ROSNEFT

Q1’09
US GAAP Financial Results

May 28, 2009
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**Q1’09 Highlights**

**Positives**

- Strong financial results in Q1’09:
  - EBITDA - **USD 2.3 bln**
  - Net income - **USD 2.1 bln**
  - Operating cash flow - **USD 2.4 bln**
  - Free cash flow - **USD 1.1 bln**
  - Net debt decreased by **USD 2.0 bln**
  - Q-o-q cost reductions of **20-40%**
  - Credit profile transformed
  - Capital expenditures lower per guidance
  - Optimization of crude and product flows to address domestic market dislocations

**Challenges, Priorities**

**Q1’09**

- Unstable domestic demand and falling prices
- Growing transportation tariffs

**Q2-Q4’09**

- Financial discipline and reduction of real costs
- Meeting 2009 Business plan targets
  - Positive FCF
  - Production growth
- Participate in continuing discussion to update tax regime
- Continue to optimize downstream activities, grow higher margin sales
- Strategic plan update considering Russian energy strategy and current macroeconomic environment
## Macroeconomic Environment

<table>
<thead>
<tr>
<th></th>
<th>Q1’09</th>
<th>Q1’08</th>
<th>Δ, %</th>
<th>Q4’08</th>
<th>Δ, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average RUB/USD rate</td>
<td>RUB/USD</td>
<td>33.93</td>
<td>24.26</td>
<td>+39.9%</td>
<td>27.27</td>
</tr>
<tr>
<td>Inflation (for the period)</td>
<td>%</td>
<td>5.4%</td>
<td>4.8%</td>
<td>2.7%</td>
<td></td>
</tr>
<tr>
<td>Real RUB appreciation against USD</td>
<td>%</td>
<td>(21.2)%</td>
<td>20.8%</td>
<td>(5.3)%</td>
<td></td>
</tr>
<tr>
<td>(for the last 12 months)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Urals price (av. Med and NWE)</td>
<td>USD/bbl</td>
<td>43.7</td>
<td>93.3</td>
<td>(53.2)%</td>
<td>54.1</td>
</tr>
<tr>
<td>Gasoil 0.2% (av. Med)</td>
<td>USD/tonne</td>
<td>402.1</td>
<td>882.7</td>
<td>(54.4)%</td>
<td>555.6</td>
</tr>
<tr>
<td>Fuel oil (av. Med)</td>
<td>USD/tonne</td>
<td>228.9</td>
<td>445.1</td>
<td>(48.6)%</td>
<td>246.6</td>
</tr>
<tr>
<td>High octane gasoline (av. Russia*)</td>
<td>USD/tonne</td>
<td>402.0</td>
<td>770.9</td>
<td>(47.9)%</td>
<td>624.3</td>
</tr>
<tr>
<td>Diesel fuel (av. Russia*)</td>
<td>USD/tonne</td>
<td>356.2</td>
<td>667.9</td>
<td>(46.7)%</td>
<td>496.4</td>
</tr>
</tbody>
</table>

* Excluding VAT, including excise.
### Q1’09 Results Overview

<table>
<thead>
<tr>
<th></th>
<th>Q1’09</th>
<th>Q1’08</th>
<th>Δ, %</th>
<th>Q4’08</th>
<th>Δ, %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating cash flow, USD mln</strong></td>
<td>2,366</td>
<td>4,505</td>
<td>(47.5)%</td>
<td>602</td>
<td>293.0%</td>
</tr>
<tr>
<td><strong>Free cash flow, USD mln</strong></td>
<td>1,134</td>
<td>2,748</td>
<td>(58.7)%</td>
<td>(1,705)</td>
<td></td>
</tr>
<tr>
<td><strong>Net debt</strong>, USD mln</td>
<td>19,239</td>
<td>23,575</td>
<td>(18.4)%</td>
<td>21,283</td>
<td>(9.6)%</td>
</tr>
</tbody>
</table>

1 Net debt is adjusted for cash deposits and short-term promissory notes matched to debt maturity profile (reflected as short-term investments in the financial statements) of USD 2,598 mln as of March 31, 2009 and USD 1,513 mln as of December 31, 2008.
The decrease in crude oil production is due to abnormally low temperatures in the Western Siberia in February, which hindered well turnarounds.
Petroleum Products: Average Prices and Volume Breakdown

