

STRATEGY OF EFFICIENT DEVELOPMENT

EXPLORATION

The Company is expanding its resource base successfully conducting on- and offshore exploration projects.



OIL PRODUCTION

In its onshore operations Rosneft pursues the following strategic goals: to maintain production and maximize the outputs of existing fields, to implement new projects in a lean manner ensuring sustainable production profiles and maximizing recovery rates as well as to economically develop unconventional and challenged reservoirs.



GAS PRODUCTION

The Company aspires to boost the total value of its integrated gas business by increasing production and signing direct sale contracts.



REFINING

Rosneft is Russia's leading oil refiner. The Company operates 11 refineries located in Russia's key regions. In 2013 they refined 97.7 mln tons, a third of oil refined in Russia. The Company is implementing a massive refineries modernization program.

MARKETING AND SALES

Rosneft delivers the oil it produces to the Company's refineries in Russia and Germany and sells it in Russia, the CIS and in the international market. The Company exports the oil that is incremental to the volumes necessary to fill up the Company's refineries. Rosneft operates a large and developed infrastructure for servicing the domestic fuel market. The infrastructure includes a number of marketing subsidiaries wholesaling and retailing oil products as well as offering oil product storage, transportation and handling services.

PETROCHEMICAL BUSINESS

Rosneft's core petrochemical facility is the Angarsk Polymer Plant (the petrochemical area of the Angarsk Refinery). In addition, other Rosneft refineries produce simple petrochemical products.

Key Medium-Term Value Drivers

1. Maintaining positive oil production momentum

- stabilizing oil output at West Siberian brownfields, complemented by concurrent oil production growth in Volga-Urals
- progressing as planned on new projects
- developing unconventional and stranded oil production

2. Growing reserve base through successful onshore and offshore exploration

- strengthening organizational capability and access to best technologies, to secure high exploration success ratio

- acquire licenses in high-potential areas and areas with developed infrastructure
- strategic partnerships with industry leaders to secure successful offshore exploration activities

3. Increasing the value of integrated gas business due to incremental production and direct sales contracts

- growth in organic gas production and efficient integration of new assets
- increasing the effectiveness of gas monetization and growing the share of long-term contracts

- developing the LNG project to enhance access to gas exports and increase sales margins

4. Focus on cost controls and capital discipline

- "zero inflation" of business plan parameters
- cost structure optimization
- efficient investment governance and approval of only those projects that meet corporate Internal Rate of Return guidelines

5. Strong liquidity position and gradual de-leveraging

- sustainable cash flow generation
- use of most efficient financing tools
- gradual de-leveraging

6. Sustainable dividend payout

- stable dividend payouts at 25% of IFRS Net Earnings
- sustaining dividend yields in line with best industry practices

7. Continuous improvement of integrated downstream business returns

- refinery upgrade program delivery on time and within budget
- supporting strong brand and flexible marketing policy
- developing advanced forms of oil and oil products trading

8. Improving standard of information disclosure and investor relations

- primary attention to improvement of relationships with shareholders and investors

* Pro forma data.

