



# Company Highlights

May 21, 2010  
London



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# Q1`10 Highlights

## Positives

- Strong financial results in Q1`10:
  - EBITDA – **USD 4.4 bln**
  - Net income – **USD 2.4 bln**
  - Adjusted net debt decreased by **USD 2.1 bln** from December 31, 2009 to April 30, 2010
- Crude production growth of 8.4% year-on-year
- Refinery throughput up 4.1% year-on-year
- Vankor outperforming

## Challenges, Priorities

### Q1`10 - challenges

- USD 1.3 bln working capital increase due to Yukos Capital S.a.r.l. claims (reversed in April)
- Growing transportation tariffs (pipeline tariffs up by more than 35% y-o-y in USD terms)
- Lag in domestic product prices

### Q2-Q4`10 - priorities

- Continued cost control
- Meeting 2010 Business plan targets
- Continue discussion to update tax regime



# 2010 Business Plan

## Key targets:

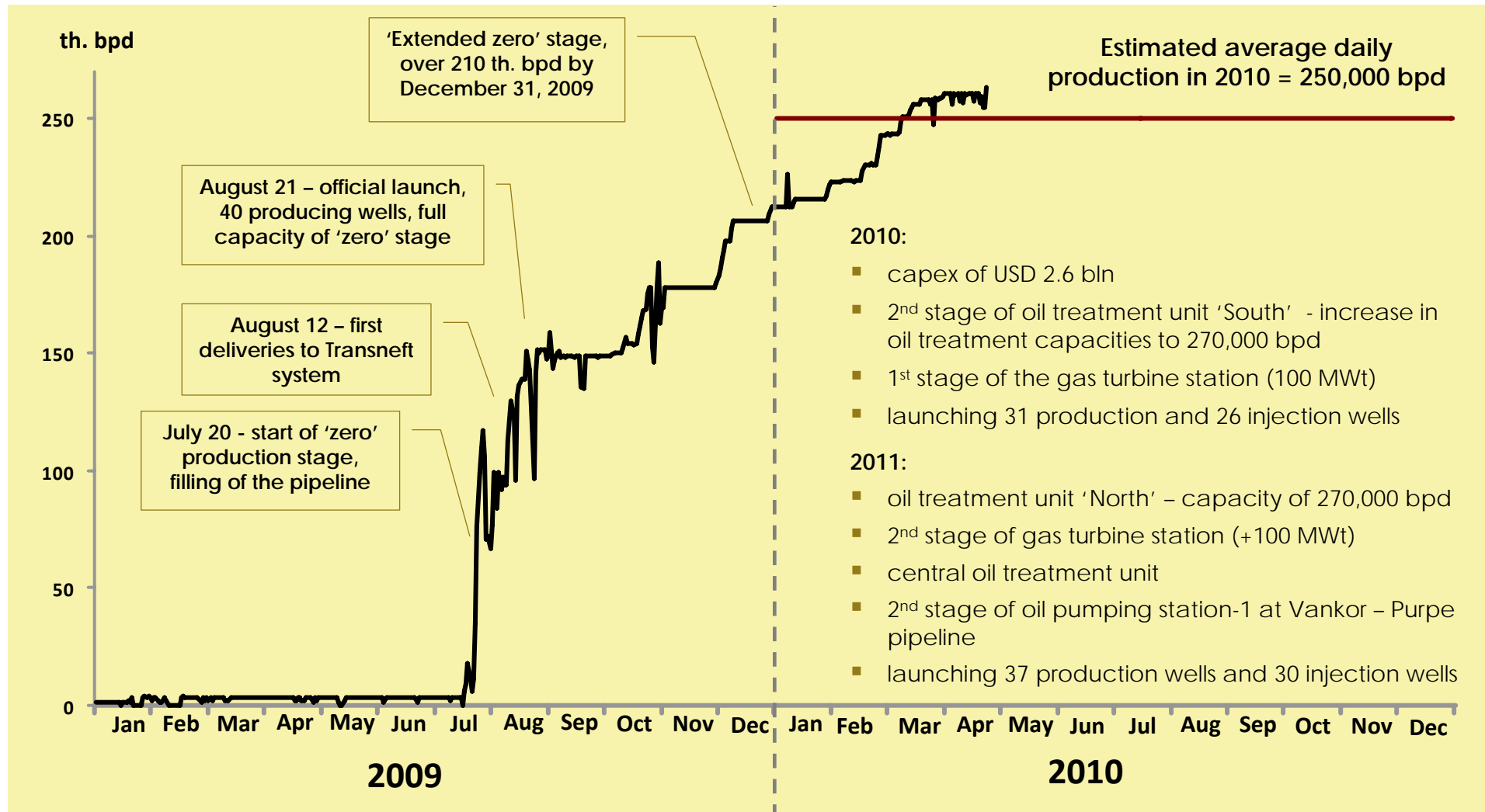
- Material free cash flow (after dividends) at USD 70 Brent and USD/RUB rate of 30
- Liquids volume growth of approximately 4.5%
- Vankor production of 12.5 mln tonnes (250,000 bpd)
- First year of material refinery capex to comply with Euro standard product quality (USD 1.5-2.0 bn in 2010)
- Unit operating cost growth at or below ruble inflation despite rising electricity tariffs

## Items to watch

- Oil price vs. exchange rate
- Taxation debate, including around Zero export duty
- AGM June 18, 2010



# Vankor Outlook





# New Refining Regulatory Framework

The new technical regulations were approved by the Russian Government in February and December 2008.

	2009-2010	2011	2012	2015
<b>Gasoline</b>				
Standard	Euro-2	Euro-3	Euro-4	Euro-5
Max sulfur, ppm	500	150	50	10
Max benzene, %	5	1	1	1
Max aromatics, %	no limit	42	35	35
Min octane rating	92	95	95	95
<b>Diesel</b>				
Standard	Euro-2/3	Euro-2/3	Euro-4	Euro-5
Max sulfur, ppm	500/350	500/350	50	10
Max density	860/845	860/845	845	845
Min cetane rating	45/51	45/51	51	51

- Gasoline with octane rating 92 and below can be sold until the end of 2011 subject to its compliance with other requirements
- Diesel with maximum sulfur content of 2,000 ppm can be sold to be used in agricultural and road construction equipment until the end of 2011
- Special fuel which does not meet the Regulations requirements can be sold to Russian Ministry of Defense

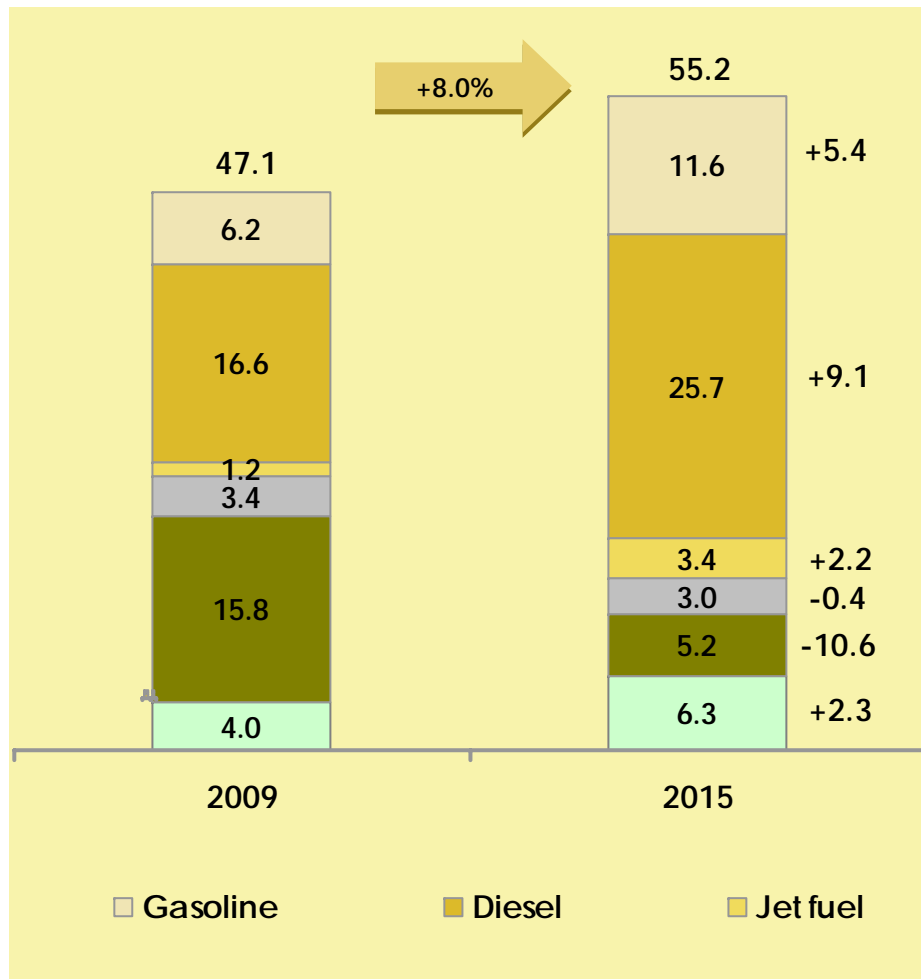
- New regulations force Rosneft to accelerate refineries upgrade
- Without upgrades large volumes of products will need to be exported and refinery throughput will need to be decreased, which will adversely affect margins
- Existing upgrade programs have been adjusted to comply with new regulations – the only major change is timing
- 30 new units and more than 20 upgrades are planned to reduce sulphur, benzene and aromatics content in the produced motor fuel
- Excise differentiation from 2011 is an additional incentive for upgrades:

Excise differentials, RUB per tonne	'< Euro-3' vs. 'Euro-3'	'Euro-3' vs. 'Euro-4/5'
Gasoline (2011 / 2012)	322 / 345	529 / 566
Diesel (2011 / 2012)	269 / 288	506 / 541

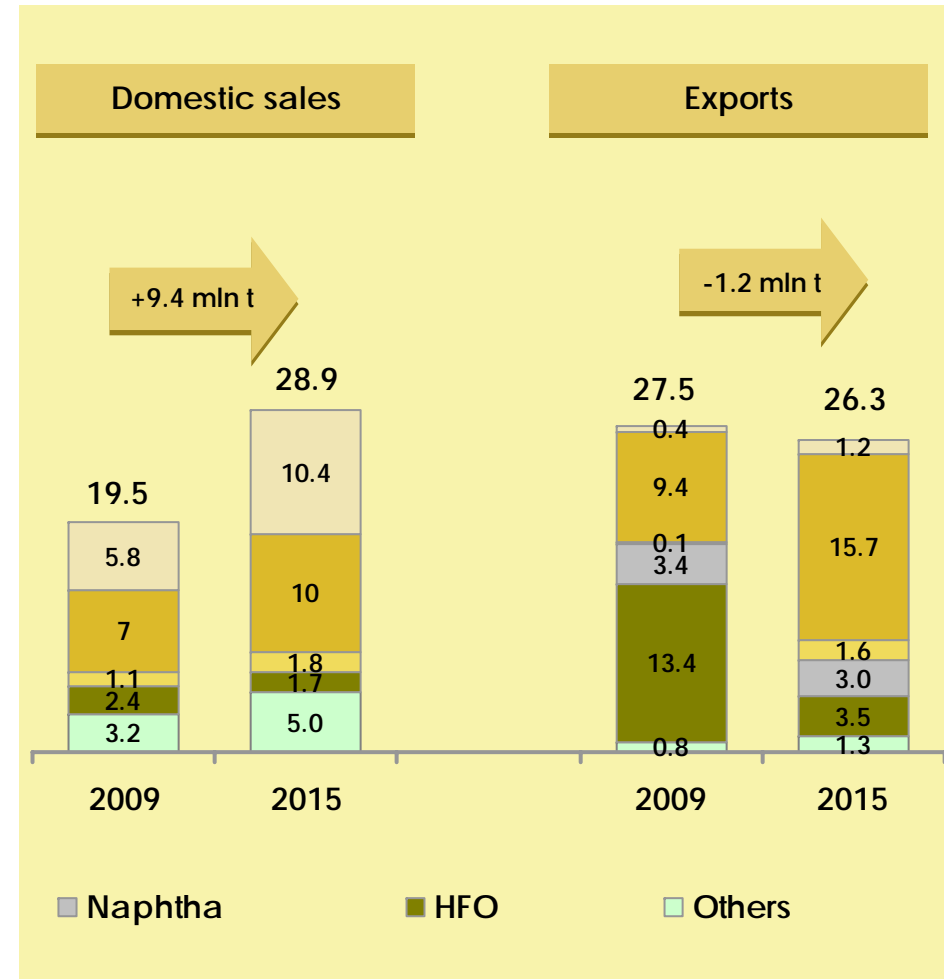


# Upgrades Will Result in Higher Production and Domestic Sales

Changes to oil product output as a result of Rosneft's refineries upgrade, mln t



Oil product domestic sales and exports in 2009-2015, mln t

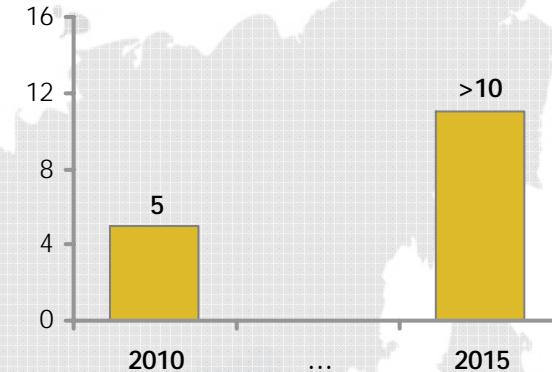




# Rosneft Refinery Portfolio: 2015 vs. 2009

Rosneft total	'09/'15
throughput, mmt	49.6 / 57.7
Light product yield	57.3% / 77.8%
Nelson Index	4.2 / 7.1

