



NEW HORIZONS

2010
ANNUAL REPORT

ROSNEFT IS THE LEADING RUSSIAN PETROLEUM COMPANY AND RANKS AMONG THE WORLD'S TOP PUBLICLY TRADED OIL AND GAS CORPORATIONS

REGIONS OF OPERATION:

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

CORE BUSINESS:

- exploration and production of oil & 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 791 bcm of gas
- 414 producing fields with output in excess of 840 mln barrels of oil and 12 bcm of gas per year
- 100 exploration blocks with prospective recoverable resources of 50 bln barrels of oil equivalent
- 7 refineries with aggregate refining capacity of 372 mln barrels of oil per year
- 1,800 Rosneft branded filling stations in 41 regions of Russia

SUSTAINED COMPETITIVE EDGE:

- reserve base of unique size and quality
- Russia's biggest new upstream projects
- lowest perbarrel upstream operating expenses
- status as a Russian strategic enterprise
- more than 20% of Russia's oil production and refinery throughput
- proprietary export terminals

STRATEGIC OBJECTIVE:

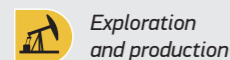
- to be among the world's leading oil & gas companies

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ROSNEFT OPERATING REGIONS

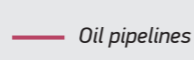
LEGEND



Exploration and production



Marine terminals



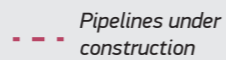
Oil pipelines



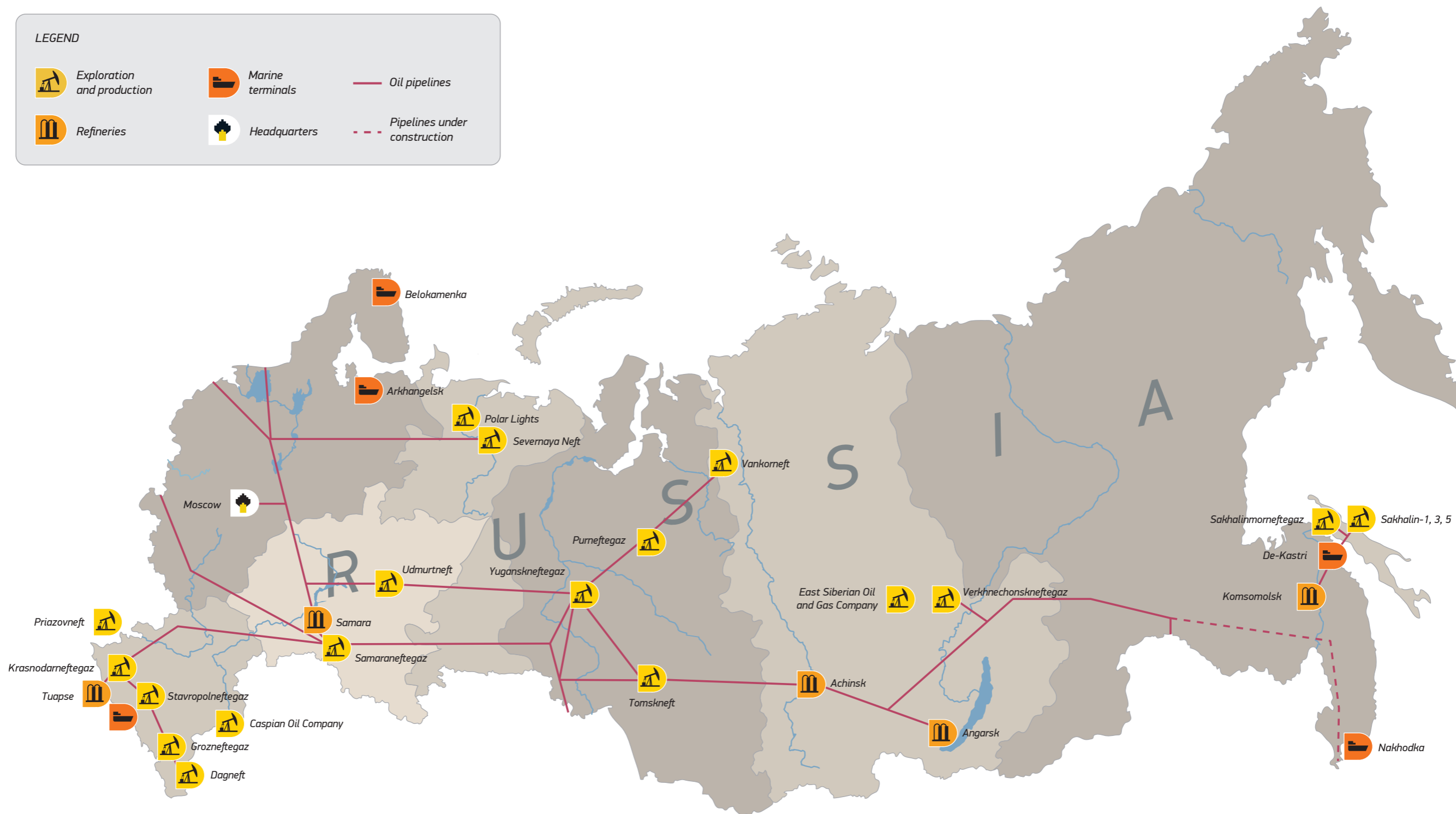
Refineries



Headquarters



Pipelines under construction



CHAIRMAN'S ADDRESS



Igor Sechin

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

LARGE-SCALE JOINT PROJECTS BEING UNDERTAKEN WITH SOME OF THE BIGGEST INTERNATIONAL OIL COMPANIES ARE ALSO CRUCIAL TO ROSNEFT'S BUSINESS. WE ARE WORKING WITH GLOBAL PARTNERS AND OPENING NEW MARKETS IN BOTH EAST AND WEST

Dear Shareholders,

Rosneft celebrated its 15th birthday in 2010. The anniversary year saw a number of important changes in Company life and management policy, which also bore their first fruits in the reporting year.

The better macroeconomic environment and steady growth of Company operational and financials strengthened our leadership on main markets. Suffice to say that Rosneft oil production increased faster than that of any other Russian company in 2010. Much was also done to speed up reserve replacement: rights were acquired to a large number of new prospective blocks, including several on Russia's Arctic shelf, which holds the key to future development of Russia's oil & gas industry.

Strong operating results ensured substantial improvement of financials, including reduction of Company net debt by more than one quarter. These achievements have prepared the ground for new initiatives.

First among them is work on the updated Rosneft Strategy, which will set long-term vectors for Company development. I am pleased to note that first steps in Strategy implementation already had notable impact on Rosneft's business at the start of 2011, proving that we have chosen the right course.

Large-scale joint projects being undertaken with some of the biggest international oil companies are also crucial to Rosneft's business. We are working with global partners and opening new markets in both East and West. First, Rosneft agreed in 2010

to purchase a stake in Germany's Ruhr Oel, which will substantially increase our refining capacities and provide access to technologies and markets in Europe's largest economy.

Second, work has begun on a new oil refinery in the Chinese city of Tianjin, to be built as a joint venture by Rosneft and CNPC. The project will give our Company large-scale access to the fast-growing Chinese market for petroleum products.

In upstream business Rosneft sealed a strategic agreement with Crescent Petroleum (UAE) for exploration and production at oil & gas fields in the Middle East and North Africa.

Considerable work was carried out in 2010 for development of new fields in Eastern Siberia, whose reserves will ensure medium- and long-term support for production levels in Russia. The main outcome of this work was capacity expansion in the Vankor project. Vankorneft rose to second place among Rosneft production companies by scale of output in 2010.

We pursued work in the reporting year to modernize existing oil refineries and build new facilities. A whole additional refining complex is being installed at the existing Tuapse Refinery, the business plan for the Eastern Petrochemical Company has been approved, and work has begun on the Grozny Refinery. Our objectives are to enter new markets, use our crude oil more efficiently, improve output structure, and raise the environmental qualities of

our fuels. The latter objective will also ensure that we meet requirements of the Russian Government's Technical Regulations for fuel quality.

Rosneft's investment program delivers on the promises given to investors who bought our shares at the IPO in 2006, particularly as regards dividends. The Company has consistently maintained a rate of 20% annual increase of dividends in rouble terms, and we paid more than 700 million US dollars to shareholders in 2010.

Energy efficiency is also integral to Company development. Energy and fuel savings in 2010 thanks to our efficiency program were over 350,000 tonnes of conditional fuel, or 4% of total consumption. Progress in reducing fuel and energy use in production is continuously monitored at the level of the parent Company.

Finally, we are pleased to note that information transparency and openness have become a Rosneft trademark, winning repeated commendations from rating agencies. Rosneft took first place in Standard & Poor's Transparency and Disclosure Survey of Russian companies in 2010, repeating its achievement in 2009.

Well-judged management decisions in 2010 have brought us to a new stage of development, as Rosneft takes its place among global energy leaders. Our updated Strategy sets new tasks and long-term goals for sustainable growth of the Company and of income to its shareholders. We believe that strong results in the reporting year offer an excellent basis for turning our new strategic plans into a reality.

I wish our employees success in this work and I thank our shareholders for their trust.



Igor Sechin

Chairman of the Board of Directors
of OJSC Rosneft Oil Company

STRATEGIC PRIORITIES OF ROSNEFT

EFFICIENCY:

- Improving the business model, corporate structure and the system of corporate governance
- Optimizing and diversifying the asset portfolio
- Optimizing logistics
- Controlling costs
- Optimizing capital structure

SUSTAINABLE GROWTH:

- Increasing shareholder value
- Strategic planning, based on reasonable assumptions
- Efficient growth of production levels
- Development of downstream capacities according to market requirements
- Efficient usage of feedstock and production of high-quality products
- Developing a risk management system

TRANSPARENCY:

- Observing the latest Russian and international transparency requirements
- Ensuring that information is accessible for interested parties
- Regular information updates
- Quarterly financial reporting to international standards
- Open dialogue with minority shareholders and investors

SOCIAL RESPONSIBILITY:

- Commitment to HSE standards
- Safe working conditions
- Healthcare
- Improving the quality of life of employees
- Support for education
- Contributing to communities in operating regions

INNOVATION:

- Improving the corporate system of innovative development
- Development and application of new technologies
- Monitoring and adopting global best practice
- Technology training for Company specialists

PRESIDENT'S ADDRESS



**Eduard
Khudainatov**

*President of OJSC
Rosneft Oil Company*

ROSNEFT HAD A PRODUCTIVE DIALOGUE WITH THE RUSSIAN GOVERNMENT IN THE REPORTING YEAR AS REGARDS OPTIMIZATION OF THE TAX REGIME AND STIMULATION OF INVESTMENTS. THE KEY ISSUE FOR ROSNEFT IS CREATING TAX CONDITIONS FOR NEW OIL PRODUCTION REGIONS, WHICH CAN TRIGGER INVESTMENT DECISIONS

Dear Shareholders,

Rosneft saw many changes in 2010, creating new points of reference for the Company. Our task now is to transform Rosneft from a national player, applying traditional technologies at traditional oilfields, into an international oil & gas leader with a diversified field portfolio including shelf reserves, and applying the latest technologies, including many of our own invention.

I am pleased to report that we not only embarked on this work in 2010, but began to see benefits as a result of it.

Oil production figures are particularly telling. Daily crude output in Russia increased by 218,000 barrels in 2010, of which two thirds (140,000 barrels) were to the credit of Rosneft. Our hydrocarbon output exceeded 2.5 million barrels of oil equivalent per day, compared with 1.7 million barrels per day only five years earlier. So growth over the period was about 50%. This outstanding result was not only due to rapid output increases by our largest production division, Yuganskneftegaz, but also to commissioning of new fields in Eastern Siberia, most notably Vankor.

Strong development of operations ensured excellent financial results. Free cash flow in 2010 was almost 6 billion US dollars, enabling us to roll net debt back to its level at the end of 2006. This more than fulfils our promise in 2006 to achieve net debt-to-EBITDA of 1x by 2010. The ratio in the reporting year was in fact 0.7.

Cost control was an important factor in our record financials last year. Growth of manageable costs was again lower than real strengthening of the rouble, continuing an uninterrupted trend since the Company's IPO in 2006. Cost reduction is one of our main priorities and we will continue to focus on it in the future.

The Company confirmed its status as a global leader among public companies by levels of proved liquid hydrocarbon reserves. An independent audit by DeGolyer & MacNaughton found that Rosneft held 18.1 billion barrels of oil and nearly 800 billion cubic meters of gas under PRMS classification by the end of 2010. So the replacement rate for proved oil reserves to international standards was 106%. As of December 31 we had hydrocarbon reserves sufficient for 25 years at current rates of production (21 years for oil and 67 years for gas). Rosneft also has enormous potential for augmentation of reserves, thanks mainly to license areas on the Arctic shelf, which were acquired in autumn last year. This potential will be used for replenishment of the Company's reserve base in the long term.

Rosneft had a productive dialogue with the Russian Government in the reporting year as regards optimization of the tax regime and stimulation of investments. The key issue for Rosneft is creating tax conditions for new oil production regions, which can trigger investment decisions. Such a system has been designed in outline, but technical details and

rates still need to be clarified. We are hopeful that joint efforts will lead to an acceptable solution for both oil companies and the Russian budget.

We continued work on modernization of Company refineries in 2010 in order to comply with the Government's Technical Regulations on fuel quality. Two new isomerization units were completed at the Syzran and Angarsk Refineries, a visbreaking unit was modernized at the Kuibyshev Refinery, and modernization work was completed on reforming facilities at Syzran and isomerization facilities at Novokuibyshevsk.

Rosneft is aware of the huge opportunities for energy saving, energy efficiency, and innovative development in the Russian oil & gas industry. We understand too that our Company, which produces more than 23% of Russian oil, has a special responsibility for implementing a modernization policy in the oil & gas sector. We are therefore increasing expenditures on technical development and innovation business: Rosneft's R&D spending will rise from 100 million US dollars in 2010 to more than 250 million US dollars in 2011, putting the Company on a level with the largest global oil & gas companies by R&D spending per dollar of revenue. New long-term

innovation targets were prepared in the reporting year, and are enshrined in the Rosneft Program for Innovative Development

The success of our new strategy also depends on internal factors. We have therefore worked hard to optimize management structure and corporate systems, and to strengthen financial and operational discipline. We launched a number of projects in 2010 for withdrawal of non-core assets, optimization of service divisions and improvement of business processes. This work will continue in 2011.

Rosneft understands that growth depends on people. Efficient and motivated work by the Company's employees is of key importance, and the Company also supports local communities in regions where it has major business presence. Our social spending in the reporting year totaled 550 million US dollars, and enabled many important social programs to be continued.

Rosneft made an excellent start on its strategic initiatives in the reporting year, and results for 2010 and the first part of 2011 show that we are moving in the right direction. We believe that achievements to date offer a strong basis for growth of the business and of Company capitalization.



Eduard Khudainatov
President of OJSC Rosneft Oil Company



■
*Novokuibyshevsk
Refinery. Short-cycle
adsorbion unit*

KEY EVENTS IN 2010

- Two new fields were discovered in the vicinity of the Verkhnechonsk field in Eastern Siberia. These are the Sanarskoye and N. Lisovskogo fields, with estimated recoverable reserves of more than 170 mln tonnes (1.2 bln barrels) under Russian C1 and C2 classifications.
- As part of the refinery upgrade program the Company completed installation of two isomerization units in 2010, at the Syzran Refinery and Angarsk Petrochemical Company, and also completed modernization of the visbreaking unit at the Kuibyshev Refinery, reforming unit at the Syzran Refinery and isomerization unit at the Novokuibyshevsk Refinery.
- Eduard Khudainatov was appointed President of Rosneft by decree of Dmitry Medvedev, the President of the Russian Federation. Before his appointment Mr Khudainatov held the post of First Vice-President of Rosneft.
- Agreement was reached with the National Oil Company of Venezuela (PDVSA) on acquisition of 50% of Ruhr Oel GmbH, which owns stakes in four refineries in Germany. The value of the transaction is USD 1.6 bln excluding working capital, and it will augment Rosneft's refining capacities by 11.6 mln tonnes subject to its successful completion.
- Rosneft redirected most of its third-party wholesale petroleum product volumes to commodity exchanges, in order to develop the domestic petroleum product market. The Company sold 3.4 mln tonnes of products via exchanges in 2010, which is three times more than in 2009.
- The Company kept its top position in Standard & Poor's Transparency & Disclosure survey of Russian companies in 2010. Rosneft had already risen to first position in the rating in 2009 from second position in 2008.



Ceremony held to mark the start of work on a new oil refinery in the Chinese city of Tianjin



■ *Construction of an isomerisation unit at the Angarsk Petrochemical Company*

- The Odoptu field was brought into production as part of the second stage of the Sakhalin-1 project. Launch of production at Odoptu will help to stabilize overall project output.
- Agreement on a feasibility study was signed and a ceremony was held to mark the start of work on a new oil refinery in the Chinese city of Tianjin, which is planned to be built as a joint venture between Rosneft and the China National Petroleum Corporation (CNPC). The new refinery will have annual capacity of 13 mln tonnes (95 mln barrels) of oil, with light product yield above 80%.
- The Rosneft Board of Directors approved the general concept for construction of a petrochemical plant near Nakhodka in the Russian Far East. The plant will refine up to 3.4 mln tonnes of naphtha each year from the Komsomolsk and Achinsk oil refineries and from the Angarsk Petrochemical Company (all owned by Rosneft). The main output will be polymers and the target market is China.
- Rosneft drew down the remaining USD 5 bln (of a total USD 15 bln), which was made available under its 2009 credit agreement with the China Development Bank. This 20-year facility and repayment of some of the Company's other loans and credits have done much to improve Rosneft's credit profile.



*OIL REFINING: A NEW
STAGE OF DEVELOPMENT*





*OIL REFINING: A NEW
STAGE OF DEVELOPMENT*



OIL REFINING: A NEW STAGE OF DEVELOPMENT



SUCCESSFUL COMPLETION OF KEY PROJECTS WILL RAISE ROSNEFT'S REFINING BUSINESS TO A NEW LEVEL AND STRENGTHEN ITS COMPETITIVE POSITIONS

2010 was a breakthrough year for Rosneft's refining business in several ways. Firstly, the modernization program of Company refineries entered its most intensive phase. This program will radically improve quality indicators at existing Rosneft facilities. Secondly, agreement was reached with the company PDVSA on acquisition of 50% in Ruhr Oel, the owner of stakes in four refineries in Germany. Subject to successful completion, the transaction will expand Rosneft's refining capacity and provide access to the German market as well as to the latest technologies for refinery operation and management. Thirdly, the Board of Directors approved a general concept for construction of a petrochemical complex in the Far East. Other important developments were the start of work on a new refinery in China, expansion of the Angarsk Polymer Plant, and approval of the project for construction of

a new refinery with 1 mln tonnes capacity in Grozny (Southern Russia).

ROSNEFT'S REFINING BUSINESS

Rosneft has seven large oil refineries: Komso-molsk, Tuapse, Novokuibyshevsk, Kuibyshev, Syzran, Achinsk and Angarsk Petrochemical Company. Overall primary refining capacity at these facilities is 50.9 mln tonnes (372 mln barrels) of crude oil per year. Rosneft also owns four mini-refineries in Western and Eastern Siberia, Timan-Pechora and Southern Russia, with total annual capacity of 0.5 mln tonnes (4 mln barrels), as well as a 50% stake in the Strezhevsky mini-refinery in Western Siberia. Output from mini-refineries is mainly for own-use by the Company's production subsidiaries.

The Company's refineries have the advantages of good geographical location, and their output is sold on the domestic market and exported.

The Tuapse Refinery is located on the Black Sea coast, from where it can make efficient export deliveries of petroleum products. The Refinery is also one of the biggest product suppliers to the fast-growing market in Russia's Southern Federal District.

The Samara group of refineries, which includes the Kuibyshev, Novokuibyshevsk and Syzran refineries, serves Russia's central regions. Buffer bases for crude oil and products and access to a network of petroleum product pipelines and terminals on the

Volga river enable deliveries to the European market. Export deliveries from the Samara refineries are by railway, pipeline and river.

Petroleum products from the Angarsk Petrochemical Company and from the Achinsk and Komsomolsk refineries are sold in Siberia and the Russian Far East, which depend on these Rosneft refineries for a large part of their energy needs. Products from these three facilities are also delivered to Mongolia, China and other countries in Asia.

Rosneft's lubricant business is also developing rapidly. The Company's main production facilities in this segment are the Novokuibyshevsk Lubricant and

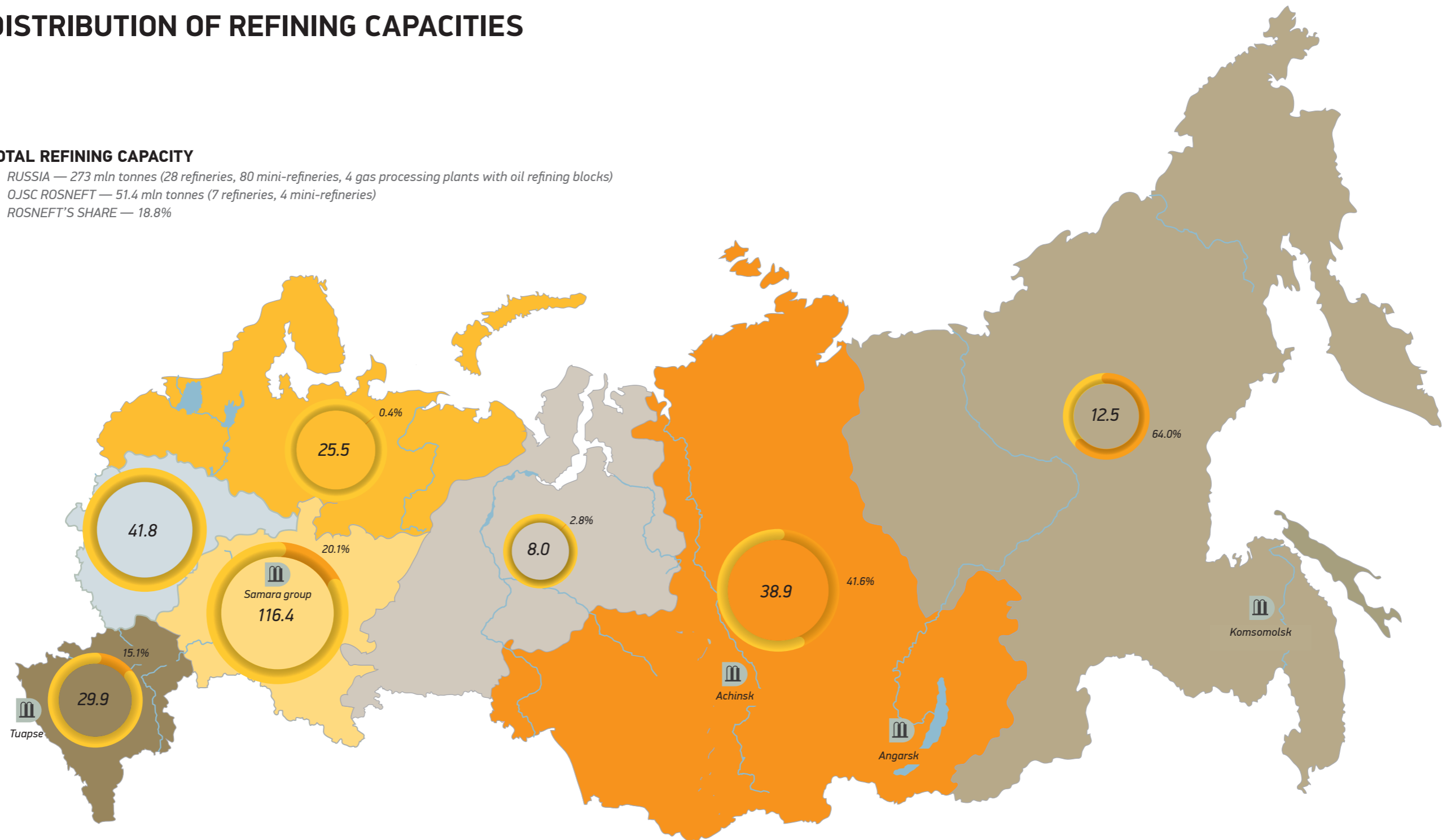


D
*Syzran Refinery.
Atmospheric and vacuum
distillation unit*

DISTRIBUTION OF REFINING CAPACITIES

TOTAL REFINING CAPACITY

RUSSIA — 273 mln tonnes (28 refineries, 80 mini-refineries, 4 gas processing plants with oil refining blocks)
 OJSC ROSNEFT — 51.4 mln tonnes (7 refineries, 4 mini-refineries)
 ROSNEFT'S SHARE — 18.8%



Main characteristics of Rosneft's refineries

Refinery	Capacity, mln tonnes	Throughput in 2010, mln tonnes	Light product yield, %	Nelson Index	Share of exports in total deliveries, %
Tuapse	4.4	4.51	51.1	3.2	87.5
Achinsk	7.0	7.46	56.7	4.0	30.0
Angarsk	9.0	9.71	64.5	4.2	31.8
Komsomolsk	8.0	7.76	57.6	2.7	60.5
Samara group:	23.4	20.81	52.4		
Novokuibyshevsk	8.0	7.61	50.6	5.7	35.7
Kuibyshev	6.5	6.67	50.7	5.7	40.8
Syzran	8.9	6.53	56.2	5.1	37.9
Total	51.8	50.25	56.1	4.4	42.5

LEGEND

- Siberian Federal District
- Northwestern Federal District
- Volga Federal District
- Far Eastern Federal District
- Southern Federal District
- Urals Federal District
- Central Federal District

35.2 Federal District's refining capacity, mln t

17.9% Share of Company's refineries in Federal District's refining capacity

Company's refineries



■
 Syzran Refinery.
 Launch of
 a hydrogen
 hydrotreatment unit

Additive Plant and units at the Angarsk Petrochemical Company. Rosneft also owns a specialized company, Rosneft Nefteprodukt Moscow, producing unique oils and lubricants. The Company's total oil and lubricant capacity is in excess of 600,000 tonnes per year, including 485,000 tonnes of automotive, industrial and base-oil products, 10,000 tonnes of engine oil additives, and 115,000 tonnes of other products (paraffin, petrolatum, paraffin wax, extracts, etc.). In all the Company offers more than 100 oil and lubricant products to serve customers ranging from large industrial companies to ordinary motorists.

Rosneft also produces petrochemicals at the Angarsk Polymer Plant, which makes ethylene, propylene and polyethylene. The Plant processes straight-run gasoline and hydrocarbon gases, supplied mainly by the Angarsk Petrochemical Company.

The pyrolysis unit, which is the principal installation at the Plant, has ethylene production capacity of 300,000 tonnes per year.

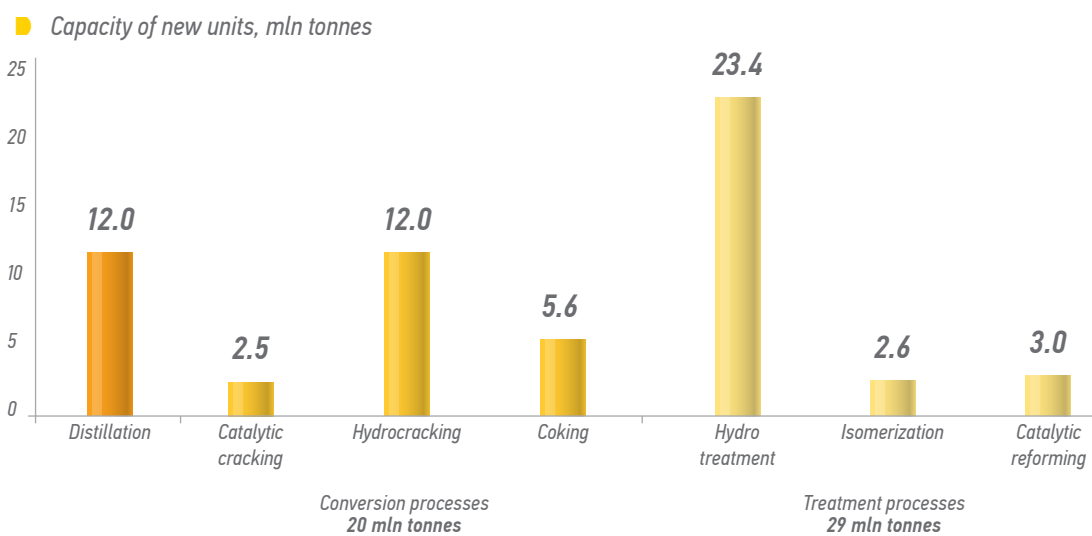
Rosneft owns the Neftegorsk and Otradny gas-processing plants in Samara Region with total annual capacity of 1.78 bln cubic meters of gas. These plants prepare, compress and process associated gas, which is produced in the region, to make dry stripped gas (fed into the Gazprom pipeline system), liquid hydrocarbons, ethane fraction and technical sulfur.

REFINERY MODERNIZATION PROGRAM

The Company devised a program for modernization of its refineries in 2008, which is now being implemented. The program includes the following main tasks:

- ensuring that quality of engine fuels meets requirements of the Technical Regulations, which were approved by the Russian Government in 2008;
- improving the structure of product output;
- increasing refinery efficiency by reduction of costs and processing losses.

The program envisages construction of 30 new units and reconstruction of more than 20 units at Rosneft's seven refineries. Reforming, isomerization and alkylation units for production of the high-octane components of gasoline are being installed or upgraded. The program also includes catalytic cracking units for production of high-octane gasoline components and increase of refining depth, and hydrocracking units for production of high-quality components of diesel and jet fuel and for increase of refining depth. Hydrotreatment units are being upgraded and installed to meet the requirements of Government Technical Regulations for sulfur content in products.



■ Official requirements for engine fuels in Russia

	2009–2010	2011	2012	2015
GASOLINE				
Class*	2	3	4	5
Max. sulfur content, ppm	500	150	50	10
Max. benzene content, %	5	1	1	1
Max aromatics content, %	No limit	42	35	35
DIESEL				
Class	2/3	2/3	4	5
Max. sulfur content, ppm	500/350	500/350	50	10
Max. density	860/845	860/845	845	845
Min. cetane number	45/51	45/51	51	51

* The class numbers are factually equivalent to numbers used by the Euro standard (Euro-2, 3, 4, 5).

Refinery modernization programme: main units

Unit	Refinery							Purpose	Input	Output	Specifics
	Komsomolsk	Achinsk	Tuapse	Novokuibyshevsk	Kuibyshev	Syzran	Angarsk				
Atmospheric and vacuum distillation	●		●	●	●		●	Fractionation of crude oil into base petroleum products for further refining	Crude oil	Butane, naphtha (straight-run gasoline), kerosene, light gas oil, heavy gas oil, straight-run residues	The process occurs at low pressure (in order to decrease boiling point) and temperature near 400°C
Hydrocracking	●	●	●	●				Conversion of heavy fractions into gasoline and lighter fractions in the presence of hydrogen	Heavy gas oil	Mixture of oil butanes, light and heavy hydrocracking product, and kerosene fractions	The process occurs in two reactors in the presence of hydrogen and a catalyst. In the first reactor the temperature reaches 400°C and pressure is 140 atmospheres. Temperatures and pressure in the second reactor are even higher. Walls of the steel reactor are up to 15cm thick
Catalytic cracking					●	●		Conversion of heavy fractions into gasoline and lighter fractions	Straight-run heavy gas oil	Hydrocarbon gases, cracking gasoline, light cracking gas oil, heavy cracking gas oil and coke	The process occurs in a cracking unit, where straight-run fractions are heated to 480°C at high pressure in contact with a catalyst
Delayed coking	●	●		●				Processing of heavy oil residues to obtain additional volumes of light petroleum products and oil coke for various uses.	Fuel oil, tar, cracking residue	Coke, gases, coke gasolines, coking gasoil	A semi-constant process at temperature of 500°C and close to atmospheric pressure
Flexicoking			●					The process unites coking and gasification of coke to produce a range of liquid hydrocarbons characteristic of the coking process together with flexigas.	Tar or fuel oil	Hydrocarbon gases, coking gasoline, coking gasoil, and flexigas, which is a low-potential fuel consisting of nitrogen, hydrogen and carbon oxides with some other admixtures	The process begins with a coking stage and the amount of coke finally produced can be varied in the second gasification stage between 0% and 20% of the input volume. The amount of flexigas produced is inversely proportional to coke output
Visbreaking					●			Conversion of bottom residues into a component of residual fuel	Residue from vacuum distillation or heavy cracking gas oil	Hydrocarbon gases, gasoline, naphtha and gas oil	The process occurs in a reaction block at high pressure and temperature of 440–500°C
Reforming	●	●	●	●	●	●		Obtaining high-octane gasoline components and aromatic hydrocarbons	Straight-run naphtha	Highly aromatized gasoline distillates	The process occurs in three consecutive reactors, in which pressure is between 14 and 35 atmospheres, and temperature is 480–520°C
Isomerization		●	●	●	●	●	●	Creating high-octane gasoline components or production of inputs for alkylation	Mixture of oil butanes, hexane-pentane fractions	Isobutane, isoparaffin	The process is induced in a reactor with a platinum catalyst by addition of a small amount of hydrogen and chloride
Hydrotreatment	●	●	●	●	●	●	●	Removal of admixtures of various hydrocarbons in order to improve quality	Crude oil fractions containing C6 and heavier hydrocarbons	Petroleum products cleansed of sulfur, as well as hydrogen sulfide, ammonia, methane, ethane, propane and butanes	Hydrotreatment occurs in a reactor, where a flow of petroleum products is mixed with a flow of hydrogen and a catalyst at temperatures of 260–425°C
Alkylation					●	●	●	Production of high-octane gasoline components	Propylene and butylene, isobutane	Alkylate (isoparaffins), propane and butane	The alkylation process occurs in a system of reactors at temperatures of 4–5°C using sulfuric acid and lasts between 15 and 20 minutes
MTBE production					●	●	●	Production of octane-boosting additives for production of gasoline to Euro standards	Isobutane	Octane-boosting additive	A simple process with a unit for synthesis and separation of MTB, and a unit for removing methanol from hydrocarbons which have not reacted

LEGEND: ● - construction ○ - upgrade ○ - construction/upgrade completed

■ - primary distillation ■ - conversion processes ■ - reforming processes

Three new units for production of hydrogen were commissioned in 2009–2010 at the Novokuibyshevsk, Kuibyshev and Syzran refineries, as well as two isomerisation units at the Syzran Refinery and Angarsk Petrochemical Company. Reconstruction work was completed on an isomerization unit at Novokuibyshevsk, a visbreaking unit at Kuibyshev and a reforming unit at Syzran.

Most work under the program should be completed by the end of 2014. The result will be an increase in primary refining capacities by 7 mln tonnes, while conversion capacity will rise by 17.7 mln tonnes and upgrading process capacity by 30 mln tonnes. Light product yield will rise from 56% in 2010 to nearly 80% by 2015, and the average Nelson Index level should rise from 4 to above 7.

CAPACITY EXPANSION AT THE TUAPSE REFINERY

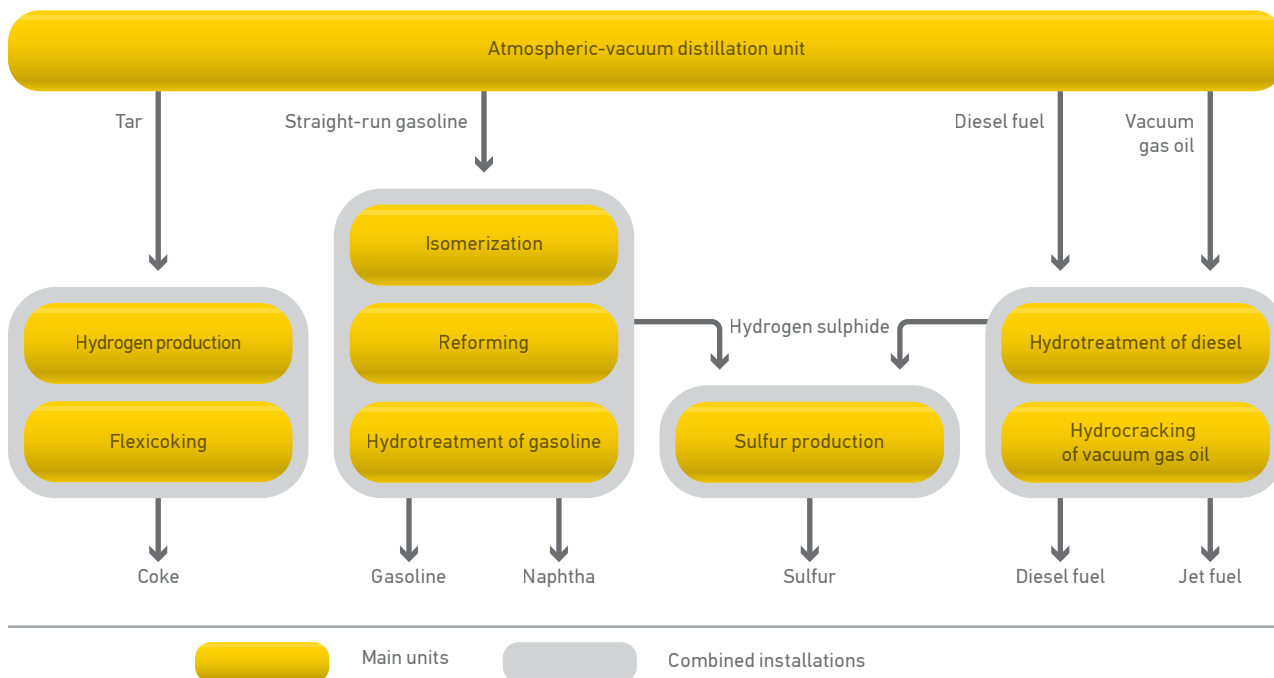
The project for expansion of capacities at the Tuapse Refinery from 5 to 12 mln tonnes per year (from 37 to 88 mln barrels per year) has a special place in the Company's refining development program. The project involves construction on the territory of the existing plant of an entirely new refinery with a Nelson Complexity Index rating of about 8 and with 90% light product yield. Automotive fuel produced at the Refinery will be in classes 4 and 5 (equivalent to Euro-4 and Euro-5). Tuapse has the best geographical location of all Rosneft refining assets, and this will ensure financial efficiency of the expansion project.

The project is being implemented in two stages. The first stage, scheduled for completion in 2012, is for construction of an atmospheric-vacuum distillation unit for primary refining, with a section for hydrotreatment of naphtha, as well as facilities for general refinery use. The second stage, scheduled for completion in 2014, will involve construction of a



D Tuapse Refinery. Construction of an atmospheric and vacuum distillation unit

Tuapse Refinery: flow diagram after the upgrade



vacuum gas oil hydro cracking unit and hydrotreatment of diesel fuel, a hydrogen unit, a naphtha isomerization and hydrotreatment unit, a catalytic reformer, sulfur production unit, and a flexicoker.

First-stage building work went ahead in 2010, and design tasks and ordering of equipment were carried out for the second stage. Work is also proceeding to enlarge the trunk pipeline which brings crude oil to the refinery, and to build a sea terminal, via which products will be delivered for export.

ACQUISITION OF A STAKE IN RUHR OEL GMBH

In October 2010 Rosneft reached an agreement with the Venezuelan national oil company (PDVSA) on acquisition of 50% of Ruhr Oel GmbH for USD 1.6 bln (not including working capital). Ruhr Oel owns stakes in four refineries in Germany. The acquisition gives Rosneft a refining partnership with BP, which owns the other half of Ruhr Oel.

Total refining capacities of Ruhr Oel are 23.2 mln tonnes (the net share of Rosneft is 11.6 mln tonnes), which represents about 20% of total refining capacities in Germany. The refineries have advantageous geographical locations and a high complexity

index. They are also in excellent condition and fully match the latest requirements for product quality. The share of Urals crude in total refining volumes of Ruhr Oel in 2010 was about 50% and this level may be increased in the future. The Gelsenkirchen Refinery, which is fully owned by Ruhr Oel, has a 3.9 mln tonne petrochemical block producing 250 different products. Rosneft will also have access to the wholesale margin of AMV, which is owned by BP and specializes in wholesale marketing of products on the German market.

The acquisition will increase Rosneft's refining-to-production ratio, give the Company exposure to the German petroleum product market, and offer access to BP's know-how in refining and management.

Specifications of refineries owned or partially owned by Ruhr Oel

Gelsenkirchen

- Share of Ruhr Oel GmbH — 100%
- Capacity — 12.8 mln tonnes
- Net share of Rosneft in capacities — 6.4 mln tonnes
- Capacity for Urals crude refining — up to 7 mln tonnes
- Nelson Index — 7.7
- Petrochemicals block with 3.9 mln tonnes capacity

MiRO

- Share of Ruhr Oel GmbH — 24%
- Other shareholders — Shell (32.25%), ExxonMobil (25%), ConocoPhillips (18.75%)
- Capacity — 14.9 mln tonnes
- Net share of Rosneft in capacities — 1.8 mln tonnes
- Capacity for Urals crude refining — up to 3 mln tonnes
- Nelson Index — 9.4



PCK Schwedt

- Share of Ruhr Oel GmbH — 37.5%
- Other shareholders — Shell (37.5%), AET (25.5%, AET is a JV between Eni and Total)
- Capacity — 11 mln tonnes
- Net share of Rosneft in capacities — 2.1 mln tonnes
- Capacity for Urals crude refining — up to 11 mln tonnes
- Nelson Index — 9.2

Bayernoil

- Share of Ruhr Oel GmbH — 25%
- Other shareholders — OMV (45%), BP (10%), Eni (20%)
- Capacity — 11.0 mln tonnes
- Net share of Rosneft in capacities — 1.4 mln tonnes
- Capacity for Urals crude refining — up to 2.5 mln tonnes
- Nelson Index — 6.8

CONSTRUCTION OF A REFINERY IN CHINA

An agreement was signed in 2010 as part of the Vostok Petrochemicals joint venture (49% Rosneft, 51% CNPC) on preparation of a feasibility study for construction of an oil refinery at Tianjin in China. An official ceremony to mark the start of building work at the site was also held in 2010. Further progress of the project is subject to final agreements between the partners.

The new refinery will process 13 mln tonnes (95 mln barrels) of oil, of which 9 mln tonnes will be from Russia. The oil will be delivered by tankers to the port of Tianjin and from there via a 42 km pipeline to the refinery. Light product yield will be in excess of 80%. Target markets are Northern China and regions of the country's Central Plateau, including Beijing, Tianjin, Hebei province, Changzhi, Jinan and Shandong province, as well as the Eastern Chinese seaboard.

The joint venture also has plans for new petrochemical facilities and a filling station network.

CONSTRUCTION OF A PETROCHEMICAL REFINERY IN THE FAR EAST

At the end of 2010 the Company Board approved a general concept for construction of a petrochemical plant near the city of Nakhodka in the Russian Far East. Planned throughput capacity is 3.4 mln tonnes, consisting of naphtha and liquefied hydrocarbons from the Komsomolsk and Achinsk refineries and also from the Angarsk Petrochemical Company. The new plant will specialize in production of polymers (polyethylene and polypropylene) and will also produce a number of other petrochemical outputs. The project includes construction of a dedicated sea terminal for delivery of output for export. Principal markets will be the Russian Far East and countries in South-East Asia, particularly China. Rosneft is looking for a foreign partner to help implement the project.

Refinery in China and petrochemical refinery in the Far East



CAPACITY EXPANSION AT THE ANGARSK POLYMER PLANT

The Angarsk Polymer Plant is the only full-cycle petrochemical plant in Eastern Siberia. Annual production is 200,000 tonnes of ethylene, 100,000 tonnes of propylene and 60,000 tonnes of benzene. Most of the ethylene output is used internally to produce high-density polyethylene, styrene and polystyrene.

A modernization program was devised in 2008 jointly with leading petrochemical consulting company Nexant, for upgrading of the pyrolysis unit to increase its capacity by 1.5 times to 450,000 tonnes of ethylene per year, together with installation of Russia's biggest low-pressure polyethylene facility with 345,000 tonnes annual capacity, creation of the country's second biggest polypropylene capacities (250,000 tonnes of a broad range of polymers), and a railway loading facility for liquefied hydrocarbon gases with 600,000 tonne annual capacity, which will reduce spending on inputs.

Implementation began in 2010 when contracts were made with tender competition winners for purchase of licenses and project design for the

ethylene facility, and also for installation of the new polyethylene and polypropylene facilities.

DEVELOPMENT OF LUBRICANT PRODUCTION

In 2009 the Company developed and approved a program for upgrading of lubricant production at Rosneft divisions. The program includes construction of a hydrotreatment facility for base oil components at the Novokuibyshevsk Refinery, optimization of lubricant blending, and expansion of packaging lines. Rosneft also plans to expand lubricant output by the Angarsk Petrochemical Company.

The Company's strategic objective is production of world-class lubricants and additives, matching Euro-4 and Euro-5 standards.



COMPANY PROFILE



COMPANY PROFILE



HISTORY



RUSSIAN GOVERNMENT DECREE N° 971 OF SEPTEMBER 29, 1995 ESTABLISHED A NEW ENTITY, OPEN JOINT-STOCK COMPANY ROSNEFT OIL COMPANY, WHICH WAS THE LEGAL SUCCESSOR OF THE PREVIOUSLY EXISTING STATE ENTERPRISE

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 began.

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 oil & gas 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 N° 971 of September 29, 1995 established a new entity, Open Joint-Stock Company Rosneft Oil Company, which was the legal successor of the previously existing state enterprise.

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.

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 expansion of exploration & production operations, development of refining capacity, and expansion into 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 the history of the Russian financial market.
- 2005** Following the integration of Yuganskneftegaz into Company operating structure, Rosneft becomes the third largest Russian oil company 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 about 80 mln tonnes.
- 2007** Rosneft significantly increases its reserves, production volumes, refining capacity, and retail network through acquisition of a number of oil & gas assets in Russia. 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 intensifies efforts to achieve optimization and efficiency across its market segments. The unfavorable market environment at the end of the year adds to the urgency of these tasks.
Rosneft achieves major progress in corporate governance and information transparency.
- 2009** Rosneft launches commercial production at Vankor, the largest field in Eastern Siberia.
The Company takes first place in the Transparency and Disclosure Survey of Russian 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.
- 2010** Rosneft stays in first position among Russian and foreign competitors by rates of oil production growth and initiates new refining projects (a petrochemical plant in the Far East and a refinery in China). Agreement is reached on acquisition of stakes in four refineries in Germany.
The Company achieves record financial results and net debt is cut back to its level in 2006 (prior to large-scale acquisitions).
Rosneft keeps first place in the Transparency and Disclosure Survey of Russian companies by Standard & Poor's.

STRUCTURE

AS OF DECEMBER 31, 2010, ROSNEFT GROUP OF COMPANIES INCLUDED 534 SUBSIDIARIES AND AFFILIATED COMPANIES



The terms 'Rosneft Oil Company', 'Rosneft', and 'the Company' designate either OJSC Rosneft Oil Company, or OJSC Rosneft Oil Company and its affiliates, depending on the context.

ROSNEFT TODAY



ROSNEFT IS RUSSIA'S PETROLEUM INDUSTRY LEADER, 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 is included in the Russian Government's List of Strategic Enterprises and Organizations. The Company's main owner is OJSC ROSNEFTEGAZ, which holds 75.16% of shares and is itself in 100% ownership of the Russian Government.

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, the Far East, and the shelf of Russia's Arctic seas. The Company is also implementing projects in Kazakhstan, Venezuela, Algeria, and UAE. 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 41 regions of the country.

RESOURCE BASE

The main competitive advantage of Rosneft is the size and quality of its resource base. The company has total proved reserves of 22.8 bln barrels of oil equivalent, which is among the best indicators among publicly traded oil & gas companies worldwide. And Rosneft is second-to-none in terms of total proved liquid hydrocarbon reserves. The Company's proved reserve-to- production ratio is 25 years, and most of its reserves are conventional, so the Company is well-placed for efficient increase of production. Rosneft also has rights to 12.5 bln barrels of oil equivalent in probable reserves and 10.5 bln tonnes of oil equivalent in possible reserves, which will enable extension of proved reserves in the future.

2008	Operating Highlights	2009	2010	%
17,694	Proved oil reserves, PRMS (mln bbl)	18,058	18,110	0.3%
784	Proved gas reserves, PRMS (bcm)	816	791	-3.0%
22,307	Proved hydrocarbon reserves, PRMS (mln boe)	22,858	22,765	-0.4%
26	Hydrocarbon reserve-to-production ratio, PRMS (years)	26	25	-5.5%
776.3	Crude oil production (mln bbl)	796.4	847.4	6.4%
12.38	Gas production (bcm)	12.68	12.34	-2.7%
2,320	Hydrocarbon production (th. boe per day)	2,386	2,521	5.7%
360.5	Refinery throughput (mln bbl)	364.5	369.4	1.3%
46.44	Petroleum product output (mln t)	47.06	47.89	1.8%
396.2	Crude oil export sales (mln bbl)	411.9	445.0	8.0%
25.94	Petroleum product export sales (mln t)	27.51	25.81	-6.2%
1,683	Number of owned and leased filling stations	1,690	1,728	2.2%
4.49	Retail sales of petroleum products (mln t)	4.77	5.26	10.3%

2008	Financial highlights	2009	2010	%
68,991	Sales (USD mln)	46,826	63,047	34.6%
17,108	EBITDA* (USD mln)	13,565	19,203	41.6%
24.8%	EBITDA margin	29.0%	30.5%	
22.07	EBITDA per boe of production (USD)	17.00	22.66	33.3%
11,120	Net income (USD mln)	6,514	10,400	59.7%
10,449	Adjusted net income** (USD mln)	6,472	10,442	61.3%
15.1%	Adjusted net income margin	13.8%	16.6%	
17.5%	Return on average capital employed (ROACE)	11.4%	16.3%	
30.6%	Return on average equity (ROAE)	15.2%	20.7%	
5,614	Free cash flow	3,443	5,839	69.6%
21,283	Net debt (USD mln)	18,489	13,662	-26.1%
0.35	Net debt-to-capital employed ratio	0.29	0.20	
1.24	Net debt-to-EBITDA ratio	1.36	0.71	
0.68	Current ratio	1.13	1.97	
8,732	Capital expenditures (USD mln)	7,252	8,931	23.2%
8.36	Upstream capital expenditures per boe of production (USD)	7.35	7.48	1.8%
3.11	Hydrocarbon lifting costs per boe of production (USD)	2.34	2.61	11.5%
3.75	Share price on the RTS as of year-end (USD)	8.42	7.19	-14.6%

* 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.

** Net income adjusted for extraordinary items such as effect from the income tax rate change, effect from asset impairment and other.

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. Reserve replacement has averaged 150% in the last five years, not including acquisitions, which is among the highest indicators

in the sector. Rosneft's major exploration projects are located in Russia's most promising oil & gas regions, such as Eastern Siberia, the shelf of Russia's Black, Caspian and Azov seas, and the Russian Far East. As a result, the Company has access to 50.5¹ bln barrels of oil equivalent in prospective recoverable resources. In 2010 the Company acquired

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

several blocks on Russia's Arctic shelf, which is one of the most promising oil & gas regions in the world.

OIL PRODUCTION

Rosneft is successfully implementing a strategy of sustained production growth, supported by application of the latest technologies. The Company produced 847 mln barrels of crude oil in 2010, and has thus increased oil production levels by six times since 2004. The Company also has high overall operating efficiency, with the lowest per unit upstream operating expenses among both Russian and major international peers.

GAS PRODUCTION

Rosneft is one of the leading independent gas producers in Russia, with annual output of saleable natural and associated gas of about 12 bln cubic meters. The Company has great potential for further increase of gas production thanks to its large reserves. Rosneft is currently implementing a program to raise utilization of associated gas to 95%.

OIL REFINING

Overall throughput at Company refineries reached 369 mln barrels in 2010, which is a record for the Russian oil refining sector. Favorable refinery locations enable the Company to achieve high efficiency in deliveries of petroleum products. Rosneft is now expanding and modernizing its refineries to improve the balance between Company crude production and refining volumes, and also to boost

output of petroleum products, which provide high value-added and match the latest environmental standards.

EXPORT TERMINALS

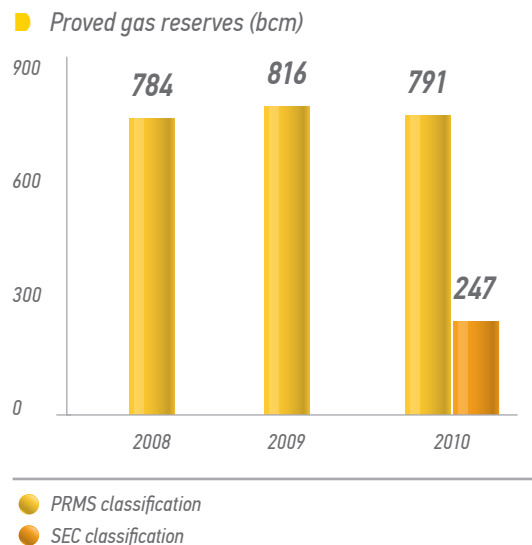
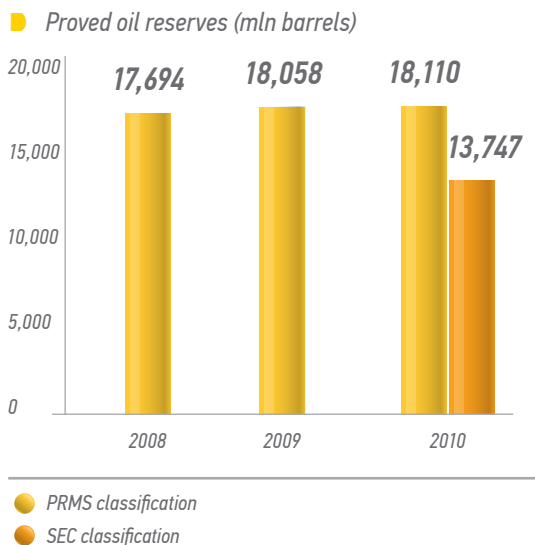
Rosneft is unusual in having proprietary terminals for export by sea at Tuapse, De-Kastri, Nakhodka and Arkhangelsk, which allow the Company to capture higher margins in crude oil and petroleum product exports. Rosneft is currently implementing comprehensive expansion and modernization programs at its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

FILLING STATION NETWORK

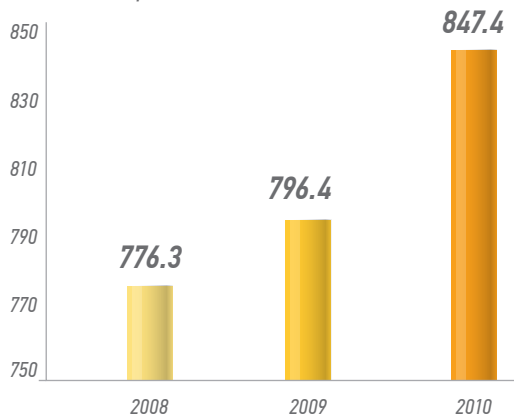
Increasing direct sales of petroleum products to end-users is a strategic goal for Rosneft. The Company is therefore developing its retail network, which now comprises 1,800 filling stations. Rosneft ranks second among Russian companies by size of its filling station network.

CORPORATE GOVERNANCE

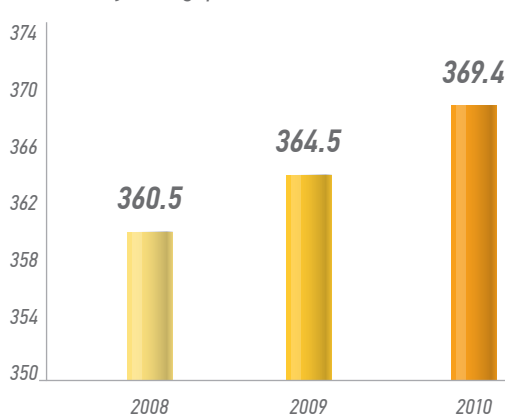
Rosneft strictly complies with international standards for corporate governance, information disclosure and financial reporting. Independent directors have held one third of seats in the Board of Directors since 2006. The Company also pursues a policy of social responsibility toward its employees and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



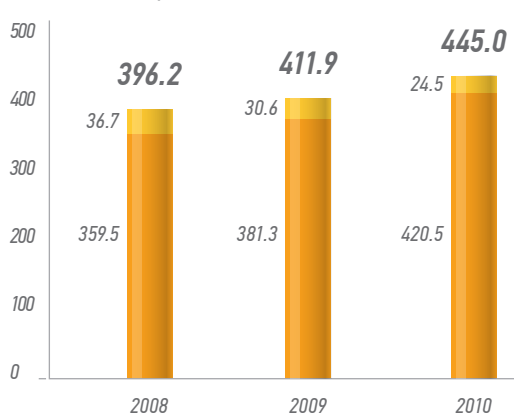
■ Crude oil production (mln barrels)



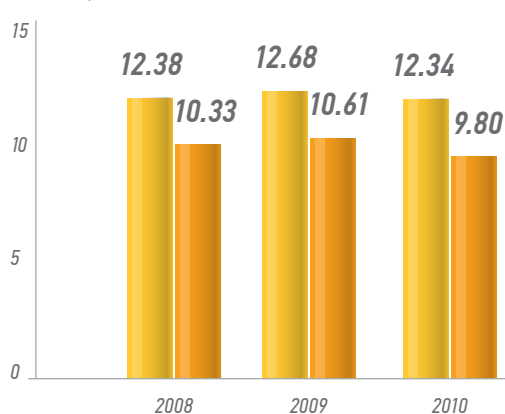
■ Refinery throughput (mln barrels)



■ Crude oil export sales (mln barrels)



■ Gas production and sales (bcm)*

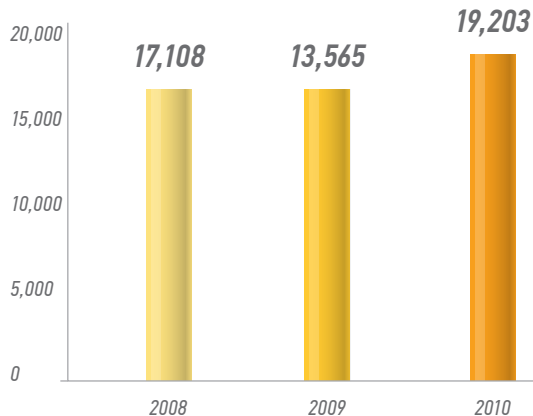


- CIS
- Non-CIS

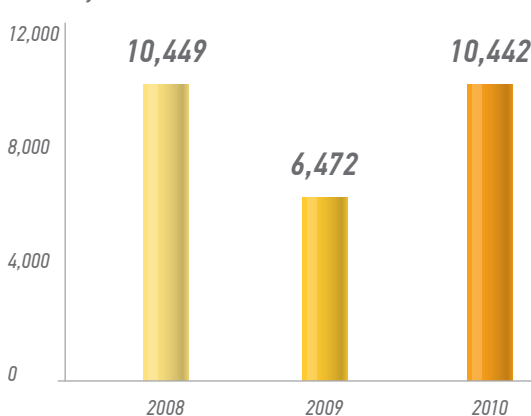
- Gas production
- Gas sales

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

■ EBITDA (USD mln)



■ Adjusted net income (USD mln)



DEVELOPMENT PROSPECTS AND STRATEGY¹



ROSNEFT HAS SET ITSELF THE GOALS OF STRENGTHENING ITS POSITION AMONG LEADING GLOBAL ENERGY CORPORATIONS, MAINTAINING PRIME POSITIONS BY OPERATING INDICATORS, AND ENTERING THE TOP GROUP BY FINANCIAL INDICATORS AND LEVEL OF CAPITALIZATION

Achievement of these goals will require:

- continuous improvement of efficiency in all aspects of Company business;
- sustainable business growth;
- greater information transparency and openness;
- a high level of social responsibility;
- development and application of new technologies.

The rapid development of the Company in recent years has created great potential for sustainable growth and systematic implementation of strategic tasks. The best guarantees of Rosneft's future success are its unique size and the quality of its resource base, highly qualified personnel, and an efficient system of innovative development.

MAIN STRATEGIC PRIORITIES

SUSTAINABLE GROWTH OF CRUDE OIL PRODUCTION

Rosneft is committed to sustainable growth of oil production, based on the assumption of a favourable macroeconomic environment and optimal tax regime. The Company's strategic priority is efficient reserve extraction and achievement of the highest possible recovery factor at its fields.

Production growth in the short and medium term will be concentrated at fields in Eastern Siberia. The main project in this region is the Vankor field, which was brought into production in 2009. Target output level at the field, which should be achieved in the next

1. Work was in progress on formulation of a revised Development Strategy at the time when this Annual Report was approved by the Board of Directors. Therefore some of the information in this section may need to be updated.

few years, is 25 mln tonnes (the output figure in 2010 was 12 mln tonnes).

The Company's other main field in Eastern Siberia, the Yurubcheno-Tokhoms koye field with annual output potential of 7.5 mln tonnes, has been fully prepared for development. However, further implementation depends on an optimal taxation system being in place. Rosneft discovered four large fields in Eastern Siberia during 2009–2010 with overall reserves of 425 mln tonnes (3.1 bln barrels) of oil under Russian C1 and C2 classifications. Development of these fields is the next task for the Company.

The Company's traditional production regions of Western Siberia and Central Russia still have much potential and will remain fundamental to Rosneft's business in the medium term. The main emphasis in these regions will be on efficient reserve development, application of new technologies in extraction from complex reservoirs, and additional exploration using the latest methods.

Rosneft is constantly expanding its resource base to ensure sustainable growth of production in the long term, and a large-scale geological exploration program is underway in new regions. Eastern Siberia and the Black Sea are of particular importance for resource expansion and Arctic shelf resources will play a key role in the more distant future. The Company acquired its first licenses for exploration and development of Arctic shelf resources in 2010.

MONETIZATION OF GAS RESERVES

Rosneft has about 800 bln cubic meters of proved gas reserves under international classification and only 24% of these reserves are being developed at the present time. So development in the gas sector and monetization of reserves is a priority for the Company.

Rosneft has the potential to produce 55 bln cubic meters of gas each year. The main source of production growth would be the Kharampurskoye field in Western Siberia, which contains 50% of Rosneft's proved gas reserves.

Monetization of gas reserves is supported by Rosneft's ongoing program for increasing use of associated oil gas to a level of 95%. Greater use of associated gas is also necessary in order to ensure compliance with Russian legislation.

REFINING AND MARKETING DEVELOPMENT

The main challenges for Rosneft in the refining and marketing sector are to achieve sustainable growth of quantitative and qualitative indicators and comply with new compulsory product standards.

The Company is systematically implementing a large-scale plan for modernization of its refineries to achieve greater refining depth and improve output qualities. The modernization will lead to more efficient use of raw hydrocarbons, increased value-added on petroleum products and compliance with the latest environmental standards (Euro-4 and Euro-5), as well as expansion of the range of products, which the Company offers.

The largest of Rosneft's current projects for enlargement of refining capacity is the upgrading of the Tuapse Refinery, where capacity will be increased from 5 to 12 mln tonnes. It was decided in 2010 to proceed with construction of a 3.4 mln tonnes petrochemical plant in the Russian Far East and a new oil refinery with 1 mln tonnes capacity in the city of Grozny (southern Russia). Agreement was also reached on acquisition of 50% of Ruhr Oel GmbH, which owns stakes in four oil refineries in Germany, and a ceremony was held to mark the start of construction of a refinery in China with 13 mln tonnes capacity.

Rosneft is continually expanding, optimizing and modernizing its filling station network, and developing its business in the new segments of bunkering and aircraft refuelling, in order to maximize benefits from vertical integration.



PERFORMANCE REVIEW





PERFORMANCE REVIEW



LICENSING



UNDER RUSSIAN LAW EXPLORATION OR PRODUCTION OF MINERALS REQUIRE APPROPRIATE LICENSING

As of December 31, 2010 Rosneft, its subsidiaries and affiliates held 565 licenses for geological study, exploration and production of hydrocarbons. Most of the Company's production licenses are valid through 2013-2051.

Rosneft has been working in recent years to secure further extension of licenses for its major fields (the Russian Law 'On Subsurface Resources' permits license renewal on the initiative of mineral users, provided that no violation of license conditions has been committed). Licenses for 80 of the Company's main fields were extended for a further 25 years in 2007-2010.

Validity of 36 licenses were extended for 25 years during 2010, and 131 applications for amendments and additions to current licenses were prepared and submitted to federal and regional agencies with responsibility for mineral use, of which 24

were for changes in exploration work schedules, 48 for extension of license terms, and 59 for updating of the terms of license agreements.

Rosneft is a highly conscientious user of subsurface resources, strictly observing all of its license commitments. In 2010 agencies responsible for supervision and control of subsurface use carried inspections of Company subsidiaries — LLC RN-Krasnodarneftegaz, LLC RN-Stavropolneftegaz, LLC RN-Yuganskneftegaz — to check observance of license conditions. Materials were prepared and submitted to supervisory agencies for joint review based on the findings of the inspection. Supervisory agencies had no outstanding issues with Rosneft in respect of subsurface use as of the end of 2010.

Steady expansion of the exploration and production portfolio through acquisition of new licenses in regions, which are of strategic importance to



■ Eastern Siberia.
License areas around
the Vankor field

the Company, is an integral part of Rosneft's long-term development strategy.

During 2010, Rosneft continued to monitor auction sales of license areas and took part in auctions for areas which are most promising and strategically important for the Company.

The Company acquired six prospecting licenses to search for and evaluate hydrocarbon deposits, including two licenses in the Republic of Chechnya and four at areas in Samara Region. The Company also received eight licenses for exploration and oil production as a result of discovery of fields in Samara Region (including fields discovered before 2010).

Rosneft won five auctions for rights to geological study, exploration and production of hydrocarbons at subsurface areas in Samara Region during 2010. Total payments for acquisition of the licenses were RUB 888 mln.

Rosneft acquired six licenses in the reporting year for blocks on the Russian shelf: Nekrasovsky (Sea of Okhotsk), South-Russky (Sea of Pechora), South-Chernomorsky (Black Sea) and East-Prinovozemelsky 1, 2 and 3 (Kara Sea). License payments for these blocks were RUB 3.2 bln. As of the end of 2010 a further 25 Company applications for license blocks on the Arctic and Far East shelf were under consideration by the Federal Agency for Mineral Use (Rosnedra).

GEOLOGICAL EXPLORATION



ROSNEFT PUTS MUCH EMPHASIS ON OPTIMAL AMOUNTS OF PROSPECTING AND EXPLORATION WORK AND MAXIMUM EFFICIENCY OF THIS WORK IN ORDER TO REPLACE COMMERCIAL HYDROCARBON RESERVES AND ENSURE SUSTAINABLE PRODUCTION GROWTH 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.

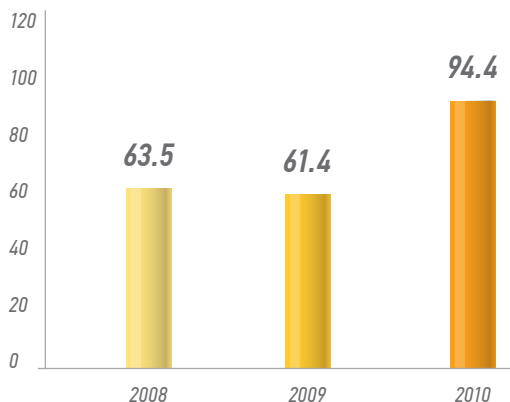
Rosneft's portfolio of exploration projects ensures extensive access to prospective resources, which will provide a foundation for long-term development of the Company. According to the mean estimate by DeGolyer & MacNaughton, prospective recoverable resources in upstream projects with Rosneft involvement were 5.5 bln tonnes (40.5 bln barrels) of oil and 1.7 trillion cubic meters of gas as of the end of 2010 (not including resources at Arctic shelf blocks, which were acquired in 2010).

Substantial amounts of prospecting and exploration drilling and extensive seismic studies were carried out in projects with Rosneft participation during 2010, in accordance with license terms. Exploration drilling was 94,400 meters, 2D seismic

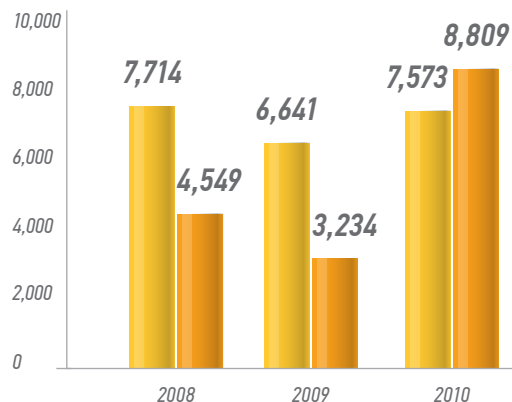
work was 7,573 linear km, and 3D seismic was 8,809 square km. The scale of geological exploration work in 2010 was significantly greater than in 2009, due to more intensive work in Eastern and Western Siberia. Exploration drilling increased by one and a half times, 2D seismic by 14%, and volumes of 3D seismic were 2.7 times greater than in 2009. Construction of 34 prospecting and exploration wells was completed, and prospecting and exploration drilling led to discovery by the Company of five new fields and 10 new deposits at previously discovered fields.

Geological exploration work and production drilling gave increases of ABC1 reserves (under Russian classification) of 165 mln tonnes (1.2 bln barrels) of oil and gas condensate and 74 bln cubic meters of gas (163 mln tonnes and 66 bln cubic meters, respectively, measured by Company stakes

■ Exploration drilling in projects involving Rosneft (th. meters)



■ Seismic surveying at projects involving Rosneft (linear km; sq km)



- 2D seismic, linear km
- 3D seismic, sq. km

in projects). Most of the reserve growth was at fields in Western and Eastern Siberia.

The 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.

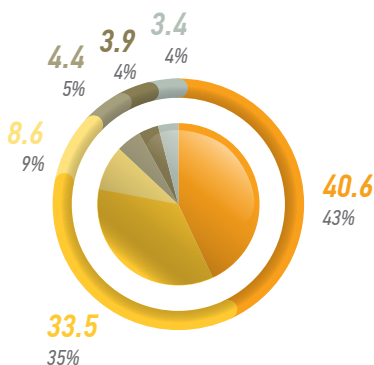
Rosneft's core regions for increase of resource potential are Eastern Siberia, and the shelf of the Black Sea, the Far East, and Russia's Arctic seas. The Company is also carrying out geological exploration

work in its traditional oil producing areas of Western Siberia, the Volga region, Timan-Pechora and the southern part of European Russia. In addition, Rosneft is taking part in foreign geological exploration projects in Kazakhstan, Algeria, Venezuela and the UAE.

WESTERN SIBERIA

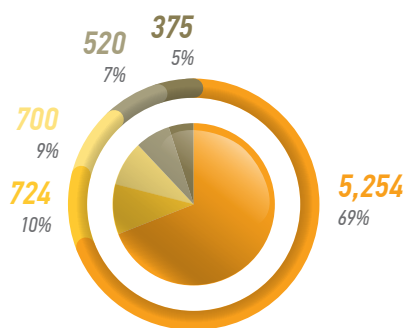
In Western Siberia, Rosneft is carrying out geological exploration work in Khanty-Mansiysk

■ Exploration drilling, th. meters



- Western Siberia
- Eastern Siberia
- Central Russia
- International projects
- Timan Pechora
- Southern Russia

■ 2D seismic work, linear km



- Eastern Siberia
- Southern Russia
- Central Russia
- Western Siberia
- International projects

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 Gazprom Neft).

A total 1,844 square km of 3D seismic work was carried out in KhMAD during 2010 in order to clarify structure of fields already in production, which is 76% more than in 2009. Rosneft production units drilled 13 prospecting and exploration wells, of which 12 gave commercial oil flows. Total reserve growth in KhMAD (including growth as a result of production drilling) was 75.2 mln tonnes (550 mln barrels). Most of the growth was at the Malobalykskoye, Mamontovskoye and Priobskoye fields.

The volume of 3D seismic exploration work in YaNAD in 2010 was 120 square km. Exploration well № 41 was drilled at the western dome of the Komsomolskoye field in order to clarify geological structure, and reserves of oil and gas at the field were increased by 4.4 mln tonnes (32 mln barrels) and 1.9 bln cubic meters, respectively, as a result of well testing. Overall reserve growth in YaNAD was 7.1 mln tonnes (52 mln barrels) of oil and 8.6 bln cubic meters of gas.

Rosneft carried out 520 linear km of 2D and 216 square km of 3D seismic surveying in Tomsk Region during 2010. Three wells were completed, and commercial hydrocarbon flows were obtained at two of them. Increase of C1 oil reserves in Tomsk Region was 3.2 mln tonnes (23 mln barrels).

EASTERN SIBERIA

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

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 Verkhnechonsk field in 2008, and the Vankor field was brought into commercial production in 2009. Pilot production continued in 2010 at the Yurubcheno-Tokhomskoye field.

THE VANKOR FIELD AND NEIGHBOURING AREAS

The Company has nine licenses at areas located around the Vankor field. Additional exploration work was carried out in 2010 at the Baikalskoye field,

which was discovered in 2009. The size of the license area was increased to include the whole of the field. Baikalskoye prospecting and evaluation well № 2 was drilled and testing was carried out at eight well depths, which helped to clarify the nature of reserves at the field. Recoverable C1 and C2 reserves (Russian classification) at the end of 2010 were 53.6 mln tonnes (392 mln barrels) of oil and condensate and 37.3 bln cubic meters of gas.

Work began at the West-Lodochny license area on a prospecting and evaluation well, Icheminskaya-1, which is scheduled for testing in 2011.

Three structural wells were drilled at the Kystykhstakhskoye elevation, which is part of the Samoyedskoye license area, in order to study and log the upper part of the section and clarify location of a structural trap.

2D seismic work at license areas around the Vankor field in 2010 totaled 350 linear km. The increase in C1 oil and gas condensate reserves was 31.7 mln tonnes (232 mln barrels), and gas reserve additions were 29.1 bln cubic meters. Most of the increases were as a result of production drilling at the Vankor field.

SOUTH OF EASTERN SIBERIA

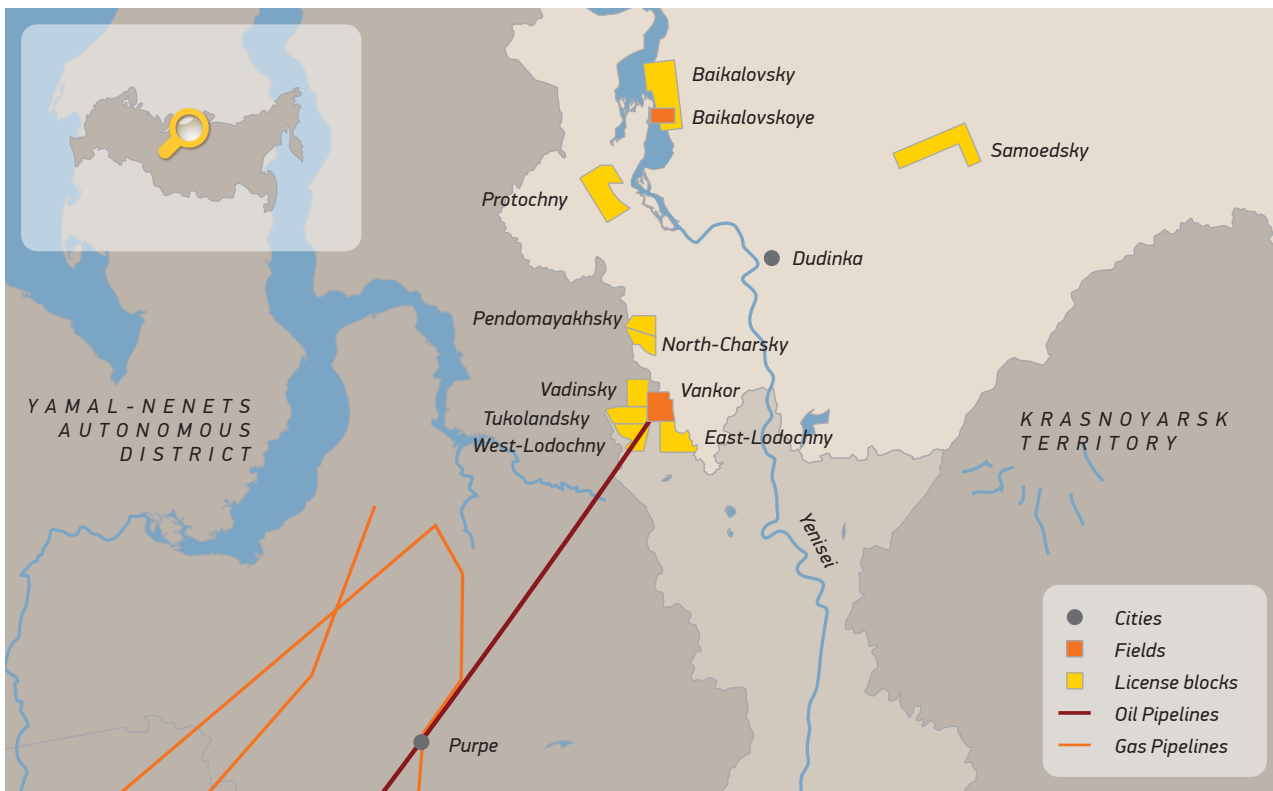
Geological exploration in the southern part of Eastern Siberia (Irkutsk Region and Evenkia) also has great importance for the Company. Fields in this region should provide a large part of the oil to fill the Eastern Siberia — Pacific Ocean pipeline. Rosneft has licenses to 13 blocks in this region and another two licenses are held by a joint venture between Rosneft and the Chinese National Petroleum Corporation (CNPC).

A total of 3,839 linear km of 2D seismic exploration work was carried out at the Company's license areas in Irkutsk Region in 2010, and four prospecting wells were drilled. Drilling led to discovery of one deposit and two new fields.

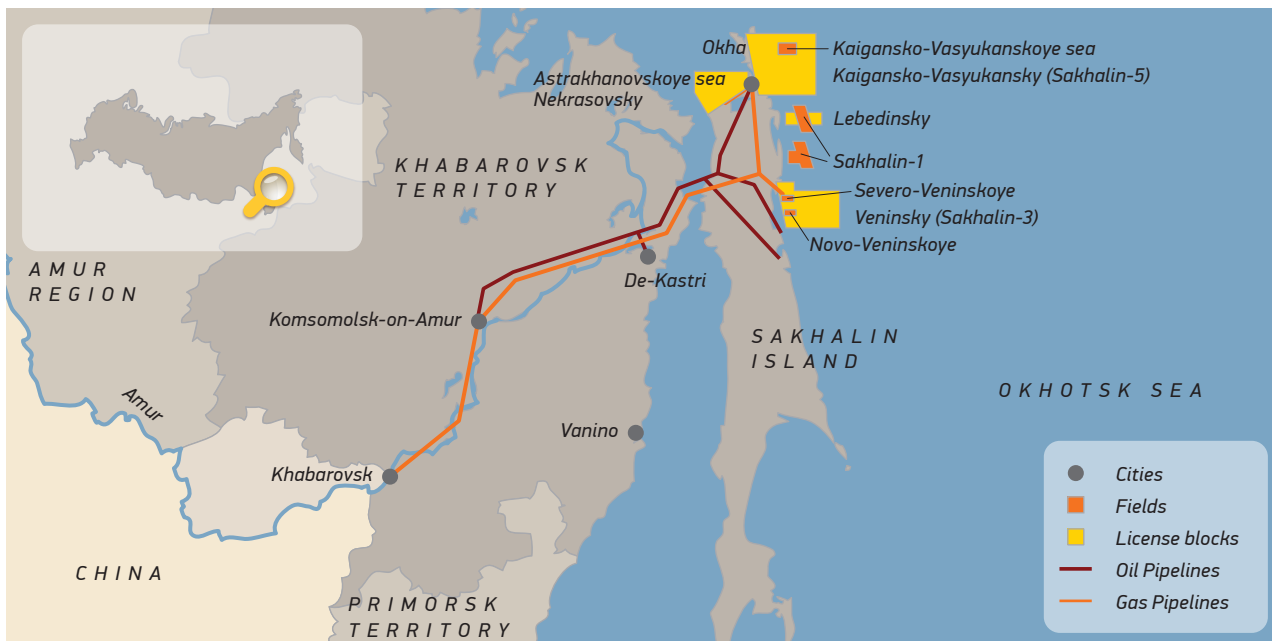
A prospecting and evaluation well, Mogdinskaya № 7, was drilled at the Mogdinskaya license area and gave a gushing flow of commercial oil, representing discovery of a new oil deposit at Savostyanov field. A 550-meter horizontal sidetrack was drilled at well Mogdinskaya № 6, which was completed in 2009, and testing gave a flow of strata water mixed with oil. C1 and C2 oil reserves at the Savostyanov field (Russian classification) were increased by 36 mln tonnes (263 mln barrels), which is more than 20%.

Drilling of a prospecting and evaluation well at the Sinarsky license area, located 200 km from the

■ Exploration projects of Rosneft in Eastern Siberia



■ Exploration projects involving Rosneft in the Far East



Eastern Siberia — Pacific Ocean pipeline, also led to discovery of a new field, the Sanarskoye field. C1 and C2 recoverable reserves under Russian classification are estimated at 81.7 mln tonnes (598 mln barrels) of oil.

A prospecting and evaluation well drilled at the Preobrazhensky license area, located 120 km from the Eastern Siberia — Pacific Ocean pipeline, led to discovery of another new field, which has been named in honor of an outstanding representative of the Soviet oil industry, N. N. Lisovsky. Recoverable C1 and C2 reserves under Russian classification are estimated at 89.6 mln tonnes (655 mln barrels).

A prospecting and evaluation well, East-Sugdinskaya № 2, was drilled at the East-Sugdinsky license area, but was closed down for geological reasons.

Exploration work continued in the reporting year at the Yurubcheno-Tokhomskoye field. Sidetracks with horizontal completion were drilled at two wells, which were drilled earlier but had not given commercial flows. Thanks to the sidetracks, gushing flows were obtained at both wells. Drilling of well Yurubchenskaya № 83 was completed, ready for testing in 2011. Geological exploration work gave an increase of 17.3 mln tonnes (127 mln barrels) in C1 and C2 reserves (Russian classification) at the Yurubcheno-Tokhomskoye field in 2010.

LLC Vostok Energy, a joint venture between Rosneft and CNPC, drilled a prospecting and evaluation well, West-Chonskaya № 1. The well has been temporarily mothballed pending hydrofracturing work, which is scheduled for 2011 in order to clarify the nature of saturation.

FAR EAST

In the Far East, Rosneft is taking part in the prospective geological exploration projects Sakhalin-3 (Veninsky area) and Sakhalin-5 (Kaigansko-Vasyukansky area), and is also carrying out exploration work at the Lebedinsky and Nekrasovsky areas (the license for the latest was acquired in 2010). The Sakhalin-3 and -5 projects are being implemented jointly with foreign partners under specific agreements, which enable Rosneft to minimize its risks.

Processing and interpretation of 2D seismic has been completed at the Veninsky area in a transitional zone at the Monginskaya field section. The purpose of the work was to ascertain the nature of the Mongi-sea structure and prepare it for drilling. Reinterpretation of 3D seismic was completed, taking account of data from the North-Veninskaya-2 and Veninskaya-3 wells, which were drilled in 2009.

Complex interpretation of 3D seismic exploration and deep drilling data was continued at the Kaigansko-Vasyukansky license area. Processing and interpretation of 2D seismic materials for a transitional zone at the area was completed.

3D seismic was carried out on 70 square km at the Lebedinsky license area. The location for a future well was chosen, and drilling is planned in 2011.

SAMARA REGION

Rosneft carried out 100 linear km of 2D and 601 square km of 3D seismic work during 2010 in Samara Region, which is a traditional production area for the Company. Two exploration wells were drilled at developed fields during the year. Both wells gave commercial oil flow and reserve estimation was carried out. Reserve increase thanks to exploration work in Samara Region during 2010 was 13.5 mln tonnes (99 mln barrels) of oil.

