



ROSNEFT

**Q2 and 1H 2009
US GAAP Results**

Vankor Launch

September 1, 2009



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Q2 and 1H 2009 Highlights

Positives

- Strong financial results:
 - EBITDA - **USD 3.6 bln** in Q2 and **USD 5.9 bln** in 1H
 - Net income – **USD 1.6 bln** in Q2 and **USD 3.7 bln** in 1H
 - Operating cash flow - **USD 2.7 bln** in Q2 and **USD 5.0 bln** in 1H
 - Free cash flow - **USD 1.7 bln** in 1H
 - Adjusted net debt decreased by **USD 2.1 bln** to December 31, 2008
- Refinancing burden overcome, new credit profile
- Optimization of crude and product flows to address domestic market dislocations

Challenges, Priorities

1H'09

- Unstable domestic demand and low prices
- Growing transportation tariffs
- Ruble appreciation in Q2

Q3-Q4'09

- Vankor launch, 3 mln tonnes of production in 2H'09
- Financial discipline and continued cost control
- Meeting 2009 Business plan targets
- Develop prudent 2010 Business plan
- Continue discussion to update tax regime



Macroeconomic Environment

	1H'09	1H'08	Δ, %	Q2'09	Q1'09	Δ, %
Average RUB/USD exchange rate	33.07	23.94	(27.6)%	32.21	33.93	5.3%
Inflation for the period, %	7.4%	8.7%		2.0%	5.4%	
Real RUB appreciation/(depreciation) against USD for the period, %	0.8%	13.5%		10.9%	(9.0)%	
Urals price (av. Med and NWE), \$/bbl	50.9	105.4	(51.7)%	58.1	43.7	33.2%
Gasoil 0.2% (av. Med), \$/tonne	443.2	1,014.3	(56.3)%	484.2	402.1	20.4%
Fuel oil (av. Med), \$/tonne	277.0	495.3	(44.1)%	325.1	228.9	42.0%
High octane gasoline (av. Russia), \$/tonne	460.0	827.3	(44.4)%	518.0	402.0	28.9%
Diesel fuel (av. Russia), \$/tonne	372.6	774.9	(51.9)%	389.0	356.2	9.2%



Q2 and 1H 2009 Results Overview

	1H'09	1H'08	Δ, %	Q2'09	Q1'09	Δ, %
Daily crude oil production, th. bpd	2,118	2,121	(0.1)%	2,127	2,110	0.8%
Gas production, bcm	6.28	6.25	0.5%	2.93	3.35	(12.5)%
Petroleum product output, mln t	23.25	22.91	1.5%	11.65	11.60	0.4%
Revenues, USD mln	19,211	37,502	(48.8)%	10,947	8,264	32.5%
EBITDA, USD mln	5,892	11,750	(49.9)%	3,574	2,318	54.2%
Net Income, USD mln	3,672	6,876	(46.6)%	1,612	2,060	(21.7)%
Operating cash flow ¹ , USD mln	5,047	9,378	(46.2)%	2,681	2,366	13.3%
Free cash flow ¹, USD mln	1,660	5,084	(67.3)%	526	1,134	(53.6)%
Net debt ², USD mln	19,177	21,436	(10.5)%	19,177	19,239	(0.3)%

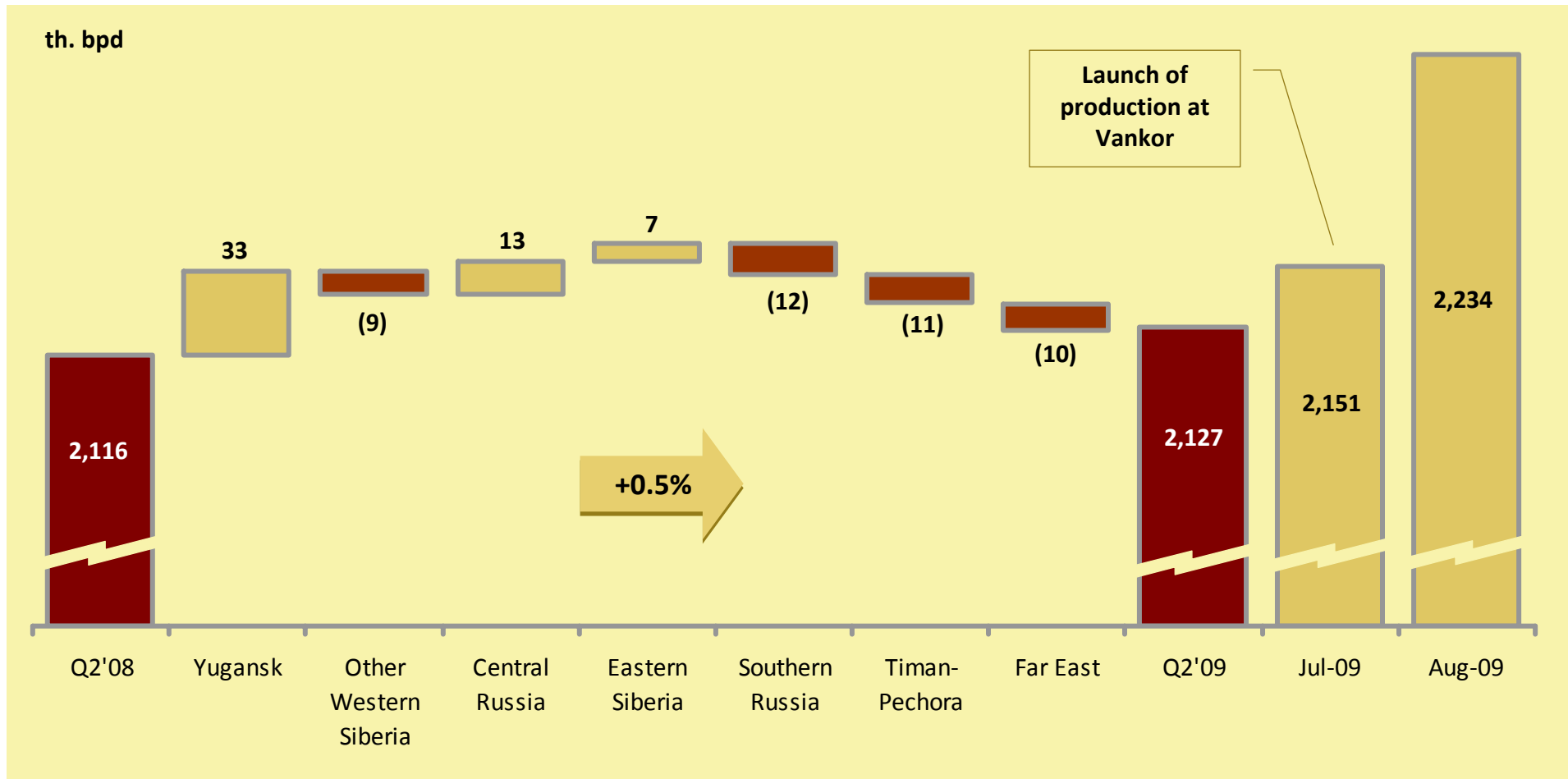
¹ Operating and free cash flow are adjusted for acquisition of trading securities in Q2 2009 for USD 305 mln as part of free cash management.

² 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 831 mln as of June 30, 2009, USD 2,598 mln as of March 31, 2009 and USD 1,291 mln as of June 30, 2008, and for a long-term deposit of USD 801 mln placed in a state bank as part of free cash management as of June 30, 2009. As of December 31, 2008, net debt amounted to USD 21,283 mln.



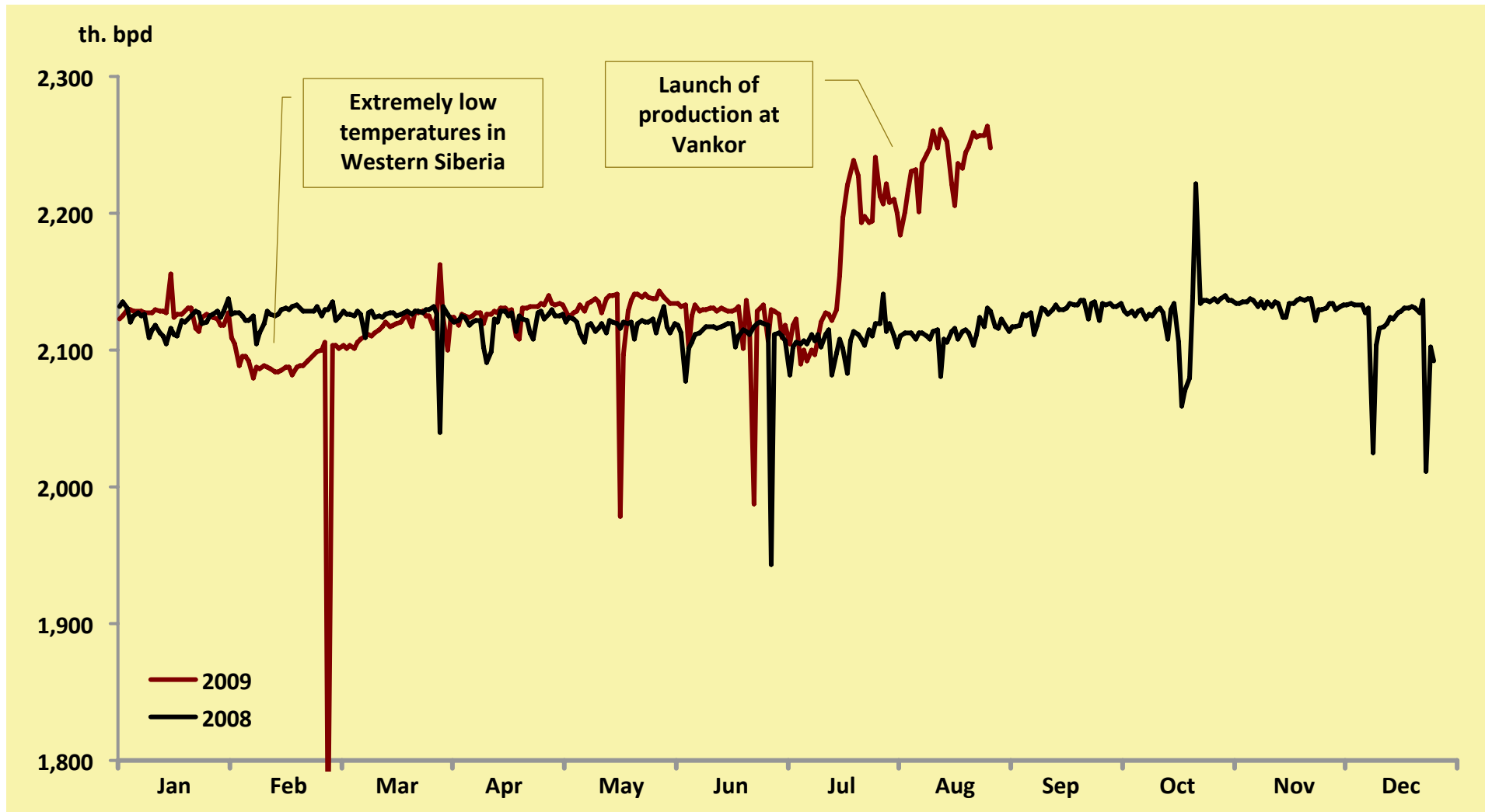
Daily Crude Oil Production

Daily Crude Oil Production Reconciliation, Q2`09 vs. Q2`08



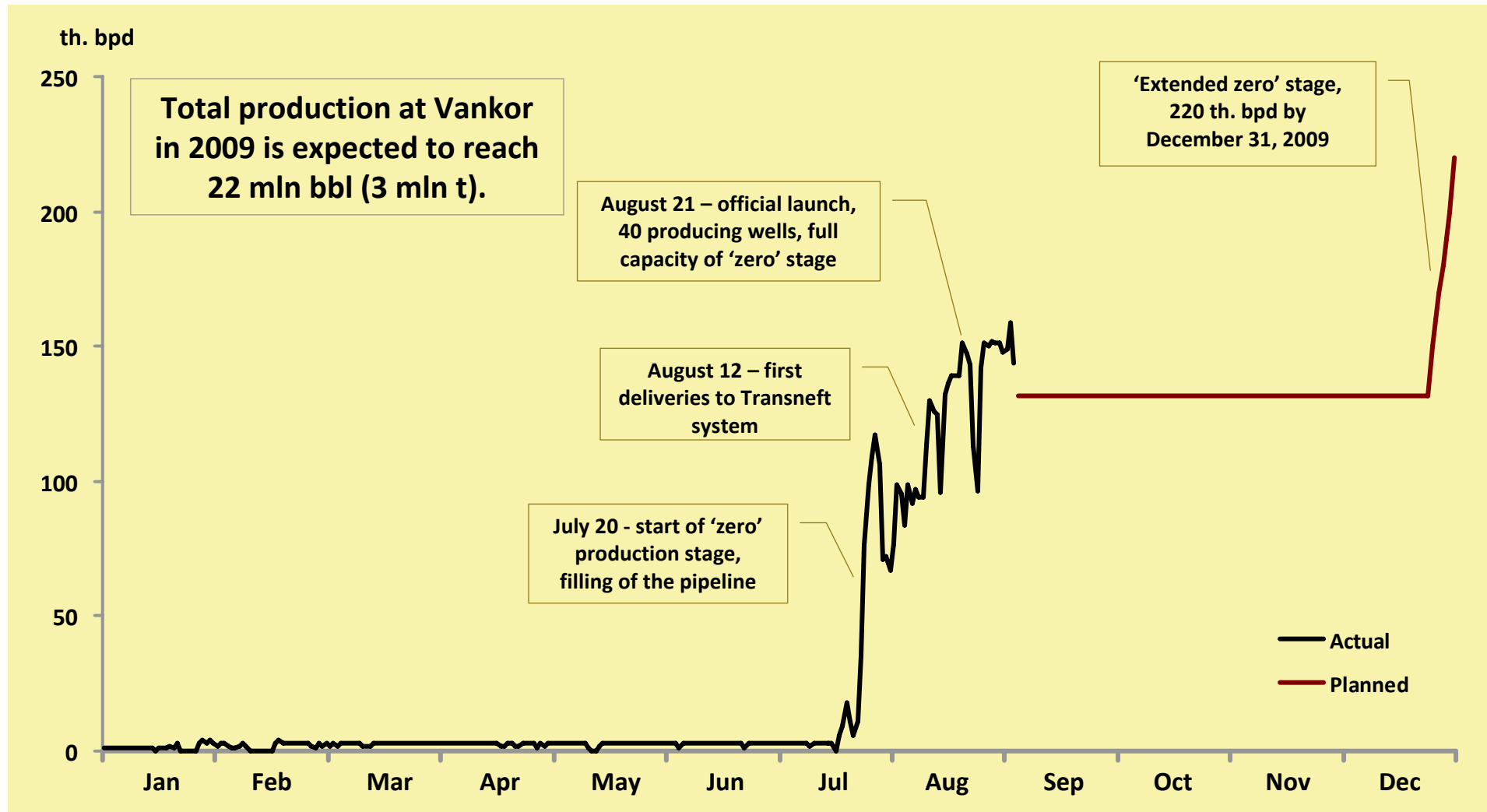


Daily Crude Oil Production (continued)



