

Annual Report 2014



ROSNEFT



VICTORY
EFFECTIVENESS
RESPONSIBILITY



Annual report online:
www.rosneft.com/attach/0/58/80/a_report_2014_eng.pdf

References to Rosneft Oil Company, Rosneft, or the Company are to either Rosneft Oil Company or Rosneft Oil Company, its subsidiaries and affiliates, as the context may require. References to TNK-BP, TNK-BP company are to TNK-BP Group. This report contains forward-looking statements that involve risks and uncertainties. Rosneft's actual results may materially differ from those discussed in such forward-looking statements as a result of various factors. To convert tonnes to barrels a 7.404 ration is used. To convert thousands of cubic meters of gas to barrels of oil equivalent a 6.09 ration is used. To convert Rospan gas condensate to barrels of oil equivalent a 8.3 ratio is used.

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ANNUAL REPORT WITH INTEGRATED REPORTING ELEMENTS

Rosneft’s Annual Report 2014 contains elements of integrated reporting as defined in the «International Integrated Reporting Standard» published by the International Integrated Reporting Council (IIRC). It aims to present Company financial results and achievements in the area of sustainable development, highlighting the existing relationships among the competitive environment, Company strategy, business model, risk management structure and a clear corporate governance structure. Since 2012, Rosneft has been part of the IIRC pilot program intended to clearly define international standards of integrated reporting.

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MESSAGE FROM THE CHAIRMAN OF THE ROSNEFT BOARD OF DIRECTORS



Dear shareholders,

Despite the crisis in the oil market, in 2014 Rosneft once again confirmed its status of the leading Russian oil and gas corporation, the biggest taxpayer in the Russian Federation responsible for a considerable part of all tax revenues to the consolidated national budget, and one of the leaders in the global oil and gas industry as a whole.

During the reporting period, the key events in the industry were associated with projects delivered with the Company's involvement. Those, among others, are successful completion of exploration drilling in the new field, Pobeda, in the Kara Sea, the discovery of the Kara oil and gas province, and the start of production by the world's biggest drilling platform, Berkut, in the Sea of Okhotsk.

According to Degolyer&MacNaughton's independent audit estimate, the SEC proven hydrocarbon reserves

amounted to 34 bln boe (4.6 bln toe), while proven reserves replacement was 154%. 1 bln boe was added by development drilling effectively bringing on stream new reserves (including hard-to-recover reserves). Optimisation of the development system and successful well interventions made it possible to add another 1.8 bln boe.

The Company acquired 33 th. line km of 2D seismic and 22 th. sq. km of 3D seismic, and drilled 100 exploration wells demonstrating the success rate of 80%. Those efforts resulted in 5 new field discoveries (including 2 offshore fields) and 64 new hydrocarbon accumulations in the existing fields.

The Company's total spend on innovations has grown by 15% vs. 2013, including a 43% growth of the R&D spend. The Company is consistently improving EOR technologies for brownfield operation, and continues to develop technologies to bring on stream tight gas reserves and hard-to-recover reserves in the

DESPITE THE CRISIS IN THE OIL MARKET, IN 2014 ROSNEFT ONCE AGAIN CONFIRMED ITS STATUS OF THE LEADING RUSSIAN OIL AND GAS CORPORATION, THE BIGGEST TAXPAYER IN THE RUSSIAN FEDERATION RESPONSIBLE FOR A CONSIDERABLE PART OF ALL TAX REVENUES TO THE CONSOLIDATED NATIONAL BUDGET, AND ONE OF THE LEADERS IN THE GLOBAL OIL AND GAS INDUSTRY AS A WHOLE.

DURING THE REPORTING PERIOD, THE KEY EVENTS IN THE INDUSTRY WERE ASSOCIATED WITH PROJECTS DELIVERED WITH THE COMPANY'S INVOLVEMENT. THOSE, AMONG OTHERS, ARE SUCCESSFUL COMPLETION OF EXPLORATION DRILLING IN THE NEW FIELD, POBEDA, IN THE KARA SEA, THE DISCOVERY OF THE KARA OIL AND GAS PROVINCE, AND THE START OF PRODUCTION BY THE WORLD'S BIGGEST DRILLING PLATFORM, BERKUT, IN THE SEA OF OKHOTSK.

hydrocarbon-producing regions of West Siberia with developed infrastructure. The Company has maintained leadership in exploring the Arctic shelf. The Kara-Winter-2014 and Kara-Summer-2014 expeditions program became the biggest in the history of northern seas offshore investigations.

IN 2014, ROSNEFT CONTINUED EXECUTION OF SOCIAL PROGRAMS, WHICH IS EVIDENCED BY A NUMBER OF BILATERAL AGREEMENTS WITH THE CONSTITUENT MEMBERS OF THE RUSSIAN FEDERATION AIMED AT CREATING FAVOURABLE ECONOMIC, LEGAL, AND ORGANISATIONAL CONDITIONS FOR THE DEVELOPMENT OF THEIR SOCIAL INFRASTRUCTURE, IMPLEMENTATION OF SOCIAL PROJECTS ON THEIR TERRITORIES, PROMOTION OF INVESTMENT, AND SATISFYING THEIR DEMAND FOR THE MAIN TYPES OF OIL PRODUCTS AND NATURAL GAS.

In 2014, the Rosneft management pursued a balanced and responsible investment and financial policy, including cost control, liquidity improvement, timely debt repayment and dividend payout. The Company's successful performance in 2014 confirms the effectiveness of its strategy and importance of its chosen priorities giving grounds to expect continued sustainable development for the benefit of its shareholders.

**Sincerely,
Alexander Nekipelov,
Chairman of the Rosneft
Board of Directors**



MESSAGE FROM THE PRESIDENT, CHAIRMAN OF THE ROSNEFT MANAGEMENT BOARD



Dear shareholders,

I am happy to present to you Rosneft's 2014 Annual Report.

The past year was marked by a number of events which proved to be meaningful achievements for the Company. No doubt, the 2014's most significant - one could say historic - landmark was the discovery of a large oil and gas province in the Kara Sea with discovered resources comparable to the reserves of the whole of Saudi Arabia. It increases Russia's mineral resource potential many times over and places it among the top oil and gas producers for many years ahead. That is why the new field was given a symbolic name – «Pobeda» (Victory in Russian).

We are thinking of the Company's future and its development prospects, and are focused on expanding our resource base. Over the past six years, Rosneft has been consistently replacing over 100% of its production

with new reserves, and today the Company's proven reserves-to-production ratio is over twenty years.

We continue to successfully develop our offshore projects using cutting-edge technologies and advanced innovations. In 2014, we began commercial development of the Arkutun-Dagi field in the Sea of Okhotsk and oil production from Northern Chaivo in Sakhalin.

Our gas business has progressed to a new level. Over the past two years the Company has tripled its natural gas production and put together a portfolio of competitive gas projects. It has become a number three gas producer in Russia. It is a good result but have more ambitious plans, we want to become number two.

Maintaining its old markets, Rosneft is reaching out to new export routes and continues expanding its presence in the promising Asia Pacific region. We consider this objective

THE PAST YEAR WAS MARKED BY A NUMBER OF EVENTS WHICH PROVED TO BE MEANINGFUL ACHIEVEMENTS FOR THE COMPANY. NO DOUBT, THE 2014'S MOST SIGNIFICANT - ONE COULD SAY HISTORIC - LANDMARK WAS THE DISCOVERY OF A LARGE OIL AND GAS PROVINCE IN THE KARA SEA WITH DISCOVERED RESOURCES COMPARABLE TO THE RESERVES OF THE WHOLE OF SAUDI ARABIA. IT INCREASES RUSSIA'S MINERAL RESOURCE POTENTIAL MANY TIMES OVER AND PLACES IT AMONG THE TOP OIL AND GAS PRODUCERS FOR MANY YEARS AHEAD. THAT IS WHY THE NEW FIELD WAS GIVEN A SYMBOLIC NAME - «POBEDA» [VICTORY IN RUSSIAN].

WE CONTINUE TO SUCCESSFULLY DEVELOP OUR OFFSHORE PROJECTS USING CUTTING-EDGE TECHNOLOGIES AND ADVANCED INNOVATIONS. IN 2014, WE BEGAN COMMERCIAL DEVELOPMENT OF THE ARKUTUN-DAGI FIELD IN THE SEA OF OKHOTSK AND OIL PRODUCTION FROM NORTHERN CHAIVO IN SAKHALIN.

an important priority of ours with no prejudice to the cooperation with our European partners. In 2014 alone, supplies in the "eastern direction" grew by over 40%. In 2015, we plan to increase them by another 30%.

Competition in the global energy markets is becoming tighter. In order to be successful, one needs to use every opportunity to cut costs at all stages of the production process. The Company's management is well aware of that and gives this issue special attention at all times.

ROSNEFT HAS BEEN STEADILY MAINTAINING THE LOWEST LIFTING COST. IN 2014, WE SUCCEEDED IN BRINGING IT DOWN TO 4 DOLLARS PER BARREL OF OIL EQUIVALENT.

In the face of the economic challenges of 2014 and the plummeting oil price, we put in serious efforts to optimise our costs and managed to

keep the rates of our in-house oilfield services at the 2013 level.

I would like to especially emphasize our commitment to preserve Rosneft's highly skilled professional team: our people are the Company's main resource and the basis for its prosperity in the future.

Rosneft's key strategic goals are assurance of the Company's dynamic development, higher investment attractiveness, and higher shareholder value. Our dividend policy is based on observing a balance between the interests of the Company and its shareholders.

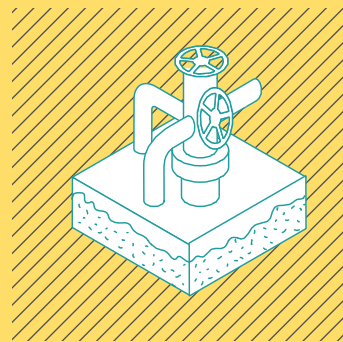
Our performance in the reporting year shows a net income of nearly 350 billion rubles. The Company's firm position on dividend payout has not changed even in today's challenging external environment — 25% of the IFRS net income will be paid in dividends to our shareholders.

Dear shareholders, all our 2014 results were achieved owing to the huge work put in by the whole of the Company's personnel. We have a common goal — to make Rosneft still more dynamic, modern and efficient.

**The President,
Chairman of the Rosneft
Management Board
Igor Sechin**



KEY EVENTS IN 2014



Rosneft and SIBUR entered into contracts for the supply of associated petroleum gas from the Company fields, and for sale, by SIBUR to Rosneft, of dry lean gas produced at the Nizhnevartovsk and Belozerny gas processing plants. The new contracts will remain in effect until 2032 inclusive.



50
AGREEMENTS SIGNED AT THE ST. PETERSBURG INTERNATIONAL ECONOMIC FORUM

Rosneft was the arranger of the "Oil and gas companies as the driver of global economy" Energy Companies Summit, held as part of the St. Petersburg International Economic Forum. The summit was attended by over 30 top executives of world's leading oil and gas companies.

Rosneft and Pirelli Expand Cooperation in Sales and Marketing: the companies signed a Memorandum of understanding denoting the spheres of cooperation within joint marketing projects in the Rosneft retail network. The signature ceremony was led by the President of the Russian Federation Vladimir Putin.

16 May 2014, Rosneft successfully completed the procedure to buy back minority shareholders' shares of RN Holding.

Rosneft and CUPET (Cuba) signed an agreement on cooperation in the area of enhanced oil recovery at Cuban brownfields.

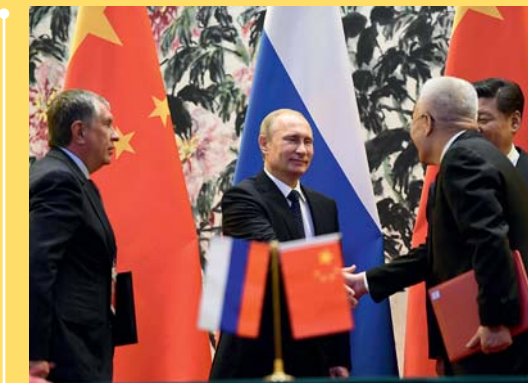
Rosneft and Venezuelan national company PDVSA signed an agreement establishing a joint venture that will provide engineering and construction services in relation to oil and other infrastructure facilities.



130
MILLION TONS TOTAL RECOVERABLE OIL RESERVES

396
BILLION CUBIC METERS TOTAL RECOVERABLE FREE GAS RESERVES

Rosneft discovered the new Pobeda field in the Kara Sea, having completed drilling of the Universitetskaya-1, the world's northernmost Arctic well.



Rosneft and Chinese CNPC endorsed the feasibility study for the construction of the Tianjin Refinery oil refining element.

POST-DATE EVENTS

JANUARY

Rosneft commenced oil production at the Arkutun-Dagi field using Berkut, the world's largest drilling platform. The field will reach production levels of 4.5 million tons a year at plateau.

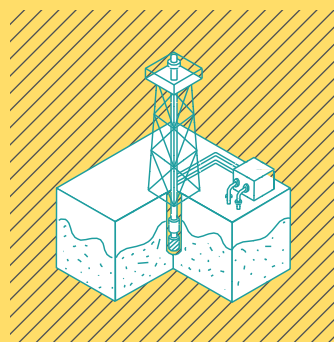
FEBRUARY

Rosneft prepaid some of the loan taken to finance the TNK-BP acquisition. Since December 2013, total loan repayments have amounted to \$33 billion, in strict accordance with the terms and conditions of the loans. Over two months of 2015, the Company repaid more than one half of all liabilities due to be repaid in 2015.



FEBRUARY

Rosneft closed acquisition of 100% in OOO Orenburg Drilling Company (ODC) from VTB Group. ODC acquisition allowed us to deliver drilling facilities to our Company's key regions of operations on as efficient pricing terms as possible.



President of the Russian Federation V.V. Putin launched Berkut oil and gas producing platform, the most powerful one in the world.

Since the new listing rules came into force on 9 June 2014, Rosneft shares have been included in the First (highest) Listing Category of the Moscow Exchange which will enable us to expand our shareholder base by reaching out to pension fund and insurance reserve managers.

