



ROSNEFT

Q4 and 12M 2009 US GAAP Results

February 01, 2010



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Q4 and 12M 2009 Highlights

Positives

- Strong financial results:
 - EBITDA - **USD 4.0 bln** in Q4`09 and **USD 13.6 bln** in 12M`09
 - Net income – **USD 1.7 bln** in Q4`09 and **USD 6.5 bln** in 12M`09
 - Adjusted operating cash flow - **USD 3.3 bln** in Q4`09 and **USD 10.8 bln** in 12M`09
 - Adjusted free cash flow – **USD 3.4 bln** in 12M`09
 - Adjusted net debt decreased by **USD 2.8 bln** to December 31, 2008
- Vankor launched, outperforming
- Refinancing burden overcome, new credit profile
- Optimization of crude and product flows to address domestic market dislocations

Challenges, Priorities

2009

- Unstable domestic demand and low prices
- Growing transportation tariffs
- Ruble appreciation in Q2-Q4

2010

- Financial discipline and continued cost control
- Meeting 2010 Business plan targets
- Continue discussion to update tax regime



Macroeconomic Environment

	Q4'09	Q3'09	Δ, %	12M'09	12M'08	Δ, %
Average USD/RUB exchange rate	29.47	31.33	(5.9)%	31.72	24.86	27.6%
Inflation for the period, %	0.7%	0.6%		8.8%	13.3%	
Real RUB appreciation/(depreciation) against USD for the period, %	0.2%	4.6%		5.7%	(5.3)%	
Urals FOB Primorsk, \$/bbl	72.6	66.8	8.6%	59.5	92.3	(35.5)%
Gasoil 0.1% (FOB/CIF Med), \$/tonne	611.7	557.6	9.7%	520.7	932.5	(44.2)%
Fuel oil 3.5% (FOB/CIF Med), \$/tonne	438.3	402.2	9.0%	348.6	463.2	(24.7)%
High octane gasoline (av. Russia), \$/tonne	686.6	709.6	(3.2)%	579.8	815.4	(28.9)%
Diesel (av. Russia), \$/tonne	435.6	411.1	6.0%	398.0	724.9	(45.1)%



Q4 and 12M 2009 Results Overview

	Q4'09	Q3'09	Δ, %	12M'09	12M'08	Δ, %
Daily crude oil production, th. bpd	2,275	2,214	2.8%	2,182	2,121	2.9%
Gas production, bcm	3.44	2.96	16.2%	12.68	12.38	2.4%
Petroleum product output, mln t	11.80	12.01	(1.7)%	47.06	46.44	1.3%
Revenues, USD mln	14,567	13,048	11.6%	46,826	68,991	(32.1)%
EBITDA, USD mln	4,014	3,659	9.7%	13,565	17,108	(20.7)%
Net Income ¹ , USD mln	1,656	1,199	38.1%	6,472	10,449	(38.1)%
Operating cash flow ² , USD mln	3,313	2,431	36.3%	10,791	14,393	(25.0)%
Free cash flow ², USD mln	1,199	584	105.3%	3,443	5,614	(38.7)%
Net debt ³, USD mln	18,489	18,862	(2.0)%	18,489	21,283	(13.1)%

¹ Net income for is adjusted for the effect of change in income tax rate from 24% to 20% in 2008, and for interest SWAP effect.

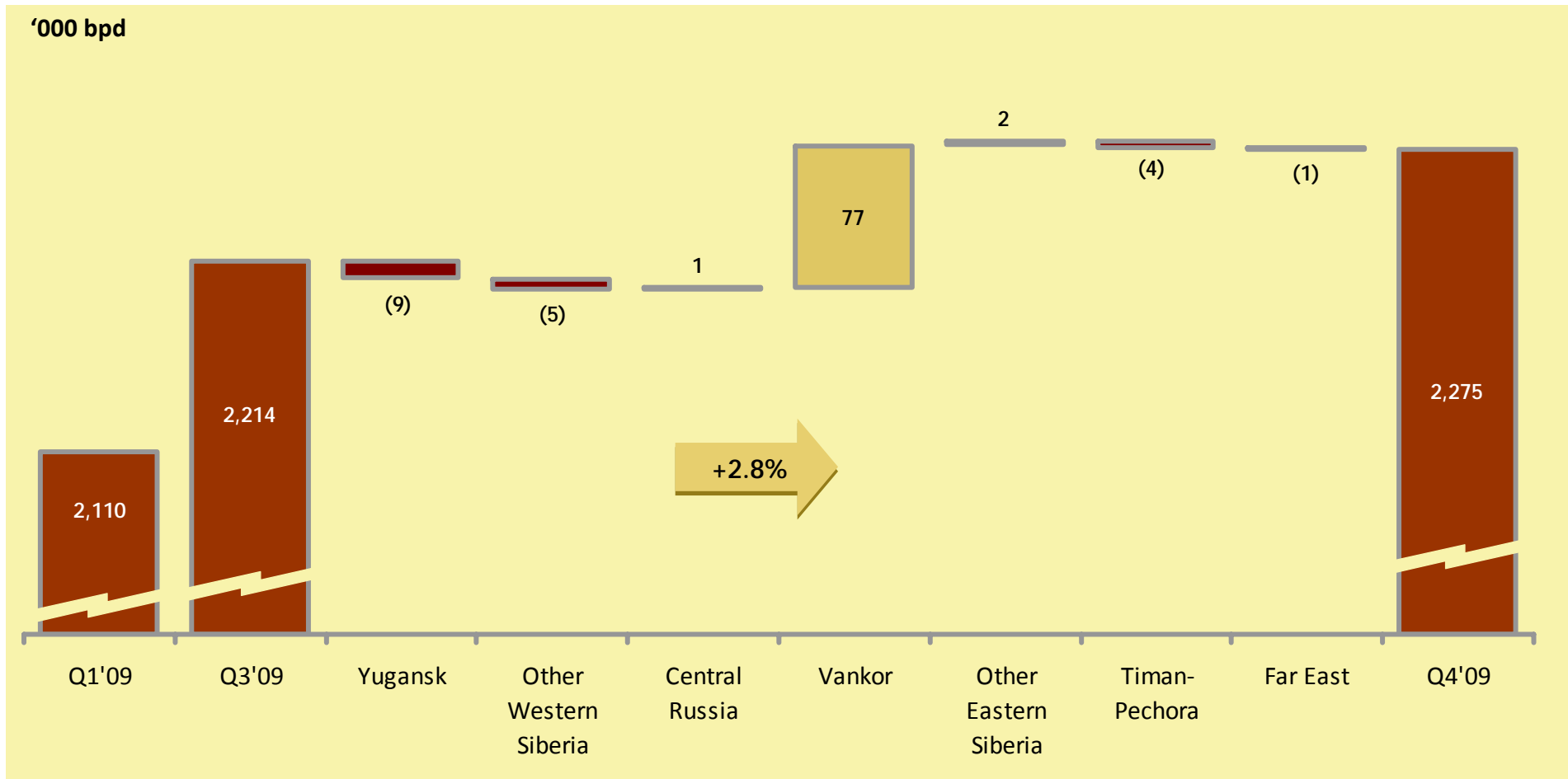
² Operating and free cash flow are adjusted for acquisition and sale of trading securities as part of excess cash management (USD (90) mln in Q3 2009, USD 257 mln in Q4 and USD 472 mln in 12M).

³ Net debt is adjusted for cash deposits and short-term promissory notes matched to debt maturity profile (reflected as short-term investments in the financial statements) of USD 2,188 mln as of December 31, 2009, USD 542 mln as of September 30, 2009, and for medium term deposits of USD 833 mln as of December 31, 2009 and USD 1,017 mln as of September 30, 2009.