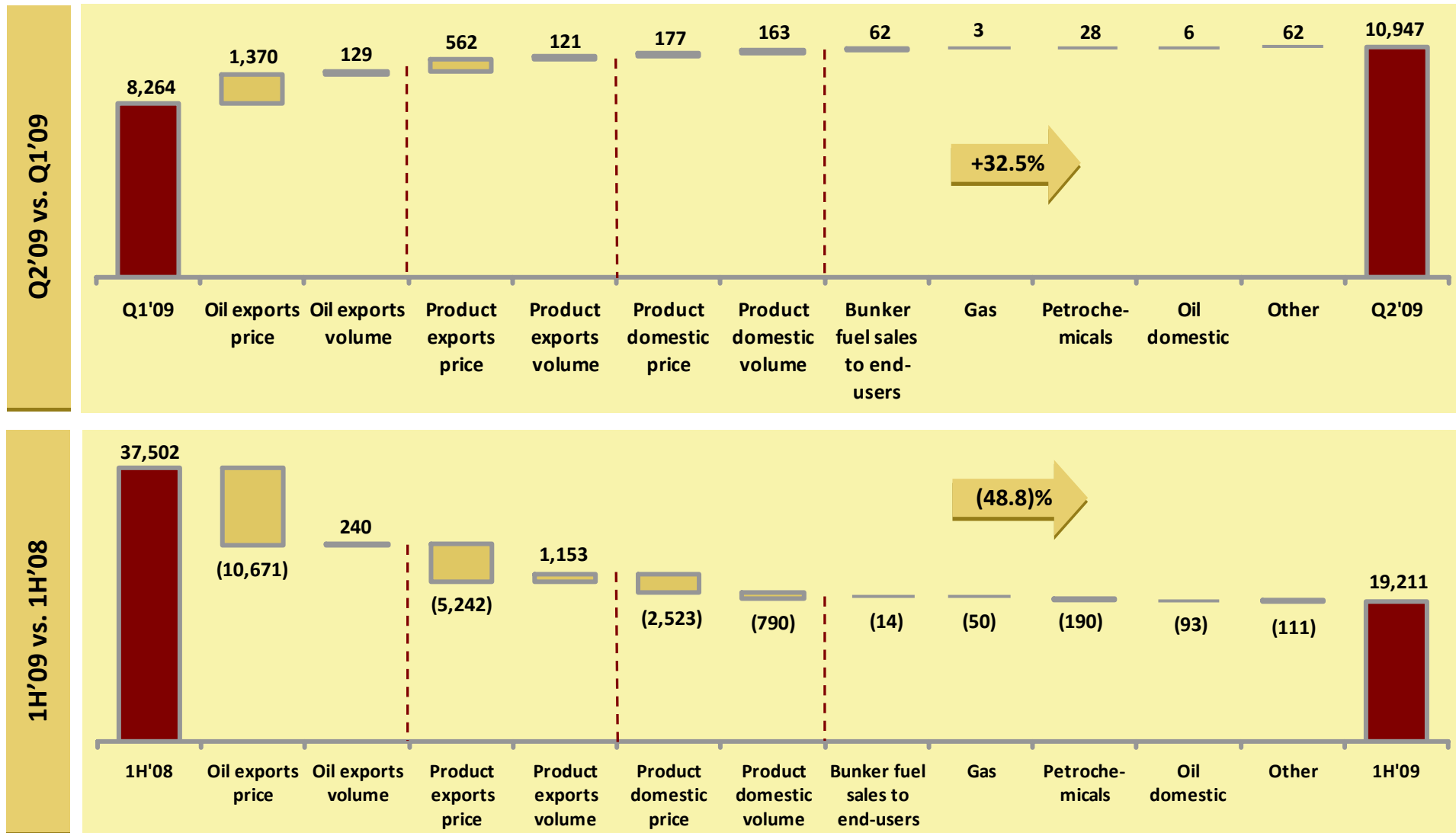


Vankor Production Profile in 2009





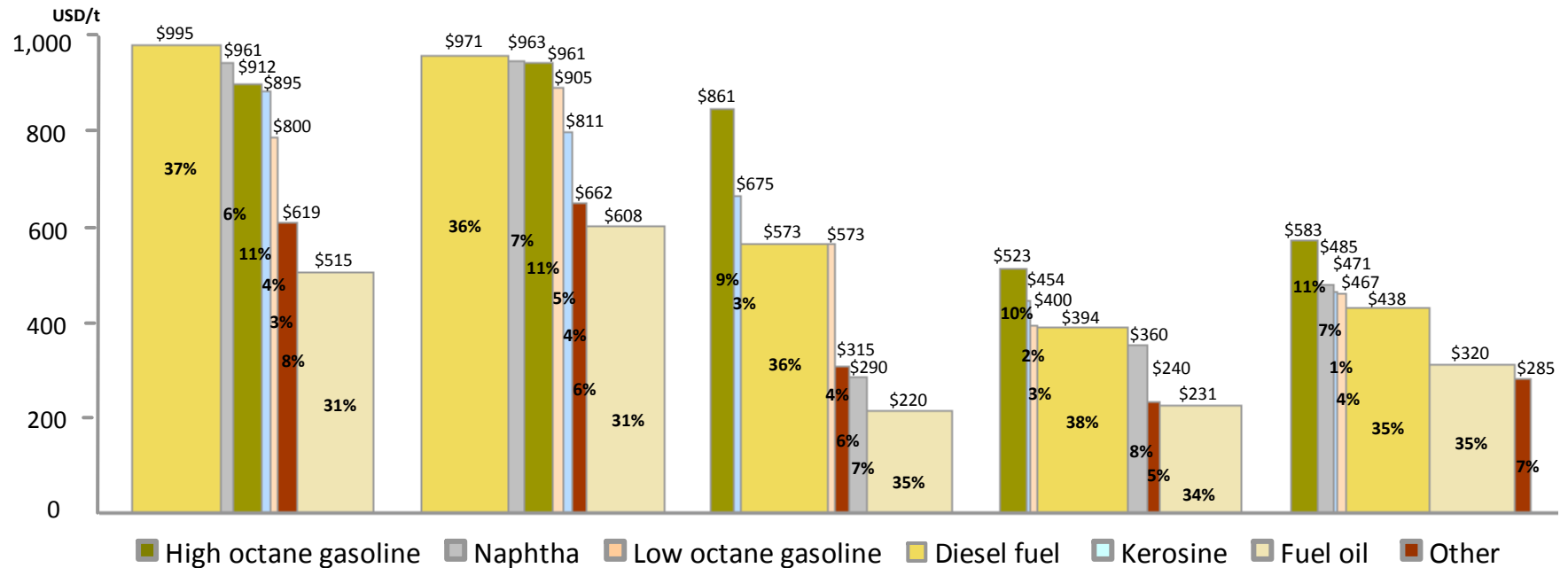
Revenues Reconciliation, USD mln





Petroleum Product Revenues

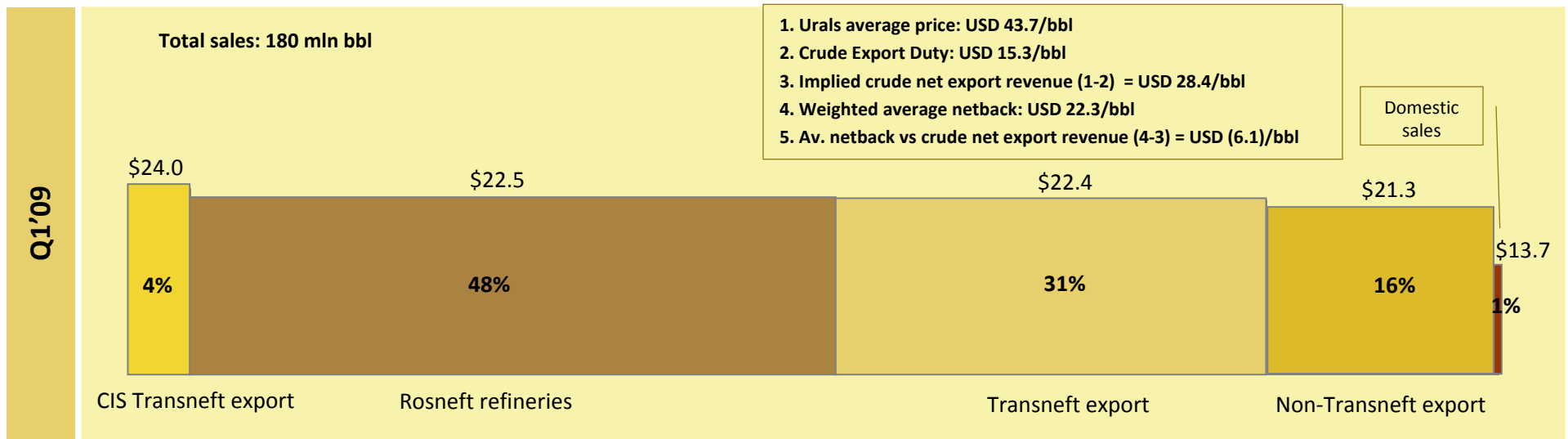
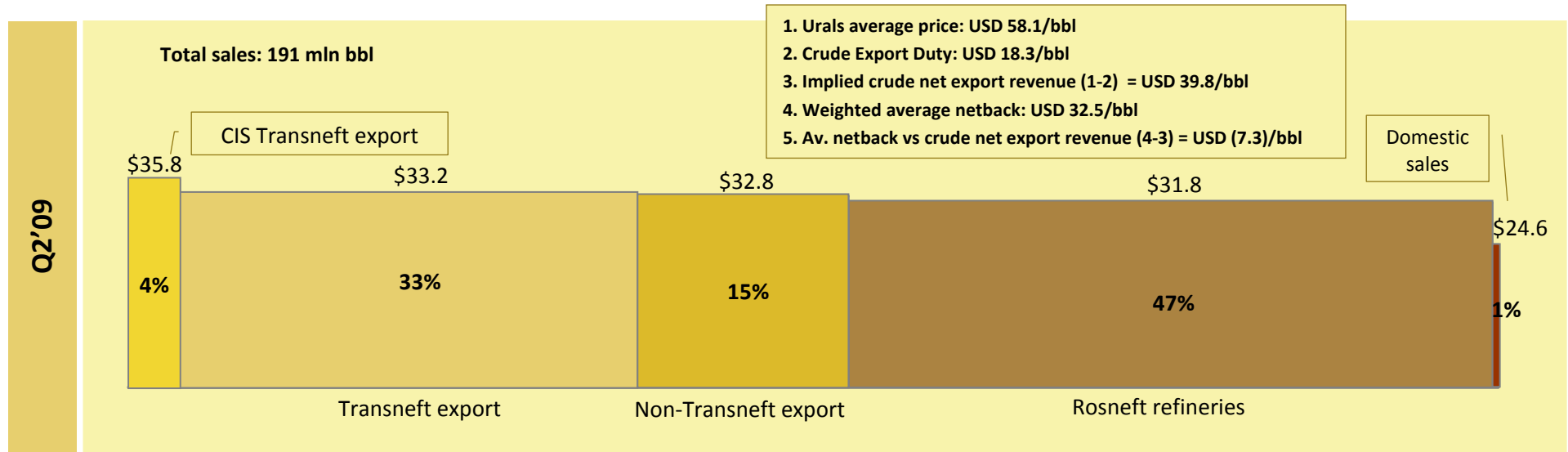
Petroleum Products: Average Prices and Volume Breakdown



	Q2'08	Q3'08	Q4'08	Q1'09	Q2'09
Revenue, USD mln	8,852	9,988	4,993	3,792	4,877
Excise and export duty, USD mln	1,440	1,922	1,223	639	755
Net revenue, USD mln	7,412	8,066	3,770	3,153	4,122
Volume sold, mln tonnes	11.17	12.47	11.29	11.06	12.00
Net revenue per tonne, USD	664	647	334	285	344

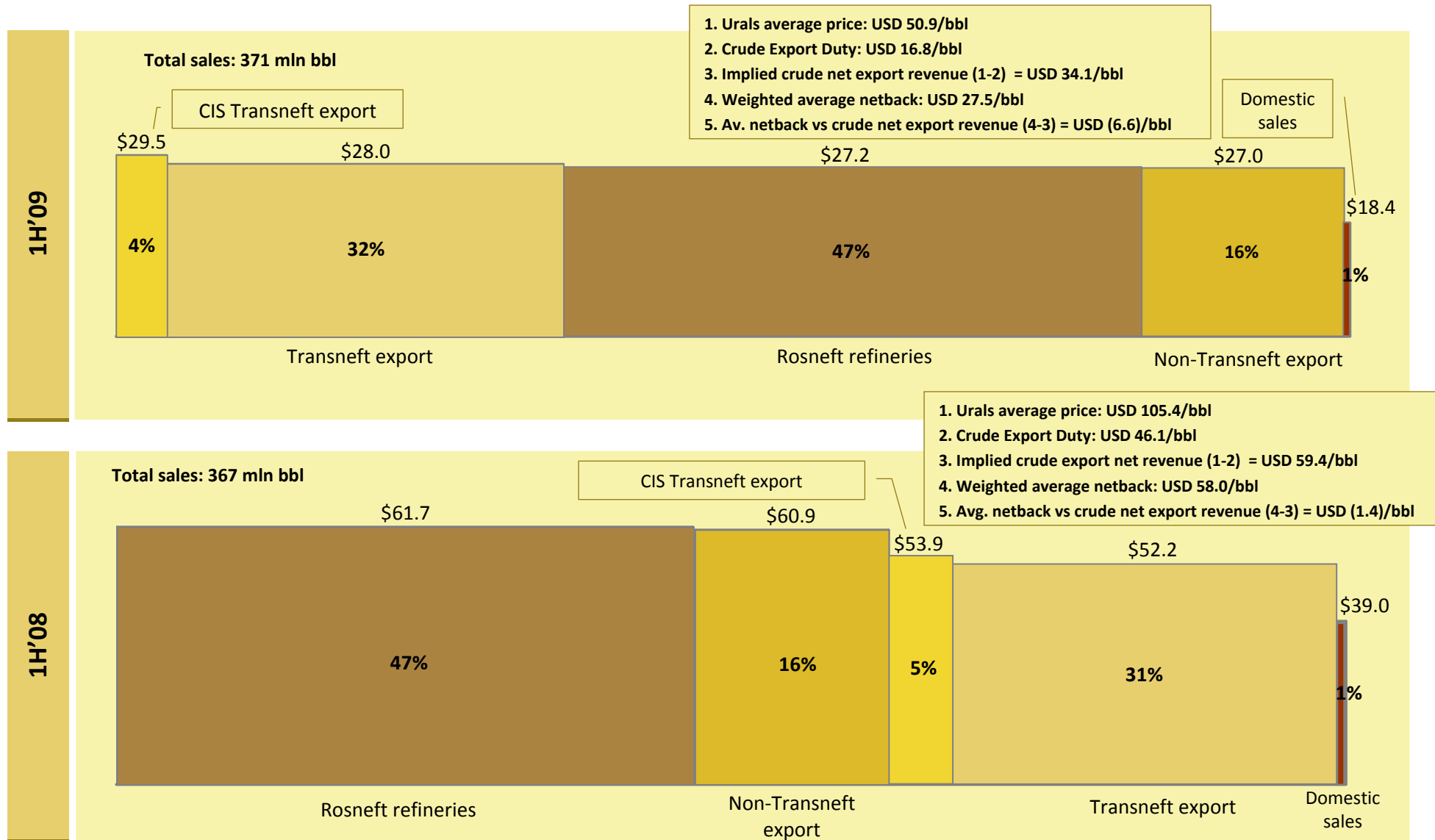


Netback Ladder: Q2'09 vs. Q1'09





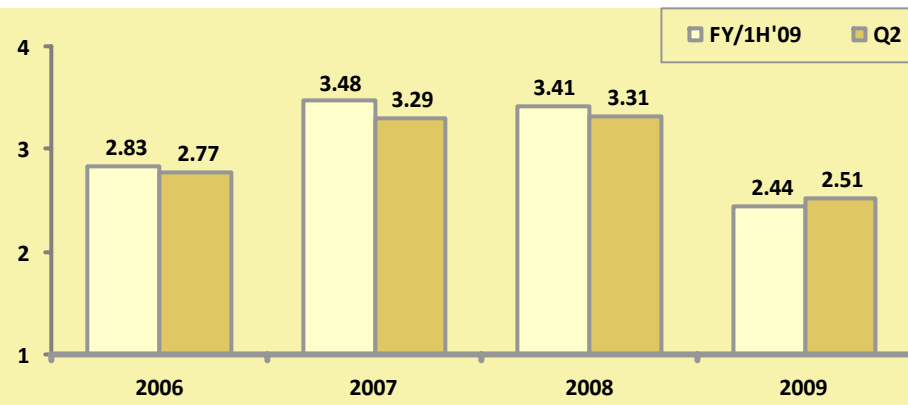
Netback Ladder: 1H'09 vs. 1H'08



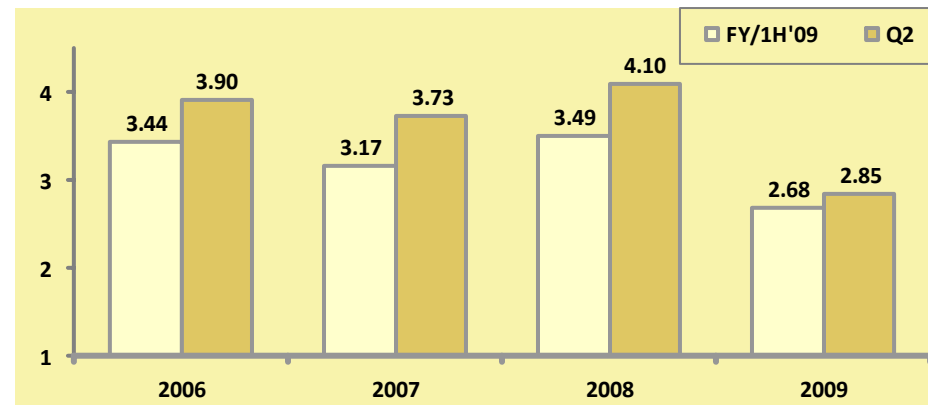


Expenses Reduced

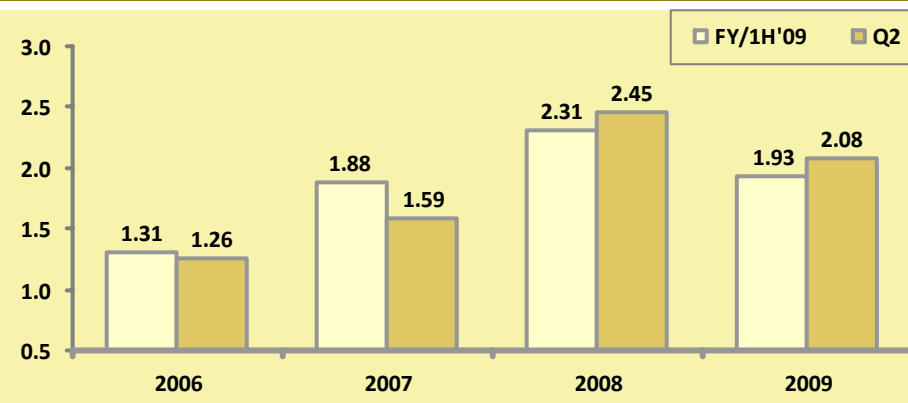
Upstream Operating Expenses, USD/bbl of oil produced



