COMPANY STANDARD

GENERAL PRINCIPLES OF PRICING AND PROCEDURE OF SELLING MOTOR FUEL IN DOMESTIC MARKET OF RUSSIAN FEDERATION

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INTRODUCTORY PROVISIONS

INTRODUCTION

Company Standard "General principles of pricing and procedure for selling motor fuel in the domestic market of the Russian Federation" (hereinafter - Standard) defines basic principles (algorithm) of prices formation and general procedure for selling motor gasoline and diesel fuel on the domestic market by the Company.

Current standard is developed in accordance with and in furtherance of the Company's policies in the area of pricing and procedure of selling hydrocarbon raw materials, oil and gas processing products and petrochemicals for export and domestic market № P1-02 P-01, according to the main priority of the company to improve the efficiency of the business process "Sales of petroleum products on the domestic market of RF".

Current Standard is developed in accordance with requirements of:

- Civil Code of RF;
- Federal Law dated 05.04.2013 № 44-FZ "On the contract system in the procurement of goods, works and services for state and municipal needs";
- Federal Law dated 27.07.2010 № 224-FZ "On counteraction against unauthorized use of insider information and market manipulation and on amendments to certain legislative acts of the Russian Federation";
- Decree of the Russian Government dated July 23, 2013 № 623 "On Approval of the provision of information about concluded by parties on not organized trading contracts, which provide for the obligation to transfer ownership of the goods admitted to organized trading, and on keeping a register of such contracts and providing information from the register ";
- RF Government Decree of 11.10.2012 № 1035 "On approval of the criteria of regularity and uniformity of the sale of goods on the Exchange for the individual commodity markets, which draws oil and (or) oil products";
- Order of the FAS of Russia dated 26.06.2012 № 409 "On Approval of the Procedure to provide the list to exchange, which contains affiliates by economic entity occupying a dominant position on the relevant market, accredited and (or) participating in the trading (including through the submission of applications for participation of broker, brokers in the auction) ";
- Order of the Federal Antimonopoly Service and the Ministry of Energy on April 30, 2013 № 313/13/225 «On approval of the minimum quantity of petroleum products sold on the stock exchange and the requirements for exchange trading, during which deals with oil products by economic entity in a dominant position on the relevant commodity markets ";
- "Methods of calculating price indices of petroleum products", approved by order of the President of JSC "Saint-Petersburg International Mercantile Exchange" dated 06.10.2014 № 281;
- "Methods of calculating the regional stock market indices of prices on petroleum products" (revision № 02), approved by order of the President of JSC "Saint-Petersburg International
Mercantile Exchange” dated 10.02.2014 № 35;

- "Methods of calculating the regional OTC (over-the-counter) price indices of petroleum products” (revision 02), approved by order of the President of JSC "Saint-Petersburg International Mercantile Exchange" dated 10.02.2014 № 35.

AIMS

The standard is designed to identify the key principles of price formation and the general procedure of sales, which allows the Company to effectively carry out the selling of motor fuel in the domestic market of the Russian Federation in accordance with Russian legislation.

TASKS

Tasks of the Standard are:

- determining the order of prices formation on motor fuel at market level, in accordance with the requirements of the antimonopoly legislation of the Russian Federation;
- the definition of common principles for the pricing of all counterparties;
- preventing arbitrary establishment / change in prices for motor fuel, which is not justified by objective factors;
- definition clear procedure of selling motor fuel in the domestic market of the Russian Federation;
- determination of the procedure of conclusion direct OTC contracts on a non-discriminatory terms.

SCOPE

Current Standard is binding for employees of Rosneft.

Requirements of Standard will be subject to compulsory implementation in associated company of Rosneft, subsidiary of the associated company of Rosneft and in dependent entity of Rosneft after their selling in the Company in accordance with its Charter and pursuant to the procedure established in it.

Orders, local regulatory documents and any other internal documents shall not conflict with this Standard.

VALIDITY AND AMENDMENT PROCEDURE

This standard was developed in accordance with the requirements of FAS of Russia No AD / 45397/12 of 29 December 2012.

Standard is a local regulatory document of a permanent action.

