



ROSNEFT

Q3 and 9M 2009 US GAAP Results

November 25, 2009



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Q3 and 9M 2009 Highlights

Positives

- Strong financial results:
 - EBITDA - **USD 3.7 bln** in Q3`09 and **USD 9.6 bln** in 9M`09
 - Net income – **USD 1.2 bln** in Q3`09 and **USD 4.8 bln** in 9M`09
 - Adjusted operating cash flow - **USD 2.4 bln** in Q3`09 and **USD 7.5 bln** in 9M`09
 - Adjusted free cash flow - **USD 2.2 bln** in 9M`09
 - Adjusted net debt decreased by **USD 2.4 bln** to December 31, 2008
- Vankor launched, outperforming
- Refinancing burden overcome, new credit profile
- Optimization of crude and product flows to address domestic market dislocations

Challenges, Priorities

9M`09

- Unstable domestic demand and low prices
- Growing transportation tariffs
- Ruble appreciation in Q2-Q3

Q4`09

- Develop prudent 2010 Business plan
- Financial discipline and continued cost control
- Meeting 2009 Business plan targets
- Continue discussion to update tax regime



Macroeconomic Environment

	Q3'09	Q2'09	Δ, %	9M'09	9M'08	Δ, %
Average USD/RUB exchange rate	31.33	32.21	(2.7)%	32.48	24.05	35.1%
Inflation for the period, %	0.6%	1.9%		8.1%	10.6%	
Real RUB appreciation/(depreciation) against USD for the period, %	4.6%	10.8%		5.5%	7.5%	
Urals FOB Primorsk, \$/bbl	66.8	56.8	17.7%	55.2	105.8	(47.8)%
Gasoil 0.1% (FOB/CIF Med), \$/tonne	557.6	491.2	13.5%	490.3	1,045.5	(53.1)%
Fuel oil 3.5% (FOB/CIF Med), \$/tonne	402.2	325.1	23.7%	318.8	535.4	(40.5)%
High octane gasoline (av. Russia), \$/tonne	709.6	518.0	37.0%	543.2	884.5	(38.6)%
Diesel (av. Russia), \$/tonne	411.1	389.0	5.7%	385.4	797.1	(51.6)%



Q3 and 9M 2009 Results Overview

	Q3'09	Q2'09	Δ, %	9M'09	9M'08	Δ, %
Daily crude oil production, th. bpd	2,214	2,127	4.1%	2,151	2,119	1.5%
Gas production, bcm	2.96	2.93	1.0%	9.24	9.06	2.0%
Petroleum product output, mln t	12.01	11.65	3.1%	35.26	34.98	0.8%
Revenues, USD mln	13,048	10,947	19.2%	32,259	58,192	(44.6)%
EBITDA, USD mln	3,659	3,574	2.4%	9,551	17,076	(44.1)%
Net Income, USD mln	1,168	1,612	(27.5)%	4,840	10,345	(53.2)%
Operating cash flow ¹ , USD mln	2,431	2,681	(9.3)%	7,478	13,791	(45.8)%
Free cash flow ¹, USD mln	584	526	11.0%	2,244	7,318	(69.3)%
Net debt ², USD mln	18,862	19,177	(1.6)%	18,862	19,388	(2.7)%

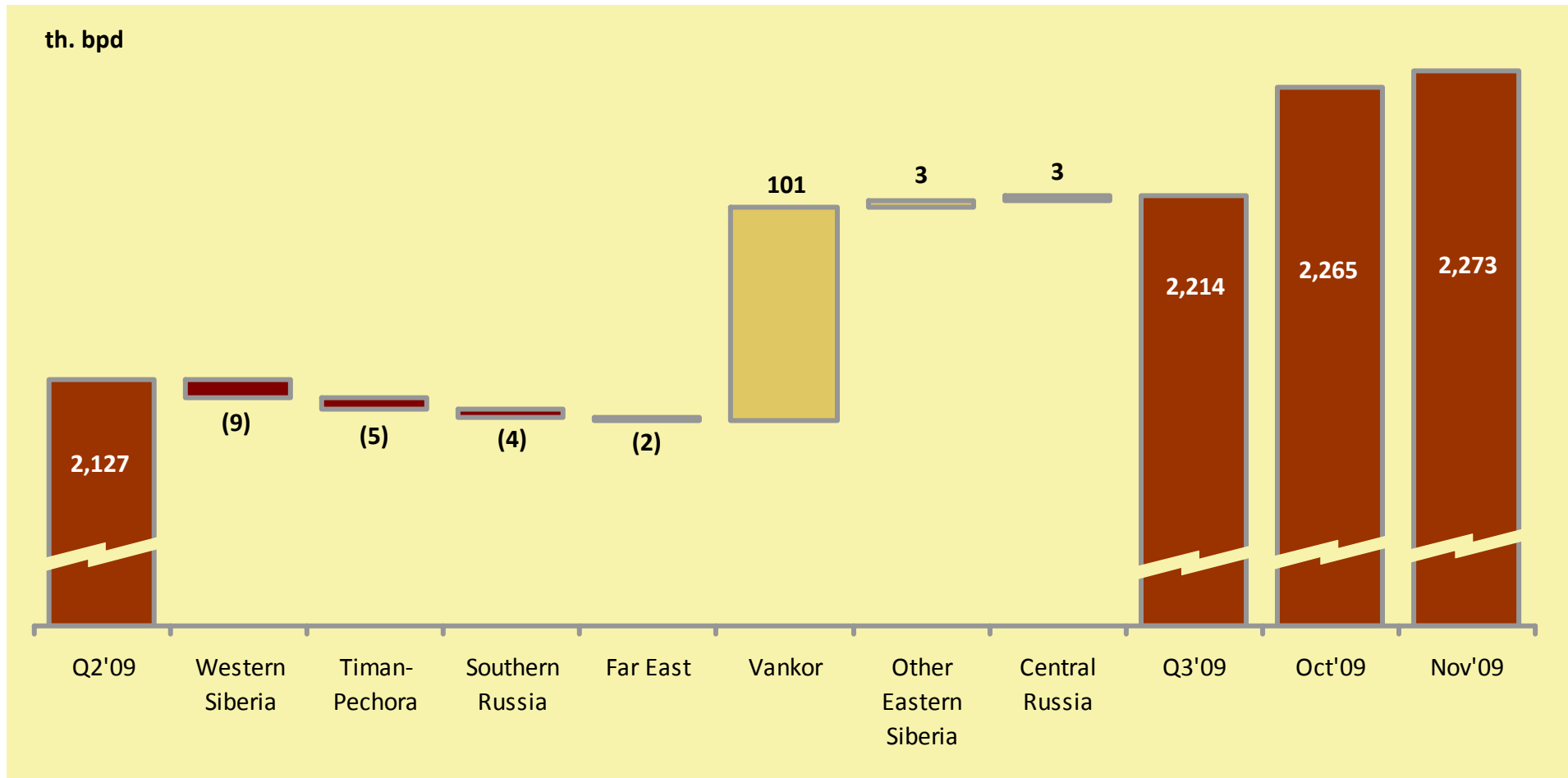
¹ Operating and free cash flow are adjusted for acquisition and sale of trading securities as part of excess cash management (USD 305 mln in Q2 2009, USD (90) mln in Q3 and USD 215 mln in 9M).

² Net debt is adjusted for cash deposits and short-term promissory notes matched to debt maturity profile (reflected as short-term investments in the financial statements) of USD 542 mln as of September 30, 2009, USD 1,291 mln as of June 30, 2009 and USD 210 mln as of September 30, 2008, and for medium term deposits of USD 1,017 mln as of September 30, 2009 and USD 801 mln as of June 30, 2009. As of December 31, 2008, net debt amounted to USD 21,283 mln.



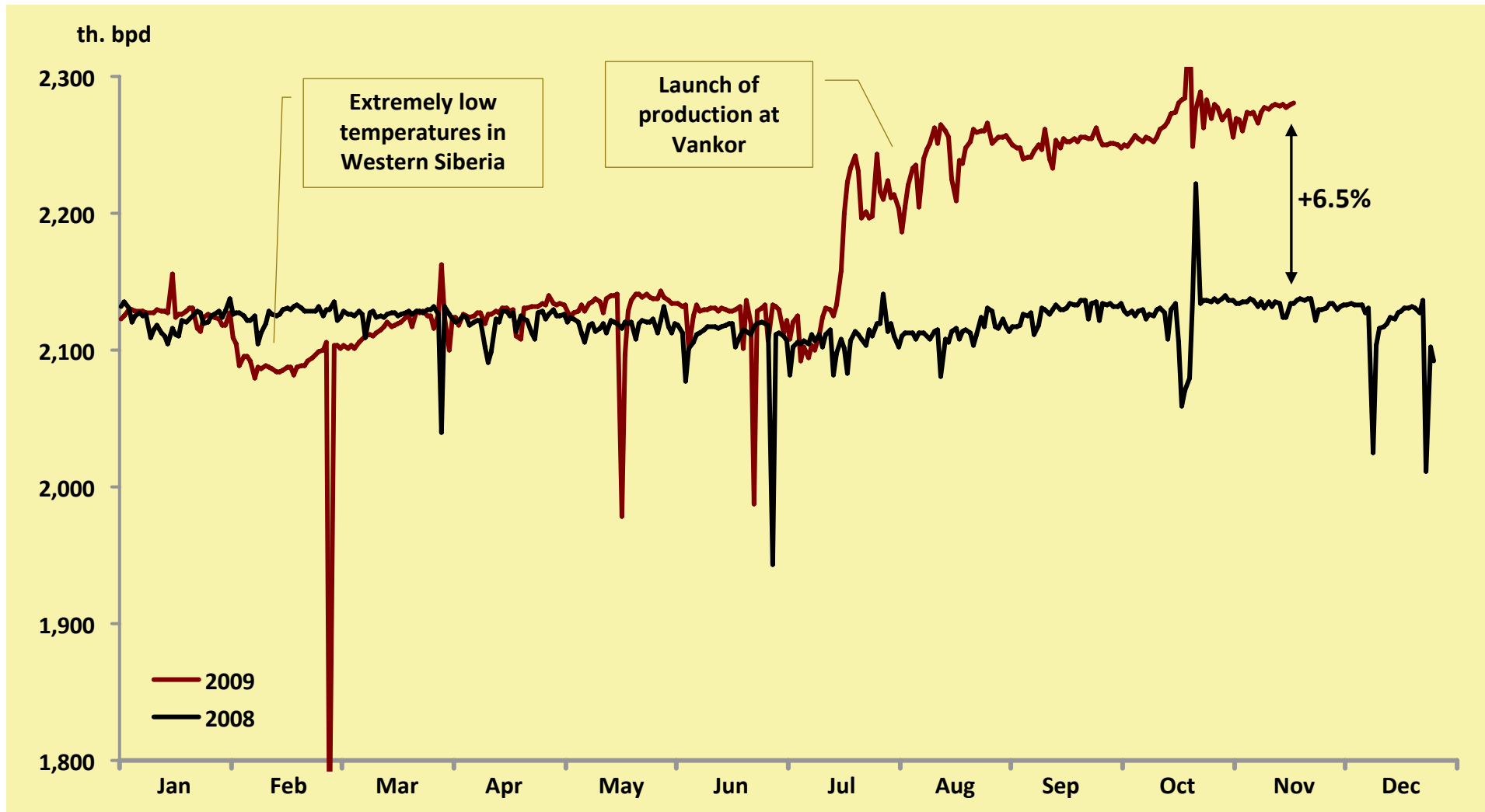
Daily Crude Oil Production

Daily Crude Oil Production Reconciliation, Q3`09 vs. Q2`09



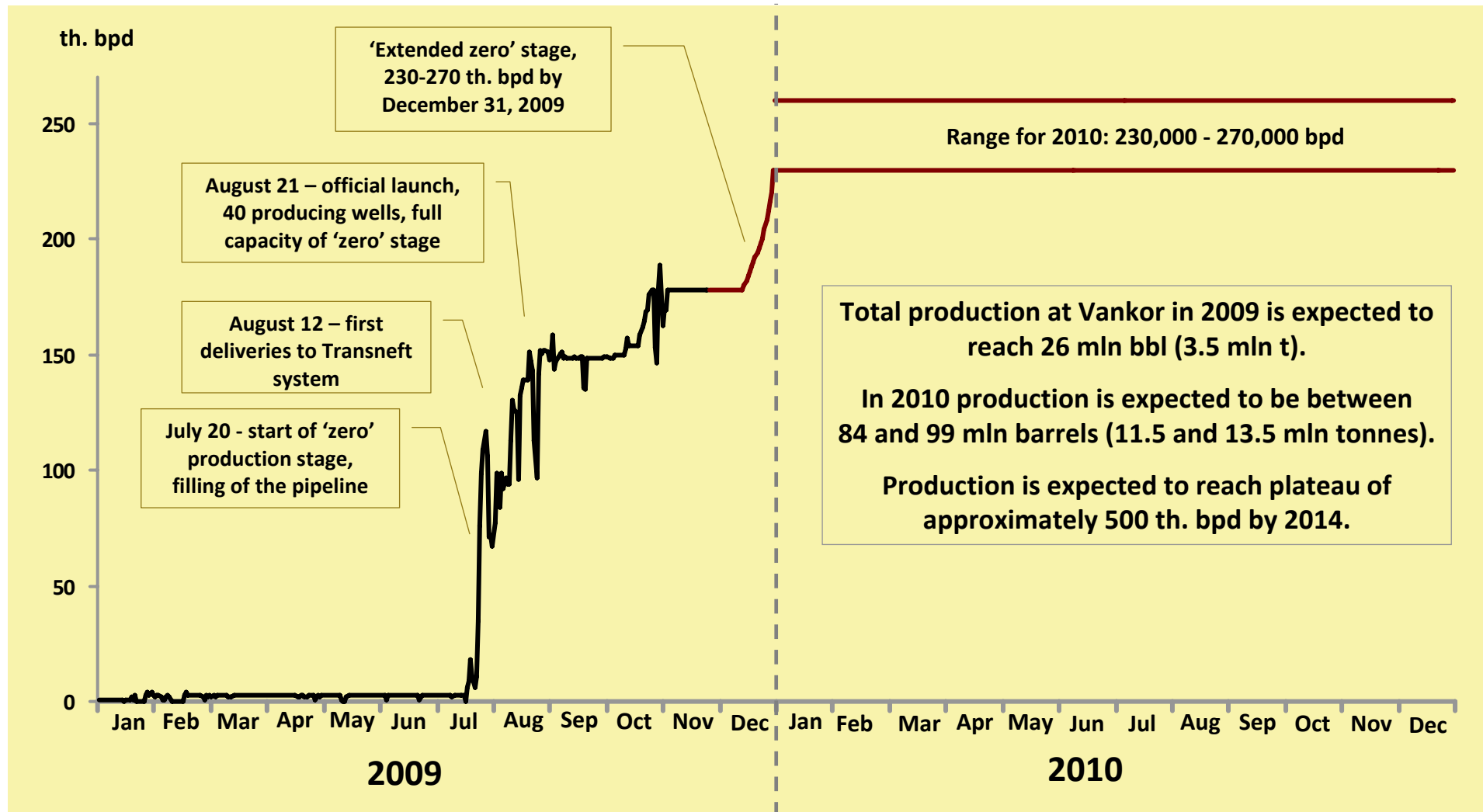


Daily Crude Oil Production (continued)