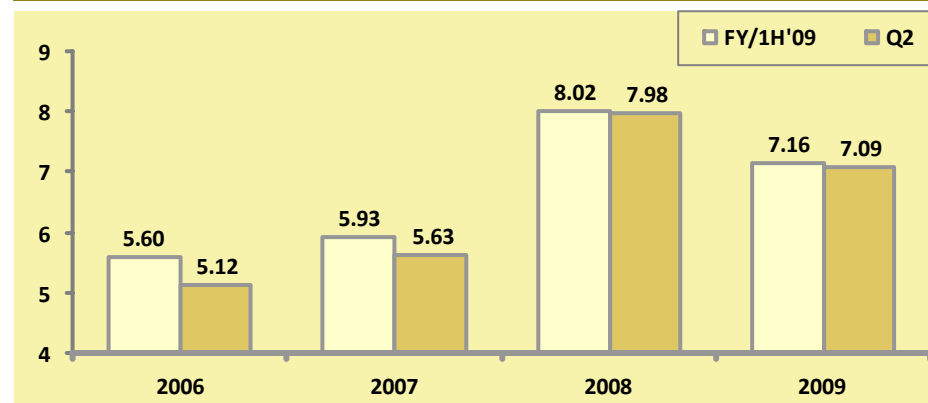
Refining Expenses, USD/bbl of oil processed



SG&A Expenses, USD/bbl of oil produced



Transportation Expenses, USD/bbl of oil produced

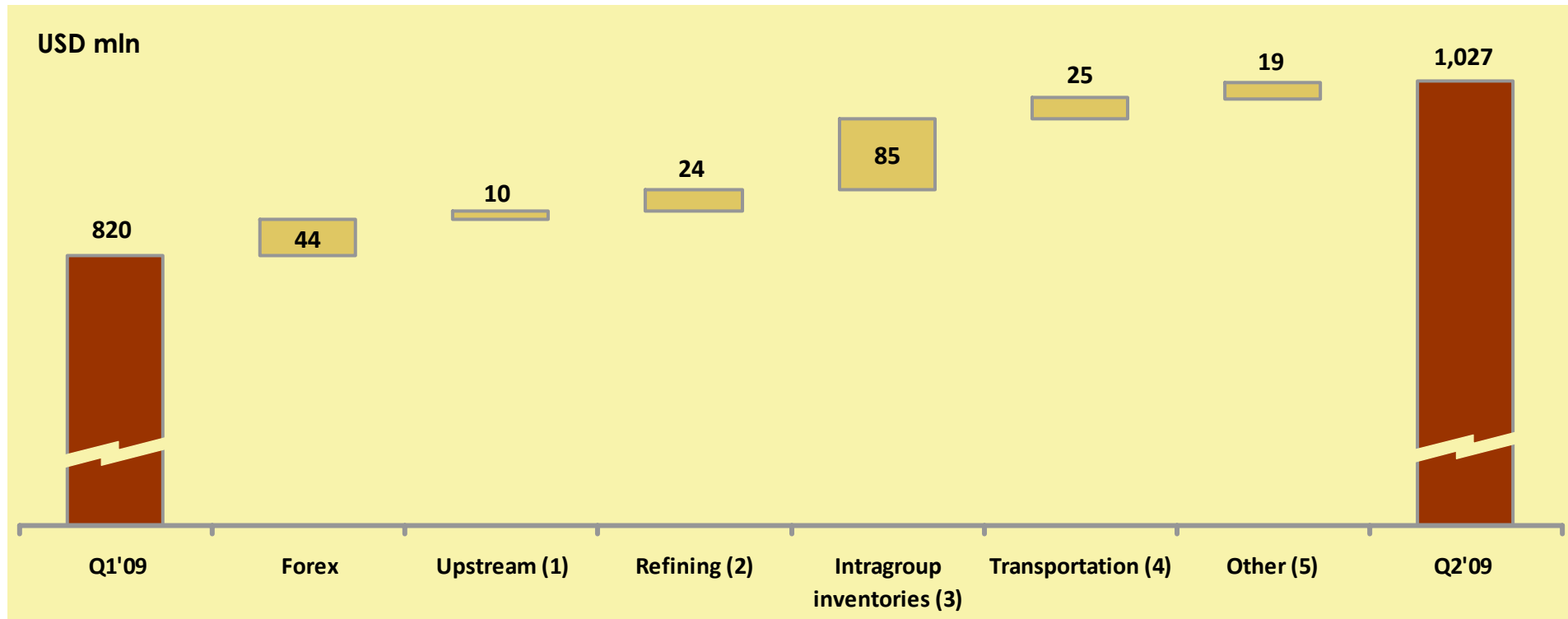


Upstream operating expenses include materials and electricity, workover, wages and salaries, and cost of transport to a trunk pipeline.

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.



Operating Expenses Reconciliation: Q2`09 vs. Q1`09

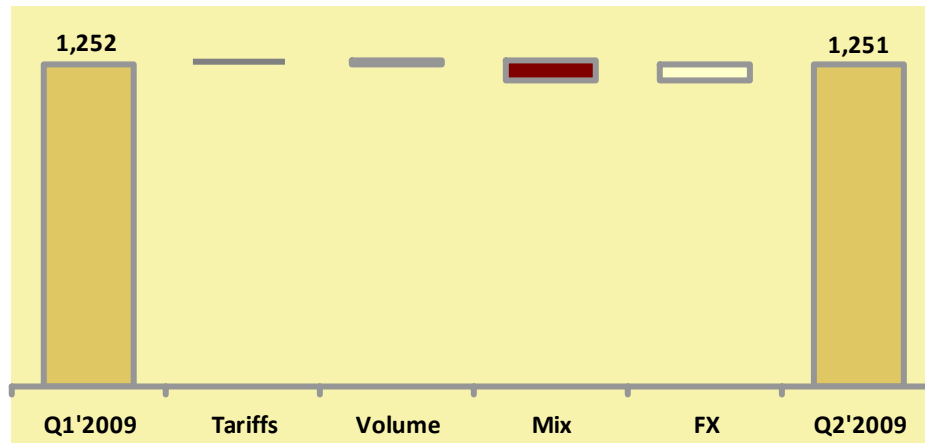


- (1) Increase in crude oil production (per unit costs remained unchanged ex. Forex)
- (2) Scheduled turnarounds at the refineries (practically no turnarounds are made in winter)
- (3) Decrease in intragroup inventories (operating expenses reflected in P&L are based on the volumes sold)
- (4) A transport subsidiary of Rosneft reconcluded an agreement on financial leasing of railroad tank-cars into operating leasing agreement. In accordance with accounting policy, the leasing assets are being written off by installments to the operating expenses and rental costs are also reflected as part of the operating expenses (they were reflected in DD&A and interest expense during financial leasing).
- (5) Other expenses relate to other activities (mainly drilling and other services) and increase in line with the development of these activities.

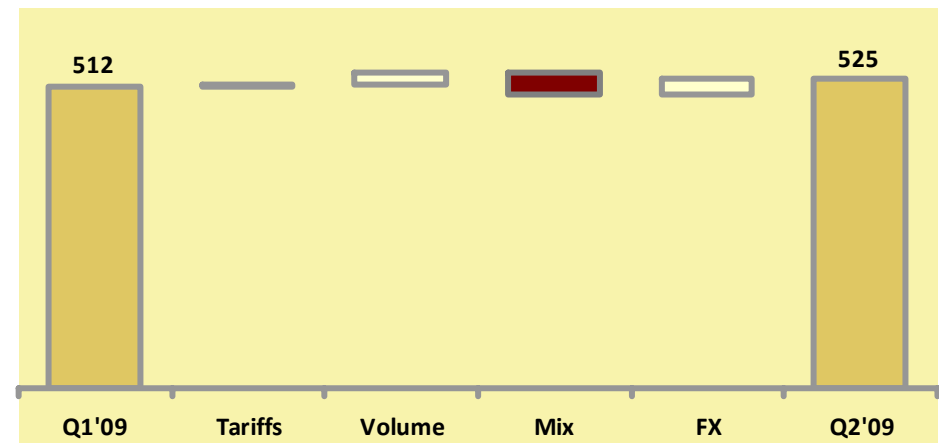


Transportation Costs, Factor Analysis: Q2'09 vs. Q1'09

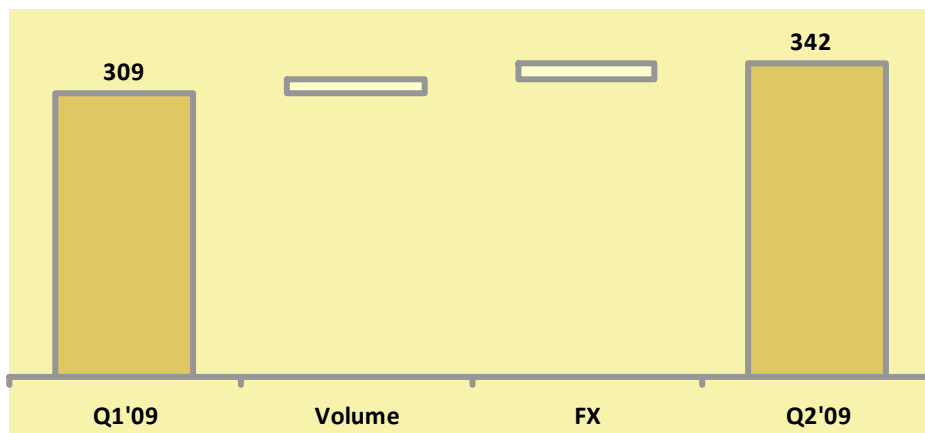
Total Transportation Costs, USD mln



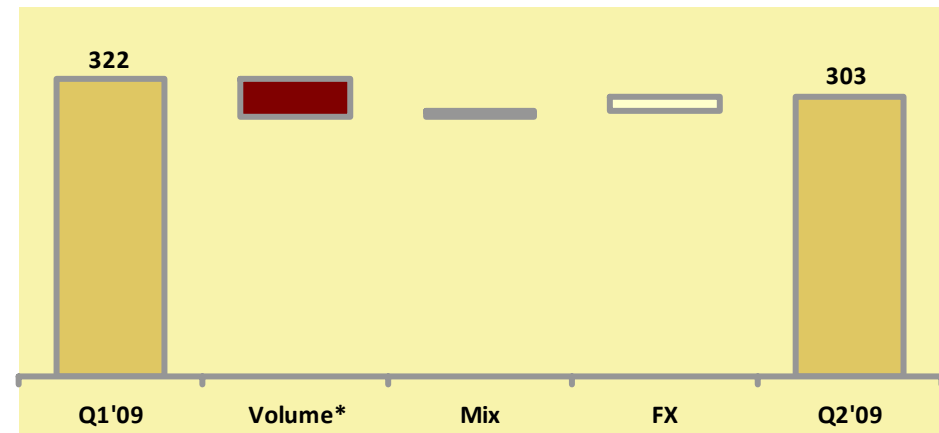
Transportation Costs for Crude Exports, USD mln



Transportation Costs for Crude Deliveries to Refineries, USD mln



Transportation Costs for Product Exports, USD mln

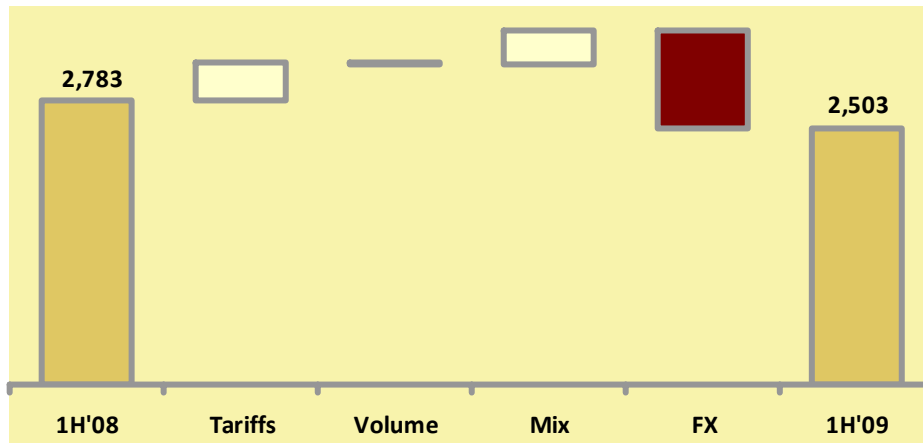


* The decrease in volume transported despite increase in volume of exports was due to seasonal increase in FCA exports by river (Rosneft does not pay for transportation).

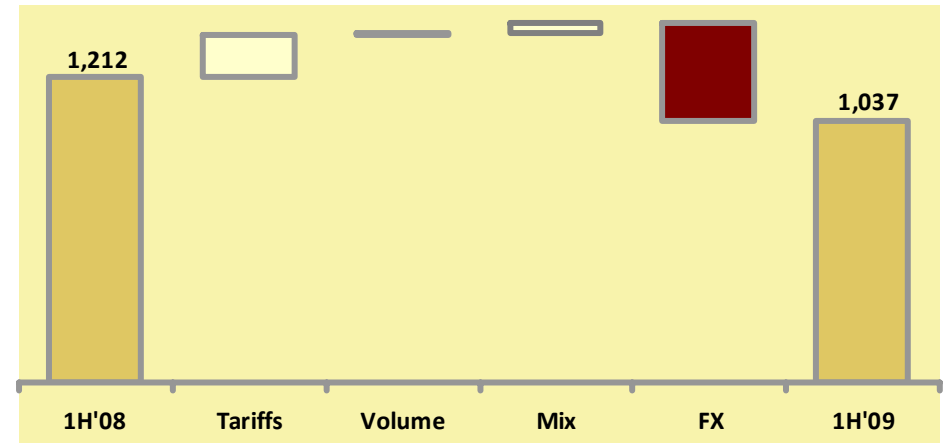


Transportation Costs, Factor Analysis: 1H'09 vs. 1H'08

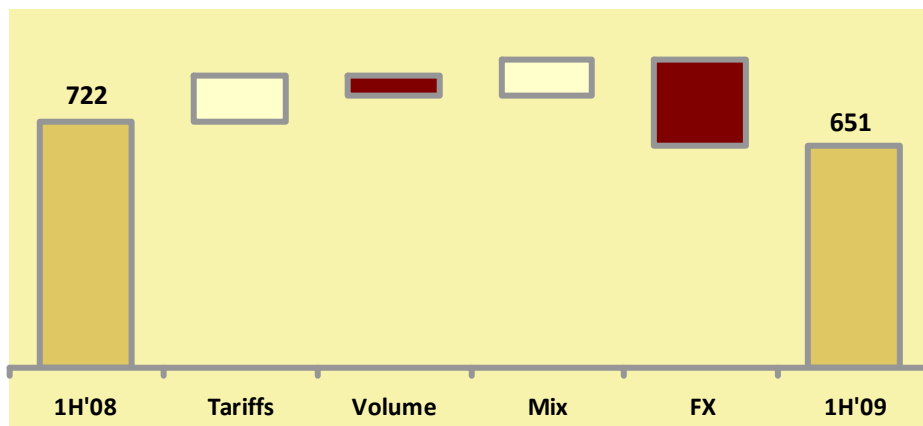
Total Transportation Costs, USD mln



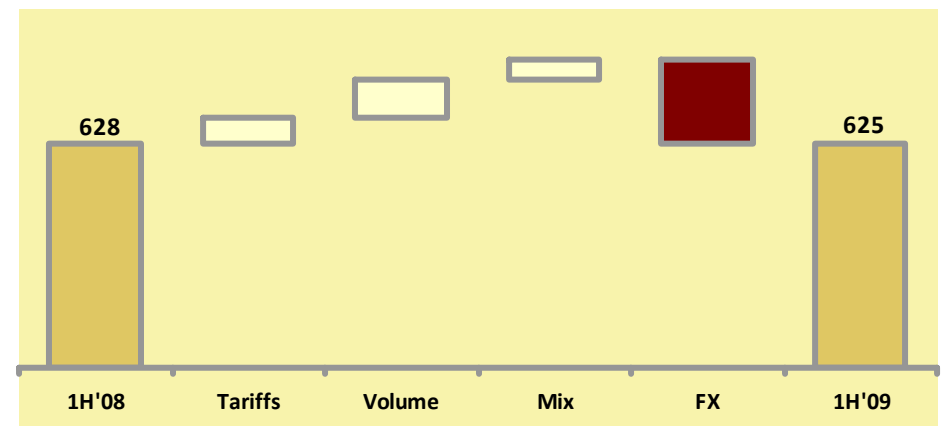
Transportation Costs for Crude Exports, USD mln



