



Annual Report

Full-scale
efficiency

2009

■ Москва
■ Ванкорнефть
■ Нур-Султан

ВАНКОР. МЕСТО РОЖДЕНИЯ ЭНЕРГИИ

ВАНКОР. ТЕХНОЛОГИЯ КОСМОСА



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

Regions of operations:

the Company's operations extend to almost all regions of Russia and several foreign states

Core activities

exploration and production of oil and gas, production of petroleum products and petrochemicals, and marketing of outputs in Russia and abroad

Strong and Diversified Portfolio:

- proved reserves: 18.1 bln barrels of oil and 816 bcm of gas
- 395 producing fields with output of 2.2 mln barrels of oil per day and over 12 bcm of gas per year
- 97 exploration blocks, access to over 47 bln barrels of oil equivalent of prospective recoverable resources
- 7 refineries with an aggregate capacity of 1.1 mln barrels per day
- 1,690 filling stations in 39 regions of Russia

Sustained Competitive Edge

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

Strategic objective:

to be among the world's top 3 oil and gas companies by overall efficiency and scale of operations

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Regions of Rosneft Operation



Chairman's Address



Igor Sechin
*Chairman of the Board
of Directors of OJSC Rosneft
Oil Company*

Dear Shareholders,

For us, as for many of you, 2009 was a challenging year. The difficulties which Rosneft had to face included macro-economic instability, with sharp fluctuations of prices and currency rates, and a decline in demand for petroleum products. The exceptional environment tested flexibility of the Company's management system and called for extra scrutiny of Rosneft's strategy plans. I would emphasize that we rose to the challenges of 2009. Our business is fully on track and we have strengthened our competitive advantages. Moreover: the extra care in decision making, which was needed in the reporting year, has greatly improved our strategic positions. Optimization of our debt portfolio is the best proof of that.

Good results in 2009 were also the outcome of hard work, good planning and adherence to the highest business standards in previous years, and the crisis environment did not distract us from long-term goals. Our main achievement was launch, as per schedule, of industrial production at the enormous Vankor field in Eastern Siberia. Development of Vankor is largest and most capital intensive project ever implemented by the Company. The field was prepared for production at record speed, despite doubling of target output levels since the initial investment decision was taken. Vankor will be the main source of production growth for Rosneft in the medium term: crude oil output at the field by 2014 should be over 500,000 barrels of oil per day, or around 5% of total Russian output. Oil from Vankor will be the main input to the Eastern Siberia – Pacific Ocean pipeline, which has strategic importance for Russia. Transport of Vankor oil through the pipeline for export to Asia-Pacific countries began in December 2009.

Other strategic projects also moved ahead in 2009, despite cost-saving measures. We continued intensive geological exploration work in new regions of key importance to the Company, namely Eastern Siberia, the Far East offshore shelf and Russia's southern seas. Thanks

to these efforts, we posted a very high rate of reserve replacement once again. Modernization work continued at the Company's industrial facilities, particularly oil refineries, in order to ensure that products meet the highest environmental and quality standards.

Strong operating trends and good decision-making ensured excellent financial results in the reporting year. The Board of Directors was therefore able to recommend the AGM to increase dividends per share once again, by 20%, to a level of RUB 2.30. This recommendation is fully in line with the Company's policy of striking a balance between the interests of Rosneft and of its shareholders. Growth of the share price at a faster rate compared with most competitors is confirmation of the Company's successes and of the confidence which shareholders and investors place in Rosneft. Market capitalization of Rosneft had almost regained its pre-crisis level by the end of 2009.

The Company continued to play an active role in design of amendments to the current system of oil sector taxation. The most important outcome for Rosneft in 2009 was creation of a system of preferential export duty rates on oil produced at a number of fields in Eastern Siberia. The measure is intended to stimulate field development and geological exploration work in that region.

We reached a number of long-term agreements with our Chinese partners in 2009. The agreements include a long-term credit to Rosneft on favorable terms by the Chinese Bank of Development as well as a long-term contract for annual deliveries to China of 66 million barrels of oil at market prices, starting from 2011. Deepening of cooperation with China is an important strategic priority for the Company.

Rosneft is always keen to make every possible improvement to its corporate governance system, taking account

of the latest legal requirements and best international practice. Amendments were made in 2009 to the Company Charter and to a number of internal documents regulating activities of the President, Board of Directors, Management Board of the Company and of the Internal Audit Commission. I should also point out that two new professionals took up positions on our Board in the accounting year. The new Directors are experienced managers who are making important contributions to development of the Company and improvement of its efficiency.

High levels of informational openness and transparency are integral to a developed system of corporate governance. Progress by Rosneft in this field was acknowledged by one of the top international rating agencies, Standard & Poor's, which acclaimed Rosneft the leader by

informational openness among all Russian public companies in 2009.

Successes in the reporting year show that we are well equipped for further sustainable development and attainment of all the goals we have set ourselves, without exception. We will continue to work efficiently in the future for the good of the country and of our shareholders, adhering to the highest business standards with respect to production, the environment and society.

On behalf of senior management of Rosneft I would like to thank all our employees for their excellent work in 2009 and all our shareholders for the confidence which they have continued to place in the Company throughout the economic crisis.



Igor Sechin
Chairman of the Board of Directors
of OJSC Rosneft Oil Company

Strategic Priorities

Efficiency

- Cost control
- Logistics improvements
- Optimization and diversification of asset portfolio
- Capital structure enhancements
- Continuous governance improvements

Sustainable Growth

- Prudent strategic planning
- Efficient production growth and refining capacity expansion
- More value-added outputs
- Risk management improvements
- Commitment to increasing shareholder value

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

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

Innovation

- Continuous enhancement of innovative development system
- Ongoing technology research, development, and deployment
- Monitoring and adoption of global best practice
- Personnel training and professional development

President's Address



Sergey Bogdanchikov
*President of OJSC
Rosneft Oil Company*

Dear Shareholders,

The main priority for Rosneft in 2009 was to minimize impact of the global financial crisis on Company business. We focused on optimizing costs and raising efficiency across the board. Effective planning and a flexible management system carried our business through the particularly difficult first half of 2009, and helped to achieve good operating and financial results in the full year.

The most important achievement in 2009 was undoubtedly launch of industrial production at the Vankor field, which is the largest field discovered in Russia for 25 years. We started commercial production at Vankor strictly to schedule, despite the huge scale of the project and a number of difficulties encountered during implementation. Preparation time for production at Vankor was unprecedentedly short for such a vast project, and the achievement is more remarkable in view of the complete absence of transport infrastructure and severe climate conditions in the region where the field is located. Commercial production at Vankor started in July 2009 and daily output levels exceeded 210,000 barrels per day by the end of December.

Rosneft maintained industry-beating growth of hydrocarbon reserves in 2009. The reserve replacement ratio was 163%, which is among the best indicators for peers and proves high levels of efficiency in our geological exploration work. We discovered two large fields in Eastern Siberia during the reporting year with overall recoverable reserves in excess of 1.5 billion barrels. The largest of them — the Savostiyanov field — is located relatively close to the Eastern Siberia — Pacific Ocean pipeline.

Average daily production in 2009 increased by 2.9% compared with 2008, and total output was 796 million barrels. The Company remained the standard-bearer of the Russian oil industry, achieving strong production growth despite the difficult environment, thanks to a high-quality resource base and use of the latest technologies in field development. Rosneft has also been able to keep unit production

costs at a much lower level than competitors thanks to ongoing cost optimization. We further extended our lead by this indicator in 2009.

Our refineries processed nearly 365 million barrels of oil in 2009. We kept growth of refining expenses in check thanks to reduction of irretrievable process losses and of fuel use for technical and power generating needs. Work began on the ground as part of Rosneft's program for refinery modernization to meet Russian government requirements: the first new units for production of engine fuels to European standards were installed at three refineries. Design and preparation for installation of other units was continued.

Despite the emphasis on cost saving, we decided not to abandon realization of strategic projects, such as expansion of capacities at the Tuapse Refinery. Work began at the Refinery on construction of a new crude distillation unit with 88 million barrels annual capacity.

We exported 412 million barrels of oil in 2009, which is 4.0% more than in 2008. Dispatch of the first tanker from the Kozmino terminal at the end-point of the Eastern Siberia – Pacific Ocean pipeline was a particularly important event. The tanker carried oil from the Vankor field.

We were the first Russian oil company to begin sales of petroleum products on the St. Petersburg International Commodity Exchange in 2009, using this new outlet to increase volume of petroleum product sales and to raise the efficiency of our large wholesale operations. Rosneft is prioritizing development of exchange trading in Russia as an instrument to improve efficiency and transparency of its marketing business.

We redirected more petroleum products to export in 2009 in response to decline in demand for some products on the domestic market. Product exports grew by 6% to 28

million tonnes. Ongoing optimization of the Company's retail chain enabled us to maintain average sales per filling station almost unchanged from 2008.

Reflecting our status as General Partner of the 2014 Olympic Games in Sochi, we began a program for development of a chain of filling stations in Olympic format, incorporating the insignia of the Games. The new stations will be built along main roads to Sochi.

Rosneft showed outstanding financial results for the year, continuing to generate free cash flow and reduce net debt, despite the crisis. We were helped by stabilization of world prices for oil at an acceptable level, by the gradual recovery of demand on the domestic market, and by our own cost

optimization decisions. However, strengthening of the rouble put pressure on our financial results, as did growth of natural monopoly tariffs and increase of taxes.

I view growth of the Rosneft share price by almost 130% as the best endorsement of management decisions and Company strategy in 2009. Company shares grew faster in 2009 than shares of main competitors.

In the reporting year our Company confirmed its status as an efficient business structure, capable of withstanding the acute stage of the world financial crisis. We look to the future with confidence, and with the firm intention of bringing our projects and plans to fruition. Increase of shareholder value will remain our number-one priority.



Sergey Bogdanchikov
President of OJSC Rosneft Oil Company

Rosneft continued to pursue its projects for expansion and modernization of refining capacities in 2009. Picture: a new hydrogen production unit at the Kuibyshev refinery



Key Events in 2009

- Commercial oil production begins at Vankor, the largest field in Eastern Siberia. A total of 26.1 mln barrels of oil were produced at the field between July and December and daily production exceeded 210,000 barrels by the end of the year.
- Rosneft obtains a 20-year, USD 15 bln credit from the Chinese Bank of Development on highly favorable terms and reaches a long-term agreement on annual delivery to China of 66 mln barrels of oil in 2011–2030.
- Rosneft is awarded the status of General Partner of the 2014 Olympic Games in Sochi.
- The first refining units, built to comply with government regulations on changeover to environmentally friendly engine fuels, are commissioned at three Company refineries. Construction and design work began on most other units, which are planned to be launched during the next five years.
- The Company signs up to the Social Charter of Russian entrepreneurs and the United Nations Global Compact.
- Rosneft takes first place in the Standard & Poor's survey of Russia's Most Transparent Companies, up from second place in 2008 (Rosneft was in tenth place in the rating in 2007).
- Construction of an autonomous gas-piston generating station is completed at the Tarasovskoye field in Western Siberia as part of the program for utilization of associated gas and development of in-house generating capacities. The station has 52 megawatt capacity, making it the largest gas-piston station in the north of Russia.
- A large new field is discovered at the Mogdinsky and East-Sugdinsky license areas (southern part of Eastern Siberia). Recoverable reserves at the field, which has been named in honor of the Russian geophysicist Nikolai Savostiyarov, are estimated at about 1.2 bln barrels of oil (C1 and C2 reserves under Russian classification).
- A new oil and gas condensate field with estimated 388 mln barrels of C1 and C2 recoverable reserves is discovered at the Baikalovsky license area, located in Taimyr Autonomous District (Krasnoyarsk Territory), to the north of the Vankor field.
- The Company begins work on construction of a new crude distillation unit with annual capacity of 88 mln barrels as part of an integrated modernization program at the Tuapse Oil Refinery.
- Rosneft is the first Russian company to begin sales of petroleum products at the St. Petersburg International Commodity Exchange. The Company sold 1.2 mln tonnes of petroleum products via exchanges in Russia in the course of the year.
- Rosneft reaches an agreement with the Russian Federal Fisheries Agency, which will greatly strengthen Company positions on the bunkering market.
- Rosneft opens its first water-based filling station in Eastern Siberia. The station meets all the latest standards for environmental security and is moored in the upper reaches of the Angara River, near the port of Baikal.
- Rosneft reaches an agreement with the Economics Ministry of the Republic of Abkhazia on cooperation in a number of areas, including geological study and development of oil & gas fields, hydrocarbon production, and sales of crude oil, natural gas and petroleum products. An agreement is also signed for geological study of the Gudautsky area, located on the Black Sea shelf.

Vladimir Putin, Prime Minister of the Russian Federation, gave a speech at the official ceremony for Vankor launch, held on August 21, 2009



- The Company publishes its regular Sustainable Development Report, prepared in accordance with requirements of the international organization, Global Reporting Initiative (GRI). Rosneft now has the highest GRI rating of A+ (the Company rating in 2008 was GRI B+).
- Rosneft makes an agreement with the Russian Ministry of Transport on refueling arrangements for civil aviation in Russia. The Company will implement projects for construction and upgrading of refueling facilities at Russian airports as part of the agreement.
- Rosneft wins the annual competition, For Active Corporate Policy on Information Disclosure, held by Interfax and AK&M, which are authorized agencies for disclosure of information on the Russian stock market.



The Vankor oil & gas field is the biggest field to have been discovered and brought into production in Russia in the last 25 years. At its peak the field will provide about 5% of total Russian oil production.

Vankor: A Key Oil Project
for Modern Russia

Meeting Challenges on a New Scale



Vankor: A Key Oil Project for Modern Russia

The Vankor oil & gas field is the biggest field to have been discovered and brought into production in Russia in the last 25 years. It is located in the northern part of Eastern Siberia, in Turukhansky District of Krasnoyarsk Territory, 142 km from the town of Igarka.

The area of the field is 447 square km. Recoverable reserves (ABC1 and C2 under Russian classification) are estimated at over 3.8 bln barrels. PRMS reserves (proved, probable and possible) were 3.6 bln barrels as of December 31, 2009. The target for annual production at the field is 510,000 barrels of oil per day.

Development of the field is Rosneft's largest project and is among the largest projects in Russia today. Total capital expenditures for development of the field in 2005–2009 were USD 6.5 bln. At its peak the field will provide about 5% of total Russian oil production. Oil from Vankor is one of the main inputs to the Eastern Siberia — Pacific Ocean pipeline.

History of the project

The Vankor field was discovered in 1988 by the Igarka oil & gas exploration expedition (part of the production and geophysics union Yeniseineftegazgeologiya). Further exploration and development of the field was not carried out for some time, for various reasons. Total 2D seismic exploration work in 1988–2003 was about 200 linear km, prospecting drilling was 13,000 meters and 6 wells were drilled. Estimated C1+C2 recoverable reserves at the end of 2003 were 914 mln barrels.

In April 2003, Rosneft acquired Anglo-Siberian oil company through a public offer on the London Stock Exchange (the first time that a Russian company had been involved in such a deal). Anglo-Siberian company owned a stake in the joint venture, Yeniseineft, which held the license for exploration and production of hydrocarbons at the Vankor field. As soon as the license was obtained Rosneft began implementation of a geological exploration program, in order to obtain full and accurate information on reserves at the field.

HISTORY OF DEVELOPMENT OF THE VANKOR FIELD

Date	Event
1988	Discovery of the Vankor field
1993	Beginning of geological work
2003	Rosneft acquired the license for the Vankor field. A geological exploration program was approved
2004	CJSC Vankorneft (a subsidiary of Rosneft) was registered. Exploration drilling began
2005	Well No.9 was drilled with two horizontal boreholes. Testing gave an oil flow of 1,000 cubic meters per day
2006	Production drilling and construction of the Vankor – Purpe pipeline began
2007	Recoverable reserves of oil at the field exceeded 3.6 bln barrels
May 7, 2009	The 'golden joint' was welded on the Vankor – Purpe pipeline at a distance of 88 km from its start point
May 28, 2009	A new field was discovered at one of the Vankor group license areas (the Baikalovsky area)
July 20, 2009	Filling of the Vankor – Purpe pipeline began
August 12, 2009	Oil from the Vankor field began to flow into the Transneft system
August 21, 2009	The official ceremony for field launch was held
December 28, 2009	The first tanker with oil from the Vankor field sailed from the port of Kozmino

The official ceremony for launch of the Vankor field was held in August 2009



Geological exploration

Reinterpretation of seismic exploration data in 2004 established that the Vankor field and the North-Vankor area together represent a single, closed elevation. One prospecting well and two exploration wells were drilled and 3D seismic work began (170 square km had been carried out by the end of the year). This work led to an increase in recoverable reserves by 154 mln barrels.

The levels of drilling were greatly increased in 2005, when two prospecting wells and four exploration wells were drilled. The volume of seismic exploration was also increased. As a result a further 307 mln barrels of recoverable oil reserves were added as well as 50 bln cubic meters of gas.

In 2006, recoverable reserves of oil were increased by 746 mln barrels and gas reserves by 9 bln cubic meters. In 2007 drilling of three wells gave a record increase of field reserves by 1.3 bln barrels. Another three prospecting and exploration wells were drilled in 2008–2009, augmenting recoverable oil reserves by 483 mln barrels.

In 2008, the State Reserves Commission confirmed the much enlarged reserve quantities at Vankor and placed them on the state register of reserves. In 2009, Rosneft completed its geological exploration program at the Vankor field.

The average increase of reserves per well between 2004 and 2009 was 208 mln barrels. For comparison, the

GEOLOGICAL EXPLORATION AT VANKOR

		2004	2005	2006	2007	2008	2009
Prospecting and exploration drilling	th. m	8.6	17.0	10.9	8.9	4.1	2.9
2D seismic	linear km	0	400	350	0	0	0
3D seismic	sq. km	170	200	0	0	0	0

average increase of reserves per well over the whole of Russia is about 7 mln barrels and the average indicator for main international companies is about 15 mln barrels. The geological exploration program gave a fourfold increase of field reserves and led to doubling of the target production level.

Geology

The Vankor field is located in the southern part of the Bolshekhetskaya structural terrace. Tectonics of the Vankor elevation consists of an isometric structure on a north-south axis with a double-domed shape (northern and southern domes).

Seven productive oil & gas formations have been distinguished at the Vankor field, situated in four strata series: Dolganskaya, Yakovlevskaya, Sukhodudinskaya and Nizhnekhetskaya. Reservoirs at the Vankor field are sandstones of various types. The seven productive formations at the field contain eight hydrocarbon accumulations, of which four are gas, two are oil, one contains gas and oil, and the last contains oil and gas condensate.

The nature of the reservoirs makes it possible to obtain strong flows using horizontal wells. Average daily well flow at the field in 2009 was 3,189 barrels, which is over ten times more than the Russian average for new wells.

However, specific features of the formations create certain difficulties for efficient development of reserves at Vankor. Company specialists need to achieve high accuracy in well drilling, and to manage flow rates and flow systems to avoid gas and water

breakthroughs. Rosneft is using the latest technologies in all cases to meet these challenges, including special rotary steerable well-drilling systems for construction of wells with complex profiles.

Field development

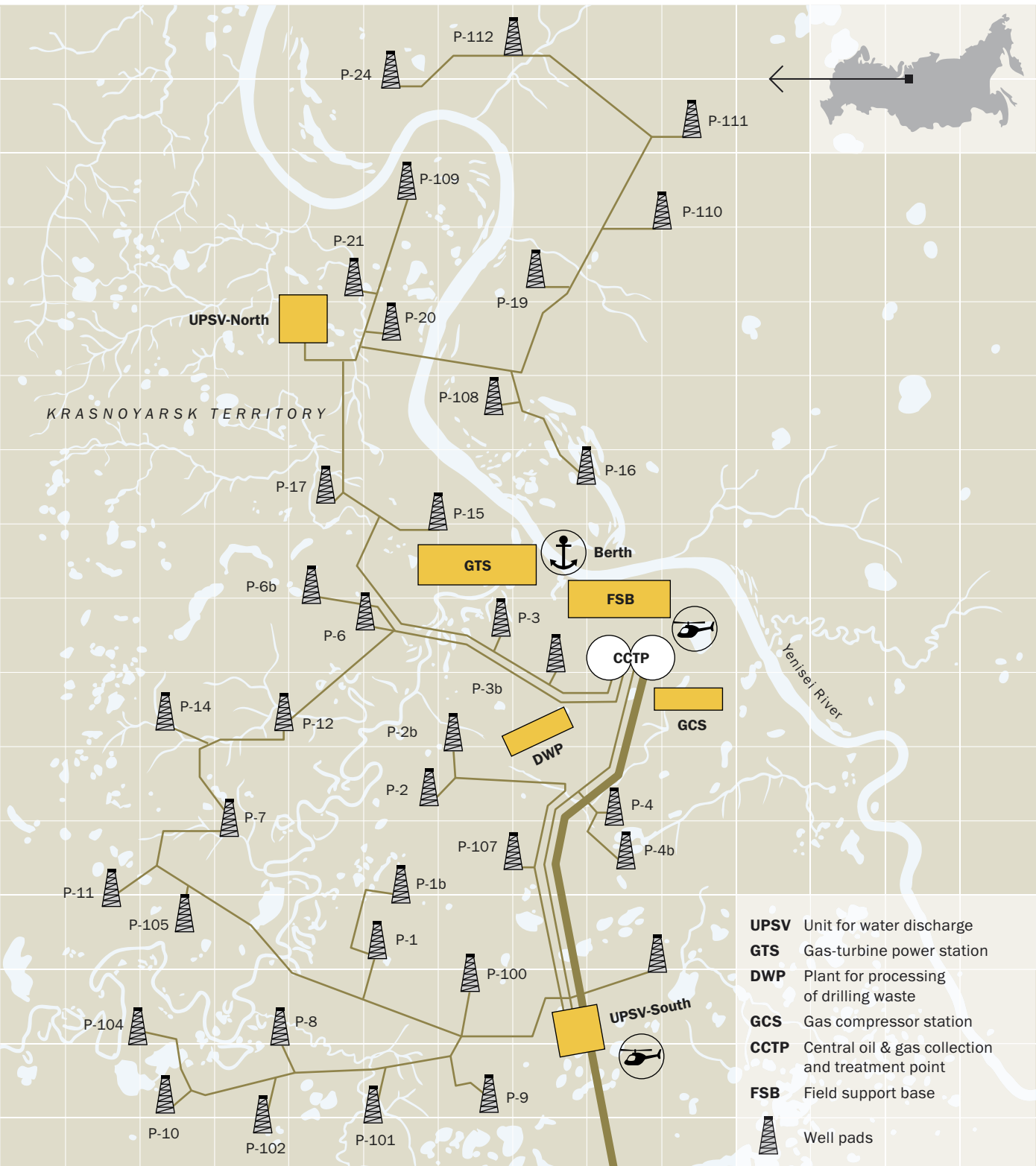
The Vankor field development project envisages drilling of about 430 wells (60% of them production wells and 40% injection wells) from 36 well pads. More than 60% of wells will be horizontal and the others will be inclined. Over 100 auxiliary wells will also be drilled (water-extraction wells, gas wells, and observation wells).

Field construction began in 2006 and Vankor was brought into production in record time — just six years after its acquisition. This was made possible by intensive use of all available computer-assisted design technologies and of the latest technologies for construction of surface facilities. Extensive use of ready-made modules reduced the time needed for construction and assembly work at the field by 67%. It also ensured that modules were of superior quality, since they had been tested in the factory before delivery to the field.

The main facilities installed at the field are:

- a central oil collection point (3 oil treatment units, each with 150,000 barrels daily capacity, high- and low-pressure gas compressor stations, and storage facilities with capacity of 180,000 cubic meters);
- a gas-turbine power station with 200 megawatt capacity and potential for increase to 350 megawatts, which will provide for all electricity needs at the field and consume about 1 bln cubic meters of gas per year;

Main facilities
at the Vankor field



Gas-turbine power station at Vankor



- a 'southern' unit for oil treatment and water discharge (UPSV-South) with over 270,000 barrels per day oil capacity;
- a 'northern' unit for oil treatment and water discharge (UPSV-North) with over 270,000 barrels per day oil capacity;
- a mini-refinery capable of producing 50,000 tonnes of diesel fuel each year, which will provide for the fuel needs of the field and of surrounding settlements;
- field infrastructure (oil pipes, water pipes, roads, electricity cables).

Construction work completed at the field by the end of 2009 included 1,685 infrastructure facilities, 148 km of field pipe work, 60 km of gas pipe work, 120 km of roads, storage facilities, a mini-refinery and several up-to-date shift camps. Over 80% of equipment and materials were purchased from Russian suppliers. More than 150 equipment suppliers and 450 contractors and subcontractors were involved in field construction. Companies of international repute which have partnered with Rosneft in development of the Vankor field include: Halliburton, Schlumberger, Baker-

Hughes, Wartsila, Dresser, Siemens, VECO Eng., SNC-Lavalin, Fluor Daniel, Bechtel, General Electric. Rosneft also used the services of several highly experienced Russian companies, including Gazprom Drilling, Stroitransgaz, Uraltrubostal, TMK, Sibpromkomplekt, OZNA, Koksokhimmontazh and others.

The first stage of a unique oil treatment and water discharge unit (UPSV-South), with 144,000 barrels daily capacity, was commissioned at Vankor in 2009. The unit separates the mixture of oil, water and gas, and brings the crude oil into marketable condition, with water content less than 0.5%, so that it can be fed into the pipeline for delivery to the Transneft system. The unit also carries out purification of formation water and pumps it into a system for maintenance of formation pressure. UPSV-South has no analogue in Russia: the capacity of each of its preparation lines is over 140,000 barrels per day, compared with an average maximum daily capacity of 60,000 barrels for similar units in Russia.

The second stage of UPSV-South is due for completion in 2010, raising overall capacity to over 270,000

barrels per day. Completion of the first stage of a gas-turbine power station with 100 megawatt capacity is also scheduled in 2010. Other main surface infrastructure (USPV-North, the central oil collection point, and a second stage of the gas turbine power station) should be completed in 2011.

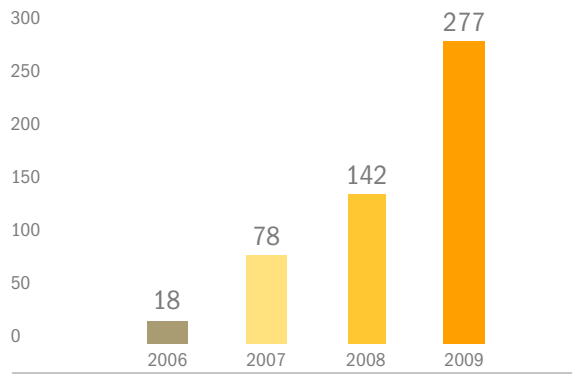
A total of 142 wells had been drilled at Vankor by the end of 2009 (including 119 production and injection wells). A system of 'pitless drilling' (which dispenses with the need for waste pits) is used: up to 20 wells are drilled from a single drilling pad. Displacement from well-head to bottom hole is up to 5,000 meters along the borehole and up to 710 meters horizontally. This substantially reduces spending on construction of pads and minimizes negative impact on fragile tundra cover.

The Company uses the entire range of modern technologies to improve drilling efficiency and well completion: geonavigation techniques for drilling of horizontal wells; extensive real-time modeling and drilling of horizontal wells; definition of the permeability profile along horizontal wells; calculation of the flow profile and drilling set requirements for horizontal wells; assembly and insertion of drilling sets with an equalizer; and definition of multi-phase flow profile in horizontal wells.

Full well-logging is carried out at oil wells in the process of drilling, which helps to enlarge the efficient part of the horizontal area and significantly reduces the time needed for well construction (to as little as a few days). This technology also adds to understanding of geological structure, making it possible to reduce length of pilot holes and, in some cases, to altogether dispense with pilot holes.

The technologies used by Rosneft allow drilling speeds of up to 70 meters per hour with simultaneous recording and transmission of well-log data, and drilling of horizontal wells at a specified distance from

PRODUCTION DRILLING AT VANKOR (th. meters)



borders of productive formation, which increases daily well productivity and well life.

These innovations have enabled Rosneft to reduce the number of wells required for field development by more than three times, while increasing initial well flow rates by six times.

Development conditions

Development of Vankor requires constant efforts from the Company to meet unique challenges associated with various specific features of the field.

Many of the difficulties arise from severe climatic conditions: the field is located beyond the Arctic Circle in a northern climate zone with very wide variations of temperature (from -60°C in the winter to $+30^{\circ}\text{C}$ in the summer). Also Vankor is in a part of the permafrost zone with highly varied structure: there are seven different types of permafrost in the district where the field is located, and formation of hummocks due to permafrost action is widespread. The Company must therefore take great care in selection of technologies for field construction. For example, specially designed mobile covers are used to protect wells from damage by the elements. Unique

thermal soil stabilization technologies are used to avoid heating of the permafrost and to reduce the number of piles that are needed.

Difficulties associated with climate are compounded by almost complete absence of transport and oil & gas infrastructure in the district where the field is located. The Company has met these challenges by using water transport along tributaries of the Yenisei river (navigable for several weeks each year) and winter ice roads from the storage base in the town of Igarka.

Production

The official field launch ceremony was held on August 21, 2009. Total production by the end of December was 26.6 mln barrels of oil, and daily output had reached 210,000 barrels. A total of 76 oil wells and 3 gas wells were brought into production in 2009.

The development plan for Vankor targets a production plateau in 2014 when daily output should be 510,000 barrels.

Oil production at Vankor uses the most modern technologies, including electric centrifugal submersible pumps with gas separators which have no analogues anywhere else in the world. The pumps are 20% more efficient than standard pumps and can operate at temperatures of up to 200 °C. Tolerance for gas content is twice higher than that of standard pumps.

For efficient reserve extraction most Vankor wells are equipped with a flow control device (so-called 'equalizers'), leveling the flow of oil along horizontal well boreholes, which enables even extraction of reserves from formations with varied permeability. Use of control devices also extends the period of water-free and gas-free extraction (prevents early gas and water breakthroughs), which reduces well-service costs. This technology will make it possible to produce 110 mln barrels more oil.

The field uses an integrated production management system, consisting of 11 unique software products, which monitors well operating indicators, measures essential parameters and can be used to optimize the operating regime at any well.

Oil transportation

Oil produced at the Vankor field is transported to the Transneft pipeline system via the Company's own trunk pipeline, which has been laid from the Vankor field to the oil pumping station in the village of Purpe (Yamal-Nenets Autonomous District).

The pipeline is 578 km long, of which 350 km are laid underground. Its throughput capacity is over 660,000 barrels per day and pipeline diameter is 820 mm. More than 200,000 tonnes of metal were used in pipeline construction.

Rosneft used the latest technologies in construction of the Vankor – Purpe pipeline, reducing project costs and minimizing environmental impact. Thermo-stabilization technologies were used for earth foundations, which reduced on the purchase and installation costs of piles by 17% and minimized risks associated with warming of ground around the pipeline. Application of the latest anti-corrosion technologies will increase the period of safe use to 35 years, and posts have been set up at regular intervals along the pipeline to localize and eliminate any oil spillages quickly and efficiently.

Filling of the Vankor – Purpe pipeline began on July 20, 2009. The first delivery of oil to the Transneft network was on August 12. The first tanker carrying oil from Vankor sailed from Kozmino (end point of the Eastern Siberia – Pacific Ocean pipeline) on December 28, 2009.

Tax privileges

The Russian Tax Code provides for exemption from payment by the Company of mineral extraction tax on

Water discharge unit at Vankor



crude oil produced at the Vankor field until accumulated production has reached a specific level.

In 2009 Vankor was included in a list of fields, which could be subject to a special export tariff regime. A zero export tariff rate, which is set by a monthly Government resolution, is applicable to oil from Vankor effective from the middle of January, 2010.

License areas around Vankor

At the end of 2009 Rosneft held nine licenses for areas in the immediate vicinity of the Vankor field. These

areas are: West-Lodochny, East-Lodochny, Samoyed-sky, Baikalovsky, Protochny, Vadinsky, Tukolandsky, Pendomayakhsky, and North-Charsky.

These license areas are particularly valuable to the Company because, if they are found to contain commercial hydrocarbon reserves, infrastructure at Vankor can be used for their development, creating a synergy effect and significantly reducing development costs.

2D and 3D seismic exploration work, totaling 6,563 linear km and 150 square km, respectively, was carried

Landscape near Vankor



out at the areas around Vankor in 2006–2009, as well as 17,087 meters of prospecting drilling and construction of four prospecting and two structural-column wells.

According to the mean estimate by DeGolyer & MacNaughton, prospective recoverable resources* at these areas as of December 31, 2009 were 2.5 bln barrels of oil and 126 bln cubic meters of gas.

Drilling and testing in 2009 of prospecting well No.1 at the Baikalovsky area on the right bank of the Yenisei river estuary, about 300 km north-east of the Vankor field, led to the discovery of a new field. Total C1 and C2 recoverable reserves are 388 mln barrels of oil and condensate and 28 bln cubic meters of gas. Drilling of a second well (Baikalovksaya well No.2) is scheduled at the field in 2010.

Social policy

Social policy has been an integral part of the Vankor development project from its outset, including development of production and social amenities, construction of public buildings, support to pensioners, accommodation for workers and charitable activities.

The largest such projects are for reconstruction of the airport in the town of Igarka, construction of a study and laboratory building at the Oil & Gas Institute of the Siberian Federal University, and support to Turukhansky District, where the Vankor field is situated.

Rosneft is carrying out a comprehensive upgrade of the airport at Igarka to enable year-round transportation of personnel and cargoes. The work will make the airport fit for regular handling of firstline commercial aircraft, as well as creating a hotel and long-stay hostel with capacity for 200 people. A passenger terminal and service building as well as the long-stay hostel were built in 2009, and work was carried out for upgrading of the hotel and cafeteria.

Financing began in 2009 for construction of a study and laboratory building at the Oil & Gas Institute of the Siberian Federal University in Krasnoyarsk. Investments in the project in 2009 were USD 11 mln. In 2010 the Institute will start to offer top-quality study programs in oil & gas geology, geophysics and engineering. Courses for oil & gas industry students will be in 11 specializations, and the Institute will supply about 300 graduates each year. The best available Russian and foreign professors will be invited to teach students at the Institute as well as highly qualified specialists from Russian oil & gas companies.

Assistance for development of Turukhansky District is another important aspect of the Company's work at Vankor, and is being provided on the basis of a cooperation agreement with the administration of Krasnoyarsk Territory. The agreement includes creation of new jobs, development of educational and scientific capacities in the region, and introduction of new and efficient technologies in the region's industry. Rosneft spent USD 5 mln in 2009 on support for Turukhansky District and the town of Igarka. The money was spent on repairs to the studies building at the town's technical college, a central hospital, and a school, as well as design and rebuilding of a children's art school. Much work was also carried out for improvement of public areas in the town.

Personnel

As of the end of 2009 CJSC Vankorneft employed a total of 1,206 people. Most of them work a shift system, so the Company puts much emphasis on creation of decent facilities in shift camps and their development. Every effort is made to create favorable conditions for work, accommodation, catering, leisure and health-care provision for shift workers. In 2009 Rosneft spent almost USD 11 mln on such measures.

The Company commissioned four new camps in 2009 with capacity for 2,200 people. The camps have been built to the best international specifications: hostels

* Hereinafter: mean estimate of prospective recoverable resources without adjustment for geological risks.

New terminal at Igarka airport,
built by Rosneft



offer two-person rooms, with toilet and shower, connected by corridors to a cafeteria, gym, medical center, and a washing and laundry facility, and there is an on-site administrative building. Three more shift camps are due to be commissioned in 2010 with capacity for 1,050 people.

As well as ensuring adequate accommodation and working conditions for its employees, the Company also offers them the opportunity to improve their qualifications and achieve professional growth. In 2009 Rosneft spent USD 410,000 on training of Vankor workers. Training was carried out by external

providers, with a total of 1,583 courses completed by workers*.

Protecting the environment

Protecting the unique natural environment of Krasnoyarsk Territory is of great concern to Rosneft, and the Company therefore has comprehensive measures in place for ecological protection at the Vankor field.

All storage facilities and buildings as well as the pipeline are equipped with special systems for ther-

* Counted by employees receiving courses, so if the same employee takes two courses, he is counted twice.

mal stabilization of the ground which prevents the ground from thawing. This technology is being used for the first time in Russia and has never been used before on such a large scale anywhere in the world.

All the roads and facilities at the field have been built using modern environmentally-friendly construction methods. The moss and plant cover on road embankments is not removed: instead a geo-mesh is laid down for reinforcement, filled with a turf and sand mixture and seeded with indigenous perennial grasses, and the project's all-terrain vehicles are fitted with tubeless, extra low-pressure tyres, which prevent damage to soil and soil flora.

Vankor is remarkable for its commitment to 100% detoxification of waste generated in the process of field development and operation. Disposal of drilling waste is carried out using reverse pumping of drill cuttings (ground and mixed into a pulp) into selected strata. The field also has its own incineration area (the incineration unit has capacity of 100 kg per hour).

A network of drainage systems has been installed at the field for the purpose of protection of natural water sources and units for purification of domestic and industrial waste water are efficiently used. Vankor also has a system of mains drinking water with water purification stations.

Rosneft utilizes the greatest possible amount of associated petroleum gas in the field production cycle in order to minimize environmental risk. A part of associated gas output at Vankor will be used by the gas-turbine power station with 200 megawatt capacity (the station will use over 1 bln cubic meters of gas per year) and by the gas-piston generating station with 42 megawatt capacity, which will fully meet Vankor's energy needs. Some 2.5 bln cubic meters of associated gas will be re-injected annually

for maintenance of formation pressure. The remainder (5.6 bln cubic meters per year) will be fed into the Gazprom pipeline transport system.

A closed flaring system, the only one of its kind in Russia, has been built at Vankor for safe burning of gas: combustion takes place in a closed chamber instead of the traditional practise of open-air combustion. The system suppresses 99.9% of gaseous carcinogenic substances and can be used even in densely populated areas.

Health and safety

Health and safety measures by Vankorneft are governed by provisions of Russian law and relevant internal standards of Rosneft, and are intended to ensure healthy and safe working conditions and reduction of accident and injury levels.

All Vankor workers are provided with individual and shared means of protection, must undergo training and attestation in workplace precautions and safety procedures, and are provided with high-quality medical care. Work places are regularly checked for compliance with standards, and steps are taken as a result of such checks in order to reduce risks.

With respect to industrial safety, measures are taken to reduce accident rates at hazardous facilities, and to assess working order of equipment and pipeline machinery.

In 2009 USD 1.5 mln was spent at Vankorneft on financing of health and safety provisions.



Rosneft is the leader of Russia's petroleum industry, and ranks among the world's top publicly traded oil & gas companies. The Company is primarily engaged in exploration and production of hydrocarbons, production of petroleum products and petrochemicals, and marketing of outputs.

Company Profile

Large-scale thinking



History

The history of Rosneft is inseparably linked with that of the Russian oil industry. The Company's core enterprises were established in the Soviet era, when large-scale exploration and development of new oil & gas fields was in its infancy.

In the 1990s, many Russian fuel and energy companies, together with other related state-owned enterprises, were consolidated into vertically integrated companies on the model of the world's largest corporations. These new companies were then sold, either fully or in part, to private investors. Management of those oil & gas assets which remained in state ownership became the responsibility of the state enterprise Rosneft.

Russian Government Decree No. 971 of September 29, 1995 established a new entity, Open Joint-Stock Company 'Rosneft Oil Company'. The Company assumed control of assets previously managed by the state enterprise of the same name.

In 1998, Russia's economic crisis presented significant financial and operational challenges for Rosneft, including a production decline due to a severely depleted resource base, low capacity utilization at refineries, and a fall in retail sales. Highly depreciated equipment and outdated technology also put obstacles in the way of Company development.

At the end of 1998, a new executive team was appointed at Rosneft to deal with the situation, regain market positions and lay a foundation for the Company's sustainable development.

Main achievements of Rosneft

2000

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

2001

- Rosneft considerably enhances its operating efficiency, despite lower international and domestic prices for crude oil and petroleum products. Crude output increases by more than 10% compared with the previous year.
- The Board of Directors approves a Company Development Strategy that targets increase of exploration & production operations, development of refining capacity, and expansion on new markets.
- Commercial hydrocarbon reserves are discovered in the Sakhalin-1 project.
- Rosneft becomes the first Russian company to place Eurobonds since the 1998 economic crisis.

2002

- «Rosneft obtains an exploration license for the Kaigansko-Vasyukansky area (part of the Sakhalin-5 project).

2003

- Rosneft secures a license for the Veninsky block (Sakhalin-3 project).
- Rosneft acquires Severnaya Neft Oil Company, strengthening its position in Timan-Pechora.
- The Company acquires Anglo-Siberian Oil Company, which holds a mineral license for the Vankor field in Eastern Siberia – a top-10 global upstream project and the largest development in the recent history of Russia's oil industry.

2004

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

2005

- Following integration of Yuganskneftegaz into Company operating structure, Rosneft becomes third largest among Russian oil companies by crude output and second by gas output.

2006

- Rosneft floats USD 10.7 bln worth of stock in an Initial Public Offering, which was the fifth largest IPO in the history of the global financial market and the largest ever by a Russian company. The placement made approximately 150,000 Russian individual investors into shareholders of Rosneft.
- 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 total output of 583 mln barrels.

2007

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

2008

- Rosneft again posts the highest rate of production growth among Russian and foreign competitors. The Company secures significant efficiency gains across its segments, supported by extensive measures to

address the adverse price environment at the end of the year.

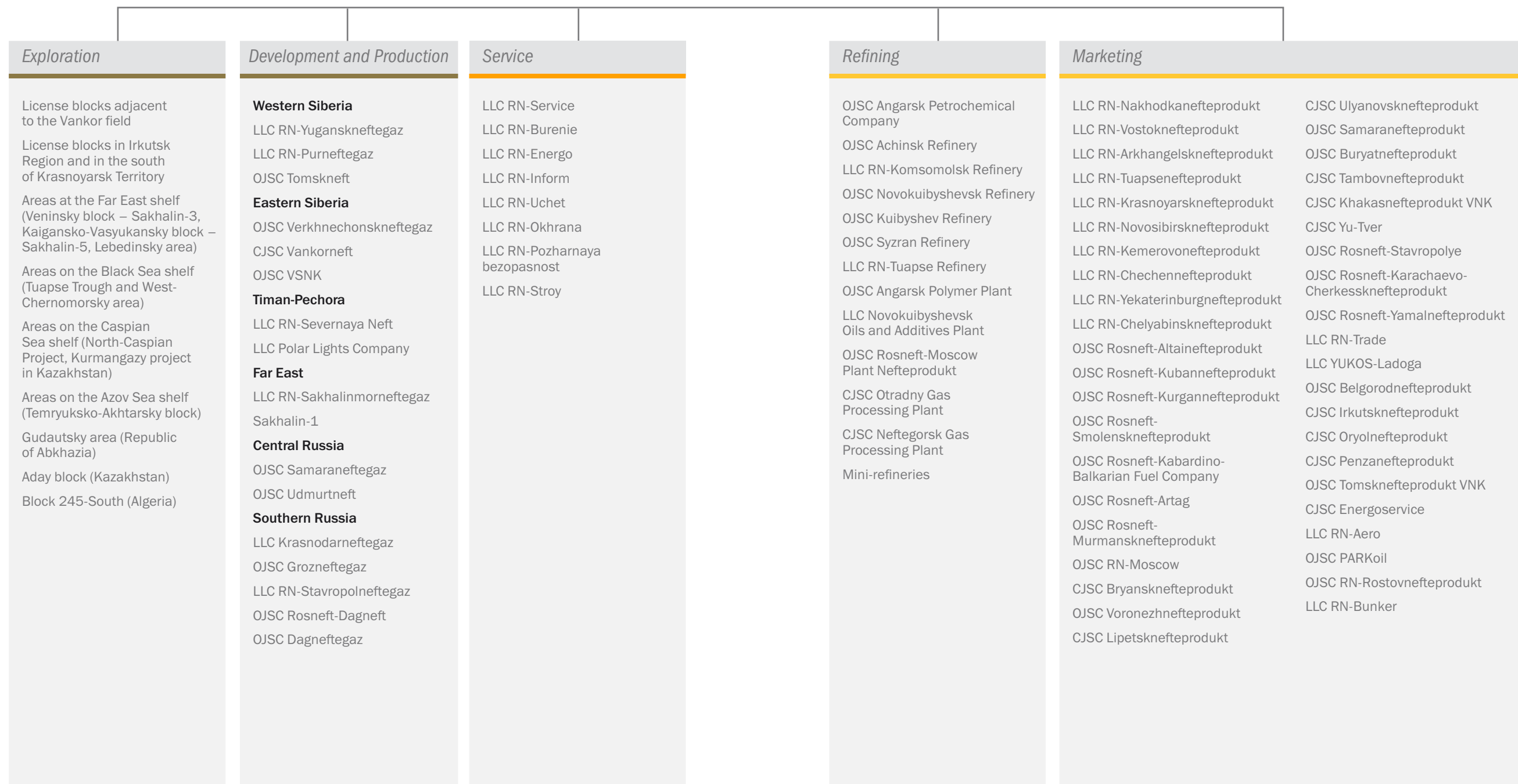
- Rosneft makes substantial progress in enhancing corporate governance and transparency.

2009

- Rosneft launches commercial production at Vankor, the largest field in Eastern Siberia, and takes first place in the survey of Russia's Most Transparent Companies compiled by the rating agency Standard & Poor's.
- The Company continues to generate free cash flow and reduce its net debt, while maintaining financing of strategic projects, despite the global financial crisis. Provision of a long-term credit by the Chinese Bank of Development significantly improves the debt profile of Rosneft.

Structure

As of December 31, 2009, Rosneft Group of companies included 389 subsidiaries and 94 affiliated companies.



Rosneft Today

Rosneft is the leader of Russia's petroleum industry, and ranks among the world's top publicly traded oil & 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 is the main owner of the Company, holding 75.16% of shares (through OJSC ROSNEFTEGAZ, which is in 100% state ownership), while approximately 15% of shares are in free-float.

Geography

Rosneft is widely engaged in exploration & production across all key oil & gas regions of Russia: Western Siberia, Southern and Central Russia, Timan-Pechora, Eastern Siberia and the Far East. The Company is also implementing projects in Kazakhstan and Algeria. Rosneft's seven main refineries are spread across Russia, from the Black Sea coast to the Far East, and the Company's retail network covers 39 regions of the country.

Reserve base

The main competitive advantage of Rosneft is the size and quality of its reserve base. The company has total proved reserves of 22.9 bln barrels of oil equivalent, which is among the best indicators for a publicly traded international oil & gas company. Moreover, Rosneft is second-to-none in terms of total proved liquid hydrocarbon reserves. The Company's proved reserve-to-

production ratio is 26 years, and most of its reserves are conventional, so the Company is well-placed for efficient increase of production. In addition, Rosneft has access to 14.1 bln barrels of oil equivalent of probable reserves and 11.1 bln barrels of oil equivalent of possible reserves, which will enable extension of proved reserves in the future.

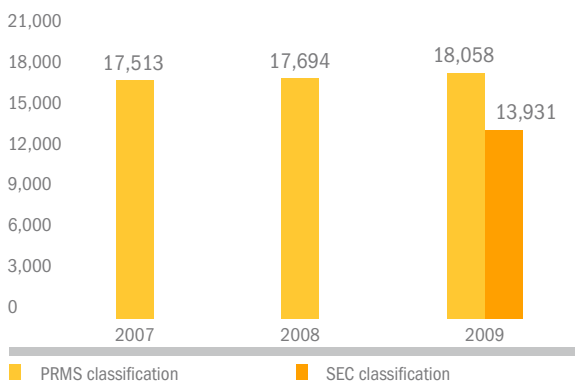
Geological exploration

Rosneft is focused on expanding its resource base through intensive exploration and new acquisitions in order to secure sustainable production growth in the long term. The Company has one of the best records for reserve replacement: this indicator was 163% in 2009. Rosneft's major exploration projects are located in Russia's most promising oil & gas regions, such as Eastern Siberia, the shelves of Russia's Black, Caspian and Azov seas, and the Russian Far East. As a result, the Company has access to over 47 bln barrels of oil equivalent of prospective recoverable resources.

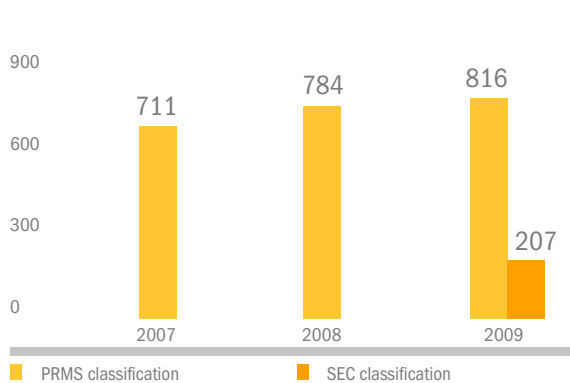
Oil production

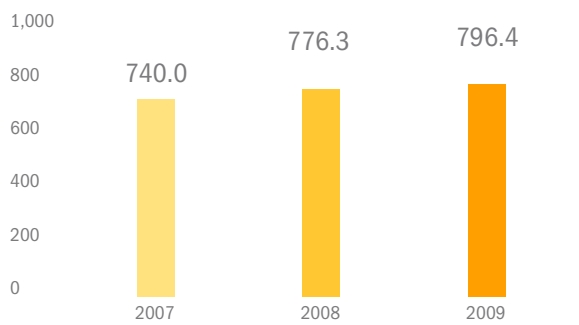
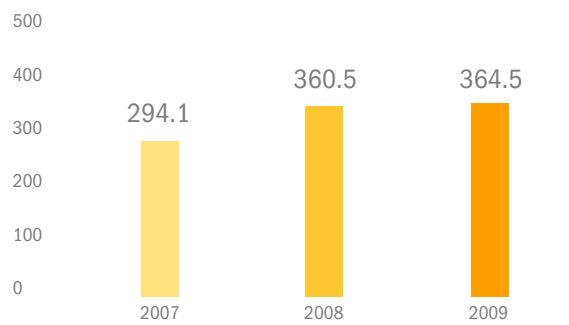
Rosneft has been successfully implementing its strategy of sustained production growth, supported by constant monitoring and adoption of innovative technology. The Company produced 796 mln barrels of crude oil in 2009, and has thus increased oil production levels by more than five times since 2004. Furthermore, the Company has high overall operating efficiency, with the lowest per unit upstream production and operating expenses among both national and major international peers.

PROVED OIL RESERVES (mln barrels)



PROVED GAS RESERVES (bcm)



CRUDE OIL PRODUCTION
(mln barrels)**REFINERY THROUGHPUT**
(mln barrels)**Gas production**

Rosneft is also one of the leading independent gas producers in Russia, with annual output of natural and associated gas of over 12 bcm. The Company's unique reserve portfolio offers potential for steady long-term growth of gas output. Rosneft is currently implementing a program to raise utilization of associated gas to 95%.

Oil refining

Overall refinery throughput at Company refineries reached a level of 365 mln barrels in 2009, which is a record for the Russian oil refining sector. Favorable refinery locations enable the Company to achieve higher efficiency in deliveries of petroleum products. Rosneft is now expanding and upgrading its refineries to further enhance the balance between volumes of crude output

2007	Financial highlights	2008	2009	Change, %
49,216	Sales (USD mln)	68,991	46,826	-32.1%
14,459	EBITDA ¹ (USD mln)	17,108	13,565	-20.7%
29.4%	EBITDA margin	24.8%	29.0%	+16.9%
17.96	EBITDA per boe of production (USD)	22.07	17.00	-23.0%
12,862	Net income (USD mln)	11,120	6,514	-41.4%
6,497	Adjusted net income ² (USD mln)	10,449	6,472	-38.1%
13.2%	Adjusted net income margin	15.1%	13.8%	
18.6%	Return on average capital employed (ROACE)	17.5%	11.4%	
25.6%	Return on average equity (ROAE)	30.6%	15.2%	
1,869	Free cash flow	5,614	3,443	-38.7%
26,275	Net debt (USD mln)	21,283	18,489	-13.1%
0.48	Net debt-to-capital employed ratio	0.35	0.29	
1.82	Net debt-to-EBITDA ratio	1.24	1.36	
0.68	Current ratio	0.68	1.13	
6,780	Capital expenditures (USD mln)	8,732	7,252	-16.9%
5.73	Upstream capital expenditures per boe of production (USD)	8.36	7.35	-12.1%
3.08	Hydrocarbon lifting costs per boe of production (USD)	3.11	2.34	-24.8%
9.57	Share price at the RTS as of year-end (USD)	3.75	8.42	+124.5%

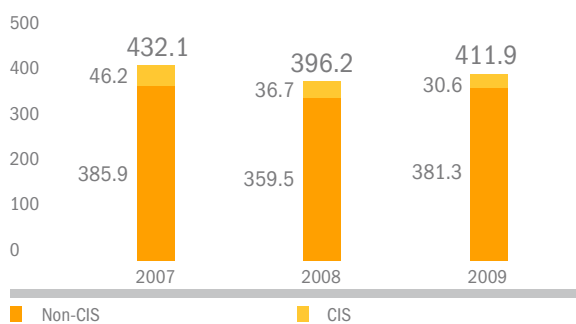
1. EBITDA, for any relevant period, is operating income for such period plus interest on taxes other than income tax accrued in relation to Yuganskneftegaz tax liabilities for 1999–2004, accretion expense (related to the unwinding of asset retirement obligations), and depreciation, depletion and amortization.

2. Net income adjusted for extraordinary items such as net proceeds from Yukos bankruptcy, effect from the income tax rate change, effect from the assets impairment and other.

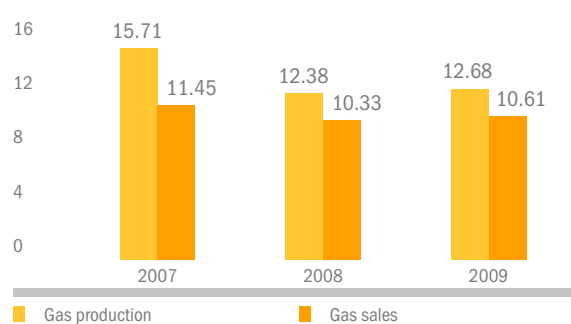
2007	Operating highlights	2008	2009	Change, %
17,513	Proved oil reserves, PRMS (mln bbl)	17,694	18,058	+2.1%
711	Proved gas reserves, PRMS (bcm)	784	816	+4.0%
21,699	Proved hydrocarbon reserves, PRMS (mln boe)	22,307	22,858	+2.5%
27	Hydrocarbon reserve-to-production ratio (years)	26	26	0.0%
740.0	Oil production (mln bbl)	776.3	796.4	+2.6%
15.71	Gas production (bcm)	12.38	12.68	+2.4%
2,281	Hydrocarbon production (th. boe per day)	2,320	2,386	+2.8%
294.1	Refinery throughput ¹ (mln bbl)	360.5	364.5	+1.1%
38.39	Petroleum product output ¹ (mln t)	46.44	47.06	+1.3%
432.1	Crude oil export sales (mln bbl)	396.2	411.9	+4.0%
19.16	Petroleum product export sales (mln t)	25.94	27.51	+6.1%
1,650	Number of owned and leased filling stations	1,683	1,690	+0.4%
2.31	Retail sales of petroleum products (mln t)	4.06	3.67	-9.6%

1. Refining of crude oil produced by the Company and of purchased crude at owned and third-party refineries (including mini-refineries) and corresponding output of petroleum products.

CRUDE OIL EXPORT SALES (mln barrels)

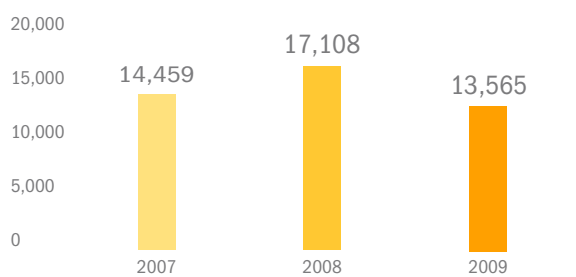


GAS PRODUCTION AND SALES (bcm)*

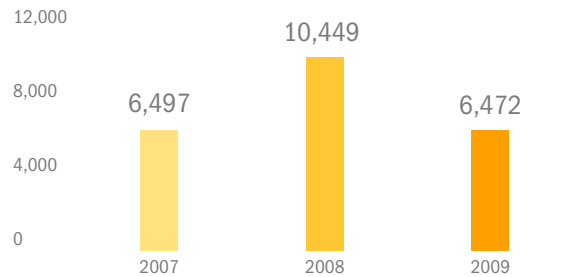


* Gas production includes share in production by affiliates, gas sales include gas procured from affiliates.

EBITDA (USD mln)



ADJUSTED NET INCOME (USD mln)



Storage at the Tuapse refinery



and refinery throughput, and to boost production of petroleum products with high value-added, matching the latest environmental standards.

Export terminals

Rosneft is unusual in having proprietary marine terminals at Tuapse, De-Kastri, Nakhodka and Arkhangelsk, which allow the Company to capture higher margins in crude oil and petroleum product exports. Rosneft is currently implementing comprehensive expansion and modernization programs at its terminals to ensure that their capacities are sufficient for future export volumes.

Retail network

Increasing direct sales of petroleum products to end users is a strategic goal for Rosneft. The Company is

therefore developing its retail network, which now comprises about 1,700 filling stations. Rosneft ranks second among Russian companies by the number of its filling stations.

Corporate governance

Rosneft strictly complies with international standards for corporate governance, information disclosure and financial reporting. Independent directors have held one third of seats in the Board of Directors since 2006. The Company also pursues a policy of social responsibility toward its employees and members of their families, and to the people in regions where it operates, as well as to society at large.

Development Prospects and Strategy

Rosneft aims to strengthen its positions among the world's top energy companies, maintaining its leading positions by operating indicators and joining the leaders by financial criteria and shareholder value.

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

- constant improvement of efficiency in all aspects of Company business;
- development and application of new technologies;
- raising levels of transparency and openness;
- high standards of corporate governance;
- high levels of social responsibility;
- an efficient personnel policy;
- strict observance of Russian and international standards for environmental and industrial safety.

Rosneft's rapid development in recent years has created enormous potential for sustainable growth and scheduled implementation of strategic tasks, founded on a unique resource base, highly qualified personnel and an efficient system of innovative development.

Main Strategic Priorities

Sustainable growth of oil production

Rosneft has set itself the goal of sustainable increase of oil production, assuming that the macroeconomic climate remains favorable and that the tax system is optimal.

Growth of output in the short and medium term will be determined mainly by fields in Eastern Siberia, which is a new and promising region of oil production for the Company. In 2008 the Verkhnechonskoye field in the north of Irkutsk Region was brought into commercial production through collaboration with TNK-BP, and in 2009 Rosneft launched commercial oil production at the Vankor field, development of which represents the largest project of its kind in Russia for the last 25 years. Development of the Yurubcheno-Tokhomskeye field is to begin in the near

future. Production from these fields will fill the Eastern Siberia – Pacific Ocean trunk pipeline, enabling Russia to diversify its oil deliveries and substantially broaden its presence on the Asia-Pacific market.

The Company's traditional production regions, such as Western Siberia and Central Russia, still have much potential and will remain of fundamental importance in the medium term, particularly in view of potential for increasing recovery rates through application of new technologies.

Long-term production growth by Rosneft will depend on projects in Eastern Siberia and the Far East, as well as projects on the shelves of Russia's southern seas (Black, Caspian and Azov). 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. Commercial reserves discovered at these areas will enable the Company to create a major new oil production hub. In the future yet another production hub could be formed by the Verkhnechonskoye and Yurubcheno-Tokhomskeye fields, together with other license areas immediately adjacent to them. The most promising Company areas are located on the Black Sea shelf, and the first exploration well could be drilled there in 2011.

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. The Sakhalin projects offer unique experience in development of challenging shelf fields, which Rosneft will be able to put to good use in future projects for development of (as yet unallocated) resources beneath the Arctic shelf.

Commercialization of gas reserves

Rosneft has over 800 bln cubic meters of proved gas reserves by international classification, of which only 21% are currently being developed. Therefore, development



The Eastern Siberia — Pacific Ocean trunk pipeline will enable Russia to diversify its crude oil deliveries and substantially broaden its presence on the Asia-Pacific market

in the gas sector and commercialization of reserves are among priority tasks for the Company.

Rosneft has the potential to increase annual output of gas to more than 55 bln cubic meters. Most of the growth should be at the Kharampurskoye field in Western Siberia, where 46% of the Company's proved gas reserves are concentrated.

The goal of commercializing gas reserves is also supported by the Company's ongoing program for raising utilization levels of associated gas to 95%, which is also necessary in order to meet requirements of incoming Russian legislation.

Refining & Marketing development

Rosneft's main priority in the refining & marketing segment is to ensure steady growth of quantitative and qualitative indicators, and to match the latest standards for product quality.

The Company is systematically implementing large-scale programs of refinery modernization to achieve greater refining depth and raise the quality of refined outputs. Modernization will enable more complete and efficient use of hydrocarbons, greater value-added from petroleum products, ensure that fuel outputs meet the latest environmental stan-

dards (Euro-4 and Euro-5), as well as expanding the range of products.

Rosneft's biggest refining project is expansion of annual capacities at the Tuapse Refinery to 88 mln barrels of oil and increase of its refining complexity.

The Company's strategic goals are to produce engine fuels which meet Euro-5 standards, to raise the light product yield to at least 75% by 2015, and to increase annual refinery throughputs.

To take advantage of vertical integration, Rosneft is constantly expanding, optimizing and modernizing its network of filling stations and is also developing new businesses (bunkering and aircraft refueling).

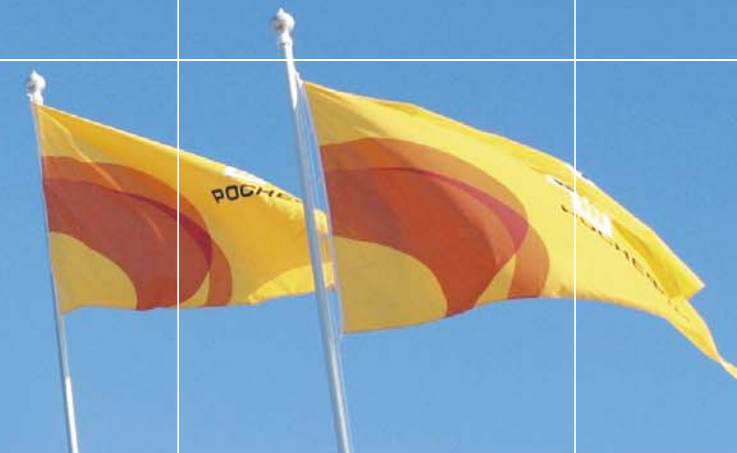


The Company sold 3.67 mln tonnes of petroleum products through its retail network in 2009. Average daily sales per filling station were 8.0 tonnes.

Performance
Review

Scaling the Heights

РОСНЕФТЬ



Licensing

In Russia, exploration and production of natural resources requires a subsoil license, as well as the right (ownership, lease or other right) to use the land plot where such a licensed field is located.

A license holder has the right to develop and sell crude oil and natural gas extracted from a licensed area. The Russian Federation, however, retains ownership of all subsoil resources and the license holder only has rights with respect to the crude oil and natural gas when extracted.

Licensing regulations and the terms of licenses require the Company to comply with numerous industrial standards, employ qualified personnel, maintain certain equipment and a system of quality controls, retain insurance coverage, monitor operations, make appropriate filings and, upon request, submit specified information to licensing authorities.

There are several types of prospecting, exploration and production licenses, including:

- licenses for geological exploration and assessment within a licensed area (which is defined in terms of latitude, longitude and depth)
- licenses for production of natural resources within a licensed area
- combined licenses for exploration, assessment and production of natural resources within a licensed area.

Subsoil licensing is regulated primarily by the Subsoil Law. Prior to January 2000, exploration and assessment licenses were issued for a maximum term of five years, production licenses had a maximum term of 20 years, and combined exploration, assessment and production licenses were granted for a maximum term of 25 years.

After amendment of the Subsoil Law in January 2000, exploration licenses have a maximum term of five years; production licenses are generally granted for the

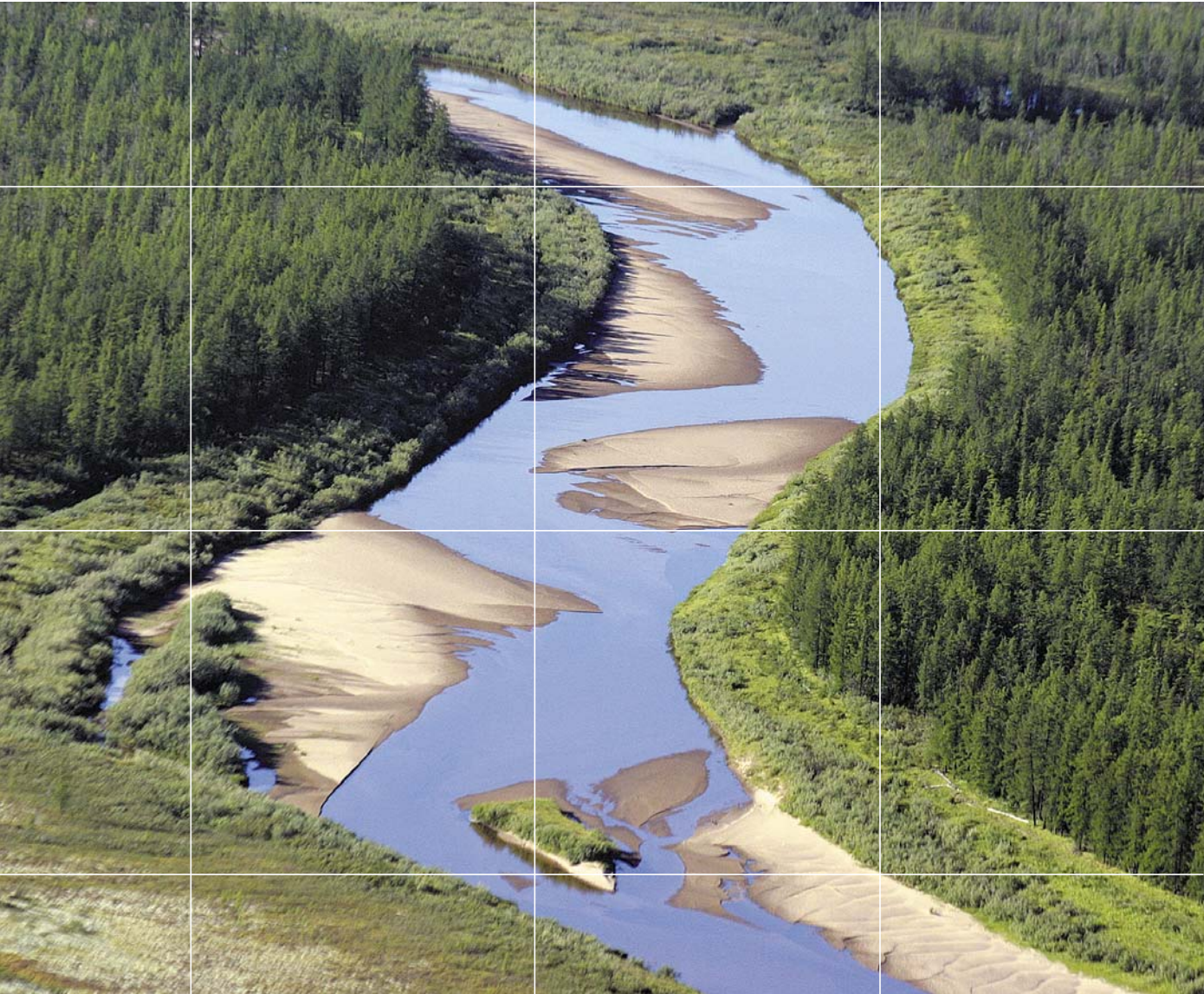
term of expected field life based on a feasibility study, except under certain circumstances in which a license may be issued for one year; and combined licenses are issued for the term of expected field life based on a feasibility study. These amendments do not affect the terms of licenses issued prior to January 2000, and permit licensees to apply for extension of such licenses for the term of expected field life, provided the holder complies with the license terms.

The Subsoil Law permits a licensee to request extension of a production license to continue production at the licensed field to the end of its economic life or to vacate the respective land plot once production operations are finished, provided the licensee complies with the license terms and applicable regulations. To amend any condition of a subsoil license, including extension provisions, a subsoil user has to file an application with federal authorities. Rosneft believes that its production licenses will be extended upon, or prior to, their expiration. However, if the Russian Government determines that the Company fails to comply with the terms of any of its licenses, it may resolve not to extend Rosneft's mineral licenses.

If a subsoil user fails to comply with its license obligations, the license may be terminated by government authorities upon prior notification. However, if a subsoil licensee fails to meet deadlines or achieve exploration and/or production volumes as stipulated by a particular license due to material changes in circumstances, it may apply to amend the relevant license terms, though such amendments may be rejected by regulatory authorities.

In case of license expiration or early termination of subsoil use, all production infrastructure facilities in the respective licensed area, including underground facilities, must be removed or abandoned. In accordance with applicable regulations, all exploration, production and storage facilities must be properly

Prospective hydrocarbon reserves at fields in Eastern Siberia have great promise for Rosneft



maintained to ensure safety to human life, the environment, and public infrastructure. Abandonment also implies shutting down the relevant oil field as well as extraction, production and storage facilities. Rosneft's estimates of future abandonment costs are based on current regulatory and licensing requirements as well as on relevant historical data. A major portion of these costs are expected to be incurred in the long run and will be funded by Rosneft in due course.

As of December 31, 2009 Rosneft, its subsidiaries and dependent companies held 538 licenses for geological study, exploration and production of hydrocarbons. Most of the Company's production licenses will remain current until 2013–2044.

Rosneft has been working in recent years to secure further extension of licenses for its major fields. By the end of 2009 licenses for 48 of the Company's main

fields had been further extended for 25 years, and the license for the Priobskoye oil field (the Company's biggest) is now current through 2044.

Rosneft is a highly conscientious user of subsoil resources, strictly observing all of its license commitments. Agencies responsible for supervision and control of subsoil resource use carried out 7 checks at Company production subsidiaries during 2009 to verify observance of license obligations and environmental protection commitments. Materials to this effect were prepared and submitted to supervisory agencies for joint review. As of the end of 2009, supervisory agencies had raised issues in respect of four licenses for hydrocarbon production in Stavropol Territory, on the grounds of insufficient output levels compared with planned indicators. These issues were resolved in the first quarter of 2010.

Steady expansion of the exploration and production project portfolio through acquisition of new licenses in strategically important regions is an integral part of Rosneft's long-term development strategy. During 2009, the Company continued to monitor auction sales of license areas and took part in auctions for the most promising and strategically important areas.

In 2009, the Company won 6 auctions for rights to carry out geological studies, exploration and production of hydrocarbons at license areas including the North-Kolendinsky area (Sakhalin Region), Labagansky area (Nenets Autonomous District), and four areas in Samara Region. The biggest acquisition was of a license for the Labaganskoye field, for which the Company paid RUB 2.6 bln (USD 82 mln). The field is located in the north of Timan-Pechora, 100 km from the Val Gam-

burtsev fields, which are already being developed by Rosneft. Labaganskoye field was discovered in 1978 and has estimated ABC1 recoverable reserves of 168 mln barrels of oil under Russian classification. Geological reserves are 723 mln barrels.

In September 2009, the Company obtained a license for exploration and production of oil following discovery of a field at the Kirgizovskiy area in Samara Region.

In the second half of 2009, Rosneft obtained two prospecting licenses for geological work to seek and assess hydrocarbon deposits at the Salyukinsky area (Republic of Komi) and the Gudautskiy area (Republic of Abkhazia).

In 2009, a total of 9 prospecting licenses for areas without commercial potential expired and were returned without extension. These included areas in Yamal-Nenets Autonomous District (Kypakynskiy and Lavchikhinskiy), Krasnoyarsk Territory (Lebyazhy, Nizhnebaikhskiy, Sovetskoy, Polyarny and Peschany), Samara Region (Kasatkinskoy) and on the shelf of the Sea of Okhotsk (East-Schmidtovskoy).

The Company took various steps to update the status of its license portfolio during 2009:

- The duration of 17 licenses for hydrocarbon production was extended for 25 years;
- 161 applications for amendments and additions to existing licenses were prepared and filed with federal and territorial agencies with responsibility for subsoil use, of which 41 were for postponement of exploration work schedules, 55 for license extensions and 65 for actualization of licensing agreements.

Geological Exploration

Rosneft puts much emphasis on volume and efficiency of prospecting and exploration work in order to replace hydrocarbon production with new commercial reserves and to ensure sustainable growth of production in the medium and long term. The Company carries out geological exploration in Russia and abroad both independently and as part of joint projects with Russian and foreign partners.

Rosneft's active participation in numerous exploration projects ensures access to considerable prospective resources, which will be the foundation for the Company's long-term development. According to the mean estimate by DeGolyer & MacNaughton, prospective recoverable resources in upstream projects with Rosneft involvement were over 47 bln barrels of oil equivalent as of the end of 2009.

Substantial amounts of prospecting and exploration drilling and extensive seismic studies were carried out during 2009 in projects with Rosneft participation, in accordance with license terms. Exploration expenses of Rosneft's subsidiaries totaled USD 325 mln. Exploration drilling was 61,400 meters, 2D seismic exploration was 6,641 linear km, and 3D seismic work was 3,234 square km. The lower volumes of exploration works in 2009 compared with 2008 reflect particularities of work schedules stated by

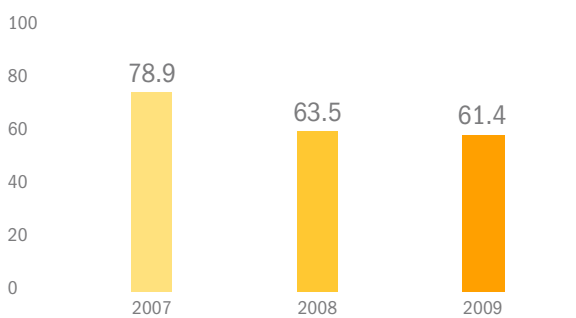
license agreements as well as cost optimization by the Company. A total of 29 prospecting and exploration wells were completed. Prospecting and exploration drilling by the Company led to the discovery of 5 fields and 9 new deposits at previously discovered fields.

Geological exploration work and production drilling gave increases of ABC1 reserves (under Russian classification) of 1.05 bln barrels of oil and gas condensate and 13.0 bln cubic meters of gas (1.03 bln barrels and 13.0 bln cubic meters, respectively, measured by Company stakes in projects). Most of the reserve growth was at fields in Western and Eastern Siberia.

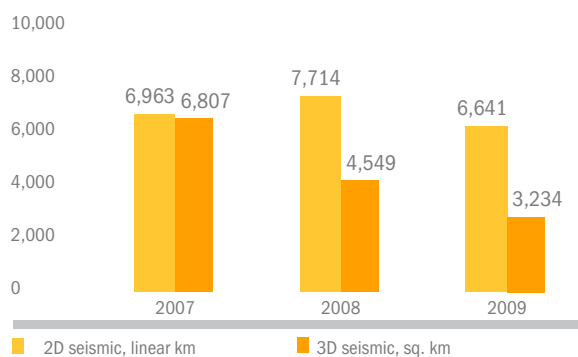
Substantial results from geological exploration work reflect an optimal combination of adequate 2D and 3D seismic studies, professional processing and interpretation of seismic data, and careful positioning of exploration wells.

Priority regions for Rosneft with respect to growth of resource potential are Eastern Siberia, the shelves of Russia's southern seas (the Black, Caspian and Azov Seas) and the ocean shelf in the Far East of Russia. The Company is also carrying out geological exploration work in its

EXPLORATION DRILLING AT PROJECTS INVOLVING ROSNEFT (th. meters)



SEISMIC SURVEYING AT PROJECTS INVOLVING ROSNEFT (linear km; sq. km)



traditional oil producing areas: Western Siberia, the Volga Region, Timan-Pechora and the southern part of European Russia. In addition, Rosneft is taking part in promising foreign geological exploration projects in Algeria and Kazakhstan.

Western Siberia

In Western Siberia, Rosneft is carrying out geological exploration work in Khanty-Mansiysk Autonomous District (KhMAD), Yamal-Nenets Autonomous District (YaNAD) and Tomsk Region (work in Tomsk Region is being carried out by OJSC Tomskneft, which is a joint venture between Rosneft and the company Gazprom Neft).

A total 1,045 square km of 3D seismic study was carried out in KhMAD during 2009 in order to ascertain field structures, and 15 prospecting and exploration wells were drilled, of which 14 gave commercial oil flows. Testing of prospecting Chupalskaya well No.53b at the Chupalsky license area led to discovery of an oil field with 86 mln barrels of C1 and C2 recoverable reserves. Total reserve growth in KhMAD (including growth as a result of production drilling) was 527 mln barrels, of which 230 mln barrels at the Priobskoye field.

The volume of 3D seismic exploration work in YaNAD in 2009 was 317 square km. Previously drilled well No.4494 at the Komsomolskoye field was deepened in order to explore potential of lower geological horizons. Well testing is scheduled for 2010. Increase of C1 oil reserves in YaNAD as a result of geological exploration work and production drilling was 55 mln barrels.

3D seismic exploration work in Tomsk Region totaled 233 square km in 2009. Exploration well No.233 at the Krapivinskoye field was drilled, tested and found to be productive, giving an increase of 34 mln barrels of C1 oil reserves. The overall increase of C1 oil reserves in Tomsk Region was 53 mln barrels.

Eastern Siberia

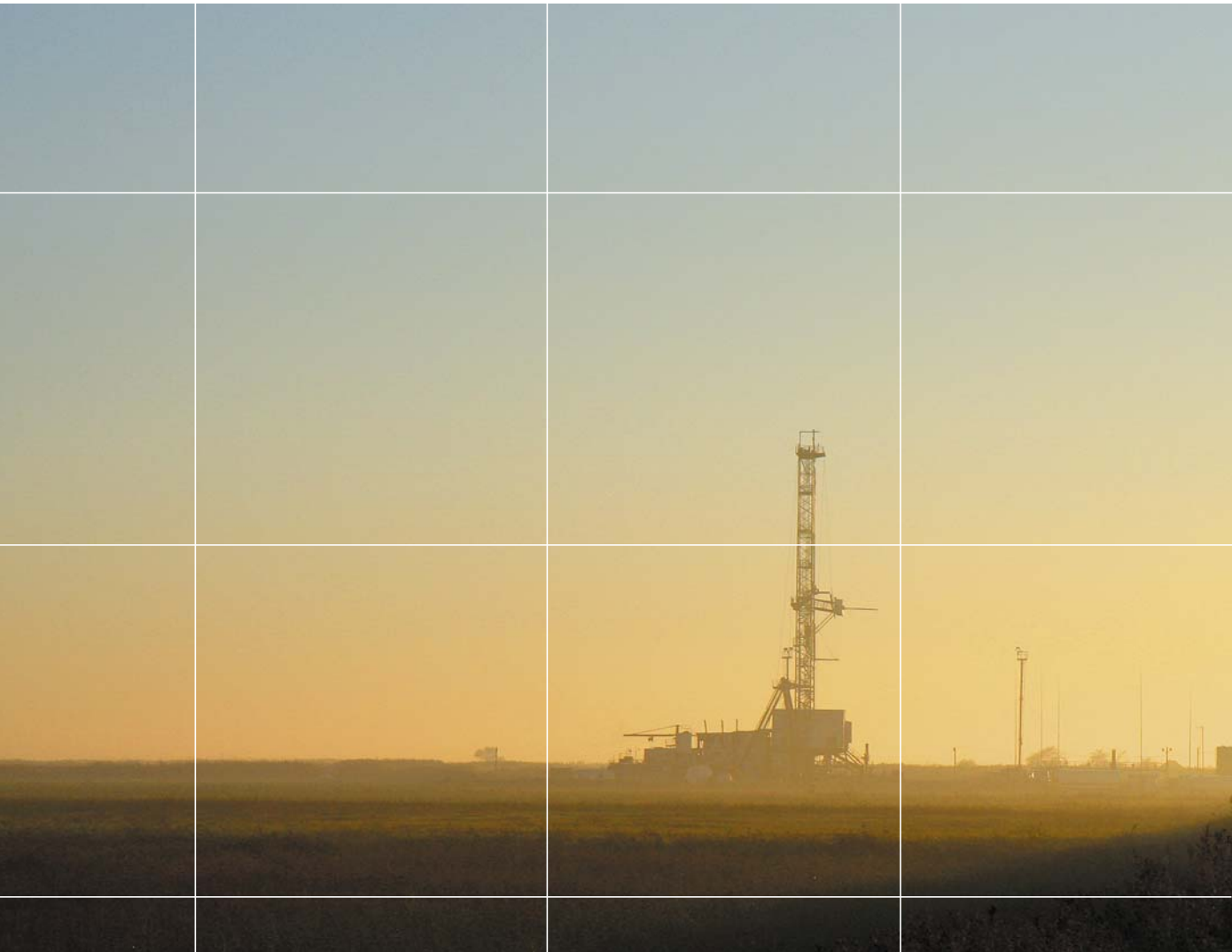
Eastern Siberia is the key region for Company development in the medium and long term, and has decisive significance for an increase of Rosneft's reserves.

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. The Vankor field, which has particularly large potential, was brought into commercial production in 2009. Pilot production continued at the Yurubcheno-Tokhomskoye field, where construction is due to start in the near future.

Geological exploration work at license areas in the north of Krasnoyarsk Territory, adjacent to the Vankor field, is of great significance for increasing the Company's resource base. Rosneft had 14 such areas at the start of 2009. It was concluded in the course of the year, based on the results of geological studies carried out earlier, that 5 of these areas (Lebyazhy, Nizhnebaikhsky, Peschany, Polyarny and Sovetsky) offered no commercial prospects, and their licenses were surrendered back to the government. Prospective recoverable resources at the remaining 9 areas are estimated at 2.5 bln barrels of oil. If commercial reserves are found at these areas, the infrastructure of the Vankor field will be used for their development, creating synergies and minimizing costs.

A new field was discovered in 2009 as a result of drilling and testing of prospecting well No.1 at the Baikalovsky area, on the right bank of the Yenisei river estuary, about 300 km north-east of the Vankor field. Total recoverable C1 and C2 reserves at the new field are 388.3 mln barrels of oil and condensate and 28.2 bln cubic meters of gas.

*Exploration drilling
at the Chumakovskoye field
in Krasnodar Region*



A new prospecting well, Baikalovskaya No.2, will be drilled at the field in 2010.

A total of 1,431 linear km of 2D seismic exploration work was carried out at license areas around the Vankor field in 2009, as well as 150 square km of 3D seismic work. In addition to Baikalovskaya well No.1, a first prospecting well was also drilled at the East-Lodochny license area, located alongside the Vankor area. Testing gave a commercial oil flow and it was established that the East-Lodochny area is a

continuation of the Vankor field. This, combined with results of production drilling, led to a reassessment of the extent and reserves of the Vankor field. ABC1 oil reserves grew by 295 mln barrels compared with the start of the year and reserves of gas by 6 bln cubic meters. The exploration stage at the field has been completed and only production drilling is planned for 2010.

Two structural wells were drilled at the Samoyedsky license area, on the Kystykhstakhskoye elevation,

for study and logging of the upper part of the section and to help locate a structural trap.

Geological exploration in the southern part of Eastern Siberia (Irkutsk Region and Evenkia) also has great importance for the Company. Fields in this region will provide a large part of the oil to fill the Eastern Siberia – Pacific Ocean pipeline, which is now under construction.

A total of 2,162 linear km of 2D seismic exploration work was carried out at the Company's license areas in Irkutsk Region in 2009.

Drilling of Mogdinskaya prospecting well No.6 in 2009 led to the discovery of a new field, which was named in honor of Nikolai Savostiyanov, who was head of the Chief Directorate of Oil Development and Field Geophysics (Glavneft-egeophysika) at the Ministry for the Oil Industry of the USSR from 1976 to 1990, and who was in charge of the Geophysics Department at Rosneft from 1993 to 1997. Recoverable C1 and C2 reserves at the field (Russian classification) are estimated at 1.19 bln barrels of oil, so it should be classed as strategic. A 550-meter horizontal borehole will be drilled from Mogdinskaya well No.6 in 2010 in order to study and assess potential for oil production at the field. Another prospecting well, East-Sugdinskaya No.1, was also drilled in 2009, but failed to find commercial reserves and was abandoned.

LLC Vostok Energy, which is a joint venture between Rosneft and the China National Petroleum Corporation (CNPC), carried out 593 linear km of 2D seismic exploration in 2009, including 345 linear km at the West-Chonsky license area and 248 linear km at the Verkhneichersky area. Drilling of a prospecting well at the West-Chonsky area is scheduled in 2010.

Far East

In the Far East, Rosneft is taking part in promising geological exploration projects, Sakhalin-3 (Veninsky area) and Sakhalin-5 (Kaigansko-Vasyukansky area). These projects are highly capital intensive and carry major geological risks, so they are being implemented together with foreign partners under specific agreements, which enable Rosneft to minimize its risks.

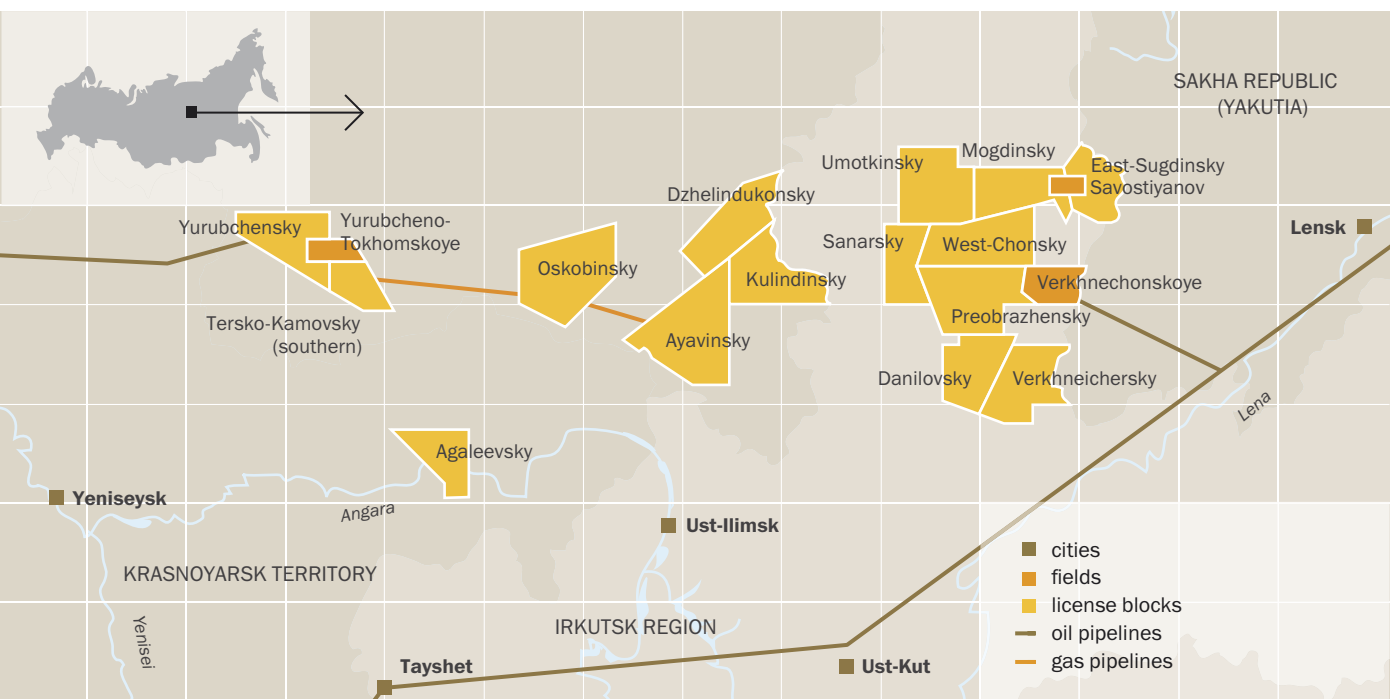
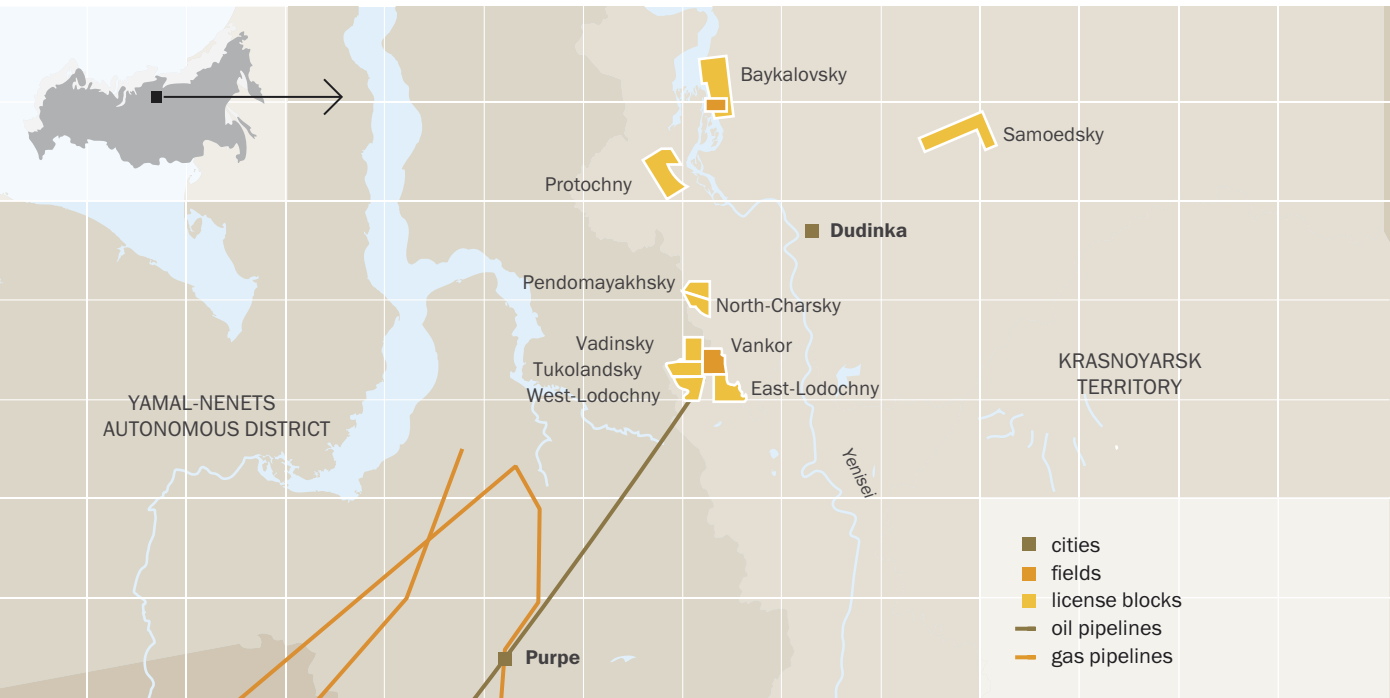
Drilling of North-Veninskaya well No.2 at the Veninsky area in 2009 enabled a more accurate estimate of reserves at the North-Veninskoye field, which was discovered in 2008 thanks to drilling of a first well. Russian C1 and C2 reserves at the North-Veninskoye gas condensate field are estimated at 34 bln cubic meters of gas and 20.7 mln barrels of condensate. Reserve confirmation is scheduled in 2010. Drilling of Veninskaya well No. 3 discovered the modestly-sized Novoveninskoye oil and gas condensate field, whose reserves will be assessed in 2010.

Seismic exploration work (235 linear km of 2D and 917 square km of 3D) was carried out at the Kaigansko-Vasyukansky license area in order to study coastal structures.

Based on analysis of data from drilling at the West-Schmidtovsky area (the license for this area has now expired) and of seismic data from the East-Schmidtovsky area drilling of exploration wells was abandoned at the East-Schmidtovsky area and the license surrendered.

A program for prospecting work at the Lebedinsky area, located on the shelf of the Sea of Okhotsk, was compiled in 2009. 3D seismic exploration is scheduled for 2010 in order to determine the best location for a well, drilling of which should begin in 2011.

Exploration projects of Rosneft in the Eastern Siberia



Exploration projects involving Rosneft in the Far East



South of European Russia

Rosneft is implementing several important projects in the southern part of European Russia: at the Tuapse Trough and West-Chernomorsky area (Black Sea shelf), North-Caspian project area (Caspian Sea shelf), and at the Temryuksko-Akhtarsky area (Azov Sea shelf). These projects are being implemented by the Company both independently and in partnership with other large Russian companies.

Work continued in 2009 as part of the Tuapse Trough and West-Chernomorsky projects to prepare for drilling of prospecting wells. These areas have huge resource potential (prospective recoverable resources are estimated at 14.5 bln barrels of oil), but their exploration requires major investments due to the considerable sea depths (1–2 km). Rosneft may seek partners to assist in implementation of these projects.

A 3D seismic survey was carried out on 43 square km in the North-Caspian area (the license is held

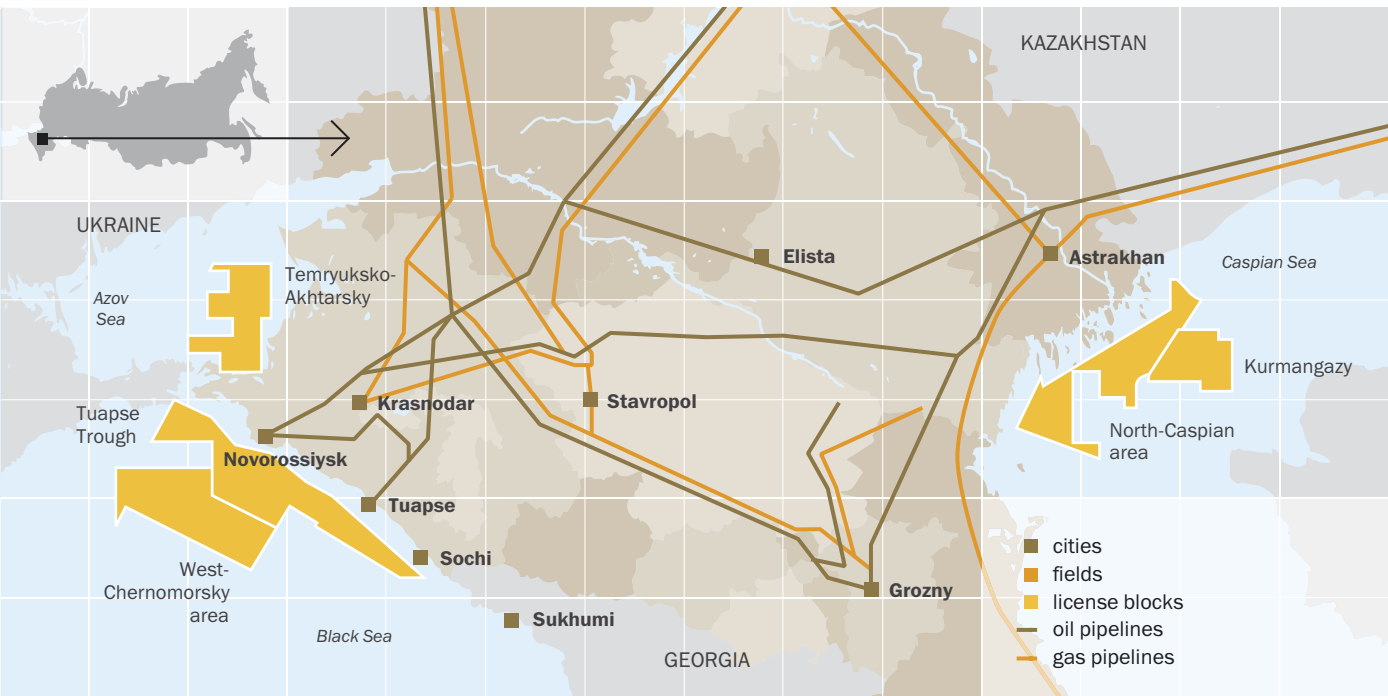
by the Caspian Oil Company) within the borders of the West-Rakushechnoye field, which was discovered in 2008, in order to ascertain the geological structure of the field and the best approach for its development. A prospecting and assessment well is to be drilled in 2010 at the Ukatnaya structure in the central part of the North-Caspian area.

In 2007, the Novoye field was discovered at the Temryuksko-Akhtarsky area in the Sea of Azov. Testing of a prospecting well drilled in 2008 at the Gelendzhikskaya structure failed to find commercial reserves of hydrocarbons. R&D work was therefore carried out in 2009 to prepare guidelines of further studies at the Temryuksko-Akhtarsky area.

International Projects

Rosneft is executing several major geological exploration projects outside Russia. These are Block 245-South in Algeria and Kurmangazy and the Aday block in Kazakhstan.

*Exploration projects
involving Rosneft on the
shelves of Russia's southern seas*



Rosneft drilled 6 exploration wells as part of the 245-South project in Algeria, where two oil fields (East and West Takuazet) and the North Tisselit gas condensate field had already been discovered. A flow of oil & gas was obtained by hydrofracturing at one of the wells at the East and West Takuazet fields. Estimation of reserves based on all geological exploration works carried out at the fields is scheduled for 2010.

A second well was drilled as part of the Kurmangazy project, but geophysical testing failed to find hydrocarbons and the well was abandoned. A geochemical survey was carried out at 900 points as well as 303 linear km of electrical exploration. Results were used

to develop a new geological model of the field and promising geological zones were identified for further study.

Processing and interpretation of 2D and 3D seismic data was completed as part of the Aday project. The results were used to create a geological model to clarify the geological structure of subsalt deposits in the northern part of the area and to choose a location for a prospecting well. Drilling of an exceptionally deep prospecting well (7,000 meters) to reach subsalt productive horizons at the Kyrykmergen structure is planned for 2011. Preparations for drilling will begin in 2010.

Reserves

In 2009, Rosneft confirmed its status as the largest publicly traded oil company in the world by volume of liquid hydrocarbon reserves. The Company increased its proved reserves under PRMS and SEC international classifications.

According to an audit by DeGolyer & MacNaughton, Rosneft's proved reserves by PRMS classification as of December 31, 2009 were 18,058 mln barrels of oil and 816 bln cubic meters of gas.

The Company's proved hydrocarbon reserves increased by 2.5% to 22,858 mln barrels of oil equivalent in 2009. Oil reserves grew by 2.1% and reserves of gas by 4.0%. The proved hydrocarbon reserve replacement ratio in 2009 was 163%, including 146% for oil reserves. As of the end of 2009, Rosneft had reserve life of 26 years, including 23 years for oil and 66 years for gas.

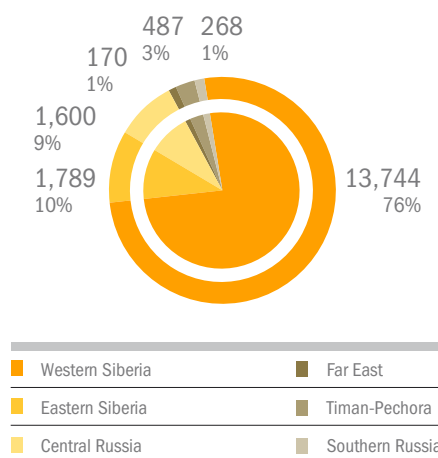
Company reserves are located both in traditional oil & gas producing regions (southern part of European Russia, Western Siberia, Central Russia) and in prom-

ising new regions (Eastern Siberia, the Far East, Timan-Pechora). About 76% of the Company's proved oil reserves are concentrated in Western Siberia, mainly in Khanty-Mansiysk Autonomous District, and about 10% 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 hydrocarbon reserves are conventional.

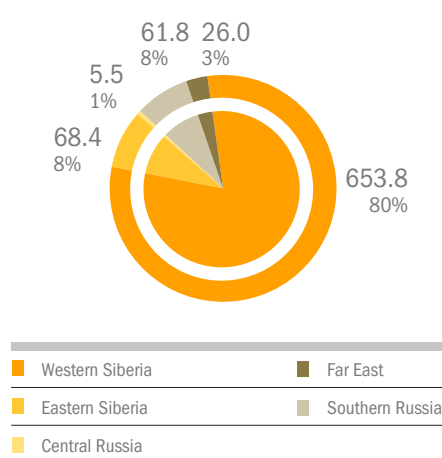
The Company also has large probable and possible reserves, which provide an excellent foundation for further growth of proved reserves. According to DeGolyer & MacNaughton, probable reserves of Rosneft by PRMS classification at the end of 2009 were 11,013 mln barrels of oil and 518 bln cubic meters of gas, while possible reserves were 8,420 mln barrels of oil and 450 bln cubic meters of gas.

DeGolyer & MacNaughton also carried out their regular SEC 'life-of-field' audit and found that proved SEC reserves were 13,931 mln barrels of oil and 207 bln cubic meters of gas.

PROVED OIL RESERVES, PRMS (mln barrels; %)



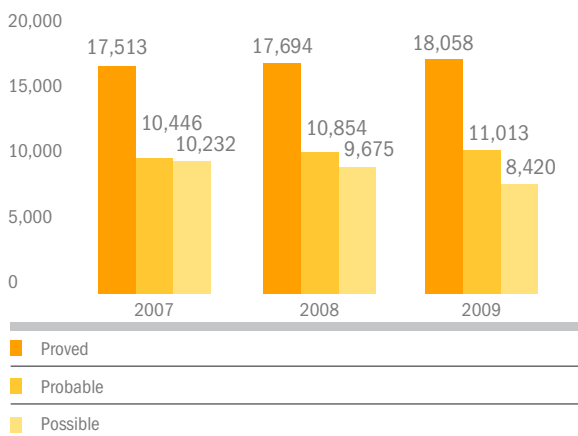
PROVED GAS RESERVES, PRMS (bcm, %)



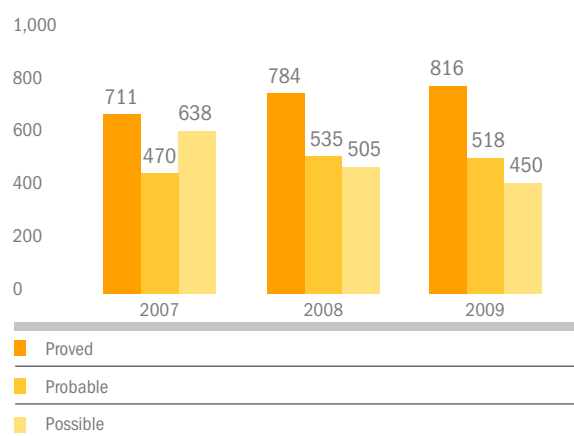
Well pad No. 4 at the Vankor field



OIL RESERVES, PRMS (mln barrels)



GAS RESERVES, PRMS (bcm)



Production

Company efforts in 2009 were focused on anti-crisis measures to optimize operating and capital expenses, and on launch of commercial production at the Vankor oil and gas condensate field. The Company continued to implement its program for improvement of energy efficiency.

Rosneft has twelve fully consolidated production and development enterprises, which produce crude oil in Western Siberia, Eastern Siberia, Timan-Pechora, Central Russia, the southern part of European Russia and in the Russian Far East. The Company also has a 20% stake in the Sakhalin-1 (accounted on proportionate consolidation basis). In addition, Rosneft participates in four production joint ventures (accounted on equity basis). Yuganskneftegaz and Purneftegaz in Western Siberia, and Samaraneftgaz in the central part of European Russia are Rosneft's most important production and development units, collectively accounting for 77% of total crude oil production in 2009.

Rosneft confirmed its status as the leading oil producer in Russia in 2009. The Company's crude oil output reached 796.4 mln barrels of oil and gas condensate (including 728.1 mln barrels by subsidiaries), which is 2.6% more than in the previous year. The increase was mainly driven by launch of the Vankor field, as well as by rapid development of Yuganskneftegaz and Samaraneftgaz fields.

Output of natural and associated gas rose in comparison with 2008 by 2.4% to a level of 12.7.

Company efforts in 2009 were focused on cost control, improving operating efficiency of producing assets, and bringing existing hydrocarbon reserves into production. Upstream production and operating expenses decreased by USD 545 mln in 2009 compared with 2008 and amounted to USD 2.57 per bbl produced and USD 2.34 per boe produced, compared with USD 3.41 per bbl produced and USD 3.11

per boe produced in 2008. The fall in operating expenses was due to the nominal depreciation of the rouble against the dollar by 21.6% year-on-year and to cost cutting initiatives.

