



**ROSNEFT**

**FY 2006  
US GAAP  
Results**

**May 15, 2007**



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## 2006 Highlights

### Positives

- § Industry leading upstream performance:
  - § Production growth
  - § Reserve replacement
  - § Drilling results
  - § Unit costs
- § Lifting cost growth < guidance
- § CAPEX of \$3.46
  - § Vs \$3.1 bn in '05 USD guidance
- § Litigation progress
- § Recent M&A successes

### Challenges, Priorities

- § Rouble appreciation vs USD
- § Increased tax burden
- § Integrating recent acquisitions
- § Optimization of enhanced downstream portfolio to grow netbacks through:
  - § Enhanced MIS/technology solutions
  - § Increased sales/distribution capabilities
  - § Realizing benefits of new flexibility in netback options
- § Annual Performance Review & Strategic Update
  - § Moscow: July 6<sup>th</sup>
  - § London: July 11<sup>th</sup>
  - § New York: July 12<sup>th</sup>



## 12M 2006 Results

	12M06	12M05	Chg., %	4Q06	4Q05	Chg., %
Production, mln boe	662.53	617.05	7%	171.70	164.04	5%
Oil, mln bbl	582.70	540.39	8%	151.47	142.81	6%
Gas, bcm	13.58	13.03	4%	3.45	3.61	-5%
Oil products output, mmt	22.66	21.26	7%	5.77	5.99	-4%
Revenues	33,099	23,863	39%	8,213	6,919	18%
EBITDA	7,276	7,029	4%	880	1,402	-37%
Net income	3,533	4,159	-15%	603	566	7%
Adjusted Net income <sup>1</sup>	3,625	3,615	0%	598	637	(11%)
Operating cash flow	2,593	2,941	-12%	(967)	956	199%
Adjusted Operating cash flow <sup>2</sup>	3,137	2,941	7%	(423)	956	(144%)
Capital expenditures	3,462	1,944	78%	1,331	652	104%

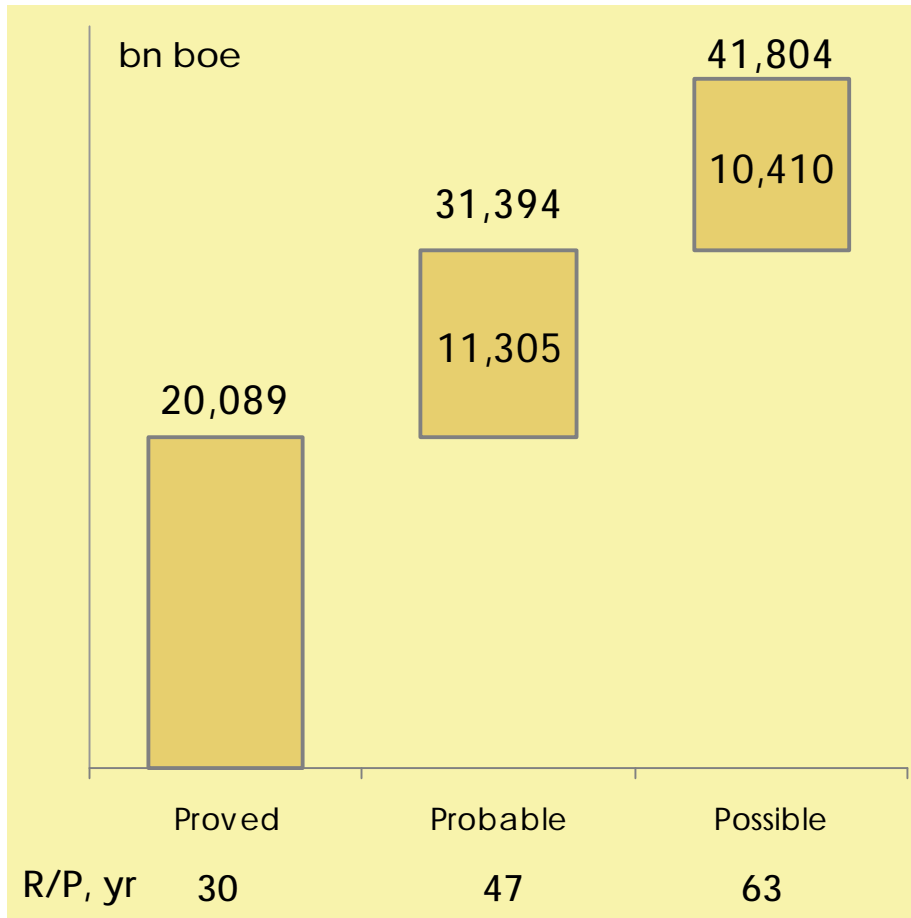
1. Net income before minority interest and effect of Sevmorneftegaz sale

2. Operating cash flow adjusted for net advance tax payment related to Yukos receivables which are expected to be received in 2007



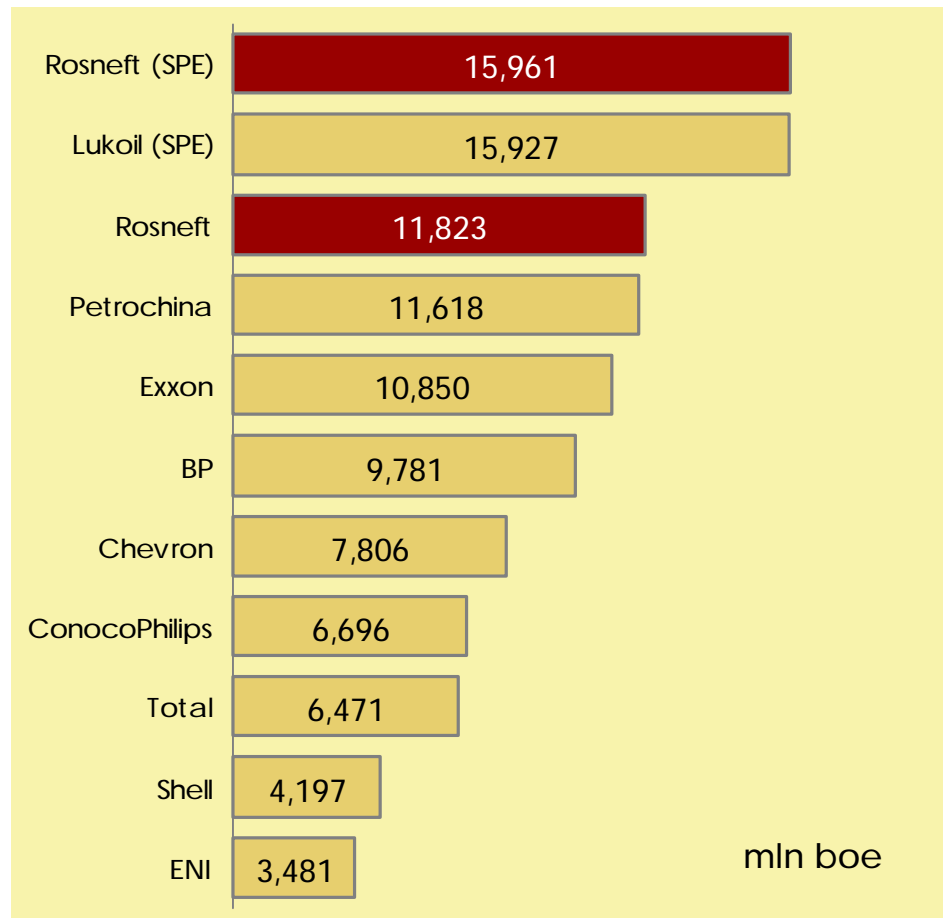
# Reserves

## Rosneft's oil & gas reserves and reserve life



Source: D&M 2006 reserves report, SPE case

## Liquid hydrocarbon reserves ranking

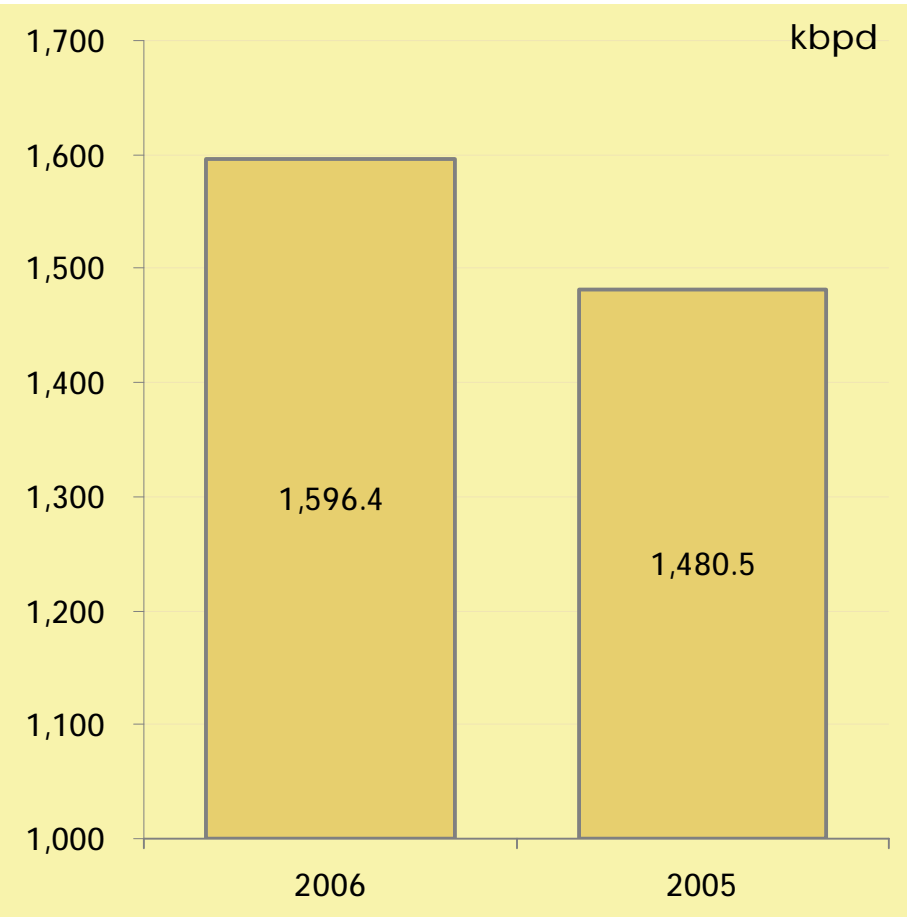


Source: Company reports and filings  
SEC classification unless otherwise indicated