Transportation Costs for Crude Deliveries to Refineries, USD mln

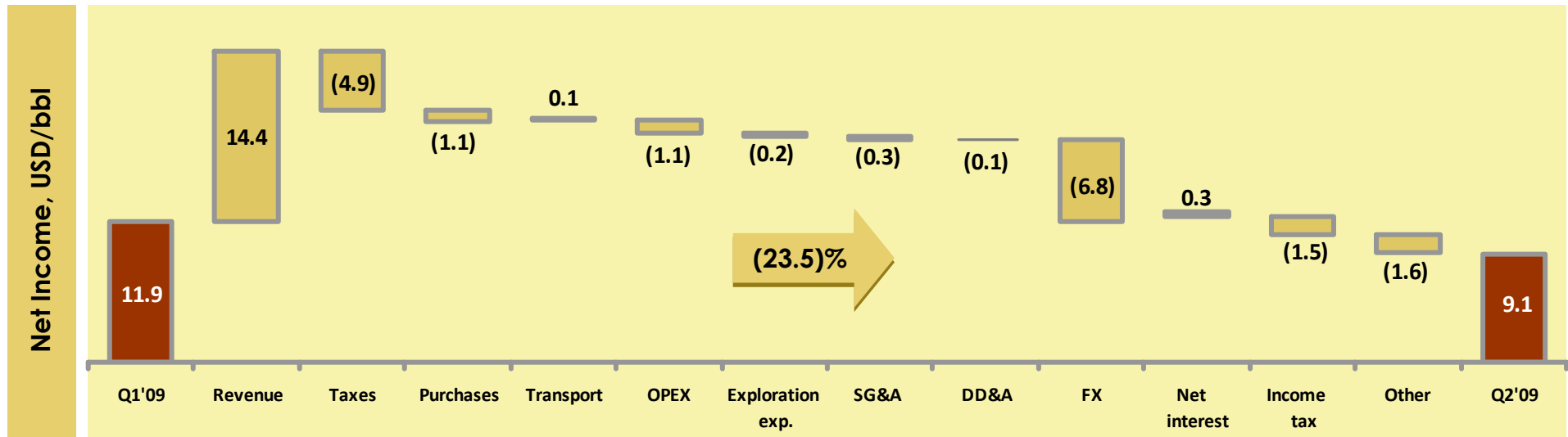
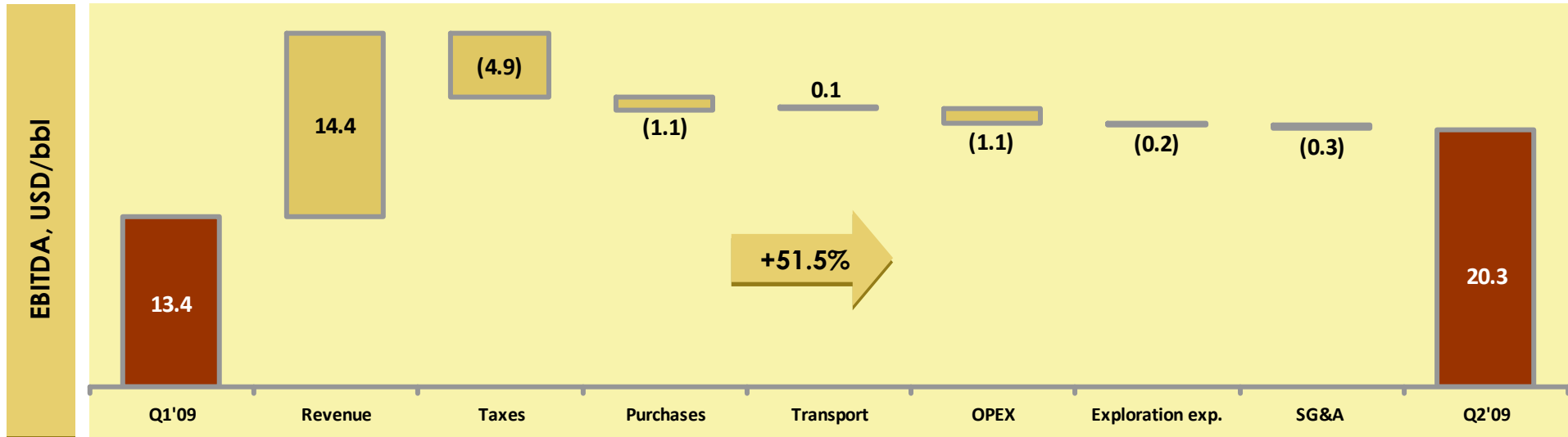


Transportation Costs for Product Exports, USD mln



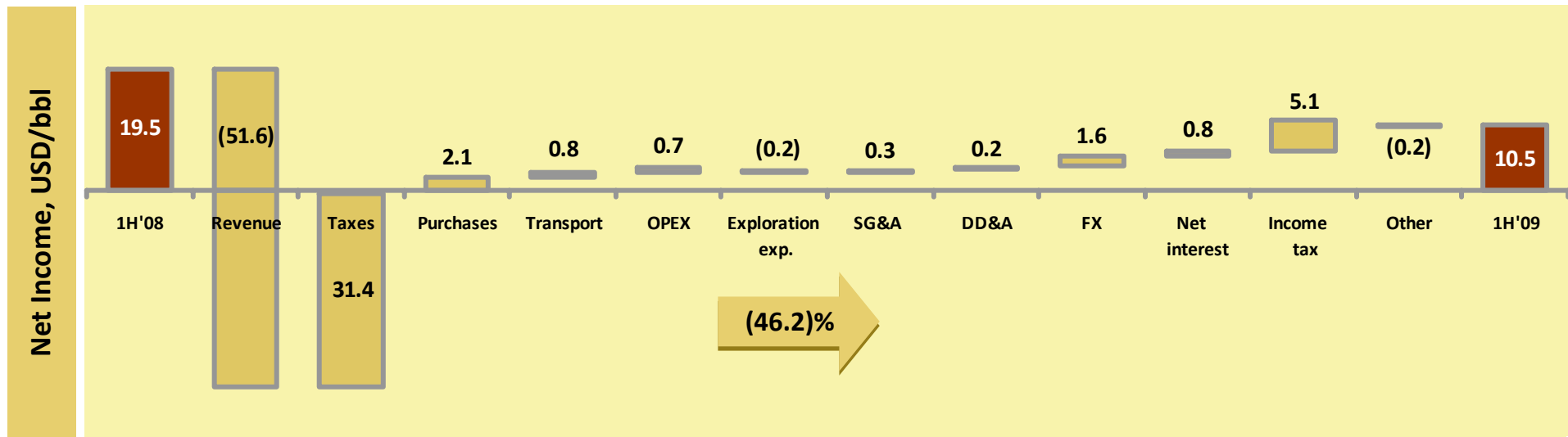
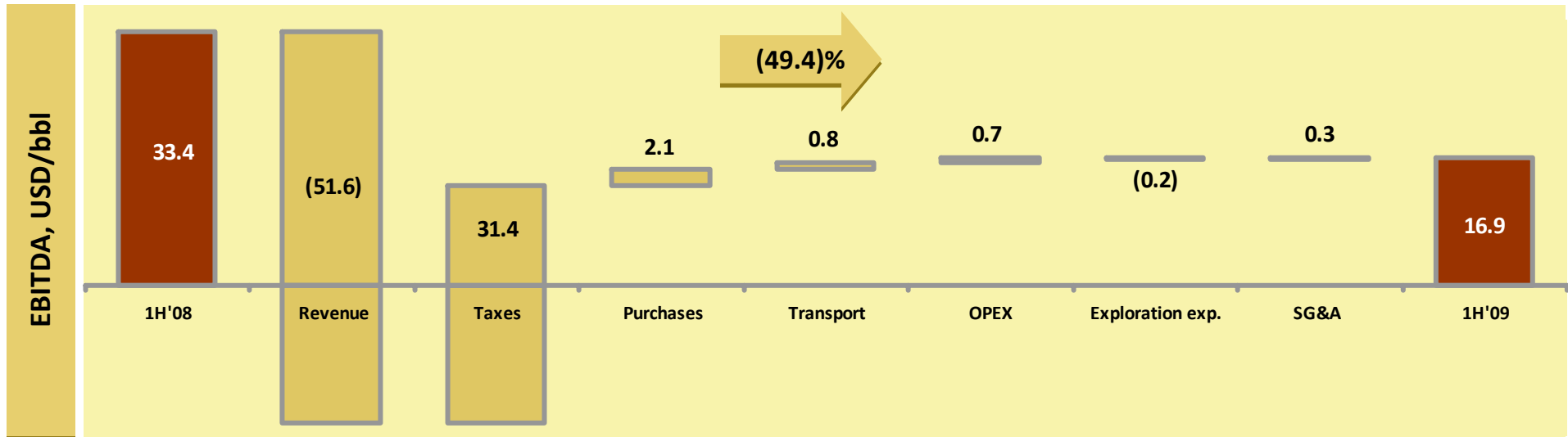


EBITDA and Net Income per bbl Reconciliation: Q2'09 vs. Q1'09





EBITDA and Net Income per bbl Reconciliation: 1H'09 vs. 1H'08





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 Q2`09

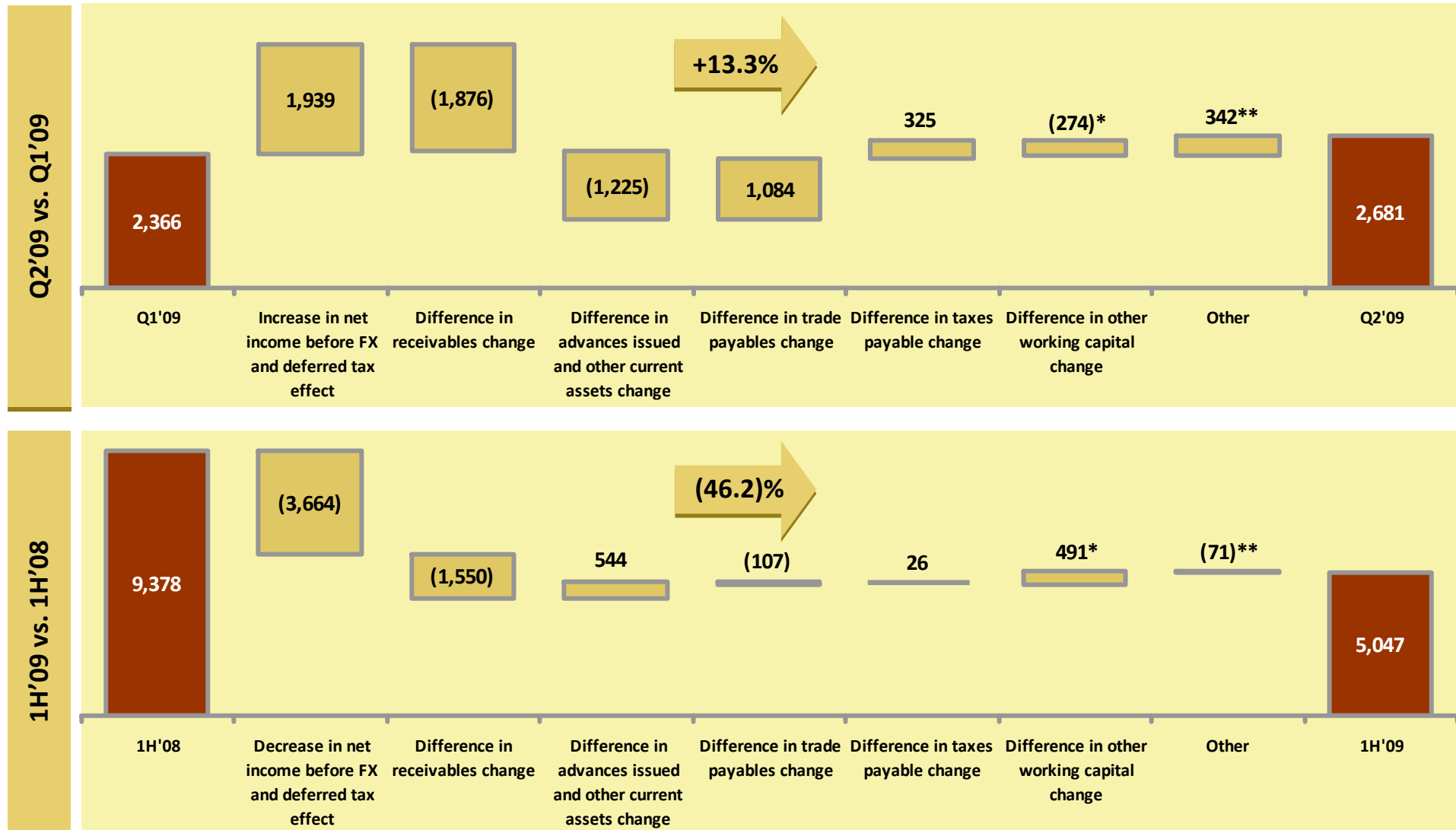
	31.03.09		30.06.09		Average monetary position, RUB mln	FX (gain)/loss*, USD mln
	RUB mln	equivalent in USD mln	RUB mln	equivalent in USD mln		
1) Assets:	353,059	10,380	372,294	11,898	362,676	(928)
Cash and investments	50,544	1,486	38,112	1,218	44,328	(113)
Receivables	180,781	5,315	204,796	6,545	192,788	(493)
Inventories	30,170	887	33,418	1,068	31,794	(81)
Non-current assets	38,367	1,128	38,800	1,240	38,584	(99)
Deferred tax	11,939	351	8,918	285	10,428	(27)
Advances, bank loans and other	41,258	1,213	48,250	1,542	44,754	(115)
2) Liabilities:	(566,562)	(16,657)	(464,130)	(14,833)	(515,346)	1,319
Deferred tax	(164,455)	(4,835)	(162,209)	(5,184)	(163,332)	418
Payables	(134,149)	(3,944)	(161,114)	(5,149)	(147,632)	378
Debt	(205,373)	(6,038)	(85,642)	(2,737)	(145,507)	372
Other liabilities	(62,585)	(1,840)	(55,165)	(1,763)	(58,875)	151
Net monetary position (1+2)	(213,503)	(6,277)	(91,836)	(2,935)	(152,670)	
FX (gain)/loss (1+2)						391

- In Q2 Rosneft decreased its ruble denominated debt from RUB 205 bln to RUB 86 bln, which resulted in decrease of FX loss by USD 153 mln.

* 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, USD mln

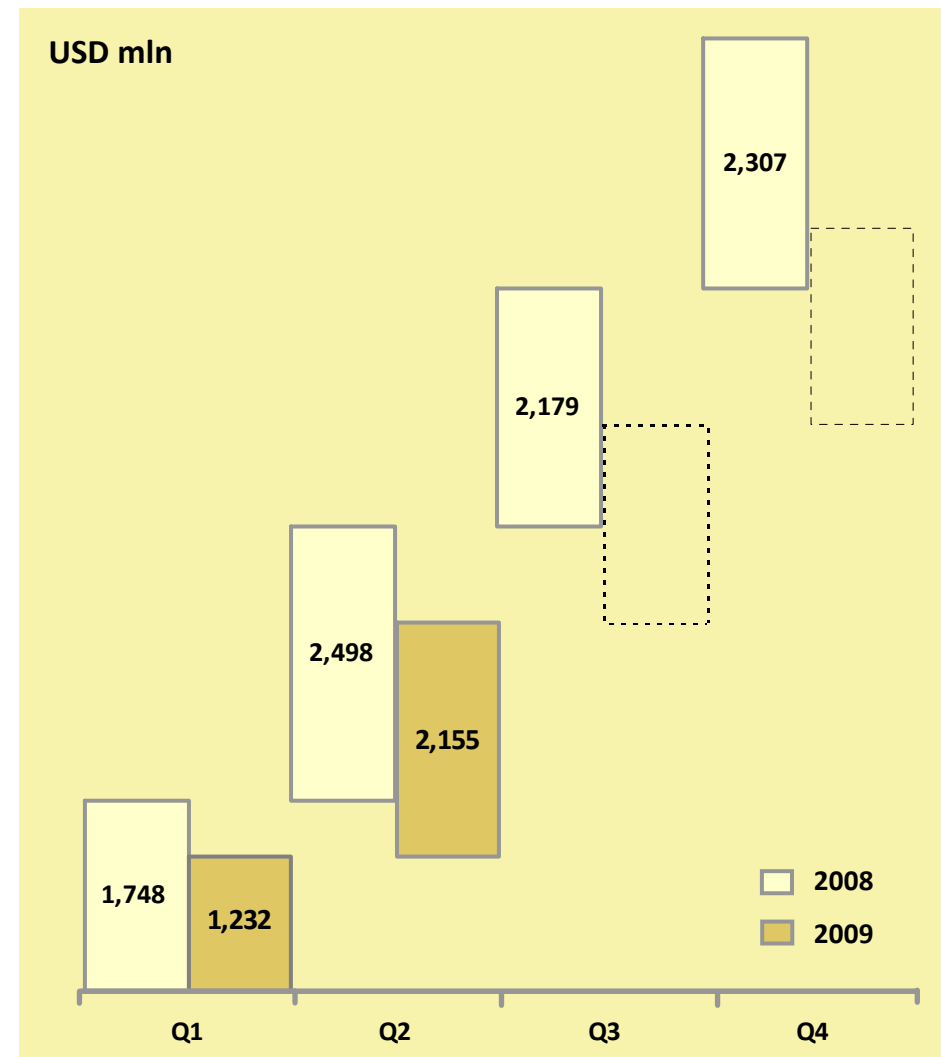
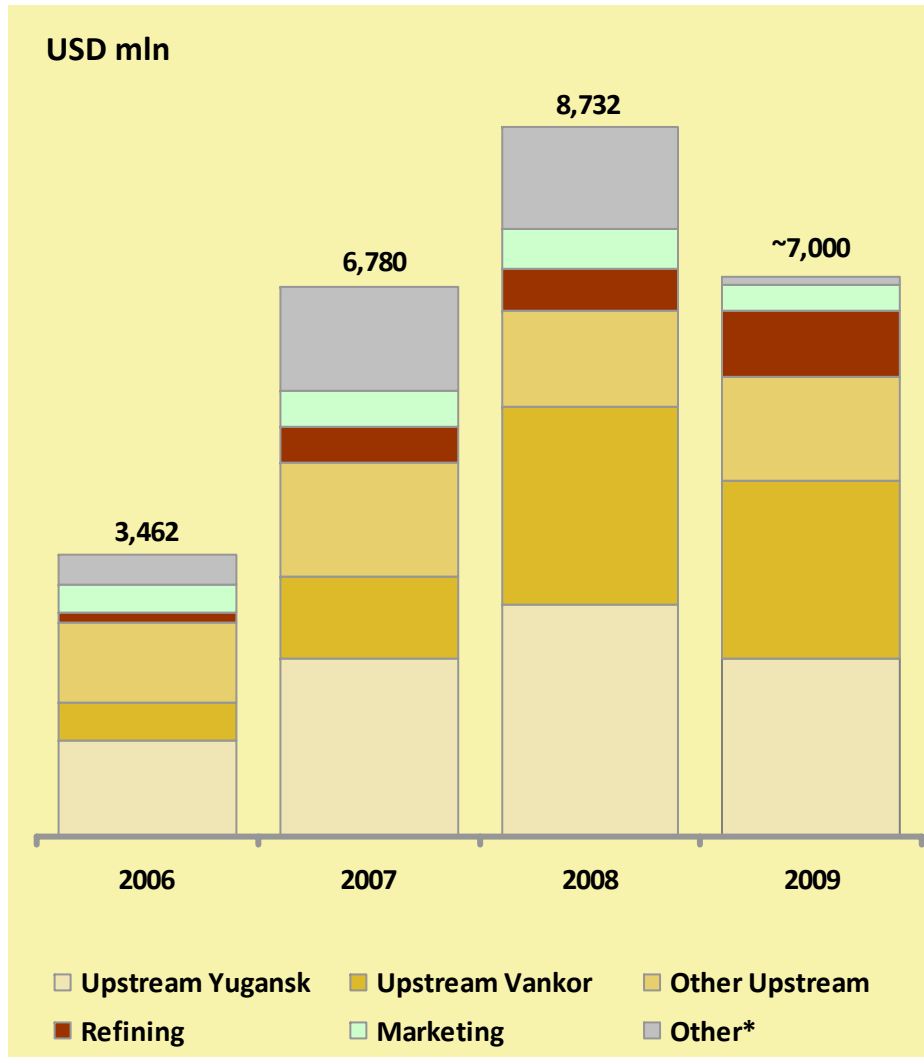


* Includes difference in inventory change of USD 330 mln for 1H'09 vs. 1H'08 and of USD 206 mln for Q2'09 vs. Q1'09.

