



ROSNEFT

ANNUAL REPORT 2008



Transparency

Efficiency

Social Responsibility

Innovation

Sustainable Growth

ROSNEFT is the leading Russian petroleum company and ranks among the world's top publicly traded oil and gas corporations

CORE ACTIVITIES: hydrocarbon exploration and production, production of petroleum products and petrochemicals, and marketing of outputs in Russia and abroad

REGIONS OF OPERATIONS: the Company's operations span almost all regions of Russia and several foreign states

STRONG AND DIVERSIFIED PORTFOLIO:

- proved reserves: 2.42 bln tonnes of oil and 784 bcm of gas
- 394 producing fields, more than 110 mln tonnes of oil and 12 bcm of gas per year
- 86 exploration blocks, access to 7.3 bln oil equivalent tonnes of prospective resources
- 7 refineries with an aggregate capacity of 54 mln tonnes
- 1,683 service stations in 38 regions of Russia

SUSTAINED COMPETITIVE EDGE:

- unique and highly efficient reserve base
- Russia's biggest new upstream projects
- lowest upstream operating expenses per tonne
- strategic Russian enterprise
- more than 20% of Russia's oil production and refining
- proprietary export terminals






ROSNEFT'S STRATEGIC OBJECTIVE: to be among the world's top-3 oil & gas companies by overall efficiency and scale of operations

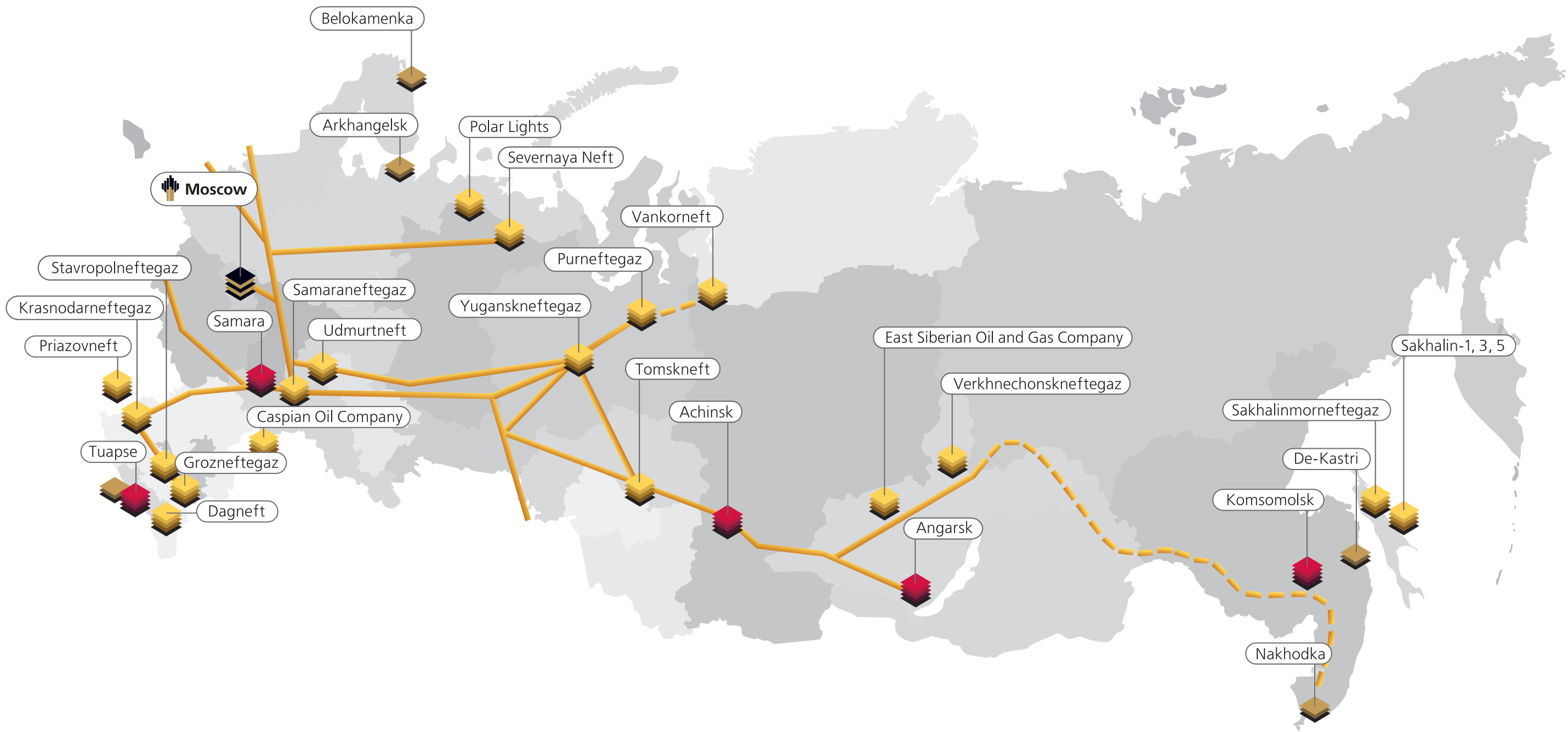
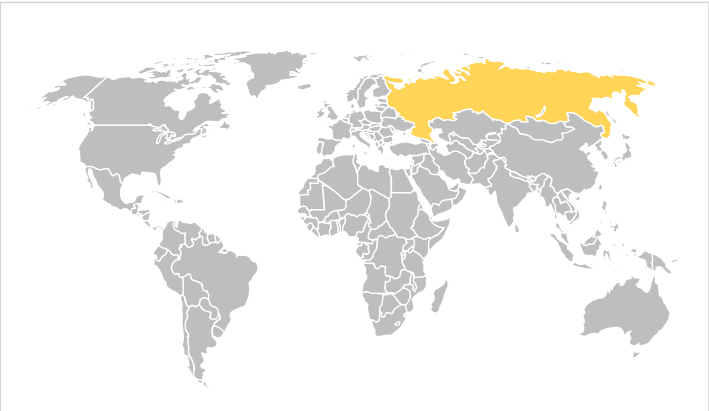
Contents

Chairman's Address	5
President's Address	9
Key Events in 2008	12
Company Profile	15
History	16
Structure	20
Rosneft Today	22
Development Prospects and Strategy	27
Performance Review	
(Report by the Board of Directors on the Results of OJSC Rosneft Development by Core Areas of Operations)	31
Licensing	32
Geological Exploration	35
Reserves	43
Production	47
Refining	57
Marketing	69
Key Financial Results	79
Research and Innovation	83
Corporate Scientific Research Complex	85
Main Objectives in R&D	86
Innovation Management	90
IT Infrastructure Development	95
Social Responsibility	97
Personnel	98
Social Policy and Charity	107
Health, Safety and Environment	118
Corporate Governance	125
System of Corporate Governance	126
Remuneration of Members of the Board of Directors and Management	144
Internal Control and Audit	146
Authorized Capital	152
Dividend Policy	156
Information Disclosure	158
Appendix 1 Risk Analysis	160
Appendix 2 Information on Observation of Corporate Governance Code	168
Appendix 3 Major Transactions and Related Party Transactions in 2008	182
Appendix 4 Non-Consolidated Financial Statements of Rosneft for 2008 (RAS)	202
Appendix 5 Consolidated Financial Statements of Rosneft for 2008 (RAS)	236
General Information About Rosneft and Contact Details	283

Regions of Rosneft Operation

LEGEND

-  Development and production
-  Refineries
-  Marine terminals
-  Headquarters
-  Oil pipelines





Igor Sechin
Chairman of the Board of Directors of Rosneft

Chairman's Address

Dear Shareholders,

Rosneft marked many new and important achievements in 2008, but the year also brought some tough challenges. Determined work in recent years has won us a leading position in the industry and created a solid base for rapid growth in the future. Results for 2008 are convincing proof that the Company has built a powerful growth engine, and that we have forged the tools for systematic implementation of our development strategy, despite a very challenging macroeconomic environment.

Rosneft strengthened its competitive position and reinforced earlier successes in 2008 thanks to unswerving commitment to the highest operating standards and to efficient business planning. The Company showed a high level of reserve replacement despite the substantial fall in oil prices at the end of the year, achieved strong organic growth of oil production in a context of decline across the industry, and made significant progress in oil refining volumes and structure of refined products. Rosneft continued implementation of its main strategic projects, such as development of the Vankor field and modernization and expansion of refining capacities.

Record production indicators and the favorable price environment in the first half of 2008 ensured strong financial results. Based on these results the Board of Directors was able to recommend the General Shareholders' Meeting to increase dividends per share to RUB 1.92, which is 20% higher compared with the previous year. The recommendation is fully in line with Company dividend policy, which

includes striking a balance between shareholders' interests and the Company's business needs.

The sharp correction by oil prices in the second half of 2008 put flexibility and efficiency of Rosneft's management system to the test. We passed the test with flying colors, reacting swiftly to the changed price environment. Rosneft began implementation of a special program, which will minimize negative impact of the financial crisis on sustainability and pace of Company development. The program includes reduction of all types of costs and adherence to strict financial discipline.

Rosneft has played and continues to play a very active role in development of amendments to the current system of oil sector taxation. Joint work in 2008 led to a number of important changes in this sphere. The rate of mineral extraction tax was lowered and the time lag in calculation of export duties was reduced. This will be an additional factor of Company resilience in unfavorable macroeconomic conditions.

Improvement of the corporate governance system, to fully reflect existing legal requirements and the latest international experience, is a key element of Rosneft's development strategy. In 2008 the Company enacted a Code of Business Ethics, in addition to internal governance documents already in force, establishing principles and rules of business conduct based on ethical and professional standards. The new Code of Business Ethics is a gauge of our commitment to generally accepted principles of business responsibility.

Chairman's Address

A number of changes were also made to Rosneft's internal rules and standards in order to raise levels of information transparency and ensure more efficient protection of shareholder rights.

Complying with the initiative by the Russian Federal Government to reduce numbers of state officials on boards of directors of companies with Government stakes, Rosneft decided to increase the number of independent directors on the Company Board. This will help to improve corporate governance, raise transparency levels and strengthen the Company's competitive advantages thanks to extensive industry experience of the new independent directors. Management of Rosneft is convinced that this important initiative will meet with full support among Company shareholders.

Rosneft makes ongoing, substantial contributions to social and economic development in all of the regions, where it has operations, steadily increasing the scale of housing, pension, education, charity and other socially important programs. The Company works consistently to improve and increase transparency of its social policy and to raise standards of interaction with all interested parties. As part of this policy the Company issued the latest of its regular Sustainable

Development Reports in 2008, complying with best international practice.

Today we can say with confidence that Rosneft has laid a firm foundation for rapid growth in the long term. We continue to work efficiently for the good of our shareholders and the Russian economy, maintaining the highest production, environmental and social standards in all our operations. To conclude, I would like to express my gratitude to all our shareholders for their confidence in our Company. My thanks also to the Management Board, the Board of Directors and all employees for their successful work in 2008, their professionalism and tireless devotion to the standards of Rosneft. I am confident that our combined efforts put us in a strong position to meet all the challenges, which lie before us.



Igor Sechin

Chairman of the Board of Directors
of Rosneft

EFFICIENCY

cost optimization and control
logistical improvements
optimization and diversification
of asset portfolio
capital structure enhancements
continuous improvement to governance

SUSTAINABLE GROWTH

prudent strategic planning
efficient production growth and refining
capacity expansion
increasing higher value-added outputs
improvements to risk management
commitment to increasing
shareholder value

INNOVATION

continuous enhancement of innovative
development system
ongoing technology research,
development and deployment
monitoring and adoption of global
best practices
personnel training and professional
development

SOCIAL RESPONSIBILITY

industrial safety and environmental
protection
safe working conditions
healthcare
commitment to improving employees'
quality of life
support for education
socioeconomic development
of host regions

TRANSPARENCY

compliance with Russian
and international regulations
information accessible to all
interested parties
regular information updates
quarterly financial results
under international standards
ongoing dialogue with minority
shareholders and institutional investors



Sergey Bogdanchikov
President of Rosneft

President's Address

Dear Shareholders,

Rosneft's operating and financial results in 2008 were excellent once again. Concerted and productive work by all our divisions helped us to overcome the extremely difficult fourth quarter and pursue implementation of our growth strategy, with special attention to further increasing flexibility and general business efficiency.

Extension of hydrocarbon reserves was among the Company's main achievements in 2008. Despite the relatively low oil price at the end of the year, our hydrocarbon replacement ratio by international standards exceeded 170%, which is one of the best in the industry. We also confirmed our leadership among public oil companies by volume of proved reserves of liquid hydrocarbons, partly through large-scale and highly efficient geological exploration work. Focusing on sustainable growth of the resource base, we continued to implement strategically important exploration projects in Eastern Siberia, on the sea shelf in the Russian Far East and in Russia's southern seas.

Growth of oil production by an impressive 9% was an equally important Company achievement in 2008. We produced more than 110 million tonnes of oil, further reinforcing our leading positions in the Russian oil industry and approaching indicators of the world's leading oil companies. Key factors were Rosneft's high-quality reserve base and use of the latest field development technologies, thanks to which the Company achieves the highest flow rates per well in Russia. This, together with tight cost control, has enabled the Company to keep its unit production costs at the lowest level in the industry, and to obtain maximum return on investments.

We continued work in 2008 to further increase Rosneft production. Development of the oil & gas riches of Eastern Siberia stands out among priority tasks. Last year saw the start of commercial production at the huge Verkhnechonskoye field, and first oil from the field was fed into the Eastern Siberia – Pacific Ocean pipeline system in October. We nearly completed preparatory work for launch of the enormous Vankor field in Krasnoyarsk region, which has strategic importance for Rosneft.

We continued to develop our Refining & Marketing segment in 2008. Rosneft refineries processed 49.3 million tonnes of oil, representing 45% of total crude production by the Company and exceeding the 2007 figure by 23%. The structure of refinery products was improved, most notably by increase of the light-product yield to nearly 58%. Main efforts in modernization of refining capacities were focused on launch of production of engine fuels, which meet European standards. Much progress was made in 2008 and several Company refineries began production of gasoline and diesel fuel to Euro-3 and Euro-4 standards.

Work also continued in 2008 on implementation of strategic projects, such as capacity expansion at the Tuapse refinery and engineering of a completely new refinery in the Far East. We have decided not to abandon these projects and to pursue them in 2009 despite the unfavorable macroeconomic conditions.

Rosneft worked hard to develop promising bunkering business in 2008 as part of steps to maximize sales volumes to the end-user. We have already

President's Address

taken a large share of the Russian bunkering market even though we only entered this market at the end of 2007. We also continued to optimize and expand our network of service stations and tank farms. The retail network was extended to cover 38 Russian regions and retail sales of petroleum products rose by 1.7 times compared with the previous year. Start of sales of the Company's branded lubricants through its service station network represented an important breakthrough in the retail sector.

Record operating results helped to ensure excellent financial indicators. Other important factors were the favourable price environment in the first half of 2008 and Company efforts in cost control and business optimization. Main negative factors in 2008 were real strengthening of the rouble in the first half of the year, followed by dramatic decline of oil prices and increase of the tax burden in the second half of the year. Swift activation of an anti-crisis program in the fourth quarter minimized negative consequences for the Company of instability in the international financial system.

A key financial achievement was significant reduction of net debt and lowering of the gearing ratio. We successfully repaid and refinanced debts of more than USD 16 billion, including settlement of the last tranche of a bridge loan worth USD 22 billion.

Rosneft's results show that the Company has been transformed in recent years into a strong and well-balanced business structure, with systematic improvements to its efficiency. I think that this last factor will be decisive in ensuring Rosneft's stability through the world financial crisis. We will maintain this course and pursue it resolutely in order to attain all of our long-term plans and increase shareholder value.



Sergey Bogdanchikov

President of Rosneft



Rosneft's results show that the Company has been transformed in recent years into a strong and well-balanced business structure, with systematic improvements to its efficiency.



Key Events in 2008

- Rosneft ranks second in the rating of Russia's Most Transparent Companies by Standard & Poor's – an improvement of eight places compared with 2007.
- Rosneft wins an auction for subsoil development rights at the Umotkinsky block in Eastern Siberia, which is among the Company's priority regions. Total prospective hydrocarbon resources at the block are more than 100 mln tonnes of oil equivalent.
- Rosneft takes sixth place in the Platts' Top 250 Global Energy Companies list – the highest ranking among Russian companies.
- Commercial oil production begins at the large Verkhnechonskoye field in Eastern Siberia. The field is being developed by Rosneft jointly with TNK-BP.
- Rosneft wins first prize in the Oil & Gas Enterprise category of the Russian competition, IT-LEADER 2008, – yet another recognition of the Company's contribution to development of information technology in the economy and business.
- Achinsk refinery begins production of high-quality Euro-3 and Euro-4 motor gasoline, and Syzran and Kuibyshev refineries begin sales of Euro-3 diesel fuel.
- Standard & Poor's upgrades Rosneft from BB+ to an investment-grade rating of BBB-, noting the Company's major successes in business development and improvement of creditworthiness.
- The Company begins sales of motor and gear oils under the Rosneft brand through its network of service stations in various regions of Russia.
- The Company publishes its regular sustainable development report, prepared in accordance with requirements of the international organization, Global Reporting Initiative. Rosneft has a B+ rating by GRI criteria.
- Rosneft commissions a loading and unloading terminal for petroleum products at Tuapse Refinery as part of a comprehensive program for refinery modernization.
- Rosneft significantly reduces its net debt, which is down almost USD 5 bln in 2008. In particular, Rosneft repays in full the USD 22 bln bridge loan borrowed in early 2007.
- Rosneft starts operations with a new strengthened ice-class tanker as part of the Company's priority tanker fleet program. The vessel is capable of delivering more than 1.2 mln tonnes of oil per year to the Company's Belokamenka floating oil terminal anchored near Murmansk.

2008



Achinsk refinery



EFFICIENCY

- cost optimization and control
- logistical improvements
- optimization and diversification of asset portfolio
- capital structure enhancements
- continuous improvement to governance

Company Profile

History	16
Structure	20
Rosneft Today	22
Development Prospects and Strategy	27

History

Rosneft's history is virtually inseparable from the history of the Russian petroleum industry. The Company's core enterprises date back to Soviet times, when large-scale exploration and development of new oil and gas fields was underway.

In the 1990s, many of Russian fuel and energy companies, along with other related state-owned enterprises, were consolidated into vertically integrated companies, based on the model of the world's largest corporations. These newly established companies were subsequently fully or partially sold to private investors. Oil and gas assets still owned by the state were managed by the state enterprise Rosneft.

Russian Government Decree No. 971 of September 29, 1995 established the Rosneft of today (Open Joint-Stock Company 'Rosneft Oil Company'), which took control over the assets previously managed by the state enterprise Rosneft.

In 1998, Russia's economic crisis presented significant financial and operational challenges for Rosneft, including an overall production decline due to a severely depleted resource base, low capacity utilization at refineries, and declining retail sales. Antiquated equipment and outdated technology also hindered Rosneft's development.

In 1998, a new executive team was appointed at Rosneft to handle the situation, regain competitive market positions and lay a foundation for the Company's sustainable development.

Since that time, Rosneft has achieved a number of important accomplishments, including:

2000

- Rosneft posts an increase in production for the first time since the 1998 economic crisis.

2001

- Despite a decline in international and domestic prices of crude oil and petroleum products, Rosneft considerably enhances its operating efficiency and achieves an annual growth in crude output of more than 10%.
- The Company launches a Development Strategy aimed at growing exploration and production operations, increasing refining capacity, and expanding into new markets.
- Commercial reserves are discovered under the Sakhalin-1 project.
- Rosneft is the first Russian company to place Eurobonds since the 1998 economic crisis.



1953

Well No.1



In 2004 Rosneft acquires a controlling stake in the major national oil producer, OJSC Yuganskneftegaz, in the largest transaction in Russian corporate history.



- Rosneft wins a tender for hydrocarbon exploration, development, and production at Block 245-South in Algeria.

2002

- Rosneft obtains an exploration license to the Kaigan-sko-Vasyukansky block (Sakhalin-5 project).

2003

- Rosneft secures a license to the Veninsky block (Sakhalin-3 project).
- Rosneft acquires Severnaya Neft Oil Company, strengthening its competitive positions in Timan-Pechora.
- Rosneft and LUKOIL restructure their jointly owned assets through a mutually beneficial exchange and, as a result, the Company obtains a 50% stake in Polar Lights, a joint venture between Rosneft and ConocoPhillips.
- Rosneft expands its international operations by being appointed the representative of the Russian Federation in the Kurmangazy project on Kazakhstan's Caspian shelf and by starting oil production at the Aday block in Western Kazakhstan.
- The Company acquires Anglo-Siberian Oil Company, which holds a mineral license to the Vankorskoye oil and gas field in Eastern Siberia – a top 10 global upstream project and the largest development in modern Russia.

2004

- Rosneft acquires a controlling stake in the major national oil producer, OJSC Yuganskneftegaz, in the largest transaction in Russian corporate history.

2005

- With the completion of Yuganskneftegaz integration into the Company's operating structure, Rosneft ranks third among Russian oil companies in crude output, second in gas output, and first in terms of refining capacity utilization.

2006

- Rosneft floats USD 10.7 bln worth of stock in an Initial Public Offering, which attracts approximately 150,000 Russian individuals. It was the fifth largest IPO in the history of the global financial market and the largest ever for a Russian company.
- Rosneft acquires a major stake in OJSC Udmurtneft, a leading crude oil producer in Central Russia.
- Rosneft becomes the second largest oil and gas condensate producer in Russia, with a total crude output of approximately 80 mln tonnes.

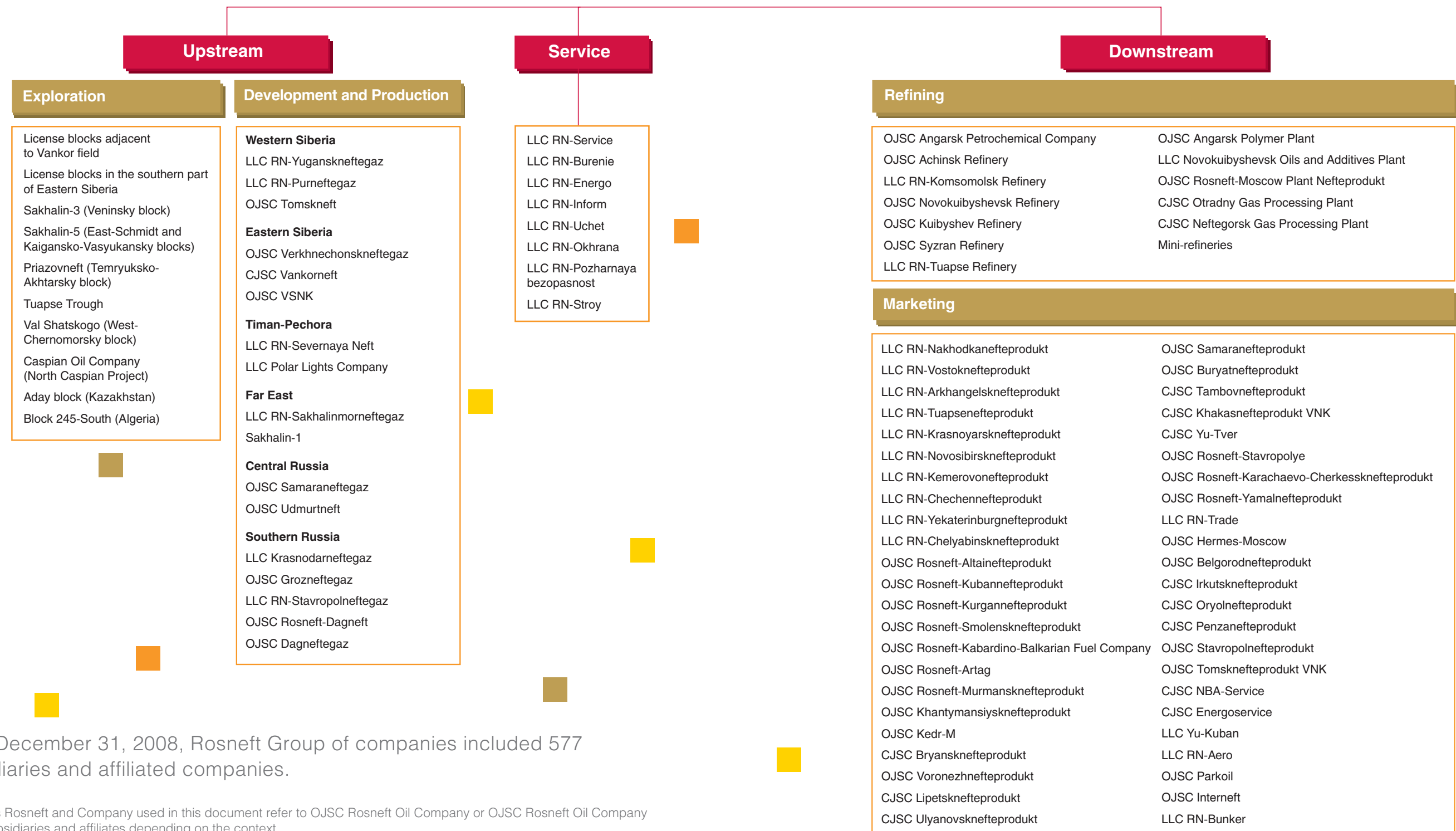
2007

- Rosneft significantly increases reserves, production volumes, and refining capacity, as well as considerably extends its retail network through acquiring a number of oil and gas assets.
- Rosneft becomes the leading national petroleum company, accounting for more than 20% of Russia's crude output.

2008

- Rosneft posts another year of strongest crude production growth among its major Russian and international peers. The Company secures significant efficiency gains across its segments, partially underpinned by extensive measures to address the adverse price environment of the year-end.
- Rosneft makes solid progress in enhancing corporate governance and transparency.

Structure



As of December 31, 2008, Rosneft Group of companies included 577 subsidiaries and affiliated companies.

The words Rosneft and Company used in this document refer to OJSC Rosneft Oil Company or OJSC Rosneft Oil Company and its subsidiaries and affiliates depending on the context.

Rosneft Today

Rosneft is the leader of the Russian petroleum industry, and ranks among the world's top publicly traded oil and gas companies.

The Company is primarily engaged in exploration and production of hydrocarbons, production of petroleum products and petrochemicals, and marketing of outputs. Rosneft has been included in the Russian Government's List of Strategic Enterprises and Organizations. The state holds 75.16% in the Company (through OJSC ROSNEFTEGAZ), while approximately 15% of shares are free-floated.

Rosneft is widely engaged in exploration and production across all key hydrocarbon regions of Russia: Western Siberia, Southern and Central Russia, Timan-Pechora, Eastern Siberia, and the Far East. In addition, the Company participates in several exploration projects in Kazakhstan and Algeria. Rosneft's seven major refineries have convenient locations throughout the country, from the Black Sea coast to the Far East,

2006	Operating indicators	2007	2008	%
2,195	Proved oil reserves, PRMS (mln tonnes)	2,399	2,421	+0.9%
1,625	Proved oil reserves, SEC (mln tonnes)	1,831	1,819	-0.7%
701	Proved gas reserves, PRMS (bcm)	711	784	+10.3%
200	Proved gas reserves, SEC (bcm)	192	199	+3.6%
30	Hydrocarbon reserve to production ratio, PRMS (years)	27	26	-3.7%
80.8	Production of crude oil and gas condensate (mln tonnes)	101.0	110.1	+9.0%
13.7	Production of gas (bcm)	15.3	12.5	-18.3%
56.9	Exports of crude oil (mln tonnes)	63.2	58.9	-6.8%
24.0	Refinery throughput (mln tonnes)	40.2	49.3	+22.6%
22.7	Production of petroleum and petrochemical products (mln tonnes)	38.3	46.4	+21.3%
13.3	Exports of petroleum products (mln tonnes)	19.0	26.4	+38.9%
1.2	Retail sales of petroleum products (mln tonnes)	2.9	4.9	+69.0%

and the Company's retail network covers 38 regions of the Russian Federation.

Unlike many of its competitors, Rosneft has a vast and high-quality reserve base, with total proved hydrocarbon reserves of 3.05 bln tonnes of oil equivalent – among the best indicators for a global publicly traded oil and gas company. Moreover, Rosneft is second-to-none on an international scale by total proved liquid hydrocarbon reserves. The Company's proved reserve-to-production ratio is 26 years. Rosneft operates mainly conventional reserves, which positions the Company well to efficiently increase hydrocarbon production. In addition, Rosneft has access to probable and possible reserves of 3.65 bln tonnes of oil equivalent, which will become the main source of proved reserve extension in the future.

To secure sustainable production growth in the long term, Rosneft is focused on expanding its resource base through active exploration and new acquisitions. In recent years, the Company has demonstrated consistently strong reserve replacement performance: in 2008, Rosneft's proved reserve replacement ratio was 172%. Rosneft's major exploration projects are being developed in the most promising hydrocarbon regions of Russia, such as Eastern Siberia, the Far East, and Southern Seas' shelves. As a result, the Company has access to

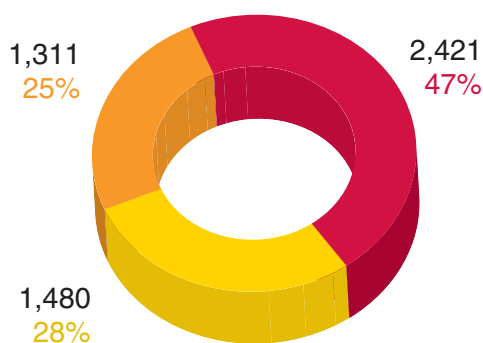
about 7.3 bln tonnes of oil equivalent of prospective resources.

Rosneft has been successfully implementing its steady production growth strategy, which is further supported by ongoing monitoring and adoption of innovative technology. In 2008, the Company produced more than 110 mln tonnes of crude oil, thus posting a fivefold growth in crude output over the last five years. Furthermore, the Company consistently maintains high operating efficiency, and has the lowest upstream production and operating expenses among its national and major international peers.

Rosneft is also one of the leading independent gas producers in Russia, with an annual output of natural and associated gas exceeding 12 bcm. The Company's vast and unique reserve portfolio ensures steady long-term growth in gas output. Rosneft is currently implementing comprehensive measures aimed at achieving a target gas utilization rate of 95%, one of the Company's top-priority objectives.

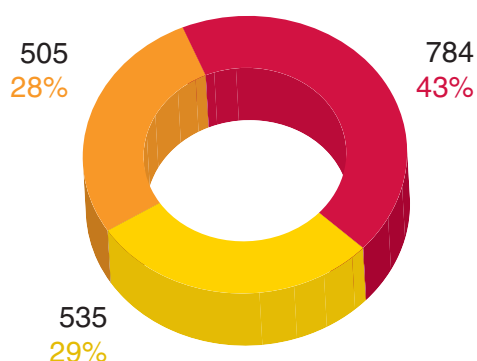
Rosneft's refinery throughput in 2008 totaled 49.3 mln tonnes – a record high for the Russian oil industry. Favorable refinery locations enable the Company to consistently raise the efficiency of petroleum product sales. Rosneft is now actively involved in expanding and upgrading its refineries to further

Crude oil reserves, PRMS
(mln tonnes; %)



- Proved
- Probable
- Possible

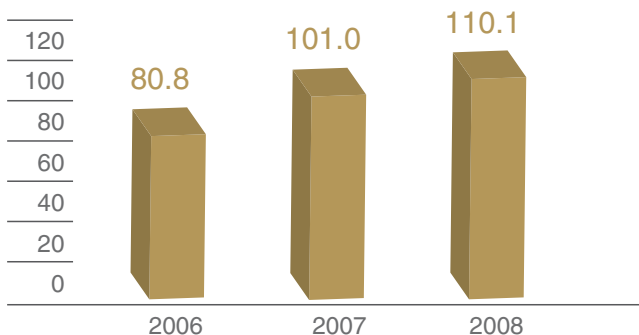
Gas reserves, PRMS
(bcm; %)



- Proved
- Probable
- Possible

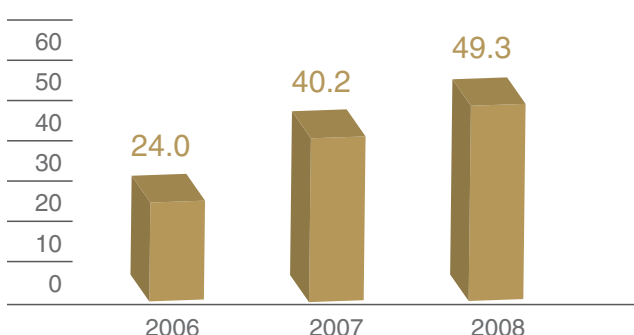
Company Profile

Crude oil production (mln tonnes)



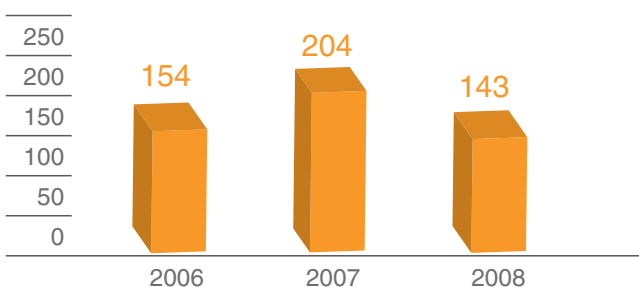
Including share in production by affiliates

Refinery throughput (mln tonnes)



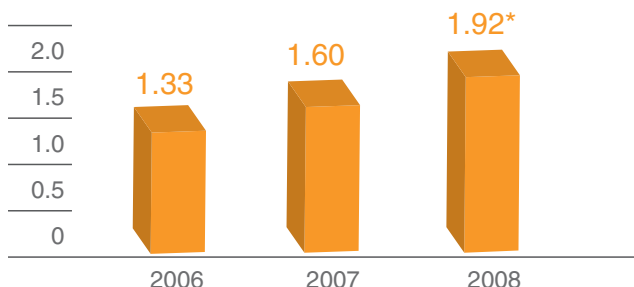
Excluding heavy fractions returned by mini-refineries to Transneft system

Consolidated net income (RUB bln)



Net income for 2006 and 2007 is adjusted for 'one-off' items

Dividends per share (RUB)



* Recommendation of the Board of Directors the General Shareholders' Meeting

2006	Financial indicators (by Consolidated Financial Statements under RAS)	2007	2008	%
652	Revenues net of VAT, export duties and excises (RUB bln)	1,067	1,272	+19.2%
206	Income from sales (RUB bln)	358	341	-4.7%
347	Income before income taxes (RUB bln)	381	224	-41.2%
154 ¹	Net income (RUB bln)	204 ¹	143	-29.9%
106 ¹	Non-consolidated net income of OJSC Rosneft (RUB bln)	154 ¹	141	-8.4%
1.33	Dividends per share (RUB)	1.60	1.92 ²	+20.0%

1 Adjusted for 'one-off' items.

2 Recommendation of the Board of Directors to the General Shareholders' Meeting.

enhance the balance between crude output and refinery throughput, and to boost production of higher value-added petroleum products meeting the latest environmental standards.

Rosneft also operates proprietary marine terminals in Tuapse, De-Kastri, Nakhodka, and Arkhangelsk, which allows the Company to capture higher margins on petroleum product exports. Rosneft is currently implementing comprehensive expansion and modernization programs at its terminals to ensure their capacity meets future export volumes.

Rosneft is also aware of the necessity to increase petroleum product sales directly to end customers. For that purpose, the Company is consistently extending its retail infrastructure, which now comprises about 1,700 service stations – the country's second largest marketing network.

Rosneft strictly complies with international standards for corporate governance, information disclosure, and financial reporting. Reputable non-executive directors have held one third of the Board's seats since 2006. The Company also pursues a policy of high social responsibility toward its employees and members of their families, to the people in regions where it operates, and – most importantly – to society at large.



Rosneft's major exploration projects are being developed in the most promising hydrocarbon regions of Russia, such as Eastern Siberia, the Far East, and Southern Seas' shelves.



Rosneft operates proprietary marine terminals in Tuapse, De-Kastri, Nakhodka, and Arkhangelsk.



2008

Vankor

Development Prospects and Strategy

Rosneft aims to strengthen its positions among the world's leading energy companies, ranking among the best in terms of operating and financial criteria, and by shareholder value.

The Company views the following factors as crucial for achievement of these goals:

- constant efficiency improvements in all aspects of Company business;
- an innovative approach to development;
- raising levels of transparency and openness;
- high standards of corporate governance;
- high levels of social responsibility;
- strict observance of Russian and international standards for environmental and industrial safety.

Rapid development by Rosneft in recent years has created enormous potential for sustainable growth and implementation of strategic tasks. Main components of this potential are a unique resource base, highly-qualified personnel and an efficient system of innovative development. The unfavorable macroeconomic situation, which came about at the end of 2008, has justified certain adjustments to Company plans, but has not altered Company strategy.

The Company's main strategic priorities are:

Steady Growth of Oil Production

Rosneft intends to increase annual oil production from 110 mln tonnes in 2008 to 180 mln tonnes by 2030, assuming that the macroeconomic environment is favorable.

Growth of output in the short term will be mainly driven by fields in traditional Rosneft production regions, principally Western Siberia. Most of the growth in Western Siberia is expected to be at the Priobskoye field, which is the Company's largest. Reserves at Priobskoye are more than 30% of Rosneft's total proved oil reserves. Also, during 2008 Rosneft jointly with TNK-BP brought into operation the Verkhnechonskoye field in Eastern Siberia, a new and promising region of oil production for the Company. Commercial production of oil is also scheduled to launch at the Vankor field in Eastern Siberia in the immediate future. Development of Vankor is the largest project of its kind in Russia for the last 20 years.

Assets in Eastern Siberia also play a large part in the Company's medium-terms plans. Successful



Rosneft intends to increase annual oil production from 110 mln tonnes in 2008 to 180 mln tonnes by 2030, assuming that the macroeconomic environment is favorable.

development of the large reserves at Vankor and Verkhnechonskoye fields is a national priority for Russia as well as being a priority for the Company. Output from the fields will be used to fill the trunk pipeline from Eastern Siberia to the Pacific Ocean, which will enable Russia to diversify its oil deliveries and significantly expand its presence on the Asia-Pacific market. The company's traditional operating regions also offer much potential in the medium term, mainly thanks to scope for increasing reserve recovery rates by use of new technologies.

Long-term production growth by Rosneft is dependent on Company assets in Eastern Siberia, and the shelf of the Caspian, Black and Azov Seas. The Company is carrying out intensive geological exploration work in these regions. In Eastern Siberia Rosneft has highly promising geological exploration blocks immediately adjacent to the Vankor field. Discovery of commercial reserves at these areas will enable the Company to create a major new oil province. In the future yet another oil province could be formed by the Verkhnechonskoye and Yurubcheno-Tokhomskoye fields (the latter is now in test production) together with other licence areas adjacent to these fields.

In the Far East Rosneft is taking part in the promising Sakhalin-3 and Sakhalin-5 geological exploration projects on the shelf of the Sea of Okhotsk. These projects are being implemented with the Company's foreign partners on a joint-financing basis, which minimizes risks for Rosneft. Successful development of the shelf of the Sea of Okhotsk will enable the Company to take leading positions on the energy market in the Far East.

The Sakhalin projects offer unique experience in development of complex shelf fields, which Rosneft will be able to put to good account in future projects for development of as yet undistributed resources beneath the Arctic shelf.

Commercialization of Gas Reserves

Rosneft has 784 bln cubic meters of proved gas reserves, and only 22% of them are being developed at present. So development of the gas sector and commercialization of reserves is among priority tasks for the Company.

Rosneft plans to increase output of gas from 12.5 bln cubic meters in 2008 to 55 bln cubic meters by 2020. Most of the growth will be at the Kharampurskoye field in Western Siberia, where about half of the Company's proved gas reserves are concentrated.

The goal of commercializing gas reserves is also supported by the program for raising utilization levels of associated gas to 95%. This target matches future requirements of Russian law.

Refining & Marketing Development

Rosneft's main priority in the refining & marketing segment is to ensure steady growth of quantitative and qualitative indicators in order to maintain and, so far as possible, improve the balance between production and refining volumes, and to meet the latest standards for product quality.

The Company is systematically implementing large-scale programs of refinery modernization, expanding capacity of refineries and raising their complexity. Modernization work increases the valued-added of products and ensures that fuel outputs meet the latest environmental standards (Euro-4 and Euro-5), as well as expanding the product range.

Rosneft's biggest refining projects are expansion of annual capacities at the Tuapse Refinery to 12 mln tonnes of oil and increase of its complexity, as well as construction in the Far East of a modern refinery with high complexity levels and 20 mln tonnes annual capacity.

The Company's strategic goals are to produce engine fuels, which meet Euro-5 standards, to raise the light product yield to at least 78% by 2015 and to increase annual refining volume to 80 mln tonnes by 2020.

Rosneft aims to sell as much as possible of its refining output directly to the end-user. The Company is therefore expanding and modernizing its network of service stations, and is also developing new businesses (bunkering and aircraft refuelling).



SUSTAINABLE GROWTH

- prudent strategic planning
- efficient production growth and refining capacity expansion
- increasing higher value-added outputs
- improvements to risk management
- commitment to increasing shareholder value

Performance Review

(Report by the Board of Directors on the Results of OJSC Rosneft Development by Core Areas of Operations)

Licensing	32
Geological Exploration	35
Reserves	43
Production	47
Refining	57
Marketing	69
Key Financial Results	79

Licensing

As of December 31, 2008 Rosneft, its subsidiaries and affiliated companies held 534 licenses for geological study, exploration and production of hydrocarbons. Most of the Company's production and development licenses run until 2013-2030.

In accordance with law, geological exploration for mineral resources and production of mineral resources in Russia requires relevant licensing. As of December 31, 2008 Rosneft, its subsidiaries and affiliated companies held 534 licenses for geological study, exploration and production of hydrocarbons. Most of the Company's production and development licenses run until 2013-2030.

Rosneft has been working in recent years on additional extension of licenses for its major fields. By the end of 2008 licenses for more than 30 major fields had been additionally extended for 25 years, and the license for the Priobskoye oil field (the Company's biggest) is now valid through 2044.

The Law on Subsoil Resources allows licenses to be extended on the initiative of the subsoil user, provided that license commitments have not been violated. Rosneft is a highly conscientious user of subsoil resources, strictly observing all its license commitments. Agencies responsible for supervision and control of subsoil resource use carried out 12 checks at Company production subsidiaries during 2008 to ascertain observance of license and

environmental commitments. Justificatory materials were prepared and submitted to supervisory agencies for joint review. As of the end of 2008, supervisory agencies had no outstanding issues with respect to the Company.

Steady expansion of the exploration and production portfolio through acquisition of new licenses in strategically important regions is an integral part of Rosneft's long-term development strategy. The company continued to monitor auction sales of license areas and took part in auctions for the most promising and strategically important areas, primarily in Western and Eastern Siberia.

In February 2008 the Company won an auction for rights to carry out geological studies, exploration and production of hydrocarbons at the Umotkinsky area in Irkutsk Region (Eastern Siberia). The estimated resources of the area exceed 100 mln tonnes of oil equivalent. The license was obtained in May 2008 at cost of RUB 1,120 mln and runs until April 2033.

In April 2008 the Company obtained a license for geological study, exploration and production at the South

Teplovsky area in Khanty-Mansiysk Autonomous District (Western Siberia), after winning an auction for the license in December 2007. The license cost RUB 77 mln and is valid for 25 years.

In March-May 2008 the Company subsidiary, OJSC Samaraneftegaz, obtained two licences for exploration and production of hydrocarbons subsequent to discovery of the Kiselevskoye and South-Butlevskoye fields in Samara Region. The licenses are valid for 20 years.

Also in 2008 the Company obtained five licenses to carry out studies for prospecting and appraisal of hydrocarbon deposits in low-lying strata of the Malobalyksky, South-Balyksky and Mid-Balyksky license areas in Khanty-Mansiysk Autonomous District as well as the North-Mineralny and North-Bragunsky areas in the Republic of Chechnya.

The Company maintained efficient management of its existing license portfolio during 2008:

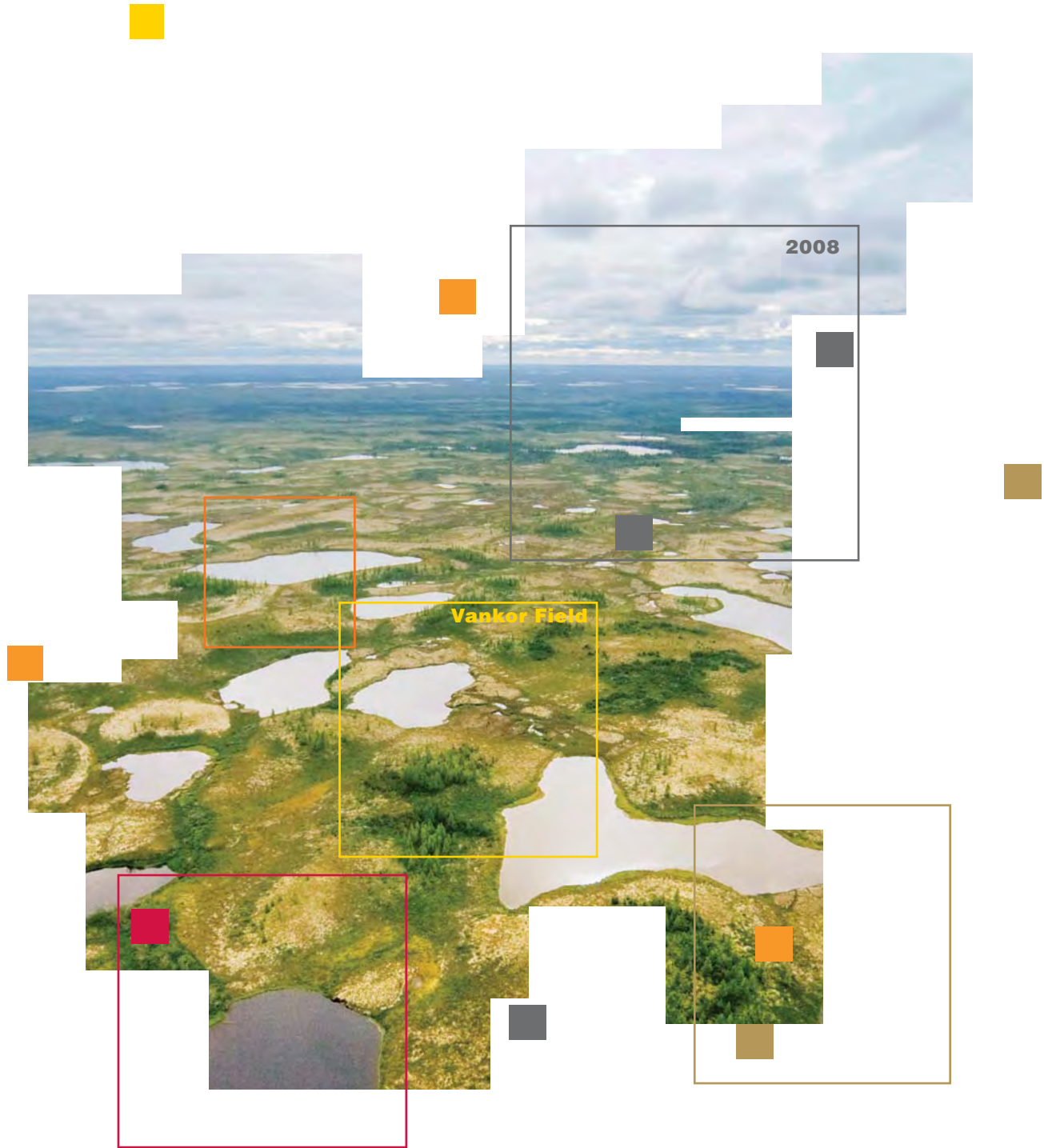
- duration of nine hydrocarbon production licenses were extended for 25 years;
- 146 requests for changes and additions to existing licenses were prepared and filed with federal and territorial agencies responsible for subsoil use, of which 28 were for postponement of exploration work, 30 for license extension and 88 for actualization of licensing agreements.



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In March-May 2008 the Company subsidiary, OJSC Samaraneftegaz, obtained two licences for exploration and production of hydrocarbons subsequent to discovery of the Kiselevskoye and South-Butlevskoye fields in Samara Region.



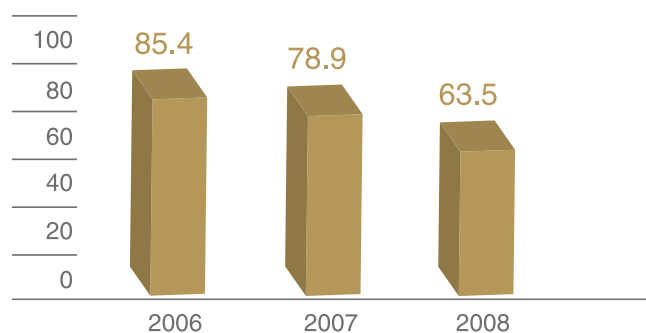
2008

Vankor Field

Geological Exploration

Rosneft pays special attention to volume and efficiency of prospecting and exploration work in order to replace hydrocarbon production with new commercial reserves and to ensure steady growth of production in the medium and long term.

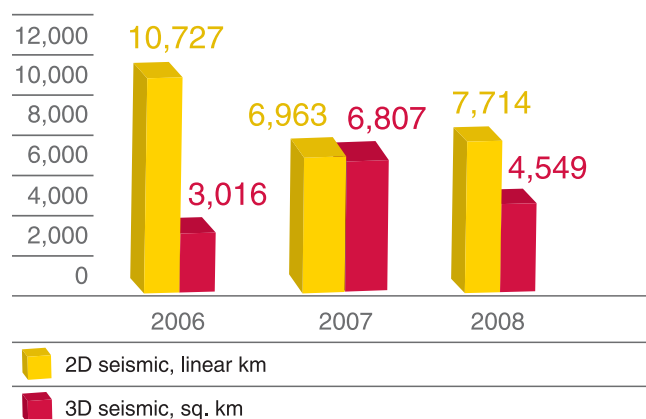
Exploration drilling at projects involving Rosneft
(th. meters)



The Company carries out geological exploration in Russia and abroad both independently and as part of joint projects with Russian and foreign partners.

The Company is implementing a number of flagship projects, which are currently at the exploration or test production stage, in its key priority areas of Russia's Far East, Eastern Siberia, and the shelf of the Caspian, Black and Azov Seas, as well as in the traditional oil producing areas of Western Siberia, the Volga, Timan-Pechora and Southern Federal District of Russia. In addition, Rosneft is taking part in promising geological exploration projects in Algeria and Kazakhstan.

Seismic surveying at projects involving Rosneft
(linear km; sq. km)



Rosneft's active participation in numerous exploration projects ensures access to considerable prospective resources, which will further support the Company's long-term development. According to the mean estimate by DeGolyer & MacNaughton, total prospective resources in upstream projects with Rosneft involvement were 7.3 bln tonnes of oil equivalent at the end of 2008.

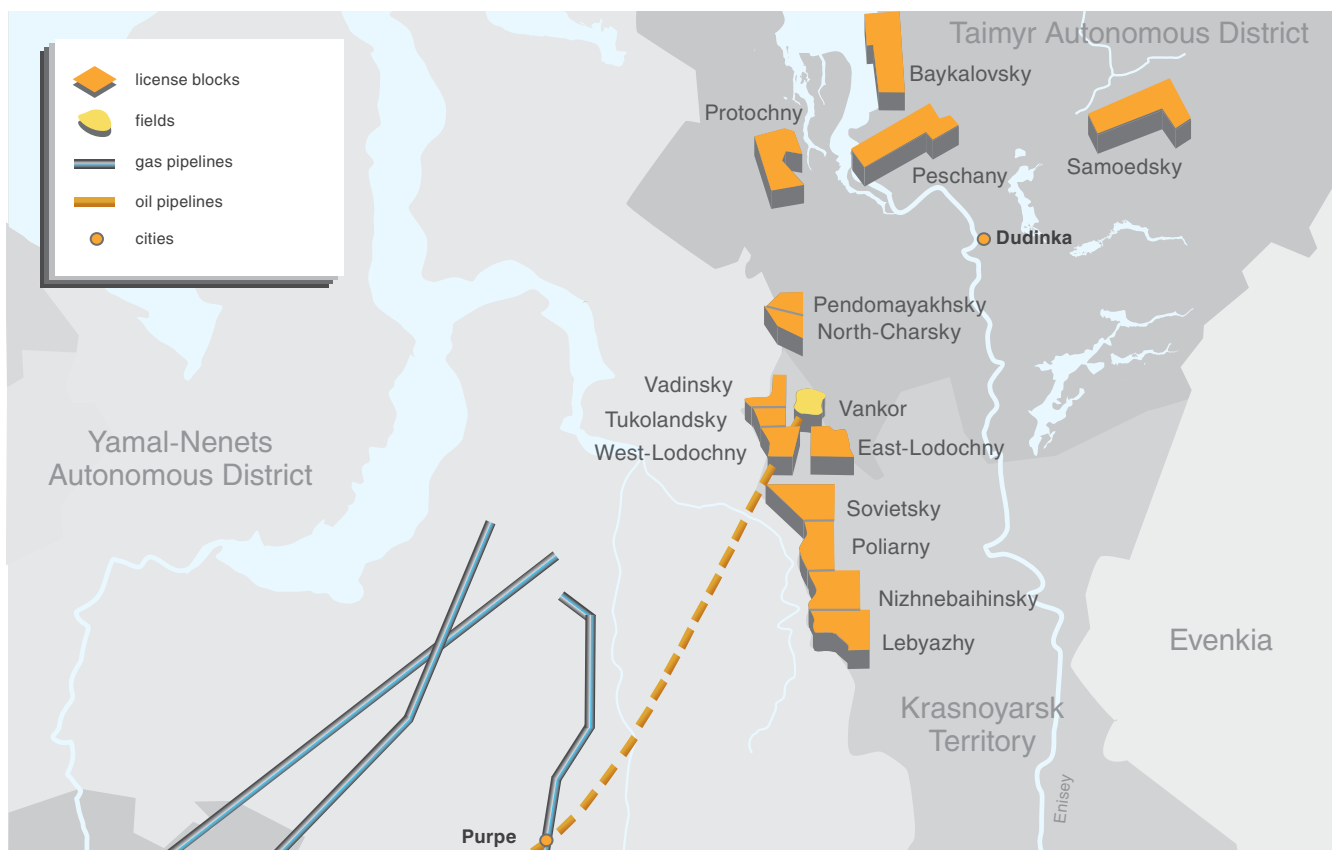
Large amounts of prospecting and exploration drilling and of seismic studies were carried out during 2008 in projects with Rosneft participation, in accordance with license terms. Exploration drilling totaled 63,500 meters, 2D seismic exploration was 7,714 linear km, and 3D seismic work was 4,549 square km. The year-on-year decline in exploration drilling volumes was due to ending of the exploration stage at the Vankor field, as well as suspension of drilling work in the Southern Federal District of Russia so that detailed 3D seismic

Enterprises acquired in 2007 are accounted for from June 2007



Eastern Siberia has key importance for Company development in the medium and long term, with decisive significance for increase of Rosneft's reserves.

Exploration projects of Rosneft in Krasnoyarsk Territory



studies can be carried out to clarify complex geology of the region. The construction of 34 prospecting and exploration wells was completed. Prospecting and exploration drilling by the Company led to discovery of 10 fields and 4 new deposits at previously discovered fields.

Exploration works and production drilling gave increases of ABC1 reserves (under Russian classification) by 148.0 mln tonnes of oil and gas condensate and by 30.5 bln cubic meters of gas (127.2 bln tonnes and 30.4 bln cubic meters, respectively, measured by the Company's stakes in projects). Most of the reserve growth was at fields in Western and Eastern Siberia.

High results from geological exploration work reflects optimal combination of 2D and 3D seismic studies, professional processing and interpretation of seismic data, and careful positioning of exploration wells.

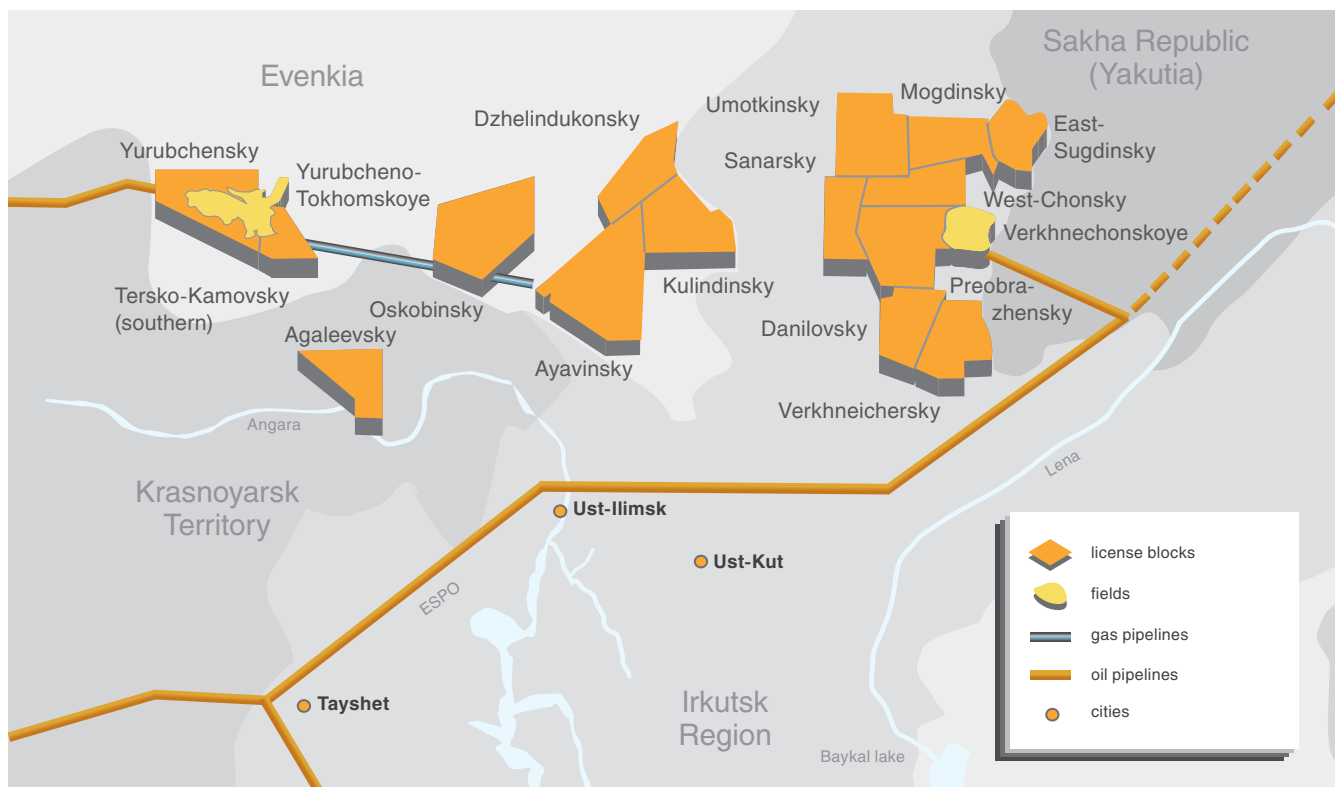
Eastern Siberia

Eastern Siberia has key importance for Company development in the medium and long term, with decisive significance for increase of Rosneft's reserves.

Rosneft has achieved substantial progress in geological exploration and development of its resource base at a number of large fields in Eastern Siberia. Joint work with TNK-BP led to launch of commercial production at the Verkhnechonskoye field in 2008, pilot commercial production continued at the Yurubcheno-Tokhomskeye field, and the highly promising Vankor field is scheduled to start commercial production in the nearest future.

Geological exploration works at licence areas in Krasnoyarsk Territory, adjacent to the Vankor field, are of great significance for increase of the Company's

Exploration projects of Rosneft in Irkutsk Region and Evenkia



resource base. Rosneft has 14 such areas. If commercial reserves are found there, Rosneft will be able to use infrastructure of the Vankor field for their development, creating synergy effects and minimizing costs.

2D seismic surveying at license areas around the Vankor field totalled 662 linear km in 2008. An exploration well No.16 at the Vankor field was completed. The well penetrated productive strata and its testing is scheduled in 2009. Two other prospecting wells were drilled – Baikalovskaya No.1 and Khikiglinskaya No.1, – and are to be tested in 2009.

Geological exploration in southern parts of Eastern Siberia (Irkutsk Region and Evenkia) is equally important to the Company. Fields in this region will be among main sources of oil for the ESPO pipeline, which was under construction in 2008.

The Company carried out 1,589 linear km of 2D seismic surveying at the East-Sugdinsky, Mogdinsky,

Danilovskiy and Sanarskiy license areas in Irkutsk Region. Electrical exploration work, and processing and complex interpretation of geophysical material were completed at the East-Sugdinsky area, geochemical studies were completed at the Preobrazhenskiy area, and preparatory work was carried out for construction of two prospecting wells at the East-Sugdinsky and Mogdinsky areas.

LLC Vostok-Energy, the joint venture between Rosneft and the Chinese National Petroleum Corporation (CNPC), completed helium geochemical studies at the West-Chonskiy and Verkhneicherskiy areas. Work continued on processing and complex interpretation of historical geophysical materials, and prospecting and appraisal programs were prepared for these license areas.

Soil-gas geochemical samples were collected and interpreted at the Ayavinskoye and Dzhelindukonskiy license areas in the Evenki Autonomous District. He-

Exploration projects involving Rosneft in the Far East



lium sampling was also carried out at the Tersko-Kamovskiy area. Programs for prospecting and appraisal work at these licence areas were prepared and plans were made for drilling of prospecting and appraisal wells.

Far East

Rosneft participates in two promising exploration shelf projects in the Russian Far East: Sakhalin-3 (Veninsky block) and Sakhalin-5 (Kaigansko-Vasyukansky and East-Schmidtovskiy blocks). The projects involve high levels of capital investment and geological risk, so they are being implemented jointly with foreign partners on a joint-financing basis, which minimizes risks for Rosneft.

A prospecting well, North-Veninskaya No.1, was drilled at the Veninsky area during 2008, and penetrated more than 10 gas saturated strata and inter-strata. Reserves at the field are to be counted

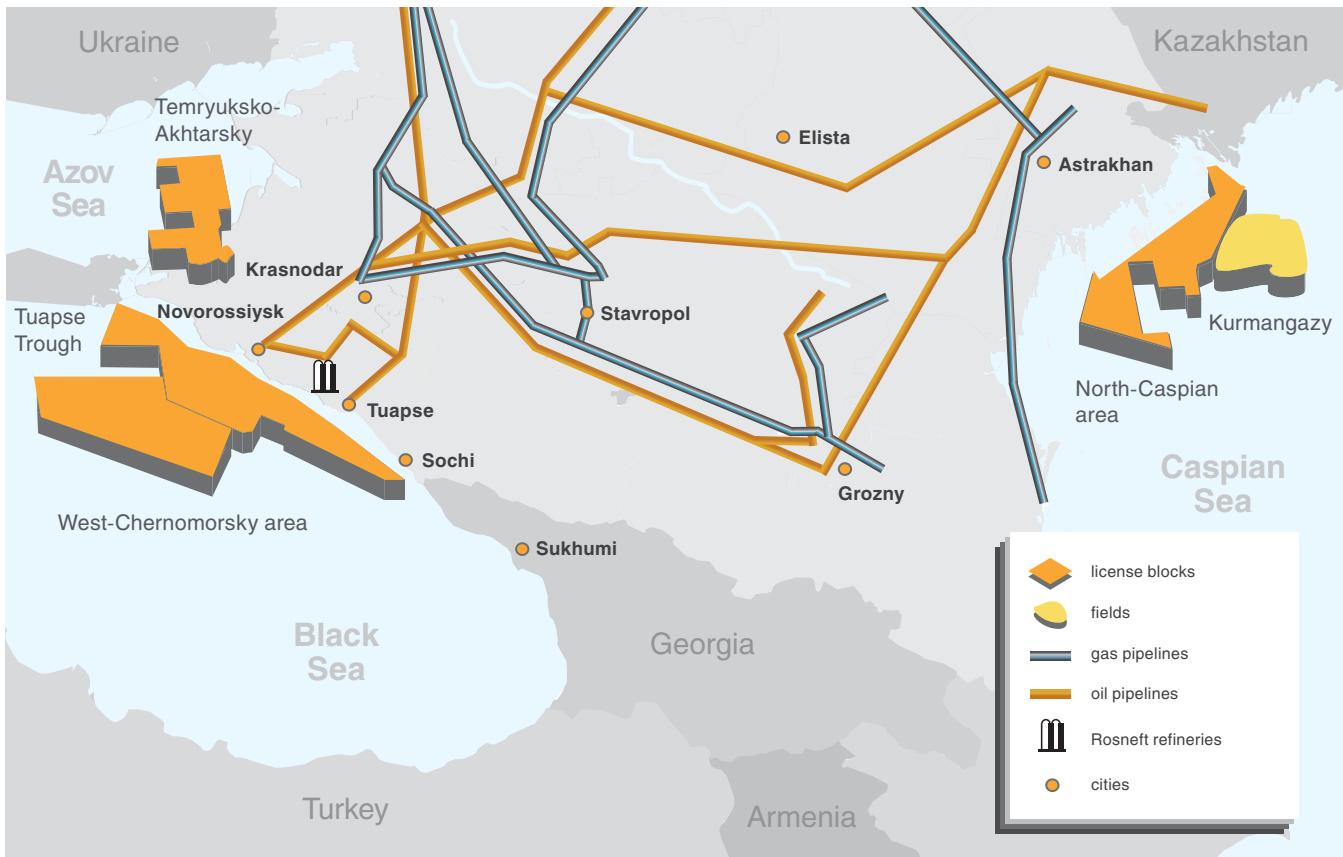
in 2009. Engineering and geological preparations were made for drilling of another two prospecting wells in 2009.

Processing of 3D seismic exploration data for the East-Schmidtovskiy area was completed as part of the Sakhalin-5 project. The materials were interpreted taking account of drilling results at the neighboring West-Schmidtovskiy area. The license was extended until 2013 and amendments were made to the licensing agreement. The Company carried out 2,100 linear km of 2D seismic shooting in the western part of the Kaigansko-Vasyukansky area. The license was extended until 2013 with amendments to the license agreement.

Southern Federal District

Rosneft is implementing several significant projects in Russia's Southern Federal District: the Tuapse Trough and West Chernomorskiy area on the Black Sea shelf,

Exploration projects involving Rosneft on the shelves of the Caspian, Black and Azov Seas



the Temryuksko-Akhtarsky area on the Azov Sea shelf, and the North-Caspian project in the Caspian Sea. The Company is working on these projects both independently and in association with other large Russian companies.

Construction of a pontoon-type floating rig base was completed as part of the North-Caspian project, as well as shooting of 63 square km of 3D seismic, and drilling and testing of a prospecting well (West-Rakushechnaya No.1), which discovered the West-Rakushechnoye field.

Within the Tuapse Trough project shooting of 406 square km of 3D seismic was done, as well as completion of processing and interpretation of materials for target strata and for upper layers (to reduce drilling risks). Three-dimensional basin modeling was

completed, and locations were chosen for prospecting wells.

In the West Chernomorskiy area project the Company carried out 1,250 square km of 3D seismic and 450 linear km of 2D seismic, as well as completing analysis of 4,394 linear km of 2D seismic from previous years, processing and interpreting the new data, and choosing well locations.

Work in 2008 at the Temryuksko-Akhtarsky area, where the Novoye field was discovered in 2007, included 520 linear km of 2D seismic and 634 linear km of electrical exploration work, as well as processing and interpretation of the received data. A prospecting and exploration well, Gelendzhikskaya-1, was completed, but failed to detect any reservoirs with commercial hydrocarbon reserves.

International Projects

Rosneft is executing three major geological exploration projects outside Russia. These include Block 245-South in Algeria and Kurmangazy and the Adaisky block in Kazakhstan.

Oil fields – East and West Takuazet – and the North Tisselit gas condensate field had already been discovered as part of the 245-South project in Algeria, and Rosneft has now completed reinterpretation of geological and geophysical materials for the fields as well as creating geological and geophysical models. Preparation for development of these fields is in hand.

The Kurmangazy project advanced in 2008 with processing, reprocessing and interpretation of 4,730 linear km of 2D seismic exploration data obtained in earlier years. Rosneft also carried out complex interpretation of all available geological and geophysical data including those obtained from drilling in 2006 of well No.1. A site was chosen for prospecting well No.2 and preliminary engineering and geological work was carried out at the site. Well design and ecological baseline studies were completed.

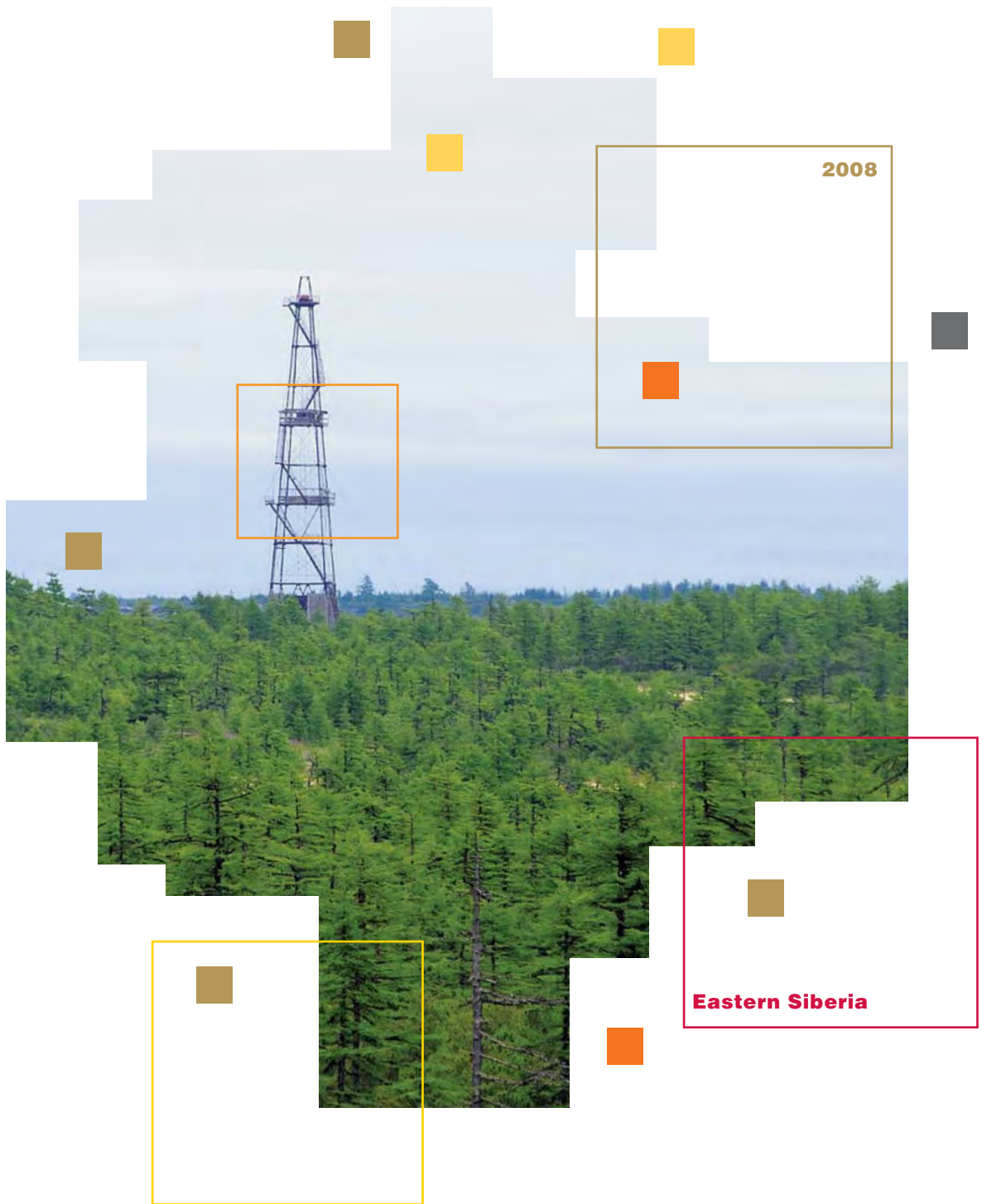
In the Adaisky project the Company shot 176 linear km of 2D seismic and 483 square km of 3D seismic to ascertain structure of subsalt layers in the northern part of the license area. Standard processing of 2D seismic materials was completed and technical plans were made for drilling of a prospecting well to the subsalt layers.



Rosneft has completed reinterpretation of geological and geophysical materials, as well as creating geological and geophysical models for the fields discovered within 245-South project in Algeria.



Rosneft participates in two promising exploration shelf projects: Sakhalin-3 (Veninsky area) and Sakhalin-5 (Kaigansko-Vasyukan-sky and East-Schmidtovsky areas).



2008

Eastern Siberia

Reserves

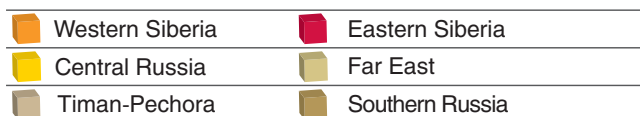
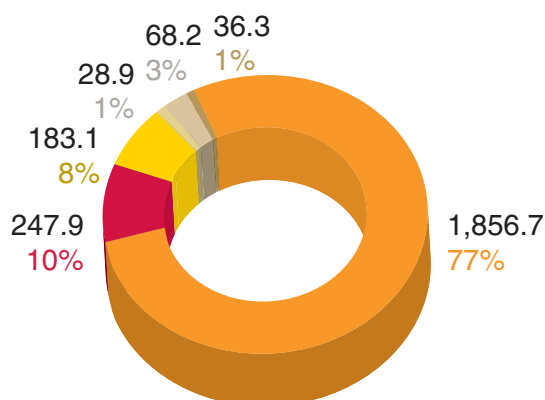
In 2008 Rosneft confirmed its status as the biggest public oil company in the world by volume of liquid hydrocarbon reserves.

Despite significant fall in oil prices at the end of 2008 the Company increased its proved reserves under PRMS (previously SPE) classification, and achieved almost full reserve replacement under SEC classification.

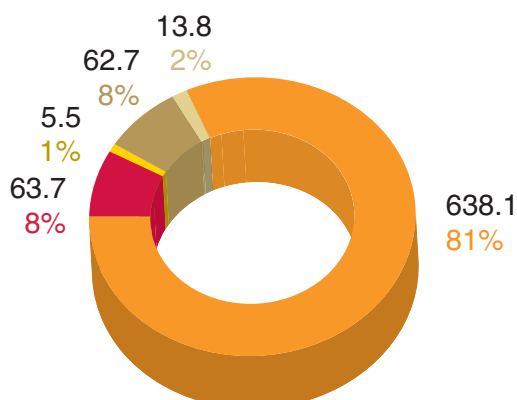
According to audit by DeGolyer & MacNaughton, proved reserves of Rosneft by PRMS classification as

of December 31, 2008 were 2,421 mln tonnes of oil and 784 bln cubic meters of gas. Company's proved hydrocarbon reserves increased by 2.8% to 3,052 mln tonnes of oil equivalent mainly thanks to large-scale and highly efficient geological exploration work. In 2008 proved hydrocarbon reserve replacement ratio was 172%, including 123% for oil reserves.

Proved oil reserves, PRMS
(mln tonnes; %)



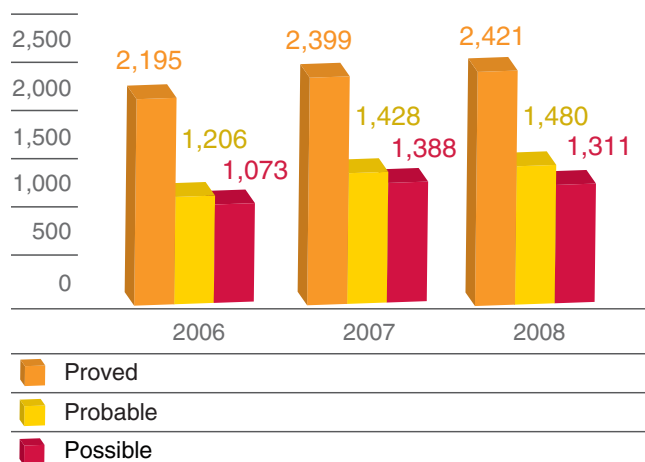
Proved gas reserves, PRMS
(bcm; %)



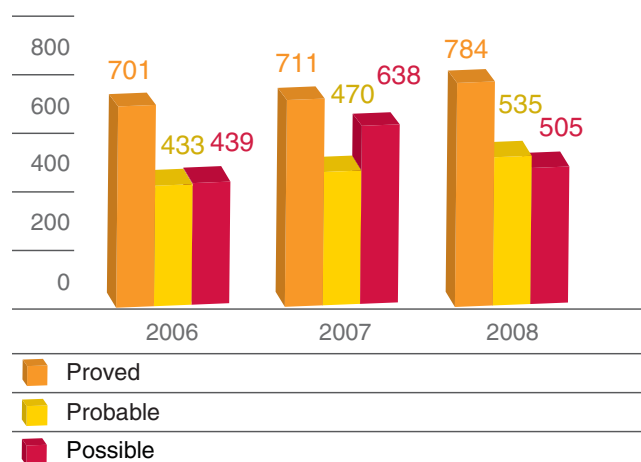


More than 77% of the Company's proved oil reserves are concentrated in Western Siberia, mainly in Khanty-Mansiysk Autonomous District.

Oil reserves, PRMS
(mln tonnes)



Gas reserves, PRMS
(bcm)



Company reserves are located both in traditional oil & gas producing regions (Southern part of European Russia, Western Siberia, Central Russia), and in promising new regions (Eastern Siberia, the Far East, Timan Pechora). More than 77% of the Company's proved oil reserves are concentrated in Western Siberia, mainly in Khanty-Mansiysk Autonomous District. About 10% of Company oil reserves are in Eastern Siberia. Western Siberia also contains about 80% of the Company's proved gas reserves, which are concentrated mainly in the Yamal-Nenets Autonomous District. Most of Rosneft's reserves are conventional. Hydrocarbon reserve life at the end of 2008 was 26 years (23 years for oil and 65 for gas).

The Company also has large probable and possible reserves, which provide an excellent foundation for further growth of proved reserves. Probable reserves by PRMS classification at the end of 2008 were 1,480 mln tonnes of oil and 535 bln cubic meters of gas, and possible reserves were 1,311 mln tonnes of oil and 505 bln cubic meters of gas.

Rosneft also audits its reserves under the SEC life-of-field classification. DeGolyer&MacNaughton's audit as of December 31, 2008 found that the Company's SEC proved reserves were 1,819 mln tonnes of oil and 199 bln cubic meters of gas.



2008

Yuganskneftegaz

Production

Company efforts in 2008 were focused on cost control, improving operating efficiency of producing assets, and bringing existing hydrocarbon reserves into production.

Rosneft confirmed its status as Russia's leading oil producer in 2008. The Company produced 110.1 mln tonnes of oil and gas condensate during the year, which is 9% more than in 2007. Organic production growth was 3.5%, due mainly to further development of Yuganskneftegaz fields, particularly the Priobskoye field. Company efforts in 2008 were focused on cost control, improving operating efficiency of producing assets, and bringing existing hydrocarbon reserves into production.

Output of natural and associated gas dropped by 18.3% compared with 2007 to 12.5 bln cubic meters. The decline was due to temporary suspension of production at several gas fields in the Yamal-Nenets Autonomous District as part of the Company's policy of rational reserve use and protection of the environment, which envisages reduction of gas flaring and increase of utilization rates. Supplies of saleable gas by the Company increased by 2.7% in 2008 compared with 2007 despite the production decline.

Production drilling by Rosneft consolidated entities (excluding Sakhalin-1 project) was 2,158 th. meters in 2008. A total of 657 oil wells and 1 gas well were put into operation after production drilling. Production from new wells (including wells put into operation from other drilling categories) was 9.1 mln tonnes of crude oil and 0.2 bln cubic meters of gas. As of December 31, 2008 Rosneft had 22.24 th. wells producing

oil and gas condensate. The decline in numbers from the end of 2007 was due to optimization works including mothballing of wells with low flow rates and high watercut. Rosneft's average daily flow rate per new production well was 83.2 tonnes, and average flow rate for all production wells was 12.9 tonnes per day.

Western Siberia




Khanty-Mansiysk Autonomous District (KhMAD)

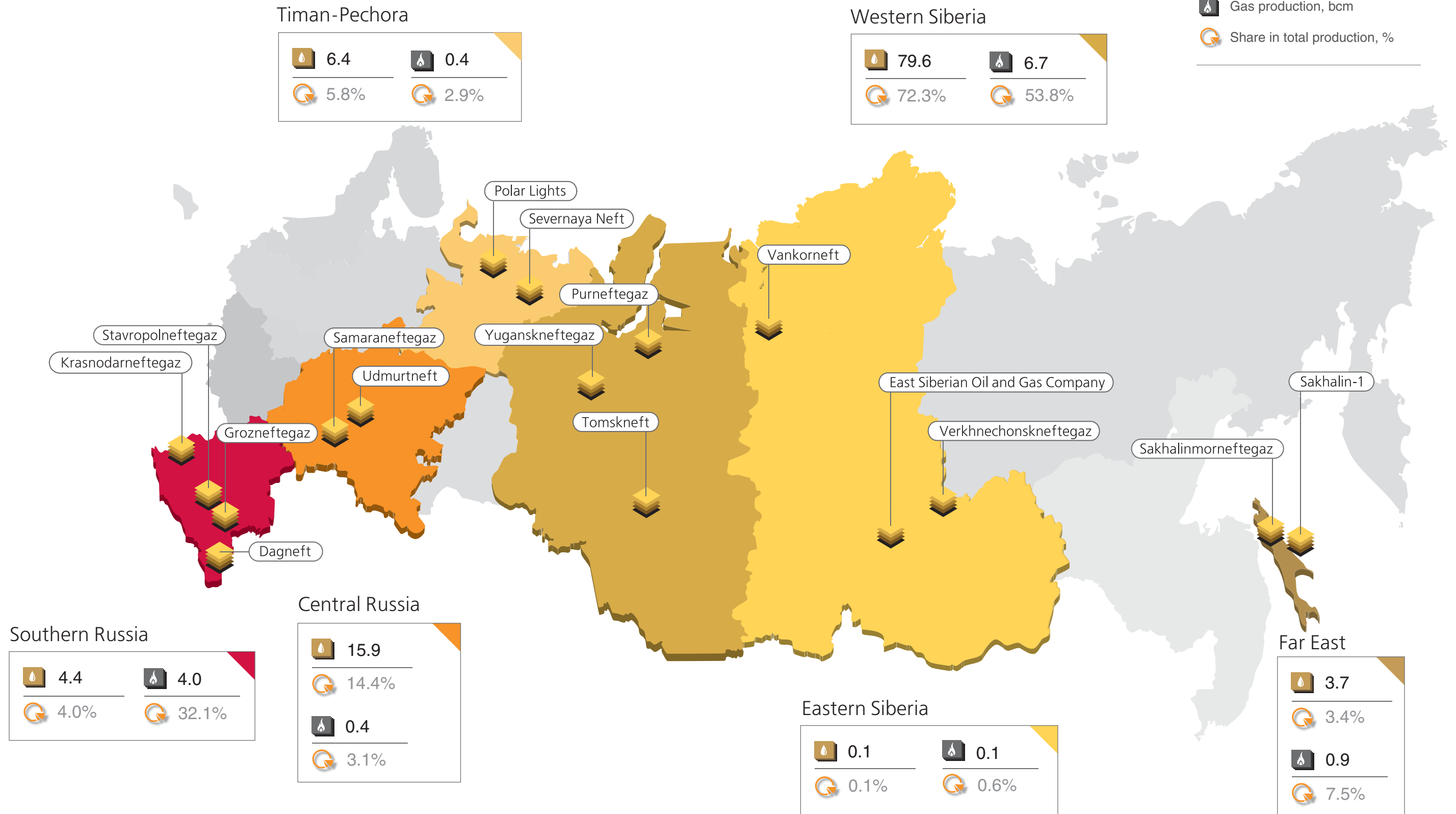
Khanty-Mansiysk Autonomous District is Rosneft's main operating region and the Priobskoye field was and remains the Company's main field by levels of production and proved reserves of oil. The field accounts for 32% of the Company's proved oil reserves and 30% of production. Rosneft uses the very latest enhanced oil recovery (EOR) techniques in order to raise efficiency of reserve development in KhMAD, including side track drilling, hydro fracturing and various chemical methods. This enables the Company to maintain and in some cases to increase production at several fields in the region with high levels of reserve exhaustion.