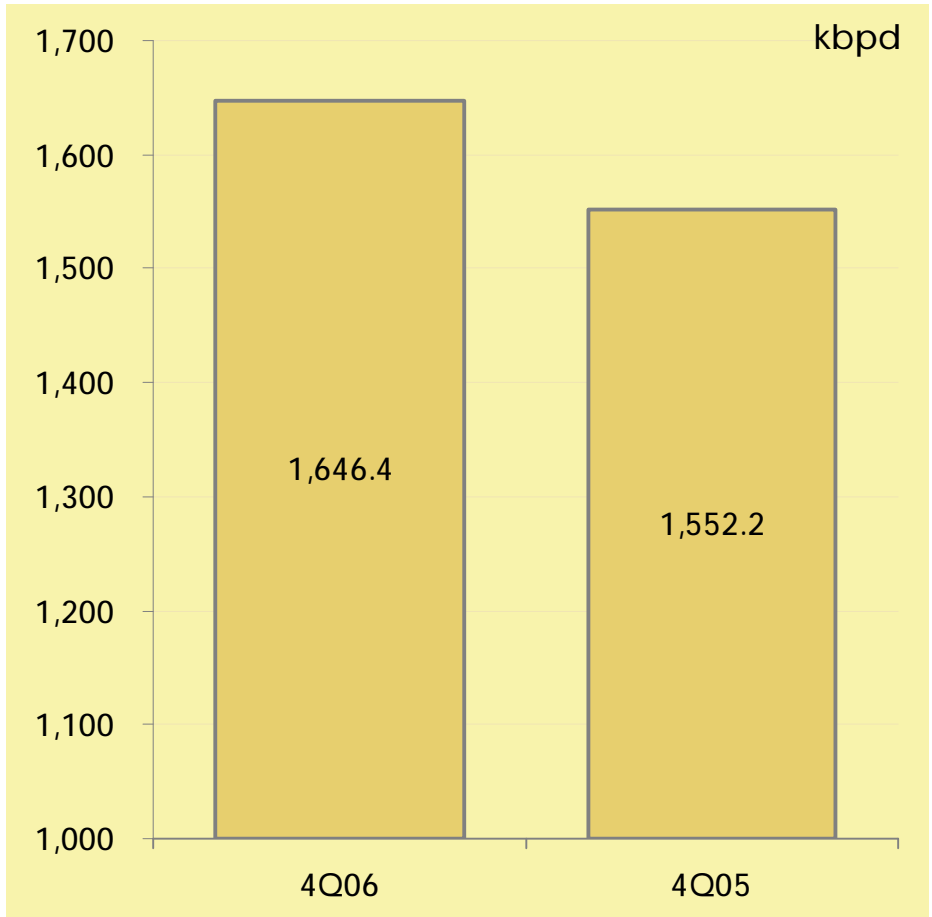


# Crude Oil Production

Daily Crude Oil Production, 2006 vs. 2005



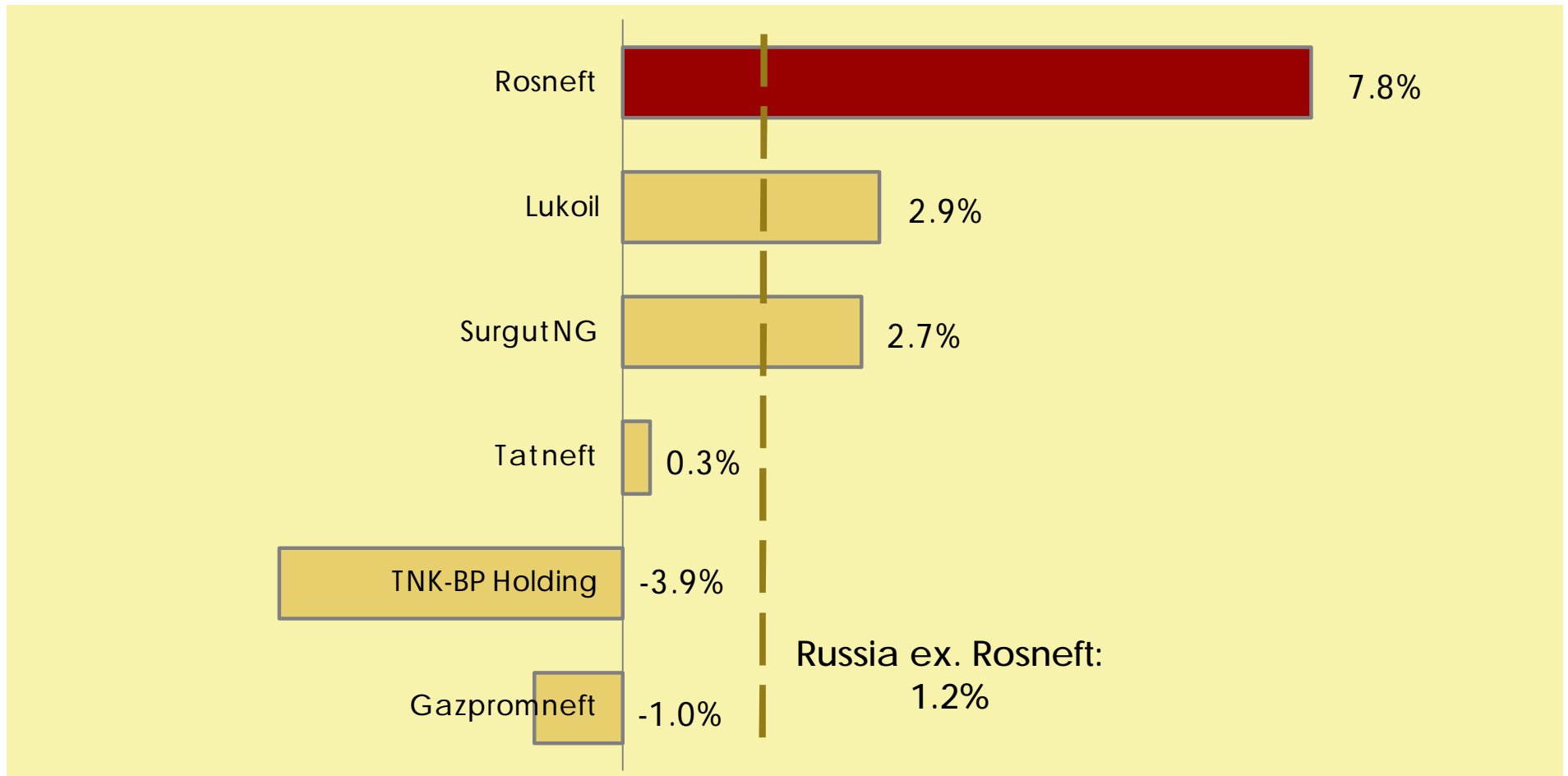
Daily Crude Oil Production, 4Q2006 vs. 4Q2005





## Crude Oil Production (cont.)

### 2006 Crude Oil Production Growth in Russian Federation



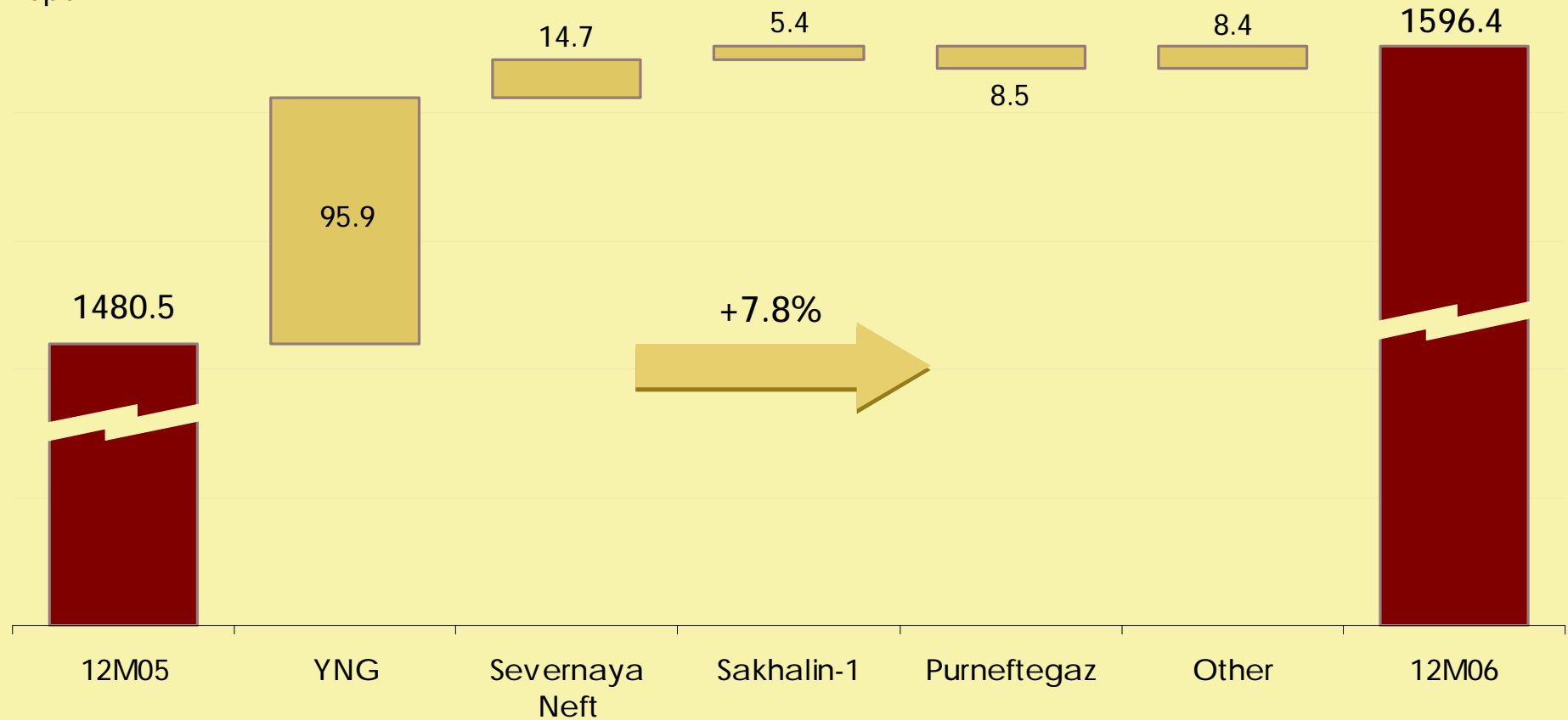
Source: Infotek for peers, company data for Rosneft



