



**Rosneft Acquires Leading
Downstream Position in
Germany: 50% of Ruhr Oel**

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Transaction Summary

- Rosneft has agreed to purchase Petroleos de Venezuela, S.A.'s ("PdVSA") 50% stake in the Ruhr Oel GmbH JV ("ROG" or the "JV") for \$1.6 billion (the "Transaction")
 - Crude inventories and receivables, which are excluded from the above consideration, will be valued at market prices at Transaction closing
- JV partner BP has waived its contractual pre-emption right and will remain the JV operator
- The Transaction will provide Rosneft with a material stake in a world class refining system with access to a material wholesale marketing platform:
 - ROG controls ca. 20% of German refining capacity, the refineries are complex and include leading major IOC partners in participating refineries
 - Integrated petrochemical operations
 - Access to wholesale margin on bulk refined products
 - Significant Urals crude processing capability via the Druzhba pipeline and sea logistics
 - Enhances, improves and diversifies Rosneft's equity refining capacity to cover growing export volumes and integrate its net long crude producing capability
- Compelling strategic rationale and favourable acquisition price
- Cash flow accretive; further value creation through processing/ operational synergies and skill-set transfer
- Rosneft will fund the Transaction from existing cash balances
- Transaction completion subject to German and EU regulatory approvals, final agreement on terms of crude inventory and receivables sale with PDVSA and terms of transfer of JV rights with BP; target close Q1 2011



ROG is a leading player in the German downstream market via participations in four refineries, one of which has a large petrochemical block

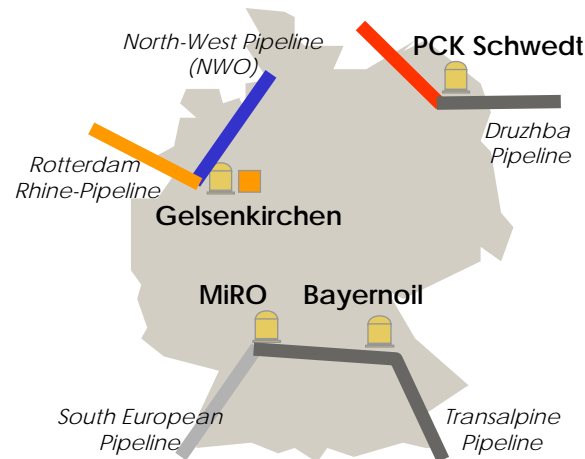
Gelsenkirchen Refinery

- ROG participation: 100%
- Gross capacity of 260 mb/d (12.7 ktpa)
 - Rosneft net : 130 mb/d (6.4 ktpa)
- NCI complexity: 7.7
- Crude supplied via NWO/Rotterdam/Rhine pipeline
- Consists of Scholven and Horst refineries, run as an integrated operating system

Gelsenkirchen Petchem Complex

- Main unit - steam cracker producing olefins
- Product range of over 250 products
- Capacity of 3.9 mmtpa

 Refinery  Petrochemical block



MiRO Refinery

- ROG participation: 24%
 - Other partners: Shell (32.25%), ExxonMobil (25%), and ConocoPhillips (18.75%)
- Gross capacity of 300 mb/d (14.9 ktpa)
 - Rosneft net : 36 mb/d (1.8 ktpa)
- NCI complexity: 9.4
- Crude supplied from Africa, the Persian Gulf, Russia, Venezuela and the North Sea via Lavera/ the SPSE pipeline and Trieste/ TAL (50/50)

PCK Refinery (Schwedt)

- ROG participation: 37.5%
 - Other partners: Shell (37.5%), AET (25%, JV between Eni and Total)
- Gross capacity of 220 mb/d (11.5 ktpa)
 - Rosneft net : 41 mb/d (2.2 ktpa)
- NCI complexity: 9.2
- Crude supply via the Druzhba pipeline

Bayernoil Refinery

- ROG participation: 25%
 - Other partners: OMV (45%), BP (10%, directly owned) and Eni (20%)
- Gross capacity of 240 mb/d (10.3 ktpa)
 - Rosneft net : 30 mb/d (1.3 ktpa)
- NCI complexity: 6.8
- Crude sourced from Africa, Venezuela, Norway and Saudi Arabia through Trieste/ the TAL pipeline

- Refining JV capacity of c. 470 mb/d (c. 235 mb/d to each JV party) - ~20% of German capacity
- Marketed via wholesale distribution channels and 2,429 BP owned Aral retail sites in Germany