Net margin\* (2010 business plan prices), USD/bbl



'09/'15	Kuibyshev	Novokuibyshevsk	Syzran
throughput, mmt	6.7 / 6.6	7.4 / 7.4	6.4 / 6.4
Light product yield	52.1 / 60.8%	55.2% / 73.4%	57.2% / 66.3%
Nelson Index	5.7 / 7.8	5.7 / 9.8	5.1 / 8.9

Tuapse	'09/'15
throughput, mmt	5.2 / 12.0
Light product yield	53.1% / 92.7%
Nelson Index	1.7 / 8.0

Achinsk	'09/'15
throughput, mmt	7.1 / 8.0
Light product yield	57.4% / 86.4%
Nelson Index	4.0 / 7.2

Angarsk	'09/'15
throughput, mmt	9.5 / 9.3
Light product yield	63.8% / 66.0%
Nelson Index	3.5 / 5.7

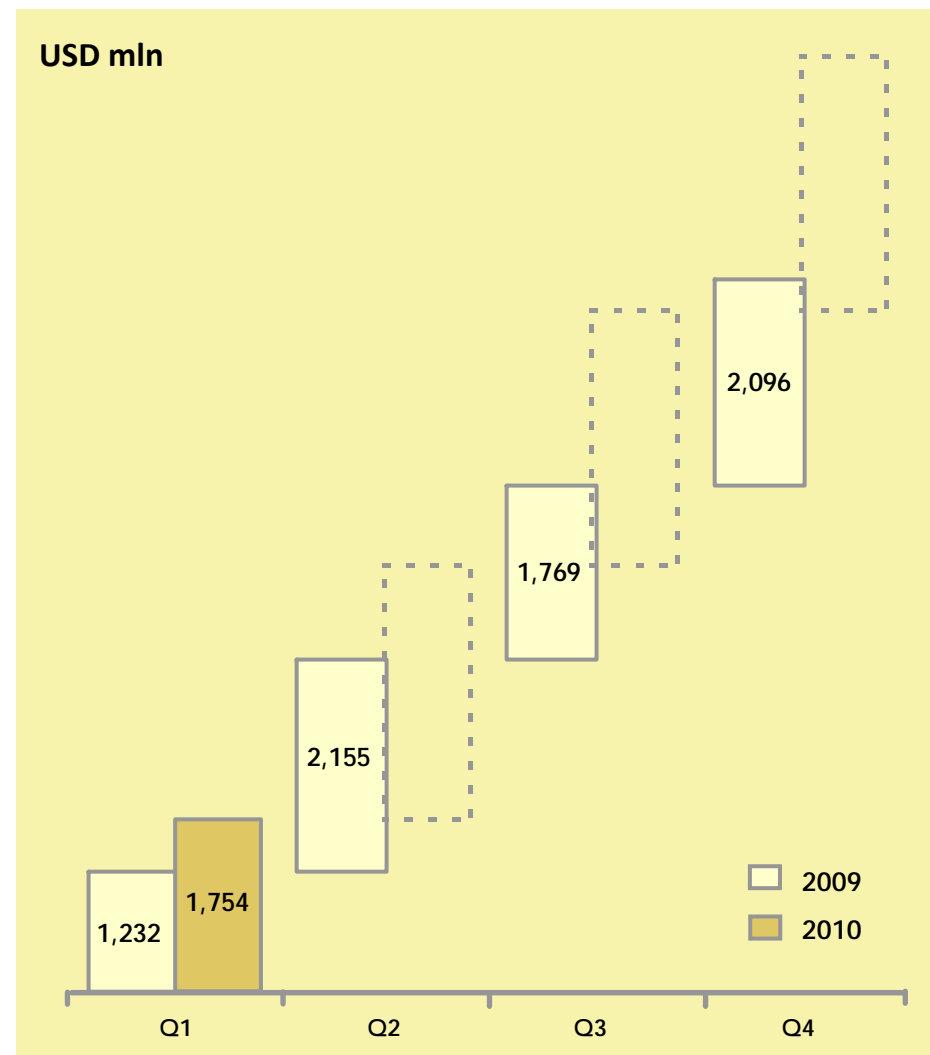
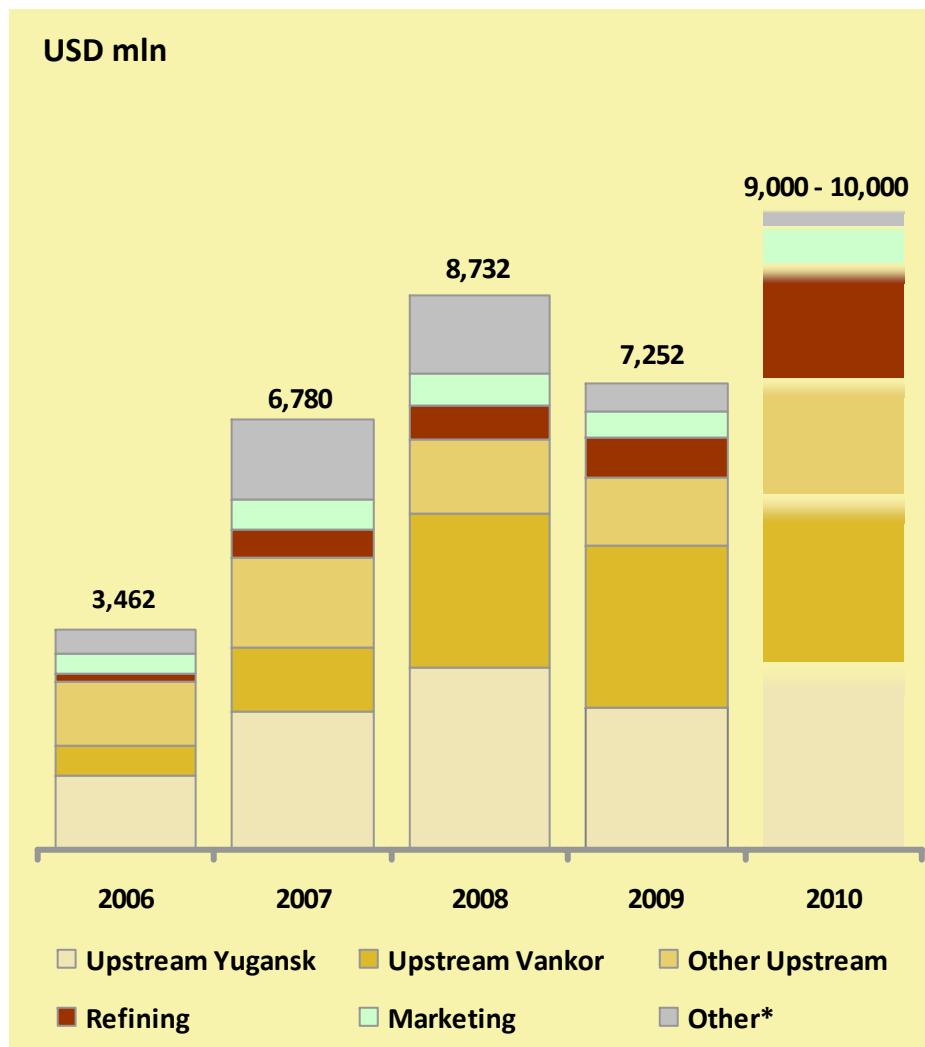
Komsomolsk	'09/'15
throughput, mmt	7.3 / 8.0
Light product yield	58.3% / 90.3%
Nelson Index	2.7 / 5.8

\* Net margin = product basket (from 1 bbl of crude oil) netback – crude oil netback – operating expenses.





# Capital Expenditures

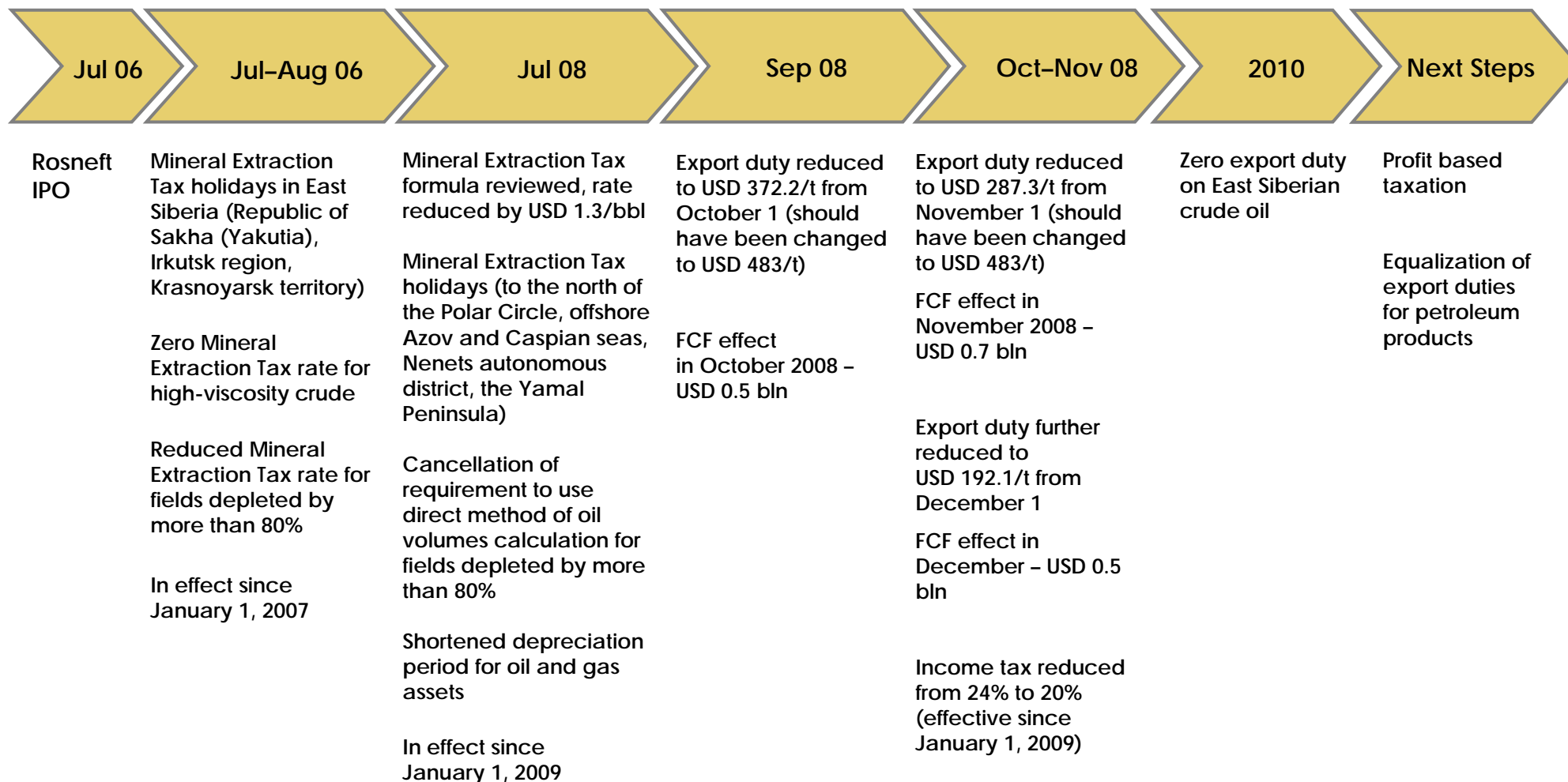


2009 and 2010 capex include capitalized interests of USD 354 mln and USD 350 mln respectively.

