



# ROSNEFT

## Q4 and 12M 2010 US GAAP Financial Results

February 4, 2011



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# Q4'10 and 12M'10 Highlights

## Positives

- Strong financial results:
  - EBITDA – **USD 5.4 bln** in Q4 and **USD 19.2 bln** in 12M
  - Net income – **USD 3.1 bln** in Q4 and **USD 10.7 bln** in 12M
  - Operating cash flow – **USD 14.9 bln** in 12M
  - Record free-cash flow generation of **USD 5.8 bln** in 12M
  - Net debt decreased to **USD 13.7 bln** (pre-2007 acquisitions level), or by **USD 4.8 bln** from December 31, 2009
- Crude oil production growth of **6.4%** y-on-y
- Retail sales volumes growth of **10%** y-on-y
- Sales of petroleum products through commodity exchanges – **3.4 mln** tonnes in 12M, or **16.6%** of total domestic sales (**x2.9** increase y-on-y)

## Challenges, Priorities

### Q4'10 - challenges

- Growth in transportation tariffs
- Strengthening of the RUB against the USD
- Domestic prices lagging export netbacks

### 2011 priorities

- Internal optimization: divestment of non-core assets/subsidiaries, optimization of business processes
- Meeting 2011 Business plan targets
- Continued cost control
  - Increase in energy efficiency
  - Work with suppliers and contractors
  - Headcount optimization
  - Capex prioritization
- Continue discussion to update tax regime



## Macroeconomic Environment: Prices Up Y-on-Y and Q-on-Q, Real Strengthening of the Ruble

	12M'10	12M'09	Δ, %	Q4'10	Q3'10	Δ, %
Urals FOB Primorsk, \$/bbl	76.7	59.5	28.9%	83.6	75.1	11.3%
Gasoil 0.1% (FOB/CIF Med), \$/tonne	672.3	520.7	29.1%	732.7	652.0	12.4%
Fuel oil 3.5% (FOB/CIF Med), \$/tonne	442.3	348.6	26.9%	463.6	427.7	8.4%
High octane gasoline (av. Russia), \$/tonne	685.1	579.8	18.2%	704.2	706.2	(0.3)%
Diesel (av. Russia), \$/tonne (summer)	469.5	398.0	18.0%	506.2	464.2	9.0%
Average USD/RUB exchange rate	30.37	31.72	(4.3)%	30.71	30.62	0.3%
Inflation for the period, %	8.8%	8.8%		2.6%	1.8%	
Real RUB appreciation/(depreciation) compared with the previous period, %	11.6%	(12.5)%		1.8%	0.2%	



## Non-controlled Expenses: Transportation Tariffs Up Again

		12M'10	12M'09	Δ, %	Q4'10	Q3'10	Δ, %
Export customs duty	USD/bbl	37.40	24.51	52.6%	39.23	35.82	9.5%
Yugansk – Novorossiysk tariff	RUB/t	1,307	1,115	17.3%	1,347	1,307	3.0%
Yugansk – Novorossiysk tariff	USD/bbl	5.88	4.80	22.5%	6.00	5.84	2.7%
MET	USD/bbl	13.84	9.91	39.7%	15.37	13.34	15.2%
Total non-controlled costs	USD/bbl	57.12	39.22	45.6%	60.60	55.00	10.2%
<b>Non-controlled costs / Urals FOB Novorossiysk</b>	<b>%</b>	<b>74.4%</b>	<b>65.8%</b>		<b>72.5%</b>	<b>73.4%</b>	

- Transneft increased the tariffs three times in 2010: by 15.9% from January 1, by 3.3% from August 1 and by 9.9% from December 1
- Zero export duty on East Siberian crude oil was replaced by a special duty calculated according to the following formula: 45% \* (Urals – USD 50 bbl). Rosneft accrued USD 236 mln of export duties on Vankor crude oil in Q3 2010 and USD 312 mln in Q4 2010



## Q4`10 and 12M`10 Results Overview: Record EBITDA and FCF, Strong Volume Growth

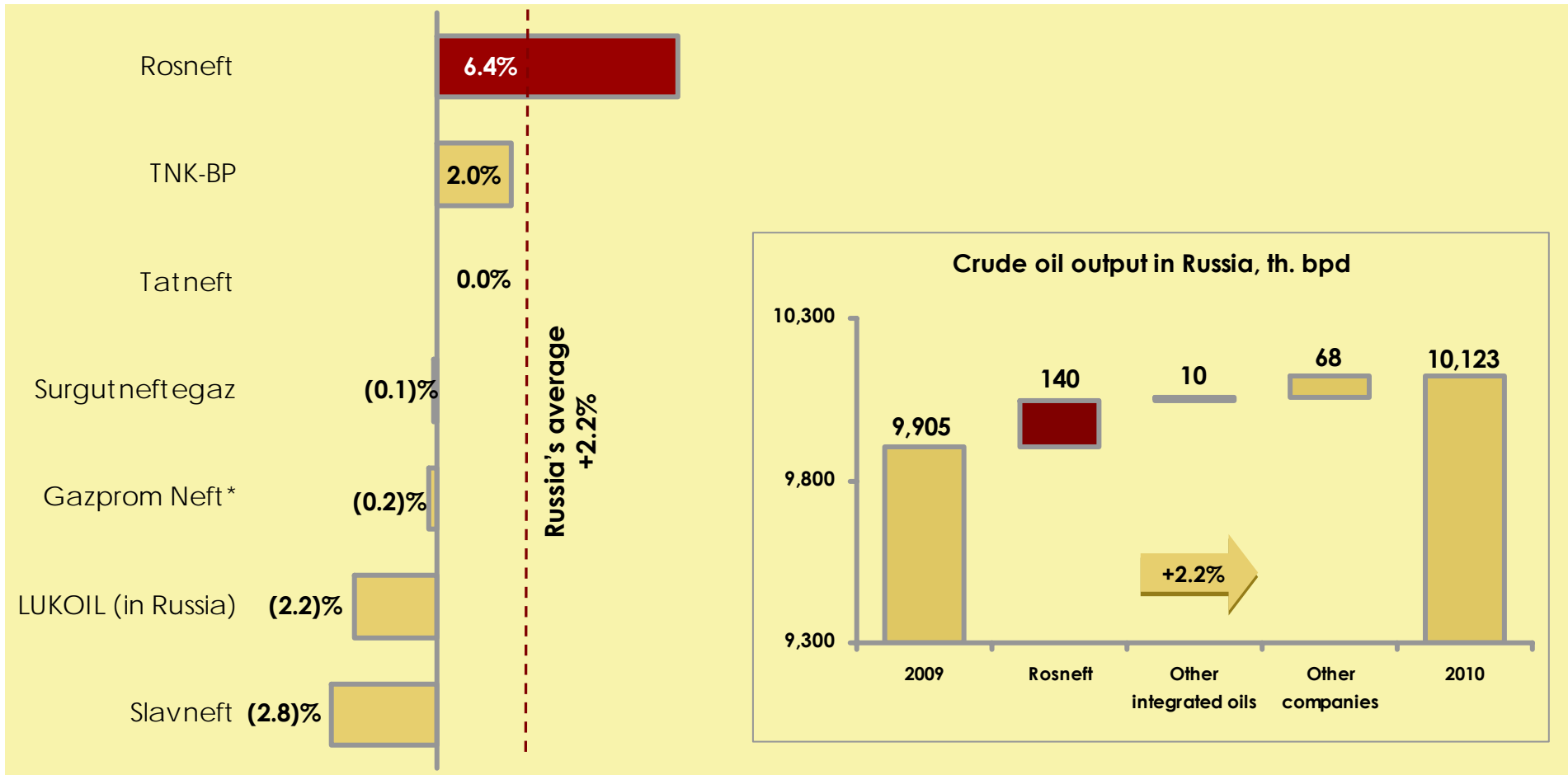
	12M`10	12M`09	Δ, %	Q4`10	Q3`10	Δ, %
<b>Daily crude oil production, th. bpd</b>	<b>2,322</b>	<b>2,182</b>	<b>6.4%</b>	<b>2,352</b>	<b>2,332</b>	<b>0.9%</b>
Gas production, bcm	12.34	12.68	(2.7)%	3.25	2.86	13.6%
<b>Petroleum product output, mln t</b>	<b>47.89</b>	<b>47.06</b>	<b>1.8%</b>	<b>12.25</b>	<b>12.42</b>	<b>(1.4)%</b>
Revenues, USD mln	63,047	46,826	34.6%	17,384	15,471	12.4%
<b>EBITDA, USD mln</b>	<b>19,203</b>	<b>13,565</b>	<b>41.6%</b>	<b>5,377</b>	<b>4,638</b>	<b>15.9%</b>
Adjusted net Income , USD mln	10,442	6,472	61.3%	2,958	2,525	17.1%
Adjusted operating cash flow <sup>1</sup> , USD mln	14,910	10,791	38.2%	3,722	4,386	(15.1)%
Capital expenditures, USD mln	8,931	7,252	23.2%	2,768	2,318	19.4%
<b>Free cash flow before dividends<sup>1</sup></b>	<b>5,839</b>	<b>3,443</b>	<b>69.6%</b>	<b>840</b>	<b>2,045</b>	<b>(58.9)%</b>
<b>Net debt , USD mln</b>	<b>13,662</b>	<b>18,489</b>	<b>(26.1)%</b>	<b>13,662</b>	<b>13,952</b>	<b>(2.1)%</b>

1. Operating cash flow and free cash flow are adjusted for operations with trading securities as part of excess cash management (outflow of USD 472 mln in 12M`09, inflow of USD 262 mln in 12M`10, outflow of USD 32 mln in Q3`10, outflow of USD 86 mln in Q4`10).



# Daily Crude Oil Production: Continuing to Contribute Majority of Russian Production Growth

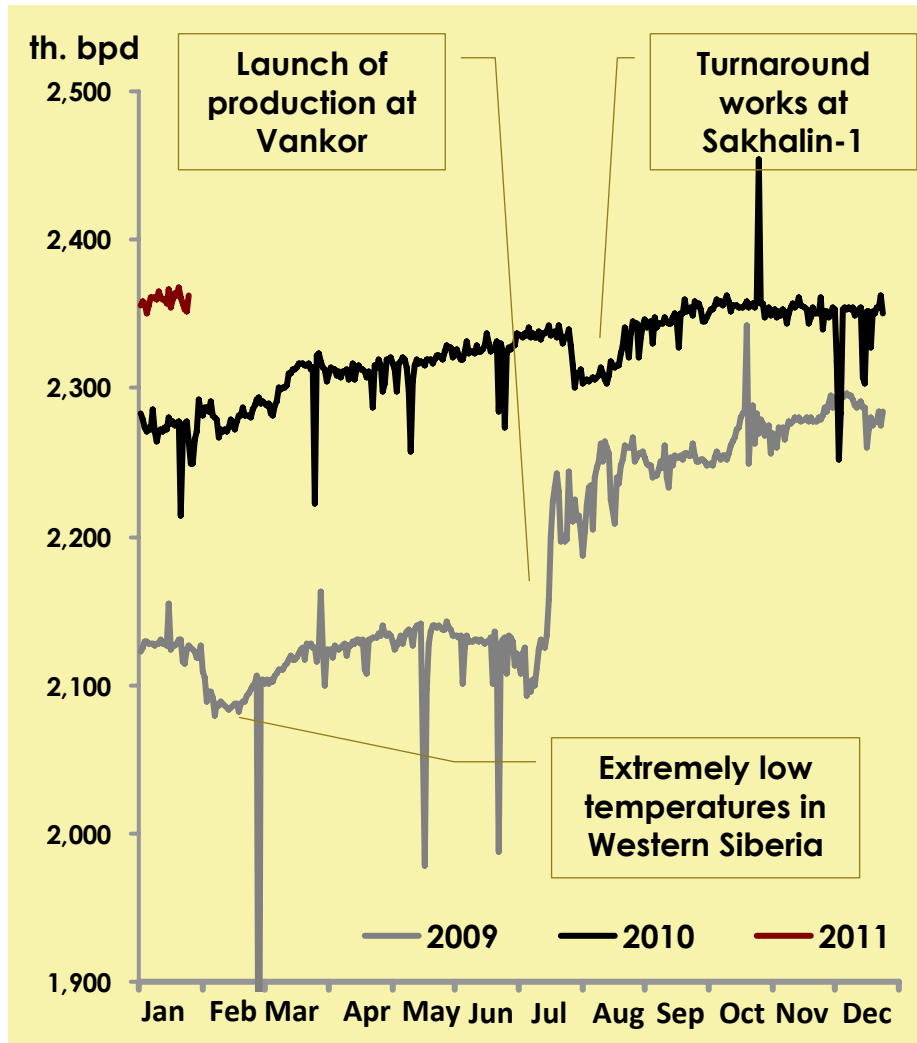
## Daily Crude Oil Production in Russia, 2010 vs. 2009



\* Excluding share in Tomskneft.



# Daily Crude Oil Production Implementing Sustainable Growth Strategy



## Key priorities for 2011

- Production growth by ~1%
- Construction works at Vankor to ramp-up production in the middle of the year by 45,000 bpd and continue ramp up in the end of 2011 through gradual launch of the second stage of the project
- Plateau production at Yugansk of ~1.3 mln bpd
- Focus on efficient recovery of drilled but not recovered reserves – growth of recovery ratio – increase in reserves and stabilization of production at developed fields at lowest cost
- Drilling risk management to maximize capex efficiency – additional seismic works and other geological information to enhance field development models and make better placement of wells

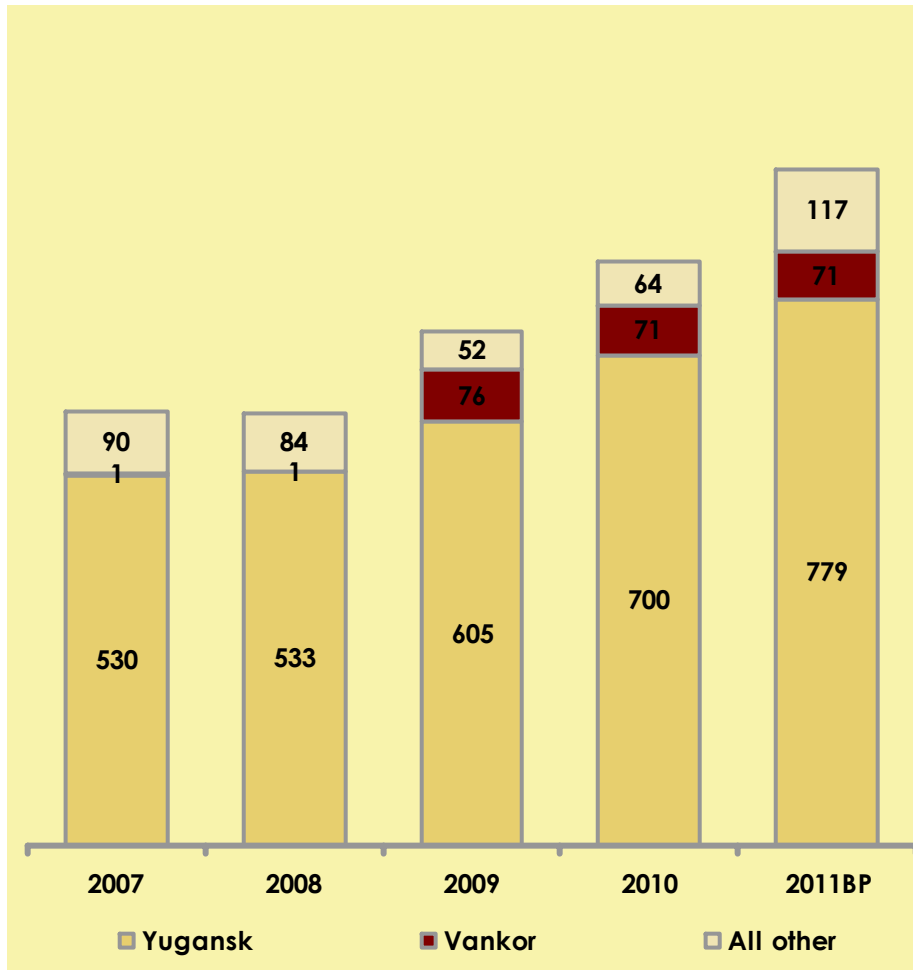




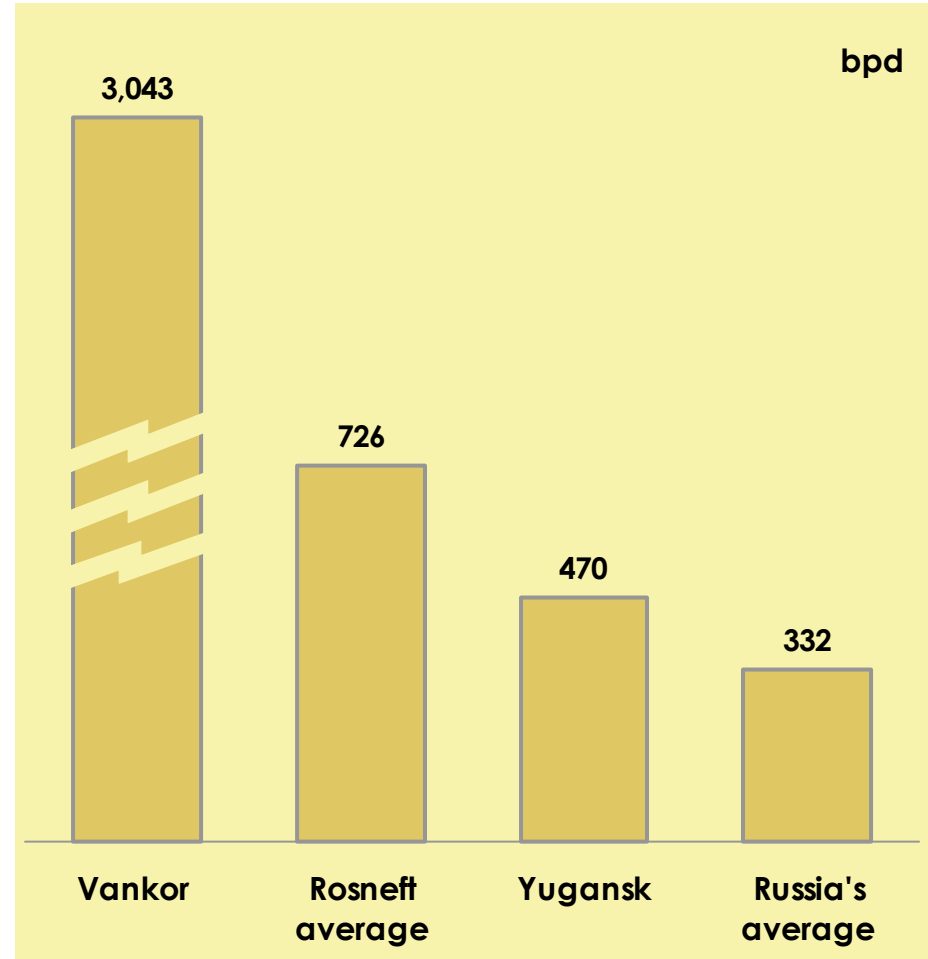
# Drilling Activity and Wells Productivity

## Drilling More Wells with Industry Leading Flow Rates

New production and injection wells put into operation by Rosneft's subsidiaries



Average flow rates of the new wells, 9M'10

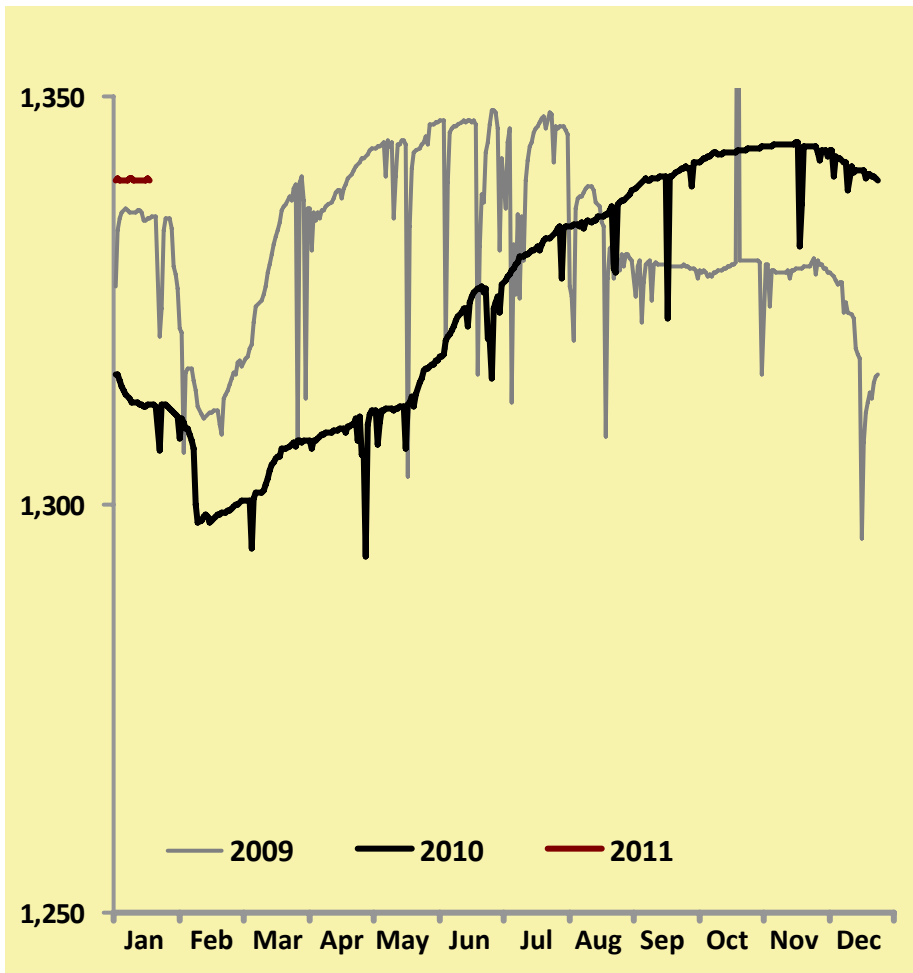


\* Including injection wells.

