



**ROSNEFT**

**On The Move**

**June 18, 2007**

**Renaissance Capital  
11<sup>th</sup> Annual Investor  
Conference  
Moscow**



## Important Notice

The information contained herein has been prepared by the Company. The opinions presented herein are based on general information gathered at the time of writing and are subject to change without notice. The Company relies on information obtained from sources believed to be reliable but does not guarantee its accuracy or completeness.

These materials contain statements about future events and expectations that are forward-looking statements. Any statement in these materials that is not a statement of historical fact is a forward-looking statement that involves known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. We assume no obligations to update the forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements.

This presentation does not constitute an offer or invitation to sell, or any solicitation of any offer to subscribe for or purchase any securities and nothing contained herein shall form the basis of any contract or commitment whatsoever. No reliance may be placed for any purposes whatsoever on the information contained in this presentation or on its completeness, accuracy or fairness. The information in this presentation is subject to verification, completion and change. The contents of this presentation have not been verified by the Company. Accordingly, no representation or warranty, express or implied, is made or given by or on behalf of the Company or any of its shareholders, directors, officers or employees or any other person as to the accuracy, completeness or fairness of the information or opinions contained in this presentation. None of the Company nor any of its shareholders, directors, officers or employees nor any other person accepts any liability whatsoever for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection therewith.



# Q1 2007 Results: Key Highlights

## Positives

- § EBITDA\* up 2x to USD 1,741 mln vs Q4'06
- § Operating cash flow at USD 894 mln vs USD (967) mln in Q4 2006
- § Leading production growth
- § Gas sales
- § Gas prices up 47%
- § Refining volumes growth
- § Retail throughput growth
- § Cost control
  - § Operating expenses down 26% vs Q4'06
  - § SG&A down 7% vs Q4'06

## Challenges, Priorities

### Q1 2007

- § Refined product prices weaker
- § Taxes, rouble appreciation

### 2007-2008

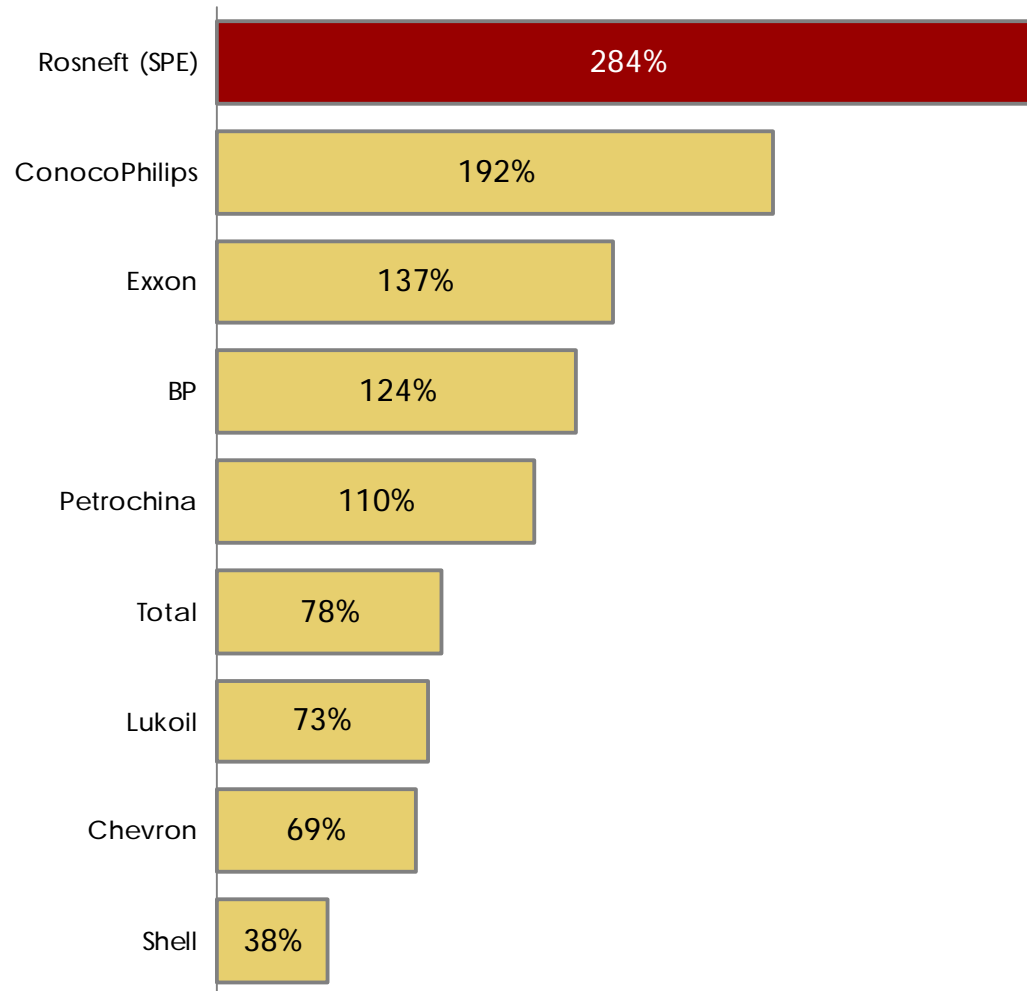
- § Integrating recent acquisitions
- § Optimization of enhanced downstream portfolio to grow netbacks through:
  - § Enhanced MIS/technology solutions
  - § Increased sales/distribution capabilities
  - § Realizing benefits of new flexibility in netback options

\*Adjusted for accrual of fines and penalties related to pre-acquisition Yuganskneftegaz tax debt of USD 297 mln



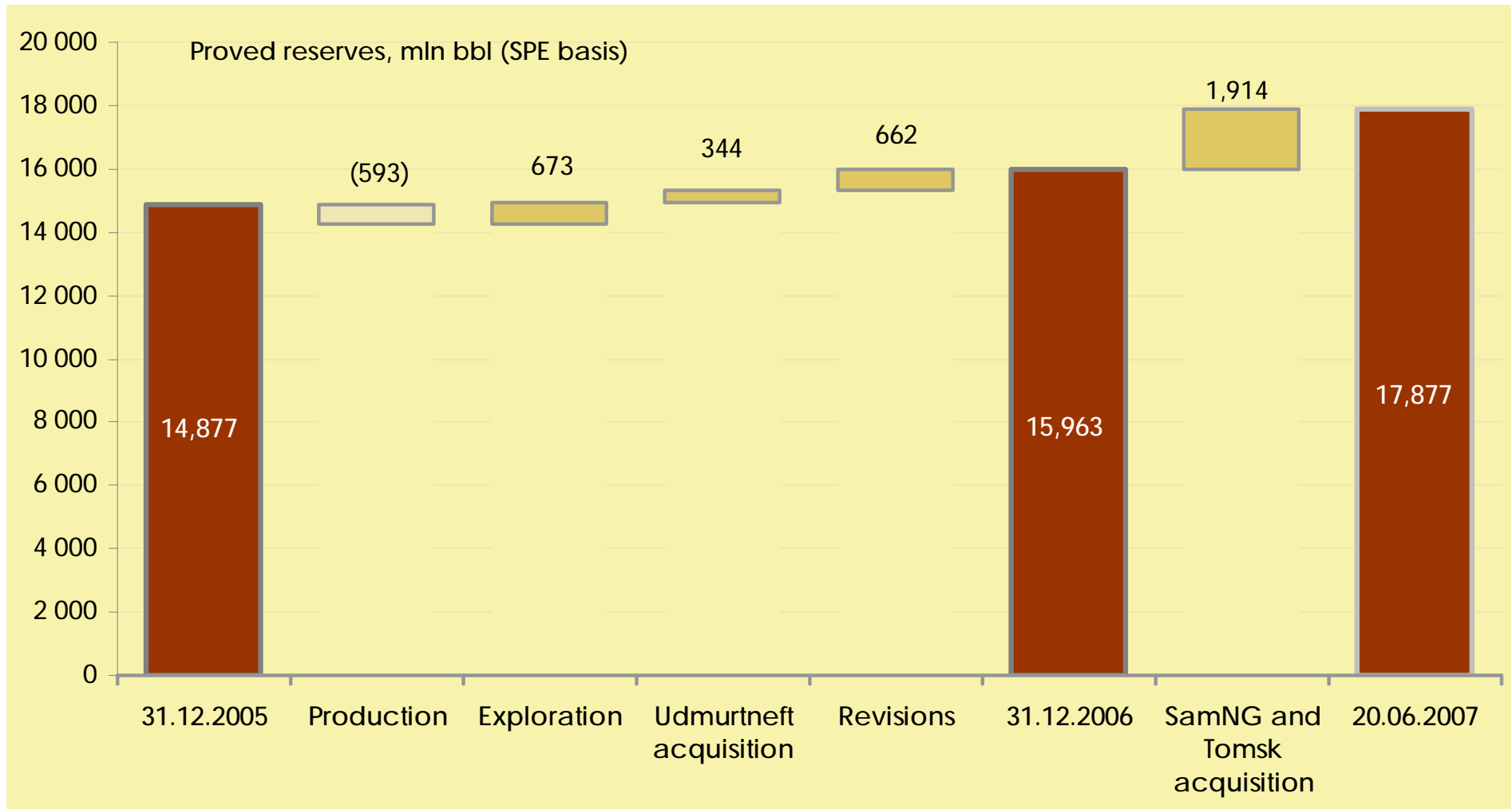
# Reserve Replacement Dynamics

## 2006 Reserve Replacement Rate





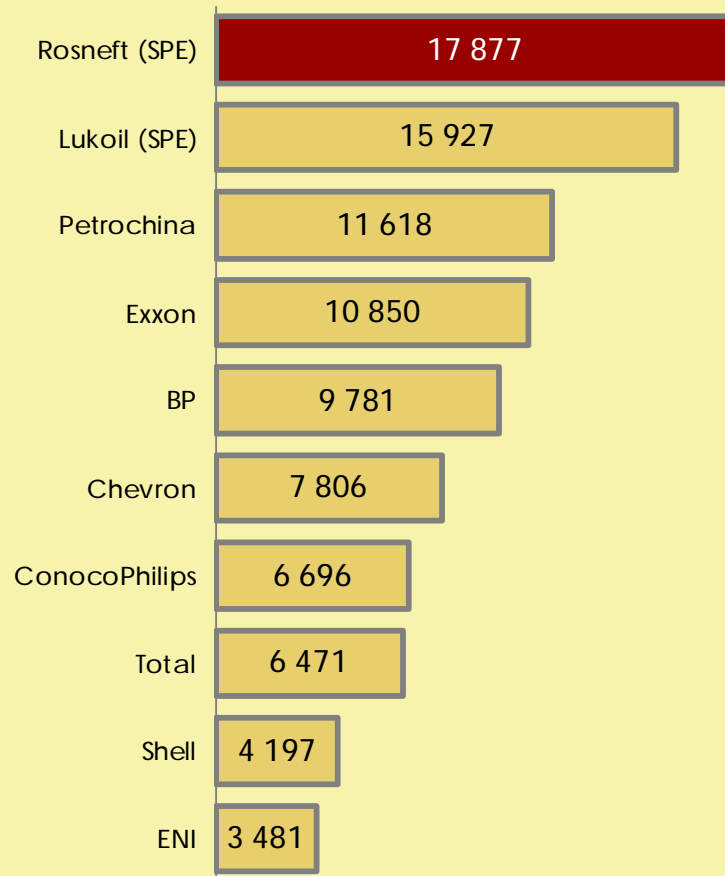
# Reserves Additions



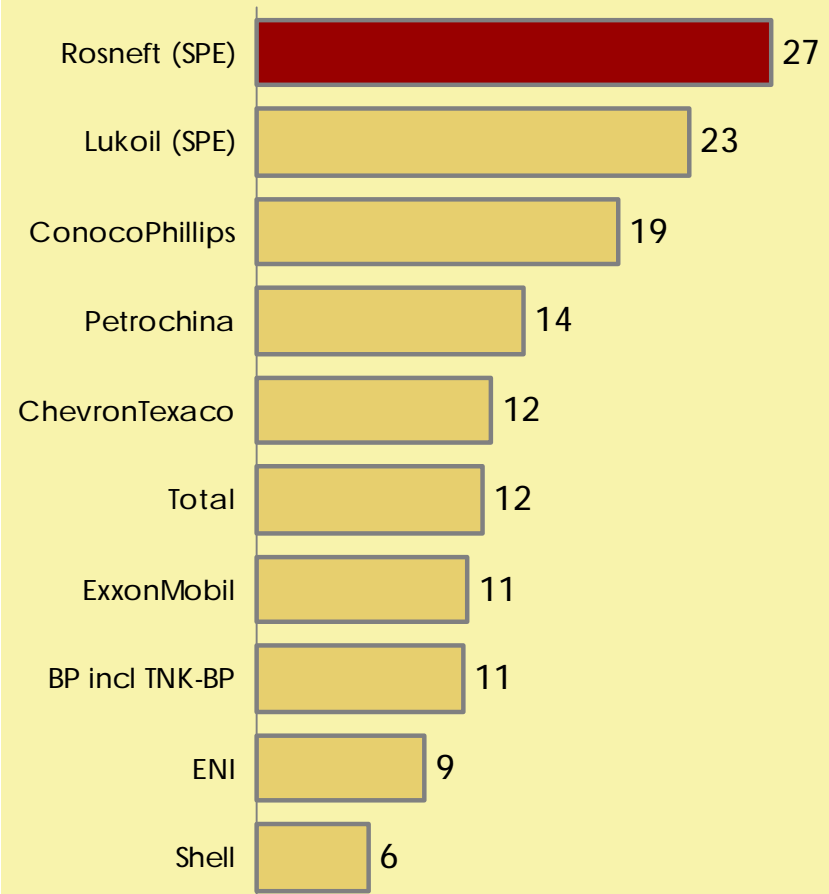


# Rosneft Oil Reserves

2006 proved oil reserves (mm bbl)