# Crude Oil Production (cont.)

## 2006 Crude Oil Production Reconciliation

kbpd



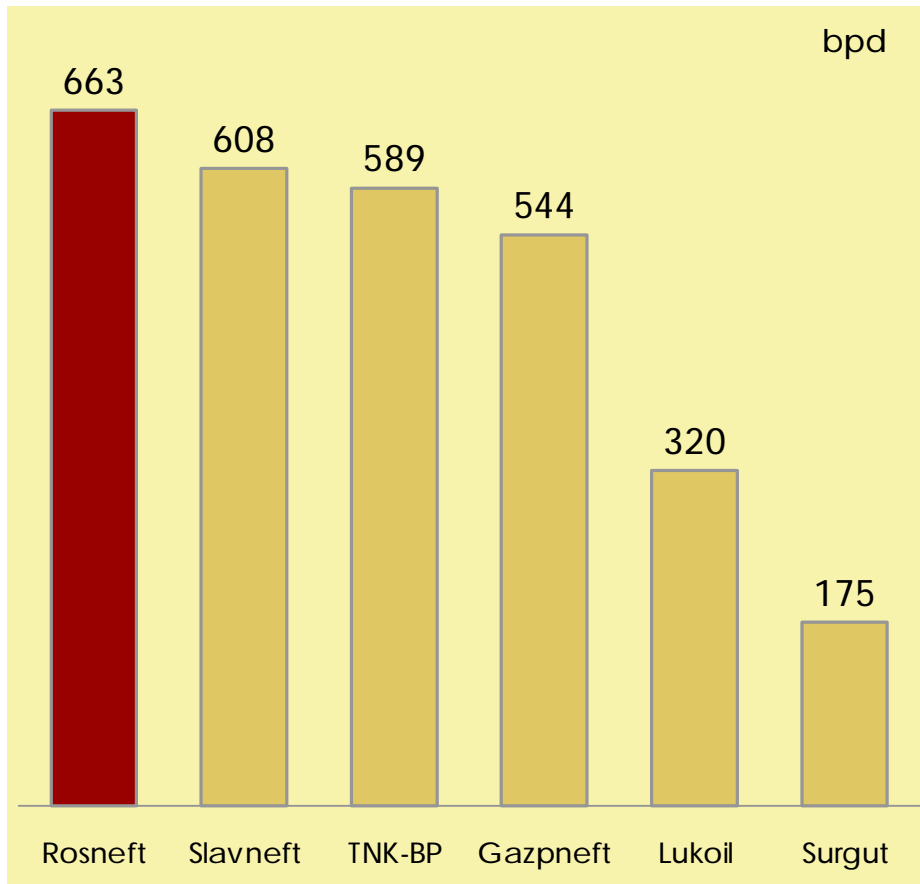
Includes share in production of affiliates