Rosneft continued development of reserves in Khanty-Mansiysk Autonomous District according to plan during 2008. Production drilling by the Company in

Regions of Rosneft's Production

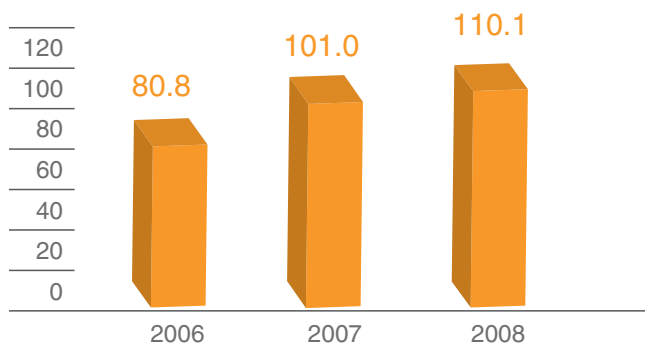
LEGEND

-  Oil production, mln tonnes
-  Gas production, bcm
-  Share in total production, %



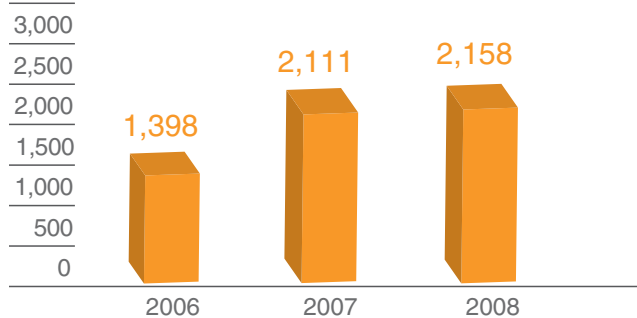
Performance Review

Crude oil production (mln tonnes)



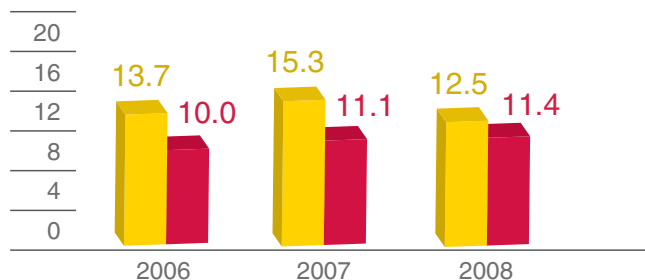
Including share in production by affiliates

Exploration drilling (th. meters)



Rosneft consolidated subsidiaries, excluding Sakhalin-1

Gas production (bcm)

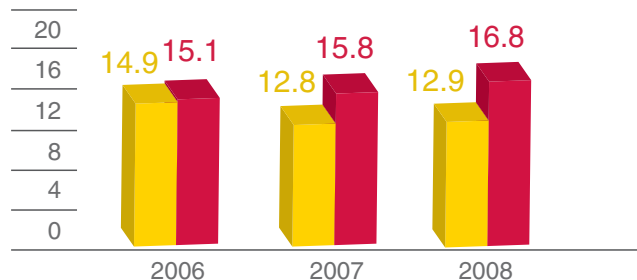


■ Total gas production

■ Marketable gas production

Including share in production by affiliates

Average flow rate of oil wells (tonnes per day)

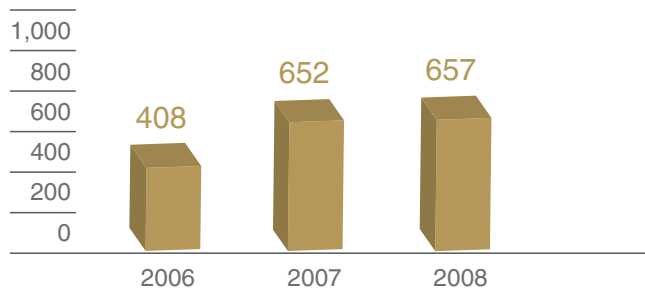


■ Rosneft, total

■ Rosneft, excluding acquired assets

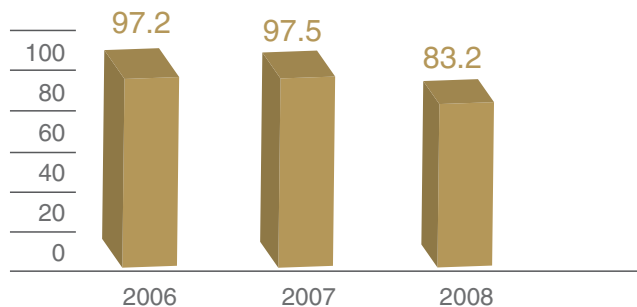
Rosneft consolidated subsidiaries, excluding Sakhalin-1

New oil wells from production drilling (wells, as of year-end)



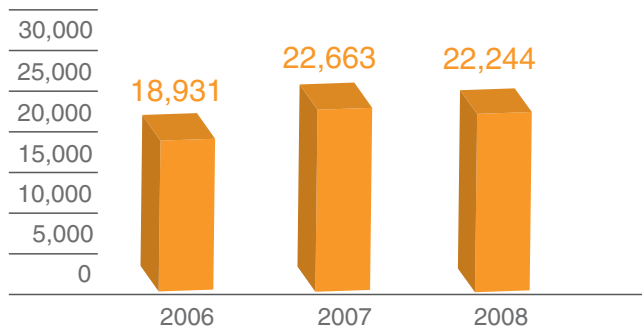
Rosneft consolidated subsidiaries, excluding Sakhalin-1

Average flow rate of new oil wells (tonnes per day)



Rosneft consolidated subsidiaries, excluding Sakhalin-1

Wells producing oil and gas condensate (wells)



Rosneft consolidated subsidiaries, excluding Sakhalin-1

the region was 1,683 th. meters, which is comparable with the level of 2007. A total of 533 new oil wells were put into operation after production drilling in KhMAD, and average daily output per new well was 87.9 tonnes, which is 2.5 times higher than the average for Russia. Average daily output from production wells in KhMAD rose by 2.9% compared with 2007 to 22.1 tonnes. High well productivity and a high level of reserve concentration means that production costs can be kept under tight control.

The Company produced 65.66 mln tonnes of oil and 1.92 bln cubic meters of gas at its fields in the region during 2008, representing 59.6% and 15.4% of total Company output and exceeding indicators for 2007 by 8.7% and 26.3%, respectively. About 65% of oil produced by the Company in KhMAD during 2008 was exported and the remainder was sent for refining at Rosneft refineries or delivered under swap agreements.

Yamal-Nenets Autonomous District (YaNAD)

Rosneft operations in the Yamal-Nenets Autonomous District in 2008 were focused on improvement of field development and operating systems, targeting a comprehensive solution to issues of associated gas utilization. Rosneft reserves in YaNAD are highly concentrated: more than 70% of oil and gas condensate reserves are at the Komsomol'skoye, Tarasovskoye, Barsukovskoye, and Kharampurskoye fields, which is conducive to cost-efficient field development and production.

Production drilling in the region was 128,000 meters and 36 new wells were brought into operation. The Company produced 8.29 mln tonnes of oil and gas condensate and 3.94 bln cubic meters of gas in YaNAD during 2008. About 65% of oil produced by Rosneft in the region was sent for refining at the Tuapse refinery, and most of the remainder was exported.

YaNAD is the main region of gas production for Rosneft, accounting for 68% of the Company's proved gas reserves and 31.6% of gas production in 2008. Reduction of gas output in 2008 was due to temporary suspension of production at several fields in order to reduce volumes of flared gas. Production of gas in the region will be substantially increased in the medium term thanks to the Company gas program, which is in the process of implementation.

Tomsk Region

Rosneft production in Tomsk region (and partly in KhMAD) is carried out by OJSC Tomskneft, in which Rosneft holds a 50% stake. The remaining 50% belong to Gazprom neft. Tomskneft operates several old fields with watercut of more than 80% (Sovetskoye, Olenye, Chkalovskoye, Nizhnevartovskoye, Strezhevskoye), as well as several relatively young fields (Krapivinskoye, Dvurenchenskoye, West-Moiseyevskoye, Igolsko-Talovoye). Oil from Tomskneft fields is delivered mainly to the Company's Achinsk and Angarsk refineries, which are located fairly close by.

Tomskneft produced 11.39 mln tonnes of oil and gas condensate and 1.72 bln cubic meters of gas at its fields in 2008, of which the Rosneft share was 5.69 mln tonnes and 0.86 bln cubic meters, respectively.

Timan-Pechora

The Company subsidiary RN-Severnaya neft is developing the Val Gamburtsev fields and the Bagan'skaya group of fields, which are part of the Timan-Pechora oil & gas province and are located in the Komi Republic and the Nenets Autonomous District. RN-Severnaya neft is the Company's fourth largest oil production unit. Production of oil and gas condensate by 'RN-Severnaya neft' in 2008 was 5.35 mln tonnes and gas output was 0.32 bln cubic meters.



Rosneft produces oil and gas on Sakhalin Island, and also on the adjacent ocean shelf. Oil and gas condensate production by Rosneft in the region during 2008 was 3.69 mln tonnes and gas production was 0.93 bln cubic meters.

LLC Polar Lights (Polyarnoye Siyaniye), a joint venture between Rosneft and ConocoPhillips, operates in the northern part of Timan-Pechora, where it develops five fields of the Ardalinskaya group: Ardalinskoye, East-Kolvinskoye, Oshkotynskoye, West-Oshkotynskoye, and Central-Khoreiverskoye. The latter field was discovered by the joint venture and its development began in 2008. Output by Polar Lights in 2008 was 1.06 mln tonnes of oil, of which the Rosneft share was 0.53 mln tonnes.

Oil produced by the Company in Timan-Pechora is mainly exported.

Far East

Rosneft produces oil and gas on Sakhalin Island, and also on the adjacent ocean shelf as part of the Sakhalin-1 project, in which the Company has a 20% share. Oil and gas condensate production by Rosneft in the region during 2008 was 3.69 mln tonnes and gas production was 0.93 bln cubic meters. Fall of output compared with 2007 was due to natural exhaustion of reserves on the Island of Sakhalin as well as lowering of production levels in the Sakhalin-1 project in accordance with the project implementation schedule.

Direct access to the Company's own refining capacities in Komsomolsk-on-Amur and proximity of the lucrative Asia-Pacific market ensure high economic efficiency of oil deliveries from Sakhalin. All of the oil produced on Sakhalin Island is used to load the Komsomolsk refinery. All of the oil from Sakhalin-1 is 100% exported.

Samara Region and the Republic of Udmurtia

The Company produced 9.61 mln tonnes of oil and gas condensate and 0.33 bln cubic meters of gas at fields in Samara region during 2008. Fields in the region have good development potential despite high levels of reserve exhaustion. Thanks to intensification of development and use of the latest technologies Rosneft achieved 2.3% increase of oil and gas condensate output in Samara region in 2008 compared with total production at Samaraneftgaz fields in 2007 (Samaraneftgaz was acquired by Rosneft in the first half of 2007). Proximity of fields to Russia's biggest

oil refining center (the Samara group of refineries, owned by Rosneft) ensures high economic efficiency of crude oil production. All of the oil produced at fields in Samara region in 2008 was supplied to the Samara group of refineries.

In the republic of Udmurtia the production company, OJSC Udmurtneft, is under joint management of Rosneft and the Chinese corporation, Sinopec. The share of Rosneft in Udmurtneft is 49.5%. Udmurtneft achieved 2.3% increase of oil production at its fields in 2008 compared with 2007 to a level of 6.29 mln tonnes thanks to application of the latest EOR methods. Rosneft's share of output is used to load the Samara refineries and is also delivered to export.

Southern Federal District

Rosneft develops more than 150 oil & gas fields in Russia's Southern federal district. Production capacities are located in Krasnodar region, the Chechen republic, Stavropol region and the republic of Dagestan. Fields of the Southern Federal District which is the oldest oil producing region in Russia enjoy proximity to major ports of the Black Sea.

Oil and gas condensate production by the Company in the Southern federal district was 4.41 mln tonnes in 2008 and gas production was 4.01 bln cubic meters. All of the produced oil was exported.

Eastern Siberia

Vankor Field

Full-scale development of Eastern Siberia is a highly important strategic objective for Rosneft. The Company made rapid progress in 2008 with construction of infrastructure and production drilling at the Vankor field, which is located in the north of Krasnoyarsk region and is one of the largest fields in this part of Russia.

Production drilling at the field totalled 142,000 meters in 2008 and 31 production wells were drilled. One production well was brought into operation to meet the needs of drilling brigades. Work continued on construction of a pipeline, which will link the field with Transneft's transportation system (408 km of a total 578 km had been built by the end of the year),

as well as on construction of oil treatment unit and oil pumping stations. Investments into the Vankor project amounted almost RUB 80 bln in 2008. The field will be one of the major sources of Rosneft's production growth in the mid-term.

Verkhnechonskoye Field

A range of preparatory works were carried out in 2008 at the Verkhnechonskoye field in Irkutsk Region in preparation for launch of full-scale field development and the start of commercial oil production. The field is being developed by Rosneft jointly with TNK-BP.

Most of the units and constructions needed for oil production, including an oil pipeline connection from the field to the ESPO pipeline, had been built and commissioned by September 2008. A total of 19 production wells were brought into operation during 2008, and there were 27 production wells in operation at the field by the end of the year.

Commercial production at the Verkhnechonskoye field began in October 2008. Oil from the field is transported via a section of the ESPO pipeline, which is operating in reverse direction, to Taishet. Production in 2008 was 0.16 mln tonnes, of which the Rosneft share was 39 th. tonnes or 25.94%. The Company delivered its share of oil from Verkhnechonskoye for processing at the Komsomolsk refinery.

Yurubcheno-Tokhomskoye Field

The Company has 7 license areas in the south-eastern part of Krasnoyarsk region, including the Yurubcheno-Tokhomskoye oil & gas field. Seasonal oil production was carried out at the field for provision of own needs and needs of nearby communities.

Due to its geological and structural complexity, the Yurubcheno-Tokhomskoye field will be developed in several stages. In the preparatory stage, which is scheduled through 2013, Rosneft plans to drill 28 production wells (including horizontal wells) in the western part of the field and to build necessary production infrastructure as well as a 600-km pipeline to Taishet (the starting point of the ESPO pipeline).

Work was carried out in 2008 to prepare documentation for planned transport infrastructure, which will

serve the first-stage area of the field, and also for construction of various ancillary infrastructure. Actual construction work is scheduled to begin in 2010.

Program for Associated Gas Utilization

Rosneft made progress in 2008 in its program for increasing rates of associated gas utilization. Work included launch and fine-tuning of the first gas compression station at the Priobskoye field in Khanty-Mansiysk Autonomous District. The station was brought into commercial use, enabling increase in the amount of associated gas, which was usefully employed, by 700 mln cubic meters per year.

The Rosneft subsidiary, Samaraneftgaz, brought several new installations into operation, increasing rates of associated gas utilization at the Pinenkovskoye, Sophinsko-Dzerzhinskoye, Gorbatovskoye and Yezhovskoye fields from 38% to 95%.

In September Rosneft and the World Bank signed an agreement on the purchase of Emission Reduction Units (ERUs) created by the implementation of the associated gas utilization program at the Komsomolskoye field in Yamal-Nenets Autonomous District. Another agreement, on the purchase from Rosneft of ERUs created thanks to the associated gas utilization program at the Kharampurskoye field in Western Siberia and Khasyreiskoye field in Timan-Pechora, was signed in December 2008 with Carbon Trade & Finance SICAR S.A. (a joint venture between Dresdner Bank and OJSC Gazprombank). These agreements should allow Rosneft to reimburse partially its investments in programs for more efficient use of associated gas at the above-mentioned fields.



Production drilling by Rosneft consolidated entities (excluding Sakhalin-1 project) was 2,158 th. meters in 2008.



2008

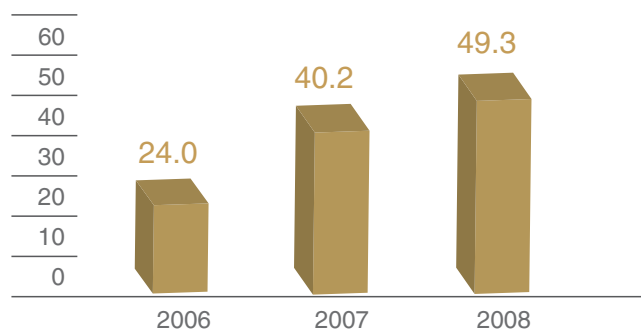


Angarsk refinery

Refining

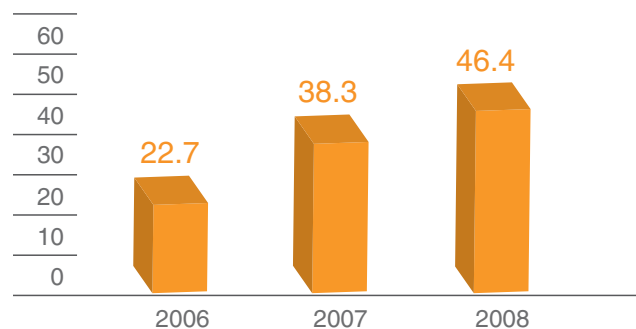
The Company's oil refining business had a record year in 2008, thanks to high levels of refining margin and efforts by Rosneft to optimize and improve efficiency in the segment.

Refinery throughput
(mln tonnes)



Excluding heavy fractions returned by mini-refineries to the Transneft system

Petroleum and petrochemical product output
(mln tonnes)



The Company has seven large oil refineries: Komsomolsk, Tuapse, Novokuibyshevsk, Syzran, Kuibyshev, Achinsk and Angarsk. Their total primary refining capacity is 53.9 mln tonnes of crude oil per year, representing 49% of Company production volumes in 2008. Rosneft also owns three mini-refineries (in Western Siberia, Timan-Pechora and the southern part of European Russia) as well as a 50% stake in the Strezhevskoy mini-refinery in Western Siberia. Total annual capacity of mini-refineries is 0.6 mln tonnes of crude oil.

Company refineries have favorable geographical locations and their production is sold both inside and outside Russia.

The Tuapse refinery, located on the Black Sea coast, is the best-placed of all Company refineries, since it enables Rosneft to make efficient export deliveries of petroleum products. The refinery is also one of the biggest suppliers of petroleum products to the rapidly growing market in Russia's Southern federal district.

The Samara group of refineries (Kuibyshev, Novokuibyshevsk and Syzran) delivers most of its output to regions in Central Russia. Also, buffer storage facilities for oil and petroleum products, and access to the network of petroleum product pipelines and loading terminals on the Volga River enable export deliveries

Rosneft Refineries



to the European market via all modes of transport: rail-road, pipeline and water.

Petroleum products from the Angarsk, Achinsk and Komsomolsk refineries are sold in Siberia and the Far East. The refineries play a highly important role in supplying energy needs of those regions. Part of their output is exported to Mongolia, China and other Asian markets.

The Angarsk polymer plant, which is also part of Rosneft's operating structure, specializes in production of various petrochemicals (ethylene, propylene, polyethylene, and pyrolysis tars). The plant's inputs are straight-run gasoline and hydrocarbon gases, mainly produced by the Angarsk refinery. Annual capacity of the main operating installation at the plant – a pyrolysis unit – is 300,000 tonnes of ethylene.

Rosneft actively develops its lubricants business. The lubricants are produced at Angarsk refinery, Novokuibyshevsk oils and additives plant, whose production cycle is associated with the Novokuibyshevsk refinery, as well as by a specialized subsidiary, Rosneft Nefteproduct Moscow, which produces a unique range lubricants. Rosneft also has a specialized scientific research institute focused on the lubricant segment.

Overall annual capacity of Rosneft lubricant plants is in excess of 600,000 tonnes of ready products, including 485,000 tonnes of lubricants (motor oils, industrial oils, base oils), 10,000 tonnes of motor oil additives and 115,000 tonnes of other products (paraffin, petrolatum, wax, extracts, etc.). Rosneft plants produce a range of more than 100 types of lubricants, providing for the needs of large industrial enterprises as well as motorists.

Rosneft also owns two gas-processing plants, Neftegorsky and Otradnensky, both located in Samara region, with combined annual capacity of 1.9 bln cubic meters of gas. The plants prepare, compress, and process associated gas extracted in Samara region. They produce dry stripped gas, which is fed into the Gazprom pipeline system, as well as light hydrocarbon fractions, ethane fraction and technical sulphur.

2008 Results

Company refineries, including mini-refineries, processed 49.3 mln tonnes of oil in 2008, representing 45% of total crude production by Rosneft. Refining volume increased by almost 23% compared with 2007 thanks to increase of refining at the Komsomolsk and Tuapse refineries, as well as acquisition in 2007 of five large refineries. Utilization of refining capacities exceeded 90%, refining depth rose from 65.5% in 2007 to 66.8% in 2008, and light product yield rose to 57.7% from 56.7% in the previous year. Overall output of petroleum products rose to 46.4 mln tonnes (including outputs at the Angarsk polymer plant and the Novokuibyshevsk lubricants and additives plant). A favorable macroeconomic environment for oil refining through most of the year, efficient control over costs and improvement of output structure enabled the refining sector to make a record contribution to Rosneft's consolidated financial results in 2008.

Following successful integration of refining capacities acquired in 2007, Rosneft stepped up work on refinery modernization and efficiency improvement. Many projects in this sphere are focused on compliance with new Russian technical regulations, defining main standards for petroleum products. The regulations were introduced at the start of 2008 and fix precise deadlines for changeover to Euro-3, Euro-4 and Euro-5 standards for motor fuels. Design of respective programs for modernization of Rosneft refineries was completed in 2008 and implementation was begun. The programs are for reconstruction of main existing processing units and construction of new units. Plans include reconstruction and installation of: reforming, isomerisation and alkylation units for production of high-octane gasoline components; catalytic cracking units for production of high-octane gasoline components and deeper oil refining; hydrocracking units for production of high-quality components of gasoline,

diesel fuel and jet fuel, as well as for deeper oil refining; and hydrotreatment units in order to meet requirements of the new technical regulations for sulphur content in products.

As part of a cost-cutting program, measures were taken at all Company refineries in 2008 to reduce expenditure of fuel and electricity and also to reduce irrecoverable processing losses.

Work also continued in 2008 on two of the Company's strategic projects: expansion of capacities at the Tuapse refinery and construction of the Primorsk refinery at the end point of the Eastern Siberia-Pacific Ocean pipeline.

The financing of the capital expenditures of Rosneft's refineries in 2008 totaled RUB 15.5 bln. Abrupt worsening of the macroeconomic environment at the end of the year caused Rosneft to revise its refinery development plans, postponing completion of several less important projects for several years.

Komsomolsk Refinery (part of Rosneft since the Company's foundation)

The Komsomolsk refinery processed 7.29 mln tonnes of crude oil in 2008, which is 3.8% more than in the previous year. Capacities were fully loaded. Output of petroleum products rose to 7.11 mln tonnes in 2008.

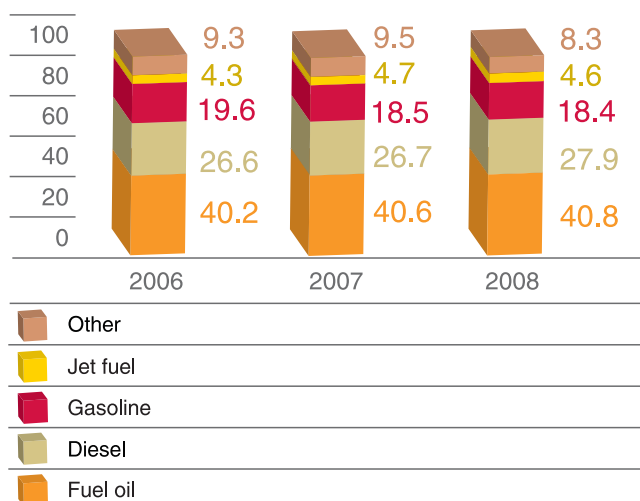
Measures were taken at Komsomolsk in 2008 to reduce irrecoverable processing losses and fuel consumption. As a result, fuel consumption declined from 3.1% of total refining volumes in 2007 to 2.9% in 2008 and irrecoverable losses were cut from 0.63% to 0.59%.

Work continued on construction of a delayed coking facility, whose launch in 2010 will increase refining depth to 75%, compared with 59.4% in 2008. Design work was also carried out for new hydrocracking facilities, which will raise refining depth to 95% and enable the refinery to make petroleum products, which meet Euro-4 and Euro-5 standards. Inputs for the new facilities will be created by reconstruction of existing primary refining units at Komsomolsk, increasing their annual capacity to 8 mln tonnes and raising overall refining efficiency.

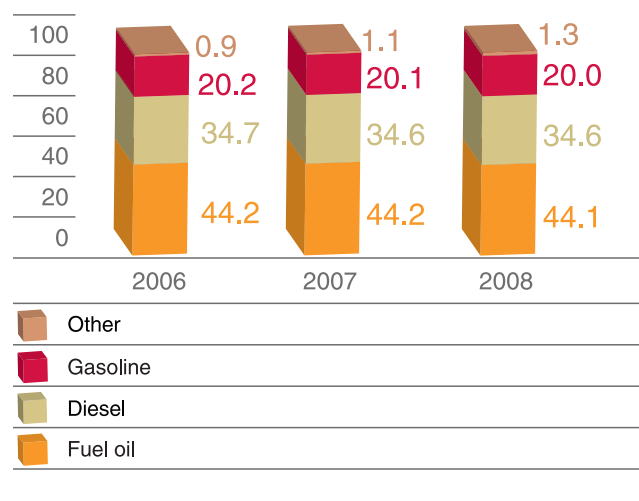


The Komsomolsk refinery processed 7.29 mln tonnes of crude oil in 2008, which is 3.8% more than in the previous year. Work continued on the construction of a delayed coking facility and on the design for new hydrocracking facility.

Structure of petroleum product output at Komsomolsk refinery (%)



Structure of petroleum product output at Tuapse refinery (%)



The Company began upgrading work on the catalytic reforming unit at Komsomolsk in response to approval of the new Russian technical regulations on fuel quality. The upgrade will enable production of automotive gasoline to Euro-4 standards.

Total investments in the refinery amounted to RUB 2.7 bln in 2008, including RUB 2.4 bln spent on the modernization and expansion of capacities.

Tuapse Refinery (part of Rosneft since the Company's foundation)

Crude inputs at the Tuapse refinery were 5.23 mln tonnes in 2008, which is equal to the level in 2007. Refining capacities were fully loaded and output of petroleum products was 5.11 mln tonnes. Refining depth in 2008 was 56.1%, unchanged from 2007.

Rapid progress was made in the project for expansion of refinery capacities. The plan is to increase annual throughput volumes at Tuapse to 12 mln tonnes and raise refining depth to 95%. Automotive gasoline from Tuapse will meet Euro-4 standards. Work continued in 2008 on development of basic projects for construction of units for hydrocracking of vacuum gasoil mixed with heavy coking gasoil, hydrotreatment of diesel fuel, hydrogen production, isomerization and hy-

drotreatment of naphtha, catalytic reforming, delayed coking and sulphur production.

Basic projects for the construction of the first-stage facilities (desalination and distillation unit with an atmospheric and vacuum section, as well as a section for hydrotreatment of naphtha) were completed. Work began on preparation of the territory on gas-flaring facilities and water supply, and storage units for liquefied hydrocarbon gases were built.

Total investments in the refinery amounted to RUB 4.1 bln in 2008, including RUB 4.0 bln spent on the expansion of capacities.

Novokuibyshevsk Refinery (part of Rosneft since May 2007)

The Novokuibyshevsk refinery processed 7.37 mln tonnes of crude oil in 2008, unchanged from 2007. But refining of Rosneft crude oil at the refinery rose by 19.0%, since the refinery was only acquired by the Company in the first half of 2007. Production of marketable petroleum products (including production of Novokuibyshevsk oils and additives plant) was 6.91 mln tonnes and refining depth was 77.0%.

Measures were implemented at the refinery in 2008 for reduction of irrecoverable processing losses and

Performance Review

fuel consumption, thanks to which processing losses were reduced to 1.3% of total refining volumes (from 1.5% in 2007) and fuel consumption declined from 8.1% to 7.9%

In compliance with the new Russian fuel regulations, modules for immixture of additives to fuel and a hydrogen concentrator were installed at the refinery during 2008. This will enable significant increase in output of diesel fuel complying with modern environmental requirements from 2009.

A review of configuration of the Novokuibyshevsk refinery was carried out to take account of the new Russian technical regulations for fuel quality, and a schedule was fixed for upgrading of existing production and installation of new facilities. New catalytic reforming complex is to be built at the refinery, the existing isomerization unit will be rebuilt and a second set of isomerization facilities will be added. This will enable full changeover to production of automotive gasolines, which meet Euro-3 and Euro-4 standards. A hydrocracking facility will also be built and the delayed coking unit is to be rebuilt which will increase refining depth and allow production of Euro-4 and Euro-5 diesel. After the modernization works have been completed, outdated and depreciated catalytic cracking and reforming units will be decommissioned.

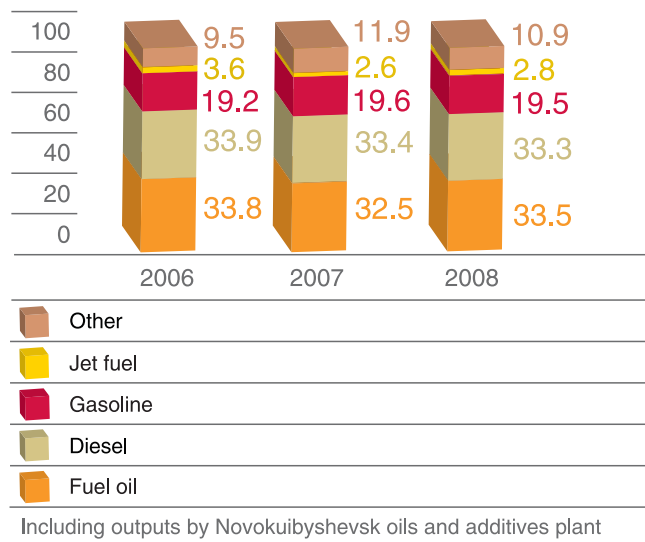
Total investments in the refinery amounted to RUB 1.4 bln in 2008, including RUB 0.5 bln spent on the modernization and expansion of capacities.

Kuibyshev Refinery (part of Rosneft since May 2007)

The Kuibyshev refinery processed 6.43 mln tonnes of crude oil in 2008, which is equal to refining volumes in 2007. However, refining of Rosneft oil increased by 21.7%, since the refinery was only acquired by the Company in the first half of 2007. Refining capacities at Kuibyshev were almost 100% loaded in 2008. The refinery produced 5.95 mln tonnes of saleable petroleum products and refining depth was 59.8%.

Preparatory work has already been carried out at Kuibyshev, as a result of which the refinery will be the first of the Samara group of refineries to complete its modernization program, switching to production of motor fuels that meet Euro-3 and Euro-4 standards

Structure of petroleum product output at Samara group of refineries (%)



in the shortest possible time frame. Construction of new fluid catalytic cracking (FCC) facilities began in 2008. All necessary documentation was prepared, main equipment items were selected and ordered, and various general facilities were built. Work began in parallel on the new isomerization unit. Work on two other projects neared completion: construction of a hydrogen production unit with a short-cycle absorption block, and changeover of the refinery's power generating capacities to natural gas feedstock (in order to reduce operating costs and increase refining efficiency). All upgrading projects at the Kuibyshev refinery are intended to ensure compliance with the new Russian technical regulations on fuel quality.

Total investments in the refinery amounted to RUB 1.2 bln in 2008, including RUB 0.8 bln spent on the modernization and expansion of capacities.

Syzran Refinery (part of Rosneft since May 2007)

Production capacities at the Syzran refinery were fully loaded during 2008. The refinery processed 6.49 mln tonnes of crude oil and produced 6.05 mln tonnes of saleable products. Refining of Rosneft oil increased by 25.2%, since the refinery was only acquired by the Company in the first half of 2007. Refining depth was 66.7%.



The Novokuibyshevsk refinery processed 7.37 mln tonnes of crude oil in 2008, unchanged from 2007. Measures were implemented at the refinery in 2008 for reduction of irrecoverable processing losses and fuel consumption.



Performance Review

Fuel economy initiatives led to reduction of irrecoverable processing losses from 1.42% in 2007 to 1.15% in 2008, and reduction of fuel consumption from 6.84% to 6.50% of total refining volumes.

Work began in 2008 on a project for construction of an isomerization unit: all necessary documentation was prepared and approved, and main equipment was ordered. Work neared completion on a hydrogen production unit, equipped with a hydrogen concentration block and a boosting station for gas containing hydrogen. Construction of a unit for production of sulphuric acid through wet catalysis also approached completion (commissioning of the unit will reduce environmental impact of the refinery).

Schedules for construction of an FCC and a new unit for hydrotreatment of diesel fuel were reviewed following approval of the new technical regulations on fuel quality by the Russian government. Existing reforming units will also need to be upgraded in order to comply with the regulations. After realisation of these plans the Syzran refinery will be able to produce high-quality fuels that meet Euro-4 requirements.

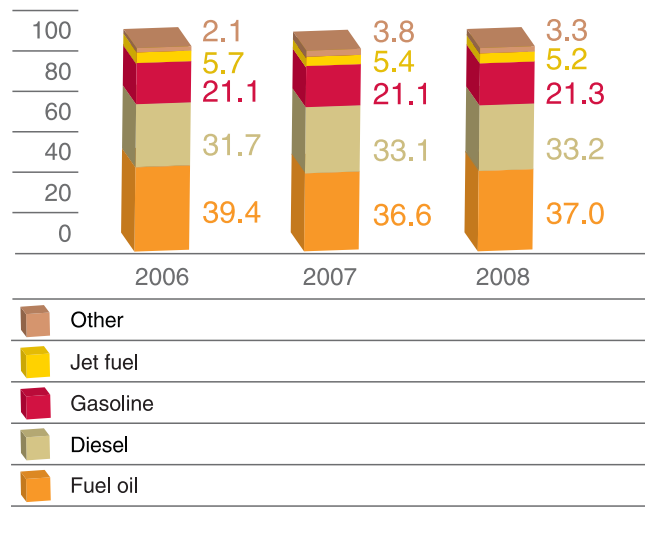
Total investments in the refinery amounted to RUB 1.4 bln in 2008, including RUB 0.6 bln spent on the modernization and expansion of capacities.

Achinsk Refinery (part of Rosneft since May 2007)

The Achinsk refinery processed 6.78 mln tonnes of crude oil in 2008, which is 5.7% more than in 2007. Volumes of Rosneft crude processed at the refinery grew by 44.4%, since the Achinsk refinery was only acquired by the Company in the first half of 2007. Saleable product output was 6.49 mln tonnes and refining depth was 62.8%. Capacities at Achinsk were fully loaded in 2008.

Commissioning of an isomerization unit in December 2007 made Achinsk the first Rosneft refinery to start commercial production of automotive gasoline to Euro-3 and Euro-4 standards (264,000 tonnes were produced in the course of 2008). Commissioning at the end of 2008 of a unit for utilization of hydrogen sulphide and production of granulated sulphur will help to reduce the refinery's environmental impacts. Also, various measures were put in place, which will

Structure of petroleum product output at Achinsk refinery (%)



enable the refinery to operate for two years at a time without maintenance work. The effect from one extra month of operation will be obtained as early as 2009.

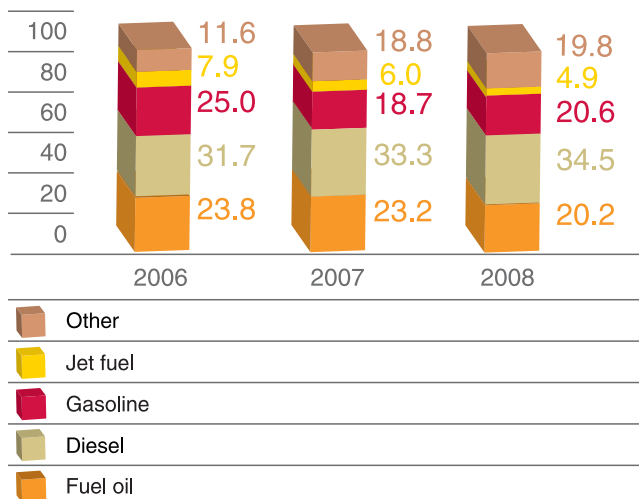
A project of refinery development has been prepared, targeting greater refining depth and compliance with requirements of new Russian technical regulations on fuel quality. The plan envisages increase of crude refining volumes to 8 mln tonnes and raising of refining depth to 96%. Delayed coking units will be installed, as well as units for reforming, hydrocracking, hydrotreatment of diesel fuel, and a second stage of the isomerization unit will be completed. Design and other preparatory work began in 2008.

Total investments in the refinery amounted to RUB 1.1 bln in 2008, including RUB 0.3 bln spent on the modernization and expansion of capacities.

Angarsk Petrochemical Company (part of Rosneft since May 2007)

Angarsk refinery processed 9.53 mln tonnes of oil in 2008, which is 3% more than in 2007. The amount of Rosneft oil refined at Angarsk increased by 51.4%, which is due to the refinery having been acquired by Rosneft in the first half of 2007. Total 8.67 mln tonnes

Structure of petroleum product output at Angarsk refinery (%)



Including outputs by Angarsk Polymer Plant in 2007 and 2008

of saleable products were produced during the year (including production of the Angarsk polymer plant) and refining depth was 78.1%.

Work to minimize irrecoverable processing losses and fuel consumption gave reductions of the former from 1.37% in 2007 to 1.21% in 2008, and reduced the latter from 7.23% to 7.12% as a share of total refining volumes.

A modernization program was devised for the Angarsk refinery in 2008 in order to comply with the new Russian technical regulations on fuel quality. Scheduled commissioning of isomerization unit, which is currently under construction, was brought forward and projects were initiated to build units for alkylation and hydrotreatment of diesel fuel. Construction of an aggregate for immixture of additives approached completion in 2008 as did reconstruction of a sulphuric acid production unit and a unit for production of hydrogen.

Equipment to be installed at the refinery also includes units for hydrotreatment and for etherification of catalytic cracking gasoline, as well as a unit for production of methyltertbutyl ether (MTBE). Implementation of these projects will enable production of high-quality fuels meeting Euro-4 requirements.



Commissioning of an isomerization unit in December 2007 made Achinsk the first Rosneft refinery to start commercial production of automotive gasoline to Euro-3 and Euro-4 standards.



Total investments in the Angarsk refinery amounted to RUB 1.9 bln in 2008, including RUB 0.9 bln spent on the modernization and expansion of capacities.

Performance Review

Total investments in the refinery amounted to RUB 1.9 bln in 2008, including RUB 0.9 bln spent on the modernization and expansion of capacities.

Angarsk Polymer Plant (part of Rosneft since May 2007)

The Angarsk polymer plant processed 644,000 tonnes of inputs and produced 401,000 tonnes of saleable products in 2008. Main outputs were ethylene (114,000 tonnes), propylene (62,000 tonnes), high-pressure polyethylene (58,000 tonnes), styrol (19,000 tonnes) and benzol (31,000 tonnes).

A modernization program for the plant was designed in 2008 with assistance from the leading petrochemicals consulting company, Nexant. The program includes increasing capacity of current ethylene-propylene units, installation of new units for production of polypropylene, low-density linear polyethylene and high-density polyethylene, as well as construction of facilities allowing the intake of light hydrocarbon fractions, which will help to reduce feedstock costs.

Primorsk Refinery

The project for construction of the Primorsk refinery has strategic importance, both for Rosneft and Primorsky region (the region on Russia's Pacific coast, where the refinery is to be located).

The Primorsk refinery with a petrochemical section and with total annual refining capacity of 20 mln tonnes of crude oil is to be built at the end point of the Eastern Siberia – Pacific Ocean pipeline. Refining depth will be at least 95%. Priority will be given to production of those refining and petrochemical products, which enjoy greatest demand (diesel fuel, jet fuel, polypropylene, paraxylene). Main markets for outputs will be countries in the Asia-Pacific region, which can be easily reached thanks to proximity of the refinery to export ports and main sea transport routes.

The refinery will be built to a 'clean production concept' (hermetic storage and delivery systems, a smoke- and noise-free flare system, hermetic sealing of purification equipment, a closed system for water use, and an automated system for production control and eco-monitoring), which will minimize environmental impact of the refinery.

'OJSC RN-Primorsk Refinery' was created as a subsidiary of Rosneft in October 2008 and first investments in the project were carried out by the end of the year. Construction of the refinery will be in two stages over a period of 4-6 years.

Production of Lubricants

The Company's lubricant plants produced 580,000 tonnes of lubricants, additives and other related products during 2008. Output of saleable lubricants was 485,000 tonnes, which is 5% more than in 2007. The share of motor oils in total output rose significantly. Rapid growth in this business segment made Rosneft the second-largest producer of lubricants in Russia in 2008.

Lubricants produced by the Angarsk refinery won a prize in 2008 in the competition '100 best Russian goods' and the Novokuibyshevsk oils and additives plant took first place in the 'Small and Medium-sized Enterprise' category of the annual 'EcoLeader' competition, thanks in large part to the plant's ecology management system, which is compliant with ISO 14001:2004.

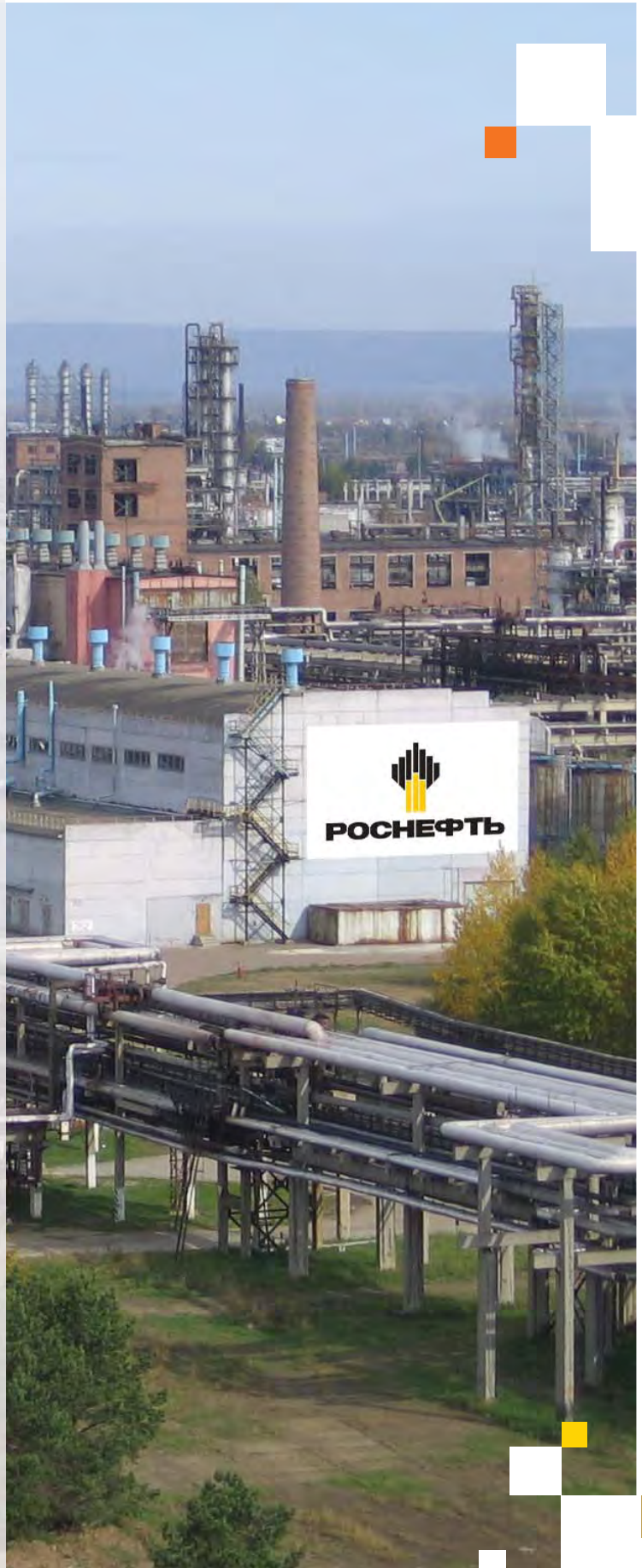
Gas Processing

The Company's Neftegorsky and Otradnensky gas-processing plants processed 311 and 306 mln cubic meters of gas, respectively, in 2008. The plants produced 295 mln cubic meters of dry stripped gas, 356,000 tonnes of light hydrocarbon fractions, 88,000 tonnes of ethane fraction and 3,000 tonnes of sulphur.

Commissioning of a block-modular boiler house at the Otradnensky processing plant in December 2008 helped to reduce production costs. The main priority of the investment program for Rosneft gas-processing plants is to maintain current capacities and ensure operating safety. Total investments within this program amounted to RUB 133 mln in 2008.



Lubricants produced by the Angarsk refinery won a prize in 2008 in the competition '100 best Russian goods' and the Novokuibyshevsk oils and additives plant took first place in the 'Small and Medium-sized Enterprise' category of the annual 'EcoLeader' competition.





Архангелскнефтепродукт

Marketing

Rosneft's focus in the sale of crude oil and petroleum products is to maximize the profitability of deliveries by increasing the share of sales to end-users. The Company is therefore working consistently to optimize logistics, as well as to broaden and raise the efficiency of its marketing network.

Rosneft maintains constant monitoring of domestic and international markets for oil and petroleum products, ensuring flexible reaction to changes in demand and price environment. The Company has its own transshipment terminals, which help to raise export margins, and ownership of extensive petroleum product sales infrastructure including own service station network enables Rosneft to sell large amounts of its output via retail and small wholesale channels.

Crude Oil Sales

Rosneft sells the crude oil, which it produces, in Russia, CIS countries and on the international market, as well as supplying its own refineries. Crude oil supplies to the refineries were most profitable during 2008 compared with alternative uses. Rosneft delivered 49.3 mln tonnes to its refineries, which represents an almost 23% increase year-on-year. To optimize transportation expenses of crude deliveries to refineries Rosneft has used swap-agreements with other Russian oil producers. Transportation savings as a result of swap operations were RUB 865 mln in 2008. Rosneft sold a total of 3.4 mln tonnes of crude oil on the domestic market in 2008 (excluding volumes sold to counterparties under swap agreements).

Rosneft exported 58.9 mln tonnes of oil and gas condensate in 2008, including oil bought from third parties. Export volumes were 7% lower compared with 2007, reflecting increase in refinery throughput at the Company's own refineries.

The Company exported 30.3 mln tonnes of oil to Western and Central Europe and 12.1 mln tonnes to the Mediterranean in 2008. Export to CIS countries totaled 5.7 mln tonnes, or 10% of total oil export. Deliveries to Asia-Pacific countries were 10.8 mln tonnes of oil.

China was the biggest importer of Company oil in 2008, buying 8.9 million tonnes (equal to the figure in 2007). China accounted for 15.1% of total oil and gas condensate exports by Rosneft in 2008.

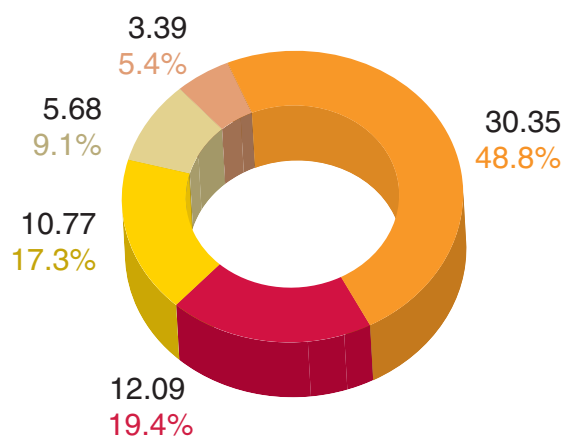
The largest share of export deliveries by Rosneft are via transport capacities of Transneft, including export pipelines and ports such as Primorsk and Novorossiysk. But Rosneft also has its own crude oil export capacities. A part of Company oil produced at fields in Timan-Pechora is delivered to export via the Company's transshipment complex at Arkhangelsk, and oil produced in the Sakhalin-1 project is exported via the port of De-Kastri in the Far East.

Export deliveries of oil and gas condensate in 2008 used the following transport routes:

- sea terminals (38.8 mln tonnes or 65.9% of total volumes were delivered via sea terminals at Primorsk, Novorossiysk, the Belokamenka floating storage unit, De-Kastri and Yuzhny);
- railroad to China (8.9 mln tonnes or 15.1%, including combined pipeline-and-rail routes);

Performance Review

Crude oil sales
(mln tonnes; %)



- Western and Central Europe
- Mediterranean
- Asia-Pacific
- CIS countries
- Domestic market

- pipelines across Belarus, Poland and Kazakhstan (11.2 mln tonnes or 19.0% of total export deliveries).

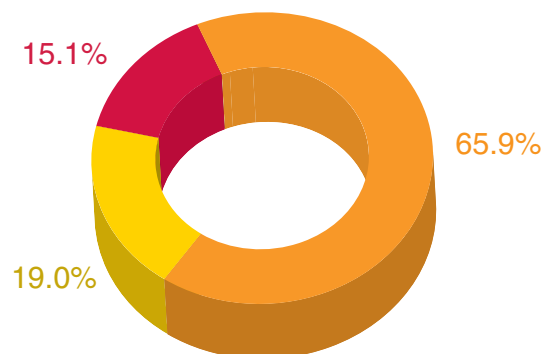
De-Kastri

De-Kastri is one of the biggest ports in the Far East and provides efficient export deliveries of crude oil to the attractive Asian market. The export terminal belongs to the Sakhalin-1 project consortium, which includes Rosneft with a 20% stake. Annual capacity of the terminal is about 12 mln tonnes. A total of 1.9 mln tonnes of Company oil was despatched through De-Kastri in 2008. Capacities of the terminal are to be expanded as production volumes in the region increase.

Arkhangelsk and Belokamenka

The Arkhangelsk oil loading terminal and Belokamenka floating storage unit, located in the Russian North West, belong to Rosneft and are used to export a part of the oil, which the Company produces in Timan-Pechora. Oil from Company fields is transported through Transneft pipelines to the Privodino loading facility, where it is transferred to rail tank cars, carried to the Arkhangelsk oil loading terminal and then by

Crude oil exports by type of transport
(%)



- sea terminals
- pipelines
- railroad

shuttle tankers to the Belokamenka floating storage unit, located in a gulf of the ice-free Kola Bay. The oil is exported from the reservoirs at Belokamenka to Europe and the US. This arrangement enables the Company to overcome the problem of pipeline capacity shortages in the North West of Russia.

Annual transshipment capacity at Belokamenka is 12 mln tonnes. Rosneft exported 1.5 mln tonnes of oil through the Arkhangelsk-Belokamenka system during 2008. The system was also used for the transshipment of 2.0 mln tonnes of third-parties crude oil.

Caspian Pipeline Consortium

The Caspian Pipeline Consortium (CPC) was created in 1992 in order to build a pipeline across Russian territory for export of Kazakh oil. The CPC pipeline links the Tengiz oil field in Western Kazakhstan with the port of Novorossiysk, and is 1,510 km in length.

Rosneft participates in the CPC project via the joint venture, Rosneft Shell Caspian Ventures Ltd, which has 7.5% share in the project. Rosneft owns a 51%



De-Kastri is one of the biggest ports in the Far East and provides efficient export deliveries of crude oil to the attractive Asian market.





Rosneft has been delivering oil and gas condensate via the CPC since December 2004. In 2008 the Company delivered 5.3 mln tonnes of oil and 0.2 mln tonnes of gas condensate through the pipeline.



The Nakhodka terminal in Primorsk Region is one of the biggest ports for hydrocarbon export in the Russian Far East.

stake in the joint venture and the other 49% belongs to Shell.

Rosneft has been delivering oil and gas condensate via the CPC since December 2004. In 2008 the Company delivered 5.3 mln tonnes of oil and 0.2 mln tonnes of gas condensate through the pipeline.

Petroleum Product Sales

Rosneft owns developed infrastructure for sale of petroleum products on the domestic and international markets. In 2008 the Company sold 46.4 mln tonnes of petroleum products, which is 22% more than in the previous year. Growth of sales volumes was due to increase in refinery throughput.

Export Sales of Petroleum Products

Rosneft exported 26.4 mln tonnes of petroleum products in 2008 (including products procured from other producers and bunker operations), representing 56% of total product sales. The Company delivered 25.8 mln tonnes of products (98% of overall export) to the 'far abroad' (non-CIS countries) and 0.6 mln tonnes to CIS countries. Diesel fuel was 35.1% of product exports, 50.2% were fuel oil, 11.3% consisted of naphtha.

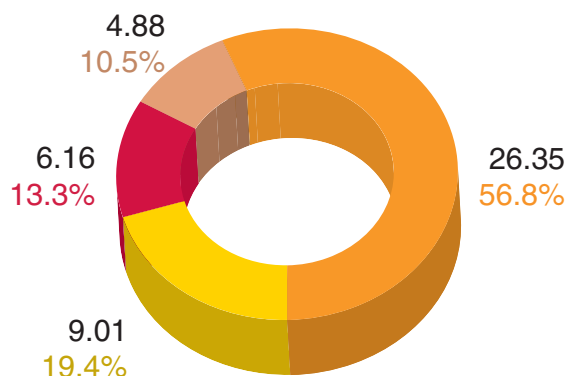
Railroad transport was used for the largest part of product exports (16.6 mln tonnes or 63% of the total). Pipelines and combined (rail and pipeline) transport was used to export 2.3 mln tonnes, 2.8 mln tonnes were exported via river transport (in the ice-free season). Exports by sea, from the Tuapse refinery, totaled 4.7 mln tonnes.

Rosneft has a number of clear advantages compared with other Russian oil companies in export of petroleum products. Two of the Company's refineries are located directly adjacent to export markets: the Tuapse refinery on the Black Sea coast and the Komsomolsk refinery in the Far East. Rosneft also has its own transshipment capacities at Tuapse and Nakhodka, located not far from Company refineries, which significantly improve efficiency of export deliveries.

Nakhodka Terminal

The Nakhodka terminal in Primorsk Region is one of the biggest ports for hydrocarbon export in the

Petroleum product sales
(mln tonnes; %)



- exports
- large wholesale on the domestic market
- small wholesale on the domestic market
- retail sales on the domestic market

Russian Far East. The port is owned by the Rosneft marketing subsidiary, Nakhodkanefteproduct, and is used mainly for export of petroleum products from the Company's refinery at Komsomolsk. Annual transshipment capacity of the terminal is 7 mln tonnes of petroleum products.

Deliveries of Company products through the Nakhodka terminal in 2008, including bunkering for export and the domestic market, were 4.9 mln tonnes.

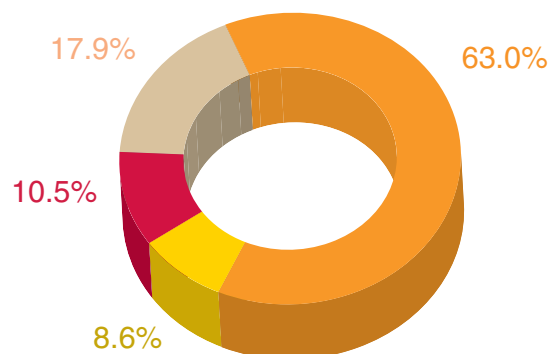
Tuapse Terminal

The Tuapse terminal is located on the Black Sea coast immediately adjacent to the Tuapse refinery. The terminal is owned by the Rosneft marketing subsidiary, Tuapsenefteproduct, and is used for export of products from the Tuapse refinery and the Samara group of refineries. Use of the terminal enhances efficiency of Rosneft product sales. The Tuapse terminal can handle 10.2 mln tonnes of petroleum products each year.

Rosneft deliveries via the Tuapse terminal in 2008 were 7.7 mln tonnes (including export and domestic sales of bunker fuel).

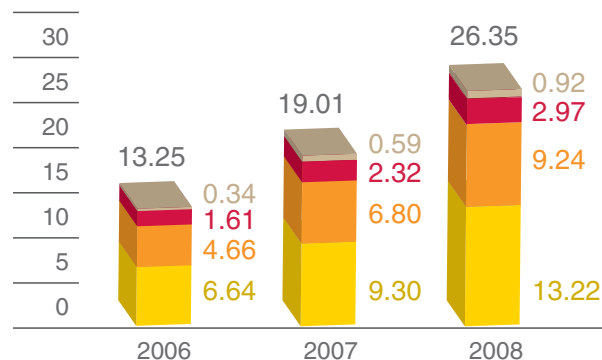
Rosneft continued implementation of its program for expansion and modernization of the terminal in 2008,

Petroleum product exports by type of transport
(%)



- by railroad
- by pipelines and combined transportation schemes
- by water
- by sea from the Tuapse refinery

Petroleum product exports
(mln tonnes)

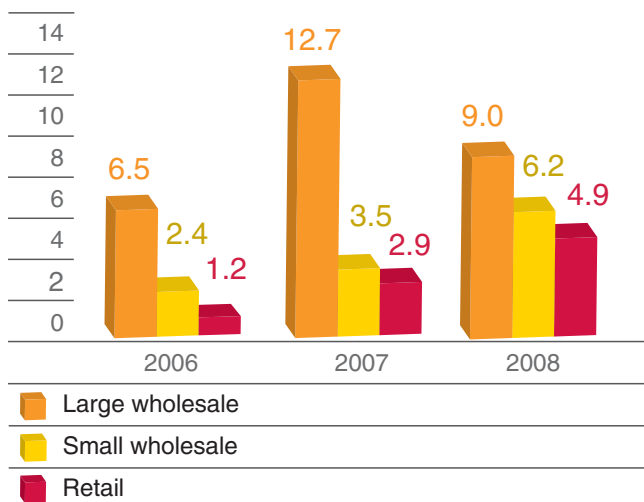


- Other
- Straight-run gasoline
- Diesel
- Fuel oil

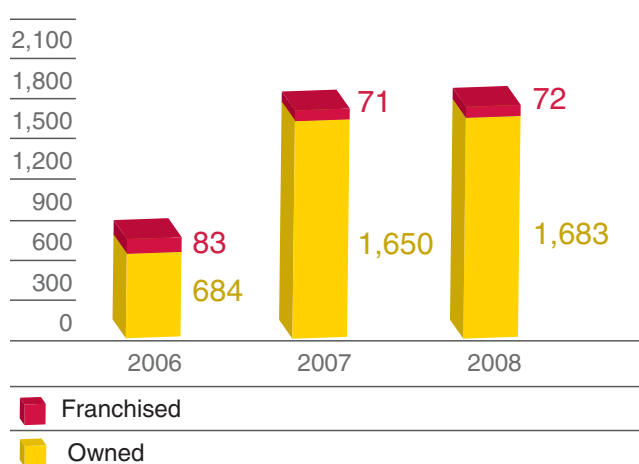
in accordance with the Company's development strategy. Annual capacity of the terminal is planned to grow to 17 mln tonnes. This will ensure smooth handling of export flows from the Tuapse refinery, whose capacity will increase significantly as a result of current upgrading work.

Performance Review

Domestic sales of petroleum products
(mln tonnes)



Operating service stations
(units, end of period)



Domestic Sale of Petroleum Products

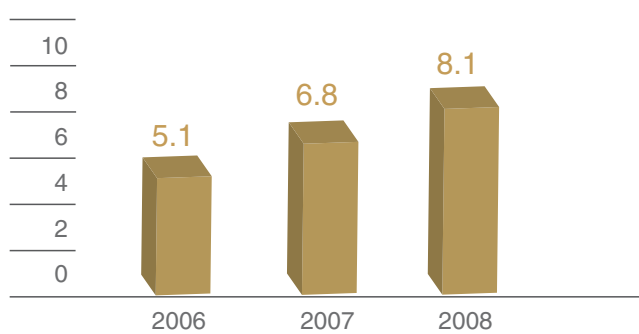
Rosneft has extensive and well-developed infrastructure for sale of petroleum products on the domestic market. The Company owns a chain of marketing companies, engaged in wholesale and retail sale of petroleum products, their storage, transport and transshipment.

Rosneft sold 20.1 mln tonnes of petroleum products on the domestic market in 2008, representing an increase of 5% compared with 2007. Shares of various products in domestic sales were as follows: gasoline 29.7%, diesel 35.7%, fuel oil 11.4%, jet fuel 7.1%.

Total 15.2 mln tonnes of petroleum products were sold on the domestic market via wholesale. Wholesale deliveries were mainly to independent traders and large end-users (including budget-funded organizations like the Russian Ministry of Defense). Wholesale supplies consisted mainly of fuel oil, diesel and jet fuel. Rosneft started electronic sales of its petroleum products in August 2008 through the Russian Inter-regional Oil & Gas Trading Floor. Total 207,000 tonnes of Company products were sold through the Trading Floor in 2008.

The share of small wholesale grew considerably in the total sales volumes compared with 2007. The Company sold 6.2 mln tonnes of petroleum products via small wholesale, representing a 77% increase year-on-year.

Average daily sales of petroleum products through a service station (tonnes per day)



Rosneft operates a service station network in Russia that covers 38 regions, from Murmansk in the North to the North Caucasus in the South, and from Bryansk in the West to Sakhalin Island in the East. The Company sells motor gasoline, diesel and lubricants through its retail network.

As of 31 December, 2008, Rosneft marketing subsidiaries owned 151 operating tank farms with total capacity of 3.0 mln cubic meters. The Company's network of operating service stations consisted of 1,683 stations in ownership or leased, and 72 stations operating under the Rosneft brand on the basis of franchising agreements. Owned and leased



A total of 4.9 mln tonnes of petroleum products were sold via the network in 2008, which is 1.7 times more than in 2007. Rosneft continued intensive work on optimization of its retail business, withdrawing inefficient stations and tank farms, acquiring and building highly efficient stations, and carrying out upgrades and rebranding of existing outlets.



Performance Review

service stations had 116 car washes, 739 shops and 71 cafes. There were small-scale vehicle repair and servicing facilities at 113 of the service stations.

Sales through the Company service station network continued to grow in 2008. A total of 4.9 mln tonnes of petroleum products were sold via the network, which is 1.7 times more than in 2007. Rosneft continued intensive work on optimization of its retail business, withdrawing inefficient stations and tank farms, acquiring and building highly efficient stations, and carrying out upgrades and rebranding of existing outlets. The Company sold or closed 26 service stations in the course of the year, while 18 stations were built, 13 acquired and 47 stations were rebuilt. Rebranding of Company service stations approached completion in 2008, when design of 548 stations was altered to match the Rosneft new corporate standard.

Work on optimization of the marketing network enabled Rosneft to raise average daily sales per service station to 8.1 tonnes in 2008 compared with 6.8 tonnes in 2007.

In the future Rosneft plans further expansion of its service station network in regions adjacent to Company refineries, particularly in Siberia and the Far East, as well as on promising markets in Moscow, St. Petersburg and the Southern federal district.

Bunkering

Rosneft began development of bunkering business at the end of 2007. Company activities in this segment are through the subsidiaries, RN-Bunker and Rosneft Marine, and include all main Russian bunkering regions as well as several areas outside Russia (the Baltic, Mediterranean, Far East, Pacific and Atlantic Oceans). The company has the use of 12 terminals for receipt and issue of oil products and 36 bunker-fuel tankers (some of them in ownership).

Rosneft sold 852,000 tonnes of bunker fuel in 2008. Fuel quality is in compliance with ISO 8217:2005.

The Company achieved a breakthrough in this business during 2008 when it entered the river bunkering market at ports in the Volga-Don basin (Syzran, Nizhny Novgorod, Yaroslavl, Naberezhniye Chelny, Rostov-on-Don, Astrakhan and Azov). Rosneft accounted for 20% of all deliveries in this region during its first year

of operations. Since June 2008 the Company has also been supplying bunker fuel under a state contract for vessels of the Russian Fleet via the Tuapse terminal.

Rosneft's strategy is for steady expansion of Company presence on the domestic bunker fuel market for river and sea transport, as well as on the international market. The Company is also moving quickly to set up its own tanker fleet as part of its bunkering business development.

Lubricant Sales

Rosneft sold 578,000 tonnes of lubricants produced by its lubricant plants in 2008, including 360,000 tonnes on the domestic market.

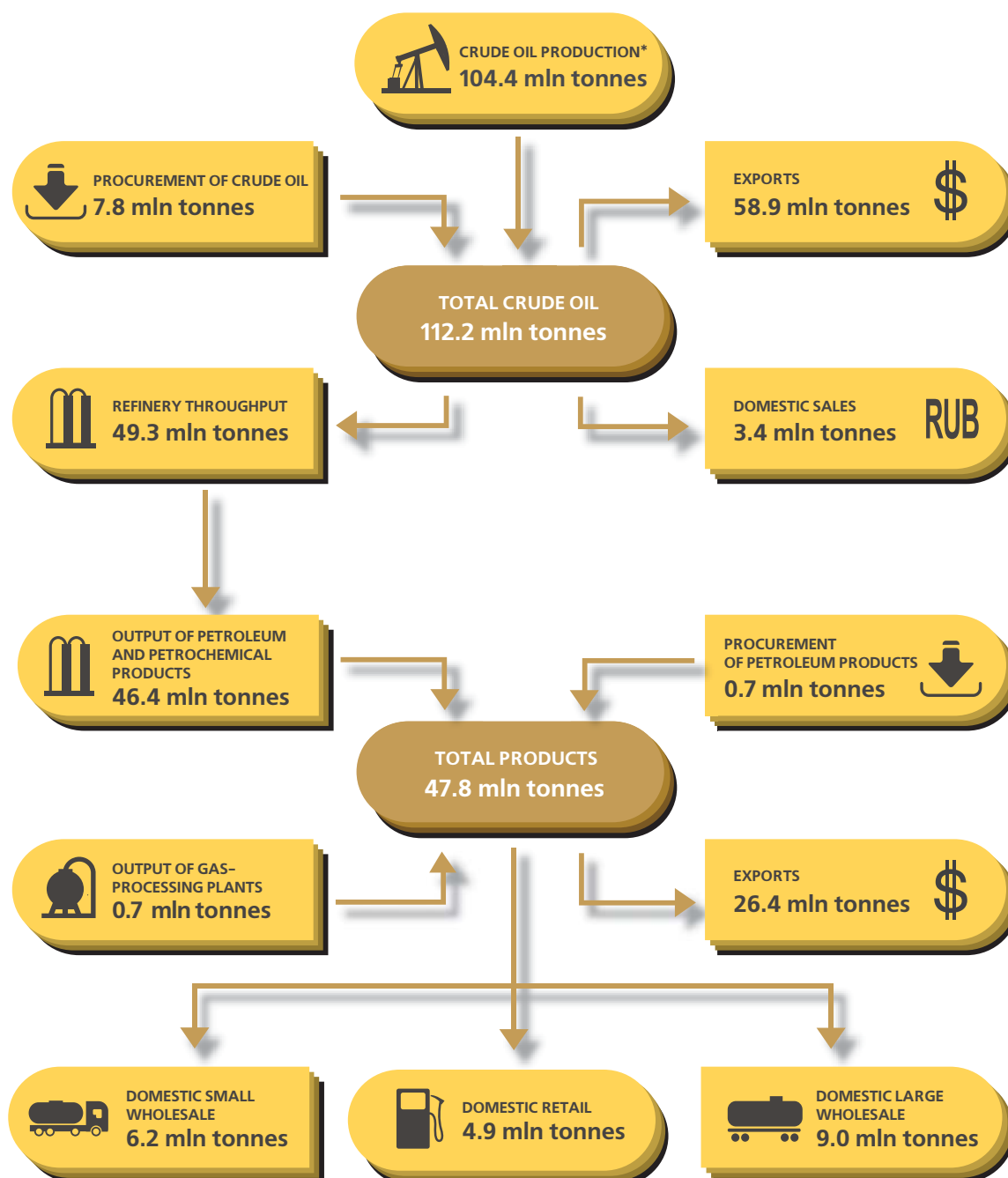
The main breakthrough in this business during 2008 was large increase of Rosneft lubricant sales to Russian Railways, which now meets about 45% of its lubricant needs using Rosneft products. The Company also began retail sale of its own motor oil brands.

Company specialists developed an extensive range of pre-packed automotive lubricants in 2008 under the Rosneft brand. Performance qualities of the branded lubricants meet the most rigorous Russian and international standards. Distribution centers, based on eight petroleum product enterprises, were set up in all Russian regions during 2008 to organize retail sales of the lubricants. Work also began on creation of a dealer network for retail sales of lubricants, using independent regional firms.

Pre-packed Company lubricants have been available on the retail market in the European part of Russia since August 2008, and in Siberia and the Far East since October 2008.

Rosneft plans rapid development of its lubricant business in the future, through further progress on the pre-packed lubricant market, sales to large end-users, expansion of the ranged of branded products, etc.

Commodity Balance of Rosneft Consolidated Entities



* Excluding share in production by affiliates (OJSC Tomskneft and OJSC Verkhnechonskneftegaz) of 5.7 mln tonnes, which is reflected in 'Procurement of crude oil'.

Difference between 'Total crude oil' and its distribution equals the sum of losses, intra-group consumption and change in stocks.

Difference between 'Refinery throughput' and 'Output of petroleum and petrochemical products' equals refining losses and fuel consumption and change in semi-finished product stocks.

Difference between 'Total products' and its distribution equals the sum of intra-group product consumption, losses and change in stocks.

Revenues



Net income

Key Financial Results

Main growth in sales efficiency was achieved in the first half of the year, when oil prices reached record highs.

Consolidated financial accounts for 2008 to Russian Accounting Standards (RAS), show increase of Rosneft net revenue by RUB 204.9 bln compared with the previous year to a level of RUB 1,271.6 bln from RUB 1,066.7 bln in 2007. Pre-tax profit in 2008 was RUB 223.5 bln, representing a decline of RUB 157.7 bln (41.4%) compared with RUB 381.2 bln in 2007.

Change in level of the Company's pre-tax profit was due both to operating results and to other income and expenses.

Margin from operations declined in comparison with 2007. Profit from sales declined by RUB 16.6 bln to RUB 341.0 bln compared with RUB 357.6 bln in 2007.

The macroeconomic factors, which had main impact on financial results of Rosneft in 2008, were:

Change in prices for oil and petroleum products on the international market

The average price per barrel of Urals crude increased by USD 25.1 to USD 94.5 compared with USD 69.4 in 2007. Average annual prices for petroleum products

in North-West Europe also rose compared with 2007. The price for naphtha rose by USD 114.4 per tonne, the price for diesel fuel rose by USD 263.4 and the price for fuel oil increased by USD 119.6. Sale prices of the Company's oil and petroleum products depend directly on Russian and international commodity markets. Main growth in sales efficiency was achieved in the first half of the year, when oil prices reached record highs. The dramatic price decline on the international oil market in the second half of the year, combined with high level of export duties (set with a time lag based on the high prices of the first half), caused major worsening of Company financial indicators. Decisions on exceptional lowering of export duties, taken by the Russian Government in October, November and December, had positive effect on Company cash flow, but did not resolve the problem of acute margin decline in the second half of the year (the Company made a loss in the fourth quarter).

Rouble-dollar exchange rate

The rate of exchange of the rouble to the US dollar has substantial effect on Company results because a significant part of Company revenue from oil and

Performance Review

petroleum product sales is denominated in dollars, while most of the Company's costs are in roubles.

Strengthening of the rouble to the dollar has negative effect on Rosneft's financial results.

The dollar declined by 2.8% against the rouble in 2008, from average RUB 25.58 per USD in 2007 to RUB 24.86 per USD in 2008.

Rates of inflation and natural monopoly tariffs

Inflation and growth of tariffs charged by natural monopolies have negative impact on the Company's cost levels. Consumer prices grew by 13.3% in 2008 compared with 11.9% in 2007. Average growth of electricity tariffs in 2008 was 22.4% compared with 10.7% in 2007.

Rosneft transports its output via the trunk pipeline systems of OJSC Transneft, OJSC Transnefteproduct and by railroad. Indexation of base tariffs for transportation are set by the Federal Tariff Service (the Government body, which regulates business of natural monopolies).

There was a large increase in average tariffs for crude oil and petroleum product transport in Russia between December 2007 and December 2008:

- growth of tariffs for transport of crude oil through the Transneft system of trunk pipelines was 29.8% and 26.4% for exports and for the domestic market, respectively;
- tariffs for transport of petroleum products through the Transnefteproduct pipeline system rose by 18.0% and 25.0% for export and domestic deliveries, respectively;
- tariffs for railroad delivery of oil and petroleum product to the domestic market and to export grew by 27.9% (except on routes with preferential tariffs).

The Company uses a range of measures for control and reduction of costs in order to mitigate the impact of inflation on financial results. They include: optimiz-

ing expenditure of raw materials, goods and energy; limiting prices paid for materials and services; adjustment of delivery routes for Company production; and productivity increases.

Change in rates of mineral extraction tax and export duties

Rates of the mineral extraction tax and of export duties are calculated on the basis of oil prices on international markets and do not take account of other macroeconomic factors, which have impact on the Company's financial results. Change in rates of the mineral extraction tax and export duties largely cancel out both positive and negative effects on Company financials due to changes in oil prices.

There was negative effect on Rosneft's financial indicators in 2008 from the following factors:

- increase by 72% in the average level of export duties on crude oil (from USD 206.5 per tonne in 2007 to USD 355.2 per tonne in 2008);
- growth by 66% in the average rate of export duties for petroleum products (from USD 151.5 to USD 251.6 per tonne for light products and from USD 81.6 to USD 135.6 per tonne for dark products);
- rise in mineral extraction tax rates by 35% (from RUB 2,470 to RUB 3,329 per tonne).

There was further negative impact on the Company's consolidated pre-tax profit due to growth of the negative balance between other income and expenses to RUB 117.5 bln in 2008 from the positive balance of RUB 23.6 bln in 2007. Worsening of the balance was mainly due to:

- negative exchange rate differences of RUB 83.3 bln due to adjustment of sums owed on foreign currency loans following appreciation of the dollar against the rouble (there were positive exchange rate differences of RUB 31.9 bln in 2007);
- absence in 2008 of income from extraordinary transactions, of which there were several in 2007 (RUB 17.8 bln compensation of losses caused to

OJSC Samaraneftgaz; RUB 10 bln from transfer to Rosneft of shares in YUKOS-Mamontov by court order; and RUB 27.1 bln from sale of shares in OJSC Tomskneft);

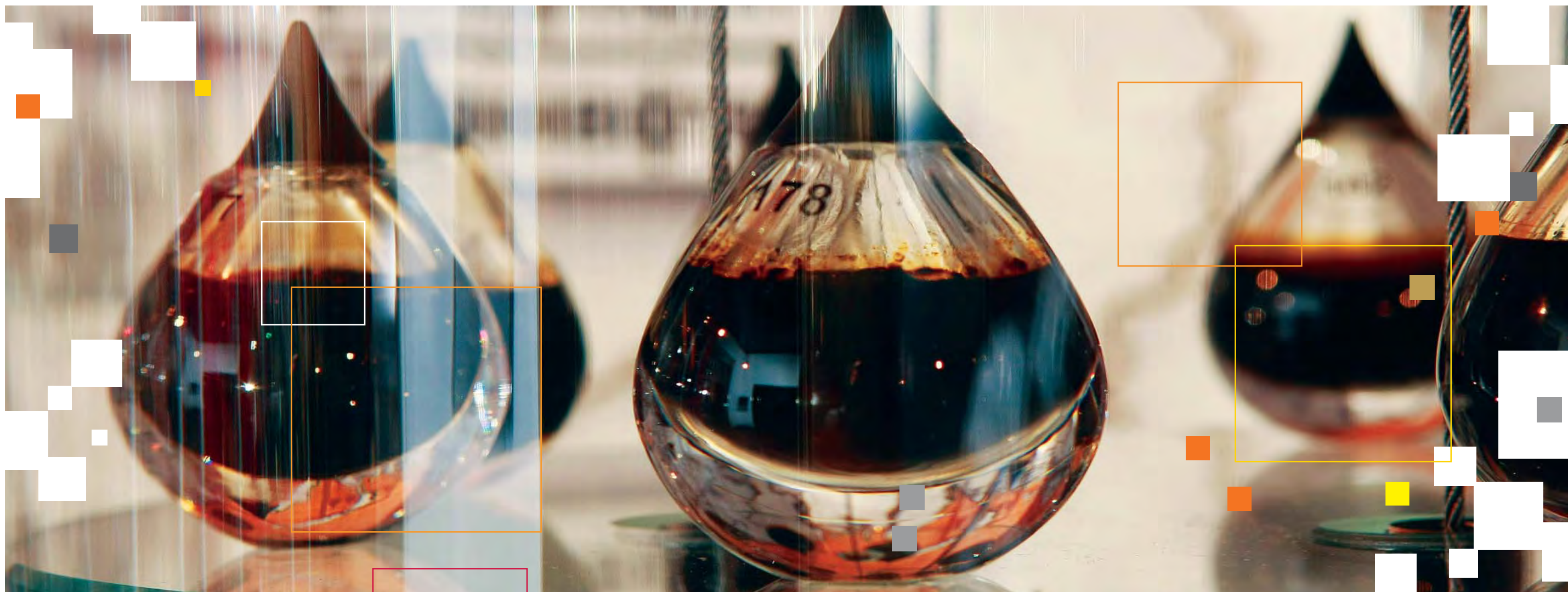
- creation in 2008 of a RUB 4.3 bln reserve for debt impairment and for impairment of securities relating to CJSC YUKOS-M.

Consolidated net profit of Rosneft in 2008 was RUB 142.7 bln, which is 41.8% less than in 2007 when the figure was RUB 245.2 bln.

Non-consolidated RAS revenue of Rosneft (the legal entity) in 2008 was RUB 1,008.2 bln, which is RUB 191.9 bln (23.5%) more than in 2007. Profit before tax was RUB 190.4 bln, which is RUB 52 bln (21.4%) lower compared with RUB 242.3 bln in 2007. Net profit in 2008 was RUB 141.3 bln, which is RUB 20.7 bln (12.8%) less than RUB 162 bln in 2007.



Change in level of the Company's pre-tax profit was due both to operating results and to other income and expenses.



INNOVATION

continuous enhancement of innovative development system

ongoing technology research, development and deployment

monitoring and adoption of global best practices

personnel training and professional development

Research and Innovation

Corporate Scientific Research Complex	85
Main Objectives in R&D	86
Innovation Management	90
IT Infrastructure Development	95



Corporate Scientific Research Complex

Technology is crucial for an oil company to remain competitive in today's fast-moving environment. Leadership in technology depends on innovation, through consistent application of the latest know-how and equipment, use of global best practices, enhancement of management and control over business processes, and continuous improvement of skill levels among specialists. At Rosneft, these vital tasks are the responsibility of a specialized division, the Corporate Scientific Research Complex.

Rosneft's Corporate Scientific Research Complex consists of a Corporate Research & Development Center and 10 regional R&D institutes, of which seven specialize in exploration and production, and three in refining and marketing. The Corporate Scientific Research Complex provides R&D support and organizes use of technology throughout the Company's production chain.

In 2008, the regional institutes carried out 20% of all design work, and prepared 66% of the Compa-

ny's project documents. Rosneft submitted a total of 153 projects to the Russian Government's Central Commission for Sub-Surface Development in 2008, and obtained permits from Government supervisory bodies with respect to 126 project documents.

The volume of work carried out by Company institutes during 2008 on integrated design in oil refining and petrochemistry was nearly 40% greater than in 2007.

Main Objectives in R&D

The Company continued to use an integrated approach to implementation of field development projects in 2008, constructing unified models that take account of all aspects of development (formation, wells, surface infrastructure and economic calculations).

Exploration

R&D in exploration is focused on technologies that reduce geological risks and enable greater accuracy in detection of promising structures.

For this purpose, in 2008, the Company made extensive use of sedimentological and regional modeling: specialized IT programs were acquired, 17 specialists from the Corporate Research & Development Center underwent appropriate training, and five projects were carried out.

Seismic centers with a total of more than 50 specialists were set up within the R&D institutes, and a seismic information bank was created at the R&D subsidiary, LLC KrasnoyarskNIPIneft. As a result, the Company was able to carry out in-house interpretation of 70% of its 2D and 3D seismic data, which matches rates at other leading international oil companies.

Use of sedimentation models and standardized storage of seismic data and geophysical core information should increase success rates in exploration by 20%.

Proposals were prepared in 2008 for licensing of 34 blocks on the shelves of the Black Sea, the Sea of Chukotka and the Eastern Siberian Sea. Rosneft also

carried out an assessment and ranking of 12 regions in Eastern Siberia by the potential of their license areas.

Development

The Corporate Research & Development Center carried out 14 projects in 2008 for application of new technologies at the field development stage (compared with nine such projects in 2007). Rosneft mobilizes specialists from the parent company, subsidiaries and corporate institutes, and also calls in international experts to facilitate work on these projects.

The Company continued to use an integrated approach to implementation of field development projects during 2008, constructing unified models that take account of all aspects of development (formation, wells, surface infrastructure, and economic calculations). A total of 10 such integrated projects were carried out in 2008 at the Company's most important fields (compared with five projects in 2007). Positive effect from creation of unified projects is confirmed by significant improvement in key economic indicators for field development.

Use of in-house designed algorithms and software enabled selection of optimal development systems

for major fields such as Priobskoye, Malobalykskoye, Prirazlomnoye, and others.

This integrated approach to field development, with application of new technologies, gave an increase of 3.5 percentage points in the average-weighted oil recovery ratio relative to original oil-in-place in the period from 2005 to 2008, representing an extra 200 mln of oil equivalent tonnes of recoverable reserves. A further 50 th. tonnes of daily crude oil output was added thanks to implementation of a comprehensive management system for base production.

Various measures were carried out in 2008 to improve efficiency of drilling and well completion, including:

- a system for control and management of well construction was introduced at several subsidiaries (Vankorneft, RN-Yuganskneftegaz, and RN-Sakhalinmorneftegaz);
- a specialized center was set up to provide geological support during well construction, which will facilitate development of complex fields;
- work was underway to establish a project engineering center for well construction and recovery (using resources of RN-SamaraNIPIneft and other regional R&D centers). The purpose is to ensure that documentation for well construction and recovery is prepared to the highest standards, and to provide engineering and scientific support for well drilling and completion.

Overall, the Company tested and implemented 44 innovative techniques at 696 wells during 2008. For instance, spatial geonavigation (a periscope probe) was used for the first time in Russia at the Odoptu offshore field (Sakhalin Region) to achieve particularly large horizontal displacement in a horizontal well section. Increase in effective horizontal length gave an extra 80 tonnes of daily crude production.

Company R&D provided support for drilling of 128 sidetracks during 2008.

Production

Rosneft continued installation of its Total Production Management System (TPMSYS™) in 2008, enabling



Rosneft continued installation of its Total Production Management System (TPMSYS™) in 2008, enabling Company specialists to optimize operations at any well.



New technologies for production of improved road bitumen, developed by the Company in 2008 at Syzran Refinery, halved atmospheric emissions.

Company specialists to optimize operations at any well using geophysical data and complete information about the well construction, current operating parameters, and equipment used. The RN-Production computer system, which is based on TPMSYS™, has been installed at 900 workstations at Company subsidiaries. Engineering support for complex geological and technical wellwork was provided at more than 370 wells during 2008.

Support activities included:

- optimizing operation of production wells;
- standardizing and optimizing operation of injection wells;
- developing a system for dynamic analysis of operation of injection wells (PPD-online).

Effect from installation of TPMSYS™ in 2008 was equivalent to 4.3 mln tonnes of additional crude production (11,800 tonnes per day).

Development of algorithms and software for the flood management system, and use of up-to-date methods for production planning and management enabled a 12% increase in well potential and a 15% lowering of operating costs. It also enabled increase in crude output at main wells by 50 th. tonnes per day (18.3 mln tonnes per year) in the period from 2006 to 2008.