**Petroleum Product Revenues**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Revenue, USD mln</th>
<th>Excise and export duty, USD mln</th>
<th>Net revenue, USD mln</th>
<th>Volume sold, mln tonnes</th>
<th>Net revenue per tonne, USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1’08</td>
<td>7,233</td>
<td>1,341</td>
<td>5,892</td>
<td>11.23</td>
<td>525</td>
</tr>
<tr>
<td>Q2’08</td>
<td>8,852</td>
<td>1,440</td>
<td>7,412</td>
<td>11.17</td>
<td>664</td>
</tr>
<tr>
<td>Q3’08</td>
<td>9,988</td>
<td>1,922</td>
<td>8,066</td>
<td>12.07</td>
<td>668</td>
</tr>
<tr>
<td>Q4’08</td>
<td>4,993</td>
<td>1,223</td>
<td>3,770</td>
<td>11.29</td>
<td>334</td>
</tr>
<tr>
<td>Q1’09</td>
<td>3,792</td>
<td>639</td>
<td>3,153</td>
<td>11.06</td>
<td>285</td>
</tr>
</tbody>
</table>
Netback Ladder

**Q1'09**

1. Urals average price: USD 43.7/bbl
2. Crude Export Duty: USD 15.3/bbl
3. Implied crude net export revenue (1-2) = USD 28.4/bbl
4. Weighted average netback: USD 22.3/bbl
5. Av. netback vs crude net export revenue (4-3) = USD (6.1)/bbl

**Total sales: 180 mln bbl**

- CIS Transneft export: USD 24.0, 4%
- Rosneft refineries: USD 22.5, 48%
- Transneft export: USD 22.4, 31%
- Non-Transneft export: USD 21.3, 16%

**Q1'08**

1. Urals average price: USD 93.3/bbl
2. Crude Export Duty: USD 43.0/bbl
3. Implied crude net export revenue (1-2) = USD 50.3/bbl
4. Weighted average netback: USD 49.1/bbl
5. Av. netback vs crude net export revenue (4-3) = USD (1.2)/bbl

**Total sales: 180 mln bbl**

- CIS Transneft export: USD 49.8, 49%
- Rosneft refineries: USD 46.5, 14%
- Domestic sales: USD 43.6, 31%
- Non-Transneft export: USD 36.3, 1%
**Expenses Reduced**

**Upstream Operating Expenses, USD/bbl of oil produced**

- **2006:** 2.83, 2.31
- **2007:** 3.48, 3.23
- **2008:** 3.41, 3.19
- **2009:** 2.31, 2.37

(26)% decreased

**Refining Expenses, USD/bbl of oil processed**

- **2006:** 3.44, 3.17
- **2007:** 3.19, 3.54
- **2008:** 3.49, 3.26
- **2009:** 2.51

(23)% decreased

**SG&A Expenses, USD/bbl of oil produced**

- **2006:** 1.31, 1.04
- **2007:** 1.88, 1.26
- **2008:** 2.31, 2.03
- **2009:** 1.79

(12)% decreased

**Transportation Expenses, USD/bbl of oil produced**

- **2006:** 5.60, 5.40
- **2007:** 5.93, 6.35
- **2008:** 8.02, 7.83
- **2009:** 7.23

(8)% decreased

*Upstream operating expenses include materials and electricity, workover, wages and salaries, and cost of transport to a trunk pipeline.*

*Selling, general and administrative expenses include payroll at headquarters and management-related subsidiaries, payroll of top management of operating subsidiaries, audit & consulting expenses, bad debt allowance and other costs.*
Transportation Costs, Factor Analysis: Q1’09 vs. Q4’08

Total Transportation Costs, USD mln

- Q4’08: 1,409
- Tariffs: 606
- Volume: 310
- Mix: 309
- FX: 1,252
- Q1’09: 512

Transportation Costs for Crude Exports, USD mln

- Q4’08: 343
- Tariffs: 309
- Volume: 343
- Mix: 309
- FX: 310
- Q1’09: 322

Transportation Costs for Crude Deliveries to Refineries, USD mln

- Q4’08: 310
- Tariffs: 309
- Volume: 310
- Mix: 309
- FX: 1,252
- Q1’09: 512

Transportation Costs for Product Exports, USD mln

- Q4’08: 343
- Tariffs: 309
- Volume: 343
- Mix: 309
- FX: 310
- Q1’09: 322
EBITDA and Net Income per bbl Reconciliation: Q1’09 vs. Q1’08

EBITDA, USD/bbl

<table>
<thead>
<tr>
<th>Q1’08</th>
<th>Revenue</th>
<th>Taxes</th>
<th>Purchases</th>
<th>Transport</th>
<th>OPEX</th>
<th>SG&amp;A</th>
<th>Q1’09</th>
</tr>
</thead>
<tbody>
<tr>
<td>26.6</td>
<td>(45.1)</td>
<td>27.3</td>
<td>2.7</td>
<td>0.6</td>
<td>1.1</td>
<td>0.2</td>
<td>13.4</td>
</tr>
</tbody>
</table>