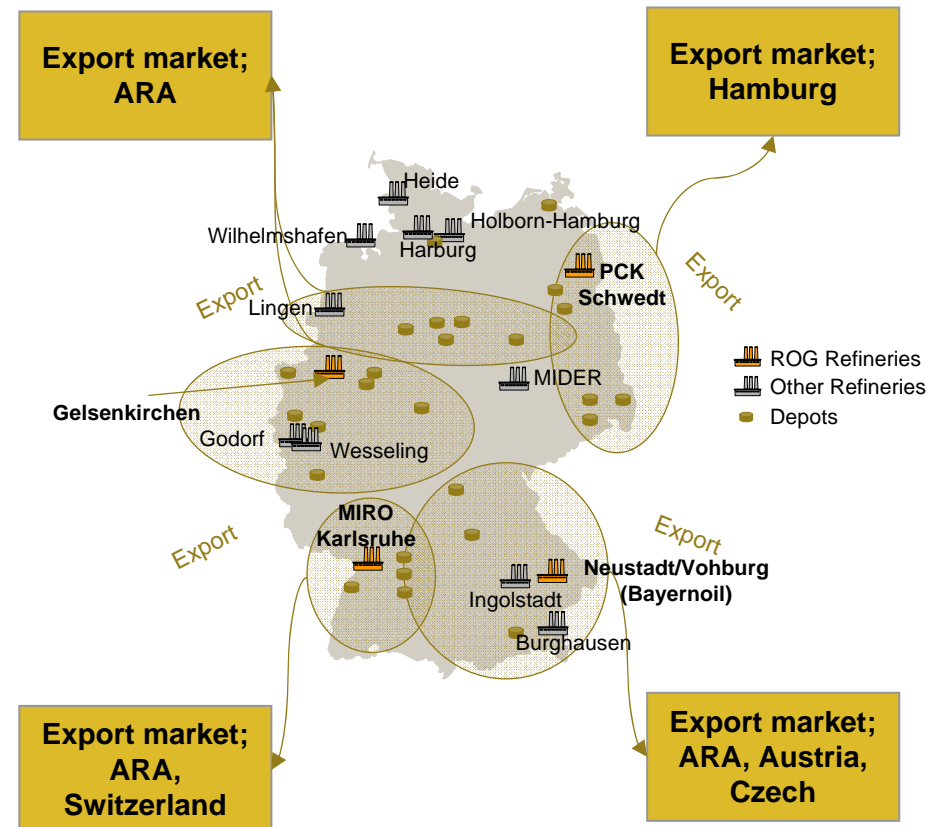
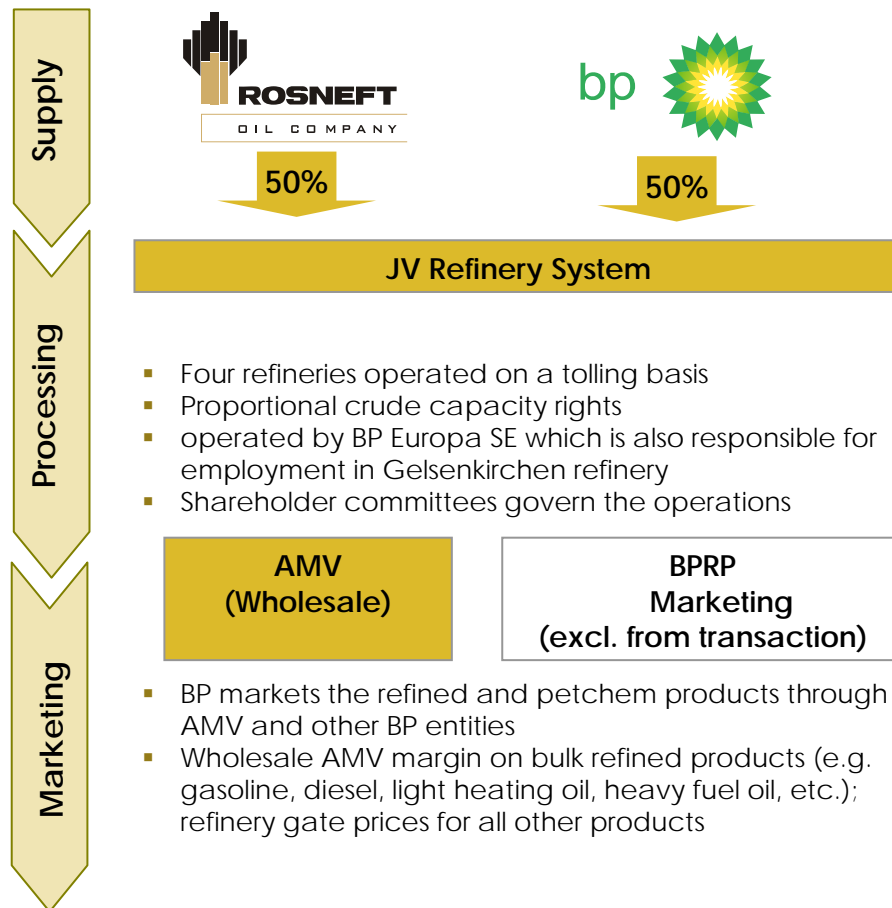


JV Operation Overview

JV profitability accounted for on net-back basis with processing rights equivalent to JV equity stake and shared access to wholesale marketing margin

JV Operations

Integrated Downstream Optimisation



Source: ROG. AMV = Aral Mineralöl Vertrieb.