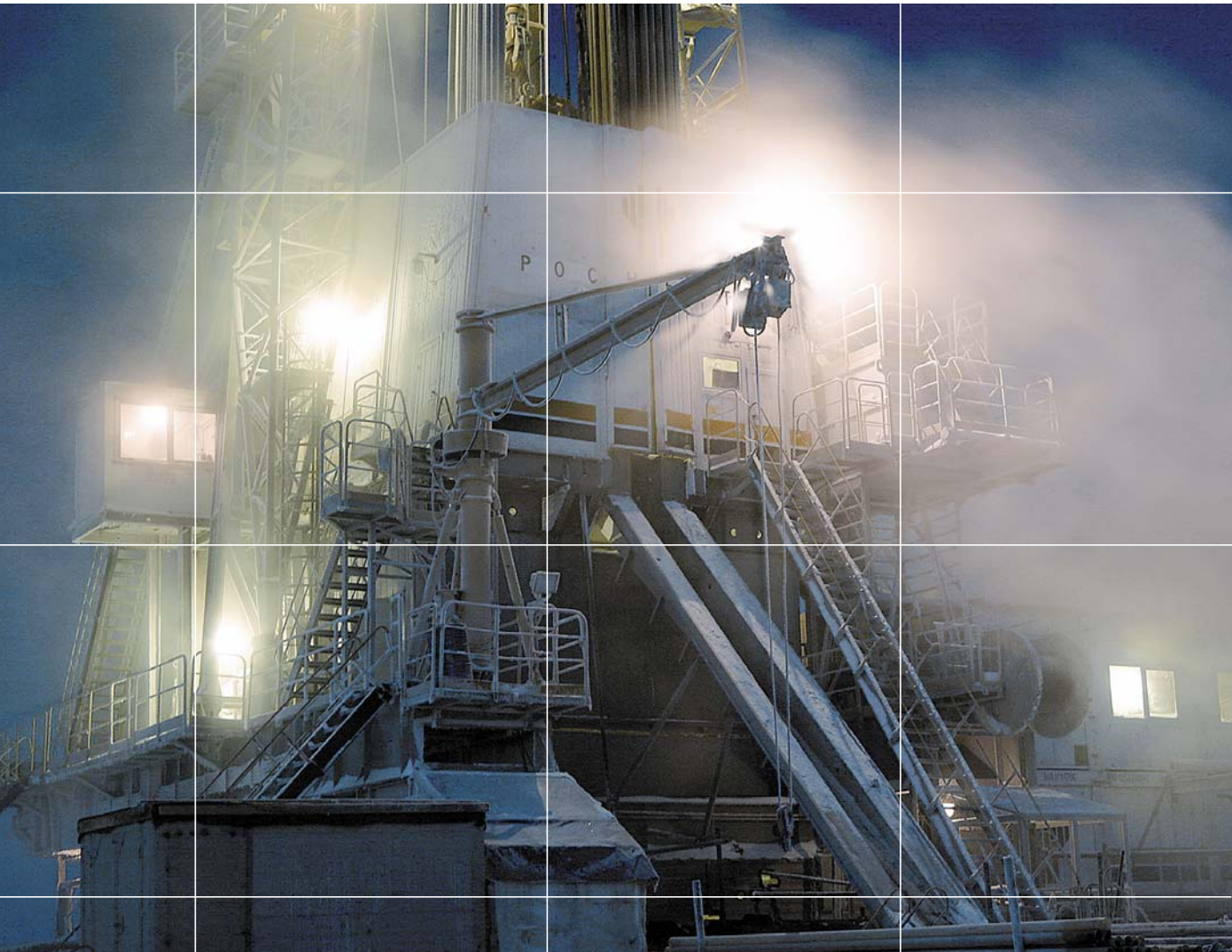
Production drilling by Rosneft subsidiaries (excluding the Sakhalin-1 project) was 2,278 th. meters in 2009. A total of 733 oil wells and 3 gas wells were completed and brought into production. Production from new wells was 77.3 mln barrels of oil and gas condensate and 0.5 bln cubic meters of gas. As of December 31, 2009 Rosneft subsidiaries had 17,576 wells producing oil and gas condensate. The decline in numbers from the end of 2008 was due to optimization works including mothballing of wells with low flow rates and high watercut. The Company's average daily flow rate per new production well was 652 barrels in 2009, and average flow rate for all production wells was 114 barrels, which is 8% more than in 2008.

Development costs of Rosneft's subsidiaries totaled USD 5,422 mln, down 15% year-on-year. The reduction was primarily due to nominal depreciation of the rouble against the US dollar. Costs of Vankor development accounted for a large proportion of total development costs.

Western Siberia

Khanty-Mansiysk Autonomous District (KhMAD)
Khanty-Mansiysk Autonomous District (KhMAD) is Rosneft's main operating region, and the Priobskoye field, which is located there, accounts for 31% of the Company's proved oil reserves and 31% of its production. Rosneft makes extensive use of the latest enhanced recovery methods in order to maximize production efficiency at fields in KhMAD (sidetracking, hydrofracturing, and control techniques through flooding). As a result the Company is able to sustain and raise production rates at fields in the region, which have high levels of depletion.

Drilling at the Vankor field

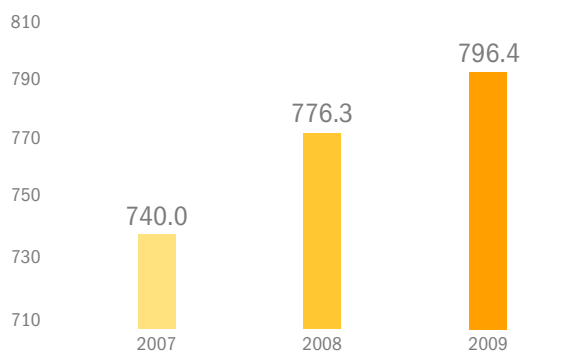


Rosneft continued to develop reserves in KhMAD according to plan during 2009. Production drilling by the Company in the region was 1,854 th. meters, exceeding the level in 2008 by 10.2%. The Company completed and commissioned 605 production wells. Average daily output from Rosneft's new wells in the region in 2009 was 475 barrels, which is nearly double the average for Russia. Average daily output at operating oil wells in the region remained at the level of 2008 (162 barrels). High productivity of wells and concentration of reserves enables successful control over unit production costs.

The Company produced 485.4 mln barrels of oil and 2.6 bln cubic meters of gas at its fields in the region during 2009, representing 61% and 21% of total Company output and exceeding indicators for 2008 by 1.1% and 36.5%, respectively. Substantial increase in production of marketable gas was due to achievement of planned capacity at Priobskaya Gas-compressor Station No.1.

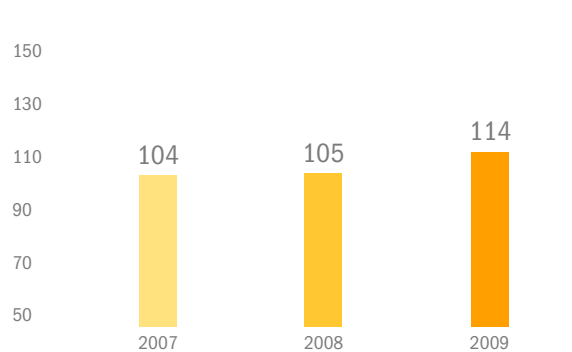
63% of oil produced by the Company in KhMAD during 2009 was exported and the remainder was sent for processing at Rosneft refineries or delivered under swap agreements.

CRUDE OIL PRODUCTION
(mln barrels)*



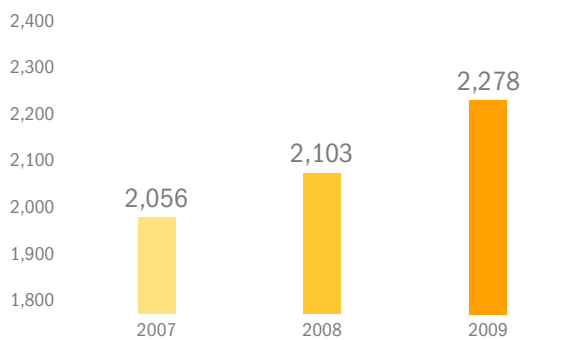
* Including share in production by affiliates.

AVERAGE FLOW RATE OF OIL WELLS
(barrels per day)*



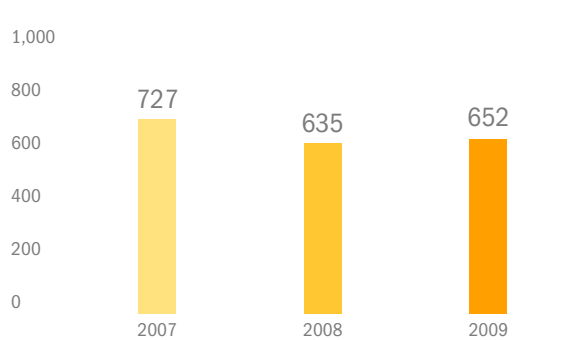
* Rosneft's subsidiaries excluding Sakhalin-1.

PRODUCTION DRILLING
(th. meters)*



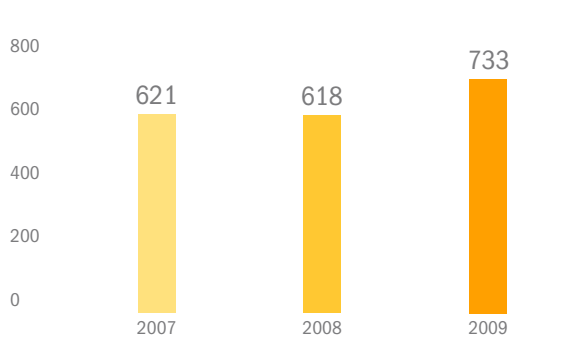
* Rosneft's subsidiaries excluding Sakhalin-1.

AVERAGE FLOW RATE OF NEW OIL WELLS
(barrels per day)*



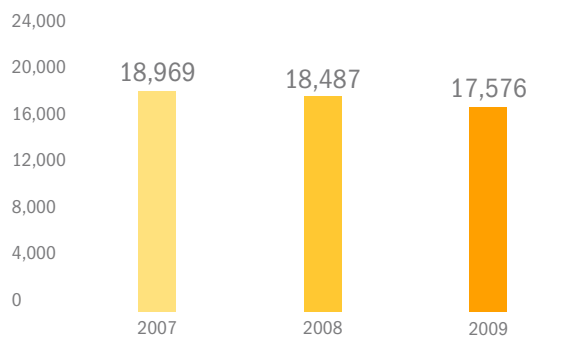
* Rosneft's subsidiaries excluding Sakhalin-1.

NEWLY DRILLED OIL PRODUCTION WELLS
(wells)*



* Rosneft's subsidiaries excluding Sakhalin-1.

OIL PRODUCING WELLS
(wells, as of year-end)*



* Rosneft's subsidiaries excluding Sakhalin-1.

Crude oil production in Udmurtia*Yamal-Nenets Autonomous District (YaNAD)*

Rosneft operations in the Yamal-Nenets Autonomous District in 2009 were mainly focused on improving 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 Komsomolskoye, Tarasovskoye, Barsukovskoye, and Kharampurskoye fields, which is conducive to cost-efficient field development and production.

Production drilling in the region was 38 th. meters, and 14 new production wells were completed and brought into operation. The Company produced 57.2 mln barrels of oil and gas condensate and 3.8 bln cubic meters of

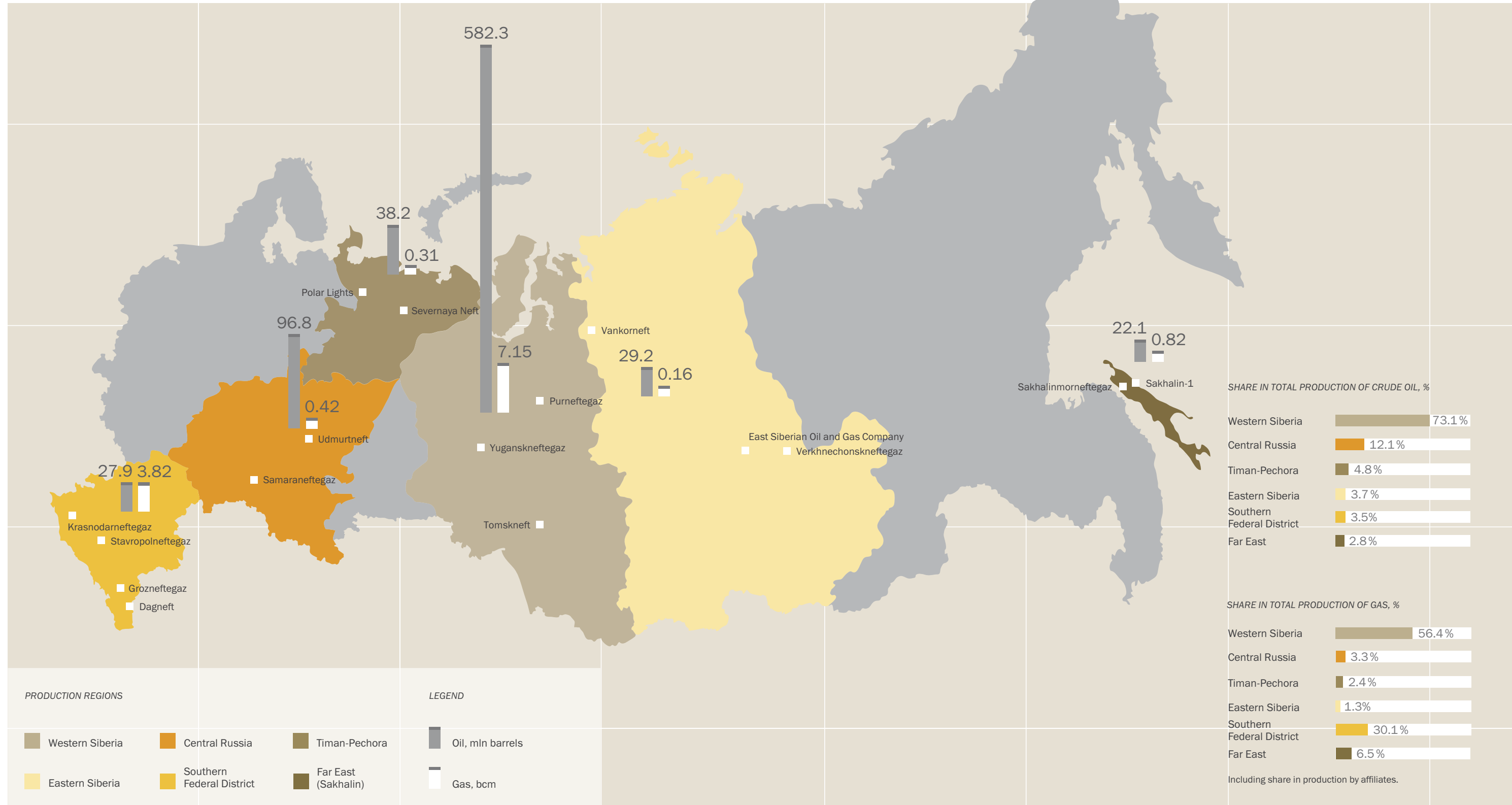
gas in YaNAD during 2009. About 66% of oil produced by Rosneft in the region was sent for refining at the Tuapse refinery, and most of the remainder was exported.

YaNAD is the main region of gas production for Rosneft, accounting for 67% of the Company's proved gas reserves and 30% of gas production in 2009. Implementation of programs to increase associated gas utilization at the Komsomolskoye field and fields of the Kharampurskaya group was continued in 2009, which will enable substantial increase in levels of gas production by Rosneft in YaNAD in the medium term.

Tomsk Region

The interests of Rosneft in Tomsk Region and partly in Nizhnevartovsk District of KhMAD are represented

Rosneft's Regions of Oil and Gas Production



Production drilling at the Odoptu field
as part of the Sakhalin-1 project



by OJSC Tomskneft, which is owned by Rosneft and OJSC Gazprom neft on a parity basis. Tomskneft is developing several mature fields with watercut above 80% (Sovetskoye, Oleniye, Chkalovskoye, Nizhnevar-tovskoye, 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 not far from

the region. Production at Tomskneft fields in 2009 was 79.5 mln barrels of oil and gas condensate and 1.5 bln cubic meters of gas (the Rosneft share was 39.8 mln barrels and 0.8 bln cubic meters, respectively).

Timan-Pechora

In the Timan-Pechora oil & gas province the Company subsidiary RN-Severnaya Neft is developing the Val Gamburgtsev fields and the Baganskaya group of fields located

in the Komi Republic and the Nenets Autonomous District. Production of oil and gas condensate in 2009 was 34.8 mln barrels and gas output was 0.3 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 is developing five fields of the Ardalinskaya group: Ardalinskoye, East-Kolvinskoye, Oshkotynskoye, West-Oshkotynskoye, and Central-Khoreiverskoye. Output by Polar Lights in 2009 was 6.7 mln barrels of oil, of which the Rosneft share was 3.3 mln barrels.

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

Far East

In the Far East Rosneft produces oil & 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 2009 was 22.1 mln barrels and gas production was 0.8 bln cubic meters, which is less than in 2008. The fall in output was due to natural exhaustion of reserves on Sakhalin as well as lowering of production levels in the Sakhalin-1 project in accordance with the project implementation schedule.

Production drilling began in 2009 at the Odoptu field as part of the Sakhalin-1 project. The field is scheduled for launch at the end of 2010.

Direct access to the Company's own refining capacities in Komsomolsk-on-Amur and the proximity of the large Asia-Pacific market ensure high economic efficiency of oil deliveries from Sakhalin. Crude oil produced at the Company's areas in the region is used to load the Komsomolsk refinery. All oil produced as part of the Sakhalin-1 project is exported.

Samara Region and the Republic of Udmurtia

The Company produced 73.8 mln barrels of oil and gas condensate and 0.4 bln cubic meters of gas in 2009 at fields in Samara Region. Despite high levels of depletion at developed fields, the region still has significant potential for expansion of the resource base and of production. OJSC Samaraneftgaz has shown yearly increases of production since it became part of Rosneft. Growth of production in 2009 was more than 5%. The geographical proximity of fields to Russia's biggest oil refining center ensures high economic efficiency of operations: all of the oil produced at the fields in 2009 was supplied to the Samara group of refineries, which are owned by Rosneft.

In the Republic of Udmurtia the production company OJSC Udmurtneft is under successful joint management of Rosneft and the Chinese corporation Sinopec. Rosneft's share in Udmurtneft is 49.5%. Output at the company's fields was kept constant in 2009 at 46.5 mln barrels thanks to application of the latest EOR methods. Rosneft's share in production 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 Territory and the Republic of Dagestan. Fields in the Southern Federal District, which is the oldest oil producing region in Russia, have the benefit of being located close to major Black Sea ports.

Production of oil & gas condensate in the Southern Federal District in 2009 was 27.9 mln barrels and gas production was 3.8 bln cubic meters. All of the oil produced was exported.

Eastern Siberia

Vankor field

Full-scale development of Eastern Siberia is a highly important strategic priority for Rosneft. In July 2009, the first oil intended for sale was supplied to preparation, pumping and transport units at the Vankor field, signalling the launch of commercial production at this field, which is the biggest in Eastern Siberia.

Production at Vankor in 2009 was in excess of 26.6 mln barrels of crude oil. Daily output levels had exceeded 210,000 barrels per day by the end of December.

Intensive work continued during the year on drilling over and field construction at Vankor. Production drilling in 2009 was 277 th. meters (double the level in 2008) and more than 100 wells were drilled. There were 71 oil wells in production at the end of the year.

[See page 14 of this Report for more detailed information about Vankor].

Verkhnechonskoye field

The Verkhnechonskoye field in Irkutsk Region, developed jointly by Rosneft and TNK-BP, entered commercial production in October 2008 and 2009 was the first full calendar year of production at the field. Oil production

at the field in 2009 was 8.6 mln barrels, of which the Rosneft share was 2.2 mln barrels or 25.94%.

A total of 38 new production wells were brought into operation during the year, and the number of wells in production at the end of the year was 59.

Until November 2009, oil from Verkhnechonskoye was transported via a section of the Eastern Siberia — Pacific Ocean (ESPO) pipeline operating in reverse. After the first section of the ESPO pipeline was commissioned, oil supplies began to be exported via the port of Kozmino.

Yurubcheno-Tokhomskoye field

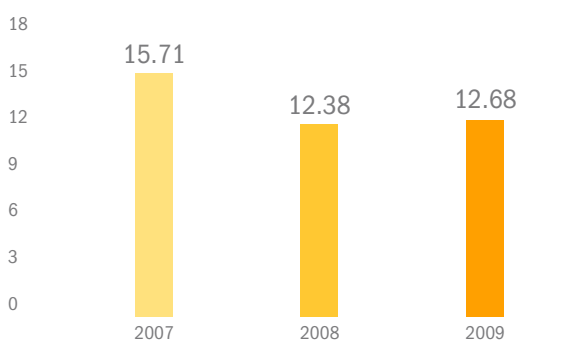
The Yurubcheno-Tokhomskoye oil and gas condensate field is located in the south-eastern part of Krasnoyarsk Territory. Seasonal oil production was carried out at the field in 2009 to provide for the Company's own needs and the needs of nearby communities. Due to its complex geological structure and lack of transport infrastructure, full-scale field development requires substantial investment and is therefore subject to tax benefits.

Rosneft plans to develop the field in several stages. In the preparatory stage production drilling will be started, necessary field infrastructure and a 600-km pipeline to Taishet (the starting point of the ESPO pipeline) will be built.

Program for Associated Gas Utilization

In 2009, Rosneft pressed ahead with its program for increasing the rate of utilization of associated gas. The first gas compression station at the Priobskoye field in Khanty-Mansiysk Autonomous District reached scheduled operating capacity, increasing useful application of associated gas by 700 mln cubic meters per year. General construction work at the first stage of the Priobskaya Gas-turbine Power Station was completed at the end of 2009, and installation and

GAS PRODUCTION (bcm)*



* Including share in production by affiliates.

Separator (part of oil&gas
group installation №58)
at LLC RN-Krasnodarneftegaz



start-up work began. The station will have 300 megawatt capacity and will use over 500 mln cubic meters of gas each year.

Construction work was also completed in December 2009 at the Tarasovskaya Gas-piston Power Station in Western Siberia. The station will have 54 megawatt capacity and will use about 80 mln cubic meters of gas each year.

Construction work was carried out at the Kharampurskoye and Komsomolskoye fields in the Yamal-Nenets Autonomous District in the framework of agreements

on sale of Emission Reduction Units (ERUs)* reached in 2008 between Rosneft, the World Bank and Carbon Trade & Finance SICAR S.A. (a joint venture between Dresdner Bank and OJSC Gazprombank). The scale of emission reductions at the Khasyreiskoye field in the Nenets Autonomous District was verified. Implementation of the agreements will partly reimburse investments made in programs for improving efficiency of associated gas use at these fields.

* ERUs are sold in accordance with the Kyoto Protocol. The Company can sell carbon gas ERUs, obtained from reduction of flaring of associated gas (as a result of measures to increase associated gas utilization).

Refining

Rosneft continued to pursue its projects for expansion and modernization of refining capacities in 2009 paying particular attention to cost optimization.

The Company has seven large oil refineries: Komsomolsk, Tuapse, Novokuibyshevsk, Syzran, Kuibyshev, Achinsk and Angarsk. Their total primary refining capacity is 391 mln barrels of crude oil per year. Rosneft also owns four mini-refineries (in Western Siberia, Eastern 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 4.4 mln barrels of crude oil, and most of their output is used for the Company's own needs. Company refineries have favorable geographical locations and their output is sold both inside and outside Russia.

The Tuapse refinery, located on the Black Sea coast, is the best-placed of all Company refineries, enabling 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

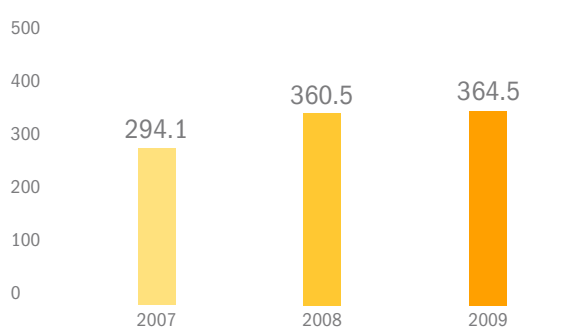
facilities for oil and petroleum products and access to the network of petroleum product pipelines and loading terminals on the Volga River enable export deliveries to the European market via railroad, pipeline and waterways.

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

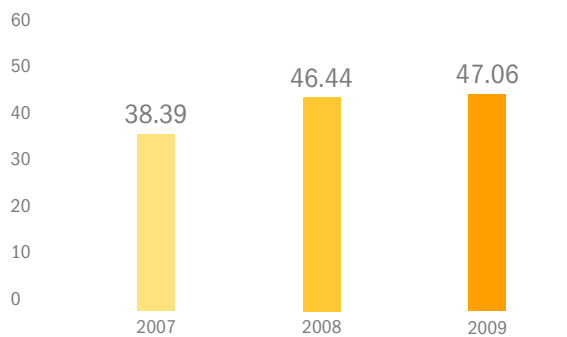
The Angarsk Polymer Plant, which is also part of Rosneft's operating structure, specializes in production of various petrochemicals (ethylene, propylene, polyethylene and pyrolysis tars). The plant's inputs are straight-run gasoline and hydrocarbon gases, mainly produced by the Angarsk petrochemical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

Rosneft has a fast developing lubricants business. Lubricants are produced at the Angarsk refinery, at the Novokuibyshevsk oils and additives plant, where the production cycle is linked with the Novokuibyshevsk refinery, and also by a specialized subsidiary, Rosneft Nefteprodukt Moscow, which produces a unique range of lubricants. Rosneft also has a spe-

REFINERY THROUGHPUT (mln barrels)



PETROLEUM AND PETROCHEMICAL PRODUCT OUTPUT (mln tonnes)



Hydrogen production unit
at the Kuibyshev refinery



cialized 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 ordinary motorists.

Rosneft also owns two gas-processing plants, Neftegorsky and Otradnensky, both located in Samara Region, with a combined annual capacity of 1.9 bln cubic meters of gas. The plants prepare, compress and process associated gas extracted nearby. They produce dry stripped gas, which is fed into the Gaz-

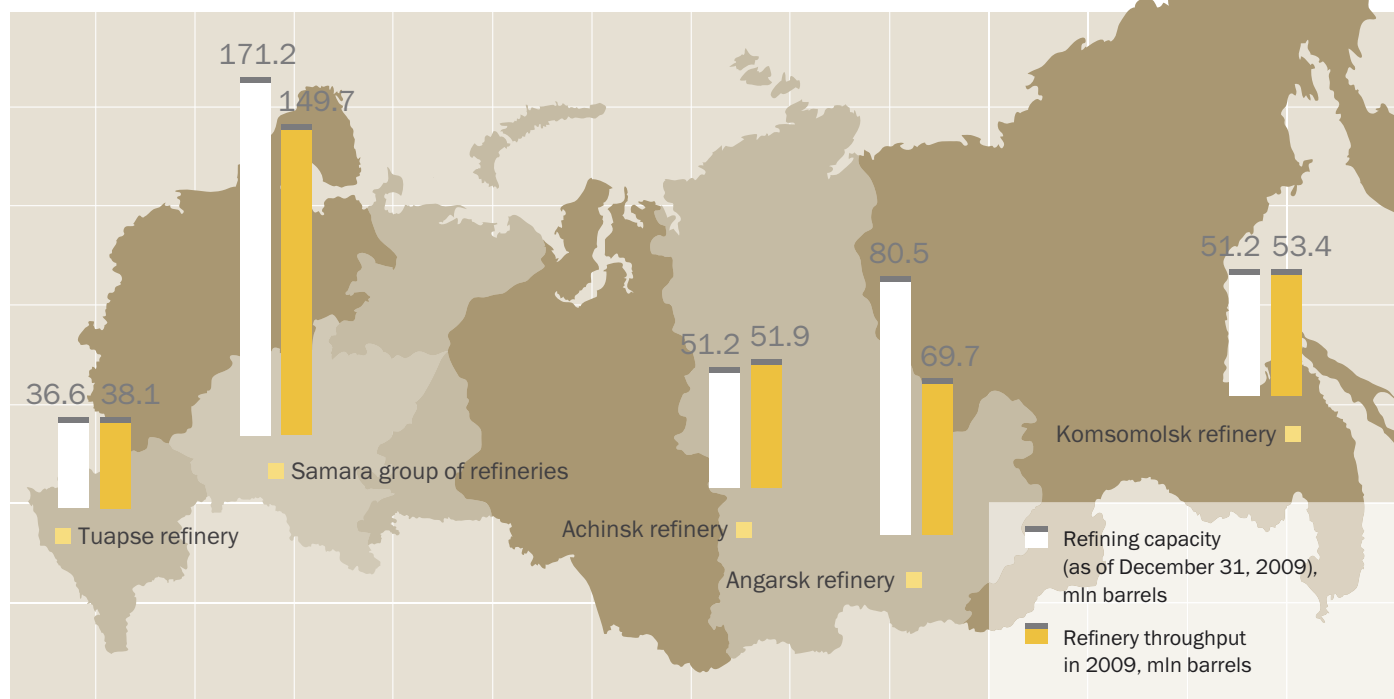
prom pipeline system, as well as light hydrocarbon fractions, ethane fraction and technical sulphur.

Results in 2009

Company refineries, including mini-refineries, processed 364.5 mln barrels of oil in 2009, which is 1.1% more than in 2008. The growth resulted from throughput increase at the Achinsk and Kuibyshev refineries. Utilization of refining capacity exceeded 90% and light product yield was 57.3%. Overall output of petroleum products rose to 47.1 mln tonnes, including outputs from the Angarsk Polymer Plant and the Novokuibyshevsk oils and additives plant.

Following successful integration of refining capacity acquired in 2007, Rosneft has focused on refinery modernization and efficiency improvements. The aim in many such projects is to ensure compliance with Russian technical regulations defining main standards for

Rosneft's Refineries



petroleum products which 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.

Implementation of refinery modernization programs continued in 2009, both through reconstruction of existing processing units and construction of new ones. Equipment that is being rebuilt or newly installed includes: reforming, isomerisation and alkylation units for production of high-octane gasoline components; catalytic cracking units for production of high-quality gasoline components and for increase of refining depth; hydrocracking units for production of high-quality diesel and jet fuel components, and for increase of refining depth; and hydrotreatment units (to ensure that requirements of the new Russian technical regulations on sulphur content in products are met).

The first of these units were commissioned in 2009 and will increase Company output of fuels to Euro-3 and Euro-4 standards in 2010.

Work continued in 2009 on capacity enlargement at the Tuapse refinery. A total of USD 635 mln was spent in 2009 to finance investments at Company refineries, which is 21% more than in 2008.

Komsomolsk Refinery

The Komsomolsk refinery has been part of Rosneft since the Company's establishment. Located in Komsomolsk-on-Amur in the Khabarovsk Region of the Russian Far East, the refinery has access to Western Siberia and Sakhalin crude. The Sakhalinmorneftegaz pipeline connects the Komsomolsk refinery to the Sakhalin fields. Crude oil from Western Siberia is delivered via the Transneft pipeline and then by rail.

Petroleum products from the Komsomolsk refinery are distributed in the Russian Far East by rail and road, and are also transported by rail for further export via sea terminals, including Rosneft's reloading facilities at Nakhodka and the third-party Vanino sea terminal. The refinery is Rosneft's key supplier of petroleum products to wholesalers in the Russian Far

East, as well as to the regional network of proprietary filling stations.

Processing at the Komsomolsk refinery in 2009 totaled 53.4 mln barrels (7.30 mln tonnes), which is marginally more than in 2008. Capacity was fully loaded and petroleum product output was 7.12 mln tonnes.

A series of measures for cost reduction were implemented at the refinery in 2009, and results included reduction of fuel consumption from 2.89% of overall refinery throughput in 2008 to 2.76% in 2009.

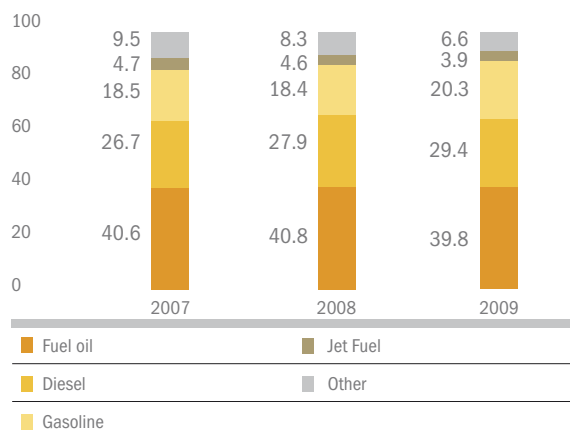
Work was carried out on installation of a delayed coking facility. The facility will be commissioned in 2010 and will increase refining depth to 75% from 60.6% in 2009. Work also continued on design of a hydrocracking facility, which will increase refining depth to 95% and enable production of Euro-4 and Euro-5 engine fuels. Reconstruction work was carried out on existing primary refining units in order to boost refining efficiency and provide inputs for the new facilities. Primary refining capacity at Komsomolsk will be increased to 58.5 mln barrels (8 mln tonnes) per year.

The Company pursued upgrading work on the catalytic reforming unit at the refinery to meet requirements of the Russian technical regulations on fuel quality. Decision was taken to install a second line on the isomerisation unit for production of Euro-4 and Euro-5 gasoline.

The Komsomolsk refinery secured 10 awards for the high quality of its petroleum products at the All-Russian Competition, '100 Best Russian Products'. The refinery was also awarded the title 'Best oil refinery/ petrochemical plant in Russia and the CIS in 2009' at the industry round-table, 'Oil refining and Petrochemicals in Russia and the CIS'.

Capital expenditures at the Komsomolsk refinery were USD 92 mln in 2009.

STRUCTURE OF PETROLEUM PRODUCT OUTPUT
AT KOMSOMOLSK REFINERY (%)



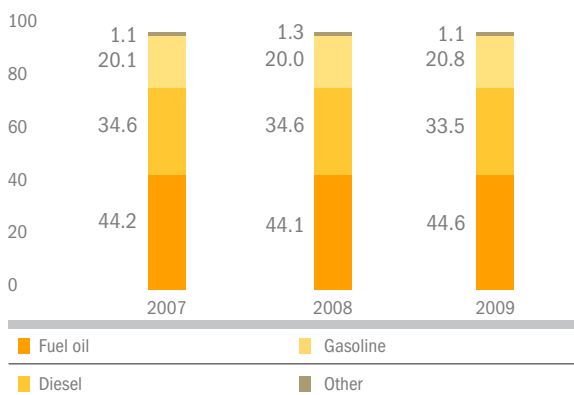
Tuapse Refinery

The Tuapse refinery is located in Krasnodar Region, and has been part of Rosneft since the Company's establishment. It is the only Russian refinery on the Black Sea coast and a major crude oil processing center in Southern Russia. The refinery has access to crude oil from Western Siberia, which is delivered via the Transneft pipeline system, and to crude produced in southern Russia and delivered via the Transneft pipeline system and by rail. Approximately 90% of petroleum products from the refinery are exported through Rosneft's own terminal in Tuapse, while the rest is sold domestically by the Company's marketing units.

Processing volumes at the Tuapse refinery in 2009 were 38.1 mln barrels (5.21 mln tonnes), almost equaling the level in 2008. Production facilities were fully loaded and petroleum product output was 5.09 mln tonnes. Refining depth in 2009 was 55.3%.

Work was carried out in 2009 as part of the project for capacity expansion at Tuapse. The project should increase refining volumes to 88 mln barrels (12 mln tonnes) and raise refining depth to 95%, as well as ensuring that engine fuel produced at Tuapse meets Euro-4 and Euro-5 requirements.

STRUCTURE OF PETROLEUM PRODUCT
OUTPUT AT TUAPSE REFINERY (%)



The project consists of two stages (two schedules for commissioning of new equipment).

Building permission was obtained and work began in 2009 on first-stage facilities (desalination and atmospheric-vacuum distillation unit No. 12 with a section for hydrotreatment of naphtha, and general refinery installations).

Design work for the main second-stage projects was also carried out in 2009, including: units for hydro-cracking of vacuum gasoil and heavy coking gasoil mixtures; hydrotreatment units for diesel fuel; hydrogen, isomerisation and naphtha hydrotreatment units; catalytic reforming units; and equipment for production of sulphur.

Capital expenditures at the Tuapse refinery in 2009 were USD 208 mln, exceeding the 2008 level by 1.5 times.

Novokuibyshevsk Refinery

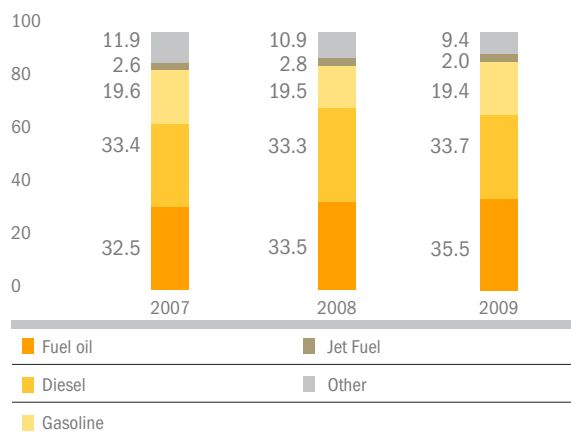
The Novokuibyshevsk refinery started operations in 1951. It is part of the Samara group of refineries acquired by Rosneft in 2007. A substantial part of crude feedstock comes to the refinery from Samaraneftgaz and Yuganskneftgaz.

The Novokuibyshevsk refinery processed 54.0 mln barrels (7.38 mln tonnes) of oil in 2009, which is almost equal to the level in 2008. Production of saleable products (including production by the Novokuibyshevsk oils and additives plant) amounted to 6.92 mln tonnes and refining depth was 75.3%.

Measures were put in place in 2009 to reduce irretrievable losses and fuel consumption at the refinery. As a result, irretrievable losses were reduced to 1.2% of refinery throughput from 1.3% in 2008 and fuel consumption was brought down from 7.9% to 7.8%.

In compliance with the Russian regulations on fuel standards, modules for immixture of additives to fuel and a hydrogen concentrator were installed at the refinery during 2009. The hydrogen concentrator will enable hydrotreatment of diesel and jet fuels using 100% pure hydrogen. As a result, from 2010 the refinery will significantly increase output of diesel fuel meeting the new regulations. Other work in 2009 included modernization of the existing isomerisation unit and construction of a block for separation of benzol fractions. Project documentation was compiled for a new catalytic reforming complex and the second stage of the isomerisation unit.

STRUCTURE OF PETROLEUM PRODUCT OUTPUT
AT SAMARA GROUP OF REFINERIES (%)*



* Including outputs by Novokuibyshevsk oils and additives plant.

Construction of a crude distillation unit at the Tuapse refinery



Completion of these projects will entail full changeover to production of gasolines meeting the requirements of Euro-3, Euro-4, and Euro-5.

Planned installation of a hydrocracking facility and reconstruction of the delayed coking unit at Novokuibyshevsk will enable production of Euro-4 and Euro-5 diesel fuel and raise light-product yield. Project work for these new facilities was carried out in 2009.

Outdated and depreciated catalytic cracking and reforming units will be decommissioned after modernization has been completed.

Capital expenditures at the Novokuibyshevsk refinery were USD 56 mln in 2009.

Kuibyshev Refinery

Construction of the Kuibyshev refinery began in 1943, and the first crude oil was processed at the refinery two years later. The plant is part of the Samara group of refineries acquired by Rosneft in 2007. The refinery specializes in production of high-quality gasoline and other fuels. A substantial part of crude feedstock is sourced from Rosneft's upstream units Samaraneftgaz and Yuganskneftgaz.

Isomerisation unit
at the Achinsk refinery



The Kuibyshev refinery processed 48.9 mln barrels (6.68 mln tonnes) of oil in 2009, which is 4.0% more than in 2008. Output of saleable petroleum products was 6.21 mln tonnes and refining depth was 57.7%.

Measures implemented in 2009 reduced irretrievable losses to 1.05% from 1.15% in 2008, and fuel consumption was lowered from 9.4% to 9.0%.

Thanks to preparatory work already carried out, Kuibyshev should be the first of the Samara group of refineries to complete its modernization program and will shift to production of Euro-3, Euro-4, and Euro-5 engine fuels at the earliest possible date.

A hydrogen production unit with a short-cycle adsorption block was commissioned in 2009, and will enable significant increase in 2010 of diesel fuel output meeting the Russian government's regulations for fuel standards. Further steps were taken for construction of fluid catalytic cracking facilities: permission for construction was obtained, equipment was selected and ordered, and some of the support facilities were built. Work also continued on expansion of visbreaking capacities and construction of a benzol-fraction separation block, and design work began for an isomerisation unit. All projects currently underway at the Kuibyshev refinery are intended to ensure compliance with government fuel regulations.

Capital expenditures at the Kuibyshev refinery in 2009 were USD 69 mln.

Syzran Refinery

The Syzran refinery was put into operation in 1942. It is part of the Samara group of refineries acquired by Rosneft in 2007. A substantial part of crude feedstock for the refinery is sourced from Samaraneftegaz and Yuganskneftegaz.

Oil processing at the Syzran refinery in 2009 totaled 46.8 mln barrels (6.40 mln tonnes) and marketable outputs were 5.98 mln tonnes. Refining depth was 65.5%.

Thanks to continued efforts in 2009, fuel consumption was lowered from 6.5% to 6.3% of overall refining volumes.

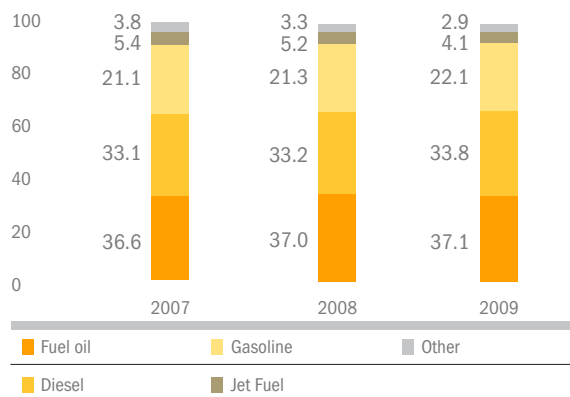
A hydrogen production unit with a short-cycle adsorption block was commissioned in 2009 to comply with government fuel regulations. In 2010 operations with the new unit will significantly raise output of diesel fuel that meets the new standards. Work also began on construction of an isomerisation unit and a block for separation of benzol fractions. These projects are scheduled for completion at the end of 2010.

Construction work on a unit for production of sulphuric acid using wet catalysis neared completion in 2009, and use of the new unit will reduce environmental impact from refinery operations. Design work also began for a new fluid catalytic cracking facility and a new unit for hydrotreatment of diesel fuel.

These measures will enable production of high-quality fuels to Euro-4 and Euro-5 standards.

Capital expenditures at the Syzran refinery in 2009 were USD 77 mln.

STRUCTURE OF PETROLEUM PRODUCT OUTPUT AT ACHINSK REFINERY (%)



Achinsk Refinery

The Achinsk refinery began operating in the 1980s, and is the only major producer of petroleum products in Krasnoyarsk Region. The refinery was acquired by Rosneft in 2007. A substantial part of crude feedstock for the refinery comes from Western Siberia.

The Achinsk refinery processed 51.9 mln barrels (7.10 mln tonnes) of oil in 2009, which is 4.8% more than in 2008. The growth reflects changeover of the refinery to a two-year operating cycle. Output of saleable products in 2009 was 6.79 mln tonnes and refining depth was 62.6%. Capacity load was in excess of 100%. The Achinsk refinery produces the largest quantity of Euro-3 and Euro-4 gasolines among all Rosneft refineries thanks to an isomerisation unit, which was commissioned in December 2007.

A comprehensive development project was underway at the Achinsk refinery in 2009 to increase light product yield and ensure compliance with the government's regulations on fuel standards. The aim is to make refinery outputs compliant with Euro-5.

The project includes construction of delayed coking and hydrocracking units, a second stage of the isomerisation unit, as well as a reforming unit, which will replace that currently in operation. Design and preparatory work was carried out in 2009.

Capital expenditures at the Achinsk refinery in 2009 were USD 54 mln.

Angarsk Refinery

The Angarsk refinery was commissioned in 1955. In 2007, the plant was acquired by Rosneft. A substantial part of feedstock for the refinery comes from Western Siberia. The Angarsk refinery provides 600–700,000 tonnes of naphtha annually as a raw material for the thermal decomposition unit of the Angarsk Polymer Plant.

A total of 69.7 mln barrels (9.53 mln tonnes) of oil were processed at the Angarsk refinery in 2009, which is equal to volumes in 2008. Saleable product output was 8.74 mln tonnes (including output from the Angarsk Polymer Plant) and refining depth was 75.5%.

Measures implemented in 2009 reduced irretrievable losses from 1.21% of refinery throughput in 2008 to 0.96% in 2009, and fuel use was reduced from 7.12% to 6.53% of throughput.

A comprehensive modernization program was implemented at the refinery in 2009 in order to achieve

compliance with government technical regulations for fuel. Construction work was carried out on an isomerisation complex, which is due to be commissioned at the end of 2010, and there was progress with design of alkylation and diesel fuel hydrotreatment units. Further plans include installation of a hydrotreatment unit for FCC gasoline, and a unit for production of methyl tertiary butyl ether.

Implementation of all these measures will enable production of high-quality fuels to Euro-4 and Euro-5 standards.

An assembly for immixture of additives was completed in 2009, and rebuilding work was carried out on a unit for production of sulphuric acid, to be used for processing of hydrogen sulphide (a by-product of hydrotreatment processes in production of diesel fuels and lubricants).

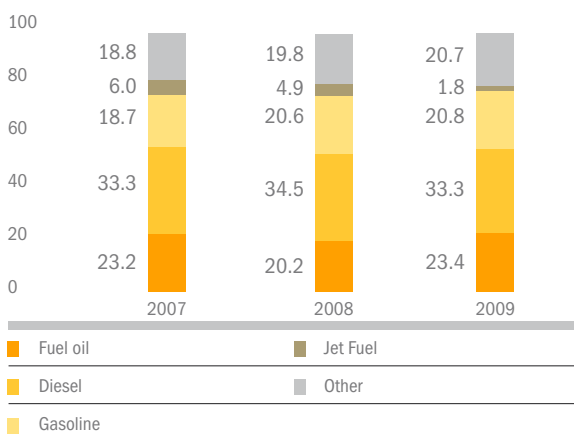
Capital investments at the Angarsk refinery in 2009 were USD 79 mln.

Angarsk Polymer Plant

The Angarsk Polymer Plant processed 650,000 tonnes of inputs and produced 413,000 tonnes of saleable products in 2009. Main outputs were ethylene (114,000 tonnes), propylene (66,000 tonnes), high-pressure polyethylene (58,000 tonnes), styrol (23,000 tonnes) and benzol (31,000 tonnes).

A modernization concept for the plant was designed in 2008 with assistance from Nexant, a leading petrochemicals consulting company. The program includes increasing the capacity of current ethylene and propylene units, installation of new units for production of polypropylene, low-density linear polyethylene and high-density polyethylene, as well as construction of facilities for intake of light hydrocarbon fractions, which will help to reduce feedstock costs. Work in 2009 included definition of plant configuration and choice of process licensors.

STRUCTURE OF PETROLEUM PRODUCT OUTPUT AT ANGARSK REFINERY (%)*



* Including outputs by Angarsk Polymer Plant.

Short-cycle adsorption unit
at the Novokuibyshevsk refinery



Production of Lubricants

The Company's lubricant plants produced 534,000 tonnes of lubricants, additives and other related products during 2009. Output of saleable lubricants was 452,000 tonnes. Rosneft was the second-largest producer of lubricants in Russia in 2009, proving strong growth in this business segment.

A program for development of lubricant production at Company plants was designed in 2009. The program envisages construction of a hydrotreatment unit for base oil components, optimization of lubricant blending and expansion of packaging facilities at the Novokuibyshevsk oils and additives plant. Development of lubricant production is also planned at the Angarsk refinery. The Company's

strategic task is production of high-quality base oils to replace imported base oils, currently used for production of internationally known lubricant brands.

Gas Processing

The Company's Neftegorsky and Otradnensky gas-processing plants processed 386 and 340 mln cubic meters of associated gas, respectively, in 2009, representing a total increase of 17.8% compared with 2008. The plants produced 459 mln cubic meters of dry stripped gas, 414,000 tonnes of light hydrocarbon fractions, 68,000 tonnes of ethane fraction and 5,000 tonnes of sulphur.

The main priority of the investment program at Rosneft's gas-processing plants is to maintain existing capacities and ensure operating safety.

Marketing

Rosneft is focused on maximizing profitability of crude oil, gas and petroleum product deliveries by increasing the share of sales to end-users, through extension of the sales network and through efficiency gains.

Rosneft constantly monitors the domestic and international markets for oil and petroleum products, ensuring a flexible reaction to changes in demand and the price environment. The Company has its own transshipment terminals, which help to raise export efficiency, and owns an extensive petroleum product sales infrastructure as well as a filling station network, enabling large amounts of Company output to be sold via retail and small wholesale channels.

In order to further optimize distribution of outputs the Company launched a new integrated system in 2009 for planning of petroleum product output and distribution of oil and petroleum products. The system enables 'end-to-end' planning of distribution, from the well to the tank farm, throughout Rosneft Group.

Crude Oil Sales

Rosneft supplies crude oil to its own refineries and sells it in Russia, CIS countries and on

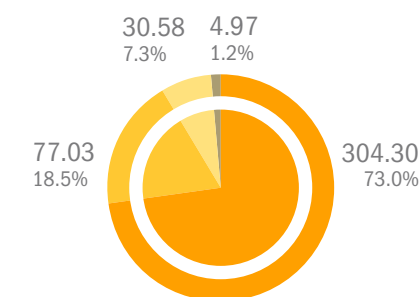
the international market. Rosneft delivered 364.5 mln barrels (49.8 mln tonnes) of oil to its refineries in 2009, which was an increase of 1.1% compared with 2008. The Company continued to use oil exchanges (via swap agreements) with other producers in 2009 in order to optimize the costs of transporting crude oil to its own refineries. Volume of such operations in 2009 was about 44 mln barrels.

Rosneft sold about 4.97 mln barrels (0.68 mln tonnes) of crude oil on the domestic market to other users in 2009 (excluding volumes sold to counterparties under swap agreements).

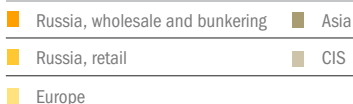
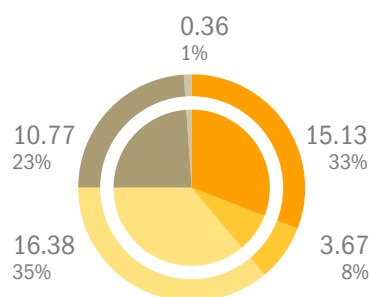
Rosneft exported 412 mln barrels (56.3 mln tonnes) of oil and gas condensate in 2009, including crude oil procured from third parties. Export sales volumes were 4% higher than in 2008, reflecting an increase in production.

The Company exported 304 mln barrels (41.6 mln tonnes) of oil to Europe, and 31 mln barrels (4.2 mln tonnes) to CIS countries. Deliveries to Asia-Pacific countries were 77 mln barrels (10.5 mln tonnes).

CRUDE OIL SALES (mln barrels)



PETROLEUM PRODUCT SALES (mln tonnes)



Oil loading rack at LLC
RN-Tuapsenfteprodukt



China is the biggest importer of Rosneft oil. Deliveries to that country in 2009 were unchanged from 2008 at 65 mln barrels (8.9 mln tonnes). Crude oil was transported by railroad. In the reporting year an agreement was reached on annual delivery to China of 66 mln barrels (9 mln tonnes) of oil in 2011–2030. The oil will be transported via the ESPO pipeline to the town of Skovorodino (Amur Region, Far East of Russia) and then via a branch line to the border with China and to Daqing.

In 2009, Transneft completed construction of the first stage of the ESPO, as far as Skovorodino, from where oil is delivered by rail to the Kozmino sea terminal for export to Asia-Pacific markets. The first tanker sailed

from Kozmino in December 2009, and it is significant that the first oil delivered through the ESPO pipeline was from Rosneft's Vankor field. Total supplies of oil from Vankor were 26.6 mln barrels during 2009, of which 20.4 mln barrels were exported. The intention is to export most of the oil produced at Vankor in the future via the ESPO system.

The largest share of Rosneft's export deliveries are via Transneft transport capacities, including export pipelines and ports such as Primorsk and Novorossiysk. Rosneft also has its own crude oil export capacities. A portion of Company oil produced at fields in Timan-Pechora is delivered for export via its transshipment complex at Arkhangelsk, and oil produced

Offshore single mooring
at De-Kastri oil terminal



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 2009 used the following transport routes:

- sea terminals at Primorsk, Novorossiysk, the Belokamenka floating storage unit, De-Kastri, Yuzhny and Kozmino (278.3 mln barrels or 67.5% of total export volumes);
- railroad to China including combined pipeline-and-rail routes (65.3 mln barrels or 15.9% of total export volumes);

- pipelines to Belarus, Poland and Kazakhstan (68.4 mln barrels or 16.6% of total export volumes).

Port of De-Kastri

De-Kastri is one of the biggest ports in the Far East and provides efficient export deliveries of crude oil to the 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 88 mln barrels (12 mln tonnes). A total of 11.9 mln barrels (1.6 mln tonnes) of Company oil were dispatched through De-Kastri in 2009.

Arkhangelsk and Belokamenka

The Arkhangelsk oil loading terminal and Belokamenka floating storage unit, located in the Russian North West, is used to export a portion 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 shipped by 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 shortages of available pipeline capacity in the North West of Russia.

Annual oil transshipment capacity at Belokamenka is 88 mln barrels (12 mln tonnes). Rosneft exported 5.3 mln barrels (0.7 mln tonnes) of its own oil through the Arkhangelsk — Belokamenka system during 2009. The system was also used for transshipment of 51.0 mln barrels (7.0 mln tonnes) of third-party crude oil, which is 3.5 times more than in 2008.

Caspian Pipeline Consortium

The Caspian Pipeline Consortium (CPC) links the Tengiz oil field in Western Kazakhstan with the port of Novorossiysk (a distance of 1,510 km). It was decided in December 2009 to increase annual throughput capacity of the system from over 200 to almost 500 mln barrels (over 550 mln barrels if additives are used).

Rosneft has been participating in the CPC project since 1996 via the joint venture Rosneft Shell Caspian Ventures Ltd, which has 7.5% share in the project. Rosneft owns a 51% 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 2009 the Company delivered about 50 mln barrels (6.8 mln tonnes) of oil and 1.5 mln barrels (0.2 mln tonnes) of gas condensate through the pipeline.

Petroleum Product Sales

Rosneft owns developed infrastructure for the sale of petroleum products on the domestic and international markets. In 2009 the Company sold 46.3 mln tonnes of petroleum products, which is 1.2% more than in 2008. Growth of sales volumes was due to an increase in refinery throughputs. Rosneft also sold 0.66 mln tonnes of petrochemical products in 2009.

Petroleum Product Exports

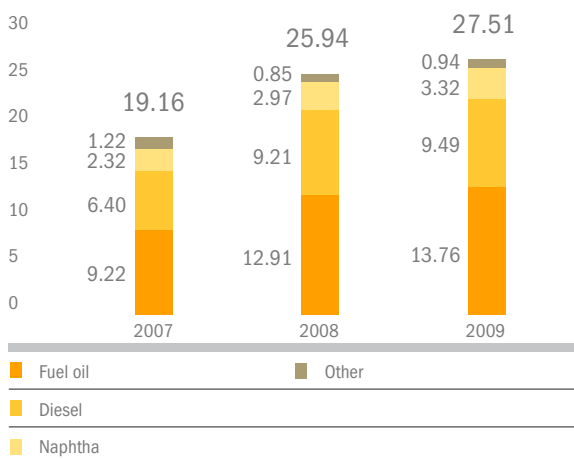
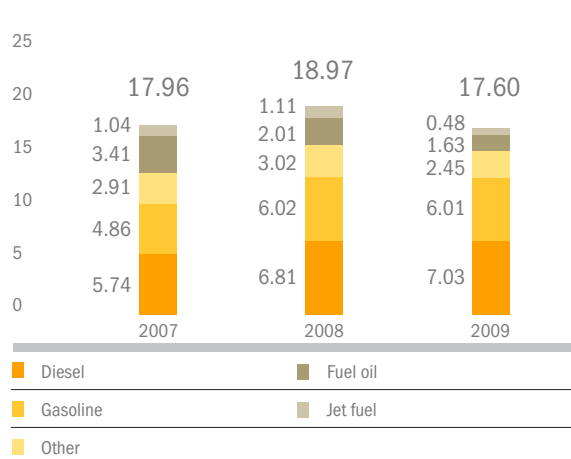
Rosneft exported 27.5 mln tonnes of petroleum products in 2009 (including products bought from other producers, but excluding bunkering business), which is 6.1% more than in 2008. Exports accounted for 59.4% of total product sales. The Company delivered 27.2 mln tonnes of products (99% of total exports) to the 'far abroad' (non-CIS countries) and 0.4 mln tonnes to CIS countries. Fuel oil was 50% of total product exports, 34% was diesel fuel and 12% was naphtha.

Railroad and combined transport was used for the largest part of product exports (19.0 mln tonnes or 68% of the total). Pipeline transport was used to export 0.85 mln tonnes. Exports by sea from the Tuapse refinery totaled 8.0 mln tonnes.

Rosneft has a number of clear competitive advantages compared with other Russian oil companies as regards 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 near the Company refineries, which significantly improves the efficiency of export deliveries.

NAKHODKA TERMINAL

The Nakhodka terminal in Primorsk Territory is used mainly for export of petroleum products from the Company's refinery at Komsomolsk. The terminal's

EXPORT SALES OF PETROLEUM PRODUCTS
(mln tonnes)DOMESTIC SALES OF PETROLEUM PRODUCTS
(mln tonnes)*

* Excluding sales of bunker fuel.

annual transshipment capacity is around 7 mln tonnes of petroleum products.

Deliveries of Company products through the Nakhodka terminal in 2009, including bunkering for export and the domestic market, amounted to 6.1 mln tonnes.

TUAPSE TERMINAL

The Tuapse terminal is located on the Black Sea coast in Krasnodar Territory, immediately adjacent to the Tuapse refinery. The terminal is used for export of products from the Tuapse refinery and the Samara group of refineries. Use of the terminal substantially enhances the 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 2009 were 8.0 mln tonnes (including deliveries of bunkering fuel to export and to the domestic market).

The program for expansion and modernization of the terminal was continued in 2009. Annual capacity of the terminal is to be increased to 17 mln tonnes, al-

lowing it to handle growing export flows from the Tuapse refinery (output from Tuapse will increase substantially in the near future).

Domestic Sales of Petroleum Products

Rosneft has extensive and well-developed infrastructure for the 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 17.6 mln tonnes of petroleum products on the domestic market in 2009 compared with 19.0 mln tonnes in 2008. The decline reflects lower demand in the crisis environment. The share of various products in domestic sales was as follows: diesel fuel — 40%, gasoline — 34%, fuel oil — 9%, jet fuel — 3%.

Sales of petroleum products on the domestic wholesale market were 13.9 mln tonnes. The largest wholesale buyers of Rosneft petroleum products are independent traders and large end-users (including budget-funded organizations, such as the Russian Ministry of Defense). Main product types delivered to these buyers are fuel oil, diesel and jet fuel.

Krasnodar Region. Storage facility
at LLC RN-Tuapsenefteprodukt



The Company has prioritized development of trading via commodity exchanges as a way of raising the efficiency and transparency of its marketing business. In 2009, Rosneft was the first Russian company to begin selling its petroleum products on the St. Petersburg International Commodities Exchange. By the end of the year the full range of Company petroleum products, as well as petrochemicals and lubricants, were being offered for sale at the Exchange. The Company sold 1.16 mln tonnes of petroleum products via the St. Petersburg International Commodities Exchange and Russian Inter-Regional Oil & Gas Trading Floor in 2009, representing an increase of more than 5 times compared with 2008. Rosneft is the biggest Russian seller of petroleum products via commodity exchanges.

Rosneft had retail business in 39 regions of Russia in 2009, 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 added Chita Region to the geography of its domestic retail business in 2009, selling 3,000 tonnes of petroleum products there via retail outlets. Rosneft sells motor

gasoline, diesel fuel and lubricants through its retail network.

As of December 31, 2009, Rosneft marketing subsidiaries owned 148 operating tank farms with a total capacity of 2.9 mln cubic meters. The Company's network of operating filling stations consisted of 1,690 stations in ownership or leased, and 72 stations operating under the Rosneft brand on the basis of franchising agreements. Owned and leased service stations had 122 car washes, 878 shops and 91 cafes. There were small-scale vehicle repair and servicing facilities at 113 of the service stations.

Due to the fall in domestic demand, Company sales of petroleum products through the retail network decreased in 2009 compared with 2008 to 3.67 mln tonnes. Rosneft continued intensive work on optimization of its retail business, withdrawing inefficient filling stations and tank farms, acquiring and building stations with high efficiency, as well as carrying out upgrading and rebranding of existing outlets. The Company sold, closed or mothballed 34 stations in the course of the year, while 25 new stations were

Filling station No. 31, 43 km from Moscow
on Starokaluzhskoye Highway (Moscow Region)



built and 83 were refurbished. By the end of the year 695 filling stations had been altered to match the new Rosneft corporate standard. Average daily sales per filling station were 8.0 tonnes in 2009, down only by 0.1 tonnes compared with 2008.

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 in promising markets in Moscow, St. Petersburg, and the Southern Federal District.

In 2009 the Company became a General Partner of the 2014 Olympic Games in Sochi, and began work to design a main-road filling station network in Olym-

pic format, incorporating the Olympic insignia. 'Olympic' filling stations will offer an extended range of services. The precise range and volume of services will depend on specific needs at each filling station.

The Olympic filling-station project will be implemented in 2010–2013. The stations will be located along main road arteries leading to Sochi, and also in Sochi itself. The Olympic network will extend from Leningrad and Smolensk regions via Tver, Moscow, Tula, Voronezh, Lipetsk and Rostov regions to Krasnodar Territory. In addition to classic filling stations, floating stations and stations for refueling of snowcats will be built.

Aircraft Refueling

Rosneft entered the aircraft refueling business at the end of 2008. Company business in this segment is through a subsidiary, RN-Aero, and encompasses almost all regions of Russia (thanks to the broad geographical distribution of Company refineries).

The Company makes direct deliveries of jet fuel to numerous companies, including: Aeroflot, TransAero, Sibir, Vladivostok Avia, UTAir, Volga-Dnepr, Yamal, Yakutia, Kuban Airlines, Taimyr, KrasAvia, Orenburg Airlines, Severny Veter, Tarukhan among others. Sales of jet fuel under direct contracts totaled 416,000 tonnes in 2009.

Rosneft started to offer aircraft refueling services in 2009 at airports in Anapa, Krasnodar, Mineralnye Vody, Elista, Krasnoyarsk, Irkutsk, Blagoveshchensk, and Igarka. An agreement was also reached with Sheremetyevo International Airport on cooperation in the refueling business. Aircraft refueling volumes in 2009 were 38,300 tonnes.

Bunkering

Rosneft began development of its 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 14 terminals as well as 36 bunker fuel tankers (some of them in ownership).

Rosneft sold 1.20 mln tonnes of bunker fuel in 2009, which is 41% more than in 2008. Fuel quality is in compliance with ISO 8217:2005.

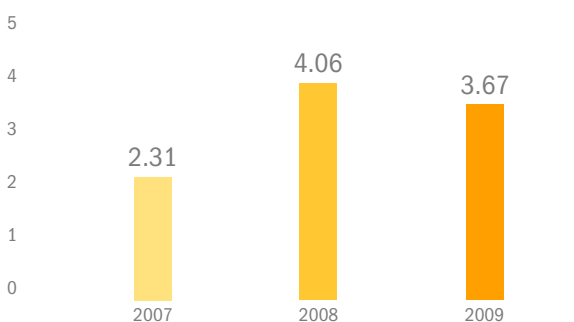
During 2009 Rosneft began sales of bunker fuel on the Lena and Amur rivers, and started supplying contractors in the Sakhalin-1 and Sakhalin-2 projects on the Far East shelf. The Company also became the main supplier of bunker fuel at the new Far East port of Kozmino (the end point of the Eastern Siberia — Pacific Ocean pipeline). Rosneft strengthened its position on the bunkering market in the Volga—Don basin, where it sold 233,000 tonnes of fuel, which is 2 times more than in 2008.

Lubricant Sales

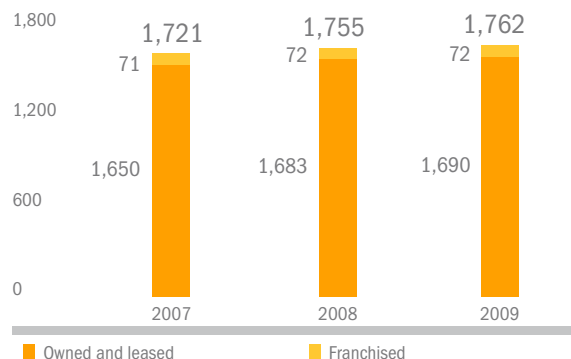
Rosneft sold 559,000 tonnes of lubricants in 2009, including 313,000 tonnes on the domestic market. The decrease in sales volumes was due to lower demand in the crisis environment.

The Company renewed its product range in 2009 to ensure the best possible match with consumer demand for modern, high-quality lubricants. The renewal affected almost the whole range of lubricants:

RETAIL SALES OF PETROLEUM PRODUCTS
(mln tonnes)



OPERATING FILLING STATIONS AS OF YEAR-END
(stations)



Floating bunkering station
on Lake Baikal

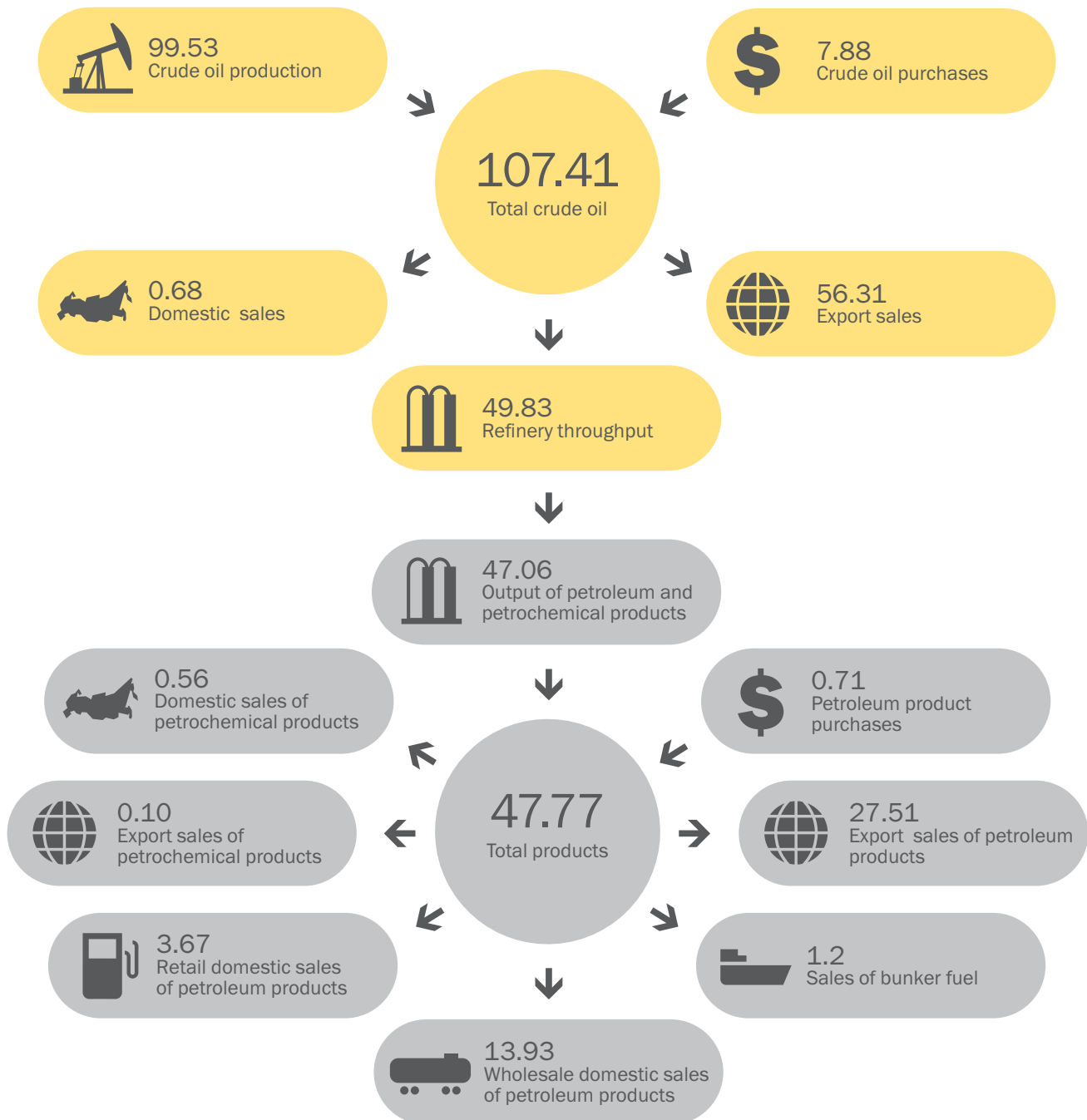


hydraulic, compression, maritime, transmission, and engine lubricants as well as branded packaged products.

The Company continued to promote its branded packaged lubricants on the market. Rosneft branded lubricants match the most rigorous Russian and international performance standards. Creation of a dealer network is close to completion and the volume of branded lubricant sales in 2009 was 6,300

tonnes. The leading international vehicle manufacturers General Motors and Volkswagen have issued compliance certificates for Rosneft lubricants, which have also merited licensing by the American Petroleum Institute. The expert studies laboratory at AvtoVAZ, the biggest Russian car manufacturer, has issued documents certifying compliance of the new-generation, high-quality transmission lubricant RosneftKinetic with AvtoVAZ quality requirements.

Product flows of Rosneft consolidated entities
(mln tonnes)



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.

Key Macroeconomic Factors

Main factors affecting Rosneft's results of operations are:

- Changes in crude oil, petroleum product and gas prices;
- RUB/USD exchange rate and inflation;
- Taxation (including changes in mineral extraction tax and export customs duty);
- Changes in transport tariffs of natural monopolies (for pipeline and railway transport);
- Changes in the production volumes of crude oil, gas and petroleum products.

Crude Oil and Petroleum Product Prices

World crude oil prices are highly volatile and fluctuate depending on the global balance of sup-

ply and demand and on numerous speculative factors. Due to the global economic downturn the Brent price averaged USD 44.4 per barrel in Q1 2009, which is a historical low since Q1 2005. Following the decrease in crude supplies by OPEC countries and the first signs of demand recovery the Brent price grew in Q2 to USD 68.1 per barrel and reached USD 77.7 per barrel by the year end.

Crude oil exported by Rosneft via the pipeline system of Transneft (the Russian crude oil pipeline monopoly) is blended with crude oil of other producers that is of a different quality. The resulting Urals blend is traded at a discount to Brent.

2007	Crude oil and petroleum product prices	2008	2009	Change, %
International market (USD per barrel)				
72.52	Brent (dated)	96.99	61.51	(36.6)%
69.39	Urals (average CIF Med and NWE)	94.52	61.01	(35.5)%
68.01	Urals (FOB Primorsk)	92.27	59.51	(35.5)%
67.85	Urals (FOB Novorossysk)	91.74	59.60	(35.0)%
68.27	Dubai-Oman	93.80	61.80	(34.1)%
(USD per tonne)				
656.85	Naphtha (av. FOB/CIF Med)	769.51	520.59	(32.3)%
673.98	Naphtha (av. FOB Rotterdam/CIF NWE)	788.34	531.19	(32.6)%
695.97	Naphtha (CF Japan)	826.51	553.36	(33.0)%
346.00	Fuel oil 3.5% (av. FOB/CIF Med)	463.20	348.63	(24.7)%
337.82	Fuel oil 3.5% (av. FOB Rotterdam/CIF NWE)	457.39	344.00	(24.8)%
376.73	High sulphur fuel oil (FOB Singapore)	510.97	370.76	(27.4)%
—	Gasoil 0.1% (av. FOB/CIF Med)	932.45	520.65	(44.2)%
—	Gasoil 0.1% (av. FOB Rotterdam/CIF NWE)	923.56	518.92	(43.8)%
632.09	Gasoil 0.5% (FOB Singapore)	888.08	512.55	(42.3)%
Russian market, net of VAT, including excise (USD per tonne)				
236.36	Crude oil	285.47	182.49	(36.1)%
185.95	Fuel oil	283.43	207.89	(26.7)%
497.59	Diesel	724.85	397.96	(45.1)%
667.55	High octane gasoline	815.39	579.79	(28.9)%
556.56	Low octane gasoline	689.11	500.01	(27.4)%

Sources: Platts (world market), Kortes (Russian market).

Russian domestic market prices of crude oil are difficult to determine, mainly due to the significant intragroup turnover between upstream and downstream segments of the vertically integrated oil companies which together represent approximately 90% of Russia's daily production and 85% of refinery throughput. Moreover, crude oil market prices in Russia (so far as they can be meaningfully determined) can significantly deviate from export netbacks due to seasonal oversupply and regional imbalances.

Petroleum product prices in international and Russian markets are primarily determined by the level of world prices for crude oil, supply and

demand for petroleum products and competition on different markets. The price dynamics are different for different types of petroleum products.

RUB/USD Exchange Rate and Inflation

The USD/RUB exchange rate and inflation in the Russian Federation affect Rosneft's results as most of the Company's revenues from sales of crude oil and petroleum products are denominated in USD, while most of the Company's expenses are denominated in RUB. Thus, the depreciation of the rouble positively affects Rosneft's results, while rouble appreciation has a negative effect.

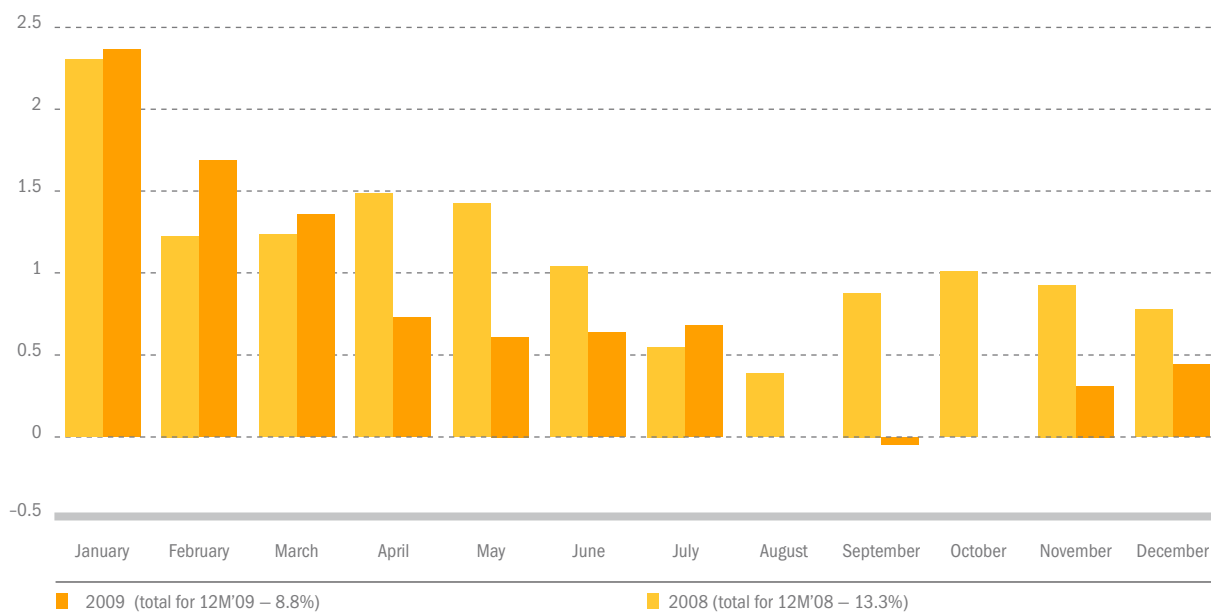
2007	Exchange rate and inflation	2008	2009
11.9%	Rouble inflation (CPI) for the period	13.3%	8.8%
6.3%	Change of the average invert exchange rate (RUB/USD) compared to the previous period	2.9%	(21.6)%
24.55	USD/RUB exchange rate at the end of the period	29.38	30.24
25.58	Average USD/RUB exchange rate for the period	24.86	31.72
20.0%	Real appreciation/(depreciation) of the RUB against the USD for the period	(5.3)%	5.7%

Source: Central Bank of Russia, Federal State Statistics Service of Russia.

FOREIGN EXCHANGE RATE (USD/RUB)



ROUBLE INFLATION (%)



Taxation

Mineral extraction tax and export customs duty are the main taxes paid by Rosneft.

MINERAL EXTRACTION TAX

The rate of mineral extraction tax for crude oil is linked to the Urals price in the international market and changes every month. It is calculated in USD per tonne of crude oil produced and enacted in RUB per tonne using the average exchange rate for the respective month.

In 2009 the tax rate was calculated by multiplying the base rate of RUB 419 by the adjustment ratio of $((\text{Price} - 15) / 261) * \text{Exchange rate}$, where “Price” is the average Urals price per barrel and “Exchange rate” is the average RUB/USD exchange rate established by the Central Bank of Russia in the respective month. In 2007 and 2008 the base rate was the same and the adjustment ratio was $((\text{Price} - 9) / 261) * \text{Exchange rate}$. The formula of the adjustment ratio was changed

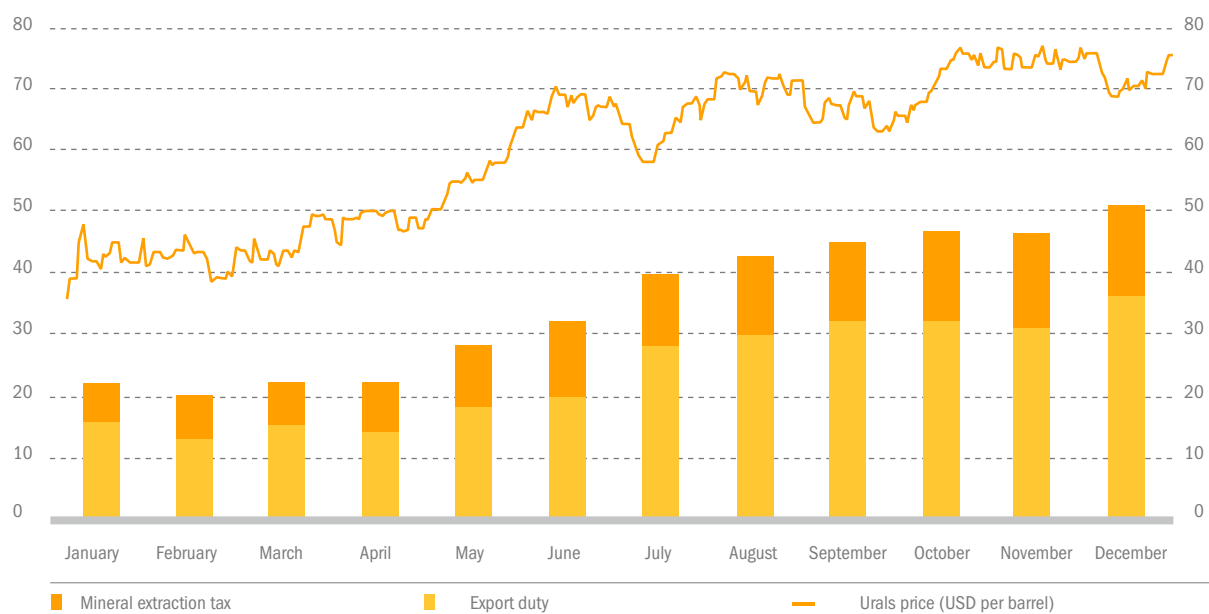
by the Russian Government in July 2008 and was applied from January 2009. The formula change gave oil producers savings of USD 1.3 per barrel on the mineral extraction tax.

The Russian Tax Code provides for a reduced or zero mineral extraction tax rate for crude oil produced at certain fields:

- the reduced rate is applicable to crude oil produced at fields with a reserve depletion rate of over 80%; for calculation of the reduced rate a special adjustment ratio $(3.8 - 3.5 * \text{reserve depletion rate})$ is applied; the reduced rate therefore varies from 0.3 to 1.0 of the standard rate;
- the zero tax rate is applicable to high-viscosity crude oil;
- the zero tax rate is applicable during specific time periods or for specific volumes of production (depending whether the time threshold or the volume threshold is crossed first) at fields in Yakutia, Irkutsk Region,

2007	Average enacted tax rates specific to the Russian oil industry	2008	2009	Change, %
Mineral extraction tax				
2,470	Crude oil (RUB per tonne)	3,329	2,299	(30.9)%
147	Natural gas (RUB per th. cubic meters)	147	147	—
0	Associated gas (RUB per th. cubic meters)	0	0	—
Export customs duty				
206.49	Crude oil (USD per tonne)	355.23	179.33	(49.5)%
151.45	Light and middle distillates and gasoil (USD per tonne)	251.63	133.13	(47.1)%
81.57	Liquid fuels (fuel oil) (USD per tonne)	135.57	71.71	(47.1)%
Excise on petroleum products				
3,629	High octane gasoline (RUB per tonne)	3,629	3,629	—
2,657	Low octane gasoline (RUB per tonne)	2,657	2,657	—
2,657	Naphtha (RUB per tonne)	2,657	3,900	46.8%
1,080	Diesel (RUB per tonne)	1,080	1,080	—
2,951	Lubricants (RUB per tonne)	2,951	2,951	—

URALS PRICE AND TAXES (USD per barrel)



CALCULATION OF THE EXPORT DUTY FOR CRUDE OIL

Urals price (USD per tonne)	Export customs duty (USD per tonne)
Below and including 109.5 (15 USD per barrel)	Export customs duty is not levied
Above 109.5 to and including 146.0 (15 to 20 USD per barrel)	35% of the difference between the average Urals price in USD per tonne and USD 109.5
Above 146.0 to and including 182.5 (20 to 25 USD per barrel)	USD 12.78 plus 45% of the difference between the average Urals price in USD per tonne and USD 146.0
Above 182.5 (25 USD per barrel)	USD 29.2 plus 65% of the difference between the average Urals price in USD per tonne and USD 182.5

Krasnoyarsk Territory, Nenets Autonomous District, Yamal Peninsula, the Azov and Caspian seas, at offshore fields located to the north of the Arctic Circle (the exact time period and volume vary between regions).

Rosneft benefits from the reduced mineral extraction tax rate as it has several fields with a reserve depletion rate of over 80%. Moreover its fields in Irkutsk Region and Krasnoyarsk Territory are subject to zero mineral extraction tax rate, which is applicable for the first 25 mln tonnes of production, or the first 10 years of a production license, or the first 15 years of an exploration and production license. The Verkhnechonskoye field in Irkutsk Region developed jointly with TNK-BP and accounted on equity basis, was put on stream in 2008 and the major Vankor field in Krasnoyarsk Territory, developed by Rosneft, was officially launched in August 2009.

Rosneft has exploration projects in the Azov and Caspian seas and participates in the Sakhalin-1 PSA which is subject to a special tax regime, exempting the Company from payment of mineral extraction tax.

EXPORT CUSTOMS DUTY ON CRUDE OIL

The rate of export customs duty on crude oil is linked to the price for Urals crude in the international market and is denominated in USD per tonne.

Prior to October 2008, the export customs duty rate changed every two months: the rate for the next two-months period was based on the average Urals price for the previous two-month period (with one month between the periods). The considerable time lag led to a positive effect on cash flow for oil producers when the oil price was rising and an inverse effect when the price was falling.

At the end of 2008, due to a drop in oil prices, the Russian Government made three one-off export duty changes in order to reduce the disparity between high tax levels and low prices, and the Federal law No. 234-FZ, reducing the time lag, was adopted on December 3, 2008. Effective from December 9, 2008 the export customs duty is changed every month and the duty for the next month is based on the average Urals price for the period from the 15th day of the previous month to the 14th day (inclusive) of the current month.

Prior to January 1, 2007 export duties were not payable on crude oil exports to all CIS countries that were members of the Customs Union (Belarus, Kazakhstan, Kyrgyzstan and Tajikistan). Starting from 2007 export duties have been payable on exports of crude oil to Belarus. In the analyzed periods of 2009, 2008 and 2007 the export customs

2007	Tariffs applied for major transportation routes used by Rosneft, RUB/tonne	2008	2009	Change, %
CRUDE OIL				
Domestic				
Pipeline				
325.92	Yugansk — Samara refineries	417.75	531.57	27.2%
22.35	Samara — Samara refineries	28.41	34.95	23.0%
512.48	Yugansk — Angarsk refinery	587.42	726.74	23.7%
685.58	Purpe — Tuapse refinery	877.62	1,110.14	26.5%
194.86	Tomsk — Achinsk refinery	234.28	296.82	26.7%
Pipeline and railroad				
2,262.91	Yugansk — Komsomolsk refinery	2,690.56	2,851.54	6.0%
Exports				
Pipeline				
694.92	Yugansk — Primorsk	853.56	1,052.07	23.3%
702.35	Yugansk — Novorossysk	876.87	1,114.55	27.1%
Pipeline and railroad				
2,283.23	Yugansk — China (through Meget)	2,341.35	2,522.06	7.7%
PETROLEUM PRODUCT EXPORTS				
Diesel				
1,102.23	Samara refineries — Ventspils	1,256.34	1,473.09	17.3%
2,391.27	Angarsk refinery — Nakhodka	2,896.85	3,206.08	10.7%
927.75	Komsomolsk refinery — Nakhodka	1,125.26	1,256.94	11.7%
2,689.67	Achinsk refinery — Tuapse	3,258.20	3,608.78	10.8%
Fuel oil				
1,837.53	Samara refineries — Odessa	1,951.22	2,338.62	19.9%
2,363.72	Angarsk refinery — Nakhodka	2,877.00	3,257.66	13.2%
885.21	Komsomolsk refinery — Nakhodka	1,077.54	1,220.14	13.2%
2,915.87	Achinsk refinery — Nakhodka	3,549.01	4,018.57	13.2%
Naphtha				
1,143.20	Samara refineries — Tuapse	1,385.04	1,541.66	11.3%
2,653.07	Achinsk refinery — Tuapse	3,211.97	3,543.16	10.3%
2,333.33	Angarsk refinery — Nakhodka	2,824.48	3,113.97	10.2%
913.46	Komsomolsk refinery — Nakhodka	1,107.27	1,233.91	11.4%

Source: Transneft, Transnefteproduct, RZhD, Rosneft. Tariffs include transshipment at non-Rosneft terminals.

duties were levied on crude oil exports to Belarus at fractional rates of 0.356, 0.335 and 0.293, respectively, applied to export customs duty as calculated pursuant to the table above.

EXPORT CUSTOMS DUTY ON PETROLEUM PRODUCTS

Export customs duty on petroleum products is set every month simultaneously with the export customs duty on crude oil and is denominated in USD per tonne. The rate of the export customs duty on petroleum products is linked to international price for Urals crude. The average Urals price used for calculation of petroleum product export customs duty is the same as that used for calculation of the crude oil export customs duty.

The rate of the export customs duty depends on the type of the product: light (gasoline, diesel, jet) or dark (fuel oil). Export customs duty on light petroleum products is calculated using the following formula: $0.438 * (\text{Price} * 7.3 - 109.5)$, where Price is the average Urals price in USD per barrel. Export customs duty on dark petroleum products is calculated using the following formula: $0.236 * (\text{Price} * 7.3 - 109.5)$.

Export duties are not payable on exports of petroleum products to all CIS countries that are members of the Customs Union (Belarus, Kazakhstan, Kyrgyzstan and Tajikistan).

Transportation Tariffs

Rosneft transports most of its crude oil and petroleum products via pipeline networks owned and operated respectively by Transneft (crude oil) and its subsidiary Transnefteprodukt (petroleum products). These companies are natural state-owned pipeline monopolies. Rosneft also transports crude oil and petroleum products via the railway network owned and operated by RZhd, another natural state-owned monopoly.

The Federal Tariff Service (FTS), a governmental body regulating natural monopolies, annually sets base tariffs of Transneft and Transnefteprodukt for transportation of crude oil and petroleum products, respectively, once a year. The tariffs include a dispatch tariff, a pumping tariff, and loading, charge-discharge, transshipment and other tariffs. Base tariffs for railroad transportation are also indexed by the FTS. The tariffs are set in roubles and are not linked to the RUB/USD exchange rate.

The monopolies set tariffs for each separate pipeline route depending on length of the route, transportation direction and other factors. Tariffs for railroad transportation depend on the weight and type of cargo and transportation distance.

Key Financial Results

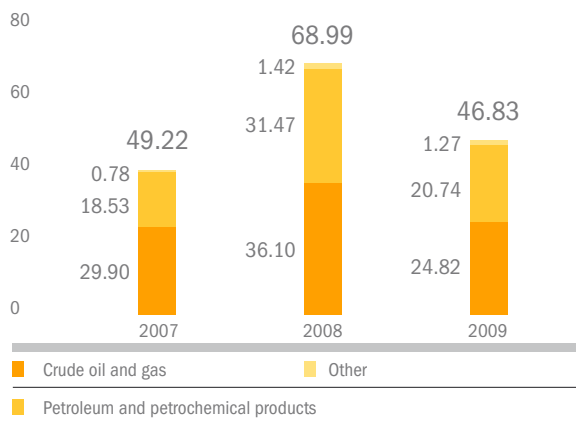
Despite the challenging macroeconomic situation in 2009, Rosneft delivered excellent results for the year across all key metrics: cost control, profitability, free cash flow generation and resulting net debt reduction.

EBITDA was USD 13,565 mln in 2009, operating income was USD 9,128 mln and adjusted net income was USD 6,472 mln. Rosneft generated USD 3,443 mln of free cash flow, reduced net debt by USD 2,794 mln to USD 18,489 mln, and paid USD 622 mln of dividends. Rosneft's credit profile strengthened substantially in 2009, as short-term debt decreased by USD 6.2 bln, the share of long-term debt in total debt

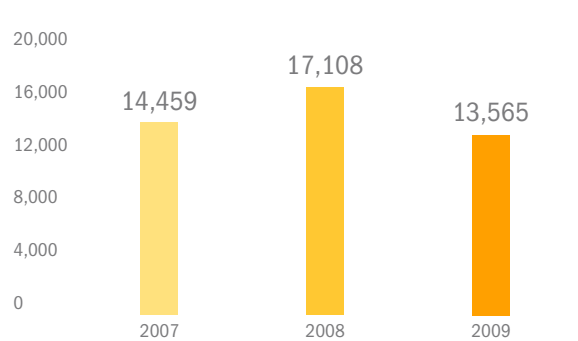
increased from 42% to 67%, and net debt to EBITDA equaled 1.36.

Analysis of the Company's 2009 results is presented below. The Company's 2009 consolidated financial statements audited by Ernst & Young LLC, one of the Big Four accounting firms, are included in appendixes to this Report.

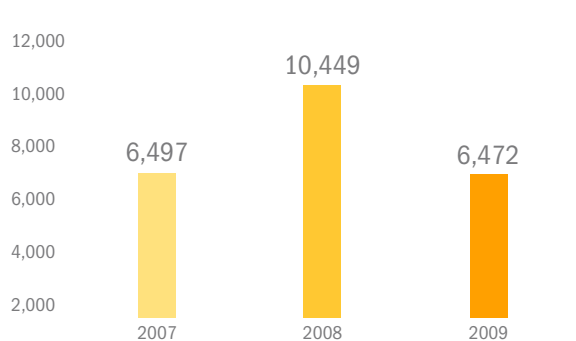
REVENUES (USD bln)



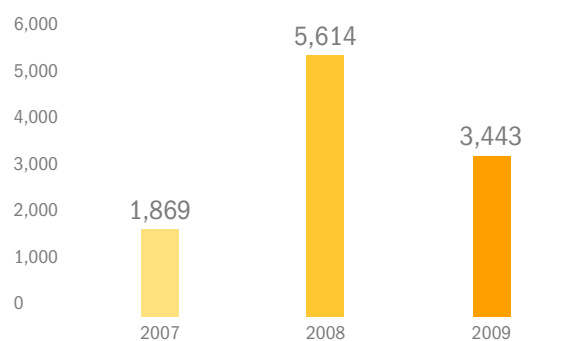
EBITDA (USD mln)



ADJUSTED NET INCOME (USD mln)



FREE CASH FLOW (USD mln)



2007	Key financial ratios	2008	2009
29.4%	EBITDA margin	24.8%	29.0%
17.96	EBITDA per boe of production (USD)	22.07	17.00
13.2%	Adjusted net income margin	15.1%	13.8%
18.6%	Return on average capital employed (ROACE)	17.5%	11.4%
25.6%	Return on average equity (ROAE)	30.6%	15.2%
0.48	Net debt-to-capital employed ratio	0.35	0.29
1.82	Net debt-to-EBITDA ratio	1.24	1.36
0.68	Current ratio	0.68	1.13

Revenues

Revenues were USD 46,826 mln in 2009, representing a 32.1% decrease compared with 2008. The decrease was due to a fall in average crude oil and petroleum product prices, which was partially offset by a 2.8% increase in total crude oil and product sales volumes. The sales structure remained practically unchanged both in USD and volume terms.

Crude oil and gas sales

In 2009 revenues from crude oil sales were USD 24,466 mln compared with USD 35,701 mln in 2008. The decrease resulted from lower prices and was partially offset by a 4.2% increase in sales volumes, which was mainly due to production growth.

Revenues from crude oil exports to non-CIS countries were USD 23,019 mln, or 31.2% lower compared with 2008. Revenues were affected by a substantial decrease in average export prices (the negative impact on revenues was USD 12,480 mln), which was partially offset by a 6.1% increase in sales volumes (the positive impact on revenues was USD 2,036 mln). The growth of crude oil export volumes to non-CIS countries resulted from redirection of crude oil flows from depressed CIS markets and higher daily crude oil production.

Revenues from sales of crude oil to the CIS were USD 1,313 mln, which is a decrease of 37.0%

compared with 2008. The fall was caused by a substantial reduction in average crude oil prices (the negative impact on revenues was USD 422 mln) as well as by a 16.7% decrease in sales volumes, which had a negative impact of USD 349 mln on revenues. The decrease in sales volumes resulted from significantly lower crude oil volumes exported to Kazakhstan and slightly lower volumes to Belarus.

Domestic crude oil sales were USD 134 mln, which is a decrease of 13.0% compared with 2008. The decrease reflected a considerable reduction in average crude oil prices (the negative impact on revenues was USD 64 mln). On the contrary, a 28.1% increase in sales volumes had a positive impact on revenues of USD 44 mln. The major increase in sales volumes occurred in the fourth quarter of 2009.

Rosneft's gas sales have been limited to date, but the Company's long term strategy envisages significant expansion of its gas business. Gazprom controls access to the Unified Gas Supply System (UGSS) and is the dominant gas supplier in Russia and the only exporter of gas. In 2009, revenues of Rosneft from gas sales decreased by 11.7% and amounted to USD 354 mln. The reduction was mainly attributable to lower prices, partially offset by a 2.7% increase in sales volumes.

2007	Revenues (USD mln)	2008	2009	Change, %
Crude oil				
26,822	Export, excluding CIS	33,463	23,019	(31.2)%
20,567	Europe and other directions	25,648	18,275	(28.7)%
6,255	Asia	7,815	4,744	(39.3)%
2,220	CIS	2,084	1,313	(37.0)%
521	Domestic	154	134	(13.0)%
29,563	Total crude oil	35,701	24,466	(31.5)%
339	Gas	401	354	(11.7)%
Petroleum products				
9,350	Export, excluding CIS	16,163	11,622	(28.1)%
5,875	Europe and other directions	9,607	6,727	(30.0)%
3,475	Asia	6,556	4,895	(25.3)%
338	CIS	743	144	(80.6)%
8,605	Domestic	13,707	8,304	(39.4)%
6,877	Wholesale	9,888	5,844	(40.9)%
1,728	Retail	3,819	2,460	(35.6)%
1	Sales of bunker fuel to end-users	453	426	(6.0)%
18,294	Total petroleum products	31,066	20,496	(34.0)%
193	Petrochemical products	404	240	(40.6)%
827	Support services and other revenues	1,419	1,270	(10.5)%
49,216	Total sales	68,991	46,826	(32.1)%

Sales of petroleum products including bunkering operations and sales of petrochemical products

Revenue from petroleum and petrochemical product sales was USD 20,736 mln compared to USD 31,470 mln in 2008. The decrease resulted from lower prices and was partially offset by a 1.1% increase in volumes, which was due to growth in refinery throughput.

Revenues from petroleum product exports to non-CIS countries were USD 11,622 mln in 2009, which is a decrease of 28.1% compared with 2008. The decrease resulted from a reduction in average export prices (negative impact on revenues of USD 6,009 mln), which was partially offset by a 9.1% increase in sales volumes

leading to USD 1,468 mln revenue growth. The increase in volumes was mainly due to lower domestic demand and low CIS sales profitability, which led to redirection of product volumes to non-CIS countries.

Revenues from sales of petroleum products to the CIS in 2009 were 80.6% lower than in 2008 and amounted to USD 144 mln. The reduction was mainly attributable to a 65.7% decrease in sales volumes, which had a negative impact of USD 488 mln on revenues. The decrease in volumes resulted from redirection of product flows from CIS to non-CIS markets due to higher profitability.

Revenues from sales of petroleum products on the domestic market were USD 8,304 mln in 2009, which is a

decrease of 39.4% compared with 2008. The revenue reduction was due to lower average prices (USD 4,413 mln negative impact on revenue) as well as a 7.2% decrease in sales volumes, which led to a revenue decline of USD 990 mln. The decrease in sales volumes reflected falling domestic demand due to the economic downturn.

Revenues from sales of bunker fuel fell to USD 426 mln in 2009 from USD 453 mln in 2008. The decrease was due to fall in average prices, partially offset by a 41.2% increase in sales volumes.

Revenues from sales of petrochemical products in 2009 were USD 240 mln, which is 40.6% less than in 2008. The fall in revenues was mainly due to price decline of 38.8% (the negative impact on revenues was USD 152 mln) as well as a 2.9% decrease in volumes (negative impact of USD 12 mln). The decrease in volumes resulted from depressed demand for petrochemical products in 2009.

Other revenues

Rosneft owns service companies which render drilling, construction, repair and other services, mainly to companies within the Group. Revenues from services rendered to third parties are reported in the consolidated Income Statement. Other revenues were USD 1,270 mln in 2009, down 10.5% compared with 2008.

Costs and Expenses

Costs and expenses accounted for 80.5% of Rosneft's total revenues in 2009. Costs and expenses excluding export customs duties and taxes other than income tax accounted for 37.4% of Rosneft's total revenues.

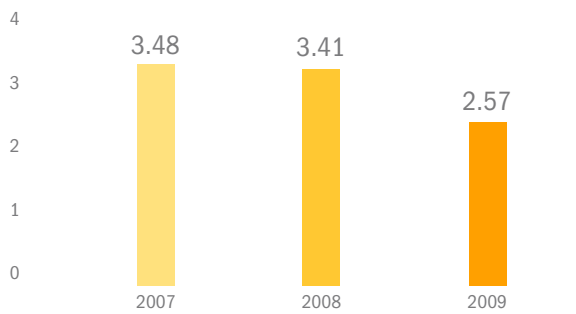
Production and operating expenses

Upstream production and operating expenses decreased by USD 545 mln in 2009 compared with 2008, due to nominal depreciation of the rouble against the US dollar by 21.6% year-on-year and to

2007	Costs and expenses (USD mln)	2008	2009	Change, %
3,870	Production and operating expenses	4,572	4,024	(12.0)%
1,610	Cost of purchased oil, gas, petroleum products and refining costs	2,942	1,890	(35.8)%
1,341	General and administrative expenses	1,632	1,416	(13.2)%
4,226	Pipeline tariffs and other transportation costs	5,673	5,414	(4.6)%
162	Exploration expenses	248	325	31.0%
3,286	Depreciation, depletion and amortization	3,983	4,350	9.2%
78	Accretion expense	120	87	(27.5)%
10,890	Taxes other than income tax	14,810	8,061	(45.6)%
13,032	Export customs duty	22,006	12,131	(44.9)%
38,495	Total costs and expenses	55,986	37,698	(32.7)%

2007	Structure of operating expenses (USD mln)	2008	2009	Change, %
2,482	Upstream	2,414	1,869	(22.6)%
1,020	Downstream	1,451	1,501	3.4%
368	Other	707	654	(7.5)%
3,870	Total	4,572	4,024	(12.0)%

CRUDE OIL LIFTING COSTS PER BARREL
OF PRODUCTION (USD)



cost cutting initiatives. Per barrel expenses decreased by 24.6% to USD 2.57.

Downstream operating expenses were USD 1,501 mln, which is an increase of 3.4% compared with 2008. The increase was primarily due to increase in rental payments and inflationary growth of other costs, which was partially offset by nominal depreciation of the rouble against the US dollar. Downstream expenses include refining operating expenses, which were USD 685 mln in 2009. This represents a decrease of 19.1% compared with 2008. The decrease was primarily due to nominal depreciation of the rouble against the US dollar by 21.6%, which was partially offset by increase in cost of fuel and raw materials used in production and by other factors.

Operating expenses related to other activities decreased to USD 654 mln, or by 7.5% compared to 2008, primarily due to 21.6% nominal rouble depreciation, which was partially offset by costs increase in line with CPI and increase in volume of services rendered to third parties.

Cost of Purchased Oil, Gas and Petroleum Products

Rosneft purchases crude oil primarily from affiliates for processing it at its own refineries. A total of 57.6 mln barrels were purchased in 2009 for USD 1,513 mln. Rosneft also performs oil swap operations in

order to optimize transportation costs of deliveries to refineries. Revenues and costs related to these operations are shown on a net basis in the 'Pipeline tariffs and Transportation Costs' line of the income statement. In 2009 these transactions were carried out with Gazprom Neft, Samarainvestneft and ATEK. The volume of crude oil swaps amounted to 41.3 mln barrels compared with 40.36 mln barrels in 2008. Rosneft's estimated benefits from these transactions were USD 35 mln in 2009.

Petroleum products from third parties are purchased primarily to satisfy current needs of Rosneft's retail subsidiaries. Procurement of petroleum products is exposed to seasonal fluctuations of volumes and mix. Rosneft purchased 0.71 mln tonnes of petroleum products in 2009 for a total of USD 348 mln.

General and Administrative Expenses

General and administrative expenses include wages and salaries and social benefits (except for wages of technical staff of production and refining entities), bank commissions, third-party fees for professional services, insurance expenses (except for insurance of oil & gas production and refining entities), lease expenses with respect to non-core property, maintenance of social infrastructure, provisions for doubtful accounts, and other general expenses.

In 2009 and 2008 general and administrative expenses were USD 1,416 mln and USD 1,632 mln, respectively. The decrease was mainly due to nominal rouble depreciation of 21.6%. In 2009 there was also a significant reduction of general and administrative expenses related to the construction activities at Vankor due to the launch of the Vankor — Purpe pipeline, and a decrease in compensation payments as part of cost reduction efforts.

Pipeline Tariffs and Transportation Costs

Transportation costs include costs to transport crude oil for refining and to end-customers, and to deliver petroleum products from refineries to end-customers

2007			Transportation costs and volumes	2008			2009		
Volume, mln tonnes	Cost, mln US\$	Cost per tonne		Volume, mln tonnes	Cost, mln US\$	Cost per tonne	Volume, mln tonnes	Cost, mln US\$	Cost per tonne
CRUDE OIL									
Export sales									
41.48	1,024	24.68	Pipeline	38.99	1,258	32.26	41.54	1,355	32.62
17.62	1,192	67.62	Railroad and mixed	15.04	1,163	77.33	14.77	961	65.06
Transportation to refineries and domestic sales									
38.51	656	17.03	Pipeline	41.71	819	19.64	42.61	779	18.28
5.24	466	88.92	Railroad and mixed	5.48	606	110.58	6.99	614	87.84
PETROLEUM PRODUCTS									
Export sales									
1.50	60	40.31	Pipeline ¹	1.70	79	46.47	0.85	36	42.35
10.42	541	51.88	Railroad and mixed	16.51	1,194	72.32	18.98	1,244	65.54
	287		Other transportation expenses²		554			425	
114.76	4,226	36.82	Total	119.43	5,673	47.50	125.74	5,414	43.06

1. Rosneft exported 7.96 million tonnes (28.6% of total export volumes), 7.72 million tonnes (29.8% of total export volumes) and 6.55 million tonnes (34.2% of total export volumes) of petroleum products in 2009, 2008 and 2007, respectively, through its own pipeline in Tuapse, as well as under free-carrier conditions pursuant to which Rosneft does not bear directly transportation expenses. Operating expenses for the pipeline in Tuapse are included in Rosneft's financial statements as operating expenses.

2. Other transportation expenses include cost of railroad transportation of petroleum products from refineries to tank farms and road transportation from tank farms to service stations as well as transportation expenses related to sales of bunker fuel.

(cost of pipeline and railroad transportation, handling, port fees, sea freight and other costs).

In 2009, Rosneft's transportation costs decreased to USD 5,414 mln, or by 4.6% compared with 2008. This decrease resulted from a fall in the average USD/RUB exchange rate by 21.6%, partially offset by an increase in tariffs of natural monopolies by 6.0% – 27.2% in RUB terms and a change in the structure of transportation routes used.

Launch of commercial production at the Vankor field in 2009 was one of the drivers for growth of transportation expenses. In 2009, Vankorneft produced 26.63 mln barrels of crude oil, of which 3.78 mln barrels were exported through the port of Novorossiysk, 15.65 mln barrels were exported through the port of Primorsk, 0.51 mln barrels and 0.44 mln barrels were exported through CPC and ESPO,

respectively, and 2.83 mln barrels were delivered to Rosneft's refineries for processing. Remaining volumes were used for technological needs and to fill oil treatment facilities, in-field pipelines and the Vankor — Purpe pipeline, or remained in the Transneft system as inventories.

The increase in crude oil pipeline export cost per tonne in 2009 compared to 2008 was 1.1%, primarily due to a change in the structure of transportation routes (particularly, the start of deliveries of Vankor crude oil to Novorossiysk and Primorsk, as well as the start of supplies via the ESPO to Kozmino), and was partially offset by a 0.4% – 3.4% decrease in tariffs in USD terms.

A decline in crude oil railroad and mixed export costs per tonne was 15.9% in 2009 compared with 2008, which was primarily due to decrease of tariffs in USD terms.

Cost per tonne of transport through domestic crude oil pipelines declined by 6.9% in 2009 compared with 2008, primarily due to a decrease of tariffs by 0.3% – 3.5% in USD and due to a change in the structure of transportation routes (particularly, lower supplies of crude oil from Purneftegaz to Tuapse).

Crude oil railroad and mixed domestic transport costs were lower 20.6% per tonne in 2009 compared with 2008, mainly due to lower tariffs in USD terms.