EBITDA, USD/bbl

<table>
<thead>
<tr>
<th>Q1’08</th>
<th>Revenue</th>
<th>Taxes</th>
<th>Purchases</th>
<th>Transport</th>
<th>OPEX</th>
<th>DD&amp;A</th>
<th>FX</th>
<th>Income tax</th>
<th>Net interest</th>
<th>Q1’09</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.5</td>
<td>(45.1)</td>
<td>27.3</td>
<td>2.7</td>
<td>0.6</td>
<td>1.1</td>
<td>5.5</td>
<td>12</td>
<td>4.0</td>
<td>(0.1)</td>
<td>11.9</td>
</tr>
</tbody>
</table>

(49.8)%

(17.9)%
**FX Gains and Losses**

FX gain/loss in Income Statement = effect of foreign exchange rate movement on the average monetary position denominated in currencies other than USD (rubles for Rosneft)

**FX gain in Q1’09**

<table>
<thead>
<tr>
<th></th>
<th>31.12.08 RUB mln</th>
<th>equivalent in USD mln</th>
<th>31.03.09 RUB mln</th>
<th>equivalent in USD mln</th>
<th>Average monetary position, RUB mln</th>
<th>FX (gain)/loss*, USD mln</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1) Assets:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and investments</td>
<td>374,776</td>
<td>12,756</td>
<td>386,596</td>
<td>11,366</td>
<td>380,686</td>
<td>1,764</td>
</tr>
<tr>
<td>Receivables</td>
<td>50,035</td>
<td>1,703</td>
<td>67,823</td>
<td>1,994</td>
<td>58,929</td>
<td>273</td>
</tr>
<tr>
<td>Inventories</td>
<td>176,252</td>
<td>5,999</td>
<td>180,781</td>
<td>5,315</td>
<td>178,516</td>
<td>827</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>42,161</td>
<td>1,435</td>
<td>46,428</td>
<td>1,365</td>
<td>44,295</td>
<td>205</td>
</tr>
<tr>
<td>Deferred tax</td>
<td>34,581</td>
<td>1,177</td>
<td>38,367</td>
<td>1,128</td>
<td>36,474</td>
<td>169</td>
</tr>
<tr>
<td>Advances, bank loans and other</td>
<td>7,933</td>
<td>270</td>
<td>11,939</td>
<td>351</td>
<td>9,936</td>
<td>47</td>
</tr>
<tr>
<td></td>
<td>63,814</td>
<td>2,172</td>
<td>41,258</td>
<td>1,213</td>
<td>52,536</td>
<td>243</td>
</tr>
<tr>
<td><strong>2) Liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred tax</td>
<td>(550,177)</td>
<td>(18,726)</td>
<td>(555,337)</td>
<td>(16,327)</td>
<td>(552,757)</td>
<td>(2,562)</td>
</tr>
<tr>
<td>Payables</td>
<td>(152,073)</td>
<td>(5,176)</td>
<td>(153,230)</td>
<td>(4,505)</td>
<td>(152,652)</td>
<td>(708)</td>
</tr>
<tr>
<td>Debt</td>
<td>(123,104)</td>
<td>(4,190)</td>
<td>(134,149)</td>
<td>(3,944)</td>
<td>(128,626)</td>
<td>(596)</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>(211,010)</td>
<td>(7,182)</td>
<td>(205,373)</td>
<td>(6,038)</td>
<td>(208,191)</td>
<td>(965)</td>
</tr>
<tr>
<td></td>
<td>(63,990)</td>
<td>(2,178)</td>
<td>(62,585)</td>
<td>(1,840)</td>
<td>(63,288)</td>
<td>(293)</td>
</tr>
<tr>
<td><strong>Net monetary position (1+2)</strong></td>
<td>(175,401)</td>
<td>(5,970)</td>
<td>(168,741)</td>
<td>(4,961)</td>
<td>(172,071)</td>
<td>(798)</td>
</tr>
<tr>
<td><strong>FX (gain)/loss (1+2)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Average monetary position at the exchange rate as of the beginning of the quarter minus average monetary position at the exchange rate as of the end of the quarter.
Operating Cash Flow Reconciliation: Q1’09 vs Q4’08

USD mln

<table>
<thead>
<tr>
<th>Q4’08</th>
<th>Increase in net income before FX and deferred tax effect</th>
<th>Difference in receivables change</th>
<th>Difference in advances issued and other current assets change</th>
<th>Difference in trade payables change</th>
<th>Difference in taxes payable change</th>
<th>Difference in other working capital change</th>
<th>Other</th>
<th>Q1’09</th>
</tr>
</thead>
<tbody>
<tr>
<td>602</td>
<td>1,668</td>
<td>323</td>
<td>1,013</td>
<td>581</td>
<td>(231)</td>
<td>(1,194)*</td>
<td>(396)</td>
<td>2,366</td>
</tr>
</tbody>
</table>

