Rosneft Oil Company
IFRS 9M2014 Results

October 29, 2014

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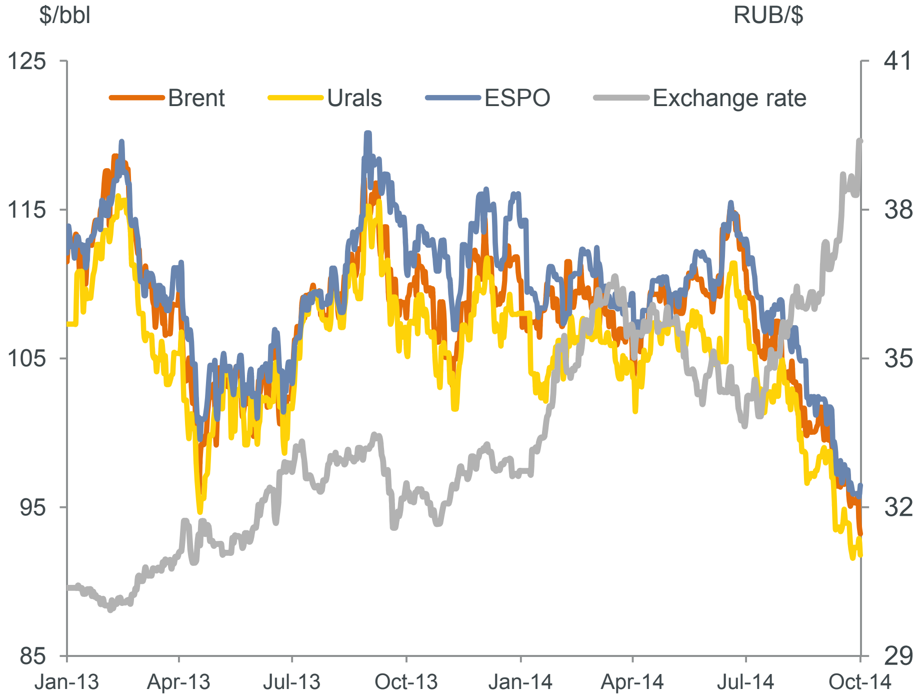
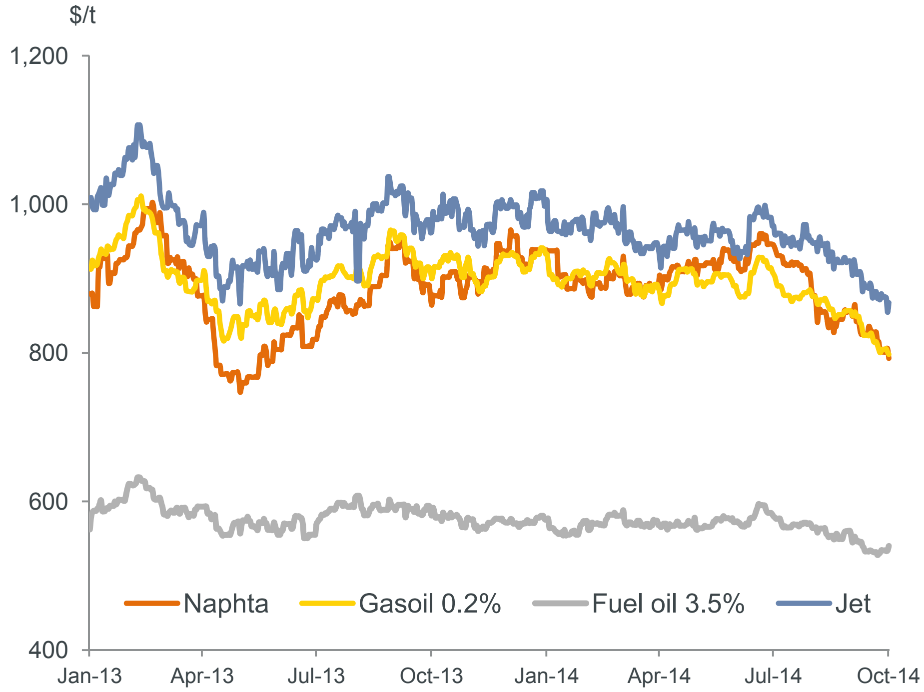
Macro Environment:

Declining Prices against Growing RUB Volatility

Crude prices and exchange rate (1)



Petroleum product prices (2)



Indicator	9M2014	9M2013	%(3)
Brent, $/bbl	**106.7**	108.5	(1.7)%
Urals, $/bbl	**103.9**	106.6	(2.6)%
ESPO, $/bbl	**108.2**	109.7	(1.4)%
FX rate, RUB/$	**35.4**	31.6	11.9%

Indicator	9M2014	9M2013	%(3)
Naphta, $/t	**896.1**	873.0	2.6%
0,2% Gasoil, $/t	**885.7**	904.0	(2.0)%
3,5% Fuel Oil, $/t	**565.9**	585.6	(3.4)%
Jet fuel, $/t	**950.0**	974.0	(2.5)%

Source: Thomson Reuters

Notes: (1) Brent quoted on FOB North Sea basis, Urals – average of FOB Primorsk/Novorossiysk, ESPO – FOB Russia, (2) Naphta quoted on average FOB/CIF Med basis, 0.2% Gasoil - FOB NWE, 3.5% Fuel Oil – average FOB/CIF Med/NWE, Jet Fuel - FOB NWE, (3) Based on unrounded numbers

9M2014 Key Highlights:

Growing Production against Flat Cost Levels

Indicator	9M2014	9M2013	Δ	Comments
Hydrocarbon production, th. boed	**5,073**	4,831	+5.0%	Stable oil production level, with gas production growing
Unit production costs, RUB/boe	**142**	132	+7.6%	Growing electricity tariffs, extra well interventions
Oil and oil product sales, mmt	**156.4**	139.8	11.9%	Deliveries to Asia Pacific countries under long-term contracts
Gas sales, bcm	**40.46**	24.52	+65.0%	Implementation of APG utilization program, acquisition of new assets
Russian oil refining, ktd	**234**	206	+13.6%	Commissioning of new refining facilities

9M2014 Key Highlights:

Sustainable Free Cash Flow Growth over Debt Reduction

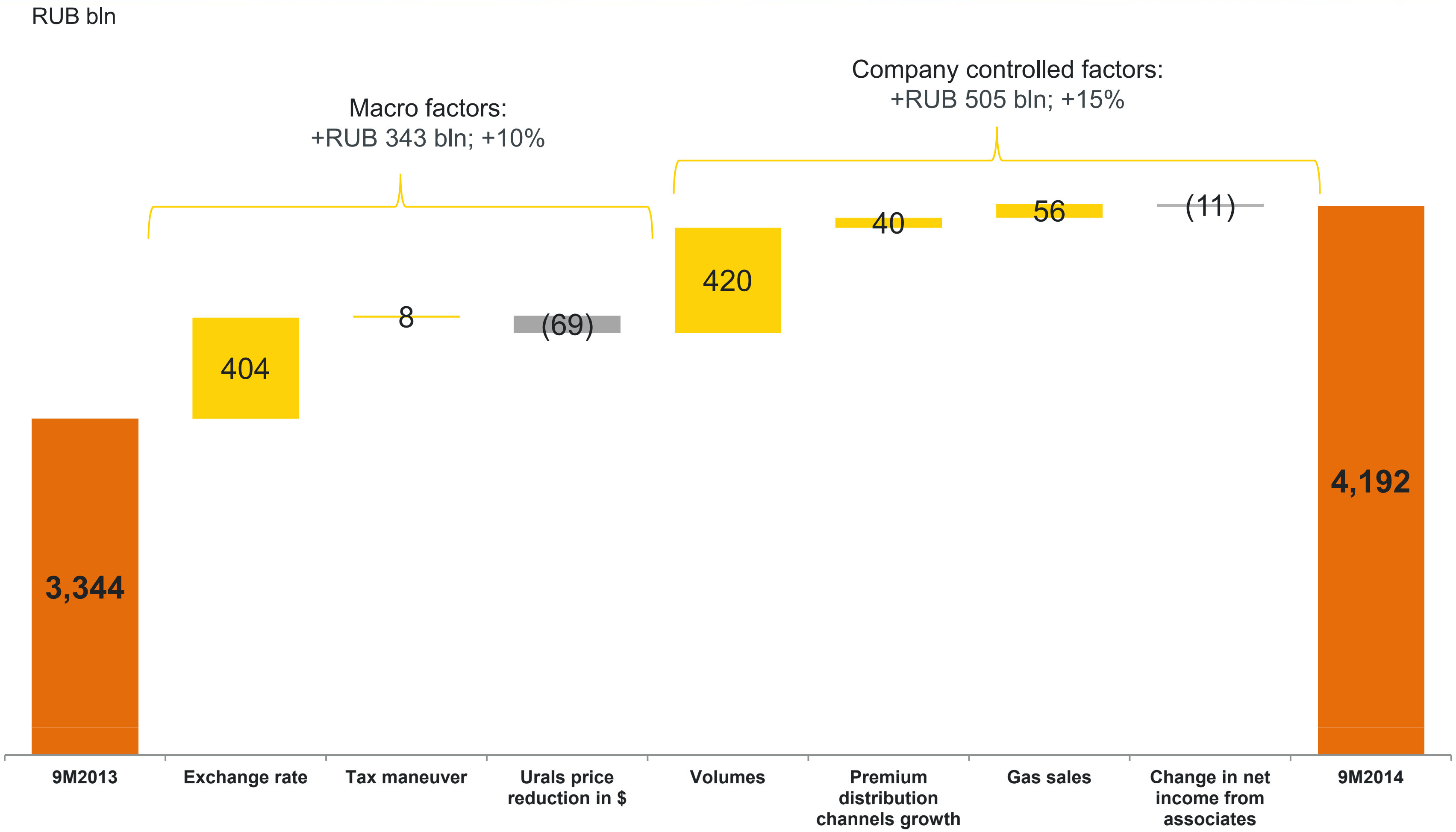
$ bln

Indicator	9M2014(1)	9M2013(1)	Δ
Revenue	**118.5**	105.8	+12.0%
EBITDA	**24.6**	21.3	+15.5%
EBITDA margin, %	**20.8%**	20.1%	
Net earnings, net of FX loss	**11.6**	9.7(2)	19.6%
Operating cash flow(3)	**21.9**	16.8	30.4%
Free cash flow(3)	**11.4**	4.8	+137.5%
Net debt	**45.0**	59.5	(24.4)%