Rosneft acquires 8 companies (part of the Weatherford group) involved in drilling operations in Russia and Venezuela. The realization of the deal will allow Rosneft to strengthen its positions on the market of drilling and workover services and will expand the array of service contractors which will enable to boost efficiency of drilling and hydrocarbons production, enhance financial results.



Rosneft performed a record-setting hydrofracturing job at Urengoy which allowed to boost well debit almost nine-fold.

23.5
KTONS/DAY HISTORICAL MAXIMUM DAILY PRODUCTION AT OOO VERKHNECHONSK-NEFTEGAZ

The State Commission on Reserves (GKZ) confirmed the discovery of the new Pobeda Arctic gas and oil field on the Kara Sea shelf, with aggregate recoverable oil reserves of 130 million tons, and free gas reserves of 396 billion cubic meters.



Rosneft and Essar signed a document setting out the key commercial terms and conditions of crude oil and oil product deliveries to the Essar refinery in India. Our Company continues to persistently expanding its footprint on the growing lucrative markets in the Asia Pacific region.

MARCH

Rosneft closed acquisition of 100% in SANORS holding company (ZAO "Novokuybyshevsk Petrochemical Company"). The synergetic effect from integration will allow us to reinforce the petrochemical development vector and enhance the added value of operations.

22
MILLION TONS A YEAR: PLATEAU PRODUCTION LEVEL REACHED AT VANKOR, RUSSIA'S LARGEST OIL FIELD DISCOVERED OVER THE LAST TWO DECADES



VICTORY

NEW OIL AND GAS FIELD POBEDA DISCOVERED ON THE KARA SEA SHELF AS A RESULT OF DRILLING UNIVERSITETSKAYA-1 WELL - THE MOST NORTHERN ARCTIC WELL IN THE WORLD

2,113 M

250 KM

81 M

VERTICAL WELL DEPTH

FROM THE CONTINENTAL RUSSIAN FEDERATION

SEA DEPTH AT THE DRILL SITE

130 MILLION TONS OF TOTAL RECOVERABLE OIL RESERVES

396 BILLION CUBIC METERS OF TOTAL RECOVERABLE FREE GAS RESERVES

DEVELOPMENT OF THE SOUTH KARA PETROLEUM PROVINCE WILL BECOME A BREAKTHROUGH FOR RUSSIA, SIMILAR TO SAMOTLOR THAT REVITALIZED THE NATIONAL OIL INDUSTRY IN THE 1960-S. THE RUSSIAN ARCTIC SHELF IS GENERALLY ONE OF THE MOST PROMISING OIL AND GAS REGIONS IN THE WORLD IN TERMS OF HYDROCARBONS RESERVES.



"I can report the discovery of the first oil and gas condensate field in the new offshore province in the Kara Sea. We've got first oil. This is a unique result of the first offshore exploration drilling at a brand-new field. This is our common victory, to which our friends and partners contributed. And so we want to call this field Pobeda - the Russian for Victory."

Igor Sechin
September 27, 2014,
Drilling Completion Ceremony

0.02%
WEIGHT CONTENT OF SULFUR

1.5%
RESIN CONTENT

60-70%
YIELD OF LIGHT FRACTIONS

808 KG/M³
DENSITY

THE OIL IS ULTRALIGHT AND OUTSTRIPS THE BRENT MARKER OIL AS WELL AS THE SIBERIAN LIGHT AND WTI. ITS PROPERTIES ARE COMPARABLE WITH THE WHITE TIGER OIL FROM THE VIETNAMESE SHELF

THE POBEDA FIELD IN THE KARA SEA IS THE EXTENSION OF THE WEST-SIBERIAN OIL AND GAS BASIN

PROJECT PARTICIPANTS

ROSNEFT

ExxonMobil



EFFECTIVENESS

3,9 US \$/BOE PRODUCTION OPEX

THE BEST PER-BARREL PERFORMANCE AMONG PUBLIC PETROLEUM COMPANIES WORLDWIDE

33 THOUSAND LINE KM OF 2D SEISMIC

22 THOUSAND SQUARE KM OF 3D SEISMIC

100 EXPLORATION WELLS

80% EXPLORATION WELL DRILLING SUCCESS RATE

EQUIPMENT AND TECHNOLOGY LOCALIZATION

- EFFICIENT DEVELOPMENT OF RESOURCE BASE
- MAXIMUM PROFITABILITY FOR ALL SHAREHOLDERS
- ENVIRONMENTAL PROTECTION

LEADERSHIP IN TERMS OF PROVED HYDROCARBON RESERVES AND HYDROCARBON RESOURCES AMONG PUBLIC OIL COMPANIES GLOBALLY

RESERVES REPLACEMENT

154%

HYDROCARBON RESERVES REPLACEMENT RATIO

"Rosneft has been steadily replacing over 100% of its production with new reserves in the last six years, and intends to continue doing so in the future".

Igor Sechin

RESERVES ADDITION

- SUCCESSFUL EXPLORATION
- DRILLING AND COMMISSIONING OF NEW SITES
- EFFICIENT SUSTAINMENT AND ENHANCEMENT OF BASE WELL STOCK PRODUCTIVITY
- IMPROVEMENT OF DEVELOPMENT PROSPECTS AND ADDITION OF HARD-TO-RECOVER RESERVES OF THE COMPANY FIELD IN WEST SIBERIA

DISCOVERED:

- 5** NEW FIELDS (INCLUDING TWO OFFSHORE)
- 64** NEW POOLS AT EXISTING FIELDS

ROSNEFT-OWNED DRILLING RIG FLEET

213

SHARE OF IN-HOUSE WELL WORKOVER AND STIMULATION SERVICES

40%

PRODUCTION WITH THE UNIQUE YASTREB DRILLING RIG STARTED AT SEVERNOE CHAIVO, SAKHALIN



BERKUT DRILLING PLATFORM PUT INTO OPERATION



The first well drilled and put onstream at the world's largest drilling platform in the Sea of Okhotsk

EFFICIENCY IMPROVEMENT AND IN-HOUSE SERVICE CAPABILITY DEVELOPMENT



RESPONSIBILITY

THE LARGEST TAX PAYER IN THE RUSSIAN FEDERATION

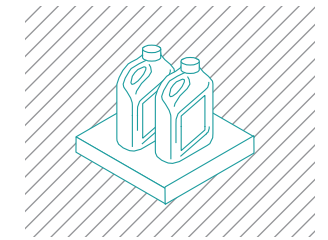
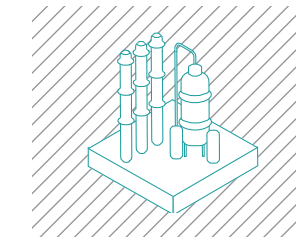
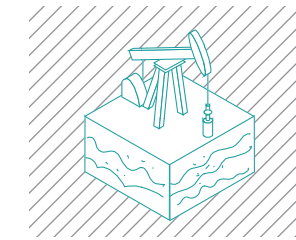
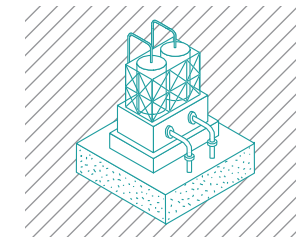
LEADER OF THE RUSSIAN REFINING

DEVELOPMENT OF PRODUCTION CAPACITIES

INTEGRATION OF REFINING ASSETS

IMPROVEMENT OF OPERATING PROCESS EFFICIENCY

OPTIMIZATION OF THE PRODUCT MIX



OVER **3** TRILLION RUBLES TO BUDGETS OF ALL LEVELS

25 % OF IFRS NET INCOME IN DIVIDEND PAYMENTS



MASSIVE UPGRADE OF REFINERIES

IN 2014, AS PART OF THE REFINERY UPGRADE PROGRAM, THE COMPANY COMPLETED CONSTRUCTION OF ISOMERIZATION UNITS AT KUYBYSHEVSKY, NOVOKUYBYSHEVSKY AND RYAZAN REFINERIES, A REFORMER AT NOVOKUYBYSHEVSKY REFINERY AND A VACUUM DISTILLATION UNIT AT RYAZAN REFINERY.

18 % INCREMENT IN PRODUCTION OF EURO-4 AND EURO-5 MOTOR FUELS

100 MILLION TONS OF CRUDE REFINED AT THE COMPANY REFINERIES IN RUSSIA AND ABROAD

207.4 MILLION TONS OF OIL AND OIL PRODUCTS SOLD IN 2014 - A 7.5% GROWTH

WEIGHTED PRICE POLICY AT THE COMPANY RETAIL SITES

CREATING A HIGHLY PROFESSIONAL TEAM

THE LARGEST-SCALE INTEGRATED RESEARCH IN 4 ARCTIC SEAS

POLAR BEAR STUDIES

FULFILLMENT OF LONG-TERM CONTRACT OBLIGATIONS

87 SCHOOL ROSNEFT-CLASSES

34 PARTNER UNIVERSITIES

13 STRATEGIC PARTNER UNIVERSITIES

3,324 WORKFORCE YOUNG SPECIALISTS

CONDUCTED STUDIES IN

METEOROLOGY, OCEANOLOGY, LITHODYNAMICS, GEOCHEMISTRY, VOLCANOLOGY, ICE AND ICEBERGS, BIOLOGY AND ECOLOGY

RESTORATION OF THE WEATHER OBSERVATION SYSTEM

6 AUTOMATIC WEATHER STATIONS AN OBSERVATION NETWORK OF 16 AUTOMATIC DRIFTING BEACONS

COLLECTION OF DATA ABOUT POLAR BEARS DISTRIBUTION AND MIGRATION IN THE AREAS OF FUTURE DEVELOPMENT OF HYDROCARBON FIELDS. BIOLOGICAL STUDIES AIMED AT EVALUATING THE IMPACT OF ENVIRONMENTAL CHANGES ON THE POLAR BEARS.

OIL AND OIL PRODUCT SUPPLIES IN EUROPEAN AND EASTERN DIRECTIONS UNDER LONG-TERM CONTRACTS INCREASED BY 22%

2013

15.8 MILLION TONS SUPPLIED TO CHINA

2014

22.6 MILLION TONS SUPPLIED TO CHINA

Igor Sechin

"Despite the continuing crisis at the oil markets, the Company managed to maintain its USD revenue at above \$146 billion. The Company fully delivers its obligations under long-term oil supply contracts and aims to continue cooperating with its partners - major international traders. The Company generates sufficient liquidity and ensures timely repayment of all its short- and long-term liabilities."



2014 ASSETS AND REGIONS OF OPERATION

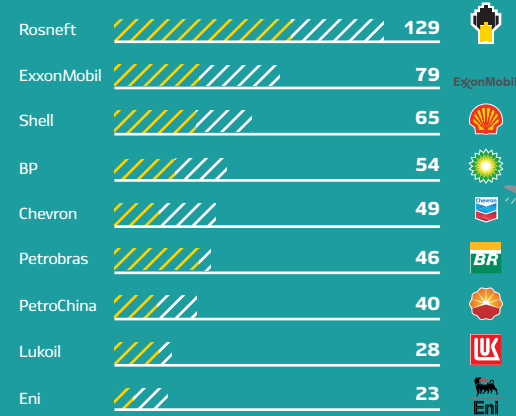
LEGEND

Regions of Company's operations

Producing assets

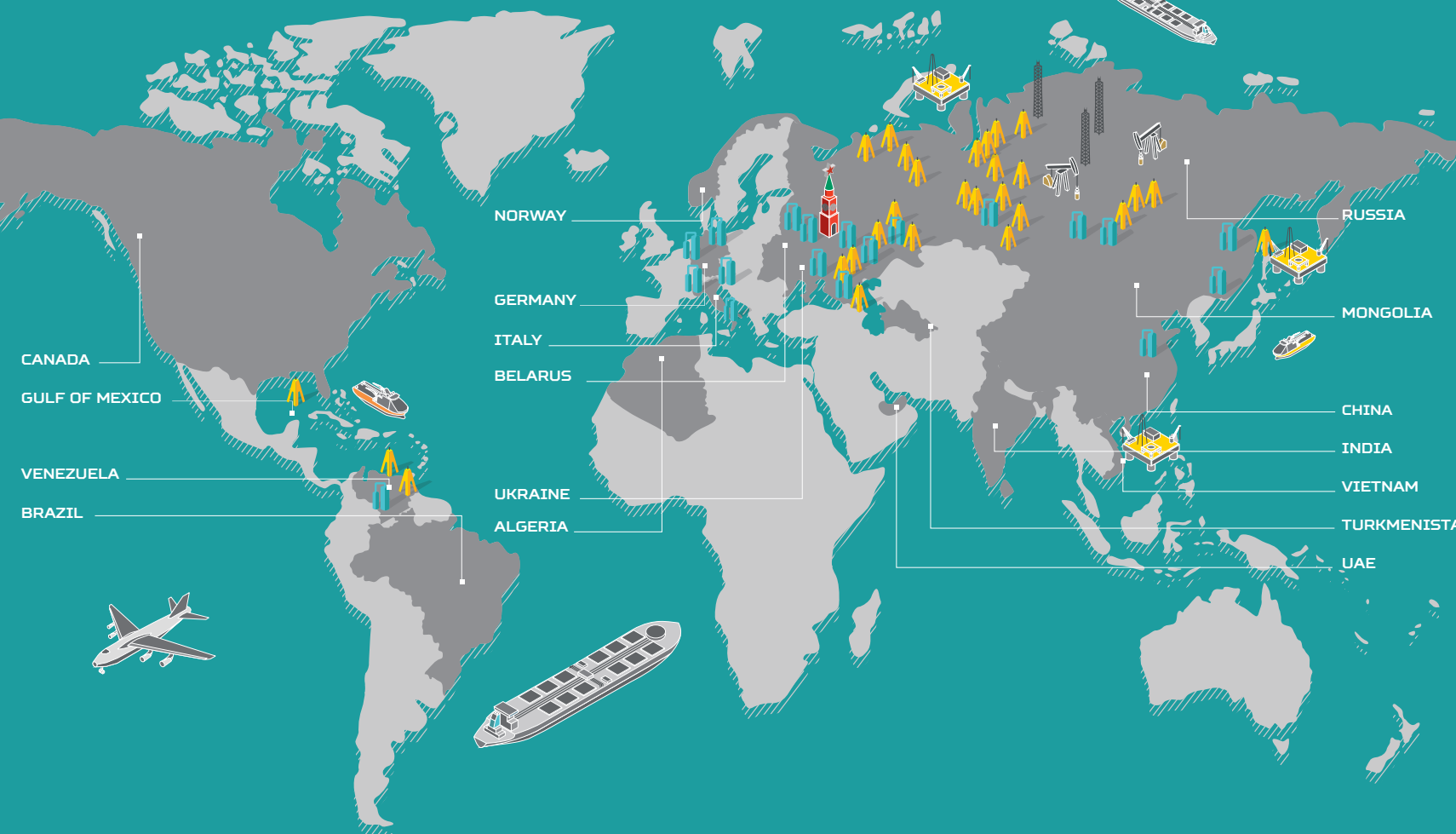
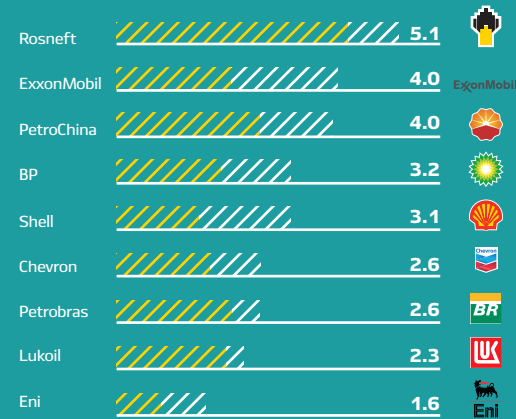
Company refineries