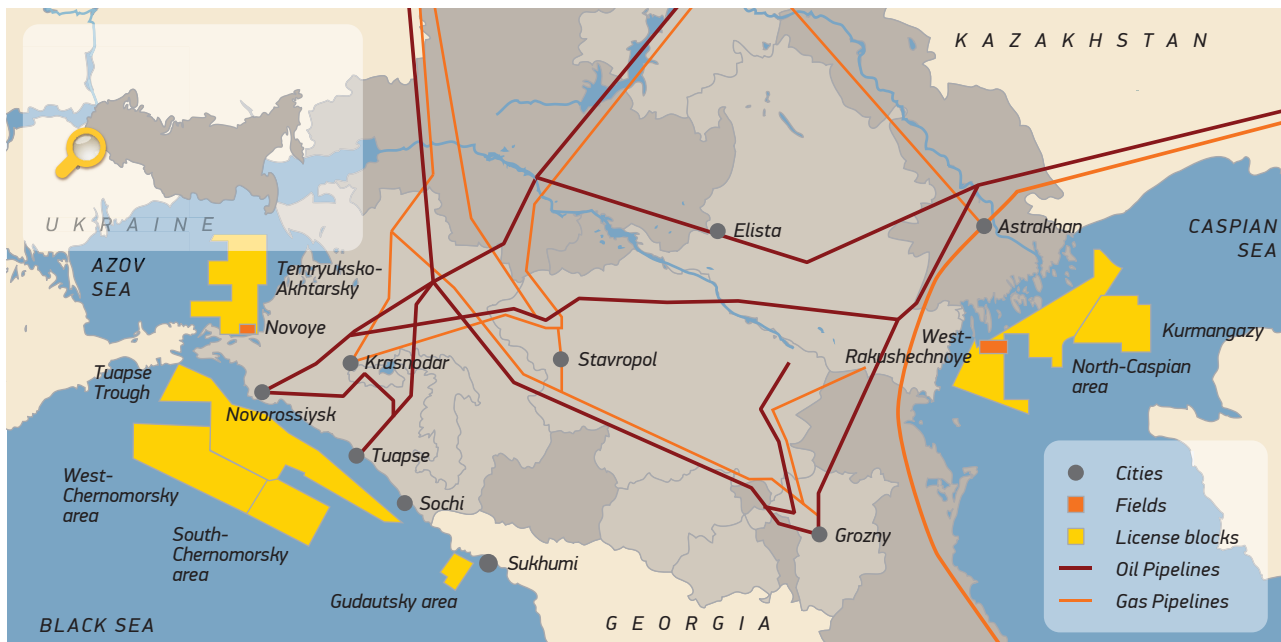
THE REPUBLIC OF UDMURTIA

Rosneft carries out exploration works in the Republic of Udmurtia as part of the joint venture with Sinopec (OJSC Udmurtneft, Rosneft has 51% in the holding company). 600 linear km of 2D and 62 square km of 3D seismic work was carried out during 2010 in the region. Construction work was completed on two exploration wells at developed fields. Both wells gave commercial oil flows and reserve estimation was carried out. The reserve increase thanks to exploration work in Udmurtia during 2010 was 3.4 mln tonnes (25 mln barrels) of oil.

CASPIAN, AZOV AND BLACK SEAS

Rosneft is implementing several important projects in southern Russia: at the Tuapse Trough and West-and South-Chernomorsky areas (Black Sea shelf), North-Caspian 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. South-Chernomorsky is a new project, begun in 2010.

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



Work continued in 2010 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 2.5 bln tonnes (18.8 bln barrels of oil), but their exploration requires major investments due to the considerable sea depths (1–2 km). Agreements were reached in 2010–2011 with Chevron and Exxon Mobil concerning possible involvement of these companies in Black Sea projects. The foreign companies would finance the first stage of geological exploration, significantly reducing Rosneft's risks, and their technical expertise would contribute to efficient implementation of the projects. A total of 2,069 square km of 3D seismic work was carried out at the West-Chernomorsky area in 2010, and engineering and geological studies were completed at the zone where the first well (№ 1-Maria) is to be drilled. 3D seismic at the Tuapse license area in 2010 totaled 1,200 square km, and engineering and geological studies were carried out at the zone where the first well (№ 1-Osipovskaya) is to be built.

Rosneft acquired a mineral license for the 7,000 square km South-Chernomorsky area at the end of 2010. The license is valid until 2040. Resources at the South-Chernomorsky area are estimated at 296 mln tonnes (2.2 bln barrels) of oil equivalent.

Construction of well Ukatnaya-1 was completed at the North-Caspian area in 2010. The well found only insignificant oil & gas strata and was closed down without testing. Studies were begun to determine further directions for geological study work.

2D seismic work (400 linear km) was carried out at the Temryuksko-Akhtarsky area in the Sea of Azov and the results were processed and interpreted.

RUSSIA'S ARCTIC SEAS

Rosneft obtained 4 licenses in the reporting year for study of the Arctic shelf: three licenses for the East-Prinovozemelsky-1, -2 and -3 areas in the Kara Sea, and a license for the South-Rusky area in the Barents Sea. Resources at these areas are estimated at 16 bln tonnes of oil equivalent. The North-Gulyaevskoye field at the South-Rusky area has C1+C2 oil reserves of 13 mln tonnes (95 mln barrels) and 52 bln cubic meters of gas.

INTERNATIONAL PROJECTS

Rosneft is executing a number of geological exploration projects outside Russia. These are Block 245-South in Algeria, Kurmangazy and the Aday block in Kazakhstan, the Gudautsky area on the Abkhazian shelf of the Black Sea, and the Sharjah project in the UAE.

Testing was carried out in 2010 at wells TAKE-3 and TAKE-4 at the East Takuazet field, which is located in Block 245-South (the East and West Takuazet fields and the North Tisselit gas condensate field were discovered at the Block in previous years). A development plan for the fields was also completed.

Additional 2D seismic work (115 linear km) was carried out in the Kurmangazy project, and data were processed and interpreted. All available geological and geophysical information on the Aday block was analyzed.

A total of 1,378 square km of seismic work and 7,641 linear km of magnetic surveying was completed at the Gudautsky area.

Drilling work began on well SOC-1 as part of the Sharjah project. The work was suspended for technical reasons and the well was mothballed.



Algeria. Block
245-South. Drilling Rig

RESERVES



IN 2010, ROSNEFT CONFIRMED ITS STATUS AS THE WORLD'S LARGEST PUBLICLY TRADED OIL COMPANY BY LIQUID HYDROCARBON RESERVES

According to an audit by DeGolyer & MacNaughton, Rosneft's proved reserves by PRMS classification as of December 31, 2010 were 18,110 mln barrels of oil and 791 bln cubic meters of gas. The proved hydrocarbon reserve replacement ratio in 2010 was 106%. As of the end of 2010, Rosneft had reserve life of 25 years, of which 21 years for oil and 67 years for gas.

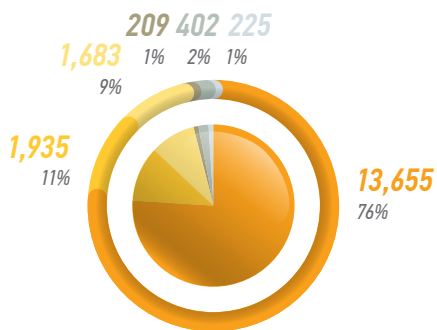
Company reserves are located both in traditional oil & gas producing regions (southern part of European Russia, Western Siberia, Central Russia) and in promising new regions (Eastern Siberia, the Far East, Timan-Pechora). About 75% of the Company's proved oil reserves are concentrated in Western Siberia, mainly in Khanty-Mansiysk Autonomous District, and about 11% are in Eastern Siberia. Western Siberia also contains about 84% of the Company's proved gas reserves, which are con-

centrated mainly in the Yamal-Nenets Autonomous District. Most of Rosneft's hydrocarbon reserves are conventional.

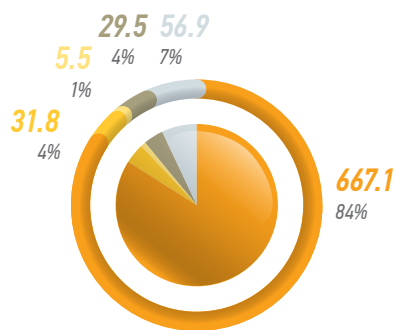
The Company also has large probable and possible reserves, which provide an excellent foundation for further growth of proved reserves. According to DeGolyer & MacNaughton, probable reserves of Rosneft by PRMS classification at the end of 2010 were 9,978 mln barrels of oil and 435 bln cubic meters of gas, while possible reserves were 8,256 mln barrels of oil and 379 bln cubic meters of gas.

Proved reserves of oil under SEC classification were 13,747 mln barrels and gas reserves were 247 bln cubic meters.

■ Proved oil reserves, PRMS (mln barrels, %)



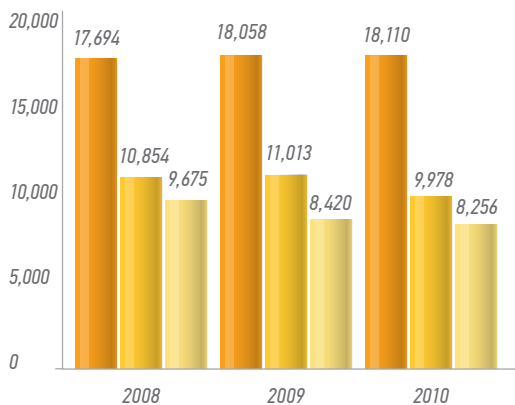
■ Proved gas reserves, PRMS (bcm, %)



- Western Siberia
- Eastern Siberia
- Central Russia
- Far East
- Timan Pechora
- Southern Russia

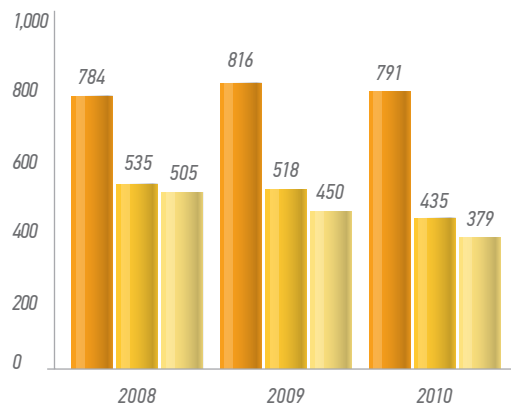
- Western Siberia
- Eastern Siberia
- Central Russia
- Far East
- Southern Russia

■ Oil reserves, PRMS (mln barrels)



- Proved
- Probable
- Possible

■ Gas reserves, PRMS (bcm)



- Proved
- Probable
- Possible

PRODUCTION



THE COMPANY PRODUCED 847.4 MLN BARRELS OF CRUDE OIL AND GAS CONDENSATE IN 2010 (INCLUDING 779.1 MLN BARRELS BY SUBSIDIARIES), WHICH IS 6.4% MORE THAN IN THE PREVIOUS YEAR

Company efforts in 2010 were focused on measures to optimize operating and capital expenses, achievement of production targets in the Vankor project, and implementation of programs 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 project (accounted on proportionate consolidation basis). In addition, Rosneft participates in four production joint ventures (accounted on equity basis). Yuganskneftegaz and Purneftegaz in Western Siberia, Vankorneft in Eastern Siberia and Samaraneftgaz in the central part of European Russia are Rosneft's most important production and

development units, collectively accounting for 83% of total crude oil production in 2010.

The Company produced 847.4 mln barrels of crude oil and gas condensate in 2010 (including 779.1 mln barrels by subsidiaries), which is 6.4% more than in the previous year. The increase was mainly driven by ramp-up of production at the Vankor field.

Output of natural and associated gas was 12.34 bln cubic meters in 2010, which is 2.7% lower than in 2009. Lower production reflects natural exhaustion of the resource base at fields in the Southern Federal District as well as unscheduled repairs to the Luginetskaya compressor station in Western Siberia.

Company efforts in 2010 were focused on cost control, improving operating efficiency of producing assets, and bringing existing hydrocarbon reserves into production. Upstream production and operating



Vankor field. Well protection cover

expenses increased by USD 339 mln in 2010 compared with 2009 to USD 2,208 mln (USD 2.83 per bbl produced) due to real rouble appreciation by 11.6% and crude oil production growth.

Production drilling by Rosneft subsidiaries (excluding the Sakhalin-1 project) was 2,726 th. meters in 2010. A total of 837 oil wells were completed and brought into production, which is 14% more than in 2009. Production from new wells was 87.1 mln barrels of oil and gas condensate and 0.8 bln cubic meters of gas. As of December 31, 2010 Rosneft subsidiaries had 17,571 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 average daily flow rate per new production well was 679 barrels, and the average flow rate for all production wells was 125 barrels, which is 10% more than in 2009. The increase reflects rising output at the Vankor field, where average flow rates per well in 2010 were 24 times higher than the average level for the Company.

Development costs of Rosneft's subsidiaries

totalled USD 6,618 mln, up 22% year-on-year. The reduction was primarily due to nominal appreciation of the rouble against the US dollar.

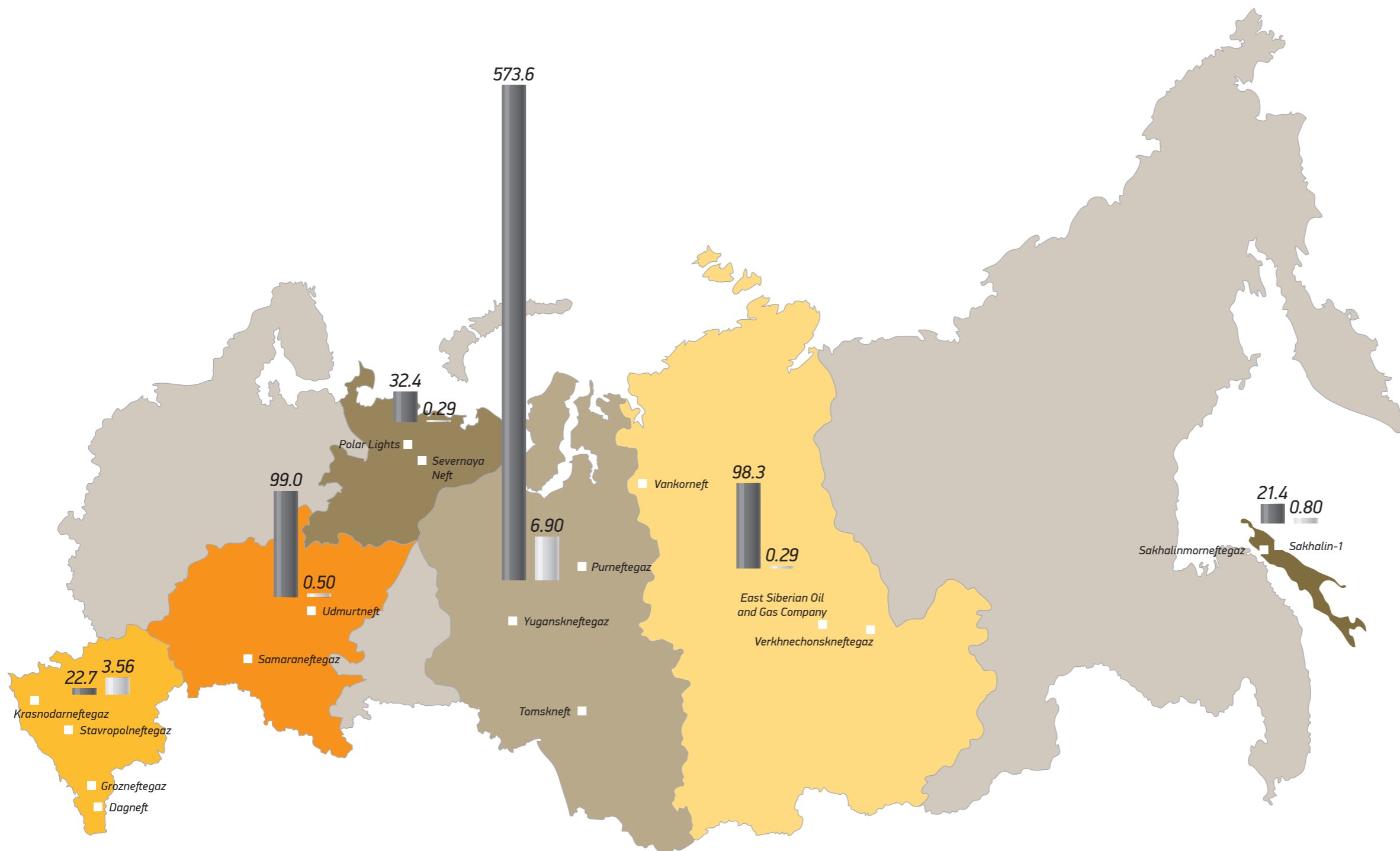
WESTERN SIBERIA

KHANTY-MANSIYSK AUTONOMOUS DISTRICT (KHMAD)

Khanty-Mansiysk Autonomous District (KhMAD) is Rosneft's main operating region, and the Priobskoye field located there accounts for 32% of the Company's proved oil reserves and 25% of its total production.

Rosneft continued to develop reserves in KhMAD during 2010. Production drilling by the Company in the region was 2,194 th. meters, exceeding the level in 2009 by 18.3%. The Company completed and commissioned 700 production wells in KhMAD and the average daily output from Rosneft's new wells in the region in 2010 was 439 barrels, which is nearly double the average for Russia. The average daily output at oil wells in the region which were already

ROSNEFT'S PRODUCTION REGIONS



PRODUCTION REGIONS

- Western Siberia
- Timan-Pechora
- Central Russia
- Southern European Russia
- Far East
- East Siberia

LEGEND

- Oil production, mln barrels
- Gas production, bcm

SHARE IN TOTAL PRODUCTION OF CRUDE OIL, %

Western Siberia	67.7%
Central Russia	11.7%
Eastern Siberia	11.6%
Timan-Pechora	3.8%
Southern Federal District	2.7%
Far East	2.5%

SHARE IN TOTAL PRODUCTION OF GAS, %

Western Siberia	55.9%
Southern Federal District	28.8%
Far East	6.5%
Central Russia	4.0%
Timan-Pechora	2.4%
Eastern Siberia	2.4%



D
*Western Siberia,
 KhMAD. Gas-turbine
 power station at the
 Priobskoye field*

operating in 2010, remained at the level of 2009 (162 barrels). The high productivity of wells and concentration of reserves enable successful control over unit production costs in KhMAD.

Total production by the Company at fields in the region was 483.2 mln barrels of oil and 2.6 bln cubic meters of gas (not including amounts that were flared off). That represents 57% and 21% of total Company output of oil and gas, respectively.

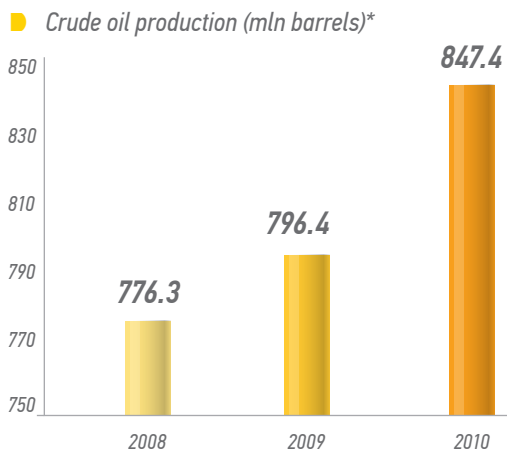
Most of the oil (57%) which was produced by Rosneft in KhMAD was exported. The remaining amounts were delivered to Company refineries, or provided to other Russian companies as part of swap operations.

YAMAL-NENETS AUTONOMOUS DISTRICT (YANAD)

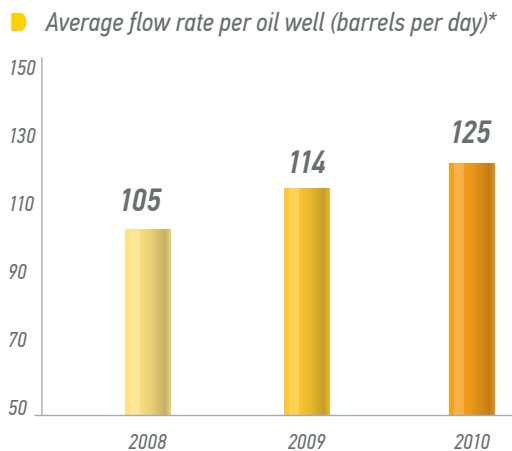
Rosneft operations in the Yamal-Nenets Autonomous District in 2010 were mainly focused on improving field development and operating systems. The Company gave special attention to issues of associated gas utilization in the reporting year.

Rosneft reserves in YaNAD are highly concentrated: more than 70% of oil & gas condensate reserves are at the Komsomolskoye, Tarasovskoye, Barsukovskoye, and Kharampurskoye fields. Such concentration is conducive to cost-efficient field development and production.

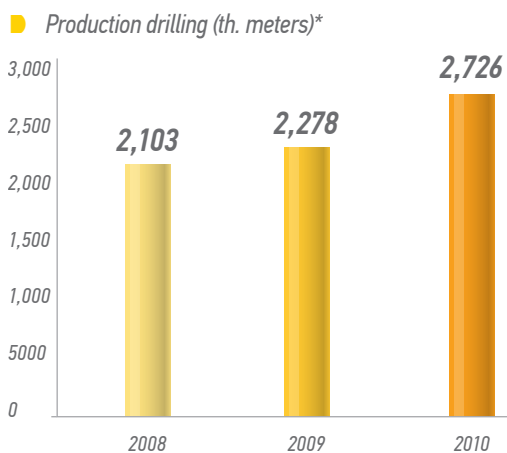
Production drilling in the region in 2010 was 84.7 th. meters, and 22 new production wells were completed and brought into operation. The Company produced 52.7 mln barrels of oil and gas condensate and 3.6 bln cubic meters of gas (not including



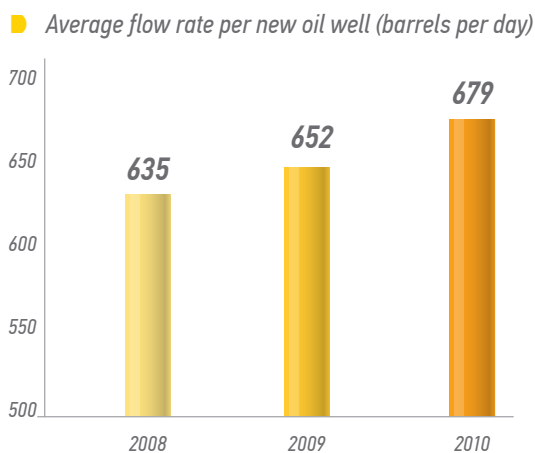
* Including share of production by affiliated companies.



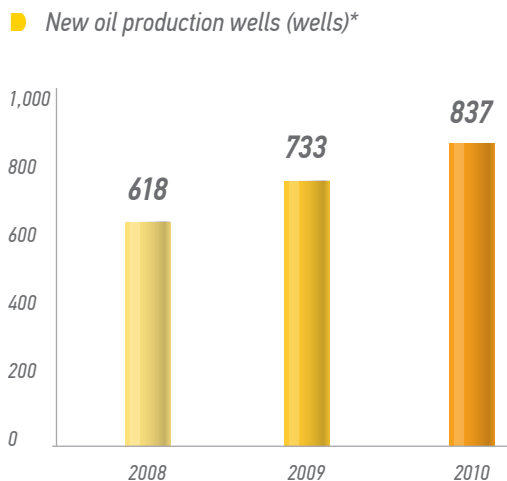
* Companies consolidated by Rosneft, excluding Sakhalin-1.



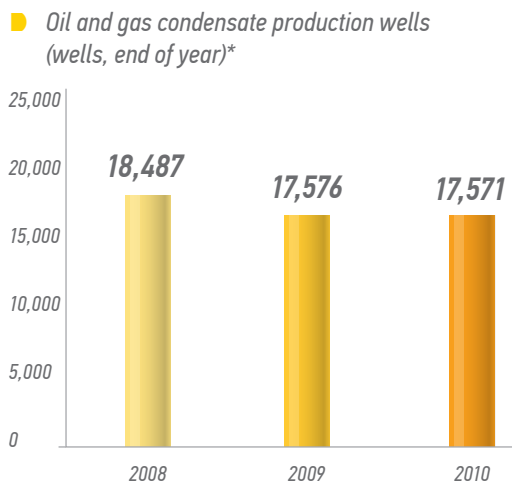
* Companies consolidated by Rosneft, excluding Sakhalin-1.



* Companies consolidated by Rosneft, excluding Sakhalin-1.



* Companies consolidated by Rosneft, excluding Sakhalin-1.



* Companies consolidated by Rosneft, excluding Sakhalin-1.

amounts flared off) in YaNAD during 2010. About 63% of the Company's oil production in YaNAD 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 71% of the Company's proved gas reserves and 29% of gas output in 2010. Implementation of programs to increase associated gas utilization at the Komsomolskoye field and fields of the Kharampurskaya group was continued in 2010, 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 by OJSC Tomskneft, which is owned on a parity basis by Rosneft and OJSC Gazprom Neft. Tomskneft operates several mature fields with watercut above 80% (Sovetskoye, Oleniye, Chkalovskoye, Nizhnevartovskoye, 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 2010 was 75.3 mln barrels of oil and gas condensate and 1.29 bln cubic meters of gas (the Rosneft share was 37.7 mln barrels and 0.65 bln cubic meters, respectively).

TIMAN-PECHORA

In the Timan-Pechora oil & gas province the Company subsidiary RN-Severnaya Neft is developing the Val Gamburtsev and Baganskaya group of fields, located in the Komi Republic and the Nenets Autonomous District. Production of oil and gas condensate in 2010 was 29.9 mln barrels and gas output was 0.3 bln cubic meters (not including amounts flared off).

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 2010 was 5.1 mln barrels of oil.

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 2010 was 21.4 mln barrels and gas production was 0.80 bln cubic meters. A decline of output compared with 2009 was due to natural exhaustion of reserves on Sakhalin Island as well as scheduled maintenance work in the Sakhalin-1 project.

Production began in 2010 at the Odoptu field as part of the Sakhalin-1 project. Launch of Odoptu will help to stabilize overall output from Sakhalin-1.

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 own license areas in the region is used to load the Komsomolsk refinery. All oil produced as part of the Sakhalin-1 project is exported, and gas from Sakhalin-1 is supplied to the Russian market (Khabarovsk Territory).

SAMARA REGION

In 2010 Company fields in Samara Region produced 75.8 mln barrels of oil and 0.5 bln cubic meters of gas (not including amounts flared off). Despite high levels of depletion at developed fields the region still has significant potential for expansion of the resource base and of production. A total of 17 new licenses for geological study, exploration and production of hydrocarbons in Samara Region were obtained in 2010. OJSC Samaraneftgaz has shown yearly increases of production since it became part of Rosneft. Growth of production in the reporting year was 2.7%. The geographical proximity of Samaraneftgaz fields to Russia's biggest oil refining center ensures the high economic efficiency of operations.

THE REPUBLIC OF UDMURTIA

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 the managing company is 51%. Output at the fields of Udmurtneft



Samara region.
Oil pumping unit

was kept constant in 2010 at the level in 2009 (46.8 mln barrels) thanks to application of the latest EOR methods.

NORTH CAUCASUS AND SOUTHERN FEDERAL DISTRICT

Rosneft is developing more than 150 oil & gas fields in the North Caucasus and Southern Federal District. Production capacities are located in Krasnodar Region, the Chechen Republic, Stavropol Territory and the Republic of Dagestan. This is the oldest oil producing region in Russia and its fields have the benefit of being located close to major Black Sea ports.

Production of oil & gas condensate in the region in 2010 was 22.7 mln barrels and gas output was 3.56 bln cubic meters. Both figures are lower than

in 2009, which reflects natural depletion of the resource base.

EASTERN SIBERIA

VANKOR FIELD

Commercial production at the Vankor field began in July 2009. So 2010 was the first full calendar year of production at the field. Output in 2010 was 92.9 mln barrels of crude oil, which is 3.5 times more than in 2009.

Intensive work continued during the year on drilling over and field construction at Vankor. Production drilling in 2010 was 301 th. meters and 71 new production wells were completed and brought into operation. There were 124 production wells in operation by the end of the year, and 19 well pads had been completed. Average daily flow per well

was 2,606 barrels, but the level was artificially constrained due to the limited capacity of existing oil treatment units. Work continued during the year on construction of main field installations, the most important of which is the central oil treatment facility. Completion of this unit will enable achievement of target production levels at the field.

Oil from Vankor is delivered to export. In 2010 a total of 39.3 mln barrels was delivered in a western direction and 50.2 mln barrels was delivered via the East Siberia — Pacific Ocean pipeline.

VERKHNECHONSK FIELD

The Verkhnechonsk field in Irkutsk Region, developed jointly by Rosneft and TNK-BP, entered commercial production in October 2008. Rosneft and TNK-BP concluded a shareholder agreement in November 2010, which gave Rosneft additional rights related to managing the Verkhnechonskneftegaz company. Oil production at the field in 2010 was 19.0 mln and the share of Rosneft was 4.9 barrels or 25.94%. A total of 44 new oil wells were brought into operation during the year, and the number of wells in production at the end of the year was 88.

All oil from Verkhnechonsk was sent to export via the Eastern Siberia — Pacific Ocean pipeline.

YURUBCHENO-TOKHOMSKOYE FIELD

Work began in 2010 on construction of pilot

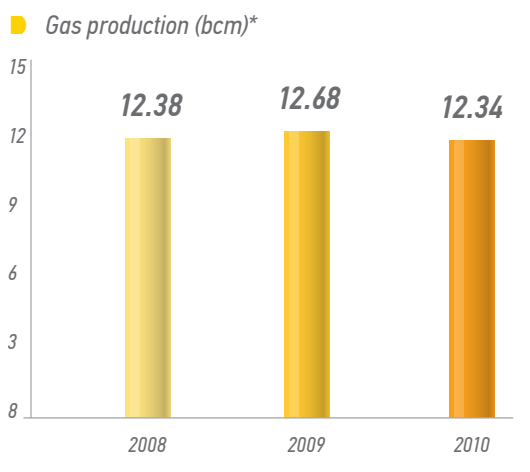
production wells at the first section of the field in order to finalize technology for drilling, commissioning and operation of new well types (horizontal and inclined). Final decisions on technical aspects of field development will be taken based on results of this work. Seasonal oil production in 2010 for the Company's own needs and the needs of nearby communities was provided as part of the pilot project. Full-scale development of the field will only be possible if a special tax regime is put in place, since large investments are needed to address its complex geology and remoteness from transport infrastructure.

Rosneft plans to develop the field in several stages, beginning with production drilling at the first section of the field, construction of field infrastructure, and building of a 600-km pipeline to Taishet (the start point of the ESPO pipeline).

PROGRAM FOR ASSOCIATED GAS UTILIZATION

During the reporting year Rosneft pursued its program for increasing the rate of utilization of associated gas. The first section of a gas treatment unit with annual capacity of 600 mln cubic meters was installed at the Priobskoye field to supply the Priobskaya Gas-turbine Power Station. Completion of Compressor Station №2 with 1 bln cubic meter capacity is scheduled in 2011 at the part of the field on the right bank of the Ob river, and the second section of the gas treatment unit is also planned to be built in 2011. These projects should be completed by December 2011, and will increase the rate of associated gas utilization at the Priobskoye field to 95%, compared with 58% in 2010.

Work continued during 2010 on installation of infrastructure for associated gas use at the Kharampurskaya field group and the Komsomolskoye field in Yamal-Nenets Autonomous District. The work is being carried out in accordance with agreements on sale of Emission Reduction Units (ERUs)¹ 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 projects obtained an important approval in 2010 from the Russian Ministry of Economic Development.



* Including share of production by affiliated companies. Production volume equals extracted volume less flared volume.

1. 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).



D
*Eastern Siberia.
Yurubcheno-
Tokhonskoye field*

REFINING



IN 2010 ROSNEFT FOCUSED ITS EFFORTS ON MODERNIZATION OF EXISTING REFINERY CAPACITIES AND INCREASE OF REFINING VOLUMES, PAYING PARTICULAR ATTENTION TO COST OPTIMIZATION

Company refineries, including mini-refineries, processed 50.5 mln tonnes (369.4 mln barrels) of oil in 2010, which is 1.3% more than in 2009. Throughput increased at all Company refineries, with the exception of Tuapse and Kuibyshev. Utilization of refining capacity was 99% and light product yield was 55.8%. Overall output of petroleum products rose to 47.9 mln tonnes, including outputs from the Angarsk Polymer Plant and the Novokuibyshevsk Oils and Additives Plant.

Capital expenditures at Rosneft refineries in 2010 were USD 1,456 bln, up by 2.3 times from USD 635 mln in 2009.

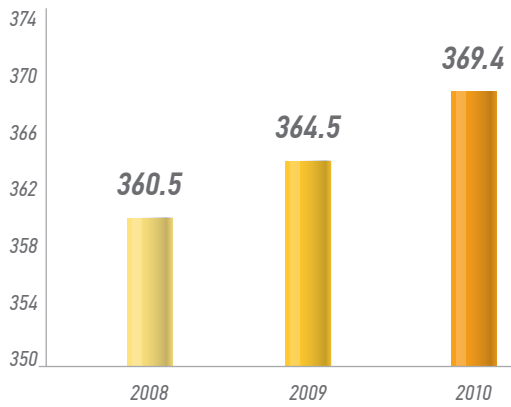
KOMSOMOLSK REFINERY

The Komsomolsk Refinery processed 7.76 mln tonnes of crude oil in 2010, which is 6.3% more than in 2009. Capacity was fully loaded and petroleum product output was 7.56 mln tonnes.

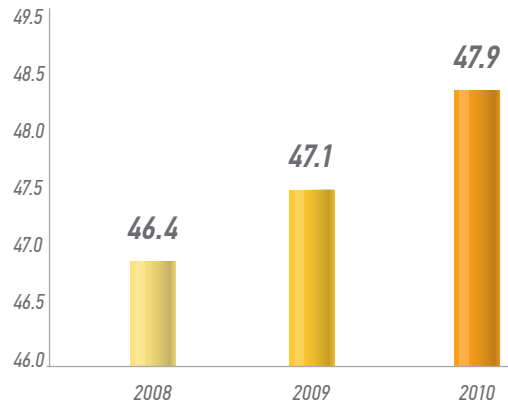
Cost cutting measures were implemented at the Refinery in 2010, and results included reduction of fuel consumption from 2.8% of overall refinery throughput in 2009 to 2.7% in the reporting year.

Construction work was carried out on a delayed coking facility, scheduled for commissioning in mid-2011. The new facility will increase refining depth to 75% from 60.2% in 2010. Design work continued for a hydrocracking complex, which will raise refining depth to 95% and enable production of class-4 and -5 motor fuels.

■ Refinery throughput (mln barrels)



■ Petroleum and petrochemical product output (mln tonnes)

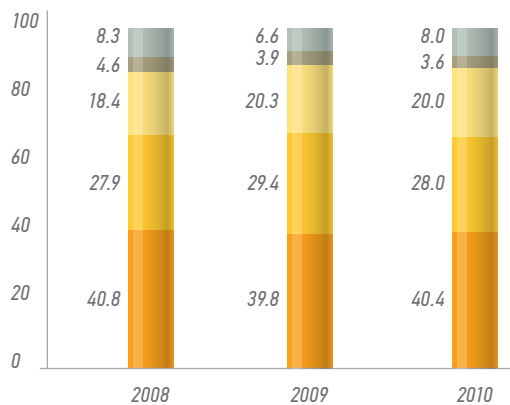


* Not including heavy fractions, which mini-refineries return to the Transneft system.



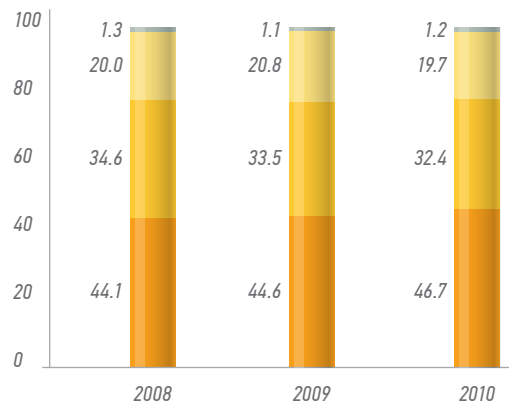
■ Samara Region. A unit for hydrogen production at the Kuibyshev Refinery

■ Structure of petroleum product output at Komsomolsk Refinery (%)



● Fuel oil
● Diesel
● Gasoline
● Jet fuel
● Other

■ Structure of petroleum product output at Tuapse Refinery (%)



● Fuel oil
● Diesel
● Gasoline
● Other

The work was carried out on upgrade of catalytic cracking facility to comply with requirements of the Government's Technical Regulations for fuel quality.

TUAPSE REFINERY

Work continued in the reporting year on expansion of throughput capacity at the Tuapse Refinery to 12 mln tonnes per year. New primary refining facilities were in the process of installation (desalter and atmospheric-vacuum distillation unit, ELOU-AVT-12, with a section for hydrotreatment of naphtha), as well as general refinery facilities. Work also continued on project documentation and selection of equipment for the secondary refining complex.

Crude throughput at the Refinery in 2010 was 4.51 mln tonnes, which is 13.5% less than in 2009. The reduction was due to shut-down of one of the distillation units in the second quarter as part of upgrading work. Capacities were fully loaded in 2010 and petroleum product output was 4.42 mln tonnes. Refining depth in 2010 was 52.9%.

NOVOKUIBYSHEVSK REFINERY

The Novokuibyshevsk Refinery processed 7.61 mln tonnes of oil in 2010, which is 3.1% more than in 2009. Output of saleable petroleum products,

including production by the Novokuibyshevsk Oils and Additives Plant, was 7.16 mln tonnes. Refining depth was 69.5%.

Steps were taken in 2010 to reduce irretrievable refining losses and fuel use. Losses were reduced from 1.2% to 1.1% of total refining volumes and fuel use was cut from 7.8% to 7.3%.

Work was completed on modernization of the existing isomerization unit and construction of a unit for separation of benzol fractions. As a result the Refinery will significantly increase output of engine fuels with higher quality and lower environmental impact in 2011.

Project documentation was prepared for a new catalytic reforming unit with continuous catalyst regeneration, a hydrocracking complex, and the second section of the isomerization complex. Project work was also carried out for rebuilding of a delayed coker. Depreciated catalytic cracking and reforming units will be taken out of use when the modernization programme is completed.

KUIBYSHEV REFINERY

The Kuibyshev Refinery processed 6.67 mln tonnes of crude oil in 2010, equaling the level in 2009. The Refinery produced 6.21 mln tonnes of saleable petroleum products and refining depth was 56.8%.

Construction work on the new fluid catalytic cracker continued in 2010. Principal equipment for the facility was delivered: the reactor, regenerator, and main fractionation column. Capacity expansion of the visbreaker was completed at the end of the year. Work continued on a block for separation of benzol fractions, and design work for an isomerization unit was begun.

A wet-catalysis unit for production of sulfuric acid was completed in 2010. Its commissioning will reduce pollution levels in the area around the Refinery.

Work continued on construction of a fluid catalytic cracking complex and a new unit for hydrotreatment of diesel fuel. Completion of these projects will enable production of high-quality fuels meeting class-4 and -5 standards.

SYZRAN REFINERY

The Syzran Refinery processed 6.53 mln tonnes of oil in 2010, which is 2.1% more than in 2009, and produced 6.12 mln tonnes of saleable products. Refining depth was 65.2%.

Work continued to reduce irretrievable refining losses and fuel use. Losses were reduced to 0.97% of total refining volumes from 1.12% in 2009.

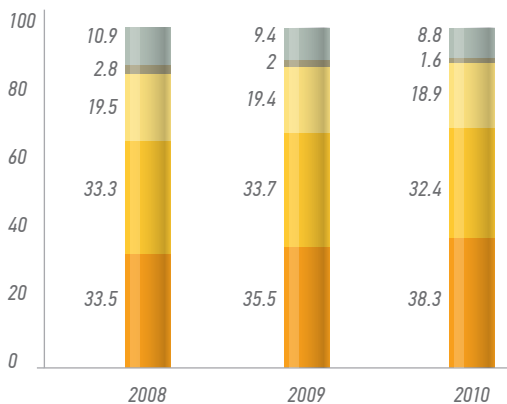
Construction of the isomerization unit was completed in the reporting year and testing-and-commissioning work on the unit was begun. A unit for separation of benzol fractions was brought into operation on the reforming unit. The new facilities will enable the Syzran Refinery to produce automotive gasoline that meets the requirements of the Government's Technical Regulations.

ACHINSK REFINERY

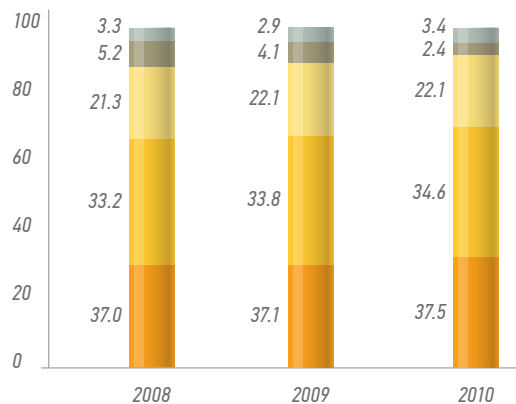
The Achinsk Refinery processed 7.46 mln tonnes of crude oil in 2010, which is 5.1% more than in 2009. The increase was due to changeover of the Refinery to a two-year operating cycle. Output totaled 7.14 mln tonnes of saleable products, and refining depth was 62.4%. Capacity load was in excess of 100%. Following launch of an isomerization unit in 2007 Achinsk produces the largest quantity of class-3 and -4 automotive gasoline among Rosneft refineries. Measures were taken in 2010 to reduce irretrievable refining losses and levels of fuel use. Losses were cut from 4.3% to 4.2%.

There was further work in 2010 on a complex development project at the Refinery, targeting an increase in light product yield and compliance with requirements of the Government's Technical

■ Structure of petroleum product output at Samara group of refineries (%)*



■ Structure of petroleum product output at Achinsk Refinery (%)



- Fuel oil
- Diesel
- Gasoline
- Jet fuel
- Other

* Including the Novokuibyshevsk Oils and Additives Plant.

Regulations. Refinery outputs will meet class-5 fuel standards as a result of the work, which includes installation of delayed coking and hydrocracking units, a second stage of the isomerization unit, and a new reforming unit to replace the existing one. Design work was carried out in the reporting year, orders were placed for main equipment and the construction site was prepared.

ANGARSK PETROCHEMICAL COMPANY

The Angarsk Petrochemical Company processed 9.71 mln tonnes of crude oil in 2010, which is 1.9% more than in 2009. Saleable products totaled 9.04 mln tonnes (including output from the Angarsk Polymer Plant) and refining depth was 75.5%.

Measures were taken in 2010 to reduce irretrievable refining losses and levels of fuel use. Losses were brought down to 0.71% from 0.96% in 2009.

A complex modernization programme for compliance with the Government's Technical Regulations on fuels went ahead in 2010, and construction work on the new isomerization complex was completed, representing the first step for increasing output of high-quality automotive gasoline. Design documentation was prepared and MTBE and alkylate units were put in place to meet Refinery needs for high-octane additives.

Design work continued on units for the diesel fuel hydrotreatment complex, and design documents for the project obtained government expert approval. Work began on base design of a unit for hydrotreatment of catalytic cracking gasoline using catalytic distillation technology.

Completion of these projects will enable the Angarsk Petrochemical Company to produce high-quality fuel to class-4 and -5 standards.

ANGARSK POLYMER PLANT

The Angarsk Polymer Plant processed 703,500 tonnes of inputs and produced 442,800 tonnes of saleable products in 2010, of which 113,400 tonnes of ethylene, 63,700 tonnes of propylene, 71,000 tonnes of high-density polyethylene, 20,200 tonnes of styrol, 13,500 tonnes of polystyrene, 37,400 tonnes of benzene, and others.

A modernization programme began at the Plant in 2010. Rosneft paid advances for licenses and ordered basic design of new facilities.

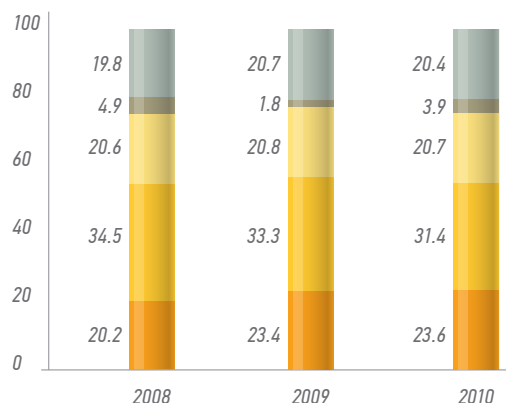
PRODUCTION OF LUBRICANTS

The Company's lubricant plants produced 580,600 tonnes of lubricants, additives and other related products in the reporting year, which is 7.8% more than in 2009. Output of saleable lubricants was 466,600 tonnes. Rosneft was the second-largest producer of lubricants in Russia in 2010.

The Novokuibyshevsk Plant began production of Rosneft Optimum SG/CD engine oils (SAE 10W-30, 10W-40, 15W-40) in 2010, using its own additives. The products have been approved by the leading Russian car manufacturer, OJSC AvtoVAZ and by the Russian Association of Automotive Engineers.

Rosneft also began production of an anti-wear additive to diesel fuel under the Complexal-EKO D brand. The additive passed full-scale testing at the APL-Landau independent test center in Germany, and additional tests have been carried out for compatibility with bio-fuel. The additive has been declared compatible with bio-components, which creates potential for export sales.

■ Structure of petroleum product output at Angarsk Petrochemical Company (%)*




● Fuel oil
● Diesel
● Gasoline
● Jet fuel
● Other

* Including production at the Angarsk Polymer Plant.

GAS PROCESSING

The Company's Neftegorsk and Otradnensky gas-processing plants processed 369 and 386 mln cubic meters of associated gas, respectively, in 2010, representing a total increase of 3.9% compared with 2009. The plants produced 402 mln cubic meters of dry stripped gas, 389,000 tonnes of light hydrocarbon fractions, 100,500 tonnes of ethane fraction and 3,400 tonnes of sulfur. A complex program for modernization of gas-processing plants was approved in 2010.



 Rosneft lubricants

MARKETING



ROSNEFT IS FOCUSED ON MAXIMIZING THE PROFITABILITY OF CRUDE OIL, GAS AND PETROLEUM PRODUCT SALES BY INCREASING THE SHARE OF SALES TO END-USERS

Margin gains are also achieved by expansion of the marketing network and improvement of its efficiency.

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 extensive wholesale infrastructure as well as a filling station network, enabling large amounts of Company output to be sold via retail and small wholesale channels.

CRUDE OIL SALES

Rosneft supplies its crude oil output to its own refineries and sells it on the international market, in CIS countries and in Russia.

Rosneft delivered 50.5 mln tonnes (369 mln barrels) of oil to its own refineries in 2010, representing an increase of 1.3% compared with 2009. The Company continued to use swap operations with other producers in 2010 in order to optimize the costs of transporting crude to refineries. The volume of such operations in 2010 was about 5.3 mln tonnes (38.5 mln barrels).

Rosneft sold 62.0 mln tonnes (453.8 mln barrels) of crude oil in 2010 (excluding swap operations), of which 1.2 mln tonnes (8.8 mln barrels) were sold on the domestic market and 60.8 mln tonnes (445.0 mln barrels) were exported. Export deliveries



Arkhangelsk Region. Tank farm of RN-Arkhangelsknefteprodukt in the town of Kotlas

increased by 8.0% compared with 2009, due to higher output of crude.

In 2010, the Company exported 40.6 mln tonnes (296.8 mln barrels) of oil to Europe and 3.35 mln tonnes (24.5 mln barrels) to CIS countries. Deliveries to Asia-Pacific countries were 16.9 mln tonnes (123.6 mln barrels), which is 1.6 times more than in 2009.

Growth of exports to Asia-Pacific markets reflects completion in December 2009 of the first stage of the Eastern Siberia – Pacific Ocean pipeline, as far as the Skovorodino station in Amur Region. Oil is loaded into rail tanks at Skovorodino and delivered to the sea terminal at Kozmino, from where it is exported to countries in the Asia-Pacific region. These export deliveries are sourced from the Vankor and Verkhnechonsk fields in Eastern Siberia. Rosneft pays the pipeline transporter, Transneft, a single tariff, which includes both pipeline and railway components. The tariff levels, which

are applied, make deliveries of Vankor oil to the east and the west equally efficient.

The reporting year saw formation of a new market in Kozmino and establishment of a new ESPO (Eastern Siberia – Pacific Ocean) crude oil brand. Main players on the new market are regional oil companies and international companies from China, Japan and Korea, as well as large international oil companies and traders. ESPO prices are linked to prices for its main competitor – Dubai crude from the Middle East. Oil shipments from Kozmino use tankers with deadweight of 100,000 tonnes and take 2-3 days, which is considerably quicker than transportation from the Middle East and makes ESPO crude more attractive to buyers. Rosneft deliveries via Kozmino in 2010 were 7.5 mln tonnes (54.5 mln barrels). The average premium for ESPO in comparison with Urals crude was USD 0.8 per barrel during 2010.

China is the biggest importer of Rosneft oil. Deliveries by the Company to that country in 2010 were 9.5 mln tonnes (69.3 mln barrels), as prescribed by agreements dating from 2005. Crude oil was transported mainly by railway. New long-term agreements were reached in 2009 on annual delivery to China of 15 mln tones (110 mln barrels) of oil per year in the period from 2011 to 2030. For purposes of these deliveries a pipeline was completed in November 2010 from Skovorodino in Russia to Daqing in China. Use of the pipeline for agreed oil deliveries began in January 2011.

Most of Rosneft's export deliveries are via Transneft transport capacities, including export pipelines and ports such as Primorsk, Novorossiysk and Kozmino. Rosneft also has its own crude oil export capacities: a portion of Company oil produced at fields in Timan-Pechora is delivered to export via the Rosneft transshipment complex at Arkhangelsk, and oil produced in the Sakhalin-1 project is exported via the port of De-Kastri in the Far East.

Rosneft export deliveries of crude oil and gas condensate used the following transport routes in the reporting year:

- sea terminals at Primorsk, Novorossiysk, Tuapse, Yuzhny, South Ozereevka (CPC), the Belokamenka floating storage unit, De-Kastri and Kozmino (325.3 mln barrels);
- railroad to China including combined 'pipeline and rail' routes (65.3 mln barrels);

- pipelines to Belarus, Ukraine, Poland, Germany, Kazakhstan and China (63.2 mln barrels).

PORT OF DE-KASTRI

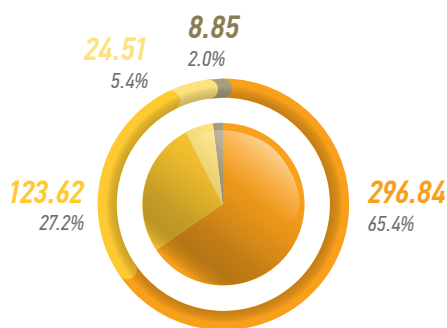
De-Kastri is one of the biggest ports in the Far East and provides efficient export deliveries of crude oil to the Asian market. The export terminal with 12 mln tonnes (88 mln barrels) capacity belongs to the Sakhalin-1 project consortium, in which Rosneft has a 20% stake. A total 1.4 mln tonnes (10.3 mln barrels) of oil were dispatched by Rosneft through De-Kastri in 2010.

ARKHANGELSK AND BELOKAMENKA

The Arkhangelsk oil loading terminal and Belokamenka floating storage unit, located in the Russian North West, are 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, transported 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 shipped to export from the reservoirs at Belokamenka. This arrangement enables the Company to overcome shortages of available pipeline capacity in the North West of Russia.

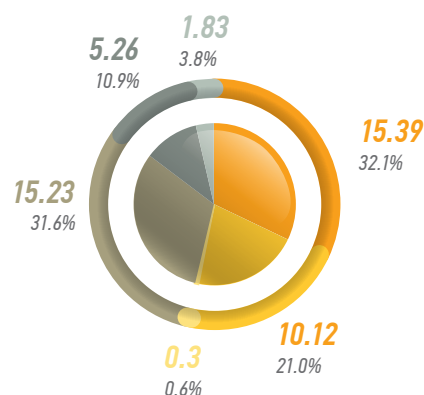
Annual oil transshipment capacity at Belokamenka is 12 mln tones (88 mln barrels). Rosneft

■ Crude oil sales in 2010 (mln barrels; %)



- Europe
- Asia-Pacific
- CIS
- Domestic

■ Petroleum product sales (mln tonnes; %)



- Europe
- Asia-Pacific
- CIS
- Domestic wholesale
- Domestic retail
- Bunkering

exported 0.3 mln tonnes (2.1 mln barrels) of its own oil through the Arkhangelsk - Belokamenka system during 2010. The system was also used for transshipment of 7.2 mln tonnes (52.7 mln barrels) of third-party crude oil.

CASPIAN PIPELINE CONSORTIUM

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

Rosneft has participated in the CPC project since 1996 via the joint venture Rosneft Shell Caspian Ventures Ltd, which holds a 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 2010 the Company delivered about 6.4 mln tonnes (47 mln barrels) of oil and gas condensate through the pipeline.

GAS SALES

The Company sold 9.8 bln cubic meters of gas in 2010. Of the total 4.5 bln cubic meters were delivered to gas-processing plants, 3.8 bln were taken by industrial enterprises, and the remainder was sold to households.

PETROLEUM PRODUCT SALES

Rosneft owns a developed infrastructure for the sale of petroleum products on the domestic and international markets. The Company sold 48.13 mln tonnes of petroleum products in the reporting year, which is 3.9% more than in 2009. Growth of sales volumes was due to an increase in refinery throughputs. The Company also sold 0.74 mln tonnes of petrochemical products, which is a 12.1% increase compared with 2009.

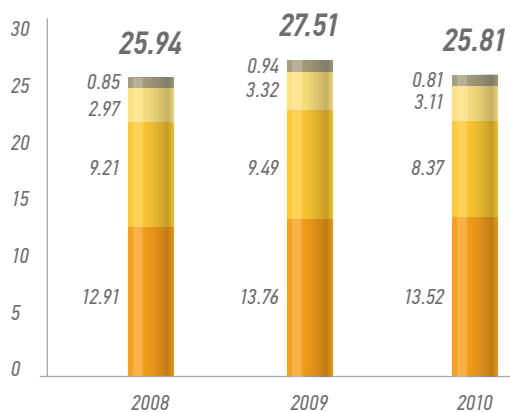
PETROLEUM PRODUCT EXPORTS

Rosneft exported 25.81 mln tonnes of petroleum products in 2010 (including products bought from



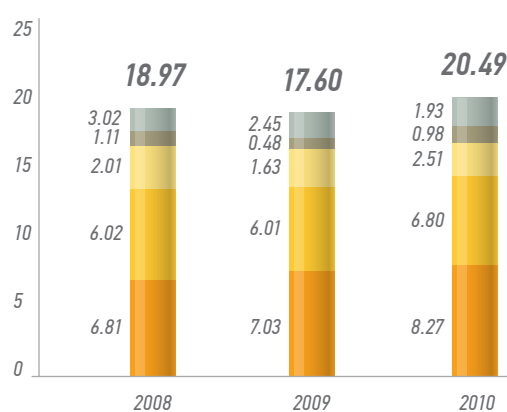
D
Murmansk Region.
Belokamenka floating
storage unit

■ **Export sales of petroleum products (mln tonnes)**



● Fuel oil
● Diesel
● Naphta
● Other

■ **Domestic sales of petroleum products (mln tonnes)**



● Diesel
● Gasoline
● Fuel oil
● Jet Fuel
● Other

other producers, but excluding bunkering business), which is 6.2% less than in 2009. Lower export volumes were due to a recovery in domestic demand. Exports accounted for 53.6% of total product sales. The Company delivered 25.51 mln tonnes of products (98.8% of total exports) to non-CIS countries and 0.3 mln tonnes to CIS countries. Fuel oil was 52% of total product exports, 32% was diesel fuel and 12% was naphta.

Railroad transportation was used for the largest part of product exports (18.0 mln tonnes or 68.1% of the total). Pipeline transport was used to export 1.1 mln tonnes. The rest was exported through the Tuapse terminal and by rivers.

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

Deliveries of Company products through Nak-

hodka in 2010, including bunkering for export and the domestic market, amounted to 6.9 mln tonnes.

Tuapse Terminal

The Tuapse Terminal, with 10.2 mln tonnes annual capacity for petroleum product handling, is located on the Black Sea coast, immediately adjacent to the Tuapse Refinery. The Terminal is used for export of products from the Tuapse and Achinsk refineries and the Samara group of refineries. Use of the Terminal substantially enhances the efficiency of Rosneft product sales.

Deliveries of Rosneft petroleum products via the Tuapse Terminal in 2010 (including deliveries of bunker fuel to the domestic market and export) were 6.8 mln tonnes, and the figure including transshipment of third-party products was 9.6 mln tonnes.

The program for expansion and modernization of the Terminal was continued in 2010. Annual capacity is to be increased to 17 mln tonnes, allowing the Terminal to handle growing export flows from the Tuapse Refinery (output at the Refinery 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 20.49 mln tonnes of petroleum

products on the domestic market in 2010, which is 16% more than in 2009. The growth reflects recovery of the domestic market after the financial crisis. Gasoline accounts for 33% of petroleum product sales on the domestic market, while 40% of sales are diesel fuel, 12% are fuel oil, and jet fuel accounts for 5%.

Wholesale

Sales of petroleum products on the domestic wholesale market were 15.23 mln tonnes in 2010. 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). The main product types delivered to these buyers are boiler fuel, diesel and jet fuel.

The Company has prioritized development of trading via commodity exchanges as a way of raising the efficiency and transparency of its marketing business. The full range of Company petroleum products, as well as petrochemicals and lubricants, is offered for exchange sale. The Company sold 3.4 mln tonnes of petroleum products via the Saint Petersburg International Commodity Exchange and Russian Inter-Regional Oil & Gas Trading Exchange in 2010, which is three times more than in 2009 and represents 17% of total sales on the domestic market. From February 2010 Rosneft switched to sale of most of the wholesale volumes of petroleum products to third parties via commodity exchanges. Rosneft is the biggest Russian seller of petroleum products via commodity exchanges.

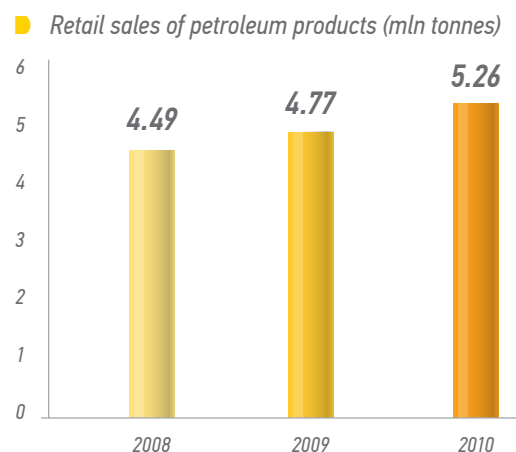
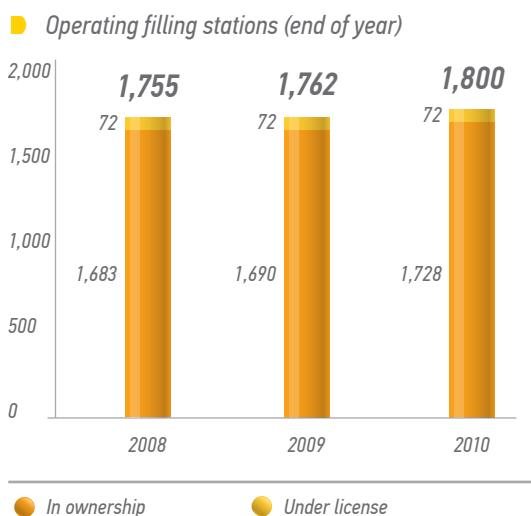
In 2010 Rosneft continued to diversify its wholesale geography: the Company entered the wholesale product market of Ingushetia.

Retail sales

Rosneft had retail business in 41 regions of Russia at the end of 2010, from Murmansk in the north to the North Caucasus in the south, and from Bryansk in the west to Sakhalin Island in the east. Rosneft sells gasoline, diesel fuel and lubricants through its retail network. As of December 31, 2010, Rosneft marketing subsidiaries owned 142 operating tank farms with capacity of 2.7 mln cubic meters. The Company's network of operating filling stations consisted of 1,728 stations in ownership or leased, and 72 stations operating under the Rosneft brand through franchising agreements. Owned and leased filling stations were equipped with 124 car washes, 953 shops and 107 cafes. There were small-scale vehicle repair and servicing facilities at 91 of Rosneft's filling stations.

Demand for petroleum products from retail consumers revived in 2010, boosting product sales at Company filling stations by 10% to 5.26 mln tonnes. Sales growth was also due to an increase in the number of stations under Rosneft ownership. Average daily product sales per station were 8.7 tonnes, which is 9% more than in 2009.

Rosneft pursued work on optimization of its retail business, withdrawing inefficient filling stations and tank farms, acquiring and building stations with high efficiency, and upgrading and rebranding existing outlets. The Company sold,





Smolensk Region.
Filling station of
Smolensknefteprodukt

closed or mothballed 16 stations in the course of the year, while 33 new stations were built and 66 were refurbished.

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 on promising markets in Moscow, Saint Petersburg and other Russian largest cities.

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 Olympic 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 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 will be built. Studies for the project were carried out in 2010 and construction work began on a number of Olympic filling stations.

BUNKERING

Bunkering business is carried out through the Company subsidiaries RN-Bunker LLC and Rosneft Marine UK Ltd., and extends to all main Russian bunkering regions as well as several areas outside Russia (the Baltic, Mediterranean, Far East, Pacific and Atlantic Oceans).

Rosneft sold 1.83 mln tonnes of bunker fuel in 2010, which is 53% more than in 2009. Fuel quality is in compliance with Russian standards and with ISO 8217:2010.

Rosneft continued to strengthen its presence on main bunkering markets in Russia during 2010. The Company strengthened its leading positions in the new Far East port of Kozmino, and continued supplying contractors in the Sakhalin-1 and Sakhalin-2 projects. Fuel transshipment was organized in the port of Vanino in order to minimize logistics costs.

In 2010 Rosneft set up bunkering stations at river ports in Moscow and Saint Petersburg, and also devised a system for winter deliveries of fuel to the river port in Yaroslavl, which freezes over during the winter.

AIRCRAFT REFUELING

Rosneft aircraft refueling services are provided through a subsidiary, RN-Aero, and extend to nearly all regions of Russia, thanks to the wide 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, Turukhan, Moskovia, Donavia, Rusline AK, Rossiya, Ural Airlines, Abakan Avia, RusLine, Aerologic, and others. Sales of jet fuel under direct contracts totaled 497,000 tonnes in 2010, which is 19% more than in 2009.

Rosneft continued to offer 'into-plane' refueling services in 2010 at airports serving Mineralnye Vody, Elista, Krasnoyarsk, Irkutsk, Blagoveshchensk, and Igarka, and started to provide this service at Komsomolsk-on-Amur and at the Vankor and

Verkhnechonsk fields. Into-plane refueling volumes in 2010 were 79,260 tonnes, which is more than double the amount in 2009.

LUBRICANT SALES

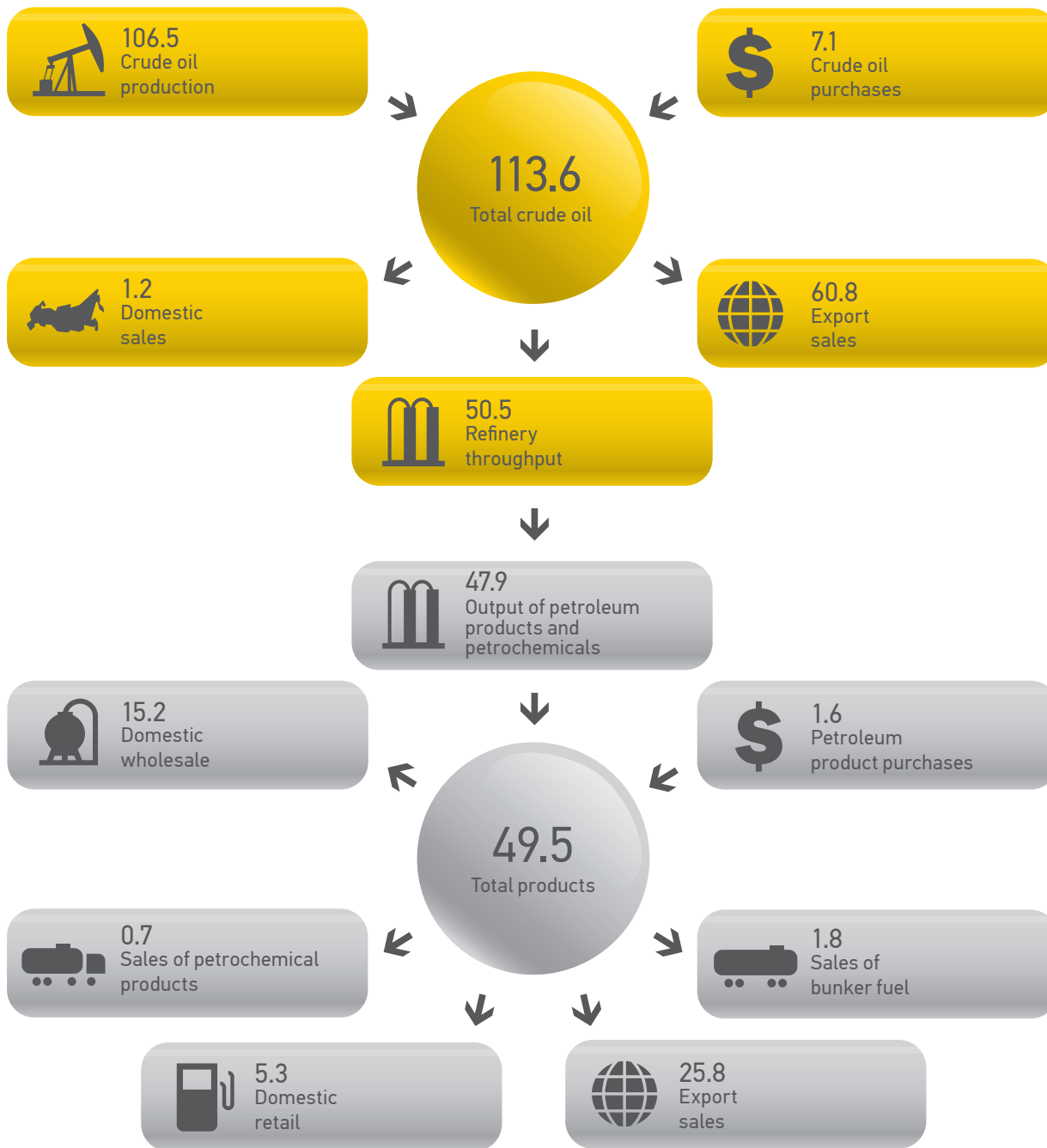
Rosneft sold 585,000 tonnes of lubricants and related products in 2010, including 313,000 tonnes on the domestic market. The Company's market share in Russia in 2010 was 19%. Sales of Rosneft branded and packaged lubricants were 7,500 tonnes, which is 19% more than in 2009.

Lubricants from the Novokuibyshevsk Oils Plant have been supplied to facilities of the leading Russian car maker AvtoVAZ since June 2010 under an agreement with Rosneft. Monthly supplies at the end of 2010 were 1,000 tonnes of industrial lubricants, quench oil and engine oils, making Rosneft the principal supplier of lubricants for AvtoVAZ manufacturing.



D
A shop at a filling station of Rosneft

Product flows of Rosneft consolidated entities, mln tonnes



The difference between 'Total crude oil' and its distribution equals the sum of losses, intra-group consumption and change in stocks.

The difference between 'Refinery throughput' and 'Output of petroleum products and petrochemicals' equals losses during dehydration and desalination, fuel consumption, irretrievable refining losses, and change in semi-finished product stocks.

The difference between 'Total products' and their distribution equals the sum of intra-group product consumption, losses and change in stocks.



D
*Tank farm of
Arkhangelsknefteprodukt*

KEY MACROECONOMIC FACTORS

Main macroeconomic factors affecting Rosneft's results 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);

CRUDE OIL AND PETROLEUM PRODUCT PRICES

World crude oil prices are highly volatile and fluctuate depending on the global balance of supply and demand and on numerous speculative factors. Brent price was fluctuating around USD 75 per barrel in the first nine months of 2010 and increased to USD 94 per barrel by the end of the year following faster than estimated recovery of demand after the

financial crisis, weakening of the USD and other factors. As a result average crude oil price in 2010 was 29% higher compared with 2009.

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. Crude oil exported via East Siberia — Pacific Ocean pipeline is sold at a special price which is linked to the price for Dubai grade.

Russian domestic market prices for 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.

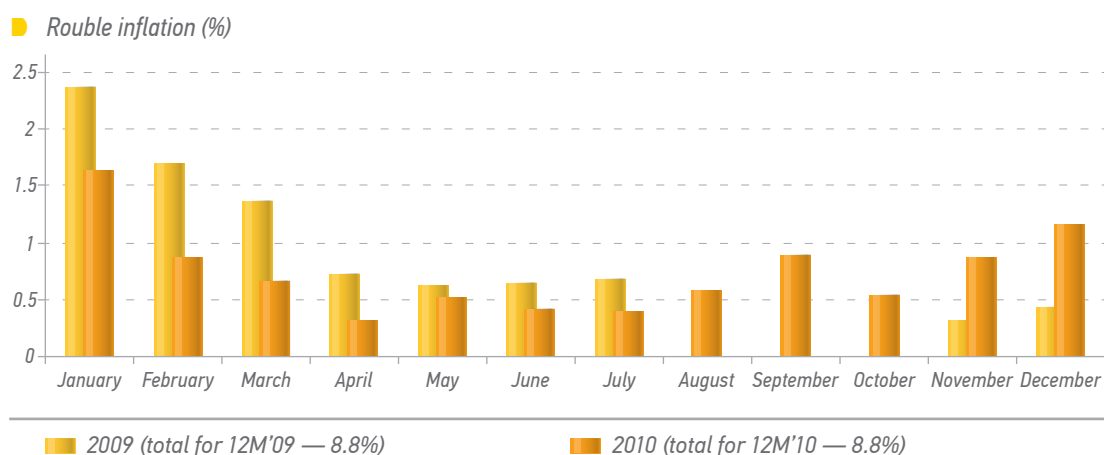
2008	Crude oil and petroleum product prices	2009	2010	% change
<i>INTERNATIONAL MARKET (USD PER BARREL)</i>				
96.99	Brent (dated)	61.51	79.47	29.2%
94.52	Urals (average CIF Med and NWE)	61.01	78.25	28.3%
92.27	Urals (FOB Primorsk)	59.51	76.74	29.0%
91.74	Urals (FOB Novorossiysk)	59.60	76.76	28.8%
93.80	Dubai-Oman	61.80	78.16	26.5%
<i>INTERNATIONAL MARKET (USD PER TONNE)</i>				
769.51	Naphtha (av. FOB/CIF Med)	520.59	698.44	34.2%
788.34	Naphtha (av. FOB Rotterdam/CIF NWE)	531.19	710.85	33.8%
826.51	Naphtha (CF Japan)	553.36	723.86	30.8%
463.20	Fuel oil 3.5% (av. FOB/CIF Med)	348.63	442.26	26.9%
457.39	Fuel oil 3.5% (av. FOB Rotterdam/CIF NWE)	344.00	440.79	28.1%
510.97	High sulphur fuel oil (FOB Singapore)	370.76	470.35	26.9%
932.45	Gasoil 0.1% (av. FOB/CIF Med)	520.65	672.29	29.1%
923.56	Gasoil 0.1% (av. FOB Rotterdam/CIF NWE)	518.92	671.84	29.5%
888.08	Gasoil 0.5% (FOB Singapore)	512.55	664.70	29.7%
<i>RUSSIAN MARKET, NET OF VAT, INCLUDING EXCISE (USD PER TONNE)</i>				
285.47	Crude oil	182.49	222.22	21.8%
283.43	Fuel oil	207.89	252.06	21.2%
724.85	Summer diesel	397.96	469.45	18.0%
815.75	Winter diesel	452.19	544.09	20.3%
803.71	Jet fuel	427.04	490.35	14.8%
815.39	High octane gasoline	579.79	685.07	18.2%
689.11	Low octane gasoline	500.01	569.00	13.8%

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

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



2008	Exchange rate and inflation	2009	2010
13.3%	Rouble inflation (CPI) for the period	8.8%	8.8%
2.9%	Change of the average inverse exchange rate (RUB/USD) compared to the previous period	(21.6)%	4.4%
29.38	USD/RUB exchange rate at the end of the period	30.24	30.48
24.86	Average USD/RUB exchange rate for the period	31.72	30.37
17.4%	Real appreciation/(depreciation) of the RUB against the USD compared to the previous period	(12.5)%	11.6%

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

and petroleum products are denominated in USD, while most of the Company's expenses are denominated in RUB. So, the depreciation of the rouble positively affects Rosneft's results, while rouble appreciation has a negative effect.

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 2010 and 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.

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, 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 Verkhnechonsk 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 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.

Since the end of 2009, crude oil produced at a number of fields in Eastern Siberia has been subject to a specific export customs duty regime. In particular, zero export duty rate was applicable to the Verkhnechonsk field starting from December 1, 2009 and to the Vankor field starting from January 19, 2010. Starting from July 01, 2010 the zero rate was replaced by a special rate calculated as $(\text{Price} - 50) * 0.45$, where 'Price' is average Urals price used for the calculation of ordinary export duty.

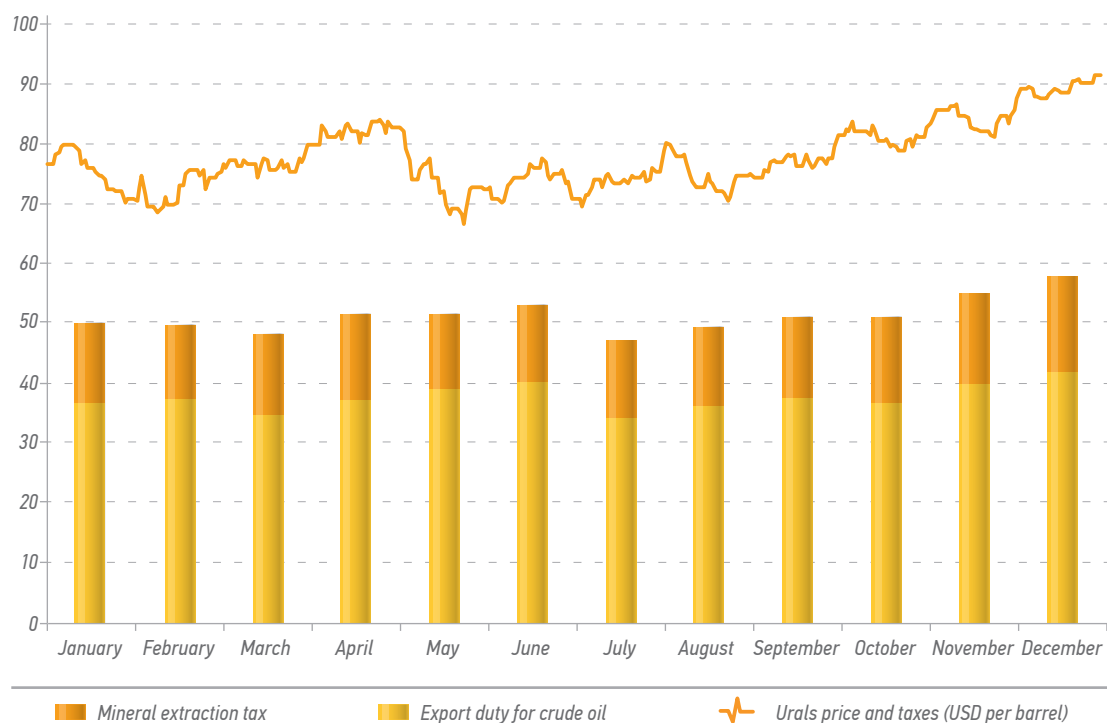
In 2009 and 2010 export duties were not payable on crude oil exports to CIS countries that are members of the Customs Union except for Belarus. In 2009 export customs duties were levied on crude oil exports to Belarus at the fractional rate of 0.356 of the ordinary rate.

In January 2010, the exports of crude oil to Belarus were taxable at the ordinary export duty rate. On January 27, 2010 the Government of the Russian Federation and the Government of Belarus signed an agreement on crude oil and petroleum product exports. In accordance with the agreement, crude oil exports to Belarus within specific limits established by the Russian Ministry of Energy are exempted from export duty.

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

■ Urals price and taxes (USD per barrel)



2008	Average enacted tax rates specific to the Russian oil industry	2009	2010	% change
MINERAL EXTRACTION TAX				
3,329	Crude oil (RUB per tonne)	2,299	3,074	33.7%
147	Natural gas (RUB per th. cubic meters)	147	147	—
0	Associated gas (RUB per th. cubic meters)	0	0	—
EXPORT CUSTOMS DUTY				
355.23	Crude oil (USD per tonne)	179.33	273.61	52.6%
—	East Siberian Crude oil (USD per tonne)	—	82.52	—
251.63	Light and middle distillates and gasoil (USD per tonne)	133.13	196.64	47.7%
135.57	Liquid fuels (fuel oil) (USD per tonne)	71.71	105.93	47.7%
EXCISE ON PETROLEUM PRODUCTS				
3,629	High octane gasoline (RUB per tonne)	3,629	3,992	10.0%
2,657	Low octane gasoline (RUB per tonne)	2,657	2,923	10.0%
2,657	Naphtha (RUB per tonne)	3,900	4,290	10.0%
1,080	Diesel (RUB per tonne)	1,080	1,188	10.0%
2,951	Lubricants (RUB per tonne)	2,951	3,246	10.0%

■ Calculation of 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

2008	Tariffs applied for major transportation routes used by Rosneft, RUB/tonne	2009	2010	% change
CRUDE OIL				
DOMESTIC				
Pipeline				
417.75	Yugansk — Samara refineries	531.57	648.55	22.0%
28.41	Samara — Samara refineries	34.95	41.29	18.1%
720.08	Yugansk — Angarsk Refinery	897.87	1,084.52	20.8%
877.62	Purpe — Tuapse Refinery	1,110.14	1,340.59	20.8%
194.63	Tomsk — Achinsk Refinery	245.66	297.42	21.1%
Pipeline and railroad				
2,838.45	Yugansk — Komsomolsk Refinery	3,036.42	3,606.61	18.8%
EXPORTS				
Pipeline				
786.86	Yugansk — Primorsk	968.19	1,163.86	20.2%
865.03	Yugansk — Novorossiysk	1,099.32	1,307.20	18.9%
—	Vankor (Purpe) — Primorsk	—	1,470.76	—
—	Vankor (Purpe) — Kozmino	—	1,634.15	—
Pipeline and railroad				
2,341.35	Yugansk — China (through Meget)	2,522.06	2,822.62	11.9%
PETROLEUM PRODUCT EXPORTS				
DIESEL				
1,256.34	Samara refineries — Ventspils	1,473.09	1,596.28	8.4%
2,896.85	Angarsk Refinery — Nakhodka	3,206.08	3,615.65	12.8%
1,125.26	Komsomolsk Refinery — Nakhodka	1,256.94	1,419.03	12.9%
3,258.20	Achinsk Refinery — Tuapse	3,608.78	4,069.43	12.8%
FUEL OIL				
1,951.22	Samara refineries — Odessa	2,338.62	2,579.51	10.3%
2,877.00	Angarsk Refinery — Nakhodka	3,257.66	3,670.78	12.7%
1,077.54	Komsomolsk Refinery — Nakhodka	1,220.14	1,374.87	12.7%
3,549.01	Achinsk Refinery — Nakhodka	4,018.57	4,528.16	12.7%
NAPHTHA				
1,385.04	Samara refineries — Tuapse	1,541.66	1,740.94	12.9%
3,211.97	Achinsk Refinery — Tuapse	3,543.16	3,995.98	12.8%
2,824.48	Angarsk Refinery — Nakhodka	3,113.97	3,512.37	12.8%
1,107.27	Komsomolsk Refinery — Nakhodka	1,233.91	1,393.50	12.9%

Source: Transneft, Transnefteproduct, RZD, Rosneft. Tariffs include transshipment at non-Rosneft terminals. The data is provided for major routes for each direction.

USD per tonne. The rate of the export customs duty on petroleum products is linked to international price for Urals. 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 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: $0.236 * (\text{Price} * 7.3 - 109.5)$.

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 state-owned pipeline monopolies. Rosneft also transports crude oil and petroleum products via the railway network owned and operated by RZD, another state-owned monopoly.

The Federal Tariff Service (FTS), a governmental body regulating natural monopolies, sets base tariffs of Transneft and Transnefteprodukt for transportation of crude oil and petroleum products, respectively. 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 type of cargo and transportation distance. In 2010 Transneft increased its tariffs three times, in January, August and December, by 15.9%, 3.3% and 9.9%, respectively. In January 2010 tariffs for rail road transportation were raised by 9.4%. In February 2010 tariffs for pipeline exports of petroleum products were increased by 10.4% and tariffs for transportation within Russia were raised by 2.2%. The increase in transportation tariffs by natural monopolies for all directions exceeded inflation in 2010.

KEY FINANCIAL RESULTS



ROSNEFT ACHIEVED STRONG FINANCIAL RESULTS IN 2010, SUBSTANTIALLY OUTPERFORMING PROFITABILITY AND OPERATING TARGETS WHILE ALSO LIMITING CONTROLLABLE COST GROWTH

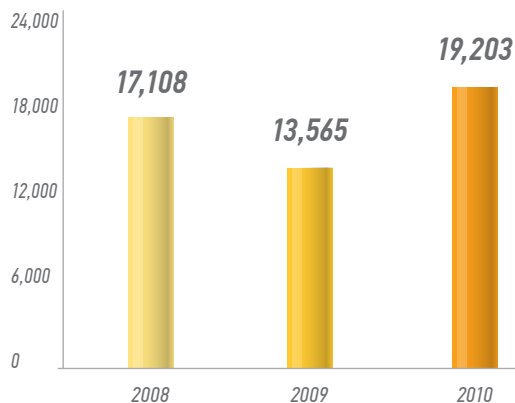
Rosneft achieved strong financial results in 2010, substantially outperforming profitability and operating targets while also limiting controllable cost growth.

EBITDA in 2010 was USD 19,203 mln, operating income was USD 13,499 mln and net income was USD

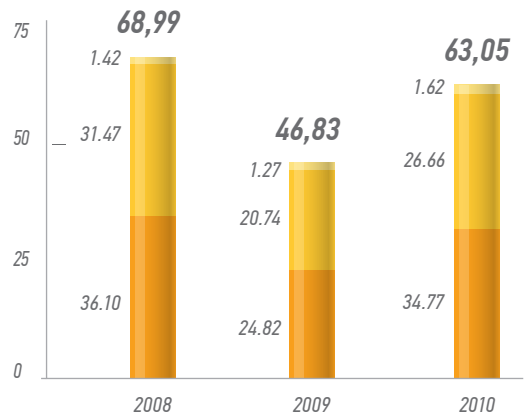
10,442 mln. Rosneft generated USD 5,839 mln of free cash flow, reduced net debt by USD 4,827 mln to USD 13,662 mln, and paid USD 741 mln of dividends in the reporting year. Rosneft also significantly improved its loan portfolio during 2010, reducing short-term debt by USD 2.3bln to just 23% of total debt.

2008	Key financial ratios	2009	2010
24.8%	EBITDA margin	29.0%	30.5%
22.07	EBITDA per boe of production (USD)	17.00	22.66
15.1%	Adjusted net income margin	13.8%	16.6%
17.5%	Return on average capital employed (ROACE)	11.4%	16.3%
30.6%	Return on average equity (ROAE)	15.2%	20.7%
0.35	Net debt-to-capital employed ratio	0.29	0.20
1.24	Net debt-to-EBITDA ratio	1.36	0.71
0.68	Current ratio	1.13	1.97

■ EBITDA (USD mln)

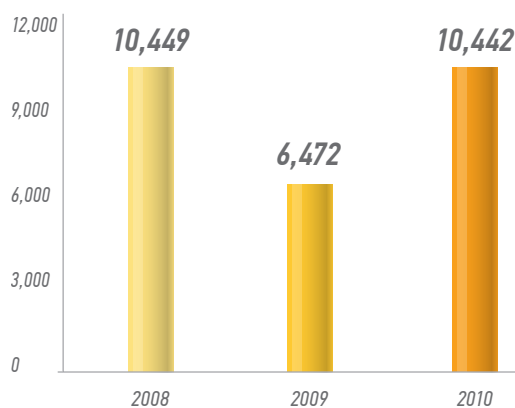


■ Revenues (USD mln)

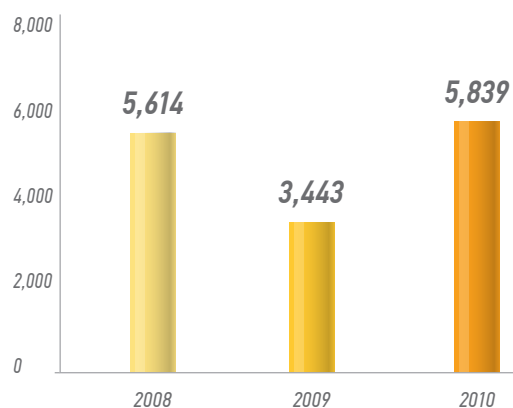


● Crude oil and gas ● Petroleum and petrochemical products ● Other

■ Adjusted net income* (USD mln)



■ Adjusted free cash flow* (USD mln)



* Net Income is adjusted for assets impairment, interest swap effect and effect from change of the income tax rate.

* Free cash flow is adjusted for operations with trading securities and license acquisition costs.

Analysis of Company results in 2010 is presented below. The Company's 2010 consolidated financial statements, audited by Ernst & Young LLC, are included in appendixes to this Report.

REVENUES

Revenues in 2010 were 34.6% higher than in 2009, thanks to substantial price increases and growth of volumes. For example, the price for Urals crude increased by 28.3% and the world market prices for diesel and fuel oil rose by 29.7% and 28.1%, respectively. Growth of sales volumes by 6.7% was due both to production increases and increase of refinery throughput.

CRUDE OIL AND GAS SALES

Revenues from crude oil sales in 2010 were USD 34,351 mln compared with USD 24,466 mln in 2009. The increase resulted from higher prices and growth of sales volumes by 8.9% due to higher crude oil output.

Revenues from crude oil exports to non-CIS countries increased by 42.1% compared with 2009, due to 28.9% increase in average export prices (USD 7,337 mln positive impact on revenues) and 10.3% increase in sales volumes (USD 2,363 mln positive impact). Higher non-CIS exports were due to growth of production and reduction of deliveries to Belarus.

