



# ROSNEFT

Q4'07 and  
FY 2007

US GAAP  
Financial Results

April 8, 2008



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# Q4'07 and 12'M07 Results: Key Highlights

## Positives

- § Leading EBITDA and FCF growth accelerates:
  - § EBITDA up almost 5x to \$5.1 bn in Q4'07
  - § Operating cash flow<sup>1</sup> up 3.4x to \$2.3 bn
- § Net Debt reduced by \$1.6bn in Q4'07
  - § Approximately \$4 bn in Q4'07-Q1'08
- § Leading production growth continues
- § Gas prices and volumes increase
- § Refining volumes growth
- § Retail throughput growth

## Challenges, Priorities

### Q4'07 and 12M'07

- § Real Rouble appreciation vs. USD (18.9% y-o-y)
- § Tax burden (export duty and MET) increased 20%  
2008-2009
- § Continuing integration process
- § Cost efficient volume growth
- § Launch Vankor production
- § Confirm refining capex priorities
  - § Revise plans based on new Euro 3,4 requirements by 2012
- § Active participation in discussion to update tax regime

<sup>1</sup> Adjusted for cash obtained from YUKOS bankruptcy



## Macroeconomic Environment

		Q4'07	Q4'06	12M'07	12M'06
Average RUB/USD rate	RUB/USD	24.65	26.59	25.58	27.19
Inflation for the period	%	3.9%	1.4%	11.9%	9.0%
Real RUB appreciation vs USD, yoy	%	18.9%	19.1%	18.9%	19.1%
Urals oil price (av. Med and NWE)	\$/bbl	85.9	56.3	69.4	61.3
Gasoil, 0.2% (av. Med)	\$/tonne	784.9	542.2	639.7	583.2
Diesel fuel (av. RF)	\$/tonne	717.2	516.4	587.2	557.8



## Q4'07 and 12M'07 Results Overview

	Q4'07	Q4'06	Δ ,%	12M'07	12M'06	Δ ,%
Production, mln boe	229.35	171.83	33.4%	832.39	662.59	25.6%
Oil, mln bbl	205.47	151.47	35.7%	739.97	582.70	26.9%
Gas, bcm	4.06	3.46	17.2%	15.71	13.58	15.5%
Oil products output, mmt	12.07	5.84	106.6%	38.38	22.66	69.4%
Revenues	16,493	8,219	100.4%	49,216	33,099	48.7%
EBITDA	5,083	872	482.9%	14,085	7,276	93.6%
Adjusted EBITDA	5,084 <sup>1</sup>	872	483%	14,459 <sup>1</sup>	7,263	99.1%
Adjusted Net Income	2,178 <sup>2</sup>	603	261.2%	6,483 <sup>2</sup>	3,520	80.1%
Operating cash flow	2,331 <sup>3</sup>	(967)	341.1%	6,103 <sup>3</sup>	2,593	135.4%

1 Adjusted for the effect of non-operating accrual of fines and penalties related to pre-acquisition Yuganskneftegaz tax debt

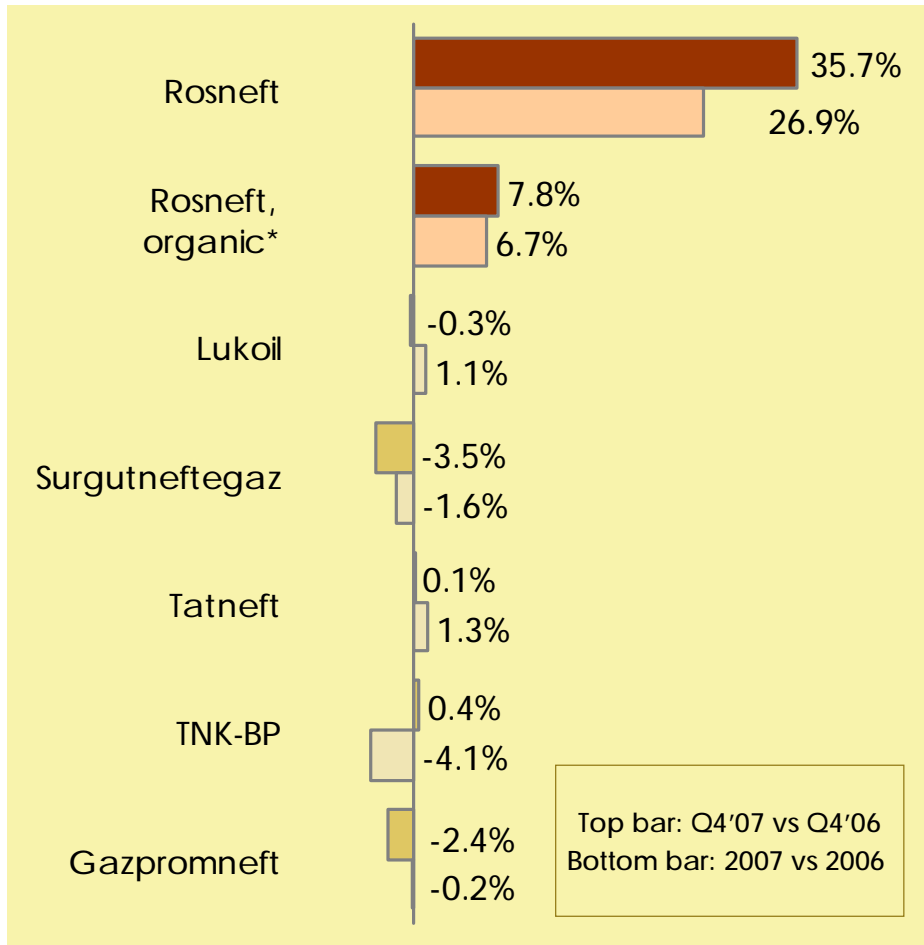
2 Adjusted for the effect of non-operating accrual of fines and penalties related to pre-acquisition Yuganskneftegaz tax debt, cash received in Yukos bankruptcy process and related income tax