Note (1) All indicators except for net debt calculated at the Central Bank's average exchange rate over the respective reporting period: 9M2014 – RUB 35.39/$, 9M2013 – RUB 31.62/$. Net debt calculated at the Central Bank's exchange rate as of the end of the respective reporting period: as of Sep. 30, 2014 – RUB 39.39/$, as of Sep. 30, 2013 – RUB 32.35/$, (2) Excluding the effect from revaluation of TNK assets and liabilities of RUB 167 bln, (3) Adjusted for prepayments under long-term oil supply contracts and operations with trading securities

Revenues:

Growing Sales Volumes and Optimization of Distribution Channels

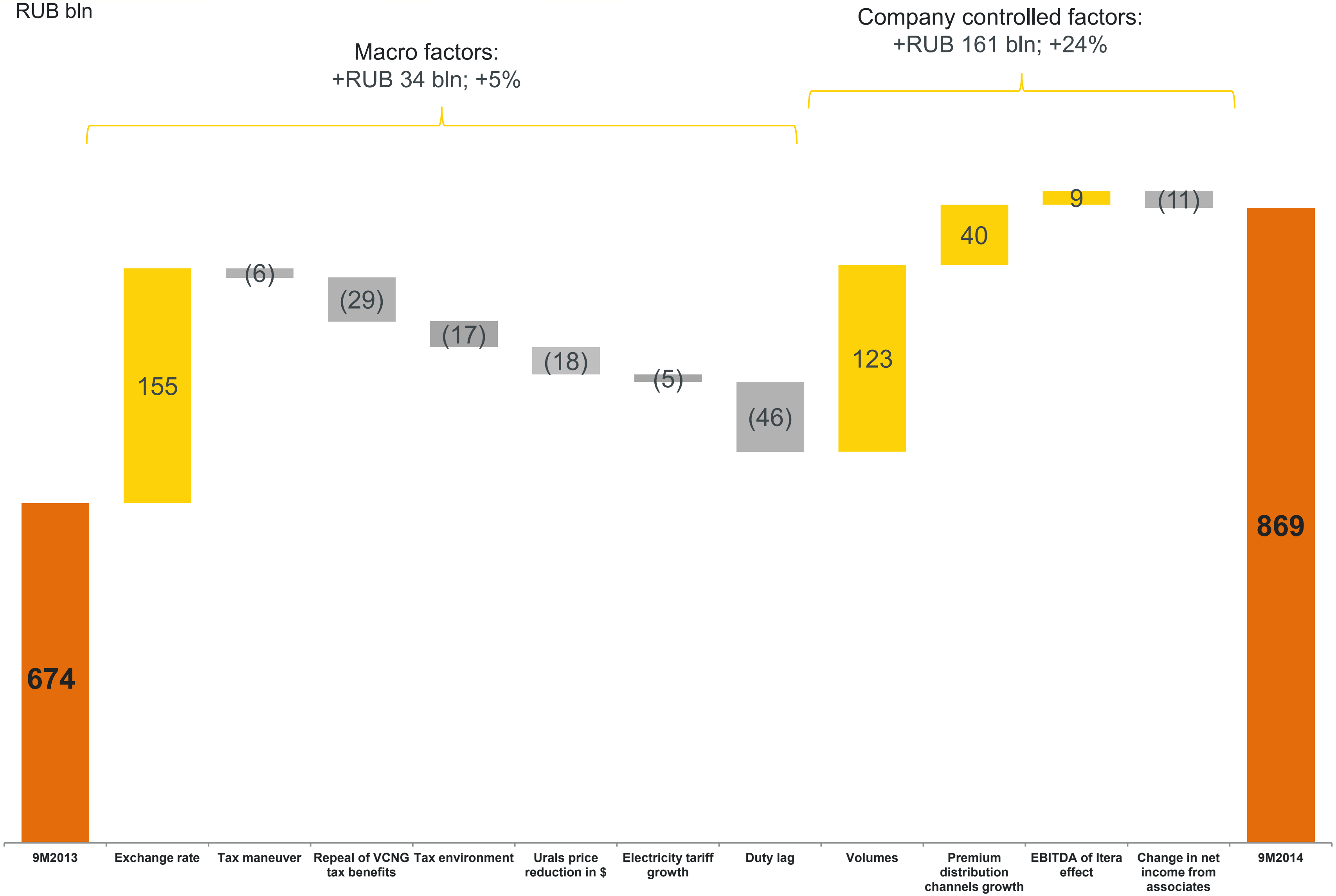


- Growing sales volumes via premium channels
- Gas production growth underpinned by acquisition of new assets, successful development of major projects, implementation of the APG utilization program

EBITDA:

Efficient Control over Operating and Administrative Expenses

RUB bln



Net Income:
Growth due to high operational efficiency despite unfavorable macro environment

RUB bln

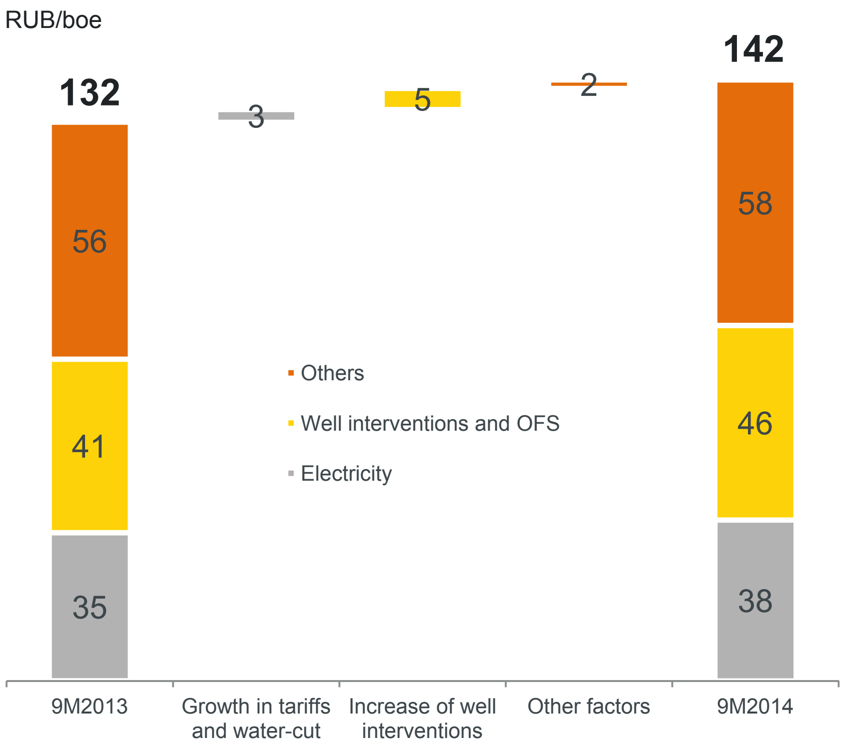
- Stable EBITDA growth despite unfavorable macro environment, improved increasing efficiency program
- Inflow of FCF denominated in foreign currency compensates FX effect from RUB depreciation

Note: (1) Excluding the effect from revaluation of TNK assets and liabilities of RUB 167 bln, (2) One-off earnings include the income from revaluation of minority stake in Verkhnechonskneftegas of RUB 38 bln in 1Q2013 and the income from stake in Yugragaspererabotka sale in the amount of RUB 56 bln in 1Q2014.

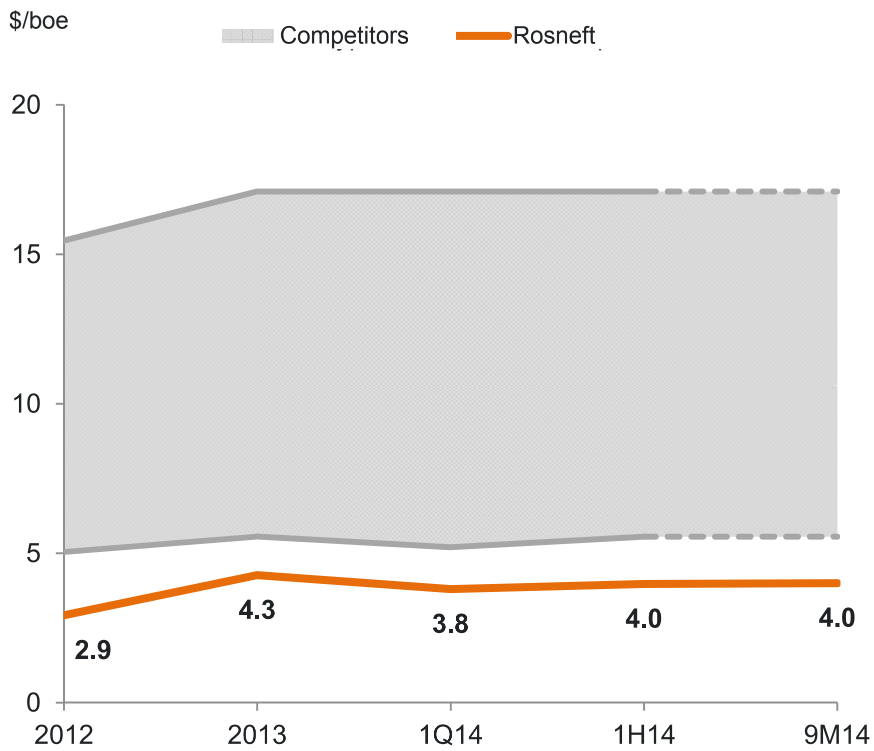
Production costs:

Retained Industry Leadership

Lifting costs



Benchmarking(1)



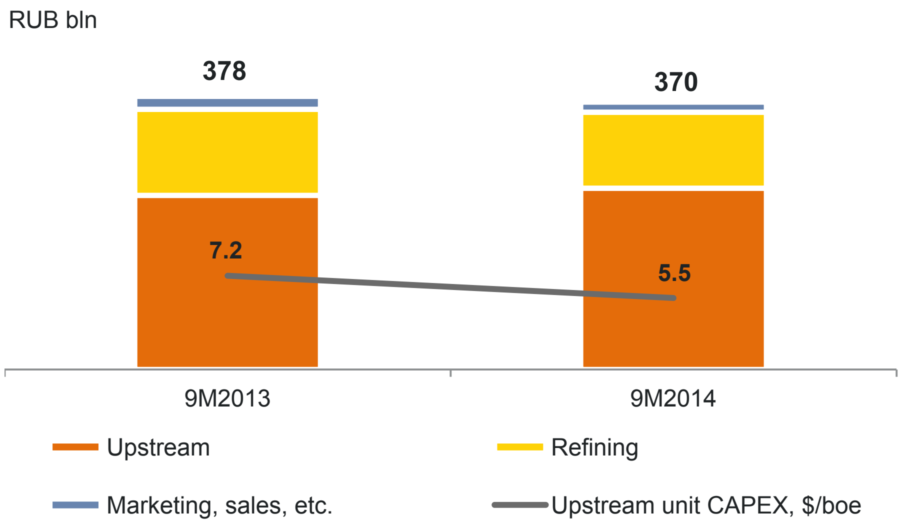
- Growth in electricity costs due to integration of new assets with high water-cut and tariffs indexation
- Increased number of efficient well interventions compensating production slowdown due to OFS restructuring

Note: (1) B Competitors include ExxonMobil, Chevron, BP, Shell, Statoil, Petrobras, Petrochina, Lukoil and Gazprom neft. Data on Exxon Mobil, BP, Shell, PetroChina for QI, II and III 2014 are equated to 2013 level, data on Statoil, Petrobras, Lukoil, Gazprom neft for 3Q2014 are equated to 2Q2014 level

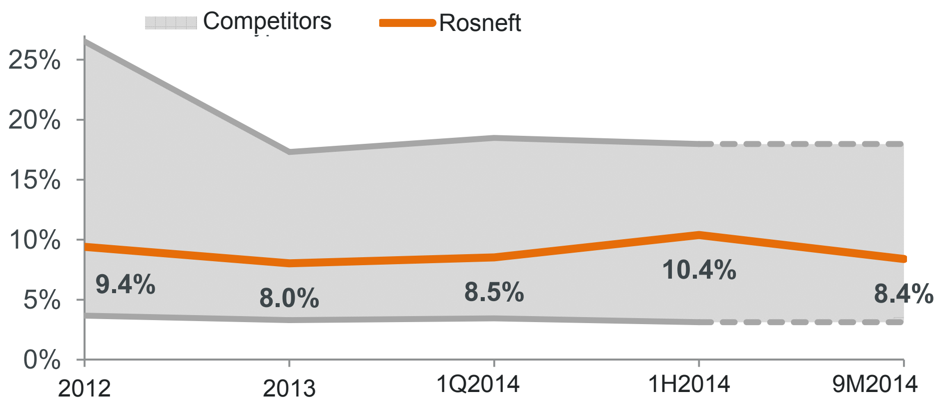
CAPEX:

Major Projects on Track and Investment Program Flexibility

CAPEX



ROACE Benchmarking[1]



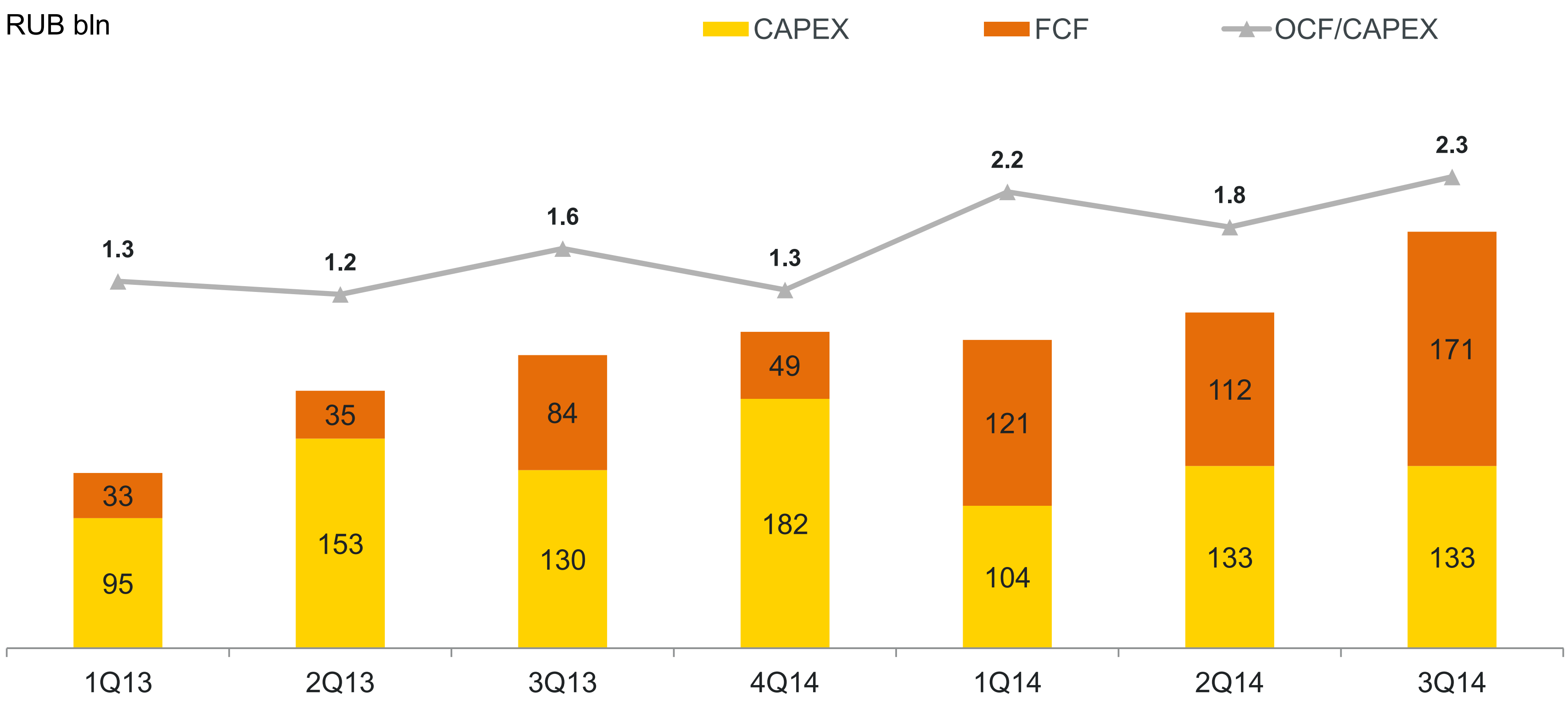
- **Investment program flexibility:** tactical investment management including direction and size of the program, preserving current indicators and strategic goals
- Target unit CAPEX in E&P for FY2014 – **$6.0-6.5/boe** despite 4Q activities (infrastructure at VCNG, Uvat and Rospan, geological exploration at Tagul) due to:
  - optimized business plan and improved performance while retaining operating indicators;
  - weaker Ruble.
- Lower level of planned investment has not impacted Upstream major projects time frames

Note: (1) Rosneft's ROACE presented without the effects of newly acquired assets revaluation, but factors in revaluations in 2012 – 11.4% and in 2013 – 13%. Competitors include ExxonMobil, Chevron, Shell, Statoil, Petrobras, Petrochina, Lukoil and Gazprom neft. 3Q2014 data are equated to 2Q2014 level

Operating Performance:

Operations Generate Stable Free Cash Flow

Free cash flow[1] and CAPEX



- Starting 2013 the Company generated over **RUB 600 bln** (**>$18.1 bln**) of free cash flow
- Operating cash flow amply covers investment needs: starting 2013 average operating cash flow (OCF) to capital expenses (CAPEX) ratio was **>1.3**

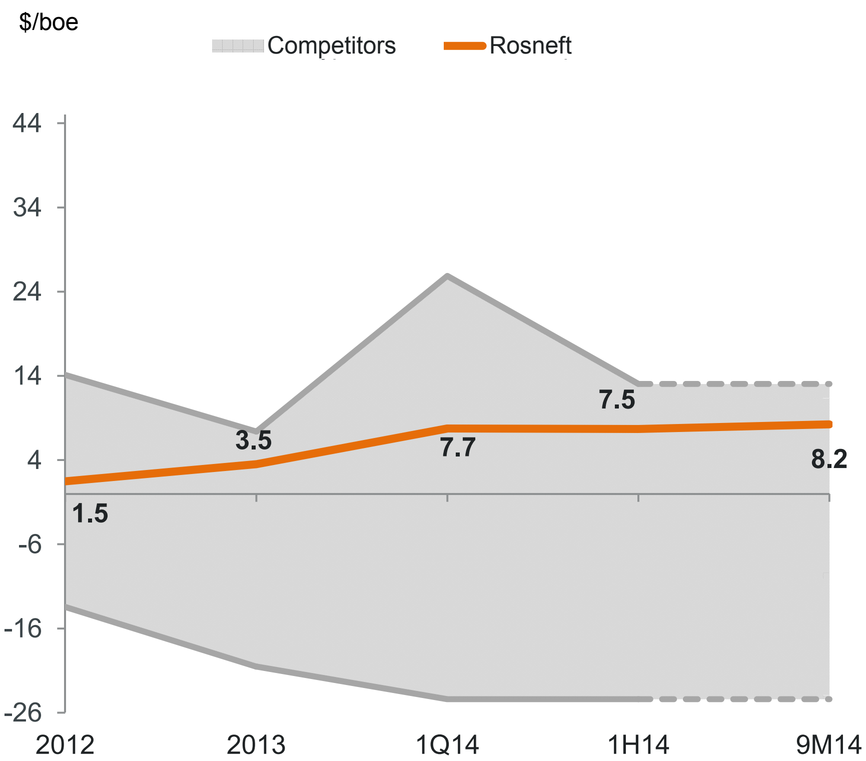
Note: (1) Adjusted for prepayments under long-term oil supply contracts and operations with trading securities