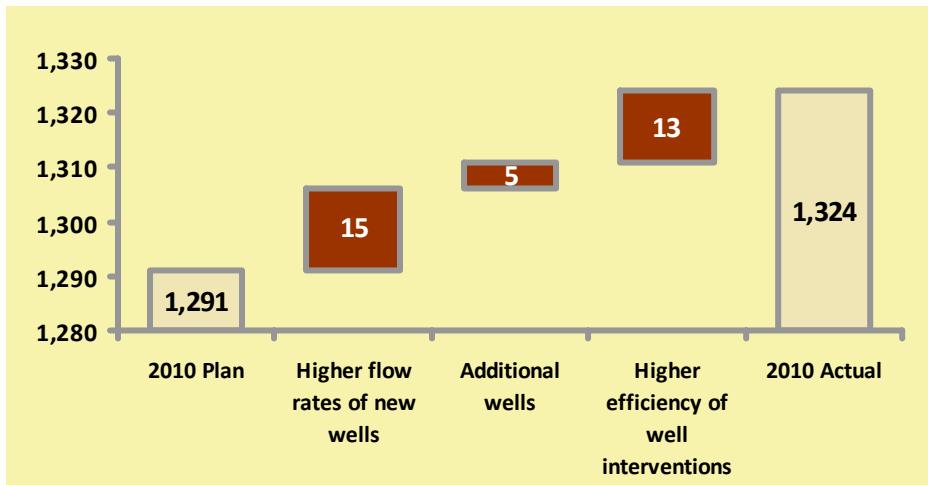


# Yugansk: 2.6% Ahead of Plan in 2010

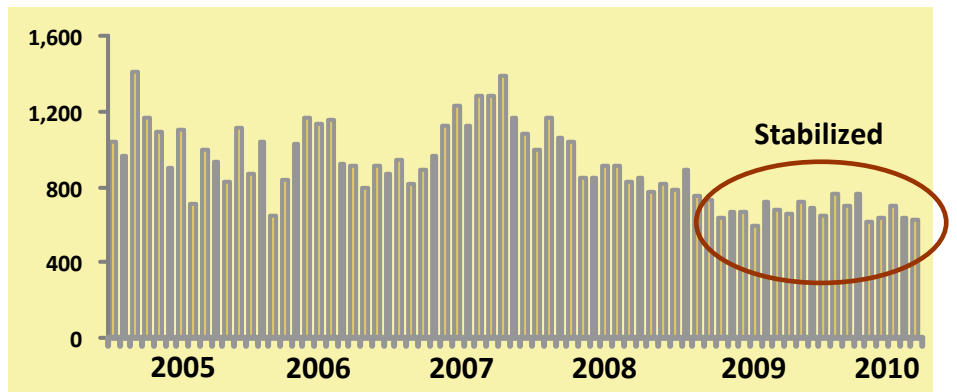
### Yuganskneftegaz Daily Crude Oil Production, '000 bpd



### Plan-fact Analysis, '000 bpd

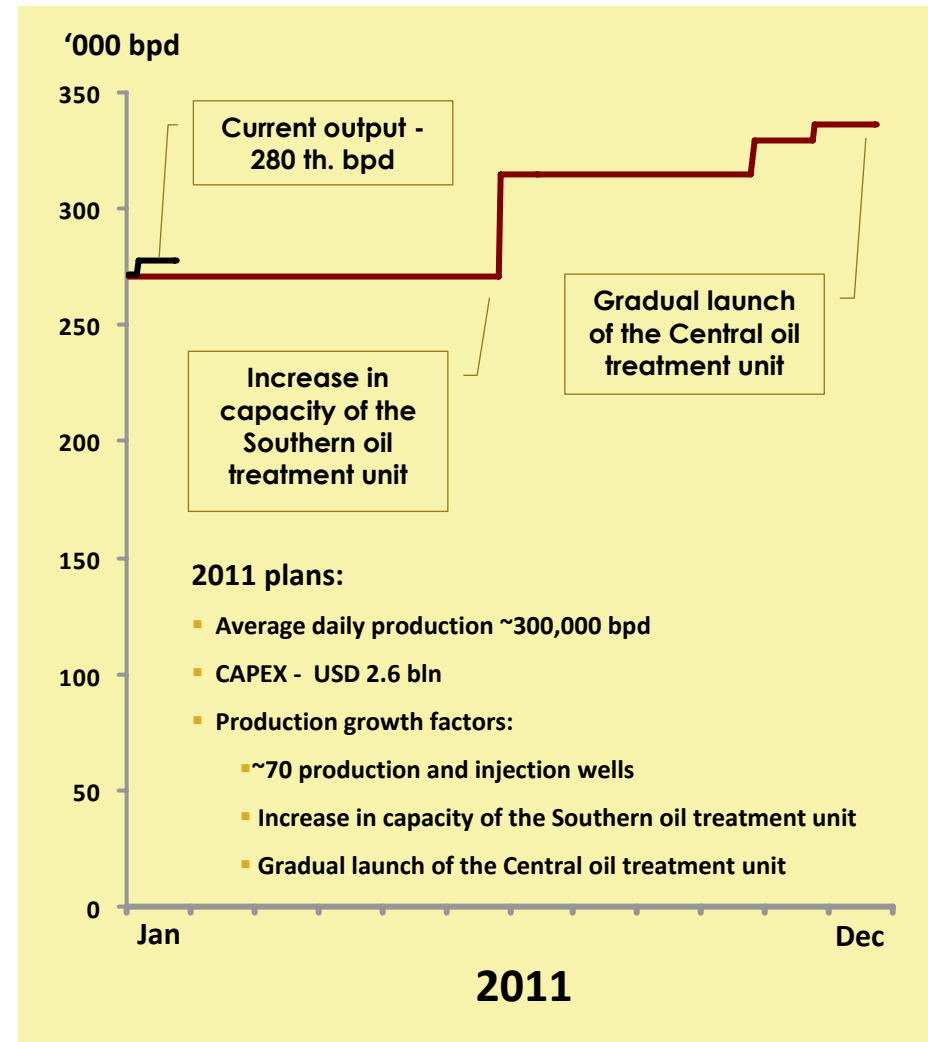
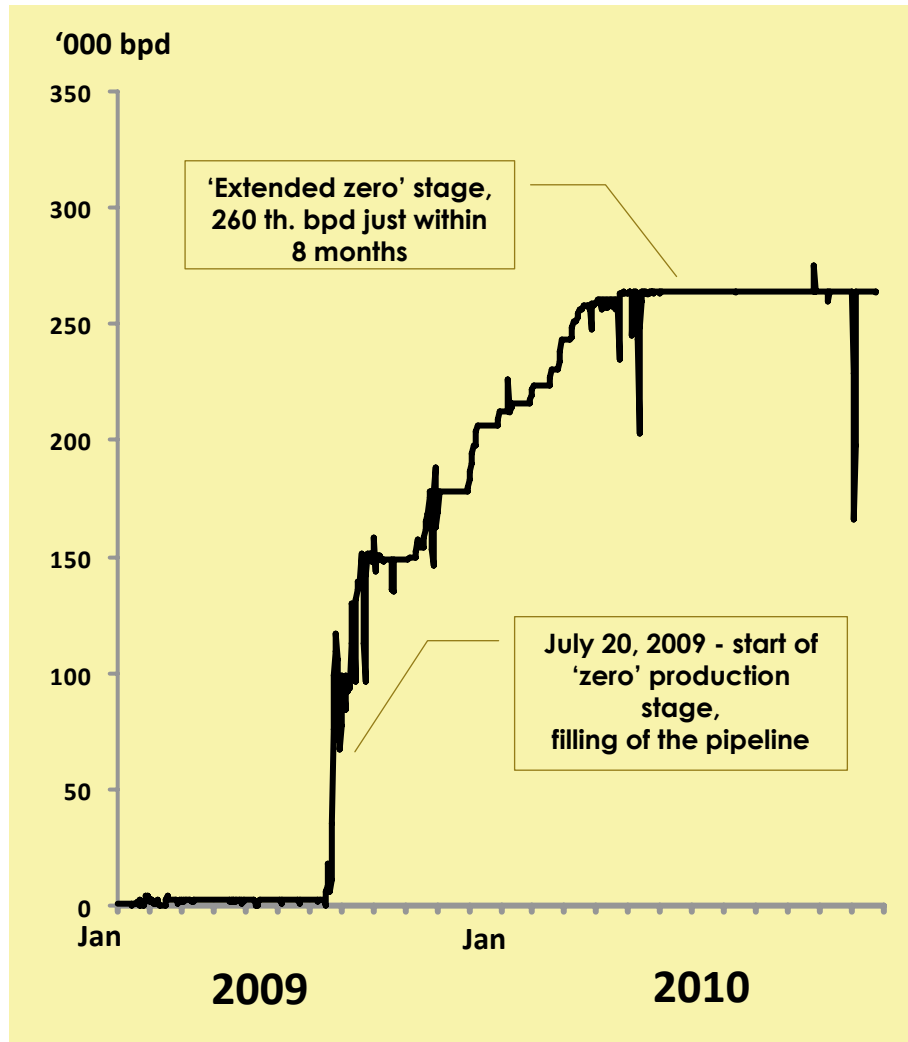


### Initial flow rates of new wells, bpd





# Vankor: Above Midpoint Guidance for 2010, Expanding Capacities in 2011





# Refinery Upgrade Progress on Schedule

## Completed construction and upgrades and plan for 2011

	2009	2010	2011
<b>Komsomolsk</b>			
Delayed coking			new
Reforming			upgrade
<b>Novokuibyshevsk</b>			
Hydrogen concentration	new		
Isomerization		upgrade	
<b>Kuibyshev</b>			
Hydrogen production	new		
Visbreaking		upgrade	
Reforming			upgrade
CDU-VDU			upgrade
<b>Syzran</b>			
Reforming		upgrade	upgrade
Isomerization		new	
Hydrogen production	new		
<b>Angarsk</b>			
Isomerization		new	

## Key new units to be completed after 2011

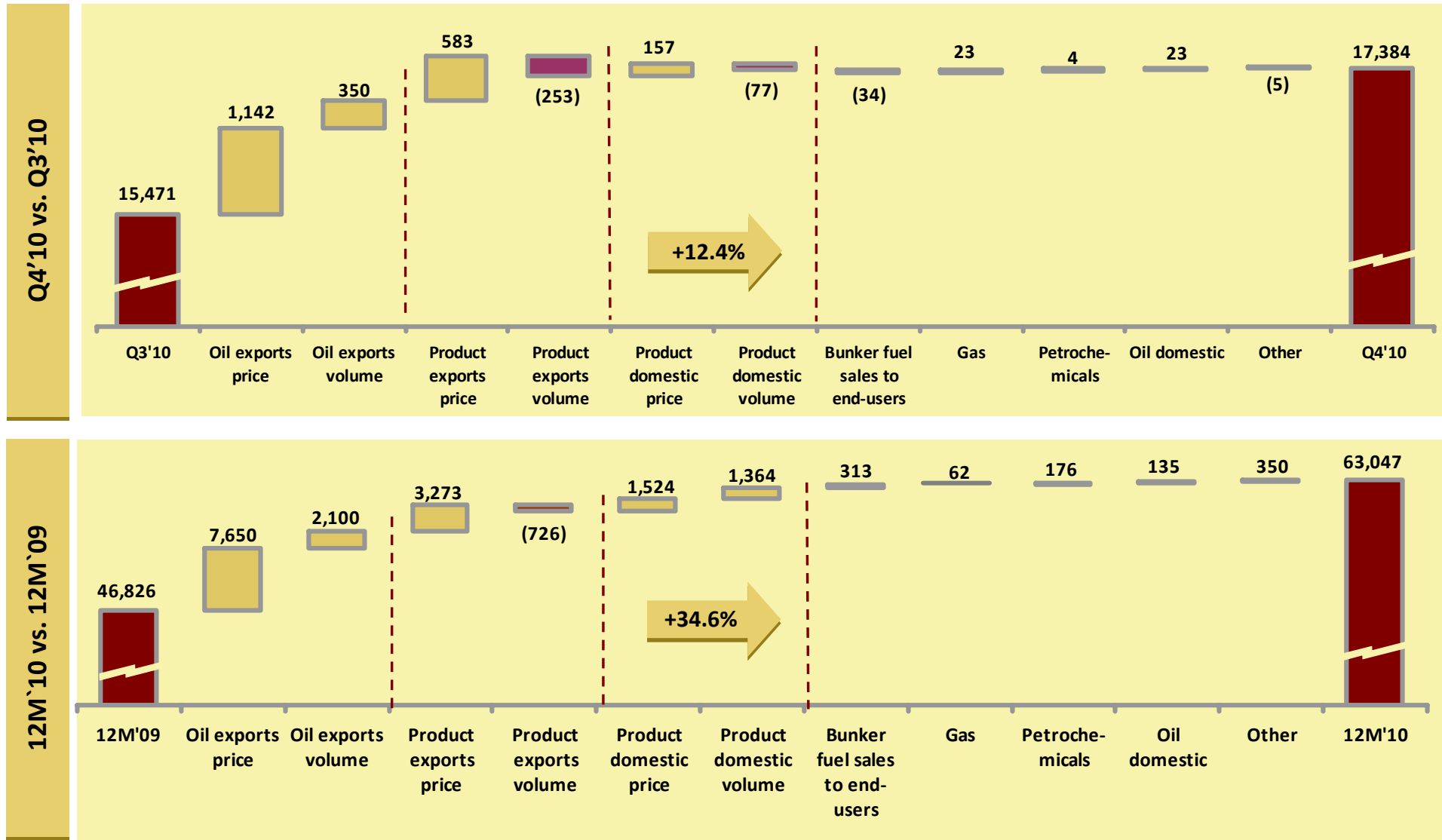
<b>Komsomolsk</b>	hydrocracking + hydrotreatment
<b>Novokuibyshevsk</b>	catalytical reforming, hydrocracking + hydrotreatment, second stage of isomerization
<b>Kuibyshev</b>	FCC complex, isomerization
<b>Syzran</b>	FCC complex, hydrotreatment
<b>Achinsk</b>	delayed coking, reforming, hydrocracking+ hydrotreatment
<b>Angarsk</b>	alkylation, hydrotreatment, MTBE production
<b>Tuapse</b>	CDU-VDU, hydrocracking, hydrotreatment, isomerization, catalytical reforming, flexicoking

- **2011 capex – USD 2.1\* bln (USD 1.5 bln in 2010)**
- **Upgrades to be completed by 2015**
- **Capacity to increase by 150,000 bpd**
- **Nelson complexity to increase from 4 to more than 7**
- **Light product yield to grow from 57% to 78%**
- **IRR above 20% (including at 60/66 scenario)**

\* At 30.5 RUB/USD. Not including the capitalized expenses on the expansion of the pipeline to the Tuapse refinery.