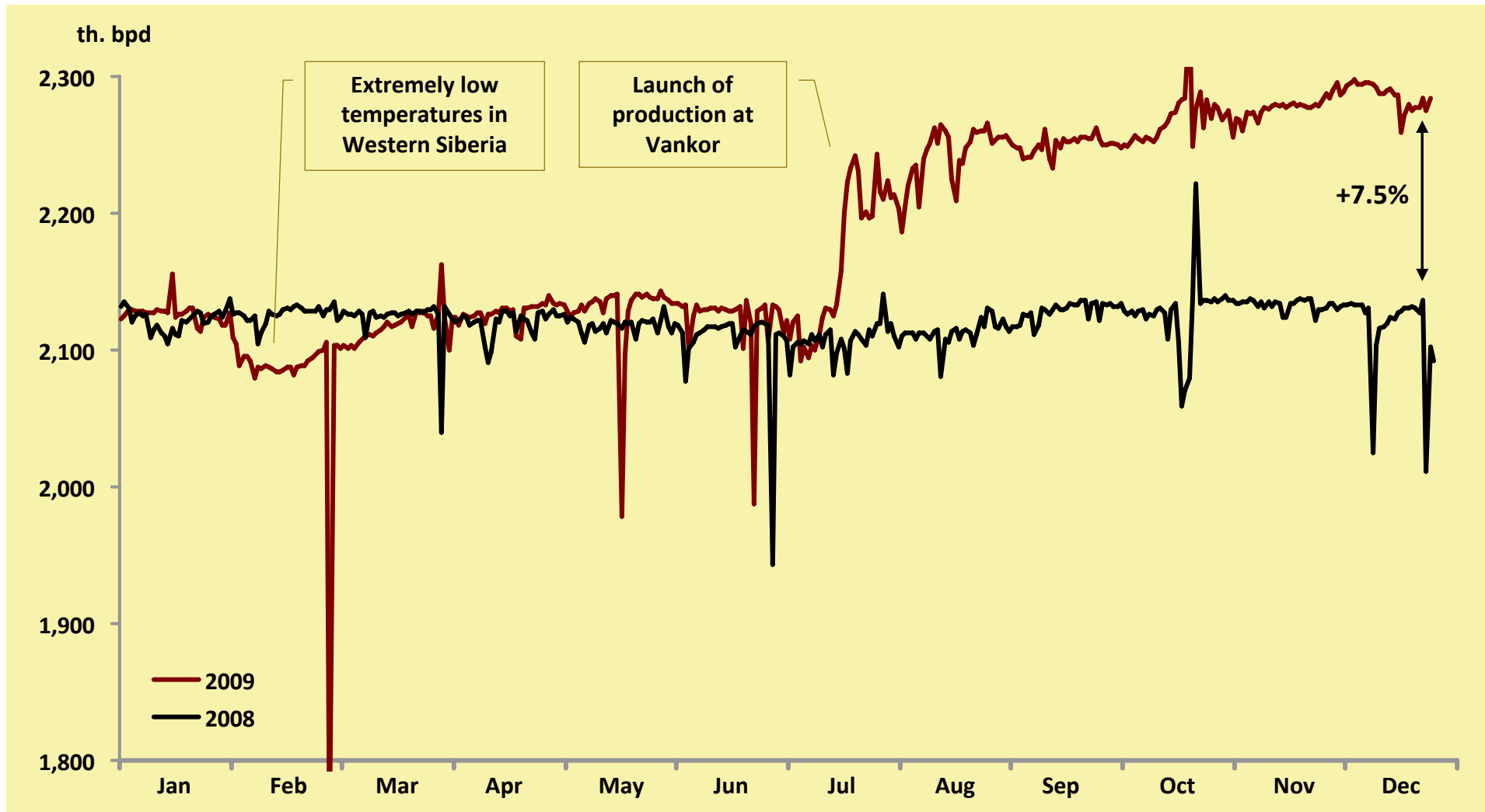
Daily Crude Oil Production

Daily Crude Oil Production Reconciliation





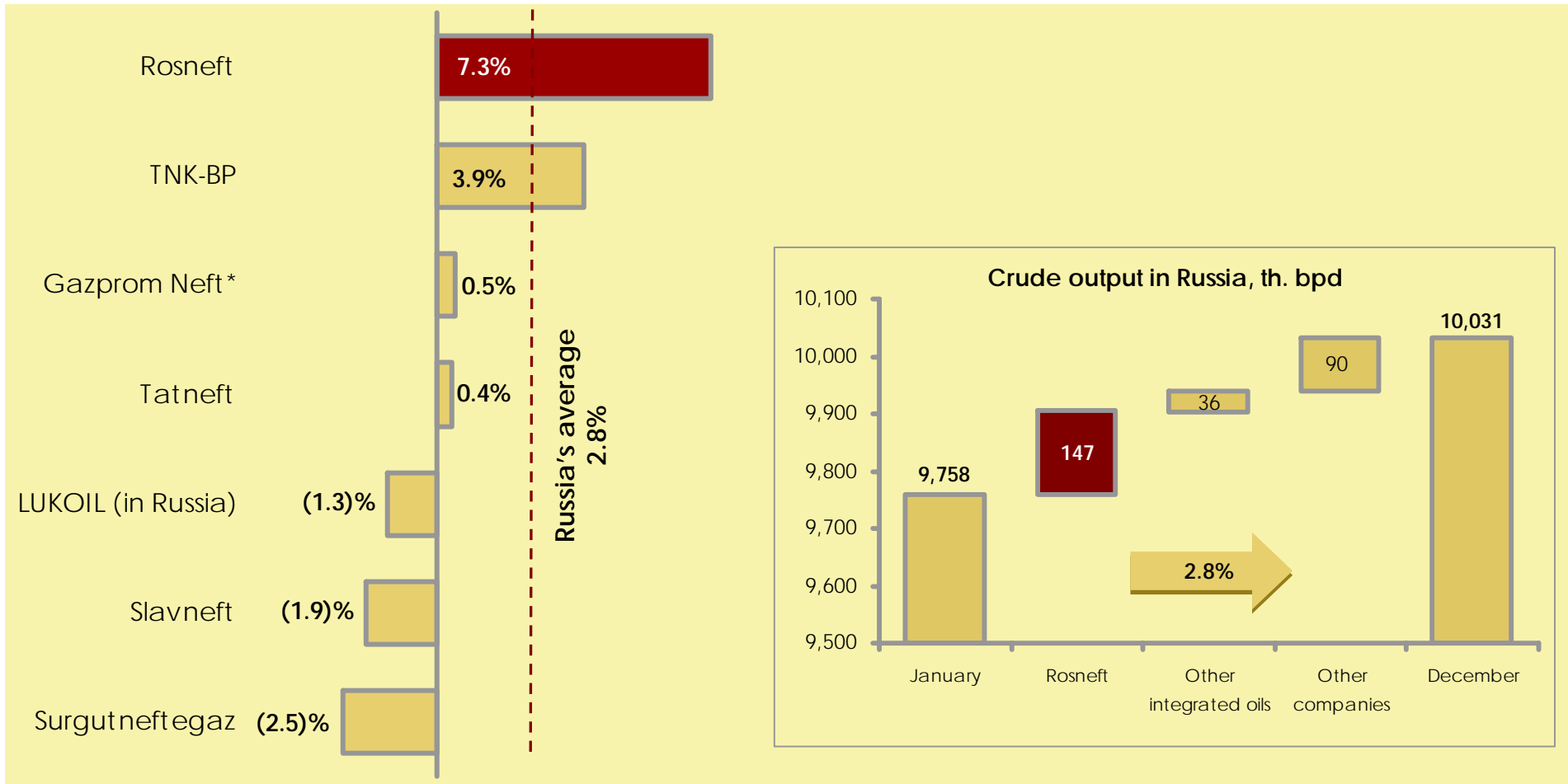
Daily Crude Oil Production (continued)





Daily Crude Oil Production (continued)

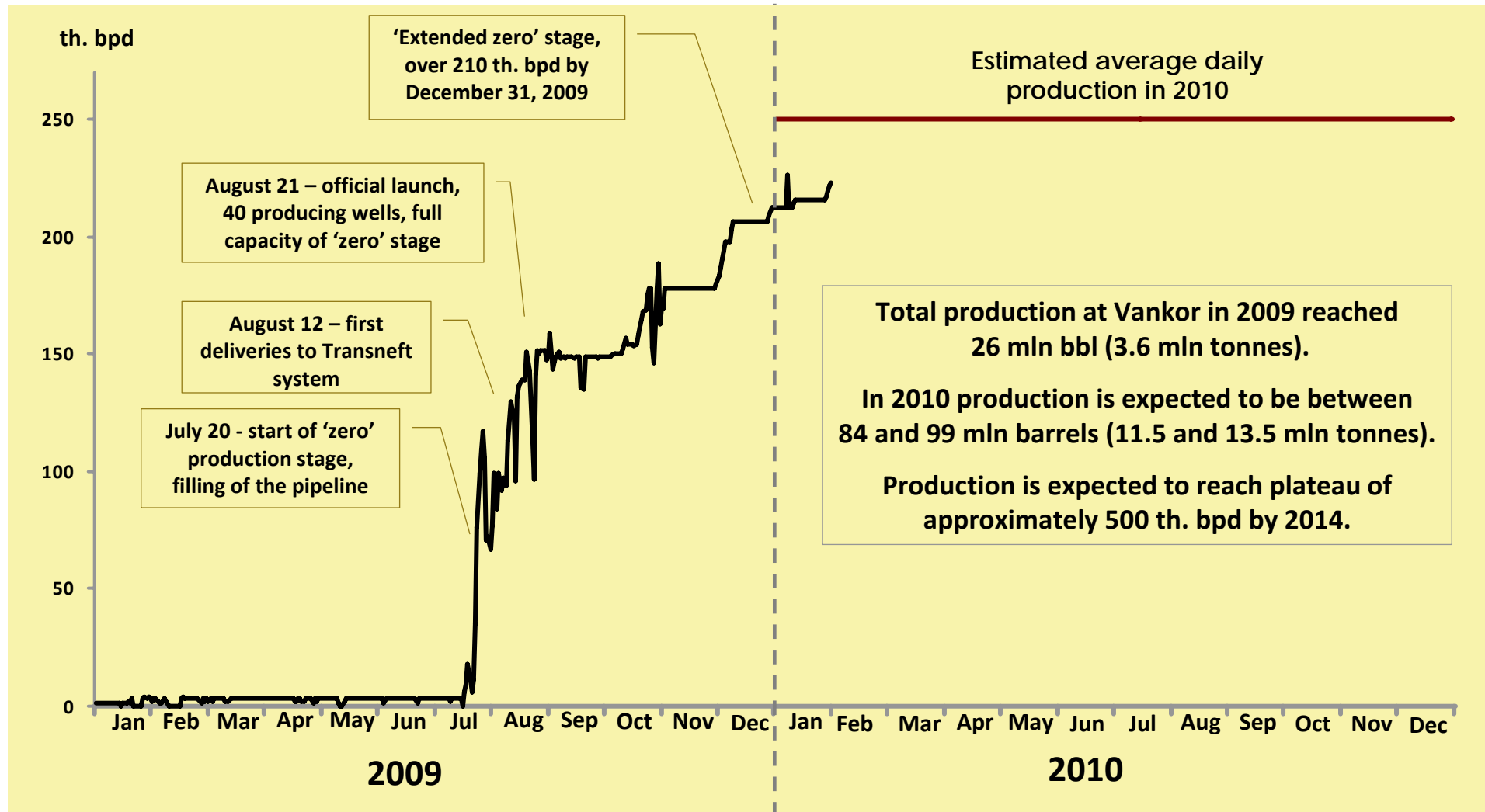
Daily Crude Oil Production in Russia, December 2009 vs January 2009



* Excluding share in Tomskneft.