Free Cash Flow:

Sustainable Level Underpinned by Improving Operating Performance

Free cash flow[(1)]

Benchmarking[(2)]



- CAPEX efficiency improvement program implementation
- Free cash flow generation efficiency growth

Note: (1) Adjusted by advance payments under long-term oil supply contracts of RUB 497 bln over 9M2014 and RUB 307 bln over 9M2013, and by the effect from transactions with trading portfolio securities (2) Competitors include ExxonMobil, Chevron, BP, Shell, Statoil, Petrobras, PetroChina, Lukoil and Gazprom neft. 3Q2014 are equated to 2Q2014 level. PetroChina data for 2&3Q2014 are equated to 1Q2014 level.

Performance Improvement and Cost Control

Unit cost optimization

- Upstream energy efficiency improvement program is being implemented (incl. artificial lift, reservoir pressure maintenance, etc.) Effect **>RUB 2 bln** in 2014
- Logistical cost reduction through wider use of alternatives to railway transport (river, automotive)
- Autonomous riverborne oil products transportation program more than doubled. Relative efficiency vs railway transportation **~$15/t**

"Zero inflation" and procurement efficiency

- Rates charged by some third-party contractors reduced to 2013 level (effect **~RUB 5 bln**: material procurement and oilfield services ~RUB 1 bln, well construction ~RUB 4 bln)

Prompt response to changing environment

- Foreign currency-denominated expense contracts converted into Rubles
- Negotiations with Chinese and South Korean companies: equivalents of imported equipment identified, ability and willingness to participate in Company tenders confirmed
- Negotiations underway with vendors and contractors for the purpose of price terms and technological schemes optimization

Availability of Materials:

Based on Long-term Contracts and Competitive Prices

Until end of 2014

- Over 9 months, the materials procurement campaign was completed by 94% (RUB 112 bln)
- Procured materials prices reduced to 2013 levels (inflation index – 0%)

2015 campaign

- Procurement procedures initiated in relation to 91% of 2015 demand (RUB 118 bln)
- Starting not-to-exceed procurement price is set at 2013 price level

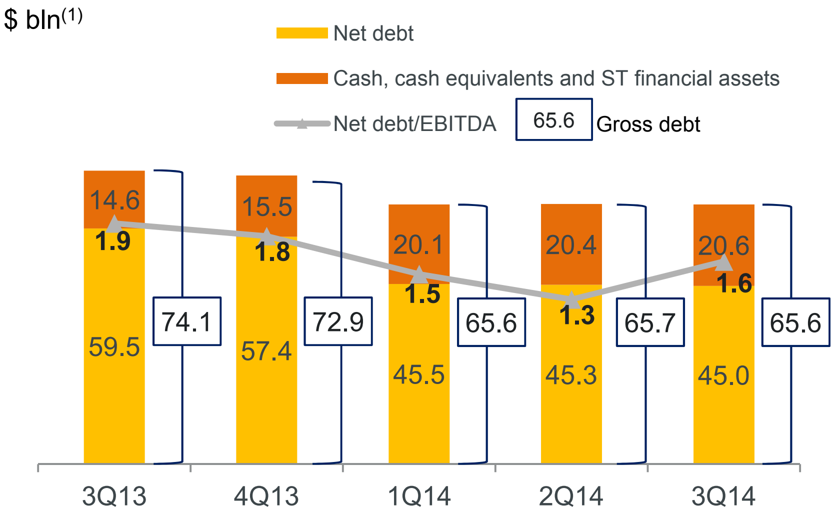
In the long term

- Share of domestic equipment and feedstock in supplies ranges from 75% (in hard-to-recover reserves provision) to 100%. Proposals regarding replacement of imported oil and gas equipment received: it is expected that any imported oil and gas equipment will be fully replaced within the nearest 3-4 years
- Long-term supply contracts are being developed and implemented using formula-based pricing in relation to main materials items which will allow to reduce costs

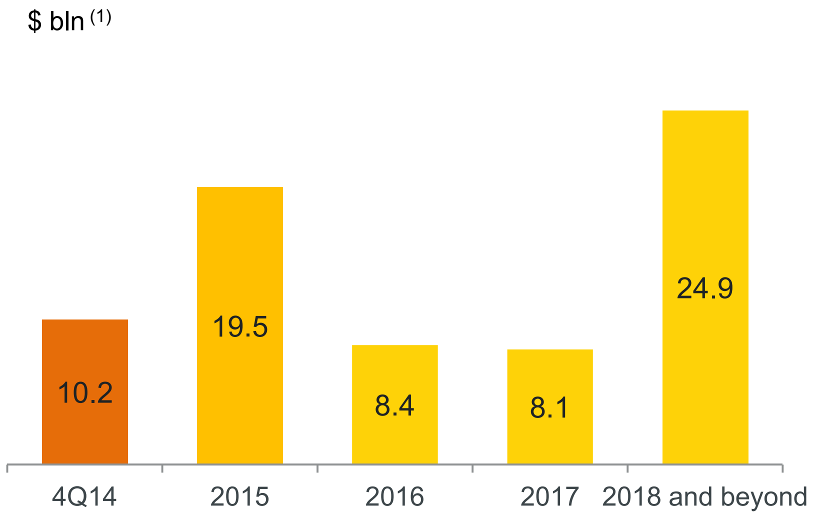
Financial stability:

Efficient Debt Portfolio Management

Debt and net debt dynamics



Repayment schedule[2]



- Over 9M2014 net debt was reduced by **$12.4 bln**[1] to **$45.0 bln**[1] (**RUB 1,772 bln**)
- Cash, cash equivalents and short-term financial assets amounted to ca. **$20.6 bln**[1] (**RUB 810 bln**) as of September 30, 2014
- Repayments for 9M2014 exceeded **$12.0 bln**[3] (**RUB 425 bln**) including scheduled repayments and prepayments of bridge loans for a total amount of **$5.5 bln** (**RUB 193 bln**[4])
- In December 2014 and February 2015 repayment of debt outstanding under bridge loans in the total amount of ca. **$14 bln** (**RUB 552 bln**[1]) is scheduled

Note: (1) Calculated using USD exchange rate as of the end of the respective period, (2) Including future accrued interests at the exchange and interest rates as of September 30, 2014 (excluding debt of other YUKOS group companies), (3) Calculated using average USD exchange rates for the period, (4) Calculated using USD exchange rates as of the dates of repayment

Operating results

Pobeda Field in the Kara Sea:
Key Oil and Gas Industry Event in 2014

- In late September 2014, Rosneft **successfully finished drilling of the world's northernmost arctic well** *Universitetskaya-1*:
  - 250 km off Russian shore
  - Drilling site sea depth: 81 m
  - Vertical well depth: 2,113 m
- Preliminary estimate of C1+C2 reserves:
  - **128.7 mmt** of oil
  - **391.9 bcm** of gas
- **Drilling completed within record time** – 1.5 months, with strict adherence to all technological and environmental requirements
- **Considerable amount of radically new geological information** gathered, geological data are being interpreted, field development model is being designed

East-Prinovozemelsky-1 project key features

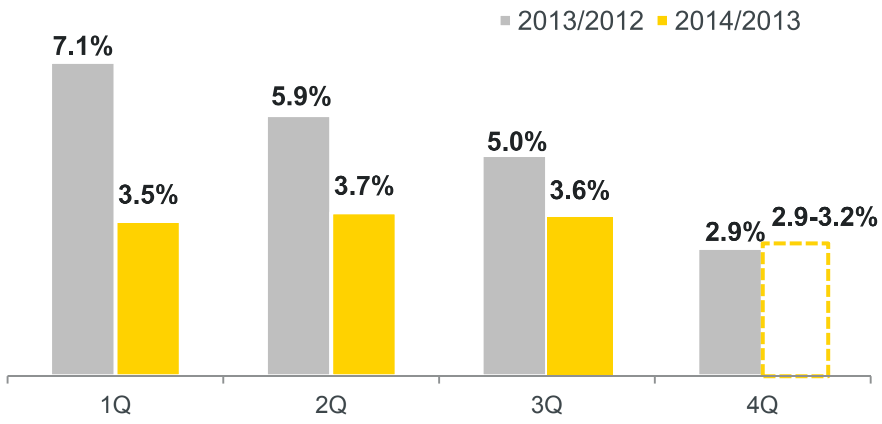
Location	Kara Sea
License area	East-Prinovozemelsky-1
Year of field discovery	2014
2015-2019 financing (incl. 2nd well drilling)	$1.1 bln

Oil Production:

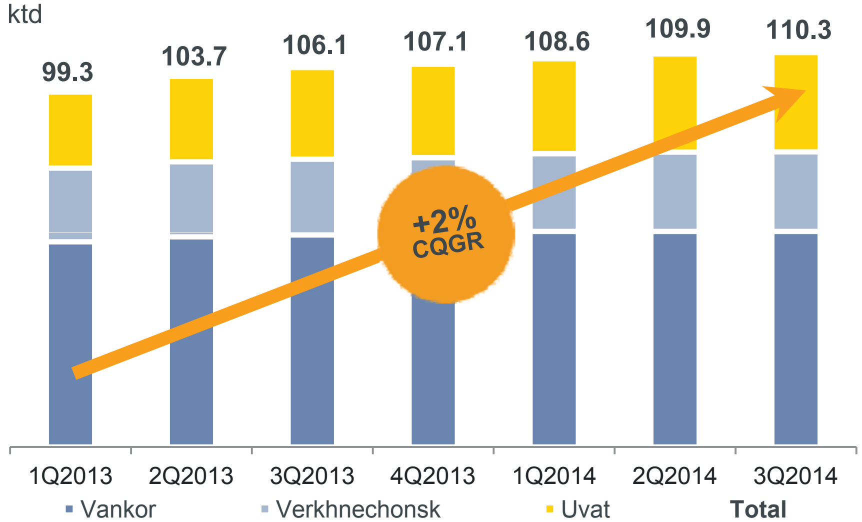
Stabilization of Brownfield Production, Greenfield Developments

- **Brownfield production stabilization actions:**
  - Further well intervention program agreed **(+1.2 mmt)**
  - incl. 870 additional well interventions completed for 9M2014, **+409 kt** of production
- **YuganskNG – operational efficiency of base well stock increased:**
  - For 9M2014 according to hydrofrac program: **+247 wells**, **+224 kt** of production
  - For FY2014 according to hydrofrac program: **+375 wells**, **+387 kt** of production
- **VCNG:** achieved **historical maximum** daily production (**23.5 ktd**) through infrastructure optimization
- **East Siberian bluefields development**
  - Oil price fluctuations do not affect project economics, as fields enjoy tax benefits until target IRR is achieved
  - Suzun: first exploration well construction completed
  - Government approvals obtained for Russkoe field Phase 1 development

Containing production decline rates[1]



Greenfield production

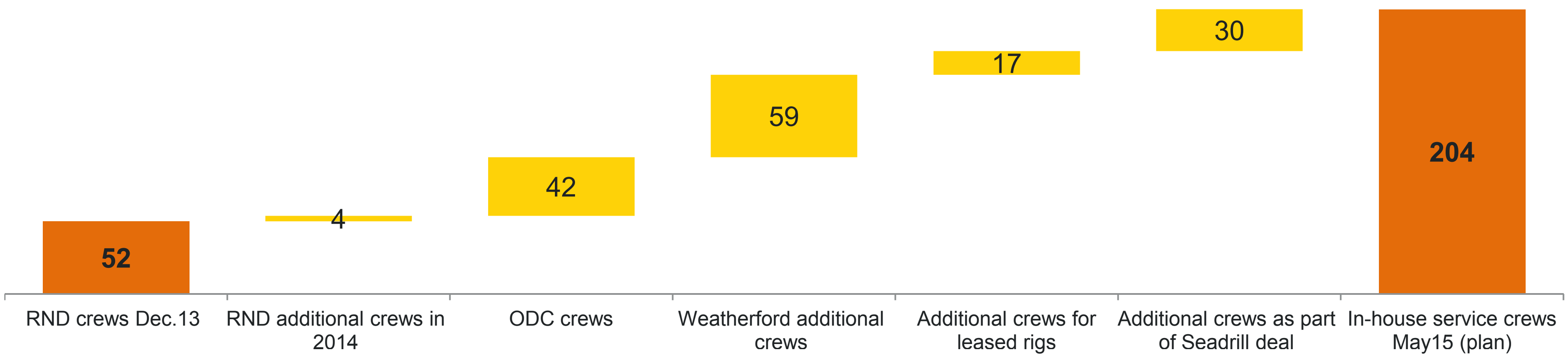


Note: (1) Aggregate production at Samotlorneftegaz (incl. RN-Nizhnevartovsk), Varyoganneftegaz, RN-Nyagan.

Oil Production:

Efficient Technologies and Oilfield Services Optimization

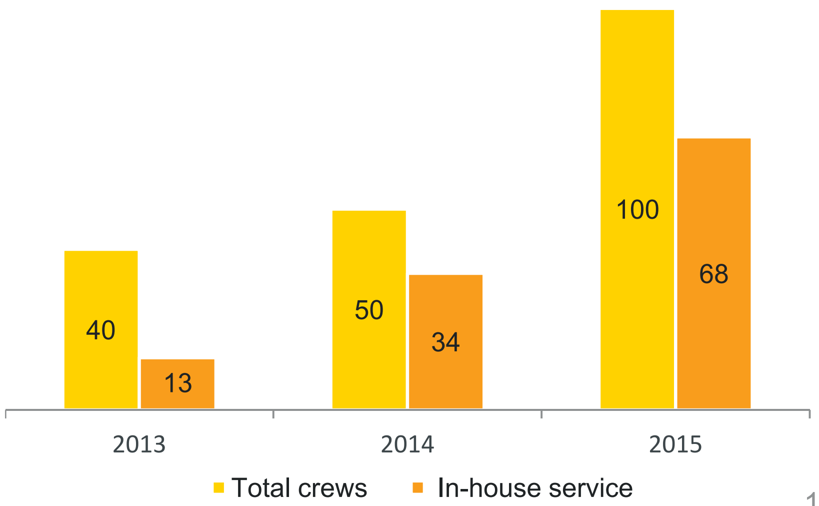
Changing the number of in-house drilling and sidetracking crews in 2014-2015 [1]



Key achievements

- No constraints in accessing required technologies due to sanctions
- The drilling and OFS contractor & equipment mobilization and relocation program being implemented at an accelerated pace
- Integration of new drilling and OFS assets fully completed
- A large-scale in-house drilling & OFS equipment modernization program is being prepared with priority given to using Russian manufacturers for all types of equipment

YuganskNG drilling crews



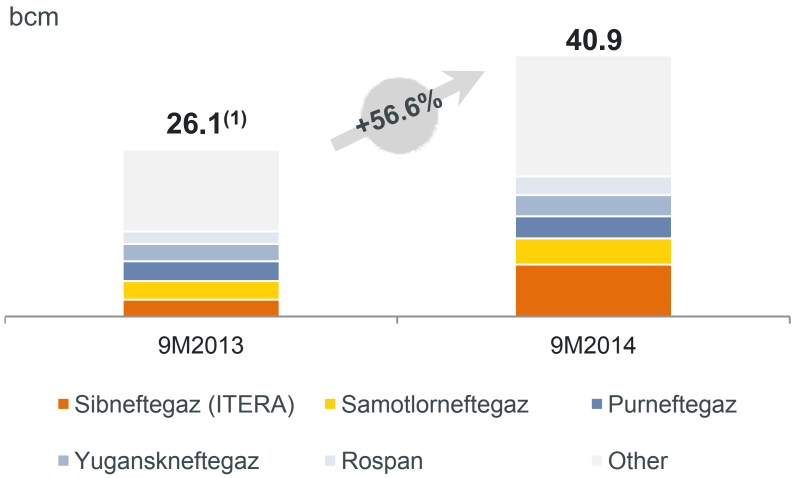
Note: (1) RND – RN-Drilling; The ODC acquisition deal was effected in April 2014; The Weatherford acquisition deal was closed in August 2014; Seadrill supplies are planned for May 2015.

Gas Business:
Efficient Production Growth

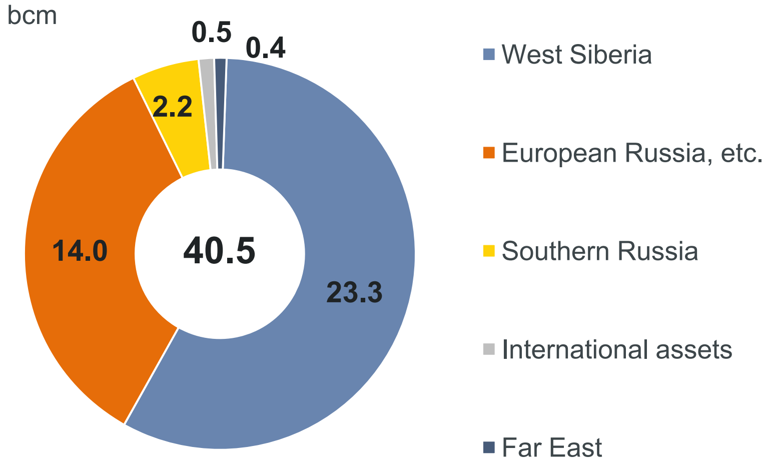
Key achievements

- Average gas price sales grew by **14.6%** to **2.9 RUB th./kcm** over 9M2014
- A change in MET rate calculation methodology allow forward-looking gas projects to enjoy benefits
- Development of a new Achimov layer Ach_6^{02} commenced at Rospan fields:
  - ABC1 **~ 67,1 bcm of gas** and **11,3 mmt of condensate**
  - Due to record-setting hydrofracturing **gas debit of the one well has grown from 70 to 600 kcmd**
- *Gazelan* gas treatment unit launched at KrasnodarNG, which allowed to improve the quality of the gas shipped to consumers