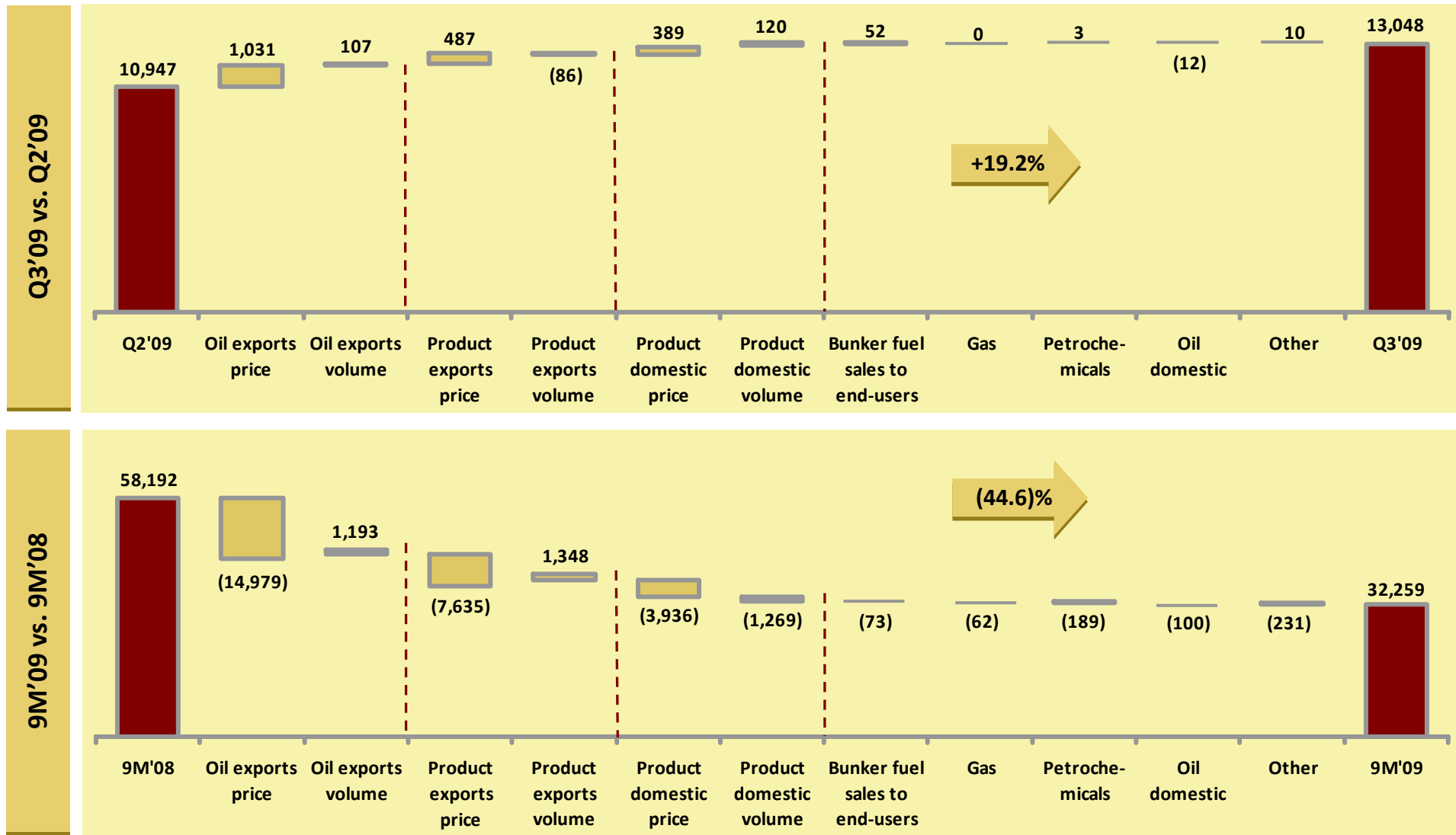


Vankor Production Profile in 2009-2010





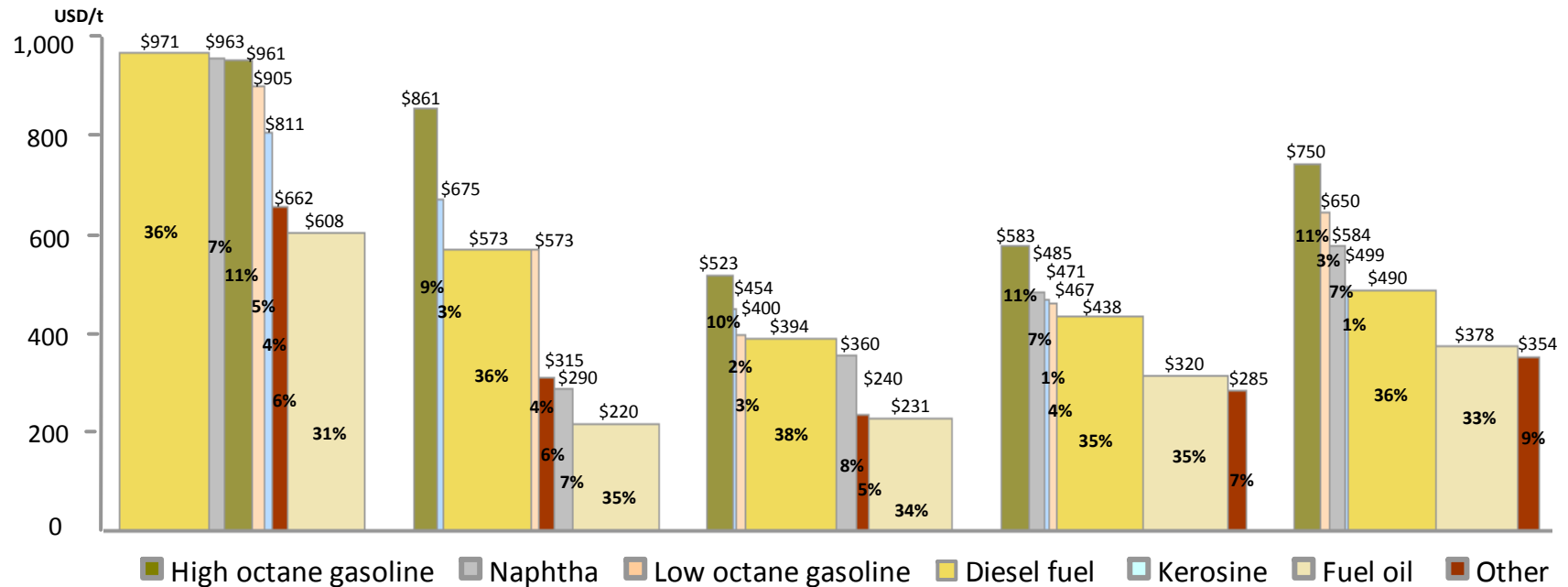
Revenues Reconciliation, USD mln





Petroleum Product Revenues

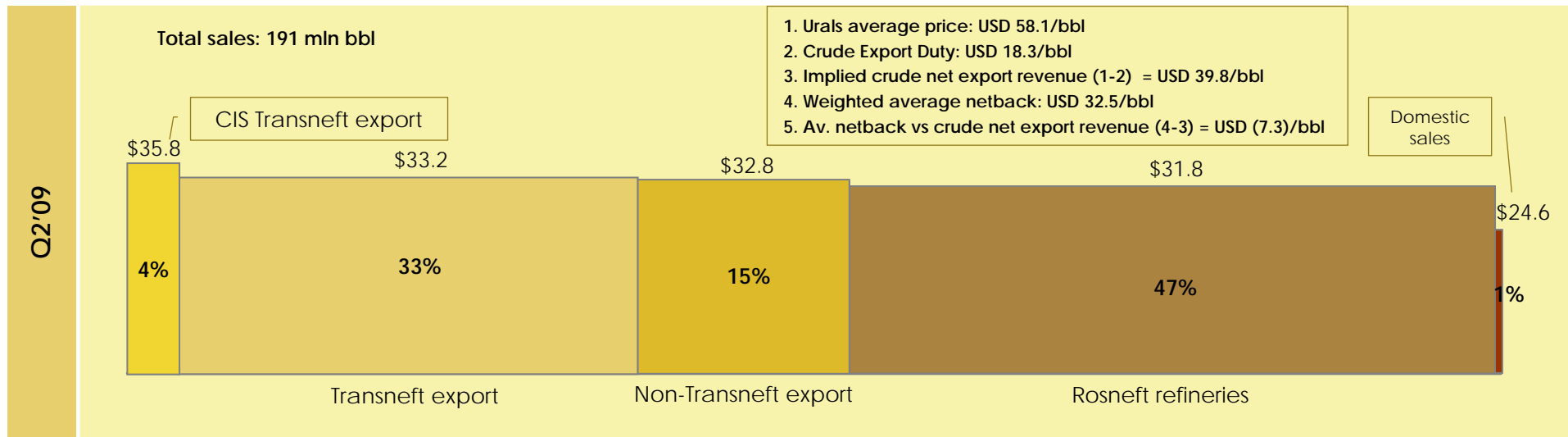
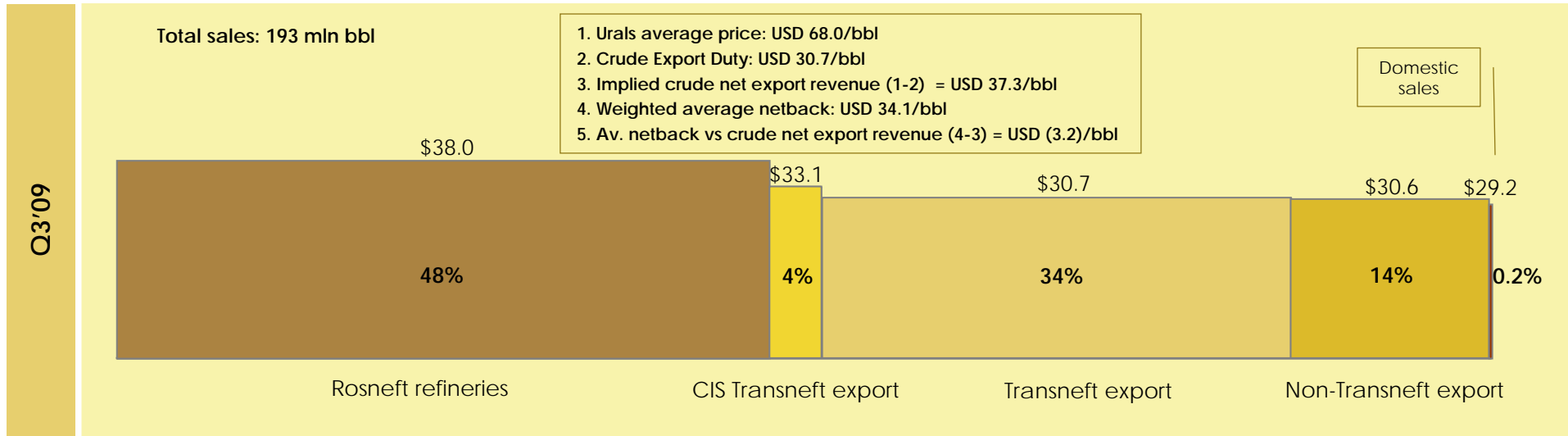
Petroleum Products: Average Prices and Volume Breakdown



	Q3'08	Q4'08	Q1'09	Q2'09	Q3'09
Revenue, USD mln	9,988	4,993	3,792	4,877	5,839
Excise and export duty, USD mln	1,922	1,223	639	755	1,080
Net revenue, USD mln	8,066	3,770	3,153	4,122	4,759
Volume sold, mln tonnes	12.47	11.29	11.06	12.00	12.14
Net revenue per tonne, USD	647	334	285	344	392