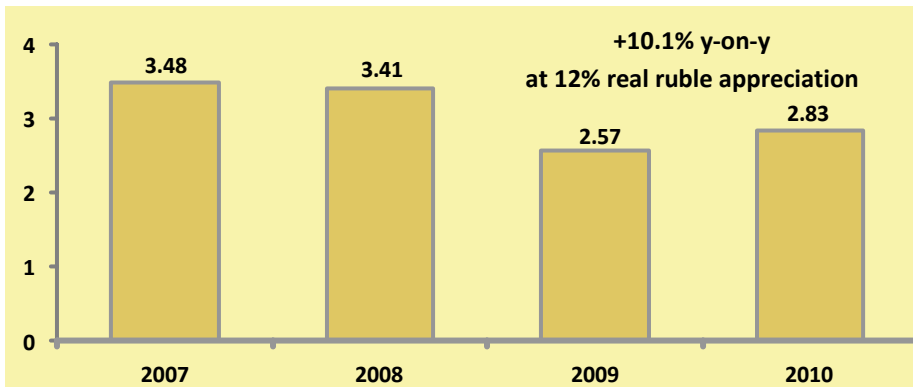
# Revenues Reconciliation, USD mln



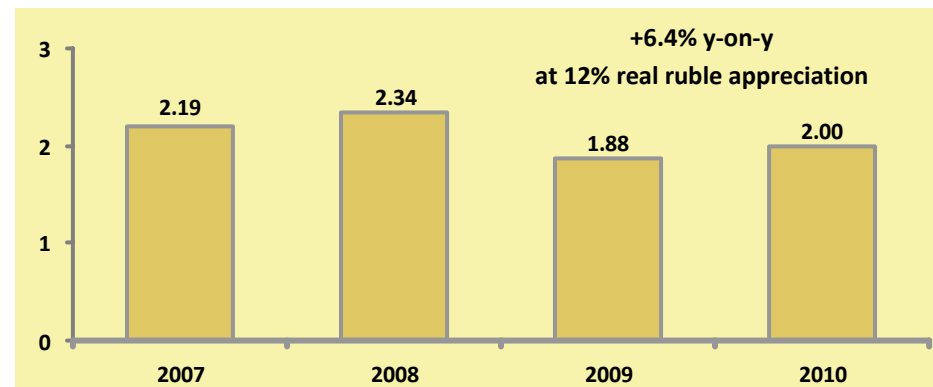


# Expenses Dynamics Decreasing in Real Terms

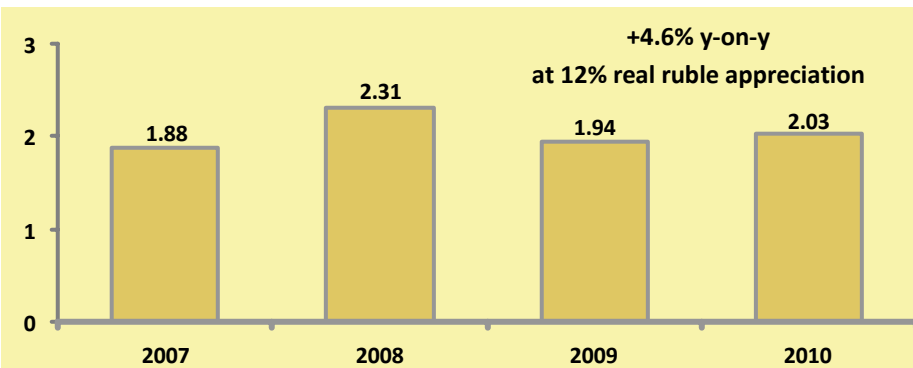
### Upstream Operating Expenses, USD/bbl of oil produced



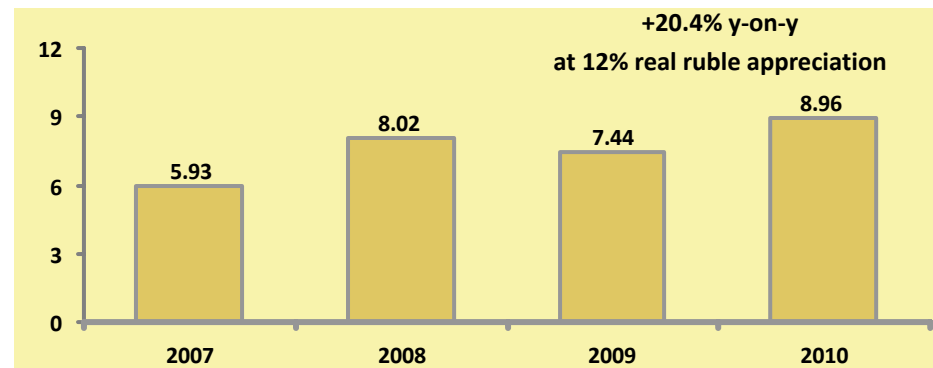
### Refining Operating Expenses, USD/bbl of oil processed



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



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



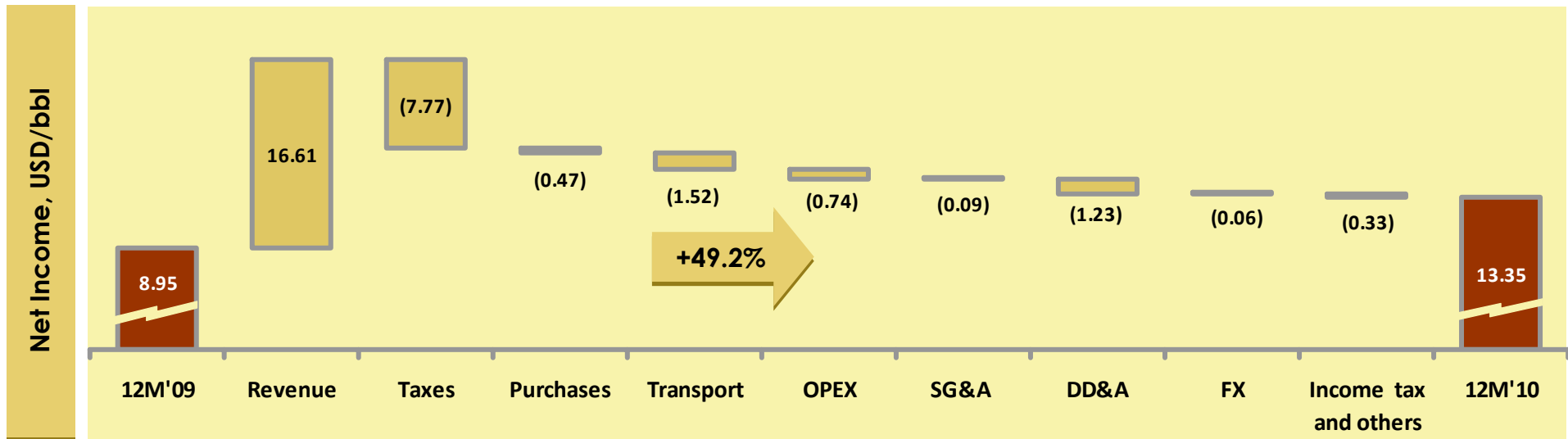
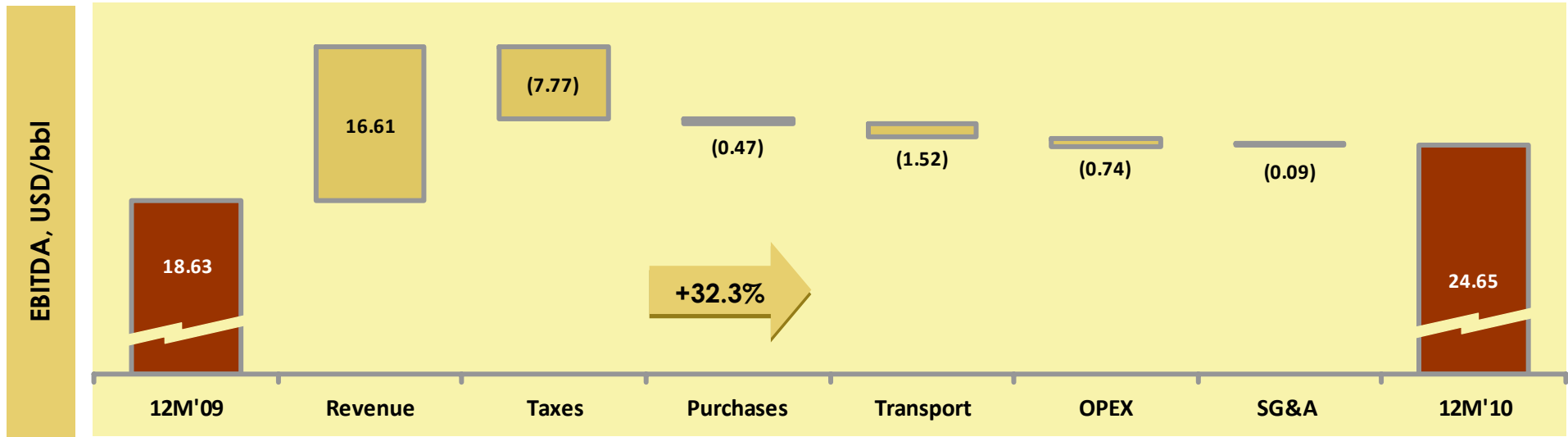
Upstream operating expenses include materials and electricity, workover, wages and salaries, and cost of transport to a trunk pipeline.

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).

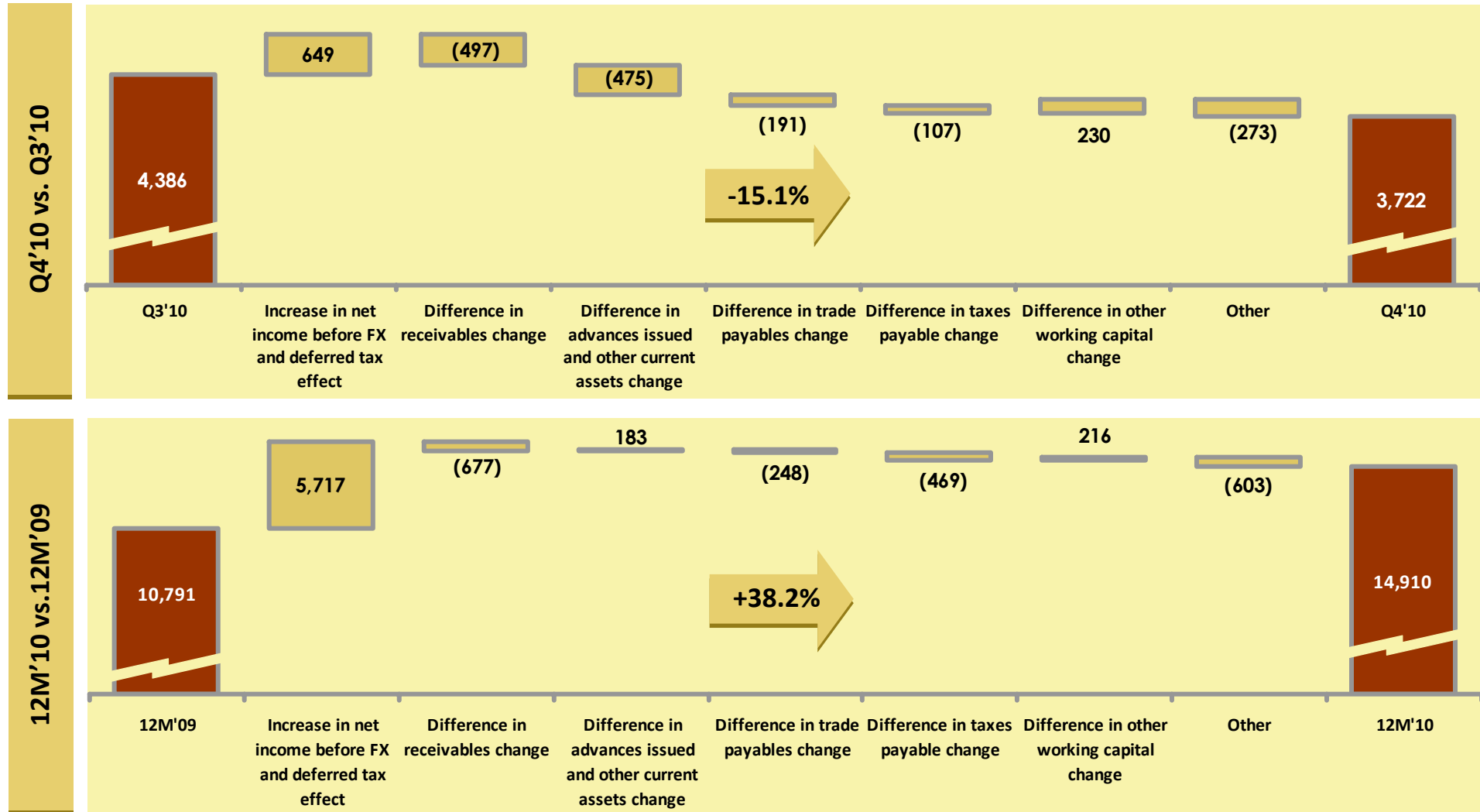


# EBITDA and Net Income per bbl Reconciliation: 12M'10 vs. 12M'09





# Operating Cash Flow Reconciliation, USD mln

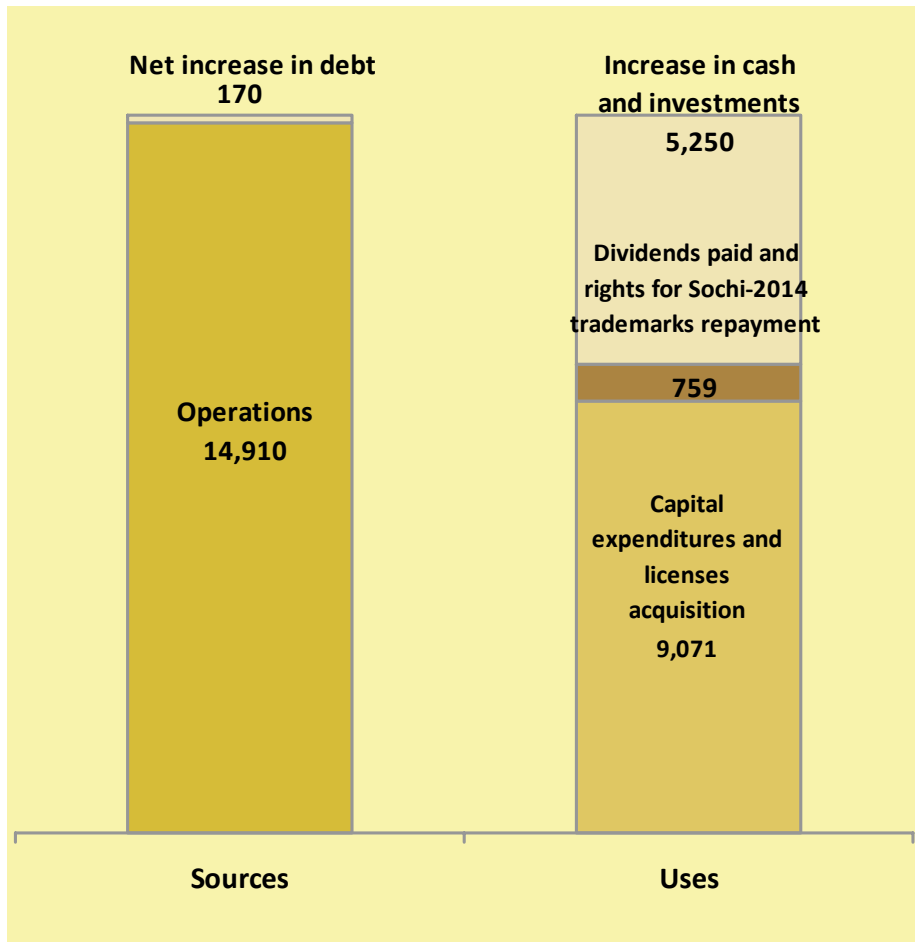




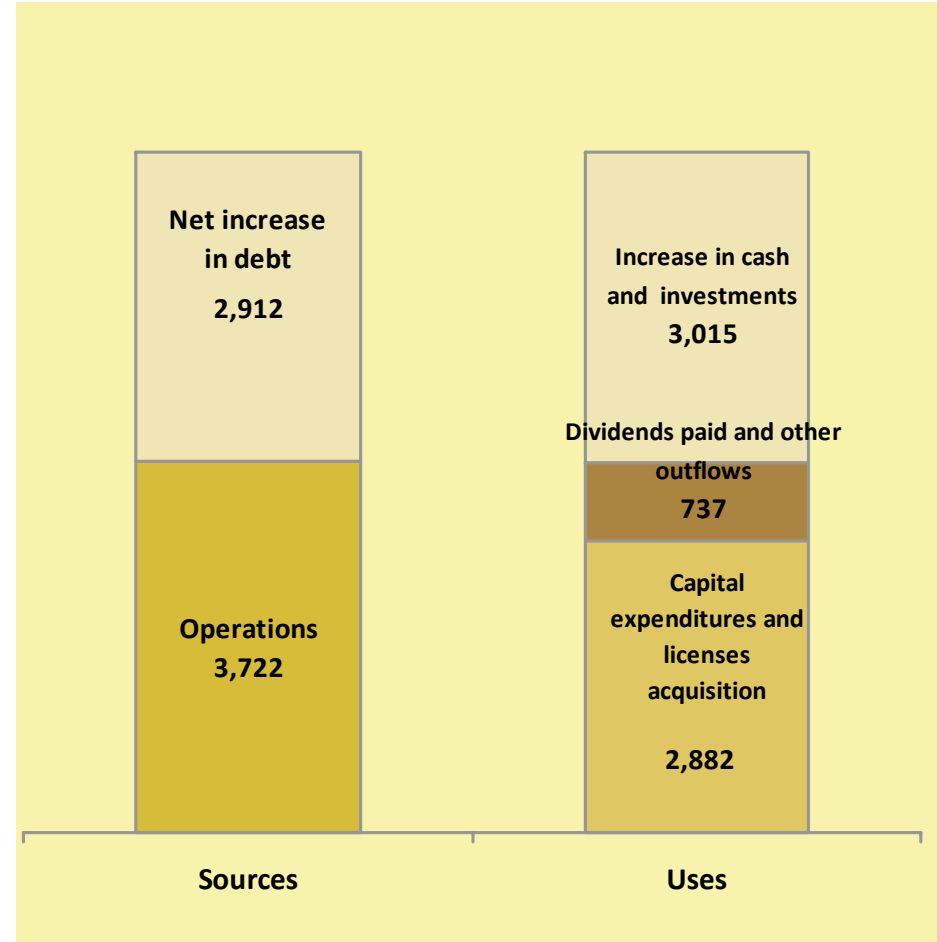


# Sources and Uses of Cash: Strongest Cash Flow Generation

12M'2010



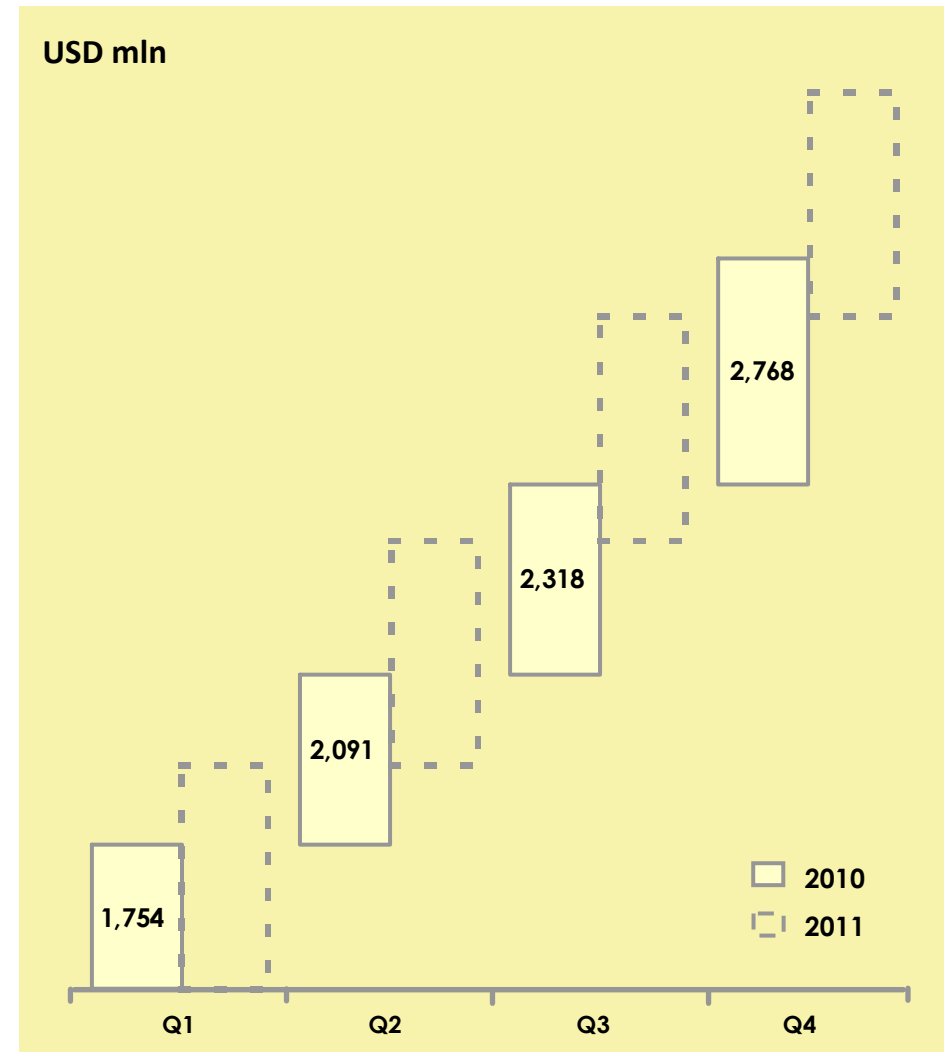
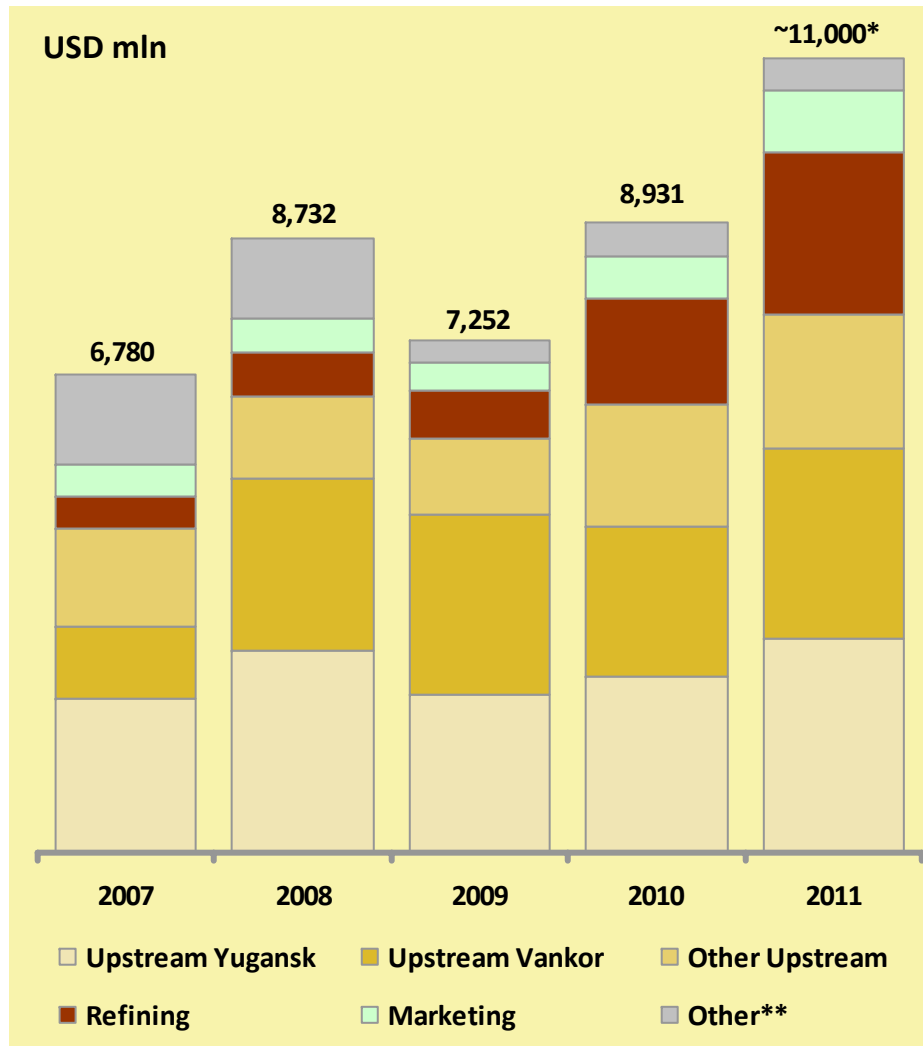
Q4'2010



Operating cash flow is adjusted for operations with trading securities as part of excess cash management (inflow of USD 262 mln in 12M'10, outflow of USD 86 mln in Q4'10).



