

Under what circumstance will Rosneft offer to buyback its shares from holders?

The General Shareholders' Meeting of Rosneft ('GSM') scheduled for June 19, 2009, will vote, among other things, on amendments to the company's Charter (Resolution 9) and on whether to approve a major transaction (Resolution 16). In accordance with the Russian legislation, if either of the Resolutions is approved by the GSM, all such Rosneft's shareholders who voted against or did not vote in respect of the approved Resolution (9 or 16) have the right to submit their shares for repurchase by Rosneft (the 'Buyback'). Rosneft has instructed JPMorgan Chase Bank, N.A., its Depository for Rosneft's GDR program ('J.P. Morgan' or the 'Depository'), to establish procedures for eligible GDR holders to participate in the Buyback by arranging to cancel their GDRs and instructing the Depository to deliver the underlying shares into the Buyback.

Who is eligible to participate in the Buyback?

Shareholders and GDR holders who (i) owned their positions as of the April 30, 2009 GSM record date and (ii) either voted against or did not submit a vote in respect of the Resolution 9 (subject to its approval by the GSM) or Resolution 16 (subject to its approval by the GSM) can have their shares purchased by Rosneft at a fixed price, as determined by the company's Board of Directors.

What is the price offered by Rosneft for the shares eligible to participate in the Buyback?

Rosneft's Board of Directors has approved a fixed price of RUB 157 to be offered for each ordinary share eligible to participate in the Buyback. The consideration paid on shares delivered into the Buyback by the Depository at the instruction of an eligible GDR holder will be converted into US Dollars and remitted by the Depository to the participating GDR holder net of a cancellation fee of US \$0.05 per GDR cancelled.

Who made the valuation of Rosneft's share price and how?

The independent valuation of Rosneft's share price was ordered by Rosneft and conducted by CJSC 'Professional Evaluation Center' (the 'PEC') as of December 31, 2008, in total compliance with the requirements of the Russian law. The international firm Deloitte, one of the Big 4 international auditing firms, selected by Rosneft's Board of Directors to review the PEC valuation, confirmed to OJSC Rosneft that valuation methods used by the PEC are in compliance with relevant international standards.

The PEC valuation was conducted using three main traditional methods: comparative (market-based) method, income method and cost method.

The comparative method is based on the current situation on the stock market and the information on the transactions in shares of companies from a specified industry. Comparative method is traditionally the key valuation method subject to availability of sufficient market information. Within the comparative method the main methodology – market capitalization – was used. The market price of Rosneft's stock was calculated as 6-month (ended December 31, 2008) weighted average price on MICEX and LSE and amounted to RUB 157 per share. Within the comparative method the comparable company methodology was used. PEC decided not to use the results under this methodology as there are no sufficiently comparable companies and the valuation range is very wide. Valuation under market capitalization method is in the range.

Within the income method a DCF model was used. The range of Rosneft's stock price under the DCF model confirms the results obtained under the market capitalization methodology.

The cost methodology based on US GAAP consolidated financial statements was also applied. However, it proved not useful. Under US GAAP rules the intangible assets (such as licenses) are not listed at their real value in the financial statements, but they represent a substantial portion of Rosneft's real value.

The PEC Valuation revealed, after all the above methods were applied, that the market capitalization method provides the best approximation of Rosneft's stock value. The market value of Rosneft common stock was defined at RUB 157 per share.

Is there a limit of the total number of shares to be repurchased by Rosneft?

The total value of the Buyback is limited to 10% of Rosneft's net assets under non-consolidated Russian Accounting Standards on the GSM date (the 'Net Asset Value'). On March 31, 2009 the Net Asset Value was RUB 555.4 bln. If the value of stock to be repurchased by Rosneft exceeds 10% of the Net Asset Value, the stock will be repurchased on a pro-rata share basis. GDRs not accepted into the Buyback will be returned to participating GDR holders. To the extent rounding results in a fractional GDR being returned, cash-in-lieu of such fractional GDRs may be paid by the Depository.

What are the procedures for GDR holders who want to participate in the Buyback?

GDR holders wishing to participate in the Buyback will have to arrange to cancel their GDRs and to instruct the Depository to deliver the underlying shares into the Buyback. Direct participants of Euroclear,

Clearstream and the Depository Trust Company (DTC) can submit their instructions through the applicable clearing system. Beneficial owners of GDRs who are not direct account holders or participants of Euroclear, Clearstream or DTC must arrange through their broker, dealer, bank, or other nominee who is the direct account holder or participant of one of the clearing systems to cancel the GDRs.

Participating GDR holders will have to certify that they owned the GDRs as of the GSM record date of April 30, 2009 and either voted against or did not submit any voting instruction with respect to the Resolution 9 or Resolution 16. Such certification will be in addition to any usual certifications required by the Depository for cancellation of Rosneft GDRs, as per terms and conditions in accordance with the Deposit Agreement between Rosneft and J.P. Morgan.

On the date set by the Depository as the deadline for accepting GDRs for cancellation pursuant to the Buyback ('Buyback GDR Cancellation Date'), Euroclear, Clearstream and DTC will advise the Depository of the total number of GDRs presented for participation in the Buyback. The Depository will ensure that each instruction is supported by a Buyback certification as described above.

Subsequently, the Depository will make arrangements through its Russian custodian to deliver all the underlying shares into the Buyback.

The Depository will collect any RUB paid with respect to all shares accepted into the Buyback. After converting the funds into US dollars, the Depository will remit payment to each participating GDR holder net of a GDR cancellation fee of \$0.05 per GDR. Shares that are not accepted into the Buyback will be re-deposited with the Depository's custodian and GDRs subsequently re-issued by the Depository to participating GDR holders.

What is the time period for the Buyback?

If the Resolution 9 or Resolution 16 are approved at the GSM, Rosneft will accept shares into the Buyback for 45 calendar days from the date of the GSM. To allow sufficient processing time, the Depository expects to set the Buyback GDR cancellation deadline on July 27, 2009, or one week prior to the Buyback deadline expected to be established by Rosneft for holders of ordinary shares.

Is it possible to recall GDRs previously submitted into the Buyback?

Prior to the deadline established by the Depository for participation in the Buyback, an instruction to cancel GDRs in relation to the Buyback may be reversed. Subsequent to the GDR deadline, an instruction to cancel GDRs cannot be reversed.

When will GDR holders receive payment with respect to GDRs cancelled for the Buyback?

In accordance with the Russian law, Rosneft has 30 calendar days to effect payment to its shareholders after the end of the Buyback period. Consequently, it is expected that cash will be remitted by Rosneft to the Depository no later than September 2, 2009. The Depository will convert all received funds to US dollars and remit each payment to a participating GDR holder through the applicable clearing system, Euroclear, Clearstream or DTC.