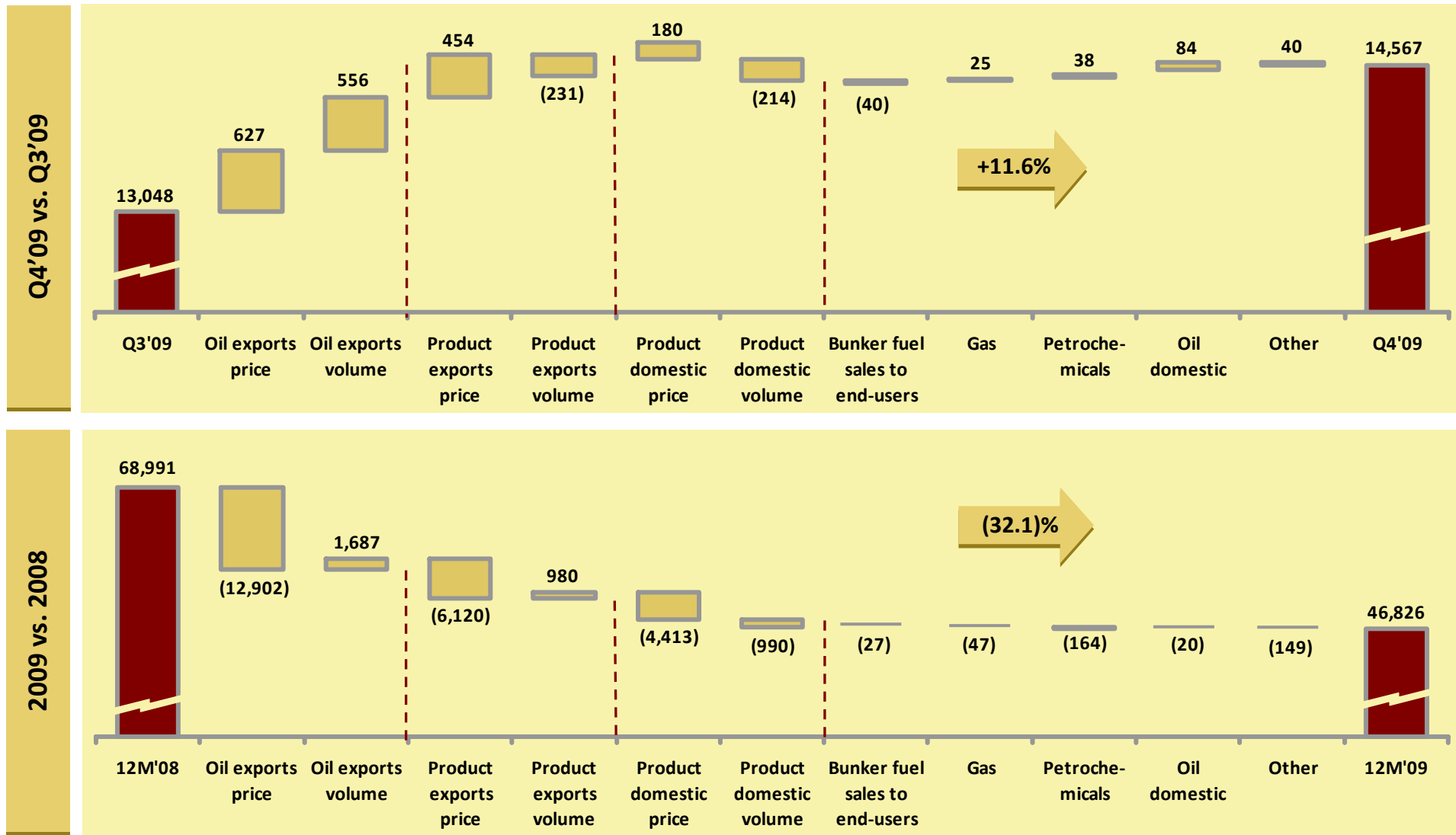


Vankor Production Profile in 2009-2010





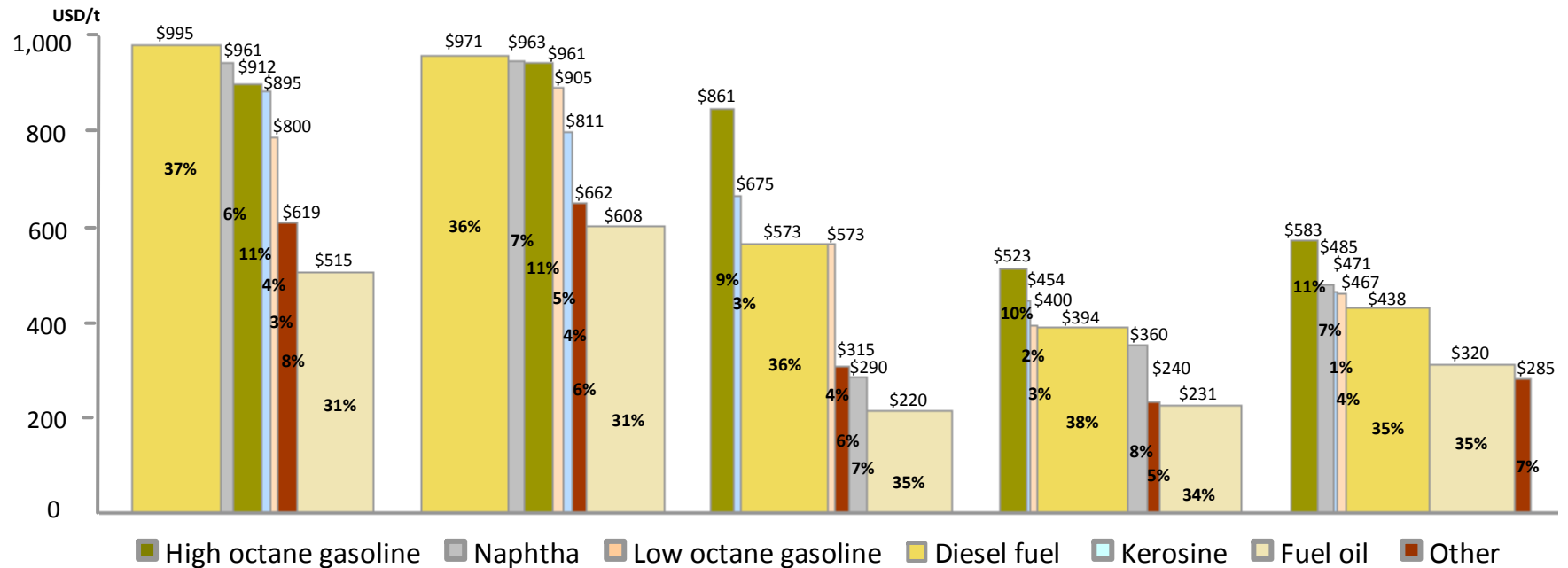
Revenues Reconciliation, USD mln





Petroleum Product Revenues

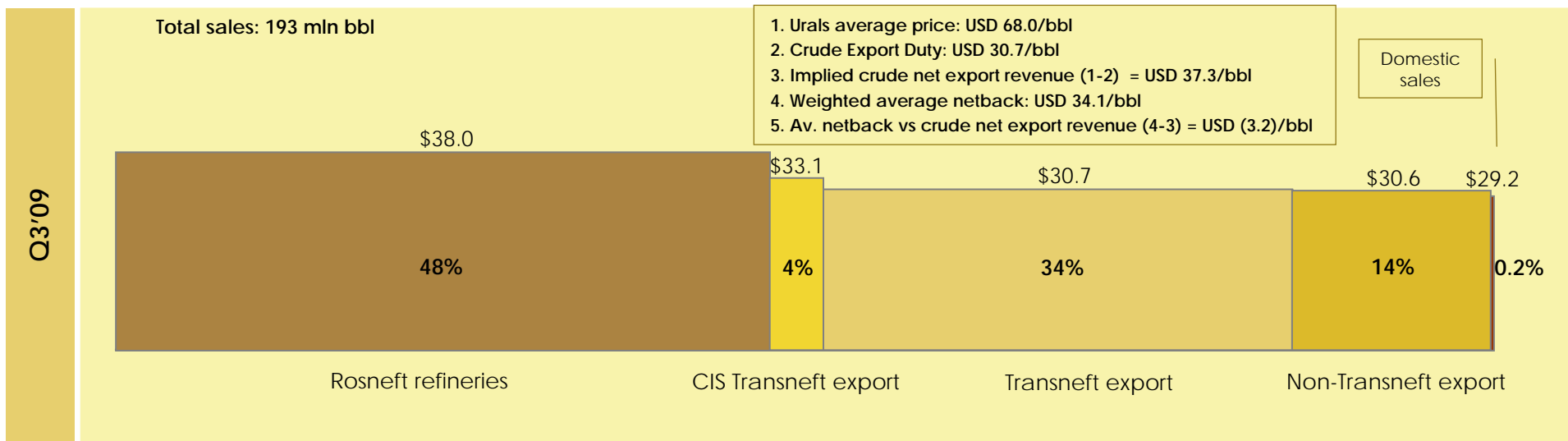
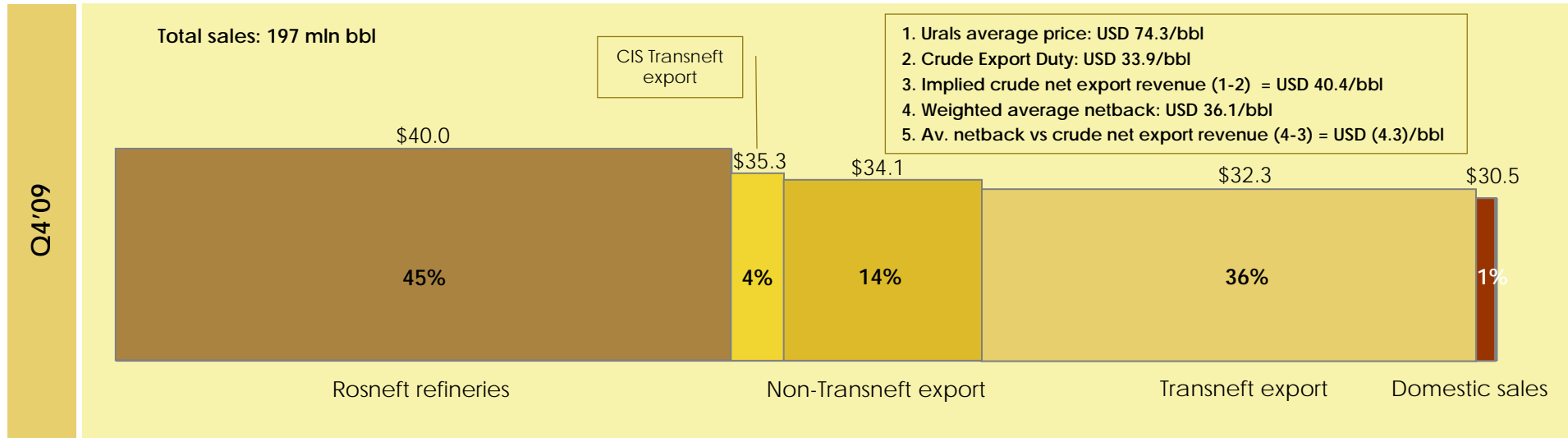
Petroleum Products: Average Prices and Volume Breakdown



	Q4'08	Q1'09	Q2'09	Q3'09	Q4'09
Revenue, USD mln	4,993	3,792	4,877	5,839	5,988
Excise and export duty, USD mln	1,223	639	755	1,080	1,110
Net revenue, USD mln	3,770	3,153	4,122	4,759	4,878
Volume sold, mln tonnes	11.29	11.06	12.00	12.14	11.11
Net revenue per tonne, USD	334	285	344	392	439

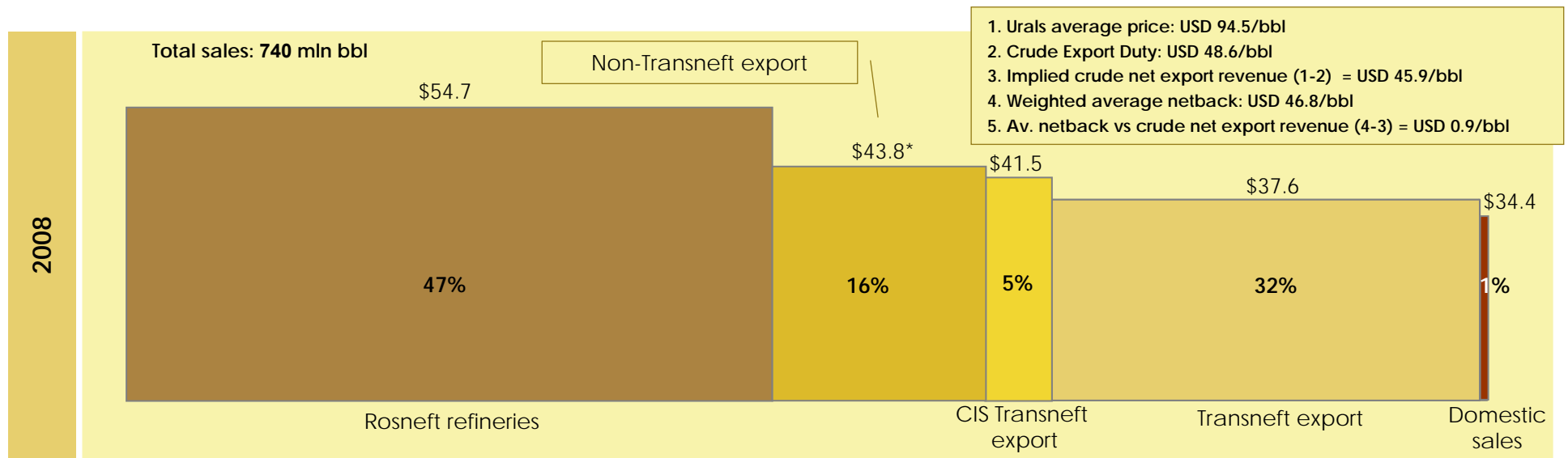
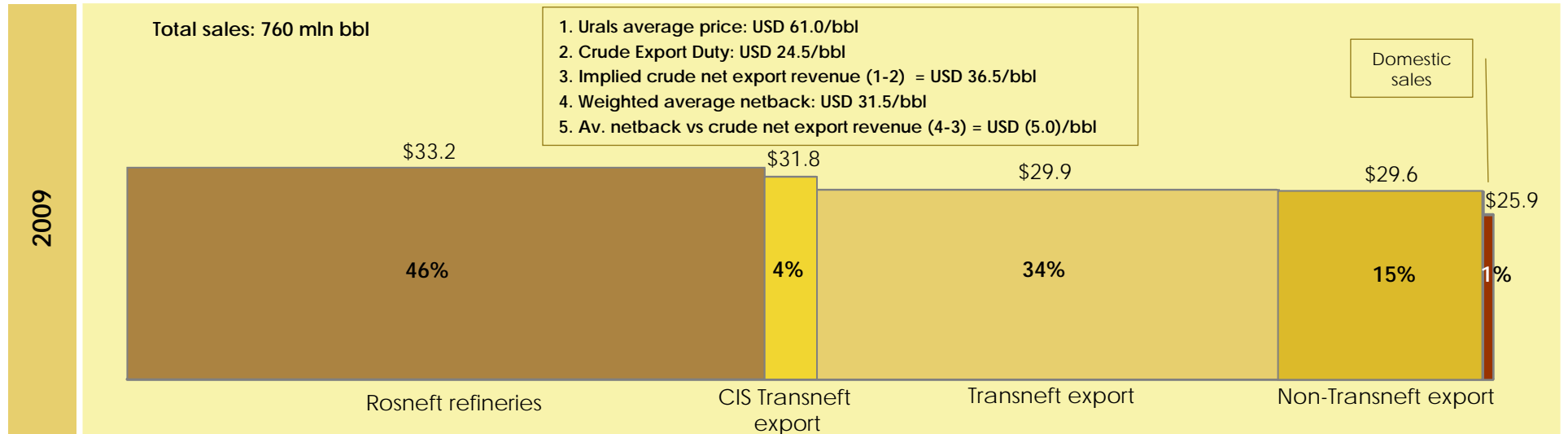


Netback Ladder





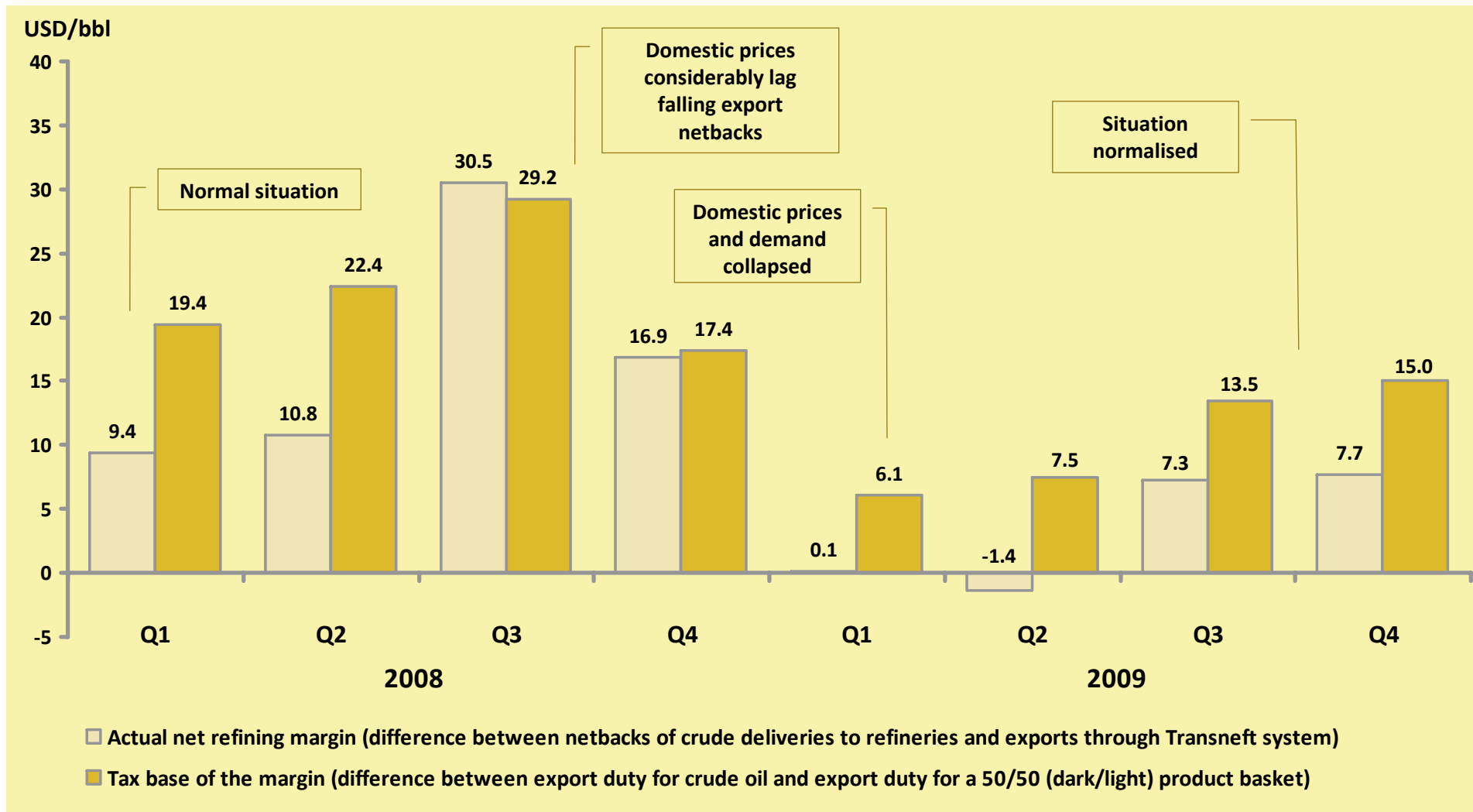
Netback Ladder



* Non-Transneft export netback is higher than Transneft export netback due to the effect of Sakhalin-1 exports which are not subject to export duty.