HYDROCARBON RESERVES, BILLION BOE¹

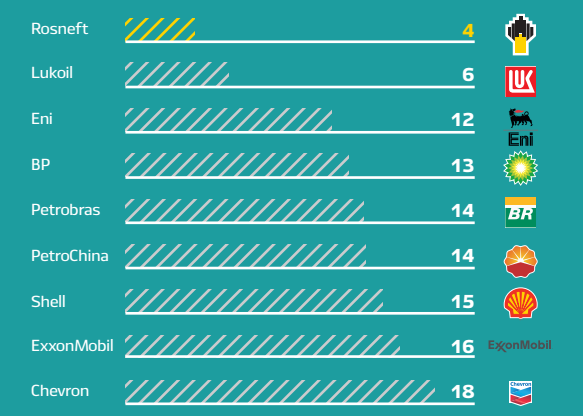


Liquids Gas

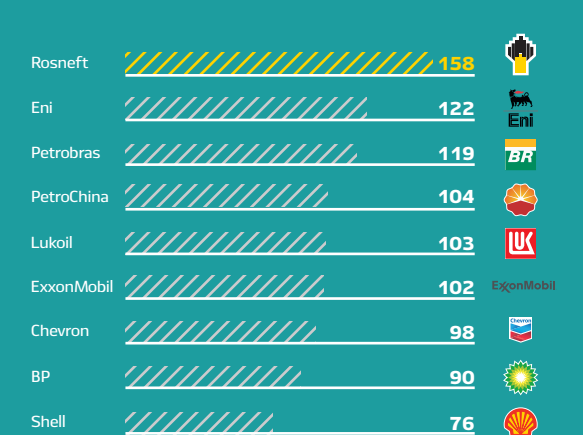
HYDROCARBONS PRODUCTION, MLN BOE PER DAY²



HYDROCARBONS PRODUCTION COSTS, \$/BOE³



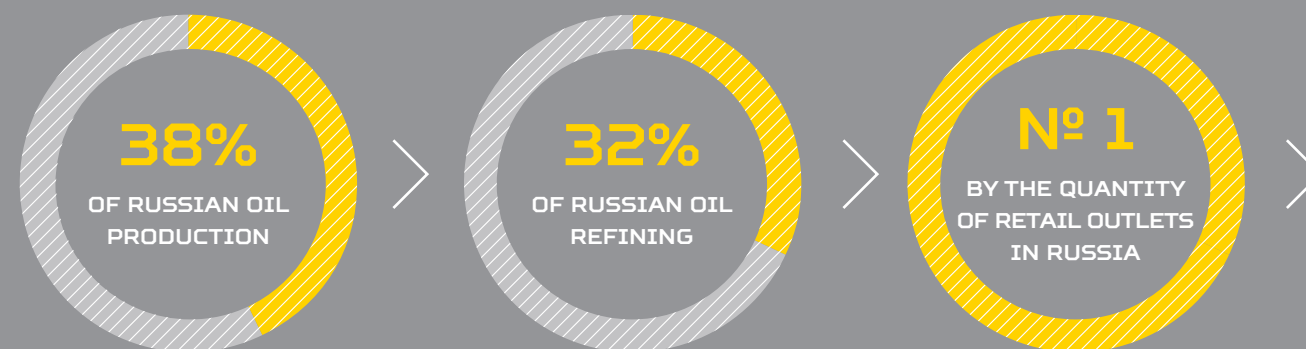
2012-2014 ORGANIC RESERVES REPLACEMENT RATIO, %⁴



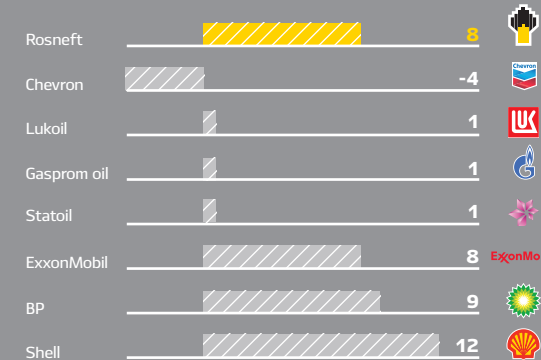
1. Rosneft reserves are indicated in accordance with Russian classification for ABC1+C2 as for January 1, 2015; Lukoil reserves are provided in line with the reports of January 1, 2015 and include proved, probable and possible reserves. Data for other companies is taken from the Wood Mackenzie estimates and includes commercial and sub-commercial reserves.

2. 2014 daily production, Petrobras data is for the 9 months of 2014.
3. Daily production for 2014, Petrobras production costs are for the 9 months of 2014.
4. SEC reserves. Rosneft and PetroChina indicators do not include affiliates. Data for the rest of the companies include affiliates. PetroChina and Petrobras data is for 2011-2013.

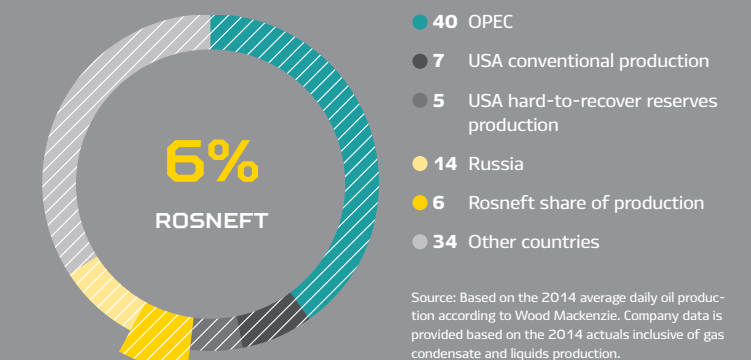
LEADER IN TERMS OF THE INTEGRATED VALUE CHAIN EFFICIENCY



FREE CASH FLOW, \$/BOE



ROSNEFT SHARE IN THE GLOBAL OIL PRODUCTION, %



Source: Based on the 2014 average daily oil production according to Wood Mackenzie. Company data is provided based on the 2014 actuals inclusive of gas condensate and liquids production.



BUSINESS MODEL

EXPLORATION

129

BILLION BOE
COMPANY RESERVES ACCORDING
TO RUSSIAN CLASSIFICATION
(ABC1+C2) BASED ON
2014 RESULTS

Our Company grows its resource base through successful onshore and off-shore exploration

PRODUCTION OF OIL, GAS CONDENSATE AND LIQUIDS

205

MLN TONS IN 2014

Rosneft strategic goal in the area of onshore exploration and production is to sustain production and unlock to the maximum extent the potential of existing fields, implement new projects in a prudent and lean manner to assure sustainable production profile and maximum hydrocarbon recovery ratio, and to engage in economically justified development of non-conventional and complex reservoirs.

PRODUCTION OF GAS

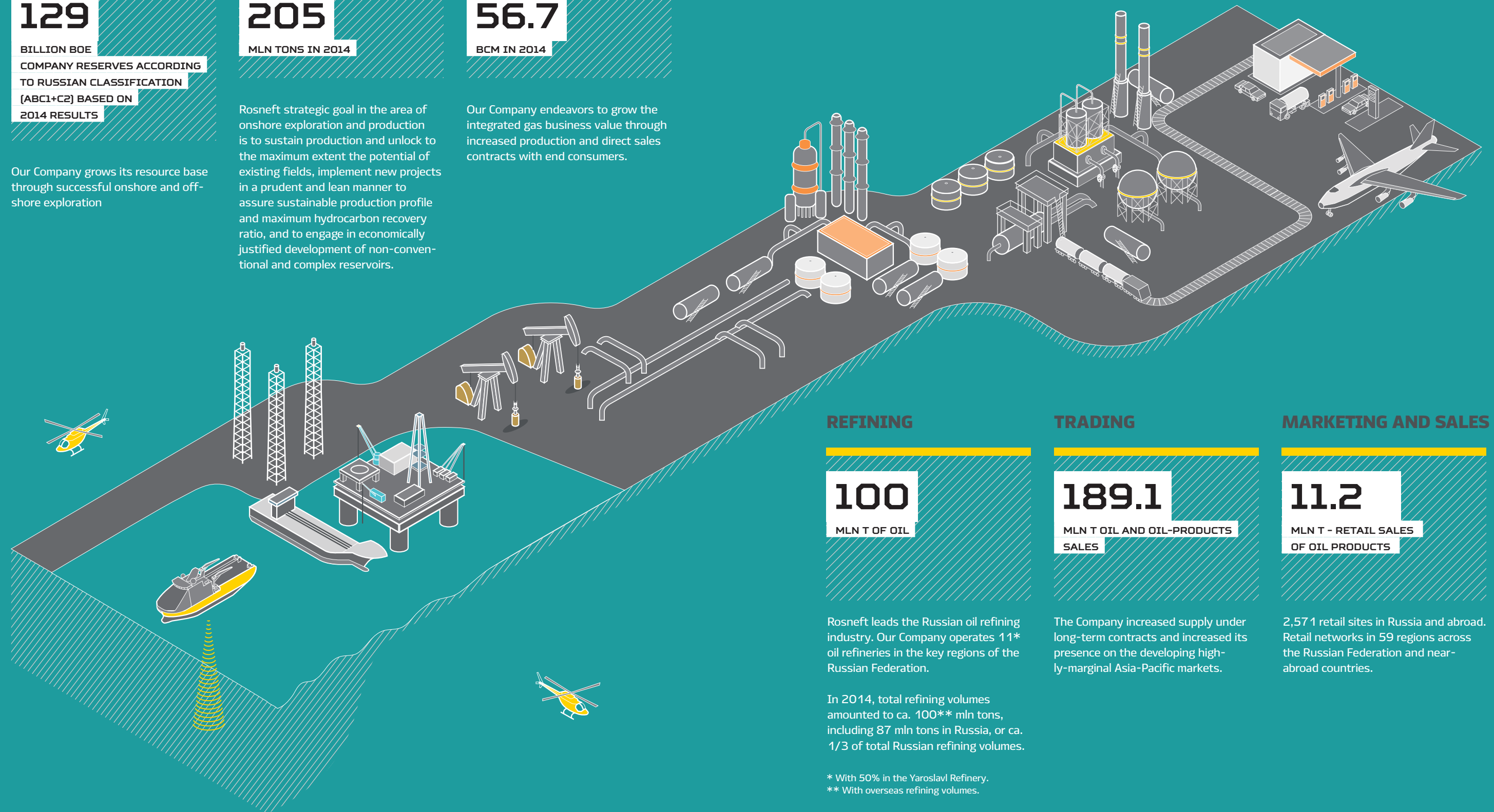
56.7

BCM IN 2014

Our Company endeavors to grow the integrated gas business value through increased production and direct sales contracts with end consumers.

ROSNEFT'S CORE BUSINESS ACTIVITIES ARE

- prospecting for and exploration of hydrocarbon fields
- production of oil, gas and gas condensate
- implementation of offshore field development projects
- refining of produced crude stock
- selling oil, gas and refined products in Russia and abroad



REFINING

100

MLN T OF OIL

Rosneft leads the Russian oil refining industry. Our Company operates 11* oil refineries in the key regions of the Russian Federation.

In 2014, total refining volumes amounted to ca. 100** mln tons, including 87 mln tons in Russia, or ca. 1/3 of total Russian refining volumes.

* With 50% in the Yaroslavl Refinery.
** With overseas refining volumes.

TRADING

189.1

MLN T OIL AND OIL-PRODUCTS
SALES

The Company increased supply under long-term contracts and increased its presence on the developing highly-marginal Asia-Pacific markets.

MARKETING AND SALES

11.2

MLN T - RETAIL SALES
OF OIL PRODUCTS

2,571 retail sites in Russia and abroad. Retail networks in 59 regions across the Russian Federation and near-abroad countries.



ROSNEFT DEVELOPMENT STRATEGY TILL 2030

APPROVED BY THE BOARD OF DIRECTORS ON THE 9 DECEMBER 2014 (MINUTES #12), SETS UP THE MAJOR AREAS AND KEY OBJECTIVES FOR THE COMPANY LONG-TERM DEVELOPMENT TILL 2030.

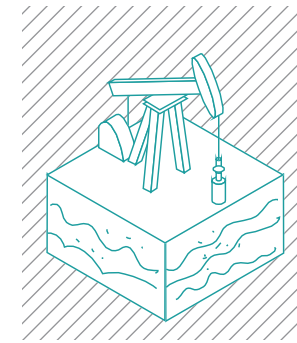
Rosneft mission consists in efficient fulfillment of the Russian energy potential, ensuring energy security and respectful handling of natural resources. Rosneft is the locomotive of the Russian oil and gas industry and in its activity acts as a guarantor of efficient use of the unique resource base and energy security of the country.

Rosneft is making and in the long run shall continue making a considerable contribution to the country's development, primarily through implementing large-scale oil and gas production and refining projects and by way of ensuring reliable energy supply to customers.