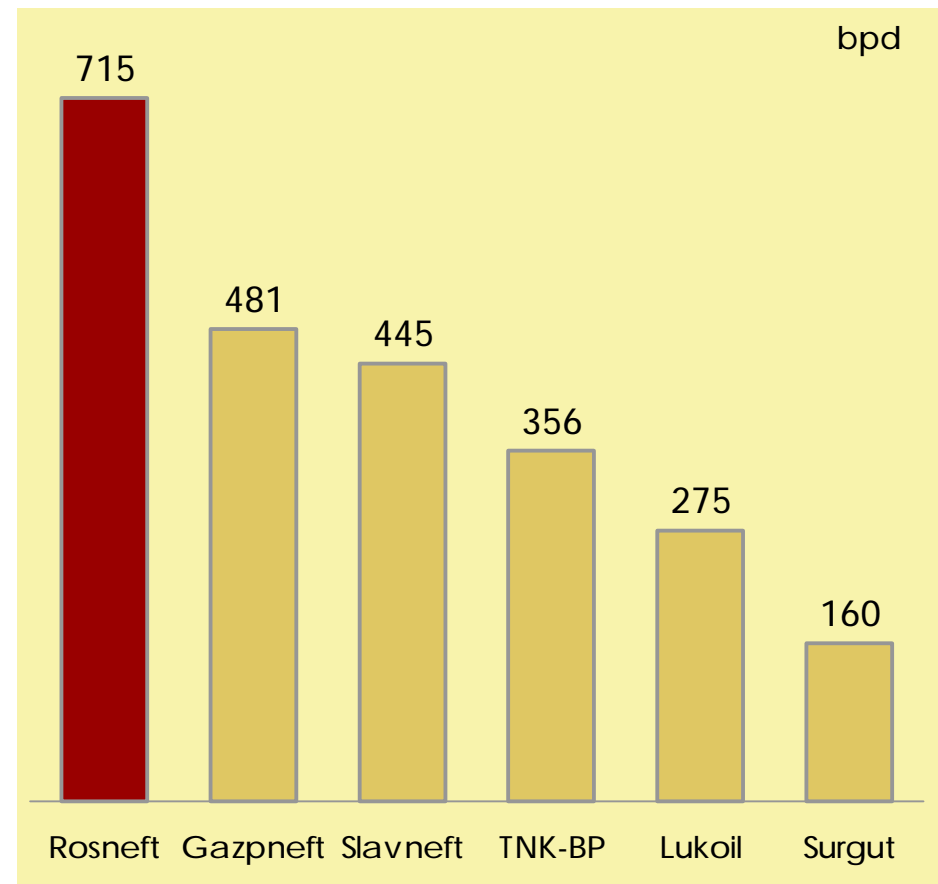


# Extending Drilling Performance Gap

Average Daily Flow of New Wells 12m 2005



Average Daily Flow of New Wells 12m 2006



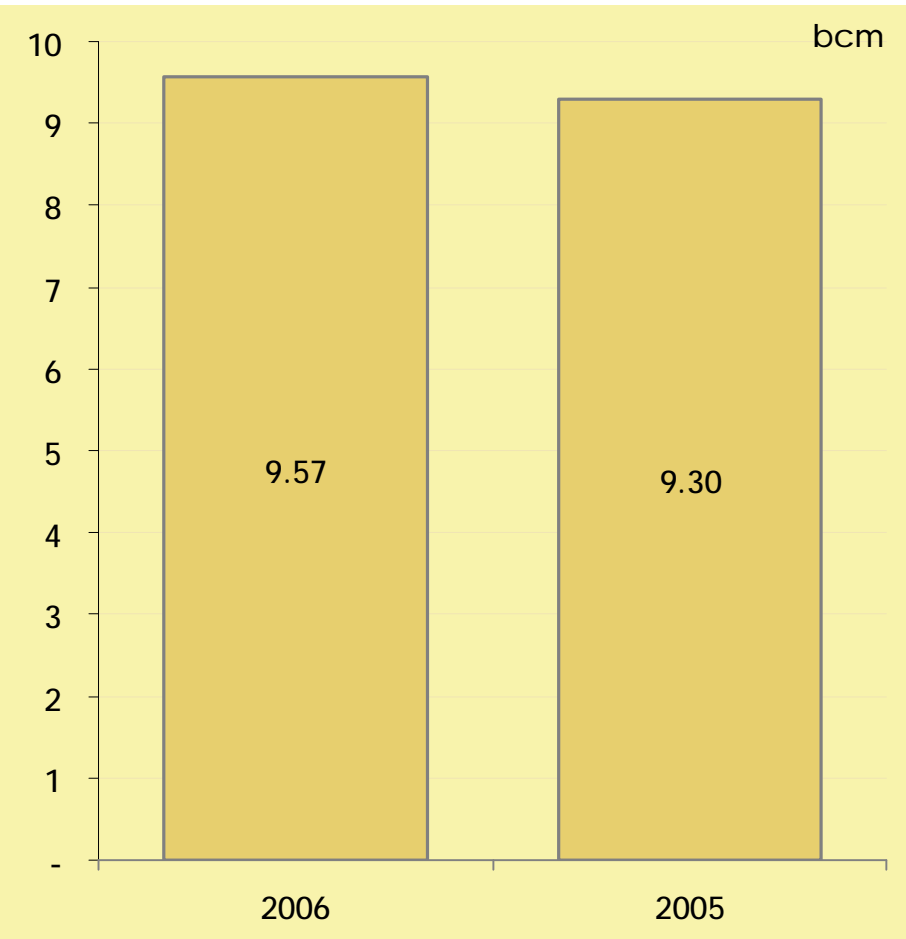
Source: Infotek



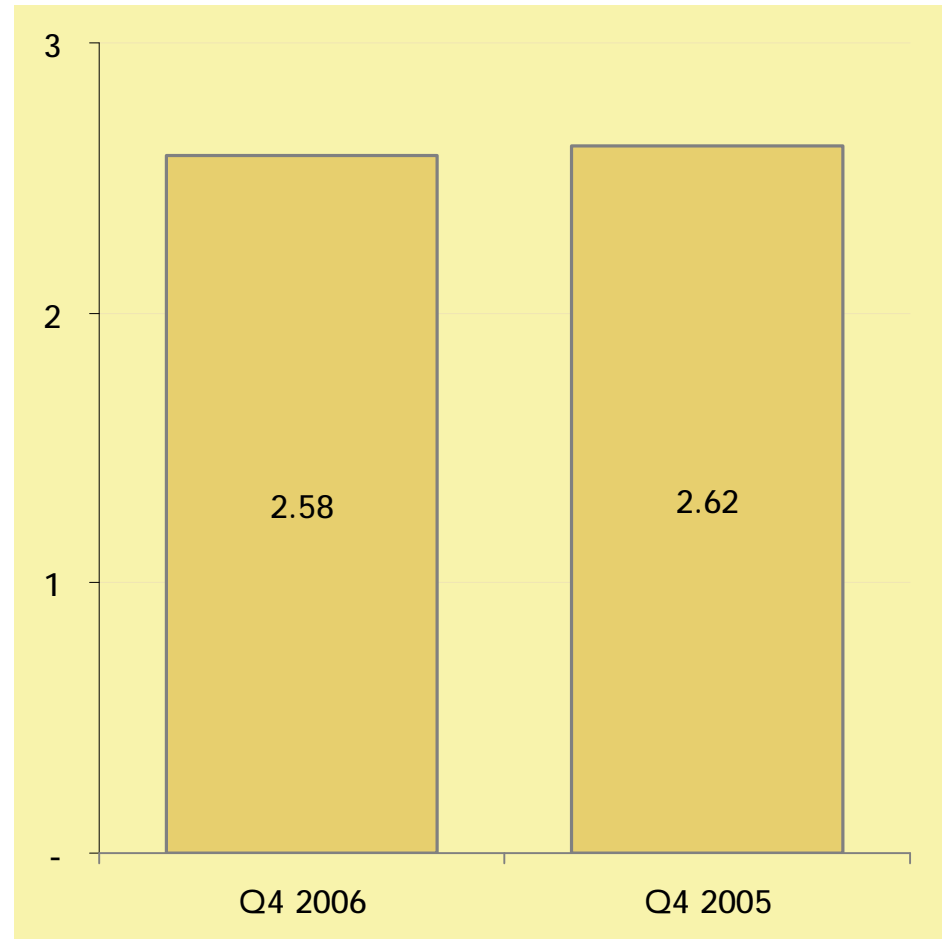


# Gas Sales

Gas Sales, 2006 vs 2005



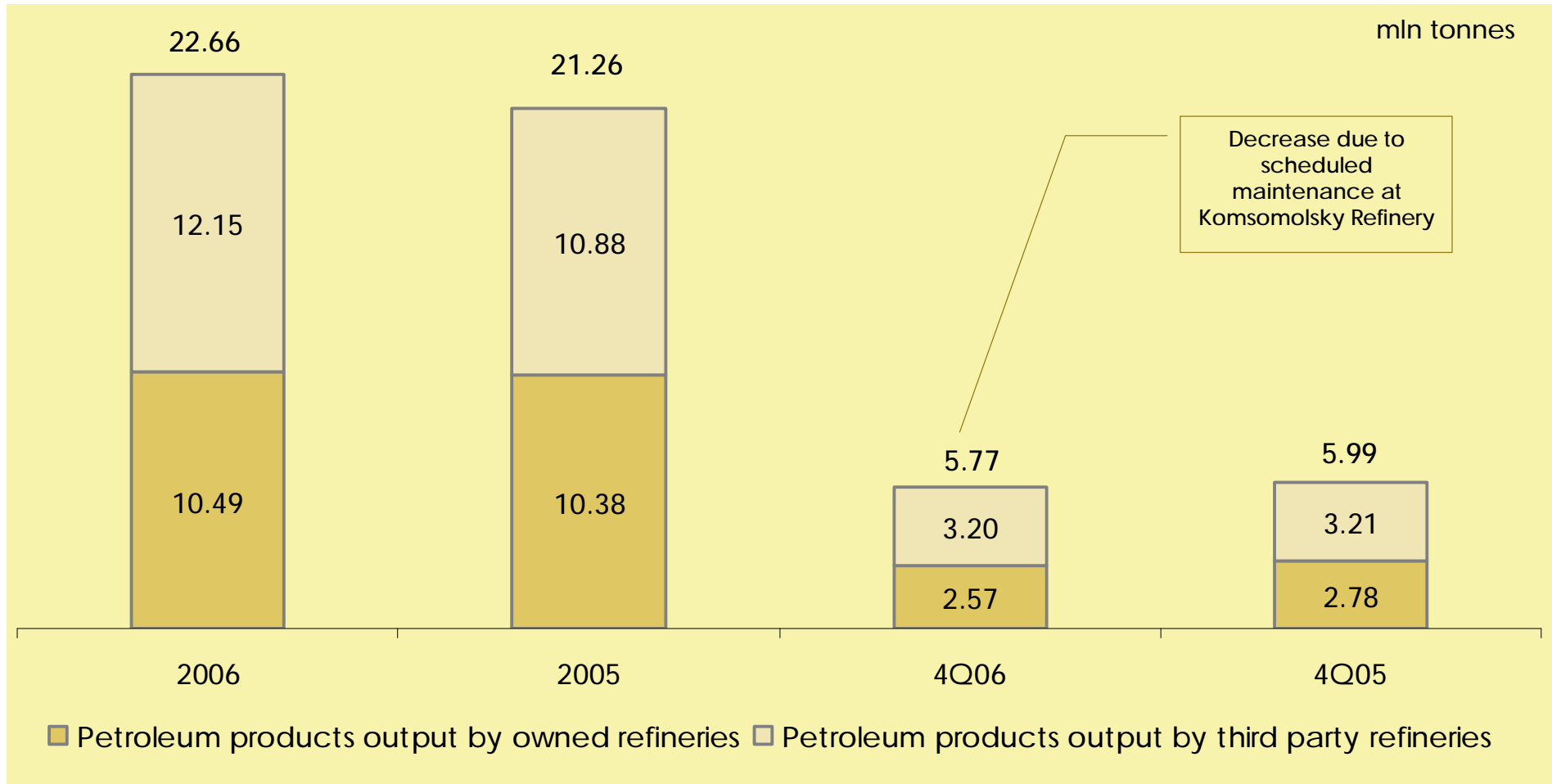
Gas Sales, Q4 2006 vs Q4 2005





# Petroleum Products Output

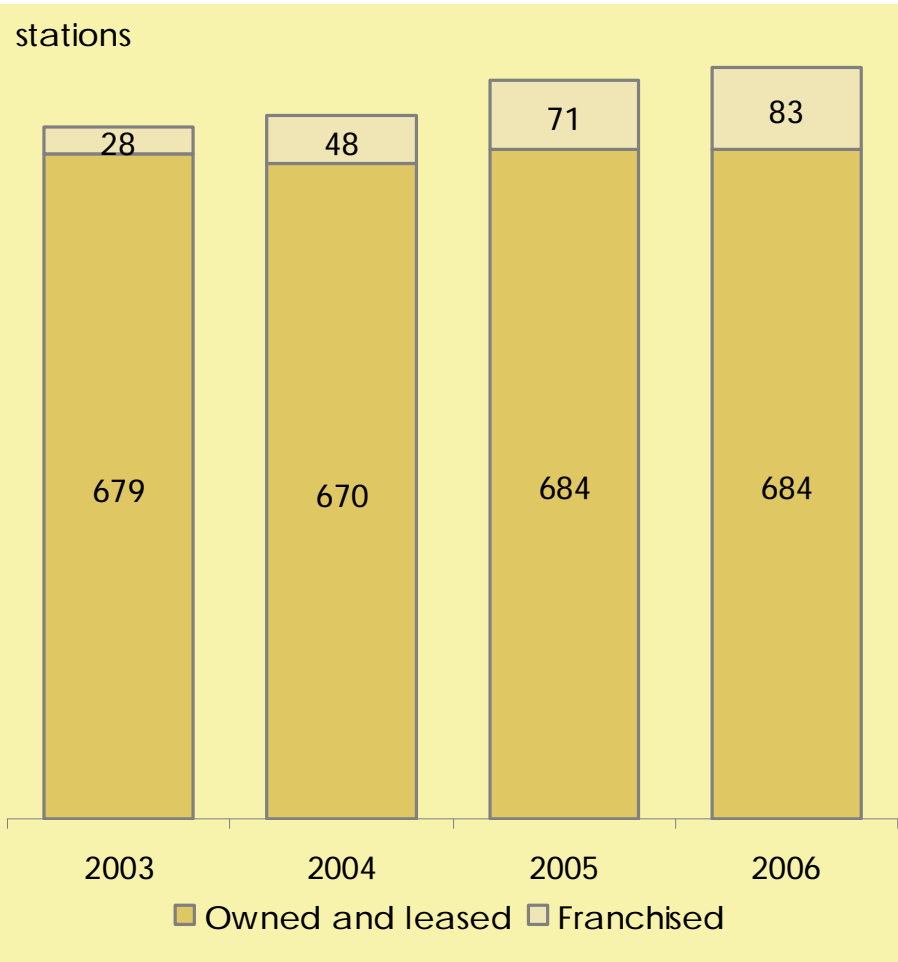
## Petroleum Products Output



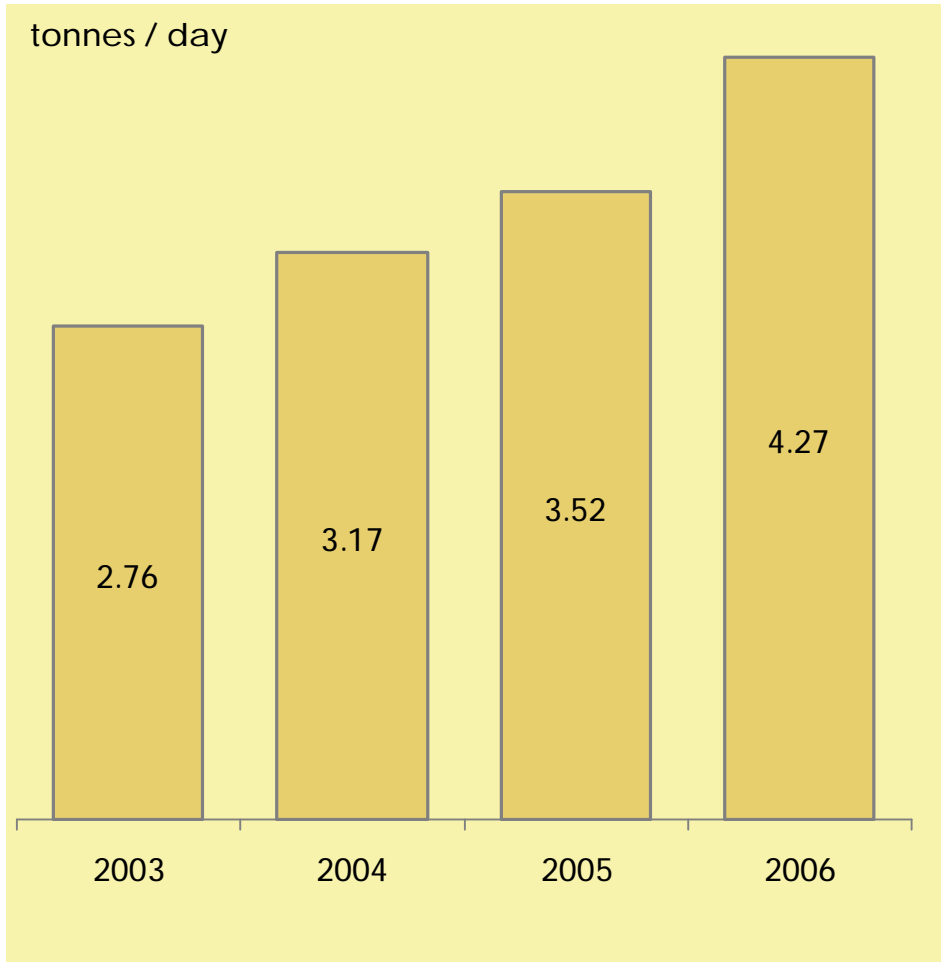


# Retail Growth

Number of fillings stations



Average daily sales per 1 filling station





## Economic Environment

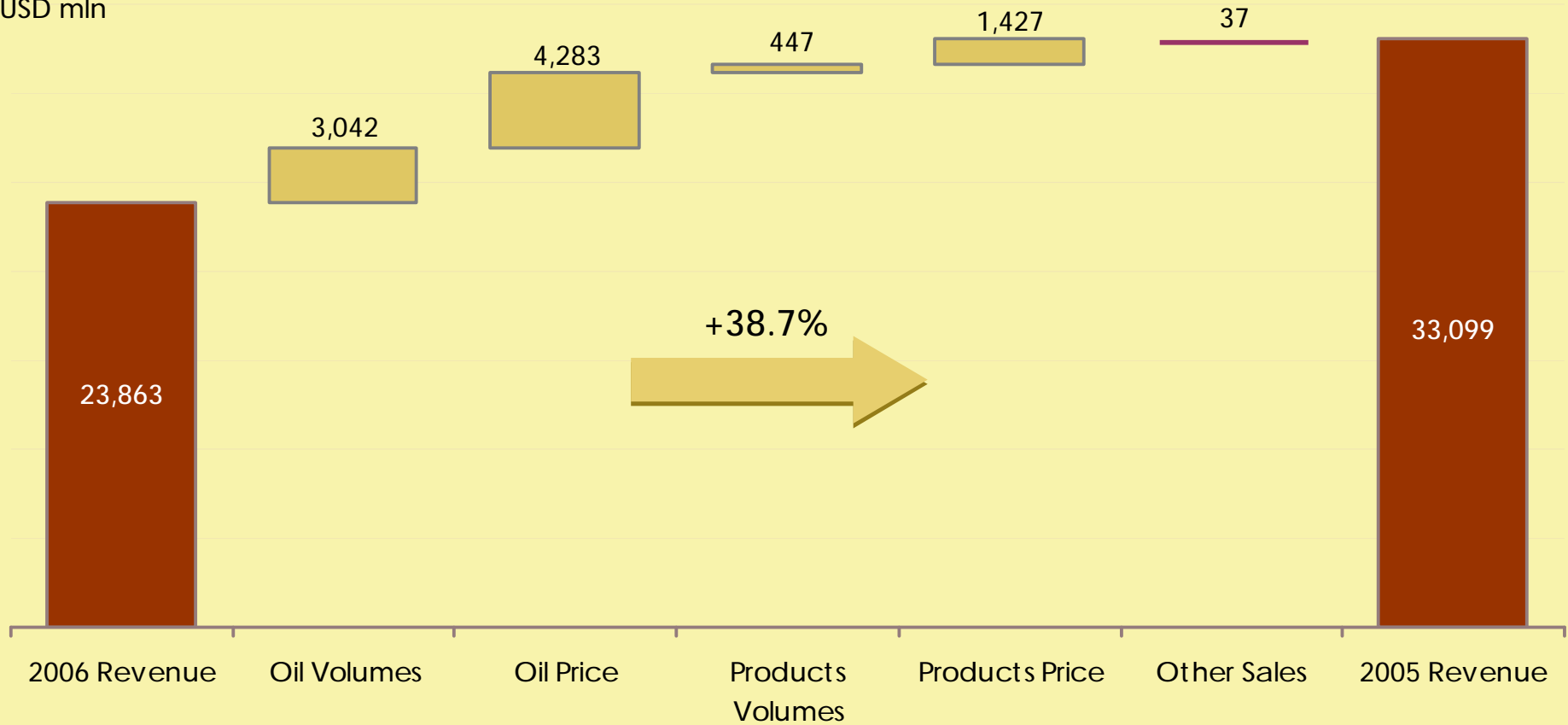
		4Q06	4Q05	12M06	12M05