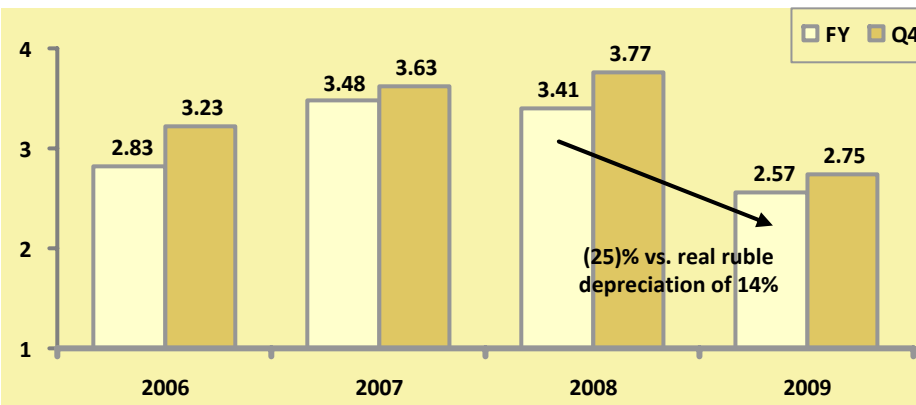
Net Refining Margin



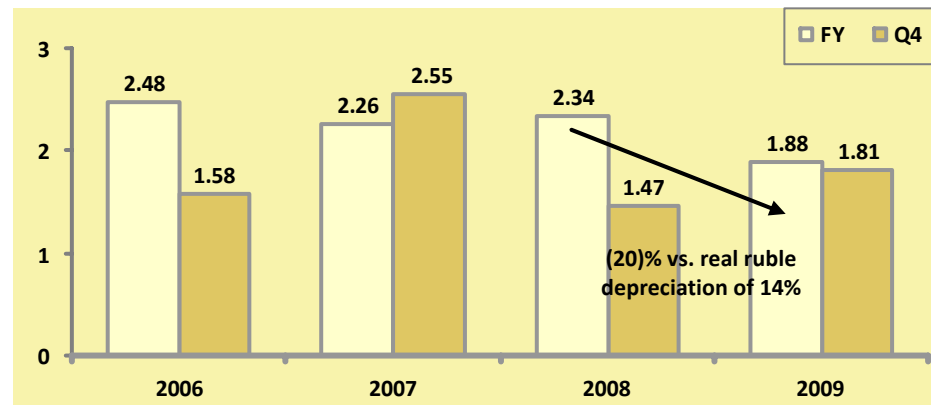


Expenses Reduced

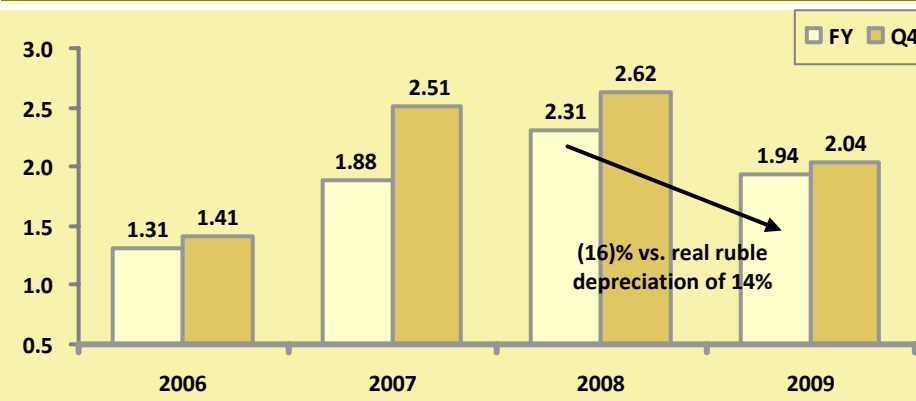
Upstream Operating Expenses, USD/bbl of oil produced



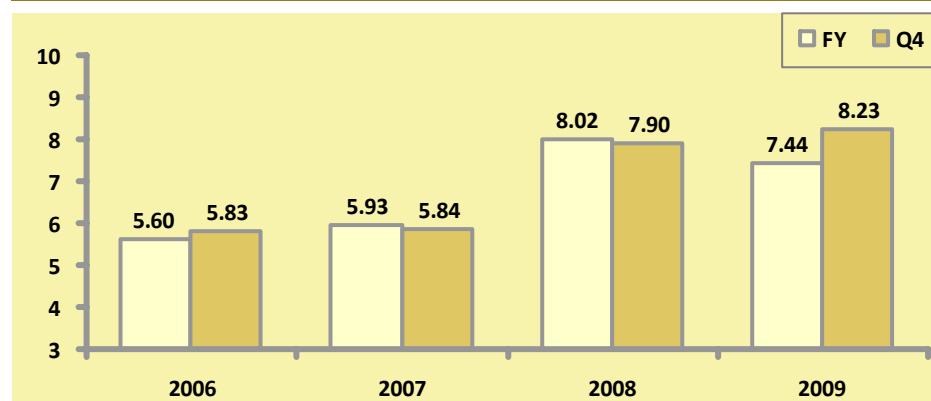
Refining Operating Expenses, USD/bbl of oil processed



SG&A Expenses, USD/bbl of oil produced



Transportation Expenses, USD/bbl of oil produced

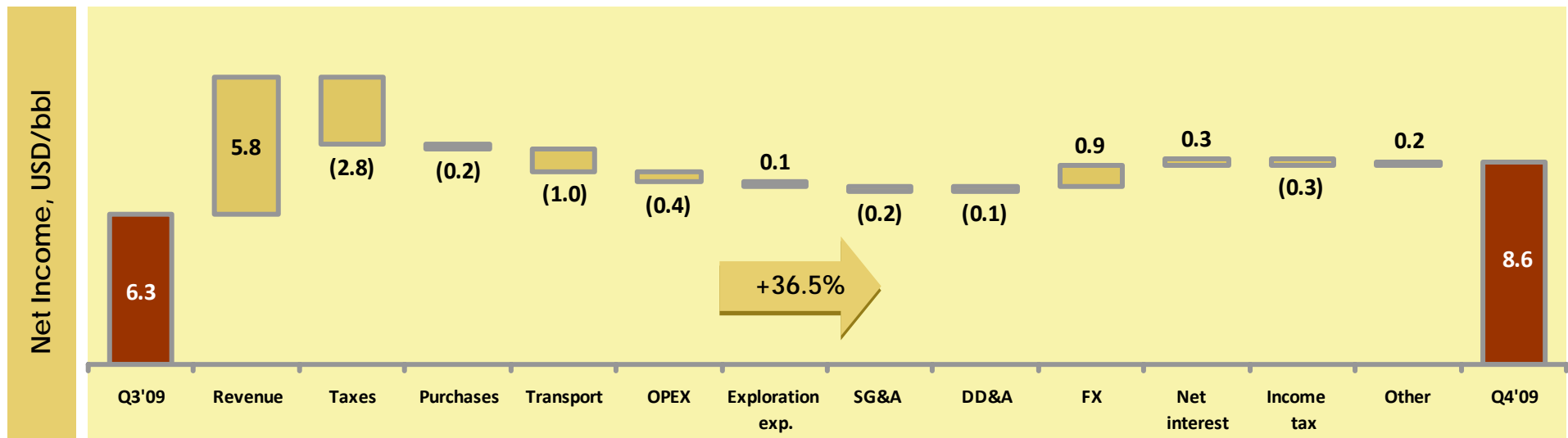
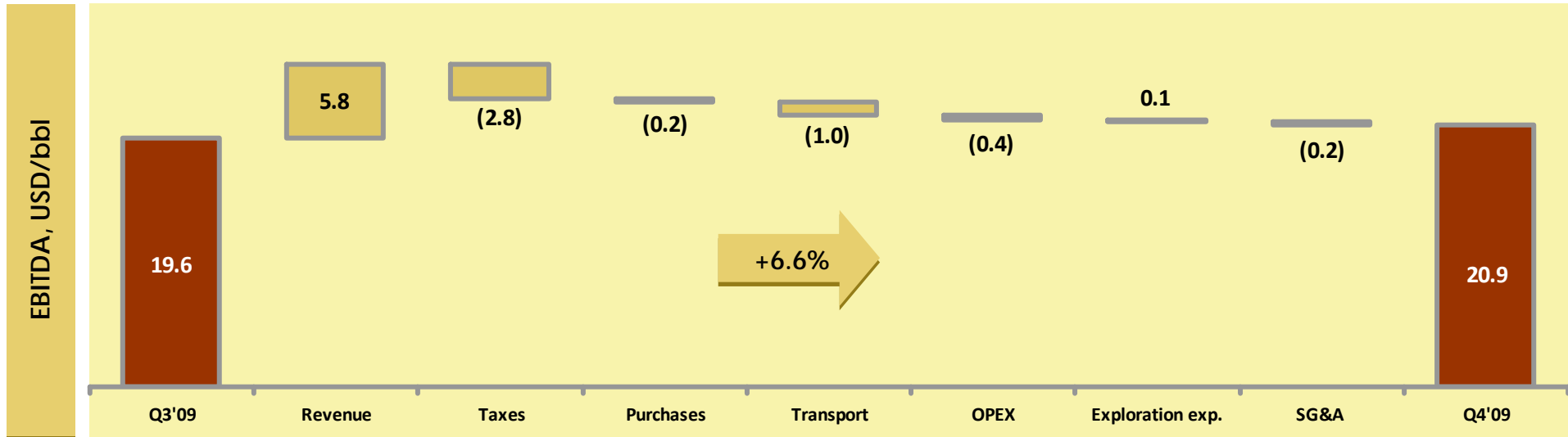


Upstream operating expenses include materials and electricity, workover, wages and salaries, and cost of transport to a trunk pipeline.

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.

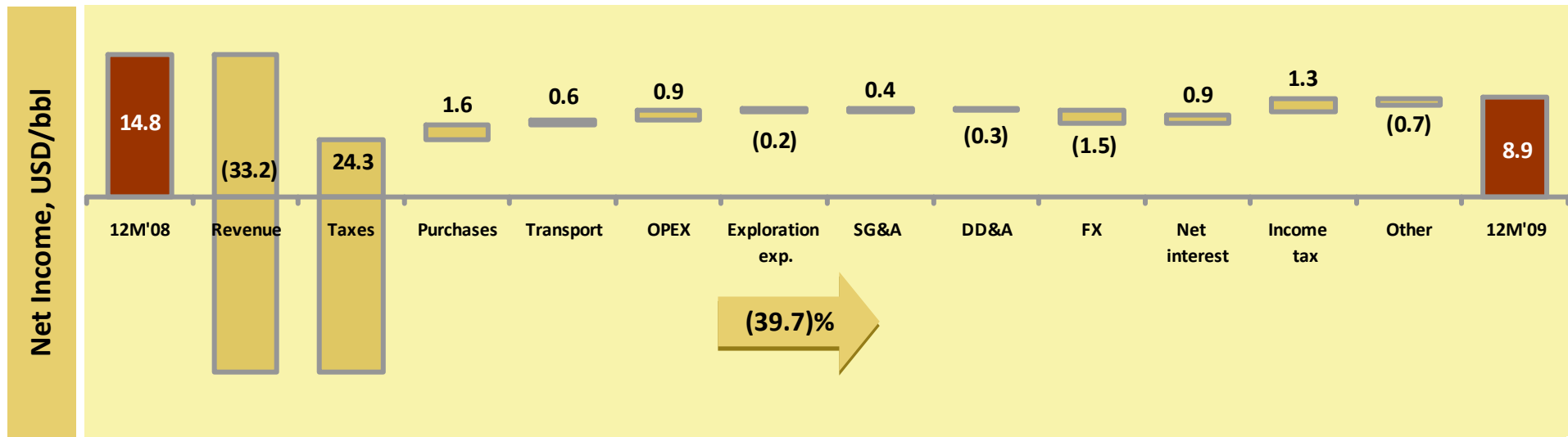
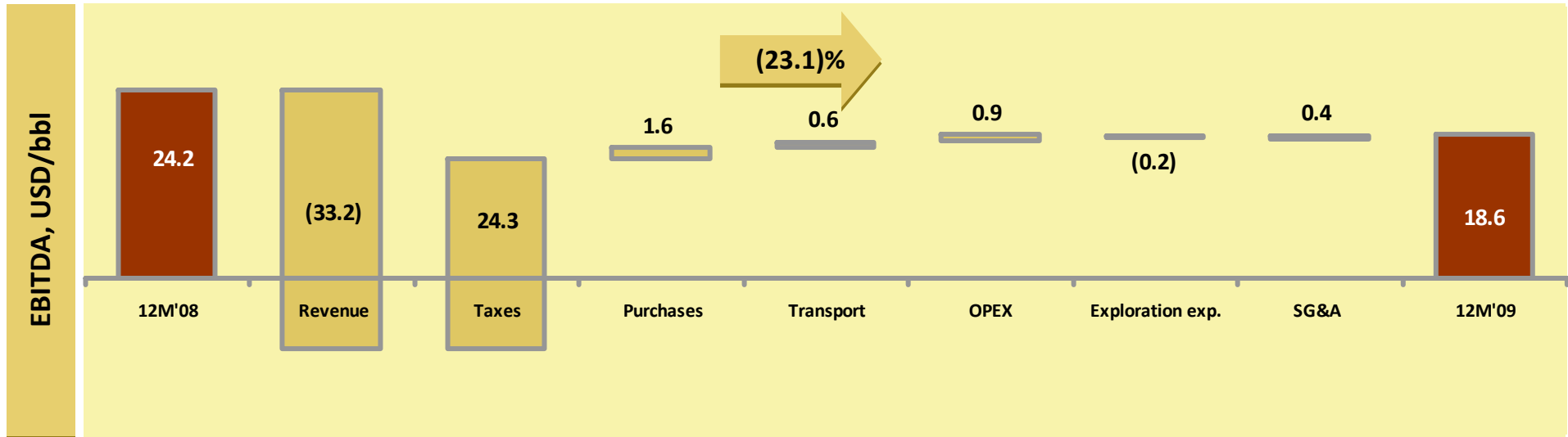


EBITDA and Net Income per bbl Reconciliation: Q4'09 vs. Q3'09





EBITDA and Net Income per bbl Reconciliation: 2009 vs. 2008





Interest Expense

	12M'09	Q4'09	Q3'09	Q2'09	Q1'09
1. Interest accrued	818	198	160	220	240
2. Interest paid (cash)	(690)	(74)	(134)	(320)	(162)
3. Change in interest payables (1-2)	128	124	26	(100)	78
4. Interest capitalized	(354)	(79)	(85)	(141)	(119)
4a. Change in relevant liability structure following repayment of ruble-denominated loans in Q2 and drawing of the Chinese loan			46		
4b. Change in calculation methodology		24			
5. Interest SWAP effect	49	6	54	(24)	13
6. Debt issue cost	77	7	28	17	25
7. Other	15	5	2	2	6
8. Interest expense (1+4+4a+4b+5+6+7)	605	161	205	74	165

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.