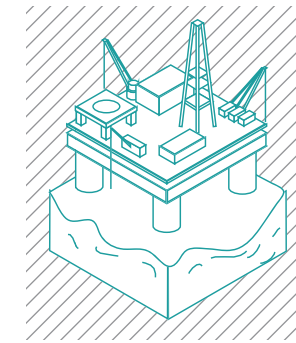
As one of the world largest public oil and gas companies, Rosneft has an extensive experience of implementing

large-scale projects in Upstream, oil refining and petrochemistry, and especially focuses on industrial and environmental safety while building up business efficiency. **The Company seeks to add up the shareholder value, enhance its key business processes and become a company that sets the directions for development of the global energy industry.**

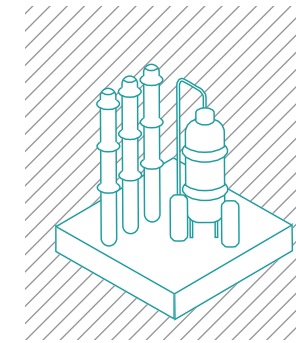
ROSNEFT COMPETITIVE ADVANTAGES



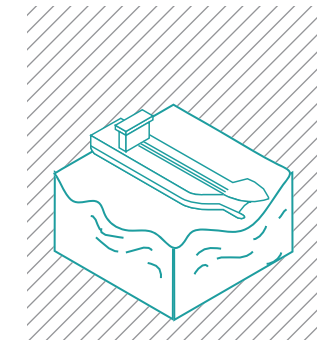
CONSIDERABLE RESOURCE BASE



AVAILABILITY OF INVESTMENT RESOURCES AND EXPERIENCE OF IMPLEMENTING LARGE-SCALE PROJECTS



REFINING EFFICIENCY IMPROVEMENT POTENTIAL



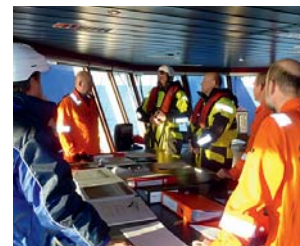
OPPORTUNITIES FOR DEVELOPING OWN AND IMPLEMENTING EXISTING ADVANCED TECHNOLOGY TO DEVELOP HARD-TO-RECOVER AND OFFSHORE RESERVES

ROSNEFT STRATEGIC GOALS



IN EXPLORATION

Highly efficient addition of reserves, discovery of hydrocarbon fields to form new oil and gas producing clusters;



IN OFFSHORE DEVELOPMENT

Commercialization of the Russian offshore resources, development of technical and operatorship competencies to the level of industry leaders;



IN OIL AND CONDENSAT PRODUCTION

Efficient stabilization of brownfield production, growth through implementation of new projects, development of hard-to-recover reserves and complex reservoirs, highly profitable investments and mastering of unique competencies at international projects;



IN GAS BUSINESS

Monetization of gas reserves, growth of gas production backed by efficient marketing outlets;



IN REFINING, COMMERCE AND LOGISTICS

Leadership in the Russian oil refining industry in terms of efficiency and safety, creation of efficient marketing outlets, brand development, assurance of uninterrupted supplies in order to satisfy domestic

demand for oil products, development of international trading with a view to maximizing selling cost, securing substantial cash flow to finance further development;



IN TECHNOLOGY DEVELOPMENT AND OILFIELD SERVICES

Becoming a world-class technological company, development and transfer of advanced technology for recovery of new types of reserves, development of OFS sector competitiveness in Russia and abroad, localization of technology, equipment manufacture and services, high multiplicative effect on adjacent industries, regions of presence and the whole country;



IN CORPORATE GOVERNANCE AND SOCIAL POLICY

Excellence in industrial, fire, occupational and environmental safety, development of organizational competencies and human capability, high quality of management and financial sustainability, commitment to high standards of business ethics.



LONG-TERM DEVELOPMENT PROGRAM AND RELATED DELIVERY REPORT

The long-term development program is developed in accordance with the assignment given by the President of the Russian Federation V.V. Putin on 27.12.2013 No. Пп-3086, and approved by the Company Board of Directors on 09.12.2014 (Minutes No. 12).

The program describes in detail the strategic vectors of Company development, performance indicators and targets for all business streams and functions; it includes the list of key initiatives aimed at Strategy implementation in the medium-term perspective and within the business planning horizon. The long-term development program complements and expands the list of activities set out in Rosneft Strategy 2030, aimed at the accomplishment of strategic goals.

The long-term development program provides for the replacement of profitable reserves at a level of 100% or more, efficient brownfield production and production growth through the implementation of new projects, setting up of new offshore production clusters, development of technologies and implementation of world-level project management practices, monetization of gas reserves and competitive production growth.

The core objectives of the Long-Term Development Program are to:

determine the Company current positions in the Russian and worldwide oil and gas industry;

- analyze the Company development prospects considering its current results of operations, the competitive environment and expected changes on the key and prospective markets for the Company in Russia and abroad;
- build a list of program activities that assure accomplishment of the

Company strategic development goals across all areas of activity;

- identify vectors and initiatives for the improvement and efficiency enhancement of management, support and auxiliary functions;
- analyze the risks and opportunities inherent in the accomplishment of strategic targets and implementation of Program activities.

The Program development effort took into account the provisions of strategic and programmatic government documents affecting the Company operations, as well as in-house strategic and other programs, such as the Innovative Development Program, the Energy Saving Program, the Energy Efficiency Improvement and Energy Saving Policy, and other documents.

In the course of Program implementation, the Company takes guidance in the principles of assuring business efficiency, aiming at the accomplishment of performance targets across all key areas of operations.

Based on 2014 results, the Company demonstrated positive dynamics in key indicators that determine the Company competitive positions and its development potential (see "Key 2014 Operating and Financial Highlights").

The key Long-Term Development Program activities planned for 2014 across main business streams and functions have been completed:

- In Upstream, our Company has successfully implemented the activities planned in the Long-Term Development Program for the reporting period (the results are presented in the UPSTREAM Section). As regards offshore developments, our Company made sure that the necessary range of offshore exploration and study-related activities is implemented, including the

new field discovery in the Kara Sea (see "Offshore Project Development" section for details).

- Our gas business carried on with the activities aimed to grow the Company shareholder value through growth in production volumes, underpinned by efficient gas markets (see "Gas Business" section for details).
- In Refining, our Company carries on with its refinery upgrade program. In Petrochemicals, our focus on the catering of the needs of the Russian industry and individual consumers. The results of the activities undertaken within the Long-Term Development Program in Downstream in 2014 are presented in the "DOWNSTREAM" section.
- In 2014, our Company took action aimed to improve the efficiency of business streams and corporate functions, the investment attractiveness and governance transparency, including improvement of the corporate governance system, development of innovations, improvement of energy efficiency, as well as optimization of the Company internal processes.

Independent auditor Ernst & Young performed an audit of implementation of the Rosneft's Long-Term Development Program. As the result of the audit an opinion was obtained on the reliability of the reflection of the Company's results for 2014 in the delivery report on the Long-Term Development Program and on the correctness of the reasons for the deviations between actuals and planned for 2014 Company's results. An opinion was obtained on the 30th of April 2015.

INVESTMENT PROGRAM IMPLEMENTATION IN 2014

The Rosneft investment program is approved as part of the Company business plan for the respective period. On that basis, the 2014+ Investment Program was approved as part of the Company 2014-2015 Business Plan at the Rosneft Board of Directors meeting on 20 December 2013 (Minutes No. 21). The 2015+ Investment Program was approved as part of the Company 2015-2016 business plan at the Board of Directors meeting on 18 December 2014 (Minutes No. 15).

In 2014, our Company investment volume amounted to RUB 567 billion, including CAPEX of RUB 533 billion, and equity project financing of RUB 34 billion. The investment program was financed both out of equity and through long-term financial loans.

In 2014, the Company investment program was a balanced portfolio of investment projects, aimed at the accomplishment of the Company strategic goals in the following key areas:

Brownfields

Over one third of total investment, ca. RUB 215 mln, aim to sustain production at Company brownfields which contain about 3.5 billion tons of proven liquid hydrocarbon reserves according to the PRMS classification. The Company key objective in relation to its brownfields is to operate them on a sustainable stable and profitable basis, reducing natural production decline to 2-3% a year through the implementation of advanced technologies, involvement of hard-to-recover reserves in production operations, implementation of the enhanced drilling efficiency program and basic well stock handling.

In the short to medium term, brownfields assure stable production and generate

considerable free cash flow which will be used to finance the development of greenfields, primarily in Russia's East where our Company plans to develop new oil and gas production clusters.

Greenfields

Sustainable growth of our Company's oil and gas production in the medium term will be underpinned by greenfields, investment in which reached RUB 113 billion in 2014, including RUB 72 billion in East Siberia.

VCNG, Uvat and Vankor reached production plateau in 2014, 45 million tons of oil equivalent a year in aggregate, with RUB 75 billion spent to complete infrastructure development. In 2013, first oil was produced, and development is rapidly progressing at the Srednebotuobinskoe field in Yakutia. Field infrastructure development at the Yurubcheno-Tokhonskoe field started in 2014. Work continues to prepare for bringing on stream the Russkoe heavy oil field.

Our Company has commenced development of a unique cluster of fields located around the Vankorskoe field, building upon the latter's transportation, electricity and gas infrastructure. The aggregate recoverable reserves of the Suzun, Tagul and Lodochnoe fields that are parts of this cluster are

~215
BILLION RUBLES
SPENT TO SUSTAIN
BROWNFIELD PRODUCTION
IN 2014

estimated to exceed 400 million tons (according to ABC1+C2 classification) (see "Upstream" section on Page 76).

In the Far East, ambitious projects were started in 2014 aiming to put on stream the Arkutun-Dagi and Severnoe Chaivo fields using the unique Berkut and Yastreb drilling platforms (see "Offshore Projects Development" section on Page 66).

Onshore and offshore exploration

Company total Investment in exploration projects, both onshore, including brownfields and greenfields (CAPEX of RUB 19.2 bln), and offshore (RUB 12 bln, including equity investment of RUB 8 bln and OPEX of RUB 4 bln), aims to underpin Rosneft production growth in the longer term. Our Company consistently increases its onshore exploration activity volumes, in particular, through bidding actively at subsoil license auctions and growing its license portfolio. In 2014, our Company invested in prospective offshore licenses jointly with other project partners (ExxonMobil, Statoil and Eni).

Gas business

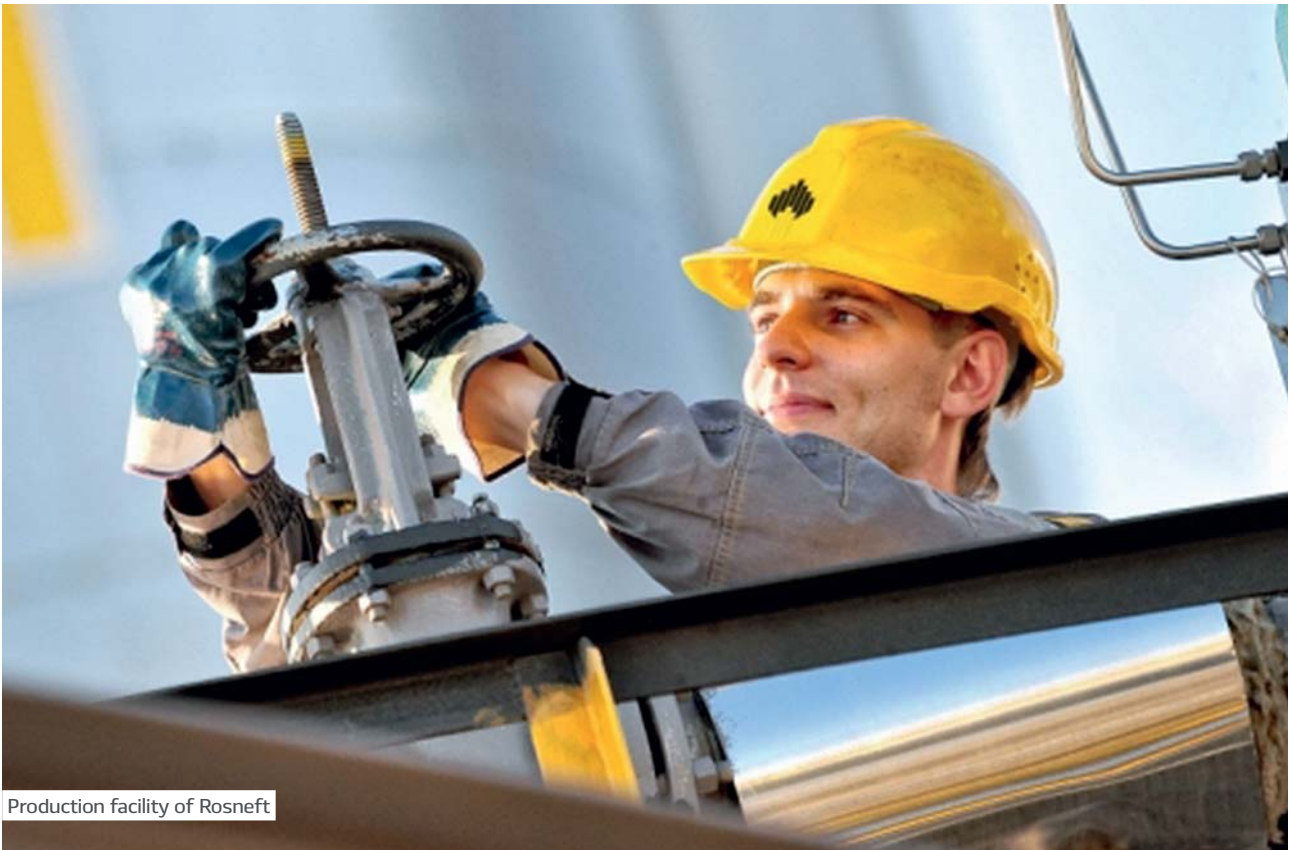
Our Company continues developing its gas business. In 2014, investment amounted to RUB 18 billion and mainly aimed at the development of the fields operated by ZAO ROSPAN INTERNATIONAL and OAO Sibneftegaz, which yielded about one-third of 2014 equity gas production (see "Gas business development" section on Page 100).

