Q 2012	Δ, %	(RUB per tonne)	1Q 2013	2012	Δ, %
Crude oil						
Export						
1,620.03	1,545.00	4.9	Pipeline	1,620.03	1,533.19	5.7
CIS						
1,135.85	1,290.00	(11.9)	Pipeline	1,135.85	1,064.24	6.7
Transportation to Refineries						
435.91	443.00	(1.6)	ONPZ	435.91	477.00	(8.6)
994.20	979.00	1.6	MNPZ	994.20	922.00	7.8
782.86	1,074.00	(27.1)	YaNPZ	782.86	620.00	26.3
Petroleum products						
Export from ONPZ						
3,169.61	2,902.00	9.2	Gasoline	3,169.61	2,186.07	45.0
4,068.93	3,637.00	11.9	Fuel oil	4,068.93	3,478.73	17.0
3,427.36	3,323.00	3.1	Diesel fuel	3,427.36	3,093.26	10.8
Export from MNPZ						
1,760.46	1,620.00	8.7	Gasoline	1,760.46	1,562.01	12.7
1,475.92	1,386.00	6.5	Fuel oil	1,475.92	1,474.96	0.1
1,628.14	1,706.00	(4.6)	Diesel fuel	1,628.14	1,646.53	(1.1)
Export from YaNPZ						
1,234.82	1,029.00	20.0	Gasoline	1,234.82	1,526.00	(19.1)
1,506.54	1,487.00	1.3	Fuel oil	1,506.54	1,459.97	3.2
1,493.02	1,330.00	12.3	Diesel fuel	1,493.02	1,282.11	16.5

In 1Q 2013 the Group exported 51.7% (66.9% in 1Q 2012) of its total crude export through Baltic Sea ports and 38.8% through Primorsk, and 12.9% through Ust-Luga; 18.4% (19.0% in 1Q 2012) was exported through the Druzhba pipeline, principally to the Czech Republic; 11.5% (7.4% in 1Q 2012) was exported through the port of Novorossiysk including 10.3% (2.7% in 1Q 2012) of light crude; none was exported through the port of Tuapse (8.31% in 1Q 2012); 18.4% (none in 1Q 2012) was exported through the ESPO pipeline and the port of Kozmino. Exports of crude to CIS countries in the 1Q 2013 was: 51.6% (64.3% in 1Q 2012) to Belarus and 48.4% (35.7% in 1Q 2012) to Kazakhstan.

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