There were declines of petroleum product pipeline export costs per tonne and petroleum product railroad and mixed export costs per tonne of 8.9% and 9.4%, respectively, in 2009 mainly due to a lowering of tariffs by 6.1% – 13.6% in USD terms on routes from Rosneft refineries to transshipment ports.

Exploration Expenses

Exploration expenses mainly relate to exploration drilling, seismic and other geological and geophysical works. Exploration drilling costs are generally capitalized if commercial reserves of crude oil and gas are discovered, or expensed in the event of unsuccessful results.

In 2009 exploration expenses increased to USD 325 mln, or by 31.0% compared with 2008. This reflected write-off of dry-well costs in the Kurmangazy project, at the Terskaya area, etc, as well as increased costs

of exploration works at Samaraneftegaz fields. The increase was partially offset by lower cost of exploration works in the Kurmangazy project and at the Val Shatskogo block, as well as a decrease in cost of geophysical surveys at Yuganskneftegaz fields.

Depreciation, Depletion and Amortization

Depreciation, depletion and amortization include depreciation of crude oil and gas producing assets, and other production and corporate assets.

Depreciation, depletion and amortization were USD 4,350 mln and USD 3,983 mln in 2009 and 2008, respectively. The increase resulted mainly from launch of the Vankor field.

Taxes Other than Income Tax

Taxes other than income tax decreased by 45.6% to USD 8,061 mln in 2009 compared with USD 14,810 mln in 2008. The reduction in taxes resulted mainly from lowering of the mineral extraction tax rate by 45.9% and from the rouble depreciation, as well as from lower penalties paid in 2009.

Total benefits to Rosneft from reduced and zero mineral extraction rate were USD 597 mln (including benefits of USD 315 mln related to Vankor production).

2007	Taxes other than income tax (USD mln)	2008	2009	Change, %
9,323	Mineral extraction tax	12,817	6,502	(49.3)%
861	Excise tax	1,120	893	(20.3)%
291	Social security	430	361	(16.0)%
186	Property tax	261	236	(9.6)%
15	Land tax	23	16	(30.4)%
4	Transportation tax	5	4	(20.0)%
210	Interest and penalties and other payments	154	49	(68.2)%
10,890	Total taxes other than income tax	14,810	8,061	(45.6)%

2007	Export duties (USD mln)	2008	2009	Change, %
10,754	Export duty for crude oil	17,200	9,441	(45.1)%
2,278	Export duty for petroleum products	4,806	2,690	(44.0)%
13,032	<i>Total export customs duties</i>	22,006	12,131	(44.9)%

Operating Income

As a result of the factors discussed above, operating income decreased by 29.8% to USD 9,128 mln in 2009 compared with 2008. As a percentage of total revenues, operating income was 19.5% in 2009 and 18.9% in 2008, respectively. As a percentage of total revenues, operating income before taxes other than income tax and export customs duty was 62.6% and 72.2% in 2009 and 2008, respectively.

Other Income and Expenses

Interest Income

Interest income increased by 37.6% to USD 516 mln in 2009 from USD 375 mln in 2008. The increase in interest income was mainly due to growth of funds placed on deposit.

Interest Expense

Interest expenses decreased by 45.6% to USD 605 mln in 2009 from USD 1,112 mln in 2008. The fall was mainly due to a lower LIBOR rate and an increase in interest capitalized from USD 279 mln in 2008 to USD 354 mln in 2009.

Loss on Disposal of Property, Plant and Equipment

From time to time, Rosneft disposes of property, plant and equipment. In 2009, net loss on the disposal of non-current assets was USD 350 mln.

Other Income/(Expenses, Net)

Other expenses (net) consist mainly of social expenditures and write-offs of trade and other payables and receivables.

In 2009 and 2008, other expenses amounted to USD 350 mln and USD 135 mln, respectively. The increase was primarily due to accrual of penalties (imposed by the Russian Federal Antimonopoly Service) for US GAAP purposes in the third quarter of 2009.

Foreign Exchange Gains and Losses

Foreign exchange gain was USD 71 mln in 2009 compared with gain of USD 1,148 mln in 2008. This was due to a change in the USD exchange rate and a change in the net negative rouble-denominated cash position.

Income Tax Expense

Under Russian law the Company does not pay taxes based on its consolidated income before taxes. Income tax is calculated for each subsidiary based on the profits of the subsidiary in accordance with the Russian Tax Code.

Income tax expense was USD 2,000 mln in 2009 compared with USD 1,904 mln in 2008. Current income tax expense was USD 2,106 mln in 2009 compared with USD 3,394 mln in 2008, while deferred income tax benefit decreased from USD 1,490 mln in 2008 to USD 106 mln in 2009.

Effective income tax rates were 23% and 15% in 2009 and 2008, respectively. The difference was mostly due to a change in the Russian income tax rate from 24% to 20% following legislative amendments at the end of 2008, which led to a lower effective income tax rate for 2008.

Net income/loss attributable to non-controlling interests

Net income attributable to minority interests was USD 5 mln in 2009 compared with USD 95 mln in 2008.

Net Income

As a result of the factors discussed above, net income decreased by 41.4% to USD 6,514 mln in 2009 from USD 11,120 mln in 2008. As a percentage of revenues, net income was 13.9% and 16.1% in 2009 and 2008, respectively.

Net income in 2009 included an interest swap gain of USD 42 mln, while net income in 2008 included a gain of USD 956 mln arising from income tax rate change and a loss of USD 285 mln from asset impairment and interest swap. Adjusted net income in 2009 was USD 6,472 mln, which is 38.1% lower than adjusted net income in 2008.

Liquidity and Capital Resources

Cash Flows

NET CASH PROVIDED BY OPERATING ACTIVITIES

In 2009 net cash provided by the operating activity (including USD 472 mln gain from securities trading) was USD

10,791 mln compared with USD 14,393 mln in 2008. The decrease was mainly lowering of net income by 41.4%.

NET CASH USED IN INVESTING ACTIVITIES

Net cash used in investing activities was USD 8,788 mln in 2009 compared with USD 10,822 mln in 2008. The decrease was primarily due to decrease in capital expenditures and a change of margin call deposits.

NET CASH PROVIDED BY FINANCING ACTIVITIES

Net cash used in financing activities was USD 877 mln in 2009 compared with USD 3,074 mln in 2008. The decrease was mainly due to drawing of USD 10.0 bln (of a total available USD 15.0 bln) under the long-term China Development Bank loan in 2009.

Capital Expenditures

Capital expenditures decreased in 2009 to USD 7,252 mln, or by 16.9%, compared with USD 8,732 mln in 2008. The decrease in capital expenditures was mainly due to rouble depreciation year-on-year. Capital expenditures in 2009 and 2008 include capitalized interest of USD 354 mln and USD 279 mln, respectively.

In 2009, upstream capital expenditures were USD 5,867 mln compared to USD 6,477 mln in 2008. Over

2007	Calculation of Adjusted Net Income (USD mln)	2008	2009
12,862	Net income	11,120	6,514
14	Effect from the assets impairment and loss from interests SWAP	285	(42)
—	Effect from the interests rate change	(956)	—
(6,379)	Effect from Yukos bankruptcy proceeds and interests to Yugansk tax liabilities	—	—
6,497	Adjusted net income	10,449	6,472

2007	Principal items of cash flows statement (USD mln)	2008	2009	Change, %
17,110	Net cash provided by operating activities	14,393	10,319	(28.3)%
(20,095)	Net cash used in investing activities	(10,822)	(8,788)	(18.8)%
3,440	Net cash provided by financing activities	(3,074)	(877)	(71.5)%

2007	Capital Expenditures (USD mln)	2008	2009	Change, %
2,185	Yuganskneftegaz	2,866	2,252	(21.4)%
1,009	Vankorneft	2,433	2,531	4.0%
423	Purneftegaz	491	276	(43.8)%
212	Severnaya Neft	181	76	(58.0)%
115	Samaraneftegaz	195	156	(20.0)%
233	Tomskneft	-	-	-
432	Other ¹	311	576	85.2%
4,609	Total upstream segment	6,477	5,867	(9.4)%
99	The Company	122	49	(59.8)%
106	Tuapse refinery	137	208	(51.8)%
61	Komsomolsk refinery	73	92	26.0%
80	Angarsk refinery	83	79	(4.8)%
62	Achinsk refinery	44	54	22.7%
31	Syzran refinery	78	77	(1.3)%
44	Novokuibyshevsk refinery	54	56	3.7%
52	Kuibyshev refinery	55	69	25.5%
458	Marketing Business Units and others ²	488	409	(16.2)%
993	Total downstream	1,134	1,093	(3.6)%
329	Other activities³	543	325	(40.1)%
5,931	Subtotal capital expenditures	8,154	7,285	(10.7)%
309	Change in materials in capital expenditures	578	(33)	(>100.0)%
540	Other former Yukos assets ⁴	-	-	-
6,780	Total capital expenditures	8,732	7,252	(16.9)%
90	Licence acquisition costs	47	96	104.3%

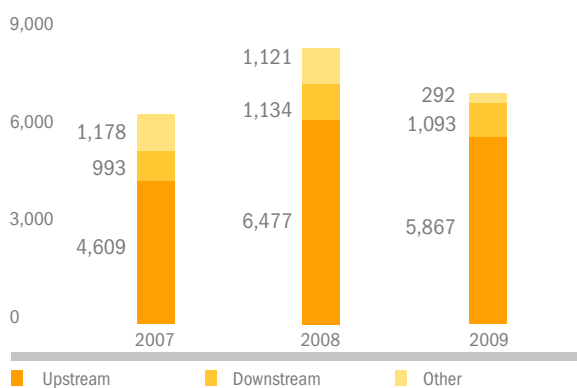
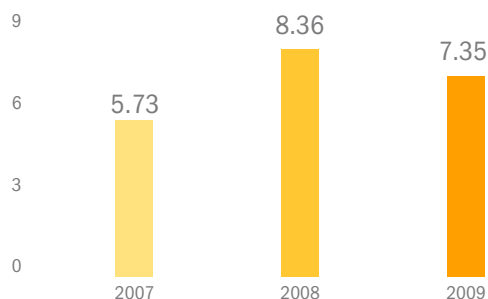
1. Including: Krasnodarneftegaz, Stavropolneftegaz, Sakhalin-1, Grozneftegaz, VSNK and Dagneftegaz.

2. Relating to companies providing processing and storage services.

3. Relating to other services companies.

4. Assets acquired in lots #17-18 during Yukos banking proceedings.

CAPITAL EXPENDITURES (USD mln)

UPSTREAM CAPITAL EXPENDITURES
PER BOE OF PRODUCTION (USD)

43% of upstream capital expenditures in 2009 were on Vankor field development. Excluding Vankor, upstream capital expenditures decreased by 17.5% year-on-year.

Downstream capital expenditures decreased by USD 41 mln to USD 1,093 mln in 2009 compared with USD 1,134 mln in 2008. Capital expenditures on refineries increased by 21.2% from USD 524 mln in 2008 to USD 635 mln in 2009 following the start of construction work at the Tuapse refinery and upgrade programs at other refineries.

Since the fourth quarter of 2006, Company subsidiaries have purchased construction materials and sold such materials to contractors, which provide construction and drilling services at subsidiaries' fields. In 2009 and 2008, the net changes in unused construction materials were USD (33) mln and USD 578 mln, respectively.

The license acquisition costs in 2009 were attributable to the acquisition of licenses for the exploration and production at Labagansky Block, Rudnikovskiy, Baykalsky, Mnogopolsky and North-Kolendinsky Blocks. The license acquisition costs in 2008 were attributable to the acquisition of a license for the exploration and production in Umotkinsky Block.

Debt Obligations

Over the past few years, Rosneft has raised significant amounts of short and long-term loans to supplement the net cash generated by operating activities. Most of

the loans obtained were used to finance the acquisitions of new assets in 2007.

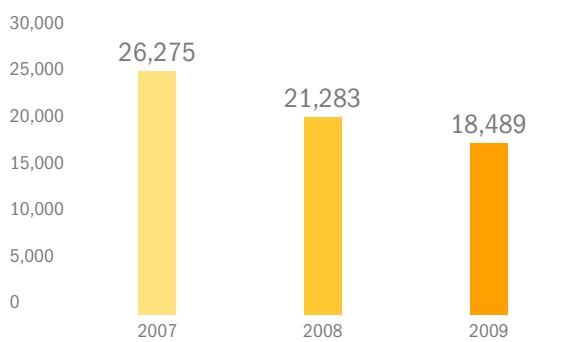
Rosneft's total loans and borrowings decreased to USD 23,507 mln as of December 31, 2009 from USD 24,165 mln as of December 31, 2008. Rosneft's adjusted net debt amounted to USD 18,489 mln as of December 31, 2009 compared with USD 21,283 mln as of December 31, 2008, representing a decrease of USD 2,794 mln.

Long-term loans are generally secured by oil export contracts. As of December 31, 2009 and December 31, 2008, 84.6% and 60.4%, respectively, of Rosneft's borrowings were secured by crude oil export contracts (excluding export to the CIS). As of December 31, 2009 and 31 December 2008, pledged oil exports constituted 49.5% and 46.3%, respectively, of total crude oil export sales for the relevant periods (excluding export to the CIS).

In the first half of 2009, Rosneft entered into a long-term floating rate loan agreement with China Development Bank with a value of USD 15 bln. The loan is repayable within 20 years, has a 5-year grace period and is secured by oil export contracts. During 2009, Rosneft received USD 10 bln under this loan agreement and plans to receive the remaining USD 5 bln in 2010. Rosneft's credit profile strengthened substantially in 2009, as short-term debt decreased by USD 6.2 bln and the share of long-term debt in total debt increased from 42% to 67%.

The following table shows the scheduled maturities of Rosneft's long-term debt outstanding as of 31 December 2009:

NET DEBT (USD mln)



	USD mln
2010	4,862
2011	2,815
2012	2,013
2013 and after	693
	10,148
Total long term debt	20,531



Rosneft prioritizes design and deployment of new technologies, dissemination of knowledge and best practise, and training and professional development of Company personnel. These vital tasks are the responsibility of a specialized division, the Corporate Scientific Research Complex.

Research and Innovation

New Scale of Know-How



Corporate Scientific Research Complex

Technology is crucial for an oil company to remain competitive in today's fast-moving business environment. Leadership in technology depends on innovation, consistent application of the latest know-how and equipment, use of global best practice, 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 & production, and three in refining & marketing. So the Corporate Scientific Research Complex provides R&D support and organizes use of technology throughout the Company's production chain.

In 2009, the regional institutes carried out 43% of all design work for Rosneft, and prepared 71% of the Company's project documents. Rosneft presented a total of 143 projects for approval by government bodies, which was 113% of the planned number (126 projects). Spending by Company institutes during 2009 on integrated design of oil refining and petrochemical facilities was 2.4 times greater than in 2008, increasing to USD 95 mln.

Use of thermal imager to study the temperature profile of electric power facilities at Udmurtneft



Innovation Management

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

- System of Special-purpose Innovation Projects
- New Technologies System
- Technology Training System
- Knowledge Management System
- Quality Management System

System of Special-Purpose Innovation Projects

The Company achieved significant results in all its main innovation projects during 2009.

Exploration

Special-purpose innovation projects in exploration during 2009 were aimed at reducing geological risks and improving accuracy in definition of promising structures.

During the reporting year specialists of the Corporate Scientific Research Complex devised new techniques for assessment of risk in geological exploration projects and probabilistic assessment of resources, as well as carrying out work on priority licensing at onshore areas in the Russian Federation for purposes of major field discoveries. Achievements in research, validation, and application of new field modeling technologies included testing of new technologies for digital geological modeling, which give an increase in predictive power:

- lithological-facies modeling, using methods of multi-point statistics;
- analysis of indeterminacies and risk assessment in well planning and reserve appraisal.

Results from application of these technologies included optimization of the trajectory of seven inclined wells at Pad No.245 at the Pravdinskoye field, which increased average initial flow rates from 658 to 951 barrels per day. Specialists esti-

mate that application of these technologies could increase initial flow rate at wells by 20%.

Studies continued in 2009 for creation of modern regional geological models of sediment basins on the shelf of Russia's seas, assessment of their resource potential, ranking of prospective areas and geological targets, analysis of geological risks, and preparation of recommendations for licensing and geological exploration programs using new technologies and methods (basin analysis, modeling of hydrocarbon system formation, etc.). 33 prospective areas were recommended, geological risks were assessed, and programs for licensing and geological exploration on the shelves of Russia's seas were defined for the period up to the year 2030.

Also in 2009, complex analysis of criteria for oil & gas presence, using modern forecasting technologies, enabled recommendations for licensing of prospective areas to increase the Company's resource base in Eastern Siberia, Algeria, the Azerbaijani sector of the Caspian Sea, Iraq, and the Abkhazian sea shelf. Proposals have been prepared for geological exploration work on the Caspian Sea shelf and in Kazakhstan. Use of the new oil & gas prediction technologies also justified acquisition of assets in Nenets Autonomous District, Samara Region, Sakhalin, and in the Abkhazian sector of the Black Sea.

Implementation of the program for installation of modern laboratory equipment at the Company's R&D institutes continued in the reporting year. The first stage of a core-sample storage facility was completed at the Rosneft Science & Technology Center in Krasnodar. Provision of modern equipment and new

study methods for oil and strata fluids (definition of phase permeability, assessment of the impact of technical liquids, composites and the mineral component of clay cement on retention qualities of reservoir rocks, etc.) made it possible for Company R&D institutes to carry out all core and fluid studies independently, reducing confidentiality risks, raising the quality of output data for preparation of project documents and planning of geological interventions, and ultimately reducing the volume of oil reserves which fail to be recovered.

Seismic sub-divisions of the Company's R&D institutes carried out 75% of interpretation of 2D and 3D data as part of geological exploration work. Digital geological-geophysical databases were created for the operating territories of three of the Company's production subsidiaries. A corporate depository of seismic information came into operation in test regime at the Rosneft Krasnoyarsk R&D Institute: data of the current field season and archive materials of four subsidiaries were loaded onto the database.

An atlas was developed of seismo-stratigraphic features of the wave picture of the Russian Far East, the shelf of the Sea of Okhotsk, and the shelf of northern seas, which will help to improve efficiency of geological exploration work in these regions. Work began in 2009 on creation of digital geological and geophysical support for geological exploration planning in various regions of Company operations. Methodological guidelines were prepared for facies analysis of terrigenous rocks and an electronic library of study samples was set up for geological modeling of deposits with complex structure.

Development

Integrated field development projects continued in 2009, each based on creation of a unified model, taking account of all development aspects (strata, wells, surface construction, financial calculations). A

total of 31 integrated projects were completed at the Company's main fields, compared with 10 projects in 2008 and 5 in 2007. Improvement of key operating and financial indicators testifies to positive effect from creation of integrated projects.

An integrated approach to development planning, with use of new technologies, helped to increase the oil extraction ratio (average weighted for initial geological reserves) by 6 percentage points in 2005–2009, representing about 2.2 bln barrels of oil equivalent of recoverable reserves.

As part of special-purpose innovation projects:

- an algorithm was devised and a working tool was created for calculation of production and target recovery ratio in heterogeneous and disjoined formations;
- a method was created and validated for use of standard production data in estimation of formation pressure;
- a template was designed for application of development systems for water flooding, enabling rapid estimates for strategic planning of water flooding systems, which take account of the features of well-completion systems;
- a template was designed for application of technologies and algorithms to calculate approaches to development of fields with high-viscosity oil, using the most efficient technologies;
- work was carried out to optimize development plans for formations with low permeability (at the Priobskoye, Malo-Balykskoye, Ugutskoye and Mid-Ugutskoye fields). The work made maximum use of hydraulic fracturing. Selection of an optimal well network is carried out using the latest combined geomechanical and hydrodynamic modeling technologies (University of Calgary, Canada);
- greater efficiency was achieved in use of large-scale acid treatment thanks to an integrated approach to control over reagent quality and use of new deflecting wedges.

Various new techniques and technologies (12 technologies at 448 wells) were tested and employed in 2009 to raise efficiency of drilling and well completion (at both initial construction and reconstruction). These techniques and technologies were as follows:

- geonavigation and a hydraulic channel for information transmission was used in drilling of horizontal wells at RN-Purneftegaz, improving the quality of geological control for optimal placement of wells in productive horizons;
- a total of 109 operations were carried out at RN-Yuganskneftegaz using a lightweight plugging material OTM5 to improve the quality of supports in well construction and reconstruction;
- expanding packers were successfully used in production strings and for drilling of sidetracks at 29 wells in all Company operating regions.

Faster commercial well construction and reconstruction was achieved by use of:

- Periscope spatial geonavigation systems;
- PDC drill bits;
- rotary steerable systems;
- hydrocarbon-based drilling mud with new chemical reagents for inhibition improvement (Ectabflok TEX; Ectabflok GLA).

In 2009 the Company commissioned the Vankor field. This is an exceptional project by reserve size. It is also made exceptional by the large-scale application of innovative, high-tech solutions in field development planning and construction work. These solutions include:

- Construction of wells with large displacement from vertical and with complex trajectories (using modern Russian-made drilling units with 270-tonne lifting capacity).
- Use of horizontal wells, which enabled increase of well productivity by 3.2 times on average and lowering of water cut by 2.7 times compared with vertical wells. Increase of daily oil flow per well is 2,000 barrels.
- Use of rotary steerable systems for directional drilling. This increased drilling efficiency by 2.5 times

compared with use of standard bottomhole assemblies for inclined drilling. The systems enabled maximum displacement of the borehole from vertical (up to 2,700 meters), reducing the number of drilling pads and amount of capital expenditures required.

- Real-time relaying of geological data during drilling (geonavigation) enabling geophysical well studies to be carried out in the process of drilling.
- Flow control in horizontal wells: installation of inflow control devices (ICDs) to lower the share of water and gas in well production.
- Use of the TPMSYS™ complex production control system for monitoring of well indicators during operation and calculation of necessary parameters, optimizing performance of the well.
- Use of 3D techniques for design of field facilities.
- Use of pre-assembled modules (already tested at the factory) for field construction, which reduced the volume of construction and assembly work at the field by 67%.
- Thermal stabilization of the ground.

Production

As part of special-purpose innovation projects:

- a template was designed for application of mechanized oil production technologies as well as guidelines for use of the template;
- a decision-making procedure was designed for increase of energy efficiency in production, using the Rosneft-WellView software;
- a program for repair and sealing design was developed and tested, using mathematical modeling;
- a method for calculating parameters of salt accretions and ways of dealing with them was refined, implemented and approved;
- a simulator was designed for planning the design of large-scale acid treatment of carbonaceous reservoirs.

Rosneft continued to introduce the Total Production Management System (TPMSYS™) in 2009, enabling specialists to optimize operations at any well using

geophysical data and full information on its construction, current operating parameters, and equipment in use. RN-Wellview software for monitoring and optimization of operating regimes of mechanized wells and submersible equipment was brought into industrial use. Engineering support was used for well interventions at more than 960 wells during the year. Combined annual effect of the engineering capabilities provided by TPMSYS™ is equivalent to increase of oil production by 31.5 mln barrels throughout the Company.

Company subsidiaries successfully tested new equipment in 2009. Samaraneftgaz carried out repeat penetration of productive strata at a depression using PKT-89 KL and PKT-73 KL perforators in order to intensify inflows. The subsidiary also applied hydro-fracturing of strata in 20 well operations, using sidetracks without impact on the main drilling string.

Such technologies as sidetracking, acid hydro-fracturing, and horizontal well drilling gave over 5.4 mln barrels of additional oil production in 2009 at Samaraneftgaz alone.

The Company is also applying new technologies in oil transportation. Samaraneftgaz made use of STOP-PLÉ equipment with collapsible sleeves for pipeline repair work at three sites without flow interruption. This gave savings worth USD 0.2 mln.

As part of development of computer support for production in 2009, Vankorneft installed modules that enable real-time monitoring of production and injection wells, repairs and workovers, and operation of other facilities (UPSV-South, oil pumping stations-1 and -2, Purpe pumping station, among others). Further modernization and development of technical information systems (Central Dispatching System, RN-Production Technical Well Regime, TIS-Production) is also underway, as well as installation of the modern KIUS telematics system.

Oil Refining and Petrochemicals

Technical innovation efforts in oil refining and petrochemicals are focused on the following areas:

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

In order to ensure compliance with requirements of the Government's technical regulations for fuel quality, the Company placed much emphasis in 2009 on refinery modernization plans, and design and installation of units and facilities using new technologies for deeper oil processing. The most important steps in this direction were as follows:

- New technologies were applied at the Komsomolsk refinery for production of Super-98 lead-free gasoline as well as Arctic, Winter and Summer diesel fuel with 500 ppm sulphur content.
- Technology for production of Euro-3 diesel fuel was installed at the Kuibyshev refinery using a hydrogen production unit with a short-cycle adsorption block, which was commissioned in 2009.
- Measures at the Angarsk refinery included the following:
 - development, in association with the Chemicals Institute of the Siberian Branch of the Russian Academy of Sciences, of a catalyst for hydro-cracking of vacuum gasoil; the catalyst is ready for use and its quality matches the best international analogues;
 - a technology has been designed and industrialized for synthesizing the carrier AGdA-P and (on its basis) the catalyst GGKA-25-3, which is used for selective hydration of acetylene hydrocarbons in ethane-ethylene and butane-butadiene fractions; an industrial batch of the catalyst has been produced;
 - a depressor additive, VES-408 A, which lowers the freezing point of heating fuel, was designed and industrialized;
 - a technology for production of an anti-wear additive for low-sulphur diesel fuel was designed and industrialized.



Laboratory of LLC Rosneft-NTC

Rosneft's Srednevolzhsky Oil Refining R&D Institute developed various technologies, suited to Company refineries, for obtaining products, which are in high demand:

- hydraulic lubricants I-G-S(d) for industrial equipment (Angarsk refinery);
- ship fuels using medium distillates and residual oil products (Komsomolsk refinery);
- high-quality road tars (Syzran refinery);
- a purifying additive for gasolines, using best ingredients;
- polymer-bitumen binders.

| *New Technologies System*

The New Technologies System (NTS) locates new and promising technologies on Russian and foreign markets, and adapts and implements them in order to improve the Company's operating indicators. The following technologies, with potential importance for priority areas of Company development, were tested in 2009:

- hydro-fracturing (2 projects);
- drilling and well completion (2 projects);
- new well technologies (4 projects);
- repair and sealing work (2 projects);
- mechanized production (5 projects);

- implementation of projects with high-viscosity oil (1 project);
- ecology and waste recycling (1 project);
- utilization of associated gas (1 project).

Total budget of the NTS project portfolio for technology testing in 2009 was USD 4 mln, and 13 new technologies were industrialized during the year. Additional production obtained in the course of testing and pilot use of the new technologies was 1.6 mln barrels of oil (the total since 2006 is 6.4 mln barrels).

The most important outcomes of NTS projects in 2009 were:

- Optimization of acid stimulation techniques in wells at carbonaceous fields. The technology was tested at 42 wells, and gave additional production of almost 227,000 barrels of oil.
- Testing of simultaneous separate production technology at 13 wells of Udmurtneft, which enabled additional output of over 490,000 barrels of oil. The technology is scheduled to be used at 50 wells in 2010.
- Development of three technological innovations for killing wells with specific complications, through temporary and reversible lowering of permeability in bottomhole formations. The technique reduces time

required to bring wells into full production, and reduce the amount of well-killing fluid which is absorbed into the formation. Tests were carried out at 58 wells: reduction of time needed to bring the wells into full production was 1.5 days and additional production was 64,400 barrels. These technologies are to be used at 240 wells in 2010.

- Successful testing of a technology to seal off gas irruptions at 6 wells of RN-Purneftegaz. The technology gave 39,500 barrels of additional oil production, and will be used for repairs at more than 10 wells each year in the future.
- Successful testing, at 7 wells of RN-Purneftegaz, of a technology for sealing leaks in particularly long wells. Resulting additional production was over 75,300 barrels of oil. The technologies are to be used at 65 of the Company's wells in Western Siberia in 2010.
- Complex work to select a technology for recycling of drilling waste at RN-Yuganskneftegaz. Preference was given to a method for reinjection of drilling waste into rock formations. A program of measures has been put in place, preparations have been carried out for licensing and design, risk analysis has been completed, and cost estimates have been made for various project alternatives.
- Successful application of Stinger equipment in 24 hydrofracturing tasks at wells of RN-Yuganskneftegaz, rebuilt using sidetracks, prevented damage to the drill casing, generating additional revenues of USD 955,000 and over 156,500 tonnes of oil production. About 90 operations using the new technology are planned at wells of RN-Yuganskneftegaz in 2010.

A study was carried out in 2009 in preparation for application of a number of innovative technologies to develop hard-to-recover reserves in formations near to the surface at the Katangli field (Sakhalin). These include:

- modern anti-sand well filters to avoid transfer of solids from formations in the bottomhole area into the well;
- equipment for production of high-viscosity oil in

sandy conditions (propeller pumps with high temperature tolerance);

- inclined well-heads for drilling of horizontal wells in formations near to the surface;
- areal pumping of steam into horizontal boreholes in order to improve recovery ratios.

Use of these technologies will help to obtain steady flows of high-viscosity oil from friable reservoirs.

As of December 31, 2009 Rosneft and its subsidiaries were owners of 230 items of intellectual property, including patents for 157 inventions and for 22 useful models, and 49 certificates for registration of software products registered by the Federal Service for Intellectual Property, Patents and Trademarks.

Technology Training System

Rosneft held 52 courses in 2009 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 some of the best lecturers from Russian higher education establishments (Lomonosov Moscow State University, Gubkin Russian State Oil & Gas University, and the State University of Bashkortostan) and also by Company specialists. The courses were designed to reinforce technical skills of Rosneft specialists, and coincided in part with business processes in the Production segment.

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) using course modules developed jointly by Company specialists and teachers at these educational establishments. During 2009, Company subsidiaries gave full-time employment to six graduates of Master's courses who had previously completed internships at Rosneft.

Knowledge Management System

Rosneft's Knowledge Management System consists of processes for collection, storage, and dissemination of knowledge, and also of processes for gathering proposals to address production challenges. The System operates on a knowledge-management IT base.

Work was carried out in 2009 on preparation of regulatory documents that set out the main processes in knowledge management. These include formalization of the process of collecting, storing and disseminating knowledge, inventorying and ranking of production challenges, and a standard for creation of skill centers in the Company.

Creation of a standard for skill centers includes the concept of an 'expert', defined as a technical specialist of the highest quality.

Several closely connected systems have been designed on the basis of the concepts and ideas, contained in these regulatory documents:

- A data base for the knowledge-management IT system located on the Company's internal portal.
- A bank of problems and solutions, which automates the work of experts by providing a single centre for submission of proposals on how to resolve issues in the areas of production, exploration, development, etc.
- NTS project zones, which enable tracking of progress in NTS projects and their unified accounting.

Further development of this system envisages creation in 2010 of an encyclopaedia and expert system as well as industrial implementation of solutions created in 2009.

Corporate access was provided in 2009 to a number of information resources:

- C&C Reservoirs, which gives access to data on geological structure, reserves and technical development parameters for more than 920 fields around the world. A search function quickly finds analogues to help assess prospects for acquisition of license

areas, estimate potential recovery ratios, extraction levels, and applicable extraction techniques.

- Elsevier, Springer, which offer access to scientific and technical information in the areas of field development and construction, petrochemicals, oil refining, and IT.
- SPE, which gives access to archive materials of the international Society of Petroleum Engineers. This is a standard source of information for the entire western oil industry community. The archive includes over 37,000 publications in the Journal of Petroleum Technology, SPE Journal, Reservoir Evaluation & Engineering, Drilling & Completion, Production & Facilities, and conference materials.

Templates for technology application are a particularly efficient method of knowledge dissemination, since they make it possible to identify technologies which are best-suited to solving a specific problem and to rank selected technologies by their economic efficiency. Such an approach enables operating personnel to decide quickly which technology or method to use. The following templates were prepared as a result of work in this direction during 2009:

- template for technology application in development of fields with high-viscosity oil;
- template for field development systems for water flooding;
- template for use of mechanized oil production technologies.

Rosneft specialists hold scientific and practical conferences and seminars for dissemination of technical knowledge and production experience. Two such conferences were held in 2009 and were attended by specialists from leading Russian and foreign R&D and service companies. A corporate conference was also held and was devoted to outcomes of the NTS projects.

As part of the program for dissemination of knowledge and results of R&D and engineering services, Rosneft held 15 seminars on 11 themes for 127 Company specialists during 2009.

Laboratory complex at the
Yurubcheno-Tokhomskoye field
(Krasnoyarsk Territory)



The Company also has extensive R&D publishing capacities. The 'Rosneft Petroleum Engineering Library' series continues to publish translations of prominent oil & gas works by foreign authors and monographs by top Russian specialists. Another four new books were published in 2009, bringing the total number of specialist books, published by the Company, to 11. Regular publication of the Company's periodical, 'The Rosneft Science & Technology Courier', continued in 2009 with four new issues. The Company also prepared more than 200 publications in Russian and foreign specialized journals, and in compilations of reports delivered at Russian and international conferences.

Quality Management System

Greater productivity and the optimization of business processes are overriding objectives for Rosneft. In 2009 the Company undertook a long-term corporate program for improving labor productivity, with particular focus on improving the quality of project documents and project studies, integrated planning, greatest pos-

sible automation of key processes, and quality in execution of technical solutions.

The international certification organization Bureau Veritas carried out unified certification of four of Rosneft's regional R&D centers to the ISO 9001:2000 standard during 2009. Certification of all the other R&D centers is scheduled for 2010–2011.

Since 2008 the Corporate Scientific Research Complex has been managed using an up-to-date and efficient 'Balanced Scorecard' technique, which makes it possible to accurately formulate the Company's strategic goals and bring them quickly to the attention of the heads of R&D institutes. Main indicators are analyzed and measures for adjustment and/or prevention are formulated at meetings held monthly to review rating results.

Formalization of requirements, quality control, and measures for improvement of process quality will enable savings of 30–40% on project tasks by 2012.

IT Infrastructure Development

Creation of high-quality IT infrastructure is an integral part of the Company's progress in design, implementation and successful deployment of new technologies.

Development of the Rosneft IT system uses an SAP R/3 base and is intended 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. Over USD 22 mln were spent for these purposes in 2009.

The Company makes efforts to ensure constant improvement of IT support for main industrial operations. A unique geological support center for well drilling was opened in the reporting year: specialists of the center can monitor the work being carried out at Company wells in real time. Such monitoring was in operation for all wells at the Vankor field in 2009 and also for a number of priority wells in Western Siberia.

Work in 2009 to develop the IT system in the production segment included introduction of new modules, which enable rapid planning of oil & gas production interventions, factor analysis of reasons for divergence between actual and planned indicators, planning and monitoring of well repairs, and monitoring of well flooding operations; as well as modules that provide access to a single source of field and analytical information on the production segment for employees at Company headquarters and in production units.

Work also continued on development of logistics IT systems. The automated IT system for audit and control of petroleum product flows in the Company's

goods allocation network was installed at a further nine Company subsidiaries, and was thus being used at more than 50 subsidiaries and regional representative offices and branches of Rosneft by the end of the year. A system for optimized planning of petroleum product outputs and distribution of oil and petroleum products was commissioned. New IT models were created for production at the Company's refineries, and existing models were updated.

Work to improve the system of automated planning and management of engineering data included creation of an electronic archive of engineering data and an archive of planning and implementation documentation for the Vankor field. A system for preparation of pre-project, project and permit documentation began to be used at Company subsidiaries Udmurtneft and Samaraneftgaz.

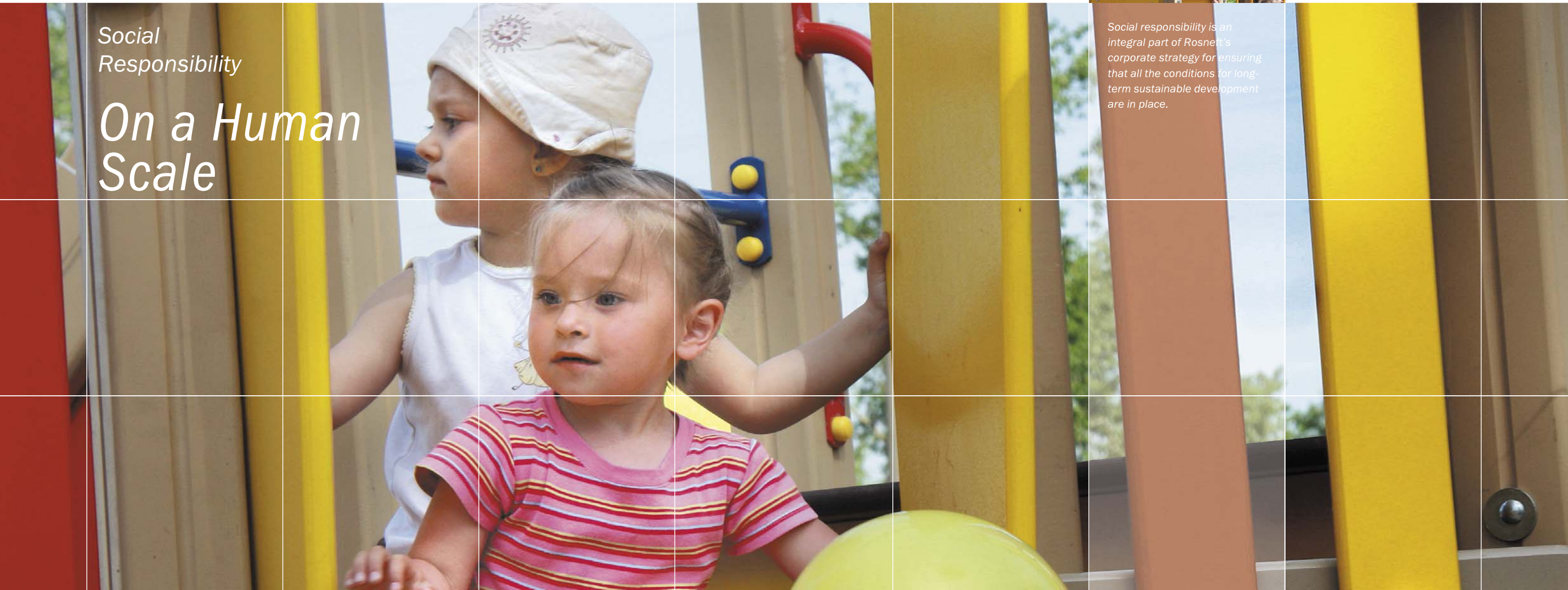
Metrological support to Company enterprises in 2009 included an agreement with Rostekhnregulirovanie (the Russian Government Agency for Technical Standards) and subsequent approval of a Regulation on the Rosneft Metrological Service. Work also continued on implementation of the target program, 'Measurement of associated petroleum gas', which is being carried out in 2008-2012 and envisages construction of 1,000 gas metering stations. The Company built 119 such stations in the reporting year (compared with 43 in 2008) and carried out design and research work for more facilities, which are to be built in 2010. Metrological support was provided for the Vankor development project and construction work at the Tuapse refinery.



Social
Responsibility

On a Human Scale

Social responsibility is an
integral part of Rosneft's
corporate strategy for ensuring
that all the conditions for long-
term sustainable development
are in place.

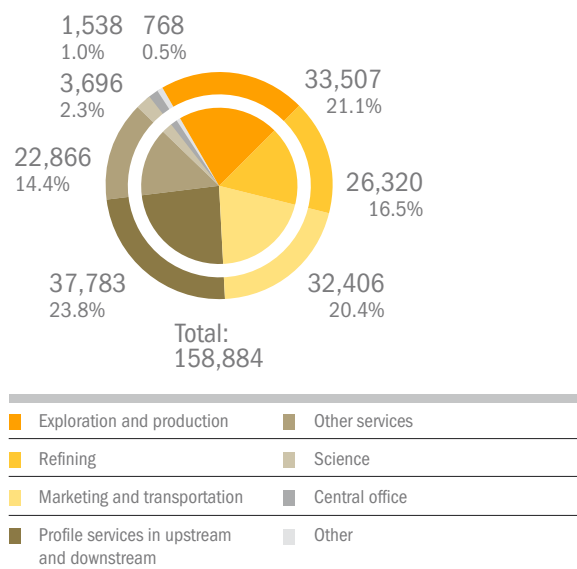


Personnel

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, motivated and highly qualified personnel are among Rosneft's most valued assets and the key to its future growth. The Company strives to value the professional contribution of each specialist as accurately as possible and offers equal 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 system for motivating Company personnel as well as by a corporate 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 achieving the best possible results.

PERSONNEL BY SEGMENTS,
AS OF DECEMBER 31, 2009 (employees; %)



One example of constant improvement of the system for motivation of personnel is introduction in 2009 at the holding company of a system of annual bonuses, dependent on execution of key efficiency indicators. This system is to be extended to managers of subsidiaries in the future.

As of December 31, 2009, Rosneft and its subsidiaries employed 158,884 people. The number of Company employees shrank by 3,028 in the reporting year compared with the end of 2008 as a result of cost reduction measures. Most of the reduction was through natural wastage.

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 2009 was 40, and 21,200 Company employees held managerial positions.

'School – College – Enterprise' System

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

Since 2006 the Company has operated a 'school – college – enterprise' system, which ensures a steady inflow to the Company of talented, young people with strong vocational education.

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 schools which have high ratings and are located in cities where the Company has a presence. High quality education is ensured by in-depth study of the most relevant subjects, employment of teachers from regional higher

Arkhangelsk Region, a terminal of LLC
RN-Arkhangelsknefteprodukt



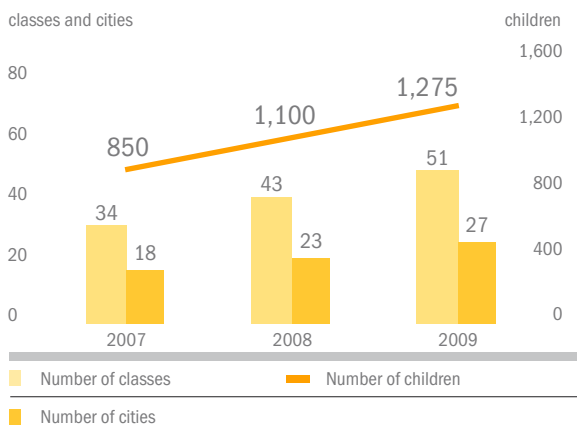
education institutions, use of up-to-date computer technology and other teaching aids in the classroom and regular improvement of teachers' qualifications.

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 2009 there were 51 'Rosneft classes' in 27 cities and towns where Rosneft has a presence, in the Far East, Eastern and Western Siberia, the Northern Caucasus and the Central Federal District. A total of 1,275 children pursued studies as part of the program.

Results achieved in upper classes at school are reinforced in the lecture halls of the higher education system. Rosneft has worked closely and to mutual advantage with more than 20 leading

ROSNEFT CLASSES



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 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 2009. The Faculty trains students to masters level, giving them expertise in the field of international oil & gas business projects. In 2009 there were 30 masters students and 32 doctoral students pursuing studies at the Faculty. A total of 10 masters students, from the intake of 2007, graduated from the Faculty in 2009, of whom 5 were offered employment at Rosneft.

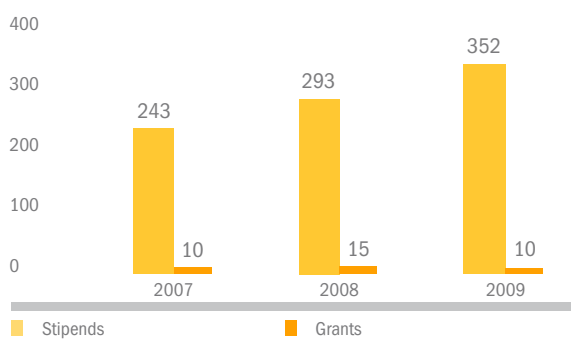
The Company provides regular sponsorship assistance to higher education institutions with which it

has partner relationships, helping them to modernize the education process, and supporting innovative projects and higher-education programs. 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 10 higher-education teachers during 2009, and 352 students obtained stipends from the Company and its subsidiaries. The most promising students and graduates are initially invited to obtain work experience with the Company and are then offered permanent jobs. In 2009 a total of 3,996 students came to the Corporate Scientific Centre and Company subsidiaries for work experience or internships and 940 graduates from oil & gas faculties were given employment at Company enterprises.

Partner institutes carry out annual 'Rosneft Days', at which Company representatives inform graduates about Rosneft enterprises, give them an idea of work prospects and explain corporate values. There were 47 such events during 2009 with about 5,500 participants.

Rosneft also has strong ties in the educational sphere with leading institutes, business schools and companies abroad: Bodo Graduate School of Business (Norway), PetroSkills, Ernst & Young

NUMBER OF ROSNEFT'S GRANTS AND STIPENDS



Teaching a Rosneft class
(Krasnodar Region)



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.

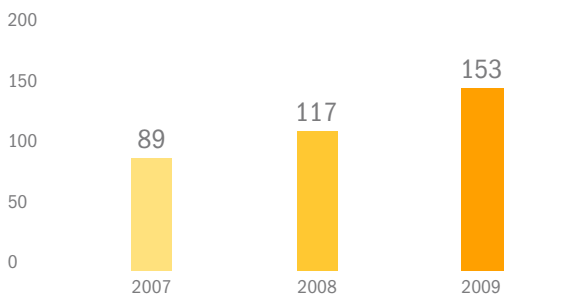
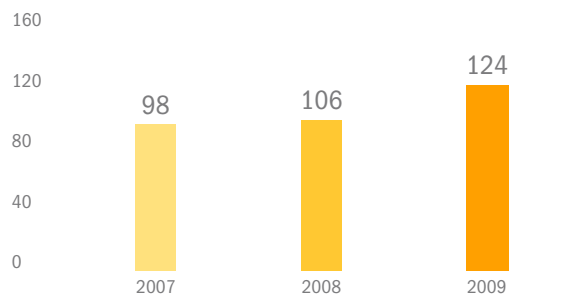
Work with Young Specialists

Work with young specialists is among the main priorities of Rosneft's personnel policy. There are currently more than 2,800 young specialists working for the Company.

Councils of young specialists and a mentoring system are widely used in Company subsidiaries, helping young people to adapt efficiently to employment at the Company. Each young specialist has

an individual development plan, which is used for organization of his studies, and much use is made of business games, competitions and training sessions.

The 4th Interregional R&D Conference for young specialists was held in 2009, bringing together 153 winners of the second R&D 'Cluster Conference' on business processes, which was held in Russian regions. In 2009, Conference sections were held in Nefteyugansk, Stavropol, Anapa, Novokuibyshevsk and Izhevsk. The number of participants of the Interregional R&D Conference increased by 30% compared with 2008, and a total of 1,238 young specialists took part in R&D conferences at all levels. 34 of the 37 prizewinning research works at the Cluster Conference were

PARTICIPATION OF YOUNG SPECIALISTS IN ROSNEFT'S
INTERREGIONAL R&D CONFERENCES (people)PARTICIPATION OF YOUNG SPECIALISTS IN 'RUSSIAN FUEL
AND ENERGY' COMPETITION (people)

recommended for implementation as having practical value for the Company.

Also, 124 young specialists from Rosneft took part in 2009 in the regular 'Russian Fuel and Energy' competition, which is organized in association with the Ministry of Energy. More than 20 of them won prizes at the competition.

In order to enhance 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 dialogue between program participants from various regions of the country.

Training and Development of Personnel

Rosneft provides its employees with extensive opportunities to enhance their abilities and skills, and develop their managerial and professional competences.

Training provided to Rosneft personnel is as follows:

- Compulsory training (to meet requirements of state and regulatory authorities).

- Professional training (based on key indicators of efficiency, results of technical competence assessments, business needs).
- Management training (based on results of assessment of management competence, business development strategy).

Corporate training is an important component in the system for development of personnel. The system of corporate training is based on the following main principles:

- Use of varied approaches in assessment of training needs and in planning and conduct of 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.
- Development of the Company's own educational resources in Moscow and the regions.

A total of 113,000 courses were provided for improvement of qualifications and professional retraining of employees in 2009 (counted by individuals benefiting from the courses, where two courses to the same individual are counted twice), which is 1.3 times more than in 2008.

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

Rosneft works closely with the Gubkin Russian State Oil & Gas University on development of additional professional education. A total of 13 Company specialists completed training in 2009 in the University's 'Oil & gas production' program and 15 specialists completed the program, 'Economics and management of an oil & gas enterprise', earning the title of 'Oil & Gas Enterprise Manager'.

A second group of 21 managers from the Company completed studies in October 2009 as part of the corporate MBA program 'International business in the oil & gas sector', jointly organized by the Moscow State Institute of International Relations and Bodo Graduate School of Business (Norway). A third group of 23 managers began their studies in December 2009.

A series of seminars was held for top managers and executives on the theme of 'Development of corporate management skills in an environment of global financial and economic change'. 99 people took part in the seminars.

Training of heads of structural sub-divisions of the parent company and general directors of subsidiaries began as part of the module program, 'Efficient company management: development of management competences'. The program is being provided by the

Higher School of Management at St. Petersburg State University, which is a strategic partner of Rosneft. 160 people took part in the training.

Work is continuing on management and technical preparation of highly qualified personnel for implementation of the Company's strategic tasks. A target program for training of specialists and workers at CJSC Vankorneft was in progress during 2009 (1,600 courses, counted by individuals benefiting from the courses, where two courses to the same individual are counted twice), as well as a target program for exchange trading in derivative financial instruments based on petroleum products (12 people), and a program for training of specialists in geological support to well-drilling operations (20 people).

An automated system for assessment of technical skills and formation of individual plans for professional development of personnel was developed and implemented in 2009. Technical skill profiles and tools were designed for assessment of personnel in the Corporate R&D Complex. The system was tested in pilot regime at Rosneft's R&D Center in Krasnodar.

A system of distance learning is being developed in the Company, and the corporate library contains 39 distance-learning courses. Work began in 2009 on development of distance learning courses, which train employees in fundamental standards and policies that regulate Company business ('Field equipment and pipelines', 'New production technologies' and 'Information technologies').

Social Policy and Charity

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

It is based on strict compliance with generally recognized international standards for human rights and on Russian social and labor law. Social responsibility with respect to all interested parties, based on equal opportunities, mutual respect, and supremacy of the law, is central to raising the Company's efficiency and competitiveness in all areas of business.

The Company is engaged in large-scale programs to ensure safe and comfortable working conditions, provision of housing, and improvements in the quality of life of its employees and their families. Rosneft also carries out professional training for employees, provides financial support to veterans and pensioners, and plays an active part in the social and economic development of Russian regions.

Social spending by the Company in 2009 was USD 502 mln.

Social Payments and Benefits to Employees

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

Composition and scale of these benefits depend on financial means of specific subsidiaries and terms set out in collective agreements.

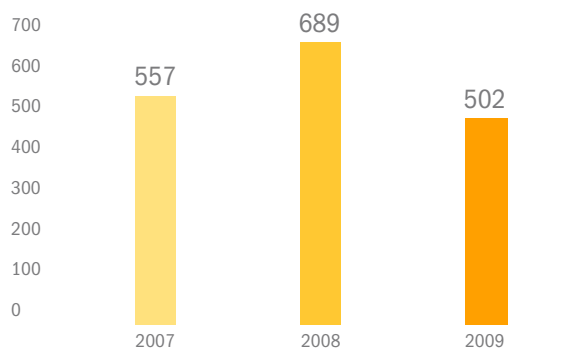
Improving Work and Leisure Conditions

Rosneft understands that employees' living conditions can contribute to 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.

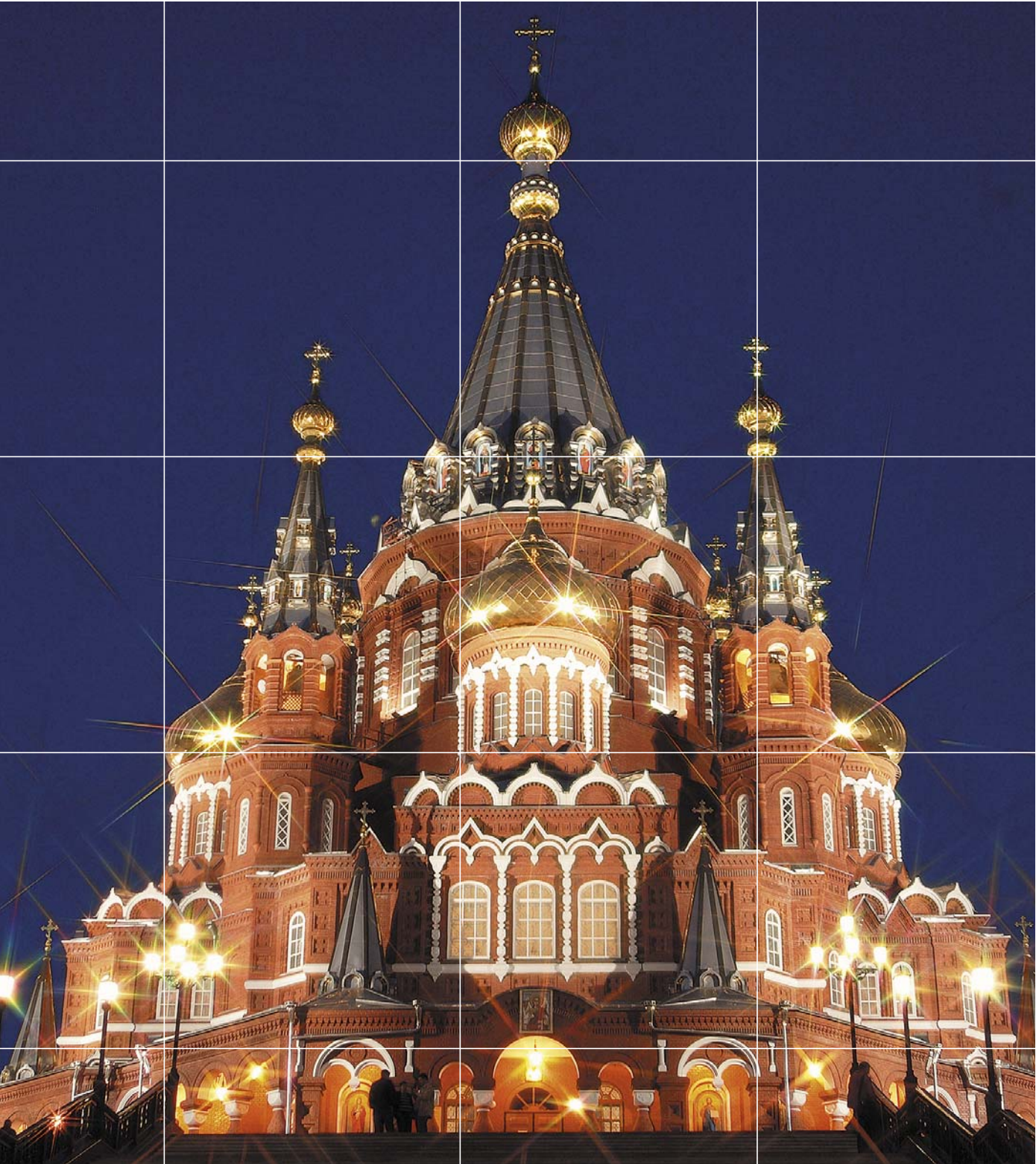
One of the central tasks of Rosneft's social policy is the renewal and development of camps for employees who carry out field shifts lasting several months ('shift camps'). Such camps are currently used by 37,000 Company employees. The appearance of shift camps is rapidly changing thanks to efforts by the Company: old-style hostels are being replaced by new and more comfortable residential complexes, healthcare infrastructure is undergoing stage-by-stage improvement, the range of routine services available is being expanded, and employees have ever more opportunities for sports and leisure. Spending on the program to standardize Rosneft's shift camps was USD 4.2 mln in 2009.

An important event in 2009 was completion and commissioning of four shift camps for 2,200 people at the Vankor field. Work also continued on construction of a shift camp for 100 people at the Priluki base and building of two more shift camps, for 850 and 100 people, was begun. Work was com-

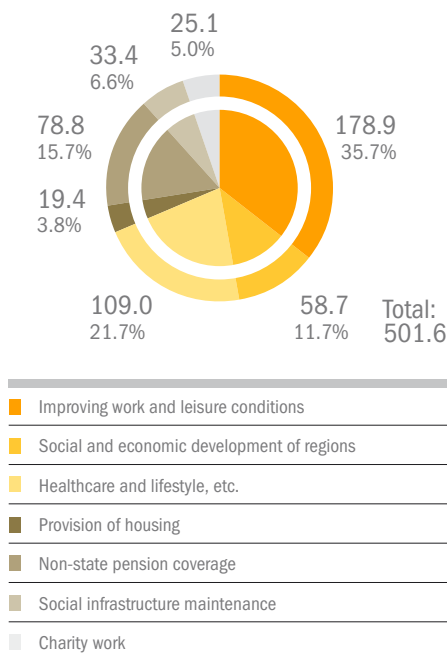
SOCIAL SPENDING (USD mln)



*Church of St. Michael in Udmurtia,
built with the support of Rosneft*



SOCIAL SPENDING BY AREA OF ACTIVITY (USD mln; %)



pleted on reconstruction of a hotel, cafeteria and hostel at Igarka airport, which provides connection by air to the Vankor field.

Reconstruction and major renovations were carried out at 49 sites in 2009 as part of measures to improve the work and leisure conditions of Company employees. Total investment in development of social facilities for employees was almost USD 180 mln.

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 2008. 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; providing Company employees with timely and high-quality medical services to international standards;
- rest cures for employees and members of their families (procurement of sanatoria and convalescence

services at Company level and management of the available services);

- ensuring appropriate hygiene and health conditions in the work place;
- development of medical services at Company subsidiaries;
- promotion of a healthy lifestyle.

The Company spent USD 28.2 mln on these measures in 2009.

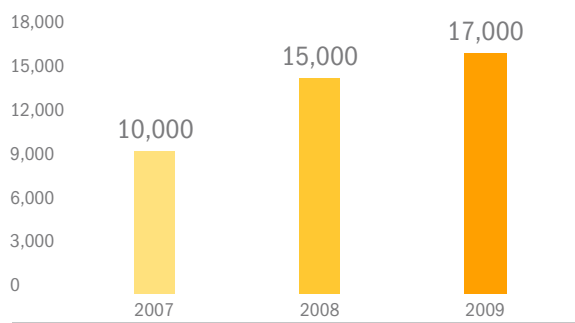
Voluntary Medical Insurance

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 USD 17.2 mln was spent on voluntary medical insurance in 2009. More than 90,000 Company employees are insured.

Sports

Support for sport and promotion of a healthy lifestyle are among the priorities of Rosneft social policy. Every year the Company leases sports halls and swimming pools, and organizes competitions for its employees in various sports. Special emphasis is placed on development of children's sport. Rosneft is financing the construction of large, modern sports complexes in the Far East, Siberia and Southern Russia.

NUMBER OF PARTICIPANTS IN ROSNEFT'S AMATEUR SPORTS FESTIVAL (people)



Sergey Bogdanchikov, President of Rosneft, and Dmitry Chernyshenko, Head of the Sochi-2014 Organizing Committee, at the official ceremony for signing of the Cooperation Agreement



Rosneft's annual, multi-stage Amateur Sports Festival ('Spartakiada') is an important corporate event and was held for the fifth time in 2009. A total of 17,000 people took part, including qualifying competitions. The first stage of the Spartakiada consists of qualifying competitions at various Company enterprises. The second stage consists of regional trials, held in June 2009 in Komsomolsk-on-Amur, Angarsk, Izhevsk, Samara, Krasnodar and Tuapse. 54 teams from Company subsidiaries took part in the regional competitions. The finals of the fifth Spartakiada were held in Moscow in August, with teams from 14 subsidiaries taking part (over 500 winners and runners-up from the regional stages).

Housing Programs

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

- corporate mortgage lending;
- housing construction;
- resettlement of employees of RN-Sakhalinmorneftegaz living in the village of Katangli in Sakhalin Region from dilapidated and hazardous housing;
- providing accommodation to employees on secondment.

Rosneft provided housing for 266 of its employees' families in 2009 (about 17,000 square meters of floor space were provided).

A modern swimming pool at the sports complex built by Rosneft in the town of Okha (Sakhalin Region)



151 families obtained housing in 2009 as part of Rosneft's program of long-term residential mortgage credits. Conditions of the program were kept unchanged, including provision to an employee of an interest-free loan for up to 25-35% 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. The Company reduced the rate of residential construction in 2009 in connection with cost optimization. Construction work in Grozny was continued and planning work for erection of an apartment block in Tuapse was paid for.

Corporate Pension Coverage

Rosneft's corporate pension program not only ensures a decent standard of living for pensioners and

veterans, but it also helps to achieve the Company's own human resource priorities (reducing employee turnover and attracting qualified specialists to the Company).

Rosneft pays non-state corporate pensions to retiring employees in addition to their state pension. Such additional pension provision is organized through the Neftegarant non-state pension fund. Most Company subsidiaries have signed collective agreements with the fund (such agreements encompass more than 100,000 employees in total). Pension contributions by Rosneft and its subsidiaries to the Neftegarant fund totaled USD 79 mln in 2009, of which USD 4.5 mln were paid as part of a project for social support to veterans.

Non-state pensions were received by 27,078 people in 2009 (14,050 pensioners and 13,028 veterans), and total pension payments during the year were almost USD 15 mln. A further USD 7 mln of assistance was provided to pensioners and veterans under collective agreements to pay for holidays, medical expenses and other items.

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 the end of 2009, more than 20,000 employees had made individual pension agreements with the fund for a total sum of almost USD 14 mln.

Social and Economic Development of Regions

As one of the biggest companies in Russia, Rosneft is keen to support implementation of social and economic programs in regions where it operates.

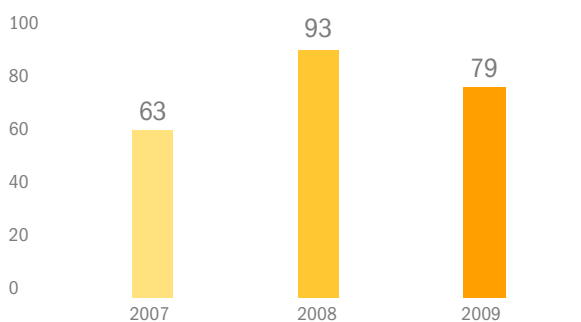
Financing for development of social infrastructure is provided in the framework of agreements with executive government in regions of Company presence, based on mutually advantageous cooperation. The Company receives tax advantages in some regions in accordance with federal and regional legislation.

Rosneft spent a total of USD 59 mln in 2009 to finance social and economic cooperation agreements with regions. The agreements provide for investment in urban and rural infrastructure, road building, construction of schools, medical facilities, and cultural and sports facilities, and purchase of modern equipment. Terms of the agreements require regional administrations to report back to the Company on proper use of the funds.

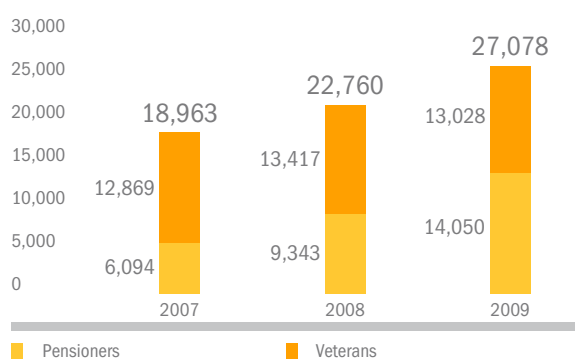
The support provided by Rosneft has direct relevance to the life of people in regions, where Company enterprises are sometimes the main employer. Large-scale social programs are underway in the town of Nefteyugansk (Khanty-Mansiysk Autonomous District), where the Company is financing construction of a park and leisure zone with indoor swimming pool, as well as carrying out landscaping work (including road surfacing and construction of children’s playgrounds). A hockey complex is under construction in the town of Poikovsky, and several villages in Khanty-Mansiysk Autonomous District have been connected to mains gas.

In the Yamalo-Nenets Autonomous District, the Company gives support to small indigenous northern peoples, by financing construction of new housing and engineering networks, and through purchases of equipment. Spending for these purposes was in excess of USD 2 mln in 2009.

PENSION CONTRIBUTIONS BY ROSNEFT (USD mln)



NUMBER OF PEOPLE RECEIVING CORPORATE PENSIONS (people)



Rosneft traditionally supports small indigenous peoples

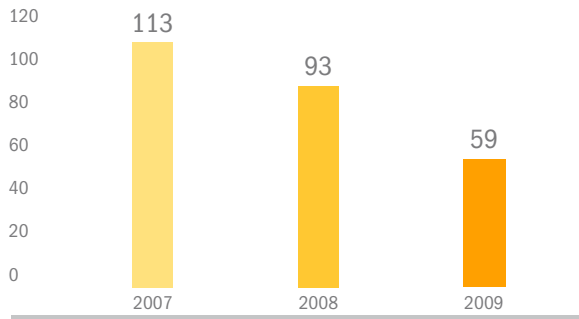


In Krasnoyarsk Territory the Company is financing construction of a laboratory corpus at the Oil & Gas Institute of the Siberian Federal University. Rosneft assigned USD 11 mln of funding for this purpose in 2009. A program is also underway for development of infrastructure in Turukhansky District (the part of Krasnoyarsk Territory where the Vankor field is located) and the town of Igarka. A sum of USD 5 mln was allocated for the program in 2009. Work included construction of a stadium in the village of

Bolsheului, an obstetrics clinic in the village of Sovrechka, and a sports complex in the village of Turukhansk. Work in the town of Igarka included repair of classrooms at the professional institute, as well as repairs to the town hospital and a school. Rebuilding work was carried out at the children's art school in Igarka.

Public-use facilities, which were built, repaired and or rebuilt in 2009 thanks to Rosneft financing in regions of Company presence included: 9 pre-school

SPENDING AS PART OF SOCIAL AND ECONOMIC
REGIONAL AGREEMENTS (USD mln)



facilities, 29 schools, 11 cultural and 9 sports facilities, as well as 11 medical institutions and 6 places of worship.

Support for Education

Another important aspect of Rosneft's social policy is support for education. By helping educational institutions to acquire IT and interactive equipment, and by fitting out laboratories and technical rooms, etc., the Company ensures a steady inflow of well-trained employees for sustainable development of its business.

Rosneft is successfully implementing its 'school – college – enterprise' program of connected professional education. Specialized 'Rosneft classes' have been created in several Russian regions for over 1,000 particularly gifted school-children, who plan to obtain higher education at oil sector institutes and to pursue careers with the Company.

The Company spent USD 3.7 mln in 2009 on Rosneft classes, on cooperation with Russian higher education institutes which train specialists for the oil & gas sector, and on support for educational infrastructure. Also, 86 Company employees were provided with a total of USD 82,000 in loans to help finance their children's education.

Charity

Charity is another key aspect of Rosneft's social policy. The Company makes significant amounts of money available each year to support various non-profit projects across Russia. Attention is focused on the most vulnerable social groups: veterans, people with physical disabilities who require special provisions in order to live a full life, and orphans.

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 provide depend on the specific circumstances (illness, family difficulties, etc.), income level, size of family, length of time employed at the Company and professional achievements.

Charity in regions where the Company operates is particularly oriented to minority 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 USD 3.6 mln on the needs of such indigenous ethnic groups in the north of Russia during 2009.

Rosneft is committed to assisting the revival of Orthodox Christianity in Russia and strengthening of the moral foundations of society. Projects include financing the construction of the Church of Our Savior in the village of Usovo (Odintsovo District, Moscow Region). The Company spent over USD 15 mln on implementation of this project in 2009. Rosneft also transferred USD 189,000 in 2009 for restoration of the Church of the Assumption of the Blessed Virgin at the Russian Embassy in Beijing as part of its program for strategic cooperation with the People's Republic of China.

Criteria for Charity Assistance

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

- income level of the claimant;
- make-up of the claimant's family;
- length of time employed at the Company and professional achievements;
- reason for the claim (illness, accident, 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 support investment activities by the Company in the region and to provide assistance in other issues, which are in the region's competence, as permitted by Russian law;
- a jointly agreed program, specifying the use of charity funding;
- accounting by the region to prove that charity funding was used as intended.

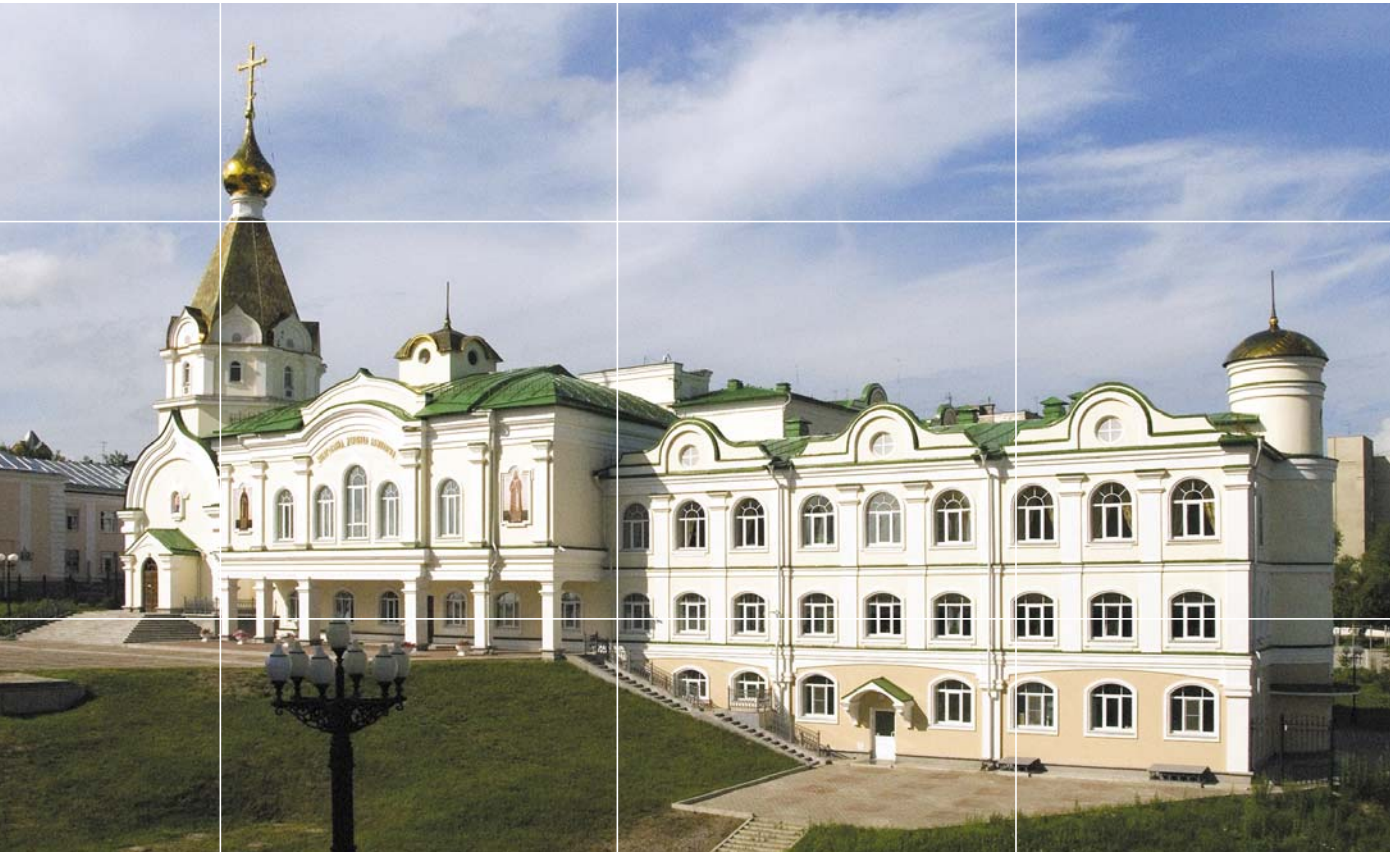
Criteria for charity assistance to organizations, institutions, and foundations for implementation of specific projects:

- 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 approved Company budget for the reporting year.

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

Seminary in Khabarovsk, built with support from Rosneft



Rosneft 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.

Total spending by the Company on charity in 2009 was USD 25 mln.

Maintenance of Rosneft Social Infrastructure

Rosneft is carrying out a step-by-step program for optimization of social infrastructure in its ownership with the goal of reducing costs that are not related to Company business. Various non-core facilities with

limited importance for Company employees are being withdrawn from subsidiaries, as are some public-use facilities.

Disposals of social infrastructure by subsidiaries in 2009 included Medical Clinic No.36 (Angarsk refinery), and the Neftyanik stadium, swimming pool and palace of culture (Novokuibyshevsk refinery).

A specialized subsidiary, LLC RN-Zdorovye, which was set up in 2008, began to operate in the reporting year. Its function is to ensure efficient, centralized management of social and cultural facilities that remain on the balance sheets of Company subsidiaries.

Rosneft spent about USD 33 mln on maintenance of its social infrastructure during 2009.

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 impact;
- 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 employees.

Rosneft operates an Integrated Management System for HSE, enabling ongoing management, control and monitoring of Company activity in these fields, and assessment of its efficiency. Staff at all levels are involved 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 continuing to develop and implement new standards.

In 2009 the Company underwent a further surveillance audit of its Integrated Management System, which confirmed that the System is maintained in working order, is being consistently improved, and matches the 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 42 Company en-

terprises. Another six subsidiaries have their own ISO 14001 and OHSAS 18001 certificates. Compliance with international standards ISO 14001:2004 and OHSAS 18001:2007 was renewed until April 2012 through recertification.

In 2009, Rosneft completed adaptation of its Integrated Management System to the requirements of the new OHSAS 18001:2007 standard, which has extended occupational safety criteria. The Company also updated human factor evaluation and accident investigation procedures.

Continuous improvement of the competences of all Company employees in the HSE field is a major concern of Rosneft. During 2009, HSE seminars and educational programs were held in various regions where the Company operates, and specialized training was delivered as part of the Company's ongoing efforts to enhance the Integrated Management System. Rosneft uses the services of leading Russian and international companies to provide this training. The Company also plays an active part in discussion of health, safety and environment issues with Russian government agencies at federal, regional and local level, as well as maintaining a dialog with civil-society organizations.

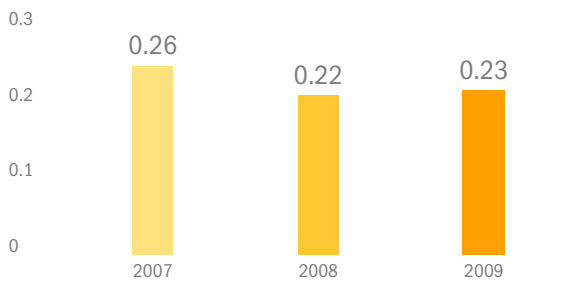
About USD 47 mln was spent in 2009 on financing of health and safety measures at Rosneft and its subsidiaries.

The number of industrial injuries at Rosneft enterprises in 2009 was almost unchanged from 2008, although the fatal injury rate increased to 6.4 per 100 mln working hours. Growth of the fatal injury rate was due to a large number of incidents, in which third parties were at fault. They include a helicopter crash, in which two employees of RN-Yuganskneftegaz were killed, a road accident in Udmurtia involving employees of Udmurtneft and RN-Service, and an assault on

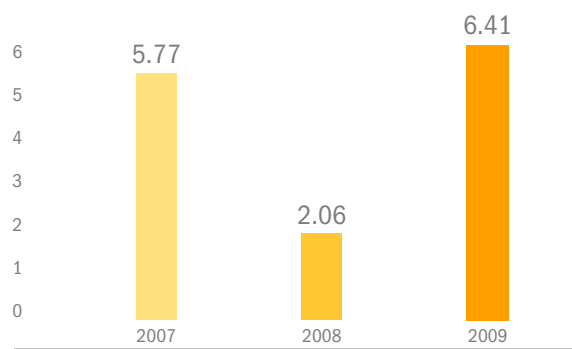
Crude oil production in Samara Region



INDUSTRIAL INJURY RATE
(per 1 mln hours worked)



FATAL INJURY RATE
(per 100 mln hours worked)



an attendant at a filling station run by the company Kedr-M, among other accidents.

Rosneft has a system for emergency prevention and response. The Company carried out 249 emergency response exercises in 2009, involving approximately 18,000 employees of subsidiaries, in order to maintain system readiness 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.

The Company's spending on emergency prevention and response, and on fire and radiation safety rose to USD 122 mln.

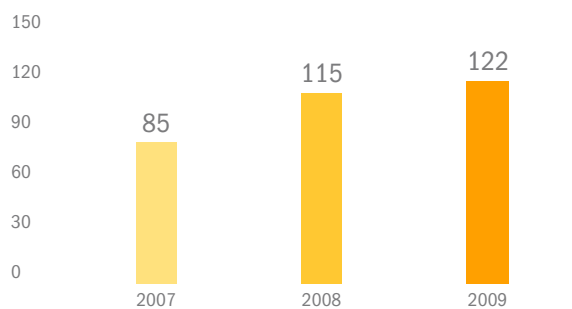
Consistent reduction of air pollutant emissions is among the Company's highest priorities in environmental protection. As part of this work, Rosneft has been implementing a wide range of measures, including: construction and overhaul of gas pipelines; adjustment of burner units, boilers, furnaces and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

of light reflecting paints; and constant monitoring of air quality and inventory of emission sources.

Three Rosneft enterprises won awards at the EcoLeader competition in Samara Region in 2009: the Novokuibyshevsk lubricants and additives plant came first in the category for small and medium-sized enterprises; the Novokuibyshevsk oil refinery won a first-class diploma in the large enterprise category; and the production subsidiary, Samaraneftgaz, was also awarded a diploma.

Along with conventional approaches to environmental protection, such as rational use of water resources, land decontamination and reclamation, etc., Rosneft extensively applies the most advanced

SPENDING ON EMERGENCY PREVENTION, FIRE AND RADIATION SAFETY (USD mln)



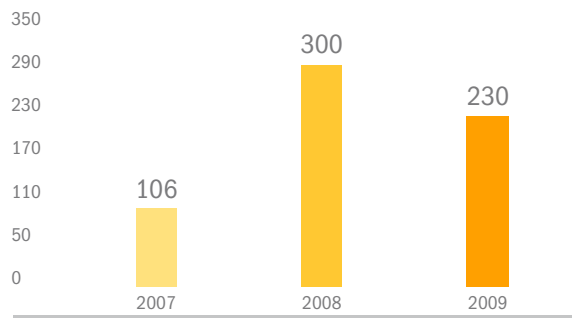
environmental technologies. For example, waste disposal is carried out only at special sites, and well pads at fields are equipped with a tailor-made drainage system. In addition, extensive use is made of treatment systems during drilling (technique of 'pitless drilling', which dispenses with the need for waste pits), and observation wells are drilled around well pads.

Another key element of Rosneft's modern approach to environmental protection is its pipeline monitoring system.

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

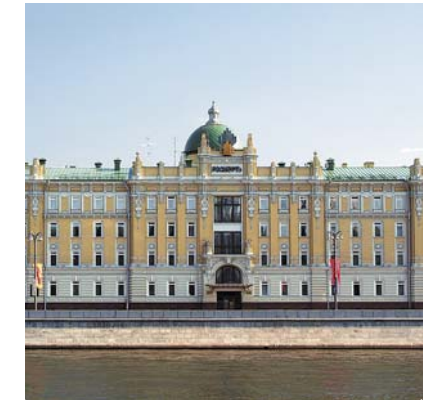
Rosneft gives special priority in environmental protection to preventative measures aimed at minimizing negative impacts on the environment. One such measure is for step-by-step implementation of the Company's Targeted Environmental Program for 2009–2014, which involves modernization of the Company's environmental facilities and equipment. Measures include: construction and reconstruction of

SPENDING ON ENVIRONMENTAL PROTECTION
(USD mln)



work areas; provision of Company subsidiaries with modern technology and equipment for recycling of oil sludge and dealing with oil spillages; and construction of new and reconstruction of old purification facilities. Spending on the Environmental Program in 2009 was USD 21 mln, which is 1.3 times more than in 2008.

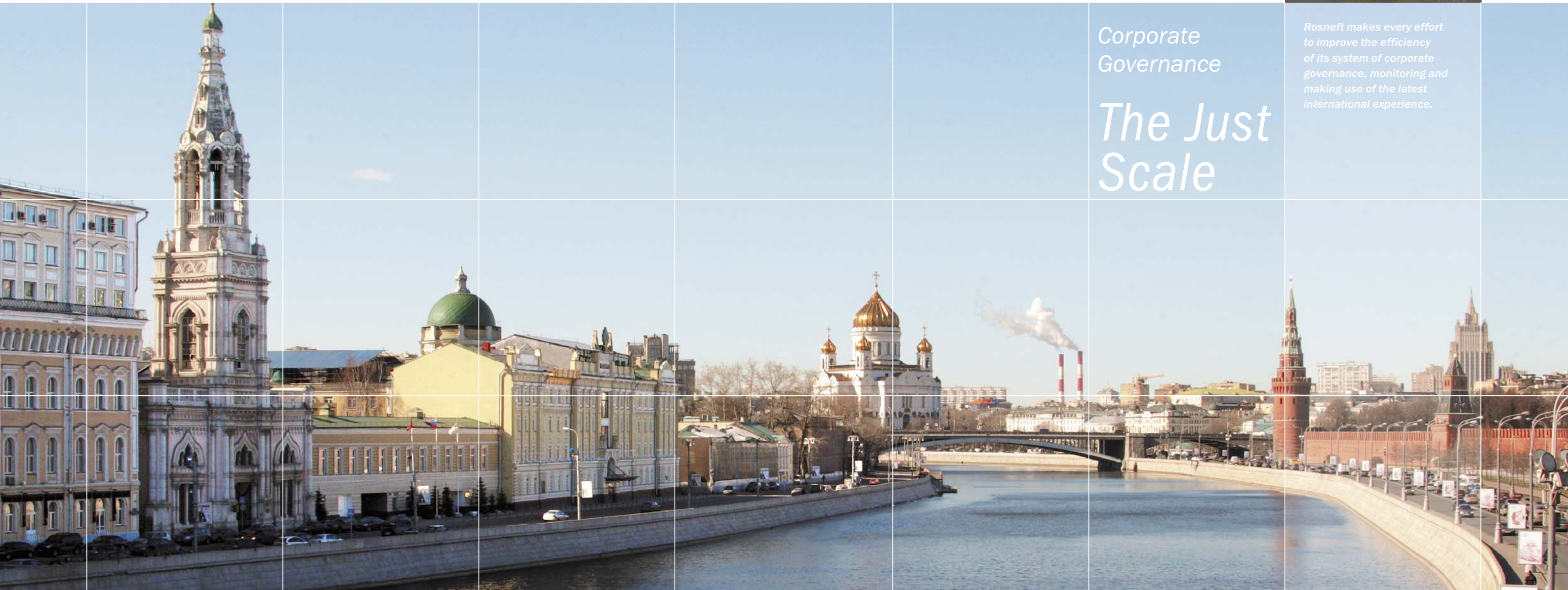
Another important Company task is elimination of environmental impacts which have accumulated at license areas during operations in previous years. Investments in environmental measures and total spending on such measures in 2009 were USD 230 mln.



Corporate
Governance

The Just Scale

Rosneft makes every effort
to improve the efficiency
of its system of corporate
governance, monitoring and
making use of the latest
international experience.



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 and subsidiaries;
- 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 Russian regions.

Rosneft's system of corporate governance consists of the General Meeting of Shareholders, 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 Corporate Code of Conduct, which was designed to comply with the Russian Federal Law on Joint Stock Companies, the Corporate Code of Conduct recommended by the Russian Federal Commission for the Securities Market, with OECD principles of corporate governance, and with the Company Charter.

The General Meeting of Shareholders

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

In order to improve the system of corporate governance, ensuring efficient management and safe-

guarding of Group assets, and also to raise efficiency of work by Company bodies and to reinforce the responsibility of management for its performance before the Company's many Russian and foreign shareholders, the General Meeting of Shareholders on June 19, 2009 approved amended versions of the following documents:

- Charter
- Regulation on the General Meeting of Shareholders
- Regulation on the Board of Directors
- Regulation on the Collegial Executive Body (Management Board)
- Regulation on the Chief Executive Officer (President)
- Regulation on the Internal Audit Commission

Decisions by the Annual General Meeting of Shareholders of Rosneft, held on June 19, 2009, and devoted to the results of Company business in 2008, 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 2008; size, schedule and form of payment of dividends for 2008; 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 approval of related-party transactions and of a large transaction*.

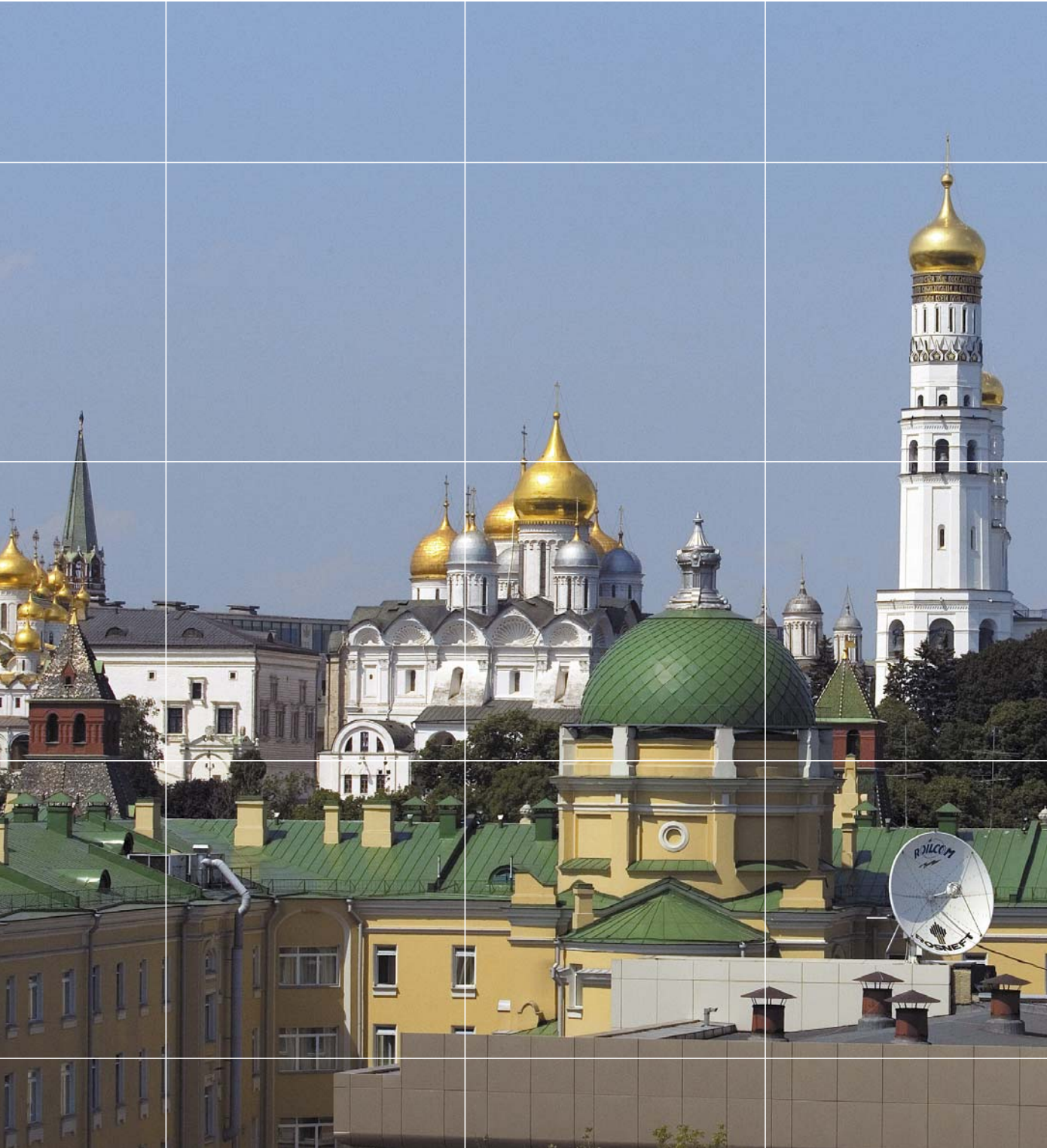
Decisions taken by General Meeting of Shareholders had been fully executed by December 31, 2009.

The Board of Directors

The Board of Directors is the principal component of Rosneft's system of corporate governance. It carries out general management of Company business on behalf and in the interests of all its shareholders within the limits of its authorities, as prescribed by Law and the Company Charter.

* The procedure for the call of an Extraordinary General Meeting of Shareholders is stipulated by Paragraph 9.7 of the Rosneft Charter.

Rosneft headquarters



As well as being responsible for efficient management of the Company, the Board of Directors supervises the system of control over activities of the Company's executive bodies, and ensures efficient interaction between Company bodies, and observance and protection of the rights and lawful interests of shareholders. In carrying out these functions the Board of Directors works closely with the Company auditor (partly through the BoD committees) and with other bodies and structural subdivisions of the Company, and with Company officials.

The Board of Directors is governed in its decision-making by the following principles:

- that decisions should be taken based on accurate information about Company business;
- impermissibility of limitations on the rights of shareholders, including the right to participate in management of Company affairs, and to receive dividends and information about the Company;
- striking a balance between interests of various groups of shareholders to achieve the greatest possible objectivity in decision-making for the benefit of all Company 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 BoD Committees
- Regulation on the BoD Audit Committee
- Regulation on the BoD HR and Remuneration Committee
- Regulation on the BoD Strategic Planning Committee
- Corporate Code of Conduct
- 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 provisions of the Corporate Code of Conduct, 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 additions to the Corporate Code of Conduct and the Regulation on the Corporate Secretary.

On October 18, 2008, for purposes of defining the roles and functions of the Board of Directors of the Company and to raise overall efficiency of work by the Board, amended versions of the following documents were approved: the Regulation on the BoD Audit Committee; the Regulation on the BoD HR and Remuneration Committee; the Regulation on the BoD Strategic Planning Committee; and the Regulation on the Procedure for Formation and Operation of BoD Committees.

On December 31, 2008 a Code of Business Ethics was approved in order to ensure strict compliance of Company business with generally accepted principles of responsible conduct of business. The Code formulates the mission and values of Rosneft as well as principal rules for conduct of Company officials and for interaction between them.

All of the above-mentioned documents can be viewed on the Company's website together with the Rosneft Charter. Information on observance of the Rosneft Corporate Code of Conduct 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 Meeting of Shareholders. Other information, which Board members may require for proper execution of their duties, is supplied to them on request.

Composition of the current Board of Directors corresponds to standards set out in Rosneft's Corporate Code of Conduct and to international corporate governance practices. As of December 31, 2009 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 2009. In the period from January 1, 2009 until June 19, 2009 Board functions were exercised by members appointed at the Annual General Meeting of Shareholders, held on June 5, 2008. Sergey Naryshkin and Gleb Nikitin left the Company Board of Directors and Vladimir Bogdanov and Nikolay Tokarev were elected to the Board.

Activity of the Board of Directors in 2009

The Board of Directors held 18 meetings during 2009 (5 with members present and 13 by voting in absentia), at which it reviewed and took decisions in a number of key areas of Company business*.

Strategic planning and control over operations and finances of Rosneft

The Board of Directors of Rosneft carried out regular reviews of macroeconomic indicators and of the

Company's financial performance. In December 2009 the Board reviewed the Company's preliminary operating and financial results for 2009 and approved the business plan for 2010.

A meeting of the Board of Directors in October 2009 reviewed the process of strategic planning in the Company and approved a schedule of measures for development of a Strategy for Rosneft up to 2030.

The Board of Directors of Rosneft defined a number of priority areas for Company business during 2009:

- cooperation with the China National Petroleum Corporation in the framework of the Memorandum on Mutual Understanding dated October 28, 2008, and cooperation in the oil sector between the Governments of the People's Republic of China and of the Russian Federation;
- development of cooperation between Rosneft and Eni S.p.A. in the framework of a Memorandum on Mutual Understanding;
- cooperation in the electric power sector with OJSC INTER RAO UES in the framework of a Memorandum on Cooperation;
- strategic cooperation with the company Petroleos de Venezuela S.A. (PDSVA) in projects for acquisition, joint ownership and management of oil refining enterprises.

In the reporting year the Company approved memorandums:

- with companies in the Republic of Turkey;
- on mutual understanding with regard to the Trans-Anatolian oil pipeline project between Eni S.p.A., Calic Holdings A.S., and TAPCO;
- on mutually advantageous cooperation in projects for E&P, refining and marketing between Rosneft and the China National Petroleum Corporation;
- on mutual cooperation between Rosneft and International Petroleum Investment Company (UAE).

* The procedure for the call of BoD meetings and for decision-taking by voting in absentia is governed by the Regulation on the Board of Directors of Rosneft.

Members of the Board of Directors of Rosneft

(as of December 31, 2009)



Igor Sechin

Chairman of the Board of Directors of Rosneft

Born in 1960. Graduated from Leningrad State University in 1984. Doctoral Candidate in Economics. Awarded state and industry prizes. From 1991 to 1996 — Work in St. Petersburg City Hall. From 1996 to 1998 — Work in the Directorate of Affairs of the President of the Russian Federation, and in the Main Control Directorate of the President of the Russian Federation. In 1999 — Head of the Secretariat of the Deputy Prime Minister of the Russian Federation. From August 1999 — Head of the Secretariat of the Prime Minister of the Russian Federation. 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 with distinction from Ufa Petroleum Institute in 1981, specializing in 'Technology and complex mechanization of oil & gas field development'. Doctor of Engineering and author of several scientific publications. Awarded state and industry prizes. From 1993 — CEO 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.



Yury Petrov

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

Born in 1947. Graduated from Leningrad State University in 1971 specializing in Law. Doctoral Candidate in Law. Author of numerous scientific publications. Awarded state and industry prizes. 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.



Andrey Kostin

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

Born in 1956. Graduated with distinction from the Economics faculty of Lomonosov Moscow State University in 1979, specializing in Political Economy. Doctoral Candidate in Economics. Awarded state and industry prizes. 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 Director 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 the Economics faculty of Lomonosov Moscow State University in 1973, specializing in Political Economy. Doctor of Economics. Author of numerous scientific publications. Awarded state and industry prizes. 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.



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. Author of numerous scientific publications. Awarded state and industry prizes. 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 — CEO of OJSC OBORONPROM. From 2004 — 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 the Economics Faculty of Berne University in 1965. From 1998 — Chairman of the Supervisory Board of Barclays Capital. From 2006 — Member of the Board of Directors of Rosneft.



Vladimir Bogdanov

*Member of the Board
of Directors of Rosneft*

Born in 1951. Graduated in 1973 from the Tyumen Industrial Institute specializing in 'Drilling of oil & gas wells'. Obtained a second higher education at the Economics Academy attached to the Council of Ministers of the USSR, specializing in 'Economics, management organization, and economic planning'. Doctor of Economic Science. Author of many inventions, scientific works and publications. Awarded state and industry prizes. From 1993 — Member of the Board of Directors, CEO of OJSC Surgutneftegaz. From 2009 — Member of the Board of Directors of Rosneft.



Nikolay Tokarev

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

Born in 1950. Graduated from Karaganda Polytechnical Institute, specializing in 'Electrification and Automation in the Mining Industry'. Awarded state and industry prizes. In 1999 — Appointed Vice-President of OJSC Transneft. In 2000–2007 — CEO of the state foreign-economic conglomerate 'Zarubezhneft' (incorporated in 2004 as OJSC Zarubezhneft). In October 2007 — Elected Chairman of OJSC Transneft. From 2009 — Member of the Board of Directors of OJSC Rosneft.

2008 Annual General Meeting
of Shareholders



ATTENDANCE OF THE MEMBERS OF THE BOARD OF DIRECTORS AT MEETINGS OF THE BOARD OF DIRECTORS AND BOARD OF DIRECTORS COMMITTEES

Board of Directors					Audit Committee	HR and Remuneration Committee	Strategic Planning Committee
Members	Executive	Non-Executive	Independent	Attendance at meetings			
Igor Sechin		X		18/18			
Vladimir Bogdanov ²		X		13/13			
Sergey Bogdanchikov	X			18/18			
Andrey Kostin		X	X	18/18	13/13	6/6	
Sergey Naryshkin ¹		X		5/5		2/2	
Alexander Nekipelov		X	X	17/18	12/13		4/4
Gleb Nikitin ¹		X		5/5			2/2
Yury Petrov		X		13/13		4/4	
Andrey Reus		X		17/18			4/4
Hans-Joerg Rudloff		X	X	18/18	13/13	6/6	
Nikolay Tokarev ²		X		13/13			2/2

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 2009, Sergey Naryshkin served as the Deputy Chairman of the Board of Directors and as a member of the Board's HR and Remuneration Committee in the period from January 1 through June 19. Gleb Nikitin served as the Deputy Chairman of the Board of Directors and as a member of the Board's Strategic Planning Committee in the same period.
2. In 2009, Vladimir Bogdanov served as a member of the Board of Directors in the period from June 5 through December 31 and Nikolay Tokarev served as a member of the Board of Directors and as a member of the Board's Strategic Planning Committee in the same period.

A Program of Energy Saving for Rosneft in the period 2009–2013 was also approved during 2009 in order to reduce expenditures on fuel and energy.

The Board of Directors reviewed and approved a Concept for Regional Policy of Rosneft in order to define the Company's priorities and areas of work in regions of the Russian Federation where Rosneft and its subsidiaries and dependent companies have operations.

The Board of Directors also reviewed issues concerning innovation policy and R&D programs at Rosneft, as well as progress in implementation of the Company's largest projects.

Further improvement of the Corporate Governance System

The Board of Directors reviewed the report on activities of the Management Board of Rosneft during 2008. Proposals were approved for amendments to the Regulation on the Company's Collegial Executive Body (Management Board), intended to strengthen the role and enhance the status of the body in the Company's system of corporate governance.

A new practice was introduced, by which a report on activities of the Management Board is submitted annually to the Board of Directors. Reports on activities of BoD committees were reviewed and approved.

An amended version of the Regulation on the Procedure for Calculation and Payment of Remuneration and Compensation to members of the Board of Directors of Rosneft was approved.

A system of annual bonuses to key managers of Rosneft was approved, based on efficiency indicators, ensuring objectivity in assessment of achievements and establishing a procedure for annual bonuses to Company employees for results in 2008. A Regulation on Annual Bonuses to Top Managers and Heads of Independent Subdivisions was approved as part of introduction of the new system.

The amended version of the Company charter, approved by the General Meeting of Shareholders on June 19, 2009 establishes new decision-making powers for the Board of Directors and Management Board with respect to policy concerning Group companies. A list of key companies in the Group has been approved for purposes of the new decision-making powers.

The Board of Directors regularly reviewed and took decisions on enactment, amendment and early cessation of transactions, indicated in Paragraph 10.1.8 of the Rosneft Charter.

Committees of the Board of Directors

The BoD Committees for Audit, HR and Compensation, and Strategic Planning continued their work in 2009, carrying out preliminary review of key issues and preparing relevant recommendations to the Rosneft Board of Directors. Work by the Committees in the reporting year was in accordance with 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 2009 were determined by decisions of the Board of Directors of Rosneft in June 2008 and June 2009.

Audit Committee of the Board of Directors

Members of the Audit Committee:

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

The Audit Committee enables participation by the Board of Directors in control over financial and operating activity of Rosneft.

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 also 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 accounting.

The Audit Committee ensures constant interaction of the Board of Directors with Rosneft's auditors, the In-

ternal 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)
- Yury Petrov
- Hans-Joerg Rudloff

The HR and Remuneration Committee works to encourage highly qualified specialists to take employment at Rosneft and to ensure 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; definition 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

Vice-President, Chief Accountant, Financial Director, and R&D Director of Rosneft 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
- Nikolay Tokarev

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 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 2009

Audit Committee

Activities of the Audit Committee were based on the plan for 2009. The Committee met 13 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.

The Committee also reviewed issues of strategic hedging of Rosneft's currency and interest rate risks, as well as carrying out analysis of impact on financial accounts of new transactions by the Company for hedging of financial risks. Recommendations were made to management on these points.

At the request of the Board of Directors, the Committee reviewed a report on implementation of measures to reduce costs in various areas of Company business.

In preparation for publication on February 1, 2010 of audited consolidated financial accounts of Rosneft for 2009 under US GAAP, the Committee analyzed the issue of obtaining an auditor's opinion.

As part of its work with Company auditors, the Committee gave attention at one of its meetings to some of the results of observation by LLC Ernst & Young of the business of certain subsidiaries, based on quarterly checks and audit of consolidated financial accounts of Rosneft for 2008. Letters of auditors, based on audit of consolidated financial accounts of Rosneft for 2008, concerning the system of internal control at Rosneft were also considered.

The Committee together with the structural subdivision responsible for internal audit approved the plan for work by the Internal Audit Department of Rosneft in 2009.

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 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 2009.

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 2008 was given a preliminary review; an assessment was given of the opinion of the Rosneft auditor concerning the Company's financial accounts for 2008; a review was carried out of the conclusions of the Internal Audit Commission for 2008 (following checks of Company operations and finances; checks of annual accounts; and of the accuracy of data in the Annual Report); and a review was carried out of recommendations to the Annual General Meeting Shareholders of Rosneft concerning the procedure for distribution of Company profit, the amount of dividends to be paid for 2008, and the procedure for their payment.

The Audit Committee prepared recommendations to the Rosneft Board of Directors in 2009 on the following issues: pricing in related-party transactions and approval of related-party transactions; preliminary approval of the Rosneft Annual Report for 2008; annual financial accounts, including profit & loss accounts, of Rosneft for 2008; recommendations to the General Meeting of Shareholders concerning size of dividends and the procedure for their payment, as well as distribution of Company profit for 2008.

In the course of 2009, 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 2009. The Committee held six meetings during the reporting period.

The HR and Remuneration Committee reviewed the Report on Sustainable Development of Rosneft (as part of assessment of Company activity in the social policy sphere), and gave recommendations for holding of annual public hearings in Moscow to discuss sustainable development factors and to support corporate reporting in the field of sustainable development. The Committee also recommended extension to all the Company's main operating regions of the practice of meetings with interested parties to discuss principal aspects of sustainable development of Rosneft subsidiaries and of the regions themselves.

Progress in application of the Rosneft Code of Business Ethics was reviewed, as instructed by the Board of Directors. The Committee recommended the Management Board to approve the Program for Development of Business Ethics at Rosneft.

The Committee prepared recommendations to the Board of Directors concerning decisions on the following issues: the system of annual bonuses to key managers of Rosneft, based on efficiency indicators and ensuring objective assessment of achievements; the activities of Rosneft's Collegial Executive Body (Management Board) and proposals for amendments to the Company Charter and the Regulation on the Collegial Executive Body (Management Board); the number of members of the Management Board, candidates for membership, and drafts of additional agreements to be made with members of the Board; offices held concurrently by members of the Collegial Executive Body (Management Board) in management

bodies of other organizations; and payment of an annual premium for 2008 to top managers of Rosneft.

In the course of 2009 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 efficiency 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 2009. The Committee held four meetings during the reporting period.

The Strategic Planning Committee reviewed execution of the plan for interaction by the Company with investors and shareholders in 2008 and approved a similar plan for 2009.

The Committee made recommendations to the Board of Directors for decisions on the following issues: the Rosneft Energy-Saving Program for 2009–2013; macroeconomic indicators for January-February 2009; Rosneft's financial and operating results for January 2009 in comparison with planned results for the whole year and proposals for adjustment of the Company's financial and operating plan for 2009; financial and operating results of the Company in the first half of 2009, and reduction of Company costs in the first half of 2009; the strategic planning process at Rosneft and the plan for design of a Company Strategy up to 2030; and memorandums of mutual understanding signed by the Company with its strategic partners.

During the reporting period the Chairman and members of the Committee met regularly with top managers of the Company, and with heads of structural

subdivisions involved in the process of business planning and design of development strategy for Rosneft. 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 2009 (Minutes No.5, April 24, 2010).

The Management Board of Rosneft

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 subordinated to the Board of Directors and the General Meeting of Shareholders 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 Regulation on the Collegial Executive Body, the Regulation on the Chief Executive

Officer (President) and the Company's Corporate Code of Conduct.

The Company's Management Board consists of eight members.

There were a number of changes in membership of the Management Board of Rosneft in 2009. The Board of Directors decided on March 5, 2009 (Minutes No.1) to terminate the authorities of the Management Board, and a new membership of the Collegial Executive Body (Management Board) of Rosneft was approved on March 6 for a period of three years, as follows: Sergey Bogdanchikov (President of Rosneft); Larisa Kalanda (Vice-President of Rosneft); Sergey Makarov (Vice-President of Rosneft); Peter O'Brien (Head of the Group of Financial Advisors to the President of Rosneft, Vice-President of Rosneft); Viktor Ploskina (Director of the Sales Department of Rosneft); Sergey Tregub (Vice-President of Rosneft); Rizo Tursunov (Vice-President of Rosneft); and Edward Khudainatov (First Vice-President of Rosneft).

On October 9, 2009, the Board of Directors of the Company appointed Vice-President Larisa Kalanda as Deputy Chairman of the Management Board of the Company.

Membership of the Management Board

(as of December 31, 2009)



Sergey Bogdanchikov

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

Born in 1957. Graduated with distinction from Ufa Petroleum Institute in 1981, specializing in 'Technology and complex mechanization of oil & gas field development'. Doctor of Engineering and author of several scientific publications. Awarded state and industry prizes. From 1993 — CEO 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.



Larisa Kalanda

*Deputy Chairman of the Management Board,
Vice-President of Rosneft*

Born in 1964. Graduated from the Sverdlov Institute of Law in 1985, specializing in Law. Completed postgraduate 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 dependent companies.