Unit Upstream CAPEX

Unit Upstream CAPEX were \$5.3*/boe based on 2014 results, almost one-third better than in 2013 (\$7.0*/boe),

* Calculated using the Bank of Russia monthly rates





Production facility of Rosneft

enabled by business plan optimization and efficiency improvements while retaining operating performance levels. Our Company remains a leader in terms of unit efficiency of capital investment compared to the world's oil and gas majors.

Oil refining and petrochemicals

Investment in the oil refining and petrochemicals program amounted to RUB 165 billion in 2014, aimed primarily at compliance with the requirements of the 4-sided agreement, intended to enable manufacturing of motor fuels compliant with the technical standard (reglament) quality requirements. As part of the refinery upgrade program, refining units are refurbished and new ones built, which will enable sustainable and safe refinery operations, with transition to Euro-5 fuel quality standards in 2016.

Asset acquisitions and disposals

Investments in new acquisitions, total of RUB 59 billion, primarily

aimed at the implementation of our Company strategic goal of developing in-house drilling and oilfield service business (the oilfield service assets of Weatherford and the Orenburg Drilling Company were consolidated), and at the acquisition of new subsoil licenses.

With the purpose of asset portfolio optimization, the stake in Yugragaz-pererabotka was sold to OAO Sibur, with concurrent execution of APG and dry lean gas supply contracts, which enables the companies to launch strategic partnership in the area of gas processing and petrochemicals.

5.3

DOLLARS PER BARREL OF OIL EQUIVALENT: LEADER IN TERMS OF UNIT CAPITAL INVESTMENT EFFICIENCY

Investment governance process design

The investment governance process primarily focuses on efficient use of capital, aiming at both improvement of individual investment project and program efficiency and at business growth through building an optimal portfolio, finding an optimal balance between Company current profitability and unlocking its long-term potential via financing business stream-specific investment programs.

In 2014, the Company continued improving the Company Investment Governance Process, developed on the basis of the best investment governance practices, aiming both at the development of the regulatory and methodological framework, and at intensifying the investment discipline.

While the primary focus of the Investment Governance Process was retained, a whole range of improvements was implemented, and in particular:

- the Investment Governance Policy was implemented as an underlying document that regulates investment governance in the Company.
- The Investment Governance Standard was developed and implemented, which describes the processes of investment project initiation, approval and monitoring, investment portfolio management, as well as the roles of investment activity participants.
- Corporate Guidance on Business Project Assessment was developed and implemented, which aims to establish a uniform Company-wide approach to the assessment of business project economic efficiency, as well as a toolkit for the drafting of investment requests, including standard calculation algorithms and performance indicators.

- Capital efficiency improvements are facilitated by the major project governance standard, developed and implemented in 2014, which is based on the world's best practices.

The standard is based on the principle of stage-by-stage project implementation, with projects passing through "stage gates" reflecting project completion, which, provided that experienced project teams are set up and that Company management is directly involved, allows to optimize project quality, from preliminary project assessment to full-featured project design.

- The Company annual general shareholders meeting approved the restated Company Charter that introduces enhanced levels of responsibility by implementing uniform value thresholds for projects and transactions as the basis for decisions by the Company competent investment bodies. Pursuant to the restated Charter, local normative documents of the Company were brought into force which set such new value thresholds.
- Development of portfolio analysis tools continued. The developed system allows to promptly formulate various investment portfolio divestment scenarios using end-to-end ranking based on a set of criteria.
- A major project implementation quarterly monitoring process was implemented which allows to make project-related management decisions on a timely basis

The investment program flexibly adapts to changes in the macroeconomic environment or changes in the Company priorities.

- Investment control is an integral part of financial and management reporting; investment program delivery and efficiency are closely monitored both across the Company as a whole and by individual business segments and projects.

- The integration of the investment governance process with adjacent processes, such as strategic and current business planning, performance management, financial discipline, and corporate governance, has been intensified; this rests upon project technical and economic expert review and challenging by business streams and corporate center functions.

In line with the investment discipline requirements, the Company competent investment bodies sanctioned 276 projects in 2014, with the committed investment amount in excess of RUB 1 trillion, which meet Company return on investment standards across all areas of Company activities. As the result, by the end of 2014, investment decisions were made in relation to over 76% of capital investment planned for 2015.

The quality of investment decisions is underpinned by a detailed analysis of each investment project on the basis of a uniform approach across a wide range of scenarios, complemented by risk assessment, including financial, commercial, technical, environmental and other risks. The Company has in place a process whereby investment projects pass peer review and approvals by competent investment authorities which include key Company executives. A system of authority levels exists in relation to investment business projects, from the Board of Directors level to the Business Stream level.



2014 OPERATING AND FINANCIAL HIGHLIGHTS

COMMENCING FROM 2009, ROSNEFT HAS HAD IN PLACE AN INCENTIVE SYSTEM BASED ON THE ACCOMPLISHMENT OF KEY PERFORMANCE INDICATORS SET FOR COMPANY EXECUTIVES. THE PRINCIPLES AND PROCEDURE OF ANNUAL PERFORMANCE REWARDS LINKED TO THE ACCOMPLISHMENT OF PERFORMANCE INDICATORS, ARE SET OUT IN THE REGULATIONS OF COMPANY EXECUTIVE ANNUAL PERFORMANCE REWARDS (APPROVED BY BOARD OF DIRECTORS DECISION DATED 5 MARCH 2009 , UPDATED BY BOARD OF DIRECTORS DECISION DATED 28 DECEMBER 2011)

THE KEY PERFORMANCE INDICATOR SYSTEM

Target KPIs for the top management are set by decision of the Board of Directors following discussion at respective committees on an annual basis.

In particular, top management KPIs for 2014 were set by the Board of Directors decision on 2 June 2014, on the basis of the Company business plan approved by the Board of Directors on 23 December 2013.

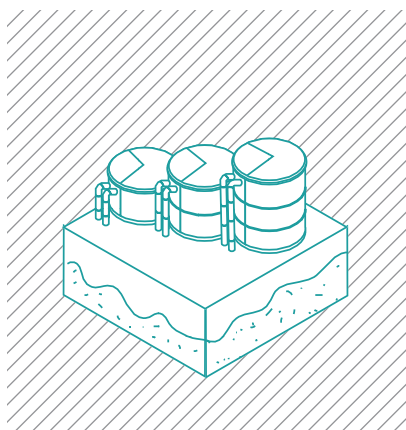
Company Regulations of Performance Indicator System were approved on 9 December 2014 in accordance with assignments given by the President of the Russian Federation and with Rosimushchestvo (Russian Federal Property Agency) directives.

In accordance with assignments given by the President of the Russian Federation and with Rosimushchestvo directives, Rosneft Board of Directors approved, on 9 December 2014, the Regulations of Performance Indicator System. The Regulations provide for both financial and economic indicators, such as operating profit (EBITDA), return on average capital employed (ROACE), total shareholder return (TSR), net income, cost reduction indicators, and industry-specific performance indicators (hydrocarbon production volume, reserves accretion, oil refining depth, labor productivity indicators). Pursuant to the Regulations, the performance indicators for the annual performance reward purposes are set in accordance with the Company business plan, development strategy and long-term development program.

The Company collective performance indicators and Rosneft CEO personal performance indicators for 2014 include such indicators as:

- Company net income, RUB bln;
- Company EBITDA, RUB bln;
- ROACE, %;
- Free cash flow, RUB bln;
- Hydrocarbons production volume (oil, gas condensate, equity consumption gas and hydrocarbon liquids), mln tons of oil equivalent.
- ABC 1 hydrocarbon reserves replacement, mln tons of oil equivalent;
- Oil refining depth (at refineries in Russian and near-abroad countries), %.

Based on 2013-2014 results, most of the targets were achieved. Below follow the values of the most significant KPI elements published in the IFRS statements:



| Key performance indicators | 2014 | 2013 |
|--|-------|--------|
| Net Income, RUB bln | 350 | 555* |
| EBITDA, RU bln | 1,057 | 947 |
| ROACE, % | 10.0% | 12.0%* |
| Free cash flow, RUB bln | 596 | 204 |
| Hydrocarbons production volume (including oil, gas condensate, equity consumption gas and hydrocarbon liquids), mln tons of oil equivalent | 252 | 220 |

* Including the effect from acquired TNK-BP assets revaluation of RUB 167 billion

OPERATING HIGHLIGHTS

| Indicator | 2014 | 2013 | Change | 2012 |
|--|-------|-------|--------|-------|
| PRMS proven oil, gas condensate and liquids reserves (mmt) | 4,177 | 4,161 | 0% | 2,513 |
| SEC proven oil, gas condensate and liquids reserves (mmt) | 3,432 | 3,398 | 1% | 1,999 |
| PRMS proven marketable gas reserves (bcm) | 2,018 | 1,867 | 8% | 992 |
| SEC proven marketable gas reserves (bcm) | 1,414 | 1,329 | 6% | 753 |
| PRMS reserves life (years) | 24 | 24 | 0% | 25 |
| Oil and gas condensate production (mmt) | 204.9 | 189.2 | 8% | 122.0 |
| Gas production (bcm) | 56.7 | 38.2 | 49% | 16.4 |
| Oil export (mmt) | 102.4 | 97.3 | 5% | 66.4 |
| Oil refining (mmt) | 99.8 | 90.1 | 11% | 61.6 |
| Oil refining and petrochemicals (mmt) | 97.1 | 87.1 | 11% | 59.6 |
| Oil product exports* (mmt) | 62.7 | 55.1 | 14% | 37.3 |
| Oil product retail sales (mmt) | 11.2 | 10.2 | 10% | 6.8 |

* With bunkering.

FINANCIAL HIGHLIGHTS

| Indicator | 2014 | 2013 | Change | 2012 |
|--|---------|-------|--------|-------|
| Sales revenues and income generated by affiliate companies (RUB bln) | 5,503 | 4,694 | 17% | 3,089 |
| EBITDA (RUB bln) | 1,057 | 947 | 12% | 618 |
| EBITDA Margin | 19.2% | 20.2% | -5% | 20.0% |
| Taxes (RUB bln) | 3.0 | 2.7* | 11% | 1.7 |
| Net income (RUB bln) | 350 | 388** | -9.8% | 365 |
| Net income margin | 6.4% | 11.8% | -46% | 11.8% |
| Return on average capital employed (ROACE) | 10.0% | 12.0% | -17% | 11.0% |
| Return on average equity (ROAE) | 11.6% | 20.2% | -43% | 16.5% |
| CAPEX (RUB bln) | 533 | 560 | -5% | 473 |
| Unit Upstream CAPEX (\$/boe)**** | 5.3 | 7.0 | -24% | 10.6 |
| Unit Production OPEX (\$/boe)**** | 3.9 | 4.3 | -9.3% | 2.9 |
| Free cash flow (RUB bln) | 596 | 204 | 192% | 43 |
| Free cash flow per share, RUB | 56.24 | 19.80 | 184% | 4.57 |
| Dividend per share (RUB) | 8.21*** | 12.85 | -36% | 8.05 |
| Total dividend accrued, RUB bln | 87*** | 136 | -36% | 85 |

* Consolidated Company data as from 01 January 2013.

** Net of the effect from acquired TNK-BP assets revaluation of RUB 167 bln

*** Amount of dividend recommended by the Board of Directors for approval at the Company General Shareholders Meeting in June 2015.

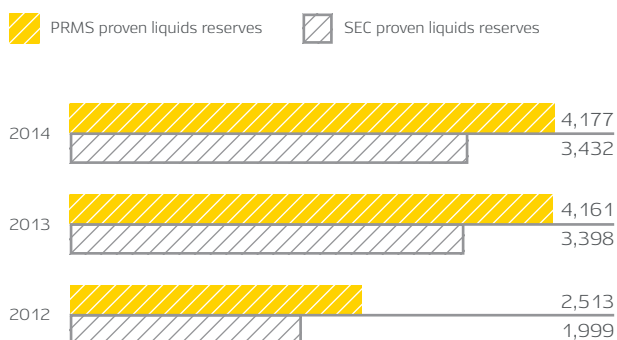
**** Calculated using Bank of Russia monthly exchange rate.

SUSTAINABILITY HIGHLIGHTS

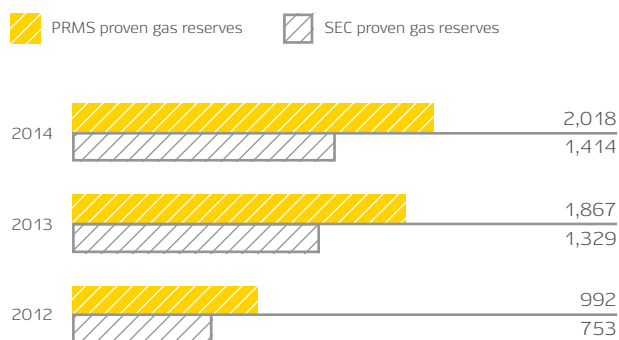
| Indicator | 2014 | 2013 | Change | 2012 |
|---|-------|-------|--------|-------|
| Year-end headcount (thousand persons) | 248.9 | 228.0 | 9% | 166.1 |
| Number of retirees and veterans receiving corporate pensions (thousand persons) | 59.7 | 57.6 | 4% | 54.5 |
| Social program implementation costs (RUB bln) | 28.4 | 29.7 | -4% | 22.4 |
| Investments and ongoing costs of environmental activities (RUB bln) | 58.6 | 53.8 | 9% | 22.1 |



PROVEN LIQUIDS RESERVES, MMT



PROVEN GAS RESERVES, BCM



OIL AND GAS CONDENSATE PRODUCTION, MMT



In 2012-2014, oil and gas condensate production grew by 68% due to both new acquisitions and increased greenfield production.

GAS PRODUCTION, BCM



Considerable gas production growth was underpinned by the consolidation of TNK-BP and NGK Itera assets, as well as by improved associated petroleum gas utilization ratio.

UPSTREAM UNIT OPEX, \$/BOE*



Our Company has retained low unit operating expense levels of \$3.9/boe; this is the best indicator among Russian peers and is 3-4 times better than levels displayed by international competition. In 2015, our Company intends to reduce its unit operating costs by at least 3% and limit them to not more than \$5/boe going forward.

HYDROCARBON RESERVES REPLACEMENT, SEC, %



Our Company persistently replaces over 100% of its production with new reserves and intends to carry on that way.