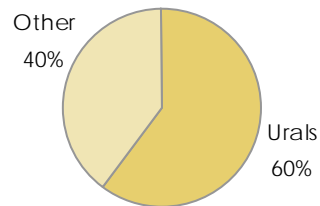


Crude Supply Overview

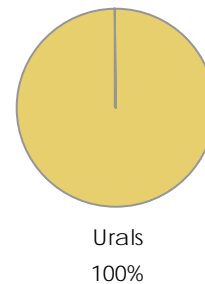
JV refineries currently process 11 mmtpa of Urals crude (ca. 50% of system)

Crude Supply Logistics

Gelsenkirchen*

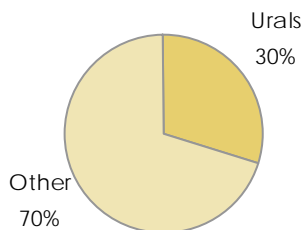


PCK Schwedt*

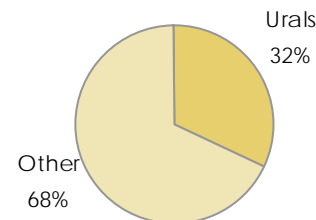


- ROG system weighted toward Urals feedstock
- Multiple entry points for Rosneft crude
 - Druzhba
 - Med Sea
 - NWE Sea

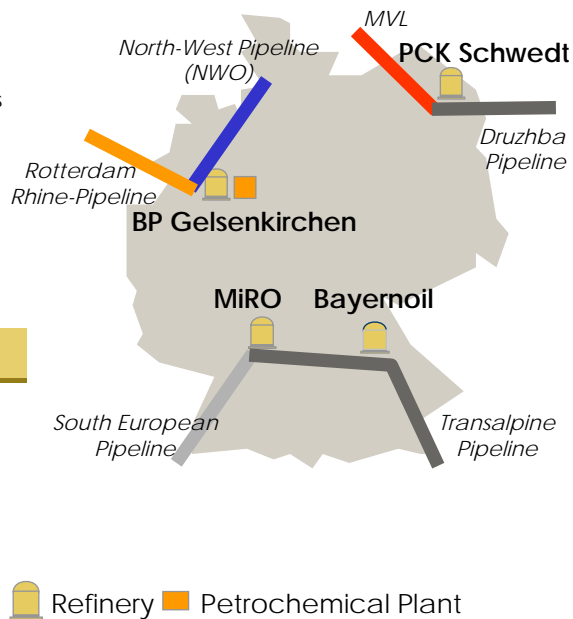
MiRO*



Bayernoil*



- Favourable logistics with ownership / access to key pipelines



Refinery Petrochemical Plant

*Maximum Urals processing capacity within ROG share

Scope to process up to 60% Urals crude if economically advantageous (higher Brent / Urals differential)

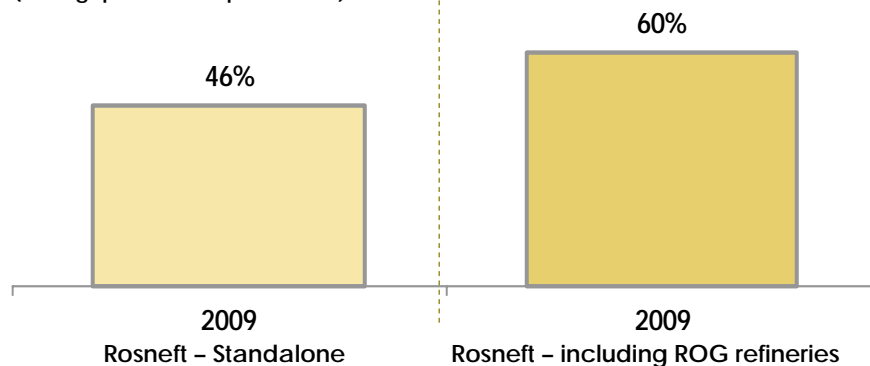


Strategic Rationale

Significantly upgrades and expands Rosneft's refinery portfolio. Large Urals processing capability and optimal supply logistics via Druzhba pipeline

Refining Cover Impact

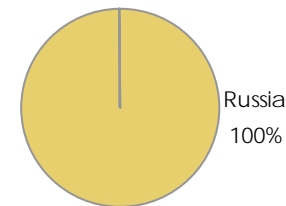
(Throughput / Crude production)



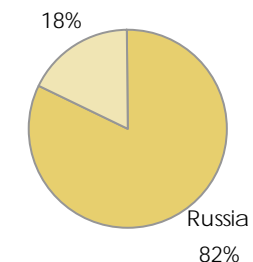
Source: Rosneft, ROG, Wood Mackenzie.