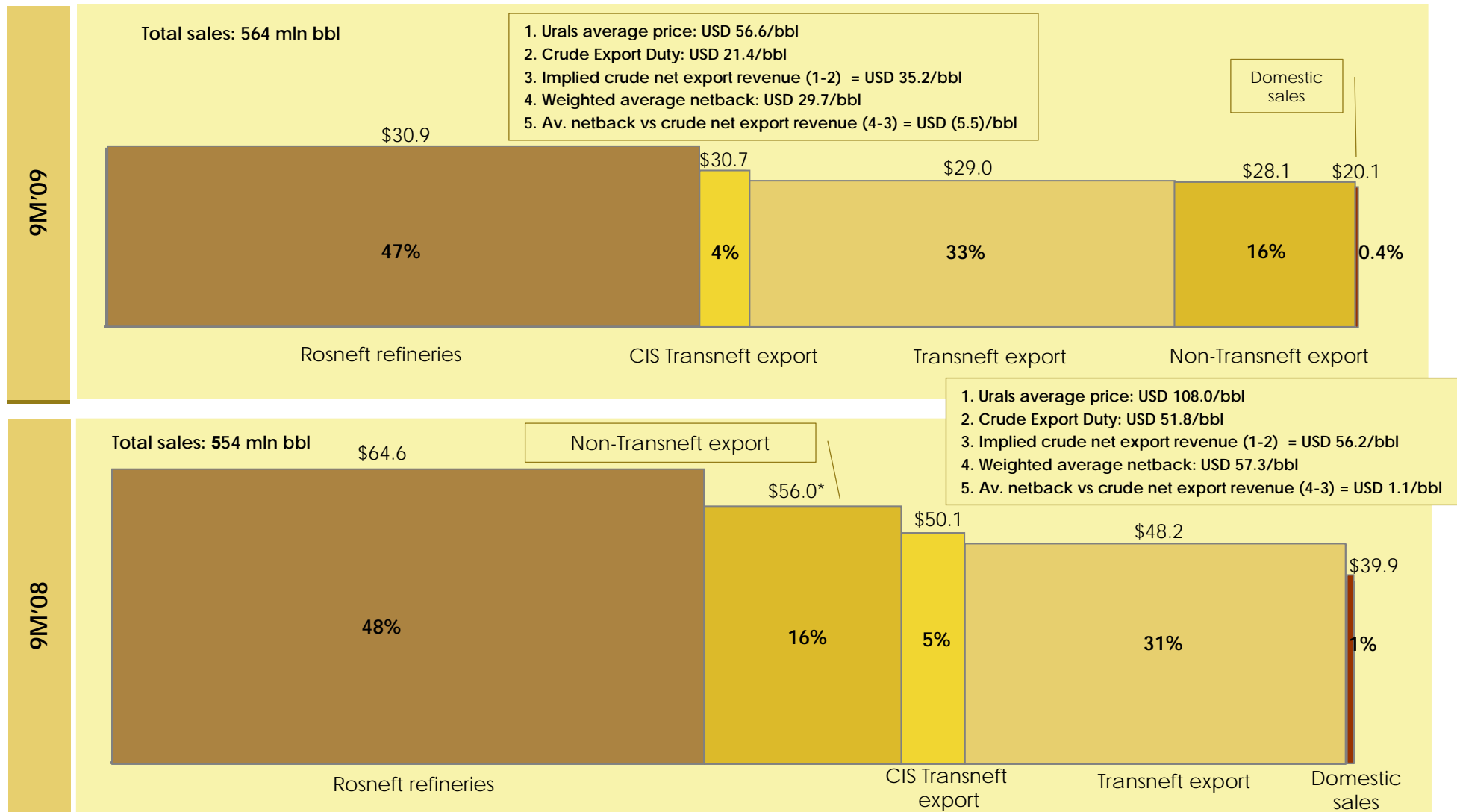


Netback Ladder





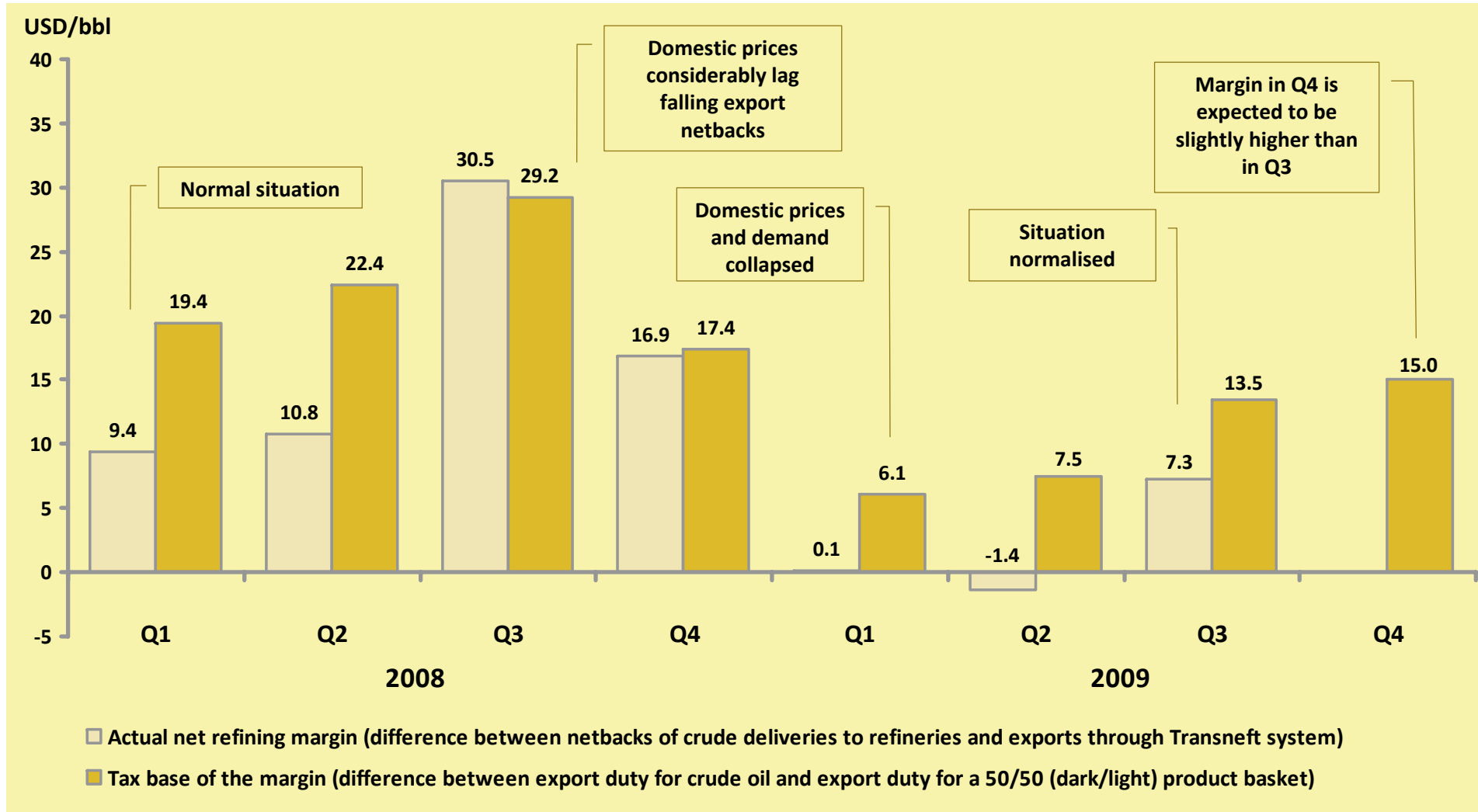
Netback Ladder



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



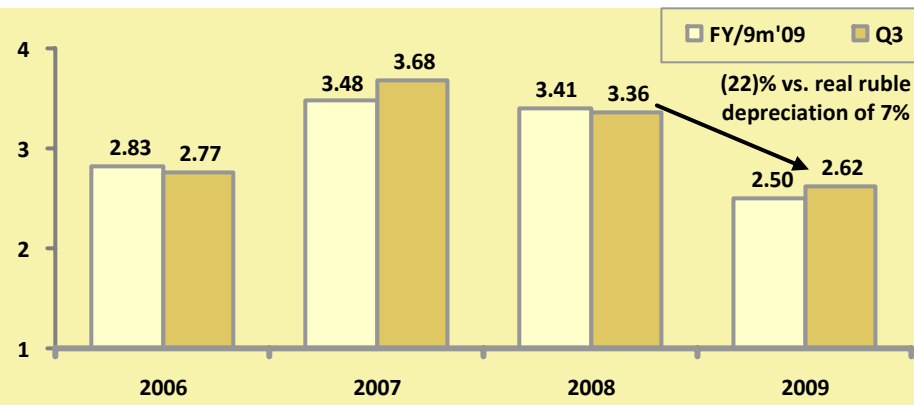
Net Refining Margin



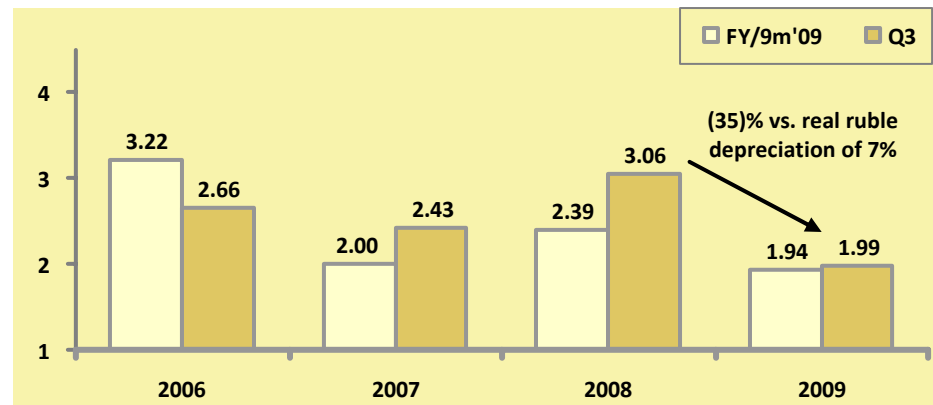


Expenses Reduced

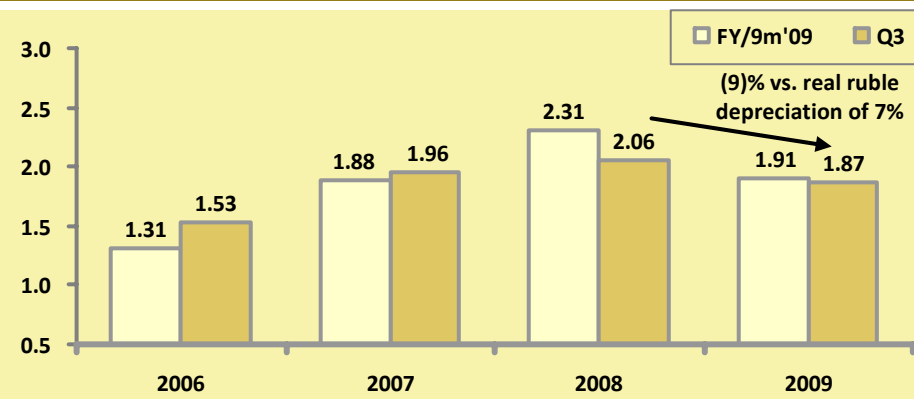
Upstream Operating Expenses, USD/bbl of oil produced



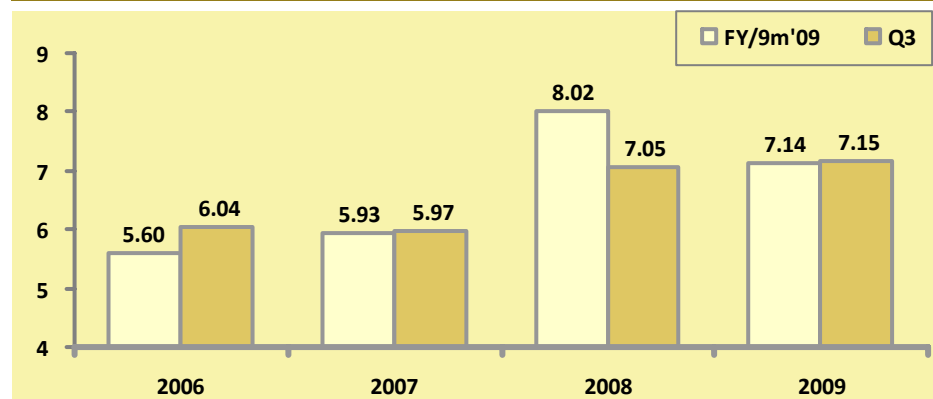
Refining Operating Expenses, USD/bbl of oil processed



SG&A Expenses, USD/bbl of oil produced



Transportation Expenses, USD/bbl of oil produced

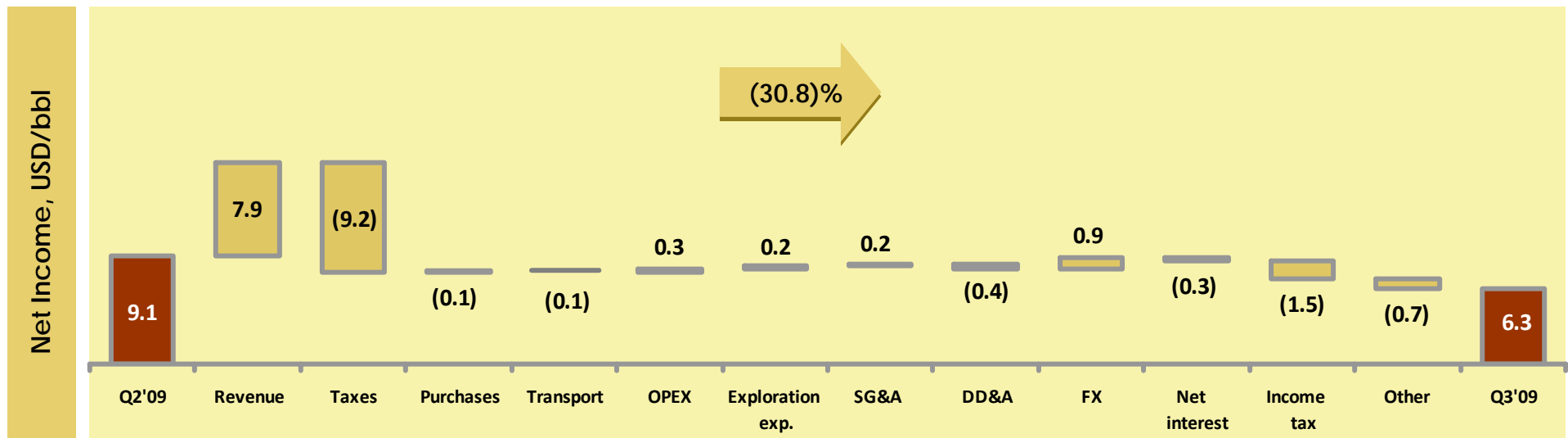
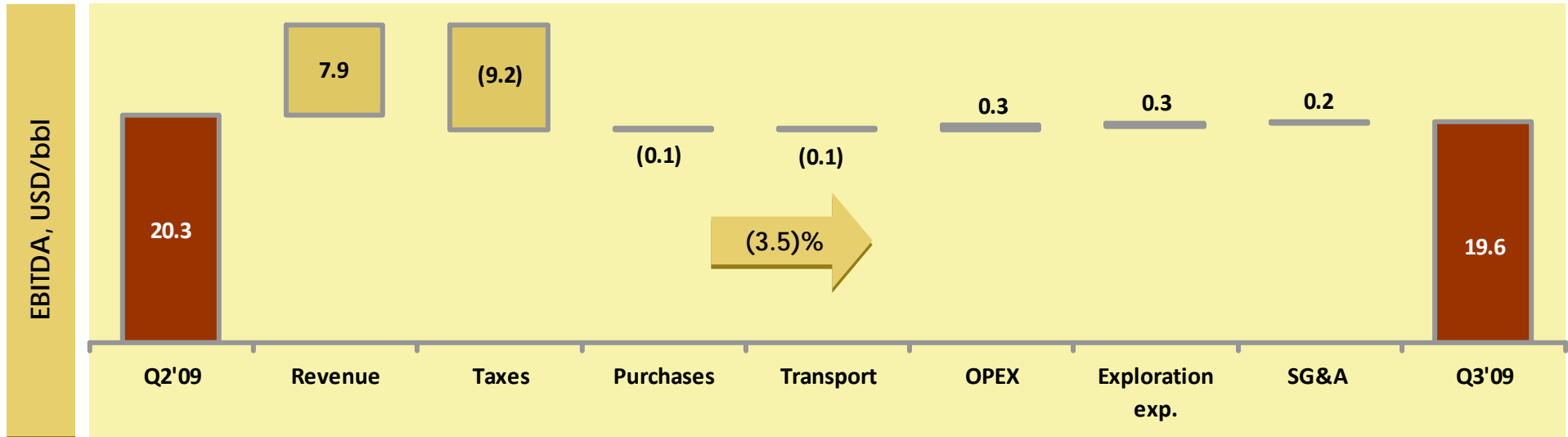


Upstream operating expenses include materials and electricity, workover, wages and salaries, and cost of transport to a trunk pipeline.