* Calculated using the Bank of Russia monthly exchange rates

CRUDE OIL REFINING VOLUMES, MMT



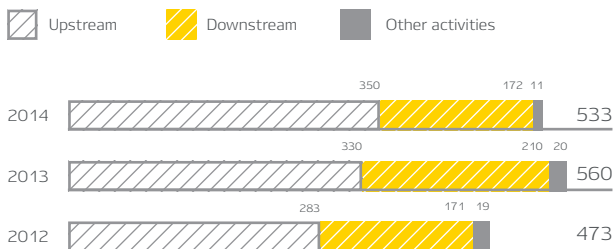
Most of the refining volume growth was brought about by our Russian refineries, which is the result of the refinery upgrade and manufacturing facility development program, as well as by efficient integration of our refining assets

RUSSIAN FACILITIES' OPEX PER TON OF REFINED OIL, RUB/TON



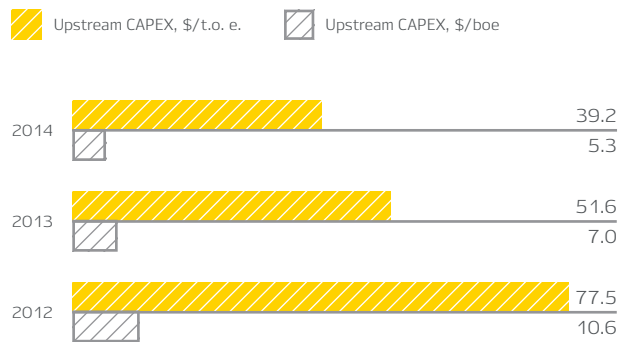
Over 2014, unit operating costs of our Russian refineries grew by 6.8% to RUB 853/ton. Such unit cost growth is primarily related to the growth in the costs of feedstock and materials, maintenance, and growing tariffs charged by natural monopolies.

CAPEX, RUB BLN



In 2014, CAPEX amounted to RUB 533 bln (\$13.9 bln) vs. RUB 560 bln (\$17.6 bln) and RUB 473 bln (\$15.2 bln) in 2013 and 2012, respectively. CAPEX program priorities for 2015 are: sustain brownfield production, develop Vankor cluster fields, deliver E&A program within license requirements, refinery upgrade program.

UNIT UPSTREAM CAPEX*, \$/BOE

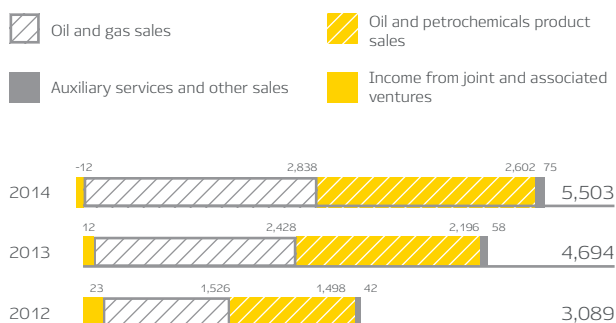


Rosneft remains leader in terms of unit CAPEX efficiency. The Company has optimized its business plan with the purpose of increasing its investment program efficiency while retaining current performance levels and strategic goals.

* Calculated using the Bank of Russia monthly exchange rates

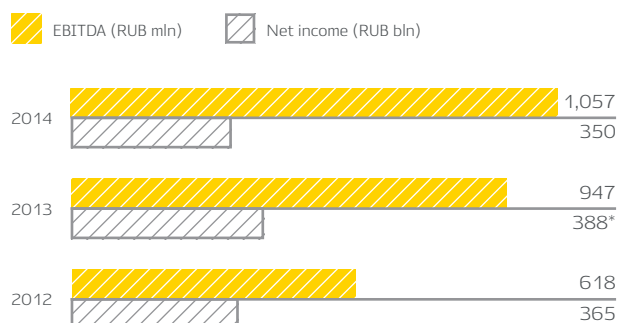


REVENUES, RUB BLN



Sales revenues (with (loss)/income from associated and joint ventures) amounted to RUB 5,503 bln, up 17.2% from 2013. This growth in sales revenues is mainly due to increased sales volumes, augmented by positive effect from changes in the sales price (Ruble-denominated). In dollar terms, revenues amounted to \$ 146.7 bln despite the considerable drop in global oil prices.

EBITDA AND NET INCOME, RUB BLN



EBITDA grew by 11.6% to RUB 1,057 bln (\$ 29 bln) as the result of persistent control of operating and administrative expenses, sales channel optimization, as well as positive operating synergies, partly offset by tax burden and growing tariffs of natural monopolies

* Net of TNK asset revaluation, RUB 167 billion

CASH FLOW FROM OPERATIONS, RUB BLN



In 2014, our Company earned RUB 1,626 bln in net cash, with advance payments of RUB 497 bln received under long-term contracts

ADJUSTED FREE CASH FLOW, RUB BLN



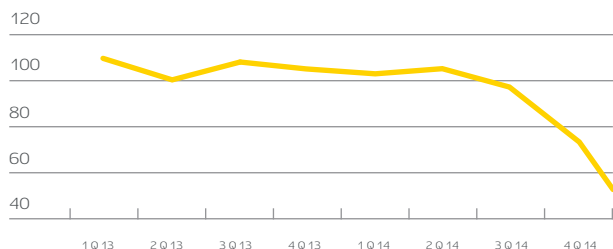
The Company continues to generate positive cash flow, enabled by efficient liquidity management, systemic control over changes in working capital, thereby making sure that all assumed short-term and long-term liabilities are discharged out of own liquid funds, notwithstanding the adverse macroeconomic situation.

DIVIDEND PER SHARE, RUB/SHARE



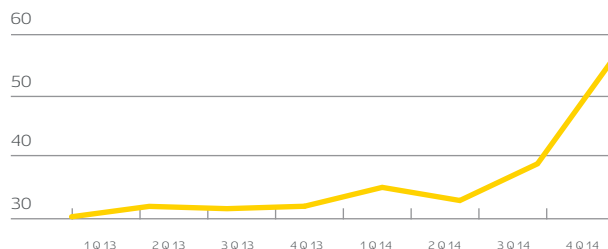
* Dividend recommended by the Board of Directors for approval at the General Shareholders Meeting in June 2015

**QUARTERLY AVERAGE URALS PRICES
[AVE. MED & NEW] IN 2013 - 2014,
\$/BBL***



* Average prices calculated based on Platts analysis

**OFFICIAL US\$ RATE AT MONTH END, AS
PUBLISHED BY RUSSIAN CENTRAL BANK, IN 2013
- 2014 [BY QUARTER]**



Most notable changes in the tax law that took effect in 2014

Changes were introduced by Federal Laws dated 30.09.2013 No. 263-FZ and dated 24.11.14 No. 366-FZ, which provide for:

• Implementation of the “tax maneuver” in the oil industry, proposed by the Russian Government

The “tax maneuver” implies phased increase in the mineral extraction tax (MET) rate on oil, offset by concurrent reduction of crude oil export duty rate.

Base oil MET rates are set per 1 ton of desalted, dehydrated and stabilized oil produced, as follows:

- RUB 493 (for the period from 1 January to 31 December 2014 inclusive)
This tax rate is then multiplied by a coefficient reflecting the global oil price environment (Cp), a coefficient reflecting particular license area depletion level (Cd), a coefficient reflecting the amount of reserves in a particular license area (Cr), a coefficient reflecting oil production complexity level (Cc), and a coefficient reflecting the particular hydrocarbon deposit depletion level (Cdd).
- RUB 766 (for the period from 1 January to 31 December 2015 inclusive)
- RUB 857 (for the period from 1 January to 31 December 2016 inclusive)

- RUB 919 (for the period from 1 January 2017 onward).

These tax rates are multiplied by the coefficient that reflects the global oil price environment (Cp). The resulting multiple is reduced by Pm value which reflects specific features of oil production.

The following exception coefficients are set for the crude oil export duty rate formula applicable if the average Urals price prevailing on the global oil markets (Med and Rdam) exceeds the level of \$ 182.5 per 1 ton in the monitoring period:

- 0.59 (for the period from 1 January to 31 December 2014 inclusive)
- 0.42 (or the period from 1 January to 31 December 2015 inclusive)
- 0.36 (or the period from 1 January to 31 December 2016 inclusive)
- 0.3 (for the period from 1 January 2017 onward).

• Changes in natural gas and gas condensate taxation with effect from 01.07.2014

Formulas were put in place for the calculation of MET rates in relation to natural gas and gas condensate which factor in the economics, geography, geology and other features of a particular field development.

The basic MET rate in relation to natural gas is set at RUB 35 per 1000 cubic meters, that in relation to gas condensate, at RUB 42 per ton.

These rates are then multiplied by the base conventional fuel unit (Ucf) value and by a coefficient reflecting the degree of complexity of natural gas and/or gas condensate production from the hydrocarbon deposit (Cc).

The natural gas MET rate is then further adjusted by a value reflecting the costs of natural gas transportation (Tg).

Federal Law dated 30.09.2013 No. 268-FZ officially introduced a new tax regime for offshore projects in the Russian Federation.

Under this regime, offshore greenfields are split into four categories by complexity, with different levels of fiscal burden assigned to each category.

Depending on the offshore project complexity category, MET rates vary in the range from 5% to 30% of the produced hydrocarbons value (and as regards natural gas complexity group 3 and 4 projects, 1.3% and 1.0%, respectively). In addition, different export duty exemption periods were set for the oil and derivative products produced (manufactured) in the course of offshore projects.



Debt portfolio

In highly volatile global commodity and financial markets, and notwithstanding the limited access Russian companies and financial institutions had to international capital markets during 2014, Rosneft assured efficient management of its debt portfolio.

In particular, we carried on with our coordinated effort aimed at reducing our debt burden, assured full and timely discharge of liabilities owed to lenders, and fully covered our working capital needs.

Based on 2014 results, Rosneft's aggregate debt, denominated in US Dollars, decreased by \$ 12.4 bln, and net debt level, by \$ 13.6 bln. At the same time, Net Debt to EBITDA ratio was reduced from 1.8 to 1.5 in US Dollar terms. If translated into Rubles, Company debt grew vs. end of 2013 level, which is explained by considerable Ruble depreciation during the year.

In December 2014 and February 2015, our Company fully repaid the bridge loans taken earlier to finance TNK-BP acquisition. The

total amount of such repayments was over \$ 14 billion. In aggregate, considering scheduled repayments and prepayments, about \$ 25 billion was paid as principal under the bridge loans.

As regards new long-term loans, our Company focused on spot deals taking advantage of optimal terms available throughout 2014. In particular, the following deals were implemented in 2014:

- In March 2014, our Company made a drawdown under a long-term loan taken from a Russian bank, of RUB 12.50 billion, on fixed interest terms, repayable in the first quarter of 2017;
- In July and August 2014, our Company took long-term loans from Russian banks, for a total Ruble equivalent of RUB 18.1 bln at the official rate of the Central Bank of the Russian Federation as of 31 December 2014, the loans were taken for a term of 5 to 10 years on a floating interest rate basis;
- In November 2014, the Company took a long-term loan of RUB

15.00 billion, repayable in the fourth quarter of 2018, on a fixed interest rate basis;

- In February 2014, our Company placed two issues of exchange-traded certificated non-convertible interest-bearing bearer bonds, RUB 35.00 bln in total par value and with a life of 10 years. Coupon payments will be made every six months at the fixed rate of 8.90% per annum for the first ten coupon periods;
- In December 2014, our Company raised other long-term financing in the form of REPO transactions, for a total Ruble equivalent of RUB 278.24 billion at the official rate of the Central Bank of the Russian Federation as of 31 December 2014, repayable in the fourth quarter of 2017, on a floating interest rate basis. The Company own exchange-traded bonds were used as the instrument in these transactions.

During 2014, our Company observed all financial and other restrictive covenants contained in its loan agreements.

1. At the exchange rates of the Central Bank of the Russian Federation at the end of the respective periods.

NET DEBT AT YEAR END, \$ BLN



The Ruble-denominated debt burden was grossly impacted by the negative effect from Ruble depreciation against foreign currencies, which does not affect the Dollar-denominated debt, given stable revenue inflow and timely repayments of all loans. The net debt to EBITDA ratio in US Dollars decreased to 1.51 from 1.77 in 2014.



Oil and Gas Production Shop No.4



CORPORATE GOVERNANCE

ГОДОВОЕ ОБЩЕЕ СОБРАНИЕ АКЦИОНЕРОВ



ONE OF THE KEY ELEMENTS OF ROSNEFT'S ECONOMIC EFFICIENCY AND INVESTMENT ATTRACTIVENESS IS THE CORPORATE GOVERNANCE SYSTEM WHICH MEETS THE WORLD'S BEST STANDARDS.



27 ИЮНЯ
ГОДОВОЕ ОБЩЕЕ
СОБРАНИЕ АКЦИОНЕРОВ
2014

CORPORATE GOVERNANCE SYSTEM

KEY PRINCIPLES AND IMPROVEMENT OF THE CORPORATE GOVERNANCE SYSTEM IN 2014

The Company complies with the requirements and recommendations of international institutions regarding corporate governance (the Organisation for Economic Cooperation and Development (OECD), the International Bank for Reconstruction and Development (IBRD), the Global Corporate Governance Forum, the International Financial Corporation (IFC), the International Corporate Governance Network). Nevertheless, to be able to maintain competitiveness in the dynamically changing world, the Company needs to update and adjust its corporate governance practices responding to new challenges and creating prerequisites for new opportunities.

The following corporate governance principles were identified as the main strategic guidelines for Company corporate governance system improvement:

- assurance of the rights and equal treatment of the Company's shareholders;
- assurance of transparency of the Company's activities (via information disclosure mechanisms);
- improvement of the efficiency of the management and control system in the Company and companies under its control due to implementation of unified corporate rules and standards in all areas of Company's activities.

In June 2014, the Annual General Meeting of Rosneft Shareholders approved the new wording of the Charter and Regulations on the Company's management and control bodies. The Rosneft Board of Directors and Management Board approved a number of internal regulatory documents aimed at implementing the new Charter and improving the corporate governance system.