3 Adjusted for the cash received in Yukos bankruptcy process

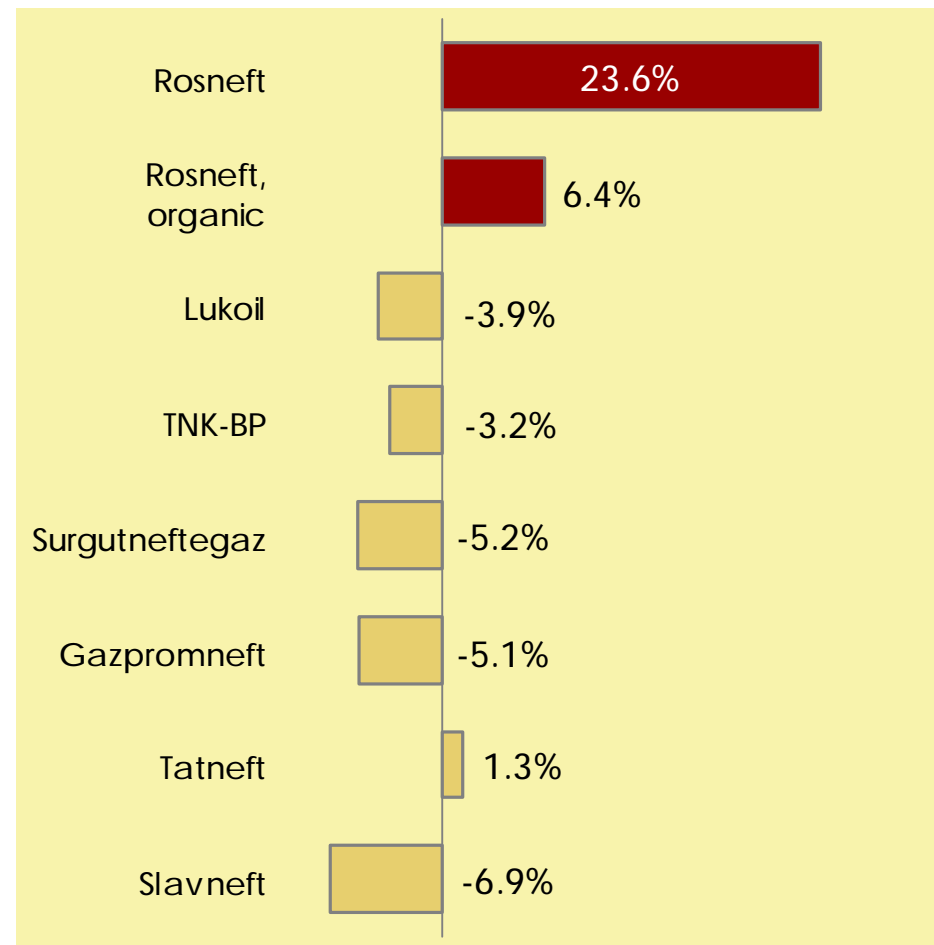


# Crude Oil Production

Oil Production Growth in Russia, Q4'07 and 12M'07, yoy%



Oil production in Russia, Q1'08 vs Q1'07



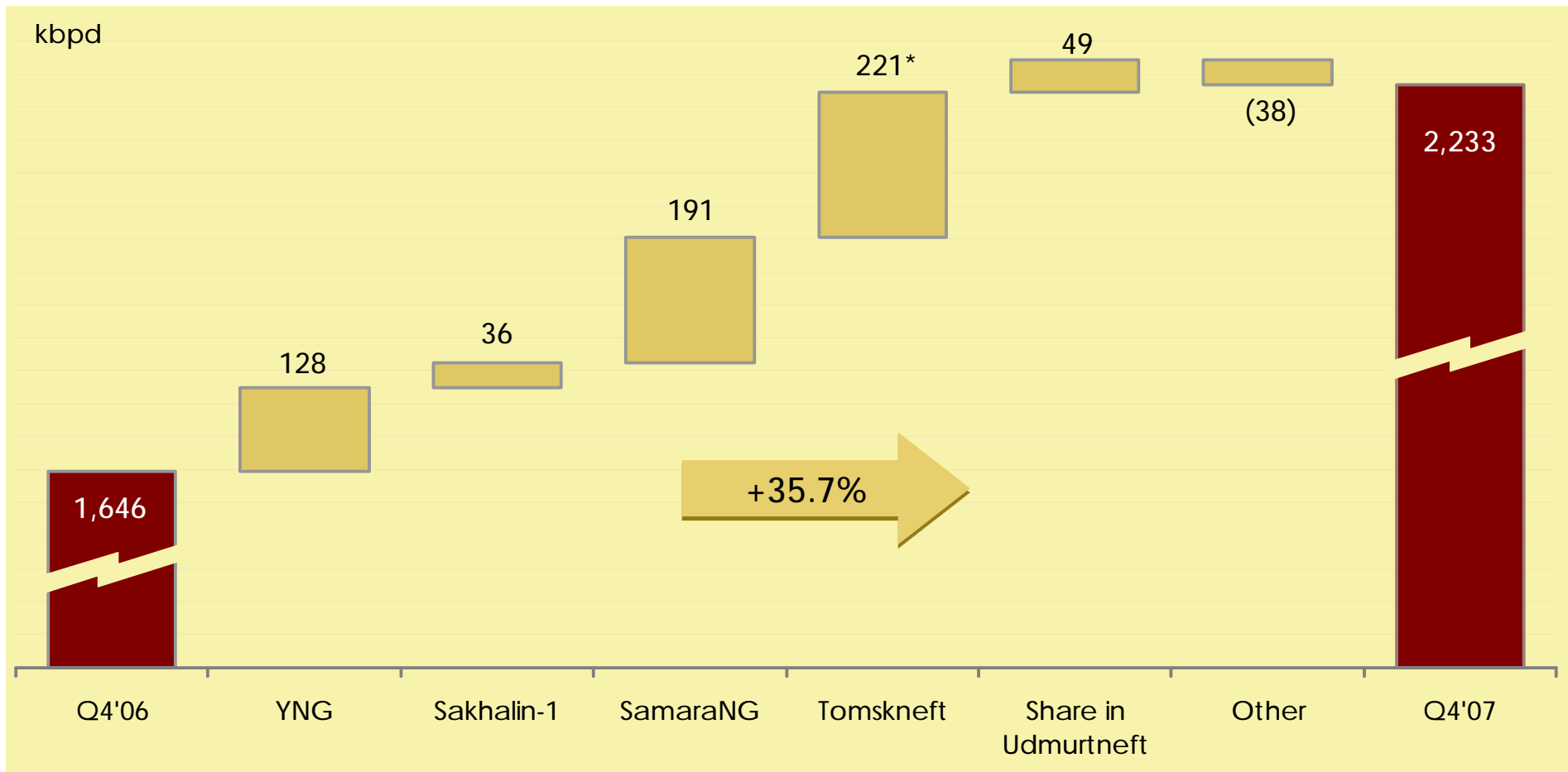
\*Excluding acquisition of Tomskneft and Samaraneftgaz

Source: CDU TEK, Rosneft



# Q4'07 Crude Oil Production Growth

## Q4'07 Crude Oil Production Reconciliation

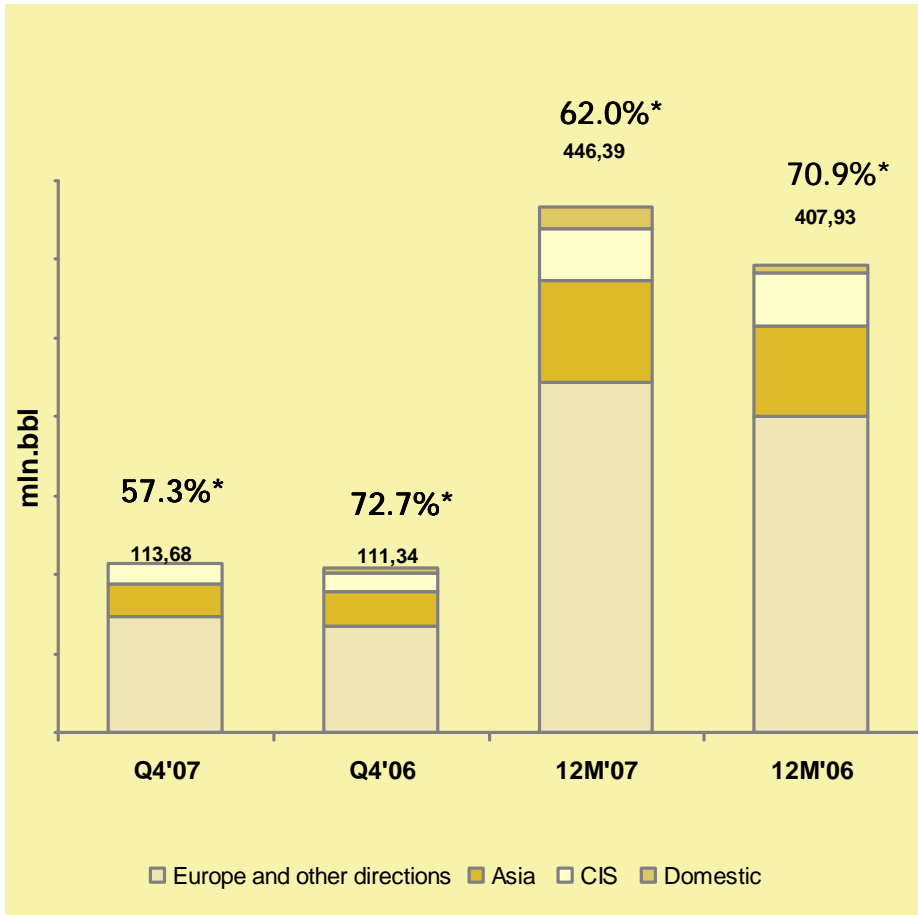


\*On December 27, 2007 Rosneft finalized the sale of 50% of Tomsknft. Since the date of this sale Rosneft includes 50% of Tomsknft oil production  
Includes share in production of affiliates