** 'Other' and resulting 1H'09 and Q2'09 operating cash flow are adjusted for cash outflow of USD 305 mln for the acquisition of trading securities as part of the free cash management.



Capital Expenditures

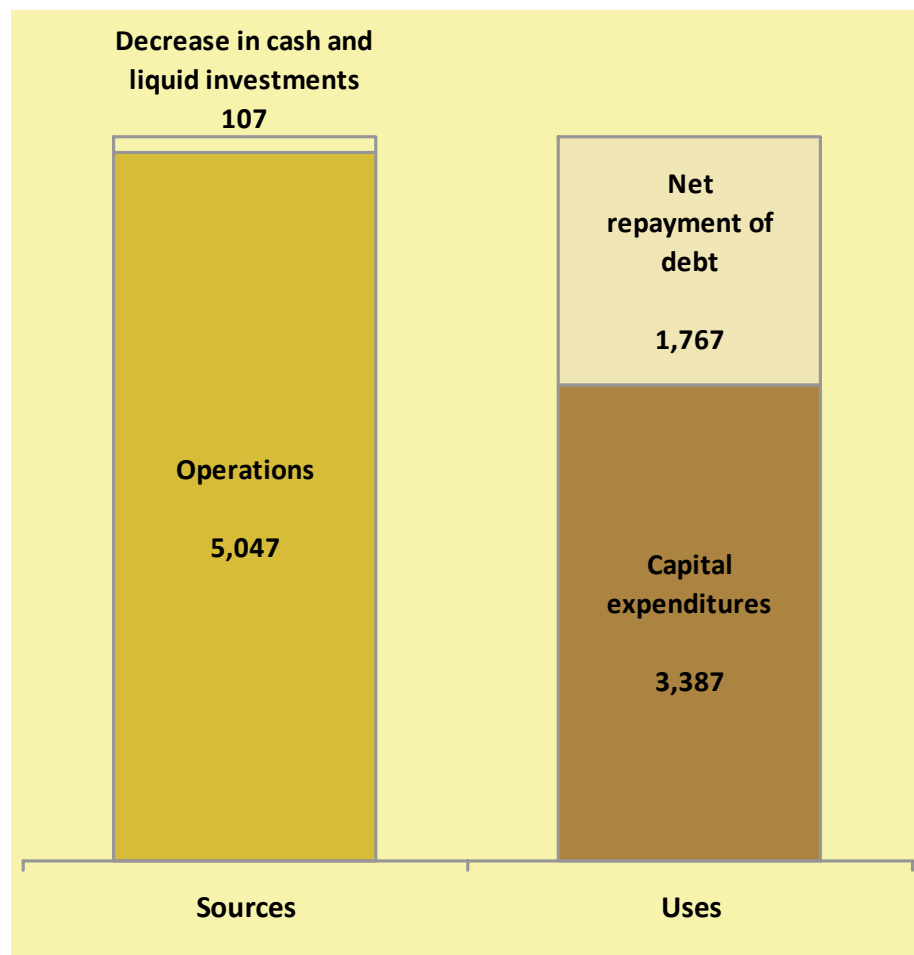


* Includes net increase in construction materials, capex of the holding company and capex acquired with Yukos assets (in 2007).

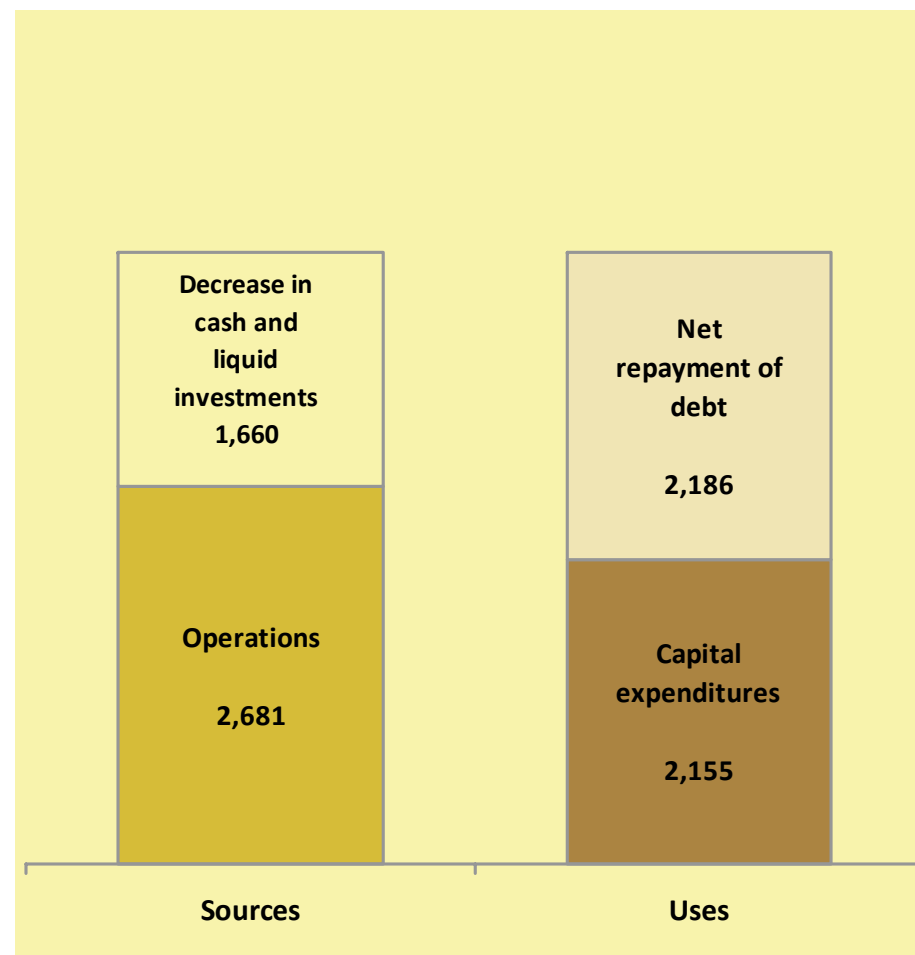


Sources and Uses of Cash

1H'09

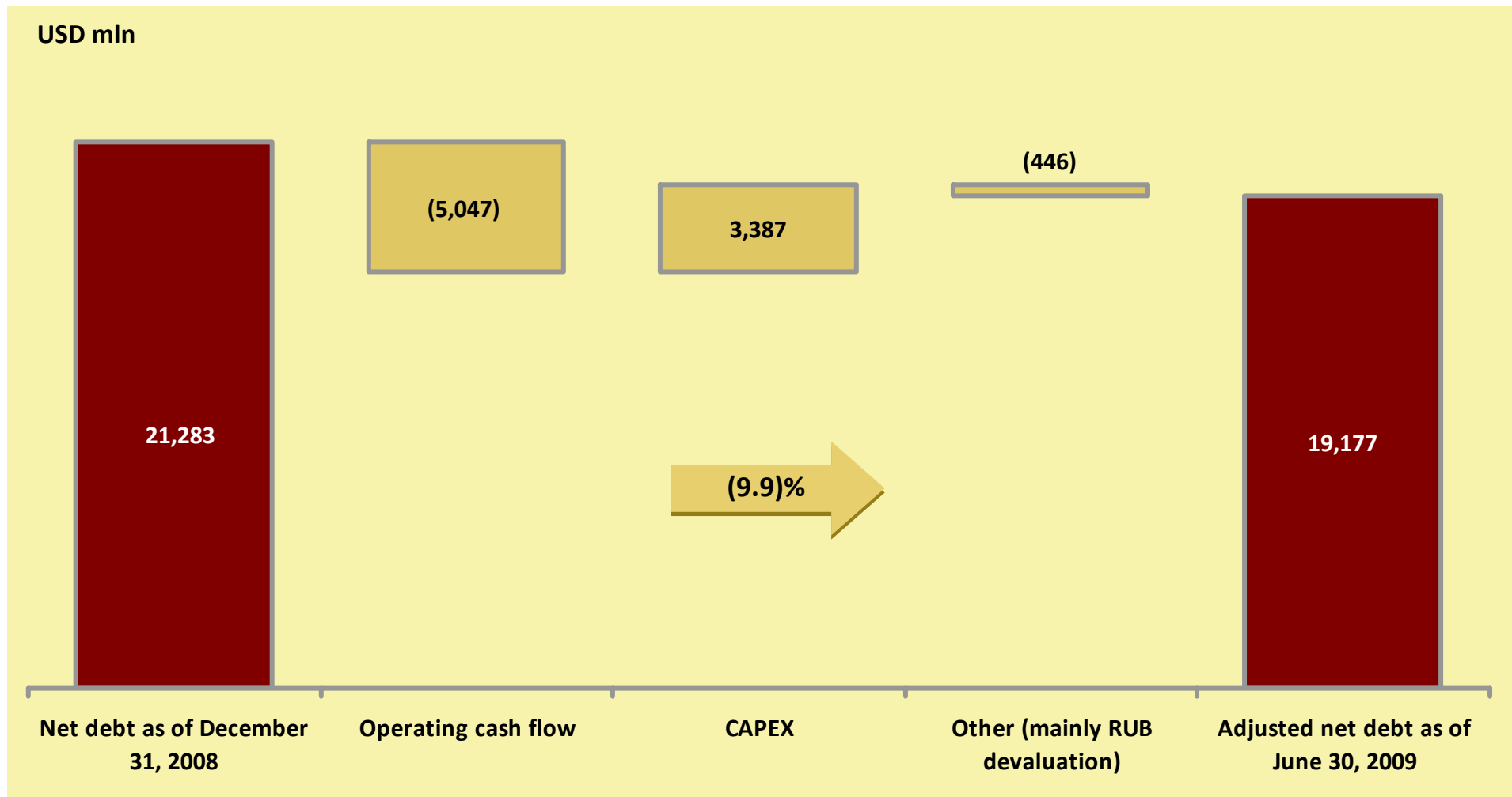


Q2'09





Net Debt Reconciliation



Net debt as of December 31, 2008 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 1,513 mln.

Net debt as of June 30, 2009 is adjusted for short and long-term bank deposits and other short-term investments of USD 1,632 mln as part of the free cash management.

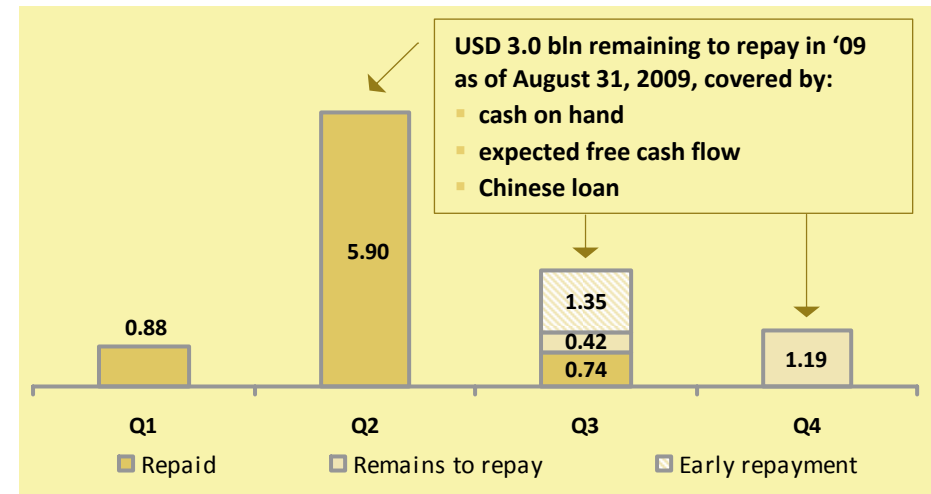


New Credit Profile: Enhanced Fundamentals, Unrivalled Flexibility

Credit Profile Transformed

- Refinancing burden overcome:
 - USD 9.6 bln to repay in 2009
 - USD 7.5 bln completed by August 31
 - USD 1.35 bln planned for early repayment in Q3 (initial schedule - USD 0.45 in Q4 and USD 0.9 bln in 2010)
 - Chinese loan: USD 10 bln available in 2009, 5.9 bln received by August 31, 2009
- Cash flow positive, track record of debt reduction
- Low net interest costs
- Low leverage levels (Net Debt / EBITDA)
 - 1.2 at year end 2008
 - ~1.5 projected at year end 2009
- Already lowest cost expense base
- Tax reform progress, upside
- Unrivalled reserve and resource base

2009 Refinancing Completed



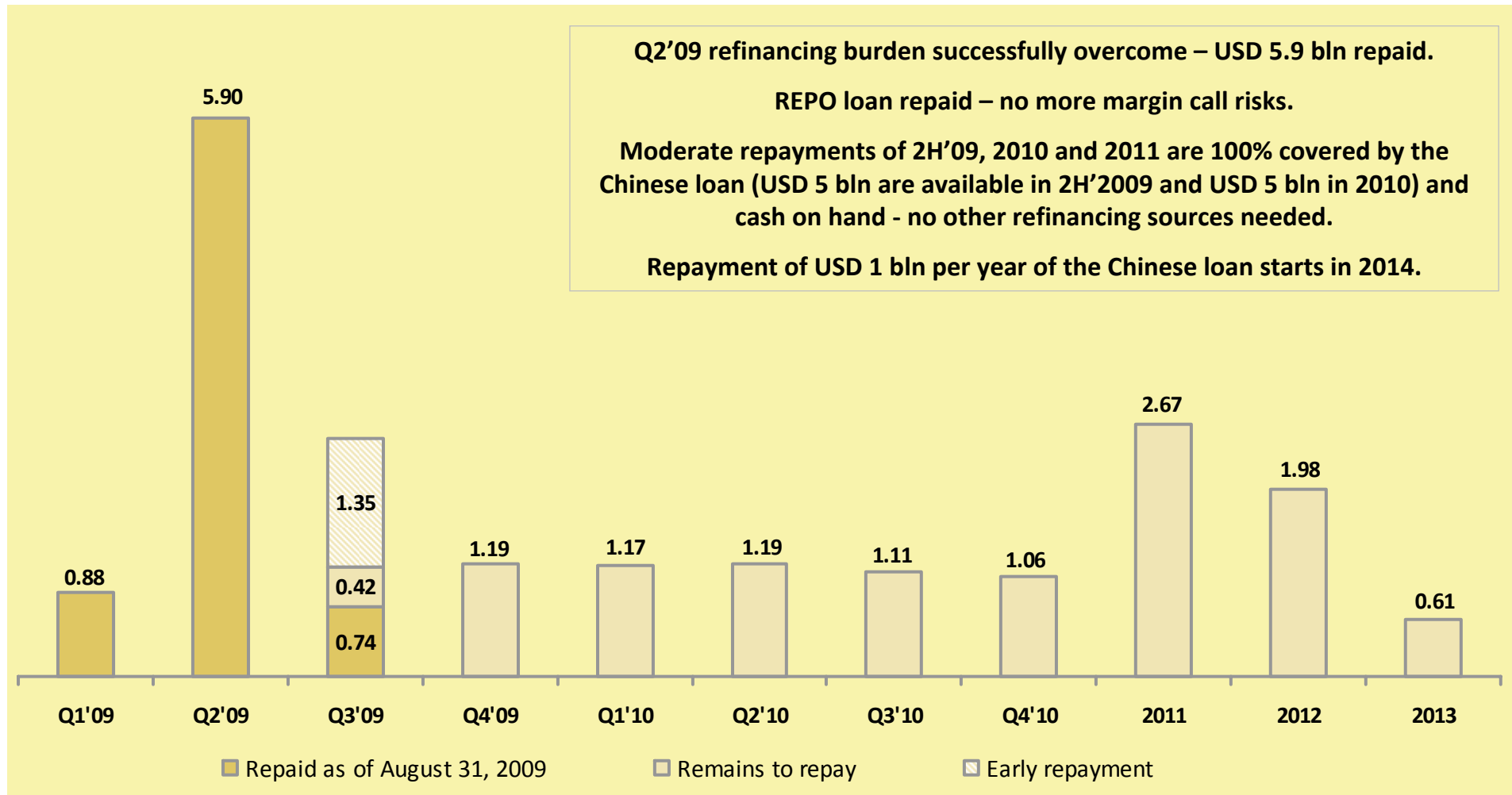
Key Terms of Chinese Loan

- 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 in Q1 and Q2) and do not include repayment of subsidiary banks debt, debt to affiliated companies and possible repayments of Yukos-related debt, as well as accrued interests.