Gas production



Gas sales over 9M2014

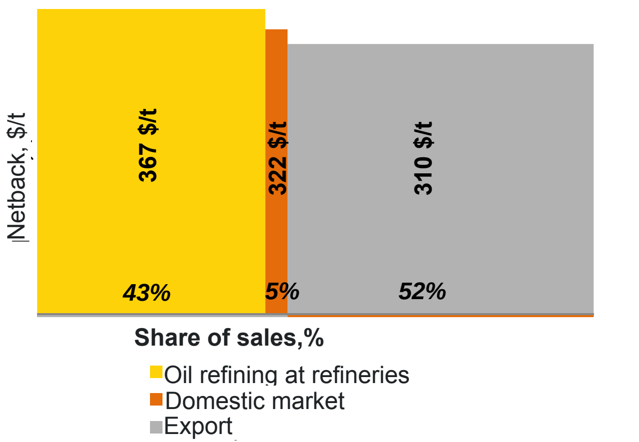


Note: (1) From the date of acquisition

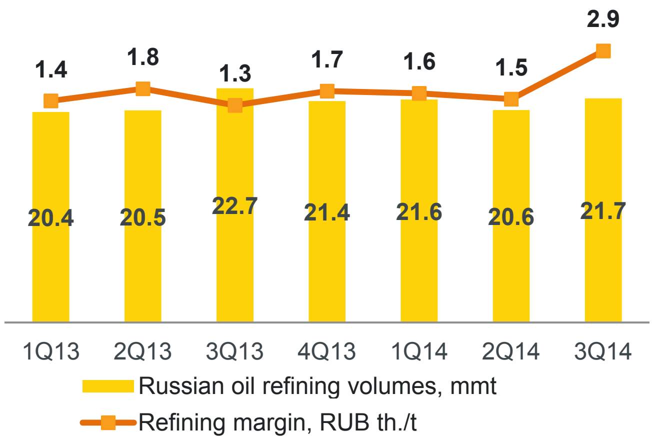
Downstream:

Operating Process Optimization and Delivery Diversification with a Focus on the East

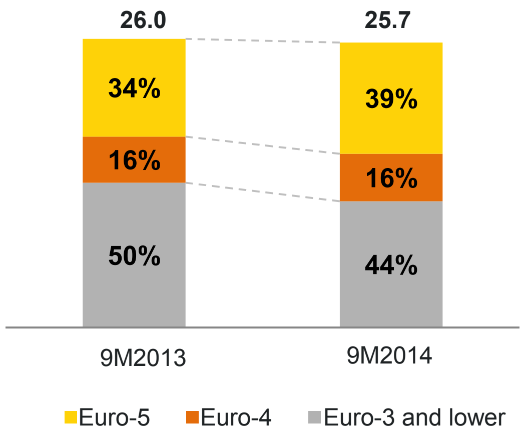
Oil monetization channels in 3Q2014



Russian refining volumes and margins



Russia's motor fuels output



Key events in 3Q2014

- **Russian oil refining margin broke record** due to favorable market environment and improved operating process performance. Effect from output structure optimization and maximized production ~**RUB 4 bln**
- **Achinsk refinery reactivation:** primary distillation re-launched, manufacturing of basic oil product types resumed. In September ~0,4 mmt refined (>60% capacity)
- **Russian refinery upgrades:** isomerization unit launched at the Kuibyshev Refinery which allows to produce high-octane Euro-5 gasolines. The expected effect is in excess of **RUB 2 bln a year**
- **Oil delivery diversification:** Eastern oil deliveries reached a record high of 25 mmt for 9M2014, +45% over 9M2013
- Intergovernmental agreement signed with Kazakhstan on counter deliveries of crude oil, granting the Company at the same time additional traffic to Kozmino and increasing crude oil sales efficiency
- **International expansion:** closed acquisition of 100% in the Bishkek Oil Company group of companies (a leader of the Bishkek oil products market: 23 retail sites and oil depot)
- **Jet fuel premium sales:** expanded cooperation with the largest eastern air carriers – entered into fuel supply agreements in Moscow, Krasnoyarsk and Sochi airports

Objectives until End of 2014

Upstream

- Increasing offshore greenfields production: Arkutun-Dagi field, Severnoe Chaivo project
- Assurance of required quantity of drilling rigs for the 2015 exploration drilling program
- Expansion of vendors pool and fulfillment of 2015 demand for materials

Downstream

- On time successful modernization program implementation: completion of three units construction at Novokuibyshevsk and Ryazan Refineries, full transition of Samara Group refineries to Euro-4 diesel manufacturing
- Resumption of manufacturing of motor fuel at the Achinsk Refinery

Gas Business

- Launch of gas production project at Khadyryakhinskoe field (Sibneftegaz)
- Proceeding with development of Achimov layer in accordance with gas production plan
- Participation in exchange-based natural gas trading at the St. Petersburg International Merchandise Exchange

Finance

- Assuring necessary liquidity level
- Discharge of debt obligations
- Support of required for current Company's investment cycle capex level

Appendix

9M2014 Financial Results, RUB bln

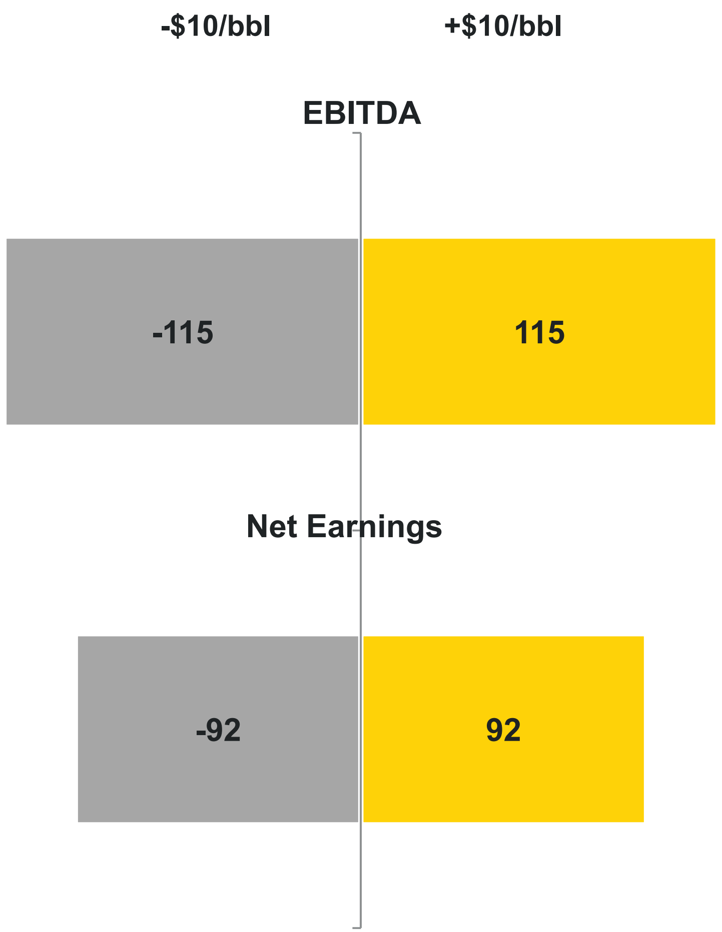
Indicator	9M2014	9M2013	Δ	Comments
Revenues, RUB bln	**4,192**	3,344	+25.4%	Growing sales volumes
EBITDA, RUB bln	**869**	674	+28.9%	Successful implementation of operating performance improvement program
EBITDA margin, %	**20.7%**	20.2%		
Net earnings, RUB bln	**261**	250(1)	4.4%	Cost control in a significantly deteriorating macroeconomic environment
Net earnings net of FX losses RUB bln	**411**	307	33.9%	Excluding the effect of weakening RUB under crude price drop
Free cash flow(2), RUB bln	**404**	152	+165.8%	Efficient liquidity management, reduced CAPEX
Net debt, RUB bln	**1,772**	1,926	(8.0)%	Free cash flow growth enabled net debt reduction, dividend payments and repayments of loans
Tax payments, RUB bln	**2,258**	1,980	14.1%	Including export duty, MET, income tax and other taxes paid at all levels

Note: (1) Excluding the effect from revaluation of TNK assets and liabilities of RUB 167 bln, (2) Adjusted for prepayments under long-term oil supply contracts and operations with trading securities