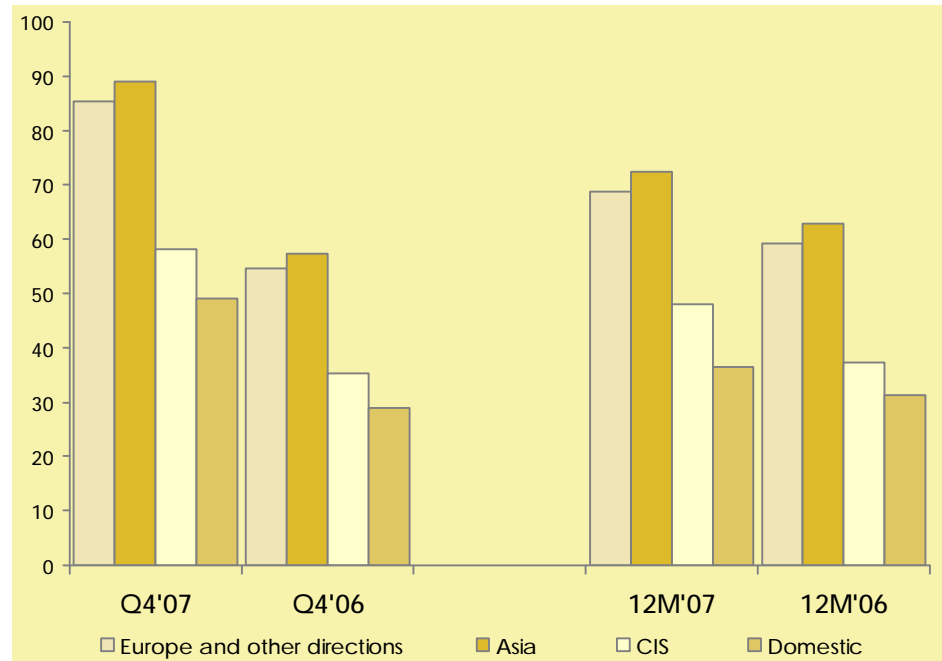
# Crude Oil and Condensate Sales

Crude Oil and Condensate Sales Volumes, mln. bbl



\* Share of total Sales Volume

Average Prices, USD/bbl

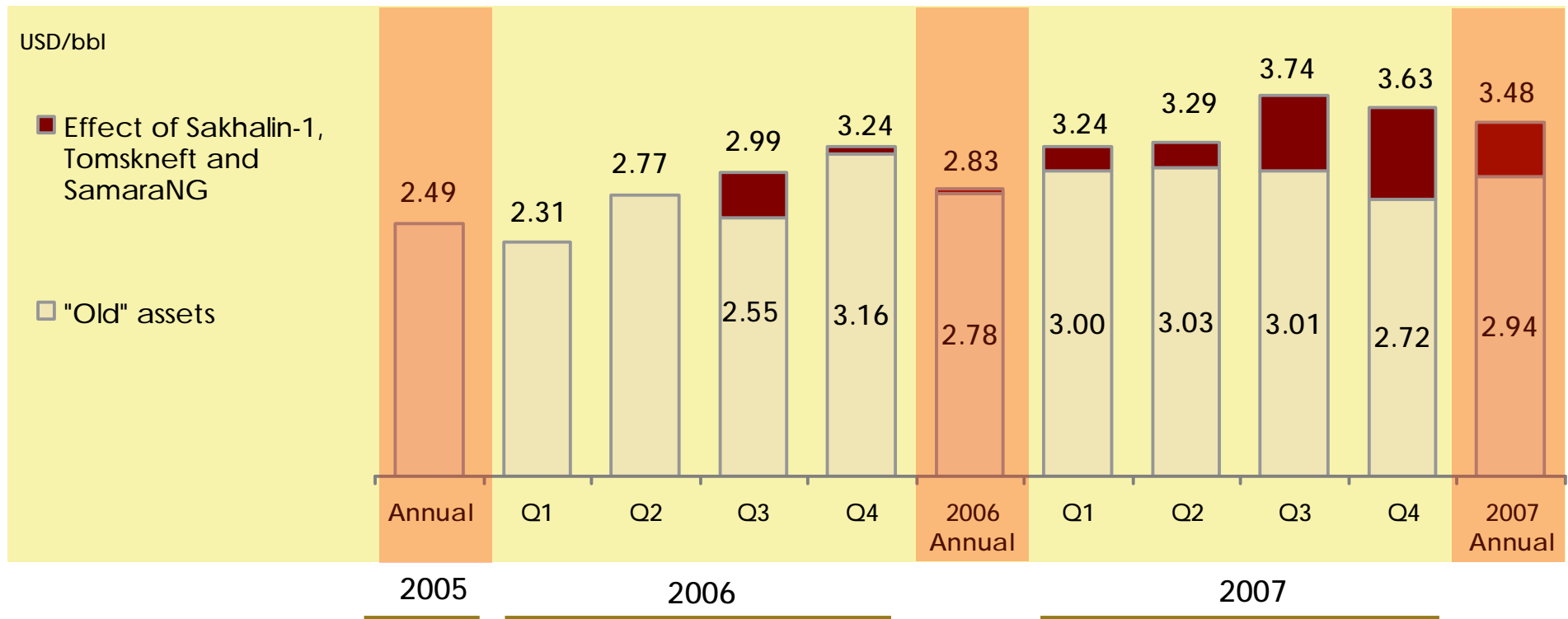


	Q4'07	Q4'06	12M '07	12M '06
\$/bbl	(US\$ per barrel)		(US\$ per barrel)	
Average Brent (Platts)	88.69	59.68	72.52	65.14
Urals (average Med+NWE) (Platts)	85.91	56.31	69.39	61.27
Rosneft export				
Europe and other direction	85.27	54.65	68.67	59.18
Asia	88.95	57.41	72.39	62.95





# Upstream Operating Expenses



RUB/USD Average	28.29	28.16	27.20	26.81	26.59	27.19	26.31	25.86	25.51	24.65	25.58
RUB Inflation* %	10.9	16.4	17.1	18.9	20.9	20.9	25.0	27.8	29.3	30.4	30.4
Real RUB appreciation*. %	6.8	16.1	20.4	22.9	27.1	27.1	33.1	37.2	43.4	46.7	46.7

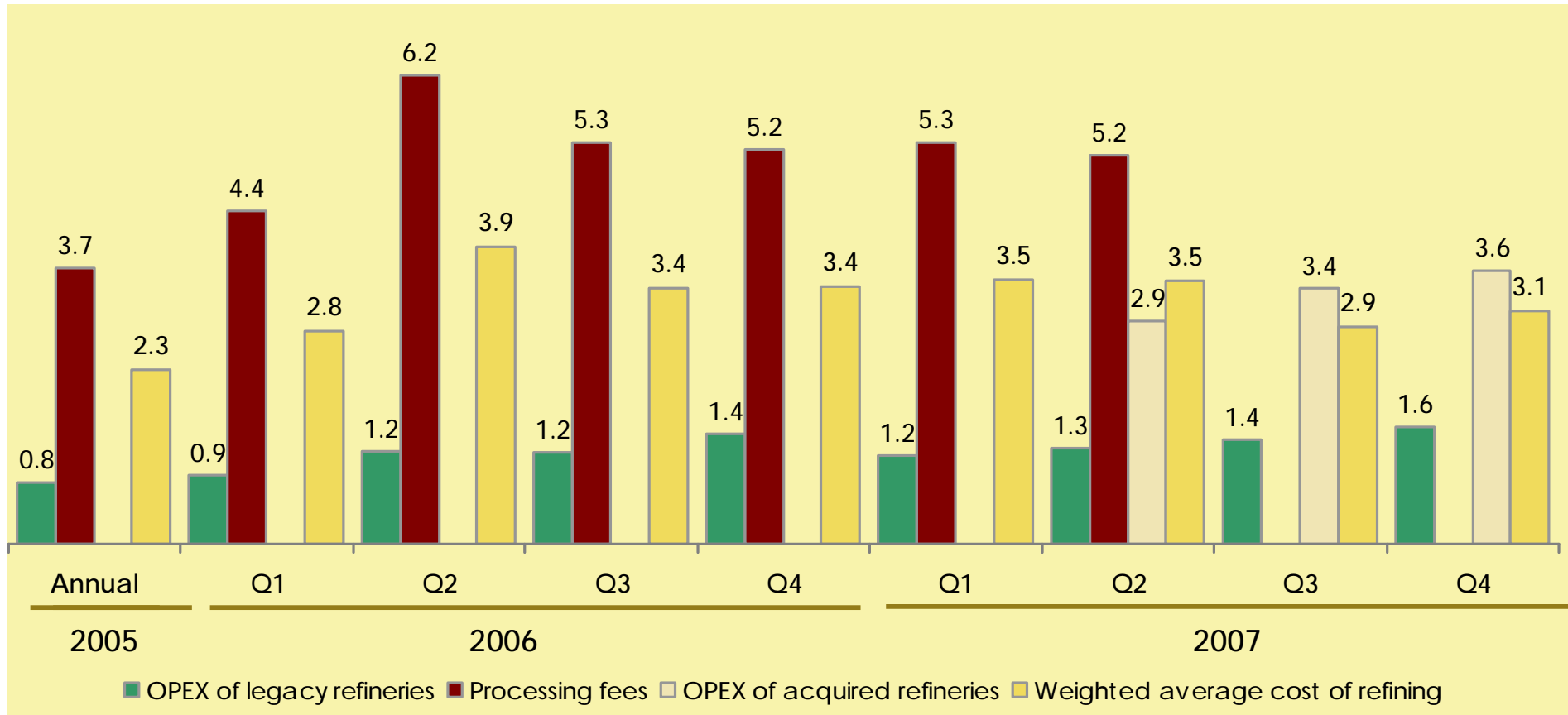
Upstream operating expenses shown include the following expenses: materials and electricity, workover, wages and salaries attributable to oil extraction and processing and transportation costs to the trunk pipeline.