\* Other includes net change in construction materials, capex of service companies and capex acquired with Yukos assets (in 2007).



# Progress on Tax Regime





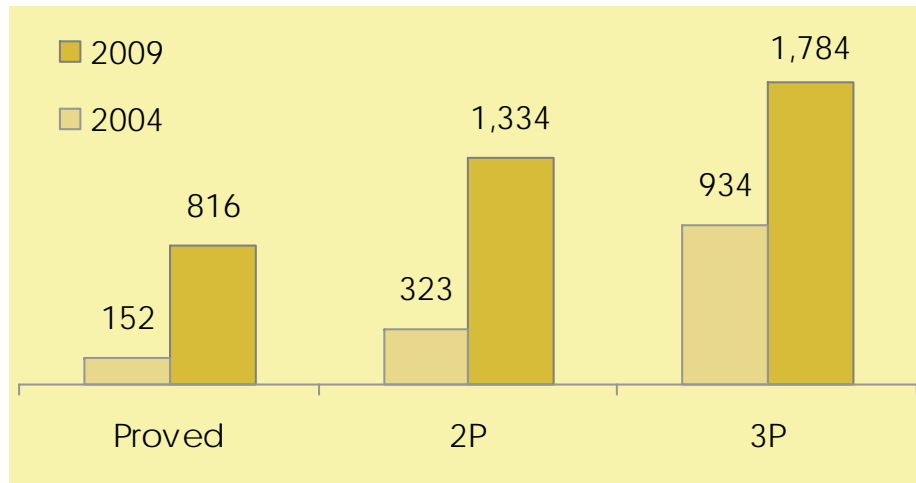
# Current Exploration Priorities





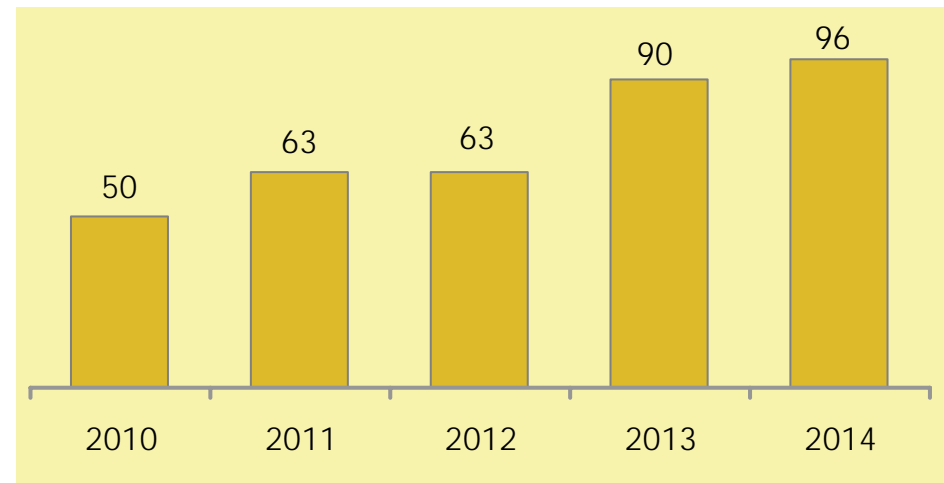
# Monetizing Gas Reserves

Rosneft gas reserves evolution, bcm



- Production potential of over 55 bcm per year
- New production to come from Vankor, Kynsko-Chaselskaya group, Kharampur, gas utilization program
  - Vankor – 5.5 bcm of marketable associated gas, first sales in 2013 through LUKOIL's system, Gazprom confirmed access to its pipeline
  - Kharampur – Gazprom confirmed access to its pipeline for 20 bcm, first deliveries may start in 2014
  - Kynsko-Chaselskaya group - Gazprom confirmed access to its pipeline for 7 bcm, first deliveries may start in 2015

Associated gas utilization, %



- Gas utilization program (ex. Vankor) will cost approximately USD 1.5 bln in 2010-2013
- The implementation of the program will allow to:
  - Reduce risk of electricity deficit in primary producing regions (own generation will cover up to 15% of consumption by 2015 compared with 7% today)
  - Reduce operating expenses (own electricity will cost 15-20% less than procured from the market)
  - Increase gas sales by more than 3 bcm compared with 2008



# Best in Class Transparency, IR Effort

## Consistently enhancing disclosure



IPO and bond prospectus



Quarterly US GAAP, MD&A



Investor presentations, conference calls



High quality website

## Recent awards

IR Magazine Awards

Awards for website

Awards for Annual Report



### S&P Transparency & Disclosure Rankings

- 1st in 2009
- 2nd in 2008
- 10th in 2007
- 12th in 2006



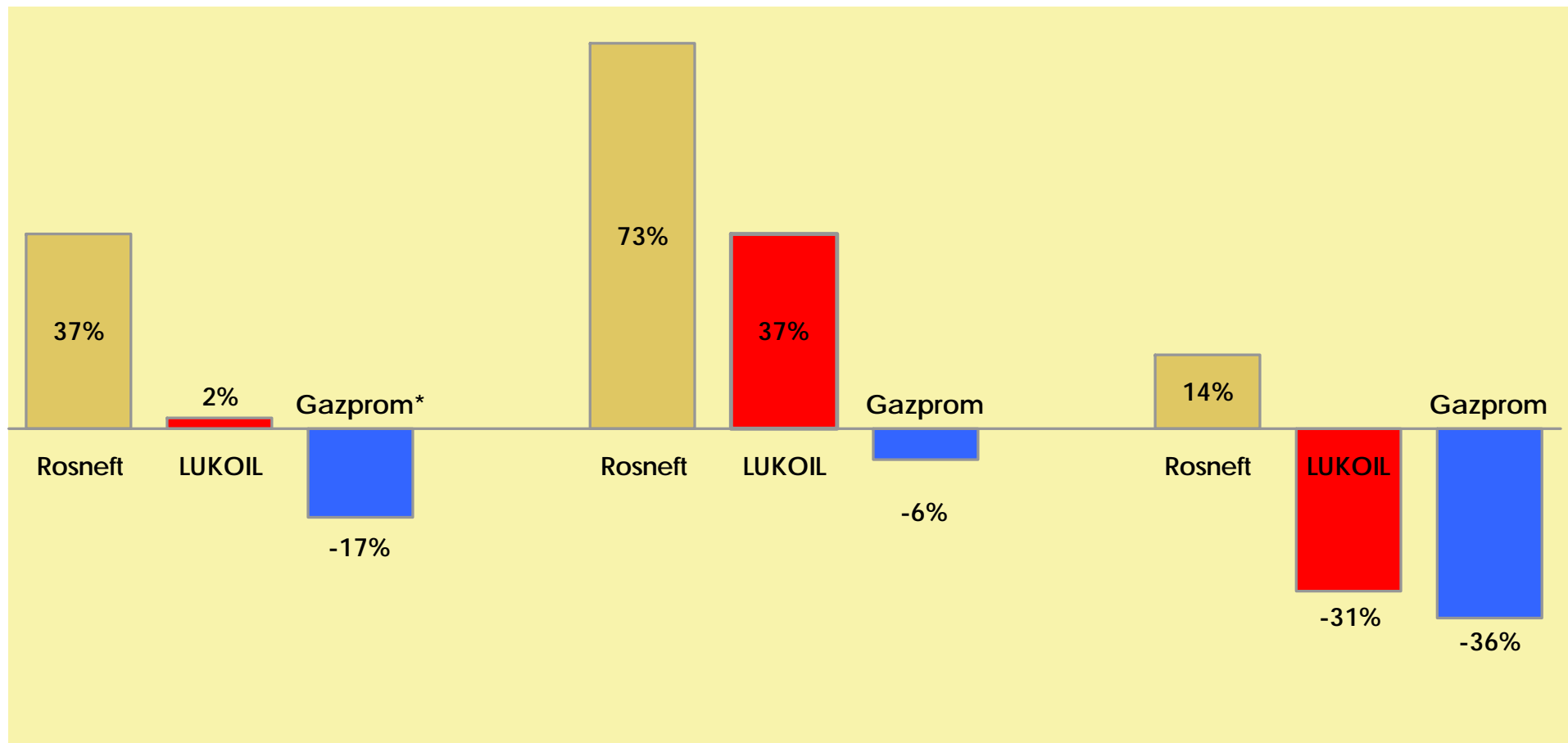


# Leading Growth Rates Since IPO

Production Growth: 2009 vs. 2006

Dividend per Share Growth: 2009 vs. 2006

Market Cap Growth: 31.12.2009 vs. 13.07.2006 (Rosneft's IPO)



\* Gas production.



# Rosneft: Emerging Super-NOC

## National Oil Company

- Access to resources
- Access to M&A
- Insulation from political risk
- Access to policy-makers
- Cooperation with the State

## Super-Major

- Capital discipline
- Cost efficiency
- Shareholder value creation
- Corporate governance
- Transparency





# Appendix





## Q1`10 Results Overview

	Q1'10	Q1'09	Δ, %	Q4'09	Δ, %
<b>Daily crude oil production, th. bpd</b>	<b>2,288</b>	<b>2,110</b>	<b>8.4%</b>	<b>2,275</b>	<b>0.6%</b>
Gas production, bcm	3.27	3.35	(2.4)%	3.44	(4.9)%
<b>Petroleum product output, mln t</b>	<b>12.06</b>	<b>11.60</b>	<b>4.0%</b>	<b>11.80</b>	<b>2.2%</b>
Revenues, USD mln	14,761	8,264	78.6%	14,567	1.3%
<b>EBITDA, USD mln</b>	<b>4,443</b>	<b>2,318</b>	<b>91.7%</b>	<b>4,014</b>	<b>10.7%</b>
Net Income <sup>1</sup> , USD mln	2,447	2,050	19.4%	1,656	47.8%
Operating cash flow <sup>2</sup> , USD mln	3,105	2,366	31.2%	3,313	(6.3)%
<b>Net debt <sup>3</sup>, USD bln</b>	<b>16.4 <sup>4</sup></b>	<b>19.2</b>	<b>(14.6)%</b>	<b>18.5</b>	<b>(11.4)%</b>

<sup>1</sup> Net income is adjusted for the effect of interest SWAP.

<sup>2</sup> Operating cash flow is adjusted for acquisition and sale of trading securities as part of excess cash management (inflow of USD 495 mln in Q1'10, outflow of USD 257 mln in Q4'09).

Operating cash flow for Q1'10 is adjusted for the increase in working capital of USD 1.3 bln due to Yukos Capital S.a.r.l. claims.