Revenues from crude oil exports to CIS countries were USD 50 mln higher than in 2009, which

2008	Revenues (USD mln)	2009	2010	% change
CRUDE OIL				
33,463	Export, excluding CIS	23,019	32,719	42.1%
25,648	Europe and other directions	18,275	22,895	25.3%
7,815	Asia	4,744	9,824	107.1%
2,084	CIS	1,313	1,363	3.8%
154	Domestic	134	269	100.7%
35,701	Total crude oil	24,466	34,351	40.4%
401	Gas	354	416	17.5%
PETROLEUM PRODUCTS				
16,163	Export, excluding CIS	11,622	14,141	21.7%
9,607	Europe and other directions	6,727	8,156	21.2%
6,556	Asia	4,895	5,985	22.3%
743	CIS	144	172	19.4%
13,707	Domestic	8,304	11,192	34.8%
9,501	Wholesale	5,183	7,241	39.7%
4,206	Retail	3,121	3,951	26.6%
453	Sales of bunker fuel to end-users	426	739	73.5%
31,066	Total petroleum products	20,496	26,244	28.0%
404	Petrochemical products	240	416	73.3%
1,419	Support services and other revenues	1,270	1,620	27.6%
68,991	Total sales	46,826	63,047	34.6%

is attributable to average price increase of 29.5% (USD 311 mln positive impact on revenues). A 19.8% decrease of CIS sales volumes had USD 261 mln negative impact on revenues. In the first quarter of 2010 Russia and Belarus agreed to apply a standard export customs duty to crude oil exports to Belarus and defined fixed annual volumes exempted from export customs duty. This resulted in decreased crude oil deliveries to Belarus in 2010 compared with 2009.

Revenues from crude oil sales on the domestic market were 100.7% higher compared to 2009. The growth was driven by 78.1% increase in sales volumes (USD 104 mln positive impact on revenues) and 12.8% increase in average prices (USD 31 mln positive impact). Higher volumes on the domestic market reflected production increase and partial ending of crude oil supplies to Belarus.

Rosneft's gas sales have been limited to date, but the Company's long-term strategy envisages significant expansion of gas business. Gazprom controls the Unified Gas Supply System (UGSS) and is the dominant gas supplier in Russia and the only exporter of gas. Growth of Rosneft gas revenues by 17.5% in 2010 compared with 2009 was driven

by 27.2% increase in average prices (USD 89 mln positive impact on revenues). Sales volumes decrease of 7.6% had negative effect of USD 27 mln on revenue. Lower volumes year-on-year were due to lower demand for gas in 2010 and unscheduled maintenance works at Luginetskaya compression station.

SALES OF PETROLEUM PRODUCTS INCLUDING BUNKERING OPERATIONS

Revenues from petroleum and petrochemical product sales in 2010 were USD 26,660 mln compared to USD 20,736 mln in 2009, reflecting higher prices and volume growth.

Revenues from export of petroleum products to non-CIS countries were 21.7% higher in 2010 compared to 2009, thanks to 29.5% increase in average prices (USD 3,221 mln positive impact on revenues). Decrease of 6.0% in sales volumes had negative impact on revenues of USD 702 mln and resulted from increased domestic sales as demand recovered after the financial crisis.

Product exports to CIS countries increased by USD 28 mln in 2010 compared with 2009 due to 43.3% upturn in average prices (USD 52 mln positive

impact on revenues), which was partially offset by 16.7% decrease in sales volumes (USD 24 mln negative impact). Lower volumes reflect changes in customs legislation with regard to duties on petroleum product exports to the CIS.

Revenues from sales of petroleum products on the domestic market increased by 34.8% compared to 2009. This resulted from a 15.8% upturn in average prices (USD 1,524 mln positive impact on revenues) and 16.4% increase in sales volumes (USD 1,364 mln positive impact on revenues). Volume growth was due to demand recovery after the financial crisis.

The Company sells a wide range of petroleum products via commodity exchanges: 3.40 mln tonnes were sold for USD 1,846 mln via exchanges in 2010, up from 1.16 mln tonnes for USD 572 mln in 2009.

Since December 2007 the Group has been selling bunker fuel (fuel oil and diesel fuel) in seaports in the Far East and European parts of the country, and also at river ports. Revenues from bunker fuel sales in 2010 were USD 739 mln, which is 73.5% more than in 2009.

Revenues from sales of petrochemical products increased by 73.3% compared to 2009, which was

due to price increase of 54.6% and volume growth of 12.1% following recovery of demand after the crisis.

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 1,620 mln in 2009, up by 27.6% from 2009.

COSTS AND EXPENSES

Costs and expenses were equal to 78.6% of Rosneft's total revenues in 2010. Costs and expenses excluding export customs duties and taxes other than income tax were equal to 34.7% of Rosneft's total revenues.

PRODUCTION AND OPERATING EXPENSES

Upstream production and operating expenses include materials and supplies, equipment maintenance and repair, wages and salaries, activities

2008	Costs and expenses (USD mln)	2009	2010	%
4,572	Production and operating expenses	4,024	4,792	19.1%
2,942	Cost of purchased oil, gas and petroleum products	1,890	2,386	26.2%
1,632	General and administrative expenses	1,416	1,584	11.9%
5,673	Pipeline tariffs and transportation costs	5,414	6,980	28.9%
248	Exploration expenses	325	439	35.1%
3,983	Depreciation, depletion and amortization	4,350	5,597	28.7%
120	Accretion expense	87	107	23.0%
14,810	Taxes other than income tax	8,061	10,920	35.5%
22,006	Export customs duty	12,131	16,743	38.0%
55,986	Total costs and expenses	37,698	49,548	31.4%

2008	Structure of operating expenses (USD mln)	2009	2010	%
2,414	Upstream	1,869	2,208	18.1%
—	Land restoration program	—	111	—
1,451	Downstream	1,501	1,583	5.5%
707	Other	654	890	36.1%
4,572	Total	4,024	4,792	19.1%

to enhance oil recovery, procurement of fuel and lubricants, electricity and other similar costs of Rosneft's consolidated exploration and production enterprises.

In 2010 upstream production and operating expenses increased to USD 2,208 mln, or by 18.1% compared with 2009, when these expenses were USD 1,869 mln. The growth was due to oil production increase by 7.0% and real appreciation of the rouble against the USD by 11.6%, partially offset by cost-cutting initiatives.

In 2010 the Company adopted a five-year restoration program for land which was disturbed by activities of various Rosneft upstream subsidiaries prior to their acquisition by Rosneft. Rosneft made a one-off USD 111 mln accrual of land restoration expenses for this purpose in 2010. The amount does not include expenses on land restoration by the Company as a part of its regular production activity.

Downstream operating expenses increased by 5.5% in 2010 compared with 2009, mainly due to real appreciation of the rouble against the USD of 11.6% and change in intra-group inventories.

Operating expenses related to other activities increased to USD 890 mln compared with USD 654 mln in 2009. The increase reflected growth of revenues from other activities by 27.6% (particularly from transportation services and electric power sales and transmission), as well as other factors.

COST OF PURCHASED OIL, GAS AND PETROLEUM PRODUCTS

Rosneft purchases crude oil mainly from its affiliates for processing at its own refineries. A total

of 51.75 mln barrels were purchased in 2010 for USD 1,454 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 2010 such transactions were carried out with Gazpromneft and Bashneft, and the volume of crude oil swaps was 38.49 mln barrels compared with 41.33 mln barrels in 2009. Rosneft's estimated benefits from these transactions were USD 56 mln in 2010.

Petroleum product purchases from third parties are mainly for needs of Rosneft's retail subsidiaries. Such purchases are liable to seasonal fluctuations in volume and mix.

Rosneft purchased 1.55 mln tonnes of petroleum products in 2010 for USD 906 mln.

GENERAL AND ADMINISTRATIVE EXPENSES

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

General and administrative expenses increased from USD 1,416 mln to USD 1,584 mln in 2010. The increase was mainly due to real rouble appreciation of 11.6%, higher bad debt provisions and growth of consulting fees.

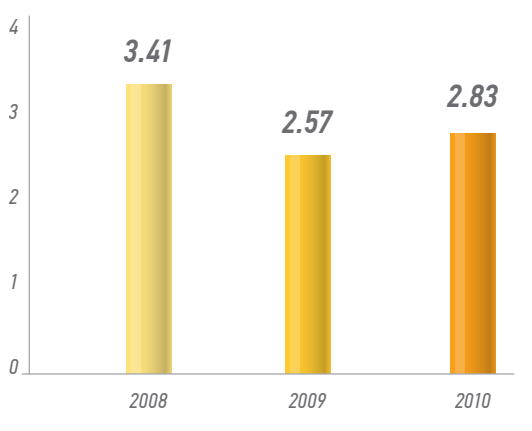
PIPELINE TARIFFS AND TRANSPORTATION COSTS

Transportation costs include costs to transport crude oil for refining and to end-customers, and to deliver petroleum products from refineries to end-customers (cost of pipeline and railway transportation, handling, port fees, sea freight and other costs).

Rosneft's transportation costs increased to USD 6,980 mln or by 28.9% in 2010 compared with 2009. The increase reflected higher transportation volumes (due to ramp-up of crude oil production at the Vankor field) and increase of natural monopoly tariffs by 13.2% (27.4% in USD terms).

Crude oil pipeline transportation costs per tonne of export sales rose by 30.3% due to tariff increase by 24.2% (25.6% in USD terms) and change of

■ *Crude oil lifting costs per barrel of production (USD)*



2008			Transportation costs and volumes	2009			2010		
Volume, mln tonnes	Cost, mln USD	Cost per tonne		Volume, mln tonnes	Cost, mln USD	Cost per tonne	Volume, mln tonnes	Cost, mln USD	Cost per tonne
CRUDE OIL									
Export sales									
38.99	1,258	32.26	Pipeline	41.54	1,355	32.62	47.44	2,016	42.50
15.04	1,163	77.33	Railroad and mixed	14.77	961	65.06	13.39	1,043	77.89
Transportation to refineries and domestic sales									
41.71	819	19.64	Pipeline	42.61	779	18.28	43.93	1,068	24.31
5.48	606	110.58	Railroad and mixed	6.99	614	87.84	6.54	720	110.09
PETROLEUM PRODUCTS									
Export sales									
1.70	79	46.47	Pipeline*	0.85	36	42.35	1.10	57	51.82
16.51	1,194	72.32	Railroad and mixed	18.98	1,244	65.54	18.01	1,400	77.73
	554		Other transportation expenses**		425			676	
119.43	5,673	47.50	Total	125.74	5,414	43.06	130.41	6,980	53.52

* Rosneft exported 7.33 mln tonnes and 7.96 mln tonnes of petroleum products in 2010 and in 2009, respectively, through its own pipeline in the town of Tuapse and under purchasing agreements, pursuant to which Rosneft does not bear transportation expenses directly. Expenses of the Tuapse pipeline are reflected in Rosneft's financial statements as operating expenses.

** 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.

transportation routes (particularly, start of export deliveries of Vankor crude oil via the ESPO).

Cost of crude oil exports by railway and mixed transportation (pipeline and railway) rose by 19.7% due to tariff growth in USD terms.

Cost of domestic crude oil deliveries by pipeline rose by 33.0% due to 23.6% tariff growth (27.4% in USD terms) and change in structure of domestic crude oil supplies.

Cost of domestic crude oil supplies by railway and mixed transportation (pipeline and railway) rose by 25.3%, due primarily to increase of tariffs in USD terms.

Petroleum product pipeline costs per tonne of export sales rose by 19.5% in 2010, and railway and mixed transportation costs per tonne of product exports were 18.6% higher. These developments reflect 13.2% increase in tariffs (18.0% in USD terms) and change in structure of transportation routes.

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 current period in case of failure.

Exploration expenses increased by 35.1% in 2010 compared with 2009. The change was due to increase of exploration volumes at Samaraneftegaz fields and in the Kurmangazy project, as well as geophysical surveys at Krasnodarneftegaz, Yuganskneftegaz, and Vankor.

DEPRECIATION, DEPLETION AND AMORTIZATION

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

In 2010 depreciation, depletion and amortization totaled USD 5,597 mln compared with USD 4,350 mln in 2009, which is an increase of 28.7%. The increase resulted mainly from launch of the Vankor field and increase of drilling volumes.

TAXES OTHER THAN INCOME TAX

Taxes other than income tax increased by 35.5% in 2010 compared with 2009 to USD 10,920 mln.

The overall increase in taxes resulted mainly from increase in the mineral extraction tax rate by 39.7% and from rouble appreciation.

2008	Taxes other than income tax (USD mln)	2009	2010	%
12,817	Mineral extraction tax	6,502	9,051	39.2%
1,120	Excise tax	893	1,105	23.7%
430	Social security	361	397	9.9%
261	Property tax	236	284	20.3%
23	Land tax	16	22	37.5%
5	Transportation tax	4	5	25.0%
154	Interest and penalties and other payments	49	56	14.3%
14,810	Total taxes other than income tax	8,061	10,920	35.5%

2008	Export duties (USD mln)	2009	2010	%
17,200	Export duty for crude oil	9,441	13,031	38.0%
4,806	Export duty for petroleum products	2,690	3,712	38.0%
22,006	Total export customs duties	12,131	16,743	38.0%

OPERATING INCOME

As a result of the factors discussed above, operating income increased by 47.9% to USD 13,499 mln in 2010 from USD 9,128 mln in 2009. As a percentage of total revenues, operating income was 21.4% in 2010 and 19.5% in 2009. As a percentage of total revenues, operating income before taxes other than income tax and export customs duty was 65.3% and 62.6% in 2010 and 2009, respectively.

OTHER INCOME AND EXPENSES

INTEREST INCOME

Interest income increased to USD 547 mln in 2010 or by 6.0% compared with 2009. The increase was due to increase in funds placed on deposits in 2010 compared with 2009.

INTEREST EXPENSES

Interest expenses decreased by 4.1% in 2010 to USD 580 mln, reflecting a lower figure for interest accrued under loan agreements.

LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

Rosneft recorded a net loss of USD 156 mln in 2010 on disposal of property, plant and equipment compared with USD 350 mln recorded in 2009.

IMPAIRMENT LOSS

In December 2010 the Company signed an agreement of intent to hand over its interest in

a number of associates and one subsidiary in exchange for non-controlling interest in another company. Rosneft measured the disposal group at carrying amount or fair value (whichever was less) minus sales costs and recognized an impairment loss of USD 31 mln.

EQUITY SHARE IN PROFITS / (LOSSES)

The equity share in profits of dependent companies was USD 60 mln in 2010 compared with USD 112 mln in 2009.

OTHER INCOME / (EXPENSES)

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

In 2010, other expenses (net) were USD 89 mln and in 2009 other losses (net) were USD 350 mln. The loss in 2009 was primarily due to accrual of penalties imposed by the Russian Federal Antimonopoly Service and social expenditures in Rosneft operating regions.

FOREIGN EXCHANGE GAINS AND LOSSES

Foreign exchange gain was USD 32 mln in 2010 compared with USD 71 mln in 2009.

INCOME TAX EXPENSES

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 profits of the subsidiary in accordance with the Russian Tax Code.

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

Income tax expenses were USD 2,644 mln in 2010 compared with USD 2,000 mln in 2009. Current income tax expenses were USD 2,897 mln in 2010 compared with USD 2,106 mln in 2009, while deferred income tax benefit increased to USD 253 mln in 2010 from USD 106 mln in 2009.

Effective income tax rates were 20% and 23% in 2010 and 2009, respectively.

NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

Net income attributable to non-controlling interests was USD 272 mln in 2010 compared to USD 5 mln in 2009. The change resulted mainly from increase in net income of certain Rosneft subsidiaries related to minorities.

NET INCOME

As a result of the factors discussed above net income increased by 59.7% to USD 10,400 mln in 2010 from USD 6,514 mln in 2009. As a percentage of revenues, net income was 16.5% and 13.9% in 2010 and 2009, respectively.

LIQUIDITY AND CAPITAL

CASH FLOWS

Net Cash Provided by Operating Activities

In 2010 net cash provided by operating activities (adjusted for USD 262 mln operations with trading

securities) was USD 14,910 mln. Increase compared with 2009 was due to growth of net income by 59.7%.

Net Cash Used in Investing Activities

Net cash used in investing activities was USD 12,439 mln in 2010 compared with USD 8,788 mln in 2009. The increase was mainly due to increase in capital expenditures, placements on bank deposits and difference in cash flows related to REPO agreements.

Net Cash Used in Financing Activities

Net cash used in financing activities decreased to USD 558 mln from USD 877 mln in 2009 due to reduction of loan repayments.

CAPITAL EXPENDITURES

In 2010 Rosneft's total capital expenditures including material purchases increased by 23.2% to USD 8,931 mln compared with USD 7,252 mln in 2009.

Upstream capital expenditures increased by 8.1% compared with 2009 to 6,343 mln. The increase reflected growth of drilling volumes in traditional production regions.

Downstream expenditures increased by 92.2% compared to 2009 due to work on primary and secondary capacity upgrades at Company refineries (particularly as part of capacity expansion at the Tuapse Refinery). Capital expenditures for other activities were USD 474 mln compared with USD 325 mln in 2009.

Licence acquisition costs in 2010 refer to acquisition of exploration licences for the Shikhansky, Zimarny, Gnesdensky, Shirokinsky and Mozharovsky blocks in Samara Region, as well as three licences for exploration in the Kara Sea, one licence for exploration in the Barents Sea and one license for exploration in the Sea of Okhotsk.

DEBT OBLIGATIONS

Rosneft's total loans and borrowings were USD 23,555 mln as of December 31, 2010, almost unchanged from USD 23,507 mln as of December

2008	Cash Flow Statement items	2009	2010	Change, times
14,393	Net cash provided by operating activities	10,319	15,172	1.5
(10,822)	Net cash used in investing activities	(8,788)	(12,439)	(1.4)
(3,074)	Net cash used in financing activities	(877)	(558)	(1.6)

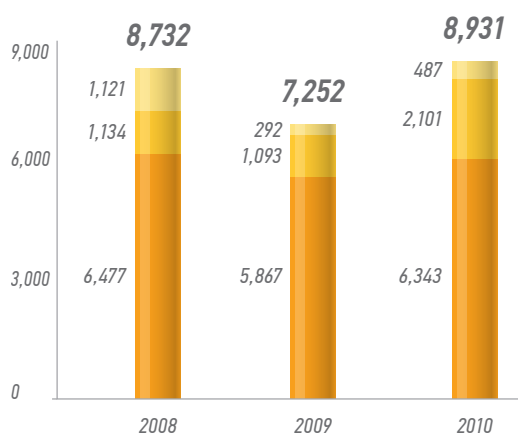
2008	Capital Expenditures (USD mln)	2009	2010	% change
2,866	Yuganskneftegaz	2,252	2,500	11.0%
2,433	Vankorneft	2,531	2,122	(16.2)%
491	Purneftegaz	276	522	89.1%
181	Severnaya Neft	76	111	46.1%
195	Samaraneftegaz	156	217	39.1%
311	Other*	576	871	51.2%
6,477	Total upstream segment	5,867	6,343	8.1%
122	The Company	49	69	40.8%
137	Tuapse Refinery	208	754	262.5%
73	Komsomolsk Refinery	92	116	26.1%
83	Angarsk Refinery	79	100	26.6%
44	Achinsk Refinery	54	122	125.9%
78	Syzran Refinery	77	111	44.2%
54	Novokuibyshevsk Refinery	56	117	108.9%
55	Kuibyshev Refinery	69	136	97.1%
488	Marketing Business Units and others**	409	576	40.8%
1,134	Total downstream	1,093	2,101	92.2%
543	Other activities***	325	474	45.8%
8,154	Subtotal, capital expenditures	7,285	8,918	22.4%
578	Change in materials in capital expenditures	(33)	13	>100.0%
8,732	Total capital expenditures	7,252	8,931	23.2%
47	Licence acquisition costs	96	140	45.8%

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

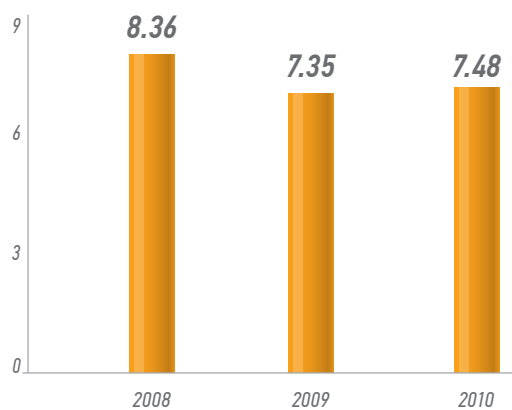
** Relating to companies providing processing and storage services.

***Relating to other service companies.

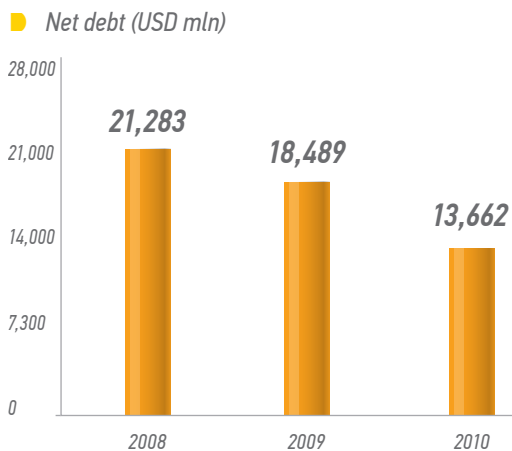
■ Capital expenditures (USD mln)



■ Upstream capital expenditures per boe of production (USD)



● Upstream ● Downstream ● Other



31, 2009. In 2010 Rosneft drew down the last USD 5 bln tranche of the USD 15 bln China Development Bank loan. Rosneft significantly improved its loan portfolio, reducing short-term debt by USD 2.3 bln to just 23% of total debt.

Long-term loans are generally secured by oil export contracts. As of December 31, 2010 and De-

ember 31, 2009, 86.5% and 84.6%, respectively, of Rosneft's borrowings were secured by crude oil export contracts (excluding CIS exports). As of December 31, 2010 and December 31, 2009, pledged oil exports constituted 38.2% and 49.5% of total crude oil export sales for the respective periods (excluding CIS exports).

Rosneft's net debt was USD 13,662 mln as of December 31, 2010, representing a decline of USD 4,827 compared with USD 18,489 mln as of December 31, 2009.

The following table shows scheduled aggregate maturities of Rosneft's outstanding long-term debt as of December 31 2010 (including the current portion of long-term debt):

	<i>USD mln</i>
2011	3,163
2012	2,143
2013	659
2014	623
2015 and after	14,632
Total long-term debt	21,220



*SCIENCE
AND INNOVATION*

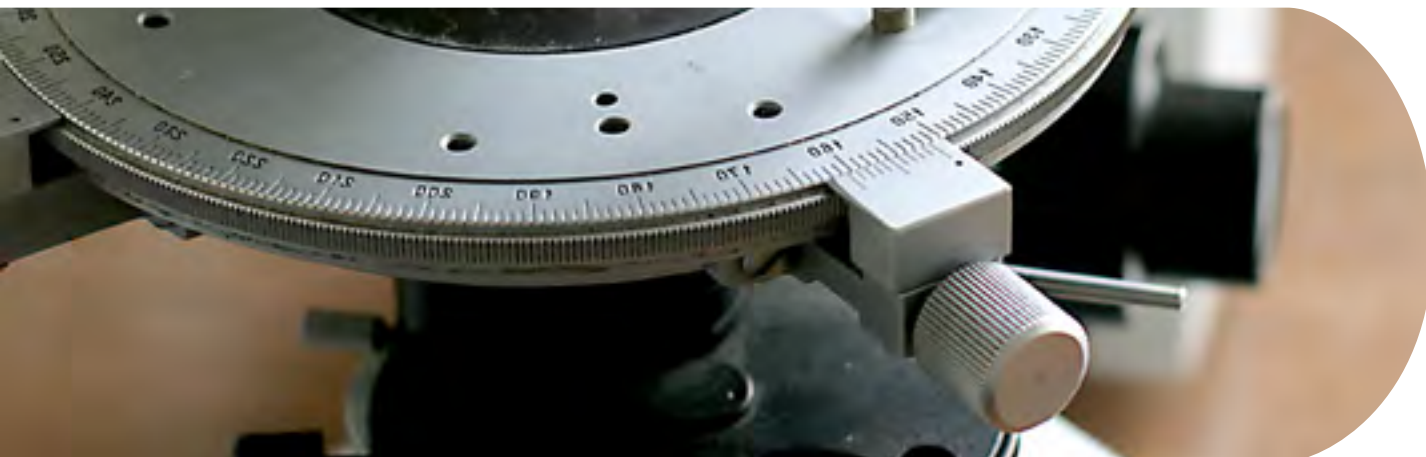




*SCIENCE
AND INNOVATION*



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 Complex provides R&D support and organizes use of technology throughout the Company's production chain. A total of 3,800 specialists are employed in the Complex, which Rosneft supports year-

on-year by a steady flow of investment. All of the Company's R&D units are provided with the most up-to-date laboratory equipment and software, and the units are being expanded by addition of new premises.

Rosneft spent RUB 3 bln in 2010 (including VAT) on development of new technologies, drawing upon the potential of Russian high-tech companies and academic research. The spending level was 1.5 times higher than in 2009.

Innovation activity by the Company aims to create and apply new technologies for solution of the following tasks:

- reserve replacement;
- increasing the recovery factor;
- maximum use of associated gas;
- economic efficiency in offshore projects;
- increase of refining depth;
- energy efficiency;
- minimizing capital and operating costs;
- improving HSE.

As instructed by the Russian Government Commission for High Technology and Innovation, in 2010 the Company designed a Program Concept for Innovation Development during the period 2010-2015. The Concept has been approved by the Russian Energy Ministry and presented to the Ministry of Economic Development. Main sections of the Program are as follows:

- targeted innovation projects;
- targeted programs for improving production efficiency;
- measures to enhance innovation activity.



■
Laboratory at
SamaraNIPIneft

TARGETED INNOVATION PROJECTS



R&D AND APPLICATION OF NEW TECHNOLOGIES IN PRODUCTION IS BASED ON TARGETED INNOVATION PROJECTS, WHICH CONSIST OF THREE STAGES: RESEARCH; ENGINEERING OR INDUSTRIAL TESTING; AND FULL-SCALE APPLICATION IN PRODUCTION

Decisions on completion of each stage and the start of the next stage are made by the Company's Scientific & Technical Council using formalized criteria. Membership of this Council was renewed and enlarged in 2010 based on the past experience of Rosneft and other Russian companies. The Council now includes leading Russian scientists (representatives of the Russian Academy of Sciences and of leading higher-education institutes).

A completely new approach was devised in 2010 for defining the efficiency of targeted innovation projects. The new approach uses an options method, with a decision tree, and carries out estimates of the probability of success at each stage of the project.

FINDING, ADAPTING AND APPLYING NEW TECHNOLOGIES

Rosneft's Innovation Program involves continuous research into new production technologies, and adaptation and application of technologies. This work is organized through pilot projects, which are implemented under supervision of the Corporate Research & Development Center. The system uses working groups for key subject areas, bringing together specialists from Company departments, subsidiaries, and corporate R&D and design institutes, as well as other Russian and foreign experts. The system has been in place at Rosneft since 2006, 97 new technologies have been tested and applied.

A total of 394 technology tests were carried out in 2010 at 11 subsidiaries as part of 45 test programs for imported technologies. The most significant

projects in 2010 were creation of a Remote Monitoring Center (using the Rosneft-WellView platform), acid stimulation of carbonaceous reservoirs, and use of expanding packers in well construction.

IN-HOUSE TECHNOLOGY DEVELOPMENT

Since 2005 Rosneft has developed 18 new technologies in-house. The most significant among them are the Center for Geological Support to Drilling and the Total Production Management System (TPMSYS).

CENTER FOR GEOLOGICAL SUPPORT TO DRILLING

Rosneft's Center for Geological Support to Drilling is unique in Russia. The Center organizes geology projects to support drilling of complex wells and help ensure that drilling objectives are achieved. The methods and software products used by the Center are developed by Rosneft specialists.

Specialists working at the Center receive a full range of data from well drilling in real time, analyze the data and, if necessary, issue instructions to the drilling team to adjust planned drilling parameters. This gives a substantial improvement of efficiency (higher flow rates and access to greater quantities of reserves).

A total of 176 horizontal wells and horizontal sidetracks were drilled in 2010 with the Center's assistance, including all the horizontal wells at the Vankor field. The work load of the Center will grow in the future, as the number of complex high-efficiency wells will increase continuously.

TOTAL PRODUCTION MANAGEMENT SYSTEM (TPMSYS™)

Work on the TPMSYS™ began in 2005, and the system has now been extended to all company wells and fields. It uses more than 10 unique software packages developed by Company specialists, and is intended to ensure that the potential of each well is fully used and that the target recovery factor is unfailingly achieved and exceeded. The system helps Company specialists to optimize operations at each well based on geophysical data and full information about well construction, current operating parameters and the equipment being used.

The following important technologies were also developed in-house by Rosneft:

- Black Oil Simulator (BOS), a hydrodynamic simulator with a unique modeling algorithm, which improves the efficiency of project decision-making during field development by applying new technologies for well completion;
- a new system for development of low-permeability reservoirs by maximum use of hydraulic fracturing. The system is used at large fields in Western Siberia (the Priobskoye, Prirazlomnoye and Malo-Balykskoye fields). It increases flow rates and extends the water-free operating period, as well as lowering the water cut;
- the RosPump software package is the best in the industry for selection and analysis of functioning of submersible pumps. It reduces costs by unification of tasks in a single software system (less dependence on non-proprietary software) and by increasing operating periods between scheduled maintenance;
- a technology for resolving operating issues with submersible pumps, which extends the period between scheduled maintenance and helps to ensure the most efficient use of well potential;
- a well-kill technology which avoids pollution of strata in the down-hole zone by reducing the required quantities of drilling mud;
- additives for low-sulfur diesel fuels to meet requirements of the Government's Technical Regulations for engine fuels;
- production of cleansing additives for gasoline, which help to meet the requirements of the Government's Technical Regulations for engine fuels;
- production of polymer-bitumen emulsions for road building;
- production of K4–20 compressor lubricant for use in high-pressure compressors.

Use of innovative technologies in the E&P segment enabled additional production of about 20 mln tonnes of oil in 2010 alone. The average oil recovery factor across the Company rose from 35% to 38% between 2005 and 2010, which is equivalent to reserve growth of 500 mln tonnes.

The most important outcomes of Rosneft's in-house technology development in 2010 were as follows:

- four new modules for the Company's E&P software package;
- three new modules for the RN-Production corporate system;

- completion of a feasibility study for development of a pilot section of the Priobskoye field using horizontal boreholes and hydrofracturing;
- ultra-violet technology for desulfurization of associated gas;
- recipe for a new K4–20 compressor lubricant;
- competitive gearbox oils (8 brands under the RN-I-T-D label) for use in modern industrial equipment;
- additive packages for marine and locomotive engines;
- RosPump software for selection of submersible equipment;
- RN-Wellview software for monitoring of wells equipped with centrifugal pumps.

Rosneft applied for patenting and certification of 12 items of intellectual property in 2010. The Company had registered a total of 195 patents as of the end of 2010.

During 2010 the Company approved 20 priorities for innovation work as part of its Innovation Development Program, and initiated 56 special-purpose projects for implementation of these priorities. The most important projects are:

- development of offshore development technologies, particularly as applicable to the Arctic shelf;
- new technologies for development of strata with low-permeability;
- technologies for obtaining production from Bazhenov strata;
- more efficient use of associated gas;
- production of catalysts for diesel hydrotreatment processes and gasoline reforming;
- new technology for synthesis of alkylates using a heterogeneous catalyst, in order to produce high-value, high-energy gasoline components;
- technology for hydro-desulfurization of oil residues without use of catalysts.



Laboratory at RN-Purneftegaz

TARGETED PROGRAMS FOR IMPROVEMENT OF PRODUCTION EFFICIENCY

The Company has a number of ongoing targeted programs for improving production efficiency, as follows:

- energy efficiency and resource saving program;
- program for associated gas use;
- pipeline reliability improvement program;
- health, safety & environment program;
- economic and information security program;

- program for optimization of business processes and improvement of investment project management;
- employee training program.

These programs aim to lower per-unit capital and operating costs and resolve the most urgent tasks, which the Company faces at present.

SCIENTIFIC COOPERATION

Rosneft is constantly expanding its cooperation with leading institutes of the Russian Academy of Sciences, other scientific and higher-education centers in Russia, and also with international scientific centers and institutes.

Rosneft signed an agreement in 2010 on scientific and technical cooperation with the Russian Academy of Sciences. The Company also signed 14 agreements with 9 organizations within the Russian Academy of Sciences and 94 agreements with 21 Russian institutes of higher education. Rosneft funded construction and commissioning of a new

laboratory block at the Oil & Gas Institute of the Siberian Federal University in Krasnoyarsk in 2010. More than 3,000 students from 25 partner institutes gain work experience at Company subsidiaries each year.

Rosneft also cooperates with a number of foreign universities (Stanford, Austin, Tulsa and Calgary, and the French Institute of Petroleum), as well as research centers of leading international oil and oil field service companies (ExxonMobil, Shell, ConocoPhillips, Statoil Hydro, Schlumberger, Halliburton, Baker Hughes).

IT 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 a 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. The Company ensures continuous improvement of IT support for main industrial operations, and is working on development of logistics IT.



SOCIAL RESPONSIBILITY





SOCIAL RESPONSIBILITY



PERSONNEL



SUSTAINABLE DEVELOPMENT OF ROSNEFT, INCLUDING GROWTH IN 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 does its best to set a fair value on the professional contribution of each specialist and offers opportunities for career growth to all categories of employees.

Rosneft prioritizes constant improvement of business practice and increase of labor productivity in all spheres. These tasks are successfully addressed by adhering to 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.

The Company's employee bonus scheme is a

particularly important incentive mechanism. Top managers received an annual bonus in 2010 based on achievement of key efficiency indicators, following the usual practice of other leading international companies. The system of bonuses will be extended to other management levels at Rosneft and its subsidiaries in the future.

As of December 31, 2010, Rosneft and its subsidiaries employed 159,771 people. The number of Company employee numbers increased by 887 in 2010 compared with 2009, mainly due to development of Vankorneft, of the service block and expansion of the Company's filling-station network.

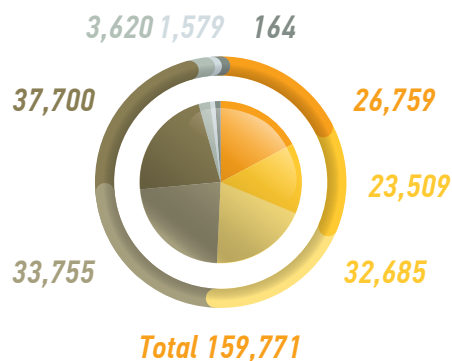
The geography of Rosneft's business is highly diversified, so the Company has employees in nearly all regions of the Russian Federation. The average age of Company employees in 2010 was 40, and 19,500 employees held managerial positions.

THE 'SCHOOL — COLLEGE — ENTERPRISE' SYSTEM

Rosneft understands the importance of a successful recruitment policy. Since 2006 the Company has operated its 'school — college — enterprise' system, which ensures a steady inflow to the Company of talented, young people with strong vocational education. The system addresses the following strategic tasks:

- attracting young specialists to the Company who have studied in Rosneft classes and vocational institutes, and who therefore have the skills, which are required by Rosneft enterprises as well as a commitment to the Company's corporate culture and to professional development and career growth;
- ensuring integration of young specialists by their rapid adaptation to Company practices, development of key professional and management skills, and of Rosneft corporate values.

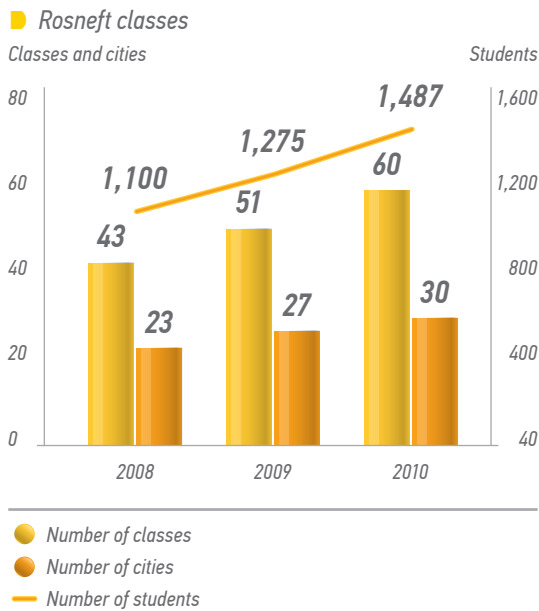
■ Personnel structure of Rosneft as of December 31, 2010



- Exploration & production
- Refining
- Marketing and transportation
- Production and refining support services
- Other services
- Science
- Headquarters (OJSC Rosneft)
- Other



■ Employees of Samaraneftgaz



Selection of new recruits to the Company begins at school through the system of Rosneft classes. Promising children who achieve good results in the classroom and are interested in a career in the oil & gas industry are selected for Rosneft classes. Rosneft classes offer high standards of education using modern teaching technologies and equipment, and the teaching resources of sector institutes. Children in Rosneft classes benefit from special courses, visits to Rosneft companies and meetings with industry veterans, all of which encourage them to pursue higher education in the oil & gas sector and to consider professions, which are in demand for operations by the Company.

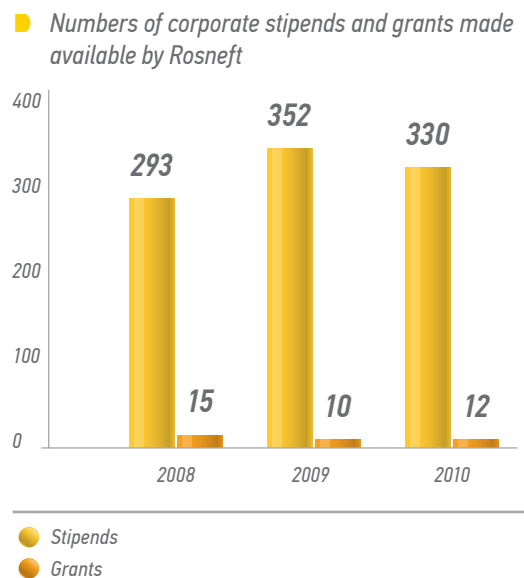
In 2010 there were 60 Rosneft classes in 30 cities and towns where Rosneft has presence, in the Far East, Eastern and Western Siberia, the Northern Caucasus, and the Central and North Western Federal Districts. A total of 1,487 children pursued studies as part of the program in 2010, and 583 of them completed their school education during the year (114 with distinction), of whom 550 went into higher education.

Results achieved in upper classes at school are reinforced in the lecture halls of the higher education system. The Company helps to maintain traditions by holding an annual festival, 'Russia's Future', for students of oil & gas institutes who previously attended Rosneft classes. Rosneft and its subsidiaries have worked closely and to

mutual advantage with more than 26 leading higher education institutes in Russia, including the Gubkin Russian State Oil & Gas University and the 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, Samara State Technical University, the State Technical University of the Northern Caucasus, Grozny Millionshchikov State Oil Institute, and other higher education institutes.

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 2010. The Faculty educates students to masters level, giving them expertise in the field of international oil & gas business projects. In 2010 there were 28 masters students and over 30 doctoral students pursuing studies at the Faculty, and 10 masters students from the 2008 intake graduated from the Faculty in 2010, of whom 3 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 their programs and teaching methods,





Students playing business games. The best would be offered a permanent job at Rosneft

supporting innovative projects, and paying corporate grants to teachers and stipends to the best students. Rosneft corporate grants were provided to 12 higher-education teachers during 2010, and 330 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 2010 a total of 3,282 students gained work experience at the Company, 47 students on senior and masters courses benefited from internships at the Corporate Scientific Center and at Company subsidiaries, and 1,020 higher-education graduates were given employment at Company enterprises.

Partner institutes hold annual 'Rosneft Days', at which Company representatives inform graduates about Rosneft enterprises, employment prospects with the Company, conditions of employment, scope for career growth, and corporate values. There were 59 such events during 2010 with about 8,000 participants.

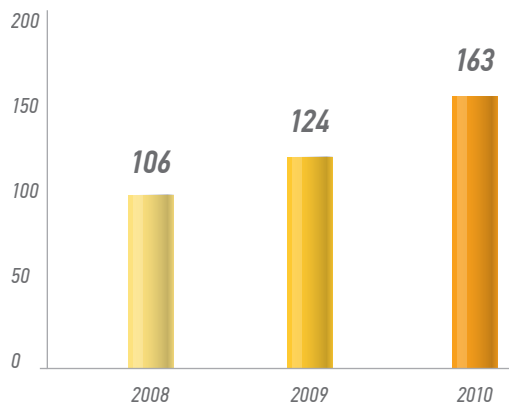
WORK WITH YOUNG SPECIALISTS

Work with young specialists is among the main priorities of Rosneft's personnel policy. There are currently more than 2,700 young specialists working at 76 Company subsidiaries and Rosneft makes every effort to provide them with conditions for professional and personal growth, and for development of leadership and management skills.

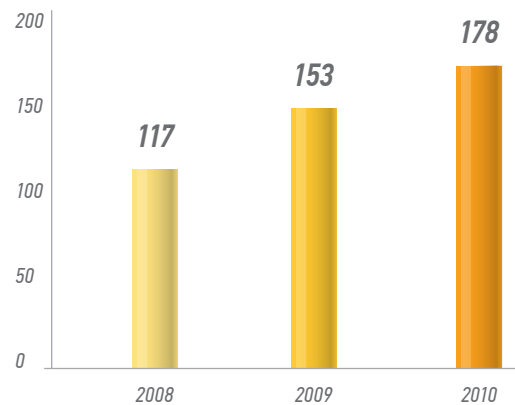
Councils of young specialists and a mentoring system are widely used in Company subsidiaries, helping young people to adapt efficiently to their employment. Each young specialist has an individual development plan to help organize his training, and much use is made of business games, competitions, training sessions, and various special events.

The 5th Interregional R&D Conference for young specialists was held in Moscow in 2010, bringing together 178 winners of the third R&D 'Cluster Conference' on business processes, which was held in Russian regions. In 2010, Conference sections were held in Nefteyugansk, Samara (2), Tuapse, and

■ Number of young specialists taking part in the Russian Fuel & Energy Competition



■ Number of young specialists taking part in the Company's Interregional R&D Conference



Rostov-on-Don. A total of 1,457 young specialists took part in R&D conferences at all levels in 2010, and 52 prizewinning and commended research works were recommended for implementation as having practical value for the Company.

Also, 163 young specialists from 54 subsidiaries of Rosneft took part in 2010 in the regular Russian Fuel and Energy competition, which is organized in association with the Ministry of Energy.

An Internet portal, 'Career for the Young', continues to operate, enabling communication between program participants in different regions of the country. All information on youth policy of subsidiaries is consolidated by the Company through an automated reporting system, created in 2010.

TRAINING AND DEVELOPMENT OF PERSONNEL

Rosneft provides its employees with extensive opportunities for professional development and growth.

The Company's system for training of personnel achieves the following important tasks:

- ensuring that professional and technical skill levels of employees are equal to the present and future needs of Company business;
- ensuring growth of the Company's management resource by creation of executive reserves;
- providing innovative solutions and knowledge for the Company's strategic projects;
- meeting compulsory Government requirements for skill levels of personnel in the fuel and

energy sector (such requirements are intended to ensure the quality and safety of production processes);

- ensuring that all employees in charge of the Company's health and safety system have adequate levels of skill, competence and knowledge.

For these purposes the Company provides its employees with professional training and retraining, courses for raising qualifications, and assistance in acquiring a second profession, both in combination with normal work and during a permitted absence from work. This training is of three kinds:

- compulsory training;
- professional-technical training;
- management training.

During 2010 a total of 120,000 courses were provided in compulsory, professional-technical, and management training (counted by individuals benefiting from the courses, where two courses to the same individual are counted twice). The figure in 2009 was 113,000.

Training programmes are provided to all employee categories with the help of Russian and foreign education institutions selected through a tendering process. They include the Gubkin Russian State Oil & Gas University, which offers four programs of further professional education: 'Oil & gas production' (provided to 9 Company employees); 'Economics and management of an oil & gas enterprise' (21 employees); 'Health and safety specialist' (21 employees); and 'Environment manager' (19 employees).

An Executive MBA program is offered in partnership with Saint Petersburg State University. The program consists of 12 study modules, 2 of which involve periods of study in foreign business schools: Duke Fuqua School of Business (USA) and the Norwegian Business School Oslo (Norway). There are 26 Company representatives following this program in 2010-2011. Another module program for managers, 'Efficient company management: development of management competences', also provided by Saint Petersburg State University, consists of 5 study modules, and was being followed by 160 Company employees in October 2010.

The corporate MBA program 'International business in the oil & gas sector', is organized in partnership with the Moscow State Institute of International Relations and Bodo Graduate School of Business (Norway). It consists of 12 study modules, 2 of which involve periods of study abroad. A group of 22 Company managers are following this program in 2009-2011.

A total of 6,817 employees completed professional-technical and management training courses within the Company during 2010 (272 different course programs were offered).

Since May 2010 Rosneft has operated an automated system for assessment of technical expertise and formation of individual plans for professional

development of personnel. A total of 135 employees working at Company headquarters and at research institutes were assessed during 2010. Work was completed during the year on professional competence matrices and profiles of central management personnel (in the E&P segment).

The Company is developing a system of distance learning, and the Company library includes 49 distance courses (44 standard and 5 corporate).

Corporate courses are designed to accord with the Company's basic standards and policies, and are divided into a number of classifications: field equipment and pipelines; new production technologies, information technology; and environmental security.

A total of 4,055 Company employees carried out studies using distance-learning technologies in 2010.

Steps have been taken to achieve smooth development and standardization of Rosneft study centers. A set of guidelines for organization of regional study centers has been approved and introduced. Work has begun on a program for 2011-2015 to equip the company's study and training base with simulators for development of practical skills among personnel who work at potentially dangerous facilities (23 upstream and service companies, and 10 downstream companies).

SOCIAL POLICY AND CHARITY



SOCIAL POLICY IS A PART OF ROSNEFT'S CORPORATE STRATEGY, AND IS USED TO ENHANCE EFFICIENCY AND COMPETITIVENESS IN ALL ASPECTS OF COMPANY BUSINESS

Rosneft strives to achieve a high level of responsibility towards all interested parties (government, business partners, Company personnel, communities in regions where the Company has operations, social organizations, etc.), based on equality of opportunity, mutual respect and the rule of law.

The Company's social policy is founded on unwavering observance of certain legal principles:

- international law on human rights;
- Russian law applicable to social issues;
- Russian labor law.

The main objectives of Company social policy are to ensure safe and comfortable working conditions, a healthy lifestyle, housing, and improvements in the quality of life of its employees and their families. Rosneft aims to provide professional training for its employees, and financial support to Company

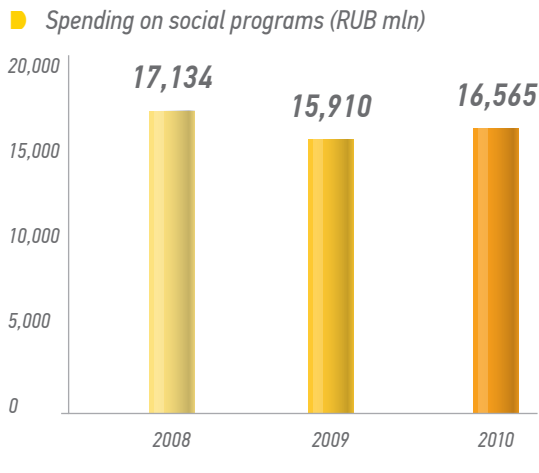
veterans and pensioners. Rosneft also has commitments to social and economic development in Russian regions where the Company has operations, and to various charity projects.

Spending by the Company on social programs in 2010 was RUB 16.6 bln, increased from RUB 15.9 bln in 2009.

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;
- one-off payment at retirement.

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

IMPROVING WORK AND LEISURE CONDITIONS

Rosneft supports various projects and events, which help to improve the working conditions and living standards of its employees. These efforts contribute to maximizing labor productivity and reducing unproductive use of work time.

The Company works to ensure that conditions in the workplace match a number of fixed standards. This applies particularly to refurbishment and development of shift camps (accommodation and living facilities for workers at remote production locations). More than 38,000 of the Company's employees live in such camps when they are on duty. The Company's new improved shift camps offer more comfortable hostel accommodation, catering, washing and laundry complexes, rooms for drying of special clothing, high-quality medical services, a range of services, and sport and leisure facilities.

Spending by the company in the reporting year on upgrading of shift camps and field support bases totaled RUB 979.5 mln, enabling reconstruction and major repairs to 163 premises.

Shift camps at Support Base-700, Oil Pumping Station-2 and the Priluki base were commissioned

at the Vankor field in 2010, and work was begun on the Vankor Support Base, which will have capacity for 850 workers. A hostel with a cafeteria and water preparation station was built by LLC RN-Sakhalinmorneftegaz at the Nabil field, and new office buildings were erected in the cities of Grozny and Nalchik.

Rosneft began work with the Labor Health Institute of the Russian Academy of Medicine in 2010 to design a nutritional standard for workers at Rosneft production, refining and service enterprises.

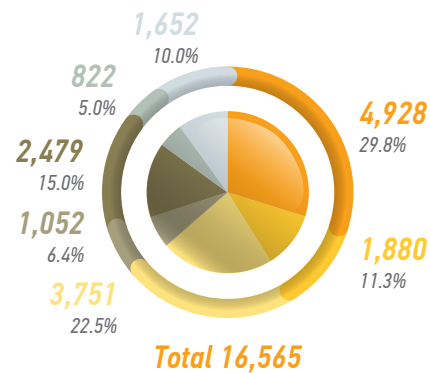
Overall investments during 2010 for development of social infrastructure in the workplace were RUB 4.9 bln.

HEALTHCARE AND LIFESTYLE

Main objectives of the Company's health program are as follows:

- steady reduction of illness levels among personnel;
- maximizing fitness for work (labor productivity) and the working life of employees;
- reduction of costs associated with temporary incapacity of employees;
- providing employees with timely and high-quality medical services to international standards;
- efficient provision of sanatoria and resort cures, convalescent rehabilitation, etc.;

■ *Social spending by area of activity in 2010 (RUB mln)*



- Improvement of working conditions
- Socio-economic development of regions
- Healthcare, healthy lifestyle and other social payments
- Housing
- Non-state pensions
- Maintaining social infrastructure
- Charity

- improving quality of life of employees;
- development and promotion of healthy lifestyles.

Main aspects of this program are:

- employee insurance using the system of voluntary medical insurance;
- payment for additional services provided by medical institutions;
- provision of and payment for visits by employees to sanatoria and resorts;
- reimbursement of subscriptions to fitness and sports clubs;
- organizing and holding sport and health events.

The Company also organizes annual medical examinations and vaccinations for its employees, as well as analysis of health problems and prophylactic measures, in order to monitor health and reduce illness levels (taking account of climate zones and other specifics of production). Company subsidiaries maintain and develop their own healthcare services, and work is being carried out to ensure observance of sanitary norms in the workplace. Health spending by the Company in 2010 was RUB 1.1 bln.

TREATMENT AND CONVALESCENT CARE AT SANATORIA AND RESORTS

The Company arranges and develops treatment for its employees at sanatoria and resorts. A new and efficient system for providing such care has been put in place, and the Company is implementing a corporate regulation on healthcare.

The Company owns a network of sanatoria and resorts, located in various regions of Company operations. In accordance with the plan for 2010, tickets to sanatoria, resorts and other health facilities were distributed to a total of 38,500 employees and members of their families, of whom 28,000 visited facilities that are in Rosneft ownership. Spending for these purposes was RUB 401 mln.

VOLUNTARY MEDICAL INSURANCE

Rosneft's program of voluntary medical insurance ensures high standards of medical care for Company employees. In order to support the program, Rosneft engages the services of leading insurance companies using a tendering procedure.

The program of collective voluntary medical

insurance for Rosneft employees traditionally includes full general medical services, hospitalization, general and specialized dentistry, and convalescent care. Employees are registered for care at leading medical institutions.

A total of RUB 599 mln was spent on voluntary medical care in 2010, and more than 100,000 Company employees were insured.

SPORT

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 its operating regions.

Rosneft's annual, multi-stage Amateur Sports Festival ('Spartakiada') is an important corporate event. A total of 18,000 people took part in the Spartakiada in 2010 (including qualifying competitions at Company subsidiaries).

The first stage of the Spartakiada consists of qualifying competitions at various Company enterprises. The second stage consists of regional trials, held in 2010 in Khabarovsk, Angarsk, Izhevsk, Samara, Krasnodar and Tuapse. 55 teams from Company subsidiaries took part in the regional competitions. The finals of the Spartakiada were held in Moscow, with teams from 14 subsidiaries taking part (over 500 winners and runners-up from the regional stages).

HOUSING PROGRAMS

The Company provided housing to 137 families of its employees in 2010 through the following mechanisms:

- corporate mortgages;
- construction of residential real estate;
- providing accommodation to employees on secondment.

A total of 128 families obtained housing in 2010 as part of Rosneft's program of mortgage credits. The conditions of the program were kept unchanged, including provision to employees of interest-free loans for up to 25-35% of the price of an apartment, and a long-term loan from a partner bank for the

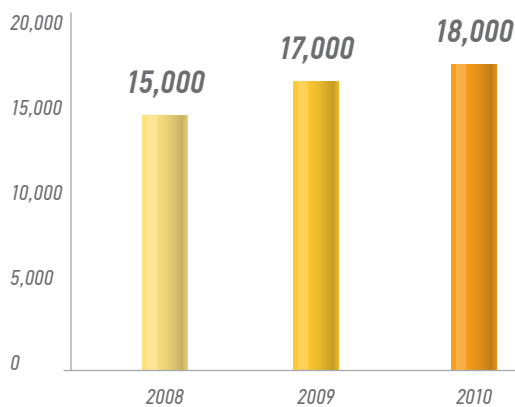
remainder of the price at a preferential interest rate.

Work continued in the reporting year on an apartment block with 119 apartments in the city of Grozny. Work was completed on a residential block with 100 apartments in the city of Nakhodka (the block had already been commissioned in 2009).

CORPORATE PENSION PROVISION

Rosneft’s corporate pension program not only ensures a decent standard of living for former employees after their retirement, but also helps to achieve the Company’s own human resource priorities (reducing employee turnover and attracting qualified specialists to the Company).

■ Number of participants in Rosneft’s Amateur Sports Festival



■ Rosneft organizes competitions in various sports

The program of non-state pension provision to employees is organized through the non-state pension fund Neftegarant. A total of 175 Company subsidiaries have signed collective agreements with the fund.

Pension contributions by Rosneft and its subsidiaries to the Neftegarant fund in 2010 totaled RUB 2.5 bln, of which RUB 137.4 mln were paid as part of a project for social support to veterans.

Non-state pensions were received by 31,000 people in 2010 (19,000 pensioners and 12,000 veterans), and total pension payments during the year were RUB 634 mln. The average monthly pension paid to pensioners was RUB 2,900 and the amount paid to veterans was RUB 1,000.

Further sums were provided to pensioners and veterans under collective agreements to pay for sanatoria and resort holidays, medical expenses and other items.

The Company has organized a system of individual employee pensions, over and above state and corporate pensions. So the full pension received by former Rosneft workers consists of three parts:

- state pension;
- corporate pension, financed from pension contributions by the Company;
- individual pension, financed from voluntary contributions by the employee to the Neftegarant non-state pension fund.

About 20,000 employees made agreements with the non-state pension fund in 2010. Total value of the agreements was RUB 740 mln.

SOCIAL AND ECONOMIC DEVELOPMENT OF RUSSIAN REGIONS

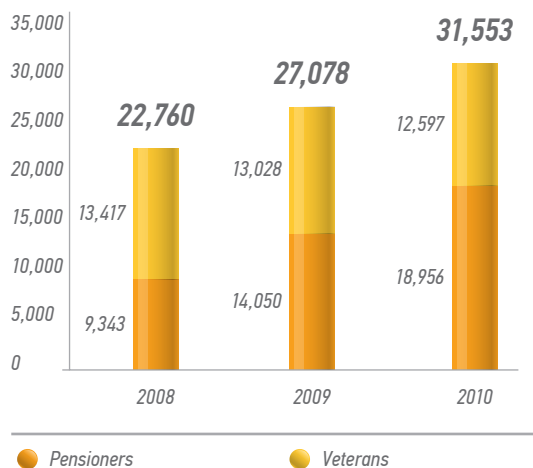
As one of the biggest energy companies in Russia, Rosneft is keen to support implementation of social and economic programs in regions where it operates.

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

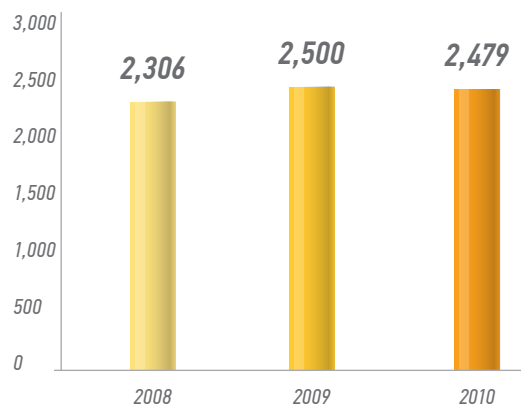
Rosneft spent a total of RUB 1.88 bln in 2010 to finance social and economic cooperation agreements with regions. The money was used for investment in urban and rural infrastructure, road building, construction of schools, medical facilities, cultural and sports facilities, and purchase of modern equipment.

Rosneft is constantly expanding its role in the socio-economic development of Russian 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. A combined school, creative center for children, and outpatient clinic is being installed

■ Number of pensioners and veterans receiving corporate pensions



■ Pension contributions (RUB mln)



in the village of Kut-Yakh, as well as a kindergarten for 60 children, and a new road is being built to the village hospital.

In the Yamalo-Nenets Autonomous District, the Company gives support to small indigenous northern ethnic groups, by financing construction of new housing and engineering networks, and through purchases of equipment. Spending for these purposes was in excess of RUB 65 mln in 2010.

In Krasnoyarsk Region the Company is implementing a program for development of infrastructure in Turukhan District and the town of Igarka. A total of RUB 150 mln was spent in 2010 for demolition of old housing and recultivation of land plots in Igarka and setting up of a shuttle ferry between island and mainland sections of the town. Other money provided by Rosneft was used to build and equip laboratories at the Oil & Gas Institute of the Siberian Federal University. The Company invested RUB 575 mln in this project during 2010.

Social investments in the Komi Republic were spent on reconstruction of an ice-hockey rink in Usinsk, and also of the central stadium in the city of Syktykvar, and of a swimming pool in the town of Pechora.

A total of 20 kindergartens, 31 schools, 13 cultural and 16 sports facilities, 22 hospitals and clinics and 22 churches were built, repaired or restored using Company money during 2010.

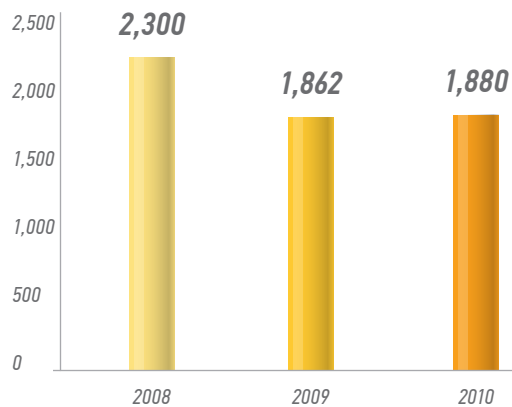
SUPPORT FOR EDUCATION

Support for education is another important aspect of Rosneft's social policy. 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 1,400 particularly gifted school-children who plan to obtain higher education at oil sector institutes and to pursue careers with the Company.

The Company spent RUB 183 mln in 2010 on Rosneft classes, on cooperation with Russian higher education institutes, which train specialists for the oil & gas sector, and on support for educational

■ Financing of socio-economic cooperation agreements (RUB mln)



infrastructure. Also, 85 Company employees were provided with a total of RUB 2.8 mln in loans to help finance their children's education.

CHARITY

Charity is among the most important aspects of Rosneft social policy. The Company consistently provides support to veterans, invalids, orphans, and people who face difficulties through no fault of their own, as well as supporting regional projects in the non-profit sector.

Charity in northern regions of Russia where the Company operates is particularly oriented to indigenous minority ethnic groups. 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 RUB 142 mln on support for indigenous ethnic groups in the north of Russia during 2010.

The Company also spends considerable amounts on revival of cultural heritage. Projects include financing the construction of the Church of Our Savior in the village of Usovo (Odintsovo District, Moscow Region), construction of a new church as part of the Katyn memorial complex in Smolensk Region, etc.

Rosneft helps to finance programs of major



*Moscow Region.
Temple complex in
the village of Usovo*

social importance by civil-society organizations and foundations aimed at reviving the Russian spiritual heritage, as well as providing funds for sport events, healthcare, children's homes and boarding institutions, and various initiatives that serve to strengthen the cultural and moral foundations of Russian society.

Charity also includes help provided to Rosneft employees and their families, and to Company pensioners and veterans. 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.

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, under which the Company agrees to participate in the region's charity programs, and in return 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;
- 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.

The level of charity funding is approved 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.

Total spending by the Company on charity during 2010 was RUB 1.65 bln.

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, which 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.

Spending by Rosneft in 2010 on maintenance of social infrastructure was RUB 822 mln.

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 the 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 the 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 2010 the Company underwent a 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 enterprises. Another eight subsidiaries have their own ISO 14001 and OHSAS 18001 certificates.

Continuous improvement of the competences of all Company employees in the HSE field is a major concern of Rosneft. During 2010, 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 on these issues with civil-society organizations.

About RUB 2.1 bln was spent in 2010 on financing of health and safety measures at Rosneft and its subsidiaries.

The number of industrial injuries at Rosneft enterprises declined by 17% in 2010 compared with 2009, and the fatality rate declined by 2.7 times.

Rosneft has a system for emergency prevention and response. The Company carried out 220 emergency response exercises in 2010, involving approximately 27,000 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 the specific conditions associated with Company production, refining and marketing operations in diverse geographical areas.

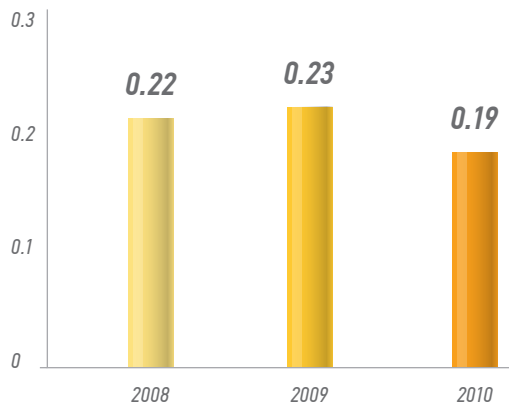
The Company's spending on emergency prevention and response, and on fire and radiation safety, increased by 1.2 times in 2010 compared with 2009 to a level of RUB 4.5 bln.

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 and use of light-reflecting

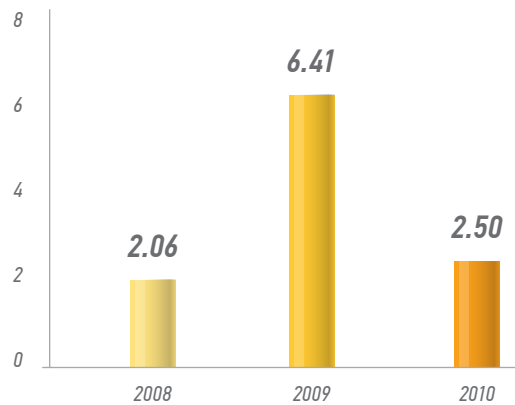


Republic of Udmurtia.
Emergency response
exercises at Udmurtneft

Industrial injury rate (per 1 mln hours worked)



Fatal injury rate (per 100 mln hours worked)



paints at storage facilities; and constant monitoring of air quality and inventory of emission sources.

Four Rosneft enterprises won awards at the EcoLeader competition in Samara Region in 2010:

- the Syzran Refinery won a first-class diploma in the large and medium-sized enterprise category;
- the Novokuibyshevsk Lubricants and Additives Plant won a third-class diploma;
- the production subsidiary, Samaraneftgaz, won a diploma;
- the Otradnensky Gas-processing Plant won a diploma.

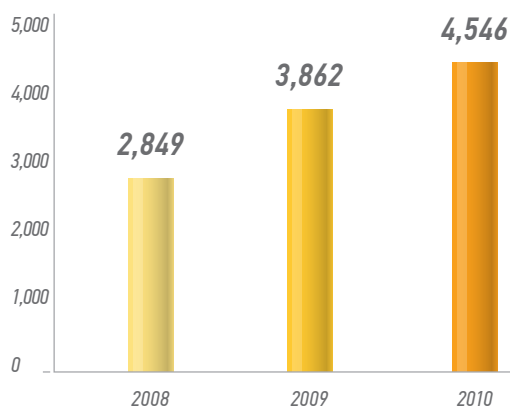
The Komsomolsk Refinery and the Polar Lights production JV were prize winners in the competition,

'Safety in the workplace and protecting the environment: 100 best organizations in Russia'.

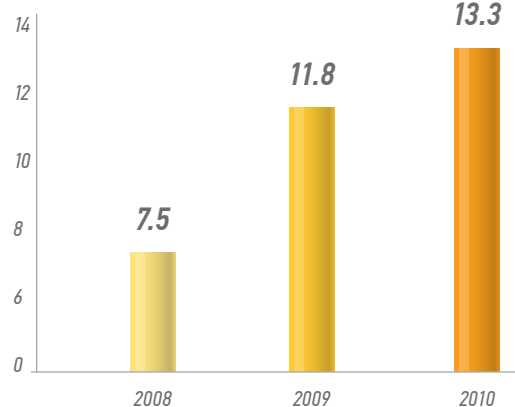
The production subsidiary Udmurtneft won an 'Eco-Responsibility 2010' award for its environmental policy from the Ministry for Natural Resources and the Environment of the Republic of Udmurtia.

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 environmental technologies. For example, waste disposal is carried out only at special sites, and well pads at fields are equipped with a unique drainage system. Extensive use is made of treatment systems during drilling (the technique of

Spending on emergency prevention, fire and radiation safety (RUB mln)



Investments and current spending on environmental protection (RUB bln)



'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 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 2010 was RUB 1,362 mln, which is double the amount in 2009.

Another important Company task is elimination of environmental impacts which have accumulated at license areas during operations in previous years (including the impacts accumulated at licenses acquired recently by Rosneft before the acquisition of these licenses). Investments in environmental measures and total spending on such measures in 2010 were RUB 13.3 bln.



*Vankor.
Closed flaring system*



CORPORATE GOVERNANCE





CORPORATE GOVERNANCE



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 monitors and makes use of the latest international corporate governance experience.

The main tasks of the Company with respect to corporate governance are:

- application, dissemination, monitoring and enforcement of efficient unified governance standards at all of the Group'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 and achievement of greater information transparency;
- 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).

Rosneft has voluntarily decided to apply the non-mandatory Corporate Code of Conduct approved by the Government of the Russian Federation on November 28, 2001 (Minutes No. 49) and recommended by the Federal Commission for the Securities Market (Directive No. 421/r of April 4, 2002) (referred to below as the 'Russian Corporate Governance Code'). The Russian Corporate Governance Code is available (in Russian) in the Bulletin of the Federal Commission for the Securities Market, issue No. 4 of April 30, 2002 and online at <http://fkcb.ffms.ru>. Rosneft has also adopted an internal Corporate Code of Conduct (referred to

below as the 'Rosneft Corporate Code of Conduct'), which lays out the principles and foundations of Rosneft's system of corporate governance. The Rosneft Corporate Code of Conduct was designed to follow the Russian Federal Law on Joint Stock Companies, the Russian Corporate Governance Code, the OECD principles of corporate governance and the Company's Charter. The Rosneft Corporate Code of Conduct is available at the Company's web site (www.rosneft.com).

THE GENERAL MEETING OF SHAREHOLDERS

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

The Company implements the Regulation on the General Meeting of Shareholders, which was approved in an amended version by the General Meeting of Shareholders on June 19, 2009 (unnumbered minutes dated June 29, 2009).

The Annual General Meeting of Shareholders' (for 2009 results) was held on June 18, 2010 in Saint Petersburg (unnumbered minutes dated June 23, 2010) and 97.7% of Company shares were represented at the meeting. Viewing of the proceedings for those with the right to participate was possible in Moscow, Krasnodar, Krasnoyarsk, Samara and Yuzhno-Sakhalinsk via a television link.

The Meeting approved: the Company's Annual Report and financial accounts for 2009, including the Profit & Loss account; distribution of Company profit for 2009; the level, schedule and form of payment of dividends for 2009; and remuneration and compensation of expenses for members of the Company Board of Directors. Decisions were also taken on appointment of members of the Board of Directors and of the Company's Audit Commission, approval of the Company Auditor, and approval of related-party transactions.

Decisions taken by General Meeting of Shareholders had been fully executed as of December 31, 2010.

The first meeting of the newly appointed Board of Directors was held at the end of the Shareholders Meeting, and the Board appointed a Chairman and Deputy Chairmen. The Board also confirmed membership of its three committees, each of them headed by an independent director.

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 authority, as prescribed by Law and the Company Charter.

The role of the Board is governed by the Regulation on the Board of Directors, which was approved in an amended version by the General Meeting of Shareholders on June 19, 2009 (unnumbered minutes dated June 29, 2009).

As well as being responsible for efficient management of the Company, the Board of Directors supervises the system of control over the 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;
- prohibition of any 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, as provided for under the law of the Russian Federation;
- achieving a balance between interests of various groups of shareholders to ensure 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 the Board Committees;
- Regulation on the Board Audit Committee;
- Regulation on the Board HR and Remuneration Committee;
- Regulation on the Board Strategic Planning Committee;
- Rosneft Corporate Code of Conduct;

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

- 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 Accounting Commission.

To ensure compliance with provisions of the Russian Corporate Governance Code, 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 Rosneft 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 the overall efficiency of work by the Board, amended versions of the following documents were approved: the Regulation on the Board Audit Committee; the Regulation on the Board HR and Remuneration Committee; the Regulation on the Board Strategic Planning Committee; and the Regulation on the Procedure for Formation and Operation of the Board 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 Russian Corporate Governance Code and the Rosneft Corporate Code of Conduct is provided in Appendix [2] to this Report.

Rosneft aims to achieve maximum efficiency in the activities of the Board of Directors through high levels of qualification of its members, the personal responsibility of each member of the Board of Directors, and the responsibility of the Board of Directors as a whole, for the decisions which the Board

makes, as well as achieving an optimal balance between executive, non-executive and independent members of the Board.

Newly appointed members of the Board of Directors undergo an induction program, in which they are familiarized with the Company's internal documents and decisions made by the General Meeting of Shareholders. Other information, which Board members may require for proper execution of their duties, is supplied to them on request.

The composition of the current Board of Directors corresponds to standards set out in the Rosneft Corporate Code of Conduct and to international corporate governance practices. As of December 31, 2010 all nine of the nine directors were non-executives and three of them were independent.

There were no changes in membership of the Board of Directors in 2010. From January 1, 2010 until June 18, 2010 the functions of the Board of Directors were carried out by the members who were elected by the General Meeting of Shareholders on June 19, 2009; and from June 18, 2010 until December 31, 2010 the functions of the Board of Directors were carried out by the members who were elected by the General Meeting of Shareholders on June 18, 2010.

ACTIVITY OF THE BOARD OF DIRECTORS IN 2010

The Board of Directors held 26 meetings in 2010 (5 in the form of joint presence and 21 in absentia), at which matters were discussed and decisions were taken on various aspects of Company business¹.

The Board both considered issues that are specifically in its competence as stated in Article 65 of the Federal Law on Joint-Stock Companies, and other issues concerning current business, which are also in its competence. All of the matters considered by the Board in the course of the year were as follows²:

- organization of work by the Board of Directors and by Committees of the Board of Directors (9 items);

1. The procedure for calling and holding meetings of the Board of Directors and for Board decisions in absentia is set out in the Regulation on the Board of Directors of OJSC Rosneft Oil Company.

2. Date of meeting, number of minutes: 26.01.2010, №1; 05.03.2010, № 2; 31.03.2010, № 3; 06.04.2010, № 4; 24.04.2010, № 5; 29.04.2010, № 6; 11.05.2010, №7; 11.05.2010, № 8; 19.05.2010, № 9; 31.05.2010, № 10; 18.06.2010, № 11; 28.06.2010, № 12; 16.07.2010, № 13; 05.08.2010, № 14; 25.08.2010, № 15; 30.08.2010, № 16; 04.09.2010, № 17; 30.09.2010, № 18; 30.09.2010, № 19; 14.10.2010, № 20; 31.10.2010, № 21; 25.11.2010, №22; 26.11.2010, № 23; 29.12.2010, № 24; 24.12.2010, № 25; 24.12.2010, № 26.

- progress in design of a Company Strategy (2 items);
- cooperation and implementation of business projects (12 items);
- approval and implementation of financial and business plans (3 items);
- changes to organizational structure of the Company (1 item);
- participation and ending of participation of the Company in commercial organizations (3 items);
- deciding on amendments to the Company Charter due to creation of branches and opening of representative offices, or their closure (1 item);
- approval of performance criteria and fulfillment of performance criteria by senior managers (2 items);
- inauguration and termination of the authorities of executive bodies (individual and collegial) (7 items);
- matters connected with preparation and holding of the Annual General Meeting of Shareholders (8 items);
- carrying out/approval of transactions that are placed in the competence of the Board of Directors by the Company Charter (33 items);
- defining the Company's position with respect to election (appointment) and early termination of the authorities of chief executive officers of main Group companies (28 items);
- activity of the Rosneft Management Board during 2010 (1 item);
- approval of internal regulatory documents of the Company (3 items);
- matters connected with appointment of the Secretary to the Board of Directors and Corporate Secretary of the Company (2 issues).

Information about the most important issues dealt with by the Board of Directors has been disclosed in press releases¹ and in communications of substantial facts/information, which could have material influence on the price of Company securities (in Russian only)².

■ Attendance of Board members at Board meetings and meetings of Board committees in 2010

Board of Directors					Audit Committee	HR and Remuneration Committee	Strategic Planning Committee
Members	Executive	Non-executive	Independent	Attendance at meetings			
Igor Sechin			✓	26/26			
Vladimir Bogdanov			✓	19/26			
Sergey Bogdanchikov*	✓ (16 meetings)	✓ (5 meetings)		21/26			
Andrey Kostin			✓	26/26	11/11	6/6	
Alexander Nekipelov			✓	26/26	11/11		5/5
Yury Petrov			✓	26/26		6/6	
Andrey Reus			✓	26/26			5/5
Hans-Joerg Rudloff			✓	26/26	11/11	6/6	
Nikolay Tokarev			✓	26/26			5/5

Note: the first figure shows the number of meetings that a member of the Board of Directors attended; the second figure shows the total number of meetings that the member could have attended.

* Segrey Bogdanchikov was executive member of the Board until September 5, 2010.

1. <http://rosneft.ru/news/pressrelease/>

2. <http://rosneft.ru/Investors/information/>

MEMBERS OF THE BOARD OF DIRECTORS OF ROSNEFT

AS OF DECEMBER 31, 2010



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.



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 published scientific works and articles and developer of technical innovations. 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.



SERGEY BOGDANCHIKOV

MEMBER OF THE BOARD OF DIRECTORS 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 Science and author of several published scientific articles. Awarded state and industry prizes. From 1993 — CEO of OJSC Rosneft-Sakhalinmorneftegaz. From 1997 — Vice-President of Rosneft. From 1998 — President of Rosneft (authority was terminated with effect from September 5, 2010). From 1995 — 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 Directors 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 published scientific articles. 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 published scientific articles. 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.



YURY PETROV

DEPUTY CHAIRMAN OF THE BOARD OF DIRECTORS OF ROSNEFT, 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 Advocates Bar.

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.



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.



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' in 1973. 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.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board Committees for Audit, HR and Compensation, and Strategic Planning continued their work in 2010, 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.

Formation and operation of Rosneft's Board Committees is in accordance with the Regulation on the Procedure for Formation and Operation of Board 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 Regulations were approved by the Board on October 18, 2008, Minutes №5).

The Audit Committee consists entirely of independent non-executive directors while the other two 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 2009 and June 2010.

AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

Members of the Audit Committee:

- Hans-Joerg Rudloff (Chairman)
- Andrey Kostin
- Alexander Nekipelov

Membership of the Committee is unchanged from June 5, 2008.

The Audit Committee enables participation by the Board of Directors in control over the 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, assessment of the efficacy of procedures for internal control and risk management, and preparing proposals for their improvement.

The 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 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

Membership of the Committee is unchanged from June 19, 2009.

The HR and Remuneration Committee works to encourage highly qualified specialists to take employment at Rosneft and ensures that incentives are in place for them to work successfully in the Company.

The main functions of the HR and Remuneration Committee is participation in: 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)
- Andrey Reus
- Nikolay Tokarev

Membership of the Committee is unchanged from June 19, 2009.

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 the efficiency of Company interaction with investors; and analysis and provision of information to the Board of Directors concerning the 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 2010

The Board of Directors of Rosneft gave a positive assessment of the activities of the Company's Board Committees during 2010 (Minutes № 36 dated April 14, 2011).

AUDIT COMMITTEE

Activities of the Audit Committee were based on the semi-annual plans developed by the Committee. The Committee met 11 times in the course of the year, including one joint meeting with the Strategic Planning Committee.

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 considered the issue of cooperation between the Control and Audit Department and the Internal Audit Department of Rosneft, and also reviewed key aspects of the UK Law 'The Bribery Act'¹, and gave recommendations to management.

As instructed by the Board of Directors, a joint meeting was held with the Strategic Planning Committee to consider issues connected with implementation of large projects of Rosneft.

In preparation for publication on February 4, 2011 of audited consolidated financial accounts of Rosneft for 2010 under US GAAP, the Committee dealt with the issue of obtaining an auditor's opinion of these accounts.

As part of its work with Company auditors, the Committee gave attention at one of its meetings to data from monitoring by LLC Ernst & Young of the business of certain Company subsidiaries, based on quarterly checks and audit of consolidated financial accounts of Rosneft for 2009. Letters from auditors arising from audit of consolidated financial accounts of Rosneft for 2009 and concerning the system of internal control at Rosneft were also considered.

The Committee approved the plan for work by the Internal Audit Department of Rosneft in 2010.

The Committee reviewed results of the tender among auditing organizations, which was carried out by Rosneft, and gave an assessment of candidates 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 2010.

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 2009 was given a preliminary review; an assessment was given of the opinion of the Rosneft auditor concerning the Company's financial accounts for 2009; a review was carried out of the conclusions of the Internal Audit Commission for 2009 (following checks of Company operations and finances; checks

1. Analysis of the UK law was necessary in view of listing of Rosneft's GDRs on the London Stock Exchange.

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 2009, and the procedure for their payment.

The Audit Committee prepared recommendations to the Rosneft Board of Directors in 2010 on the following issues: preliminary approval of the Rosneft Annual Report for 2009; annual financial accounts, including profit & loss accounts, of Rosneft for 2009; recommendations to the General Meeting of Shareholders concerning size of dividends and the procedure for their payment, and distribution of Company income for 2009.

In the course of 2010, the Chairman of the Audit Committee held regular meetings with senior 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 semi-annual plans developed by the Committee. The Committee held six meetings during the reporting period.

The Committee prepared recommendations to the Board of Directors for decisions on the following issues: achievement of efficiency targets by senior managers of Rosneft and amounts of their annual remuneration for 2009; amendments to the organizational structure of Rosneft; appointment of a Corporate Secretary; determination of the number of members of the Collegial Executive Body (Management Board) of Rosneft; early termination of the authority of the Management Board members and appointment of new members; simultaneous occupancy by Management Board members of posts in governing bodies of other organizations; and approval of efficiency indicators for senior managers of Rosneft in 2010.

STRATEGIC PLANNING COMMITTEE

Actions by the Strategic Planning Committee were based on approved semi-annual plans developed by the Committee. The Committee held five meetings during the reporting period.

The Committee prepared recommendations to the Board of Directors on the following issues: approval of an integrated regional policy for the Company; R&D objectives, approval of the Company's

Integrated Innovation Program and structure of the corporate system for R&D and innovation management; forecast business results for the first quarter of 2010; upgrading and installation of new refining facilities at OJSC RN-Tuapse Refinery; implementation of the Volga Petrochemicals Company project; implementation of the business project for construction of a refinery in the Republic of Chechnya; forecast outcomes of the Rosneft business plan for 2010; restructuring of the assets of companies in Rosneft Group; approval of the business plan for 2011; and the IT development strategy of Rosneft.

In compliance with the instruction issued by the Board of Directors on December 28, 2009 (Minutes № 17), the following large projects were considered at a joint meeting held by the Audit Committee and the Strategic Planning Committee on April 23, 2010:

- development of the Vankor field;
- development of the Yurubcheno-Tokhomskoye field;
- upgrading and installation of new refining facilities at LLC RN-Tuapse Refinery;
- upgrading and development of the Samara group of refineries, the Achinsk Refinery, Angarsk Petrochemicals Company and the Komsomolsk Refinery.

The Chairman and members of the Committee held regular working meetings in the course of the year with senior managers of the Company, and with heads of structural subdivisions involved in business planning and development of the Rosneft Development Strategy.

In compliance with an instruction by the Board of Directors of Rosneft from November 26, 2010 (Minutes № 23), the Committee reviewed a report in December 2010 on the first stage of work on formulation of the Rosneft Strategy for the period up to 2030.

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), which are subordinated to the Board of Directors and the General Meeting of Shareholders of the Company.

The Company has a Regulation on the Collegial Executive Body (Management Board), which was approved with amendments by the General Meeting of Shareholders on June 19, 2009 (unnumbered minutes dated June 29, 2009).

The Company has a Regulation on the Chief Executive Officer (the President), which was approved with amendments by the General Meeting of Shareholders on June 19, 2009 (unnumbered minutes dated June 29, 2009).

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 (Management Board), the Regulation on the Chief Executive Officer (President), and the Rosneft Corporate Code of Conduct and other internal regulations of the Company.

The Company's Management Board consists of seven members. According to article 12.3 of Rosneft's Charter the members of the Management Board are appointed for three years. The authorities of the Management Board (constituted as of December 31, 2010) last until March 6, 2012.

The following changes in membership of the Management Board of Rosneft occurred in 2010:

- the Board of Directors decided on April 24, 2010 (Minutes № 5) to terminate the authority of Management Board member Sergey Makarov and to appoint Pavel Fedorov;
- the Board of Directors decided on September 4, 2010 (Minutes № 17) to appoint Eduard Khudainatov as President of the Company for three years, and Paragraph 12.2. of the Charter of Rosneft stipulates that the Company President carries out the functions of Chairman of the Management Board;
- the Board of Directors decided on November 26, 2010 (Minutes № 23) to terminate the authorities of Management Board members Victor Ploskina and Sergey Bogdanchikov and to appoint Gani Gilayev as a member of the Management Board.

MEMBERS OF THE MANAGEMENT BOARD OF ROSNEFT

AS OF DECEMBER 31, 2010



EDUARD KHUDAINATOV

CHAIRMAN OF THE MANAGEMENT BOARD, 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 Poikovsk.

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 of Rosneft.

From 2009 – First Vice-President of Rosneft.

From September 6, 2010 – President and Chairman of the Management Board of Rosneft.



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 2003 – 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 drawing up and implementation of legal policy for protection of assets and interests of the Company (and of the Company's shareholders), and of subsidiary (and affiliated) companies, from February 2011 is also responsible for corporate governance.

Appointed as member of the Management Board on March 5, 2009.

On October 9, 2009 appointed as Deputy Chairman of the Management Board.



PAVEL FEDOROV

FIRST VICE-PRESIDENT OF ROSNEFT.

Born in 1974. Graduated from Novosibirsk State University in 1995. Obtained a Masters Degree from Washington State University in 1998.

From 1998 to 2005 – Executive Director, Vice-President of Morgan Stanley (London).

From 2006 to 2007 – Managing Director of UBS (Moscow).

From 2007 to 2010 – Managing Director, Senior Advisor of Morgan Stanley (Moscow).

From April 2010 – First Vice-President of Rosneft with responsibility for economics and finance.

Appointed as member of the Management Board on April 24, 2010.



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 economics and business planning.

Appointed as member of the Management Board on March 5, 2009.



RIZO TURSUNOV

VICE-PRESIDENT OF ROSNEFT (FROM MARCH 2011 ADVISER TO THE 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.

From March 2011 — Adviser to the President of Rosneft.

Appointed as member of the Management Board on March 5, 2009.



GANI GILAYEV

ACTING VICE-PRESIDENT OF ROSNEFT.

Born in 1956. Graduated in 1990 from the Ufa Oil Institute specializing in development and operation of oil & gas fields.

From 1975 — Drilling Assistant at Vostokneft production unit (part of the Sakhalinneft conglomerate).

From 1993 to 2006 — management positions at Sakhalinmorneftegaz, Rosneft-Termneft and RN-Krasnodarneftegaz.

From 2006 — CEO of Udmurtneft.

From 2009 — Director of the Oil & Gas Production Department of Rosneft.