Average RUB/USD rate	RUB/USD	26.59	28.51	27.19	28.29
Inflation rate	%	1.8%	2.3%	9.0%	10.9%
Real RUB appreciation vs USD	%	4.4%	1.2%	19.1%	6.9%
Urals oil price (av. Med and NWE)	\$/bbl	56.31	53.68	61.27	50.47
Gasoil, 0.2% (av. Med)	\$/tonne	550	537	587	506
Diesel fuel (av. RF)	\$/tonne	516	533	558	488



# Revenue Reconciliation

## Revenue Reconciliation

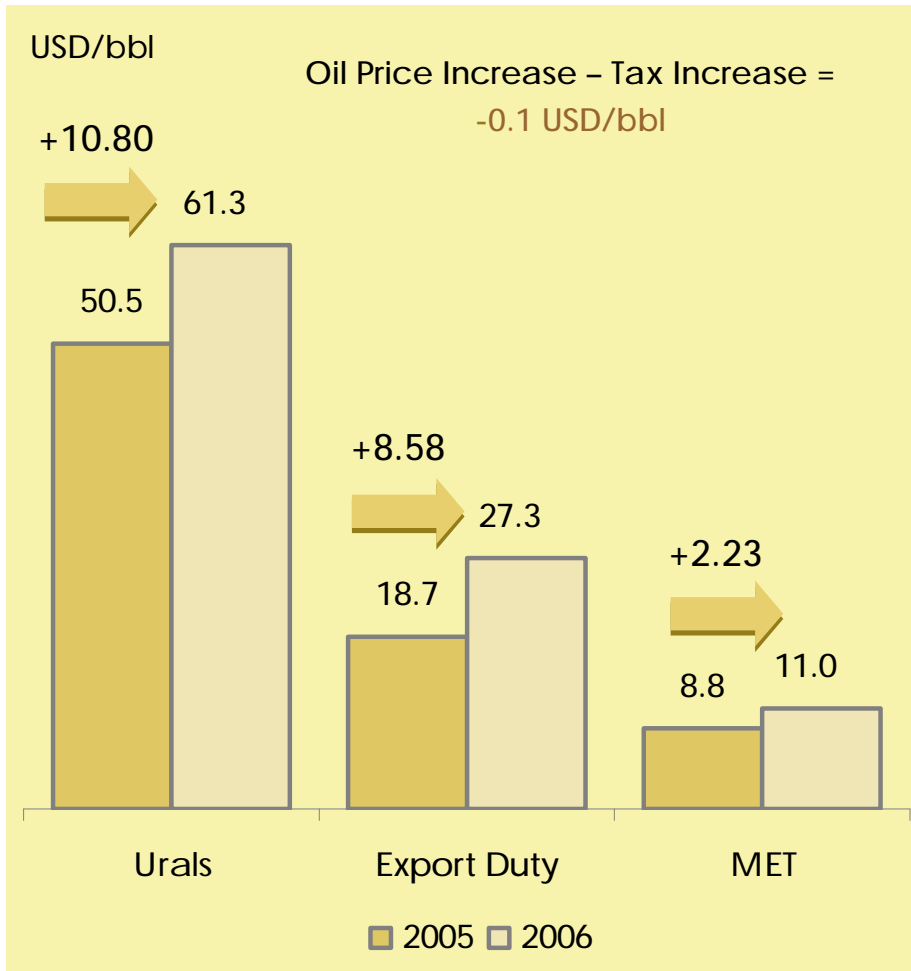
USD mln



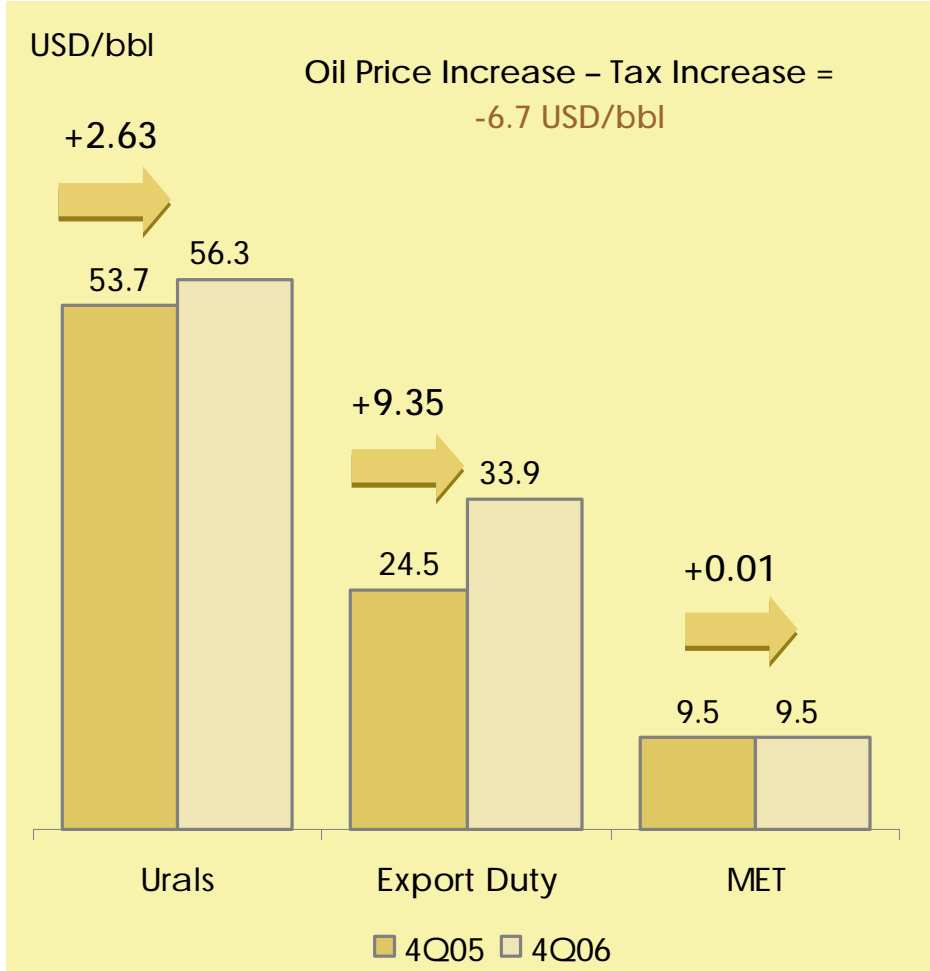


# Tax Environment

### Oil Price and Taxes in 2006



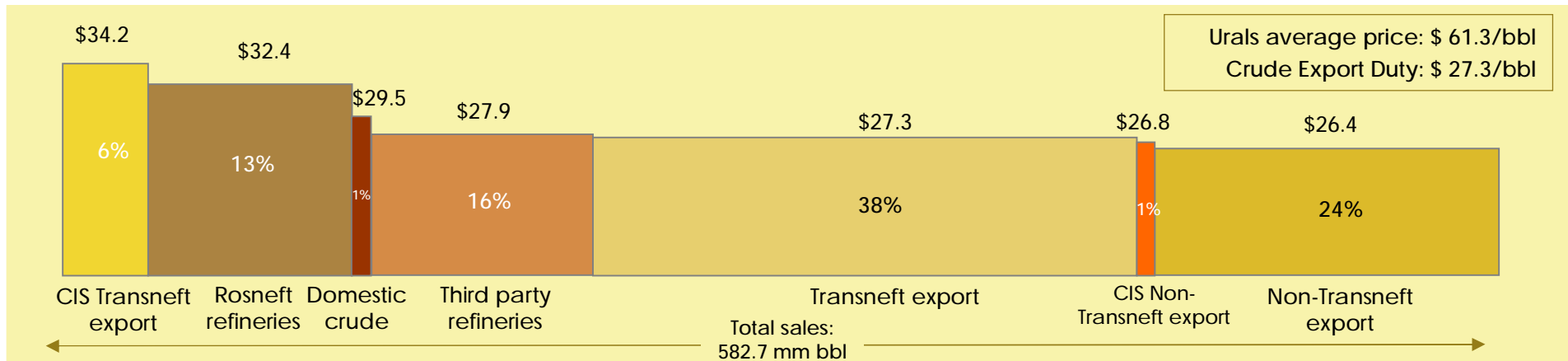
### Oil Price and Taxes in 4Q 2006



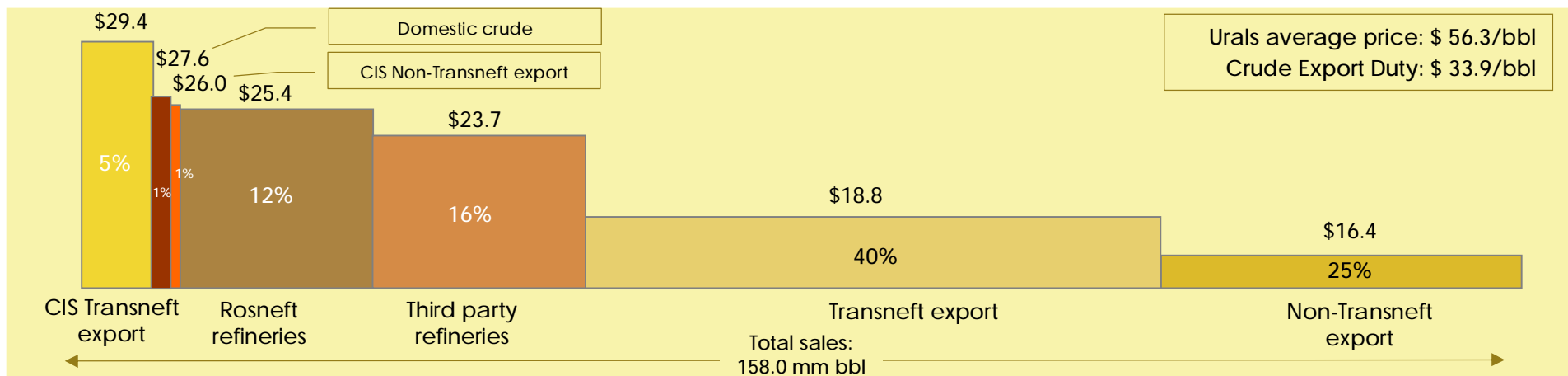


# Netback Ladder

2006 Netbacks and crude allocation (\$/bbl)



4Q2006 Netbacks and crude allocation (\$/bbl)