2006 oil R/P ratio (years)



Source: Company reports and filings

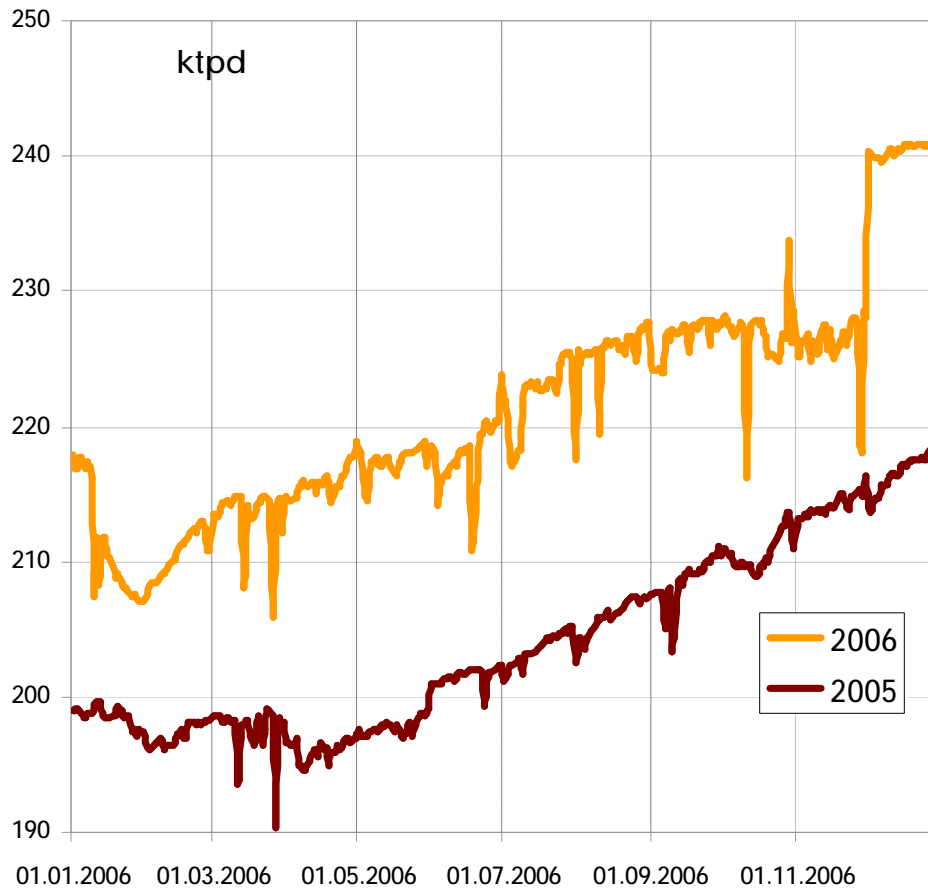
Note: SEC classification unless otherwise indicated

Crude oil SPE reserves for Rosneft include Tomskneft and Samaraneftgaz (Miller&Lents report, 2006)

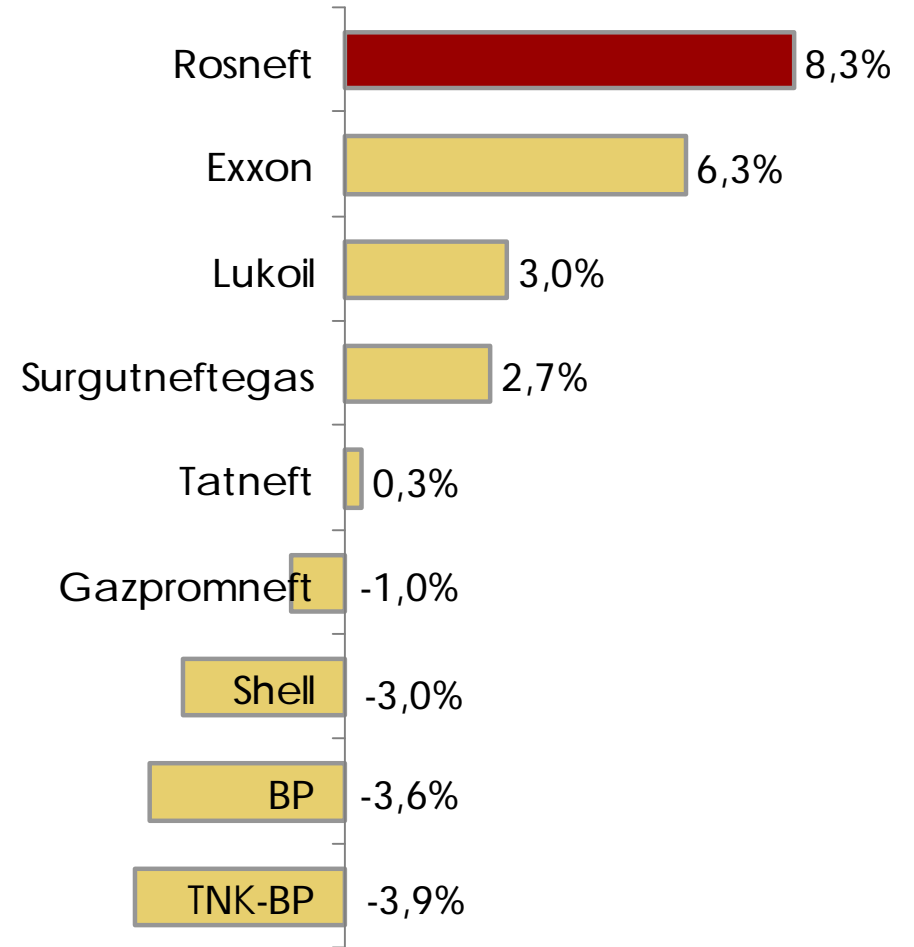


# 2006 Crude Production Growth

### Rosneft Daily Production 2006



### Growth Rate 2006



Source: Rosneft

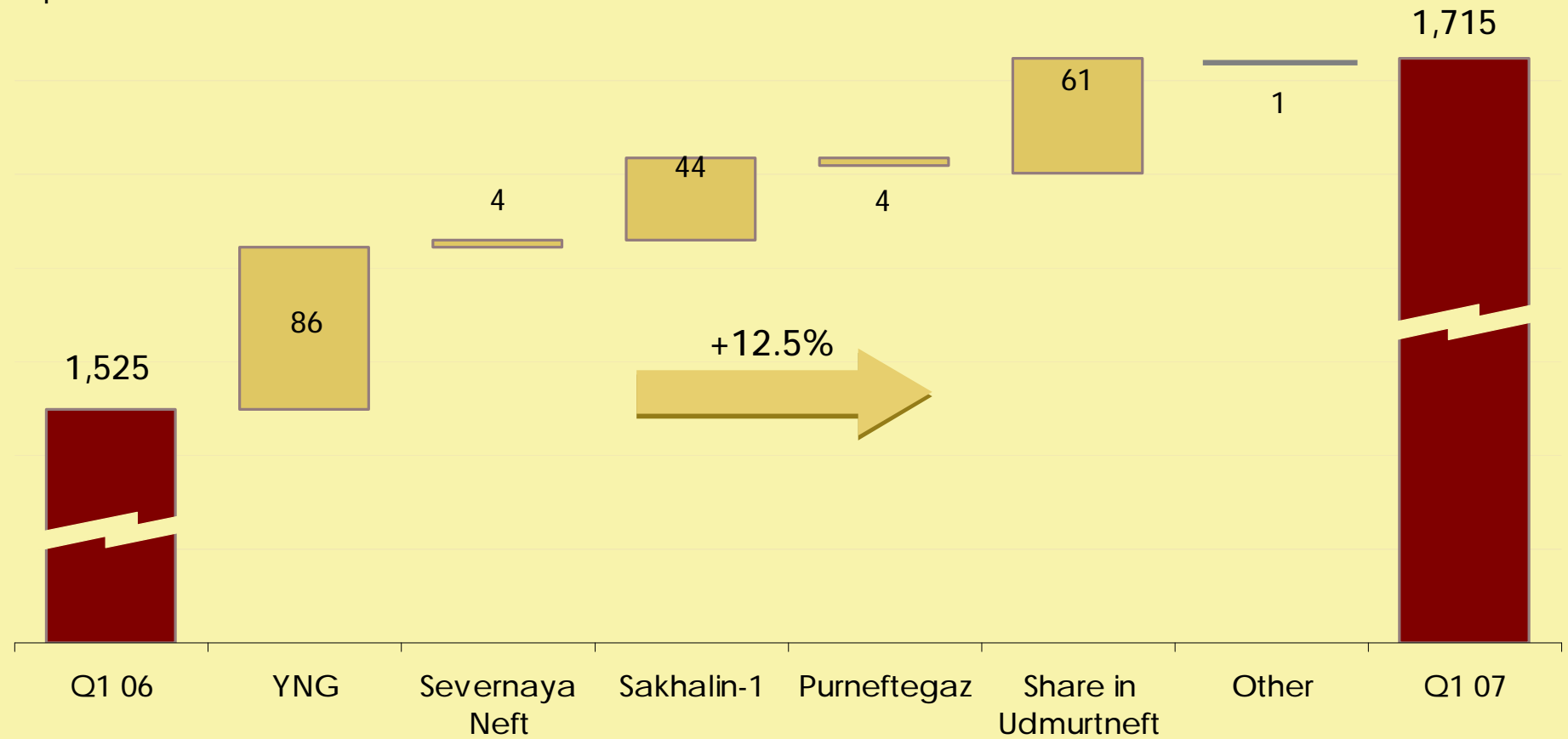
Source: CDU TEK (Russian companies). Companies data



# Q1 2007 Crude Oil Production Growth

## 1Q2007 Crude Oil Production Reconciliation

kbpd



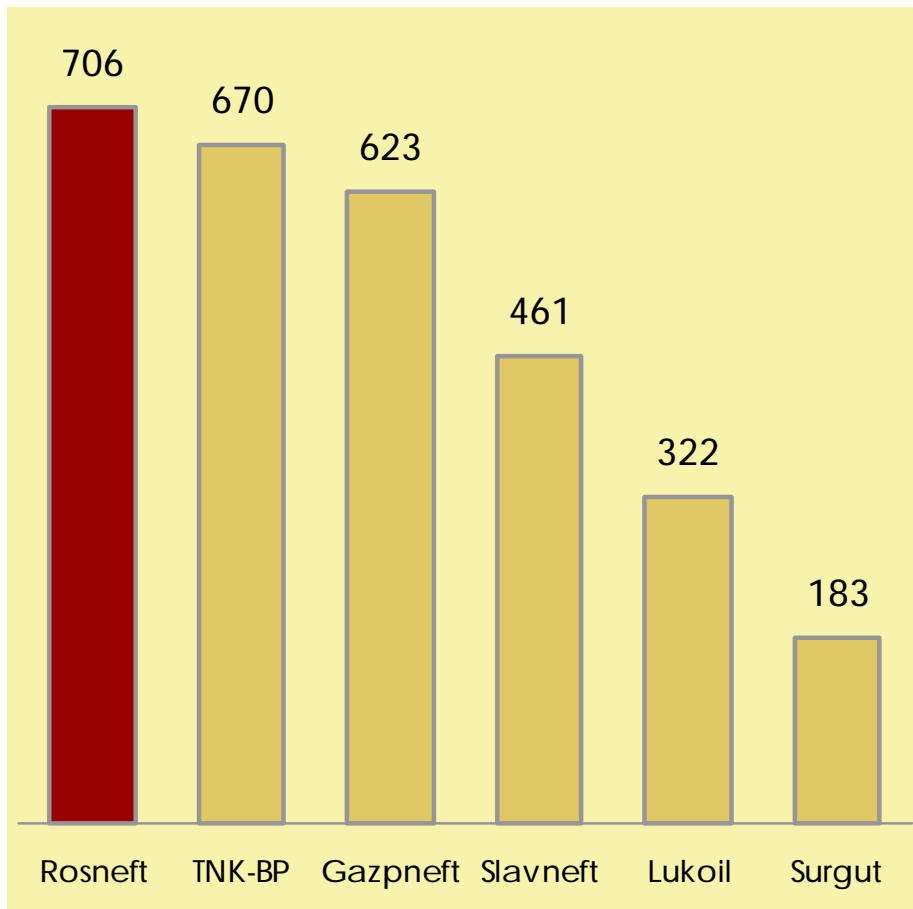
Includes share in production of affiliates