Standard is approved in the Rosneft by the decision of the Board of Rosneft and put into operation at Rosneft by order of Rosneft.
Standard is considered to be invalid in Rosneft on the basis of the order of Board in Rosneft.

Changes to the Standard are made based on the decision of the Board of Rosneft and put into effect by the order of Rosneft.

Changes in Standard and its Termination is pre-agreed with the FAS of Russia.

Changes shall be made to the standard in following cases: changes in the legislation of the Russian Federation, changes in organizational structure, authorities of heads etc.
1. TERMS AND DEFINITIONS

TERMS AND DEFINITIONS OF CORPORATE GLOSSARY

**MOTOR FUEL (GASOLINE AND DIESEL FUEL)** - type of oil product, which is obtained during the processing of hydrocarbon raw materials and intended for use as a fuel in internal combustion engines.

**OIL PRODUCTS** - products obtained from the processing of hydrocarbons in refineries, which are the product for consumption and (or) used in the future for production of other products on their basis.

**RETAIL SALES OF MOTOR FUEL** - sale of motor fuel at petrol stations to be used for personal, family or other reasons not related to the further selling.

**SMALL-SCALE SELLING OF MOTOR FUEL** - sale of motor fuel from storage sites, the production and handling (storage, tank farms, etc.), carried out by the shipping in road transport or transfer in the tank for use in the business (including resale), or other purposes not related to personal, family, household or other similar use.

**THIRD PARTY** - organizations that are not included in the group of Rosneft and its affiliates.

**WHOLESALE OF MOTOR FUEL** - sale of motor fuel from refineries or other storage sites, carried out by the shipment by rail and pipeline transport or transfer to the buyer in the tank for use in the business (including resale) or for other purposes not related to personal, family, household or other similar use.

TERMS AND DEFINITION FOR PURPOSES OF PRESENT DOCUMENT

**BUYERS** - associate companies (affiliates) of Rosneft and third parties, which perform supply of oil products, including large industrial enterprises, agricultural producers, state and local government customers, and other users, to procure motor fuel.

**COMMODITY PRICE INDICATORS (INDICES)** - indices, characterizing the dynamics of the stock prices of petroleum products on the domestic market, calculated as a weighted average of prices for all exchange transactions with petroleum products, included in the calculation base of the corresponding index, concluded within one trading day, published in open access on Exchange.

**EXCHANGE MARKET (COMMODITY EXCHANGE)** - an organization with legal personality, which forms the wholesale market through the organization and regulation of stock trading carried out in the form of electronic auction held at a predetermined location and at a specific time set by its rules.

**INDICATORS (INDICES) OF OTC TRANSACTIONS** - indices, characterizing the dynamics of prices of OTC trades registered at the Exchange in compliance with the RF Government Decree dated 23. 07. 2013, № 623 "On Approval of the provision of information about concluded by parties on not organized trading contracts, which provide for the obligation to transfer ownership of the goods admitted to organized trading, and on keeping a register of such contracts and providing information from the register " The indices are calculated as a weighted average price of registered OTC transactions with petroleum products on Exchange included in the calculation base of the
corresponding index. The calculation includes transactions with oil products, given by prices to the place of production.

**INDICATORS (INDICES) OF PRICES ON PETROLEUM PRODUCTS FROM OVERSEAS MARKETS** - indices, reflecting the estimated indicative prices of certain petroleum products in the point of departure Kirishi Refinery, calculated on the basis of world quotations broadcast by international news agency Argus in center of international trade North-West Europe (NWE), taking into account information on transport, logistics and tax costs and payments.

**MARKET PRICE INDICATORS (INDICES)** - stock indices on petroleum products, price indices on petroleum products from overseas markets, indices and quotes of OTC transactions, as well as any other official pricing information, which reflects the market situation and the prices of the domestic market of motor fuel in the Russian Federation in the context of petroleum products and the regions of the Russian Federation, Sales bases, published in the open access federal executive authorities or received by subscription from specialized news agencies and exchanges.

**MOST EFFECTIVE COMMERCIAL OFFER** - offer from the bidder to purchase a product on the most favorable for Rosneft commercial terms, ie at a price higher than the price indicators, given to other commercial terms.