In October 2010 — appointed Acting Vice-President of Rosneft with responsibility for production.

Appointed as member of the Management Board on November 26, 2010.



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, until February 2011 — responsible for property and corporate governance, from February 2011 — responsible for commercial activities.

Appointed as member of the Management Board on March 5, 2009.

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 setting 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 (Minutes № 4).

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, except for members of the Board of Directors who are state officials and for the Chief Executive Officer (President).

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 setting 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 Board Committee as Chairman of that Committee;
- factual participation in work of a Board 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 financial situation of the Company. The Board of Directors also decides on whether remuneration will be paid in the form of cash or shares of Rosneft.

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 incurred by a member of the Board of Directors in connection with administrative, criminal or other court action arising from his or her activities as a member of the Board.

Based on the recommendation of the Board of Directors of Rosneft, dated April 24, 2010, the General Meeting of Shareholders on June 18, 2010, 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 26,099 (twenty six thousand, and ninety nine) 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) railway transport services.

- 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 senior 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 senior managers are approved by the Rosneft Board of Directors, and bonuses for heads of independent subdivisions are approved by the Management Board.

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 or her of individual efficiency indicators, which coincide with key indicators of Company performance.

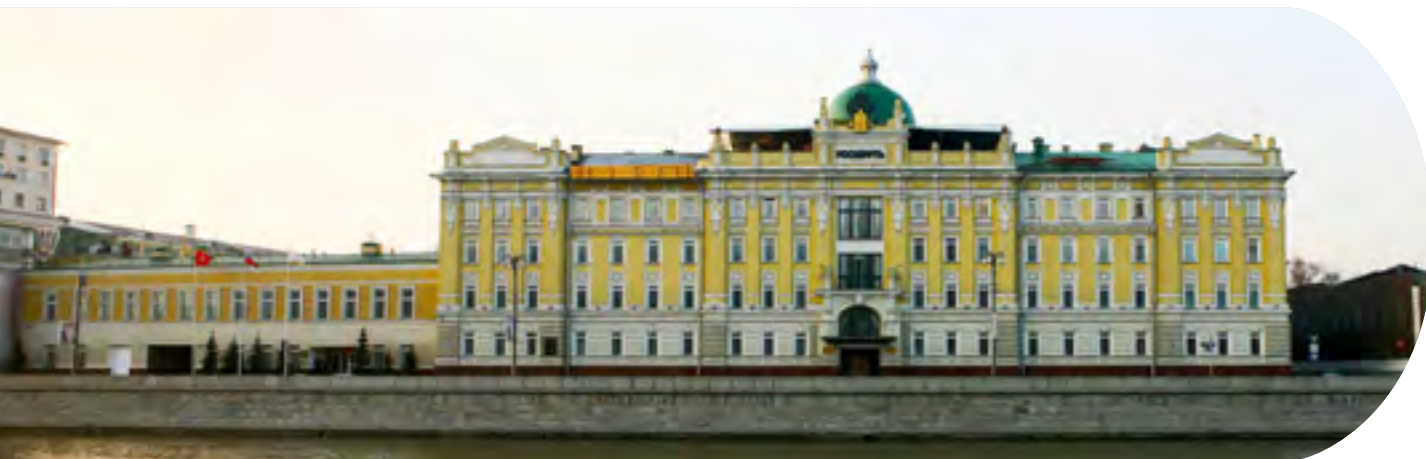
The annual bonus for other managers consists of two parts: a bonus for the manager's individual results and a bonus for team results (for the manager's business sphere and for the Company as a whole).

Approval of key efficiency indicators and assessment of their achievement are carried out as follows:

The structure of remuneration to management (ratio of its fixed and variable parts) corresponds to generally accepted international practice.

Top managers of Rosneft (like all other employees) may also receive special remuneration for outstanding contribution to the development of the Company during the reporting period. The remuneration is approved by the HR and Remuneration Committee of the Board of Directors.

INTERNAL CONTROL AND AUDIT



ROSNEFT HAS A SYSTEM OF CONTROL OVER ITS FINANCIAL AND OPERATING ACTIVITIES, CONSISTING OF AN 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.

AUDIT COMMISSION

The 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 of Shareholders. 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 Company has a Regulation on the Audit Commission, approved with amendments by the General Meeting of Shareholders of Rosneft on June 19, 2009 (Minutes unnumbered dated June 29, 2009).

The Commission carries out a regular internal audit of annual financial and operating results for the year or at any time upon an 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 collectively) 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 state 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 authority of the Chief Executive Officer to make agreements in the Company's name;
- audit of authority 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 Audit Commission are stipulated in the Regulation on the Audit Commission of Rosneft.

In accordance with the approved plan of work for 2010, the Audit Commission carried out 4 document checks and prepared an opinion for the Annual General Meeting of Shareholders on the accuracy of information contained in the Annual Financial Statements and the Annual Report.

MEMBERSHIP OF THE AUDIT COMMISSION (AS OF DECEMBER 31, 2010)

The following membership of the Internal Audit Commission was elected at the General Meeting of Shareholders of Rosneft on June 18, 2010:

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

Konstantin Pesotsky

Year of birth: 1977

Education: Higher

Organization: Ministry of Economic Development of the Russian Federation

Official post: Deputy Director of Department

Sergey Pakhomov

Year of birth: 1983

Education: Higher

Organization: Federal Agency for State Property Management

Official post: Head of Section

Alexander Yugov

Year of birth: 1981

Education: Higher

Organization: Federal Agency for State Property Management

Official post: Deputy Head of Department

Tatyana Fisenko

Year of birth: 1961

Education: Higher

Organization: Ministry of Energy of the Russian Federation

Official post: Director of the Financial Department

All members of the Audit Commission are state officials and do not receive remuneration for their work in the Commission.

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 Audit Commission, the Control and Audit Department, the Internal Audit Department, executive bodies and financial managers;
- reviews and formulates 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, the amount of dividends and the procedure for their payment;
 - determination of the value (in monetary terms) of Rosneft property, and the placement and redemption price for issuable securities in instances stipulated by the Federal Law on Joint-Stock Companies;
 - determination of the level of payment for services provided by an auditor;
 - approval of 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 the 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 the 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) the efficiency of risk management processes, control and corporate governance. The tasks of the IAD are:

- conducting an internal audit at the Company in order to improve the 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, Board Audit Committee, Risk Management Committee and Company managers with objective information about Company risks and about the 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 Board Audit Committee as part of the 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 Board 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 Board 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 Board Audit Committee.

The most significant results of audits that have been carried out are reported at meetings of the Board 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 Board 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 the 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 by the Board Audit Committee as a result of control measures in the competence of the CAD;
- assessing, classifying and minimizing potential risks which arise in the course of Company business, including the business of subdivisions, branches and representative offices;
- 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 Board 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. The activity of the CAD is governed by the annual control and audit plan approved by the Company President. The plan is prepared by prioritizing control tasks using a factor method, and current planning uses a risk-oriented approach.

Control is carried out to ascertain the reliability of accounting and book-keeping and efficiency and achievement of business operations, safety of assets, with due account for the requirements of Russian law and local normative documents.

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, and 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 Board Audit Committee, the Management Board and the President concerning the activities of the Department, the results of control and audit work, the state of internal control and of measures to raise the efficiency of the internal control system.

The CAD works closely on issues of internal control with all structural subdivisions and governing bodies of the Company, as well as working with the Institute 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

CJSC ACG RBS

By decision of the General Meeting of Company Shareholders, Closed Joint-stock Company Auditing and Consulting Group Business Systems Development (CJSC ACG RBS) was appointed to carry out independent audit of book-keeping and financial accounts of Rosneft for 2010, prepared to Russian Accounting Standards.

Procedure for selection of the auditor

As prescribed by Paragraph 1 of Article 5 of the Federal Law on Auditing, the annual financial accounts of OJSC Rosneft Oil Company, prepared under RAS, are subject to obligatory audit to confirm the accuracy of the reporting data, which they contain.

The Company therefore holds an annual open tender to select an auditor, as stipulated by internal documents. The Company's tendering sub-committee selects the winner of the tender after reviewing the bids 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 tender for selection of auditing organizations, containing information on the terms of the tender (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 print publication.

The proposed winner of the annual tender for an auditing organization is put forward for consideration by the Board Audit Committee of Rosneft.

In accordance with Paragraph 1, Article 3 of the Regulation on the Board Audit Committee, assessment of candidates for the role of Company auditor is the exclusive function of that Committee.

Based on the recommendation of the Board Audit Committee the Board of Directors takes a decision on the candidacy for the role of auditor to be proposed for approval by the Annual General Meeting of Shareholders.

Payment for services by the auditor

Remuneration payable to the auditor is deter-

mined 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 Board Audit Committee, the Board of Directors set the price for audit by CJSC ACG RBS of Rosneft annual financial accounts to Russian Accounting Standards for 2010 at RUB 2,684,500 including VAT.

Rosneft occasionally calls on the services of CJSC ACG RBS 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 firms¹. The auditing organization most suited to Company needs is selected through comprehensive analysis of tendering proposals.

The candidate for the role of auditor of annual accounts prepared in accordance with US GAAP is assessed and approved by the Board Audit Committee. Confirmation of the candidate by the General Meeting of Shareholders is not required.

Based on analysis of proposals, the Board Audit Committee decided to appoint the company Ernst & Young as the auditor of Rosneft's consolidated annual accounts for 2010 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 Board 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 2010 the share of consulting (non-audit) services in total services, which LLC Ernst & Young provided to Rosneft, was about 30%.

1. The Big 4 refers to the four leading international companies which provide audit and consulting services (PricewaterhouseCoopers, Ernst & Young, Deloitte, KPMG).



SHARE CAPITAL



THE AUTHORIZED CAPITAL OF ROSNEFT AS OF DECEMBER 31, 2010, 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 02–00 122 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 2010.

The number of shareholders registered in the shareholder register of Rosneft as of December 31, 2010, was 33,170 (including 17 nominee shareholders). The number of nominee shareholders increased in comparison with December 31, 2009, when there were 16 such shareholders.

Rosneft had no preferred shares as of December 31, 2010.

In 2007–2010, the Russian Government held 75.16% of Rosneft's equity through OJSC ROSNEFT-EGAZ, which is in 100% federal ownership. The Russian Government's direct stake in Rosneft (held by the Federal Agency for State Property Management) was 0.000 000 009%. The Russian Federation did not have special rights related to managing Rosneft (golden share).

■ Main shareholders of Rosneft (holding more than 1% of share capital)

Shareholders	December 31, 2009		December 31, 2010	
	Number of shares	Stake in share capital, %	Number of shares	Stake in share capital, %
OJSC ROSNEFTEGAZ*	7,965,816,383	75.16	7,965,816,383	75.16
LLC RN-Razvitie**	1,000,000,000	9.44	998,192,487	9.42
OJSC Sberbank of Russia (nominee)	1,428,233,023	13.48	1,379,763,288	13.02
Other legal entities owning more than 1% of shares, including:	148,529,190	1.40	201,232,578	1.90
OJSC Rosneft***	747,112	0.01	0	0.00
LLC RN-Stroy***	0	0.00	668,815	0.01
Individuals	55,599,221	0.52	53,173,081	0.50
TOTAL	10,598,177,817	100.00	10,598,177,817	100.00

* 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% (one share).

** 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.

*** Shares bought at the request of shareholders in accordance with Articles 75, 76 of the Federal Law on Joint Stock Companies. 78,297 shares have been used to pay remuneration to the independent members of the Board of Directors of Rosneft in 2010. The remaining shares have been sold to LLC RN-Stroy, which is a 100% subsidiary of Rosneft. Rosneft shares owned by LLC RN-Stroy are reflected as treasury shares in the Company's consolidated financial statements under US GAAP.

During 2010 Rosneft carried out monthly updates on the Company website of information on shareholders who own more than 1% of equity.

Rosneft's management has no information about any shareholders with equity stakes exceeding 1% (shareholders of Rosneft with equity stakes exceed-

ing 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' Lists).



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 JP Morgan Europe Limited. One Global Depositary Receipt is equivalent to one common share of Rosneft.

As of December 31, 2010, GDRs were issued for 1,252 mln ordinary shares, representing 11.8% of total shares.

A list of the rights of owners of common shares of OJSC Rosneft Oil Company, including voting rights on each voting share of Rosneft, is presented in Paragraph 5.8 of the Company Charter, which is posted on the Rosneft website (www.rosneft.com).

TRANSACTIONS BY MEMBERS OF THE BOARD OF DIRECTORS AND MANAGEMENT BOARD WITH ROSNEFT SECURITIES

The Company's Regulation on insider information obliges members of the Board of Directors, the Management Board, and the Company President to disclose information on any transactions which they carry out with Rosneft securities.

Transactions were carried out with Company securities in 2010 by members of the Board of Directors and Management Board of Rosneft. Details of such transactions were presented to the Company within the time limits stipulated by internal documents and disclosed on the securities market in compliance with acting legislation.

Member of the Board of Directors, Hans-Joerg Rudloff, carried out one transaction:

- sale in January 2010 of 300,000 global depository receipts, certifying ownership rights to 300,000 ordinary shares of OJSC Rosneft.

Member of the Board of Directors, Sergey Bogdanchikov, carried out one transaction:

- sale in September 2010 of 126,672 ordinary shares of OJSC Rosneft.

Member of the Board of Directors, Alexander Nekipelov, carried out three transactions:

- sale in July 2010 of 13,000 ordinary shares of OJSC Rosneft;
- sale in December 2010 of 10,000 ordinary shares of OJSC Rosneft;
- sale in December 2010 of 10,000 ordinary shares of OJSC Rosneft.

On July 15, 2010 the Company carried out its undertaking, as decided by the General Meeting of Shareholders of Rosneft on June 18, 2010 to transfer 26,099 Company shares as remuneration for their period of service to each independent member of the Board of Directors (Andrey Kostin, Alexander Nekipelov, and Hans-Joerg Rudloff).

President and Chairman of the Management Board, Eduard Khudainatov, carried out two transactions:

- acquisition in September 2010 of 300,000 ordinary shares of OJSC Rosneft;
- acquisition in December 2010 of 236,548 ordinary shares of OJSC Rosneft.

Deputy Chairman of the Management Board, Larisa Kalanda, carried out one transaction:

- acquisition in December 2010 of 103,035 ordinary shares of OJSC Rosneft.

Member of the Management Board, Pavel Fedorov, carried out one transaction:

- acquisition in September 2010 of 150,000 ordinary shares of OJSC Rosneft.

Member of the Management Board, Sergey Tregub, carried out one transaction:

- acquisition in December 2010 of 74,731 ordinary shares of OJSC Rosneft.

Member of the Management Board, Peter O'Brien, carried out one transaction:

- acquisition in December 2010 of 248,478 global depository receipts, certifying ownership rights to 248,478 common shares of OJSC Rosneft.

Member of the Management Board, Gani Gilayev, carried out one transaction:

- acquisition in December 2010 of 32,529 ordinary shares of OJSC Rosneft.

Information on ownership of Rosneft shares by members of the Board of Directors and Management Board of the Company

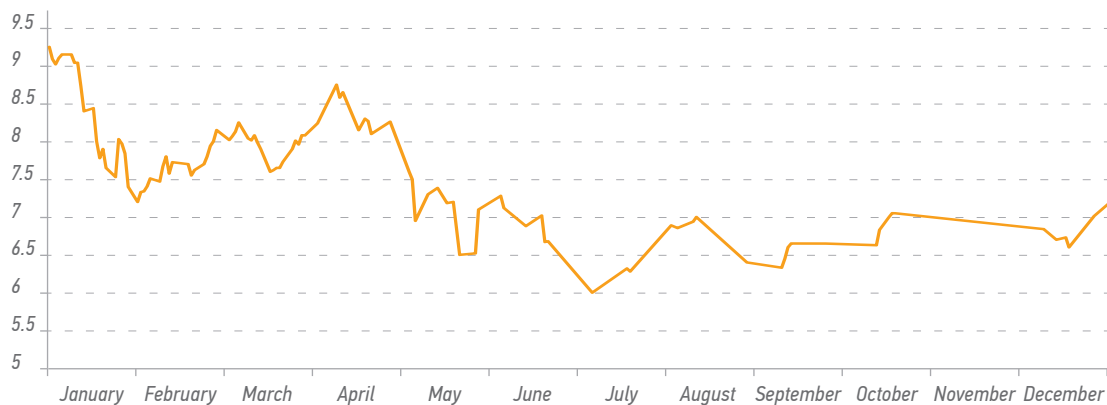
Members of the Board of Directors and Management Board	Number of ordinary shares (as of December 31, 2010)	Stake in share capital, %
<i>BOARD OF DIRECTORS</i>		
Vladimir Bogdanov	—	—
Sergey Bogdanchikov	—	—
Andrey Kostin	59,713	0.0006%
Alexander Nekipelov	26,713	0.00025%
Yury Petrov	—	—
Andrey Reus	—	—
Hans-Joerg Rudloff	459,713 (shares and GDRs)	0.0044%
Igor Sechin	—	—
Nikolay Tokarev	—	—
<i>MANAGEMENT BOARD</i>		
Gani Gilayev	41,672	0.0004%
Larisa Kalanda	368,730	0.0035%
Peter O'Brien	498,478 (GDRs)	0.0047%
Sergey Tregub	74,731	0.0007%
Rizo Tursunov	—	—
Pavel Fedorov	150,000	0.0014%
Eduard Khudainatov	536,548	0.0051%

ROSNEFT SHARE AND GDR QUOTES IN 2010

■ *Moscow Interbank Currency Exchange (RUB)*



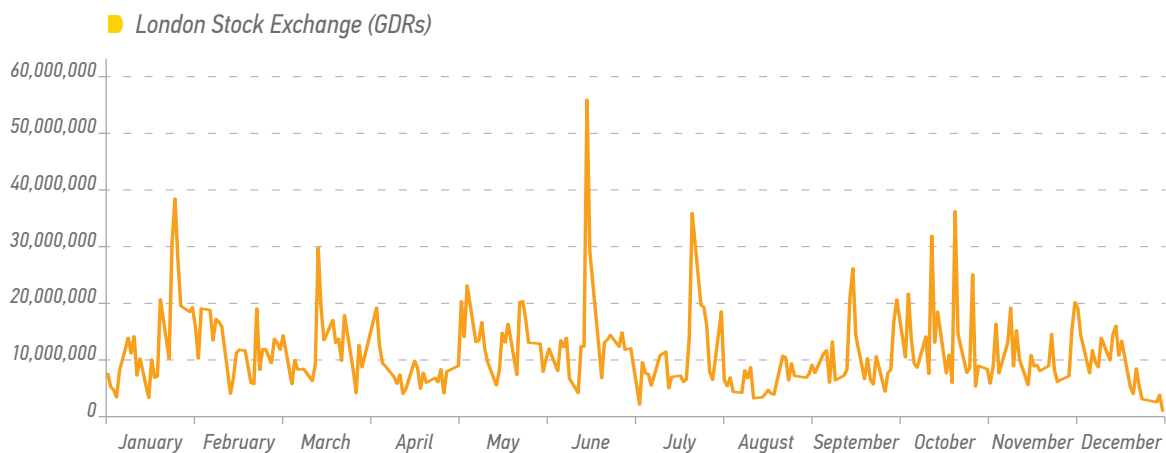
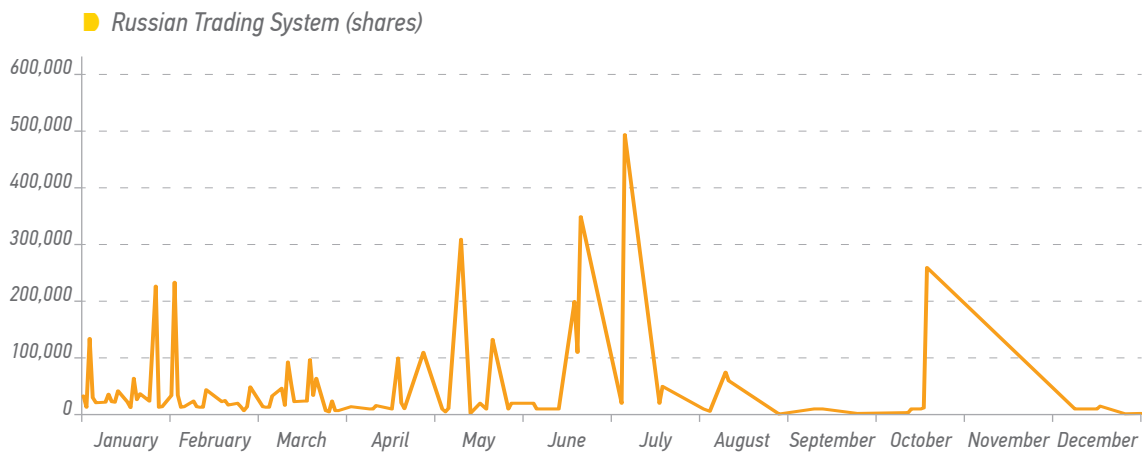
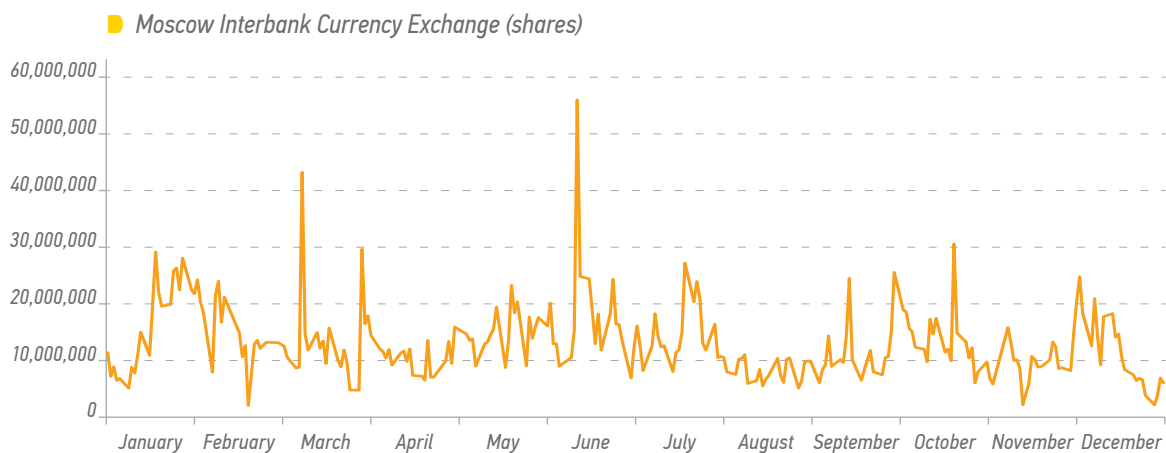
■ *Russian Trading System (USD)*



■ *London Stock Exchange (USD)*



ROSNEFT SHARE AND GDR TRADE VOLUMES IN 2010



DIVIDEND POLICY



ON MAY 17, 2006 ROSNEFT'S BOARD OF DIRECTORS VOTED TO APPROVE THE REGULATION ON DIVIDEND POLICY, WHICH WAS DEVELOPED IN ACCORDANCE WITH RUSSIAN LEGISLATION, THE COMPANY CHARTER, AND THE ROSNEFT CODE OF CONDUCT

Rosneft's dividend policy strikes a balance between shareholders' interests and the Company's business needs, and is intended to improve 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. In accordance with Rosneft's dividend policy, recommendations by the Board of Directors on the amount of dividends to be paid are determined by the Company's financial

results for the year, but are usually 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 an impact on the size of dividend payments. Such factors include: the Company's business prospects, its financial situation and financing needs, and the overall macroeconomic situation and market environment, as well as other factors, including aspects connected with tax and legislation.

On April 24, 2010 the Board of Directors recommended the General Meeting of Shareholders to pay 11.7% of non-consolidated annual net income, or RUB 24,376 mln (USD 833 mln at the CBR exchange

■ Dividend history of Rosneft

	<i>Dividends per share*, RUB</i>	<i>Total dividends announced, RUB mln</i>	<i>Total dividends paid, RUB mln</i>	<i>Payout ratio under RAS, %</i>
1999	0.0221	200	200	3.4%
2000	0.0887	800	800	5.3%
2001	0.1219	1,100	1,100	11.0%
2002	0.1663	1,500	1,500	16.8%
2003	0.1650	1,500	1,500	8.1%
2004	0.1931	1,775	1,775	10.0%
<i>DIVIDENDS PAID OUT AFTER THE IPO, WHICH CLOSED ON JULY 18, 2006</i>				
2005	1.25	11,335	11,336	20.0%
2006	1.33	14,096	14,079	13.3%**
2007	1.60	16,957	16,936	10.5%
2008	1.92	20,349	20,326	14.4%
2009	2.30	24,376	24,341	11.7%
2010***	2.76			

* The dividend amounts, which are shown, take account of the 1:100 share split carried out in September 2005.

** Net profit for 2006 corrected for non-recurring items.

*** Dividends recommended by the Board of Directors for approval by the Annual General Meeting of Shareholders in June 2011.

rate as of April 24, 2010) as dividends for 2009. This amounted to RUB 2.30 per share (7.86 cents at the CBR exchange rate as of April 24, 2010) and was 19.8% more than in the previous year. On June 18, 2010 the General Meeting of Shareholders decided to accept the Board recommendation on dividend payment. As of December 31, 2010 shareholders had received RUB 24,341 mln as dividends for 2009. The dividends paid to the Russian Federal Budget were RUB 2.30, dividends paid to OJSC ROSNEFTEGAZ (100% federal ownership) were RUB 18,321 mln. Rosneft had no outstanding dividend payables to the budget or OJSC ROSNEFTEGAZ as of December 31, 2010.

Dividends were not paid to shareholders recorded in the Rosneft register of shareholders where nominees had failed to provide all necessary information, nor to shareholders who had not informed the issuer's register holder in a timely fashion of a change in the data recorded on their registration form.

On April 14, 2011 the Board of Directors of Rosneft recommended the General Meeting of Shareholders to approve dividends for 2010 at a level of RUB 2.76 per share (9.82 cents at the CBR exchange rate as of April 14, 2011), which is 20% more than

the amount for 2009. Total recommended dividends for 2010 were RUB 29,251 mln (USD 1,040 mln at the CBR exchange rate as of April 14, 2011). The ratio of recommended dividends to non-consolidated net income under RAS for 2010 was 15.2%. The ratio of recommended dividends to consolidated net income under US GAAP for 2010 was 10.0%.

INFORMATION DISCLOSURE

Rosneft policy on information disclosure is governed by the requirements of the Federal Law on the Securities Market, the Federal Law on Joint-Stock Companies, and the Regulation on Information Disclosure by Issuers of Securities, as approved by the Order of the Federal Financial Markets Service dated October 10, 2006 No.06–117/pz-n, together with the 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 the 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 where the information represents a commercial secret or other legally protected information).

The main disclosure mechanism is Rosneft's website, which contains relevant information on significant facts and events, on management and organizational structure, and on 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 and quarterly reports under US GAAP, and Management discussion and analysis (MD&A), the Analyst Data Book, presentations, press releases, and information on affiliated entities and other information which could have an 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 with interested parties. At the request of shareholders, the Company provides copies of main internal documents, documentation connected with holding of the General Meeting of Shareholders, lists of affiliated entities and other documents in accordance with the 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 2010 the Company continued to work intensively to raise levels of transparency and to ensure an ef-

ficient system of shareholder and investor relations, as evidenced by the following achievements:

- Rosneft took first place in the Standard & Poor's Transparency and Disclosure Survey of Russian companies for the second consecutive year;
- The Company took first place in the category 'Best investor relations specialist in Russia' in the annual contest by IR Magazine among companies in the UK and continental Europe;
- Rosneft won first prize in the nomination 'Best roadshow and investor meetings' at the conference, 'Latest Experience in Investor Relations', organized by IR Magazine Russia and CIS and the investment bank JP Morgan;
- The Company took first place in the nomination 'Best annual report in the oil & gas sector' as part of the 13th annual reports competition held by the RTS Stock Exchange;
- Rosneft won the nomination 'Best annual report in the energy sector' at the 13th annual reports competition held by the MICEX Stock Exchange and Securities Market magazine;
- The Company took second place in the 'Energy sector' nomination of the 7th annual reports competition held by the Administration of Krasnodar Territory;
- The Company website won second prize among Russian corporate sites in an annual survey by the Swedish company Hallvarsson & Hallvarsson;
- The Company won first prize in the section 'Best progress in content of the investor & shareholder section' as part of Bowen Craggs' competition for corporate websites.

The Company devotes particular attention to raising the efficiency of its interactions with shareholders and investors as part of its efforts to further increase informational transparency and openness. In 2010 the Company held a consultative meeting for minority shareholders on the theme, 'Rights of shareholders associated with participation in the general meeting. How a shareholder can exercise his right to vote at the general meeting. Decisions of the general meeting of shareholders.'

As part of its interaction with institutional investors and analysts, in 2010 Rosneft held regular presentations of its financial results under US GAAP, as well as meetings in Russia and main international financial centers, and teleconferences.

Transparency of financial information is another important element of corporate governance. On

February 4, 2011 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 2010.

As part of its interaction with interested parties, Rosneft has held round tables since 2007 in regions where it has operations (eight round tables were held in the course of 2010). Rosneft gives special attention to improvement of information disclosure in preparation of its Sustainable Development Report. In 2010 the Report merited an A+ rating (the highest rating under the international GRI standard) and passed an audit by the independent auditor, Ernst & Young.

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Appendix 1. CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2010 AND 2009 AND FOR THE YEARS ENDED
DECEMBER 31, 2010, 2009 AND 2008

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, 2010 and 2009, 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, 2010. 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, 2010 and 2009, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

/s/ Ernst & Young LLC
ERNST & YOUNG LLC

February 4, 2011

CONSOLIDATED BALANCE SHEETS

in millions of US dollars,
except share amounts

ASSETS	Notes	As of December 31,	
		2010	2009
CURRENT ASSETS:			
Cash and cash equivalents	3	4,154	1,997
Restricted cash	3	30	20
Short-term investments	4	6,814	2,508
Accounts receivable, net	5	7,512	6,458
Inventories	6	2,111	1,886
Deferred tax assets	18	174	174
Prepayments and other current assets	7	2,156	2,126
Assets held for sale	8	92	—
Total current assets		23,043	15,169
NON-CURRENT ASSETS:			
Long-term investments	8	2,936	3,744
Long-term bank loans granted, net of allowance of US\$ 16 and US\$ 17, respectively		304	326
Property, plant and equipment, net	9	61,190	57,704
Goodwill	11	4,507	4,507
Intangible assets, net	11	767	811
Deferred tax assets	18	125	125
Other non-current assets	12	957	846
Total non-current assets		70,786	68,063
Total assets		93,829	83,232

LIABILITIES AND EQUITY	Notes	As of December 31,	
		2010	2009
CURRENT LIABILITIES:			
Accounts payable and accrued liabilities	13	3,861	3,697
Short-term loans and current portion of long-term debt	14	5,498	7,838
Income and other tax liabilities	15	1,971	1,627
Deferred tax liabilities	18	86	77
Other current liabilities		240	204
Liabilities related to assets held for sale	8	37	—
Total current liabilities		11,693	13,443
Asset retirement obligations	19	2,328	1,772
Long-term debt	14	18,057	15,669
Deferred tax liabilities	18	4,908	5,197
Other non-current liabilities	20	1,339	1,614
Total non-current liabilities		26,632	24,252

The accompanying notes to the consolidated financial statements are an integral part of these statements.

LIABILITIES AND EQUITY	Notes	As of December 31,	
		2010	2009
<i>EQUITY:</i>			
Common stock, par value 0.01 RUB (shares outstanding: 9,599.24 million and 9,597.43 million as of December 31, 2010 and 2009, respectively)	16	20	20
Treasury shares: (at acquisition cost: 998.94 million and 1,000.75 million shares as of December 31, 2010 and 2009, respectively)		(7,511)	(7,525)
Additional paid-in capital		13,110	13,108
Other comprehensive loss	2	(20)	(22)
Retained earnings		48,936	39,250
Total shareholders' equity		54,535	44,831
Noncontrolling interests		969	706
Total equity		55,504	45,537
Total liabilities and equity		93,829	83,232

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,		
		2010	2009	2008
REVENUES				
Oil and gas sales	23	34,767	24,820	36,102
Petroleum products and petrochemicals sales	23	26,660	20,736	31,470
Support services and other revenues		1,620	1,270	1,419
Total		63,047	46,826	68,991
COSTS AND EXPENSES				
Production and operating expenses		4,792	4,024	4,572
Cost of purchased oil, gas and petroleum products		2,386	1,890	2,942
General and administrative expenses		1,584	1,416	1,632
Pipeline tariffs and transportation costs		6,980	5,414	5,673
Exploration expense		439	325	248
Depreciation, depletion and amortization		5,597	4,350	3,983
Accretion expense		107	87	120
Taxes other than income tax	18	10,920	8,061	14,810
Export customs duty	17	16,743	12,131	22,006
Total		49,548	37,698	55,986
Operating income		13,499	9,128	13,005
OTHER (EXPENSES)/INCOME				
Interest income		547	516	375
Interest expense		(580)	(605)	(1,112)
Loss on disposal of non-current assets		(156)	(350)	(58)
Impairment loss	8	(31)	–	(108)
Gain on disposal of investments		23	5	22
Equity share in affiliates' profits/(loss)	8	60	112	(7)
Dividends and income/(loss) from joint ventures		11	(8)	(11)
Other loss, net		(89)	(350)	(135)
Foreign exchange gain		32	71	1,148
Total other (expenses)/income		(183)	(609)	114
Income before income tax		13,316	8,519	13,119
Income tax	18	(2,644)	(2,000)	(1,904)
Net income		10,672	6,519	11,215
Net income attributable to noncontrolling interests		(272)	(5)	(95)
Net income attributable to Rosneft		10,400	6,514	11,120
Other comprehensive income/(loss)	2	2	18	(40)
Comprehensive income		10,402	6,532	11,080
Net income attributable to Rosneft per share (in US\$) — basic and diluted		1.08	0.68	1.16
Weighted average number of shares outstanding (millions)		9,598	9,598	9,598

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, 2010, 2009 AND 2008

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	Total shareholders' equity	Noncontrolling interests	Total equity
Balance at December 31, 2007	9,598.18	20	13,075	(7,521)	—	22,866	28,440	277	28,717
Net income for the year	—	—	—	—	—	11,120	11,120	95	11,215
Recognition of the financial effect of a transaction with a related party under common control (Note 16)	—	—	33	—	—	—	33	—	33
Unrealized loss on available-for-sale securities	—	—	—	—	(40)	—	(40)	—	(40)
Dividends declared on common stock	—	—	—	—	—	(650)	(650)	—	(650)
Dividends declared to minority shareholders in subsidiaries	—	—	—	—	—	—	—	(23)	(23)
Change in ownership interests in subsidiaries	—	—	—	—	—	—	—	346	346
Balance at December 31, 2008	9,598.18	20	13,108	(7,521)	(40)	33,336	38,903	695	39,598
Net income for the year	—	—	—	—	—	6,514	6,514	5	6,519
Purchase of shares (Note 16)	(0.75)	—	—	(4)	—	—	(4)	—	(4)
Unrealized gain on available-for-sale securities	—	—	—	—	18	—	18	—	18
Dividends declared on common stock	—	—	—	—	—	(600)	(600)	—	(600)
Dividends declared to minority shareholders in subsidiaries	—	—	—	—	—	—	—	(7)	(7)
Change in ownership interests in subsidiaries	—	—	—	—	—	—	—	13	13
Balance at December 31, 2009	9,597.43	20	13,108	(7,525)	(22)	39,250	44,831	706	45,537
Net income for the year	—	—	—	—	—	10,400	10,400	272	10,672
Sale of shares (Note 16)	1.81	—	(1)	14	—	—	13	—	13
Unrealized gain on available-for-sale securities	—	—	—	—	2	—	2	—	2
Dividends declared on common stock	—	—	—	—	—	(714)	(714)	—	(714)
Dividends declared to minority shareholders in subsidiaries	—	—	—	—	—	—	—	(6)	(6)
Change in ownership interests in subsidiaries	—	—	3	—	—	—	3	(3)	—
Balance at December 31, 2010	9,599.24	20	13,110	(7,511)	(20)	48,936	54,535	969	55,504

The accompanying notes to the consolidated financial statements are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

D
in millions of US dollars

	Notes	For the years ended December 31,		
		2010	2009	2008
OPERATING ACTIVITIES				
Net income		10,672	6,519	11,215
Adjustments to reconcile net income to net cash provided by operating activities:				
Effect of foreign exchange		(21)	(454)	(1,263)
Depreciation, depletion and amortization		5,597	4,350	3,983
Dry hole costs		114	170	27
Loss on disposal of non-current assets		156	350	58
Asset impairment loss	8	31	—	108
Deferred income benefit	18	(253)	(106)	(1,490)
Accretion expense	19	107	87	120
Equity share in affiliates' (profits)/loss	8	(60)	(112)	7
Gain on disposal of investments		(23)	(5)	(22)
Increase/(decrease) in allowance for doubtful accounts and bank loans granted		47	(41)	57
Gain on extinguishment of promissory notes	14	(178)	(207)	(42)
Changes in operating assets and liabilities net of acquisitions:				
(Increase)/decrease in accounts receivable		(964)	(287)	2,180
(Increase)/decrease in inventories		(232)	(459)	502
(Increase)/decrease in restricted cash		(10)	(16)	30
Increase in prepayments and other current assets		(97)	(280)	(114)
Decrease in other non-current assets		14	117	228
Decrease/(increase) in long-term bank loans granted		23	(2)	(61)
Increase in interest payable		63	128	184
Increase/(decrease) in accounts payable and accrued liabilities		307	555	(928)
Increase in income and other tax liabilities		351	820	35
Decrease in other current and non-current liabilities		(239)	(365)	(439)
Acquisition of trading securities		(1,134)	(997)	(119)
Proceeds from sale of trading securities		901	554	137
Net cash provided by operating activities		15,172	10,319	14,393

The accompanying notes to the consolidated financial statements are an integral part of these statements.

	Notes	For the years ended December 31,		
		2010	2009	2008
INVESTMENT ACTIVITIES				
Capital expenditures	9	(8,931)	(7,252)	(8,732)
Acquisition of licences		(140)	(96)	(47)
Acquisition of rights to use trademarks "Sochi 2014"	11	(18)	(104)	—
Proceeds from disposals of property, plant and equipment		55	33	93
Acquisition of short-term investments, including				
Held-to-maturity securities		(4,190)	(2,911)	(1,921)
Available-for-sale securities		(943)	(225)	(4)
Proceeds from redemption/sale of short-term investments, including				
Held-to-maturity securities		1,636	2,534	1,342
Available-for-sale securities		665	66	3
Acquisition of long-term investments, including				
Held-to-maturity securities		(24)	(533)	(12)
Available-for-sale securities		(10)	(1,035)	(22)
Proceeds from redemption/sale of long-term investments, including				
Held-to-maturity securities		12	—	28
Available-for-sale securities		1	3	22
Loans to equity investees				
Proceeds from redemption		3	1	21
Given loans		(169)	(95)	(285)
Acquisition of entities, additional shares in subsidiaries and equity investees, net of cash acquired		(5)	(67)	(12)
Proceeds from sale of shares in OJSC Daltransgaz		—	—	91
Margin call deposit placed		—	(293)	(3,100)
Margin call deposit returned		—	1,208	1,713
Placements under reverse REPO agreements		(403)	(22)	—
Receipts under reverse REPO agreements		22	—	—
Net cash used in investing activities		(12,439)	(8,788)	(10,822)
FINANCING ACTIVITIES				
Proceeds from short-term debt		274	1,029	7,090
Repayment of short-term debt		(779)	(7,180)	(13,393)
Proceeds from long-term debt		5,910	11,844	6,885
Repayment of long-term debt		(5,235)	(5,939)	(3,118)
Cash paid for acquisition of treasury shares	16	—	(5)	—
Proceeds from sale of treasury shares		13	—	—
Dividends paid to shareholders		(730)	(622)	(516)
Dividends paid to minority shareholders in subsidiaries		(11)	(4)	(22)
Net cash used in financing activities		(558)	(877)	(3,074)
Increase in cash and cash equivalents		2,175	654	497
Cash and cash equivalents at beginning of period		1,997	1,369	998
Effect of foreign exchange on cash and cash equivalents		(18)	(26)	(126)
Cash and cash equivalents at end of period		4,154	1,997	1,369
SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION				
Cash paid for interest		618	690	857
Cash paid for interest (net of amount capitalized)		271	336	578
Cash paid for income tax		2,891	1,561	2,617
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, 2010 AND 2009 AND FOR THE YEARS ENDED DECEMBER 31, 2010, 2009 AND 2008

(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, 2010 and 2009, 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 2010, 2009 and 2008, the Company's export sales were approximately 57%, 57% and 56% 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, 2010 are as follows:

Name	Nature of Business	Preferred and Common Shares, %	Voting Shares, %
<i>EXPLORATION AND PRODUCTION</i>			
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
RN-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
CJSC Vankorneft	Oil and gas development and production	93.96	93.96

Name	Nature of Business	Preferred and Common Shares, %	Voting Shares, %
OJSC Groznetgaz	Oil and gas production operator services	51.00	51.00
RN-Exploration 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 Samaraneftegaz	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 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
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
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
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

Name	Nature of Business	Preferred and Common Shares, %	Voting Shares, %
Ulyanovsk Terminal LLC	Marketing and distribution	100.00	100.00
OJSC RN-Moskva	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 Stavropolnefteproduct	Marketing and distribution	100.00	100.00
U-Kuban LLC	Marketing and distribution	100.00	100.00
RN-Ingushnefteproduct 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	84.67	84.67
CJSC RN-Shelf-Dalniy Vostok	Management company	100.00	100.00
CJSC RN-Sety	Electric-power transmission services	100.00	100.00
RN-Burenie LLC	Drilling services	100.00	100.00
NK Rosneft NTC LLC	Research and 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.

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 2010. 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 4, 2011, 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 statement of income and comprehensive income, and the consolidated statement of cash flows for the year 2008 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.

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 ("US\$") is the functional and reporting currency for the purpose of financial reporting under US GAAP. Monetary assets and liabilities have been translated into US\$ 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\$ 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\$ are included in "Foreign exchange gain" in the consolidated statements of income and comprehensive income.

As of December 31, 2010 and 2009, the CBR official rates of exchange were 30.48 rubles ("RUB") and 30.24 RUB per US\$, respectively. Average rates of exchange in 12 months of 2010 and 2009 were 30.37 RUB and 31.72 RUB per US\$, respectively. As of February 4, 2011, the official rate of exchange was 29.35 RUB per US\$.

The translation of local currency denominated assets and liabilities into US\$ for the purposes of these financial statements does not indicate that the Company could realize or settle, in US\$, the reported values of these assets and liabilities. Likewise, it does not indicate that the Company could return or distribute the reported 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

The Company accounts for its business combinations according to FASB ASC 805, Business Combinations, and FASB ASC 810, Consolidation. 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.

ASSETS HELD FOR SALE

The Company accounts its assets as held for sale in accordance to the provisions of FASB ASC 205-20, Discontinued operations. A long-lived asset (disposal group) to be sold is classified as held for sale in the period in which all of the held-for-sale criteria are met, and measured at the lower of its carrying amount or fair value less cost to sell. A long-lived asset is not depreciated (amortized) while it is classified as held for sale.

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 (production) 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, 2010 and 2009, 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, 2010 and 2009, 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 — 45 years
Plant and machinery	5 — 25 years
Vehicles and other equipment	6 — 10 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\$ 347 million, US\$ 354 million and US\$ 279 million of interest expenses on loans and borrowings in 2010, 2009 and 2008, 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.

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.

Because of the reasons described above the fair value of an asset retirement obligation cannot be reasonably estimated.

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.

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 unless the aggregate amount of the obligation and the amount and timing of the cash payments are fixed or reliably determinable.

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 2010, 2009 and 2008, the Company recorded other accumulated comprehensive income (net of tax) in the amount of US\$ 2 million, 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.

ACCOUNTING FOR BUY/SELL CONTRACTS

Paragraphs 845-10-15-5 through 845-10-15-9 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 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 asset, 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 adopted ASU 2009-05 from January 1, 2010. Adoption of ASU 2009-05 did not have a material impact on the Company's consolidated financial position and results of operations.

In January 2010, the FASB issued ASU 2010-06, *Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements ("ASU 2010-06")* that amends Topic 820, Fair Value Measurements and Disclosures, of the FASB Codification. ASU 2010-06 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 2010-06 amends existing disclosure requirements in regards of level of disaggregation and inputs and valuation techniques. ASU 2010-06 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 adopted ASU 2010-06 from January 1, 2010, except for the disclosures about activity in Level 3 fair value measurements that will be adopted from January 1, 2011. Adoption of ASU 2010-06 did not have a material impact on the Company's consolidated financial position and results of operations.

In March 2010, the FASB issued ASU 2010-11, *Derivatives and Hedging (Topic 815): Scope Exception Related to Embedded Credit Derivatives ("ASU 2010-11")* that amends Topic 815, Derivatives and Hedging, of the FASB Codification. ASU 2010-11 clarifies that scope exception for embedded credit derivative features relates to the transfer of credit risk in the form of subordination of one financial instrument to another. ASU 2010-11 is effective at the beginning of the first fiscal quarter beginning after June 15, 2010. Early adoption is permitted at the beginning of each first fiscal quarter beginning after issuance of ASU 2010-11. The Company adopted ASU 2010-11 from July 1, 2010. Adoption of ASU 2010-11 did not have a material impact on the Company's consolidated financial position and results of operations.

RECENT ACCOUNTING STANDARDS

In July 2010, the FASB issued ASU 2010-20, *Receivables (Topic 310): Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses ("ASU 2010-20")* that amends Topic 310, Receivables, of the FASB Codification. ASU 2010-20 amends existing disclosures and requires the entity to provide additional disclosures to facilitate financial statement users' evaluation of the following: 1) the nature of credit risk inherent in the entity's portfolio of financing receivables; 2) how that risk is analyzed and assessed in arriving at the allowance for credit losses; 3) the changes and reasons for those changes in the allowance for credit losses. ASU 2010-20 also introduces a new terminology, in particular, the term financial receivables. For public entities, the disclosures as of the end of a reporting period are effective for interim and annual reporting periods ending on or after December 15, 2010. Issued in January 2011 ASU 2011-01 deferred effective date for other disclosure requirement. The Company has adopted ASU 2010-20 effective requirements from December 31, 2010. Adoption of ASU 2010-20 didn't have a material impact on the Company's consolidated financial position and results of operations.

In December 2010, The FASB issued ASU 2010-28, *Intangibles—Goodwill and Other (Topic 350): When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts (ASU 2010-28)* that amends Topic 350, *Intangibles—Goodwill and Other*, of the FASB codification. For the reporting units with zero or negative carrying value, an entity is required to perform the goodwill impairment test if it is more likely than not that a goodwill impairment exists. An entity should consider any adverse qualitative factors indicating that an impairment may exist. ASU 2010-28 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. Early adoption is not permitted. The Company will adopt ASU 2010-28 from January 1, 2011. The Company does not expect ASU 2010-28 to have a material impact on the Company's consolidated financial position and results of operations.

In December 2010, The FASB issued ASU 2010-29, *Business Combinations (Topic 805): Disclosure of Supplementary Pro Forma Information for Business Combinations (ASU 2010-29)* that amends Topic 805, *Business Combinations*, of the FASB codification. ASU 2010-29 specifies that an entity should disclose revenue and earnings of the combined entity in comparative period as though the business combination had occurred as of the beginning of the comparable prior annual reporting period. ASU 2010-29 also expands the supplemental pro forma disclosures. ASU 2010-29 is effective prospectively for business combinations occurred on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. The Company will adopt ASU 2010-29 for business combinations occurred on or after January 1, 2011. The Company does not expect ASU 2010-29 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:

	2010	2009
Cash on hand and at bank accounts in RUB	671	624
Cash on hand and at bank accounts in foreign currencies	843	748
Deposits	2,625	612
Other	15	13
Total cash and cash equivalents	4,154	1,997

Restricted cash as of December 31 comprises the following:

	2010	2009
Obligatory reserve with the CBR	21	15
Other restricted cash	9	5
Total restricted cash	30	20

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:

	2010	2009
Short-term loans granted	1	1
Loans to related parties	70	12
Reverse repurchase agreements	403	22
Structured deposits (Note 24)	3,791	507
Promissory notes held-to-maturity	—	81
Trading securities		
Promissory notes	—	38
State and corporate bonds	727	449
Other	2	4
Available-for-sale securities	487	210
Bank deposits	1,333	1,184
Total short-term investments	6,814	2,508

Reverse repurchase agreements are collateralized by trading securities at fair value as of December 31, 2010 in the amount of US\$ 403 million (US\$ 22 million as of December 31, 2009).

As of December 31, 2010, structured deposits are denominated in US\$ and have interest rates ranging from 6.22% to 7.2%. As of December 31, 2009, structured deposit are denominated in US\$ and have interest rates of 7.75%.

As of December 31, 2010, trading securities include state and municipal bonds with nominal interest rates ranging from 5.14% to 18.1% and maturities ranging from April 2011 to February 2036, corporate bonds issued by large Russian corporations with maturities ranging from February 2011 to June 2020 and interest rates ranging from 5.8% to 19.0% and bonds issued by CBR with weighted average effective interest rate of 3.52% and with maturities ranging from February 2011 to March 2011. 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.

As of December 31, 2010, available-for-sale securities include state and municipal bonds, corporate bonds and corporate promissory notes. State bonds represent federal loan bonds issued by the Ministry of Finance of the Russian Federation with maturities ranging from January 2011 to May 2015 and nominal interest rates ranging from 4.59% to 6.85%. Municipal bonds represent bonds with nominal interest rates ranging from 8.75% to 18.0% and maturities ranging from March 2012 to December 2014. The corporate bonds represent bonds issued by large Russian corporations with maturities ranging from March 2011 to July 2020 with interest rates ranging from 6.75% to 18.0%. The corporate bonds in the amount of US\$ 31 million were pledged under repurchase agreements (see Note 14). Corporate promissory notes represent promissory notes with nominal interest rates ranging from 4.25% to 4.5% with maturities ranging from December 2012 to December 2013 and nominally interest-free promissory notes with weighted average effective interest rate of 3.0% with maturity in June 2015. Amortized cost bases of available-for-sale securities approximate their fair values. As of December 31, 2009, 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%.

As of December 31, 2010, bank deposits are primarily denominated in US\$ and have interest rates ranging from 4.7% to 8.0%. As of December 31, 2009, the bank deposits denominated in RUB have interest rates ranging from 10.5% to 10.6% and the bank deposits denominated in USD have interest rates ranging from 6.5% to 7.0%.

5. ACCOUNTS RECEIVABLE, NET

Accounts receivable as of December 31 comprise the following:

	2010	2009
Trade receivables	4,077	2,958
Value-added tax and excise receivable (Note 22)	2,126	2,269
Other taxes	283	211
Banking loans to customers	789	753
Acquired receivables	3	30
Other	372	328
Less: allowance for doubtful accounts	(138)	(91)
Total accounts receivable, net	7,512	6,458

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.

6. INVENTORIES

Inventories as of December 31 comprise the following:

	2010	2009
Materials and supplies	451	492
Crude oil and gas	595	502
Petroleum products and petrochemicals	1,065	892
Total inventories	2,111	1,886

Materials and supplies mostly include spare parts. Petroleum products and petrochemicals 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:

	2010	2009
Prepayments to suppliers	665	705
Prepaid customs duties	1,315	1,334
Insurance prepayments	6	12
Derivatives (Note 24)	77	3
Other	93	72
Total prepayments and other current assets	2,156	2,126

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:

	2010	2009
<i>EQUITY METHOD INVESTMENTS</i>		
OJSC Tomskneft VNK	1,334	1,488
Polar Lights Company LLC	70	84
JV Rosneft-Shell Caspian Ventures Ltd.	19	16
OJSC Verkhnechonskneftegaz	277	234
CJSC Vlakra	110	110
Investments in power and utilities companies	190	272
Other	174	66
Total equity method investments	2,174	2,270
<i>AVAILABLE-FOR-SALE SECURITIES</i>		
OJSC TGK-11	—	20
Long-term promissory notes	—	4
Other securities in Company's banks	17	14
BANK DEPOSITS — US\$ DENOMINATED	—	833
<i>HELD-TO-MATURITY SECURITIES</i>		
Russian government bonds	49	36
LONG-TERM LOANS TO EQUITY INVESTEES	679	550
COST METHOD INVESTMENTS	17	17
Total long-term investments	2,936	3,744

US\$ denominated deposits placed in June 2009 in a state controlled bank for two years were reclassified to short-term investments in accordance with their maturities during the second quarter (see Note 4).

Long-term loans to equity investees generally have contractual maturities from 3 to 8 years and primarily include loans to OJSC Verkhnechonskneftegaz. The amount also includes a loan in the amount of US\$ 116 million provided by the Company in April 2010 to National Oil Consortium ("NOC"). The Company's share in NOC is 20%. NOC is involved in geological exploration of the block Junin-6 in Venezuela.

Equity share in profits/(loss) of material investments recorded using the equity method:

	Participation interest (percentage) as of December 31, 2010	Share in income/(loss) of equity investees		
		2010	2009	2008
Polar Lights Company LLC	50.00	16	26	36
OJSC Verkhnechonskneftegaz	25.94	43	5	(17)
JV Rosneft-Shell Caspian Ventures Ltd.	51.00	3	2	3
OJSC Kubanenergo	26.26	(45)	—	—
OJSC Tomskneft VNK	50.00	38	147	56
West Kamchatka Holding B.W.	60.00	—	—	(51)
Other	various	5	(68)	(34)
Total equity share in profits/(loss)		60	112	(7)

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 approval 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.

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 Ardalin 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 Ardalin 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 and 2010.

JV ROSNEFT-SHELL CASPIAN VENTURES LTD.

JV Rosneft-Shell Caspian Ventures Ltd. ("JV") is a joint venture in which the Company holds 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 December 6, 1996, the Company and 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, commercial production began 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.

CJSC VLAKRA

CJSC Vlakra has the right to use a land plot and office premises located in Moscow.

INVESTMENTS IN POWER AND UTILITIES COMPANIES

Investments in power and utilities companies 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.

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 arbitrazh court ruled in favor of the Company to nullify reorganization and the conversion of OJSC Tomskenergo's shares. In July 2009, the arbitrazh 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, 2010 and 2009 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.

ASSETS HELD FOR SALE

In December 2010, the Company signed an agreement of intent to exchange its interest in a number of equity investees and one subsidiary for noncontrolling interest in a major power and utilities holding company. Transaction is scheduled for completion in the first half of 2011.

The major classes of assets and liabilities included as part of a disposal group are the following:

	<i>As of December 31, 2010</i>
Current assets	55
Equity investments	30
Other non-current assets	7
Total assets	92
Current liabilities	37
Total liabilities	37

The Company measured a disposal group at the lower of its carrying amount or fair value less cost to sell and recognized US\$ 31 million impairment loss in the consolidated statement of income and comprehensive income.

The disposal group relates to All other category in Segment Information (Note 23).

9. PROPERTY, PLANT AND EQUIPMENT, NET

	<i>Cost</i>		<i>Accumulated depreciation</i>		<i>Net carrying amount</i>	
	<i>December 31, 2010</i>	<i>December 31, 2009</i>	<i>December 31, 2010</i>	<i>December 31, 2009</i>	<i>December 31, 2010</i>	<i>December 31, 2009</i>
Exploration and production	66,991	60,474	(18,784)	(14,429)	48,207	46,045
Refining, marketing and distribution	15,344	13,646	(4,562)	(3,915)	10,782	9,731
Other activities	3,026	2,549	(825)	(621)	2,201	1,928
Total property, plant and equipment	85,361	76,669	(24,171)	(18,965)	61,190	57,704

Exploration and production assets include costs to acquire unproved properties in the amount of US\$ 4,104 million as of December 31, 2010, and US\$ 4,131 million as of December 31, 2009. 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 2010 and 2009 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 2011 to 2051. Expiration dates of licences for the most significant fields are between 2013 and 2051, 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 2007 - 2010, the Company extended 80 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, 2010 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.

CASH FLOW DETAILS

Capital expenditures in the consolidated statements of cash flows comprise the following:

	2010	2009	2008
Acquisition and construction of property, plant and equipment	8,918	7,252	8,154
Construction materials	13	–	578
Total capital expenditures	8,931	7,252	8,732

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):

	2010	2009
Oil and gas properties	27	32
Less: accumulated depletion	(6)	(7)
Oil and gas properties, net	21	25
<i>OTHER PROPERTY, PLANT AND EQUIPMENT</i>		
Buildings and constructions	–	1
Plant and machinery	17	19
Vehicles	181	184
Total	198	204
Less: accumulated depreciation	(85)	(59)
Property, plant and equipment, net	113	145
Total net book value of leased property	134	170

Below is the analysis of the repayment of capital lease obligations as of December 31:

	2010
2011	34
2012	24
2013	18
2014	14
2015 and after	109
Imputed interest	(80)
Present value of capital lease payments	119

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 2010, 2009 and 2008 in the amount of US\$ 39 million, US\$ 26 million and US\$ 46 million, respectively.

OPERATING LEASE

The total amount of operating lease expenses was as follows:

	2010	2009	2008
Total lease expenses	233	240	210
Total sublease revenues	1	2	5

11. GOODWILL AND INTANGIBLE ASSETS

As of December 31, 2010 and 2009, goodwill represents the excess of the purchase price of additional shares and interests in various entities in the refining, marketing and distribution segment and the exploration and production segment in the amounts of US\$ 3,793 million and US\$ 714 million, respectively, over the fair value of the corresponding acquired share in net assets.

In accordance with FASB ASC 350, Intangibles-Goodwill and Other, the Company performed its annual impairment test of goodwill as of October 1, 2010. Consistent with prior years, the review for impairment was carried out during the beginning of the fourth quarter of 2010 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, 2010	December 31, 2009	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Land leasehold rights	718	718	(125)	(89)	593	629
Rights to use trade-marks «Sochi 2014»	172	172	(47)	(16)	125	156
Other	61	34	(12)	(8)	49	26
Total intangible assets	951	924	(184)	(113)	767	811

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 2010, 2009 and 2008 in the amount of US\$ 81 million, US\$ 61 million and US\$ 59 million, respectively.

The following represents the estimated aggregate amortization expense for each of the five succeeding fiscal years for intangible assets subject to amortization:

2011	81
2012	81
2013	81
2014	74
2015	36
Total amortization expense for the five succeeding years	353

12. OTHER NON-CURRENT ASSETS

Other non-current assets as of December 31 comprise the following:

	2010	2009
Advance payment in favour of Factorias Vulcano S.A.	—	90
Advances paid for capital construction	752	553
Debt issue costs	60	75
Prepaid insurance	17	11
Long-term receivables (Note 22)	13	22
Other	115	95
Total other non-current assets	957	846

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of December 31 comprise the following:

	2010	2009
Trade accounts payable	1,457	1,570
Salary and other benefits payable	442	436
Advances received	601	455
Dividends payable	10	3
Banking customer accounts	1,067	822
Accrued expenses	163	260
Other	121	151
Total accounts payable and accrued liabilities	3,861	3,697

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:

	2010	2009
Customer deposits — foreign currencies	86	154
Customer deposits — RUB denominated	271	277
Promissory notes payable	84	81
Promissory notes payable — Yukos related	1,312	1,424
Borrowings — RUB denominated — Yukos related	269	672
Repurchase agreements	27	—
Other borrowings	286	368
	2,335	2,976
Current portion of long-term debt	3,163	4,862
Total short-term loans and borrowings and current portion of long-term debt	5,498	7,838

Customer deposits represent fixed-term deposits placed by customers with the Company's subsidiary banks, denominated in RUB and foreign currencies. Customer deposits denominated in RUB bear an interest rate ranging from 0.5% to 15.75% and those denominated in foreign currencies bear an interest ranging from 0.3% to 11.6%.

As of December 31, 2010, weighted average interest rate on promissory notes was 5.06%. 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 ranging from 0% to 18%. The promissory notes are recorded at amortized cost.

RUB denominated borrowings — Yukos related primarily include borrowings provided by Yukos Capital S.a.r.l., which bear interest of 9% and matured at the end of 2007. The Company partially repaid these liabilities following the court order (see Note 22).

In 2010, the Company received cash under the repurchase agreements and recorded these transactions as secured financing. As of December 31, 2010 the amounts owed under these repurchase agreements were RUB 825 million (US\$ 27 million at the CBR official exchange rate as of December 31, 2010) and were secured by the corporate bonds owned by the Company with the fair value of US\$ 31 million (see Note 4).

During 2010, the Company wrote off unclaimed promissory notes where statute of limitations expired and recognized gain in the amount of US\$ 178 million in the consolidated statement of income and comprehensive income within other expenses, net.

Long-term debt as of December 31 comprises the following:

	2010	2009
Bank loans — foreign currencies	20,716	18,767
Bank loans raised for funding the acquisition of OJSC Yuganskneftegaz — US\$ denominated	110	1,415
Customer deposits — foreign currencies	44	55
Customer deposits — RUB denominated	277	208
Promissory notes payable	69	60
Promissory notes payable — Yukos related	—	1
Other borrowings	4	25
	21,220	20,531
Current portion of long-term debt	(3,163)	(4,862)
Total long-term debt	18,057	15,669

The interest rates on the Company's long-term bank loans denominated in foreign currencies range from LIBOR plus 0.58% to LIBOR plus 3.25%. These bank loans are primarily secured by contracts for the export of crude oil.

As of December 31, 2010, 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 banks, denominated in RUB and foreign currencies. The RUB-denominated deposits bear interest ranging from 1.0% to 16.25%. Deposits denominated in foreign currencies bear interest of 0.75% to 14.5%.

As of December 31, 2010, weighted average interest rate on promissory notes payable was 12.53%. The promissory notes are recorded at amortized cost.

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. Subsequently the Company obtained creditors' waivers with respect to events of default related to the claims of the Yukos Capital S.a.r.l. litigation (see Note 22) and restructured all tax liabilities of a former OJSC Yuganskneftegaz (see Note 20). As a result, the Company is in compliance with all restrictive financial and other covenants contained within its loan agreements as of December 31, 2010 and 2009. The creditors' waivers were granted up to the expiry dates of the respective long-term debt.

The scheduled aggregate maturity of long-term debt outstanding as of December 31, 2010 is as follows:

	2010
2011	3,163
2012	2,143
2013	659
2014	623
2015 and after	14,632
Total long-term debt, including current portion	21,220

15. INCOME AND OTHER TAX LIABILITIES

Income and other tax liabilities as of December 31 comprise the following:

	2010	2009
Mineral extraction tax	1,103	901
Value-added tax	347	302
Excise tax	135	159
Personal income tax	16	19
Property tax	66	57
Income tax	205	137
Other	99	52
Total income and other tax liabilities	1,971	1,627

Tax liabilities above include the respective current portion of non-current restructured tax liabilities (see Note 20).

16. SHAREHOLDERS' EQUITY

On June 18, 2010, the annual general shareholders' meeting approved dividends on the Company's common shares for 2009 in the amount of RUB 24.4 billion or RUB 2.3 per share, which corresponds to US\$ 782 million or US\$ 0.07 per share at the CBR official exchange rate at the approval date. US\$ 714 million of the above relate to outstanding shares, including tax on dividends on treasury shares of US\$ 7 million.

In 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.

In December 2010, the Company sold 1,807,513 of its own shares for RUB 392.2 million or RUB 217 per share, which corresponds to US\$ 12.7 million or US\$ 7.03 per share at the CBR official exchange rates on the transaction dates.

RESULT OF TRANSACTIONS WITH RELATED PARTIES UNDER COMMON CONTROL

In December 2008, the Company completed 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:

	2010	2009	2008
<i>OIL AND GAS SALES</i>			
Export customs duty	13,031	9,441	17,200
<i>PETROLEUM PRODUCTS AND PETROCHEMICALS SALES</i>			
Export customs duty	3,712	2,690	4,806
Total export customs duty	16,743	12,131	22,006

Effective July 1, 2010, export customs duty rate was raised from 0 to US\$ 69.9 (per ton) for crude oil exported from the Company's fields in Eastern Siberia. This change was taken into consideration in assessing of the Company's proved reserves disclosed in the Supplementary Oil and Gas Disclosure (unaudited) in the Company's consolidated financial statements as of and for the year ended December 31, 2010.

18. INCOME AND OTHER TAXES

Income tax expenses for the years ended December 31 comprise the following:

	2010	2009	2008
Current income tax expense	2,897	2,106	3,394
Deferred income tax benefit	(253)	(106)	(1,490)
Total income tax expense	2,644	2,000	1,904

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:

	2010	2009
<i>DEFERRED INCOME TAX ASSET ARISING FROM TAX EFFECT OF:</i>		
Asset retirement obligations	209	178
Property, plant and equipment	54	57
Prepayments and other current assets	18	5
Accounts receivable	31	17
Accounts payable and accruals	82	66
Inventories	9	14
Long-term investments	34	22
Interest swap contract	39	31
Other	96	131
Total deferred tax asset	572	521
Valuation allowance for deferred income tax asset	(273)	(222)
Deferred income tax asset, net	299	299
<i>DEFERRED INCOME TAX LIABILITY ARISING FROM TAX EFFECT OF:</i>		
Mineral rights	(2,409)	(2,359)
Property, plant and equipment and other	(2,585)	(2,915)
Deferred income tax liability	(4,994)	(5,274)
Net deferred income tax liability	(4,695)	(4,975)

Classification of deferred taxes:

	2010	2009
Current deferred tax assets	174	174
Non-current deferred tax assets	125	125
Current deferred tax liabilities	(86)	(77)
Non-current deferred tax liabilities	(4,908)	(5,197)

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:

	2010	2009	2008
Income before income taxes and minority interest	13,316	8,519	13,119
Statutory income tax rate	20.00%	20.00%	24.00%
Theoretical income tax expense	2,663	1,704	3,149
Add/(deduct) tax effect of:			
Change in valuation allowance	50	(15)	102
Effect of income tax preferences	(331)	(175)	(167)
Adjustments of income tax for prior periods	–	4	7
Unrecognized income tax benefits	20	2	(4)
Effect from the change of income tax rate	–	–	(956)
PERMANENT ACCOUNTING DIFFERENCES ARISING FROM:			
Non-deductible items, net	362	493	373
Foreign exchange effects, net	(20)	(90)	(814)
Accrued tax interest	3	–	56
Other	(103)	77	158
Income taxes	2,644	2,000	1,904

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 4% 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, 2010 and 2009 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:

	2010	2009	2008
Mineral extraction tax	9,051	6,502	12,817
Excise tax	1,105	893	1,120
Property tax	284	236	261
Other	480	430	612
Total taxes other than income tax	10,920	8,061	14,810

19. ASSET RETIREMENT OBLIGATIONS

The movement of asset retirement obligations is as follows:

	2010	2009
Asset retirement obligations as of the beginning of the reporting period	1,772	1,896
Recognition of additional obligations for new wells	88	15
Accretion expense	107	87
Increase/(decrease) as a result of changes in estimates	383	(223)
Spending on existing obligations	(22)	(3)
Asset retirement obligations as of the end of the reporting period	2,328	1,772

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:

	2010	2009
Restructured tax liabilities	1,020	1,312
Long-term lease obligations	97	112
Deferred income	20	53
Liabilities to municipalities under amicable agreements	51	77
Liabilities for rights to use trademarks «Sochi 2014» (Note 11)	38	52
Environmental remediation liability	111	—
Other	2	8
Total other non-current liabilities	1,339	1,614

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 restructured tax liabilities shall be repaid quarterly within five years starting from March 2008. The Company's payments excluding interest amounted to RUB 6,425 million and RUB 3,486 million (US\$ 210.4 million and US\$ 144.3 million at the CBR official exchange rate as of the payment dates) for the years ended December 31, 2010 and 2009, respectively. The Company intends to undertake all possible actions to comply with the tax restructuring plan in full.

As of December 31, 2010, total accrued environmental remediation liabilities were US\$145 million (2009 - \$16 million), of which US\$ 34 million (2009 - \$16 million) included in accrued expenses (see Note 13). Environmental remediation liabilities will be settled over five years and are discounted using 11% discount rate.

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 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:

	2010	2009	2008
REVENUES AND INCOME			
Oil and gas sales	248	164	163
Petroleum products and petrochemicals sales	644	293	616
Support services and other revenues	50	103	83
Interest income	228	95	54
	1,170	655	916
COSTS AND EXPENSES			
Production and operating expenses	173	192	228
Pipeline tariffs and transportation costs	4,152	3,054	3,410
Other expenses	3	69	88
Interest expense	8	109	220
Banking fees	9	12	16
	4,345	3,436	3,962
OTHER OPERATIONS			
Sale of short-term and long-term investments	—	505	1,180
Purchase of short-term and long-term investments	21	31	1,693
Proceeds from short-term and long-term debt	—	2	2,921
Repayment of short-term and long-term debt	1,412	3,466	2,670
Deposits placed	3,466	1,897	48
Deposits paid	797	86	—

	December 31, 2010	December 31, 2009
ASSETS		
Cash and cash equivalents	677	755
Accounts receivable	171	40
Prepayments and other current assets	502	395
Short-term and long-term investments	6,287	2,309
	7,637	3,499
LIABILITIES		
Accounts payable	50	56
Short-term and long-term debt (including interest)	114	1,417
	164	1,473

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:

	2010	2009	2008
REVENUES AND INCOME			
Oil and gas sales	43	27	43
Petroleum products and petrochemicals sales	130	115	227
Support services and other revenues	203	336	362
Interest income	36	27	11
Dividends received	37	178	61
	449	683	704
COSTS AND EXPENSES			
Production and operating expenses	343	261	203
Purchase of oil and petroleum products	1,480	1,342	774
Other expenses	111	218	207
Interest expense	3	—	3
	1,937	1,821	1,187
OTHER OPERATIONS			
Purchase of short-term and long-term investments	8	121	—
Proceeds from short-term and long-term debt	1	78	373
Repayment of short-term and long-term debt	141	1	219
Borrowings issued	162	69	147
Repayment of borrowings issued	4	3	74

	December 31, 2010	December 31, 2009
ASSETS		
Accounts receivable	247	225
Prepayments and other current assets	9	7
Short-term and long-term investments	460	569
	716	801
LIABILITIES		
Accounts payable	132	215
Short-term and long-term debt (including interest)	258	364
	390	579

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 consolidated financial position, consolidated 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 consolidated 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 2009 and 2010, the tax authorities held tax examinations in the Company and its subsidiaries for 2007-2009 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 2007 are not subject to examination.

As of December 31, 2010, there is a possible risk that RUB 1.2 billion (US\$ 39 million at the CBR official exchange rate as of December 31, 2010) of VAT receivable (see Note 5) will not be recovered.

The Company's management believes that the outcome of the above tax risks 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.

The Company has contractual obligations for capital additions as of December 31, 2010 amounted to approximately RUB 100.3 billion (US\$ 3.3 billion at the CBR official exchange rate as of December 31, 2010).

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 EXPENSES

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\$ 116 million, US\$ 198 million, and US\$ 139 million in social and sponsorship expenses in 2010, 2009 and 2008, respectively. These expenses are presented within 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 also maintains a defined contribution corporate pension plan to finance non-state pensions of its employees. Under this plan, in 2010, 2009 and 2008 the Company made and expensed contributions amounting to US\$ 90 million, US\$ 95 million and US\$ 83 million, respectively.

GUARANTEES AND INDEMNITY

As of December 31, 2010, 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 Companiya for the period through December 31, 2010, in the amount of RUB 1.5 billion (US\$ 49 million at the CBR official exchange rate as of December 31, 2010). Guarantee agreement is terminated from January 1, 2011 due to expiration of contract for electricity supply.

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\$ 141 million at the CBR based cross-rate as of December 31, 2010). In November 2009, Rosneft entered into a loan agreement with a western bank to finance the above delivery contract.

In October 2010, the Company concluded a share purchase agreement to acquire 50% stake in Ruhr Oel GmbH and related joint venture agreement seller's rights for US\$ 1.6 billion. Final purchase consideration is subject to adjustment as of the closing date of the transaction. Acquisition is expected to be finalized in the first half of 2011. The Company has provided a guarantee in the amount to US\$ 200 million to the seller for the compensation of losses in case of unilateral unsubstantiated termination of this transaction. The Company will account for its investment in Ruhr Oel GmbH using the equity method.

LITIGATIONS, CLAIMS AND ASSESSMENTS

In 2006, Yukos Capital S.a.r.l., a former subsidiary of Yukos Oil Company, initiated arbitral proceedings against OJSC Yuganskneftegaz, which was subsequently merged into the Company, and OJSC Samaraneftgaz, the Company's subsidiary, in various arbitration 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. concerning four of the loans in the aggregate amount of approximately RUB 12.9 billion (US\$ 423 million at the CBR official exchange rate as of December 31, 2010). Separately, in August 2007, arbitration panel formed pursuant to the International Chamber of Commerce ("ICC") rules issued an award against OJSC Samaraneftgaz in the amount of approximately RUB 3.1 billion (US\$ 102 million at the CBR official exchange rate as of December 31, 2010) in loan principal and interest plus post award interest of 9% p.a. on the above amount of loan principal and interest concerning the two other loans.

In 2007, the Company successfully challenged the ICAC awards and the ICAC awards were set aside by the Russian courts, including the Supreme Arbitrazh 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 sought review of the decision of the Amsterdam Court of Appeal in to the Supreme Court of the Netherlands.

In early 2010 Yukos Capital S.a.r.l. filed an additional lawsuit against the Company in the High Court of Justice in London, seeking enforcement of the ICAC awards in England and Wales, as well as interest on those awards.

On June 25, 2010, the Supreme Court of the Netherlands declared inadmissible the Company's appeal of the decision of the Amsterdam Court of Appeals enforcing the ICAC awards in the Netherlands. Although the Company does not agree with the decisions of the Dutch courts noted above, on August 11, 2010 it complied with those decisions and arranged for relevant payments to be made with respect to the claim against the Company. In addition to the amounts paid, Yukos Capital S.a.r.l. continues to seek statutory interest in the High Court of Justice in London in the amount of approximately US\$ 160 million as of the date of its Particulars of Claim.

The Company intends to defend its position vigorously in the remaining proceedings in England. A hearing on certain preliminary issues is currently scheduled for May 2011.

In 2007, lawsuits with Russian arbitrazh courts in Moscow and Samara were filed to nullify the loan agreements with Yukos Capital S.a.r.l. Court hearings have been suspended.

On July 2, 2010 Yukos Capital S.a.r.l. filed a petition with the U.S. District Court for the Southern District of New York seeking confirmation of the ICC award against OJSC Samaraneftgaz noted above. On or before August 12, 2010, Yukos Capital S.a.r.l. also commenced parallel proceedings in the Arbitrazh Court of the Samara Region seeking enforcement of the same award in the Russian Federation. As directed by the Arbitrazh Court of Samara Region, OJSC Samaraneftgaz filed a formal defense on October 4, 2010. A substantive hearing is currently scheduled for February 15, 2011.

On October 15, 2010, OJSC Samaraneftgaz also filed a motion with the U.S. District Court for the Southern District of New York requesting the court to either dismiss Yukos Capital S.a.r.l.'s petition or, in the alternative, to stay the action pending resolution of the parallel Russian enforcement proceedings. At a hearing held on January 7, 2011, the U.S. District Court for the Southern District of New York granted the motion of OJSC Samaraneftgaz and stayed the action pending completion of the Russian enforcement proceedings. Yukos Capital S.a.r.l. has moved for reconsideration or leave to appeal this order of the U.S. District Court for the Southern District of New York and briefing of the motion by both parties is due to be completed in February 2011.

The Company and its subsidiary participate in arbitral proceedings against OJSC Sakhaneftgaz and OJSC Lenaneftgaz for the recovery of certain loans and guarantees of indemnity in the amount of RUB 1,286 million (US\$ 42 million at the CBR official exchange rate as of December 31, 2010). The respective accounts receivable in the amount of US\$ 13 million (net of allowance in the amount of US\$ 29 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 an amicable agreement according to which TRUST agreed to repay further to previously repaid amounts, an additional amount of RUB 946 million (US\$ 31 million at the CBR official exchange rate as of December 31, 2009) by April 1, 2010. In April 2010, TRUST fully repaid its debt.

During 2008, 2009 and 2010, the Federal Antimonopoly Service ("FAS Russia") and its regional bodies claimed that Rosneft and certain companies of the Group violated certain antimonopoly regulations in relation to petroleum products trading. The Company is appealing all claims in relevant arbitrazh courts. As of the issue date of these consolidated financial statements, court proceedings on the majority of cases had ended. Among other things, on December 1, 2010 the Moscow Arbitrazh court decided to reduce the RUB 5.3 billion fine, imposed on the Company by FAS Russia in 2009, to RUB 2 billion. In December 2010 the fine was paid to the Russian state budget. The total amount of administrative penalties assessed as of the financial statements issue date is RUB 1,603 million (US\$ 52.6 million at the CBR official exchange rate as of December 31, 2010). To the extent probable, this contingent liability is accrued in these consolidated financial statements.

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 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. The contract obligations for the sale of crude oil are expired in January 2011 (see Note 14).

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. Afterwards, CNPC assigned all its rights, title and interest in this contract to China National United Oil Corporation.

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 2010:

	<i>Exploration and production</i>	<i>Refining, marketing and distribution</i>	<i>All other</i>	<i>Total elimination</i>	<i>Consolidated</i>
Revenues from external customers	1,149	59,847	2,051	—	63,047
Intersegmental revenues	17,737	4,337	7,845	(29,919)	—
Total revenues	18,886	64,184	9,896	(29,919)	63,047
Production and operating expenses and cost of purchased oil, gas and petroleum products	2,348	3,746	1,084	—	7,178
Depreciation, depletion and amortization	4,503	864	230	—	5,597
Operating income	10,111	28,167	5,140	(29,919)	13,499
Total other expenses, net					(183)
Income before tax					13,316
Total assets	49,961	35,871	7,997	—	93,829

Operating segments in 2009:

	<i>Exploration and production</i>	<i>Refining, marketing and distribution</i>	<i>All other</i>	<i>Total elimination</i>	<i>Consolidated</i>
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:

	<i>Exploration and production</i>	<i>Refining, marketing and distribution</i>	<i>All other</i>	<i>Total elimination</i>	<i>Consolidated</i>
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

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.

	2010	2009	2008
<i>OIL AND GAS SALES</i>			
Export sales of crude oil — Europe and other directions	22,895	18,275	25,648
Export sales of crude oil — Asia	9,824	4,744	7,815
Export sales of crude oil — CIS	1,363	1,313	2,084
Domestic sales of crude oil	269	134	154
Domestic sales of gas	416	354	401
Total oil and gas sales	34,767	24,820	36,102
<i>PETROLEUM PRODUCTS AND PETROCHEMICALS SALES</i>			
Export sales of petroleum products — Europe and other directions	8,401	6,827	9,607
Export sales of petroleum products — Asia	5,985	4,895	6,556
Export sales of petroleum products — CIS	172	144	743
Domestic sales of petroleum products	11,686	8,630	14,160
Sales of petrochemicals	416	240	404
Total petroleum products and petrochemicals sales	26,660	20,736	31,470

The Company had one major customer in 2010 and one such customer in 2009 and 2008 which accounted for 10% or more of total revenues in each respective year. These customers accounted for revenues of US\$ 9,559 million, US\$ 5,332 million, and US\$ 12,422 million or 15%, 11% and 18% 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.

FASB ASC 820 defines three levels of inputs that may be used to measure 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.

Assets:	Fair value measurement as of December 31, 2010			
	Level 1	Level 2	Level 3	Total
CURRENT ASSETS				
Trading securities	154	575	—	729
Available-for-sale securities	129	358	—	487
Derivatives	—	77	—	77
Net assets held for sale	55	—	—	55
NON-CURRENT ASSETS				
Available-for-sale securities	—	17	—	17
Total assets measured at fair value	338	1,027	—	1,365
CURRENT LIABILITIES:				
Derivatives	—	(191)	—	(191)
Total liabilities measured at fair value	—	(191)	—	(191)

Assets:	Fair value measurement as of December 31, 2009			
	Level 1	Level 2	Level 3	Total
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 820-10-35-47 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 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\$ 18,555 million and US\$ 17,916 million as of December 31, 2010 and 2009, 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 ruble appreciation and 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, 2010 and 2009 as other current liabilities in the amount of US\$ 157.8 million and US\$ 151.5 million, respectively. The change in fair value was recorded in the consolidated statement of income and comprehensive income for 2010 as a component of interest expense in the amount of US\$ 6.3 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, 2010 as other current liabilities in the amount of US\$ 33.4 million, and as of December 31, 2009 as other current asset in the amount of US\$ 2.7 million (see Note 7). The change in fair value was recorded in the consolidated statement of income and comprehensive income for 2010 as a component of interest expense in the amount of US\$ 36.1 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 expired in October 2010. On the deposit repayment date the spot RUB/US\$ exchange rate was not higher than agreed conversion rate.

In May 2010, the Company entered into fixed interest rate structured deposit agreements with two banks for nominal amounts of US\$ 500 million and US\$ 495 million (see Note 4) which similarly expire in May 2011. If on the deposit repayment date the spot RUB/US\$ exchange rate is higher than the 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 options were bifurcated from the host contracts and recorded at fair value in the consolidated balance sheet as of December 31, 2010 as other current asset in the amount of US\$ 11.1 million (see Note 7). The resulting change in fair values was recorded in the consolidated statement of income and comprehensive income for 2010 as a component of foreign exchange gain in the amount of US\$ 11.1 million.

In June 2010, the Company entered into a fixed interest rate structured deposit agreement with a nominal amount of US\$ 200 million (see Note 4) which expires in June 2011. If on the deposit repayment date the spot RUB/US\$ exchange rate is higher than the 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 recorded at fair value in the consolidated balance sheet as of December 31, 2010 as other current asset in the amount of US\$ 4.4 million (see Note 7). The change in fair value was recorded in the consolidated statement of income and comprehensive income for 2010 as a component of foreign exchange gain in the amount of US\$ 4.4 million.

In July 2010, the Company entered into fixed interest rate structured deposit agreements with two banks for nominal amounts of US\$ 250 million and US\$ 500 million (see Note 4) which expire in July 2011. If on the deposit repayment date the spot RUB/US\$ exchange rate is higher than the 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 options were bifurcated from the host contracts and recorded at fair value in the consolidated balance sheet as of December 31, 2010 as other current asset in the amount of US\$ 14.6 million (see Note 7). The resulting change in fair values was recorded in the consolidated statement of income and comprehensive income for 2010 as a component of foreign exchange gain in the amount of US\$ 14.6 million.

In September 2010, the Company entered into fixed interest rate structured deposit agreements with two banks for nominal amounts of US\$ 100 million and US\$ 150 million (see Note 4) which expire in September 2011. If on the deposit repayment date the spot RUB/US\$ exchange rate is higher than the 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 options were bifurcated from the host contracts and recorded at fair value in the consolidated balance sheet as of December 31, 2010 as other current asset in the amount of US\$ 6.3 million (see Note 7). The resulting change in fair values was recorded in the consolidated statement of income and comprehensive income for 2010 as a component of foreign exchange gain in the amount of US\$ 6.3 million.

In October 2010, the Company entered into fixed interest rate structured deposit agreements with two banks for nominal amounts of US\$ 193 million and US\$ 250 million (see Note 4) which expire in October 2011. If on the deposit repayment date the spot RUB/US\$ exchange rate is higher than the 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 options were bifurcated from the host contracts and recorded at fair value in the consolidated balance sheet as of December 31, 2010 as other current asset in the amount of US\$ 10.1 million (see Note 7). The resulting change in fair values was recorded in the consolidated statement of income and comprehensive income for 2010 as a component of foreign exchange gain in the amount of US\$ 10.1 million.

In November 2010, the Company entered into fixed interest rate structured deposit agreements with two banks for nominal amounts of US\$ 557 million and US\$ 400 million (see Note 4) which expire in November 2011. If on the deposit repayment date the spot RUB/US\$ exchange rate is higher than the 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 options were bifurcated from the host contracts and recorded at fair value in the consolidated balance sheet as of December 31, 2010 as other current asset in the amount of US\$ 27.3 million (see Note 7). The resulting change in fair values was recorded in the consolidated statement of income and comprehensive income for 2010 as a component of foreign exchange gain in the amount of US\$ 27.3 million.

In December 2010, the Company entered into a fixed interest rate structured deposit agreement with a nominal amount of US\$ 100 million (see Note 4) which expires in December 2011. If on the deposit repayment date the spot RUB/US\$ exchange rate is higher than the 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 recorded at fair value in the consolidated balance sheet as of December 31, 2010 as other current asset in the amount of US\$ 2.9 million (see Note 7). The change in fair value was recorded in the consolidated statement of income and comprehensive income for 2010 as a component of foreign exchange gain in the amount of US\$ 2.9 million.

In February and May 2010, the Company entered into forward foreign currency contracts to economically hedge its foreign currency risk of forecasted operating expense. These financial exposures are managed as an integral part of the Company's risk management program, which seeks to reduce the potentially adverse effect that the volatility of the exchange rate markets may have on operating results. During 2010 all forward foreign currency contracts were settled.

Fair values of the interest rate swap contracts and embedded call options are based on estimated amounts that the Company would pay or receive upon termination of the contracts as of December 31, 2010.