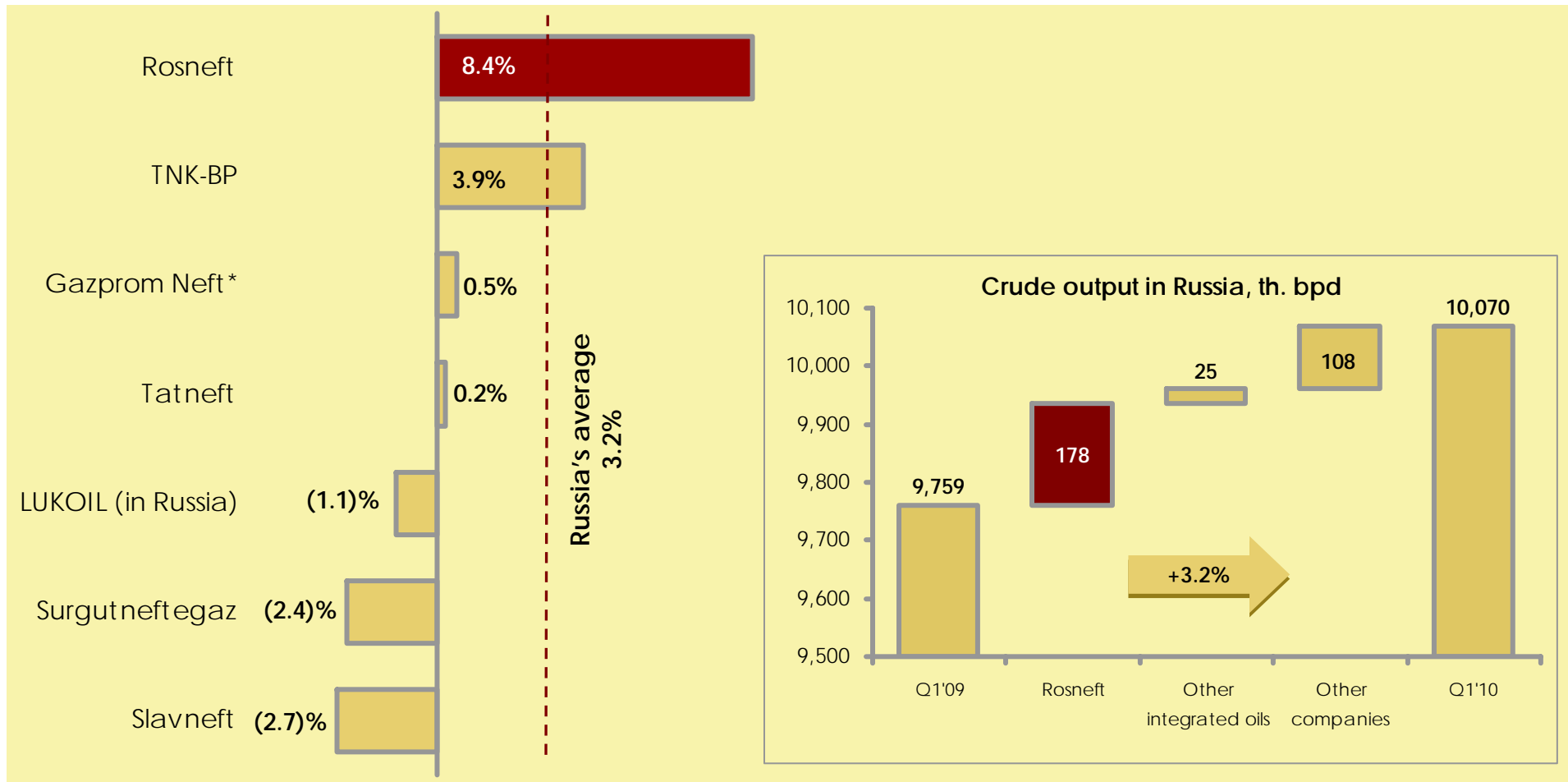
<sup>3</sup> Net debt is adjusted for cash deposits and short-term promissory notes matched to debt maturity profile (reflected as short-term investments in the financial statements) and for medium term deposits.

<sup>4</sup> As of April 30, 2010 (in Q1'10 due to Yukos Capital S.a.r.l. claims the working capital increased by USD 1.3 bln and reversed back in April after a guarantee was issued).



# Daily Crude Oil Production

## Daily Crude Oil Production in Russia, Q1'10 vs Q1'09

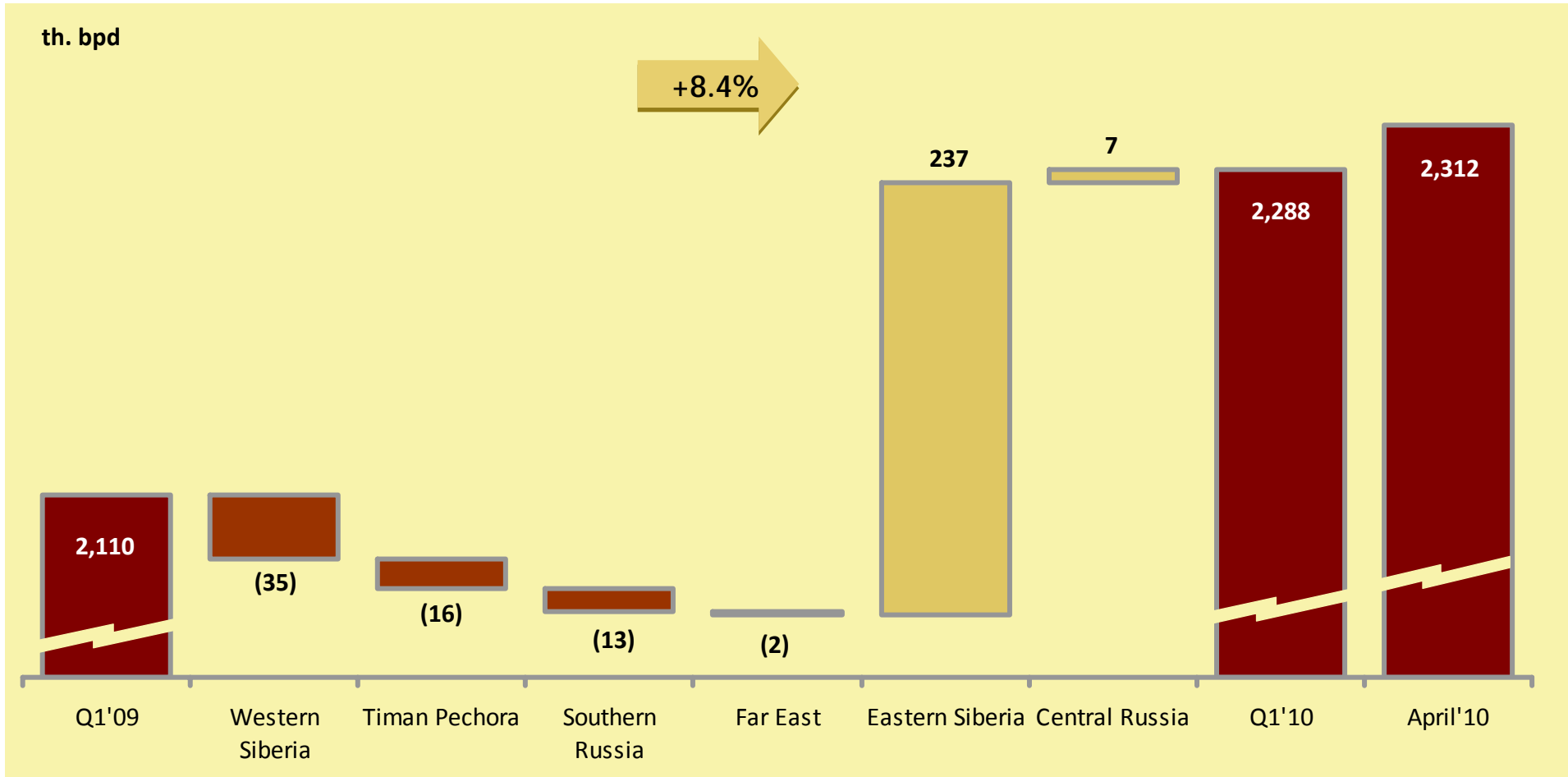


\* Excluding share in Tomskneft.



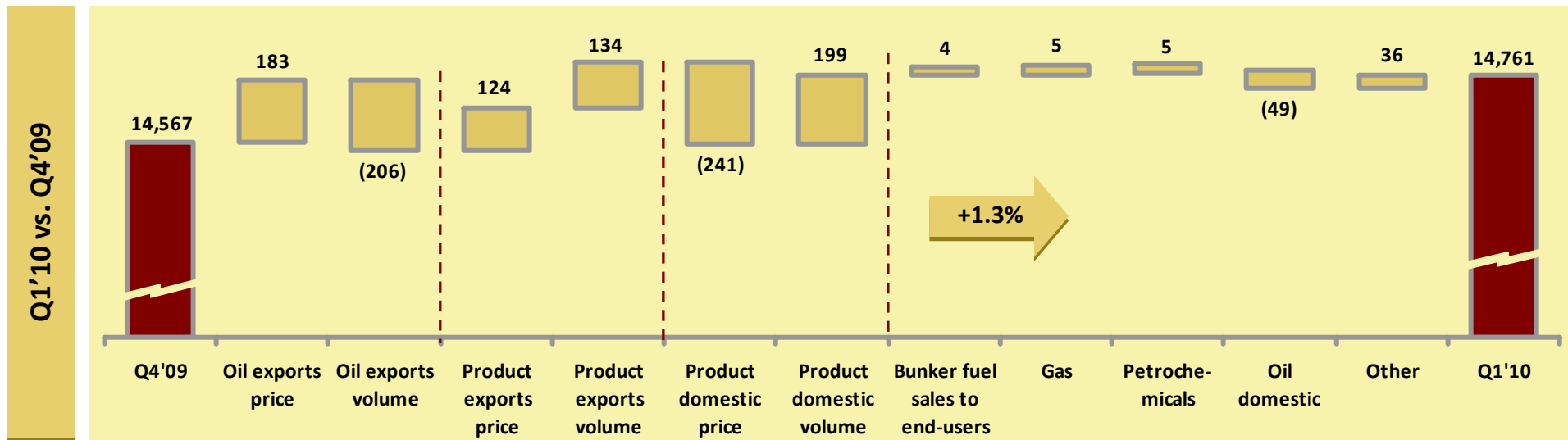
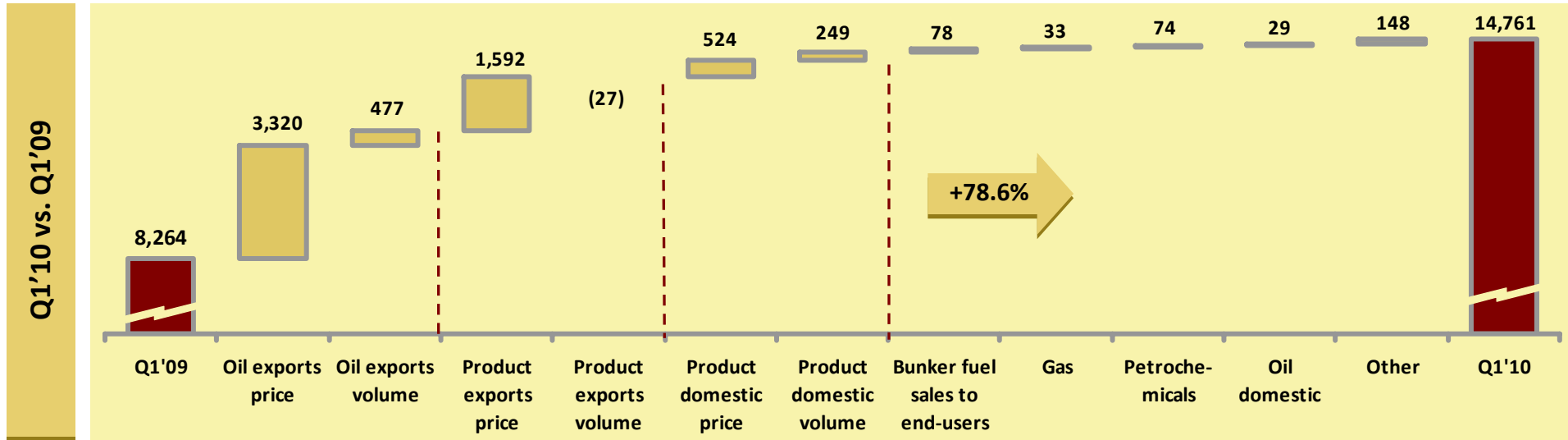
# Daily Crude Oil Production (continued)