EBITDA and Net Earnings
Sensitivity to Urals and FX Rate

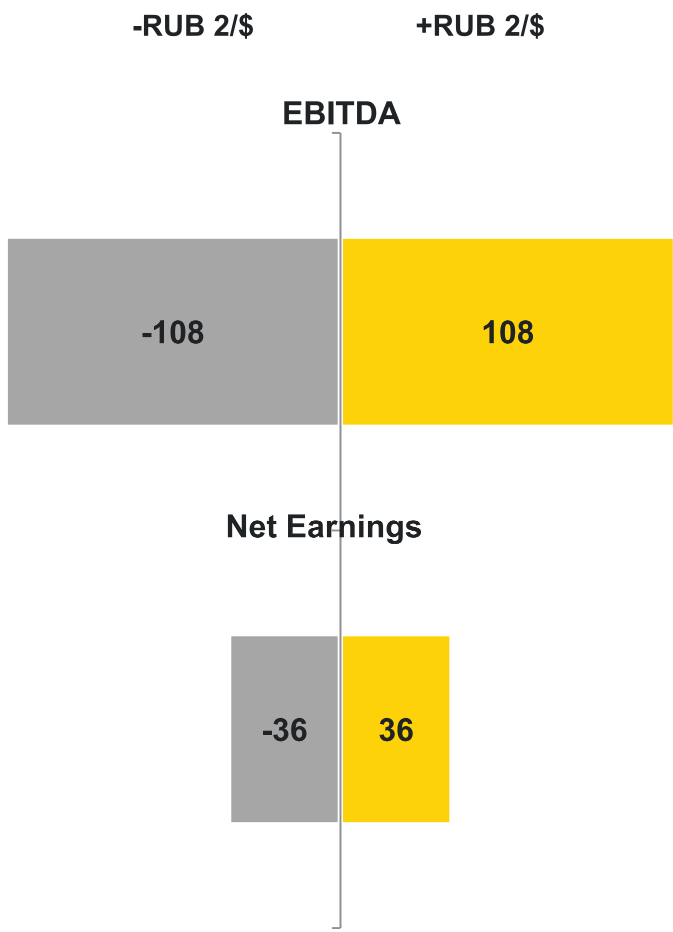
Urals price change

RUB bln



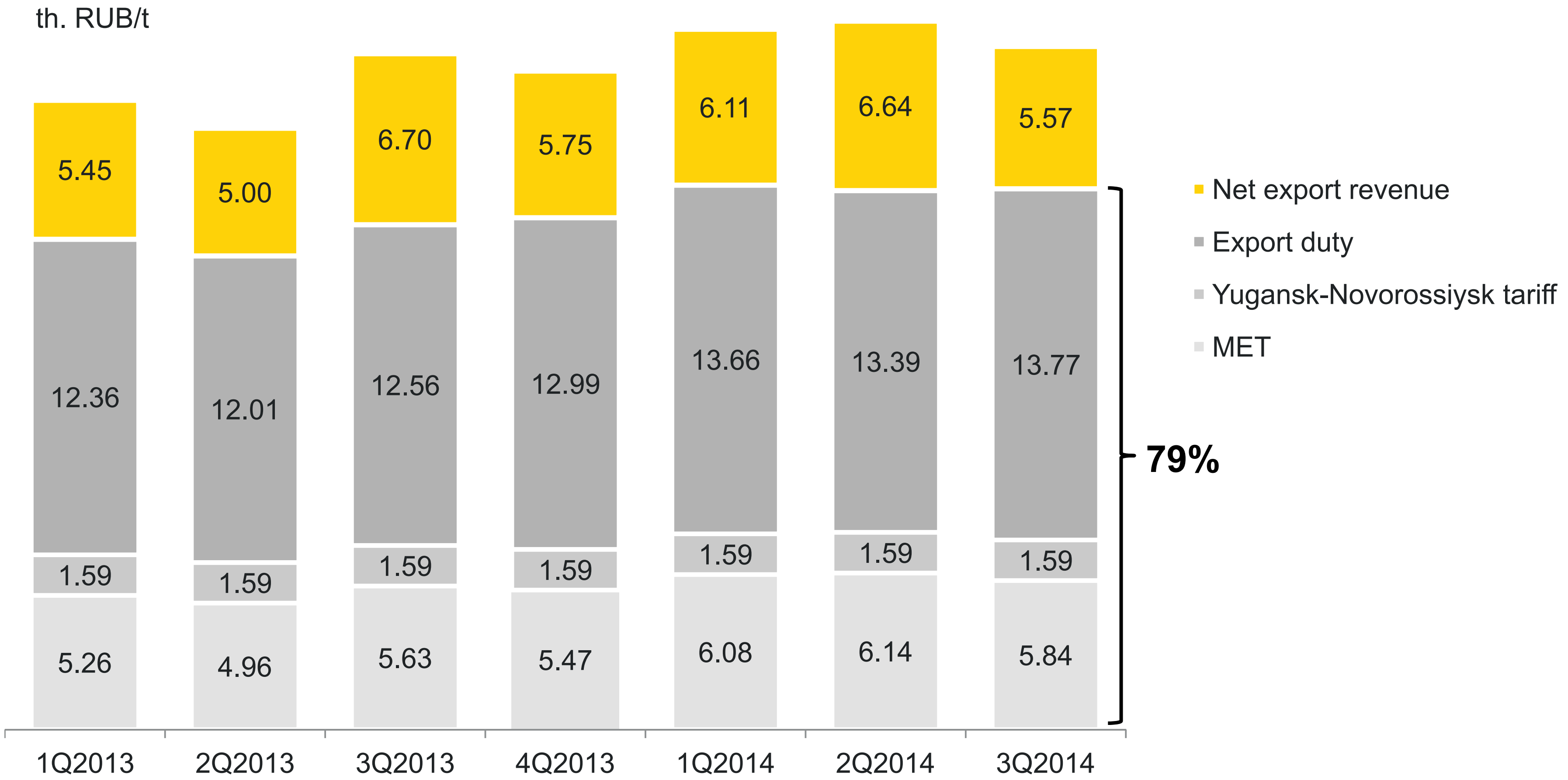
FX rate change

RUB bln



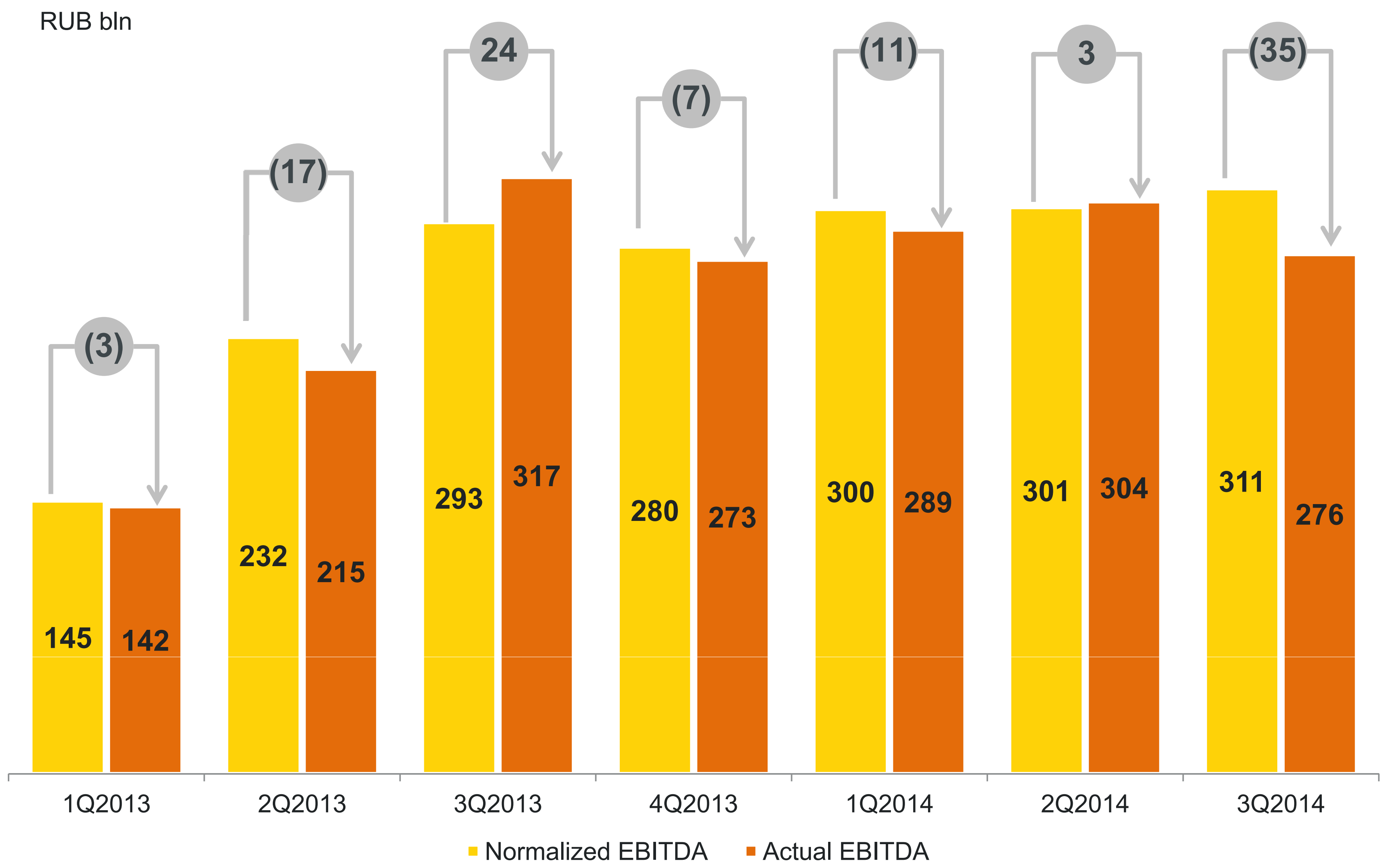
Note: impact on EBITDA and Net Earnings annual figures

Uncontrolled Expenses



- In 3Q2014, the share of uncontrolled expenses in oil price amounted to **79%**
- Net export revenue fell by **16.1%** in RUB terms Q-o-Q

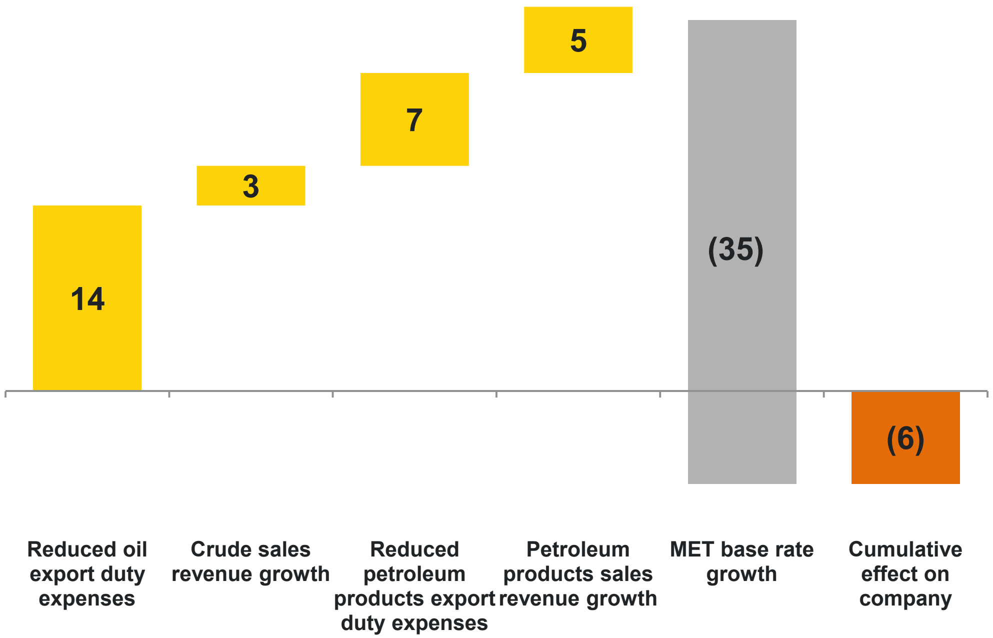
Export Duty Lag



Tax Maneuver Effect

Tax maneuver effect over 9M2014[1]