25. SUBSEQUENT EVENTS

On January 14, 2011 Rosneft and BP announced plans to form a strategic alliance, including a share swap, and to jointly explore hydrocarbon resources of the Russian Arctic. For the share swap, BP plans to issue ordinary shares constituting 5 per cent of its pro forma issued ordinary share capital in exchange for 1,010,158,003 Rosneft's shares. Closing of the share swap and signing of final agreements related to the Arctic exploration joint venture is anticipated in the first half of 2011 and by the end of 2012, respectively, both subject to agreement of related final documentation between the parties.

On January 27, 2011 Rosneft and ExxonMobil entered into an agreement regarding the joint development of oil and gas resources in the Black Sea, which includes an initial focus on oil exploration and production in the Tuapse Trough in the Russian Black Sea basin.

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, because the results are immaterial in comparing with results of consolidated companies.

CAPITALIZED COSTS RELATING TO OIL AND GAS PRODUCING ACTIVITIES

Consolidated entities:	As of December 31,	
	2010	2009
<i>OIL AND GAS PROPERTIES:</i>		
Proved	62,960	56,175
Unproved	4,104	4,131
Total capitalized costs	67,064	60,306
Accumulated depreciation, depletion and amortization, and valuation allowances	(18,370)	(13,977)
Net capitalized costs	48,694	46,329

The share of the Company in the capitalized costs of equity investees on December 31, 2010 and 2009 was US\$ 2,631 million and US\$ 2,547 million, respectively.

Net book value of mineral rights on December 31, 2010 and 2009 was US\$ 16.2 billion and US\$ 16.8 billion, respectively.

COST INCURRED IN OIL AND GAS PROPERTY ACQUISITION, EXPLORATION AND DEVELOPMENT ACTIVITIES

Consolidated entities:	2010	2009	2008
<i>ACQUISITION OF PROPERTIES:</i>			
Proved	—	—	246
Unproved	140	96	264
Exploration costs	439	325	248
Development costs	6,618	5,422	6,405

The share of the Company in acquisition, exploration and development expenditures of its equity investees was US\$ 324 million, US\$ 493 million and US\$ 483 million in 2010, 2009 and 2008, respectively.

RESULTS OF OPERATIONS FOR OIL & GAS PRODUCING ACTIVITIES

Consolidated entities:	2010	2009	2008
REVENUES:			
Sales	18,284	13,463	18,712
Transfers	12,902	10,056	16,308
Total	31,186	23,519	35,020
Production costs (excluding production taxes)	2,319	1,869	1,976
Selling, general and administrative expenses	740	630	771
Exploration expenses	439	325	248
Accretion expenses	107	87	120
Depreciation, depletion, and amortization, and valuation provisions	4,503	3,318	3,060
Taxes other than income tax	10,034	6,867	13,261
Income tax expenses	1,845	1,029	1,779
Results of operation for producing activities	11,199	9,394	13,805

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 2010, 2009 and 2008 was US\$ 234 million, US\$ 229 million and US\$ 437 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, 2010, 2009 and 2008 were appraised by outside unrelated third-party petroleum engineers.

The Company's proved oil and gas reserves are located 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 2011 and 2051, and the licences for the most important reserves expire between 2013 and 2051. 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 9).

The Company's estimates of net proved oil and gas reserves and changes thereto for the years ended December 31, 2010, 2009 and 2008 are shown in the table below and expressed in million barrels of oil equivalent (oil production data was recalculated from tons to barrels using a field specific ratio in the range from 7.05 to 7.65 barrels per tonne, gas production data was recalculated from cubic meters to barrels of oil equivalent ("boe") using a ratio of 35.3/6 cubic meters per barrel):

Consolidated entities:	2010	2009	2008
Proved developed and undeveloped reserves:	mln boe	mln boe	mln boe
Beginning of year	13,951	13,360	13,538
Revisions of previous estimates	319	683	(244)
Extensions and discoveries	541	703	837
Improved recovery	—	—	—
Purchases of minerals in place	—	—	—
Production	(841)	(795)	(771)
End of year	13,970	13,951	13,360
Of which:	80	66	80
Proved reserves under PSA Sakhalin 1			
PROVED DEVELOPED RESERVES			
Beginning of year	10,204	10,032	10,456
End of year	9,769	10,204	10,032
PROVED UNDEVELOPED RESERVES			
Beginning of year	3,747	3,328	3,082
End of year	4,201	3,747	3,328
Noncontrolling interests in total proved reserves	122	103	38
Noncontrolling interests in proved developed reserves	44	37	12
Entity's share of proved developed and undeveloped reserves of investees accounted for by the equity method:			
Beginning of year	1,195	1,086	915
Revisions of previous estimates	66	56	146
Extensions and discoveries	39	121	98
Improved recovery	—	2	—
Purchases of minerals in place	—	—	—
Production	(72)	(70)	(73)
End of year	1,228	1,195	1,086

The Company's share in the proved developed reserves of equity investees in 2010, 2009 and 2008 was 760 million barrels of oil equivalent, 769 million barrels of oil equivalent and 763 million barrels of oil equivalent, respectively.

The effect of the adoption of ASU 2010-03 on the Total Group's total proved reserves amounted to 76 mboe decrease at the end of 2010 (2009 — 38 mboe decrease) 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.

	2010	2009	2008
CONSOLIDATED ENTITIES:			
Future cash inflows	449,384	383,839	223,464
Future development costs	(34,276)	(29,301)	(18,353)
Future production costs	(215,802)	(177,879)	(107,242)
Future income tax expenses	(31,040)	(27,550)	(15,585)
Future net cash flows	168,266	149,109	82,284
10% annual discount for estimated timing of cash flows	(93,520)	(79,563)	(46,783)
Standardized measure of discounted future net cash flows	74,746	69,546	35,501
ENTITY'S SHARE OF EQUITY METHOD INVESTEEES:			
Future cash inflows	43,594	35,202	22,408
Future development costs	(4,132)	(3,851)	(2,450)
Future production costs	(20,835)	(13,831)	(11,368)
Future income tax expenses	(3,648)	(3,426)	(1,592)
Future net cash flows	14,979	14,094	6,998
10% annual discount for estimated timing of cash flows	(8,542)	(7,754)	(3,646)
Standardized measure of discounted future net cash flows	6,437	6,340	3,352
Total consolidated and equity interests in the standardized measure of discounted future cash flows:	81,183	75,886	38,853

The effect of the adoption of ASU 2010-03 on the total Group's standardized measure of discounted future cash flow amounted to approximately US\$ 1.6 billion decrease as at the end of the year (2009 — US\$ 11 billion decrease) including the Company's share in equity investees.

Consolidated entities:	2010	2009	2008
Sales and transfers of oil and gas produced during the period	(18,093)	(14,153)	(19,012)
Net changes in sales and transfer prices and in production (lifting) costs related to future production	12,145	35,895	(71,008)
Changes in estimated future development costs	(8,895)	(8,155)	3,902
Previously estimated development costs incurred during the period	6,618	5,426	6,411
Net changes due to revisions in quantity estimates	1,720	2,510	(275)
Net change due to extensions, discoveries, and improved recovery	3,479	8,800	2,376
Net change in income taxes	(1,667)	(6,059)	19,976
Accretion of discount	6,955	3,550	8,238
Net change due to purchases and sales of minerals in place	—	—	—
Other	2,938	6,231	2,516
Aggregated change in the standardized measure of discounted future net cash flows for the year	5,200	34,045	(46,876)

The discounted value of future cash flows as of December 31, 2010, 2009 and 2008 includes the interest of other noncontrolling shareholders in the amount of US\$ 685 million, US\$ 892 million and US\$ 142 million, respectively.

Appendix 2. NON-CONSOLIDATED FINANCIAL STATEMENTS UNDER RAS

AUDITOR'S OPINION OF CJSC ACG RBS CONCERNING THE FINANCIAL (ACCOUNTING) STATEMENTS OF OJSC ROSNEFT OIL COMPANY FOR THE PERIOD FROM JANUARY 1, 2010 TO DECEMBER 31, 2010

INFORMATION ABOUT THE AUDITED ENTITY

- Full name: Open Joint-Stock Company Rosneft Oil Company
- Short name: OJSC Rosneft
- State registration number: 1027700043502.
- Location: 26/1 Sofiskaya embankment, Moscow, 115035, Russian Federation.

INFORMATION ABOUT THE AUDITOR

- Full name: Closed Joint-Stock Company, Auditing and Consulting Group Business Systems Development.
- Short name: CJSC ACG RBS.
- State registration number: 1027739153430.
- Location: Building 3, 5 Sushevsky Val, Moscow, 127018.

BUSINESS LICENSE:

- Auditing business license № E 000440 issued on June 25, 2002 on the basis of the Decision of the Ministry of Finance of the Russian Federation, approved by Decree № 123 on June 25, 2002, and valid until June 25, 2012.

MEMBERSHIP OF AUDITORS' SELF-REGULATING ORGANIZATION:

- Corporate member of the Guild of Auditors of Regional Institutes of Professional Book-Keepers on the basis of a Decision of the Presidential Council on December 1, 2009 (Minutes № 5/09).

NUMBER IN THE REGISTER OF AUDITORS AND AUDITING ORGANIZATIONS OF THE AUDITORS' SELF-REGULATING ORGANIZATION:

- 10204023936.

MEMBERSHIP OF INTERNATIONAL ORGANIZATIONS OF AUDITING AND CONSULTING FIRMS:

- Full membership of the network of Crowe Horwath International.

We have audited the attached financial (accounting) statements of OJSC Rosneft Oil Company consisting of the balance sheet as of December 31, 2010, the profit & loss account, statement of changes in capital, cash flow account, supplement to the balance sheet and notes to accounts for 2010.

RESPONSIBILITY OF AUDITED ENTITY FOR THE ACCOUNTS

Management of OJSC Rosneft Oil Company bears responsibility for preparation and accuracy of these financial (accounting) statements and their compliance with established rules for preparation of accounts and for the system of internal control, which is required for preparation of accounts, which do not contain material misstatements as a result of actions, which are not in good faith, or as a result of error.

RESPONSIBILITY OF THE AUDITOR

Our responsibility is to express an opinion on accuracy of these financial (accounting) statements based on the audit, which we have carried out. We have carried out the audit in compliance with federal audit standards. These standards required observance of applicable ethical norms, and planning and conduct of the audit in a way that ensures reasonable certainty that the statements do not contain material misstatements.

The audit included conduct of audit procedures intended to obtain audit proof, confirming numerical indicators and disclosure of information in the statements. Choice of audit procedures is at our discretion, based on assessment of the risk of material misstatements as a result of actions, which are not in good faith, or as a result of errors. In assessing this risk we considered the system of internal control, used to ensure correct preparation and accuracy of the statements, in order to choose appropriate accounting procedures, but not in order to express an opinion on the efficiency of the system of internal control.

The audit also included an assessment of the proper character of accounting policy, which was applied, and justification of estimates arrived at by management of the audited entity, as well as assessment of overall presentation of the statements.

We believe that the auditing proof obtained in the course of the audit gives sufficient grounds for us to express an opinion concerning accuracy of the statements.

OPINION

In our opinion the financial (accounting) statements are an accurate reflection in all material respects of the financial position of OJSC Rosneft Oil Company as of December 31, 2010, and of business results and cash flows in 2010, in accordance with established rules for preparation of financial statements.

ATTACHMENTS:

Financial (accounting) statements of OJSC Rosneft Oil Company for the period from January 1 to December 31, 2010 on 49 pages:

1. Balance sheet — on 2 pages.
2. Profit & loss account — on 2 pages.
3. Statement of changes in capital — on 3 pages.
4. Cash flow statement — on 1 page.
5. Supplement to the balance sheet — on 6 pages.
6. Notes to financial (accounting statements) — on 35 pages.

Deputy General Director,

Acting on the basis of warrant № 111-07/10 dated June 21, 2010
(qualified certification № K 010671 dated January 26, 2004 of the right
to carry out audits in the sphere of general audit, issued for
an unlimited period)

R.N. Rakshayev

February 11, 2011

BALANCE SHEETS

as of 31.12.2010

Company OJSC Rosneft Oil Company

Unit: RUB thousand

Form № 1

Assets	Line code	Start of accounting year	End of accounting period
I. NON-CURRENT ASSETS			
Intangible assets	110	3,358,598	3,132,521
Fixed assets	120	287,121,412	329,703,446
Construction in progress	130	90,883,319	138,901,641
Income-bearing investments in tangible items of value	135		
Long-term financial investments	140	605,869,880	532,133,039
Deferred tax assets	145	2,094,199	2,062,695
Geological exploration assets	147	33,672,012	36,597,062
Other non-current assets	150	4,679,378	4,053,948
Total in Section I	190	1,027,678,798	1,046,584,352
II. CURRENT ASSETS			
Inventories	210	27,705,185	34,887,958
of which: raw materials, supplies and other similar items	211	3,787,499	5,080,921
livestock	212		
expenses in production in progress (distribution expenses)	213	2,625,479	2,704,409
ready products and goods for sale	214	16,197,015	20,940,894
shipped goods	215	3,537,658	4,405,787
deferred costs	216	1,557,534	1,755,947
other inventories and expenses	217		
VAT on tangible items of value acquired	220	17,459,206	16,127,126
Accounts receivable (due more than 12 months after the accounting date)	230	17,852,712	22,493,262
of which, customers	231		
Long-term derivative financial instruments, recognized at fair value in the Profit & Loss Account	233		
Accounts receivable (due within 12 months of the accounting date)	240	194,047,341	252,994,003
of which, customers	241	77,578,826	104,917,796
Short-term derivative financial instruments, recognized at fair price in the Profit & Loss Account	243		2,336,619
Short-term financial investments	250	349,086,282	443,751,842
Cash	260	38,721,057	104,782,669
Other current assets	270		
Total for Section II	290	644,871,783	877,373,479
BALANCE	300	1,672,550,581	1,923,957,831

Liabilities	Line code	Opening balance	Closing balance
III. CAPITAL AND RESERVES			
Charter capital	410	105,982	105,982
Treasury shares	411	(117,297)	0
Surplus capital	420	113,275,203	113,275,168
Reserve capital	430	5,299	5,299
of which: reserves required by law	431		
reserves required by Charter documents	432	5,299	5,299
Retained earnings (uncovered loss) of previous years	460	635,578,563	611,204,507
Retained earnings (uncovered loss) of the accounting year	470		191,915,583
Total for Section III	490	748,847,750	916,506,539

Liabilities	Line code	Opening balance	Closing balance
IV. LONG-TERM LIABILITIES			
Loans and credits	510	484,500,434	550,718,168
Deferred tax liabilities	515	9,998,725	14,211,231
Other long-term liabilities	520	46,072,202	39,647,154
Long-term derivative financial instruments, recognized at fair price in the Profit & Loss Account	523		
Total for Section IV	590	540,571,361	604,576,553
V. SHORT-TERM LIABILITIES			
Loans and credits	610	270,377,074	230,144,771
Accounts payable	620	109,682,403	163,814,315
of which: trade payables	621	48,575,175	66,657,894
payables to employees	624	23,951	2,989
payables to government non-budget funds	625	22	24
taxes	626	21,835,008	29,045,747
other creditors	628	39,248,247	68,107,661
Short-term derivative financial instruments, recognized at fair value in the Profit & Loss Account	629	641	5,825,858
Dividends payable to shareholders	630	66,152	93,956
Deferred income	640	11,100	47,126
Provisions for future expenses including	650	2,994,100	2,948,713
provisions for business contingencies	651		
Other short-term liabilities	660		
Total for section V	690	383,131,470	402,874,739
BALANCE	700	1,672,550,581	1,923,957,831

STATEMENT OF ITEMS OF VALUE ACCOUNTED OFF THE BALANCE SHEET

Name of off-balance sheet account	Line code	Start of accounting year	End of accounting period
Rented fixed assets	910	51,160,602	52,072,977
of which, leasing	911		
Inventory received for safe-keeping	920	47,258	47,258
Goods on commission	930	3,602,806	74,425
Debt of insolvent debtors written-off to losses	940	629,100	264,867
Collateral received for liabilities and payments	950	10,759	
Collateral issued for liabilities and payments	960	50,748,660	56,683,247
Depreciation of housing stock	970	12,431	13,166
Depreciation of outdoor amenities and similar facilities	980	2,899	3,508
Intangible assets received for use	990	5,654,578	5,862,491

President of OJSC Rosneft Oil Company

E.Yu. Khudainatov

General Director of LLC RN-Uchet
(Agreement dated January 1, 2011, №0001010/3795D)

I.V. Pavlov

February 11, 2011

PROFIT & LOSS STATEMENT

for 2010

Company OJSC Rosneft Oil Company

Unit: RUB thousand

Form № 2

Item	Line code	Reporting period	Same period of previous year
I. OPERATING INCOME AND COSTS IN ORDINARY BUSINESS			
Net revenue from sales of goods, work and services (less VAT, excise duties and other similar charges)	010	1,061,306,372	949,878,883
Cost of goods, works and services sold:	020	(667,758,779)	(548,902,320)
Gross profit	029	393,547,593	400,976,563
Selling expenses	030	(126,387,002)	(115,410,238)
Administrative expenses	040	(14,799,811)	(14,627,436)
Profit (loss) from sales (lines 010-020-030-040)	050	252,360,780	270,938,889
II. OTHER INCOME AND EXPENSES			
Interest receivable	060	22,342,260	19,413,191
Interest payable	070	(17,203,321)	(19,418,640)
Income from shareholdings	080	2,230,835	2,324,986
Income from sale and other disposal of other property	090	44,563,276	93,940,593
Expenses related to sale and other disposal of other property	100	(45,047,497)	(95,561,791)
Tax payments	110	(4,931,980)	(4,854,161)
Other income	120	126,129,478	184,037,504
of which, income from change in fair value of derivatives	123	8,578,167	1,709,794
Other costs	130	(143,282,771)	(193,751,103)
of which, costs due to change in fair value of derivatives	133	(12,044,795)	(1,732,938)
Pre-tax profit (loss) (lines 050+060-070+080+090-100-110+120-130)	140	237,161,060	257,069,468
Deferred tax assets	150	(31,504)	1,067,334
Deferred tax liabilities	151	(4,212,506)	(5,691,098)
Current income tax	152	(43,838,294)	(44,556,167)
Income tax for previous accounting periods	153	2,836,827	290,238
Tax on estimated income	154		
Net income (retained earnings (loss) in the reporting period) (lines 140+150-151-152-153-154)	190	191,915,583	208,179,775
FOR REFERENCE			
Permanent tax liabilities (assets)	201	1,039,949	1,019,778

BREAKDOWN OF CERTAIN PROFIT & LOSS ITEMS

Item	Line code	Reporting period		Same reporting period of the previous year	
		profit	loss	profit	loss
Gain from sale of foreign currency (cost of foreign currency sold)	210	1,126,066,528	(1,126,105,082)	1,098,337,589	(1,099,364,183)
Exchange rate differences in operations with foreign currency	220	100,957,593	(105,158,729)	156,943,140	(172,304,802)
Bank services	230		(699,435)	0	(1,762,338)
Profit (loss) of previous years discovered (recognized) in the accounting period	240	2,667,946	(7,193,833)	14,842,070	(1,264,835)
Fines, penalties and forfeits that are recognized or for which a court order has been obtained for recovery	250	378,098	(2,145,300)	116,005	103,910
Write-off of claims receivable and payable, for which claim periods have expired	260	1,652,386	(15,343)	1,676,167	(390,197)

President of OJSC Rosneft Oil Company

E.Yu. Khudainatov

General Director of LLC RN-Uchet
(Agreement form January 1, 2011, №0001010/3795D)

I.V Pavlov

February 11, 2011

STATEMENT OF CHANGES IN CAPITAL

for 2010

Company OJSC Rosneft Oil Company
Unit: RUB thousand

Form № 3

I. CHANGES IN CAPITAL

Indicator		Charter capital	Own shares purchased	Additional capital	Reserve capital	Retained earnings (uncovered loss)	Total
Item	Line code						
Balance on December 31 of previous year	3000	105,982		113,276,385	5,299	447,119,480	560,507,146
2009 (PREVIOUS YEAR)							
Changes in accounting policy	3001					(31,063)	(31,063)
Result of fixed asset revaluation	3002	x			x		
Recalculation of deferred tax assets and liabilities	3003					657,690	657,690
Balance on January 1 of previous year	3100	105,982		113,276,385	5,299	447,746,107	561,133,773
Result of recalculation of foreign currency	3110	x			x	x	
Net profit	3120	x		x	x	208,179,775	208,179,775
Dividends	3130	x		x	x	(20,348,501)	(20,348,501)
Payments to reserve fund	3140	x		x			
Increase of capital — total of which:	3150		15,832			1,182	17,014
new share issue	3151			x	x	x	
increase in par value of shares	3152			x	x	x	
reorganization of legal entity	3153			x	x		
other increases	3159		15,832			1,182	17,014
of which: cancellation of shares, purchased from shareholders	3159.1		15,832		x		15,832
Reduction of capital — total of which:	3160		(133,129)	(1,182)			(134,311)
decrease in par value of shares	3161			x	x	x	
decrease in number of shares	3162			x	x	x	
reorganization of legal entity	3163			x	x		
other decreases	3169		(133,129)	(1,182)			(134,311)
of which: purchase of own shares from shareholders	3169.1		(133,129)				(133,129)
Balance on December 31 of previous year	3200	105,982	(117,297)	113,275,203	5,299	635,578,563	748,847,750
Changes in accounting policy	3201						
Result of revaluation of fixed assets	3202						
2010 (REPORTING YEAR)							
Balance on January 1 of reporting year	3300	105,982	(117,297)	113,275,203	5,299	635,578,563	748,847,750
Result of recalculation of foreign currency	3310	x			x	x	
Net profit	3320	x		x	x	191,915,583	191,915,583
Dividends	3330	x		x	x	(24,374,091)	(24,374,091)
Payments to reserve fund	3340	x		x			
Increase of capital — total of which:	3350		117,297			35	117,332
new share issue	3351			x	x	x	
increase in par value of shares	3352			x	x	x	
reorganization of legal entity	3353			x	x		
other increases	3359		117,297			35	117,332
of which: cancellation of shares, purchased from shareholders	3359.1		117,297		x		117,297
Reduction of capital — total: of which:	3360			(35)			(35)
decrease in par value of shares	3361			x	x	x	
decrease in number of shares	3362			x	x	x	

Indicator		Charter capital	Own shares purchased	Additional capital	Reserve capital	Retained earnings (uncovered loss)	Total
Item	Line code						
reorganization of legal entity	3363			x	x		
other decreases	3369	x		(35)	x	x	(35)
of which: purchase of own shares from shareholders	3369.1						
Balance on December 31 of reporting year	3400	105,982		113,275,168	5,299	803,120,090	916,506,539

II. RESERVES

Item	Line code	Balance	Added	Used	Balance
Legally required reserves	3500				
previous year	3501				
accounting year	3502				
Reserves required by the Company Charter	3600				
previous year	3601	5,299			5,299
accounting year	3602	5,299			5,299
ESTIMATIVE RESERVES, TOTAL:	3700				
OF WHICH					
Provisions for doubtful debts	3710				
previous year	3711	111,091	362,764	29,919	443,936
accounting year	3712	443,936	826,973	54,758	1,216 151
Provisions for impairment of geological exploration assets	3720				
previous year	3721				
accounting year	3722				
Provisions for impairment of intangible assets	3730				
previous year	3731				
accounting year	3732				
Provisions for impairment of inventory	3740				
previous year	3741	98,357	46,193	84,608	59,942
accounting year	3742	59,942	10,903	15,625	55,220
Provisions for impairment of financial investments	3750				
previous year	3751	1,051 822	1,438 367	30,444	2,459 745
accounting year	3752	2,459 745	875,883	904,747	2,430 881
Provisions for business contingencies	3760				
previous year	3761				
accounting year	3762				
Other provisions	3790				
previous year	3791				
accounting year	3792				
PROVISIONS FOR FUTURE EXPENSES AND PAYMENTS, TOTAL:	3800				
OF WHICH					
Reserve for holiday payments	3810				
previous year	3811	241,664	851,445	367,400	725,709
accounting year	3812	725,709	329,627	508,346	546,990
Reserve for annual bonus payments	3820				
previous year	3821	2,067 368	2,268 391	2,067 368	2,268 391
accounting year	3822	2,268 391	2,433 308	2,299 976	2,401 723
Pension reserves	3830				
previous year	3831				
accounting year	3832				
Other reserves and provisions	3890				
previous year	3891				
accounting year	3892				

FOR REFERENCE

<i>Item</i>	<i>Line code</i>	<i>Balance at start of reporting year</i>		<i>Balance at end of reporting year</i>	
1) Net assets	3900	748,858 850		916,553 665	
		<i>From the budget</i>		<i>From non-budgetary funds</i>	
		<i>accounting year</i>	<i>previous year</i>	<i>accounting year</i>	<i>previous year</i>
2) Received for ordinary business costs, total	3950				
of which:					
	3951				
	3952				
Capital investments in non-current assets	3960				
of which:	3961				
	3962				

President of OJSC Rosneft Oil Company

E.Yu. Khudainatov

General Director of LLC RN-Uchet
(Agreement form January 1, 2011, №0,01010,3795D)

I.V Pavlov

February 11, 2011

CASH FLOW STATEMENT

for 2010

Company OJSC Rosneft Oil Company

Unit: RUB thousand

Form № 4

Indicator Item	Line code	Accounting year	Same period of previous year
Opening cash balance	4100	38,721,043	26,588,955
CASH RECEIPTS FROM OPERATIONS			
Receipts, total:	4200	3,388,903,382	2,695,019,764
of which received from customers	4210	1,557,299,034	1,280,827,490
other receipts	4290	1,831,604,348	1,414,192,274
Payments, total:	4300	(3,187,327,016)	(2,484,977,058)
of which acquisition of goods, works, services, raw materials and other current assets	4310	(1,107,165,820)	(911,405,216)
payroll	4320	(5,331,371)	(4,449,846)
dividends and interest paid	4330	(40,139,157)	(31,041,878)
taxes paid	4340	(296,227,539)	(211,279,289)
other expenses	4390	(1,738,463,129)	(1,326,800,829)
Net cash flow from operations	4399	201,576,366	210,042,706
CASH FROM INVESTMENT ACTIVITY			
Receipts, total:	4400	186,265,143	442,779,982
of which sale of fixed assets and other non-current assets	4410	27,139	777,197
sale of securities and other financial investments	4420	53,146,864	331,864,706
dividends received	4430	2,232,642	2,318,843
interest received	4440	4,519,393	3,950,532
repayment of loans provided to other organizations	4450	102,657,755	103,683,573
other receipts	4490	23,681,350	185,131
Payments, total:	4500	(339,796,624)	(701,246,912)
of which acquisition of subsidiaries	4510	(3,170,782)	(6,804,897)
acquisition of fixed assets, income-bearing investments in tangible assets and intangible assets	4520	(152,945,572)	(111,977,596)
acquisition of securities and other financial investments	4530	(142,467,534)	(398,646,092)
loans to other organizations	4540	(21,410,987)	(181,184,841)
other transfers	4590	(19,801,749)	(2,633,486)
Net cash flow from investments	4599	(153,531,481)	(258,466,930)
CASH FLOW FROM FINANCING			
Receipts, total:	4600	290,930,710	559,215,960
of which receipts from securities issue	4610		
receipts from loans to other organizations	4620	70,081,966	91,384,210
receipts from credits provided by other organizations	4630	220,848,744	463,943,702
other receipts	4690		3,888,048
Payments, total:	4700	(272,913,983)	(498,659,648)
repayment of loans (net of interest)	4710	(68,821,507)	(111,775,691)
repayment of credits (net of interest)	4720	(201,179,662)	(376,943,590)
repayment of financial lease liabilities	4730		
other	4790	(2,912,814)	(9,940,367)
Net cash from financing	4798	18,016,727	60,556,312

<i>Indicator</i>	<i>Line code</i>	<i>Accounting year</i>	<i>Same period of previous year</i>
<i>Item</i>			
Net increase (decrease) of cash and equivalents	4799	66,061,612	12,132,088
Closing cash balance	4800	104,782,655	38,721,043
Impact of changes in the rate of exchange of the rouble to other currencies	4900	114,352	525,609

President of OJSC Rosneft Oil Company

E.Yu. Khudainatov

General Director of LLC RN-Uchet
(Agreement form January 1, 2011, N°0001010/3795D)

I.V Pavlov

February 11, 2011

SUPPLEMENT TO BALANCE SHEET

for 2010

Company OJSC Rosneft Oil Company

Unit: RUB thousand

Form № 5

INTANGIBLE ASSETS

Item	Line code	Start of year	Addition	Disposal	End of year
Intellectual property (exclusive rights to intellectual property)	5110	409,654	7,331		416,985
of which:					
patents to inventions, industrial samples, models	5111	9,905	929		10,834
rights to software, databases	5112	392,991	6,344		399,335
rights to integrated circuit topographies	5113				
trademarks, service marks, appellations of origin	5114	6,758	58		6,816
patents on selective attainments	5115				
Goodwill	5120				
Other	5149	3,763,219	2,229		3,765,448

Item	Line code	Start of accounting year	End of accounting period
Amortization of intangible assets, total	5150	814,275	1,049,912
of which: (exclusive rights to intellectual property)	5151	74,403	162,316

FIXED ASSETS

Item	Line code	Start of accounting year	Addition	Disposal	End of accounting period
Buildings	5201	27,567,143	2,708,581	(153,556)	30,122,168
Structures and transmission facilities	5202	325,892,727	64,697,793	(876,756)	389,713,764
Machines and equipment	5203	54,058,810	13,121,563	(1,339,624)	65,840,749
Vehicle fleet	5204	3,672,879	80,271	(232,731)	3,520,419
Fixtures and fittings	5205	787,455	38,652	(52,443)	773,664
Draft livestock	5206				
Productive livestock	5207				
Perennial plantations	5208				
Other fixed assets	5209	78,536	1,614	(3,010)	77,140
Land plots and natural resource management facilities	5210	474,713	16,833		491,546
Capital investments in land reclamation	5218				
Total	5219	412,532,263	80,665,307	(2,658,120)	490,539,450

Item	Line code	Start of accounting year	End of accounting period
Depreciation of fixed assets, total	5220	125,410,851	160,836,004
of which:			
buildings and structures	5221	107,091,423	137,551,222
machinery, equipment, vehicle fleet	5222	17,761,713	22,664,930
other	5229	557,715	619,852
Leased-out fixed assets, total	5230	361,569,518	439,602,238
of which:			
buildings	5231	19,770,326	25,043,175
Structures	5232	296,649,910	354,035,288
Mothballed fixed assets	5235	18,271,181	19,745,387
Fixed assets received under lease	5240	51,160,602	52,072,977
of which:leasing	5241		

<i>Item</i>	<i>Line code</i>	<i>Start of accounting year</i>	<i>End of accounting period</i>
Real estate brought into use but still awaiting government registration	5245	4,833,032	982,718
FOR REFERENCE	<i>Line code</i>	<i>Start of accounting year</i>	<i>End of accounting period</i>
Effect from fixed assets revaluation:	5250		
initial (replacement) value	5251		
depreciation	5252		
	<i>Line code</i>	<i>Start of accounting year</i>	<i>End of accounting period</i>
Change in value of fixed assets resulting from construction, installation of equipment, modernization, and partial liquidation	5255	7,561,099	9,550,083

INCOME-BEARING INVESTMENTS IN TANGIBLE ASSETS

<i>Item</i>	<i>Line code</i>	<i>Start of year</i>	<i>Addition</i>	<i>Disposal</i>	<i>End of year</i>
Property for leasing	5260				
Property provided under rental agreements	5265				
Other	5268				
Total	5269				
	<i>Line code</i>	<i>Start of accounting year</i>			<i>End of accounting period</i>
Amortization of income-bearing investments in tangible items of value	5270				

EXPENSES ASSOCIATED WITH R&D AND TECHNOLOGY ACTIVITIES

<i>Types of works</i>	<i>Line code</i>	<i>Start of accounting year</i>	<i>Additions</i>	<i>Written off</i>	<i>End of accounting period</i>
<i>Item</i>					
Total of which:	5310		3,869	(1,773)	2,096
FOR REFERENCE	<i>Line code</i>	<i>Start of accounting year</i>			<i>End of accounting period</i>
Expenses for R&D and technology work in progress	5311		53,465		92,309
	<i>Line code</i>	<i>Start of accounting year</i>			<i>End of accounting period</i>
Expenses for unsuccessful R&D and technology work, attributed to non-sales expenses	5315				

EXPENSES ASSOCIATED WITH NATURAL RESOURCE DEVELOPMENT

<i>Item</i>	<i>Line code</i>	<i>Balance at start of accounting year</i>	<i>Additions</i>	<i>Written off</i>	<i>Balance at end of accounting year</i>
Natural resource development expenses, total	5320	41,436,067	16,426,179	(8,945,735)	48,916,511
of which: Ongoing capital investments in geological exploration assets	5321	7,764,055	11,069,788	(6,514,394)	12,319,449
Geological exploration assets	5322	33,672,012	5,356,391	(2,431,341)	36,597,062
FOR REFERENCE	<i>Line code</i>	<i>Start of accounting year</i>			<i>End of accounting period</i>
Expenses associated with exploration in progress (prospecting and appraisal, exploration and/or hydrogeological surveying, and other related activities)	5330		7,764,055		12,319,449
Expenses for exploration referred to non-sales expenses in the accounting period due to lack of results	5340		1,754,416		786,760

FINANCIAL INVESTMENTS

Items	Line code	Long-term		Short-term	
		Start of accounting year	End of accounting period	Start of accounting year	End of accounting period
Investments in charter (share) capital of other organizations, total	5410	106,746,138	121,831,259	102,401	538,005
subsidiaries	5411	93,234,298	107,996,331		
dependent companies	5412	13,392,647	13,641,280		
other companies	5419	119,193	193,648	102,401	538,005
Government and municipal securities	5420				272,551
Securities of other entities, total	5430	128,414		16,163,581	13,919,717
of which, bonds	5431			12,885,375	3,679,981
promissory notes	5432	128,414		3,278,206	10,239,736
Loans provided	5435	474,799,968	395,368,099	280,420,576	278,823,844
Deposits	5440	24,195,360		50,344,200	149,993,666
JV investments	5445				
Other investments	5448		14,933,681	2,055,524	204,059
Total	5449	605,869,880	532,133,039	349,086,282	443,751,842
<i>INCLUDING FINANCIAL INVESTMENTS THAT HAVE PUBLIC MEASURES OF MARKET VALUE:</i>					
Investments in charter capital of other entities, total	5450				33,600
of which, subsidiaries and dependent companies	5451				
Government and municipal securities	5455				272,551
Securities of other entities, total	5460			12,885,375	2,749,632
of which, debt securities (bonds, promissory notes)	5461			12,885,375	2,749,632
Other	5468				930,349
Total	5469			12,885,375	3,986,132
FOR REFERENCE. Effect of value adjustment to financial investments that have public measures of market value	5470			93,857	(31,068)
Difference, recorded in financial results in the accounting period, between initial cost and par value of debt securities	5480				

ACCOUNTS RECEIVABLE AND PAYABLE

Item	Line code	Balance at start of accounting year	Balance at end of accounting year
<i>ACCOUNTS RECEIVABLE:</i>			
short-term, total	5510	194,047,341	252,994,003
of which: trade receivables	5511	77,578,826	104,917,796
advances made	5512	17,584,035	12,588,432
other	5519	98,884,480	135,487,775
long-term, total	5520	17,852,712	22,493,262
of which: trade receivables	5521		
advances made	5522		
other	5529	17,852,712	22,493,262
Total	5530	211,900,053	275,487,265
<i>ACCOUNTS PAYABLE:</i>			
short-term, total	5540	380,059,477	393,959,086
of which: trade payables	5541	48,575,175	66,657,894
advances received	5542	13,567,125	22,137,732
tax payables	5543	21,835,030	29,045,771
credits	5544	139,992,747	85,566,133
loans	5545	130,384,327	144,578,638
other	5549	25,705,073	45,972,918
long-term, total	5550	530,572,636	590,365,322

Item	Line code	Balance at start of accounting year	Balance at end of accounting year
of which: credits	5551	461,472,302	540,913,823
loans	5552	23,028,132	9,804,345
other	5559	46,072,202	39,647,154
Total	5560	910,632,113	984,324,408

ORDINARY BUSINESS COSTS (BY EXPENSE ITEMS)

Item	Line code	Accounting year	Previous year
Materials	5601	502,928,887	458,121,649
Payroll	5602	3,420,731	3,098,232
Social charges	5603	253,257	223,377
Depreciation and amortization	5604	36,640,678	26,611,850
Other expenses	5609	265,702,039	190,884,886
Total	5610	808,945,592	678,939,994
Changes in balances (increase [+], decrease [-]): production in progress	5620	78,930	16,474
deferred costs	5621	(429,113)	2,658,766
reserves for future costs	5622	(45,387)	685,068

COLLATERAL

Item	Line code	Balance at start of accounting year	Balance at end of accounting period
Received, total	5710	10,759	
of which: promissory notes	5711		
securities	5712		
property	5713	10,759	
oil	5714		
other	5719		
Issued, total	5720	50,748,660	56,683,247
of which: promissory notes	5721		
securities	5722		
property	5723		
oil	5724		
other	5729	50,748,660	56,683,247

FUNDS RECEIVED FROM THE GOVERNMENT

Item	Line code	During the accounting period		During the same period of the previous year	
		Start of accounting year	Received during the accounting period	Repaid during the accounting period	End of accounting period
Funds received from the budget in the reporting year, total	5810				
Credits from the government budget, total	5820				

President of OJSC Rosneft Oil Company

E.Yu. Khudainatov

General Director of LLC RN-Uchet
(Agreement form January 1, 2011, №0001010/3795D)

I.V Pavlov

February 11, 2011

NOTES

TO FINANCIAL (ACCOUNTING) STATEMENTS OF OJSC ROSNEFT OIL COMPANY FOR 2010

These Notes are an integral part of the financial (accounting) statements of OJSC Rosneft Oil Company (hereinafter also referred to as 'the Company') for 2010, prepared in accordance with the laws of the Russian Federation.

1. FORM OF INCORPORATION AND AREAS OF ACTIVITY

COMPANY DESCRIPTION

The Open Joint-Stock Company Rosneft Oil Company was established by Order of the President of the Russian Federation № 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 № 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 the applicable laws of the Russian Federation.

COMPANY LEGAL ADDRESS (PHYSICAL LOCATION)

26/1 Sofiyskaya Embankment, Moscow 115035, Russia.

GOVERNING BODIES OF THE COMPANY

The General Meeting of Shareholders

The General Meeting of Shareholders is the highest governing body of the Company, and its competence, procedure for its convening, conduct and work are defined by the Company Charter.

The Board of Directors of the Company determines the address at which the General Meeting of Shareholders, with the shareholders in joint attendance, is to take place..

The Annual General Meeting of Shareholders is conducted no earlier than two months and no later than six months after the end of the financial year.

The General Meeting of Shareholders is presided over by the Chairman of the Board of Directors of the Company or, in the case of his absence, by a member of the Board, who is to be selected by the Board members.

The Board of Directors of the Company

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 for a term lasting until the next Annual General Meeting of Shareholders.

The members of the Rosneft **Board of Directors** who were in office from January 1, 2010 through December 31, 2010 (and who were elected by Annual General Meetings of Shareholders on June 19, 2009 and June 18, 2010) are:

1.	Igor Ivanovich Sechin	Chairman of the Board of Directors of Rosneft, Deputy Prime Minister of Russia
2.	Andrey Leonidovich Kostin	Deputy Chairman of the Board of Directors of Rosneft, President and Chairman of the Management Board of OJSC VTB Bank
3.	Yury Alexandrovich Petrov	Deputy Chairman of the Board of Directors of Rosneft, Head of the Federal Agency for State Property Management
4.	Vladimir Leonidovich Bodganov	Member of the Board of Directors of Rosneft, General Director of OJSC Surgutneftegaz
5.	Sergey Mikhailovich Bogdanchikov	Member of the Board of Directors of Rosneft
6.	Alexander Dmitrievich Nekipelov	Member of the Board of Directors of Rosneft, Vice-President of the Russian Academy of Sciences
7.	Andrey Georgievich Reus	Member of the Board of Directors of Rosneft, General Director of OJSC OBORONPROM
8.	Hans-Joerg Rudloff	Member of the Board of Directors of Rosneft, Chairman of the Executive Committee of Barclays Capital
9.	Nikolay Petrovich Tokarev	Member of the Board of Directors of Rosneft, President of OJSC Transneft

In accordance with the 'Regulation on the Board of Directors', members of the Board of Directors, are remunerated based on a decision by a General Meeting of Shareholders held to review the Company's business results for the previous year.

The Annual General Meeting of Shareholders, on June 18, 2010, decided (unnumbered minutes) to award 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 the transfer to each of these Board members of 26,099 (twenty six thousand and ninety nine) shares in OJSC Rosneft Oil Company. The Company effected the transfer of shares in 2010 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.

Sole Executive Body of the Company:

The Sole Executive Body of the Company is the President of OJSC Rosneft Oil Company.

This post was occupied until September 5, 2010 (inclusively) by Sergey Mikhailovich Bogdanchikov.

As of September 6, 2010 Eduard Yurievich Khudainatov was appointed President of the Company (Minutes №17 dated September 4, 2010).

Collegial Executive Body of the Company:

Membership of the Rosneft Management Board is as follows:

1.	Eduard Yurievich Khudainatov	President and Chairman of the Management Board of Rosneft
2.	Larisa Vyacheslavovna Kalanda	Vice-President, Deputy Chairman of the Management Board of Rosneft
3.	Gani Gaisinovich Gilayev	Acting Vice-President of Rosneft
4.	Peter Lloyd O'Brien	Vice-President, Head of the Financial Advisers' Group to the President of Rosneft
5.	Sergei Vadimovich Tregub	Vice-President of Rosneft
6.	Rizo Sharipovich Tursunov	Vice-President of Rosneft
7.	Pavel Sergeevich Fedorov	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.

In 2010, there were several changes to the composition of the Company's Management Board. Rosneft's Board of Directors terminated the authority of Sergey Igorievich Makarov and appointed Pavel Sergeevich Fedorov (Minutes №. 5, April 24, 2010).

The Board of Directors of Rosneft set the number of members of the Company's Management Board at 7 (seven) persons (Minutes № 23, November 26, 2010). The Management Board membership of Sergey Mikhailovich Bogdanchikov and Viktor Vasilievich Ploskina was terminated, and Gani Gaisinovich Gilayev was appointed to the Management Board.

Data on the Company's executive bodies are correct as of December 31, 2010.

FINANCIAL CONTROL

The Internal Audit Commission carries out financial control of the Company. The procedures of the Internal Audit Commission are determined by the 'Regulation on the Internal Audit Commission of Rosneft', and require the approval of a General Meeting of Shareholders.

The Annual General Meeting of Shareholders elects the Company's Internal Audit Commission, comprised of 5 (five) members, for a term lasting until the next Annual General Meeting of Shareholders.

Membership of the Internal Audit Commission:

1.	Andrey Nikolaevich Kobzev	Representative of the Analytical Department of the Federal Agency for State Property Management
2.	Konstantin Valerievich Pesotsky	Deputy Director of the Department for State Regulation of Tariffs, Infrastructure Reform and Energy Efficiency at the Ministry of Economic Development of the Russian Federation
3.	Sergey Alexandrovich Pakhomov	Head of Department at the Federal Agency for State Property Management
4.	Tatyana Vladimirovna Fisenko	Director of the Finance Department at the Ministry of Energy of the Russian Federation.
5.	Alexander Sergeevich Yugov	Head of Department at the Directorate of the Federal Agency for State Property Management

All members of the Company Audit Commission are civil servants and do not receive any remuneration for their work on the Commission.

Data on the Internal Audit Commission are correct as of December 31, 2010.

CHARTER CAPITAL

Rosneft's shareholder structure as of December 31, 2010 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;
- Joint-Stock Commercial Savings Bank of Russia ('Sberbank') was the nominal holder of 1,379,763,288 ordinary shares of Rosneft, equal to 13.02% of total ordinary shares and charter capital;
- LLC RN-Razvitie held 998,192,487 ordinary shares of Rosneft, equal to 9.42% of total ordinary shares and charter capital;
- other legal entities with stakes of under 1% each were holders and nominal holders of 201,232,577 ordinary shares of Rosneft, equal to 1.9% of total ordinary shares and charter capital;
- individuals held 53,173,081 ordinary shares of Rosneft, equal to 0.5% of 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 0.000000009% of Rosneft's total ordinary shares and charter capital.

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 the 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 the 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 the 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 the preparation and implementation of production sharing agreements with respect to sub-surface 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:

1. Branch office in the Republic of Chechnya; Address: 7/84 Prospect Revolutsii, 364051 Grozny;
2. Representative office in the Northern Caucasus; Address: 54 Krasnaya Street, 350610 Krasnodar;
3. Representative office in Yamal-Nenets Autonomous District; Address: 3 Microregion 10, 629830 Gubkinsky;
4. Representative office in the Russian Far East; Address: 17 Khabarovskaya Street, Yuzhno-Sakhalinsk, 693010 Sakhalin Region;
5. Representative office in Stavropol Territory; Address: 5 Pioneers Fiftieth Anniversary Street, 356880 Neftekumsk;
6. Representative office in Khanty-Manskiysk Autonomous District (Ugra); Address: 26 Lenin Street, 628309 Nefteugansk;
7. Representative office in the Komi Republic; Address: 1 Pripolyarnaya Street, 169710 Usinsk;
8. Representative office in Khabarovsk Territory; Address: 107 Leningradskaya Street, 680007 Komsomolsk-on-Amur;
9. Representative office in Arkhangelsk Region; Address: 30 Talagi Village, 163530 Primorsky District;
10. Representative office in Primorsky Territory; Address: 5a Uborevicha Street, 690000 Vladivostok;
11. Representative office in Europe; Address: Favoritenstrasse 7/4, 1040, Vienna, Austria;
12. Representative office in in the Asia-Pacific region; Address: Tower D, The China World Trade Center, 6A Jianguomenwai, Chaoyang District, 100022 Beijing, People's Republic of China;
13. Office in the Middle East; Address: Sector 52-61, Block A, Building 2, Al Nahyan Business Complex Section, Abu Dhabi, United Arab Emirates.

2. PRODUCTION INDICATORS

The Company produced 81.658 mln tonnes of oil in 2010, which is 2.214 mln tonnes (2.6%) less than in the previous year.

In 2010, revenue from the sale of production, works and services (minus VAT and customs duties) was RUB 1,061,306 mln, up by 12% (RUB 111,428 mln) from 2009.

The Company's income from the sale of production, works (services) in 2010 was RUB 252,361 mln, representing a decline of 7%, from RUB 270,939 mln in 2009.

Crude oil throughput at refineries in 2010 was 39.8 mln tonnes, which is 3.2 mln tonnes more than in 2009, and included 39.1 mln tonnes processed at main refineries and 0.7 mln tonnes at mini-refineries. Primary refining increased by 8.7% in comparison with 2009.

The Company sold 37.2 mln tonnes of its own petroleum products in 2010, which is 3.2 mln tonnes (9.4%) more than in the previous year. Export sales of petroleum products were 19.6 mln tonnes, which is 0.1 mln tonnes less than in 2009.

Net income in 2010 was RUB 191,916 mln, which is 8% (RUB 16,264 mln) less than in 2009.

The Company obtained nine licenses in 2010, as follows:

- *two licenses for geological study of sub-surface deposits in order to prospect and evaluate hydrocarbon fields within the boundaries of the Priterechny and Suvorovsky blocks in the Grozny and Gudermes Districts of the Republic of Chechnya;*
- *six new licenses for geological study, exploration and production of hydrocarbons without auction or other competition (by decree of the Government of the Russian Federation) within the boundaries of:*
 - *the Astrakhanovskoye Sea-Nekrasovsky block in the Sea of Okhotsk on the north-west shelf of Sakhalin Island;*
 - *the South-Rusky block in the east of the south-eastern part of the Barents Sea (the region known as the Sea of Pechora);*
 - *the South Black Sea block in the northern part of the Black Sea;*
 - *the East-Prinovozemelsky-1 block in the south-western part of the Kara Sea;*
 - *the East-Prinovozemelsky-2 block in the central part of the Kara Sea;*
 - *the East-Prinovozemelsky-3 block in the southern part of the Kara Sea;*
- *a license for exploration and production of potable underground water for drinking water supplies to the Biosphere Science Center at the Urochishe Chigursana block in Maikopsky Municipal District of the Republic of Adygeya.*

Average headcount of Rosneft employees in 2010 was 1488, which is 22 fewer than in the previous year.

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. 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 № 106n, dated October 6, 2008. This policy consists of:

- *standalone accounting, by which the 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 2010, ARE REFLECTED BELOW IN THE RESPECTIVE SECTIONS OF THESE NOTES TO ACCOUNTING (FINANCIAL) STATEMENTS.

Information on changes to accounting policy, introduced since January 1, 2011

- *Expenses connected with exploration and evaluation of an oil & gas field will only be capitalized if they have led to discovery of proven reserves. In 2010, a full-expense method was applied, by which all expenses were capitalized;*
- *Licenses for sub-surface use will be reflected in a separate line of the balance sheet, 'Rights to sub-surface use'. In 2010 licenses for sub-surface use were reflected as part of intangible or geological exploration assets;*
- *A level has been set for recognition of an error as being substantial. An error is recognized as substantial if it amounts to more than 15% of value of the relevant line of the balance sheet or profit & loss account;*
- *The difference between initial and nominal value of debt securities with no publicly recognized measure of value will be reflected in other income or expenses proportionately (month by month) through the period of their issue. In 2010 the difference was reflected as part of other income or expenses at the time when such securities were retired;*
- *Customs duties will be reflected on the balance sheet as part of reserves. In 2010, they were reflected as part of receivables;*
- *The expense line 'Construction studies work in future years' will be assigned to constructions at the time of their completion proportionally to their estimated cost. In 2010, the assignment was made at the time when constructions were begun;*
- *Criteria were established for distinguishing components of complex fixed-asset items;*
- *A procedure was put in place for accounting of income from licensing (sub-licensing) payments based on an accrual approach (proportional revenue recognition);*
- *Corporate forms of financial accounting have been actualized in connection with Ministry of Finance Order № 66n 'On forms of financial accounting by organizations', dated July 2, 2010.*

5. FIXED ASSETS AND CONSTRUCTION IN PROGRESS

Fixed assets consist of assets that are intended for use in production of outputs, execution of works, provision of services, or for management needs, and that are intended to serve in these capacities 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 № 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 on the date it is ready for operation. Based on the principle that content takes priority over form, completed capital construction projects that are factually in use are also recorded in accounts as fixed assets regardless of whether or not documents have been submitted for state registration. 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 into operation prior to January 1, 2002 are depreciated at rates established by Decree of the Council of Ministers of the USSR № 1072, dated October 22, 1990;*
- *fixed assets put into operation after January 1, 2002 are depreciated at rates that depend on their standard useful lives, as established by Decree № 1 of the Government of the Russian Federation, 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 that 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 not exceeding RUB 20 000 per unit are subject to straight-line depreciation;*
- *motor vehicles recorded in accounts before January 1, 2002 are not subject to straight-line depreciation, but are depreciated per each 1000 kilometers traveled as a percentage of their cost, in compliance with Resolution № 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 01.01.10	Depreciation as of 01.01.10	Historical (replacement) cost as of 31.12.10	Depreciation as of 31.12.10
Buildings and structures	353,459,870	107,091,423	419,835,932	137,551,222
of which, assets pending title registration	60,025,269	12,091,919	51,092,114	7,692,634
of which, assets pending acceptance of registration documents by state authorities	55,192,237	11,912,753	50,109,396	7,609,896
Machinery, equipment and vehicles	57,731,689	17,761,713	69,361,168	22,664,930
Other fixed assets	1,340,704	557,715	1,342,350	619,852
Total:	412,532,263	125,410,851	490,539,450	160,836,004

The historical cost of fixed assets as of December 31, 2010 was RUB 490,539 mln, having increased since 2009 due to the commissioning of new assets. Assets worth RUB 80,552 mln were commissioned.

Information on construction in progress during the accounting year:

In 2010, the volume of executed work on capital construction projects amounted to RUB 109,913 mln (not including VAT). The volume of investment in equipment acquisitions, requiring and not requiring installation, totaled RUB 3,268 mln (not including VAT).

	As of 01.01.10	As of 31.12.10
Construction in progress	82,829,340	123,716,646
Of which, advances for capital construction	15,745,129	26,632,072
Equipment to be installed	71,915	2,584,411
Investments in non-current assets (acquisition of fixed assets, intangibles, exploration assets, R&D assets, etc.)	7,982,064	12,600,584
Total	90,883,319	138,901,641

7. INTANGIBLE ASSETS

Intangible assets include: trademarks, subsoil licenses, patents, exclusive rights to software and data bases, etc.

Licenses for subsoil use within defined boundaries (mineral production) are reflected in the accounts as intangible assets.

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 № 153n of the Ministry of Finance of the Russian Federation, dated December 27, 2007.

Intangible assets are not subject to revaluation. The historical cost of intangible assets is amortized in a straight line, depending on the useful life of such assets, as stipulated by decision of a special commission.

The Company determines the useful life of an intangible asset when that asset is first recorded in the accounts.

The useful life of an intangible asset is established according to:

- *the period, during which the Company holds the intellectual property rights or the means of individualization, and the period, during which the Company controls the asset;*
- *the expected period of use, during which the Company believes it will receive economic benefit from the asset.*

The Company checks the useful life of intangible assets annually to assess the need for its revision.

If there has been a significant change in the duration of the period, during which the Company expects to use the asset, its period of useful life is subject to revision.

Useful lives of main groups of intangible assets are as follows:

Sub-surface licenses	5-64 years
Trademarks	5-17 years
Patents	5-25 years
Exclusive rights to software programs and data bases	2-6 years

There are no intangible assets, the useful life of which cannot be established.

Intangible assets are subject to straight-line amortization. The method for determining amortization of an intangible asset is tested by the Company annually during inventory to determine whether or not it needs to be revised. If the calculated expected economic benefits from an intangible asset have changed substantially, the method for establishing amortization of the asset must be changed. No revisions were made to the methods for determining 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 change except in cases when all of the following conditions have been met simultaneously:

- *there is confidence that additional expenses incurred in connection with the need for further work on or documentation of the intangible asset, as well as additional registration and other payments and duties associated with the extension or expansion of authorizations for the intangible asset, will enable the intangible asset to generate future economic benefits for the Company beyond those that were initially defined;*
- *othe 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 included on an off-balance sheet account, and their value is determined on the basis of the fee for their use, which is stipulated in the contract.

Details of intangible assets are shown in the table below:

(RUB thousand)

Groups of intangible assets	Historical cost as of 01.01.10	Amortization as of 01.01.10	Historical cost as of 31.12.10	Amortization as of 31.12.10
Intangible assets, of which:	4,172,873	814,275	4,182,433	1,049,912
Trademarks	6,758	491	6,816	1,333
Patents	9,905	710	10,834	1,678
Sub-surface licenses	3,763,219	739,872	3,763,351	887,596
Exclusive rights to software programs and data bases	392,991	73,202	399,335	157,819

8. EXPLORATION ASSETS

An exploration asset is: geological information obtained by studying subsoil structures; and design documentation.

Exploration assets include:

- *rights to sub-surface resources (by virtue of licenses for exploration of sub-surface resources or licenses for exploration and extraction of such resources);*
- *results of geological exploration work;*
- *design documentation.*

Exploration assets are accounted for as non-current assets in Account 06, 'Exploration Assets'.

The cost of exploration assets is repaid by amortization.

Amortization of exploration assets related to licensed blocks (fields), at which oil & gas production has begun, is carried out by writing down a proportional amount of oil & gas production, starting from the month following the month when the asset was first recorded in the accounts: in the case of exploration licenses, this process continues for the period of the license's validity; in the case of design documentation for the licensed 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.

Amortization of exploration assets is included in the cost of oil & gas produced at all of the licensed blocks (fields), where the Company is carrying out production, and which are located in the same geographical area as the licensed block where exploration is being carried out.

When the fields are at the commercial production stage, all exploration costs (other than 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.

During the reporting period, some exploration assets were identified as showing signs of impairment — the period for which the Company had geological and prospecting rights to work at the sub-surface block to which the assets were related had expired or was about to expire.

In assessing potential financial losses, tests for impairment were conducted in accordance with the established rules of the Company's accounting policy. The test results revealed that future cash inflows from the mining and exploration assets in cash-generating units as exceeding their book value, based on which, potential losses from the impairment of exploration assets are not recognized in the accounts.

Exploration assets are reflected on the balance sheet at residual value in the line, 'Exploration assets'.

Details of exploration assets during the accounting year are shown in the following table:

(RUB thousand)

Groups of exploration assets	Historical cost as of 01.01.10	Amortization as of 01.01.10	Historical cost as of 31.12.10	Amortization as of 31.12.10
Sub-surface rights (exploration /exploration and production licenses)	29,881,118	1,510,367	33,053,010	2,708,323
Exploration data	5,704,952	1,225,500	6,758,853	1,506,165
Design documentation	1,075,644	253,835	1,426,174	426,487
Total:	36,661,714	2,989,702	41,238,037	4,640,975

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.

R&D and 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'.

Details of other non-current assets in the accounting year are shown in the table:

(RUB thousand)

	As of 01.01.10	As of 31.12.10
Research & Development		2,096
Deferred expenses to be written down more than 12 months into the future	4,679,378	4,051,852
of which, rights to use Olympic insignia	3,354,315	2,709,574
Software	1,100,009	869,487

10. INVENTORIES

Inventories are accounted at factual cost, based on factual expenses for their acquisition less VAT and other refundable taxes (excepting cases specially provided for by laws of the Russian Federation).

Writing down of inventory at its retirement is carried out as follows:

- oil, construction materials, equipment, spare parts, fuel, packaging, accessories, tools, and other inventory is written down at cost of each inventory unit ('batch');
- petroleum products are written down at their average cost in total inventory;
- semi-products made by the Company are written down at their average cost in total inventory;
- oil & gas produced by the Company is written down at average cost for all operators.

Special clothing provided for use is accounted separately as part of materials. Cost of special clothing with a period of use in excess of 12 months is amortized by straight-line method during the standard period of its use. Cost of special clothing with a period of use less than 12 months is written down at once when it is provided for use.

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, 2010 was RUB 34,888 mln, and was made up as follows: (RUB thousand)

<i>Item</i>	<i>As of 01.01.10</i>	<i>As of 31.12.10</i>
Inventory, of which	27,765,127	34,943,178
Materials and supplies	3,816,633	5,098,503
Expenses related to production in progress	2,625,479	2,704,409
Ready products and goods for resale	16,227,823	20,978,532
Shipped goods	3,537,658	4,405,787
Deferred expenses	1,557,534	1,755,947
Provisions for reduction of inventory value, of which	59,942	55,220
Materials and supplies	29,134	17,582
Ready products and goods for resale	30,808	37,638
Total recorded on the balance sheet, less provisions	27,705,185	34,887,958
Materials and supplies	3,787,499	5,080,921
Expenses related to production in progress	2,625,479	2,704,409
Ready products and goods for resale	16,197,015	20,940,894
Shipped goods	3,537,658	4,405,787
Deferred expenses	1,557,534	1,755,947

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 shares 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 part of 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'.

Short-term debt on financial investments is converted into long-term debt if payment times are extended by agreement to more than 365 days after the accounting date

Long-term debt on financial investments is converted into short-term debt if less than 365 days remain from the accounting date until the agreed time of payment.

Value of long-term financial investments as of December 31, 2010 was RUB 532,133 mln, as follows: (RUB thousand)

	<i>As of 01.01.10</i>	<i>As of 31.12.10</i>
FINANCIAL INVESTMENTS, OF WHICH	607,848,252	533,601,220
Participatory units and shares	107,444,785	122,239,715
of which, investments in subsidiaries	93,932,945	108,376,791
investments in dependent companies	13,392,647	13,641,330
investments in other companies	119,193	221,594

	As of 01.01.10	As of 31.12.10
Long-term loans granted	475,528,669	395,876,800
of which, interest-free loans to Rosneft Group subsidiaries	193,420,393	136,242,044
Promissory notes and bonds received	191,547	63,133
of which, interest-free promissory notes	191,547	63,133
Other long-term financial investments	24,683,251	15,421,572
IMPAIRMENT OF FINANCIAL INVESTMENTS, OF WHICH:	1,978,372	1,468,181
Participatory units and shares	698,647	408,456
of which, investments in subsidiaries	698,647	380,460
investments in dependent companies	—	50
investments in other companies	—	27,946
Long-term loans granted	728,701	508,701
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	487,891
TOTAL RECORDED ON THE BALANCE SHEET, INCLUDING IMPAIRMENT:	605,869,880	532,133,039
Participatory units and shares	106,746,138	121,831,259
Long-term loans granted	474,799,968	395,368,099
Promissory notes and bonds received	128,414	—
Other long-term financial investments	24,195,360	14,933,681

Change in amounts 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 15,085 mln and repayment of loans to the value of RUB 79,432 mln. The main factor determining change in amounts of long-term loans by RUB 79,432 mln was repayment by subsidiaries of a part of their long-term debt, including repayment of RUB 65,375 mln by Vankorneft, and RUB 24,475 mln by Neft-Aktiv.

Change in amounts of other long-term investments was due to reclassification of long-term deposits, with maturities less than 365 days on the accounting date, into short-term deposits.

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, 2010:

Name of company	Factual value of financial investments as of 31.12.2,010 (RUB thousand)	Rosneft stake	
		% in charter capital	% of voting shares
OIL & GAS PRODUCTION			
1 LLC RN-Severnaya neft	6,249,936	100.00	
2 LLC RN-Yuganskneftegaz	14,166,170	100.00	
3 LLC RN-Krasnodarneftegaz	2,976,488	100.00	
4 LLC RN-Purneftegaz	8,527,192	100.00	
5 LLC RN-Stavropolneftegaz	3,355,057	100.00	
6 LLC RN-Sakhalinmorneftegaz	2,879,435	100.00	
7 CJSC Vankorneft	1,882,003	93.96	93.96
8 OJSC Rosneft-Dagneft Oil Company	368,085	68.70	91.60
9 OJSC Grozneftegaz	42	51.00	51.00
10 LLC Polar Lights Company	288,931	50.00	
11 OJSC Dagneftegaz	131,832	40.00	40.00
12 OJSC Verkhnechonskneftegaz	7,480,493	25.94	25.94
OIL REFINING			
13 LLC RN-Tuapse Oil Refinery	279,447	100.00	
14 LLC RN-Komsomolsk Oil Refinery	573,357	100.00	
15 LLC RN-Primorsky Oil Refinery	10	100.00	
16 OJSC Rosneft Oil Company — MZ Nefteprodukt	108,102	65.42	87.23

Name of company		Factual value of financial investments as of 31.12.2,010 (RUB thousand)	Rosneft stake	
			% in charter capital	% of voting shares
PETROLEUM PRODUCT MARKETING				
17	LLC RN-Nakhodkanefteprodukt	1,050,611	100.00	
18	LLC RN-Arkhangelsknefteprodukt	546,456	100.00	
19	LLC RN-Tuapsenefteprodukt	2,028,708	100.00	
20	LLC RN-Vostoknefteprodukt	97,910	100.00	
21	OJSC Rosneft Oil Company-Stavropoliye	238,201	100.00	100.00
22	LLC RN-Bunker	10	100.00	
23	LLC RN-Kemerovonefteprodukt	10	100.00	
24	LLC RN-Krasnoyarsknefteprodukt	10	100.00	
25	LLC RN-Novosibirsknefteprodukt	10	100.00	
26	LLC RN-Chechennefteprodukt	10	100.00	
27	LLC RN-Ekaterinburgnefteprodukt	10	100.00	
28	LLC RN-Chelyabinsknefteprodukt	10	100.00	
29	LLC RN-Ingushnefteprodukt	100	100.00	
30	LLC RN-Aero	240,010	100.00	
31	LLC RN-Trade	480,010	99.9999	
32	OJSC Rosneft Oil Company-Kubannefteprodukt	612,569	89.50	96.61
33	OJSC Rosneft Oil Company — Kabardino-Balkarskaya Fuel Company	1,044,977	99.81	99.89
34	OJSC Rosneft Oil Company-Kurgannefteprodukt	113,043	83.32	90.33
35	OJSC Rosneft Oil Company - Karachaevo-Cherkessknefteprodukt	57,161	85.99	87.46
36	OJSC Rosneft Oil Company-Smolensknefteprodukt	190,954	66.67	86.97
37	OJSC Rosneft Oil Company-Altainefteprodukt	51,260	64.18	78.59
38	OJSC Rosneft Oil Company-Yamalnefteprodukt	48,622	49.52	66.03
39	OJSC Rosneft Oil Company-Murmansknefteprodukt	6,676	45.38	60.51
40	OJSC Rosneft Oil Company-ARTAG	30	38.00	50.67
41	LLC RN-Abkhazia	47	51.00	
42	LLC Yu-Kuban	9,215	49.00	
OTHER ORGANIZATIONS				
SAKHALIN PROJECTS:				
43	CJSC RN-Shelf-Far East	32,124	100.00	100.00
44	LLC West Kamchatka Holding B.V	3,040	60.00	60.00
45	LLC RN-Kaiganneftegaz	4,520	100.00	
46	CJSC RN-Astra	10	100.00	100.00
47	LLC East-Schmidt Invest	4,950	99.00	
48	OJSC Rosneft-Sakhalin	110	55.00	55.00
MANAGEMENT OF FOREIGN PROJECTS				
49	LLC RN Foreign Projects	685,000	100.00	
50	LLC RN Foreign Investment	685,000	100.00	
51	LLC RN Exploration	28,099	99.996	
52	LLC Rosneft Shell Caspian Ventures Ltd	316	51.00	51.00
53	LLC National Petroleum Consortium	80,000	20.00	
SERVICE COMPANIES:				
54	LLC RN-Bureniye	4,611,819	100.00	
55	LLC RN-Service	1,621,305	22.5855	
56	LLC RN-Energo	5,043	100.00	
57	LLC RN-Networks	20	100	
58	LLC RN-Pozharnaya Bezopasnost	10	100.00	
59	LLC Dubininskoye	26,015,000	100.00	
60	CJSC RN-Mamontovo	9,952,145	100.00	100.00

Name of company	Factual value of financial investments as of 31.12.2,010 (RUB thousand)	Rosneft stake	
		% in charter capital	% of voting shares
61 LLC RN-Inform	10	100.00	
62 LLC RN-Uchet	10	100.00	
63 LLC RN-Stroi	192,310	100.00	
64 LLC RN-Zdorovie	10	100.00	
65 OJSC Purnefteotdacha	309	61.54	61.54
66 LLC Sakhalinenergoneft	0,1	1.00	
67 LLC YuNG-Teploneft	0,1	1.00	
68 LLC YuNG-Energoneft	0,1	1.00	
69 LLC Private security firm RN-Okhrana	32,021	99.98	
70 LLC YuNG-Service	0,1	1.00	
71 LLC Oil & Gas Production Expedition	1	1.00	
72 LLC KNG-Pitaniye Service	139	1.00	
73 LLC Komsomolskneftezavodremstroi	30	100.00	
74 LLC KNPZ-Service	30	100.00	
FINANCE:			
75 OJSC Russian Regional Development Bank	2,758,375	84.67	84.67
76 LLC Okhabank	23,489	33.40	
77 OJSC AB Kubanbank	349	0.58	0.62
RESEARCH & DEVELOPMENT:			
78 LLC RN-SakhalinNIPImoroneft	33,799	100.00	
79 LLC RN-UfaNIPIneft	77,010	100.00	
80 LLC Rosneft Oil Company — NTC	81,751	100.00	
81 LLC RN-KrasnoyarskNIPIneft	10	100.00	
LOGISTICS AND TRANSPORT:			
82 LLC Rosneft-Mongolia	76,134	100.00	
83 CJSC YUKOS-Transservice	8,902,080	100.00	100.00
84 CJSC Eastern Oil Terminal	576,384	100.00	100.00
85 LLC Vostok Asia Transit	2,294	66	
86 CJSC Rosnefteflot	6,170	51.00	51.00
87 OJSC Moscow Gas Company	50	50.00	50.00
88 LLC Pipeline consortium Burgas — Alexandroupolis	374,337	33.33	
89 OJSC UK MTU	37,500	15.00	15.00
OTHER ORGANIZATIONS			
90 CJSC Sakhalinmorneftegaz-Shelf	3,750	100.00	100.00
91 CJSC Sakhalinmorneftegaz-AMK	10	100.00	100.00
92 CJSC Ordalia 2000	820	100.00	100.00
93 LLC FTT Service	2,325	100.00	
94 LLC Private security firm SKB	0,0001	100.00	
95 LLC Private security firm Granit	0,0001	100.00	
96 LLC Accounting and Reporting	0,0003	100.00	
97 LLC YUKOS SNG Investment	28,787	100.00	
98 LLC RN-Shelf Abkhazii	96	100.00	
99 OJSC Okha Cogeneration Plant	1,288,499	81.99	81.99
100 LLC Val Shatskogo	264,992	85.86	
101 LLC Vostok-Energy	56,100	51.00	
102 CJSC Vlakra	3,381,594	50.00	50.00
103 LLC Pursatcom	1,742	49.00	
104 CJSC Rosshelf	248,326	26.42	26.42

Name of company	Factual value of financial investments as of 31.12.2,010 (RUB thousand)	Rosneft stake	
		% in charter capital	% of voting shares
105 CJSC Publishing house Neftyanoye Khozyaistvo	4	25.00	25.00
106 CJSC Ros&Neft	12	25.00	25.00
107 LLC Mineralny Sanatorium	1,190	1.00	
108 LLC Izumrudny Sanatorium	422	0.95	
109 LLC Neftyanik Kubani Sanatorium	3,670,467	96.20	
110 CJSC SPbMTSB	75,000	10.00	10.00
111 LLC Tuapsenefteprodukt-Avtoservice	0,1	1.00	
112 CJSC Chernomorneftegaz	5	0.10	0.10
113 OJSC Kuibyshevnefteorgsintez	0,3	0.002	0.002
114 LLC Tuapsenefteprodukt-Sanatorium Smena	100	0.078	
115 OJSC Khantimansiiskintersport	150	15.00	15.00
116 LLC Orion	4,337	9.50	
<i>IN LIQUIDATION AND BANKRUPTCY</i>			
117 LLC Kaspoil	103,413	75.10	
118 LLC West-Schmidt-Invest	4,950	99.00	
119 OJSC VARUST	13,900	60.25	60.25
<i>TRUST MANAGEMENT</i>			
120 OJSC RN-Vlakra	102,401	1.64	
TOTAL:	122,239,715		

The following assets were acquired, created or retired in 2010:

a) acquired:

(RUB thousand)

Assets	Factual value of financial investment	Stake, %
CJSC YUKOS-Transservice	8,902,080	100
LLC Vostok Asia Transit	2,294	66.00

b) created (formed):

(RUB thousand)

Assets	Factual value of financial investment	Stake, %
LLC Ingushnefteprodukt	100	100
LLC RN Foreign Projects	685,000	100
LLC RN Foreign Investment	685,000	100

c) retired

(RUB thousand)

Assets	Factual value of financial investment	Stake, %
LLC Rosneft International Limited	90	100

The following changes occurred in the size of stakes and investments in companies:

- LLC Neftyanik Kubani Sanatorium — increase of factual investments by RUB 2,134.6 mln, increase of ownership from 91.37% to 96.2%;
- LLC Private security firm RN-Okhrana — increase of factual investments by RUB 8.4 mln, increase of ownership from 80.00% to 99.98%;
- LLC National Oil Consortium — increase of factual investments by RUB 79.9 mln, ownership level was unchanged;
- LLC Pipeline consortium Burgas — Alexandroupolis — increase of factual investments by RUB 168.7 mln, ownership level was unchanged;
- JSC VBRR — increase of factual investments by RUB 2,026.5 mln, increase in ownership of voting shares from 76.47% to 84.67%.

Increase in the value of short-term financial investments during 2010 from RUB 349,086 mln to RUB 443,752 mln was due to growth of receivables from deposits by RUB 99,649.5 mln, increase of financial investments in short-term loans by RUB 1,597 mln, and by change in the sum of other short-term financial investments.

Change in the value of other short-term financial investments was due to:

- *Short-term investment of additional income received by the Company from growth of oil prices in deposits and other financial market instruments;*
- *reclassification of long-term deposits as short-term deposits.*

Details of short-term financial investments during the accounting period are shown in the table: (RUB thousand)

	<i>Value as of 01.01.10</i>	<i>Value as of 31.12.10</i>
Financial investments, of which	349,567,655	444,714,542
Short-term loans granted	280,422,176	278,882,492
of which, interest-free loans issued to Rosneft Group subsidiaries	203,456,866	198,640,244
Deposits	50,344,200	149,993,666
Promissory notes and bonds received	16,274,615	14,194,939
of which, non-interest-bearing promissory notes	111,034	130,475
of which, promissory notes that are overdue for payment	2,671	2,671
Receivables acquired through agreements on assignment of claim rights	1,762,719	1,025,524
Other short-term financial investments	763,945	617,921
Impairment of financial investments, of which:	481,373	962,700
Short-term loans granted	1,600	58,648
of which, interest-free loans issued to Rosneft Group subsidiaries	1,600	58,648
Promissory notes and bonds received	111,034	2,671
of which, interest-free promissory notes	111,034	2,671
Receivables acquired through agreements on assignment of claim rights	368,739	901,381
Total recorded on the balance sheet, including impairment:	349,086,282	443,751,842
Short-term loans granted	280,420,576	278,823,844
Deposits	50,344,200	149,993,666
Promissory notes and bonds received	16,163,581	14,192,268
Receivables acquired through agreements on assignment of claim rights	1,393,980	124,143
Other short-term financial investments	763,945	617,921
of which, financial investments provided as collateral	—	—

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 assets (liabilities) on the balance sheet in lines with the same name, depending on their maturity.

Derivative financial instruments recognized at fair price in the Profit & Loss Account as of December 31, 2010 were as

follows:

- Options and short-term assets accounted at fair value of RUB 2,337 mln. The Company placed structured dual-currency deposits at a fixed rate of interest, which is applicable until May-November 2011. Agreement terms include the definition of a right: if the exchange rate of the rouble to the dollar on the repayment date exceeds the rate of conversion stipulated in the agreement, the other party has the right (option) to make the repayment in roubles in an amount equal to the nominal sum multiplied by the respective conversion exchange rate, i.e. the right of the bank counterparty to acquire foreign currency from the Company at a previously agreed exchange rate on a specific date is a substantial condition in the transaction. Such a condition is qualified for purposes of financial accounting as an option for sale of foreign currency (a derivative instrument, appraised at fair value). So the inbuilt options for each of the transactions were separated out from the main contract and had fair value of RUB 2,337 mln as an asset on December 31, 2010. Fair value of the options in each transaction was determined by application of the Black-Scholes model, using a software system supplied by Bloomberg.
- Swaps (short-term liabilities) appraised at fair value of RUB 5,826 mln. Assessment of fair value of swap transactions uses data obtained and calculated in the Bloomberg system using the Black-Scholes model. An interest swap is a classic instrument for hedging interest rates in a credit portfolio. If the Company is concerned about the future level of a floating rate, it can make the rate fixed through an interest swap. Such a swap has a double benefit since it both protects the Company from interest risk, i.e. risk arising from uncertainty as to future levels of floating rates, and enables the Company to know its future interest expenses in advance.

13. CASH

The line 'Cash' reflects deposits with maturity less than 91 days. Amounts of such deposits were:

- RUB 12,500 mln at the start of the year;
- RUB 71,409 mln at the end of the year.

There were no limitations on use of cash by the Company as of December 31, 2010.

14. 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, 2009 were RUB 211,900 mln. Receivables increased by RUB 63,587 mln in 2010 to RUB 275,487 mln as of December 31, 2010. The main reason for growth of receivables was increase of world oil prices in 2010, which led to increase of sums owed by foreign buyers.

Details of receivables during the accounting period are shown in the table:

(RUB thousand)

	As of 01.01.10	As of 31.12.10
Receivables, due for payment less than 12 months after the accounting date, total:	194,439,231	254,158,108
Trade receivables	77,585,481	104,962,912
Advances made	17,846,791	12,857,901
Other receivables, of which:	99,006,959	136,337,295
Receivables due from the budget and government non-budgetary funds	16,755,394	20,850,138
Stakes in companies acquired from OJSC Yukos Oil Company in 2007, but not duly registered due to encumbrances	8,944,268	10,689
Settlements with customs authorities relating to temporary customs declarations	28,160,430	34,856,234
Interest on loans	8,768,976	15,026,354
VAT on advances received	1,335,905	2,510,708
Underpayments and losses, which are still subject to dispute	197,590	278,437
Provisions for doubtful debts, of which:	391,890	1,164,105

	<i>As of 01.01.10</i>	<i>As of 31.12.10</i>
Trade receivables	6,655	45,116
Advances made	262,756	269,469
Other receivables	122,479	849,520
Total recorded on the balance sheet, minus provisions:	194,047,341	252,994,003
Trade receivables	77,578,826	104,917,796
Advances made	17,584,035	12,588,432
Other receivables	98,884,480	135,487,775

Accounts payable as of December 31, 2009 were RUB 109,682.4 mln. They increased by RUB 54,131.9 mln during 2010 and were RUB 163,814.3 mln as of December 31, 2010. The main reason for increase of payables during 2010 was growth of world prices for oil, which led to growth of payables to subsidiaries for oil received, operating services, processing services, etc., as well as higher current payables relating to mineral extraction tax.

Details of payables during the accounting period are shown in the table: (RUB thousand)

	<i>As of 01.01.10</i>	<i>As of 31.12.10</i>
Payables	109,682,403	163,814,315
Trade payables	48,575,175	66,657,894
Payables to Company employees	23,951	2,989
Payables to the budget and government non-budgetary funds	21,835,030	29,045,771
Advances received	13,567,125	22,137,732
Other payables	25,681,122	45,969,929

15. 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.

Borrowings in 2009-2010 were used to finance Company business, including: financing of day-to-day business, financing of working capital, etc.

Accounts as of December 31, 2010 record outstanding borrowings with accrued interest. Total accrued interest on borrowing during the accounting period was RUB 15,478 mln. Total accrued interest declined by RUB 1,339 mln compared with the previous year. (RUB thousand)

	<i>As of 01.01.10</i>	<i>Received</i>	<i>Repaid</i>	<i>Transfer of borrowings from long-term to short-term</i>	<i>As of 31.12.10</i>
LONG-TERM CREDITS AND LOANS	484,500,434	224,871,131	213,167,240	54,513,843	550,718,168
of which long-term credits	461,472,302	224,237,863	199,966,299	55,169,957	540,913,823
long-term loans	17,527,912	—	11,452,008	-656,114	5,419,790
long-term interest under credit agreements	—	46,074	46,074	—	—
long-term interest under loan agreements	5,500,220	587,194	1,702,859	—	4,384,555
own long-term promissory notes	—	—	—	—	—
long-term interest on promissory notes	—	—	—	—	—
SHORT-TERM CREDITS AND LOANS	270,377,074	189,288,392	175,006,852	-54,513,843	230,144,771
of which short-term credits (overdrafts)	—	63,202,615	63,202,615	—	—
short-term loans	130,278,843	110,545,123	97,007,587	-2,571,158	141,245,221
current part of long-term credits	136,990,472	—	—	-55,169,957	81,820,515
current part of long-term loans	—	—	—	3,227,284	3,227,284

	As of 01.01.10	Received	Repaid	Transfer of borrowings from long-term to short-term	As of 31.12.10
current part of long-term interest under credit agreements	3,002,275	15,531,511	14,788,168	—	3,745,618
current part of long-term interest under loan agreements	—	—	—	—	—
short-term interest under credit agreements (overdrafts)	—	8,477	8,477	—	—
short-term interest under loan agreements	58,610	666	5	-12	59,259
own short-term promissory notes	46,874	—	—	—	46,874
short-term interest on promissory notes	—	—	—	—	—
OTHER LONG-TERM LIABILITIES, OF WHICH:	46,072,202	—	6,425,048	—	39,647,154
Tax and duty payables (restructured)	46,072,202	—	6,425,048	—	39,647,154

The Company has not issued bonds, so there are no sums payable on bonds issued and sold.

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. The remaining USD 5 bln were drawn during 2010, in accordance with the agreement.

Average-weighted cost of the Company's portfolio of loan and borrowing liabilities increased from 2.32% at the start of the year to 3.05% as of December 31, 2010. The 1-month LIBOR rate increased from 0.23% to 0.26% over the same period and average-weighted interest margin increased from 2.09% to 2.79%.

The repayment schedule for long-term credits and loans as of 31 December, 2010 is shown in the table: (RUB million)

2011	85,047
2012	60,954
2013	21,491
2014	18,347
2015 and later	445,542
Total long-term debt:	631,381

Collateral on credits is mainly in the form of export oil deliveries. Value of collateral as of December 31, 2010 was RUB 56 683 mln, consisting of USD 1 293.2 mln and 187 mln euros at the CBR exchange rate on the operation date. Collateral structure is presented in the following table:

Form of collateral	Share in total collateral, %
Oil and petroleum product revenues	69.5
Guarantees	30.5

16. 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
2010	30.48
2009	30.24
2008	29.38
2007	24.55
2006	26.33

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)

	2010	2009
Foreign exchange gain	100,957,593	156,943,140
Foreign exchange loss	105,158,729	172,304,802

17. TAX LIABILITIES

The Company's tax liabilities are accounted on an accrual basis.

Rates of main taxes paid by the Company in 2010 were:

- corporate income tax — 20 %;
- VAT — 18 %.

Mineral extraction tax is included in cost of production, goods, works and services and amounted to RUB 245,628 mln in 2010, compared with RUB 189,062 mln in 2008.

Export duties in 2010 were RUB 585,885 mln in 2010, compared with RUB 437,991 mln in 2009.

Current income tax in 2010 was RUB 43,838 mln, compared with RUB 44,556 mln for 2009.

Income tax calculated in the accounting year for previous accounting periods based on adjusted tax declarations and also on decisions of the tax authority and court verdicts, which have come into force, was as follows: (RUB thousand)

	2010	2009
Recalculation of income tax for previous years	-2,836,827	-290,238

Tax amounts owed by the Company to the budget were RUB 8,222 mln as of December 31, 2010. The Company was owed a sum of RUB 26.6 mln by government non-budgetary funds.

A sum of RUB 0.66 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, 2010 were RUB 20,824 mln, of which:

- RUB 20,081 mln VAT (including VAT on export operations);
- RUB 743 mln other taxes.

Tax receivables increased by RUB 4,106 mln in the course of 2010.

Growth of the Company's tax receivables compared with the previous year was due to increase of VAT for reimbursement and to submission of amended mineral tax declarations.

VAT receivables consist mainly of export VAT, refunding of which has been applied for from the Russian budget.

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.

18. CAPITAL

CHARTER CAPITAL

Company charter capital as of December 31, 2010 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, 2010 to a total of RUB 5.29 mln.

The Company's surplus capital as of December 31, 2010 was RUB 113,275 mln, unchanged from December 31, 2009.

NET ASSETS

Net assets of the Company as of December 31, 2010 were RUB 916,554 mln. Net assets increased by RUB 167,695 mln or 22.4% from RUB 748,859 mln at the start of 2010. The Company's net assets exceeded its charter capital by RUB 916,448 mln as of December 31, 2010.

19. 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 (except for general business expenses directly associated with acquisition, construction or manufacture of assets, which are included in cost of assets).

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, 2010 retained earnings of previous years amounted to RUB 611,205 mln, compared with RUB 635,579 mln as of January 1, 2010.

Change in retained earnings of previous years was due to:

- accrual of RUB 24,374 mln as dividends;
- RUB 0.03 mln written down from surplus capital, reflecting fixed asset overvaluations relating to retired items.