Tomskneft alone achieved 99,500 tonnes of additional crude output in 2008 thanks to scientific and engineering support with use of enhanced recovery methods.

Company subsidiaries also successfully tested new machinery and equipment in 2008. In particular, new units for electric-centrifugal pumps (low-load submersible motors) increased average life of the pumps by 70% and a slow-start device for high-voltage electric motors gave a 50% increase in motor reliability and service life.

Refining and Petrochemicals

Main innovation objectives in the refining and petrochemicals sector are:

- upgrading production facilities;
- process optimization;
- expanding the product range;
- energy saving, rational use of resources, and protection of the environment.

New technologies for production of improved road bitumen, developed by the Company in 2008 at Syzran Refinery, halved atmospheric emissions and reduced the share of black diesel from 5–7% to 0.1–0.05%. Technologies were also developed for production of viscous polymer-bitumen materials for road building, which should generate an annual economic effect of RUB 440 mln for Company refineries.

A new formula for synthetic electroinsulating lubricant, used in electric motors of submersible pumps, was developed and deployed for further testing at RN-Stavropolneftegaz last year. The formula (MDPN-S2) can operate at temperatures up to 250 °C. Use of MDPN-S synthetic lubricant in electric centrifugal pumps at Tomskneft fields already brought an economic effect of RUB 49 mln. Preparatory work was also undertaken in 2008 for production at Angarsk Petrochemical Company of new oil and lubricant brands and for improvement of existing formulae by use of new additives (more than 20 types).

As part of energy saving measures aimed at reducing costs, the Company followed recommendations to raise residual component outputs at Novokuibyshevsk Oils and Additives Plant, which had a positive effect of approximately RUB 24 mln. Energy saving measures at Angarsk Petrochemical Company gave cost reductions of RUB 18.6 mln.



Preparatory work was undertaken in 2008 for production at Angarsk Petrochemical Company of new oil and lubricant brands and for improvement of existing formulae by use of new additives (more than 20 types).



Innovation Management

The main purpose of the New Technologies System is continuous implementation of new industrial technologies to raise production volumes, increase reserves, cut costs, and ensure that competence of Company specialists matches the best international standards.

Innovation management is based on a number of systems designed by the Company:

- New Technologies System;
- System for Cooperation with R&D centers;
- Technology Training System;
- Knowledge Management System;
- Quality Management System.

New Technologies System (NTS)

The main purpose of the NTS is continuous implementation of new industrial technologies to raise production volumes, increase reserves, cut costs, and ensure that competence of Company specialists matches the best international standards.

As of December 31, 2008, Rosneft and its subsidiaries owned 239 intellectual property items, including

178 invention patents and 16 utility model patents, and 45 certificates for registration of software products. These items are registered with the Federal Service for Intellectual Property, Patents and Trademarks.

A range of technology testing in spheres of key importance for the Company was carried out in 2008, as follows:

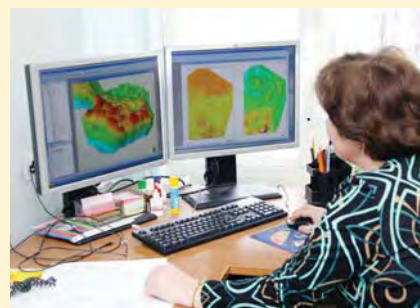
- mechanized production (six projects);
- hydraulic fracturing of formation (five projects);
- drilling and well completion (three projects);
- new well technologies (two projects);
- squeeze cementing (two projects).

The Company commissioned five technologies in commercial production during 2008 as part of the NTS. Additional output during testing and application of the new technologies amounted to 394,000 tonnes of oil (650,000 tonnes in total since 2006), and total

NPV of NTS projects in the period from 2006 through 2008 was RUB 564 mln.

The most significant results in the framework of NTS projects in 2008 were as follows:

- There were 63 interventions to prevent accumulation of salts at highly productive wells by introduction of an inhibitor into formation. The technology, which was tested in 2006–2007, increased non-failure operating time of equipment 2.5-fold, with NPV being RUB 100 mln;
- RN-Purneftegaz successfully applied squeeze cementing technologies at 36 wells, giving 87,900 tonnes of additional oil production, with an NPV of RUB 81 mln. A further 11,000 tonnes of output were obtained through successful testing at five wells of a technology, which prevents casing leakage in high absorption zones;
- There were 40 interventions during 2008 to improve acid stimulation techniques at wells in carbonate fields. The interventions gave an extra 22,000 tonnes of oil output, with an NPV of RUB 18 mln. In addition, use of large-volume hydrochloride acid treatment, whose potential was determined at 300 well operations per year, should allow boosting daily production by 1,800 tonnes;
- Use of in-house developed material, RN-LCM, for well-kill operations with reduced absorption gave cost savings of 70% compared with a foreign-made analog;
- New well-kill fluids with higher density and lower calcium salt content were used in 40 interventions during 2008. The fluids are expected to reduce annual spending on well-kill operations by RUB 50–100 mln, with an NPV of RUB 18 mln;
- Testing of three systems for simultaneous separate oil production gave 6,200 tonnes of additional output, with an NPV of RUB 22 mln;
- The RosPump software system for selection and analysis of submersible equipment was developed and installed at 270 workstations at 10 Company subsidiaries. The new system gave an



In 2008, Rosneft continued with its corporate research program, 'Technology Challenge', inviting leading Russian and foreign specialists to carry out work on modeling, and design and monitoring of oil field development processes.



Rosneft is continuing its Master's program for students at leading Russian higher education institutes (Lomonosov Moscow State University, Moscow Physics and Technical Institute, Gubkin Russian State Oil & Gas University, Moscow State Institute of International Relations, etc.), providing support for courses developed jointly by Company specialists and teachers at these educational establishments.

annual saving of more than RUB 4 mln on software support.

In addition, various technologies for development of difficult-to-recover reserves were tested for the first time in Russia at the North Komsomolskoye field during 2008 as part of the NTS. The tests gave steady inflow of high-viscosity oil with no risk of underlying water and gas penetration. These operations consisted of the following:

- construction of a sidetrack in close proximity to gas-oil contact, using polymer strengthening technologies to avoid gas penetration;
- preventative water and gas sealing by use of depression-resistant polymer screens;
- use of resin-coated proppant to strengthen formations in the bottomhole zone (returns were reduced by three times).

System for Cooperation with R&D Centers

In 2008, Rosneft continued its corporate research program, 'Technology Challenge', inviting leading Russian and foreign specialists to carry out work on modeling, and the design and monitoring of oil field development processes.

The program envisages work on the following issues during 2008–2009:

- integrated design of oil field development with large-scale use of hydraulic fracturing;
- design of modern systems for completion of horizontal wells during development of oil rims;
- cutting-edge technologies for large-volume acid treatment;
- development of high-viscosity oil fields;
- development of shelf fields;
- statistical geology and conceptual modeling;
- geomechanics of formation fracturing and fissuring.

The following prominent international scientific centers took part in the program during 2008:

- Stanford University: geological modeling technologies and modeling of 'smart' wells;
- University of Tulsa: development of computer technologies for optimization of well and surface equipment;
- University of Calgary: computer modeling technologies for hydraulic fracturing at production and injection wells;
- Golder & Associates, Seattle: optimizing development of fractured formation;
- Colorado School of Mines, Denver: study of multi-formation wells;
- University of Houston: computer technologies for design of completion systems for horizontal wells.

Technology Training System

Rosneft held 79 courses in 2008 as part of its Technology Training System, which ensures efficient application and the fullest possible use of new technology as well as continuous development of key competences of Company specialists. The courses were led by Company specialists and also by some of the best lecturers from Russian and foreign higher education establishments: Lomonosov Moscow State University, Gubkin Russian State Oil & Gas University, State University of Bashkortostan; and Stanford University, University of Tulsa, Texas A&M University, University of Houston, and Institut Français du Pétrole. The content of the courses matched Rosneft's technology development strategy and encompassed all business processes.

Rosneft is continuing its Master's program for students at leading Russian higher education institutes (Lomonosov Moscow State University, Moscow Physics and Technical Institute, Gubkin Russian State Oil & Gas University, Moscow State Institute of International Relations, etc.), providing support for courses developed jointly by Company specialists and teachers at these educational establishments. During 2008, Com-

pany subsidiaries gave full-time employment to five graduates of Master's courses, who had completed internships at Rosneft as part of their education.

Knowledge Management System

Rosneft uses its Knowledge Management System (RN-Expert) to standardize and automate collection, storage, and dissemination of knowledge and best practices.

A new sub-system, 'Technology Bank', was piloted in 2008, and a model was designed for another sub-system, 'Knowledge Base'.

One of the most efficient ways of disseminating knowledge is use of technology-application templates, by which the most suitable technologies for a specific task can be identified and ranked in terms of economic efficiency. This approach helps production specialists to make timely and informed decisions as to which technology or method they should use. In 2008, research in this direction led to creation of:

- a knowledge and technology matrix for the development of shelf fields;
- a matrix for methods of rescaling geological and hydro-dynamic models;
- a matrix of development methods for carbonate reservoirs, and technologies for maintaining formation pressure (periodic injection, constant maintenance of formation pressure);
- a matrix for application of acid solutions during acid treatment of carbonate reservoirs.

Rosneft holds scientific and practical conferences and seminars for dissemination of technical knowledge and production experience. The Company organized two scientific and practical conferences in 2008, which were attended by specialists from leading Russian and foreign R&D and service companies, and provided 36 lecture courses. In addition, 118 specialists from eight Company subsidiaries took part in 16 seminars for an exchange of R&D results and experience, focusing on the following



Re-engineering measures boosted labor productivity at the Corporate Scientific Research Complex by 7% in 2008, and this success was mainly due to further implementation of a quality management system for the Company's R&D efforts.

subjects:

- field development;
- well studies;
- well building and operation;
- squeeze cementing technologies;
- pipelines;
- regulatory and methodological support;
- power generation.

The Company also has extensive R&D publishing capacities. The 'Rosneft Petroleum Engineering Library' series continues to publish translations of prominent oil and gas works by foreign authors and monographs by the Company's top specialists. There were four new books published in 2008. Regular publication of the Company's periodical, 'The Rosneft Science & Technology Courier', continued in 2008 with four new issues, and there were also more than 100 publications during 2008 in Russian and foreign specialized journals, collections of articles, compilations of reports delivered at Russian and international conferences, etc.

Quality Management System

Greater productivity and the optimization of business processes are overriding objectives for Rosneft in R&D as in other spheres. Re-engineering measures boosted labor productivity at the Corporate Scientific Research Complex by 7% in 2008, and this success was mainly due to further implementation of a quality management system for the Company's R&D efforts.

Bureau Veritas carried out unified certification of four of Rosneft's regional R&D centers to ISO 9001:2000 during 2008, and certification of all the other R&D centers is scheduled for 2009–2010.

Since 2008, the Corporate Scientific Research Complex has been managed using modern and highly efficient Balanced Scorecard methods for driving strategic alignment within an organization, which helps to ensure a clear formulation of Company priority objec-

IT Infrastructure Development

In 2008, Rosneft completed its RosA project for reducing the time needed to prepare consolidated financial statements from 70 calendar days (as required by Russian law) to 30 days.

tives and their timely communication to heads of regional R&D centers.

Unification of requirements, quality control, and measures to improve process quality are expected to result in a 30–40% reduction in R&D costs by 2012.

Efficient deployment and application of new technologies largely depend on an appropriate IT support infrastructure. Rosneft uses an SAP R/3 base to meet the IT needs of Company personnel involved in book-keeping, preparation of accounts, and real-time management of information about the financial and economic state of the Company.

In 2008, Rosneft completed its RosA project for reducing the time needed to prepare consolidated financial statements from 70 calendar days (as required by Russian law) to 30 days. Quicker account preparation gives Rosneft a number of advantages, including: ability to make management decisions in a prompt fashion, greater transparency at all levels, matching best international standards for information disclosure, and increased investor confidence.

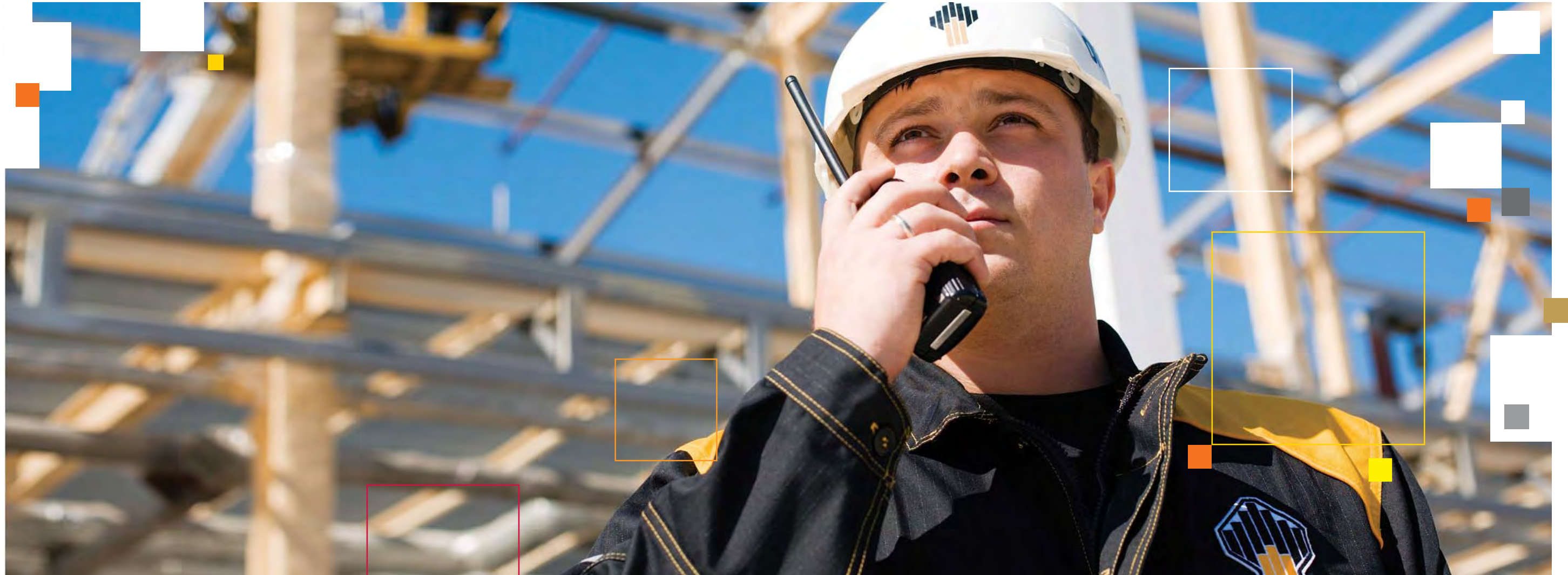
As part of IT systems development at the Company's headquarters, Rosneft automated preparation of tax declarations for income of shareholders, which are foreign legal entities, of tax declarations for income of individual shareholders (Tax Form 2: Tax on Income of

Individuals), and the dividend payment process. New logistic schemes for crude oil and petroleum products were also automated, replication of corporate decisions for control over borrowing limits and over material needs of subsidiaries was continued, and a single database for fixed assets of Rosneft service companies was created.

Work also continued in 2008 on IT system development in the production segment. Modules were installed at production subsidiaries to ensure real-time monitoring of well operation, well repairs and workovers, and functioning of booster pumping stations and other equipment. The Company also installed modules for automated generation of a part of subsidiaries' accounting. In addition, an automated emergency warning system was put in place at production facilities.

Various systems have been created and are being deployed to control petroleum product storage and transport. In 2008, a system for petroleum product quality control was installed in the Moscow Region along the entire chain, from a tank farm to a service station. The system now encompasses 96 Rosneft service stations.

A program for the measurement of associated petroleum gas was designed as part of metrological support for Company enterprises. The program, which



SOCIAL RESPONSIBILITY

industrial safety and environmental protection

safe working conditions

healthcare

commitment to improving employees' quality of life

support for education

socioeconomic development of host regions

Social Responsibility

Personnel	98
Social Policy and Charity	107
Health, Safety and Environment	118

Personnel

Sustainable development of Rosneft, including growth of business efficiency and shareholder value, are the fruits of dedicated, coordinated and responsible work by all of the Company's employees.

Professional and highly qualified personnel are among Rosneft's most valued assets and the key to its future growth. The Company attaches great importance to the professional contribution of each specialist, and aims to put a proper value on their contributions and

to ensure fair opportunities for career growth to all categories of employees.

Constant improvement of business practice and increase of labor productivity in all spheres are key priorities for Rosneft. These tasks are successfully addressed by implementation of the best standards of corporate conduct, adequate compensation schemes and an efficient personnel motivation system, as well as realisation of a social policy, which enhances the quality of life of employees and their families. A key objective of the Company in human resource management is to raise the personal interest of each employee in achievement of the best results.

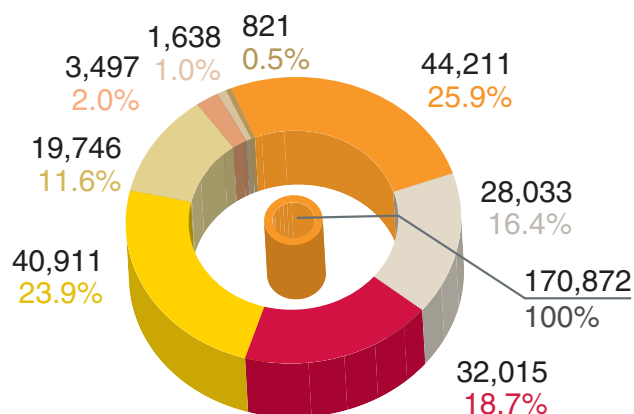
At the end of 2008 Rosneft and its subsidiaries employed a total of 170.9 th. people. Rapid development of the Company led to increase of personnel numbers during 2008 in all main segments (oil production, refining and marketing).

The geography of Rosneft's business is highly diversified, so Company personnel work in nearly all regions of the Russian Federation. The average age of Company employees in 2008 was 40, and a total of 21,500 Company employees held managerial positions.

Creation of strong HR potential for the future is part of Rosneft's long-term development planning. The Company is actively working with young people, who will be employed at Rosneft in 5-10 years.

Since 2005 the Company has been developing its 'school-college-enterprise' project, which will ensure

Personnel by segments, as of December 31, 2008 (employees; %)



- Exploration and production
- Refining
- Marketing and transportation
- Profile services in upstream and downstream
- Other services
- Science
- Central office
- Other



2008

Sakhalinmorneftegaz

Social Responsibility

a steady inflow of talented, well educated young people to the Company.

Selection of personnel begins in the classroom, through the Company's system of 'Rosneft classes', which trains school children in basic and specialized subjects, familiarizes them with Rosneft corporate culture and orients them towards careers in the Company. Rosneft is creating such classes at the best schools in the regions where the Company has operations. High quality education is ensured by in-depth study of the most relevant subjects, employment of teachers from regional higher education institutions, use of up-to-date computer technology and equipment in the classroom and regular improvement of teachers' qualifications.

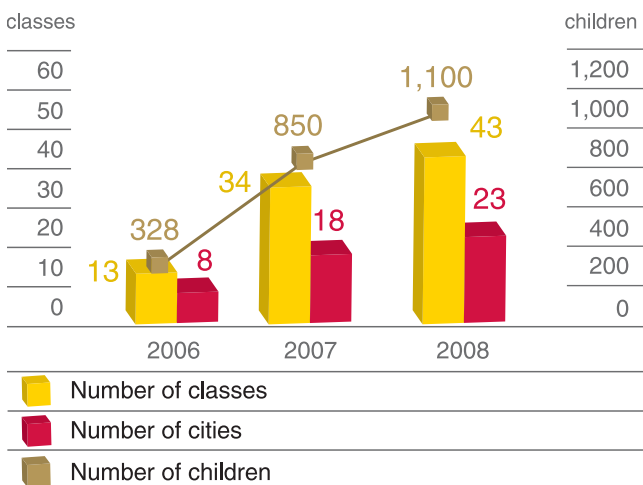
Special attention is paid to the professional orientation of school children. One of the subjects taught in Rosneft classes is 'planning a professional career', the children are taken on visits to Company enterprises, meetings are arranged with people in the industry and with young specialists, and the children are familiarized with business processes in the oil sector.

In 2008 there were 43 'Rosneft classes' in 23 cities and towns where Rosneft has a presence, from Eastern and Western Siberia to Sakhalin, the Northern Caucasus and the Central Federal District. A total of 1,100 children pursued studies as part of the program.

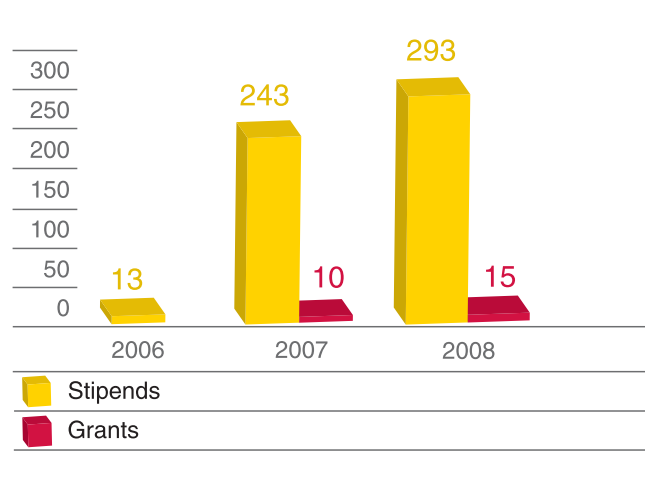
Results achieved in upper classes at school are reinforced in higher education. Rosneft has worked closely and to mutual advantage with more than 20 leading Russian higher-education institutions, including the Gubkin Russian State Oil & Gas University, geology faculties at Lomonosov Moscow State University and Moscow Physics and Technical Institute, as well as the Moscow State Institute of International Relations (attached to the Ministry of Foreign Affairs), Ufa State Petroleum University, the Higher School of Management at St. Petersburg State University, Siberian Federal University, Tyumen State Oil & Gas University, Kuban State Technical University, Tomsk Polytechnical University, the State University of Udmurtia, Samara State Technical University and other institutions.

The Company provides regular sponsorship assistance to higher education institutions with which it has partner relations. Thanks to this assistance the institutions can develop their educational and equipment resources to modern standards. Rosneft also organizes internships for teachers and professors at its enterprises and pays corporate grants to teachers and stipends to the best students. Rosneft corporate grants were provided to 15 higher-education teachers during 2008, and 293 students obtained stipends from the Company and its subsidiaries. The most promising students and graduates are initially invited to obtain work experience or offered internships with the

'Rosneft classes'



Number of Rosneft's grants and stipends





In 2008 there were 43 'Rosneft classes' in 23 cities and towns where Rosneft has a presence, from Eastern and Western Siberia to Sakhalin, the Northern Caucasus and the Central Federal District. A total of 1,100 children pursued studies as part of the program.

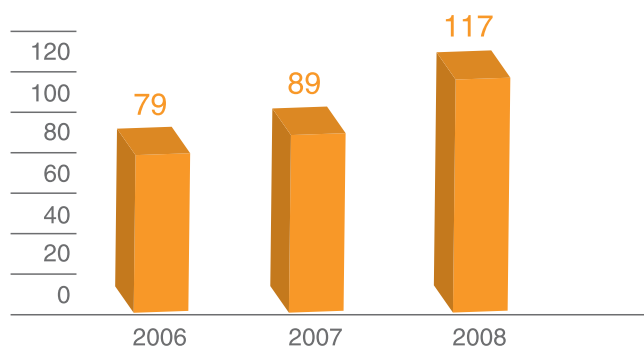


Social Responsibility

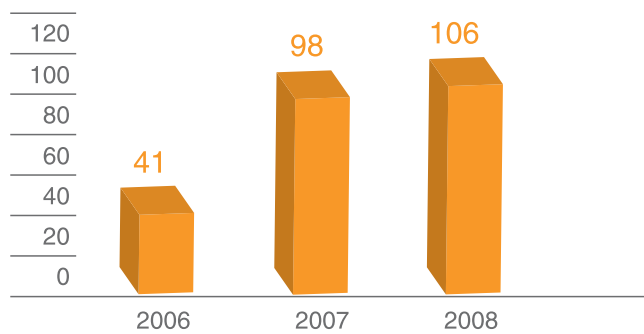
Company and are then offered permanent jobs. In 2008 a total of 3,080 people came to Company subsidiaries and corporate R&D centers for work experience or internships and about 900 of them have been given employment at Company enterprises.

The Rosneft-sponsored faculty specializing in Global Energy Policy and Energy Security at the International Institute of Energy Policy and Diplomacy (part of the Moscow State Institute of International Relations) continued its work in 2008. The Faculty trains students to masters level, giving them expertise in the field of international oil & gas business projects. In 2008 there were 21 masters students and 4 doctoral students pursuing studies at the Faculty. A total of 10 masters students are due to graduate from the Faculty in 2009, and the best of them will be offered employment at Rosneft.

Participation of young specialists in Rosneft's interregional R&D conferences (people)



Participation of young specialists in 'Russian Fuel and Energy' competition (people)



Partner institutes carry out annual 'Rosneft Days', at which Company representatives tell graduates about Rosneft enterprises, give them an idea of work prospects and explain corporate values. There were 25 such events during 2008 with a total of 3,800 participants.

Rosneft also has strong ties in the educational sphere with leading institutes, business schools and companies abroad: Stockholm School of Economics (Sweden), Bodo Graduate School of Business (Norway), PetroSkills, Ernst & Young Business Academy, DuPont Safety Resources, University of Alberta, University of Tulsa, University of Houston, Stanford University, Next, IHS Energy, Colorado School of Mines, Baker Hughes, BASF, Lufthansa, Schlumberger, Halliburton and many others.

Work with young specialists is among the main priorities of Rosneft's personnel policy. There are currently more than 2,600 young specialists working for the Company.

Councils of young specialists and a mentoring system are widely used in Company subsidiaries, helping to ensure that the adaptation of young people employed at the Company is managed efficiently. Special training is organized for young specialists, including business games, competitions and training sessions.

The 3rd Interregional R&D Conference for young specialists was held in 2008, bringing together 117 winners of the R&D 'Cluster Conference', sections of which were held in Strezhov, Anapa, Novokuibyshevsk, Tuapse and Ufa. The number of participants of the Interregional R&D Conference increased by more than a quarter compared with 2007.

Also, 106 young specialists from Rosneft took part in the regular 'Russian Fuel and Energy' competition, which is organized in association with the Ministry of Industry & Trade and the Ministry of Energy. 25 young specialists from Rosneft were among the winners.

In order to enhance the efficiency of the 'school-college-enterprise' project, an IT system and portal 'Career for the Young' have been developed, providing detailed information about past and future events. A corporate system for interactive study has also been implemented, and opportunities have been created for dialog between program participants from various regions of the country.



Councils of young specialists and a mentoring system are widely used in Company subsidiaries, helping to ensure the efficient management and adaptation of young people who are employed by the Company.



Training and Development of Personnel

Rosneft provides its employees with extensive opportunities to enhance their abilities and skills, and develop their management and professional competences. A vital element of the Company's HR policy is the system of corporate training, which is based on the following main principles:

- development of the Company's training resources in Moscow and Russian regions;
- use of varied approaches in assessment of training needs, and in planning and conducting training, and also in assessment of its effectiveness;
- ensuring that content, form and methods of study suit the trainees, for whom it is intended;
- use of highly qualified teachers;
- use of the latest IT and educational technologies.

Improvement of qualifications and professional re-training was provided to 84,500 employees in 2008, which is 1.35 times more than in 2007.

Corporate training programs are developed jointly with leading Russian and foreign educational institutions and are intended for all employees.

Rosneft is developing additional professional education in cooperation with the Gubkin Russian State Oil & Gas University. Specialists from the Company's production enterprises were among the first in the country to take part in the training program to develop their expertise in 'Technological supervision and control in well construction (Drilling Supervisor)'. Also, 14 Company specialists began training in 2008 in an 'Oil & gas production' program and 15 specialists entered the program 'Economics and management of an oil & gas enterprise', earning the title of 'Oil & Gas Enterprise Manager'. A total of 58 Rosneft employees underwent training in these programs during 2007-2008.

Technical training of highly qualified personnel also continued, specifically for the implementation of strategic projects.

In particular, specialists and workers of CJSC Vankorneft benefited from a special training program during 2008.

The Company was represented by 21 managers in 2008 who took part in the corporate MBA program 'International business in the oil & gas sector', which was jointly organized by the Moscow State Institute of International Relations and Bodo Graduate School of Business (Norway).

A seminar entitled 'International standards of project management. Organization of project work at OJSC Rosneft Oil Company' was held in 2008 for 84 top managers of Rosneft. Also 99 top managers took part in a series of seminars on development of management skills in a changing the global financial and economic environment.

A training program was organized in 2008 to familiarize Company employees with functioning of the Integrated System for Management of Industrial Safety and Environmental Protection. As part of this program, the companies DuPont Safety Resources and Bureau Veritas Rus issued certificates to 161 heads of Rosneft divisions, 69 general directors of subsidiaries, and 89 specialists with responsibility for the functioning of the Integrated System.

Also, special training programs were organized for employees with responsibility for compliance of Company products with international quality standards under the EU's REACH regulation (32 people underwent training at BASF).

The measures described in this section help the Company to attract and retain professionals, serve the objective of motivating employees, and help to create a solid HR base for successful implementation of Rosneft's long-term plans.



Corporate training programs are developed jointly with leading Russian and foreign educational institutions and are intended for all employees.





Udmurtia

2008

Social Policy and Charity

Rosneft social policy is an integral part of a corporate strategy for ensuring long-term sustainable development of the Company.

Rosneft social policy based on strict compliance with generally recognized international standards on human rights and Russian labor legislation. High social responsibility with respect to all interested parties, based on equal opportunities, mutual respect, and supremacy of law, is central to raising the Company's efficiency and competitiveness throughout its operations, and to enhancing the business reputation of Rosneft.

The Company is engaged in large-scale programs to ensure safe and comfortable working conditions, and provision of housing and improvements in the quality of life of its employees and their families. Rosneft also carries out professional training of employees, provides financial support to veterans and pensioners, and plays an active part in social and economic development of the host regions. Main aspects of Rosneft social policy are coordinated with national projects, now being implemented by the Russian Federal Government: 'Affordable Housing', 'Education', and 'Health'.

Social spending by the Company in 2008 was over RUB 17 bln, which is almost RUB 3 bln more than in 2007.

Social Payments and Benefits to Employees

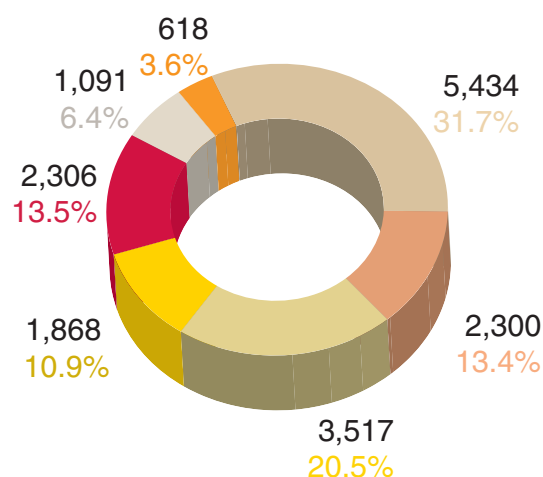
All Rosneft subsidiaries offer a comprehensive social package, which includes:

- benefits relating to healthcare and leisure: voluntary medical insurance, holidays and rest cures free of charge and at special rates (for employees and their children), payment of travel expenses to and from the holiday destination;

- one-off payments to help employees meet extraordinary costs;
- a one-off payment at retirement.

Several subsidiaries also provide free meals for employees, additional payments to women on maternity

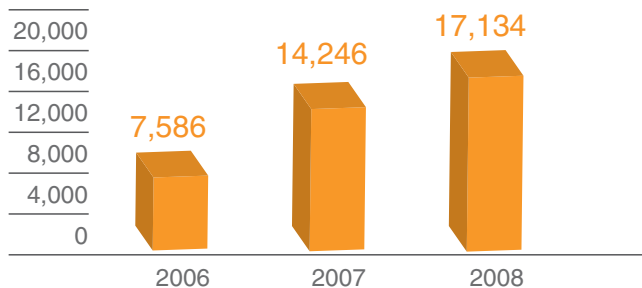
Social spending by area of activity
(RUB mln; %)



- Improving work and leisure conditions
- Social and economic development of regions
- Healthcare and lifestyle, etc.
- Provision of housing
- Non-state pension coverage
- Social infrastructure maintenance
- Charity work

Social Responsibility

Social Spending (RUB mln)



leave, reimbursement of hostel accommodation costs, as well as other benefits. Composition and scale of benefits depend on economic positions of Rosneft subsidiary and terms set out in collective agreements.

Improving Work and Leisure Conditions

Rosneft is aware of the importance of employees' living conditions for ensuring greater labor productivity. The Company is therefore creating new recreation zones, renovating social and community facilities, and financing projects to enhance daily comfort and security.

One of the central tasks of Rosneft's social policy is renewal and development of camps for employees who carry out field shifts lasting several months. Such camps are currently used by 14,000 Company employees. The appearance of shift camps is rapidly changing thanks to Company efforts: old-style hostels are being replaced by new and more comfortable residential complexes, healthcare infrastructure is undergoing stage-by-stage improvement, the range of available public services is being expanded, and employees have ever more opportunities for sports and leisure.

A major program for standardization of Rosneft shift camps was approved and commenced in 2008. Spending on the program in 2008 was RUB 544.9 mln, and a total of RUB 14.8 bln is planned to be spent in 2009–2017.

In 2008, a temporary shift camp for 1,220 people was completed at the Vankorskoye field and construction

work began on four more camps. Also, a hotel with cafeteria was completed at Igarka Airport, from where workers fly to Vankorskoye, and work began on a hostel for those who need to spend significant periods of time at the Airport awaiting transit.

Major renovation activities were carried out at 63 sites in 2008 as part of measures to improve work and leisure conditions of Company employees. Total investment in development of the social sphere was RUB 5.43 bln.

Healthcare and Lifestyle

The main aim of the Company's healthcare program is to reduce sickness rates by at least 30% by 2013 compared with the level in 2006. The program includes:

- annual medical checks and vaccinations;
- analysis of sickness patterns among employees, and implementation of preventative measures;
- use of the most efficient treatment methods;
- rest cures for employees and members of their families;
- promotion of a healthy lifestyle;
- ensuring health and safety in the workplace;
- development of medical services at Company subsidiaries.

The Company spent RUB 978 mln on these measures in 2008, and plans to spend more than RUB 7 bln for implementation of its healthcare program in 2009–2013.

Voluntary Medical Insurance

The program of collective voluntary medical insurance for Rosneft employees includes full general medical services, general and specialized dentistry, planned and emergency hospitalization, and a range of convalescent care services. A total of RUB 394.5 mln was spent on voluntary medical insurance in 2008. Currently, more than 90,000 Company



Major renovation activities were carried out at 63 sites in 2008 as part of measures to improve work and leisure conditions of Company employees.

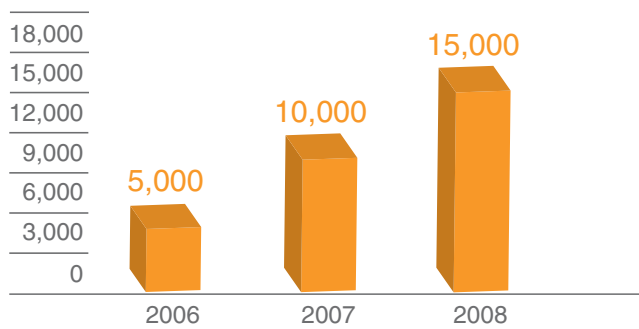




Rosneft is aware of the importance of sports and a healthy lifestyle for the well-being of its employees, and makes them an integral part of its social policy.



Number of participants in Rosneft's Amateur Sports Festival (people)



employees take advantage of the collective voluntary medical insurance.

Sports

Rosneft is aware of the importance of sports and a healthy lifestyle for well-being of its employees, and makes them an integral part of its social policy. The Company leases sports halls and swimming pools, and organizes annual competitions for its employees in various sports. Special emphasis is placed on development of child sport. Rosneft is financing construction of large, modern sports complexes in the Far East, Siberia and Southern Russia.

Rosneft's annual, multi-stage Amateur Sports Festival ('Spartakiada') is an important corporate event, and was held for the fourth time in 2008. The Spartakiada includes competitions in eight summer sports (five-a-side, basketball, volleyball, table tennis, track-and-field, kettlebell lifting, chess and tug-of-war). The number of people taking part in the Spartakiada has grown consistently.

The Festival begins with competitions at various Company enterprises. The second stage consists of regional trials, held in 2008 in Khabarovsk, Nefteyugansk, Angarsk, Samara, and Krasnodar. More than 1,500 sportsmen and sportswomen from Company subsidiaries, grouped in 50 teams, took part in the regional competitions. The finals of the Fourth Spartakiada were held in Sochi in September, with teams from 14 subsidiaries taking part (500 winners and runners-up from the regional stages).

More than 20,000 Company employees are expected to take part in the Fifth Rosneft Spartakiada in 2009. The finals will be held in Moscow.

Housing Programs

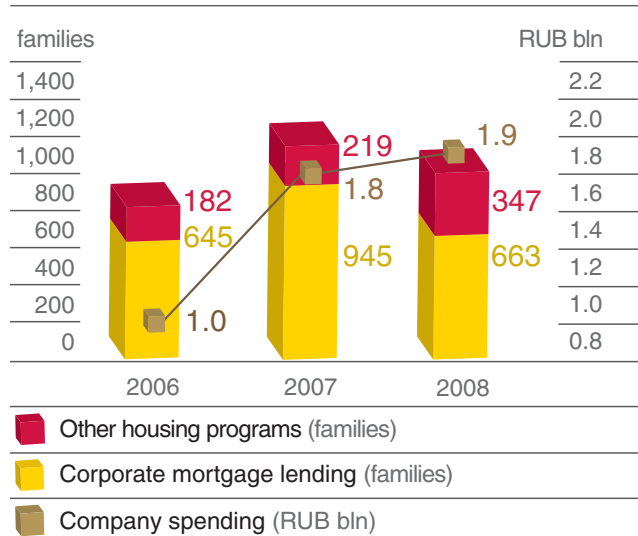
The Company is implementing a comprehensive housing program for its employees. The program has four main aspects:

- corporate mortgage lending;
- housing construction;
- participation in the federal housing program on the Island of Sakhalin;
- providing accommodation to employees on secondment.

Rosneft provided housing for more than 1,000 of its employees' families in 2008 (more than 64,000 sq. meters of residential space). The Company also bought 45 corporate apartments for personnel, seconded from other parts of Russia to work at Company subsidiaries.

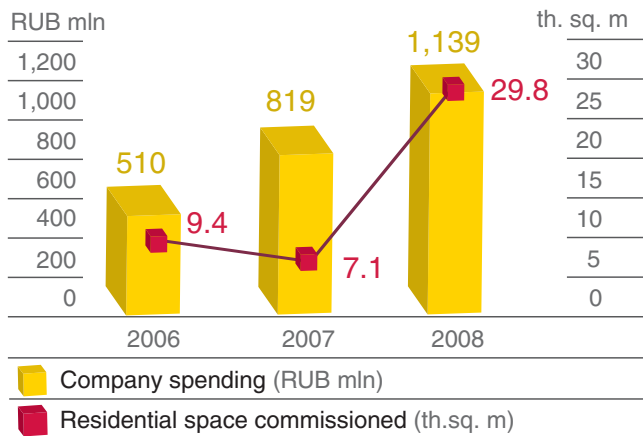
More than 650 families obtained housing in 2008 as part of Rosneft's program of long-term residential

Provision of housing (families, RUB bln)

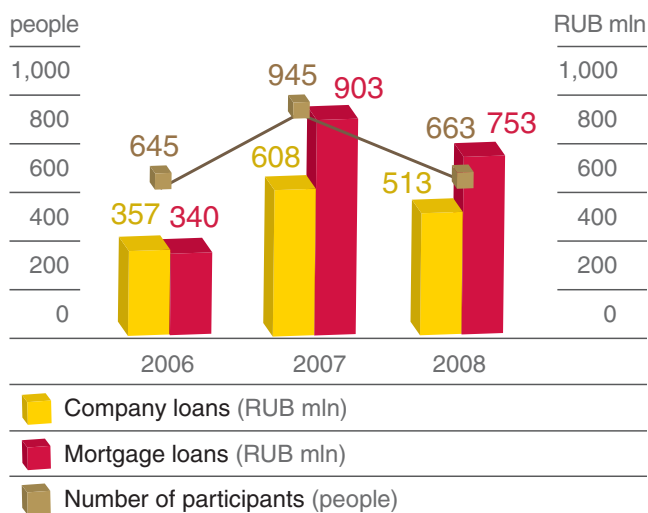


Social Responsibility

Housing construction (RUB mln; th.sq. m)



Corporate mortgage program (people; RUB mln)



mortgage credits. Under the program, an employee can obtain an interest-free loan for up to 25–30% of the price of an apartment, and a long-term loan for the remainder of the price at a beneficial interest rate from a partner bank.

About RUB 12 bln is planned to be spent on implementation of the housing program in 2009–2013, with emphasis on mortgage development, which should improve housing situation for 5,000 families of employees.

Russia is currently implementing a national project, 'Affordable and Comfortable Housing for Russian Citizens', and Rosneft is playing an active part in achievement of the important social aims of the project. The Company finances residential space development in cities, where there are housing shortages (Grozny, Gubkinsky, etc.). Housing is offered on a mortgage basis, or partly paid for by the Company itself.

The Company has particularly close involvement in the federal housing program in Sakhalin Region. Rosneft plans to supply RUB 0.7 bln of total RUB 1.4 bln, which is to be spent on the program in 2004–2009. Company employees are expected to obtain 322 of apartments that are to be built.

Corporate Pension Coverage

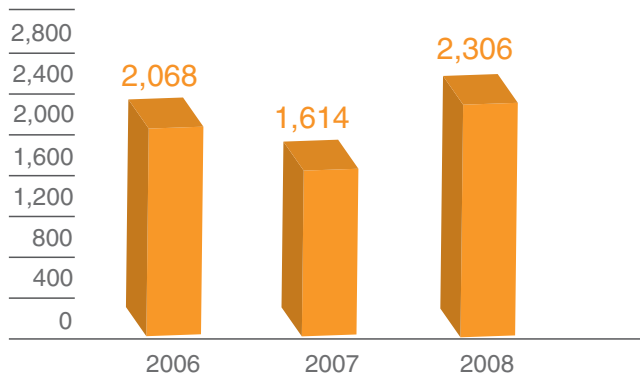
Rosneft's corporate pension program addresses two major issues: it ensures a decent standard of living for pensioners and veterans, and it also helps to achieve the Company's own human resource priorities (reducing employee turnover and attracting qualified specialists to the Company).

Rosneft provisions for retiring employees include payment of a non-state corporate pension in addition to the state pension. Such additional pension provision is organized through the Neftegarant non-state pension fund, and most Company subsidiaries have signed collective agreements with that fund (such agreements encompass more than 100,000 employees in total). Pension contributions by Rosneft and its subsidiaries to the Neftegarant fund totaled RUB 2.3 bln in 2008, of which RUB 150.2 mln was paid as part of a project for social support to veterans.

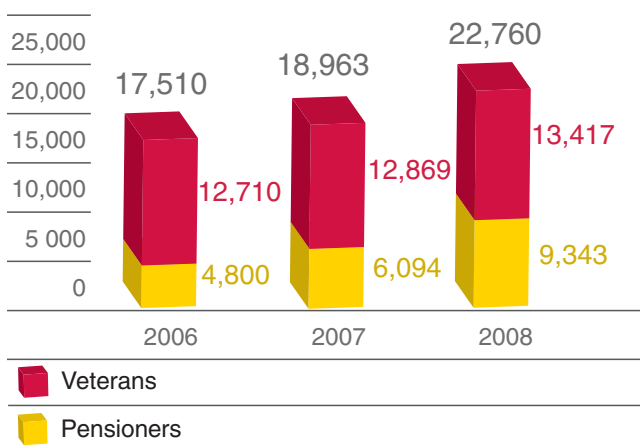
Non-state pensions were paid to 22,760 people in 2008 (9,343 pensioners and 13,417 veterans), and total pension payments during the year were RUB 367.6 mln. A further RUB 236.1 mln was paid as direct financial support to pensioners and veterans as part of the collective agreements to cover medical and other expenses.

Rosneft is also creating a system of individual pension coverage over and above state and corporate schemes. Individual pensions are based on voluntary employee contributions to the Neftegarant fund. By

Pension contributions by Rosneft
(RUB mln)



Number of people receiving corporate pensions
(people)



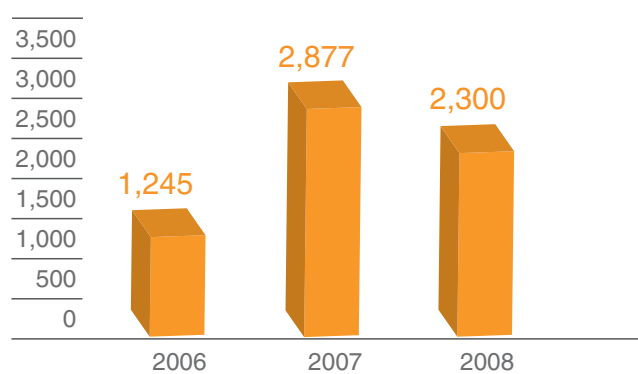
the end of 2008, more than 18,000 employees had made individual pension agreements with the fund for a total of more than RUB 130 mln.

Social and Economic Development of Regions

Rosneft has long-term partnerships with the regions where it operates, and carries out various large-scale social and economic programs in these regions.

Rosneft helps to finance social infrastructure in regions of Company presence through agreements

Spending as part of social and economic regional agreements (RUB mln)



with regional administrations, which are based on mutually advantageous cooperation and stipulate tax benefits for the Company in line with federal and local legislation. The agreements provide for investment in urban and rural infrastructure, road building, construction of schools, medical facilities, and cultural and sports facilities, purchase of modern equipment, etc.

At the end of 2008, the Company had cooperation agreements with administrations in Khanty-Mansiysk and Yamalo-Nenets Autonomous Districts, the Republics of Komi, Adygea, Kabardino-Balkaria, and Udmurtia, in Kamchatka, Primoriye, Zabaikaliye, Krasnoyarsk, Krasnodar, and Stavropol Territories, and in Sakhalin, Magadan, Irkutsk, Orel, Lipetsk, Novosibirsk and Samara Regions. In some places where Rosneft has operations, the Company's social policy is defined by conditions of mineral license agreements.

Rosneft spent a total of RUB 2.3 bln in 2008 to finance social and economic cooperation agreements with regions.

Localities where Rosneft enterprises are the main employer have particularly high priority for the Company. In the town of Nefteyugansk (Khanty-Mansiysk Autonomous District), the Company is financing construction of a park and leisure zone with a covered swimming pool, landscaping work, road surfacing, and construction of sports grounds and children's playgrounds. Also, work is underway in the town of Pyt-Yakh on a national cultural center.



Rosneft spent a total of RUB 2.3 bln in 2008 to finance social and economic cooperation agreements with regions.



Charity is another key aspect of Rosneft's social policy. The Company makes significant amounts of money available each year for support of various non-profit projects across Russia.

In Yamalo-Nenets Autonomous District, the Company is paying for construction of the Neftyanik Cultural Center in the town of Gubkinsky, a sheltered housing development in the village of Tarko-Sale, utilities infrastructure in the village of Kharampur, and various other social facilities.

Rosneft is carrying out a large-scale social program in Okhinsky and Nogliksky Districts on the Island of Sakhalin. More than RUB 400 mln was spent on local infrastructure works in 2008, including completion of two sports centers.

Overall, Rosneft participated in financing of construction, repair, reconstruction and equipping of 18 pre-school facilities, 24 schools, 28 cultural facilities and 10 sports facilities, as well as 15 medical institutions and 9 places of worship during 2008.

Support for Education

Various types of support for education are another important aspect of Rosneft's social policy. By helping education institutions to acquire IT and interactive equipment, and to fit out laboratories and technical rooms, etc., the Company ensures a steady inflow of well-trained employees for its sustainable development in the future.

Rosneft has a successful program for integrated 'school-college-enterprise' educational trajectories. Specialized 'Rosneft classes' have been created in 23 Russian regions for particularly gifted schoolchildren (43 classes with 1,100 children), who plan to obtain higher education at oil sector institutes and to pursue careers with the Company.

The Company spent RUB 133 mln in 2008 on the needs of Rosneft classes, cooperation with Russian higher education institutes, which train specialists for the oil and gas sector, and on support for educational infrastructure. Also, more than 170 Company employees were provided with a total of RUB 6.9 mln. in loans to finance their children's education.

Charity

Charity is another key aspect of Rosneft's social policy. The Company makes significant amounts of

Criteria for Charity Assistance

Criteria for provision of charity assistance to Company employees and their family members:

- income level of the claimant;
- make-up of the claimant's family;
- duration of employment at the Company and professional achievements;
- reason for the claim (illness, act of God, etc.).

Criteria for charity assistance to regions where the Company has operations:

- a cooperation agreement with the region and contractual mutual commitments of the parties, by which the Company agrees to participate in the region's charity programs, and the region agrees to provide tax remissions permissible by Russian law, as well as assistance with other issues in the competence of the region and permissible by Russian law;
- a jointly agreed program, specifying use of the charity funding;
- accounting by the region to prove that the charity funding was used as intended.

Criteria for charity assistance to organizations, institutions, and foundations for implementation of specific projects:

- social importance of the program and relevance to Company interests;
- an agreement on the contribution to be made with an estimate of project costs, agreed by the Company;
- accounting to prove that the charity funding was used as intended.

Amounts of charity funding are confirmed in the Company's annual business plan. Decisions on assistance are taken by the Management Board, based on the official Company budget, or by authorized bodies of Company subsidiaries (management board, supervisory committees, etc.).

Transfer of funds to commercial organizations cannot be classified as charity.

money available each year for support of various non-profit projects across Russia. The scale of charity funding is set out in the Company's annual business plan. Decisions on funding in specific instances, within limits of the approved charity budget, are taken by the Company's Management Board or by authorized bodies at Company subsidiaries (management boards, supervisory councils, etc.).

Help to Rosneft employees, their families and to Company pensioners and veterans is of prime importance in charity work. Decisions on whether to help and how much to offer depend on the reason for application (illness, difficult family circumstances, etc.), income level, size of family, length of employment at the Company and professional achievements.

Charity work in regions of Company operation is particularly oriented to small ethnic groups, which are indigenous to northern parts of Russia. The Company builds schools and hospitals and carries out infrastructure improvement to serve the needs of such communities. The Company also makes payments for use of land, buys equipment and fuel to support the economies of northern communities, provides summer health and leisure programs for local children, and finances exhibitions, competitions, and other events. Rosneft spent more than RUB 110 mln on the needs of small indigenous ethnic groups in the North of Russia during 2008.

Rosneft also helps to finance programs of major social importance by civil-society organizations and foundations aimed at reviving Russian spiritual heritage, as well as providing funds for sports events, healthcare, children's homes and boarding institutions, and various initiatives that serve to strengthen the cultural and moral foundations of Russian society.

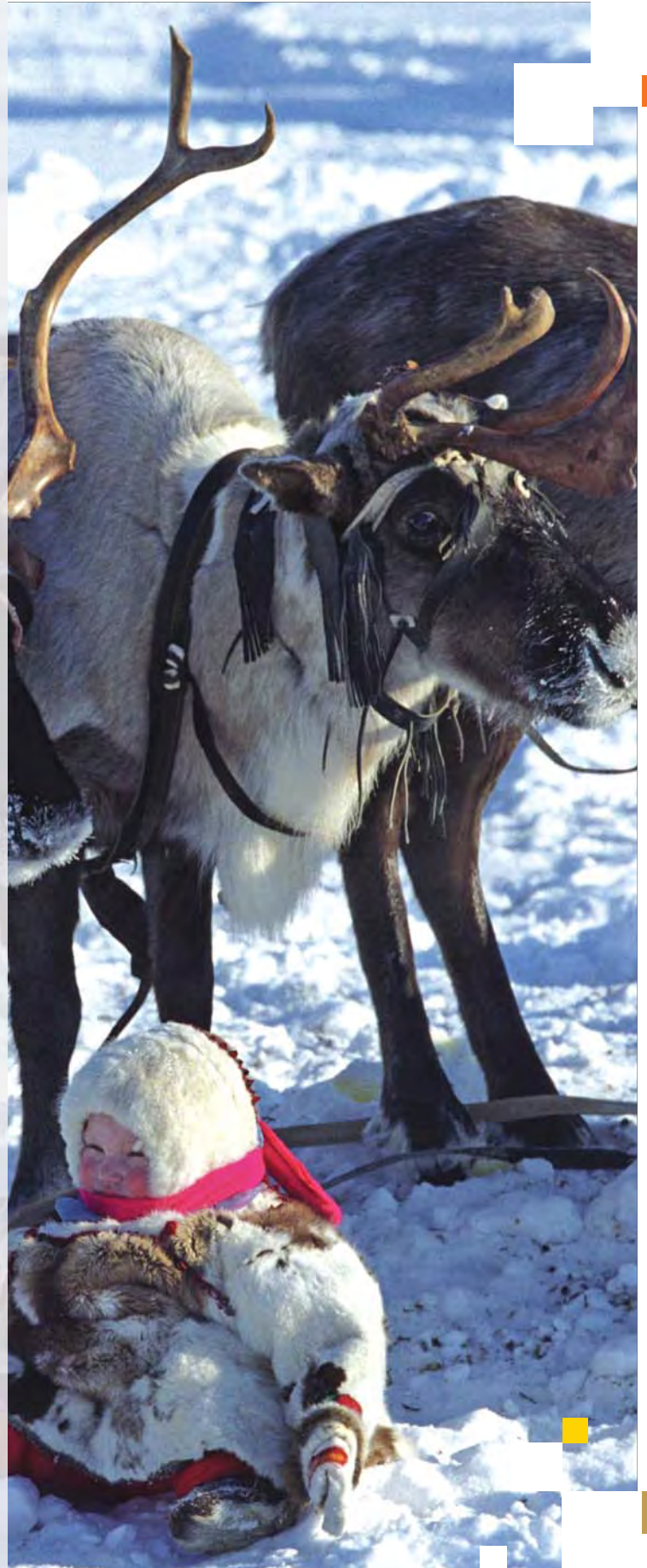
In 2008, the Company's total spending on charity work was RUB 600 mln.

Maintenance of Rosneft Social Infrastructure

Rosneft is carrying out a step-by-step program for optimization of its own social infrastructure in order to reduce costs, which are not related to Company business. Various non-core facilities are being withdrawn from subsidiaries, and some key social and cultural assets, located in regions with unique climates and landscapes (Lake Baikal, the Volga River) are being turned into large-scale Health Centers for the use and benefit of all Rosneft employees. A specialized subsidiary, LLC RN-Zdorovye, has been set up to ensure efficient, centralized management of social and cultural facilities that remain a part of the Company. Rosneft spent about RUB 1.1 bln on maintenance of its social infrastructure during 2008.



The Company makes payments for use of land, buys equipment and fuel to support the economies of the northern communities, provides summer health and leisure programs for local children, and finances exhibitions, competitions, and other events.



Health, Safety and Environment

Rosneft policies on health, safety and environment (HSE) are guided by Russian legislation and international law.

The Company uses the latest technologies and most up-to-date production methods to ensure health and safety in the workplace, avoid potentially dangerous situations, and minimize risk of accidents.

The defining principles of Rosneft's HSE policies are as follows:

- consistently reducing industrial injuries, accidents and negative environmental impacts;
- improving industrial and environmental safety at production facilities to match the best indicators of international petroleum majors;
- further developing the Company's Integrated Management System for HSE;
- minimizing negative impacts of newly commissioned facilities on the environment and on health of the employees.

Rosneft operates the Integrated Management System for health, safety and environmental protection, enabling ongoing management, control, monitoring and assessment of the Company efficiency in these fields. The System involves personnel at all levels in ensuring production safety and lowering negative environmental impacts. Standards have been designed to guarantee proper functioning of core elements of the System, and work is ongoing to develop and implement new Standards.

In 2008, the Company underwent the second independent surveillance audit of its Integrated Management System, which confirmed that the System is maintained in working order, is being consistently improved, and matches overall audit criteria.

The Company currently has certificates of compliance with the international standards ISO 14001, 'Environmental Management Systems', and OHSAS 18001, 'Occupational Health and Safety Management Systems'. These certificates apply to 27 Company enterprises, and another six subsidiaries have their own ISO 14001 and OHSAS 18001 certificates.

In 2008, Rosneft was also engaged in adaptation of its Integrated Management System to requirements of the new standard, OHSAS 18001:2007, which has extended occupational safety criteria, and updated human factor evaluation and accident investigation procedures.

It is intended that, following recertification of the Integrated Management System in 2009, international certificates of compliance will be extended to 56 Rosneft enterprises and subsidiaries.

In health and safety, Rosneft's prime focus is continuous improvement of competences of all Company employees. During 2008, seminars and educational programs in this area were held in various regions where the Company operates, and specialized training was delivered as part of the Company's ongoing efforts



2008

Yuganskneftegaz



In environmental protection, Rosneft gives first priority to preventative measures aimed at minimizing negative impacts of Company activity on the environment and on the health of its employees.

to enhance the Integrated Management System. Rosneft calls in leading Russian and international companies to provide professional development programs, including Dupon and Bureau Veritas. The Company also plays an active part in discussion of health and safety issues with Russian government agencies at federal, regional and local level, as well as maintaining a dialog with civil-society organizations.

Rosneft spent about RUB 2 bln on financing of health and safety measures at Group enterprises and subsidiaries during 2008.

Efficiency of measures as part of Company health and safety policy is attested by consistently reducing numbers of industrial injuries. In 2008, the overall injury rate at Rosneft companies declined by 15.4% and fatal injury rate was 2.8 times lower as compared with 2007.

In environmental protection, Rosneft gives first priority to preventative measures aimed at minimizing negative impacts of Company activity on the environment and on health of its employees. Subsidiaries are required to prevent and eliminate factors that may have detrimental effect on natural resources, and to reduce incidence of potentially dangerous situations through renewal of equipment and strict observance of rules for equipment operation.

As part of its Environmental Program for 2008–2012, the Company carried out various environmental measures as well as further modernization of ecological

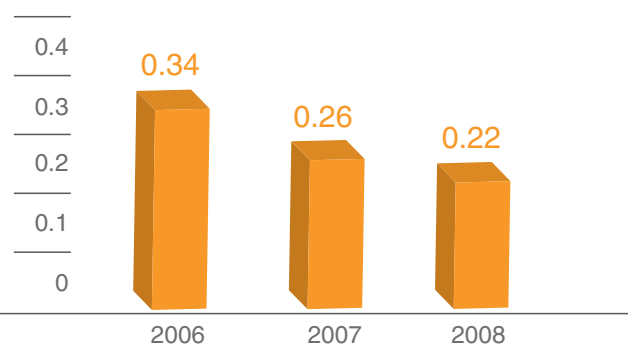
infrastructure during 2008. In particular, LLC Purneftgaz and LLC Severnaya Neft completed construction of landfills, and LLC Severnaya Neft also commissioned treatment facilities. At LLC Yuganskneftegaz, an oil sludge treatment unit started operating at full capacity. Total investment during 2008 under the Company's Environmental Program was RUB 396 mln.

Rosneft has a comprehensive system for emergency prevention and response. During 2008, a total of 283 emergency response exercises, involving approximately 23,000 subsidiary employees, were carried out to maintain readiness of the system for combating oil leaks and fires, and for accident localization. Rosneft selects subsidiaries for conducting emergency response exercises in a way that takes account of specific conditions associated with Company production, refining and marketing operations in diverse geographical areas.

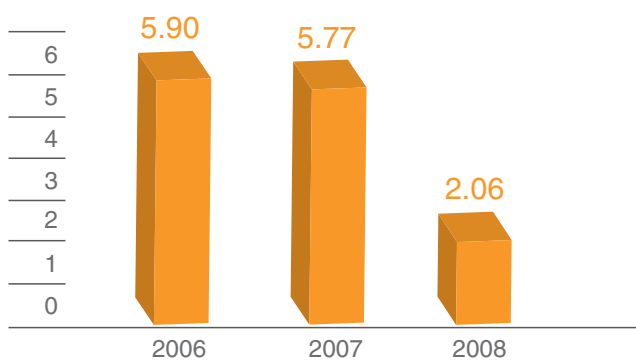
In 2008, the Company's spending on emergency prevention and response, and on fire and radiation safety rose by 1.3 times compared with 2007, to RUB 2.85 bln.

Consistent reduction of air pollutant emissions is among the Company's highest priorities in environmental protection. As part of this work, Rosneft has been implementing a wide range of measures, including: construction and overhaul of pipelines; adjustment of burner units, boilers, furnaces and fuel equipment; installation of pontoons and gas

Industrial injury rate (per 1 mln hours worked)

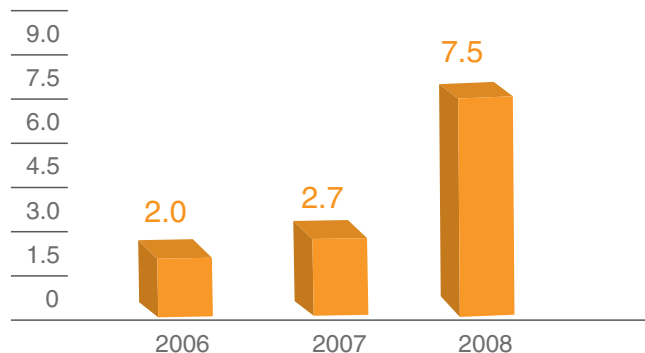


Fatal injury rate (per 100 mln hours worked)



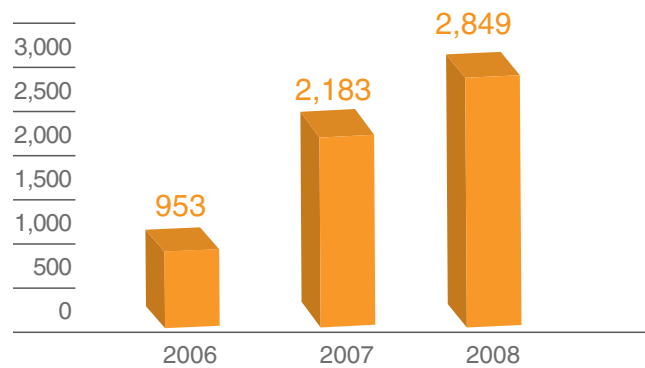
Social Responsibility

Spending on environmental protection (RUB bln)



Does not include spending on emergency prevention, preparedness and response, and on fire and radiation safety. Environmental spending in 2007 does not include related expenses associated with newly acquired assets.

Spending on emergency prevention, fire and radiation safety (RUB mln)



handling systems at tanks and use of light reflecting paints; constant monitoring of air quality and inventory of emission sources.

Along with conventional approaches to environmental protection, such as rational use of water resources, land decontamination and reclamation, and etc., Rosneft extensively applies the most advanced environmental technologies. For example, waste disposal is carried out only at special sites, and well pads at fields are equipped with a tailor-made drainage system. In addition, extensive use is made of treatment systems during drilling (technique of 'pitless drilling', which dispenses with the need for waste pits), and observation wells are drilled around well pads. Another key element of Rosneft's modern approach to environmental protection is its cutting-edge pipeline monitoring system.

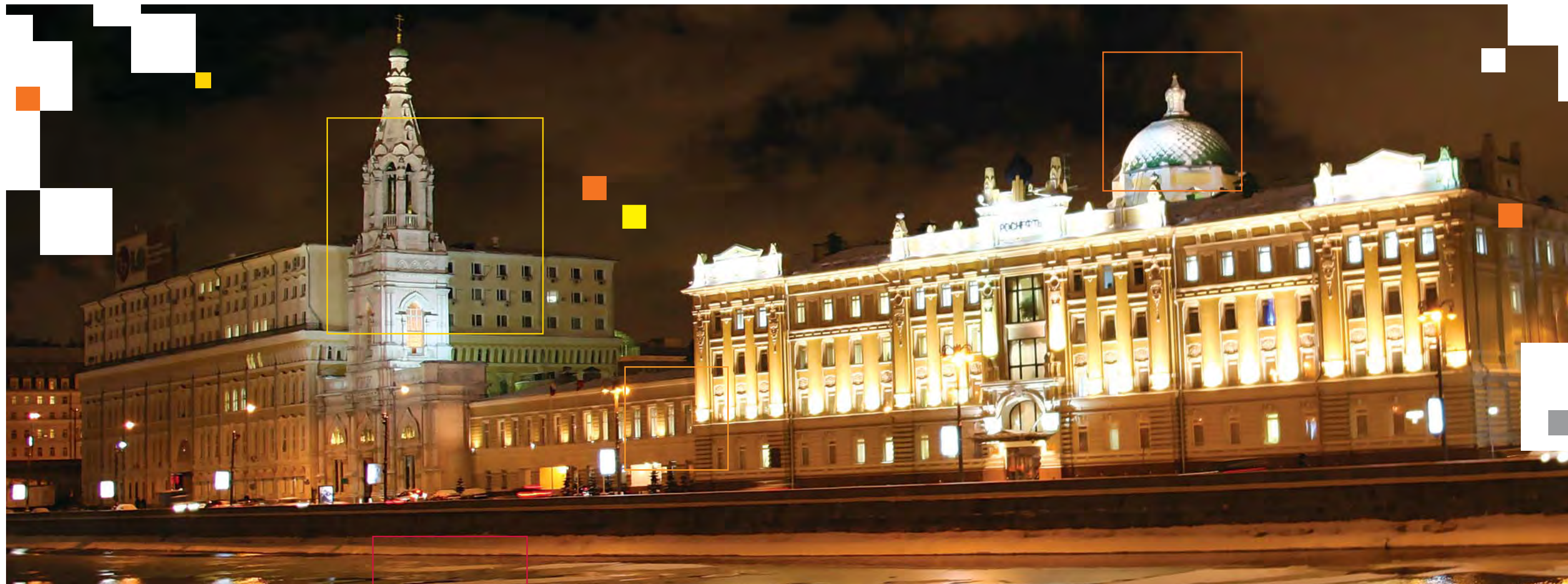
In every aspect of its environmental operations, Rosneft closely collaborates with specialized organizations, which also make use of the latest technologies and equipment.

In 2008, Rosneft's investment and operating expenses associated with environmental protection totaled RUB 7.5 bln (not including spending on emergency prevention, preparedness and response, and on fire and radiation safety). This substantial growth in environmental spending as compared to 2007 is primarily attributable to asset acquisitions in 2007 and major expansion of Rosneft's environmental activity.

Environmental security operations by Rosneft enterprises have consistently earned the highest accolades at regional and federal level. In 2008, the Company subsidiary, OJSC Kuibyshev Refinery, won first prize at two Russia-wide competitions: 'Russian Leader for Environmental Protection in 2008' and 'Best Environmental Project of the Year'.



During 2008, a total of 283 emergency response exercises, involving approximately 23,000 subsidiary employees, were carried out to maintain system readiness to combat oil leaks and fires, and for accident localization.



TRANSPARENCY

compliance with Russian and international regulations

information accessible to all interested parties

regular information updates

quarterly financial results under international standards

ongoing dialogue with minority shareholders and institutional investors

Corporate Governance

System of Corporate Governance	126
Remuneration of Members of the Board of Directors and Management	144
Internal Control and Audit	146
Authorized Capital	152
Dividend Policy	156
Information Disclosure	158

System of Corporate Governance

An effective and transparent system of corporate governance is essential for the sustainable development of Rosneft, for enhancing the Company's social responsibility before all interested parties, and for raising the Company's investment appeal.

As a public company, Rosneft does all it can to improve the efficiency of its system of corporate governance, monitoring and making use of the latest international experience. The main tasks of the Company with respect to corporate governance are:

- extension and efficient functioning of unified governance standards in all of the Company's structural divisions;
- constant improvement of relationships with shareholders and institutional investors, employees, business partners and other interested parties;
- improvement of information policy;
- ensuring efficient long-term cooperation with local government to support socio-economic development in the Company's operating regions.

Rosneft's system of corporate governance consists of the General Shareholders' Meeting, the Board of Directors, a Collegial Executive Body (the Management Board), and a Chief Executive Officer (the Company President). The principles and

foundations of this system are formulated in Rosneft's Code of Corporate Governance, which was designed to comply with the Russian Federal Law on Joint Stock Companies, the Code of Corporate Governance recommended by the Russian Federal Commission for the Securities Market, with OECD principles of corporate governance, and with the Company Charter.

The General Shareholders' Meeting

The General Shareholders' Meeting is the Company's supreme governing body. The following internal documents, regulating the work of Rosneft's managing bodies, were approved by the General Meeting of Shareholders on June 7, 2006, to help guarantee rights of Rosneft's shareholders to participate in company management and decision-making on key issues of Company business:

- Regulation on the General Shareholders' Meeting;
- Regulation on the Board of Directors;

2008



Corporate Governance

- Regulation on the Collegial Executive Body (Management Board);
- Regulation on the Chief Executive Officer (President);
- Regulation on the Internal Audit Committee.

Decisions by the Annual General Shareholders' Meeting of Rosneft, held on June 5, 2008, and devoted to the results of Company business in 2007, were as follows: approval of the Company's annual report; approval of annual financial accounts of the Company, including the profit & loss account; approval of distribution of Company profit for 2007; a decision on size, form and term of payment of dividends for 2007; remuneration and compensation of expenses for members of the Company Board of Directors; appointment of members of the Board of Directors and of the Company's Internal Audit Commission; approval of the Company Auditor; and decisions on amendments and additions to the Company Charter and approval of related-party transactions. Decisions taken by General Shareholders' Meeting had been fully executed by December 31, 2008.

The Board of Directors

The Board of Directors is the main link in Rosneft's system of corporate governance. It carries out general management of Company business, except for issues that Russian federal laws and the Rosneft Charter place in the competence of the General Shareholders' Meeting. The Board of Directors ensures functioning of the system of control over activities by the Company's executive bodies, efficient interaction between Company bodies, and observance and protection of the rights and lawful interests of shareholders.

The Board of Directors of Rosneft approved the following documents in 2006 in order to improve the Company's corporate governance system:

- Regulation on the Procedure for Formation and Operation of Committees of the Board of Directors;
- Regulation on the Audit Committee of the Board of Directors;

- Regulation on the HR and Remuneration Committee of the Board of Directors;
- Regulation on the Strategic Planning Committee of the Board of Directors;
- Code of Corporate Governance;
- Regulation on the Corporate Secretary;
- Regulation on Dividend Policy;
- Regulation on Insider Information;
- Regulation on Information Disclosure Policy;
- Regulation on Internal Control of Operations and Finances;
- Regulation on the Counting Commission.

To ensure strict compliance with the provisions of the Corporate Governance Code, approved at the Russian Government session of November 28, 2001 (Minutes No.49), the Company's Board of Directors resolved on May 22, 2007, to broaden the functions of the Corporate Secretary in supporting activities of the Board of Directors through introduction of relevant amendments and supplements to the Corporate Governance Code and the Regulation on the Corporate Secretary.

All of the above-mentioned documents can be viewed on the Company's website together with the Rosneft Company Charter. Information on observance of the Rosneft Corporate Governance Code is provided in an Appendix to this Report.

Rosneft aims to achieve maximum efficiency in activities by the Board of Directors through high levels of qualification of its members, personal responsibility of each member of the Board of Directors, and responsibility of the Board of Directors as a whole for the decisions, which it makes, as well as an optimal balance between executive, non-executive and independent members.

Newly appointed members of the Board of Directors undergo an induction program, in which they are familiarized with the Company's internal documents and

acting decisions of the General Shareholders' Meeting. Other information, which is essential for proper execution by Board members of their duties, is supplied to them on request.

The composition of the current Board of Directors corresponds to standards set out in Rosneft's Code of Corporate Governance and to international corporate governance practices. As of December 31, 2008, eight of the nine Board members were non-executive directors and three of them were independent directors.

There were a number of changes in membership of the Board of Directors of Rosneft during 2008. In the period from January 1, 2008, until June 5, 2008, Board functions were exercised by members appointed at the Annual General Shareholders' Meeting, held on June 30, 2007. In the period from June 5, 2008, until December 31, 2008, Board functions were exercised by members appointed at the Annual General Shareholders' Meeting, held on June 5, 2008. Kirill Androsov left the Company Board of Directors and Yury Petrov was elected to the Board.



The General Shareholders' Meeting is the Company's supreme governing body.



The Annual General Shareholders' Meeting of Rosneft, held on June 5, 2008, was devoted to results of Company business in 2007.

Members of the Board of Directors of Rosneft (as of December 31, 2008)



Igor Sechin

Chairman of the Board of Directors of Rosneft

Born in 1960. Graduated from Leningrad State University in 1984. Doctoral Candidate in Economics.

From 2000 – Deputy Head of the Executive Office of the President of the Russian Federation.

From March 2004 – Deputy Head of the Executive Office of the President of the Russian Federation, Aide to the President of the Russian Federation.

From May 2008 – Deputy Prime Minister of the Russian Federation.

From 2004 – member of the Board of Directors of Rosneft.



Sergey Bogdanchikov

Member of the Board of Directors, Chairman of the Management Board, President of Rosneft

Born in 1957. Graduated from Ufa Petroleum Institute with honors in 1981. Doctor of Engineering and author of several scientific publications.

From 1993 – General Director of OJSC Rosneft-Sakhalinmorneftegaz.

From 1997 – Vice-President of Rosneft.

Appointed President of Rosneft by a Resolution of the Russian Government on October 14, 1998.

From 1995 – member of the Board of Directors of Rosneft.



Hans-Joerg Rudloff

Independent member of the Board of Directors of Rosneft, Chairman of the Audit Committee, member of the HR and Remuneration Committee

Born in 1940. Graduated from Berne University (Economics) in 1965.

From 1998 – Chairman of the Supervisory Board of Barclays Capital.

From 2006 – member of the Board of Directors of Rosneft.



Andrey Kostin

Independent member of the Board of Directors of Rosneft, Chairman of the HR and Remuneration Committee, member of the Audit Committee

Born in 1956. Graduated from Lomonosov Moscow State University with honors (Economics) in 1978. Doctoral Candidate in Economics.

From 1993 to 1995 – Deputy Head of the Foreign Investments Department of Imperial Bank.

In 1995 – First Deputy Chairman of National Reserve Bank (NRB).

From 1996 to 2002 – Chairman of Vnesheconombank.

From 2002 – President and Chairman of the Management Board of VTB Bank.

From 2006 – member of the Board of Directors of Rosneft.



Alexander Nekipelov

Independent member of the Board of Directors of Rosneft, Chairman of the Strategic Planning Committee, member of the Audit Committee

Born in 1951. Graduated from Lomonosov Moscow State University (Economics) in 1973. Doctor of Economics. Author of numerous scientific publications.

From 1998 – Director of the Institute of International Economic and Political Studies at the Russian Academy of Sciences.

From 2001 – Vice-President of the Russian Academy of Sciences, Academician of the Russian Academy of Sciences.

From 2006 – member of the Board of Directors of Rosneft.



Sergey Naryshkin

Deputy Chairman of the Board of Directors of Rosneft, member of the HR and Remuneration Committee

Born in 1954. Graduated from Leningrad Mechanical Institute in 1978. Obtained second higher education at the St. Petersburg International Institute of Management (Economics). Doctoral Candidate in Economics.

From 1995 to 1997 – Head of the External Investments Department at Promstroybank.

From January 1997 – Head of the Investment Department in the Government of Leningrad Region.

From 1998 to 2004 – Head of the Committee for External Economic and International Relations in the Government of Leningrad Region.

From 2004 to 2007 – Head of the Executive Office of the Government of the Russian Federation, Minister of the Russian Federation.

From 2007 – Head of the Executive Office of the Government of the Russian Federation, Deputy Prime Minister of the Russian Federation.

From May 12, 2008 – Head of the Executive Office of the President of the Russian Federation.

From 2004 – member of the Board of Directors of Rosneft.



Gleb Nikitin

Deputy Chairman of the Board of Directors of Rosneft, member of the Strategic Planning Committee

Born in 1977. Graduated from St. Petersburg University of Economics and Finance in 1999. Graduated in state and municipal management from North-Western Academy of State Service in 2002. Graduated from the Law Faculty of St. Petersburg State University in 2004. Doctoral Candidate in Economics.

From 2002 to 2004 – Head of Department for Organization of State Property at the St. Petersburg Committee for State Property Management.

From 2004 to 2007 – Head of Department for Commercial Sector Property Management at the Federal Agency for Federal Property Management.

From 2007 – Deputy Head of the Federal Agency for Federal Property Management.

From July 2008 – Deputy Head of the Federal Agency for State Property Management.

From 2006 – member of the Board of Directors of Rosneft.



Andrey Reus

Member of the Board of Directors of Rosneft, member of the Strategic Planning Committee

Born in 1960. Graduated from Lomonosov Moscow State University in 1983, specializing in Political Economy. Doctor of Economics.

From 1998 – Advisor to the Deputy Prime Minister of the Russian Federation.

From 1998 to 1999 – Deputy Head of the Department of Interbudgetary Relations at the Ministry of Finance of the Russian Federation.

From 1999 to 2002 – Head of the Secretariat of the First Deputy Prime Minister of the Russian Federation.

From 2002 to 2004 – Head of the Secretariat of the Deputy Prime Minister of the Russian Federation.

From 2004 – Deputy Minister of Industry and Energy of the Russian Federation.

From September 2007 – General Director of OJSC OBORONPROM.

From 2004 – member of the Board of Directors of Rosneft.



Yury Petrov

Member of the Board of Directors of Rosneft

Born in 1947. Graduated from Leningrad State University in 1971 specializing in Law. Doctoral Candidate in Law.

From 1995 to 2000 – practice as a Lawyer in the St. Petersburg College of Lawyers.

From 2000 to 2002 – Lecturer at the Law Faculty of St. Petersburg State University.

From August 2002 – Adviser to the Chairman, Head of the Legal Department of the Russian Fund for Federal Property.

From October 2004 – Acting Chairman of the Russian Fund for Federal Property.

From April 2006 – Chairman of the Russian Fund for Federal Property.

From May 2008 – Head of the Federal Agency for State Property Management.

From 2008 – member of the Board of Directors of Rosneft.

Activity of the Board of Directors in 2008

The Board of Directors of Rosneft issued 23 instructions to the Management Board and 2 instructions to the Company President during 2008. As of December 31, 2008, a total of 16 instructions had been executed and 9 were in the process of execution within schedule.

The Board of Directors held 6 meetings during 2008 (5 with members present and 1 by voting in absentia), at which it reviewed and took decisions on the following matters:

Planning and Control over Rosneft Operations and Finances

Preliminary operating and financial results of the Company for 1H 2007 were approved.

Preliminary operating and financial results for 2008 were reviewed and the business plan for 2009 was approved. A series of measures for lowering operating and administrative costs was reviewed, and it was decided to carry out regular reviews of implementation by the Company of the business plan in the course of 2009.

Further Improvement of the System of Corporate Governance

A procedure was introduced for reviewing reports on activity by Committees of the Rosneft Board of Directors, and a mechanism was designed and approved, by which the Board of Directors sets and confirms the main tasks for Committees of the Board of Directors (BoD Committees).

Criteria were approved for determining compensation payable to independent members of the Board of Directors of Rosneft.

In order to clarify the role and functions of the Company's BoD Committees and to raise overall efficiency of work by the Board of Directors, new drafts of the Regulation on the BoD Audit Committee, the HR and Remuneration Committee, and the Strategic Planning Committee were approved, as well as a Regulation on the procedure for formation and operation of Rosneft BoD Committees.

A Code of Business Ethics has been approved, setting out the mission and values of Rosneft as well as main rules of conduct and interaction of Company employees, in order to ensure strict compliance by the Company with generally accepted principles of business conduct.

Committees of the Board of Directors

The BoD Committees for Audit, HR and Compensation, and Strategic Planning continued their work in 2008, carrying out preliminary review of key issues and preparing relevant recommendations to the Rosneft Board of Directors. Work by the Committees in the course of 2008 was in accordance with previously agreed plans and with tasks set by the Board of Directors for the period of authority of the Committees.

Formation and operation of Rosneft's BoD Committees is in accordance with the Regulation on the Procedure for Formation and Operation of BoD Committees of Rosneft, the Regulation on the Audit Committee of the Board of Directors of Rosneft, the Regulation on the HR and Compensation Committee of the Board of Directors of Rosneft, and the Regulation on the Strategic Planning Committee of the Board of Directors of Rosneft.

The Committees consist of non-executive members of the Board of Directors of Rosneft and are headed by independent directors.

Memberships of the Committees in 2008 were determined by decisions of the Board of Directors of Rosneft in June 2007 and June 2008.

Audit Committee of the Board of Directors

Members of the Audit Committee:

- Hans-Joerg Rudloff (Chairman);
- Andrey Kostin;
- Alexander Nekipelov.

The Audit Committee is responsible for participation by the Board of Directors in ensuring control over financial and operating activity of Rosneft.

Attendance of the Members of the Board of Directors at Meetings of the Board of Directors and Committees

Board of Directors					Audit Committee	HR and Remuneration Committee	Strategic Planning Committee
Members	Executive	Non-executive	Independent	Attendance at meetings			
Igor Sechin		X		6/6			
Sergey Bogdanchikov	X			6/6			
Kirill Androsov ¹		X		1/2	3/6		
Hans-Joerg Rudloff		X	X	6/6	14/14	7/7	
Andrey Kostin		X	X	6/6	13/14	7/7	
Alexander Nekipelov		X	X	6/6	8/8		5/5
Yury Petrov ²		X		3/4			
Sergey Naryshkin		X		6/6		7/7	
Gleb Nikitin		X		6/6			5/5
Andrey Reus		X		5/6			5/5

Note: the first figure shows the number of meetings that a member of the Board of Directors attended; the second one shows the total number of meetings that the member could have attended.

¹ In 2008, Kirill Androsov served as a member of the Board of Directors and as a member of the Board's Audit Committee in the period from January 1 through June 5.

² In 2008, Yury Petrov served as a member of the Board of Directors in the period from June 5 through December 31.

The exclusive functions of the Audit Committee are assessment of candidacies for the role of auditors of Rosneft, assessment of the Auditor's opinion, and also assessment of the efficacy of procedures for internal control and risk management, and preparing proposals for their improvement.

Functions of the Audit Committee include: preliminary review of the Company's financial accounts; assessment of the quality of auditing services provided to

Rosneft, and of observance by the auditor of auditing independence; and oversight of completeness and accuracy of Rosneft's tax, financial and management accounts.

The Audit Committee ensures constant interaction of the Board of Directors with Rosneft's auditors, the Internal Audit Commission, executive bodies, Company financial managers and structural divisions, which carry out internal control and audit functions.

HR and Remuneration Committee of the Board of Directors

Members of the HR and Remuneration Committee:

- Andrey Kostin (Chairman);
- Sergey Naryshkin;
- Hans-Joerg Rudloff.

The HR and Remuneration Committee promotes the attractiveness of the Company to highly qualified specialists and ensures that conditions are in place for them to work successfully in the Company.

The main functions of the HR and Remuneration Committee are: HR policy formation; regulation of matters concerning compensation and incentives to Rosneft employees; design of principles and criteria for determining the scale of remuneration and compensation to members of the Board of Directors, Management Board, and executives of Rosneft; and development of long-term remuneration programs for Company employees (bonuses and option schemes). The Committee also reviews reports on sustainable development by the Company, prepared in compliance with international standards.

Members of the HR and Remuneration Committee are not entitled to participate in evaluation of their own performance and decisions about their remuneration.

To ensure ongoing coordination between the Board of Directors and Company structural divisions, which implement Company HR policy, the Committee and Rosneft's HR department carry out preliminary assessment of candidates to the posts of Rosneft Vice-President, Chief Accountant, Financial Director, and R&D Director as well as giving preliminary approval to forms and amounts of bonuses, remuneration, compensations and other payments to such persons.