Edward Khudainatov

First Vice-President of Rosneft

Born in 1960. Graduated in 1996 from the International Business Academy, specializing in Trade. Completed a second higher education in 2000 at Tyumen State University, specializing in Law. From 1993 to 1996 — Head of the companies Evikhon, Evikhon-2 and Yuganskpromfinco. In 1996 — Deputy Head of the Administration of the town of Nefteyugansk, with responsibility for general issues. From 1996 to 2000 — First Deputy Head of Nefteyugansk District, Head of Administration of the town of Poikovsky. From 2000 to 2003 — Chief Federal Inspector for Nenets Autonomous District in the Office of the Representative of the President of the Russian Federation in the North-Western Federal District. From 2003 to 2008 — CEO of OJSC Severneftegazprom. From 2008 — Vice-President, and from January 2009, First Vice-President of Rosneft with responsibility for production and capital construction.



Peter O'Brien

Vice-President of Rosneft, Head of the Group of Financial Advisers 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 Manager 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.



Sergey Makarov

Vice-President of Rosneft

Born in 1963. Graduated from Moscow Aviation Institute in 1986. Obtained MSc in Finance at London 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. From 2005 to 2006 — Managing Director of Vneshtorgbank. From 2006 — Vice-President of Rosneft, responsible for Company financial services.



Sergey Tregub

Vice-President of Rosneft

Born in 1959. Graduated from the Zhukov Military Command Academy and the Military-Diplomatic Academy. Candidate of Philosophical Science. From 1976 to 1997 — Service in the Armed Forces of the USSR and the Russian Federation. From 1997 to 2006 — Work in public and private sector structures. From 2006 to 2008 — President of CJSC YUKOS RM. From October 2008 — Vice-President of Rosneft with responsibility for property and corporate governance issues.



Viktor Ploskina

Director of the Sales Department of Rosneft

Born in 1968. Graduated in 1989 from Yaroslavl Higher Command Academy of Anti-Aircraft Defense. Obtained an MBA at Lomonosov Moscow State University in 2006.

From 1989 to 1995— Service in the Armed Forces of the USSR and the Russian Federation.

From 1995 to 2004 – Work in oil industry sales organizations.

From 2004 to 2006 – Work in leading roles at a number of large companies in the petrochemicals sector.

From 2006 to 2007 – Head of Operational Management of Terminals at CJSC YUKOS RM.

From July 2007 – Deputy Director and, from October 2007, Director of the Sales Department of Rosneft.

INFORMATION ON SHARES HELD BY MEMBERS OF THE BOARD OF DIRECTORS
AND MANAGEMENT BOARD (AS OF DECEMBER 31, 2009)

Members of Board of Directors and Management Board	Number of ordinary shares	Stake in share capital, %
Igor Sechin	—	—
Vladimir Bogdanov	—	—
Sergey Bogdanchikov	126,672	0.0012%
Andrey Kostin	33,614	0.0003%
Alexander Nekipelov	33,614	0.0003%
Yury Petrov	—	—
Andrey Reus	—	—
Hans-Joerg Rudloff	733,614 (ordinary shares and GDRs)	0.0069%
Nikolay Tokarev	—	—
Larisa Kalanda	265,695	0.0025%
Sergey Makarov	—	—
Peter O'Brien	250,000 (GDRs)	0.0024%
Viktor Ploskina	—	—
Sergey Tregub	—	—
Rizo Tursunov	—	—
Edward Khudainatov	—	—

Operations by members of the Board of Directors and Management Board with Company securities

The Regulation on Insider Information, which is in force at the Company, requires members of the Board of Directors, the Management Board and also the President to disclose information to the Company about transactions carried out by them with securities of OJSC Rosneft Oil Company.

Nekipelov and Hans-Joerg Rudloff a remuneration for their period of service by transfer to each of them of 33,614 shares in Rosneft.

Information on the transaction was and disclosed on the securities market in accordance with provisions of existing Law.

On October 1, 2009 the Company implemented the decision of the General Meeting of Shareholders taken on June 19, 2009, to pay the independent members of the Board of Directors, Andrey Kostin, Alexander

Remuneration of Members of the Board of Directors and Management

Remuneration of Members of the Board of Directors

The Federal Law on Joint-Stock Companies stipulates that, by decision of the General Meeting of Shareholders, members of the Board of Directors may be paid remuneration and/or compensation of their costs, associated with exercise by them of their functions, during the period when they are in office. The scale of such remuneration and compensation is established by decision of the General Meeting of Shareholders.

Criteria for Levels of Remuneration

Criteria for definition of remuneration to members of the Board of Directors are established by the Regulation on the Procedure for Calculation and Payment of Remuneration to Members of the Board of Directors and Compensation of their Expenses, which was approved by the Rosneft Board of Directors on April 28, 2009.

In accordance with this Regulation, remuneration is paid to members of the Board of Directors who have 'independent' status, and to members of the Board of Directors who are authorized representatives of the interests of the Russian Federation in the Board of Directors. In accordance with acting legislation of the Russian Federation, remuneration is not paid to members of the Board of Directors of Rosneft who are state officials and also to the Chief Executive Officer (President) of Rosneft.

A maximum possible level of remuneration during the reporting period is set for members of the Board of Directors, and this level is approved by the Board of Directors of the Company.

Factors taken into account in defining the final amount of remuneration for work in the reporting period are:

- factual participation in work as a member of the Board of Directors;

- factual participation in work of a BoD Committee as Chairman of that Committee;
- factual participation in work of a BoD Committee as member of that Committee.

The Board of Directors of Rosneft can recommend lowering the final amount of remuneration to members of the Board of Directors taking account of the state of Company business and the situation on the world financial market. The Board of Directors also defines whether remuneration will be paid in the form of cash or shares.

Rosneft compensates all expenses:

- associated with execution by members of the Board of Directors of their functions. Such expenses include accommodation, meals, travel (including VIP lounge services), and other payments and tariffs for air and (or) rail transport services;
- arising for a member of the Board of Directors in connection with proceedings brought by third parties (including expenses for defense in court, etc.) as a result of actions by the Board member if the actions, which caused the proceedings to be brought, were carried out by the Board member in the interests of the Company. The Company also compensates expenses which may be borne by a member of the Board of Directors in connection with administrative, criminal or other court action, arising from his activities as a member of the Board.

Based on the recommendation of the Board of Directors of Rosneft, dated April 28, 2009, the General Meeting of Shareholders on June 19, 2009, decided:

- to approve remuneration for their period of service to independent members of the Board of Directors, Andrey Kostin, Alexander Nekipelov and Hans-Joerg Rudloff, by transfer to each of them of 33,614 (thirty three thousand six hundred and fourteen) shares in Rosneft;
- to approve compensation of the expenses incurred by independent members of the Board of Directors

in connection with exercise by them of their functions, specifically expenses for: accommodation, meals, travel (including VIP lounge services), and other payments and tariffs for air and (or) rail transport services.

Remuneration of Management

Remuneration of senior management (President, First Vice-President, Vice-Presidents and officials of equivalent rank) and heads of independent subdivisions of Rosneft consists of monthly salary and an 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 Board of Directors of a relevant decision based on Company performance in the reporting year.

The annual bonus 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 set for the year.

The annual bonus of the Company President is established depending on achievement by him of individual indicators of efficiency, which coincide with key indicators of Company performance.

The annual bonus for other managers has two components: a bonus for the manager's individual results and a bonus for team results (for the manager's business sphere and for the Company as a whole).

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

- efficiency indicators are compiled on the basis of the Company's medium-term development strategy and Company tasks in the reporting year;
- individual efficiency indicators for top managers and collective efficiency indicators are approved by the Board of Directors of Rosneft;
- individual indicators for efficiency of heads of independent subdivisions are approved by the Management Board of Rosneft;
- at the end of the reporting year appropriate services within the Company measure achievement of key efficiency indicators (collective and individual), 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 for top managers are approved by the Rosneft Board of Directors, and bonuses for heads of independent subdivisions are approved by the Management Board.

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

No other types of remuneration are paid to management of Rosneft.

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 Meeting of Shareholders 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 a regular internal audit of annual financial and operating results for the year or at any time by order or request of entities or persons who have the right to initiate such an audit. An internal audit may be carried out due to a decision by the Audit Commission, by the General Meeting of Shareholders, or by the Board of Directors, and at the request of a shareholder (shareholders), who own (alone or between them) no less than 10% of voting shares of the Company.

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 accuracy 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 Meeting of Shareholders, 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, identification of 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 Meeting of Shareholders;
- analysis of decisions by the General Meeting of Shareholders to determine their compliance with law and with the Company Charter.

The rights, duties and responsibilities of members of the Internal Audit Commission are stipulated in the Regulation on the Internal Audit Commission of Rosneft, which was approved by the General Meeting of Shareholders on June 19, 2009.

In accordance with the approved plan of work for 2009 the Audit Commission carried out seven document checks and prepared an opinion on accuracy of information contained in the Annual Report for the Annual General Meeting of Shareholders.

Membership of the Audit Commission (as of December 31, 2009)

The following membership of the Internal Audit Commission was elected at the General Meeting of Shareholders of Rosneft on June 19, 2009:

Andrey Kobzev

Chairman of the Audit Commission
Year of birth: 1971
Education: Higher
Organization: Federal Agency for Management of State Property
Official post: Head of the Expert Analytical Department

Irina Korovkina

Year of birth: 1950
Education: Higher
Organization : Ministry of Energy of the Russian Federation
Official post: Head of the Control and Audit Department

Sergey Ozerov

Year of birth: 1975
Education: Higher
Organization: Ministry of Economic Development of the Russian Federation
Official post: Head of Department

Alexander Yugov

Year of birth: 1981
Education: Higher
Organization: Federal Agency for Management of State Property
Official post: Head of Management Department

Tatyana Fisenko

Year of birth: 1961
Education: Higher
Organization: Ministry of Energy of the Russian Federation
Official post: Director of the Financial Department

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, the Control and Audit Department, the Internal Audit Department, executive bodies and financial managers;
- reviews and designs draft decisions on the following issues in the competence of the Board of Directors:
 - recommendations to the General Meeting of Shareholders for distribution of profit and losses as a result of business in 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 level of 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 the quality of services provided by the auditor and observance by the auditor of requirements for 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 the 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 entity 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 purpose of the Internal Audit Department (IAD) is to assist the Board of Directors and Company management in attainment of their goals through a systematized and consistent approach to assessment of (and improvement to) efficiency of risk management processes, control and corporate governance. The tasks of the IAD are:

- Conduct of internal audit at the Company in order to improve efficiency of the system of risk management, corporate governance, internal control, and operating efficiency of business processes in the Company.
- Providing the Board of Directors, Management Board, President, BoD Audit Committee, Risk Management Committee and Company managers with objective information about Company risks and about efficiency of the corporate governance system, including the system of risk management and internal control.
- Implementing decisions of the Board of Directors, Management Board, President, and BoD Audit Committee as part of exercise by the IAD of its functions.

The IAD has organizational and functional independence, and cooperates in its work with the Control and Audit Department and the external auditor in order to improve the efficiency of audit procedures. The BoD Audit Committee ensures direct access for the Head of the IAD to the Committee Chairman, and vice-versa.

Main documents regulating the activity of the IAD are:

- The section of the Regulation on the BoD Audit Committee regarding interaction of the Committee with Company subdivisions responsible for internal control and audit.
- The Regulation on the subdivision which defines the goals and tasks of the IAD its functions, rights, and duties, its interaction with other structural subdivisions, and limitations on the activity of the IAD.

All significant processes associated with Company business fall within the remit of the IAD.

The IAD carries out its functions on the basis of an annual plan, which is prepared on the basis of a risk-oriented approach, taking account of opinions expressed by Company management, and is approved at a meeting of the BoD Audit Committee.

The most significant results of audits that have been carried out are reported at meetings of the BoD Audit Committee in the course of the year. After the end of the calendar year the head of the IAD prepares a report for the BoD Audit Committee on the results of the IAD's activities during the year.

In accordance with its approved plan of work for the year the IAD carries out monitoring of execution of corrective measures which were prepared by management based on the results of IAD audits.

Control and Audit Department

The purpose of the Control and Audit Department (CAD) is to provide professional support to the Board of Directors and Company management in construction of an efficient system of internal control, and to help raise efficiency of the Company and its capitalization.

The tasks of the CAD are:

- creation of a unified system of control over finances and operations in subdivisions, representative offices and subsidiaries of Rosneft;
- conduct of control measures (investigations, complex audits, thematic and specialized checks, expert assessments, and other corporate investigations) in order to identify areas which require improvement or better use of Company potential and resources;
- informing Company management bodies of the results of control measures, and the state of systems and processes;
- design of corrective measures and drafts of corporate decisions as a result of control measures;
- ensuring full, proper and timely execution of decisions

by the Board of Directors, Management Board and President, and BoD Audit Committee as a result of control measures in the competence of CAD;

- preparing conclusions of internal audit commissions at subsidiaries and dependent companies in accordance with the requirements of Russian Law;
- procedural and methodological support for the activities of audit commissions and of control and audit divisions of subsidiaries.

The CAD is directly subordinate to the President of the Company and reports to the Board of Directors through the BoD Audit Committee and also to the Management Board. The CAD has all required organizational and functional independence. Activity of the CAD is governed by Regulations on the Control and Audit Department, on business control, and on cooperation with Company subdivisions in conduct of control measures.

Members of the Control and Audit Department are qualified auditors, tax consultants, and a valuation specialist. The Department members belong to the Institute of Internal Auditors and other professional associations. Activity of the CAD is governed by the annual control and audit plan approved by the Company President. The plan is prepared using a risk-oriented approach. Control is carried out in order to assess compliance with the requirements of Russian law and local normative documents, to ascertain the accuracy of accounting and book-keeping, and to assess safe-keeping of assets and efficiency of Company business.

Control measures are carried out at the level of subsidiaries and structural subdivisions of the Company's central management. The objects of investigation may be management and control systems, business processes, business operations, spheres of business, transactions, reporting, etc. All key areas of Company business and processes are subject to control.

Materials and results of each control procedures are brought to the notice of management and the Company

President. Drafts of corporate decisions and measures for eliminating violations and faults, and for preventing them, for reducing risks and improving the system of internal control are designed jointly with interested parties. Corporate decisions and corrective measures based on results of control procedures are monitored to ensure their full implementation.

The Head of the CAD reports periodically to the BoD Audit Committee, the Management Board and the President concerning activities of the Department, results of control and audit work, the state of internal control and measures to raise efficiency of the internal control system.

The CAD works closely on issues of internal control with all structural subdivisions and management bodies of the Company, as well as working with the institution of external auditors, service providers and professional associations on issues of improving the efficiency of control procedures and qualifications, and with the external auditor on assessment of the Company's system of internal control.

Company Auditors

LLC Rosexpertiza

By decision of the General Meeting of Company Shareholders, LLC Rosexpertiza was appointed to carry out independent audit of book-keeping and financial accounts of Rosneft for 2009, prepared to Russian Accounting Standards.

PROCEDURE FOR APPOINTMENT OF THE AUDITOR

As prescribed by Paragraph 1 of Article 5 of the Federal Law on Auditing and Article 86 of the Federal Law on Joint Stock Companies, annual financial accounts of OJSC Rosneft Oil Company, prepared under RAS, are subject to obligatory audit, to confirm accuracy of the reporting data which they contain.

The Company therefore holds an annual open competition to select an auditor, as stipulated by internal documents. The Company's tendering sub-committee selects

the winner of the competition after reviewing the tenders received, and assessing and comparing them in accordance with criteria and procedures indicated in the call to tender and the tender documentation, and also based on technical assessment of the proposal and its price. Notification on holding of an open tendering competition for selection of auditing organizations, containing information on terms of the competition (trading status, object of the contract with indication of the volume of services to be provided and short account of the services, initial price of the contract, etc.) is published on Rosneft's website (<http://tender.rosneft.ru>) and in an official publication.

The proposed winner of the annual tendering competition for choice of an auditing organization is put forward for consideration by the BoD Audit Committee of Rosneft.

In accordance with Paragraph 1, Article 3 of the Regulation on the BoD Audit Committee, assessment of candidates for the role of Company auditor is the exclusive function of that Committee.

Based on the recommendation of the BoD Audit Committee the Board of Directors takes a decision on proposal of the candidacy for the role of auditor to the Annual General Meeting of Shareholders.

PAYMENT FOR 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 by LLC Rosexpertiza of Rosneft annual financial accounts to Russian Accounting Standards for 2009 at RUB 1,699,200 including VAT.

Rosneft occasionally calls on the services of LLC Rosexpertiza for execution of special tasks and resolution of procedural issues.

LLC Ernst & Young

LLC Ernst & Young 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 4* auditing firms. The auditing organization most suited to Company needs is selected through comprehensive analysis of tendering proposals.

The candidate for role of auditor of annual accounts prepared in accordance with US GAAP is assessed and approved by the BoD Audit Committee. Confirmation of the candidate by the General Meeting of Shareholders 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 2009 prepared in accordance with US GAAP.

PAYMENT OF SERVICES BY THE AUDITOR

Remuneration payable to LLC Ernst & Young for its 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 LLC Ernst & Young, the terms and sum of remuneration are confidential information and cannot be disclosed.

The Company also calls on LLC Ernst & Young for provision of consulting (non-audit) services.

In 2009 the share of consulting services in total services, which LLC Ernst & Young provided to Rosneft, was 15.5%.

* The Big 4 refers to the four leading international companies, which provide audit and consulting services (PricewaterhouseCoopers, Ernst & Young, Deloitte, KPMG).

Share Capital

Authorized capital of Rosneft as of December 31, 2009, was RUB 105,981,778.17 and was divided into 10,598,177,817 ordinary shares with par value of RUB 0.01 each.

In accordance with the Charter, the Company has the right to additional placement of 6,332,510,632 ordinary shares with par value of RUB 0.01 each and with total par value of RUB 63,325,106.32 and offering the same rights as outstanding ordinary shares of Rosneft. A decision on increase of Rosneft charter capital by placement through open subscription of additional authorized shares in the Company, not exceeding 25% of total outstanding shares of Rosneft, is taken by the Board of Directors. In other instances a decision is taken by the General Meeting of Shareholders.

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 2009.

The number of shareholders registered in the shareholder register of Rosneft as of December 31, 2009, was 34,090 (including 16 nominee shareholders). The number of nominee shareholders increased in comparison with December 31, 2008, when there were 15 such shareholders.

Rosneft had no preferred shares as of December 31, 2009.

In 2007–2009, the Russian Government held 75.16% of Rosneft's equity through OJSC ROSNEFTEGAZ, which is in 100% federal ownership. The Russian Government's direct stake in Rosneft (held by the Federal Agency for State Property Management) was 0.000000009%.

During 2009 Rosneft carried out monthly updates of information on shareholders who own more than 1% of equity, on the Company website.

Rosneft's management has no information about any shareholders with equity stakes exceeding 1% (shareholders of Rosneft with equity stakes exceeding 1% of total outstanding shares), other than those listed above.

Rosneft's shares are traded on two organized securities 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 5.8 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, 2009, GDRs were issued for 1,318 mln ordinary shares, representing 12.4% of total shares.

A list of the rights of owners of common shares of OJSC Rosneft Oil Company is presented in Paragraph 5.8 of the Company Charter, which is posted on the website www.rosneft.ru.

STRUCTURE OF ROSNEFT SHARE CAPITAL

Main shareholders of Rosneft				
Shareholders	December 31, 2008		December 31, 2009	
	Number of shares	Stake in share capital, %	Number of shares	Stake in share capital, %
OJSC ROSNEFTEGAZ ¹	7,965,816,383	75.16	7,965,816,383	75.16
LLC RN-Razvitie ²	505,066,240	4.77	1,000,000,000	9.44
Linden Capital Limited ³	494,933,760	4.67	—	—
OJSC Sberbank of Russia (nominee)	1,231,927,170	11.62	1,428,233,023	13.48
Non-profit partnership, 'National Depository Center' (nominee)	260,639,986	2.46	—	—
Other legal entities holding less than 1% of shares	80,470,225	0.76	147,782,078	1.39
Individuals	59,324,053	0.56	55,599,221	0.52
Treasury shares ⁴	—	—	747,112	0.01
TOTAL	10,598,177,817	100.00	10,598,177,817	100.00

1. OJSC ROSNEFTEGAZ is in 100% federal ownership. The stake in OJSC Rosneft Oil Company owned directly by the Russian Government (in the person of the Federal Agency for State Property Management) is 0.000000009%.

2. 100% in LLC RN-Razvitie is held by LLC RN-Trade. 99.9999% in LLC RN-Trade is held by OJSC Rosneft and 0.0001% 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.

3. Linden Capital Limited owned shares of Rosneft, which were used as security for a REPO transaction. In accordance with an agreement, these shares were bought by LLC RN-Razvitie in 2009; dividends on these shares were returned to LLC RN-Razvitie.

4. Share bought at the request of shareholders in accordance with Articles 75, 76 of the Federal Law on Joint Stock Companies.

Dividend Policy

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 Conduct.

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. The Company strictly observes the rights, and strives to continuously increase the returns, of its shareholders.

The decision to pay dividends (and the amount of dividends and the form of payment) is taken by the General Meeting of Shareholders 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 the 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 leading oil & gas companies. A number of other factors may also have impact on the size of dividend payments. Such factors include: Company business prospects, its 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 28, 2009, Rosneft's Board of Directors recommended the Annual General Meeting of Shareholders to approve an increase of annual dividends for 2008 by 20% compared with the previous year, to RUB 1.92 per ordinary share. On June 19, 2009

the Annual General Meeting of Shareholders accepted the dividend recommendation by the Board of Directors of RUB 1.92 per ordinary share (6.17 cents at the CBR exchange rate as of the date of General Meeting of Shareholders). The total amount of dividends (for all issued ordinary shares) for 2008 was RUB 20,349 mIn (USD 654 mIn at the CBR exchange rate as of the date of General Meeting of Shareholders), which was 14.4% of non-consolidated net income of Rosneft under Russian Accounting Standards. The dividend payout ratio on the basis of earnings per share under US GAAP adjusted for 'one-off' items was 5.7%.

On April 24, 2010, Rosneft's Board of Directors recommended the Annual General Meeting of Shareholders to approve dividends for 2009 at a level of RUB 2.30 per share (7.86 cents at the CRB exchange rate as of April 24, 2010), which is 19.8% more than dividends for 2008. The total amount of recommended dividends for 2009 is RUB 24,376 mIn (USD 833 mIn at the CRB exchange rate as of April 24, 2010). The recommended dividend payout ratio on the basis of earnings per share under US GAAP adjusted for 'one-off' items is 11.7%.

Rosneft Share and GDR Quotes in 2009

Moscow Interbank Currency Exchange (RUB)



Russian Trading System (USD)

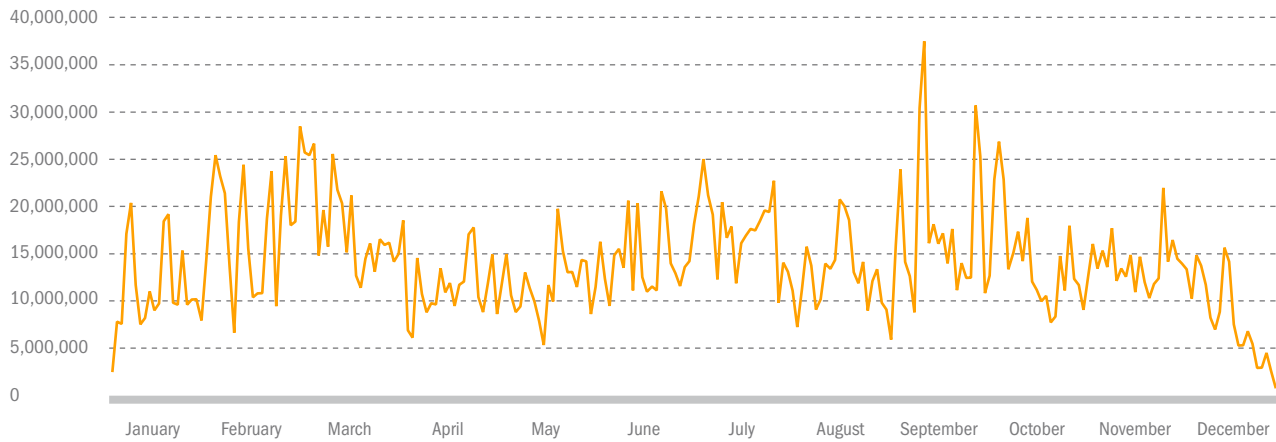


London Stock Exchange (USD)

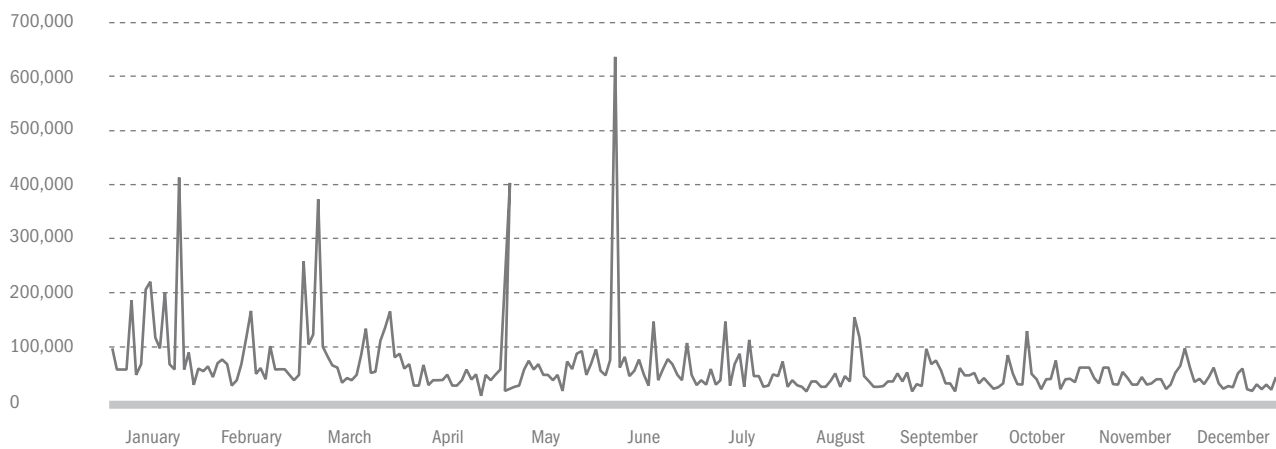


Rosneft Share and GDR Trade Volumes in 2009

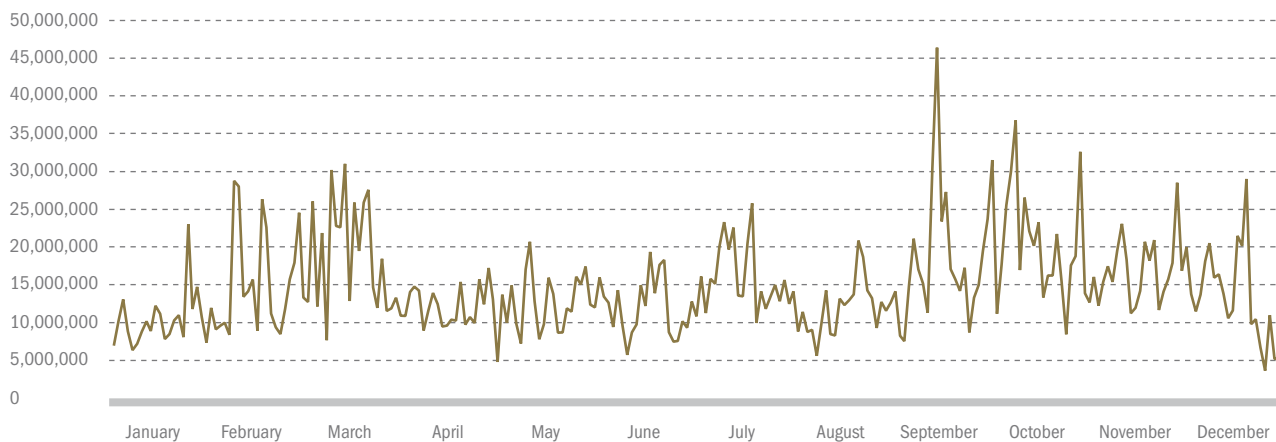
Moscow Interbank Currency Exchange (shares)



Russian Trading System (shares)



London Stock Exchange (GDRs)



DIVIDEND HISTORY OF ROSNEFT

	<i>Dividends per share¹, RUB</i>	<i>Payout ratio for non-consolidated RAS</i>	<i>Dividends per share, USD²</i>	<i>Payout ratio for consolidated US GAAP³</i>
2003	0.1650	8.1%	0.006	13.2%
2004	0.1931	10.0%	0.007	7.3%
<i>Dividends paid out after the IPO, which closed in July, 2006</i>				
2005	1.25	20.0%	0.047	12.9%
2006	1.33	13.3%	0.052	14.2%
2007	1.60	10.5%	0.067	10.0%
2008	1.92	14.4%	0.062	5.7%
2009 ⁴	2.30	11.7%	0.079	11.7%

1. The 1:100 share split of September 2005 is factored in the amount of dividends per share.

2. Dividends are translated from RUB to USD at the CBR exchange rate as of the date of the General Shareholders' Meeting, where the respective dividend payment was approved. Dividends for 2009 are translated from RUB to USD at the CBR exchange rate as of April 24, 2010.

3. Net income is adjusted for major 'one-off' items, such as effects from disposal of a stake in OJSC Sevmorneftegaz in 2005, gains from Yukos bankruptcy proceedings in 2007, effect from change in income tax rate in 2008, effect from asset impairment and interest SWAP in 2009 as well as for accrual of fines and penalties related to OJSC Yuganskneftegaz tax liabilities.

4. Dividends recommended by the Board of Directors to the Annual General Meeting of Shareholders scheduled for June, 2010.

Information Disclosure

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, timeliness, 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 organizational structure, as well as the Company's operating and financial results. The Rosneft website presents the Charter and other internal documents, annual reports and sustainable development reports, quarterly reports under Russian accounting standards, quarterly reports under US GAAP and discussion and analysis by Management (MD&A), the Analyst Data Book, presentations, press releases, information on affiliated entities and other information which could have impact on the value of Company shares. The Rosneft corporate website is updated regularly, in accordance with the Company's internal regulations.

The Company also provides information in the form of brochures and booklets, and through regular meetings, conference calls and press conferences. At the request of shareholders, the Company provides copies of main internal documents, documentation connected with holding of the General Meeting of Shareholders, 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 2009 the Company continued to work intensively to raise levels of transparency and to ensure an efficient system of shareholder and investors relations. These points are confirmed by the following facts:

- Rosneft took first place in the Standard & Poor's Transparency and Disclosure Survey of Russian companies (the Company took second place in 2008);
- The authorized agencies for disclosure of information on the stock market, Interfax and AK&M, named Rosneft the winner in their annual contest, 'For active corporate policy in information disclosure'.
- The Company took first place for 'Best investor relations by a Russian company' and 'Best investor relations specialist in Russia' in the annual contest by IR Magazine among companies in the UK and continental Europe.
- The Company took first place in the nominations, 'Best annual report in English' and 'Best sustainable development report' as part of the 12th annual reports competition, held by the RTS Stock Exchange.
- The Company won the Russian prize, 'For the best social report/report on sustainable development' in 2009.
- Rosneft won first prize in the nomination 'Best investor relations by a large-cap company in Russia & CIS', second prize in the nomination, 'Best investor relations service', and third prize in the nomination, 'Best adaptation of work with investors in the crisis period' at the conference, 'Latest Experience in Investor Relations',

organized by IR Magazine Russia and CIS and the investment bank J.P. Morgan.

- The Company website won second prize among Russian corporate sites in an annual survey by the Swedish company Hallvarsson & Hallvarsson.

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 2009, at which various issues were clarified in detail, including issues associated with public trading of Company shares and financial instruments for private investors, and mechanisms for protection of the economic interests of minority shareholders and buy-back of shares at the request of shareholders.

Transparency of financial information is another important element of corporate governance. On February

1, 2010 Rosneft was the first large international oil & gas company to publish audited consolidated financial accounts under US GAAP for the fourth quarter and 12 months of 2009. This achievement is the culmination of work by the Company to speed up its reporting schedule.

As part of its interaction with interested parties, Rosneft has held round tables since 2007 in regions where it has operations (9 round tables were held in 2009). Rosneft gives special attention to improvement of information disclosure in preparation of its Sustainable Development Report. In 2009 the Report merited an A+ rating (the highest rating under the international GRI standard) in accordance with the opinion of the independent auditor, Ernst & Young. Hearings are held in Moscow to coincide with publication of the annual Sustainable Development Report. Interested parties which participate in the hearings, include government representatives, supervisory bodies, social organizations and educational institutions.

Appendixes

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Consolidated Financial Statements

*as of December 31, 2009 and 2008 and for the years
ended December 31, 2009, 2008 and 2007
With Report of Independent Auditors*

Report of Independent Auditors

Shareholders and the Board of Directors of Rosneft Oil Company

We have audited the accompanying consolidated balance sheets of Rosneft Oil Company, an open joint stock company (“the Company”), as of December 31, 2009 and 2008, and the related consolidated statements of income and comprehensive income, changes in shareholders’ equity, and cash flows for each of the three years in the period ended December 31, 2009. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. We were not engaged to perform an audit of the Company’s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2009 and 2008, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2009, in conformity with accounting principles generally accepted in the United States of America.

/s/ Ernst & Young LLC
ERNST & YOUNG LLC

February 1, 2010

Consolidated Balance Sheets

(in millions of US dollars, except share amounts)

ASSETS	Notes	As of December 31,	
		2009	2008
Current assets:			
Cash and cash equivalents	3	1,997	1,369
Restricted cash	3	20	4
Short-term investments	4	2,508	1,710
Accounts receivable, net	5	6,458	6,299
Inventories	6	1,886	1,427
Deferred tax assets	18	174	152
Prepayments and other current assets	7	2,126	1,846
Total current assets		15,169	12,807
Non-current assets:			
Long-term investments	8	3,744	2,695
Long-term bank loans granted, net of allowance of US\$ 17 and US\$ 15, respectively		326	326
Property, plant and equipment, net	9	57,704	55,204
Goodwill	11	4,507	4,507
Intangible assets, net	11	811	679
Deferred tax assets	18	125	118
Other non-current assets	12	846	1,177
Total non-current assets		68,063	64,706
Total assets		83,232	77,513

LIABILITIES AND EQUITY	Notes	As of December 31,	
		2009	2008
Current liabilities:			
Accounts payable and accrued liabilities	13	3,697	3,096
Short-term loans and current portion of long-term debt	14	7,838	14,084
Income and other tax liabilities	15	1,627	1,094
Deferred tax liabilities	18	77	115
Other current liabilities	24	204	308
Total current liabilities		13,443	18,697
Asset retirement obligations	19	1,772	1,896
Long-term debt	14	15,669	10,081
Deferred tax liabilities	18	5,197	5,371
Other non-current liabilities	20	1,614	1,870
Total non-current liabilities		24,252	19,218

The accompanying notes to the consolidated financial statements are an integral part of these statements.

LIABILITIES AND EQUITY	Notes	As of December 31,	
		2009	2008
Equity:			
Common stock par value 0.01 RUB (shares outstanding: 9,597.43 million and 9,598.18 million as of December 31, 2009 and 2008, respectively)	16	20	20
Treasury shares:			
unpledged (at acquisition cost: 1,000.75 million and 505.07 million shares as of December 31, 2009 and 2008, respectively)		(7,525)	(3,799)
pledged (at acquisition cost: 0 and 494.93 million shares as of December 31, 2009 and 2008, respectively)	14	—	(3,722)
Additional paid-in capital		13,108	13,108
Other comprehensive loss	2	(22)	(40)
Retained earnings		39,250	33,336
Total shareholders' equity		44,831	38,903
Noncontrolling interests		706	695
Total equity		45,537	39,598
Total liabilities and equity		83,232	77,513

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statements of Income and Comprehensive Income

(in millions of US dollars, except earnings per share data)

	Notes	For the years ended December 31,		
		2009	2008	2007
Revenues				
Oil and gas sales	23	24,820	36,102	29,902
Petroleum products and petrochemicals sales	23	20,736	31,470	18,531
Support services and other revenues		1,270	1,419	783
Total		46,826	68,991	49,216
Costs and expenses				
Production and operating expenses		4,024	4,572	3,870
Cost of purchased oil, gas and petroleum products		1,890	2,942	1,610
General and administrative expenses		1,416	1,632	1,341
Pipeline tariffs and transportation costs		5,414	5,673	4,226
Exploration expense		325	248	162
Depreciation, depletion and amortization		4,350	3,983	3,286
Accretion expense		87	120	78
Taxes other than income tax	18	8,061	14,810	10,890
Export customs duty	17	12,131	22,006	13,032
Total		37,698	55,986	38,495
Operating income		9,128	13,005	10,721
Other (expenses) / income				
Interest income		516	375	214
Interest expense		(605)	(1,112)	(1,470)
Loss on disposal of non-current assets		(350)	(58)	(119)
Impairment loss		–	(108)	–
Gain on disposal of investments		5	22	36
Equity share in affiliates' profits/(loss)	8	112	(7)	23
Dividends and (loss)/income from joint ventures		(8)	(11)	18
Gain from Yukos Oil Company bankruptcy proceedings		–	–	8,970
Other expenses, net		(350)	(135)	(195)
Foreign exchange gain/(loss)		71	1,148	(409)
Total other (expenses)/income		(609)	114	7,068
Income before income tax		8,519	13,119	17,789
Income tax	18	(2,000)	(1,904)	(4,906)
Net income		6,519	11,215	12,883
Net income attributable to noncontrolling interests		(5)	(95)	(21)
Net income attributable to Rosneft		6,514	11,120	12,862
Other comprehensive income/(loss)	2	18	(40)	–
Comprehensive income		6,532	11,080	12,862
Net income attributable to Rosneft per share (in US\$) — basic and diluted		0.68	1.16	1.30
Weighted average number of shares outstanding (millions)		9,598	9,598	9,891

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2009, 2008 and 2007

(in millions of US dollars, except share amounts)

	Number of shares (millions)	Common stock	Additional paid-in capital	Treasury shares	Accumulated other comprehensive loss	Retained earnings	Share- holders' equity
Balance at December 31, 2006	10,598.18	20	11,352	-	-	10,503	21,875
Net income for the year	-	-	-	-	-	12,862	12,862
Purchase of shares	(1,000.00)	-	-	(7,521)	-	-	(7,521)
Recognition of the financial effect of a transaction with a related party under common control (Note 16)	-	-	1,745	-	-	-	1,745
Dividends declared on common stock and other distributions to shareholders	-	-	(22)	-	-	(499)	(521)
Balance at December 31, 2007	9,598.18	20	13,075	(7,521)	-	22,866	28,440
Net income for the year	-	-	-	-	-	11,120	11,120
Recognition of the financial effect of a transaction with a related party under common control (Note 16)	-	-	33	-	-	-	33
Unrealized loss on available-for-sale securities	-	-	-	-	(40)	-	(40)
Dividends declared on common stock	-	-	-	-	-	(650)	(650)
Balance at December 31, 2008	9,598.18	20	13,108	(7,521)	(40)	33,336	38,903
Net income for the year	-	-	-	-	-	6,514	6,514
Purchase of shares (Note 16)	(0.75)	-	-	(4)	-	-	(4)
Unrealized gain on available-for-sale securities	-	-	-	-	18	-	18
Dividends declared on common stock	-	-	-	-	-	(600)	(600)
Balance at December 31, 2009	9,597.43	20	13,108	(7,525)	(22)	39,250	44,831

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statements of Cash Flows

(in millions of US dollars)

	Notes	For the years ended December 31,		
		2009	2008	2007
Operating activities				
Net income		6,519	11,215	12,883
Adjustments to reconcile net income to net cash provided by operating activities:				
Effect of foreign exchange		(454)	(1,263)	365
Depreciation, depletion and amortization		4,350	3,983	3,286
Dry hole costs		170	27	93
Loss on disposal of non-current assets		350	58	119
Asset impairment loss	8	–	108	–
Deferred income tax (benefit)/expense	18	(106)	(1,490)	1,058
Accretion expense	19	87	120	78
Equity share in affiliates' (profits)/loss	8	(112)	7	(23)
Gain on disposal of investments		(5)	(22)	(36)
Acquisition of trading securities		(997)	(119)	(367)
Proceeds from sale of trading securities		554	137	501
(Decrease)/increase in allowance for doubtful accounts and bank loans granted		(41)	57	21
Gain on extinguishment of promissory notes	14	(207)	(42)	–
Gain from Yukos Oil Company bankruptcy proceedings		–	–	(8,970)
Cash received from Yukos Oil Company bankruptcy receiver		–	–	11,007
Changes in operating assets and liabilities net of acquisitions:				
(Increase)/decrease in accounts receivable		(287)	2,180	(4,745)
(Increase)/decrease in inventories		(459)	502	(161)
(Increase)/decrease in restricted cash		(16)	30	(16)
Increase in prepayments and other current assets		(280)	(114)	(444)
Decrease/(increase) in other non-current assets		117	228	(197)
Increase in long-term bank loans granted		(2)	(61)	(164)
Increase in interest payable		128	184	123
Increase/(decrease) in accounts payable and accrued liabilities		555	(928)	1,505
Increase in income and other tax liabilities		820	35	1,228
Decrease in other current and non-current liabilities		(365)	(439)	(34)
Net cash provided by operating activities		10,319	14,393	17,110

The accompanying notes to the consolidated financial statements are an integral part of these statements.

	Notes	For the years ended December 31,		
		2009	2008	2007
Investment activities				
Capital expenditures	9	(7,252)	(8,732)	(6,240)
Assets acquisitions		–	–	(540)
Acquisition of licences		(96)	(47)	(90)
Acquisition of rights to use trademarks "Sochi 2014"	11	(104)	–	–
Proceeds from disposals of property, plant and equipment		33	93	58
Acquisition of short-term investments, including				
Held-to-maturity securities		(2,911)	(1,921)	(219)
Available-for-sale securities		(225)	(4)	(25)
Proceeds from sale of short-term investments, including				
Held-to-maturity securities		2,534	1,342	122
Available-for-sale securities		66	3	177
Acquisition of long-term investments, including				
Held-to-maturity securities		(628)	(297)	(251)
Available-for-sale securities		(1,035)	(22)	(46)
Proceeds from sale of long-term investments, including				
Held-to-maturity securities		1	49	28
Available-for-sale securities		3	22	57
Acquisition of entities, additional shares in subsidiaries and equity investees, net of cash acquired		(67)	(12)	(17,061)
Proceeds from sale of shares in OJSC Tomskneft VNK	16	–	–	3,452
Proceeds from sale of shares in OJSC Daltransgaz	16	–	91	–
Settlement/(acquisition) of debt receivable		–	–	483
Margin call deposit placed	14	(315)	(3,100)	–
Margin call deposit returned	14	1,208	1,713	–
Net cash used in investing activities		(8,788)	(10,822)	(20,095)
Financing activities				
Proceeds from short-term debt		1,029	7,090	14,391
Repayment of short-term debt		(7,180)	(13,393)	(3,731)
Proceeds from long-term debt		11,844	6,885	3,435
Repayment of long-term debt		(5,939)	(3,118)	(2,598)
Dividends paid to shareholders		(622)	(516)	(521)
Cash paid for acquisition of treasury shares	16	(5)	–	(7,521)
Dividends paid to minority shareholders in subsidiaries		(4)	(22)	(15)
Net cash (used in) / provided by financing activities		(877)	(3,074)	3,440
Increase in cash and cash equivalents		654	497	455
Cash and cash equivalents at beginning of period		1,369	998	505
Effect of foreign exchange on cash and cash equivalents		(26)	(126)	38
Cash and cash equivalents at end of period		1,997	1,369	998
Supplementary disclosures of cash flow information				
Cash paid for interest		690	857	1,332
Cash paid for interest (net of amount capitalized)		336	578	1,152
Cash paid for income taxes		1,561	2,617	4,267
Supplementary disclosure of non-cash activities				
Income tax offsets	5	289	1,315	–

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Notes to Consolidated Financial Statements

as of December 31, 2009 and 2008

and for the years ended December 31, 2009, 2008 and 2007

(all amounts in tables are in millions of US dollars, except as noted otherwise)

1. General

Nature of Operations

Rosneft Oil Company ("Rosneft") and its subsidiaries, (collectively the "Company" or the "Group"), are principally engaged in exploration, development, production and sale of crude oil and gas and refining, transportation and sale of petroleum products in the Russian Federation and in certain international markets.

Rosneft State Enterprise was incorporated as an open joint stock company on December 7, 1995. All assets and liabilities previously managed by Rosneft State Enterprise were transferred to the Company at their book value effective on that date together with the Government of the Russian Federation ("State") ownership in other privatized oil and gas companies. The transfer of assets and liabilities was made in accordance with Russian Government Resolution No. 971 dated September 29, 1995. On the Transformation of Rosneft State Enterprise into an Open Joint Stock Company "Oil Company Rosneft". Such transfers represented a reorganization of assets under the common control of the State and, accordingly, were accounted for at their book value. In 2005, the State contributed the shares of Rosneft to the share capital of Open Joint Stock Company ("OJSC") Rosneftegaz. As of December 31, 2005, 100% of the shares of Rosneft less one share were owned by OJSC Rosneftegaz and one share was owned by the Russian Federation Federal Agency for the Management of Federal Property. The decrease in interest is attributable to sales of shares during Rosneft's Initial Public Offering ("IPO") in Russia, sales of Global Depository Receipts ("GDR") for the shares on London Stock Exchange and the share swap realized during the merger of Rosneft and certain subsidiaries during 2006. As of December 31, 2009 and 2008, OJSC Rosneftegaz maintains a 75.16% interest in Rosneft.

Under Russian legislation, natural resources, including oil, gas, precious metals and minerals and other commercial minerals situated within the territory of the Russian Federation are the property of the State until they are extracted. Law of the Russian Federation No. 2395-1, On Subsurface Resources, regulates relations arising in connection with the geological study, and the use and protection of subsurface resources within the territory of the Russian Federation. Pursuant to the Law, subsurface resources may be developed only on the basis of a licence. The licence is issued by the regional governmental body and contains information on the site to be developed, the period of activity, as well as financial and other conditions. The Company holds licences issued by regional authorities for geological studies, exploration and development of oil and gas blocks and fields in areas where its subsidiaries are located.

Due to the limited capacity of OJSC Transneft's pipeline system, the State Pipeline Commission sets export quotas for each oil company based on the legislation on equal access to the oil pipeline system. In addition, the Company exports certain quantities of crude oil bypassing the Transneft system thus enabling it to increase its export capacities. In 2009, 2008 and 2007, the Company's export sales were approximately 57%, 56% and 61% of produced crude oil, respectively. The remaining production was processed at the Company's refineries for further sales on domestic and international markets.

Principal subsidiary companies included in the consolidated financial statements and respective ownership interests of the Company as of December 31, 2009 are as follows:

Name	Nature of Business	Preferred and Common Shares, %	Voting Shares, %
Exploration and production			
RN-Yuganskneftegaz LLC	Oil and gas production operator services	100.00	100.00
RN-Purneftegaz LLC	Oil and gas production operator services	100.00	100.00
RN-Sakhalinmorneftegaz LLC	Oil and gas production operator services	100.00	100.00
RN-Krasnodarneftegaz LLC	Oil and gas production operator services	100.00	100.00
RN-Stavropolneftegaz LLC	Oil and gas production operator services	100.00	100.00
Rosneft Severnaya Neft LLC (Northern Oil)	Oil and gas production operator services	100.00	100.00
CJSC RN-Astra	Oil and gas development and production	100.00	100.00
CJSC Sakhalinmorneftegaz Shelf	Oil and gas development and production	100.00	100.00
OJSC Dagneftegaz	Oil and gas development and production	81.22	94.96
OJSC Rosneft-Dagneft	Oil and gas development and production	68.70	91.60

Name	Nature of Business	Preferred and Common Shares, %	Voting Shares, %
CJSC Vankorneft	Oil and gas development and production	93.96	93.96
OJSC Grozneftegaz	Oil and gas production operator services	51.00	51.00
CJSC Vostokshelf	Field survey and exploration	100.00	100.00
RN-Kazakhstan LLC	Field survey and exploration	100.00	100.00
RN-Kaiganneftegaz LLC	Field survey and exploration	100.00	100.00
Vostok Smidt Invest LLC	Investment activities	100.00	100.00
Zapad Smidt Invest LLC	Investment activities	100.00	100.00
OJSC East-Siberian Oil and Gas Company	Oil and gas development and production	70.78	70.78
Val Shatskogo LLC	Oil and gas development	100.00	100.00
OJSC Samaraneftgaz	Oil and gas development and production	100.00	100.00
Refining, marketing and distribution			
RN-Tuapse Refinery LLC	Petroleum refining	100.00	100.00
RN-Komsomolsky Refinery LLC	Petroleum refining	100.00	100.00
OJSC Rosneft-MZ Nefteproduct	Petroleum refining	65.42	87.23
OJSC Rosneft-ARTAG	Marketing and distribution	38.00	50.67
OJSC Rosneft-Altainefteproduct	Marketing and distribution	64.18	78.59
RN-Arkhangelsknefteproduct LLC	Marketing and distribution	100.00	100.00
OJSC Rosneft-Kabardino-Balkarskaya Toplivnaya Company	Marketing and distribution	99.81	99.89
OJSC Rosneft-Kubannefteproduct	Marketing and distribution	89.50	96.61
OJSC Rosneft-Karachaevo-Cherkessknefteproduct	Marketing and distribution	85.99	87.46
OJSC Rosneft-Kurgannefteproduct	Marketing and distribution	83.32	90.33
OJSC Rosneft-Murmansknefteproduct	Marketing and distribution	45.38	60.51
RN-Nakhodkanefteproduct LLC	Marketing and distribution	100.00	100.00
OJSC Rosneft-Smolensknefteproduct	Marketing and distribution	66.67	86.97
RN-Tuapsenefteproduct LLC	Marketing and distribution	100.00	100.00
OJSC Rosneft-Yamalnefteproduct	Marketing and distribution	49.52	66.03
RN-Vostoknefteproduct LLC	Marketing and distribution	100.00	100.00
OJSC Rosneft-Stavropolye	Marketing and distribution	100.00	100.00
RN-Trade LLC	Marketing and distribution	100.00	100.00
CJSC Exponeft	Marketing and distribution	45.38	60.51
OJSC Angarsk Petrochemical Company	Petroleum refining	100.00	100.00
OJSC Achinsk Refinery VNK	Petroleum refining	100.00	100.00
OJSC Angarsk Polymer Plant	Petroleum refining	100.00	100.00
OJSC Kuybyshev Refinery	Petroleum refining	100.00	100.00
OJSC Novokuybyshev Refinery	Petroleum refining	100.00	100.00
OJSC Syzran Refinery	Petroleum refining	100.00	100.00
CJSC Neftegorsk Gas-Processing Plant	Gas processing	100.00	100.00
CJSC Otradny Gas-Processing Plant	Gas processing	100.00	100.00
CJSC Irkutsknefteprodukt	Marketing and distribution	100.00	100.00
OJSC Samaranefteprodukt	Marketing and distribution	100.00	100.00
Samara Terminal LLC	Marketing and distribution	100.00	100.00
OJSC Buryatnefteprodukt	Marketing and distribution	97.48	98.88
CJSC Khakasnefteprodukt VNK	Marketing and distribution	100.00	100.00
OJSC Tomsknefteprodukt VNK	Marketing and distribution	100.00	100.00
OJSC Belgorodnefteprodukt	Marketing and distribution	100.00	100.00

Name	Nature of Business	Preferred and Common Shares, %	Voting Shares, %
CJSC Bryansknefteprodukt	Marketing and distribution	100.00	100.00
OJSC Voronezhnefteprodukt	Marketing and distribution	100.00	100.00
CJSC Lipetsknefteprodukt	Marketing and distribution	100.00	100.00
CJSC Orelnefteprodukt	Marketing and distribution	100.00	100.00
CJSC Penzanefteprodukt	Marketing and distribution	100.00	100.00
CJSC Tambovnefteprodukt	Marketing and distribution	100.00	100.00
CJSC Ulyanovsknefteprodukt	Marketing and distribution	100.00	100.00
Ulyanovsk Terminal LLC	Marketing and distribution	100.00	100.00
CJSC FPK KEDR M	Marketing and distribution	100.00	100.00
CJSC NBA Service	Marketing and distribution	100.00	100.00
OJSC Germes Moskva	Marketing and distribution	85.61	85.61
CJSC Contract Oil	Marketing and distribution	100.00	100.00
CJSC Mytischki Fuel Company	Marketing and distribution	100.00	100.00
OJSC Stavropolnefteprodukt	Marketing and distribution	100.00	100.00
U-Kuban LLC	Marketing and distribution	100.00	100.00
Other			
Rosneft International Ltd.	Holding company	100.00	100.00
CJSC Rosnefteflot	Transportation services	51.00	51.00
OJSC All-Russian Bank for Reconstruction and Development of Russian Regions (VBRR)	Banking	76.47	76.47
CJSC RN-Shelf-Dalnyi Vostok	Management company	100.00	100.00
RN-Burenie LLC	Drilling services	100.00	100.00
NK Rosneft NTC LLC	Research & development activities	100.00	100.00

All of the above subsidiaries, except for Rosneft International Ltd., are incorporated in the Russian Federation. Rosneft International Ltd. is registered in Ireland.

Currency Exchange and Control

Foreign currencies, in particular the US dollar and the Euro, play a significant role in the underlying economics of many business transactions in Russia. For the oil and gas sector in particular, substantial export arrangements as well as investing and financing activities are conducted in foreign currencies, primarily the US dollar.

2. Significant Accounting Policies

Form and Content of the Consolidated Financial Statements

The Company maintains its books and records in accordance with accounting and taxation principles and practices mandated by Russian legislation. The accompanying consolidated financial statements were derived from the Company's Russian statutory books and records with adjustments made to present them in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

In June 2009, the Financial Accounting Standards Board ("FASB") issued the Accounting Standards Update ("ASU") 2009-01 ("ASU 2009-01"). ASU 2009-01 also issued as FASB Statement of Financial Accounting Standards ("SFAS") 168, The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles, is effective for financial statements issued after September 15, 2009. ASU 2009-01 requires that the FASB's Accounting Standards Codification ("ASC") become the single source of authoritative US GAAP principles recognized by the FASB. The Company adopted ASU 2009-01 effective July 1, 2009 and changed references to US GAAP in its consolidated financial statements issued for the year 2009. The adoption of ASU 2009-01 did not impact the Company's consolidated financial position or results of operations.

Subsequent events have been evaluated through February 1, 2010, the date these consolidated financial statements were issued.

The accompanying consolidated financial statements differ from the financial statements issued for statutory purposes in Russia in that they reflect certain adjustments, not recorded in the Company's statutory books, which are appropriate to present the financial position, results of operations and cash flows in accordance with US GAAP. The principal adjustments relate to: (1) recognition of certain expenses; (2) valuation and depreciation of property, plant and equipment; (3) foreign currency translation; (4) deferred income taxes; (5) valuation allowances for unrecoverable assets; (6) accounting for the time value of money; (7) accounting for investments in oil and gas property and conveyances; (8) consolidation principles; (9) recognition and disclosure of guarantees,

contingencies, commitments and certain assets and liabilities; (10) accounting for asset retirement obligations; (11) business combinations and goodwill; (12) accounting for derivative instruments.

Certain items in the consolidated balance sheet as of December 31, 2008, consolidated statement of income and comprehensive income, and the consolidated statement of cash flows for the years 2008 and 2007 were reclassified to conform to the current year presentation of noncontrolling interests according to the provisions of FASB ASC 810, Consolidation, which the Company adopted from January 1, 2009 (see below "Changes in Accounting Policies").

Management Estimates

The preparation of the financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the balance sheet as well as the amounts of revenues and expenses recognized during the reporting periods. Certain significant estimates and assumptions for the Company include: estimation of economically recoverable oil and gas reserves; rights to, recoverability and useful lives of long-term assets and investments; impairment of goodwill; allowances for doubtful accounts receivable; asset retirement obligations; legal and tax contingencies; environmental remediation obligations; recognition and disclosure of guarantees and other commitments; fair value measurements; ability to renew operating leases and to enter into new lease agreements, and classification of certain debt amounts. Management believes it has a reasonable and appropriate basis for its judgment pertaining to its estimates and assumptions. However, actual results could differ from those estimates.

Foreign Currency Translation

The management of the Company has determined that the US Dollar is the functional and reporting currency for the purpose of financial reporting under US GAAP. Monetary assets and liabilities have been translated into US dollars using the official exchange rate of the Central Bank of the Russian Federation ("CBR") as of the balance sheet date. Non monetary assets and liabilities have been translated at historical rates. Revenues, expenses and cash flows have, where practicable, been translated into US dollars at exchange rates that are close to the actual rate of exchange prevailing on transaction dates.

Gains and losses resulting from the re-measurement into US dollars are included in "Foreign exchange gain/(loss)" in the consolidated statements of income and comprehensive income.

As of December 31, 2009 and 2008, the CBR official rates of exchange were 30.24 rubles and 29.38 rubles per US dollar, respectively. As of February 1, 2010, the official rate of exchange was 30.43 rubles ("RUB") per US dollar.

The translation of local currency denominated assets and liabilities into US dollars for the purposes of these financial statements does not indicate that the Company could realize or settle, in US dollars, the reported values of these assets and liabilities. Likewise, it does not indicate that the Company could return or distribute the reported US dollar ("US\$") value of equity to its shareholders.

Principles of Consolidation

The consolidated financial statements include the accounts of majority-owned, controlled subsidiaries and variable interest entities where the Company is a primary beneficiary. All significant intercompany transactions and balances have been eliminated. The equity method is used to account for investments in affiliates in which the Company has the ability to exert significant influence over the affiliates' operating and financial policies. The investments in entities where the Company holds the majority of shares, but the minority shareholders have significant influence, are also accounted for using the equity method. The Company's share in net profit or loss of equity investees also includes any other-than-temporary declines in fair value recognized during the period. Investments in other companies are accounted for at cost and adjusted for impairment, if any.

Business Combinations

From January 1, 2009, the Company accounts for its business combinations according to FASB ASC 805, Business Combinations, and FASB ASC 810, Consolidation, (see below "Changes in Accounting Policies"). The Company applies the acquisition method of accounting and recognizes the assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree at the acquisition date, measured at their fair values as of that date. Determining the fair value of assets acquired and liabilities assumed requires management's judgment and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, licence and other asset lives and market multiples, among other items.

Goodwill and Other Intangible Assets

Goodwill represents the excess of the consideration transferred plus the fair value of any noncontrolling interest in the acquiree at the acquisition date over the fair values of the identifiable net asset acquired. The excess of the fair values of the identifiable net asset acquired over the consideration transferred plus the fair value of any noncontrolling interest in the acquiree should be recognized as a gain in consolidated statements of income and comprehensive income on the acquisition date.

For investees accounted for under the equity method, the excess of the cost to acquire a share in those entities over the fair value of the acquired share of net assets as of the acquisition date is treated as embedded goodwill.

In accordance with requirements of FASB ASC 350, Intangibles — Goodwill and Other, goodwill and intangible assets with indefinite useful lives are not amortized. Instead, they are tested at least annually for impairment. The impairment loss is recognized when the carrying value of goodwill exceeds its fair value. The impairment test is comprised of two stages. The first step compares the fair value of the reporting unit with its carrying value, including goodwill. If the fair value of the reporting unit exceeds its carrying value, the goodwill of the reporting unit is considered not impaired. Otherwise, the second step of the goodwill impairment test

shall be performed to measure the amount of impairment loss resulting from the excess of the reporting unit's carrying value over its fair value. The loss recognized cannot exceed the carrying amount of goodwill. Subsequent reversal of a previously recognized goodwill impairment loss is prohibited.

Intangible assets that have a finite useful life are amortized using the straight-line method over the shorter of their useful life or the term established by legislation.

Noncontrolling Interests

Noncontrolling interests in the net assets and net results of consolidated subsidiaries are shown under "Noncontrolling interests" and "Net income attributable to noncontrolling interests" in the accompanying consolidated balance sheets and statements of income and comprehensive income, respectively. Losses attributable to the Company and the noncontrolling interest in a subsidiary may exceed their interests in the subsidiary's equity. The excess, and any further losses attributable to the Company and the noncontrolling interest, are to be attributed to those interests. That is, the noncontrolling interest continues to be attributed its share of losses even if that attribution results in a deficit noncontrolling interest balance. The actual ruble-denominated balances attributable to noncontrolling interests may differ from these amounts presented in these consolidated financial statements.

Cash and Cash Equivalents

Cash represents cash on hand and in the Company's bank accounts and interest bearing deposits which can be effectively withdrawn at any time without prior notice or penalties reducing the principal amount of the deposit. Cash equivalents are highly liquid, short-term investments that are readily convertible to known amounts of cash and have original maturities of three months or less from their date of purchase. They are carried at cost plus accrued interest, which approximates fair value.

Loans and Accounts Receivable

Loans and accounts receivable are stated at their principal amounts outstanding net of loan losses and allowances for doubtful debts. Specific allowances are recorded against trade receivables whose recovery or collection has been identified as doubtful. Estimates of allowances require the exercise of judgment and the use of assumptions.

Earnings per Share

Basic earnings per share is calculated by dividing net earnings attributable to common shares by the weighted average number of common shares outstanding during the corresponding period. In the absence of any securities-to-shares conversion transactions, the amount of basic earnings per share stated in these financial statements is equal to the amount of diluted earnings per share.

Inventories

Inventories consisting primarily of crude oil, petroleum products and materials and supplies are written off at the average cost or the cost of each unit and are stated at the lower of weighted average cost of acquisition or market value. Market value shall not exceed net realizable value (i.e. the price at which inventories can be sold after allowing for the cost of completion and sale), and shall not be lower than net realizable values less the amount of margin.

Financial Investments

All debt and equity securities held by the Company are classified into one of the following three categories: trading securities; available-for-sale securities; held-to-maturity securities.

Trading securities are purchased and held principally for the purpose of sale in the nearest future. Held-to-maturity securities represent financial instruments that the Company has both the intent and the ability to hold to maturity.

All other securities, which do not fall into these two categories, are classified as available-for-sale securities.

Trading securities and available-for-sale securities are carried at fair (market) value. Held-to-maturity securities are stated at amortized cost. Unrealized gains or losses on trading securities are included in the consolidated statements of income and comprehensive income. Unrealized gains and losses on available-for-sale securities less related tax effects are recorded as a separate component of comprehensive income until the date of disposal.

Realized gains and losses from the sale of available-for-sale securities are reported separately for each type of security. Dividends and interest income are recognized in the consolidated statements of income and comprehensive income on an accrual basis.

Investments in shares or interests of companies where the Company has less than 20% equity interest and no significant influence, which are not publicly traded, and whose market value is not readily available, are carried at cost.

Repurchase and Resale Agreements

Securities sold under agreements to repurchase ("REPO") and securities purchased under agreements to resell ("reverse REPO") generally do not constitute a sale for accounting purposes of the underlying securities, and so are treated as collateralized financing transactions. Interest paid or received on all REPO and reverse REPO transactions is recorded in "Interest expense" or "Interest income" at the contractually specified rate using the effective interest method.

Oil and Gas Exploration and Development

In accordance with FASB ASC 932, Extractive Activities—Oil and Gas, oil and gas exploration and development costs are recognized under the successful efforts method. This method prescribes that exploration costs, including geological and geophysical costs and the costs of dry holes, are charged to expense when incurred.

Exploratory well costs (including costs associated with stratigraphic test wells) are temporarily capitalized pending determination of whether commercial oil and gas reserves have been discovered by the drilling effort. The length of time necessary for this determination depends on the specific technical or economic difficulties in assessing the recoverability of the reserves. If a determination is made that the well did not encounter oil and gas in economically viable quantities, the well costs are expensed and are reported in “Exploration expense”.

Exploratory drilling costs are temporarily capitalized pending determination of whether the well has found proved reserves if both of the following conditions are met:

- The well has found a sufficient quantity of reserves to justify, if appropriate, its completion as a producing well, assuming that the required capital expenditure is made; and
- Satisfactory progress toward ultimate development of the reserves is being achieved, with the Company making sufficient progress assessing the reserves and the economic and operating viability of the project.

The Company evaluates the progress made on the basis of regular project reviews which take into account the following factors:

- If additional exploratory drilling or other exploratory activities (such as seismic work or other significant studies) are either underway or firmly planned, the Company deems there to be satisfactory progress. For these purposes, exploratory activities are considered firmly planned only if they are included in the Company’s three-year exploration plan/budget. At December 31, 2009 and 2008, exploratory drilling costs capitalized on this basis were not material.
- In cases where exploratory activity has been completed, the evaluation of satisfactory progress takes into account indicators such as the fact that costs for development studies are incurred in the current period, or that governmental or other third-party authorizations are pending or that the availability of capacity on an existing transport or processing facility awaits confirmation. At December 31, 2009 and 2008, exploratory drilling costs capitalized on this basis were not material.

Should the project be deemed commercially viable, it is then transferred to the development stage, otherwise the costs are expensed.

Costs, including “internal” costs relating to drilling and equipping of development wells, including development dry holes, as well as costs required for drilling and equipping of injection wells in the process of oil and gas reserves development, are capitalized. These costs are included in exploration and production assets in the consolidated balance sheet.

Property, Plant and Equipment

Property, plant and equipment are stated at historical cost, net of accumulated depreciation. The cost of maintenance, repairs, and replacement of minor items of property is charged to operating expenses. Renewals and betterments of assets are capitalized.

Upon sale or retirement of property, plant and equipment, the cost and related accumulated depreciation are eliminated from the accounts. Any resulting gains or losses are included in the income statement.

Depreciation, Depletion and Amortization

Depletion expense of acquisition costs of proved oil and gas properties is calculated using the unit-of-production method based on total proved reserves. Depletion expense of other capitalized costs related to oil and gas production is calculated using the unit-of production method based on proved developed reserves. Management of the Company considers each extraction division as the appropriate level for these calculations.

Acquisition costs of unproved properties are not amortized. These costs are reclassified as proved properties when the relevant reserve reclassification is made. Acquisition costs of unproved properties are reviewed for impairment, and where impairment arises, these costs are expensed.

Depreciation and amortization charges with respect to property, plant and equipment other than oil and gas properties is computed using the straight-line method and based on their useful lives.

Depreciation rates are applied to similar types of buildings, machinery and equipment having similar economic characteristics, as shown below:

Asset Group	Average Useful Life
Buildings and constructions	30–35 years
Plant and machinery	15 years
Vehicles and other equipment	6 years
Service vessels	20 years
Offshore drilling assets	20 years

Interests in Joint Operations

A joint operation is a contractual arrangement whereby two or more parties (participants) undertake an economic activity that is subject to joint control. Joint control is only exercised when strategic, financial and operating decisions relating to the joint activity are made unanimously by all the parties. A joint venture is a registered company, partnership or any other legal form for the purposes of handling joint operations.

Financial results, assets and liabilities arising from interests in incorporated joint ventures are recognized in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in joint ventures are recognized at the cost of financial investments increased by any change to the share of net assets from the date of inception of a joint venture, less distributed earnings and impairment of financial investments. The consolidated statements of income and comprehensive income include the Company's share in gains and losses arising from joint ventures.

The Company discontinues the use of the equity method of accounting from the date on which it ceases to have joint control over, or have significant influence in, a jointly-controlled entity.

Undivided interests in unincorporated oil and gas joint ventures are consolidated on a proportionate basis.

A part of an interest in a jointly-controlled oil and gas exploration and production entity may be assigned to other participants or third parties. In which case, in accordance with FASB ASC 932, such assignment is performed and accounted for under an arrangement called a "carried interest" whereby the assignee agrees to carry all costs of drilling, developing, and operating the property. The assignee is also entitled to all of the revenue from hydrocarbon production from the property, excluding any third party interest, until all of the assignee's costs, including the contractual rate of return, have been recovered, at such time the assignor will resume its participation in operating expenses and income.

Impairment of Long-Lived Assets

Long-lived assets, including blocks with proved oil and gas reserves, are assessed for potential impairment in accordance with paragraphs 360-10-35-17 through 360-10-35-36 of FASB ASC 360, Property, Plant and Equipment.

Oil and gas properties are assessed whenever events or circumstances indicate potential impairment. If the carrying value of oil and gas properties is not recoverable through undiscounted cash flows, an impairment is recognized. The impairment is determined on the basis of the estimated fair value of oil and gas properties which, in turn, is measured by discounting future net cash flows or with reference to current market prices of oil and gas properties, if available. Discounted future cash flows from oil and gas fields are based on the most reliable management estimates of future prices that rely on recent actual prices and published prices for forward transactions; such prices are applied to forecast production volumes at particular fields with further discounting for the expected risk level.

Forecast production volumes shall be understood as reserves, including probable reserves that are proposed to be extracted using a known amount of capital expenditures. Production volumes and prices correspond to the internal plans and forecasts, as well as other data in the published financial statements. Assumptions regarding future prices and costs used to assess oil and gas properties for impairment differ from those used in the standard procedure for discounting net cash flows from proved oil and gas reserves.

Individual assets are grouped for impairment purposes at the lowest level of identifiable cash flows that are largely independent of the cash flows from other groups of assets — generally on a field-by-field basis for exploration and production assets, for refining assets — at the entire refining unit, for service stations — at the site level. Long-lived assets intended by management for use during a period not exceeding one year are recorded at the lower of depreciated value or fair value, less selling expenses.

Acquisition costs of unproved oil and gas properties are assessed for impairment on a regular basis and any estimated impairment is charged to expenses.

Impairment of Investments

If the decline in fair value of an investment below its carrying value is other than temporary, the carrying value of the investment is reduced and a loss in the amount of any such decline is recorded. Cost method investments are evaluated for impairment when events or changes in circumstances occur which may have a significant effect on the fair value of these investments. Fair value determination is based on quoted market prices, if available, or on the present value of expected cash flows using discount rates commensurate with the risks of the investment.

Capitalized Interest

Interest expense related to the use of borrowed funds used for capital construction projects and acquisition of properties, plant and equipment is capitalized provided that such interest expense could have been avoided if the Company had not made capital investments. Interest is capitalized only during the period when construction activities are actually in progress and until the resulting properties are put into operation. The Company capitalized US\$ 354 million, US\$ 279 million and US\$ 178 million of interest expenses on loans and borrowings in 2009, 2008 and 2007, respectively.

Leasing Agreements

Capital leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the interest charges and reduction of the lease liability so as to achieve

a constant rate of interest on the remaining balance of the liabilities. Interest charges are charged directly to the consolidated statements of income and comprehensive income.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term unless leased assets are capitalized because the terms of the lease agreement grant the Company ownership rights over the leased assets by the end of the lease term or contain a bargain purchase option. In the latter cases capitalized assets are depreciated over the estimated useful life of the asset regardless of the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the assets are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statements of income and comprehensive income on a straight-line basis over the lease term.

Asset Retirement Obligations

The Company has asset retirement obligations associated with its core business activities. The nature of the assets and potential obligations are as follows:

Exploration and Production — the Company's exploration, development and production activities involve the use of the following assets: wells, related equipment and operating sites, oil gathering and treatment facilities, tank farms and in-field pipelines. Generally, licences and other regulatory acts require that such assets be decommissioned upon the completion of production. According to these requirements, the Company is obliged to decommission wells, dismantle equipment, restore the sites and perform other related activities. The Company's estimates of these obligations are based on current regulatory or licence requirements, as well as actual dismantling and other related costs. Asset retirement obligations are calculated in accordance with the provisions of FASB ASC 410-20, Asset Retirement Obligations.

Refining, Marketing and Distribution — this business segment covers refining operations, marine and other distribution terminals, and retail sales. The Company's refining operations consist of major petrochemical operations and industrial complexes. These industrial complexes have been in operation for several decades. The Company's management believes that given the nature of the operations, the useful lives of these industrial complexes are indeterminable, while certain of their operating components and equipment have definite useful lives. Legal or contractual asset retirement obligations related to petrochemical, oil refining, marketing and distribution activities are not recognized due to the limited history of such activities in these segments, the lack of clear legal requirements as to the recognition of obligations, as well as the fact that useful lives of such assets are not determinable.

The Company's marine and other distribution terminals, including its retail network, operate under the regulatory requirements of local authorities and lease arrangements. These requirements generally provide for elimination of the consequences of the use of those assets, including dismantling of equipment, restoration of land, etc.

FASB ASC 410-20 calls for measurements of asset retirement obligations to include, as a component of expected costs, an estimate of the price that a third party would demand, and could expect to receive, for bearing the uncertainties and unforeseeable circumstances inherent in the obligations, sometimes referred to as a market-risk premium. To date, the oil and gas industry has few examples of credit-worthy third parties which are willing to assume this type of risk, for a determinable price, on major oil and gas production facilities and pipelines. Therefore, because determining such a market-risk premium would be an arbitrary process, it has been excluded from the FASB ASC 410-20.

Due to continuous changes in the Russian regulatory and legal environment, there could be future changes to the requirements and contingencies associated with the retirement of long-lived assets.

Because of the reasons described above the fair value of an asset retirement obligation for refining, marketing and distribution cannot be reasonably estimated.

Fair Value of Financial Instruments

FASB ASC 825, Financial Instruments, defines the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Financial assets and financial liabilities recognized in the accompanying consolidated balance sheets include cash and cash equivalents, short-term and long-term investments, accounts receivable and payable, short-term and long-term debt and other current and non-current assets and liabilities.

The Company, using available market information, management's estimates and appropriate valuation methodologies, has determined the approximate fair values of financial instruments.

Income Taxes

Russian legislation does not contain the concept of a "consolidated tax payer" and, accordingly, the Company is not subject to Russian taxation on a consolidated basis but rather on an individual company basis. Income taxes are provided on taxable profit as determined under the Russian Federation Tax Code. Deferred income tax assets and liabilities are recognized in the accompanying consolidated financial statements in the amount determined by the Company using the liability method in accordance with FASB ASC 740, Income Taxes. This method takes into account future tax consequences, based on the effective tax rate, associated with differences between the carrying values of assets and liabilities and their taxable base, which gives immediate income statement effect to changes in income tax laws, including changes in the tax rates. A valuation allowance for a deferred tax asset is recorded when management believes that it is more likely than not that this tax asset will not be realized.

The Company accounts for uncertain tax positions and reflects liabilities for unrecognized income tax benefits together with corresponding interest and penalties in the consolidated statement of income and comprehensive income as income tax expense.

Derivative Instruments

All derivative instruments are recorded on the consolidated balance sheets at fair value in either other current assets, other non-current assets, other current liabilities or other non-current liabilities. Recognition and classification of a gain or loss that results from recognition of a derivative instrument at fair value depends on the purpose for issuing or holding the derivative instrument. Gains and losses from derivatives that are not accounted for as hedges under FASB ASC 815, Derivatives and Hedging, are recognized immediately in the consolidated statement of income and comprehensive income.

Recognition of Revenues

Revenues are recognized when title passes from the seller to the customer, the contract price is fixed or determinable and collectability of the receivable is reasonably assured. Specifically, domestic sales of crude oil and gas, as well as petroleum products and materials are recognized when title passes. For export sales, title generally passes at the border of the Russian Federation and the Company covers transportation expenses (except freight), duties and taxes on those sales. Revenues include excise taxes and customs duties (see Note 17).

Sales of support services are recognized as services are performed provided that the service price can be determined and no significant uncertainties regarding the receipt of revenues exist.

Transportation Expenses

Transportation expenses recognized in the consolidated statements of income and comprehensive income represent all expenses incurred in the transportation of crude oil and petroleum products via the Transneft pipeline network, as well as by railway and other transport means. Transportation expenses also include all other shipping and handling costs.

Refinery Maintenance Costs

The Company recognizes the costs of overhauls and preventive maintenance performed with respect to oil refining assets as expenses when incurred.

Environmental Liabilities

Environmental expenditures are expensed or capitalized, depending upon their future economic benefit. Expenditures that relate to an existing condition caused by past operations, and do not have a future economic benefit, are expensed. Liabilities for these expenditures are recorded on an undiscounted basis when environmental assessments or clean-ups are probable and the costs can be reasonably estimated.

Guarantees

The fair value of a guarantee is determined and recorded as a liability at the time when the guarantee is issued. The initial guarantee amount is subsequently remeasured to reflect the changes in the underlying liability. The expense is included in the related line items of the consolidated statements of income and comprehensive income, based on the nature of the guarantee. When the likelihood of performing on a guarantee becomes probable, a liability is accrued, provided it is reasonably determinable on the basis of the facts and circumstances at that time.

Comprehensive Income

The Company applies FASB ASC 220, Comprehensive Income, which establishes standards for the calculation and reporting of the Company's comprehensive income (net income plus all other changes in net assets from non-owner sources) and its components in consolidated financial statements.

During 2009 and 2008, the Company recorded other accumulated comprehensive income (net of tax) in the amount of US\$ 18 million and loss (net of tax) in the amount of US\$ 40 million, respectively, which represent an unrealized financial result from the revaluation of available-for-sale investments. As of December 31, 2007 there are no material comprehensive income items and, therefore, comprehensive income for 2007 equals net income.

Accounting for Buy/Sell Contracts

Paragraphs 845-10-15-5 through 15-9 of FASB ASC 845, Nonmonetary Transactions, require that two or more legally separate exchange transactions with the same counterparty, including buy/sell transactions, should be combined and considered as a single arrangement, when the transactions are entered into "in contemplation" of one another.

Accounting for Contingencies

Certain conditions may exist as of the date of these consolidated financial statements which may further result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. The Company's management makes an assessment of such contingent liabilities which is based on assumptions and is a matter of opinion. In assessing loss contingencies relating to legal or tax proceedings that involve the Company or unasserted claims that may result in such proceedings, the Company, after consultation with legal or tax advisors, evaluates the perceived merits of any legal or tax proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a loss will be incurred and the amount of the liability can be estimated, then the estimated liability is accrued in the Company's consolidated financial statements. If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee would be disclosed. However, in some instances in which disclosure is not otherwise required, the Company may disclose contingent liabilities or other uncertainties of an unusual nature which, in the judgment of management after consultation with its legal or tax counsel, may be of interest to shareholders or others.

Taxes Collected from Customers and Remitted to Governmental Authorities

Excise taxes are reported gross within sales and other operating revenues and taxes other than income taxes in the consolidated statements of income and comprehensive income, while value-added tax is recorded net in taxes other than income tax liabilities in the consolidated balance sheets.

Changes in Accounting Policies

In December 2007, the FASB issued FASB ASC 805, Business Combinations, which was subsequently amended in April 2009. FASB ASC 805 retains the fundamental requirements in SFAS 141, Business Combinations, that acquisition method of accounting be used for all business combinations and for an acquirer to be identified for each business combination, but expands the scope of acquisition accounting to all transactions and circumstances under which control of business is obtained. FASB ASC 805 requires an acquirer to recognize the assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at the acquisition date, measured at their fair values as of that date. This replaces SFAS 141's cost-allocation process, which required the cost of an acquisition to be allocated to the individual assets acquired and liabilities assumed based on their estimated fair values. FASB ASC 805 shall be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The Company adopted FASB ASC 805 (as amended) from January 1, 2009. Adoption of FASB ASC 805 did not have a material impact on the Company's consolidated financial position and results of operations.

In December 2007, the FASB issued FASB ASC 810, Consolidation. FASB ASC 810 requires noncontrolling interest, previously called minority interest, to be presented as a separate item in the equity section of the consolidated balance sheet. It also requires the amount of consolidated net income attributable to noncontrolling interest to be clearly presented on the face of the consolidated statements of income and comprehensive income. FASB ASC 810 shall be effective for fiscal periods beginning on or after December 15, 2008. The Company adopted the provisions of FASB ASC 810 from January 1, 2009 prospectively with the exception of presentation and disclosure requirements, which were applied retrospectively for all periods presented, and did not significantly change the presentation of the Company's consolidated financial statements. Equity attributable to noncontrolling interest did not change materially from December 31, 2008 to December 31, 2009.

In March 2008, the FASB issued FASB ASC 815-10-50, Derivatives and Hedging (Disclosure). FASB ASC 815-10-50 changes the disclosure requirements for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under FASB ASC 815, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. FASB ASC 815-10-50 shall be effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. The Company adopted FASB ASC 815-10-50 effective January 1, 2009. Adoption of FASB ASC 815-10-50 did not have a material impact on the Company's consolidated financial position and results of operations.

Effective January 1, 2008, the Company adopted FASB ASC 820, Fair Value Measurements and Disclosures, which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The Company elected permitted one-year deferral of the effective date of FASB ASC 820 for all nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value on a recurring basis (at least annually). Following the permitted one-year deferral, effective January 1, 2009, the Company adopted FASB ASC 820 for nonfinancial assets and nonfinancial liabilities measured at fair value on a nonrecurring basis, such as assets and liabilities measured at fair value in a business combination; impaired properties, plants and equipment; intangible assets and goodwill; initial recognition of asset retirement obligations. During the twelve months ended December 31, 2009, the Company did not have a business combination, impairment of goodwill or intangible assets. Adoption of FASB ASC 820 for nonfinancial assets and liabilities did not have a material impact on the Company's consolidated financial position and results of operations.

In April 2009, the FASB issued FASB ASC 320-10-35, *Investments-Debt and Equity Securities (Subsequent Measurement)*, that amends the other-than-temporary impairment guidance for debt securities and presentation and disclosure of other-than-temporary impairments on debt and equity securities in the financial statements. FASB ASC 320-10-35 replaced the current requirement that a holder have the positive intent and ability to hold an impaired security to recovery in order to conclude an impairment was temporary with a requirement that an entity conclude it does not intend to sell an impaired security (a security is considered impaired when its fair value is less than its book value) and it is not more likely than not it will be required to sell the security before the recovery of its amortized cost basis. FASB ASC 320-10-35 is effective for interim and annual reporting periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. The Company adopted FASB ASC 320-10-35 starting from interim condensed consolidated financial statements for the six months ended June 30, 2009. Adoption of FASB ASC 320-10-35 did not have a material impact on the Company's consolidated financial position and results of operations.

In April 2009, the FASB issued FASB ASC 820-10-35, *Fair Value Measurements and Disclosures (Subsequent Measurement)*, that provides additional guidance for estimating fair value when the volume and level of activity for the asset or liability have signifi-

cantly decreased and identifying transactions that are not orderly. FASB ASC 820-10-35 also includes guidance on identifying circumstances that indicate a transaction is not orderly. FASB ASC 820-10-35 reaffirms that the objective of fair value measurement is to reflect how much an asset would be sold for in an orderly transaction (as opposed to a distressed or forced transaction) at the date of the financial statements under current market conditions. Specifically, it reaffirms the need to use judgment to ascertain if a formerly active market has become inactive and in determining fair values when markets have become inactive. FASB ASC 820-10-35 is effective for interim and annual reporting periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. The Company adopted FASB ASC 820-10-35 starting from interim condensed consolidated financial statements for the six months ended June 30, 2009. Adoption of FASB ASC 820-10-35 did not have a material impact on the Company's consolidated financial position and results of operations.

In May 2009, the FASB issued FASB ASC 855, *Subsequent Events*. FASB ASC 855 establishes the accounting for, and disclosure of, material events that occur after the balance sheet date but before the financial statements are issued or are available to be issued. In general, these events are recognized if the condition existed at the balance sheet date, and are not recognized if the condition did not exist at the balance sheet date. Disclosure is required for unrecognized material events to keep the financial statements from being misleading. It requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date—that is, whether that date represents the date the financial statements were issued or were available to be issued. This disclosure should alert all users of financial statements that an entity has not evaluated subsequent events after that date in the set of financial statements being presented. The Company adopted FASB ASC 855 starting from interim condensed consolidated financial statements for the six months ended June 30, 2009.

Recent Accounting Standards

In August 2009, the FASB issued ASU 2009 05, Fair Value Measurements and Disclosures (Topic 820): Measuring Liabilities at Fair Value ("ASU 2009 05") that amends Subtopic 820-10, Fair value measurements and disclosures, Overall of Topic 820, of the FASB Codification. ASU 2009 05 provides clarification that in circumstances in which a quoted price in active market is not available, a reporting entity is required to use one or more of the following valuation techniques: valuation based on quoted price of identical liability when traded as an asset; quoted prices of similar liabilities or similar liabilities when traded as an assets, or any other technique consistent with the principles of Topic 820, such as present value technique. ASU 2009 05 also clarifies that a reporting entity is not required to include a separate input to existence of restriction that prevents the transfer of the liability. ASU 2009 05 is effective for the first reporting period (including interim periods) beginning after issuance. Early application is permitted if financial statements for prior period have not been issued. The Company will adopt ASU 2009 05 from January 1, 2010. The Company does not expect ASU 2009 05 to have a material impact on the Company's consolidated financial position and results of operations.

In September 2009, the FASB issued ASU 2009 12, Fair Value Measurements and Disclosures (Topic 820): Investments in Certain Entities That Calculate Net Asset per Share (or Its Equivalent) ("ASU 2009 12") that amends Subtopic 820-10, Fair value measurements and disclosures, Overall of Topic 820, of the FASB Codification. ASU 2009 12 permits a reporting entry in the absence of active market to measure the fair value of investments that are within scope of this update on the basis of the net asset value per share of investment (or equivalent) without any further adjustments if the net asset value per share (or equivalent) was calculated in accordance with Topic 946, Financial services- Investment companies. The update also requires the reporting entity to disclose by major category of investment about the attributes of investment, such as nature of any restrictions to redeem the investment, any unfunded commitments, and the investment strategy of the investees. ASU 2009 12 is effective for interim and annual periods ending after December 15, 2009. Early application is permitted for earlier interim and annual period that have not been issued. The Company adopted ASU 2009 12 starting from its annual consolidated financial statements as of and for the year ended December 31, 2009. Adoption of ASU 2009-12 did not have a material impact on the Company's consolidated financial position and results of operations.

In January 2010, the FASB issued ASU 2010 1, Equity (Topic 505): Accounting for Distributions to Shareholders with Components of Stock and Cash ("ASU 2010 1") that amends Topic 505, Equity, and Topic 260, Earning per share, of the FASB Codification. ASU 2010-1 clarifies that the stock portion of a distribution to shareholders that allows them to elect to receive cash or stock with a potential limitation on the total amount of cash is considered a share issuance that is reflected in earnings-per-share prospectively and is not a stock dividend for the purpose of applying Topic 505, Equity, and Topic 260, Earning per share. ASU 2010-1 is effective for interim and annual reporting periods ending on or after December 15, 2009, and should be applied on a retrospective basis. The Company adopted ASU 2010-1 starting from annual consolidated financial statements as of and for the year ended December 31, 2009 on a retrospective basis. Adoption of ASU 2010-1 did not have a material impact on the Company's consolidated financial position and results of operations.

In January 2010, the FASB issued ASU 2010 2, Consolidation (Topic 810): Accounting and Reporting for Decreases in Ownership of a Subsidiary—a Scope Clarification ("ASU 2010 2") that amends Topic 810, Consolidation, of the FASB Codification. ASU 2010-2 clarifies the list of operations that are within the scope of Subtopic 810-10, Consolidation—Overall, and related guidance. ASU 2010-2 also clarifies that if a decrease in ownership occurs in a subsidiary that is not a business or nonprofit activity, an entity first needs to consider whether the substance of transaction is addressed in other topics such as transfers of financial assets, revenue recognition, exchange of nonmonetary assets, sales of real estate, conveyances of oil and gas mineral rights. If no other guidance exists, an entity should apply guidance in Subtopic 810-10, Consolidation — Overall. ASU 2010-2 expands the disclosure requirements about the deconsolidation of a subsidiary or derecognition of a group of assets within the scope of Subtopic 810-10, Consolidation — Overall. ASU 2010-2 is effective for interim and annual reporting periods ending on or after December 15, 2009, and should be applied retrospectively to the first period that an entity adopted SFAS 160, Noncontrolling Interests in Consolidated Financial Statements — an amendment of ARB No. 51. The Company adopted ASU 2010-2 starting from annual consolidated financial statements as of and for the year ended December 31, 2009 retrospectively to January 1, 2009. Adoption of ASU 2010-2 did not have a material impact on the Company's consolidated financial position and results of operations.

In January 2010, the FASB issued ASU 2010 3, Extractive Activities—Oil and Gas (Topic 932): Oil and Gas Reserve Estimation and Disclosures ("ASU 2010 3") that amends Topic 932, Extractive Activities—Oil and Gas, of the FASB Codification. ASU 2010 3 expands the definition of oil- and gas-producing activities to include the extraction of various saleable hydrocarbons or other

nonrenewable natural resources that are intended to be upgraded into synthetic oil or gas, and activities undertaken with a view to such extraction. An entity must also consider its equity investees in determining whether they have significant oil and gas producing activities. ASU 2010 3 indicates that entities must use the 12-month average price rather than the year-end price when estimating whether reserves are economical to produce. ASU 2010 3 also introduces new disclosure requirements. At a minimum, each entity is required to disclose separate information about reserves and financial information for geographic areas and for each country that represent 15 percent or more of proved reserves. An entity must disclose separately information about consolidated subsidiaries and equity investees. Disclosures about equity investees must be in the same level of detail as is required for consolidated subsidiaries. ASU 2010-3 is effective for annual reporting periods ending on or after December 31, 2009 as a change in accounting principle inseparable from change in estimate. The revised methodology for determining reserves impacts the basis for the calculation of the unit of production depletion prospectively. The Company adopted ASU 2010-3 for its annual consolidated financial statements as of and for the year ended December 31, 2009. Adoption of ASU 2010-3 did not have a material impact on the Company's consolidated financial position and results of operations.

In January 2010, the FASB issued ASU 2010 6, Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements ("ASU 2010 6") that amends Topic 820, Fair Value Measurements and Disclosures, of the FASB Codification. ASU 2010 6 requires separate disclosure of significant transfers between Level 1 and Level 2 fair value measurement inputs and a description of the reasons for the transfers. Entity is also required to present separately information about purchases, issuance, and settlements in the reconciliation for fair value measurements using Level 3 inputs. ASU 2010 6 amends existing disclosure requirements in regards of level of disaggregation and inputs and valuation techniques. ASU 2010-6 is effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about activity in Level 3 fair value measurements that are effective for interim and annual periods beginning after December 15, 2010. The Company will adopt ASU 2010-6 from January 1, 2010, except for the disclosures about activity in Level 3 fair value measurements that will be adopted from January 1, 2011. The Company does not expect ASU 2010-6 to have a material impact on the Company's consolidated financial position and results of operations.

3. Cash and Cash Equivalents

Cash and cash equivalents as of December 31 comprise the following:

	2009	2008
Cash on hand and at bank accounts in RUB	624	412
Cash on hand and at bank accounts in foreign currencies	748	830
Deposits	612	21
Other	13	106
Total cash and cash equivalents	1,997	1,369

Restricted cash as of December 31 comprises the following:

	2009	2008
Obligatory reserve with the CBR	15	2
Other restricted cash	5	2
Total restricted cash	20	4

The obligatory reserve with the CBR represents the amount deposited by the Company's subsidiary bank, VBRR, with the CBR for securing the current operating activity of the bank. Credit institutions are required to maintain a non-interest earning cash deposit (obligatory reserve) with the CBR, which amount depends on the level of funds raised by the credit institution and this amount has certain restrictions for use.

Cash accounts denominated in foreign currencies are primarily in US\$.

Deposits are interest bearing and denominated primarily in RUB.

As part of its cash management and credit risk function, the Company regularly evaluates the creditworthiness of financial and banking institutions where it deposits cash. Banking relationships are primarily with Russian subsidiaries of international banking institutions and certain large Russian banks.

4. Short-Term Investments

Short-term investments as of December 31 comprise the following:

	2009	2008
Short-term loans granted	1	1
Loans to related parties	12	8
Reverse repurchase agreements	22	—

	2009	2008
Structured deposit (Note 24)	507	—
Cash margin under repurchase agreement (Note 14)	—	893
Promissory notes held-to-maturity	81	600
Trading securities		
Promissory notes	38	1
State and corporate bonds	449	76
Other	4	4
Available-for-sale securities	210	22
Bank deposits	1,184	105
Total short-term investments	2,508	1,710

Reverse repurchase agreements are collateralized by trading securities at fair value as of December 31, 2009 in the amount of US\$ 22 million.

As of December 31, 2008, promissory notes held-to-maturity included an interest-free promissory note issued by a major state-owned Russian bank maturing on or after July 31, 2009. It was sold to state-owned Russian bank in the second quarter of 2009. Other RUB-denominated short-term promissory notes which are held-to-maturity bear interest of 15% and mature in January 2010. The fair value of held-to-maturity securities approximates their carrying value recognized in the financial statements.

As of December 31, 2009, trading securities include state and municipal bonds with nominal interest rates ranging from 6.9% to 18.0% and maturities ranging from March 2010 to February 2036, corporate bonds issued by large Russian corporations with maturities ranging from June 2010 to December 2016 and interest rates ranging from 7.9% to 19.0%, and nominally interest-free promissory notes with effective interest rates from 9.5% to 15.9%, and with maturities ranging from February 2010 to January 2011.

Available-for-sale securities include state and corporate bonds. State bonds represent federal loan bonds issued by the Ministry of Finance of the Russian Federation with maturities ranging from July 2010 to August 2025 and nominal interest rates ranging from 6.1% to 10.0% and bonds issued by CBR with weighted average effective interest rate of 7.25% and with maturities ranging from March to June 2010. The corporate bonds represent bonds issued by large Russian corporations, maturing in July 2016 with an interest rate of 7.68%.

Structured deposit and bank deposits denominated in US\$ have interest rates ranging from 6.50% to 7.75%. The bank deposits denominated in RUB have interest rates from 10.50% to 10.60%.

5. Accounts Receivable, net

Accounts receivable as of December 31 comprise the following:

	2009	2008
Trade receivables	2,958	1,785
Value-added tax and excise receivable	2,269	1,907
Other taxes	211	1,349
Banking loans to customers	753	1,007
Acquired receivables	30	74
Other	328	311
Less: allowance for doubtful accounts	(91)	(134)
Total accounts receivable, net	6,458	6,299

The Company's trade accounts receivable are denominated primarily in US\$. Credit risk is managed through the use of letters of credit. Credit risk in domestic sales of petroleum products is managed through the use of bank guarantees for receivables repayment.

In 2009, income tax receivable and mineral extraction tax included within "Other taxes", and VAT receivable and excise tax included within "Value-added tax and excise receivable" were settled through cash payments and with a legal offset against current tax liabilities. Total amounts of non-cash income tax offsets are US\$ 289 million and US\$ 1,315 million in 2009 and 2008, respectively.

6. Inventories

Inventories as of December 31 comprise the following:

	2009	2008
Materials and supplies	492	478
Crude oil and gas	502	252
Petroleum products	892	697
Total inventories	1,886	1,427

Materials and supplies mostly include spare parts. Petroleum products include those designated for sale as well as for own use.

7. Prepayments and Other Current Assets

Prepayments and other current assets as of December 31 comprise the following:

	2009	2008
Prepayments to suppliers	705	651
Prepaid customs duties	1,334	1,098
Insurance prepayments	12	6
Interest rate SWAP contract (Note 24)	3	–
Other	72	91
Total prepayments and other current assets	2,126	1,846

Prepaid customs duties primarily represent export duties related to the export of crude oil and petroleum products (see Note 17).

8. Long-Term Investments

Long-term investments as of December 31 comprise the following:

	2009	2008
Equity method investments		
OJSC Tomskneft VNK	1,488	1,475
Polar Lights Company LLC	84	94
JV Rosneft-Shell Caspian Ventures Ltd.	16	19
OJSC Verkhnechonskneftegaz	234	218
CJSC Vlakra	110	109
OJSC Kubanenergo	167	94
Other	171	164
Total equity method investments	2,270	2,173
Available-for-sale securities		
OJSC TGK-11	20	7
Long-term promissory notes	4	4
Other securities in Company's banks	14	–
Bank deposits — US\$ denominated	833	–
Held-to-maturity securities		
Russian government bonds	36	29
Long-term loans granted	–	1
Long-term loans to equity investees	550	467
Cost method investments	17	14
Total long-term investments	3,744	2,695

In June 2009, US\$ denominated deposits were placed in a state controlled bank for two years, at an interest rate of 8%.

Long-term loans to equity investees have contractual maturities from 3 to 8 years.

Equity share in profits/(loss) of material investments recorded using the equity method:

	Participation interest (percentage) as of December 31, 2009	Share in profits/(loss) of equity investees		
		2009	2008	2007
Polar Lights Company LLC	50.00	26	36	36
CJSC Kaspий-1	45.00	–	–	–
OJSC Verkhnechonskneftegaz	25.94	5	(17)	(11)
JV Rosneft-Shell Caspian Ventures Ltd.	51.00	2	3	6
OJSC Tomskneft VNK	50.00	147	56	5
OJSC Daltransgaz	–	–	–	(8)
West Kamchatka Holding B.W.	60.00	–	(51)	–
Other	various	(68)	(34)	(5)
Total equity share in profits/(loss)		112	(7)	23

Polar Lights Company LLC (“PLC”)

PLC is a limited liability company owned 50% by Conoco Phillips Timan-Pechora Inc., and 50% by the Company. PLC is primarily engaged in the development of the Ardalın and satellite fields in the Timan-Pechora Basin located 125 kilometers to the South of the Barents Sea above the Arctic Circle. Development of the Ardalın field commenced in late 1992 and the first oil was produced in 1994.

During 2008 the Company reviewed whether decline in value of its investment in PLC was other than temporary according to FASB ASC 323, Investments-Equity Method and Joint Ventures. To measure the fair value of the investment the Company used a discounted cash flow model. The fair value of the Company’s share in PLC was less than its carrying value. The Company concluded that an other than temporary decline in value of the investment existed and recognized impairment loss in the amount of US\$ 58.3 million. No further impairment was identified in 2009.

West Kamchatka Holding B.W. (“WKH”)

WKH is an enterprise jointly established by the Company (60%) and K.K. Korea Kamchatka Co. Ltd. (“KKK”) (40%), through its wholly-owned subsidiary Kamchatneftegaz LLC, was engaged in offshore exploration project in Kamchatka region. Project financing during the geologic exploration period was carried out by the KKK. According to the Shareholder and Operational agreement, key operational decisions were subject to unanimous approval of the Board of Directors. In accordance with the agreement the Company’s investment in WKH was accounted for using equity method.

Due to the expiration of the licence in 2008, the share of the Company’s liabilities for winding up the project was recorded in the consolidated balance sheet as of December 31, 2009 and 2008 as other current liabilities in the amount of US\$ 3 million and US\$ 51 million, respectively.

JV Rosneft-Shell Caspian Ventures Ltd.

JV Rosneft-Shell Caspian Ventures Ltd. (“JV”) is a joint venture in which the Company holds a 51% interest. The Articles of Incorporation of this joint venture stipulate, however, that key decisions regarding its business shall be subject to unanimous approval by both participants and none of the participants has a preferential voting right.

On February 6, 1997, the Company, through the JV, signed an agreement with eight oil and gas companies and government agencies of the Russian Federation and the Republic of Kazakhstan for the establishment of Caspian Pipeline Consortium (“CPC”). The purpose of the consortium is to design, finance, construct and operate a pipeline from the oil fields located in Western Kazakhstan through Russia to the port of Novorossiysk. The interest of the JV in the CPC is 7.5%. In October 2001, the CPC pipeline commenced operation.

OJSC Verkhnechonskneftegaz

OJSC Verkhnechonskneftegaz holds the licence for the development of the Verkhnechonskoye oil and gas condensate deposit, which is the largest oil deposit in the Irkutsk region.

In the third quarter of 2008, the Company commenced commercial production at the Verkhnechonskoye oil field. OJSC Verkhnechonskneftegaz is financed through long-term loans provided by the Company and other participants pro rata to their corresponding shareholdings.

OJSC Tomskneft VNK

OJSC Tomskneft VNK is a joint venture engaged in crude oil exploration and production in Western Siberia. The Shareholder Agreement provides that key decisions regarding the business operations of OJSC Tomskneft VNK shall be subject to unanimous ap-

proval by both participants and none of the participants has a preferential voting right. The investment in OJSC Tomskneft VNK includes goodwill of US\$ 368 million.

OJSC TGK-11, OJSC Kubanenergo

The Company acquired interests in OJSC Tomskenergo and OJSC Kubanenergo through the auctions for the sale of the assets of Yukos Oil Company that were held in May and July 2007. In 2007, OJSC Tomskenergo was merged into OJSC TGK-11. Following the conversion of OJSC Tomskenergo's shares as a result of the above merger, the Company's interest in the share capital of OJSC TGK-11 amounted to 5.28%. In July 2008, an arbitration court ruled in favor of the Company to nullify reorganization and the conversion of OJSC Tomskenergo's shares. In July 2009, court approved amicable agreement of transferring OJSC TGK-11's additional shares to the Company as compensation of losses from shares conversion. In September 2009, the Company received additional shares of OJSC TGK-11, increasing its share in OJSC TGK-11's total equity to 6.77%. As of December 31, 2009 and 2008 this investment was accounted for as an available-for-sale security.

In October 2009, the Company exercised its right of first refusal and acquired additional shares issued by OJSC Kubanenergo for RUB 1,972 million (US\$ 68 million at the CBR official exchange rate as of date of acquisition). The acquisition did not change the Company's interest.

CJSC Vlakra

CJSC Vlakra has the right to use a land plot and office premises located in Moscow.

Other Investments

Other investments primarily comprise investments in shares of electric power generation, transmission, distribution and maintenance companies located in the Tomsk region and in the south of Russia.

9. Property, Plant and Equipment, net

	Cost		Accumulated depreciation		Net carrying amount	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
Exploration and production	60,408	54,876	(14,423)	(11,163)	45,985	43,713
Refining, marketing and distribution	13,452	12,777	(3,899)	(3,300)	9,553	9,477
Other activities	2,809	2,510	(643)	(496)	2,166	2,014
Total property, plant and equipment	76,669	70,163	(18,965)	(14,959)	57,704	55,204

Exploration and production assets include costs to acquire unproved properties in the amount of US\$ 4,131 million as of December 31, 2009, and US\$ 4,149 million as of December 31, 2008. The Company plans to explore and develop the respective properties. The Company's management believes these costs are recoverable.

The Company used reserve data (see supplementary oil and gas disclosure) to calculate depreciation, depletion and amortization relating to oil and gas properties for 2009 and 2008 and for the assessment of impairment of oil and gas assets.

As described in the "Depreciation, Depletion and Amortization" section of Note 2, the Company calculates depletion using the unit-of-production method over proved or proved developed oil and gas reserves depending on the nature of the costs involved. The proved or proved developed reserves used in the unit of production method assume the extension of the Company's production licences beyond their current expiration dates until the end of the economic lives of the fields as discussed below in further detail.

The Company's oil and gas fields are located principally in the territory of the Russian Federation. The Company obtains licences from the governmental authorities to explore and produce oil and gas from these fields. The Company's existing production licences generally expire during the period 2010 to 2052. Expiration dates of licences for the most significant fields are between 2013 and 2044, and the licence for the largest field, Priobskoye, expires in 2044. The economic lives of the major licenced fields extend significantly beyond these dates. Under Russian law, the Company is entitled to renew the licences to the end of the economic lives of the fields, provided certain conditions are met. In fact, the Subsurface Resources Administrator (Rosnedra) extends licences for a period of up to 25 years regardless of the expected life of a field. Article 10 of the Law "On Subsurface Resources" provides that a licence to use a field "shall be" extended at its scheduled termination at the initiative of the subsoil user if necessary to finish production of the field, provided that there are no violations of the conditions of the licence.

The legislative history of Article 10 indicates that the term "shall" replaced the term "may" in August 2004, clarifying that the subsoil user has an absolute right to extend the licence term so long as it has not violated the conditions of the licence. In 2009 and 2008, the Company extended 26 of its main production licences for a period of up to 25 years based on the expected life of each field. The Company's current production plans are based on the assumption, which management considers to be reasonably certain, that the Company will be able to extend all other existing licences. These plans have been designed on the basis that the Company will be producing crude oil through the economic lives of the fields and not with a view to exploiting the Company's reserves to maximum effect only through the licence expiration dates.

Accordingly, management has included in proved reserves in the supplementary information on oil and gas exploration and production activities of the consolidated financial statements as of and for the year ended December 31, 2009 all reserves that otherwise

meet the standards for being characterized as “proved” and that the Company estimates it can produce through the economic lives of Company’s licensed fields.

Proved reserves should generally be limited to those that can be produced through the licence expiration date unless there is a long and clear track record which supports the conclusion that extension of the licence will be granted as a matter of course. The Company believes that extension of the licences will occur as a matter of course as fully described above.

Sakhalin-1

The Company’s primary investment in production sharing agreements (“PSA”) is through the Sakhalin-1 project (“PSA 1”), which is operated by ExxonMobil, one of the PSA participants. The Company has a 20% interest in this unincorporated joint venture.

Sakhalin-5

The participants of the project are subsidiaries of the Company and BP p.l.c. In March 2004, the licence for geological study of the Kaigansko-Vasyukansky block held by the Company was transferred to CJSC Elvari Neftegaz, which is a wholly owned subsidiary of Elvari Neftegaz Holdings B.V., an entity jointly established by the participants of the project.

The Shareholders and Operating Agreement was signed between the participants and the operator in June 2004. In accordance with the terms of the agreement, during the exploration stage project funding will be fully provided by BP p.l.c., while during the development stage BP p.l.c. will carry a portion of payments due from the Company and will provide credit support to obtain project funding.

The Company recognizes this investment using the equity method of accounting.

Other Projects

In July 2005, the Company entered into a PSA agreement with the Kazakhstan Government for the joint development of the Kurmangazy oil and gas prospect. The participants of the project are a subsidiary of the Company, RN-Kazakhstan LLC, and a subsidiary of Kazakhstan State JSC “NK KazMunaiGaz — KazMunaiTeniz” (“KazMunaiTeniz”), with equal shares of 50%. The agreement provided for a signing bonus in the amount of US\$ 50 million. The Company’s share of US\$ 25 million is recognized within mineral rights. In accordance with the terms of the agreement, upon a commercial discovery the Russian Federation has an option to buy a 25% share in the project at a future market price, by reducing the share of RN-Kazakhstan LLC in the project. If the Russian Federation does not exercise its option, this share shall be sold to third parties at a market price or redistributed between the participants in equal parts. If the share is sold, the proceeds from the sale shall be used to cover the expenses already incurred, including those borne by RN-Kazakhstan LLC which are attributable to the disposed share. Any excess of the proceeds from the sale of the share over the expenses shall be equally distributed between RN-Kazakhstan LLC and KazMunaiTeniz.