\*Aggregate from 01/01/2005



# Downstream Operating Expenses

Refining, USD/bbl



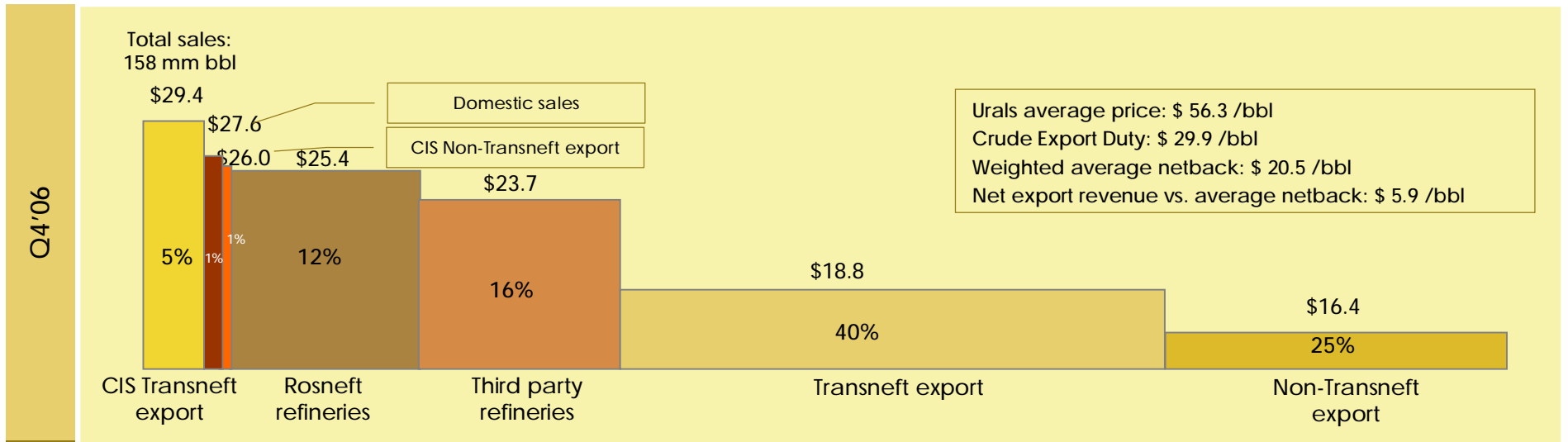
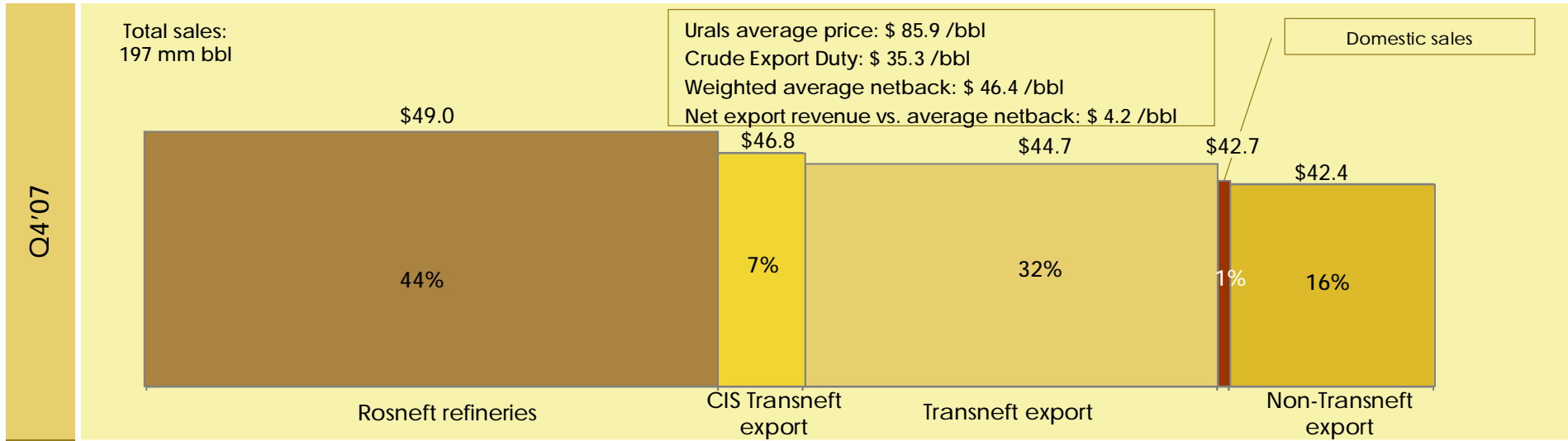
Third party refineries were purchased in the second quarter 2007. Since the date of acquisition Rosneft fully consolidates these refineries.

Expenses at own refineries do not include DD&A.

OPEX of own refineries includes cost of materials, maintenance, fuel, electricity, wages and salary, rental payments and other items..

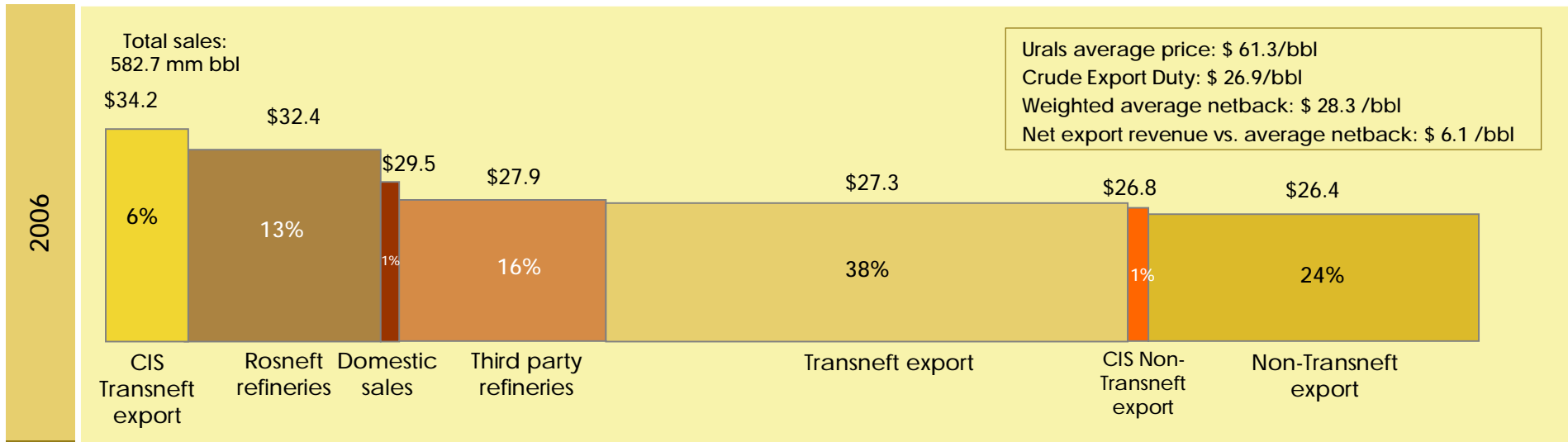
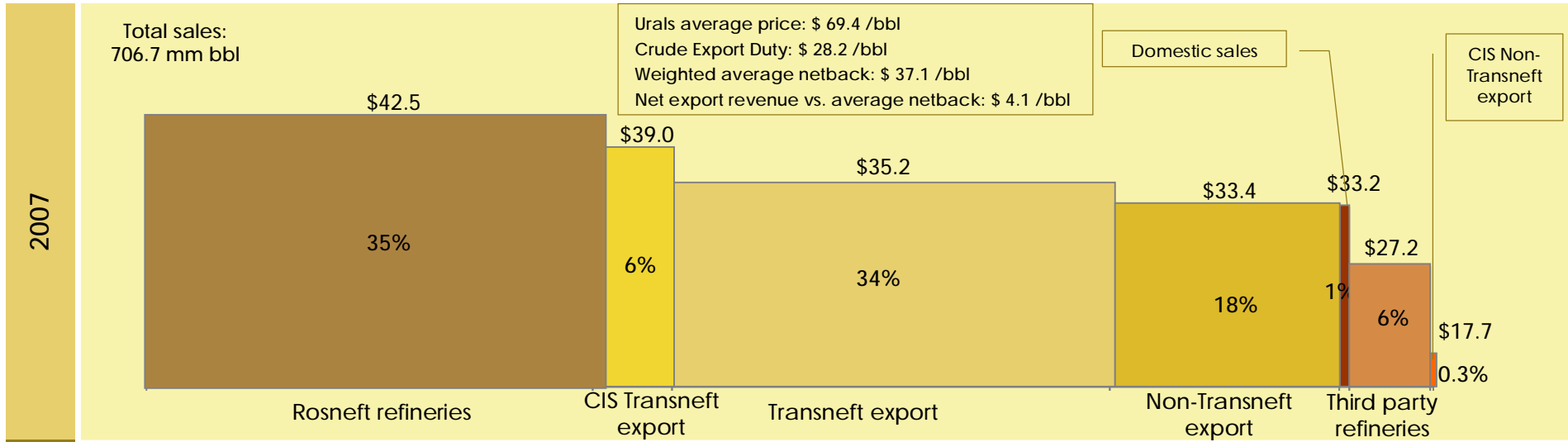