Amendment and approval of the said documents is aimed at:

- **improvement of the mechanisms supporting shareholders' ability to exercise their rights to participate in Company management, and raising awareness of its activities** (the geography of General Meetings has been expanded – now such meetings may be executed in the city where the Company is based, Moscow, or in the cities of St. Petersburg, Krasnodar, Sochi, Stavropol, Saratov, Orenburg, Tyumen, Krasnoyarsk, Khabarovsk; prerequisites were created for implementing a system of shareholder electronic voting; additional documents and information were identified which may be provided to the shareholders at a General Meeting);
- **enhancement of the Board of Directors' strategic role in the corporate governance system** (the terms of reference set for the Rosneft Board of Directors include all strategic matters concerning the activities of the Company and companies of the Rosneft Group; the Board of Directors determines and oversees execution of the policy on internal control and risk management system efficiency, on information disclosure, on

remuneration to members of executive bodies, and on fighting involvement in corrupt practices);

- **setting new approaches to management of companies under Rosneft's control** to enable most efficient management and control of the Company's assets (the Board of Directors approved criteria for classifying Rosneft-controlled companies as key subsidiaries; the list of such subsidiaries was updated and the procedure for determining the Company's position on most significant matters of the activities of Rosneft-controlled companies was set).

In order for the Board of Directors to fully exercise its role as the Company's strategic governance body, in 2014, regulations on the Board Committees were updated determining the rules of formation, functions and powers of Rosneft Board of Directors committees compliant with requirements of the Exchange and recommendations of the Code of Corporate Governance approved by the Bank of Russia.

Following the instructions from the Government of the Russian Federation, Rosneft reviewed its existing corporate governance system for compliance with the key recommendations of the Code of Corporate Governance approved by the Bank of Russia.

The Company complies with 303 out of 356, or over 85 % of recommendations of the Code of Corporate Governance approved by the Bank of Russia. In December 2014, the Company developed an action plan (road map) on implementing those key

recommendations of the Code which have not been taken on board yet.

The road map contemplates further actions to improve the Company's corporate governance system in what concerns the time for information provision and disclosure, evaluation of the Board of Directors' performance, development of long-term and short-term incentive programs for the top management based on the Company's long-term development program and strategy, development of the internal control and risk management system, compliance, fighting corporate fraud and involvement in corrupt practices.

INTERNAL REGULATORY DOCUMENTS OF THE COMPANY

The Company uses internal regulatory documents as an efficient tool of corporate governance in order to set uniform rules and requirements to all companies of the Group.

In 2014, pursuant to the instruction from the Chairman of the Rosneft Management Board on improving the Company's performance, standards were developed and implemented in the area of investment governance and efficient management of major projects, business planning, operational efficiency and cost cutting, pricing, internal audit and control, corporate governance, quality management, risk management, innovative development, etc.

The documents incorporated recommendations from different federal executive authorities and were provided to them to be used for creating an industry-wide regulatory framework.

In 2014, all operating and technical documents of companies of the Group (emergency response plans, operating procedures, etc.) were revised due to enactment of new regulations of the Russian Federation in the area of industrial safety of the oil and gas industry.

In 2014, uniform corporate rules and work standards were implemented in all companies newly integrated in the Company perimeter.

OBSERVANCE OF SHAREHOLDER RIGHTS AND INTERESTS

In order to assure maximum observance of shareholders rights, the Company uses a case-by-case approach to its shareholders.

Rosneft shareholders may participate in a General Meeting with the right to vote on all matters within the General Meeting terms of reference. Every year, before execution of an Annual General Meeting, the Company surveys the shareholders for their opinions in order to put together a relevant agenda.

The shareholders whose total shareholding is at least two per cent have the right to propose items for the AGM agenda, nominate candidates to the Board of Directors and to the Audit Commission, and candidates to the sole executive body.

Announcements to shareholders about Annual General Meetings to be held and items to be voted on are made via Rosneft's official website, mass media and by individual circulation of a meeting announcement and of ballot papers to each of the Company's shareholders.

Materials of shareholders' interest related to exercise of their rights concerning Rosneft governance, yields on shares, information about the Company, records of their rights to shares and transactions with them are placed on the Rosneft website.

GENERAL MEETING OF ROSNEFT SHAREHOLDERS

The General Meeting of Shareholders is the Company's supreme governing body whose terms of reference cover the most significant matters of its activities. The process of convocation, preparation, execution and

summarizing the results of a General Meeting of Shareholders is governed by the Regulation on the General Meeting of Shareholders that was approved by the resolution of the Annual General Meeting of Shareholders dated June 27, 2014 (unnumbered Minutes dated 2 July, 2014) as revised to incorporate amendments in the company law.

Annual General Meeting of Shareholders

In 2014, the Annual General Meeting of Rosneft Shareholders was held in Khabarovsk on June 27, 2014 (unnumbered Minutes dated 2 July, 2014). The AGM reviewed the Company's performance in 2013 and was attended by owners of 92.9% of Company shares.

For the benefit of persons who have the right to participate, the AGM was televised in Angarsk, Irkutsk, Komsomolsk-on-the-Amur, Krasnoyarsk, Nakhodka and Yuzhno-Sakhalinsk.

The AGM resolution approved the Company's 2013 Annual Report, Financial Accounts, distribution of the 2013 net income, remuneration and reimbursement of expenses to members of the Company's Board of Directors.

The AGM allocated RUB 136.2 bln (12 rubles and 85 kopecks per one outstanding share) to be paid in dividends on Rosneft shares in 2013, which is 25% of the Company's IFRS net income and 99.9% of unconsolidated net income and by 59.6% higher than the 2012 dividends.

Resolutions were also passed on election of members of the Board of Directors and of the Audit Commission, and on approval of the Company Auditor. The AGM approved the new Company Charter, the Regulations on the General Meeting of Shareholders, on the Board of Directors, on the collegial executive body, on the sole executive body, and on the Audit Commission as amended, and endorsed a number of related-party transactions.

As of December 31, 2014, the resolutions passed by the Annual General Meeting had been fully delivered.

92.9%

**OWNERS OF 92.9% SHARES
TOOK PART IN AGM IN 2014**





AGM of Rosneft in 2014.

ROSNEFT BOARD OF DIRECTORS

The activities of the Rosneft Board of Directors are regulated by the Rosneft Charter and the Regulation on the Rosneft Board of Directors.

The Charter adopted by the shareholders has strengthened the strategic and oversight function of the Board of Directors by excluding operational matters from its terms of reference. The Rosneft Board of Directors is responsible for the most significant aspects of the Company's activities, including:

- setting priority development areas;
- approval of a long-term development strategy and oversight of its delivery;
- approval of the Company's business plan and oversight of its delivery;
- taking decisions on execution of business projects and making transactions worth the amount equal to or exceeding the equivalent of US\$ 1.5bln;
- formation of the Company's executive bodies and oversight of their activities;

- setting directions for internal audit and control system development;
- setting key performance indicators and approval of the amount of annual bonuses for the Company's top management;
- oversight of the activities of companies of the Rosneft Group with regard to conducting corporate events and making transactions worth the amount equal to or exceeding the equivalent of US\$ 1.5bln.

The Board of Directors is accountable to the General Meeting of Shareholders and is responsible for observance and protection of the rights and legitimate interests of Company shareholders.

The procedure of electing Board of Directors members is transparent, the process of nominating candidates to the Board of Directors is fixed in the Company Charter and in the Regulation on the General Meeting of Shareholders, it complies with the applicable laws and is in line with the principles of corporate governance contemplated by the Code of Corporate Governance and recommended by the Bank of Russia

for application by joint-stock companies whose securities are listed for organised trading.

Assurance of the Board of Directors' efficient performance, including its interaction with the Company's management and control bodies lies with the Chairman of the Board of Directors who organises the work of the Board of Directors, calls Board meetings and chairs them providing for their constructiveness, free discussion of issues, oversight of fulfilment of resolutions adopted by the Board of Directors, and efficient work of the Board Committees.

In terms of organisational and technical support, the activities of the Board of Directors and its Committees are assisted by the Company's Corporate Secretary who has the knowledge, experience and qualifications sufficient to assuring engagement with Company shareholders, coordination of the Company's actions aimed at safeguarding shareholders' rights and interests, assuring the Board of Directors' efficient performance, compliance of Company practices with the legal requirements concerning disclosure of

information and prevention of the use of insider information.

Board of Directors meetings are held at least once in two months on a planned basis guided by proposals from Board of Directors members and Company management, which makes it possible to take into account all initiatives requiring Board of Directors resolutions and incorporate them in its work plan. The form of meetings (physical presence/ in absentia) is determined subject to the importance and significance to the Company of items submitted for review.

The process of preparation and execution of Board of Directors meetings used by the Company provides to Board directors an opportunity for a timely and comprehensive review of the information and pre-read materials to make informed and balanced decisions.

Information concerning Board of Directors activities, including details on the Board members, meetings held, and the work of the Board Committees is disclosed on respective pages of the Company's official website, in the form of press-releases, communications on material facts, and in annual reports of the Company, all of which ensure transparency of information on the Rosneft Board of Directors' activities.

The number of members on the Rosneft Board of Directors is determined by the Company's Charter. Currently it is made up of 9 members with 3 of them being independent directors, which corresponds to the best corporate governance practices.

The makeup of the Rosneft Board of Directors is adequate to the size of the Company's business and makes it possible to efficiently organise its activities, including formation of Board Committees.

Members of the Rosneft Board of Directors were chosen from among candidates who have the expertise and professional competences required for delivering the Company's development strategy.

Members of the Rosneft Board of Directors are experts in economics, finance, geology, business

administration, they have unique experience in management of international and Russian oil companies and energy sector enterprises, in defining and executing the financial strategy of holding companies, in government regulation of the energy sector, management of economic systems, field development, execution of international projects in different business environments.

The current membership of the Rosneft Board of Directors is made up of candidates proposed by Company shareholders who own more than 2% of Rosneft voting shares, including a representative nominated by BP Russian Investments Limited (19.75% in the Company share capital).

High professionalism of the Board directors and the mechanisms stipulated by the Charter and internal regulatory documents of the Company offset the risk of a conflict of interest when performing their duties.

The Board directors assess each agenda item under review from the perspective of a potential conflict of interest between them and the Company, in which case the director concerned shall immediately notify the Board of Directors of both the fact of a conflict of interest per se/potential of its occurrence, and the ground for it.

With regard to related-party transactions which create a conflict of interest for a Board director and with regard to other issues which create a conflict of interest between a Board director and the Company, such director shall not participate in voting thereon, and, if necessary, shall not be present during the discussion of the said agenda items.

Board of Directors Membership (as of 31 December, 2014)

From January 1, 2014 to June 27, 2014, the powers of the Company's Board of Directors were exercised by members elected by the Annual General Meeting of Shareholders on June 20, 2013.

June 27, 2014, the Annual General Meeting of Shareholders elected the new Board of Directors with the following members:



BOARD OF DIRECTORS MEMBERSHIP

[AS OF 31 DECEMBER, 2014]

ALEXANDER NEKIPELOV

Chairman of the Board of Directors (since 2011)



Born in 1951.

1973, graduated from the M.V. Lomonosov Moscow State University. Doctor of Economics, professor, member of the Russian Academy of Sciences.

Member of the Rosneft Board of Directors (since 2006).

Vice-President of the Russian Academy of Sciences (2001–2013), Dean of the Moscow School of Economics of the Moscow State University (since 2004).

Has expertise in the management of economic systems, has papers in the economic theory, and experience in administrative work.

IGOR SECHIN

Deputy Chairman of the Board of Directors



Born in 1960.

1984, graduated from the Leningrad State University. Doctoral Candidate in Economics.

Chairman of the Rosneft Board of Directors from 2004 to 2011.

November 2012, reelected to the Rosneft Board of Directors, Deputy Chairman of the Rosneft Board of Directors (since June 2013).

Deputy Head of the Russian Federation President's Administration (2000–2004), Deputy Head of the Russian Federation President's Administration and Aide to the President of the Russian Federation (2004–2008), Deputy Chairman of the Government of the Russian Federation (2008–2012).

Has unique experience and expertise in management and government regulation of energy enterprises.

MATTHIAS WARNIG

Deputy Chairman of the Board of Directors, independent director



Born in 1955.

1981, graduated from the Bruno Leuschner Higher School of Economics (Berlin).

Member of the Rosneft Board of Directors (since 2011), Deputy Chairman of the Board of Directors (since 2014).

Managing Director of Nord-Stream AG (since 2006); held executive positions in the Dresdner Bank Group (1990–2006).

Has vast practical experience of delivering transnational investment projects, and banking experience.

ANDREY AKIMOV

Member of the Board of Directors



Born in 1953.

1975, graduated from the Moscow Financial Institute.

Member of the Rosneft Board of Directors (since 2014).

Chairman of the Gazprombank Management Board (since 2003), held executive positions in the Vneshtorgbank system (1974–1987).

Has vast banking experience, specifically in working with large energy companies.



**ANDREY
BOKAREV**

Member of the Board
of Directors



Born in 1966.
1990, graduated from the Moscow Financial Institute.
Member of the Rosneft Board of Directors (since 2014).
Chairman of the Board of Directors of Kuzbassrazrezugol Coal Company (since 1999), President of Transmashholding (since 2008).
Has substantial experience of managing large industrial enterprises.

**ROBERT
DUDLEY**

Member of the Board
of Directors



Born in 1955.
1977, graduated from the University of Illinois; 1979, graduated from Thunderbird School of Global Management.
Member of the Rosneft Board of Directors (since 2013).
President of the BP Group p.l.c. (since 2010), President of TNK-BP Management (2003–2008).
Has experience in managing Russian and international oil companies.

**NIKOLAY
LAVEROV**

Independent
director



Born in 1930.
1954, graduated from the Moscow Institute of Non-Ferrous Metals and Gold. Doctor of Geology and Mineralogy, professor, member of the Russian Academy of Sciences.
Member of the Rosneft Board of Directors (since 2012).
Vice-President of the Russian Academy of Sciences, member of the Presidium of the Russian Academy of Sciences (1991–2013).
Member of the Presidium of the Russian Academy of Sciences (since 2013).
Has unique experience in exploration and development of mineral resources.

**DONALD
HUMPHREYS**

Independent
director



Born in 1948.
1971, graduated from the Oklahoma State University; 1976, graduated from Wharton School of the University of Pennsylvania.
Member of the Rosneft Board of Directors (since 2013).
Held executive positions dealing with financial matters in ExxonMobil Corporation (2006–2013).
Has experience and expertise in financial management of international oil companies.