Selling, general and administrative expenses include payroll at headquarters and management-related subsidiaries, payroll of top management of operating subsidiaries, audit & consulting expenses, bad debt allowance and other costs.

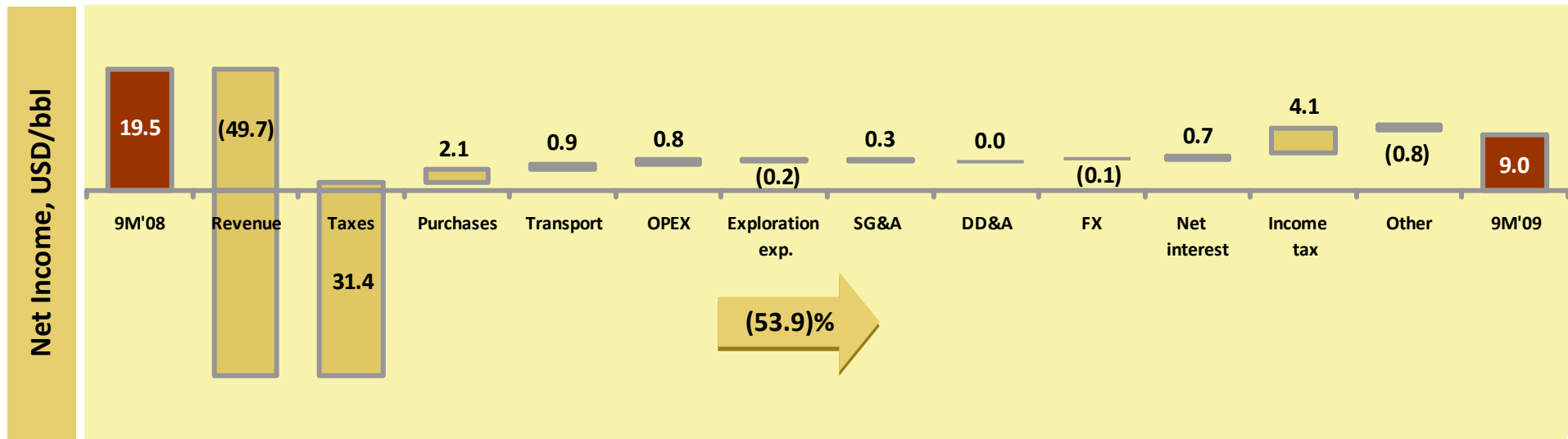
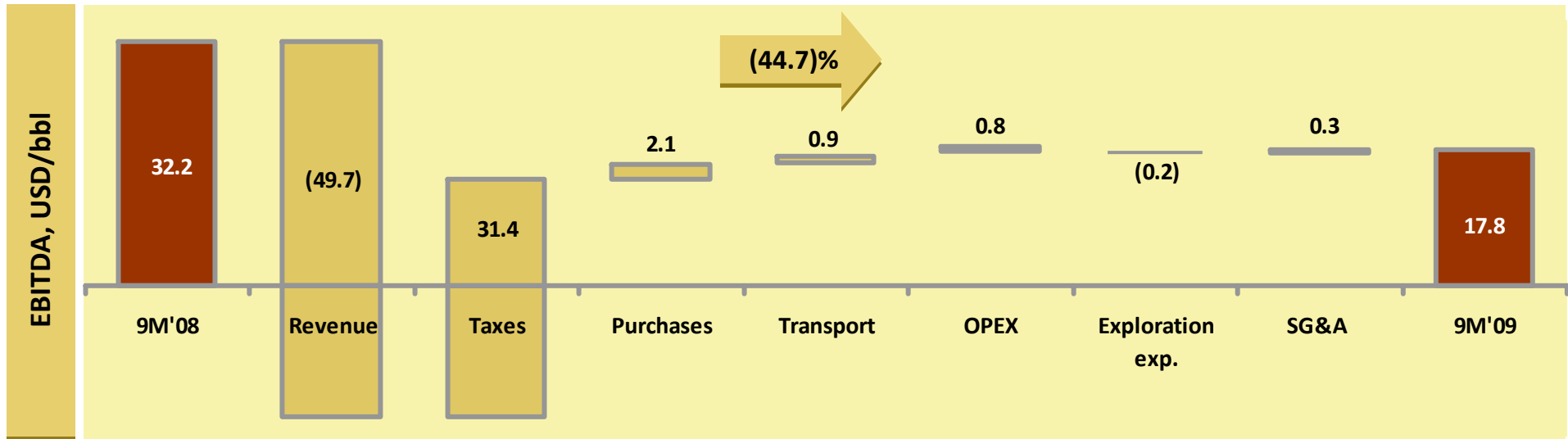


EBITDA and Net Income per bbl Reconciliation: Q3'09 vs. Q2'09





EBITDA and Net Income per bbl Reconciliation: 9M'09 vs 9M'08





Interest Expense

	9M'09	Q3'09	Q2'09	Q1'09
1. Interest accrued	620	160	220	240
2. Interest paid (cash)	(616)	(134)	(320)	(162)
3. Change in interest payables (1-2)	4	26	(100)	78
4. Interest capitalized	(299)	(85)	(141)	(119)
4a. Change in relevant liability structure following repayment of ruble-denominated loans in Q2 and drawing of the Chinese loan		46		
5. Interest SWAP effect	43	54	(24)	13
6. Debt issue cost	70	28	17	25
7. Other	10	2	2	6
8. Interest expense (1+4+4a+5+6+7)	444	205	74	165

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

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



FX Gains and Losses

FX gain/loss in Income Statement = effect of foreign exchange rate movement on the average monetary position denominated in currencies other than USD (rubles for Rosneft)

FX gain in Q3`09

	30.06.09		30.09.09		Average monetary position, RUB mln	FX (gain)/loss*, USD mln
	RUB mln	equivalent in USD mln	RUB mln	equivalent in USD mln		
1) Assets:	281,614	9,000	283,558	9,423	282,586	(359)
Cash and investments	38,112	1,218	40,685	1,352	39,398	(50)
Receivables	140,463	4,489	139,778	4,645	140,120	(178)
Inventories	33,418	1,068	36,381	1,209	34,900	(44)
Advances, bank loans and other	46,028	1,471	43,513	1,446	44,771	(57)
Non-current assets	14,675	469	13,963	464	14,319	(18)
Deferred tax	8,918	285	9,238	307	9,078	(12)
2) Liabilities:	(472,516)	(15,101)	(478,436)	(15,899)	(475,475)	606
Deferred tax	(162,209)	(5,184)	(162,678)	(5,406)	(162,444)	207
Payables	(169,500)	(5,417)	(175,197)	(5,822)	(172,348)	220
Debt	(85,642)	(2,737)	(85,733)	(2,849)	(85,687)	109
Other liabilities	(55,165)	(1,763)	(54,828)	(1,822)	(54,996)	70
Net monetary position (1+2)	(190,902)	(6,101)	(194,878)	(6,476)	(192,889)	
FX (gain)/loss (1+2)						247

* Average monetary position at the exchange rate as of the beginning of the quarter minus average monetary position at the exchange rate as of the end of the quarter.



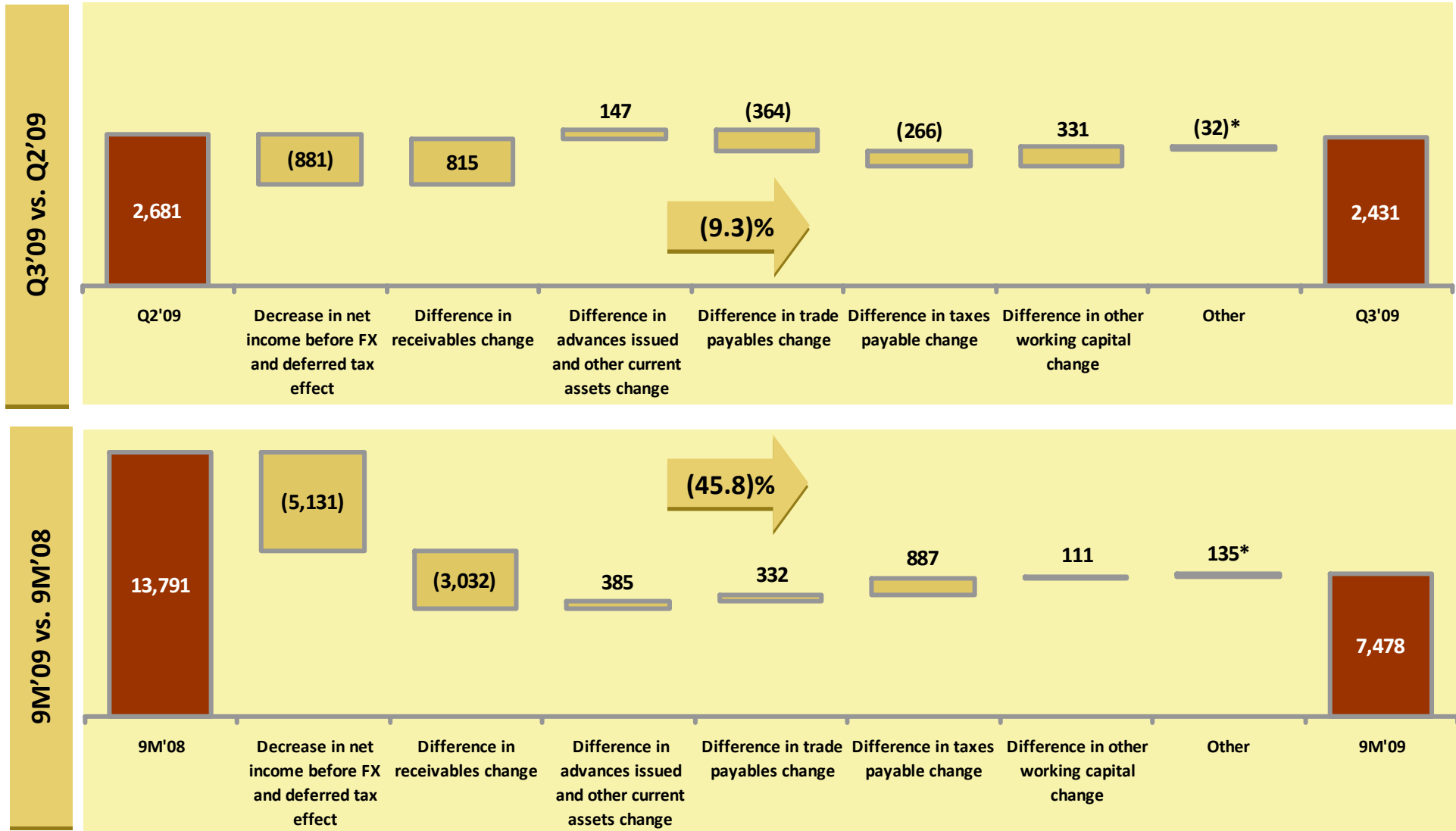
Income Tax

	9M'09	Q3'09	Q2'09	Q1'09
	USD mln	USD mln	USD mln	USD mln
Income before income tax	6,062	1,861	1,989	2,212
Statutory income tax rate	20%	20%	20%	20%
Theoretical income tax	1,212	372	398	442
Adjustments for differences between RAS and US GAAP:				
Change in valuation allowance	(22)	(3)	(17)	(2)
Unrecognized income tax benefits	20	23	3	(6)
Non-deductible items, net	314	39	88	187
Foreign exchange effects, net	(74)	148	293	(515)
Deferred tax on undistributed earnings	96	82	14	0
Other	23	6	(16)	33
Actual income tax	1,569	667	763	139
Estimated annual tax rate at the end of the period	20.1%	20.1%	12.4%	5.7%
Adjustment of the income tax accrued in the previous period by the change in the estimated rate	0	309	144	0
Adjustment of the actual income tax by the difference between the actual rate and estimated rate	(348)	(278)	(511)	(12)
Income tax (as stated in the Financial Statements)	1,221	698	396	127
Effective tax rate	20%	37%	20%	6%