RUB bln



Key changes

Indicator	Before	After
Base MET rate for oil, RUB	470	**493**
Marginal export duty rate on crude oil	60%	**59%**
Diesel fuel export duty rate calculation factor	0.66	**0.65**

- Cumulative effect from the tax maneuver since its coming into force starting January 1, 2014 amounted to **RUB (6) billion** over 9M2014

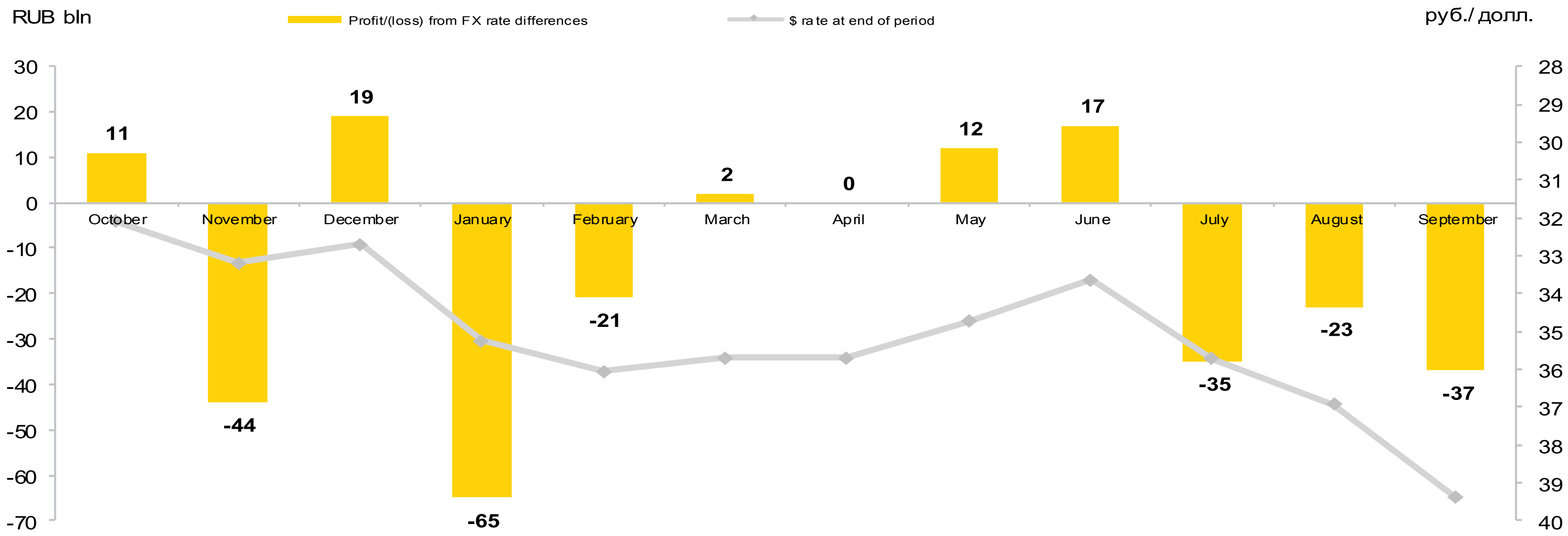
Note: (1) Sales revenue growth implies growth of crude oil and petroleum product prices on the domestic market and in CIS exports that corresponds to price growth in export alternatives in connection with reduced export duty rates. The effect is calculated based on volumes, Urals price and FX rate over 9M2014

Financial Expenses, RUB bln

	3Q2014	2Q2014	Δ	1Q2014	4Q2013
1. Accrued interest[(1)]	**23**	22	4.5%	22	21
2. Paid interest	**25**	18	38.9%	23	18
3. Change in interest payable (1-2)	**(2)**	4	–	(1)	3
4. Capitalized interest[(2)]	**10**	10	–	8	9
5. Net (income)/loss from operations with derivatives[(3)]	**39**	(11)	–	19	-
6. Unwinding of discount in provisions	**2**	2	–	2	3
7. Interest for use of funds under prepayment contracts	**7**	6	16.7%	6	1
8. Other interest expenses	–	1	–	–	–
Total financial expenses (1-4+5+6+7+8)	**61**	10	510.0%	41	16

Note: (1) With interest accrued on bank and non-bank loans, notes, Ruble bonds and Eurobonds, (2)Interest expenses are capitalized in accordance with IAS 23 "Borrowing Costs". Capitalization rate is calculated by dividing interest expense on CAPEX-related loans by average balance outstanding on such loans. Capitalized interest amount is calculated by multiplying average construction-in-progress balance by capitalization rate. (3) Quarter-on-quarter change in net effect on derivatives transactions is caused by fluctuations in the FX element of transactions with currency/interest swaps and forwards.

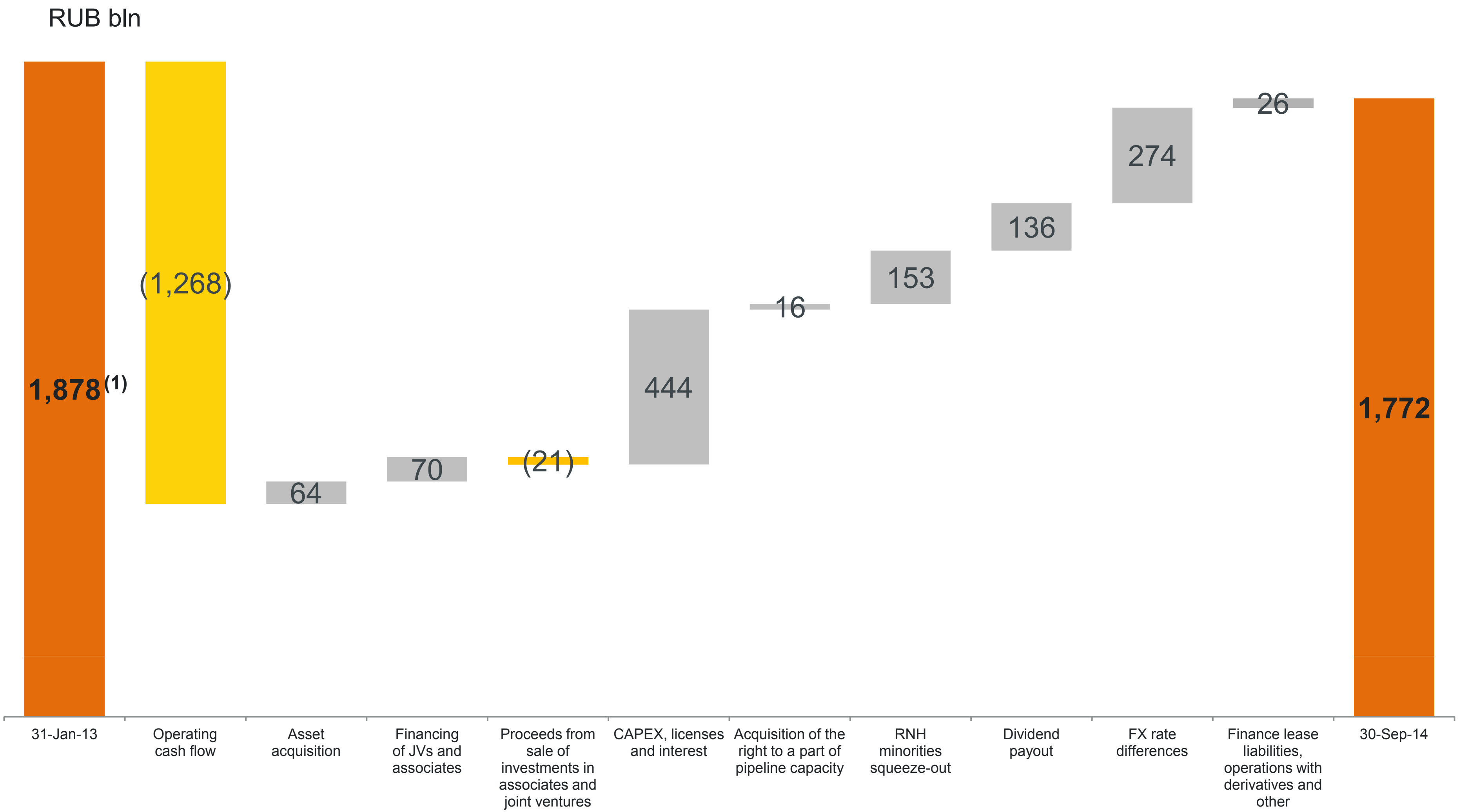
FX Gains/(Losses)



		Average monetary position											
		Oct	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**
Cash, payables/receivables and other monetary positions denominated in foreign currencies	USD mln	25,752	26,025	24,784	46,895	35,670	29,907	29,197	29,412	29,844	30,532	30,841	31,209
Credits/loans denominated in foreign currencies	USD mln	(64,559)	(65,214)	(64,294)	(62,439)	(59,509)	(55,928)	(54,893)	(55,045)	(54,875)	(54,440)	(54,176)	(53,936)
Exchange rate change	RUB /USD	0.3	(1.1)	0.5	(2.5)	(0.8)	0.4	-	1.0	1.1	(2.1)	(1.2)	(2.5)
FX translation gains/(losses) as shown in Income Statement	**RUB bln**	**11**	**(44)**	**19**	**(65)**	**(21)**	**2**	**-**	**12**	**17**	**(35)**	**(23)**	**(37)**
FX translation gains/(losses) from remeasurement of foreign operations with monetary items as part of aggregate income and other effects	RUB bln	-	(4)	3	(17)	(5)	5	1	17	7	(11)	(5)	(10)
Total effect from FX translation gains/(losses) [(1)]	**RUB bln**	**11**	**(48)**	**22**	**(82)**	**(26)**	**7**	**1**	**29**	**24**	**(46)**	**(28)**	**(47)**

Note: (1) Includes result from transactions with foreign currencies and other effects

Net Debt



Note: (1) Including finance lease liabilities and liabilities related to derivatives

Questions and Answers