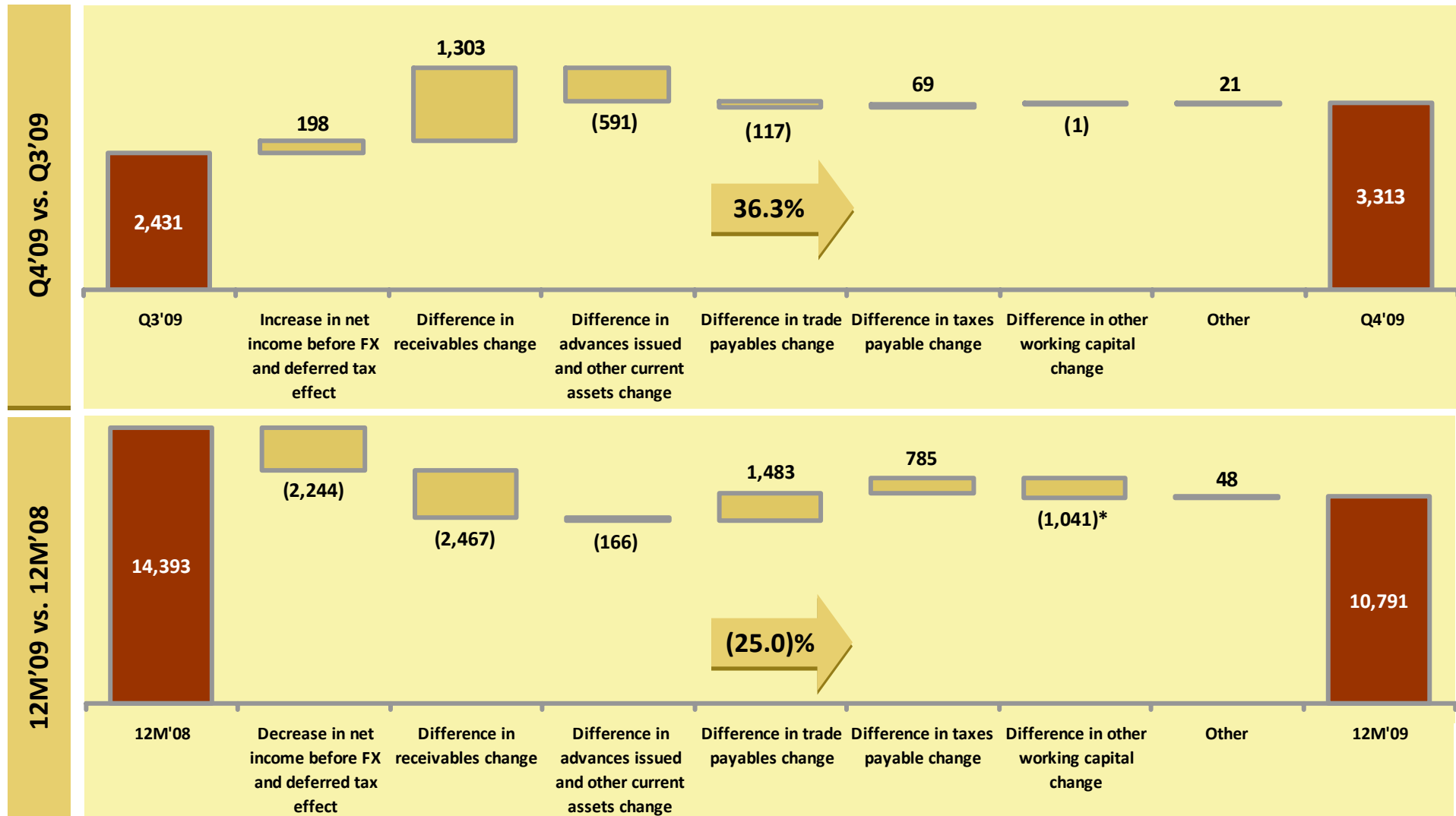
Income Tax

	2009 USD mln	Q4'09 USD mln	Q3'09 USD mln	Q2'09 USD mln	Q1'09 USD mln
Income before income tax	8,519	2,457	1,861	1,989	2,212
Statutory income tax rate	20%	20%	20%	20%	20%
Theoretical income tax	1,704	492	372	398	442
Adjustments for differences between RAS and US GAAP:					
Change in valuation allowance	(15)	7	(3)	(17)	(2)
Effect of income tax preferences	(175)	(175)	-	-	-
Unrecognized income tax benefits	2	(18)	23	3	(6)
Non-deductible items, net	493	179	39	88	187
Foreign exchange effects, net	(90)	(16)	148	293	(515)
Deferred tax on undistributed earnings	29	(67)	82	14	-
Other	52	29	6	(16)	33
Actual income tax	2,000	431	667	763	139
Estimated annual tax rate at the end of the period	-	-	20.1%	12.4%	5.7%
Adjustment of the income tax accrued in the previous period by the change in the estimated rate (difference between estimated rate and actual rate for the year)	-	348	309	144	-
Adjustment of the actual income tax by the difference between the actual rate and estimated rate	-	-	(278)	(511)	(12)
Income tax (as stated in the Financial Statements)	2,000	779	698	396	127
Effective tax rate	23%	32%	37%	20%	6%

To calculate the effective tax rate Rosneft follows the provisions of FASB ASC 740-270, Income Taxes (Interim reporting). The effective tax rate for the reporting period is the best estimate of the annual tax rate based on the enacted tax rate (20%) adjusted for estimated annual effect of differences between US GAAP and Russian Tax Accounting Standards. The estimated tax rate may vary significantly during the year.



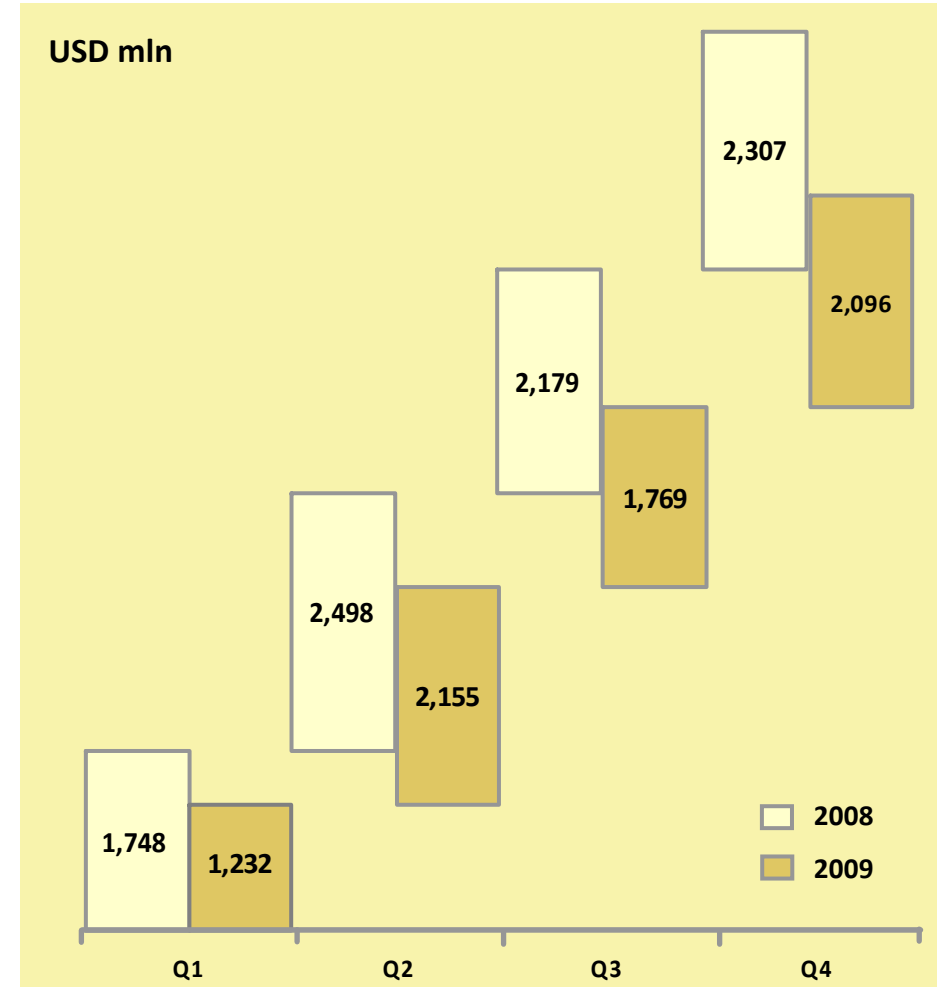
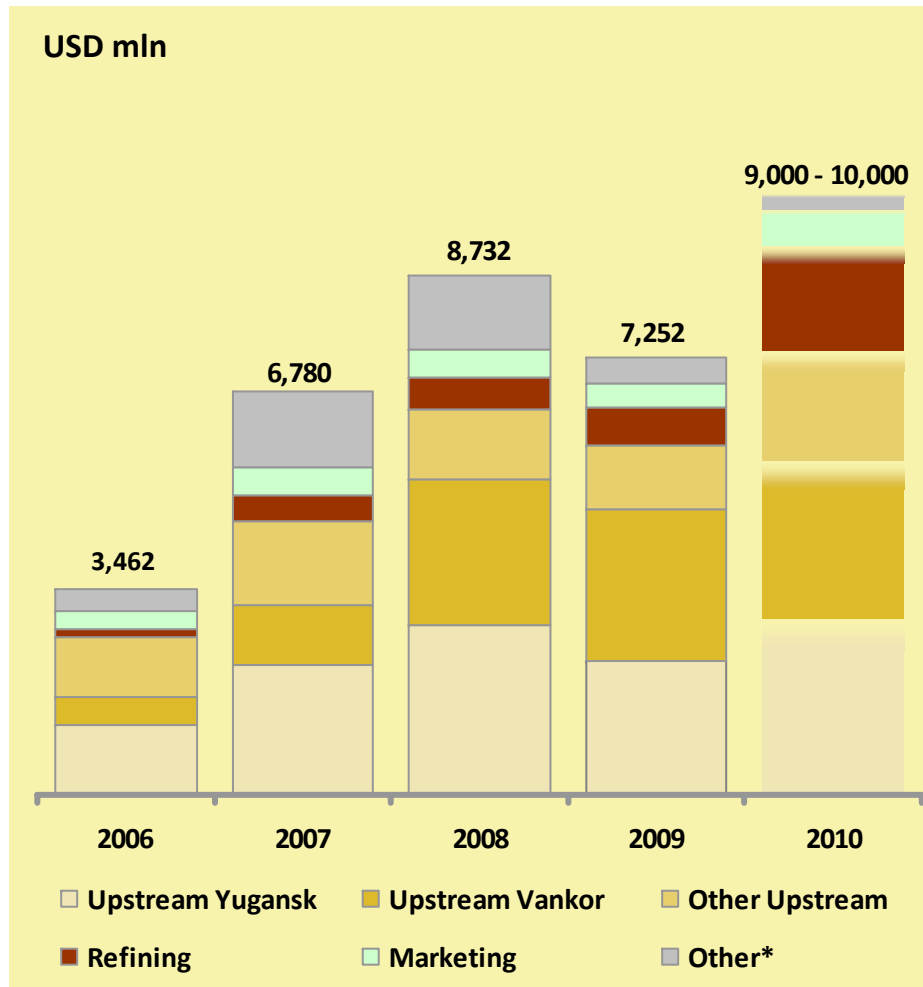
Operating Cash Flow Reconciliation, USD mln



* Including the change in inventories of USD 961 mln.