# Q4'07 vs. Q4'06 Netback Ladder



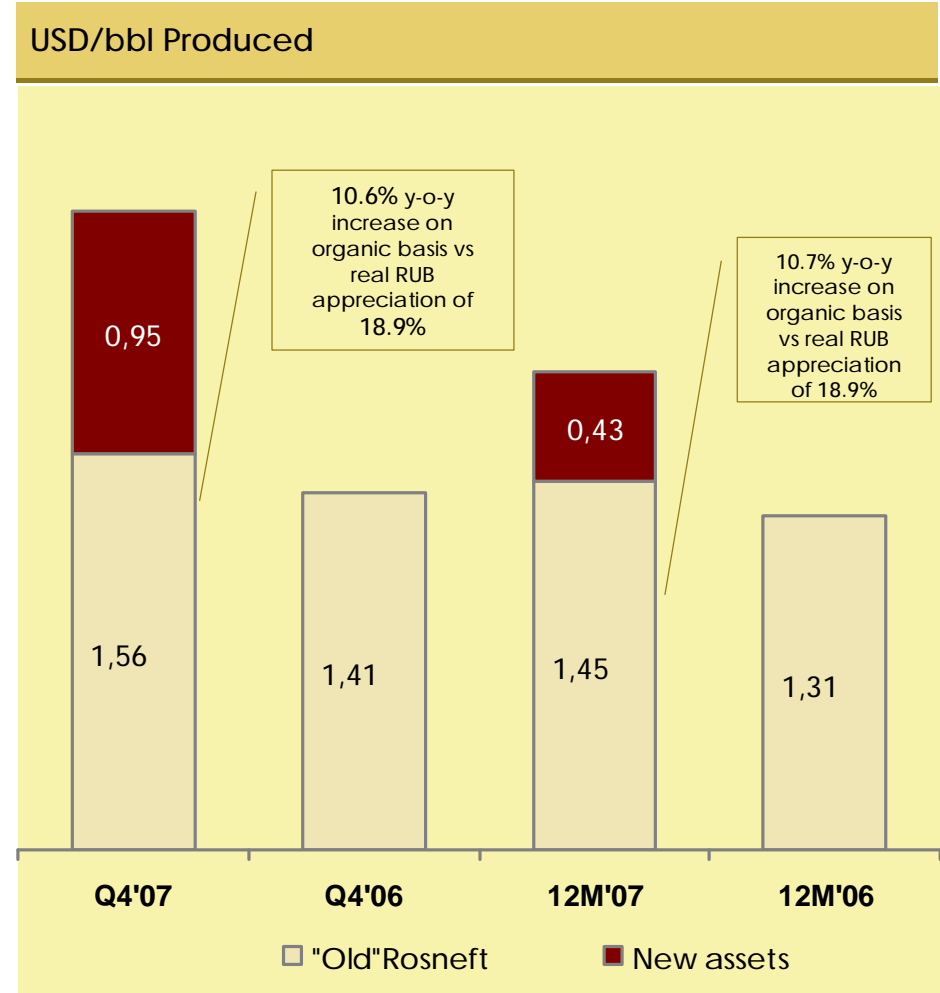
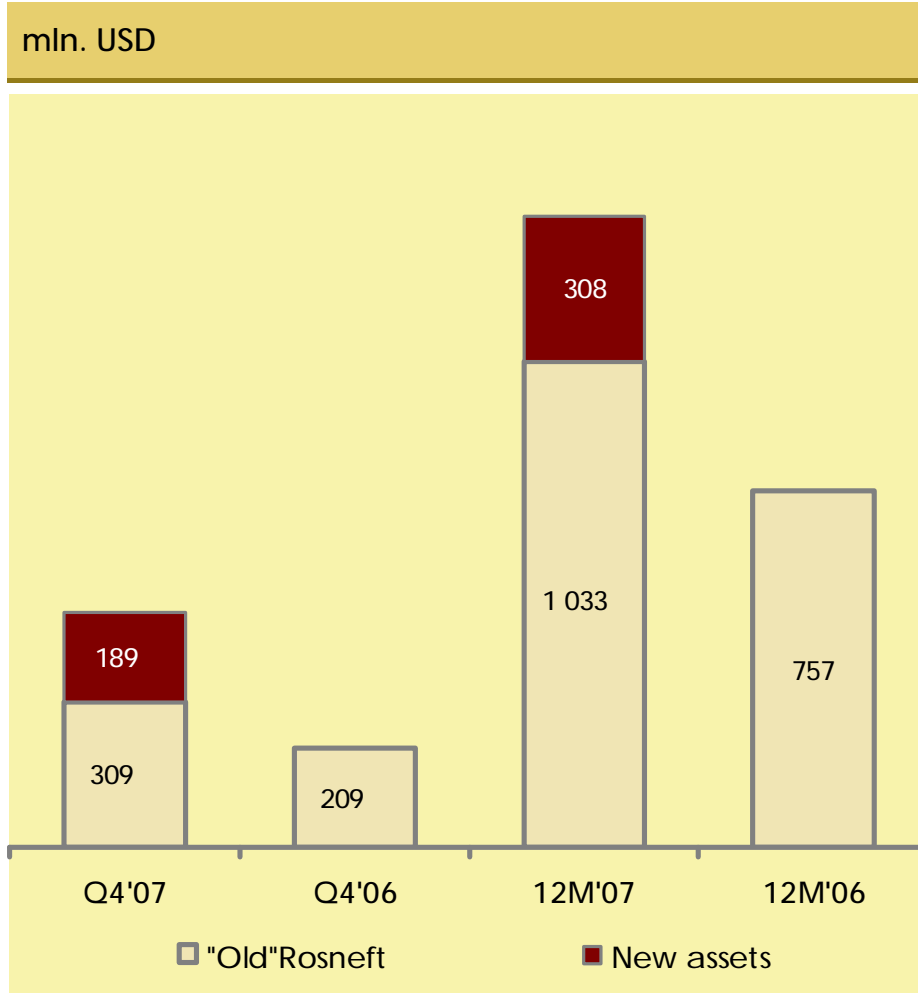


# 2007 vs. 2006 Netback Ladder





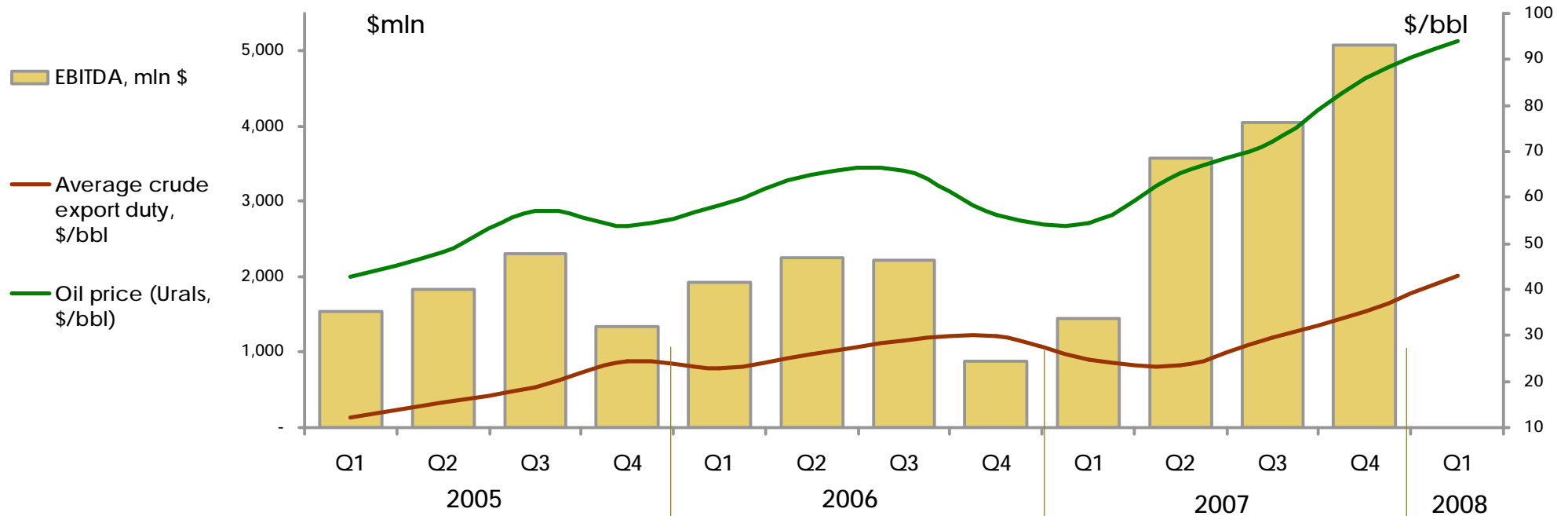
# SG&A Expenses



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



# Real EBITDA Growth



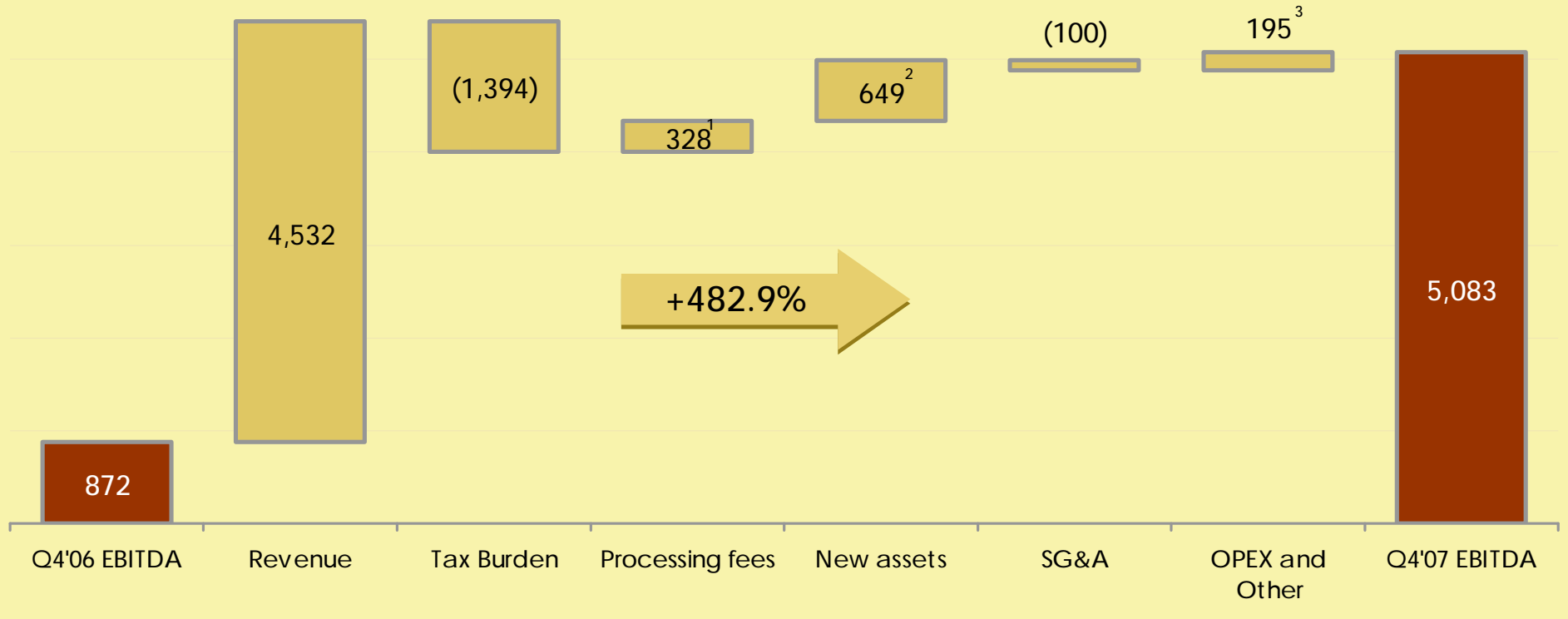
	2005				2006				2007				2008
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
\$/bbl produced													
1. Av. Urals price	42.8	48.2	57.2	53.7	58.2	64.8	65.8	56.3	54.3	65.2	72.2	85.9	93.9
2. Av. MET	7.4	8.6	10.6	9.8	10.8	12.2	12.5	10.3	9.9	12.4	13.9	16.9	18.6
3. Av. Export duty	12.1	15.5	18.8	24.5	22.8	26.0	28.8	29.8	24.6	23.4	29.5	35.3	42.9
4. Av. Net export revenue	23.2	24.1	27.9	19.3	24.6	26.5	24.5	16.2	19.9	29.4	28.8	33.8	32.4
5. EBITDA/bbl	12.0	13.9	16.8	9.4	14.0	15.8	14.3	5.8	9.3	20.9	21.1	25.7	TBD
6. Implied cost/bbl to market	11.2	10.2	11.1	9.9	10.6	10.7	10.3	10.4	10.6	8.5	7.7	8.1	TBD