Daily Crude Oil Production Reconciliation, Q1'10 vs. Q1'09



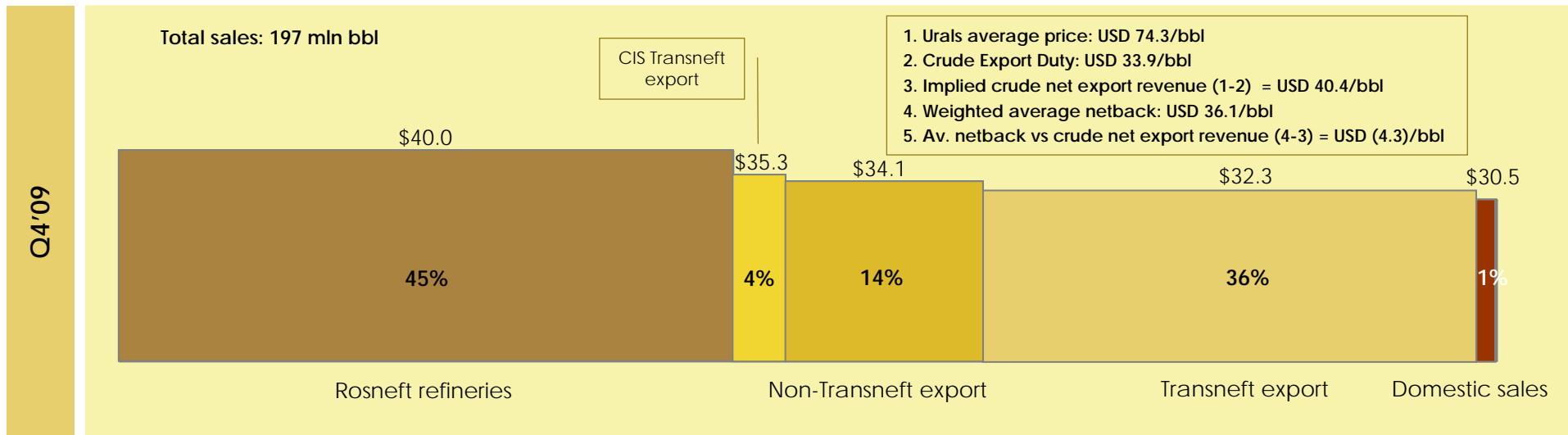
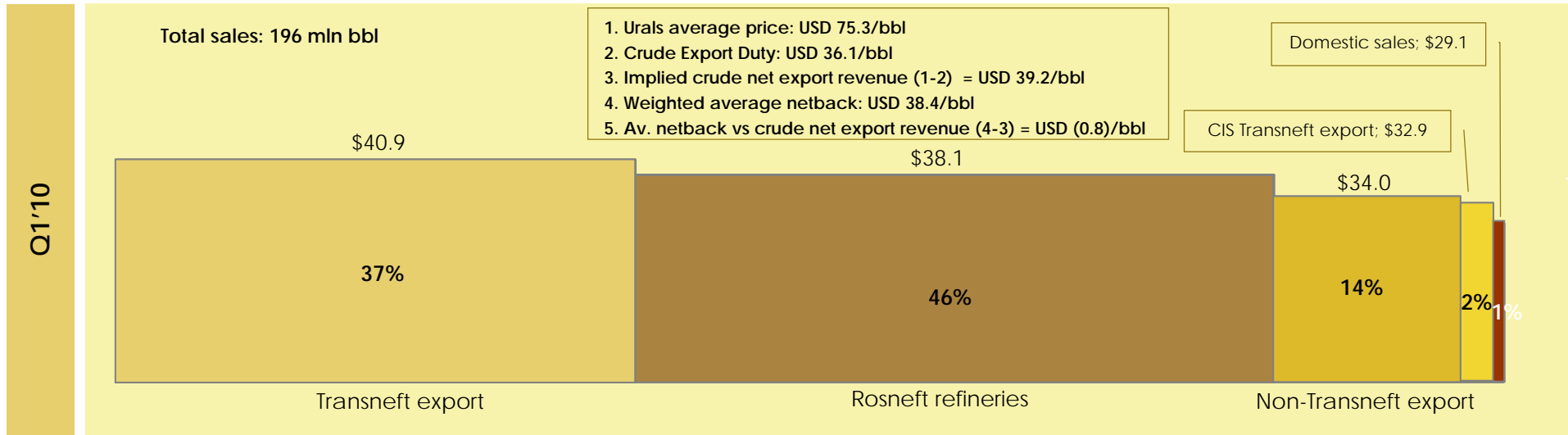


# Revenues Reconciliation, USD mln



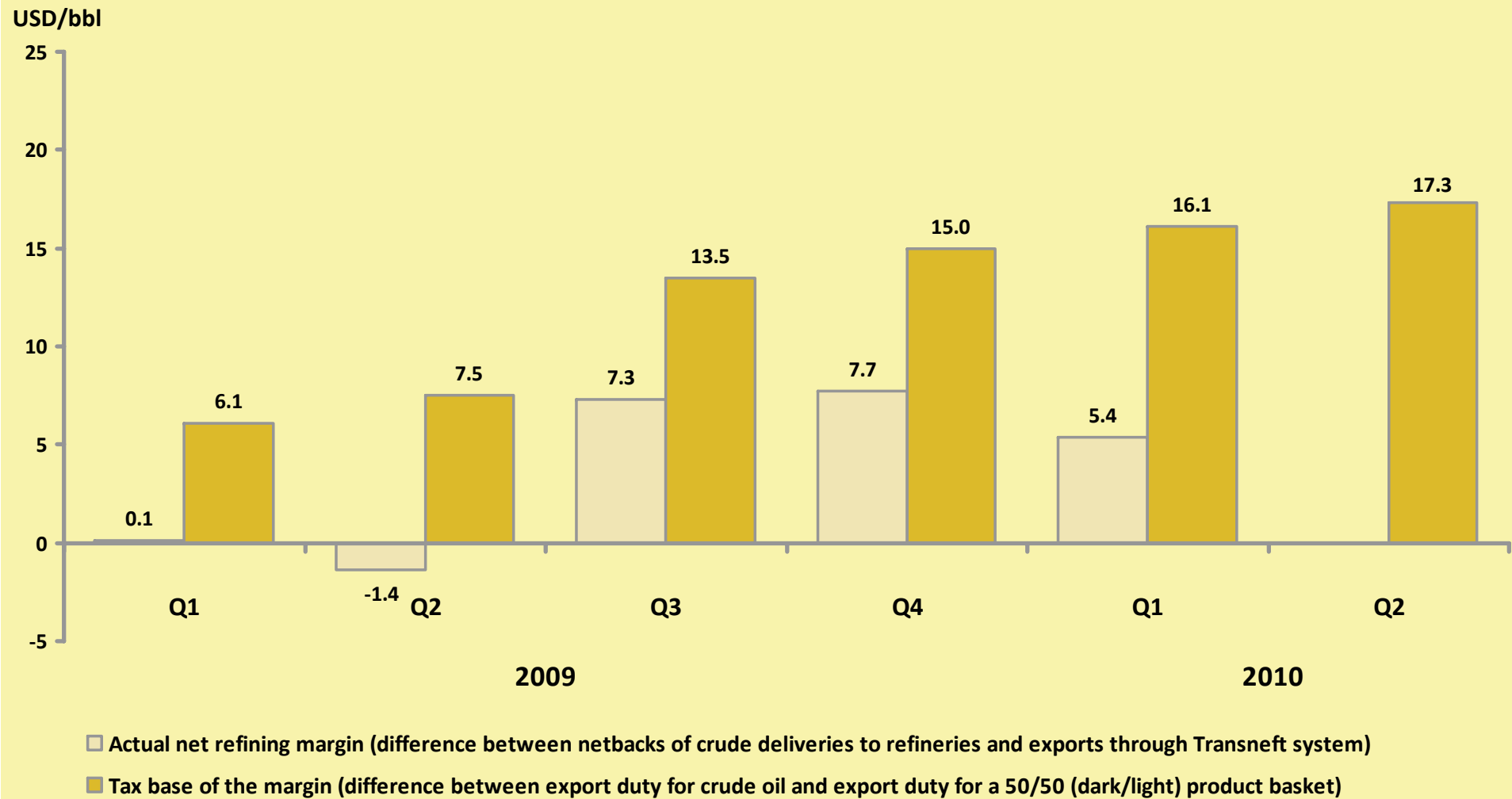


# Netback Ladder





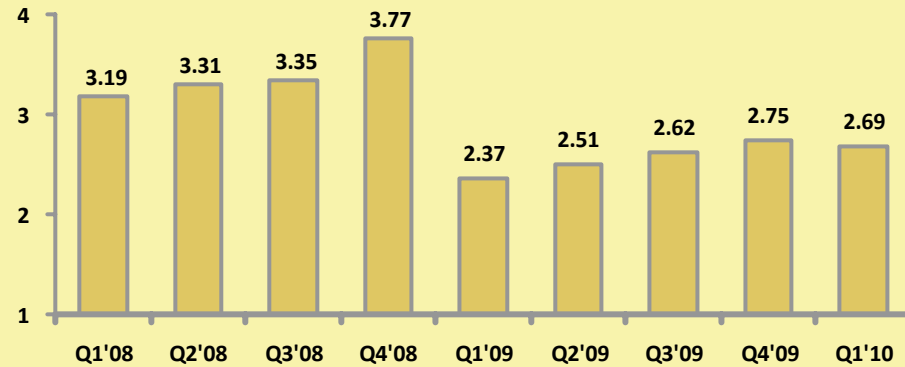
# Net Refining Margin



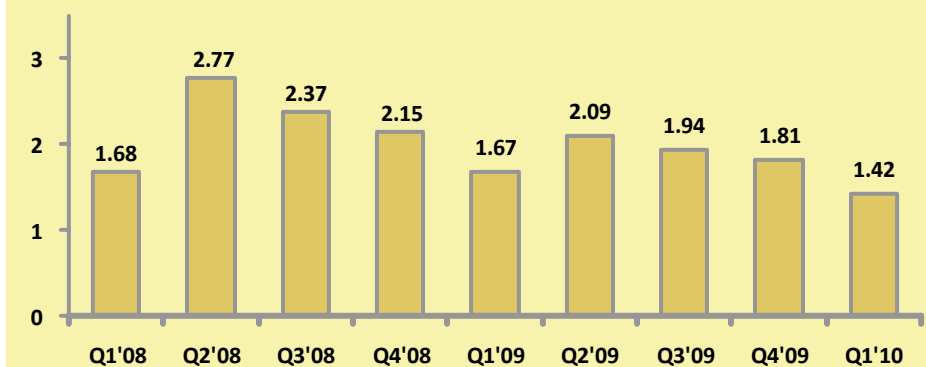


# Expenses Dynamics

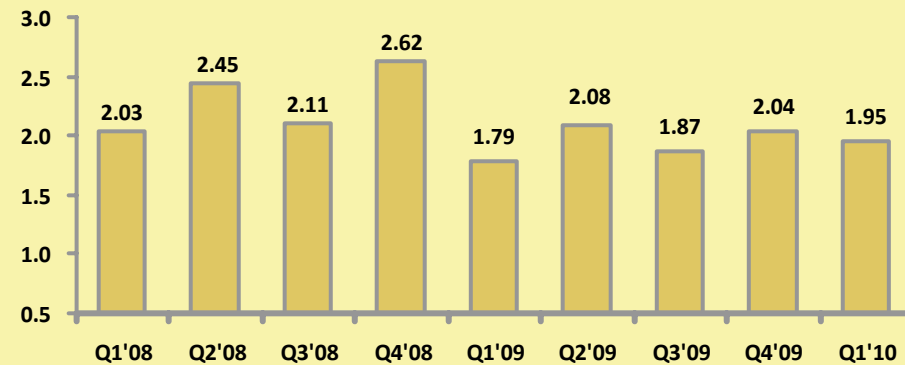
**Upstream Operating Expenses, USD/bbl of oil produced**



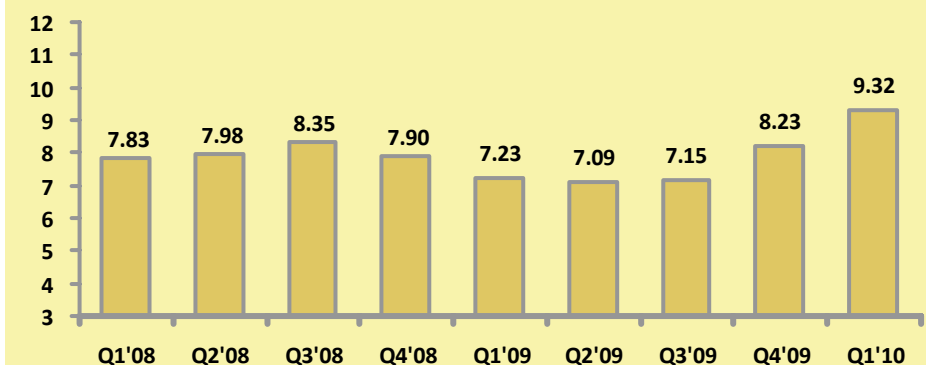
**Refining Operating Expenses, USD/bbl of oil processed**