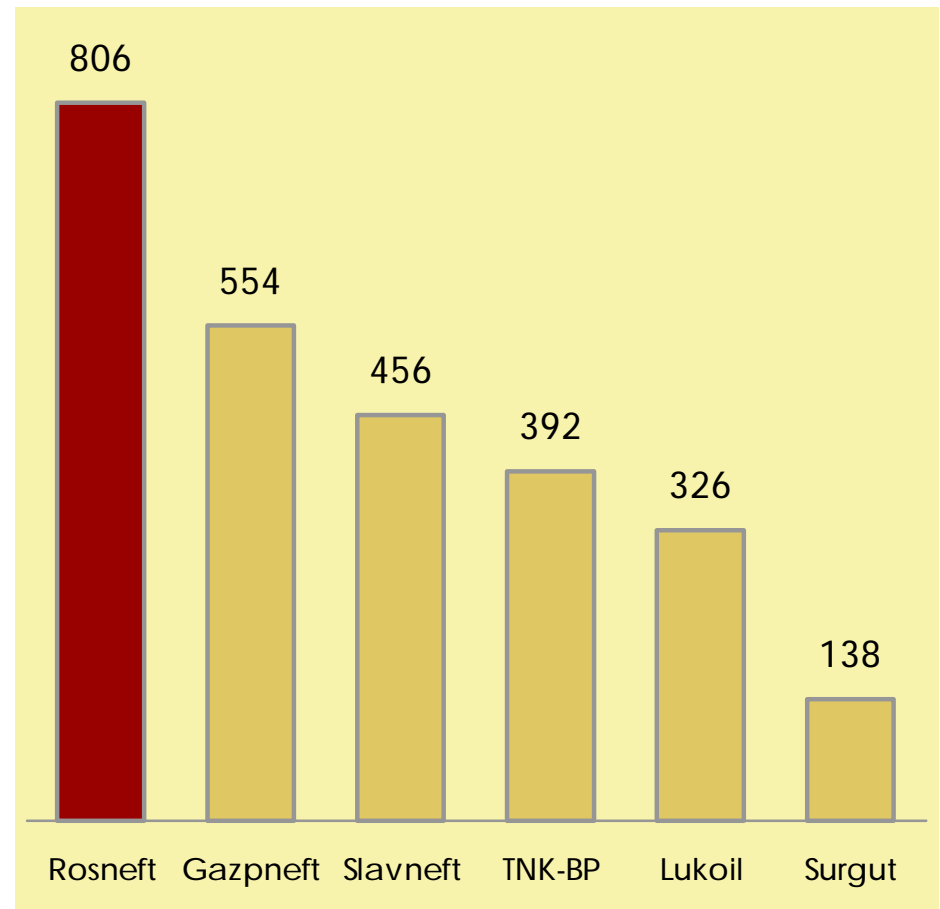


# Extending Drilling Performance Gap

New wells average flow rate (bpd) 1Q 2006



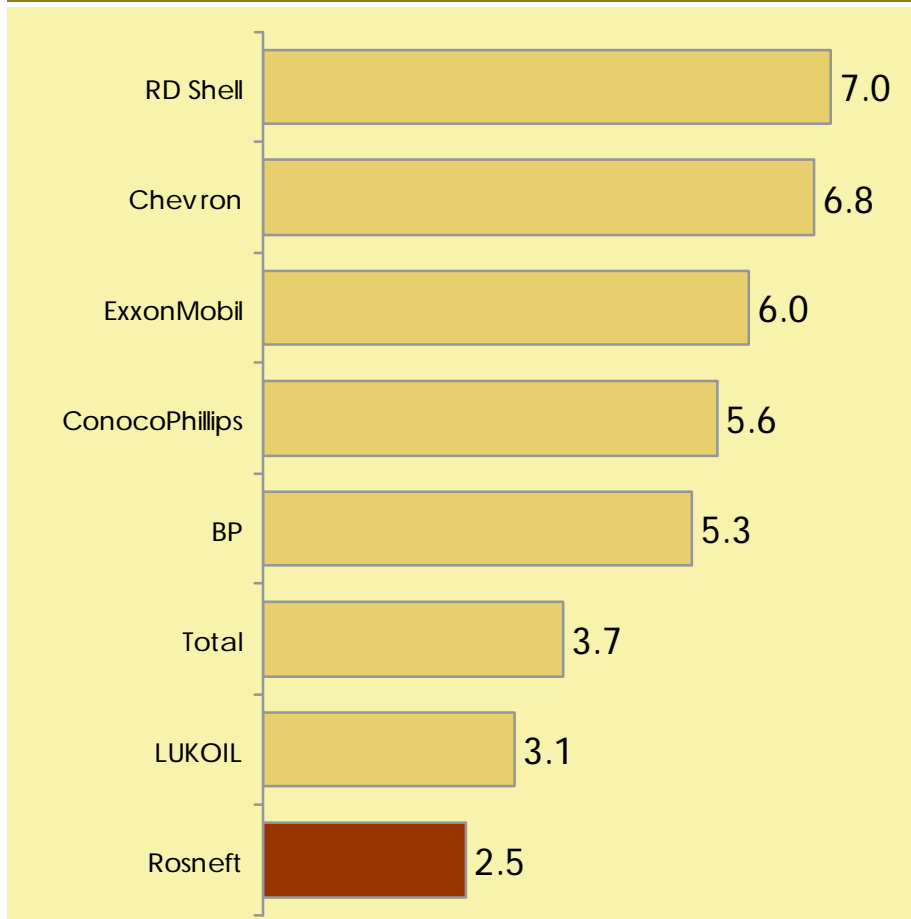
New wells average flow rate (bpd) 1Q 2007