# Q4'07 vs. Q4'06: EBITDA Reconciliation

## EBITDA Reconciliation

USD mln



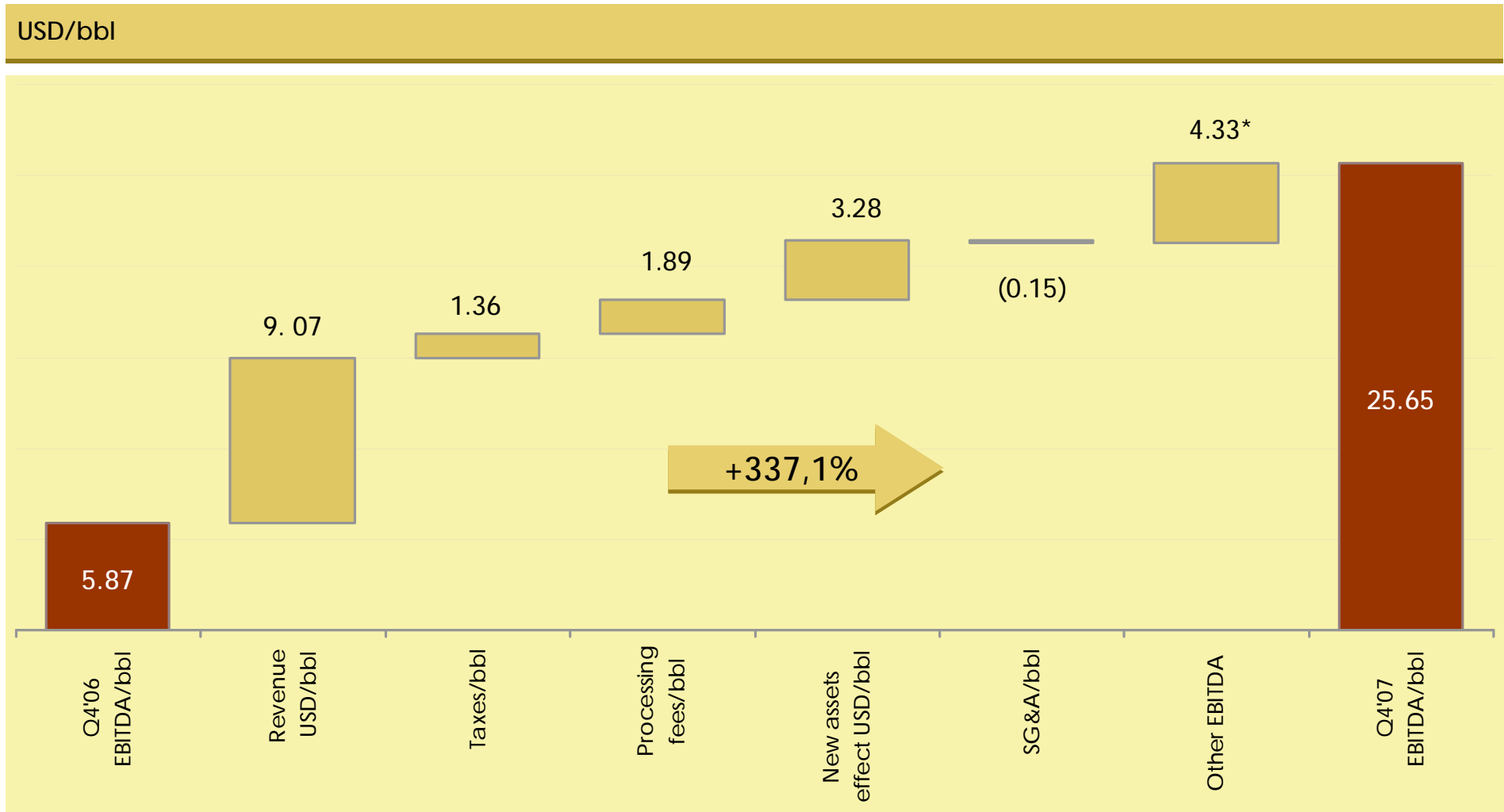
<sup>1</sup> As a result of consolidation of new refining assets Rosneft has ceased to purchase processing services from third parties, positively influencing EBITDA. However, cost of refining of recently acquired Samara and Achinsk groups of refineries is now consolidated with resulting effect.

<sup>2</sup> EBITDA of new assets is calculated as revenue from sales of petroleum products made from oil produced by Samaraneftegaz and Tomskneft less production and operating expenses (except for depreciation and amortization) of new assets and cost of internal processing (except for depreciation and amortization) of oil produced by Samaraneftegaz and Tomskneft. These items are deducted from corresponding factors shown on this graph.

<sup>3</sup> Includes 10 mln USD increase in OPEX of Komsomolskiy and Tuapsinskiy Refineries. The remaining decrease was due to presentation of part of this OPEX in EBITDA of new assets as it relates to processing of oil produced by Samaraneftegaz and Tomskneft, previously fully included to organic OPEX.



## Q4'07 vs. Q4'06: EBITDA/bbl



\* Other EBITDA includes operating expenses, cost of procured oil, gas, petroleum products, transportation and exploration less effect on these lines of processing of crude oil produced by Samaraneftgaz and Tomskneft.