**NON-DISCRIMINATORY PRICE CONDITIONS** - conditions for the acquisition, sale, other ways to transfer goods, under which buyers of motor fuel from the Company are put on an equal footing.
2. DESIGNATIONS AND ABBREVIATIONS

**ASSOCIATE COMPANY OF ROSNEFT (AC)** – company for which Rosneft in prevailing direct participation in its authorized capital or in accordance with the agreement concluded between them, has the opportunity to determine decisions made by such company.

**ASSOCIATED COMPANY OF ROSNEFT, WHICH PERFORMS SUPPLY OF OIL PRODUCTS (AC, PERFORMING SUPPLY OF OIL PRODUCTS)** – associated company of Rosneft, which performs small-batch and retail sales of motor fuel.

**CJSC «SPIMEX»** – St. Petersburg International Mercantile Exchange.

**COMPANY** – a group of legal entities of various legal forms, including Rosneft, to which the latter acts as the main or predominant (participating) company.

**FAS OF RUSSIA** – Federal antimonopoly service.

**GFS/GFC** – gasoline filling station/gasoline filling complex.

**LODS** – line operation dispatcher station.

**OR** – oil refinery.
3. GENERAL PROCEDURE ON SELLING MOTOR FUEL IN DOMESTIC MARKET OF RF. SELLING CHANNELS PRINCIPLES OF SELLING MOTOR FUEL

3.1. Rosneft sells motor gasoline and diesel fuel in large wholesale on the domestic market of the Russian Federation addressed to ACs, which supply petroleum products and the third parties on non-discriminatory terms through the following channels:
   - sales through the exchange trades;
   - sales through direct supply contracts to ACs and third parties, which supply petroleum products;
   - sales by tender/auctions held by the buyer, including delivery by federal programs;
   - delivery on the results of tenders organized by Rosneft in accordance with the regulations of the Company in the absence of deficit and compliance with all other channels of demand (stock exchange and OTC contracts).

3.2. ACs, which supply petroleum products sell motor fuel through the following channels:
   - small wholesale through supply contracts with tank farms;
   - retail sales through a network of GFS (gasoline filling stations).

3.3. In the distribution of motor fuels Company adheres to the following key principles:
   - priority compliance with the needs of petroleum products on the domestic market;
   - fairness and equal conditions for all transactions counterparties;
   - common to all counterparties pricing procedures, inadmissibility of economically, technologically and otherwise unjustified fixing different prices for the same goods, unless otherwise provided by law;
   - publicity and accessibility of information on pricing principles;
   - the inadmissibility of the economically and (or) a technologically unjustified refusal to conclude contracts with customers;
   - inadmissibility of establishing / changing prices, not justified by objective factors.
4. CONDITIONS OF SELLING MOTOR FUEL THROUGH DIRECT OVER-THE-COUNTER CONTRACTS

4.1. Direct OTC supply contracts of motor fuel are concluded by Rosneft for up to one year with buyers, which meet the qualifications specified in section 5 of this Standard, and in the presence of economic and technological feasibility of supply of motor fuels due to, inter alia, production volumes of oil refineries need to comply with the periodicity and regularity of shipments from refineries * and taking into account the logistics capabilities.

*Note: *The requirement to observe the periodicity of shipments of motor fuel from refineries due to the risk of overflow of storage tanks and thus stop production.

4.2. Framework supply contracts are concluded with buyers on non-discriminatory terms, providing the procedure of delivery and payment conditions for transportation of motor fuels, the responsibility of the parties and other general conditions of supply. Basis of delivery, name, quantity, quality and price of the delivered goods are determined by the parties of the contract in the annex to the supply contract, concluded in accordance with the applicable legislation of the Russian Federation and on the basis of the practice of business turnover.

The Company is entitled to refuse to conclude a contract in the cases expressly provided for by the current legislation of the Russian Federation, in the case of missing term by counterparty under item 4.4 of this Standard, and in the case counterparty is not qualified for requirements set forth in section 5 of this Standard.

4.3. Organization and planning of supply of motor fuel is as follows: The company is committed to providing complete customer needs in petroleum products in the domestic market, taking into account technological possibilities of production of motor fuels refineries in the relevant calendar month.