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



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



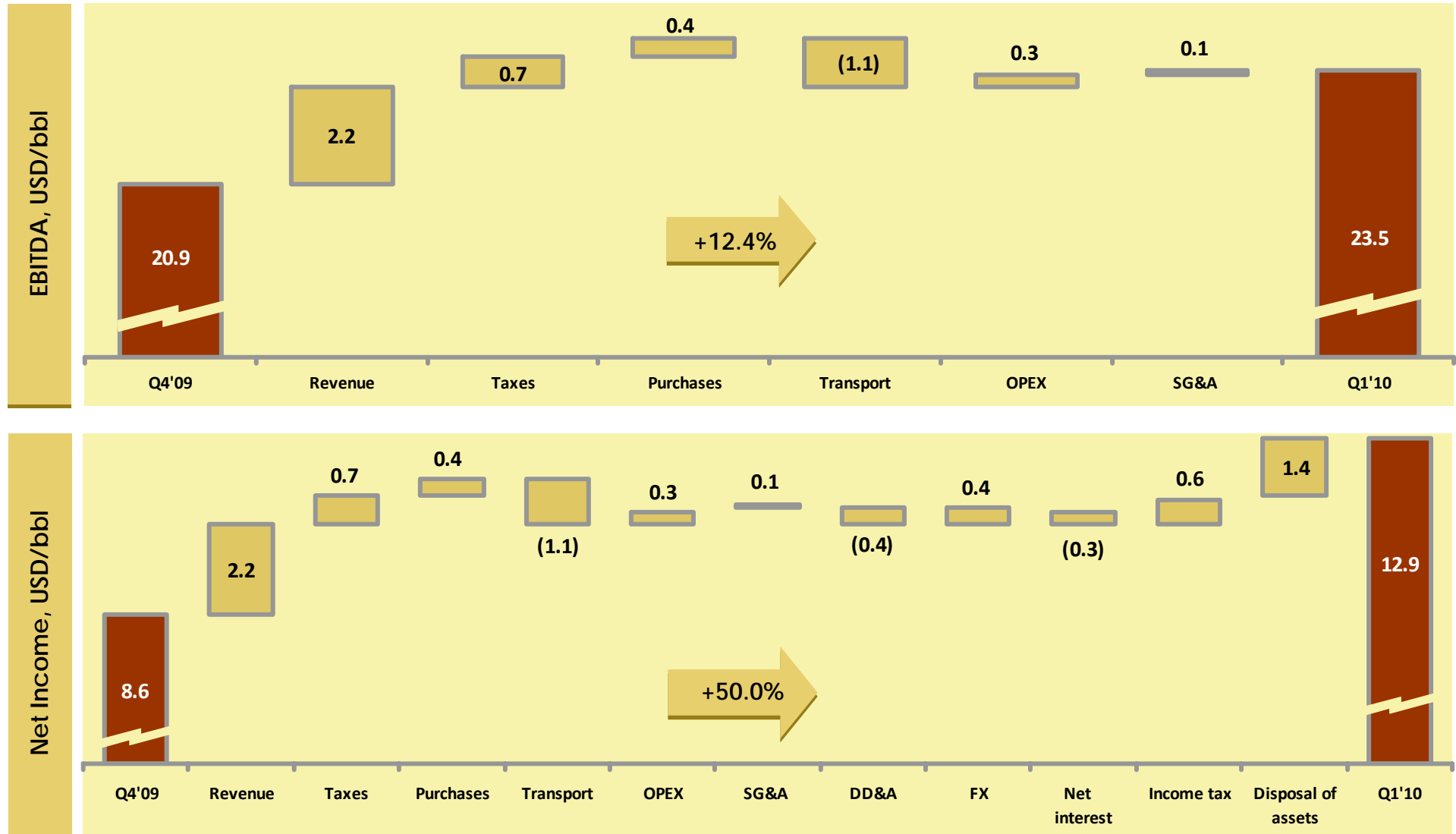
Upstream operating expenses include materials and electricity, workover, wages and salaries, and cost of transport to a trunk pipeline.

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 include costs to transport crude oil for refining and to end customers, and to deliver petroleum products from refineries to end customers (cost of pipeline and railroad transportation, handling, port fees, sea freight and other costs).



# EBITDA and Net Income per bbl Reconciliation: Q1'10 vs. Q4'09

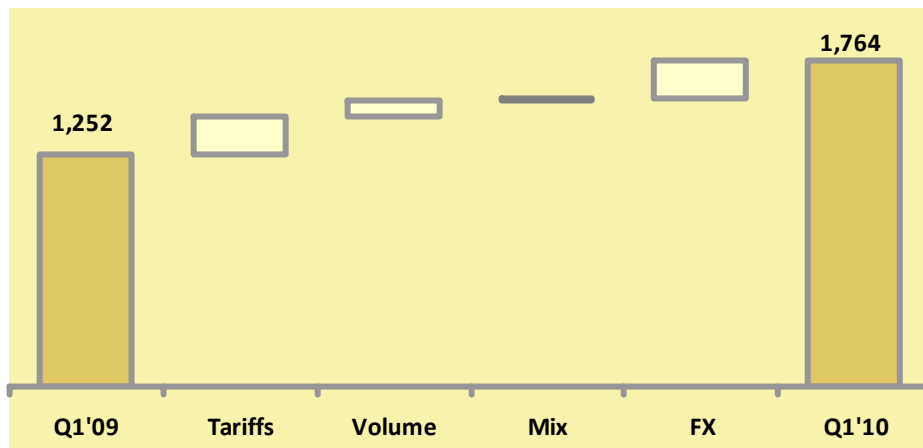




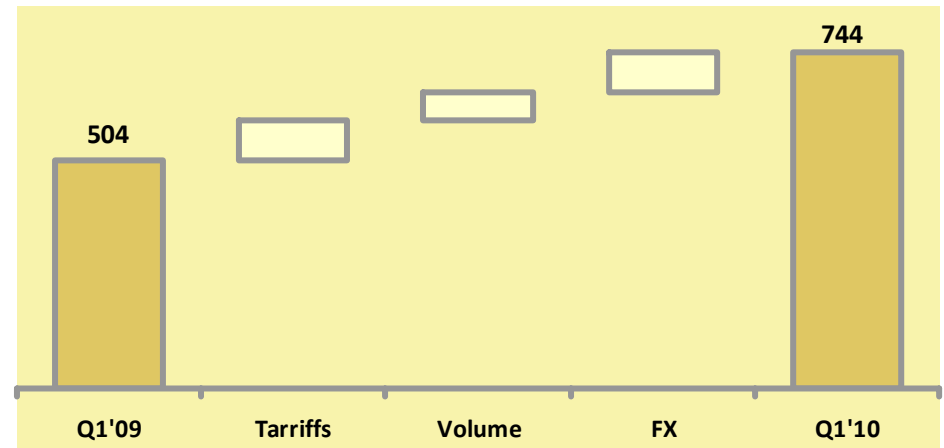


# Transportation Costs, Factor Analysis: Q1'10 vs. Q1'09

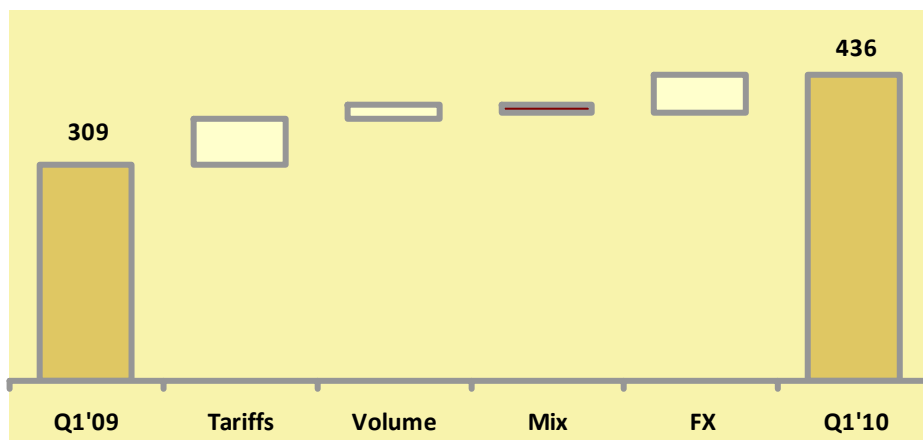
### Total Transportation Costs, USD mln



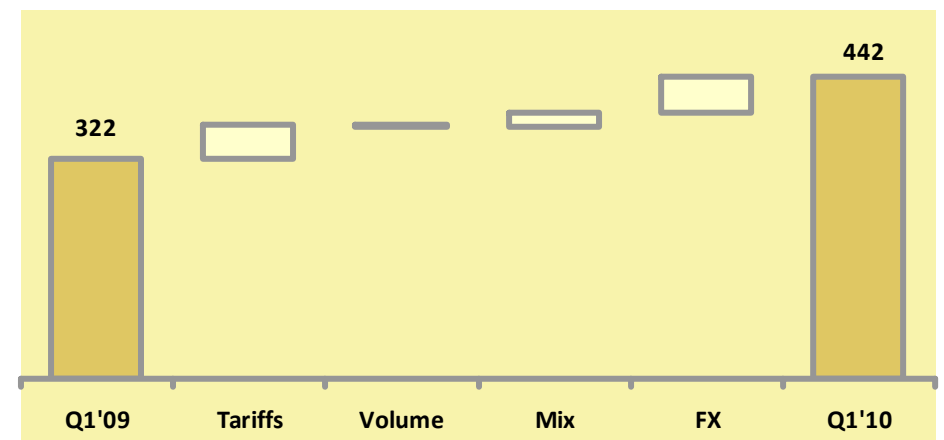
### Transportation Costs for Crude Exports, USD mln