Cash Flow Details

Capital expenditures in the consolidated statements of cash flows comprise the following:

	2009	2008	2007
Acquisition and construction of property, plant and equipment	7,252	8,154	5,931
Construction materials	–	578	309
Total capital expenditures	7,252	8,732	6,240

10. Leased Property, Plant and Equipment, net

The following is the analysis of property, plant and equipment under capital leases as of December 31, included within “Property, plant and equipment, net” (Note 9):

	2009	2008
Oil and gas properties	32	32
Less: accumulated depletion	(7)	(4)
Oil and gas properties, net	25	28
Other property, plant and equipment		
Buildings and constructions	1	1
Plant and machinery	19	31
Vehicles	184	352
Total	204	384
Less: accumulated depreciation	(59)	(63)
Property, plant and equipment, net	145	321
Total net book value of leased property	170	349

Below is the analysis of the repayment of capital lease obligations as of December 31:

	2009
2010	32
2011	28
2012	18
2013	14
2014 and after	116
Imputed interest	(73)
<i>Present value of capital lease payments</i>	<i>135</i>

The charge to income resulting from amortization of leased property, plant and equipment is included with "Depreciation, depletion and amortization" in consolidated statements of income and comprehensive income for the 2009, 2008 and 2007 in the amount of US\$ 26 million, US\$ 46 million and US\$ 13 million, respectively.

Operating Lease

The total amount of operating lease expenses was as follows:

	2009	2008	2007
Total lease expenses	240	210	156
Total sublease revenues	2	5	4

11. Goodwill and Intangible Assets

In 2007, the Company acquired certain assets of Yukos Oil Company following the bankruptcy proceedings of Yukos Oil Company. Pro forma financial information assuming that these acquisitions had been completed as of the beginning of 2007, which was required by SFAS 141, Business Combinations (codified into ASC 805, Business Combinations) has not been presented herein as the Company does not have access to reliable US GAAP financial information regarding the acquired assets for the periods prior to the acquisition and therefore this disclosure is not practicable.

As of December 31, 2009 and 2008, goodwill represents the excess of the purchase price of additional shares and interests in various entities, acquired during 2007, in the refining, marketing and distribution segment and the exploration and production segment in the amounts of US\$ 3,632 million and US\$ 714 million, respectively, over the fair value of the corresponding share in net assets and US 161 million related to the refining, marketing and distribution segment acquisitions before 2007.

In accordance with FASB ASC 350, Intangibles-Goodwill and Other, the Company performed its annual impairment test of goodwill as of October 1, 2009. Consistent with prior years, the review for impairment was carried out during the beginning of the fourth quarter of 2009 using data that was appropriate at that time. As a result of this annual test, no impairment of goodwill was identified.

Goodwill acquired through business combinations has been allocated to the reporting units being its operating segments — the exploration and production segment and refining, marketing and distribution segment. In assessing whether goodwill has been impaired, the carrying amount of the reporting unit (including goodwill) was compared with the estimated fair value of the reporting unit.

The Company estimated fair value of the reporting units using a discounted cash flow model. The future cash flows were adjusted for risks specific to the asset and discounted using a discount rate, which represented the Company's post-tax weighted average cost of capital.

The Company's business plan, approved by the Company's Board of Directors, is the primary source of information for the determination of the reporting units' fair values. They contain implicit forecasts for oil and natural gas production, refinery throughputs, sales volumes for various types of refined products, revenues, operating and capital expenditures. As an initial step in the preparation of these plans, various assumptions, such as oil prices, natural gas prices, refining margins, refined product margins and cost inflation rates, are set in the business plan.

These assumptions take account of existing prices, US\$ and RUB inflation rates, other macroeconomic factors and historical trends and variability.

In determining the fair value for each of the reporting units, cash flows for a period of 12 years have been discounted and aggregated with the reporting unit's terminal value.

For the purposes of impairment testing, the Company's Urals oil price assumptions were based on the forecasted quoted market prices.

Intangible assets comprise the following:

	Cost		Accumulated amortization		Net carrying amount	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
Land leasehold rights	718	718	(89)	(53)	629	665
Rights to use trademarks "Sochi 2014"	172	—	(16)	—	156	—
Other	34	19	(8)	(5)	26	14
Total intangible assets	924	737	(113)	(58)	811	679

Land leasehold rights were purchased with the assets of the companies acquired during 2007 and are amortized on a straight line basis over an estimated average useful life of 20 years.

Rights to use trademarks "Sochi 2014" were acquired in the third quarter of 2009. The cost of these rights is amortized on a straight line basis over an estimated useful life of 5.5 years, which is the period the Company expects to benefit from these assets.

The charge to income resulting from amortization of intangible assets is included with "Depreciation, depletion and amortization" in consolidated statements of income and comprehensive income for the 2009, 2008 and 2007 in the amount of US\$ 61 million, US\$ 59 million and US\$ 4 million, respectively.

The estimated aggregate amortization expense for each of the five succeeding fiscal years for intangible assets subject to amortization is US\$ 70 million per year.

12. Other Non-Current Assets

Other non-current assets as of December 31 comprise the following:

	2009	2008
Advance payment in favour of Factorias Vulcano S.A	90	178
Advances paid for capital construction	553	739
Debt issue costs	75	118
Prepaid insurance	11	14
Long-term receivables (Note 22)	22	23
Other	95	105
Total other non-current assets	846	1,177

As of December 31, 2008, an advance payment was outstanding in favour of Factorias Vulcano S.A for the construction of two twin-hull shuttle oil tankers. In April 2009, one of the two tankers was put into operation. The remaining vessel is scheduled for completion in 2010.

13. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities as of December 31 comprise the following:

	2009	2008
Trade accounts payable	1,570	1,432
Salary and other benefits payable	436	405
Advances received	455	268
Dividends payable	3	2
Banking customer accounts	822	763
Accrued expenses	260	71
Other	151	155
Total accounts payable and accrued liabilities	3,697	3,096

The Company's accounts payable are denominated primarily in RUB.

14. Short-Term Loans and Long-Term Debt

Short-term loans and borrowings as of December 31 comprise the following:

	2009	2008
Bank loans — foreign currencies	—	608
Bank loans — RUB denominated	3	2,639
Customer deposits — foreign currencies	154	149
Customer deposits — RUB denominated	277	213
Promissory notes payable	81	1,598
Promissory notes payable — Yukos related	1,424	687
Borrowings — RUB denominated	365	309
Borrowings — RUB denominated — Yukos related	672	650
Repurchase agreements	—	1,916
	2,976	8,769
Current portion of long-term debt	4,862	5,315
Total short-term loans and borrowings and current portion of long-term debt	7,838	14,084

Customer deposits represent fixed-term deposits placed by customers with the Company's subsidiary bank, denominated in RUB and foreign currencies. Customer deposits denominated in RUB bear an interest rate ranging from 0.01% to 15.00%. Customer deposits denominated in foreign currencies bear an interest rate ranging from 0.01% to 15.00%.

As of December 31, 2009, weighted average interest rate on promissory notes was 10.83%. The promissory notes are recorded at amortized cost.

Promissory notes payable — Yukos related represent financing originally received from the entities that were related to Yukos Oil Company on the debt issue date. The promissory notes are primarily payable on demand and bear interest rates ranging from 0% to 18%. The promissory notes are recorded at amortized cost.

As of December 31, 2009, promissory notes payable — Yukos related, which mature within 12 months, were reclassified to short-term borrowings.

RUB denominated borrowings are interest-free and were received from equity investees.

RUB denominated borrowings — Yukos related primarily include borrowings provided by Yukos Capital S.a.r.l., which bore interest of 9% and matured at the end of 2007 (see Note 22).

In June 2008, the Group sold 412.86 million treasury shares of Rosneft to a syndicate of international banks for a cash consideration of US\$ 2.35 billion payable under a repurchase agreement. The Company had a right and obligation to repurchase the shares within one year. The repurchase obligation carried an interest rate of 5.76%. In accordance with the repurchase agreement, this transaction was accounted for in the consolidated balance sheet as secured financing. In 2008, as a result of margin calls Rosneft transferred additional 82.07 million treasury shares as collateral and paid US\$ 1.39 billion as a cash margin. As agreed by the parties, a portion of the Company's cash margin balance in the amount of US\$ 0.5 billion was applied towards the repurchase obligation. At the termination date of repurchase agreement in June 2009, the Company had cash margin balance in the amount of US\$ 118 million and repurchase obligation in the amount of US\$ 1.98 billion, and accordingly the Company redeemed all pledged treasury shares of Rosneft for US\$ 1.86 billion.

Long-term debt as of December 31 comprises the following:

	2009	2008
Bank loans — foreign currencies	18,767	11,645
Bank loans raised for funding the acquisition of OJSC Yuganskneftegaz — US\$ denominated	1,415	2,641
Borrowings — US\$ denominated	3	9
Borrowings — RUB denominated	22	18
Customer deposits — foreign currencies	55	15
Customer deposits — RUB denominated	208	91
Promissory notes payable	60	48
Promissory notes payable — Yukos related	1	929
	20,531	15,396
Current portion of long-term debt	(4,862)	(5,315)
Total long-term debt	15,669	10,081

In the first half of 2009, Rosneft entered into a long-term floating rate loan agreement with a foreign bank in the amount of up to US\$ 15 billion. The loan is repayable within 20 years and secured by oil export contracts. During 2009, Rosneft received US\$ 10 billion under this loan agreement.

The interest rates on the Company's long-term bank loans denominated in foreign currencies range from LIBOR plus 0.5% to LIBOR plus 3.25%. These bank loans are primarily secured by contracts for the export of crude oil.

As of December 31, 2009, the bank loans raised for funding the acquisition of OJSC Yuganskneftegaz represent a long-term loan obtained through a government-owned bank at a rate of LIBOR plus 0.7%, repayable in equal monthly installments. It is scheduled to be fully repaid in 2011. This loan is secured by the Company's receivables under a long-term export contract for the supply of crude oil (see Note 22).

Customer deposits represent fixed-term deposits placed by customers with the Company's subsidiary bank, denominated in RUB and foreign currencies. The RUB-denominated deposits bear interest rates ranging from 0.10% to 15.0%. Deposits denominated in foreign currencies bear interest rates of 0.01% to 14.5%.

As of December 31, 2009, weighted average interest rate on promissory notes payable was 14.15%. The promissory notes are recorded at amortized cost.

During 2009, the Company wrote-off unclaimed promissory notes where statute of limitations expired and recognized gain in the amount of US\$ 207 million in the consolidated statement of income and comprehensive income within other expenses, net. As of December 31, 2009, promissory notes which mature within 12 months were reclassified to short-term borrowings.

Generally, long-term loans are secured by oil export contracts. Usually, under the terms of such contracts, the lender is provided with an express right of claim for contractual revenue which must be remitted directly to transit currency (US\$ denominated) accounts with those banks, should the Company fail to make timely debt repayments.

The Company is obliged to comply with a number of restrictive financial and other covenants contained within its loan agreements. Restrictive covenants include maintaining certain financial ratios.

As a result of the net assets acquired and debt incurred as part of the Company's acquisition of OJSC Yuganskneftegaz in December 2004, the Company was not in compliance with various financial and other covenants of existing loan agreements as of December 31, 2004.

In July 2005, the creditors waived violations related to restrictive financial ratios and agreed to amend the financial ratio and other covenants in line with the Company's new structure and new scope of activities. Effective January 1, 2007, the creditors granted amendments to the loan agreements which remove these provisions and have included new provisions whereby the Company must:

- redeem, secure, discharge in full or restructure (and comply with any restructuring plans once it is agreed upon) all OJSC Yuganskneftegaz's tax liabilities by January 3, 2008;
- pay any arbitration award relating to Moravel Litigation (see Note 22) or the Yukos Capital S.a.r.l. Litigation if any such arbitration award is granted by a court of the Russian Federation, within the time frame provided for such payment under Russian Law.

These conditions also apply to certain new borrowings obtained throughout 2008 and 2009. Additionally, in November and December 2007, the creditors waived certain possible violations and/or events of default under the loan agreements with respect to the loans payable to Yukos Capital S.a.r.l. by OJSC Tomskneft VNK and OJSC Samaraneftgaz, and to the condition related to OJSC Yuganskneftegaz's tax liabilities described above, effective through January 3, 2009, inclusively (see Note 22). In 2008, the Company fully restructured OJSC Yuganskneftegaz's tax liabilities (see Note 20). In November 2009, waivers with respect to the loans payable to Yukos Capital S.a.r.l. by OJSC Samaraneftgaz were granted up to the expiry dates of the respective long-term debt for the period exceeding twelve months from December 31, 2009.

As of December 31, 2009, the Company is in compliance with all restrictive financial and other covenants contained within its loan agreements.

The scheduled aggregate maturity of long-term debt outstanding as of December 31, 2009 is as follows:

	2009
2010	4,862
2011	2,815
2012	2,013
2013	693
2014 and after	10,148
Total long-term debt	20,531

15. Income and Other Tax Liabilities

Income and other tax liabilities as of December 31 comprise the following:

	2009	2008
Mineral extraction tax	901	393
Value-added tax	302	244
Excise tax	159	138
Personal income tax	19	20
Property tax	57	66
Income tax	137	113
Other	52	120
Total income and other tax liabilities	1,627	1,094

Tax liabilities above include the respective current portion of non-current restructured tax liabilities (see Note 20).

16. Shareholders' Equity

On June 19, 2009, the annual general shareholders' meeting approved dividends on the Company's common shares for 2008 in the amount of RUB 20.3 billion or RUB 1.92 per share, which corresponds to US\$ 654 million or US\$ 0.06 per share at the CBR official exchange rate at the approval date. US\$ 600 million of the above relate to outstanding shares, including tax on dividends on treasury shares.

In the second half of 2009, the Company purchased 747,112 of its own shares for RUB 117.3 million or RUB 157 per share, which corresponds to US\$ 3.8 million or US\$ 5.05 per share at the CBR official exchange rates on the transaction dates.

Result of Transactions with Related Parties under Common Control

In December 2007, the Company sold 50% of its interests in OJSC Tomskneft VNK, Imushchestvo-Service-Strezhevoy LLC, Strezhevskoy Refinery LLC and OJSC Tomskneftegeofizika and several other companies which had been previously acquired through the auction for the sale of the assets of Yukos Oil Company. The proceeds from the sale amounted to RUB 88.18 billion (US\$ 3,570 million at the CBR exchange rate as of the transaction date.) The net result of the sale amounted to US\$ 1,745 million, net of income tax effect (US\$ 285 million). Since the transaction was executed with a related party under common control, the Company recorded this result, net of income tax effect, as a component of additional paid-in capital. Upon the completion of the sale, the investment in the above entities remaining with the Company is accounted for using the equity method of accounting (see Note 8).

In December 2008, the Company finalized the sale of its 25% interest in OJSC Daltransgaz. The proceeds from the sale amounted to RUB 2.6 billion (US\$ 90.8 million at the CBR exchange rate as of the transaction date.) Gain on the sale amounted to US\$ 33.3 million, net of income tax effect (US\$ 8.6 million). Since the transaction was executed with a related party under common control, the Company recorded this gain, net of income tax effect, as a component of additional paid-in capital.

Amounts Available for Distribution to Shareholders

Amounts available for distribution to shareholders are based on Rosneft Oil Company's statutory accounts prepared in accordance with Russian accounting standards, which differ significantly from US GAAP (see Note 2). Russian legislation identifies the basis of distribution as the current period net profit calculated in accordance with statutory accounting standards. According to Russian legislation, dividends cannot exceed the accounting income for the reporting year.

17. Export Customs Duty

Export customs duty for the years ended December 31, comprises the following:

	2009	2008	2007
Oil and gas sales			
Export customs duty	9,441	17,200	10,754
Petroleum products and petrochemicals sales			
Export customs duty	2,690	4,806	2,278
Total export customs duty	12,131	22,006	13,032

18. Income and Other Taxes

Income tax expenses for the years ended December 31 comprise the following:

	2009	2008	2007
Current income tax expense	2,106	3,394	3,848
Deferred income tax (benefit)/expense	(106)	(1,490)	1,058
Total income tax expense	2,000	1,904	4,906

The Company does not file a consolidated tax return, rather each legal entity files separate tax returns with various authorities, primarily in the Russian Federation.

Temporary differences between these consolidated financial statements and tax records gave rise to the following deferred income tax assets and liabilities as of December 31:

	2009	2008
Deferred income tax asset arising from tax effect of:		
Asset retirement obligations	178	155
Property, plant and equipment	57	53
Prepayments and other current assets	5	6
Accounts receivable	17	38
Accounts payable and accruals	66	54
Inventories	14	11
Long-term investments	22	56
Interest swap contract	31	38
Other	131	96
Total deferred tax asset	521	507
Valuation allowance for deferred income tax asset	(222)	(237)
Deferred income tax asset, net	299	270
Deferred income tax liability arising from tax effect of:		
Mineral rights	(2,359)	(2,578)
Property, plant and equipment and other	(2,915)	(2,908)
Deferred income tax liability	(5,274)	(5,486)
Net deferred income tax liability	(4,975)	(5,216)

Classification of deferred taxes:

	2009	2008
Current deferred tax assets	174	152
Non-current deferred tax assets	125	118
Current deferred tax liabilities	(77)	(115)
Non-current deferred tax liabilities	(5,197)	(5,371)

Although the Company does not pay tax on a consolidated basis, a reconciliation of expected income tax expense to the actual tax expense for the years ended December 31 is as follows:

	2009	2008	2007
Income before income taxes and minority interest	8,519	13,119	17,789
Statutory income tax rate	20.00%	24.00%	24.00%
Theoretical income tax expense	1,704	3,149	4,269
Add/(deduct) tax effect of:			
Change in valuation allowance	(15)	102	(42)
Effect of income tax preferences	(175)	(167)	(135)
Adjustments of income tax for prior periods	4	7	(36)

	2009	2008	2007
Unrecognized income tax benefits	2	(4)	18
Effect from the change of income tax rate	—	(956)	—
Permanent accounting differences arising from:			
Non-deductible items, net	493	373	202
Foreign exchange effects, net	(90)	(814)	276
Accrued tax interest	—	56	177
Other	77	158	177
Income taxes	2,000	1,904	4,906

The effect of income tax preferences, in the above table, represents the impact of lower income tax rates for Rosneft and certain of its subsidiaries under applicable regional laws. These laws provide that the income tax exemptions, ranging from 3.5% to 4.5%, are granted to oil and gas producing companies which make capital investments, agreed with regional administrations, within the respective region and participate in various social projects. These exemptions are granted on an annual basis.

Effect from the change of income tax rate in the above table represents the impact of statutory income tax rate decrease from 24% to 20%. Tax law amendments were enacted by Federal Law No.305-FZ on December 30, 2008, and are effective January 1, 2009.

As of December 31, 2009 and 2008 the Company analyzed its tax positions for uncertainties affecting recognition and measurement thereof. Following the analysis, the Company believes that it is more likely than not that the majority of all deductible tax positions stated in the income tax return would be sustained upon the examination by the tax authorities. This is supported by the results of the examinations of the income tax returns which have been conducted to date.

In addition to income tax, the Company incurred other taxes as follows:

	2009	2008	2007
Mineral extraction tax	6,502	12,817	9,323
Excise tax	893	1,120	861
Property tax	236	261	186
Other	430	612	520
Total taxes other than income tax	8,061	14,810	10,890

19. Asset Retirement Obligations

The movement of asset retirement obligations is as follows:

	2009	2008
Asset retirement obligations as of the beginning of the reporting period	1,896	2,130
Recognition of additional obligations for new wells	15	21
Accretion expense	87	120
Decrease as a result of changes in estimates	(223)	(371)
Spending on existing obligations	(3)	(4)
Asset retirement obligations as of the end of the reporting period	1,772	1,896

Asset retirement obligations represent an estimate of costs of wells liquidation, recultivation of sand pits, slurry ponds, disturbed lands and dismantling pipelines and power transmission lines.

Russian legislation does not stipulate any funds reservation for purposes of settling asset retirement obligations.

20. Other Non-Current Liabilities

Other non-current liabilities as of December 31 comprise the following:

	2009	2008
Restructured tax liabilities	1,312	1,611
Long-term lease obligations	112	86
Deferred income	53	63
Liabilities to municipalities under amicable agreements	77	91

	2009	2008
Liabilities for rights to use trademarks "Sochi 2014" (Note 11)	52	—
Interest rate SWAP contract (Note 24)	—	1
Other	8	18
Total other non-current liabilities	1,614	1,870

In February and March 2008, the Company received signed resolutions of the Government of the Russian Federation and relevant regional and local authorities regarding the restructuring of the respective tax liabilities. Under the tax restructuring plan, the outstanding tax liabilities shall be repaid quarterly within five years starting from March 2008. The Company's payments excluding interest amounted to RUB 5,366 million and RUB 4,646 million (US\$ 171.4 million and US\$ 186.3 million at the CBR official exchange rate as of the payment dates) for the years ended December 31, 2009 and 2008, respectively. In 2009, the Company also set off restructured mineral extraction tax and profit tax with prepayments of these taxes in the amount of RUB 1,248 million (US\$ 35.9 million at the CBR official exchange rate as of the offset dates).

The Company intends to undertake all possible actions to comply with the tax restructuring plan in full.

21. Related Party Transactions

In the normal course of business the Company enters into transactions with other enterprises which are directly or indirectly controlled by the Russian Government. Such enterprises are OJSC Gazprom, OJSC Russian Railways, OJSC Sberbank, Vnesheconombank, OJSC Bank VTB, OJSC Gazprombank, OJSC AK Transneft, former business units of RAO UES, and federal agencies, including tax authorities.

Total amounts of transactions and balances with companies controlled by the Russian Government for each of the reporting periods ending December 31, as well as related party balances as of December 31 are provided in the tables below:

	2009	2008	2007
Revenues and Income			
Oil and gas sales	164	163	99
Petroleum products and petrochemicals sales	293	616	218
Support services and other revenues	103	83	13
Interest income	95	54	9
	655	916	339
Costs and expenses			
Production and operating expenses	192	228	109
Pipeline tariffs and transportation costs	3,054	3,410	2,873
Other expenses	69	88	73
Interest expense	109	220	335
Banking fees	12	16	13
	3,436	3,962	3,403
Other operations			
Sale of short-term and long-term investments	505	1,180	—
Purchase of short-term and long-term investments	31	1,693	—
Proceeds from short-term and long-term debt	2	2,921	3,654
Repayment of short-term and long-term debt	3,466	2,670	5,675
Deposits placed	1,897	48	90
Deposits paid	86	—	55
	December 31, 2009	December 31, 2008	

Assets

Cash and cash equivalents	755	617
Accounts receivable	40	158
Prepayments and other current assets	395	278
Short-term and long-term investments	2,309	105
	3,499	1,158

	December 31, 2009	December 31, 2008
Liabilities		
Accounts payable	56	28
Short-term and long-term debt (including interest)	1,417	5,211
	1,473	5,239

Total amounts of transactions with related parties (except for those controlled by the Government of the Russian Federation), which are primarily equity investees and joint ventures, for each of the reporting periods ending December 31, as well as related party balances as of December 31 are provided in the tables below:

	2009	2008	2007
Revenues and Income			
Oil and gas sales	27	43	34
Petroleum products and petrochemicals sales	115	227	158
Support services and other revenues	336	362	103
Interest income	27	11	44
Dividends received	178	61	28
	683	704	367

Costs and expenses			
Production and operating expenses	261	203	67
Purchase of oil and petroleum products	1,342	774	621
Other expenses	218	207	112
Interest expense	—	3	3
	1,821	1,187	803

Other operations			
Purchase of short-term and long-term investments	121	—	—
Proceeds from short-term and long-term debt	78	373	13
Repayment of short-term and long-term debt	1	219	23
Borrowings issued	69	147	64
Repayment of borrowings issued	3	74	24

	December 31, 2009	December 31, 2008
Assets		
Accounts receivable	225	132
Prepayments and other current assets	7	15
Short-term and long-term investments	569	214
	801	361

Liabilities		
Accounts payable	215	213
Short-term and long-term debt (including interest)	364	297
	579	510

22. Commitments and Contingencies

Russian Business Environment

Russia continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Russian economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the Government. In addition laws and regulations, including interpretations, enforcement and judicial processes, continue to evolve in Russia. Other laws and regulations and certain other restrictions producing a significant effect on the Company's industry, included to the following: rights to use subsurface resources, environmental matters, site restoration, transportation and export, corporate governance, taxation, etc.

The Russian economy is vulnerable to market downturns and economic slowdowns elsewhere in the world. The global financial crisis has resulted in capital markets instability, significant deterioration of liquidity in the banking sector, and tighter credit conditions within Russia. While the Russian Government has introduced a range of stabilization measures aimed at providing liquidity and supporting debt refinancing for Russian banks and companies, there continues to be uncertainty regarding the access to capital and cost of capital for the Company and its counterparties, which could affect the Company's financial position, results of operations and business prospects.

While management believes it is taking appropriate measures to support the sustainability of the Company's business in the current circumstances, further market deterioration could negatively affect the Company's consolidated results and financial position in a manner not currently determinable.

Taxation

Legislation and regulations regarding taxation in Russia continue to evolve. Various legislation and regulations are not always clearly written and their interpretation is subject to the opinions of the local, regional and national tax authorities. Instances of inconsistent opinions are not unusual.

The current regime of penalties and interest related to reported and discovered violations of Russia's laws, decrees and related regulations is severe. Interest and penalties are levied when an understatement of a tax liability is discovered. As a result, the amounts of penalties and interest can be significant in relation to the amounts of unreported taxes.

In Russia tax returns remain open and subject to inspection for a period of up to three years. The fact that a year has been reviewed does not close that year, or any tax return applicable to that year, from further review during the three-year period.

Russian transfer pricing rules were introduced in 1999, giving Russian tax authorities the right to make transfer pricing adjustments and impose additional tax liabilities in respect of all controlled transactions, provided that the transaction price deviates from the market price by more than 20%. Controlled transactions include transactions between related entities and certain other types of transactions between independent parties, such as foreign trade transactions and transactions with significant (by more than 20%) price fluctuations.

The Russian transfer pricing rules are vaguely drafted, leaving wide scope for interpretation by Russian tax authorities and courts. Due to the uncertainties in interpretation of transfer pricing legislation, the tax authorities may challenge the Group's prices and propose an adjustment. If such price adjustments are upheld by the Russian courts and implemented, it could have an adverse effect on the Group's financial condition and results of operations. The Company's management believes that such transfer pricing related income tax positions taken by the Company are sustainable and will not have any significant negative impact on the Company's financial statements. The Company provides finance for operations of its subsidiaries by various means which may lead to certain tax risks. The Company's management believes that the related tax positions are sustainable and will not have any significant negative impact on the Company's consolidated financial position or results of operations.

During 2008 and 2009, the tax authorities held tax examinations in the Company and its subsidiaries for 2005-2008 fiscal years. The Company does not expect results of the examinations to have a material impact on the Company's consolidated financial position or results of operations. Tax years or periods prior to 2005 are not subject to examination.

As of December 31, 2009, the Company's VAT receivable includes RUB 5,891 million (US\$ 195 million at the CBR official exchange rate as of December 31, 2009) for which reimbursement was initially declined by tax authorities. The Company is challenging RUB 4,344 million (US\$ 144 million at the CBR official exchange rate as of December 31, 2009) in courts. The Company's claims in the amount of RUB 529 (US\$ 17 million at the CBR official exchange rate as of December 31, 2009) have already been upheld by various courts.

The Company's management believes that the outcome of these tax cases will not have any significant impact on the Company's consolidated financial position or results of operations. Overall, management believes that the Company has paid or accrued all taxes that are applicable. For taxes other than income tax, where uncertainty exists, the Company has accrued tax liabilities based on management's best estimate of the probable outflow of resources, which will be required to settle these liabilities. Possible liabilities which were identified by management at the balance sheet dates as those that can be subject to different interpretations of the tax laws and regulations are not accrued in the consolidated financial statements.

Capital Commitments

The Company and its subsidiaries are engaged in ongoing capital projects for exploration and development of production facilities and modernization of refineries and the distribution network. The budgets for these projects are generally set on an annual basis. Depending on the current market situation, actual expenditures may vary from the budgeted amounts.

Environmental Matters

Due to the nature of its business, Rosneft and its subsidiaries are subject to federal legislation regulating environmental protection. The majority of environmental liabilities arise as a result of accidental leaks that pollute land, air pollution and placement of oil waste. The Company considers fines paid and other environmental liabilities as immaterial, given the scale of its operations.

In the course of its operations, the Company seeks to comply with international environmental standards and monitors compliance therewith on a regular basis. With a view to improve environmental activities, the Company takes specific measures to mitigate the adverse impact of its current operations on the environment.

Legislation that regulates environmental protection in the Russian Federation is evolving, and the Company evaluates its liabilities in accordance therewith.

Currently it is not possible to reasonably estimate the liabilities of the Company which may be incurred should the legislation be amended.

Management believes that, based on the existing legislation, the Company is unlikely to have liabilities that need to be accrued in addition to the amounts already recognized in the consolidated financial statements and that may have a material adverse effect on the consolidated operating results or financial position of the Company.

Social and Sponsorship

The Company is required to maintain certain social infrastructure assets (not owned by the Company and not recorded in the consolidated financial statements) for use by its employees, as well as to incur other social and sponsorship costs. Partly in exchange the Company receives regional tax incentives enabling it to further develop its business.

The Company incurred US\$ 198 million, US\$ 139 million, and US\$ 172 million in social and sponsorship expenses in 2009, 2008 and 2007, respectively. These expenses are presented as other expenses in the consolidated statements of income and comprehensive income.

Pension Plans

The Company and its subsidiaries make payments to the State Pension Fund of the Russian Federation. These payments are calculated by the employer as percentage from the salary expense and are expensed as accrued.

The Company contributes to corporate pension fund to finance non-state pensions of its employees. The corporate pension fund is similar to a defined contribution plan. In 2009, 2008 and 2007, the Company made contributions to the corporate pension fund amounting to US\$ 95 million, US\$ 83 million, and US\$ 67 million, respectively.

Guarantees and Indemnity

As of December 31, 2009, the Company has provided guarantees for certain debt agreements primarily of its subsidiaries. In accordance with the debt agreements, the Company is obliged to perform on the guarantee and to pay the bank all amounts of outstanding guaranteed liabilities, including interest.

The Company cannot substitute guarantees issued by any novation agreement or mutual offset. The Company's obligations under guarantees issued are valid in case of any change in the loan agreements. After the full payment and settlement of all obligations under the guarantees, the Company has the right to subrogate its respective part of all bank claims against the debtor in accordance with the loan agreements. In the event the Company makes payments under guarantees issued, it has a right to claim the amounts paid from the debtor.

In January 2007, RN-Yuganskneftegaz LLC signed a guarantee agreement in respect of all the obligations of RN-Energo LLC, the Company's wholly owned subsidiary, under the contract for electricity supply with OJSC Tyumenskaya Energosbytovaya Company for the period through December 31, 2010, in the amount of RUB 1.5 billion (US\$ 50 million at the CBR official exchange rate as of December 31, 2009). In the first quarter of 2009, this guarantee agreement was extended to December 31, 2012.

During 2008 and 2009, the Company successfully defended its position in various courts as to the invalidity of guarantees provided by OJSC Yuganskneftegaz, OJSC Samaraneftgaz and OJSC Tomskneft VNK related to the Yukos Oil Company indebtedness of US\$ 1,600 million to Moravel Investments Ltd. As most of the relevant indebtedness was collected by the principal creditor, the Company has concluded that the probability of any unfavourable outcome in relation to the matter is now remote.

In November 2009, Rosneft signed a guarantee agreement in respect of all the obligations of RN-Tuapse Refinery LLC, the Rosneft's wholly owned subsidiary, under the contract for delivery of power generating units with Siemens Industrial Turbomachinery AB for the period through September 30, 2012, in the amount of 960 million Swedish krona (US\$ 133 million at the CBR based cross-rate as of December 31, 2009). In November 2009, Rosneft entered into a loan agreement with a western bank in the amount of 862 Swedish krona (US\$ 120 million at the CBR based cross-rate as of December 31, 2009) to finance the above delivery contract. As of December 31, 2009 no drawdowns were made yet under the above loan agreement.

Litigations, Claims and Assessments

In 2006, Yukos Capital S.a.r.l., a former subsidiary of Yukos Oil Company, initiated arbitral proceedings against the Company and OJSC Samaraneftgas, the Company's subsidiary, in various courts alleging default under six ruble-denominated loans. The International Commercial Arbitration Court (the "ICAC") at the Russian Federation Chamber of Commerce and Industry issued four arbitration awards in favor of Yukos Capital S.a.r.l. in the amount of RUB 12.9 billion (US\$ 427 million at the CBR official exchange rate as of December 31, 2009). Arbitration panel formed pursuant to the International Chamber of Commerce ("ICC") rules issued an award against OJSC Samaraneftgas in the amount of RUB 3.6 billion (US\$ 119 million at the CBR official exchange rate as of December 31, 2009).

In 2007, the Company successfully challenged the ICAC awards and the ICAC awards were set aside by the Russian courts, including the Supreme Arbitration Court of the Russian Federation. Yukos Capital S.a.r.l., nevertheless, sought to enforce the ICAC awards in the Netherlands. The district court in Amsterdam refused to enforce the ICAC awards on the ground that they were properly set aside by a competent court. Yukos Capital S.a.r.l. appealed and on April 28, 2009 the Amsterdam Court of Appeals reversed the district court judgment and allowed Yukos Capital S.a.r.l. to enforce the ICAC awards in the Netherlands. The Company petitioned the decision of the Amsterdam Court of Appeals to the Supreme Court of the Netherlands requesting to annul the decision. Yukos Capital S.a.r.l. is actively seeking to enforce the ICAC awards in the Netherlands.

Yukos Capital S.a.r.l. has also filed a lawsuit in the U.S. District Court for the Southern District of New York, seeking to enforce the ICAC awards and the Amsterdam Court of Appeal judgment in the United States of America. Rosneft has moved to dismiss the lawsuit. The written submissions concerning Rosneft's motion to dismiss are currently scheduled to conclude on March 5, 2010.

In 2007, lawsuits with Russian arbitration courts in Moscow and Samara were filed to nullify the loan agreements with Yukos Capital S.a.r.l. Court hearings have been suspended.

The Company continues to reflect the liability under these loan agreements in its consolidated financial statements (see Note 14) and believes that payments in excess of the recorded amounts are possible but can not be reasonably estimated.

The Company and its subsidiary participate in arbitral proceedings against OJSC Sakhaneftegaz and OJSC Lenaneftegaz for the recovery of certain loans and guarantees of indemnity in the amount of RUB 1,286 million (US\$ 43 million at the CBR official exchange rate as of December 31, 2009). The respective accounts receivable in the amount of US\$ 22 million (net of allowance in the amount of US\$ 21 million) are recorded as long-term receivables in the consolidated balance sheet (see Note 12).

The Company was a plaintiff in arbitral proceedings against OJSC National Bank TRUST (further "TRUST") for the repayment under a deposit agreement. In December 2009, parties concluded the amicable agreement according to which TRUST agreed to repay further to previously repaid amounts, the additional amount of RUB 946 million (US\$ 31 million at the CBR official exchange rate as of December 31, 2009) by April 1, 2010. As of December 31, 2009, TRUST's outstanding debt in the amount of RUB 696 million (US\$ 23 million at the CBR official exchange rate as of December 31, 2009) is recorded in the Company's consolidated balance sheet as acquired receivables.

During 2008 and 2009, the Federal Antimonopoly Service ("FAS Russia") and its regional bodies ruled that Rosneft and certain companies of the Group violated certain antimonopoly regulations in relation to petroleum products trading. The total amount of administrative penalties assessed as of the financial statements issue date is RUB 7,475 million (US\$ 247 million at the CBR official exchange rate as of December 31, 2009). The Company is appealing all rulings. The Company's management believes that payment of some portion of the above penalties is possible.

The Company and its subsidiaries are involved in other litigations which arise from time to time in the course of their business activities. The Company's management believes that the ultimate result of these litigations will not significantly affect the operating results or financial position of the Company.

Licence Agreements

In accordance with certain license agreements or separate agreements concluded from time to time with the local and regional authorities, the Company is required to maintain certain levels of expenditures for health, safety and environmental protection, as well as maintain certain level of capital expenditures. Generally these expenditures are within the normal operating and capital budgets and are accounted for when incurred in accordance with existing accounting policies for respective costs and expenses.

Oil Supplies

In January 2005, the Company entered into a long-term contract for the term from February 2005 through December 2010 with China National United Oil Corporation (CNOC) for the sale of crude oil via rail to China in the total amount of 48.4 million tons. The contract is based on usual commercial terms with an agreed formula linked to market prices.

In February 2009, Rosneft entered into a long-term contract for the term from January 2011 through December 2030 with China National Petroleum Corporation (CNPC) for the sale of crude oil via pipeline to China in the total amount of 180 million tons. The contract is based on usual commercial terms with an agreed formula linked to market prices.

In April 2009, Rosneft entered into a long-term contract for the term from January 2011 through December 2030 with OJSC AK Transneft for the sale of crude oil via pipeline to China in the total amount of 120 million tons. The contract is based on usual commercial terms with an agreed formula linked to market prices.

23. Segment Information

Presented below is information about the Company's operating segments in accordance with FASB ASC 280, Segment Reporting. The Company determines its operating segments based on the nature of their operations. The performance of these operating segments is assessed by management on a regular basis. The exploration and production segment is engaged in field exploration and development and production of crude oil and natural gas. The refining, marketing and distribution segment is engaged in processing crude oil and other hydrocarbons into petroleum products, as well as the purchase, sale and transportation of crude oil and petroleum products. Corporate assets are allocated between exploration and production and refining, marketing and distribution in proportion to sales of these segments. Drilling services, construction services, banking and finance services, and other activities are combined in the "All other" category. Substantially all of the Company's operations are conducted in the Russian Federation. Further, the geographical regions within the Russian Federation have substantially similar economic and regulatory conditions. Therefore, the Company has not presented any separate geographical disclosure.

The significant accounting policies applied to each operating segment are consistent with those applied to the consolidated financial statements. Sales transactions for goods and services between the operating segments are carried out using prices agreed upon between Rosneft and its subsidiaries.

Operating segments in 2009:

	Exploration and production	Refining, marketing and distribution	All other	Total elimination	Consolidated
Revenues from external customers	981	44,358	1,487	–	46,826
Intersegmental revenues	9,723	2,876	5,490	(18,089)	–
Total revenues	10,704	47,234	6,977	(18,089)	46,826
Production and operating expenses and cost of purchased oil, gas and petroleum products	1,935	3,239	740	–	5,914
Depreciation, depletion and amortization	3,405	755	190	–	4,350
Operating income	5,172	17,437	4,608	(18,089)	9,128
Total other expenses, net					(609)
Income before tax					8,519
Total assets	47,531	28,522	7,179	–	83,232

Operating segments in 2008:

	Exploration and production	Refining, marketing and distribution	All other	Total elimination	Consolidated
Revenues from external customers	1,967	65,456	1,568	–	68,991
Intersegmental revenues	10,736	3,549	5,291	(19,576)	–
Total revenues	12,703	69,005	6,859	(19,576)	68,991
Production and operating expenses and cost of purchased oil, gas and petroleum products	2,447	4,288	779	–	7,514
Depreciation, depletion and amortization	3,060	748	175	–	3,983
Operating income	6,385	22,097	4,099	(19,576)	13,005
Total other income, net					114
Income before tax					13,119
Total assets	44,934	24,002	8,577	–	77,513

Operating segments in 2007:

	Exploration and production	Refining, marketing and distribution	All other	Total elimination	Consolidated
Revenues from external customers	2,145	46,631	440	–	49,216
Intersegmental revenues	9,788	2,197	2,104	(14,089)	–
Total revenues	11,933	48,828	2,544	(14,089)	49,216
Production and operating expenses and cost of purchased oil, gas and petroleum products	2,634	2,472	374	–	5,480
Depreciation, depletion and amortization	2,828	374	84	–	3,286
Operating income	4,980	18,052	1,778	(14,089)	10,721
Total other income, net					7,068
Income before tax					17,789
Total assets	41,888	25,445	7,472	–	74,805

Below is a breakdown of revenues by domestic and export sales, with a classification of export sales based on the country of incorporation of the foreign customer.

	2009	2008	2007
Oil and gas sales			
Export sales of crude oil — Europe and other directions	18,275	25,648	20,567
Export sales of crude oil — Asia	4,744	7,815	6,255
Export sales of crude oil — CIS	1,313	2,084	2,220
Domestic sales of crude oil	134	154	521
Domestic sales of gas	354	401	339
Total oil and gas sales	24,820	36,102	29,902
Petroleum products and petrochemicals sales			
Export sales of petroleum products — Europe	6,827	9,607	5,875
Export sales of petroleum products — Asia	4,895	6,556	3,476
Export sales of petroleum products — CIS	144	743	338
Domestic sales of petroleum products	8,630	14,160	8,649
Sales of petrochemicals	240	404	193
Total petroleum products and petrochemicals sales	20,736	31,470	18,531

The Company had one major customer in 2009 and one such customer in 2008 and 2007 which accounted for 10% or more of total revenues in each respective year. These customers accounted for revenues of US\$ 5,332 million, US\$ 12,422 million, and US\$ 8,046 million or 11%, 18% and 16% of total revenues, respectively. These revenues are recognized mainly under the refining, marketing and distribution segment. Management does not believe that the Company is dependent on any particular customer.

24. Fair Value of Financial Instruments and Risk Management

Effective January 1, 2008, the Company adopted FASB ASC 820, which defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs when measuring fair value.

- Level 1— Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to assess at the measurement date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2— Observable inputs other than Level 1 prices such as quoted prices for similar assets and liabilities; quoted prices in markets that are not active; or model-derived valuations or other inputs that are observable or can be corroborated by observable market data.
- Level 3— Unobservable inputs for the asset or liability. These inputs reflect the Company's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

Assets and liabilities of the Company that are measured at fair value on a recurring basis are presented in the table below in accordance with the fair value hierarchy.

	Fair value measurement as of December 31, 2009			
	Level 1	Level 2	Level 3	Total
Assets				
Current assets:				
Trading securities	434	57	—	491
Available-for-sale securities	24	186	—	210
Derivatives	—	3	—	3
Non-current assets:				
Available-for-sale securities	20	18	—	38
Total assets measured at fair value	478	264	—	742
Current liabilities:				
Derivatives	—	(152)	—	(152)
Total liabilities measured at fair value	—	(152)	—	(152)

The market for a number of financial assets is not active. In accordance with requirements of FASB ASC 820-10-35-15A, *Financial Assets in a Market That Is Not Active*, observable inputs of Level 2 were used to determine fair value of such financial assets.

The Company, in connection with its current activities, is exposed to various financial risks, such as foreign currency risks, commodity price risk, interest rate risks and credit risks. The Company manages these risks and monitors its exposure on a regular basis.

The fair value of cash and cash equivalents, held-to-maturity securities, accounts receivable, accounts payable, and other current assets approximates their carrying value recognized in these financial statements. The Company's management believes that accounts receivable recorded net of allowance for doubtful accounts will be recovered in full during an acceptable time period. The fair value of long-term debt differs from the amounts recognized in the consolidated financial statements. The estimated fair value of long-term debt discounted using the estimated market interest rate for similar financial liabilities amounted to US\$ 17,916 million and US\$ 14,153 million as of December 31, 2009 and 2008, respectively. These amounts include all future cash outflows related to the repayment of long-term loans, including their current portion and interest expenses.

A substantial portion of the Company's sales revenues is received in US\$. In addition, substantial financing and investing activities, obligations and commitments are also undertaken in US\$. However, significant operating and investing expenditures, other obligations and commitments as well as tax liabilities are denominated in rubles. As a result the Company is exposed to the corresponding currency risk.

The Company enters into contracts to economically hedge certain of its risks associated with increased interest expense accrued on loans received by the Company. Hedge accounting pursuant to FASB ASC 815 is not applied to these instruments.

In December 2007, the Company entered into a 5-year interest rate swap contract with a notional amount of US\$ 3 billion. Under the terms of the contract, a floating LIBOR rate may be converted into a certain fixed rate. The other party has a call option to terminate the deal. The fair value of the interest swap contract was recorded in the consolidated balance sheets as of December 31, 2009 and 2008 as other current liabilities in the amount of US\$ 151.5 million and US\$ 189.8 million, respectively. The change in fair value was recorded in the consolidated statement of income and comprehensive income for 2009 as a reducing component of interest expense in the amount of US\$ 38.3 million.

In December 2008, the Company entered into a 5-year interest rate swap contract with a notional amount of US\$ 500 million. Under the terms of the contract, a floating LIBOR rate may be converted into a certain fixed rate. The other party will have a call option to terminate the deal commencing two years after the contract date. The fair value of the interest swap contract was recorded in the consolidated balance sheets as of December 31, 2009, as other current asset in the amount of US\$ 2.7 million (see Note 7), and as of December 31, 2008, as other non-current liabilities in the amount of US\$ 0.8 million (see Note 20). The change in fair value was recorded in the consolidated statement of income and comprehensive income for 2009 as a reducing component of interest expense in the amount of US\$ 3.5 million.

In October 2009, the Company entered into a fixed interest rate structured deposit agreement with a nominal amount of US\$ 500 million (see Note 4) which expires in October 2010. If on the deposit repayment date the spot RUB/US\$ exchange rate is higher than agreed conversion rate, the other party has a call option to repay amount in RUB which shall be equal to the nominal deposit amount multiplied by the respective conversion rate. Embedded call option was bifurcated from the host contract and as of December 31, 2009 had fair value about zero.

The fair value of the interest rate swap contracts and embedded call option is based on estimated amounts that the Company would pay or receive upon termination of the contracts as of December 31, 2009.

Supplementary Oil and Gas Disclosure (unaudited)

In accordance with FASB ASC 932, Extractive Activities—Oil and Gas, subtopic 235, Notes to Financial Statements, the Company makes certain supplemental disclosures about its oil and gas exploration and production operations. While this information was developed with reasonable care and disclosed in good faith, it is emphasized that the data represents management's best estimates. Accordingly, this information may not necessarily represent the current financial condition of the Company and its expected future financial results.

In accordance with FASB ASC 932-235-50-1C the Company does not provide complete disaggregated disclosures about its equity investees. The Company is unable to obtain the reliable necessary information with a given level of disaggregation from its equity investees within the time period between ASU 2010-03 issuance date and Company's consolidated financial statements publication date.

Capitalized Costs Relating to Oil and Gas Producing Activities

Consolidated entities	As of December 31,	
	2009	2008
Oil and gas properties:		
Proved	56,175	50,639
Unproved	4,131	4,149
Total capitalized costs	60,306	54,788
Accumulated depreciation, depletion and amortization, and valuation allowances	(13,977)	(10,860)
Net capitalized costs	46,329	43,928

The share of the Company in the capitalized costs of equity investees on December 31, 2009 and 2008 was US\$ 2,547 million and US\$ 2,605 million, respectively.

Net book value of mineral rights on December 31, 2009 and 2008 was US\$ 16.8 billion and US\$ 17.5 billion, respectively.

Cost Incurred in Oil and Gas Property Acquisition, Exploration and Development Activities

Consolidated entities	2009	2008	2007
Acquisition of properties:			
Proved	–	246	4,825
Unproved	96	264	287
Exploration costs	325	248	162
Development costs	5,422	6,405	4,624

The share of the Company in acquisition, exploration and development expenditures of its equity investees was US\$ 493 million, US\$ 483 million and US\$ 440 million in 2009, 2008 and 2007, respectively.

Results of Operations for Oil & Gas Producing Activities

Consolidated entities	2009	2008	2007
Revenues			
Sales	13,463	18,712	15,896
Transfers	10,056	16,308	11,006
Total	23,519	35,020	26,902
Production costs (excluding production taxes)	1,869	1,976	2,638
Selling, general and administrative expenses	630	771	729
Exploration expenses	325	248	162
Accretion expenses	87	120	78
Depreciation, depletion, and amortization, and valuation provisions	3,318	3,060	2,828
Taxes other than income tax	6,867	13,261	9,772
Income tax expenses	1,029	1,779	2,173
Results of operation for producing activities	9,394	13,805	8,522

Revenues are based on the market prices determined at the point of delivery from production units.

The Company's share in the operating results generated from oil and gas production of equity investees in 2009, 2008 and 2007 was US\$ 229 million, US\$ 437 million and US\$ 256 million, respectively.

Reserve Quantity Information

The recording and reporting of proved reserves is governed by criteria established by regulations of the United States Securities and Exchange Commission. The Company's reserves as of December 31, 2009, 2008 and 2007 were appraised by an outside unrelated third-party petroleum engineers.

The Company's proved oil and gas reserves are located at the continent of Eurasia, entirely in the Russian Federation.

Proved reserves are those quantities of oil and gas which, by analysis of geosciences and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward from known reservoirs, and under the existing economic conditions, operating methods, and government regulation. In certain cases, recovery of such reserves may require considerable investments in wells and related equipment. Proved reserves also include additional oil and gas reserves that will be extracted after the expiry date of licence agreements if the renewal of such agreements is reasonably certain. Proved developed reserves are the quantities of oil and gas expected to be recovered from existing wells using existing equipment and operating methods or in which the cost of the required equipment is relatively minor compared with the cost of new well.

Proved undeveloped oil and gas reserves are proved reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion. Reserves on undrilled acreage are limited to those directly offsetting development spacing areas that are reasonably certain of production when drilled unless evidence using reliable technology exists that establishes reasonable certainty of economic producibility at greater distances. Undrilled locations can be classified as having undeveloped reserves only if a development plan has been adopted indicating that they are scheduled to be drilled within five years, unless the specific circumstances justify a longer time.

Under no circumstances are estimates of proved undeveloped reserves attributable to any acreage for which an application of fluid injection or other improved recovery technique is contemplated, unless those techniques have been proved effective by actual project in the same reservoir or an analogous reservoir, or by other evidence using reliable technology establishing reasonable certainty. Due to inherent industry uncertainties and the limited nature of deposit data, estimates of reserves are subject to change as additional information becomes available.

The Company included in proved reserves those reserves which the Company intends to extract after the expiry of the current licences. The licences for the development and production of hydrocarbons currently held by the Company generally expire between 2010 and 2052, and the licences for the most important reserves expire between 2013 and 2044. In accordance with the effective version of the law of the Russian Federation, On Subsurface Resources (the "Law"), licences are currently granted for a production period determined on the basis of technological and economic criteria applied to the development of a mineral deposit which guarantee rational use of subsurface resources and necessary environmental protection. In accordance with the Law and upon gradual expiration of old licences issued under the previous version of the Law, the Company extends its hydrocarbon production licences for the whole productive life of the fields. Extension of the licences depends on both current and future compliance with the terms set forth in the licence agreements. As of the date of these financial statements, the Company's operations are generally in compliance with all the terms of the licence agreements and are intended to maintain compliance therewith in the future (see Note 10).

The Company's estimates of net proved oil and gas reserves and changes thereto for the years ended December 31, 2009, 2008 and 2007 are shown in the table below and expressed in million barrels of oil equivalent (oil production data was recalculated from tonnes to barrels using a ratio of 7.3 barrels per tonne, gas production data was recalculated from cubic meters to barrels of oil equivalent using a ratio of 35.3/6 cubic meters per barrel):

<i>Consolidated entities</i>	2009	2008	2007
Proved developed and undeveloped reserves:	mln. boe.	mln. boe.	mln. boe.
Beginning of year	13,360	13,538	12,671
Revisions of previous estimates	683	(244)	62
Extensions and discoveries	703	837	558
Improved recovery	—	—	—
Purchases of minerals in place	—	—	1,039
Production	(795)	(771)	(792)
End of year	13,951	13,360	13,538
Of which:			
Proved reserves under PSA Sakhalin 1	66	80	62
Proved developed reserves			
Beginning of year	10,032	10,456	9,891
End of year	10,204	10,032	10,456
Proved undeveloped reserves			
Beginning of year	3,328	3,082	2,780
End of year	3,747	3,328	3,082
Noncontrolling interests in total proved reserves	103	38	22
Noncontrolling interests in proved developed reserves	37	12	15
Entity's share of proved developed and undeveloped reserves of investees accounted for by the equity method			
Beginning of year	1,086	915	330
Revisions of previous estimates	56	146	91
Extensions and discoveries	121	98	33
Improved recovery	2	—	—
Purchases of minerals in place	—	—	545
Production	(70)	(73)	(84)
End of year	1,195	1,086	915

The Company's share in the proved developed reserves of equity investees in 2009, 2008 and 2007 was 769 million barrels of oil equivalent, 763 million barrels of oil equivalent and 689 million barrels of oil equivalent, respectively.

The negative effect of the adoption of ASU 2010-03 on the Total Group's total proved reserves is amounted to 38 mboe as at the end of 2009 (including the Company's share in equity investees).

Standardized Measure of Discounted Future Net Cash Flows and Changes therein Relating to Proved Oil and Gas Reserves

The standardized measure of discounted future net cash flows related to the above oil and gas reserves is calculated in accordance with the requirements of FASB ASC 932-235. Estimated future cash inflows from oil and gas production are computed by applying average of the first-day-of-the-month price for each month within 12-month period before the balance sheet date for oil and gas to year-end quantities of estimated net proved reserves. Adjustment in this calculation for future price changes is limited to those required by contractual arrangements in existence at the end of each reporting period. Future development and production costs are those estimated future expenditures necessary to develop and produce estimated proved reserves as of year-end based on year-end cost indices and assuming continuation of year end economic conditions. Estimated future income taxes are calculated by applying appropriate year-end statutory tax rates. These rates reflect allowable deductions and tax credits and are applied to estimated future net pre-tax cash flows, net of the tax bases of related assets.

Discounted future net cash flows are calculated using a 10% discount factor. Discounting requires a year-by-year estimates of future expenditures to be incurred in the periods when the reserves will be extracted.

The information provided in the tables below does not represent management's estimates of the Company's expected future cash flows or of the value of its proved oil and gas reserves. Estimates of proved reserves change over time as new information becomes available. Moreover, probable and possible reserves which may become proved in the future are excluded from the calculations. The arbitrary valuation prescribed under FASB ASC 932-235 requires assumptions as to the timing and the amount of future development and production costs. The calculations should not be relied upon as an indication of the Company's future cash flows or of the value of its oil and gas reserves.

	2009	2008	2007
Consolidated entities			
Future cash inflows	383,839	223,464	551,015
Future development costs	(29,301)	(18,353)	(20,656)
Future production costs	(177,879)	(107,242)	(261,712)
Future income tax expenses	(27,550)	(15,585)	(64,589)
Future net cash flows	149,109	82,284	204,058
10% annual discount for estimated timing of cash flows	(79,563)	(46,783)	(121,681)
Standardized measure of discounted future net cash flows	69,546	35,501	82,377
Entity's share of equity method investees			
Future cash inflows	35,202	22,408	44,151
Future development costs	(3,851)	(2,450)	(2,106)
Future production costs	(13,831)	(11,368)	(16,642)
Future income tax expenses	(3,426)	(1,592)	(5,965)
Future net cash flows	14,094	6,998	19,438
10% annual discount for estimated timing of cash flows	(7,754)	(3,646)	(10,114)
Standardized measure of discounted future net cash flows	6,340	3,352	9,324
Total consolidated and equity interests in the standardized measure of discounted future cash flows:	75,886	38,853	91,701

The effect of the adoption of ASU 2010-03 on the total Group's standardized measure of discounted future cash flow is approximately US\$ 11 billion decrease as at the end of the year (including the Company's share in equity investees).

Standardized Measure of Discounted Future Net Cash Flows and Changes therein Relating to Proved Oil and Gas Reserves

<i>Consolidated entities</i>	2009	2008	2007
Sales and transfers of oil and gas produced during the period	(14,153)	(19,012)	(12,154)
Net changes in sales and transfer prices and in production (lifting) costs related to future production	35,895	(71,008)	45,039
Changes in estimated future development costs	(8,155)	3,902	(3,693)
Previously estimated development costs incurred during the period	5,426	6,411	4,500
Net changes due to revisions in quantity estimates	2,510	(275)	2,207
Net change due to extensions, discoveries, and improved recovery	8,800	2,376	3,213
Net change in income taxes	(6,059)	19,976	(11,761)
Accretion of discount	3,550	8,238	4,157
Net change due to purchases and sales of minerals in place	—	—	7,395
Other	6,231	2,516	1,904
<i>Aggregated change in the standardized measure of discounted future net cash flows for the year</i>	<i>34,045</i>	<i>(46,876)</i>	<i>40,807</i>

The discounted value of future cash flows as of December 31, 2009, 2008 and 2007 includes the interest of other noncontrolling shareholders in the amount of US\$ 892 million, US\$ 142 million and US\$ 114 million, respectively.

Non-Consolidated Financial Statements

of OJSC Rosneft Oil Company

Auditors Report

by the independent audit firm LLC ROSEXPERTIZA
on financial (accounting) statements
of OJSC Rosneft Oil Company for 2009

Audited company

- Name: OJSC Rosneft Oil Company;
- Number and date of Certificate of State Registration: No.024537, December 7, 1995; Principal State Registration Number 1027700043502;
- Legal address: 26/1 Sofiyskaya Embankment, Moscow 115035, Russia;
- Postal address: 26/1 Sofiyskaya Embankment, Moscow 115035, Russia.

Auditor:

- Name: Limited Liability Company ROSEXPERTIZA.
- Certificate of State Registration of LLC ROSEXPERTIZA No. 183142, issued by the Moscow Registration Chamber on September 23, 1993.
- Certificate of inclusion in the Unified State Register of Legal Persons of a legal person, registered before July 1, 2002, with Principal State Number 1027739273946 (dated September 27, 2002).
- Legal address: 11 Mash Poryvaevoy Street, Moscow 107078, Russia.
- Postal address: 7 Tikhvinsky Lane (Building 3), Moscow 127055, Russia.
- Member of the Self-Regulating Organization, Non-Profit Partnership 'Russian College of Auditors' (registration number of inclusion in the Register of auditors and auditing organizations of self-regulating organizations of auditors 10205006556).

We have audited the attached financial (accounting) statements of OJSC Rosneft Oil Company for the period from January 1, 2009 through December 31, 2009. The financial (accounting) statements consist of:

- Balance Sheet;
- Profit & Loss Account;
- Supplements to the Balance Sheet and Profit & Loss Account;
- Explanatory Notes.

The attached accounts have been drawn up by the executive body of OJSC Rosneft Oil Company in compliance with Federal Law No. 129, 'On Accounting' (dated November 21, 1996), 'Ruling on Conduct of Accounting and Financial Accounting in the Russian Federation', approved by Order No. 34n of the Ministry of Finance of the Russian Federation (July 29, 1998), Accounting Regulation 4/99, 'Accounting of Organizations', approved by Order No. 43n of the Ministry of Finance (July 6, 1999), and Order No. 67n of the Ministry of Finance, 'On Forms for Accounting of Organizations' (July 22, 2003).

Preparation of these accounts is the responsibility of the executive body of OJSC Rosneft Oil Company. Our duty, based on the audit, is to express an opinion as to the accuracy of the accounts in all material respects and compliance of the accounting method with law of the Russian Federation.

We carried out the audit in compliance with Federal Law No. 307, 'On Auditing', Federal Rules (Standards) for auditing (Decree of the Government of the Russian Federation No. 696 (September 23, 2002) as amended by Government Decrees No. 405 (July 4, 2003), No. 532 (October 7, 2004), No. 228 (April 16, 2005), No. 523 (August 25, 2006), No. 557 (July 22, 2008), No. 863 (November 19, 2008)), and also the company's own internal standards.

The audit was planned and performed in such a way as to obtain reasonable assurance as to whether the financial (accounting) statements are free of material misstatement. The audit was carried out on a selective basis and included: examination, on a test basis, of evidence supporting the amounts and disclosures of financial and economic activities of the audited company in the financial (accounting) statements; assessment of compliance with principles and rules of statutory financial reporting, used in preparation of the financial (accounting) statements; examination of main estimates made by the managers of the audited company; and assessment of presentation of the financial (accounting) statements. We believe the audit results provide us with sufficient evidence to express our opinion that the financial (accounting) statements of OJSC Rosneft Oil Company are accurate and that the accounting method complies with law of the Russian Federation.

In our opinion, the financial (accounting) statements of OJSC Rosneft Oil Company are an accurate presentation, in all material respects, of the financial position of OJSC Rosneft Oil Company as of December 31, 2009 and of results of its financial and economic activities for the period from January 1, 2009 through December 31, 2009, in compliance with requirements of the law of the Russian Federation with respect to preparation of financial (accounting) statements.

February 12, 2010

Deputy General Director LLC Rosexpertiza
(Under warrant №4, dated December 31, 2009)
Certificate of auditor qualification
No. K008659, dated October 10, 1994,
(general audit), extended indefinitely

D. P. Zhiltsov

Head of the Audit

Certificate of auditor qualification
No. K016005, dated April 24, 2001,
(general audit), extended indefinitely

I. V. Konukhova

Balance Sheets

as of December 31, 2009		Codes
Form 1	OKATO	45286596000
	OKOGU	41114
Company: OJSC Rosneft Oil Company	OKPO	00044428
Taxpayer identification number	INN	7706107510
Areas of activity: Industry	OKVED	11.10.11 23.20 11.10.2 63.40 60.30.11 51.70 74.14
Legal/ownership status	OKOPF/OKFS	47/41
Unit: RUB thousand	OKEI	384/385
Location (address): 26/1 Sofiyskaya Embankment, Moscow 115035		

(in millions of US dollars, except share amounts)

ASSETS	Code	Opening balance	Closing balance
I. NON-CURRENT ASSETS			
Intangible assets	110	3,177,711	3,358,598
Fixed assets	120	242,476,691	287,121,412
Construction in progress	130	72,523,168	90,883,319
Long-term financial investments	140	552,438,582	605,869,880
Deferred tax assets	145	1,026,865	2,094,199
Exploration assets	147	29,478,094	33,672,012
Other non-current assets	150	942,929	4,679,378
TOTAL Section I	190	902,064,040	1,027,678,798
II. CURRENT ASSETS			
Inventories	210	22,237,197	27,705,185
of which:			
materials, supplies and other similar assets	211	2,549,732	3,787,499
expenses of work-in-progress (distribution costs)	213	2,609,005	2,625,479
ready products and goods for resale	214	10,813,019	16,197,015
shipped goods	215	3,630,224	3,537,658
deferred expenses	216	2,635,217	1,557,534
VAT on inputs, excises	220	12,767,185	17,459,206
Accounts receivable (due in more than 12 months from the accounting date)	230	889,810	17,852,712
Long-term derivative financial instruments, recognized at fair value in the Profit & Loss Account	233		
Accounts receivable (due within 12 months from the accounting date)	240	148,097,710	194,047,341
of which:			
trade receivables	241	45,587,529	77,578,826
Short-term derivative financial instruments, recognized at fair value in the Profit & Loss Account	243		
Short-term financial investments	250	251,442,978	349,086,282

ASSETS	Code	Opening balance	Closing balance
Cash	260	26,588,969	38,721,057
Other current assets	270		
TOTAL Section II	290	462,023,849	644,871,783
BALANCE (lines 190+290)	300	1,364,087,889	1,672,550,581

LIABILITIES	Code	Opening balance	Closing balance
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III. CAPITAL AND RESERVES

Charter capital	410	105,982	105,982
Treasury shares	411		(117,297)
Surplus capital	420	113,276,385	113,275,203
Reserve capital	430	5,299	5,299
Reserves created in compliance with incorporation documents	432	5,299	5,299
Retained earnings of previous years	460	447,746,107	427,398,788
Retained earnings of the reporting year	470		208,179,775
TOTAL Section III	490	561,133,773	748,847,750

IV. LONG-TERM LIABILITIES

Loans and borrowings	510	335,131,065	484,500,434
Deferred tax liabilities	515	4,307,628	9,998,725
Other long-term liabilities	520	52,686,835	46,072,202
Long-term derivative financial instruments, recognized at fair value in the Profit & Loss Account	523		
TOTAL Section IV	590	392,125,528	540,571,361

V. SHORT-TERM LIABILITIES

Loans and borrowings	610	334,092,337	270,377,074
Accounts payable	620	74,377,601	109,682,403
of which:			
trade payables	621	43,552,497	48,575,175
payables to employees	624	5,574	23,951
payables to state non-budgetary funds	625	63	22
taxes payable	626	9,358,059	21,835,008
other payables	628	21,461,408	39,248,247
Short-term derivative financial instruments, recognized at fair value in the Profit & Loss Account	623		641
Dividends payable	630	45,751	66,152
Deferred income	640	3,867	11,100
Provisions for future expenses	650	2,309,032	2,994,100
Other short-term liabilities	660		
TOTAL Section V	690	410,828,588	383,131,470
BALANCE (lines 490+590+690)	700	1,364,087,889	1,672,550,581

Statement of Off-Balance Sheet Items

Name of Off-Balance-Sheet Account	Code	Opening balance	Closing balance
Leased fixed assets	910	46,034,646	51,160,602
Inventory received for safe-keeping	920	271,148	47,258
Goods on commission		224,495	3,602,806
Bad debt written off to losses	940	653,762	629,100
Collateral received for liabilities and payments	950	948,707	10,759
Collateral issued for liabilities and payments	960	72,900,990	50,748,660
Depreciation of housing stock	970	3,252	12,431
Depreciation of outdoor amenities and similar facilities	980	2,323	2,899
Intangible assets received for use	990		5,654,578

President of OJSC Rosneft Oil Company

S. M. Bogdanchikov

General Director of LLC RN-Uchet
(Agreement dated April 1, 2009 No. 0001009/0658D)

I. V. Pavlov

February 12, 2010

Profit and Loss Statement

for 2009		Codes
Form 2	OKUD	0710002
Date (year, month, date)		2010.02.12
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/ownership status	OKPOPF/OKFS	47/41
Unit: RUB thousand	OKEI	384/385

Item	Code	Reporting period	Corresponding previous period
I. Operating income and expenses			
Net revenue from sales of goods, work and services (less VAT, excise duties and other similar charges)	010	949,878,883	1,008,177,496
Cost of goods, work and services sold	020	(548,902,320)	(632,534,219)
Gross profit	029	400,976,563	375,643,277
Selling expenses	030	(115,410,238)	(98,835,459)
Administrative expenses	040	(14,627,436)	(13,650,310)
Sales profit (loss) (010-020-030-040)	050	270,938,889	263,157,508
II. Other income and expenses			
Interest income	060	19,413,191	5,246,401
Interest expenses	070	(19,418,640)	(16,972,002)
Proceeds from shareholdings	080	2,324,986	2,909,031
Proceeds from sale and other disposal of other assets	090	93,940,593	41,200,530
Expenses related to sale and other disposal of other assets	100	(95,561,791)	(40,372,853)
Tax payments	110	(4,854,161)	(4,259,511)
Other income	120	184,037,504	60,000,352
Other expenses	130	(193,751,103)	(120,545,691)
Pre-tax profit (loss) (lines (050+060-070+080+090-100+120-130))	140	257,069,468	190,363,765
Deferred tax assets	150	1,067,334	990,954
Deferred tax liabilities	151	(5,691,098)	(56,304)
Current profit tax	152	(44,556,167)	(47,123,708)
Profit tax for previous periods	153	290,238	(2,861,545)
Tax on estimated income	154		
Net income (retained earnings (loss) of the reporting period) (lines 140+150-151-152-153)	190	208,179,775	141,313,162
FOR REFERENCE.			
Permanent tax liabilities (assets)	201	1,019,778	3,790,916
Basic earnings (loss) per share	202	19.64	13.33
Diluted earnings (loss) per share	203		

Breakdown of Certain Profit and Loss Items

Item	Code	Reporting period		Corresponding previous period	
		gain	loss	gain	loss
Gain (loss) from sale (purchase) of foreign currency (cost (purchased))	210	1,177,569,563	(1,178,437,692)	1,367,874,148	(1,365,434,581)
Gain (loss) from foreign currency transactions	220	156,943,140	(172,304,802)	46,436,463	(106,251,129)
Banking services	230		(1,762,338)		(2,965,483)
Profit (loss) of previous years recorded in the accounting period	240	14,842,070	(1,264,835)	1,322,420	(1,419,657)
Fines, penalties and forfeits recognized or subject to claim on a court (arbitrage court) decision	250	116,005	103,910	795,809	(692,771)
Write-off of accounts receivable and payable with expired limitation period	260	1,676,167	(390,197)	3,148,420	(75,746)

President of OJSC Rosneft Oil Company

S. M. Bogdanchikov

General Director of LLC RN-Uchet
(Agreement dated April 1, 2009 No. 0001009/0658D)

I. V. Pavlov

February 12, 2010

Statement of Changes in Capital

for 2009		Codes
Form 3	OKUD	0710003
Date (year, month, date)		2010.02.12
Company: OJSC Rosneft Oil Company	OKPO	00044428
Taxpayer identificaton number	INN	7706107510
Type of activity: Industry	OKVED	11.10.11 23.20
		11.10.2 63.40
		60.30.11 51.70 74.14
Legal/Ownership status: Open Joint Stock Company	OKOPF/OKFS	47/41
Unit: RUB thousand	OKEI	384/385

I. Changes in capital

Item		Charter capital	Treasury stock	Additional capital	Reserve capital	Retained earnings (uncovered loss)	Total
Description	Code						
As of December 31 of the year preceding the previous year	3010	105,982		11,3276,386	5,299	322,763,402	436,151,069
2008 (previous year)							
Changes in accounting policy	3011	X		X	X		
FA revaluation	3012	X			X		
Other changes	3013						
As of January 1 of the previous year	3014	105,982		113,276,386	5,299	322,763,402	436,151,069
Currency exchange differences	3015	X			X	X	
Net income	3016	X		X	X	141,313,162	141,313,162
Dividends	3017	X		X	X	(16,957,084)	(16,957,084)
Contribution to reserve fund	3018	X		X			
Increase in capital — total, due to:	3019					1	1
additional share issue	3020			X	X	X	
increase in share par value	3021			X	X	X	
legal entity restructuring	3022			X	X		
increase in value of shares that have public measure of market value	3023	X			X	X	
paid-in capital in excess of par value	3024	X			X	X	
other increase in capital	3025				X	1	1
Decrease in capital — total, due to:	3026			(1)			(1)
decrease in share par value	3027			X	X	X	
decrease in number of shares	3028			X	X	X	
legal entity restructuring	3029			X	X		
decrease in value of shares that have public measure of market value	3030	X			X	X	

<i>Item</i>		<i>Charter capital</i>	<i>Treasury stock</i>	<i>Additional capital</i>	<i>Reserve capital</i>	<i>Retained earnings (uncovered loss)</i>	<i>Total</i>
<i>Description</i>	<i>Code</i>						
increase in value of retired FA	3031	X		(1)	X	X	(1)
decrease in charter capital	3032	X			X	X	
other decrease in capital	3033						
As of December 31 of the previous year	3034	105,982		113,276,385	5,299	447,119,480	560,507,146
2009 (reporting year) Changes in accounting policy	3035	X		X	X	(31,063)	(31,063)
FA revaluation	3036	X			X		
Other changes	3037	X				657,690	657,690
As of January 1 of the reporting year	3038	105,982		113,276,385	5,299	447,746,107	561,133,773
Currency exchange differences	3039	X			X	X	
Net income	3040	X		X	X	208,179,775	208,179,775
Dividends	3041	X		X	X	(20,348,501)	(20,348,501)
Contribution to reserve fund	3042	X		X			
Increase in capital — total, due to:	3043		15,832			1,182	17,014
additional share issue	3044			X	X	X	
increase in share par value	3045			X	X	X	
legal entity restructuring	3046			X	X		
increase in value of shares that have public measure of market value	3047				X	X	
paid-in capital in excess of par value	3048				X	X	
disposal of treasury shares	3049		15,832		X	1,182	17,014
Decrease in capital — total, due to:	3050		(133,129)	(1,182)			(134,311)
decrease in share par value	3051			X	X	X	
decrease in number of shares	3052			X	X	X	
legal entity restructuring	3053			X	X		
decrease in value of shares that have public measure of market value	3054	X			X	X	
increase in value of retired FA	3055	X		(1,182)	X	X	(1,182)
decrease in charter capital	3056	X			X	X	
share buyback	3057		(133,129)				(133,129)
As of December 31 of the reporting year	3058	105,982	(117,297)	113,275,203	5,299	635,578,563	748,847,750

II. Reserves

Indicator		Balance	Added	Used	Balance
Item	Code				
Reserves formed as required by law: Reserve fund					
data for previous year	3061				
data for accounting year	3062				
Reserves formed as required by incorporation documents:					
Reserve fund					
data for previous year	3063	5,299			5,299
data for accounting year	3064	5,299			5,299
Estimative reserves:					
data for previous year	3065	895,600	464,567	98,897	1,261,270
data for accounting year	3066	1,261,270	1,847,324	144,971	2,963,623
Reserves for deferred expenses:					
data for previous year	3067	212,146	2,646,996	550,110	2,309,032
data for accounting year	3068	2,309,032	3,119,836	2,434,768	2,994,100

Reference notes

Indicator		At beginning of reporting year		At end of reporting year	
Item	Code	reporting year	previous year	reporting year	previous year
1) Net assets	3073	561 137 640		748 858 850	
		from the budget		from non-budgetary funds	
		reporting year	previous year	reporting year	previous year
2) Received for:					
ordinary business costs, total	3074				
of which:	3075				
	3076				
	3077				
capital investments in non-current assets	3078				
of which:	3079				
	3080				

President of OJSC Rosneft Oil Company

S. M. Bogdanchikov

General Director of LLC RN-Uchet
(Agreement dated April 1, 2009 No. 0001009/0658D)
February 12, 2010

I. V. Pavlov

Cash Flow Statement

for 2009		Codes
Form 4	OKUD	0710004
Date (year, month, date)		2010.02.12
Company: OJSC Rosneft Oil Company	OKPO	00044428
Taxpayer identificaton number	INN	7706107510
Type of activity: Industry	OKVED	11.10.11 23.20
		11.10.2 63.40
		60.30.11 51.70 74.14
Legal/Ownership status: Open Joint Stock Company	OKOPF/OKFS	47/41
Unit: RUB thousand	OKEI	384/385

Indicator		Accounting year	Same period of previous year
Item	Code		
Opening cash balance	4010	26,588,955	6,009,089
Cash flow from operating activities, of which:	4020	2,695,019,764	3,545,549,197
Trading cash flow	4030	1,280,827,490	1,848,787,602
Other proceeds	4040	1,414,192,274	1,696,761,595
Cash used in operating activities, of which	4050	(2,484,977,058)	(3,284,482,035)
Acquisition of goods, works, services, raw materials and other current assets	4060	(911,405,216)	(1,035,123,676)
Payroll	4070	(4,449,846)	(3,461,950)
Dividends and interest paid	4080	(31,041,878)	(34,223,142)
Taxes paid	4090	(211,279,289)	(359,324,084)
Other expenses	4100	(1,326,800,829)	(1,852,349,183)
Net operating cash flow	4110	210,042,706	261,067,162
Cash flow from investment activities, of which:	4120	442,779,982	1,737,224,886
Sale of fixed assets and other non-current assets	4130	777,197	1,293,145
Sale of securities and other financial investments	4140	331,864,706	1,621,799,623
Dividends received	4150	2,318,843	2,967,124
Interest received	4160	3,950,532	2,176,617
Repayment of loans granted	4170	103,683,573	108,985,982
Other	4180	185,131	2,395
Cash used in investing activities, of which:	4190	(701,246,912)	(2,111,030,918)
Acquisition of subsidiaries	4200	(6,804,897)	(2,974,485)
Acquisition of fixed assets, income-bearing investments in tangible assets, and intangible assets	4210	(111,977,596)	(108,022,765)
Acquisition of securities and other financial investments	4220	(398,646,092)	(1,627,951,634)
Loans granted	4230	(181,184,841)	(370,934,624)
Other	4240	(2,633,486)	(1,147,410)
Net investing cash flow	4250	(258,466,930)	(373,806,032)

Indicator		Accounting year	Same period of previous year
Item	Code		
Cash flow from financial activities, of which:	4260	559,215,960	614,297,996
Issues of shares and other securities	4270		
Proceeds from borrowings granted	4280	91,384,210	153,720,635
Proceeds from loans granted	4290	463,943,702	459,671,600
Other proceeds	4300	3,888,048	905,761
Cash used in financing activities, of which:	4310	(498,659,648)	(480,979,260)
Repayment of borrowings (net of interest)	4320	(111,775,691)	(97,008,612)
Repayment of loans (net of interest)	4330	(376,943,590)	(383,425,361)
Repayment of financial lease liabilities	4340		
Other	4350	(9,940,367)	(545,287)
Net financing cash flow	4360	60,556,312	133,318,736
Net increase (decrease) in cash and cash equivalents	4370	12,132,088	20,579,866
Closing cash balance	4380	38,721,043	26,588,955
FOREX effect	4390	525,609	148,451

President of OJSC Rosneft Oil Company

S. M. Bogdanchikov

General Director of LLC RN-Uchet
(Agreement dated April 1, 2009 No. 0001009/0658D)

I. V. Pavlov

February 12, 2010

Supplement to Balance Sheet

for 2009		Codes
Form 5	OKUD	0710005
Date (year, month, date)		2010.02.12
Organization: OJSC Rosneft Oil Company	OKPO	00044428
Taxpayer identification number	INN	7706107510
Type of activity: Industry	OKVED	11.10.11 23.20
		11.10.2 63.40
		60.30.11 51.70 74.14
Legal/Ownership status: Open Joint Stock Company	OKOPF/OKFS	47/41
Unit: RUB thousand	OKEI	384

Intangible Assets

Item		Opening balance	Addition	Disposal	Closing balance
Description	Code				
Intellectual property (exclusive rights to intellectual property)	5100	7,156	402,498		409,654
of which:					
patents to inventions, industrial samples, models	5101	5,367	4,538		9,905
rights to software, databases	5102	858	392,133		392,991
rights to integrated circuit topographies	5103				
trademarks, service marks, appellations of origin	5104	931	5,827		6,758
patents on selective attainments	5105				
Administrative expenses	5106				
Goodwill	5107				
Other	5108	3,763,004	215		3,763,219

Item		Opening balance	Closing balance
Description	Code		
Amortization of intangible assets, total	5109	592,449	814,275
of which:			
(exclusive rights to intellectual property)	5110	285	74,403

Fixed Assets

Item		Opening balance	Addition	Disposal	Closing balance
Description	Code				
Buildings	5113	22,231,189	5,682,695	(346,741)	27,567,143
Structures and utilities	5114	274,020,370	52,642,662	(770,305)	325,892,727
Machinery and equipment	5115	40,957,867	14,028,809	(927,866)	54,058,810
Vehicle fleet	5116	3,821,987	23,840	(172,948)	3,672,879
Fixtures and fittings	5117	721,419	106,637	(40,601)	787,455
Draft livestock	5118				
Productive livestock	5119				
Perennial plantations	5120				
Other fixed assets	5121	70,519	9,471	(1,454)	78,536
Land plots and natural resource management facilities	5122	460,311	14,484	(82)	474,713
Capital investments in land reclamation	5123				
Total	5124	342,283,662	72,508,598	(2,259,997)	412,532,263

Item		Opening balance	Closing balance
Description	Code		
Depreciation of fixed assets, total	5125	99,806,971	125,410,851
of which:			
buildings and structures	5126	85,122,882	107,091,423
machinery, equipment, vehicle fleet	5127	14,199,686	17,761,713
other	5128	484,403	557,715
Leased-out fixed assets, total	5129	300,708,955	361,569,518
of which:			
buildings	5130	17,518,974	19,770,326
structures	5131	249,582,627	296,649,910
Mothballed fixed assets	5132	15,630,108	18,271,181
Fixed assets received under lease, total	5133	46,034,646	51,160,602
of which:			
leasing			
Commissioned real estate in process of state registration	5134	4,399,099	4,833,032

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	3,808,203	7,561,099

Income-Bearing Investments in Tangible Assets

Item		Opening balance	Addition	Disposal	Closing balance
Description	Code				
Property to be leased out	5139				
Property provided under rental agreements	5140				
Other	5141				
Total	5142				
Depreciation of income-bearing investments in tangible assets	5143				

Expenses Associated with R&D and Technology Activities

Type of works		Opening balance	Additions	Written off	Closing balance
Description	Code				
Total		5144			
of which:					
			Code	At beginning	At end
<i>For reference</i>					
Expenses for R&D and engineering in progress			5145	35,254	53,465
			Code	Accounting year	Previous year
Expenses for unsuccessful R&D and engineering (non-operating expenses)			5146		

Expenses Associated with Natural Resource Exploration and Development

Item		Opening balance	Addition	Disposal	Closing balance	
Description	Code					
Exploration expenses, total		5147	38,093,343	13,735,210	(10,392,486)	41,436,067
of which:						
Exploration work		8,615,249	7,196,622	(8,047,816)		7,764,055
Exploration assets		29,478,094	6,538,588	(2,344,670)		33,672,012
			Code	At beginning	At end	
<i>For reference</i>						
Expenses associated with exploration in progress (prospecting and appraisal, exploration and/or hydrogeological surveying, and other related activities)			5148	8,615,249		7,764,055
Expenses attributable to unsuccessful exploration and development (non-operating expenses)			5149	833,892		1,754,416

Financial Investments

Item		Long-term		Short-term		
Description	Code	Opening balance	Closing balance	Opening balance	Closing balance	
Investments in charter (share) capital of other entities, total		5150	99,800,449	106,746,138	102,401	102,401
subsidiaries		5151	89,881,370	93,234,298		
dependent companies		5152	9,497,326	13,392,647		
other		5153	421,753	119,193	102,401	102,401
State and municipal securities		5154				
Securities of other entities, total			135,680	128,414	17,463,702	16,163,581
of which, shares		5156				
bonds		5157				12,885,375
promissory notes		5158	135,680	128,414	17,463,702	3,278,206
Loans provided		5159	452,014,562	474,799,968	227,329,305	280,420,576
Deposits made		5160		24,195,360	3,063,156	50,344,200
investments in joint ventures		5161	487,891			
Other		5162			3,484,414	2,055,524
Total		5163	552,438,582	605,869,880	251,442,978	349,086,282

Item		Long-term		Short-term	
Description	Code	Opening balance	Closing balance	Opening balance	Closing balance

Including financial investments that have public measures of market value:

Investments in charter capital of other entities, total	5164				
of which subsidiaries and dependent companies	5165				
State and municipal securities	5166				
Securities of other entities, total	5167				12,885,375
of which, debt securities (bonds, promissory notes)	5168				12,885,375
Other	5169				
Total	5170				12,885,375

For reference

Effect of value adjustment to financial investments that have public measures of market value	5171				93,857
Difference, recorded in financial results in the reporting period, between acquisition cost and par value of debt securities	5172				

Accounts Receivable and Payable

Item		Opening balance	Closing balance
Description	Code		

Accounts receivable

Short-term, total	5173	148,097,710	194,047,341
of which:			
trade receivables	5174	45,587,529	77,578,826
advances made	5175	31,186,017	17,584,035
other	5176	71,324,164	98,884,480
Long-term, total	5177	889,810	17,852,712
of which:			
trade receivables	5178		
advances made	5179		
other	5180	889,810	17,852,712
Total	5181	148,987,520	211,900,053

Accounts payable

Short-term, total	5182	408,469,938	380,059,477
of which:			
trade payables	5183	43,552,497	48,575,175
advances received	5184	7,650,296	13,567,125
taxes and levies payables	5185	9,358,122	21,835,030
loans	5186	186,378,473	139,992,747
borrowings	5187	147,713,864	130,384,327
other	5188	13,816,686	25,705,073
Long-term, total	5189	387,817,900	530,572,636
of which:			
loans	5190	313,009,902	461,472,302
borrowings	5191	22,121,163	23,028,132
other	5192	52,686,835	46,072,202
Total	5193	796,287,838	910,632,113

Operating Expenses (by items)

Item		Accounting year	Previous year
Description	Code		
Materials	5194	432,677,471	515,590,374
Payroll	5195	3,098,232	3,319,117
Social charges	5196	223,377	231,313
Depreciation and amortization	5197	26,611,850	20,725,875
Other expenses	5198	216,329,064	205,153,309
Total	5199	678,939,994	745,019,988
Changes in balances (increase [+], decrease [-]):			
work-in-progress	5200	16,474	(202,179)
deferred expenses	5201	2,658,766	433,699
reserves for deferred expenses	5202	685,068	2,096,887

Collateral

Item		Accounting year	Previous year
Description	Code		
Received, total	5203	948,707	10,759
of which:			
promissory notes	5204	937,948	
Property held in pledge	5205		
of which:			
fixed assets	5206		
securities and other financial investments	5207		
other	5208		
Issued, total	5209	72,900,990	50,748,660
of which:			
promissory notes	5210		
Pledged property	5211		
of which:			
fixed assets	5212		
securities and other financial investments	5213		
other	5214		

Funds Received from the State

Item		Accounting year	Previous year			
Description	Code		Opening balance	Received in the accounting period	Repaid in the accounting period	Closing balance
Funds received from the budget in the accounting year, total		5215				
of which:						
Budget loans, total		5216				
of which:						

President of OJSC Rosneft Oil Company

S. M. Bogdanchikov

General Director of LLC RN-Uchet
(Agreement dated April 1, 2009 No. 0001009/0658D)
February 12, 2010

I. V. Pavlov

Notes

to Financial (Accounting) Statements

of OJSC Rosneft Oil Company for 2009

The present Notes are an integral part of financial (accounting) statements of OJSC Rosneft Oil Company (hereinafter also referred to as the 'Company') for 2009, prepared in accordance with effective laws of the Russian Federation.

1. Form of Incorporation and Area of Activity

Company Description

Open Joint-Stock Company 'Rosneft Oil Company' (hereinafter sometimes referred to as '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'.

The Company is a legal entity, acting on the basis of its Charter and applicable laws of the Russian Federation.

Company Legal Address

26/1 Sofiyskaya Embankment, Moscow 115035, Russia

Company Executive and Control Bodies

General management of the Company is carried out by its Board of Directors, except for matters reserved to the General Meeting of Shareholders in accordance with Russian federal law and the Company Charter.

Members of the Company's Board of Directors are elected by the Annual General Meeting of Shareholders until the close of the next Annual General Meeting of Shareholders.

Membership of the *Board of Directors* of Rosneft in office from January 1, 2009 through June 19, 2009 (elected by the Annual General Meeting of Shareholders on June 5, 2008, unnumbered minutes) was as follows:

1	<i>Igor Ivanovich Sechin</i>	Chairman of the Board of Directors of Rosneft, Deputy Prime Minister of Russia
2	<i>Sergey Evgenievich Naryshkin</i>	Deputy Chairman of the Board of Directors of Rosneft, Head of the Executive Office of the Russian President
3	<i>Gleb Sergeevich Nikitin</i>	Deputy Chairman of the Board of Directors of Rosneft, Deputy Head of the Federal Agency for State Property Management
4	<i>Sergey Mikhailovich Bogdanchikov</i>	Member of the Board of Directors of Rosneft, President and Chairman of the Management Board of Rosneft
5	<i>Andrey Leonidovich Kostin</i>	Member of the Board of Directors of Rosneft, President and Chairman of the Management Board of OJSC VTB Bank
6	<i>Alexander Dmitrievich Nekipelov</i>	Member of the Board of Directors of Rosneft, Vice-President of the Russian Academy of Sciences
7	<i>Yury Alexandrovich Petrov</i>	Member of the Board of Directors of Rosneft, Head of the Federal Agency for State Property Management
8	<i>Andrey Georgievich Reus</i>	Member of the Board of Directors of Rosneft, General Director of OJSC OBORONPROM
9	<i>Hans-Joerg Rudloff</i>	Member of the Board of Directors of Rosneft, Chairman of the Executive Committee of Barclays Capital

Membership of the *Board of Directors* of Rosneft in office from June 19, 2009 through December 31, 2009 (elected by the General Meeting of Shareholders of Rosneft on June 19, 2009, unnumbered minutes) was as follows:

1	<i>Igor Ivanovich Sechin</i>	Chairman of the Board of Directors of Rosneft, Deputy Prime Minister of Russia
2	<i>Andrey Leonidovich Kostin</i>	Member of the Board of Directors of Rosneft, President and Chairman of the Management Board of OJSC VTB Bank
3	<i>Yury Alexandrovich Petrov</i>	Member of the Board of Directors of Rosneft, Head of the Federal Agency for State Property Management
4	<i>Sergey Mikhailovich Bogdanchikov</i>	Member of the Board of Directors of Rosneft, President and Chairman of the Management Board of Rosneft
5	<i>Vladimir Leonidovich Bogdanov</i>	Member of the Board of Directors of Rosneft, General Director of OJSC Surgutneftegaz
6	<i>Alexander Dmitrievich Nekipelov</i>	Member of the Board of Directors of Rosneft, Vice-President of the Russian Academy of Sciences
7	<i>Andrey Georgievich Reus</i>	Member of the Board of Directors of Rosneft, General Director of OJSC OBORONPROM
8	<i>Nikolay Petrovich Tokarev</i>	Member of the Board of Directors of Rosneft, President of OJSC Transneft
9	<i>Hans-Joerg Rudloff</i>	Member of the Board of Directors of Rosneft, Chairman of the Executive Committee of Barclays Capital

The Annual General Meeting of Shareholders on June 19, 2009 decided (unnumbered minutes) to award a remuneration to independent members of the Board of Directors of Rosneft, Andrey Leonidovich Kostin, Alexander Dmitrievich Nekipelov, and Hans-Joerg Rudloff for their period of service by transfer to each of these Board members of 33,614 (thirty three thousand, six hundred and fourteen) shares in OJSC 'Rosneft Oil Company'. The Company effected transfer of shares in 2009 to these independent members of the Board in the number stipulated by the Annual General Meeting of Shareholders.

Members of the Board of Directors who are state officials do not receive any remuneration for their service on the Company Board.

Company Sole Executive Body

1	<i>Sergei Mikhailovich Bogdanchikov</i>	President of OJSC 'Rosneft Oil Company'
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Membership of the Rosneft *Management Board* is as follows:

1	<i>Sergey Mikhailovich Bogdanchikov</i>	President, Chairman of the Management Board of Rosneft
2	<i>Larisa Vyacheslavovna Kalanda</i>	Vice-President, Deputy Chairman of the Management Board of Rosneft
3	<i>Sergey Igorevich Makarov</i>	Vice-President of Rosneft
4	<i>Peter Lloyd O'Brien</i>	Vice-President, Head of the Financial Advisers' Group to the President of Rosneft
5	<i>Viktor Vasilievich Ploskina</i>	Director of the Sales Department of Rosneft
6	<i>Sergei Vadimovich Tregub</i>	Vice-President of Rosneft
7	<i>Rizo Sharipovich Tursunov</i>	Vice-President of Rosneft
8	<i>Edward Yurievich Khudainatov</i>	First Vice-President of Rosneft

The members of Rosneft's Management Board receive salaries as stipulated by their 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 2009. The authority of the previous Management Board was terminated ahead of time by decision of the Board of Directors of Rosneft (Minutes No. 1, March 5, 2009) and new membership of the Management Board was approved on March 6, 2009. Also the Board of Directors decided on October 9, 2009 (Minutes No. 10) to appoint Vice-President Larisa Kalanda to the post of Deputy Chairman of the Management Board of the Company.

Data on the Company's executive bodies are correct as of December 31, 2009.

Membership of the Rosneft *Internal Audit Commission* is as follows:

1	<i>Andrey Nikolaevich Kobzev</i>	Head of the Analytical Department of the Federal Agency for State Property Management
2	<i>Irina Fedorovna Korovkina</i>	Head of the Control and Audit Department of the Ministry of Energy of the Russian Federation
3	<i>Sergey Mikhailovich Ozerov</i>	Head of Department at the Ministry of Economic Development of the Russian Federation
4	<i>Tatyana Vladimirovna Fisenko</i>	Director of the Finance Department at the Ministry of Energy of the Russian Federation.
5	<i>Alexander Sergeevich Yugov</i>	Head of Department of the Directorate of the Federal Agency for State Property Management

All members of the Company's Internal Audit Commission are state officials and do not receive any remuneration for their work on the Commission.

Data on the Internal Audit Commission are given as of December 31, 2009 in accordance with decisions of the Annual General Meeting of Shareholders (Minutes of June 19, 2009).

Charter Capital

Rosneft shareholder structure as of December 31, 2009 was as follows:

- 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 0.00000009% of Rosneft's total ordinary shares and charter capital;
- Joint-Stock Commercial Savings Bank of Russia ('Sberbank') was the nominal holder of 1,436,876,367 ordinary shares of Rosneft, equal to 13.56% of total ordinary shares and charter capital;
- LLC RN-Razvitie held 1,000,000,000 ordinary shares of Rosneft, equal to 9.44% of total ordinary shares and charter capital;
- other legal entities with stakes of under 1% each were holders and nominal holders of 138,773,226 ordinary shares of Rosneft, equal to 1.31% of total ordinary shares and charter capital;
- individuals held 55,964,728 ordinary shares of Rosneft, equal to 0.52% of total ordinary shares and charter capital.

In addition, 747,112 ordinary shares of Rosneft, equal to 0.01% of total ordinary shares and charter capital are held on the Company balance sheet, having been bought back from shareholders at their request in accordance with Articles 75 and 76 of the Federal Law, 'On Joint-Stock Companies'.

Company Business

As stipulated in Paragraph 3.4 of Article 3 of the Charter, approved by the Annual General Meeting of Shareholders on June 19, 2009 (unnumbered minutes), the Company's business consists of: prospecting, exploration, production, and refining of oil, gas and gas condensate, as well as sale of oil, gas and gas condensate and products of their refining to customers in the Russian Federation and other countries, together with various auxiliary businesses and business associated with precious metals and gemstones. The Company pursues the following core activities (the list is not exhaustive):

(1) geological prospecting and exploration work for discovery of oil, gas, coal and other mineral resources; production, transportation and refining 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 refining of hydrocarbons and other raw materials;

(2) investment business, including operations with securities;

(3) 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;

(4) investment management, construction, and engineering, technical and service support for exploration, production, refining and marketing projects, as well as R&D, procurement and marketing, economic, international trading and legal support for business of the Company and of its subsidiaries, and also of dependent companies and of customers. Analysis 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;

(5) leasing of real estate and other property, use of leased property;

(6) 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;

- (7) organization of advertising and publishing activities, exhibitions, shows, auctions, etc.;
- (8) 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;
- (9) ensuring protection of Company employees and property;
- (10) use of precious metals and gemstones in technical processes (as materials and as parts of equipment);
- (11) preparation and holding of events related to mobilization, civil defense, and protection of information, which is classified as a state secret.

Company Branches and Offices:

In accordance with Paragraph 4.2 of Article 4 of the Company Charter, approved by the Annual General Meeting of Shareholders on June 19, 2009 (unnumbered minutes), the Company maintains the following regional and international offices:

- in the Northern Caucasus, at the address: 54 Krasnaya Street, 350610 Krasnodar;
- in Yamal-Nenets Autonomous District, at the address: 3 Microregion 10, 629830 Gubkinsky;
- in the Russian Far East at the address: 17 Khabarovskaya Street, Yuzhno-Sakhalinsk, 693010 Sakhalin Region;
- in Stavropol Territory at the address: 5 Fiftieth Pioneers Anniversary Street, 356880 Neftekumsk;
- in Khanty-Mansiysk Autonomous District (Ugra) at the address: 26 Lenin Street, 628309 Nefteugansk;
- in the Komi Republic at the address: 1 Pripolyarnaya Street, 169710 Usinsk;
- in Khabarovsk Territory at the address: 107 Leningradskaya Street, 680007 Komsomolsk-on-Amur;
- in Arkhangelsk Region at the address: 30 Talagi Village, 163530 Primorsky District;
- in Primorsky Territory at the address: 5a Uborevicha Street, 690000 Vladivostok;
- in Europe at the address: Favoritenstrasse 7/4, 1040, Vienna, Austria;
- in the Asia-Pacific region at the address: Tower D, The China World Trade Center, 6A Jianguomenwai, Chaoyang District, 100022 Beijing, People's Republic of China;
- in the Middle East at the address: Sector 52-61, Block A, Building 2, Al Nahyan Business Complex Section, Abu Dhabi, United Arab Emirates.

2. Production Indicators

The Company produced 83.872 mln tonnes of oil in 2009, which is 1.031 mln tonnes (1.22%) less than in the previous year.

In 2009, revenue from sale of products, works and services (excluding VAT and customs duties) was RUB 949,878 mln, down by 6% (RUB 58,299 mln) from 2008.

The Company's income from sale of production, works and services in 2009 was RUB 270,939 mln, representing an increase of 3% from RUB 263,158 mln in 2008.

Crude oil throughput in 2009 was 36.6 mln tonnes, which is 3.8 mln tonnes less than in 2008, and included 35.3 mln tonnes processed at main refineries and 0.5 mln tonnes at mini-refineries. Crude oil throughput declined by 9.4% compared with 2008.

The Company sold 34 mln tonnes of its own petroleum products in 2009, which is 3.03 mln tonnes (8.2%) less than in the previous year. Export sales of petroleum products were 19.7 mln tonnes, which is 1.1. mln tonnes (5.45%) less than in 2008.

Net income in 2009 was RUB 208,180 mln, which is 47% (RUB 66,867) more than in 2008.

The Company obtained four licenses in 2009, as follows:

- two combined licenses for geological study, exploration, and production of hydrocarbons at the Labagansky mineral block (field), located in the northern part of the Nenets Autonomous District, and at the North Kolendinskaya area (including the North Kolendo field) in Okhinsky District of Sakhalin Region;
- a license for geological study of underlying horizons at the Salyukinskoye field to seek and evaluate new hydrocarbon deposits in the Komi Republic;
- a license for construction and operation of the Kydylanyinskoye underground gas storage facility at the Kydylanyinskoye field, located in Okhinsky District of Sakhalin Region.

Average headcount of Rosneft employees in 2009 was 1510.

3. Reporting Methodology

Rosneft's accounting statements were prepared in accordance with the relevant laws of the Russian Federation and the Company's accounting regulations.

4. Changes to Opening Balances in 2009 Accounts

In order to ensure comparability of accounting figures, opening balances have been amended to reflect changes in accounting policy and new rates of corporate income tax ('income tax' in the table)

	Line No.	RUB thousand			Explanation
		As of 31.12.08	Changes	As of 01.01.09	
ASSETS					
Construction in progress	130	72,484,463	+38,705	72,523,168	Deferred expenses, which do not relate to future periods, have been reclassified due to a change in accounting policy.
Long-term financial investments	140	554,016,444	-1,577,862	552,438,582	Receivables from financial investments have been transferred from line 140, 'Long-term financial investments', to line 250, 'Short-term financial investments' due to a change in accounting policy.
Deferred tax assets	145	1,223,010	-196,145	1,026,865	
Of which			+7,690		Accounting of deferred tax assets has been changed due to change of accounting policy for recording deferred expenses.
			-203,835		Application of a new income tax rate from January 1, 2009 (20% instead of 24%) changed the accounting of residual deferred tax assets, increasing line 460, 'Retained earnings of previous years' and reducing line 145, 'Deferred tax assets'.
Other non-current assets	150	944,343	-1,414	942,929	Deferred expenses, which do not relate to future periods, have been reclassified due to a change in accounting policy.
Deferred expenses	261	2,711,261	-76,044	2,635,217	Deferred expenses, which do not relate to future periods, have been reclassified due to a change in accounting policy.
Accounts receivable (due in more than 12 months from the accounting date).	230	890,218	-408	889,810	Due to a change in accounting policy interest on financial investments has been transferred from line 230, 'Accounts receivable (due in more than 12 months from the accounting date)' to line 240, 'Accounts receivable (due within 12 months from the accounting date)'.
Accounts receivable (due within 12 months from the accounting date).	240	148,097,302	+408	148,097,710	
Short-term financial investments	250	249,865,116	+1,577,862	251,442,978	Due to a change in accounting policy receivables from financial investments have been transferred from line 140, 'Long-term financial investments' to line 250, 'Short-term financial investments'.
Total			-234,898		
LIABILITIES					
Retained earnings of previous periods	460	447,119,480	+626,627	447,746,107	
Of which:			-31,063		Deferred expenses, which do not relate to future periods, have been reclassified due to a change in accounting policy.
			+657,690		Due to application of a new income tax rate from January 1, 2009 (20% instead of 24%), residual deferred tax assets and deferred tax liabilities were reaccounted, increasing the value of line 460, 'Retained earnings of previous periods' and reducing the value of line 145, 'Deferred tax assets' and line 515, 'Deferred tax liabilities'.
Loans and borrowings (long-term)	510	463,218,187	-128,087,122	335,131,065	
Of which:			-128,191,124		Due to a change in accounting policy, loans and borrowings have been transferred from line 510, 'Loans and borrowings' to line 610, 'Loans and borrowings'.
			+104,002		Due to change in accounting policy, the sum of long-term promissory notes issued by the Company has been transferred from line 520, 'Other long-term liabilities' to line 510, 'Loans and borrowings'.

	Line No.	RUB thousand			Explanation
		As of 31.12.08	Changes	As of 01.01.09	
Deferred tax liabilities	515	5,169,153	-861,525	4,307,628	Due to application of a new income tax rate from January 1, 2009 (20% instead of 24%), residual deferred tax liabilities were reaccounted, increasing the value of line 460, 'Retained earnings of previous periods' and reducing the value of line 515, 'Deferred tax liabilities'.
Other long-term liabilities	520	52,790,837	-104,002	52,686,835	Due to change in accounting policy, long-term promissory notes issued by the Company have been transferred from line 520, 'Other long-term liabilities' to line 510, 'Loans and borrowings'.
Loans and borrowings (short-term)	610	159,336,378	+174,755,959	334,092,337	
Of which:			+128,191,124		Due to change in accounting policy loans and borrowings have been transferred from line 510, 'Loans and borrowings' to line 610, 'Loans and borrowings'.
			+46,564,835		Due to change in accounting policy, short-term promissory notes issued by the Company have been transferred from line 660, 'Other short-term liabilities' to line 610, 'Loans and borrowings'.
Other short-term liabilities	660	46,564,835	-46,564,835		Due to change in accounting policy, short-term promissory notes issued by the Company have been transferred from line 660, 'Other short-term liabilities' to line 610, 'Loans and borrowings'.
Total			-234,898		

5. Accounting Policy

The Company's accounting policy is based on the principles established by Accounting Regulation 1/2008, 'On Accounting Policy of Organizations', approved by Order of the Ministry of Finance of the Russian Federation No. 106n, dated October 6, 2008. This policy consists of:

- standalone accounting, which means that a company's assets and liabilities are recorded separately from assets and liabilities of other companies;
- continuity of business operations;
- consistent application of accounting policy in Company business;
- accrual based accounting.

Substantial accounting methods, envisaged by accounting policy in 2009, are reflected below in respective sections of these Notes to Accounting (Financial) Statements.

Information on changes to accounting policy, introduced since January 1, 2010

1. The concept of an investment asset has been changed. An investment asset is now understood as an item of property, whose preparation for use requires a long period of time (more than 12 months) for acquisition, installation and preparatory work. In 2009 any item of property, which needed more than 3 months to be prepared for use, was classified as an investment asset.
2. The procedure for accounting recognition of materials contributed by contractors on a non-permanent basis for execution of capital work has been changed. Such materials must now be recorded in the line, 'Construction in progress'. In 2009 they were recorded in 'Inventory'.

6. Fixed Assets and Construction in Progress

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.

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. In determining the structure and groups of fixed assets, the Company applies the Russian Fixed Assets Classifier approved by Decree of the State Committee of the Russian Federation for Standardization, Methodology and Certification No. 359, dated December 26, 1994.

Items intended for leasing are recognized in line 120, 'Fixed assets'.

An asset is recorded in financial accounts as a fixed asset from the date, when it is ready to be put into operation. In obedience to the principle of priority of content over form, assets, which have been built and are factually in use, are also recorded in accounts as fixed assets, regardless of whether documents have been submitted for their state registration. Straight-line depreciation is applied to such assets in the standard fashion.

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 groups of fixed assets are:
 - Buildings 30–100 years
 - Structures 10–15 years
 - Machines and equipment 5–7 years
- fixed assets with value up to RUB 10,000, which were put into operation after January 1, 2002 and before January 1, 2006 were written down in full when they were recorded in accounts, but since January 1, 2006 fixed assets with value of not over than RUB 20,000 are subject to straight-line depreciation;
- vehicles recorded in accounts before January 1, 2002 are not subject to straight-line depreciation, but are depreciated per 1,000 kilometers on the clock as a percentage of their cost, in compliance with Resolution No. 1072 of the USSR Council of Ministers, from October 22, 1990.

Fixed assets are recorded on the balance sheet at their 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 decrees of the Government of the Russian Federation.

Information on fixed assets during the accounting year

(RUB thousand)

Fixed asset group	Historical (replacement) cost as of 01.01.09	Depreciation as of 01.01.09	Historical (replacement) cost as of 31.12.09	Depreciation as of 31.12.09
Buildings and structures	296,251,559	85,122,882	353,459,870	107,091,423
of which, assets pending title registration	74,850,663	15,490,764	60,025,269	12,091,919
of which, assets pending acceptance of registration documents by state authorities	70,451,564	14,248,005	55,192,237	11,912,753
Machinery, equipment and vehicles	44,779,854	14,199,686	57,731,689	17,761,713
Other fixed assets	1,252,249	484,403	1,340,704	557,715
Total	342,283,662	99,806,971	412,532,263	125,410,851

Historical cost of fixed assets as of December 31, 2009 was RUB 412,532 mln, having increased since 2008 due to commissioning of new assets. Assets worth RUB 72,509 mln were commissioned.