Capital Expenditures



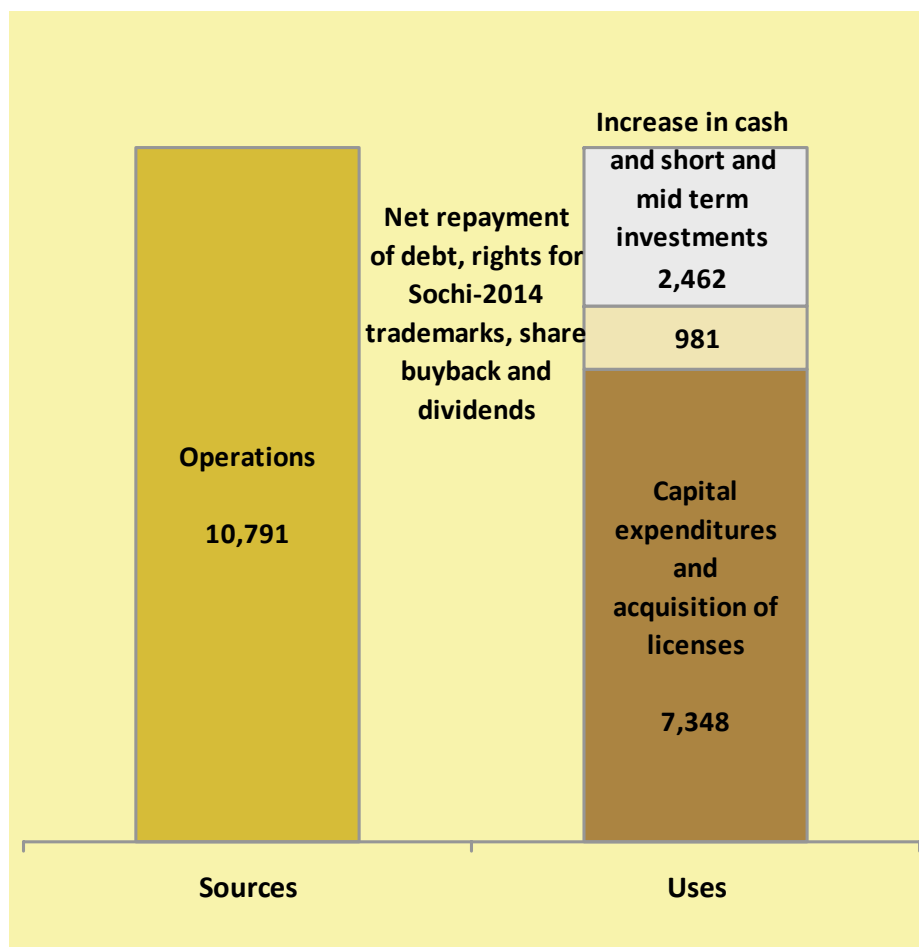
2009 and 2010 capex include capitalized interests of USD 354 mln and USD 350 mln respectively.

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

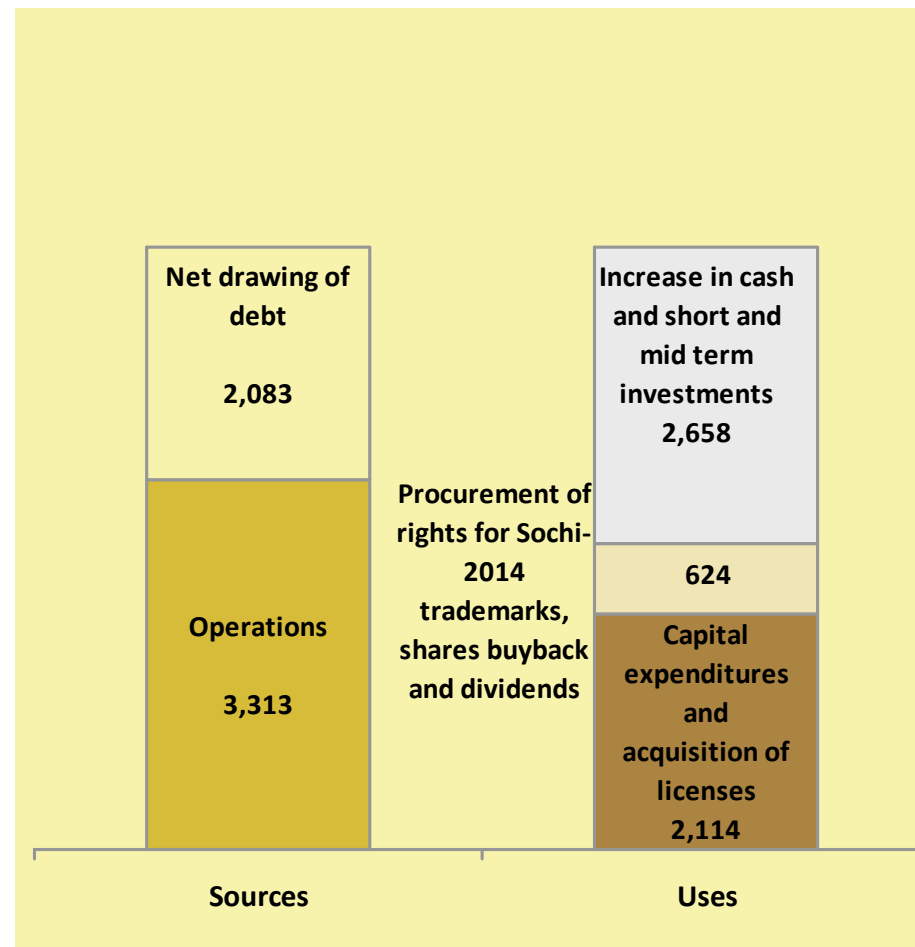


Sources and Uses of Cash

2009

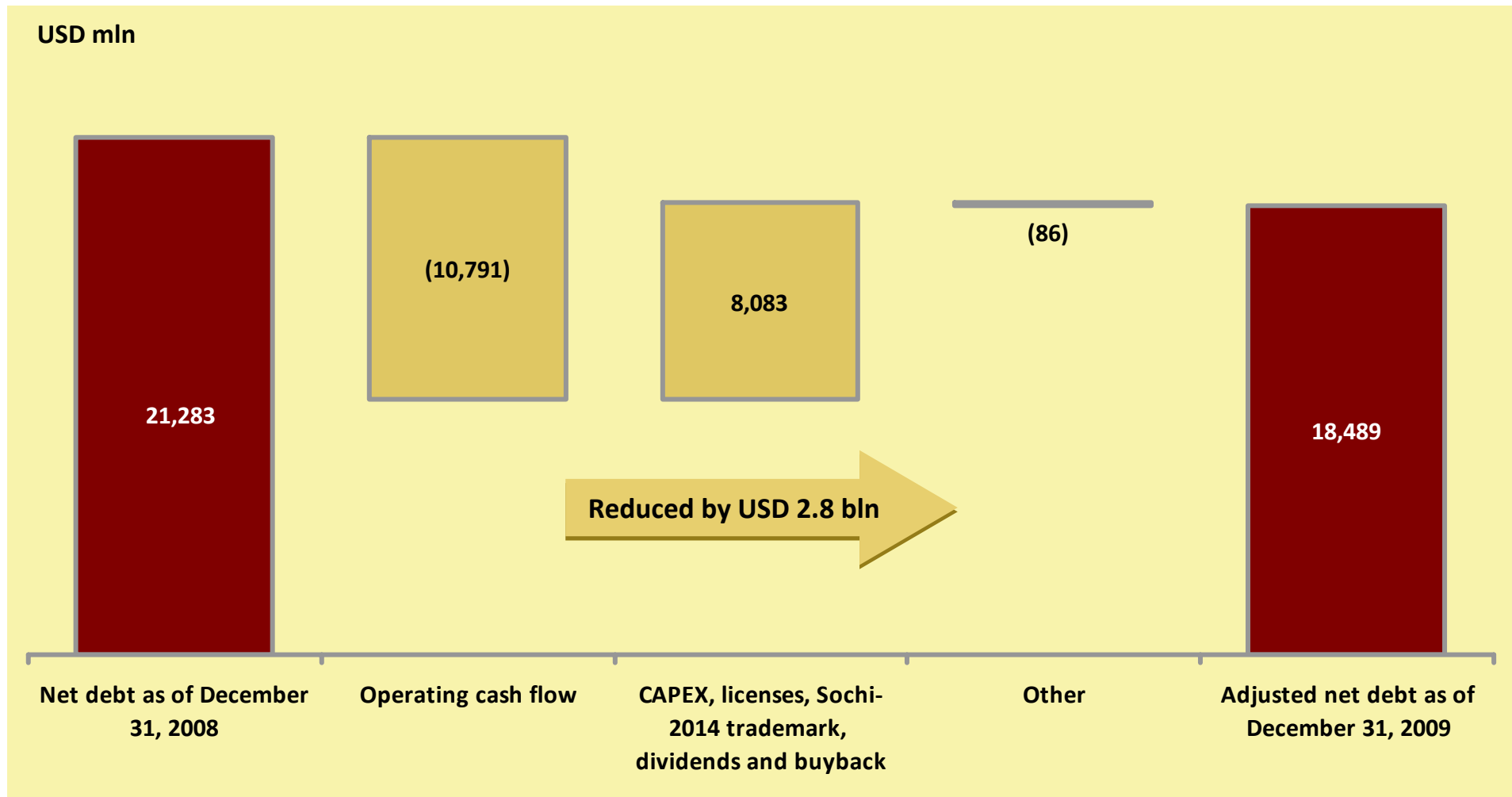


Q4'09





Net Debt Reconciliation

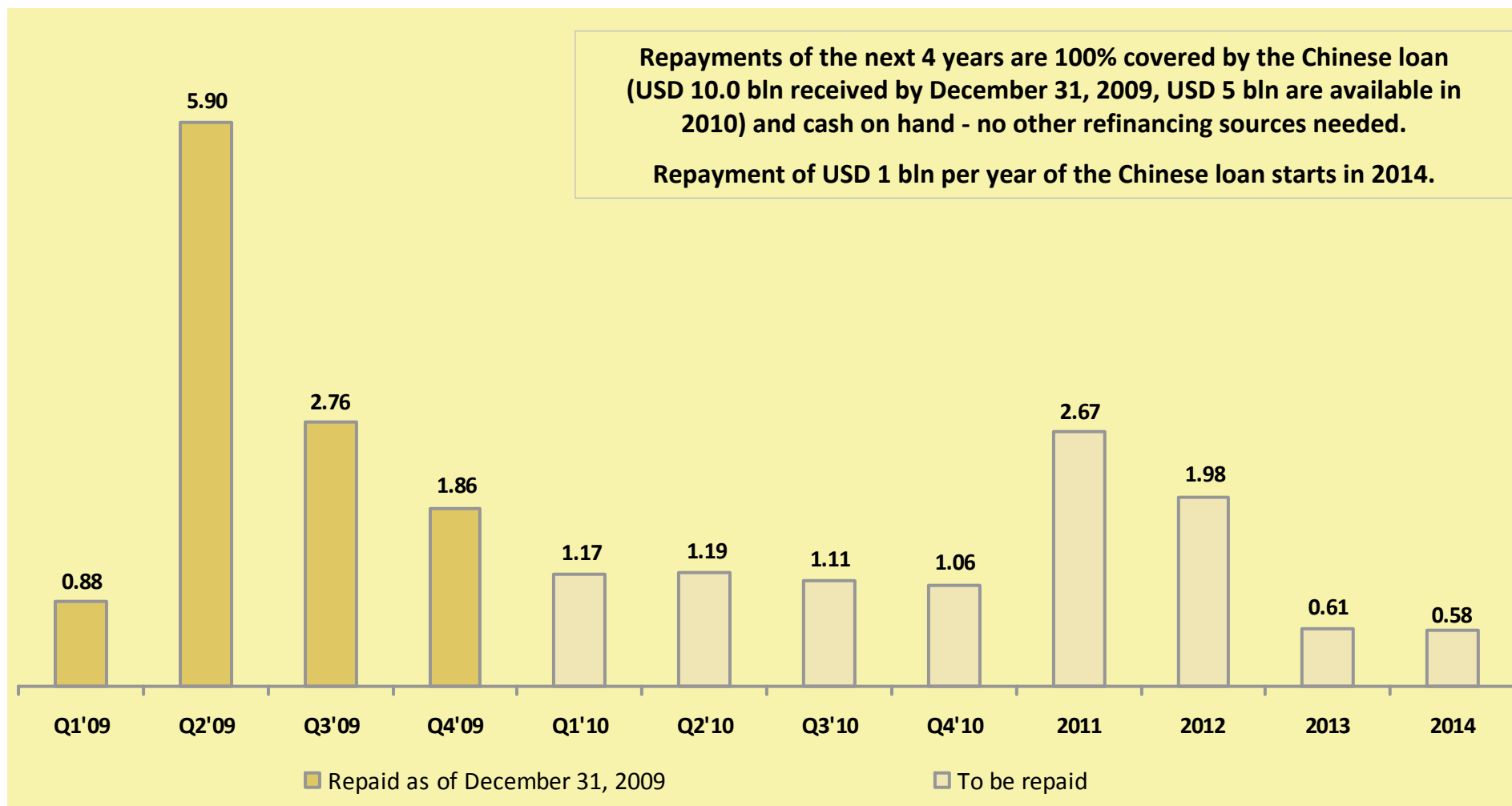


Net debt as of December 31, 2008 is adjusted for cash deposits and short-term promissory notes matched to debt maturity profile (reflected as short-term investments in the financial statements) of USD 1,513 mln.