# Capital Expenditures: At the Lower End of the Initial Guidance in 2010

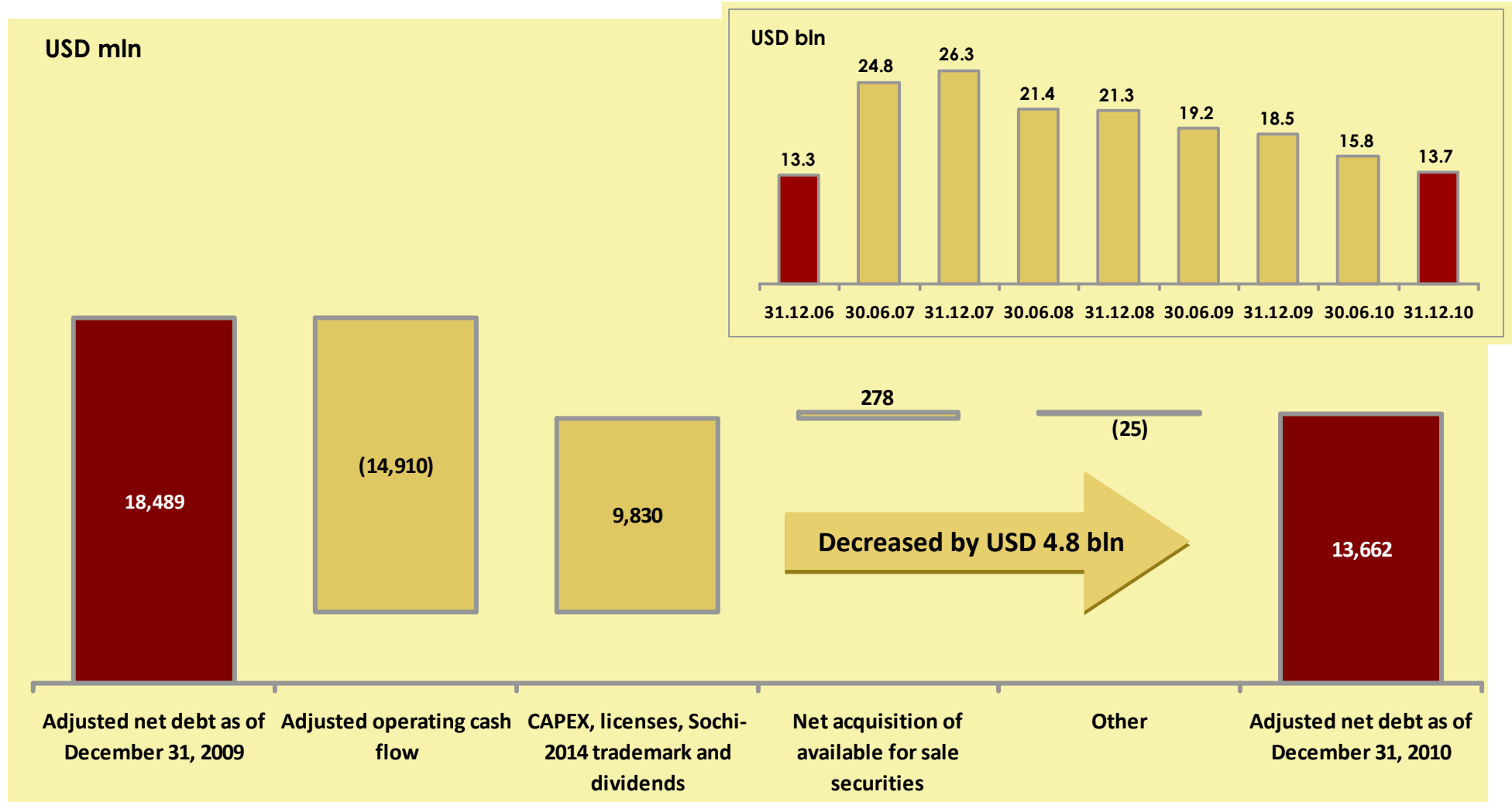


\* At 30.5 RUB/USD. Not including the capitalized expenses on the expansion of the pipeline to the Tuapse refinery.

\*\* Other includes net change in construction materials, capex of service companies and other capex.



# Net Debt Reconciliation: Reaching pre-2007 Acquisitions Level



Net debt is adjusted for short and medium term bank deposits and other short-term investments as part of the excess cash management.  
Operating cash flow is adjusted for operations with trading securities as part of excess cash management



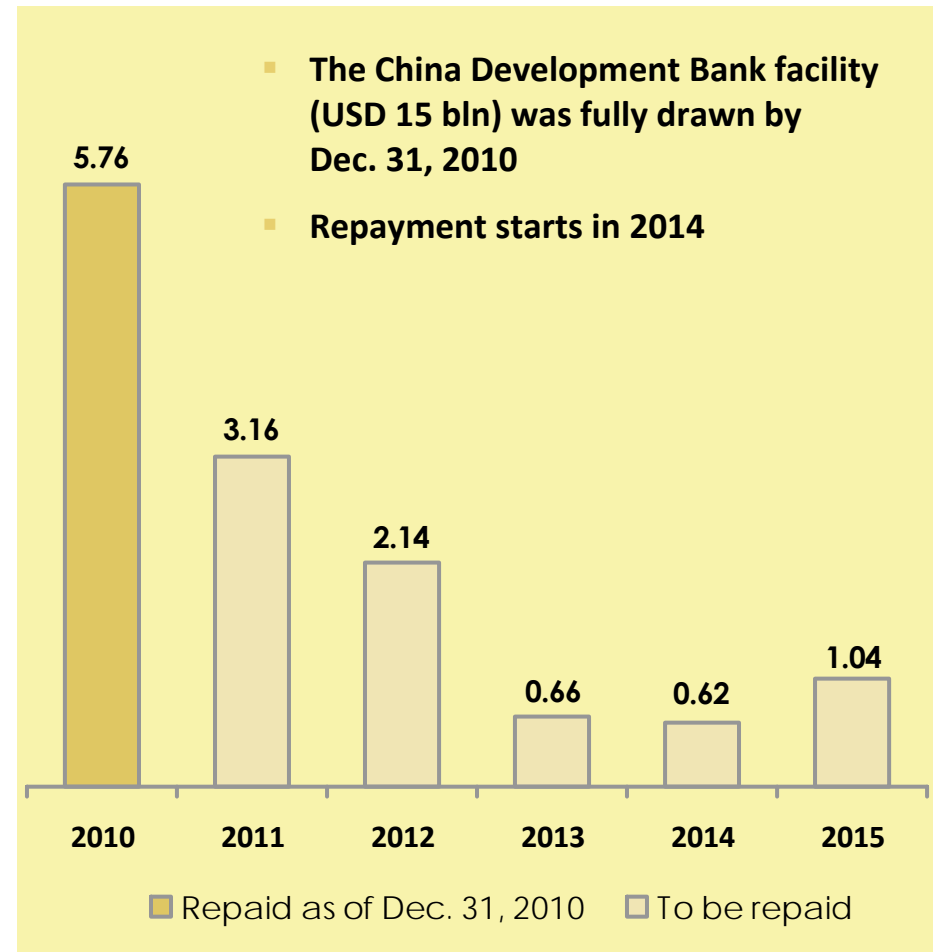
# Credit Profile Strengthened Further

	Dec. 31, 2010	Dec. 31, 2009
Total debt, USD bln	23.6	23.5
Net debt, USD bln	13.66	18.49
Long-term debt, %	76.7%	66.7%
USD denominated debt, %	88.4%	85.2%
Gearing (Net Debt to Net Debt + Equity)	20.0%	29.2%
Weighted av. cost of debt	3.53%	2.32%
LTM EBITDA interest coverage	28.2	16.6
Net debt / LTM EBITDA	0.71	1.36

## Credit rating

S&P	BBB- (positive)
Moody's	Baa1 (stable)
Fitch	BBB- (stable)

## Repayment profile\*, USD bln



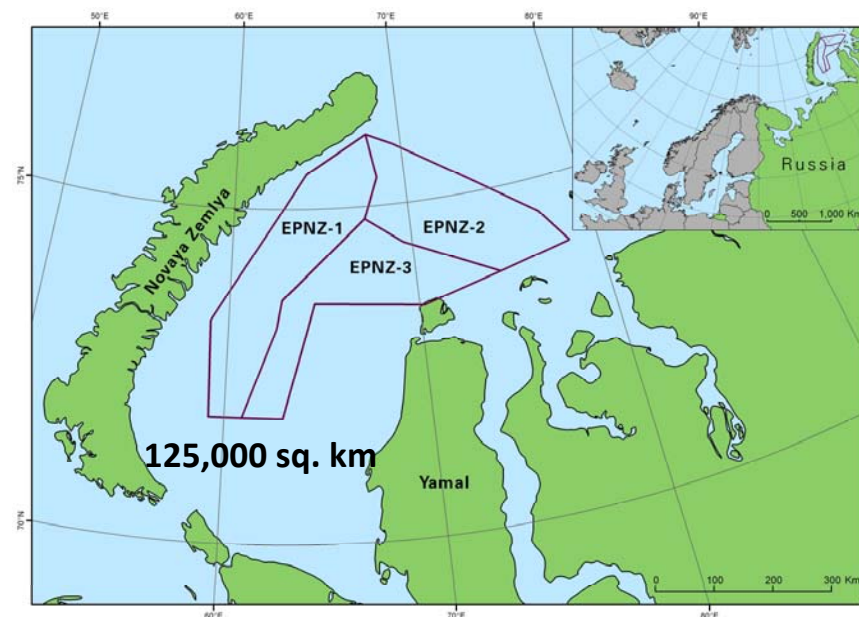
\* Future repayments include only long-term debt with its current portion.



# Strategic Alliance with BP

## Beginning of the Arctic History

- World-class joint exploration program in the South Kara Sea (Rosneft to have 66.67% stake in the Joint Operating Company, BP to carry financing of the initial exploration stage)
- Formation of an ‘Arctic Technology Centre’ - access to additional technological expertise to kick start works on the Russian Arctic shelf
- Formation of a ‘Mobile Emergency Prevention and Rapid Reaction Centre’
- Strategic equity swap – Rosneft to acquire 5% of BP in exchange for 9.5% of Rosneft (treasury shares)
- Discussion of potential joint international projects



### Estimated resources (Russian classifications)

	Oil, bln bbls	Gas, tcm
East-Prinovozemelsky-1	21.7	2.4
East-Prinovozemelsky-2	12.5	2.2
East-Prinovozemelsky-3	1.6	5.7
<b>Total</b>	<b>35.8</b>	<b>10.3</b>

# Black Sea Exploration Efforts High Potential to Share with Partners



- **Acreage – 20,600 sq.km**
- **Sea depth from 30 to 2,250 meters**
- **Blocks are estimated to hold mainly crude oil**



### Prospective recoverable oil resources (D&M estimate as of 31.12.09)

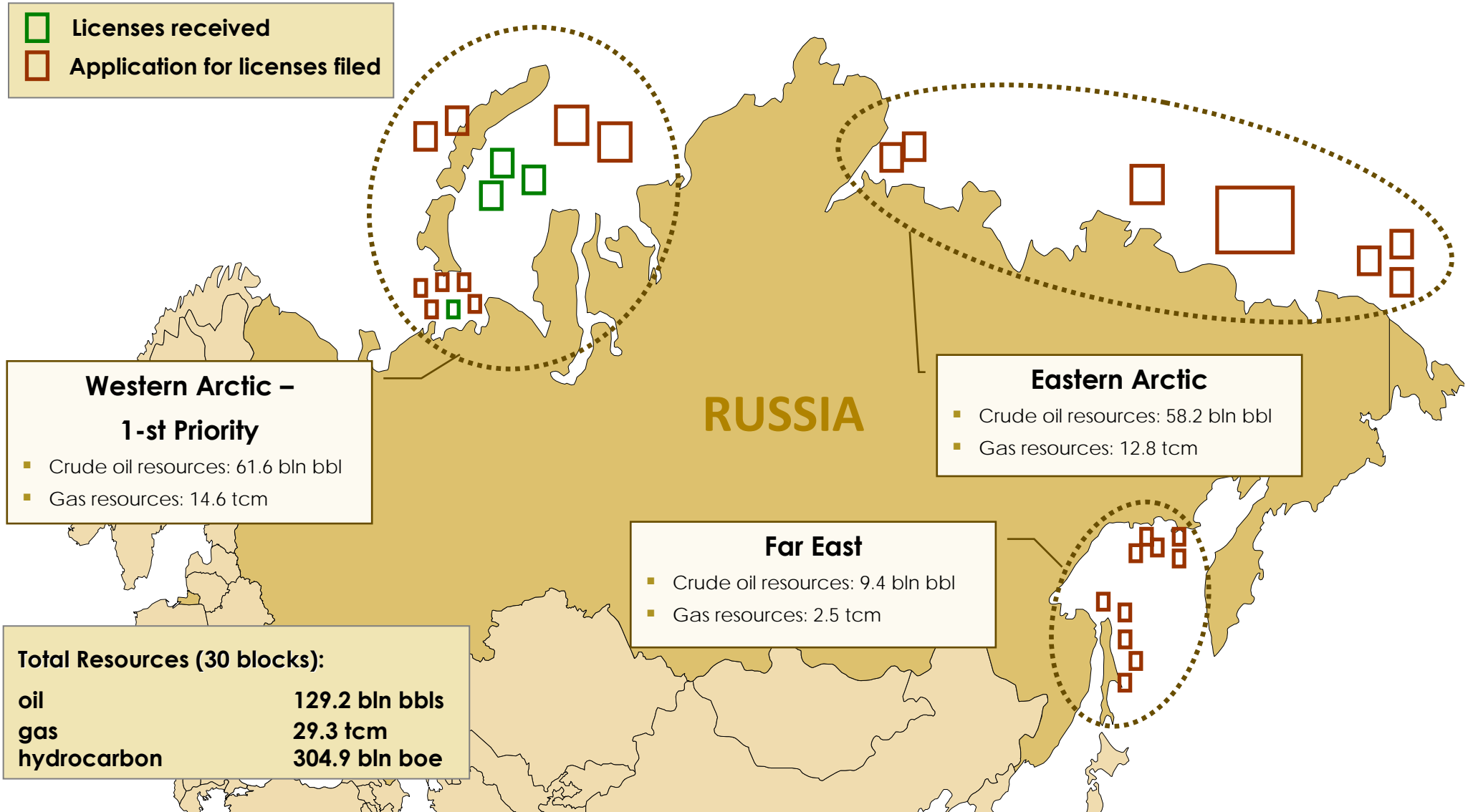
West-Chernomorsky	6.3 bln bbls
Tuapse Trough	8.2 bln bbls
<b>Total</b>	<b>14.5 bln bbls</b>

- Chevron will be the partner for the West Chernomorsky block
- ExxonMobil will be the partner for the Tuapse Trough block
- Rosneft is estimated to hold 67% stake in the operating companies
- Partners will carry financing of the initial exploration stage – Rosneft’s initial exploration risks will be reduced to zero
- Partners will contribute the technological and managerial expertise
- The partnership provides for other potential joint projects
- First well may be drilled as early as 2013



# Arctic and Far East Shelf Prospects: Best Access to Large Resource Base

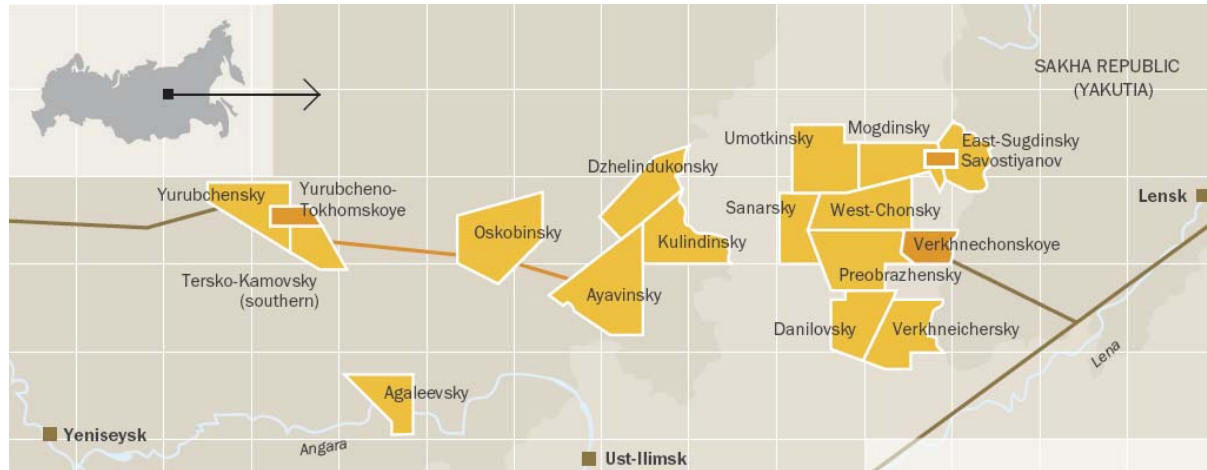
-  Licenses received
-  Application for licenses filed