Strategic Planning Committee of the Board of Directors

Members of the Strategic Planning Committee:

- Alexander Nekipelov (Chairman);
- Gleb Nikitin;
- Andrey Reus.

The Strategic Planning Committee determines the strategic objectives and priorities of Rosneft.

The Committee's main tasks include: review and preparation for the Board of Directors of recommendations on issues concerning strategic development and management of the Company; monitoring and assessment of efficient implementation of strategy which has been approved by the Board of Directors; assessment of efficiency of Company interaction with investors; and analysis and provision of information to the Board of Directors concerning the main aspects of economic policy of the Russian Government in the Company's sphere of business.

The Strategic Planning Committee analyzes proposals of the Company's structural divisions concerning approval, amendment, and implementation of Company development strategy, and reviews strategic investment projects.

Activity of Committees of the Rosneft Board of Directors in 2008

Audit Committee

Activities of the Audit Committee were based on the plan for 2008. The Committee met 14 times in the course of the year.

In each quarter, the Audit Committee carried out preliminary reviews of Rosneft consolidated financial accounts prepared in accordance with US GAAP, and also reviewed audits or overviews of these accounts. Also, as part of the review of consolidated financial accounts for 2007, prepared in accordance with US GAAP, the Committee reviewed the procedure for reflection of financial derivative instruments in the accounts and gave recommendations to management. The Audit Committee also reviewed information on risks in the internal audit system, which were revealed by the auditor, Ernst & Young LLC, during auditing of Rosneft's US GAAP consolidated financial accounts, as well as comments by Company management; a report was subsequently made to the Committee on measures taken to address comments on the system of internal control, made by the auditor as a result of auditing the accounts for 2007. The Committee also reviewed information from the

auditor, LLC Ernst & Young, concerning planned audit of Rosneft's consolidated financial accounts in accordance with US GAAP for 2008.

The Committee reviewed results of the competition among auditing organizations, which was carried out by Rosneft, and gave an assessment of candidacies for carrying out an audit of financial accounts of the Company and of its subsidiaries, and of consolidated accounts of Rosneft in accordance with Russian Accounting Standards, as well as the annual audit of consolidated financial accounts in accordance with US GAAP. Recommendations were made on remuneration for the auditor's services in 2008.

The Audit Committee also carried out regular reviews of information on all types and amounts of non-audit services provided to Rosneft by auditors and amounts of remuneration paid to auditors for such services.

The following tasks were carried out at a joint meeting of the Audit Committee and the Internal Audit Commission: the Rosneft Annual Report for 2007 was given a preliminary review; an assessment was given of the opinion of the Rosneft auditor concerning the Company's financial accounts for 2007; a review was carried out of the conclusions of the Internal Audit Commission for 2007 (on the outcome of checks of Company operations and finances; results of checks of annual accounts; and on accuracy of data in the Annual Report); and a review was carried out of the recommendations to the Annual General Shareholders' Meeting of Rosneft concerning the procedure for distribution of Company profit, the amount of dividends to be paid for 2007, and the procedure for their payment.

Other actions by the Audit Committee in 2008 included the following: review of the report on Committee performance in 2007; review of outcomes of internal accounting checks of operations and financials of a number of Rosneft subsidiaries; review and approval of measures by the Company in 2008 to improve information transparency, as well as plans for 2009; definition of tasks of the Committee for 2008-2009; review of the concept for changes to standards of Rosneft account preparation and approaches for reconciliation of Russian and International accounting; and review of progress with the project for construction of a Rosneft corporate accounting system. Also, the program for stricter control over implementation

of the Vankor project and optimization of spending in the Vankor project and the Rosneft Program for reduction of costs were reviewed by the Audit Committee in compliance with instructions from the Company Board of Directors.

The Audit Committee prepared recommendations to the Rosneft Board of Directors in 2008 on the following questions: pricing in related-party transactions; preliminary approval of the Rosneft Annual Report for 2007; annual financial accounts, including profit & loss accounts, of Rosneft for 2007; recommendations to the General Shareholders' Meeting concerning size of dividends and the procedure for their payment, as well as the procedure for distribution of Company profit for 2007; amendment of decisions concerning placement by Rosneft of Eurobonds as part of the Program for issue of medium-term bonds; approval of the new draft of Regulations, governing actions of the HR and Remuneration Committee; and the Rosneft Program for cost reductions.

In the course of 2008 the Chairman of the Audit Committee held regular meetings with top managers of Rosneft, with representatives of external auditors and with the head of the Internal Audit Department.

HR and Remuneration Committee

The HR and Remuneration Committee operated on the basis of approved plans for 2008. The Committee held seven meetings during the accounting period.

The HR and Remuneration Committee reviewed the report on Committee performance in 2007, as well as the Report on Sustainable Development of Rosneft (as part of assessment of Company activity in the social policy sphere); and the draft program for long-term remunerations (bonuses and options) for employees of Rosneft. The Committee also designed a mechanism of task-setting for BoD Committees during the period of their authority and reviewed tasks of the Committee for 2008-2009. The Committee carried out work on the formation of a new organizational structure for Rosneft, in accordance with an instruction of the Company's Board of Directors.

The Committee prepared recommendations to the Board of Directors concerning decisions on the



The Strategic Planning Committee determines strategic objectives and priority activities of Rosneft.





The management of current business of Rosneft is the responsibility of the Company's executive bodies: the President (Chief Executive Officer) and the Management Board (Collegial Executive Body), who are subordinate to the Board of Directors and the General Shareholders' Meeting of the Company.

following issues: making of amendments to the procedure for payment of remuneration and compensation of expenses to members of the Rosneft Board of Directors; scale of remuneration to the President of Rosneft based on performance of the Company in the second half of 2007; early termination of the authorities of some members of the Rosneft Management Board; approval of a new draft of Regulations, governing actions of the HR and Remuneration Committee; and approval of the Rosneft Code of Business Ethics.

In the course of 2008 the Chairman of the HR and Remuneration Committee met regularly with Company top managers and the head of the HR Department as part of joint work for the design of an annual bonus system for key executives of Rosneft, to be based on performance indicators, enabling a more objective assessment of achievements. The meetings also dealt with the formation of Rosneft's new organizational structure.

Strategic Planning Committee

Actions by the Strategic Planning Committee were based on approved plans for 2008. The Committee held five meetings during the reporting period.

The Strategic Planning Committee reviewed the report on Committee performance in 2007 and also carried out analysis of trends in Russian tax policy, as a result of which recommendations were prepared for Company management regarding the draft Development Strategy for Rosneft. The impact of the current tax regime on the oil sector was also reviewed, and a review of Committee tasks for 2008-2009 was carried out.

The Committee made recommendations to the Board of Directors for decisions on the following issues: amendment of decisions concerning placement by Rosneft of rouble bonds; Company operating and financial results for the first half of 2008; approval of a new draft of Regulations, governing action by the Strategic Planning Committee; and preliminary operating and financial results of Rosneft for 2008, as well as approval of the Company's operating and financial plan for 2009.

During the accounting period the Chairman and members of the Committee met regularly with top managers

of the Company and with heads of structural divisions, involved in the process of business planning and development of Rosneft strategy. Tax experts from outside the Company were invited to Committee meetings.

The Board of Directors of Rosneft gave a positive assessment of the activities of the Company's BoD Committees during 2008 (Minutes No.4, April 28, 2009).

The Management Board of Rosneft

The management of current business of Rosneft is the responsibility of the Company's executive bodies: the President (Chief Executive Officer) and the Management Board (Collegial Executive Body), who are subordinate to the Board of Directors and the General Shareholders' Meeting of the Company.

Professional requirements for Management Board members (including education and experience) are stipulated by the Company's internal documents.

The organization of Rosneft's management bodies and the actions of its executives are governed by the Rosneft Charter, the Instruction on the collegial executive body, the Instruction on the chief executive officer (President) and the Company's Code of Corporate Governance.

The Company's Management Board consists of eight members.

There were a number of changes in membership of the Management Board during 2008. The authority of two Board members was terminated by decision of the Board of Directors on October 18, 2008 (Minutes No.5). These members were Stepan Zemlyuk, who had previously left Rosneft by mutual agreement, and Anatoly Baranovsky, who was dismissed from the Company at his own request due to retirement. Company Vice-Presidents, Larisa Kalanda and Sergey Makarov, were appointed as members of the Management Board.

Membership of the Management Board

(as of December 31, 2008)



Sergey Bogdanchikov

Chairman of the Management Board,
President of Rosneft

Born in 1957. Graduated from Ufa Petroleum Institute with honors in 1981. Doctor of Engineering and author of several scientific publications.

From 1993 – General Director of OJSC Rosneft-Sakhalinmorneftegaz.

From 1997 – Vice-President of Rosneft.

Appointed President of Rosneft by a Resolution of the Russian Government on October 14, 1998.



Sergey Kudryashov

First Vice-President of Rosneft

Born in 1967. Graduated from Kuibyshev Polytechnic Institute in 1991. Obtained an Executive MBA from Stockholm School of Economics in 2006.

From 2000 to 2001 – Chief Engineer of Strezhevoineft Oil & Gas Production Unit (part of OJSC Tomskneft).

From 2001 to 2003 – Deputy General Director of OJSC Tomskneft VNK, Head of Strezhevoineft Oil & Gas Production Unit.

From 2003 to 2005 – General Director of Yuganskneftegaz, Vice-President of CJSC YUKOS EP.

From 2005 to December 2008 – First Vice-President of Rosneft, responsible for production operations.

From December 25, 2008 – Deputy Energy Minister of the Russian Federation by order of the Government of Russia.



Sergey Karaganov

Vice-President of Rosneft

Born in 1958. Graduated from Khabarovsk Polytechnic Institute in 1981. Completed second higher education at Khabarovsk State Technical University in 1998.

From 1998 to 2000 – Head of HR at OJSC Rosneft-Sakhalinmorneftegaz.

From 2000-2006 – HR Director at Rosneft.

From 2006 – Vice-President of Rosneft, responsible for HR and social policy, corporate culture, and internal communications.



Larisa Kalanda

Vice-President of Rosneft

Born in 1964. Graduated in law from the Sverdlov Institute of Law in 1985. Completed post-graduate studies at the Institute of Philosophy and Law of the Belarus Academy of Sciences in 1994.

From 1997 – Deputy Head of the Legal Service of OJSC TNK and OJSC TNK-BP Management.

From September 2003 to 2006 – Vice-President of OJSC TNK-BP Management, responsible for legal support.

From 2006 – Vice-President of Rosneft, responsible for legal support of Company financial and operating activities, and for design and implementation of legal policy for protection of assets and interests of the Company (of Company shareholders), and of subsidiary and affiliated companies.



Sun Ne Kim

Chief Accountant of Rosneft

Born in 1951. Graduated from Irkutsk Institute of National Economy in 1972.

From 1998 – Chief Accountant of Rosneft.



Sergey Makarov

Vice-President of Rosneft

Born in 1963. Graduated from Moscow Aviation Institute in 1986. Obtained MSc in Finance at London's City University Business School (CUBS) in 1998.

From 1998 to 2003 – Worked in various financial and trade organizations in the UK.

From 2003 to 2005 – Head of the Financial Department of OJSC Oboronprom and Chairman of the Board of Directors of CJSC Oboronpromleasing.

From 2005 to 2006 – Managing Director of Vneshtorgbank.

From 2006 – Vice-President of Rosneft, responsible for Company financial services.



Peter O'Brien

Vice-President of Rosneft, Head of the Financial Advisers' Group to the President of Rosneft

Born in 1969. Obtained a Bachelor's degree from Duke University in 1991. Obtained an MBA from Columbia University Business School in 2000.

From 1996 to 1998 – Vice-President of Troika Dialog.

From 2000 to 2002 – Senior Manger of Morgan Stanley (Moscow).

From 2002 to 2005 – Vice-President of Morgan Stanley (Moscow).

From 2005 to 2006 – Executive Director, Co-Head of Investment Banking in Russia, Head of CIS Fuel and Energy Group at Morgan Stanley (Moscow).

From 2006 – Vice-President of Rosneft, responsible for strategy, economics and business planning.



Rizo Tursunov

Vice-President of Rosneft

Born in 1947. Graduated from Moscow Institute of Electromechanics in 1970.

From 1999 to 2000 – Adviser to the President of Rosneft.

From 2000 – Vice-President of Rosneft.

Transactions with Rosneft Securities Effected by Members of the Board of Directors and Management Board

The Regulation on Insider Information of Rosneft provides for disclosure to the Company by the Members of the Board of Directors and Management Board, and by the President of the information on their transactions with Rosneft's securities.

The Members of the Board of Directors and Management Board of Rosneft effected several transactions with Rosneft's securities in 2008. The information on the transactions was provided to the Company (in full compliance with internal regulations) and disclosed on the financial market in full compliance with acting regulations.

Hans-Joerg Rudloff, Member of the Board of Directors, effected two transactions:

- December 22, 2008: sale of 398,500 GDRs, certifying rights in respect of 398,500 ordinary shares of Rosneft;
- December 31, 2008: acquisition of 398,500 GDRs, certifying rights in respect of 398,500 ordinary shares of Rosneft; acquisition of 39,500 ordinary shares of Rosneft.

Peter O'Brien, Member of the Management Board, effected one transaction:

- October 27, 2008: acquisition of 200,000 GDRs, certifying rights in respect of 200,000 ordinary shares of Rosneft.

Information on Shares Held by Members of the Board of Directors and Management Board (as of December 31, 2008)

Members of the Board of Directors and Management Board	Number of ordinary shares	Share in authorized capital, %
Igor Sechin	-	-
Sergey Bogdanchikov	126,672	0.0012%
Yury Petrov	-	-
Andrey Kostin	-	-
Sergey Naryshkin	-	-
Alexander Nekipelov	-	-
Gleb Nikitin	-	-
Andrey Reus	-	-
Hans-Joerg Rudloff	700,000 (Shares and GDRs)	0.0066%
Larisa Kalanda	265,695	0.0025%
Sergey Makarov	-	-
Peter O'Brien	250,000 (GDRs)	0.0024%
Sergey Karaganov	88,391	0.0008%
Sun Ne Kim	66,423	0.0006%
Sergey Kudryashov	132,847	0.0013%
Rizo Tursunov	-	-

Remuneration of Members of the Board of Directors and Management

Since 2008 Rosneft makes decisions on financial incentives to independent members of the Board of Directors using criteria specially designed by the BoD Committee on HR and Remuneration and approved by the Board of Directors.

Remuneration of Members of the Board of Directors

It is stated in the Regulation on the Board of Directors of Rosneft that, by decision of the General Shareholders' Meeting, members of the Board of Directors are entitled to remuneration and/or compensation of expenses associated with execution of their functions during the period when they are in office. The scale of such remuneration and compensation is established by the General Shareholders' Meeting.

In compliance with acting legislation of the Russian Federation, remuneration is not paid to members of the Board of Directors of Rosneft who are state officials. So the Company pays remuneration only to independent members of the Board of Directors.

Criteria for Levels of Remuneration

Since 2008 Rosneft makes decisions on financial incentives to independent members of the Board of Directors using criteria specially designed by the BoD Committee on HR and Remuneration and approved by the Board of Directors on April 25, 2008. This approach complies with the latest practices in corporate governance.

Factors taken into consideration in determining the scale of remuneration for work in the reporting year are: participation in meetings of the Board of Directors and BoD Committees, of which the independent director is chairman or member, and execution by the Committee of its tasks.

In accordance with the above-mentioned criteria the General Meeting of Shareholders of Rosneft, held on June 5, 2008, decided on the following scale of remuneration to independent members of the Company Board of Directors as a result of work in 2007:

- Andrey Kostin – USD 200,000;
- Alexander Nekipelov – USD 185,000;
- Hans-Joerg Rudloff – USD 200,000.

It was also decided to compensate all expenses associated with execution by members of the Board of Directors of their functions. Such expenses include the following items: accommodation, meals, travel (including VIP lounge services), and other duties and tariffs for air or rail transport services.

Remuneration of Management

Remuneration of senior management (President, Vice-Presidents) and heads of structural divisions of Rosneft consists of:

- monthly salary;
- annual premium.

No additional remuneration is paid to Company managers for their work in management bodies of Rosneft or its subsidiary and affiliated companies (Rosneft Management Board, Boards of Directors of subsidiaries).

The level of monthly wage is stipulated in labor contracts, which are made at the beginning of the employment.

An annual premium is paid to managers only after approval by the Rosneft Board of Directors of a relevant decision based on Company performance in the reporting year.

The annual premium depends directly on the results of work by the manager in the reporting year and its size is determined by analysis of achievement of key efficiency indicators.

The annual premium has two components: a premium for the manager's individual results and a premium for team results.

Approval of key efficiency indicators and assessment of their achievement are carried out as follows:

- key efficiency indicators are compiled on the basis of the Company's medium-term development strategy and Company tasks in the reporting year;
- key efficiency indicators for the President and members of the Management Board are approved by the Board of Directors of Rosneft;
- key efficiency indicators for other Vice-Presidents and for heads of Company divisions are subject to preliminary review by the BoD Committee for HR and Remuneration and are approved by the President of Rosneft;

- at the end of the reporting year appropriate services within the Company measure achievement of key efficiency indicators using audited consolidated financial accounts and management accounts;
- the annual bonus of each manager is calculated based on factual achievement of key efficiency indicators;
- bonuses are approved by the Rosneft Board of Directors / BoD Committee for HR and Remuneration for relevant categories of managers.

The structure of management remuneration (ratio of its fixed and variable parts) corresponds to generally accepted international practices.

No other types of remuneration are paid to Rosneft managers.

Internal Control and Audit

Rosneft has a system of control over its financial and operating activities, consisting of an Internal Audit Commission, the Audit Committee of the Board of Directors, an independent auditor, a Control and Audit Department and an Internal Audit Department.

Subordination and coordination between elements of the control system ensure a level of independence, which is essential for efficient functioning, and which corresponds to latest international practice in this field.

Internal Audit Commission

The Internal Audit Commission is a key part of the system of control over Company financial and operating activities. The Commission consists of five members elected by the General Shareholders' Meeting and exercises its function until the next year's General Meeting. Members of the Internal Audit Commission cannot serve at the same time as members of the Board of Directors or occupy other posts in Company management bodies. The Commission carries out an obligatory audit of annual financial and operating results for the year (no later than 60 days after the end of the financial year) as well as additional audits, as proposed by the Commission, or subject to a decision of the General Meeting of Shareholders, the Board of Directors or upon demand of shareholders who own no less than 10% of voting shares of the Company. Competence of the Internal Audit Com-

mission on questions, which are not within its remit under the Charter, is determined by the Regulation on the Audit Commission, which was approved by the General Meeting of Shareholders of Rosneft on June 7, 2006.

The following tasks fall within the competence of the Internal Audit Commission:

- audit of Company financial documentation, financial accounts, and findings of the property inventory commission, and comparison of these documents with primary book-keeping data;
- analysis of correctness and completeness of financial, tax, management and statistical accounting;
- audit of correct execution of the Company's operating and financial planning, as approved by the Board of Directors;
- audit of correct execution of the procedure, approved by the General Shareholders' Meeting, for distribution of Company profit for the financial year;

- analysis of the financial position of the Company, its solvency, asset liquidity, gearing ratio, net assets, and charter capital assets, finding ways of improving the financial state of the Company, and preparing recommendations to management bodies;
- audit of timeliness and correctness of payments to suppliers of goods and services, of payments to the budget and to non-budget funds, accrual and payment of dividends and of loan interest, and settlement of other obligations;
- confirmation of accuracy of data in the Company's annual report(s), in annual financial accounts, and in accounting documentation prepared for state tax, statistical and management bodies;
- audit of competence of the chief executive officer to make agreements in the Company's name;
- audit of competence in decisions taken by the Board of Directors, the chief executive officer, and the liquidation commission, and their compliance with the Company Charter and decisions by the General Shareholders' Meeting;
- analysis of decisions by the General Shareholders' Meeting to determine their compliance with law and the Company Charter.

The Internal Audit Commission has the right to:

- demand personal explanations from members of the Board of Directors and Company employees, including any executive officers of the Company, with respect to issues, which are in the competence of the Audit Commission;
- to bring issues of liability of Company employees, including executive officers, before management bodies in case of violation by the former of the Charter, or of regulations, rules and instructions, which have been approved by the Company.

In accordance with the approved plan for 2008, the Audit Commission carried out four documentary audits and prepared an opinion on accuracy of data in the annual report for the Annual General Shareholders' Meeting of Rosneft.



The Internal Audit Commission is a key part of the system of control over Company financial and operating activities.



In the course of 2008 the Chairman of the Audit Committee held regular meetings with top managers of Rosneft, with representatives of external auditors and with the head of the Internal Audit Department.

Membership of the Audit Commission

The following membership of the Internal Audit Commission was elected at the General Shareholders' Meeting of Rosneft on June 5, 2008:

Andrey Kobzev

Chairman of the Commission

Year of birth: 1971

Education: higher

Organization: Federal Agency for Management of State Property

Official post: Head of the Expert Analytical Department

Sergey Zhuravlev

Member of the Commission

Year of birth: 1970

Education: higher

Organization: Federal Agency for State Property Management

Official post: Chairman of the Federal Agency for Management of State Property

Dmitry Logunov

Member of the Commission

Year of birth: 1979

Education: higher

Organization: Federal Agency for State Property Management

Official position: Deputy Head of the Corporate and Property Technologies Department

Victoria Oseledko

Member of the Commission

Year of birth: 1976

Education: higher

Organization: Ministry of Industry and Trade of the Russian Federation

Official post: Deputy Director of the Department for State Policy in Technical Regulation and Standards of Measurement

Andrey Fomin

Member of the Commission

Year of birth: 1980

Education: higher

Organizations: LLC Athome

Official post: General Director

Audit Committee of the Board of Directors

By virtue of its authority, delegated by the Board of Directors, the Audit Committee:

- ensures constant coordination between the Board of Directors and auditors, independent appraisers, the Internal Audit Commission, Control and Audit Department, Internal Audit Department, executive bodies and financial management;
- reviews and designs draft decisions on the following issues in the competence of the Board of Directors:
 - recommendations to the General Shareholders' Meeting for distribution of profit and losses as a result of the financial year, amount of dividends and the procedure for their payment;
 - determining the value (in financial terms) of Rosneft property, and the placement and redemption price for issuable securities in instances stipulated by the Federal Law on Joint-Stock Companies;
 - determining the payment for services provided by an auditor;
 - approving transactions in instances stipulated by Chapters X and XI of the Federal Law on Joint-Stock Companies.
- assesses quality of services provided by the auditor and observance by the auditor of requirements on auditing independence, and also coordinates work of the Company and the Internal Audit Department to ensure completeness of audit provision;
- oversees completeness and accuracy of tax, financial and management accounting of Rosneft;
- conducts preliminary review of financial accounts of the Company, prepared in accordance with US GAAP, and of materials containing accounting data, which are disclosed to investors;
- carries out preliminary review of the financial accounts of the Company (accounts of the legal en-

tity and consolidated accounts), prepared in accordance with Russian accounting Standards;

- prepares proposals for improvement of internal accounting procedures and assesses, classifies and prepares proposals for minimizing possible risks, arising in the process of Company business, jointly with executive bodies, the Control and Accounting Department and the Internal Audit Department.

The Internal Audit Department

The Company has an independent division, which carries out internal audit functions. Its activity is overseen by the Audit Committee of the Board of Directors.

The functions of the Internal Audit Department include:

- providing the Board of Directors and Company management with reliable information about Company risks and about efficiency of the corporate governance system, including the system of risk management and internal control;
- analyzing and consulting authorized Company bodies on implementation of procedures to ensure observance of legal requirements, on control over preparation of financial accounts to ensure their accuracy, and on raising efficiency of corporate governance and business processes.

The Internal Audit Department has organizational and functional independence, and coordinates its work with the Control and Audit Department and the external auditor in order to raise the efficiency of auditing procedures.

Control and Audit Department

The Company has a Control and Audit Department, whose responsibilities include:

- creation of a unified system of control over finances and operations in divisions, representative offices and subsidiaries of Rosneft;
- conduct of comprehensive and random audits of industrial and financial activities of Company divisions, representative offices and subsidiaries,

with participation of relevant specialists, members of auditing commissions and members of control and audit divisions;

- ensuring proper and timely execution of decisions by the Board of Directors, Management Board and President of the Company, review of applications from subsidiaries and structural divisions on issues in the competence of the Control and Audit Division, and control over implementation of decisions, which are taken in respect of such applications;
- appraisal, classification and minimization of possible risks, arising in the process of Rosneft's business;
- cooperating with the Audit Committee and providing information to that Committee concerning the state of internal controls in the Company;
- procedural and methodological support for the activities of audit commissions and of control and audit divisions of subsidiaries.

The findings of audits are presented to the Company President for review. Decisions on rectifying any violations or shortcomings are prepared in association with the heads of structural divisions, and measures are designed to prevent related risks.

Each year the Management Board hears a report by the Control and Audit Department on results of its work and on measures to improve the efficiency of internal controls. The Head of the Control and Audit Department takes part in all meetings of the Audit Committee and reports on a quarterly basis to the Committee on issues concerning work by the Department and the state of internal controls in the Company.

The Control and Audit Department works closely with the independent auditors in order to raise levels of efficiency of audit and control procedures.

Company Auditors

CJSC Business Systems Development (Auditing and Consulting Group)

By decision of the General Shareholders' Meeting of the Company, CJSC Business Systems Development (Auditing and Consulting Group) was approved for the function of independent audit of book-keeping and financial accounts of Rosneft for 2008, prepared to Russian Accounting Standards.

Procedure for Appointment of the Auditor

An open competition is held to select an auditor to audit Rosneft's financial accounts. The tender committee reviews technical aspects and pricing of the proposals, which are received, and recommends a candidate to the Company for approval at the Annual General Shareholders' Meeting.

Based on a recommendation by the BoD Audit Committee, the Board of Directors decides on a candidate for the task of Company auditor, to be proposed for approved at the Annual Shareholders' General Meeting.

Payment of Services by the Auditor

Remuneration payable to the auditor is determined on the basis of planned working time and hourly rates of the auditor's specialists, as indicated in the auditor's commercial proposal.

Based on the recommendation of the BoD Audit Committee, the Board of Directors set the price for audit of Rosneft annual financial accounts to Russian Accounting Standards for 2008 at RUB 5,548,360 including VAT.

Rosneft occasionally calls on the services of CJSC Business Systems Development (Auditing and Consulting Group) for execution of special tasks and resolution of procedural issues.

Ernst & Young LLC

Ernst & Young LLC audits consolidated annual accounts prepared in accordance with US GAAP as well as overview of interim (quarterly) accounts prepared in accordance with US GAAP.

Procedure for Appointment of the Auditor

The auditor is selected through a closed tender, carried out by the Company among the Big 4¹ auditing firms. The auditing organization most suited to Company needs is selected through comprehensive analysis of tendering proposals. The candidate for role of auditor is approved by the BoD Audit Committee. Approval of the candidate by the General Shareholders' Meeting is not required.

Based on analysis of proposals, the BoD Audit Committee decided to appoint the company Ernst & Young as the auditor of Rosneft's consolidated annual accounts for 2008 prepared in accordance with US GAAP.

Payment of Services by the Auditor

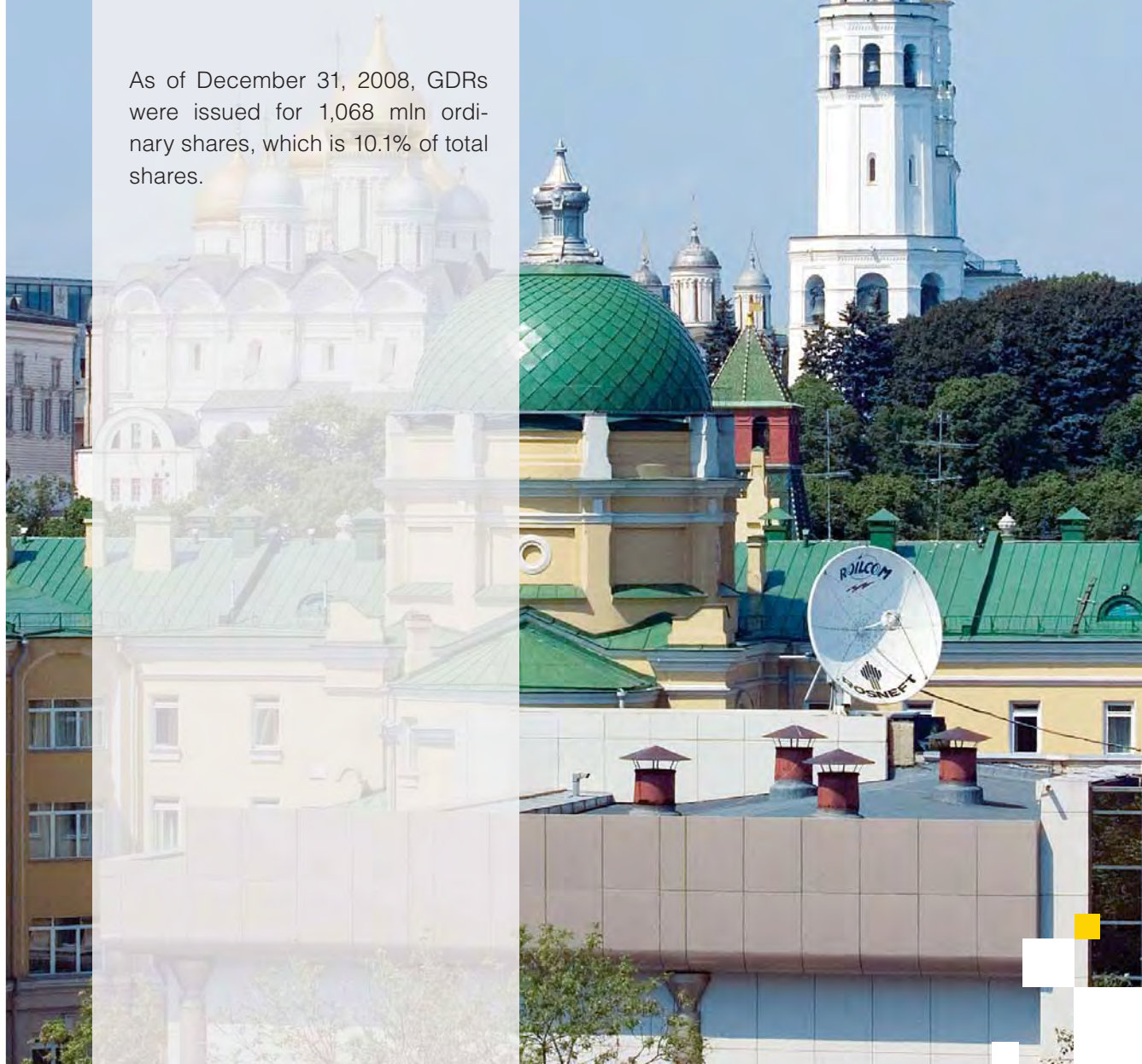
Remuneration payable to Ernst & Young LLC for auditing services is determined by the BoD Audit Committee on the basis of planned working time and hourly rates of the auditor's specialists, as indicated in the auditor's commercial proposal. In accordance with the contract for provision of auditing services between Rosneft and Ernst & Young LLC, the terms and sum of remuneration are confidential information and cannot be disclosed.

The Company also calls on Ernst & Young for provision of consulting (non-audit) services. In 2008 the share of consulting services in total services, which Ernst & Young LLC provided to Rosneft, was 10%.

¹ The Big 4 refers to the four leading international companies, which provide audit and consulting services (PricewaterhouseCoopers, Ernst & Young, Deloitte, KPMG).



As of December 31, 2008, GDRs were issued for 1,068 mln ordinary shares, which is 10.1% of total shares.



Authorized Capital

Authorized capital of Rosneft as of December 31, 2008 was RUB 105,981,778.17 and was divided into 10,598,177,817 ordinary shares with par value of RUB 0.01.

The state registration number of issue of ordinary shares of the Company is 1-02-00122-A.

The date of state registration of issue of ordinary shares of the Company is September 29, 2005.

No issues or placement of additional shares of Rosneft were carried out in 2008.

The number of shareholders registered in the shareholder register of Rosneft as of December 31, 2008 was 34,999 (including 15 nominee shareholders). The number of nominee shareholders declined in comparison with December 31, 2007 (when there were 20 such shareholders).

Rosneft had no preferred shares as of December 31, 2008.

In 2007 and 2008, the Russian Government held 75.16% of Rosneft's equity through OJSC ROSNEFT-EGAZ, which is in 100% federal ownership. The Russian Government's direct share (held by Federal Agency for State Property Management) in Rosneft's equity was 0.000000009%.

During 2008 Rosneft carried out monthly updates of information on shareholders, who own more than 5% of equity, on the Company website.

Rosneft's management has no information about any shareholders with equity stakes exceeding 5% (shareholders of Rosneft with equity stakes exceeding 5% of total outstanding shares), other than those listed above.

Rosneft's shares are traded on two organized markets in Russia: OJSC RTS Stock Exchange and CJSC MICEX Stock Exchange (B List). Rights of a shareholder (owner of ordinary shares), including voting rights on each voting share of Rosneft, are specified by Article 9 of the Company Charter.

Order No. 06-1380/pz-i of the Federal Service for Financial Markets from June 20, 2006, permits placement and trading of 2,140,000,000 common shares of Rosneft outside the Russian Federation.

In July 2006, Rosneft carried out listing of Global Depositary Receipts (GDRs) on the London Stock Exchange. Issue of GDRs, which certify rights in respect of ordinary shares of Rosneft, in accordance with foreign law, was carried out by J.P. Morgan Europe Limited. One Global Depositary Receipt is equivalent to one common share of Rosneft.

As of December 31, 2008, GDRs were issued for 1,068 mln ordinary shares, which is 10.1% of total shares.

Rosneft Shareholder Structure

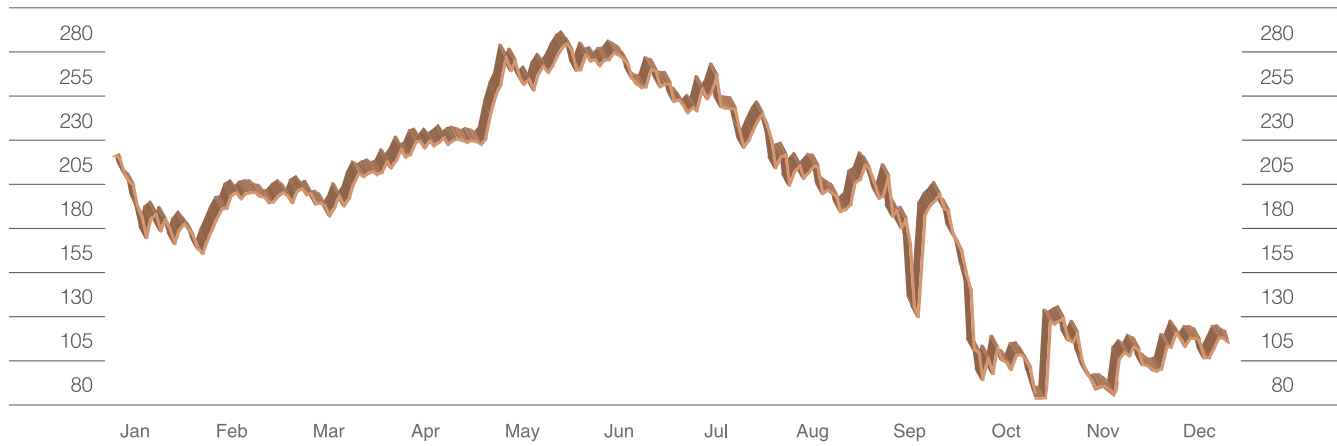
List of Company Largest Shareholders				
Shareholders	As of December 31, 2007		As of December 31, 2008	
	Number of shares	Share in authorized capital, %	Number of shares	Share in authorized capital, %
OJSC ROSNEFTEGAZ	7,965,816,383	75.16	7,965,816,383	75.16
LLC RN-Razvitie ¹	1,000,000,000	9.44	505,066,240	4.77
Linden Capital Limited ²	-	-	494,933,760	4.67
OJSC Sberbank of Russia (nominal holder)	1,210,564,190	11.42	1,231,927,170	11.62
Non-profit partnership 'National Depository Center' (nominal holder)	228,681,153	2.16	260,639,986	2.46
Other legal entities holding less than 1% of shares	129,897,225	1.22	80,470,225	0.76
Individuals	63,218,866	0.60	59,324,053	0.56
Total	10,598,177,817	100.00	10,598,177,817	100.00

1 100% stake in LLC RN-Razvitie is held by LLC RN-Trade. 99.9999% stake in LLC RN-Trade is held by OJSC Rosneft and 0.0001% stake is held by CJSC RN-Shelf Far East, a 100% subsidiary of OJSC Rosneft. Consequently OJSC Rosneft indirectly holds a 100% stake in LLC RN-Razvitie. Rosneft shares owned by LLC RN-Razvitie are reflected as treasury shares in the Company's consolidated financial statements under US GAAP.

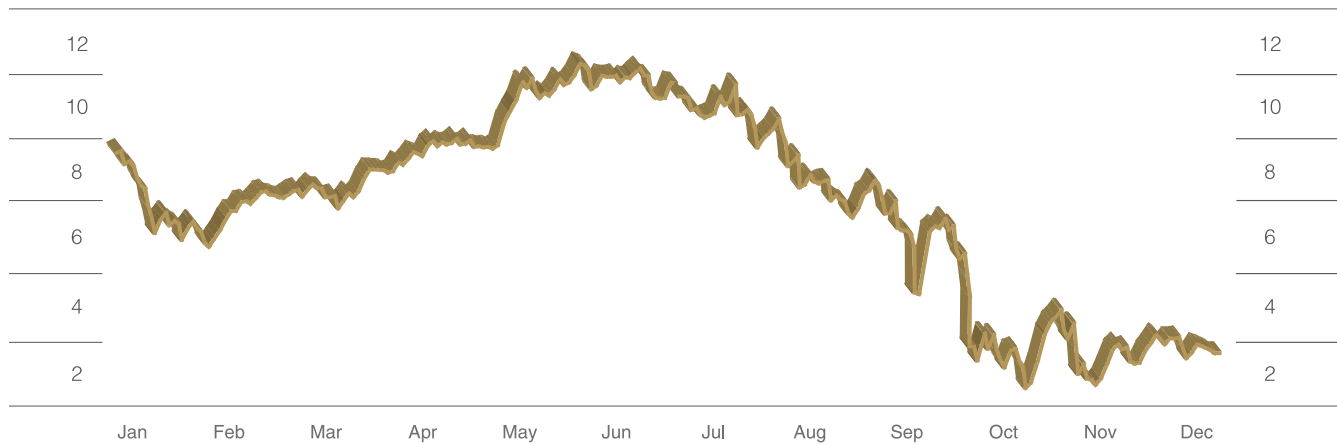
2 Linden Capital Limited owns Rosneft shares pledged as collateral under a REPO transaction. In accordance with the REPO agreement, these shares will be bought back by RN-Razvitie in 2009 and respective dividends will be attributed back to Rosneft.

Rosneft share and GDR quotes in 2008

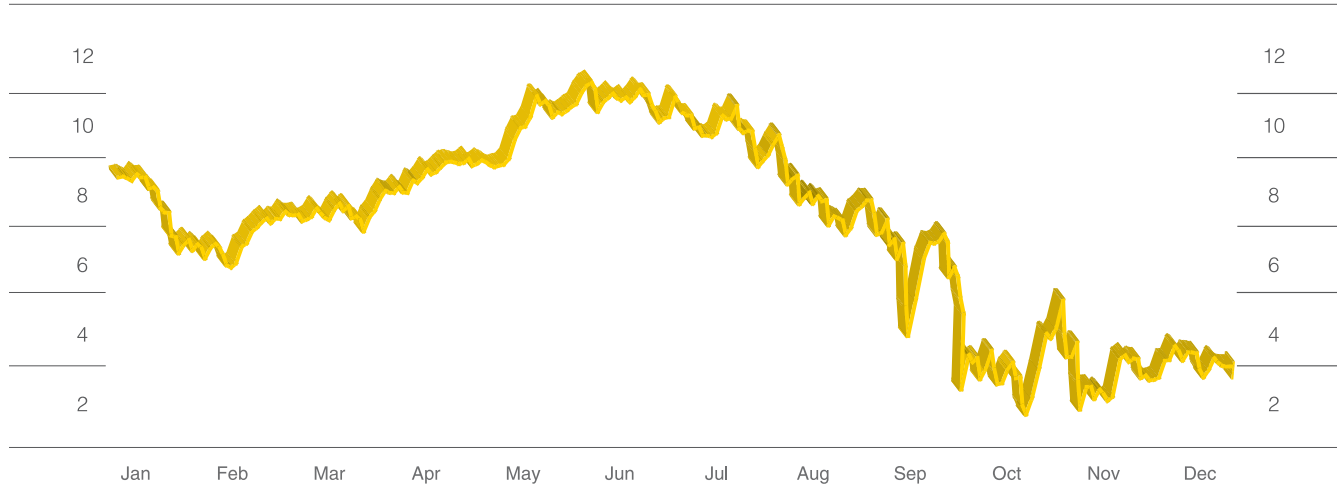
Moscow Interbank Currency Exchange (RUB)



Russian Trading System (USD)

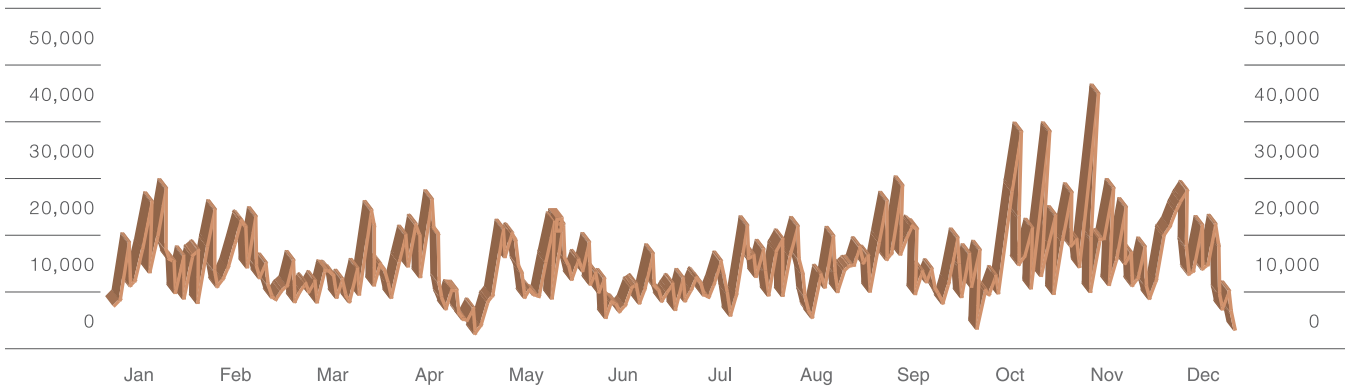


London Stock Exchange (USD)

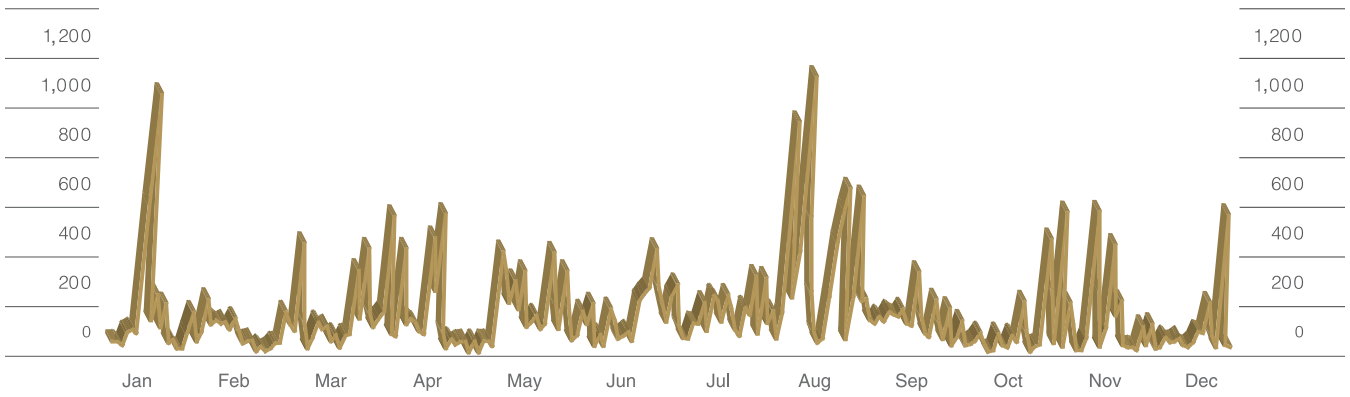


Rosneft share and GDR trade volumes in 2008

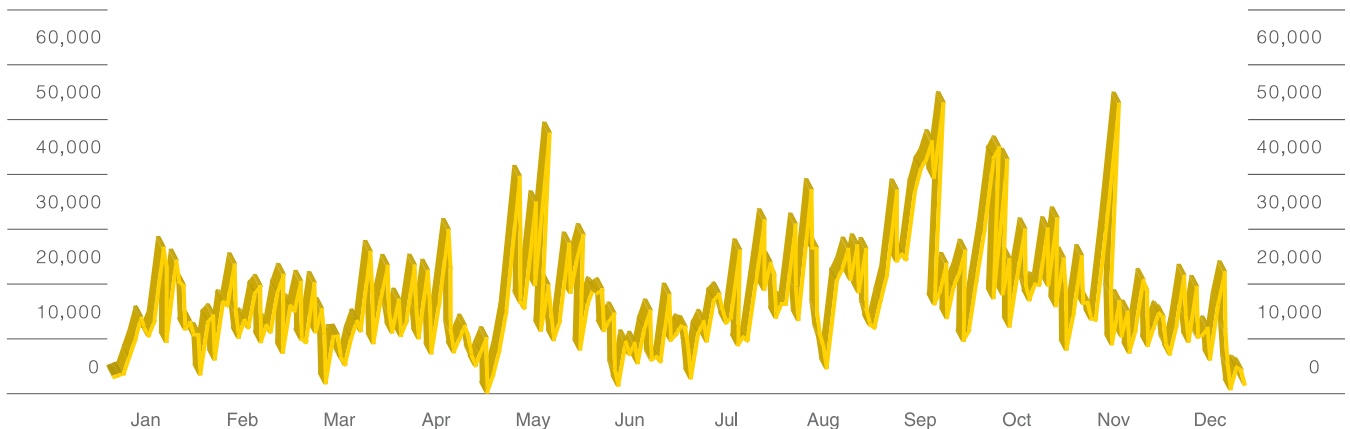
Moscow Interbank Currency Exchange ('000 shares)



Russian Trading System ('000 shares)



London Stock Exchange ('000 GDRs)



Dividend Policy

Rosneft's dividend policy is aimed at striking a balance between shareholders' interests and the Company's business needs, as well as at improving Rosneft's investment attractiveness and shareholder value.

In May 2006, Rosneft's Board of Directors voted to approve the Regulation on Dividend Policy, developed in accordance with Russian legislation, the Company Charter, and the Rosneft Code of Corporate Governance.

Rosneft's dividend policy is aimed at striking a balance between shareholders' interests and the Company's business needs, as well as at improving Rosneft's investment attractiveness and shareholders value. The Company strictly observes the rights, and strives to continuously increase the returns, of its numerous shareholders.

The decision to pay dividends (and the amount of dividends and the form of payment) is taken by the General Shareholders' Meeting of Rosneft, based on recommendations of the Board of Directors. In deciding dividend amounts the Board is guided by the level of net profit, as reflected in non-consolidated financial accounts of Rosneft to Russian Accounting Standards. Company dividend policy requires that dividends should be equal to at least 10% of net profit.

Rosneft's strategy is to steadily increase dividend payments in absolute terms. In determining the amount of annual dividends, the Board of Directors also takes account of dividend policy of other oil & gas companies. A number of other factors may also have impact on the size of dividend payments. Such factors include: Company business prospects, the

Company's financial situation and financing needs, the overall macroeconomic situation and market environment, as well as other factors, including aspects connected with tax and legislation.

On April 25, 2008, Rosneft's Board of Directors recommended the Annual General Meeting of Shareholders to approve annual dividends for 2007 of RUB 16,957 mln (RUB 1.60 per share), which equals 10.5% of non-consolidated annual net income and represents a 20% increase compared with the previous year. On June 5, 2008, the Annual General Shareholders' Meeting decided to pay out dividends in accordance with the recommendation of the Board of Directors. As of December 31, 2008, total RUB 16,931 mln of dividends had been paid out to Rosneft shareholders for 2007. The dividends were not paid to shareholders (registered in the registrar of Rosneft shareholders), whose data were not provided in full by nominal holders, or to shareholders who had not given timely notification to the Rosneft registrar of changes in their registration data.

On April 28, 2009, Rosneft's Board of Directors recommended the Annual General Meeting of Shareholders to approve dividends for 2008 of RUB 1.92 per share, which is 20.0% higher compared with 2007. Total recommended dividends are RUB 20,349 mln. Dividend payout ratio based on non-consolidated net income under Russian Accounting Standards is 14.4%.

Dividend history of OJSC Rosneft

	Dividends per share ¹ , RUB	Total dividends declared, RUB mln	Total dividends declared, paid mln	Dividend payout ration under RAS, %
1999	0.0221	200	200	3.4%
2000	0.0887	800	800	5.3%
2001	0.1219	1,100	1,100	11.0%
2002	0.1663	1,500	1,500	16.8%
2003	0.1650	1,500	1,500	8.1%
2004	0.1931	1,775	1,775	10.0%
Dividends paid out after the IPO, which closed on July, 2006				
2005	1.25	11,336	11,336	20.0%
2006	1.33	14,096	14,076	13.3% ²
2007	1.60	16,957	16,931	10.5%
2008³	1.92			

1 The 1:100 share split of September 2005 is factored in the amount of dividends per share

2 Net income for 2006 is adjusted for 'one-off' items

3 Dividends recommended by the Board of Directors to the Annual General Shareholder's Meeting scheduled for June, 2009

Information Disclosure

Rosneft's information disclosure policy is based on principles of regularity, accessibility, accuracy, and completeness.

Rosneft policy on information disclosure is governed by requirements of the Federal Law on the Securities Market, the Federal Law on Joint-Stock Companies, the Regulation on information disclosure by issuers of securities, approved by the Order of the Federal Financial Markets Service dated October 10, 2006 No.06-117/pz-n, requirements of stock exchanges where the Company's shares are listed, Rosneft's own Regulation on Information Policy, and other regulatory acts.

Rosneft's information disclosure policy is based on principles of regularity, accessibility, accuracy, and completeness. The Company provides timely and full disclosure of information on all aspects of its business (except for instances, when the information represents a commercial secret).

The main disclosure mechanism is Rosneft's website, which contains relevant information on significant facts and events, management and organization structure, as well as the Company's operating and financial results. The Rosneft website presents the Charter and internal regulations, Annual Reports and Sustainable Development Reports, quarterly reports under Russian accounting standards, quarterly reports under US GAAP and Management discussion and analysis, Analyst Data Book, presentations, information on affiliated entities and other information, which could have impact on the value of Company shares.

The Company also provides information in the form of brochures and booklets, and through regular meetings, conference calls and press releases. At the request of shareholders, the Company provides copies of main internal documents, documentation connected with holding of the General Meeting of Sharehold-

ers, lists off affiliated entities and other documents in accordance with standards, set out in the Federal Law on Joint Stock Companies.

Enhancing Transparency

Informational openness is among the chief corporate governance principles at Rosneft. During 2008 the Company continued to work intensively to raise levels of transparency and to ensure an efficient system of shareholder and investors relations. Achievements in this sphere during 2008 included the following:

- Rosneft rose to second position in the Standard & Poor's Transparency and Disclosure Survey of Russian companies (from tenth place in 2007);
- Association for Protection of Investor Rights, whose members include the largest Russian and international institutional investors, acclaimed Rosneft winner of the nomination 'Company with the best investor relations system';
- The Company took first place in nominations by the professional publication, IR Magazine, for 'Best annual report and corporate literature' and 'Best investor relations by a large-cap company in Russia & CIS';
- Rosneft's Annual Report and Sustainable Development Report for 2007 were acclaimed the winners of the 11th annual reports competition, held by the RTS Exchange;
- The Company won the nomination for 'Best level of information disclosure in an annual report in

English' at an annual federal competition, organized by 'Securities Market' magazine, the Russian Ministry for Economic Development and the MICEX Stock Exchange.

The Company devotes particular attention to raising efficiency of its interactions with shareholders and investors as part of its efforts to further increase informational transparency and openness. The Company continued to hold regular meetings and consultations with minority shareholders in 2008, at which issues concerning shareholder rights, dividend and information policy of Rosneft, system of management of joint-stock companies, and other aspects of stock-holder law were clarified.

As part of its interaction with institutional investors and analysts, Rosneft held regular presentations of its financial results under US GAAP in 2008, as well as meetings in Russia and in the world's largest financial centers, and a number of conference calls.

Transparency of financial information is another important element of corporate governance. In 2008 the Company significantly reduced the amount of time, which elapses between the end of a reporting period and the date of publication of relevant financial results (consolidated US GAAP financial accounts for 2008 were published on March 4, 2009, a month earlier than in the previous year). Rosneft will continue this work in the future.



Rosneft rose to second position in the Standard & Poor's Transparency and Disclosure Survey of Russian companies (from tenth place in 2007).



Rosneft's Annual Report and Sustainable Development Report for 2007 were acclaimed the winners of the 11th annual reports competition, held by the RTS Exchange.

Risk Analysis



Rosneft's business is associated with various types of risk: industry, country and regional, financial, legal, etc. The Company's risk management policy includes identification and assessment of risks, design of measures for reacting to risks and keeping them in check, constant monitoring of trends in risk factors, and ensuring efficiency of measures and actions for keeping track of risk.

Rosneft will take all necessary measures to minimize negative consequences in case one or several of the risks listed below should occur. Nature of the measures will depend on specific features of the situation in each particular case. However, Rosneft cannot guarantee that steps taken to overcome negative developments will succeed in rectifying the situation, since the factors described are beyond Rosneft's control.

Industry Risks

Risks associated with prices for crude oil, gas and petroleum products

Prices for crude oil, gas and petroleum products are the main factor determining financial and, indirectly, operating indicators of Rosneft. The Company has limited ability to control prices for its production, which depend mainly on the situation on the world market and the balance of supply and demand in various regions of Russia. Decline of prices for oil, gas or petroleum products may have negative effect on Rosneft's business results and financial situation. Decline of prices may lead to reduction in volumes of profitable production of oil & gas by the Company, leading to lower volumes of Rosneft reserves, which can be efficiently developed and to lower economic efficiency of prospecting and exploration programs.

Rosneft has sufficient capability for redistribution of goods flows in case a significant price difference arises between internal and international markets. The Company is also capable of rapidly reducing capital and operating costs in order to meet its obligations in case of sharp decline of prices for oil, gas and petroleum products.

Risks associated with dependence on monopoly suppliers of services for transportation of oil, gas and petroleum products and tariffs for their services

Rosneft is dependent on monopolistic suppliers of services for transport of oil and petroleum products and does not have control over the infrastructure, which they operate, and the payments, which they demand. OJSC Transneft (hereinafter 'Transneft') is a state-owned oil pipeline monopoly. Overall, there have not been any serious interruptions to oil transportation through the Transneft pipeline system and, up until now, Rosneft has not borne any serious losses due to breakdowns or leakages in the Transneft pipeline system. However, any serious disruption in operations of the Transneft pipeline system or limitation of access to its capacities may interrupt supplies of crude oil, with negative impact on business results and the financial situation of the Company.

Like all other Russian oil producers, the Company has to pay Transneft for its transport services. The scale of payments demanded by Transneft is regulated by the Federal Tariff Service (hereinafter, 'the FST'). Non-payment for transport services may lead to reduction or temporary suspension of Rosneft's access to the Transneft network, with negative impact on operating results and the financial situation of the Company. Transneft periodically raises charges for use of its network. Such rises lead to increase of Rosneft's costs, with negative impact on its business results and financial situation.

The same risks may arise in use of the pipeline system of OJSC Gazprom and OJSC Transnefteproduct (hereinafter 'Transnefteproduct').

Prior to acquisition of OJSC Yuganskneftegaz and start of oil refining at the Samara group of refineries, which includes OJSC Kuibyshev refinery, OJSC Novokuibyshevsk refinery and OJSC Syzran refinery (hereinafter, 'the Samara group of refineries'), which are located at input junctions to the Transnefteproduct system, Rosneft did not use the Transnefteproduct system, relying instead on rail transport. At present, following acquisition of the Samara group of refineries, a significant part of the Company's petroleum product output is transported through the Transnefteproduct pipeline system.

Any serious disruptions in the Transnefteproduct pipeline system and periodic increase of tariffs for use of the petroleum product pipeline network may have negative impact on the business results and financial situation of Rosneft.

The Company also depends on rail transport of its oil and petroleum products, including a significant part of the oil, which is delivered to LLC RN Komsomolsk refinery and to China. OJSC Russian Railroads (RZD) is a state monopoly in rail transport services. Use of rail services exposes Rosneft to risks such as potential interruption of supplies due to worsening of the state of repair of Russian railroad infrastructure. Incompatibility of Russian wide-gauge rail tracks with rail tracks in most other countries leads to additional costs and logistical limitations on capacity of the Company to export its production via RZD. Also, despite the fact that RZD tariffs are subject to antimonopoly control, they have historically shown an upward trend. Further increase of RZD tariffs will lead to increase in the cost of transport of oil and oil products and may have negative impact on business results and the financial state of the Company.

Risks associated with geographical and climatic conditions

Rosneft's operating regions have a stable climate and are usually not vulnerable to cataclysms and natural disasters. However, temperatures in several northern regions may occasionally be abnormally low during the winter period, which can complicate operations at the Company's oil production enterprises.

Rosneft delivers a part of its crude exports via its own sea terminals in Murmansk (Belokamenka) and De Kastri (Khabarovsk region), and through terminals at Primorsk (Leningrad region) and Novorossiysk (Krasnodar territory), which are controlled by Transneft. Petroleum products are exported through the Company's own sea terminals at Tuapse (Krasnodar territory) and Nakhodka (Primorsky territory).

Export through Black Sea terminals to Mediterranean ports may be limited by throughput capacity of the Bosphorous Straits and by weather conditions (stormy winds) in the Black Sea during the autumn period. Export terminals on the Baltic Sea and at De Kastri may also close during the winter period if ice conditions become severe.

Any extended delay in operations at export terminals may have negative impact on business results and the financial situation of the Company.

Risks associated with gas sales

Rosneft is subject to a number of risks associated with sale of its gas production. The Unified Gas Supply System (hereinafter, 'UGSS'), which is owned and managed by Gazprom, carries out nearly all transportation of gas in Russia. In accordance with current rules, Gazprom must provide access to the UGSS to all independent domestic suppliers on an equal basis, since Gazprom does not use all of the System's capacity itself. However, these rules of equal access may not operate and Gazprom may well fail to observe them in the future. Also, Gazprom has substantial freedom in practise to determine access of third parties to the UGSS thanks to its priority right to use of UGSS capacities.

Gazprom is a monopolistic supplier of gas in Russia. The Russian Government regulates prices for gas sold by Gazprom in Russia. Despite growth of regulated prices in Russia and expected continuation of this growth to a level close to net export prices, the domestic gas price remains much lower than prices on international markets. Regulated prices are reflected and will possibly continue to be reflected in the price of gas, which Rosneft will sell to Gazprom or to its subsidiaries. If rates of growth of regulated prices are lower than expected, this may have negative impact on Company operating results and the Company's financial situation.

Further growth of gas production volumes and increase in the price at which gas is sold to regional traders and independent industrial consumers will depend on sufficient access to UGSS capacities, which is not guaranteed at present.

Data on oil & gas reserves are no more than estimates and are bound to be indefinite, and the factual scale of reserves may differ substantially from these estimates

Data on oil & gas reserves contained in this Report are estimates and are mainly based on results of internal analytical work carried out by the firm D&M, an independent consultant to Rosneft on oil production technology issues.

Oil production technology is a subjective process of estimating the volume of underground reserves of oil and natural gas, which are not capable of exact measurement. Estimate of the value and volumes of oil & gas reserves, which can be profitably extracted, as well as of production volumes, the net value of future cash flows and timing of spending on reserve development inevitably depend on a number of variables and assumptions.

Many of the assumptions, which are used to estimate reserves, do not depend on the Company and may subsequently be found to be incorrect. Appraisal of reserves and use of alternative systems for their measurement in accordance with the Russian system of reserve classification are inevitably associated with many indeterminacies. The accuracy of appraisal of any reserves and resources depends on quality of available information and interpretation of data on oil production technology and geology. Data on Rosneft's reserves and resources may require significant adjustment based on results of exploration drilling, deciphering of data, testing and production, which are carried out after the initial appraisals, and these adjustments may tend to increase or to reduce the appraisals. Also different reserve and resource appraisal specialists may give different assessments of reserves and of cash flows on the basis of the same data. Factual volumes of production, revenues and expenditures with respect to reserves and resources will differ from estimated volumes, and these differences may be substantial.

There are also various indeterminacies associated with the Russian system of reserve classification. The Russian system of reserve classification only considers geological factors and does not take account of economic feasibility of extracting reserves.

Prospecting drilling is associated with many risks, including the risk that oil & gas companies will not find commercial reserves of oil & gas.

The Company carries out prospecting and exploration work in various geographical regions, including territories with unfavourable climatic conditions requiring high levels of expenditure. Expenditures on drilling, construction and operation of wells are often uncertain. As a result, Rosneft may bear additional costs or may be forced to reduce, suspend or terminate drilling work due to many factors, including unforeseen mining and geological conditions during conducts of drilling work, abnormally high or abnormally low strata pressure, unforeseen irregularities in geological formations, equipment breakage and accidents, unfavourable weather conditions, observance of environmental legislation and requirements of state bodies, as well as shortages and delay in supply of drilling installations and equipment.

If Rosneft is unable to carry out efficient exploration work or to acquire assets containing confirmed reserves, its reserve levels will decline as its production of oil & gas continues, due to exhaustion of fields in development. Future production by the Company depends largely on successful discovery, acquisition and development of oil & gas fields. If efforts by Rosneft are not successful this will lead to reduction in total volume of the Company's confirmed reserves and lowering of oil production levels, which, in turn, will have unfavorable impact on the Company's business results and financial situation.

Competition risks

The oil & gas sector is highly competitive. OJSC Rosneft competes mainly with other leading Russian oil & gas companies.

Chief business areas, in which the Company faces competition, are as follows:

- obtaining exploration and production licenses at auctions and sales, organized by Russian government bodies;
- acquisition of other Russian companies, which may already own licenses or existing assets associated with hydrocarbon production;
- enlisting the services of leading independent service companies, which may have limited capacity for provision of their expertise;
- acquiring equipment for capital construction (such equipment may be in short supply);

- hiring the most highly qualified and experienced personnel;
- acquiring existing retail enterprises and land plots for new retail enterprises;
- acquisition of or access to oil refining capacities.

The Company is one of the industry leaders, both in Russia and internationally, and this greatly improves its competitive positions. The Company has a substantial portfolio of new projects to support and improve its competitive position in the future.

Rosneft may encounter risks due to increasing competition when selling its products on domestic and international markets. The following measures are intended to minimize risks related to sale of petroleum products on the domestic market in tough competitive conditions:

- loading of oil refineries is planned taking account of the market situation in order to avoid build-up of inventories of certain products;
- product flows between regions on the domestic market are swiftly adjusted and Company production is redistributed between the export and domestic markets taking account of current crude oil refining structure and output of petroleum products as well as presence of the Company's own product marketing enterprises and counter parties in nearly all regions of the Russian Federation. Ownership of 4 sea terminals for transshipment at the ports of Arkhangelsk, Nakhodka, De-Kastri and Tuapse enables rapid reallocation of Company production between the domestic market and exports, in case of urgent need;
- refineries are being upgraded in order to meet growing demand for high-octane gasolines and petroleum products with low sulphur content and to increase volume and depth of refining;
- the Company is consistently focused on development of its own network of service stations and refuelling complexes, which meet the latest European standards, since this network provides the most dependable sales segment of the domestic market, being less vulnerable to sudden change of prices or decline of demand. A system of payment for petroleum products at service stations using electronic cards and systems serving the cards of other market participants are being introduced extensively in order to attract more customers, particularly corporate customers.

Geographical diversification is a particularly effective measure for dealing with risks of increasing competition on the crude oil and petroleum product export market, since it enables reallocation of sales flows between regions. For example, the start of deliveries via Arkhangelsk and Murmansk, and schemes for delivery of crude oil to China by railroad have made it possible to regulate export flows and create opportunities for accessing markets in the Far East, South-East Asia, and the USA by reduction of traditional export flows to Europe through Black Sea and Baltic ports and Transneft's Druzhba pipeline. These opportunities will be increased by expansion of pipeline-to-rail transshipment capacities and commissioning of the Eastern Siberia – Pacific Ocean pipeline.

Country and Regional Risks

Rosneft does business in all of the federal districts of the Russian Federation. Socio-economic risks and development prospects of these districts are set out in the Program for Medium-term Socio-Economic Development in the Russian Federation. Risks of military conflicts, public disturbances, strikes and a state of emergency in Company operating regions are negligible.

The Company must also contend with risks associated with operations outside the Russian Federation. Rosneft is currently taking part in two prospecting and exploration projects in Kazakhstan and one project in Algeria. These are countries with emerging markets, but they are subject to more serious political, economic, social and legal risks than more developed markets. In many respects the risks associated with doing business in these countries are analogous or may be greater than the risks of doing business in Russia.

Financial Risks

The Company is carrying out rapid increase and expansion of its business operations, using both its own and borrowed money. Rosneft is subject to risks associated with changes of interest rates, foreign currency exchange rates and rates of inflation. The Company uses internal instruments and reserves for financial risk management in order to minimize these risks at the present time and in each specific situation, thus ensuring fulfilment of financial obligations. The Company also carries out hedging transactions on financial markets.

Currency risks

Most of Rosneft's gross revenue consists of export operations for sale of crude oil and petroleum products. Because of this, changes in exchange rates of foreign currencies against the rouble have impact on the Company's financial and operating results, which represents a currency risk factor.

The Company's currency risks are significantly lowered by expenditures expressed in foreign currency. Rosneft is a major borrower on the international credit market and a large part of its loans are denominated in US dollars. Current liabilities for servicing of these loans are also expressed in dollars.

The currency structure of revenue and debts acts as an inbuilt hedging mechanism, where opposite trends compensate one another. Balanced structure of foreign currency sums owed and due minimize impact of currency risk factors on the Company's financial and operating results. The Company manages currency risk relating to foreign currency sums owed and due, which do not balance each other, by entering into forward contracts for sale of foreign currency.

Risk of interest rate changes

As a large borrower Rosneft is subject to impact of risks associated with interest rate changes. The main source of borrowings for the Company is the international credit market. The main part of the Company's credit portfolio consists of credit denominated in US

dollars. Interest rates for service of the larger part of these debts is based on the LIBOR and EURIBOR. Increase of these rates can lead to increasing cost of debt service for Rosneft. Growth in the value of Company credits may have negative effect on its solvency and liquidity. Rosneft carries out transactions with financial derivative instruments in order to fix the level of interest rates on a part of its credit portfolio.

The Company makes balanced use of its own and borrowed funds and currently has the following ratings from credit agencies: Moody's (Baa1), Fitch (BBB-), and S&P (BBB-). The Moody's rouble and foreign currency rating for Rosneft is at the level of Russia's sovereign rating.

Increase of creditworthiness of Rosneft and of the Russian Federation are important factors for reducing the Company's borrowing costs in the future, and also for reducing cost of the risk hedging strategies described above.

Inflation risk

Changes in the consumer price index have certain impact on the Company's financial situation, but current and forecast levels of inflation are far from critical for the industry and for the Company. The level of inflation, which the Issuer views as critical for its business, is twice higher than the inflation forecast for the current year by the Russian Ministry for Economic Development. The Issuer is not taking any specific actions to address this risk, since it is viewed as insignificant.

Legal Risks

Risks associated with changes in currency regulation

Rosneft is actively involved in foreign trade and part of the Company's assets and liabilities are expressed in foreign currency. For this reason the state mechanism of currency control has impact on the Company's financial and operating situation.

Consistent changes to Russian currency legislation, aimed at its liberalization, have created a dependable mechanism for state regulation of currency operations using market instruments and methods. The trend towards liberalization of the currency market reduces risks of negative consequences for the Company associated with possible future changes of currency legislation.

Changes in legislation do not present a risk of the Company finding itself in violation of Russian law, since Rosneft carries out constant monitoring of changes to laws on currency regulation and control, obeying the existing rules to the letter and carrying out the recommendations of supervisory bodies.

There were no substantial changes to law on currency regulation, which had impact on Company business during the accounting year.

Amendments made in 2008 to the Federal Law on Currency Regulation and Currency Control (passed on February 10, 2003), concern extension of the list of currency transactions which are permitted between residents and relate to operations of diplomatic missions, consular agencies and official representative bodies of the Russian Federation, as well as to extension of the rights of resident individuals to effect transactions through accounts in the banks outside of Russia. There were also some insignificant changes in 2008, concerning the procedure of transaction documentation. The changes to laws on currency regulation in 2008 do not affect the basic established principles and provisions of currency legislation, and that confirms the government's commitment to supporting a stable mechanism of currency regulation.

Risks associated with change of tax legislation

Tax law is particularly subject to amendments, specifications and additions. In 2008 lawmakers made amendments to the general and specific parts of the Tax Code of the Russian Federation. The company views the changes as being mainly directed to achieving additional protection for the taxpayer.

The amendments, which affect general principles of taxation, refer to special conditions for enactments of tax legislation and tend to improve the situation of the taxpayer (procedures for halting account operations, procedures for use of evidence in conduct of tax inspections).

VAT

With respect to VAT taxation, lawmakers have clarified the procedure for taxation of advances and prepayments received for export deliveries; the procedure for payment of quarterly tax levies has been simplified; the procedure for tax remissions in case of non-cash payments has been changed; and import of technical equipment has been freed from VAT.

Mineral extraction tax

The most important tax change from the point of view of the Company is a new provision relating to the tax on mineral extraction: the untaxed minimum oil price used for calculation of the extraction tax rate has been raised from USD 9 to USD 15 per barrel; also, tax holidays have been introduced for oil extracted at areas which are to the north of the Arctic Circle, in the Azov and Caspian Seas, in the Nenets autonomous district and on the Yamal Peninsula; finally, obstacles to use of remissions for exhausted fields and fields with high-viscosity oil have been removed.

Income tax

From 2009 taxation of corporate income will be at a lower rate of 20% (compared with previous 24%) and the depreciation premium for fixed assets in depreciation groups III-VII will be raised to 30%; also the period of amortization for mineral use licenses will be reduced to 2 years. Lawmakers have also increased a maximum level for debt interest, which is taken into account for taxation purposes; the list of tax expenditures for voluntary property insurance and cost of materials has been extended; abortive R&D spending can be included in 'other expenses' with coefficient of 1.5. A zero tax rate was introduced from January 1, 2008 on dividend income received by Russian organizations.

Excises

Excise levels were set for 2009-2010 for automotive gasoline, diesel fuel and straight-run gasoline; the excise rate for straight-run gasoline was increased to RUB 3,900 per tonne.

These changes deserve to be qualified as positive for the Company since they reduce the tax burden, resolve controversial taxation issues, and fill gaps in legislation. The amendments do not lead to property and legal risks for the Company and do not have substantial effect on its business, since they are taken into account by the Company in conduct of financial and management accounting of business operations and taxable items, and in calculation and payment of taxes.

Rosneft carries out constant monitoring of changes to tax legislation, appraises and forecasts possible impact of such changes, and takes them into account in its business, so that probability of risks arising for the Company due to changes in Russian law concerning tax and duties is insignificant.

Risks due to amendments to rules for customs control and duties

Rosneft is a participant in foreign trade and is therefore subject to several risks connected with legislative changes regarding state regulation of foreign trade, customs legislation regulating transit of goods across the customs border, establishment and application of customs regimes, and levying and collection of customs payments.

Customs regulation is in accordance with provisions of the Russian Customs Code, the Federal Law on Customs Tariffs, and other federal laws and related legal acts concerning state regulation of foreign trade and international agreements, to which Russia is a party, in the customs sphere.

According to provisions of the Federal Law on the Principles of State Regulation of Foreign Trade, there are no quantitative limitations or export licensing requirements for export of crude oil and petroleum products. Quantitative limitations on export are only possible by decision of the Government of the Russian Federation in exceptional circumstances, which are specified in the same Law.

Rates of export customs duty on crude oil and petroleum products are set taking account of the average price for Urals crude oil on world markets (the Mediterranean and Rotterdam markets) during the last monitoring period.

According to the Federal Law on Amendments to Article 3 of the Law 'On Customs Tariffs', which was passed on December 9, 2008, the period of crude price monitoring has been reduced to one calendar month. The Law states that the monitoring period for crude oil prices on world markets is from the 15th day of each calendar month to the 14th day of the next calendar month inclusively, beginning from October 15, 2008. The law also reduces the period, during which export customs duties on crude oil and petroleum products are in force, to one calendar month, stipulates that new duty levels are introduced on the first day of each month, and requires that Russian Government decisions on change of the duty rates must be published no later than one day before they come into force.

The Company views the changes as positive, since reduction of the price monitoring period and of the period when customs rates on crude oil are in force enables more rapid reaction to changes in the economic situation when setting export duties, taking account, in particular, of high volatility of world prices for oil.

Rosneft makes use of professional organizations – customs brokers acting on behalf of the Company and under its instructions – for execution of customs operations, payment of customs duties and other actions associated with observance of the customs regime for oil and petroleum product export. However, carrying out of customs operations through customs brokers does not exempt Rosneft from potential risk of administrative liability in case of violation of customs legislation. Rosneft ensures close cooperation with, and supervision of the activities of its customs brokers in order to avoid such risks.

Rosneft constantly monitors changes in current legislation, assess the impact of such changes and takes account of them in its business, as a result of which the Company minimizes its legal risks connected with changes of the customs control rules and of the procedure for making of customs payments.

Risks associated with changes in licensing requirements for core business of the Company or in licensing rights for use of items, supply of which is limited (including natural resources)

Amendments, which affect the Company, were made during the reporting period to legislation on mineral resources: to Federal Law No. 187 on the Continental Shelf of the Russian Federation (passed on November 30, 1995) and the Federal Law No. 2395-1 on Mineral Resources (passed on February 21, 1992). Specifically :

- criteria were fixed, by which mineral resource areas are treated as having federal significance; these are:
 - areas with recoverable reserves of more than 70 million tonnes;
 - all areas in Russian territorial waters, inland water spaces and the continental shelf.
- more stringent criteria were introduced for parties who apply to obtain usage rights to federal mineral resources located on the continental shelf, inland water spaces and territorial waters, specifically they must have:

- 5-years experience of mineral resource development on the Russian continental shelf;
- more than 50% state participation (direct or indirect) in charter capital.
- specific licensing rules were set out for usage of such mineral resource areas:
 - usage rights to mineral areas on the continental shelf, inland water spaces and territorial waters are provided without any competition and auction (the procedure for assignment of rights is regulated by a special Resolution of the Russian Government);
 - a procedure was introduced for confirmation by the Russian government of rights to mineral resource production after completion of the geological study phase;
 - special licensing rules were established for federal mineral resource areas when foreign investors are taking part in their development: the Russian Government may decide to refuse to provide a production license subsequent to prospecting and appraisal work, and licenses for prospecting, appraisal, exploration and production may be canceled;
 - rules for reissue of licenses for federal mineral resource areas in favor of legal entities controlled by foreign investors were reviewed, and criteria and mechanisms were introduced relative to foreign control in cases of reissue of licenses for mineral use.

At present the Company, directly or through its subsidiaries, owns licenses, which confer rights to federal mineral resource areas, the Company meets the established legal criteria and has the right to take part in procedures for assignment of such areas in the future.

Generally, the changes to legislation concerning resource use at federal mineral resource areas are conducive to observance of the defense and security interests of the Russian Federation. Future actions by the Company for obtaining necessary documentation, agreements and permissions for mineral resource use from competent state bodies will be based on the recent changes.

Changes were made in the accounting year to legislation concerning land use.

Federal Law No. 311, passed on December 30, 2008 makes changes to the Russian Land Code, by which leasing to mineral resource users of land plots, which are necessary for conduct of works associated with mineral resource use, and which are in state or municipal ownership is carried out without any trading mechanism (competitions, auctions). The procedure for calculation of rental payment for such land plots is defined by the Government of the Russian Federation.

These changes are intended to simplify the procedure for provision of land plots for purposes of mineral resource use and are in the interests of Rosneft.

There were also changes in 2008 to the Federal Law No. 128 (passed on August 8, 2001) on Licensing of Various Types of Activity. According to the amendments, licensing of design, construction, and engineering research for construction of buildings and installations, except for seasonal or ancillary installations, was extended until December 31, 2009 inclusively.

Legal risks associated with changes in licensing requirements for Rosneft's core activity can only have slight negative effect, since the Company owns all necessary fixed assets and equipment, conducts its business based on observance of the Russian legislative standards in force, ensures that requirements are met and carries out all measures, which are required for observance of safety standards at production sites in accordance with provisions of Russian legislation for operation of particularly dangerous production facilities, as well as meeting industrial safety standards and environmental standards.

Since Rosneft carries out monitoring of changes in acting Russian legislation and takes due account of them in its business, risks associated with the above mentioned changes will not have significant impact on business of Rosneft.

Legislative changes regarding state regulation of transactions in respect of companies, which have strategic significance

On May 7, 2008 two new laws came into force: Federal Law No. 57, passed on April 29, 2008, which sets out a procedure for foreign investments in companies with strategic significance for defense and national security, and Federal Law No. 58, passed on the same date, which makes amendments to various other laws to reflect enactment of the former statute.

Federal Law No.57 stipulates:

- types of activity which have strategic importance for defense and national security;
- various criteria for control by foreign investors over companies engaged in those types of activity; and
- procedures for obtaining approval from Russian government bodies of transactions as a result of which foreign investors assume control over the business of companies, which have strategic significance.

According to provisions of the new laws, Rosneft is a company with strategic significance for defense and security of the Russian Federation (in the framework set out in the laws).

In view of the structure of Rosneft's share capital (more than 50% direct ownership by the Russian Federation), the procedures set out in law No. 57 for agreement of transactions with Rosneft shares are not applicable. Exceptions for Rosneft are cases where a foreign investor is under the control of an international organisation or a foreign government.

These changes introduce mechanisms of state control over implementation of the investment process when certain categories of foreign investors are involved. The changes are intended to ensure national defense and security.

In support of Law No. 57 the Federal Service for Financial Markets has issued Order N08-24/pz-n, 'On amendments to the Provision on the procedure for issue by the Federal Service for Financial Markets of permission for placement and (or) trading of securities of Russian issuers outside the Russian Federation, approved by order of the Federal Service on January 12, 2007, No.06-5/pz-n', (hereinafter, 'Order N08-24/pz-n').

The Order makes changes to the number of shares, which can be placed outside Russia by companies, which have strategic defense and security significance for the Russian Federation, including placement using foreign securities.

With respect to companies engaged in geological study of mineral resources and (or) exploration and production at federal mineral resource areas, it is stipulated that the number of shares of such a Russian issuer, which may circulate outside the Russian Federation (also through placement of foreign securities) must not exceed 5% of the total number of the Issuer's outstanding shares of that category, and if state registration of an issue (additional issue) intended for placement has been carried out or if such registration is carried out simultaneously with granting of permission by the Federal Service, the same percentage limitation applies to that new issue.

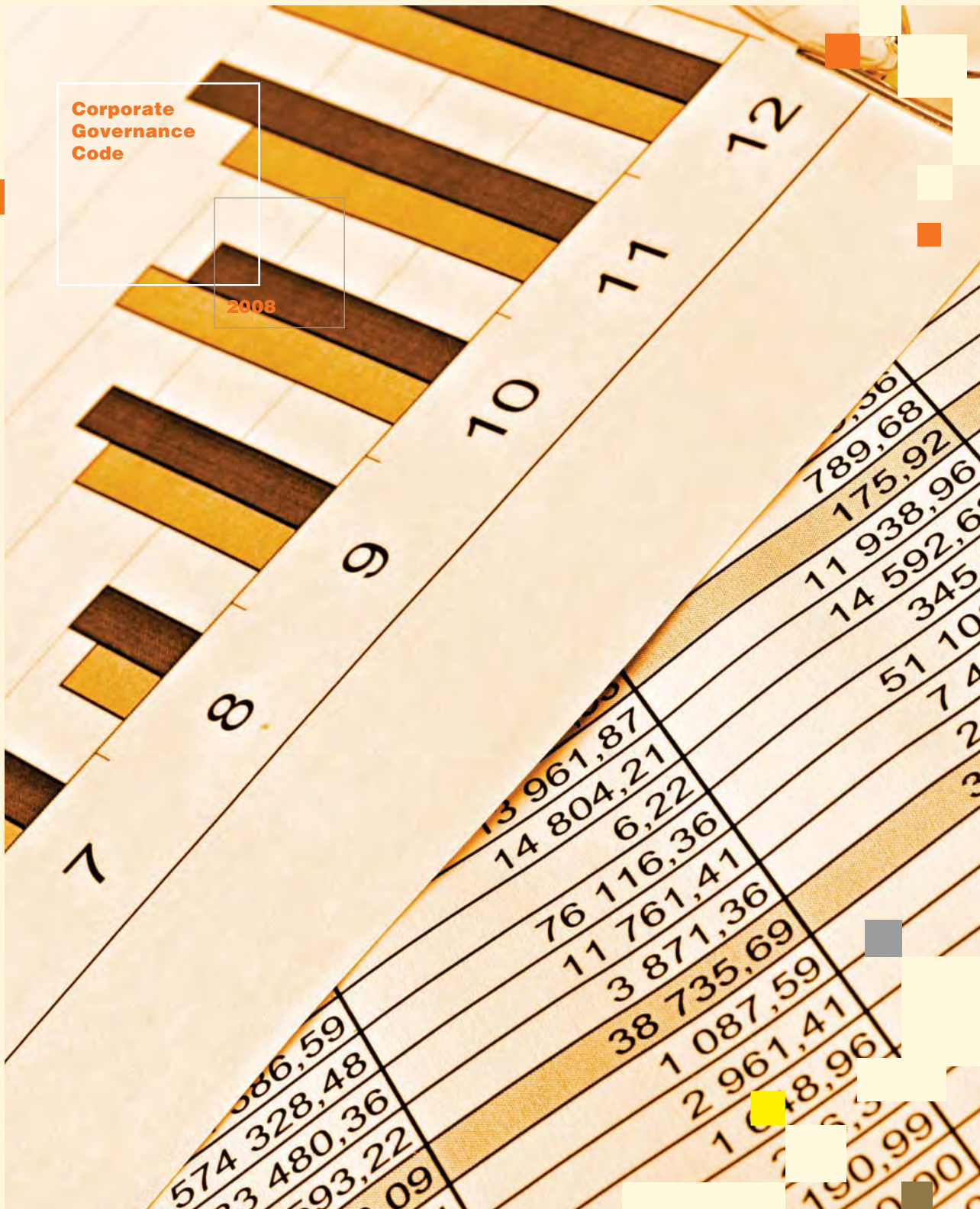
These changes are intended to improve the system of control over financial activities of companies, which have strategic importance for national defense and security. The effect of Order N08-24/pz-n is not retrospective and does not affect share placements carried out prior to its adoption.

Risks of changes in court practise respecting issues, connected with Company business (including licensing issues), which may have negative impact on business results and on outcomes of current court cases, in which the Company is a participant

Verdicts of the Constitutional Court of the Russian Federation (RF), Resolutions of the Plenum of the Supreme Arbitrage Court of the RF and the Supreme Court of the RF have great significance for correct resolution of disputes.

Rosneft carries out regular monitoring of decisions taken by higher courts, and also assesses trends in legal practise at the level of district arbitrage courts using this practise both for defense of its own lawful rights and interests, and for resolution of legal issues, which arise in the process of Company business. For this reason, risks associated with changes in court practise are believed to be insignificant.