Information on construction in progress during the accounting year

Capital construction worth RUB 84,956 mln was carried out in 2009 (not including VAT). Spending on acquisition of capital equipment, with or without assembly, totaled RUB 515 mln (not including VAT).

(RUB thousand)

	As of 01.01.09	As of 31.12.09
Construction in progress	63,532,187	82,829,340
Of which, advances for capital construction	8,740,194	15,745,129
Equipment to be installed	54,317	71,915
Investments in non-current assets (acquisition of fixed assets, intangibles, exploration assets, R&D assets, etc.)	8,936,664	7,982,064
Total	72,523,168	90,883,319

7. Intangible Assets

Intangible assets include: trademarks, mineral licenses, patents, exclusive rights to software and data bases, etc.

Intangible assets are recorded on the balance sheet at factual (historical) cost, defined in accordance with Accounting Regulation 14/2007, 'Accounting of Intangible Assets', approved by Order of the Ministry of Finance of the Russian Federation No. 153n, dated December 27, 2007.

Intangible assets are not subject to revaluation. Historical cost of intangible assets is amortized in a straight line depending on their useful life, as stipulated by decision of a special commission.

The Company stipulates the useful life of an intangible asset when that asset is first recorded in accounts.

The useful life of an intangible asset depends on:

- the period, during which the Company has rights to the intellectual property or means of individualization and the period of the Company's control over the asset;
- the expected period of use of the asset, during which the Company expects to obtain economic benefits from it.

The useful life of an intangible asset is tested by the Company each year to establish whether it needs to be revised. No revisions were made to useful lives of intangible assets during the accounting period.

Useful lives of main groups of intangible assets are as follows:

Mineral licenses	4–46 years
Trademarks	2–17 years
Patents	3–18 years
Exclusive rights to software programs and data bases	3–6 years

There are no intangible assets, the useful life of which is impossible to establish.

Intangible assets are subject to straight-line amortization.

The method used for defining amortization of an intangible asset is tested by the Company each year to determine whether it needs to be amended. If calculations of expected future economic benefits from use of the intangible asset have changed substantially, the method for defining amortization of the asset must be changed. No revisions were made to methods for amortization of intangible assets during the accounting period.

The cost of intangible assets, at which they are first recorded in accounts, is not subject to alteration except in cases when the following conditions are all met:

- there is confidence that additional expenses associated with the need for additional work on, or documentation of the intangible asset, and additional registration and other payments and duties associated with extension or expansion of authorizations for the intangible asset, will enable the intangible asset to generate future economic benefits for the Company in addition to those, which were initially defined;
- the expenses can be identified and there is a direct connection with the intangible asset, for which the additional expenses are carried out.

In this case the value of the intangible asset is increased by the sum of these expenses.

During annual stock-taking at the end of the year the Company checks for impairment (loss of value) of intangible assets and of capital investments in uncompleted intangible assets. No loss of value of intangible assets was discovered in the accounting period.

Intangible assets are recorded on the balance sheet at their residual value.

Intangible assets, received for use, are accounted on an off-balance sheet account and their value is determined on the basis of the fee for their use, which is stipulated by the relevant agreement.

Information about intangible assets:

Groups of intangible assets	(RUB thousand)			
	Historical cost as of 01.01.09	Amortization as of 01.01.09	Historical cost as of 31.12.09	Amortization as of 31.12.09
Trademarks	931	195	6,758	491
Patents	5,367	4	9,905	710
Mineral licenses	3,763,004	592,164	3,763,219	739,872
Exclusive rights to software programs and data bases	858	86	392,991	73,202
Total	3,770,160	592,449	4,172,873	814,275

8. Exploration Assets

Exploration assets consist of geological information obtained by study of subsoil structures, and design documentation.

Exploration assets include:

- rights to subsurface resources (by virtue of licenses for exploration of subsoil resources or licenses for exploration and extraction of subsoil resources);
- results of geological exploration work;
- design documentation.

Exploration assets are accounted as non-current assets in Account 06, 'Exploration Assets'.

Cost of exploration assets is repaid by amortization.

Amortization of exploration assets relating to license blocks (fields), at which oil & gas production has begun, is carried out by writing down a proportional amount of oil & gas production from the month following the month when the asset was first recorded in accounts: in the case of exploration licenses, this process continues for the period of validity of the license; in the case of design documentation for the license block, the process continues for the period of validity of the document; and in the case of other exploration assets, the process lasts for 3 years.

At the stage when fields are in commercial production all exploration costs (except exploration drilling and technical project documents) are recognized as ordinary business costs and included in the cost of oil & gas production.

Exploration assets are tested for impairment (loss of value) at the end of each accounting year. Some exploration assets were impaired in the accounting period, either because the period when the Company had rights for geological and prospecting work at the mineral block, to which the assets related, had expired, or because it would expire in the immediate future. In order to assess potential financial losses resulting from this, tests for impairment were carried out in accordance with rules set out in Company accounting policy. These tests showed that future cash flows from production and exploration assets exceed their balance sheet cost by generating unit, as a result of which potential financial losses from impairment of the exploration assets were not recorded in Company accounts.

Exploration assets are reflected on the balance sheet at residual value in the line, 'Exploration assets'.

Information on exploration assets during the accounting year is presented in the following table:

(RUB thousands)

Groups of exploration assets	Historical cost as of 01.01.09	Amortization as of 01.01.09	Historical cost as of 31.12.09	Amortization as of 31.12.09
Subsoil rights (exploration / exploration and production licenses)	27,251,671	952,395	29,881,118	1,510,367
Exploration data	3,108,638	338,730	5,704,952	1,225,500
Design documentation	543,929	135,019	1,075,644	253,835
Total	30,904,238	1,426,144	36,661,714	2,989,702

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. Other non-current assets are valued by factual expenses.

R&D expenditures are written down as ordinary business costs from the first day of the month following the month, when factual application of the R&D results began.

Writing down of costs for each executed R&D task (theme) is carried out monthly on a straight-line basis at 1/12 of the annual sum, assuming factual use of the R&D results in the process of Company production or management.

The period of time during which R&D costs are written down is defined by the Company independently, based on the expected period of use of the R&D results. The period cannot exceed 5 years.

In case of early termination of use of the R&D results by the Company, the costs are referred to other costs on the basis of an Order for writing-off of the R&D.

Long-term deferred expenses, income from which is expected to be received over a period of more than 12 months, or longer than the usual production cycle starting from the accounting date, are recorded as part of 'Other non-current assets'.

Information on other non-current assets in the accounting year is shown in the table:

(RUB thousand)

	As of 01.01.09	As of 31.12.09
Deferred expenses to be written down in more than 12 months	942,929	4,679,378
Of which, rights to use Olympic insignia		3,354,315
Software	942,923	1,100,009
Licenses	6	5

10. Inventories

Inventories are accounted at factual cost, based on factual expenses for their acquisition less VAT and other refundable taxes (except for cases specially provided for by laws of the Russian Federation).

Writing down of inventory at its retirement is carried out as follows:

- oil, petroleum products, construction materials, equipment, spare parts, fuel, packaging, accessories, tools, and other inventory is written down at cost of each inventory unit ('batch');
- semi-products made by the Company are written down at average cost of all other inventory;

- oil & gas produced by the Company is written down at average cost for all operators.

Materials, fuel, spare parts, and other inventory are recorded in accounting at their factual acquisition cost.

Production in progress and ready products are recorded at factual cost, and goods are recorded at their purchase price.

Ready products, which have been shipped, and goods, which have been shipped but ownership rights to which have not passed to the buyer, are recorded in 'Shipped goods'.

Deferred expenses are expenses that were paid in the accounting period, but which relate by definition to receipt of income in periods subsequent to the accounting period, and which, at the time of accounting, ensure future economic gains.

Minor expenses in the accounting period relating to future accounting periods are fully recorded as part of expenses in the current accounting period.

The following types of amortization have been established for deferred expenses relating to several periods:

- straight-line;
- proportional to the volume of production completed;

Information about deferred expenses is recorded on the balance sheet in the following way:

- as part of current assets in the line, 'Deferred expenses', if the relevant income is expected to be received within 12 months from the accounting date;
- as part of non-current assets in the line, 'Other non-current assets', if the relevant income is expected to be received after 12 months or after completion of a full business cycle from the accounting date.

If it is impossible to establish the period when income will be received, information on such expenses is recorded as part of current assets in the line, 'Deferred expenses'.

Transfer of long-term deferred expenses to short-term deferred expenses is carried out:

- at the time when receipt of income from use of the object of the deferred expenses is expected in less than 365 days from the accounting date;
or:
- at a later date, being a quarterly or annual accounting date, if, during that accounting quarter, the time of receipt of income from the deferred expenses becomes less than 365 days into the future.

In compliance with prudential requirements, the Company makes estimative provisions when recording decline of inventory value in accounts.

Provisions against decline of value of inventory are made at the end of each accounting year for specific categories of inventory and (or) types of analogous or related inventory, in respect of which circumstances in the accounting year led to lowering of their current (market) value.

Value of inventory as of December 31, 2009 was RUB 27,705.2 mln, as follows:

Item	(RUB thousand)	
	As of 01.01.09	As of 31.12.09
Inventory, of which	22,335,554	27,765,127
Materials and supplies	2,635,926	3,816,633
Expenses related to production in progress	2,609,005	2,625,479
Ready products and goods for resale	10,825,182	16,227,823
Shipped goods	3,630,224	3,537,658
Deferred expenses	2,635,217	1,557,534
Provisions for reduction of inventory value, of which	98,357	59,942
Materials and supplies	86,194	29,134
Ready products and goods for resale	12,163	30,808
Total recorded on the balance sheet, less provisions	22,237,197	27,705,185
Materials and supplies	2,549,732	3,787,499
Expenses related to production in progress	2,609,005	2,625,479
Ready products and goods for resale	10,813,019	16,197,015
Shipped goods	3,630,224	3,537,658
Deferred expenses	2,635,217	1,557,534

11. Financial Investments

Financial investments are initially valued by amounts factually 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.

Initial value of debt securities, for which there are no public measures of market value, is not adjusted for difference compared with their face value.

At the time of their retirement, any assets, which were recorded as financial investments, and which have public measures of market value, are appraised by the Company using the last valuation.

Financial investments, which do not have public measures of market value, are appraised at the initial value of each unit at the time of its retirement. Change in value of subsidiaries, which have public measures of market value, is reflected in 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 accounts as financial investments.

Sums of money held on deposit accounts in banks with maturity less than 91 days are recorded in accounts in the line, 'Cash'.

Value of long-term financial investments as of December 31, 2009 was RUB 605,870 mln as follows:

(RUB thousand)

	As of 01.01.09	As of 31.12.09
Financial investments, of which	553,347,729	607,848,252
Participatory units and shares	99,917,762	107,444,785
of which, investments in subsidiaries	89,998,683	93,932,945
investments in dependent companies	9,497,326	13,392,647
investments in other companies	421,753	119,193
Long-term loans granted	452,743,263	475,528,669
of which, interest-free loans to Rosneft Group subsidiaries	444,948,078	193,420,393
Promissory notes and bonds received	198,813	191,547
of which, interest-free promissory notes	198,813	191,547
Other long-term financial investments	487,891	24,683,251
Impairment of financial investments, of which:	909,147	1,978,372
Participatory units and shares	117,313	698,647
of which, investments in subsidiaries	117,313	698,647
investments in dependent companies	—	—
investments in other companies	—	—
Long-term loans granted	728,701	728,701
of which, interest-free loans to Rosneft Group subsidiaries	399,900	399,900
Promissory notes and bonds received	63,133	63,133
of which, interest-free promissory notes	63,133	63,133
Other long-term financial investments	—	487,891
Total recorded on the balance sheet, including impairment:	552,438,582	605,869,880
Participatory units and shares	99,800,449	106,746,138
Long-term loans granted	452,014,562	474,799,968
Promissory notes and bonds received	135,680	128,414
Other long-term financial investments	487,891	24,195,360

Increase of financial investments was mainly due to acquisition by the Company of stakes in voting shares of subsidiaries and other companies to the value of RUB 7,527 mln and increase of loans granted by RUB 22,785 mln.

Main factors determining change in long-term loans by RUB 22,785 mln are:

- financing of projects of CJSC Vankorneft to the value of RUB 52,573 mln and of OJSC Vostsibneftegaz to the value of RUB 1,143 mln.

- reclassification of RUB 20,086.5 mln of receivables under longer-term loans, which mature less than 365 days after the accounting date, from long-term to short-term receivables;
- repayment by subsidiaries of a part of their long-term loan debt to the Company.

Increase of other long-term financial investments was due to placement of USD 800 mln (RUB 24,195.4 mln) of free cash on long-term deposit accounts.

List of subsidiaries and dependent companies showing the Company's stake in charter capital and voting shares

The table presents a list of subsidiaries and dependent companies, showing the Company's stake in their charter capital and in the total number of their voting shares as of December 31, 2009:

Name of company	Factual value of financial investments as of 31.12.2009 (RUB thousand)	Rosneft stake	
		% in charter capital	% of voting shares
Oil & Gas Production			
LLC RN-Severnaya neft	6,249,936	100.00	
LLC RN-Yuganskneftegaz	14,166,170	100.00	
LLC RN-Krasnodarneftegaz	2,976,488,	100.00	
LLC RN-Purneftegaz	8,527,192	100.00	
LLC RN-Stavropolneftegaz	3,355,057	100.00	
LLC RN-Sakhalinmorneftegaz	2,879,435	100.00	
CJSC Vankorneft	1,882,003	93.96	93.96
OJSC Rosneft-Dagneft Oil Company	368,085	68.70	91.60
OJSC Grozneftegaz	42	51.00	51.00
LLC Polar Lights Company	288,931	50.00	
OJSC Dagneftegaz	131,832	40.00	40.00
OJSC Verkhnechonskneftegaz	7,480,493	25.94	25.94
Oil Refining			
LLC RN-Tuapse Oil Refinery	279,447	100.00	
LLC RN-Komsomolsk Oil Refinery	573,357	100.00	
LLC RN-Primorsky Oil Refinery	10	100.00	
OJSC Rosneft Oil Company – MZ Nefteprodukt	108,102	65.42	87.23
Petroleum Product Marketing			
LLC RN-Nakhodkanefteprodukt	1,050,611	100.00	
LLC RN-Arkhangelsknefteprodukt	546,456	100.00	
LLC RN-Tuapsenefteprodukt	2,028,708	100.00	
LLC RN-Vostoknefteprodukt	97,910	100.00	
OJSC Rosneft Oil Company-Stavropoliye	238,201	100.00	100.00
LLC RN-Bunker	10	100.00	
LLC RN-Kemerovonefteprodukt	10	100.00	
LLC RN-Krasnoyarsknefteprodukt	10	100.00	
LLC RN-Novosibirsknefteprodukt	10	100.00	
LLC RN-Chechennefteprodukt	10	100.00	
LLC RN-Ekaterinburgnefteprodukt	10	100.00	
LLC RN-Chelyabinsknefteprodukt	10	100.00	
LLC RN-Aero	240,010	100.00	
LLC RN-Trade	480,010	99.9999	
OJSC Rosneft Oil Company-Kubannefteprodukt	612,569	89.50	96.61
OJSC Rosneft Oil Company – Kabardino-Balkarskaya Fuel Company	1,044,977	99.81	99.89
OJSC Rosneft Oil Company-Kurgannefteprodukt	113,043	83.32	90.33

Name of company	Factual value of financial investments as of 31.12.2009 (RUB thousand)	Rosneft stake	
		% in charter capital	% of voting shares
OJSC Rosneft Oil Company - Karachaevo-Cherkessknefteprodukt	57,161	85.99	87.46
OJSC Rosneft Oil Company-Smolensknefteprodukt	190,953	66.67	86.97
OJSC Rosneft Oil Company-Altainefteprodukt	51,260	64.18	78.59
OJSC Rosneft Oil Company-Yamalnefteprodukt	48,622	49.52	66.03
OJSC Rosneft Oil Company-Murmansknefteprodukt	6,676	45.38	60.51
OJSC Rosneft Oil Company-ARTAG	30	38.00	50.67
LLC RN-Abkhazia	47.00	51.00	
LLC Yu-Kuban	9,215	49.00	
Other organizations			
Sakhalin projects:			
CJSC RN-Shelf-Far East	32,124	100.00	100.00
CJSC Vostokshelf	20	100.00	100.00
LLC West Kamchatka Holding B.V	3,040	60.00	60.00
LLC RN-Kaiganneftegaz	4,520	100.00	
CJSC RN-Astra	10	100.00	100.00
LLC East-Schmidt Invest	4,950	99.00	
OJSC Rosneft-Sakhalin	110	55.00	55.00
Foreign projects:			
LLC Rosneft International Ltd	90	100.00	100.00
LLC RN-Kazakhstan	28,099	99.996	
LLC Rosneft Shell Caspian Ventures Ltd	316	51.00	51.00
LLC National Petroleum Consortium	2	20.00	
Service companies:			
LLC RN-Bureniye	4,611,819	100.00	
LLC RN-Service	1,621,305	22.5855	
LLC RN-Energo	5,043	100.00	
LLC RN-Pozharnaya Bezopasnost	10	100.00	
LLC Dubinskoye	26,015,000	100.00	
CJSC RN-Mamontovo	9,952,145	100.00	100.00
LLC RN-Inform	10	100.00	
LLC RN-Uchet	10	100.00	
LLC RN-Stroi	192,310	100.00	
LLC RN-Zdorovie	10	100.00	
OJSC Purnefteotdacha	309	61.54	61.54
LLC Sakhalinenergoneft	0.1	1.00	
LLC YuNG-Teploneft	0.1	1.00	
LLC YuNG-Energoneft	0.1	1.00	
LLC Private security firm RN-Okhrana	23,616	80.00	
LLC YuNG-Service	0.1	1.00	
LLC Oil & Gas Production Expedition	1	1.00	
LLC KNG-Pitaniye Service	139	1.00	
LLC Komsomolskneftezavodremstroj	30	100.00	
LLC KNPZ-Service	30	100.00	
Finance:			
OJSC Russian Regional Development Bank	731,868	76.47	76.47

Name of company	Factual value of financial investments as of 31.12.2009 (RUB thousand)	Rosneft stake	
		% in charter capital	% of voting shares
LLC Okhabank	23,489	33.40	
OJSC AB Kubanbank	349	0.58	0.62
Research & Development:			
LLC RN-SakhalinNIPImorneft	33,799	100.00	
LLC RN-UfaNIPIneft	77,010	100.00	
LLC Rosneft Oil Company – NTC	81,751	100.00	
LLC RN-KrasnoyarskNIPIneft	10	100.00	
Logistics and transport:			
LLC Rosneft-Mongolia	76,134	100.00	
CJSC Rosnefteflot	6,170	51.00	51.00
OJSC Moscow Gas Company	50	50.00	50.00
LLC Pipeline consortium Burgas – Alexandroupolis	205,652	33.33	
OJSC UK MTU	37,500	15.00	15.00
Other organizations			
CJSC Sakhalinmorneftegaz-Shelf	3,750	100.00	100.00
CJSC Sakhalinmorneftegaz-AMK	10	100.00	100.00
CJSC Ordalia 2000	820	100.00	100.00
LLC FTT Service	2,325	100.00	
LLC Private security firm SKB	0.0001	100.00	
LLC Private security firm Granit	0.0001	100.00	
LLC Accounting and Reporting	0.0003	100.00	
LLC YUKOS SNG Investment	28,787	100.00	
LLC RN-Shelf Abkhazii	96	100.00	
OJSC Okha Cogeneration Plant	1,288,499	81.99	81.99
LLC Val Shatskogo	264,992	85.86	
LLC Vostok-Energy	56,100	51.00	
CJSC Vlakra	3,381,594	50.00	50.00
LLC Pursatcom	1,742	49.00	
CJSC Rosshelf	248,326	26.42	26.42
CJSC Publishing house Neftyanoye Khozyaistvo	4	25.00	25.00
CJSC Ros&Neft	12	25.00	25.00
LLC Mineralny Sanatorium	1190	1.00	
LLC Izumrudny Sanatorium	422	0.95	
LLC Neftyanik Kubani Sanatorium	1,535,917	91.37	
CJSC SPbMTSB	75,000	10.00	10.00
LLC Tuapsenefteprodukt-Avtoservice	0.1	1.00	
CJSC Chernomorneftegaz	5	0.10	0.10
OJSC Kuibyshevnefteorgsintez	0.3	0.002	0.002
LLC Tuapsenefteprodukt-Sanatorium Smena	100	0.078	
OJSC Khantimansiiskintersport	150	15.00	15.00
LLC Orion	4,337	9.50	
In liquidiation and bankruptcy			
CJSC Eastern Oil Terminal	576,384	100.00	100.00
LLC Kaspoil	103,413	75.10	
LLC West-Schmidt-Invest	4,950	99.00	
OJSC VARUST	13,900	60.25	60.25

Name of company	Factual value of financial investments as of 31.12.2009 (RUB thousand)	Rosneft stake	
		% in charter capital	% of voting shares
TOTAL:		107,444,785	

The following assets were acquired, created or retired in 2009:

a) acquired:

(RUB thousand)

Assets	Factual value of financial investment	Stake, %
LLC YUKOS SNG Investment	28,787	100.00
CJSC Vlakra	3,381,594	50.00

b) created (formed):

(RUB thousand)

Assets	Factual value of financial investment	Stake, %
LLC RN-Shelf Abkhazii	96	100.00
LLC RN-Abkhazia	47	51.00

c) retired:

(RUB thousand)

Assets	Factual value of financial investment	Stake, %
LLC Tuapsenefteprodukt-Retail and Restaurant Business	0.1	1.00
LLC Private security firm KNPZ-Strazh	30	100.00
LLC RN-Nefteport	536,226	100.00

The following changes occurred in the size of stakes and investments in companies:

- OJSC Verkhnechonskneftegaz – increase of factual investments by RUB 356.7 mln, there was no increase in the percentage of voting shares due to proportional distribution of new shares between shareholders;
- CJSC Vankorneft – increase of factual investments by RUB 1,579.4 mln, increase in the percentage of voting shares by 93.12% to 93.96%;
- OJSC Rosneft Oil Company -Kabardino-Balkarskaya Fuel Company – increase of factual investments by RUB 473.5 mln, increase in the percentage of voting shares by 11.15% of charter capital and by 6.98% of voting shares to 99.81% and 99.89%, respectively;
- OJSC Okha Cogeneration Plant – increase of factual investments by RUB 150.1 mln, reduction in the percentage of voting shares by 12.02% to 81.99%, reduction of the stake was due to non-proportional purchase of the new share issue;
- OJSC Burgas-Alexandroupolis – increase of factual investments by RUB 157.1 mln, the stake was unchanged;
- LLC NeftyaniK Kubani Sanatorium – increase of factual investments by RUB 487.5 mln, increase of the stake by 3.52% to 91.37%;
- LLC RN-Nakhodkanefteprodukt – increase of factual investments by RUB 536.2 mln through merger of LLC RN-Nefteport, the stake was unchanged;
- LLC RN-Stroi – increase of factual investments by RUB 192.3 mln, the stake was unchanged;
- LLC RN-Trade – increase of factual investments by RUB 480.0 mln, the stake was unchanged;
- LLC RN-Aero – increase of factual investments by RUB 240.0 mln, the stake was unchanged;
- LLC Tuapsenefteprodukt-Sanatorium Smena – factual investments did not change, the stake was reduced by 0.922% to 0.078%, reduction of the stake was due to increase of investments by the other shareholder;
- LLC National Oil Consortium – factual investments were reduced by RUB 0.008 mln, the stake declined by 80% to 20%.

Increase in the value of short-term financial investments during 2009 from RUB 251,443 mln to RUB 349,086 mln was due to growth of receivables from loans by RUB 53,091.3 mln, as well as increase of other short-term financial investments.

Main reasons for change of short-term financial investments relating to loans by RUB 53,091.3 mln are:

- increase in 2009 of loan sums owed by LLC RN-Razvitie by RUB 37,743.7 mln;
- reclassification of RUB 20,086.5 mln of long-term loan debt, maturity of which at the accounting date was less than 365 days, into short-term debt;
- repayment by subsidiaries of a part of their short-term loan debt.

Main reasons for change in investments in securities (promissory notes and bonds) are:

- presentation of promissory notes of VTB Bank for payment;
- investment by the Company of RUB 14,082 mln of free cash in highly liquid securities in order to improve return on investments.

Increase of other short-term financial investments was due to placement of free cash sums of USD 1,000 mln and RUB 20,100 mln on deposit accounts in banks.

Information on short-term financial investments during the accounting period is shown in the table:

(RUB thousand)

	Value as of 01.01.09	Value as of 31.12.09
Financial investments, of which	251,585,654	349,567,655
Short-term loans granted	227,329,305	280,422,176
of which, interest-free loans issued to Rosneft Group subsidiaries	151,495,364	203,456,866
Promissory notes and bonds received	17,574,736	16,274,615
of which, interest-free promissory notes	15,493,235	111,034
Other short-term financial investments	6,681,613	52,870,864
Impairment of financial investments, of which:	142,676	481,373
Short-term loans granted	—	1,600
of which, interest-free loans issued to Rosneft Group subsidiaries	—	1,600
Promissory notes and bonds received	111,034	111,034
of which, interest-free promissory notes	111,034	111,034
Other short-term financial investments	31,642	368,739
Total recorded on the balance sheet, including impairment:	251,442,978	349,086,282
Short-term loans granted	227,329,305	280,420,576
Promissory notes and bonds received	17,463,702	16,163,581
Other short-term financial investments	6,649,971	52,502,125

It is not possible to measure impact on accounts in future periods of changes in provisions for impairment of value of financial investments.

12. Derivative Financial Instruments Recorded at Fair Price in the Profit & Loss Account

Derivative financial instruments (derivatives) are financial instruments which meet all of the following criteria:

- value of the derivative changes in accordance with change of a specific interest rate, value of a security, price for a good, exchange rate of a foreign currency, index of prices or interest rates, credit rating or credit index, or other 'base point' changes;
- acquisition of the derivative does not require investment or requires initial net investment, which is less than for other instruments, price for which has a similar dependence on market factors; other types of contract, for which analogous reaction to change of market factors is expected;
- settlement of the financial instrument is carried out in the future.

Derivatives are recorded at fair value.

Profit or loss during the period due to change of fair value are recorded in the Profit & Loss Account. Change in the fair value of a derivative financial instrument is to be understood as the difference between fair value at the start of the accounting period (or the date of acquisition, if later) and at the end of the accounting period.

The Company transfers long-term derivative financial instruments into short-term instruments:

- when there are 365 days remaining until the contract is executed;
or:
- at a later date, being a quarterly or annual accounting date, from which there are less than 365 days remaining until the date of contract execution.

Derivative financial instruments, which are recorded at fair value in the Profit & Loss Account, are recorded in liabilities (assets) on the balance sheet in lines with the same name, depending on their maturity.

Fair price of derivative financial instruments is determined entirely by direct reference to price quotes on the active market in accordance with the Black-Scholes model using the automated Bloomberg system.

In October 2009, as part of a general agreement with VTB Bank on conditions for conduct of deposit operations and in compliance with Application No.7, dated October 28, 2009, the Company placed a structured bank deposit with nominal value of USD 500 mln having a fixed interest rate and maturity in October 2010. The agreement stipulates conditions, in which a specific

right arises: if at the date when the deposit is due for repayment the exchange rate of the rouble to the dollar will be higher than the currency conversion rate, stated in the agreement, the other party has the right (option) to return the deposit in roubles, in an amount equal to the nominal sum multiplied by the respective conversion rate. For accounting purposes such a condition is qualified as an option for sale of currency (a derivative financial instrument, to be measured at fair value).

This inbuilt option was thus separated from the main contract and on December 31, 2009 the option had fair value of RUB 641 th. as a liability. Fair value of the option was determined by application of the Black-Scholes model, using a software system supplied by Bloomberg.

A key condition of such dual currency deposits is the right of the bank counterparty to acquire currency from the Company on a specific day at a previously agreed rate.

13. Accounts Receivable and Payable

Accounts receivable and payable are recorded in accordance with the terms of relevant agreements.

Short-term receivables and payables are transferred to long-term if due payment times are extended to more than 365 days under agreement.

Long-term receivables and payables are transferred to short-term if there are less than 365 days remaining until payment is due under agreement.

Similarly, a part of long-term receivables and payables is transferred to short-term if the amounts are to be settled in parts in different periods under agreement.

Doubtful debt provisions are created with respect to sums owed by other companies and individuals for products, goods, works and services, advances made and other receivables, and the provisions are recorded in accounts as part of other expenses.

Company receivables as of December 31, 2008 were RUB 148,988 mln. Receivables increased by RUB 62,912 mln in 2009 to RUB 211,900 mln as of December 31, 2009. The main reason for growth of receivables was increase of world oil prices in 2009, which led to increase of sums owed by foreign buyers.

Information on receivables during the accounting period is shown in the table:

(RUB thousand)

	As of 01.01.09	As of 31.12.09
Receivables, due for payment less than 12 months after the accounting date, total:	148,208,801	194,439,231
Trade receivables	45,588,941	77,585,481
Advances made	31,199,565	17,846,791
Other receivables, of which:	71,420,295	99,006,959
Receivables due from the budget and state non-budgetary funds	40,622,409	16,755,394
Stakes in companies acquired from OJSC Yukos Oil Company in 2007, but not duly registered due to encumbrances	8,970,730	8,944,268
Settlements with customs authorities relating to temporary customs declarations	6,010,915	28,160,430
Interest on loans	771,853	1,335,905
VAT on advances received	71,171	197,590
Provisions for doubtful debts, of which:	111,091	391,890
Trade receivables	1,412	6,655
Advances made	13,548	262,756
Other receivables	96,131	122,479
Total recorded on the balance sheet, minus provisions:	148,097,710	194,047,341
Trade receivables	45,587,529	77,578,826
Advances made	31,186,017	17,584,035
Other receivables	71,324,164	98,884,480

Accounts payable as of December 31, 2008 were RUB 74,377.6 mln. They increased by RUB 35,304.8 mln during 2009 and were RUB 109,682.4 mln as of December 31, 2009. The main reason for increase of payables during 2009 was growth of world prices for oil, which led to growth of current payables relating to mineral extraction tax.

Information on payables during the accounting period is shown in the table:

	(RUB thousand)	
	As of 01.01.09	As of 31.12.09
Payables	74,377,601	109,682,403
Trade payables	43,552,497	48,575,175
Payables to Company employees	5,574	23,951
Payables to the budget and state non-budgetary funds	9,358,122	21,835,030
Advances received	7,650,296	13,567,125
Other payables	13,811,112	25,681,122

14. Short- and Long-Term Loans and Borrowings, Other Liabilities and Loan Collateral

Outstanding loans and borrowing are recorded in accounts in accordance with the terms of relevant agreements.

The Company transfers short-term loans and borrowings to long-term if maturities are extended by agreement to more than 365 days from the accounting date. The Company transfers long-term loans and borrowings to short-term, when there are less than 365 days remaining until payment is due.

Interest payable on loans and borrowings is accrued in a straight line regardless of terms of provision of the loan (borrowing). Additional expenses relating to loans (borrowings) are included in other expenses at one time and in full.

In order to ensure that interest on loans and borrowings are referred to cost of assets acquired using those loans and borrowings, an investment asset is understood to be an item of property, whose preparation for its intended use takes more than 3 months and requires substantial expenses for acquisition, erection and (or) completion.

Borrowings in 2009 were used to finance Company business, including: financing of day-to-day business, financing of working capital, etc.

Accounts as of December 31, 2009 record outstanding borrowings with accrued interest. Total accrued interest on borrowing during the accounting period was RUB 14,139 mln. Total accrued interest declined by RUB 999 mln compared with the previous year.

	(RUB thousand)				
	As of 01.01.09	Received	Repaid	Transfer of borrowings from long-term to short-term ¹	As of 31.12.09
Long-term borrowings	313,009,902	483,490,844	325,606,045	-9,422,399	461,472,302
Long-term loans, of which	22,121,163	1,010,970	104,001		23,028,132
treasury long-term promissory notes of the Company	104,001		104,001		
Other long-term liabilities, of which:	52,686,835		6,614,633		46,072,202
tax liabilities (restructured)	52,686,835		6,614,633		46,072,202
Short-term credits	186,378,473	137,705,761	193,513,886	9,422,399	139,992,747
of which, overdrafts		95,628,263	95,628,263		
Short-term loans, of which:	147,713,864	163,686,513	181,016,050		130,384,327
Treasury short-term promissory notes of the Company	46,564,835	3,058,316	49,576,277		46,874

The Company has not issued bonds, so there are no sums payable on bonds issued and sold.¹

In 2009 the Company made a credit agreement for USD 15 bln with the China Development Bank, considered signed on February 17, 2009, under which USD 10 bln were drawn during 2009. In accordance with the agreement, the remaining USD 5 bln may be drawn at any time in 2010.

Average-weighted cost of the Company's portfolio of loan and borrowing liabilities declined from 3.82% at the start of the year to 2.32% as of December 31, 2009. The 1-month LIBOR rate declined from 0.44% to 0.23% over the same period and the average-weighted interest margin declined from 3.38% to 2.09%.

1. Accounting policy stipulates that when the time for repayment of borrowing and loans becomes less than 365 days, those borrowings and loans must be transferred from long- to short-term payables.

Collateral on credits is mainly in the form of export oil deliveries. Value of collateral as of December 31, 2009 was RUB 50,749 mln. Collateral structure is presented in the following table:

Form of collateral	Share in total collateral, %
Oil and petroleum product revenues	57
Guarantees	43

15. 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 trends are shown in the following table:

As of December 31	RUB/USD exchange rate
2009	30.24
2008	29.38
2007	24.55
2006	26.33
2005	28.78

Foreign exchange gains and losses, 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)

	2009	2008
Foreign exchange gain	156,943,140	46,436,463
Foreign exchange loss	172,304,802	106,251,129

16. Taxes

The Company's tax liabilities are accounted on an accrual basis.

Rates of main taxes paid by the Company in 2009 were:

- corporate income tax – 20 %;
- VAT – 18 %.

Mineral extraction tax is included in cost of production, goods, works and services and amounted to RUB 189,062 mln in 2009, compared with RUB 280,835 mln in 2008.

Export duties in 2009 were RUB 437,991 mln in 2009, compared with RUB 582,763 mln in 2008.

Current income tax in 2009 was RUB 44,556 mln, compared with RUB 47,124 mln for 2008.

Income tax calculated in the accounting year for previous accounting periods based on adjusted tax declarations was as follows:

(RUB thousand)

	2009	2008
Recalculation of income tax for previous years	290,238	(2,861,545)

Tax amounts owed by the Company to the budget were RUB 5,117 mln as of December 31, 2009. The Company was owed a sum of RUB 37 mln by state non-budgetary funds.

A sum of RUB 24 mln currently owed to the Company by the federal budget with respect to unified social tax was recorded in the line, 'Accounts payable, due for payment less than 12 months after the accounting date'.

Taxes receivable from the Russian budget as of December 31, 2009 were RUB 16,718 mln, of which:

- RUB 16,692 mln VAT (including VAT on export operations);
- RUB 26 mln other taxes.

Tax receivables declined by RUB 23,841 mln in the course of 2009.

Lowering of the Company's tax liabilities compared with the previous year was due to increase of income tax payments in the fourth quarter of 2009 compared with the same period of 2008, when the Company registered tax losses.

VAT receivables consist of RUB 11,991.5 mln of export VAT, declared refundable from the Russian budget based on declarations for the third and fourth quarters of 2009, and VAT on services provided by transporters of export shipments inside the Russian Federation, which were not subject to the export customs regime. Tax authorities have refused to refund the latter portion of VAT receivables. Court appeals have been made concerning all the sums, refund of which has been refused, and these appeals are being heard by courts at various levels.

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 conduct by tax officials (carried out either at premises of the tax authorities or of the tax payer) can refer to the three calendar years preceding the year, in which the inspection is carried out. Company management is confident that calculation of tax liabilities is in accordance with tax law.

17. Capital

Charter Capital

Company charter capital as of December 31, 2009 was RUB 105,981,778.17, divided into 10,598,177,817 ordinary shares with 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, 2009 to a total of RUB 5.29 mln.

The Company's surplus capital as of December 31, 2009 was RUB 113,275 mln. There were no substantial changes in surplus capital compared with 2008 (surplus capital as of December 31, 2008 was RUB 113,276 mln).

Net Assets

Net assets of the Company as of December 31, 2009 were RUB 748,859 mln. Net assets increased by RUB 187,721 mln or 33.5% from RUB 561,138 mln at the start of 2009. The Company's net assets exceeded its charter capital by RUB 748,753 mln as of December 31, 2009.

18. Income and Expenses, Retained Earnings

Revenue from sale of products, works and services is recorded in accounts as products are shipped, works are performed and services are provided, and as customers present documents for settlement.

The Company uses the method of direct costing, so that administrative expenses are completely written down to sales accounts, i.e. they are fully recorded in the accounting period, and are not distributed proportionately between inventory in production and unsold goods inventory.

Sales expenses are distributed between products sold (goods) and products shipped but not sold, and unsold goods inventory.

Use of profit is recorded in accounts in the year following the accounting year, in accordance with a decision of the meeting of shareholders. Profit, which shareholders decided not to pay as dividends, is shown in accounts in the line, 'Retained earnings'. Use of this profit for capital investments does not reduce the amount recorded in the line, 'Retained earnings'.

As of December 31, 2009 retained earnings of previous years amounted to RUB 427,398 mln, compared with RUB 447,746 mln as of December 31, 2008.

Change in retained earnings of previous years was due to:

- accrual of RUB 20,349 mln as dividends;
- RUB 1 mln written down from surplus capital, reflecting fixed asset overvaluations relating to retired items.

Retained earnings in the accounting year were RUB 208,180 mln. The following revenues and expenses had impact on size of retained earnings in the accounting year:

(RUB thousand)

	2009	2008
Net revenue from sale of goods, products, works and services (less VAT, excises, and other compulsory payments)	949,878,883	1,008,177,496
Of which: core business sales	885,934,620	961,893,005
trade and resale	62,774,571	45,103,558
intermediary	1,169,692	1,180,933
Cost of goods sold, products, works and services:	548,902,320	632,534,219
Of which: core business sales	493,916,424	588,436,965
trade and resale	54,985,876	44,097,254
intermediary	—	—
Gross profit	400,976,563	375,643,277
Selling expenses	115,410,238	98,835,459
Administrative expenses	14,627,436	13,650,310
Profit (loss) from sales	270,938,889	263,157,508
Profit (loss) from other revenues and expenses	(13,869,421)	(72,793,743)
Of which: Interest income	19,413,191	5,246,401
Interest expense	19,418,640	16,972,002
Income from participation in other organizations	2,324,986	2,909,031
Tax payments	4,854,161	4,259,511
of which: property tax	4,792,839	4,213,106
Income from sale and disposal of other assets	93,940,593	41,200,530
Of which: Revenue from sale of shares and participatory stakes	8	2,621,908
Revenue from retirement of long-term promissory notes	7,266	23,950
Revenue from sale of inventory	406,955	290,120
Revenue from sale of fixed assets	666,270	1,244,030
Revenue from assignment of claim rights to receivables	1,519,993	18,113
Revenue from sale of short-term securities	91,220,116	36,299,971
Expenses from sale and other disposal of other assets	95,561,791	40,372,853
Of which: Cost of retired shares and participatory stakes	8	1,607,878
Cost of retired long-term promissory notes	7,266	23,950
Cost of retired inventory	365,259	169,383
Residual value of fixed assets sold	557,347	1,087,571
Cost of assignment of claim rights to receivables	1,351,711	67,025
Cost of retired short-term securities	90,335,177	36,060,929
Other sundry income	184,037,504	60,000,352
Of which: Fines, penalties and forfeits under court order	116,005	795,809
Write-off of payables, on which claim periods have expired, as a result of stock taking	1,658,969	3,142,495
Income from sale and purchase of currency	2,886,156	4,423,017
Return of excises	4,973,621	3,683,120
Profit from previous years, recognized in the accounting year	14,842,070	1,322,420
Foreign exchange gains	156,943,140	46,436,463
Other sundry expenses	193,751,103	120,545,691
Of which: Fines, penalties, forfeits, which have been acknowledged	-103,910	692,771
Losses of previous years, recognized in the accounting year	1,264,835	1,419,657
Banking services	1,762,338	2,965,483
Expenses for creation of provisions against impairment of assets	1,847,324	464,567
Expenses from sale and purchase of currency	3,754,285	1,983,450
Foreign exchange losses	172,304,802	106,251,129

19. Deferred Tax Assets and Liabilities, Permanent Tax Assets and Liabilities

Permanent and temporary differences between accounting profit and taxable profit in the accounting period are recorded in accounts. Temporary and permanent differences, calculated by comparison of accounting data and data of tax accounts by income and expense lines for the accounting period, lead to creation of 'Permanent tax liabilities and assets' and of 'Deferred tax liabilities and assets'.

The Company prepares data to reflect its income tax position on a monthly basis.

Deferred tax assets and liabilities relative to income tax are shown in accounts as non-current assets and long-term liabilities, respectively.

The compounded amount of permanent tax assets (liabilities) is shown in the Profit & Loss Account for reference purposes.

The rate of deferred and permanent tax assets and liabilities is 20%.

Information on permanent tax assets and liabilities and deferred tax assets and liabilities is presented in the table:

	(RUB thousand)			
	As of 01.01.09	Accrued in the accounting year	Settled in the accounting year	As of 31.12.09
Deferred tax assets	1,026,865	11,532,152	10,464,818	2,094,199
Deferred tax liabilities	4,307,628	6,853,142	1,162,045	9,998,725
Permanent tax assets	X	4,266,653	X	X
Permanent tax liabilities	X	5,286,431	X	X

Contingent income tax expenses were RUB 51,414 mln. Permanent and temporary differences, leading to adjustment of contingent income (expenses) from income tax are shown in the table:

	(RUB thousand)			
Item	As of 01.01.09	Accrued in the accounting year	Settled in the accounting year	As of 31.12.09
Positive permanent differences	X	26,432,155	X	X
Negative permanent differences	X	21,333,265	X	X
Temporary differences subtracted	5,134,325	57,660,760	52,324,090	10,470,995
Taxable temporary differences	21,538,140	34,265,710	5,810,225	49,993,625

20. 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.

Dividend Amount

Net income of the Company in 2009 was RUB 208,180 mln. Net income per share in 2009 was RUB 19.64.

Recommendations to be made to the General Meeting of Shareholders concerning the amount of dividends on Company shares for 2009 will be provisionally decided by the Board of Directors of the Company in April 2010.

The Annual General Meeting of Shareholders on June 19, 2009 (unnumbered minutes) decided to make payments on ordinary shares of OJSC Rosneft Oil Company for 2008 totaling RUB 20,348.5 mln or RUB 1.92 per share.

As of December 31, 2009 the Company had paid total RUB 20,324 mln in dividends to all persons listed in the register of shareholders of OJSC Rosneft Oil Company, except for persons, information on whom was not provided in full by nominees, and persons, who had failed to provide timely information to the issuer's registrar concerning changes to the data, recorded in their registration forms.

21. Business Contingencies

1. On September 19, 2006, in response to four claims, the International Commercial Arbitrage 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 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 Arbitrage Court of the Russian Chamber of Commerce to be overturned. Rulings of the Moscow Arbitrage Court on May 23, 2007, which were allowed to remain in force by resolutions of the Federal Arbitrage Court (Moscow Circuit) on August 13, 2007, overturned the decisions of the International Commercial Arbitrage Court of the Russian Chamber of Commerce from September 19, 2006. On December 10, 2007 the Supreme Arbitrage 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 Arbitrage 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 applied to the City of Moscow Arbitrage 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 Arbitrage 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 Arbitrage Court of the Russian Chamber of Commerce in the Netherlands.

On April 28, 2009 the Amsterdam Appeal Court ruled that the verdict of the lower court in Amsterdam should be overturned and the decisions of the International Commercial Arbitrage Court of the Russian Chamber of Commerce should be implemented in the Netherlands. The Company appealed to the Supreme Court of the Netherlands against this verdict on June 29, 2009, and Yukos Capital S.a.r.l. made an application for the appeal to be rejected. The documents presented by the parties will be examined by the Supreme Court of the Netherlands in 2010.

In addition Yukos Capital S.a.r.l. has made an application against OJSC Rosneft Oil Company to the US Federal District Court in the City of New York calling for decisions of the International Commercial Arbitrage Court of the Russian Chamber of Commerce and/or the decisions of the Amsterdam Appeal Court from April 28, 2009 to be recognized and implemented in the USA. OJSC Rosneft Oil Company has made a petition for the application by Yukos Capital S.a.r.l. to be rejected and all procedural documents for examination of this petition must be submitted to the Court by March 5, 2010.

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 be obliged 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 million, which are currently held by Glendale Group Limited. In March 2009 shares of OJSC Rosneft Oil Company in the company West Kamchatka Holding B.V. (Netherlands) were also placed under preventative arrest in response to an application by Glendale Group Limited. In October 2008 OJSC Rosneft Oil Company submitted a petition of lack of jurisdiction to a Netherlands court, which was rejected on May 13, 2009. OJSC Rosneft Oil Company then made an application for originals of the promissory notes to be presented. A verdict on this application and hearing of the dispute in substance are expected in the next accounting period.

3. VAT to the value of RUB 5,362.4 mln has not been refunded to the Company at the present time, and appeals in court against decisions of the tax authorities to refuse refunding of VAT are in progress with respect to RUB 4,474.8 mln of the total sum.

4. Tax demands to the value of RUB 1,267.5 mln made by tax authorities as a result of inspections (carried out at the authorities' own offices and at Company offices) are also being disputed in court. The cases are being heard in a first-level arbitration court and verdicts on the demands will be delivered in the next accounting period.

5. On July 25, 2008 the Irkutsk Regional Branch of the Federal Antimonopoly Service issued a decision and recommendation on violation of antimonopoly law by OJSC Rosneft Oil Company. On the basis of this decision on September 22, 2008 the Regional Branch of the Federal Antimonopoly Service issued a resolution to impose an administrative fine of RUB 229 mln in respect of Rosneft. The decision, recommendation and resolution of the Irkutsk Regional Branch of the Federal Antimonopoly Service fine have been contested by the Company in court.

Rosneft's challenges to the decision and recommendation of the anti-monopoly body were not upheld in a first-level and appeal arbitration courts. OJSC Rosneft Oil Company intends to dispute these negative court outcomes through the appeal procedure.

A case brought to dispute the resolution on imposition of an administrative fine has been delayed pending entry into legal force of a court verdict concerning the appeal against the decision and recommendation of July 25, 2008. The case is due to be re-convened at the present time. The resolution of the Irkutsk Regional Branch of the Federal Antimonopoly Service to impose an administrative fine of RUB 229 mln on the Company had not come into legal force when these accounts were compiled.

On October 28, 2008 the Russian Federal Antimonopoly Service issued a decision and recommendation concerning violation by OJSC Rosneft Oil Company of antimonopoly legislation, which have been contested in court.

On December 24, 2008 the Russian Antimonopoly Service issued a resolution, based on the decision and recommendation of October 28, 2008, to impose an administrative fine of RUB 1,508.7 mln on OJSC Rosneft Oil Company for violation of antimonopoly legislation. This resolution was also contested by the Company in court. These cases had not been examined in substance by courts at the time when these accounts were compiled, and the resolution on imposition of a fine had not entered into legal force.

On July 29, 2009 the Russian Federal Antimonopoly Service issued a decision and recommendation concerning violation by OJSC Rosneft Oil Company of antimonopoly legislation, which have been contested in court.

On October 27, 2009 the Russian Antimonopoly Service issued a resolution, based on the decision and recommendation of July 29, 2009, to impose an administrative fine of RUB 5,280.4 mln on OJSC Rosneft Oil Company for violation of antimonopoly legislation. This resolution was also contested by the Company in court. These cases had not been examined in substance by courts as of the date when these accounts were compiled, and the resolution on imposition of a fine had not entered into legal force.

22. Transactions with Related Parties

In its ordinary business, OJSC Rosneft Oil Company carries out transactions 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 of transactions 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 transactions 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)

	2008	2009
Sales and other income		
Sales of oil & gas	74,886,536	69,265,719
Sales of petroleum products and petrochemicals	207,173,642	180,758,967
Property lease-out	25,102,500	37,952,539
Other	44,420,261	60,072,184
	351,582,939	348,049,409
Expenses and costs		
Purchase of oil & gas	25,673,986	36,403,841
Purchase of petroleum products and petrochemicals	2,114,432	884,554
Logistics and transport services	30,430,827	33,566,844
Oil & gas production services	113,030,960	124,933,944
Processing fees	33,911,269	34,451,671
Other	12,089,541	13,815,109
	217,251,015	244,055,963
Other transactions		
Fixed asset acquisitions	5,272	2,765
Loans and borrowings issued	367,969,920	175,080,466
Repayment of loans and borrowings issued	108,884,718	101,533,410
Short-term loans and borrowings received	104,119,961	91,393,264

	2008	2009
Repayment of short-term loans and borrowings	85,615,821	62,186,155
Repayment of long-term loans and borrowings	2,594,623	—
Bank deposits made	1,500,000	815,980
Bank deposits redeemed	1,500,000	815,980
Interest receivable	2,668,015	11,867,272
Dividends received	2,896,650	2,309,779
Guarantees and collateral received	20,000	—

(RUB thousand)

	As of 01.01.09	As of 31.12.09
Assets		
Cash and equivalents	5,313,560	2,912,453
Accounts receivable	28,031,297	68,457,758
– long-term	128,794	15,479,686
– short-term advances made	8,192,473	17,740,029
– provision against doubtful debts, end of period	—	2,383
Short- and long-term financial investments,	766,027,743	845,331,004
of which, long-term	540,390,395	565,432,684
	799,372,600	916,701,215
Liabilities		
Short-term accounts payable	49,889,688	68,912,748
Short- and long-term loans and borrowings (including interest)	107,401,010	136,631,394
of which, long-term loans and borrowings	6,294,911	5,294,911
	157,290,698	205,544,142

Dependent Companies

Information disclosure in this group relates to transactions 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)

	2008	2009
Sales and other income		
Sales of oil & gas	1,028,642	991,845
Sales of petroleum products and petrochemicals	4,657,647	2,478,023
Property lease-out	107,553	132,251
Other	1,165,983	1,469,098
	6,959,825	5,071,217
Expenses and costs		
Purchase of oil & gas	11,279,633	3,549,133
Logistics and transport services	849,091	510,145
Property lease	87,013	27,245
Other	99,860	95,165
	12,315,597	4,181,688

	2008	2009
Other transactions		
Fixed asset acquisitions	11	932
Loans and borrowings issued	2,030,954	1,897,862
Short-term loans and borrowings received	3,424,354	—
Repayment of short-term loans and borrowings	—	30,197
Repayment of long-term loans and borrowings	8,768,779	—
Interest receivable	261,153	557,603
Dividend income	12,381	15,121

(RUB thousand)

	As of 01.01.09	As of 31.12.09
Assets		
Accounts payable, of which	914,826	1,477,079
– long-term	476,053	1,014,360
– short-term advances made	18,542	—
Short- and long-term financial investments,	12,263,770	18,281,178
of which, long-term	11,878,927	17,412,687
	13,178,596	19,758,257

Liabilities

Short-term accounts payable	157,563	245,983
Short- and long-term loans and borrowings (including interest)	31,167	970
of which, long-term loans and borrowings	31,167	—
	188,730	246,953

Remuneration to Principal Managers

Principal managers, for purposes of information disclosure Company, are: the Company President, Vice-Presidents. Members of the Board of Directors, Members of the Management Board, Members of the Internal Audit Commission, Directors of Departments and Heads of independent sub-divisions, as well as other officials, who are appropriately empowered.

Short-term remuneration of principal managers, consisting of salaries and bonuses, totaled RUB 1,518,429 th. in 2009 and RUB 1,097,085 th. in 2008. These sums include personal income tax and unified social tax. Severances payments were RUB 99,437 th. in 2008 and RUB 91,366 th. in 2009.

The Company provides medical insurance for its principal managers. Contributions as part of voluntary medical insurance were RUB 11,140 th. in 2009 and RUB 16,408 th. in 2008.

Long-term voluntary insurance contributions were RUB 107,786 th. in 2009 and RUB 100,900 th. in 2008.

The system of non-state pension insurance operated by the Company did not include payment of insurance contributions to named accounts of employees in the accounting period, so information on sums of payments to principal managers is not available.

Information on remuneration to Members of the Board of Directors and of the Internal Audit Commission is given in Section 1 of these Notes to Financial Statements.

Principal Owners

Dividends paid to the principal owner in 2008 for 2007 were RUB 12,745 mln, and dividends paid to the main owner in 2009 for 2008 were RUB 15,294 mln.

Companies Controlled by the State

Such 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 bodies.

(RUB thousand)

	2008	2009
Sales and other income		
Sales of oil & gas	37,750,506	46,636,975
Sales of petroleum products and petrochemicals	13,667,249	9,422,619
Gains on financial investment disposal	32,046,671	48,648,167
Other	1,309,137	32,265
	84,773,563	104,740,026
Expenses and costs		
Purchase of oil & gas	33,007,348	33,370,821
Purchase of petroleum products and petrochemicals	—	—
Logistics and transport services	80,154,297	92,864,892
Customs duties	585,755,295	369,615,210
Property lease	287,873	356,726
Retirement of financial investments	31,013,918	47,768,272
Other expenses	1,828,513	833,498
	732,047,244	544,808,419
Other operations		
Short-term borrowings and loans received	150,693,093	58,508,292
Short-term borrowings and loans repaid	145,871,897	105,797,447
Long-term borrowings and loans received	31,592,605	—
Long-term borrowings and loans repaid	27,093,283	68,984,607
Long-term loans in kind received	17,925	—
Long-term loans in kind repaid	17,925	—
Deposits placed	507,022,740	559,036,257
Deposits redeemed	505,910,955	493,416,426
Interest payable	5,520,537	3,611,924
Interest receivable	1,323,976	2,876,462
Guarantees and collateral issued	6,345,542	27,147,391

(RUB thousand)

	As of 01.01.2009	As of 31.12.09
Assets		
Cash and cash equivalents	18,057,318	31,349,369
Accounts receivable, of which	8,990,917	16,236,115
– long-term receivables	31,298	1,078,907
– short-term advances made	4,376,759	11,194,896
– Provisions for doubtful debts, end of period;	51,611	53,593
For reference: written off receivables with expired limitation period and other bad debts that are not realistically recoverable, even by use of debt provisions	—	501
Short- and long-term financial investments,	18,598,902	59,571,005
of which, long-term	153,545	24,348,905
	45,647,137	107,156,489
Liabilities		
Short-term payables	448,067	1,923,040
Short- and long-term borrowings and loans (including interest)	152,862,744	42,806,636
of which, long-term	107,705,231	3,326,862
	153,310,811	44,729,676

Participants in joint activity

There were no operations with companies, which were participants in joint activity with Rosneft, during 2008–2009.

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, and other companies.

	(RUB thousand)	
	2008	2009
Sales and other income		
Sales of oil & gas		144,436
Property lease-out	6,540	—
Other	1,449	295,384
	7,989	439,820

Expenses and costs		
Purchase of oil & gas		4,306,842
Logistics and transport services		737,561
Insurance	207,282	255,051
Expenses due to agreements of the non-state pension fund	228,770	244,553
	436,052	5,544,007

	(RUB thousand)	
	As of 01.01.2009	As of 31.12.2009
Assets		
Accounts payable		12,216
		12,216

Settlements by Rosneft with related parties during the accounting period were mainly in cash.

23. Indicators by Segments

In compliance with accounting rule No. 12/2000, 'Information by segments', provision of information by segments takes account of economic, currency, credit and price risks, to which the Company may be exposed.

Segment	(RUB thousand)		
	Net revenues in 2009		
	Total	Export	Domestic
Oil	480,824,713	438,793,036	42,031,677
Gas	12,684,508		12,684,508
Petroleum products	392,172,201	213,387,779	178,784,422
Other sales	64,197,461		64,197,461
Total:	949,878,883	652,180,815	297,698,068

24. Other Aspects of Company Business

Environmental protection issues

Business of companies in the oil & gas sector is always associated with risk of environmental harm. Company managers believe that business of the Company complies with legislation concerning protection of the environment, so that the Company is not at risk of significant liabilities.

Insurance

The Company continues to carry out insurance of property, cargoes, transportation, and construction and assembly work. Starting from 2008 insurance has also been extended to property interests of the Company related to non-receipt of expected profits due to interruption of business activity.

Energy and Heat

Total expenses on heat and electricity in 2009 were as follows:²

(RUB thousand)

Nº	Type of energy	Sum
1	Electricity	15,711
2	Heat	2,075

President of OJSC Rosneft Oil Company

S. M. Bogdanchikov

General Director of RN-Uchet
(Agreement dated April 1, 2009 No. 0001009/0658D)

I. V. Pavlov

February 12, 2010

2. Required by Article 22 of the Federal Law No. 261 'On Energy Saving and Improvement of Energy Efficiency and on Amendments to Certain Legal Acts of the Russian Federation', dated November 23, 2009.

In accordance with Article 2, of Law No. 261, an energy resource is an energy carrier, whose energy is used or can be used in business or other activity, and also a type of energy (atomic, heat, electric, electromagnetic, or other).

Risk Analysis

Rosneft categorizes risk factors in three areas: Industry; Legal; and Financial.

The major part of Rosneft's business activities are concentrated in Russia and thus Rosneft is affected by risks arising from Russian legislation and the Russian business environment. The Company is also subject to some industry-specific risks, which are an integral part of any activities related to hydrocarbon exploration, production, refining and marketing. The financial risks faced by Rosneft are universal to Russian production companies.

Rosneft constantly monitors risks, mitigates their occurrence and probability, and seeks to actively protect the Company's rights and legal interests within the legislative framework.

In the event that one or several of the risks indicated below materialize, Rosneft will work to minimize any negative consequences, using the most appropriate measures in each particular case. However, Rosneft cannot guarantee that such measures will be completely effective, and, as a result, such risks could have a material adverse effect, separately or in combination, on Rosneft's business operations.

Industry Risks

Country and Regional Risks

Substantially all the Company's fixed assets are located in, and a significant portion of its revenues are derived from, Russia. Administrative and economic reforms carried out in the Russian Federation have improved the economic situation in the country and largely contributed to long-term social and political stability, however, shifts in governmental policy and regulation in Russia may be less predictable than in many Western countries. There are certain risks associated with an investment in Russia. Emerging markets, such as Russia, are subject to greater risks than more developed markets, including political, economic, social and legal risks.

In addition, the Company is exposed to risks related to its international operations. As of December 31, 2009 Rosneft participated in two exploration works in Kazakhstan and one project in Algeria. Similar to Russia, these are developing economies and so are more prone to political, economic, social and legal risks than more developed markets. Overall, the risks related to carrying out business activities in these countries are comparable or higher than those related to business operations in Russia.

Risks Related to Competition

The oil and gas industry is intensely competitive. Rosneft faces risks related to intensifying competition from national oil and gas companies and supermajors.

Rosneft could face risks connected with increasing competition in respect of: purchase of exploration and production licenses at auctions held by the Russian Government; acquisition of other Russian companies that may already own mineral licenses or other relevant assets; securing leading independent service companies that may have limited capacity to render core services; purchase of equipment for capital projects, which may be in short supply; employment of highly skilled and experienced staff; purchase of existing retail assets and land plots to develop new retail space; and purchase of, or gaining access to, oil refining facilities. Any failure by Rosneft to compete effectively could adversely affect Rosneft's operating results and financial condition.

Operational Risks

Development and exploration projects involve many uncertainties and operational risks that can prevent oil and gas companies from realizing profits and can cause substantial losses. Rosneft's development and exploration projects may be delayed or unsuccessful for many reasons, including cost overruns, lower crude oil and gas prices, delays in the completion of important infrastructure projects, equipment shortages and mechanical difficulties.

Risks Related to Estimation of Prospective and Contingent Resources

Special uncertainties exist with respect to the estimation of prospective and contingent resources. Prospective resources are defined as those deposits that are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations. Contingent resources are defined as those deposits that are estimated, on a given date, to be potentially recoverable from known accumulations, but that are not currently considered commercially recoverable. Substantially all of Rosneft's resources are prospective resources. The probability that prospective resources will be discovered, or be economically recoverable, is considerably lower than for proved, probable and possible reserves. Volumes and values associated with prospective resources should be considered highly speculative.

Exploration Risks

Exploration drilling involves numerous risks, including the risk that oil and gas companies will encounter no commercially productive crude oil or gas reserves. Rosneft is exploring in various geographical areas where environmental conditions are challenging and costs can be high. The cost of drilling, completing and operating wells is often uncertain. As a result, Rosneft may incur cost overruns or may be required to curtail, delay or cancel drilling operations because of many factors, including unexpected drilling conditions, pressure or irregularities in geological formations, equipment failures or accidents, adverse weather conditions, compliance with environmental regulations, governmental requirements and shortages or delays in the availability of drilling rigs and the delivery of equipment. Rosneft's future production depends significantly upon its success in finding or acquiring and developing additional reserves. If Rosneft is unsuccessful, it may not meet its production targets and its total proved reserves and production would decline, which could adversely affect Rosneft's operating results and financial condition.

Risks Related to Reserves Estimates

Crude oil and gas reserves data are only estimates and are inherently uncertain and the actual size of accumulations may differ materially from these estimates. Petroleum engineering is a subjective process of estimating underground accumulations of crude oil and gas that cannot be measured in an exact manner. Estimates of the value and amount of economically recoverable crude oil and gas reserves, rates of production, net present value of future cash flows and the timing of development expenditures necessarily depend upon several variables and assumptions. Furthermore, special uncertainties exist with respect to Russian reserves methodology. The Russian reserves methodology considers geological factors alone and does not take into account the economic feasibility of extraction of reserves. Therefore, all reserve estimates are subjective, and any inaccuracy in reserve data could affect Rosneft's business activities.

Risks Related to Crude Oil, Natural Gas and Oil Product Prices

Rosneft's operating results and financial condition depend substantially upon prevailing global prices of crude oil, gas and petroleum products. Historically, prices of crude oil have fluctuated widely. A downward trend in prices could adversely affect Rosneft's operating results and financial position.

Risks Related to Geographic and Climatic Conditions

Rosneft operates in regions that generally have stable climates and which are not subject to natural hazards and disasters. However, abnormally low temperatures during the winter in a number of northern regions may complicate the work of oil production facilities of the Company.

Risks Related to Gas Production and Marketing

Rosneft is exposed to several risks in connection with sales of the gas it produces. The Unified Gas Supply System (UGSS) is owned and operated by OJSC Gazprom and transports all gas in Russia. Under existing regulations, Gazprom should provide access to UGSS to all internal independent suppliers on an equal basis. However, these regulations may change or OJSC Gazprom may fail to observe the principle of equal access in the future.

OJSC Gazprom is a monopolistic supplier of gas in Russia. The Russian Government regulates prices of gas sold by OJSC Gazprom in Russia. Any increase of the regulated price at a slower-than-expected rate could adversely affect Rosneft's operating results and financial condition.

Further growth in gas output as well as increasing gas sales to independent regional traders and industrial consumers will depend on sufficient access to the UGSS capacity.

Dependence on Monopolistic Providers of Services for Transportation of Oil and Oil Products and Respective Tariffs

Rosneft depends on monopolistic providers for transportation of oil and oil products. The company has no control over the infrastructure that they use and tariffs which they set. OJSC Transneft (Transneft) is a governmental monopoly operating oil pipelines. Any significant disturbance to the Transneft pipeline system or restrictions on access to its capacities could lead to severe disruptions in oil supplies that could adversely affect Rosneft operating results and financial position. Rosneft is obliged to make payments to Transneft for transportation services. Failure to make payments could lead to termination or suspension of the Company's access to the Transneft system and could negatively impact the operating results and financial position of Rosneft. Transneft periodically raises fees for the use of its network, which increases expenses of Rosneft and, accordingly, adversely affects its operating results and financial position.

Rosneft also depends on railway transportation for distribution of crude oil and petroleum products. Use of railway services exposes Rosneft to risks, such as potential failure of deliveries due to deterioration of the Russian Railways infrastructure and increases in transportation tariffs, which would lead to higher costs of crude oil and petroleum product transportation.

Risks Associated with Health, Safety and Environmental Laws and Regulations

Oil and gas companies may incur material costs to comply with, or as a result of, health, safety and environmental laws and regulations. Rosneft incurs, and expects to continue to incur, substantial capital and operating costs in order to comply with increasingly complex health, safety and environmental laws and regulations. Under its exploration and development licenses, Rosneft also must generally commit to limit the level of pollutants that it releases and to undertake remediation in the event of

environmental contamination and is subject to regular ecological inspections by Russian state authorities. Rosneft endeavors to comply with applicable environmental laws and regulations, but may not always be in compliance. Although Rosneft does not anticipate any material impact on its operating results and financial position from the current level of pollution and potential clean-up costs, in the future, the costs of measures to comply with environmental regulations and liabilities related to environmental damage caused by Rosneft may increase.

Legal Risks

Risks Related to the Legal Framework and Changes in Legal Practice

The Russian legal framework required by a market economy is still under development. Weaknesses relating to the Russian legal system and Russian law create an uncertain environment for investment and for business activity. Federal laws and decrees, orders and regulations issued by the President, the Government and federal ministries, regional and local rules and regulations, at times, overlap or contradict one another. The recent nature of much of Russian law and the rapid evolution of the Russian legal system result in ambiguities, inconsistencies and anomalies. Other risks of the current Russian legal system include, inter alia, substantial gaps in the regulatory structure due to the delay or absence of implementing legislation, the relative inexperience of certain judges and courts in interpreting new principles of Russian law, particularly business and corporate law, and a high degree of discretion on the part of governmental authorities. The judicial guidance on interpretations of Russian law is limited and decisions of the highest courts have significant impact on the law enforcement process. Rosneft monitors latest trends and changes in the effective legislation and court practice on permanent basis.

Risks Related to Changes in Legislation for Subsoil Resource Use and Licensing

Rosneft faces the risk that its exploration and production licenses may be suspended, amended or terminated prior to the end of their terms, and that Rosneft may be unable to obtain or maintain various permits and authorizations. If the authorities find that Rosneft has failed to fulfil the terms of its licenses, permits or authorizations, or if Rosneft operates in its license areas in a manner that violates Russian law, they may impose fines on Rosneft or suspend or terminate its licenses. Furthermore, Rosneft may have to increase spending to comply with license terms. Any suspension, restriction or termination of Rosneft's licenses could adversely affect the Company's operating results and financial condition.

Rosneft mitigates this risk by building its business in license areas with due regard for the high requirements of the Russian subsoil resource legislation, ensuring license agreements are duly updated as the applicable legislation changes. Rosneft makes continuous efforts to review and assess legislative initiatives of appropriate ministries and departments in connection with legislation on subsoil resources and licensing of relevant types of businesses.

Risks Related to Currency Control Regulations

A portion of Rosneft's assets and liabilities is denominated in foreign currency. Russian currency control regulations may increase costs or hinder Rosneft's ability to conduct its business. Changes in exchange regulation also may affect business operations of the Company. During the period through 2009, significant restrictions on exchange operations were lifted in line with the Government's policy aimed at the liberalization and further improvement of the currency regulation regime. The trend towards the liberalization of exchange regulation reduces the risk of adverse effects on Rosneft's operations with foreign currency. However, Russian currency control laws and regulations still impose a number of limitations on currency operations. In particular, subject to certain exceptions, foreign currency operations between Russian residents are prohibited. These restrictions could increase the cost for the Company of, or prevent the Company from carrying out, necessary business transactions, or from successfully implementing Rosneft's business strategy, which could have an adverse effect on the Company's operating results and financial position.

Risks Related to Changes in Tax Legislation

Rosneft is subject to a broad range of taxes imposed at the federal, regional and local levels, including but not limited to export duties, mineral extraction tax, corporate income (profits) tax, and value added tax. Russian tax law is not fully developed and is subject to frequent changes. Although the quality of tax legislation has generally improved, the possibility exists that Russia may impose arbitrary or onerous taxes and penalties in the future, which could adversely affect Rosneft's business.

Rosneft constantly monitors changes introduced to tax legislation, and assesses and forecasts the degree of potential influence of such changes on its business.

The Company charges and pays taxes and duties in strict compliance with effective legislation. Recent changes in tax legislation are assessed by the Company as positive, however, there can be no assurance that the current tax rates will not be increased or that new taxes will not be introduced. The introduction of new taxes or change in tax provisions may affect Rosneft's overall tax efficiency and may result in significant additional taxes becoming payable.

Financial Risks

Inflation Risk

Certain of Rosneft's costs, such as the prices it pays for pipes, valves and other equipment, as well as salaries, are affected by inflation in Russia. Most of Rosneft's revenues are either denominated in US dollars or are correlated with the US dollar and depend largely on the international prices of crude oil and gas. Accordingly, the inflation of Rosneft's ruble costs in Russia, if not balanced by a corresponding deflation of the ruble against the US dollar or an increase in crude oil prices, could adversely affect Rosneft's operating results and financial condition.

Liquidity Risk

Liquidity risk may arise where the maturities of assets and liabilities do not match. The Company is constantly expanding its business, using its own and borrowed funds. Rosneft believes that based on its current financial position and the market situation, it will be able to meet its liquidity needs.

Foreign Exchange Rate Risk

A major proportion of the Company's gross revenue is attributable to export operations. All of Rosneft's export revenues, including the exports of crude oil and petroleum products, are denominated in US dollars or are correlated with US dollar-denominated prices for crude oil and petroleum products. A significant portion of Rosneft's operating costs, other than debt service costs, is denominated in rubles. Any appreciation of the ruble against the US dollar generally adversely affects Rosneft's operating results and financial condition. Conversely, any depreciation of the ruble against the US dollar generally positively affects Rosneft's operating results and financial condition.

Where the Company's expenses are denominated in a foreign currency, this allows for a natural hedging of the foreign exchange risk. Rosneft borrows significantly in the international debt capital markets, as a result of which the bulk of its loans and servicing obligations are denominated in US dollars. The Company offsets the foreign currency risk with respect to those costs and liabilities that are denominated in rubles, by way of forward sales for rubles of a portion of its revenue denominated in foreign currency.

Interest Rate Risk

As a major borrower, Rosneft is exposed to risks associated with changes in interest rates. The Company's primary source of debt financing is international debt capital markets. The majority of its debt portfolio is represented by US dollar denominated loans that bear interest at rates determined with reference to LIBOR and EURIBOR. Accordingly, an increase in LIBOR/EURIBOR rates can lead to higher costs of debt servicing, which, in turn, may adversely affect the Company's solvency and liquidity.

The Company manages the interest rate risk by using transactions with derivative financial instruments, such as interest rate swaps, which enable the Company to fix an interest rate for a part of its credit portfolio. Rosneft also employs a comprehensive set of internal controls to seek to mitigate financial risks.

Indebtedness Risk

Rosneft is relatively highly leveraged and must observe certain financial and other restrictive covenants under the terms of its indebtedness. Failure to comply with such covenants, or the occurrence or continuation of any other events of default, could lead to the acceleration of Rosneft's indebtedness. This could hinder Rosneft's ability to carry out its business strategy and could limit Rosneft's ability to: borrow money; create liens; give guarantees; make acquisitions; sell or otherwise dispose of assets; and engage in mergers, acquisitions or consolidations.

Capital Expenditure Risks

Rosneft's business requires significant capital expenditures. In the event of a fall in international crude oil prices, Rosneft expects that it will have to finance more of its planned capital expenditures from outside sources, including bank borrowings and offerings of debt or equity securities in the domestic and international capital markets. If necessary, these financings may be secured by Rosneft's exports of crude oil. Nonetheless, Rosneft may be unable to raise the financing required for its future capital expenditures, on a secured basis or otherwise, on acceptable terms or at all. If Rosneft is unable to raise the necessary financing, it will have to reduce planned capital expenditures, which could adversely affect its operating results and financial condition.

Insurance Risk

Rosneft does not carry insurance against all potential risks and losses and its insurance might be inadequate to cover all of its losses or liabilities, or may not continue to be available on commercially reasonable terms. Rosneft only has limited, and potentially an insufficient level of, insurance coverage for expenses and losses that may arise in connection with property damage, work-related accidents and occupational illness, natural disasters and environmental contamination.

Rosneft has insurance for hazardous operations that is mandatory under Russian law. Rosneft's upstream and downstream companies are insured against all risks of physical loss and/or damage to the insured property. Rosneft carries director and officer liability and public securities offerings insurance policies, which cover directors' personal liability for 'wrongful acts' and provide reimbursement to the Company and/or the directors for any payments they have made in connection with such claims. The Company does not, however, have any business interruption insurance. Accordingly, losses or liabilities arising from such events could increase Rosneft's costs and could adversely affect its operating results and financial condition.

Information on Observance of the Corporate Code of Conduct

(prepared in accordance with Guidelines regarding Composition and Form of Presentation of Information on Observance of the Corporate Code of Conduct in annual reports of joint-stock companies as approved by Resolution No. 03-849/p of Russian Federal Financial Market Service dated April 30, 2003)

№	Provision of the Corporate Code of Conduct	Observed/ Not observed	Note
General Meeting of Shareholders			
1	Shareholders shall be notified of the General Meeting of Shareholders at least 30 days before the date of the Meeting regardless of the nature of business included on its agenda, unless a longer notification period is provided in the legislation	Observed	<ul style="list-style-type: none"> – subclause 9.4.1 of clause 9.4, “Notice of the General Meeting of Shareholders” of Article 9 of the Charter of OJSC Rosneft, “General Meeting of Shareholders”; – clause 1 of Article 13 “Convening and getting ready to hold a General Meeting of Shareholders” of Cap. 3, “General Meeting of Shareholders” of the Corporate Code of Conduct of OJSC Rosneft.
2	The list of persons who have the right to attend the General Meeting of Shareholders shall be available to Shareholders for viewing starting from the date of the notice of the General Meeting of Shareholders to the time the General Meeting of Shareholders in presentia is closed, or, in the case of a meeting held in absence form, to the final date for acceptance of voting ballots	Observed	<ul style="list-style-type: none"> – subclause 5.8.1 of clause 5.8, “Shareholders’ Rights”, of Article 5, “Authorised Capital. Shares. Shareholders’ Rights”, of the Charter of OJSC Rosneft; – clause 4.3., “Viewing of the list of persons who have the right to attend the General Meeting of Shareholders”, of Article 4, “Getting ready to hold a General Meeting of Shareholders”, of Regulations of the General Meeting of Shareholders.
3	Information (materials) that have to be provided in the period of preparation for the General Meeting of Shareholders shall be available to Shareholders through electronic communication facilities, including the Internet	Observed	<ul style="list-style-type: none"> – clause 9.5, “Information (materials) for the General Meeting of Shareholders”, of Article 9, “General Meeting of Shareholders”, of the Charter of OJSC Rosneft; – clause 4.6., “Provision of information (materials) that have to be provided to the persons who have the right to attend the General Meeting of Shareholders”, of Article 4, “Getting ready to hold a General Meeting of Shareholders”, of Regulations of the General Meeting of Shareholders. – clause 3 of Article 6, “Placement of information in the Internet”, of Regulations on Information Policy of OJSC Rosneft.
4	Any Shareholder shall be able to propose any business to be included on the agenda of a General Meeting of Shareholders or request convening of a General Meeting of Shareholders without presentation of an excerpt from Shareholders Register, if his/her/its title to stocks are recorded in the Shareholders Register-Keeping System. If his/her/its title to stocks are recorded at the securities account, a statement of the securities account will be enough to exercise the above title	Observed	<ul style="list-style-type: none"> – subclause 2.2.1 of clause 2.2, “Reviewing Shareholders’ Propositions and Requests”, of Article 2. “Propositions and Requests” of Regulations of the General Meeting of Shareholders of OJSC Rosneft”; – clause 5 of Article 13, “Convening and getting ready to hold a General Meeting of Shareholders”, of Cap. 3, “General Meeting of Shareholders” of the Corporate Code of Conduct of OJSC Rosneft.
5	Obligatory presence of General Director, Management Board members, members of the Board of Directors, members of internal audit commission, and certified public accountants of the joint stock company, at the General Meeting of Shareholders shall be provided in the Charter or corporate documents of the joint stock company	Observed	<ul style="list-style-type: none"> – clause 5.5, “Persons attending the General Meeting of Shareholders”, of Article 5, “Holding of a General Meeting of Shareholders in a form of joint presence”, of Regulations of the General Meeting of Shareholders of OJSC Rosneft”; – subclause 3.2.18 of clause 3.2, “Responsibilities of a Management Board member”, of Article 3, “Rights, obligations, and liability of Management Board members”, of Regulations of the Company’s Collegiate Executive Body (Management Board) of OJSC Rosneft;

№	Provision of the Corporate Code of Conduct	Observed/ Not observed	Note
			<ul style="list-style-type: none"> – subclause 4.3.15 of clause 4.3, “Responsibilities of President”, of Article 4, “Powers and Liability of President”, of Regulations of the Sole Executive Body (President) of OJSC Rosneft; – subclause 3.1.2 of clause 3.1, “Rights and Responsibilities of Internal Audit Commission”, of Article 3, “Rights and Responsibilities of Internal Audit Commission. Liabilities of members of Internal Audit Commission”, of Regulations of Internal Audit Commission of OJSC Rosneft; – clause 2 of Article 14, “Holding a General Meeting of Shareholders”, of Cap. 3, “General Meeting of Shareholders”; clause 1 of Article 19, “Responsibilities of Executive Bodies”, of Cap. 4, “Company’s Executive Bodies”, clause 3 of Article 27, “Certified Public Accountants of the Company. Audit”, of Cap. 5, “Monitoring of Financial and Business Activities of the Company”, of the Corporate Code of Conduct of OJSC Rosneft.
6	Nominee members of the Board of Directors, General Director, members of Management Board, and members of Internal Audit Commission, shall attend the General Meeting of Shareholders on an obligatory basis, if their elections are included on the agenda of the meeting, as well as if approval of Certified Public Accountants of the joint stock company is included on the agenda	Observed	<p>This requirement is met in actual practice.</p> <p>Pursuant to clause 5.5, “Persons attending General Meetings of Shareholders”, of Article 5, “Holding of a General Meeting of Shareholders in a form of joint presence”, of Regulations of the General Meeting of Shareholders of OJSC Rosneft, nominees included in the voting ballots for elections of various Company’s bodies may attend the General Meeting of Shareholders.</p> <p>Such nominees shall be duly notified and provided with information pertinent to holding of this General Meeting of Shareholders.</p>
7	Procedure for registration of persons attending the General Meeting of Shareholders shall be provided in internal documents of the joint stock company	Observed	<ul style="list-style-type: none"> – clause 5.6, “Registration of persons attending the General Meeting of Shareholders held in a form of joint presence”, of Article 5, “Holding of a General Meeting of Shareholders in a form of joint presence, of Regulations of the General Meeting of Shareholders of OJSC Rosneft; – clause 1 of Article 14, “Holding of a General Meeting of Shareholders”, of Cap. 3, “General Meeting of Shareholders”, of the Corporate Code of Conduct of OJSC Rosneft.
Board of Directors			
8	The authority of the Board of Directors to approve financial and business plans of the joint stock company on an annual basis shall be provided in the Charter of the joint stock company	Observed	Clause 10.1, “Competences of the Board of Directors”, of Article 10, “Board of Directors of the Company”, of the Charter of OJSC Rosneft.
9	A risk management procedure for the joint stock company approved by the Board of Directors shall be in place.	Not observed	The audit committee of the Board of Directors of OJSC Rosneft has provisionally reviewed the Development Conception of the risk management system of OJSC Rosneft.
10	The right of the Board of Directors to resolve to suspend the office of General Director appointed by the General Meeting of Shareholders shall be provided in the Charter of the joint stock company	Observed	Pursuant to subclause 10.1.3 of clause 10.1, “Competences of the Board of Directors”, of Article 10, “The Board of Directors of the Company”, of the Charter of OJSC Rosneft, a resolution on appointment of the Company’s President or early termination of his/her office shall be taken by the Board of Directors.
11	The right of the Board of Directors to establish requirements to the level of skills and amount of remuneration payable to General Director, members of Management Board, and managers of basic organisation departments of the joint stock company shall be provided in the Charter of the joint stock company	Observed	<p>Pursuant to clause 2 of Article 16 of the Corporate Code of Conduct of OJSC Rosneft, specific requirements to the level of professional skills of executive bodies shall be provided in internal documents of the Company.</p> <p>Additional criteria for selection of nominees for such positions shall be defined by Committee of the Company’s Board of Directors in charge of human resources and remunerations in accordance with clause 3 of Article 3 of Regulations of the Committee of the Board of Directors of OJSC Rosneft in charge of HR and remunerations.</p>

№	Provision of the Corporate Code of Conduct	Observed/ Not observed	Note
			<p>In accordance with:</p> <ul style="list-style-type: none"> – subclause 10.1.2 (19) of clause 10.1, “Competences of the Board of Directors, of Article 10, “Board of Directors”, the Board of Directors shall identify performance indicators and approve an amount of annual bonuses of the Company’s managerial staff (top managers); – subclause 10.1.3 of clause 10.1, “Competences of the Board of Directors, of Article 10, “Board of Directors”, of the Charter of OJSC Rosneft, the Board of Directors shall approve terms and conditions of agreements with President of the Company and members of Management Board, and approve changes and amendments made in such agreements. <p>In accordance with clause 5 of Article 3 of Regulations of Committee of the Board of Directors of OJSC Rosneft in charge of human resources and remunerations, the Committee of the Company’s Board of Directors in charge of human resources and remunerations shall develop principles and criteria for determination of an amount of remuneration of such persons.</p>
12	The right of the Board of Directors to approve terms and conditions of agreements with General Director and members of Management Board shall be provided in the Charter of the joint stock company	Observed	Subclause 10.1.3 of clause 10.1, “Competences of the Board of Directors, of Article 10, “The Board of Directors of the Company”, of the Charter of OJSC Rosneft
13	The requirement to the effect that on approval of terms and conditions of agreements with General Director and members of Management Board, votes of members of the Board of Directors who are General Director and members of Management Board shall not be reckoned when counting votes shall be provided in the Charter or internal documents of the joint stock company.	Not observed	
14	At least 3 independent directors meeting requirements of the Corporate Code of Conduct shall be on the Board of Directors of the joint stock company.	Observed	<ul style="list-style-type: none"> – clause 1 of Article 7, “Independent members of the Board of Directors”, of Cap. 2, “The Board of Directors” of the Corporate Code of Conduct of OJSC Rosneft; – clause 2.1, “Procedures for establishing and composition of the Board of Directors”, of Article 2. “Structure of the Board of Directors” of Regulations of the Board of Directors of OJSC Rosneft.
15	No persons shall serve on the Board of Directors of the joint stock company, if they were ever found guilty of any economic crime or crime against state authorities, interests of state service, and service on local government, or those to whom any administrative penalties were applied for violations in the sphere of entrepreneurial activities or in the sphere of finance, taxes, and charges, or securities market.	Observed	Complied with in actual practice
16	No person who is a member, General Director (Manager), member of any management body, or a legal entity that is a competitor of this joint stock company shall serve on the Board of Directors of this joint stock company.	Observed	Complied with in actual practice
17	A requirement for the Board of Directors to be elected by cumulative voting shall be provided in the Charter of the joint stock company.	Observed	Subclause 10.2.4 of clause 10.2, “Election of the Board of Directors”, of Article 10, “Board of Directors of the Company”, of the Charter of OJSC Rosneft.
18	The obligation of members of the Board of Directors to avoid any acts that will or may potentially cause a conflict of their interests with interests of the joint stock company to occur, and the obligation to disclose information concerning such a conflict, should it occur, shall be provided in internal documents of the joint stock company.	Observed	<ul style="list-style-type: none"> – clause 3.2, “Responsibilities of a member of the Board of Directors”, of Article 3, “Rights and Responsibilities of members of the Board of Directors”, of Regulations of the Board of Directors of OJSC Rosneft; – clause 3 of Article 6, “The Board of Directors in the system of corporate conduct (management) of the Company”, of Cap. 2, “Board of Directors” of the Corporate Code of Conduct of OJSC Rosneft.

Nº	Provision of the Corporate Code of Conduct	Observed/ Not observed	Note
19	The obligation of members of the Board of Directors to notify the Board of Directors in writing of their intention to close any transactions with securities of the joint stock company in which they are members of the Board of Directors or of its subsidiaries (affiliates), and to disclose any information on transactions closed by them with such securities, shall be provided in internal documents of the joint stock company	Observed	– clause 4 of Article 6, “The Board of Directors in the system of corporate conduct (management) of the Company”, of Cap. 2, “Board of Directors” of the Corporate Code of Conduct of OJSC Rosneft; – clause 3.2, “Responsibilities of members of the Board of Directors”, of Article 3, “Rights and Obligations of members of the Board of Directors”, of Regulations of the Board of Directors of OJSC Rosneft.
20	The requirement to hold meetings of the Board of Directors at least once every six weeks shall be provided in internal documents of the joint stock company	Observed	Clause 4.1 of Article 4, “Convening a meeting of the Board of Directors and getting ready to hold it”, of Regulations of the Board of Directors of OJSC Rosneft.
21	Holding meetings of the Board of Directors of the joint stock company in the year for which an annual report of the joint stock company shall be drawn up at least once every six weeks	Observed	Meetings of the Board of Directors of OJSC Rosneft were held every 6 weeks (all in all, 18 meetings were held).
22	Procedures to be followed at meetings of the Board of Directors shall be provided in internal documents of the joint stock company	Observed	– clause 10.4, “Meeting of the Board of Directors”, of Article 10, “The Board of Directors of the Company”, of the Charter of OJSC Rosneft; – Article 4, “Convening a meeting of the Board of Directors and getting ready to hold it”; – Article 5, “Holding a meeting of the Board of Directors”, of Regulations of the Board of Directors of OJSC Rosneft
23	Stipulations to the effect that any transactions of the joint stock company need to be approved by the Board of Directors, if an amount of such transactions accounts for 10 or more percent of the value of the Company’s assets, except for transactions closed in the normal course of business activities, shall be provided in internal documents of the joint stock company.	Observed	In accordance with clause 13.2, “Competences of the Board of Directors”, of Article 13, “The Board of Directors of the Company”, of the Charter of OJSC Rosneft, it is within the competence of the Board of Directors to take decisions whether to close, modify, terminate any transactions ahead of time, if such transactions have or may cause liabilities to arise for the Company, an amount of such liabilities being equal to or exceeding an equivalent of USD 500,000,000 (<10% of the value of the assets).
24	The right of members of the Board of Directors to receive information from executive bodies and managers of basic organization departments of the joint stock company which may be necessary for them to discharge their office, as well and the liability for a failure to provide such information, shall be provided in internal documents of the joint stock company.	Observed	Article 7, “Provision of information to members of the Board of Directors”, of Regulations of the Board of Directors of OJSC Rosneft
25	A committee of the Board of Directors in charge of strategic planning shall be formed, or the office of such committee shall be vested in another committee (other than the committee in charge of audit and committee in charge of human resources and remunerations).	Observed	In the accounting period, Committee of OJSC Rosneft in charge of strategic planning formed in accordance with resolutions of the Board of Directors of the Company as provided in Regulations on establishing and work of Committees of the Board of Directors of the Company and Regulations of the Committee of the Board of Directors of the Company in charge of strategic planning, continued its work.
26	A committee of the Board of Directors in charge of audit (Audit Committee) shall be formed to give recommendations to the Board of Directors of Certified Public Accountants of the joint stock company and maintain liaison with them and internal audit commission of the joint stock company	Observed	In the accounting period, Committee of OJSC Rosneft in charge of audit formed in accordance with resolutions of the Board of Directors of the Company as provided in Regulations on establishing and work of Committees of the Board of Directors of the Company and Regulations of the Committee of the Board of Directors of the Company in charge of audit, continued its work.
27	The Committee in charge of audit shall include only independent and non-executive directors	Observed	The Committee of the Board of Directors of OJSC Rosneft in charge of audit consists of: 1. Hans-Jorg Rudloff, Chairman of Committee (independent non-executive director). 2. Nekipelov, Alexander Dmitrievich (independent non-executive director) 3. Kostin, Andrei Leonidovich (independent non-executive director).

№	Provision of the Corporate Code of Conduct	Observed/ Not observed	Note
			<p>It is provided in internal documents of the Company that Committee in charge of audit shall consist only of members of the Board of Directors who are not executive directors of the Company, and shall be headed by an independent director, that is to say:</p> <ul style="list-style-type: none"> – clause 4 of Article 9, “Committee of the Board of Directors in charge of audit”, of Cap. 2, “The Board of Directors”, of the Corporate Code of Conduct of OJSC Rosneft; – clause 2.7, “Forming Committees of the Board of Directors”, of Article 2, “Structure of the Board of Directors”, of Regulations of the Board of Directors of OJSC Rosneft; – clause 4 of Article 2, “Forming Committees of the Board of Directors”, of Article 2, “Structure of the Board of Directors”, of Regulations on Procedures for establishing and work of Committees of the Board of Directors of OJSC Rosneft; – clause 2 of Article 2, “General Provisions on Committee”, of Regulations of the Board of Directors of OJSC Rosneft in charge of audit.
28	Committee in charge of audit shall be managed by an independent director	Observed	<p>Chairman of Committee of the Board of Directors of OJSC Rosneft in charge of audit is Hans-Jorg Rudloff (independent director). This stipulation is provided in the following internal documents of the Company:</p> <ul style="list-style-type: none"> – clause 4 of Article 9, “Committee of the Board of Directors in charge of audit”, of Cap. 2, “The Board of Directors”, of the Corporate Code of Conduct of OJSC Rosneft; – clause 2.7, “Forming Committees of the Board of Directors”, of Article 2, “Structure of the Board of Directors”, of Regulations of the Board of Directors of OJSC Rosneft; – clause 4 of Article 2 “Forming Committees of the Board of Directors”, of Regulations on Procedures for establishing and work of Committees of the Board of Directors of OJSC Rosneft; – clause 2 of Article 2, “General Provisions on Committee” of Regulations of the Board of Directors of OJSC Rosneft in charge of audit.
29	The right of access of all members of the audit committee to any documents and information of the joint stock company shall be provided in internal documents of the joint stock company, provided, however, that no confidential information is divulged by them.	Observed	<ul style="list-style-type: none"> – clause 2 of Article 8, “Support of activities of committees of the Board of Directors”, of Regulations on Procedures for establishing and work of Committees of the Board of Directors of OJSC Rosneft; – Article 6, “Interaction of a committee with executive bodies of the Company”, of Regulations of a Committee of the Board of Directors of OJSC Rosneft in charge of audit.
30	A committee of the Board of Directors (for human resources and remunerations) shall be created, the function whereof is to identify criteria for selection of nominee members of the Board of Directors and to develop a policy of the joint stock company in the sphere of remuneration	Observed	In the accounting period, committee of OJSC Rosneft in charge of human resources and remunerations continued its work formed in accordance with resolutions of the Board of Directors of the Company in accordance with Regulations on Procedures for establishing and work of Committees of the Board of Directors of the Company and Regulations of Committee of the Board of Directors of the Company in charge of HR and remunerations.
31	Committee for HR and remunerations shall be managed by an independent director	Observed	<p>Chairman of Committee of the Board of Directors of OJSC Rosneft for HR and remunerations is Kostin, Andrei Leonidovich (independent director).</p> <p>This stipulation is provided in the following internal documents of the Company:</p> <ul style="list-style-type: none"> – clause 4 of Article 10, “Committee of the Board of Directors for HR and Remunerations”, of Cap. 2, “The Board of Directors” of the Corporate Code of Conduct of OJSC Rosneft; – clause 2.7, “Establishing committees of the Board of Directors”, of Article 2, “The structure of the Board of Directors”, of Regulations of the Board of Directors of OJSC Rosneft; – clause 4 of Article 2, “Establishing committees of the Board of Directors”, of Regulations on Procedures for establishing and work of Committees of the Board of Directors of the Company”; – clause 2 of Article 2, “General Provisions on Committee”, of Regulations of Committee of the Board of Directors of OJSC Rosneft for HR and remunerations.

№	Provision of the Corporate Code of Conduct	Observed/ Not observed	Note
32	No officers of the joint stock company shall serve on the Committee for HR and remunerations	Observed	<p>Committee of the Board of Directors of OJSC Rosneft for HR and remunerations includes:</p> <ol style="list-style-type: none"> 1. Kostin, Andrei Leonidovich, Chairman of the Committee (non-executive director). 2. Petrov, Yuri Alexandrovich (non-executive director). 3. Hans-Jorg Rudloff (non-executive director). <p>This stipulation is provided in following documents of the Company:</p> <ul style="list-style-type: none"> – clause 4 of Article 10, “Committee of the Board of Directors for HR and remunerations”, of Cap. 2, “The Board of Directors”, of the Corporate Code of Conduct of OJSC Rosneft; – clause 2.7, “Forming Committees of the Board of Directors”, of Article 2, “The structure of the Board of Directors”, of Regulations of the Board of Directors of OJSC Rosneft; – clause 4 of Article 2, “Forming Committees of the Board of Directors”, of Regulations on Procedures for establishing and work of Committees of the Board of Directors of OJSC Rosneft; – clause 2 of Article 2, “General Provisions on Committee”, of Regulations of Committee of the Board of Directors of OJSC Rosneft for HR and remunerations.
33	A committee of the Board of Directors in charge of risks shall be created and the office of this committee shall be vested in another committee (other than committee for audit and committee for HR and remunerations)	Not observed	<p>This function is vested in Audit Committee of the Board of Directors of OJSC Rosneft:</p> <ul style="list-style-type: none"> – clause 1 of Article 2, “General Provisions of Committee”, clause 1 of Article 3, “Functions of the Committee”, and clause 2 of Article 7, “Interaction of the committee with organization departments in charge of internal control and internal audit”, of Regulations of Audit Committee of the Board of Directors of OJSC Rosneft.
34	A committee of the Board of Directors for settlement of corporate conflicts shall be created and the office of this committee shall be vested in another committee (other than audit committee and committee for HR and remunerations)	Not observed	<p>No committee of the Board of Directors for settlement of corporate conflicts has been created in OJSC Rosneft. Clause 6 of Article 12 of the Corporate Code of Conduct of OJSC Rosneft provides for a possibility of creation of such a committee to help prevent and effectively settle corporate conflicts involving the Company and its Shareholders.</p>
35	No officers of the joint stock company shall serve on the committee for settlement of corporate conflicts	Not observed	<p>No committee of the Board of Directors for settlement of corporate conflicts has been created in OJSC Rosneft.</p>
36	Committee for settlement of corporate conflicts shall be managed by an independent director	Not observed	<p>No committee of the Board of Directors for settlement of corporate conflicts has been created in OJSC Rosneft.</p>
37	Internal documents of the joint stock company shall be in place, approved by the Board of Directors and providing for procedures for establishing and work of committees of the Board of Directors.	Observed	<p>In October 2008, revised resolutions of the Board of Directors of OJSC Rosneft were approved:</p> <ol style="list-style-type: none"> 1. Regulations on Procedures for establishing and work of Committees of the Board of Directors of OJSC Rosneft. 2. Regulations of Audit Committee of the Board of Directors of OJSC Rosneft. 3. Regulations of Committee of the Board of Directors of OJSC Rosneft for HR and remunerations. 4. Regulations of Committee of the Board of Directors of OJSC Rosneft for strategic planning.
38	A procedure for determination of a quorum of the Board of Directors that enables to make sure that independent directors attend meetings of the Board of Directors on an obligatory basis shall be provided in the Charter of the joint stock company	Not observed	<p>In accordance with clause 10.4, “Meeting of the Board of Directors”, of Article 10, “The Board of Directors of the Company” of the Charter of OJSC Rosneft, a quorum required to convene a meeting of the Board of Directors shall be more than half the number of the elected members of the Board of Directors.</p>

№	Provision of the Corporate Code of Conduct	Observed/ Not observed	Note
Executive bodies			
39	A collegiate executive body (Management Board) of the joint stock company shall be in place	Observed	Clause 8.1 of Article 8, "Management Bodies of the Company", and Article 12, "Management of the Company", of the Charter of OJSC Rosneft.
40	A stipulation that any transactions with real estate and obtaining of a loan by the joint stock company shall be approved by Management Board, unless such transactions are classified as major transactions or closing such transactions is classified as normal business activities of the joint stock company, shall be provided in the Charter or internal documents of the joint stock company	Observed	<p>Subclause 12.8.10 of clause 12.8 of Article 12, "Management Board of the Company", of the Charter of OJSC Rosneft:</p> <p>taking a resolution whether the Company should close, modify, or terminate the following transactions (or a number of inter-related transactions) ahead of time:</p> <p>(1) any transaction involving real estate, an aggregate book value whereof or amount of which transaction totals an equivalent of USD 500,000,000 (five hundred million U.S. dollars), except for lease agreements in respect of real estate executed under the auspices of normal course of business which are within the competence of President in accordance with provisions of clause 11.6 of the Charter;</p> <p>(2) any transaction related to purchase, alienation, or possible alienation of assets that are not directly used for core business activities of the Company (non-core assets), if such a transaction(s) implies or may imply accrual of liabilities to the Company in an amount equivalent to USD 500,000,000 (five hundred million U.S. dollars);</p> <p>(3) any transaction related to purchase or alienation, or possible alienation of property that is vital for the Company's business (tangible and intangible assets intended for carrying out of activities in the sphere of extraction and processing of oil, natural gas, gas condensate, merchantable items, those that can be stores, processed, facilities for transportation of hydrocarbons, alienation whereof will materially affect carrying out of this type of business by the Company), if such a transaction(s) implies or may imply accrual of liabilities to the Company in an amount equivalent to USD 500,000,000 (five hundred million U.S. dollars);</p> <p>(4) any gratis transaction (including charity, benefaction, donations), payment of membership fees (other expenses) related to membership of the Company with non-profit organizations, an amount whereof is equivalent to USD 25,000,000 (twenty-five million U.S. dollars);</p> <p>(5) agreements with constituents of the Russian Federation and municipal units, which imply or may imply accrual of liabilities to the Company in an amount equivalent to USD 25,000,000 (twenty-five million U.S. dollars);</p> <p>(6) any other transaction, including that closed in the normal course of business (other than a conversion transaction), which implies or may imply accrual of liabilities to the Company in an amount equivalent to USD 50,000,000 (fifty million U.S. dollars) to 500,000,000 (five hundred million U.S. dollars), unless such transactions are within the competence of the Board of Directors of the Company.</p>
41	A procedure for approval of operations that are beyond the financial and business plan of the joint stock company shall be provided in internal documents of the joint stock company	Observed	<p>Subclause 10.1.8 of clause 10.1, "Competence of the Board of Directors", of Article 10, "The Board of Directors", of the Charter of OJSC Rosneft:</p> <p>The Board of Directors shall take a decision whether to execute, modify, or terminate the following transactions (or a number of interrelated transactions) ahead of time:</p> <p>(1) unconventional operations (operations not provided in the financial and business plan) of the Company, or transactions which imply or may imply any adjustments of the plan of financial and business activities of the Company.</p>

№	Provision of the Corporate Code of Conduct	Observed/ Not observed	Note
42	No person who is a member, General Director (Manager), member of any management body, or an employee of a legal entity that is a competitor of this joint stock company shall serve on executive bodies	Observed	<p>– clause 3.3, “Conflict of interests of members of Management Board with interests of the Company”, of Article 3, “Rights, responsibilities, and liabilities of members of Management Board”, of Regulations of Collegiate Executive Body (Management Board) of OJSC Rosneft;</p> <p>– clause 2.4, “Conflict of interests of President and interests of the Company”, of Article 2, “Purpose and principles of activities of President”, of Regulations of the Sole Executive Body (President) of OJSC Rosneft.</p>
43	No persons shall serve on executive bodies of the joint stock company, if they were ever found guilty of any economic crime or crime against state authorities, interests of state service, and service on local government, or those to whom any administrative penalties were applied for violations in the sphere of entrepreneurial activities or in the sphere of finance, taxes, and charges, or securities market. If the office of the sole executive body is executed by corporate managers or a manager, General Director and members of Management Board of the corporate managers or the manager shall meet requirements to General Director and members of Management Board of the joint stock company.	Observed	Complied with in actual practice
44	The Charter or internal documents of the joint stock company shall forbid the corporate managers (manager) to discharge any similar functions in a competitor company or to be otherwise involved in property relationships with the joint stock company, other than providing services of corporate managers (manager)	Observed	– clause 2.4. “Conflict between interests of the President and of the Company” of Article 2. “Appointment and principles of activity of the President” of the Regulation on the Chief Executive Office (President) of Rosneft.
45	Internal documents of the joint stock company shall include the obligation of executive bodies to avoid any acts which will or potentially may cause a conflict of their interests and interests of the joint stock company, and should such a conflict arise, internal documents shall provide for an obligation to advise the fact thereof to the Board of Directors	Observed	<p>– clause 1 of Article 19, “Responsibilities of executive bodies”, of Cap. 4, “Executive bodies of the Company”, of the Corporate Code of Conduct of OJSC Rosneft;</p> <p>– clause 3.2, “Responsibilities of a member of Management Board”, of Article 3, “Rights, obligations, and liabilities of members of Management Board”, of Regulations of Collegiate Executive Body of the Company (Management Board) of OJSC Rosneft;</p> <p>– clause 4.3, “Responsibilities of President”, of Article 4, “Powers and Authorities, and Liabilities of President”, of Regulations of the Sole Executive Body (President) of OJSC Rosneft.</p>
46	Criteria for selection of corporate managers (manager) shall be provided in the Charter or internal documents of the joint stock company	Not observed	No Regulations of Corporate Managers (Manager) are provided in the Charter of the Company
47	Executive bodies of the joint stock company shall provide monthly reports on their work to the Board of Directors	Partially observed	<p>In accordance with clause 3 of Article 19 of the Corporate Code of Conduct of OJSC Rosneft and Article 8 of Regulations of Collegiate Executive Body (Management Board), OJSC Rosneft provides for an annual provision by executive bodies of reports on their activities to the Board of Directors and such other reports as may be requested by the Board of Directors.</p> <p>Work plans of the Executive Board include review of monthly reports by senior managers of Rosneft concerning execution of instructions of the Board of Directors.</p>
48	Liability for a failure to comply with regulations related to use of confidential and reserved information shall be provided in agreements made by the joint stock company with General Director (corporate managers, manager) and members of Management Board.	Observed	Article 7, “Responsibilities related to keeping official (professional) secret in respect of insider information”, of Insider Information Regulations of OJSC Rosneft

№	Provision of the Corporate Code of Conduct	Observed/ Not observed	Note
Secretary of the Company			
49	There should be a special officer (Secretary of the Company) in the joint stock company, whose objective is to make sure that various bodies and officers of the joint stock company comply with rules of procedure that ensure the exercise of rights and lawful interests of Shareholders of the Company	Partially observed	In accordance with Article 15, "Corporate Secretary", of the Charter of the Company and with Regulations of Corporate Secretary of OJSC Rosneft, there is a special officer in the Company, i.e. Corporate Secretary (to make sure that rules of procedure that ensure the exercise of rights and lawful interests of Shareholders are complied with). The Board of Directors of OJSC Rosneft plans to consider approval of Corporate Secretary of OJSC Rosneft. Pending review of this issue by the Board of Directors, observance by Company bodies and officials of procedural requirements guaranteeing realization of the rights and lawful interests of Company shareholders is carried out by the Department of Property and Corporate Governance.
50	A procedure for appointment (election) and responsibilities of the Company's Secretary shall be provided in the Charter or internal documents of the joint stock company	Observed	– Article 15, "Corporate Secretary of the Company", of the Charter of OJSC Rosneft; – Cap. 4, "Corporate Secretary of the Company" of the Corporate Code of Conduct of OJSC Rosneft"; – Article 3, 6-11 of Regulations of Corporate Secretary of OJSC Rosneft".
51	Requirements to nominee Secretary of the Company shall be provided in the Charter of the joint stock company	Partially observed	Requirements to nominee Corporate Secretary of the Company are provided in Article 5, "Requirements to Corporate Secretary", of Regulations of Corporate Secretary of OJSC Rosneft
Material corporate acts			
52	The requirement of approval of a major transaction prior to execution thereof shall be provided in the Charter or internal documents of the joint stock company.	Partially observed	Complied with in actual practice
53	An independent appraiser shall be engaged on an obligatory basis to appraise the market value of property which is the subject matter of the major transaction.	Observed	Complied with in actual practice
54	Any acts aimed at protection of the interests of executive bodies (members thereof) and members of the Board of Directors of the joint stock company, as well as acts aggravating situation of Shareholders as compared to the current situation, shall be forbidden in the Charter of the joint stock company when purchasing large shareholdings of the joint stock company (merger) (in particular, the Board of Directors shall not be allowed to take a decision to issue any additional stocks, securities convertible into stocks, or to purchase stocks or Securities granting the right to purchase stocks of the Company, before the proposed final date for purchase of stocks or securities, even if the right to take such a decision is granted to it by the Charter)	Not observed	
55	The requirement to engage an independent appraiser of an obligatory basis to appraise the current market value of stocks and possible changes in their market value that may result from the merger shall be provided in the Charter of the joint stock company.	Not observed	Stocks of OJSC Rosneft are traded at Russian stock exchanges, FB MMBV CJSC and RTS OJSC, and as global depositary receipts (GDR) at London Stock Exchange, which determines their current market value
56	The Charter of the joint stock company shall not relieve the purchaser from the obligation to propose Shareholders to sell ordinary stocks of the Company held by them (equity securities convertible into ordinary stocks) in the case of a merger	Observed	

№	Provision of the Corporate Code of Conduct	Observed/ Not observed	Note
57	The Charter or internal documents of the joint stock company shall provided for a requirement to engage an independent appraiser on an obligatory basis to determine the conversion rate of stock in the case of reorganisation	Not observed	
Disclosure of information			
58	There shall be an internal document approved by the Board of Directors that determines rules and approaches of the joint stock company to disclosure of information (Regulations of Information Policy)	Observed	Regulations of Information Policy of OJSC Rosneft (approved by resolution of the Board of Directors of OJSC Rosneft in May 2006)
59	Internal documents of the joint stock company shall contain a requirement to disclose information pertinent to goals of placement of stocks, persons intending to purchase the placed stocks, including a large shareholding, and information whether chief executive officers of the joint stock company are going to purchase the stocks of the Company being placed	Not observed	Disclosure of information shall meet requirements of the legislation of the Russian Federation, including at various stages of the issue procedure, and Regulations on Information Policy of OJSC Rosneft.
60	Internal documents of the joint stock company shall contain a list of information, documents, and materials, that have to be provided to Shareholders to transact business included on the agenda of the General Meeting of Shareholders	Observed	Clause 9.5, "Information (materials) for the General Meeting of Shareholders", of Article 9, "The General Meeting of Shareholders", of the Charter of OJSC Rosneft.
61	The joint stock company shall have a web site in the Internet and disclose information on the joint stock company at this site on a regular basis.	Observed	http://www.rosneft.ru/ In accordance with Article 4 of Regulations on Information Policy of OJSC Rosneft, disclosure of information on the Company in the Internet is one of the methods of dissemination of information
62	Internal documents of the joint stock company shall contain a requirement to disclose information on transactions of the joint stock company with persons who are, pursuant to the Charter, chief executive officers of the joint stock company, as well as on transactions of the joint stock company with organisations in which chief executive officers of the joint stock company directly or indirectly hold 20 or more percent of the Authorised Capital of the joint stock company or which can be otherwise significantly affected by such persons	Observed	Disclosure of information shall meet requirements of the Russian Federation legislation and Regulations on Information Policy of OJSC Rosneft
63	Internal documents of the joint stock company shall contain a requirement to disclose information on all transactions which may affect the market value of stocks of the joint stock company	Observed	Disclosure of information shall meet requirements of the Russian Federation legislation and Regulations on Information Policy of OJSC Rosneft
64	There shall be an internal document approved by the Board of Directors related to use of significant information on activities of the joint stock company, stocks, and other securities of the Company and transactions therewith, which information is not in public domain and disclosure of which information may materially affect the market value of stocks and other securities of the joint stock company	Observed	Regulations on Insider Information of OJSC Rosneft (approved by resolution of the Board of Directors of OJSC Rosneft in May 2006)

№	Provision of the Corporate Code of Conduct	Observed/ Not observed	Note
Control of financial and business activities			
65	Procedures for Internal Control of financial and business activities of the joint stock company approved by the Board of Directors shall be in place	Observed	Regulations on Internal Control of financial and business activities of of OJSC Rosneft (approved by resolution of the Board of Directors of OJSC Rosneft in May 2006)
66	A special division shall be available in the joint stock company, which division makes sure that internal control procedures are complied with (internal control and audit service)	Observed	Creation of Internal Control and Audit Department in OJSC Rosneft has been provided in the following internal documents of the Company: – clause 2 of Article 24, “The System of Control of Financial and Business Activities of the Company”, of the Corporate Code of Conduct of OJSC Rosneft; – clause 1 of Article 4, “Organisation of internal control”, of Regulations on Internal Control of Financial and business Activities of OJSC Rosneft.
67	Internal documents of the joint stock company shall include a requirement to the Board of Directors to define the structure and content of the internal control and audit service of the joint stock company	Observed	Article 7, “Organisation Structure of Internal Control and Audit Department” of Regulations on Internal Control of Financial and business Activities of OJSC Rosneft
68	Internal control and audit service shall have no persons on its staff who were ever found guilty of any economic crime or crime against state authorities, interests of state service, and service on local government, or those to whom any administrative penalties were applied for violations in the sphere of entrepreneurial activities or in the sphere of finance, taxes, and charges, or securities market	Observed	Complied with in actual practice. Provisions of Article 7, “Organisation Structure of Internal Control and Audit Department” of Regulations on Internal Control of Financial and business Activities of OJSC Rosneft
69	Internal control and audit service shall have no persons on its staff who serve on executive bodies of the joint stock company or persons who are members, General Director (manager), members of management bodies, or employees of a legal entity that is a competitor of the joint stock company	Observed	Complied with in actual practice. Provisions of Article 7, “Organisation Structure of Internal Control and Audit Department” of Regulations on Internal Control of Financial and business Activities of OJSC Rosneft
70	Internal documents of the joint stock company shall provide for a term for presentation of documents and materials to internal control and audit service for appraisal of any completed financial and business transaction, and for a liability of officers and employees of the joint stock company for a failure to present such documents and materials within the time prescribed	Observed	Schedules for presentation of documents and materials for appraisal of financial and business transactions are defined by internal documents regulating activity of the Control and Audit Department and the Department of Internal Audit
71	Internal documents of the joint stock company shall provide for an obligation of internal control and audit service to advise any violations that may be found to audit committee, and in lack of such committee, to the Board of Directors of the joint stock company	Observed	Clause 2 of Article 12, “Countermeasures taken to eliminate violations and shortcomings found in the course of the audit (internal audit)”, of Regulations on Internal Control of Financial and Business Activities of OJSC Rosneft
72	The Charter of the joint stock company shall provide for a requirement for internal control and audit service to make a preliminary appraisal of feasibility of operations that have not been provided in financial and business plan of the joint stock company (nonconventional operations)	Not observed	
73	Internal documents of the joint stock company shall provide for a procedure for approval of a nonconventional operation by the Board of Directors	Observed	In accordance with clause 10.1.8 (1) of the Charter of Rosneft, the Board of Directors is responsible for any decision concerning execution, change or early termination of nonconventional operations of the Company . The procedure for preparation of materials for review of the issue by the Board of Directors is defined by the Rosneft corporate standard: “Preparation and conduct of meetings of the Board of Directors and Committees of the Board of Directors of Rosneft”.