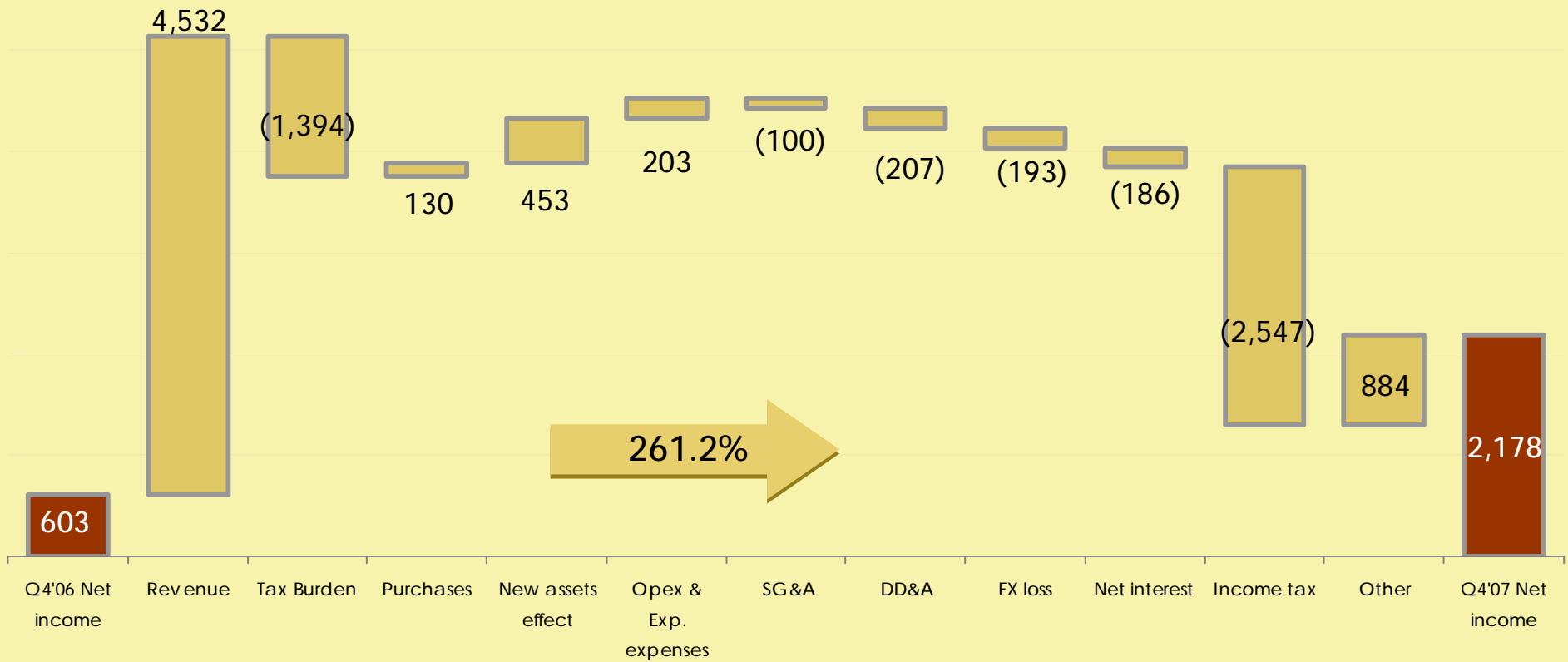




# Q4'07 vs. Q4'06: Adjusted Net Income Reconciliation

## Reconciliation Net Income Adjusted\*

USD mln

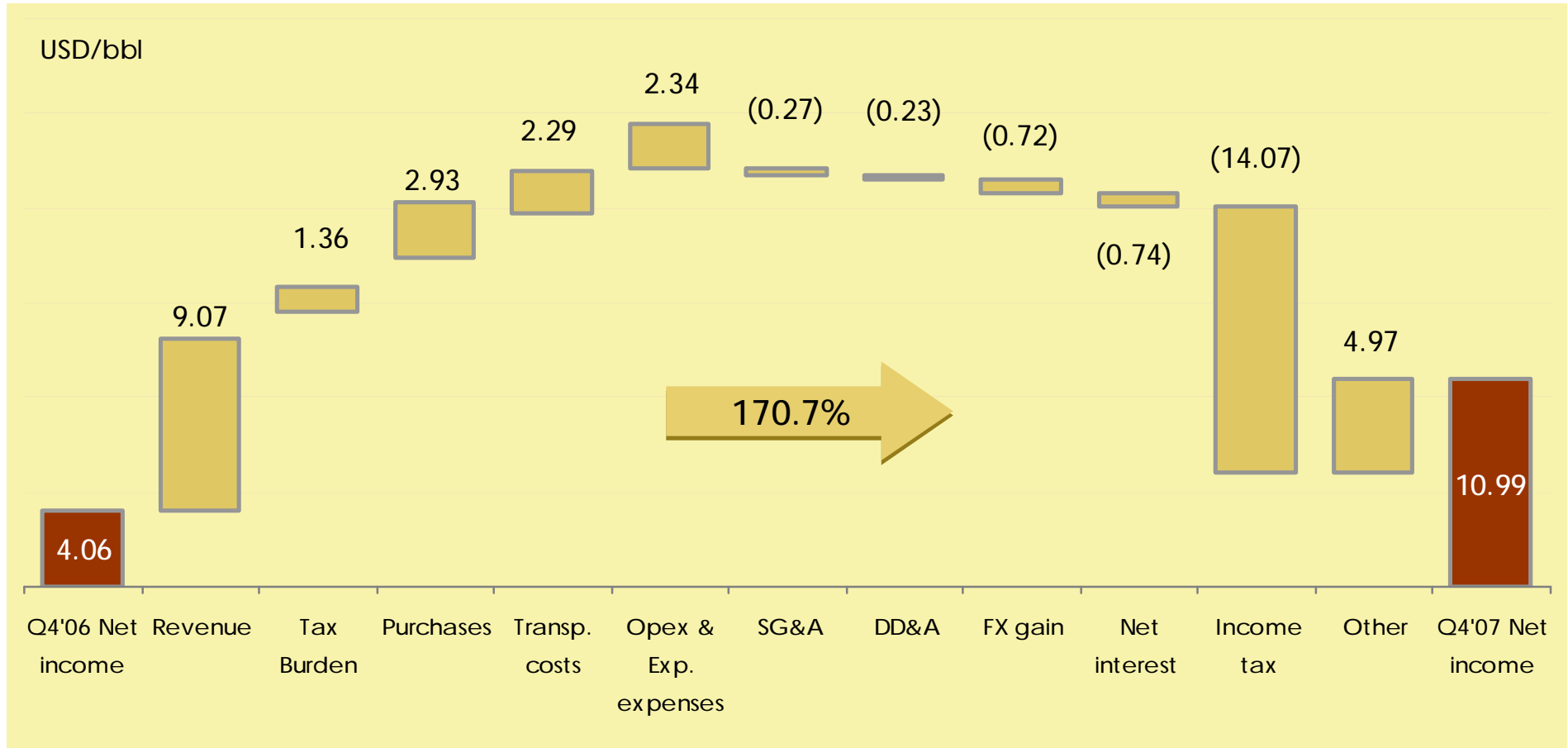


\* Adjusted for the effect of non-operating accrual of fines and penalties related to pre-acquisition Yuganskneftegaz tax debt



# Q4'07 vs. Q4'06: Adjusted Net Income (\$/bbl) Reconciliation

## Adjusted Net income\*



\* Adjusted for the effect of non-operating accrual of fines and penalties related to pre-acquisition Yuganskneftegaz tax debt



# Capital Expenditures

USD mln	12M'07	12M'06	4Q'07	4Q'06
Exploration and production	4,376	2,635	1,469	921
Yuganskneftegaz	2,185	1,181	710	226
Vankor	1,009	469	292	123
Purneftegaz	423	204	163	143
Severnaya Neft	212	140	58	56
Samaraneftegaz	115	-	76	-
Other upstream <sup>1</sup>	432	641	170	280
Refining and marketing	993	474	402	328
OJSC NK Rosneft	99	14	39	0
Tuapse Refinery	106	77	58	72
Komsomolsk Refinery	61	58	17	54
Purchased Refineries	269	-	144	-
Marketing Business Units and Other downstream <sup>2</sup>	458	325	144	202
Other	329	184	202	75
<b>Sub Total</b>	<b>5 698</b>	<b>3 293</b>	<b>2 073</b>	<b>1 208</b>
Tomskneft Capital expenditures	233	-	123	-
Acquisition of 17-18 lot	540	-	-	-
Construction materials (Vankorneft, Yuganskneftegaz, etc)	309	169	46	122
<b>Total Capital Expenditures **</b>	<b>6 780</b>	<b>3 462</b>	<b>2 242</b>	<b>1 330</b>
Licence purchase	90	916	38	42

\*\*included property acquired during Yukos bankruptcy in the amount of USD\$ 540 mln, Tomskneft expenditure – USD\$ 233 mln. and materials USD\$ 309 mln. Net capital expenditures – USD 5,698 mln. For Y2007.

<sup>1</sup> included Krasnodarneftegaz, Stavropolneftegaz, Sakhalinmorneftegaz, Grozneftegaz, Sakh1. & etc

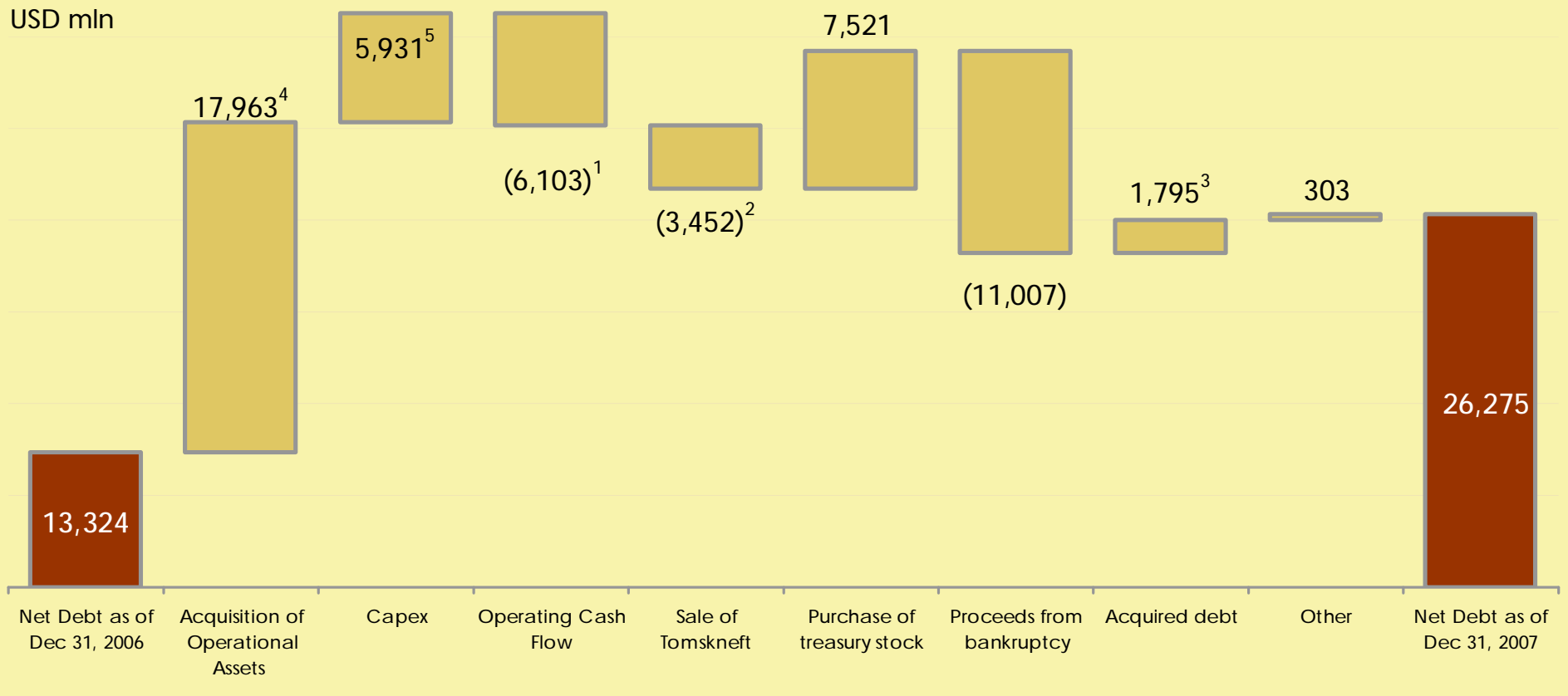
<sup>2</sup> mainly companies providing processing, transferring and storage services