Geographic Diversification

Current Standalone Capacity (2010)
Total: 53.4 mln tons/year



Pro-forma Capacity (2010)
Total: 65 mln tons/year



Source: Rosneft, ROG.

Operational Synergies

- Material Urals processing capability
- New export routes for crude supply
- Opportunity for crude logistics optimization, swap deal capabilities
- Hedge vs. increase in Brent - Urals differential
- Product mix accretive to current refining operation

Strategic Synergies

- Rosneft enters the largest and most stable European refined product market
- Stable crude oil sales for Rosneft for long-term period
- Best practices application to expanding domestic Rosneft operations
- Skill-set transfer in refining and marketing with BP; Rosneft secondments to BP operated sites and access to wholesale and retail trading operation 'know-how'



Compelling Acquisition Price

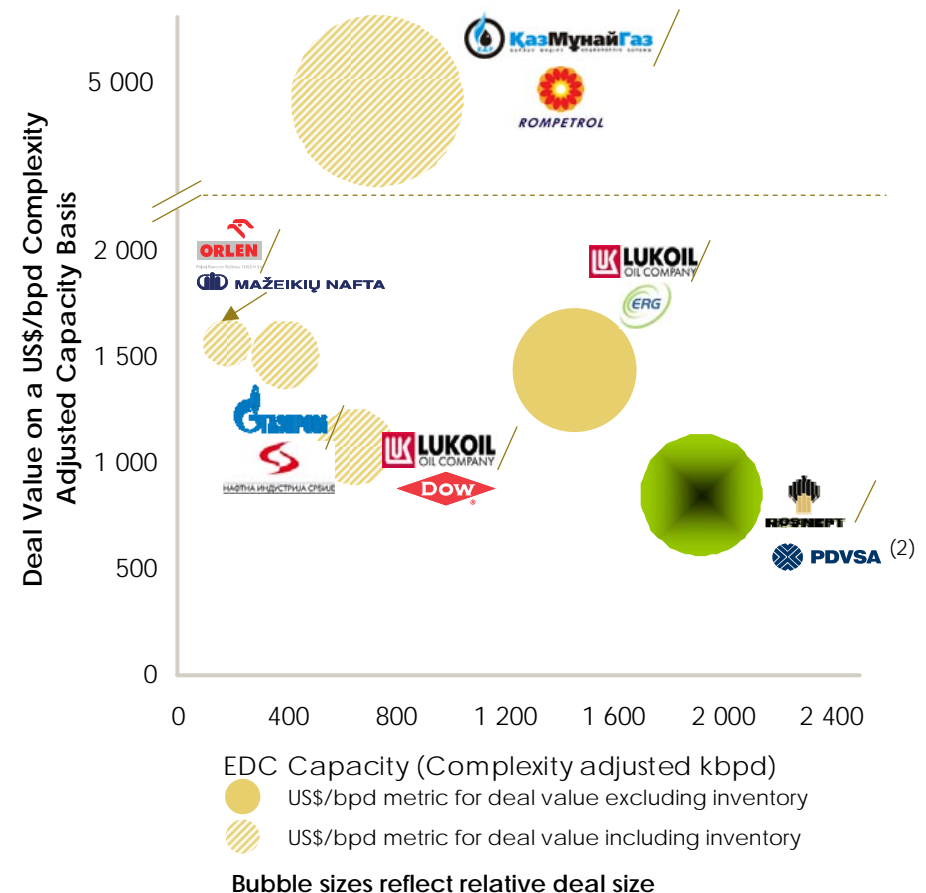
The ROG acquisition is strategically attractive and financially compelling; distinguishing factors include petrochemical integration, wholesale margin and high degree of Urals processing capability

Strategic Comparison with Select Precedents

	Net Capacity Acquired	Complexity	PetChem Integration	Equity Urals Production	IOC Operating Partners
	●	●	●	●	●
	◐	●	●	◐	○
	◐	●	◐	◐	●
	◐	◐	○	●	○
	●	●	○	●	○
	◐	◐	○	●	○

○ → ●
Less → More

Purchase Price Comparison with Select Precedents (1)



Source: John S. Herold, research.

1. EDC capacity shown for net working interest capacity acquired in the transaction.
2. Includes net debt.



Key Takeaways

The ROG acquisition is a strategic and financially compelling downstream transaction for Rosneft

- World class refining system with petrochemical integration
- Excellent logistics to facilitate optimisation of Rosneft's growing crude export volumes
- Strong IOC operating partner to facilitate skill-set transfer
- Significant operating and strategic synergies
- Access to large wholesale marketing and trading platform
- Compelling acquisition cost, cash flow accretive