* Includes difference in inventories change of USD (809) mln.
* Includes net increase in construction materials, capex of the holding company and capex acquired with Yukos assets (in 2007).
Net debt as of December 31, 2008: 21,283 USD mln

Operating cash flow: (2,366) USD mln

CAPEX: 1,232 USD mln

Other (mainly RUR devaluation): (910) USD mln

Adjusted net debt to LTM EBITDA ratio - 1.3 as of March 31, 2009

Net debt as of March 31, 2009: 19,239 USD mln

Adjusted net debt is stated after adjusting for cash deposits and short-term promissory notes matched to debt maturity profile (reflected as short-term investments in the financial statements) of USD 2,598 mln as of March 31, 2009 and USD 1,513 mln as of December 31, 2008.
Credit Profile Transformed

- Refinancing burden overcome:
  - USD 9.6 bln to repay in 2009
  - USD 3.2 bln already completed
  - Chinese loan: USD 10 bln available in 2009, 0.8 bln received by May 28, 2009
- Cash flow positive, track record of debt reduction
- Low interest costs (net of USD 58 mln in Q1’09)
- Low leverage levels (Net Debt / EBITDA)
  - 1.2 at year end 2008
  - ~1.5-1.7 projected at year end 2009
- Already lowest cost expense base
- Tax reform progress, upside
- Unrivalled reserve and resource base

2009 Refinancing Completed

- USD 6.4 bln remaining to repay in ’09 covered by:
  - cash in hand
  - expected free cash flow
  - Chinese loan

Key Terms of Chinese Loan

- USD 15 bln
- 5-year grace period, 20-year final maturity
- Crude export contract for 20 years
- Crude to be sold at market prices
- Unprecedented low borrowing costs

Repayment amounts are net of debt-related short-term investments (promissory notes and REPO cash deposit) and do not include possible repayments of Yukos-related debt, debt of subsidiary banks, debt to affiliated companies, as well as accrued interests. The calculation is based on the RUR/USD rate as of March 31, 2009.
Appendix
## Current Income Tax in Q1’09

<table>
<thead>
<tr>
<th>Pretax income</th>
<th>Current income tax</th>
<th>Effective current rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD mln</td>
<td>USD mln</td>
<td>%</td>
</tr>
<tr>
<td><strong>RAS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pretax income</td>
<td>823</td>
<td>183</td>
</tr>
<tr>
<td>Pretax loss</td>
<td>(426)</td>
<td>-</td>
</tr>
<tr>
<td>Total pretax income</td>
<td>397</td>
<td>183</td>
</tr>
</tbody>
</table>

### Reconciliation to GAAP

- **RAS FOREX loss** 1,774 USD mln
- **GAAP FOREX gain** 798 USD mln
- Difference between RAS and GAAP DD&A (622) USD mln
- Other GAAP adjustments (mainly different exploration expenses and export duty methodology, and previous periods income tax adjustment in GAAP) (135) USD mln

**GAAP pretax income**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>USD mln</td>
<td>USD mln</td>
</tr>
<tr>
<td><strong>GAAP pretax income</strong></td>
<td>2,212</td>
<td>198</td>
</tr>
</tbody>
</table>

Rosneft does not pay taxes based on its consolidated income before taxes under Russian law. Income tax is calculated for each subsidiary based on its profits in accordance with the Russian tax code. As the holding structures of the Company had a pretax loss in Q1’09 due to FX loss, the effective current income tax rate for Rosneft Group of companies was 46%.

**US GAAP effective current income tax rate differs from RAS effective current tax rate due to different FOREX effects, DD&A, exploration expenses and other minor GAAP adjustments.**
Cost Reduction Program: Key Priorities

I. Reducing non-controllable costs

- Lower tax burden
- Lower natural monopoly tariffs (transportation, electricity)

II. Reducing capital expenditures

- Prioritizing capital expenditures (short payback period, compliance with Rosneft’s Strategy)
- Reducing costs of construction, materials and equipment

III. Reducing operating expenses

- Reducing, and improving the efficiency of, resource use (fuel and lubricants, electricity, etc.)
- Reducing prices of materials and services
- Headcount optimization
- Cutting administrative expenses
- Reducing debt and interest expenses
- Reducing the number of entities and related expenses
Gas Production and Sales

Gas Sales vs. Production, bcm

- Q1'08: 3.16
- Q4'08: 3.06
- Q1'09: 3.15

- Western Siberia
- Southern Russia
- Far East
- Other

Gas Sales Prices, USD per 1,000 cubic meters

- Q1'08: 41.2
- Q4'08: 33.6
- Q1'09: 28.8

Other
- Far East
- Southern Russia
- Western Siberia
- Average price
Petroleum Product Prices in 2008-2009 (Rosneft Refineries)*

* Refinery-gate export netback or domestic wholesale price net of VAT and excise (average for Rosneft refineries).