Retained earnings in the accounting year were RUB 191,916 mln. The following revenues and expenses had impact on size of retained earnings in the accounting year:

	2010	2009
NET REVENUE FROM SALE OF GOODS, PRODUCTS, WORKS AND SERVICES (LESS VAT, EXCISES, AND OTHER COMPULSORY PAYMENTS)¹	1,061,306,372	949,878,883
Of which:		
core business sales	1,012,914,498	885,934,620
trade and resale	46,073,280	62,774,571
intermediary	2,318,594	1,169,692
COST OF GOODS SOLD, PRODUCTS, WORKS AND SERVICES:	667,758,779	548,902,320
Of which:		
core business sales	628,060,807	493,916,424
trade and resale	39,697,972	54,985,896
intermediary	—	—
GROSS PROFIT	393,547,593	400,976,563
SELLING EXPENSES	126,387,002	115,410,238
ADMINISTRATIVE EXPENSES	14,799,811	14,627,436
PROFIT (LOSS) FROM SALES OF GOODS, WORKS AND SERVICES	252,360,780	270,938,889
PROFIT (LOSS) FROM OTHER INCOME AND EXPENSES	15,199,720	(13,869,421)
Of which:		
Interest income	22,342,260	19,413,191
Interest expenses	17,203,321	19,418,640
Income from participation in other organizations	2,230,835	2,324,986
Tax payments	4,931,980	4,854,161
of which.: property tax	4,800,953	4,792,839
INCOME FROM SALE AND DISPOSAL OF OTHER ASSETS	44,563,276	93,940,593
of which:		
Income from sale of fixed assets	38,692	666,270
Income from retirement of long-term promissory notes	103,665	7,266
Income from sale of inventory	426,192	406,955
Income from assignment of claim rights to receivables	958,325	1,519,993
Income from sale of shares and participatory stakes	1,370,000	8
Income from sale of short-term securities	41,558,930	91,220,116
EXPENSES FROM SALE AND OTHER DISPOSAL OF OTHER ASSETS	45,047,497	95,561,791
of which:		
Expenses from retired shares and participatory stakes	90	8
Residual expenses from fixed assets sold	9,776	557,347
Cost of retired long-term promissory notes	103,665	7,266
Cost of retired inventory	218,425	365,259
Cost of assignment of claim rights to receivables	737,194	1,351,711
Cost of retired short-term securities	41,388,915	90,335,177
OTHER SUNDRY INCOME	126,129,478	184,037,504
of which:		
Fines, penalties and forfeits under court order	378,098	116,005
Write-off of payables, on which claim periods have expired, as a result of stock taking	1,652,377	1,658,969

	2010	2009
Profit from previous years, recognized in the accounting year	2,667,946	14,842,070
Income from sale and purchase of currency	3,034,439	2,886,156
Return of excises	7,311,656	4,973,621
Income from change in fair value of derivatives	8,578,167	1,709,794
Foreign exchange gains	100,957,593	156,943,140
OTHER SUNDRY EXPENSES	143,282,771	193,751,103
of which:		
Banking services	699,435	1,762,338
Expenses for creation of provisions against impairment of assets	1,713,759	1,847,324
Fines, penalties, forfeits, which have been acknowledged	2,145,300	-103,910
Expenses from sale and purchase of currency	2,545,409	3,754,285
Losses of previous years, recognized in the accounting year	7,193,833	1,264,835
Expenses from change in fair value of derivatives	12,044,795	1,732,937
Foreign exchange losses	105,158,729	172,304,802

20. 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 detail in accounts as part of 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%.

Details of permanent tax assets and liabilities and deferred tax assets and liabilities are presented in the table:

(RUB thousand)

	As of 01.01.10	Accrued in the accounting year	Settled in the accounting year	As of 31.12.10
Deferred tax assets	2,094,199	1,100,545	1,132,049	2,062,695
Deferred tax liabilities	9,998,725	6,268,067	2,055,561	14,211,231
Permanent tax assets	x	7,837,850	x	x
Permanent tax liabilities	x	8,877,799	x	x

Contingent income tax expenses were RUB 47,432 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 01.01.10	Accrued in the accounting year	Settled in the accounting year	As of 31.12.10
Positive permanent differences	x	44,388,994	x	x
Negative permanent differences	x	39,189,250	x	x
Temporary differences subtracted	10,470,995	5,502,726	5,660,247	10,313,474
Taxable temporary differences	49,993,625	31,340,334	10,277,801	71,056,158

21. 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 par value of RUB 0.01 each, representing total par value of RUB 105,981,778.17.

DIVIDEND AMOUNT

Net income of the Company in 2010 was RUB 191,916 mln. Net income per share in 2010 was RUB 18.11.

Recommendations to be made to the General Meeting of Shareholders concerning the amount of dividends on Company shares for 2010 will be provisionally decided by the Board of Directors during the first half of 2010.

The Annual General Meeting of Shareholders on June 18, 2010 (unnumbered minutes, dated June 23, 2010) decided to make payments on ordinary shares of OJSC Rosneft Oil Company for 2009 totaling RUB 24,375.8 mln or RUB 2.30 per share.

As of December 31, 2010 the Company had paid total RUB 24,341.39 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.

22. EVENTS AFTER THE ACCOUNTING DATE

On January 14, 2011 OJSC Rosneft Oil Company and the company BP announced plans for a strategic alliance to develop hydrocarbon resources in the Russian sector of the Arctic and to carry out an exchange of assets. For purposes of the exchange BP plans to issue common shares equal to 5% of the total amount of its common shares (including those issued for the exchange), for which it will receive 1,010,158,003 shares of Rosneft. Completion of the share exchange and signing of final agreements on joint development work in the Arctic are scheduled for the first half of 2011 and by the end of 2012, respectively. Both agreements are dependent on approval of final documents by the parties.

On January 27, 2011 OJSC Rosneft Oil Company and the company Exxon Mobil signed an agreement concerning joint development of the Tuapse trough, which is located on the Russian shelf of the Black Sea.

23. BUSINESS CONTINGENCIES

1. In 2006 Yukos Capital S.a.r.l., a former subsidiary of OJSC Yukos Oil Company, initiated proceedings in various arbitration courts against OJSC Yuganskneftegaz, which was subsequently annexed to Rosneft, alleging failure to implement four rouble loan agreements. The International Commercial Arbitration Court of the Russian Chamber of Commerce (hereinafter ICAC of the RCC) made four rulings in favor of Yukos Capital S.a.r.l. in respect of the aforementioned loans with total value of about RUB 12.9 bln.

In 2007 the Company successfully contested the rulings by the ICAC of the RCC, which were overturned by Russian courts, including the Supreme Arbitration Court of the Russian Federation. However, Yukos Capital S.a.r.l. made an application for rulings of the ICAC of the RCC to be upheld in the Netherlands. The District Court in Amsterdam refused to allow implementation of the aforementioned rulings in the Netherlands because they had been properly overturned by a competent court. Yukos Capital S.a.r.l. appealed against this decision and on April 28, 2009 the Amsterdam Appeal Court overturned the ruling of the District Court and permitted Yukos Capital S.a.r.l. to implement the ruling of the ICAC of the RCC in the Netherlands. The Company appealed to the Supreme Court of the Netherlands for the ruling of the Amsterdam Appeal Court to be revised.

At the start of 2010 Yukos Capital S.a.r.l. made a further claim against the Company to the London High Court for recognition and implementation of the ICAC rulings in England and Wales, and also for awarding of interest on the sums referred to by these rulings.

On June 25, 2010 the Netherlands Supreme Court ruled that the appeal by the Company against the ruling of the Amsterdam Appeal Court, by which the ICAC were implemented in the Netherlands, should not be heard. Although Rosneft disagrees with the rulings of the aforementioned Dutch courts, it obeyed them on August 11, 2010, and carried out the relevant payments with respect to the claim against the Company. Yukos Capital S.a.r.l. is maintaining its application to the High Court of Justice in London for payment of interest, calculated by reference to legal statutes, amounting to USD 160 million at the time when the application was made.

Rosneft will make every effort to defend its position in further legal proceedings in England. Preliminary hearings on specific issues are currently scheduled for May 2011.

Applications were made in 2007 to the Moscow Arbitration Court for loan transactions with Yukos Capital S.a.r.l. to be declared void. Hearing of these applications has been suspended at the present time.

2. In May 2007 a court in Amsterdam upheld an application by the company Glendale Group Limited for preventative arrest of RUB 3.5 bln in cash, which may be transferred to Rosneft as a result of court claims in the Netherlands. Glendale Group Limited justified the application by the existence of a RUB 3.5 bln debt on 8 promissory notes issued by OJSC Yuganskneftegaz in 2003. The court requested Rosneft to present its objections to the claim before October 15, 2008, and the Company asserted lack of jurisdiction of this dispute in the Netherlands, which was rejected by the court on May 13, 2009. The court again requested Rosneft to present its objections to the claim before June 24, 2009, and Rosneft made an application before that date for originals of the promissory notes to be presented by the claimant. The court rejected this claim on February 17, 2010 since Glendale Group Limited had in the meantime presented the promissory notes to the court. On July 7, 2010 Rosneft submitted objections to the claim and a request for hearing of the dispute to be stopped. The court ordered the request by Rosneft to be heard on February 16, 2011.

1. *Net revenue from sale of goods, products, works and services less VAT and customs duties.*
Customs duties in 2009 were RUB 354,398,300,000 and in 2010 they were RUB 461,682,943,000.

3. Decisions by tax authorities to refuse VAT reimbursements to the value of RUB 1.2 bln are currently being contested in court by the Company.

4. Tax demands 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 arbitrage court and verdicts on the demands will be delivered in the next accounting period. The management of Rosneft believes that outcome of these court hearings will not have substantial impact on business results or financial situation of the Company.

5. On October 28, the Russian Federal Antimonopoly Service delivered a ruling and recommendation with respect to violation by Rosneft of antimonopoly legislation. A court application has been made contesting the ruling and recommendation.

On December 24, 2008 the Russian Antimonopoly Service issued a resolution, based on the ruling and recommendation of October 28, 2008, to impose an administrative fine of RUB 1,508.7 mln on Rosneft for violation of antimonopoly legislation. Court application has also been made to contest this resolution. In 2010 a first-level arbitrage court merged these two cases into a single case. The unified case had not been materially heard by courts as of the date when the present accounts were compiled, and the resolution on imposition of a fine had not come into legal force.

24. 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 various relationships with Rosneft:

- *subsidiaries (companies consolidated by Rosneft as subsidiaries);*
- *dependent companies (companies consolidated 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)	
	2009	2010
SALES AND OTHER INCOME		
Sales of oil & gas	69,265,719	75,506,061
Sales of petroleum products and petrochemicals	180,758,967	235,336,394
Property lease-out	37,952,539	49,787,525
Other sales (including sales of goods) and incomes	60,072,184	49,682,392
	348,049,409	410,312,372
EXPENSES AND COSTS		
Purchase of oil & gas	36,403,841	28,862,520
Purchase of petroleum products and petrochemicals	884,554	1,905,648
Logistics and transport services	33,566,844	58,588,296
Oil & gas production services	124,933,944	138,413,249
Processing fees	34,451,671	48,213,091
Other	13,815,109	17,452,162
	244,055,963	293,434,966
OTHER TRANSACTIONS		
Fixed asset acquisitions	2,765	—
Loans and borrowings issued	175,080,466	17,227,210
Repayment of loans and borrowings issued	101,533,410	102,209,830
Short-term loans and borrowings received	91,393,264	69,176,924
Repayment of short-term loans and borrowings	62,186,155	57,448,948
Repayment of long-term loans and borrowings	—	219,008

	2009	2010
Bank deposits made	815,980	—
Bank deposits redeemed	815,980	—
Interest receivable	11,867,272	11,561,169
Dividends received	2,309,779	2,214,551
Guarantees and collateral received	—	—
		(RUB thousand)
	As of 01.01.2010	As of 31.12.2010
ASSETS		
Cash and equivalents	2,912,453	11,396,279
Accounts receivable,	68,457,758	111,096,603
of which,		
long-term	15,479,686	21,058,561
short-term advances made	17,740,029	28,392,738
provision against doubtful debts, end of period	2,383	25,448
Short- and long-term financial investments,	845,331,004	774,915,298
of which, long-term	565,432,684	502,044,516
	916,701,215	897,408,180
LIABILITIES		
Short-term accounts payable	68,912,748	117,454,825
Short- and long-term loans and borrowings (including interest)	136,631,394	148,140,593
of which, long-term loans and borrowings	5,294,911	5,419,790
	205,544,142	265,595,418

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)

	2009	2010
SALES AND OTHER INCOME		
Sales of oil & gas	991,845	1,625,308
Sales of petroleum products and petrochemicals	2,478,023	2,603,816
Property lease-out	132,251	128,944
Other	1,469,098	2,751,071
	5,071,217	7,109,139
EXPENSES AND COSTS		
Purchase of oil & gas	3,549,133	14,236,748
Logistics and transport services	510,145	1,531,030
Property lease	27,245	27,684
Other	95,165	47,755
	4,181,688	15,843,217
OTHER OPERATIONS		
Fixed asset acquisitions	932	—
Credits/loans issued	1,897,862	4,167,562
Repayment of credits/loans issued	—	173,246
Receipt of short-term credits and loans	—	—
Repayment of short-term credits and loans	30,197	—
Repayment of long-term credits and loans	—	—
Dividends receivable	557,603	538,986
Dividends received	15,121	16,284

(RUB thousand)

	<i>Balance as of 01.01.2010</i>	<i>Balance as of 31.12.2010</i>
ASSETS		
Accounts payable, of which	1,477,079	2,897,106
long-term	1,014,360	1,053,392
short-term advances made	—	130,563
reserve for doubtful debts, end of accounting period	—	38,452
FOR REFERENCE: accounts receivable written off, for which claim periods have expired, other debts that cannot realistically be recovered, including by means of the reserve for doubtful debts	—	529
Short- and long-term financial investments,	18,281,178	22,591,045
of which, long-term	17,412,687	16,324,716
	19,758,257	25,488,151
LIABILITIES		
Short-term accounts payable	245,983	509,190
Short- and long-term loans and borrowings (including interest)	970	970
of which, long-term loans and borrowings	—	—
	246,953	510,160

REMUNERATION TO PRINCIPAL MANAGERS

Principal managers, for purposes of information disclosure, 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 1,723,726,000 and RUB 1,518,429,000 in 2010 and 2009, respectively. These sums include personal income tax and unified social tax. Severance payments were RUB 105,292,000 and RUB 91,366,000, respectively, in 2010 and 2009.

The Company provides medical insurance for its principal managers. Contributions as part of voluntary medical insurance were RUB 9,092,000 and RUB 11,140,000 in 2010 and 2009, respectively.

Long-term voluntary insurance contributions were RUB 368,316,000 and RUB 107,786,000 in 2010 and 2009.

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 Accounts.

PRINCIPAL OWNERS

Dividends paid to the principal owner in 2009 for 2008 were RUB 15,294 mln, and RUB 18,321 mln in 2010 for 2009.

COMPANIES CONTROLLED BY THE GOVERNMENT

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)

	2009	2010
SALES AND OTHER INCOME		
Sales of oil & gas	46,636,975	52,359,410
Sales of petroleum products and petrochemicals	9,422,619	18,000,359
Gains on financial investment disposal	48,648,167	—
Other	32,265	50,280
	104,740,026	70,410,049
EXPENSES AND COSTS		
Purchase of oil & gas	33,370,821	35,868,975
Logistics and transport services	92,864,892	114,511,536
Customs duties	369,615,210	529,055,215
Property lease	356,726	547,780
Retirement of financial investments	47,768,272	680,213
Other expenses	833,498	1,510,124
	544,809,419	682,173,843
OTHER OPERATIONS		
Short-term borrowings and loans received	58,508,292	43,809,630

	2009	2010
Short-term borrowings and loans repaid	105,797,447	43,794,312
Long-term borrowings and loans received	—	—
Long-term borrowings and loans repaid	68,984,607	39,579,366
Deposits placed	559,036,257	900,683,556
Deposits redeemed	493,416,426	815,925,357
Interest payable	3,611,924	247,271
Interest receivable	2,876,462	6,946,532
Guarantees and collateral issued	27,147,391	25,607,744

(RUB thousand)

	Balance as of 01.01.2010	Balance as of 31.12.2010
ASSETS		
Cash and cash equivalents, including deposits placed for up to 91 days	31,349,369	76,600,366
Accounts receivable, of which	16,236,115	18,028,241
long-term receivables	1,078,907	31,298
short-term advances made	11,194,896	7,454,693
Provisions for doubtful debts, end of period;	53,593	561,643
FOR REFERENCE: accounts receivable written off, for which claim periods have expired, other debts that cannot realistically be recovered, including by means of the reserve for doubtful debts	501	—
Short- and long-term financial investments,	59,571,005	149,644,514
of which, long-term	24,348,905	75,000
	107,156,489	244,273,121
LIABILITIES		
Short-term payables	1,923,040	5,930,067
Short- and long-term borrowings and loans (including interest)	42,806,636	3,353,532
of which, long-term	3,326,862	—
	44,729,676	9,283,599

PARTICIPANTS IN JOINT ACTIVITY

There were no operations with companies, which were participants in joint activity with Rosneft, during 2009-2010.

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)

	2009	2010
SALES AND OTHER INCOME		
Sales of oil & gas	144,436	245,193
Other income	295,384	—
	439,820	245,193
EXPENSES AND COSTS		
Purchase of oil & gas	4,306,842	—
Logistics and transport services	737,561	—
Insurance	255,051	509,384
Expenses under non-state pension fund agreements	244,553	270,385
	5,544,007	779,769

(RUB thousand)

	As of 01.01.2010	As of 31.12.2010
ASSETS		
Accounts receivable	12,216	82
	12,216	82
LIABILITIES		
Short-term accounts receivable	—	141
	—	141

The Company carried out settlements with related parties mainly in cash during the accounting period.

25. 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.

(RUB thousand)

Segment	Net revenues in 2010		
	Total		Total
Oil	465,366,158	417,366,220	47,999,938
Gas	14,239,809		14,239,809
Petroleum products	503,487,097	253,511,077	249,976,020
Other sales	78,213,308		78,213,308
TOTAL:	1,061,306,372	670,877,297	390,429,075

26. 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, means of transport, liability of enterprises with potentially dangerous business activities, cargoes, construction and assembly work, and responsibility of directors and managers.

ENERGY RESOURCES

Total expenses on use of energy resources in 2010 were as follows¹:

(RUB thousand)

Nº	Type of energy	Sum
1	Electricity	22,970
2	Heat	3,485

President of OJSC Rosneft Oil Company

E. Yu. Khudainatov

General Director of LLC RN-Uchet
(Agreement form January 1, 2011, №0001010/3795D)

I.V Pavlov

February 11, 2011

1. 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).

Appendix 3. 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 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, 2010 Rosneft participated in two exploration works in Kazakhstan, one project in Algeria, one project in UAE, one project in Venezuela. 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 fulfill 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 2010, 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.

RISKS ASSOCIATED WITH CHANGE IN CUSTOMS REGULATION AND DUTIES

Rosneft is involved in foreign economic relations, and is therefore subject to several risks that arise from changes to legislation governing foreign economic relations, and to customs legislation governing procedures for transportation of goods across the customs border, application of customs regimes, and setting and levying of customs charges.

Customs regulation is carried out in accordance with international customs agreements entered into by the Russian Federation, provisions of the Russia Customs Code, the Russian Federal Law on Customs Tariffs and other federal laws and related legal acts regarding Government regulation of foreign economic activity.

The Agreement on the Customs Code of the Eurasian Economic Union was approved by Decree № 17 of the Intergovernmental Council of the Eurasian Economic Union on November 27, 2009, and the Agreement came into force on July 6, 2010, taking account of temporary exceptions for some goods, as stipulated in Council Minutes dated July 5, 2010. The Agreement has been in force in the Russian Federation since July 1, 2010.

Federal Law № 311 setting out procedures and rules for customs regulation in the Russian Federation was passed in the fourth quarter of 2010 for purposes of execution in the Russian Federation of international agreements, which constitute

the contractual and legal basis of the Customs Union of the Eurasian Economic Union. The Law came into force on December 29, 2010, with the exception of certain of its provisions, which come into force at other agreed times.

The Customs Code of the Russian Federation ceased to operate from October 1, 2010 due to coming into force of the Federal Law on Customs Regulation in the Russian Federation. However, the greater part of Code provisions already ceased to operate on the date when the Law came into force.

At the present time, in accordance with the Federal Law № 164 on Principles of Government Regulation of Foreign Trade Activity (dated December 8, 2003), crude oil can be exported without quantitative limitations or export licensing. Quantitative limitations on exports can only be introduced by decision of the Government of the Russian Federation in exceptional cases, which are set out in the aforementioned Federal Law. Rosneft uses the services of professional organizations — customs brokers, acting in the Company's name and on its instructions — for documentation of customs operations, payment of customs duties and other actions connected with observance of the customs regime for export of crude oil and petroleum products. However, it should be noted that delegation of customs operations to customs brokers does not exempt Rosneft from potential risk of civil liability in case of violations of customs legislation. In order to avoid such eventualities Rosneft constantly works with and monitors actions by customs brokers. The procedure for setting rates of export customs duties on crude oil (TN VED code 2709 00) and specific goods categories, produced from crude oil, as listed by the Russian Government, is described in Point 4 of Paragraph 3 of the Federal Law № 5003-I on Customs Tariffs, passed on May 21, 1993 and passed with amendments on December 3, 2008.

This procedure requires export duty rates on crude oil and petroleum products to be based on the average price for Urals crude oil on international commodity markets (Mediterranean and Rotterdam) during the most recent monitoring period. The monitoring period for crude oil prices on international commodity markets (Mediterranean and Rotterdam) runs from the 15th day of each calendar month to the 14th day of the following calendar month, inclusively, starting from October 15, 2008. Rates of export duties on crude oil and certain categories of goods, produced from crude oil, are set for a period of one calendar month.

Amendments to customs legislation in 2010, which may have positive effect on Company business include: reduction of time and documents required for export of goods outside the Customs Union; permission for an exporter to present documents establishing rights on one occasion only before and during the process of customs declaration as well as legal restriction of the list of such documents; simplification of import and export of complex, multi-component equipment; and creation of a legal framework for electronic declaration of goods. One adverse change in legislation is that new customs control rules complicate free movement of goods inside the Customs Union, giving Russian customs bodies the right to require proof of the origin and place of production of goods.

However, disputes between Rosneft and customs authorities, which arose in 2010, did not concern amendments to customs legislation. Rosneft constantly analyzes and monitors such amendments and takes account of risks associated with new legislation in its business.

RISKS ASSOCIATED WITH CHANGES TO ANTIMONOPOLY LEGISLATION

Rosneft has significant shares of wholesale markets in the Russian Federation for automotive gasoline, diesel fuel, jet fuel and fuel oil, so Company business in this sphere is subject to additional requirements intended to protect competition, entailing risks associated with changes to antimonopoly legislation.

Antimonopoly legislation is carried out in accordance with Russian federal laws and legal acts associated with these laws.

The principal law governing antimonopoly regulation is the Federal Law on Protection of Competition.

Amendments in July 2009 to the Federal Law on Protection of Competition expand the list of authorities of antimonopoly bodies and revise a number of key concepts in antimonopoly legislation (including 'dominant position', 'monopolistically high and 'monopolistically low price', 'group of persons', 'vertical agreements', etc.), many of which lead to numerous contradictions in interpretation and application in practice, since they have a non-specific, subjective character.

There were no amendments to antimonopoly legislation with effect on Company business in the course of 2010.

However, various government bodies worked on law drafts during 2010, which are intended to change acting antimonopoly legislation in general and antimonopoly regulation applicable to the business of companies in the oil & gas sector, in particular.

Rosneft constantly monitors both amendments to existing legislation and law drafts, which are in preparation, assessing the nature of any amendments and taking account of them in its business in order to minimize risks arising from changes in antimonopoly requirements. The Company is party to a working group set up by the United Russia fraction in the State Duma of the Russian Federal Assembly for work on a draft law amending the Federal Law on Protection of Competition. The draft is intended to overcome existing problems in application of antimonopoly legislation.

The Company takes all necessary measures in its business selling petroleum products on the domestic market to minimize the risks indicated above, constantly monitoring market price levels and making full use of market instruments to assist sales. In particular, 10-15% of the total volume of petroleum products sold by Rosneft on the domestic market are sold via commodity exchanges, and the Company implements other recommendations of antimonopoly bodies to help ensure that petroleum product pricing is economically justified.

RISKS ASSOCIATED WITH CURRENT LEGAL DISPUTES, TO WHICH THE COMPANY IS A PARTY

1) In 2006 the International Commercial Arbitration Court of the Russian Chamber of Commerce upheld claims by Yukos Capital S.a.r.l. for recovery of debt from OJSC Yuganskneftegaz (the legal predecessor of OJSC Rosneft Oil Company) under four loan agreements. These court decisions are hereafter referred to as the 'Arbitration Verdicts'. The sum to be recovered consisted of RUB 11,233.0 mln loan principal, RUB 1,702.9 mln accrued interest and USD 0.9 mln arbitration fees and court costs. Yukos Capital S.a.r.l. made an application to the Court of Amsterdam (Netherlands) for the Arbitration Verdicts to be upheld and implemented in the Netherlands. In May 2007 Rosneft successfully contested the Arbitration Verdicts in the Moscow Arbitration Court based on procedural violations in the earlier court case. This decision was upheld by appeal and supervisory courts in the Russian Federation.

On February 28, 2008 the Amsterdam Court refused to uphold the Arbitration Verdicts and order their execution in the Netherlands. On April 28, 2009 the Amsterdam Appeal Court overturned the ruling of the Amsterdam Court and ordered that the Arbitration Verdicts should be executed in the Netherlands. The Company appealed to the Supreme Court of the Netherlands on April 28, 2009 for the ruling of the Amsterdam Appeal Court to be revised, but on June 25, 2010 the Supreme Court ruled that the appeal by the Company should not be heard.

In addition to the legal case in the Netherlands, Yukos Capital S.a.r.l. made a further claim in 2009 and at the start of 2010 for the Arbitration Verdicts to be upheld and implemented in the USA, and in England and Wales, Ireland, and Jersey, and also for awarding of interest on the sums referred to in the Arbitration Verdicts. In accordance with a court order by the English court on April 6, 2010, the Company agreed to provide security agreed by the parties for purposes of the court cases in England and the Netherlands, and the court cases in the USA, Ireland, and Jersey were terminated.

As stated above, on June 25, 2010 the Supreme Court of the Netherlands ruled that the appeal by the Company against the verdict of the Amsterdam Appeal Court from April 28, 2010 should not be heard. Although Rosneft disagrees with the rulings of the aforementioned Dutch courts, on August 11, 2010 it made a payment to Yukos Capital S.a.r.l. equivalent to the sum indicated in the Arbitration Verdicts. Yukos Capital S.a.r.l. is maintaining its application to the High Court of Justice in London for payment of interest, calculated by reference to legal statutes, amounting to USD 160 mln at the time when the application was made.

Rosneft will make every effort to defend its position in respect of the further claims in ongoing legal proceedings in England. Preliminary hearings on specific issues in the framework of these proceedings are currently scheduled for May 2011.

2) In May 2007 a court in Amsterdam upheld an application by the company Glendale Group Limited for preventative arrest of RUB 3.5 bln in cash, which may be transferred to Rosneft as a result of court claims in the Netherlands. Glendale Group Limited justified the application by the existence of a RUB 3.5 bln debt on 8 promissory notes issued by OJSC Yuganskneftegaz in 2003. The court requested Rosneft to present its objections to the claim before October 15, 2008, and before this date the Company made a claim of lack of jurisdiction of this dispute in the Netherlands, which was rejected by the court on May 13, 2009. The court again requested Rosneft to present its objections to the claim before June 24, 2009, and Rosneft made an application before that date for originals of the promissory notes to be presented by the claimant. The court rejected this claim on February 17, 2010 since Glendale Group Limited had in the meantime presented the promissory notes to the court. On July 7, 2010 Rosneft submitted objections to the claim and a request for the case to be dismissed. The court ordered a hearing on February 16, 2011 of the request by Rosneft for the case to be dismissed, but the hearing was postponed and a new date had not been set at the time when this Annual Report went to print.

Rosneft is also involved in a number of other court cases, which arise on the course of ordinary business and do not represent a substantial risk for Company operations and finances.

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 the interest rate for a part of its credit portfolio. Rosneft also employs a comprehensive set of internal controls to help mitigate financial risks.

INDEBTEDNESS RISK

Rosneft 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.

Appendix 4. 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 № 03-849/P OF THE FEDERAL COMMISSION FOR THE SECURITIES MARKET, DATED APRIL 30, 2003)

	Code provision	Observed/Not observed	Notes
<i>GENERAL MEETING OF SHAREHOLDERS</i>			
1.	Shareholders shall be notified of holding of the general meeting of shareholders at least 30 days before the date when it is scheduled to be held, regardless of the nature of business included on its agenda, unless a longer notification period is required by law.	Observed	Sub-clause 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 preparing for a General Meeting of Shareholders' of Chapter 3, 'General Meeting of Shareholders', of the Corporate Code of Conduct of OJSC Rosneft.
2.	The list of persons eligible to attend the general meeting of shareholders shall be available to shareholders for viewing from the date when notice of the general meeting of shareholders is given and until the meeting is closed, or, in the case of a meeting in absentia, until the final date for acceptance of ballots.	Observed	Sub-clause 5.8.1 of clause 5.8, 'Shareholder Rights', of Article 5, 'Authorised Capital. Shares. Shareholder Rights', of the Charter of OJSC Rosneft; Clause 4.3, 'Viewing the list of persons who have the right to attend the General Meeting of Shareholders', of Article 4, 'Preparation for holding of a General Meeting of Shareholders', of the Regulation on the General Meeting of Shareholders.
3.	Information (materials) that must be provided during the period of preparation for the General Meeting of Shareholders shall be available to Shareholders via electronic communication facilities, including the Internet.	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; Clause 4.6., 'Provision of information (materials) that must be provided to persons eligible to attend the General Meeting of Shareholders', of Article 4, 'Preparations for holding of a General Meeting of Shareholders', of the Regulation on the General Meeting of Shareholders. Clause 3 of Article 6, 'Placement of information in the Internet', of the Regulation on Information Policy of OJSC Rosneft.
4.	Any shareholder should be able to propose any business to be included on the agenda of a general meeting of shareholders or to request convening of a general meeting of shareholders without presentation of an excerpt from the shareholder register, if his/her/its title to stocks is recorded in the system for maintaining the shareholder register. If his/her/its title to stocks is recorded on a securities account, an excerpt from the securities account will be sufficient for exercise of the aforementioned title.	Observed	Sub-clause 2.2.1 of clause 2.2, 'Reviewing proposals and requests of Shareholders', of Article 2, 'Proposals and Requests' of the Regulation on the General Meeting of Shareholders of OJSC Rosneft; Clause 5 of Article 13, 'Convening and preparing for a General Meeting of Shareholders', of Chapter 3, 'The General Meeting of Shareholders' of the Corporate Code of Conduct of OJSC Rosneft.
5.	The charter or corporate documents of the joint stock company should require presence of the general director, management board members, members of the board of directors, members of the internal audit commission, and certified public accountants of the company at the general meeting of shareholders.	Observed	Clause 5.5, 'Persons attending the General Meeting of Shareholders', of Article 5, 'Holding of a General Meeting of Shareholders in the form of joint presence', of the Regulation on the General Meeting of Shareholders of OJSC Rosneft; Sub-clause 3.2.18 of clause 3.2, 'Responsibilities of a Management Board member', of Article 3, 'Rights, obligations, and responsibilities of Management Board members', of the Regulation on the Collegiate Executive Body (Management Board) of OJSC Rosneft; Sub-clause 4.3.15 of clause 4.3, 'Responsibilities of the President', of Article 4, 'Powers and responsibility of the President', of the Regulation on the Sole Executive Body (President) of OJSC Rosneft; Sub-clause 3.1.2 of clause 3.1, 'Rights and obligations of the Internal Audit Commission', of Article 3, 'Rights and obligations of the Internal Audit Commission. Responsibility of members of the Internal Audit Commission', of the Regulation on the Internal Audit Commission of OJSC Rosneft; Clause 2 of Article 14, 'Holding of a General Meeting of Shareholders', of Chapter 3, 'General Meeting of Shareholders'; clause 1 of Article 19, 'Obligations of executive bodies', of Chapter 4, 'Executive Bodies of the Company'; clause 3 of Article 27, 'Certified public accountants of the Company. Auditing', of Chapter 5, 'Monitoring of financial and business activities of the Company', of the Corporate Code of Conduct of OJSC Rosneft.
6.	Candidates should be present when the general meeting of shareholders elects members of the board of directors, the general director, members of management board, and members of the internal audit commission, and also when the certified public accountant of the joint-stock company is appointed.	Observed	This requirement is met in practice. Pursuant to clause 5.5, 'Persons attending General Meetings of Shareholders', of Article 5, 'Holding of a General Meeting of Shareholders in the form of joint presence', of the Regulation on the General Meeting of Shareholders of OJSC Rosneft, candidates included in ballots for election of various Company bodies may attend the General Meeting of Shareholders. Such candidates are sent notification with information on holding of the General Meeting of Shareholders.

	Code provision	Observed/Not observed	Notes
7.	Internal documents of the joint-stock company should contain a procedure for registration of persons attending the general meeting of shareholders	Observed	Clause 5.6, 'Registration of persons attending the General Meeting of Shareholders held in the form of joint presence', of Article 5, 'Holding of a General Meeting of Shareholders in the form of joint presence', of the Regulation on the General Meeting of Shareholders of OJSC Rosneft; Clause 1 of Article 14, 'Holding of a General Meeting of Shareholders', of Chapter 3, 'General Meeting of Shareholders', of the Corporate Code of Conduct of OJSC Rosneft.
BOARD OF DIRECTORS			
8.	The charter of the joint-stock company should include authority of the board of directors to approve financial and business plans of the joint-stock company on an annual basis.	Observed	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.
9.	A risk management procedure for the joint-stock company, approved by the board of directors, should be in place.	Not observed	The Audit Committee of the Board of Directors of OJSC Rosneft has carried out preliminary review of a Concept for Development of a Risk Management System of OJSC Rosneft.
10.	The charter of the joint-stock company should include the right of the board of directors to suspend the authority of the general director, who was appointed by the general meeting of shareholders.	Observed	Pursuant to sub-clause 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, appointment of the Company's President or early termination of his/her authority is in the competence of the Board of Directors.
11.	The charter of the joint-stock company should include the right of the board of directors to set requirements as to the level of qualifications and amount of remuneration payable to the general director, members of the management board, and managers of main structural divisions of the company.	Observed	The Board of Directors, in accordance with: sub-clause 10.1.2 (19) of clause 10.1, 'Competences of the Board of Directors', of Article 10, 'The Board of Directors', defines performance indicators and approves the amount of annual bonuses (premiums) for the Company's managerial staff (senior managers); sub-clause 10.1.3 (3) of clause 10.1, 'Competences of the Board of Directors', of Article 10, 'The Board of Directors', of the Charter of OJSC Rosneft, approves terms and conditions of agreements with the President of the Company and members of Management Board, and approves changes and amendments to such agreements. Pursuant to clause 5 of Article 3 of the Regulation on the HR and Remuneration Committee of the Board of Directors of OJSC Rosneft, the HR and Remuneration Committee develops principles and criteria for defining amounts of remuneration paid to such persons. In accordance with clause 2 of Article 16 of the Corporate Code of Conduct of OJSC Rosneft, specific requirements for professional qualifications of members of executive bodies are stipulated by internal documents of the Company. Additional criteria for selection of candidates to occupy such posts are defined by the HR and Remuneration Committee of the Board of Directors in accordance with clause 3 of Article 3 of the Regulation on the HR and Remuneration Committee.
12.	The charter of the joint-stock company should include the right of the board of directors to approve terms and conditions of agreements with the general director and members of the management board.	Observed	Sub-clause 10.1.3 (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. The Board of Directors approves the terms of agreements with the Company President and members of the Management Board, and approves amendments and additions to such agreements.
13.	The charter or internal documents of the joint-stock company should require that board votes of the general director and members of the management board are not taken into account in voting on terms and conditions of agreements with the general director and members of the management board.	Observed	Sub-clause 3.2.1. of the Regulation on the Board of Directors of OJSC Rosneft
14.	The board of directors of the joint-stock company should include at least 3 independent directors who meet requirements of the Corporate Code of Conduct.	Observed	Clause 1 of Article 7, 'Independent members of the Board of Directors', of Chapter 2, 'The Board of Directors', of the Corporate Code of Conduct of OJSC Rosneft; Sub-clause 2.1.2 of clause 2.1, 'Procedure for creation and composition of the Board of Directors', of Article 2, 'Structure of the Board of Directors', of the Regulation on the Board of Directors of OJSC Rosneft.
15.	Persons should be disqualified from serving on the board of directors of the joint-stock company, if they were ever found guilty of any economic crime or crime against government, the interests of government or local authorities, or if they have been subject to any administrative penalties for violations in the sphere of business and finance, taxation, or the securities market.	Observed	Complied with in practice
16.	Persons should be disqualified from serving on the board of directors of the joint-stock company if they are a shareholder, general director (manager), member of any management body or employee of a legal entity, which is a competitor of the joint-stock company.	Observed	Complied with in practice
17.	The charter of the joint-stock company should require the board of directors to be elected by cumulative voting.	Observed	Sub-clause 10.2.4 of clause 10.2, 'Election of the Board of Directors', of Article 10, 'The Board of Directors of the Company', of the Charter of OJSC Rosneft states that the Board of Directors is elected by cumulative voting at the General Meeting of Shareholders of the Company and consists of 9 members.

	Code provision	Observed/Not observed	Notes
18.	Internal documents of the joint-stock company should require members of the board of directors to refrain from any actions that will or may potentially cause a conflict between their interests and interests of the company, and to disclose information concerning such a conflict, should it occur.	Observed	Clause 3.2., 'Obligations of a member of the Board of Directors', of Article 3, 'Rights and obligations of members of the Board of Directors', of the Regulation on 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 Chapter 2, 'The Board of Directors', of the Corporate Code of Conduct of OJSC Rosneft.
19.	The internal documents of the joint-stock company should require members of the board of directors to notify the board in writing of their intention to close any transactions with securities of the company or of its subsidiaries (affiliates), and to disclose any information on transactions closed by them with such securities.	Observed	Clause 4 of Article 6, 'The Board of Directors in the system of corporate conduct (management) of the Company', of Chapter 2, 'The 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 the Regulation on the Board of Directors of OJSC Rosneft.
20.	The internal documents of the joint-stock company should require the board of directors to hold meetings at least once every six weeks.	Observed	Sub-clause 4.1.1. of Article 4, 'Convening and preparing for a meeting of the Board of Directors', of the Regulation on the Board of Directors of OJSC Rosneft.
21.	The board of directors of the joint-stock company should meet at least once every six weeks in any year, for which a company annual report is compiled.	Observed	Meetings of the Board of Directors of OJSC Rosneft were held at least once every 6 weeks during 2010 (26 meetings were held in total).
22.	The internal documents of the joint-stock company should contain procedures to be followed at meetings of the board of directors.	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 and preparing for a meeting of the Board of Directors'; Article 5, 'Holding of a meeting of the Board of Directors', of the Regulation on the Board of Directors of OJSC Rosneft.
23.	Internal documents of the joint-stock company should stipulate that any transactions by the company with value in excess of 10 percent of company assets should be approved by the board of directors, except for transactions in the normal course of business.	Observed	In accordance with 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, it is within the competence of the Board of Directors to take decisions whether to close, modify, or terminate any transactions ahead of time, if such transactions cause or may cause liabilities equal to or exceeding the cash equivalent of USD 500,000,000, which is more than 10% of the value of Company assets.
24.	Internal documents of the joint-stock company should include the right of members of the board of directors to receive information from executive bodies and managers of structural divisions of the company, which is necessary for them to discharge their functions, as well as sanctions for failure to provide such information.	Observed	Article 7, 'Provision of information to members of the Board of Directors', of the Regulation on the Board of Directors of OJSC Rosneft.
25.	A committee of the board of directors in charge of strategic planning should be created, or the function of such a committee should be vested in another committee (other than the audit committee and HR and remuneration committee).	Observed	The Strategic Planning Committee of OJSC Rosneft, formed in accordance with resolutions of the Board of Directors, based on the Regulation on creation and functioning of Committees of the Board of Directors and the Regulation on the Strategic Planning Committee of the Board of Directors, continued to operate during the accounting period.
26.	A committee of the board of directors in charge of audit (audit committee) should be created, which makes recommendations to the board of directors on choice of a certified public accountant for the joint-stock company and liaises with the accountant and with the internal audit commission of the company	Observed	The Audit Committee of OJSC Rosneft, formed in accordance with resolutions of the Board of Directors, based on the Regulation on creation and functioning of Committees of the Board of Directors and the Regulation on the Audit Committee of the Board of Directors, continued to operate during the accounting period.
27.	The audit committee should include only independent and non-executive directors	Observed	The Audit Committee of the Board of Directors of OJSC Rosneft consists of: 1. Hans-Joerg Rudloff, Chairman of Committee (independent non-executive director). 2. Alexander Dmitrievich Nekipelov (independent non-executive director) 3. Andrey Leonidovich Kostin (independent non-executive director). Internal Company documents state that the Audit Committee 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. This is specified in: - clause 4 of Article 9, 'Audit Committee of the Board of Directors', of Chapter 2, 'The Board of Directors', of the Corporate Code of Conduct of OJSC Rosneft; - clause 2.7, 'Creation of Committees of the Board of Directors', of Article 2, 'Structure of the Board of Directors', of the Regulation on the Board of Directors of OJSC Rosneft; - clause 4 of Article 2, 'Creation of Committees of the Board of Directors', of the Regulation on procedures for creation and functioning of BoD Committees of OJSC Rosneft; - clause 2 of Article 2, 'General provisions regarding the Committee', of the Regulation on the Audit Committee of the BoD of OJSC Rosneft.

	Code provision	Observed/Not observed	Notes
28.	The audit committee should be headed by an independent director.	Observed	The Chairman of the BoD Audit Committee of OJSC Rosneft is Hans-Joerg Rudloff (independent director). This stipulation is declared in the following internal documents of the Company: - clause 4 of Article 9, 'The Audit Committee of the Board of Directors', of Chapter 2, 'The Board of Directors', of the Corporate Code of Conduct of OJSC Rosneft; - sub-clause 2.7.6. of clause 2.7, 'Creation of Committees of the Board of Directors', of Article 2, 'Structure of the Board of Directors', of the Regulation on the Board of Directors of OJSC Rosneft; - clause 4 of Article 2, 'Creation of Committees of the Board of Directors', of the Regulation on the procedure for creation and functioning of Committees of the Board of Directors of OJSC Rosneft; - clause 2 of Article 2, 'General provisions concerning the Committee', of the Regulation on the Audit Committee of the Board of Directors of OJSC Rosneft.
29.	The internal documents of the joint-stock company should stipulate right of access for all members of the audit committee to any company documents and information, on condition that they do not disclose confidential information.	Observed	Clause 2 of Article 8, 'Support for activities of Committees of the Board of Directors', of the Regulation on the procedure for creation and functioning of Committees of the Board of Directors of OJSC Rosneft; Article 6, 'Interaction of the Committee with executive bodies of the Company', of the Regulation on the Audit Committee of the Board of Directors of OJSC Rosneft.
30.	A committee of the board of directors for human resources and remuneration should be created, with the functions of identifying criteria for selection of candidates to the board of directors and developing a remuneration policy	Observed	Work continued during the accounting period by the HR and Remuneration Committee of OJSC Rosneft, created by resolutions of the Board of Directors in accordance with the Regulation on the procedure for creation and functioning of Committees of the Board of Directors of the Company and the Regulation on the HR and Remuneration Committee of the Board of Directors.
31.	The HR and remuneration committee should be headed by an independent director	Observed	The Chairman of the HR and Remuneration Committee of the Board of Directors of OJSC Rosneft is Andrey Leonidovich Kostin (independent director). This requirement is stipulated in the following internal documents of the Company: - clause 4 of Article 10, 'The HR and Remuneration Committee of the Board of Directors', of Chapter 2, 'The Board of Directors', of the Corporate Code of Conduct of OJSC Rosneft; - sub-clause 2.7.6. of clause 2.7, 'Creation of Committees of the Board of Directors', of Article 2, 'The structure of the Board of Directors', of the Regulation on the Board of Directors of OJSC Rosneft; - clause 4 of Article 2, 'Creation of Committees of the Board of Directors', of the Regulation on the procedure for creation and functioning of Committees of the Board of Directors of OJSC Rosneft; - clause 2 of Article 2, 'General provisions concerning the Committee', of the Regulation on the HR and Remuneration Committee of the Board of Directors of OJSC Rosneft.
32.	No officers of the joint-stock company should serve on the HR and remuneration committee	Observed	The HR and Remuneration Committee of the Board of Directors of OJSC Rosneft consists of: 1. Andrey Leonidovich Kostin, Chairman of the Committee (non-executive director). 2. Yury Alexandrovich Petrov (non-executive director). 3. Hans-Joerg Rudloff (non-executive director). This requirement is stipulated in the following documents of the Company: - clause 4 of Article 10, 'The HR and Remuneration Committee of the Board of Directors', of Chapter 2, 'The Board of Directors', of the Corporate Code of Conduct of OJSC Rosneft; - clause 2.7, 'Creation of Committees of the Board of Directors', of Article 2, 'The structure of the Board of Directors', of the Regulation on the Board of Directors of OJSC Rosneft; - clause 4 of Article 2, 'Creation of Committees of the Board of Directors', of the Regulation on the procedure for creation and functioning of Committees of the Board of Directors of OJSC Rosneft; - clause 2 of Article 2, 'General Provisions concerning the Committee', of the Regulation of the HR and Remuneration Committee of the Board of Directors of OJSC Rosneft.
33.	A committee of the board of directors in charge of risk should be created or the functions of such a committee should be vested in another committee (other than the audit committee and the HR and remunerations committee).	Not observed	This function is vested in the Audit Committee of the Board of Directors of OJSC Rosneft: - clause 1 of Article 2, 'General provisions concerning the Committee', clause 1 of Article 3, 'Functions of the Committee', and clause 2 of Article 7, 'Interaction of the Committee with structural divisions in charge of internal control and internal audit', of the Regulation on the Audit Committee of the Board of Directors of OJSC Rosneft.
34.	A committee of the board of directors should be created for settlement of corporate conflicts or the functions of such a committee should be vested in another committee (other than the audit committee and the HR and remuneration committee).	Not observed	Clause 6 of Article 12 of the Corporate Code of Conduct of OJSC Rosneft provides for the possibility of such a committee being created to help prevent and effectively settle corporate conflicts involving the Company and its Shareholders. No committee of the Board of Directors for settlement of corporate conflicts has been created at OJSC Rosneft.
35.	No officers of the joint-stock company should serve on the committee for settlement of corporate conflicts.	Not observed	No committee of the Board of Directors for settlement of corporate conflicts has been created at OJSC Rosneft.
36.	The committee for settlement of corporate conflicts should be managed by an independent director.	Not observed	No committee of the Board of Directors for settlement of corporate conflicts has been created at OJSC Rosneft.

	Code provision	Observed/Not observed	Notes
37.	There should be internal documents approved by the board of directors of the joint-stock company, setting out a procedure for creation and functioning of committees of the board of directors.	Observed	Revised versions of the following documents were approved by the Board of Directors of OJSC Rosneft in October 2008: 1. Regulation on the procedure for creation and functioning of committees of the Board of Directors of OJSC Rosneft; 2. Regulation on the Audit Committee of the Board of Directors of OJSC Rosneft; 3. Regulation on the HR and Remuneration Committee of the Board of Directors of OJSC Rosneft; 4. Regulation on the Strategic Planning Committee of the Board of Directors of OJSC Rosneft.
38.	The charter of the joint-stock company should define a quorum of the board of directors in such a way that attendance of independent directors at meetings of the board of directors is obligatory.	Observed	In accordance with sub-clause 10.4.2., 'Meeting of the Board of Directors', of Article 10, 'The Board of Directors of the Company', of the Charter of OJSC Rosneft, a quorum for convening a meeting of the Board of Directors must be more than half the number of elected members of the Board of Directors.
Executive bodies			
39.	There should be a collegiate executive body (management board) of the joint-stock company.	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.	The charter or internal documents of the joint-stock company should require that any transactions with real estate and obtaining of loans by the company must be approved by the management board, unless such transactions are classified as major transactions as treated as normal business activities of the company.	Observed	Sub-clause 12.8.10 of clause 12.8 of Article 12, 'The Management Board of the Company', of the Charter of OJSC Rosneft specifies that the Management Board should decide whether any of the following transactions (or number of interrelated transactions) should be closed, modified, or terminated ahead of time: (1) any transaction involving real estate, when aggregate book value of the real estate or value of the transaction is up to the equivalent in cash of USD 500,000,000 (five hundred million U.S. dollars), except for lease agreements in respect of real estate closed as part of normal business, which are within the competence of the President, in accordance with provisions of clause 11.6 of the Charter; (2) any transaction related to purchase, disposal, or possible disposal 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 up to the equivalent in cash of USD 500,000,000 (five hundred million U.S. dollars); (3) any transaction related to purchase or disposal, or possible disposal of property that is vital for the Company's business (tangible and intangible assets used for extraction and processing of oil, natural gas, and gas condensate, and also capacities for sale, storage, processing and transportation of hydrocarbons, disposal of which will materially affect carrying out of such business by the Company), if such a transaction(s) implies or may imply accrual of liabilities to the Company up to the equivalent in cash of USD 500,000,000 (five hundred million U.S. dollars); (4) any gratis transaction (including charity, benefaction, donation), payment of membership fees (other expenses) related to membership of the Company in non-profit organizations, up to the equivalent in cash of USD 25,000,000 (twenty-five million U.S. dollars); (5) agreements with constituent entities of the Russian Federation and municipalities, which imply or may imply accrual of liabilities to the Company up to the equivalent in cash of USD 25,000,000 (twenty-five million U.S. dollars); (6) any other transaction, including a transaction 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 between the equivalent of USD 50,000,000 (fifty million U.S. dollars) and the equivalent of 500,000,000 (five hundred million U.S. dollars), unless such transactions are within the competence of the Board of Directors of the Company.
41.	Internal documents of the joint-stock company should contain a procedure for approval of operations, which are outside the company's business plan.	Observed	Sub-clause 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 states that: The Board of Directors decides whether to implement, modify, or terminate ahead of time the following transactions (or number of interrelated transactions): (1) non-standard operations (operations not foreseen by the company business plan), or transactions, which imply or may imply any adjustments of the business plan.
42.	Executive bodies should not include any person who is a shareholder, general director (manager), member of any management body, or employee of a legal entity, which is a competitor of the joint-stock company.	Observed	Clause 3.3, 'Conflict of interests of members of the Management Board with interests of the Company', of Article 3, 'Rights, obligations, and responsibilities of members of the Management Board', of the Regulation on the Collegiate Executive Body (Management Board) of OJSC Rosneft; Clause 2.4, 'Conflict of interests of the President with interests of the Company', of Article 2, 'Purpose and principles of activities of the President', of the Regulation on the Sole Executive Body (President) of OJSC Rosneft.

	Code provision	Observed/Not observed	Notes
43.	Executive bodies of the joint-stock company should not include any person who has been found guilty of any economic crime or crime against government, the interests of government or local authorities, or if they have been subject to any administrative penalties for violations in the sphere of business and finance, taxation, or the securities market. If the office of the sole executive body is executed by a management organization or a manager, the general director and management board members of the management organization or the manager should meet the aforementioned requirements for the general director and members of the management board of the joint-stock company itself.	Observed	Complied with in practice
44.	The Charter or internal documents of the joint-stock company should prohibit any management organization (manager) from exercising analogous functions in a competitor company or from being involved in any property relationships with the company, other than providing management services	Observed	Clause 2.4. 'Conflict between interests of the President and of the Company', of Article 2, 'Appointment and activities of the President', of the Regulation on the Sole Executive Body (President) of Rosneft.
45.	Internal documents of the joint-stock company should include the obligation of executive bodies to avoid any acts, which will or may cause a conflict between their interests and interests of the company, as well as the obligation to notify the Board of Directors should such a conflict arise.	Observed	Clause 1 of Article 19, 'Responsibilities of executive bodies', of Chapter 4, 'Executive bodies of the Company', of the Corporate Code of Conduct of OJSC Rosneft; Clause 3.2, 'Responsibilities of members of the Management Board', of Article 3, 'Rights, obligations, and responsibilities of members of Management Board', of the Regulation on the Collegiate Executive Body (Management Board) of OJSC Rosneft; Clause 4.3, 'Obligations of the President', of Article 4, 'Powers and responsibilities of the President', of the Regulation on the Sole Executive Body (President) of OJSC Rosneft.
46.	The charter or internal documents of the joint-stock company should include criteria for selection of a management organization (a manager)	Not observed	There are no regulations concerning a management organization (manager) in the Company Charter. This requirement is not applicable to management of the business of OJSC Rosneft.
47.	Executive bodies of the joint-stock company shall provide monthly reports on their work to the board of directors	Partially observed	Clause 3 of Article 19 of the Corporate Code of Conduct of OJSC Rosneft and Article 8 of the Regulation on the Collegiate Executive Body (Management Board) of OJSC Rosneft call for 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. Work plans of the Management Board include review of monthly reports by senior managers of Rosneft concerning execution of instructions of the Board of Directors.
48.	Agreements between the joint-stock company, on one hand, and the general director (management organization, manager) and members of the management board, on the other hand, should assign liability for violation of regulations concerning use of confidential and official information.	Observed	Article 7, 'Obligations for preservation of official (professional) confidentiality in respect of insider information', of the Regulation on insider information of OJSC Rosneft. Sub-clause 4.3.5. of clause 4.3., 'Duties of the President', of Article 4 of the Regulation on the Chief Executive Officer (President) of Rosneft. Sub-clause 3.2.5. of clause 3.2., 'Duties of a member of the Management Board', of Article 3 of the Regulation on the Collegiate Executive Body (Management Board) of OJSC Rosneft.
SECRETARY OF THE COMPANY			
49.	The joint-stock company should have a special officer (company secretary), whose job is to ensure compliance of bodies and officers of the company with procedural requirements that guarantee exercise of rights and lawful interests of company shareholders	Observed	Article 15, 'The Corporate Secretary', of the Charter of the Company and the Regulation on the Corporate Secretary of OJSC Rosneft, provides for the existence of a special officer in the Company, i.e. the Corporate Secretary, whose task is to ensure compliance with procedures that guarantee the exercise of rights and lawful interests of shareholders. On April 24, 2010 the Board of Directors of OJSC Rosneft appointed a Corporate Secretary of OJSC Rosneft (Minutes №5).
50.	The charter or internal documents of the joint-stock company should include a procedure for appointment (election) and specify responsibilities of the company secretary	Observed	Article 15, 'The Corporate Secretary of the Company', of the Charter of OJSC Rosneft; Articles 21-23 of Chapter 4, 'The Corporate Secretary of the Company' of the Corporate Code of Conduct of OJSC Rosneft; Articles 3, and 6-11 of the Regulation on the Corporate Secretary of OJSC Rosneft.
51.	The charter of the joint-stock company should specify requirements for any candidate to the post of company secretary	Partially observed	Requirements for any candidate to the post of Corporate Secretary of the Company are set out in Article 5, 'Requirements for the Corporate Secretary', of the Regulation on the Corporate Secretary of OJSC Rosneft
MATERIAL CORPORATE ACTS			
52.	The charter or internal documents of the joint-stock company should require approval of any major transaction prior to execution thereof.	Partially observed	Complied with in practice
53.	It should be obligatory for the joint-stock company to hire an independent appraiser to assess the market value of property, which is the subject of a major transaction.	Observed	Complied with in practice

Code provision	Observed/Not observed	Notes
54. The charter of the joint-stock company should prohibit any actions during the process of acquisition of large share stakes in the company (takeover), which aim to protect the interests of executive bodies (members thereof) and members of the board of directors, and should also prohibit any actions that tend to worsen the situation of shareholders. In particular, the board of directors should not be allowed to issue any additional stocks, securities convertible into stocks, or to purchase stocks or securities granting the right to purchase stocks of the company, until the proposed final date for acquisition of stocks or securities, even if the right to take such a decision is granted to the board by the charter.	Not observed	
55. The charter of the joint-stock company should require an independent appraiser to be hired for assessment of current market value of stocks and possible changes in their market value that may result from any merger.	Not observed	Stocks of OJSC Rosneft are traded at Russian stock exchanges (the MICEX and RTS), and also as global depository receipts (GDRs) on the London Stock Exchange, and their current market value is determined by trading on these exchanges
56. The charter of the joint-stock company should not exempt the purchaser from the obligation to make an offer to shareholders to sell ordinary stocks of the company held by them (and securities convertible into ordinary stocks) in the case of a merger	Observed	
57. The charter or internal documents of the joint stock company should include a requirement to engage an independent appraiser to determine the conversion rate of stocks in case of reorganization.	Not observed	
DISCLOSURE OF INFORMATION		
58. There should be an internal document approved by the board of directors that determines rules and approaches of the joint-stock company to disclosure of information (a regulation on information policy).	Observed	The Regulation on Information Policy of OJSC Rosneft (approved by the Board of Directors of OJSC Rosneft on May 17, 2006).
59. Internal documents of the joint-stock company should require disclosure of information concerning the purpose of stock placements, persons intending to purchase the stocks, including large shareholdings, and information as to whether senior executive officers of the company will take part in acquisition of the stocks to be placed.	Not observed	Disclosure of information, including disclosure of information at various stages of the issue procedure, is in accordance with requirements of Russian law and the Regulation on Information Policy of OJSC Rosneft.
60. Internal documents of the joint-stock company should contain a list of information, documents, and materials, to be provided to shareholders for transaction of 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 should have a web site in the Internet and disclose information about itself on this site on a regular basis.	Observed	http://www.rosneft.ru/ In accordance with Article 4 of the Regulation on Information Policy of OJSC Rosneft, disclosure of information on the Company in the Internet is one method of disseminating information about the Company.
62. Internal documents of the joint-stock company should require disclosure of information on transactions by the company with persons who are, pursuant to the charter, senior executive officers of the company, as well as on transactions of the company with organizations, in which senior executive officers of the company directly or indirectly hold 20 or more percent of authorized capital or which can be otherwise significantly influenced by such persons	Observed	Disclosure of information meets requirements of law of the Russian Federation and the Regulation on Information Policy of OJSC Rosneft
63. Internal documents of the joint stock company should require disclosure of information on all transactions, which may affect the market value of stocks of the company	Observed	Disclosure of information meets requirements of Russian law and the Regulation on Information Policy of OJSC Rosneft
64. There should 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, if such information is not in the public domain and its disclosure may materially affect the market value of the company's stocks and other securities	Observed	The Regulation on Insider Information of OJSC Rosneft (approved by resolution of the Board of Directors of OJSC Rosneft in May 2006)
CONTROL OVER FINANCIAL AND BUSINESS ACTIVITIES		
65. There should be procedures, approved by the board of directors, for internal control over financial and business activities of the joint-stock company.	Observed	The Regulation on Internal Control over Financial and Business Activities of OJSC Rosneft (approved by the Board of Directors of OJSC Rosneft in May 2006)
66. There should be a special division of the joint-stock company (the internal control and audit service), which ensures that internal control procedures are complied with.	Observed	Creation of the Internal Control and Audit Department in OJSC Rosneft is envisaged by the following internal documents of the Company: Clause 2 of Article 24, 'The System for Control over Financial and Business Activities of the Company', of Chapter 5 of the Corporate Code of Conduct of OJSC Rosneft; Clause 1 of Article 4, 'Organization of Internal Control', of the Regulation on Internal Control over the Financial and Business Activities of OJSC Rosneft.
67. Internal documents of the joint-stock company should require the board of directors to define the structure and content of the company's internal control and audit service.	Observed	Article 7, 'Organizational Structure of the Internal Control and Audit Department', of the Regulation on Internal Control of Financial and Business Activities of OJSC Rosneft.

	Code provision	Observed/Not observed	Notes
68.	The internal control and audit service should not include any person who has been found guilty of any economic crime or crime against government, the interests of government or local authorities, or who has been subject to any administrative penalties for violations in the sphere of business and finance, taxation, or the securities market.	Observed	Complied with in practice. Provisions of Article 7, 'Organizational Structure of the Internal Control and Audit Department', of the Regulation on Internal Control of Financial and Business Activities of OJSC Rosneft.
69.	The internal control and audit service should not include any persons who serve on executive bodies of the joint-stock company or persons who are shareholders, the general director (manager), members of management bodies, or employees of a legal entity, which is a competitor of the company	Observed	Complied with in practice. Provisions of Article 7, 'Organizational Structure of the Internal Control and Audit Department' of the Regulation on Internal Control over Financial and Business Activities of OJSC Rosneft
70.	Internal documents of the joint-stock company should specify a time limit for presentation of documents and materials to the internal control and audit service for appraisal of any completed financial or business transaction, and should also specify liability of company officers and employees for failure to present such documents and materials within the prescribed time.	Observed	Time limits 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 Internal Audit Department.
71.	Internal documents of the joint-stock company should oblige the internal control and audit service to notify the audit committee of any violations that may be discovered and, if there is no such committee, to notify the board of directors	Observed	Clause 2 of Article 12, 'Measures to Eliminate Violations and Shortcomings Discovered in the course of Internal Audit', of the Regulation on Internal Control of Financial and Business Activities of OJSC Rosneft
72.	The Charter of the joint-stock company should oblige the internal control and audit service to make a preliminary appraisal of advisedness of operations that were not foreseen in the financial and business plan of the joint-stock company (non-standard operations)	Not observed	
73.	Internal documents of the joint-stock company should include a procedure for approval of any non-standard 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 non-standard operations of the Company. The procedure for preparation of materials for review of such an issue by the Board of Directors is defined by the Rosneft Corporate Standard, 'Preparation and conduct of meetings of the Board of Directors and of Committees of the Board of Directors of Rosneft'.
74.	There should be an internal document approved by the board of directors defining the procedure for audit of financial and business activities of the joint-stock company by the internal audit commission.	Observed	The Regulation on the Internal Audit Commission of OJSC Rosneft (a new version was approved by the General Meeting of Shareholders of OJSC Rosneft in June 2009).
75.	The audit committee should give an assessment of the opinion of the certified public accountant prior to its presentation to shareholders at the general meeting of shareholders	Observed	Clause 1 of Article 9, 'The Audit Committee of the Board of Directors', of Chapter 2, 'The Board of Directors', of the Corporate Code of Conduct of OJSC Rosneft; Clause 1 of Article 3, 'Functions of the Committee', of the Regulation on the Audit Committee of the Board of Directors of OJSC Rosneft.
DIVIDENDS			
76.	There should be an internal document approved by the board of directors, by which the board of directors is governed when making recommendations on the amount of dividends to be paid (regulation on dividend policy).	Observed	The Regulation on Dividend Policy of OJSC Rosneft (approved by the Board of Directors of OJSC Rosneft in May 2006).
77.	The regulation on dividend policy should include a procedure for determining a minimum share of net profit of the joint-stock company to be applied in payment of dividends, and should define the conditions, in which dividends on preference stocks, as prescribed in the company charter, are not paid or are paid only in part.	Observed	Clause 2 of Article 4, 'Principles of Dividend Policy of the Company', of the Regulation of OJSC Rosneft on Dividend Policy; The Company Charter does not envisage placement of preference stocks.
78.	Information on dividend policy of the joint stock company and changes to it should be published in a periodical, publication of which is prescribed by the company charter for publishing of announcements of general meetings of shareholders, and should also be placed on the company web site in the Internet.	Observed	Information on dividend policy of OJSC Rosneft and changes to it is placed on the web site of the Company in the Internet.

Appendix 5. MAJOR TRANSACTIONS AND RELATED-PARTY TRANSACTIONS IN 2010

ALL RELATED-PARTY TRANSACTIONS BY ROSNEFT IN 2010 WERE CARRIED OUT ON MARKET TERMS. ROSNEFT DID NOT CARRY OUT ANY MAJOR TRANSACTIONS IN 2010.

■ *Related-party transactions approved by the Board of Directors of Rosneft*

Nº	Nature and substantial terms of transaction	Transaction price, price at which transaction was completed	Date of decision
TRANSACTIONS WITH LLC RN-KRASNODARNEFTEGAZ			
<i>Related party:</i> 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)			
1	Sale by the Company to the Counterparty of 398.0 mln bcm of natural gas for RUB 1,281,084,000.	Transaction value — RUB 1,281,084,000 (including VAT)	26.01.2010
2	Services by the Counterparty (Broker) to the Company (Consignor) for sale of 636.0 mln bcm of gas to the value of RUB 1,752,427,000 for a fee equal to 1.0% of the price of the gas or RUB 17,524,000 in total.	Transaction price — RUB 17,524,000 (including VAT)	26.01.2010
3	Services by the Counterparty to the Company for transportation of 38,800 tonnes of crude oil for a fee of RUB 11.8/tonne including VAT or RUB 424,800 in total.	Transaction value — RUB 424,800 (including VAT)	26.01.2010
4	The Counterparty undertakes to carry out legal and other actions connected with registration of rights to and transactions with real estate in Krasnodar Territory on behalf of and at the expense of the Company for a fee of RUB 60,000.	Transaction price — RUB 60,000 (including VAT)	26.01.2010
5	Services by the Counterparty to the Company for closure of 184 wells and 208 fixed-asset facilities, and temporary closure of 13 wells for a fee of RUB 398,239,200.	Transaction value — RUB 398,239,200 (including VAT)	26.01.2010
6	The Counterparty undertakes to carry out legal and other actions connected with organization of land use and regulation of land business of the Company with holders of rights to land plots occupied by Company facilities in Krasnodar Territory on behalf of and at the expense of the Company for a fee of RUB 1,200,000	Transaction price — RUB 1,200,000 (including VAT)	26.01.2010
7	Lease by the Company to the Counterparty of fixed assets belonging to the Company for a period of 11 months for RUB 95,108,000 per month. Total annual lease payment is RUB 1,141,296,000.	Transaction price — RUB 95,108,000 per month (including VAT)	26.01.2010
8	Services by the Counterparty to the Company for maintenance and technical servicing of temporarily closed fixed-asset facilities belonging to the Company and not required for production for a period of 12 months for a fee of RUB 25,000 per month or total RUB 300,000 per year.	Transaction price — RUB 25,000 per month (including VAT)	26.01.2010
9	Services by the Counterparty to the Company for production at oil & gas fields, licenses for which are held by the Company, as follows: <ul style="list-style-type: none"> ■ 896,300 tonnes of crude oil; ■ 61,800 tonnes of gas condensate; ■ 2,322.5 mln cubic meters of gas; ■ 424.6 mln cubic meters of associated gas; to the value of RUB 7,154,634,700 and transfer of the produced hydrocarbons to the Company for sale.	Transaction value — 7,154,634,700 (including VAT)	05.03.2010
10	Services by the Counterparty (agent) to the Company (principal) for organization of capital construction of production facilities to the value of RUB 654,000,000 for a fee of RUB 7,752,000.	Transaction price — RUB 7,752,000 (including VAT)	05.03.2010
11	Legal services rendered by the Counterparty to the Company for a fee equal to RUB 93,400 per month (including VAT) to the value of RUB 1,120,800.	Transaction price — RUB 93,400 per month (including VAT)	05.03.2010
12	Services by the Counterparty (Agent) to the Company (Principal) for organizing: <ul style="list-style-type: none"> ■ closure (temporary closure) work at Company wells to the value of RUB 10,000,000 for a fee equal to RUB 639,000; ■ preparation of project documentation for development and current monitoring of development of Rosneft fields in Krasnodar Territory to the value of RUB 150,000,000 for a fee of RUB 6,471,000; ■ geological exploration work at Rosneft license areas in Krasnodar Territory to the value of RUB 87,500,000 for a fee of RUB 3,729,000. Total agent fee is RUB 10,839,000.	Transaction value — RUB 10,839,000 (including VAT)	05.03.2010
13	Information services by the Company to the Counterparty in the period from 01.04.2010 to 31.03.2011 for work stations connected to licensed software of the Company for a fee of RUB 69,700.	Transaction value — RUB 69,700 (including VAT)	05.03.2010
14	Provision by the Company to the Counterparty of rights to use software to the value of RUB 4,727,400, including: <ul style="list-style-type: none"> ■ Provision by the Company to the Counterparty of rights to use software to the value of RUB 1,238,400; ■ Services by the Company to the Counterparty for support and technical maintenance of the transferred software for a fee of RUB 3,489,000. 	Transaction value — RUB 4,727,400 (including VAT)	05.03.2010 24.12.2010
15	Receipt by the Company of interest-free loans from the Counterparty to the value of RUB 100,000,000 for a period of 1 year	Transaction value — RUB 100,000,000	29.04.2010

№	Nature and substantial terms of transaction	Transaction price, price at which transaction was completed	Date of decision
16	Services by the Counterparty (Agent) to the Company (Principal): <ul style="list-style-type: none"> ■ refining and allocation of 14,720 cubic meters of waste containing crude oil, accumulated before consolidation of the Counterparty by Rosneft; ■ recultivation of 7 sludge collectors; to the value of RUB 60,935,600 for a fee of RUB 609,400.	Transaction price — RUB 609,400 including VAT	29.04.2010
TRANSACTIONS WITH LLC RN-PURNEFTEGAZ			
<i>Related party:</i> 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)			
1	Sale by the Company to the Counterparty of 113.0 mln cubic meters of natural gas to the value of RUB 193,824,000.	Transaction value — RUB 193,824,000 (including VAT)	26.01.2010
2	Services by the Counterparty (Broker) to the Company (Consignor) for sale of 269.0 mln cubic meters of gas to the value of RUB 461,059,000 for a fee of 1.0% of value of the gas sold, totaling RUB 4,610,000.	Transaction price — RUB 4,610,000 (including VAT)	26.01.2010
3	Services by the Counterparty (Broker) to the Company (Consignor) for transshipment of 143,900 tonnes of gas condensate for a fee equal to RUB 156,347,400 including VAT.	Transaction value — RUB 156,347,400 (including VAT)	26.01.2010
4	Sale by the Company to the Counterparty of 7,800 tonnes of crude oil to the value of RUB 63,059,000 including VAT.	Transaction value — RUB 63,059,000 (including VAT)	26.01.2010
5	Lease by the Company to the Counterparty of fixed assets belonging to the Company for a period of 11 months for a lease payment of RUB 475,261,000 per month. Total amount of the lease payment is RUB 5,703,132,000.	Transaction price — RUB 475,261,000 per month (including VAT)	26.01.2010
6	Sub-lease by the Company to the Counterparty of 10 federal wells, leased by the Company from the Territorial Division of the Department of Federal Property Management in Yamal-Nenets Autonomous District, for RUB 890,000 per month.	Transaction price — RUB 890,000 per month (including VAT)	26.01.2010
7	The Counterparty undertakes to carry out legal and other actions connected with registration of rights to and transactions with real estate in Yamal-Nenets Autonomous District. The agreement is for a period of 12 months.	Transaction price — RUB 60,000 (including VAT)	26.01.2010
8	Services by the Counterparty to the Company for closure and temporary closure of fixed assets belonging to the Company (closure of 101 wells, closure and dismantling of 81 fixed-asset facilities, temporary closure of 151 wells, reopening of 102 wells, engineering and technical maintenance) for a fee of RUB 539,699,500.	Transaction value — RUB 539,699,500 (including VAT)	26.01.2010
9	The Counterparty undertakes to carry out legal and other actions connected with organization of land use and regulation of land business of the Company with holders of rights to land plots occupied by Company facilities in Yamal-Nenets Autonomous District on behalf of and at the expense of the Company for a fee of RUB 9,120,000. The agreement is for a period of 12 months.	Transaction price — RUB 9,120,000 (including VAT)	26.01.2010
10	Services by the Counterparty to the Company for maintenance and service of fixed assets belonging to the Company and not required in production that are temporarily closed down (as listed), for a period of 12 months for a fee of RUB 23,631,300 per month to total value of RUB 283,575,000 per year.	Transaction price — RUB 23,631,300 per month (including VAT)	26.01.2010 05.08.2010
11	Rendering by the Counterparty of legal services to the Company for a fee of RUB 375,000 per month (including VAT) to the total value of RUB 4,500,000.	Transaction price — RUB 375,000 per month (including VAT)	05.03.2010
12	Services by the Counterparty (Agent) to the Company (Principal): <ul style="list-style-type: none"> ■ preparation of project documentation for development and current monitoring of development of Rosneft fields in Yamal-Nenets Autonomous District to the value of RUB 160,200,000 for a fee of 4,956,200; ■ carrying out geological exploration work at Rosneft license areas in Yamal-Nenets Autonomous District to the value of RUB 279,000,000 for a fee of RUB 12,035,900. Total agent fee is RUB 16,992,100.	Transaction price — RUB 16,992,100 per month (including VAT)	05.03.2010
13	Services by the Counterparty (Agent) to the Company (Principal) for capital construction of production facilities to the value of RUB 17,809,000,000 for a fee of RUB 349,913,000.	Transaction value — RUB 349,913,000 (including VAT)	05.08.2010
14	Production services by the Counterparty for the Company at fields, where the Company is the license holder: <ul style="list-style-type: none"> ■ 7,063,600 tonnes of crude oil; ■ 136,900 tonnes of gas condensate ■ 1,231.8 mln cubic meters of natural gas ■ 3,017.9 mln cubic meters of associated gas; to total value of RUB 23,525,063,900, and transfer of produced hydrocarbons to the Company for sale.	Transaction value — RUB 23,525,063,900 (including VAT)	05.03.2010
15	Information services by the Company to the Counterparty in the period from 01.02.2010 to 31.01.2011 for work stations connected to licensed software of the Company for a fee of RUB 600,000.	Transaction value — RUB 600,000 (including VAT)	05.03.2010
16	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 12,422,900, as follows: <ul style="list-style-type: none"> ■ Provision by the Company to the Counterparty of the right to use software to the total value of RUB 4,490,900; ■ Services by the Company to the Counterparty for support and technical maintenance of the transferred software for a fee of RUB 7,932,00 	Transaction value — RUB 12,422,900 (including VAT)	05.03.2010 24.12.2010
17	Services by the Counterparty (Agent) to the Company (Principal): <ul style="list-style-type: none"> ■ recultivation of 14 temporary sludge collectors; ■ recultivation of 23 hectares of land polluted with oil before consolidation of the Counterparty by Rosneft to total value of RUB 39,604,000 for a fee of RUB 396,000;	Transaction price — RUB 396,000 (including VAT)	29.04.2010
18	Receipt by the Company of interest-free loans from the Counterparty to the value of RUB 1,000,000,000 for a period of 1 year.	Transaction value — RUB 1,000,000,000 (including VAT)	29.04.2010 24.12.2010

Nº	Nature and substantial terms of transaction	Transaction price, price at which transaction was completed	Date of decision
19	Services by the Company to the Counterparty for design, implementation and support of a program for damage insurance of the Counterparty's property, vehicles and mechanisms using the services of an insurance broker to the value of RUB 440,100, for a fee of RUB 2,500 to the Company.	Transaction price — RUB 2,500 (including VAT)	05.08.2010
20	Sale by the Company to the counterparty of 8,330 tonnes of petroleum products (methanol) for RUB 69,979,000.	Transaction price — RUB 69,979,000 (including VAT)	05.08.2010
21	Services by the Counterparty to the Company for storage and sale of secondary resources belonging to the Company and surplus to requirements for a fee of RUB 20,000	Transaction value — RUB 20,000 (including VAT)	24.12.2010
TRANSACTIONS WITH LLC RN-SAKHALINMORNEFTEGAZ			
<i>Related party:</i> 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)			
1	Sale by the Company to the Counterparty of 116.3 mln cubic meters of natural and associated gas for RUB 173,000,000.	Transaction value — RUB 173,000,000 (including VAT)	26.01.2010
2	Services by the Counterparty (Broker) to the Company (Consignor) for sale of 405.5 mln cubic meters of gas to the value of RUB 558,103,000 for a fee of RUB 1.0% of the value of the gas, amounting to RUB 5,581,000	Transaction price — RUB 5,581,000 (including VAT)	26.01.2010
3	Services by the Counterparty to the Company for transportation of 545.6 mln cubic meters of gas via pipelines belonging to the Counterparty for a fee of RUB 62,726,000.	Transaction value — RUB 62,726,000 (including VAT)	26.01.2010
4	Services by the Counterparty to the Company for transportation of 1,848,000 tonnes of crude oil for a total fee of RUB 1,068,144,000 including VAT	Transaction value — RUB 1,068,144,000 (including VAT)	26.01.2010
5	Sale by the Company to the Counterparty of 4,500 tonnes of crude oil to the value of RUB 32,391,000 including VAT.	Transaction value — RUB 32,391,000 (including VAT)	26.01.2010 05.08.2010
6	The Counterparty undertakes to carry out legal and other actions connected with registration of rights to and transactions with real estate in Sakhalin Region.	Transaction price — RUB 60,000 (including VAT)	26.01.2010
7	Services by the Counterparty to the Company for closure and temporary closure of fixed assets belonging to the Company (closure of 100 wells, closure and dismantling of 38 fixed-asset facilities, temporary closure of 28 wells) for a fee of RUB 220,757,400.	Transaction value — RUB 220,757,400 (including VAT)	26.01.2010
8	The Counterparty undertakes to carry out legal and other actions connected with organization of land use and regulation of land business of the Company with holders of rights to land plots occupied by Company facilities in Sakhalin Region on behalf of and at the expense of the Company for a fee of RUB 1,200,000.	Transaction price — RUB 1,200,000 (including VAT)	26.01.2010
9	Lease by the Company to the Counterparty of fixed assets belonging to the Company for a period of 11 months for a lease payment of RUB 97,872,000 per month. Total lease payments for the year are RUB 1,174,464,000.	Transaction price — RUB 97,872,000 per month (including VAT)	26.01.2010
10	Services by the Counterparty to the Company for maintenance and technical service for a period of 12 months of real estate belonging to the Company and surplus to production requirements that has been temporarily closed down for a fee of RUB 23,000 per month to the value of RUB 276,000 per year.	Transaction price — RUB 23,000 per month (including VAT)	26.01.2010
11	Services by the Counterparty (Agent) to the Company (Principal) for capital construction of production facilities to the value of RUB 4,996,000,000 for a fee of RUB 97,966,000.	Transaction price — RUB 97,966,000 (including VAT)	05.03.2010
12	Rendering by the Counterparty of legal services to the Company for a fee of 35,000 per month (including VAT) to the total value of RUB 420,000.	Transaction price — RUB 35,000 per month (including VAT)	05.03.2010
13	Sale by the Company to the Counterparty of 1,600 tonnes of petroleum products to the value of RUB 23,545,000, as follows: oils and lubricants — 220 tonnes, methanol — 1,380 tonnes.	Transaction value — RUB 23,545,000 (including VAT)	05.08.2010
14	Production services by the Counterparty for the Company at fields, where the Company is the license holder: <ul style="list-style-type: none"> ■ 1,560,300 tonnes of crude oil; ■ 10,200 tonnes of gas condensate; ■ 406.0 mln cubic meters of natural gas; ■ 342.5 mln cubic meters of associated gas; to the value of RUB 8,251,363,200 and transfer of produced hydrocarbons to the Company for sale.	Transaction value — RUB 8,251,363,200 (including VAT)	05.03.2010
15	Services by the Counterparty (Agent) to the Company (Principal) for: <ul style="list-style-type: none"> ■ preparation of project documentation for development and current monitoring of development of Rosneft fields in the Far East to the value of RUB 122,990,000 for a fee of 3,366,100; ■ carrying out geological exploration work at Rosneft license areas in Sakhalin Region to the value of RUB 149,100,000 for a fee of RUB 4,094,000. Total agent fee is RUB 7,460,100.	Transaction value — RUB 7,460,100 (including VAT)	05.03.2010
16	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 2,314,000, as follows: <ul style="list-style-type: none"> ■ Provision by the Company to the Counterparty of the right to use software to the total value of RUB 435,700; ■ Services by the Company to the Counterparty for support and technical maintenance of the transferred software for a fee of RUB 1,878,300. 	Transaction value — RUB 2,314,000 (including VAT)	05.03.2010 24.12.2010
17	Services by the Counterparty (Agent) to the Company (Principal) for processing and final disposal of 10,900 of drilling waste and waste containing crude oil, accumulated before the Company was consolidated by Rosneft, to the value of RUB 78,558,000 for a fee of RUB 785,600.	Transaction price -785,600 including VAT	29.04.2010
18	Services by the Counterparty to the Company for storage and sale of secondary resources belonging to the Company and not required in production for a fee of RUB 10,200.	Transaction value — RUB 10,200 (including VAT)	24.12.2010

№	Nature and substantial terms of transaction	Transaction price, price at which transaction was completed	Date of decision
TRANSACTIONS WITH LLC RN-SEVERNAYA NEFT			
<i>Related party:</i> 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)			
1	Sale by the Company to the Counterparty of 26,500 tonnes of petroleum products to the value of RUB 493,452,300, as follows: summer diesel fuel — 7,300 tonnes, winter/arctic diesel fuel — 19,200 tonnes	Transaction value — RUB 493,452,300 (including VAT)	26.01.2010
2	Services by the Counterparty to the Company for refining of 113,600 tonnes of crude oil for a fee of RUB 1,133 per tonne of crude oil refined to the value of RUB 128,719,000.	Transaction price — RUB 1,133 (including VAT) per tonne of crude oil refined	26.01.2010
3	Sale by the Company to the Counterparty of 259.2 mln cubic meters of associated gas to the value of RUB 565,833,600.	Transaction value — RUB 565,833,600 (including VAT)	26.01.2010
4	Sale by the Company to the Counterparty of 13,500 tonnes of crude oil to the value of RUB 95,000,000 including VAT	Transaction value — RUB 95,000,000 (including VAT)	26.01.2010
5	Lease by the Company to the Counterparty of fixed assets belonging to the Company for a period of 11 months for a lease payment of RUB 287,186,000 per month. Total lease payments for the year are RUB 3,446,232,000.	Transaction price — RUB 287,186,000 per month (including VAT)	26.01.2010
6	The Counterparty undertakes to carry out legal and other actions connected with registration of rights to and transactions with real estate in Nenets Autonomous Region and the Republic of Komi.	Transaction price — RUB 60,000 (including VAT)	26.01.2010
7	Services by the Counterparty to the Company for maintenance and technical service for a period of 12 months of real estate belonging to the Company and surplus to production requirements that has been temporarily closed down for a fee of RUB 101,300 per month to the value of RUB 1,215,600 per year.	Transaction price — RUB 101,300 per month (including VAT)	26.01.2010
8	Services by the Counterparty to the Company for closure and temporary closure of fixed assets belonging to the Company, for a fee of RUB 417,840.	Transaction value — RUB 417,840 (including VAT)	26.01.2010
9	The Counterparty undertakes to carry out legal and other actions connected with organization of land use and regulation of land business of the Company with holders of rights to land plots occupied by Company facilities in the Republic of Komi on behalf of and at the expense of the Company for a fee of RUB 600,000.	Transaction price — RUB 600,000 (including VAT)	26.01.2010
10	Services by the Counterparty (Agent) to the Company (Principal) for organizing capital construction of production facilities to the value of RUB 3,587,000,000 for a fee of RUB 155,881,000.	Transaction price — RUB 155,881,000 (including VAT)	05.03.2010
11	Rendering by the Counterparty of legal services to the Company for a fee of 85,000 per month (including VAT to the value of RUB 1,020,000).	Transaction price — RUB 85,000 per month (including VAT)	05.03.2010
12	Production services by the Counterparty for the Company at fields, where the Company is the license holder: <ul style="list-style-type: none"> ■ 4,021,200 tonnes of crude oil, ■ 415.3 mln cubic meters of associated gas. to the value of RUB 10 393 484,300 and transfer of produced hydrocarbons to the Company for sale.	Transaction value — RUB 10,393,484,300 (including VAT)	05.03.2010
13	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 3,221,100, as follows: <ul style="list-style-type: none"> ■ Provision by the Company to the Counterparty of the right to use software to the total value of RUB 1,062,700 ; ■ Services by the Company to the Counterparty for support and technical maintenance of the transferred software for a fee of RUB 2,158,400. 	Transaction value — RUB 3,221,100 (including VAT)	05.03.2010 24.12.2010
14	Services by the Counterparty (Agent) to the Company (Principal) for organizing: <ul style="list-style-type: none"> ■ preparation of project documentation for development and current monitoring of development of Rosneft fields in the Republic of Komi to the value of RUB 46,300,000 for a fee of RUB 2,126,500; ■ geological exploration work at Rosneft license areas in Nenets Autonomous Region and the Republic of Komi to the value of RUB 289,202,000 for a fee of RUB 13,231,900. Total agent fee is RUB 15,358,400	Transaction value — RUB 15,358,400 (including VAT)	05.03.2010
15	Receipt by the Company of interest-free loans from the Counterparty to the value of RUB 100,000,000 for a period of 1 year.	Transaction value — RUB 100,000,000	29.04.2010
16	Services by the Counterparty (Agent) to the Company (Principal) for organizing recultivation of 4 temporary sludge collectors to the value of RUB 1,980,200 for a fee of RUB 19,800	Transaction price — RUB 19,800 including VAT	29.04.2010
17	Services by the Company to the Counterparty for design, implementation and support of a program for damage insurance of the Counterparty's property, vehicles and mechanisms using the services of an insurance broker to the value of RUB 502,300, for a fee to the Company of RUB 2,500.	Transaction price — RUB 2,500 (including VAT).	05.08.2010
18	Services by the Counterparty to the Company for storage and sale of secondary resources belonging to the Company and surplus to requirements for a fee of RUB 10,000.	Transaction value — RUB 10,000 (including VAT)	24.12.2010
TRANSACTIONS WITH LLC RN-STAVROPOLNEFTEGAZ			
<i>Related party:</i> 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)			
1	Sale by the Company to the Counterparty of 50.3 mln cubic meters of natural gas to the value of RUB 161,906,000.	Transaction value — RUB 161,906,000 (including VAT)	26.01.2010
2	Services by the Counterparty to the Company for pumping and loading 951,000 tonnes of crude oil and sealing of rail tanks for a total remuneration of RUB 185,340,700 including VAT	Transaction value — RUB 185,340,700 (including VAT)	26.01.2010