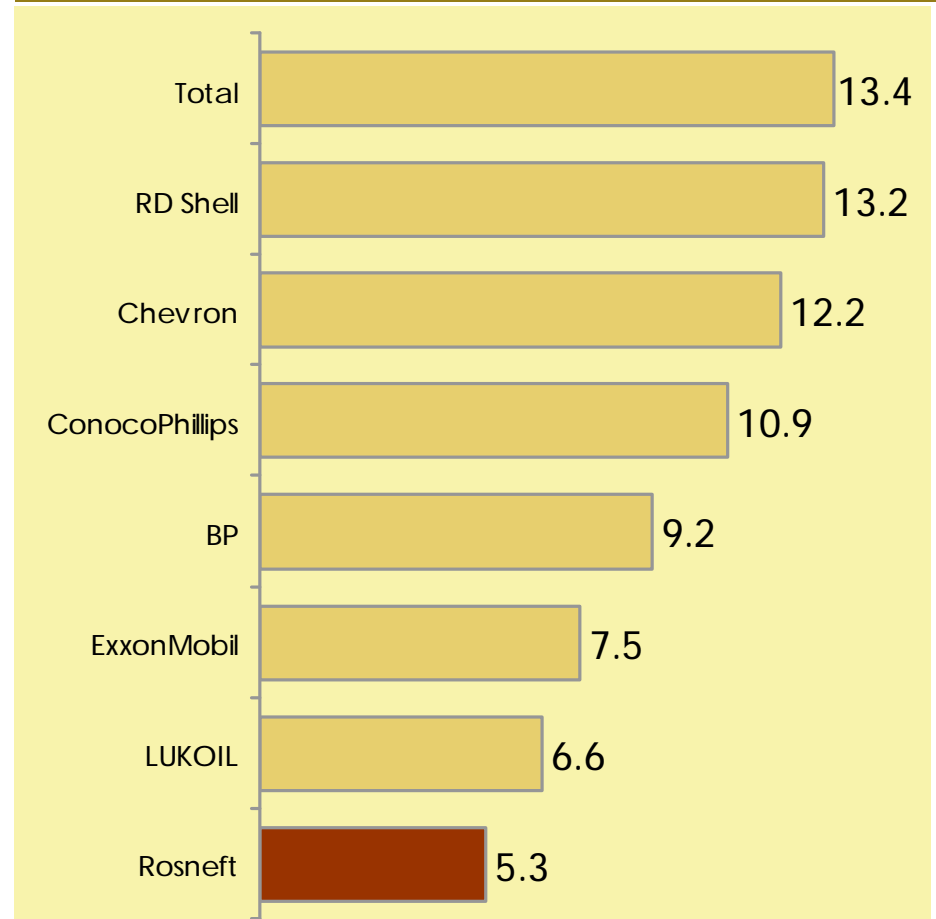


# Superior Cost Efficiency

Lifting cost per boe in 2006



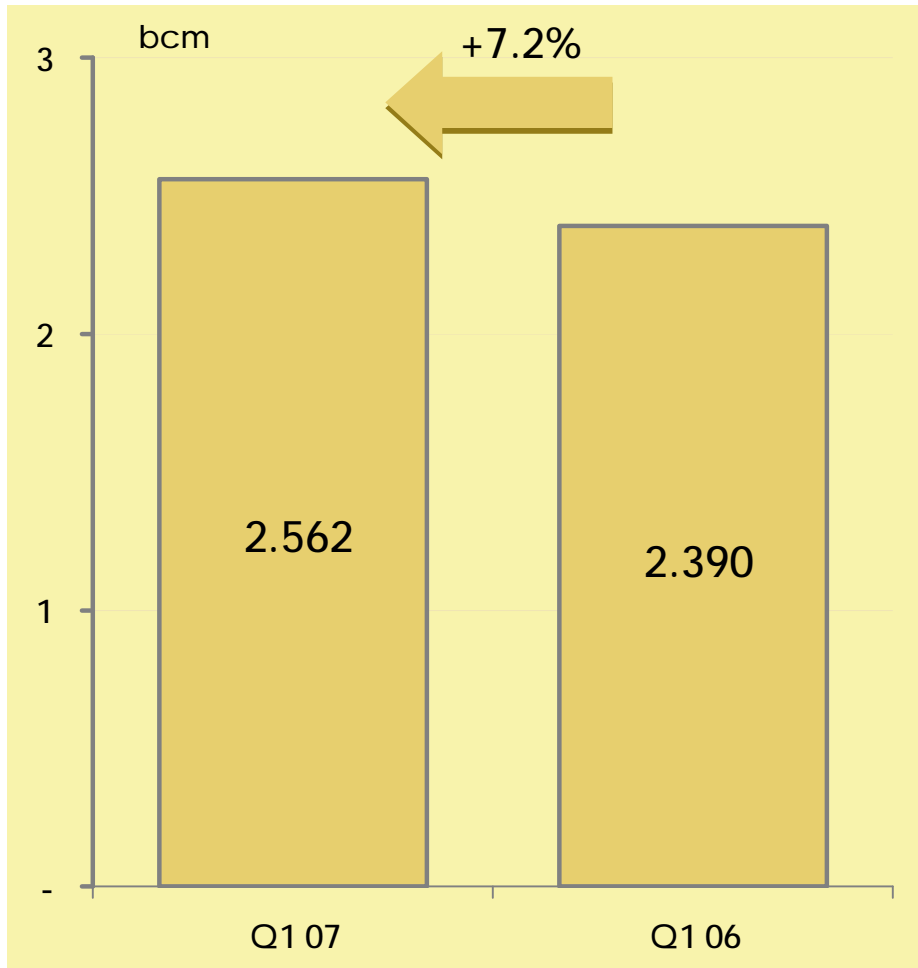
Capital expenditure per boe in 2006



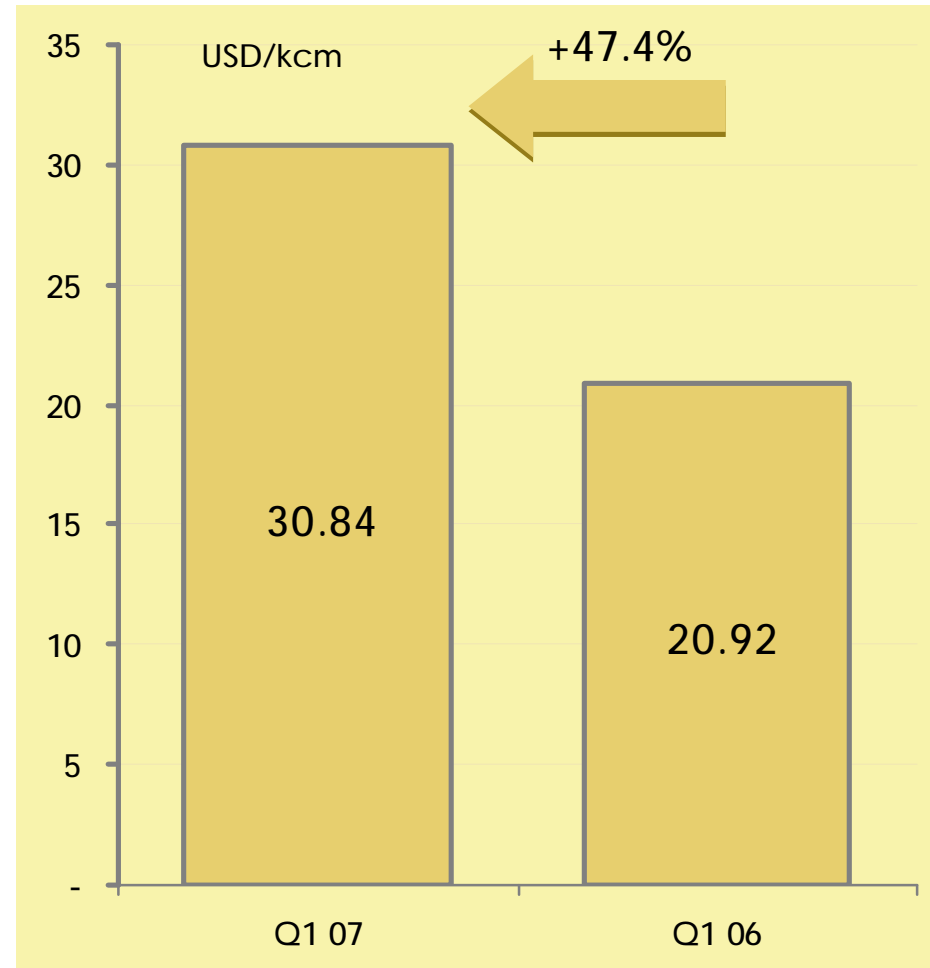


# Gas Sales

### Sales Volumes



### Sales Prices





# Vankor Progress

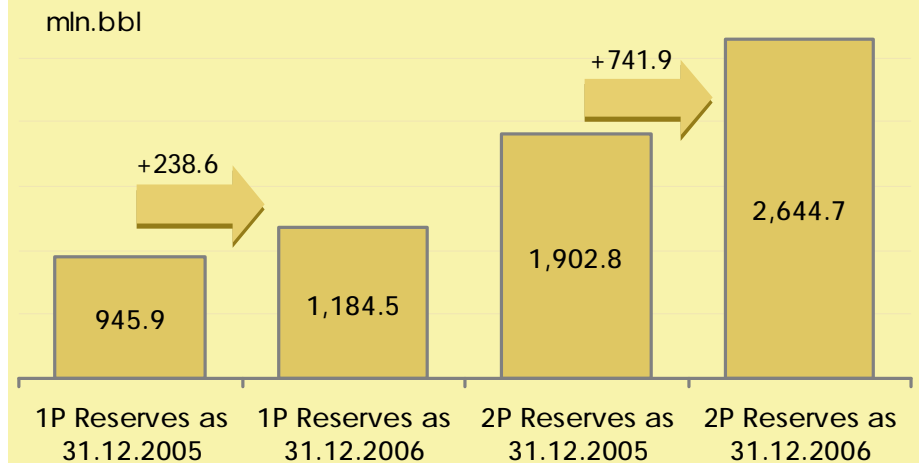
## Key project solutions

- § Optimum Development System
  - Reduced well stock by more than 3 times
  - Initial well flow rate grew by more than 6 times
  - Cumulative production per 1 well over 84 mln t
- § Gas Re-injection
  - Recovery ratio growth
  - 100% of gas utilization
- § Integrated project
- § Application of cutting edge well completion technique
- § Application of Smart well completion and management systems
- § Switch from conventional wells to horizontal:
  - Reduction in well stock
  - Spike in initial well flows

## Progress

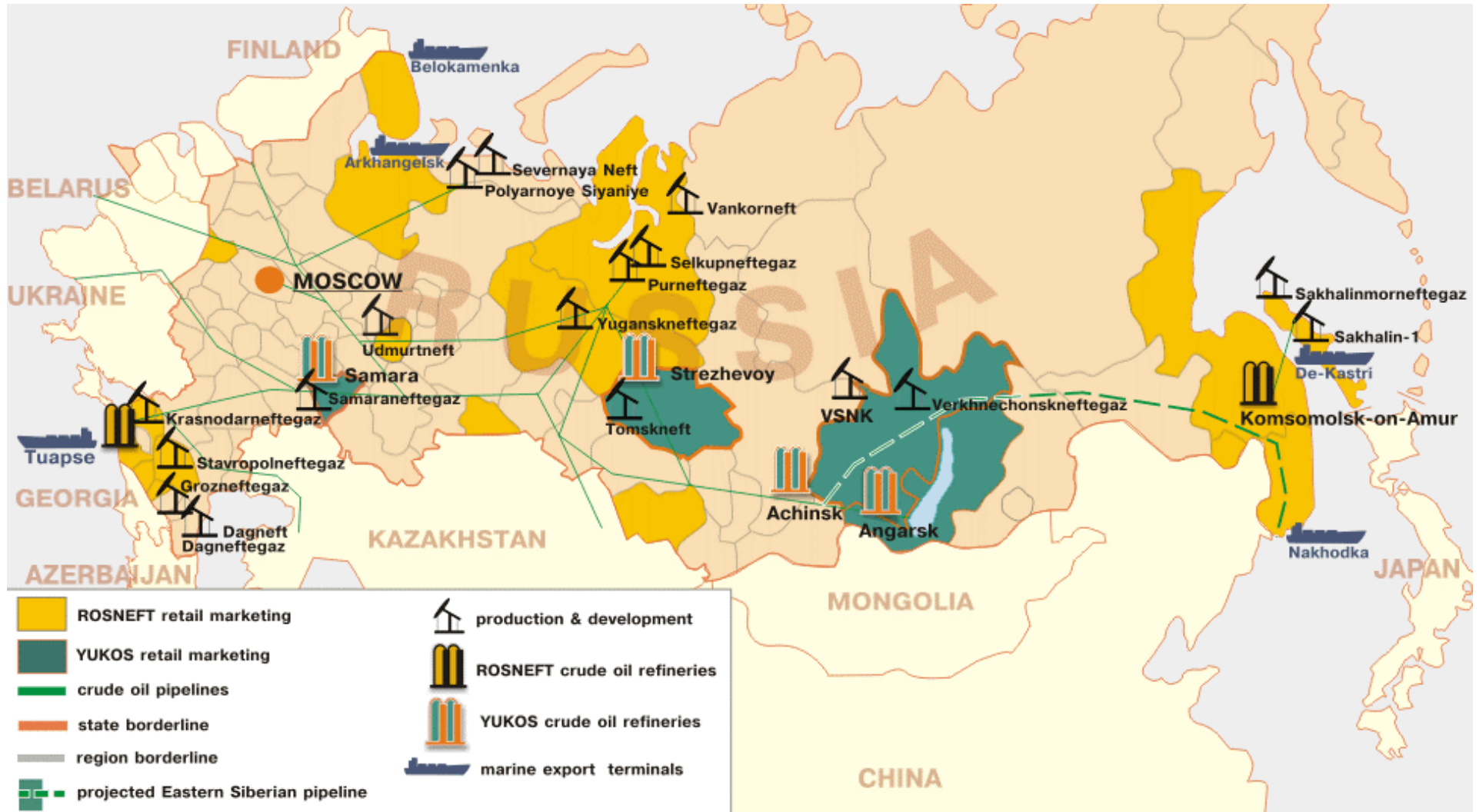
- § Reserves upgrade on successful drilling and 3D models re-interpretation
- § 151 km (~30%) of trunk pipeline constructed and 1 booster construction is commenced
- § 6 clusters of producing wells drilled and ready for completion

## Reserves





# New Upstream Assets





# Integration of New Assets: Key Priorities

## Immediate

### § 2H 2007 Production Program

- Rank the projects and optimize the drilling program in accordance with economic efficiency
- Concentrate resources on most efficient projects
- Streamline and integrate the technical databases

### § Approve 2007 business plan

### § HR

### § IT and accounting systems

## Longer-term

### § Develop an efficient production program for 2008-2012 aimed at stabilization and sustainable production volume increase through:

- Introducing modern drilling and wells construction technologies
- Introducing a full-scale drilling geological support
- Realizing the projects for optimizing ground infrastructure
- Introducing the system of integrated production and deposits development management (TPMSYS)
- Optimizing the system of formation-pressure maintenance