For planning purposes, the supply of resources Rosneft consolidates customer demand for petroleum products, analyzes and predicts the possibility of oil supply and technological readiness of OR. At the same time Rosneft seeks to balance manufacturing operations and optimally meet the expressed needs of consumers. The priority objective of the Company (including ACs, which supply petroleum products) is a stable guaranteed supply of motor fuel to end-user.

4.4. For the purposes of the oil products distribution not later than 22 day of the calendar month preceding the delivery month, the balance of the distribution is formed. Not later than 3 working days before the 22 day of the calendar month preceding the month of delivery, the buyer provides Rosneft application which specifies the volume (quantity) and range of petroleum products, planned for delivery in the next month.

If the amount of motor fuel that customers plan to purchase more than the amount of produced motor fuel (planned for production) on OR in the relevant calendar month, and the Company does not have any free volumes of petroleum products, the Company meets the needs of customers on the basis of the following order:

1. Requirements related to the need to ensure the defense capability and security of the Russian Federation.

2. Meeting needs in motor fuel from customers on the stock exchange within the limits established by the joint order of the FAS Russia and the Ministry of Energy of the Russian Federation dated 30.04.2013 № 313/13/225 "On approval of the minimum quantity of
petroleum products sold on the stock exchange and the requirements for exchange trading, during which deals with oil products by economic entity in a dominant position on the relevant commodity markets”;

3. Needs of ACs, which supply petroleum products and meets the demand of the population and other socially significant consumer of the regional market, including agricultural producers, state and municipal consumers of public institutions, as well as the needs of third parties for direct supply contracts.

4. The needs of large industrial enterprises in various industries that purchase petroleum products for their own production needs, including based on the results of trades conducted in accordance with its internal procedures.

5. The needs of third parties that met by direct contracts concluded on results of tender procedures.

If the amount of oil produced in the respective calendar month, more than the number which is intend to be acquired by customers (as well as in the event of rejection by customers of pre-ordered volumes), the Company determines the channel / channels for selling free volumes of oil, depending on the economic, technological and other grounds.
5. QUALIFYING REQUIREMENTS FOR CONTRACTING PARTIES, WHICH ARE INTENDED TO CONCLUDE DIRECT OVER-THE-COUNTER CONTRACT ON DELIVERY OF MOTOR FUEL

5.1. Direct OTC supply contracts concluded for non-discriminatory terms with counterparties that meet the following qualification requirements:

- the buyer is a bona fide taxpayer;
- the buyer has a strong financial position, i.e., the buyer has: current assets which exceed payables; a sufficient level of return (taking into account the operational and financial risks); a sufficient level of liquidity; stable incomes and opportunities of borrowing;
- the buyer does not have a negative history in the market, including default (careless performance) obligations to pay for the product;
- the buyer is not a party to litigation related to the risk of bankruptcy, suspension or termination of activities;
- the buyer meets anti-corruption principles applied by the Company and indicated in the official Web site Policies to counter involvement in corrupt activities.

5.2. To assess the compliance of the buyer, which submitted the proposal to conclude a supply contract for oil products to qualify in requirements and to ensure the transparency of the financial activities of the Company, including the exclusion of conflict of interest and abuse by the Company's employees of their duties, the buyer - legal entity shall provide the following documents:

- profile, containing information about the buyer (potential contractors), including the head, the ultimate beneficiary (the founders), indicating the actual place of contact numbers, bank accounts;
- duly stamped copy of the constituent documents, changes and additions to them (if they were made);
- duly stamped copies of certificates of state registration, of registration with the tax authority, on introducing a legal entity in the Unified State Register of Legal Entities;
- duly stamped copies of the organization for the extract from the Unified State Register of Legal Entities, dated not earlier than 30 calendar days before the date of its presentation to the Company;
- duly stamped by organization copy of the financial statements for the last reporting period (Form 1 and Form 2) with the tax authority's decision;
- duly stamped by organization copy of the financial statements for the last year;
- Forms 1,2,3,4,5 and the auditor's report (during the annual audit);
- duly stamped by organization reference note of the tax authority on absence of debts;
- duly stamped by organization copy of the decision from authorized management body on the appointment (election) of the sole executive management body;
- duly stamped by organization copy of the order of accession to office of sole executive body;
- attorney with details of the passport confirming the right of buyer's authorized person to conclude a contract with a copy of the passport of the signatory.
5.3. In case of application to the Company of the buyer - individual entrepreneur latest shall submit following documents:

- a notarized copy of the state registration of a person as an individual entrepreneur in accordance with the legislation of the Russian Federation;
- a notarized copy of the passport of an individual entrepreneur;
- profile, containing information about the buyer (potential contractor), including the actual location with contact phone; bank accounts;
- a notarized copy of a book of income and expense and the business operations of an individual entrepreneur;
- reference note from tax authority on absence of debts.

5.4. If the buyer uses a simplified taxation scheme, the buyer is requested to submit the following documents:

- tax return for the last reporting period and for the last 3 years (with the tax authorities on the decision);
- a certificate of inspection of the Federal Tax Service about the absence of tax arrears;
- transcript of debtors and creditors in the last reporting date (in the free form);
- the organization's financial statements, prepared on forms OKUD 0710001, 0710002 for the last reporting period (quarter) signed by the head of the organization and the chief accountant and certified with the seal of the enterprise;
- the organization's financial statements, prepared on forms OKUD 0710001, 0710002 and 0710004 for the last 3 years with the signature of the head of the organization and the chief accountant, certified with the seal of enterprise (starting with statements for the year 2012 marked by the tax authorities).
6. PRICING PRINCIPLES AT LARGE WHOLESALE OF MOTOR FUEL

6.1. When selling a motor fuel Rosneft provides all buyers non-discriminatory price conditions in accordance with the current legislation of RF. Prices of Rosneft on gasoline and diesel fuel in the selling through the direct OTC contracts in accordance with item 6.5 of this Standard are formed on a single level both for ACs, which supply petroleum products and for third parties based on the basis of deliveries of motor fuel. The establishment of different prices may be due to economic, technological and other objective factors, including the price may vary depending on the type and brand of oil products, terms of delivery.

6.2. Prices of Rosneft in the selling of motor fuel on an exchange are formed in the course of trading, carried out in accordance with exchange rules, other legal acts and internal documents of the Exchange, as required by legislation governing trading.

6.3. Prices of Rosneft in the selling of motor fuel through tenders in accordance with the procedure established by normative documents of the Company shall be determined by the results of the competitive selection of the most effective proposal to the buyer according to the results of the tender.

6.4. Prices of Rosneft in selling motor fuel in the result of participating of Rosneft in the auction / tender or other procurement procedures organized by the buyers for the right to supply (hereinafter - procurement procedures) are defined by the buyer at the auction / trading / procurement procedures in accordance with the rules of the buyers. At the same time price quotations of Rosneft for participation in the auction / tender / procurement procedures are formed on the basis of the current prices of Rosneft.

6.5. Prices of Rosneft in the selling of motor fuel under direct supply contracts to ACs, which perform supply of petroleum products and third parties are formed with the following price indicators:

- price indicators (indices) of foreign markets ("export parity");
- exchange price indicators (indices);
- OTC price indicators (indices).

At that the price of Rosneft can not exceed the maximum of the average values of these price indicators formed for the period of its establishment.

Pricing period is seven days with the possibility of revision, depending on the dynamics of price indicators, the results of monitoring of the market, supply and demand analysis.

6.6. Special pricing conditions can be set to certain categories of customers according to the legislation of the Russian Federation:

- for deliveries for state and municipal needs, or the needs of public institutions. Sales of petroleum products to state, municipal customers and other parties, procuring petroleum products for state and municipal needs, needs of public institutions shall be in accordance with the legislation on placing orders for state needs.

Contracts of delivery are based on the results of tenders or otherwise established by the legislation on deliveries for state needs.
In the case of the conclusion of contracts with state, municipal customers and other parties in the supply to the state and municipal needs and other needs of the budget price is determined by the results of trades or otherwise in accordance with the legislation on placing orders for state needs. In these cases, the price of delivery may differ from the prices set in accordance with items 6.2, 6.3, 6.5 of current Standard.