# Blocks at the South of Eastern Siberia

## 3 bln bbls of Likely C1+C2 Reserves Discovered in Just 2 Years



Exploration region of strategic priority

15 blocks at 50-600 km from the ESPO

Complex geology

Commercial viability depends on tax regime

### Prospective recoverable resources (as of 31.12.09)

Oil	1,059 mln tonnes
Gas	720 bcm

- 2009 — Savostyanov field discovered at East-Sugdinsky and Mogdinsky blocks. Current C1+C2 reserves of the field are estimated at 1.5 bln bbls
- 2010 — 2 new fields discovered at Sanarsky and Preobrazhensky blocks. C1+C2 reserves are estimated at 1.5 bln bbls
- 2011 plans – 4 wells (Mogdinsky, Preobrazhensky, Sanarsky, Danilovsky)

### Exploration works

	2010	2011	2012	2013	2014	2015
2D seismic work, linear km	570	310	850	300	0	0
3D seismic work, sq. km	0	250	450	1,550	1,150	1,300
Number of exploration wells, wells	4	4	16	13	16	8





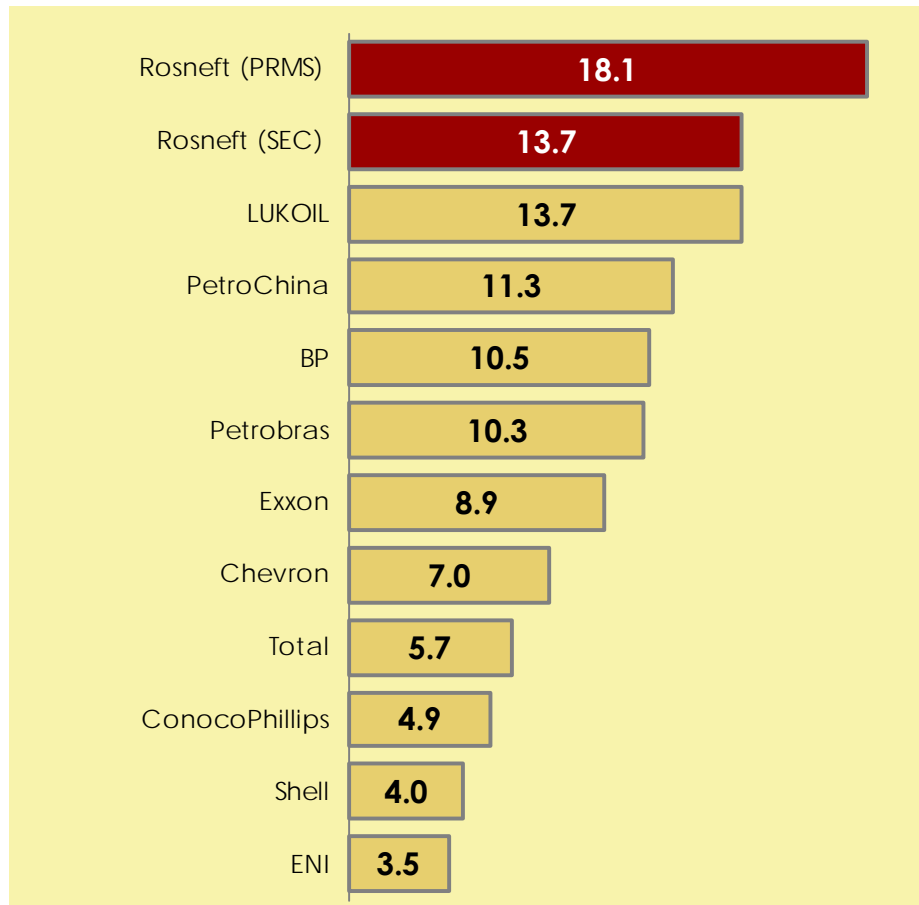
# Q4'10 and 12M`10 US GAAP Financial Results

## Appendix

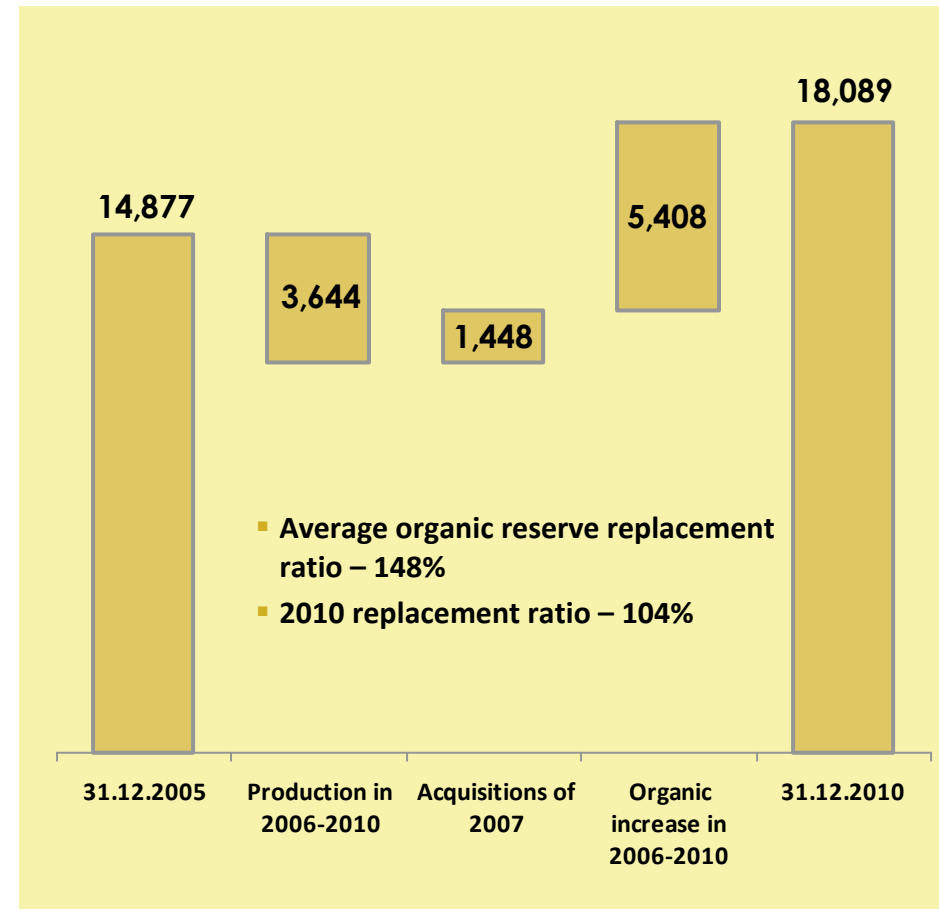


# Reserves

## Proved Crude Oil Reserves (bln bbls)



## Oil Reserve Replacement (2006-2010)

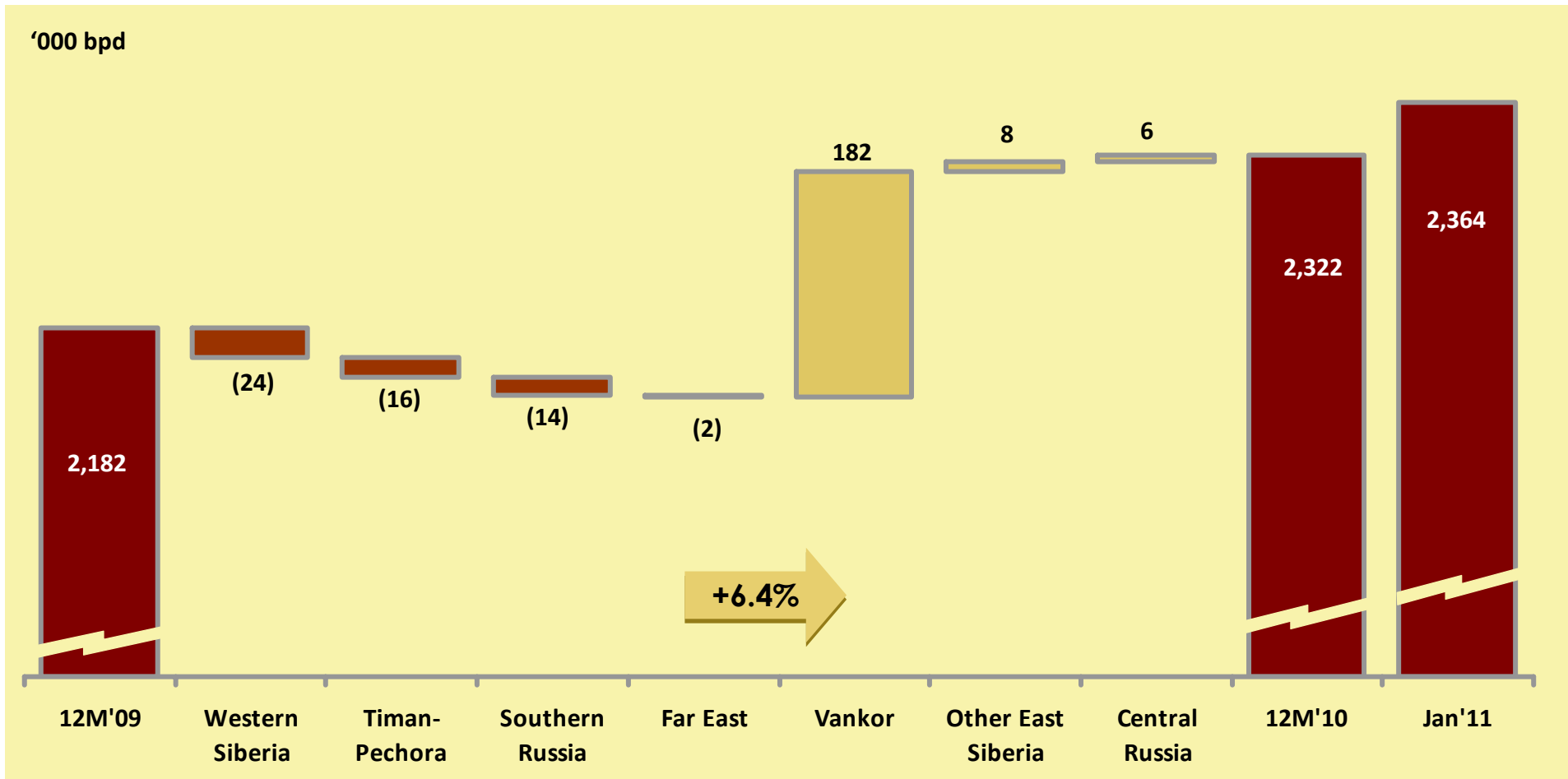


## PRMS Proved Gas Reserves - 787 bcm (27.8 tcf)



# Daily Crude Oil Production: Vankor – the Key Driver

Daily Crude Oil Production Reconciliation, 12M'10 vs. 12M'09





# Blocks around Vankor



## 9 exploration blocks

2009 — discovery of the Baikaloyskoye field adjacent to Vankor (total C1 and C2 recoverable reserves – 53.1 mln tonnes of oil and gas condensate and 28.2 bcm of gas)

2010 results — 17,600 meters of exploration drilling, 4 wells completed (Baykalovsky, Samoedsky, Tukulandsky, North Vankorsky), no new major discoveries, but the results are very important for the future exploration works

2011 plans – 13,100 meters of exploration drilling, 4 wells (Baykalovsky - 1, Samoedsky – 2, West-Lodochny -1)

## Prospective recoverable oil and gas resources (D&M estimate as of 31.12.09)

Oil	2.5 bln bbls
Gas	126 bcm

## Works

	As of 31.12.10	2011	2012	2013	2014	2015
2D seismic work, linear km	7,113	200				
3D seismic work, sq. km	150	546	400	200		
Number of exploration wells, wells	8	4	6	7	5	7



## P&L: Key Line Item Analysis

	12M'10	12M'09	Δ, %	
<b>Revenues</b>	<b>63,047</b>	<b>46,826</b>	<b>34.64%</b>	Higher prices and volumes
Transportation expenses	6,980	5,414	28.93%	Increase in tariffs of natural monopolies and higher transportation volumes due to increase in crude oil production at the Vankor field
Operating expenses	4,792	4,024	19.09%	Volume growth and inflation, per-unit expenses down in real terms
Export duty	16,743	12,131	38.02%	Increase in export duty rate following the growth in crude oil prices and export volumes
Taxes other than on income	10,920	8,061	35.47%	Increase in MET following the growth of crude oil prices
<b>EBITDA</b>	<b>19,203</b>	<b>13,565</b>	<b>41.56%</b>	Growth in revenues, cost control partially offset by growth in tax payments and tariffs of natural monopolies and real ruble appreciation of 12%
DD&A	5,597	4,350	28.67%	Increase in capex: more wells drilled, construction at Vankor and refinery upgrades
Income tax	2,644	2,000	32.20%	In line with statutory tax rate due to stable FX rate
<b>Net income</b>	<b>10,400</b>	<b>6,514</b>	<b>59.66%</b>	



# Interest Expense

USD mln	12M'10	Q4'10	Q3'10	Q2'10	Q1'10
<b>1. Interest accrued according to loan agreements</b>	<b>681</b>	<b>174</b>	<b>163</b>	<b>172</b>	<b>172</b>
<b>2. Interest paid (cash)</b>	<b>618</b>	<b>44</b>	<b>297</b>	<b>42</b>	<b>235</b>
<b>3. Change in interest payables (1-2)</b>	<b>63</b>	<b>130</b>	<b>(134)</b>	<b>130</b>	<b>-63</b>
<b>4. Interest capitalized*</b>	<b>347</b>	<b>100</b>	<b>91</b>	<b>83</b>	<b>73</b>
<b>5. Interest SWAP loss/(gain)</b>	<b>140</b>	<b>(18)</b>	<b>58</b>	<b>60</b>	<b>40</b>
<b>6. Debt issue cost</b>	<b>38</b>	<b>7</b>	<b>8</b>	<b>16</b>	<b>7</b>
<b>7. Other</b>	<b>68</b>	<b>20</b>	<b>17</b>	<b>15</b>	<b>16</b>
<b>8. Interest expense as reflected in P&amp;L (1-4+5+6+7)</b>	<b>580</b>	<b>83</b>	<b>155</b>	<b>180</b>	<b>162</b>

\* Capitalized interests are estimated in accordance with FASB ASC 835-20 'Capitalization of interest'.

The capitalization rate is calculated by dividing interest expenses on loans related to capital expenditures by the average balance of these loans. Interests capitalized are calculated by multiplying the average balance of construction in progress by the capitalization rate.

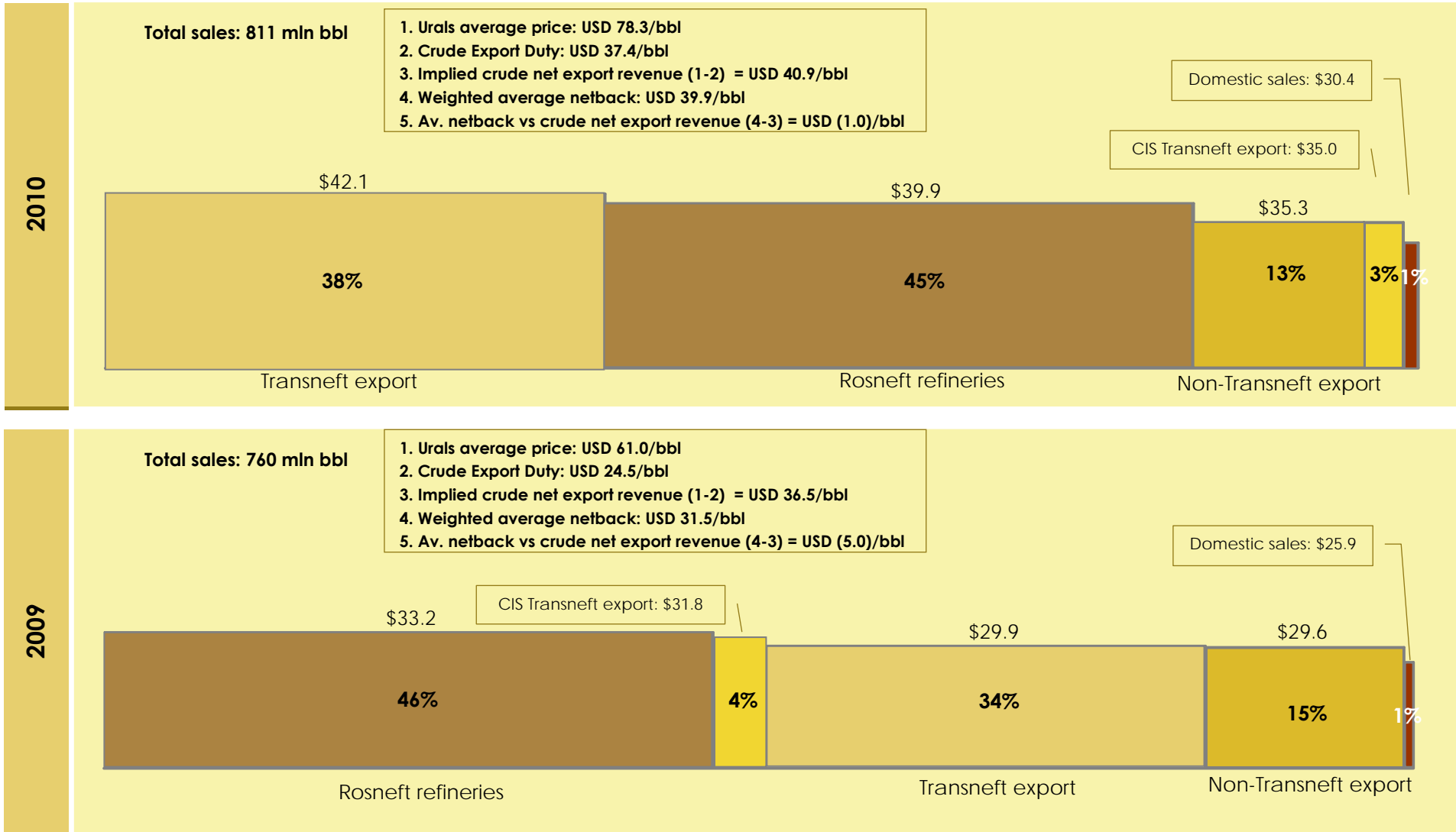


# Income Tax

USD mln	12M'10	Q4'10	9M'10
<b>Income before income tax</b>	<b>13,316</b>	<b>3,652</b>	<b>9,664</b>
Statutory income tax rate	20%	20%	20%
<b>Theoretical income tax</b>	<b>2,663</b>	<b>730</b>	<b>1,933</b>
Add/(deduct) tax effect of:			
Change in valuation allowance	50	30	20
<b>Effect of income tax preferences</b>	<b>(331)</b>	<b>(266)</b>	<b>(65)</b>
Unrecognized income tax benefits	20	(4)	24
Non-deductible items, net	362	93	269
Foreign exchange effects, net	(20)	(1)	(19)
Deferred tax on undistributed earnings	(155)	-	(155)
Other	55	14	41
<b>Income tax</b>	<b>2,644</b>	<b>596</b>	<b>2,048</b>
Effective tax rate	20%	16%	21%