### Transportation Costs for Crude Deliveries to Refineries, USD mln

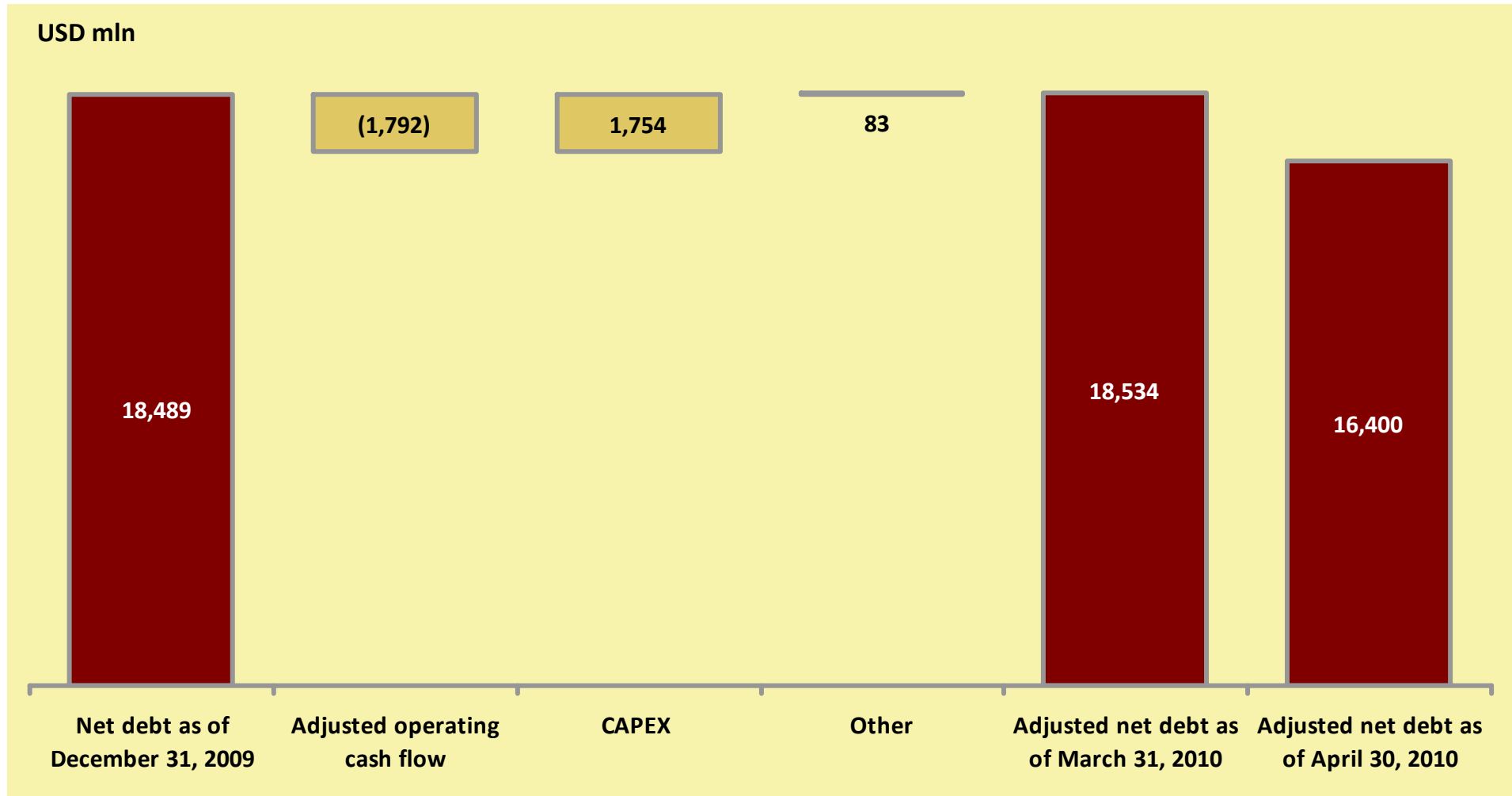


### Transportation Costs for Product Exports, USD mln





# Net Debt Reconciliation

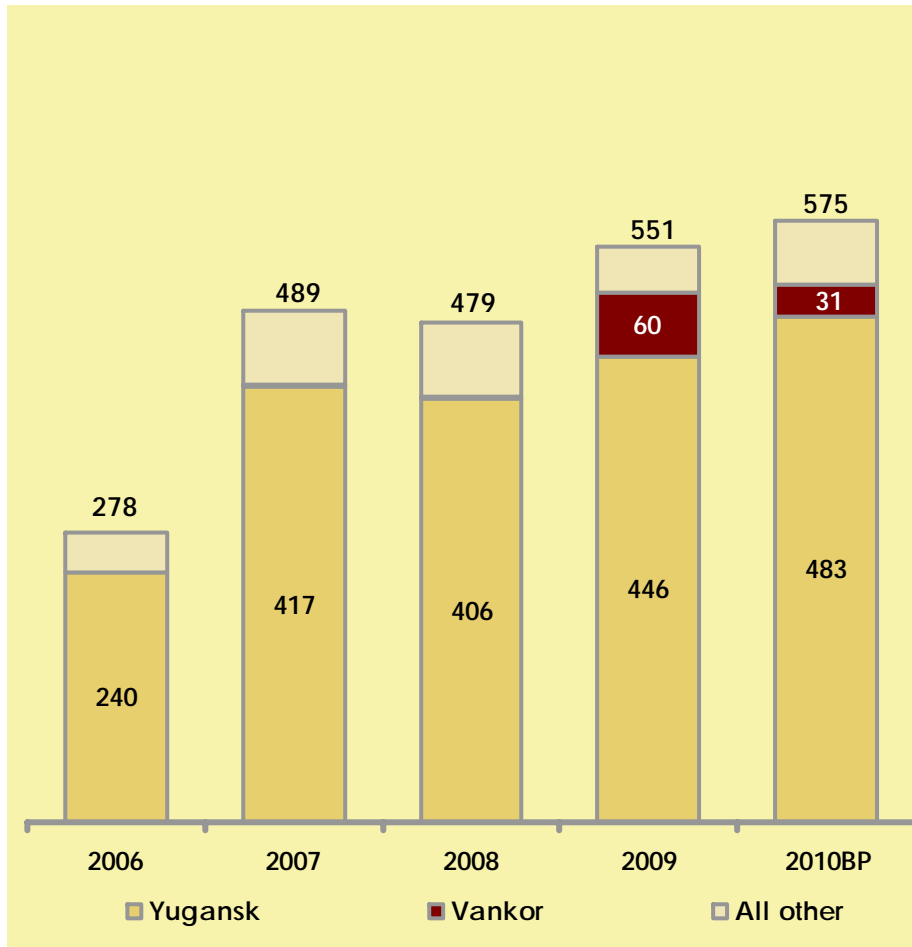


Net debt as of December 31, 2009, March 31, 2010, and April 30, 2010 is adjusted for short and medium term bank deposits and other short-term investments of USD 3,021 mln, USD 2,286 mln and USD 2,051 mln as part of the excess cash management.

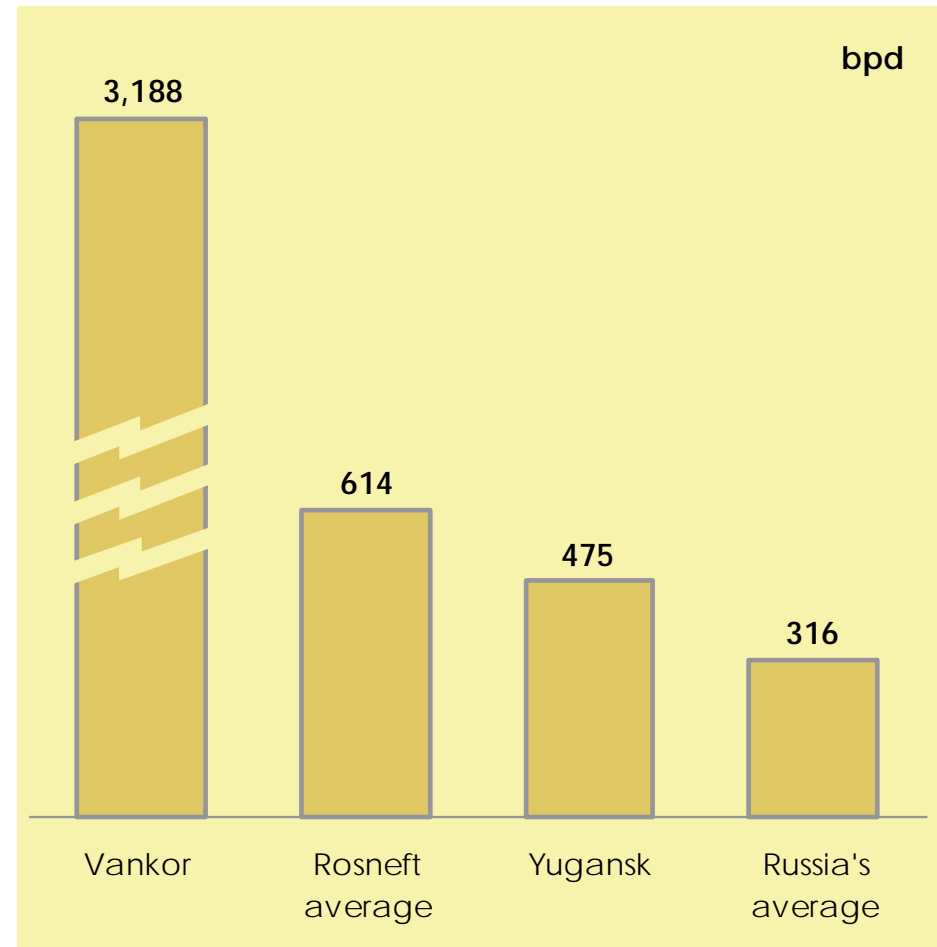


# Drilling Activity and Wells Productivity

New production wells\* put into operation by Rosneft's subsidiaries



New wells average well flow rates, 2009

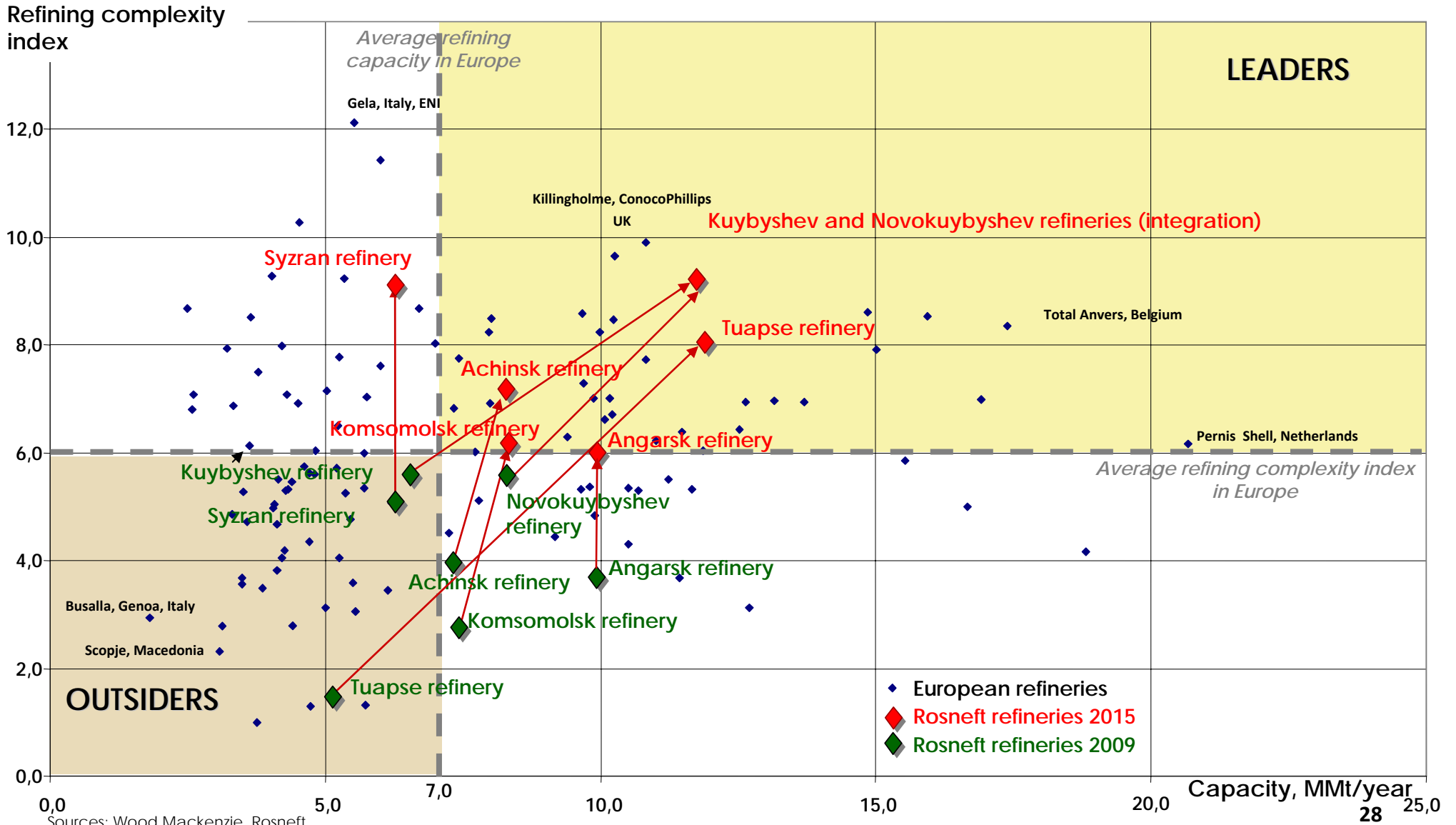


\* Excluding injection wells.



# Rosneft's Refineries Will Join European Leaders in Terms of Capacity and Technological Complexity; Average Complexity Index Will Rise from 4 to 7 by 2015

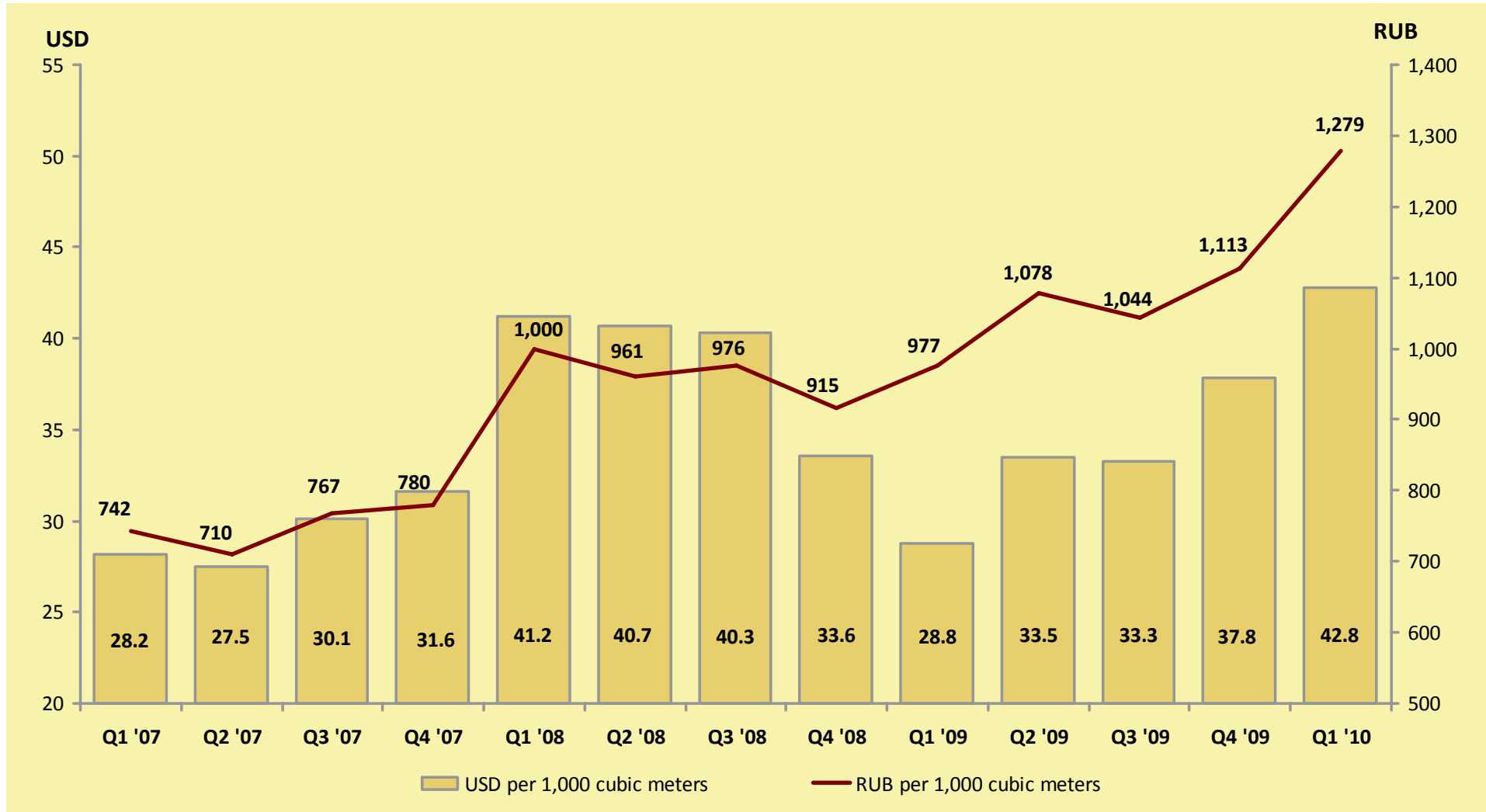
Rosneft's refineries before and after modernization vs. European peers