№	Provision of the Corporate Code of Conduct	Observed/ Not observed	Note
74	There should be an internal document approved by the Board of Directors defining procedures for audit of financial and business activities of the joint stock company by internal audit commission	Observed	Regulations of Internal Audit Commission of OJSC Rosneft (revised Regulations were approved by the General Meeting of Shareholders of OJSC Rosneft in June 2009)
75	Audit Committee shall appraise Report (Opinion) of Certified Public Accountants prior to presentation thereof to Shareholders at the General Meeting of Shareholders	Observed	<ul style="list-style-type: none"> – clause 1 of Article 9, “Committee of the Board of Directors in charge Audit”, of Cap. 2, “The Board of Directors”, of the Corporate Code of Conduct of OJSC Rosneft; – clause 1 of Article 3, “Functions of the Committee”, of Regulations of Committee of the Board of Directors of OJSC Rosneft in charge of audit.
Dividends			
76	There should be an internal document approved by the Board of Directors, by which the Board of Directors shall be governed when taking recommendations concerning an amount of dividends (Regulations on Dividend Policy)	Observed	Regulations on Dividend Policy of OJSC Rosneft (approved by resolution of the Board of Directors of OJSC Rosneft in May 2006)
77	Regulations on Dividend Policy shall provide for a procedure for determination of a minimum share of net profit of the joint stock company to be applied to payment of dividends, and conditions in which no dividend on preference stocks an amount whereof is provided in the Charter of the joint stock company is paid or dividends on such stocks are not paid in full	Observed	<ul style="list-style-type: none"> – clause 2 of Article 4, Principles of Dividend Policy of the Company”, of Regulations of OJSC Rosneft; – the Charter of the Company do not provide for placement of preference stocks
78	Information on dividend policy of the joint stock company and changes made in it shall be published in a periodical provided in the Charter of the joint stock company for publishing of announcements of General Meetings of Shareholders, and placement of such information at the web site of the joint stock company in the Internet	Observed	Information on dividend policy of OJSC Rosneft and changes made in it is placed at the web site of the Company in the Internet

Major Transactions and Related-Party Transactions

All related party transactions of OJSC Rosneft Oil Company in 2009 were concluded on market terms.

Related party transactions approved by the Board of OJSC Rosneft Oil Company

Nº	Subject of transaction and its essential terms	Transaction price, transaction amount	Date of resolution
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Transactions with OJSC Grozneftegaz

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Services by the Counterparty to the Company for production of the following products at oil and gas fields to which the Company holds licenses: <ul style="list-style-type: none"> ■ oil in amount of 1,698.7 th. tonnes, ■ natural gas in amount of 2.4 mln cubic meters, ■ associated gas in amount of 700.4 mln cubic meters. worth total of RUB 5,076,141.4 th. and transfer of hydrocarbons so produced to the Company for subsequent sale	Transaction amount — RUB 5,076,141.4 th. (including VAT)	31.12.2008
2	Sale by the Company to the Counterparty of materials and equipment for RUB 99,812.0 th.	Transaction amount – RUB 99,812.0 th. (including VAT)	31.12.2008 27.03.2009
3	Sale by the Company to the Counterparty of 536.0 mln cubic meters of natural gas for RUB 80,000.0 th.	Transaction amount – RUB 80,000.0 th. (including VAT)	31.12.2008
4	Sale by the Company to the Counterparty of 0.6 th. tonnes of crude oil for RUB 3,420.0 th.	Transaction amount – RUB 3,420.0 th. (including VAT)	31.12.2008
5	Lease by the Company to the Counterparty of assets owned by the Company for the period of 12 months for a lease payment of RUB 63.9 th. per month. The total lease payment is RUB 766.8 th.	Transaction price – RUB 63.9 th. per month (including VAT)	31.12.2008
6	Services by the Counterparty (Agent) to the Company (Principal): drafting of project specific process documentation for field development, routine monitoring of field development and compliance with license agreement requirements at deposits owned by OJSC Rosneft Oil Company in the Chechen Republic worth total of RUB 50,900.0 th. for a fee of RUB 1,000.0 th.	Transaction price – RUB 1,000.0 th. (including VAT)	31.12.2008
7	Sale by the Company to the Counterparty of movable assets worth RUB 1,200.0 th.	Transaction price – RUB 1,200.0 th. (including VAT)	31.12.2008
8	Services by the Counterparty (Agent) to the Company (Principal) involving geological exploration in the license areas owned by OJSC Rosneft Oil Company in the Chechen Republic for a fee of RUB 1,449.0 th.	Transaction price – RUB 1,449.0 th. (including VAT)	27.03.2009
9	Grant by the Company to the Counterparty of access rights to licensed software owned by the Company for a fee of RUB 2,696.0 th.	Transaction price – RUB 2,696.0 th. (including VAT)	27.03.2009
10	Services by the Counterparty (as an Agent) to the Company associated with arrangements for oil tanks security and escort during railroad transportation for an agency fee of 1% (excluding VAT) of the security and escort services cost equal to RUB 500 th. per month	Transaction price – RUB 5.9 th. per month (including VAT)	05.06.2009

Transactions with OJSC Rosneft Oil Company-Dagneft

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Sale by the Company to the Counterparty of materials and equipment for RUB 15,000.0 th.	Transaction amount – RUB 15,000.0 th. (including VAT)	31.12.2008
2	Services by the Company to the Counterparty for export of crude oil owned by the Counterparty in amount of 185.0 th. tonnes for a fee of USD 305.3 th. in ruble equivalent at the exchange rate of the Russian Federation Central Bank as of the date of payment.	Transaction amount – amount in RUB equivalent to USD 305.3 th. (including VAT) at the exchange rate of the Russian Central Bank as of the date of payment.	31.12.2008

Nº	Subject of transaction and its essential terms	Transaction price, transaction amount	Date of resolution
3	Lease by the Company to the Counterparty of assets owned by the Company for the period of 12 months for a lease payment of RUB 630.2 th. per month. The total lease payment is RUB 7,562.4 th.	Transaction price — RUB 630.2 th. per month (including VAT)	31.12.2008
4	Services by the Counterparty to the Company associated with care and maintenance of suspended fixed assets unused in production process and owned by the Company for a period of 12 month for a fee of RUB 15.0 th. per month to the total amount of RUB 180.0 th.	Transaction price — RUB 15.0 th. per month (including VAT)	31.12.2008
5	Grant by the Company to the Counterparty of access rights to licensed software owned by the Company for a fee of RUB 248.2 th.	Transaction price — RUB 248.2 th. (including VAT)	27.03.2009
6	Services by the Company (as an Agent) to the Counterparty associated with arranging railway transportation of 184.8 th. tonnes of crude oil for an agency fee of RUB 4.5 (excluding VAT) per ton of transported oil in total amount of RUB 981.5 th.	Transaction price — RUB 4.5 per ton of transported oil (excluding VAT)	05.06.2009
7	Grant of 1-year loans by the Company to the Counterparty at the rate no less than 2/3 of the Bank of Russia's refinancing rate to finance operations for the period of 1 year in amount of RUB 28,500.0 th.. The total transaction amount is RUB 31,635.0 th.	Transaction amount — RUB 31,635.0 th.	25.12.2009

Transactions with LLC RN-Krasnodarneftegaz

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Services by the Counterparty to the Company for production of the following products at oil and gas fields to which the Company holds licenses: <ul style="list-style-type: none"> ■ oil in amount of 1,009.4 th. tonnes, ■ gas condensate in amount of 62.5 th. tonnes, ■ natural gas in amount of 2,810.7 mln cubic meters, ■ associated gas in amount of 444.1 mln cubic meters. worth total of RUB 6,687,515.2 th. and transfer of hydrocarbons so produced to the Company for subsequent sale	Transaction amount — RUB 6,687,515.2 th. (including VAT)	31.12.2008 05.06.2009 25.12.2009
2	Sale by the Company to the Counterparty of materials and equipment for RUB 435,998.0 th.	Transaction amount — RUB 435,998.0 th. (including VAT)	31.12.2008 27.03.2009
3	Legal services rendered by the Counterparty to the company for a fee of RUB 93.4 th. per month (including VAT) in total amount of RUB 1,120.8 th.	Transaction price — RUB 93.4 th. (including VAT)	31.12.2008
4	Sale by the Company to the Counterparty of natural gas in amount of 487.0 mln cubic meters worth total of RUB 1,285,000.0 th.	Transaction amount — RUB 1,285,000.0 th. (including VAT)	31.12.2008
5	Services by the Counterparty (Commission Agent) to the Company (Principal) for sale of gas in amount of 524.3 mln cubic meters worth RUB 1,028,000.0 th. for a fee of 1.0% of the sold gas cost to the value of RUB 10,280.0 th.	Transaction price — RUB 10,280.0 th. (including VAT)	31.12.2008 05.06.2009
6	Services by the Counterparty to the Company for transportation of 36.0 th. tonnes of oil for a fee of RUB 424.8 th.	Transaction amount — RUB 424.8 th. (including VAT)	31.12.2008
7	Services by the Counterparty (Agent) to the Company (Principal) involving capital construction arrangements for production facilities worth RUB 803,440.0 th. for a fee of RUB 10,444.72	Transaction price — RUB 10,444.72 th. (including VAT)	31.12.2008
8	Lease by the Company to the Counterparty of assets owned by the Company for the period of 12 months for a lease payment of RUB 95,449.6 th. per month. The total lease payment is RUB 1,145,395.2 th.	Transaction price — RUB 95,449.6 th. per month (including VAT)	31.12.2008
9	Services by the Counterparty to the Company associated with care and maintenance of suspended fixed assets unused in production process and owned by the Company, for a period of 12 month for a fee of 25.0 th. RUB per month to the total value of RUB 300.0 th.	Transaction price — RUB 25.0 th. per month (including VAT)	31.12.2008
10	Services by the Counterparty (Agent) to the Company (Principal) associated with implementation of projects for the Company's wells abandonment (suspension) worth total of RUB 17,022.0 th. for a fee of RUB 1,022.0 th.	Transaction price — RUB 1,022.0 th. (including VAT)	31.12.2008
11	Services by the Counterparty (Agent) to the Company (Principal) involving drafting of project-specific process documentation for field development, routine monitoring of field development, and compliance with license agreements requirements at deposits owned by OJSC Rosneft Oil Company in Krasnodar Territory worth RUB 87,340.0 th. for a fee of RUB 6,793.0 th.	Transaction amount — RUB 6,793.0 th. (including VAT)	31.12.2008 05.06.2009
12	Services by the Counterparty to the Company for abandonment and suspension of PPE owned by the Company for a total fee of RUB 61,246.0 th.	Transaction amount — RUB 61,246.0 th. (including VAT)	31.12.2008

Nº	Subject of transaction and its essential terms	Transaction price, transaction amount	Date of resolution
13	Services by the Counterparty (Agent) to the Company (Principal) associated with setting out of lot lines for construction of Scientific Research Center facilities in Southern Federal District, as well as registration of required changes in the State Real Property Registry to the total value of RUB 729.3 th. (including VAT) for a 3.5% fee of the cost of work, to the amount of RUB 25.5 th.	Transaction price — RUB 25.5 th. (including VAT)	31.12.2008
14	Grant by the Company (Licensee) to the Counterparty (Sublicensee) of a right to use licensed Microsoft software for a fee of RUB 3,846.9 th.	Transaction price — RUB 3,846.9 th. (including VAT)	31.12.2008
15	Services by the Counterparty (Agent) to the Company (Principal) involving geological exploration in the license areas of OJSC Rosneft Oil Company in Krasnodar Territory for a fee of RUB 3,189.6 th.	Transaction price — RUB 3,189.6 th. (including VAT)	27.03.2009
16	Grant by the Counterparty to the Company of 1-year zero interest loans in amount of RUB 48,620.0 th.	Transaction amount — RUB 48,620.0 th.	27.03.2009
17	Grant by the Company to the Counterparty of a non-exclusive right to use software "Information Support Systems for Oil Transport through Pipelines of AK Transneft" for a fee of RUB 41.7 th. per month worth total of RUB 500.0 th.	Transaction price – RUB 41.7 th. (including VAT)	27.03.2009
18	In October-November 2009, the Company rendered information and consulting services to the Counterparty in the form of activities under the Program aimed at promotion of knowledge and results of R&D and engineering services received in 2007-2008, for a fee of RUB 86.4 th.	Transaction price – RUB 86.4 th. (including VAT)	29.10.2009

Transactions with LLC RN-Purneftegaz

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Sale by the Company to the Counterparty of materials and equipment for RUB 5,733,356.0 th.	Transaction amount — RUB 5,733,356.0 th. (including VAT)	31.12.2008 27.03.2009
2	Legal services rendered by the Counterparty to the company for a fee of RUB 375.0 th. per month (including VAT) to the total amount of RUB 4,500.0 th.	Transaction price — RUB 375.0 th. (including VAT)	31.12.2008
3	Services rendered by the Counterparty related to ROSA Project (acceptance and audit of reports of the Company's subsidiaries) for a fee of RUB 365.0 th.	Transaction price — RUB 365.0 th. (including VAT)	31.12.2008
4	Sale by the Company of 148.2 mln cubic meters of natural gas to the Counterparty for RUB 181,500.0 th.	Transaction amount — RUB 181,500.0 th. (including VAT)	31.12.2008
5	Services by the Counterparty (Commission Agent) to the Company (Principal) involving sales of gas in amount of 143.3 mln cubic meters worth total of RUB 193,800.0 th. for a fee of 1.0% of the sold gas value to the amount of RUB 1,938.0 th.	Transaction price — RUB 1,938.0 th. (including VAT)	31.12.2008
6	Services by the Counterparty to the Company involving transshipment of gas condensate in amount of 176.0 th. tonnes for a fee of RUB 179,471.0 th.	Transaction amount — RUB 179,471.0 th. (including VAT)	31.12.2008
7	Sale by the Company of 11.2 th. tonnes of crude oil to the Counterparty for RUB 65,350.0 th.	Transaction amount — RUB 65,350.0 th. (including VAT)	31.12.2008
8	Services by the Counterparty (Agent) to the Company (Principal) involving capital construction arrangements for production facilities worth RUB 10,534,260.0 th. for a fee of RUB 211,738.63 th.	Transaction price — RUB 211,738.63 th. (including VAT)	31.12.2008
9	Lease by the Company to the Counterparty of assets owned by the Company for the period of 12 months for a lease payment of RUB 358,316.3 th. per month. The total lease payment is RUB 4,299,795.6 th.	Transaction price — RUB 358,316.3 th. per month (including VAT)	31.12.2008
10	Sublease by the Company to the Counterparty of 8 federal wells taken on lease by the Company from the Territorial Administration of the Federal Agency for State Property Management for Yamalo-Nenets Autonomous District, for a period of 12 month for a payment of RUB 570.0 th. per month. The total lease payment is RUB 6,840.0 th.	Transaction price — RUB 570.0 th. per month (including VAT)	31.12.2008
11	Services by the Counterparty (Agent) to the Company (Principal) involving drafting of project-specific process documentation for field development, routine monitoring of field development, and compliance with license agreements requirements at deposits owned by OJSC Rosneft Oil Company in Yamalo-Nenets Autonomous District worth RUB 186,600.0 th. for a fee of RUB 6,000.0 th.	Transaction price — RUB 6,000.0 th. (including VAT)	31.12.2008
12	Services by the Counterparty to the Company for abandonment and suspension of PPE owned by the Company for a total fee of RUB 141,600.0 th.	Transaction amount — RUB 141,600.0 th. (including VAT)	31.12.2008

Nº	Subject of transaction and its essential terms	Transaction price, transaction amount	Date of resolution
13	Services by the Counterparty to the Company involving care and maintenance of suspended fixed assets unused in production process and owned by the Company for a period of 12 month for a fee of RUB 11,341.0 th. per month to the total amount of RUB 136,092.0 th.	Transaction price — RUB 11,341.0 th. per month (including VAT)	31.12.2008
14	Services by the Company (Agent) to the Counterparty (Principal) associated with arrangements for Insurance Program covering property, vehicles and machinery against breakdown, as well as losses due to business interruption for an agency fee of RUB 5.0 th.	Transaction price — RUB 5.0 th. (including VAT)	31.12.2008
15	Services by the Counterparty (Agent) to the Company (Principal) involving geological exploration in the license areas of OJSC Rosneft Oil Company in Yamalo-Nenets Autonomous District for a fee of RUB 11,038.6 th.	Transaction price — RUB 11,038.6 th. (including VAT)	27.03.2009
16	Grant by the Company to the Counterparty of a non-exclusive right to use software "Information Support Systems for Oil Transport through Pipelines of AK Transneft" for a fee of RUB 41.7 th. per month to the total amount of RUB 500.0 th.	Transaction price — RUB 41.7 th. (including VAT)	27.03.2009
17	Grant by the Company (Licensee) to the Counterparty (Sublicensee) of a right to use licensed Microsoft software for a fee of RUB 40,000.0 th.	Transaction price — RUB 40,000.0 th. (including VAT)	27.03.2009
18	Grant by the Company to the Counterparty of access rights to licensed software owned by the Company for a fee of RUB 5,694.0 th.	Transaction price — RUB 5,694.0 th. (including VAT)	27.03.2009
19	Services by the Counterparty to the Company for production of the following products at oil and gas fields to which the Company holds licenses: <ul style="list-style-type: none"> ■ crude oil in amount of 3,877.0 th. tonnes, ■ gas condensate in amount of 86.0 th. tonnes, ■ natural gas in amount of 753.0 mln cubic meters, ■ associated gas in amount of 1,550.0 mln cubic meters. to the total value of RUB 12,111,424.6 th. and transfer of hydrocarbons so produced to the Company for subsequent sale	Transaction amount — RUB 12,111,424.6 th. (including VAT)	05.06.2009 25.12.2009
20	Sale by the Company to the Counterparty of petroleum products (methanol) in amount of 7.3 th. tonnes for RUB 71,116.5 th.	Transaction amount — RUB 71,116.5 th. (including VAT)	05.06.2009
21	Grant by the Company to the Counterparty of rights to use SAP R/3 software and SAP R/3-based Corporate Information System resources for a fee including a single payment and monthly payments to the total amount of RUB 12,380.8 th.	Transaction amount — RUB 12,380.8 th. (including VAT)	29.10.2009

Transactions with LLC RN-Sakhalinmorneftegaz

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Services by the Counterparty to the Company for production of the following products at oil and gas fields to which the Company holds licenses: <ul style="list-style-type: none"> ■ oil in amount of 1,857.2 th. tonnes, ■ gas condensate in amount of 6.4 th. tonnes, ■ natural gas in amount of 384.0 mln cubic meters, ■ associated gas in amount of 450.9 mln cubic meters. worth total of RUB 6,899,227.1 th. and transfer of hydrocarbons so produced to the Company for subsequent sale	Transaction amount — RUB 6,899,227.1 th. (including VAT)	31.12.2008
2	Sale by the Company to the Counterparty of materials and equipment for RUB 458,794.0 th.	Transaction amount — RUB 458,794.0 th. (including VAT)	31.12.2008
3	Legal services rendered by the Counterparty to the company for a fee of 35.0 th. RUB per month (including VAT) in total amount of 420.0 th. RUB	Transaction price — RUB 35.0 th. (including VAT)	31.12.2008
4	Sale by the Company to the Counterparty of natural and associated gas in amount of 142.6 mln cubic meters for RUB 178,000.0 th.	Transaction amount — RUB 178,000.0 th. (including VAT)	31.12.2008
5	Services by the Counterparty (Commission Agent) to the Company (Principal) for sale of gas in amount of 414.7 mln cubic meters worth RUB 477,000.0 th. for a fee of 1.0% of the sold gas cost to the value of RUB 4,770.0 th.	Transaction price — RUB 4,770.0 th. (including VAT)	31.12.2008
6	Services by the Counterparty to the Company associated with gas transport in amount of 586.7 mln cubic meters through gas pipelines owned by the Counterparty, for a fee of 70,000.0 th. RUB	Transaction amount — RUB 70,000.0 th. (including VAT)	31.12.2008
7	Services by the Counterparty to the Company associated with oil transport in amount of 1,846.0 th. tonnes for a fee of RUB 889,772.0 th.	Transaction amount — RUB 889,772.0 th. (including VAT)	31.12.2008

Nº	Subject of transaction and its essential terms	Transaction price, transaction amount	Date of resolution
8	Sale by the Company of 1.04 th. tonnes of crude oil to the Counterparty for RUB 6,095.0 th.	Transaction amount — RUB 6,095.0 th. (including VAT)	31.12.2008
9	Services by the Counterparty (Agent) to the Company (Principal) involving capital construction arrangements for production facilities worth 3,283,080.0 th. RUB for a fee of RUB 65,661.6 th.	Transaction price — RUB 65,661.6 th. (including VAT)	31.12.2008
10	Lease by the Company to the Counterparty of assets owned by the Company for the period of 12 months for a lease payment of 84,577.7 th. RUB per month. The total lease payment is 1,014,932.4 th. RUB	Transaction price — RUB 84,577.7 th. per month (including VAT)	31.12.2008
11	Services by the Counterparty to the Company involving care and maintenance of suspended fixed assets unused in production process and owned by the Company for a period of 12 month for a fee of RUB 23.0 th. per month to the total amount of RUB 276.0 th.	Transaction price — RUB 23.0 th. per month (including VAT)	31.12.2008
12	Services by the Counterparty (Agent) to the Company (Principal) involving drafting of project-specific process documentation for field development, routine monitoring of field development, and compliance with license agreement requirements at deposits owned by OJSC Rosneft Oil Company in the Far East in the total amount of RUB 161,405.0 th. for a fee of RUB 4,605.0 th.	Transaction price — RUB 4,605.0 th. (including VAT)	31.12.2008
13	Services by the Counterparty to the Company for abandonment and suspension of PPE owned by the Company for a total fee of RUB 49,654.0 th.	Transaction amount — RUB 49,654.0 th. (including VAT)	31.12.2008
14	Services by the Counterparty (Agent) to the Company (Principal) involving geological exploration in the license areas of OJSC Rosneft Oil Company in Sakhalin Region for a fee of RUB 4,451.0 th.	Transaction price — RUB 4,451.0 th. (including VAT)	27.03.2009
15	Grant by the Company to the Counterparty of zero-interest loans maturing before 31.12.2009 to finance operations in amount of RUB 412,000.0 th.	Transaction amount — RUB 412,000.0 th.	27.03.2009
16	23. Grant by the Company to the Counterparty of access rights to licensed software owned by the Company for a fee of RUB 5,923.0 th.	Transaction price — RUB 5,923.0 th. (including VAT)	27.03.2009
17	Sale by the Company of 1.7 th. tonnes of petroleum products (methanol) to the Counterparty for RUB 19,845.1 th.	Transaction amount — RUB 19,845.1 th. (including VAT)	05.06.2009

Transactions with LLC RN-Severnaya Neft

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Sale by the Company of 26.2 th. tonnes of petroleum products to the Counterparty for RUB 387,613.5 th.	Transaction amount — RUB 387,613.5 th. (including VAT)	31.12.2008
2	Services by the Counterparty to the Company for production of the following products at oil and gas fields to which the Company holds licenses: <ul style="list-style-type: none"> ■ crude oil in amount of 4,725.7 th. tonnes, ■ associated gas in amount of 497.0 mln cubic meters. worth total of RUB 10,071,829.5 th. and transfer of hydrocarbons so produced to the Company for subsequent sale	Transaction amount — 10,071,829.5 th. RUB (including VAT)	31.12.2008 25.12.2009
3	Sale by the Company to the Counterparty of materials and equipment for 885,042.0 th. RUB	Transaction amount — RUB 885,042.0 th. (including VAT)	31.12.2008 27.03.2009
4	Legal services rendered by the Counterparty to the company for a fee of RUB 85.0 th. per month (including VAT) to the total amount of RUB 1,020.0 th.	Transaction price — RUB 85.0 th. (including VAT)	31.12.2008
5	Sale by the Company of 286,4 mln cubic meters of natural gas to the Counterparty for RUB 591,000.0 th.	Transaction amount — RUB 591,000.0 th. (including VAT)	31.12.2008
6	Sale by the Company of 17.5 th. tonnes of crude oil to the Counterparty for RUB 97,052.0 th.	Transaction amount — RUB 97,052.0 th. (including VAT)	31.12.2008
7	Services by the Counterparty to the Company for refining of 107.0 th. tonnes of oil for a fee of RUB 1.08 th. per ton of refined oil worth total of RUB 115,774.0 th.	Transaction price — RUB 1.08 th. (including VAT) per ton of refined oil	31.12.2008
8	Services by the Counterparty (Agent) to the Company (Principal) involving capital construction arrangements for production facilities worth 5,282,530.0 th. RUB for a fee of 158,475.9 th. RUB	Transaction price — RUB 158,475.9 th. (including VAT)	31.12.2008

Nº	Subject of transaction and its essential terms	Transaction price, transaction amount	Date of resolution
9	Lease by the Company to the Counterparty of assets owned by the Company for the period of 12 months for a lease payment of RUB 257,785.3 th. per month. The total lease payment is RUB 3,093,423.6 th.	Transaction price — RUB 257,785.3 th. per month (including VAT)	31.12.2008
10	Services by the Counterparty to the Company involving care and maintenance of suspended fixed assets unused in production process and owned by the Company, for a period of 12 month for a fee of RUB 101.3 th. per month to the total amount of RUB 1,215.6 th.	Transaction price — RUB 101.3 th. per month (including VAT)	31.12.2008
11	Services by the Counterparty (Agent) to the Company (Principal) involving drafting of project-specific process documentation for field development, routine monitoring of field development, and compliance with license agreement requirements at deposits owned by OJSC Rosneft Oil Company in Komu Republic worth total of RUB 44,090.0 th. for a fee of RUB 9,500.0 th.	Transaction price — RUB 9,500.0 th. (including VAT)	31.12.2008
12	Services by the Company (Agent) to the Counterparty (Principal) associated with arrangements for Insurance Program covering property, vehicles and machinery against breakdown, as well as losses due to business interruption for an agency fee of RUB 5.0 th.	Transaction price — RUB 5.0 th. (including VAT)	31.12.2008
13	Services by the Counterparty (Agent) to the Company (Principal) involving geological exploration in the license areas of OJSC Rosneft Oil Company in the Nenets Autonomous District and Komi Republic for a fee of RUB 35,038.3 th.	Transaction price — RUB 35,038.3 th. (including VAT)	27.03.2009
14	Grant by the Counterparty to the Company of 1-year zero interest loans in amount of RUB 438,000.0 th.	Transaction amount — RUB 438,000.0 th.	27.03.2009
15	Grant by the Company to the Counterparty of access rights to licensed software owned by the Company for a fee of RUB 2,969.0 th.	Transaction price — RUB 2,969.0 th. (including VAT)	27.03.2009
16	In October-November 2009, the Company rendered information and consulting services to the Counterparty in the form of activities under the Program aimed at promotion of knowledge and results of R&D and engineering services received in 2007-2008, for a fee of RUB 36.9 th.	Transaction price — RUB 36.9 th. (including VAT)	29.10.2009

Transactions with LLC RN-Stavropolneftegaz

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Services by the Counterparty to the Company for production of the following products at oil and gas fields to which the Company holds licenses: <ul style="list-style-type: none"> ■ crude oil in amount of 1,025.2 th. tonnes, ■ natural gas in amount of 5.6 mln cubic meters, ■ associated gas in amount of 93.9 mln cubic meters. worth total of RUB 4,732,622.7 th. and transfer of hydrocarbons so produced to the Company for subsequent sale	Transaction amount — RUB 4,732,622.7 th. (including VAT)	31.12.2008
2	Sale by the Company to the Counterparty of materials and equipment for RUB 553,987.0 th.	Transaction amount — RUB 553,987.0 th. (including VAT)	31.12.2008 27.03.2009
3	Services rendered by the Counterparty related to ROSA Project (acceptance and audit of reports of the Company's subsidiaries) for a fee of RUB 325.0 th.	Transaction price — RUB 325.0 th. (including VAT)	31.12.2008
4	Sale by the Company of 60.0 mln cubic meters of natural gas to the Counterparty for RUB 158,000.0 th.	Transaction amount — RUB 158,000.0 th. (including VAT)	31.12.2008
5	Services by the Counterparty to the Company involving oil handling and railcar sealing for a fee of RUB 220,285.0 th.	Transaction amount — RUB 220,285.0 th. (including VAT)	31.12.2008
6	Services by the Counterparty (Agent) to the Company (Principal) involving capital construction arrangements for production facilities worth RUB 484,060.0 th. for a fee of RUB 6,292.78 th.	Transaction price — RUB 6,292.78 th. (including VAT)	31.12.2008

Nº	Subject of transaction and its essential terms	Transaction price, transaction amount	Date of resolution
7	Lease by the Company to the Counterparty of assets owned by the Company for the period of 12 months for a lease payment of RUB 27,925.9 th. per month. The total lease payment is RUB 335,110.8 th.	Transaction price — RUB 27,925.9 th. per month (including VAT)	31.12.2008
8	Services by the Counterparty to the Company involving care and maintenance of suspended fixed assets unused in production process and owned by the Company for a period of 12 month for a fee of 18.0 th. RUB per month to the total amount of 216.0 th. RUB	Transaction price — RUB 18.0 th. per month (including VAT)	31.12.2008
9	Services by the Counterparty (Agent) to the Company (Principal) involving drafting of project-specific process documentation for field development, routine monitoring of field development, and compliance with license agreement requirements at deposits owned by OJSC Rosneft Oil Company in Stavropol Territory in total amount of RUB 51,170.0 th. for a fee of RUB 2,270.0 th.	Transaction price — RUB 2,270.0 th. (including VAT)	31.12.2008
10	Services by the Counterparty to the Company associated with abandonment and suspension of PPE owned by the Company for a total fee of RUB 5,365.0 th.	Transaction amount — RUB 5,365.0 th. (including VAT)	31.12.2008 27.03.2009
11	Services by the Counterparty (Agent) to the Company (Principal) involving geological exploration in the license areas of OJSC Rosneft Oil Company in Stavropol Territory for a fee of RUB 2,250.7 th.	Transaction price — RUB 2,250.7 th. (including VAT)	27.03.2009
12	Obtaining by the Company of 1-year zero interest loans from the Counterparty in amount of RUB 416,050.0 th.	Transaction amount — RUB 416,050.0 th.	27.03.2009
13	Grant by the Company to the Counterparty of access rights to licensed software owned by the Company for a fee of RUB 2,964.0 th.	Transaction price — RUB 2,964.0 th. (including VAT)	27.03.2009
14	In October-November 2009, the Company rendered information and consulting services to the Counterparty in the form of activities under the Program aimed at promotion of knowledge and results of R&D and engineering services received in 2007-2008, for a fee of RUB 103.9 th.	Transaction price — RUB 103.9 th. (including VAT)	29.10.2009

Transactions with LLC RN-Yuganskneftegaz

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Sale by the Company to the Counterparty of 104,6 th. tonnes of petroleum products for RUB 1,655,949.6 th.	Transaction amount — RUB 1,655,949.6 th. (including VAT)	31.12.2008
2	Services by the Counterparty (Commission Agent) to the Company (Principal) for sales of "SLUM" (multicomponent hydrocarbon mix) in amount of 6.1 th. cubic meters worth RUB 40,493.0 th. for a fee of 1.0% of the sold SLUM value, which equals RUB 405.0 th.	Transaction price — RUB 405.0 th. (including VAT)	31.12.2008
3	Sale by the Company to the Counterparty of materials and equipment for 17,538,351.0 th. RUB	Transaction amount — RUB 17,538,351.0 th. (including VAT)	31.12.2008
4	Legal services rendered by the Counterparty to the company for a fee of RUB 635.5 th. per month (including VAT) worth total of RUB 7,626.0 th.	Transaction price — RUB 635.5 th. (including VAT)	31.12.2008
5	Sale by the Company to the Counterparty of natural and associated gas in amount of 285.7 mln cubic meters for RUB 477,000.0 th.	Transaction amount — RUB 477,000.0 th. (including VAT)	31.12.2008
6	Sale by the Company of 59.5 th. tonnes of crude oil to the Counterparty for RUB 347,764.0 th.	Transaction amount — RUB 347,764.0 th. (including VAT)	31.12.2008
7	Services by the Counterparty (Agent) to the Company (Principal) involving capital construction arrangements for production facilities worth RUB 66,012,690.0 th. for a fee of RUB 1,344,018.36 th.	Transaction price — RUB 1,344,018.36 th. (including VAT)	31.12.2008
8	Lease by the Company to the Counterparty of assets owned by the Company for the period of 12 months for a lease payment of RUB 1,937,663.6 th. per month. The total lease payment is RUB 23,251,963.2 th.	Transaction price — RUB 1,937,663.6 th. per month (including VAT)	31.12.2008

№	Subject of transaction and its essential terms	Transaction price, transaction amount	Date of resolution
9	Services by the Counterparty to the Company associated with care and maintenance of suspended fixed assets unused in production process and owned by the Company for a period of 12 month for a fee of RUB 2,744.63 th. per month worth total of RUB 18,685.6 th. per year.	Transaction price — RUB 2,744.63 th. per month (including VAT)	31.12.2008 25.12.2009
10	Services by the Counterparty (Agent) to the Company (Principal) involving drafting of project-specific process documentation for field development, routine monitoring of field development and compliance with requirements of license agreements at deposits owned by OJSC Rosneft Oil Company in the Khanty-Mansiysk Autonomous District worth RUB 301,000.0 th. for a fee of RUB 5,900.0 th.	Transaction price — RUB 5,900.0 th. (including VAT)	31.12.2008
11	Services by the Counterparty to the Company for abandonment and suspension of PPE owned by the Company for a total fee of RUB 170,011.0 th.	Transaction amount — RUB 170,011.0 th. (including VAT)	31.12.2008
12	Sale by the Company to the Counterparty of of movable assets (relocatable buildings, vehicles, transport, equipment and furniture) worth RUB 19,023,729.4 th.	Transaction amount — RUB 19,023,729.4 th. (including VAT)	31.12.2008
13	Services by the Counterparty to the Company for storage of mothballed movable assets unused in production process and owned by the Company, for a period of 12 months at the price of RUB 2,065.0 th. per month in total amount of RUB 24,780.0 th.	Transaction price — RUB 2,065.0 th. per month (including VAT)	31.12.2008
14	Services by the Company (Agent) to the Counterparty (Principal) associated with arrangements for Insurance Program covering property, vehicles and machinery against breakdown, as well as losses due to business interruption, for an agency fee of RUB 5.0 th.	Transaction price — RUB 5.0 th. (including VAT)	31.12.2008
15	Services by the Counterparty (Agent) to the Company (Principal) in geological exploration in the license areas of OJSC Rosneft Oil Company in the Khanty- Mansiysk Autonomous District Yugra for a fee of RUB 19,241.8 th.	Transaction price — RUB 19,241.8 th. (including VAT)	27.03.2009
16	Grant by the Counterparty to the Company of 1-year zero interest loans in amount of RUB 599,000.0 th.	Transaction amount — RUB 599,000.0 th.	27.03.2009
17	Grant by the Company to the Counterparty of a non-exclusive right to use software "Information Support Systems for Oil Transport through Pipelines of AK Transneft for a fee of RUB 41.7 th. per month in total amount of RUB 500.0 th.	Transaction price — RUB 41.7 th. (including VAT)	27.03.2009
18	Grant by the Company to the Counterparty of access rights to licensed software owned by the Company for a fee of RUB 5,481.0 th.	Transaction price — RUB 5,481.0 th. (including VAT)	27.03.2009
19	Services by the Counterparty to the Company (representative office of OJSC Rosneft Oil Company in Khanty- Mansiysk Autonomous District) for storage of archive documents of the Company for a fee of RUB 50.41 th. per month in total amount of RUB 604.92 th.	Transaction price – RUB 50.41 th. per month (including VAT)	05.06.2009
20	Grant by the Company to the Counterparty of rights to use SAP R/3 software and SAP R/3-based Corporate Information System resources for a fee including a single payment and monthly payments to the total amount of RUB 38,555.1 th.	Transaction amount – RUB 38,555.1 th. (including VAT)	29.10.2009
21	In October-November 2009, the Company rendered information and consulting services to the Counterparty in the form of activities under the Program aimed at promotion of knowledge and results of R&D and engineering services received in 2007-2008, for a fee of RUB 115.6 th.	Transaction price — RUB 115.6 th. (including VAT)	29.10.2009

Transactions with LLC Polar Lights Company (Polyarnoye Siyaniye)

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Services by the Company (Commission Agent) to the Counterparty (Principal) for export of crude oil owned by the Counterparty in amount of up to 240.0 th. tonnes for a fee of 0.5% of the sold oil value, but not more than equivalent of USD 51.0 th., per month.	Transaction price – 0.5% of the sold oil value, but not more than equivalent of USD 51.0 th., per month.	29.10.2009
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Transactions with OJSC Dagneftegas

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company, holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Services by the Counterparty to the Company for storage and sale of non-demand secondary resources owned by the latter for a fee of RUB 100.0 th.	Transaction amount – RUB 100.0 th. (including VAT)	25.12.2009
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Transactions with OJSC Verkhnechonskneftegaz

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

№	Subject of transaction and its essential terms	Transaction price, transaction amount	Date of resolution
1	Services by the Counterparty (as an Agent) to the Company involving arrangement of oil transport through pipeline system of OJSC AK Transneft in amount of 340.0 th. tonnes for a fee of RUB 0.01 th. (excluding VAT) per 1.0 ton of oil for RUB 4,012.0 th.	Transaction price — RUB 0.01 th. per ton of oil (excluding VAT)	31.12.2008
2	Purchase by the Company from the Counterparty of crude oil in amount of 340.0 th. tonnes for RUB 2,145,400.0 th.	Transaction amount — RUB 2,145,400.0 th. (including VAT)	31.12.2008
3	Cession by the Counterparty to the Company of right to access the oil pipeline system of OJSC AK Transneft in export of oil in amount of 38.91 th. tonnes from the customs territory of the Russian Federation in 3Q 2009 on the routes of Novorossiysk, Primorsk and Lisichanskiy refineries, for a fee of RUB 10.1 th., including VAT	Transaction price — RUB 0.00022 th. (excluding VAT) per ton of oil, whereby the right to export oil through pipeline system is conceded under the transaction.	29.10.2009
4	Cession by the Counterparty to the Company of a right to access the oil pipeline system of OJSC AK Transneft in export of oil in amount of 40.0 th. tonnes from the customs territory of the Russian Federation in 4Q 2009 for a fee of RUB 11.0 th. including VAT	Transaction price — RUB 0.00022 th. (excluding VAT) per ton of oil, whereby the right to export oil through pipeline system is conceded under the transaction.	29.10.2009
5	Grant by the Company to the Counterparty of 5-year loans at interest rates corresponding to the refinancing rate of the Bank of Russia, to finance the Verkhnechonsk field in amount of up to RUB 2,559,345.9 th.. Total transaction amount is RUB 3,966,986.2 th.	Transaction amount — RUB 3,966,986.2 th.	25.12.2009

Transactions with LLC RN-Komsomolsk Refinery

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Sale by the Company to the Counterparty of 33.1 th. tonnes of petroleum products for RUB 98,672.5 th.	Transaction amount — RUB 98,672.5 th. (including VAT)	31.12.2008
2	Sale by the Company to the Counterparty of materials and equipment for RUB 500,000.0 th.	Transaction amount — RUB 500,000.0 th. (including VAT)	31.12.2008
3	Legal services rendered by the Counterparty to the Company for a fee of RUB 160.8 th. per month (including VAT) in total amount of RUB 1,929.6 th.	Transaction price — RUB 160.8 th. (including VAT)	31.12.2008
4	Sale by the Company to the Counterparty of 61.6 mln cubic meters of natural gas worth RUB 185,000.0 th.	Transaction amount — RUB 185,000.0 th. (including VAT)	31.12.2008
5	Purchase by the Company from the Counterparty of 0.0002 th. tonnes of crude oil for RUB 1.3 th.	Transaction amount — RUB 1.3 th. (including VAT)	31.12.2008
6	Services by the Counterparty to the Company for refining of 7,400.0 th. tonnes of oil for a fee of RUB 0.66 th. per ton of refined oil in total amount of RUB 4,891,400.0 th.	Transaction price — RUB 0.66 th. (including VAT) per ton of refined oil	31.12.2008
7	Services by the Counterparty (Agent) to the Company (Principal) involving capital construction arrangements for production facilities worth RUB 5,678,640.0 th. for a fee of RUB 85,179.6 th.	Transaction price — RUB 85,179.6 th. (including VAT)	31.12.2008
8	Lease by the Company to the Counterparty of assets owned by the Company for the period of 12 months for a lease payment of RUB 99,246.6 th. per month. The total lease payment is RUB 1,190,959.2 th.	Transaction price — RUB 99,246.6 th. per month (including VAT)	31.12.2008
9	Sale by the Company to the Counterparty of fixed assets worth RUB 454.3 th.	Transaction price — RUB 454.30 th. (including VAT)	31.12.2008
10	Services by the Company (Agent) to the Counterparty (Principal) associated with arrangements for Insurance Program covering property, vehicles and machinery against breakdown, as well as losses due to business interruption, for an agency fee of RUB 5.0 th.	Transaction price — RUB 5.0 th. (including VAT)	31.12.2008
11	Grant by the Company to the Counterparty of a surety on the following terms: <ul style="list-style-type: none"> ■ Purpose of surety — securing the Counterparty's obligations under the contract with Siemens LLC to supply SF6 insulated switchgear 110 kV worth RUB 95,259.4 th. ■ Size of surety — RUB 95,259.4 th. ■ Surety term — till 31.07.2009 ■ Term for a claim under the surety — in case of default of one of the payments set forth in the Contract of Suretyship. 	Transaction price (surety size) — RUB 95,259.4 th.	31.12.2008

Nº	Subject of transaction and its essential terms	Transaction price, transaction amount	Date of resolution
12	Grant by the Company to the Counterparty of a non-exclusive right to use software "Information Support Systems for Oil Transport through Pipelines of AK Transneft" for a fee of RUB 41.7 th. per month worth total of RUB 500.0 th.	Transaction price – RUB 41.7 th. (including VAT)	27.03.2009
13	Grant by the Company to the Counterparty of a non-exclusive right to use Aspen PIMS software for a fee of RUB 2,040.0 th.	Transaction price — RUB 2,040.0 th. (including VAT)	27.03.2009
14	In October-November 2009, the Company rendered information and consulting services to the Counterparty in the form of activities under the Program aimed at promotion of knowledge and results of R&D and engineering services received in 2007-2008, for a fee of RUB 45.0 th.	Transaction price — RUB 45.0 th. (including VAT)	29.10.2009
15	Grant by the Counterparty to the Company of 1-year zero interest loans in amount of RUB 50,000.0 th.	Transaction amount — RUB 50,000.0 th.	25.12.2009

Transactions with LLC RN-Primorsk Refinery

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Grant by the Company to the Counterparty of 3-year zero interest loans in amount of RUB 3,091,000.0 th. to finance investment operations	Transaction amount — RUB 3,091,000.0 th.	27.03.2009 25.12.2009
2	Services by the Company (Agent) to the Counterparty (Principal) associated with arrangements for information protection in the Counterparty's computer networks charged at RUB 2,739.4 th. for a fee of 1% of the information protection costs, i.e. RUB 27.0 th.	Transaction price — RUB 27.0 th. (excluding VAT)	27.03.2009

Transactions with LLC RN-Tuapse Refinery

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Services by the Counterparty (Agent) to the Company (Principal) involving capital construction arrangements for production facilities worth RUB 7,266,230.0 th. for a fee of RUB 87,194.8 th.	Transaction price — RUB 87,194.8 th. (including VAT)	31.12.2008
2	Sale by the Company to the Counterparty of 60.2 th. tonnes of petroleum products for RUB 483,400.0 th.	Transaction amount — RUB 483,400.0 th. (including VAT)	31.12.2008 05.06.2009
3	Sale by the Company to the Counterparty of materials and equipment for RUB 14,300.0 th.	Transaction amount — RUB 14,300.0 th. (including VAT)	31.12.2008 27.03.2009
4	Purchase by the Company from the Counterparty of slop oil in amount of 3.3 th. tonnes for RUB 9,642.0 th.	Transaction amount — RUB 9,642.0 th. (including VAT)	31.12.2008
5	Lease by the Company to the Counterparty of assets owned by the Company for the period of 12 months for a lease payment of RUB 51,333.6 th. per month. The total lease payment is RUB 616,003.2 th.	Transaction price — RUB 51,333.6 th. per month (including VAT)	31.12.2008
6	Services by the Counterparty to the Company for refining of 5,200.0 th. tonnes of oil for a fee of 0.31 th. RUB per ton of refined oil in total amount of 1,612,000.0 th. RUB	Transaction price — RUB 0.31 th. (including VAT) per ton of refined oil	31.12.2008
7	Services by the Company (Agent) to the Counterparty (Principal) associated with arrangements for Insurance Program covering property, vehicles and machinery against breakdown, as well as losses due to business interruption, for an agency fee of RUB 5.0 th.	Transaction price — RUB 5.0 th. (including VAT)	31.12.2008
8	Grant by the Counterparty to the Company of 1-year zero interest loans in amount of RUB 55,550.0 th.	Transaction amount — RUB 55,550.0 th.	27.03.2009
9	Grant by the Company to the Counterparty of a non-exclusive right to use software "Information Support Systems for Oil Transport through Pipelines of AK Transneft" for a fee of RUB 41.7 th. per month to the total amount of RUB 500.0 th.	Transaction price — RUB 41.7 th. (including VAT)	27.03.2009
10	Grant by the Company to the Counterparty of a non-exclusive right to use Aspen PIMS software for a fee of RUB 2,040.0 th.	Transaction price — RUB 2,040.0 th. (including VAT)	27.03.2009
11	Services by the Company to the Counterparty for 12-month information support of work stations connected to the licensed software owned by the Company for a fee of RUB 175.0 th. per month to the amount of RUB 2,100.0 th.	Transaction price — RUB 175.0 th. per month (including VAT)	27.03.2009
12	In October-November 2009, the Company rendered information and consulting services to the Counterparty in the form of activities under the Program aimed at promotion of knowledge and results of R&D and engineering services received in 2007-2008, for a fee of RUB 54.3 th.	Transaction price — RUB 54.3 th. (including VAT)	29.10.2009

№	Subject of transaction and its essential terms	Transaction price, transaction amount	Date of resolution
Transactions where LLC RN-Tuapse Refinery is the beneficiary			
<i>Related party: OJSC ROSNEFTEGAZ</i> — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)			
1	Grant by the Company on behalf of the Counterparty of a surety to Siemens Industrial Turbomachinery AB (Switzerland) on the following terms: <ul style="list-style-type: none"> ■ Purpose of the surety — securing the Counterparty's (Purchaser's) obligations under the contract with Siemens Industrial Turbomachinery AB (Seller) to supply gas-turbine power unit worth SEK 960,000,000.00 ■ Size of surety — 960,000,000.00 SEK; ■ Duration of surety — till 31.12.2012; ■ Grounds for claim to the Surety Provider — failure by the Purchaser to make a payment under the Contract ■ Additional obligations of the Surety Provider — indemnification of the Seller's damages under the Contract caused by the Purchaser. Total size of surety — 960,000,000.00 SEK	Transaction price — SEK 960,000,000.00	29.10.2009
Transactions with OJSC Rosneft Oil Company-MZ Nefteproduct			
<i>Related party: OJSC ROSNEFTEGAZ</i> — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)			
1	Sale by the Company to the Counterparty of materials and equipment for RUB 2,000.0 th.	Transaction amount — RUB 2,000.0 th. (including VAT)	31.12.2008
2	Lease by the Company to the Counterparty of assets owned by the Company for the period of 12 months for a lease payment of RUB 27.6 th. per month. The total lease payment is RUB 331.2 th.	Transaction price — RUB 27.6 th. per month (including VAT)	31.12.2008
Transactions with OJSC Rosneft Oil Company-Altainefteproduct			
<i>Related party: OJSC ROSNEFTEGAZ</i> — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)			
1	Sale by the Company to the Counterparty of 441.9 th. tonnes of petroleum products for RUB 6,908,865.5 th., of which: <ul style="list-style-type: none"> ■ gasoline A-76/Normal-80 — 89.5 th. tonnes, ■ gasoline AI-92/Regular-92 — 134.7 th. tonnes, ■ gasoline AI-95/Premium-95 — 12.8 th. tonnes, ■ gasoline AI-98/Super-98 — 1.1 th. tonnes, ■ Summer diesel fuel — 160.5 th. tonnes, ■ Winter diesel fuel — 37.6 th. tonnes, ■ Oils — 5.6 th. tonnes. 	Transaction amount — RUB 6,908,865.5 th. (including	31.12.2008
2	Lease by the Company to the Counterparty of assets owned by the Company for the period of 12 months for a lease payment of RUB 488.7 th. per month. The total lease payment is RUB 5,864.4 th.	Transaction price — RUB 488.7 th. per month (including VAT)	31.12.2008
3	Grant by the Company to the Counterparty of the rights to use software "Automated information system for petroleum products metering and control in fuel network" for a fee of RUB 132.7 th.	Transaction price — RUB 132.7 th. (including VAT)	27.03.2009
4	Services by the Company (Agent) to the Counterparty (Principal) associated with arrangement of information protection in the Counterparty's computer networks charged at RUB 394.3 th. for a fee of 1% of the information protection costs, i.e. RUB 3.9 th.	Transaction price — RUB 3.9 th. (excluding VAT)	27.03.2009
5	Grant by the Company to the Counterparty of a non-exclusive right to use Company's registered trademarks in the Counterparty's business operations in the Russian Federation for an annual fee of RUB 70.8 th.	Transaction amount — RUB 70.8 th. per year (including VAT)	05.06.2009
6	In October-November 2009, the Company rendered information and consulting services to the Counterparty in the form of activities under the Program aimed at promotion of knowledge and results of R&D and engineering services received in 2007–2008 for a fee of RUB 14.9 th.	Transaction price — RUB 14.9 th. (including VAT)	29.10.2009

№	Subject of transaction and its essential terms	Transaction price, transaction amount	Date of resolution
Transactions with OJSC Rosneft Oil Company-ARTAG			
<i>Related party: OJSC ROSNEFTEGAZ</i> — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)			
1	Sale by the Company to the Counterparty of 34.3 th. tonnes of petroleum products for RUB 523,989.3 th.	Transaction amount — RUB 523,989.3 th. (including VAT)	31.12.2008
2	Sale by the Company to the Counterparty of materials and equipment for RUB 350.0 th.	Transaction amount — RUB 350.0 th. (including VAT)	31.12.2008 27.03.2009
3	Lease by the Company to the Counterparty of assets owned by the Company for the period of 12 months for a lease payment of RUB 375.6 th. per month. The total lease payment is RUB 4,507.2 th.	Transaction price — RUB 375.6 th. per month (including VAT)	31.12.2008
4	Grant by the Company to the Counterparty of a non-exclusive right to use Company's registered trademarks in the Counterparty's business operations in the Russian Federation for a fee of RUB 70.8 th. per year	Transaction amount — RUB 70.8 th. per year (including VAT)	05.06.2009
5	In October-November 2009, the Company rendered information and consulting services to the Counterparty in the form of activities under the Program aimed at promotion of knowledge and results of R&D and engineering services received in 2007-2008 for a fee of RUB 10.6 th.	Transaction price — RUB 10.6 th. (including VAT)	29.10.2009
6	Grant by the Company to the Counterparty of the rights to use software "Automated information system for petroleum products metering and control in fuel network" for a fee of RUB 132.6 th.	Transaction price — RUB 132.6 th. (including VAT)	29.10.2009
7	Grant by the Company to the Counterparty of 3-year loans at the rate of not less than 2/3 of the Bank of Russia's refinancing rate to finance investment operations, in amount of RUB 20,100.0 th. Total transaction size is RUB 26,733.0 th.	Transaction amount — RUB 26 733.0 th.	25.12.2009
Transactions with OJSC Rosneft Oil Company- Kabardino-Balkarskaya Toplivnaya Company			
<i>Related parties:</i>			
<i>OJSC ROSNEFTEGAZ</i> — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)			
<i>V.V. Ploskina</i> (from 05.03.2009) — Member of the Board at OJSC Rosneft Oil Company, Member of the Board at OJSC Rosneft Oil Company-Kabardino-Balkarskaya Toplivnaya Company — party to transactions			
1	Sale by the Company to the Counterparty of 165.0 th. tonnes of petroleum products for RUB 2,094,153.7 th., of which: <ul style="list-style-type: none"> ■ gasoline A-76/Normal-80 — 24.6 th. tonnes, ■ gasoline AI-92/Regular-92 — 50.9 th. tonnes, ■ gasoline AI-95/Premium-95 — 7.5 th. tonnes, ■ gasoline AI-98/Super-98 — 0.2 th. tonnes, ■ Summer diesel fuel — 32.7 th. tonnes, ■ Straight-run gasoline — 18.4 th. tonnes, ■ Fuel oil — 27.5 th. tonnes, ■ Petrochemical products — 3.2 th. tonnes. 	Transaction amount — RUB 2,094,153.7 th. (including VAT)	31.12.2008
2	Sale by the Company to the Counterparty of materials and equipment for RUB 10,000.0 th.	Transaction amount — RUB 10,000.0 th. (including VAT)	31.12.2008
3	Services by the Counterparty (Agent) to the Company (Principal) involving capital construction arrangements for production facilities worth RUB 64,360.0 th. for a fee of RUB 643.6 th.	Transaction price — RUB 643.6 th. (including VAT)	31.12.2008
4	Lease by the Company to the Counterparty of assets owned by the Company for the period of 12 months for a lease payment of RUB 1,326.4 th. per month. The total lease payment is RUB 15,916.8 th.	Transaction price — RUB 1,326.4 th. per month (including VAT)	31.12.2008
5	Sale by the Company to the Counterparty of 72.0 th. tonnes of crude oil for RUB 410,328.0 th.	Transaction amount — RUB 410,328.0 th. (including VAT)	27.03.2009
6	Grant by the Company to the Counterparty of a non-exclusive right to use Company's registered trademarks in the Counterparty's business operations in the Russian Federation for an annual fee of RUB 70.8 th.	Transaction amount — RUB 70.8 th. per year (including VAT)	05.06.2009
7	Grant by the Company to the Counterparty of the rights to use software "Automated information system for petroleum products metering and control in fuel network" for a fee of RUB 132.6 th.	Transaction price — RUB 132.6 th. (including VAT)	29.10.2009

Nº	Subject of transaction and its essential terms	Transaction price, transaction amount	Date of resolution
8	In October-November 2009, the Company rendered information and consulting services to the Counterparty in the form of activities under the Program aimed at promotion of knowledge and results of R&D and engineering services received in 2007-2008 for a fee of RUB 10.6 th.	Transaction price — RUB 10.6 th. (including VAT)	29.10.2009

Transactions with OJSC Rosneft Oil Company- Karachaevo-Cherkessknefteproduct

Related parties:

OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

V.V. Ploskina (from 05.03.2009) — Member of the Board at OJSC Rosneft Oil Company, Member of the Board at OJSC Rosneft Oil Company- Karachaevo-Cherkessknefteproduct — party to transactions

1	Sale by the Company to the Counterparty of 63.4 th. tonnes of petroleum products for RUB 993,493.6 th.	Transaction amount — RUB 993,493.6 th. (including VAT)	31.12.2008 25.12.2009
2	Sale by the Company to the Counterparty of materials and equipment for RUB 3,000.0 th.	Transaction amount — RUB 3,000.0 th. (including VAT)	31.12.2008
3	Services by the Counterparty (Agent) to the Company (Principal) involving capital construction arrangements for production facilities worth RUB 16,800.0 th. for a fee of RUB 168.0 th.	Transaction price — RUB 168.0 th. (including VAT)	31.12.2008
4	Lease by the Company to the Counterparty of assets owned by the Company for the period of 12 months for a lease payment of RUB 3,585.3 th. per month. The total lease payment is RUB 43,023.6 th.	Transaction price — RUB 3,585.3 th. per month (including VAT)	31.12.2008
5	Grant by the Company to the Counterparty of a non-exclusive right to use Company's registered trademarks in the Counterparty's business operations in the Russian Federation for a fee of RUB 70.8 th. per year	Transaction amount — RUB 70.8 th. per year (including VAT)	05.06.2009
6	Grant by the Company to the Counterparty of the rights to use software "Automated information system for petroleum products metering and control in fuel network" for a fee of RUB 132.6 th.	Transaction price — RUB 132.6 th. (including VAT)	29.10.2009
7	In October-November 2009, the Company rendered information and consulting services to the Counterparty in the form of activities under the Program aimed at promotion of knowledge and results of R&D and engineering services received in 2007-2008 for a fee of RUB 10.6 th.	Transaction price — RUB 10.6 th. (including VAT)	29.10.2009

Transactions with OJSC Rosneft Oil Company-Kubannefteproduct

Related parties:

OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company, holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

S.V. Karaganov (till 05.03.2009) — Member of the Board at OJSC Rosneft Oil Company, Member of the Board at OJSC Rosneft Oil Company- Kubannefteproduct — party to transactions

1	Sale by the Company to the Counterparty of 1,021.6 th. tonnes of petroleum products for RUB 15,457,104.3 th.	Transaction amount — RUB 15,457,104.3 th. (including VAT)	31.12.2008
2	Sale by the Company to the Counterparty of materials and equipment for RUB 65,000.0 th.	Transaction amount — RUB 65,000.0 th. (including VAT)	31.12.2008
3	Services rendered by the Counterparty related to ROSA Project (acceptance and audit of reports of the Company's subsidiaries) for a fee of RUB 380.0 th.	Transaction price — RUB 380.0 th. (including VAT)	31.12.2008
4	Lease by the Company to the Counterparty of assets owned by the Company for the period of 12 months for a lease payment of RUB 6,181.0 th. per month. The total lease payment is RUB 74,172.0 th.	Transaction price — RUB 6,181.0 th. per month (including VAT)	31.12.2008
5	Grant of loans by the Company to the Counterparty at the rate of not less than 2/3 of the Bank of Russia's refinancing rate to finance operations, maturing before 31.12.2009, in amount of RUB 42,884.9 th. Total transaction size is RUB 53,606.13 th.	Transaction amount — RUB 53,606.13 th.	27.03.2009
6	Grant by the Company to the Counterparty of a non-exclusive right to use Company's registered trademarks in the Counterparty's business operations in the Russian Federation for a fee of RUB 70.8 th. per year	Transaction amount — RUB 70.8 th. per year (including VAT)	05.06.2009
7	Grant of 5-year loans by the Company to the Counterparty at the rate of not less than 2/3 of the Bank of Russia's refinancing rate to finance operations in amount of RUB 921,800.0 th.. Total transaction size is RUB 1,820,555.0 th.	Transaction amount — RUB 1,820,555.0 th.	05.06.2009

Nº	Subject of transaction and its essential terms	Transaction price, transaction amount	Date of resolution
8	Sale by the Company to the Counterparty of fixed assets (Fuel station and its land lot located in the town of Timoshevks, Kransodar Territory) worth total of 7,200.0 th. RUB	Transaction amount — RUB 7,200.0 th. (including VAT)	05.06.2009
9	In October-November 2009, the Company rendered information and consulting services to the Counterparty in the form of activities under the Program aimed at promotion of knowledge and results of R&D and engineering services received in 2007-2008 for a fee of RUB 10.6 th.	Transaction price — RUB 10.6 th. (including VAT)	29.10.2009
10	Grant by the Company to the Counterparty of the rights to use software "Automated information system for petroleum products metering and control in fuel network" for a fee of 293.2 th. RUB	Transaction price — RUB 293.2 th. (including VAT)	29.10.2009
11	Services by the Counterparty (Agent) to the Company (Principal) involving refurbishing of production facilities owned by the Company worth RUB 37,481.0 th. (including VAT) for a fee of 0.5% of the cost of work, i.e. RUB 187.41 th.	Transaction price — RUB 187.41 th. (including VAT)	25.12.2009

Transactions with OJSC Rosneft Oil Company-Kurgannefteprodukt

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Sale by the Company to the Counterparty of 179.9 th. tonnes of petroleum products for RUB 2,865,292.0 th.	Transaction amount — RUB 2,865,292.0 th. (including VAT)	31.12.2008
2	Sale by the Company to the Counterparty of materials and equipment for RUB 20,000.0 th.	Transaction amount — RUB 20,000.0 th. (including VAT)	31.12.2008
3	Services by the Counterparty (Agent) to the Company (Principal) involving capital construction arrangements for production facilities worth RUB 52,000.0 th. for a fee of RUB 520.0 th.	Transaction price — RUB 520.0 th. (including VAT)	31.12.2008
4	Lease by the Company to the Counterparty of assets owned by the Company for the period of 12 months for a lease payment of RUB 1,247.5 th. per month. The total lease payment is RUB 14,970.0 th.	Transaction price — RUB 1,247.5 th. per month (including VAT)	31.12.2008
5	Grant by the Company to the Counterparty of the rights to use software "Automated information system for petroleum products metering and control in fuel network" for a fee of RUB 132.7 th.	Transaction price — RUB 132.7 th. (including VAT)	27.03.2009
6	Grant by the Company to the Counterparty of a non-exclusive right to use Company's registered trademarks in the Counterparty's business operations in the Russian Federation for a fee of RUB 70.8 th. per year	Transaction amount — RUB 708 th. per year (including VAT)	05.06.2009
7	In October-November 2009, the Company rendered information and consulting services to the Counterparty in the form of activities under the Program aimed at promotion of knowledge and results of R&D and engineering services received in 2007-2008 for a fee of RUB 14.9 th.	Transaction price — RUB 14.9 th. (including VAT)	29.10.2009

Transactions with OJSC Rosneft Oil Company-Murmansknefteprodukt

Related parties:

OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

V.V. Ploskina (from 05.03.2009) — Member of the Board at OJSC Rosneft Oil Company, Member of the Board at OJSC Rosneft Oil Company-Murmansknefteprodukt — party to transactions

1	Sale by the Company to the Counterparty of 119.4 th. tonnes of petroleum products for RUB 1,839,710.2 th.	Transaction amount — RUB 1,839,710.2 th. (including VAT)	31.12.2008
2	Sale by the Company to the Counterparty of materials and equipment for RUB 4,500.0 th.	Transaction amount — RUB 4,500.0 th. (including VAT)	31.12.2008
3	Lease by the Company to the Counterparty of assets owned by the Company for the period of 12 months for a lease payment of RUB 376.7 th. per month. The total lease payment is RUB 4,520.4 th.	Transaction price — RUB 376.7 th. per month (including VAT)	31.12.2008
4	Services by the Counterparty to the Company for abandonment and suspension of PPE owned by the Company for a total fee of RUB 17,000.0 th.	Transaction amount — RUB 17,000.0 th. (including VAT)	31.12.2008

№	Subject of transaction and its essential terms	Transaction price, transaction amount	Date of resolution
5	Services by the Counterparty to the Company associated with custody transfer and storage of petroleum products owned by the Company for the following fee: <ul style="list-style-type: none"> ■ RUB 450.0 for custody transfer services per 1 tonne of petroleum products; ■ RUB 10.0 for storage services per 1 tonne of petroleum products/24 hours. Transaction amount: RUB 40,000.0 th.	Transaction price: RUB 450.0 (including VAT) for custody transfer services per 1 tonne of petroleum products; RUB 10.0 (including VAT) for storage services per 1 tonne of petroleum products/24 hours.	31.12.2008
6	Grant by the Company to the Counterparty of the rights to use software "Automated information system for petroleum products metering and control in fuel network" for a fee of RUB 132.7 th.	Transaction price — RUB 132.7 th. (including VAT)	27.03.2009
7	Grant by the Company to the Counterparty of a non-exclusive right to use Company's registered trademarks in the Counterparty's business operations in the Russian Federation for a fee of RUB 70.8 th. per year	Transaction amount — RUB 70.8 th. per year (including VAT)	05.06.2009
8	Sale by the Company to the Counterparty of movable assets worth RUB 242.9 th.	Transaction amount — RUB 242.9 th. (including VAT)	05.06.2009
9	In October-November 2009, the Company rendered information and consulting services to the Counterparty in the form of activities under the Program aimed at promotion of knowledge and results of R&D and engineering services received in 2007-2008 for a fee of RUB 10.6 th.	Transaction price — RUB 10.6 th. (including VAT)	29.10.2009
10	Grant of 1-year loans by the Company to the Counterparty at the rate of not less than 2/3 of the Bank of Russia's refinancing rate to finance operations, in amount of RUB 90,000.0 th. Total transaction size is RUB 99,900.0 th.	Transaction amount — RUB 99,900.0 th.	25.12.2009

Transactions with OJSC Nakhodka Oil Seatrade Port

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Sale by the Company to the Counterparty of materials and equipment for RUB 3,300.0 th.	Transaction amount — RUB 3,300.0 th. (including VAT)	31.12.2008
2	Services by the Counterparty to the Company associated with handling operations at terminals in export of petroleum products in amount of 5,900.0 th. tonnes for a fee in rubles equivalent to USD 4,720.0 th. at the CBR exchange rate as of the date of payment.	Transaction amount — rubles equivalent of USD 4,720.0 th. (excluding VAT) at the exchange rate of the Russian Central Bank as of the date of payment.	31.12.2008
3	Grant by the Counterparty to the Company of 1-year zero interest loans in amount of RUB 97,500.0 th.	Transaction amount — RUB 97,500.0 th.	27.03.2009 25.12.2009

Transactions with OJSC Rosneft Oil Company-Smolensknefteprodukt

Related parties:

OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company, holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

S.V. Karaganov — Member of the Board at OJSC Rosneft Oil Company, Member of the Board at OJSC Rosneft Oil Company-Smolensknefteprodukt – party to transactions

1	Sale by the Company to the Counterparty of 626.0 th. tonnes of petroleum products for RUB 9,610,808.8 th.	Transaction amount — RUB 9,610,808.8 th. (including VAT)	31.12.2008
2	Sale by the Company to the Counterparty of materials and equipment for RUB 44,300.0 th.	Transaction amount — RUB 44,300.0 th. (including VAT)	31.12.2008 27.03.2009
3	Lease by the Company to the Counterparty of assets owned by the Company for the period of 12 months for a lease payment of RUB 1,693.8 th. per month. The total lease payment is RUB 20,325.6 th.	Transaction price — RUB 1,693.8 th. per month (including VAT)	31.12.2008

Nº	Subject of transaction and its essential terms	Transaction price, transaction amount	Date of resolution
4	Services by the Counterparty to the Company associated with custody transfer and storage of petroleum products owned by the Company for the following fee: <ul style="list-style-type: none"> ■ RUB 477.00 for custody transfer services per 1 tonne of petroleum products ■ RUB 1.9 for storage services per 1 tonne of petroleum products/24 hours. Transaction amount: RUB 10,110.0 th.	Transaction price: RUB 477.00 (including VAT) for custody transfer services per 1 tonne of petroleum products; RUB 1.9 (including VAT) for storage services per 1 tonne of petroleum products/24 hours.	31.12.2008
5	Grant by the Company to the Counterparty of a non-exclusive right to use Company's registered trademarks in the Counterparty's business operations in the Russian Federation for a fee of RUB 70.8 th. per year	Transaction amount — RUB 70.8 th. per year (including VAT)	05.06.2009
6	In October-November 2009, the Company rendered information and consulting services to the Counterparty in the form of activities under the Program aimed at promotion of knowledge and results of R&D and engineering services received in 2007-2008 for a fee of RUB 10.6 th.	Transaction price — RUB 10.6 th. (including VAT)	29.10.2009

Transactions with OJSC Rosneft Oil Company-Stavropolye

Related parties:

OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

S.V. Karaganov (till 05.03.2009) — Member of the Board at OJSC Rosneft Oil Company, Chairman of the Board at OJSC Rosneft Oil Company-Stavropolye — party to transactions

V.V. Ploskina (from 05.03.2009) — Member of the Board at OJSC Rosneft Oil Company, Member of the Board at OJSC Rosneft Oil Company-Stavropolye — party to transactions

1	Sale by the Company to the Counterparty of 465.4 th. tonnes of petroleum products for RUB 6,918,102.9 th.	Transaction amount — RUB 6,918,102.9 th. (including VAT)	31.12.2008
2	Lease by the Company to the Counterparty of assets owned by the Company for the period of 12 months for a lease payment of RUB 40.7 th. per month. The total lease payment is RUB 488.4 th.	Transaction price — RUB 40.7 th. per month (including VAT)	31.12.2008
3	Services by the Counterparty to the Company associated with custody transfer and storage of petroleum products owned by the Company for the following fee: <ul style="list-style-type: none"> ■ RUB 371.0 for custody transfer services per 1 tonne of petroleum products; ■ RUB 10.0 for storage services per 1 tonne of petroleum products/24 hours. Transaction amount RUB 11,000.0 th.	Transaction price: RUB 371.0 (including VAT) for custody transfer services per 1 tonne of petroleum products; RUB 10.0 (including VAT) for storage services per 1 tonne of petroleum products/24 hours.	31.12.2008
4	Sale by the Company to the Counterparty of materials and equipment for RUB 44,000.0 th.	Transaction amount — RUB 44,000.0 th. (including VAT)	27.03.2009
5	Services by the Company (Agent) to the Counterparty (Principal) with arrangements for information protection in the Counterparty's computer networks charged at RUB 9.8 th. for a fee of 1% of the information protection costs, i.e. RUB 0.1 th.	Transaction price — RUB 0.1 th. (excluding VAT)	27.03.2009
6	Grant by the Company to the Counterparty of the rights to use software "Automated information system for petroleum products metering and control in fuel network" for a fee of RUB 132.7 th.	Transaction price — RUB 132.7 th. (including VAT)	27.03.2009
7	Grant by the Company to the Counterparty of a non-exclusive right to use Company's registered trademarks in the Counterparty's business operations in the Russian Federation for a fee of RUB 70.8 th. per year	Transaction amount — RUB 70.8 th. per year (including VAT)	05.06.2009
8	In October-November 2009, the Company rendered information and consulting services to the Counterparty in the form of activities under the Program aimed at promotion of knowledge and results of R&D and engineering services received in 2007-2008 for a fee of RUB 14.9 th.	Transaction price — RUB 14.9 th. (including VAT)	29.10.2009
9	Grant by the Company to the Counterparty of 1-year interest-free loans to finance operations in amount of RUB 120,000.0 th.	Transaction amount — RUB 120,000.0 th.	25.12.2009
10	Grant by the Counterparty to the Company of 1-year zero interest loans in amount of RUB 200,000.0 th.	Transaction amount — RUB 200,000.0 th.	25.12.2009

№	Subject of transaction and its essential terms	Transaction price, transaction amount	Date of resolution
Transactions with OJSC Rosneft Oil Company- Yamalnefteprodukt			
<i>Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)</i>			
1	Sale by the Company to the Counterparty of 43.1 th. tonnes of petroleum products for RUB 786,090.6 th.	Transaction amount — RUB 786,090.6 th. (including VAT)	31.12.2008 05.06.2009
2	Services rendered by the Counterparty related to ROSA Project (acceptance and audit of reports of the Company's subsidiaries) for a fee of RUB 395.0 th.	Transaction price — RUB 395.0 th. (including VAT)	31.12.2008
3	Lease by the Company to the Counterparty of assets owned by the Company for the period of 12 months for a lease payment of RUB 624.9 th. per month. The total lease payment is RUB 7,498.8 th.	Transaction price — RUB 624.9 th. per month (including VAT)	31.12.2008
4	Grant by the Company to the Counterparty of the rights to use software "Automated information system for petroleum products metering and control in fuel network" for a fee of RUB 132.7 th.	Transaction price — RUB 132.7 th. (including VAT)	27.03.2009
5	Services by the Counterparty (Agent) to the Company (Principal) involving capital construction arrangements for production facilities worth RUB 7,500.0 th. for a fee of RUB 75.0 th.	Transaction price — RUB 75.0 th. (including VAT)	05.06.2009
6	Grant by the Company to the Counterparty of a non-exclusive right to use Company's registered trademarks in the Counterparty's business operations in the Russian Federation for a fee of RUB 70.8 th. per year	Transaction amount — RUB 70.8 th. per year (including VAT)	05.06.2009
7	In October-November 2009, the Company rendered information and consulting services to the Counterparty in the form of activities under the Program aimed at promotion of knowledge and results of R&D and engineering services received in 2007–2008 for a fee of RUB 10.6 th.	Transaction price — RUB 10.6 th. (including VAT)	29.10.2009
Transactions with RN-Arkhangelsknefteprodukt LLC			
<i>Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company, holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)</i>			
1	Sale by the Company to the Counterparty of 252.0 th. tonnes of petroleum products for RUB 3,555,333.9 th.	Transaction amount — RUB 3,555,333.9 th. (including VAT)	31.12.2008 29.10.2009
2	Sale by the Company to the Counterparty of materials and equipment for RUB 75,000.0 th.	Transaction amount — RUB 75,000.0 th. (including VAT)	31.12.2008
3	Services by the Counterparty to the Company involving oil transshipment for export in amount of 1,200.0 th. tonnes for a fee of RUB 960,000.0 th.	Transaction amount — RUB 960,000.0 th. (excluding VAT)	31.12.2008
4	Services by the Counterparty to the Company for transshipment of 1,200 th. tonnes of oil to export via Privodino railroad oil loading unit for a fee of RUB 172,800.0 th.	Transaction amount — RUB 172,800.0 th. (excluding VAT)	31.12.2008
5	Services by the Counterparty (Agent) to the Company (Principal) involving capital construction arrangements for production facilities worth RUB 57,820.0 th. for a fee of RUB 1,156.4 th.	Transaction price — RUB 1,156.4 th. (including VAT)	31.12.2008
6	Lease by the Company to the Counterparty of assets owned by the Company for the period of 12 months for a lease payment of RUB 35,073.0 th. per month and to the total yearly amount of RUB 420,876.0 th.	Transaction price — RUB 35,073.0 th. per month (including VAT)	31.12.2008
7	Services by the Company (Agent) to the Counterparty (Principal) associated with arrangements for Insurance Program covering property, vehicles and machinery against breakdown, as well as losses due to business interruption, for an agency fee of RUB 5.0 th.	Transaction price — RUB 5.0 th. (including VAT)	31.12.2008
8	Grant by the Company to the Counterparty of zero-interest loans maturing before 31.12.2009 in amount of RUB 43,900.0 th. to finance operations	Transaction amount — RUB 43,900.0 th.	27.03.2009
9	Grant by the Company to the Counterparty of the rights to use software "Automated information system for petroleum products metering and control in fuel network" for a fee of RUB 132.7 th.	Transaction price — RUB 132.7 th. (including VAT)	27.03.2009
10	Services by the Counterparty to the Company for transshipment of 223.0 th. tonnes of bunker fuel for a fee of RUB 78,050.0 th.	Transaction amount — RUB 78,050.0 th. (including VAT)	05.06.2009
11	Services by the Counterparty to the Company for bunkering (refueling) of Russian vessels, including transfer of bunker fuel owned by the Company in the amount of 100.0 th. tonnes to a third party for a fee of RUB 1,180.0 th.	Transaction amount — RUB 1,180.0 th. (including VAT)	05.06.2009

Nº	Subject of transaction and its essential terms	Transaction price, transaction amount	Date of resolution
12	In October-November 2009, the Company rendered information and consulting services to the Counterparty in the form of activities under the Program aimed at promotion of knowledge and results of R&D and engineering services received in 2007-2008 for a fee of RUB 10.6 th.	Transaction price — RUB 10.6 th. (including VAT)	29.10.2009
13	Grant by the Counterparty to the Company of 1-year zero interest loans in amount of RUB 1,000,000.0 th.	Transaction amount — RUB 1,000,000.0 th.	25.12.2009

Transactions with LLC RN-Aero

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Sale by the Company to the Counterparty of 643.6 th. tonnes of petroleum products for RUB 15,751,185.9 th.	Transaction amount — RUB 15,751,185.9 th. (including VAT)	31.12.2008
2	Grant by the Company to the Counterparty of the rights to use software "Automated information system for petroleum products metering and control in fuel network" for a fee of RUB 311.6 th.	Transaction price — RUB 311.6 th. (including VAT)	31.12.2008
3	Grant by the Company to the Counterparty of 3-year interest-free loans in amount of RUB 551,423.9 th. to finance investment operations	Transaction amount — RUB 551,423.9 th.	27.03.2009
4	Services by the Company (Agent) to the Counterparty (Principal) with arrangements for information protection in the Counterparty's computer networks charged at RUB 862.1 th. for a fee of 1% of the information protection costs, i.e. RUB. 8.6 th.	Transaction price — RUB 8.6 th. (excluding VAT)	27.03.2009
5	Grant by the Company to the Counterparty of non-exclusive rights to use the Company's registered trademarks in the Counterparty's business operations in the Russian Federation for a fee of RUB 17.7 th.	Transaction amount — RUB 17.7 th. (including VAT)	25.12.2009

Transactions with LLC RN-Bunker

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Sale by the Company to the Counterparty of 2,000.0 th. tonnes of petroleum products for RUB 15,789,321.8 th.	Transaction amount — 15,789,321.8 th. RUB (including VAT)	31.12.2008
2	Grant by the Company to the Counterparty of the rights to use software "Automated information system for petroleum products metering and control in fuel network" for a fee of RUB 8,411.1 th.	Transaction price — RUB 8,411.1 th. (including VAT)	31.12.2008
3	Services by the Company (Agent) to the Counterparty (Principal) associated with arrangement of information protection in the Counterparty's computer networks charged at RUB 601.9 th. for a fee of 1% of the information protection costs, i.e. RUB 5.9 th.	Transaction price — RUB 5.9 th. (excluding VAT)	27.03.2009

Transactions with LLC RN-Vostoknefteprodukt

Related parties:

OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

V.V. Ploskina (from 05.03.2009) — Member of the Board at OJSC Rosneft Oil Company, Member of the Board at LLC RN-Vostoknefteprodukt — party to transactions

1	Sale by the Company to the Counterparty of materials and equipment for RUB 30,000.0 th.	Transaction amount — RUB 30,000.0 th. (including VAT)	31.12.2008
2	Lease by the Company to the Counterparty of assets owned by the Company for the period of 12 months for a lease payment of RUB 692.2 th. per month. The total lease payment is RUB 8,306.4 th.	Transaction price — RUB 692.2 th. per month (including VAT)	31.12.2008
3	Services by the Counterparty to the Company associated with custody transfer and storage of petroleum products owned by the Company for the following fee: <ul style="list-style-type: none"> ■ RUB 400.0 for custody transfer services per 1 tonne of petroleum products; ■ RUB 3.0 for storage services per 1 tonne of petroleum products/24 hours. Transaction amount RUB 2,216,160.0 th.	Transaction price: RUB 400.0 (including VAT) for custody transfer services per 1 tonne of petroleum products; RUB 3.0 (including VAT) for storage services per 1 tonne of petroleum products/24 hours.	31.12.2008

Nº	Subject of transaction and its essential terms	Transaction price, transaction amount	Date of resolution
4	Services by the Counterparty to the Company for transshipment of 100.0 th. tonnes of petroleum products for a fee of RUB 25,500.0 th.	Transaction amount — RUB 25,500.0 th. (excluding VAT)	27.03.2009
5	Grant by the Company to the Counterparty of a non-exclusive right to use Company's registered trademarks in the Counterparty's business operations in the Russian Federation for a fee of RUB 70.8 th. per year	Transaction amount — RUB 70.8 th. per year (including VAT)	05.06.2009
6	In October-November 2009, the Company rendered information and consulting services to the Counterparty in the form of activities under the Program aimed at promotion of knowledge and results of R&D and engineering services received in 2007–2008 for a fee of RUB 14.9 th.	Transaction price — RUB 14.9 th. (including VAT)	29.10.2009
7	Grant by the Company to the Counterparty of 3-year interest-free loans in amount of RUB 484,200.0 th. to finance investment operations	Transaction amount – RUB 484,200.0 th.	25.12.2009

Transactions with LLC RN-Yekaterinburgnefteprodukt

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Sale by the Company to the Counterparty of 77.5 th. tonnes of petroleum products for RUB 1,192,511.5 th.	Transaction amount – RUB 1,192,511.5 th. (including VAT)	31.12.2008 29.10.2009
2	Grant by the Company to the Counterparty of 3-year interest-free loans in amount of RUB 10,900.0 th. to finance investment operations	Transaction amount – RUB 10,900.0 th.	27.03.2009
3	Grant by the Company to the Counterparty of the rights to use software "Automated information system for petroleum products metering and control in fuel network" for a fee of RUB 132.7 th.	Transaction price – RUB 132.7 th. (including VAT)	27.03.2009
4	Grant by the Company to the Counterparty of a non-exclusive right to use Company's registered trademarks in the Counterparty's business operations in the Russian Federation for a fee of RUB 17.7 th. per quarter	Transaction amount – RUB 17.7 th. per quarter (including VAT).	29.10.2009
5	Grant by the Company to the Counterparty of 1-year interest-free loans to finance operations in amount of RUB 73,800.0 th.	Transaction amount – RUB 73,800.0 th.	25.12.2009
6	Grant by the Counterparty to the Company of 1-year zero interest loans in amount of RUB 40,000.0 th.	Transaction amount – RUB 40,000.0 th.	25.12.2009

Transactions with LLC RN-Kemerovonefteprodukt

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Sale by the Company to the Counterparty of 176.4 th. tonnes of petroleum products for RUB 2,656,366.6 th.	Transaction amount — RUB 2,656,366.6 th. (including VAT)	31.12.2008 25.12.2009
2	Services by the Company (Agent) to the Counterparty (Principal) associated with arrangement of information protection in the Counterparty's computer networks charged at RUB 122.0 th. for a fee of 1% of the information protection costs, i.e. RUB 1.2 th.	Transaction price — RUB 1.2 th. (excluding VAT)	27.03.2009
3	Grant by the Company to the Counterparty of the rights to use software "Automated information system for petroleum products metering and control in fuel network" for a fee of RUB 200.0 th.	Transaction price — RUB 200.0 th. (including VAT)	27.03.2009
4	The Company grants to the Counterparty a non-exclusive right to use the Company's registered trademarks in the Counterparty's business operations in the Russian Federation for a fee of RUB 17.7 th. per quarter	Transaction amount — RUB 17.7 th. per quarter (including VAT).	29.10.2009

Transactions with LLC RN-Krasnoyarsknefteprodukt

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Sale by the Company to the Counterparty of 1,125.4 th. tonnes of petroleum products for RUB 16,137,763.5 th.	Transaction amount — RUB 16,137,763.5 th. (including VAT)	31.12.2008 05.06.2009 25.12.2009
2	Services by the Company (Agent) to the Counterparty (Principal) with arrangements for information protection in the Counterparty's computer networks charged at RUB 49.4 th. for a fee of 1% of the information protection costs, i.e. RUB 0.5 th.	Transaction price — RUB 0.5 th. (excluding VAT)	27.03.2009
3	Grant by the Company to the Counterparty of the rights to use software "Automated information system for petroleum products metering and control in fuel network" for a fee of RUB 200.0 th.	Transaction price — RUB 200.0 th. (including VAT)	27.03.2009

Nº	Subject of transaction and its essential terms	Transaction price, transaction amount	Date of resolution
4	Grant by the Company to the Counterparty of a non-exclusive right to use Company's registered trademarks in the Counterparty's business operations in the Russian Federation for a fee of RUB 70.8 th. per year	Transaction amount — RUB 70.8 th. per year (including VAT)	05.06.2009
5	Services by the Company (as an Agent) to the Counterparty involving arrangement of payment from the current account of OJSC Rosneft Oil Company for services of OJSC Russian Railways for railcar spotting/moving and other additional services with a cargo of jet fuel (fuel TS-1) at Tikhorechnoye and Hurmul stations on Far Eastern Railroad for an agency fee of 0.1% of the total cost of the services, i.e. RUB 150.0 th.. Fees of OJSC Russian Railways' railcar spotting/moving services and other additional services are based on effective rates of OJSC RZHD.	Transaction price — RUB 150.0 (including VAT)	29.10.2009

Transactions with LLC RN-Nakhodkanefteprodukt

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Sale by the Company to the Counterparty of 19.3 th. tonnes of petroleum products for RUB 189,551.0 th.	Transaction amount — RUB 189,551.0 th. (including VAT)	31.12.2008
2	Sale by the Company to the Counterparty of materials and equipment for RUB 25,892.0 th.	Transaction amount — RUB 25,892.0 th. (including VAT)	31.12.2008 27.03.2009
3	Legal services rendered by the Counterparty to the company for a fee of RUB 162.5 th. per month (including VAT) worth total of RUB 1,950.0 th.	Transaction price — RUB 162.5 th. (including VAT)	31.12.2008
4	Services by the Counterparty to the Company for petroleum product export transshipment in amount of 5,900.0 th. tonnes for a fee of RUB 1,122,000.0 th.	Transaction amount — RUB 1,122,000.0 th. (excluding VAT)	31.12.2008
5	Services by the Counterparty (Agent) to the Company (Principal) involving capital construction arrangements for production facilities worth RUB 569,380.0 th. for a fee of RUB 9,451.7 th.	Transaction price — RUB 9,451.7 th. (including VAT)	31.12.2008
6	Lease by the Company to the Counterparty of assets owned by the Company for the period of 12 months for a lease payment of RUB 7,647.4 th. per month. The total lease payment is RUB 91,768.8 th.	Transaction price — RUB 7,647.4 th. per month (including VAT)	31.12.2008
7	Services by the Company (Agent) to the Counterparty (Principal) associated with arrangements for Insurance Program covering property, vehicles and machinery against breakdown, as well as losses due to business interruption, for an agency fee of RUB 5.0 th.	Transaction price — RUB 5.0 th. (including VAT)	31.12.2008
8	Grant by the Counterparty to the Company of 1-year zero interest loans in amount of RUB 662,500.0 th.	Transaction amount — RUB 662,500.0 th.	27.03.2009 25.12.2009
9	Services by the Counterparty (Agent) to the Company (Principal) associated with arrangements for construction of an administrative building to be commissioned in 2012, worth RUB 1,500,000.0 th. (including VAT) for a 1% fee of the cost of works, i.e. RUB 15,000.0 th.	Transaction price — RUB 15,000.0 th. (including VAT)	05.06.2009
10	Grant by the Company to the Counterparty of rights to use SAP R/3 software and SAP R/3-based Corporate Information System resources for a fee including a single payment and monthly payments to the total amount of RUB 7,361.8 th.	Transaction amount — RUB 7,361.8 th. (including VAT)	29.10.2009

Transactions with LLC RN-Novosibirsknefteprodukt

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Sale by the Company to the Counterparty of 197.7 th. tonnes of petroleum products for RUB 2,856,452.9 th.	Transaction amount — RUB 2,856,452.9 th. (including VAT)	31.12.2008
2	Grant by the Company to the Counterparty of 3-year interest-free loans in amount of RUB 25,401.0 th. to finance investment operations	Transaction amount — RUB 25,401.0 th.	27.03.2009
3	Services by the Company (Agent) to the Counterparty (Principal) associated with arrangement of information protection in the Counterparty's computer networks charged at RUB 90.8 th. for a fee of 1% of the information protection costs, i.e. RUB 0.9 th.	Transaction price — RUB 0.9 th. (excluding VAT)	27.03.2009
4	Grant by the Company to the Counterparty of the rights to use software "Automated information system for petroleum products metering and control in fuel network" for a fee of RUB 200.0 th.	Transaction price — RUB 200.0 th. (including VAT)	27.03.2009

Nº	Subject of transaction and its essential terms	Transaction price, transaction amount	Date of resolution
5	The Company grants to the Counterparty a non-exclusive right to use the Company's registered trademarks in the Counterparty's business operations in the Russian Federation for a fee of RUB 17.7 th. per quarter	Transaction amount — RUB 17.7 th. per quarter (including VAT).	29.10.2009
6	Grant by the Company to the Counterparty of 1-year interest-free loans to finance operations in amount of RUB 173,500.0 th.	Transaction amount — RUB 173,500.0 th.	25.12.2009
7	Grant by the Counterparty to the Company of 1-year zero interest loans in amount of RUB 200,000.0 th.	Transaction amount — RUB 200,000.0 th.	25.12.2009

Transactions with LLC RN-Trade

Related parties:

OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

V.V. Ploskina (from 05.03.2009) — Member of the Board at OJSC Rosneft Oil Company, Member of the Board at LLC RN-Trade — party to transactions

1	Sale by the Company to the Counterparty of 159.3 th. tonnes of petroleum products for RUB 2,559,814.4 th.	Transaction amount — RUB 2,559,814.4 th. (including VAT)	31.12.2008
2	Lease by the Company to the Counterparty of assets owned by the Company for the period of 12 months for a lease payment of RUB 586.6 th. per month. The total lease payment is RUB 7,039.2 th.	Transaction price — RUB 586.6 th. per month (including VAT)	31.12.2008
3	Grant by the Counterparty to the Company of 1-year zero interest loans in amount of RUB 1,200,000.0 th.	Transaction amount RUB — 1,200,000.0 th.	27.03.2009
4	Grant by the Company to the Counterparty of rights to use SAP R/3 software and SAP R/3-based Corporate Information System resources for a fee including a single payment and monthly payments to the total amount of RUB 15,985.7 th.	Transaction amount — RUB 15,985.7 th. (including VAT)	29.10.2009
5	In October-November 2009, the Company rendered information and consulting services to the Counterparty in the form of activities under the Program aimed at promotion of knowledge and results of R&D and engineering services received in 2007-2008 for a fee of RUB 10.6 th.	Transaction price — RUB 10.6 th. (including VAT)	29.10.2009

Transactions with LLC RN-Tuapsenefteprodukt

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Sale by the Company to the Counterparty of materials and equipment for RUB 6,000.0 th.	Transaction amount — RUB 6,000.0 th. (including VAT)	31.12.2008
2	Legal services rendered by the Counterparty to the Company for a fee of RUB 170.8 th. per month (including VAT) worth total of RUB 2,049.6 th.	Transaction price — RUB 170.8 th. (including VAT)	31.12.2008
3	Services by the Counterparty to the Company associated with shipment and storage of 250.0 th. tonnes of petroleum products for a fee of RUB 225,000.0 th.	Transaction amount — RUB 225,000.0 th. (including VAT)	31.12.2008
4	Services by the Counterparty to the Company for petroleum product export transshipment in amount of 7,726.1 th. tonnes for a fee in rubles equivalent to USD 51,900.0 th., at the exchange rate of the Russian Central Bank as of the date of payment	Transaction amount – amount in RUB equivalent to USD 51,900.0 th. (excluding VAT), at the exchange rate of the Russian Central Bank as of the date of payment	31.12.2008
5	Services by the Counterparty (Agent) to the Company (Principal) involving capital construction arrangements for production facilities worth 1,628,320.0 th. RUB for a fee of 10,909.74 th. RUB	Transaction price – 10,909.74 th. RUB (including VAT)	31.12.2008
6	Lease by the Company to the Counterparty of assets owned by the Company for the period of 12 months for a lease payment of RUB 84,191.6 th. per month. The total lease payment is RUB 1,010,299.2 th.	Transaction price — RUB 84,191.6 th. per month (including VAT)	31.12.2008
7	Services by the Company (Agent) to the Counterparty (Principal) associated with arrangements for Insurance Program covering property, vehicles and machinery against breakdown, as well as losses due to business interruption, for an agency fee of RUB 5.0 th.	Transaction price — RUB 5.0 th. (including VAT)	31.12.2008
8	Grant by the Counterparty to the Company of 1-year zero interest loans in amount of RUB 2,312,975.4 th.	Transaction amount — RUB 2,312,975.4 th.	27.03.2009 25.12.2009

Nº	Subject of transaction and its essential terms	Transaction price, transaction amount	Date of resolution
9	Services by the Counterparty to the Company for arrangement of a workshop for the Company's subsidiaries on the matters of business regulatory support for a fee of RUB 2,000.0 th.	Transaction price — RUB 2,000.0 th. (including VAT)	27.03.2009
10	Sale by the Company to the Counterparty of 8.0 th. tonnes of petroleum products for RUB 80,000.0 th.	Transaction amount — RUB 80,000.0 th. (including VAT)	05.06.2009

Transactions with LLC RN-Chelyabinsknefteprodukt

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Sale by the Company to the Counterparty of 72.3 th. tonnes of petroleum products for RUB 1,179,427.7 th.	Transaction amount — RUB 1,179,427.7 th. (including VAT)	31.12.2008
2	Grant by the Company to the Counterparty of 3-year interest-free loans in amount of RUB 10,400.0 th. to finance investment operations	Transaction amount — RUB 10,400.0 th.	27.03.2009
3	Grant by the Company to the Counterparty of zero-interest loans in amount of RUB 1,200.0 th. maturing before 31.12.2009 to finance operations	Transaction amount — RUB 1,200.0 th.	27.03.2009
4	Grant by the Company to the Counterparty of the rights to use software "Automated information system for petroleum products metering and control in fuel network" for a fee of 132.7 th. RUB	Transaction price — RUB 132.7 th. (including VAT)	27.03.2009
5	Grant by the Company to the Counterparty of a non-exclusive right to use the Company's registered trademarks in the Counterparty's business operations in the Russian Federation for a fee of RUB 17.7 th. per quarter	Transaction amount — RUB 17.7 th. per quarter (including VAT)	29.10.2009

Transactions with LLC RN-Chechennefteprodukt

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Sale by the Company to the Counterparty of 44.6 th. tonnes of petroleum products for RUB 586,232.6 th.	Transaction amount — RUB 586,232.6 th. (including VAT)	31.12.2008
2	Grant by the Company to the Counterparty of zero-interest loans to finance operations maturing before 31.12.2009 in amount of RUB 16,516.9 th.	Transaction amount — RUB 16,516.9 th.	27.03.2009
3	Grant by the Company to the Counterparty of the rights to use software "Automated information system for petroleum products metering and control in fuel network" for a fee of 132.7 th. RUB	Transaction price — RUB 132.7 th. (including VAT)	27.03.2009
4	Grant by the Company to the Counterparty of a non-exclusive right to use Company's registered trademarks in the Counterparty's business operations in the Russian Federation for a fee of RUB 70.8 th. per year	Transaction amount — RUB 70.8 th. per year (including VAT)	05.06.2009

Transactions with CJSC RN-Shelf Far East

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Lease by the Company to the Counterparty of assets owned by the Company for the period of 12 months for a lease payment of RUB 376.85 th. per month. The total lease payment is RUB 4,522.1 th.	Transaction price – RUB 376.85 th. per month (including VAT)	31.12.2008 25.12.2009
2	Services by the Counterparty to the Company for exploration works at Lebedinskoye license area of OJSC Rosneft Oil Company in Sakhalin Region for a fee of RUB 7,800.0 th.	Transaction price – RUB 7,800.0 th. (including VAT)	25.12.2009
3	Evaluation by the Counterparty of field seismic data, and geotechnical survey data for West Kamchatka license area for a fee of RUB 377.77 th.	Transaction price – RUB 377.77 th. (including VAT)	05.06.2009

Transactions with CJSC RN-Astra

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Grant by the Counterparty to the Company of 1-year zero interest loans in amount of RUB 2,000,000.0 th.	Transaction amount — RUB 2,000,000.0 th.	25.12.2009
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№	Subject of transaction and its essential terms	Transaction price, transaction amount	Date of resolution
Transactions with West Kamchatka Holding B.V.			
<i>Related party: OJSC ROSNEFTEGAZ</i> — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)			
1	Monetary contribution by the ROS Company in favor of the Counterparty as a payment for Counterparty's shares in excess of their nominal value (ten titel van agiostorting) in amount of USD 50,785.0 th.	Transaction amount — USD 50,785.0 th.	05.06.2009
Transactions with LLC Rosneft International Ltd			
<i>Related party: OJSC ROSNEFTEGAZ</i> — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)			
1	Grant by the Company to the Counterparty of 3-year zero-interest loans in rubles and foreign currency in amount of USD 221,680.5 th. (RUB 6,761,225.6 th.) to finance investment operations	Transaction amount — USD 221,680.5 th. (RUB 6,761,225.6 th.)	27.03.2009
Transactions with LLC RN-Kazakhstan			
<i>Related party: OJSC ROSNEFTEGAZ</i> — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)			
1	Services by the Counterparty (Agent) to the Company (Principal) in geological exploration in the license areas of OJSC Rosneft Oil Company in the Irkutsk Region and Krasnoyarsk Territory, as well as on the Black Sea shelf for a fee of RUB 139,000.0 th.	Transaction price — RUB 139,000.0 th. (including VAT)	27.03.2009
2	Grant by the Company to the Counterparty of 3-year interest-free loans in amount of RUB 1,213,007.0 th. to finance investment operations	Transaction amount — RUB 1,213,007.0 th.	27.03.2009
3	Grant by the Company to the Counterparty of zero-interest loans before 31.12.2009 in amount of RUB 165,300.0 th. to finance operations maturing	Transaction amount — 165,300.0 th. RUB	05.06.2009
4	Assignment by the Company to the Counterparty of receivables under a loan agreement concluded by OJSC Rosneft Oil Company and LLC NK Priazovneft in amount of RUB 2,200,000 th. for a fee of RUB 2,200,000.0 th.	Transaction price — RUB 2,200,000.0 th. (including VAT)	05.06.2009
Transactions with LLC National Petroleum Consortium			
<i>Related party: OJSC ROSNEFTEGAZ</i> — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)			
1	Grant by the Company to the Counterparty of loans in amount of RUB 51,481.3 th. at the rate of not less than the Bank of Russia's refinancing rate to finance investment operations. The loans maturing before 31.12.2009 can be extended for up 3 years. Total transaction amount is RUB 74,905.3 th.	Transaction amount — RUB 74,905.3 th.	27.03.2009 05.06.2009
Transactions with CJSC RN-Mamontovo			
<i>Related party: OJSC ROSNEFTEGAZ</i> — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC Rosneft Oil CompanyEGAZ and a party to the transactions)			
1	Grant by the Counterparty to the Company of 1-year zero interest loans in amount of RUB 300,000.0 th.	Transaction amount — RUB 300,000.0 th.	25.12.2009
Transactions with LLC RN-Burenie			
<i>Related party: OJSC ROSNEFTEGAZ</i> — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)			
1	Sale by the Company to the Counterparty of materials and equipment for RUB 4,075,726.0 th.	Transaction amount — RUB 4,075,726.0 th. (including VAT)	31.12.2008 27.03.2009
2	Lease by the Company to the Counterparty of assets owned by the Company for the period of 12 months for a lease payment of RUB 5,424.2 th. per month. The total lease payment is RUB 65,090.4 th.	Transaction price — RUB 5,424.2 th. per month (including VAT)	31.12.2008
3	Grant by the Company to the Counterparty of 3-year interest-free loans in amount of RUB 2,013,000.0 th. to finance investment operations	Transaction amount — RUB 2,013,000.0 th.	27.03.2009
4	Services by the Company (Agent) to the Counterparty (Principal) associated with arrangement of information protection in the Counterparty's computer networks charged at RUB 196.0 th. for a fee of 1% of the information protection costs, i.e. RUB 1.9 th.	Transaction price — RUB 1.9 th. (excluding VAT)	27.03.2009

Nº	Subject of transaction and its essential terms	Transaction price, transaction amount	Date of resolution
5	Sale by the Company to the Counterparty of 12.0 th. tonnes of petroleum products for RUB 350,000.0 th.	Transaction amount — RUB 350,000.0 th. (including VAT)	05.06.2009
6	Grant by the Counterparty to the Company of 1-year zero interest loans in amount of RUB 3,000,000.0 th.	Transaction amount — RUB 3,000,000.0 th.	25.12.2009
7	Sublease by the Company to the Counterparty of a land lot segment in Nogliki township for a period of 11 months, 7,700 square meters in area (total land lot are is 13,000 square meters), for RUB 2.94 th. (including VAT) per month to the total amount of RUB 32.3 th.	Transaction amount — RUB 2.94 th. per month (including VAT)	25.12.2009