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



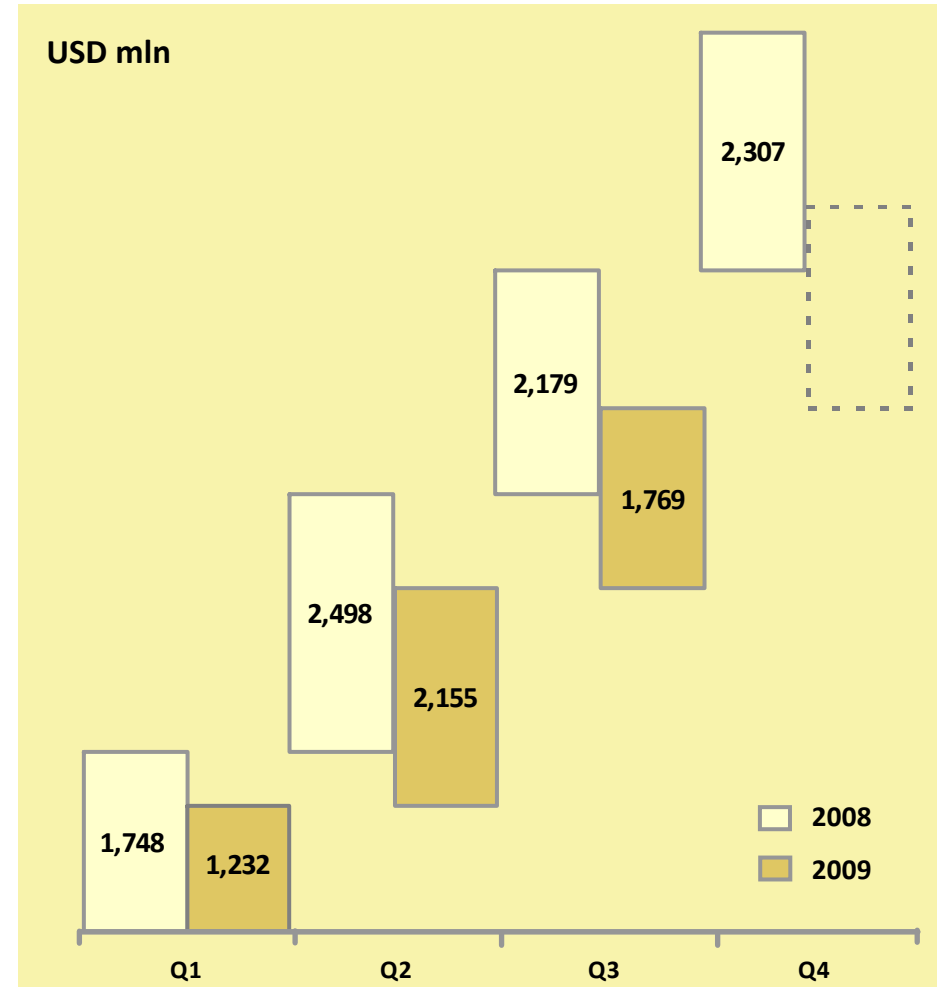
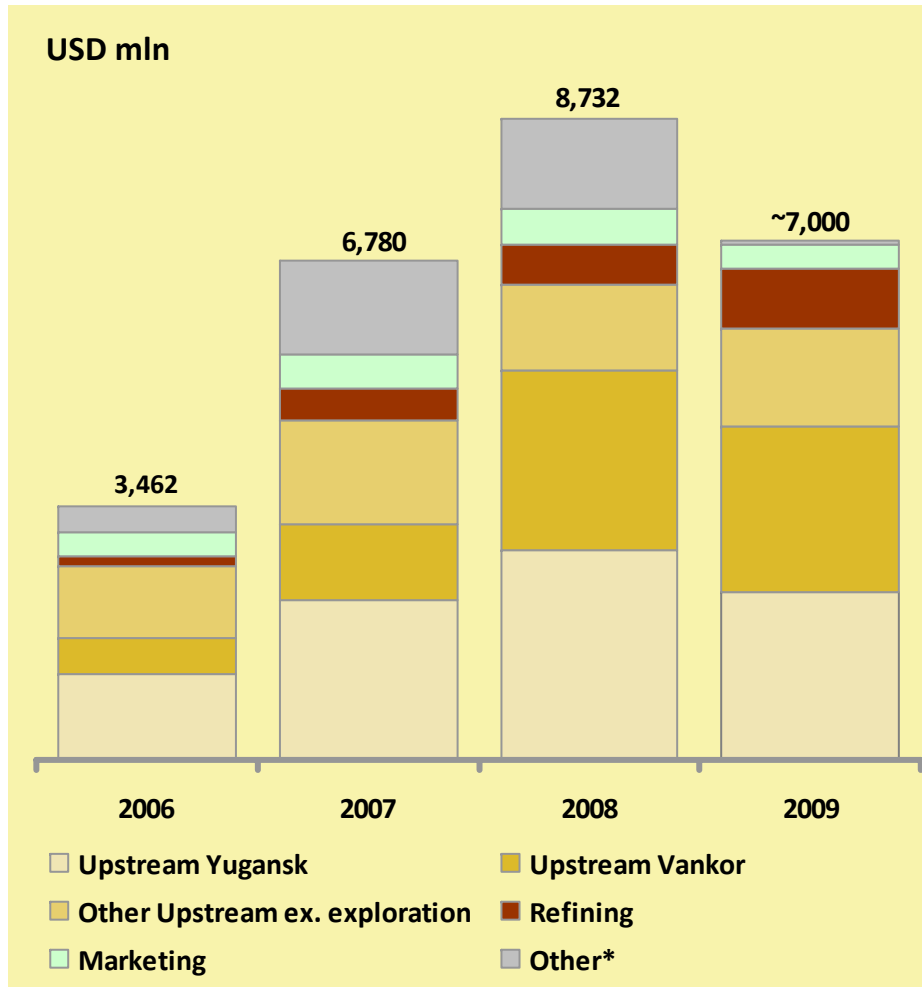
Operating Cash Flow Reconciliation, USD mln



* 'Other' and resulting Q3'09 and Q2'09 operating cash flow are adjusted for cash inflow of USD 90 mln and outflow of USD 305 mln for the acquisition of trading securities as part of the excess cash management, respectively.



Capital Expenditures



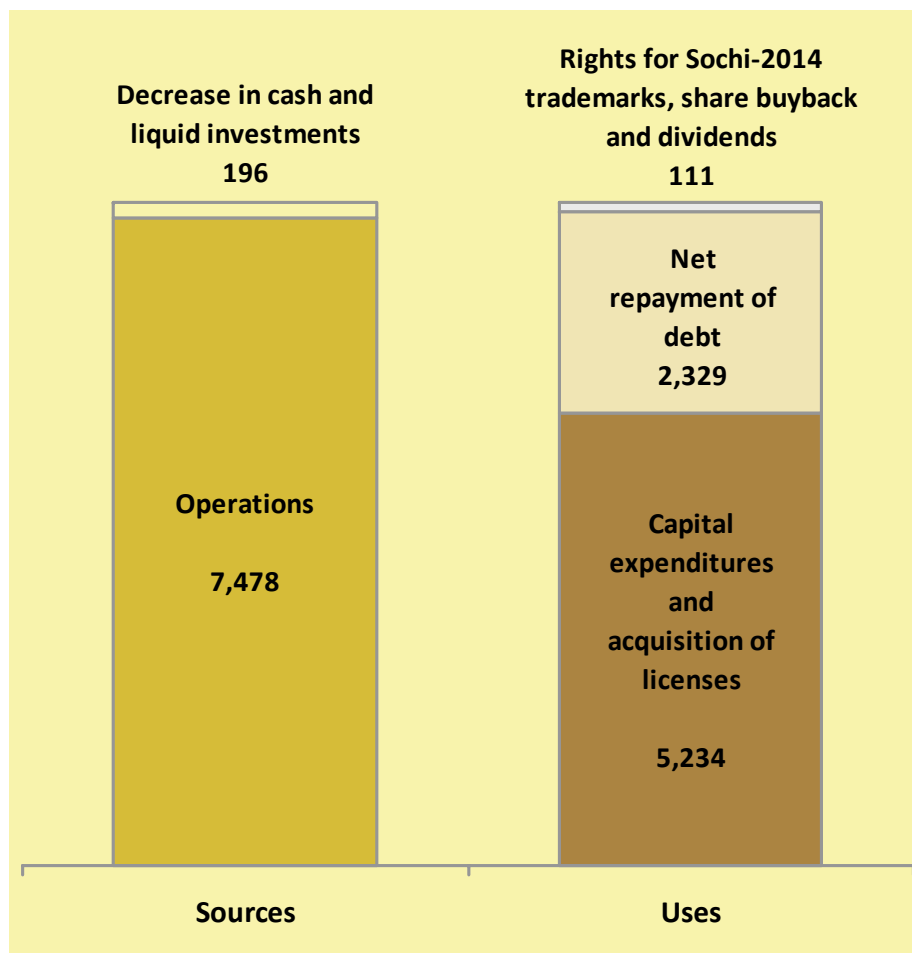
2009 capex is shown net of capitalized interest and exploration expenses.