№	Nature and substantial terms of transaction	Transaction price, price at which transaction was completed	Date of decision
3	Lease by the Company to the Counterparty of fixed assets belonging to the Company for a period of 11 months for a lease payment of RUB 38,069,000 per month. Total lease payments for the year are RUB 456,828,000.	Transaction price — RUB 38,069,000 per month (including VAT)	26.01.2010
4	The Counterparty undertakes to carry out legal and other actions connected with registration of rights to and transactions with real estate in Stavropol Territory.	Transaction price — RUB 60,000 (including VAT)	26.01.2010
5	Services by the Counterparty to the Company for closure and temporary closure of fixed assets belonging to the Company (closure of 4 wells, closure and dismantling of 34 fixed-asset facilities, temporary closure of 15 wells) for a fee of RUB 39,333,200.	Transaction value — RUB 39,333,200 (including VAT)	26.01.2010
6	The Counterparty undertakes to carry out legal and other actions connected with organization of land use and regulation of land business of the Company with holders of rights to land plots occupied by Company facilities in Stavropol Territory on behalf of and at the expense of the Company for a fee of RUB 1,200,000.	Transaction price — RUB 1,200,000 (including VAT)	26.01.2010
7	Services by the Counterparty to the Company for maintenance and technical service for a period of 12 months of real estate belonging to the Company and surplus to production requirements that has been temporarily closed down for a fee of RUB 18,330 per month to the value of RUB 219,960 per year.	Transaction price — RUB 18,330 per month (including VAT)	26.01.2010
8	Services by the Counterparty (Agent) to the Company (Principal) for capital construction of production facilities to the value of RUB 457,000,000 for a fee of RUB 5,868,000.	Transaction price — RUB 5,868,000 (including VAT)	05.03.2010
9	Production services by the Counterparty for the Company at fields, where the Company is the license holder: <ul style="list-style-type: none"> ■ 959,000 tonnes of crude oil; ■ 5.9 mln cubic meters of natural gas; ■ 85.7 mln cubic meters of associated gas. to the value of RUB 4,964,061,500 and transfer of produced hydrocarbons to the Company for sale.	Transaction value — RUB 4,964,061,500 (including VAT)	05.03.2010
10	Services by the Counterparty (Agent) to the Company (Principal): <ul style="list-style-type: none"> ■ preparation of project documentation for development and current monitoring of development of Rosneft fields in Stavropol Territory to the value of RUB 58,500,000 for a fee of RUB 2,251,80; ■ carrying out geological exploration work at Rosneft license areas in Stavropol Territory to the value of RUB 63,600,000 for a fee of RUB 2,448,200. Total agent fee is 4,700,000.	Transaction value — RUB 4,700,000 (including VAT)	05.03.2010
11	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 4,023,700, as follows: <ul style="list-style-type: none"> ■ Provision by the Company to the Counterparty of the right to use software to the total value of RUB 883,900; ■ Services by the Company to the Counterparty for support and technical maintenance of the transferred software for a fee of RUB 3,139,800. 	Transaction value — RUB 4,023,700 (including VAT)	05.03.2010 24.12.2010
12	Information services by the Company to the Counterparty in 2010 for work stations connected to licensed software of the Company for a fee of RUB 180,000.	Transaction value — RUB 180,000 (including VAT)	05.03.2010
13	Receipt by the Company of interest-free loans from the Counterparty to the value of RUB 350,000,000 for a period of one year.	Transaction value — RUB 350,000,000	29.04.2010
14	Services by the Counterparty to the Company for storage and sale of secondary resources belonging to the Company and surplus to requirements for a fee of RUB 10,000.	Transaction value — RUB 10,000 (including VAT)	24.12.2010
15	Receipt by the Company of an interest-free loan from the Counterparty under loan agreement №0000806/4185D dated 30.11.2006 to the value of RUB 429,265,400 and repayable on 26.11.2013.	Transaction value — RUB 429,265,400	24.12.2010
16	Receipt by the Company of an interest-free loan from the Counterparty under loan agreement №0000806/1668D dated 31.10.2006 to the value of RUB 14,600,000 and repayable on 27.10.2013.	Transaction value — RUB 14,600,000	24.12.2010
TRANSACTIONS WITH LLC RN-YUGANSKNEFTEGAZ			
<i>Related party:</i> 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)			
1	Sale by the Company to the Counterparty of 49,200 tonnes of petroleum products to the value of RUB 873,669,900, as follows: <ul style="list-style-type: none"> ■ gasoline A-76/Normal-80 — 4,800 tonnes, ■ gasoline AI-92/Regular-92 — 7,800 tonnes, ■ gasoline AI-95/Premium-95 — 600 tonnes, ■ summer diesel fuel — 12,000 tonnes, ■ winter/arctic diesel fuel — 24,000 tonnes. 	Transaction value — RUB 873,669,900 (including VAT)	26.01.2010
2	Sale by the Company to the Counterparty of 722.6 mln cubic meters of natural and associated gas to the value of RUB 1,466,930,000.	Transaction value — RUB 1,466,930,000 (including VAT)	26.01.2010
3	Sale by the Company to the Counterparty of 59,400 tonnes of crude oil to the value of RUB 478,377,900 including VAT	Transaction value — RUB 478,377,900 (including VAT)	26.01.2010
4	Services by the Counterparty (Broker) to the Company (Consignor) for sale of 6,750 cubic meters of mixed light hydrocarbons to the value of RUB 46,020,000 including VAT for a fee of RUB 1.0% of the sale cost, representing RUB 460,200 including VAT	Transaction price — RUB 460,200 (including VAT)	26.01.2010
5	The Counterparty undertakes to carry out legal and other actions connected with registration of rights to and transactions with real estate in Khanty-Mansiysk Autonomous District (Yugra).	Transaction price — RUB 1,200,000 (including VAT)	26.01.2010
6	Services by the Counterparty (Agent) to the Company (Principal) during 12 months for sale of Company property for an agency fee equal to 1% of the value of the sold property to the value of RUB 10,000,000.	Transaction price — 1% of the sale price of the property (including VAT) Transaction value — RUB 10,000,000 (including VAT)	26.01.2010
7	Services by the Counterparty to the Company for maintenance and technical service for a period of 12 months of real estate belonging to the Company and surplus to production requirements that has been temporarily closed down for a fee of RUB 2,744,660 per month to the value of RUB 32,935,920 per year.	Transaction price — RUB 2,744,660 per month (including VAT)	26.01.2010

Nº	Nature and substantial terms of transaction	Transaction price, price at which transaction was completed	Date of decision
8	Services by the Counterparty to the Company for storage during a period up to 12 months of moveable property belonging to the Company, which is not needed for production and is temporarily unused, at a price of RUB 501,200 per month to the value of RUB 6,014,400 for the year.	Transaction price — RUB 501,200 per month (including VAT)	26.01.2010
9	Lease by the Company to the Counterparty of fixed assets belonging to the Company for a period of 11 months for a lease payment of RUB 2,609,570,000 per month. Total lease payments for the year are RUB 31,314,840,000.	Transaction price — RUB 2,609,570,000 per month (including VAT)	26.01.2010
10	The Counterparty undertakes to carry out legal and other actions connected with organization of land use and regulation of land business of the Company with holders of rights to land plots occupied by Company facilities in Khanty-Mansiysk Autonomous District (Yugra) on behalf of and at the expense of the Company for a fee of RUB 13,000,000.	Transaction value — RUB 13,000,000 (including VAT)	26.01.2010
11	Services by the Counterparty to the Company for closure and temporary closure of fixed assets belonging to the Company (closure of 37 wells, closure and dismantling of 400 fixed-asset facilities, temporary closure of 268 wells, reopening of 36 wells) for a fee of RUB 545,955,000.	Transaction value — RUB 545,955,000 (including VAT)	26.01.2010
12	Services by the Counterparty (Agent) to the Company (Principal) for: <ul style="list-style-type: none"> ■ preparation of project documentation for development and current monitoring of development of Rosneft fields in Khanty-Mansiysk Autonomous District to the value of RUB 249,400,000 for a fee of RUB 2,469,100; ■ carrying out geological exploration work at Rosneft license areas in Khanty-Mansiysk Autonomous District (Yugra) to the value of RUB 2,241,800,000 for a fee of RUB 23,197,900. Total agent fee is 25 667,000.	Transaction value — RUB 25,667,000 (including VAT)	05.03.2010
13	Rendering by the Counterparty of legal services to the Company for a fee of RUB 635,500 per month (including VAT) to the value of RUB 7,626,000.	Transaction price — RUB 635,500 per month (including VAT)	05.03.2010
14	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 49,868,500.	Transaction value — RUB 49,868,500 (including VAT)	05.03.2010 24.12.2010
15	Services by the Counterparty (Agent) to the Company (Principal) for capital construction of production facilities to the value of RUB 91,169,000,000 for a fee of RUB 1,512,950,000.	Transaction price — RUB 1,512,950,000 (including VAT)	05.03.2010
16	Receipt by the Company of interest-free loans from the Counterparty to the value of RUB 1,000,000,000 for a period of 1 year.	Transaction value — RUB 1,000,000,000	29.04.2010
17	Services by the Counterparty (Agent) to the Company (Principal), as follows: <ul style="list-style-type: none"> ■ processing and final disposal of 138,640 cubic meters of drilling waste and waste containing crude oil, accumulated before the Counterparty was consolidated by Rosneft; ■ recultivation of 25 temporary sludge collectors; ■ recultivation of 183 hectares of land polluted by crude oil before the Counterparty was consolidated by Rosneft; to the value of RUB 490,772,000 for a fee of RUB 5,398,500.	Transaction price — RUB 5,398,500 including VAT	29.04.2010
18	Services by the Company to the Counterparty for design, implementation and support of a program for damage insurance of the Counterparty's property, vehicles and mechanisms using the services of an insurance broker to the value of RUB 1,679,030 for a fee to the Company of RUB 2,500.	Transaction price — RUB 2,500 (including VAT).	05.08.2010
19	Services by the Counterparty to the Company in 2010 for storage of archive documents belonging to the Company and relating to Company business in Khanty-Mansiysk Autonomous District for a fee of RUB 50,400 per month to the value of RUB 605,000.	Transaction price — RUB 50,400 per month (including VAT)	05.08.2010
TRANSACTIONS WITH CJSC VANKORNEFT			
<i>Related party:</i> 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)			
1	Sale by the Company to the Counterparty of 34,600 tonnes of petroleum products to the value of RUB 656,683,100, as follows: <ul style="list-style-type: none"> ■ gasoline AI-92/Regular-92 — 500 tonnes, ■ winter/arctic diesel fuel — 33,500 tonnes, ■ jet fuel/synthetic fuel-1 — 600 tonnes. 	Transaction value — RUB 656 683,100 (including VAT)	26.01.2010
2	Lease by the Company to the Counterparty of fixed assets belonging to the Company for a period of 11 months for a lease payment of RUB 1,373,000 per month. Total lease payments for the year are RUB 16,476,000.	Transaction price 1 373,000 per month (including VAT)	26.01.2010
3	Services by the Company (broker) to the Counterparty (consignor) for export sale in 2010 of 12,500,000 tonnes of crude oil belonging to the Counterparty to a value equivalent to USD 7.0 bln for a fee of 0.5% of the value of the crude oil sold, plus VAT. The fee sum, as per the Agreement, is USD 40,000,000 including VAT	Transaction price is represented by a fee equal to 0.5% of value of the oil sold, plus VAT	26.01.2010
4	Services by the Counterparty to the Company in 2010 for organization of a working meeting for Rosneft group companies concerning the legislative context for business, for a fee of RUB 2,000,000.	Transaction price — RUB 2 000,000 (including VAT)	05.03.2010
5	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 21,246,800, as follows: <ul style="list-style-type: none"> ■ Provision by the Company to the Counterparty of the right to use software to the total value of RUB 6,103,000; ■ Services by the Company to the Counterparty for support and technical maintenance of the transferred software for a fee of RUB 15,143,800. 	Transaction value — RUB 21 246,800 (including VAT)	05.03.2010 24.12.2010
6	Services by the Counterparty (Agent) to the Company (Principal) for carrying out geological exploration work at licensed fields of Rosneft in Krasnoyarsk Territory to the value of RUB 1,894,960,400 for a fee of RUB 18,800,000.	Transaction value — RUB 18, 800,000 (including VAT)	05.03.2010
7	Receipt by the Company of interest-free loans from the Counterparty to the value of RUB 3,000,000,000 for a period of one year.	Transaction value — RUB 3,000,000,000 (including VAT)	05.03.2010

Nº	Nature and substantial terms of transaction	Transaction price, price at which transaction was completed	Date of decision
TRANSACTIONS WITH OJSC ROSNEFT–DAGNEFT			
<i>Related party:</i> 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) E.Yu. Khudainatov (from 17.05.2010) — President, Chairman of the Management Board of OJSC Rosneft, Chairman of the Board of Directors of OJSC Rosneft-Dagneft — parties in the transactions G.G. Gilayev (from 26.11.2010) — member of the Management Board of OJSC Rosneft, member of the Board of Directors of OJSC Rosneft-Dagneft — parties in the transactions S.V. Tregub (from 17.05.2010) — member of the Management Board of OJSC Rosneft, member of the Board of Directors of OJSC Rosneft-Dagneft — parties in the transactions			
1	Services in 2010 by the Company, as agent, to the Counterparty for railway transport of 172,500 tonnes of crude oil for an agent fee of RUB 5.31 per tonne (including VAT) to the value of RUB 916,000.	Transaction price — RUB 5.31 per tonne of oil transported (including VAT)	26.01.2010
2	Lease by the Company to the Counterparty of fixed assets belonging to the Company for a period of 11 months for a lease payment of RUB 590,000 per month. Total lease payments for the year are RUB 7,080,000.	Transaction price — RUB 590,000 per month (including VAT)	26.01.2010
3	Services by the Counterparty to the Company for maintenance and technical service for a period of 12 months of real estate belonging to the Company and surplus to production requirements that has been temporarily closed down for a fee of RUB 15,000 per month to the value of RUB 180,000 per year.	Transaction price — RUB 15,000 per month (including VAT)	26.01.2010
4	Provision by the Company (licensor) to the Counterparty (licensee) from 01.03.2010 of unlimited rights to use of the Rosneft KIS software (including ISS NO) for a fee of RUB 124,920.	Transaction value — RUB 124,920 (including VAT)	05.03.2010
5	Provision by the Company to the Counterparty of an interest-free loan for investment financing, as follows: <ul style="list-style-type: none"> ■ loan principal — RUB 29,500,000; ■ loan maturity — 3 years; ■ interest rate — no less than 2/3 of the Bank of Russia refinancing rate. Total transaction value including interest is RUB 37,029,400.	Transaction value — RUB 37,029,400	24.12.2010
6	Provision by the Company to the Counterparty of a loan for investment financing under loan agreement № 0000809/3040D dated 18.11.2009 to the value of RUB 28,500,000 (equivalent to USD 920,000) at an interest rate no less than 2/3 of the Bank of Russia refinancing rate and repayable on 17.11.2012. Total value of the transaction liability including interest is RUB 37,334,220.	Transaction value — RUB 37,334,220	24.12.2010
TRANSACTIONS WITH OJSC GROZNEFTEGAZ			
<i>Related party:</i> 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) E.Yu. Khudainatov (from 25.06.2010) — President, Chairman of the Management Board of OJSC Rosneft, member of the Board of Directors of OJSC Grozneftegaz — parties in the transactions S.V. Tregub (from 25.06.2010) — member of the Management Board of OJSC Rosneft, member of the Board of Directors of OJSC Grozneftegaz — parties in the transactions			
1	Sale by the Company to the Counterparty of 300 tonnes of crude oil to the value of RUB 2,187,200 including VAT.	Transaction value — RUB 2,187,200 (including VAT)	26.01.2010
2	Sale by the Company to the Counterparty of 445.0 mln cubic meters of natural gas to the value of RUB 105,020,000.	Transaction value — RUB 105,020,000 (including VAT)	26.01.2010
3	Lease by the Company to the Counterparty of fixed assets belonging to the Company for a period of 11 months for a lease payment of RUB 806,000 per month. Total lease payments for the year are RUB 9,672,000.	Transaction price — RUB 806,000 per month (including VAT)	26.01.2010
4	Services in 2010 by the Counterparty (as agent) to the Company in organizing custody and escort of rail tanks containing crude oil during their transportation for an agent fee equal to 1% (not including VAT) of the value of the custody and escort services (RUB 6,702,000 not including VAT), amounting to RUB 79,100	Transaction price — RUB 79,100 (including VAT)	26.01.2010
5	Production services by the Counterparty for the Company at fields, where the Company is the license holder: <ul style="list-style-type: none"> ■ 1,580,600 tonnes of crude oil; ■ 2.2 mln cubic meters of natural gas; ■ 572.2 mln cubic meters of associated gas. to the value of RUB 5,034,617,300 and transfer of produced hydrocarbons to the Company for sale.	Transaction value — RUB 5,034,617,300 (including VAT)	05.03.2010
6	Services by the Counterparty (Agent) to the Company (Principal) for: <ul style="list-style-type: none"> ■ preparation of project documentation for development and current monitoring of development of Rosneft fields in the Republic of Chechnya to the value of RUB 41,000,000 for a fee of RUB 629,500; ■ carrying out geological exploration work at Rosneft license areas in the Republic of Chechnya to the value of RUB 206,600,000 for a fee of RUB 1,770,600; ■ carrying out geological exploration and prospecting work associated with construction of prospecting and exploration wells at Rosneft license areas in the Republic of Chechnya to the value of RUB 30,392,000 for a fee of RUB 608,000. Total compensation to the Agent is RUB 3,008,100	Transaction value — RUB 3,008,100 (including VAT)	05.03.2010 05.08.2010
7	Services by the Counterparty (Agent) to the Company (Principal) for closure in 2010 of 20 wells to the value of RUB 59,000,000 (including VAT) for a fee of RUB 295,000.	Transaction price — RUB 295,000 (including VAT)	05.08.2010
8	Information services by the Company to the Counterparty in the period from 01.04.2010 to 31.03.2011 for work stations connected to licensed software of the Company for a fee of RUB 72,500.	Transaction value — RUB 72,500 (including VAT)	05.03.2010
9	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 1,357,800, as follows: <ul style="list-style-type: none"> ■ Provision by the Company to the Counterparty of the right to use software to the total value of RUB 471,600; ■ Services by the Company to the Counterparty for support and technical maintenance of the transferred software for a fee of RUB 886,200. 	Transaction value — RUB 1,357,800 (including VAT)	05.03.2010 24.12.2010

№	Nature and substantial terms of transaction	Transaction price, price at which transaction was completed	Date of decision
TRANSACTIONS WITH LLC POLAR LIGHTS			
<i>Related party:</i> 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)			
1	Services by the Company (Broker) to the Counterparty (Consignor) for export sale in 2010 of 400,000 tonnes of crude oil belonging to the Counterparty for a fee of 0.5% of the value of the crude oil sold, but no more than a sum equivalent to USD 51,000 per month. Total value of the transaction is not greater than the equivalent of USD 722,200.	Transaction price — 0.5% of the value of the oil sold but not exceeding a sum equivalent to USD 51,000 per month.	05.03.2010
TRANSACTIONS WITH OJSC DAGNEFTEGAZ			
<i>Related parties:</i> 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) G.G. Gilayev (from 26.11.2010) — member of the Management Board of OJSC Rosneft member of the Board of Directors of OJSC Dagneftegaz — parties in the transactions			
1	Services by the Company (Broker) to the Counterparty (Consignor) for sale of 294.0 mln cubic meters of gas to the value of RUB 478,750,000 for a fee of 3.0% of the value of the gas sold, amounting to RUB 14,363,000.	Transaction price — RUB 14,363,000 (including VAT)	26.01.2010
TRANSACTIONS WITH OJSC VERKHNECHONSKNEFTEGAZ			
<i>Related party:</i> 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)			
1	Services by the Counterparty to the Company for organizing transportation of 670,000 tonnes of crude oil via the trunk oil pipeline system of OJSC Transneft for a fee of RUB 11.8 /tonne including VAT to the value of RUB 7,906,000.	Transaction value — RUB 7,906,000 (including VAT)	26.01.2010 24.12.2010
2	Purchase by the Company from the Counterparty of 670,000 tonnes of crude oil to the value of RUB 5,455 000,000 including VAT	Transaction value — RUB 5,455,000,000 (including VAT)	26.01.2010 24.12.2010
3	Assignment by the Counterparty to the Company of access rights to the Transneft pipeline system in 2010 for export beyond the customs border of the Russian Federation of 200,000 tonnes of crude oil for a fee of up to RUB 52,000.	Transaction price — RUB 0.22 per tonne of oil, export rights for which are assigned by the transaction (not including VAT).	05.03.2010
4	Provision by the Company to the Counterparty of exclusive rights to use software for measurement tasks for a fee of RUB 50,000.	Transaction value — RUB 50,000 (including VAT)	05.03.2010
5	Provision by the Company to the Counterparty of RUB 2,000,000,000 loans repayable in 5 years at rate of interest equal to the Bank of Russia refinancing rate, for financing of the Verkhnechonsk field. Total transaction value is RUB 3,000,000,000.	Transaction value — RUB 3,000,000,000	29.04.2010
TRANSACTIONS WITH OJSC INGUSHNEFTEGAZPROM			
<i>Related party:</i> 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)			
1	Purchase by the Company from the Counterparty of 112,000 tonnes of saleable crude oil to the value of RUB 1,168,100,000 including VAT	Transaction value — RUB 1 168 10000 (including VAT)	31.10.2010
2	Services by the Company (as agent) to the Counterparty for organizing rail transport of 24,000 tonnes of crude oil for an agent fee of RUB 8.26 per tonne (including VAT) of transported crude to the value of RUB 198,200 (including VAT).	Transaction price — RUB 8.26 per tonne of oil transported (including VAT) Transaction value 198,200 (including VAT)	31.10.2010
TRANSACTIONS WITH LLC RN-KOMSOLSLSK REFINERY			
<i>Related party:</i> 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)			
1	Services by the Counterparty to the Company for closure and temporary closure of fixed assets belonging to the Company (closure and dismantling of 5 fixed-asset facilities), for a fee of RUB 8,807,500.	Transaction value — RUB 8,807,500 (including VAT)	26.01.2010
2	Sale by the Company to the Counterparty of 39,200 tonnes of petroleum products to the value of RUB 62,606,200, as follows: <ul style="list-style-type: none"> ■ summer diesel fuel — 300 tonnes; ■ winter/arctic diesel fuel — 240 tonnes; ■ arctic diesel — 240 tonnes; ■ fuel oil — 2,000 tonnes; ■ technical hydrocarbon gas — 36,400 tonnes. 	Transaction value — RUB 62,606,200 (including VAT)	26.01.2010
3	Services by the Counterparty to the Company for refining of 7,759.122 tonnes of crude oil for a fee of RUB 637.3 per tonne of crude oil refined to the value of RUB 4,944,894,000.	Transaction price — RUB 637.3 (including VAT) per tonne of oil refined	26.01.2010 24.12.2010
4	Sale by the Company to the Counterparty of 23.8 mln cubic meters of natural gas to the value of RUB 80,673,200.	Transaction value — RUB 80,673,200 (including VAT)	26.01.2010
5	Lease by the Company to the Counterparty of fixed assets belonging to the Company for a period of 11 months for a lease payment of RUB 91,764,000 per month. Total lease payments for the year are RUB 1,101,168,000.	Transaction price — RUB 91,764,000 per month (including VAT)	26.01.2010
6	The Counterparty undertakes to carry out legal and other actions connected with registration of rights to and transactions with real estate in Khabarovsk Territory.	Transaction price — RUB 60,000 (including VAT)	26.01.2010

Nº	Nature and substantial terms of transaction	Transaction price, price at which transaction was completed	Date of decision
7	The Counterparty undertakes to carry out legal and other actions connected with organization of land use and regulation of land business of the Company with holders of rights to land plots occupied by Company facilities in Khabarovsk Territory on behalf of and at the expense of the Company for a fee of RUB 60,000.	Transaction price — RUB 60,000 (including VAT)	26.01.2010
8	Services by the Counterparty (Agent) to the Company (Principal) for capital construction of production facilities to the value of RUB 7,339,000,000 for a fee of RUB 168,420,000.	Transaction price — RUB 168,420,000 (including VAT)	05.03.2010
9	Rendering by the Counterparty of legal services to the Company for a fee of 160,800 per month (including VAT) to the value of RUB 1,929,600.	Transaction price — 160,800 per month (including VAT)	05.03.2010
10	Services by the Company to the Counterparty in 2010 of services of technical support of Aspen PIMS software for a fee of RUB 700.	Transaction value — RUB 700 (including VAT)	05.03.2010
11	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 3,888,700, as follows: <ul style="list-style-type: none"> ■ Provision by the Company to the Counterparty of the right to use software to the total value of RUB 2,208,700 ■ Services by the Company to the Counterparty for support and technical maintenance of the transferred software for a fee of RUB 1,680,000. 	Transaction value — RUB 3,888,700 (including VAT)	05.03.2010 24.12.2010
12	Services by the Company to the Counterparty for design, implementation and support of a program for damage insurance of the Counterparty's property, vehicles and mechanisms using the services of an insurance broker to the value of RUB 708,500, for a fee to the Company of RUB 2,500.	Transaction price — RUB 2,500 (including VAT)	05.08.2010
13	Receipt by the Company of interest-free loans from the Counterparty to the value of RUB 100,000,000 for a period of 1 year.	Transaction value — RUB 100,000,000	29.04.2010
14	Services by the Counterparty to the Company for storage and sale of secondary resources belonging to the Company and surplus to requirements for a fee of RUB 1,500,000.	Transaction value — RUB 1,500,000 (including VAT)	24.12.2010
TRANSACTIONS WITH LLC RN-PRIMORSKY REFINERY			
<i>Related party:</i> 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)			
1	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 3,265,200, as follows: <ul style="list-style-type: none"> ■ Provision by the Company to the Counterparty of the right to use software to the total value of RUB 2,011,900; ■ Services by the Company to the Counterparty for support and technical maintenance of the transferred software for a fee of RUB 1 253,300. 	Transaction value — RUB 3,265,200 (including VAT)	05.03.2010 24.12.2010
2	Transfer by the Company to the Counterparty of the rights and duties of a lessor under Agreement №314 for lease of a land plot dated 11.06.2009, contracted between Rosneft and the Municipal Property Department of Partisan District of Primorsky Territory (cadastral number of the plot 25:13:030202:1497, total area 269,611 sq m), for a fee of RUB 33,800.	Transaction price — RUB 33,800	29.04.2010
3	Transfer by the Company to the Counterparty of the rights and duties of a lessor under Agreement №315 for lease of a land plot dated 19.06.2009, contracted between Rosneft and the Municipal Property Department of Partisan District of Primorsky Territory (cadastral number of the plot 25:13:030202:4895, total area 202,065 sq m), for a fee of RUB 23,600.	Transaction price — RUB 23,600	29.04.2010
TRANSACTIONS WITH LLC RN-TUAPSE REFINERY			
<i>Related party:</i> 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)			
1	Services by the Counterparty to the Company for refining of 4,517,000 tonnes of crude oil for a fee of RUB 476.63 per tonnes of crude oil refined to the value of RUB 2,153,033,000.	Transaction price — RUB 476.63 (including VAT) per tonne of oil refined	26.01.2010 24.12.2010
2	Sale by the Company to the Counterparty of 39,300 tonnes of petroleum products to the value of RUB 263,309,200, as follows: <ul style="list-style-type: none"> ■ Liquid fuel for heat and power stations — 26,900 tonnes; ■ Gas fuel for heat and power stations — 12,400 tonnes. 	Transaction value — RUB 263,309,200 (including VAT)	26.01.2010
3	Lease by the Company to the Counterparty of fixed assets belonging to the Company for a period of 11 months for a lease payment of RUB 68,015,000 per month. Total lease payments for the year are RUB 816,180,000.	Transaction price — RUB 68,015,000 per month (including VAT)	26.01.2010
4	The Counterparty undertakes to carry out legal and other actions connected with registration of rights to and transactions with real estate in Krasnodar territory.	Transaction price — RUB 60,000 (including VAT)	26.01.2010
5	The Counterparty undertakes to carry out legal and other actions connected with organization of land use and regulation of land business of the Company with holders of rights to land plots occupied by Company facilities in Krasnodar Territory on behalf of and at the expense of the Company for a fee of RUB 60,000.	Transaction price — RUB 60,000 (including VAT)	26.01.2010
6	Services by the Company to the Counterparty in 2010 for technical support of Aspen PIMS software for a fee of RUB 700.	Transaction value — RUB 0,700 (including VAT)	05.03.2010
7	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 7,120,300, as follows: <ul style="list-style-type: none"> ■ Provision by the Company to the Counterparty of the right to use software to the total value of RUB 2,936,000; ■ Services by the Company to the Counterparty for support and technical maintenance of the transferred software for a fee of RUB 4,184,300. 	Transaction value — RUB 7,120,300 (including VAT)	05.03.2010 24.12.2010
8	Services in 2010 by the Counterparty (agent) to the Company (principal) for organizing capital construction of production facilities to the value of RUB 22,777,773,400 (including VAT) for a fee of RUB 309,369,600 (including VAT).	Transaction price — RUB 309,369,600 (including VAT)	05.03.2010 24.12.2010

№	Nature and substantial terms of transaction	Transaction price, price at which transaction was completed	Date of decision
9	Services by the Company to the Counterparty for design, implementation and support of a program for damage insurance of the Counterparty's property, vehicles and mechanisms using the services of an insurance broker to the value of RUB 220,500, for a fee to the Company of RUB 2,500.	Transaction price — RUB 2,500 (including VAT)	05.08.2010
10	Receipt by the Company of interest-free loans from the Counterparty to the value of RUB 2,000,000,000 for a period of 1 year.	Transaction value — RUB 2,000,000,000	29.04.2010
11	Receipt by the Company of an interest-free loan from the Counterparty under loan agreement № 0000806/1557D dated 03.10.2006 to the value of RUB 800,000,000 (equivalent to USD 25.89 mln), repayable on 01.10.2013.	Transaction value — RUB 800,000,000	24.12.2010
TRANSACTIONS WITH OJSC ROSNEFT-MZ NEFTEPRODUKT			
<i>Related party:</i> 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) V.V. Ploskina (until 26.11.2010) — member of the Management Board of OJSC Rosneft, member of the Board of Directors of OJSC Rosneft-MZ Nefteprodukt — parties in the transactions			
1	Sale by the Company to the Counterparty of 3,000 tonnes of petroleum products to the value of RUB 60,000,000, as follows: ■ lubricants and additives — 3,000 tonnes	Transaction value — RUB 60,000,000 (including VAT)	26.01.2010
2	Lease by the Company to the Counterparty of fixed assets belonging to the Company for a period of 11 months for a lease payment of RUB 28,000 per month. Total lease payments for the year are RUB 336,000.	Transaction price — RUB 28,000 per month (including VAT)	26.01.2010
3	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 185,500.	Transaction value — RUB 185,500 (including VAT)	05.03.2010
TRANSACTIONS WITH OJSC ROSNEFT-ALTAINEFTEPRODUKT			
<i>Related party:</i> 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)			
1	Lease by the Company to the Counterparty of fixed assets belonging to the Company for a period of 11 months for a lease payment of RUB 489,000 per month. Total lease payments for the year are RUB 5,868,000.	Transaction price — RUB 489,000 per month (including VAT)	26.01.2010
2	The Counterparty undertakes to carry out legal and other actions connected with organization of land use and regulation of land business of the Company with holders of rights to land plots occupied by Company facilities in Altai Territory on behalf of and at the expense of the Company for a fee of RUB 60,000.	Transaction price — RUB 60,000 (including VAT)	26.01.2010
3	The Counterparty undertakes to carry out legal and other actions connected with registration of rights to and transactions with real estate in Altai Territory.	Transaction price — RUB 60,000 (including VAT)	26.01.2010
4	Sale by the Company to the Counterparty of 383,600 tonnes of petroleum products to the value of RUB 7,505,881,400, as follows: ■ gasoline A-76/Normal-80 — 54,900 tonnes, ■ gasoline AI-92/Regular-92 — 139,700 tonnes, ■ gasoline AI-95/Premium-95 — 11,000 tonnes, ■ gasoline AI-98/Super-98 — 700 tonnes, ■ summer diesel fuel — 144,900 tonnes, ■ winter/arctic diesel fuel — 29,000 tonnes, ■ lubricants — 3,300 tonnes.	Transaction value — RUB 7,505,881,400 (including VAT)	26.01.2010
5	Services by the Counterparty to the Company for receipt, storage and dispatch of 371,400 tonnes of petroleum products belonging to the Company for a fee of RUB 319.07 per tonne of petroleum products received and dispatched and RUB 2.03 per tonne of petroleum products stored.	Transaction price: ■ RUB 319.07 (including VAT) per tonne of petroleum products received and dispatched; ■ RUB 2.03 (including VAT) per day per tonne of products stored. Transaction value — RUB 119,248,000	26.01.2010
6	Services by the Counterparty (Agent) to the Company (Principal) for capital construction of production facilities to the value of RUB 105,000,000 for a fee of RUB 1,040,000.	Transaction price — RUB 1,040,000 (including VAT)	05.03.2010
7	Acquisition by the Company of a land plot (cadastral number — 22:28:010703:0047) with area of 9,867,000 sq m, located at the address: 12E Neftebaza street, Mikhailovskoye village, Mikhailovsky District, Altai Territory at a price of RUB 114,600 (not subject to VAT)	Transaction price — RUB 114,600 (not subject to VAT)	05.03.2010
8	Services by the Company to the Counterparty in 2010 for technical support of software (automated accounting and control system for movement of petroleum products through the fuel-carrying system) for a fee of RUB 176,600.	Transaction value — RUB 176,600 (including VAT)	05.03.2010
9	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 907,610, including: ■ Provision by the Company to the Counterparty of the right to use software to the total value of RUB 296,410; ■ Services by the Company to the Counterparty for support and technical maintenance of the transferred software for a fee of RUB 611,200.	Transaction value — RUB 907,610 (including VAT)	05.03.2010 24.12.2010
10	Provision by the Company to the Counterparty of RUB 68,300,000 loans with interest rate no less than 2/3 of the Bank of Russia refinancing rate for investment financing for a period up to 3 years. Total transaction sum including interest is RUB 88,790,000.	Transaction value — RUB 88,790,000	05.08.2010
11	The Company provides trademarks registered in the Company's name to the Counterparty during the validity of their official registration with exclusive rights of use for business purposes in the Russian Federation, for a fee of RUB 53,100 per quarter	Transaction value — RUB 53,100 per quarter (including VAT).	24.12.2010

№	Nature and substantial terms of transaction	Transaction price, price at which transaction was completed	Date of decision
TRANSACTIONS WITH OJSC ROSNEFT-ARTAG			
<i>Related party:</i> 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)			
1	Sale by the Company to the Counterparty of 42,400 tonnes of petroleum products to the value of RUB 853,607,400, as follows: <ul style="list-style-type: none"> ■ gasoline A-76/Normal-80 —1,900 tonnes; ■ gasoline AI-92/Regular-92 —29,000 tonnes; ■ gasoline AI-95/Premium-95 —3,700 tonnes; ■ summer diesel fuel —7,400 tonnes; ■ arctic diesel fuel —400 tonnes. 	Transaction value — RUB 853,607,400 (including VAT)	26.01.2010
2	Lease by the Company to the Counterparty of fixed assets belonging to the Company for a period of 11 months for a lease payment of RUB 340,000 per month. Total lease payments for the year are RUB 4,080,000.	Transaction price — RUB 340,000 per month (including VAT)	26.01.2010
3	The Counterparty undertakes to carry out legal and other actions connected with organization of land use and regulation of land business of the Company with holders of rights to land plots occupied by Company facilities in the Republic of North Ossetia-Alania on behalf of and at the expense of the Company for a fee of RUB 60,000.	Transaction price — RUB 60,000 (including VAT)	26.01.2010
4	Services by the Company to the Counterparty in 2010 for technical support of software (automated accounting and control system for movement of petroleum products through the fuel-carrying system) for a fee of RUB 176,600.	Transaction value — RUB 176,600 (including VAT)	05.03.2010
5	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 309,600.	Transaction value — RUB 309,600 (including VAT)	05.03.2010
6	Provision by the Company to the Counterparty of RUB 28 880,000 loans with interest rates no less than 2/3 of the Bank of Russia refinancing rate for 3 years Total transaction value including interest is RUB 37,544,000..	Transaction value — RUB 37,544,000	05.08.2010
7	The Company provides trademarks registered in the Company's name to the Counterparty during the validity of their official registration with exclusive rights of use for business purposes in the Russian Federation, for a fee of RUB 53,100 per quarter.	Transaction value — RUB 53,100 per quarter (including VAT).	24.12.2010
TRANSACTIONS WITH OJSC ROSNEFT-KABARDINO-BALKARIA FUEL COMPANY			
<i>Related party:</i> 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) V.V. Ploskina (until 22.06.2010) — member of the Management Board of OJSC Rosneft, member of the Board of Directors of OJSC Rosneft-Kabardino-Balkaria Fuel Company — parties in the transactions			
1	Sale by the Company to the Counterparty of 109,600 tonnes of petroleum products to the value of RUB 1,818,305,700, as follows: <ul style="list-style-type: none"> ■ gasoline A-76/Normal-80 —6,700 tonnes; ■ gasoline AI-92/Regular-92 —43,100 tonnes; ■ gasoline AI-95/Premium-95 —1,000 tonnes; ■ diesel fuel —22,800 tonnes; ■ straight-run gasoline —14,400 tonnes; ■ fuel oil —19,800 tonnes; ■ propane-butane mixture —1,800 tonnes. 	Transaction value — RUB 1,818,305,700 (including VAT)	26.01.2010
2	Sale by the Company to the Counterparty of 72,000 tonnes of crude oil to the value of RUB 618,508,800 including VAT,	Transaction value — RUB 618,508,800 (including VAT)	26.01.2010
3	Lease by the Company to the Counterparty of fixed assets belonging to the Company for a period of 11 months for a lease payment of RUB 1,240,000 per month. Total lease payments for the year are RUB 14,880,000.	Transaction price — RUB 1,240,000 per month (including VAT)	26.01.2010
4	The Counterparty undertakes to carry out legal and other actions connected with organization of land use and regulation of land business of the Company with holders of rights to land plots occupied by Company facilities in the Republic of Kabardino-Balkaria on behalf of and at the expense of the Company for a fee of RUB 60,000.	Transaction price — RUB 60,000 (including VAT)	26.01.2010
5	Services by the Company to the Counterparty in 2010 for technical support of software (automated accounting and control system for movement of petroleum products through the fuel-carrying system) for a fee of RUB 176,600.	Transaction value — RUB 176,600 (including VAT)	05.03.2010
6	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 306,600.	Transaction value — RUB 306,600 (including VAT)	05.03.2010
7	Services by the Counterparty (agent) to the Company (principal) at all stages of the investment process for organization of the construction of an administrative building in the city of Nalchik to the value of RUB 1,271,880,200, as follows: <ul style="list-style-type: none"> ■ 2008 – RUB 44,907,820 (paid); ■ 2010 – RUB 475,247,520 (planned); ■ 2011 – RUB 751,724,860 (planned); for a fee of 1% of the value of construction but not more than RUB 12,718,800, as follows: <ul style="list-style-type: none"> ■ 2008 – RUB 449,080 (paid); ■ 2010 – RUB 4,752,470 (planned); ■ 2011 – RUB 7,517,250 (planned). The work is scheduled for completion on December 30, 2011. The building is scheduled to be commissioned in 2012.	Transaction price — RUB 12,718,800 (including VAT)	31.10.2010
8	The Company provides trademarks registered in the Company's name to the Counterparty during the validity of their official registration with exclusive rights of use for business purposes in the Russian Federation, for a fee of RUB 53,100 per quarter.	Transaction value — RUB 53,100 per quarter (including VAT).	24.12.2010

№	Nature and substantial terms of transaction	Transaction price, price at which transaction was completed	Date of decision
TRANSACTIONS WITH OJSC ROSNEFT-KARACHAEVO-CHERKESNEFTEPRODUKT			
<p><i>Related party:</i> 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) V.V. Ploskina (until 05.06.2010) — member of the Management Board of OJSC Rosneft, member of the Board of Directors of OJSC Rosneft-Karachaevo-Cherkessnefteprodukt — parties in the transactions</p>			
1	Sale by the Company to the Counterparty of 51,800 tonnes of petroleum products to the value of RUB 1,020,641,800, as follows: <ul style="list-style-type: none"> ■ gasoline A-76/Normal-80 —3,900 tonnes; ■ gasoline AI-92/Regular-92 —31,700 tonnes; ■ gasoline AI-95/Premium-95 —2,700 tonnes; ■ gasoline AI-98/Super-98 —4 tonnes; ■ summer diesel fuel —13,300 tonnes; ■ lubricants —200 tonnes. 	Transaction value — RUB 1,020,641,800 (including VAT)	26.01.2010
2	Lease by the Company to the Counterparty of fixed assets belonging to the Company for a period of 11 months for a lease payment of RUB 4,459,000 per month. Total lease payments for the year are RUB 53,508,000.	Transaction price — RUB 4,459,000 per month (including VAT)	26.01.2010
3	The Counterparty undertakes to carry out legal and other actions connected with registration of rights to and transactions with real estate in the Republic of Karachaevo-Cherkessia.	Transaction price — RUB 60,000 (including VAT)	26.01.2010
4	The Counterparty undertakes to carry out legal and other actions connected with organization of land use and regulation of land business of the Company with holders of rights to land plots occupied by Company facilities in the Republic of Karachaevo-Cherkessia on behalf of and at the expense of the Company for a fee of RUB 60,000.	Transaction price — RUB 60,000 (including VAT)	26.01.2010
5	Services by the Counterparty (agent) to the Company (principal) for capital construction of production facilities to the value of RUB 21,000,000 for a fee of RUB 210,000.	Transaction price — RUB 210,000 (including VAT)	05.03.2010
6	Services by the Company to the Counterparty in 2010 for technical support of software (automated accounting and control of movement of petroleum products through the fuel-carrying system) for a fee of RUB 176,600.	Transaction value — RUB 176,600 (including VAT)	05.03.2010
7	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 876,200, as follows: <ul style="list-style-type: none"> ■ Provision by the Company to the Counterparty of the right to use software to the total value of RUB 293,600; ■ Services by the Company to the Counterparty for support and technical maintenance of the transferred software for a fee of RUB 582,600 	Transaction value — RUB 876,200 (including VAT)	05.03.2010 24.12.2010
8	Provision by the Company to the Counterparty of RUB 7,640,000 loans at interest rates not less than 2/3 of the Bank of Russia refinancing rate for investment financing purposes for a period of 3 years. Total transaction value is RUB 9 932,000	Transaction value — RUB 9,932,000	05.08.2010
9	The Company provides trademarks registered in the Company's name to the Counterparty during the validity of their official registration with exclusive rights of use for business purposes in the Russian Federation, for a fee of RUB 53,100 per quarter.	Transaction value — RUB 53,100 per quarter (including VAT).	24.12.2010
TRANSACTIONS WITH OJSC ROSNEFT-KUBANNEFTEPRODUKT			
<p><i>Related party:</i> 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)</p>			
1	Sale by the Company to the Counterparty of 872,100 tonnes of petroleum products to the value of RUB 16,238,676,800, as follows: <ul style="list-style-type: none"> ■ gasoline A-76/Normal-80 —90,300 tonnes, ■ gasoline AI-92/Regular-92 —318,900 tonnes, ■ gasoline AI-95/Premium-95 —59,400 tonnes, ■ gasoline AI-98/Super-98 —120 tonnes, ■ diesel fuel —365,700 tonnes, ■ fuel oil —24,000 tonnes, ■ lubricants —9,000 tonnes, ■ petrochemicals —4,600 tonnes. 	Transaction value — RUB 16,238,676,800 (including VAT)	26.01.2010
2	The Counterparty undertakes to carry out legal and other actions connected with organization of land use and regulation of land business of the Company with holders of rights to land plots occupied by Company facilities in Krasnodar Territory on behalf of and at the expense of the Company for a fee of RUB 60,000.	Transaction price — RUB 60,000 (including VAT)	26.01.2010
3	The Counterparty undertakes to carry out legal and other actions connected with registration of rights to and transactions with real estate in Krasnodar Territory.	Transaction price — RUB 60,000 (including VAT)	26.01.2010
4	Lease by the Company to the Counterparty of fixed assets belonging to the Company for a period of 11 months for a lease payment of RUB 8,162,000 per month. Total lease payments for the year are RUB 97,944,000.	Transaction price — RUB 8,162,000 per month (including VAT)	26.01.2010
5	Services by the Company to the Counterparty in 2010 for technical support of software (automated accounting and control of movement of petroleum products through the fuel-carrying system) for a fee of RUB 176,600.	Transaction value — RUB 176,600 (including VAT)	05.03.2010
6	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 989,600, as follows: <ul style="list-style-type: none"> ■ Provision by the Company to the Counterparty of the right to use software to the total value of RUB 310,600; ■ Services by the Company to the Counterparty for support and technical maintenance of the transferred software for a fee of RUB 679,000. 	Transaction value — RUB 989,600 (including VAT)	05.03.2010 24.12.2010
7	Services by the Counterparty (agent) to the Company (principal) for organization of upgrades, and capital construction of production facilities belonging to the Company (3 filling stations additionally as per list) to the value of RUB 918,093,000 (including VAT and reimbursement of project work to the value of RUB 3,300,000 carried out by OJSC Rosneft Oil Company —Kubannefteprodukt in 2009-2010) for an agent fee of RUB 9,090,000.	Transaction price — RUB 9,090,000 (including VAT)	05.03.2010

Nº	Nature and substantial terms of transaction	Transaction price, price at which transaction was completed	Date of decision
8	Provision by the Company to the Counterparty of RUB 1,134,300 loans at interest rates not less than 2/3 of the Bank of Russia refinancing rate for investment financing purposes for a period of 3 years. Total transaction value is RUB 1,474,590,000.	Transaction value — RUB 1,474,590,000	05.08.2010
9	The Company provides trademarks registered in the Company's name to the Counterparty during the validity of their official registration with exclusive rights of use for business purposes in the Russian Federation, for a fee of RUB 53,100 per quarter.	Transaction value — RUB 53,100 per quarter (including VAT).	24.12.2010
TRANSACTIONS WITH OJSC ROSNEFT-KURGANNEFTEPRODUKT			
<i>Related party:</i> 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)			
1	Sale by the Company to the Counterparty of 192,800 tonnes of petroleum products to the value of RUB 3,952,015,900, as follows: <ul style="list-style-type: none"> ■ gasoline A-76/Normal-80 —22,900 tonnes, ■ gasoline AI-92/Regular-92 —81,900 tonnes, ■ gasoline AI-95/Premium-95 —10,900 tonnes, ■ gasoline AI-98/Super-98 —100 tonnes, ■ summer diesel fuel —53,400 tonnes, ■ winter/arctic diesel fuel —16,800 tonnes, ■ bitumen —1,000 tonnes, ■ lubricants —5,600 tonnes, ■ petrochemicals —230 tonnes. 	Transaction value — RUB 3,952,015,900 (including VAT)	26.01.2010
2	Services by the Counterparty to the Company for receipt, storage and dispatch of 60,000 tonnes of petroleum products belonging to the Company, for a fee of RUB 100 per tonne for receipt and dispatch and RUB 3.7 per tonne per day for storage. Transaction value is RUB 8,220,000	Transaction price: RUB 100.0 (including VAT) per tonne of petroleum products received and dispatched; RUB 3.7 (including VAT) per day per tonne of products stored.	26.01.2010
3	Lease by the Company to the Counterparty of fixed assets belonging to the Company for a period of 11 months for a lease payment of RUB 1,959,000 per month. Total lease payments during the year are RUB 23,508,000.	Transaction price — RUB 1,959,000 per month (including VAT)	26.01.2010
4	The Counterparty undertakes to carry out legal and other actions connected with registration of rights to and transactions with real estate in Kurgan Region.	Transaction price — RUB 60,000 (including VAT)	26.01.2010
5	The Counterparty undertakes to carry out legal and other actions connected with organization of land use and regulation of land business of the Company with holders of rights to land plots occupied by Company facilities in Kurgan Region on behalf of and at the expense of the Company for a fee of RUB 60,000.	Transaction price — RUB 60,000 (including VAT)	26.01.2010
6	Services by the Company to the Counterparty in 2010 for technical support of software (automated accounting and control of movement of petroleum products through the fuel-carrying system) for a fee of RUB 176,600.	Transaction value — RUB 176,600 (including VAT)	05.03.2010
7	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 1,287,100, as follows: <ul style="list-style-type: none"> ■ Provision by the Company to the Counterparty of the right to use software to the total value of RUB 365,700; ■ Services by the Company to the Counterparty for support and technical maintenance of the transferred software for a fee of RUB 921,400. 	Transaction value — RUB 1,287,100 (including VAT)	05.03.2010 24.12.2010
8	Services by the Counterparty to the Company for storage and sale of secondary resources belonging to the Company and surplus to requirements for a fee of RUB 30,000.	Transaction value — RUB 30,000 (including VAT)	24.12.2010
9	The Company provides trade marks registered in the Company's name to the Counterparty during the validity of their official registration with exclusive rights of use for business purposes in the Russian Federation, for a fee of RUB 53,100 per quarter.	Transaction value — RUB 53,100 per quarter (including VAT).	24.12.2010
TRANSACTIONS WITH OJSC ROSNEFT-MURMANSKNEFTEPRODUKT			
<i>Related party:</i> 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) V.V. Ploskina (until 22.05.2010) — member of the Management Board of OJSC Rosneft, member of the Board of Directors of OJSC Rosneft-Murmansknefteprodukt — parties in the transactions			
1	Sale by the Company to the Counterparty of 111,200 tonnes of petroleum products to the value of RUB 1,993,066,200, as follows: <ul style="list-style-type: none"> ■ gasoline A-76/Normal-80 —9,900 tonnes, ■ gasoline AI-92/Regular-92 —31,900 tonnes, ■ gasoline AI-95/Premium-95 —20,000 tonnes, ■ summer diesel fuel —21,800 tonnes, ■ winter/arctic diesel fuel —3,100 tonnes, ■ fuel oil —24,000 tonnes, ■ lubricants —430 tonnes, ■ jet fuel/synthetic fuel-1 —200 tonnes. 	Transaction value — RUB 1,993,066,200 (including VAT)	26.01.2010
2	Services by the Counterparty to the Company for receipt, storage and dispatch of 90,000 tonnes of petroleum products belonging to the Company for a fee of RUB 450.0 per tonne for receipt and dispatch and RUB 10.0 per tonne per day for storage. Transaction value —RUB 150,000,000	Transaction price: RUB 450.0 (including VAT) per tonne of petroleum products received and dispatched; RUB 10.0 (including VAT) per day per tonne of products stored. Transaction value — RUB 150,000,000	26.01.2010
3	Lease by the Company to the Counterparty of fixed assets belonging to the Company for a period of 11 months for a lease payment of RUB 2,251,000 per month. Total lease payments for the year are RUB 27,012,000.	Transaction price — RUB 2,251,000 per month (including VAT)	26.01.2010

Nº	Nature and substantial terms of transaction	Transaction price, price at which transaction was completed	Date of decision
4	Services by the Counterparty to the Company for closure and temporary closure of fixed assets belonging to the Company (making plans for closure of a tank farm) for a fee of RUB 1,000,000.	Transaction value — RUB 1,000,000 (including VAT)	26.01.2010
5	Services by the Company to the Counterparty in 2010 for technical support of software (automated accounting and control of movement of petroleum products through the fuel-carrying system) for a fee of RUB 176,600.	Transaction value — RUB 176,600 (including VAT)	05.03.2010
6	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 906,800, as follows: Provision by the Company to the Counterparty of the right to use software to the total value of RUB 300,200; Services by the Company to the Counterparty for support and technical maintenance of the transferred software for a fee of RUB 606,600.	Transaction value — RUB 906,800 (including VAT)	05.03.2010 24.12.2010
7	Provision by the Company to the Counterparty of RUB 14,480,000 loans for 3 years for investment financing at interest rate no less than 2/3 of the Bank of Russia refinancing rate. Total transaction value is RUB 18,824,000.	Transaction value — RUB 18,824,000	05.08.2010
8	Provision by the Company to the Counterparty of RUB 476,400,000 loans at interest rates not less than 2/3 of the Bank of Russia refinancing rate for a period of 1 year to finance current operations. Total transaction value is RUB 524,040,000.	Transaction value — RUB 524,040,000	05.08.2010
9	Services by the Counterparty (Agent) to the Company (Principal) for organizing capital construction of facilities in Murmansk Region to the value of RUB 1,000,000 (including VAT) for a fee of RUB 9,900.	Transaction price — RUB 9,900 (including VAT)	24.12.2010
10	The Company provides trademarks registered in the Company's name to the Counterparty during the validity of their official registration with exclusive rights of use for business purposes in the Russian Federation, for a fee of RUB 53,100 per quarter.	Transaction value — RUB 53,100 per quarter (including VAT).	24.12.2010

TRANSACTIONS WITH OJSC ROSNEFT-SMOLENSKNEFTEPRODUKT

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)

S.V. Karaganov (until 15.05.2010) — member of the Management Board of OJSC Rosneft, member of the Board of Directors of OJSC Rosneft-Smolensknefteprodukt — parties in the transactions

1	Sale by the Company to the Counterparty of 509,900 tonnes of petroleum products to the value of RUB 8,845,841,500, as follows: <ul style="list-style-type: none"> ■ gasoline A-76/Normal-80 —27,200 tonnes, ■ gasoline AI-92/Regular-92 —90,400 tonnes, ■ gasoline AI-95/Premium-95 —22,000 tonnes, ■ gasoline AI-98/Super-98 —100 tonnes, ■ summer diesel fuel —331,700 tonnes, ■ winter/arctic diesel fuel —36,900 tonnes, ■ lubricants —1,600 tonnes. 	Transaction value — RUB 8,845,841,500 (including VAT)	26.01.2010
2	Services by the Counterparty to the Company for receipt, storage and dispatch of 530,000 tonnes of petroleum products, belonging to the Company, for a fee of RUB 477.0 per tonne for receipt and dispatch and RUB1.9 per tonne per day for storage. Transaction value is RUB 120,800,000.	Transaction price: RUB 477.00 (including VAT) per tonne of petroleum products received and dispatched; RUB 1.9 (including VAT) per day per tonne of products stored. Transaction value — RUB 120,800,000.	26.01.2010
3	Lease by the Company to the Counterparty of fixed assets belonging to the Company for a period of 11 months for a lease payment of RUB 1,694,000 per month. Total lease payments for the year are RUB 20,328,000.	Transaction price — RUB 1,694,000 per month (including VAT)	26.01.2010
4	The Counterparty undertakes to carry out legal and other actions connected with registration of rights to and transactions with real estate in Smolensk Region.	Transaction price — RUB 60,000 (including VAT)	26.01.2010
5	Services by the Counterparty to the Company for closure and temporary closure of fixed assets belonging to the Company (closure and dismantling of 1 fixed-assets facility) for a fee of RUB 7,035,000.	Transaction value — RUB 7,035,000 (including VAT)	26.01.2010
6	The Counterparty undertakes to carry out legal and other actions connected with organization of land use and regulation of land business of the Company with holders of rights to land plots occupied by Company facilities in Smolensk Region on behalf of and at the expense of the Company for a fee of RUB 60,000.	Transaction price — RUB 60,000 (including VAT)	26.01.2010
7	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 1,184,500, as follows: <ul style="list-style-type: none"> ■ Provision by the Company to the Counterparty of the right to use software to the total value of RUB 235,500; ■ Services by the Company to the Counterparty for support and technical maintenance of the transferred software for a fee of RUB 949,000. 	Transaction value — RUB 1,184,500 (including VAT)	05.03.2010 24.12.2010
8	Provision by the Company to the Counterparty of RUB 352,450,000 interest free loans for investment financing for a period of 3 years.	Transaction value — RUB 352,450,000	05.08.2010
9	Services by the Counterparty to the Company for maintenance and technical service of real estate belonging to the Company that it not needed for production and has been temporarily closed, for a fee of RUB 90,800 per month, to the value of RUB 1,089,600 during the period.	Transaction price — RUB 90,800 per month (including VAT)	28.06.2010
10	The Company provides trademarks registered in the Company's name to the Counterparty during the validity of their official registration with exclusive rights of use for business purposes in the Russian Federation, for a fee of RUB 53,100 per quarter.	Transaction value — RUB 53,100 per quarter (including VAT).	24.12.2010

TRANSACTIONS WITH OJSC ROSNEFT-STAVROPOLYE

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)

№	Nature and substantial terms of transaction	Transaction price, price at which transaction was completed	Date of decision
1	Sale by the Company to the Counterparty of 368,600 tonnes of petroleum products to the value of RUB 6,920,829,300, as follows: <ul style="list-style-type: none"> ■ gasoline A-76/Normal-80 —29,400 tonnes, ■ gasoline AI-92/Regular-92 —162,300 tonnes, ■ gasoline AI-95/Premium-95 —20,500 tonnes, ■ summer diesel fuel —130,000 tonnes, ■ winter diesel fuel —2,500 tonnes, ■ straight-run gasoline —15,000 tonnes, ■ lubricants —2,200 tonnes, ■ petrochemicals —6,600 tonnes. 	Transaction value — RUB 6,920,829,300 (including VAT)	26.01.2010
2	Services by the Counterparty to the Company for receipt, storage and dispatch of 21,100 tonnes of petroleum products, belonging to the Company, for a fee of RUB 521.0 per tonne for receipt, dispatch and storage. Transaction value is RUB 11,000,000	Transaction price — RUB 521.0 (including VAT) per tonne of petroleum products received, stored and dispatched Transaction value — RUB 11,000,000	26.01.2010
3	Lease by the Company to the Counterparty of fixed assets belonging to the Company for a period of 11 months for a lease payment of RUB 40,700 per month. Total lease payments for the year are RUB 488,400.	Transaction price — RUB 40,700 per month (including VAT)	26.01.2010
4	Services by the Company to the Counterparty in 2010 for technical support of software (automated accounting and control of movement of petroleum products through the fuel-carrying system) for a fee of RUB 176,600.	Transaction value — RUB 176,600 (including VAT)	05.03.2010
5	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 781,800, as follows: <ul style="list-style-type: none"> ■ Provision by the Company to the Counterparty of the right to use software to the total value of RUB 164,000; ■ Services by the Company to the Counterparty for support and technical maintenance of the transferred software for a fee of RUB 617,800. 	Transaction value — RUB 781,800 (including VAT)	05.03.2010 24.12.2010
6	Receipt by the Company of interest-free loans from the Counterparty to the value of RUB 150,000,000 for a period of 1 year.	Transaction value — RUB 150,000,000	29.04.2010
7	Provision by the Company to the Counterparty of RUB 260 874,000 interest-free loans for 1 year for financing of current operations.	Transaction value — RUB 260,874,000	05.08.2010
8	The Company provides trademarks registered in the Company's name to the Counterparty during the validity of their official registration with exclusive rights of use for business purposes in the Russian Federation, for a fee of RUB 53,100 per quarter.	Transaction value — RUB 53,100 per quarter (including VAT).	24.12.2010

TRANSACTIONS WITH OJSC ROSNEFT-YAMALNEFTEPRODUKT

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)

1	Sale by the Company to the Counterparty of 35,300 tonnes of petroleum products to the value of RUB 858,561,500, as follows: <ul style="list-style-type: none"> ■ gasoline A-76/Normal-80 —3,400 tonnes, ■ gasoline AI-92/Regular-92 —14,800 tonnes, ■ gasoline AI-95/Premium-95 —6,300 tonnes, ■ winter/arctic diesel fuel —10,800 tonnes. 	Transaction value — RUB 858,561,500 (including VAT)	26.01.2010
2	Lease by the Company to the Counterparty of fixed assets belonging to the Company for a period of 11 months for a lease payment of RUB 624,900 per month. Total lease payments for the year are RUB 7,498,800.	Transaction price — RUB 624,900 per month (including VAT)	26.01.2010
3	The Counterparty undertakes to carry out legal and other actions connected with organization of land use and regulation of land business of the Company with holders of rights to land plots occupied by Company facilities in Yamal-Nenets Autonomous District on behalf of and at the expense of the Company for a fee of RUB 60,000.	Transaction price — RUB 60,000 (including VAT)	26.01.2010
4	Services by the Counterparty (Agent) to the Company (Principal) for organizing capital construction of production facilities to the value of RUB 113,850,000 for a fee of RUB 1,127,000.	Transaction price — RUB 1,127,000 (including VAT)	05.03.2010
5	Services by the Company to the Counterparty in 2010 for technical support of software (automated accounting and control of movement of petroleum products through the fuel-carrying system) for a fee of RUB 176,600.	Transaction value — RUB 176,600 (including VAT)	05.03.2010
6	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 313,000.	Transaction value — RUB 313,000 (including VAT)	05.03.2010
7	The Company provides trade marks registered in the Company's name to the Counterparty during the validity of their official registration with exclusive rights of use for business purposes in the Russian Federation, for a fee of RUB 53,100 per quarter.	Transaction value — RUB 53,100 per quarter (including VAT).	24.12.2010

TRANSACTIONS WITH LLC RN-ARKHANGELSKNEFTEPRODUKT

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)

1	Services by the Counterparty to the Company for export transshipment of up to 600,000 tonnes of crude oil for a fee of RUB 480 000,000	Transaction value — 480,000,000 (HДC 0%)	26.01.2010
2	Services by the Counterparty to the Company for export transshipment of 600,000 tonnes of crude oil via the Privodino oil-loading railway facility for a fee of RUB 86,400,000.	Transaction value — 86,400,000 (including VAT)	26.01.2010

№	Nature and substantial terms of transaction	Transaction price, price at which transaction was completed	Date of decision
3	Sale by the Company to the Counterparty of 158,000 tonnes of petroleum products to the value of RUB 2,914,906,400, as follows: <ul style="list-style-type: none"> ■ gasoline A-76/Normal-80 —14,200 tonnes, ■ gasoline AI-92/Regular-92 —40,500 tonnes, ■ gasoline AI-95/Premium-95 —9,000 tonnes, ■ summer diesel fuel —62,500 tonnes, ■ winter/arctic diesel fuel —6,800 tonnes, ■ fuel oil —10,400 tonnes, ■ bitumen —3,000 tonnes, ■ lubricants —200 tonnes, ■ jet fuel/synthetic fuel-1 —11,400 tonnes. 	Transaction value — RUB 2,914,906,400 (including VAT)	26.01.2010
4	Lease by the Company to the Counterparty of fixed assets belonging to the Company for a period of 11 months for a lease payment of RUB 34,114,000 per month. Total lease payments for the year are RUB 409,368,000.	Transaction price — RUB 34,114,000 per month (including VAT)	26.01.2010
5	The Counterparty undertakes to carry out legal and other actions connected with registration of rights to and transactions with real estate in Arkhangelsk Region.	Transaction price — RUB 60,000 (including VAT)	26.01.2010
6	The Counterparty undertakes to carry out legal and other actions connected with organization of land use and regulation of land business of the Company with holders of rights to land plots occupied by Company facilities in Arkhangelsk Region on behalf of and at the expense of the Company for a fee of RUB 60,000.	Transaction price — RUB 60,000 (including VAT)	26.01.2010
7	Services by the Counterparty (Agent) to the Company (Principal) for organization of capital construction of production facilities to the value of RUB 92,930,000 for a fee of RUB 1,936,000.	Transaction price — RUB 1,936,000 (including VAT)	05.03.2010
8	Services by the Counterparty to the Company in 2010 for transshipment of 173,600 tonnes of bunker fuel for a fee of RUB 129,702,700.	Transaction value — RUB 129,702,700 (including VAT)	05.03.2010
9	Services by the Company to the Counterparty in 2010 for technical support of software (automated accounting and control of movement of petroleum products through the fuel-carrying system) for a fee of RUB 176,600.	Transaction value — RUB 176,600 (including VAT)	05.03.2010
10	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 1,299,200, as follows: <ol style="list-style-type: none"> 1) Provision by the Company to the Counterparty of the right to use software to the total value of RUB 359,000; 2) Services by the Company to the Counterparty for support and technical maintenance of the transferred software for a fee of RUB 940,200. 	Transaction value — RUB 1,299,200 (including VAT)	05.03.2010 24.10.2010
11	Receipt by the Company of interest-free loans from the Counterparty to the value of RUB 1,000,000,000 for a period of 1 year.	Transaction value — RUB 1,000,000,000	29.04.2010
12	Services by the Counterparty to the Company for maintenance and technical service of real estate belonging to the Company, which is not needed for production and has been temporarily closed, for a fee of RUB 8,970 per month, to the value of RUB 107,640 for the period.	Transaction price — RUB 8,970 per month (including VAT)	28.06.2010
13	Services by the Company to the Counterparty for design, implementation and support of a program for damage insurance of the Counterparty's property, vehicles and mechanisms using the services of an insurance broker to the value of RUB 139,900, for a fee to the Company of RUB 2,500.	Transaction price — RUB 2,500 (including VAT)	05.08.2010
TRANSACTIONS WITH LLC RN-AERO			
<i>Related party:</i> 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)			
1	Sale by the Company to the Counterparty of 455,400 tonnes of petroleum products to the value of RUB 9,046,093,000, as follows: <ul style="list-style-type: none"> ■ jet fuel/synthetic fuel-1 —455.345 tonnes. 	Transaction value — RUB 9,046,093,000 (including VAT)	26.01.2010
2	Services by the Company to the Counterparty in 2010 for technical support of software (automated accounting and control of movement of petroleum products through the fuel-carrying system) for a fee of RUB 115,300	Transaction value — RUB 115,300 (including VAT)	05.03.2010
3	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 281,100, as follows: <ol style="list-style-type: none"> 1) Provision by the Company to the Counterparty of the right to use software to the total value of RUB 76,500; 2) Services by the Company to the Counterparty for support and technical maintenance of the transferred software for a fee of RUB 204,600. 	Transaction value — RUB 281,100 (including VAT)	05.03.2010 24.12.2010
4	Provision by the Company to the Counterparty of RUB 845 960,000 interest-free loans for 3 years for investment financing.	Transaction value — RUB 845,960,000	05.08.2010
TRANSACTIONS WITH LLC RN-BUNKER			
<i>Related party:</i> 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)			
1	Sale by the Company to the Counterparty in 2010 of 1,553,800 tonnes of petroleum products (bunker fuel) to the value of RUB 18,107,100,000.	Transaction value — RUB 18,107,100,000 (including VAT)	05.03.2010 31.10.2010
2	Services by the Company to the Counterparty in 2010 for technical support of software (automated accounting and control of movement of petroleum products through the fuel-carrying system) for a fee of RUB 1,706,000.	Transaction value — RUB 1,706,000 (including VAT)	05.03.2010
3	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 1,728,500, as follows: <ol style="list-style-type: none"> 1) Provision by the Company to the Counterparty of the right to use software to the total value of RUB 333,900; 2) Services by the Company to the Counterparty for support and technical maintenance of the transferred software for a fee of RUB 1,394,600. 	Transaction value — RUB 1,728,500 (including VAT)	05.03.2010 24.12.2010

№	Nature and substantial terms of transaction	Transaction price, price at which transaction was completed	Date of decision
TRANSACTIONS WITH LLC RN-VOSTOKNEFTEPRODUKT			
<p><i>Related party:</i> 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) V.V. Ploskina (from 05.03.2009) — member of the Management Board of OJSC Rosneft, member of the Board of Directors of RN-Vostoknefteprodukt — parties in the transactions</p>			
1	Services by the Counterparty to the Company for receipt, storage and dispatch of 813,500 tonnes of petroleum products, belonging to the Company, for a fee of RUB 400.0 per tonne for receipt and dispatch and RUB 3.0 per tonne per day for storage. Transaction value is RUB 338,600,000.	Transaction price: <ul style="list-style-type: none"> • RUB 400.0 (including VAT) per tonne of petroleum products received and dispatched; • RUB 3.0. (including VAT) per day per tonne of products stored. Transaction value — RUB 338,600,000.	26.01.2010
2	The Counterparty undertakes to carry out legal and other actions connected with registration of rights to and transactions with real estate in Khabarovsk Territory.	Transaction price — RUB 60,000 (including VAT)	26.01.2010
3	Sale by the Company to the Counterparty of 1,167,800 tonnes of petroleum products to the value of RUB 27,611,475.1, equivalent to USD 934,100, as follows: <ul style="list-style-type: none"> • gasoline A-76/Normal-80 — 87,100 tonnes, • gasoline AI-92/Regular-92 — 280,700 tonnes, • gasoline AI-95/Premium-95 — 76,700 tonnes, • gasoline AI-98/Super-98 — 16,500 tonnes, • summer diesel fuel — 269,400 tonnes, • winter/arctic diesel fuel — 362,700 tonnes, • bitumen — 27,300 tonnes, • lubricants — 10,500 tonnes, • jet fuel/synthetic fuel-1 — 31,900 tonnes, • petrochemicals — 4,800 tonnes. 	Transaction value — RUB 27,611,475.1 (including VAT)	26.01.2010
4	Lease by the Company to the Counterparty of fixed assets belonging to the Company for a period of 11 months for a lease payment of RUB 692,200 per month. Total lease payments for the year are RUB 8,306,400.	Transaction price — RUB 692,200 per month (including VAT)	26.01.2010
5	Transfer by the Counterparty to the Company for temporary use of part of a non-residential building, rented by the Counterparty and located at the address: 46 Turgenyeva street, Khabarovsk, with total space of 8.8 sq m, and also moveable property belonging to the Counterparty (office equipment and furniture as listed) at the same address, for the period from 01.01.2010 to 31.12.2010 for a payment of RUB 22,600 per month (including VAT). Total amount of the rent is RUB 271,200.	Transaction price — RUB 22,600 per month (including VAT)	05.03.2010
6	Services by the Counterparty to the Company in 2010 for transshipment of 72,100 tonnes of bunker fuel for a fee of RUB 46,282,400.	Transaction value — RUB 46,282,400 (including VAT)	05.03.2010
7	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 1,952,300, as follows: <ol style="list-style-type: none"> 1) Provision by the Company to the Counterparty of the right to use software to the total value of RUB 367,600; 2) Services by the Company to the Counterparty for support and technical maintenance of the transferred software for a fee of RUB 1,584,700. 	Transaction value — RUB 1,952,300 (including VAT)	05.03.2010 24.12.2010
8	Provision by the Company to the Counterparty of RUB 538,010,000 interest-free loans for 3 years for investment financing.	Transaction value — RUB 538,010,000	05.08.2010
9	The Company provides trade marks registered in the Company's name to the Counterparty during the validity of their official registration with exclusive rights of use for business purposes in the Russian Federation, for a fee of RUB 53,100 per quarter.	Transaction value — RUB 53,100 per quarter (including VAT).	24.12.2010
TRANSACTIONS WITH LLC RN-EKATERINBURGNEFTEPRODUKT			
<p><i>Related party:</i> 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)</p>			
1	Sale by the Company to the Counterparty of 134,100 tonnes of petroleum products to the value of RUB 2,563,507,300, as follows: <ul style="list-style-type: none"> • gasoline A-76/Normal-80 — 5,200 tonnes, • gasoline AI-92/Regular-92 — 38,180 tonnes, • gasoline AI-95/Premium-95 — 7,720 tonnes, • summer diesel fuel — 50,600 tonnes, • winter/arctic diesel fuel — 30,660 tonnes, • lubricants — 1,688 tonnes. 	Transaction value — RUB 2,563,507,300 (including VAT)	26.01.2010
2	Services by the Company to the Counterparty in 2010 for technical support of software (automated accounting and control of movement of petroleum products through the fuel-carrying system) for a fee of RUB 176,600.	Transaction value — RUB 176,600 (including VAT)	05.03.2010
3	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 308,800.	Transaction value — RUB 308,800 (including VAT)	05.03.2010
4	Receipt by the Company of interest-free loans from the Counterparty to the value of RUB 150,000,000.	Transaction value — RUB 150,000,000	29.04.2010
5	Provision by the Company to the Counterparty of RUB 119,000,000 interest-free loans for 3 years for investment financing.	Transaction value — RUB 119,000,000	05.08.2010
6	Provision by the Company to the Counterparty of RUB 273,600,000 interest-free loans for 1 year for financing of operations.	Transaction value — RUB 273,600,000	05.08.2010
7	The Company provides trademarks registered in the Company's name to the Counterparty during the validity of their official registration with exclusive rights of use for business purposes in the Russian Federation, for a fee of RUB 53,100 per quarter.	Transaction value — RUB 53,100 per quarter (including VAT).	24.12.2010

№	Nature and substantial terms of transaction	Transaction price, price at which transaction was completed	Date of decision
TRANSACTIONS WITH LLC RN-KEMEROVONEFTEPRODUKT			
<i>Related party:</i> 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)			
1	Sale by the Company to the Counterparty of 240,800 tonnes of petroleum products to the value of RUB 4,328,393,300, as follows: <ul style="list-style-type: none"> ■ gasoline A-76/Normal-80 —12,300 tonnes, ■ gasoline AI-92/Regular-92 —55,100 tonnes, ■ gasoline AI-95/Premium-95 —5,200 tonnes, ■ gasoline AI-98/Super-98 —120 tonnes, ■ summer diesel fuel —106,000 tonnes, ■ winter/arctic diesel fuel —46,300 tonnes, ■ bitumen —3,100 tonnes, ■ fuel oil —7,200 tonnes, ■ lubricants —1,800 tonnes, ■ jet fuel/synthetic fuel-1 —3,800 tonnes. 	Transaction value — RUB 4,328,393,300 (including VAT)	26.01.2010.
2	Services by the Counterparty to the Company for receipt, storage and dispatch of 135,800 tonnes of petroleum products, belonging to the Company, for a fee of RUB 330.0 per tonne for receipt, storage and dispatch. Transaction value is RUB 44,814,000.	Transaction price: RUB 330.0 (including VAT) per tonne of petroleum products received, stored and dispatched Transaction value — RUB 44,814,000.	26.01.2010
3	Services by the Company to the Counterparty in 2010 for technical support of software (automated accounting and control of movement of petroleum products through the fuel-carrying system) for a fee of RUB 176,600.	Transaction value — RUB 176,600 (including VAT)	05.03.2010
4	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 818,800, as follows: 3) Provision by the Company to the Counterparty of the right to use software to the total value of RUB 174,800; 4) Services by the Company to the Counterparty for support and technical maintenance of the transferred software for a fee of RUB 644,000.	Transaction value — RUB 818,800 (including VAT)	05.03.2010 24.12.2010
5	Provision by the Company to the Counterparty of RUB 473,150,000 interest-free loans for 5 years for investment financing.	Transaction value — RUB 473,150,000	29.04.2010
6	The Company provides trademarks registered in the Company's name to the Counterparty during the validity of their official registration with exclusive rights of use for business purposes in the Russian Federation, for a fee of RUB 53,100 per quarter.	Transaction value — RUB 53,100 per quarter (including VAT).	24.12.2010
TRANSACTIONS WITH LLC RN-KRASNOYARSKNEFTEPRODUKT			
<i>Related party:</i> 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)			
1	Sale by the Company to the Counterparty of 1,171,600 tonnes of petroleum products to the value of RUB 20,476,506,000, as follows: <ul style="list-style-type: none"> ■ gasoline A-76/Normal-80 —120,900 tonnes, ■ gasoline AI-92/Regular-92 —311,900 tonnes, ■ gasoline AI-95/Premium-95 —10,600 tonnes, ■ gasoline AI-98/Super-98 —2,100 tonnes, ■ summer diesel fuel —328,600 tonnes, ■ winter/arctic diesel fuel —195,900 tonnes, ■ bitumen —60,300 tonnes, ■ fuel oil —115,200 tonnes, ■ petrochemicals —26,100 tonnes. 	Transaction value — RUB 20,476,506,000 (including VAT)	26.01.2010
2	Services by the Company to the Counterparty in 2010 for technical support of software (automated accounting and control of movement of petroleum products through the fuel-carrying system) for a fee of RUB 176,600.	Transaction value — RUB 176,600 (including VAT)	05.03.2010
3	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 261,100, as follows: 1) Provision by the Company to the Counterparty of the right to use software to the total value of RUB 74,800; 2) Services by the Company to the Counterparty for support and technical maintenance of the transferred software for a fee of RUB 186,300.	Transaction value — RUB 261,100 (including VAT)	05.03.2010 24.12.2010
4	Transfer by the Counterparty to the Company for temporary use of part of a non-residential building, rented by the Counterparty, located at the address: 93A Karla Marksa street, Krasnoyarsk, with overall space of 5 sq m, as well as movable property belonging to the Counterparty (office equipment and furniture as listed), for the period from 01.01.2010 to 31.12.2010 for payment of RUB 27,700 per month (including VAT). Total rent payment is RUB 332,400.	Transaction price — RUB 27,700 per month (including VAT)	05.03.2010
5	The Company provides trademarks registered in the Company's name to the Counterparty during the validity of their official registration with exclusive rights of use for business purposes in the Russian Federation, for a fee of RUB 53,100 per quarter.	Transaction value — RUB 53,100 per quarter (including VAT).	24.12.2010
TRANSACTIONS WITH LLC RN-NAKHODKANEFTEPRODUKT			
<i>Related party:</i> 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)			
1	Sale by the Company to the Counterparty of 6,000 tonnes of petroleum products to the value of RUB 70,937,400, as follows: gasoline A-76/Normal-80 —100 tonnes, summer diesel fuel —200 tonnes, fuel oil —5,700 tonnes	Transaction value — RUB 70,937,400 (including VAT)	26.01.2010

Nº	Nature and substantial terms of transaction	Transaction price, price at which transaction was completed	Date of decision
2	The Counterparty undertakes to carry out legal and other actions connected with registration of rights to and transactions with real estate in Primorsky Territory.	Transaction price — RUB 60,000 (including VAT)	26.01.2010
3	Services by the Counterparty to the Company for export transshipment of 5,568,100 tonnes of petroleum products for a fee of RUB 1,101,040,000.	Transaction value — 1,101,040,000 (VAT 0%) on the basis of FTS tariffs.	26.01.2010
4	Services by the Counterparty to the Company loading and unloading of up to 5,568,100 tonnes of petroleum products at jetties for a fee of RUB 156 400,000.	Transaction value — 156,400,000 (VAT 0%) on the basis of FTS tariffs.	26.01.2010
5	Lease by the Company to the Counterparty of fixed assets belonging to the Company for a period of 11 months for a lease payment of RUB 7,647,400 per month. Total lease payments for the year are RUB 91,768,800.	Transaction price — RUB 7,647,400 per month (including VAT)	26.01.2010
6	Services by the Counterparty (Agent) to the Company (Principal) for organizing capital construction of production facilities to the value of RUB 310,000,000 for a fee of RUB 4,658,000.	Transaction price — RUB 4,658,000 (including VAT)	05.03.2010
7	Rendering by the Counterparty of legal services to the Company for a fee of RUB 162,500 per month (including VAT) to a total value of RUB 1,950,000.	Transaction price — 162,500 per month (including VAT)	05.03.2010
8	Services by the Counterparty to the Company in 2010 for transshipment of 423,000 tonnes of bunker fuel for a fee of RUB 94,286,700.	Transaction value — RUB 94,286,700 (including VAT)	05.03.2010
9	Services by the Counterparty to the Company in 2010 for provision of jetties for loading and unloading of 423,000 tonnes of petroleum products (bunker fuel) for a fee of RUB 94,286,700.	Transaction value — RUB 94,286,700 (including VAT)	05.03.2010
10	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 4,307,500, as follows: Provision by the Company to the Counterparty of the right to use software to the total value of RUB 783,600; Services by the Company to the Counterparty for support and technical maintenance of the transferred software for a fee of RUB 3,523,900.	Transaction value — RUB 4,307,500 (including VAT)	05.03.2010 24.12.2010
11	Receipt by the Company of interest-free loans from the Counterparty to the value of RUB 600,000,000 for a period of 1 year.	Transaction value — RUB 600,000,000	29.04.2010
12	Services by the Company to the Counterparty for design, implementation and support of a program for damage insurance of the Counterparty's property, vehicles and mechanisms using the services of an insurance broker to the value of RUB 110,500, for a fee to the Company of RUB 2,500.	Transaction price — RUB 2,500 (including VAT)	05.08.2010
13	Services by the Counterparty to the Company in 2010 for safekeeping of archive documents belonging to the Company an concerning business of the Company's representative office in Primorsky Territory for a fee of RUB 2,100 per month to the value of RUB 25,000.	Transaction price — RUB 2,100 per month (including VAT)	05.08.2010
14	Services by the Counterparty to the Company's representative office in Primorsky Territory comprising various vehicle services for a period of 12 months for a fee of RUB 5,740 per month to the value of RUB 68,900.	Transaction price — RUB 5,740 per month (including VAT)	05.08.2010

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)

1	Sale by the Company to the Counterparty of 187,400 tonnes of petroleum products to the value of RUB 3,557,447,800, as follows: <ul style="list-style-type: none"> ■ gasoline A-76/Normal-80 —11,000 tonnes, ■ gasoline AI-92/Regular-92 —61,500 tonnes, ■ gasoline AI-95/Premium-95 —8,300 tonnes, ■ summer diesel fuel —69,600 tonnes, ■ winter/arctic diesel fuel —31,900 tonnes, ■ bitumen —2,000 tonnes, ■ lubricants —600 tonnes, ■ petrochemicals —2,500 tonnes. 	Transaction value — RUB 3,557,447,800 (including VAT)	26.01.2010 r.
2	Services by the Company to the Counterparty in 2010 for technical support of software (automated accounting and control of movement of petroleum products through the fuel-carrying system) for a fee of RUB 176,600.	Transaction value — RUB 176,600 (including VAT)	05.03.2010
3	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 256,400, as follows: 1) Provision by the Company to the Counterparty of the right to use software to the total value of RUB 74,400; 2) Services by the Company to the Counterparty for support and technical maintenance of the transferred software for a fee of RUB 182,000.	Transaction value — RUB 256,400 (including VAT)	05.03.2010 24.12.2010
4	Receipt by the Company of interest-free loans from the Counterparty to the value of RUB 500,000,000 for a period of 1 year.	Transaction value — RUB 500,000,000	29.04.2010
5	Provision by the Company to the Counterparty of RUB 10,860,000 interest-free loans for 3 years for investment financing.	Transaction value — RUB 10,860,000	05.08.2010
6	Provision by the Company to the Counterparty of RUB 385,100,000 interest-free loans for 1 year for financing of current operations.	Transaction value — RUB 385,100,000	05.08.2010
7	The Company provides trademarks registered in the Company's name to the Counterparty during the validity of their official registration with exclusive rights of use for business purposes in the Russian Federation, for a fee of RUB 53,100 per quarter.	Transaction value — RUB 53,100 per quarter (including VAT).	24.12.2010

TRANSACTIONS WITH LLC RN-TRADE

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)
V.V. Ploskina (until 29.04.2010) — member of the Management Board of OJSC Rosneft, member of the Board of Directors of LLC RN-Trade — parties in the transactions

Nº	Nature and substantial terms of transaction	Transaction price, price at which transaction was completed	Date of decision
1	Sale by the Company to the Counterparty of 86,700 tonnes of petroleum products to the value of RUB 1,786,667,800, as follows: <ul style="list-style-type: none"> ■ gasoline A-76/Normal-80 —1,900 tonnes, ■ gasoline AI-92/Regular-92 —19,300 tonnes, ■ gasoline AI-95/Premium-95 —12,000 tonnes, ■ summer diesel fuel —41,700 tonnes, ■ winter/arctic diesel fuel —3,700 tonnes, ■ lubricants —8,100 tonnes. 	Transaction value — RUB 1,786,667,800 (including VAT)	26.01.2010
2	Lease by the Company to the Counterparty of fixed assets belonging to the Company for a period of 11 months for a lease payment of RUB 586,600 per month. Total lease payments for the year are RUB 7,039,200.	Transaction price — RUB 586,600 per month (including VAT)	26.01.2010
3	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 1,685,600, as follows: <ol style="list-style-type: none"> 1) Provision by the Company to the Counterparty of the right to use software to the total value of RUB 155,800; 2) Services by the Company to the Counterparty for support and technical maintenance of the transferred software for a fee of RUB 1,529,800. 	Transaction value — RUB 1,685,600 (including VAT)	05.03.2010 24.12.2010
4	Receipt by the Company of interest-free loans from the Counterparty to the value of RUB 1,300,000,000 for a period of 1 year.	Transaction value — RUB 1,300,000,000	29.04.2010
5	The Company provides trademarks registered in the Company's name to the Counterparty during the validity of their official registration with exclusive rights of use for business purposes in the Russian Federation, for a fee of RUB 53,100 per quarter.	Transaction value — RUB 53,100 per quarter (including VAT).	24.12.2010

TRANSACTIONS WITH LLC RN-TRADING

Related party:

V.V. Ploskina (until 15.02.2010) — member of the Management Board of OJSC Rosneft, member of the Board of Directors of LLC RN-Trading — parties in the transactions

1	<ul style="list-style-type: none"> ■ Purchase by the Company from the Counterparty of 310,000 tonnes of petroleum products to the value of RUB 2,600,000,000, as follows: ■ gasoline A-76/Normal-80 —10,000 tonnes, ■ gasoline AI-92/Regular-92 —5,000 tonnes, ■ gasoline AI-95/Premium-95 —5,000 tonnes, ■ winter diesel fuel— 30,000 tonnes, ■ summer diesel fuel— 30,000 tonnes, ■ petrochemicals/gas —60,000 tonnes, ■ jet fuel —30,000 tonnes, ■ boil fuel M-100 — 10,000 tonnes, ■ coke —130,000 tonnes. 	Transaction value — RUB 2 600 000 000 (including VAT)	26.01.2010
2	Services by the Company to the Counterparty for organization of transportation of 13,503,000 tonnes of crude oil via the Transneft pipeline system for a fee of RUB 11.8 /tonne including VAT to the value of RUB 159,335,400.	Transaction value — RUB 159,335,400 (including VAT)	26.01.2010
3	Services by the Company to the Counterparty in 2010 for contracting external trade export agreements for sale of 8,092,000 tonnes of petroleum products, belonging to the Counterparty with total value of RUB 108,829,785,400 for a fee of RUB 1,027,353,100.	Transaction value — RUB 1,027,353,100 (including VAT).	05.03.2010
4	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 2,323,700.	Transaction value — RUB 2,323,700 (including VAT)	05.03.2010
5	Receipt by the Company of interest-free loans from the Counterparty to the value of RUB 8,500,000,000 for a period of one year.	Transaction value — RUB 8,500 000,000	29.04.2010