# Net Debt Reconciliation

## Net Debt Reconciliation

USD mln



<sup>1</sup> Cash flow adjusted for effect of gross cash received from Yukos bankruptcy

<sup>2</sup> Cash Flow amount from sales of share of Tomskneft

<sup>3</sup> Debt of assets purchased under Yukos bankruptcy

<sup>4</sup> Including acquisition of Lots 17 and 18 in Yukos bankruptcy auctions for \$540 million

<sup>5</sup> Including Tomskneft capital expenditures



# Rosneft Q4 2007 US GAAP Financial Results

## Appendix



## Adjustments to Net Income and EBITDA

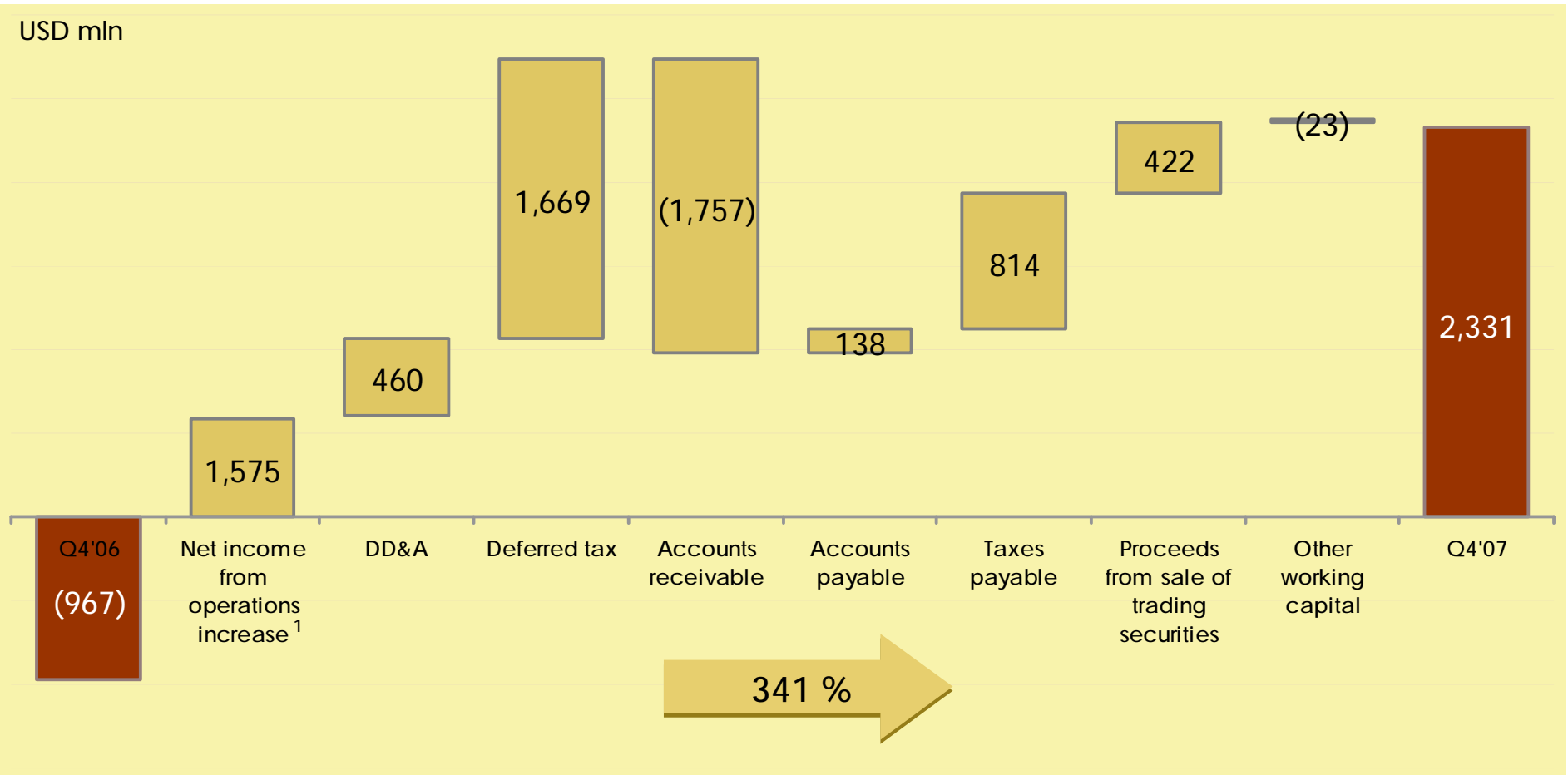
USD mln	Q4'07	Q4'06	Q3'07	12M'07	12M'06
Net income	2,976	603	1,866	12,862	3,533
YNG tax penalties and fines	1	-	38	438	(13)
Gain from Yukos debt (net of tax effect)	(799)	-	-	(6,817)	-
<b>Adjusted Net income</b>	<b>2,178</b>	<b>603</b>	<b>1,904</b>	<b>6,483</b>	<b>3,520</b>
EBITDA	5,083	872	3,999	14,085	7,276
Accrual of YNG tax penalties and fines	1	-	31	374	(13)
<b>Adjusted EBITDA</b>	<b>5,084</b>	<b>872</b>	<b>4,030</b>	<b>14,459</b>	<b>7,263</b>



# Q4'07 vs. Q4'06: Operating Cash Flow Reconciliation

## Operating cash flow reconciliation<sup>1</sup>

USD mln



<sup>1</sup> Adjusted for cash obtained from YUKOS bankruptcy (\$1050 million cash received, \$252 million tax paid, \$798 million gain recognized in Q4'07)



# Gas: Production, Sales and Prices

Sales Volumes	bcm	Western Siberia				Southern Russia				Far East				Other *				Total Rosneft			
		Q4'07	Q4'06	12M '07	12M '06	Q4'07	Q4'06	12M '07	12M '06	Q4'07	Q4'06	12M '07	12M '06	Q4'07	Q4'06	12M '07	12M '06	Q4'07	Q4'06	12M '07	12M '06
		Production - natural gas	0.97	1.13	5.29	4.80	0.87	0.72	3.09	2.88	0.21	0.21	0.74	0.85	0.00	0.00	0.00	0.00	2.05	2.06	9.12
Production - associated gas	1.53	1.03	4.87	3.65	0.31	0.26	1.06	0.85	0.06	0.04	0.28	0.29	0.11	0.08	0.38	0.26	2.01	1.40	6.59	5.05	
Sales volumes	1.56	1.43	6.22	5.25	1.21	0.92	3.55	3.37	0.15	0.22	0.60	0.94	0.21	0.01	1.08	0.01	3.13	2.58	11.45	9.57	

Sales Prices	Average price, \$/ths. cubic m	Western Siberia				Southern Russia				Far East				Other *				Total Rosneft			
		Q4'07	Q4'06	12M '07	12M '06	Q4'07	Q4'06	12M '07	12M '06	Q4'07	Q4'06	12M '07	12M '06	Q4'07	Q4'06	12M '07	12M '06	Q4'07	Q4'06	12M '07	12M '06
		19.8	12.5	20.0	11.2	43.1	32.0	40.4	33.4	45.4	15.3	41.3	26.7	46.3	45.1	43.0	45.1	31.6	19.4	29.6	20.6
Total revenue, USD mln.	31.1	17.9	124.3	58.7	52.3	29.5	143.4	112.8	6.9	4.4	24.7	25.2	9.2	0.3	46.6	0.3	99.0	51.0	339.0	197.0	

\* Other contains of sales by Rosneft to Volgaenergoresource, Gazenergo-komplex, Volzhkaia TGk, Bashkirskai GK, Samararegiongaz and other companies.





# YUKOS receivables

## 12M'2007 Impact

§ In the financial statements for the 12 months ended December 31, 2007 cash received was recognized in full amount of USD 11.5 bn which is split as follows:

§ USD 9.0 bn in Statements of Income

§ USD 0.5 mln as a repayment of debt receivable previously acquired

§ USD 2.0 bn as a collection of accounts receivable

§ RUB 19.5 bn has been paid as delayed 2006 income tax payment for the receivables

§ Collection of accounts receivable of USD 2.0 bn is split as follows:

§ USD 0.8 mln related to Rosneft

§ USD 1.2 bn related to new assets



## Transaction update

- § RUB 88 bn received June 26, 2007
- § On December 27, 2007 50% stake in Tomskneft was sold to Gazpromneft for RUB 88 bn
- § RUB 88 bn were returned to VEB together with interest of RUB 2.9 bn

## Debt, Accounting Treatment

- § Since the date of acquisition of May 8, 2007 to the date of sale of December 26, 2007 Tomskneft was fully consolidated in financial statements of Rosneft
- § Tomskneft is accounted for on an equity basis since December 27, 2007
- § Q4'07 EBITDA contribution of Tomskneft estimated at appx. USD 310 million
- § Result from Tomskneft sale net of tax effect amounted to US\$ 1,745 million. Financial result from the transaction was included in APIC in Rosneft financial statements ended December 31, 2007.
- § Tax paid at sale was US\$ 285 million.