### § Identify and pursue expansion opportunities



# Downstream Weaknesses of Rosneft Pre-Acquisition

Shortage of Proprietary Refining Capacity



High percentage of crude export yielded higher export duty

High percentage of rail shipments



Lower product sales price

High level of export duty

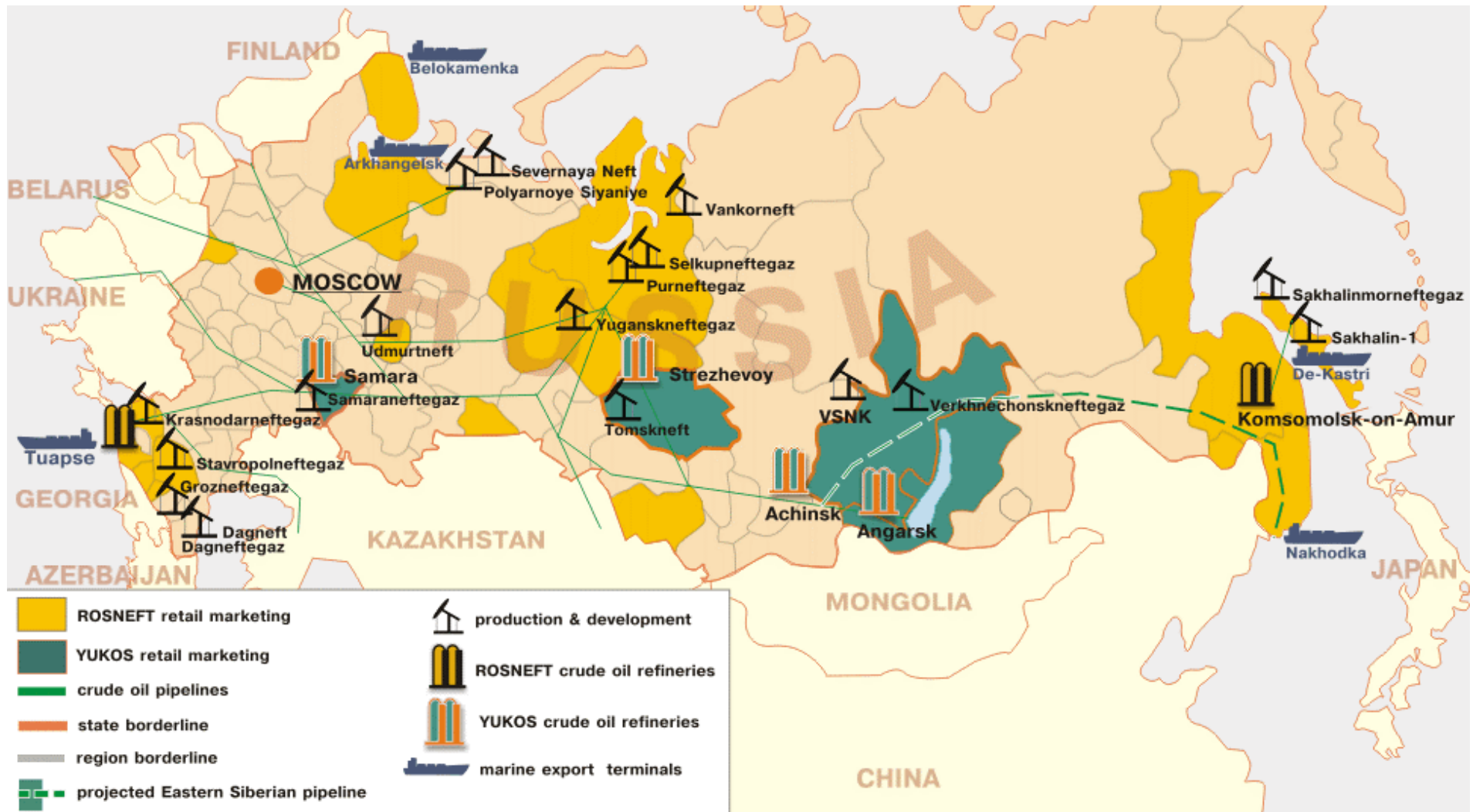
High transportation costs



Low Net Income



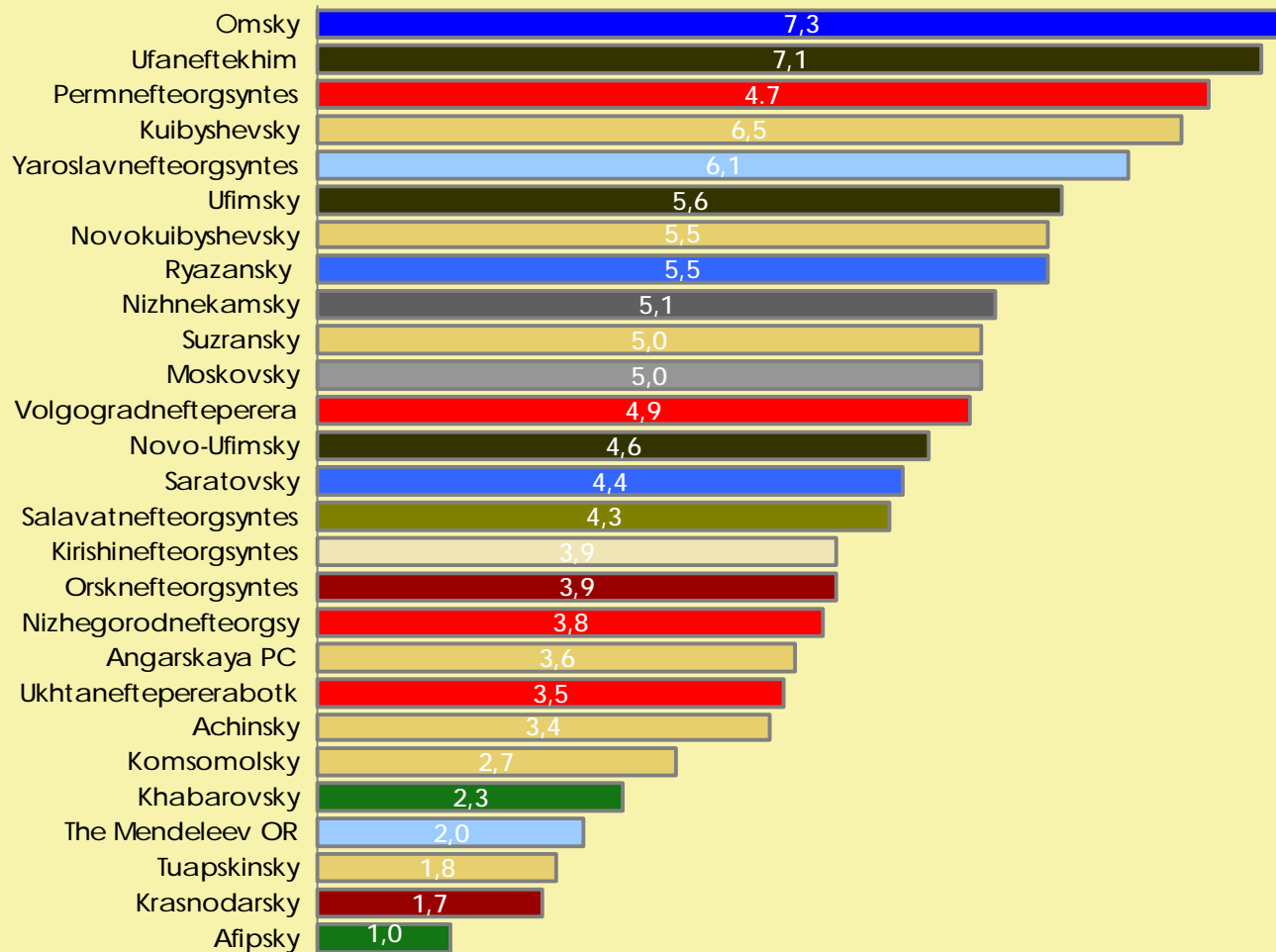
# New Downstream Assets







# Substantial Improvement in Complexity



Nelson complexity index for Rosneft and Peers, as of 1 June 2007

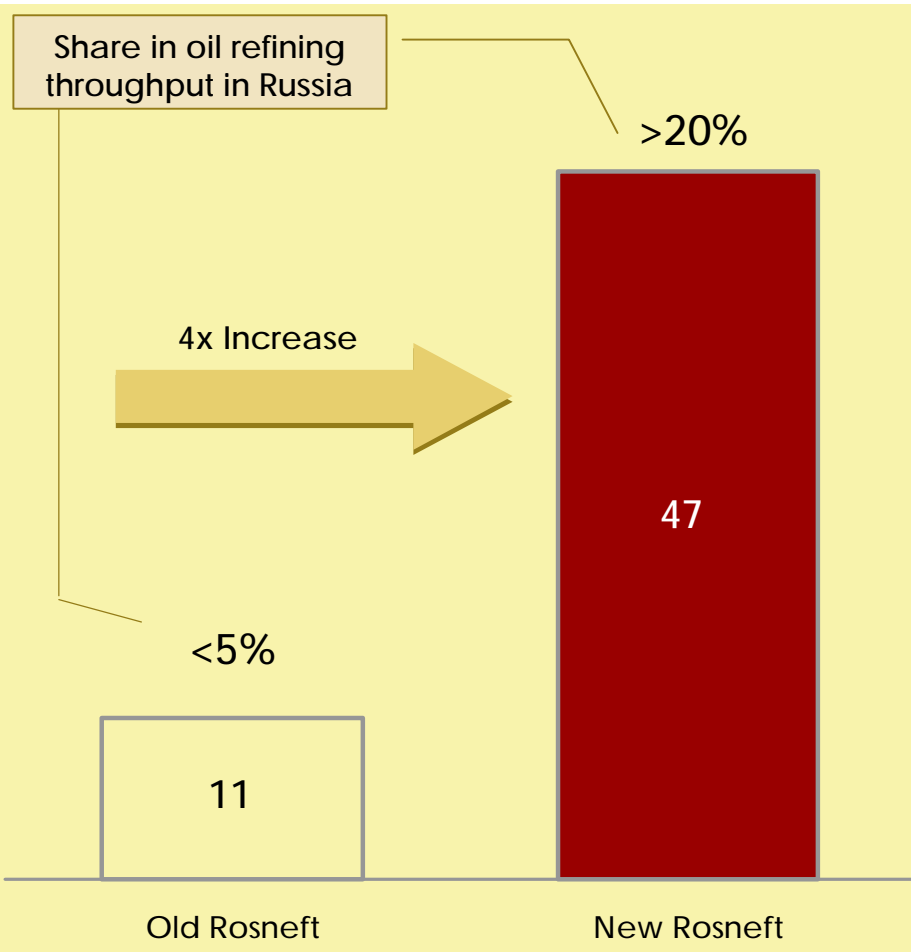


Source: Info TEK-Consult, Company statistical data  
 Calculation of Nelson index doesn't take into account lubricants production capacity and infrastructure complexity

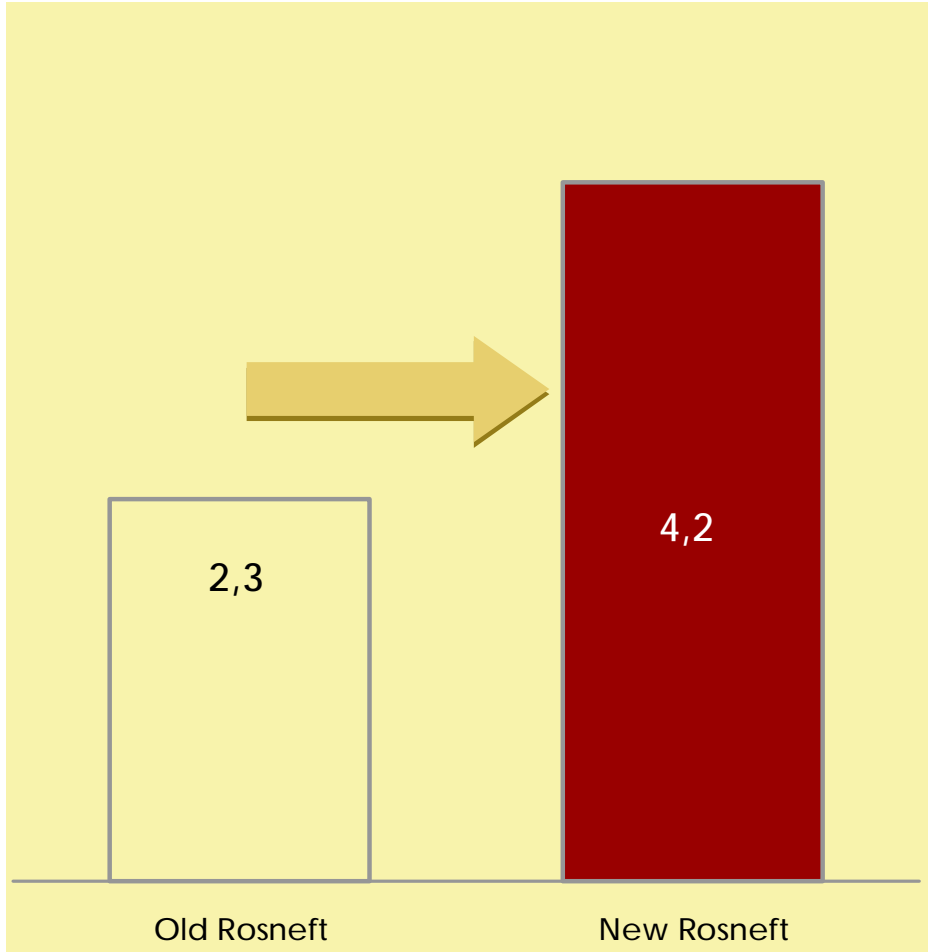


# Increased Volumes and Efficiency

Throughput Volumes, mtpa



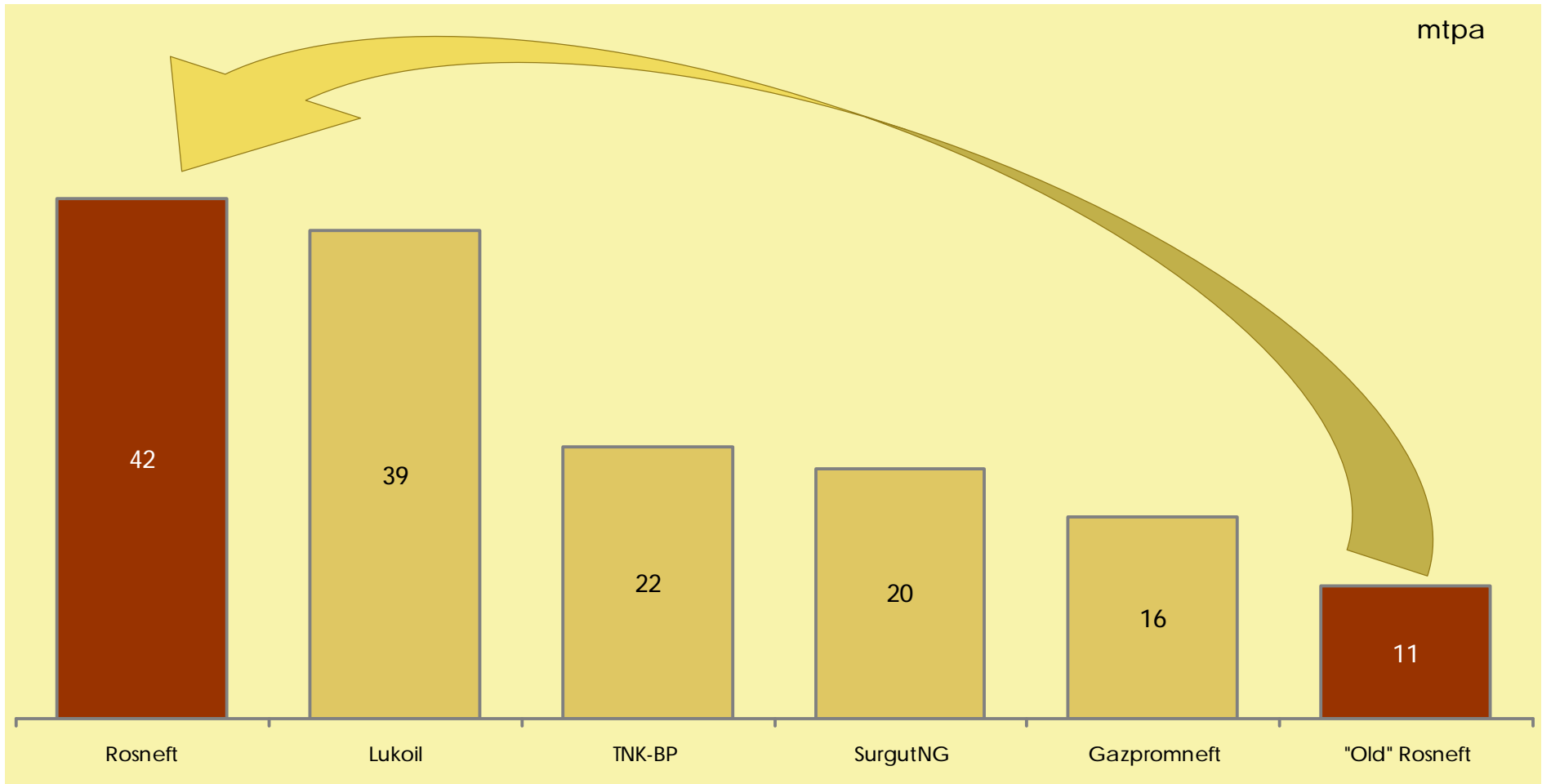
Weighted average Nelson Complexity Index