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



New Repayment Profile



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



Excess Cash Management

- The Company is implementing a free cash management program which includes:
 - Early repayment of existing loans
 - Low-risk short and medium term investments
- Free cash management is based on analysis of different alternatives (including 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 effected in 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 (Rosneft has the right of early withdrawal after six, nine and twelve months from the placement date)
 - USD denominated deposits for a total value of USD 500 mln were placed in a commercial bank in September – October 2009 for one year
 - RUB denominated medium term deposits for a total value of RUB 20.1 bln and USD 500 mln were placed in a state-controlled bank in October 2009
 - Short term investments in low-risk corporate and government bonds in the amount of USD 449 mln



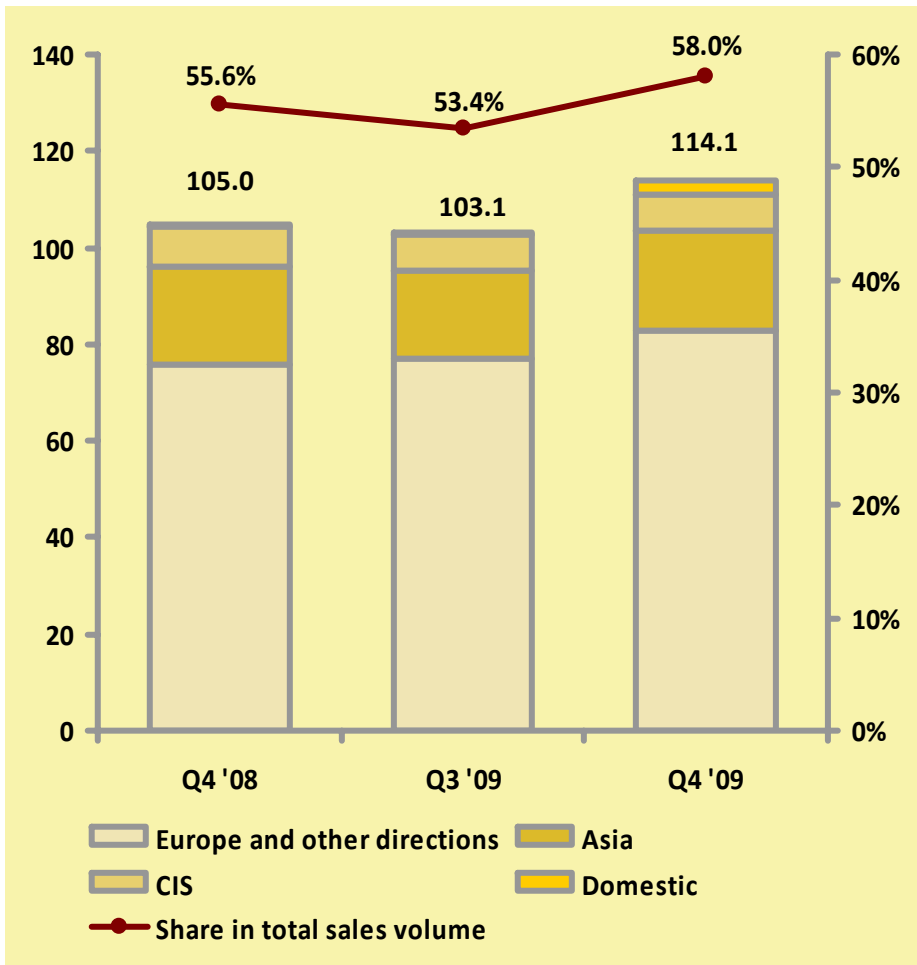
Q4 and 12M'09 US GAAP Financial Results

Appendix

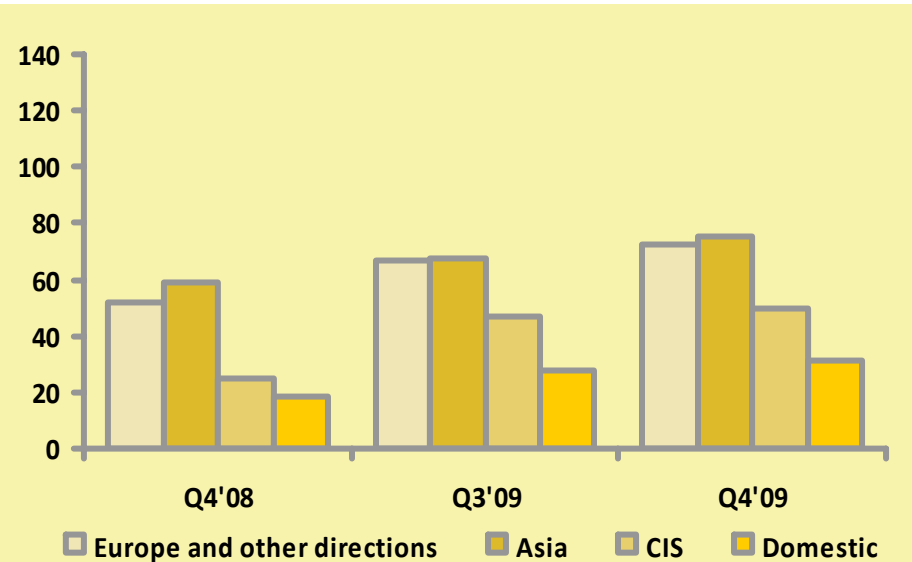


Crude Oil Sales

Crude Oil and Condensate Sales Volumes, mln bbl



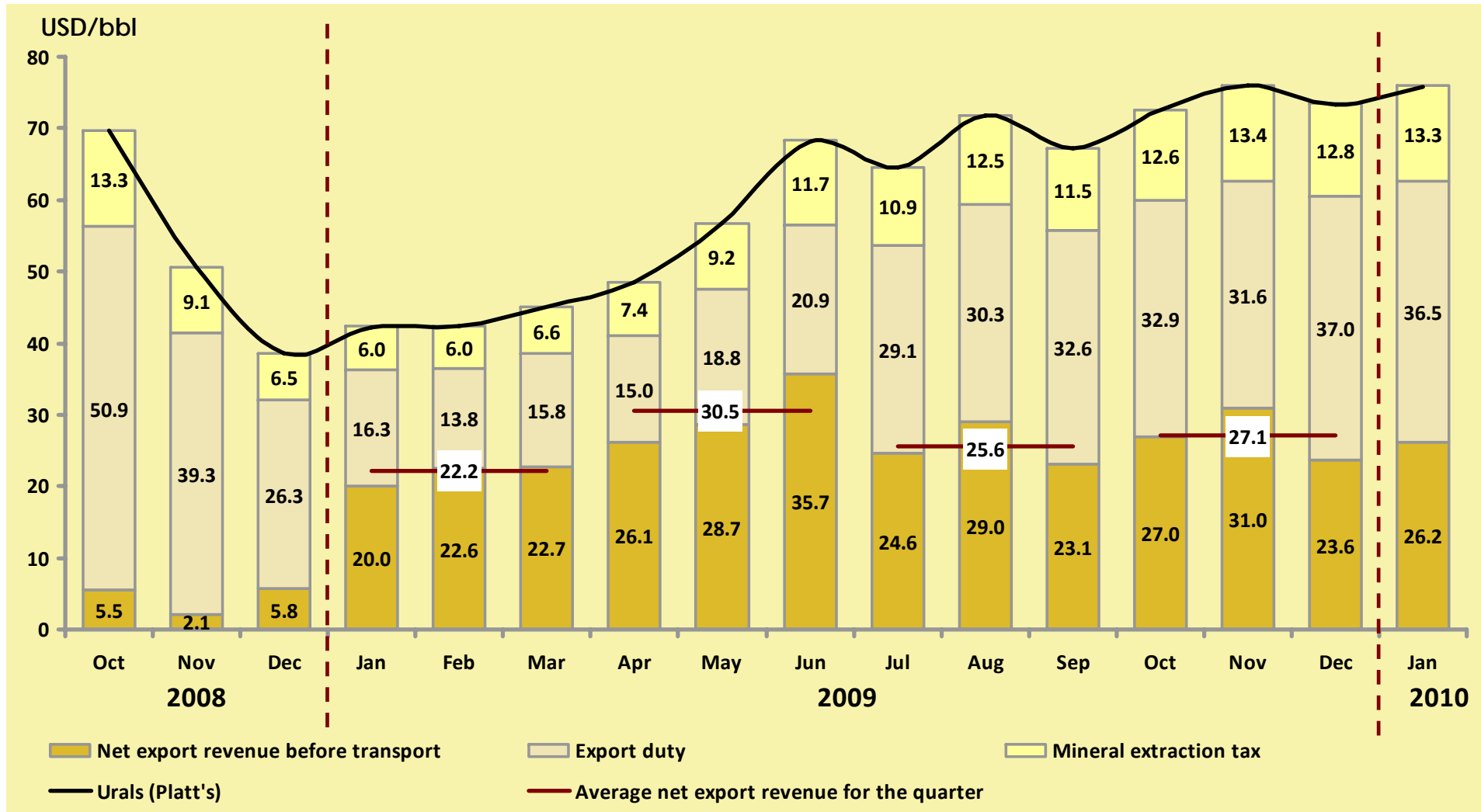
Average Prices, USD/bbl



	Q4'08	Q3'09	Q4'09
	USD/bbl		
Average Brent (Platts)	54.9	68.3	74.6
Urals (average Med+NWE) (Platts)	54.1	68.0	74.3
Rosneft export			
Europe and other directions	52.0	66.8	72.3
Asia	59.1	67.8	75.0