New Repayment Profile



Repayment amounts are net of debt-related short-term investments in (promissory notes and REPO cash deposit in Q1 and Q2 2009) and do not include repayment of subsidiary banks debt, debt to affiliated companies and possible repayments of Yukos-related debt, as well as accrued interests.



Free Cash Management

- China Development Bank loan and cash on hand covers Rosneft's refinancing needs for the next several years
- Rosneft's excess cash is constantly growing due to positive free cash flow
- The Company is implementing a free cash management program which includes:
 - Early repayment of existing loans
 - Low-risk short and long term investments
- Free cash management is based on the thorough analysis of different alternatives (including in-depth risk analysis) to choose the best investment for a specific period of time
- The following initiatives have already been implemented:
 - USD 1.85 REPO loan was early repaid in Q2
 - Ruble denominated bank loans of RUB 120 bln were fully repaid in Q2
 - Early repayment of a USD 1.35 bln syndicated floating rate loan drawn in January 2009 rescheduled for the end of September, 2009
 - USD denominated deposits for a total value of USD 801 mln were placed in a state-controlled bank in June 2009 for two years at an interest rate of 8% (Rosneft has the right of early withdrawal after six, nine and twelve months from the placement date)

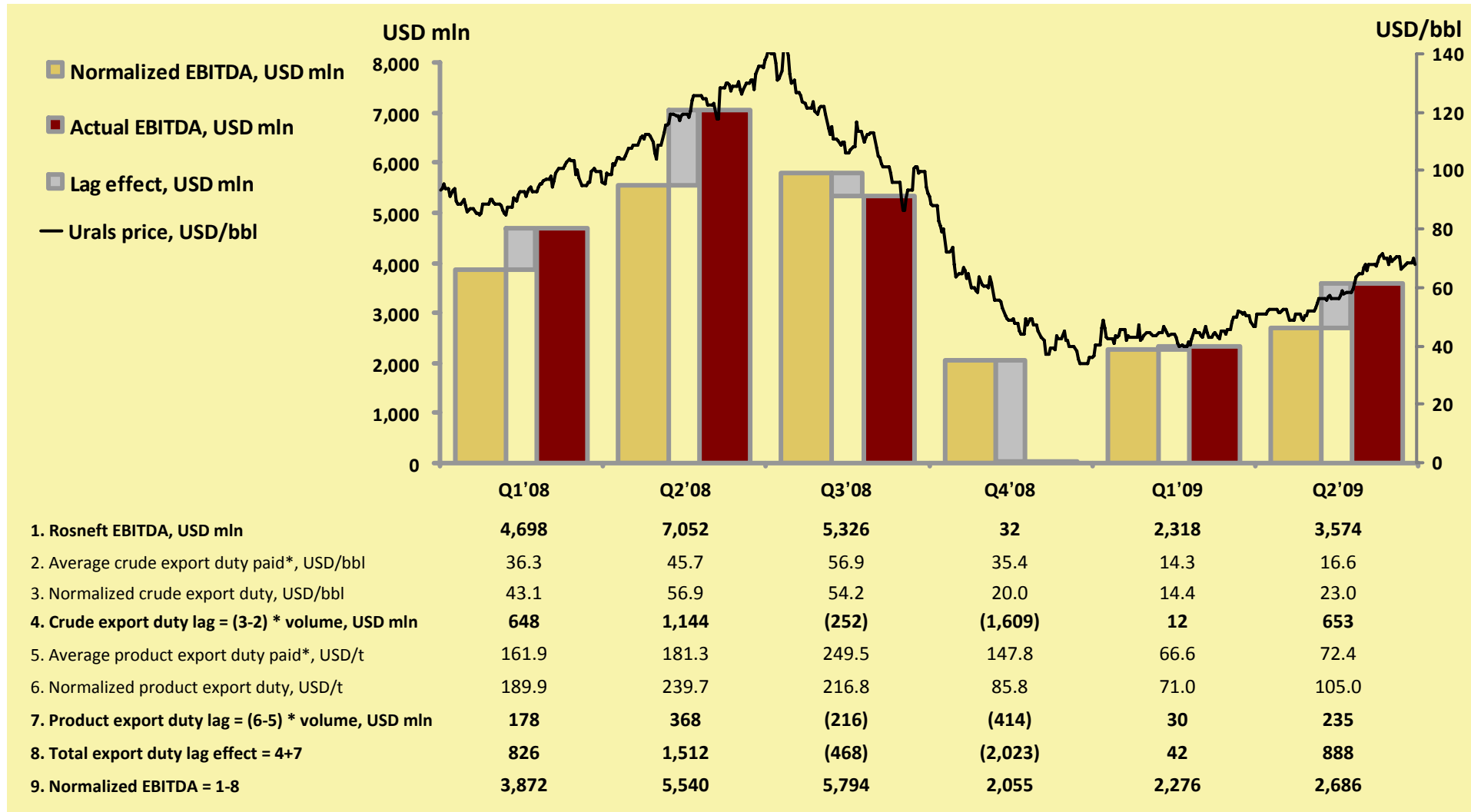


Q2 and 1H 2009 US GAAP Financial Results

Appendix



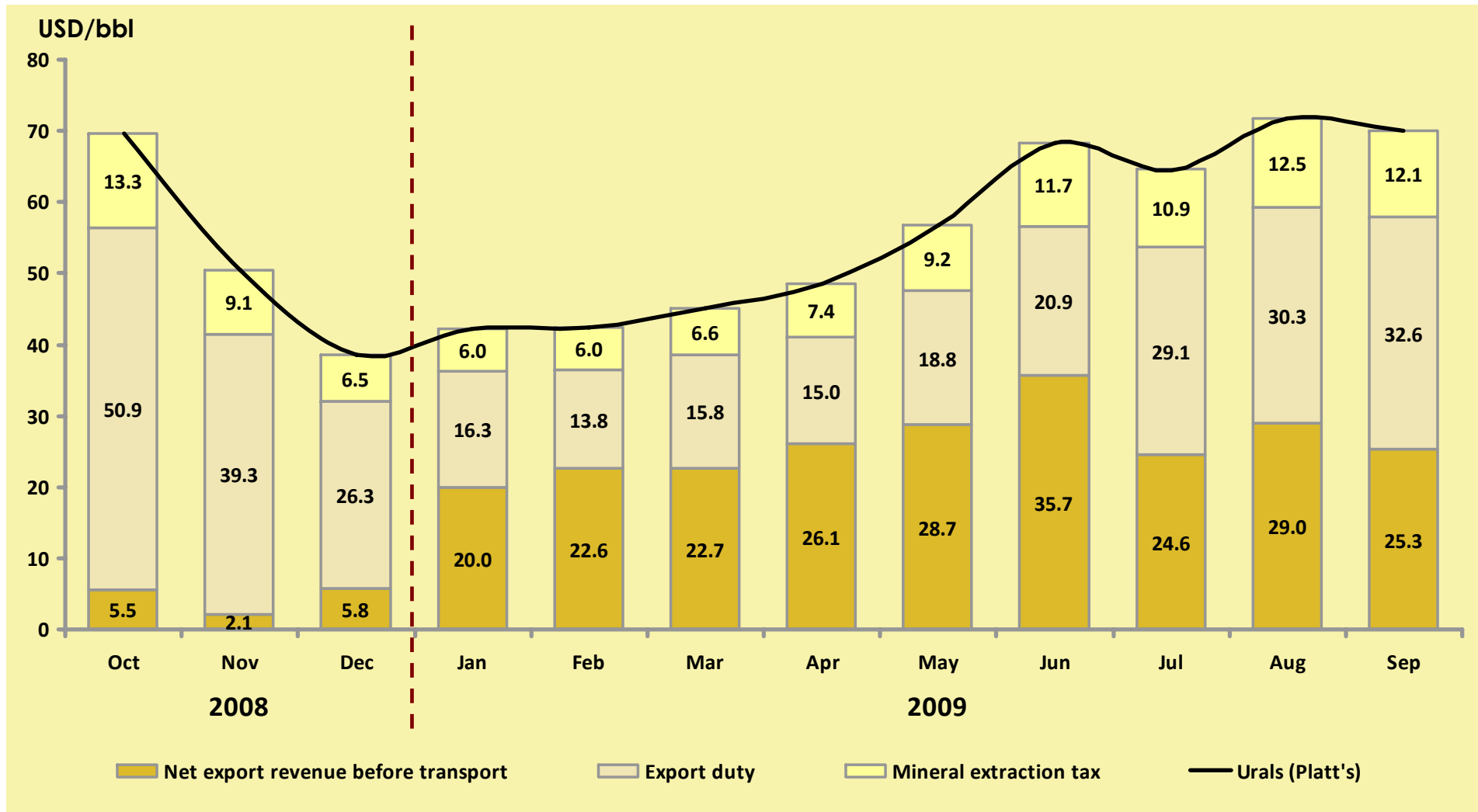
Export Duty Lag Effect



* Average export duty paid is lower than that set by the Russian government because exports to some CIS countries and Sakhalin-1 crude exports are not taxed.



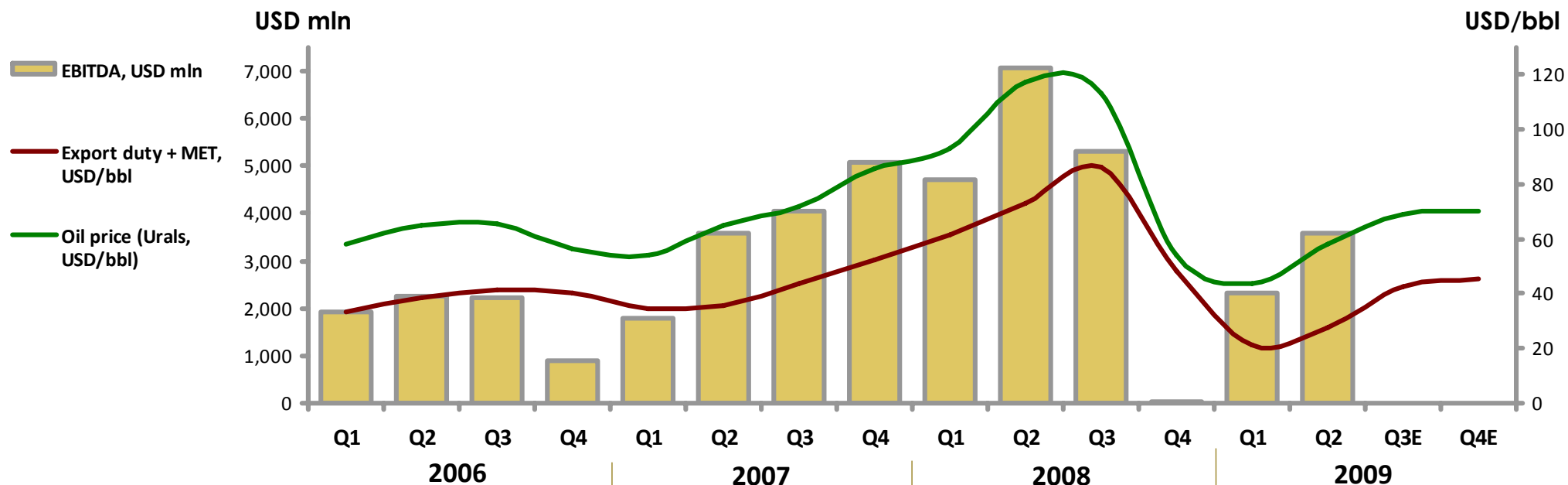
Net Revenue of an Oil Exporter



Assuming Urals of USD 70/bbl in September.



EBITDA

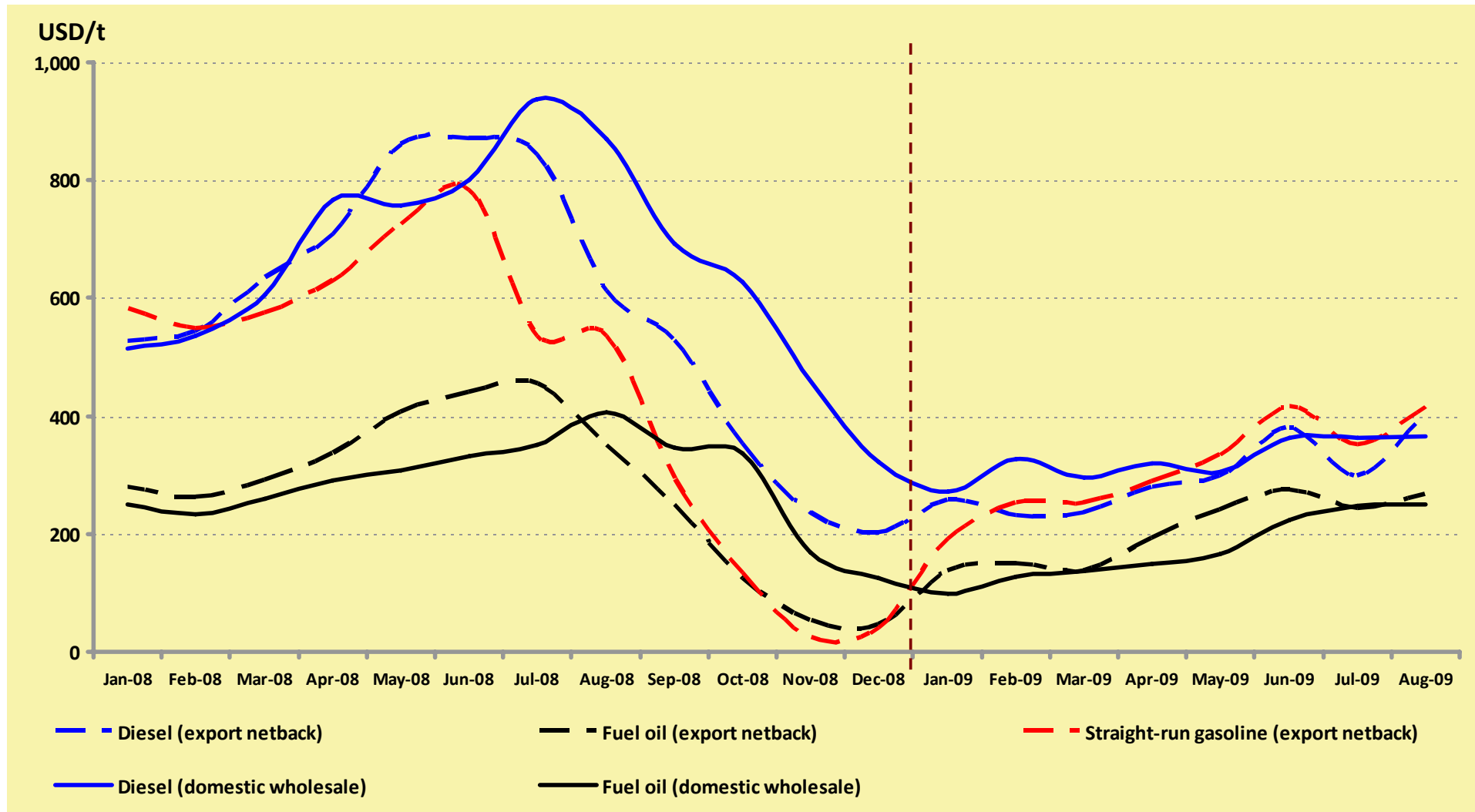


USD/bbl	2006				2007				2008				2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3E	Q4E
1. Av. Urals price	58.2	64.8	65.8	56.3	54.3	65.2	72.2	85.9	93.3	117.5	113.2	54.1	43.7	58.1	68.8	70.0
2. Av. MET	10.8	12.2	12.5	10.3	9.9	12.4	13.9	16.9	18.6	23.7	22.6	9.6	6.2	9.3	11.8	12.1
3. Av. export duty	22.8	26.0	28.8	29.8	24.6	23.4	29.5	35.3	43.0	49.1	63.3	38.8	15.3	18.3	30.7	33.3
4. Av. net export revenue after MET (=1-2-3)	24.6	26.5	24.5	16.2	19.9	29.4	28.8	33.8	31.7	44.7	27.3	5.7	22.2	30.5	26.3	24.6
5. Actual EBITDA/bbl	14.0	15.8	14.3	5.8	12.0	20.9	21.1	25.7	26.6	40.2	30.0	0.2	13.4	20.3	-	-

Assuming Urals of USD 70/bbl in September – December, 2009.