Information on Observation of the Corporate Governance Code



#	Provision of Corporate Governance Code	Observed/ Not observed	Notes
General Shareholders Meeting			
1	Notification of shareholders on holding of the General Shareholders Meeting at least 30 days before the date of its holding irrespective of matters included into the agenda, if legislation does not specify a longer period	Observed	<ul style="list-style-type: none"> – Item 12.11 (Information on holding of the General Shareholders Meeting), Clause 12 (General Shareholders Meeting) of Rosneft Charter – Item 1, Clause 13 (Call and preparation for holding of the General Shareholders Meeting), Chapter 3 (General Shareholders Meeting) of Rosneft Corporate Governance Code
2	Shareholders have an opportunity to get familiar with the list of persons entitled to take part in the General Shareholders Meeting, beginning from the day of notification of holding of the General Shareholders Meeting and until closure of the General Shareholders Meeting in presence form, and in case of the General Shareholders Meeting in absence form – until the deadline for receipt of voting papers	Observed	<ul style="list-style-type: none"> – Item 8.10 (Voting shares), Clause 8 (Shares of the Company) of Rosneft Charter; – Clause 23 (Familiarization with the list of persons entitled to take part in the General Shareholders Meeting), Section 6 (Compilation of the list of persons having the right to take part in the General Shareholders Meeting) of the Regulation on the General Shareholders Meeting of Rosneft
3	Shareholders have an opportunity to get familiar with the information (materials) to be presented when preparing for holding of the General Shareholders Meeting by electronic means, including by means of the Internet	Observed	<ul style="list-style-type: none"> – Information on holding of the General Shareholders Meeting, Clause 12 (General Shareholders Meeting) Rosneft Charter; – Item 2, Clause 13 (Calling, and preparation for holding, of the General Shareholders Meeting), Chapter 3 (General Shareholders Meeting) of Rosneft Corporate Governance Code – Item 3, Clause 6 (Publication of information in the Internet), Regulation on Information Policy of Rosneft
4	A shareholder has an opportunity to introduce an item into the agenda of the General Shareholders Meeting or demand to call the General Shareholders Meeting without presentation of an extract from the register of shareholders provided his/her right to shares is reflected in the shareholder register, and in case his/her right to shares is reflected in a stock deposit account – sufficiency of an extract from the stock deposit account to perform the above rights	Observed	<ul style="list-style-type: none"> – Item 4, Clause 5 (Introducing item(s) into the agenda of the Annual General Shareholders Meeting and nomination of candidates to the bodies of the Company for election at the Annual General Shareholders Meeting), Section 3 (Proposals on introducing items into the agenda of the Annual General Shareholders Meeting. Proposals on nomination of candidates to the bodies of the Company for election at the Annual General Shareholders Meeting); Item 2, Clause 11 (Calling of extraordinary General Shareholders Meeting), Section 4 (Extraordinary General Shareholders Meeting) of the Regulation on General Shareholders Meeting of Rosneft; – Item 5, Clause 13 (Calling, and preparation for holding, of the General Shareholders Meeting), Chapter 3 (General Shareholders Meeting) of Rosneft Corporate Governance Code

#	Provision of Corporate Governance Code	Observed/ Not observed	Notes
5	The Charter or other internal documents of the Joint-Stock Company contain the requirements for obligatory presence of the General Director, members of the Management Board, members of the Board of Directors, members of the internal audit commission and auditor of the Joint-Stock Company in the General Shareholders Meeting	Observed	<ul style="list-style-type: none"> – Item 2, Clause 28 (Persons present at the General Shareholders Meeting), Section 9 (Procedure for participation of shareholders and their authorized representatives in the General Shareholders Meeting) of the Regulation on General Shareholders Meeting of Rosneft; – Item 1, Clause 6 (Duties of a member of the Board of Directors), Section 2 (Members of the Board of Directors) of the Regulation on the Board of Directors of Rosneft; – Item 1, Clause 8 (Duties of a member of the Management Board), Section 2 (Members of the Management Board) of the Regulation on the Collegial Executive Body (Management Board) of Rosneft; – Item 1, Clause 9 (Duties of the President) of the Regulation on the Sole Executive Body (President) of Rosneft; – Item 2, Clause 2 (Duties of the Internal Audit Commission) of the Regulation on the Internal Audit Commission of Rosneft – Rosneft Corporate Governance Code: Item 2, Clause 14 (Holding of the General Shareholders Meeting), Chapter 3 (General Shareholders Meeting); Item 1, Clause 19 (Duties of the executive bodies), Chapter 4 (Executive bodies of the Company); Item 3, Clause 27 (Company Auditor. Auditing), Chapter 5 (Control over the Company's business operations)
6	Obligatory presence of candidates at the General Shareholders Meeting during consideration of matters relating to election of members of the Board of Directors, General Director, members of the Management Board, members of the internal audit commission, as well as to approval of the auditor of the Joint-Stock Company	Observed	<p>Executed in practice.</p> <p>In compliance with the Regulation on the General Shareholders Meeting of Rosneft, candidates included in voting papers for election of the Company bodies may participate in the General Shareholders Meeting (Item 1, Clause 28 (Persons present at the General Shareholders Meeting), Section 9 (Procedure for participation of shareholders and their authorized representatives in the General Shareholders Meeting))</p>
7	Internal documents of the Joint-Stock Company contain a procedure for registration of participants of the General Shareholders Meeting	Observed	<ul style="list-style-type: none"> – Section 13 (Registration of participants of the Shareholders Meeting held in a form of joint presence) of the Regulation on the General Shareholders Meeting of Rosneft; – Item 1, Clause 14 (Holding of the General Shareholders Meeting), Chapter 3 of Rosneft Corporate Governance Code
Board of Directors			
8	Charter of the Joint-Stock Company establishes the Board of Directors' authority to approve the company's business plan on an annual basis	Observed	Item 13.2 (Competence of the Board of Directors), Clause 13 (Board of Directors of the Company) of Rosneft Charter
9	Risk management procedure approved by the Board of Directors	Not observed	The Risk Management System Development Program, preliminarily reviewed by Rosneft Board of Directors in October 2007, has not yet been approved

#	Provision of Corporate Governance Code	Observed/ Not observed	Notes
10	Charter of the Joint-Stock Company provides for the right of the Board of Directors to make the decision to suspend the authorities of the General Director appointed by the General Shareholders Meeting	Not observed	
11	Charter of the Joint-Stock Company provides for the right of the Board of Directors to establish the requirements for professional qualification and amount of remuneration to the General Director, members of the Management Board, and heads of main divisions of the Joint-Stock Company	Partially observed	<p>Specific requirements for professional qualification of members of Rosneft's executive bodies are established by the internal documents of the Company (Item 2, Clause 16 of Rosneft Corporate Governance Code), namely:</p> <ul style="list-style-type: none"> – Clause 4 (Requirements for the President) of the Regulation on the Sole Executive Body (President) of Rosneft; – Clause 4 (Requirements for members of the Management Board), Section 2 (Members of the Management Board) of the Regulation on the Collegial Executive Body (Management Board) of Rosneft. <p>Additional requirements for candidates to the Company's executive bodies are determined by the HR and Remuneration Committee of the Board of Directors of the Company (Item 3 of Clause 3 of the Regulation on the HR and Remuneration Committee of the Board of Directors of Rosneft)</p> <p>The Board of Directors approves respective labor contracts, including terms of remuneration to the Company President and members of the Management Board (Item 13.2 of Rosneft Charter).</p> <p>The HR and Remuneration Committee of the Board of Directors of the Company works out the principles and criteria of determining the amount of remuneration to the said persons (Item 5, Clause 3 of the Regulation on the HR and Remuneration Committee of the Board of Directors of Rosneft)</p>
12	Charter of the Joint-Stock Company stipulates the Board of Directors' right to approve the terms of labor contracts with the General Director and members of the Management Board	Observed	Item 13.2 (Competence of the Board of Directors), Clause 13 (Board of Directors of the Company) of Rosneft Charter
13	Charter or other internal documents of the Joint-Stock Company stipulate that votes of members of the Board of Directors, who are the General Director and members of the Management Board, shall not be taken into account in approving the terms of labor contracts with the General Director (management company, corporate executive) and members of the Management Board	Not observed	
14	The Board of Directors includes at least 3 independent members complying with the requirements of the Corporate Governance Code	Observed	<ul style="list-style-type: none"> – Item 1, Clause 7 (Independent members of the Board of Directors), Chapter 2 (Board of Directors) of Rosneft Corporate Governance Code; – Item 1, Clause 33 (Executive and independent members in the Board of Directors), Section 10 (Members of the Board of Directors and the Company: conflicts of interest) of the Regulation on the Board of Directors of Rosneft

#	Provision of Corporate Governance Code	Observed/ Not observed	Notes
15	Absence in the Board of Directors of the Joint-Stock Company of persons, who have been convicted of economic crimes or crimes against the state, interests of state service or service in local self-government bodies, or who have been subject to administrative penalties for violation of corporate, finance, tax and/or securities market laws	Observed	Executed in practice
16	Absence in the Board of Directors of the Joint-Stock Company of persons who are a stakeholder, General Director (corporate executive), member of an executive body or employee of a legal entity competing with the Joint-Stock Company	Observed	Executed in practice
17	Charter of the Joint-Stock Company stipulates that the Board of Directors be elected by cumulative voting	Observed	Item 13.7 (Election of the Board of Directors), Clause 13 (Board of Directors of the Company)
18	Internal documents of the Joint-Stock Company provide for the obligation of members of the Board of Directors to abstain from actions, which will result or may potentially result in occurrence of a conflict between their interests and interests of the Joint-Stock Company, and in case such conflict arises – for the obligation to report of this conflict to the Board of Directors	Observed	– Item 1, Clause 6 (Duties of a member of the Board of Directors), Section 2 (Members of the Board of Directors), Section 10 (Members of the Board of Directors and the Company: conflicts of interest) of the Regulation on the Board of Directors of Rosneft; – Item 3, Clause 6 (Board of Directors in the Corporate Governance System (management) of the Company), Chapter 2 (Board of Directors) of Rosneft Corporate Governance Code
19	Internal documents of the Joint-Stock Company provide for the obligation of members of the Board of Directors to inform the Board of Directors in writing of the intention to enter into transactions with securities of the Joint-Stock Company (or a subsidiary/affiliate thereof) where they are members of the Board of Directors, as well as for the obligation to disclose information on any such transactions performed by them	Observed	– Item 4, Clause 6 (Board of Directors in the Corporate Governance system (management) of the Company), Chapter 2 (Board of Directors) of Rosneft Corporate Governance Code; – Item 1, Clause 6 (Duties of a member of the Board of Directors), Section 2 (Members of the Board of Directors) of the Regulation on the Board of Directors of Rosneft
20	Internal documents of the Joint-Stock Company provide for holding of Board of Directors meetings at least once in six weeks	Not observed	Meetings of the Board of Directors are held as required but at least once a quarter (Item 1, Clause 22 of the Regulation on the Board of Directors of Rosneft)
21	Holding of meetings of the Board of Directors of the Joint-Stock Company during the year for which an annual report of the Joint-Stock Company is being prepared, with intervals of at least once every six weeks	Observed	Meetings of Rosneft Board of Directors were held in each quarter of the reporting period (six meetings were held in total)
22	Internal documents of the Joint-Stock Company set forth a procedure for holding Board of Directors meetings	Observed	– Items 13.15 – 13.21 (Meeting of the Board of Directors), Clause 13 (Board of Directors of the Company) of Rosneft Charter; – Section 6 (Meeting of the Board of Directors) of the Regulation on the Board of Directors of Rosneft
23	Internal documents of the Joint-Stock Company provide for obligatory approval of the company's major transactions (10% of the value of the company's assets or more), except for transactions performed in the normal course of business	Observed	Item 13.2 (Competence of the Board of Directors), Clause 13 (Board of Directors of the Company) of Rosneft Charter

#	Provision of Corporate Governance Code	Observed/ Not observed	Notes
24	Internal documents of the Joint-Stock Company provide for the right of members of the Board of Directors to request information required for due performance of their functions from executive bodies and heads of structural divisions of the company, as well as for the responsibility of respective officers for failure to present such information	Observed	Clause 8 (Duties of officials of the Company regarding performance of requirements of members of the Board of Directors), Section 2 (Members of the Board of Directors) of the Regulation on the Board of Directors of Rosneft
25	Presence of the strategic planning committee of the Board of Directors or performance of relevant functions by another committee (except for the audit committee and the HR and remuneration committee)	Observed	The Strategic Planning Committee of Rosneft Board of Directors, formed by the Board of Directors' decisions as of June 2006, June 2007 and June 2008 based on the Regulation on procedure of formation and operation of Committees of the Board of Directors of the Company and the Regulation on the Strategic Planning Committee of the Board of Directors of the Company, continued its activity during the reporting period
26	Presence of the audit committee of the Board of Directors, which makes recommendations to the Board of Directors with respect to appointment of the auditor of the Joint-Stock Company, and interacts with the auditor and the internal audit commission of the Joint-Stock Company	Observed	The Audit Committee of Rosneft Board of Directors, formed by the Board of Directors' decisions as of June 2006, June 2007 and June 2008 based on the Regulation on procedure of formation and operation of Committees of the Board of Directors of the Company and the Regulation on the Audit Committee of the Board of Directors of the Company, continued its activity during the reporting period
27	Presence of only independent and non-executive directors in the audit committee	Observed	<p>The Audit Committee of Rosneft Board of Directors comprises:</p> <ol style="list-style-type: none"> 1. Hans-Joerg Rudloff – Chairman of the Committee (independent non-executive director). 2. Alexander Nekipelov (independent non-executive director). 3. Andrey Kostin (independent non-executive director). <p>Internal documents of the Company specify that the Audit Committee shall consist only of the members of the Board of Directors, who are not executive directors of the Company, and be headed by an independent director, namely:</p> <ul style="list-style-type: none"> – Item 4, Clause 9 (Audit Committee of the Board of Directors), Chapter 2 (Board of Directors) of Rosneft Corporate Governance Code; – Item 3, Clause 35 (Formation of Committees of the Board of Directors), Chapter 11 (Committees of the Board of Directors) of the Regulation on the Board of Directors of Rosneft; – Item 4, Clause 2 (Formation of Committees of the Board of Directors) of the Regulation on procedure of formation and operation of Committees of the Board of Directors of Rosneft; – Item 2, Clause 2 (General provisions) of the Regulation on the Audit Committee of the Board of Directors of Rosneft

#	Provision of Corporate Governance Code	Observed/ Not observed	Notes
28	The audit committee is headed by an independent director.	Observed	<p>The Audit Committee is chaired by Hans-Joerg Rudloff, who is an independent director.</p> <p>This provision is reflected in the following internal documents of the Company:</p> <ul style="list-style-type: none"> – Item 4, Clause 9 (Audit Committee of the Board of Directors), Chapter 2 (Board of Directors) of Rosneft Corporate Governance Code; – Item 4, Clause 35 (Formation of Committees of the Board of Directors), Chapter 11 (Committees of the Board of Directors) of the Regulation on the Board of Directors of Rosneft; – Item 4, Clause 2 (Formation of Committees of the Board of Directors) of the Regulation on procedure of formation and operation of Committees of the Board of Directors of Rosneft; – Item 2, Clause 2 (General provisions) of the Regulation on the Audit Committee of the Board of Directors of Rosneft
29	Internal documents of the Joint-Stock Company provide for the audit committee's right to access any documents and information of the Joint-Stock Company on the conditions of non-disclosure of confidential information by members of the audit committee	Observed	<ul style="list-style-type: none"> – Item 2, Clause 8 (Support of activities of Committees of the Board of Directors) of the Regulation on procedure of formation and operation of Committees of the Board of Directors of Rosneft; – Clause 6 (Interaction of Committee with executive bodies of the Company) of the Regulation on the Audit Committee of the Board of Directors of Rosneft
30	Establishment of a committee of the Board of Directors (HR and remuneration committee), responsible for determining criteria for selection of candidates to the Board of Directors and elaborating the Joint-Stock Company's remuneration policy	Observed	<p>The HR and Remuneration Committee of Rosneft Board of Directors, formed by the Board of Directors' decisions as of June 2006, June 2007 and June 2008 based on the Regulation on procedure of formation and operation of Committees of the Board of Directors of the Company and the Regulation on the HR and Remuneration Committee of the Board of Directors of the Company, continued its activity during the reporting period</p>
31	The HR and remuneration committee is headed by an independent director	Observed	<p>The HR and Remuneration Committee is chaired by Andrey Kostin, who is an independent director.</p> <p>This provision is reflected in the following internal documents of the Company:</p> <ul style="list-style-type: none"> – Item 4, Clause 10 (HR and Remuneration Committee of the Board of Directors), Chapter 2 (Board of Directors) of Rosneft Corporate Governance Code; – Item 4, Clause 35 (Formation of Committees of the Board of Directors), Chapter 11 (Committees of the Board of Directors) of the Regulation on the Board of Directors of Rosneft; – Item 4, Clause 2 (Formation of Committees of the Board of Directors) of the Regulation on procedure of formation and operation of Committees of the Board of Directors of Rosneft; – Item 2, Clause 2 (General provisions) of the Regulation on the HR and Remuneration Committee of the Board of Directors of Rosneft

#	Provision of Corporate Governance Code	Observed/ Not observed	Notes
32	Absence of the Joint-Stock Company's officers in the HR and remuneration committee	Observed	<p>The HR and Remuneration Committee of the Board of Directors of Rosneft comprises:</p> <ol style="list-style-type: none"> 1. Andrey Kostin – Chairman of the Committee (non-executive director). 2. Sergey Naryshkin (non-executive director). 3. Hans-Joerg Rudloff (non-executive director). <p>This provision is reflected in the following internal documents of the Company:</p> <ul style="list-style-type: none"> – Item 4, Clause 10 (HR and Remuneration Committee of the Board of Directors), Chapter 2 (Board of Directors) of Rosneft Corporate Governance Code; – Item 4, Clause 35 (Formation of Committees of the Board of Directors), Chapter 11 (Committees of the Board of Directors) of the Regulation on the Board of Directors of Rosneft; – Item 4, Clause 2 (Formation of Committees of the Board of Directors) of the Regulation on procedure of formation and operation of Committees of the Board of Directors of Rosneft; – Item 2, Clause 2 (General provisions) of the Regulation on the HR and Remuneration Committee of the Board of Directors of Rosneft
33	Establishment of a committee of the Board of Directors for risks or imposition of functions of the said committee to another committee (except for the audit committee and the HR and remuneration committee)	Not observed	<p>This function is imposed upon the Audit Committee of the Board of Directors of Rosneft:</p> <ul style="list-style-type: none"> – Item 1, Clause 2 (General provisions), Item 2, Clause 3 (Functions of the committee), Item 3, Clause 7 (Interaction of the committee with the Company's structural subdivisions performing the functions of internal control and audit) of the Regulation on the Audit Committee of the Board of Directors of Rosneft
34	Establishment of a committee of the Board of Directors for corporate conflicts or imposition of function of the said committee on another committee (except for the audit committee and the HR and remuneration committee)	Not observed	<p>Rosneft has no committee of the Board of Directors for corporate conflicts. Provision is made for establishment of such a committee for prevention and effective pre-trial settlement of corporate conflicts involving the Company and its shareholders (Item 6, Clause 12 of Rosneft Corporate Governance Code)</p>
35	Absence of the Joint-Stock Company's officers in the committee for corporate conflicts	Not observed	<p>Rosneft has no committee of the Board of Directors for corporate conflicts</p>
36	The Board of Directors' committee for corporate conflicts is headed by an independent director	Not observed	<p>Rosneft has no committee of the Board of Directors for corporate conflicts</p>

#	Provision of Corporate Governance Code	Observed/ Not observed	Notes
37	Procedure for formation and operation of the Board of Directors' committees is established by internal documents approved by the Board of Directors	Observed	In October 2008, Rosneft Board of Directors approved new editions of the following internal documents: <ol style="list-style-type: none"> 1. Regulation on procedure for formation and operation of Committees of the Board of Directors of Rosneft. 2. Regulation on the Audit Committee of the Board of Directors of Rosneft. 3. Regulation on the HR and Remuneration Committee of the Board of Directors of Rosneft. 4. Regulation on the Strategic Planning Committee of the Board of Directors of Rosneft
38	Presence in the Charter of the Joint-Stock Company of a procedure for determination of a quorum of the Board of Directors, making it possible to ensure the obligatory participation of independent directors in meetings of the Board of Directors	Not observed	The quorum of a meeting of the Board of Directors is considered achieved subject to: presence and (or) availability of a written opinion of more than one half of the elected members of the Board of Directors (Item 13.18 of Rosneft Charter)
Executive Bodies			
39	Presence of a collegial executive body (Management Board) of the Joint-Stock Company	Observed	Clause 14 (Executive bodies of the Company) of Rosneft Charter
40	The Charter or other internal documents of the Joint-Stock Company stipulate that the Management Board shall approve the Joint-Stock Company's transactions with real estate and fundraising transactions, provided that such transactions are not major transactions or transactions performed in the normal course of business	Observed	Item 14.9, Clause 14 (Executive bodies of the Company) of Rosneft Charter: approval of transactions connected with purchase, disposal or possible disposal, directly or indirectly, of the property by the Company, the value of which is above 5% and up to 10% of the book value of the assets of the Company per statutory financial statements as of the last reporting date, except for transactions made in the normal course of the Company's business, transactions connected with placement by subscription (realization) of common shares of the Company and transactions connected with placement of equity securities convertible into common shares of the Company
41	Presence in the internal documents of the Joint-Stock Company of a procedure for coordination of operations, which are beyond the framework of the Joint-Stock Company's business plan	Observed	Item 13.2 (Competence of the Board of Directors), Clause 13 (Board of Directors of the Company) of Rosneft Charter: approval of transactions connected with purchase, disposal or possible disposal, directly or indirectly, of the property by the Company, the value of which is above 10% and up to 25% of the book value of the assets of the Company per statutory financial statements as of the last reporting date, except for transactions made in the normal course of the Company's business
42	Executive bodies of the Joint-Stock Company have no persons who are a stakeholder, General Director (corporate executive), member of an executive body or employee of a legal entity competing with the Joint-Stock Company	Observed	<ul style="list-style-type: none"> – Item 1, Clause 6 (Members of the Management Board and the Company: conflicts of interest) of the Regulation on the Collegial Executive Body (Management Board) of Rosneft; – Item 1, Clause 7 (the President and the Company: conflicts of interest) of the Regulation on the Sole Executive Body (President) of Rosneft

#	Provision of Corporate Governance Code	Observed/ Not observed	Notes
43	Absence in the executive bodies of the Joint-Stock Company of persons, who have been convicted of economic crimes or crimes against the state, interests of state service or service in local self-government bodies, or who have been subject to administrative penalties for violation of corporate, finance, tax and/or securities market laws. If functions of the sole executive body are performed by a management company or corporate executive – conformity of the General Director and members of the Management Board of the management company or of the corporate executive to the requirements imposed upon the General Director and members of the Management Board of the Joint-Stock Company	Observed	<ul style="list-style-type: none"> – Clause 4 (Requirements for members of the Management Board) of the Regulation on the Collegial Executive Body (Management Board) of Rosneft; – Clause 4 (Requirements for the President) of the Regulation on the Sole Executive Body (President) of Rosneft
44	The Charter or other internal documents of the Joint-Stock Company contain provisions prohibiting the management company (corporate executive) to perform similar functions at a competing company, as well as to be in or enter into any property relations with the Joint-Stock Company, except for rendering of services of a management company (corporate executive)	Not observed	Rosneft Charter has no provisions with regard to a management company (corporate executive)
45	Internal documents of the Joint-Stock Company stipulate that the executive bodies shall abstain from actions, which will result or may potentially result in a conflict between their interests and interests of the Joint-Stock Company, and in case of such conflict – that they shall disclose information on this conflict to the Board of Directors	Observed	<ul style="list-style-type: none"> – Item 1, Clause 19 (Duties of executive bodies), Chapter 4 (Executive bodies of the Company) of Rosneft Corporate Governance Code; – Item 1, Clause 8 (Duties of members of the Management Board), Section 2 (Members of the Management Board) of the Regulation on the Collegial Executive Body (Management Board) of Rosneft; – Item 1, Clause 9 (Duties of the President) of the Regulation on the Sole Executive Body (President) of Rosneft
46	The Charter or other internal documents of the Joint-Stock Company contain criteria for selecting a management company (corporate executive)	Not observed	Rosneft Charter has no provisions with regard to a management company (corporate executive)
47	Executive bodies of the Joint-Stock Company present monthly reports of their activities to the Board of Directors	Not observed	Provision is made for annual presentation by the executive bodies of reports on their activity to the Board of Directors, as well as of other reports as may be required by the Board of Directors (Item 3, Clause 19 of Rosneft Corporate Governance Code; Clause 25 of the Regulation on the Collegial Executive Body (Management Board) of Rosneft)
48	Contracts signed between the Joint-Stock Company and the General Director (management company, corporate executive) and members of the Management Board establish responsibility for violation of provisions on the use of confidential and other proprietary information	Observed	Clause 7 (Duties related to the use of insider information) of the Regulation on Insider Information of Rosneft

#	Provision of Corporate Governance Code	Observed/ Not observed	Notes
Company Secretary			
49	Presence at the Joint-Stock Company of a special official (Secretary of the company) whose role is to ensure observation by the bodies and officials of the Joint-Stock Company of the procedure requirements guaranteeing the realization of rights and legal interests of the Joint-Stock Company	Not observed	In compliance with the Regulation on the Corporate Secretary of Rosneft, the Company provides for a special official – Corporate Secretary (for the purpose of observing procedures to ensure the rights and legal interests of shareholders). The Board of Directors plans to consider the matter of approving the Corporate Secretary of Rosneft
50	Charter or other internal documents of the Joint-Stock Company establish the procedure for appointment (election) of the company Secretary and duties of the Secretary	Observed	– Item 13.2 (Competence of the Board of Directors), Clause 13 (Board of Directors of the Company) of Rosneft Charter; – Chapter 4 (Corporate Secretary of the Company) of Rosneft Corporate Governance Code; – Clauses 3, 6-11 of the Regulation on the Corporate Secretary of Rosneft
51	Charter of the Joint-Stock Company contains requirements for candidates to the position of company Secretary	Not observed	Requirements for the candidate to the position of the Company Secretary are specified in Clause 5 (Requirements for the Corporate Secretary) of the Regulation on the Corporate Secretary of Rosneft
Material Corporate Actions			
52	Charter or other internal documents of the Joint-Stock Company provide for approval of a major transaction prior to commencement thereof	Not observed	
53	Obligatory engagement of an independent appraiser to perform a market value analysis of the assets subject to a major transaction	Observed	Executed in practice
54	Presence in the Charter of the Joint-Stock Company of a prohibition to take, during acquisition of a large package of shares of the Joint-Stock Company (takeover), any actions directed at protection of interests of executive bodies (members of these bodies) and members of the Board of Directors of the Joint-Stock Company, as well as at worsening the position of the shareholders as compared to the existing situation (particularly, prohibition of the Board of Directors, before expiration of the expected term of acquisition of shares, to take decisions to issue additional shares, to issue securities convertible into shares or securities, giving the right to acquire the shares of the company even if the right to take such a decision is granted to the Board of Directors by the Charter)	Not observed	
55	Charter of the Joint-Stock Company provides for obligatory engagement of an independent appraiser to determine current market value of company shares and potential changes in the market value as a result of a takeover	Not observed	Rosneft shares are traded on the MICEX and RTS stock exchanges in Russia as well as on the London Stock Exchange (in the form of GDRs), where their current market value is determined

#	Provision of Corporate Governance Code	Observed/ Not observed	Notes
56	Charter of the Joint-Stock Company does not waive the obligation of an acquirer to offer shareholders to sell their common shares of the company (equity securities convertible into common shares) during the takeover	Not observed	
57	Charter or other internal documents of the Joint-Stock Company provide for obligatory engagement of an independent appraiser to determine a share conversion ratio for purposes of restructuring	Not observed	
Information Disclosure			
58	Presence of an internal document approved by the Board of Directors, which sets out the Joint-Stock Company's principles and approaches in the area of information disclosure (Regulation on information policy)	Observed	Provision on information policy of Rosneft (approved by the Board of Directors of Rosneft in May 2006)
59	Internal documents of the Joint-Stock Company establish requirements for disclosure of information on the purpose of share placement, on the persons who are going to acquire shares to be placed, including major stakes, as well as on whether top management of the Joint-Stock Company intend to acquire shares of the company to be placed	Not observed	Information is disclosed in compliance with applicable legislation of the Russian Federation and the Regulation on information policy of Rosneft
60	Internal documents of the Joint-Stock Company contain a list of information, documents and materials to be provided to shareholders to take part in decision-making regarding matters put on agenda of the General Shareholders Meeting	Observed	Item 12.12 (Information on holding of the General Shareholders Meeting), Clause 12 (General Shareholders Meeting) of Rosneft Charter
61	The Joint-Stock Company maintains a website and regularly provides information on its activities on the website	Observed	http://www.rosneft.ru/ ; http://www.rosneft.com/ According to Clause 4 of the Regulation on information policy of Rosneft, among other means of disclosure, the Company's Internet site is used to provide information about Rosneft
62	Internal documents of the Joint-Stock Company require for disclosure of information on transactions of the Joint-Stock Company with its top managers as defined in the company Charter, as well as on transactions with organizations where the company's top managers directly or indirectly hold 20% stakes or more, or on which the company's top managers may otherwise exert a material influence	Observed	Information is disclosed in compliance with applicable legislation of the Russian Federation and the Regulation on information policy of Rosneft
63	Internal documents of the Joint-Stock Company require that information on all transactions that may affect the market value of the company's shares be disclosed	Observed	Information is disclosed in compliance with applicable legislation of the Russian Federation and the Regulation on information policy of Rosneft

#	Provision of Corporate Governance Code	Observed/ Not observed	Notes
64	Presence of an internal document, approved by the Board of Directors, on the use of material information on activities of the Joint-Stock Company, and on shares and other securities of the company as well as on transactions therewith, which is not subject to public disclosure and disclosure of which may materially affect the market value of shares and other securities of the Joint-Stock Company	Observed	Regulation on insider information of Rosneft (approved by the Board of Directors of Rosneft in May 2006)
Control over Business Activities			
65	Internal control procedures approved by the Joint-Stock Company's Board of Directors	Observed	Regulation on internal control of business activities of Rosneft (approved by the Board of Directors of Rosneft in May 2006)
66	Presence within the Joint-Stock Company of a special division ensuring observation of internal control procedures (internal control and audit service)	Observed	Rosneft has the Internal Control and Audit Division, as provided for by the following internal documents of the Company: – Item 2, Clause 24 (Control over business activities of the Company) of Rosneft Corporate Governance Code; – Item 1, Clause 4 (Establishment of internal control) of the Regulation on internal control of business activities of Rosneft
67	Internal documents of the Joint-Stock Company require that the structure and composition of the internal control and audit service of the Joint-Stock Company be determined by the Board of Directors	Observed	Clause 7 (Organizational structure of the Internal Control and Audit Division) of the Regulation on internal control of business activities of Rosneft
68	Absence in the internal control and audit service of persons, who have been convicted of economic crimes or crimes against the state, interests of state service or service in local self-government bodies, or who have been subject to administrative penalties for violation of corporate, finance, tax and/or securities market laws	Observed	Executed in practice. Clause 7 (Organizational structure of the Internal Control and Audit Division) of the Regulation on internal control of business activities of Rosneft
69	Absence in the internal control and audit service of persons who serve on the company's executive bodies, or who are a stakeholder, General Director (corporate executive), member of an executive body or employee of a legal entity competing with the Joint-Stock Company	Observed	Executed in practice. Clause 7 (Organizational structure of the Internal Control and Audit Division) of the Regulation on internal control of business activities of Rosneft
70	Internal documents of the Joint-Stock Company establish a timeframe for presentation to the internal control and audit service of documents and materials for analysis of business operations performed; as well as the responsibility of officials and other employees of the Joint-Stock Company for their failure to present the said documents in due time	Not observed	

#	Provision of Corporate Governance Code	Observed/ Not observed	Notes
71	Internal documents of the Joint-Stock Company establish the duty of the internal control and audit service to report the revealed violations to the audit committee and, in case of absence of such a committee, to the Board of Directors of the Joint-Stock Company	Observed	Item 2, Clause 12 (Taking measures to eliminate violations and faults detected by the inspection (revision)) of the Regulation on internal control of business activities of Rosneft
72	Charter of the Joint-Stock Company requires that the internal control and audit service preliminarily assesses the expediency of operations not provided for by the Joint-Stock Company's business plan (non-recurring operations)	Not observed	
73	Internal documents of the Joint-Stock Company establish a procedure for approval of a non-recurring operation by the Board of Directors	Not observed	
74	Presence of an internal document, approved by the Board of Directors, which determines the procedure to perform inspections of business activities of the Joint-Stock Company by the Internal Audit Commission	Observed	Regulation on the Internal Audit Commission of Rosneft (approved by the General Shareholders Meeting of Rosneft in June 2006)
75	The audit committee of the Board of Directors assesses the auditor opinion prior to presentation thereof at the General Shareholders Meeting	Observed	– Item 1, Clause 9 (Audit Committee of the Board of Directors), Chapter 2 (Board of Directors) of Rosneft Corporate Governance Code; – Item 1, Clause 3 (Functions of the committee) of the Regulation on the Audit Committee of the Board of Directors of Rosneft
Dividends			
76	Presence of an internal document, approved by the Board of Directors, to which the Board of Directors adheres when making recommendations on the amount of dividends (when approving a regulation on dividend policy)	Observed	Regulation on dividend policy of Rosneft (approved by the Board of Directors of Rosneft in May 2006)
77	Regulation on dividend policy sets out a procedure for determination of the minimum share of net income of the Joint-Stock Company that can be allocated for payment of dividends; and presence of conditions at which dividends on preferred shares (amount of such dividends is determined in the Charter of the Joint-Stock Company) are not paid or paid partially	Observed	– Item 2, Clause 4 (Principles of dividend policy of the Company) of the Regulation on dividend policy of Rosneft; – Rosneft Charter does not provide for placement of preferred shares
78	Provision of information on the dividend policy of the Joint-Stock Company and on changes introduced thereto in a periodical engaged for publication of messages on holding of the General Shareholders Meetings in accordance with the Charter of the Joint-Stock Company; as well as placement of the said information on the Internet site of the company.	Observed	Information on Rosneft's dividend policy and relevant changes is placed on the Company's Internet site

No large transactions occurred in 2008, which were approved in compliance with provisions of Chapter X of Federal Law No. 208-FZ (December 26, 1995), 'On Joint-Stock Companies'.

In 2008 all related party transactions carried out by OJSC Rosneft were on market terms.

Related party transactions approved by the Board of Directors of OJSC Rosneft

Object of the transaction and its main terms	Transaction price	Date of decision
Transactions, in which OJSC NK Rosneft-Dagneft is a Counterparty; Party with interest in the transactions: OJSC ROSNEFTEGAZ – a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)		
1. Unpaid assignment by the Counterparty to the Company of access rights to the trunk pipeline system of OJSC Transneft for export deliveries of 25 th. tonnes of oil	No remuneration was paid by the Company	27.12.2007 18.10.2008
2. Transfer by the Company of fixed assets to the Counterparty in return for a lease payment of RUB 8,635.46 th.	Lease payment received by the Company was RUB 8,635.46 th.	27.12.2007
3. Services by the Company (as agent) to the Counterparty for transport of crude oil by rail for an agent's commission of RUB 977.06 th.	Agent's commission received by the Company was RUB 977.06 th.	27.12.2007 05.03.2008
4. Services to the Company by the Counterparty for maintenance and servicing during 8 months of decommissioned real estate belonging to the Company and not needed for production, for a fee of RUB 2.16 th.	Cost of services paid by the Company was RUB 2.16 th.	25.04.2008
Transactions, in which RN-Krasnodarneftegaz LLC is a Counterparty; Party with interest in the transactions: OJSC ROSNEFTEGAZ – a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)		
1. Services provided by the Counterparty to the Company for production at oil & gas fields, to which the Company holds licenses, of: 1,192.13 th. tonnes of oil; 63.06 th. tonnes of gas condensate; 2,769.78 mln cubic meters of natural gas; 248.29 mln cubic meters of associated gas; and transfer of this output to the Company for subsequent sale, charged at RUB 5,270,062.71 th.	Transaction value was RUB 5,270,062.71 th.	27.12.2007 18.10.2008
2. Sale by the Company to the Counterparty of 497.5 mln cubic meters of gas for RUB 879,931.35 th.	Cost of gas sold to the Company was RUB 879,931.35 th.	27.12.2007 05.03.2008
3. Services by the Counterparty to the Company for sale of 527.7 mln cubic meters of gas, charged at RUB 8,793.43 th.	Cost of services paid by the Company was RUB 8,793.43 th.	27.12.2007
4. Services by the Counterparty to the Company for transportation of 43 th. tonnes of oil, charged at RUB 16,522.1 th.	Cost of services paid by the Company was RUB 16,522.1 th.	27.12.2007
5. Services by the Counterparty to the Company for exploration work at license areas belonging to the Company, charged at RUB 161.1 th.	Cost of services paid by the Company was RUB 161.1 th.	27.12.2007
6. Receipt by the Company of RUB 28,000 th. interest-free loans from the Counterparty for redistribution of funds to settle liabilities and finance investments	Interest-free loans received by the Company were RUB 28,000 th.	27.12.2007
7. Services by the Counterparty (agent) to the Company (principal) in organization of capital construction worth RUB 2,130,924 th. in return for an agent's commission equal to 1.3% of the total amount (RUB 21,582.37 th.)	Agent's commission paid by the Company was RUB 21,582.37 th.	27.12.2007 05.03.2008

Object of the transaction and its main terms	Transaction price	Date of decision
8. Leasing of fixed assets by the Company to the Counterparty for a payment of RUB 889,770.27 th.	Lease payment received by the Company was RUB 889,770.27 th.	27.12.2007
9. Services by the Counterparty to the Company for decommissioning and storage of fixed assets, charged at RUB 21,472.6 th.	Cost of services paid by the Company was RUB 21,472.6 th.	27.12.2007
10. Sale by the Company to the Counterparty of materials and equipment for RUB 473,621 th.	Value of materials and equipment sold by the Company was RUB 473,621 th.	27.12.2007
11. Legal services to the Company by the Counterparty for RUB 1,120.8 th.	Cost of services paid by the Company was RUB 1,120.8 th.	27.12.2007
12. Services to the Company by the Counterparty for maintenance and servicing of decommissioned real estate belonging to the Company and not needed for production during 10 months, charged at RUB 249.4 th.	Transaction value was RUB 249.4 th.	05.03.2008
13. Sale by the Company to the Counterparty of 500 tonnes of crude oil for technical needs for RUB 4,700.24 th.	Transaction value was RUB 4,700.24 th.	05.03.2008
14. Provision by the Company to the Counterparty of information and consulting services (seminars for transfer of know-how, R&D and engineering services) for RUB 645.35 th.	Transaction value was RUB 645.35 th.	18.10.2008
Transactions, in which RN-PURNEFTEGAZ LLC is a Counterparty; Party with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)		
1. Sale by the Company to the Counterparty of 6.9 th. tonnes of crude oil for RUB 49,075.34 th.	Transaction value was RUB 49,075.34 th.	27.12.2007 18.10.2008
2. Sale by the Company to the Counterparty of 124.9 mln cubic meters of gas for RUB 112,521 th.	Cost of gas sold by the Company was RUB 112,521 th.	27.12.2007
3. Services by the Counterparty to the Company for transshipment of 216.4 th. tonnes of gas condensate for RUB 208,519 th.	Cost of services paid by the Company was RUB 208,519 th.	27.12.2007
4. Services by the Counterparty to the Company for refining of 305.01 th. tonnes of crude oil, belonging to the Company for RUB 541,666.7 th.	Cost of services paid by the Company was RUB 541,666.7 th.	27.12.2007
5. Services by the Counterparty to the Company for geological exploration works at license areas belonging to the Company, for RUB 636.8 th.	Cost of services paid by the Company was RUB 636,8 th.	27.12.2007
6. Sale by the Company to the Counterparty of 104.2 th. tonnes of petroleum products for RUB 2,201,590.76 th.	Value of petroleum products sold by the Company was RUB 2,201,590.76 th.	27.12.2007
7. Services by the Counterparty (agent) to the Company (principal) for organization of capital construction of production facilities to the value of RUB 11,638,786 th. in return for an agent's commission equal to 2.01% of the sum (RUB 182,493.96 th.)	Transaction value (agent's commission paid by the Company) was RUB 182,493.96 th.	27.12.2007 05.03.2008
8. Lease by the Company to the Counterparty of fixed assets for a payment of RUB 4,050,342.38 th.	Lease payment received by the Company was RUB 4,050,342.38 th.	27.12.2007
9. Services by the Counterparty to the Company for decommissioning and storage of fixed assets belonging to the Company for a charge of RUB 152,389 th.	Cost of services paid by the Company was RUB 152,389 th.	27.12.2007
10. Sale by the Company to the Counterparty of materials and equipment for RUB 3,489,578 th.	Value of materials and equipment sold by the Company was RUB 3,489,578 th.	27.12.2007
11. Services by the Counterparty for collection and audit of Company subsidiaries financials for a charge of RUB 336.2 th.	Cost of services paid by the Company was RUB 336.2 th.	27.12.2007

Object of the transaction and its main terms	Transaction price	Date of decision
12. Receipt by the Company of RUB 59,000 th. interest-free loans from the Counterparty for redistribution of the funds to settle liabilities and finance investments	Interest-free loans received by the Company were RUB 59,000 th.	27.12.2007
13. Legal services by the Counterparty to the Company for RUB 4,500 th.	Cost of services paid by the Company was RUB 4,500 th.	27.12.2007
14. Transfer by the Company to the Counterparty of wells for a period of 10 months for a lease payment of RUB 7,576.27 th.	Transaction value was RUB 7,576.27 th.	05.03.2008
15. Services by the Counterparty to the Company for maintenance and servicing of decommissioned real estate belonging to the Company and not needed for production during 10 months, charged at RUB 105,008.3 th.	Transaction value was RUB 105,008.3 th.	05.03.2008
16. Provision by the Company to the Counterparty of information and consulting services (seminars for transfer of know-how, R&D and engineering services) for RUB 696.15 th.	Transaction value was RUB 696.15 th.	18.10.2008

Transactions, in which RN-Sakhalinmorneftegaz LLC is a Counterparty;

Party with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)

1. Services by the Counterparty to the Company for production at oil & gas fields, to which the Company holds development licenses, of: 1,754.93 th. tonnes of oil, 9.12 th. tonnes of gas condensate, 463.40 mln cubic meters of natural gas, 163.13 mln cubic meters of associated gas; and transfer of this hydrocarbon production to the Company for subsequent sale, for a charge of RUB 5,900,647.56 th.	Transaction value was RUB 5,900,647.56 th.	27.12.2007 18.10.2008
2. Sale by the Company to the Counterparty of 0.6 th. tonnes of crude oil for RUB 4,665 th.	Transaction value was RUB 4,665 th.	27.12.2007 18.10.2008
3. Sale by the Company to the Counterparty of 198.5 mln cubic meters of gas for RUB 211,503.52 th.	Cost of gas sold by the Company was RUB 211,503.52 th.	27.12.2007
4. Services by the Counterparty to the Company for sale of 394.3 mln cubic meters of gas, belonging to the Company, charged at RUB 4,075.59 th.	Cost of services paid by the Company was RUB 4,075.59 th.	27.12.2007
5. Services by the Counterparty to the Company for transport of 619.1 mln cubic meters of gas for a charge of RUB 64,200.9 th.	Cost of services paid by the Company was RUB 64,200.9 th.	27.12.2007
6. Services by the Counterparty to the Company for geological exploration work at license areas owned by the Company, charged at RUB 1,163.8 th.	Cost of services paid by the Company was RUB 1,163.8 th.	27.12.2007
7. Services by the Counterparty to the Company for transport of 1,734.4 th. tonnes of oil for a charge of RUB 676,876.6 th.	Cost of services paid by the Company was RUB 676,876.6 th.	27.12.2007
8. Services by the Counterparty (agent) to the Company (principal) for organization of capital construction of production facilities to the value of RUB 2,085,877 th. for an agent's commission equal to 2.0% of the volume of capital construction, amounting to RUB 28,389.07 th.	Transaction value (agent's commission paid by the Company) was RUB 28,389.07 th.	27.12.2007 05.03.2008
9. Leasing by the Company to the Counterparty of fixed assets for a payment of RUB 873,433.33 th.	Lease payment received by the Company was RUB 873,433.33 th.	27.12.2007
10. Services by the Counterparty to the Company for decommissioning and storage of fixed assets belonging to the Company, for a charge of RUB 10,879 th.	Cost of services paid by the Company was RUB 10,879 th.	27.12.2007
11. Sale by the Company to the Counterparty of materials and equipment for RUB 300,962 th.	Value of materials and equipment sold by the Company was RUB 300,962 th.	27.12.2007
12. Legal services by the Counterparty to the Company for RUB 420 th.	Cost of services paid by the Company was RUB 420 th.	27.12.2007

Object of the transaction and its main terms	Transaction price	Date of decision
13. Services by the Counterparty to the Company for maintenance and servicing of decommissioned real estate belonging to the Company and not needed for production, during 10 months, charged at RUB 229.4 th.	Transaction value was RUB 229.4 th.	5.03.2008
14. Provision by the Company to the Counterparty of RUB 336,017.9 th. interest-free loans for financing of operations.	Transaction value was RUB 336,017.9 th.	18.10.2008
15. Provision by the Company to the Counterparty of information and consulting services (seminars for transfer of know-how, R&D and engineering services) for RUB 305.85 th.	Transaction value was RUB 305.85 th.	18.10.2008
Transactions, in which RN-Stavropolneftegaz LLC is a Counterparty; Party with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)		
1. Services by the Counterparty to the Company for production at oil & gas fields, to which the Company holds development licenses, of: 1,035.29 th. tonnes of oil, 0.89 th. tonnes of gas condensate, 8.09 mln cubic meters of natural gas, and 73.39 mln cubic meters of associated gas; and transfer of this hydrocarbon production to the Company for subsequent sale, for a charge of RUB 3,898,200.54 th.	Transaction value was RUB 3,898,200.54 th.	27.12.2007 18.10.2008
2. Sale by Company to the Counterparty of 47.7 mln cubic meters of gas for RUB 84,334 th.	Cost of gas sold by the Company was RUB 84,334 th.	27.12.2007
3. Sale by the Company to the Counterparty of 1.06 th. tonnes of petroleum products for RUB 22,813.9 th.	Transaction value (value of petroleum products sold by the Company) was RUB 22,813.9 th.	27.12.2007 05.03.2008
4. Services by the Counterparty to the Company for geological exploration work at license areas owned by the Company, charged at RUB 119 th.	Cost of services paid by the Company was RUB 119 th.	27.12.2007
5. Services by the Counterparty (agent) to the Company (principal) for organization of capital construction of production facilities to a value of RUB 653,000 th., for an agent's commission of RUB 6,181 th.	Agent's commission paid by the Company was RUB 6,181 th.	27.12.2007
6. Lease transfer of fixed assets by the Company to the Counterparty for 11 months for a payment of RUB 272,034.57 th.	Transaction value (lease payment received by the Company) was RUB 272,034.57 th.	27.12.2007 05.03.2008
7. Services by the Counterparty to the Company for decommissioning and storage of fixed assets belonging to the Company, for a charge of RUB 3,500 th.	Cost of services paid by the Company was RUB 3,500 th.	27.12.2007
8. Sale by the Company to the Counterparty of materials and equipment for RUB 403,096 th.	Value of materials and equipment sold by the Company was RUB 403,096 th.	27.12.2007
9. Services by the Counterparty to the Company for collection and audit of accounts of Company subsidiaries, at a charge of RUB 300.3 th.	Cost of services paid by the Company was RUB 300.3 th.	27.12.2007
10. Services by the Counterparty to the Company for maintenance and servicing of decommissioned real estate belonging to the Company and not needed for production during 10 months, charged at RUB 177.9 th.	Transaction value was RUB 177.9 th.	05.03.2008
11. Provision by the Company to the Counterparty of RUB 337,219.1 th. interest-free loans for financing of operations.	Transaction value was RUB 337,219.1 th.	18.10.2008

Object of the transaction and its main terms	Transaction price	Date of decision
12. Provision by the Company to the Counterparty of information and consulting services (seminars for transfer of know-how, R&D and engineering services) for RUB 408.8 th.	Transaction value was RUB 408.8 th.	18.10.2008
Transactions, in which RN-Severnaya neft LLC is a Counterparty; Party with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)		
1. Services by the Counterparty to the Company for production at oil & gas fields, to which the Company holds development licenses, of: 5,349.58 th. tonnes of oil and 322.75 mln cubic meters of associated gas; and transfer of this hydrocarbon production to the Company for subsequent sale, for a charge of RUB 9,568,311.3 th.	Transaction value was RUB 9,568,311.3 th.	27.12.2007 18.10.2008
2. Sale by the Company to the Counterparty of 14.2 th. tonnes of crude oil for RUB 116,584 th.	Transaction value was RUB 116,584 th.	27.12.2007 18.10.2008
3. Sale by the Company to the Counterparty of 319.2 mln cubic meters of gas for RUB 453,842.04 th.	Transaction value (value of gas sold by the Company) was RUB 453,842.04 th.	27.12.2007 05.03.2008
4. Services by the Counterparty to the Company for refining of 107.4 th. tonnes of crude oil, belonging to the Company for RUB 80,485.6 th.	Cost of services paid by the Company was RUB 80,485.6 th.	27.12.2007
5. Services by the Counterparty to the Company for geological exploration work at license areas owned by the Company, charged at RUB 110.3 th.	Cost of services paid by the Company was RUB 110.3 th.	27.12.2007
6. Sale by the Company to the Counterparty of 23.3 th. tonnes of petroleum products for RUB 555,879.15 th.	Value of petroleum products sold by the Company was RUB 555,879.15 th.	27.12.2007
7. Services by the Counterparty (agent) to the Company (principal) for organization of capital construction of production facilities to a value of RUB 4,370,673 th. for an agent's commission equal to 3.0% of the total construction value, which is RUB 172,013 th.	Transaction value was RUB 172,013 th.	27.12.2007 18.10.2008
8. Lease transfer by the Company to the Counterparty of fixed assets for a payment of RUB 2,630,594.72 th.	Lease payment received by the Company was RUB 2,630,594.72 th.	27.12.2007
9. Services by the Counterparty to the Company for decommissioning and storage of real assets belonging to the Company, charged at RUB 101 th.	Cost of services paid by the Company was RUB 101 th.	27.12.2007
10. Sale by the Company to the Counterparty of materials and equipment for RUB 674,037 th.	Value of materials and equipment sold by the Company was RUB 674,037 th.	27.12.2007
11. Legal services by the Counterparty to the Company for RUB 1,020 th.	Cost of services paid by the Company was RUB 1,020 th.	27.12.2007
12. Service by the Counterparty to the Company for maintenance and servicing of decommissioned real estate belonging to the Company and not needed for production, during 10 months, charged at RUB 1,012.2 th.	Transaction value was RUB 1,012.2 th.	05.03.2008
13. Provision by the Company to the Counterparty of information and consulting services (seminars for transfer of know-how, R&D and engineering services) for RUB 223.85 th.	Transaction value was RUB 223.85 th.	18.10.2008
Transactions, in which RN-Yuganskneftegaz LLC is a Counterparty; Party with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)		
1. Sale by the Company to the Counterparty of 32.3 th. tonnes of crude oil for RUB 228,628.42 th.	Transaction value was RUB 228,628.42 th.	27.12.2007 18.10.2008
2. Sale by the Company to the Counterparty of 248.1 mln cubic meters of gas for RUB 283,365.32 th.	Transaction value (value of gas sold by the Company) was RUB 283,365.32 th.	27.12.2007 05.03.2008
3. Sale by the Company to the Counterparty of 248.1 th. tonnes of petroleum products for RUB 2,238,780.2 th.	Transaction value (value of petroleum products sold by the Company) was RUB 2,238,780.2 th.	27.12.2007 05.03.2008

Object of the transaction and its main terms	Transaction price	Date of decision
4. Provision by the Counterparty to the Company of RUB 88,300 th. interest-free loans for redistribution of funds to settle financial liabilities and finance investments	Interest-free loans received by the Company were RUB 88,300 th.	27.12.2007
5. Services by the Counterparty (agent) to the Company (principal) for organization of capital construction of production facilities to a value of RUB 64,275,597 th. for an agent's commission of RUB 1,249,076.19 th.	Agent's commission paid by the Company was RUB 1,249,076.19 th.	27.12.2007
6. Services by the Counterparty to the Company for geological exploration work at license areas owned by the Company, charged at RUB 1,119.4 th.	Cost of services paid by the Company was RUB 1,119.4 th.	27.12.2007
7. Lease transfer by the Company to the Counterparty of fixed assets for 11 months for a payment of RUB 17,777,182.14 th.	Transaction value (lease payment received by the Company) was RUB 17,777,182.14 th.	27.12.2007 05.03.2008
8. Services by the Counterparty to the Company for decommissioning and storage of fixed assets belonging to the Company, charged at RUB 141,853 th.	Cost of services paid by the Company was RUB 141,853 th.	27.12.2007
9. Sale by the Company to the Counterparty of materials and equipment for RUB 21,233,363 th.	Value of materials and equipment sold by the Company was RUB 21,233,363 th.	27.12.2007
10. Legal services by the Counterparty to the Company for RUB 7,626 th.	Cost of services paid by the Company was RUB 7,626 th.	27.12.2007
11. Lease transfer by the Company to the Counterparty of fixed assets for 10 months for a payment of RUB 3,039.1 th.	Transaction value was RUB 3,039.1 th.	05.03.2008
12. Services by the Counterparty to the Company for maintenance and servicing of decommissioned real estate belonging to the Company and not needed for production, during 10 months, charged at RUB 11,612.5 th.	Transaction value was RUB 11,612.5 th.	05.03.2008
13. Services by the Counterparty to the Company for maintenance during 10 months of moveable property belonging to the Company and not needed for production, charged at RUB 56,679.6 th.	Transaction value (cost of services paid by the Company) was RUB 56,679.6 th.	05.03.2008 25.04.2008
14. Sale by the Company to the Counterparty of moveable property for RUB 806,885.5 th.	Transaction value was RUB 806,885.5 th.	05.03.2008
15. Services by the Counterparty (agent) to the Company (principal) during 10 months for sale of Company property for an agent's commission equal to 1% of the value of the property sold, amounting to RUB 4,764.1 th.	Transaction value was RUB 4,764.1 th.	05.03.2008
16. Acquisition by the Company of moveable property from the Counterparty for RUB 199 th.	Transaction value (value of property acquired by the Company) was RUB 199 th.	25.04.2008
17. Services by the Counterparty to the Company for sale of 2,467 cubic meters of mixed multi-component light hydrocarbons for a sum of RUB 123.3 th. (equal to 1% of the sale price)	Transaction value was RUB 123.3 th.	18.10.2008
18. Provision by the Company to the Counterparty of information and consulting services (seminars for transfer of know-how, R&D and engineering services) for RUB 605.05 th.	Transaction value was RUB 605.05 th.	18.10.2008
Transactions, in which OJSC Grozneftegaz is a Counterparty; Party with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)		
1. Services by the Counterparty to the Company for production of oil & gas: 1,900 th. tonnes of oil, 4.87 mln cubic meters of natural gas, 608.79 mln cubic meters of associated gas at oil & gas fields in the Chechen Republic, licenses to which are owned by the Company, and transfer of this hydrocarbon production to the Company for subsequent sale, for a charge of RUB 5,681,615.99 th.	Cost of services paid by the Company was RUB 5,681,615.99 th.	27.12.2007
2. Sale by the Company to the Counterparty of 0.25 th. tonnes of crude oil for RUB 2,354.5 th.	Transaction value was RUB 2,354.5 th.	27.12.2007 18.10.2008

Object of the transaction and its main terms	Transaction price	Date of decision
3. Sale by the Company to the Counterparty of 602.9 mln cubic meters of gas for RUB 79,442.67 th.	Cost of gas sold by the Company was RUB 79,442.67 th.	27.12.2007
4. Sale by the Company to the Counterparty of 58.6 th. tonnes of petroleum products for RUB 1,194,731.8 th.	Transaction value (value of petroleum products sold by the Company) was RUB 1,194,731.8 th.	27.12.2007 05.03.2008
5. Services by the Counterparty to the Company for geological exploration work at license areas owned by the Company, charged at RUB 79.4 th.	Cost of services paid by the Company was RUB 79.4 th.	27.12.2007
6. Lease transfer by the Company to the Counterparty for 12 months of fixed assets for a payment of RUB 767 th.	Transaction value (lease payment received by the Company) was RUB 767 th.	27.12.2007 05.03.2008
7. Sale by the Company to the Counterparty of materials and equipment for RUB 43,328 th.	Value of materials and equipment sold by the Company was RUB 43,328 th.	27.12.2007
8. Services by the Counterparty (as agent) to the Company for guarding and escorting crude oil tanks during rail transportation for an agent's commission of RUB 5,014.04 th. (equal to 1% of the Company's total costs).	Agent's commission paid by the Company was RUB 5,014.04 th.	27.12.2007

Transactions, in which RN-Komsomolsk Refinery LLC is a Counterparty;

Party with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)

1. Services by the Counterparty to the Company for refining of 7,003.5 th. tonnes of Company crude oil for RUB 3,761,372.4 th.	Cost of services paid by the Company was RUB 3,761,372.4 th.	27.12.2007
2. Provision by the Counterparty to the Company of RUB 100,858 th. interest-free loans for redistribution of funds for settlement of financial liabilities and investment financing	Interest-free loans provided by the Company were RUB 100,858 th.	27.12.2007
3. Services by the Counterparty (agent) to the Company (principal) for organization of capital construction of production facilities to a value of RUB 4,545,310 th. for an agent's commission of RUB 28,893.29 th.	Agent's commission paid by the Company was RUB 28,893.29 th.	27.12.2007
4. Lease transfer by the Company to the Counterparty of fixed assets for a payment of RUB 965,940.73 th.	Lease payment received by the Company was RUB 965,940.73 th.	27.12.2007
5. Sale by the Company to the Counterparty of materials and equipment for RUB 90,578 th.	Value of materials and equipment sold by the Company was RUB 90,578 th.	27.12.2007
6. Legal services by the Counterparty to the Company for RUB 1,929.6 th.	Cost of services paid by the Company was RUB 1,929.6 th.	27.12.2007
7. Sale by the Company to the Counterparty of 41.1 th. tonnes of petroleum products for RUB 86,485.3 th.	Transaction value was RUB 86,485.3 th.	05.03.2008
8. Services by the Counterparty to the Company as part of the ROSA project (collection and audit of accounts of Company subsidiaries) for RUB 462 th.	Transaction value was RUB 462 th.	05.03.2008
9. Services by the Counterparty to the Company for maintenance during 8 months of the Company's moveable property (as listed), which is not required for production, for a charge of RUB 2,193.3 th.	Transaction value (cost of services paid by the Company) was RUB 2,193.3 th.	25.04.2008
10. Provision by the Company to the Counterparty of RUB 59,877.6 th. interest-free loans for financing of investments	Transaction value was RUB 59,877.6 th.	18.10.008
11. Provision by the Company to the Counterparty of information and consulting services (seminars for transfer of know-how, R&D and engineering services) for RUB 8.7 th.	Transaction value was RUB 8.7 th.	18.10.2008

Object of the transaction and its main terms	Transaction price	Date of decision
Transactions, in which OJSC NK Rosneft-MZ Nefteproduct is a Counterparty; Party with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)		
1. Lease transfer by the Company to the Counterparty of fixed assets for a payment of RUB 331.04 th.	Lease payment received by the Company was RUB 331.04 th.	27.12.2007
2. Provision by the Company to the Counterparty of RUB 122,400 th. loans for investment financing	Transaction value was RUB 122,400 th.	18.10.2008
Transactions, in which LLC RN-Tuapse Refinery is a Counterparty; Party with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)		
1. Services by the Counterparty to the Company for refining of 5,228.2 th. tonnes of crude oil, belonging to the Company, for a charge of RUB 1,610,166.3 th.	Cost of services paid by the Company was RUB 1,610,166.3 th.	27.12.2007
2. Services by the Counterparty (agent) to the Company (principal) for organization of capital construction of production facilities to the value of RUB 8,457,000 th. for an agent's commission of RUB 99,931 th.	Agent's commission paid by the Company was RUB 99,931 th.	27.12.2007
3. Lease transfer by the Company to the Counterparty of fixed assets for a payment of RUB 296,072.96 th.	Lease payment received by the Company was RUB 296,072.96 th.	27.12.2007
4. Provision by the Counterparty to the Company of RUB 350,000 th. interest-free loans for redistribution of funds for settlement of financial liabilities and investment financing	Transaction value (interest-free loans received by the Company) was RUB 350,000 th.	27.12.2007 05.03.2008
5. Sales by the Company to the Counterparty of 36,600 tonnes of petroleum products for RUB 156,151,750	Transaction value was RUB 156,151.75 th.	05.03.2008
6. Provision by the Company to the Counterparty of information and consulting services (seminars for transfer of know-how, R&D and engineering services) for RUB 17.4 th.	Transaction value was RUB 17.4 th.	18.10.2008
Transactions, in which OJSC NK Rosneft-Altainefteproduct is a Counterparty; Parties with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions) S.V. Karaganov - a member of the Management Board of Rosneft and the Chairman of the Board of Directors of OJSC NK Rosneft-Altainefteproduct, which is a party in the transactions		
1. Sale by the Company to the Counterparty of 186,600 tonnes of petroleum products for RUB 3,788,950.6 th.	Transaction value, value of petroleum products sold by the Company was RUB 3,788,950.6 th.	27.12.2007 05.03.2008
2. Lease transfer by the Company to the Counterparty of fixed assets for a payment of RUB 5,864.72 th.	Lease payment received by the Company was RUB 5,864.72 th.	27.12.2007
Transactions, in which OJSC NK Rosneft-Artag is a Counterparty; Party with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)		
1. Sale by the Company to the Counterparty of 47.5 th. tonnes of petroleum products for RUB 1,035,689.86 th.	Value of petroleum products sold by the Company was RUB 1,035,689.86 th.	27.12.2007
2. Lease transfer by the Company to the Counterparty of fixed assets for a payment of RUB 4,074.54 th.	Lease payment received by the Company was RUB 4,074.54 th.	27.12.2007
3. Sale by the Company to the Counterparty of materials and equipment for RUB 50 th.	Value of materials and equipment sold by the Company was RUB 50 th.	27.12.2007
4. Services by the Counterparty for collection and audit of accounts of Company subsidiaries, charged at RUB 57.6 th.	Cost of services paid by the Company was RUB 57.6 th.	27.12.2007
5. Provision by the Company to the Counterparty of loans for financing investment activity in the amount of RUB 2,060 th.	Transaction value was RUB 2,060 th.	18.10.2008

Object of the transaction and its main terms	Transaction price	Date of decision
Transactions, in which LLC RN-Arkhangelsknefteproduct is a Counterparty; Party with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)		
1. Sale by the Company to the Counterparty of 230.3 th. tonnes of petroleum products for RUB 4,701,325.68 th.	Value of petroleum products sold by the Company was RUB 4,701,325.68 th.	27.12.2007
2. Services by the Counterparty to the Company for transshipment of 1,570 th. tonnes of oil to export via the Privodino railroad oil loading complex, charged at RUB 221,500 th.	Cost of services paid by the Company was RUB 221,500 th.	27.12.2007
3. Services by the Counterparty to the Company for transshipment of 1,539 th. tonnes of oil for export via the Arkhangelsk terminal using a store tanker, charged at RUB 993,000 th.	Cost of services paid by the Company was RUB 993,000 th.	27.12.2007
4. Provision by the Counterparty to the Company of interest-free loans for redistribution of funds for settlement of financial liabilities and for investment financing, totaling RUB 270,445 th.	Interest-free loans received by the Company were RUB 270,445 th.	27.12.2007
5. Services by the Counterparty (agent) to the Company (principal) for organization of capital construction of production facilities to the value of RUB 762,860 th. for an agent's commission of RUB 2,000 th.	Agent's commission paid by the Company was RUB 2,000 th.	27.12.2007
6. Lease transfer by the Company to the Counterparty of fixed assets for a payment of RUB 369,151.52 th.	Lease payment received by the Company was RUB 369,151.52 th.	27.12.2007
7. Sale by the Company to the Counterparty of materials and equipment worth RUB 8,737 th.	Value of materials and equipment sold by the Company was RUB 8,737 th.	27.12.2007
8. Provision by the Company to the Counterparty of RUB 1,130,000 th. interest-free loans for financing of operating activity	Transaction value was RUB 1,130,000 th.	05.03.2008
9. Services by the Counterparty (agent) to the Company (principal) for organization of land use at land plots occupied by facilities, belonging to the Company, for a period of 10 months for an agent's commission of RUB 500 th.	Transaction value was RUB 500 th.	05.03.2008
10. Services by the Counterparty to the Company for maintenance during 6 months of moveable property belonging to the Company and not needed for production, charged at RUB 141.63 th.	Transaction value, cost of services paid by the Company was RUB 141.63 th.	25.04.2008
Transactions, in which OJSC NK Rosneft-Kabardino-Balkarskaya Fuel Company is a Counterparty; Party with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)		
1. Sale by the Company to the Counterparty of 71.2 th. tonnes of crude oil for RUB 627,602.94 th.	Transaction value was RUB 627,602.94 th.	27.12.2007 18.10.2008
2. Sale by the Company to the Counterparty of 80.6 th. tonnes of petroleum products for RUB 1,765,870.8 th.	Value of petroleum products sold by the Company was RUB 1,765,870.8 th.	27.12.2007
3. Lease transfer by the Company to the Counterparty of fixed assets for a payment of RUB 3,151.83 th.	Lease payment received by the Company was RUB 3,151.83 th.	27.12.2007
4. Services by the Counterparty (agent) to the Company (principal) for organization of capital construction of production facilities to the value of RUB 325,800 th. for an agency commission of RUB 426.8 th.	Agent's commission paid by the Company was RUB 426.8 th.	27.12.2007
5. Provision by the Company to the Counterparty of RUB 26,538.6 th. loans for financing of investments	Transaction value was RUB 26,538.6 th.	18.10.008

Object of the transaction and its main terms	Transaction price	Date of decision
Transactions, in which OJSC NK Rosneft Karachaevo-Cherkessnefteproduct is a Counterparty; Party with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)		
1. Sale by the Company to the Counterparty of 132.4 th. tonnes of petroleum products for RUB 1,953,413.2 th.	Value of petroleum products sold by the Company was RUB 1,953,413.2 th.	27.12.2007
2. Services by the Counterparty (agent) to the Company (principal) for organization of capital construction of production facilities to the value of RUB 8,000 th. for an agent's commission of RUB 96.5 th.	Agent's commission paid by the Company was RUB 96.5 th.	27.12.2007
3. Lease transfer by the Company to the Counterparty of fixed assets for a payment of RUB 45,633.78 th.	Lease payment received by the Company was RUB 45,633.78 th.	27.12.2007
Transactions, in which OJSC NK Rosneft-Kubannefteproduct is a Counterparty; Parties with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions) S.V. Karaganov - a member of the Management Board of Rosneft and a member of the Board of Directors of OJSC NK Rosneft-Kubannefteproduct, which is a party in the transactions		
1. Lease transfer by the Company to the Counterparty of fixed assets for a payment of RUB 51,255.45 th.	Lease payment received by the Company was RUB 51,255.45 th.	27.12.2007
2. Services by the Counterparty for collection and audit of accounts of Company subsidiaries, charged at RUB 347.7 th.	Cost of services paid by the Company was RUB 347.7 th.	27.12.2007
3. Provision by the Company to the Counterparty of RUB 266,031.9 th. loans for investment financing.	Transaction value was RUB 266,031.9 th.	27.12.2007
4. Sale by the Company to the Counterparty of moveable property for RUB 2,273.8 th.	Transaction value was RUB 2,273.8 th.	05.03.2008
Transactions, in which OJSC NK Rosneft-Murmansknefteproduct is a Counterparty; Party with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)		
1. Sale by the Company to the Counterparty of 114.2 th. tonnes of petroleum products for RUB 2,206,890.4 th.	Value of petroleum products sold by the Company was RUB 2,206,890.4 th.	27.12.2007
2. Lease transfer by the Company to the Counterparty of fixed assets for a payment of RUB 5,191.48 th.	Lease payment received by the Company was RUB 5,191.48 th.	27.12.2007
3. Provision by the Company to the Counterparty of RUB 13,599 th. loans for investment financing.	Transaction value was RUB 13,599 th.	05.03.2008
Transactions, in which OJSC NK Rosneft-Kurgannefteproduct is a Counterparty; Party with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)		
1. Sale by the Company to the Counterparty of 109.9 th. tonnes of petroleum products for RUB 2,373,404.9 th.	Transaction value, value of petroleum products sold by the Company was RUB 2,373,404.9 th.	27.12.2007 05.03.2008
2. Lease transfer by the Company to the Counterparty of fixed assets for 11 months for a payment of RUB 2,666.84 th.	Transaction value, lease payment received by the Company was RUB 2,666.84 th.	27.12.2007 05.03.2008
3. Sale by the Company to the Counterparty of moveable property for RUB 12,336 th.	Transaction value was RUB 12,336 th.	05.03.2008
4. Services by the Counterparty to the Company for decommissioning and storage of fixed assets belonging to the Company, charged at RUB 1,458 th.	Transaction value was RUB 1,458 th.	18.10.2008

Object of the transaction and its main terms	Transaction price	Date of decision
Transactions, in which LLC RN-Nakhodkanefteproduct is a Counterparty; Party with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)		
1. Sale by the Company to the Counterparty of 4 th. tonnes of petroleum products for RUB 57,733.33 th.	Transaction value, value of petroleum products sold by the Company was RUB 57,733.33 th.	25.04.2008
2. Provision by the Counterparty to the Company of RUB 300,000 th. interest free loans for redistribution of funds for settlement of financial liabilities and financing of investments	Interest-free loans received by the Company were RUB 300,000 th.	27.12.2007
3. Provision by the Counterparty (agent) to the Company (principal) of services associated with production facilities construction for a total of RUB 333,871 th. (agent fee – RUB 5,451.76 th.).	Agent fee paid by the Company was RUB 5,451.76 th.	27.12.2007
4. Lease transfer by the Company to the Counterparty of fixed assets for a payment of RUB 88,006.97 th.	Lease payment received by the Company was RUB 88,006.97 th.	27.12.2007
5. Services by the Counterparty to the Company for transshipment of 4,905.109 th. tonnes for a charge of RUB 822,000 th.	Cost of services paid by the Company was RUB 822,000 th.	27.12.2007
6. Provision by the Counterparty of legal services to the Company for a charge of RUB 1,950 th.	Cost of services paid by the Company was RUB 1,950 th.	27.12.2007
Transactions, in which OJSC NK Rosneft-Smolensknefteproduct is a Counterparty; Parties with interest in the transactions: OJSC ROSNEFTEGAZ – a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions) S.V. Karaganov – a member of the Management Board of Rosneft and a member of the Board of Directors of OJSC NK Rosneft-Smolensknefteproduct, which is a party in the transactions		
1. Sale by the Company to the Counterparty of 573.4 th. tonnes of petroleum products for RUB 11,973,725 th.	Value of petroleum products sold by the Company was RUB 11,973,725 th.	27.12.2007
2. Lease transfer by the Company to the Counterparty of fixed assets for 11 months for a payment of RUB 20,183.14 th.	Transaction value, lease payment received by the Company was RUB 20,183.14 th.	05.03.2008
3. Provision by the Company to the Counterparty of RUB 54,000 th. loans for investment financing	Transaction value was RUB 54,000 th.	05.03.2008
Transactions, in which LLC RN-Tuapsenefteproduct is a Counterparty; Party with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)		
1. Sale by the Company to the Counterparty of 81.1 th. tonnes of petroleum products for RUB 1,426,523.44 th.	Transaction value, value of petroleum products sold by the Company was RUB 1,426,523.44 th.	27.12.2007 05.03.2008
2. Services by the Counterparty to the Company for transshipment of 81.1 th. tonnes of petroleum products to the domestic market for a charge of RUB 174,608.47 th.	Cost of services paid by the Company was RUB 174,608.47 th.	27.12.2007
3. Services by the Counterparty to the Company for receipt, storage and export transshipment of 7,563 th. tonnes of petroleum products USD 53,007 th.	Cost of services paid by the Company was USD 53,007 th.	27.12.2007
4. Provision by the Counterparty to the Company of RUB 246,000 th. interest-free loans for settlement of financial liabilities and investment financing.	Interest-free loans received by the Company were RUB 246,000 th.	27.12.2007

Object of the transaction and its main terms	Transaction price	Date of decision
5. Provision by the Counterparty (agent) to the Company (principal) of services for organisation of capital construction to the value of RUB 3,349,829 th. for an agent's commission of 1.1% of the value of the capital construction, amounting to RUB 29,538 th.	Transaction value, lease payment paid by the Company was RUB 29,538 th.	27.12.2007 05.03.2008
6. Lease transfer by the Company to the Counterparty of fixed assets for a payment of RUB 724,933.05 th.	Lease payment received by the Company was RUB 724,933.05 th.	27.12.2007
7. Legal services by the Counterparty to the Company for RUB 2,049.6 th.	Cost of services paid by the Company was RUB 2,049.6 th.	27.12.2007
8. Services by the Counterparty (agent) to the Company (principal) for sale of property belonging to the Company for a payment of 2% of the value of the property sold, amounting to RUB 51.9 th.	Transaction value, agent's commission paid by the Company was RUB 51.9 th.	25.04.2008

Transactions, in which OJSC NK Rosneft-Yamalnefteproduct is a Counterparty;

Party with interest in the transactions: OJSC ROSNEFTEGAZ – a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)

1. Sale by the Company to the Counterparty of 20.6 th. tonnes of petroleum products for RUB 527,690.43 th.	Transaction value, value of petroleum products sold by the Company was RUB 527,690.43 th.	27.12.2007 05.03.2008
2. Lease transfer by the Company to the Counterparty of fixed assets for a payment of RUB 7,498.26 th.	Lease payment received by the Company was RUB 7,498.26 th.	27.12.2007
3. Services by the Counterparty for collection and audit of accounts of Company subsidiaries, charged at RUB 361.8 th.	Cost of services paid by the Company was RUB 361.8 th.	27.12.2007

Transactions, in which LLC RN-Vostoknefteproduct is a Counterparty;

Party with interest in the transactions: OJSC ROSNEFTEGAZ – a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)

1. Provision by the Company to the Counterparty of RUB 371,604 th. interest-free loans for investment financing	Transaction value (interest-free loans received by the Company) was RUB 371,604 th.	27.12.2007 05.03.2008
2. Lease transfer by the Company to the Counterparty of fixed assets for 11 months for a payment of RUB 13,999.08 th.	Transaction value (lease payment received by the Company) was RUB 13,999.08 th.	27.12.2007 05.03.2008

Transactions, in which OJSC NK Rosneft-Stavropolye is a Counterparty;

Parties with interest in the transactions:

OJSC ROSNEFTEGAZ – a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)

S.V. Karaganov – a member of the Management Board of Rosneft and the Chairman of the Board of Directors of OJSC NK Rosneft-Stavropolye, which is a party in the transactions

1. Sale by the Company to the Counterparty of 389.4 th. tonnes of petroleum products for RUB 8,211,231.39 th.	Transaction value, value of petroleum products sold by the Company was RUB 8,211,231.39 th.	27.12.2007 05.03.2008
2. Provision by the Company to the Counterparty of RUB 315,441.6 th. interest-free loans for investment financing.	Interest-free loans received by the Company were RUB 315,441.6 th.	27.12.2007
3. Lease transfer by the Company to the Counterparty of fixed assets for a payment of RUB 334.68 th.	Lease payment received by the Company was RUB 334.68 th.	27.12.2007
4. Services by the Counterparty for collection and audit of accounts of Company subsidiaries, charged at RUB 85.5 th.	Cost of services paid by the Company was RUB 85.5 th.	27.12.2007

Object of the transaction and its main terms	Transaction price	Date of decision
Transactions, in which LLC RN-Krasnoyarsknefteproduct is a Counterparty; Party with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)		
1. Provision by the Company to the Counterparty of RUB 550 th. interest-free loans for financing of operations.	Transaction value (interest-free loans received by the Company) was RUB 550 th.	25.04.2008 18.10.2008
Transactions, in which LLC RN-Kemerovonefteproduct is a Counterparty; Party with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)		
1. Provision by the Company to the Counterparty of RUB 14,400 th. interest-free loans for financing of operations.	Transaction value (interest-free loans provided by the Company) was RUB 14,400 th.	18.10.2008
Transactions, in which LLC RN-Novosibirsknefteproduct is a Counterparty; Party with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)		
1. Provision by the Company to the Counterparty of RUB 10,000 th. interest-free loans for financing of operations.	Transaction value (interest-free loans received by the Company) was RUB 10,000 th.	18.10.2008
Transactions, in which LLC RN-Aero is a Counterparty; Party with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)		
1. Provision by the Company to the Counterparty of RUB 1,500 th. interest-free loans for financing of operations.	Transaction value (interest-free loans received by the Company) was RUB 1,500 th.	18.10.2008
Transactions, in which LLC RN-Chechennefteproduct is a Counterparty; Party with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)		
1. Provision by the Company to the Counterparty of RUB 642,515 th. interest-free loans for financing of investments and operations.	Transaction value (interest-free loans received by the Company) was RUB 642,515 th.	18.10.2008
Transactions, in which OJSC Nakhodka Oil-Loading Port is a Counterparty; Party with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)		
1. Services by the Counterparty to the Company for loading and unloading operations to ships as part of export of 4,905.109 th. tonnes of petroleum products, charged at RUB 96,000 th.	Cost of services paid by the Company was RUB 96,000 th.	27.12.2007
2. Provision by the Company to the Counterparty of RUB 177,568.4 th. loans for investment financing	Transaction value (interest-free loans received by the Company) was RUB 177,568.4 th.	05.03.2008
3. Provision by the Counterparty to the Company of RUB 2,000 th. interest-free loans.	Transaction value was RUB 2,000 th.	18.10.2008
Transactions, in which CJSC Rosnefteflot is a Counterparty; Parties with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions) S.V. Karaganov – a member of the Management Board of Rosneft and a member of the Supervisory Board of CJSC Rosnefteflot, which is a party in the transactions		

Object of the transaction and its main terms	Transaction price	Date of decision
1. Lease transfer for 10 months by the Company to the Counterparty of the tug boats, Vagis and Bikin, which belong to the Company, on standard bare boat charter terms for a payment of RUB 17,423.88 th.	Transaction value was RUB 17,423.88 th.	05.03.2008
Transactions, in which LLC Rosneft International Ltd is a Counterparty; Party with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)		
1. Provision by the Company to the Counterparty of RUB 3,201,545 th. interest-free loans for financing of investments and operations	Interest-free loans received by the Company were RUB 3,201,545 th.	27.12.2007
2. Provision by the Company to the Counterparty of RUB 1,024,278 th. interest-free loans for financing, of operations	Transaction value was RUB 1,024,278 th.	05.03.2008
3. Provision by the Company to the Counterparty of USD 35,553.4 th. interest-free loans for financing of activities as part of the Sakhalin-3 project	Transaction value was USD 35,553.4 th.	18.10.2008
Transactions, in which CJSC RN Shelf – Far East is a Counterparty; Party with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)		
1. Lease transfer by the Company to the Counterparty of fixed assets for 11 months for a payment of RUB 788.89 th.	Transaction value, lease payment received by the Company was RUB 788.89 th.	27.12.2007 05.03.2008
2. Provision by the Company to the Counterparty of RUB 2,200 th. interest-free loans for investment financing.	Interest-free loans received by the Company were RUB 2,200 th.	27.12.2007
3. Services by the Counterparty as part of the ROSA project (collection and audit of accounts of Company subsidiaries), charged at RUB 172.3 th.	Transaction value was RUB 172.3 th.	05.03.2008
Transactions, in which OJSC Russian Regional Development Bank is a Counterparty; Parties with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions) S.M. Bogdanchikov – member of Rosneft Board of Directors, Chairman of the Management Board and President of Rosneft, Chairman of the Supervisory Board of OJSC Russian Regional Development Bank, which is a party in the transactions A.I. Baranovsky – member of Rosneft Management Board, member of Supervisory Board of OJSC Russian Regional Development Bank, which is a party in the transactions R.S. Tursunov – member of Rosneft Management Board, member of Supervisory Board of OJSC Russian Regional Development Bank, which is a party in the transactions		
1. Services by the Counterparty to the Company in sale and purchase operations for foreign currency at a rate, agreed between the parties, for a fee of RUB 5,600 th.	Amount paid by the Company was RUB 5,600 th.	27.12.2007
2. Brokerage services by the Counterparty to the Company in securities operations, for a fee of RUB 3,000 th.	Amount paid by the Company was RUB 3,000 th.	27.12.2007
3. Sub-lease transfer by the Company to the Counterparty of premises for a payment of RUB 53,420.64 th.	Lease payment received by the Company was RUB 53,420.64 th.	27.12.2007
4. Lease transfer by the Company to the Counterparty of fixed assets for 11 months for a payment of RUB 756 th.	Transaction value, lease payment received by the Company was RUB 756 th.	27.12.2007 05.03.2008
5. Provision by the Company to the Counterparty of a subordinated loan of RUB 250,000 th. for financing of a corporate mortgage program for young specialists working in the Company	Transaction value was RUB 250,000 th.	05.03.2008
Transactions, in which LLC RN-Kazakhstan is a Counterparty; Party with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)		
1. Provision by the Company to the Counterparty of RUB 240,400 th. interest-free loans for investment financing.	Transaction value (interest-free loans received by the Company) was RUB 240,400 th.	27.12.2007 05.03.2008

Object of the transaction and its main terms	Transaction price	Date of decision
2. Services by the Counterparty to the Company for geological exploration work, charged at RUB 792,214 th.	Cost of services paid by the Company was RUB 792,214 th.	27.12.2007
Transactions, in which OJSC Moscow Gas Company is a Counterparty; Party with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)		
1. Sale by the Company to the Counterparty of 54.3 th. tonnes of petroleum products for RUB 687,207.4 th.	Value of petroleum products sold by the Company was RUB 687,207.4 th.	27.12.2007
Transactions, in which LLC RN-Service is a Counterparty; Party with interest in the transactions: OJSC ROSNEFTEGA - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)		
1. Provision by the Company to the Counterparty of RUB 6,500 th. interest free loans for financing of operations.	Interest-free loans received by the Company were RUB 6,500 th.	27.12.2007
2. Sale by the Company of fixed assets to the Counterparty for RUB 449,648.8 th.	Value of fixed assets sold by the Company was RUB 449,648.8 th.	27.12.2007
Transactions, in which LLC RN-Trade is a Counterparty; Party with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)		
1. Sale by the Company to the Counterparty of 59,300 of petroleum products for RUB 1,354,748.43 th.	Value of petroleum products sold by the Company was RUB 1,354,748.43 th.	27.12.2007
Transactions, in which LLC RN-Energo is a Counterparty; Party with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)		
1. Sub-lease transfer by the Company to the Counterparty of premises for a payment of RUB 18,493.17 th.	Lease payment received by the Company was RUB 18,493.17 th.	27.12.2007
2. Provision by the Company to the Counterparty of RUB 21,400 th. interest-free loans for financing of operations	Interest-free loans received by the Company were RUB 21,400 th.	27.12.2007
3. Services by the Counterparty to the Company for preparation of feasibility studies and technical projects for construction of new power generating facilities, charged at RUB 61,497 th.	Cost of services paid by the Company was RUB 61,497 th.	27.12.2007
Transactions, in which OJSC Okhinskaya Thermal Generating Station is a Counterparty; Party with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)		
1. Provision by the Company to the Counterparty of RUB 69,900 th. loans for investment financing.	Transaction value was RUB 69,900 th.	05.03.2008
Transactions, in which LLC RN-Bureniye is a Counterparty; Party with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)		
1. Provision by the Company to the Counterparty of RUB 2,315,611.3 th. interest-free loans for financing of operations.	Transaction value (interest-free loans received by the Company) was RUB 2,315,611.3 th.	27.12.2007 05.03.2008
2. Lease transfer by the Company to the Counterparty of fixed assets for 11 months for a payment of RUB 14,553.30 th.	Transaction value, lease payment received by the Company was RUB 14,553.30 th.	27.12.2007 05.03.2008
3. Sale by the Company to the Counterparty of listed materials and equipment for RUB 1,897,247 th.	Transaction value, value of materials and equipment sold by the Company was RUB 1,897,247 th.	27.12.2007 05.03.2008

Object of the transaction and its main terms	Transaction price	Date of decision
Transactions, in which LLC RN-Inform is a Counterparty; Party with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)		
1. Provision by the Company to the Counterparty of RUB 100,120.9 th. interest-free loans for financing of operations.	Transaction value was RUB 100,120.9 th.	05.03.2008
2. Lease transfer by the Company to the Counterparty of fixed assets for 10 months for a payment of RUB 99.53 th.	Transaction value was RUB 99.53 th.	05.03.2008
3. Services by the Counterparty to the Company to the value of RUB 337,319.5 th., including: 3.1. ensuring proper functioning of equipment and infrastructure systems of offices, information systems and business facilities at Company headquarters as well as the Company's corporate information system, at a charge of RUB 238,527.8 th. 3.2. back-up and support for work places at the main complex of the first stage of Rosneft's corporate information system (based on SAP R/3) of integrated software solutions, at a charge of RUB 95,569.2 th. 3.3. checking technical competence of test laboratories at Rosneft subsidiaries, at a charge of RUB 3,222.5 th.	Total transaction value was RUB 337,319.5 th.	18.10.2008
4. Execution by the Counterparty of works for creation, installation and upgrading of IT and telecom systems and corporate communications systems, at a charge of RUB 97,456.6 th.	Total value of the transactions was RUB 97,456.6 th.	18.10.2008
Transactions, in which LLC NK Rosneft-NTTs is a Counterparty; Party with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)		
1. Lease transfer by the Company to the Counterparty of fixed assets for 12 months for a payment of RUB 6,538.39 th.	Transaction value, lease payment received by the Company was RUB 6,538.39 th.	27.12.2007 05.03.2008
2. Services by the Counterparty for collection and audit of accounts of Company subsidiaries, charged at RUB 41.3 th.	Cost of services paid by the Company was RUB 41.3 th.	27.12.2007
3. Services by the Counterparty to the Company in R&D work for storage, primary processing, systematization and collection of geological and geophysical core information, charged at RUB 1,500 th.	Cost of services paid by the Company was RUB 1,500 th.	27.12.2007
4. Services by the Counterparty to the Company for R&D on a system for controlling development parameters and thermodynamic well studies (continuing work from 2007), charged at RUB 8,000 th.	Cost of services paid by the Company was RUB 8,000 th.	27.12.2007
5. Services by the Counterparty to the Company for R&D back-up of engineering and technical systems, charged at RUB 15,000 th.	Cost of services paid by the Company was RUB 15,000 th.	27.12.2007
6. R&D services by the Counterparty to the Company for development and approval of standards for technical losses of hydrocarbons at Company fields in 2009, charged at RUB 5,000 th.	Cost of services paid by the Company was RUB 5,000 th.	27.12.2007
7. Provision by the Company to the Counterparty of RUB 30,000 th. interest-free loans for financing of operations	Transaction value was RUB 30,000 th.	18.10.2008
8. Services (works) by the Counterparty for the benefit of the Company in construction of a structural model of eocene-paleocene sediments at the West Kuban Fold in order to identify locations for further exploration, charged at RUB 4,200 th.	Transaction value was RUB 4,200 th.	18.10.2008
Transactions, in which LLC RN-SakhalinNIPImorneft is a Counterparty; Party with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)		
1. Lease transfer by the Company to the Counterparty of fixed assets for a payment of RUB 184.45 th.	Lease payment received by the Company was RUB 184.45 th.	27.12.2007

Object of the transaction and its main terms	Transaction price	Date of decision
2. Services by the Counterparty to the Company for R&D work to extrapolate and achieve complex analysis of seismic materials from the North-East Sakhalin shelf in order to clarify best strategy for further prospecting work, charged at RUB 6,000 th.	Cost of services paid by the Company was RUB 6,000 th.	27.12.2007
3. R&D services by the Counterparty to the Company for expansion and specification of geological and geophysical data for details of project technical documentation and also collection of data on oil & gas resources in digital masses from Company fields in Sakhalin region, charged at RUB 3,700 th.	Cost of services paid by the Company was RUB 3,700 th.	27.12.2007
4. Services by the Counterparty to the Company for execution of R&D work on knowledge and technology matrixes for development of shelf fields, charged at RUB 3,500 th.	Cost of services paid by the Company was RUB 3,500 th.	27.12.2007
5. Services by the Counterparty to the Company for R&D work on engineering and technical support for new technology systems, charged at RUB 3,500 th.	Cost of services paid by the Company was RUB 3,500 th.	27.12.2007
6. Provision by the Counterparty to the Company of RUB 7,900 th. interest-free loans	Transaction value was RUB 7,900 th.	18.10.2008

Transactions, in which LLC RN-UfaNIPneft is a Counterparty;

Party with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)

1. Provision by the Company to the Counterparty of RUB 30,000 th. interest-free loans for financing of operations	Interest-free loans received by the Company were RUB 30,000 th.	27.12.2007
2. Lease transfer by the Company to the Counterparty of fixed assets for 12 months for a payment of RUB 1,435 th.	Transaction value, lease payment received by the Company was RUB 1,435 th.	27.12.2007 05.03.2008
3. R&D services by the Counterparty to the Company for analysis of international experience and design work on rescaling of geological and hydrodynamic models, charged at RUB 4,000 th.	Cost of services paid by the Company was RUB 4,000 th.	27.12.2007
4. R&D services by the Counterparty to the Company for analysis and extrapolation of international experience in creation of multi-variant stochastic geological models and analysis of indeterminacy, charged at RUB 3,000 th.	Cost of services paid by the Company was RUB 3,000 th.	27.12.2007
5. R&D services by the Counterparty to the Company for adaptation of existing approaches to operational appraisal of resource potential to match Company conditions, charged at RUB 3,600 th.	Cost of services paid by the Company was RUB 3,600 th.	27.12.2007
6. R&D services by the Counterparty to the Company for creation of methodology of IT support for integrated planning, charged at RUB 5,000 th.	Cost of services paid by the Company was RUB 5,000 th.	27.12.2007
7. R&D services by the Counterparty to the Company for expansion and clarification of the geological-geophysical data base for at Company fields, and for collection of data on oil & gas resources with respect to digital field formations, charged at RUB 4,500 th.	Cost of services paid by the Company was RUB 4,500 th.	27.12.2007
8. R&D services by the Counterparty to the Company for development of a matrix for application of carbonate collector development methods and maintaining strata pressure, charged at RUB 3,000 th.	Cost of services paid by the Company was RUB 3,000 th.	27.12.2007
9. R&D services by the Counterparty to the Company for development of methods and a program module for the RN-WellView system for forecasting behavior of pump installations based on monitoring of parameters, charged at RUB 3,000 th.	Cost of services paid by the Company was RUB 3,000 th.	27.12.2007
10. R&D services by the Counterparty to the Company for fine-tuning and engineering support during test operations with programs for manipulation of RosPump submersible equipment, charged at RUB 4,500 th.	Cost of services paid by the Company was RUB 4,500 th.	27.12.2007
11. R&D services by the Counterparty to the Company for design of algorithms and instruments for calculation of oil production levels over 5 years, charged at RUB 1,817 th.	Cost of services paid by the Company was RUB 1,817 th.	27.12.2007

Object of the transaction and its main terms	Transaction price	Date of decision
12. R&D services by the Counterparty to the Company for engineering and technical support for new technology systems, charged at RUB 25,000 th.	Cost of services paid by the Company was RUB 25,000 th.	27.12.2007
13. R&D services by the Counterparty to the Company for development of a methodology of data base formation as part of organization of knowledge diffusion, charged at RUB 3,500 th.	Cost of services paid by the Company was RUB 3,500 th.	27.12.2007 18.10.2008
14. R&D services by the Counterparty to the Company for design of algorithms of integrated hydro-mechanical modelling of well-strata systems, charged at RUB 8,100 th.	Cost of services paid by the Company was RUB 8,100 th.	27.12.2007
15. R&D services by the Counterparty to the Company for development of methods for rating elements of flooding for operational analysis of the system and identification of problem sections at Company fields, charged at RUB 5,400 th.	Cost of services paid by the Company was RUB 5,400 th.	27.12.2007
16. R&D services by the Counterparty to the Company for selection of optimal acid ingredients for acid treatment of carbonate collectors at Company fields, charged at RUB 6,500 th.	Transaction cost, cost of services paid by the Company was RUB 6,500 th.	27.12.2007 05.03.2008
17. Services by the Counterparty to the Company for development of proxy-models for forecasting technical parameters of field development and appraisal of recoverable reserves in flood conditions, charged at RUB 4,000 th.	Cost of services paid by the Company was RUB 4,000 th.	05.03.2008
18. Provision by the Counterparty to the Company of the following services as part of an R&D program, charged at RUB 7,843.2 th	Cost of services paid by the Company was RUB 7,843.2 th.	18.10.2008
Transactions, in which CJSC Yukos-Mamontovo is a Counterparty; Party with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)		
1. Provision by the Counterparty to the Company of RUB 154,800 th. interest-free loans	Transaction value was RUB 154,800 th.	18.10.2008
Transactions, in which LLC Komsomolskneftezavodremstroi is a Counterparty; Party with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)		
1. Provision by the Counterparty to the Company of RUB 3,500 th. interest-free loans	Transaction value was RUB 3,500 th.	18.10.2008.
Transactions, in which LLC KNPZ-Service is a Counterparty; Party with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)		
1. Provision by the Counterparty to the Company of RUB 3,500 th. interest-free loans	Transaction value was RUB 3,500 th.	18.10.2008
Transactions, in which LLC Dubininskoye is a Counterparty; Party with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)		
1. Leasing by the Counterparty to the Company of premises for a payment of RUB 434,519.7 th.	Lease payment paid by the Company was RUB 434,519.7 th.	27.12.2007
2. Provision by the Counterparty to the Company of RUB 300,000 th. interest-free loans	Transaction value was RUB 300,000 th.	05.03.2008
Transactions, in which OJSC ROSNEFTEGAZ is a Counterparty; Parties with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions) I.I. Sechin – Chairman of the Board of Directors of Rosneft and Chairman of the Board of Directors of OJSC ROSNEFTEGAZ, which is a party in the transaction S.M. Bogdanchikov – member of Rosneft Board of Directors, Chairman of the Management Board and President of Rosneft, member of the Board of Directors of OJSC ROSNEFTEGAZ, which is a party in the transaction G.S. Nikitin – Deputy Chairman of the Board of Directors of Rosneft and a member of the Board of Directors of OJSC ROSNEFTEGAZ, which is a party in the transaction		
1. Lease transfer by the Company to the Counterparty of premises for a payment of RUB 332.2 th.	Lease payment received by the Company was RUB 332.2 th.	