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

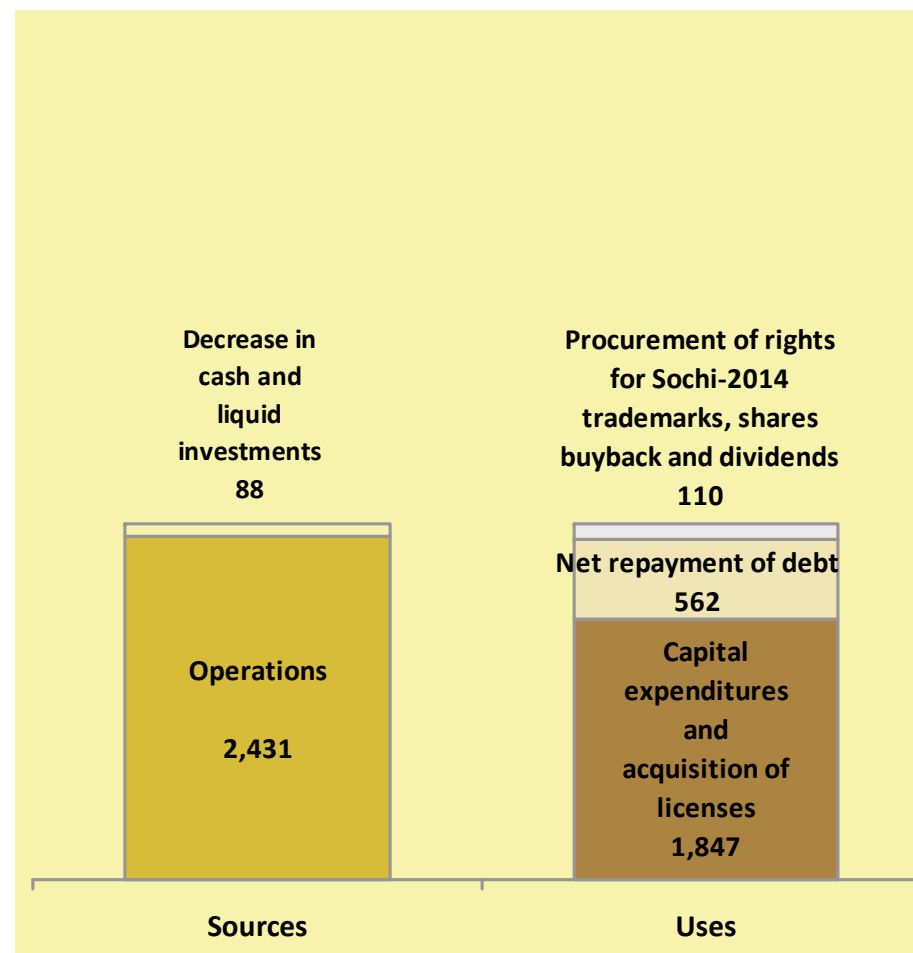


Sources and Uses of Cash

9M'09

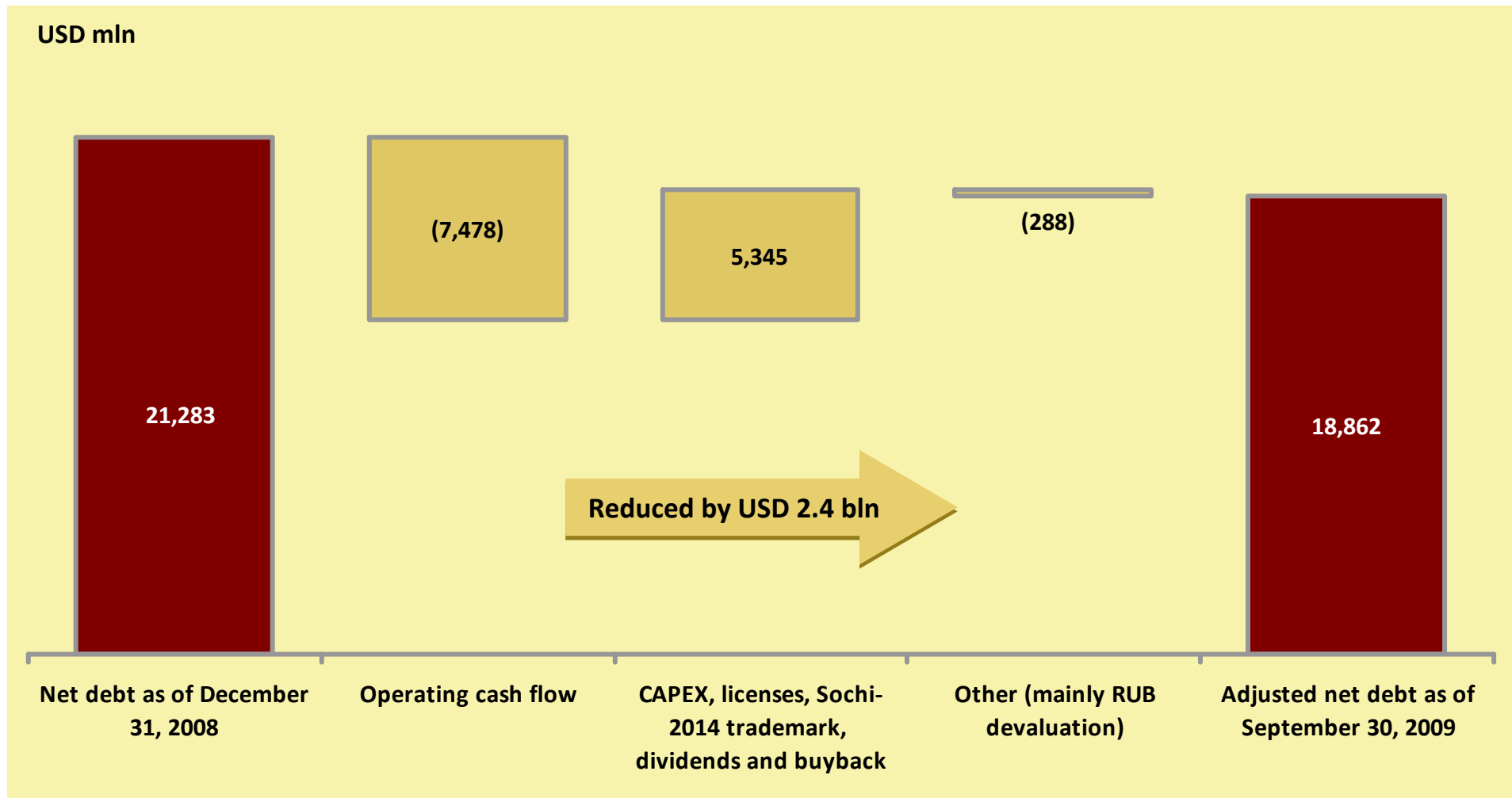


Q3'09





Net Debt Reconciliation

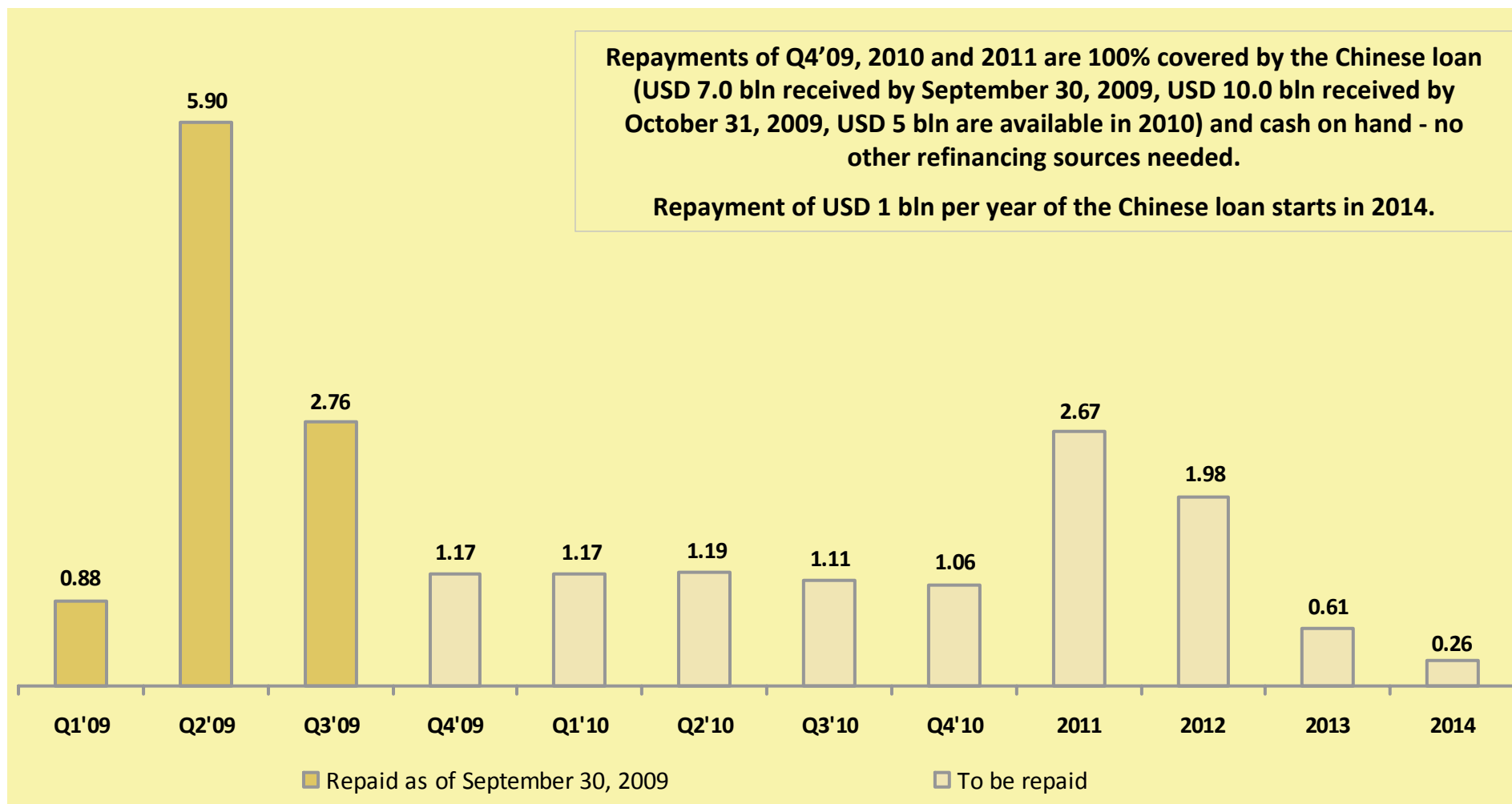


Net debt as of December 31, 2008 is adjusted for cash deposits and short-term promissory notes matched to debt maturity profile (reflected as short-term investments in the financial statements) of USD 1,513 mln.

Net debt as of September 30, 2009 is adjusted for short and medium term bank deposits and other short-term investments of USD 1,559 mln as part of the excess cash management.



New Repayment Profile



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



Excess Cash Management

- China Development Bank loan and cash on hand covers Rosneft's refinancing needs for the next several years
- Rosneft's excess cash is constantly growing due to positive free cash flow
- The Company is implementing a free cash management program which includes:
 - Early repayment of existing loans
 - Low-risk short and medium term investments
- Free cash management is based on the thorough analysis of different alternatives (including in-depth risk analysis) to chose the best investment for a specific period of time
- The following initiatives have already been implemented:
 - USD 1.85 REPO loan was early repaid in Q2
 - Ruble denominated bank loans of RUB 120 bln were fully repaid in Q2
 - Early repayment of a USD 1.35 bln syndicated floating rate loan drawn in January 2009 effected in the end of September, 2009
 - USD denominated deposits for a total value of USD 801 mln were placed in a state-controlled bank in June 2009 for two years (Rosneft has the right of early withdrawal after six, nine and twelve months from the placement date)
 - USD denominated medium-term deposit for a total value of USD 200 mln was placed in a commercial bank in September 2009