Petroleum Product Prices in 2008-2009 (Rosneft Refineries)*

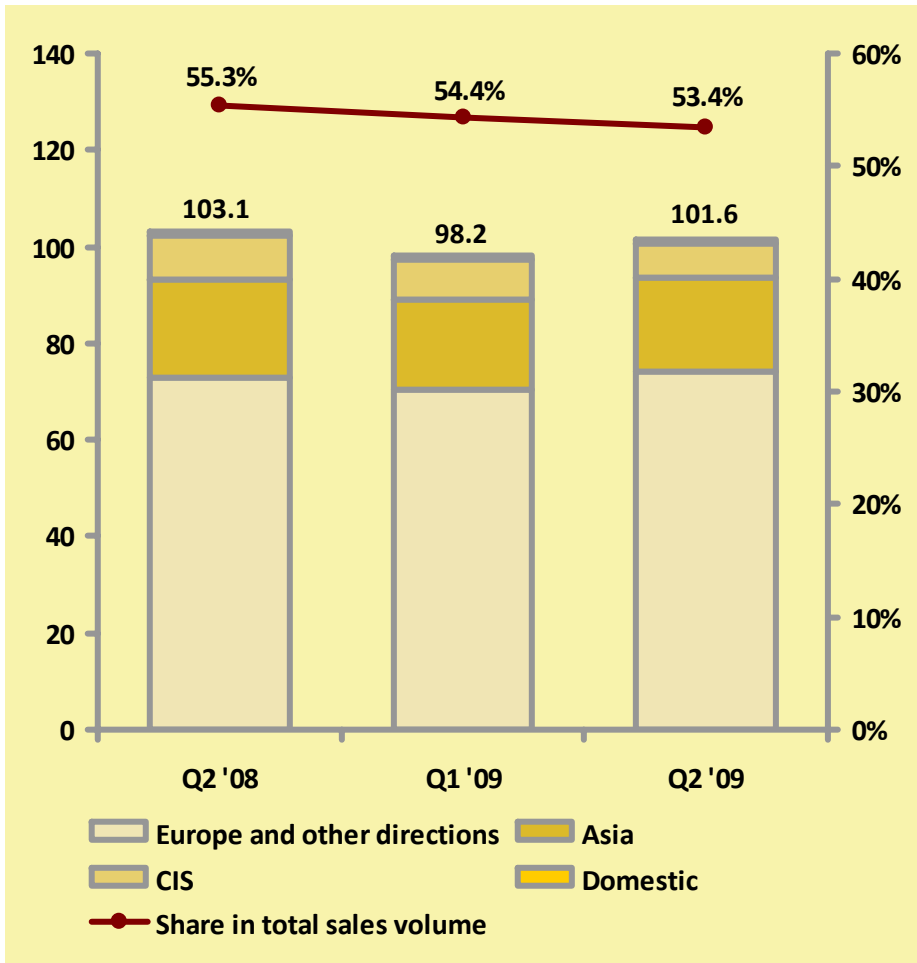


* Refinery-gate export netback or domestic wholesale price net of VAT and excise (average for Rosneft refineries).

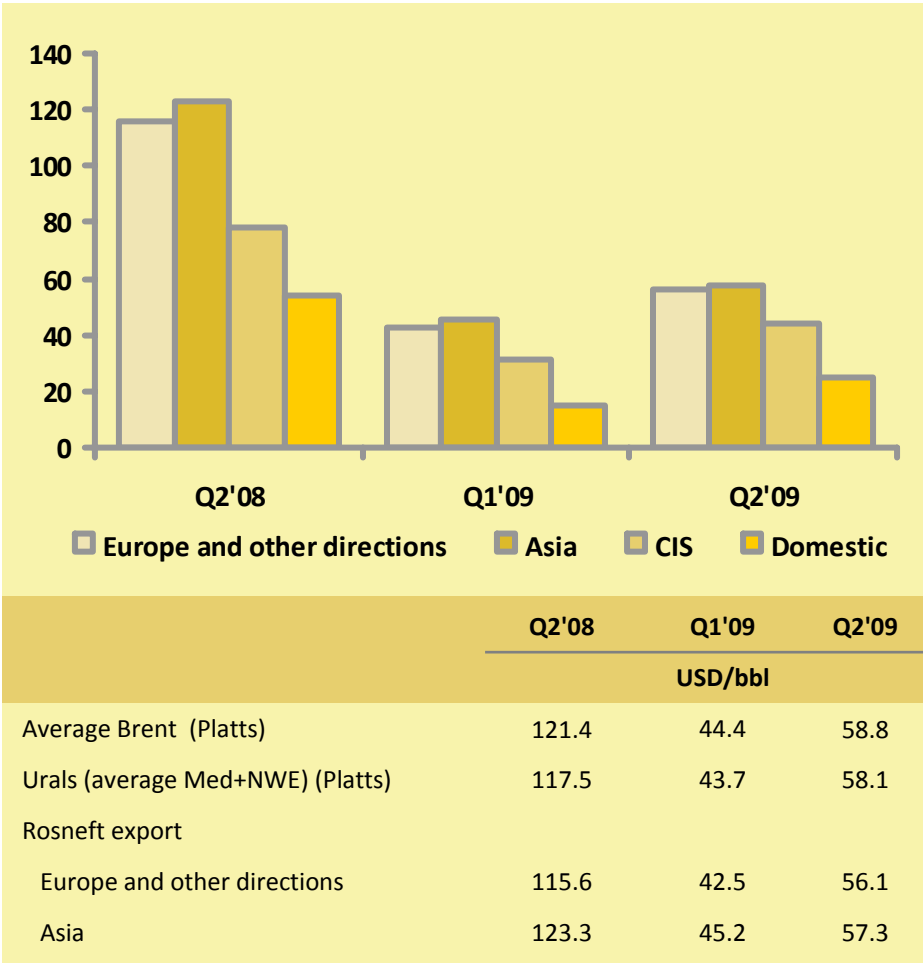


Crude Oil Sales

Crude Oil and Condensate Sales Volumes, mln bbl



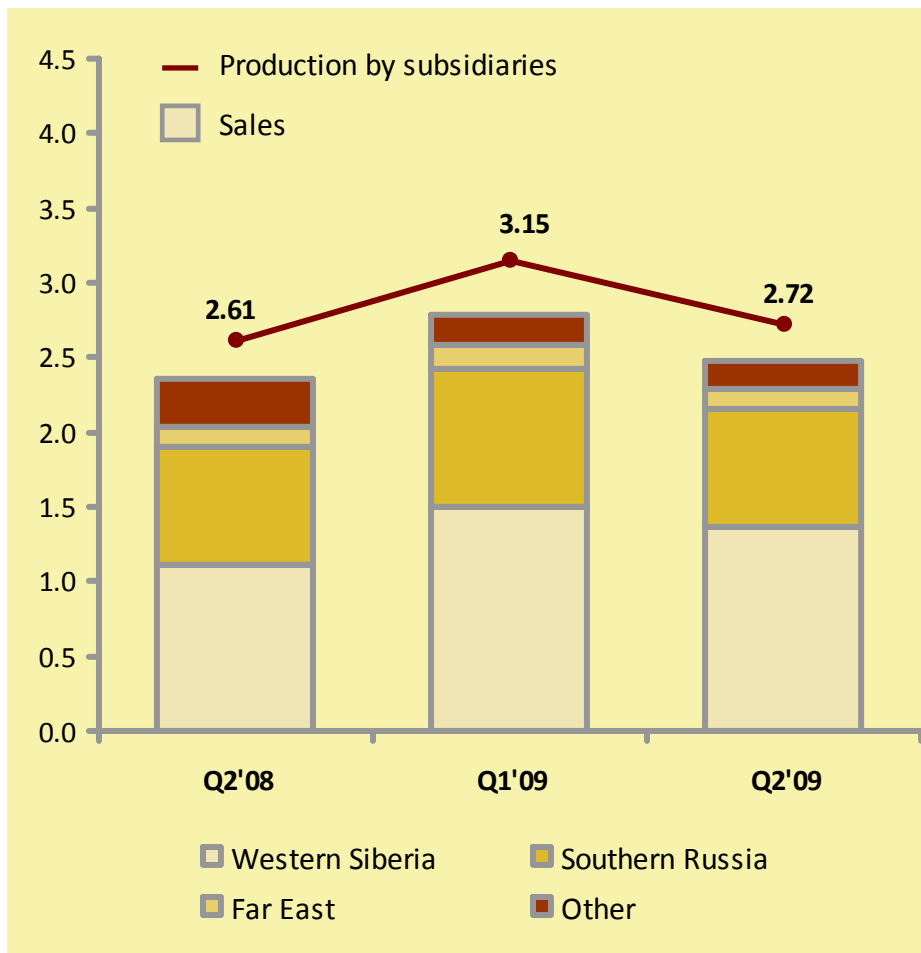
Average Prices, USD/bbl



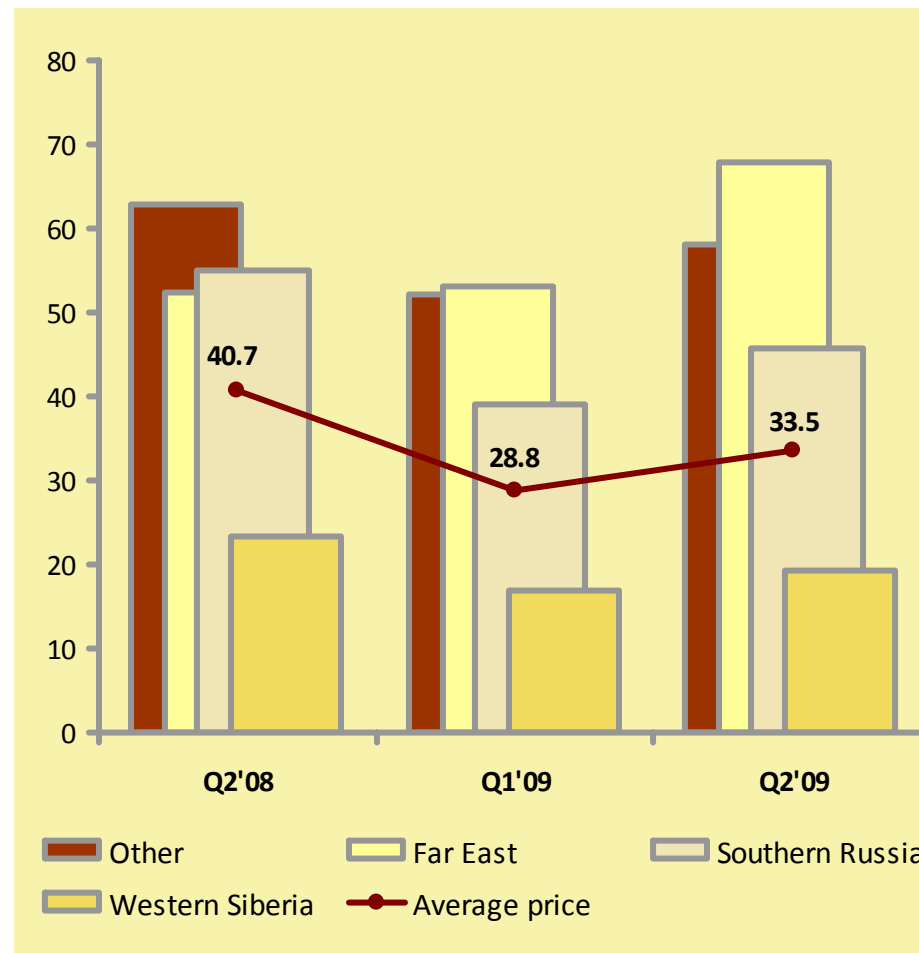


Gas Production and Sales

Gas Sales vs. Production, bcm



Gas Sales Prices, USD per 1,000 cubic meters

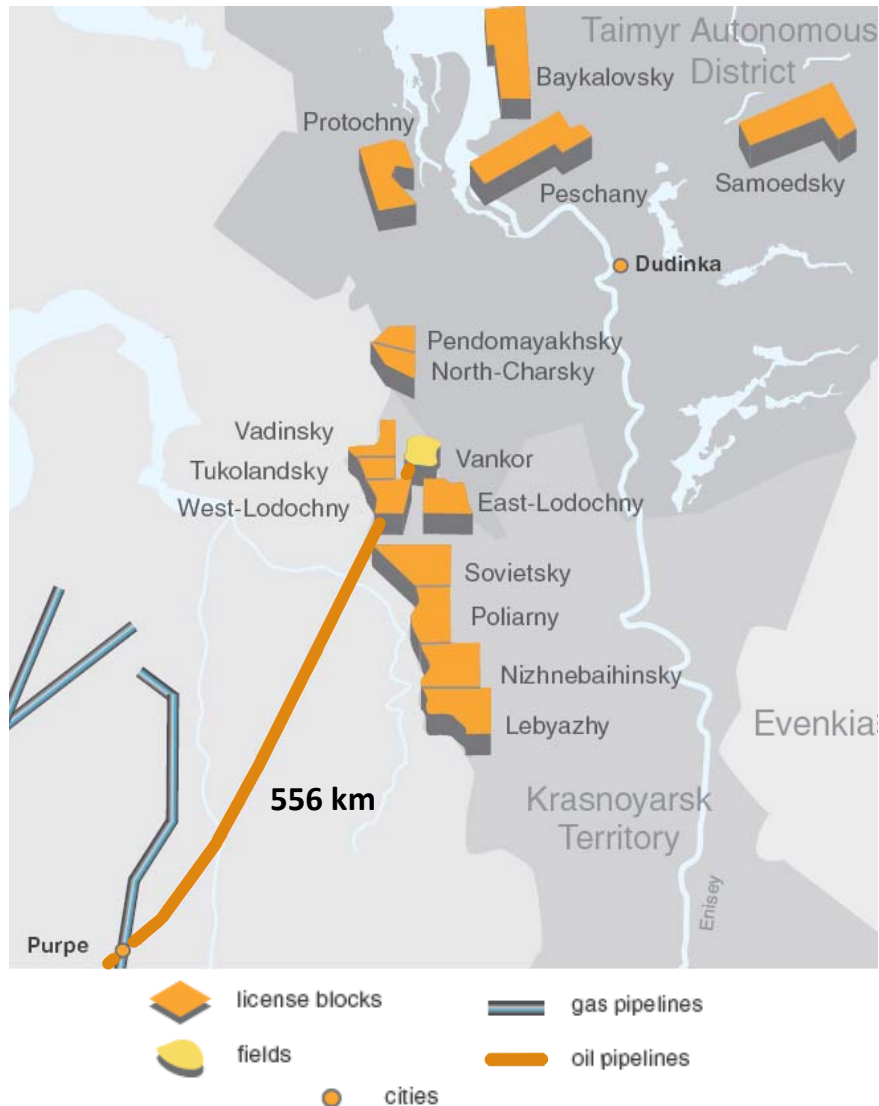




Launch of Vankor



Key Facts



Key facts

- 3.8 bln bbl of ABC1+C2 reserves
- 3.1 bln bbl of 2P PRMS (SPE) reserves
- Peak production – 510,000 bpd
- 14 adjacent license blocks with total prospective resources of 4.3 bln boe

Recent developments

- Commercial production launched in August
- The 'zero' stage maximum capacity of 130,000 bpd reached
- New field discovered at the Baykalovskiy block
- Capex spent (as of June 30, 2009) - USD 5.2 bln

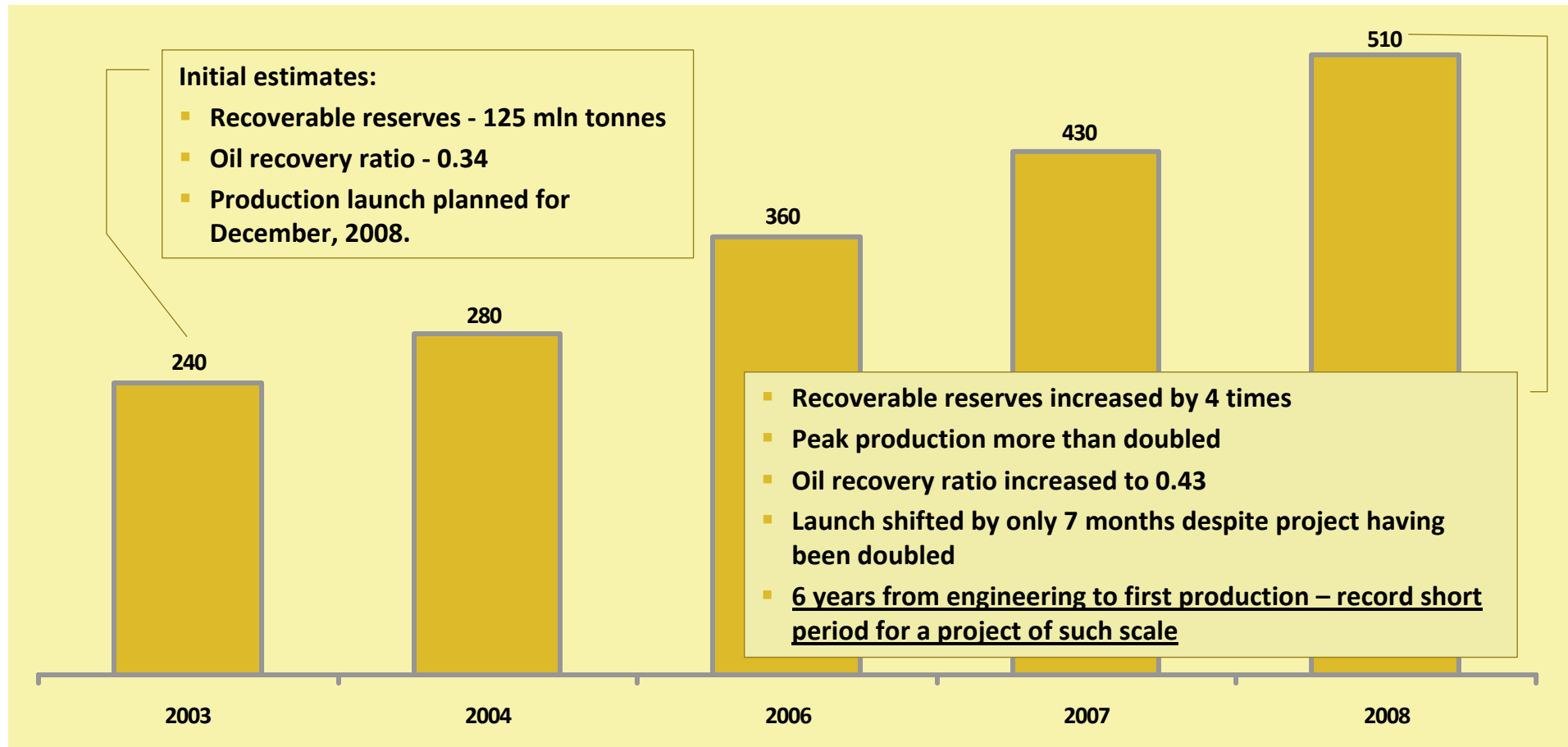
Plans for 2009

- Capex: RUB 72 bln (USD 1,266 mln already spent in 1H'09)
- Next stage to be launched in December, 2009, production to increase to 220,000 bpd by the year end
- 22 mln bbl of crude oil production for the year
- Average flow rate: ~3,500 bpd per well