# Netback Ladder 2010 vs. 2009

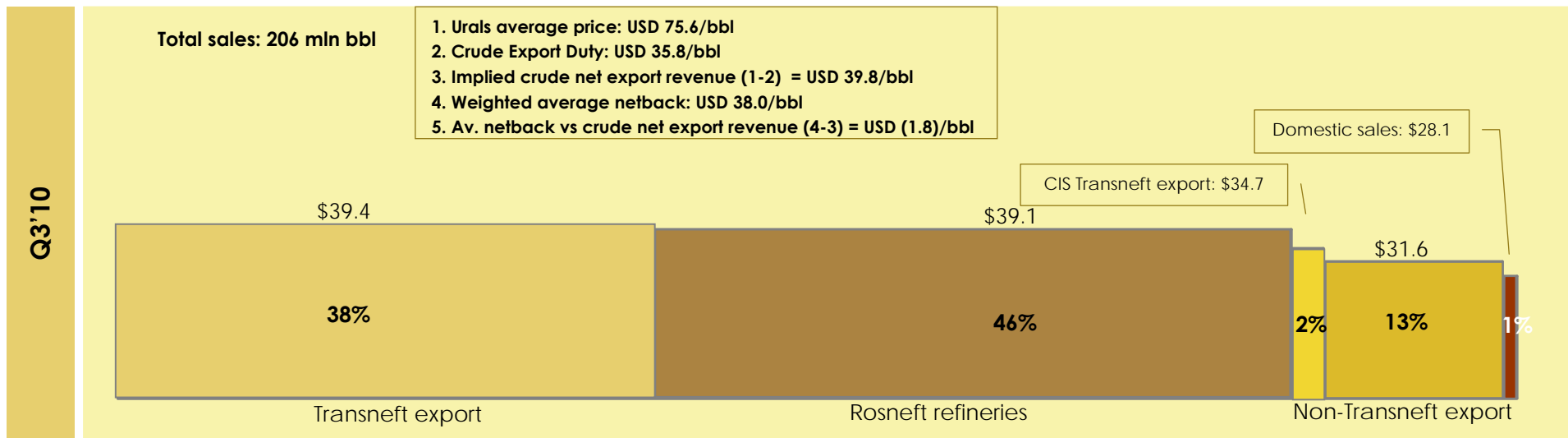
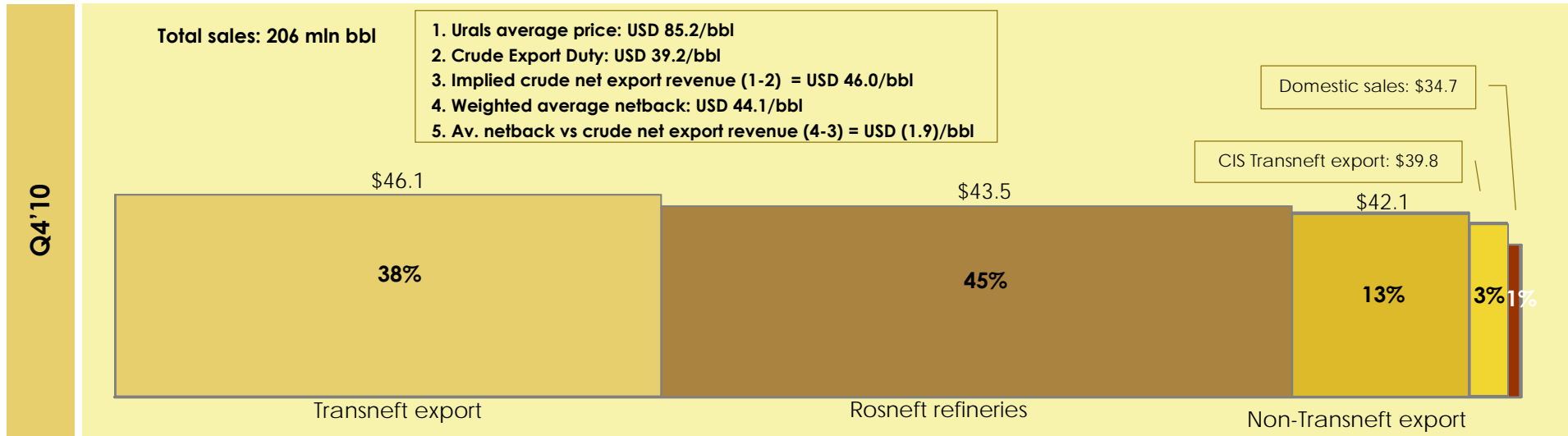






# Netback Ladder

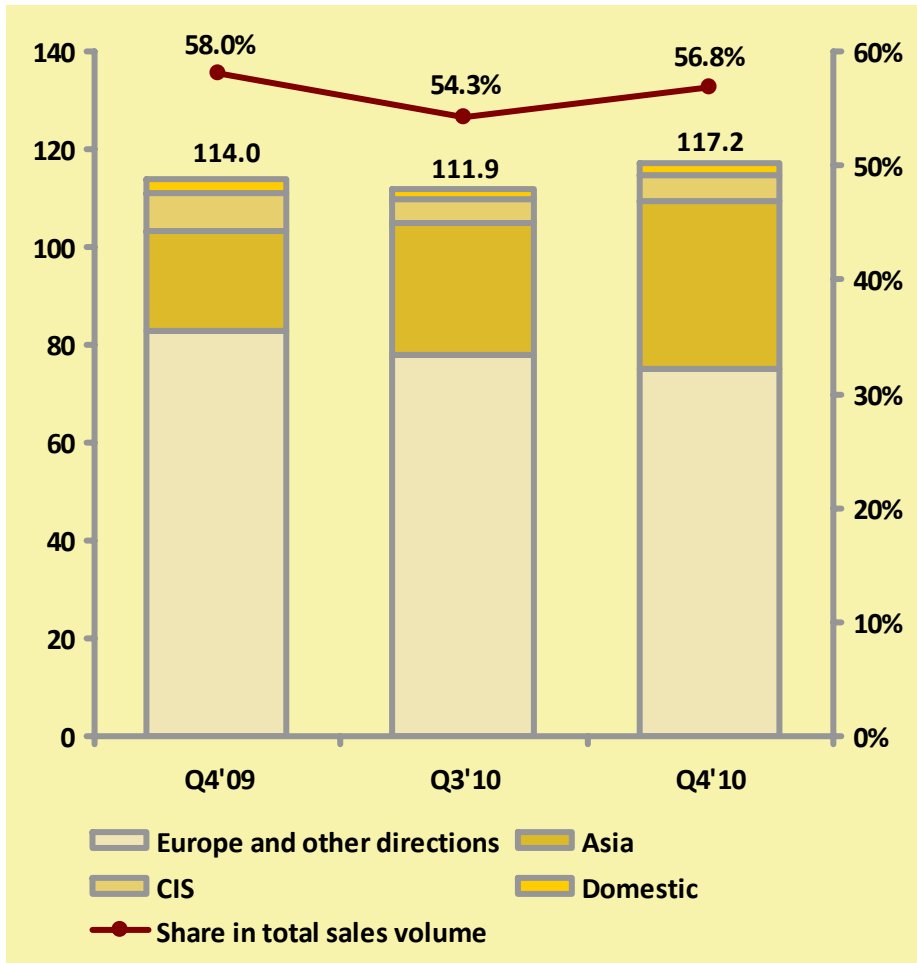
## Q4'10 vs. Q3'10



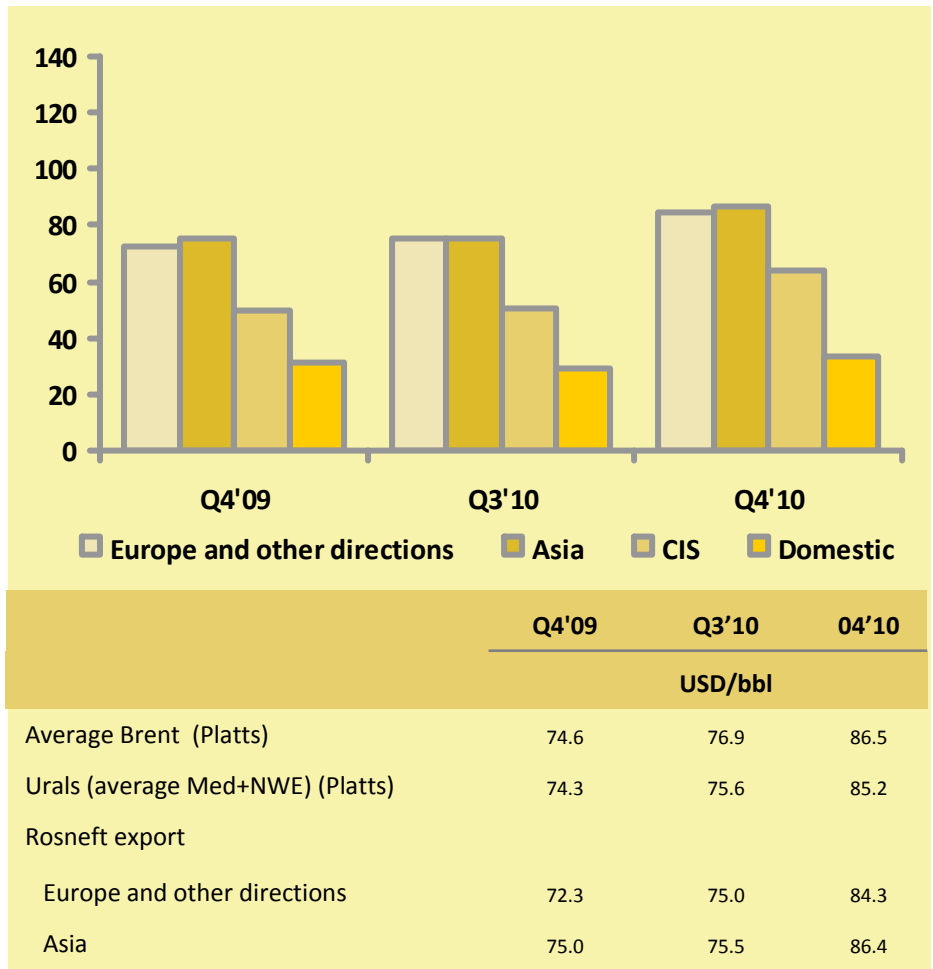


# Crude Oil Sales

Crude Oil and Condensate Sales Volumes, mln bbl

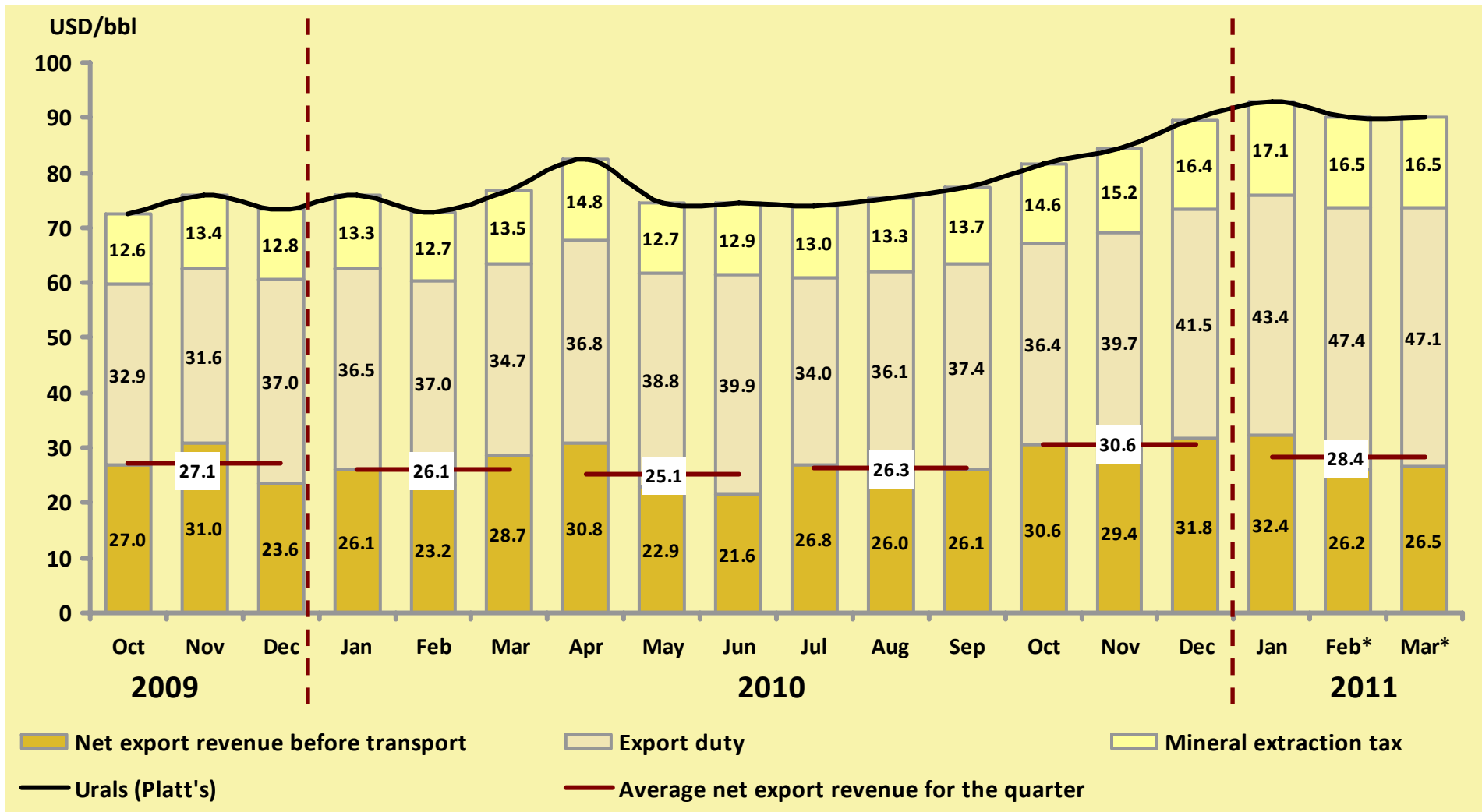


Average Prices, USD/bbl





# Net Revenue of an Oil Exporter

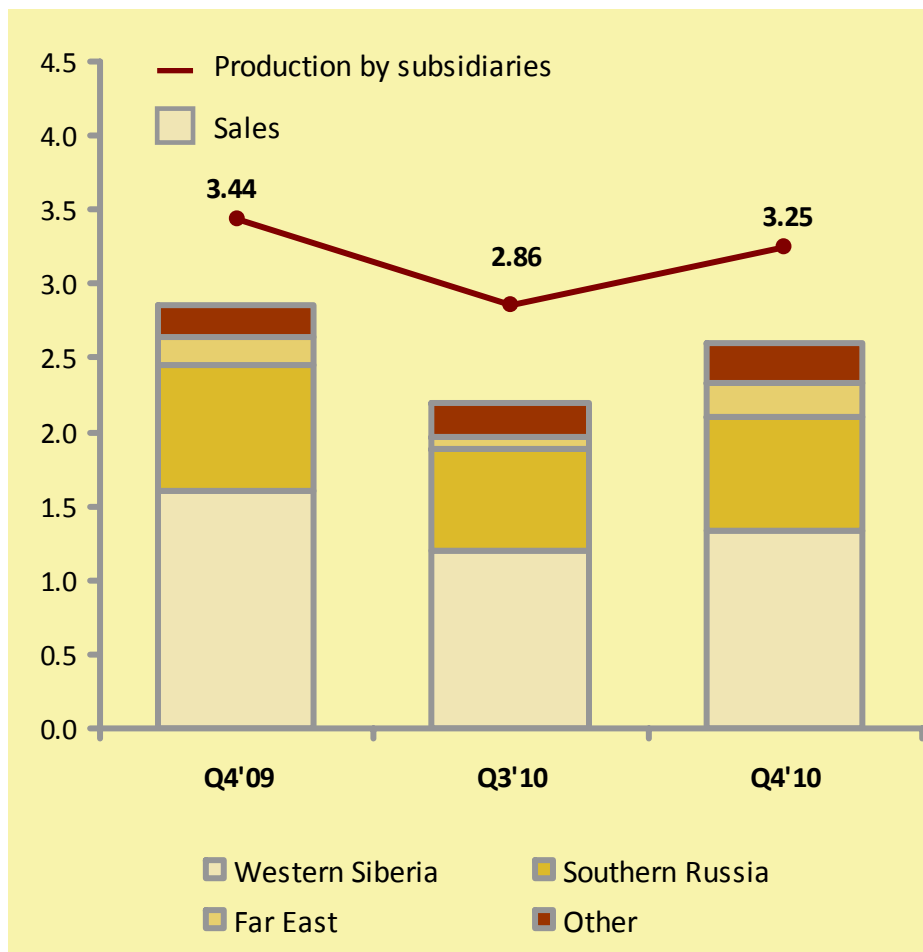


\* Assuming Urals price of USD 90 per bbl in February and March.