Realted party transactions approved by the General Shareholders' Meeting on 05.06.2008

Object of the transaction and its main terms	Transaction price
<p>Transactions, in which LLC RN-Purneftegaz is a Counterparty; Party with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)</p>	
<p>1. Services by the Counterparty to the Company for production at oil & gas fields, to which the Company holds development licenses, of: 8,079.79 th. tonnes of oil, 205.57 th. tonnes of gas condensate, 1,677.83 mln cubic meters of natural gas, and 2,259.8 mln cubic meters of associated gas, for a maximum charge of RUB 19,797,274.45 th. and transfer of this hydrocarbon production to the Company for subsequent sale</p>	<p>Transaction value (cost of services paid by the Company) was RUB 19,797,274.45 th.</p>
<p>Transactions, in which LLC RN-Yuganskneftegaz is a Counterparty; Party with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)</p>	
<p>1. Services by the Counterparty to the Company for production at oil & gas fields, to which the Company holds development licenses, of: 65,658.34 th. tonnes of oil, 1,915.77 mln cubic meters of associated gas, for a maximum charge of RUB 80,023,319.54 th. and transfer of this hydrocarbon production to the Company for subsequent sale</p>	<p>Transaction value, cost of services paid by the Company was RUB 80,023,319.54 th.</p>
<p>Transactions, in which OJSC NK Rosneft-Kubannefteproduct is a Counterparty; Parties with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions) S.V. Karaganov – member of Rosneft Management Board, member of the Board of Directors of OJSC NK Rosneft-Kubannefteproduct, which is a party in the transaction</p>	
<p>1. Sale by the Company to the Counterparty of 899.2 th. tonnes of petroleum products for RUB 18,234,611 th.</p>	<p>Transaction value, value of petroleum products sold by the Company was RUB 18,234,611 th.</p>
<p>Transactions, in which LLC RN-Vostoknefteproduct is a Counterparty; Party with interest in the transactions: OJSC ROSNEFTEGAZ - a shareholder of Rosneft, owning more than 20% of voting shares in the Company (the Company is an affiliate of OJSC ROSNEFTEGAZ and a party in the transactions)</p>	
<p>1. Sale by the Company to the Counterparty of 1,959 th. tonnes of petroleum products for RUB 46,764,136.7 th.</p>	<p>Transaction value (value of petroleum products sold by the Company) was RUB 46,764,136.7 th.</p>

Financial (Accounting) Statements of OJSC Rosneft Oil Company

for the Period from January 1, 2008 through December 31, 2008



Auditor's Report

On Financial (Accounting) Statements of Open Joint Stock Company 'Rosneft Oil Company' for the Period from January 1, 2008 through December 31, 2008

To Executive Bodies of Open Joint Stock Company 'Rosneft Oil Company'

Auditor:

Full Name: Closed Joint Stock Company 'Audit and Consulting Group for Business Systems Development'

Abbreviated Name: CJSC AKG RBS

State Registration Certificate: No. 970.567 of July 20, 2001

Address: 5 Sushevsky Val Street, Bldg 3,

Moscow 127018, Russia

Tel: +7 (495) 967-6838, 967-6840

Fax: +7 (495) 967-6843

Professional License:

- Audit License No. E 000440, issued by the Ministry of Finance of the Russian Federation (Order No. 123 of June 25, 2002), valid through June 25, 2012

Membership in International Associations of Audit and Consulting Firms:

- Partner of Horwath Business Alliance, based on Agreement of May 21, 2007

Membership in Accredited Professional Auditor Associations:

- Russian Institute of Professional Accountants and Auditors, based on the Executive Council's Resolution of September 29, 2004 (Minutes No. 09/-04)

Membership in Other Professional Associations:

- Association of Russian Banks, Certificate No. 1315 of April 19, 2002
- Moscow Banking Union, Certificate No. 398 of May 30, 2002

Audited company:

Full Name: Open Joint Stock Company 'Rosneft Oil Company'

Abbreviated Name: OJSC Rosneft Oil Company

State Registration Certificate: No. 024537 of December 07, 1995

Address: 26/1 Sofiyskaya Embankment, Moscow 115035, Russia

1. We have audited the attached financial (accounting) statements of OJSC Rosneft Oil Company for the period from January 1, 2008 through December 31, 2008, which comprise the following:

- Form No. 1, Balance Sheet
- Form No. 2, Profit and Loss Statement
- Form No. 3, Statement of Changes in Capital
- Form No. 4, Cash Flow Statement
- Form No. 5, Supplement to Balance Sheet
- Notes to Financial (Accounting) Statements

The financial (accounting) statements have been prepared by executive bodies of OJSC Rosneft Oil Company in accordance with regulations established by:

- Federal Law No. 129-FZ of November 21, 1996, On Accounting (with further amendments and supplements)
- Regulation On Accounting and Accounting Statements in the Russian Federation, approved by Order of the Ministry of Finance No. 34n of July 29, 1998 (with further amendments and supplements)
- Accounting Regulation 4/99, Accounting In Organizations (approved by Order of the Ministry of Finance No. 43n of July 06, 1999)
- Order of the Ministry of Finance of the Russian Federation No. 67n of June 22, 2003, On Forms of Accounting Statements of Organizations
- Accounting Policy of OJSC Rosneft Oil Company and other internal accounting regulations

The financial (accounting) statements shall be treated only as an aggregate of the above-mentioned Forms and Notes to Financial (Accounting) Statements.

2. Solely executive bodies of OJSC Rosneft Oil Company are responsible for preparation and presentation of the financial (accounting) statements. Our responsibility as an auditor is limited to provision of an opinion with respect to reliability and accuracy of all material aspects of the attached financial (accounting) statements and compliance of the accounting procedures at OJSC Rosneft Oil Company with applicable laws of the Russian Federation, based on the audit performed.
3. In performing the audit, we relied on the following:
 - Federal Law No. 119-FZ of August 07, 2001, On Audit Activity (with further amendments and supplements)
 - Federal Law No. 307-FZ of December 30, 2008, On Audit Activity
 - Federal Rules (Standards) of Audit, approved by Resolution of the Government of the Russian Federation No. 696 of September 23, 2002 (with further amendments and supplements)
 - CJSC AKG RBS audit rules (standards)
4. The audit has been planned and performed to obtain reasonable assurance as to whether the financial (accounting) statements are free of material misstatement. The audit has been carried out on a selective basis and included the following:
 - examining, on a test basis, evidence supporting the amounts and disclosures of financial and economic activities of the audited company in the financial (accounting) statements
 - assessing compliance with principles and rules of statutory financial reporting
 - evaluating significant estimates made by the management of the audited company in preparing the financial (accounting) statements
 - assessing the overall financial (accounting) statements presentation
5. We believe the audit results provide us with sufficient evidence to give reasonable assurance that the financial (accounting) statements of OJSC Rosneft Oil Company are free of material misstatement, and that the accounting procedures of OJSC Rosneft Oil Company comply with applicable laws of the Russian Federation.
6. In our opinion, the financial (accounting) statements of OJSC Rosneft Oil Company have been properly prepared to present, in all material respects, the financial position of OJSC Rosneft Oil Company as of December 31, 2008 and results of its financial and economic activities for the period from January 1, 2008 through December 31, 2008.

Attached: Financial (accounting) statements of OJSC Rosneft Oil Company for the period from January 1, 2008 through December 31, 2008, including:

1. Balance Sheet (Form No. 1)
2. Profit and Loss Statement (Form No. 2)
3. Statement of Changes in Capital (Form No. 3)
4. Cash Flow Statement (Form No. 4)
5. Supplement to Balance Sheet (Form No. 5)
6. Notes to Financial (Accounting) Statements

Date of Audit Report:
February 13, 2009

Deputy General Director R.N. Rakshaev
(Certificate No. K 010671, unlimited term)

Auditor A.V. Dvoichenko
(Certificate No. K 018033, unlimited term)

Balance Sheet

as of December 31, 2008		Codes
Form 1	OKATO	45286596000
	OKOGU	41114
Company: OJSC Rosneft Oil Company	OKPO	00044428
Taxpayer Identification Number	INN	7706107510
Area of activity: Industry	OKVED	11.10.11 23.20 11.10.2 63.40 60.30.11 51.70 74.14
Legal status/ownership: Open Joint Stock Company	OKOPF	47
Stated in: RUB thousand	OKFS	12
Place of residence (address): 26/1 Sofiyskaya emb., Moscow 115035		

ASSETS	Code	Opening balance	Closing balance
1	2	3	4
I. NON-CURRENT ASSETS			
Intangible assets	110	3,319,970	3,177,711
Fixed assets	120	196,804,121	242,476,691
Construction in progress	130	54,097,665	72,484,463
Long-term financial investments	140	496,516,832	554,016,444
Deferred tax assets	145	1,376,647	1,223,010
Exploration assets	147	27,241,901	29,478,094
Other non-current assets	150	886,090	944,343
TOTAL Section I	190	780,243,226	903,800,756
II. CURRENT ASSETS			
Inventories	210	24,971,420	22,313,241
including:			
materials, supplies and other similar assets	211	3,807,621	2,549,732
costs of work-in-progress (marketing costs)	213	2,811,184	2,609,005
finished goods and goods for resale	214	13,077,581	10,813,019
shipped goods	215	2,997,472	3,630,224
deferred expenses	216	2,277,562	2,711,261
Input Value Added Tax, excise tax	220	9,824,806	12,767,185
Accounts receivable (due in more than 12 months from the accounting date)	230	497,455	890,218
Accounts receivable (due within 12 months from the accounting date)	240	201,594,145	148,097,302
including:			
trade receivables	241	83,990,362	45,587,529
Short-term financial investments	250	34,758,445	249,865,116
Cash	260	6,009,103	26,588,969
Other current assets	270		
TOTAL Section II	290	277,655,374	460,522,031
BALANCE (lines 190+290)	300	1,057,898,600	1,364,322,787

LIABILITIES	Code	Opening balance	Closing balance
1	2	3	4
III. CAPITAL AND RESERVES			
Charter capital	410	105,982	105,982
Treasury shares	411		
Additional paid-in capital	420	113,276,386	113,276,385
Reserves	430	5,299	5,299
reserves formed in accordance with incorporation documents	432	5,299	5,299
Retained earnings of previous periods	460	322,763,402	305,806,318
Retained earnings in the reporting period	470		141,313,162
TOTAL Section III	490	436,151,069	560,507,146

LIABILITIES	Code	Opening balance	Closing balance
IV. LONG-TERM LIABILITIES			
Loans and borrowings	510	285,967,384	463,218,187
Deferred tax liabilities	515	5,883,221	5,169,153
Other long-term liabilities	520	42,428,984	52,790,837
TOTAL Section IV	590	334,279,589	521,178,177
V. SHORT-TERM LIABILITIES			
Loans and borrowings	610	181,164,315	159,336,378
Accounts payable	620	102,831,620	74,377,601
including:			
trade payables	621	31,241,084	43,552,497
payables to employees	624	7,617	5,574
payables to state non-budgetary funds	625	0	63
taxes and levies payable	626	34,072,741	9,358,059
other payables	628	37,510,178	21,461,408
Dividends payable	630	31,181	45,751
Deferred income	640	3,519	3,867
Provision for future expenses	650	212,145	2,309,032
Other short-term liabilities	660	3,225,162	46,564,835
TOTAL Section V	690	287,467,942	282,637,464
BALANCE (lines 490+590+690)	700	1,057,898,600	1,364,322,787

Statement of Off-Balance-Sheet Items

Item	Code	Opening balance	Closing balance
1	2	3	4
Leased fixed assets	910	10,265,073	46,034,646
Assets under custody	920	780,923	271,148
Goods on commission		2,954,286	224,495
Bad debt written off to losses	940	803,429	653,762
Security of liabilities and payments received	950	476,664,167	948,707
Security of liabilities and payments granted	960	272,466,591	72,900,990
Depreciation of housing stock	970	4,516	3,252
Depreciation of outdoor amenities and similar facilities	980	1,728	2,323

President Sergey Bogdanchikov

Chief Accountant Sun Ne Kim

February 13, 2009

Profit and Loss Statement

for 2008		Codes	
Form 2	OKUD	0710002	
Company: OJSC Rosneft Oil Company	OKPO	00044428	
Taxpayer Identification Number:	INN	7706107510	
Area of activity: Industry	OKVED	11.10.11 23.20 11.10.2 63.40 60.30.11 51.70 74.14	
Legal status/ownership: Open Joint Stock Company	OKOPF/ OKFS	47	12
Stated in: RUB thousand	OKEI	384/385	

Item	Code	Reporting period	Corresponding previous period
1	2	3	4
I. Operating income and expenses			
Net revenue from sale of goods, work and services (less VAT, excise duties and other similar charges)	010	1,008,177,496	816,303,533
Cost of goods, work and services sold	020	(632,534,219)	(475,207,650)
Gross profit	029	375,643,277	341,095,883
Selling expenses	030	(98,835,459)	(76,274,594)
Administrative expenses	040	(13,650,310)	(9,549,537)
Sales profit (loss) (lines (010-020-030-040))	050	263,157,508	255,271,752
II. Other income and expenses			
Interest income	060	5,246,401	954,562
Interest expense	070	(16,972,002)	(26,244,523)
Proceeds from shareholdings	080	2,909,031	1,000,938
Proceeds from sale and other disposal of other assets	090	41,200,530	39,690,002
Expenses related to sale and other disposal of other assets	100	(40,372,853)	(39,617,819)
Tax expenses	110	(4,259,511)	(2,724,874)
Other income	120	60,000,352	57,250,982
Other expenses	130	(120,545,691)	(43,240,659)
Pre-tax profit (loss) (lines (050+060-070+080+090-100+120-130))	140	190,363,765	242,340,361
Deferred tax assets	150	990,954	1,107,189
Deferred tax liabilities	151	(56,304)	(3,235,220)
Current profit tax	152	(47,123,708)	(79,604,535)
Profit tax from prior periods	153	(2,861,545)	1,413,875
Net income (retained earnings (loss) of the reporting period) (lines 140+150-151-152-153)	190	141,313,162	162,021,670
For reference:			
Permanent tax liabilities (assets)	201	3,790,916	27,001,144
Basic earnings (loss) per share	202	13.33	15.29
Diluted earnings (loss) per share	203		

Breakdown of Certain Profit and Loss Items

Item	Code	Reporting period		Corresponding previous period	
		gain	loss	gain	loss
1	2	3	4	5	6
Gain (loss) from sale (purchase) of foreign currency	210	1,367,874,148	(1,365,434,581)	1,526,977,474	(1,523,498,171)
Gain (loss) from foreign currency transactions	220	46,436,463	(106,251,129)	39,204,284	(18,926,397)
Banking services	230		(2,965,483)		(1,785,568)
Profit (loss) of previous years recorded in the reporting period	240	1,322,420	(1,419,657)	1,008,239	(2,411,693)
Fines, penalties and forfeits recognized or subject to claim on a court (arbitration court) decision	250	795,809	(692,771)	56,608	(11,367,794)
Write-off of accounts receivable and payable with expired limitation period	260	3,148,420	(75,746)	1,052,896	(303,160)

Statement of Changes in Capital

for 2008		Codes	
Form 3	OKUD	0710003	
Company: OJSC Rosneft Oil Company	OKPO	00044428	
Taxpayer Identification Number:	INN	7706107510	
Area of activity: Industry	OKVED	11.10.11 23.20 11.10.2 63.40	60.30.11 51.70 74.14
Legal status/ownership: Open Joint Stock Company	OKOPF/ OKFS	47	12
Stated in: RUB thousand	OKEI	384/385	

I. Changes in Capital

Item		Charter capital	Additional capital	Reserve capital	Retained earnings (uncovered loss)	Total
Description	Code					
1	2	3	4	5	6	7
As of December 31, of the year preceding the previous year	3010	105,982	113,276,400	5,299	174,575,736	287,963,417
2007 (previous year) Changes in accounting policy	3011	X	X	X		
FA revaluation	3012	X		X	261,558	261,558
As of January 1 of the previous year	3013	105,982	113,276,400	5,299	174,837,294	288,224,975
Currency exchange differences	3014	X		X	X	
Net income	3015	X	X	X	162,021,670	162,021,670
Dividends	3016	X	X	X	(14,095,576)	(14,095,576)
Contributions to reserve fund	3017	X	X			
Increase in capital due to:	3018				14	14
additional share issue	3019		X	X	X	
increase in share par value	3020		X	X	X	
legal entity restructuring	3021		X	X		
increase in value of shares that have public measures of market value	3022	X		X	X	
construction completion, equipment installation, modernization	3023	X		X	X	
retained earnings allocated for capital investment (commissioning of FA)	3024	X		X	X	
paid-in capital in excess of par value	3025	X		X	X	
other paid-in capital	3026	X		X	X	
other increase in capital	3027			X	14	14
Decrease in capital due to:	3028		(14)	X		(14)
decrease in share par value	3029		X	X	X	
decrease in number of shares	3030		X	X	X	
legal entity restructuring	3031		X	X		
decrease in value of shares that have public measures of market value	3032	X		X	X	
increase in value of retired FA	3033	X	(14)	X	X	(14)
increase in charter capital	3034	X		X	X	
forex loss	3035	X		X	X	
loss coverage	3036	X			X	
decrease in production development fund resulting from commissioning of FA	3037	X	X	X		
Other decrease in capital	3038					

As of December 31 of the previous year	3039	105,982	113,276,386	5,299	322,763,402	436,151,069
2008 (reporting year) Changes in accounting policy	3040	X	X	X		
FA revaluation	3041	X		X		
As of January 1 of the reporting year	3042	105,982	113,276,386	5,299	322,763,402	436,151,069
Currency exchange differences	3043	X		X	X	
Net income	3044	X	X	X	141,313,162	141,313,162
Dividends	3045	X	X	X	(16,957,085)	(16,957,085)
Contributions to reserve fund	3046	X	X			
Increase in capital due to:	3047				1	1
additional share issue	3048		X	X	X	
increase in share par value	3049		X	X	X	
legal entity restructuring	3050		X	X		
increase in value of shares that have public measures of market value	3051			X	X	
construction completion, equipment installation, modernization	3052			X	X	
retained earnings allocated for capital investment (commissioning of FA)	3053			X	X	
paid-in capital in excess of par value	3054			X	X	
other paid-in capital	3055			X	X	
other increase in capital	3056			X	1	1
Decrease in capital due to:	3057		(1)			(1)
decrease in share par value	3058		X	X	X	
decrease in number of shares	3059		X	X	X	
legal entity restructuring	3060		X	X		
decrease in value of shares that have public measures of market value	3061	X		X	X	
increase in value of retired FA	3062	X	(1)	X	X	(1)
increase in charter capital	3063	X		X	X	
forex loss	3064	X		X	X	
loss coverage	3065	X		X		
decrease in production development fund resulting from commissioning of FA	3066	X	X	X		
other decrease in capital	3067					
As of December 31 of the reporting year	3068	105,982	113,276,385	5,299	447,119,480	560,507,146

II. Reserves

Items		Balance	Added	Used	Balance
Description	Code				
1	2	3	4	5	6
Reserves formed as required by law: Reserve fund					
previous year	3069				
reporting year	3070				
Reserves formed as required by incorporation documents: Reserve fund					
previous year	3072	5,299			5,299
reporting year	3073	5,299			5,299
Revaluation provisions:					
previous year	3074	366,468	959,600	430,468	895,600
reporting year	3075	895,600	464,567	98,897	1,261,270
Reserves for deferred expenses:					
previous year	3076		1,366,355	1,154,209	212,146
reporting year	3077	212,146	2,646,996	550,110	2,309,032

References	Code	At beginning of reporting year		At end of reporting year	
Description		3		4	
1	2	3		4	
1) Net assets	3078	436,154,588		560,511,013	
		from the budget		from non-budgetary funds	
		reporting year	previous year	reporting year	previous year
		3	4	5	6
2) Received for: financing of ordinary activities - total	3079				
including:	3080				
capital investments in non-current assets	3081				
including:	3082				

President Sergey Bogdanchikov

Chief Accountant Sun Ne Kim

February 13, 2009

Cash Flow Statement

for 2008		Codes
Form 4	no OKUD	0710004
Company: OJSC Rosneft Oil Company	OKPO	00044428
Taxpayer Identification Number:	INN	7706107510
Area of activity: Industry	OKVED	11.10.11
Legal status/ownership: Open Joint Stock Company	OKOPF/ OKFS	47/12
Stated in: RUB thousand	OKEI	384

Item	Code	Reporting period	Corresponding previous period
1	2	3	4
Opening cash balance	4010	6,009,089	3,503,315
Cash flow from operating activities, including:	4020	3,545,549,197	2,963,570,551
Trading cash flow	4030	1,848,787,602	1,104,975,956
Other proceeds	4040	1,696,761,595	1,858,594,595
Cash used in operating activities, including:	4050	(3,284,482,035)	(2,640,235,448)
Acquisition of goods, work, services, raw materials and other current assets	4060	(1,035,123,676)	(736,044,541)
Payroll	4070	(3,461,950)	(3,633,816)
Dividends and interest paid	4080	(34,223,142)	(35,611,045)
Taxes and levies paid	4090	(359,324,084)	(293,066,097)
Other expenses	4100	(1,852,349,183)	(1,571,879,949)
Net operating cash flow	4110	261,067,162	323,335,103
Cash flow from investing activities, including:	4120	1,737,224,886	2,344,337,625
Sale of fixed assets and other non-current assets	4130	1,293,145	947,038
Sale of securities and other financial investments	4140	1,621,799,623	2,215,672,211
Dividends received	4150	2,967,124	963,211
Interest received	4160	2,176,617	849,318
Repayment of loans granted	4170	108,985,982	109,672,674
Other	4180	2,395	16,233,173
Cash used in investing activities, including:	4190	(2,111,030,918)	(2,776,804,699)
Acquisition of subsidiaries	4200	(2,974,485)	(28,456,285)
Acquisition of fixed assets, income-bearing investments in tangible assets, and intangible assets	4210	(108,022,765)	(95,755,222)
Acquisition of securities and financial investments	4220	(1,627,951,634)	(2,212,994,241)
Loans granted	4230	(370,934,624)	(438,594,990)
Other	4240	(1,147,410)	(1,003,961)
Net investing cash flow	4250	(373,806,032)	(432,467,074)
Cash flow from financing activities, including:	4260	614,297,996	801,106,705
Issues of shares and other securities	4270		
Proceeds from borrowings granted	4280	153,720,635	113,077,337
Proceeds from loans granted	4290	459,671,600	687,864,368
Other	4300	905,761	165,000
Cash used in financing activities, including:	4310	(480,979,260)	(689,468,946)
Repayment of borrowings (net of interest)	4320	(97,008,612)	(46,280,083)
Repayment of loans (net of interest)	4330	(383,425,361)	(631,626,341)
Repayment of financial lease liabilities	4340		
Other	4350	(545,287)	(11,562,522)
Net financing cash flow	4360	133,318,736	111,637,759
Net increase (decrease) in cash and cash equivalents	4370	20,579,866	2,505,788
Closing cash balance	4380	26,588,955	6,009,103
FOREX effect	4381	148,451	(53,666)

President Sergey Bogdanchikov

Chief Accountant Sun Ne Kim

February 13, 2009

Supplement to Balance Sheet

for 2008		Codes	
Form 5	OKUD	0710005	
Company: OJSC Rosneft Oil Company	OKPO	00044428	
Taxpayer Identification Number:	INN	7706107510	
Area of activity: Industry	OKVED	11.10.11 23.20 11.10.2 60.30.11 51.70	74.14
Legal status/ownership: Open Joint Stock Company	OKOPF/ OKFS	47	12
Stated in: RUB thousand	OKEI	384/385	

Intangible Assets

Item		Opening balance	Addition	Disposal	Closing balance
Description	Code				
1	2	3	4	5	6
Intellectual property (exclusive rights to intellectual property)	5100	2,012	6,305	(1,161)	7,156
including:					
inventions, designs, utility models	5101	145	5,363	(141)	5,367
software, databases	5102		858		858
integrated circuit topography	5103				
trademarks, service marks, appellations of origin	5104	1,867	84	(1,020)	931
selection patents	5105				
Administrative expenses	5106				
Goodwill	5107				
Other	5108	3,763,226	554	(776)	3,763,004

Item		Opening balance	Closing balance
Description	Code		
1	2	3	4
Amortization of intangible assets - total	5109	445,268	592,449
including:			
(exclusive rights to intellectual property)	5110	110	258

Fixed Assets

Item		Opening balance	Addition	Disposal	Closing balance
Description	Code				
1	2	3	4	5	6
Buildings	5113	20,503,207	2,165,864	(437,882)	22,231,189
Structures and utilities	5114	220,145,464	54,313,577	(438,671)	274,020,370
Machinery and equipment	5115	33,117,081	11,613,380	(3,772,594)	40,957,867
Vehicle fleet	5116	3,845,054	48,737	(71,804)	3,821,987
Fixtures and fittings	5117	761,001	31,657	(71,239)	721,419
Draft livestock	5118			()	
Productive livestock	5119			()	
Perennial plants	5120			()	
Other fixed assets	5121	71,855	2,694	(4,030)	70,519
Land plots and natural resource management facilities	5122	461,721	513	(1,923)	460,311
Capital investments in land reclamation	5123			()	
Total	5124	278,905,383	68,176,422	(4,798,143)	342,283,662

Item		Opening balance	Closing balance
Description	Code		
1	2	3	4
Depreciation of fixed assets - total	5125	82,101,262	99,806,971
including:			
buildings and structures	5126	68,103,266	85,122,882
machinery, equipment, vehicle fleet	5127	13,567,918	14,199,686
other	5128	430,078	484,403
Leased-out fixed assets - total	5129	241,612,215	300,708,955
including:			
buildings	5130	15,382,030	17,518,974
structures	5131	198,118,907	249,582,627
Mothballed fixed assets	5132	12,504,640	15,630,108
Leased fixed assets - total	5133	10,265,073	46,034,646
including:			
lease			
Commissioned real property in process of state registration	5134	12,665,958	4,399,099
For reference			
Effect from fixed assets revaluation	5135		
historical (replacement) cost	5136		
depreciation	5137		
Change in fixed assets value resulting from construction, installation of equipment, modernization, and partial liquidation	5138	4,463,493	3,808,203

Income-Bearing Investments in Tangible Assets

Item		Opening balance	Addition	Disposal	Closing balance
Description	Code				
1	2	3	4	5	6
Property to be leased out	5139				
Property to be transferred under rental arrangements	5140				
Other	5141				
Total	5142				
Depreciation of income-bearing investments in tangible assets	5143				

Expenses Associated with R&D and Engineering Activities

Item		Opening balance	Addition	Disposal	Closing balance
Description	Code				
1	2	3	4	5	6
Total	5144			()	
including:				()	

For reference		Code	At beginning	At end
Expenses associated with R&D and engineering in progress		5145	13,347	35,254
		Code	Reporting year	Previous year
Expenses attributable to unsuccessful R&D and engineering (non-operating expenses)		5146		

Expenses Associated with Natural Resources Exploration and Development

Item		Opening balance	Addition	Disposal	Closing balance
Description	Code				
1	2	3	4	5	6
Exploration expenses - total	5147	35,517,555	8,580,664	(6,004,876)	38,093,343
including:					
Exploration activities		8,275,654	5,018,961	(4,679,366)	8,615,249
Exploration assets		27,241,901	3,561,703	(1,325,510)	29,478,094

For reference	Code	At beginning	At end
	2	3	4
Expenses associated with exploration in progress (prospecting and appraisal, exploration and/or hydrogeological surveying, and other related activities)	5148	8,275,654	8,615,249
Expenses attributable to unsuccessful exploration and development (non-operating expenses)	5149	820,368	833,892

Financial Investments

Item		Long-term		Short-term	
Description	Code	opening balance	closing balance	opening balance	closing balance
1	2	3	4	5	6
Interests in charter (share) capital of other entities - total	5150	97,797,671	99,800,449	102,401	102,401
including subsidiaries	5151	88,362,644	89,881,370		
affiliates	5152	9,116,450	9,497,326		
other entities	5153	318,577	421,753	102,401	102,401
State and municipal securities	5154	1,013			
Securities of other entities - total	5155	119,098	135,680	2,058,197	17,463,702
including					
shares	5156				
bonds	5157				
promissory notes	5158	119,098	135,680	2,058,197	17,463,702
Loans given	5159	398,111,159	453,592,424	19,808,239	225,751,443
Deposits	5160			9,257,760	3,063,156
Investments in joint ventures	5161	487,891	487,891		
Other	5162			3,531,848	3,484,414
Total	5163	496,516,832	554,016,444	34,758,445	249,865,116
Including financial investments that have public measures of market value: Interests in charter (share) capital of other entities - total	5164				
including subsidiaries and affiliates	5165				
State and municipal securities	5166				
Securities of other entities - total	5167				
including debt securities (bonds, promissory notes)	5168				
Other	5169				
Total	5170				
For reference					
Effect of value adjustment to financial investments that have public measures of market value	5171				
Difference between acquisition cost and par value of debt securities posted to financial results in the reporting period	5172				

Accounts Receivable and Payable

Item		Opening balance	Closing balance
Description	Code		
1	2	3	4
Accounts receivable:			
short-term-total	5173	201,594,145	148,097,302
including:			
trade receivables	5174	83,990,362	45,587,529
advances given	5175	13,421,284	31,186,017
other	5176	104,182,499	71,323,756
long-term - total	5177	497,455	890,218
including:			
trade receivables	5178		
advances given	5179		

Item		Opening balance	Closing balance
Description	Code		
other	5180	497,455	890,218
Total	5181	202,091,600	148,987,520
Accounts payable:			
short-term - total	5182	287,221,097	280,278,814
including:			
trade payables	5183	31,241,084	43,552,497
advances received	5184	7,341,321	7,650,296
taxes and levies payable	5185	34,072,741	9,358,122
loans	5186	105,205,063	58,187,349
borrowings	5187	75,959,252	101,149,029
other	5188	33,401,636	60,381,521
long-term - total	5189	328,396,368	516,009,024
including:			
loans	5190	248,367,252	441,201,026
borrowings	5191	37,600,132	22,017,161
other	5192	42,428,984	52,790,837
Total	5193	615,617,465	796,287,838

Operating Expenses (by Items)

Item		Reporting year	Previous year
Description	Code		
1	2	3	4
Materials	5194	515,590,374	389,754,950
Payroll	5195	3,319,117	2,682,056
Social charges	5196	231,313	192,757
Depreciation and amortization	5197	20,725,875	15,475,096
Other	5198	205,153,309	152,926,922
Total	5199	745,019,988	561,031,781
Changes in balances (increase [+], decrease [-]): work in progress	5200	(202,179)	2,466,367
deferred expenses	5201	433,699	293,103
reserves for deferred expenses	5202	2,096,887	(212,145)

Collateral

Item		Reporting year	Previous year
Description	Code		
1	2	3	4
Received - total	5203	476,664,167	948,707
including:			
promissory notes	5204	476,645,095	937,948
Property held in pledge	5205		
including:			
fixed assets	5206		
securities and other financial investments	5207		
other	5208		
Given - total	5209	272,466,591	72,900,990
including:			
promissory notes	5210	6,000	
Pledged property	5211		
including:			
fixed assets	5212		
securities and other financial investments	5213		
other	5214		

Funds Received from the State

Item		Reporting year		Previous year	
Description	Code				
1	2	3		4	
Funds received from the budget in the reporting year - total	5215				
including:					
		opening balance	received in reporting period	repaid in reporting period	closing balance
Budget loans - total	5216				
including:					

President Sergey Bogdanchikov

Chief Accountant Sun Ne Kim

February 13, 2009

Notes to Financial (Accounting) Statements of OJSC Rosneft Oil Company for 2008

The present Notes are integral part of financial (accounting) statements of OJSC Rosneft Oil Company (hereinafter also referred to as the 'Company') for 2008, prepared in accordance with effective legislation of the Russian Federation.

1. Form of Incorporation and Area of Activity

Open Joint-Stock Company 'Rosneft Oil Company' is a legal entity operating on the basis the Company Charter and applicable legislation of the Russian Federation. The Company was established by Order of the President of the Russian Federation No. 327 dated April 1, 1995, 'On Priority Measures for Improvement of Activities of Oil Companies', and by Decree of the Government of the Russian Federation No. 971 dated September 29, 1995, 'On Reorganization of State Enterprise Rosneft into Open Joint-Stock Company 'Rosneft Oil Company'.

Company Legal Address: 26/1 Sofiyskaya Embankment, Moscow 115035, Russia

Company Executive and Control Bodies

General management of the Company, except for matters reserved to the General Shareholders Meeting in accordance with applicable Russian legislation and the Company's Charter, is performed by the Board of Directors of OJSC Rosneft Oil Company.

Members of Rosneft Board of Directors are elected by the General Shareholders Meeting until the close of the next Annual General Shareholders Meeting.

Rosneft Board of Directors in office from January 1, 2008 through June 5, 2008 (elected by Rosneft General Shareholders Meeting on June 30, 2007, Minutes unnumbered)¹:

Igor Ivanovich Sechin	Chairman of Rosneft Board of Directors – Deputy Prime Minister of Russia
Sergey Evgenievich Naryshkin	Deputy Chairman of Rosneft Board of Directors – Head of Russian President's Executive Office
Gleb Sergeevich Nikitin	Deputy Chairman of Rosneft Board of Directors – Deputy Head of Federal Agency for State Property Management
Kirill Gennadievich Androssov	Member of Rosneft Board of Directors – Deputy Chief of Staff at the Russian Cabinet of Ministers
Sergey Mikhailovich Bogdanchikov	Member of Rosneft Board of Directors – Chairman of the Management Board and President of Rosneft
Andrey Leonidovich Kostin	Member of Rosneft Board of Directors – President - Chairman of the Management Board of VTB
Alexander Dmitrievich Nekipelov	Member of Rosneft Board of Directors – Vice President of the Russian Academy of Sciences
Andrey Georgievich Reus	Member of Rosneft Board of Directors – General Director of OJSC OBORONPROM
Hans-Joerg Rudloff	Member of Rosneft Board of Directors – Chairman of the Board of Barclays Capital

Rosneft Board of Directors in office from June 5, 2008 through December 31, 2008 (elected by Rosneft General Shareholders Meeting on June 5, 2008, Minutes unnumbered):

Igor Ivanovich Sechin	Chairman of Rosneft Board of Directors – Deputy Prime Minister of Russia
Sergey Evgenievich Naryshkin	Deputy Chairman of Rosneft Board of Directors – Head of Russian President's Executive Office
Gleb Sergeevich Nikitin	Deputy Chairman of Rosneft Board of Directors – Deputy Head of Federal Agency for State Property Management
Sergey Mikhailovich Bogdanchikov	Member of Rosneft Board of Directors – Chairman of the Management Board and President of Rosneft
Andrey Leonidovich Kostin	Member of Rosneft Board of Directors – President - Chairman of the Management Board of VTB
Alexander Dmitrievich Nekipelov	Member of Rosneft Board of Directors – Vice President of the Russian Academy of Sciences

¹Positions of the Board members are stated as of the date of expiration of their term on the Board (June 5, 2008).

Yury Alexandrovich Petrov	Member of Rosneft Board of Directors – Head of Federal Agency for State Property Management
Andrey Georgievich Reus	Member of Rosneft Board of Directors – General Director of OJSC OBORONPROM
Hans-Joerg Rudloff	Member of Rosneft Board of Directors – Chairman of the Board of Barclays Capital

In accordance with the Company Regulation on the Board of Directors, members of Rosneft Board of Directors are entitled to remuneration for their service on the Board. Amounts of Board remuneration are determined by the Company Annual General Shareholders Meeting based on Rosneft performance in a given year.

On June 5, 2008, Rosneft Annual General Shareholders Meeting established the following remuneration to independent members of the Company Board of Directors for 2007, which was paid in 2008:

- Andrey Kostin – USD 200 thousand
- Alexander Nekipelov – USD 185 thousand
- Hans-Joerg Rudloff – USD 200 thousand

Members of Rosneft Board of Directors, who are government officials, are not remunerated for their service on the Board of Directors.

Company Sole Executive Body

Sergey Mikhailovich Bogdanchikov President of Rosneft

Composition of Rosneft Management Board:

Sergey Mikhailovich Bogdanchikov	President and Chairman of the Management Board of Rosneft
Sergey Ivanovich Kudryashov	First Vice President
Larisa Vyacheslavovna Kalanda	Vice President
Sergey Vasilievich Karaganov	Vice President
Sergey Igorevich Makarov	Vice President
Sun Ne Kim	Chief Accountant
Peter Lloyd O'Brien	Vice President for Finance and Investments
Rizo Sharipovich Tursunov	Vice President

The members of Rosneft's Management Board receive salaries as stipulated by the respective labor contracts, and are not entitled to additional remuneration for their service on the Management Board.

There were several changes in composition of the Company's Management Board during 2008. At a meeting on October 18, 2008 (Minutes No. 5), the Board of Directors approved early termination of the contracts of Anatoly Baranovsky (relieved of his duties from July 25, 2008 due to retirement) and Stepan Zemlyuk (relieved of his duties from September 12, 2008 by mutual agreement). At the same meeting, the Board of Directors selected Company Vice Presidents, Larisa Kalanda and Sergey Makarov, for inclusion in the Management Board.

Information on the Company's executive bodies is presented as of December 31, 2008.

Composition of Rosneft Internal Audit Commission:

Sergey Igorevich Zhuravlev	Representative of Federal Agency for State Property Management
Andrey Nikolaevich Kobzev	Head of Analytical Department of Federal Agency for State Property Management
Dmitry Sergeevich Logunov	Deputy Head of Corporate and Property Relations Department of Federal Agency for State Property Management
Viktoria Vladimirovna Oseledko	Deputy Head of a Department, the Russian Ministry of Industry and Trade
Andrey Sergeevich Fomin	General Director of LLC Athome

Information on the Company Internal Audit Commission is presented as of December 31, 2008, in accordance with the respective decision of Rosneft Annual General Shareholders Meeting, Minutes as of June 5, 2008.

Charter Capital

Rosneft shareholder structure as of December 31, 2008:

- OJSC Rosneftgaz held 7,965,816,383 ordinary shares of the Company equal to 75.16% of Rosneft's total ordinary shares and charter capital.
- The Russian Federation as represented by the Federal Agency for State Property Management held 1 ordinary share of the Company equal to 0.000000009% of Rosneft's total ordinary shares and charter capital.
- Joint-Stock Commercial Savings Bank of Russia was the nominal holder of 1,231,927,170 ordinary shares of the Company equal to 11.62% of Rosneft's total ordinary shares and charter capital.

- LLC RN-Razvitie held 505,066,240 ordinary shares of the Company equal to 4.77% of Rosneft's total ordinary shares and charter capital.
- Linden Capital Limited held 494,933,760 ordinary shares of the Company equal to 4.67% of Rosneft's total ordinary shares and charter capital.
- Nonprofit Partnership National Depository Center was the nominal holder of 260,639,986 ordinary shares of Rosneft equal to 2.46% of Rosneft's total ordinary shares and charter capital.
- Legal entities with stakes of under 1% each were holders and nominal holders of 80,470,224 ordinary shares of the Company equal to 0.76% of Rosneft's total ordinary shares and charter capital.
- Individuals held 59,324,053 ordinary shares of the Company equal to 0.56% of Rosneft's total ordinary shares and charter capital.

Company Activities

As stipulated in Item 3.4 of the Charter of OJSC Rosneft Oil Company, the Company's businesses are: prospecting, exploration, production, and processing of oil, gas and gas condensate, as well as sale of oil, gas and gas condensate and petroleum products in the Russian Federation and in the international market, together with various ancillary businesses and activities associated with precious metals and gemstones.

The Company pursues the following core activities (the list is not exhaustive):

a) geological prospecting and exploration for discovery of oil, gas, coal and other mineral resources; production, transportation and processing of oil, gas, coal and other mineral resources and of timber; production of petroleum products, petrochemicals and other outputs, including electricity, wood-processing products, and consumer goods and services; storage and sale (including sale on domestic and export markets) of oil, gas, petroleum products, coal, electricity, wood-processing products, and other products obtained by processing of hydrocarbons and other raw materials.

These businesses are pursued both directly by the Company and (through coordination and cooperation) by its subsidiaries and dependent companies.

b) investment business, including operations with securities.

c) execution of orders for federal government needs and for regional consumers of outputs, produced by the Company and by its subsidiaries and dependent companies, including deliveries of oil, gas and petroleum products to regions where they have operations.

d) investment management, construction, and engineering, technical and service support for exploration, production, refining and marketing projects, R&D, procurement and marketing, economic, international trading and legal support for business of the Company, of its subsidiaries and dependent companies and of customers. Study of the state of markets for goods, services and securities, as well as conduct of research, and sociological and other works. Regulation and coordination of the business of subsidiaries and dependent companies.

e) leasing of real estate and other property, use of leased property.

f) support for the interests of the Russian Federation in preparation and implementation of production sharing agreements with respect to mineral resource blocks and hydrocarbon fields.

g) organization of advertising and publishing activities, exhibitions, shows, auctions, etc.

h) mediation, consulting, marketing and other forms of activity, as well as foreign trade activity (including import-export operations), works and services on a contract basis.

i) ensuring protection of Company employees and property.

j) use of precious metals and gemstones in technical processes (as materials and as parts of equipment).

k) preparation and holding of events related to mobilization, civil defense, and protection of information, which is classified as a state secret.

List of Rosneft's Subsidiaries and Dependent Companies

The following table presents a list of Rosneft's subsidiaries and dependent companies specifying Rosneft's respective shares in charter capital and voting stock.

Company	Rosneft's share	
	% of charter capital	% of voting stock
Production		
LLC RN-Severnaya Neft	100.00	
LLC RN-Yuganskneftegaz	100.00	
LLC RN-Krasnodarneftegaz	100.00	
LLC RN-Purneftegaz	100.00	
LLC RN-Stavropolneftegaz	100.00	
LLC RN-Sakhalinmorneftegaz	100.00	
OJSC Rosneft Oil Company – Dagneft	68.70	91.60
OJSC Grozneftegaz	51.00	51.00
LLC Polar Lights Company	50.00	
OJSC Dagneftegaz	40.00	40.00
OJSC Verkhnechonskneftegaz	25.94	25.94

Company	Rosneft's share	
	% of charter capital	% of voting stock
Refining		
LLC RN – Tuapse Refinery	100.00	
LLC RN – Komsomolsk Refinery	100.00	
LLC RN – Primorsk Refinery	100.00	
OJSC Rosneft Oil Company – MZ Nefteprodukt	65.42	87.23
Marketing		
LLC RN-Nakhodkanefteprodukt	100.00	
LLC RN-Arkhangelsknefteprodukt	100.00	
LLC RN-Tuapsenefteprodukt	100.00	
LLC RN-Vostoknefteprodukt	100.00	
OJSC Rosneft Oil Company – Stavropolie	100.00	100.00
LLC RN-Bunker	100.00	
LLC RN-Kemerovonefteprodukt	100.00	
LLC RN-Krasnoyarsknefteprodukt	100.00	
LLC RN-Novosibirsknefteprodukt	100.00	
LLC RN-Chechennefteprodukt	100.00	
LLC RN-Yekaterinburgnefteprodukt	100.00	
LLC RN-Chelyabinsknefteprodukt	100.00	
LLC RN-Aero	100.00	
OJSC Nakhodka Oil Loading and Trade Port	100.00	100.00
OJSC Rosneft Oil Company – Kubanefteprodukt	89.50	96.61
OJSC Rosneft Oil Company – Kabardino-Balkarian Fuel Company	88.66	92.91
OJSC Rosneft Oil Company – Kurgannefteprodukt	83.32	90.33
OJSC Rosneft Oil Company – Karachaevo-Cherkessknefteprodukt	85.99	87.46
OJSC Rosneft Oil Company – Smolensknefteprodukt	66.67	86.97
OJSC Rosneft Oil Company – Altainefteprodukt	64.18	78.59
OJSC Rosneft Oil Company – Yamalnefteprodukt	49.52	66.03
OJSC Rosneft Oil Company – Murmansknefteprodukt	45.38	60.51
OJSC Rosneft Oil Company – ARTAG	38.00	50.67
LLC Yu-Kuban	49.00	
Other		
Sakhalin projects		
CJSC RN-Shelf Far East	100.00	100.00
CJSC Vostokshelf	100.00	100.00
West Kamchatka Holding B.V.	60.00	60.00
LLC RN-Kaiganneftegaz	100.00	
CJSC RN-Astra	100.00	100.00
LLC East-Schmidt Invest	99.00	
LLC West-Schmidt Invest	99.00	
OJSC Rosneft-Sakhalin	55.00	55.00
Foreign projects		
LLC Rosneft International Ltd	100.00	100.00
LLC RN-Kazakhstan	99.996	
LLC Rosneft Shell Caspian Ventures Ltd	51.00	51.00
LLC National Petroleum Consortium	100.00	
Services		
LLC RN-Burenie	100.00	
LLC RN-Service	22.5855	
LLC RN-Energo	100.00	
LLC RN-Pozharnaya Bezopasnost	100.00	
LLC RN-Dubininskoye	100.00	
LLC Yukos-Mamontovo	100.00	100.00
LLC RN-Inform	100.00	
LLC RN-Uchet	100.00	
LLC RN-Stroi	100.00	
LLC RN-Zdorovie	100.00	
OJSC Purnefteotdacha	61.54	61.54
LLC Private security firm RN-Okhrana	80.00	
LLC Komsomolskneftezavodremstroi	100.00	
LLC KNPZ-Service	100.00	

Company	Rosneft's share	
	% of charter capital	% of voting stock
Finance		
OJSC Russian Regional Development Bank	76.47	76.47
LLC Okhabank	33.40	
Research and development		
LLC SakhalinNIPImorneft	100.00	
LLC RN-UfaNIPIneft	100.00	
LLC Rosneft Oil Company – NTC	100.00	
LLC RN-KrasnoyarskNIPIneft	100.00	
Logistics and transport		
LLC RN-Trade	99.9999	
LLC Rosneft-Mongolia	100.00	
CJSC Rosnefteflot	51.00	51.00
OJSC Moscow Gas Company	50.00	50.00
LLC Pipeline consortium Burgas – Alexandroupolis	33.33	
Other		
CJSC Sakhalinmorneftegaz-Shelf	100.00	100.00
CJSC Sakhalinmorneftegaz-AMK	100.00	100.00
CJSC Ordalia 2000	100.00	100.00
LLC FTT Service	100.00	
LLC Private security firm SKB	100.00	
LLC Private security firm Granit	100.00	
LLC Accounting and Reporting	100.00	
OJSC Okha Cogeneration Plant	94.01	94.01
LLC Val Shatskogo	85.86	
LLC Vostok-Energy	51.00	
LLC Pursatcom	49.00	
CJSC Rosshelf	26.42	26.42
CJSC Publishing house Neftyanoe Khozyaistvo	25.00	25.00
CJSC Ros&Neft	25.00	25.00
LLC Neftyanik Kubany Resort	87.85	
LLC Private security firm KNPZ-Strazh	100.00	
CJSC Eastern Oil Loading Terminal	100.00	100.00

2. Company Production Indicators

The Company produced 84.903 mln tonnes of oil in 2008, which is 4.345 mln tonnes (5.4%) more than in the previous year.

In 2008, revenue from sale of products, works and services (excluding VAT and customs duties) increased by 24% (RUB 191,874 mln) compared with 2007.

The Company's income from sale of products, works and services in 2008 was RUB 263,158 mln, representing an increase of 3.1% from RUB 255,272 mln in 2007.

Crude throughput in 2008 was 40.4 mln tonnes, which is 6.0 mln tonnes (17.4%) more than in 2007, and included 39.1 mln tonnes processed at main refineries and 0.4 mln tonnes at mini-refineries.

The Company sold 37.03 mln tonnes of its own petroleum products, including 20.91 mln tonnes of exports. Respective increases compared with 2007 were 5.28 mln tonnes (16.6%) and 4.09 mln tonnes (24.32%). Sales on the domestic market, including sales to the Company's marketing subsidiaries, rose by 9.5% from 14.92 mln tonnes in 2007 to 16.34 mln tonnes in 2008.

Two licenses for prospecting, exploration, and production of hydrocarbons were obtained in 2008, at the South-Teplovksy block in Nefteyugansk Area of Khanty-Mansiysk Autonomous District (Yugra), which is part of Tyumen Region, and at the Umotkinsky block in Irkutsk Region.

Average headcount of Rosneft employees in 2008 was 1,515.

3. Reporting Methodology

Rosneft's accounting statements were prepared in accordance with relevant legislation of the Russian Federation and the Company's accounting regulations.

4. Changes to Opening Balances in 2008 Accounts

To ensure comparability of accounting results after changes in accounting policy, some adjustments were made to opening sums on balance sheet accounts:

- Capital expenditures on exploration and R&D were moved from Line 150, 'Other Non-Current Assets', to Line 130, 'Construction in Progress'

- Taxes and levies payable are reflected as part of accounts receivable and payable, where they are referred to various government budget levels as appropriate:

(RUB thousand)

Assets	As of 31.12.2007	Changes	As of 01.01.2008
130 construction in progress	45,808,663	+8,289,002	54,097,665
150 other non-current assets	9,175,092	-8,289,002	886,090
240 accounts receivable	208,116,386	-6,522,241	201,594,145
Total:		-6,522,241	
Liabilities			
620 accounts payable, incl.	109,353,861	-6,522,241	102,831,620
625 payables to state non-budgetary funds	1,506	-1,506	-
626 taxes and levies payable	40,593,476	-6,520,735	34,072,741
Total:		-6,522,241	

5. Company's Accounting Policy

The Company's accounting policy is based on the principles established by Accounting Regulation 1/98, 'On Accounting Policy of Organizations', approved by Order of the Ministry of Finance of the Russian Federation No. 60n dated December 9, 1998:

- standalone accounting, which means that an enterprise assets and liabilities are recorded separately from assets and liabilities of other enterprises
- continuity of business operations
- consistent application of accounting policy
- accrual-based accounting.

Major Principles of Rosneft's Accounting Policy in 2008

1. Fixed assets consist of assets, which are intended for use in production of outputs, execution of works, provision of services, or for management needs, and which are intended to serve in that capacity for a period of more than 12 months.

In compliance with Accounting Regulation 6/01, 'Accounting of Fixed Assets', approved by Russian Ministry of Finance Order No. 26n, dated March 30, 2001 (as amended on November 27, 2006), fixed assets are shown in financial accounts at historical (replacement) cost, net of accrued depreciation.

An asset is recognized in financial accounts as a fixed asset from the date, when it is ready to be commissioned. In obedience to the 'substance-over-form' principle, assets, which have been built and are actually in use, are also reflected in accounts as capital assets, regardless of whether documents have been submitted for their state registration.

Straight-line depreciation is used, except for vehicles recorded before January 1, 2002, value of which is depreciated per 1,000 m on the clock as a percentage of cost (in compliance with Resolution No. 1072 of the USSR Council of Ministers, dated October 22, 1990).

Fixed assets, consumer properties of which do not change over time (land plots, natural resources, etc.), are not subject to depreciation. Assets of the Company's housing stock (apartment blocks, hostels, apartments, etc.) and outdoor amenities, which were recorded before January 1, 2007, are not subject to depreciation, except in cases where housing stock assets are used to generate income. Standard depreciation is applied to housing stock assets and outdoor amenities recorded starting from January 1, 2007.

Income-bearing investments in tangible assets are reflected in Line 120, 'Fixed Assets'.

Fixed asset inventories are recorded in book-keeping and in accounts as part of fixed assets, and are subject to standard depreciation.

2. Intangible assets are accounted in book-keeping at historical cost, defined in accordance with Accounting Regulation 14/2007, 'Accounting of Intangible Assets', approved by Russian Ministry of Finance Order No. 153n (December 27, 2007). Revaluation of intangible assets is not carried out. Historical cost of intangible assets is amortized in a straight-line manner over their standard useful lives, as defined by law. If standard useful lives are not established by law, they are defined by an expert commission. Composition of the expert commission is decided and approved by the Company CEO.

Licenses for use of subsurface resources in a mineral block and for extraction of minerals are reflected in Company books and financial accounts as intangible assets.

Amortization is not applied to intangible assets, useful lives of which cannot be determined.

3. Exploration assets are accounted as non-current assets on Account 06, 'Exploration Assets'. Cost of exploration assets is amortized.

Exploration assets in geographical areas where oil & gas production has begun are amortized proportionally to production of oil & gas, starting from the month following the month when the relevant asset was included in book-keeping. The period of amortization for exploration licenses is equal to the license period, while for design documents it is equal to the period of validity of a design document, and for other exploration assets the amortization period is three years.

At the stage of commercial production, all spending on field exploration (except for exploration drilling and design documents) is treated as normal business costs and included in cost of oil & gas production.

Payments associated with socio-economic development of regions where the Company operates, stipulated by terms of exploration & production licenses, are reflected as administrative costs.

- Inventories are booked at actual cost less VAT and other recoverable taxes (except for cases stipulated in Russian law).

Cost of inventories when they are disposed is depreciated as follows:

- oil, petroleum products, construction materials, equipment, spare parts, fuel, containers, fixtures and fittings, tools, and other items are depreciated at cost per unit of inventory ('unit' is equivalent to 'consignment')
- semi-products made by the Company are depreciated at average cost for all inventory
- oil & gas produced by the Company is depreciated at average cost for all operators.

In accordance with prudential requirements, the Company uses revaluation provisions when reflecting decline in value of inventory in financial accounts.

Provisions for decline in value of inventory are made at the end of the accounting year, with respect to specific types of inventory and (or) analogous or associated inventory types, current (market) value of which declined during the accounting year for any reason.

- Financial investments are initially valued as equal to the amounts actually spent. Subsequently, all financial investments, which have public measures of market value, are reappraised at market value, and financial investments, which do not have public measures of market value, are not reappraised, but are tested for impairment.

At the time of their disposal, any assets, which were booked as financial investments, and which have public measures of market value, are appraised by the Company using the latest valuation.

Financial investments, which do not have public measures of market value, are appraised at the time of their disposal as follows:

- contributions to charter (share) capital of other organizations (except shares of joint stock companies), loans extended to other organizations, deposits with credit organizations, accounts receivable that are received through assignment of claims, and other financial investments are appraised at their initial value per unit disposed of
- shares of joint stock companies, which do not have public measures of market value, are appraised at their average-weighted initial value.

Change in value of subsidiaries shares, which have public measures of market value, is reflected in book-keeping and financial accounts at current market value, and any surplus is referred to surplus capital, unless sale or other disposal of the shares is foreseen in a period exceeding 12 months from the accounting date.

Non-income-bearing investments made within Rosneft Group of Companies for purposes of production development and to generate indirect economic gain for the Company through strengthening of the overall financial position of the Group are treated in book-keeping as financial investments.

- Accounts receivable and payable are reflected in book-keeping and financial accounts in accordance with terms of relevant agreements. Long-term receivables and payables are not transferred to short-term.

Doubtful debt provisions are created against settlement with other companies and individuals for production, goods, works and services, advances extended and other accounts receivable, and such provisions are included in financial results as part of other costs.

- Loans and borrowings are reflected in book-keeping and financial accounts in accordance with terms of relevant agreements. Transfer of long-term debt to short-term is not carried out.

Interest payable on loans and borrowings is accrued monthly.

- Revenue from sale of products, works and services is reflected in accounts at the time of product delivery, works execution or service performance and at the time when customers are invoiced.

- The Company uses direct costing, so that administrative costs are fully written down to sales accounting. i.e., they are fully recognized in the accounting period, and are not divided between production in progress and inventory.

Sales costs are divided between products (goods) sold, products shipped but not sold, and warehouse inventory.

- Use of profit is reflected in book-keeping and financial accounts in the year following the accounting year, in compliance with a decision of the Shareholders Meeting. Use of this profit for capital investments does not reduce the total amount in the Line, 'Retained Earnings'.

- Constant and temporary differences between book-keeping profit and taxable profit for the accounting period are reflected in book-keeping accounts. Temporary and constant differences, calculated through comparison of book-keeping and tax accounts by revenue and expense items, lead to formation of 'Constant Tax Liabilities and Assets' and 'Deferred Tax Liabilities and Assets'.

Information Concerning Changes to Accounting Policy, Introduced on January 1, 2009

- Provisions are to be made against impairment of intra-group financial investments, and against doubtful debt. No provisions for impairment of intra-group financial investments and doubtful receivables were made in 2008.
- Debt is to be transferred from long-term to short-term when settlement is due in less than 365 days. Such transfer of debt was not envisaged in the accounting policy for 2008.
- Inventory of real estate is to be carried out at least once every two years. Annual inventory of real estate was included in the accounting policy for 2008.
- Provisions are to be made against impairment of intangible assets. No provisions against impairment of intangible assets were made in 2008.

6. Fixed Assets and Construction in Progress

- Fixed assets include buildings, structures, machinery, equipment, measurement and control devices, computer equipment, transport vehicles, tools, fixtures and fittings, etc. The fixed assets owned by the Company also include land plots and natural resources

management facilities. In determining of the structure and groups of fixed assets, the Company applies the Russian Fixed Assets Classification approved by Decree of State Committee of the Russian Federation for Standardization, Methodology and Certification No. 359 dated December 26, 1994.

For purposes of statutory accounting, Rosneft uses the straight-line depreciation method:

- fixed assets put in operation prior to January 1, 2002 are depreciated at rates established by Decree of the Council of Ministers of the USSR No. 1072 dated October 22, 1990
- fixed assets put in operation after January 1, 2002 are depreciated at rates determined on the basis of standard useful lives established by Decree of the Government of the Russian Federation No. 1 dated January 1, 2002.

Standard useful lives for key fixed asset groups:

- Buildings	30–100 years
- Structures	10–15 years
- Machinery and equipment	5–7 years

Fixed assets are reflected on the balance sheet at residual value.

No further revaluation of fixed assets is carried out following completion of their compulsory revaluations, which are carried out on the basis of resolutions of the Government of the Russian Federation.

No revaluation of fixed assets was carried out in the accounting year.

Information on fixed assets during the accounting year:

(RUB thousand)

Asset group	Historical (replacement) cost as of 01.01.08	Depreciation as of 01.01.08	Historical (replacement) cost as of 31.12.08	Depreciation as of 31.12.08
Buildings and structures	240,648,671	68,103,266	296,251,559	85,122,882
including assets pending title registration	72,671,108	14,025,199	74,850,663	15,490,764
including assets pending acceptance of registration documents by state authorities	60,005,150	12,338,043	70,451,564	14,248,005
Machinery, equipment, and vehicles	36,962,135	13,567,918	44,779,854	14,199,686
Other fixed assets	1,294,577	430,078	1,252,249	484,403
Total:	278,905,383	82,101,262	342,283,662	99,806,971
Including income-bearing investments in fixed assets	241,612,215	74,135,251	300,708,955	91,310,778

Historical cost of fixed assets as of December 31, 2008 was RUB 342,284 mln, having increased since 2007 due to commissioning of new assets. Assets worth RUB 68,176 mln were commissioned.

Information on construction in progress during the accounting year:

Capital construction worth RUB 82,709 mln was carried out in 2008 (not including VAT). Spending on acquisition of capital equipment, with or without assembly, totaled RUB 645 mln (not including VAT).

(RUB thousand)

	As of 01.01.08	As of 31.12.08
Construction in progress	45,418,633	63,532,187
including advances for capital construction	4,986,044	8,740,193
Investments in non-current assets (acquisition of fixed assets, intangibles, exploration assets, R&D assets, etc.)	8,679,032	8,952,276
Total:	54,097,665	72,484,463

7. Intangible Assets

Intangible assets include: trademarks, mineral licenses, patents, etc.

Intangible assets are reflected on the balance sheet at residual value. Intangible assets are reflected in book-keeping at their acquisition cost with addition of costs required to make them fit for use.

(RUB thousand)

Asset group	Book value as of 01.01.08	Amortization as of 01.01.08	Book value as of 31.12.08	Amortization as of 31.12.08
Trademarks	1,867	19	931	195
Patents	146	91	5,367	4

Asset group	Book value as of 01.01.08	Amortization as of 01.01.08	Book value as of 31.12.08	Amortization as of 31.12.08
Mineral licenses	3 762,522	444,455	3,763,004	592,164
Other	703	703	858	86
Total:	3 765,238	445,268	3,770,160	592,449
including Rosneft-developed intangible assets	849	794	5,367	4

8. Exploration Assets

Exploration assets consist of geological information obtained by study of subsurface structures, and design documents.

Exploration assets include:

- rights for subsurface resources (by virtue of licenses for exploration of subsurface resources or licenses for exploration and extraction of subsurface resources)
- results of geological exploration work
- design documents.

Exploration assets are tested annually, at the end of the accounting year, for impairment (reduction in asset value). As of December 31, 2008, no evidence was found, which suggested possible non-receipt of revenues in the future (which would justify recognition impairment losses).

Exploration assets are reflected on the balance sheet at residual value under 'Exploration Assets'.

Information on exploration assets during the accounting year is presented in the following table:

(RUB thousand)

Asset group	Book value as of 01.01.08	Amortization as of 01.01.08	Book value as of 31.12.08	Amortization as of 31.12.08
Subsoil rights (exploration / exploration and production licenses)	26,053,851		27,251,671	952,395
Exploration data	1,137,324	133,131	3,108,638	338,730
Design documentation	299,217	115,360	543,929	135,019
Total:	27,490,392	248,491	30,904,238	1,426,144

9. Other Non-Current Assets

Other non-current assets consist of assets, which are expected to provide economic gains no sooner than 12 months into the future.

Costs are written down each month in a straight-line manner at 1/12 of the annual sum, conditional on their factual use in the process of production by (management of) the Company.

Information on other non-current assets in the accounting year is shown in the table:

(RUB thousand)

Item	As of 01.01.08	As of 31.12.08
Prepaid expenses extending over 12 months	886,090	944,343
incl. software	883,249	942,923
software licenses	15	6

10. Inventories

Inventories as of December 31, 2008 totaled RUB 22,313.24 mln, consisting of:

(RUB thousand)

Item	As of 01.01.08	As of 31.12.08
Materials and supplies	3,807,621	2,549,732
Expenses related to in-progress inventory	2,811,184	2,609,005
Finished goods and goods for resale	13,077,581	10,813,019
Shipped goods	2,997,472	3,630,224
Prepaid expenses	2,277,562	2,711,261
Total:	24,971,420	22,313,241

In 2008, provisions of RUB 86.2 mln were created for decline in value of materials, and provisions of RUB 12.2 mln were created for decline in value of goods.

Materials, fuel, components, and other materials are reflected in accounts at actual cost of their acquisition.

Production in progress and finished products were reflected at actual cost; goods were reflected at their purchase price.

In compliance with accounting policy, prepaid expenses include expenses, incurred by the Company in the accounting period, but referring to future accounting periods, such as: spending associated with acquisition of licenses for various types of activity, with installation and configuration of software, and with insurance of employees and Company property.

11. Financial Investments

Long-term financial investments as of December 31, 2008 totaled RUB 554,016.4 mln, consisting of:

(RUB thousand)

Item	As of 01.01.08	As of 31.12.08
Equity stakes	97,797,671	99,800,449
incl. stakes in subsidiaries	88,362,644	89,881,370
stakes in dependent companies	9,116,450	9,497,326
stakes in other entities	318,577	421,753
Long-term loans granted	398,111,159	453,592,424
incl. interest-free loans to Rosneft Group subsidiaries	394,233,494	445,722,022
Promissory notes and bonds received	120,111	135,680
incl. interest-free promissory notes	119,098	135,680
Other long-term financial investments	487,891	487,891
Total:	496,516,832	554,016,444

Long-term financial investments include impairment provisions, which were RUB 522.8 mln at the start of 2008 and RUB 909.1 mln at the end of the year.

Increase in financial investments was mainly due to acquisition of the stake of OJSC Rosneft Oil Company in voting shares of subsidiaries and other companies for RUB 2,003 mln, and to a RUB 69,622 mln increase in financing of projects of CJSC Vankorneft.

Subsidiaries paid off a part of their outstanding loans, including RUB 10,624 mln owed by CJSC Sakhalinmorneftegaz-Sheff.

The following assets were acquired, created or retired during 2008:

a) acquired:

(RUB thousand)

Asset	Historical cost	Stake, %
LLC Val Shatskogo	264,992	85,86
LLC RN-Mongolia	76,134	100
LLC Private security firm RN-Okhrana	23,616	80

b) created:

(RUB thousand)

Asset	Historical cost	Stake, %
LLC RN-Krasnoyarsknefteprodukt	10	100
LLC RN-Pozharnaya Bezopasnost	10	100
LLC RN-Bunker	10	100
LLC RN-Novosibirsknefteprodukt	10	100
LLC RN-Aero	10	100
LLC RN-Kemerovonefteprodukt	10	100
LLC RN-Chechennefteprodukt	10	100
LLC RN-Uchet	10	100
LLC RN-Stroi	10	100
LLC RN-Zdorovie	10	100
LLC RN-Yekaterinburgnefteprodukt	10	100
LLC KrasnoyarskNIPIneft	10	100
LLC RN-Chelyabinsknefteprodukt	10	100
LLC National Petroleum Consortium	10	100
LLC RN-Primorsk Refinery	10	100
OJSC Management company MTU	37,500	15
CJSC SPbMTSB	75,000	10
LLC Sakhalinenergoneft	0,1	1

c) retired:

(RUB thousand)

Asset	Historical cost	Stake, %
CJSC East-Schmidt Neftegaz	990	99
CJSC West-Schmidt Neftegaz	990	99
CJSC Kapiteli	5,232	16,59
CJSC Komsomolskneft	36	100
LLC Lastochka	7	81
OJSC Daltransgaz	1,571,302	25

Asset	Historical cost	Stake, %
LLC Bazovy Kompleks	0,1	1
LLC YuNG-Neftekhimservis	0,1	1
LLC Krasnodarneftegaz-Remont	860	0,28
LLC KNG-Spetsialny Tekhnologicheskyy Servis	347	0,63
LLC KNG-Kubanskoe Upravlenie Tekhnologicheskogo Transporta	2,885	0,82

Stakes and investments in the following companies were increased:

- OJSC Verkhnechonskneftegaz – effective investments were increased by RUB 285.324 mln, but the stake in the company was unchanged due to proportional distribution of additional shares among shareholders.
- OJSC Okhinskaya TPP – effective investments were increased by RUB 367.072 mln, and the stake was increased by 2.81% to 94.01%.
- LLC RN Service – effective investments were increased by RUB 1,621.295 mln, and the stake was increased by 22.58492% to 22.5855%.
- LLC Vostok Energy – effective investments were increased by RUB 51 mln, the stake was unchanged.
- LLC Burgas-Alexandroupolis – effective investments were increased by RUB 45.550 mln, the stake was unchanged.
- LLC Neftyanik Kubani Sanitarium – effective investments were increased by RUB 684.715 mln, the stake was increased by 16.35% to 87.85%.
- OJSC Nefteport – effective investments were increased by RUB 7.044 mln, the stake was increased by 2.49% to 100%.
- LLC RN-UfaNIPIneft – effective investments were increased by RUB 77 mln, the stake was unchanged.
- LLC RN-Energo – effective investments were increased by RUB 5 mln, the stake was unchanged.

Increase in short-term financial investments during 2008 from RUB 34,758 mln to RUB 249,865 mln was due to increase in debt of LLC RN-Razvitie by RUB 200,494 mln and of LLC Rosneft International Limited by RUB 6,287 mln for project financing purposes and replenishment of working capital, and to acquisition in November 2008 of a promissory note of VTB Bank for RUB 15,382 mln.

Short-term investments include impairment provisions of RUB 111 mln at the start of 2008 and RUB 142.7 mln as of December 31, 2008.

(RUB thousand)

Item	As of 01.01.08	As of 31.12.08
Short-term loans granted	19,808,239	225,751,443
incl. interest-free loans to Rosneft Group subsidiaries	19,602,239	150,320,950
Promissory notes and bonds received	2,058,197	17,463,702
incl. interest-free promissory notes	103,665	15,382,201
Other short-term financial investments	12,892,009	6,649,971
Total:	34,758,445	249,865,116

12. Accounts Receivable and Payable

The Company's accounts receivable totaled RUB 202,092 mln as of January 1, 2008. Accounts receivable were reduced by RUB 53,104 mln in the course of the year to RUB 148,988 mln as of December 31, 2008.

Decline in amounts owed by oil and petroleum product customers by RUB 38,402 mln was due to sale price fluctuations on domestic and export markets.

The Company makes doubtful debt provisions in compliance with its accounting policy. Following inventory of accounts receivable, in consideration of the financial situation (solvency) of debtors and probability of payment, a provision of RUB 111 mln was created.

Accounts receivable are shown on the Company balance sheet exclusive of the doubtful debt provision.

(RUB thousand)	As of 01.01.08	As of 31.12.08
Total accounts receivable maturing within 12 months after the accounting date, incl.	201,855,958	148,208,393
Trade receivables	83,994,113	45,588,941
Advances given	13,421,686	31,199,565
Other receivables, incl.:	104,440,159	71,419,887
Receivables due from the budget and state non-budgetary funds	48,990,182	40,622,409
Acquisition from Yukos of stakes in legal entities not duly registered by reason of encumbrances in 2007	9,046,864	8,970,730
Settlements with customs authorities attributable to temporary customs entries	18,297,936	6,010,915
Interest receivable	2,380	2,495,279
VAT on advances received	1,111,608	771,853
Disputed shortages and losses	349,638	71,171
Doubtful debt provision, incl.:	261,813	111,091

(RUB thousand)	As of 01.01.08	As of 31.12.08
Trade receivables	3,751	1,412
Advances given	402	13,548
Other receivables	257,660	96,131
Total receivables less provisions:	201,594,145	148,097,302
Trade receivables	83,990,362	45,587,529
Advances given	13,421,284	31,186,017
Other receivables	104,182,499	71,323,756

The Company's accounts payable at the start of 2008 were RUB 102,832 mln. They declined by RUB 28,454 mln in the course of the year to RUB 74,378 mln as of December 31, 2008.

(RUB thousand)	As of 01.01.08	As of 31.12.08
Accounts payable	102,831,620	74,377,601
Trade payables	31,241,084	43,552,497
Payables to personnel	7,617	5,574
Payables to the budget and state non-budgetary funds	34,072,741	9,358,122
Advances received	7,341,321	7,650,296
Other payables	30,168,857	13,811,112

13. Short- and Long-Term Loans and Borrowings, Other Liabilities and Loan Securities

Outstanding loans of the Company at the end of 2008 totaled RUB 499,388 mln (having increased from RUB 353,572 mln at the start of the year), outstanding borrowings totaled RUB 123,166 mln (RUB 113,559 mln at the start of the year), and other liabilities were RUB 99,356 mln (RUB 45,654 mln at the start of the year).

Accounts as of December 31, 2008 showed loans inclusive of accrued interest. Total interest accrued on loans was RUB 15,138 mln, or RUB 8,310 mln less than at the end of 2007.

Loans obtained in 2008 were used for financing of Company business:

- refinancing of existing debt
- replenishment of working capital.

(RUB thousand)	As of 01.01.08	Received	Repaid	As of 31.12.08
Long-term loans	248,367,252	291,208,757	98,374,983	441,201,026
Long-term borrowings	37,600,132	1,014,526	16,597,497	22,017,161
Other long-term liabilities, incl.:	42,428,984	10,361,853		52,790,837
taxes and levies outstanding (restructured)	42,324,982	10,361,853		52,686,835
treasury long-term promissory notes	104,002			104,002
Short-term loans	105,205,063	215,813,727	262,831,441	58,187,349
incl. overdrafts		154,967,506	154,967,506	
Short-term borrowings	75,959,252	119,608,207	94,418,430	101,149,029
Treasury short-term promissory notes	3,225,162	92,634,383	49,294,710	46,564,835

Cost of debt of OJSC Rosneft Oil Company (not including guarantees and project financing), measured by average-weighted interest rate, declined significantly from 5.38% at the start of the year to 3.82% as of December 31, 2008. The one-month LIBOR declined from 4.6% to 0.44% in the course of the year, and average-weighted margin increased from 0.78% to 3.38%, mainly due to unfavorable global macroeconomic environment in the second half of 2008 and the Company's need to make fixed-rate ruble borrowings, which were more expensive in nominal terms.

These loans are mainly secured by export oil deliveries. Total value of collateral securing these loans was RUB 72,901 mln as of December 31, 2008. The collateral structure is presented in the following table:

Collateral	Share in total collateral, %
Oil and petroleum product revenues	17.5
Guarantees	82.5

14. Assets and Liabilities Expressed in Foreign Currency

Changes in foreign currency exchange rates, particularly of the US dollar, have significant impact on the Company's financial results.

RUB/USD exchange rate dynamics over the last five years are summarized in the following table:

As of December 31	RUB/USD exchange rate
2008	29.3804
2007	24.55
2006	26.33
2005	28.78
2004	27.75

Exchange rate differences, which arose in the course of the year in operations with assets and liabilities expressed in foreign currency, and also in their recalculation at the accounting date, were referred to the other income and expenses account:

(RUB thousand)	2008	2007
FOREX gains	46,436,463	39,204,284
FOREX losses	106,251,129	18,926,397

15. Taxes

The Company's tax liabilities are accounted for on an accrual basis.