# Leadership in Refining Output in Russia

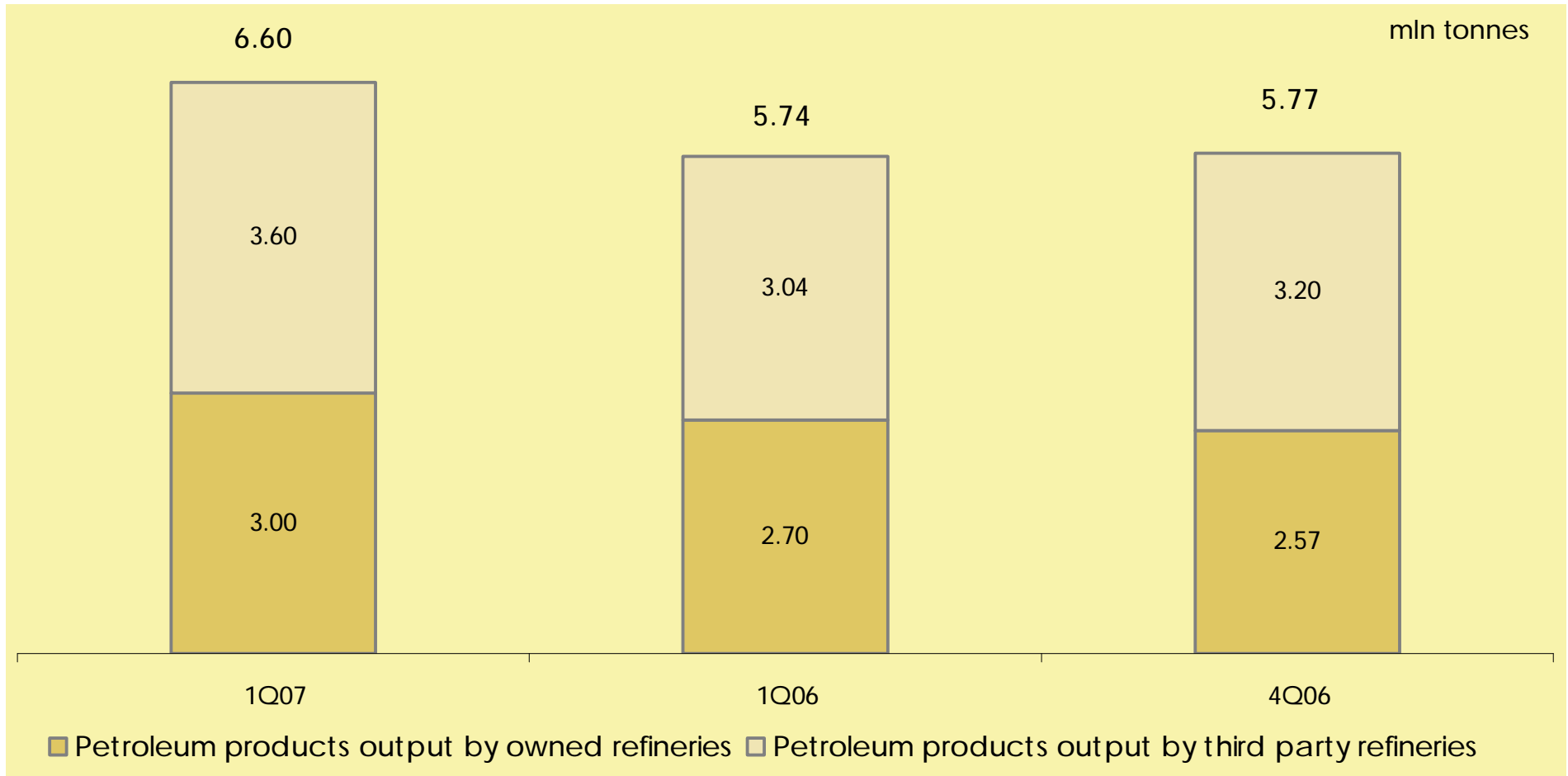
Oil Products Output by Own Refineries





# Petroleum Products Output

## Petroleum Products Output





## Retail: Increasing Throughput

Average daily sales per 1 filling station

tonnes / day





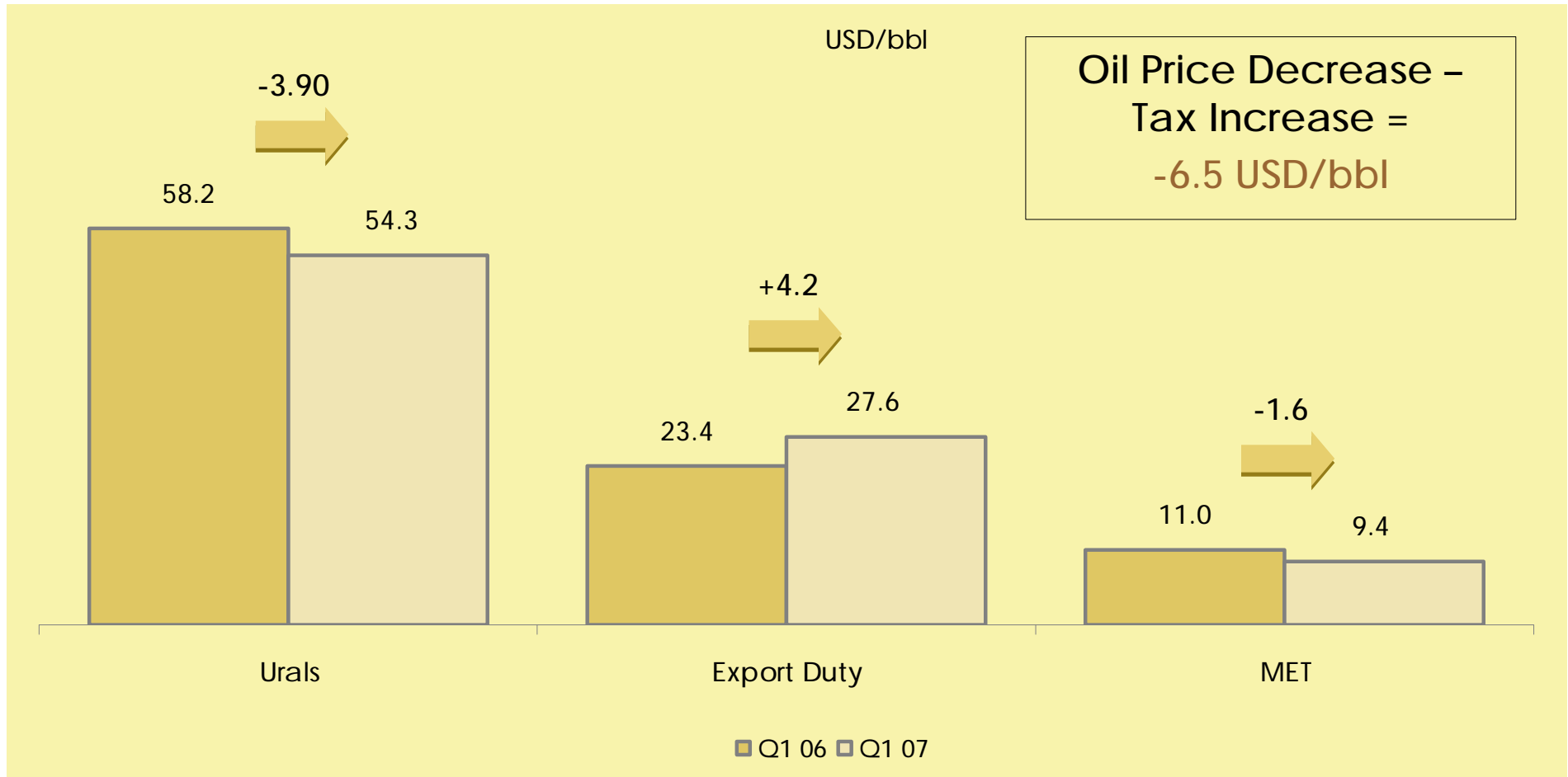
## Economic Environment

		Q1 07	Q1 06
Average RUB/USD rate	RUB/USD	26.31	28.16
Annual inflation rate: Q1'06 through Q1'07	%		7.3%
Annual real RUB appreciation vs USD: Q1'06 through Q1'07	%		11.7%
Urals oil price (av. Med and NWE)	\$/bbl	54.3	58.2
Gasoil, 0.2% (av. Med)	\$/tonne	526	552
Diesel fuel (av. RF)	\$/tonne	499	527