Sources: Wood Mackenzie, Rosneft



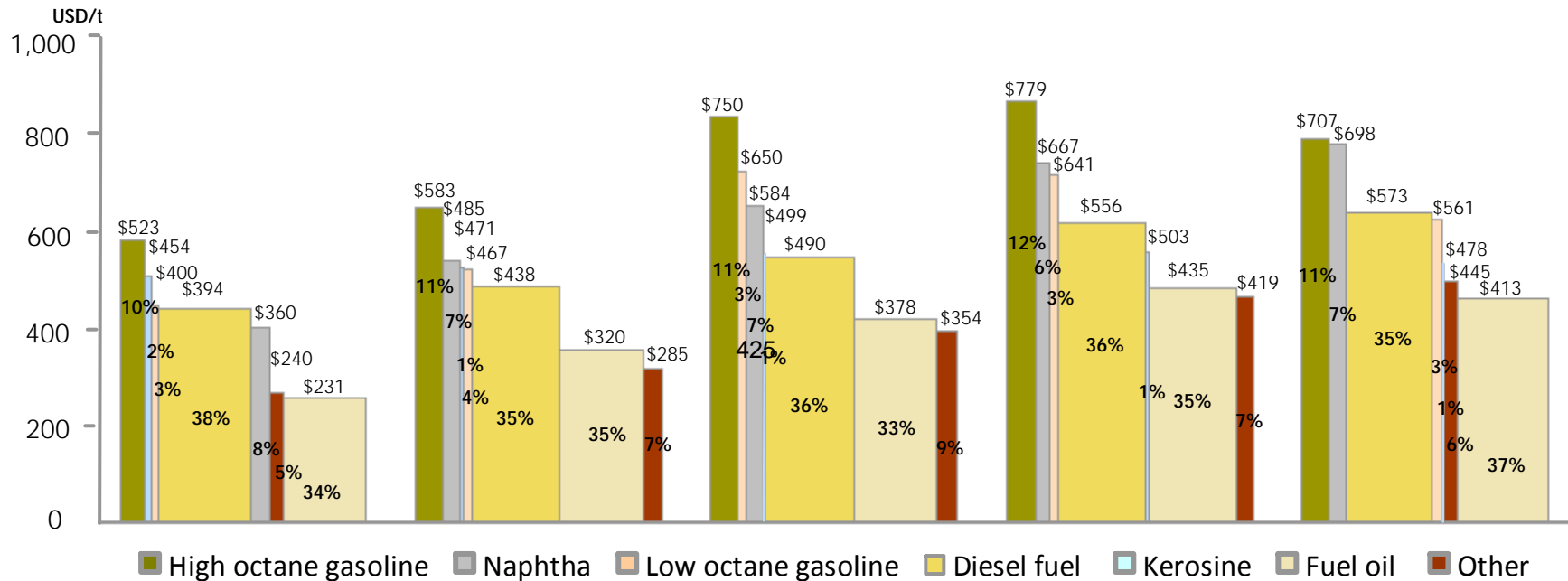
# Gas Sales Prices





# Petroleum Product Revenues

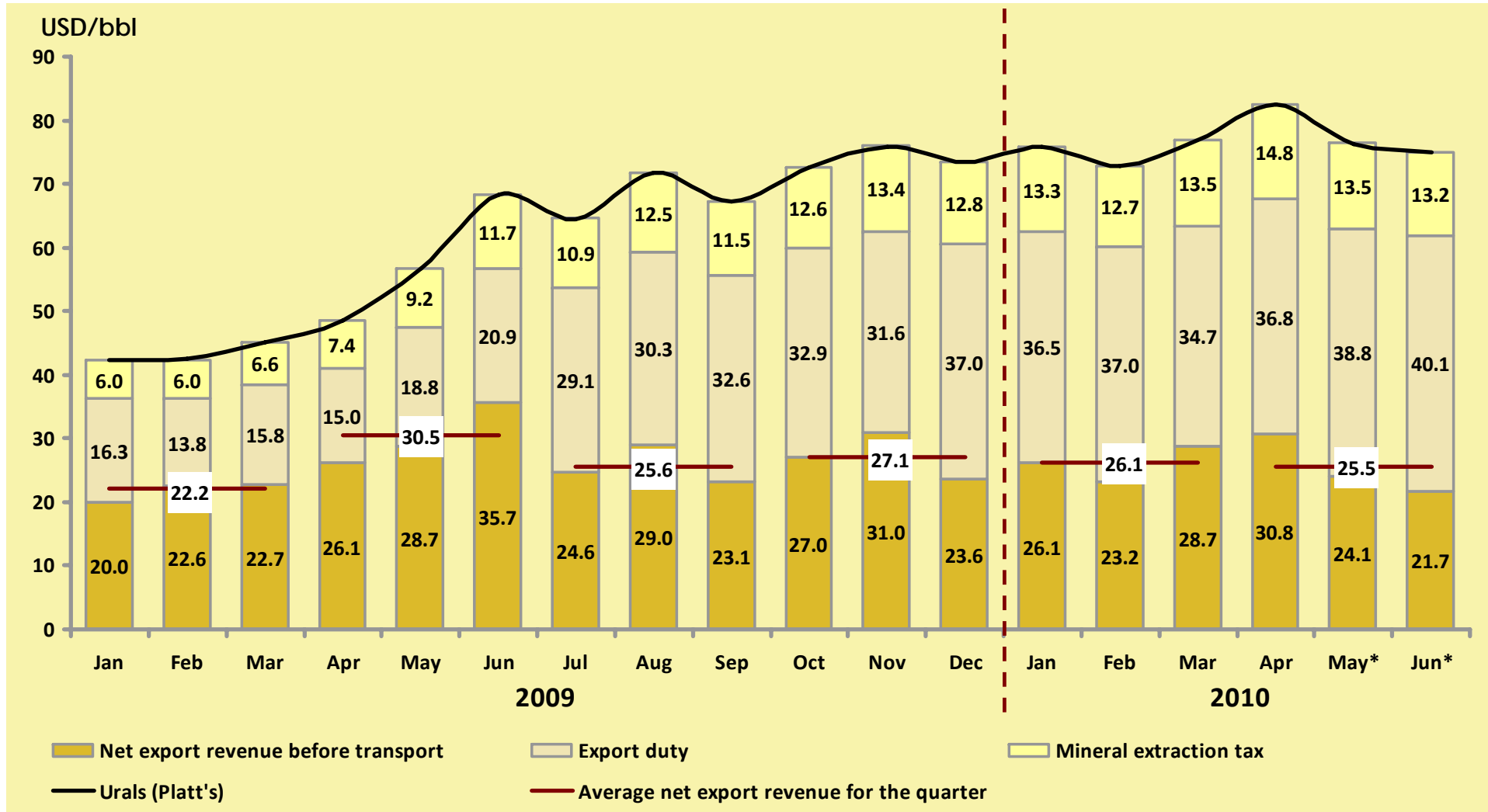
## Petroleum Products: Average Prices and Volume Breakdown



	Q1'09	Q2'09	Q3'09	Q4'09	Q1'10
Revenue, USD mln	3,792	4,877	5,839	5,988	6,208
Excise and export duty, USD mln	639	755	1,080	1,110	1,220
Net revenue, USD mln	3,153	4,122	4,759	4,878	4,988
Volume sold, mln tonnes	11.06	12.00	12.14	11.11	11.74
<b>Net revenue per tonne, USD</b>	<b>285</b>	<b>344</b>	<b>392</b>	<b>439</b>	<b>425</b>



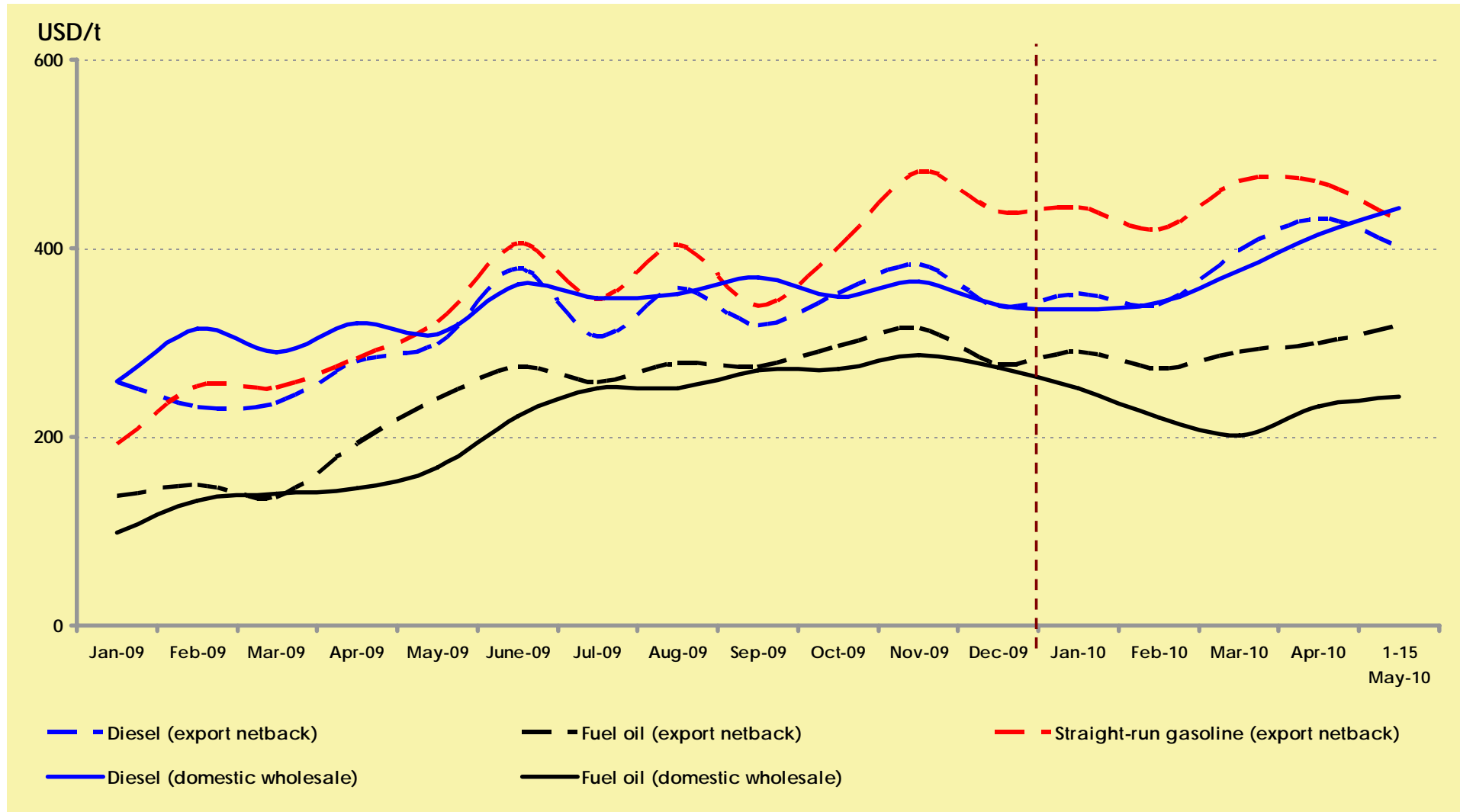
# Net Revenue of an Oil Exporter



\* Assuming Urals price of USD 75 per bbl in the second half of May and in June.



# Petroleum Product Prices in 2009-2010 (Rosneft Refineries)\*



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