Rates of main taxes paid by the Company in 2008 were:

- income tax – 24%
- VAT – 18%.

Income tax for 2008 was RUB 47,124 mln, compared with RUB 79,605 mln for 2007. Income tax accrued in the accounting year for previous accounting periods was RUB 2,862 mln.

Taxes receivable from the Russian budget as of January 1, 2009 amounted to RUB 40,559 mln, consisting of:

- RUB 28,077 mln income tax
- RUB 11,644 mln VAT (including VAT on export operations)
- RUB 838 mln other taxes.

Tax assets declined by RUB 8,403 mln compared with their level as of January 1, 2008.

Losses in the fourth quarter of 2008 caused reduction in the income tax base of Rosneft by comparison with the first nine months of the year, leading to creation of liabilities to the Company on the part of federal and lower-level state budgets.

VAT refunds owed to the Company consist of RUB 7,705 mln charged on exports, which the Company applied to be refunded for the fourth quarter, and VAT charged on services provided by transporters of exports within the Russian Federation (such deliveries are not subject to the export customs regime), which tax authorities have refused to refund. The Company is now contesting these refusals in courts.

As of December 31, 2008, accounting records showed that the Company had tax liabilities of RUB 9,358 mln. Tax liabilities declined by RUB 24,715 mln compared with the end of the previous year due to:

- lowering in December 2008 of current mineral extraction tax payable by RUB 12,707 mln due to decline in world oil prices. The mineral extraction tax rate in December was RUB 1,332.5 per tonne, compared with RUB 3,113.3 per tonne in December 2007
- lowering of income tax liabilities in the fourth quarter of 2008 due to sharp decline in world oil prices and the dollar appreciation against the ruble.

According to provisions of Chapter 14 of the Russian Tax Code, entitled 'Tax Control', inspections of tax payers and payers of mandatory contributions as well as inspections of tax agents (carried out either at premises of the tax authorities or of the tax payer) may cover three calendar years preceding the year, in which the inspection is carried out. Company management believes that calculation of tax liabilities is performed in compliance with effective tax legislation.

16. Capital

Charter Capital

Company charter capital as of December 31, 2008 consisted of RUB 106 mln divided into 10,598,177,817 ordinary shares with a par value of RUB 0.01 each.

Reserve and Surplus Capital

Company capital includes sums of surplus and reserve capital. In compliance with documents of incorporation, reserve capital represents 5% of charter capital. This was fully paid up as of December 31, 2008 to a total of RUB 5.29 mln.

The Company's surplus capital as of December 31, 2008 was RUB 113,276 mln, unchanged from a year earlier.

Net Assets

The Company's net assets as of December 31, 2008 were RUB 560,511 mln, representing an increase of RUB 124,356 mln, or 29%, from RUB 436,155 mln at the start of the year. Net assets exceeded charter capital by RUB 560,405 mln as of December 31, 2008.

17. Income and Expenses, Retained Earnings

Retained earnings of previous years totaled RUB 305,806 mln as of December 31, 2008, compared with RUB 322,763 mln as of January 1, 2008. Change in retained earnings of previous years was due to accrual of RUB 16,957 mln in dividend.

Retained earnings for the accounting year were RUB 141,313 mln. The following incomes and expenses had impact on the level of retained earnings in the accounting year:

(RUB thousand)	2008	2007
Proceeds/losses from sale of goods, works, and services	263,157,508	255,271,752
Other income/expenses	-72,793,743	-12,931,391
Including:		
Interest income	5,246,401	954,562

(RUB thousand)	2008	2007
Interest expense	16,972,002	26,244,523
Income from financial investments	2,909,031	1,000,938
Tax expenses	4,259,511	2,724,874
incl.:		
property tax	4,213,106	2,692,391
Proceeds from sale and disposal of other assets	41,200,530	39,690,002
Including:		
Sale of commodities and products	290,120	30,257
Sale of fixed assets	1,244,030	846,049
Sale of equity stakes	2,621,908	885,698
Sale of long-term promissory notes	23,950	1,501,358
Sale of short-term promissory notes	36,299,971	26,529,690
Expenses from sale and disposal of other assets	40,372,853	39,617,819
Including:		
Sale of commodities and products	169,383	29,633
Net book value of fixed assets sold	1,087,571	662,525
Sale of equity stakes	1,607,878	762,695
Sale of long-term promissory notes	23,950	1,498,561
Sale of short-term promissory notes	36,060,929	26,182,527
Other income (other)	60,000,352	57,250,982
Including:		
Fines and penalties	795,809	56,608
Retained earnings from prior years recognized in the reporting period	1,322,420	1,008,239
Write-off of accounts payable with expired limitation period	3,142,495	1,052,896
Excise recoverable	3,683,120	1,094,284
Gains from foreign currency operations	4,423,017	4,385,768
Foreign exchange gains	46,436,463	39,204,284
Other expenses (other)	120,545,691	43,240,659
Including:		
Losses from foreign currency operations	1,983,450	906,466
Banking services	2,965,483	1,785,568
Losses of prior years recognized in the reporting period	1,419,657	2,411,693
Fines and penalties	692,771	11,367,794
Foreign exchange losses	106,251,129	18,926,397

18. Deferred Tax Assets and Liabilities, Permanent Tax Assets and Liabilities

The Company prepares data to reflect its income tax position on a monthly basis.

In case of retirement of assets, any deferred tax assets (liabilities) are written down using account entries, analogous to those used in settlement of deferred tax assets (liabilities), i.e. in the account, which records payment of taxes and duties.

Contingent income tax expenses in the accounting period were RUB 45,687 mln, compared with RUB 58,162 mln in 2007.

Information concerning permanent tax assets and liabilities and deferred tax assets and liabilities is presented in the table below.

(RUB thousand)	As of 01.01.08	Accrued	Settled	As of 31.12.08
Deferred tax assets	1,376,647	2,039,245	2,192,882	1,223,010
Deferred tax liabilities	5,883,221	1,916,966	2,631,034	5,169,153
Permanent tax assets	X	1,511,081	X	X
Permanent tax liabilities	X	5,302,997	X	X

19. Profit per Share, Payment of Dividends

Number and Par Value of Shares

Equity of OJSC Rosneft Oil Company is equivalent to Company capital as per documents of incorporation. Owners of ordinary shares have the right to one vote at the meeting of shareholders per one share, which they have acquired.

The Company has placed 10,598,177,817 ordinary shares with a par value of RUB 0.01 each, representing a total par value of RUB 105,981,778.17.

Amount of Dividends

Net income of the Company in 2008 was RUB 141,313 mln. Net income per share in 2008 was RUB 13.33.

In April 2009, the Board of Directors of the Company will make preliminary recommendations to the General Shareholders Meeting concerning amount of dividend on Company shares for 2008.

20. Events, which Occurred after the Accounting Date

On January 28, 2009, OJSC Rosneft Oil Company signed a USD 1.35 bln 15-month loan from a syndicate of international banks consisting of BNP Paribas, Barclays, Calyon, Deutsche Bank, Societe Generale and Banco Santander. The loan was provided for refinancing of existing debt.

21. Business Contingencies

1. On September 19, 2006, in response to four claims, the International Commercial Arbitration Court of the Russian Chamber of Commerce ordered OJSC Yuganskneftegaz (the legal predecessor of OJSC Rosneft Oil Company) to pay sums owing to Yukos Capital S.a.r.l. in accordance with four loan agreements, as follows: RUB 11,233,000.0 th. (loan principal); RUB 1,702,858.5 th. (accrued interest); and USD 857,507.26 (arbitrage duties and legal costs). OJSC Rosneft Oil Company made an application to another arbitration court for these decisions by the International Commercial Arbitration Court of the Russian Chamber of Commerce to be overturned. Rulings of the Moscow Arbitration Court on May 23, 2007, which were allowed to remain in force by resolutions of the Federal Arbitration Court (Moscow Circuit) on August 13, 2007, overturned the decisions of the International Commercial Arbitration Court of the Russian Chamber of Commerce from September 19, 2006. On December 10, 2007, the Supreme Arbitration Court of the Russian Federation refused a request by Yukos Capital S.a.r.l. to refer the case to the Presidium of the Supreme Arbitration Court of the Russian Federation, for review of the above-mentioned rulings (by virtue of the oversight function of the Presidium).

The date for return of the loans in compliance with terms of the loan agreement is December 31, 2007.

A shareholder of OJSC Rosneft Oil Company has applied to the City of Moscow Arbitration Court with a suit against OJSC Rosneft Oil Company and Yukos Capital S.a.r.l., in which he calls for the agreed loan terms to be declared void. A verdict in this case is expected during the next accounting period.

Yukos Capital S.a.r.l. applied to a court in the Netherlands calling for the above-mentioned decisions of the International Commercial Arbitration Court of the Russian Chamber of Commerce to be recognized and implemented, but the court refused to uphold the application. On January 13, 2009, the Amsterdam Appeal Court heard an appeal by Yukos Capital S.a.r.l. against this refusal to implement decisions of the International Commercial Arbitration Court of the Russian Chamber of Commerce in the Netherlands. A verdict by the Appeal Court is expected during the next accounting period.

2. In May 2007, a court in Amsterdam upheld an application by the company Glendale Group Limited for preventative arrest of money and property, which Yukos Finance B.V. owns and which it will have to transfer to OJSC Rosneft Oil Company in connection with current or future legal relations between them. The application was made in order to secure claims of Glendale Group Limited against OJSC Rosneft Oil Company based on promissory notes issued by OJSC Yuganskneftegaz in 2003 to the value of about EUR 130 mln, which are currently held by Glendale Group Limited. In October 2008, OJSC Rosneft Oil Company submitted a petition of lack of jurisdiction to a Netherlands court. A verdict on this case is expected after the accounting date.

3. During the accounting period arbitration courts of various levels heard applications by OJSC Rosneft Oil Company contesting decisions made by tax authorities to deny VAT refunds in the amount of RUB 4,731.5 mln. Company claims of RUB 983.9 mln were upheld by arbitration courts, but challenged by the tax authorities in higher courts (more verdicts may be appealed against in the following accounting period). Claims of OJSC Rosneft Oil Company of RUB 822.6 mln were not upheld by an arbitration court, but the Company appealed against the negative verdicts. Claims of RUB 2,925 mln were not heard in substance during the accounting period.

4. Decisions by tax authorities, taken following tax inspections (carried out at the authorities' own offices and at Company offices), and with total financial impact of RUB 1,701.6 mln, were also contested in court. Suits by OJSC Rosneft Oil Company were upheld in respect of RUB 406 mln, but the positive verdicts have been challenged by tax authorities and the appeal process will be completed in the next period. Claims worth RUB 1,205.6 mln are being heard in a first-level arbitration court and verdicts will be delivered in the next accounting period.

5. In December 2008, the company LLC Energotrade brought two suits in the Moscow City Arbitration Court seeking settlement by Rosneft of two promissory notes issued in 2003 by OJSC Yuganskneftegaz, together with interest and penalties, to a total of RUB 2,184 mln. The cases had not been heard in substance at the date when the present accounts were compiled.

Two suits had previously been brought in the City of Moscow Arbitration Court on behalf of the Republic of Mordovia, represented by the Property Fund of the Republic of Mordovia, for recovery from the Company of RUB 1,464 mln relating to the same two promissory notes. In July and August 2008, the first-level arbitration court upheld the suits and ordered Rosneft to pay RUB 1,464 mln. However, these verdicts were overturned in October and November by rulings of an appeal court and payment of the claims in favor of the Republic of Mordovia was denied.

6. In November 2008, the Moscow City Arbitration Court refused to uphold a suit by LLC Yu-Mordovia for recovery from Rosneft of a RUB 728 mln debt relating to another promissory note issued by OJSC Yuganskneftegaz (the sum includes interest and penalties). The verdict had not been contested as of the date when these accounts were compiled, but the period for submission of an appeal has not yet expired.

7. In September 2008, the Irkutsk Regional Branch of the Federal Antimonopoly Service issued a resolution on imposition of a RUB 229 mln administrative fine in respect of Rosneft. The fine has been contested in court. Rosneft's application was not upheld in a first-level court, but the Company has appealed against that verdict and the appeal hearings have not yet been completed. The resolution by the Antimonopoly Service Branch in Irkutsk on imposition of the fine against Rosneft had not come into legal force at the date when these accounts were compiled.

In December 2008, the Federal Antimonopoly Service issued a resolution on imposition of a RUB 1,508.7 mln administrative fine in respect of Rosneft for violation of antimonopoly legislation. The fine has been legally contested by Rosneft. The resolution on imposition of the fine had not come into legal force at the date when these accounts were compiled.

22. Operations with Related Parties

In its ordinary business, OJSC Rosneft Oil Company carries out operations with companies, which are defined as related parties under Russian law.

Rosneft also treats as related parties any companies, which are not affiliates under Russian law, but which are defined as such by IFRS No. 24, 'Related Party Disclosures' (companies controlled by the state as well as shareholders, who have the right to dispose of more than 10% and less than 20% of voting shares).

Sums relating to operations and settlements with related parties are disclosed separately for the following groups of related parties, which have different relationships with Rosneft:

- subsidiaries (companies controlled by Rosneft as subsidiaries)
- dependent companies (companies controlled by Rosneft as dependent)
- main owners (shareholders disposing of more than 10% of voting shares)
- organizations controlled by the state
- participants in joint activities with Rosneft
- other related parties.

Subsidiaries

Information disclosure in this group relates to operations with subsidiaries, in which Rosneft owns more than 50% of ordinary voting shares either directly or through other organizations, or which Rosneft controls in another fashion.

(RUB thousand)	2007	2008
Sales and other income		
Oil and gas sales	81,109,612	74,886,536
Petroleum and petrochemical product sales	118,197,580	207,173,642
Property lease-out	19,126,362	25,102,500
Other	40,260,379	44,420,261
	258,693,933	351,582,939
Costs and expenses		
Purchase of oil and gas	58,106,586	25,673,986
Purchase of petroleum and petrochemical products	5,148,207	2,114,432
Logistics and transport services	16,753,424	30,430,827
Oil and gas production services	98,236,345	113,030,960
Processing fees	22,561,003	33,911,269
Other	3,532,264	12,089,541
	204,337,829	217,251,015
Other		
Fixed asset acquisitions	33,105	5,272
Loans and borrowings given	440,766,266	367,969,920
Repayment of loans and borrowings given	109,228,291	108,884,718
Short-term loans and borrowings received	112,312,128	104,119,961
Short-term loans and borrowings repaid	39,711,919	85,615,821
Long-term loans and borrowings received	101,367	-
Long-term loans and borrowings repaid	2,481,434	2,594,623
Deposits placed	-	1,500,000
Deposits redeemed	-	1,500,000
Interest receivable	84,780	2,668,015
Dividend income	733,923	2,896,650
Guarantees and collateral received	364,372,970	20,000

(RUB thousand)	As of 01.01.08	As of 31.12.08
Assets		
Cash and cash equivalents	2,905,586	5,313,560
Accounts receivable, incl.:	34,897,670	28,031,297
- long-term receivables	110,550	128,794
- short-term advances given	5,366,974	8,192,473
- doubtful debt provision as of period end	6,214	-
Short- and long-term financial investments,	505,289,179	766,027,743
incl. long-term financial investments	485,283,823	540,390,395
	543,092,435	799,372,600
Liabilities		
Short-term accounts payable	49,316,412	49,889,688
Short- and long-term loans and borrowings (incl. interest)	96,699,369	107,401,010
incl. long-term loans and borrowings	20,863,029	6,294,911
	146,015,781	157,290,698

Dependent Companies

Information disclosure in this group relates to operations with dependent companies, in which Rosneft owns more than 20% but less than 50% of ordinary voting shares either directly or through other organizations, and over which Rosneft exercises substantial influence.

(RUB thousand)	2007	2008
Sales and other income		
Oil and gas sales	845,619	1,028,642
Petroleum and petrochemical product sales	2,727,628	4,657,647
Property lease-out	1,226	107,553
Other	3,407	1,165,983
	3,577,880	6,959,825
Costs and expenses		
Purchase of oil and gas	-	11,279,633
Logistics and transport services	-	849,091
Property lease	115,666	87,013
Other	13,913	99,860
	129,579	12,315,597
Other		
Fixed asset acquisitions	-	11
Loans and borrowings given	1,488,645	2,030,954
Repayment of loans and borrowings given	610,438	-
Short-term loans and borrowings received	33,336	3,424,354
Long-term loans and borrowings repaid	-	8,768,779
Interest receivable	143,986	261,153
Dividend income	223,484	12,381
Guarantees and collateral received	146,000	-

(RUB thousand)	As of 01.01.08	As of 31.12.08
Assets		
Accounts receivable, incl.:	819,585	914,826
- long-term receivables	187,502	476,053
- short-term advances given	307,753	18,542
- doubtful debt provision as of period end	66,342	-
Short- and long-term financial investments,	11,195,720	12,263,770
incl. long-term financial investments	11,022,163	11,878,927
	12,015,305	13,178,596
Liabilities		
Short-term accounts payable	49,663	157,563
Short- and long-term loans and borrowings (incl. interest)	61,174	31,167
incl. long-term loans and borrowings	27,837	31,167
	110,837	188,730

Main Owners

Dividends paid to the main owner in 2007 for 2006 were RUB 10,594.5 mln, and dividends paid to the main owner in 2008 for 2007 were RUB 12,745 mln.

Companies Controlled by the State

These companies include former sub-divisions of RAO UES, as well as OJSC Gazprom, OJSC RZhD (Russian Railways), OJSC Sberbank, Vneshekonombank, OJSC VTB Bank, OJSC Gazprombank, OJSC Transneft, as well as federal government bodies, including tax authorities.

(RUB thousand)	2007	2008
Sales and other income		
Oil and gas sales	2,434,678	37,750,506
Petroleum and petrochemical product sales	5,396,580	13,667,249
Gains on financial investment disposal	1,042,189	32,046,671
Other	48,165	1,309,137
	8,921,612	84,773,563
Costs and expenses		
Purchase of oil and gas	925,436	33,007,348
Purchase of petroleum and petrochemical products	18,157	-
Logistics and transport services	69,082,989	80,154,297
Export duties	358,479,282	585,755,295
Property lease	470,966	287,873
Expenses from financial investment disposal	-	31,013,918
Other	1,735,574	1,828,513
	430,712,404	732,047,244

(RUB thousand)	2007	2008
Other		
Fixed asset acquisitions	176,023	-
Loans and borrowings given	63,999	-
Short-term loans and borrowings received	170,819,905	150,693,093
Short-term loans and borrowings repaid	165,722,800	145,871,897
Long-term loans and borrowings received	53,052,000	31,592,605
Long-term loans and borrowings repaid	109,614,619	27,093,283
Short-term credit in kind received	-	17,925
Short-term credit in kind repaid	-	17,925
Deposits placed	679,843,527	507,022,740
Deposits redeemed	679,446,393	505,910,955
Interest payable	8,606,503	5,520,537
Interest receivable	160,849	1,323,976
Guarantees and collateral given	897,779	6,345,542

(RUB thousand)	As of 01.01.08	As of 31.12.08
Assets		
Cash and cash equivalents	3,031,723	18,057,318
Accounts receivable, incl.:	6,951,964	8,990,917
- long-term accounts receivable	-	31,298
- short-term advances given	3,941,723	4,376,759
- doubtful debt provision as of period end	140,078	51,611
for reference: written-off receivables with expired limitation period, and other bad debt	37,504	-
Short- and long-term financial investments, incl. long-term financial investments	2,314,220	18,598,902
	94,590	153,545
	12,297,907	45,647,137
Liabilities		
Short-term accounts payable	291,414	448,067
Short- and long-term loans and borrowings (incl. interest)	130,624,630	152,862,744
incl. long-term loans and borrowings	91,723,350	107,705,231
	130,916,044	153,310,811

Participants in Joint Activity

During 2007–2008, there were no operations with companies, which were participants in joint activity with Rosneft.

Other Related Parties

The group of 'Other Related Parties' includes insurance companies and a non-state pension fund acting in the interests of Company employees.

(RUB thousand)	2007	2008
Sales and other income		
Property lease-out	46	6,540
Investment income under private pensions coverage arrangements	82,212	-
Other	188,752	1,449
	271,010	7,989
Costs and expenses		
Insurance	112,864	207,282
Expenses under private pensions coverage arrangements	129,699	228,770
Other	167	
	242,730	436,052
Other activities		
Dividend income	16,552	

Settlements by Rosneft with related parties during the accounting period were mainly in cash.

23. Indicators by Segments

In compliance with Accounting Regulation No. 12/2000, 'Information by Segments', provision of information by segments takes account of economic, currency, credit and price risks, to which an organization may be exposed.

(RUB thousand)	Net revenue in 2008		
	Total	Export	Domestic
Oil	442,171,577	400,813,893	41,357,684
Gas	11,214,038	-	11,214,038
Petroleum products	490,291,174	235,469,987	254,821,187
Other	64,500,707	-	64,500,707
Total:	1,008,177,496	636,283,880	371,893,616

24. Other Aspects of Company Business

Environmental Protection

Business of companies in the oil & gas sector is always associated with risk of environmental harm. Management of OJSC Rosneft Oil Company believes that the Company business complies with legislation concerning protection of the environment, and that the Company has no risks of material environment-related liabilities.

Insurance

The Company continues to carry out insurance of property, cargoes, transportation, and construction and assembly work. Starting from 2008, insurance is also extended to property interests of the Company related to non-receipt of expected profits due to interruption of business activity.

President Sergey Bogdanchikov

Chief Accountant Sun Ne Kim

February 13, 2009

Consolidated Financial Statements of OJSC 'Rosneft Oil Company' for 2008



Auditor's Report

On consolidated financial statements of Open Joint Stock Company 'Rosneft Oil Company' and its subsidiary and affiliated companies for the period from January 1, 2008 through December 31, 2008

Auditor:

Full Name: Closed Joint Stock Company 'Audit and Consulting Group for Business Systems Development'

Abbreviated Name: CJSC AKG RBS

State Registration Certificate: No. 970.567 of July 20, 2001

State Registration Number: 1027739153430

Address: 5 Sushevsky Val Street, Bldg 3, Moscow 127018, Russia

Tel: +7 (495) 967-6838, 967-6840

Fax: +7 (495) 967-6843

Professional License:

- Audit License No. E 000440, issued by the Ministry of Finance of the Russian Federation (Order No. 123 of June 25, 2002), valid through June 25, 2012

Membership in International Associations of Audit and Consulting Firms:

- Partner of Horwath Business Alliance, based on Agreement of May 21, 2007

Membership in Accredited Professional Auditor Associations:

- Russian Institute of Professional Accountants and Auditors, based on the Executive Council's Resolution of September 29, 2004 (Minutes No. 09/-04)

Membership in Other Professional Associations:

- Association of Russian Banks, Certificate No. 1315 of April 19, 2002
- Moscow Banking Union, Certificate No. 398 of May 30, 2002

Audited company:

Full Name: Open Joint Stock Company 'Rosneft Oil Company'

Abbreviated Name: OJSC 'Rosneft Oil Company'

State Registration Certificate: No. 024537 of December 07, 1995

State Registration Number: 1027700043502

Address: 26/1 Sofiyskaya Embankment, Moscow 115035, Russia

1. We have audited the attached consolidated financial statements of OJSC 'Rosneft Oil Company' and of its subsidiary and affiliated companies (further referred to as 'the Group') for the period from January 1 through December 31, 2008. The consolidated financial statements of OJSC 'Rosneft Oil Company' and of its subsidiary and affiliate companies consist of the following:

- Form No.1: Consolidated Balance Sheet;
- Form No.2: Consolidated Profit and Loss Statement;
- Form No.3: Consolidated Statement of Changes in Capital;
- Form No.4: Consolidated Cash Flow Statement;
- Form No.5: Supplement to the Consolidated Balance Sheet;
- Notes to the consolidated financial statements of OJSC 'Rosneft Oil Company' for 2008.

These statements were prepared by the executive body of OJSC 'Rosneft Oil Company' in accordance with the regulations established by:

- Federal Law No. 129-FZ of November 21, 1996, On Accounting (with further amendments and supplements);
- Regulation On Accounting and Accounting Statements in the Russian Federation, approved by Order of the Ministry of Finance No.34n of July 29, 1998 (with further amendments and supplements);
- Accounting Regulation 4/99, Accounting In Organizations (approved by Order of the Ministry of Finance No. 43n of July 06, 1999);
- Order of the Ministry of Finance of the Russian Federation No. 67n of June 22, 2003, On Forms of Accounting Statements of Organizations;
- Technical Recommendations on preparing and presenting consolidated financial statements, adopted by Order of the MF of the RF of 30.12.96 No. 112;
- Accounting Policy of OJSC Rosneft Oil Company and other internal accounting regulations.

The Group's consolidated financial statements data combine data from financial statements of the parent company (OJSC 'Rosneft Oil Company') and data from individual financial statements of all levels of subsidiaries listed in the Notes to the consolidated financial statements, and also include information about affiliates of OJSC 'Rosneft Oil Company' of all levels.

The consolidated financial statements of OJSC 'Rosneft Oil Company', its subsidiary and affiliated companies shall be treated only as an aggregate of the above-mentioned Forms and Notes as specified in this section.

2. Solely executive bodies of OJSC 'Rosneft Oil Company' are responsible for preparation and presentation of the consolidated financial statements. Our responsibility is, on the basis of the performed audit, to express our opinion about fairness of these statements in all their material respects to the regulations of the Russian Federation.
3. In performing the audit, we relied on the following:
 - Federal Law No. 119-FZ of August 07, 2001, On Audit Activity (with further amendments and supplements);
 - Federal Law No. 307-FZ of December 30, 2008, On Audit Activity;
 - Federal Rules (Standards) of Audit, approved by Resolution of the Government of the Russian Federation No. 696 of September 23, 2002 (with further amendments and supplements);
 - CJSC AKG RBS audit rules (standards).
4. The audit has been planned and performed to obtain reasonable assurance as to whether the consolidated financial statements are free of material misstatement. The audit has been carried out on a selective basis and included the following:
 - examining, on a test basis, evidence supporting the amounts and disclosures of financial and economic activities of the audited company in the consolidated financial statements;
 - assessing compliance with principles and rules of statutory financial reporting;
 - evaluating significant estimates made by the management of the audited company in preparing the consolidated financial statements;
 - assessing the overall consolidated financial statements presentation.
5. We believe that the performed audit has provided a reasonable basis for our opinion about fairness of the consolidated financial statements.
6. In our opinion, the Group's consolidated financial statements attached to this Auditor's Report present fairly, in all material respects, the financial position of the Group as of December 31, 2008 and the results of its financial and economic activities for the period from January 1, 2008 through December 31, 2008 in accordance with the requirements of the laws of the Russian Federation with regard to preparation of consolidated financial statements.

Attached: consolidated financial statements of OJSC 'Rosneft Oil Company', of its subsidiary and affiliated companies for the period from January 1, 2008 through December 31, 2008:

1. Consolidated Balance Sheet (Form No.1);
2. Consolidated Profit and Loss Statement (Form No.2);
3. Consolidated Statement on Changes in Capital (Form No.3);
4. Consolidated Cash Flow Statement (Form No.4);
5. Supplement to the Consolidated Balance Sheet (Form No.5);
6. Notes to the Consolidated Financial Statements of OJSC 'Rosneft Oil Company' Group for 2008.

Date of the audit opinion: March 10, 2009
Deputy General Director R.N. Rakshaev
(q. certificate No. K 010671, no expiry date)

The audit manager A.V. Dvoychenko
(q. certificate No. K 018033, no expiry date)

Consolidated Balance Sheet

as of December 31, 2008

Form 1

Organization: OJSC Rosneft Oil Company

Stated in: RUB mln

ASSETS	Code	Opening balance	Closing Balance
1	2	3	4
I. NON-CURRENT ASSETS			
Intangible assets	110	4,490.33	4,307.21
Goodwill		391,865.96	332,311.95
Fixed assets	120	364,191.99	373,853.87
Construction in progress	130	117,686.90	204,632.09
Income-bearing investments in tangible assets	135	552.53	404.57
Long-term financial investments	140	53,512.19	103,936.25
Deferred tax assets	145	4,755.37	17,450.67
Other non-current assets	150	48,915.41	59,244.74
TOTAL Section I	190	985,970.68	1,096,141.35
II. CURRENT ASSETS			
Inventories	210	94,474.10	86,653.15
including:			
raw materials, supplies, etc.	211	30,267.83	26,835.10
rears and fatteners	212	1.46	1.50
costs of work-in-progress (marketing costs)	213	12,107.65	5,251.76
finished goods and goods for resale	214	40,301.83	46,510.44
shipped goods	215	5,553.42	3,977.76
deferred expenses	216	6,241.92	4,076.59
Input value-added tax, excise tax	220	16,871.12	16,529.19
Accounts receivable (due in more than 12 months from the accounting date)	230	4,539.71	17,024.51
including:			
trade receivables	231	412.82	5,687.23
Accounts receivable (due within 12 months from the accounting date)	240	249,749.49	208,167.48
including:			
trade receivables	241	91,227.13	54,843.36
Short-term financial investments	250	34,888.82	52,076.75
Cash	260	22,594.55	46,542.16
Other current assets	270	0.13	12.95
TOTAL Section II	290	423,117.92	427,006.19
BALANCE (lines 190+290)	300	1,409,088.60	1,523,147.54

LIABILITIES	Code	Opening balance	Closing balance
1	2	3	4
III. CAPITAL AND RESERVES			
Charter capital	410	105.98	105.98
Treasury shares		(10.00)	(10.00)
Additional paid-in capital	420	118,906.46	109,334.19
Reserve capital	430	564.98	1,589.90
including:			
reserves formed as required by legislation	431	47.80	120.41
reserves formed as required by incorporation documents	432	517.18	1,469.49
Retained earnings of previous periods	460	243,322.81	246,852.50
Retained earnings in the reporting period	470		167,901.08
Uncovered losses in the reporting year	475		25,185.93
Write-off of goodwill in sale of subsidiary stake			(11,999.76)
TOTAL Section III	490	362,890.23	488,587.96
Minority stake	491	41,629.01	25,256.16

LIABILITIES	Code	Opening balance	Closing balance
1	2	3	4
IV. LONG-TERM LIABILITIES			
Loans and borrowings	510	375,517.60	612,133.23
Deferred tax liabilities	515	16,471.19	15,620.58
Other long-term liabilities	520	67,706.63	79,911.50
TOTAL Section IV	590	459,695.42	707,665.31
V. SHORT-TERM LIABILITIES			
Loans and borrowings	610	339,862.98	109,380.58
Accounts payable	620	171,132.52	121,636.70
including:			
trade payables	621	28,040.83	39,465.27
payables to employees	624	3,710.47	3,069.05
payables to state non-budgetary funds	625	791.88	856.31
taxes and levies payable	626	72,788.83	27,499.30
other payables	628	65,800.51	50,746.77
Dividends payable	630	111.88	96.02
Deferred income	640	445.71	342.64
Provisions for future expenses	650	2,845.34	17,097.15
Other short-term liabilities	660	30,475.51	53,085.02
TOTAL Section V	690	544,873.94	301,638.11
BALANCE (lines 490+590+690)	700	1,409,088.60	1,523,147.54

Statement of Off-Balance-Sheet Items

Item	Code	Opening balance	Closing balance
1	2	3	4
Leased fixed assets	910	47,434.41	95,993.89
Assets under custody	920	13,709.36	10,733.86
Goods on commission	930	9.91	29.40
Bad debt written off to losses	940	4,055.94	2,788.60
Security of liabilities and payments received	950	39,586.76	45,377.29
Security of liabilities and payments granted	960	572,147.69	96,584.99
Depreciation of housing stock	970	1.73	21.01

President S.M. Bogdanchikov

Chief Accountant S.N. Kim

Consolidated Profit and Loss Statement

for 2008

Form 2

Organization: OJSC Rosneft Oil Company

Stated in: RUB mln

Item	Code	Reporting period		Corresponding previous period	
1	2	3	4	5	6
I. Income from and expenses on ordinary operations					
Net revenue from sale of goods, work and services (less VAT, excise and other similar charges)	2010	1,271,629.76		1,066,718.15	
Cost of sold goods, work and services	2020	(788,152.22)		(589,515.64)	
Gross profit	2029	483,477.54		477,202.51	
Selling expenses	2030	(108,514.23)		(89,620.51)	
Administrative expenses	2040	(33,958.99)		(30,003.89)	
Sales profit (loss) (lines (010-020-030-040))	2050	341,004.32		357,578.11	
II. Other income and expenses					
Interest income	2060	7,357.03		6,757.29	
Interest expense	2070	(30,201.26)		(48,762.07)	
Proceeds from shareholdings	2080	199.80		425.09	
Proceeds from sale and other disposal of other assets	2090	45,169.85		140,346.37	
Expenses related to sale and other disposal of other assets	2100	(47,388.70)		(121,458.97)	
Tax expenses	2110	(7,530.07)		(6,292.54)	
Other income	2120	231,731.01		157,961.16	
Other expenses	2130	(316,829.59)		(105,334.07)	
Pre-tax profit (loss) (lines (050+060-070+080+090-100+120-130))	2140	223,512.39		381,220.38	
Deferred tax assets	2150	13,109.44		(4,051.64)	
Deferred tax liabilities	2151	(3,858.37)		(4,326.98)	
Current profit tax	2152	(84,997.48)		(114,991.20)	
Income (loss) from ordinary operations (140+150-151-152)	2160	147,765.98		257,850.55	
Capitalized income	2161	2,778.30			
Minority interest	2180	(7,829.13)		(12,696.86)	
Net income (retained earnings (losses) in the reporting period) (lines (160+161-180))	2190	142,715.15		245,153.69	

Breakdown of Certain Other Profit and Loss Items

Item	Code	Reporting period		Corresponding previous period	
		gain	loss	gain	loss
1	2	3	4	5	6
Gain (loss) from sale (purchase) of foreign currency	2210	112,552.22	(110,120.95)	33,664.53	(30,223.46)
Currency translation gain (loss)	2220	77,667.92	(160,921.25)	62,077.10	(30,226.46)
Banking fees	2230		(4,008.41)		(2,702.07)
Profit (loss) of previous years recognized in the reporting period	2240	10,271.18	(4,042.79)	4,922.35	(4,534.98)
Fines, penalties and forfeits recognized or subject to claim on a court (arbitration court) decision	2250	1,091.15	(1,417.72)	191.83	(11,833.39)
Write-off of accounts receivable and payable with expired limitation period	2260	4,620.52	(689.65)	1,629.61	(1,721.78)

President S.M. Bogdanchikov

Chief Accountant S.N. Kim

Consolidated Statement of Changes in Capital

for 2008

Form 3

Organization: OJSC Rosneft Oil Company

Stated in: RUB mln

I. Changes in Capital

Item	Code	Charter capital	Additional capital	Reserve capital	Retained earnings (uncovered losses)	Total
Description						
1	2	3	4	5	6	7
Balance as of December 31, 2006	3010	105.98	115,781.37	277.86	209,200.27	325,365.48
Changes in accounting policy	3011					
Fixed assets revaluation	3013					
Balance as of January 1, 2007	3014	105.98	115,781.37	277.86	209,200.27	325,365.48
Currency exchange differences	3015					
Net income	3016				251,324.70	251,324.70
Dividends	3017					
Contributions to reserve fund	3018			287.12	(287.12)	
Increase in capital - total including due to:	3019		3,213.04		100,051.41	103,264.45
additional share issue	3020					
increase in share par value	30201					
legal entity restructuring	3021					
other	30211		3,213.04		100,051.41	103,264.45
Decrease in capital - total: including due to:	3022				(317,064.40)	(317,064.40)
decrease in share par value	30221					
decrease in number of shares	3023					
legal entity restructuring	3024					
other	30241				(317,064.40)	(317,064.40)
Balance as of December 31, 2007	3025	105.98	118,994.41	564.98	243,224.86	362,890.23
Changes in accounting policy	3026					
Fixed assets revaluation	3028					
Balance as of January 1, 2008	3029	105.98	118,994.41	564.98	243,224.86	362,890.23
Currency exchange differences	3030					
Net income	3031				167,901.08	167,901.08
Dividends	3032					
Contributions to reserve fund	3033			1,024.92	(1,024.92)	
Increase in capital - total: including due to:	3034					
additional share issue	3134					
increase in share par value	3035					
legal entity restructuring	3036					
other	30361					
Decrease in capital - total: including due to:	3037					
decrease in share par value	3137					
decrease in number of shares	3038					
legal entity restructuring	3039					
goodwill write-off						
other	30391		(9,660.22)		(32,543.13)	(42,203.35)
Balance as of December 31, 2008	3040	105.98	109,334.19	1,589.90	377,557.89	488,587.96

II. Reserves

Item	Code	Balance	Added	Used	Balance
1	2	3	4	5	6
Reserves for future expenses	3100				
year 2007	3101	381.93	4,657.62	(2,194.21)	2,845.34
year 2008	3102	2,845.34	24,405.60	(10,153.79)	17,097.15
Revaluation provisions - total	3118				
year 2007	3119	1,525.19	3,919.01	(2,232.04)	3,212.16
year 2008	3120	3,212.16	6,996.22	(1,328.65)	8,879.73
including:					
Doubtful debt provision	3121				
year 2007	3122	740.26	2,494.00	(1,744.71)	1,489.55
year 2008	3123	1,489.55	2,169.89	(488.34)	3,171.10
Other reserves	3124				
year 2007	3125	784.93	1,465.47	(527.79)	1,722.61
year 2008	3126	1,722.61	4,826.33	(840.31)	5,708.63

References

Item	Code	At beginning of reporting year	At end of reporting year		
1	2	3	4		
1) Net assets	3150	404,964.97	514,186.76		
		From the budget		From non-budgetary funds	
		Reporting year	Previous year	Reporting year	Previous year
		3	4	5	6
2) Received for: financing of ordinary activities - total»	3160	11.46	3.14	0.64	1.33
Capital investments in non-current assets	3170				
including:	3171				
	3172				

President S.M. Bogdanchikov

Chief Accountant S.N. Kim

Consolidated Cash Flow Statement

for 2008

Form 4

Organization: OJSC Rosneft Oil Company

Stated in: RUB mln

Item	Code	Reporting year	Corresponding previous year
1	2	3	4
Opening cash balance	4010	22,387.10	13,380.85
Cash provided by operating activities - total:	4020	5,094,625.22	4,642,641.70
including:			
trading cash flow	40201	1,996,498.76	1,439,428.33
other proceeds	4030	3,098,126.46	3,203,213.37
Cash used in operating activities - total:	4040	(4,865,932.02)	(4,247,213.12)
including:			
acquisition of goods, work, services, raw materials, and other current assets	4050	(1,153,771.46)	(775,401.62)
payroll	4060	(57,258.57)	(52,423.54)
dividends and interest paid	4070	(48,704.67)	(44,425.58)
taxes and levies paid	4080	(524,976.73)	(459,830.92)
other expenses	4085	(3,081,220.59)	(2,915,131.46)
Net operating cash flow	4090	228,693.20	395,428.58
Cash provided by investing activities - total:	4110	2,132,209.42	3,159,671.16
including:			
sale of fixed assets and other non-current assets	4111	1,343.48	799.19
sale of securities and other financial investments	4120	37,843.09	100,439.85
dividends received	4130	67.55	250.69
interest received	4140	6,418.07	1,946.85
repayment of loans granted	4150	434,363.28	249,427.93
other	4151	1,652,173.95	2,806,806.65
Cash used in investment activities - total:	4052	(2,225,274.10)	(3,828,855.41)
including:			
acquisition of subsidiaries	4160	(78.48)	(221,868.55)
acquisition of fixed assets, income-bearing investments in tangible assets, and intangible assets	4170	(80,995.03)	(87,196.24)
acquisition of securities and other financial investments	4180	(49,599.68)	(448,355.92)
loans granted	4190	(446,100.19)	(267,969.22)
other	4191	(1,648,500.72)	(2,803,465.48)
Net investing cash flow	4200	(93,064.68)	(669,184.25)
Cash provided by financing activities - total:	4210	735,013.66	982,282.99
including:			
issues of shares and other securities	4220	0.00	11.28
borrowings received	4230	224,536.82	17,552.99
loans received	4250	508,710.56	964,718.72
other	4260	1,766.28	
Cash used in financing activities - total:	4280	(847,941.96)	(699,305.32)
including:			
repayment of borrowings	4290	(135,831.29)	(8,426.65)
repayment of loans	4310	(709,910.45)	(675,913.03)
settlement of financial lease liabilities	4330	(1,654.93)	(2,845.33)
other	4340	(545.29)	(12,120.31)
Net financing cash flow	4360	(112,928.30)	282,977.67
Effect from exchange rate change		1,451.95	(215.75)
Closing cash balance	4350	46,539.27	22,387.10

President S.M. Bogdanchikov

Chief Accountant S.N. Kim

Attachment to Consolidated Balance Sheet

for 2008

Form 5

Organization: OJSC Rosneft Oil Company

Stated in: RUB mln

1. Intangible Assets

Item	Code	As of beginning of reporting year	Acquired	Retired	As of end of reporting period
1	2	3	4	5	6
Intellectual property objects (exclusive rights to results of intellectual property)	5100	152.08	51.12	12.65	190.55
including:					
holder of patent for invention, industrial sample, useful model	5101	26.22	8.68	1.79	33.11
right possessor to computer programs, data bases	5102	118.66	42.35	9.83	151.18
right possessor to topologies of integrated microcircuits	5103	4.86			4.86
owner of trade and service marks, apellation of origin	5104	2.34	0.09	1.03	1.40
holder of patent for selection achievements	5105				
Organizational expenses	5106				
Business reputation	5107	391,865.96	6,172.02	65,726.03	332,311.95
Other	5108	4,951.32	17.44	9.12	4,959.64

Item	Code	As of beginning of reporting year	As of end of reporting period
1	2	3	4
Amortization of intangible assets - total	5109	613.07	842.98
including:			
Intellectual property objects (exclusive rights to results of intellectual property)	5111	613.07	103.7
organizational expenses	5112		

2. Fixed Assets

Item	Code	As of beginning of reporting year	Acquired	Retired	As of end of reporting period
1	2	3	4	5	6
Buildings	5113	53,829.07	5,832.36	3,115.53	56,545.90
Facilities and transfer mechanisms	5114	368,993.79	2,010.22	10,271.14	360,732.87
Machinery and equipment	5115	136,149.7	33,133.14	19,665.97	149,616.87
Transportation vehicles	5116	13,087.41	8,524.44	1,211.49	20,400.36
Production and household equipment	5117	3,279.16	654.62	306.36	3,627.42
Beasts of draught	5118				
Productive livestock	5119				
Perennial plants	5120				
Other types of fixed assets	5121	3,693.70	1,399.2	222.69	4,870.21
Land lots and nature management objects	5122	1,118.68	140.96	41.71	1,217.93
Capital investments in radical changes of land	5123				
Total	5124	580,151.51	51,694.93	34,834.89	597,011.55

Item	Code	As of beginning of reporting year	As of end of reporting period
1	2	3	4
Amortization of fixed assets - total	5125	215,959.52	223,157.67
including:			
buildings and structures	5126	126,347.77	152,593.1
machinery and equipment, transportation vehicles	5127	62,929.01	66,925.3
other	5128	26,682.74	3,639.27
Fixed assets leased out - total	5129	8,600.17	7,588.8
including:			
buildings	5130	4,921.67	3,591.07
structures	5131	1,336.72	1,727.24
Fixed assets removed from operation to standby	5132	22,069.25	27,230.17
Fixed assets taken on lease - total	5133	47,434.41	96,926.14
Real estate objects put in operation and are in the process of state registration	5134	8,639.23	9,649.89
Reference	Code	As of beginning of reporting year	As of beginning of previous year
1	2	3	4
Result of re-evaluation of fixed assets:			
historical (replacement) value	5135		
amortization	5136		
	5137		
	Code	As of beginning of reporting year	As of end of reporting period
1	2	3	4
Change in value of fixed assets due to finishing, re-equipment, re-construction, partial liquidation	5138	11,600.12	11,154.44

Income-Bearing Investments in Material Valuables

Item	Code	As of beginning of reporting year	Acquired	Retired	As of end of reporting period
1	2	3	4	5	6
Property for leasing	5139				
Property provided under hiring contract	5140				
Other	5141	740.46	285.24	358.65	667.05
Total	5142	740.46	285.24	358.65	667.05
	Code	As of beginning of reporting year	As of end of reporting period		
1	2	3	4		
Amortization of income-bearing investments in material valuables	5143	187.93	262.48		

Expenses for Scientific Research, Development and Technological Works

Type of works	Code	As of beginning of reporting year	Acquired	Retired	As of end of reporting period
1	2	3	4	5	6
Total	5144	152.39	40.59	107.92	85.06
Reference	Code	As of beginning of reporting year	As of end of reporting period		
1	2	3	4		
Expenses for unfinished scientific research, development and technological works	5145	152.39	85.06		
	Code	For reporting period	For previous period		
1	2	3	4		
Expenses with no positive results on unfinished scientific research, development and technological works referred to non-operating expenses		14.79	12.29		

Expenses for Development of Natural Resources

Item	Code	As of beginning of reporting year	Acquired	Retired	As of end of reporting period
1	2	3	4	5	6
Expenses for development of natural resources - total	5147	46,711.84	23,829.56	15,043.34	55,498.057
Reference	Code	As of beginning of reporting year	As of end of reporting period		
1	2	3	4		
Expenses on subsoil zones, unfinished in search and assessment of fields, exploration and (or) hydrological surveying and other similar works	5148	18,332.84	26,019.96		
Expenses for development of natural resources referred to non-operating expenses as ineffective	5149	820.37	833.89		

Financial Investments

Item	Code	Long-term		Short-term	
		As of beginning of reporting year	As of end of reporting period	As of beginning of reporting year	As of end of reporting period
1	2	3	4	5	6
Contribution to the authorized capital of other organizations - total including:	5150	23,614.24	76,029.49		
subsidiary companies	5151				
affiliated companies	51511	20,521.68	72,771.69		
other companies	51512	3,092.56	3,257.80		
State and municipal securities	5152	84.46		922.82	873.96
Securities of other organizations - total including:	5153	2,465.64	36.36	1,861.86	19,135.81
shares	5154			620.45	441.71
bonds	51541	1.44	19.22	626.69	913.74
promissory notes	51542	2,464.20	17.14	614.72	17,780.36
Granted loans	5155	14,451.24	20,567.45	16,356.79	23,065.91
Deposits	5156			10,102.70	5,344.31
Contributions in joint activity	51561	2,251.88	487.90		
Other investments	5157	10,644.73	6,815.05	5,644.65	3,656.76
Total	5158	53,512.19	103,936.25	34,888.82	52,076.75

Accounts Receivable and Payable

Item	Code	As of beginning of reporting year	As of end of reporting period
1	2	3	4
Accounts receivable:			
short-term - total	5168	249,749.49	208,167.48
including: settlements with buyers and customers	5169	91,227.13	54,843.36
advances paid	5170	21,424.12	35,610.47
other	5171	137,098.24	117,713.65
Long-term - total	5172	4,539.71	17,024.51
including: settlements with buyers and customers	5173	412.82	5,687.23
advances paid	5174	178.26	312.53
other	5175	3,948.63	11,024.75
Total	5176	254,277.44	225,191.99
Accounts payable:			
short-term - total	5177	510,995.50	231,017.28
including: settlements with suppliers and contractors	5178	28,040.83	39,465.27
advances received	5179	10,596.25	7,311.64
taxes	5180	73,580.70	28,355.61
credits	5181	326,932.45	61,026.51
loans	5182	12,930.53	48,354.07
other	5183	58,914.73	46,504.18
Long-term - total	5184	459,695.41	707,665.31
including: credits	5185	347,616.23	546,145.81
loans	5186	27,901.36	65,987.42
Total	5187	970,690.91	938,682.59

Expenses for Ordinary Activities by Elements

Item	Code	For reporting year	For previous year
1	2	3	4
Cost of procured goods, works and services		72,307.04	45,570.56
Material expenses	5188	159,647.65	97,466.77
Labor expenses	5189	65,393.13	52,662.77
Social payments	5190	11,350.17	10,247.29
Amortization	5191	46,027.83	39,409.86
Other expenses	5192	575,899.62	463,782.79
Total expenses by elements	5193	930,625.44	709,140.04
Change in stocks (increase (+), decrease (-) : unfinished production	5194	(6,855.89)	3,322.35
deferred costs	5195	(2,165.33)	1,788.86
reserves for future expenses	5196	14,251.81	2,463.41

Collaterals

Item	Code	As of beginning of reporting year	As of end of reporting period
1	2	3	4
Received - total including:	5197	39,586.76	45,377.29
promissory notes	5198	3,339.48	4.52
securities	51981		
property	51982	25,199.61	1,558.39
other	51984	11,047.67	43,814.38
Issued - total including:	5203	572,147.69	96,584.99
promissory notes	5204	300.55	95.23
securities	52041		
property	52042	568.10	3.88
other	52044	571,279.04	96,485.88

Government Aid

Item	Code	For reporting year	For previous year		
1	2	3	4		
Budget funds received in reporting year - total	5209	1.76	3.14		
		As of beginning of reporting year	Received in reporting year	Returned in reporting year	As of end of reporting year
1	2	3	4	5	6
Budget credits - total	5210				

President S.M. Bogdanchikov

Chief Accountant S.N. Kim

Notes to Consolidated Financial Statements of OJSC 'Rosneft Oil Company' for 2008

The present Notes are integral part of consolidated financial statements of OJSC 'Rosneft Oil Company' for 2008, prepared in accordance with effective legislation of the Russian Federation.

The present Notes apply the following terms and definitions:

Parent Company – OJSC 'Rosneft Oil Company'.

Group – a number of related organizations, which are considered as integration. The basis of such integration is participation of the Parent Company (Rosneft Oil Company) in subsidiaries and affiliated companies and (or) possibility to exercise control over their activity.

Companies of the Group – members of the Group, which are, on the one hand, the Parent Company – OJSC 'Rosneft Oil Company', and on the other hand – subsidiaries and affiliated companies. In relation to subsidiaries, OJSC 'Rosneft Oil Company' acts as the key (Parent) company, and to affiliated companies – as the prevailing or participating company.

Subsidiary – company whose decisions may be governed by the Parent Company by virtue of prevailing share in the authorized capital (more than 50% of the voting stock of a joint stock company or more than 50% of the authorized capital of a limited liability company), or by virtue of the agreements executed, or otherwise.

Affiliated Company – company, in the authorized capital of which the Parent Company has more than 20% of the voting stock of a joint stock company or 20% of the authorized capital of a limited liability company.

Consolidated Statements of the Group – statements of the Group that reflect the financial status, as by reporting date, and financial results, for reporting period, of the Group of related companies prepared in accordance with established rules. Along with the cumulation of all assets, liabilities, incomes and expenses of the Companies of the Group, the accounting preparation rules imply the exclusion of common items representing operations between the Group members. Thus, the term consolidated financial statements of related organizations used in normative documents of the Russian accounting system applies to statements prepared by consolidated accounting rules.

1. Form of Incorporation and Area of Activity

Description of the Parent Company

OJSC 'Rosneft Oil Company' (hereinafter referred to as the Parent Company) has been established on December 7, 1995 as open joint stock company. All assets and liabilities, being before under the control of State Enterprise Rosneft, had been transferred to the Parent Company at book value, as by the date of foundation, along with ownership rights that belonged to the Government of the Russian Federation (hereinafter referred to as The State) in other privatized oil and gas enterprises. The transfer of assets and liabilities was made in accordance with Order of the President of the Russian Federation No. 327 dated April 1, 1995, On Priority Measures for Improvement of Activities of Oil Companies, and by Decree of the Government of the Russian Federation No. 971 dated September 29, 1995, On Reorganization of State Enterprise Rosneft into Open Joint-Stock Company Rosneft Oil Company. Such a transfer is the reorganization of assets. The present Notes are integral part of consolidated financial statements of the Companies of Rosneft Oil Company the Group for 2008, prepared in accordance with effective legislation of the Russian Federation.

As stipulated in Minutes 3.4 of the Charter of OJSC 'Rosneft Oil Company', the Core businesses are: exploration, prospecting, production and processing of oil, gas, gas condensate, as well as sale of oil, gas, gas condensate and petroleum products to consumers in the Russian Federation and outside the country, any related businesses and activities associated with precious metals and gemstones.

The Parent Company pursues the following core activities:

- a) geological prospecting and exploration for discovery of oil, gas, coal and other mineral resources; production, transportation and processing of oil, gas, coal and other mineral resources and of timber; production of petroleum products, petrochemicals and other outputs, including electricity, wood-processing products, and consumer goods and services; storage and sale (including sale on domestic and export markets) of oil, gas, petroleum products, coal, electricity, wood-processing products, and other products obtained by processing of hydrocarbons and other raw materials.

These businesses are pursued both directly by the Parent Company and (through coordination and cooperation) by its subsidiaries and affiliated companies:

- a) investment business, including operations with securities;
- b) execution of orders for the federal government needs and for regional consumers of outputs, produced by the Parent Company and by its subsidiaries and affiliated companies, including deliveries of oil, gas and petroleum products to regions where they have operations;
- c) investment management, construction, and engineering, technical and service support for exploration, production, refining and marketing projects, R&D, procurement and marketing, economic, international trading and legal support for business of the Company, of its subsidiaries and affiliated companies and of customers. Study of the state of markets for goods, services and securities, as well as conduct of research, and sociological and other works. Regulation and coordination of the business of subsidiaries and affiliated companies;
- d) leasing of real estate and other property, use of leased property;

- e) support for the interests of the Russian Federation in preparation and implementation of production sharing agreements with respect to mineral resource blocks and hydrocarbon fields;
- f) organization of advertising and publishing activities, exhibitions, shows, auctions, etc.;
- g) mediation, consulting, marketing and other forms of activity, as well as foreign trade activity (including import-export operations), works and services on a contract basis;
- h) ensuring protection of the Parent Company employees and property;
- i) use of precious metals and gemstones in technical processes (as materials and as parts of equipment);
- j) preparation and holding of events related to mobilization, civil defense, and protection of information, which is classified as a state secret.

The Parent Company Legal Address

26/1 Sofiyskaya Embankment, Moscow 115035, Russia

The Parent Company Executive and Control Bodies

General management of the Parent Company, except for matters reserved to the General Shareholders Meeting in accordance with applicable Russian legislation and the Parent Company Charter, is performed by the Board of Directors of Rosneft Oil Company.

Members of the Parent Company Board of Directors are elected by the General Shareholders Meeting until the close of the next Annual General Shareholders Meeting.

Rosneft Board of Directors in office from January 1, 2008 through June 5, 2008 (elected by the Parent Company General Shareholders Meeting on June 30, 2007, Minutes unnumbered):

1.	Igor Ivanovich Sechin	Chairman of Rosneft Board of Directors – Deputy Head of Russian President's Executive Office – Assistant of the President of the Russian Federation
2.	Sergey Evgenievich Naryshkin	Deputy Chairman of Rosneft Board of Directors – Head of Russian President's Executive Office – Deputy Chairman of the Government of the Russian Federation – Head of the Russian Federation Government's Executive Office
3.	Gleb Sergeevich Nikitin	Deputy Chairman of Rosneft Board of Directors – Deputy Head of the Federal Agency for State Property Management
4.	Kirill Gennadievich Androssov	Member of Rosneft Board of Directors – Deputy Minister of Economic Development and Trade of the Russian Federation
5.	Sergey Mikhailovich Bogdanchikov	Member of Rosneft Board of Directors – Chairman of the Management Board and President of Rosneft
6.	Andrey Leonidovich Kostin	Member of Rosneft Board of Directors – President – Chairman of the Management Board of VTB
7.	Alexander Dmitrievich Nekipelov	Member of Rosneft Board of Directors – Vice President of the Russian Academy of Sciences
8.	Andrey Georgievich Reus	Member of Rosneft Board of Directors – General Director of OJSC OBORONPROM
9.	Hans-Joerg Rudloff	Member of Rosneft Board of Directors – Chairman of the Board of Barclays Capital

Rosneft Board of Directors in office from June 5, 2008 through December 31, 2008 (elected by the Parent Company General Shareholders Meeting on June 5, 2008, Minutes unnumbered):

1.	Igor Ivanovich Sechin	Chairman of Rosneft Board of Directors – Deputy Prime Minister of Russia
2.	Sergey Evgenievich Naryshkin	Deputy Chairman of Rosneft Board of Directors – Head of Russian President's Executive Office
3.	Gleb Sergeevich Nikitin	Deputy Chairman of Rosneft Board of Directors – Deputy Head of the Federal Agency for State Property Management
4.	Sergey Mikhailovich Bogdanchikov	Member of Rosneft Board of Directors – Chairman of the Management Board and President of Rosneft
5.	Andrey Leonidovich Kostin	Member of Rosneft Board of Directors – President - Chairman of the Management Board of VTB
6.	Alexander Dmitrievich Nekipelov	Member of Rosneft Board of Directors – Vice President of the Russian Academy of Sciences
7.	Yuriy Alexandrovich Petrov	Member of Rosneft Board of Directors - Head of the Federal Agency for State Property Management
8.	Andrey Georgievich Reus	Member of Rosneft Board of Directors – General Director of OJSC OBORONPROM
9.	Hans-Joerg Rudloff	Member of Rosneft Board of Directors – Chairman of the Board of Barclays Capital

In accordance with the Company Regulation on the Board of Directors, members of the Parent Company Board of Directors are entitled to remuneration for their service on the Board. Amounts of Board remuneration are determined by the Company Annual General Shareholders Meeting based on the Parent Company performance in a given year.

On June 5, 2008, Rosneft Annual General Shareholders Meeting (Minutes as of June 5, 2008) established the following remuneration to independent members of the Company Board of Directors for 2007, which was paid in 2008:

- Andrey Kostin – USD 200 thousand
- Alexander Nekipelov – USD 185 thousand
- Hans-Joerg Rudloff – USD 200 thousand

Members of Rosneft Board of Directors, who are government officials, are not remunerated for their service on the Board of Directors.

Parent Company Sole Executive Body:

Sergey Mikhailovich Bogdanchikov

Composition of Rosneft Management Board:

1	Sergey Mikhailovich Bogdanchikov	President, Chairman of the Board
2	Sergey Ivanovich Kudryashov	First Vice President
3	Larisa Vyacheslavovna Kalanda	Vice President
4	Sergey Vasilievich Karaganov	Vice President
5	Sergey Igorevich Makarov	Vice President
6	Sun Ne Kim	Chief Accountant
7	Peter Lloyd O'Brien	Vice President for Finance and Investments
8	Rizo Sharipovich Tursunov	Vice President

The members of Rosneft Management Board receive salaries as stipulated by the respective labor contracts, and are not entitled to additional remuneration for their service on the Management Board.

There were several changes in composition of the Company's Management Board during 2008. At a meeting on October 18, 2008 (Minutes No. 5), the Board of Directors approved early termination of the contracts of Anatoly Baranovsky (relieved of his duties from July 25, 2008 due to retirement) and Stepan Zemlyuk (relieved of his duties from September 12, 2008 by mutual agreement). At the same meeting, the Board of Directors selected Company Vice Presidents, Larisa Kalanda and Sergey Makarov, for inclusion in the Management Board.

Information on the executive bodies is presented as of December 31, 2008.

Composition of the Parent Company Internal Audit Commission:

1.	Sergey Igorevich Zhuravlev	Representative of Federal Agency for State Property Management
2.	Andrey Nikolaevich Kobzev	Head of Analytical Department of Federal Agency for State Property Management
3.	Dmitry Sergeevich Logunov	Deputy Head of Corporate and Property Relations Department of Federal Agency for State Property Management
4.	Viktoria Vladimirovna Oseledko	Deputy Head of a Department, the Russian Ministry of Industry and Trade
5.	Andrey Sergeevich Fomin	General Director of LLC Athome

Information on the Parent Company Internal Audit Commission is presented as of December 31, 2008, in accordance with the respective decision of the Parent Company Annual General Shareholders Meeting, Minutes as of June 5, 2008.

Charter Capital

Rosneft Oil Company shareholder structure as of December 31, 2008:

- OJSC Rosneftegaz held 7,965,816,383 ordinary shares of the Company equal to 75.16% of Rosneft's total ordinary shares and charter capital.
- The Russian Federation as represented by the Federal Agency for State Property Management held 1 ordinary share of the Company equal to 0.000000009% of Rosneft's total ordinary shares and charter capital.
- Joint-Stock Commercial Savings Bank of Russia was the nominal holder of 1,231,927,170 ordinary shares of the Company equal to 11.62% of Rosneft's total ordinary shares and charter capital.
- LLC RN-Razvitie held 505,066,240 ordinary shares of the Company equal to 4.77% of Rosneft's total ordinary shares and charter capital.
- Linden Capital Limited held 494,933,760 ordinary shares of the Company equal to 4.67% of Rosneft's total ordinary shares and charter capital.
- Nonprofit Partnership National Depository Center was the nominal holder of 260,639,986 ordinary shares of Rosneft equal to 2.46% of Rosneft's total ordinary shares and charter capital.

- Legal entities with stakes of under 1% each were holders and nominal holders of 80,470,224 ordinary shares of the Company equal to 0.76% of Rosneft's total ordinary shares and charter capital.
- Individuals held 59,324,053 ordinary shares of the Company equal to 0.56% of Rosneft's total ordinary shares and charter capital.

List of Rosneft Subsidiaries and Affiliated Companies, and other Enterprises, specifying Shares in Charter Capital and Voting Stock

The following table presents a list of Rosneft subsidiaries and affiliated companies, and other companies of the Group, specifying the Parent Company respective shares in charter capital and voting stock as of December 31, 2008.

No.	Company	Parent Company share	
		% of charter capital	% of voting stock
Production			
1	LLC RN-Severnaya Neft	100.00	
2	LLC RN-Yuganskneftegas	100.00	
3	LLC RN-Krasnodarneftegas	100.00	
4	LLC RN-Purneftegas	100.00	
5	LLC RN-Stavropolneftegas	100.00	
6	LLC RN-Sakhalinmorneftegas	100.00	
7	OJSC Rosneft Oil Company – Dagneft	68.70	91.60
8	OJSC Grozneftegas	51.00	51.00
9	LLC Polar Lights Company	50.00	
10	OJSC Dagneftegas	40.00	40.00
11	CJSC Vankorneft	0.84	0.84
12	LLC Kaspoil	75.10	
13	OJSC Verkhnechonskneftegas	25.94	25.94
Refineries			
14	LLC RN-Tuapsinskiy Refinery	100.00	
15	LLC RN-Komsomolskiy Refinery	100.00	
16	LLC RN-Primorskiy Refinery	100.00	
17	OJSC NK Rosneft-MZ Nefteproduct	65.42	87.23
Marketing			
18	LLC RN-Nakhodkanefteproduct	100.00	
19	LLC RN-Arkhangelsknefteproduct	100.00	
20	LLC RN-Tuapsenefteproduct	100.00	
21	LLC RN-Vostoknefteproduct	100.00	
22	OJSC Rosneft Oil Company – Stavropolye	100.00	100.00
23	LLC RN-Bunker	100.00	
24	LLC RN-Kemerovonefteproduct	100.00	
25	LLC RN-Krasnoyarsknefteproduct	100.00	
26	LLC RN-Novosibirsknefteproduct	100.00	
27	LLC RN-Chechennefteproduct	100.00	
28	LLC RN-Yekaterinburgnefteproduct	100.00	
29	LLC RN-Chelyabinsknefteproduct	100.00	
30	LLC RN-Aero	100.00	
31	OJSC Nakhodka Oil Loading and Trade Port	100.00	100.00
32	OJSC Rosneft Oil Company – Kubanefteproduct	89.50	96.61
33	OJSC Rosneft Oil Company – Kabardino-Balkarian Fuel Company	88.66	92.91
34	OJSC Rosneft Oil Company – Kurganefteproduct	83.32	90.33
35	OJSC Rosneft Oil Company – Karachaevo-Cherkessknefteproduct	85.99	87.46
36	OJSC Rosneft Oil Company – Smolensknefteproduct	66.67	86.97
37	OJSC Rosneft Oil Company – Altainefteproduct	64.18	78.59
38	OJSC Rosneft Oil Company – Yamalnefteproduct	49.52	66.03
39	OJSC Rosneft Oil Company – Murmansknefteproduct	45.38	60.51
40	OJSC Rosneft Oil Company – ARTAG	38.00	50.67
41	LLC Y-Kuban	49.00	
Sakhalin Projects			
42	CJSC RN-Shelf Dalniy Vostok	100.00	100.00
43	CJSC Vostokshelf	100.00	100.00
44	West Kamchatka Holding B.V.	60.00	60.00
45	LLC RN-Kaiganneftegas	100.00	
46	CJSC RN-Astra	100.00	100.00
47	LLC East-Schmidt Invest	99.00	
48	LLC West-Schmidt Invest	99.00	
49	OJSC Rosneft-Sakhalin	55.00	55.00

No.	Company	Parent Company share	
		% of charter capital	% of voting stock
Foreign Projects			
50	LLC Rosneft International Ltd	100.00	100.00
51	LLC RN-Kazakhstan	99.996	
52	LLC Rosneft Shell Caspian Ventures Ltd	51.00	51.00
53	LLC National Petroleum Consortium	100.00	
Services			
54	LLC RN-Burenie	100.00	
55	LLC RN-Service	22.5855	
56	LLC RN-Energo	100.00	
57	LLC RN-Pozharnaya Bezopasnost	100.00	
58	LLC RN-Dubininskoye	100.00	
59	CJSC Yukos-Mamontovo	100.00	100.00
60	LLC RN-Inform	100.00	
61	LLC RN-Uchet	100.00	
62	LLC RN-Stroi	100.00	
63	LLC RN-Zdorovie	100.00	
64	OJSC Purnefteotdacha	61.54	61.54
65	LLC Sakhalinenergoneft	1.00	
66	LLC YNG-Teploneft	1.00	
67	LLC YNG-Energoneft	1.00	
68	LLC Private Security Firm RN-Okhrana	80.00	
69	LLC YNG-Service	1.00	
70	LLC Oil and Gas Production Expedition	1.00	
71	LLC KNG-Pitanie Service	1.00	
72	LLC Komsomolskneftezavodremstroy	100.00	
73	LLC KNPZ-Service	100.00	
Finance			
74	OJSC Russian Regional Development Bank	76.47	76.47
75	LLC Okhabank	33.40	
76	OJSC AB Kubanbank	0.58	0.62
Science			
77	LLC SakhalinNIPImorneft	100.00	
78	LLC RN-UfaNIPIneft	100.00	
79	LLC Rosneft Oil Company – NTC	100.00	
80	LLC RN-KrasnoyarskNIPIneft	100.00	
Logistics and Transport			
81	LLC RN-Trade	99.9999	
82	LLC Rosneft-Mongolia	100.00	
83	CJSC Rosnefteflot	51.00	51.00
84	CJSC YUKOS-Transservice	100.00	100.00
85	OJSC Moscow Gas Company	50.00	50.00
86	LLC Pipeline Consortium Burgas – Alexandroupolis	33.33	
87	OJSC UK MTU	15.00	15.00
Other			
88	CJSC Sakhalinmorneftegas-Shelf	100.00	100.00
89	CJSC Sakhalinmorneftegas-AMK	100.00	100.00
90	CJSC Ordalia 2000	100.00	100.00
91	LLC FTT Service	100.00	
92	OJSC Okhinskaya TEC	94.01	94.01
93	LLC Shatskiy Val	85.86	
94	LLC Vostok-Energy	51.00	
95	LLC Resort Mineralny	1.00	
96	LLC Resort Izumrudniy	0.95	
97	LLC Resort Neftyanik Kubani	87.85	
98	LLC Tuapsenefteproduct-Autoservice	1.00	
99	LLC Tuapsenefteproduct-Resort Smena	1.00	
100	LLC Pursatcom	49.00	
101	CJSC Rosshelf	26.42	26.42
102	CJSC Neftyanoe Khozyaistvo Publishing House	25.00	25.00
103	CJSC Ros&Nefit	25.00	25.00
104	CJSC SPbMTSB	10.00	10.00
105	CJSC Chernomorneftegas	0.10	0.10
106	OJSC Kuibyshevnefteorgsintez	0.002	0.002

Description of the Group Business

Main businesses of the Group are:

- Geological prospecting and exploration;
- Production, treatment and transportation of crude oil, gas and gas condensate;
- Oil refining, petroleum products and petrochemicals output;
- Sale of oil, gas, gas condensate and refined products;
- Investment business;
- Other types of business.

The Parent Company receives a significant part of its revenue from product sales in US dollars. A significant part of financial and investment business and of debt obligations are also expressed in US dollars. However, most operating and investment expenditures, other debts and tax liabilities are expressed in Russian roubles. The Parent Company is subject to currency risk associated with the dollar fall against the rouble.

2. Industrial Indicators of the Group

Profit of the Group from sale of products, works and services in 2008 was RUB 341,004.32 mln, down by 5% from RUB 357,578.11 mln in 2007.

Production at the Group fields in 2008 was 104.04 mln tonnes of oil and gas condensate (including 1.06 mln tonnes produced by Polar Lights and 6.29 mln tonnes produced by Udmurtneft), representing a reduction of 8.46 mln tonnes from 112.5 mln tonnes in 2007. Gas production was 11.53 bln cubic meters, it declined by 4.98 bln cubic meters (30.2%) from a level of 16.51 bln cubic meters in 2007.

Capital expenditure by the Group totaled RUB 204,484 mln (including VAT paid to suppliers and sub-contractors), which is 131% of capex in 2007. Commissioning of new fixed assets (including VAT) was RUB 137,293 mln, which is 117% of the total in 2007.

Total number of oil development wells in the Group declined by 2% in 2008 to a level 26,300 wells as of December 31, 2008. A total of 657 oil wells were completed and brought into operation during the year (the figure in 2007 was 659).

Two new licenses were acquired in 2008 for geological study, exploration and production of hydrocarbons: at the South-Teplovsky area in Nefteugansk district of Khanty-Mansiysk autonomous district (Yugra) in Tyumen region; and at the Umotkinsky area in Irkutsk region.

The Parent Company and companies in the Group are engaged in programs of field development and geological exploration at license areas of the Parent Company, at the territory of subsidiaries and at territories where the Group is a participant in projects with several stakeholders. Expenses are financed mainly from the own funds, but the Group also seeks other sources of financing. Management believes that the Group will receive all necessary financing for successful completion of its development and exploration programs.

The Group dispatched 50.16 mln tonnes of its crude oil for refining at Russian refineries in 2008, of which 49.95 mln tonnes were dispatched to the Group's own refineries. Primary refining volumes in 2008 were practically unchanged from the previous year (100.14% of the level in 2007).

Sales of petroleum products were 45.74 mln tonnes, which is 0.6% more than in 2007. Export sales of petroleum products were 25.94 mln tonnes in 2008, which is 123% of the level in 2007. Sales on the domestic market, including sales of purchased petroleum products through the Group's marketing subsidiaries, declined from 24.4 mln tonnes in 2007 to 19.8 mln tonnes in 2008 (a decline of 18.9%). A total of 4.9 mln tonnes of petroleum products were sold through the service station network (169% of the level in 2007).

Average headcount in 2008 at the Group companies included in financial accounts was 114,900 people. The headcount was 109.4% of the level in 2007, representing an increase of 15,250 people. Growth of personnel numbers was due to inclusion in the Group of newly acquired subsidiaries, expansion of production and increase in volume of works.

3. Consolidated Accounting Methodology

Regulatory base for the consolidated financial statements preparation

The Group's financial accounts are prepared in accordance with requirements of the following regulations:

- The Federal Law No. 129 on Accounting (November 21, 1996), (version represented by the Federal Laws No. 123 (July 23, 1998), No. 32 (March 28, 2002), No. 187 (December 31, 2002), No. 191 (December 31, 2002), No. 8 (January 10, 2003), the RF Customs Code, No. 61 (May 28, 2003) and the Federal Laws No. 86 (June 30, 2003), and No. 183 (November 3, 2006));
- Regulations on the maintenance of accounting system in the Russian Federation approved by Order of the Ministry of Finance of RF as of July 29, 1998 No. 34n (as per version of the Orders of the Ministry of Finance of RF as of December 30, 1999 No. 107n, as of March 24, 2000 No. 31n, as of September 18, 2006 No. 116n, as of March 26, 2007 No. 26n, with amendments introduced by decision of the Supreme Court of RF as of August 23, 2000 No. GKPI 00-645);
- Order of the Ministry of Finance of RF as of July 22, 2003 No. 67n on the Types of Accounting Systems of Organizations (as per version of the Orders of the Ministry of Finance of RF as of December 31, 2004 No. 135n, as of September 18, 2006 No. 115n);
- Regulations on accounting system - Accounting System of Organization (PBU 4/99) approved by Order of the Ministry of Finance of RF as of July 6, 1999 No. 43n (as per version of the Order of the Ministry of Finance of RF as of September 18, 2006 No. 115n);
- Methodical recommendations on preparation and presentation of consolidated financial statements approved by Order of the Ministry of Finance of RF as of December 30, 1996 No. 112 (as per version of Order of the Ministry of Finance of RF as of May 12, 1999 No. 36n) – hereinafter referred to as Methodical Recommendations on Preparation of Consolidated Accounting;

- International Accounting System standards (in relation to consolidation provisions not specified in Methodical Recommendations on Preparation of Consolidated Accounting).

Major requirements to consolidated accounting

Consolidated financial statements of the Group consolidate the accounting of the Parent Company and its subsidiaries, as well as include data on affiliated companies, which are legal entities as by legislation in the place of their state registration.

Consolidated accounting includes the financial statements of subsidiaries that comply with criteria established by Methodical Recommendations on Preparation of Consolidated accounting.

Consolidated financial statements are prepared in accordance with procedure, content and types developed and approved by the Parent Company on the basis of Regulations on accounting system 'Accounting System of Organization' (PBU 4/99). Herewith, the standard accounting is complemented with items and data required by concerned users of consolidated financial statements.

Prior to preparation of consolidated financial statements, there have been verified and adjusted all mutual settlements and other financial relationship of the Parent Company and subsidiaries, as well as subsidiaries themselves.

Consolidated financial statements are submitted to the founders (participants) of the Parent Company. Consolidated financial statements are submitted to other concerned users in cases established by legislation of the Russian Federation or by resolution of the Parent Company.

Consolidated accounting preparation rules

Consolidated financial statements of the Group are prepared in accordance with procedure established by Methodical Recommendations on Preparation of Consolidated Accounting and International Accounting System (hereinafter referred to as the IAS) standards (in relation to consolidation provisions not specified in Methodical Recommendations on Preparation of Consolidated Accounting). Consolidation of the accounting statement indicators of the Parent Company and subsidiaries in consolidated accounting was made with application of the following key rules:

1. Employment of a single accounting policy in relation to similar items of property and liabilities, incomes and expenses;
2. Preparation of financial statements by the Group companies for the same period and for the same reporting date;
3. Consolidated financial statements did not include:
 - 1) Financial inputs of the Parent Company in the charter capitals of subsidiaries and, correspondingly, the charter capitals of subsidiaries, as to share that belongs to the Parent Company;
 - 2) Indicators reflecting the accounts receivable and payable between the Parent Company and subsidiaries, as well as between subsidiaries themselves;
 - 3) Revenue from sale of products (goods, works, services) between the Parent Company and subsidiaries, as well as between subsidiaries themselves, and costs related to sales;
 - 4) Any other incomes and expenses arising from operations between the Parent Company and subsidiaries, as well as between subsidiaries themselves;
 - 5) Profit and losses from operations between the Parent Company and subsidiaries, as well as between subsidiaries themselves;
 - 6) Dividends paid by subsidiaries to the Parent Company or other subsidiaries of the Group, as well as by the Parent Company to its subsidiaries. Consolidated financial statements reflect dividends due to be paid to organizations and persons, which are not members of the Group;
4. In accordance with IAS principles, the net assets of the Group companies, as to share that does not belong to the Parent Company, are reflected in consolidated balance on line Minority Stake.