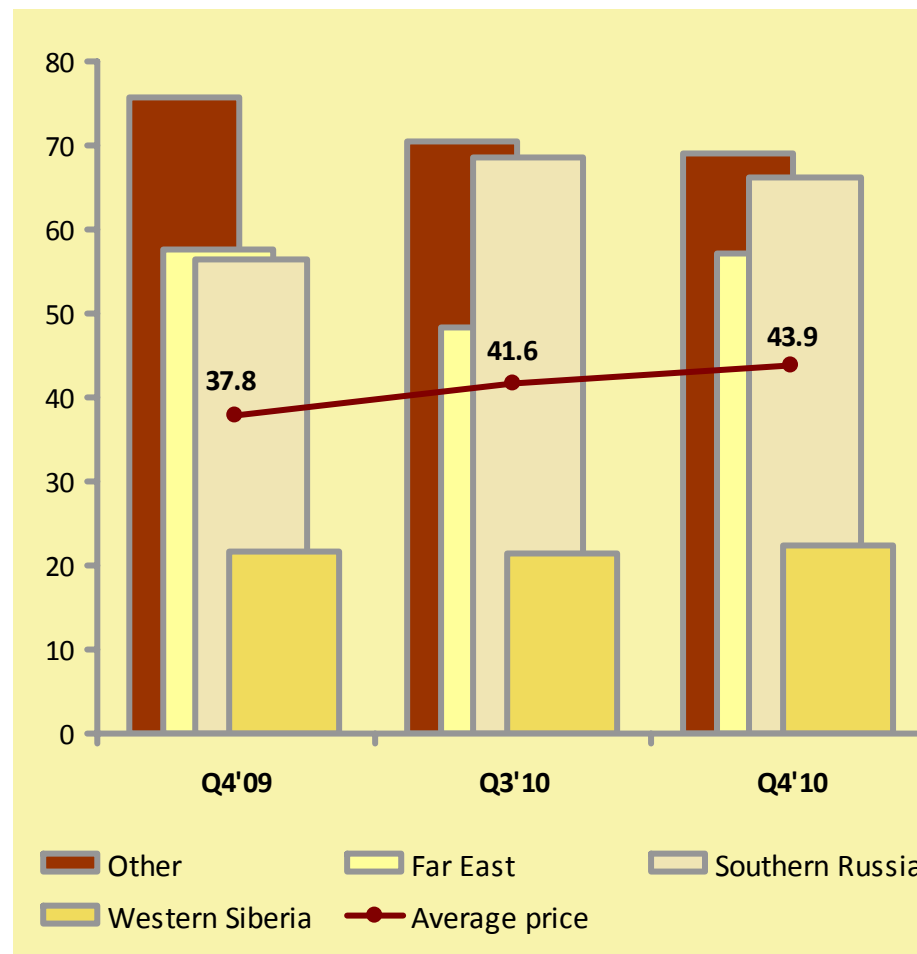


# Gas Production and Sales

## Gas Sales vs. Production, bcm

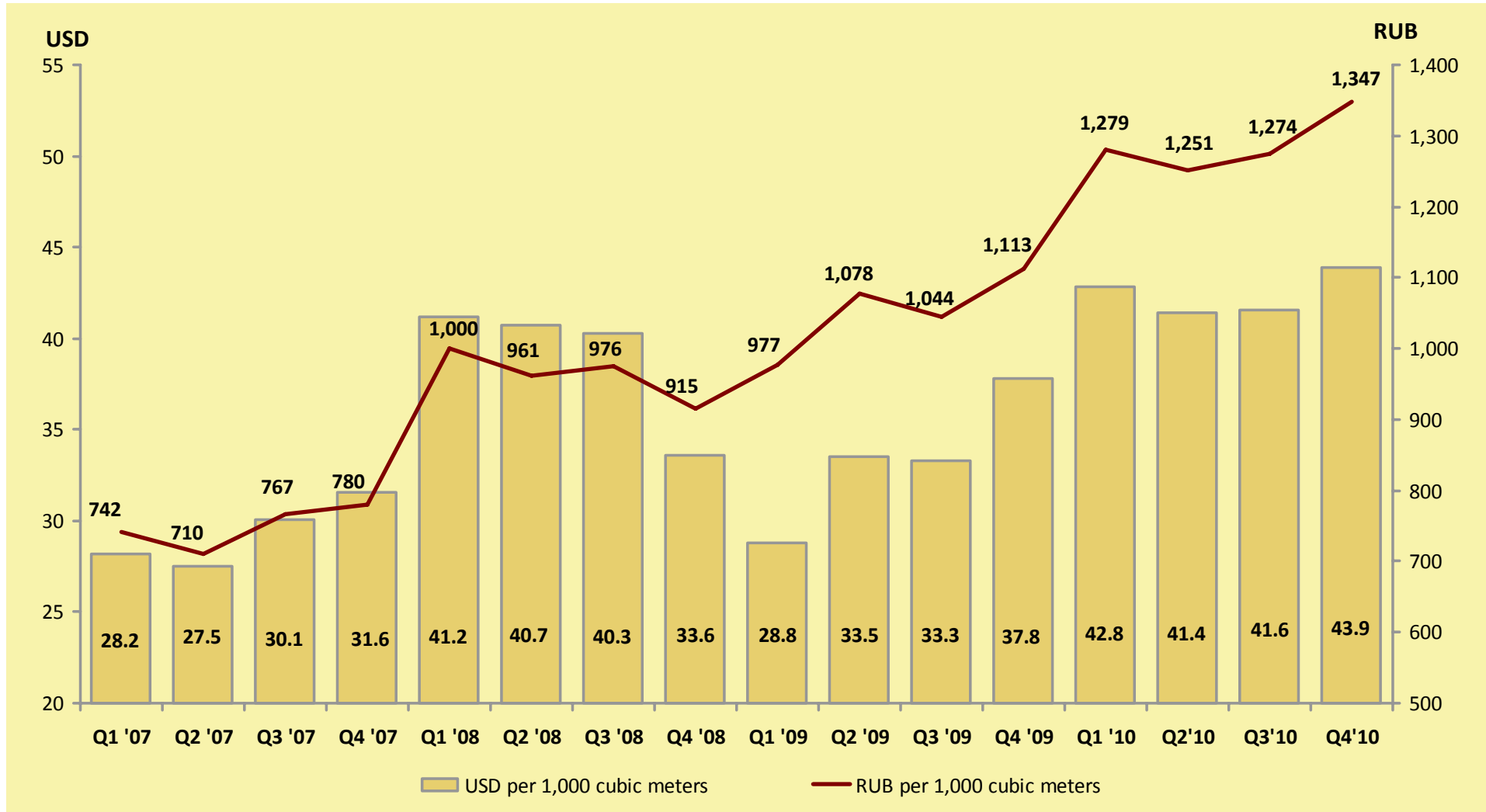


## Gas Sales Prices, USD per 1,000 cubic meters





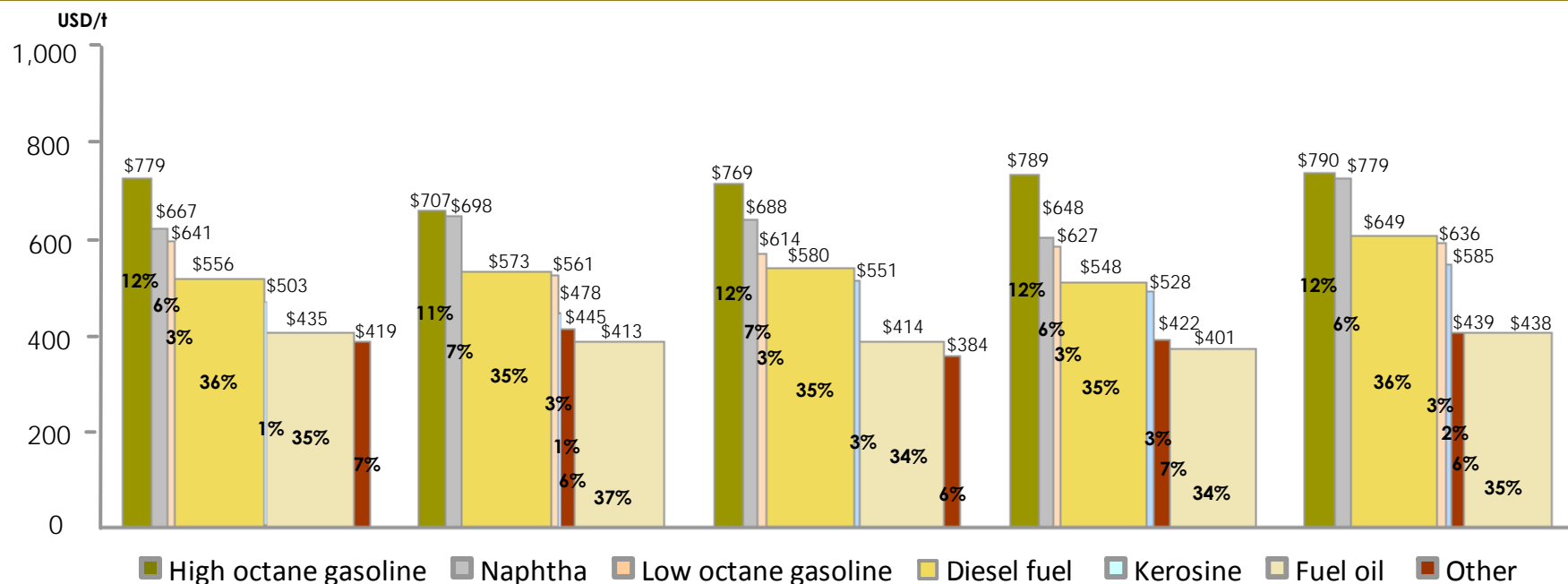
# Gas Sales Prices





# Petroleum Product Revenues

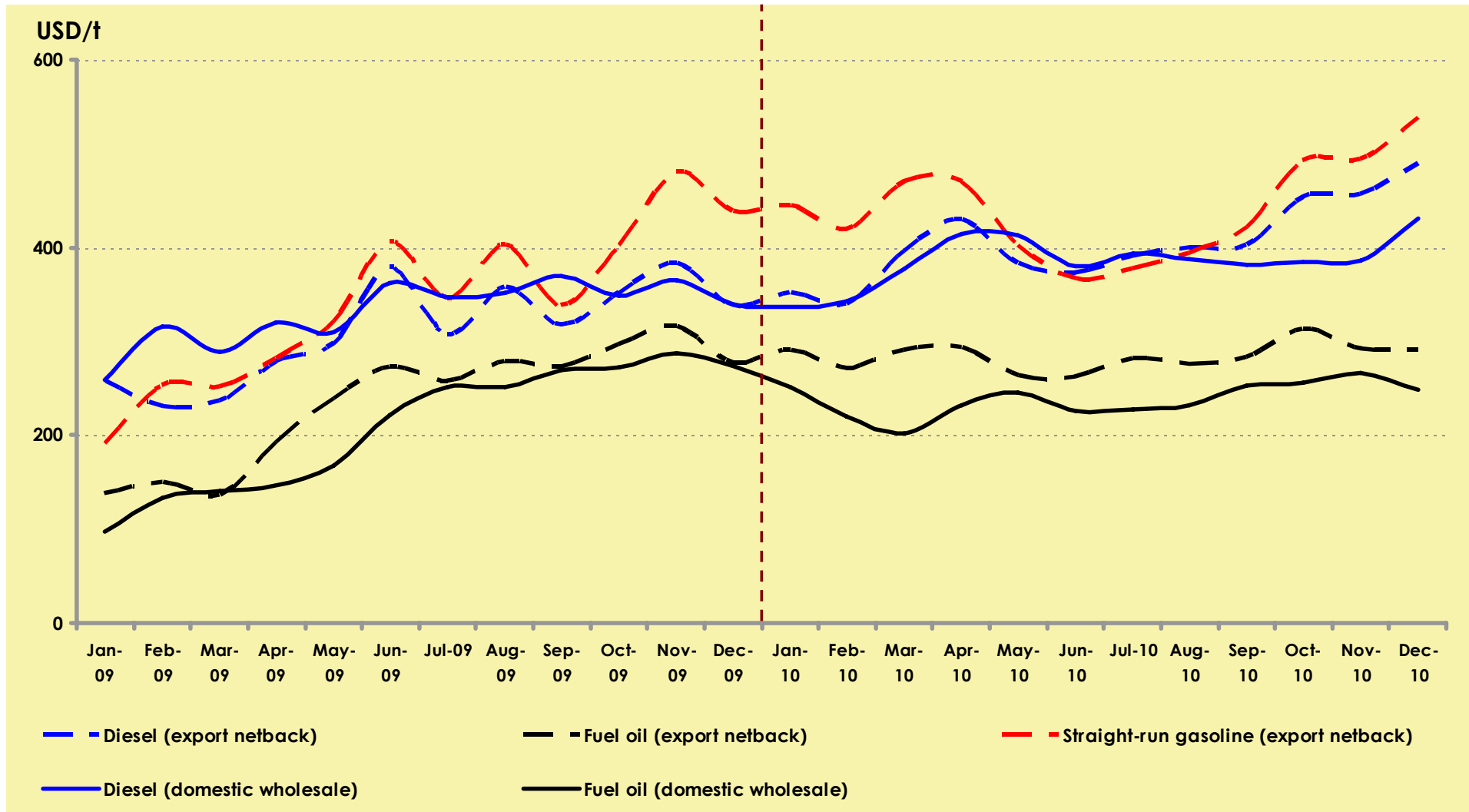
## Petroleum Products: Average Prices and Volume Breakdown



	Q4'09	Q1'10	Q2'10	Q3'10	Q4'10
Revenue, USD mln	5,988	6,208	6,338	6,661	7,037
Excise and export duty, USD mln	1,110	1,220	1,190	1,173	1,234
Net revenue, USD mln	4,878	4,988	5,148	5,488	5,803
Volume sold, mln tonnes	11.11	11.74	11.73	12.69	11.96
<b>Net revenue per tonne, USD</b>	<b>439</b>	<b>425</b>	<b>439</b>	<b>432</b>	<b>485</b>



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

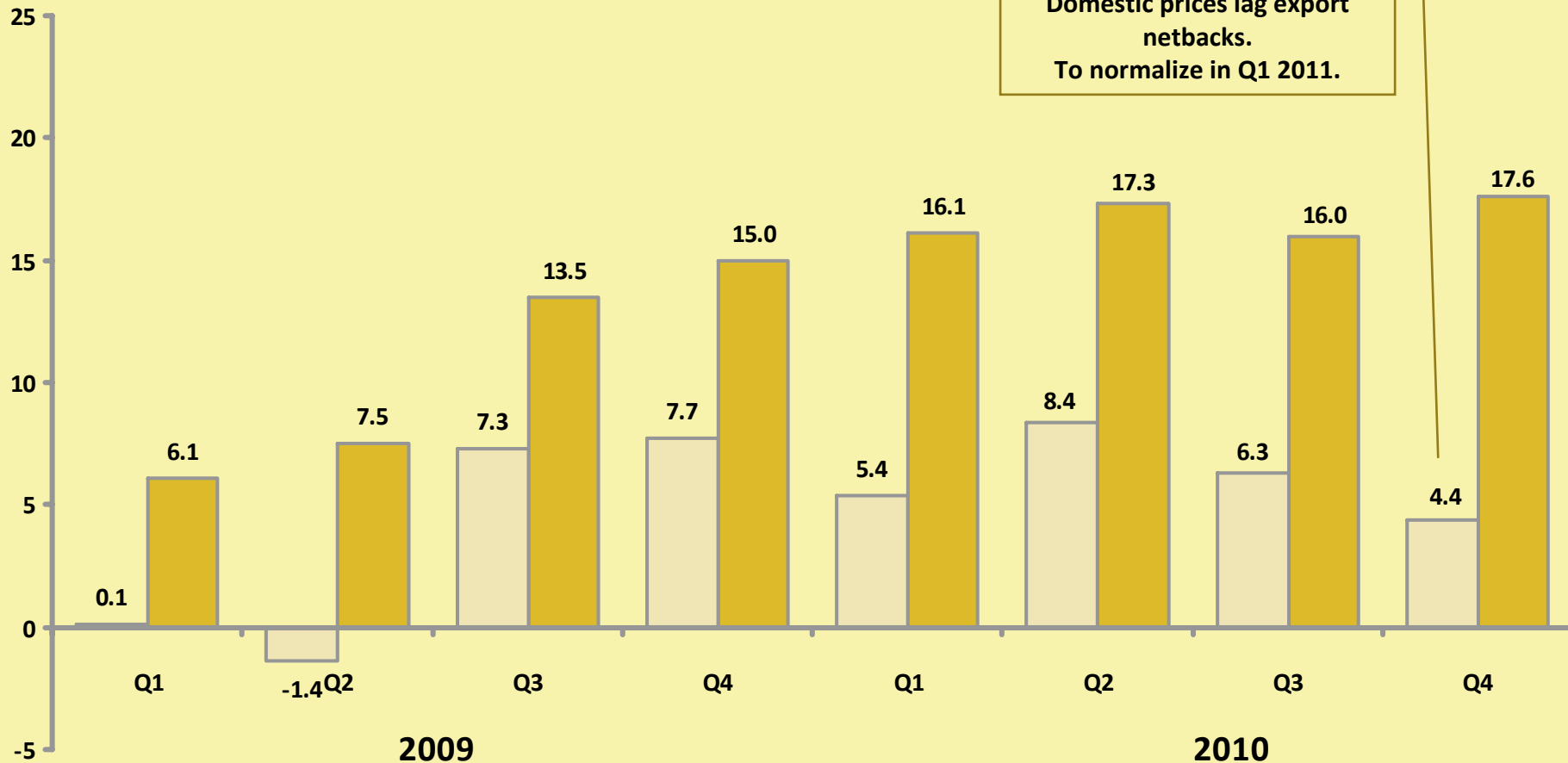


\* Refinery-gate export netback or domestic wholesale price net of VAT and excise (average for Rosneft refineries).



# Net Refining Margin

USD/bbl



- Actual net refining margin (difference between netbacks of crude deliveries to refineries and exports through Transneft system)
- Tax base of the margin (difference between export duty for crude oil and export duty for a 50/50 (dark/light) product basket)





# Key Processes Planned within Refinery Upgrade Program

Unit/process	Description of process	Result of construction / upgrade	Relevance to Rosneft refineries
<b>Isomerization</b>	Uses naphta as input and produces high-octane gasoline components.	<ul style="list-style-type: none"> <li>• Production of high-octane gasoline components with low aromatics content to meet Euro standards</li> <li>• Decrease in naphta production</li> </ul>	<p><b><u>New units:</u></b> Syzran, Kuibyshev, Novokuibyshevsk, Achinsk, Angarsk, Komsomolsk, Tuapse</p> <p><b><u>Upgrades:</u></b> Novokuibyshevsk</p>
<b>Hydrotreatment of diesel</b>	Uses high-sulfur diesel fractions. Produces low-sulphur diesel fuel.	Production of diesel meeting Euro standards	<p><b><u>New units:</u></b> Syzran, Angarsk</p> <p><b><u>Upgrades:</u></b> Kuibyshev</p>
<b>Catalytic reforming (CCR)</b>	Uses naphta as input. Produces high-octane gasoline components.	Production of gasoline meeting Euro standards.	<p><b><u>New units:</u></b> Novokuibyshevsk, Achinsk, Tuapse,</p> <p><b><u>Upgrades:</u></b> Syzran, Kuibyshev, Komsomolsk</p>



# Key Processes Planned within Refinery Upgrade Program

Unit/process	Description of Process	Result of construction / upgrade	Relevance to Rosneft refineries
<b>Hydrocracking</b>	Conversion process. Uses vacuum gasoil as input. Produces low-sulfur diesel components, gasoline, gases and heavy residues. Share of diesel components in total output is higher than share of gasoline.	<ul style="list-style-type: none"> <li>• Production of low-sulfur diesel component from dark input (vacuum gasoil) to meet Euro standards for diesel</li> <li>• Increase in light product yield of a refinery and share of diesel in total output</li> </ul>	<p><b><u>New units:</u></b> Novokuibyshevsk, Achinsk, Komsomolsk, Tuapse</p>
<b>Fluid Catalytic Cracking (FCC)</b>	Conversion process. Uses vacuum gasoil as input. Produces high-octane gasoline components, diesel fuel, gases and heavy residues. Share of gasoline components in total output is higher than share of diesel.	<ul style="list-style-type: none"> <li>• Production of high-octane gasoline components with low aromatics content from dark input (vacuum gasoil) to meet Euro standards for gasoline</li> <li>• Increase in light product yield of a refinery and share of gasoline in total refinery output</li> </ul>	<p><b><u>New units:</u></b> Syzran, Kuibyshev</p>
<b>Delayed coking</b>	Conversion process. Uses heavy vacuum, FCC and Hydro Cracking residues. Produces light products – high-sulfur diesel, gasoline, coke.	Processing of heavy residues, increase in light product yield of a refinery,	<p><b><u>New units:</u></b> Komsomolsk, Achinsk, Tuapse</p> <p><b><u>Upgrades:</u></b> Novokuibyshevsk</p>



# Key Processes Planned within Refinery Upgrade Program

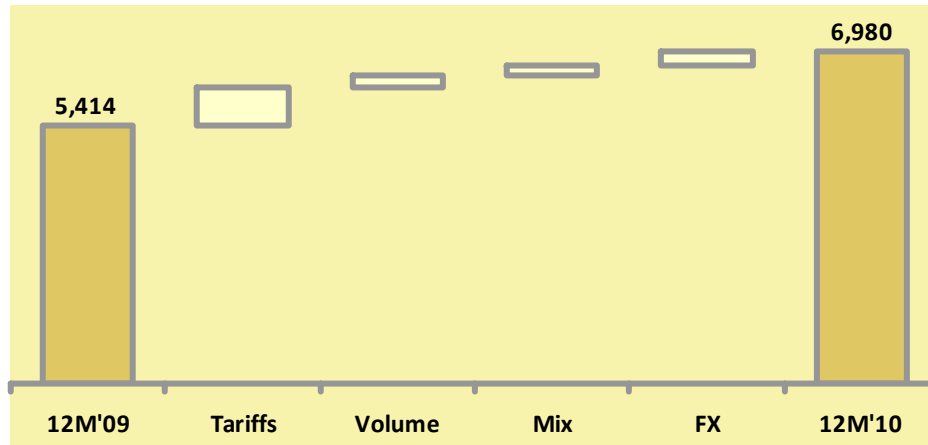
Unit/process	Description of Process	Result of construction / upgrade	Relevance to Rosneft refineries
<b>MTBE (methyl tertiary butyl ether)</b>	Uses refinery gases as input. Produces octane booster.	Production of octane booster to meet Euro standards for gasoline	<b><u>New units:</u></b> Angarsk, Kuibyshev, Syzran
<b>Etherification</b>	Uses gasoline fractions from delayed coking, FCC and pyrolysis units. Produces high octane gasoline components.	Production of high-octane gasoline components to meet Euro standards for gasoline	<b><u>New units:</u></b> Angarsk
<b>Alkylation</b>	Uses refinery gases as input. Produces high octane gasoline component	Production of high-octane gasoline components to meet Euro standards for gasoline	<b><u>New units:</u></b> Angarsk
<b>Visbreaking</b>	Conversion process. Uses heavy vacuum, FCC and Hydro Cracking residues. Produces fuel oil component.	Processing of heavy residues into fuel oil.	<b><u>Upgrade:</u></b> Kuibyshev