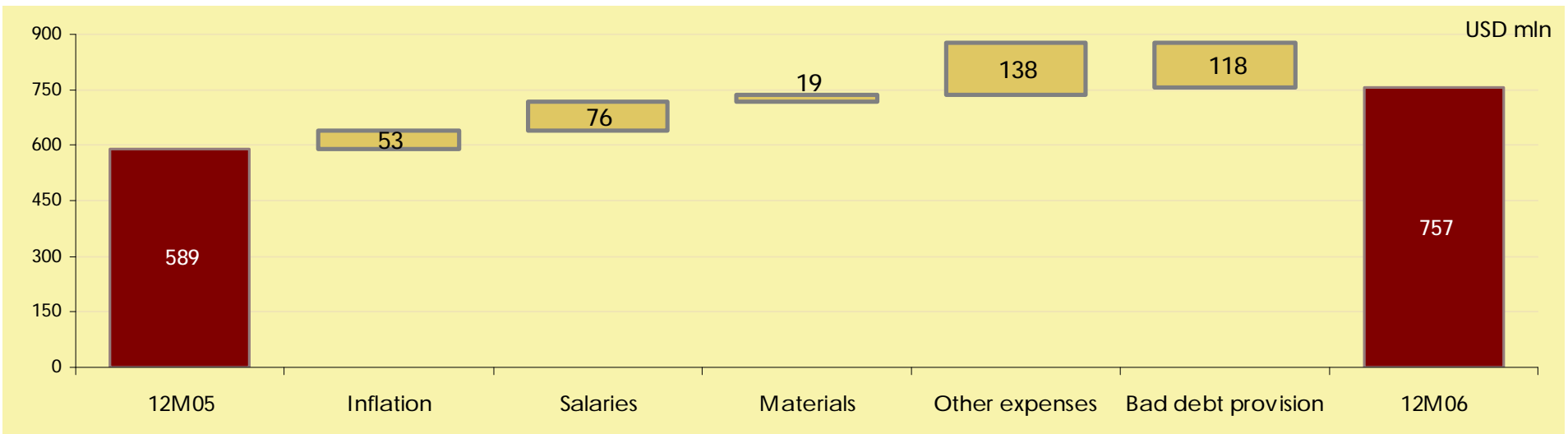




# SG&A and Transportation Expenses

USD mln	4Q06	4Q05	Chg., %	12M06	12M05	Chg., %
General and administrative expenses	200	189	5.8%	757	589	28.5%
Pipeline tariffs and transportation costs	867	589	47.2%	3,226	2,231	44.6%
<b>Total</b>	<b>1,067</b>	<b>778</b>	<b>37.1%</b>	<b>3,983</b>	<b>2,820</b>	<b>41.2%</b>

## General and administrative expenses





## Operating Expenses and Purchases

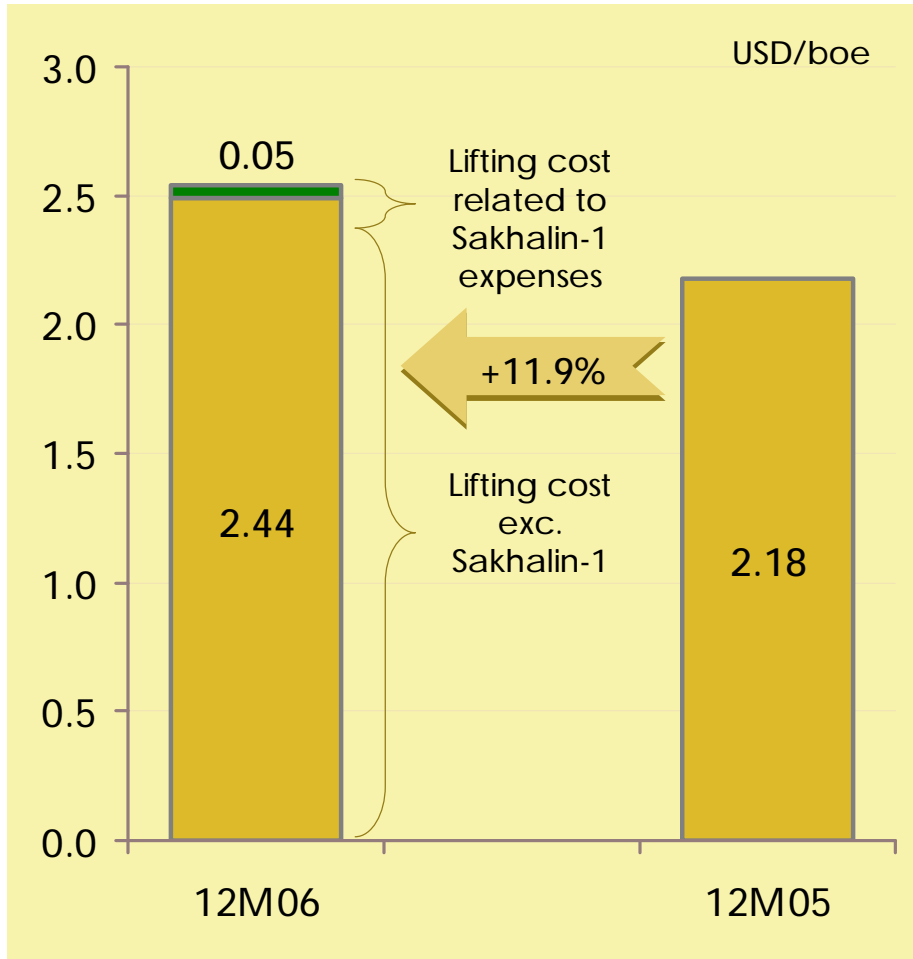
USD mln	12M06	12M05	Chg., yoy, %	4Q06	4Q05	Chg. yoy, %
Operating expenses	2,197	1,623	35.4%	716	530	35.1%
- Production	1,632	1,333	22.4%	470	449	4.7%
- Refining and Marketing	353	226	56.2%	137	57	140.4%
- Other	212	64	231.3%	109	24	354.2%
Value of purchased goods and services	1,320	637	107.2%	(241)*	194	-224.2%
- Crude oil	448	95	371.6%	(392)*	94	-517.0%
- Oil products	366	231	58.4%	13	(11)*	-218.2%
- Processing	506	311	62.7%	138	111	24.3%