- in other cases stipulated by the current legislation of the Russian Federation and RF Government's decision.

6.7. When selling motor fuel, purchased from third parties, the selling prices are determined on the basis of cost of petroleum products, the cost of selling, including storage and transport, as well as the need for cost-based profit and may differ from the price formed in the manner provided by items 6.2-6.6 of current Standard.

6.8. In the case Rosneft sells motor fuel in the OTC market by concluding replacement transaction, implying the presence of counter deliveries of motor fuel from the purchaser, in the presence of economic and other justifications, including the cost of transportation, the difference in delivery basis, the selling price of motor fuel may differ on the prices formed in the manner provided by items 6.2-6.7 of current Standard.
7. PRICE MARKET INDICATORS (INDICES), WHICH ARE USED DURING WHOLESALE PRICE FORMATION ON MOTOR FUEL, SOLD THROUGH DIRECT OVER-THE-COUNTER CONTRACTS AND NOT SOLD ON EXCHANGE MARKET

7.1. The values of price indicators (indices) of foreign markets are calculated for each type of motor fuel and for every OR of the Company using "reverse calculation method", according to which from the quotes of petroleum product in the center of international trade there are successively deducted all the costs associated with the delivery for export (transport, handling, duties etc.) and added taxes, according to the following formula:

\[ I_n = (P_n - Fr - CD) * K - Tr + E) * (1 + V_n) \]

where:

- **In** - the Index value of the n-th date of calculation (in Russian rubles per one metric ton of generalized petroleum product) - "export parity" published by information-price agency Argus.

- **Pn** - quotation of the relevant type of petroleum product in the North-West Europe market in accordance with the methodology of Argus.

- **Fr** - cost of marine transportation, including freight rate of tankers to transport petroleum products from the port of loading in the port of unloading, cargo insurance and additional port charges not included in the freight rate (for example, ice-tow fee of Primorsk).

- **CD** - Export duties rates

- **Tr** - the cost of handling, storage and transportation of oil or petroleum product, including transit and rental costs of rolling stock from OR production to the port of loading.

- **E** - rate of excise duty for the appropriate type of motor fuel, which meets environmental class.

- **K** - dollar rate (in Russian rubles per dollar).

- **Vn** - the VAT rate valid for the generalized petroleum (expressed as a decimal).

During pricing the value of price indicators (indices) of foreign markets for all of the Company's refineries is taken equal to the value of "export parity" published in the daily newsletter "Argus indices of export parity" for the respective type of motor fuel produced on Kirishi refinery using the rate of excise duty for a minimum ecological class of fuel permitted for the selling in all the regions of the Russian Federation, according to the technical rules and regulations of the RF subjects. There are used values of "export parity" for the following ports of shipment:

- for motor gasoline - the port of Riga;
- for diesel fuel - Port of St. Petersburg.
In the absence of published quotes for a specific type of motor fuel value of the price indicator of foreign markets is generated using the generated Argus quotes "export parity" for a comparable type of motor fuel on one of the following algorithms in order of decreasing priority:

- value of "export parity" for a comparable type of motor fuel of this refinery is adjusted on the value of the differential between quotations relevant regional stock market indices on the AI-92 and AI-80 or AI-98 and AI-95, or DF and DTM or DTL and DTG on the date of calculation;

- value of "export parity" for a comparable type of motor fuel is adjusted by the value of the price differential between the AI-92 and AI-80 or AI-98 and AI-95, or DF and DTM or DF and DTG formed on the respective refinery at simultaneous exchange realization of both products having the smallest time interval from the date of the calculation.

7.2. Exchange indicators (indices):

Exchange indices of CJSC "SPIMEX" calculated in accordance with the approved by exchange "Methodology for calculation of price indices for petroleum products" and "Methodology for calculation of the regional stock exchange indices of prices for petroleum products" for transactions concluded on the territory of the Russian Federation, according to the results of the trading day, and daily posted on the Exchange's website www.spimex.ru.