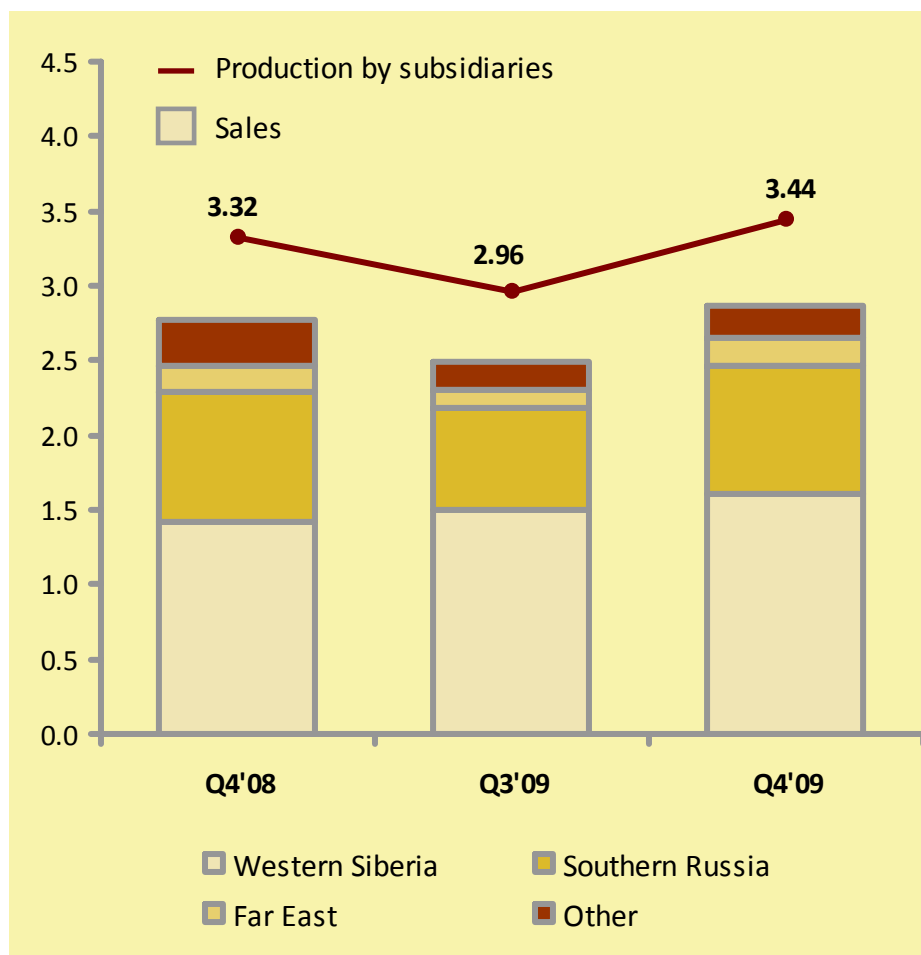
Net Revenue of an Oil Exporter





Gas Production and Sales

Gas Sales vs. Production, bcm

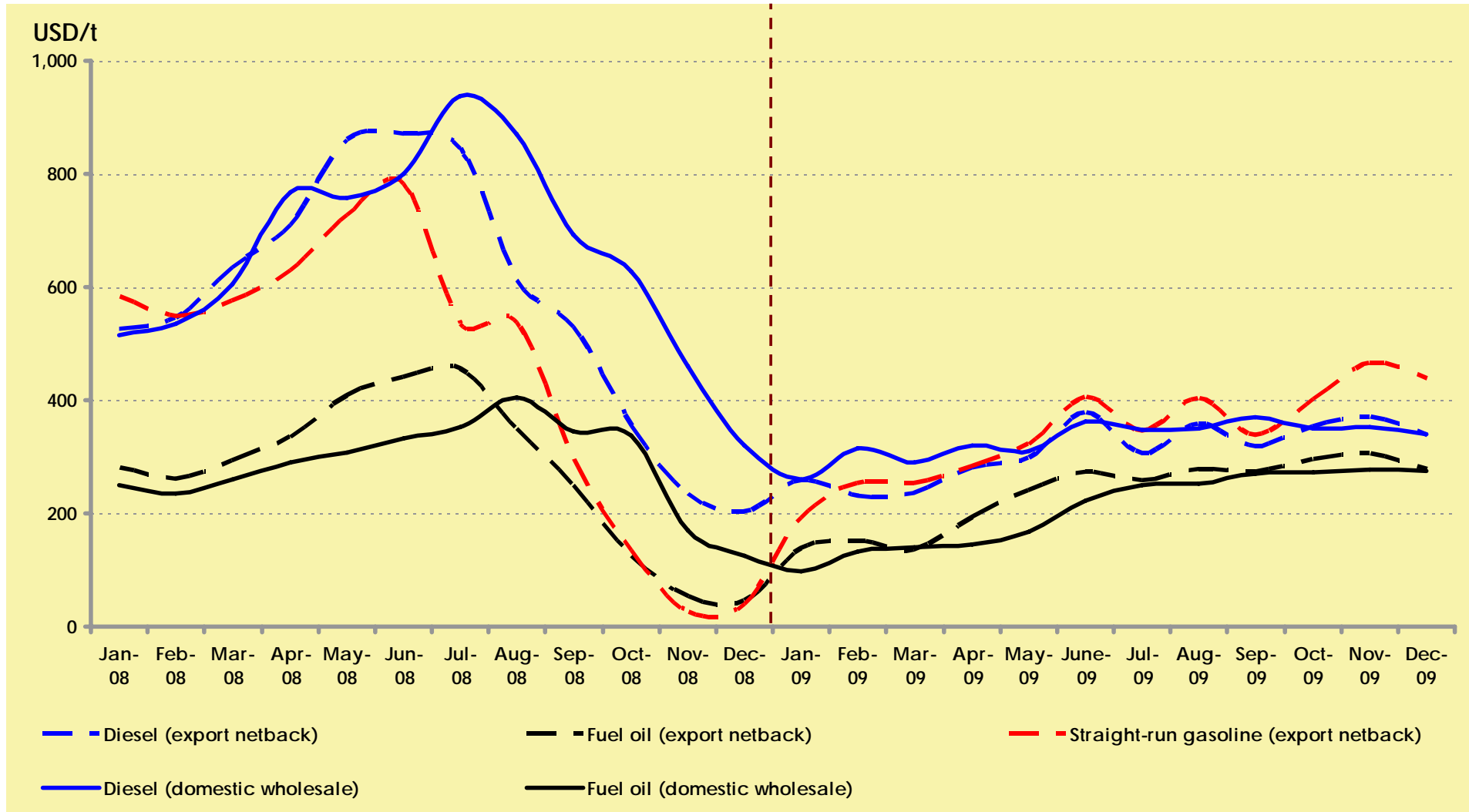


Gas Sales Prices, USD per 1,000 cubic meters





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

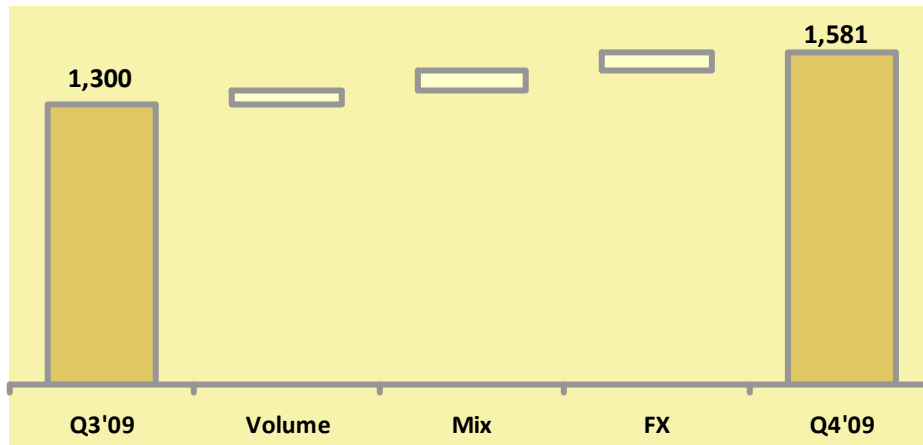


* Refinery-gate export netback or domestic wholesale price net of VAT and excise (average for Rosneft refineries).

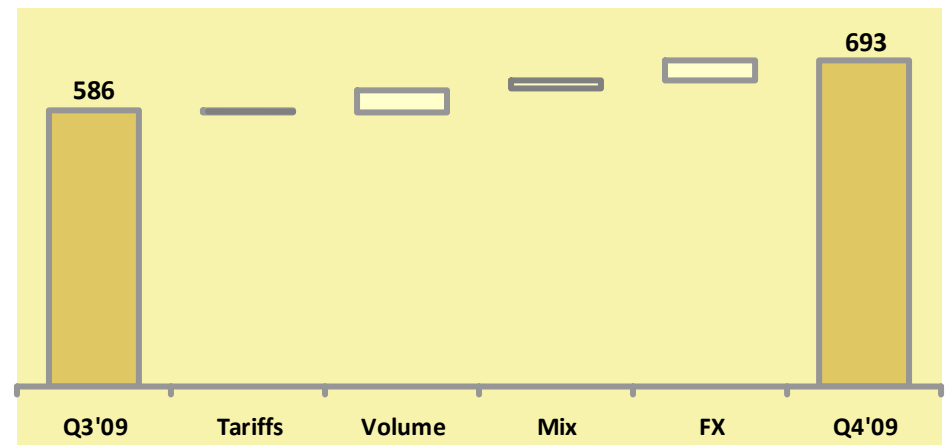


Transportation Costs, Factor Analysis: Q4'09 vs. Q3'09

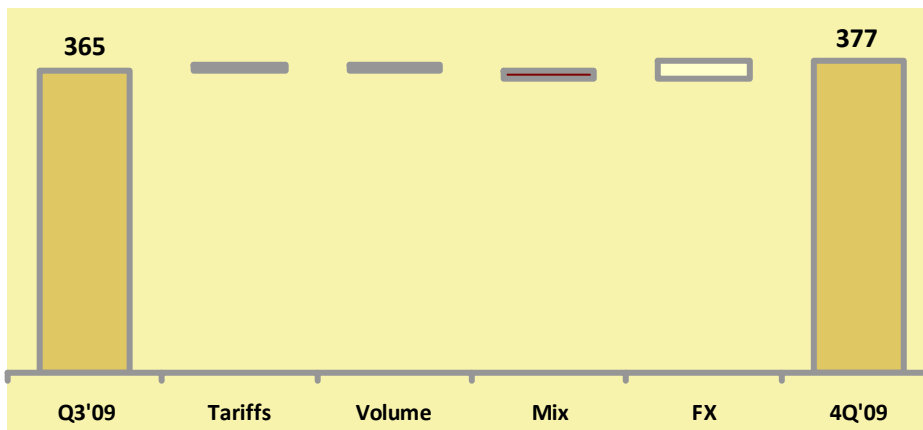
Total Transportation Costs, USD mln



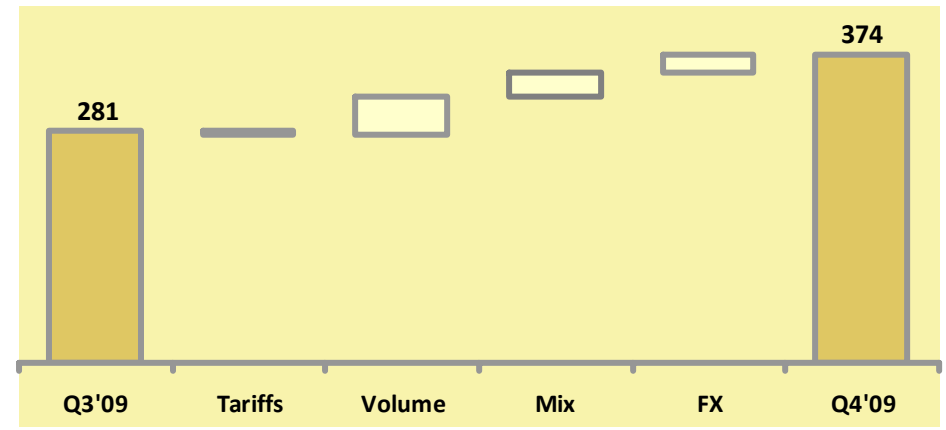
Transportation Costs for Crude Exports, USD mln



Transportation Costs for Crude Deliveries to Refineries, USD mln



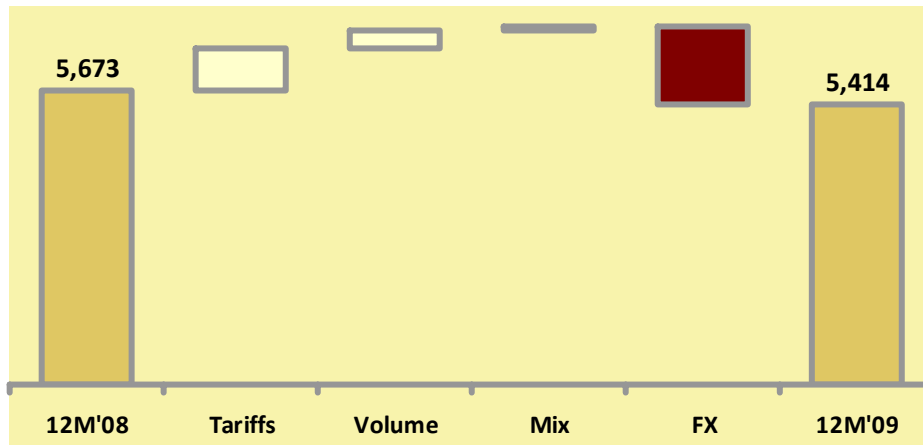
Transportation Costs for Product Exports, USD mln



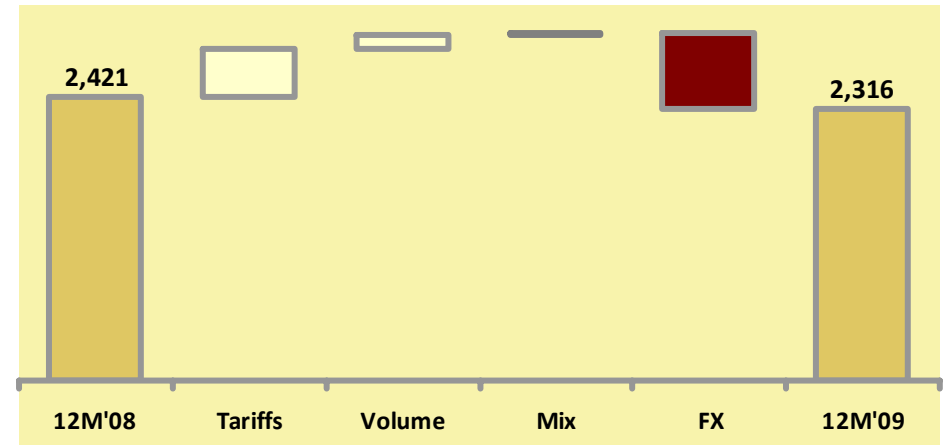


Transportation Costs, Factor Analysis: 2009 vs. 2008

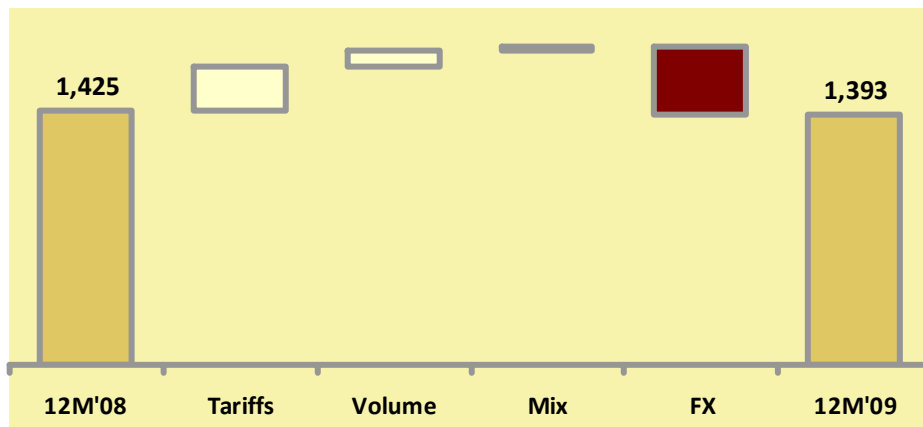
Total Transportation Costs, USD mln



Transportation Costs for Crude Exports, USD mln



Transportation Costs for Crude Deliveries to Refineries, USD mln



Transportation Costs for Product Exports, USD mln