# Tax Environment

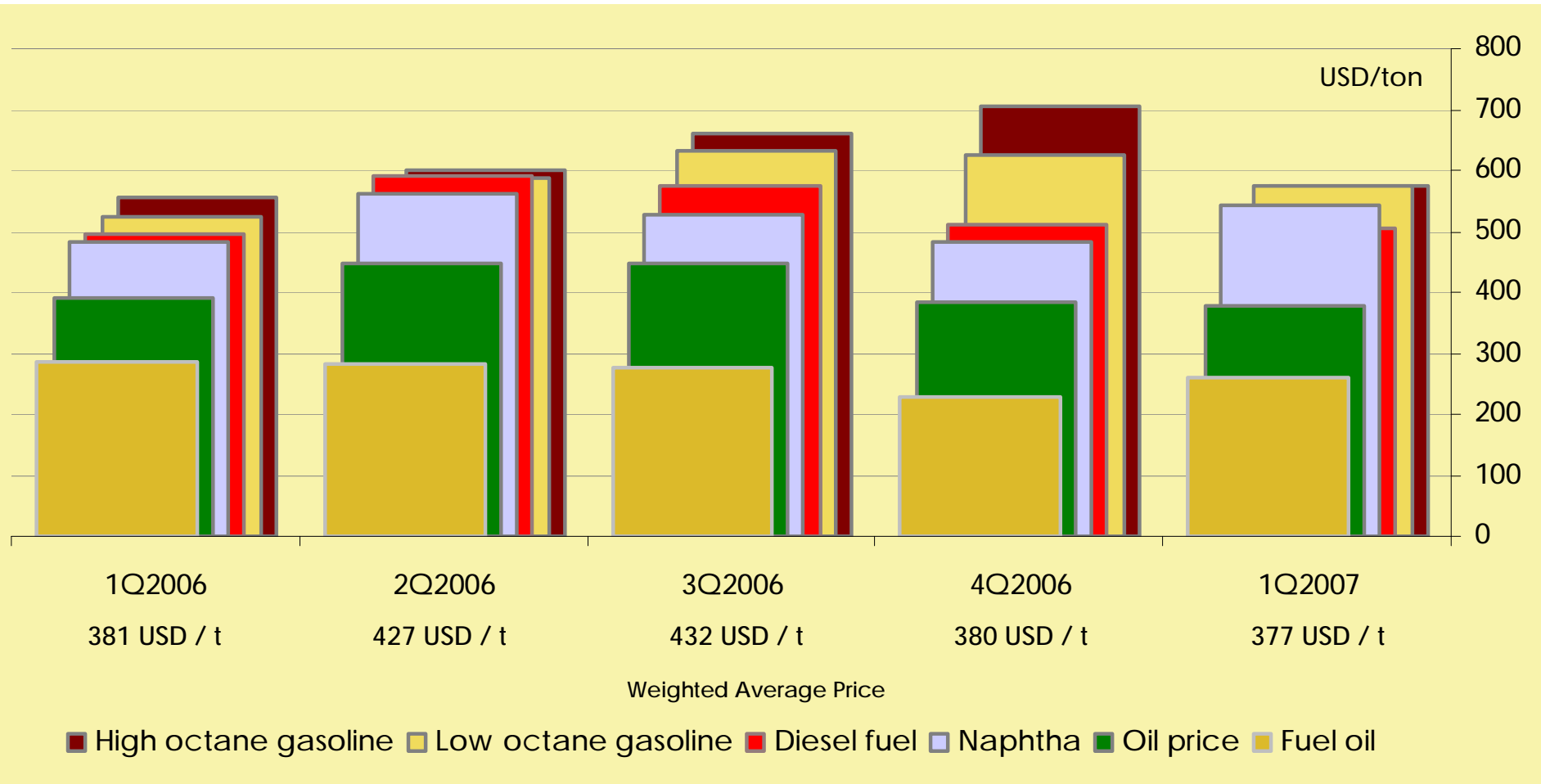
Oil Price and Taxes in 1Q 2007





# Oil Products Prices

## Dynamics of product prices



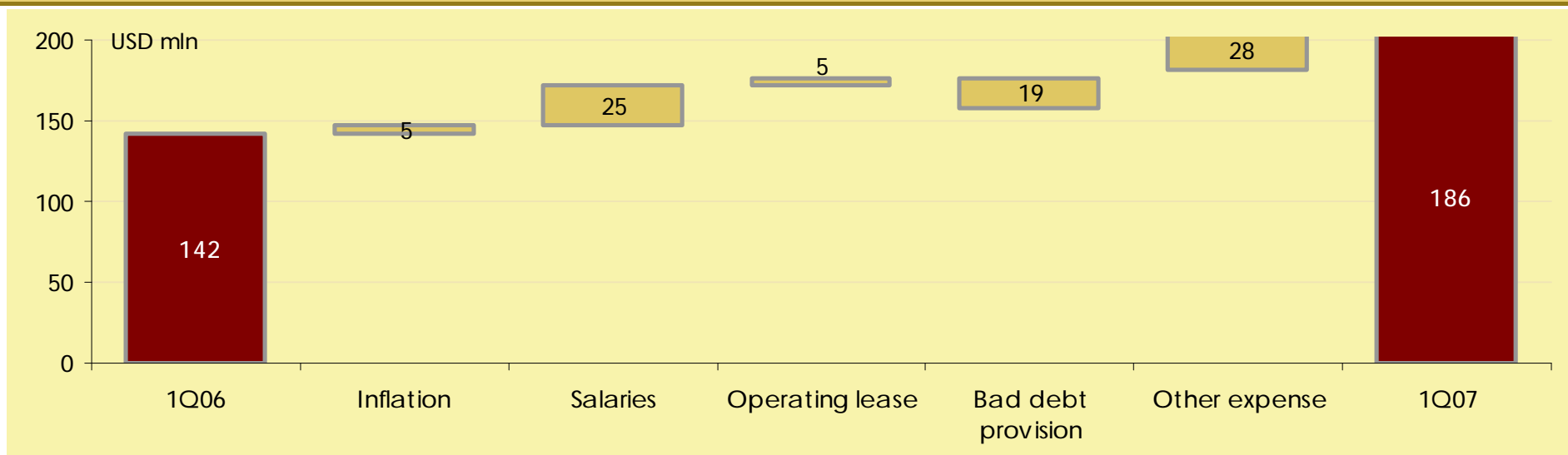




# SG&A and Transportation Expenses

USD mln	Q1 07	Q1 06	ytd, %	Q4 06	qoq, %
General and administrative expenses	186	142	31.0%	200	(7.0%)
Pipeline tariffs and transportation costs	939	735	27.8%	867	8.3%
<b>Total</b>	<b>1,125</b>	<b>877</b>	<b>28.3%</b>	<b>1,067</b>	<b>5.4%</b>

## General and administrative expenses





## Operating Expenses and Purchases

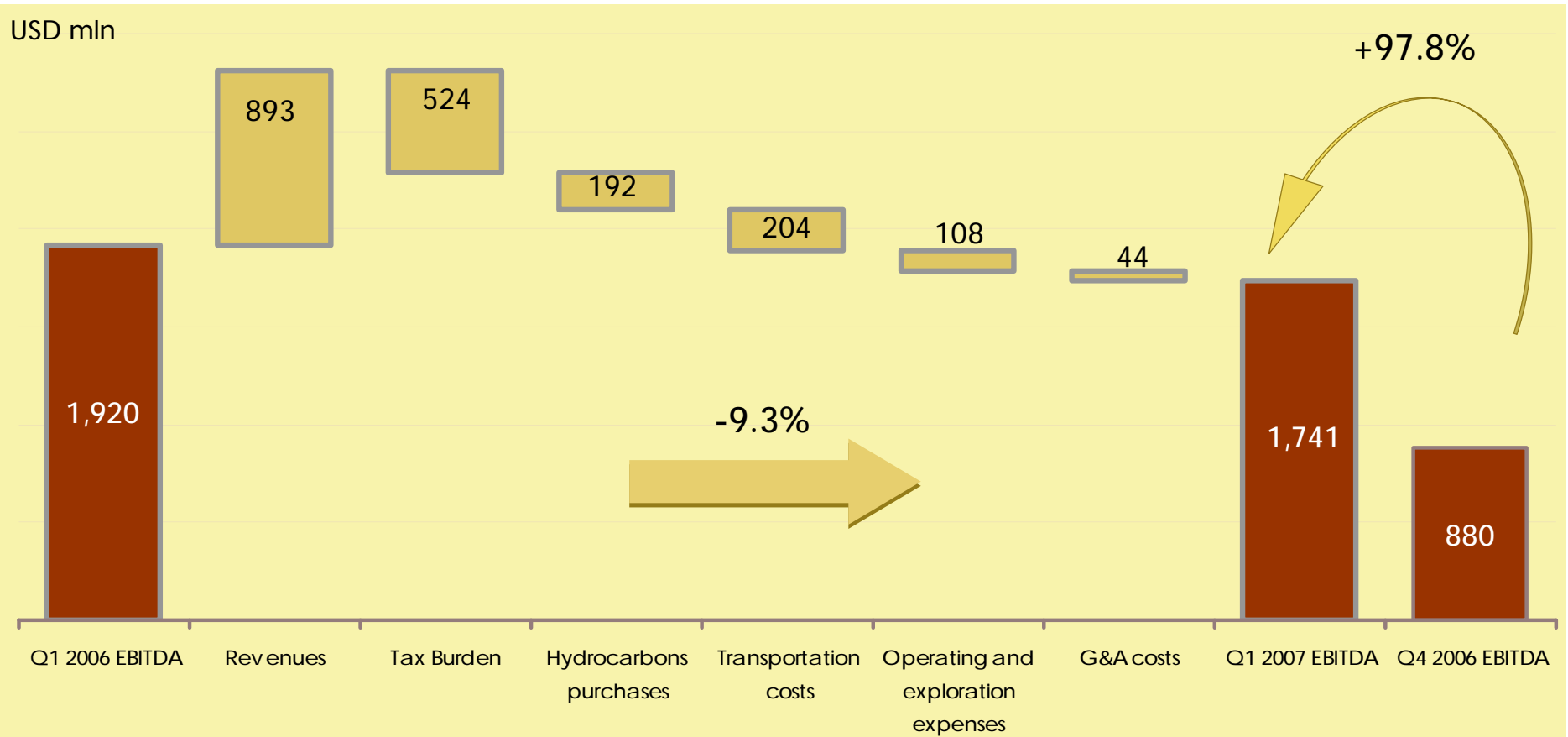
USD mln	Q1 07	Q1 06	ytd, %	Q4 06	qoq, %
Operating expenses	542	443	22%	732	(26%)
- Production	478	315	52%	486	(2%)
- Refining and Marketing	45	118	(62%)	137	(67%)
- Other	19	10	90%	109	(83%)
Value of purchased goods and services	480	288	67%	498	(4%)
- Crude oil & gas	268	83	223%	228	18%
- Oil products	58	100	(42%)	131	56%
- Processing services	154	105	47%	138	12%



# EBITDA

## EBITDA Reconciliation

USD mln



\*Adjusted for accrual of fines and penalties related to pre-acquisition Yuganskneftegaz tax debt of USD 297 mln

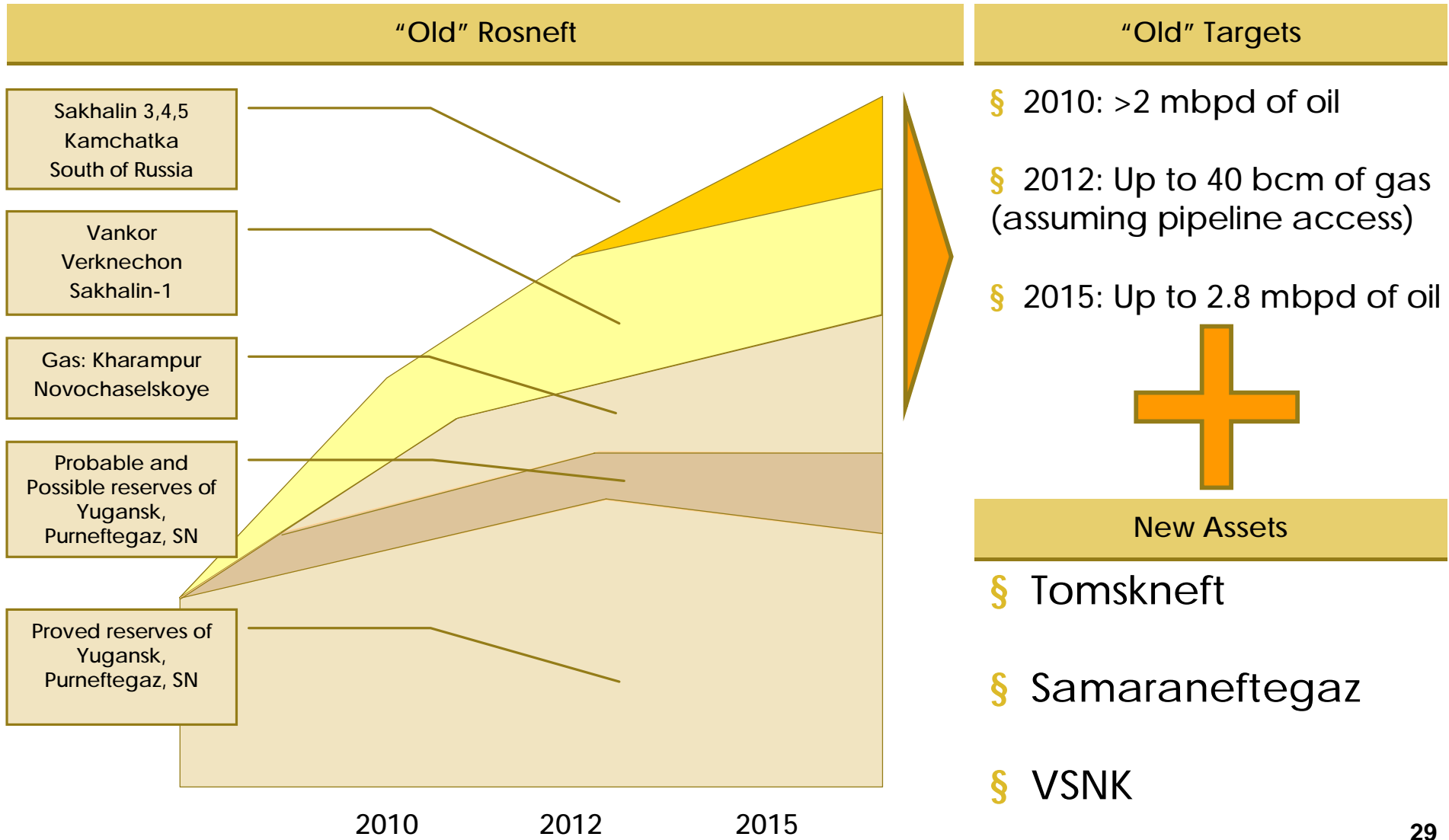


## Capital Expenditures

USD mln	1Q07	1Q06
Exploration and production	916	466
Yuganskneftegaz	457	317
Vankor	276	1
Purneftegaz	51	36
Sakhalin-1	39	-
Severnaya Neft	39	30
Other upstream	54	82
Refining and marketing	108	32
OJSC NK Rosneft	50	14
Tuapse Refinery	14	1
Komsomolsk Refinery	7	0
Marketing Retail	29	16
Other downstream	8	1
Other	9	92
<b>Total</b>	<b>1,033</b>	<b>590</b>
Acquisition of entities	8	105
Acquisition of licenses	-	258