Efficient Project Management

Increase in estimated peak production at Vankor, '000 bpd



Discovered in 1988

Acquired in 2003

Construction started in 2006

Launched in 2009

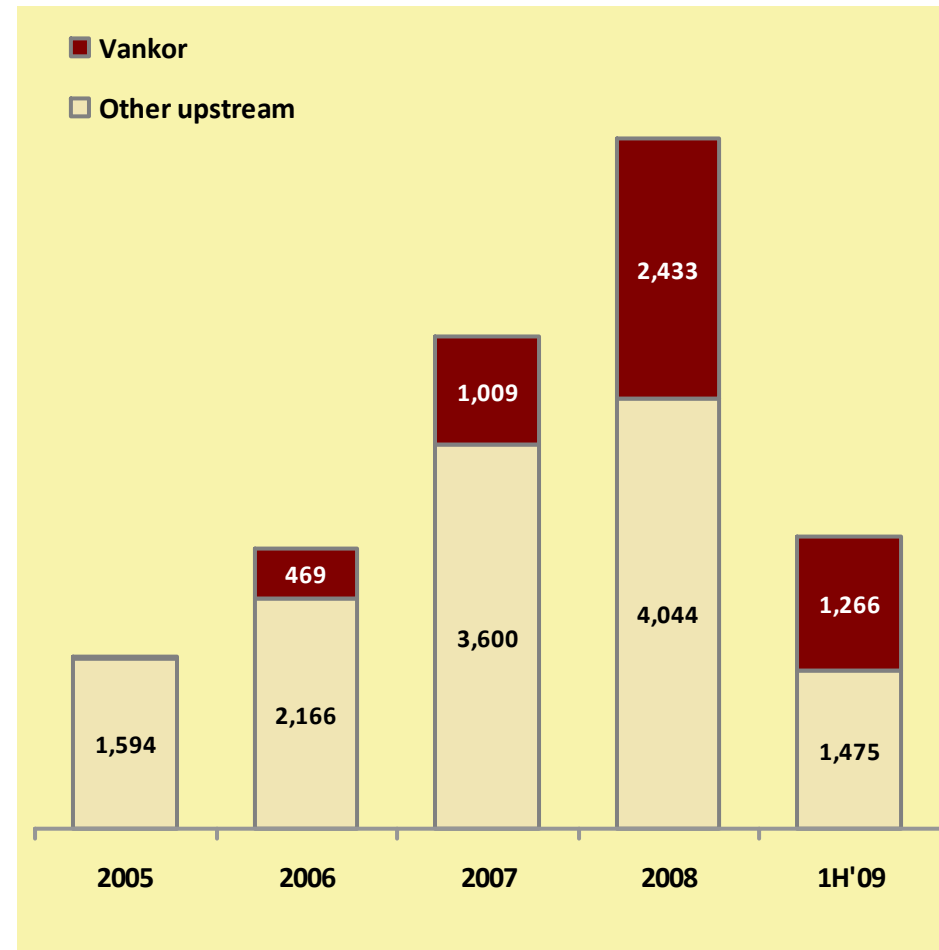


Major Project of Russia and Rosneft

Vankor Development Indicators

- **150** producers of equipment
- **450** contractors
- **1,250** engineers
- **1,685** infrastructure facilities installed
- **120** km of roads
- **12,000** construction workers and **2,000** vehicles employed at the peak of construction work
- **148,000** tonnes of pipes and rolled metal products
- **11** mln cubic meters of sand

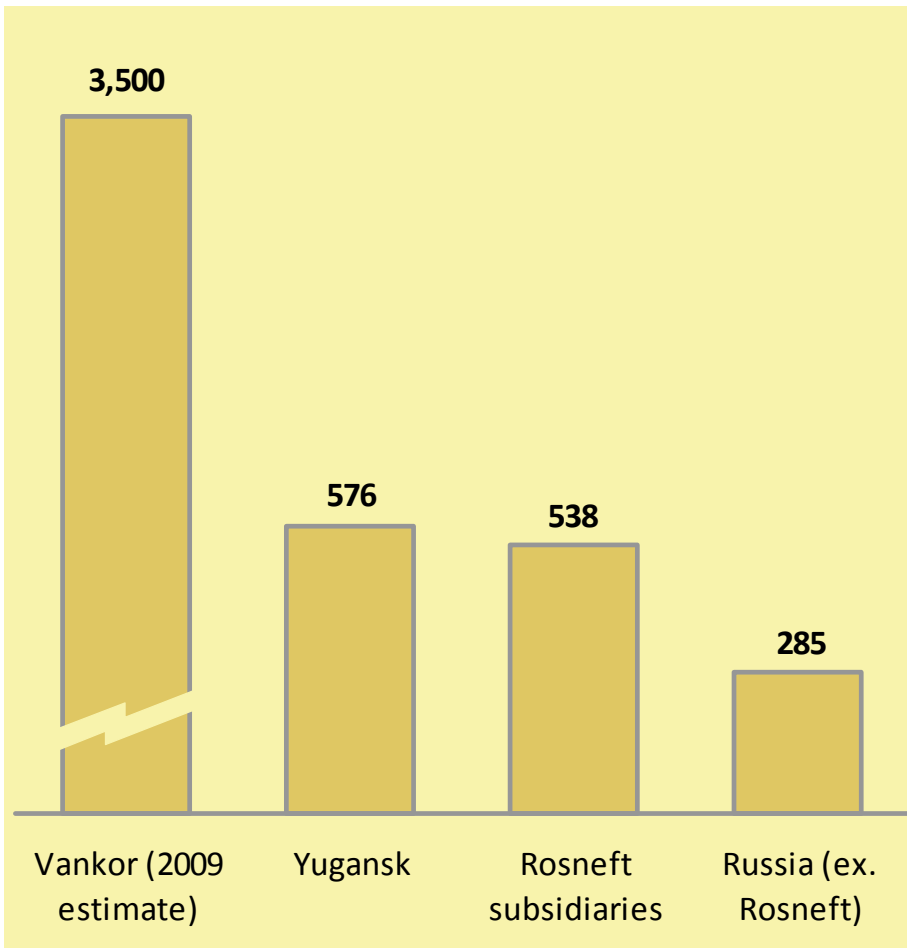
Rosneft Upstream Capex, USD mln





Flow Rates and Crude Quality

Average flow rate of new wells (1H'2009), bpd



Vankor crude quality

	Sulphur,%	API gravity
Brent	0.4%	38
Urals	1.3%	32
Vankor, Yakovlevsky layer	0.2%	26
Vankor, Nizhnekhetsky layer	0.1%	40
Vankor, weighted average	0.2%	30

- Vankor field consists of 3 oil layers with different crude quality
- The layers are developed simultaneously to get weighted average quality of crude oil produced
- Vankor crude may be classified as average gravity sweet grade, which should be priced with premium to Urals



Main Units

- **Central Oil Production Facility:**
 - **3 oil treatment units with a capacity of 7.5 mln tones per year each**
 - **High and low pressure gas compressing stations**
 - **Reservoirs with capacity of 180,000 cubic meters**
- **200 MWt gas turbine power station**



- **Oil treatment and water discharge facility 'South' – 66,000 cubic meters per day**
- **Oil treatment and water discharge facility 'North' – 66,000 cubic meters per day**
- **Mini-refinery with capacity of 50,000 tones per year of diesel**
- **Intra-field communications (oil pipelines, water pipelines, roads, power lines)**



Oil Treatment and Water Discharge Facility 'South'





Power Supply



- **100% power self-sufficiency:**
 - Central production facility is powered by a 200 MWt gas turbine station
 - Oil pumping stations at the Vankor - Purpe pipeline are powered by two gas piston stations of 42 MWt each
- **Power lines:**
 - 35kV — 140 km
 - 6 kV — 56 km
 - 10 kV — 543 km
 - 110 kV — 38 km



Trunk Pipeline

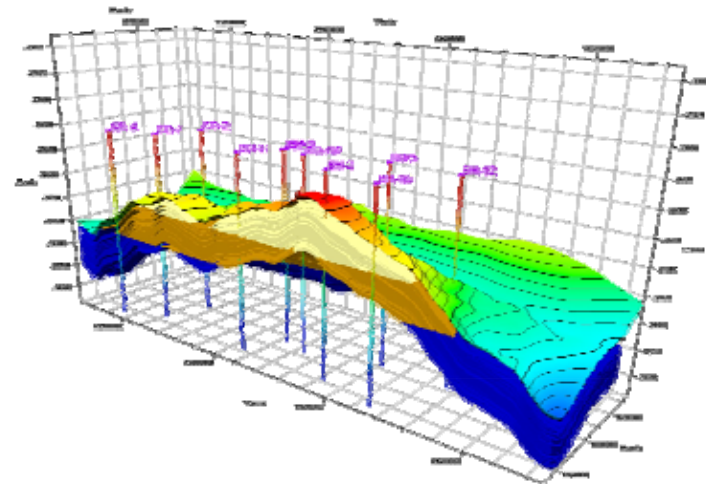
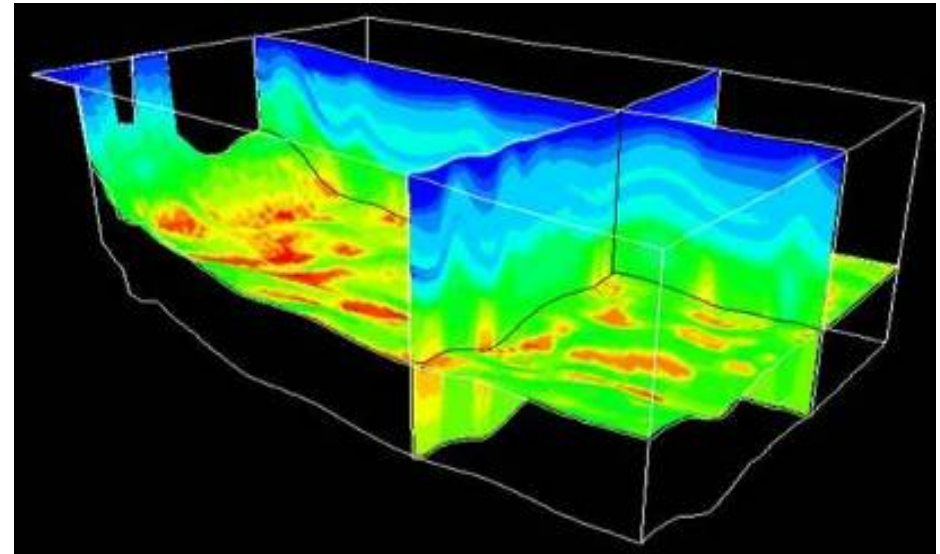
- Pipeline diameter — 820 mm
- Length 556 km:
 - underground part of 330 km
 - overhead part of 226 km
- 4 oil pumping stations with possible extension to 8 stations





Geological and Development Technologies: Increase in Oil Recovery Ratio

- Modeling of hydrocarbon systems formation:
 - Geological risks reduced by 30-40%
- Advanced methods of seismic data processing
- Drilling 307 horizontal wells during the field life
- Gas reinjection to maintain strata pressure
- Increase in oil recovery ratio from 0.34 to 0.43 (Russia's average recovery ratio – 0.35)

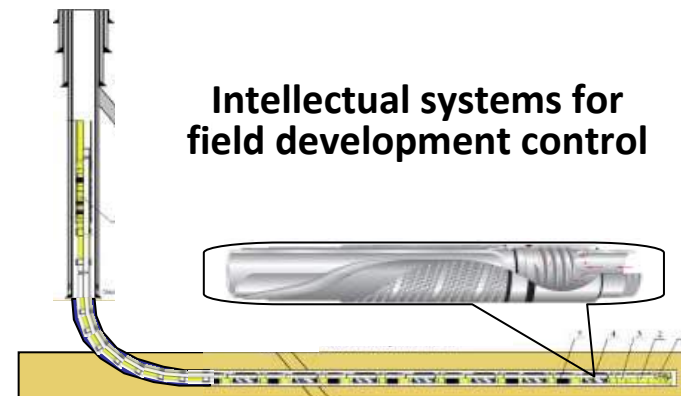
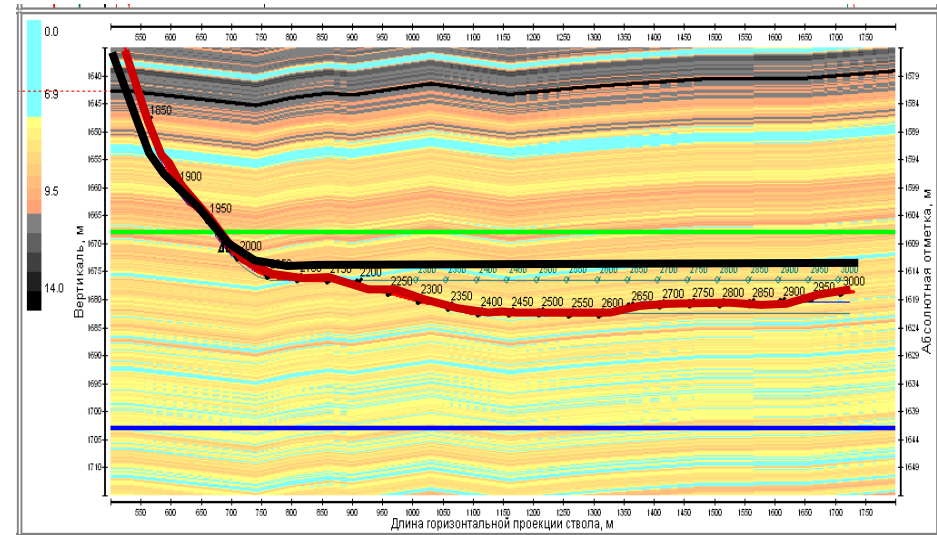




Drilling and Well Completion Technologies

- The only center in Russia for geological support of drilling
- Rotor manageable drilling systems:
 - Increase in drilling efficiency, maximum horizontal displacement – 2,700 meters
- Intellectual well flow management systems (equalizers) are applied for the first time in the Russia's oil industry:
 - Additional crude production during the first 2 years of over 500,000 tones
 - Increase in oil recovery ratio

Optimization of well trajectory



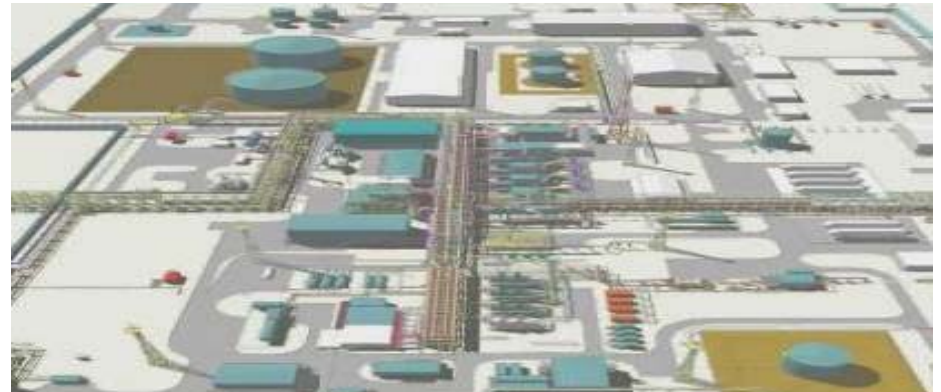
Intellectual systems for field development control



On-site Facilities Construction Technologies

- **Modern computer engineering technologies**
- **Unique oil treatment units with capacity of 7.5 mln mln tones per year each**
- **Usages of preassembled ready-to-operate technological modules:**
 - **Decrease in on-site equipment installation time by 67%**
- **Solving the permafrost thawing problem:**
 - **71,000 of thermal stabilizers installed along the trunk pipeline**
 - **All the buildings and reservoirs are equipped with thermal stabilization systems**

3D model of Oil treatment unit 'South'



Thermal stabilization of soil





Field Development Technologies

- **Use of long wearing equipment in production and transportation:**
 - Work in abnormal operating conditions: high gas and mechanical admixture content
- **Use of high-tech bore-hole equipment:**
 - Operating capability at extremely high (by 5-10 times more than on average) mechanical admixture content
 - High flow rates of up to 10,500 bpd
- **Fail-safe oil production in difficult climatic and geological conditions**

Multiphase bore-hole pump





Advanced HSE Approach

Environmentally friendly vehicles

- Ultra low soil pressure:
 - Off-roader TREKOL 0.1 kg/cm²
 - Off-roader Nomad 65T 0.4 kg/cm²
- Compared with 1.4 kg/cm² for a passenger car



Off-roader TREKOL 39292



Off-road seismic vibrator Nomad 65T

Associated gas utilization

Target utilization of associated gas – 95.5%

- 200 MWt gas turbine power station – 1 bcm per year of gas
- Gas reinjection – 2.5 bcm per year
- Deliveries to Gazprom – up to 5.6 bcm per year



Smokeless gas burning system:

- Capacity – 1 bcm per year
- No visible flame, smokeless burning
- No thermal tail and noise
- Removal of 99.9% of carcinogenic substances





Environmentally friendly roads

- The moss and plant cover underneath the road surface is not removed
- A geo-mesh is laid down for reinforcement, filled with a turf and sand mixture and seeded with indigenous perennial grasses
- 120 km of on-site roads have been built by this technology



100% utilization of drilling waste

- Reinjection of drilling waste into a special layer