Consolidation Perimeter

Consolidated financial statements for 2008 include the following subsidiaries of the Group:

No.	Company	Core activity
1	LLC RN-Severnaya Neft	Operator services
2	LLC RN-Yuganskneftegas	Operator services
	including	
3	LLC YNG-Teploneft	Services
4	LLC YNG-Energoneft	Power
5	LLC YNG-Service	Services
6	LLC RN-Krasnodarneftegas	Operator services
	including	
7	LLC Oil and Gas Production Expedition	Services
8	LLC Resort Mineralny	Resort services
9	LLC Resort Izumrudnyi	Resort services
10	OJSC NGT-Energy	Services
	including	
11	OJSC SPNU Rosneft-Termneft	Services

No.	Company	Core activity
12	LLC KNG-Pitanie Service	Services
13	LLC RN Purneftegas	Operator services
	including	
14	LLC Purneftepererabotka	Services
15	LLC RN-Stavropolneftegas	Operator services
16	LLC RN Sakhalinmorneftegas	Operator services
	including	
17	OJSC Sakhalinmorneftemontazh	Services
18	OJSC NK Rosneft-Dagneft	Oil and gas production
	including	
19	OJSC Dagneftegas	Oil and gas production
20	OJSC Grozneftegas	Operator services
21	LLC Company Polyarnoe Siyanie	Oil and gas production
22	CJSC Vankorneft	Oil and gas production
23	LLC RN-Tuapsinskiy Refinery	Refining and gas processing
24	LLC RN-Komsomolskiy Refinery	Refining and gas processing
25	LLC RN-Primorskiy Refinery	Refining and gas processing
26	OJSC NK Rosneft-MZ Nefteproduct	Refining and gas processing
27	LLC RN-Nakhodkanefteproduct	Petroleum product sales
28	LLC RN-Arkhangelsknefteproduct	Petroleum product sales
29	LLC RN-Tuapsenefteproduct	Petroleum product sales
	including	
30	LLC Tuapsenefteproduct-Autoservice	Car service
31	LLC Tuapsenefteproduct-Resort Smena	Resort services
32	LLC RN-Vostoknefteproduct	Petroleum product sales
33	OJSC NK Rosneft-Stavropolye	Petroleum product sales
	including	
34	LLC Rokada Market	Petroleum product sales
35	LLC PC Service	Petroleum product sales
36	LLC PC Smart-Tranzit	Petroleum product sales
	including	
37	LLC Smart-Rostov	Petroleum product sales
38	LLC RN-Region	Retail sales of lubricants
	including	
39	LLC RN-Kart-Altay	Agency services on product sales by smart cards
40	LLC RN-Kart-Arkhangelsk	Agency services on product sales by smart cards
41	LLC RN-Kart-Belgorod	Agency services on product sales by smart cards
42	LLC RN-Kart-Bryansk	Agency services on product sales by smart cards
43	LLC RN-Kart-Buryatia	Agency services on product sales by smart cards
44	LLC RN-Kart-Volgograd	Agency services on product sales by smart cards
45	LLC RN-Kart-Dalniy Vostok	Agency services on product sales by smart cards
46	LLC RN-Kart-Irkutsk	Agency services on product sales by smart cards
47	LLC RN-Kart-Karachaevo-Cherkessiya	Agency services on product sales by smart cards
48	LLC RN-Kart-Kurgan	Agency services on product sales by smart cards
49	LLC RN-Kart-Lipetck	Agency services on product sales by smart cards
50	LLC RN-Kart-Moscow	Agency services on product sales by smart cards
51	LLC RN-Kart-Murmansk	Agency services on product sales by smart cards
52	LLC RN-Kart-Oryol	Agency services on product sales by smart cards
53	LLC RN-Kart-Penza	Agency services on product sales by smart cards

No.	Company	Core activity
54	LLC RN-Kart-Rostov	Agency services on product sales by smart cards
55	LLC RN-Kart-Saint-Petersburg	Agency services on product sales by smart cards
56	LLC RN-Kart-Samara	Agency services on product sales by smart cards
57	LLC RN-Kart-Smolensk	Agency services on product sales by smart cards
58	LLC RN-Kart-Tambov	Agency services on product sales by smart cards
59	LLC RN-Kart-Tver	Agency services on product sales by smart cards
60	LLC RN-Kart-Tomsk	Agency services on product sales by smart cards
61	LLC RN-Kart-Ulyanovsk	Agency services on product sales by smart cards
62	LLC RN-Kart-Khakasiya	Agency services on product sales by smart cards
63	LLC RN-Kart-Kabardino-Balkaria	Agency services on product sales by smart cards
64	LLC RN-Kart-Voronezh	Agency services on product sales by smart cards
65	LLC RN-Bunker	Petroleum product sales
66	LLC RN-Kemerovonefteproduct	Petroleum product sales
67	LLC RN-Krasnoyarsknefteproduct	Petroleum product sales
68	LLC RN-Novosibirsknefteproduct	Petroleum product sales
69	LLC RN-Chechennefteproduct	Petroleum product sales
70	LLC RN-Ekaterinburgnefteproduct	Petroleum product sales
71	LLC RN-Chelyabinsknefteproduct	Petroleum product sales
72	LLC RN-Aero	Sales of jet fuel
73	OJSC Nakhodka Oil Loading and Trade Port	Petroleum product sales
74	OJSC NK Rosneft-Kubannefteproduct including	Petroleum product sales
75	LLC Tesko	Petroleum product sales
76	LLC Kuban-Service	Services
77	OJSC NK Rosneft-Kabardino-Balkarian Fuel Company including	Petroleum product sales
78	OJSC Kharbizhin	Property holding (wells, licenses)
79	OJSC NK Rosneft-Kurgannefteproduct	Petroleum product sales
80	OJSC NK Rosneft-Karachaevo-Cherkessnefteproduct including	Petroleum product sales
81	LLC Oktan-Service	Petroleum product sales
82	OJSC NK Rosneft-Smolensknefteproduct	Petroleum product sales
83	OJSC NK Rosneft-Altaynefteproduct	Petroleum product sales
84	OJSC NK Rosneft-Yamalnefteproduct	Petroleum product sales
85	OJSC NK Rosneft-Murmansknefteproduct including	Petroleum product sales
86	CJSC Exponeft	Petroleum product sales
87	OJSC NK Rosneft-ARTAG	Petroleum product sales
88	CJSC RN-Shelf-Dalniy Vostok	Investment project management
89	CJSC Vostokshelf	Investment project management
90	West Kamchatka Holding B.V. including	Investment activities
91	LLC Kamchatneftegas	Prospecting and exploration
92	LLC RN-Kaiganneftegas	Investment project management
93	Elvary Neftegas Holding B.V. including	Investment activities
94	CJSC Elvary Neftegas	Prospecting and exploration
95	CJSC RN-Astra	Investment project management
96	LLC Vostok-Shmidt Invest	Investment activities
97	Vostok-Shmidt Neftegas Holdings B.V. including	Investment activities
98	CJSC Vostok-Shmidt Neftegas	Geological exploration
99	LLC Zapad-Shmidt Invest	Investment activities

No.	Company	Core activity
100	Zapad-Shmidt Neftegas Holdings B.V. including	Investment activities
101	CJSC Zapad-Shmidt Neftegas	Geological exploration
102	OJSC Rosneft-Sakhalin	Investment project management
103	Rosneft International Ltd.	Investment activities
104	Shelf Support Shiphold Ltd. including	Real estate holding
105	Skyways Assets Management	Shipping services for OJSC 'Rosneft Oil Company'
106	Rosneft Shipping Ltd.	Implementation of contractual commitments for ship Ispolin
107	Skyline Asset Management Ltd.	Shipping services for OJSC 'Rosneft Oil Company'
108	Rosneft Investments including	Investment activities
109	Transshelf Shipping Ltd.	Investment activities
110	Sakhalinskaya Drilling Company Ltd.	Investment activities
111	Okha Drilling Company Ltd.	Investment activities
112	Anglo Siberian Oil Company (Cyprus)	Investment activities
113	Anglo Siberian Oil Company (England) including	Investment activities
114	Anglo Siberian Oil Company Holdings Ltd. (England)	Investment activities
115	Anglo Siberian Oil Services (England)	Investment activities
116	Ekhaby Drilling Company Ltd.	Investment activities
117	Kurilskaya Drilling Company Ltd.	Investment activities
118	Losiem Commercial	Investment activities
119	Trumpet Ltd. including	Hydrocarbon exports
120	Trumpet GMBH	Investment activities
121	RN-Vankor B.V.	Investment activities
122	Rubio Holdings Ltd.	Tank ship rent
123	Rosneft Holdings Ltd.	Investment activities
124	Venin Holdings Ltd. including	Investment activities
125	LLC Venineft	Geological exploration
126	OJSC Joint Venture Antares	Petroleum product sales
127	Oxoil Ltd. including	Petroleum product sales
128	LLC PARK-Service	Property leasing
129	CJSC Company PARKoil including	Petroleum product sales
130	LLC Vega	Property leasing
131	LLC PARKoil-Ramenie	Wholesale
132	LLC PARKoil-Ramenskoe	Property leasing
133	Rosneft Marine Holdings Limited including	Bunker operations
134	Rosneft Marine UK Limited	Bunker operations
135	Taihu Ltd.	Investment activities
136	CJSC Promleasing	Investment activities
137	OJSC Udmurtneft including	Oil and gas production
138	LLC RCSU Izhevsk	Services in economics and management
139	CJSC Udmurtneft-Burenie	Services
140	LLC Neftebytservice	Services
141	LLC Nefetruboprovodservice	Services
142	LLC Oil-Telecom	Telecommunication services
143	LLC Udmurtenergoneft	Power
144	LLC Special Technological Transport	Services
145	LLC PSE Garant-Izhevsk	Security services
146	CJSC Technological Transport	Services
147	CJSC Major Repair of Wells	Services
148	CJSC Izhevsk Petroleum Scientific Center	Science
149	LLC Accounting Center	Bookkeeping services

No.	Company	Core activity
150	LLC Udmurtneft-Snabzhenie	Logistics
151	LLC Mechanic	Services
152	LLC RN-Kazakhstan	Foreign Project Management
	including	
153	LLC RN-Kaspmor	Prospecting and exploration
154	LLC RN-Shelf-South	Oil and gas production
155	LLC Neft-Aktiv	Consulting services in commerce and management
	including	
156	LLC PSE Kron	Security services
157	OJSC Samaraneftegas	Oil and gas production
	including	
158	LLC Samaraneftegas-Warehouse	Services
159	LLC Samaraneftegas-Service	Services
160	LLC Samaranefteautomatika	Services
161	CJSC Inzerneft	Geological exploration
162	OJSC East-Siberian Oil and Gas Company	Oil and gas production
	including	
163	CJSC Krasnoyarskgeophysica	Geophysical Surveys
164	OJSC Eniseyneftegas	Well construction and test services
165	OJSC Achinskiy Refinery	Refining and gas processing
	including	
166	LLC Scan	Resort services
167	CJSC Achinsk-Terminal	Property leasing
168	OJSC Novokuibyshevskiy Refinery	Oil refining
	including	
169	LLC Novokuibyshev Oil and Additive Plant	Petroleum product refining, production of oils and additives
170	LLC Service-Center	Services
171	LLC Hotel Vesta	Resort services
172	LLC SOK Zdorovie	Resort services
173	LLC Repair and Mechanical Plant	Production of heat-exchange appliances
174	CJSC Novokuibyshevsk-Terminal	Property leasing
175	OJSC Kuibyshevskiy Refinery	Refining and gas processing
	including	
176	LLC Office	Services
177	CC Kuibyshev-Terminal	Property leasing
	including	
178	LLC Novokubyshev Catalyst Plant	Production and repair of catalysts
179	OJSC Syzranskiy Refinery	Refining and gas processing
180	CC Syzran-Terminal	Property leasing
181	LLC Service Center	Services
	including	
182	OJSC Angarskneftekhimremstroy	Construction of buildings, major repair of equipment
183	OJSC Angarskiy Petrochemical Company	Refining
	including	
184	OJSC East-Siberain Engineering Plant	Production of special equipment
185	OJSC Angarskiy Catalyst and Organic Synthesis Plant	Production of catalysts and petrochemicals
186	OJSC Angara Power System Department	Power
187	OJSC Angarskiy Polymer Plant	Processing of refining residues and production of polymers
188	OJSC Buryatnefteproduct	Petroleum product sales
	including	
189	LLC Resort Enkhaluk	Resort services
190	LLC Buryat-Terminal	Petroleum product storage and transshipment services
191	CJSC Irkutsknefteproduct	Petroleum product sales
	including	

No.	Company	Core activity
192	LLC Irkutsk-Terminal	Petroleum product storage and transshipment services
193	LLC Asset	Property leasing
194	OJSC Tomsknefteproduct BOC	Petroleum product sales
195	LLC Tomsk-Terminal	Petroleum product storage and transshipment services
196	CJSC Khakasnefteproduct BOC	Petroleum product sales
197	LLC Khakas-Terminal	Petroleum product storage and transshipment services
198	LLC Magis	Petroleum product sales
199	OJSC Samaranefteproduct	Petroleum product sales
	including	
200	OJSC AZS-Service	Services
201	LLC Samara-Terminal	Petroleum product storage and transshipment services
202	OJSC Belgorodnefteproduct	Petroleum product sales
203	CJSC Belgorod-Terminal	Petroleum product storage and transshipment services
204	CJSC Bryansknefteproduct	Petroleum product sales
205	CJSC Bryansk-Terminal M	Petroleum product storage and transshipment services
206	OJSC Voronezhnefteproduct	Petroleum product sales
207	CJSC Voronezh-Terminal	Petroleum product storage and transshipment services
208	CJSC Lipetcknefteproduct	Petroleum product sales
209	CJSC Lipetck-Terminal M	Petroleum product storage and transshipment services
210	CJSC Oryolnefteproduct	Petroleum product sales
211	CJSC Priokskiy-Terminal	Petroleum product storage and transshipment services
212	CJSC Tambovnefteproduct	Petroleum product sales
213	LLC Tambov-Terminal	Petroleum product storage and transshipment services
214	CJSC Penzanefteproduct	Petroleum product sales
215	LLC Penza-Terminal	Petroleum product storage and transshipment services
216	CJSC Ulyanovsknefteproduct	Petroleum product sales
217	LLC Ulyanovsk-Terminal	Petroleum product storage and transshipment services
218	OJSC FPK Kedr-M	Petroleum product sales
219	CJSC NBA-Service	Petroleum product sales
220	CJSC Mytishy Fuel Company	Petroleum product sales
221	CJSC Contract Oil	Petroleum product sales
	including	
222	LLC Contract Oil P	Petroleum product sales
223	CJSC Contract Oil R	Petroleum product sales
224	OJSC Hermes-Moscow	Petroleum product sales
225	CJSC Y-Tver	Petroleum product sales
	including	
226	LLC Podolsknefteproduct	Petroleum product sales
227	CJSC Agronefteproduct	Petroleum product sales
228	CJSC Energoservice	Services
229	LLC Rostov-Terminal	Petroleum product storage and transshipment services
230	LLC AviaTerminal	Petroleum product sales
231	LLC Yukos-Petroleum	Petroleum product sales
232	LLC Yukos-Ladoga	Petroleum product sales
233	LLC Yukos-Aviation Marketing	Petroleum product sales
234	OJSC Stavropolnefteproduct	Petroleum product sales
	including	
235	LLC Stavropol-Terminal	Petroleum product storage and transshipment services
236	OJSC Khantymansiysknefteproduct	Petroleum product sales
237	LLC Y-Kuban	Petroleum product sales

No.	Company	Core activity
238	CJSC Yukos-Petroleum	Petroleum product sales
	including	
239	CC Interneft	Petroleum product sales
240	LLC Service-M	Petroleum product sales
241	CJSC Firm VAO R.PRIM	Petroleum product sales
242	LLC Kinelskiy Sklad	Property leasing
243	CJSC Manoil	Property leasing
244	LLC Yukos-Kart	Issue and maintenance of plastic cards
245	OJSC Samaraneftekhimproject	Science
246	OJSC Samaraneftekhimautomatica	Project activity
247	OJSC Samaranefteproduct-Automatica	Services
248	LLC SamaraNIPneft	Science
249	OJSC SvNIINP	Science
250	LLC YuganskNIPneft	Science
251	OJSC Angarskneftekhimproject	Science
252	LLC YUKOS-FBC	Bookkeeping services
253	LLC YUKOS-Moscow	Information and Advising Services
	including	
254	CJSC YUKOS-PM	Information and Advising Services
255	CJSC YUKOS-EP	Production organization and management services
256	CJSC YUKOS-M	Provision of management services
	including	
257	LLC South-Minioil	Petroleum product sales
258	LLC South-Terminal	Petroleum product storage and transshipment services
259	LLC Trade House YUKOS-M	Petroleum product sales
	including	
260	LLC YUKOS-Baltica	Petroleum product sales
261	LLC Center Uchet	Bookkeeping services
262	LLC Alnas Electron	Production of control systems
263	LLC Alnasmash	Sub-leasing of premises, property leasing.
264	LLC Alnasmashservice	Finance lease, leasing
265	LLC Business-Resource	Agent services for sale of goods and materials
266	LLC Control-Service	Property leasing
267	LLC SIBINTEK-Leasing	Finance lease, leasing
268	CJSC Neftepromstroyservice	Investment activities
269	LLC Duoma	Investment activities
	including	
270	LLC Mamontovsliy KRS	Services
271	LLC YUKORT	Services
272	LLC Burenie-Sukhodol	Services
273	LLC Transport-Boguchany	Services
274	LLC CPU-NefteYugansk	Management services
275	LLC Pyt-Yakhskoye UAT	Services
276	LLC CPU-Strezhevoy	Management services
277	LLC Energoneft-Tomsk	Services
278	LLC CPU-Samara	Management services
279	LLC Energoneft-Samara	Services
280	LLC PSE Abb	Security services
281	LLC Alciona	Investment activities
	including	
282	CJSC Service Technologies	Management services
283	CJSC Otradnenskiy GPZ	Gas refining
284	CJSC Neftegorskiy GPZ	Gas refining
285	Rosneft Shell Caspian Ventures Ltd.	Foreign project management
286	LLC National Oil Consortium	Foreign project management
287	LLC RN-Burenie	Services
288	LLC RN-Service	Services
	including	
289	LLC Bezenchugskoye UTT	Services

No.	Company	Core activity
290	LLC Neftegorskoye UTT	Services
291	LLC Samarskiy PRS	Services
292	LLC Otradnenskoye UTT	Services
293	LLC Sukhodolskoye UTT	Services
294	LLC Samaraenergoneft	Services
295	LLC Samaraneftepromservice	Services
296	LLC Strezhecolgia	Services
297	LLC Strezhevskoye UTT	Services
298	LLC Strezhenergoneft	Services
299	LLC Strezhevskoy PRS	Services
300	LLC Strezhneftepromservice	Services
301	LLC Pyt-Yakhszkoye UTT	Services
302	LLC Poykovskoye UTT	Services
303	LLC Mamontovskiy PRS	Services
304	LLC Yuganskoye UTT	Services
305	LLC Yuganskneftepromservice	Services
306	LLC PNG-Major Repair of Wells	Services
307	LLC PNG-Spetctransport	Services
308	LLC PNG-Transport	Services
309	LLC PNG-ORS	Services
310	LLC Usinskoye UTT	Services
311	LLC Usinsk Snabservice	Services
312	LLC Usinskiy Communal Service	Services
313	LLC Usinsk Neftepromremont	Services
314	LLC Usinskiy KRS	Services
315	LLC PNG-Communal Service	Services
316	LLC PNG-Neftepromservice	Services
317	LLC PNG-Sklad	Services
318	LLC Sakhalinskoye UTT	Services
319	LLC Sakhalin Sklad	Services
320	LLC Okhinskiy Mechanical Plant	Services
321	LLC Geophysical Office	Services
322	LLC Sakhalinskiy PRS	Services
323	LLC Sakhalinskiy Communal Service	Services
324	LLC Stavropol-Neftremont	Services
325	LLC Stavropolskoye UTT	Services
326	LLC Stavropolskiy KRS	Services
327	LLC Bankorskoye UTT	Services
328	LLC RN-Service-Sklad	Services
329	LLC YNG-Neftekhimservice	Services
330	LLC Krasnodarneftegas-Remont	Services
331	LLC KNG-Special Technological Service	Services
332	LLC KNG-Kuban Technological Transport Department	Services
333	LLC Property-Service-NefteYugansk	Services
334	LLC MamontovEPUservice	Property leasing
335	LLC Property-Service-Samara	Property leasing
336	LLC Samara-Electro-Service	Services
337	LLC Samarskiy ITC	Services
338	LLC YuganskEPUservice	Property leasing
339	LLC Yuganskneftegeophysica-GEOFIMP	Science
340	LLC Property-Service-SSK	Services
341	LLC Yuganskneftepromburservice	Services
342	LLC Pyt-Yakhavtotrans-3	Services
343	LLC YuganskSpetctStroy	Services
344	LLC Yuganskautotrans-1	Services
345	LLC Poykovospetcautotrans-2	Services
346	LLC Transport-Bezenchuk	Services
347	LLC Transport-Otradniy-2	Services
348	LLC URS-Samara	Services
349	LLC Samara-Remmash-Service	Services
350	LLC Transport-Sukhodol	Services
351	LLC Transport-Neftegorsk	Services
352	LLC Samarskaya Service Ecologia	Environment protection services
353	LLC Neftepromremont	Services

No.	Company	Core activity
354	LLC PRS	Services
355	LLC Strezhevskaya Service-Ecologia	Services
356	LLC Strezhevskoye DRSU	Services
357	LLC UTT-2	Services
358	LLC UTT-4	Services
359	OJSC KNG-Mashzavodservice	Services
360	LLC RN-Energo	Power
	including	
361	LLC Sakhalinenergoneft	Power
362	LLC RN Pozharnaya Bezopasnost	Fire control activities
363	LLC Dubininskoye	Property leasing
364	CC YUKOS-Mamontovo	Services
365	LLC RN-Inform	Information services
366	LLC RN-Uchet	Bookkeeping services
367	LLC RN-Story	Pipelining and construction
368	LLC RN-Zdorovie	Resort services
369	OJSC Purnefteotdacha	Services
370	LLC PSE RN-Okhrana	Security services
	including	
371	LLC PSE RN-Okhrana-AltayАлтай	Security services
372	LLC PSE RN-Okhrana-Angarsk	Security services
373	LLC PSE RN-Okhrana-Achinsk	Security services
374	LLC PSE RN-Okhrana-Belgorod	Security services
375	LLC PSE RN-Okhrana-Bryansk	Security services
376	LLC PSE RN-Okhrana-Buryatia	Security services
377	LLC PSE RN-Okhrana-Bankor	Security services
378	LLC PSE RN-Okhrana-Irkutsk	Security services
379	LLC PSE RN-Okhrana-Komsomolsk	Security services
380	LLC PSE RN-Okhrana-Oryol	Security services
381	LLC PSE RN-Okhrana-Lipetck	Security services
382	LLC PSE RN-Okhrana-Penza	Security services
383	LLC PSE RN-Okhrana-Primorye	Security services
384	LLC PSE RN-Okhrana-Samara	Security services
385	LLC PSE RN-Okhrana-Sakhalin	Security services
386	LLC PSE RN-Okhrana-SK	Security services
387	LLC PSE RN-Okhrana-Smolensk	Security services
388	LLC PSE RN-Okhrana-Stavropol	Security services
389	LLC PSE RN-Okhrana-Tambov	Security services
390	LLC PSE RN-Okhrana-Tomsk	Security services
391	LLC PSE RN-Okhrana-Usinsk	Security services
392	LLC PSE RN-Okhrana-Yugra	Security services
393	LLC PSE RN-Okhrana-Krasnodar	Security services
394	LLC Komsomolskneftezavodremstroy	Services
395	LLC KNPZ-Service	Services
396	OJSC Russian Regional Development Bank	Banking
	including	
397	LLC Okhabank	Banking
398	LLC SakhalinNIPImorneft	Science
399	LLC RN-UfaNIPIneft	Science
400	LLC OC Rosneft-NTC	Science
	including	
401	OJSC KOE UPNP and KRS	Services
402	LLC RN-KrasnoyarskNIPIneft	Science
403	LLC RN-Trade	Petroleum product sales
	including	
404	LLC RN-Razvitie	Consulting services in commerce and management
405	LLC Nefitradegroup	Consulting services in commerce and management
406	LLC RN-Trading	Petroleum product sales
407	LLC NeftInvest-OK	Consulting services in commerce and management
408	KOO Rosneft-Mongolia	Hydrocarbon exports
409	CJSC Rosnefteflot	Transportation and logistics

No.	Company	Core activity
	including	
410	LLC Morskoye Agentstvo Shelf-Flot	Marine agent services
411	LLC FEMCO-Travel	Intermediary activity
412	Shelf Crewing Services Ltd.	Crewing
413	CJSC Sakhalinmorneftegas-Shelf	Project Management
414	Shelf Ltd.	Investment activities
	including	
415	Sakh Shipmanagement Contractors Ltd.	Ship Manager
416	Sakh Drilling Management Contractors Ltd.	Drill Boring Manager
417	FEMCO-Gulf Ltd.	Drill Boring Manager
418	Neftcon Shipping Ltd.	Bare Board Shipowner
419	Spets Navigation Ltd.	Ship Manager
420	Neftegas Shipping Ltd.	Bare Board Shipowner
421	Lexacono Services Ltd.	Ship Manager
422	Sakhalin Trade Associates Ltd.	Ship Manager
423	Shelf Co Management Services Ltd.	Ship Manager
424	Sakhalin Development Ltd.	Ship Manager
425	Shelf Drillhold Ltd.	Drill Boring Manager
	including	
426	Torchinov Shipping Ltd.	Bare Board Shipowner
427	Shelf Tanker Ltd.	Ship Manager
	including	
428	Kolendo Shipping Ltd.	Bare Board Shipowner
429	Katangly Shipping Ltd.	Ship Manager
430	CJSC Sakhalinmorneftegas-AMK	Services
431	CJSC Ordalia 2000	Services
432	LLC FTT Service	Services
433	OJSC Okhinskaya Power Station	Power
434	LLC Shatskiy Val	Services
435	LLC Vostok-Energy	Geological exploration
436	LLC Neftyanik Kubani Resort	Resort services
437	LLC Kaspoil	Oil and gas production
438	CJSC YUKOS-Transservice	Transportation and logistics

All the companies listed above, except for the Group of companies LLC Rosneft International Ltd. and KOO Rosneft-Mongolia are registered in the Russian Federation.

Financial statements of Russian Regional Development Bank has been included in the consolidated financial statements in accordance with general rules after restatement from bank financial statements into regular commercial financial statement.

Long-term investments in affiliated companies are reflected in consolidated accounts as part of other financial investments in accordance with the sums actually spent. Investments in affiliated companies were RUB 72,767.92 mln. A list of the most significant affiliated companies is presented in the table below.

No.	Company	Share in authorised capital, %	Actual investments, RUB mln
1	OJSC Samaraneftegeofizika	54.97 / 46.46	340.67
2	CJSC Kubanenergotrans	50.00	0.75
3	LLC SMNM VIKO ISK	50.00	0.08
4	LLC Kenc-SMNM	50.00	0.01
5	LLC Parker SMNG Drilling	50.00	0.05
6	OJSC Moscow Gas Company	50.00	0.05
7	CJSC Vlakra	50.00	2,789.99
8	TOO Aday Petroleum Company	50.00	59.57
9	OJSC Tomskneft VNK	50.00	61,091.29
10	LLC EuroCoop	50.00	60.09
11	Chinese-Russian Eastern Petrochemical Company	49.00	5.84
12	LLC Sibirskaya Internet Company	48.98	633.75
13	CJSC Caspian-1	45.00	103.91
14	CJSC Sovkhoz Zarechie	36.08	17.64
15	OJSC Neftemarket	34.34	200.32
16	LLC TK Burgas-Alexandropolis	33.33	48.58
17	OJSC NGK Stavropolie	31.81	6.84
18	OJSC Kubanenergosbyt	26.26	92.32
19	OJSC Kubanskaya generiruyuschaya kompaniya	26.26	955.27

No.	Company	Share in authorised capital, %	Actual investments, RUB mln
20	OJSC Kubanskije magistralnye seti	26.26	163.83
21	OJSC Verkhnechonskneftegas	25.94	7,123.84
22	OJSC Tomskaya raspredelitel'naya kompaniya	25.88	80.13
23	OJSC Tomskaya energosbytovaya kompaniya	25.88	25.56
24	OJSC Tomskie magistralnye seti	25.88	272.55
25	CJSC EKZA	25.07	166.96

Capitalized income of affiliated companies was included in the consolidated balance sheet in the 'Long-term financial investments' line, totaling RUB 2,778.30 mln, and as a separate line in the consolidated profit & loss account. Capitalized income of some affiliated companies is not included in the consolidated balance sheet, since the Group accounts are compiled earlier than the accounts of affiliated companies (examples are OJSC Tomsk Transmission Networks, OJSC Neftemart and CJSC Caspian-1).

4. Change of Opening Balances in 2008 Financial Accounts

Several subsidiaries have changed the opening balances in the account lines due to changes of accounting policy. The changes were reflected in consolidated accounts by the accounting year flows, that helped avoiding distortion of balances as of December 31, 2008.

5. Information on Accounting Policies

In compliance with the requirements of the Methodical recommendations for compilation of consolidated financial statements of the Group, a single accounting policy should be used in respect to similar accounting objects. To comply with this requirement, starting from 2002 the accounting policy of the Group's subsidiaries was by and large brought in line with the accounting policy of the Parent Company.

The accounting policy of Subsidiary companies of the Group is based on principles established by the Provision for accounting titled 'Accounting policy of an organization' PBU 1/98 approved by Order No. 60n dated December 9, 1998, of the Ministry of Finances of the Russian Federation:

- property insulation principle: assets and obligations of one company are recorded separately from assets and obligations of other companies;
- continuous business principle;
- principle of consecutive application of accepted accounting policy in business operations;
- principle of temporal determination of economic activity facts.

Substantial accounting policies for the year 2008

1. The fixed assets include assets which are supposed to be used in production, in performing works, rendering of services or for managerial purposes of the Group during the period of its useful use of over 12 month duration (for fixed assets commissioned before January 01, 2001 it a cost criterion was assumed of more than 100 minimum monthly wages per unit).

The Group fixed assets are disclosed in Consolidated Financial Statements at initial (replacement) cost less accumulated depreciation in accordance with the Regulation on accounting Accounting for tangible fixed assets PBU 6/01, adopted by the Order of the MF of the RF of 30.03.01 No. 26n (in the version of the Orders of the Ministry of Finance of the RF of 18.05.02 No. 45n, of 12.12.05 No. 147n, of 18.09.06 No. 116n, and of 27.11.06 No. 156n).

Booking of fixed assets in accounts occurs on the date when the asset is ready for use. In order to observe the priority of content over the form, the completed capital construction facilities actually in operation are also reflected in the fixed assets, regardless of submission of documents for their state registration.

Linear depreciation of tangible fixed assets is applied for accounting purposes:

- for the items put into operation before 01.01.02 according to the depreciation rates established by the Statement of the Council of Ministers of the USSR of 22.10.90 No. 1072;
- for the items put into operation after 01.01.02 according to the depreciation rates calculated on the basis of useful life parameters established by the Statement of the Government of the RF of 01.01.02 No. 1;
- for items with cost of 10,000 roubles or lower, which had been put into operation after 01.01.02 and before 01.01.06 direct charging to costs is permitted at putting them into operation, after 01.01.06 depreciation is charged on linear basis.

All fixed assets on inventory are depreciated under the common procedure.

Useful use period of a fixed asset is defined by the company upon its entry into accounting record.

Depreciation is not charged on items of tangible fixed assets, which usability do not change over time (land plots, environmental facilities, museum items and museum collections etc.).

Items of the housing fund (residential buildings, hostels, apartments, etc.) and outdoor facilities booked before January 1, 2007 are not depreciated, except when the items in the housing fund are used to generate profit. Housing fund items and outdoor facilities booked after January 1, 2007 are depreciated in the standard order.

Initial cost of a fixed asset facility upon its entry into accounting records may be changed in the following cases:

- a) item has been reequipped (reconstructed, modernised);

- b) item has been partially liquidated;
- c) construction of assets was finalized.

Items of capital construction are recorded at actual cost. Actual cost of an item of capital construction includes all actual costs of its construction confirmed by documents, except for value added tax and other refundable taxes.

Results of works performed under construction contracts are recorded based on account 08 debit side: 'Investments in noncurrent assets' either as a whole for the construction facility or, if so specified by the contract and design and estimate documentation, stagewise, based on duly issued primary documents.

2. Intangible assets are recognised at initial cost determined in accordance with PBU 14/2007 'Accounting for Intangible Assets' adopted by the Order of the MF of the RF of 27.12.07 No. 153n. Initial cost of intangible assets is amortised on linear basis depending on useful life, which is established by order of special committee. Intangible assets are disclosed in consolidated financial statements at initial cost less the amounts of accumulated amortisation.

Licenses for subsurface use within mining claim – mineral rights are recognised and presented in accounts as intangible assets.

Research and development expenses are recorded as other costs, as (based on definition of research and development) they are works of theoretical nature and it is assumed that based on such works' results no assets can be generated that, if used, will generate economic benefits and whose use in production and management can be demonstrated. Therefore, research and development do not meet criteria used in recognizing expenses as research and development expenses.

3. Inventories are recognised at actual costs which is calculated based on amounts of actual costs of procuring, except for value added tax and other refundable taxes (except for cases specified by the legislation of the Russian Federation).

When issued to production or disposed otherwise inventories (except for the goods accounted at sales prices) are valued by one of the following methods:

- at cost of individual unit;
- at average cost;
- at cost of inventory that were purchased first (FIFO);

The preferred method of inventory valuation in cases of issuing to production or other disposal is average cost method.

Special clothing provided to employees is accounted for separately within materials. Cost of such special closing is depreciated by linear method within its normative term of use.

4. Accounts receivable and accounts payable, outstanding liabilities on credits and loans are disclosed in accounting and reporting in accordance with the terms of contracts and agreements. Long-term liabilities are not converted into short-term liabilities.
5. Amounts of interest payable on credits and loans are charged on a monthly basis. Long-term liabilities are not converted into short-term liabilities. Interest on loans and credits relating to purchasing (creating) investment assets are capitalised.
6. Proceeds from sales of products, works and services is recognised on accrual basis when goods are shipped to purchaser (transfer of ownership) and when works and services are performed and invoices presented to customers.
7. Permanent and temporary differences between accounting profit and taxable profit of reporting year are recorded and disclosed in accounting reports. Temporary and permanent differences calculated by comparison of financial accounting and tax accounting data by items of expenses and revenues of current period result in Permanent tax liabilities and assets and in Deferred tax liabilities and assets.
8. Use of profit is recorded and disclosed in financial reports in a year, next to the reporting year in accordance with resolution of shareholders meeting. Therewith the part of profit, which has not been appropriated as dividends by resolution of shareholders, is disclosed in financial statement within Retained earnings. Allocation of this profit for capital investments is recorded by analytical records on account 84 Retained earnings and does not decrease the balance of Retained earnings in financial statements.
9. Financial investments are originally recognised at initial cost.

Financial investments, for which it is possible to determine current market value, are disclosed in financial statements as at the end of reporting period at current market value by adjusting their valuation at preceding reporting date. This adjustment is performed on quarterly basis.

Results of revaluation of shares of subsidiary companies which have market value are recorded in accounts and disclosed in financial statements with charging revaluation difference to additional capital in case, if no sale or other disposal of the shares are envisaged within a period exceeding 12 months after reporting date.

The basis for this is point 68 of the Regulation on Accounting and on Financial Statements in the Russian Federation adopted by the Order of the Ministry of Finance of the Russian Federation of 29.07.98 No. 34n with amendments in accordance to which the amount of increase in value of tangible fixed assets, items of capital construction, and other tangible assets of an enterprise with a term of use exceeding 12 month as a result of revaluation in accordance with the established order, the amount of excess over par value of outstanding shares, and other similar amounts shall be recorded as additional capital and disclosed in the Balance Sheet separately. The possibility for recording of these amounts at account 83 Additional Capital is provided for by the guidelines on application of the Chart of Accounts (Order of the Ministry of Finance of the Russian Federation No. 94n). In accordance with explanations to account 83 Additional Capital increase in value of non-current assets as a result of revaluation shall be recorded at credit side of account 83. In accordance with the point 20 of PBU 19/02 Accounting for financial investments non-current assets include long-term financial investments. This approach is in compliance with the requirements of IFRS.

Financial investment for which it is impossible to determine current market value shall be recorded and disclosed in financial statements as at the reporting day at initial cost.

Short-term receivables on issued loans are not converted into long-term in case of making modifications to terms and conditions of agreements in accordance to which the date of repayment of outstanding amounts is extended by the time period not exceeding 365 days after the moment of making such modifications.

Long-term receivables on issued loans are not converted into short-term receivables at the moment, when 365 days are left until repayment of loan in accordance with the terms and conditions of loan agreement.

Debt securities and loans are not recalculated at discounted value.

In case of disposal of assets which have been recognised as financial investments, for which it is possible to determine the current market value, their cost is determined on the basis of the most recent valuation.

Financial investments, for which it is not possible to determine the current market value, are valued in case of disposal as follows:

- investments in charter (pooled) capitals of other entities (other than joint-stock companies), loans issued to other entities, deposits in credit institutions, accounts receivable obtained as a result of assignment - at initial cost of disposed item;
- other financial investments, for which it is not possible to determine the current market value, are valued on the basis of weighted average initial cost.

Financial investments, for which it is not possible to determine the current market value, are tested for impairment as at December 31 of the reporting year and, when necessary, the provision is made for impairment of financial investments.

10. Exploration assets (rights to use subsurface mineral resources, results of exploration works, technological design documents) are accounted for as non-current assets at the account 06 Exploration Assets. Amortisation of exploration assets, referring to geographical segments, where production of oil and gas has commenced, is charged proportionally to the volume of produced oil and gas, starting from the month next to the one of recognition of the particular asset: for licences on geological exploration of subsurface resources - on the basis of the term of validity of license, for technological design documents for license block - on the basis of the term of validity of technological design document; for other exploration assets - on the basis of the 3 years term.

At the stage of industrial production all costs of geological exploration works (other than exploration drilling and technological design documents) are recognised as expenses on ordinary activities and included in cost of production of oil and gas.

Exploration assets are tested for impairment annually at the end of reporting year.

Exploration assets are disclosed in the Balance Sheet within the line Other Non-Current Assets.

11. Provision for doubtful debts is created for settlements with other enterprises and individuals for products, goods, works and services and other accounts receivable with charging of the amount of provision to financial results within other expenses.
12. Revenues, received in current period, but relating to future reporting period are accounted and disclosed in financial statements as a separate line item Deferred Income and are included in results of operation within the period they relate to.
13. Expenses made by the Company in the reporting period, but relating to next reporting periods, are disclosed within deferred charges. Deferred charges may be written-off in full, when the period to which they relate, commences, or may be written-off in equal amounts, when deferred charges relate to several accounting periods. Certain deferred charges may be written-off in proportion to produced outputs.
14. Administrative expenses recorded at 26 General Business Expenses account are recognised as an expenses of the current period, and at the end of each month they are charged in full to the debit side of the account 90 Sales. In the form 2 Profit and Loss Statement of financial statements these costs are included in the line item Administrative expenses.

The cost of sales relating to sold finished products and merchandise are charged to the debit side of the account 90 Sales at the end of reporting period. The share of costs falling on goods dispatched but not sold, are presented in the financial statements in the form 1 Balance Sheet within the line item Goods dispatched.

The costs of goods transportation to warehouse are allocated between costs of goods sold and the balance of goods at the end of month.

15. Other expenses are determined as follows:

- the amounts of costs relating to sale, disposal and other writing-off of tangible fixed assets and of other assets, other than cash (save for foreign currency), goods, products, and also relating to participation in charter capitals of other entities, with providing of assets in temporary use for a fee (temporary holding and use), of patent rights, industrial patterns, and other kinds of intellectual property (when they do not constitute the subject matter of the business operations), interest paid for providing cash in use, and also costs, relating to payment for services provided by credit institutions, are determined in accordance with the procedure similar to that for recognition of costs of ordinary activities;
- fines, late payment surcharges and forfeits for breaching contractual terms and conditions, as well as reimbursement of losses caused by the entity, are recognised in accounts in amounts adjudged by appellate court or admitted by a Company of the Group;
- in accordance with a fact of admission by a Company of the Group or according to decision of court of the last resort;
- accounts receivable, limitation period for which has expired, other debts, which are impossible to collect, are included in expenses in amount, in which such receivable was recorded in accounts of a Company of the Group;
- the amounts of devaluation of assets are determined in accordance with the rules, established for performing of revaluation of assets, and are included into the results of operations at the commencement of the reporting period, to which they relate.

Information on changes to accounting policy from January 1, 2009

1. The Group will create reserves against devaluation of intra-Group financial investments and doubtful debts. The Group did not create reserves against devaluation of intra-Group financial investments and doubtful debts in 2008.
2. Debt will be transferred from long-term to short-term when there are less than 365 days remain until the settlement date. Such transfer of debt was not a part of accounting policy in 2008.
3. Real estate inventORIZATION will be performed at least once per every two years. Accounting policy in 2008 required real estate inventORIZATION to be performed annually.

4. Reserves will be created against devaluation of intangible assets. No reserves against devaluation of intangible assets were established in 2008.

6. Fixed Assets and Capital Construction in Progress

Fixed assets in the consolidated financial statements of the Group include buildings, facilities, machines, equipment, measurement and controlling instruments and devices, computers, vehicles, tools, production and household implements, etc. Land plots and natural resources' sites are accounted for within fixed assets owned by the Group. In determining classification and grouping of fixed assets the all-Russian classificatory of capital assets, adopted by the Statement of the government Committee of the RF on standard setting, methodology and certification of 26.12.1994 No. 359, is used.

Fixed assets are presented in the Balance Sheet at residual value. Fixed assets are recorded at initial cost of their procurement, construction or manufacturing. No revaluation of fixed assets has been performed in the reporting year. Cost of fixed assets was amortised by depreciation charges within established useful life. No depreciation charge was applied with regard to land plots.

(RUB mln)

Groups of fixed assets	Initial (replacement) cost as of 01.01.08	Amortization as of 01.01.08	Initial (replacement) cost as of 31.12.08	Amortization as of 31.12.08r.
Buildings and structures	422,822.9	126,347.8	417,278.7	152,593.1
Machines, equipment, transport vehicles	149,237.1	62,929.0	170,017.23	66,925.3
Other (land plots, tools, etc.)	8,091.5	26,682.7	9,715.62	3,639.27
Total	580,151.5	215,959.5	597,011.55	223,157.67

Increase of residual value of fixed assets was mainly due to commissioning of buildings and acquisition of equipment and vehicles.

Value of fixed assets leased by the Group as of the year beginning was RUB 47,434.41 mln and the figure at the end of the year was RUB 96,926.14 mln. Payments by the Group companies for leased property in 2008 totaled RUB 6,778.24 mln. The value of pledged property was RUB 3.88 mln.

Unfinished capital construction increased by 73% or RUB 86,945.19 mln in the accounting period (from RUB 117,686.9 mln to RUB 204,632.09 mln). The increase was due to expansion of the drilling and well completion program, acquisition of aeroplanes, implementation of tanker construction projects, financing of the Vankor development, and upgrading of the Tuapse refinery.

7. Intangible Assets and Goodwill

Intangible assets comprise: gas fill stations standard projects, trade marks, subsoil use licenses, patents, etc.

Intangible assets are reflected on the balance sheet at residual value. In book keeping, intangible assets are reflected at initial acquisition value. Value of intangible assets during the period of their use by straight-line depreciation.

(RUB mln)

Intangible assets (excluding goodwill)	Initial cost	Amortization	Book value
As of 01.01.2008	5,103.4	613.1	4,490.3
As of 31.12.2008	5,150.19	842.98	4,307.21

Goodwill, which is reflected as a distinct line in the balance sheet, declined from RUB 391,865.96 mln on January 1, 2008 to RUB 332,311.95 mln on December 31, 2008 (by RUB 59,554.01 mln). Goodwill is calculated as the difference between balance sheet value for the Parent Company of investments in subsidiaries and the stake of net assets (capital) of subsidiaries, which belong to the Parent Company (not including retained earnings for the accounting period) at the time when the shares were acquired. Reduction of Goodwill was due to the following factor:

Factor	Impact on change of Goodwill, %
Reduction of Goodwill due to reduction (sale) of shares and participation of the Parent Company in subsidiaries, accounted as part of financial investments; change in the composition or level of participation in second-tier subsidiaries, etc.	-15

8. Other Non-current Assets

Other non-current assets increased by RUB 10,329.33 mln from the year beginning to a level of RUB 59,244.74 mln, including: RUB 49,395.90 mln (83.38% of the total) representing geological exploration assets (including acquisition of licenses); RUB 2,050.29 mln (3.46%) representing R&D; RUB 2,549.75 mln (1.3%) representing catalysts; as well as other assets (software, etc.).

9. Inventories

The analysis of inventories by type is provided in the table.

(RUB mln)

Description	As of 01.01.2008	As of 31.12.2008
Feedstock and materials	30,267.8	26,835.10
Expenses on unfinished products	12,107.7	5,251.76
Finished products and goods for resale	40,301.8	46,510.44
Shipped goods	5,553.4	3,977.76

Description	As of 01.01.2008	As of 31.12.2008
Deferred expenses	6,241.9	4,076.59
Other inventories	1.5	1.5
Total	94,474.1	86,653.15

Major types of inventories are:

- Pipes;
- Building materials;
- Chemicals;
- Spare parts (to power plants, special vehicles, other equipment);
- Cables;
- Equipment (valving, C & I, others);
- Oil products for own use;
- Special closing.

Most of these inventories have storage term of less than 3 months.

In accordance with the accounting policies deferred charges include expenses incurred by the Companies of the Group in current and preceding reporting periods, but which relate to next reporting periods, such as: costs, relating to purchasing of licenses for particular activities, relating to implementation and adaptation of software, relating to insurance of employees and assets of Companies of the Group.

10. Financial Investments

Financial investments are valued in the Company accounts based on the actual expenditure. Long-term financial investments as of December 31, 2008 were RUB 103,936.25 mln, representing an increase of RUB 50,424.06 mln or 94% from the year beginning (in accordance with the consolidation rules, this indicator does not include financial investments of the Parent Company in subsidiaries).

Description of the most important investments in Subsidiary companies, included into consolidation

Production:

- LLC RN-Severnaya neft was formed in 2005 on the basis of OJSC Severnaya neft' and performs production operations on the territory of Nenetskiy Autonomous Region (NAO) and Komi Republic. The share of the Parent Company in the company is 100.00%. Charter Capital of the company is RUB 6,249.9 mln.
- LLC RN-Purneftegas was formed in 2005 on the basis of OJSC NK Rosneft-Purneftegas and is situated in Yamalo-Nenetskiy Autonomous Region near the town Gubkinskiy. The share of the Parent Company in the company is 100.00%. Charter Capital of the company is RUB 8,527.2 mln.
- LLC RN-Yuganskneftegas develops 25 fields in Western Siberia in Khanty-Mansiysk AO. The share of the Parent Company in the company is 100.00%. Charter Capital of the company is RUB 14,166.2 mln.
- LLC RN-Sakhalinmorneftegas is situated on the Sakhalin Island. Charter Capital of the company is RUB 2,879.4 mln. The share of the Parent Company in the company is 100.00%. The company traces its history to Sakhalinneft complex of enterprises which has been developing the fields of the north of Sakhalin since 1928. Today LLC RN-Sakhalinmorneftegas is the biggest enterprise in the Far East of Russia.
- LLC RN-Krasnodarneftegas was formed in 2005 on the basis of OJSC NK Rosneft-Krasnodarneftegas. The share of the Parent Company in the company is 100.00%. Charter Capital of the company is RUB 2,976.5 mln.
- LLC RN-Stavropolneftegas was formed in 2005 on the basis of OJSC NK Rosneft-Stavropolneftegas. The share of the Parent Company in the company is 100.00%. Charter Capital of the company is RUB 3,355.1 mln.
- OJSC Dagneftegas was formed in 2003. The share of the Parent Company in the company is 100.00% (including 60% holding through OJSC NK Rosneft-Dagneft). Charter Capital of the company is RUB 329.6 mln.
- OJSC Samarneftegas was formed in 1994. The company has licences for extension and development of 112 oil and gas fields. The major fields are Zapadno-Communarnoe, Belozersko-Chubovskoe, Ozerkinskoe and Yuzhno-Neprikovskoe. The share of the Parent Company in the company is 100.00% (holding through LLC Neft-Aktiv). Charter Capital of the company is RUB 104,031.9 mln.
- OJSC Vostochno-Sibirskaya Oil & Gas Company was formed in 1994. VSNK has a licence for geologic exploration and field of developments of great possibilities within the bounds of the Yurubchenskiy block of the Yurubcheno-Tokhomskiy oil and gas

development and for exploration of the Agalaevskoe condensate field in Eastern Siberia. The share of the Parent Company in the company is 70.78% (holding through LLC Neft-Aktiv). Charter Capital of the company is RUB 893 mln.

Refining:

- LLC RN-Komsomolskiy Refinery was formed in 2005 on the basis of OJSC NK Rosneft-Komsomolskiy Refinery. The share of the Parent Company in the company is 100.00%. Charter Capital of the company is RUB 573.4 mln.
- LLC Achinskiy Refinery was formed in 1982. The share of the Parent Company in the company is 100.00% (holding through LLC Neft-Aktiv). Charter Capital of the company is RUB 13,627.7 mln.
- OJSC Novokuibyshevskiy Refinery was formed in 1951. The share of the Parent Company in the company is 100.00% (holding through LLC Neft-Aktiv). Charter Capital of the company is RUB 16,724.7 mln.
- OJSC Kuibyshevskiy Refinery was formed in 1945. The share of the Parent Company in the company is 100.00% (holding through LLC Neft-Aktiv). Charter Capital of the company is RUB 12,238.6 mln.
- OJSC Syzranskiy Refinery was formed in 1942. The share of the Parent Company in the company is 100.00% (holding through LLC Neft-Aktiv). Charter Capital of the company is RUB 11,577.9 mln.
- OJSC Angarskaya Petrochemical Company was formed in 1955. The share of the Parent Company in the company is 100.00% (holding through LLC Neft-Aktiv). Charter Capital of the company is RUB 26,229 mln.
- OJSC Angarskiy Polymer Plant was formed in 1997. The share of the Parent Company in the company is 100.00% (holding through LLC Neft-Aktiv). Charter Capital of the company is RUB 3,507.3 mln.

Marketing:

- LLC RN-Nakhodkanefteproduct was formed in 2005 on the basis of OJSC NK Rosneft-Nakhodkanefteproduct and is the biggest oil terminal in the Russian Far East performing transshipment, storing, sales and trading of oil refinery products. The share of the Parent Company in the company is 100.00%. Charter Capital of the company is RUB 514.4 mln.
- LLC RN-Arkhangelsknefteproduct was formed in 2005 on the basis of OJSC NK Rosneft-Arkhangelsknefteproduct and is the biggest enterprise of supplying of oil products in the North-West of Russia performing transshipment, storing, sales and trading of oil refinery products. The share of the Parent Company in the company is 100.00%. Charter Capital of the company is RUB 546.5 mln.
- LLC RN-Tuapsenefteproduct was formed in 2005 on the basis of OJSC NK Rosneft-Tuapsenefteproduct and performs transshipment, storing, sales and trading of oil refinery products. The share of the Parent Company in the company is 100.00%. Charter Capital of the company is RUB 2,028.7 mln.
- CJSC Buryatnefteproduct was formed in 1999. The share of the Parent Company in the company is 97.48% (holding through LLC Neft-Aktiv). Charter Capital of the company is RUB 950 mln.
- CJSC Irkutsknefteproduct was formed in 1994. The share of the Parent Company in the company is 100.00% (holding through LLC Neft-Aktiv). Charter Capital of the company is RUB 1,901 mln.
- LLC Irkutsk-Terminal was formed in 2002. The share of the Parent Company in the company is 100.00% (holding through LLC Neft-Aktiv) 34.52%, CJSC Irkutsknefteproduct 62.88%, CJSC YUKOS-M 2.6%. Charter Capital of the company is RUB 525.7 mln.
- OJSC Tomsknefteproduct VNK was formed in 1994. The share of the Parent Company in the company is 100.00% (holding through LLC Neft-Aktiv). Charter Capital of the company is RUB 344 mln.
- LLC Khakas-Terminal was formed in 2002. The share of the Parent Company in the company is 100.00% (holding through LLC Neft-Aktiv). Charter Capital of the company is RUB 175.9 mln.
- OJSC Samarnefteproduct was formed in 1996. The share of the Parent Company in the company is 100.00% (holding through LLC Neft-Aktiv). Charter Capital of the company is RUB 272 mln.
- LLC Samara-Terminal was formed in 1999. The share of the Parent Company in the company is 100.00% (holding through LLC Neft-Aktiv). Charter Capital of the company is RUB 1,465.7 mln.
- OJSC Belgorodnefteproduct was formed in 1993. The share of the Parent Company in the company is 100.00% (holding through LLC Neft-Aktiv). Charter Capital of the company is RUB 291 mln.
- CJSC Belgorod-Terminal was formed in 1999. The share of the Parent Company in the company is 100.00% (holding through LLC Neft-Aktiv). Charter Capital of the company is RUB 704 mln.
- CJSC Bryansknefteproduct was formed in 1996. The share of the Parent Company in the company is 100.00% (holding through LLC Neft-Aktiv). Charter Capital of the company is RUB 687 mln.
- OJSC Voronezhnefteproduct was formed in 1996. The share of the Parent Company in the company is 100.00% (holding through LLC Neft-Aktiv). Charter Capital of the company is RUB 732 mln.
- CJSC Voronezh-Terminal was formed in 1999. The share of the Parent Company in the company is 100.00% (holding through LLC Neft-Aktiv). Charter Capital of the company is RUB 914.6 mln.
- CJSC Lipetsknefteproduct was formed in 1993. The share of the Parent Company in the company is 100.00% (holding through LLC Neft-Aktiv). Charter Capital of the company is RUB 813 mln.
- CJSC Lipetsk-Terminal M was formed in 1999. The share of the Parent Company in the company is 100.00% (holding through LLC Neft-Aktiv). Charter Capital of the company is RUB 862 mln.
- CJSC Orelnefteproduct was formed in 1993. The share of the Parent Company in the company is 100.00% (holding through LLC Neft-Aktiv). Charter Capital of the company is RUB 694 mln.

- CJSC Priokskiy-Terminal was formed in 1999. The share of the Parent Company in the company is 100.00% (holding through LLC Neft-Aktiv). Charter Capital of the company is RUB 735 mln.
- CJSC Tambovnefteproduct was formed in 1997. The share of the Parent Company in the company is 100.00% (holding through LLC Neft-Aktiv). Charter Capital of the company is RUB 379 mln.
- LLC Tambov-Terminal was formed in 2002. The share of the Parent Company in the company is 100.00% (holding through LLC Neft-Aktiv). Charter Capital of the company is RUB 731 mln.
- CJSC Penzanefteproduct was formed in 2002. The share of the Parent Company in the company is 100.00% (holding through LLC Neft-Aktiv). Charter Capital of the company is RUB 945 mln.
- CJSC Uliyanovsknefteproduct was formed in 1994. The share of the Parent Company in the company is 100.00% (holding through LLC Neft-Aktiv). Charter Capital of the company is RUB 162 mln.
- LLC Uliyanovsk-Terminal was formed in 2002. The share of the Parent Company in the company is 100.00% (holding through LLC Neft-Aktiv). Charter Capital of the company is RUB 225 mln.
- OJSC FPK Kedr-M was formed in 1993. The share of the Parent Company in the company is 100.00% (holding through LLC Neft-Aktiv). Charter Capital of the company is RUB 2,905 mln.
- LLC NBA-Servis was formed in 2000. The share of the Parent Company in the company is 100.00% (holding through LLC Neft-Aktiv). Charter Capital of the company is RUB 444 mln.
- OJSC Germes-Moskva was formed in 1993. The share of the Parent Company in the company is 85.61% (holding through LLC Neft-Aktiv). Charter Capital of the company is RUB 599 mln.
- CJSC YU-Tver was formed in 1996. The share of the Parent Company in the company is 100.00 % (holding through LLC Neft-Aktiv). Charter Capital of the company is RUB 463 mln.
- LLC Rostov-Terminal was formed in 1996. The share of the Parent Company in the company is 100.00% (holding through LLC Neft-Aktiv). Charter Capital of the company is 163 mln roubles.
- LLC Yukos Aviation Marketing was formed in 2004. The share of the Parent Company in the company is 100.00% (holding through LLC Neft-Aktiv). Charter Capital of the company is RUB 571 mln.
- CJSC Stavropolnefteproduct was formed in 1995. The share of the Parent Company in the company is 100.00% (holding through LLC Neft-Aktiv). Charter Capital of the company is RUB 1,025 mln.
- LLC Torgoviy dom YUKOS-M was formed in 1998. The share of the Parent Company in the company is 100.00% (holding through LLC Neft-Aktiv). Charter Capital of the company is RUB 55,000 mln.

Others:

- LLC RN-Burenie performs drilling. The share of the Parent Company in the company is 100.00%. Charter Capital of the company is RUB 4,611.8 mln.
- LLC RN-Service provides services. The Parent Company owns 100.00% of the company (22.5855% through Rosneft Oil Company, 2.8325% through LLC RN-Yuganskneftegaz, 13.5795% through LLC RN-Krasnodarneftegaz, 4.6976% through LLC RN-Stavropolneftegaz, 4.2962% through Sakhalinmorneftegaz, 8.3835% through LLC RN-Northern Oil, 13.1934% through LLC RN-Purneftegaz, and 30.4318% through LLC Neft-Aktiv. Charter capital of the company is RUB 7,178.5 mln.
- LLC Dubninskoe is involved in leasing of assets. The share of the Parent Company in the company is 100.00%. Charter Capital of the company is RUB 26,015 mln.
- CJSC YUKOS Mamontovo provides services. The share of the Parent Company in the company is 100.00%. Charter Capital of the company is RUB 9,952 mln.
- CJSC YUKOS- Moskva provides consulting services. The share of the Parent Company in the company is 100.00%. Charter Capital of the company is RUB 195 mln.
- CJSC YUKOS- M provides management services. The share of the Parent Company in the company is 100.00% (holding through LLC Neft-Aktiv). Charter Capital of the company is RUB 6,300 mln.
- LLC Kinelskiy sklad is involved in leasing of assets. The share of the Parent Company in the company is 100.00% (holding through LLC Neft-Aktiv). Charter Capital of the company is RUB 13,017 mln.
- LLC Imuschestvo-Servis Nefteyugansk is involved in leasing of assets. The share of the Parent Company in the company is 100.00% (holding through LLC RN-Servis). Charter Capital of the company is RUB 625.9 mln.
- LLC Imuschestvo-Servis Samara is involved in leasing of assets. The share of the Parent Company in the company is 100.00% (holding through LLC RN-Servis). Charter Capital of the company is RUB 646.6 mln.
- LLC Samara-Electro-Servis provides services. The share of the Parent Company in the company is 100.00% (holding through LLC RN-Servis). Charter Capital of the company is RUB 507.6 mln.
- OJSC Samaraneftegeofizika is involved in performing of scientific and research works. The share of the Parent Company in the company is 54.97% (holding through LLC Neft-Aktiv). Charter Capital of the company is RUB 340.7 mln.
- LLC Sanatoriy Neftyanik Kubani is involved in providing of health resort services. The share of the Parent Company in the company is 100.00% (holding through OJSC NK Rosneft 87.85, holding through LLC RN-Krasnodarneftegas 12.15). Charter Capital of the company is RUB 1,193.5 mln.

Participation in joint projects and PSAs (including projects financed by foreign partners)

Russian Projects

In 2008 as in previous years, Rosneft took part in development and implementation of a number of projects in Russia.

A major project, in which Rosneft has been involved since the end of 2005, is for development of the **Verkhnechonskoye field**. Rosneft has a 25.94% equity share in the project, while other shares are held by OJSC TNK-BP (68.35%), East Siberian Gas Company (5.65%) and minorities (0.06%). Rosneft is financing its equity stake by loan agreements through Rosneft-International Limited, which took a loan of RUB 2,791.9 mln in 2008. The field was commissioned from October 15, 2008: well clusters and pipelines were completed (including a connection to Pumping Station No. 10 on the Eastern Siberia – Pacific Ocean pipeline), as well as power supply installations, oil treatment units, oil transfer points, roads, production service bases, etc. Oil production in 2008 was 156,330 tonnes, of which the Rosneft share was 39,355 tonnes. A total of 19 production wells were brought into service in 2008 and the total number of production wells by the end of the year was 27.

Work on helium-geophysical studies at the West-Chonsky and Verkhneichersky license areas was completed as part of the **Vostok Energy project** (a joint venture with the Chinese National Petroleum Corporation). Work on processing and complex reinterpretation of historical geophysical materials are in progress. Agreements were reached for conduct of seismic exploration work during the winter of 2008-2009. Prospecting and appraisal programs have been prepared for the license areas.

A loan of RUB 39.14 mln was provided to Vostok-Energy in 2008 as financing of Rosneft 51% stake in the project.

The **Evenkia License Areas** project consists of four license areas, acquired by Rosneft at auctions in 2007 and located 700-800 km north of the city of Krasnoyarsk: Ayavinsky, Dzhelendukonsky, Oskobinsky and Tersko-Kamovsky (south). Gas-geochemical surveys were performed and the data obtained were processed during 2008 (1,500 linear km of profiles were processed from the year beginning). Prospecting and appraisal programs and a drilling plan for prospecting and appraisal wells at the four license areas have been prepared.

Rosneft provided RUB 45.65 mln for financing of this work in 2008 under an agent agreement with LLC VOSTSIBNEFTEGAS, of which:

- RUB 41.80 mln for execution of the work; and
- RUB 3.85 mln as agent's commission.

The **Fields in Eastern Siberia** project includes 7 license areas acquired by Rosneft at auctions in 2006 and 2007, of which 6 are located in Irkutsk region (East-Sugdinsky, Sanarsky, Danilovsky, Mogdinsky, Preobrazhensky and Umotinsky) and one is in Krasnoyarsk territory (Kulindinsky).

A total of 1,589 linear km of 2D seismic work was completed in 2008 at the East-Sugdinsky, Mogdinsky, Danilovsky, and Sanarsky areas, as well as 800 linear km of electrical seismic at the East-Sugdinsky area, and geochemical surveying at the Preobrazhensky area.

Rosneft provided RUB 792.214 mln for these works in 2008, of which:

- RUB 9.84 mln for gas-chemical and helium surveying at the Danilovsky and Sanarsky areas, performed in 2007;
- RUB 781.95 mln for 2D seismic field work at the East Sugdinsky (800 km), Mogdinsky (225 km), Danilovsky (434 km), Sanarsky (130 km) areas and electric seismic work at the East-Sugdinsky area under an agent agreement with LLC RN-Kazakhstan. This sum has been assigned as follow: RUB 338.17mln as an advance for carrying out works to LLC RN-Kazakhstan, works to the value of RUB 407.54 mln have been performed, and RUB 36.24 mln has been paid as agent's commission;
- RUB 0.42 mln for acquisition of geological information on the Preobrazhensky license area from the Federal Treasury Branch in Irkutsk region (Irkutsknedra).

A share of the **North Caspian project** was bought in July as part of the sale of property of OJSC YUKOS Oil Company following its bankruptcy. Rosneft bought 49.89% of the charter capital of LLC Caspian Oil Company (LLC COC), which is the project operator. Loans of RUB 935.28 mln were extended to LLC COC in 2008 for financing of the project stake.

Construction work was completed in 2008 on a ChLLIM mobile drilling installation-160. A total of 63 square km of 3D seismic studies were performed. The West-Rakushechnaya Well No.1 was drilled and the West-Rakushechnaya field was discovered.

The **Temryuksko-Akhtarsky license area, Azov Sea shelf project** has been in development since 2003. The project is being implemented jointly by Rosneft (LLC RN Kazakhstan) and LUKOIL, which each have 42.5% stakes through LLC Priazovneft Oil Company (the Administration of Krasnodar territory has the remaining 15% stake). Drilling of a prospecting well, Gelendzhikskaya No. 1 (3,180 meters) was completed in 2008, but failed to detect hydrocarbon strata. 2D seismic and electro seismic work was performed (respectively 526 and 634 linear km).

Loans of RUB 1,023.09 mln were issued in 2008 for financing of the Rosneft stake.

The **Tuapse Trough, Black Sea Shelf project** has been under development by Rosneft, which has a 100% stake through RN-Shelf-South, since 2004. Project financing by Rosneft in 2008 totaled RUB 109.04 mln, of which

- RUB 89.96 mln paid to RN-Shelf-South under subcontracting agreement 0000208/1281D (April 30, 2008);
- RUB 10.76 mln paid to RN-Shelf-South under agent agreement No. 0000207/2076D (July 2, 2007), including RUB 5.4 mln as agent's commission (the agreement has been executed);
- RUB 8.32 mln paid to RN-Shelf-South under agent agreement No. 0000208/2636D (August 31, 2008), including RUB 7.78 mln for works, RUB 0.24 mln as agent commission, and advance payments of RUB 0.3 mln.

Total 406 square km of 3D seismic work and the first stage of data processing were completed in 2008, and a planned volume of research work was completed. Drilling of a prospecting well is scheduled for 2010-2011.

The **West-Chernomorskaya area, Black Sea Shelf project** (LLC Val Shatskogo) has been in the process of implementation by Rosneft with 100% financing (through LLC Val Shatskogo as the operator) since 2007.

3D and 2D seismic (1,250 square km and 450 linear km, respectively) was completed in 2008, as was processing and interpretation. Reprocessing of 2D data from previous years was also completed (4,394 linear km). Background environmental studies and a planned volume of study work were performed. Drilling of 2 prospecting wells is scheduled in 2011-2012.

Loans of RUB 832.99 mln were provided to LLC Val Shatskogo in 2008 as part of the project financing.

Projects in the Near and Far Abroad

Rosneft provided loans of RUB 392.41 mln in 2008 to LLC RN-Kazakhstan for implementation of two projects on the territory of Kazakhstan – the **Adaisky block, Kazakhstan**, and the **Kurmangazy Structure, Kazakhstan Shelf**, – and of one project on the territory of Turkmenistan – **Turkmenistan Shelf, blocks 29-31**. The sum was divided between the Kazakh and Turkmen projects: RUB 385.01 mln were allocated for the former and RUB 7.4 mln for the latter.

At the **Adaisky block, Kazakhstan**, oil production at the Biyikzhal field was halted on June 10, 2008 due to expiry of the period assigned for test operations at the Biyikzhal field. Oil production at the Kyskyrbulak Yuzh field was terminated on June 20, 2008 due to unprofitability of field development. A total of 4,308 tonnes of oil were produced during test operation (the Rosneft share was 2,154 tonnes of oil). The fields have been mothballed. 2D and 3D field seismic work was performed (176 linear km and 483 square km, respectively) and a sub-contractor was selected for drilling of a subsalt well. Financing of the project in 2008 totaled RUB 175.10 mln.

Progress at the **Kurmangazy Structure, Kazakhstan Shelf** included processing, reprocessing and interpretation of 4,730 linear km of seismic exploration data, obtained at the structure in 1996, 2001, 2006 and 2007, and well as complex interpretation of all available geological and geophysical data. Project participants have approved the location of prospecting well No. 2, technical design of the well construction has been completed, environmental background studies have been performed, and a sub-contractor has been selected for drilling of the well in 2009. The Kazakh Ministry of Energy and Mineral Resources signed Supplement No. 2 to the PSA concerning extension of the deadline for completion of the obligatory volume of exploration work from 4 to 5 contract years (until 2009 inclusive). Project financing in 2008 totaled RUB 209.91 mln.

Rosneft has been a participant in the **Turkmenistan Shelf, blocks 29-31** project since 2004, holding a 37% share alongside CJSC Zarubezhneft (26%) and ITERA (37%). Talks continued in 2008 with the State Agency for Management and Use of Hydrocarbon Resources (associated with the President of Turkmenistan) on terms of mineral resource use at blocks 29-31 on the Caspian Sea shelf. Project participants (Rosneft, ITERA and Zarubezhneft) agreed main parameters of the PSA and commercial terms of the project, and submitted them to the Turkmen side. Joint work with partners is continuing on adjustments of the PSA text for blocks 29-31 and agreement of a united position in talks with the Turkmen side in order to accord with new Turkmen legislation. Rosneft, Itera and Zarubezhneft are continuing talks with the Turkmen side on obtaining rights to mineral resource use at blocks 21-22 on the Caspian Shelf.

In the far abroad, Rosneft has been a participant since 2001 in the **Block 245-South** project in Algeria, holding a 50% stake through the operating company, Rosneft-Stroitransgaz LTD, which is working under a contract with the Algerian state oil & gas company, SONATRACH, on exploration, development and production of hydrocarbons at the 245-South Gara-Tisselit block in the People's Democratic Republic of Algeria. Rosneft Holding is financing its share in the project through loan agreements. A loan of RUB 72.68 mln (USD 3.1 mln) was issued to Rosneft-Stroitransgaz-LTD in 2008. The loan was revalued at RUB 91.08 mln on December 31, 2008.

Reinterpretation of geological and geophysical materials for the East and West Takuazet fields was completed in 2008, and geological-geophysical models of the field were created. Rosneft-Stroitransgaz LTD is carrying out measures to start development of the East and West Takuazet fields. A framework agreement has been signed with SONATRACH concerning marketing of gas from the North Tesselit field. Tenders for drilling and FEED have been announced, and technical proposals are being examined. Tendering documentation is being prepared for an environmental study and purchase of drilling equipment, and technical proposals are being assessed for the personnel-hiring tender. Work has begun on preparation of documents for holding of tenders relating to various works in the framework of the second stage of drilling operations.

Projects financed by foreign partners

In 2008 Rosneft partners supplied 40% of the total financing of the Company projects at the exploration and construction stages.

The **Sakhalin-1 project** has been self-financing since the end of 2006 thanks to revenues from export of oil. Oil production in 2008 was 9.6 mln tonnes, of which the Rosneft share was 1.9 mln tonnes (5% more than had been planned). A total of 1.5 bln cubic meters of gas was supplied to customers in 2008, of which the Rosneft share was 300 mln cubic meters. Oil exports continued using a fleet of tankers. A total of 102 tanker-loads of oil were dispatched in 2008, including 20 tankers carrying the Rosneft share of production. From the beginning of the year 9 production wells were completed and brought into operation at the Chaivo field. Design and construction work was performed at the Odoptu field, including construction of settlements for shift workers, relocation from the Chaivo field and assembly at the Odoptu field of the Yastreb drilling rig, construction of a pipeline from Odoptu to Chaivo, and other tasks. Design of a platform and of other constructions was performed for the Arkutun-Dagi field.

Interpretation of 3D data obtained in 2007 was completed at the **Sakhalin-3 project (Veninsky block)**. North-Veninskaya prospecting well No. 1 was completed (drilled and tested), and the North-Veninskoye field was discovered. Engineering and geological studies were performed for drilling of 2 prospecting wells at the Veninskaya the Group of structures in 2009-2010. Project financing continued in 2008 on the basis of a loan agreement between the project operator, LLC Venineft, and Rosneft, and from May 15, 2008 on the basis of a loan agreement between the same operator and LLC Rosneft-International. Financing of Rosneft 74.9% share in the project was RUB 3,846 (USD 118.65 mln), of which 49.8%, amounting to RUB 2,153 mln (USD 73.28 mln) were financed by the foreign partner, the company SINOPEC, and 25.1%, amounting to RUB 1,333.08 mln (USD 45.37 mln) were financed by Rosneft itself.

In the **Sakhalin-4 project (West-Schmidtovskiy area)**, it was decided, based on results of geological exploration work, that further studies of the area are not justified. The decision was taken to wind up the project and surrender the license for subsoil geological studies. The decision was agreed with the project partner. Financing was performed by the foreign partner, the company BP. Financing in 2008 of Rosneft 51% share in the project amounted to RUB 734.22 mln (USD 24.99 mln).

In the **Sakhalin-5 project (East-Schmidtovskiy area)** processing of 3D seismic data was completed, taking account of the results of drilling at the West-Schmidtovskiy area. The license was extended to 2013. Reports on execution of geological exploration work were compiled. Financing was provided by the foreign partner, the company BP. Financing of Rosneft 51% share in the project was RUB 254.73 mln (USD 8.67 mln) in 2008.

2D seismic work (2,078 linear km) was performed as part of the **Sakhalin-5 project (Kaigansko-Vasyukansky area)**. The license was extended until 2013 and reports on execution of geological exploration work were compiled. Financing was by the foreign partner, the company BP. Volume of financing of Rosneft 51% share in the project was RUB 341.64 mln (USD 11.63 mln) in 2008.

Processing and interpretation of 3D seismic data, collected in 2007, was performed as part of the **West-Kamchatsky area, Shelf of the Sea of Okhotsk project**. West-Sukhanovskaya well No. 1 was drilled to a depth of 3,022 meters. Collectors were not found and

the license was revoked. Financing was by the foreign partner, the company KNOC. Financing of Rosneft 60% share in the project was RUB 2,084.83 mln (USD 70.96 mln).

Acquisitions and disposals of core assets, change of stakes in charter capitals of subsidiaries and affiliated companies

The Parent Company acquired new core assets in 2008, which increased the stake of the Parent Company in voting shares of subsidiary and affiliated companies.

The following assets were acquired, created and disposed of in 2008:

a) purchased: (RUB mln)

Asset	Actual value of investments	Share in authorised capital, %
KOO RN-Mongolia	76.13	100
LLC CHOP RN-Okhrana	23.62	80

b) established: (RUB mln)

Asset	Actual value of investments	Share in authorised capital, %
LLC RN-Krasnoyarsknefteproduct	0.01	100
LLC RN-Pozharnaya bezopasnost	0.01	100
LLC RN-Bunker	0.01	100
LLC RN-Novosibirsknefteproduct	0.01	100
LLC RN-Aero	0.01	100
LLC RN-Kemerovonefteproduct	0.01	100
LLC RN-Chechennefteproduct	0.01	100
LLC RN-Uchet	0.01	100
LLC RN-Stroy	0.01	100
LLC RN-Zdorovie	0.01	100
LLC RN-Ekaterinburgnefteproduct	0.01	100
LLC KrasnoyarskNIPneft	0.01	100
LLC RN-Chelyabinsknefteproduct	0.01	100
LLC National Oil Consortium	0.01	100
LLC RN-Primorskiy Refinery	0.01	100
LLC RN-Region	0.01	100
Rosneft Marine Holdings Limited	1.76	100

c) sold: (RUB mln)

Asset	Actual value of investments	Share in authorised capital, %
CJSC Komsomolskneft	0.04	100
LLC PSO Lastochka	0.007	81
OJSC Daltransgas	1,571.3	25

Stakes and investments in the following companies were increased:

- OJSC Verkhnechonskneftegaz – factual investments were increased by RUB 285.324 mln, there was no increase of the stake due to proportional distribution of new shares among shareholders ;
- OJSC Okhinskaya Thermal Power Station – factual investments were increased by RUB 367.072 mln., the stake was increased by 2.81% to 94.01%;
- LLC Vostok-Energy – factual investments were increased by RUB 51 mln, the stake was unchanged;
- LLC Burgas-Alexandroupolis – factual investments were increased by RUB 45.550 mln, the stake was unchanged;
- OJSC Nefteport – factual investments were increased by 7.044 mln, the stake was increased by 2.49% to 100%;
- LLC UfaNIPneft – factual investments were increased by RUB 77 mln, the stake was unchanged;
- LLC RN-Energo – factual investments were increased by RUB 5 mln, the stake was unchanged.

11. Long-term and Short-term Credits and Loans, Guarantees Issued

The short-term debt relating to credits as of December 31, 2008 was RUB 61,026.51 mln (the figure as of January 1, 2008 was RUB 326,932.45 mln) and long-term debt relating to credits was RUB 546,145.81 mln (RUB 347,616.23 mln as of January 1, 2008).

Credits taken by the Company in 2008 were spent on financing of operations by the Group companies:

- Refinancing of existing debt;
- Replenishment of working capital.

Debt relating to credits is shown in financial accounts as of December 31, 2008, with accrued interest.

As of December 31, 2008 the Group short-term debt relating to loans totaled RUB 48,354.07 (the figure as of January 1, 2008 was RUB 12,930.53 mln), and the Group long-term debt relating to loans was RUB 65,987.41 mln (RUB 27,901.36 mln as of January 1, 2008).

Debt relating to loans is shown in financial accounts as of December 31, 2008, with accrued interest.

The average-weighted nominal rate of interest of the Group unconsolidated credit portfolio changed by comparison with 2007 from 5.38% to 3.82% (not including guarantees and project financing). The LIBOR rate declined from 4.6% to 0.44% from December 31, 2007 to December 31, 2008 and average-weighted margin increased from 0.78% to 3.38%.

The Group own promissory notes (long- and short-term) are reflected in the balance sheet lines, 'Other long-term liabilities' (RUB 25,456.52) and 'Other short-term liabilities' (RUB 53,085.02). Restructured debt of RUB 52,686.84 relating to taxes and duties is shown in the 'Other long-term liabilities'.

The value of issued guarantees as of December 31, 2008 was RUB 96,584.99 mln. Distribution of the issued guarantees by their objects was as follows:

Collateral	Share in the total sum
Guarantees	25%
Cash	62%
Export contracts	13%

Transaction for sale of shares with a repurchase condition

In June 2008 the Group entered into a transaction with Linden Capital Limited for sale of shares with a repurchase condition and sold 412.86 mln Rosneft treasury shares for a sum of USD 4.7 bln. According to the deal conditions, the Group assumed an obligation on the date of transfer of the treasury shares to Linden Capital Limited to make payment ahead of time for buy-back of shares for a sum of USD 2.35 bln. Subtracting this advance, the Buyer (Linden Capital Limited) transferred USD 2.35 bln in cash to the Seller. The period, within which the treasury shares of Rosneft are to be bought back, is no more than one year, and interest is charged on the buy-back sum at a rate of 5.76% annualized. As a result of margin calls in the third and fourth quarters the Group transferred 82.07 mln Rosneft treasury shares and also made cash payments of USD 1.39 bln, of which USD 0.5 bln were treated as partial settlement of the sum of debt owed by the Group for repurchase of the shares. The remainder of the transferred sum, totalling USD 0.89 bln, is reflected in the 'Short-term financial investments' line of the consolidated balance sheet.

As of December 31, 2008 the outstanding buy-back sum under the transaction (not including accrued interest) was USD 1.9 bln. Debt to Linden Capital Limited relating to future buy-back of Rosneft treasury shares is reflected in line 610, 'Loans and credits' of the consolidated balance sheet as of December 31, 2008. The Rosneft shares, which have been transferred to Linden Capital Limited, are shown in consolidated financial accounts as own shares which have been purchased from shareholders.

12. Assets and Liabilities Expressed in Foreign Currency

Change in the exchange rate of foreign currencies, particularly the US dollar has significant impact on results of the Group business and finances. The table below shows information on exchange rate trends of the rouble to the dollar:

As of December 31	Exchange rate
2008	29.38
2007	24.55
2006	26.33
2005	28.78

Exchange rate differences arising during the year on operations with assets and liabilities, expressed in foreign currency, and their recalculation as of the accounting date, were referred to the 'Other earnings and costs' account. Positive exchange rate differences across the Group in 2008 were RUB 77,667.92 mln and negative differences were RUB 160,921.25 mln (the respective figures in 2007 were RUB 62,077.1 mln and RUB 23,576.3 mln).

13. Tax Debt

The Group Companies are independent tax payers.

Rates of principal taxes paid in 2008 were as follows:

- income tax – 24% (a lower rate is applicable for companies in certain regions (up to 20 %);
- value-added tax – 18%.

As well as showing income tax for 2008, the 'Current Income Tax' line in the Profit and Loss Account also shows:

- Tax on imputed revenue (RUB 46.91 mln);
- Additional income tax paid for the previous accounting year (RUB 4,457.21 mln).

According to financial accounts, the Group tax debt to the Russian budget as of December 31, 2008 was RUB 27,499.30, and debt to state non-budgetary funds was RUB 856.31 mln.

As stated in Chapter 14 ('Tax Control') of the Tax Code of the Russian Federation, inspections of tax payers and payers of duties, and inspections of tax agents (both at the premises of the tax authorities and of tax payers) can be performed with reference to a period of 3 calendar years preceding the year when the inspection occurs. Management of the Group believes that calculation of tax liabilities by the Group companies is performed in compliance with requirements of tax legislation. The fact that tax declarations for a specific period have been inspected by tax bodies does not mean that they cannot be the object of repeat inspection in the course of the 3-year period.

14. Accounts Receivable and Payable

Long-term and short-term accounts receivable of the Group as of January 1, 2008 were RUB 254,289.20 mln. The level of accounts receivable declined by RUB 29,097.21 mln (11.8%) in the course of 2008 to RUB 225,191.99 mln by December 31, 2008. The VAT on export operations subject to refund from the budget is included in receivables.

Advances issued for uncompleted capital construction are reflected in the line of financial accounts entitled 'Incomplete Capital Construction'.

As a result of inventory check of receivables and payables, a reserve was created for debt which the Group management considers to be doubtful. Accounts receivable are shown in the consolidated financial accounts minus this reserve.

The Group short-term accounts payable as of January 1, 2008 were RUB 171,132.5 mln. Payables declined by 49,495.8 mln (29%) in the course of the year to a level of RUB 121,636.7 mln as of December 31, 2008.

In order to avoid risk of non-payment a number of agreements were made for conduct of mutual offsets, in which the means of settlement were goods and services used in production, as well as promissory notes.

15. Capital

Charter capital

The Group's charter capital is capital of the Parent Company

As of December 31, 2008 charter capital of Rosneft was RUB 105,981,778.17 and was divided into 10,598,177,817 common shares with par value of RUB 0.01 each.

Reserve and additional paid-in capital

Group capital also includes sums of additional paid-in and reserve capital.

The Group's reserve capital consists of consolidated reserve capital (the overall sum of reserve capitals), formed in compliance with the foundational documents with the minority share subtracted.

Additional paid-in capital consists of the Group's consolidated additional paid-in capital with the minority share subtracted.

Retained earnings

The consolidated balance sheet shows retained earnings and uncovered loss. Total retained earnings of previous years minus uncovered loss of previous years amounted to RUB 246,852.5 mln as of December 31 2008. Total retained earnings for the accounting year minus loss in the accounting year was RUB 142,715.15 mln as of December 31, 2008.

Size of retained earnings was influenced by other income and costs, including:

Income:

- Income from participation in charter capitals of other organizations (including interest and other income from securities);
- income from sale of fixed assets and other assets;
- interest received on loans extended;
- interest for use by banks of Company money;
- accounts payable, for which claim periods had expired ;
- fines and penalties received under business agreements;
- profit of previous years, which became apparent in the accounting year;
- positive exchange differences;
- other income.

Costs:

- costs associated with sale, disposal, and other write-offs of fixed assets and other assets;
- taxes included in operating costs;
- interest charged on funds provided for use by the Company (credits, loans);

- costs associated with payment for services, provided by credit organizations;
- accounts receivable for which the claims period has expired;
- fines, penalties, forfeits and other sanctions for violating the terms of agreements;
- losses of previous years, which became apparent in the accounting year;
- negative exchange differences;
- other costs.

Net assets

Net assets of the Company at the end of 2008 were RUB 514,186.76 mln. Increase of net assets compared with their level at the start of 2008 (RUB 404,965.0 mln) was RUB 109,221.76 mln or 27%. As of December 31, 2008 net assets of the Group exceeded its charter capital by RUB 514,080.78 mln.

Share of other shareholders in net assets of the Group

The 'Minority share' in consolidated financial accounts reflects the share of capital of subsidiaries, which belongs to minority shareholders. The minority share was ascertained based on capital of subsidiaries as of December 31, 2008 and the share of that capital, which did not belong to the Parent Company. So the minority share in subsidiaries was calculated based on the percentage of common and preferred shares, which did not belong to the Parent Company, since both types of shares attest the right of their owner to a part of the property of the joint-stock company (Article 32 of the Joint-Stock Law, passed on December 26, 1995).

For purposes of calculating the minority share, the capital of a subsidiary is taken to be the final figure for "Capital and reserves" in its financial accounts, minus revaluation of its shares in subsidiaries, which are quoted on the open market. Calculation of the minority share is based on the sum of changes in the structure of the 'Capital and reserves' section of the balance sheet, which have supervened after the date of acquisition.

16. Income per Share, Dividend Payment

Quantity and nominal value of shares

Share capital represents capital of the Parent Company, in accordance with charter documents. Owners of common shares have the right to one vote at the meeting of shareholders per one share acquired.

Net income of the Group in 2008 was RUB 142,715.15 mln. Net income per share of the Parent Company in 2008 is expected to be RUB 13.47.

Dividend sums

Dividends on shares are calculated by the Board of Directors of the Parent Company and approved at the annual general meeting of shareholders. A preliminary decision on size of dividends per share of the Parent Company for 2008 will be taken by the Board of Directors of the Company at the end of April 2009.

The Parent Company paid dividends of RUB 16,931 mln for 2007, based on a payout of RUB 1.60 per share.

The sum of remunerations paid to members of the Board of Directors and Internal Audit Commissions of subsidiaries and affiliates for 2007 was RUB 97.4 mln.

17. Events after the Accounting Date

On January 28, 2009 a credit agreement with value of USD 1.35 bln was signed between Rosneft and a syndicate of international banks, including BNP Paribas, Barclays, Calyon, Deutsche Bank, Societe Generale and Banco Santander. The credit was extended for a period of 15 months for refinancing of existing debt.

Rosneft signed a package of long-term agreements with the Chinese National Petroleum Corporation (CNPC) in Beijing on February 17 in the framework of Russo-Chinese energy dialogue. The Company obtained 20-year credits from the Chinese Development Bank to the value of USD 15 bln. The Company also signed a 20-year contract for annual supply of 15 mln tonnes of oil to China. The deliveries will begin in January 2011. The interest rate for the credit agreement was agreed on market principles. Prices for the crude oil deliveries to China will be set on the basis of commodity exchange prices at the time when the deliveries are made.

18. Contingent Business Facts

The company YUKOS Capital S.a.r.l, a former subsidiary of OJSC YUKOS Oil Company launched an arbitration action against the Parent Company and OJSC Samaraneftgaz (a subsidiary) in various courts, alleging non-payment of debts on 6 rouble-denominated loans. The International Commercial Arbitration Court (ICAC) of the Chamber of Trade and Industry of the Russian Federation (CTT RF) and the International Arbitration court of the International Chamber of Trade ruled that money should be awarded to YUKOS Capital S.a.r.l, in accordance with the loan agreement.

The ICAC verdict was overturned by a Russian court. A court in Amsterdam refused to enact the above mentioned decisions in the Netherlands (this decision is currently being appealed against by YUKOS Capital S.a.r.l.). Also, claims were brought in 2007 alleging that the loan transactions should be void. These claims are to be heard in the first half of 2009. Management of the Group believes that awarding of payments over and above the current debt of USD 650 mln, relating to these credits, is possible, but cannot be accurately assessed.

The Parent Company and its subsidiary are plaintiffs in arbitration cases against OJSC Yakutgazprom, OJSC Sakhaneftgaz, and OJSC Lenaneftgaz, regarding return of sums under loan agreements and guarantee agreements that are reflected in consolidated financial

accounts to overall value of RUB 1,807 mln (USD 61 mln at the official CBR exchange rate as of December 31, 2008). The relevant debt sum of USD 35 mln, minus a reserve of USD 26 mln, is shown in the 'Long-term receivables' on the consolidated balance sheet.

The Company is also the plaintiff in an arbitration case against OJSC Trust Investment Bank concerning compensation under a depository agreement with value of RUB 1,802 mln (USD 61 mln at the official CBR exchange rate on December 31, 2008), which is reflected on the consolidated balance sheet. Rosneft's claims against Trust Investment Bank were upheld in full during hearings by a first-level court on June 30, 2008, and execution of the court order is now in progress. The sum is accounted as part of acquired receivables. Group management believes that maximum possible loss will not exceed the sums reflected on the consolidated balance sheet.

In the fourth quarter of 2008 the Commission of the Federal Antimonopoly Service (FAS) alleged that Rosneft violated certain provisions of antimonopoly law in its sales of petroleum products. The administrative fine imposed on the Parent Company as a result of this antimonopoly decision was RUB 1,968 mln (USD 69 mln at the official exchange rate of the CBR on December 31, 2008). Company management intends to appeal both against the FAS ruling on violation of antimonopoly law and against the imposition of an administrative fine.

The Parent Company has also gone to court to contest a number of rulings by the FAS and its regional divisions concerning violation of antimonopoly law. The total amount of fines imposed in connection with these rulings is RUB 406 mln (USD 14 mln at the official CBR exchange rate on December 31, 2008).

The Parent Company and its subsidiaries are also involved in a number of other legal proceedings, which arise in the course of their business. Company management believes that final outcome of these proceedings will not have substantial impact on business results or the financial state of the Company.

19. Related Parties

Most operations in 2008 with parties affiliated with the Parent Company were intra-Group operations, which do not appear in consolidated accounts. Scale of operations with other affiliated persons was insignificant.

20. Segment indicators

In accordance with the Russian Accounting Rule 12/2000, 'Information on Segments', the general economic risks as well as currency, credit, and price risks, to which the Group may be subject, were taken into account in providing information on segments.

Revenues (gross) (RUB mln)		
	Domestic market	Exports
Oil	66,310.76	950,474.96
Gas	11,679.53	
Petroleum products	408,287.65	413,924.35
Petrochemical products	9,404.80	1,752.05
Other sales	64,865.31	804.83
Total	560,548.05	1,366,956.19
Reference:		
Share in revenues (gross)	29 %	71 %

Revenues (gross) exports (by directions) (RUB mln)	
Crude oil	950,474.96
including:	
western direction	662,278.06
eastern direction	193,794.34
CIS and other	94,402.56
Petroleum products	413,924.35
including:	
western direction	130,119.19
eastern direction	160,561.58
CIS and other	123,243.58
Petrochemical products	1,752.05
including:	
eastern direction	1,677.29
CIS and other	74.76
Other sales	804.83
including:	
western direction	793.56
CIS and other	11.27
Total	1,366,956.19

In 2008 the Company exported 87% of the total volume of crude oil, which it produced, and 57% of total petroleum product sales were exports.

The 'Other Sales' line included: sales of commodities and materials, processing services, transshipment services, leasing, construction services, R&D and geological exploration works.

21. Other Aspects of the Group Business

Environmental protection issues

Business of companies in the oil & gas sector is always associated with a risk of damage to the environment. Group management believes that Group business is in compliance with current legal requirements for protection of the environment, so there is no risk of significant liabilities being imposed on the Group.

Insurance

The Group takes out insurance coverage of property risks and losses due to interruption of production by main refining assets, insurance of voluntary and obligatory activities, including insurance of responsibility of directors, officials, and Group companies (D&O), and insurance of employees as part of Group social policy. In some cases the Group companies take out the insurance on property, cargoes, construction and assembly work, and drilling operations.

President Sergey Bogdanchikov

Chief Accountant Sun Ne Kim

Notes



General Information About Rosneft

Date of State Registration and Certificate Number:

Date of state registration of a legal entity:
December 7, 1995.

Certificate number: 024537.

Date of entry into the Unified State Register of Legal Entities regarding a legal entity registered prior to July 1, 2002: August 12, 2002.

Certificate of Entry into the Unified State Register of Legal Entities Regarding a Legal Entity Registered Prior to July 1, 2002: Series 77 No. 004856711.

Principal State Registration Number:
1027700043502.

Activities

Rosneft's core activities are: prospecting and exploration of hydrocarbons; production, transportation, and refining of hydrocarbons; production and transportation of petroleum products and petrochemicals; storage and sale (both in the domestic and international markets) of hydrocarbons, petroleum products and petrochemicals; sale of consumer goods and services.

The Company is also engaged in various non-core activities.

Pursuant to Resolution of the Russian Government No.604-r of May 15, 2007, OJSC Rosneft Oil Company was included in the Russian Government's List of Strategic Enterprises and Organizations.

Contact Details

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Open Joint-Stock Company
Rosneft Oil Company

Abbreviated Name

OJSC Rosneft Oil Company

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Rosneft Oil Company
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