Delivering on Plans

2013 Plans

2013 Results

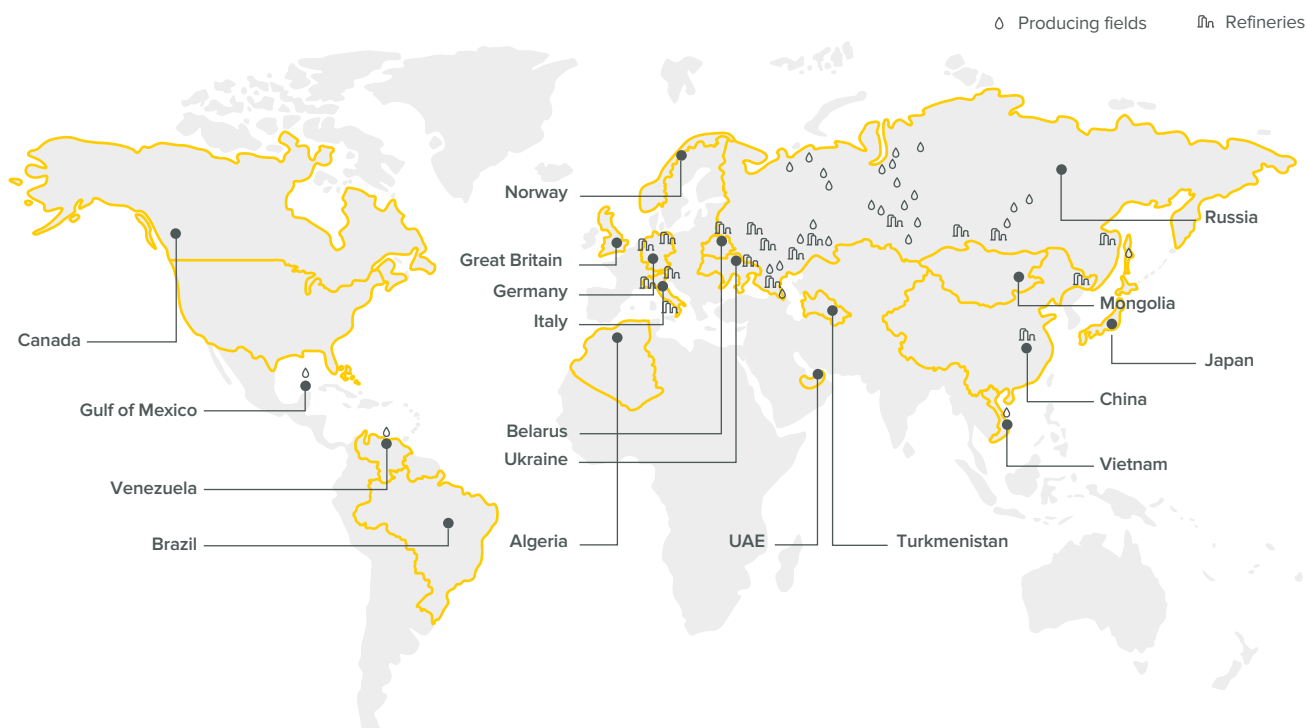
2014 Plans

Assure production growth	Production growth with acquisitions amounted to +72% (organic growth was 1%)	Carry on growing production volumes at least by 1% a year
Assure hydrocarbon reserves replacement ratio at above 100%	The SEC hydrocarbon reserves replacement ratio was 287% in 2013	Carry on growing reserves, replacing over 100% of production with new reserves
Implement refinery modernisation program as scheduled	Tuapse refinery upgrade phase one completion: crude distillation capacity increased to 12 mmta	Carry on with the refinery upgrade program, including launch of isomerization units at the Samara group of refineries
Grow company gas business by organic production ramp-up and new acquisitions	Gas production growth with acquisitions amounted to 133%. Consolidation of ITERA Oil and Gas Company LLC and OJSC Sibneftegaz.	Continued gas production growth through increased associated petroleum gas (APG) utilization level and implementation of natural gas production projects.
Holding back CAPEX while keeping the at planned level	Efficient capital investment program management allowed to keep capital construction project delivery at planned levels, sustainable resource base growth and upgrade program implementation, while achieving a 4%* CAPEX reduction.	CAPEX reduction without disruption to capital construction schedule
Strong financial position and gradual de-leveraging	In 2013, notwithstanding the adverse macroeconomic environment, the Company managed to achieve free cash flow growth. In the end of 2013 the Company repaid (and prepaid) some of the loan taken to finance asset acquisitions, total of \$5.1 bln (RUB 166.9 bln)	Gradual de-leveraging

Creating shareholder value through generation of sustainable cash flow and stable returns

* Based on pro forma data.

Rosneft Geography of Operations



Industry position (benchmarking against the global peer group)