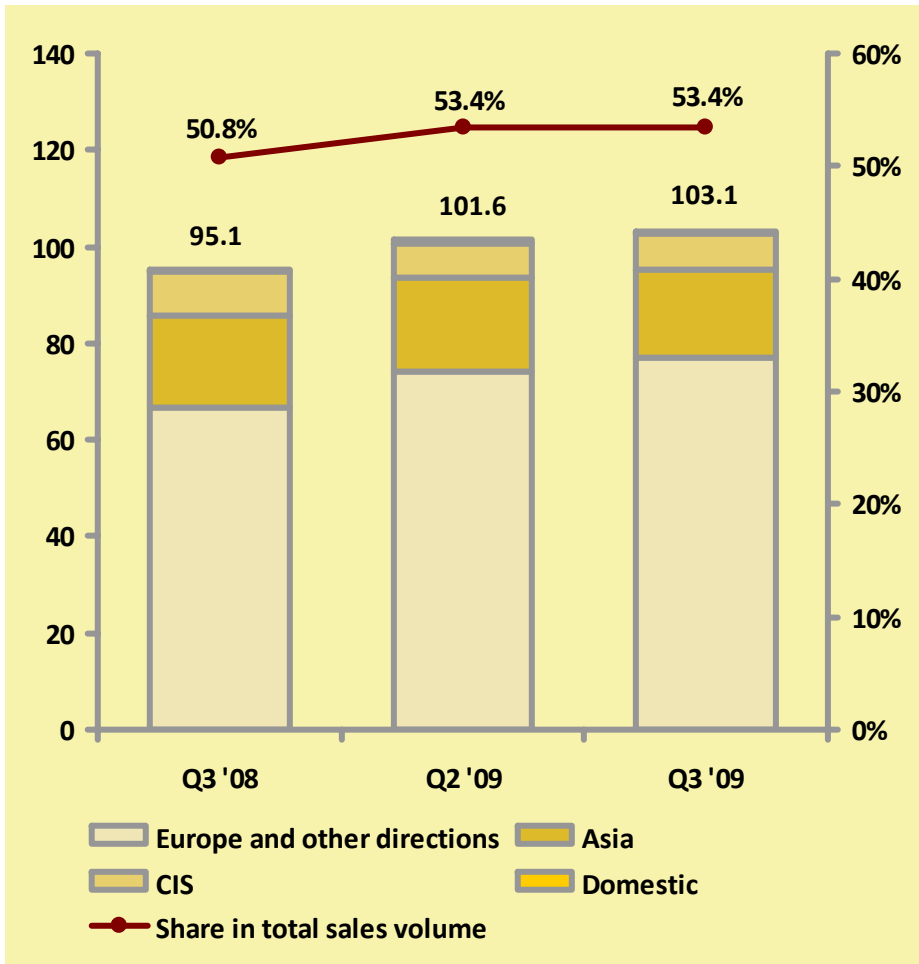
Q3 and 9M'09 US GAAP Financial Results

Appendix

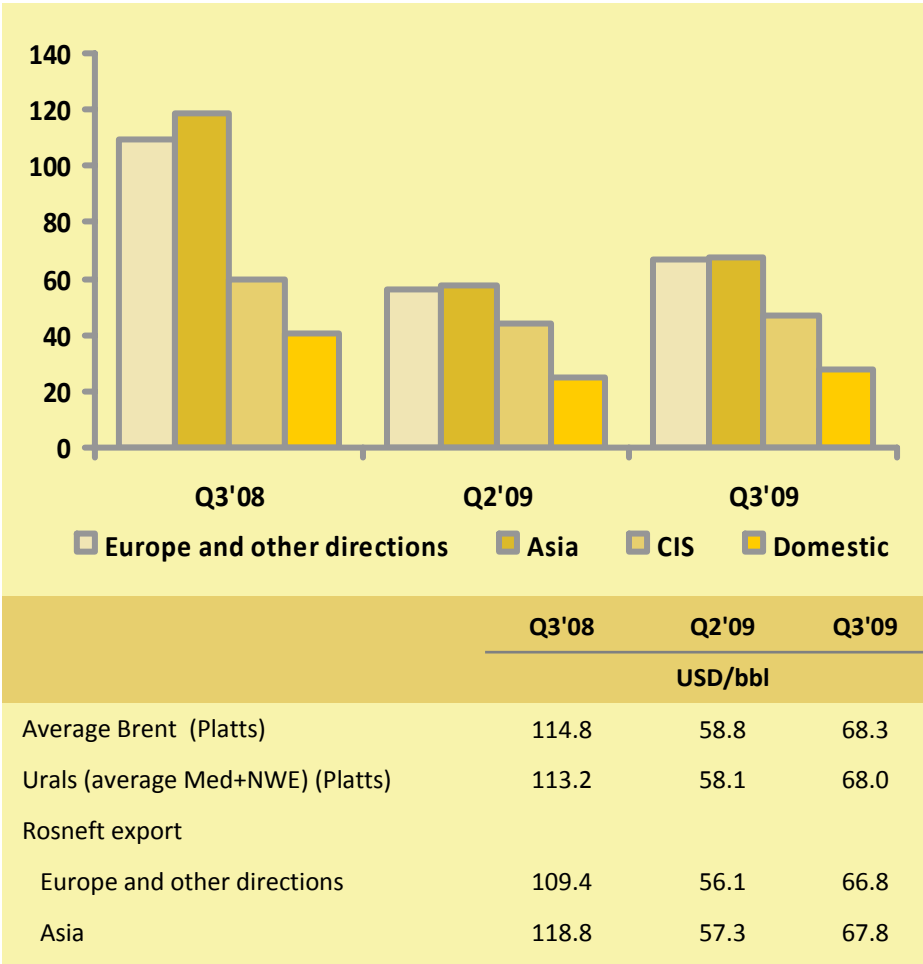


Crude Oil Sales

Crude Oil and Condensate Sales Volumes, mln bbl

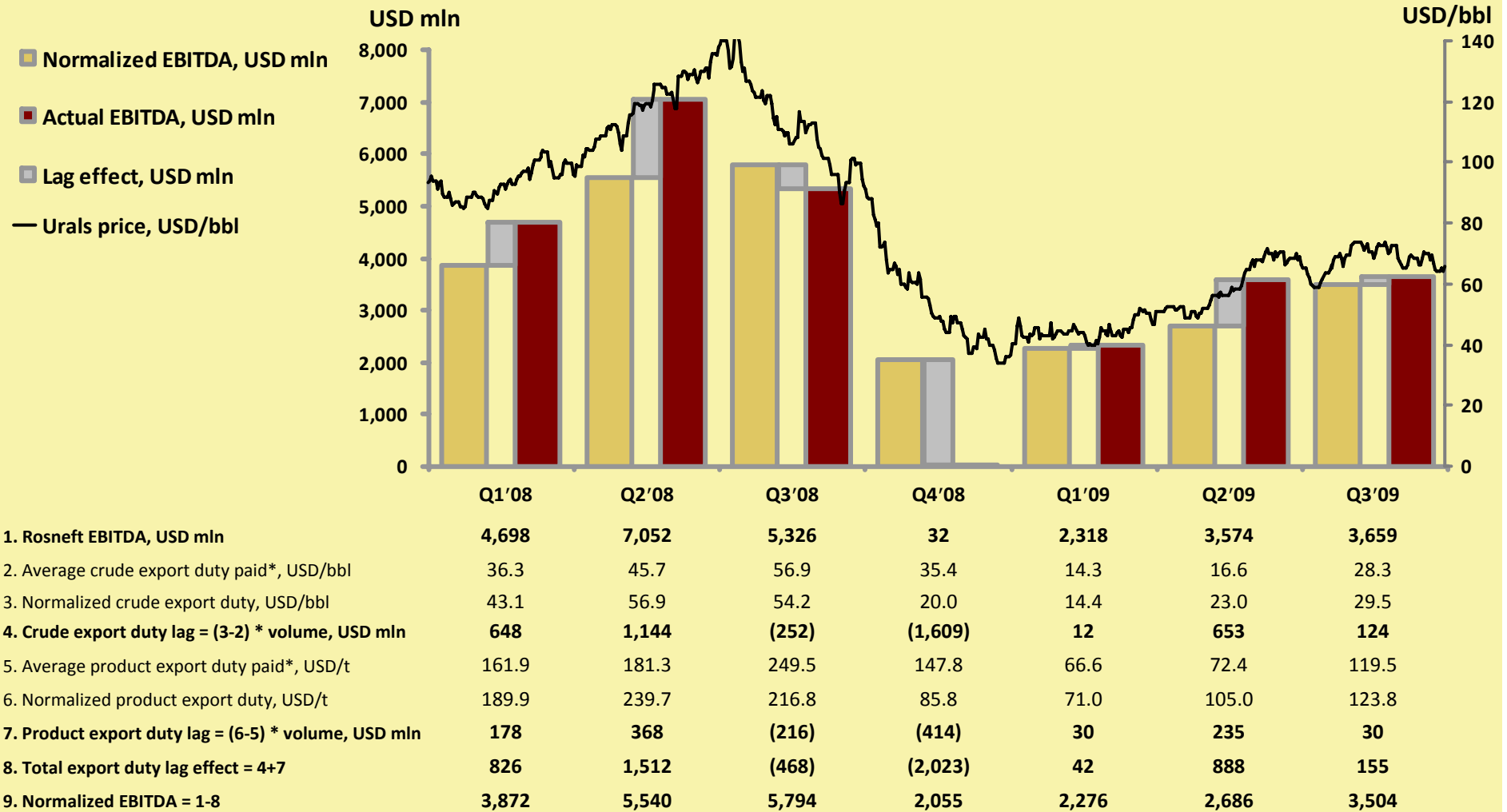


Average Prices, USD/bbl





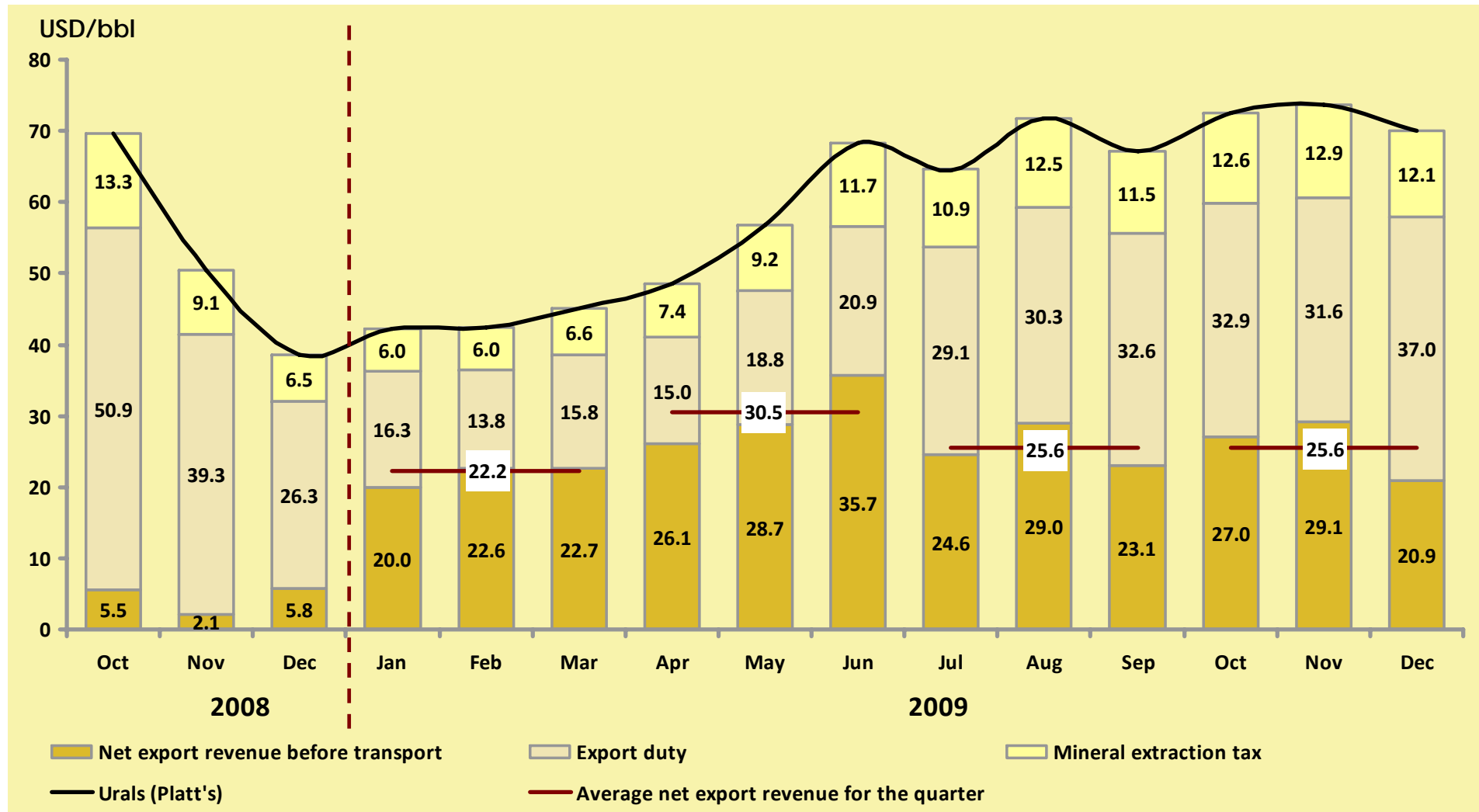
Export Duty Lag Effect



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



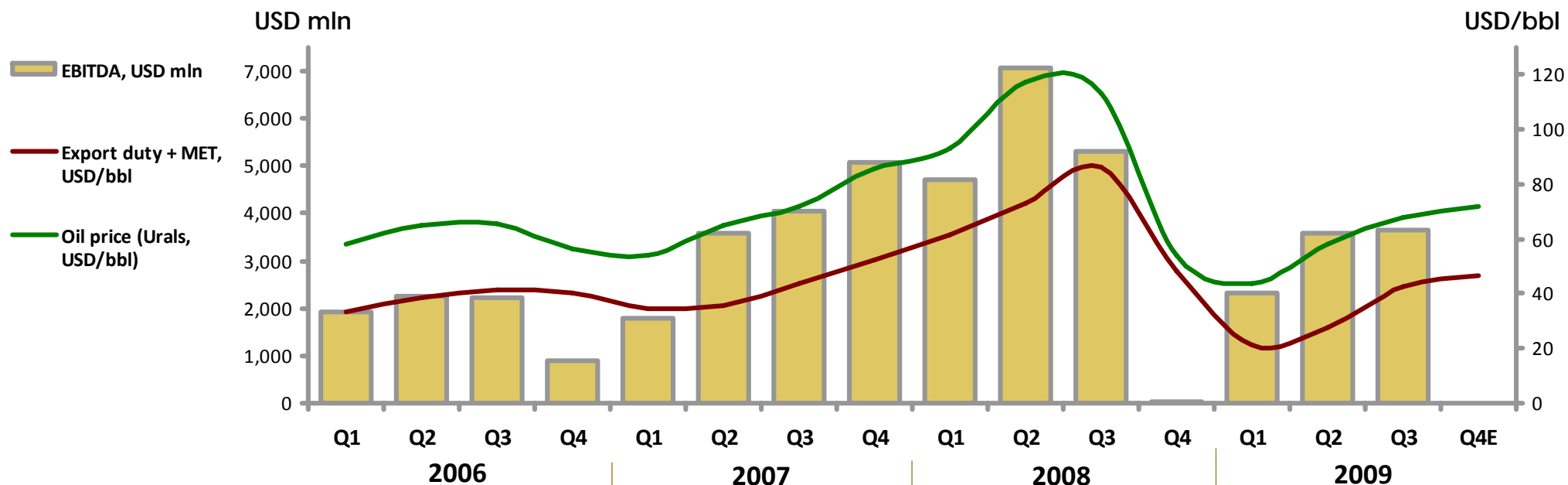
Net Revenue of an Oil Exporter



Assuming Urals of USD 70/bbl in the end of November and in December.



EBITDA



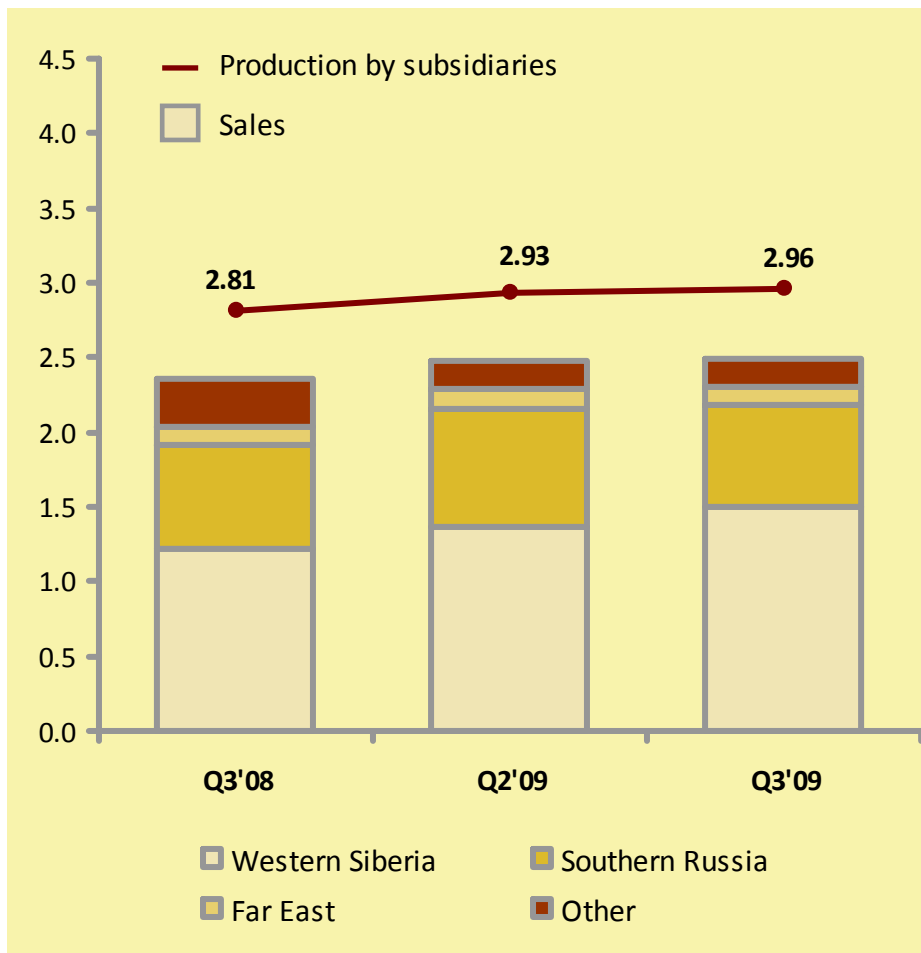
	2006				2007				2008				2009			
USD/bbl	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4E
1. Av. Urals price	58.2	64.8	65.8	56.3	54.3	65.2	72.2	85.9	93.3	117.5	113.2	54.1	43.7	58.1	67.9	72.0
2. Av. MET	10.8	12.2	12.5	10.3	9.9	12.4	13.9	16.9	18.6	23.7	22.6	9.6	6.2	9.3	11.6	12.5
3. Av. export duty	22.8	26.0	28.8	29.8	24.6	23.4	29.5	35.3	43.0	49.1	63.3	38.8	15.3	18.3	30.7	33.9
4. Av. net export revenue after MET (=1-2-3)	24.6	26.5	24.5	16.2	19.9	29.4	28.8	33.8	31.7	44.7	27.3	5.7	22.2	30.5	25.6	25.6
5. Actual EBITDA/bbl	14.0	15.8	14.3	5.8	12.0	20.9	21.1	25.7	26.6	40.2	30.0	0.2	13.4	20.3	19.6	-

Assuming Urals of USD 70/bbl in the end of November and in December, 2009.