Company uses the following values of regional exchange market indices during pricing:

- OJSC Yaroslavnefteorgsintez – exchange index Vladimir;
- OJSC Ryazan Refinery – exchange index Moscow;
- Samara group of refineries and OJSC Saratov Refinery - exchange index Samara;
- OJSC Achinsky Refinery and OJSC Angarsky PCC - exchange index Irkutsk;
- OJSC Comsomolsky Refinery – exchange index Khabarovsk;
- OJSC Tuapse Refinery – exchange index Rostov;

At the beginning of the publication of the values of the new regional stock indices formed on the bases of geographically located close to the refinery, compared with the current, the Company may use them instead of the above.

7.3. OTC indicators (indices) of the domestic market:

As OTC indicator there are used weighted averages of prices of OTC transactions for each petroleum product, registered by exchange (JSC "SPIMEX") during the day. OTC index values for each type of petroleum products are determined by JSC "SPIMEX" in accordance with the requirements of legal acts and existing at the time of the Methodology for calculation of the price index of regional OTC transactions price indices of petroleum products and petroleum products posted on the website of the exchange.

Company uses the following values of regional OTC market indices during pricing:

- OJSC Yaroslavnefteorgsintez and OJSC Ryazan Refinery – OTC index Moscow;
- Samara group of refineries and OJSC Saratov Refinery - OTC index Samara;
- OJSC Achinsky Refinery and OJSC Angarsky PCC - OTC index Irkutsk;
- OJSC Comsomolsky Refinery – OTC index Khabarovsk;
- OJSC Tuapse Refinery – OTC index Rostov;

At the beginning of the publication of the values of the new regional OTC indices formed on the bases of geographically located close to the refinery, compared with the current, the Company may use them instead of the above.
8. MAIN PRINCIPLES OF SELLING MOTOR FUEL BY PETROLEUM PRODUCTS SUPPLY ASSOCIATED COMPANIES OF ROSNEFT IN CASH-AND-CARRY AND RETAIL SEGMENTS

8.1. Selling of the motor fuel with small wholesale and retail from GFS/GFCs of the Company carried out by ACs, which supply petroleum products according to the following principles:

- maximizing the effectiveness of selling;
- fairness of free resource of petroleum products for all counterparties;
- implementation of marketing policy which does not allow the creation of discriminatory conditions for the individual businesses;
- common to all counterparties pricing procedures; at the same time, the establishment of different prices may be due to economic, technological and other objective factors, including prices may vary depending on the conditions of supply;
- inadmissibility of establishing / changing prices, not justified by objective economic factors.
- the need for changes in retail and wholesale prices in line with the dynamics of changes in the costs of selling, taking into account the prices, which were formed on the relevant market, as well as the general conditions of commodity circulation in the commodity market;
- inadmissibility of economically or technologically unjustified refusal to supply oil products to counterparties in the availability of supplies;
- ensuring the most accurate capacity planning of petroleum products to avoid the creation deficit during periods of growth in consumption;
- inadmissibility of violation of the current legislation.

8.2. The priority objective of the ACs, which supply petroleum products is a stable guaranteed supply of motor fuel to end-user.

ACs, which supply petroleum products sell petroleum products through the following channels:

- retail sale through the GFSs of ACs, which supply petroleum products;
- small-batch selling from the points of sale (tank farms, loading facilities).

8.3. In order to comply with the balance of public and private interests in petroleum products, in the case of deficit of the petroleum products market, ACs, which supply petroleum products shall perform selling, taking into account the following priorities:

- socially important enterprises - customers: financed from the budget of the state and municipal institutions and organizations, regardless of the scope of activities, as well as the organization of health, ECM, law enforcement agencies, transport organizations and individual entrepreneurs engaged in shuttle carriage of passengers;
- Retail sales through own GFSs of ACs, which supply petroleum products and supply to independent economic entities - participants of the retail market of petroleum products. If the total volume of demand in petroleum products for sale through own GFSs of ACs, which supply petroleum products and deliveries to independent economic entities - participants of the retail market of oil products exceeds the amount purchased or planned to purchase, ACs, which supply petroleum products shall be entitled to proportionately reduce petroleum product supply.
other customers, including industrial and agricultural enterprises, other transportation organizations.