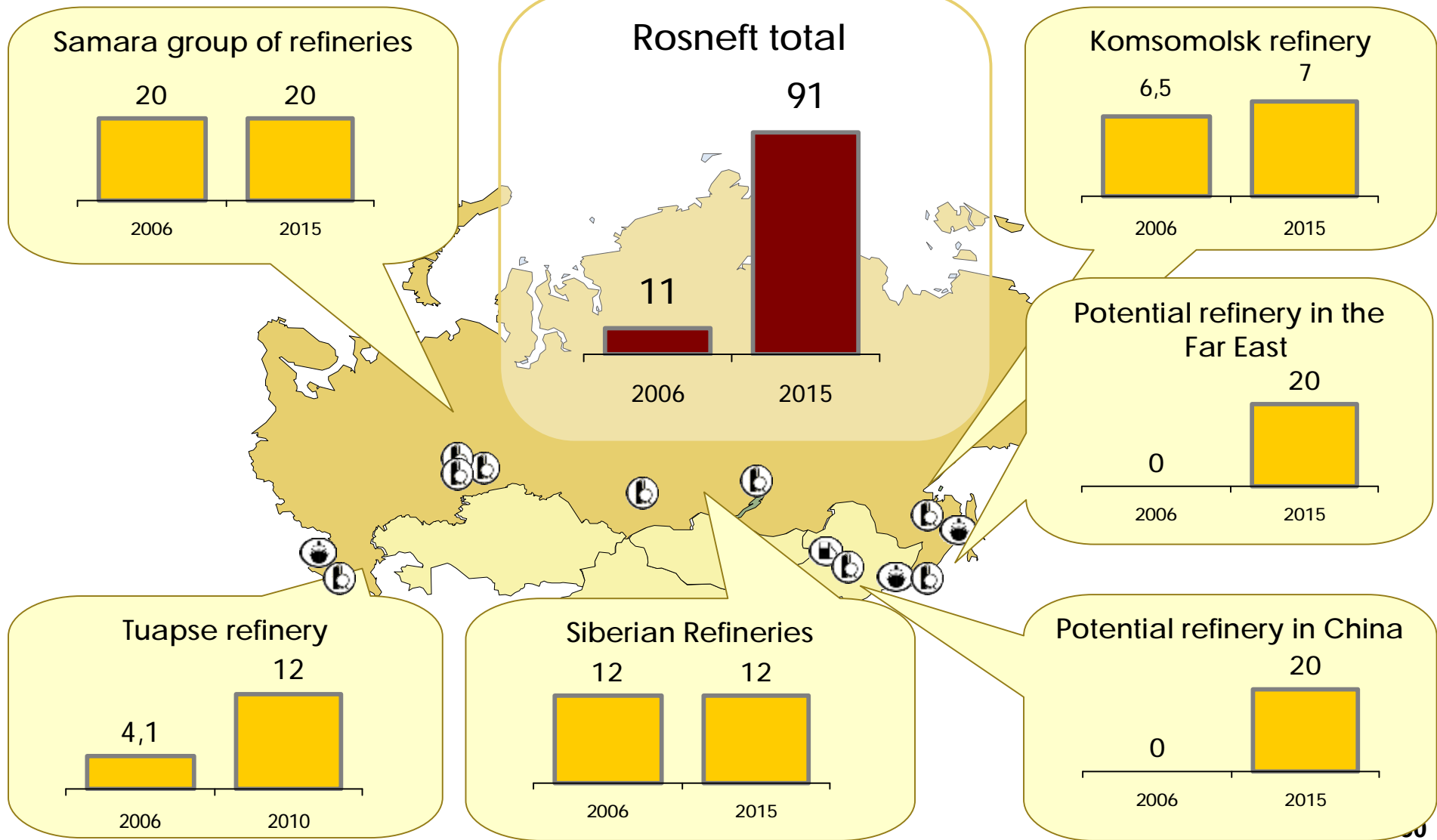


# High Visibility of Growth in Short and Long Term





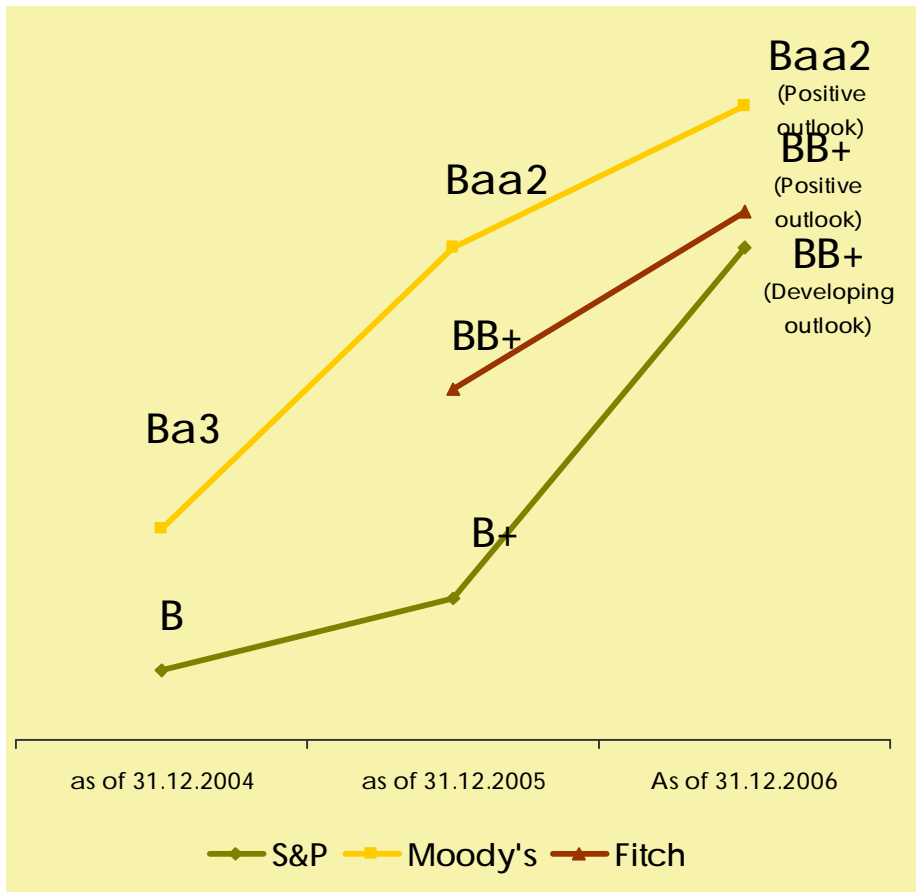
# Downstream Development



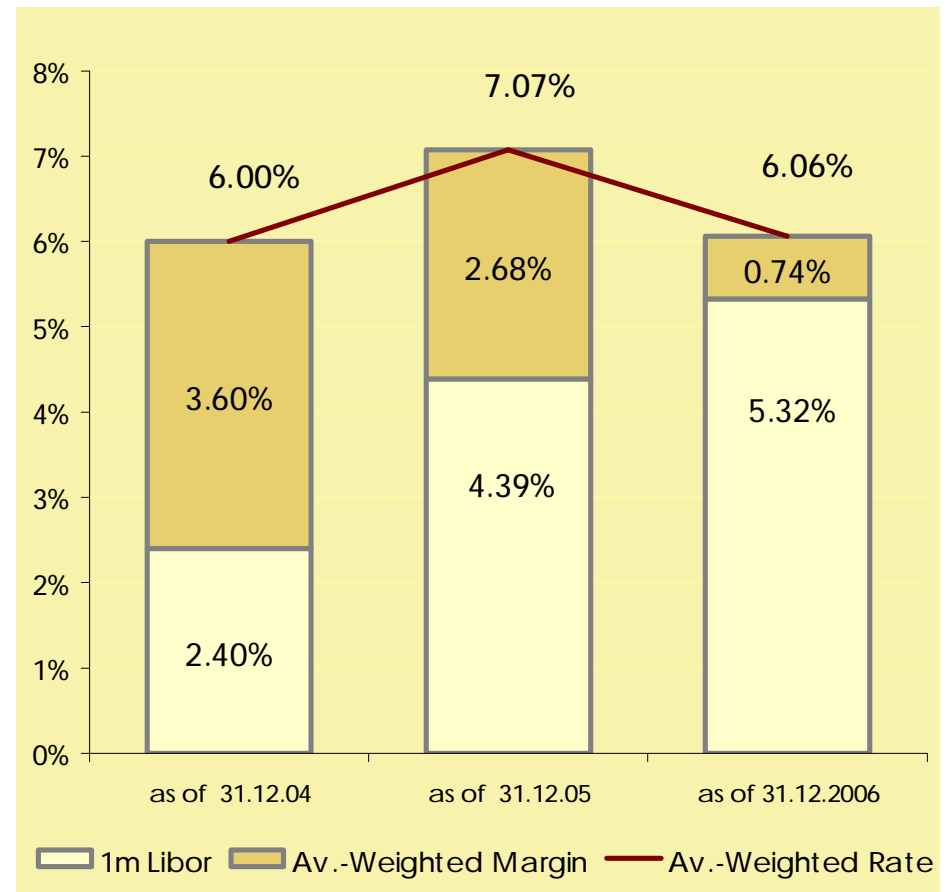


# Improved Credit Profile, Reduced Cost of Debt

Evolution of Rosneft Credit Ratings



Weighted Average Cost of Debt



§ Borrowing margin reduced 5 times in two years



# Enhanced Governance, Transparency

## 2006 Highlights

§ Simplified corporate structure following successful consolidation

§ New 9 member Board of Directors

- 3 Independents

§ 3 new committees

- Audit
- Strategy
- Compensation

§ 3 Listings

- LSE
- RTS
- MICEX

§ New diverse shareholder base

## Quarterly US GAAP and M&DA

**OCG Search Oil Company**  
Consolidated Balance Sheet  
Three Months Ended December 31, 2006

	December 31, 2006	December 31, 2005
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 11	\$ 12
Accounts receivable	27	25
Prepaid expenses and other current assets	1,361	1,200
Inventory	76	54
Other current assets	76	54
Total current assets	\$ 1,651	\$ 1,545
Non-current assets:		
Property, plant and equipment	1,475	1,421
Intangible assets	1,000	1,000
Goodwill	1,000	1,000
Other non-current assets	1,000	1,000
Total non-current assets	\$ 4,475	\$ 4,421
<b>Total assets</b>	\$ 6,126	\$ 5,966
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 1,000	\$ 1,000
Other current liabilities	1,000	1,000
Total current liabilities	\$ 2,000	\$ 2,000
Non-current liabilities:		
Long-term debt	1,000	1,000
Other non-current liabilities	1,000	1,000
Total non-current liabilities	\$ 2,000	\$ 2,000
<b>Total liabilities</b>	\$ 4,000	\$ 4,000
<b>Equity</b>		
Common stock	1,000	1,000
Retained earnings	1,126	966
Total equity	\$ 2,126	\$ 1,966
<b>Total liabilities and equity</b>	\$ 6,126	\$ 5,966

**SEARCH OIL COMPANY LIMITED**  
Consolidated Balance Sheet  
Three Months Ended December 31, 2006

The following table shows the consolidated balance sheet of Search Oil Company Limited as at December 31, 2006 and December 31, 2005. The figures are expressed in US dollars and are unaudited. The figures are subject to audit by the independent auditors.

The consolidated balance sheet as at December 31, 2006 shows a total asset base of \$6,126 million, compared to \$5,966 million as at December 31, 2005. The increase in total assets is primarily due to the acquisition of the assets of the former subsidiaries of the Group.

The consolidated balance sheet as at December 31, 2006 shows a total liability base of \$4,000 million, compared to \$4,000 million as at December 31, 2005. The total liability base remains unchanged as a result of the acquisition of the assets of the former subsidiaries of the Group.

The consolidated balance sheet as at December 31, 2006 shows a total equity base of \$2,126 million, compared to \$1,966 million as at December 31, 2005. The increase in total equity is primarily due to the acquisition of the assets of the former subsidiaries of the Group.

## Shareholder Base

§ Russian State

§ Institutional Investors from >40 countries

§ ~150,000 ordinary Russians

§ NOCs

§ Supermajors





# Rosneft: Emerging Super-NOC

## National Oil Company

- § Access to resources
- § Access to M&A
- § Insulation from political risk
- § Access to policy-makers
- § Cooperation with the State

## Super-Major

- § Capital discipline
- § Cost efficiency
- § Shareholder value creation
- § Corporate governance
- § Transparency