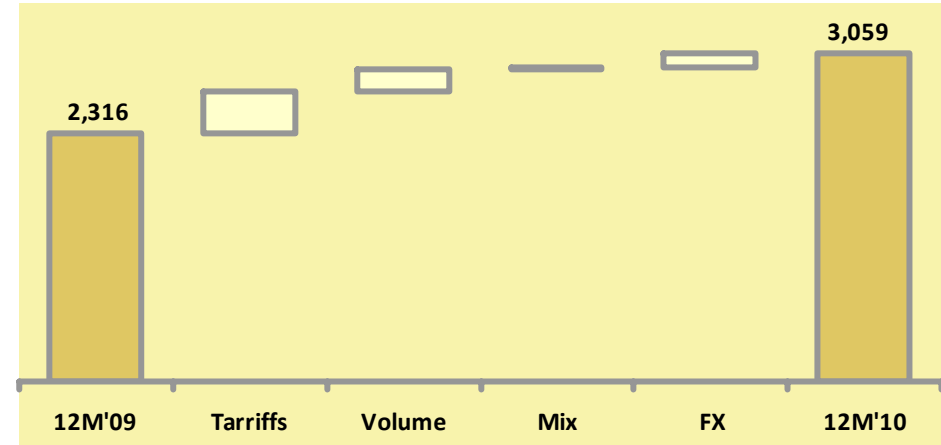
# Transportation Costs Dynamics

## Tariffs and FX – Key Growth Factors

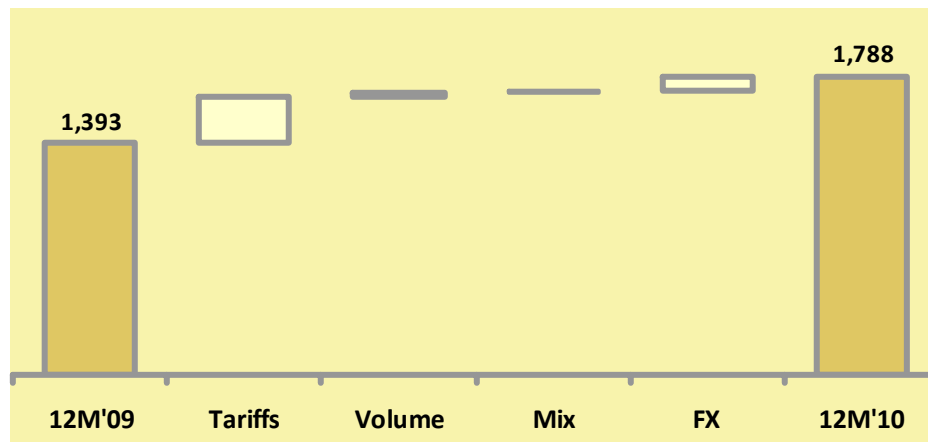
Total Transportation Costs, USD mln



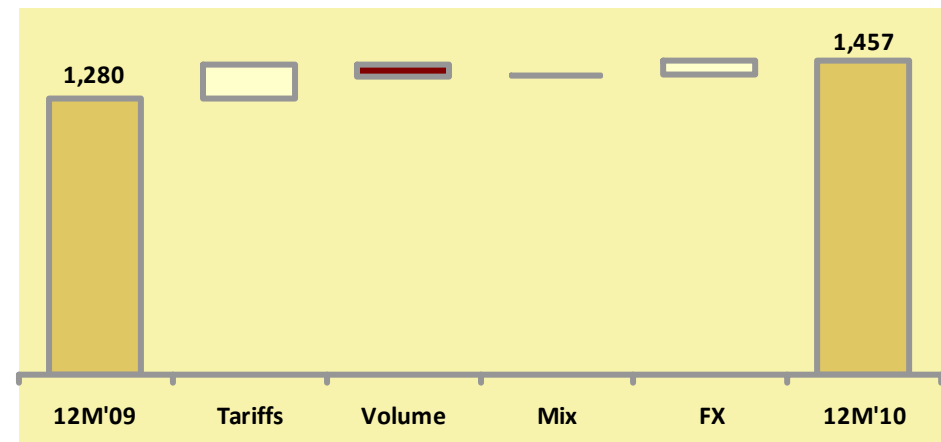
Transportation Costs for Crude Exports, USD mln



Transportation Costs for Crude Deliveries to Refineries, USD mln



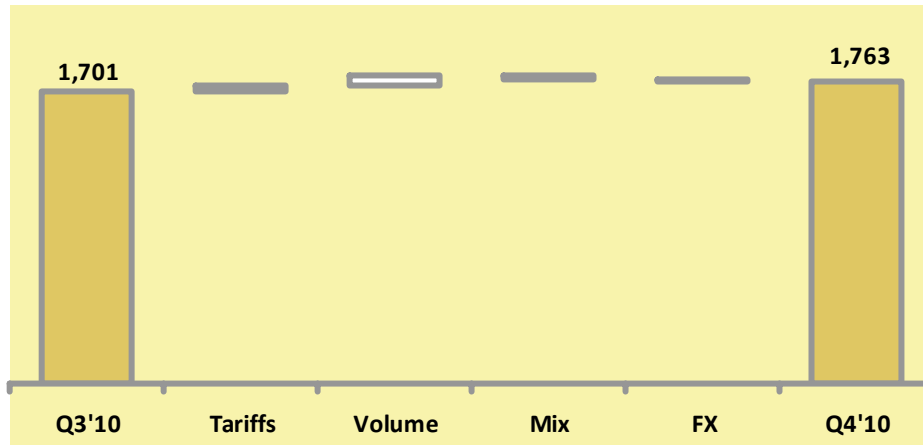
Transportation Costs for Product Exports, USD mln



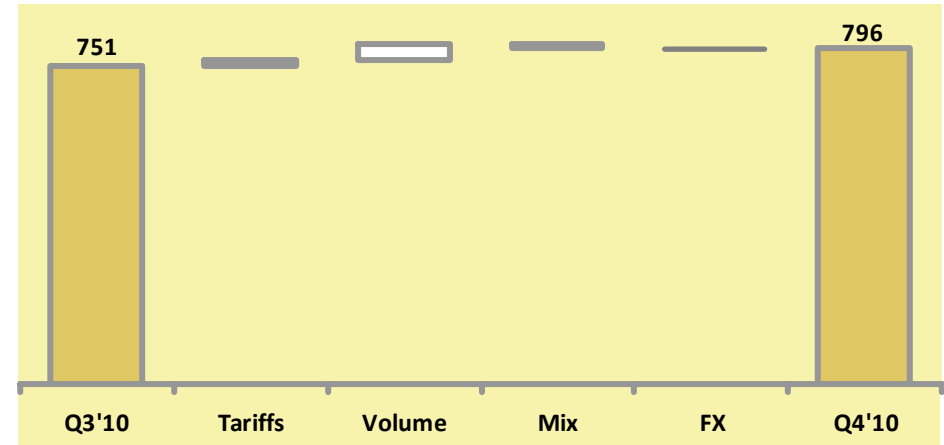


# Transportation Costs, Factor Analysis: Q4'10 vs. Q3'10

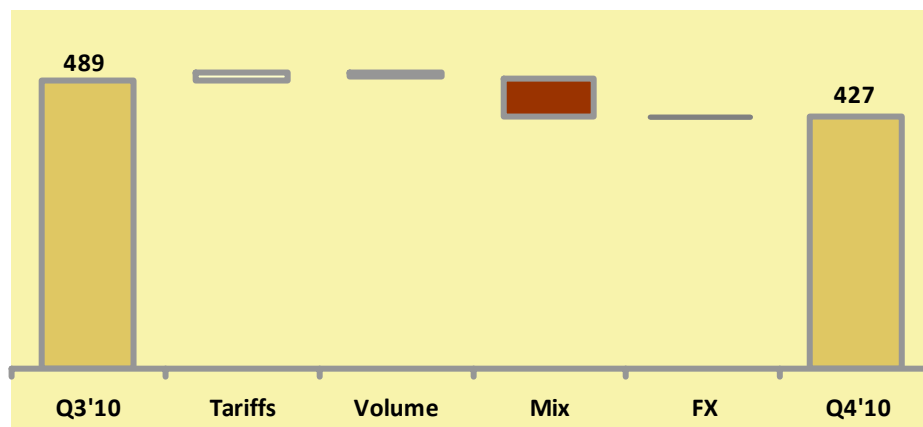
Total Transportation Costs, USD mln



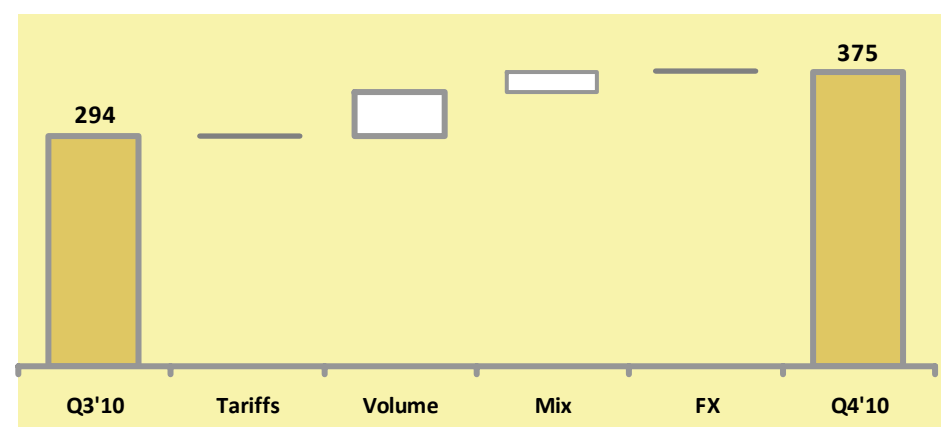
Transportation Costs for Crude Exports, USD mln



Transportation Costs for Crude Deliveries to Refineries, USD mln

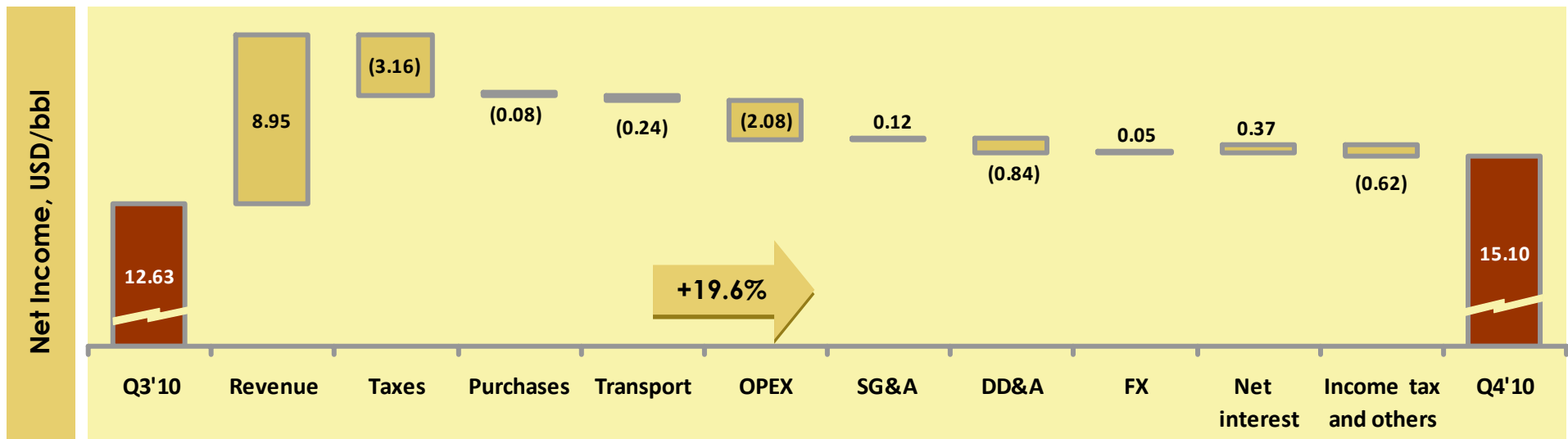
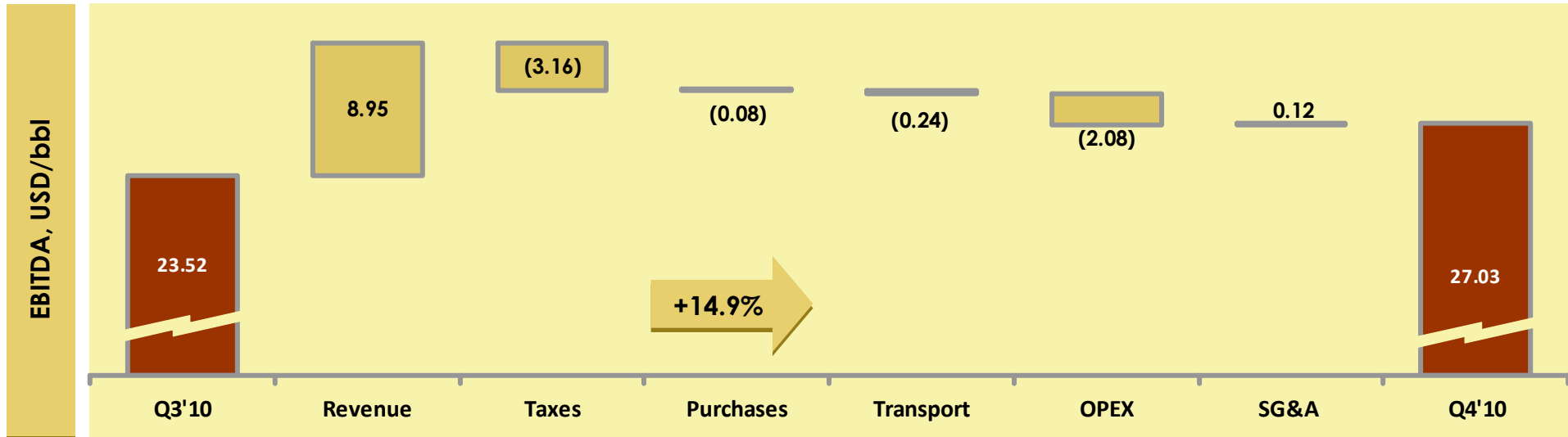


Transportation Costs for Product Exports, USD mln





# EBITDA and Net Income per bbl Reconciliation: Q4'10 vs. Q3'10





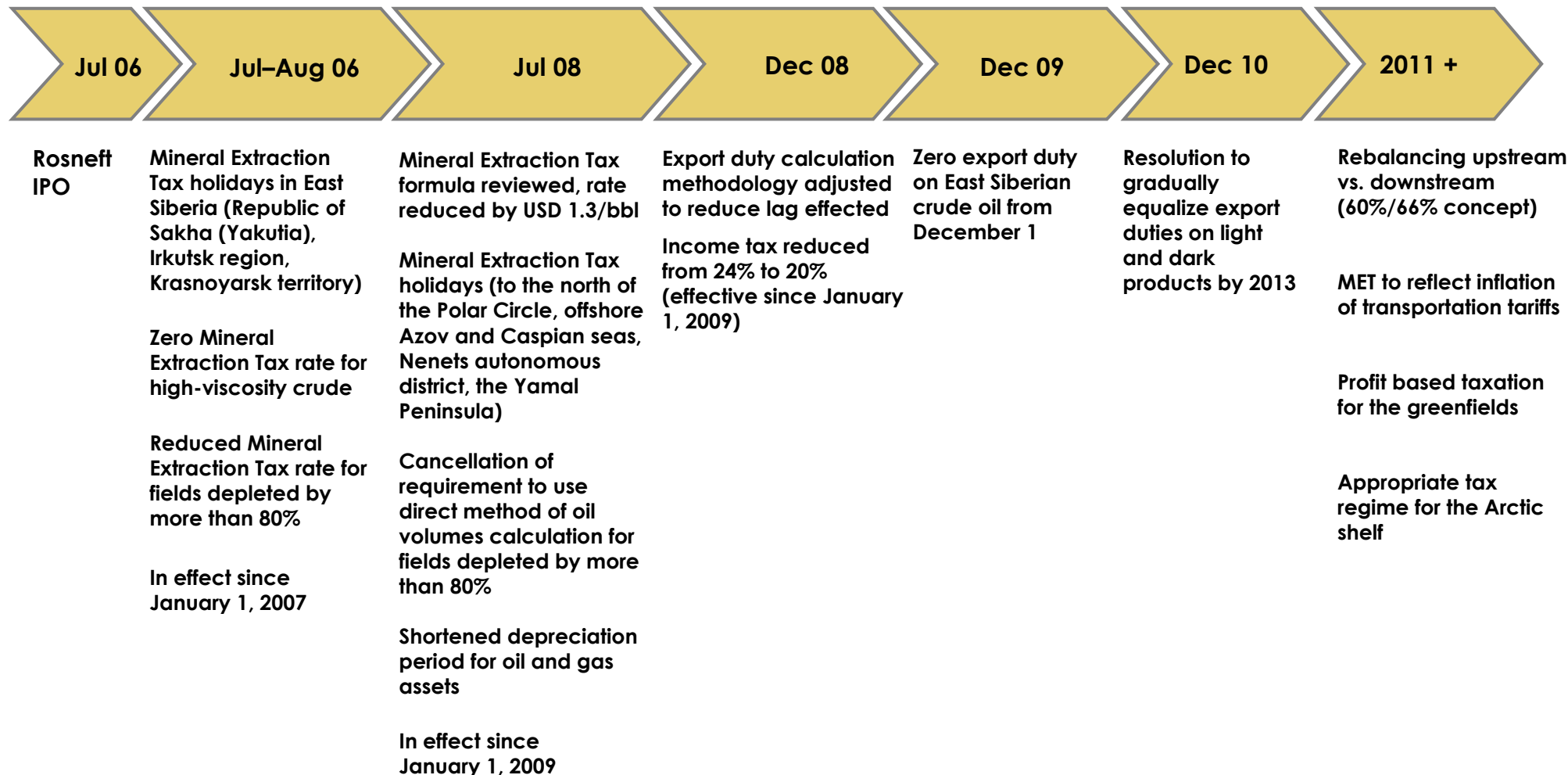
# Excess Cash Management

- Rosneft's total cash position including cash and equivalent and short-term investments related to excess cash management was USD 9.9 bln as of December 31, 2010
- Excess cash management is based on analysis of different alternatives (including risk analysis) to choose the best investment for a specific period of time
- Cash portfolio includes:
  - USD 4.2 bln of cash and equivalents
  - USD 4.7 bln of short-term deposits denominated in foreign currency placed in leading local banks
  - USD 0.4 bln of short-term deposits denominated in RUB placed in leading local banks
  - USD 0.4 bln of liquid securities received under REPO deals
  - USD 0.2 bln of short-term investments into state and corporate bonds and other securities



# Progress on Tax Regime

## The Right Direction







# Best in Class Transparency, IR Effort

## Consistently enhancing disclosure



IPO and bond prospectus



Quarterly US GAAP, MD&A



Investor presentations, conference calls



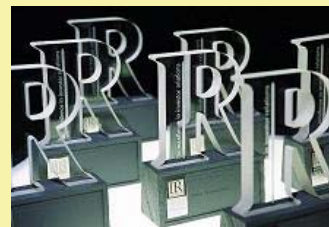
High quality website

## Recent awards

### IR Magazine Awards

### Awards for website

### Awards for Annual Report



### S&P Transparency & Disclosure Rankings

- 1-st in 2009 and 2010
- 2-nd in 2008
- 10-th in 2007
- 12-th in 2006