Transactions with LLC Dubninskoye

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Sale by the Company to the Counterparty of movable assets worth RUB 800.0 th.	Transaction price — RUB 800.0 th. (including VAT)	31.12.2008
2	Grant by the Counterparty to the Company of 1-year zero interest loans in amount of RUB 600,000.0 th.	Transaction amount — RUB 600,000.0 th.	27.03.2009 25.12.2009
3	Rent by the Company from the Counterpart of office spaces (total area 14,943.31 square meters), located in the city of Moscow, for a payment of RUB 35,015.3 th. per month. The total lease payment is RUB 420 183.6 th.	Transaction price — RUB 35,015.3 th. per month (including VAT)	27.03.2009

Transactions with LLC RN-Zdorovie

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Sale by the Company to the Counterparty of movable assets worth 1,350.0 th. RUB	Transaction price — RUB 1,350.0 th. (including VAT)	31.12.2008
2	Grant by the Company to the Counterparty of zero-interest loans in amount of RUB 22,000.0 th. maturing before 31.12.2009 to finance operations	Transaction amount — RUB 22,000.0 th.	27.03.2009

Transactions with LLC RN-Inform

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Services rendered by the Counterparty related to ROSA Project (acceptance and audit of reports of the Company's subsidiaries) for a fee of RUB 90.0 th.	Transaction price — RUB 90.0 th. (including VAT)	31.12.2008
2	Lease by the Company to the Counterparty of assets owned by the Company for the period of 12 months for a lease payment of RUB 363.0 th. per month. The total lease payment is RUB 4,356.0 th.	Transaction price — RUB 363.0 th. per month (including VAT)	31.12.2008
3	Sale by the Company to the Counterparty of movable assets worth RUB 1,300.0 th.	Transaction price — RUB 1,300.0 th. (including VAT)	31.12.2008
4	Sale by the Company to the Counterparty of movable assets worth RUB 2,400.0 th.	Transaction amount — RUB 2,400.0 th. (including VAT)	31.12.2008
5	Services by the Counterparty to the Company involving support and assurance of smooth operation of equipment and office infrastructure systems, information systems and business applications at the Company's Headquarters, the corporate information system (CIS), as well as support of other production process systems to the total amount of RUB 979,558.3 th.	Transaction amount — RUB 979,558.3 th. (including VAT)	27.03.2009 29.10.2009
6	Services by the Counterparty to the Company for metrological support of the Company's operations for a fee of RUB 33,000.0 th.	Transaction price — RUB 33,000.0 th. (including VAT)	27.03.2009
7	Services by the Counterparty to the Company for support of centralized implementation of information products and automation at oil and gas plants (OGP), refinery plants (RP) and petroleum product suppliers (PPS) for a fee of RUB 99,865.0 th.	Transaction price — RUB 99,865.0 th. (including VAT)	27.03.2009
8	Work performed by the Counterparty for the Company to create, implement and improve information and telecommunication systems, and corporate communications for a fee of RUB 844,258.0 th.	Total transaction size — RUB 844,258.0 th. (including VAT)	27.03.2009
9	Services by the Counterparty (Agent) to the Company (Principal) for procurement of software, hardware, subscription for and monthly provision of information support worth RUB 12,152.0 th. for a fee of 2% of the cost of purchased software, equipment or information support, i.e. RUB 2,503.04 th.	Transaction amount — RUB 2,503.04 th. (including VAT)	27.03.2009

Nº	Subject of transaction and its essential terms	Transaction price, transaction amount	Date of resolution
10	Telecommunication services rendered by the Counterparty to the Company for a fee of RUB 1,006,886.0 th.	Transaction amount — RUB 1,006,886.0 th. (including VAT)	27.03.2009 29.10.2009
11	Services by the Counterparty to the Company for support and provision of information and technical assistance for information systems for a fee of RUB 100,016.0 th.	Total transaction size — RUB 100,016.0 th. (including VAT)	27.03.2009
12	Grant by the Counterparty to the Company of 1-year zero interest loans in amount of RUB 1,084,145.0 th.	Transaction amount — RUB 1,084,145.0 th.	27.03.2009 25.12.2009
13	Services by the Company (Agent) to the Counterparty (Principal) associated with arrangement of information protection in the Counterparty's computer networks charged at RUB 1,131.7 th. for a fee of 1% of the information protection costs, i.e. RUB 11.2 th.	Transaction price — RUB 11.2 th. (excluding VAT)	27.03.2009
14	Sale by the Company to the Counterparty of movable assets worth total of RUB 175.6 th.	Transaction amount — RUB 175.6 th. (including VAT)	27.03.2009

Transactions with LLC Komsomolskneftezavodremstroy

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Grant by the Counterparty to the Company of 1-year zero interest loans in amount of RUB 47,600.0 th.	Transaction amount — RUB 47,600.0 th.	27.03.2009 25.12.2009
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Transactions with LLC Private security firm RN-Okhrana»

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Lease by the Company to the Counterparty of assets owned by the Company for the period of 12 months for a lease payment of RUB 73.3 th. per month. The total lease payment is RUB 879.6 th.	Transaction price — RUB 73.3 th. per month (including VAT)	31.12.2008
2	Services by the Company (Agent) to the Counterparty (Principal) associated with arrangement of information protection in the Counterparty's computer networks charged at RUB 214.6 th. for a fee of 1% of the information protection costs, i.e. RUB 2.1 th.	Transaction price — RUB 2.1 th. (excluding VAT)	27.03.2009
3	Services by the Counterparty to the Company for maintenance of security alarm and access control systems for a fee of RUB 198.0 th. per month worth RUB 2,376.0 th.	Transaction price — RUB 198.0 th. (including VAT)	27.03.2009
4	Security services rendered by the Counterparty to the Company for a fee of RUB 266,475.3 th.	Transaction price — RUB 266,475.3 th. (including VAT)	05.06.2009
5	Grant by the Counterparty to the Company of 1-year zero interest loans in amount of RUB 200,000.0 th.	Transaction amount — RUB 200,000.0 th.	25.12.2009

Transactions with LLC RN-Pozharnaya Bezopasnost

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Grant by the Counterparty to the Company of 1-year zero interest loans in amount of RUB 56,900.0 th.	Transaction amount — RUB 56,900.0 th.	27.03.2009 25.12.2009
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Transactions with OJSC Purnefteotdacha

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Lease by the Company to the Counterparty of assets owned by the Company for the period of 12 months for a lease payment of RUB 55.1 th. per month. The total lease payment is RUB 661.2 th.	Transaction price — RUB 55.1 th. per month (including VAT)	31.12.2008
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Transactions with LLC RN-Service

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Sale by the Company to the Counterparty of materials and equipment for RUB 1,000,000.0 th.	Transaction amount — RUB 1,000,000.0 th. (including VAT)	31.12.2008
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Nº	Subject of transaction and its essential terms	Transaction price, transaction amount	Date of resolution
2	Lease by the Company to the Counterparty of assets owned by the Company for the period of 12 months for a lease payment of RUB 17,384.3 th. per month. The total lease payment is RUB 208,611.6 th.	Transaction price — RUB 17,384.3 th. per month (including VAT)	31.12.2008
3	Services by the Counterparty to the Company associated with care and maintenance of suspended fixed assets unused in production process and owned by the Company for a period of 12 month for a fee of RUB 570.0 th. per month, charged at RUB 4,340.0 th. for the period	Transaction price — RUB 570.0 th. per month (including VAT)	31.12.2008 05.06.2009
4	Sale by the Company to the Counterparty of movable assets worth RUB 1,050.0 th.	Transaction price — RUB 1,050.0 th. (including VAT)	31.12.2008
5	Services by the Counterparty to the Company for storage of mothballed movable assets unused in production process and owned by the Company, for a period of 12 months at the price of RUB 107.0 th. per month worth total of RUB 1,114.0 th.	Transaction price — RUB 107.0 th. per month (including VAT)	31.12.2008 05.06.2009
6	Grant by the Counterparty to the Company of 1-year zero interest loans in amount of RUB 1,108,400.0 th.	Transaction amount — RUB 1,108,400.0 th.	27.03.2009

Transactions with LLC RN-Stroy

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Sale by the Company to the Counterparty of movable assets worth RUB 400.0 th.	Transaction price — RUB 400.0 th. (including VAT)	31.12.2008
2	Additional contribution by the Company to the charter capital of the Counterparty in amount of RUB 192,300.0 th.	Transaction price — RUB 192,300.0 th.	31.12.2008
3	Sale by the Company to the Counterparty of fixed assets (construction-in-progresses, Moscow) worth RUB 192,591.34 th.	Transaction price — RUB 192,591.34 th. (including VAT)	31.12.2008 29.10.2009
4	Grant by the Company to the Counterparty of zero-interest loans maturing before 31.12.2009 in amount of RUB 109,000.0 th. to finance operations	Transaction amount — RUB 109,000.0 th.	27.03.2009
5	Grant by the Counterparty to the Company of 1-year zero interest loans in amount of RUB 1,940,200.0 th.	Transaction amount — RUB 1,940,200.0 th.	27.03.2009
6	Grant by the Company to the Counterparty of 3-year interest-free loans in amount of RUB 1,069,300.0 th. to finance investment operations	Transaction amount — RUB 1,069,300.0 th.	25.12.2009

Transactions with LLC RN-Uchet

Related parties:

OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

S.I. Makarov — Member of the Board at OJSC Rosneft Oil Company, Chairman of the Board at LLC RN-Uchet — party to transactions

1	Services by the Counterparty associated with organization and management of the Company's book-keeping and tax accounting, as well as services related to compliance with the effective foreign exchange laws of Russia, for a fee of RUB 243,220.5 th.	Transaction price — RUB 243,220.5 th. (including VAT)	31.12.2008 27.03.2009 25.12.2009
2	Services by the Counterparty to the Company related to ROSA project (keeping operational records of petroleum product shipments, collection of data on transportation, and processing of primary accounting records), charged at RUB 15,266.6 th.	Transaction amount — RUB 15,266.6 th. (including VAT)	31.12.2008
3	Lease by the Company to the Counterparty of assets owned by the Company for the period of 12 months for a lease payment of RUB 163.8 th. per month. The total lease payment is RUB 1,965.6 th.	Transaction price — RUB 163.8 th. per month (including VAT)	31.12.2008
4	Grant by the Company to the Counterparty of access rights to Galaktika software system for a fee of RUB 3.0 th. per month to the total amount of RUB 42.0 th.	Transaction price — RUB 3.0 th. per month (including VAT)	31.12.2008
5	Grant by the Company to the Counterparty of zero-interest loans in amount of RUB 106,700.0 th. maturing before 31.12.2009 to finance operations	Transaction amount — RUB 106,700.0 th.	27.03.2009
6	Services by the Counterparty to the Company related to ROSA Project (acceptance and audit of reports of the Company's subsidiaries), charged at RUB 1,160.0 th.	Transaction price — RUB 1,160.0 th. (including VAT)	27.03.2009
7	Lease by the Company to the Counterparty of fixed assets owned by the Company, for a payment of RUB 720.0 th. per month, to the total amount of RUB 8,646.0 th. per year	Transaction price — RUB 720.5 th. per month (including VAT)	05.06.2009

Nº	Subject of transaction and its essential terms	Transaction price, transaction amount	Date of resolution
8	Grant by the Company to the Counterparty of rights to use SAP R/3 software and SAP R/3-based Corporate Information System resources for a fee including a single payment and monthly payments to the total amount of RUB 52,599.7 th.	Transaction amount — RUB 52,599.7 th. (including VAT)	29.10.2009 25.12.2009
9	Grant by the Counterparty to the Company of 1-year zero interest loans in amount of RUB 300,000.0 th.	Transaction amount — RUB 300,000.0 th.	25.12.2009

Transactions with LLC RN-Energó

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Lease by the Company to the Counterparty of assets owned by the Company for the period of 12 months for a lease payment of RUB 4,839.1 th. per month. The total lease payment is RUB 58,069.2 th.	Transaction price — RUB 4,839.1 th. per month (including VAT)	31.12.2008
2	Sale by the Company to the Counterparty of movable assets worth RUB 3,356.4 th.	Transaction amount — RUB 3,356.4 th. (including VAT)	27.03.2009
3	Lease by the Company to the Counterparty of a Gas Piston Power Plant at the Tarasovskoye field owned by the Company, for a payment of RUB 25,000.00 th. per month, to the total amount of RUB 150,000.00 th.	Transaction price — RUB 25,000.00 th. per month (including VAT)	05.06.2009
4	Services by the Counterparty (Agent) to the Company (Principal) involving arrangements for reconstruction of thermal power facilities in the Yamalo-Nenets Autonomous District to the amount of RUB 45,000.0 th. (including VAT) for a fee of 1% of the value of the works, i.e. RUB 450.0 th.	Transaction price — RUB 450.0 th. (including VAT)	25.12.2009
5	Grant by the Counterparty to the Company of 1-year zero interest loans in amount of RUB 700,000.0 th.	Transaction amount — RUB 700,000.0 th.	25.12.2009

Transactions with OJSC All-Russian Bank for Reconstruction and Development of Russian Regions

Related parties:

OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

S.M. Bogdanchikov (till 03.04.2009) — Member of the Board, CEO, President OJSC Rosneft Oil Company, Chairman of Supervisory Board at OJSC All-Russian Bank for Reconstruction and Development of Russian Regions — party to transactions

S.V. Tregub (from 03.04.2009) — Member of the Board at OJSC Rosneft Oil Company, Chairman of Supervisory Board at OJSC All-Russian Bank for Reconstruction and Development of Russian Regions — party to transactions

L.V. Kalanda (from 03.04.2009) — Member of the Board at OJSC Rosneft Oil Company, Member of Supervisory Board at OJSC All-Russian Bank for Reconstruction and Development of Russian Regions — party to transactions

S.I. Makarov (from 03.04.2009) — Member of the Board at OJSC Rosneft Oil Company, Member of Supervisory Board at OJSC All-Russian Bank for Reconstruction and Development of Russian Regions — party to transactions

R.Sh. Tursunov — Member of the Board at OJSC Rosneft Oil Company, Member of Supervisory Board at OJSC All-Russian Bank for Reconstruction and Development of Russian Regions — party to transactions

1	Lease by the Company to the Counterparty of a premise (16.7 square meters in area) for RUB 21.6 th. per month. The total lease payment is RUB 259.2 th.	Transaction price — RUB 21.6 th. per month (including VAT)	31.12.2008
2	Issue of bank guarantees by the Counterparty on behalf of the Company in favor of Russian Federation Defense Ministry on the following terms: <ul style="list-style-type: none"> ■ Purpose of the bank guarantees — securing the Company's obligations under government contracts for supply of petroleum products for the Russian Federation Defense Ministry worth RUB 3,555,656.6 th. ■ Total amount of guarantee — RUB 355,565.6 th. ■ Total fees for issuance of bank guarantee — 3.5% p.a., i.e. RUB 2,281.5 th. ■ Term of the bank guarantee — until 05.02.2009. ■ Term for claims under the guarantee — no sooner than on 01.01.2009. ■ Additional fees: RUB 10.0 th. for a package of documents required for issuance of a bank guarantee. ■ Pledge: NO. 	Transaction amount will not exceed RUB 2,291.5 th.	31.12.2008
3	Sublease by the Company to the Counterparty of premises (2,691.8 square meters in total area) in Moscow for RUB 4,921.2 th. per month. The total lease payment is RUB 39,600.0 th.	Transaction price — RUB 4,921.2 th. per month (including VAT)	27.03.2009 29.10.2009
4	The Counterparty opens for the Company a current account in EURO, receives and enters cash to the account, and follows the Company's instructions to transfer respective amounts from the account for a fee of RUB 0.1 th. per month	Transaction price — RUB 0.1 th. per month	25.12.2009

Nº	Subject of transaction and its essential terms	Transaction price, transaction amount	Date of resolution
5	Consulting services rendered by the Counterparty to the Company associated with conclusion of purchase contract for emission reductions units under the Kyoto Protocol, for a fee of 1% of the respective contract for purchase of emission reduction units, i.e. RUB 39,036.03 th. (including VAT)	Transaction amount — RUB 39,036.03 th. (including VAT)	25.12.2009

Transactions with OJSC All-Russian Bank for Reconstruction and Development of Russian Regions

Related parties:

OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

S.M. Bogdanchikov (till 03.04.2009) — Member of the Board, CEO, President of OJSC Rosneft Oil Company, Chairman of Supervisory Board at OJSC All-Russian Bank for Reconstruction and Development of Russian Regions — party to transactions

S.V. Tregub (from 03.04.2009) — Member of the Board at OJSC Rosneft Oil Company, Chairman of Supervisory Board at OJSC All-Russian Bank for Reconstruction and Development of Russian Regions — party to transactions

L.V. Kalanda (from 03.04.2009) — Member of the Board at OJSC Rosneft Oil Company, Member of Supervisory Board at OJSC All-Russian Bank for Reconstruction and Development of Russian Regions — party to transactions

S.I. Makarov (from 03.04.2009) — Member of the Board at OJSC Rosneft Oil Company, Member of Supervisory Board at OJSC All-Russian Bank for Reconstruction and Development of Russian Regions — party to transactions

R.Sh. Tursunov — Member of the Board at OJSC Rosneft Oil Company, Member of Supervisory Board at OJSC All-Russian Bank for Reconstruction and Development of Russian Regions — party to transactions

Beneficiary — LLC RN-Tuapse Refinery

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Grant by the Company (Surety Provider) of a surety for the benefit of LLC RN-Tuapse Refinery in favor of the Counterparty on the following terms: <ul style="list-style-type: none"> ■ Purpose of the surety — securing the recourse obligations of LLC RN-Tuapse Refinery under bank guarantees issued by OJSC VBRR pursuant to the Treaty of Guarantee signed by LLC RN-Tuapse Refinery, and financial obligations of LLC RN-Tuapse Refinery under the Treaty of Guarantee; <p>The Treaty of Guarantee provides for issuance of a bank guarantee with a limit of RUB 700,000.0 th. on the following terms:</p> <ul style="list-style-type: none"> ■ Cost — guarantee fee at the rate of 0.3% p.a.; ■ Guarantee term: 365 days. <p>Purpose of the guarantee — the guarantee is provided for exemption from excise duty pursuant to Clause 184 of the Russian Tax Code.</p> <p>Validity of the surety — until the full discharge of obligations under the Treaty of Guarantee;</p> <p>Grounds for claims to the Surety Provider — failure Counterparty to meet its recourse obligations under the bank guarantee issued pursuant to the Treaty of Guarantee, as well as financial obligations OJSC Angarsk Petrochemical Company under the Treaty of Guarantee.</p> <p>Total amount of surety — RUB 700,000.0 th.</p>	Transaction price — RUB 702,100.0 th. plus possible fines and penalties; other fees and costs under the Agreement	31.12.2009
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Transactions with LLC NK Rosneft NTC

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Rendering by the Counterparty of engineering and other Services, R&D and other work in favor of the Company, charged at RUB 20,546.0 th.	Transaction amount RUB 20,546.0 th. (including VAT)	31.12.2008 25.12.2009
2	Services by the Counterparty to the Company for R&D project support of the New Technologies System for a fee of RUB 4,846.0 th.	Transaction price — RUB 4,846.0 th. (including VAT)	31.12.2008
3	Lease by the Company to the Counterparty of assets owned by the Company for the period of 12 months for a lease payment of RUB 711.5 th. per month. The total lease payment is RUB 8,538.0 th.	Transaction price — RUB 711.5 th. per month (including VAT)	31.12.2008
4	Services by the Counterparty to the Company associated with hosting of the conference "Geology and Development of Difficult Oil Fields" for a fee of RUB 400.0 th.	Transaction price — RUB 400.0 th. (including VAT)	31.12.2008
5	Grant by the Company to the Counterparty of access rights to licensed software owned by the Company for a fee of RUB 14,991.4 th.	Transaction price — RUB 14,991.4 th. (including VAT)	27.03.2009
6	Services by the Company to the Counterparty for 12-month information support of work stations connected to the licensed software owned by the Company for a fee of RUB 341.7 th. per month, to the total amount of RUB 4,100.0 th.	Transaction price — RUB 341.7 th. per month (including VAT)	27.03.2009
7	Services rendered by the Counterparty to the Company for evaluation of hydrocarbons reserves based on international classification for a fee of RUB 11,000.0 th.	Transaction price — RUB 11,000.0 th. (including VAT)	27.03.2009

Nº	Subject of transaction and its essential terms	Transaction price, transaction amount	Date of resolution
8	Work by the Counterparty on creation for the Company of guidance materials and regulations for evaluation of hydrocarbons reserves based on international classification for a fee of RUB 5,000.0 th.	Transaction price — RUB 5,000.0 th. (including VAT)	27.03.2009
9	Grant by the Company to the Counterparty of zero-interest loans maturing before 31.12.2009 in amount of RUB 20,000.0 th. to finance operations	Transaction amount — RUB 20,000.0 th.	27.03.2009
10	Grant by the Counterparty to the Company of 1-year zero interest loans in amount of RUB 720,000.0 th.	Transaction amount — RUB 720,000.0 th.	27.03.2009
11	Provision by the Counterparty to the Company of services, associated with design and exploration work required for 2-nd stage of construction of the Research Center facilities in Southern Federal District, support and approvals by inspection and supervisory organizations, worth total of RUB 142,103.0 th.	Transaction price — RUB 142,103.0 th. (including VAT)	05.06.2009

Transactions with LLC RN-KrasnoyarskNIPIneft

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Rendering by the Counterparty of engineering and other Services, R&D and other work in favor of the Company, charged at 9,462.0 th. RUB	Transaction amount RUB 9,462.0 th. (including VAT)	31.12.2008
2	Grant by the Company to the Counterparty of zero-interest loans maturing before 31.12.2009 in amount of RUB 7,000.0 th. to finance operations	Transaction amount — RUB 7,000.0 th.	27.03.2009
3	Services by the Company (Agent) to the Counterparty (Principal) associated with arrangement of information protection in the Counterparty's computer networks charged at RUB 2,507.4 th. for a fee of 1% of the information protection costs, i.e. RUB 24.7 th.	Transaction price — RUB 24.7 th. (excluding VAT)	27.03.2009
4	Work performed by the Counterparty for the Company involving preparation of materials and evaluation of technical reserves of oil and gas at the Yurubcheno-Tokhomskeye (Yurubchensky block) and Vankorskoye fields and at the Centralnaya Okha field for the audit based on international standards for a fee of RUB 1,000.0 th.	Transaction price — RUB 1,000.0 th. (including VAT)	05.06.2009
5	Work performed by the Counterparty for the Company involving integrated scientific analysis of geological and geophysical data on the Eastern part of the Yenisei-Khatanga regional depression and Anabar-Khatanga saddle to forecast oil and gas presence for a fee of RUB 50,000.0 th.	Transaction price — RUB 50,000.0 th. (including VAT)	05.06.2009
6	Services by the Counterparty to the Company for evaluation of geology and hydrocarbon potential of the north of the Siberian platform for a fee of RUB 1,500.00 th.	Transaction price — RUB 1,500.0 th. (including VAT)	05.06.2009
7	Grant by the Counterparty to the Company of 1-year zero interest loans in amount of RUB 60,000.0 th.	Transaction amount — RUB 60,000.0 th.	25.12.2009

Transactions with LLC RN-SakhalinNIPImorneft

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Rendering by the Counterparty of engineering and other Services, R&D and other work in favor of the Company, charged at RUB 20,558.0 th.	Transaction amount — RUB 20,558.0 th. (including VAT)	31.12.2008
2	Services by the Counterparty to the Company for R&D project support of the New Technologies System for a fee of RUB 1,720.0 th.	Transaction price — RUB 1,720.0 th. (including VAT)	31.12.2008
3	Lease by the Company to the Counterparty of assets owned by the Company for the period of 12 months for a lease payment of RUB 45.6 th. per month. The total lease payment is RUB 547.2 th.	Transaction price — RUB 45.6 th. per month (including VAT)	31.12.2008
4	Services rendered by the Counterparty to the Company for evaluation of hydrocarbons reserves based on international classification for a fee of RUB 4,000.0 th.	Transaction price — RUB 4,000.0 th. (including VAT)	27.03.2009
5	Work performed by the Counterparty for the Company on "Geological evolution and petroleum potential of South Chukchi Basin (offshore area of the Chukchi Sea)" for a fee of RUB 7,510.0 th.	Transaction price — RUB 7,510.0 th. (including VAT)	27.03.2009
6	Work performed by the Counterparty for the Company "On hydrocarbon potential evaluation of East Prinovozemelsk plot of the Kara Sea" for a fee of RUB 7,510.0 th.	Transaction price — RUB 7,510.0 th. (including VAT)	27.03.2009
7	"Evaluation of oil and gas presence prospects Pritaymyr area of the Laptev Sea" for a fee of RUB 3,000.0 th.	Transaction price — RUB 3,000.0 th. (including VAT)	27.03.2009
8	Work performed by the Counterparty for the Company on development of interregional biostratigraphic scale of Northeastern Sakhalin shelf for a fee of RUB 3,000.0 th.	Transaction price — RUB 3,000.0 th. (including VAT)	27.03.2009

Nº	Subject of transaction and its essential terms	Transaction price, transaction amount	Date of resolution
9	Services by the Counterparty to the Company for development of a Corporate Program aimed at exploration and development of hydrocarbons in continental shelf of the Russian Federation until 2030, for a fee of RUB 80,000.0 th.	Transaction price — RUB 80,000.0 th. (including VAT)	27.03.2009
10	Grant by the Counterparty to the Company of 1-year zero interest loans in amount of RUB 96,500.0 th.	Transaction amount — RUB 96,500.0 th.	27.03.2009 25.12.2009
11	Grant by the Company to the Counterparty of access rights to licensed software owned by the Company for a fee of RUB 10,577.5 th.	Transaction price — RUB 10,577.5 th. (including VAT)	27.03.2009
12	Services by the Company to the Counterparty for 12-month information support of work stations connected to the licensed software owned by the Company for a fee of RUB 391.7 th. per month to the amount of RUB 4,700.0 th.	Transaction price — RUB 391.7 th. per month (including VAT)	27.03.2009

Transactions with LLC RN-UfaNIPIneft

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Rendering by the Counterparty of engineering and other Services, R&D and other work in favor of the Company, charged at RUB 66,108.0 th.	Transaction amount RUB 66,108.0 th. (including VAT)	31.12.2008
2	Services by the Counterparty to the Company for R&D project support of the New Technologies System for a fee of RUB 13,666.0 th.	Transaction price — RUB 13,666.0 th. (including VAT)	31.12.2008
3	Lease by the Company to the Counterparty of assets owned by the Company for the period of 12 months for a lease payment of RUB 563.0 th. per month. The total lease payment is RUB 6,756.0 th.	Transaction price — RUB 563.0 th. per month (including VAT)	31.12.2008
4	Services by the Counterparty to the Company for organization of the conference "Math Modeling and Computer Technologies in Field Development" for a fee of RUB 400.0 th.	Transaction price — RUB 400.0 th. (including VAT)	31.12.2008
5	Grant by the Counterparty to the Company of 1-year zero interest loans in amount of RUB 360,000.0 th.	Transaction amount — RUB 360,000.0 th.	27.03.2009
6	Work performed by the Counterparty for the Company involving upgrade and support of GID software module for hydrocarbon reserves evaluation, charged at RUB 2,000.0 th.	Transaction price — RUB 2,000.0 th. (including VAT)	27.03.2009
7	Work performed by the Counterparty for the Company on "Geology and petroleum potential of the Cretaceous and Jurassic deposits in the operations area of LLC RN-Yuganskneftegaz" for a fee of RUB 14,000.0 th.	Transaction price — RUB 14,000.0 th. (including VAT)	27.03.2009
8	Services by the Counterparty to the Company for preparation of materials and evaluation of technical reserves of oil, gas and condensate for an audit based on international standards, charged at RUB 3,000.0 th.	Transaction price — RUB 3,000.0 th. (including VAT)	27.03.2009 05.06.2009
9	Grant by the Company to the Counterparty of access rights to licensed software owned by the Company for a fee of RUB 5,715.2 th.	Transaction price — RUB 5,715.2 th. (including VAT)	27.03.2009
10	Services by the Company to the Counterparty for 12-month information support of work stations connected to the licensed software owned by the Company for a fee of RUB 308.3 th. per month to the amount of RUB 3,700.0 th.	Transaction price — RUB 308.3 th. per month (including VAT)	27.03.2009
11	Services (work) rendered by the Counterparty in favor of the Company for Review of the site Design Estimates (FEED) for construction of fields facilities at Block 245-south Algiers (West Takuazet, East Takuazet, Northern Tisseit) for a fee of RUB 5,900.0 th.	Transaction price — RUB 5,900.0 th. (including VAT)	25.12.2009

Transactions with LLC Rosneft-Mongolia

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Sale by the Company to the Counterparty of 762.6 th. tonnes of petroleum products charged at USD 567,525.0 th.	Transaction amount — USD 567,525.0 th. (excluding VAT)	31.12.2008
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Transactions with OJSC Moscow Gas Company

Related parties:

OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

V.V. Ploskina — Member of the Board at OJSC Rosneft Oil Company, Member of the Board at OJSC Moscow Gas Company — party to transactions

1	Sale by the Company to the Counterparty of 49.8 th. tonnes of petroleum products for RUB 503,000.0 th.	Transaction amount — RUB 503,000.0 th. (including VAT)	05.06.2009
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Nº	Subject of transaction and its essential terms	Transaction price, transaction amount	Date of resolution
2	Sale by the Company to the Counterparty of 90.0 mln cubic meters of dry stripped gas for RUB 293,321.0 th.	Transaction amount — RUB 293,321.0 th. (including VAT)	05.06.2009

Transactions with CJSC Rosneftflot

Related parties:

OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

S.B. Karaganov — Member of the Board at OJSC Rosneft Oil Company, Member of Supervisory Board at CJSC Rosneftflot, a party to the transaction

1	Lease by the Company to the Counterparty of tug boats Vagis and Bikin owned by the Company for 11 months under a standard bareboat charter contract for a lease payment at the following rates: <ul style="list-style-type: none"> ■ tug boat Vagis — RUB 25,156.00 /24 hours; ■ tug boat Bikin — RUB 32,128.00 /24 hours. The total lease payment is RUB 21 309.7 th.	Transaction price (including VAT): tug boat Vagis — RUB 25,156.00 /24 hours; tug boat Bikin — RUB 32,128.00 /24 hours.	31.12.2008
2	Services by the Counterparty to the Company involving preparation a documents package for tender, technical analysis of bids and support of the tender for construction of two ship-towing tugs for a fee of RUB 467.7 th.	Transaction price — RUB 467.7 th. (including VAT)	31.12.2008
3	Freight shipment (charter) services provided by the Counterparty to the Company: 100.0 th. tonnes for a fee of RUB 100,000.0 th.	Transaction amount — RUB 100,000.0 th. (including VAT)	05.06.2009

Transactions with CJSC YUKOS-Transservice

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Services by the Counterparty to the Company for transportation of 14,500.0 th. tonnes of petroleum products by railroad in the amount of RUB 22,268,000.0 th. for a fee of RUB 83.05 per tonne, i.e. RUB 1,204.2 th.	Transaction price — RUB 83.05 per tonne of transported petroleum products (including VAT)	31.12.2008
2	Services by the Company (Agent) to the Counterparty (Principal) associated with arrangement of information protection in the Counterparty's computer networks charged at RUB 21.8 th. for a fee of 1% of the information protection costs, i.e. RUB 0.3 th.	Transaction price — RUB 0.3 th. (excluding VAT)	27.03.2009
3	Grant by the Company to the Counterparty of the rights to use software "Automated information system for petroleum products metering and control in fuel network" for a fee of RUB 2,705.0 th.	Transaction price — RUB 2,705.0 th. (including VAT)	27.03.2009
4	Services by the Counterparty (as an Agent) for payment of OJSC RZHD tariff for a freighted wagon run for export of petroleum products for an agency fee of 0.1% of OJSC RZHD tariff charges. The amount of tariff charges is RUB 19,513.0 mln, and is based on the Company's business plan, calculation of rail fare according to rates approved by the Federal Tariff Service of Russia, and expected tariff increase indexes.	Transaction price — RUB 19,513.0 th. (including VAT)	05.06.2009
5	Freight forwarding services rendered by the Counterparty for petroleum products transportation for export in amount of 10.755 mln tonnes in private/rented cars, of oil to China in the amount of 3 mln tonnes (freight forwarding, tank cars provided, return of empty cars arranged). Transaction amount is RUB 11,354,735.5 th. and is based on the Company's business plan, the cost of freight forwarding including provision of tank cars and arrangement of empty cars return, and expected tariff increase indexes	Transaction amount — 11,354,735.5 th. RUB (including VAT)	05.06.2009
6	Services by the Counterparty (as an Agent) to the Company for arrangement of oil storage in tanks of OJSC Yugo-Zapad Transnefteprodukt at Filling Points, Bryansk and Nikolskoye, and filling petroleum products in tank cars, supplied for transportation from dispatch stations Bryansk-Vostochniy and Nikolskoye, for a fee of 5% of payments in favor of OJSC Yugo-Zapad Transnefteprodukt, charged at RUB 250 th. The cost of services of OJSC Yugo-Zapad Transnefteprodukt is RUB 5,000 th.	Transaction price — RUB 250 th. (including VAT)	29.10.2009

Transactions with CJSC Sakhalinmorneftegaz-Shelf

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Grant by the Counterparty to the Company of 1-year zero interest loans in amount of RUB 6,598,220.0 th.	Transaction amount — RUB 6,598,220.0 th.	27.03.2009 25.12.2009
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№	Subject of transaction and its essential terms	Transaction price, transaction amount	Date of resolution
Transactions with LLC RN-Shelf Abkhazii			
<i>Related party: OJSC ROSNEFTEGAZ</i> — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)			
1	Grant by the Company to the Counterparty of 3-year interest-free loans in amount of RUB 33,320.0 th. to finance investment operations	Transaction amount — RUB 33,320.0 th.	25.12.2009
Transactions with OJSC Okhta Power Plant			
<i>Related party: OJSC ROSNEFTEGAZ</i> — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transaction)			
1	Purchase by the Company of 27,624,309 of the Counterparty's additional ordinary shares with par value of RUB 1.0 each, at the price of RUB 5.43 per one (1) share, to the total value of RUB 150,000.0 th.	Transaction price — RUB 5.43 per 1 share	27.11.2009
Transactions with Val Shatskogo LLC			
<i>Related party: OJSC ROSNEFTEGAZ</i> — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)			
1	Grant by the Company to the Counterparty of 3-year interest-free loans in amount of RUB 444,200.0 th. to finance investment operations	Transaction amount — RUB 444,200.0 th.	27.03.2009 25.12.2009
Transactions with LLC Vostok Energy			
<i>Related party: OJSC ROSNEFTEGAZ</i> — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)			
1	Grant by the Company to the Counterparty of interest-free loans maturing on 31.12.2014 in amount of RUB 229,143.0 th. to finance investment operations	Transaction amount — RUB 229,143.0 th.	27.03.2009
Transactions with CJSC Ros&Neft			
<i>Related party: V.V. Ploskina</i> — Member of the Board at OJSC Rosneft Oil Company, Member of the Board at CJSC Ros&Neft — party to transactions			
1	Sale by the Company to the Counterparty of petroleum products 234.0 th. tonnes charged at RUB 3,829,500.0 th.	Transaction amount — RUB 3,829,500.0 th. (including VAT)	05.06.2009
2	Grant by the Company to the Counterparty of a non-exclusive right to use Company's registered trademarks in the Counterparty's business operations in the Russian Federation for a fee of RUB 70.8 th. per year	Transaction amount — RUB 70.8 th. per year (including VAT).	05.06.2009
Transactions with OJSC Russian Railways			
<i>Related party: A.L. Kostin</i> — Member of the Board at OJSC Rosneft Oil Company, Member of the Board at OJSC Russian Railways — party to transactions			
1	Services by the Counterparty to the Company for transportation of crude oil, gas, condensate and oil products by railroad in the amount of 21,866.8 th. tonnes for a fee of RUB 26,428,434.0 th.	Transaction amount — RUB 26,428,434.0 th. (including VAT)	31.12.2008
Transactions with OJSC AK Transneft			
<i>Related party: A.D. Nekipelov</i> — Member of the Board at OJSC Rosneft Oil Company, Member of the Board at OJSC AK Transneft — party to transactions			
1	Services by the Counterparty to the Company for crude oil storage for a fee of RUB 8,000.0 th.	Transaction amount — RUB 8,000.0 th. (including VAT)	27.03.2009
2	Information services by the Counterparty to the Company for a fee of RUB 14,131.0 th.	Transaction amount — RUB 14,131.0 th. (including VAT)	27.03.2009
3	Appointment by the Counterparty of the Company as an authorized consignor to transport oil through the pipeline system of the Caspian Pipeline Consortium (CPC) in consideration of priority rights to CPC system facilities in the amount of 0.96 mln tonnes per year, owned by the Russian Federation as a shareholder of CTC, as well as in consideration of rights owned by the Russian Federation to use the excess facilities, for a fee USD of 480.0 th., at the CBR exchange rate as of the date of payment.	Transaction amount — USD 480.0 th. (including VAT), at the exchange rate of the Russian Central Bank as of the date of payment	27.03.2009

№	Subject of transaction and its essential terms	Transaction price, transaction amount	Date of resolution
4	Services rendered by the Counterparty to the Company for oil compounding in amount of 2,900.0 th. tonnes at the price in rubles equivalent to USD 3.0, at the rate of CBR as of the last day of the reporting month, in which the paid services were rendered, per 1.0 tonne of oil in ruble equivalent to USD 8,700.0 th.	Transaction price — amount in rubles equivalent to USD 3.0 per 1.0 tonne of oil (including VAT), at the rate of CBR as of the last day of the reporting month, in which the paid services were rendered	05.06.2009

Transactions with OJSC Surgutneftegaz

Related party: V.L. Bogdanov — Member of the Board at OJSC Rosneft Oil Company, Director General of OJSC Surgutneftegaz — party to transactions

1	Sale by the Company to the Counterparty of a share in amount of 20% (twenty per cent) of the Limited Liability Company National Oil Consortium for RUB 2,000.0	Transaction price — RUB 2,000.0	22.06.2009
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Transactions with OJSC VTB Bank

Related party: A.L. Kostin — Member of the Board at OJSC Rosneft Oil Company, President-CEO OJSC VTB Bank — party to transactions

1	<p>OJSC VTB Bank (Agent) on behalf of OJSC Rosneft Oil Company (Principal) for a fee undertakes to implement settlement transactions associated with receipt of foreign exchange earnings in the Russian Federation payable to OJSC Rosneft Oil Company under the Crude Oil Sale Agreement with China National Petroleum Corporation, as well as payment of OJSC Rosneft Oil Company's obligations under the Loan Agreement between OJSC Rosneft Oil Company (as the borrower) and the Corporation 'Chinese Bank for Development' (as the lender, agent, security agent, arranger) (hereinafter — «Loan Agreement») pursuant to which OJSC Rosneft Oil Company raises a loan worth USD 15,000,000,000 (fifteen billion USD) for a period of 20 years from the time of the first loan tranche at 6 months LIBOR plus a margin of 0.60% to 3.25% (depending on the level of LIBOR) per annum, with repayment in equal monthly installments, upon expiration of 5 years from the first loan tranche and before expiration of credit use term; and an interest period of 6 months prior to the oil supplies under the Crude Oil Sale Agreement with Chinese National Petroleum Corporation and 1 month after the start of such supplies; and undertakes (and is authorized by OJSC Rosneft Oil Company) as an agent of OJSC Rosneft to open an account in the Chinese Bank for Development Corporation and perform other commitments under the agreements referred to in pp. 2-4 below.</p>	For the purposes of Agency Agreement approval as a related party transaction, and taking into account the connection of the Agency Agreement to the transactions referred to in p. 2–4, the price (monetary value) of the Agency Agreement with the said transactions will not exceed USD 13,000,000.00, i.e. RUB 442,130,000.00 (at CBR rate as of 30.03.2009)	20.04.2009
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OJSC Rosneft Oil Company undertakes to pay to OJSC VTB Bank a fee of USD 50,000 per month plus VAT at the effective rate (starting from the month in which the Loan was first used under the Loan Agreement and till complete performance of OJSC Rosneft Oil Company obligations under the Loan Agreement, or replacement of OJSC VTB Bank as the passport bank pursuant to the Quadripartite Agreement on arrangement of settlements referred to in paragraph 3 below) and compensate expenses incurred by OJSC VTB Bank in performance of its obligations.

Agreements referred to in this paragraph 1, provide for participation of successors and assigns of the persons referred to therein. In particular:

- Crude Oil Sale Agreement with Chinese National Petroleum Corporation provides for assignment of the purchaser's rights (China National Petroleum Corporation) under the Agreement to Chinese National United Petroleum Corporation;
- The Loan Agreement provides for participation therein and in transaction documents provided thereby (namely, financing instruments and a crude oil sale agreement) of successors and assigns of their respective parties and persons specified therein.

The Agency Agreement is governed by the Russian laws.

№	Subject of transaction and its essential terms	Transaction price, transaction amount	Date of resolution
2	<p>As a security for obligations under the Loan Agreement and the financing instrument provided for thereby, OJSC Rosneft Oil Company (Pledger) and OJSC VTB Bank (Pledger) pledged in favor of Chinese Bank for Development Corporation (as a security agent and settlement bank) (Pledge Holder) part of funds (at least 120% of the aggregate amount of principal, interest and other payments due under the Loan Agreement in the corresponding month), paid under the crude oil sale agreement between OJSC Rosneft Oil Company and Chinese National Petroleum Corporation to the correspondent account of OJSC VTB Bank in Chinese Bank for Development Corporation (and in event of default under the Loan Agreement — all funds in such account) in repayment under the Loan Agreement and the financing instruments provided thereby.</p> <p>OJSC VTB Bank enters into the agreement as an agent of OJSC Rosneft Oil Company.</p> <p>All obligations of OJSC VTB Bank are limited recourse obligations and are created only within the funds on the correspondent account of OJSC Bank VTB, opened in the Chinese Bank for Development Corporation pursuant to the Agency Agreement between OJSC Rosneft Oil Company and OJSC VTB Bank (p. 1).</p> <p>The Agreement provides for participation in the Loan Agreement and the transaction documents provided for therein of successors and assigns of their respective parties and persons set forth therein.</p> <p>Agreements referred to in this paragraph 2, provide for participation of successors and assigns of the persons referred to therein. In particular:</p> <ul style="list-style-type: none"> ■ Crude Oil Sale Agreement with Chinese National Petroleum Corporation provides for assignment of the purchaser's rights (China National Petroleum Corporation) under the Agreement to Chinese National United Petroleum Corporation ■ The Loan Agreement provides for participation therein and in transaction documents provided thereby of successors and assigns of their respective parties and persons specified therein. <p>Account Pledge Agreement is governed by English law</p>	<p>For the approval purposes of the Bank Account Pledge Agreement as a related party transaction, and taking into account the connection of the Bank Account Pledge Agreement to the transactions referred to in pp. 1, 3, 4, the price (monetary value) of the Bank Account Pledge Agreement with the said transactions will not exceed in terms of legal relations between OJSC Rosneft Oil Company and OJSC VTB Bank amount of USD 13,000,000.00, i.e. RUB 442,130,000.00 (at CBR rate as of 30.03.2009)</p>	20.04.2009
3	<p>OJSC VTB Bank (passport bank) undertakes to open an account at Chinese National Petroleum Corporation (agent, security agent and settlement bank). Funds will be transferred to the said account in performance of payment obligations of Chinese National Petroleum Corporation (importer) under the Crude Oil Sale Agreement with OJSC Rosneft Oil Company (borrower).</p> <p>Chinese National Petroleum Corporation is granted the right to directly debit the OJSC VTB Bank's correspondent account in repayment of OJSC Rosneft Oil Company's obligations to repay the Loan, interest and other amounts due under the Loan Agreement. A procedure is set up to allow writing off funds from this account by other persons.</p> <p>OJSC VTB Bank enters into the Agreement as an agent of OJSC Rosneft Oil Company</p> <p>All obligations of OJSC VTB Bank are limited recourse obligations and are created only within the funds on the correspondent account of OJSC Bank VTB, opened in the Chinese Bank for Development Corporation.</p> <p>Agreements referred to in this paragraph 3, provide for participation of successors and assigns of the persons referred to therein. In particular:</p> <ul style="list-style-type: none"> ■ The Quadripartite Agreement on arrangement of settlements for participation therein and in documents provided thereby of successors and assigns of their respective parties and persons specified therein; ■ The Crude Oil Sale Agreement with Chinese National Petroleum Corporation provides for assignment of the purchaser's rights (China National Petroleum Corporation) under the Agreement to Chinese National United Petroleum Corporation; ■ The Loan Agreement provides for participation therein and in transaction documents provided thereby of successors and assigns of their respective parties and persons specified therein. <p>The Quadripartite Agreement is governed by the English law</p>	<p>For the approval purposes of the Quadripartite Agreement on arrangement of settlements as a related party transaction, and taking into account the connection of the Quadripartite Agreement on arrangement of settlements to the transactions referred to in pp. 1, 2, 4, the price (monetary value) of the Quadripartite Agreement on arrangement of settlements with the said transactions in terms of legal relations between OJSC Rosneft Oil Company and OJSC VTB Bank will not exceed the amount of USD 13,000,000.00, i.e. RUB 442,130,000.00 (at CBR rate as of 30.03.2009)</p>	20.04.2009
4	<p>For the purposes of compliance with terms and conditions of the Agency Agreement, OJSC VTB Bank (bank) for a fee undertakes to open for OJSC Rosneft Oil Company (client) an account in US dollars, receive and enter the funds transferred to such account, follow the client's instructions to transfer the relevant amounts from the account within the time stipulated in the Foreign Currency Account Agreement.</p> <p>OJSC Rosneft Oil Company undertakes to use the account with OJSC VTB Bank solely for the purposes of compliance with terms and conditions of the Agency Agreement.</p> <p>In consideration for services of OJSC VTB Bank for opening and servicing of a current account, performance by OJSC VTB Bank of currency control agent functions, and transactions with funds of OJSC Rosneft Oil Company, fees are charged pursuant to the Foreign Currency Account Agreement, based on applicable rates of OJSC VTB Bank.</p>	<p>For the approval purposes of the Foreign Currency Account Agreement as a related party transaction, and taking into account the connection of the USD Account Agreement to the transactions referred to in pp. 1-3, the price (monetary value) of the USD Account Agreement with the said transactions will not exceed</p>	20.04.2009

№	Subject of transaction and its essential terms	Transaction price, transaction amount	Date of resolution
	<p>Agreements in connection with which the Foreign Currency Account Agreement is concluded, provide for participation of successors and assigns of the persons referred to therein. In particular:</p> <ul style="list-style-type: none"> ■ The Crude Oil Sale Agreement with Chinese National Petroleum Corporation provides for assignment of the purchaser's rights (China National Petroleum Corporation) under the Agreement to Chinese National United Petroleum Corporation; ■ The Loan Agreement provides for participation therein and in transaction documents provided thereby of successors and assigns of their respective parties and persons specified therein. <p>The Foreign Currency Account Agreement is governed by the Russian law.</p>	<p>USD 13,000,000.00, i.e. RUB 442,130,000.00 (at CBR rate as of 30.03.2009)</p>	

Transactions with OJSC VTB BANK

Related parties: A.L. Kostin — Member of the Board at OJSC Rosneft Oil Company, President-CEO of OJSC VTB Bank — party to transactions

Beneficiary — LLC RN-Tuapse Refinery

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	<p>Grant by the Company (Surety Provider) for the benefit of LLC RN-Tuapse Refinery of a surety in favor of OJSC Bank VTB, for the purpose of compliance with recourse obligations of LLC RN-Tuapse Refinery in respect of bank guarantees issued under the Bank Guarantee Master Agreement No. 2 concluded between LLC RN-Tuapse Refinery and OJSC VTB Bank in favor of the Interdistrict Inspectorate of the Russian Federal Tax Service on the major taxpayers in the Krasnodar Territory, issued as a provisional remedy when submitting claims by LLC RN-Tuapse Refinery to the Arbitration Court of Krasnodar Region to dispute the decisions of Interdistrict Inspectorate of the Russian Federal Tax Service on the major taxpayers in the Krasnodar Territory on collection of debts pursuant to paragraph 11 of Clause 101 of the Tax Code of the Russian Federation (part one) on the following terms:</p> <p>Subject, Transaction price: OJSC Rosneft Oil Company undertakes to be liable to OJSC VTB Bank jointly with LLC RN — Tuapse Refinery for performance by LLC RN — Tuapse Refinery of its obligations under the Bank Guarantee Master Agreement No. 2, including:</p> <ul style="list-style-type: none"> ■ obligation to reimburse the full amount of bank guarantees paid by OJSC VTB Bank to the Interdistrict Inspectorate of the Russian Federal Tax Service for largest taxpayer of the Krasnodar Territory pursuant to the Master Agreement No. 2 on the issuance of bank guarantees within the limit in amount of RUB 6,300,000,000 (six billion three hundred million); ■ obligation to timely pay the fee for issuance of the bank guarantee at the rate of 0.5% p.a. charged on the amount of each guarantee issued under the Bank Guarantee Master Agreement No. 2 for the entire period of the guarantee from the date of guarantee issuance to the date of its expiration; ■ obligation to timely pay a commission for amendment of the guarantee terms (in case of such amendment) in ruble equivalent of USD 100 for every such amendment at the rate of the Bank of Russia as of the date of payment; ■ obligation to pay the penalty for failure to reimburse in favor of OJSC VTB Bank the effected payment under guarantees for the period from the second business day following the date when OJSC VTB Bank sends a written request for reimbursement of such amounts paid under guarantees, until the date of final and complete reimbursement by LLC RN-Tuapse Refinery in favor of OJSC VTB Bank of such amount at the refinancing rate of the Bank of Russia in effect on the date when the penalty was charged; ■ obligation to reimburse in favor of OJSC VTB Bank any expenses and losses it may incur in connection with its obligations under guarantees, and the Bank Guarantee Master Agreement No. 2, and reimbursable by LLC RN-Tuapse Refinery pursuant to the terms of the Bank Guarantee Master Agreement No. 2, and due to the failure to perform or improper performance of obligations by LLC RN-Tuapse Refinery; <p>Grounds for claims to OJSC Rosneft Oil Company as the Surety Provider: failure to perform or improper performance by LLC RN-Tuapse Refinery of obligations under the bank guarantees issued pursuant to the Bank Guarantee Master Agreement No. 2;</p> <p>Term of the surety: 2,736 (two th. seven hundred thirty-six) days from the date of the Contract of Suretyship.</p>	<p>Size of obligations under the Contract of Surety may amount to RUB 6,331,500.0 th. (excluding possible penalties)</p>	07.08.2009
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№	Subject of transaction and its essential terms	Transaction price, transaction amount	Date of resolution
2	<p>Grant by the Company (Surety Provider) for the benefit of LLC RN-Tuapse Refinery of a surety in favor of OJSC Bank VTB, for the purpose of compliance with recourse obligations of LLC RN-Tuapse Refinery in respect of bank guarantees of payment of excise duties and respective penalties pursuant to the Bank Guarantee Master Agreement No. 714000/2007/00004 of February 14, 2007 concluded between LLC RN-Tuapse Refinery and OJSC VTB Bank in favor of the Interdistrict Inspectorate of the Russian Federal Tax Service for Major taxpayers in the Krasnodar Territory on the following terms:</p> <p>Subject, Transaction price: OJSC Rosneft Oil Company undertakes in case of failure to perform or improper performance of obligations by LLC RN-Tuapse Refinery under the Bank Guarantee Master Agreement No. 714000/2007/00004 of February 14, 2007 to be liable to OJSC VTB Bank jointly with LLC RN-Tuapse Refinery for the entire amount of obligations of LLC RN-Tuapse Refinery under the Bank Guarantee Master Agreement, including, but not limited to:</p> <ul style="list-style-type: none"> ■ reimbursement in favor of OJSC VTB Bank under the Bank Guarantee Master Agreement No. 714000/2007/00004 of the full amount paid by OJSC VTB Bank to the Interdistrict Inspectorate of the Russian Federal Tax Service for major taxpayers of the Krasnodar Territory under guarantees. The limit for the issuance of guarantees under the Bank Guarantee Master Agreement No. 714000/2007/00004 is RUB 4,400,000,000 (four billion four hundred million); ■ payment in favor of OJSC VTB Bank of commissions and costs pursuant to the Bank Guarantee Master Agreement No. 714000/2007/00004, in particular: ■ commission for issuance of guarantees at a rate of 0.35% p.a. charged on the amount of each issued guarantee from the date of guarantee issuance to the date of its expiration under the Bank Guarantee Master Agreement No. 714000/2007/00004; ■ commission for amendment of guarantees terms (in the case of such amendment) in the ruble equivalent of USD 100 for every such amendment at the rate of the Bank of Russia as of the date of payment; ■ penalties for failure to duly reimburse in favor of OJSC VTB Bank the amounts paid under the guarantees, for the period from the second business day following the date when OJSC VTB Bank sends a written request for reimbursement of such amounts paid under guarantees, until the date of final and complete reimbursement by LLC RN-Tuapse Refinery in favor of OJSC VTB Bank of such amount at the refinancing rate of the Bank of Russia in effect on the date when the penalty was charged; ■ any actual costs incurred and documented by OJSC VTB Bank in connection with performance under the Bank Guarantee Master Agreement No. 714000/2007/00004. <p>Term of the surety: until full performance of obligations by LLC RN-Tuapse Refinery under the Bank Guarantee Master Agreement No. 714000/2007/00004 and commitments of OJSC Rosneft Oil Company under the Contract of Suretyship.</p>	Size of obligations under the Contract of Surety may amount to RUB 4,415,400.0 th. (excluding possible penalties)	07.08.2009

Transactions with OJSC VTB Bank

Related party: A.L. Kostin — Member of the Board at OJSC Rosneft Oil Company, President-CEO of OJSC VTB Bank — party to transactions

Beneficiary — LLC RN-Komsomolsk Refinery

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	<p>Grant by the Company (Surety Provider) for the benefit of LLC RN-Tuapse Refinery of a surety in favor of OJSC Bank VTB, for the purpose of compliance with recourse obligations of LLC RN-Komsomolsk Refinery in respect of bank guarantees of payment of excise duties and respective penalties pursuant to the Bank Guarantee Master Agreement No. 5 of February 19, 2007 concluded between OJSC VTB Bank and LLC RN-Komsomolsk Refinery in favor of the Inspectorate of the Russian Federal Tax Service for Komsomolsk-on-Amur on the following terms:</p> <p>Subject, Transaction price: OJSC Rosneft Oil Company undertakes in case of failure to perform or improper performance of obligations by LLC RN-Komsomolsk Refinery under the Bank Guarantee Master Agreement No. 5 of February 19, 2007 to be liable to OJSC VTB Bank jointly with LLC RN-Komsomolsk Refinery for the entire amount of obligations of LLC RN-Komsomolsk Refinery under the Bank Guarantee Master Agreement No. 5 of February 19, 2007 including, but not limited to:</p>	Size of obligations under the Contract of Surety may amount to RUB 4,114,350.0 th. (excluding possible penalties)	07.08.2009
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№	Subject of transaction and its essential terms	Transaction price, transaction amount	Date of resolution
	<ul style="list-style-type: none"> ■ reimbursement in favor of OJSC VTB Bank under the Bank Guarantee Master Agreement No. 5 of the full amount paid by OJSC VTB Bank to the Inspectorate of the Russian Federal Tax Service for Komsomolsk-on-Amur under the guarantees. The limit for the issuance of guarantees under the Bank Guarantee Master Agreement No. 5 is RUB 4,100,000,000 (four billion one hundred million); ■ payment in favor of OJSC VTB Bank of commissions and costs pursuant to the Bank Guarantee Mater Agreement No. 5, in particular: ■ commission for issuance of guarantees at a rate of 0.35% p.a. charged on the amount of each issued guarantee from the date of guarantee issuance to the date of its expiration under the Bank Guarantee Master Agreement No. 5; ■ commission for amendment of guarantees terms (in the case of such amendment) in the ruble equivalent of USD 100 for every such amendment at the rate of the Bank of Russia as of the date of payment; ■ penalties for failure to duly reimburse in favor of OJSC VTB Bank the amounts paid under the guarantees, for the period from the second business day following the date when OJSC VTB Bank sends a written request for reimbursement of such amounts paid under guarantees, until the date of final and complete reimbursement by LLC RN-Komsomolsk Refinery in favor of OJSC VTB Bank of such amount at the refinancing rate of the Bank of Russia in effect on the date when the penalty was charged; ■ any actual costs incurred and documented by OJSC VTB Bank in connection with performance under the Bank Guarantee Master Agreement No. 5. <p>Term of the surety: until full performance of obligations by LLC RN-Komsomolsk Refinery under the Bank Guarantee Master Agreement No. 5 and commitments of OJSC Rosneft Oil Company under the Contract of Suretyship.</p>		

Related party transactions approved by the general meeting of shareholders on June 19, 2009

№	Subject of transaction and its essential terms	Transaction price, transaction amount
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Transactions with LLC RN-Yuganskneftegaz

Related party: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

1	Services by the Counterparty to the Company for production of the following products at oil and gas fields to which the Company holds licenses: <ul style="list-style-type: none"> ■ oil in amount of 66,619.0 th. tonnes, ■ associated gas in amount of 4,125.0 mln cubic meters to the total maximum amount of 97,140,972.6 th. RUB, and transfer of hydrocarbons so produced to the Company for subsequent sale	Maximum transaction amount — 97,140,972.6 th. RUB (including VAT)
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Transactions with LLC RN-Vostoknefteprodukt

Related parties:

OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

V.V. Ploskina — Member of the Board at OJSC Rosneft Oil Company, Member of the Board at LLC RN-Vostoknefteprodukt — party to transactions

1	Sale by the Company to the Counterparty of 1,650,2 th. tonnes of petroleum products to the total maximum amount 61,238,347.8 th. RUB	Maximum transaction amount — 61,238,347.8 th. RUB (including VAT)
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Transactions with OJSC All-Russian Bank for Reconstruction and Development of Russian Regions

Related parties:

OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company, holding over 20% of the Company's voting shares (the Counterparty is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

S.V. Tregub (from 03.04.2009) — Member of the Board at OJSC Rosneft Oil Company, Chairman of Supervisory Board at OJSC All-Russian Bank for Reconstruction and Development of Russian Regions — party to transactions

L.V. Kalanda (from 03.04.2009) — Member of the Board at OJSC Rosneft Oil Company, Member of Supervisory Board at OJSC All-Russian Bank for Reconstruction and Development of Russian Regions — party to transactions

S.I. Makarov (from 03.04.2009) — Member of the Board at OJSC Rosneft Oil Company, Member of Supervisory Board at OJSC All-Russian Bank for Reconstruction and Development of Russian Regions — party to transactions

R.Sh. Tursunov — Member of the Board at OJSC Rosneft Oil Company, Member of Supervisory Board at OJSC All-Russian Bank for Reconstruction and Development of Russian Regions — party to transactions

№	Subject of transaction and its essential terms	Transaction price, transaction amount
1	<p>Conclusion by the Company and the Counterparty of a Master Agreement on general terms of deposit transactions, and performance of transactions under this Master Agreement for deposit by the Company of cash in rubles and/or dollars, and/or EURO on the Counterparty's accounts to the maximum amount of 306,000,000.0 th. RUB on the following terms:</p> <ul style="list-style-type: none"> ■ term — one day to one year; ■ interest rate: <ul style="list-style-type: none"> ■ rubles — not less than Mosibor for the corresponding period minus 20%; ■ U.S. dollars — not less than Libor (USD) for the corresponding period minus 10%; ■ EURO — not less than Libor (EURO) for the corresponding period minus 10%. 	Maximum transaction amount — 306 000 000,0 th. RUB
2	<p>Conclusion by the Company and the Counterparty of a Master Agreement on general terms of conversion transactions, and performance of transactions under this Master Agreement deals on sale of foreign currency (conversion operations) in currency pairs: USD/ruble, EUR/ruble, EUR/USD to the total maximum amount of 238,000,000.0 th. RUB based on the following exchange rate:</p> <ul style="list-style-type: none"> ■ transactions in pair dollar / ruble — not less than the weighted average MICEX rate on the day of payment minus 0.7 RUB, ■ transactions in pair EUR / RUB — not lower than the average weighted MICEX rate on the day of payment minus 0.8 RUB, ■ transactions in pair EUR/USD — not lower than the weighted average MICEX rate on the day of payment minus 0.5 EUR. 	Maximum transaction amount — 238,000,000.0 th. RUB

Transactions with OJSC VTB Bank

Related party: A.L. Kostin — Member of the Board at OJSC Rosneft Oil Company, President — CEO OJSC VTB Bank — party to transactions

1	<p>Conclusion by the Company and the Counterparty of a Master Agreement on general terms of deposit transactions, and performance of transactions under this Master Agreement for deposit by the Company of cash in rubles and/or dollars, and/or EURO on the Counterparty's accounts to the maximum amount of 493,000,000.0 th. RUB on the following terms:</p> <ul style="list-style-type: none"> ■ term — one day to one year; ■ interest rate: <ul style="list-style-type: none"> ■ rubles — not less than Mosibor for the corresponding period minus 20%; ■ U.S. dollars — not less than Libor (USD) for the corresponding period minus 10%; ■ EURO — not less than Libor (EURO) for the corresponding period minus 10%. 	Maximum transaction amount — 493,000,000.0 th. RUB
2	<p>Conclusion by the Company and the Counterparty of a Master Agreement on general terms of conversion transactions using Reuters Dealing System/ BS-Client, and performance of transactions under this Master Agreement deals on sale of foreign currency (conversion operations) in currency pairs: USD/ruble, EUR/ruble, EUR/USD to the total maximum amount of 578,000,000.0 th. RUB based on the following exchange rate:</p> <ul style="list-style-type: none"> ■ transactions in pair dollar / ruble — not less than the weighted average MICEX rate on the day of payment minus 0.7 RUB, ■ transactions in pair EUR / RUB — not lower than the average weighted MICEX rate on the day of payment minus 0.8 RUB, ■ transactions in pair EUR/USD — not lower than the weighted average MICEX rate on the day of payment minus 0.5 EUR. 	Maximum transaction amount — 578,000,000.0 th. RUB
3	<p>Conclusion by the Company and the Counterparty of a Master Agreement on the procedure of credit transactions using Reuters Dealing System, and performance of transactions under this Master Agreement for raising by the Company of loans from the Counterparty in rubles and/or dollars, and/or EURO to the maximum amount of 216,000,000.0 th. RUB on the following terms:</p> <ul style="list-style-type: none"> ■ term — up to 30 days; ■ interest rate: <ul style="list-style-type: none"> ■ rubles — not more than Mosibor for the corresponding period plus 20%; ■ U.S. dollars — not more than Libor (USD) for the corresponding period plus 10%; ■ EURO — not more than Libor (EURO) for the corresponding period plus 5%. 	Maximum transaction amount — 216,000,000.0 th. RUB

Transactions with OJSC AK Transneft

Related party: A.D. Nekipelov — Member of the Board at OJSC Rosneft Oil Company, Member of the Board at OJSC AK Transneft — party to transactions

№	Subject of transaction and its essential terms	Transaction price, transaction amount
1	Services rendered by the Counterparty in 2010 to the Company for crude oil transportation through pipelines in the amount of 115,000.0 th. tonnes for a maximum total fee of 140,000,000.0 th. RUB	Maximum transaction amount — 140,000,000.0 th. RUB (including VAT)
2	<p>Supply by the Company to the Counterparty of crude oil on the following terms:</p> <p>Term of supply — 20 years (from 2011 to 2030);</p> <p>Start of supply — January 1, 2011;</p> <p>Scope of supply — 6 million tonnes (+/-4.1%) per annum;</p> <p>Terms of supply:</p> <ul style="list-style-type: none"> ■ OJSC Rosneft Oil Company (supplier) is obligated to deliver the goods (crude oil) to the oil pipelines system of OJSC AK Transneft at receiving stations pursuant to the terms of a respective transport contract between OJSC Rosneft Oil Company and OJSC AK Transneft and the Rational Routing Scheme, approved by the authorized public body of the Russian Federation, and supply the goods (crude oil) at its own expense to the delivery place — delivery and acceptance point on Skovorodino-Amur pipeline in Russia, the location of which will be confirmed upon completion of construction and commissioning of pipeline facilities; ■ OJSC AK Transneft (Purchaser) is obligated to accept for transportation and to transport the goods (crude oil) from the oil receiving station to the delivery place — delivery and acceptance point on Skovorodino-Amur pipeline in Russia, the location of which will be confirmed upon completion of construction and commissioning of pipeline facilities, and to accept the goods (crude oil) in the place of delivery, and pay for it; ■ goods (crude oil) are delivered in monthly batches on a steady monthly basis. ■ product quality — the quality of goods (crude oil) must meet the requirements of GOST R 51858-2002 «Oil. General specifications». 	<p>It is determined on a monthly basis in accordance with the following formula:</p> $C = \text{Ced} * K - \text{Tp} - \text{Br} - M, \text{ where}$ <p>C — Contract price per net ton of crude oil in USD, at which the payment for crude oil will be made.</p> <p>Ced — The price of crude oil under the Crude Oil Sale Agreement between OJSC AK Transneft and Chinese National Petroleum Corporation (hereinafter — Export Agreement), which is determined based on market conditions using quotes on Russian oil at Kozmino port, and subject to the equal quality of oil shipped to China and oil shipped through p. Kozmino. If the volume of all Russian oil shipped through port Kozmino is less than 12.5 million tonnes per year, quotes on Russian Urals crude oil in the ports of Primorsk/Novorossiysk will apply to the difference in volume (by differential against benchmark Brent) in USD/barrel (determined pursuant to Annex 2 to Supply Agreement).</p> <p>K — conversion factor of barrels to metric tonnes, based on average density of oil supplied in the respective month barrel/t.</p> <p>Tp — indicator that takes into account the impact of customs duties and export duty rates on crude oil, as set by the Russian Federation Government for the respective month of delivery, USD/ton.</p> <p>Br — indicator that takes into account the cost of customs brokerage services, calculated in USD/ton. On the date of the Supply Agreement, Br index equal to 0.067 dollars per ton will be applied. Subsequently, the index value may be changed by Supplementary Agreements to the Supply Agreement, signed by OJSC Rosneft Oil Company and OJSC AK Transneft prior the start of each calendar year of supply.</p> <p>M — indicator calculated based the break-even of Supply Contract for OJSC Rosneft Oil Company and OJSC AK Transneft; it provides marginal income for OJSC Transneft, calculated in USD/t. At the date of the Supply Agreement, M index will be applied in the value of 0.001% of element Ced*K, USD/t. Subsequently, the value of index M may be changed by supplementary agreements to the Supply Agreement, signed by OJSC Rosneft Oil Company and OJSC AK Transneft prior to the start of each calendar year of delivery, USD/t.</p> <p>T and M indicators are subject to adjustment in case of changes in Russian customs and tax laws.</p> <p>If the average accounting forecast oil price is at USD 50 per barrel, the total value of oil delivered under Oil Supply Agreement over 20 years will be around 27 billion U.S. dollars</p>

Major transaction approved by the general meeting of shareholders on June 19, 2009, consisting of the several related transactions:

№	Subject of transaction and its essential terms	Transaction price, transaction amount
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Transaction parties: OJSC Rosneft Oil Company (Borrower) and China Development Bank Corporation (Landor, Agent, Security Agent and Settlement Bank)

1	<p>Chinese Bank for Development Corporation undertakes to provide funds to OJSC Rosneft Oil Company on conditions of refundability, maturity and serviceability.</p> <p>The loan maturity is 20 years from the date of the first tranche.</p> <p>Terms of the loan — equal monthly installments, after 5 years from the first tranche until expiration of loan term.</p> <p>Interest period — 6 months prior to the start of oil supply under the Crude Oil Sale Agreement with Chinese National Petroleum Corporation, referred to in p.7 below, and 1 month after the start of such supplies.</p> <p>The Agreement provides for participation in the Loan Agreement and transaction documents stipulated therein (namely, financing instruments and a Crude Oil Sale Agreement) of successors and assigns of their respective parties and persons specified therein.</p>	<p>Total loan size — 15,000,000,000 (fifteen billion U.S. dollars)</p> <p>Interest rate — 6 months LIBOR plus margin defined as follows:</p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>LIBOR</th> <th>Margin</th> <th>Loan Rate</th> </tr> </thead> <tbody> <tr> <td>LIBOR ≤ 2%</td> <td>3.25%</td> <td>3.25–5.25%</td> </tr> <tr> <td>2.0% < LIBOR ≤ 2.5%</td> <td>2.75%</td> <td>4.75–5.25%</td> </tr> <tr> <td>2.5% < LIBOR ≤ 3.0%</td> <td>2.25%</td> <td>4.75–5.25%</td> </tr> <tr> <td>3.0% < LIBOR ≤ 3.5%</td> <td>1.75%</td> <td>4.75–5.25%</td> </tr> <tr> <td>3.5% < LIBOR ≤ 4.0%</td> <td>1.25%</td> <td>4.75–5.25%</td> </tr> <tr> <td>4.0% < LIBOR ≤ 4.5%</td> <td>0.75%</td> <td>4.75–5.25%</td> </tr> <tr> <td>LIBOR ≤ 4.5%</td> <td>0.60%</td> <td>over 5.1%</td> </tr> </tbody> </table> <p>If average calculation rate (LIBOR + margin) of the loan is 5.69% per annum, total payments (principal plus interest) over 20 years would be approx. 25.9 billion USD, i.e. over 50% the Company's book value</p>	LIBOR	Margin	Loan Rate	LIBOR ≤ 2%	3.25%	3.25–5.25%	2.0% < LIBOR ≤ 2.5%	2.75%	4.75–5.25%	2.5% < LIBOR ≤ 3.0%	2.25%	4.75–5.25%	3.0% < LIBOR ≤ 3.5%	1.75%	4.75–5.25%	3.5% < LIBOR ≤ 4.0%	1.25%	4.75–5.25%	4.0% < LIBOR ≤ 4.5%	0.75%	4.75–5.25%	LIBOR ≤ 4.5%	0.60%	over 5.1%
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Transaction parties: OJSC Rosneft Oil Company (Assignor) and China Development Bank Corporation (Security Agent) (Assignee)

2	<p>As a security for performance of OJSC Rosneft Oil Company's obligations under the Loan Agreement and financing instruments provided therein, OJSC Rosneft Oil Company assigns by way of security assignment to Chinese National Petroleum Corporation (as a security agent) receivables in part of cash proceeds under the Crude Oil Sale Agreement between OJSC Rosneft Oil Company and Chinese National Petroleum Corporation, referred to in p.7 below.</p> <p>The Agreement provides for participation in the Loan Agreement and transaction documents stipulated therein of successors and assigns of their respective parties and persons specified therein</p>	<p>Receivables on proceeds under Crude Oil Sale Agreement are assigned by way of security assignment in amount of 120% of the monthly repayment payable under the Loan Agreement in repayment of principal and interest on the loan until obligations under the Loan Agreement and financing instrument provided for therein are discharged.</p> <p>Price (monetary value) of the Assignment Contract is set in amount not exceeding the size of obligations of OJSC Rosneft Oil Company under the Loan Agreement referred to in p. 1 above.</p> <p>At the same time, despite the connection of the Assignment Contract to transactions referred to in paragraph 1, 3–6, for purposes of price estimation (monetary value) for a group of related transactions, the cost of assigned receivables is not subject to the summation with the price (monetary value) of said transactions, since due to security nature of the Assignment Contract, the sums recovered under the such Contract in the respective amount redeem liabilities of OJSC Rosneft Oil Company under the Loan Agreement.</p>
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Transaction parties: OJSC Rosneft Oil Company (Pledger), OJSC VTB Bank acting as an agent of OJSC Rosneft Oil Company (Pledger) China Development Bank Corporation (as a security agent and settlement bank) (Pledge Holder)

3	<p>As a security for obligations under the Loan Agreement and financing instrument provided for therein, OJSC Rosneft Oil Company and OJSC VTB Bank pledge in favor of Chinese National Petroleum Corporation (as a security agent) part of funds (no less than 120% of the aggregate amount of principal, interest and other payments due under the Loan Agreement and financing instrument provided for therein, payable in the corresponding month), paid under the Crude Oil Sale Agreement between OJSC Rosneft Oil Company and Chinese National Petroleum Corporation, referred to in p. 7 below to the correspondent account of OJSC VTB Bank with Chinese Bank for Development Corporation (and in event of default under the Loan Agreement — all funds in such account) in repayment of obligations under the Loan Agreement and the financing instruments provided thereby.</p> <p>The Agreement provides for participation in the Loan Agreement and transaction documents stipulated therein of successors and assigns of their respective parties and persons specified therein</p>	<p>Until full performance of obligations under the Loan Agreement and financing instruments provided for therein, collateral shall be pledged in respect of funds, which constitute 120% of the monthly repayment of principal and interest under the Loan Agreement and other payments under the Loan Agreement and financing instruments provided for therein.</p> <p>In event of default under the Loan Agreement the pledge applies to the entire cash balance in the pledged account and Chinese Bank for Development Corporation (as security agent) shall be entitled write off the balance on the pledged bank account in full.</p> <p>Price (monetary value) of the Account Pledge Agreement is set in amount not exceeding the size of liability of OJSC Rosneft Oil Company under the Loan Agreement specified in p.1 above.</p> <p>At the same time, despite the connection of the Account Pledge Agreement to transactions referred to in paragraphs 1, 2, 4–6, for purposes of price estimation (monetary value) for a group of related transactions, the cost of assigned receivables is not subject to the summation with the price (monetary value) of said transactions, since due to security nature of the Account Pledge Agreement the sums recovered under the such Account Pledge Agreement in the respective amount cover liabilities of OJSC Rosneft Oil Company under the Loan Agreement.</p>
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Transaction parties: OJSC Rosneft Oil Company (Borrower), OJSC Bank VTB (Passport Bank), Chinese National Petroleum Corporation (Importer) and China Development Bank Corporation (Agent, Security Agent and Settlement Bank)

- 4 OJSC Bank VTB undertakes to open a correspondence account with Chinese Bank for Development Corporation as a settlement bank. The specified account shall be credited with the monetary funds pertaining to execution of payment obligations of Chinese National Petroleum Corporation under the Contract of sale of crude oil entered into with OJSC Rosneft Oil Company.
- Chinese Bank for Development Corporation shall be provided with the right to direct debiting of monetary funds from the correspondence account of OJSC Bank VTB to repay the obligations of OJSC Rosneft Oil Company pertaining to the return of the loan amount, payment of interest and other amounts in accordance with the Credit contract. The procedure for debiting of the funds from the specified account by other persons shall be established.
- The Quadrilateral agreement on organization of settlements provides for the possibility of participation in the agreement and in the documents provided by it of assignees and transferees of the corresponding parties and the persons indicated in them.
- The Quadripartite Agreement on organization of settlements shall provide for obligations to open accounts and organize a mechanism of settlements and shall have no property estimate.

Transaction parties: OJSC Rosneft Oil Company (Principal) and OJSC VTB Bank (Agent)

- 5 OJSC Bank VTB based on the instruction of OJSC NK Rosneft for a consideration shall carry out settlement operations connected to the receipt in the Russian Federation of hard currency proceeds due to OJSC Rosneft Oil Company under the Contract of sale of crude oil entered into with Chinese National Petroleum Corporation, and connected to effecting of payments under obligations of OJSC Rosneft Oil Company under the Credit agreement.
- OJSC Rosneft Oil Company shall pay to OJSC Bank VTB a consideration and shall reimburse OJSC Bank VTB for the approved costs pertaining to implementation of the instruction.
- The amount of the agency fee shall be equal to 50 th. USD per month including the VAT at the current rate (starting with the month of the first utilization of the loan under the Credit agreement and until complete execution of the obligations by OJSC Rosneft Oil Company under the Credit agreement or replacement of OJSC Bank VTB as the passport bank according to the Quadripartite Agreement on organization of settlements, as specified in item 4 above) and, with allowance for reimbursable costs related to implementation of the instruction, the price (money value) of the Agency agreement shall not exceed 12.04 million US dollars during the term of the Agency agreement (the specified amounts can be paid in rubles at the exchange rate of the Bank of Russia as set on the date of writing off of the monetary funds).

Transaction parties: OJSC Rosneft Oil Company (Client) and OJSC VTB Bank (Bank)

- 6 For the purposes of implementation of the terms and conditions of Agency contract OJSC Bank VTB for a consideration shall open an OJSC Rosneft Oil Company settlement account in US dollars, accept and credit the funds received in it, carry out client's orders about transfer of the appropriate amounts from the account within the periods stipulated in the Contract of bank account in foreign currency.
- OJSC Rosneft Oil Company shall use the account at OJSC Bank VTB solely for the purposes of implementation of the terms and conditions of Agency contract.
- Taking into account the tariffs for settlement and cash servicing of OJSC Bank VTB the price of the services related to opening and servicing of settlement account, performance by OJSC Bank VTB of the functions of currency control agent and implementation of operations with OJSC Rosneft Oil Company funds shall not exceed 960 000 US dollars (on the basis of current tariff rates of OJSC Bank VTB).

Transaction parties: OJSC Rosneft Oil Company (Supplier) and Chinese National Petroleum Corporation (Purchaser)

- 7 OJSC Rosneft Oil Company shall deliver crude oil to Chinese National Petroleum Corporation on the following terms and conditions:
- Scope of supply — 9 million tonnes (+/-4,1%) per annum;
 - Delivery period — 20 years (2011 to 2030);
 - Delivery start date — 1 January 2011;
 - Terms of delivery — DAF border of the Russian Federation and the People's Republic of China at ESPO pipeline
- The contract of sale of crude oil with Chinese National Petroleum Corporation shall provide for the possibility of cession of the rights of the Buyer (Chinese National Petroleum Corporation) by agreement to Chinese National United Petroleum Corporation.
- It is calculated on a monthly basis on market conditions with the use of quotations of the Russian oil in port Kozmino and subject to equality of qualitative characteristics of the oil shipped to the People's Republic of China and the oil shipped through port Kozmino, in case that the volume of all Russian oil shipped through port Kozmino is below 12.5 million tonnes per annum, quotations of the Russian oil Urals in ports Primorsk/Novorossiysk shall be applied on difference of volumes (on differential from reference oil Brent), thus at mean calculated forecast oil price of 50 US dollars per 1 barrel, the total cost of the oil delivered under the Contract of sale of crude oil, over the period of 20 years, shall be about 65 billion US dollars.

Taxation of Dividends and Capital Gains

The following summary of material U.S. federal income, United Kingdom and Russian tax consequences of ownership of securities is based upon laws, regulations, decrees, rulings, income tax conventions (treaties), administrative practice and judicial decisions in effect as of January 1, 2010. Legislative, judicial or administrative changes or interpretations may, however, be forthcoming that could alter or modify the statements and conclusions set forth herein. Any such changes or interpretations may be retroactive and could affect the tax consequences to holders of the securities. This summary does not purport to be a legal opinion or to address all tax aspects that may be relevant to a holder of securities. Each prospective holder is urged to consult its own tax advisor as to the particular tax consequences to such holder of the ownership and disposition of the securities, including the applicability and effect of any other tax laws or tax treaties, and of pending or proposed changes in applicable tax laws as of January 1, 2010, and of any actual changes in applicable tax laws after such date.

Certain U.S. Federal Income Tax Considerations

This section is a summary, under current law, of certain U.S. federal income tax considerations relevant to beneficial owners of the ordinary shares or GDRs that are eligible for benefits as U.S. residents under the current income tax convention between the United States and Russia (the "Treaty") in respect of their investment in the ordinary shares or GDRs ("U.S. shareholders"). In general, a shareholder will be eligible for such benefits if the shareholder:

- Is:
 - An individual U.S. citizen or resident;
 - A U.S. corporation; or
 - A partnership, estate, or trust to the extent the shareholder's income is subject to taxation in the United States as the income of a resident, either in the shareholder's hands or in the hands of the shareholder's partners or beneficiaries;
- Is not also a resident of Russia for Russian tax purposes;
- Is the beneficial owner of the ordinary shares or GDRs (and the dividends paid with respect thereto);
- Holds the ordinary shares or GDRs as a capital asset for tax purposes;
- Does not hold the ordinary shares or GDRs in connection with the conduct of business through a permanent establishment, or the performance of personal services through a fixed base, in Russia; and
- Is not subject to an anti-treaty shopping provision in the Treaty that applies in limited circumstances.

This summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to any particular investor, and does not address the tax treatment of investors who are subject to special rules. It is based upon the assumption that prospective shareholders are familiar with the tax rules applicable to investments in securities generally and with any special rules to which they may be subject.

This summary has been written to support the marketing of the ordinary shares or GDRs. It is not intended or written to be used, and cannot be used by any taxpayer, for the purpose of avoiding U.S. federal income tax penalties. Investors should consult their own tax advisors in determining the tax consequences to them of investing in the ordinary shares or GDRs, including the application to their particular situation of the U.S. federal income tax considerations discussed below, as well as the application of state, local, foreign or other tax laws.

In general, for U.S. federal income tax purposes, U.S. shareholders will be treated as the beneficial owners of the ordinary shares underlying their GDRs.

Taxation of Dividends

U.S. shareholders must include the gross amount of cash dividends paid in respect of the ordinary shares or GDRs, without reduction for Russian withholding tax, in ordinary income on the date that they are treated as having received them, translating dividends paid in rubles into U.S. dollars using the exchange rate in effect on that date. Such dividends generally will constitute foreign-source "passive category income" (or, for certain U.S. shareholders, "general category income") for U.S. foreign tax credit purposes, and will not be eligible for the "dividends received" deduction generally allowed to corporate shareholders. If the rubles so received are converted into U.S. dollars on the date of receipt, the U.S. shareholder generally should not recognize foreign currency gain or loss on such conversion; any gain or loss on a subsequent conversion or other disposition of such rubles generally will be treated as U.S.-source ordinary income or loss.

Subject to certain exceptions for short-term and hedged positions, the U.S. dollar amount of dividends received by a non-corporate U.S. shareholder in respect of the ordinary shares or GDRs before January 1, 2011 will be subject to taxation at a maximum

rate of 15% if the dividends are “qualified dividends.” Dividends received in respect of the ordinary shares or GDRs will be qualified dividends if the Company:

- Is eligible for the benefits of a comprehensive income tax treaty with the United States that the IRS has approved for the purposes of the qualified dividend rules; and
- Was not, in the year prior to the year in which the dividend was paid, and is not, in the year in which the dividend is paid, a passive foreign investment company (“PFIC”).

The Treaty has been approved for the purposes of the qualified dividend rules. Based on the Company’s audited financial statements and relevant market data, the Company does not anticipate being classified as a PFIC.

Russian tax withheld from dividends will be treated, up to the 10% rate provided under the Treaty, as a foreign income tax that, subject to generally applicable limitations under U.S. tax law, generally is eligible for credit against the U.S. federal income tax liability of U.S. shareholders or, if they have elected to deduct such taxes, may be deducted in computing taxable income. See “–Russian Federation Tax Considerations–Taxation of Dividends–Non-Resident Holders” regarding the position that the Company intends to take in respect of its obligation to withhold Russian withholding tax on dividends that it pays to the Depository.

In the case of any refund of Russian withholding tax pursuant to the Treaty, fluctuations in the ruble dollar exchange rate between the date that a U.S. shareholder is treated as receiving a dividend and the date that it receives the related refund of Russian withholding tax may give rise to foreign currency gain or loss, which generally is treated as ordinary income or loss for U.S. tax purposes.

Taxation of Sales or Other Taxable Dispositions

Sales or other taxable dispositions by U.S. shareholders generally will give rise to capital gain or loss equal to the difference between the U.S. dollar value of the amount realized on the disposition and the U.S. shareholder’s U.S. dollar basis in the ordinary shares or GDRs. Any such capital gain or loss generally will be long-term capital gain or loss, subject to taxation at reduced rates for non-corporate taxpayers, if the ordinary shares or GDRs were held for more than one year. The deductibility of capital losses is subject to limitations.

Information Reporting and Backup Withholding

Dividends paid in respect of the ordinary shares or GDRs, and payments of the proceeds of a sale of the ordinary shares or GDRs, paid within the United States or through certain U.S.-related financial intermediaries are subject to information reporting and may be subject to backup withholding unless the holder (i) is a corporation or other exempt recipient or (ii) provides a taxpayer identification number and certifies that no loss of exemption from backup withholding has occurred. A holder that is not a U.S. person generally will not be subject to information reporting or backup withholding, but may be required to provide a certification to establish its non-U.S. status in connection with payments received within the United States or through certain U.S.-related financial intermediaries. The amount of any backup withholding will be allowed as a credit against the shareholder’s U.S. federal income tax liability and may entitle the shareholder to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

U.K. Tax Considerations

The comments below are of a general nature and are based on current UK tax law and published H.M. Revenue & Customs practice as of January 1, 2010, as well as the provisions of the 1994 Income and Capital Gains Tax Convention between the United Kingdom and Russia (referred to in this discussion as the “UK Treaty”), each of which is subject to change, possibly with retroactive effect.

The summary only covers the principal UK tax consequences for the absolute beneficial owners of ordinary shares and GDRs (and any dividends paid in respect of them), in circumstances where the dividends paid are regarded for UK tax purposes as that person’s own income (and not the income of some other person) and who:

- Are resident (and, in the case of individuals only, ordinarily resident and domiciled) in the United Kingdom for tax purposes;
- Are not resident in Russia;
- Do not have a permanent establishment or fixed base in Russia with which the holding of the ordinary shares or GDRs is connected; and
- Have not (and are not deemed to have) acquired the ordinary shares or GDRs by virtue of an office or employment.

Such absolute beneficial owners of the ordinary shares or GDRs are referred to in this discussion as “UK holders.” In addition, the summary only addresses the principal UK tax consequences for UK holders who hold the ordinary shares or GDRs as capital assets. It does not address the UK tax consequences that may be relevant to certain other categories of holders, for example, brokers, dealers or traders in shares or securities. It also does not address the UK tax consequences for holders that are banks, financial institutions, insurance companies, collective investment schemes, tax-exempt organizations or persons connected with the Company.

Further, the summary assumes that:

- A holder of the GDRs is, for UK tax purposes, beneficially entitled to the underlying ordinary shares and to the dividends on those ordinary shares;
- The UK holder does not control or hold, either alone or together with one or more associated or connected persons, directly or indirectly, 10% or more of the shares and/or voting rights of the Company; and
- The ordinary shares will not be registered in a register kept in the United Kingdom by or on behalf of the Company.

The following is intended only as a general guide and is not intended to be, nor should it be considered to be, legal or tax advice to any particular holder. Potential investors should satisfy themselves as to the overall tax consequences, including, specifically, the consequences under UK tax law and H.M. Revenue & Customs practice, of the acquisition, ownership and disposition of ordinary shares or GDRs in their own particular circumstances, by consulting their own tax advisors.

Taxation of Dividends

Withholding Tax

The Company need not make any deduction from payments of dividends for or on account of UK tax.

Tax Liability for Individual Holders

Dividends received by individual UK holders will generally be subject to UK income tax on the full amount of the dividend paid (before the deduction of any Russian withholding tax), grossed up for the amount of the non-refundable dividend tax credit referred to below.

Higher rate taxpayers are currently subject to UK income tax on the gross amount of such dividends at a rate of 32.5%, and other individual taxpayers at a rate of 10%. For the tax year 2010–11 and subsequent tax years, an additional rate of income tax on dividends will be imposed at 42.5% for taxpayers whose income is above £150,000.

Individual UK holders are entitled to a dividend tax credit equal to one ninth of the full amount of the dividend paid (before deduction of any Russian withholding tax). This tax credit is set against the UK holder's UK tax liability on the gross dividend, but cannot be claimed as a cash payment in the event that the UK holder's tax liability is less than the associated credit. After taking into account the tax credit, the effective rate of tax for higher rate taxpayers will be 25% of the dividend paid, and the effective rate of tax for other individual taxpayers will be 0%. For dividends subject to the additional rate of income tax, the effective rate of tax will be approximately 36% of the dividend paid.

Tax Liability for Corporate Shareholders

Following the enactment of the Finance Act 2009, a UK holder within the charge to corporation tax will, subject to certain anti-avoidance rules, be entitled to exemption from UK corporation tax in respect of dividend payments if the dividend falls within certain broadly defined classes. If the conditions for the exemption are not satisfied, or a UK holder elects for an otherwise exempt dividend to be taxable, the dividend will be subject to UK corporation tax at the applicable rate.

Credit for Russian Withholding Tax

When the Company pays dividends to UK holders, it generally must, for Russian tax purposes, act as a tax agent to withhold tax and remit the amount of tax due to the Russian state budget. See "Taxation—Russian Tax Considerations—Taxation of Dividends." Under the UK Treaty, UK holders may be able to obtain relief at source, or a refund from the Russian tax authorities, in respect of withholding tax to the extent that it is levied at a rate in excess of 10% of the gross amount of the dividend. However, see "Taxation —Russian Tax Considerations —Taxation of Dividends" and "Taxation —Russian Tax Considerations — Tax Treaty Relief Procedures". Credit may be given to (i) individual UK holders and (ii) corporate UK holders whose dividends are not exempt from UK corporation tax, for Russian tax withheld from dividends, subject to general rules regarding the calculation and availability of such credit. These rules include a requirement to take all reasonable steps to minimize the amount of Russian withholding tax (for example, by claiming relief under the UK Treaty). Any excess credits over the UK tax payable in respect of the dividends would generally not be refundable.

Taxation of Capital Gains

The disposal or deemed disposal of ordinary shares or GDRs by UK holders may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of capital gains (where the UK holder is an individual) and UK corporation tax on chargeable gains (where the UK holder is within the charge to UK corporation tax), depending on their circumstances and subject to any available exemption or relief. In addition, individual UK holders who dispose of their ordinary shares or GDRs while they are temporarily non-resident may be treated as disposing of them in the tax year in which they again become resident or ordinarily resident in the UK. Any gains or losses in respect of currency fluctuations relating to the ordinary shares or GDRs would also be brought into account on the disposal.

Individual UK holders are subject to capital gains tax ("CGT") at a flat rate of 18% for the tax year 2009–2010. The principal factors that will determine the extent to which an individual UK holder's gain will be subject to CGT are the extent to which they realize any other capital gains in that year, the extent to which they have incurred capital losses in that or any earlier year, and the level of the annual allowance of tax-free gains in the tax year in which the disposal takes place (the "annual exemption").

The annual exemption for individuals is GBP 10,100 for the 2009-2010 tax year and, under current legislation, unless the UK Parliament decides otherwise, the annual exemption is increased annually in line with the rate of increase in the retail price index. The UK Parliament is entitled to withdraw this link between the level of the annual exemption and the retail price index or even to reduce the level of the annual exemption for future tax years below its current level.

A UK holder that is a company is entitled to an indexation allowance that applies to reduce capital gains to the extent that they arise due to inflation. Indexation allowance may reduce a chargeable gain but not create an allowable loss.

Stamp Duty and Stamp Duty Reserve Tax

No stamp duty will be payable in the UK in connection with a transfer of ordinary shares executed and retained outside the UK. No stamp duty reserve tax ("SDRT") will be payable in the UK in respect of any agreement to transfer ordinary shares for so long as they continue to be registered on a share register maintained outside the UK.

No stamp duty or SDRT will arise in the UK in respect of any dealings in the GDRs within a clearance service, where such dealings are effected in electronic book entry form in accordance with the procedures of the clearance service.

Inheritance Tax

UK inheritance tax may be chargeable on the death of, or in certain circumstances on a gift by, the owner of ordinary shares or GDRs, where the owner is an individual who is domiciled or is deemed to be domiciled in the UK. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit.

Individual UK holders should consult an appropriate professional adviser if they make a gift or transfer of value of any kind or intend to hold ordinary shares or GDRs through trust arrangements.

Russian Federation Tax Considerations

The following is a summary of certain Russian tax considerations relevant to payments to Russian resident and non-resident holders of the ordinary shares or the GDRs and to the purchase, ownership and disposition of such ordinary shares or GDRs by their Russian resident and non-resident holders. The summary is based on the laws of Russia in effect on January 1, 2009. The summary does not seek to address the applicability of, and procedures in relation to, taxes levied by the regions, municipalities or other non-federal level authorities of the Russian Federation. Nor does the summary seek to address the availability of double tax treaty relief, and it should be noted that there might be practical difficulties involved in claiming relief under an applicable double tax treaty. Prospective investors should consult their own advisors regarding the tax consequences of investing in the ordinary shares or the GDRs. No representations with respect to the Russian tax consequences to any particular holder are made hereby.

The Russian tax rules applicable to the ordinary shares and the GDRs are characterized by uncertainties and by an absence of interpretative guidance. Both the substantive provisions of Russian tax law and the interpretation and application of those provisions by the Russian tax authorities may be subject to more rapid and unpredictable change than in a jurisdiction with more developed capital markets and more developed taxation systems. In particular, the interpretation and application of such provisions will in practice rest substantially with local tax inspectors.

For the purposes of this summary, a “non-resident holder” means:

- A physical person, actually present in the Russian Federation for less than 183 days in a given calendar year (excluding days of arrival into Russia, but including days of departure from Russia) that holds securities; or
- A legal person or organization, in each case not organized under Russian law, that holds and disposes of securities otherwise than through a permanent establishment in Russia.

For the purposes of this summary, a “Russian resident holder” means:

- A physical person, actually present in the Russian Federation for 183 days or more in a given calendar year (excluding days of arrival into Russia, but including days of departure from Russia) that holds securities;
- A legal person or organization, in each case organized under Russian law, that holds securities; or
- A legal person or organization, in each case organized under a foreign law, that holds and disposes of securities through its permanent establishment in Russia.

Taxation of Dividends

A Russian company that pays dividends generally must act as a tax agent to withhold tax on the dividends and remit the amount of tax due to the Russian state budget. However, the applicable withholding tax rate will depend on the status of the dividend's recipient.

Russian Resident Holders

Dividends paid to Russian resident holders of ordinary shares are generally subject to Russian withholding tax at a rate of 9%. The effective rate of this tax may be lower than 9% owing to the fact that the Company should calculate this tax by multiplying the tax rate (9%) by the difference between (i) the dividends to be distributed by the Company to its shareholders (other than to non-resident companies and non-resident individuals) and (ii) dividends collected by the Company in the current and preceding tax periods from other Russian entities.

There are uncertainties in relation to withholding tax on dividends payable to Russian resident GDR holders. In particular, it is unclear whether this income may be treated as dividends for Russian tax purposes and what tax rate applies to this income. Also, there are no specific provisions in the Russian tax legislation with respect to the concept of beneficial ownership and taxation of income of beneficial owners. It is unclear therefore how the Russian tax authorities and courts will ultimately treat GDR holders in this regard. In 2005 and 2006, the Ministry of Finance expressed an opinion that GDR holders (rather than the relevant depository) should be treated as the beneficial owners of dividends for the purposes of the double tax treaty provisions applicable to taxation of dividend income from the underlying shares, provided that tax residence of the GDR holders is duly confirmed.

In view of the foregoing, Russian residents are urged to consult their own tax advisors regarding the tax treatment of the purchase, ownership and disposition of the ordinary shares or the GDRs.

Non-Resident Holders

Dividends paid to non-resident holders of ordinary shares generally will be subject to Russian withholding tax, which will be withheld by the Company acting as a tax agent. The applicable domestic rates of withholding tax on such dividends currently are:

- 15% in the case of dividends paid to non-resident holders that are legal entities or organizations; and
- 30% in the case of dividends paid to non-resident individual holders.

These rates may be reduced under the terms of income tax treaties to which Russia is a party. However, because the beneficial ownership concept is not developed in Russian law, it is not clear whether the Depository (the legal holder of the shares) or a GDR holder should be treated for the purposes of such treaties as the beneficial owner of the ordinary shares underlying the GDRs.

Unless the Company receives adequate clarification from the Russian tax authorities that, subject to certain certification re-

quirements, it is appropriate under Russian law to withhold Russian withholding tax in respect of dividends that it pays to the Depository at reduced rates under the relevant treaties instead of at the domestic rates applicable to such payments (currently 15%), the Company intends to withhold Russian withholding tax at the domestic rates applicable to such dividends, regardless of whether the Depository (the legal owner of the shares) or a GDR holder would be entitled to reduced rates of Russian withholding tax under the relevant income tax treaty if it were the beneficial owner of the dividends for purposes of that treaty.

Although non-resident GDR holders may apply for a refund under the relevant income tax treaty of a portion of the amount withheld by the Company, the Company cannot make any assurances that the Russian tax authorities will grant any refunds.

Taxation of Capital Gains

Russian Resident Holders

LEGAL ENTITIES AND ORGANIZATIONS

Capital gains arising from the sale of ordinary shares or GDRs by any Russian resident holder that is a legal entity or organization will be taxable at a regular Russian tax rate of 24%. Russian tax law requires that profit arising from operations with securities quoted on a stock exchange must be calculated and accounted for separately from profits and losses from operations with securities that are not quoted on a stock exchange and from operating profits and losses. Therefore, Russian resident holders that are not individuals may be able to apply losses arising in respect of sales of the ordinary shares or GDRs only to offset capital gains, or as a carry forward to offset future capital gains, from the sale, exchange or other disposition of securities quoted on a stock exchange. Special tax rules apply to Russian legal entities that hold a dealer license. Transactions with the ordinary shares and the GDRs will also be subject to transfer pricing rules established by the Tax Code.

INDIVIDUALS

Under Russian law, capital gains arising from a sale, exchange or other disposition of the ordinary shares or the GDRs by Russian resident holders will be subject to tax at a rate of 13% on an amount equal to the sales price less the acquisition value of the securities less other documented expenses related to the purchase, holding and sale of such securities. If the sale is made by a resident holder through a professional dealer or broker that is a Russian legal entity or a foreign company with a registered permanent establishment in Russia, such professional dealer or broker should also act as a tax agent and withhold the applicable tax. The amount of tax withheld will be calculated after taking into account deductions for the acquisition value and related expenses. The tax agent would be required to report to the Russian tax authorities the income realized by the resident individual and tax withheld upon the sale of securities by 1 April of the year following the reporting year. When a sale is made to other legal entities or individuals, generally no withholding of tax needs to be made and the resident holder would have an obligation to file a tax return, report his income realized and apply for a deduction of acquisition expenses, based on the provision of supporting documentation.

Because Russian law related to taxation of income derived by Russian resident holders (including legal entities, organizations and individuals) on a sale, exchange or other disposition of the ordinary shares or the GDRs is not entirely clear, Rosneft urges Russian residents to consult their own tax advisors regarding the tax treatment of the purchase, ownership and disposition of the ordinary shares or the GDRs.

Non-Resident Holders

LEGAL ENTITIES AND ORGANIZATIONS

Under current Russian law, capital gains arising from the sale, exchange or other disposition of ordinary shares or GDRs by non-resident holders (legal entities or organizations) should not be subject to tax in Russia if immovable property located in Russia constitutes 50% or less of the Company's assets.

The Company believes that immovable property located in Russia does not currently, and will not, constitute more than 50% of its assets. However, because the determination of whether more than 50% of the Company's assets consist of immovable property located in Russia is inherently factual and is made on an ongoing basis, and because the relevant laws and regulations are not entirely clear, there can be no assurance that immovable property located in Russia does not currently, or will not, constitute more than 50% of such assets.

If more than 50% of the Company's assets were to consist of immovable property located in Russia, then non-resident holders of ordinary shares or GDRs would be subject to a 20% withholding tax on the gross proceeds from a sale, exchange or other disposition of ordinary shares or GDRs, or 24% withholding tax on the capital gain realized from such sale, exchange or other disposal, capital gain being the difference between the sales price and acquisition costs of the ordinary shares or GDRs. However, gains arising from the sale of the ordinary shares or the GDRs on a foreign stock exchange by a non-resident holder that is a legal entity or organization should not be subject to taxation in Russia.

INDIVIDUALS

Under Russian personal income tax law, gains from a sale, exchange or other disposal of ordinary shares or GDRs by non-resident holders who are individuals will likely be considered Russian source income, but will be subject to tax at the rate of 30% at the source of payment only if the sale was made by a non-resident holder through or to a professional dealer or broker that is a Russian legal entity or a foreign company with a permanent establishment in Russia.

According to Russian tax legislation, taxation of income for non-resident individual holders will depend on whether this income is received from Russian or non-Russian sources. Russian tax law gives no clear indication as to how the sale of securities should be sourced, other than that income from the sale of securities "in Russia" is Russian source. As there is no further definition of what should be considered to be a sale "in Russia", the Russian tax authorities have a certain amount of freedom to conclude what transactions take place in or outside Russia, including looking at the place of the transaction, the place of the issuer of the shares, or other similar criteria.

Any sale of securities in Russia by non-resident individual holders will be considered Russian source income and will be subject to tax at the rate of 30% on an amount equal to the sales price minus the acquisition value of the securities and other documented expenses related to the purchase, holding and sale of such securities. If the sale is made by a non-resident holder through a professional dealer or broker that is a Russian legal entity or a foreign company with a registered permanent establishment in Russia, such professional dealer or broker should also act as a tax agent and withhold the applicable tax. The amount of tax withheld will be calculated after taking into account deductions for the acquisition value and related expenses. The tax agent would be required to report to the Russian tax authorities the income realized by the resident individual and tax withheld upon the sale of the securities by 1 April of the year following the reporting year. When a sale is made to other legal entities or individuals, generally no withholding of tax needs to be made and the non-resident holder would have an obligation to file a tax return, report his income realized and apply for a deduction of acquisition expenses, based on the provision of supporting documentation.

A non-resident holder may be exempt from Russian withholding tax on the sale, exchange or other disposition of ordinary shares or GDRs in Russia under the terms of a double tax treaty between Russia and the country of residence of the non-resident holder. For example, under the U.S.-Russia Tax Treaty, U.S. holders are exempt from the withholding tax on capital gains unless 50% or more of the assets of the Company are represented by immovable property located in Russia. The U.K.-Russia Tax Treaty provides for an exemption from withholding tax on capital gains received by U.K. holders unless the gains relate to shares that derive all or substantially all of their value directly or indirectly from immovable property in Russia and are not quoted on an approved stock exchange. See “—Tax Treaty Procedures.”

Tax Treaty Procedures

The relief at source and refund procedures discussed below may be more complicated with respect to GDRs due to separation of legal ownership and beneficial ownership of the ordinary shares underlying the GDRs. Russian tax law does not provide for clear guidance regarding availability of double tax treaty relief for GDR holders. Therefore, the Company cannot assure prospective GDR holders that relief at source or refunds will be available under the applicable tax treaty in respect of Russian taxes payable or withheld in respect of dividends on ordinary shares represented by GDRs.

The Profits Tax Chapter of the Tax Code does not provide for the requirement that a non-resident holder that is a legal entity or organization must obtain tax treaty clearance from Russian tax authorities prior to receiving any income at a reduced rate of withholding tax at source under an applicable tax treaty. However, in connection with a tax audit, the Russian tax authorities may still dispute the non-resident's eligibility for the double tax treaty relief and require the tax agent (i.e., the company paying dividends or the Russian purchaser of the shares) to pay tax.

A non-resident investor seeking to obtain a reduced rate of Russian withholding tax at source under an income tax treaty must provide a confirmation of its tax treaty residence that is certified by the competent authorities in the relevant treaty jurisdiction in advance of the Company's payment of dividends. The residence confirmation needs to be reviewed on an annual basis and certified by the relevant authority. The residence confirmation may need to bear an apostille.

If the Russian tax authorities were to approve a certification process for the purposes of allowing the Company to withhold Russian withholding tax at reduced treaty rates in respect of dividends that it pays to the Depository, it is anticipated that a U.S. GDR holder would be required to provide the Company with the U.S. GDR holder's certification of its last filed U.S. federal income tax return in the form of an IRS Form 6166 (an “IRS Form 6166”) in order to allow the Company to comply with that certification process.

For this purpose, it also may be necessary for a non-resident GDR holder to demonstrate its legal title to the relevant GDR interest. The Deposit Agreement provides that the Depository will make all reasonable efforts to provide the Company with certifications and other documents that are required in order to comply with any certification process that has been approved by the Russian tax authorities for this purpose.

An IRS Form 6166 can generally be obtained by filing a request (generally an IRS Form 8802) with the Internal Revenue Service Center in Philadelphia, Pennsylvania, U.S. Residency Certification Request, P.O. Box 42530, Philadelphia PA 19101-2530, USA. U.S. GDR holders should consult their tax advisors and the instructions to IRS Form 8802 for further details on how to obtain this certification.

Under current Russian tax law and practice, advance relief from withholding taxes will generally be impossible for individual investors because it is very unlikely that the supporting documentation for the treaty relief can be provided to the tax authorities and approval from the latter obtained before the year end as currently required.

If a non-resident does not obtain double tax treaty relief at the time that income or gains are realized and tax is withheld by a Russian payer, the non-resident holder may apply for a refund within three years from the end of the tax period in which the tax was withheld, if the recipient is a legal entity or organization, or within the one-year period from the end of the tax period in which the tax was withheld, if the recipient is an individual. To process a claim of a refund, the Russian tax authorities require:

- An apostilled confirmation of the tax treaty residence of the non-resident at the time the income was paid;
- An application for refund of the tax withheld in a format provided by the Russian tax authorities (Form 1012DT for dividends and interest and 1011DT for other income); and
- Copies of the relevant contracts and payment documents confirming the payment of the tax withheld to the Russian Federation state budget.

The Russian tax authorities may require a Russian translation of some documents. The refund of the tax withheld should be granted within four months of the filing of the application for the refund and the relevant documents with the Russian tax authorities. However, procedures for processing such claims have not been clearly established and there is significant uncertainty regarding the availability and timing of such refunds.

Responsibility Statement

To the best of my knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Rosneft. The management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of Rosneft.

Bogdanchikov S. M.
President of OJSC Rosneft Oil Company

February 1, 2010

General Information About Rosneft

Date of state registration of a legal entity:
December 7, 1995.

Certificate number: 024.537.

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 Information

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Open Joint-Stock Company
Rosneft Oil Company

Abbreviated Name

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