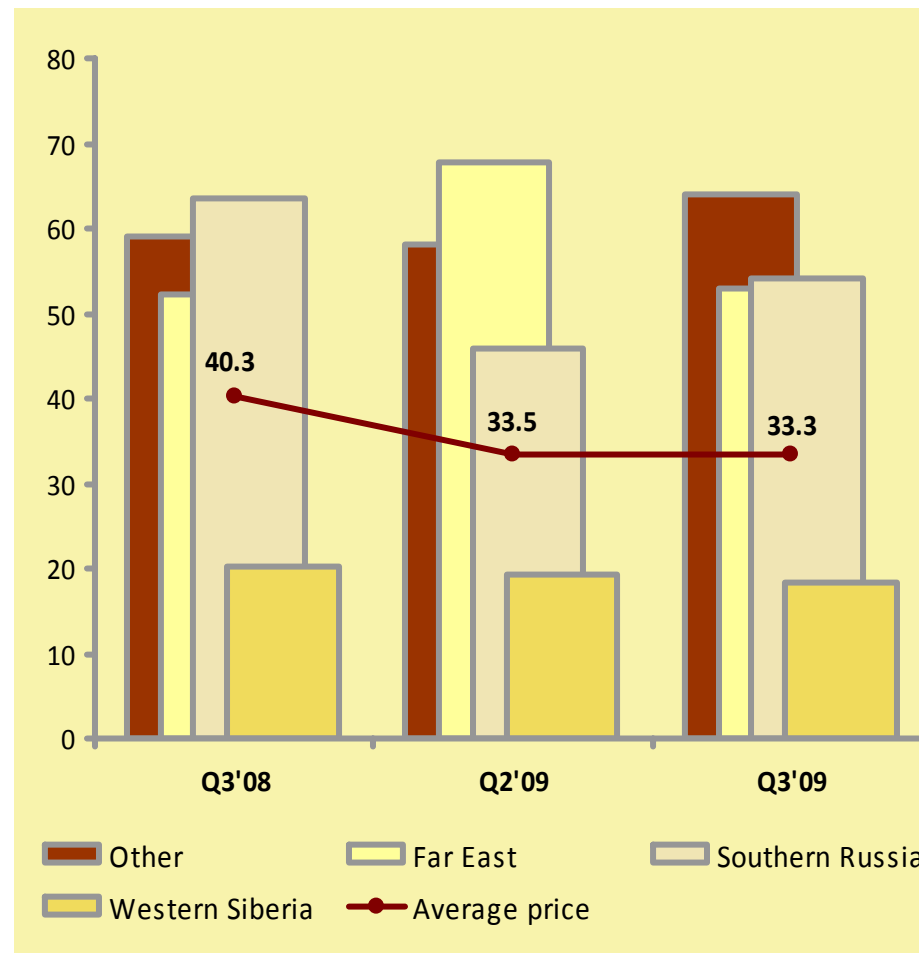


Gas Production and Sales

Gas Sales vs. Production, bcm

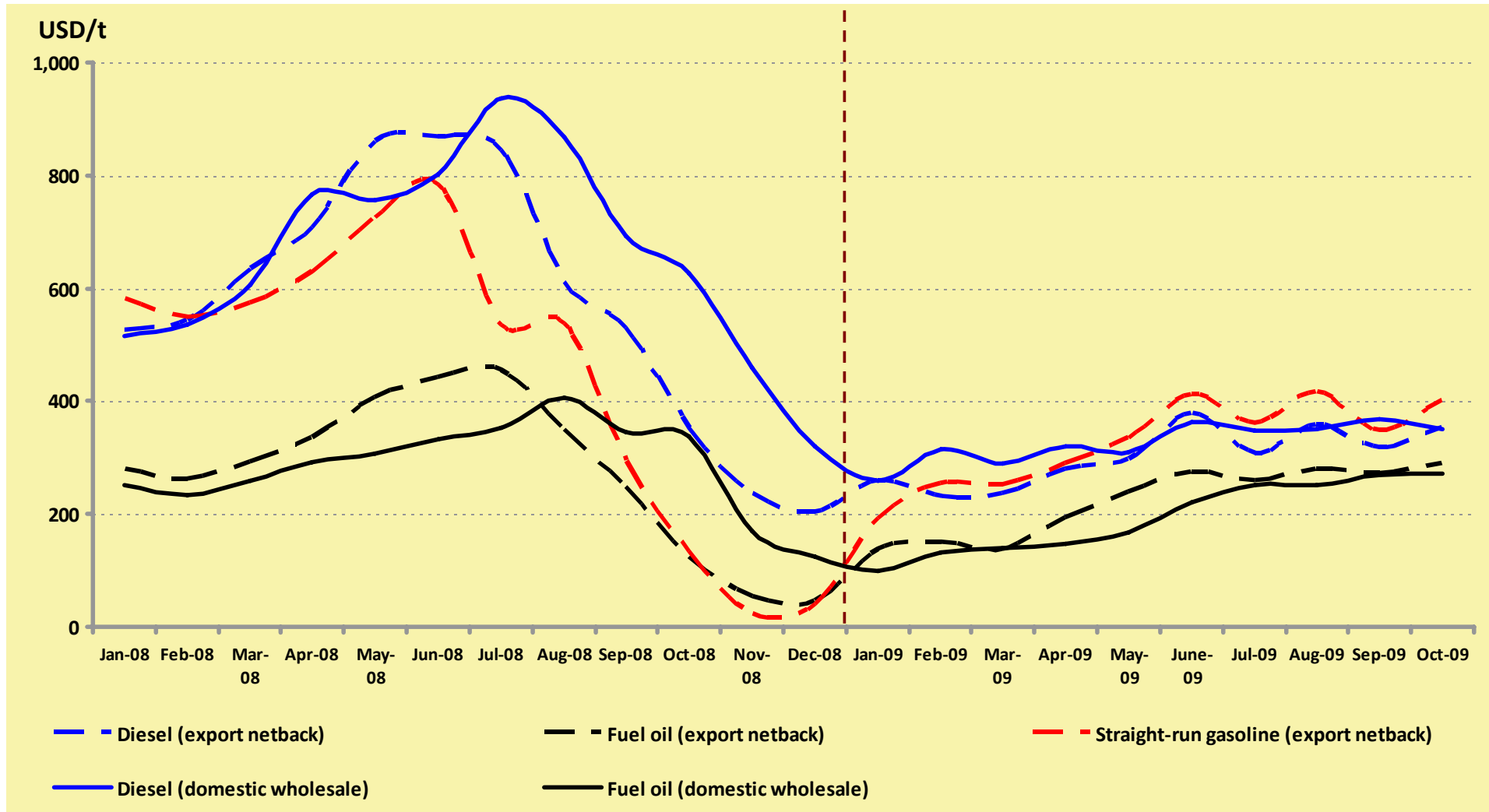


Gas Sales Prices, USD per 1,000 cubic meters





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

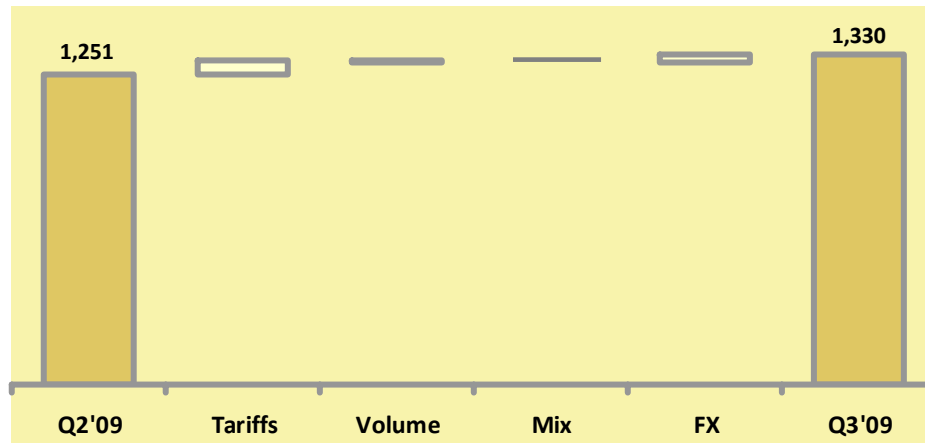


* Refinery-gate export netback or domestic wholesale price net of VAT and excise (average for Rosneft refineries).

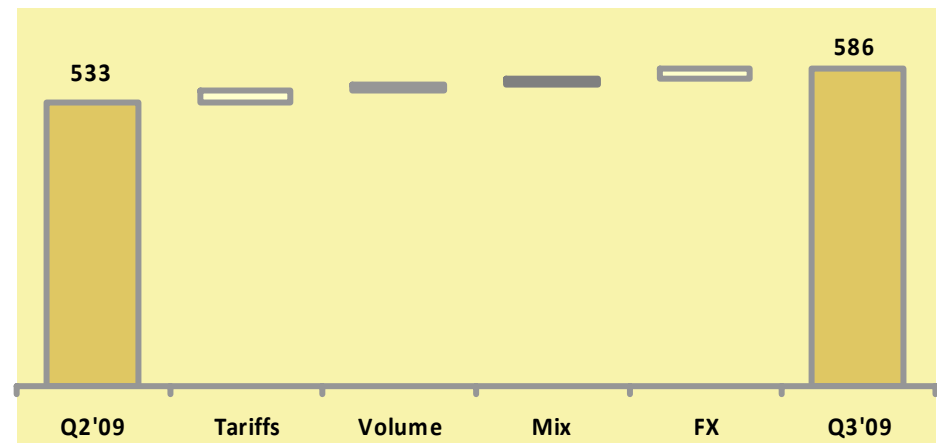


Transportation Costs, Factor Analysis: Q3'09 vs. Q2'09

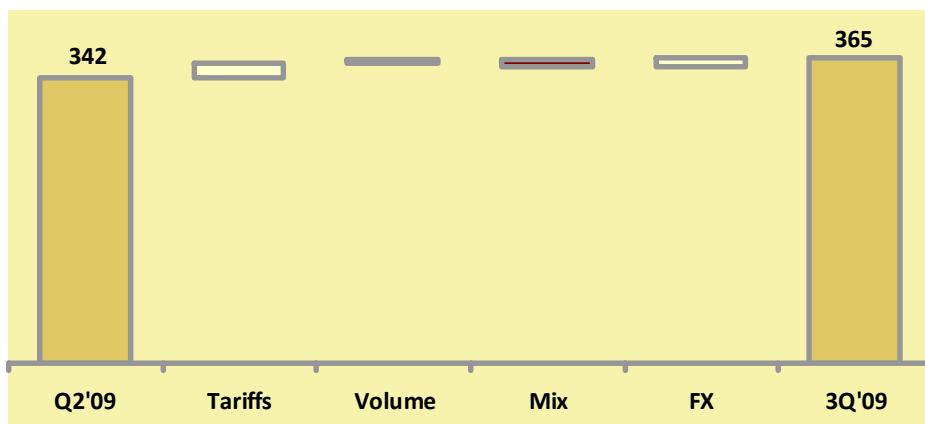
Total Transportation Costs, USD mln



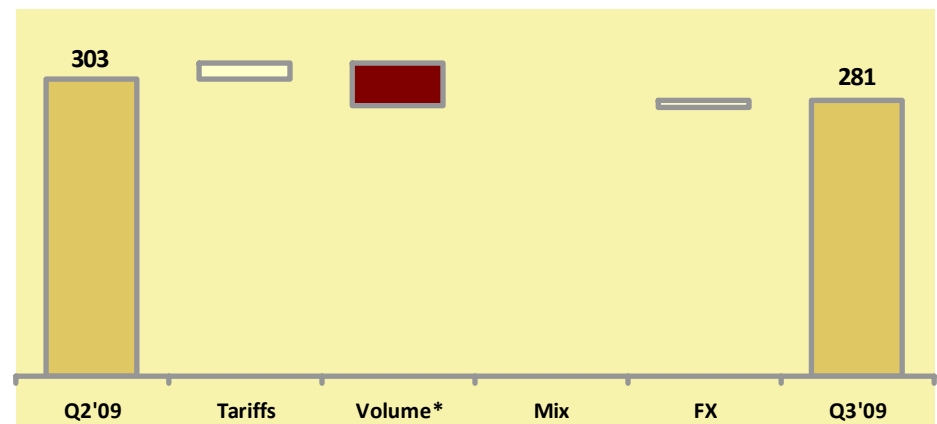
Transportation Costs for Crude Exports, USD mln



Transportation Costs for Crude Deliveries to Refineries, USD mln



Transportation Costs for Product Exports, USD mln

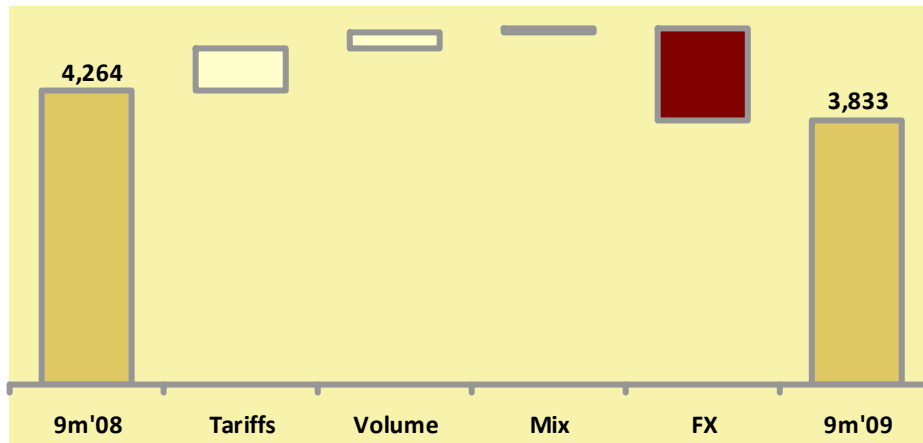


* The decrease in volume transported despite increase in volume of exports was due to seasonal increase in FCA exports by river (Rosneft does not pay for transportation).

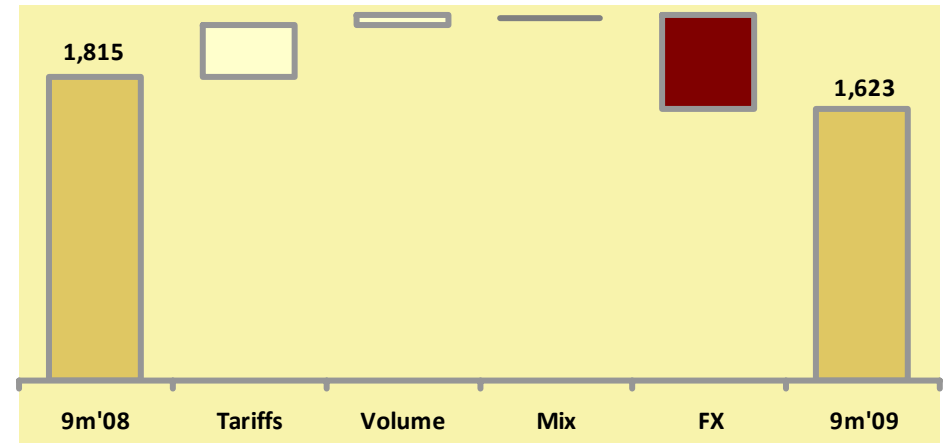


Transportation Costs, Factor Analysis: 9M'09 vs. 9M'08

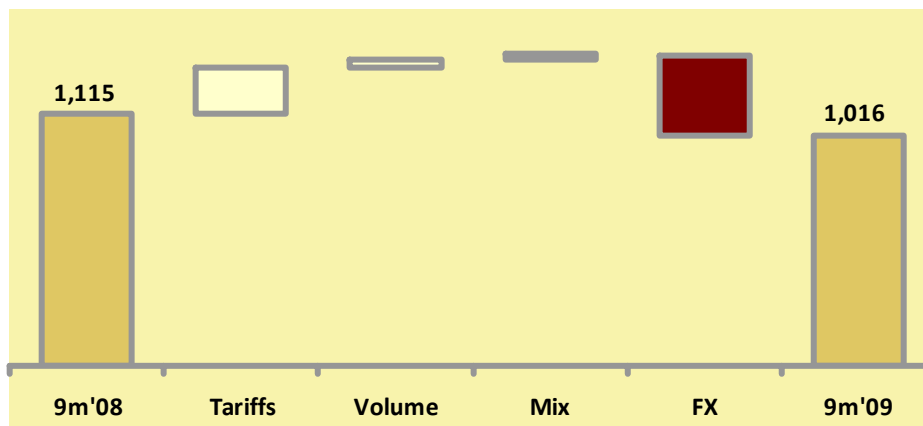
Total Transportation Costs, USD mln



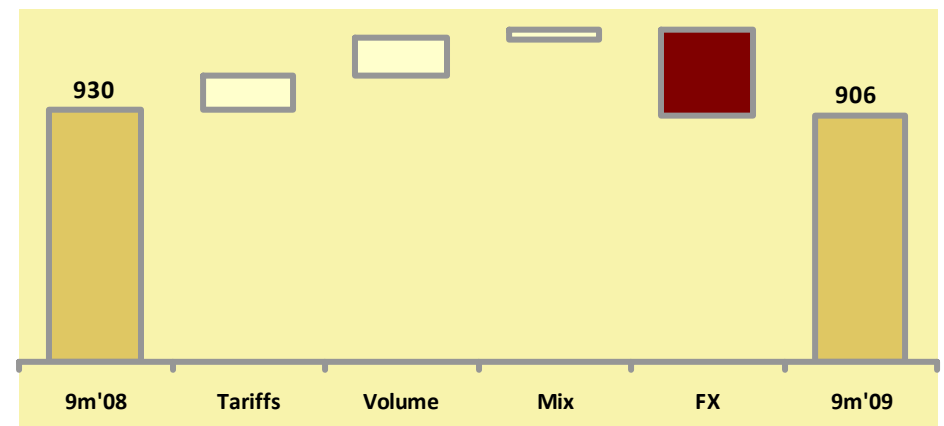
Transportation Costs for Crude Exports, USD mln



Transportation Costs for Crude Deliveries to Refineries, USD mln



Transportation Costs for Product Exports, USD mln





Tier One Partner of the XXII Olympic Winter Games in Sochi



- On February 26, 2009 Rosneft became tier one partner of the XXII Olympic Winter Games in Sochi and the XI Paralympic Winter Games in Sochi in 2014
- Total amount of sponsor contributions (payment for Sochi-2014 trademarks) by Rosneft is USD 180 mln (50% of this amount was paid in April 2009, the rest will be paid in quarterly installments of USD 4.5 mln through the beginning of 2014)
- As part of the Olympic Program, Rosneft plans to build over 150 new service stations including stations along the key federal highways
- Rosneft also plans to build the ratrac fueling facilities and two bunkering stations in the Games area
- Rosneft is also eligible for a marketing campaign using Olympic Games logo



Schedule of sponsor contributions, USD mln