\* In Q4 2006 and Q4 2005 certain purchases were netted with revenue

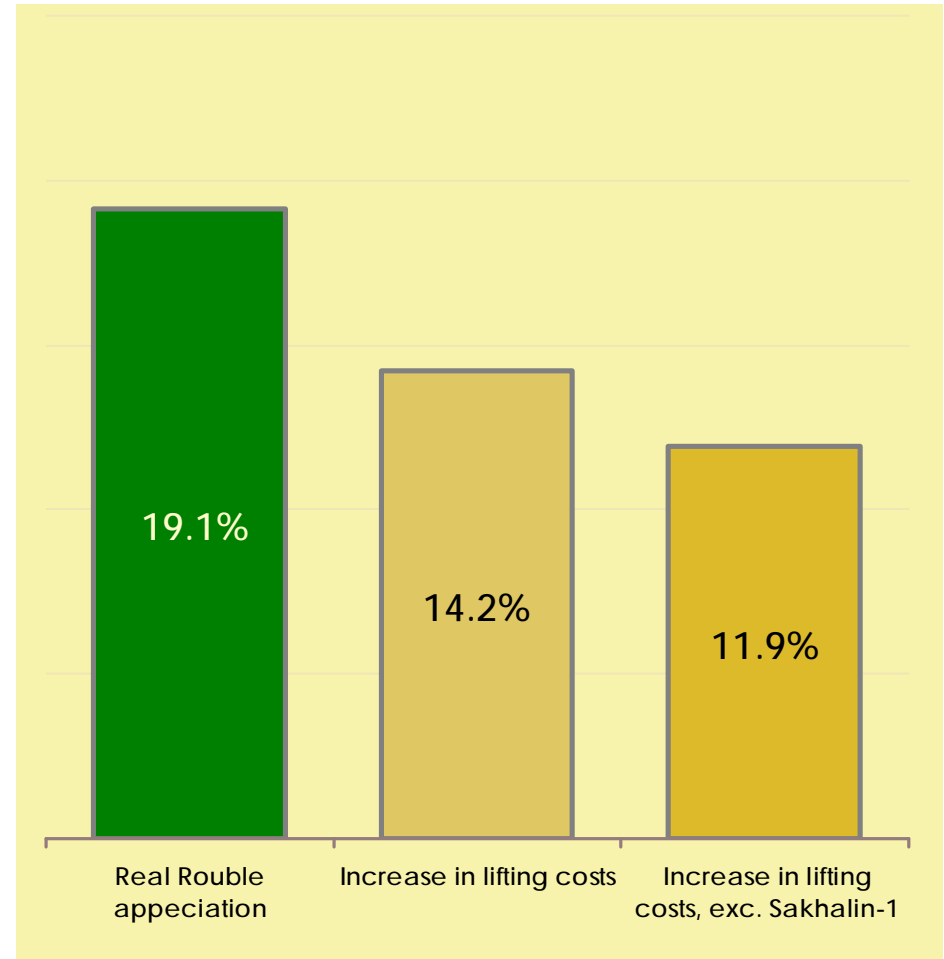


# Lifting Cost Increase in Line with Guidance

Lifting costs, 2006 vs. 2005



Lifting cost growth vs inflation

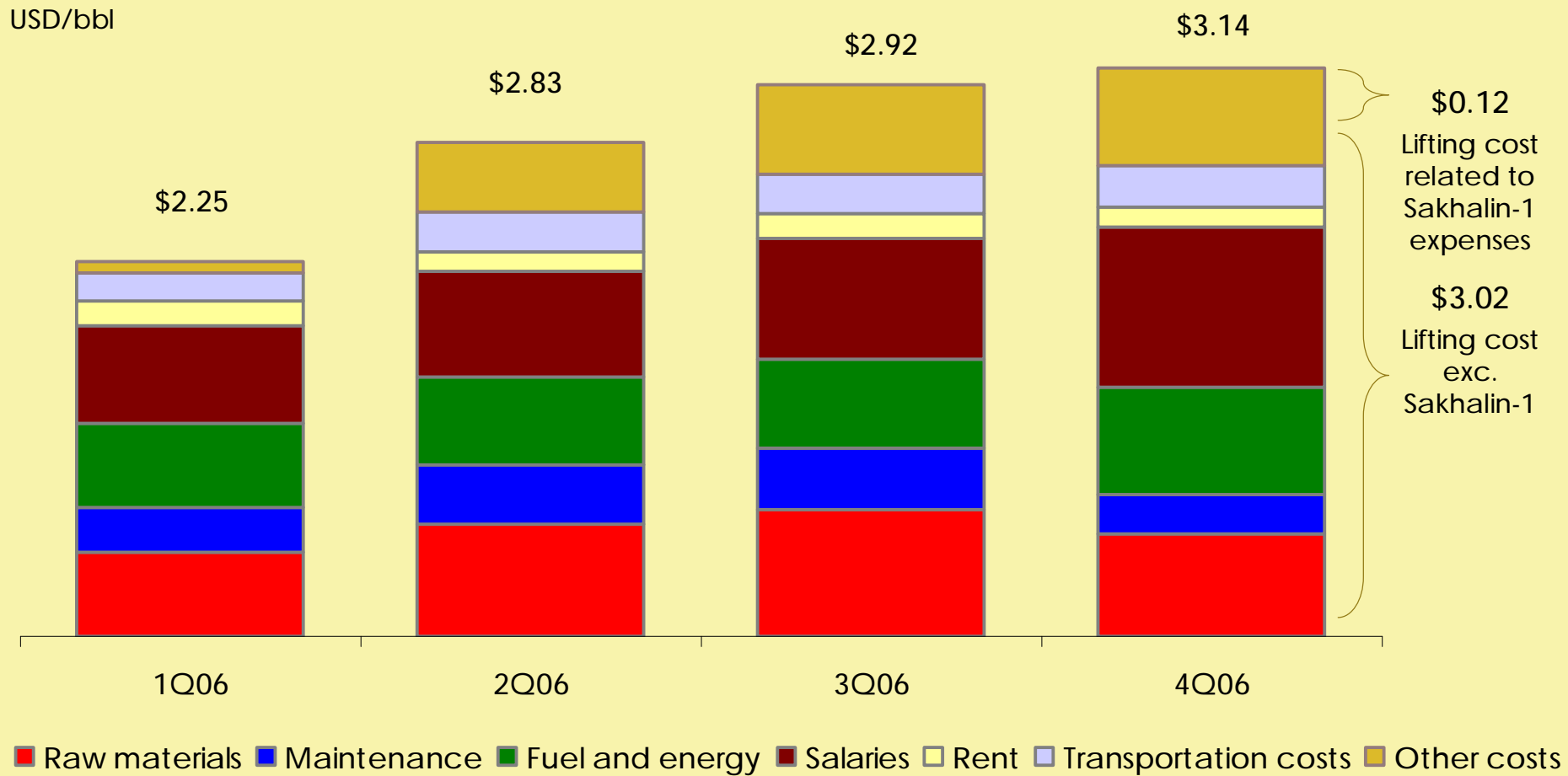




# Lifting Cost

## Liquids Lifting Cost Breakdown

USD/bbl

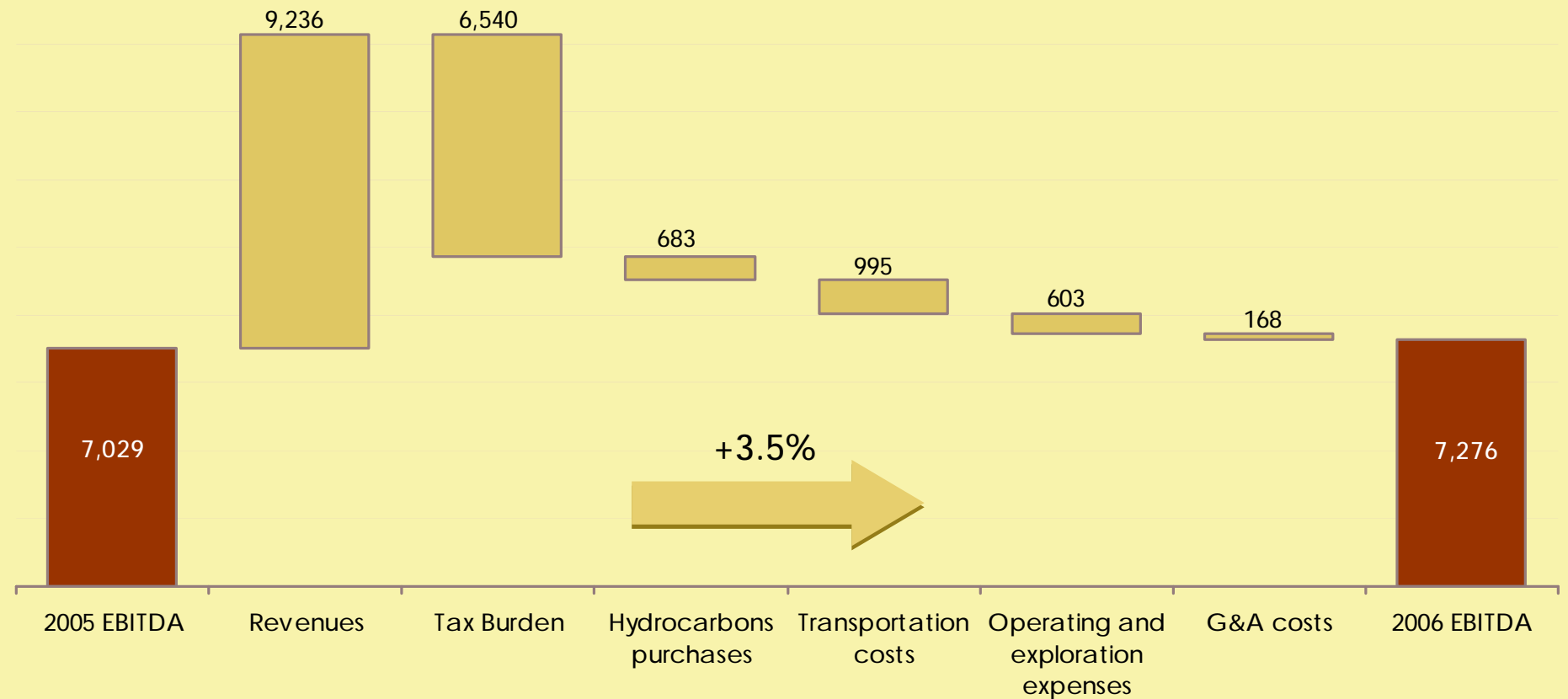




# EBITDA

## EBITDA Reconciliation

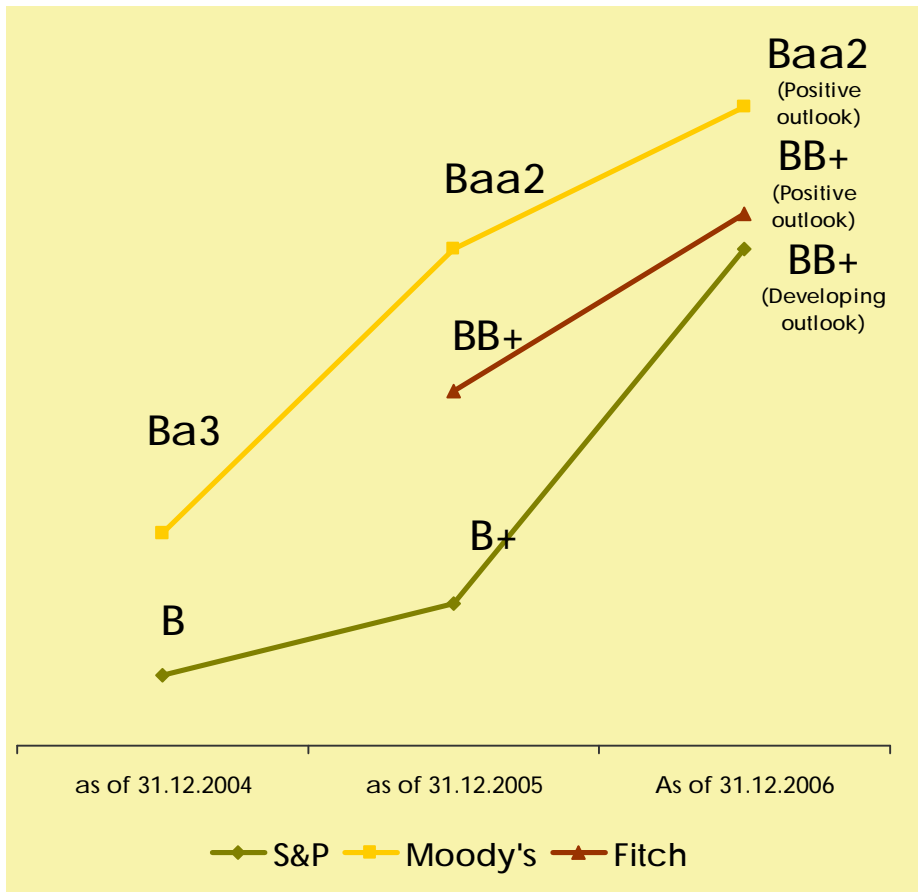
USD mln



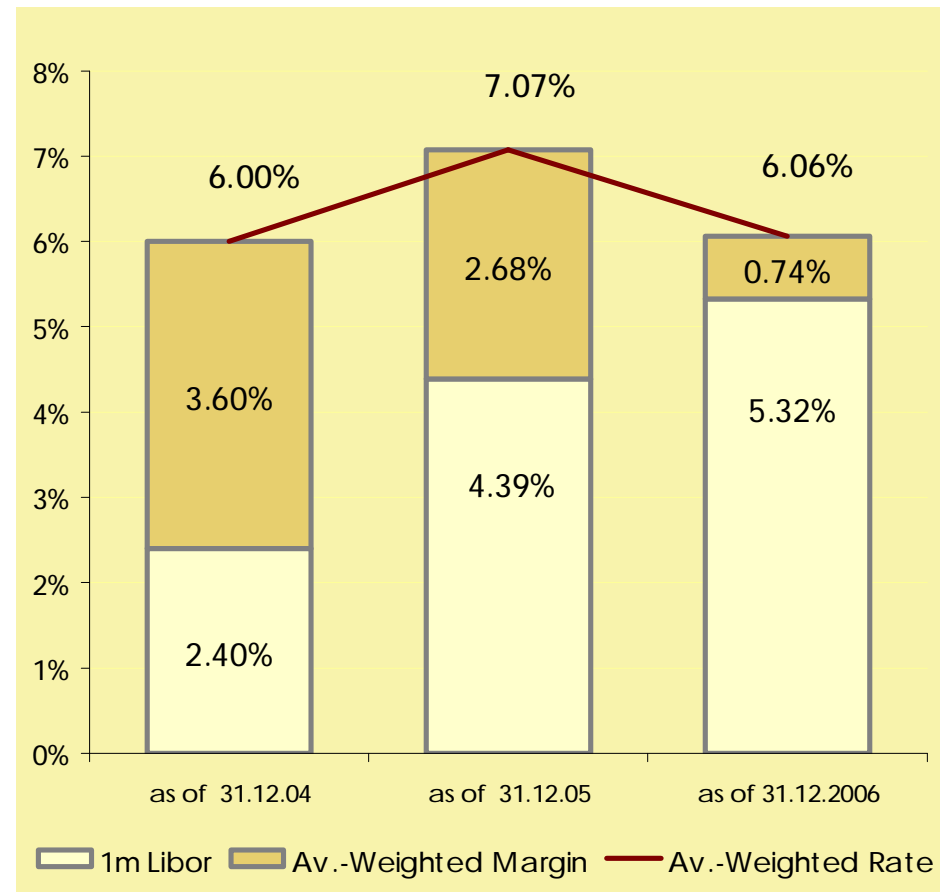


# Improved Credit Profile, Reduced Cost of Debt

Evolution of Rosneft Credit Ratings



Weighted Average Cost of Debt

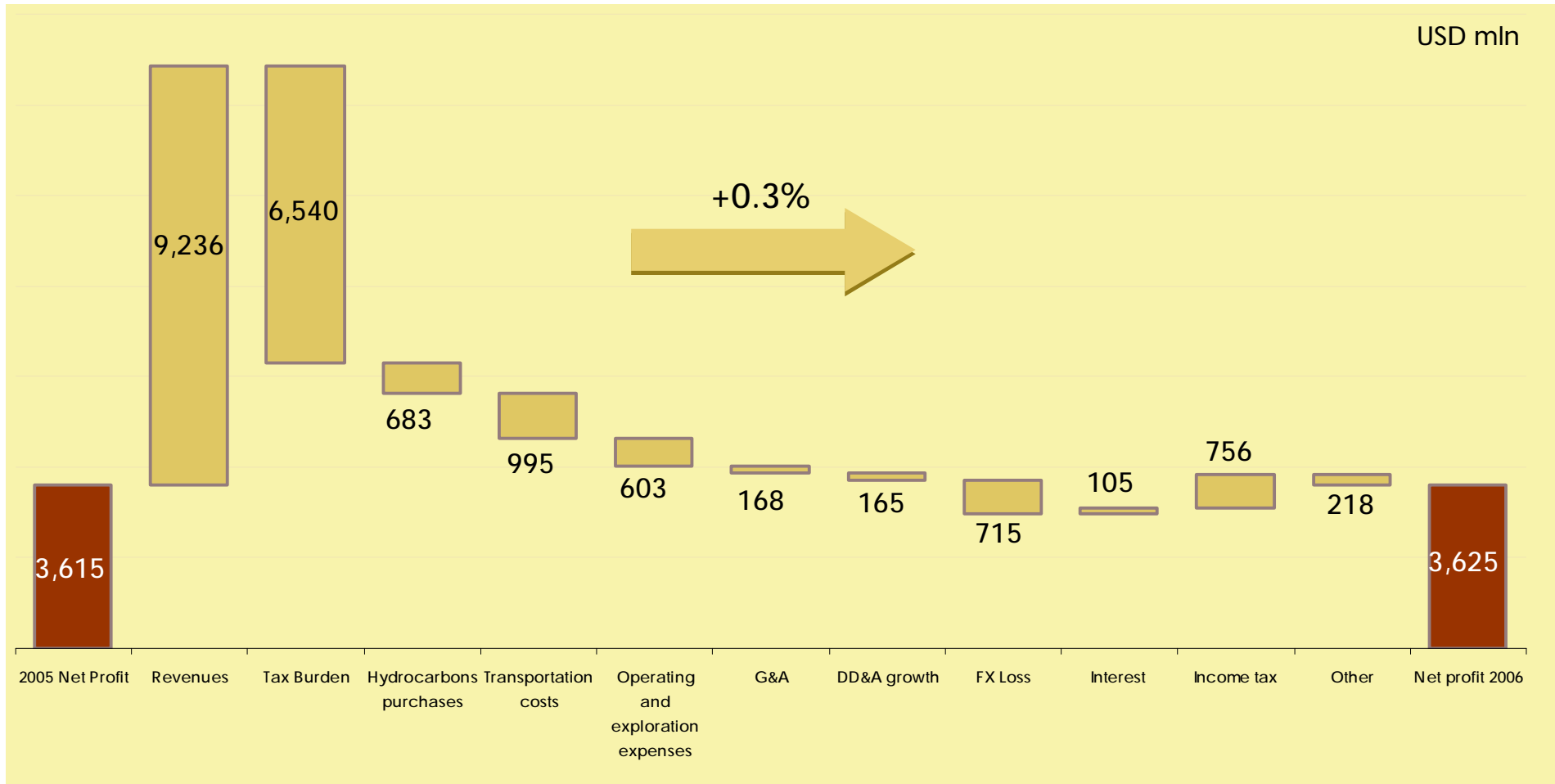


§ Borrowing margin reduced 5 times in two years



# Net Income

## Net income Before Minority Interest Adjusted for Sevmorneftegaz Sale Reconciliation





## Capital Expenditures

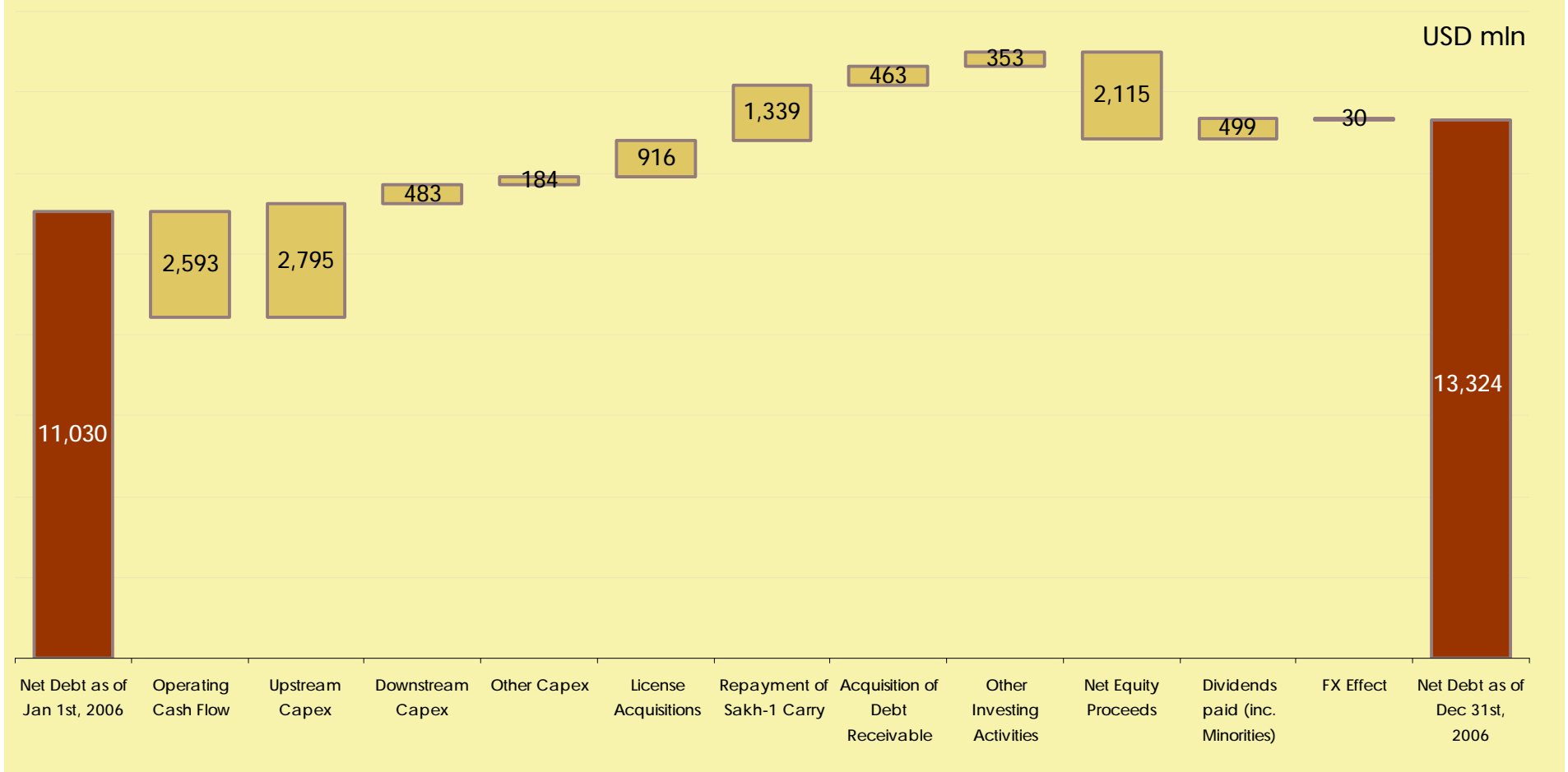
USD mln	12M06	12M05	4Q06	4Q05
Exploration and production	2,795	1,606	921	488
Refining and marketing	483	303	335	162
Other	184	35	75	2
<b>Total</b>	<b>3,462</b>	<b>1,944</b>	<b>1331</b>	<b>652</b>
Acquisition of entities	194	366	13	233
Acquisition of licenses	916	146	41	11





# Net Debt

## Net Debt Reconciliation



\* Operating cash flow includes net advance tax payment related to Yukos receivables



# YUKOS receivables

## Key Considerations

- § RUB 264 bn in total approved by court
- § RUB 34 bn is recognized under US GAAP
  - § RUB 21.3 bn as accounts receivable
  - § RUB 12.7 bn as acquired debt receivable
- § RUB 141 bn of claims is subject to income tax
- § RUB 33.8 bn (USD 1,285 mln) has been paid in Q4 '06
- § Reserve was created for the receivables resulting in RUB 19.5 bn (USD 741 mln) of 2006 income tax payment delayed until 2007
- § Resulting net advance tax payment: RUB 14.3 bn (USD 544 mln)

## 2007 Impact

- § Rosneft expects full settlement of RUB 264 bn in 2007
  - § 100% will be recognized in CF statement
  - § Up to RUB 230 bn will be recognized in P&L statement
- § Deferred tax of RUB 19.5 bn will be paid
- § No other additional taxes to be paid