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)

1	Services by the Counterparty to the Company for export transshipment of 3 870,000 tonnes of petroleum products produced by LLC RN-Tuapse Refinery for a fee of RUB 716,000,000.	Transaction value — 716 000,000 (VAT 0%) based on FTS tariffs.	26.01.2010
2	Services by the Counterparty to the Company for export transshipment of 3,850,000 tonnes of petroleum products arriving by railway for a fee of RUB 907 000,000.	Transaction value — 907 000,000 (VAT 0%) based on FTS tariffs.	26.01.2010
3	Services by the Counterparty to the Company for transshipment of 40,000 tonnes of petroleum products to export by railway for a fee of RUB 9,600,000.	Transaction value — 9,600,000 (VAT 0%)	26.01.2010
4	Sale by the Company to the Counterparty of 8,500 tonnes of petroleum products to the value of RUB 100,000,000, as follows: fuel oil —8,500 tonnes	Transaction value — RUB 100,000,000 (including VAT)	26.01.2010
5	Services by the Counterparty to the Company for unloading and storage of 175,000 tonnes petroleum products for a fee of RUB 20,650,000.	Transaction value — RUB 20,650,000 (including VAT)	26.01.2010
6	Lease by the Company to the Counterparty of fixed assets belonging to the Company for a period of 11 months for a lease payment of RUB 93,897,000 per month. Total lease payments for the year are RUB 1,126,764,000.	Transaction price — RUB 93,897,000 per month (including VAT)	26.01.2010
7	The Counterparty undertakes to carry out legal and other actions connected with registration of rights to and transactions with real estate in Krasnodar Territory. The Agreement was made for a period of 12 months.	Transaction price — RUB 60,000 (including VAT)	26.01.2010
8	The Counterparty undertakes to carry out legal and other actions connected with organization of land use and regulation of land business of the Company with holders of rights to land plots occupied by Company facilities in Krasnodar Territory on behalf of and at the expense of the Company for a fee of RUB 60,000.	Transaction price — RUB 60,000 (including VAT)	26.01.2010

№	Nature and substantial terms of transaction	Transaction price, price at which transaction was completed	Date of decision
9	Services by the Counterparty (Agent) to the Company (Principal) for organizing capital construction of production facilities to the value of RUB 7,286,000,000 for a fee of RUB 48,486,000.	Transaction price — RUB 48,486,000 (including VAT)	05.03.2010
10	Rendering by the Counterparty of legal services to the Company for a fee of RUB 170,800 per month (including VAT) to the value of RUB 2,049,600.	Transaction price — 170,800 per month (including VAT)	05.03.2010
11	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 1,602,500, as follows: Provision by the Company to the Counterparty of the right to use software to the total value of RUB 293,100; Services by the Company to the Counterparty for support and technical maintenance of the transferred software for a fee of RUB 1,309,400.	Transaction value — RUB 1,602,500 (including VAT)	05.03.2010 24.12.2010
12	Services by the Company to the Counterparty for design, implementation and support of a program for damage insurance of the Counterparty's property, vehicles and mechanisms using the services of an insurance broker to the value of RUB 211,500, for a fee to the Company of RUB 2,500.	Transaction price — RUB 2,500 (including VAT)	05.08.2010
13	Receipt by the Company of interest-free loans from the Counterparty to the value of RUB 1,400,000,000 for a period of 1 year.	Transaction value — RUB 1,400,000,000	29.04.2010
14	Purchase by the Company from the Counterparty of movable and immovable property (as listed) attached to: <ul style="list-style-type: none"> ■ Filling station №9 at the address: Krivenkovskoye village Tuapse District, Krasnodar Territory; ■ Filling station №12 at the address: Bzhid village, Tuapse District, Krasnodar Territory; ■ Filling station № 147 at the address: Govorova street, Tuapse, Krasnodar Territory; ■ Service station at the address: Sochinskaya street, Tuapse, Krasnodar Territory; to total value of RUB 82,173,300.	Transaction value — RUB 82,173,300 (including VAT)	24.12.2010
TRANSACTIONS WITH LLC RN-CHELYABINSKNEFTEPRODUKT			
<i>Related party:</i> 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)			
1	Sale by the Company to the Counterparty of 91,800 tonnes of petroleum products to the value of RUB 1,705,857,300, as follows: <ul style="list-style-type: none"> ■ gasoline A-76/Normal-80 —2,600 tonnes, ■ gasoline AI-92/Regular-92 —42,000tonnes, ■ gasoline AI-95/Premium-95 —2,500 tonnes, ■ summer diesel fuel —33,900 tonnes, ■ winter/arctic diesel fuel —9,700 tonnes, ■ lubricants —1,020 tonnes. 	Transaction value — RUB 1,705,857,300 (including VAT)	26.01.2010
2	Services by the Company to the Counterparty in 2010 for technical support of software (automated accounting and control of movement of petroleum products through the fuel-carrying system) for a fee of RUB 176,600.	Transaction value — RUB 176,600 (including VAT)	05.03.2010
3	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 495,700, as follows: 1) Provision by the Company to the Counterparty of the right to use software to the total value of RUB 117,500; 2) Services by the Company to the Counterparty for support and technical maintenance of the transferred software for a fee of RUB 378,200.	Transaction value — RUB 495,700 (including VAT)	05.03.2010 24.12.2010
4	The Company provides trademarks registered in the Company's name to the Counterparty during the validity of their official registration with exclusive rights of use for business purposes in the Russian Federation, for a fee of RUB 53,100 per quarter.	Transaction value — RUB 53,100 per quarter (including VAT).	24.12.2010
TRANSACTIONS WITH LLC RN-CHEHENNEFTEPRODUKT			
<i>Related party:</i> 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)			
1	Sale by the Company to the Counterparty of 43,800 tonnes of petroleum products to the value of RUB 702,813,600, as follows: <ul style="list-style-type: none"> ■ gasoline A-76/Normal-80 —2,100 tonnes, ■ gasoline AI-92/Regular-92 —14,000 tonnes, ■ gasoline AI-95/Premium-95 —6,000 tonnes, ■ summer diesel fuel —6,300 tonnes, ■ winter/arctic diesel fuel —0,900 tonnes, ■ bitumen —14,500 tonnes. 	Transaction value — RUB 702,813,600 (including VAT)	26.01.2010 r.
2	Services by the Company to the Counterparty in 2010 for technical support of software (automated accounting and control of movement of petroleum products through the fuel-carrying system) for a fee of RUB 176,600.	Transaction value — RUB 176,600 (including VAT)	05.03.2010
3	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 315,100.	Transaction value — RUB 315,100 (including VAT)	05.03.2010
4	The Company provides trademarks registered in the Company's name to the Counterparty during the validity of their official registration with exclusive rights of use for business purposes in the Russian Federation, for a fee of RUB 53,100 per quarter.	Transaction value — RUB 53,100 per quarter (including VAT).	24.12.2010
TRANSACTIONS WITH CJSC RN-SHELF-FAR EAST			
<i>Related party:</i> 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)			
1	Lease by the Company to the Counterparty of fixed assets belonging to the Company for a period of 11 months for a lease payment of RUB 377,000. Total lease payments for the year are RUB 4,524,000.	Transaction price — RUB 377,000 per month (including VAT)	26.01.2010

№	Nature and substantial terms of transaction	Transaction price, price at which transaction was completed	Date of decision
2	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 2 602,500, as follows: 1) Provision by the Company to the Counterparty of the right to use software to the total value of RUB 821,100; 2) Services by the Company to the Counterparty for support and technical maintenance of the transferred software for a fee of RUB 1 781,400.	Transaction value 2,602,500 (including VAT)	05.03.2010 24.12.2010
3	Information services by the Company to the Counterparty in the period from 01.03.2010 to 28.02.2011 for work stations connected to licensed software of the Company for a fee of RUB 195,400.	Transaction value — RUB 195,400 (including VAT)	05.03.2010
4	Services by the Counterparty (Agent) to the Company (Principal) for organizing geological exploration work to the value of RUB 741,148,900 at the Company's Lebedinsky license area on the shelf of the Sea of Okhotsk for a fee of RUB 57,761,100.	Transaction price — RUB 57,761,100 (including VAT)	29.04.2010
5	Receipt by the Company of interest-free loans from the Counterparty to the value of RUB 10,000,000 for a period of 1 year.	Transaction value — RUB 10,000,000	29.04.2010
TRANSACTIONS WITH CJSC RN-ASTRA			
<i>Related parties:</i> 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) E.Yu. Khudainatov (from 29.06.2010) — President, Chairman of the Management Board of OJSC Rosneft, member of the Board of Directors of CJSC RN-Astra			
1	Receipt by the Company of interest-free loans from the Counterparty to the value of RUB 2,000,000,000 for a period of 1 year.	Transaction value — RUB 2,000,000,000	29.04.2010
2	Receipt by the Company of an interest-free loan from the Counterparty under loan agreement №0000809/1686D dated 24.06.2009 to the value of RUB 2,000,000,000 and repayable on 23.06.2013.	Transaction value — RUB 2,000 000,000	24.12.2010
TRANSACTIONS WITH LLC ROSNEFT INTERNATIONAL LIMITED			
<i>Related party:</i> 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)			
1	Provision by the Company to the Counterparty of USD 34,560,800 loans at interest rate of LIBOR + 2.5% annual for 5 years for investment financing. Total transaction value is USD 43,201,000.	Transaction value — USD 43,201,000	29.04.2010
TRANSACTIONS WITH LLC RN-KAZAKHSTAN (FROM 16.08.2010 LLC RN-EXPLORATION)			
<i>Related party:</i> 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)			
1	Provision by the Company (licensor) to the Counterparty (licensee) from 01.03.2010 of unlimited rights to use of the Rosneft KIS software (including ISS NO) for a fee of RUB 134,040,000	Transaction value — RUB 134,040,000 (including VAT)	05.03.2010
2	Services by the Counterparty (agent) to the Company (principal) for organizing geological exploration work: <ul style="list-style-type: none"> ■ at the Company's Tuapse Arch license area on the shelf of the Black Sea to the value of RUB 75,860,000 for a fee of RUB 56,120,000; ■ at Company license areas in Irkutsk Region and Krasnoyarsk Territory to the value of RUB 4,008,190,000 for a fee of RUB 133 175,000. Total fee to the Counterparty (agent) is RUB 189,295,000.	Transaction price — RUB 189,295,000 (including VAT)	29.04.2010
3	Provision by the Company to the Counterparty of RUB 423,105,000 interest-free loans for 5 years for investment financing.	Transaction value — RUB 423,105,000	29.04.2010
4	Provision by the Company to the Counterparty of RUB 129,918,200 interest-free loans for 3 years for financing of operations.	Transaction value — RUB 129,918,200	29.04.2010
5	Receipt by the Company of interest-free loans from the Counterparty to the value of RUB 100,000,000 for a period of 1 year.	Transaction value — RUB 100,000,000	29.04.2010
6	Provision by the Company to the Counterparty of a RUB 1,960,302,000 interest-free loan for investment financing to be repaid no later than 31.12.2014.	Transaction value — RUB 1,960,302,000	28.06.2010
7	Provision by the Company to the Counterparty of a RUB 14,100,000 interest-free loan for financing of current operations under loan agreement № 0000809/2809D dated 27.10.2009 to be repaid by 30.12.2012.	Transaction value — RUB 14,100,000	24.12.2010
8	Provision by the Company to the Counterparty of a RUB 2,243,637,000 interest-free loan for investment financing under loan agreement № 0000803/0559D dated 18.04.2003 to be repaid by 31.03.2013.	Transaction value — RUB 2,243 637,000	24.12.2010

№	Nature and substantial terms of transaction	Transaction price, price at which transaction was completed	Date of decision
TRANSACTIONS, IN WHICH LLC RN-KAZAKHSTAN (FROM 16.08.2010, LLC RN-EXPLORATION) IS A BENEFICIARY			
<i>Related party:</i> 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)			
1	<p>Issue by the Company (Guarantor) in the interests of LLC RN-Kazakhstan of a guarantee to CJSC Credit Agricole Corporate and Investment Banking (the Bank) on the following terms:</p> <ul style="list-style-type: none"> • Purpose of issue of the guarantee — to guarantee fulfillment by LLC RN-Kazakhstan of payment obligations (as Principal) to CJSC Credit Agricole Corporate and Investment Banking in accordance with the terms of the Guarantee Agreement. The Guarantee Agreement is for issue of a bank guarantee to the value of USD 36,000,000 on the following terms: • Cost of the guarantee — a quarterly fee for issue of the guarantee at a rate of 0.8% per annum of the sum of the guarantee proportional to the period of its operation; • Period of operation of the guarantee — until 05.01.2011. • Purpose of issue of the guarantee — the guarantee is issued to secure the liabilities of Credit Agricole CIB, Dubai under a bank guarantee issued to the company Crescent Petroleum Company International Limited to secure payment obligations of LLC RN-Kazakhstan under an Agreement on Share Participation made on May 17, 2010 between Crescent Petroleum Company International Limited and LLC RN-Kazakhstan; • Period of operation of the guarantee agreement — until full execution of obligations under the Agreement on guarantee issue between CJSC Credit Agricole Corporate and Investment Banking and LLC RN-Kazakhstan; • Grounds for presentation of claims to the Guarantor — non-execution by the Bank of its obligation for payment to CJSC Credit Agricole Corporate and Investment Banking of any sums under the Agreement on guarantee issue. <p>Total sum of the guarantee is USD 36,144,000</p>	Transaction price — USD 36,144,000	28.06.2010
TRANSACTIONS WITH LLC NATIONAL OIL CONSORTIUM			
<i>Related parties:</i> OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft. The Counterparty is an affiliate of OJSC ROSNEFTEGAZ I.I. Sechin — Chairman of the Board of Directors of OJSC Rosneft, Chairman of the Board of Directors of LLC National Oil Consortium — parties in the transaction V.L. Bogdanov — member of the Board of Directors of OJSC Rosneft, member of the Board of Directors of LLC National Oil Consortium — parties in the transaction S.M. Bogdanchikov — member of the Board of Directors of OJSC Rosneft, member of the Board of Directors of LLC National Oil Consortium — parties in the transaction			
1	OJSC Rosneft Oil Company ('the Lender') provides a loan of RUB 156,705,000 to LLC NNK, the main company of the Group, for a period until 31.12.2013 at a rate of interest corresponding to the Bank of Russia refinancing rate on the date when interest is charged. Total transaction value (~RUB 194,170,375 including interest of ~RUB 37,465,375 (calculated as of 16.11.2010)) is 0.009% of balance-sheet value of the assets of OJSC Rosneft Oil Company as of 30.09.2010.	~RUB 194,170,375 (forecast using the Bank of Russia refinancing rate as of 16.11.2010)	24.12.2010
2	OJSC Rosneft Oil Company ('the Lender') provides a loan of RUB 1,543,000,000 to LLC NNK, the main company of the Group, for a period until 31.12.2018 at a rate of interest corresponding to the Bank of Russia refinancing rate on the date when interest is charged. Total transaction value (~RUB 2,418,035,599 including interest of ~RUB 875,035,599 (calculated as of 16.11.2010)) is 0.09% of balance-sheet value of the assets of OJSC Rosneft Oil Company as of 30.09.2010.	~RUB 2,418,035,599 (forecast using the Bank of Russia refinancing rate as of 16.11.2010.)	24.12.2010
3	<p>Provision by the Company to the Counterparty of interest-free loans for financing of the first part (USD 600 mln; Rosneft share — USD 120 mln) of a bonus for participation in a joint venture, set up between LLC NNK and the company Corporacion Venezolana de Petroleo S.A. for development of recoverable oil reserves at the Junin-6 block of the Orinoco river oil belt in the Republic of Venezuela, as follows:</p> <ul style="list-style-type: none"> • up to RUB 1,450,000,000 under Agreement № 0000810/0906D/10 dated 23.03.2010 for a period until 29.12.2010; • up to RUB 1,450,000,000 under Agreement № 0000810/1008D dated 25.03.2010 for a period until 29.01.2011; • up to RUB 900,000,000 under Agreement № 0000810/1010D dated 30.03.2010 for a period until 28.02.2011. 	RUB 3,800,000,000 (three bln, eight hundred mln roubles) with factual draw-down of RUB 3,526,754,400 (three bln, five hundred and twenty six mln, seven hundred and fifty four thousand, and four hundred roubles).	24.12.2010
4	The Agreement dated 09.12.2010 to the Loan Agreements indicated in Point 3 concerning shortening of the period for repayment of the loan amounts to 09.12.2010 and offset of money claims of the Company on the Counterparty through increase of the stake of the Company in share capital of the Counterparty by RUB 3,526,754,400 to 3,606,754,400 based on unanimous agreement of all participants of the Counterparty on 28.10.2010 (Minutes of Joint Governing Body № 8 dated 29.10.2010) and 10.12.2010 (Minutes of Joint Governing Body № 10 dated 10.12.2010).	RUB 3,526,754 400 (three bln, five hundred and twenty six mln, seven hundred and fifty four thousand, and four hundred roubles)	24.12.2010
TRANSACTIONS WITH CJSC RN-MAMONTOVO			
<i>Related party:</i> 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)			
1	Lease by the Company to the Counterparty of fixed assets belonging to the Company for a period of 11 months for a lease payment of RUB 280,000 per month. Total lease payments for the year are RUB 3,360,000.	Transaction price — RUB 280,000 per month (including VAT)	26.01.2010
2	Sale by the Company to the Counterparty of fixed assets to the value of RUB 6,800.	Transaction price — RUB 6,800 (including VAT)	26.01.2010
3	Receipt by the Company of interest-free loans from the Counterparty to the value of RUB 1,400,000,000 for a period of 1 year.	Transaction value — RUB 1,400,000,000	29.04.2010
4	Receipt by the Company of an interest-free loan from the Counterparty under loan agreement №0000807/1597D dated 09.06.2007 to the value of RUB 3,550,000,000 and repayable on 29.12.2013.	Transaction value — RUB 3,550,000,000	24.12.2010

№	Nature and substantial terms of transaction	Transaction price, price at which transaction was completed	Date of decision
TRANSACTIONS WITH LLC RN-BURENIYE			
<i>Related party:</i> 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)			
1	Sale by the Company to the Counterparty of 12,500 tonnes of petroleum products to the value of RUB 217,334,200, as follows: <ul style="list-style-type: none"> ■ summer diesel fuel —1,500 tonnes, ■ winter/arctic diesel fuel —11,000 tonnes 	Transaction value — RUB 217,334,200 (including VAT)	26.01.2010
2	Lease by the Company to the Counterparty of fixed assets belonging to the Company for a period of 11 months for a lease payment of RUB 1,221,000 per month. Total lease payments for the year are RUB 14,652,000.	Transaction price — RUB 1,221,000 per month (including VAT)	26.01.2010
3	Subleasing to the Counterparty of part of a 7,700 sq m land lot with cadastral number 65:22:00 00 015:0254, located at the address: 38 Mostovaya street, Nogilki settlement, for a period of 11 months for a rent of RUB 2,700 per month. Total rental payments for the year are RUB 32,400.	Transaction price — RUB 2,700 per month (including VAT).	26.01.2010
4	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 4,227,300, as follows: 1) Provision by the Company to the Counterparty of the right to use software to the total value of RUB 731,000; 2) Services by the Company to the Counterparty for support and technical maintenance of the transferred software for a fee of RUB 3,496,300.	Transaction value — RUB 4,227,300 (including VAT)	05.03.2010 24.12.2010
5	Provision by the Company to the Counterparty of RUB 3,381,240,000 interest-free loans for 3 years for investment financing.	Transaction value — RUB 3,381,240,000	29.04.2010
6	Receipt by the Company of interest-free loans from the Counterparty to the value of RUB 3,500,000,000 for a period of 1 year.	Transaction value — RUB 3,500,000,000	29.04.2010
7	Receipt by the Company of an interest-free loan from the Counterparty under loan agreement №0000808/3805D dated 30.12.2008 to the value of RUB 138,200,000 and repayable on 28.12.2013.	Transaction value — RUB 138,200,000	24.12.2010
8	Provision by the Company to the Counterparty of a RUB 8 462 050,290 interest-free loan for investment financing under loan agreement №0000807/0022D dated 12.01.2007 for the period up to 12.01.2013.	Transaction value — RUB 8,462,050,290	24.12.2010
TRANSACTIONS WITH LLC DUBININSKOYE			
<i>Related party:</i> 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)			
1	Receipt by the Company of interest-free loans from the Counterparty to the value of RUB 200,000,000 for a period of 1 year.	Transaction value — RUB 200,000,000	29.04.2010
2	Receipt by the Company of an interest-free loan from the Counterparty under loan agreement №0000807/3333D dated 27.09.2007 to the value of RUB 521,500,000 and repayable on 23.09.2013.	Transaction value — RUB 521,500,000	24.12.2010
TRANSACTIONS WITH LLC RN-ZDORVIYE			
<i>Related party:</i> 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)			
1	Provision by the Company (licensor) to the Counterparty (licensee) from 01.03.2010 of unlimited rights to use of the Rosneft KIS software (including ISS NO) for a fee of RUB 149,280,000.	Transaction value — RUB 149 280,000 (including VAT)	05.03.2010
2	Provision by the Company to the Counterparty of an RUB 935,200 interest-free loan for 3 years for investment financing.	Transaction value — RUB 935,200	24.12.2010
3	Provision by the Company to the Counterparty of RUB 90,986,700 interest-free loans for 1 year.	Transaction value — RUB 90,986,700	24.12.2010
4	Provision by the Company to the Counterparty of an RUB 21,155,629 interest-free loan for financing of operations under loan agreement №0000808/3679D dated 23.12.2008 for the period until 21.12.2012.	Transaction value — RUB 21,155,6200	24.12.2010
TRANSACTIONS WITH LLC RN-INFORM			
<i>Related party:</i> 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)			
1	Lease by the Company to the Counterparty of fixed assets belonging to the Company for a period of 11 months for a lease payment of RUB 2,100,000 per month. Total lease payments for the year are RUB 25,200,000.	Transaction price — RUB 2,100,000 per month (including VAT)	26.01.2010
2	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 21,451,100, as follows: 1) Provision by the Company to the Counterparty of the right to use software to the total value of RUB 7,951,100; 2) Services by the Company to the Counterparty for support and technical maintenance of the transferred software for a fee of RUB 13,500,000.	Transaction value — RUB 21,451,100 (including VAT)	05.03.2010 24.12.2010
3	Receipt by the Company of interest-free loans from the Counterparty to the value of RUB 1,500,000,000.	Transaction value — RUB 1,500 000,000	29.04.2010 24.12.2010
4	Services by the Counterparty to the Company in 2010 to ensure trouble-free operation of equipment to the value of RUB 201,550,000.	Transaction value — RUB 201,550,000 (including VAT)	28.06.2010
5	Telecommunication services by the Counterparty to the Company during 2010 to the value of RUB 340,350,000.	Transaction value — RUB 340,350,000 (including VAT)	28.06.2010

№	Nature and substantial terms of transaction	Transaction price, price at which transaction was completed	Date of decision
6	Carrying out of work by the Counterparty for the Company in 2010 to design, install and develop IT systems to the value of RUB 97,696,000.	Transaction value — RUB 97,696,000 (including VAT)	28.06.2010
7	Services by the Counterparty to the Company for optimizing and automating resource distribution management systems (for crude oil and petroleum products) to the value of RUB 18,260,000 (including VAT).	Transaction value — RUB 18,260,000 (including VAT)	24.12.2010
TRANSACTIONS WITH LLC KOMSOMOLSKNEFTEZAVODREMSTROY			
<i>Related party:</i> 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)			
1	Provision by the Company (licensor) to the Counterparty (licensee) from 01.03.2010 of unlimited rights to use of the Rosneft KIS software (including ISS NO) for a fee of RUB 127,080	Transaction value — RUB 127,080 (including VAT)	05.03.2010
2	Receipt by the Company of interest-free loans from the Counterparty to the value of RUB 50,000,000 for a period of 1 year.	Transaction value — RUB 50,000,000	29.04.2010
TRANSACTIONS WITH LLC RN-OKHRANA SECURITY FIRM			
<i>Related party:</i> 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)			
1	Services by the Counterparty to the Company for servicing of security equipment for a fee of RUB 1,180,000 per month to the value of RUB 14,160,000.	Transaction price — RUB 1,180,000 per month (including VAT)	05.03.2010
2	Provision by the Counterparty to the Company of security services for a fee of RUB 257,792,400.	Transaction value — RUB 257,792,400 (including VAT)	05.03.2010
3	Receipt by the Company of interest-free loans from the Counterparty to the value of RUB 200,000,000 for a period of 1 year.	Transaction value — RUB 200,000,000	29.04.2010
TRANSACTIONS WITH LLC RN-POZHARNAYA BEZOPASNOST			
<i>Related party:</i> 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)			
1	Lease by the Company to the Counterparty of fixed assets belonging to the Company for a period of 11 months for a lease payment of RUB 233,000 per month. Total lease payments for the year are RUB 2,796,000.	Transaction price — RUB 233,000 per month (including VAT)	26.01.2010
2	Provision by the Company (licensor) to the Counterparty (licensee) from 01.03.2010 of unlimited rights to use of the Rosneft KIS software (including ISS NO) for a fee of RUB 139,560,000.	Transaction value — RUB 139,560,000 (including VAT)	05.03.2010
3	Receipt by the Company of interest-free loans from the Counterparty to the value of RUB 100,000,000 for a period of 1 year.	Transaction value — RUB 100,000,000	29.04.2010
4	Receipt by the Company of an interest-free loan from the Counterparty under loan agreement №0000809/2508D dated 23.09.2009 to the value of RUB 40,000,000 and repayable on 22.09.2013.	Transaction value — RUB 40,000,000	24.12.2010
TRANSACTIONS WITH OJSC PURNEFTEOTDACHA			
<i>Related party:</i> 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)			
1	Lease by the Company to the Counterparty of fixed assets belonging to the Company for a period of 11 months for a lease payment of RUB 55,000 per month. Total lease payments for the year are RUB 660,000.	Transaction price — RUB 55,000 per month (including VAT)	26.01.2010
TRANSACTIONS WITH LLC RN-SERVICE			
<i>Related party:</i> 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)			
1	Lease by the Company to the Counterparty of fixed assets belonging to the Company for a period of 11 months for a lease payment of RUB 17,384,300 per month. Total lease payments for the year are RUB 208,611,600.	Transaction price — RUB 17,384,300 per month (including VAT)	26.01.2010
2	Services by the Counterparty to the Company for storage during 12 months of moveable property belonging to the Company that is not needed for production and has been temporarily closed at a price of RUB 110,800 per month to the total value of RUB 1,329,600 for the year.	Transaction price — RUB 110,800 per month (including VAT)	26.01.2010
3	Services by the Counterparty to the Company for closure and temporary closure of fixed assets belonging to the Company (closure and dismantling of 5 fixed-asset facilities, and temporary closure of fixed assets) for a fee of RUB 11,340,200.	Transaction value — RUB 11,340,200 (including VAT)	26.01.2010
4	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 4,861,300, as follows: 1) Provision by the Company to the Counterparty of the right to use software to the total value of RUB 829,300; 2) Services by the Company to the Counterparty for support and technical maintenance of the transferred software for a fee of RUB 4,032,000.	Transaction value — RUB 4,861,300 (including VAT)	05.03.2010 24.12.2010
5	Receipt by the Company of interest-free loans from the Counterparty to the value of RUB 1,400,000,000 for a period of 1 year.	Transaction value — RUB 1,400,000,000	29.04.2010

№	Nature and substantial terms of transaction	Transaction price, price at which transaction was completed	Date of decision
6	Receipt by the Company of an interest-free loan from the Counterparty under loan agreement №0000808/0970D dated 31.03.2008 to the value of RUB 2,197,050,000 and repayable on 28.03.2013.	Transaction value — RUB 2,197,050,000	24.12.2010
TRANSACTIONS WITH LLC RN-STROY			
<i>Related party:</i> 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)			
1	Provision by the Company (licensor) to the Counterparty (licensee) from 01.03.2010 of unlimited rights to use of the Rosneft KIS software (including ISS NO) for a fee of RUB 171,960.	Transaction value — RUB 171,960.0 (including VAT)	05.03.2010
2	Receipt by the Company of interest-free loans from the Counterparty to the value of RUB 1,450,000,000 for a period of 1 year.	Transaction value — RUB 1,450,000,000	29.04.2010
3	Provision by the Company to the Counterparty of a RUB 38,043,000 interest-free loan for investment financing for 3 years.	Transaction value — RUB 38,043,000	24.12.2010
4	Provision by the Company to the Counterparty of a RUB 153,316,600 interest-free loan for 1 year.	Transaction value — RUB 153,316,600	24.12.2010
5	Provision by the Company to the Counterparty of a RUB 109 000,000 interest-free loan for financing of operations under loan agreement № 0000809/1278D dated 25.05.2009 for the period until 31.12.2012.	Transaction value — RUB 109,000,000	24.12.2010
6	Sale by the Company to the Counterparty of 668 815 ordinary shares in OJSC Rosneft Oil Company on the balance sheet of the Company for a price equal to the public price for shares of OJSC Rosneft Oil Company on the MICEX, calculated in accordance with FSFM methodology on the day preceding the day when the share sale agreement is contracted.	Transaction price — MICEX public price per share of OJSC Rosneft Oil Company calculated using FSFM methodology on the day before contracting of the sale and purchase agreement	25.08.2010
TRANSACTIONS WITH LLC RN-UCHET			
<i>Related party:</i> 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) S.I. Makarov (until 28.04.2010) — member of the Management Board of OJSC Rosneft Oil Company, Chairman of the Board of Directors of LLC RN-Uchet — parties in the transactions			
1	Services by the Counterparty to the Company for current accounting of petroleum product deliveries, collection of data for transport services and preparation of primary accounting documents, sales invoices and other similar documents for a fee of RUB 14,925,500.	Transaction price — RUB 14,925,500 (including VAT)	26.01.2010
2	Lease by the Company to the Counterparty of fixed assets belonging to the Company for a period of 11 months for a lease payment of RUB 616,000 per month. Total lease payments for the year are RUB 7,392,000.	Transaction price — RUB 616,000 per month (including VAT)	26.01.2010
3	Services by the Counterparty to the Company for organization and conduct of book-keeping and financial accounting, provision of services for compliance with Russian currency law, an book-keeping and tax accounting services for the branch of OJSC Rosneft Oil Company in the Republic of Chechnya for a fee of RUB 329,755,000.	Transaction price — RUB 329,755,000 (including VAT)	05.03.2010 05.08.2010 24.12.2010
4	Services by the Counterparty to the Company as part of the ROSA project (receipt and audit of financial accounts of Company subsidiaries) for a fee of RUB 3,850,000.	Transaction value — RUB 3,850,000	05.03.2010
5	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 44,924,200.	Transaction value — RUB 44,924,200 (including VAT)	05.03.2010
6	Receipt by the Company of interest-free loans from the Counterparty to the value of RUB 300,000,000 for a period of 1 year.	Transaction value — RUB 300,000,000	29.04.2010
TRANSACTIONS WITH LLC RN-ENERGO			
<i>Related party:</i> 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)			
1	Sale by the Company to the Counterparty of 920.4 mln cubic meters of gas to the value of RUB 1,869,129,900.	Transaction value — RUB 1,869,129,900 (including VAT)	26.01.2010 r.
2	Lease by the Company to the Counterparty of fixed assets belonging to the Company for a period of 11 months for a lease payment of RUB 164,779,000 per month. Total lease payments for the year are RUB 1,977,348,000.	Transaction price — RUB 164,779,000 per month (including VAT)	26.01.2010 r.
3	Services by the Counterparty to the Company for storage during 12 months of moveable property belonging to the Company that is not needed for production and has been temporarily closed at a price of RUB 5.0 per month to the total value of RUB 60,000.	Transaction price — RUB 5,000 per month (including VAT)	26.01.2010 r.
4	Services by the Counterparty to the Company for closure and temporary closure of fixed assets belonging to the Company (closure and dismantling of 92 fixed-asset facilities, closure of fixed assets facilities) for a fee of RUB 890,000.	Transaction value — RUB 890,000 (including VAT)	26.01.2010 r.
5	Provision by the Company (licensor) to the Counterparty (licensee) from 01.03.2010 of unlimited rights to use of the Rosneft KIS software (including ISS NO) for a fee of RUB 151,200.	Transaction value — RUB 151,200 (including VAT)	05.03.2010

№	Nature and substantial terms of transaction	Transaction price, price at which transaction was completed	Date of decision
6	Receipt by the Company of interest-free loans from the Counterparty to the value of RUB 1,100,000,000 for a period of 1 year.	Transaction value — RUB 1,100,000,000	29.04.2010
TRANSACTIONS WITH OJSC ALL-RUSSIAN BANK OF REGIONAL DEVELOPMENT			
<p><i>Related party:</i> 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) S.V. Tregub — member of the Management Board of OJSC Rosneft Oil Company, Chairman of the Supervisory Board of OJSC All-Russian Bank of Regional Development — parties in the transactions L.V. Kalanda — member of the Management Board of OJSC Rosneft Oil Company, member of the Supervisory Board of OJSC All-Russian Bank of Regional Development — parties in the transactions S.I. Makarov (until 20.05.2010) — member of the Management Board of OJSC Rosneft Oil Company, member of the Supervisory Board of OJSC All-Russian Bank of Regional Development — parties in the transactions R.Sh. Tursunov - member of the Management Board of OJSC Rosneft Oil Company, member of the Supervisory Board of OJSC All-Russian Bank of Regional Development — parties in the transactions P.S. Fedorov (from 20.05.2010) — member of the Management Board of OJSC Rosneft Oil Company, member of the Supervisory Board of OJSC All-Russian Bank of Regional Development — parties in the transactions</p>			
1	Acquisition of 40,923 newly issued common shares of OJSC All-Russian Bank of Regional Development with nominal value of RUB 10,000.0 per share at a price of RUB 49,520.00 per share to the value of RUB 2,026,506,960.0.	Transaction value — RUB 2,026,506,960.00 (not subject to VAT)	26.11.2010
2	Lease by the Company to the Counterparty of Premises №18 (16.7 sq m) on the second floor of Staircase 6 of the Administrative Building of OJSC Rosneft Oil Company, at the address: Building 1, 26/1 Sofyiskaya embankment, Moscow, as well as office equipment (as listed) for 11 months for a lease payment of RUB 95,220 per month. Total lease payment is RUB 1,142,640 for the year.	Transaction price — RUB 95,220 per month (including VAT)	26.01.2010
3	The Counterparty provides services to the Branch of OJSC Rosneft Oil Company in the Republic of Chechnya for a fee of RUB 77,200 per month, as follows: 1. Opening and maintenance of settlement accounts for an indefinite term: 1.1. In Russian currency, as follows: Account for investment business settlements Account for current business settlements 1.2. In foreign currency (US dollars). 2. Setting up a client-bank system for operations using electronic online banking. 3. Control over Branch payments using the client-bank system via procedures agreed with OJSC Rosneft Oil Company.	Transaction price — 77,200 per month	05.08.2010
4	Provision by the Company to the Counterparty of a RUB 76,000,000 subordinated loan at 5% annual interest until 30.09.2021. Total sum of the transaction liability including interest is RUB 151,500,270.	Transaction value — RUB 151,500,270	24.12.2010
5	Provision by the Company to the Counterparty of a RUB 47,500,000 subordinated loan at 6,5% annual interest until 28.12.2021. Total sum of the transaction liability including interest is RUB 97,162,230.	Transaction value — RUB 97,162,230	24.12.2010
6	Provision by the Company to the Counterparty of a RUB 101,829,122 subordinated loan at 8% annual interest until 28.06.2021. Total sum of the transaction liability including interest is RUB 224,157,980.	Transaction value — RUB 224,157,980	24.12.2010
7	Provision by the Company to the Counterparty of a RUB 100,000,000 subordinated loan at 6% annual interest until 12.06.2023. Total sum of the transaction liability including interest is RUB 190,065,750.	Transaction value — RUB 190,065,750	24.12.2010
8	Provision by the Company to the Counterparty of a RUB 150,000,000 subordinated loan at 6% annual interest until 07.10.2023. Total sum of the transaction liability including interest is RUB 285,098,630.	Transaction value — RUB 285,098,630	24.12.2010
9	Provision by the Company to the Counterparty of a RUB 101,000,000 subordinated loan at 8% annual interest until 27.07.2021. Total sum of the transaction liability including interest is RUB 222,310,680.	Transaction value — RUB 222,310,680	24.12.2010
10	Provision by the Company to the Counterparty of a RUB 136,882,690 subordinated loan at 6% annual interest until 30.09.2021. Total sum of the transaction liability including interest is RUB 260,234,630.	Transaction value — RUB 260,234,630	24.12.2010
11	Provision by the Company to the Counterparty of a RUB 197,507,440 subordinated loan at 6% annual interest until 28.02.2022. Total sum of the transaction liability including interest is RUB 375,458,940.	Transaction value — RUB 375,458,940	24.12.2010
12	Provision by the Company to the Counterparty of a RUB 115,000,000 subordinated loan at 6% annual interest until 28.06.2022. Total sum of the transaction liability including interest is RUB 218,594,520.	Transaction value — RUB 218,594,520	24.12.2010
13	Provision by the Company to the Counterparty of a RUB 140,000,000 subordinated loan at 6% annual interest until 29.09.2022. Total sum of the transaction liability including interest is RUB 266,184,110.	Transaction value — RUB 266,184,110	24.12.2010
14	Provision by the Company to the Counterparty of a RUB 103,000,000 subordinated loan at 6% annual interest until 31.12.2023. Total sum of the transaction liability including interest is RUB 195,767,730.	Transaction value — RUB 195,767,730	24.12.2010
Transactions with LLC Rosneft-NTTs			
<p><i>Related party:</i> 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)</p>			
1	Lease by the Company to the Counterparty of fixed assets belonging to the Company for a period of 11 months for a lease payment of RUB 814,000 per month. Total lease payments for the year are RUB 9,768,000.	Transaction price — RUB 814,000 per month (including VAT)	26.01.2010
2	Information services by the Company to the Counterparty in 2010 for work stations connected to licensed software of the Company for a fee of RUB 1,202,000.	Transaction value — RUB 1,202,000 (including VAT)	05.03.2010

№	Nature and substantial terms of transaction	Transaction price, price at which transaction was completed	Date of decision
3	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 4,405,600.	Transaction value — RUB 4,405,600 (including VAT)	05.03.2010 24.12.2010
4	Services (works) by the Counterparty to the Company for design of norms for technical losses of hydrocarbons during production at Rosneft fields that are technically connected with the approved development scheme and technology of field for 2011 for a fee of RUB 4,800,000. To be completed in the period: 01.2010-12.2010	Transaction price — RUB 4,800,000 (including VAT)	29.04.2010
5	Services by the Counterparty to the Company for scientific and technical support of the New Technologies System for a fee of RUB 6,843,000. To be completed in the period: 01.2010-12.2010.	Transaction price — RUB 6,843,000 (including VAT)	29.04.2010
6	Services by the Counterparty to the Company for organizing a conference for 150 Russian and foreign participants in Krasnodar Territory on the theme, 'Geology and development of fields complex reserves' for a fee of RUB 550,000. Work to be completed in the period: 01.2010-12.2010.	Transaction price — RUB 550,000 (including VAT)	29.04.2010
7	Receipt by the Company of interest-free loans from the Counterparty to the value of RUB 1,000,000,000 for a period of 1 year.	Transaction value — RUB 1,000,000,000	29.04.2010
8	Services by the Counterparty to the Company for preparation and correction of project documentation for 1st stage of construction of the Biosphere Science Center in accordance with project parameters for a fee of RUB 35,573,300 (including VAT). To be completed by 20.10.2010.	Transaction value — RUB 35,573,300 (including VAT)	29.04.2010
9	Services (works) by the Counterparty to the Company for design supervision in construction of 1st and 2nd stages of the Biosphere Science Center for a fee of RUB 7,138,400. Design supervision is to be carried out from the date of Agreement signing throughout the construction period until commissioning of the Center.	Transaction value — RUB 7,138,400 (including VAT)	29.04.2010
10	Completion by the Counterparty (agent) on instruction from the Company (principal) of legal and other functions in the role of customer at all stages of the investment process for construction and upgrading of the F.E. Dzerzhinsky Central Clinical Sanatorium of the Russian Federal Security Service, at the address: 91b Kurortny prospect, Sochi, for a fee of RUB 3,427,700.	Transaction price — RUB 3,427,700 (including VAT)	28.06.2010
11	Carrying out by the Counterparty of studies (engineering studies) for the Company regarding the Southern Federal District Science Center (1st and 2nd stages) in accordance with the project plan and schedule for a fee of RUB 38,468,200. To be completed in the period: from June 1, 2010 to 25 December, 2010.	Transaction value — RUB 38,468,200 (including VAT)	05.08.2010
12	Carrying out by the Counterparty of project works for the Company regarding the Southern Federal District Science Center (engineering security of the building and installations) in accordance with the project plan and schedule for a fee of RUB 137,940,400. To be completed in the period from July 1, 2010 to May 10, 2011.	Transaction value — RUB 137,940,400 (including VAT)	05.08.2010
TRANSACTIONS WITH LLC RN-KRASNOYARSKNIPINEFT			
<i>Related party:</i> 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)			
1	Lease by the Company to the Counterparty of fixed assets belonging to the Company for a period of 11 months for a lease payment of RUB 36,000 per month. Total lease payments for the year are RUB 432,000.	Transaction price — RUB 36,000 per month (including VAT)	26.01.2010
2	Services by the Counterparty to the Company for evaluation of reserves and resources under international classification for a fee of RUB 2,000,000.	Transaction price — RUB 2,000,000 (including VAT)	05.03.2010
3	Provision by the Company (licensor) to the Counterparty (licensee) from 01.03.2010 of unlimited rights to use of the Rosneft KIS software (including ISS NO) for a fee of RUB 123,360	Transaction value — RUB 123,360.0 (including VAT)	05.03.2010
4	Services by the Counterparty for reprocessing of seismic materials, analysis of geological field data at the Pre-Yenisei Basin in order to evaluate resources for a fee of RUB 30,000,000.	Transaction price — RUB 30,000,000 (including VAT)	05.03.2010
5	Services (works) by the Counterparty to the Company to the value of RUB 64,521,300, as follows: <ul style="list-style-type: none"> ■ collecting and analyzing samples from bitumen fields, evaluating bitumen resources for a fee of RUB 11,823,300. To be carried out by: 02.2010-11.2011; ■ prospecting analysis and evaluation of prospective upstream projects in regions of business and interests of OJSC Rosneft Oil Company for a fee of RUB 40,176,000. To be carried out during: 02.2010-11.2011; ■ designing a method for fracture forecasting based on focusing transformations for a fee of RUB 12,522,000. To be carried out during: 01.2010-12.2011. 	Transaction sums — RUB 64,521,300 (including VAT)	29.04.2010
6	Services by the Counterparty to the Company for scientific and technical support of the New Technologies System for a fee of RUB 1,773,000. To be carried out in the period: 01.2010-12.2010.	Transaction price — RUB 1,773,000 (including VAT)	29.04.2010
7	Receipt by the Company of interest-free loans from the Counterparty to the value of RUB 200 000,000 for a period of 1 year.	Transaction value — RUB 200,000,000	29.04.2010 24.12.2010
TRANSACTIONS WITH LLC RN-SAKHALINIPIMORNEFT			
<i>Related party:</i> 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)			
1	Lease by the Company to the Counterparty of fixed assets belonging to the Company for a period of 11 months for a lease payment of RUB 508,000 per month. Total lease payments for the year are RUB 6,096,000.	Transaction price — RUB 508,000 per month (including VAT)	26.01.2010
2	Services by the Counterparty to the Company preparing materials for evaluation of reserves and resources under international classification for a fee of RUB 2,000,000.	Transaction price — RUB 2,000,000 (including VAT)	05.03.2010
3	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 615,300.	Transaction value — RUB 615,300 (including VAT)	05.03.2010 24.12.2010
4	Works by the Counterparty for inventory taking, transport, receipt and systematization of a core sample of OJSC Rosneft Oil Company, located at the premises of LLC RN-Sakhalinmorneftegaz and its transfer for storage to the core-sample storage facility in the town of Okha for a fee of RUB 3,000,000.	Transaction price — RUB 3,000,000 (including VAT)	05.03.2010

Nº	Nature and substantial terms of transaction	Transaction price, price at which transaction was completed	Date of decision
5	Works by the Counterparty for the Company for evaluation of oil & gas prospecting objectives and prospecting sites with hydrocarbon accumulations in the eastern part of the Sea of Pechora for a fee of RUB 23,000,000.	Transaction price — RUB 23,000,000 (including VAT)	05.03.2010
6	Services (works) by the Counterparty to the Company for creation of a digital regional geological-geophysical foundation for geological exploration and project documentation in Sakhalin and the adjacent sea shelf for a fee of RUB 10,527,000. To be carried out in the period: 01.2010-12.2011.	Transaction price — RUB 10,527,000 (including VAT)	29.04.2010
7	Services by the Counterparty to the Company for scientific and technical support of the New Technologies System for a fee of RUB 2,059,000. To be carried out in the period: 01.2010-11.2010.	Transaction price — RUB 2,059,000 (including VAT)	29.04.2010
8	Receipt by the Company of interest-free loans from the Counterparty to the value of RUB 200,000,000 for a period of 1 year.	Transaction value — RUB 200,000,000	29.04.2010
9	Services by the Counterparty to the Company for adjustment and updating of the corporate program for study and development of hydrocarbon resources on the continental shelf of the Russian Federation up to 2030 for a fee of RUB 40,770,000.	Transaction price — RUB 40,770,000 (including VAT)	28.06.2010

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)

1	Information services by the Company to the Counterparty in 2010 for work stations connected to licensed software of the Company for a fee of RUB 1,296,000.	Transaction value — RUB 1,296,000 (including VAT)	05.03.2010
2	Services by the Counterparty to the Company in 2010 for technical support of the GID and BOS software projects at the Company and at subsidiaries of OJSC Rosneft Oil Company: OJSC RN-Yuganskneftegaz, OJSC RN-Purneftegaz, LLC RN-Severnaya nef, LLC RN-Stavropolneftegaz, LLC RN-Krasnodarneftegaz, OJSC Samaraneftegaz, LLC TomskNIPIneft, LLC SakhalinNIPImorneft, CJSC INNNTs, LLC NK Rosneft-NTTs, for a fee of RUB 12,087,000.	Transaction value — RUB 12,087,000 (including VAT)	05.03.2010
3	Provision by the Company to the Counterparty of the right to use software to the total value of RUB 5,610,100.	Transaction value — RUB 5,610,100 (including VAT)	05.03.2010 24.12.2010
4	Receipt by the Company of interest-free loans from the Counterparty to the value of RUB 500,000,000 for a period of 1 year.	Transaction value — RUB 500,000,000	29.04.2010
5	Lease by the Company to the Counterparty of fixed assets belonging to the Company for a period of 11 months for a lease payment of RUB 763,000 per month. Total lease payments for the year are RUB 9,156,000.	Transaction price — RUB 763,000 per month (including VAT)	26.01.2010
6	Services by the Counterparty to the Company preparing materials for evaluation of reserves and resources under international classification for a fee of RUB 3,000,000.	Transaction price — RUB 3,000,000 (including VAT)	05.03.2010
7	Works by the Counterparty for the Company preparing materials on the theme: feasibility study for the Garraf and Halfaya fields for participation in a tender for development of fields in Iraq for a fee of RUB 9,250,000.	Transaction price — RUB 9,250,000 (including VAT)	05.03.2010
8	Services (works) by the Counterparty for the Company to the value of RUB 129,110,300, as follows: <ul style="list-style-type: none"> ■ design of a method for structuring engineering and content features of strata and assessing field development parameters based on data of conceptual and detailed geological descriptions for a fee of RUB 10,148,000. To be carried out in the period: 01.2010-11.2011; ■ designing algorithms for analysis and identification of hydrodynamic limitations in the existing surface infrastructure and optimization of the system for collection and transportation of hydrocarbons for a fee of RUB 16,253,000. To be carried out in the period: 01.2010-12.2011; ■ designing and developing algorithms for planning and forecast of technical indicators of geological interventions for development of reserves with weak drainage for a fee of RUB 10,338,000. To be carried out in the period: 01.2010-12.2011; ■ improvement of algorithms for express calculation of technical indicators of a field taking account of special geological interventions for a fee of RUB 10,338,000. To be carried out in the period: 01.2010-12.2011; ■ designing algorithms for initialization of models in corporate hydrodynamic simulators for a fee of RUB 12,016,000. To be carried out in the period: 01.2010-12.2011; ■ designing algorithms for hydrofracturing modeling in corporate hydrodynamic simulators for a fee of RUB 4,311,000. To be carried out by: 01.2010-12.2010; ■ designing a template for choice of well completion (horizontal borehole, hydrofracturing, complex strata stimulation, branched well) for a fee of RUB 12,511,000. To be carried out in the period: 01.2010-12.2011; ■ designing algorithms for an intellectual development system for a fee of RUB 8,016,000. To be carried out by: 01.2010-12.2011; ■ designing a template for protection of submersible equipment during production for a fee of RUB 4,725,300. To be carried out in the period: 01.2010-12.2010; ■ designing algorithms for diagnosis of the state of submersible equipment and support for planning measures based on complex analysis of equipment functioning for a fee of RUB 7,557,000. To be carried out in the period: 01.2010-12.2011; ■ choice of optimal acid components and preparing a catalogue of base designs for down-hole treatment at terrigenous reservoirs for a fee of RUB 4,311,000. To be carried out in the period: 01.2010-12.2011; ■ use of international experience in design of matrices for physico-chemical compatibility of hydrofracturing liquids for a fee of RUB 5,934,000. To be carried out in the period: 01.2010-06.2011; ■ designing a method and implementing complex studies of residual conduction of a proppant packer in strata conditions (testing of a fracture conduction cell by hydrofracturing in strata conditions) for a fee of RUB 5,990,000. To be carried out by: 01.2010-12.2011; ■ designing a method for selecting and justifying candidate wells for drilling of side tracks for a fee of RUB 3,887,000. To be carried out in the period: 01.2010-12.2010; ■ defining comparative efficiency of flooding in carbonaceous and terrigenous reservoirs with viscous oil depending on salt content of water, oil quality and reservoir type, and preparation of recommendations for use of water in flooding operations at Company fields for a fee of RUB 5,575,000. To be carried out in the period: 01.2010-12.2011; ■ study of physico-chemical and geological features of oils for input to the OJSC Transneft system for a fee of RUB 2,000,000. To be carried out in the period: 01.2010-12.2010; ■ monitoring of oil production processes for a fee of RUB 5,200,000. To be carried out in the period: 01.2010-12.2010. 	Transactions sum — RUB 129,110,300 (including VAT)	29.04.2010

№	Nature and substantial terms of transaction	Transaction price, price at which transaction was completed	Date of decision
9	Services by the Counterparty to the Company for scientific and technical support of the New Technologies System for a fee of RUB 13,264,000. To be carried out in the period: 01.2010-12.2010.	Transaction price — RUB 13,264,000 (including VAT)	29.04.2010
10	Consulting services by the Counterparty to the Company for design of company training courses to the value of RUB 1,200,000.	Transaction value — RUB 1,200,000 (including VAT)	31.10.2010
TRANSACTIONS WITH LLC ROSNEFT-MONGOLIA			
<i>Related party:</i> 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)			
1	Sale by the Company to the Counterparty in 2010 of 948,489,000 tonnes of petroleum products, as follows: <ul style="list-style-type: none"> ■ summer diesel fuel — 285,000 tonnes; ■ winter diesel fuel — 220,000 tonnes; ■ gasoline — 377,219 tonnes; ■ jet fuel-1 — 42,000 tonnes; ■ fuel oil M-100 — 8,250 tonnes; ■ bitumen — 9,000 tonnes; ■ lubricants — 7,020 tonnes. Total value of goods is USD 700,000,000 Price formation: export price for petroleum products is set each month based on sales prices on the Russian domestic market in tendering or commodity exchange sales. Delivery bases: Naushki, Solovevsk, Ulan-Gom, Arts Suur. Payment due: 25 days after delivery.	Transaction value — USD 700,000,000 (not including VAT)	31.12.2009 31.10.2010
TRANSACTIONS WITH OJSC MOSCOW GAS COMPANY			
<i>Related party:</i> 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) V.V. Ploskina (until 30.06.2010) — member of the Management Board of OJSC Rosneft Oil Company, member of the Board of Directors of OJSC Moscow Gas Company — parties in the transactions			
1	Sale by the Company to the Counterparty of 7,920 tonnes of petroleum products to the value of RUB 40,910,800, as follows: gasoline AI-92/Regular-92 — 700 tonnes, summer diesel fuel — 700 tonnes, winter/arctic diesel fuel — 1,020 tonnes, petrochemicals/gas — 5,500 tonnes.	Transaction value — RUB 40,910,800 (including VAT)	26.01.2010
2	Sale by the Company to the Counterparty of 90.0 mln cubic meters of dry stripped gas to the value of RUB 293,321,000.	Transaction value — RUB 293,321,000 (including VAT)	26.01.2010
TRANSACTIONS WITH CJSC ROSNEFTEFLOT			
<i>Related party:</i> 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)			
1	Leasing by the Company to the Counterparty of the tugboats Vagis and Bikin, belonging to the Company, for 11 months under standard bareboat charter for lease payments as follows: <ul style="list-style-type: none"> ■ tugboat Vagis — RUB 25,156.0 per day; ■ tugboat Bikin — RUB 32,128.0 per day. Total lease payments are RUB 20,908,700 for the year	Transaction price (with VAT): Tugboat Vagis — RUB 25,156.0 per day; Tugboat Bikin — RUB 32,128.0 per day.	26.01.2010
TRANSACTIONS WITH CJSC YUKOS-TRANSSERVICE			
<i>Related party:</i> 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)			
1	Services preparing documentation for delivery of 7.4 mln tonnes of crude oil and petroleum products by various types of transport, organization of delivery of customs and goods documentation on board ships at river terminals in Samara, Syzran, and Kashpir for a fee of RUB 31,900,000.	Transaction value — 31,900,000 (including VAT)	26.01.2010
2	Services by the Counterparty (as agent) to the Company for organization of transshipment of 2,200,000 tonnes of fuel oil to sea transport at ports in Ukraine (Odessa and Sevastopol) for an agent fee in roubles, equivalent to USD 2,500,000 (not including VAT), at the Bank of Russia exchange rate on the day of payment	Transaction value — sum in roubles equivalent to USD 2,500,000 (not including VAT) calculated at the Bank of Russia rate on the payment day.	26.01.2010
3	Services by the Counterparty (as agent) to the Company for organizing storage of petroleum products in reservoirs of OJSC South-West Transnefteprodukt at the Bryansk and Nikolskoye collection points and loading of petroleum products in to tank cars for dispatch from East Bryansk and Nikolskoye stations for a fee equal to 5% of payments to OJSC South-West Transnefteprodukt to the value of RUB 500,000.	Transaction value — RUB 500,000 (including VAT)	26.01.2010
4	Lease by the Company to the Counterparty of railway approaches belonging to the Company in Komsomolsk-on-Amur for 11 months for a lease payment of RUB 240,000 per month. Total lease payment for the year is RUB 2,880,000.	Transaction price — RUB 240,000 per month (including VAT)	26.01.2010
5	Services by the Counterparty to the Company for transportation of 11 940,000 tonnes of petroleum products on the domestic rail transport market to the value of RUB 22,558,193,000 (equivalent of USD 763,100) for a fee of RUB 93.0 per tonne, amounting to RUB 1,110,466,000.	Transaction price — RUB 93.0 per tonne of petroleum products transported (including VAT)	26.01.2010

№	Nature and substantial terms of transaction	Transaction price, price at which transaction was completed	Date of decision
6	Services by the Counterparty (as agent) to the Company in 2010 for payment of tariffs of OJSC RZhd for a train of loaded tank cars transporting petroleum products to export for an agent fee equal to 0.1% of the sum of the OJSC RZhd tariffs. The sum of the tariffs is RUB 30,900,000,000 and is calculated based on volume indicators of the Company business plan, rail tariffs as per levels approved by the Federal Tariff Service, and scheduled tariff indexation. Transaction value is equal to the agent fee and is RUB 30,900,000.	Transaction value — RUB 30,900,000 (including VAT)	26.01.2010
7	Transport and dispatching services by the Counterparty in 2010 for organization of export transportation of 17.847 mln tonnes of petroleum products in owned/leased tank cars, and of 3 mln tonnes of crude oil to China (load dispatching, providing tank cars, organizing return of empty tank cars). Transaction value is equal to the volume of services provided in value terms, and is RUB 25,288,681,600, calculated on the basis of volume indicators of the Company business plan, cost of goods dispatching, provision of tank cars and organizing return of empty tank cars, and scheduled indexation of tariffs for return of empty tank cars.	Transaction value — RUB 25,288,681,600 (including VAT)	26.01.2010
8	Services by the Company to the Counterparty in 2010 for IT support to the value of RUB 8,433,400	Transaction value — RUB 8,433,400 (including VAT)	05.03.2010
9	Provision by the Company to the Counterparty in 2010 of rights to use a goods documentation software products for a fee of RUB 504,200.	Transaction value — RUB 504,200 (including VAT)	05.03.2010
10	A transport dispatching agreement between CJSC YUKOS-Transservice (Dispatcher) and OJSC Rosneft Oil Company for organization of rail transportation of 4.632 mln tonnes of crude oil from Uyar station to Dzemgi station (towards the Komsomolsk Refinery) in tank cars belonging to the Dispatcher (owned, leased or otherwise legally held). Services provided in the period: 01.04.2010 to 31.12.2010. Total costs to the Company — RUB 15,503.8 mln, including VAT. Cost of the services is based on volume indicators of the Company business plan for 2010. Total cost for the Company includes cost of the Dispatcher's services totaling RUB 2,725.2 mln and cost of the crude oil transportation totaling RUB 12,778.6 mln. Cost of the dispatching service is RUB 3,630 per tank car (not including VAT) and includes: selection of route; services for technical and commercial inspection of tank cars provided for oil transport, purchase and installation of seals, affixing hazard and special-train notices, preparation of carriage documents, and services for presenting and removing the tanks cars. Cost of crude oil transport consists of a tariff payment to RZhd based on price list №10-01. Cost of oil transport from Uyar station is RUB 2,779 per tonne, not including VAT.	Total transaction costs of the Company — RUB 15,503.8 mln (including VAT), as follows: <ul style="list-style-type: none"> ■ dispatching services — RUB 2,725.2 mln. ■ cost of crude oil transport (RZhd tariffs) equal to RUB 12,778.6 mln. 	29.04.2010
TRANSACTIONS WITH CJSC SAKHALINMORNEFTEGAZ-SHELF			
<i>Related parties:</i> 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) G.G. Gilayev (from 26.11.2010) — member of the Management Board of OJSC Rosneft, member of the Board of Directors of CJSC Sakhalinmorneftegaz-Shef			
1	Receipt by the Company of interest-free loans from the Counterparty to the value of RUB 4,000,000,000 for a period of 1 year.	Transaction value — RUB 4,000,000,000	29.04.2010
2	Receipt by the Company of an interest-free loan from the Counterparty under loan agreement №0000808/3207D dated 14.11.2008 to the value of RUB 413,000,000 and repayable on 12.11.2013.	Transaction value — RUB 413,000,000	24.12.2010
3	Receipt by the Company of an interest-free loan from the Counterparty under loan agreement №0000809/2962D dated 11.11.2009 to the value of RUB 1,500,000,000 and repayable on 10.11.2013.	Transaction value — RUB 1,500,000,000	24.12.2010
4	Receipt by the Company of an interest-free loan from the Counterparty under loan agreement №0000808/2966D dated 21.10.2008 to the value of RUB 4,278,490,000 and repayable on 19.10.2013.	Transaction value — RUB 4,278,490,000	24.12.2010
TRANSACTIONS WITH LLC RN-SHELF ABKHAZII			
<i>Related party:</i> 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)			
1	Provision by the Company to the Counterparty of RUB 1,255,740,000 interest-free loans for 5 years for investment financing.	Transaction value — RUB 1,255,740,000	29.04.2010
TRANSACTIONS WITH OJSC OKHA TETS			
<i>Related party:</i> 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)			
1	Provision by the Company to the Counterparty of a RUB 346 400,000 loan for 1 year at interest rate no lower than 2/3 of the Bank of Russia refinancing rate to finance a program of reconstruction and re-equipment of OJSC Okhinskaya TETS. Total transaction value including interest is RUB 381,040,000.	Transaction value — RUB 381,040,000	05.08.2010
TRANSACTIONS WITH LLC VAL SHATSKOGO			
<i>Related party:</i> 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)			
1	Provision by the Company to the Counterparty of RUB 224,870,000 interest-free loans for 5 years for investment financing.	Transaction value — RUB 224,870,000	29.04.2010
2	Provision by the Company to the Counterparty of RUB 3,300,000,0 loans for investment financing for repayment before 31.12.2013 at monthly rate of interest calculated based on equality of the total value of borrowing under the loan agreement and the total value of borrowing under the Agreement on interim financing with Chevron Capital Corporation, but no in any case exceeding the Bank of Russia refinancing rate by more than 1.1 times. Total transaction value is RUB 3 900 000,000.	Transaction value — RUB 3,900,000,000	05.08.2010
TRANSACTIONS WITH LLC VOSTOK-ENERGY			
<i>Related party:</i> 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)			

№	Nature and substantial terms of transaction	Transaction price, price at which transaction was completed	Date of decision
1	Lease by the Company to the Counterparty of Premises №47 (16.7 sq m) on the third floor of the Administrative Building of OJSC Rosneft Oil Company, at the address: Building 1, 26/1 Sofiyanskaya embankment, Moscow for 11 months for rental payment of RUB 51,000 per month. Total amount of the rental payment is RUB 612,000 for the year.	Transaction price — RUB 51,000 per month (including VAT)	26.01.2010
2	Provision by the Company to the Counterparty of RUB 586,220,000 interest-free loans for 5 years for investment financing.	Transaction value — RUB 586,220,000	29.04.2010
TRANSACTIONS WITH CJSC ROS&NEFT			
<i>Related party:</i> V.V. Ploskina (until 06.06.2010) — member of the Management Board of OJSC Rosneft Oil Company, member of the Board of Directors of CJSC Ros&Neft — parties in the transactions			
1	Sale by the Company to the Counterparty of 276,000 tonnes of petroleum products to the value of RUB 5,000,000,000, as follows: <ul style="list-style-type: none"> ■ gasoline AI-98/Super-98 — 1,000 tonnes, ■ gasoline AI-95/Premium-95 — 24,000 tonnes, ■ gasoline AI-92/Regular-92 — 47,000 tonnes, ■ gasoline A-76/Normal-80 — 8,000 tonnes, ■ diesel fuel — 131,000 tonnes, ■ jet fuel — 30,000 tonnes, ■ boiler fuel oil M-100 — 15,000 tonnes, ■ bitumen BND 60/90 — 20,000 tonnes. 	Transaction value — RUB 5,000,000,000 (including VAT)	26.01.2010
2	The Company provides trademarks registered in the Company's name to the Counterparty during the validity of their official registration with exclusive rights of use for business purposes in the Russian Federation, for a fee of RUB 53,100 per quarter.	Transaction value — RUB 53,100 per quarter (including VAT).	24.12.2010
TRANSACTIONS WITH LLC KNPZ-SERVICE			
<i>Related party:</i> 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)			
1	Receipt by the Company of interest-free loans from the Counterparty to the value of RUB 10,000,000 for a period of 1 year.	Transaction value — RUB 10,000,000	29.04.2010
TRANSACTIONS WITH LLC ROSNEFT-INGUSHNEFTEPRODUKT			
<i>Related party:</i> 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)			
1	The Company provides trademarks registered in the Company's name to the Counterparty during the validity of their official registration with exclusive rights of use for business purposes in the Russian Federation, for a fee of RUB 53,100 per quarter.	Transaction value — RUB 53,100 per quarter (including VAT).	24.12.2010
TRANSACTIONS WITH LLC RN-ABKHAZIA			
<i>Related party:</i> 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)			
1	Sale by the Company to the Counterparty of 22,180 tonnes of petroleum products to the value of RUB 670,000,000, as follows: <ul style="list-style-type: none"> ■ gasoline AI-92/Regular-92 — 8,700 tonnes, ■ gasoline AI-95/Premium-95 — 3,7800 tonnes, ■ summer diesel fuel — 8,700 tonnes, ■ packaged branded lubricants — 1,000 tonnes 	Transaction price — RUB 670,000,000 (including VAT)	05.03.2010 05.08.2010 31.10.2010
2	Provision by the Company to the Counterparty of RUB 278,220,000 loans at interest rate no less than 2/3 of the Bank of Russia refinancing rate for a period of three years for investment financing. Total transaction value is RUB 361,686,000.	Transaction value — RUB 361,686,000	05.03.2010
3	Provision by the Company to the Counterparty of RUB 20,273,099 loans at interest rate no less than 2/3 of the Bank of Russia refinancing rate for a period of three years for financing of operations. Total transaction value is RUB 26,308,100.	Transaction value — RUB 26,308,100	05.03.2010
TRANSACTIONS WITH OJSC RZHD			
<i>Related party:</i> A.L. Kostin (until 30.06.2010) — member of the Board of Directors of OJSC Rosneft Oil Company, member of the Board of Directors of OJSC RZhd — parties in the transactions			
1	Services by the Counterparty to the Company in 2010 for organization of calculations and payments of transport, duties and other sums due to OJSC RZhd for transportation of 3.144 mln tonnes of crude oil, gas condensate and petroleum products, and services for access to railway telecommunications and information-consulting services for a fee of RUB 5,524,044,400.	Transaction value — RUB 5,524,044,400 (including VAT)	26.01.2010
2	Sale by the Company to the Counterparty of 1,140,000 tonnes of petroleum products, as follows: <ul style="list-style-type: none"> ■ gasoline — 45,000 tonnes ■ diesel fuel — 830,000 tonnes ■ fuel oil — 265,000 tonnes Total value of petroleum products sold is RUB 16,720,000,000.	Transaction value — RUB 16,720,000,000 (including VAT)	05.03.2010

№	Nature and substantial terms of transaction	Transaction price, price at which transaction was completed	Date of decision
TRANSACTIONS WITH OJSC TRANSNEFT			
<p>Related parties: N.P. Tokarev — member of the Board of Directors of OJSC Rosneft Oil Company, member of the Board of Directors, President, Chairman of the Management Board of OJSC Transneft — parties in the transaction A.D. Nekipelov — member of the Board of Directors of OJSC Rosneft Oil Company, member of the Board of Directors of OJSC Transneft — parties in the transaction L.V. Kalanda — member of the Management Board of OJSC Rosneft Oil Company, member of the Board of Directors of OJSC Transneft — parties in the transaction OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company, owning more than 20% of the Company's voting shares, whose affiliated persons: N.P. Tokarev — member of the Board of Directors of OJSC ROSNEFTEGAZ, L.V. Kalanda — member of the Board of Directors of OJSC ROSNEFTEGAZ, a person vested with the authorities of the sole executive body of OJSC ROSNEFTEGAZ, are members of the Board of Directors of OJSC Transneft — parties in the transaction</p>			
1	Services by the Counterparty to the Company in 2010 for compounding of 4,500,000 tonnes of crude oil with high paraffin content (resources of LLC RN-Severnaya nef) at a price equivalent to USD 3.0 per tonne of crude oil, to a total value in roubles equivalent to USD 13,500, calculated at the Bank of Russia exchange rate on the last day of the month in which the services were provided.	Transaction price — sum in roubles equivalent to USD 3.0 per tonne of crude oil (including VAT), at the Bank of Russia exchange rate on the last day of the month in which the services are provided.	26.01.2010
2	Services by the Counterparty to the Company in 2010 for compounding of 2,900,000 tonnes of high-sulfur (heavy) and very high sulfur (bituminous) crude oil at a price equivalent to USD 3.0 per tonne of crude oil, to a total value in roubles equivalent to USD 8,700,000, calculated at the Bank of Russia exchange rate on the last day of the month in which the services were provided	Transaction price — sum in roubles equivalent to USD 3.0 per tonne of crude oil (including VAT), at the Bank of Russia exchange rate on the last day of the month in which the services are provided.	26.01.2010
3	Services by the Counterparty to the Company for organizing receipt and storage of undifferentiated crude in reservoirs of the OJSC Transneft pipeline system for a fee of RUB 12,000,000 including VAT	Transaction value — RUB 12,000,000 (including VAT)	26.01.2010
4	Information services by the Counterparty to the Company consisting of communications on receipt of crude oil preparation of documents and execution of route instructions, and transfer of crude oil belonging to the Company for a fee of RUB 17,720,500 including VAT.	Transaction value — RUB 17,720,500 (including VAT)	26.01.2010
TRANSACTIONS WITH OJSC SURGUTNEFTEGAZ			
<p>Related party: V.L. Bogdanov — member of the Board of Directors of OJSC Rosneft Oil Company, General Director of OJSC Surgutneftegaz — parties in the transactions</p>			
1	Assignment by the Company to the Counterparty of access rights to the OJSC Transneft pipeline system for export in 2010 of crude oil, as follows: 1) 5,000 tonnes to CIS countries, specifically to the Novopolotsk, Mozyr, Odessa, Lisichansk, Kremenchug, Pavlodar, and Shymkent refineries for a fee up to RUB 177,000,000, including VAT; 2) 6,000 tonnes to countries outside the CIS via ports at Novorossiysk, Primorsk, Yuzhny and Odessa (Ukraine), Gdansk (Poland), Czech Republic, Slovakia, Hungary, Poland, and Germany for a fee of up to RUB 35,400,000, including VAT. Total transaction value is not higher than the equivalent of USD 45,000,000 including VAT.	Transaction price (for CIS) — RUB 30.0 per tonnes of crude oil, pipeline export rights to which are assigned, plus VAT. Transaction price (for non-CIS) — USD 5.0 per tonne of crude oil, pipeline export rights to which are assigned, plus VAT.	05.03.2010
TRANSACTIONS WITH OJSC UNITED SHIP-BUILDING CORPORATION			
<p>Related parties: I.I. Sechin — Chairman of the Board of Directors of OJSC Rosneft Oil Company, Chairman of the Board of Directors of OJSC United Ship-building Corporation — parties in the transaction Yu.A. Petrov — member of the Board of Directors of OJSC Rosneft Oil Company, member of the Board of Directors of OJSC United Ship-building Corporation — parties in the transaction.</p>			
1	Design, manufacture, equipping, testing and transfer to ownership of a semi-submersible drilling unit. The unit is to be delivered to the customer no later than December 15, 2014. Estimated contract value is USD 708 mln, including VAT at 18% to the value of USD 108 mln. Contract terms (Point 2.3.) specify that value is subject to revision. Final contract value will be agreed by the parties based on the design plan and other documents envisaged in the contract, defining features of the unit and the nature and amount of work carried out in its construction. 100% payment of the contract price of the unit is made by the Company in roubles within 10 days after the day when the unit is delivered.	Approximate transaction price — USD 708 mln (including VAT).	05.03.2010
TRANSACTIONS WITH OJSC ROSNEFTEGAZ			
<p>Related parties: OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company, owning more than 20% of the Company's voting shares, and a party in the transaction I.I. Sechin — Chairman of the Board of Directors of OJSC Rosneft Oil Company, Chairman of the Board of Directors of OJSC ROSNEFTEGAZ S.M. Bogdanchikov — member of the Board of Directors of OJSC Rosneft Oil Company, member of the Board of Directors of OJSC ROSNEFTEGAZ L.V. Kalanda — member of the Management Board of OJSC Rosneft Oil Company, a person vested with the authorities of the sole executive body of OJSC ROSNEFTEGAZ</p>			
1	Lease by the Company to the Counterparty of non-residential premises (offices №8, №359 and №301) in an administrative building at the address: 26/1 Sofiyskaya embankment, with total space of 63.2 sq m (as listed) for 11 months for a payment of RUB 201,330 per month. Total lease payment for the year is RUB 2,415,960.	Transaction price — RUB 201,330 with VAT.	26.01.2010
TRANSACTIONS IN WHICH ROSNEFT-STROYTRANSGAZ LIMITED IS A PARTY			
<p>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)</p>			
1	Provision by the Company to the Counterparty of RUB 17 548,400 loans at interest rate of 5% per annum for 8 years for investment financing. Total transaction value is RUB 24,567,800.	Transaction value — USD 24,567,800	29.04.2010
2	Provision by the Company to the Counterparty of RUB 2,051,000 loans at 5% interest rate for 3 years for financing of operations. Total transaction value is RUB 2,358,700	Transaction value — USD 2,358,700	29.04.2010
TRANSACTIONS IN WHICH ROSNEFT HOLDINGS LIMITED S.A. IS A BENEFICIARY			

Nº	Nature and substantial terms of transaction	Transaction price, price at which transaction was completed	Date of decision
<i>Related party:</i> 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)			
1	Provision by the Company of a guarantee to Petroleos de Venezuela, S.A. (PDVSA) on the following terms: <ul style="list-style-type: none"> ■ Purpose of the guarantee —to guarantee execution by the company Rosneft Holdings Limited S.A. of a liability under Article 8.2 (a) of a sales agreement between Rosneft Holdings Limited S.A. and PDVSA; ■ Amount of the guarantee —up to USD 200,000,000 (two hundred mln US dollars) with the obligation to replace the guarantee with a new guarantee in the amount of USD 1 bln if the sum of the outstanding guarantee falls below USD 750 mln; ■ Period of validity of the guarantee —until completion or termination of the sales agreement in accordance with its terms; ■ Grounds for presentation of claims to the Company —non-fulfillment by Rosneft Holdings Limited S.A. of its liability to reimburse losses in case of refusal by PDVSA to complete the transaction due to violation by Rosneft Holdings Limited S.A. of its obligations (sum limited to USD 200 mln). 	Guarantee sum — USD 200,000,000 (two hundred mln US dollars)	14.10.2010
2	Provision by the Company of a guarantee to BP Europe SE (BP) on the following terms: <ul style="list-style-type: none"> ■ Purpose of the guarantee —to guarantee execution by the company Rosneft Holdings Limited S.A. and affiliates of Rosneft Holdings Limited S.A. of liabilities under the Joint Venture Agreement and Operating Agreement with the company BP; ■ Amount of the guarantee —USD 1,000,000,000 as of 14.10.2010. In case the sum of claims satisfied by OJSC Rosneft exceeds the threshold of USD 250 mln, the guarantee should be reinstated to the value of USD 1 bln. ■ Period of issue of the guarantee —the date of completion of the transaction for purchase of the 50% stake of PDVSA in the company ROG and commencement of ownership rights of Rosneft Holdings Limited S.A. to shares of ROG and of rights under the Joint Venture Agreement with BP; ■ Period of validity of the guarantee —until the termination date of the Joint Venture Agreement with BP; ■ Grounds for presentation of claims to the Company —non-fulfillment by Rosneft Holdings Limited S.A. and/or its affiliated obligations under the Joint Venture Agreement and Operating Agreements with BP. 	Guarantee sum — USD 1,000,000,000 (one bln US dollars) (total sum —USD 1 bln, but if the total sum of claims satisfied by OJSC Rosneft exceeds USD 250 mln, the guarantee must be reinstated to the value of USD 1 bln)	14.10.2010

• *Related party transactions approved by the General Meeting of Shareholders on June 18, 2010*

№	Nature and substantial terms of transaction	Transaction price, price at which transaction was completed
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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)

1	Services by LLC RN-Yuganskneftegaz to the Company for production at oil & gas fields, licenses for development of which belong to the Company: 63,435,000 tonnes of crude oil and 3,916.0 mln cubic meters of associated gas to total value of RUB 115,000,000,000 and transfer of produced hydrocarbons to the Company for sale	Maximum transaction value — RUB 115,000,000,000 (including VAT).
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TRANSACTIONS IN WHICH OJSC ALL-RUSSIAN BANK OF REGIONAL DEVELOPMENT IS A 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)

S.V. Tregub — member of the Management Board of OJSC Rosneft Oil Company, Chairman of the Supervisory Board of OJSC All-Russian Bank of Regional Development — parties in the transactions
L.V. Kalanda — member of the Management Board of OJSC Rosneft Oil Company, member of the Supervisory Board of OJSC All-Russian Bank of Regional Development — parties in the transactions
P.S. Fedorov — member of the Management Board of OJSC Rosneft Oil Company, member of the Supervisory Board of OJSC All-Russian Bank of Regional Development — parties in the transactions
R.Sh. Tursunov — member of the Management Board of OJSC Rosneft Oil Company, member of the Supervisory Board of OJSC All-Russian Bank of Regional Development — parties in the transactions

1	Transactions by the Company with the All-Russian Bank for Regional Development, under a general agreement on terms for conduct of deposit operations, involving placement by the Company of cash in roubles and/or US dollars, and/or euros on accounts at the All-Russian Bank for Regional Development up to a limit of RUB 493,000,000,000 on the following terms: deposit term — from one day to one year; interest rate: on roubles — not less than Mosibor for the relevant period minus 20%; on US dollars — not less than Libor (US dollars) for the relevant period minus 10%; on euros — not less than Libor (euro) for the relevant period minus 10%.	Maximum transaction value — RUB 493,000,000,000
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2	Transactions by the Company with the All-Russian Bank for Regional Development, under a general agreement on terms for conduct of exchange operation, for sale/purchase of foreign currency (exchange operations) with the currency pairs USD/rouble, euro/rouble and euro/USD up to a limit of RUB 238,000,000,000 as the following rates: for transactions with the USD/rouble pair — no less than the average-weighted MICEX rate on the settlement date minus RUB 0.7, for transactions with the euro/rouble pair — no less than the average-weighted MICEX rate on the settlement date minus RUB 0.8, for transactions with the euro/USD pair — no less than the average-weighted MICEX rate on the settlement date minus 0.5 euros.	Maximum transaction value — RUB 238,000,000,000
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3	An agreement between the Company and the All-Russian Bank for Regional Development on the procedure for credit transactions using the Reuter Dealing system, and a transaction in the framework of this agreement for extension of credits by the All-Russian Bank for Regional Development to the Company in roubles and/or US dollars, and/or euros up to a limit of RUB 216,000,000,000 on the following terms: term: up to 60 days; interest rate: on roubles — not more than Mosibor for the relevant period plus 20%; on US dollars — not more than Libor (US dollars) for the relevant period plus 10%; on euros — not more than Libor (euro) for the relevant period plus 10%.	Maximum transaction value — RUB 216,000,000,000
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TRANSACTIONS IN WHICH OJSC VTB BANK IS A PARTY

A.L. Kostin — member of the Board of Directors of OJSC Rosneft Oil Company, President — Chairman of the Management Board of OJSC VTB Bank — parties in the transactions

1	Transactions by the Company, under a general agreement on conduct of deposit operations, with OJSC VTB Bank for placement of cash in roubles and/or US dollars, and/or euros on accounts at OJSC VTB Bank up to a limit of RUB 493,000,000,000 on the following terms: • <i>deposit term — from one day to one year;</i> • <i>interest rate:</i> • on roubles — not less than Mosibor for the relevant period minus 20%; • on US dollars — not less than Libor (US dollars) for the relevant period minus 10%; • on euros — not less than Libor (euro) for the relevant period minus 10%.	Maximum transaction value — RUB 493 000 000,000
2	Transactions by the Company, as part of a general agreement on terms of conduct of exchange operations using the Reuter Dealing system/BSClient system, with OJSC VTB Bank for sale and purchase of foreign currency (exchange operations) with the currency pairs USD/rouble, euro/rouble and euro/USD up to a limit of RUB 578,000,000,000 at the following exchange rate: • <i>for transactions with the USD/rouble pair — no less than the average-weighted MICEX rate on the settlement date minus RUB 0.7,</i> • <i>for transactions with the euro/rouble pair — no less than the average-weighted MICEX rate on the settlement date minus RUB 0.8,</i> • <i>for transactions with the euro/USD pair — no less than the average-weighted MICEX rate on the settlement date minus 0.5 euros.</i>	Maximum transaction value — RUB 578,000,000,000

№	Nature and substantial terms of transaction	Transaction price, price at which transaction was completed
3	<p>Transactions by the Company, under an agreement between the Company and OJSC VTB Bank on the procedure for credit transactions using the Reuter Dealing system, for extension of credits by OJSC VTB Bank to the Company in roubles and/or US dollars, and/or euros up to a limit of RUB 216,000,000,000 on the following terms: term: up to 30 days; interest rate:</p> <ul style="list-style-type: none"> ■ on roubles — not more than Mosibor for the relevant period plus 20%; ■ on US dollars — not more than Libor (US dollars) for the relevant period plus 10%; ■ on euros — not more than Libor (euro) for the relevant period plus 5%. 	<p>Maximum transaction value — RUB 216,000,000,000</p>
TRANSACTIONS IN WHICH OJSC TRANSNEFT IS A PARTY		
<p><i>Related parties:</i> N.P. Tokarev — member of the Board of Directors of OJSC Rosneft Oil Company, member of the Board of Directors, President, Chairman of the Management Board of OJSC Transneft — parties in the transaction A.D. Nekipelov — member of the Board of Directors of OJSC Rosneft Oil Company, member of the Board of Directors of OJSC Transneft — parties in the transaction L.V. Kalanda — member of the Management Board of OJSC Rosneft Oil Company, member of the Board of Directors of OJSC Transneft — parties in the transaction OJSC ROSNEFTEGAZ — shareholder of OJSC Rosneft Oil Company, owning more than 20% of the Company's voting shares, whose affiliated persons: N.P. Tokarev — member of the Board of Directors of OJSC ROSNEFTEGAZ, L.V. Kalanda — member of the Board of Directors of OJSC ROSNEFTEGAZ, a person vested with the authorities of the sole executive body of OJSC ROSNEFTEGAZ, are members of the Board of Directors of OJSC Transneft — parties in the transaction 05.03.2010</p>		
1	<p>Services by OJSC Transneft to the Company in 2011 for transportation of 114 000,000 of crude oil via trunk pipelines for a fee up to a limit of RUB 167,000,000,000.</p>	<p>Maximum transaction value — RUB 167,000,000,000 (including VAT)</p>

Appendix 6.

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, 2011. 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, 2011, 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, 2013 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, 2011, 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 any other jurisdiction;*
- *Do not have a permanent establishment or fixed base in any other jurisdiction 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, charities, tax-exempt organizations or persons connected with the Company.

Further, the summary assumes that:

- *A holder of the GDRs is, for UK tax purposes, absolutely 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, voting rights and/or rights to profit or capital of the Company and is not otherwise connected with 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 (or deemed 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 or withholding 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, with potential credit for Russian tax deducted at source (as described 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. An individual's dividend income is treated as the top slice of their total income which is chargeable to UK income tax.

Tax Liability for Corporate Shareholders

A UK holder within the charge to corporation tax will, subject to certain anti-avoidance rules, generally 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. UK corporation tax will be chargeable on the gross amount of any dividends, subject to any applicable credit for Russian tax deducted at source (as described below).

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 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.

Provision of information

Persons in the United Kingdom paying "foreign dividends" to, or receiving "foreign dividends" on behalf of, another person, may, in certain circumstances, be required to provide certain information to H.M. Revenue & Customs regarding the identity of the payee or the person entitled to the "foreign dividend", and, in certain circumstances, such information may be exchanged with tax authorities in other countries. However, in accordance with guidance published by H.M. Revenue & Customs applicable for the 2010–2011 tax year, dividend payments in respect of ordinary shares or GDRs should not be treated as falling within the scope of the requirement. There is no guarantee that equivalent guidance will be issued in respect of future years.

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.

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 2010–2011 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. If, after all allowable deductions, an individual UK holder's taxable income for the year exceeds the basic rate income tax limit, a taxable capital gain accruing on a disposal or deemed disposal of ordinary shares or GDRs will be taxed at 28%. In other cases, a taxable capital gain accruing on a disposal or deemed disposal of ordinary shares or GDRs may be taxed at 18% or 28% or at a combination of both rates.

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.

Credit for Russian Withholding Tax

As discussed under the heading “—Taxation Russian Tax Considerations—Taxation of Capital Gains—Non-Resident Holders”, certain capital gains may be subject to Russian withholding tax. Credit against UK tax may be given for Russian tax withheld, subject to general rules regarding the calculation and availability of such credit, including a requirement to take all reasonable steps to minimise the amount of Russian tax on such capital gains. See “—Russian Tax Considerations—Tax Treaty Procedures”.

STAMP DUTY AND STAMP DUTY RESERVE TAX

No stamp duty will be payable in the UK in connection with a transfer of ordinary shares provided that any instrument of transfer is 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, 2011. 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 requirements, 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 nonresident 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 nonresident 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.

Eduard Khudainatov
President of OJSC Rosneft Oil Company

February 4, 2011

GENERAL INFORMATION ABOUT ROSNEFT

Date of State Registration and Certificate Number:

- 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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