**ARTUR
CHILINGAROV**

Member of the Board
of Directors



Born in 1939.
1963, graduated from the Leningrad Higher Marine Engineering School (Admiral S.O. Makarov State Marine Academy), Doctor of Geography.
Member of the Rosneft Board of Directors (since 2014).
Special Representative of the Russian Federation President for the Arctic, corresponding member of the Russian Academy of Sciences.
Has vast experience in delivering projects on World ocean, Arctic and Antarctic resource development.



ATTENDANCE BY BOARD OF DIRECTORS MEMBERS OF BOD AND BOD COMMITTEE MEETINGS IN 2014.

| Board of Directors member | Executive director | Independent director | Attendance | Audit Committee | HR and Remuneration Committee | Strategic Planning Committee |
|--|--------------------|----------------------|------------|-----------------|-------------------------------|------------------------------|
| PERSONS WHO WERE BOARD OF DIRECTORS MEMBERS THROUGHOUT 2014 | | | | | | |
| Matthias Warnig | | ✓ | 36/36 | 10/10 | 11/11 | |
| Robert Dudley | | | 36/36 | | | 4/4 |
| Nikolay Laverov | | ✓ | 36/36 | 6/6 | | 4/4 |
| Alexander Nekipelov | | | 36/36 | | 6/6 | 4/4 |
| Igor Sechin | ✓ | | 36/36 | | | |
| Donald Humphreys | | ✓ | 36/36 | 10/10 | 6/6 | |
| PERSONS WHO LEFT THE BOARD OF DIRECTORS ON JUNE 27, 2014 | | | | | | |
| Andrey Kostin | | | 18/18 | 4/4 | 5/5 | |
| John Mack | | ✓ | 18/18 | 4/4 | 5/5 | |
| Sergey Chemezov | | | 18/18 | | | 2/2 |
| PERSONS WHO JOINED THE BOARD OF DIRECTORS ON JUNE 27, 2014 | | | | | | |
| Andrey Akimov | | | 18/18 | | 6/6 | |
| Andrey Bokarev | | | 18/18 | | | |
| Artur Chilingarov | | | 18/18 | | | 2/2 |

Note: the first figure shows the total number of meetings the director attended; the second one shows the total number of meetings the director could attend in 2014.

Board of Directors Activities in 2014

In 2014, the Board of Directors held 36 meetings (4 – in presentio, 32 – in absentia) during which passed resolutions on the following most significant matters of the Company's business:

- defined the strategic goals of the Company's development approving the Rosneft Development Strategy until 2030 and endorsing its Long-term Development Program;
- approved the Company's 2015-2016 Business Plan;
- reviewed the preliminary results of the Company's 2014 Business Plan;
- passed a number of resolutions following directives by Russian Federation Government on:
 - expanding access to small and medium businesses to Rosneft's procurement campaign;
 - improving management efficiency and transparency of Rosneft's activities;
 - improving Rosneft's labour productivity;
 - developing an action plan (road map) to implement key provisions of the Bank of Russia Corporate

Governance Code in the Company's activities;

- maintaining the level of the Company's net currency assets;
- passed a number of resolutions on corporate governance, including:
 - appointment of members to the Company's Management Board;
 - formation of Board of Directors Committees;
 - creation of a Subcommittee on Arctic Development within the Strategic Planning Committee;
 - approval of Board of Directors and Board Committees meeting plans;
 - preparation for execution of an Annual General Meeting of Shareholders on June 27, 2014;
- approved the results of KPI delivery by the Rosneft top managers and the general directors of key subsidiaries of the Group and the amounts of their 2013 annual performance-based remuneration;
- approved key performance indicators for the Rosneft top managers and the general directors of key subsidiaries of the Group for the purpose of their 2014 performance-based bonuses;
- passed resolutions on modifying the resolution on Rosneft

exchange-traded bond issuance and the Rosneft offering circular, on placement of Rosneft exchange-traded bonds, on approval of resolutions on Rosneft exchange-traded bond issuance, and approved the Rosneft offering circular - Exchange-Traded Bond Prospectus;

- approved a number of the Company's internal documents, including:
 - Policy on Regional Development and Engagement with the Constituent Entities of the Russian Federation;
 - Policy on Investment Governance;
 - Policy on Energy Efficiency and Energy Saving;
 - Policy on Corporate Property Management Principles;
 - Policy on Civil Defence;
 - Policy on Financial Control;
 - Policy on Fighting Involvement in Corrupt Practices;
 - Policy on Fighting Corporate Fraud;
 - Standard for Auditing the Company's Long-Term Development Program Delivery;
 - Regulation on the System of Performance Indicators;
 - Regulations on the Company's Board of Directors Committees As Amended;
 - Regulation on Insider Information;

- endorsed Rosneft's 2015-2019 Energy Saving Program;
- endorsed a number of transactions at the St. Petersburg International Economic Forum;
- passed a number of resolutions on material business projects and transactions;
- endorsed over 600 related-party transactions.

Information on most significant matters is disclosed by the Company on a regular basis in the form of press-releases¹ and in the form of communications on material facts².

Rosneft Board of Directors Committees

In order to have a preliminary review of most important issues within the Rosneft Board of Directors' remit, the following Board Committees were established:

- Audit Committee responsible for the oversight of the completeness and accuracy of the Company's accounts, reliability and efficiency of the internal control and risk management system, assurance of independence and objectiveness of the internal and external audit functions;
- HR and Remuneration Committee whose functions include assessing effectiveness of the HR policy and of the remuneration system, setting criteria for candidate selection to the Company's Board of Directors and management, assessing performance of the Company's Board of Directors, executive bodies and top managers;
- Strategic Planning Committee assisting the Board of Directors in defining the Company's strategic goals and assessing its performance in the long term.

The work of the Board Committees is regulated by the Rosneft Regulation on the Procedure of Formation and Work of Rosneft Board of Directors Committees and respective regulations on each of the Board Committees.

Each Board Committee is composed of at least three highly qualified members who have substantial experience in the respective area.

In accordance with MICEX Stock Exchange requirements, the chairman of the audit committee shall be an independent director and most of the audit committee and HR and remuneration committee members shall be independent directors. The committees shall not have executive directors on them, and the chairman of the strategic planning committee shall also be an independent director. Committees acting in reporting period were formed by the newly elected Board of Directors on the 11 July 2014.

Activities of the Board Committees in 2014

In 2014, the Audit Committee executed 10 meetings which:

- on a quarterly basis, reviewed the Company's preliminary and final financial statements and the findings of their audit;
- made preliminary reviews of and prepared recommendations to the Board of Directors on approvals of Company Internal Regulatory Documents (IRD) on risk management an internal control and other documents within the Committee's remit;
- assessed candidates to auditors of Rosneft's and subsidiaries' accounts and of Rosneft's unconsolidated financial statements (RAS), issued recommendations on the amount of fees to be paid for auditor services in 2014;
- made a preliminary review (jointly with the Audit Commission) of the Audit Commission's opinion on the 2013 audit findings with regard to the annual accounts and of its report on Annual Report data accuracy;
- made preliminary reviews of recommendations to the Annual General Meeting of Shareholders with regard to the procedure of distribution of the Company's profit and the amount and procedure of 2013 dividend payment;

assessed the Rosneft auditor's findings on the Company's 2013 financial statements (accounts) (including subdivisions and subsidiaries);

reviewed and recommended for application the methodology of accounting for the effect of forex risks on Rosneft's IFRS consolidated financial statements;

regular meetings were held with the Head of the Company's Internal Audit and Control Function, with representatives of the external auditor and members of the Company's Audit Commission.

In 2014, **the HR and Remuneration Committee** executed 11 meetings which:

- on a regular basis, reviewed and provided to the Board of Directors recommendations on defining key performance indicators to the Company Management Board members and to the top managers;
- on a regular basis, reviewed matters concerning assessment of the Company executive bodies' and top managers' performance;
- made a preliminary review of the terms and conditions of employment contracts with members of the Company's executive bodies;
- reviewed and recommended for Board of Directors approval changes in the Rosneft organizational structure;
- endorsed the Rosneft 2013 Sustainability Report;
- reviewed and recommended for Board of Directors approval the Company Regulation on Performance Indicators.

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

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



THE COMMITTEES FUNCTIONING IN THE REPORTING YEAR WERE FORMED BY THE NEWLY-ELECTED BOARD OF DIRECTORS ON JULY 11, 2014.

| Committee | Composition | Functions |
|--------------------------------------|--|--|
| Audit Committee | <ul style="list-style-type: none"> D. Humphreys (Chairman, independent director) M. Warrig (independent director) N.P. Laverov (independent director) A.R. Bokarev | <ul style="list-style-type: none"> Oversight of completeness and accuracy of the Company's accounts (financial statements); Assurance of independence and objectiveness of the external audit; Assurance of the external auditor's efficient engagement with the Company; Assurance of independence and objectiveness of the internal audit; Oversight of efficiency and reliability of the internal control and risk management system; Monitoring of the Company's corporate governance system, assessment of corporate governance practices, development of recommendations on improvement of the Company's corporate governance system; Regular interaction with the Audit Commission; Oversight of the efficiency of the system of communicating instances of fraudulent or unfair actions (including unfair use of insider and confidential information) by Company employees and third parties and other non-compliant actions in the Company's activities; Assurance of the Board of Directors' regular engagement with the Company's executive bodies and structural subdivisions responsible for internal audit, internal control and risk management, and with the Audit Commission by having working meetings and joint sessions on matters within the Committee's remit. |
| HR and Remuneration Committee | <ul style="list-style-type: none"> M. Warrig (Chairman, independent director) A.D. Nekipelov A.I. Akimov D. Humphreys (independent director) | <ul style="list-style-type: none"> Assuring that highly qualified professionals are hired to manage the Company and creating necessary incentives for their successful performance, including: <ul style="list-style-type: none"> – planning appointments to executive bodies with a view to assuring succession, – setting criteria for candidate selection to the Company's Board of Directors and management, – preparation of Board of Directors recommendations concerning candidates to the sole executive body, members of the collegial executive body, corporate secretary, etc. Assessment of the management bodies' performance; Continuous monitoring of the Company's HR and social policies, and of the incentive system for compliance with the Company's development strategy, financial situation, and market environment by preparing proposals on HR and social policies, specifically regarding personnel recruitment, development and motivation, and on improvement of HR and social policies, specifically regarding the succession pool and corporate culture; Assurance of the Board of Directors' regular interaction with the Company's executive bodies and HR function by having working meetings and joint sessions on matters within the Committee's remit. |
| Strategic Planning Committee | <ul style="list-style-type: none"> N.P. Laverov (Chairman, independent director) R. Dudley A.D. Nekipelov A.N. Chilingarov | <ul style="list-style-type: none"> Assisting the Board of Directors in the following areas within its remit: <ul style="list-style-type: none"> – setting strategic goals and guidelines for the Company's development; – assessment of the Company's performance in the long term; Assurance of strategic and business planning; Defining, within the Board of Directors' remit, the Company's policy on companies of the Group with regard to their corporate structure; Participation in identifying the Company's business priorities, assessing the top managers' strategic initiatives with regard to development and oversight of the delivery of the Company's overall strategy and individual business stream strategies; Analysis of the main trends in the economic policy pursued by the Russian Federation in what concerns the Company's business, and communication of relevant information thereon to the Board of Directors; Participation in overseeing delivery of the Company's approved business plans; Assessment of the efficiency of investor and shareholder relations. |

In 2014, **the Strategic Planning Committee** executed 4 meetings which made preliminary reviews of and prepared to the Board of Directors recommendations on:

- approval of, adjustments to and assessment of delivery of the Company's business plan and development strategy;
- elaboration of individual development strategies for the Company's business streams;
- approval of the Company IRD which fall within the Committee's remit;

- approval of the Report on 2013 Delivery of the Rosneft Innovative Development Program.

ROSNEFT EXECUTIVE BODIES

The Rosneft Management Board (collegial executive body) and the Rosneft President (sole executive body), which are responsible for management of Rosneft's current business, are accountable to the General Meeting of Shareholders and to the Board of Directors.

Rosneft Management Board

Pursuant to para 12.3 of the Rosneft Charter, Management Board members are appointed for the term of three years. The procedure for Management Board formation, the rights, duties and responsibilities of Management Board members are set by the Rosneft Regulation on the Collegial Executive Body (Management Board).

Management Board membership comprises 13 people and remained unchanged in the course of 2014.

The Management Board composition is optimally suited to the Company's goals and objectives; it includes top managers in charge of all strategic business development streams of the Company.

July 11, 2014, by virtue of the Board of Directors' resolution, Company Management Board members were reelected for a new term of three years. As of October 1, 2014, Yu.I. Kalinin, Rosneft Vice President, HR and Social Affairs, was appointed Deputy Chairman of the Management Board.

Rosneft President

In accordance with para 11.3 of the Company Charter, the President is appointed by the Board of Directors for a period of five years.

By virtue of the Company Board of Directors' resolution (Minutes № 22 dated 23 May, 2012) Igor Sechin was appointed President.

Rosneft Corporate Secretary

In accordance with para 15 of the Rosneft Charter, Corporate Secretary is a Company officer assuring the Company's compliance with the applicable laws, the Company's Charter and internal documents which safeguard Company shareholders' rights and interests.

The Corporate Secretary is accountable to the Company Board of Directors, is appointed to the office and released from the office by the Company President based on the Board of Directors' resolution.

The Rosneft Corporate Secretary performs the functions of the secretary of the Company Board of Directors and the secretary of the General Meeting of Shareholders.

Requirements to a candidate to the Corporate Secretary, functions, rights, duties and responsibilities of the Corporate Secretary, the procedure of interaction with the Company's executive bodies and structural subdivisions are determined by the Company Regulation on the Corporate Secretary.

The functions of the Rosneft Corporate Secretary are performed by the

Director of the Rosneft Corporate Governance Department.

Svetlana Gritskevich

Born in 1974.

1996, graduated from the Modern Knowledge Institute, Byelorussian State University (Minsk).

2011, graduated from the Russian Presidential Academy of Public Service.

Has the MBA degree from MIRBIS (Moscow International Business School, 2011). Has considerable experience in corporate governance (since 1996) and management experience which enable her to efficiently and with high quality perform the functions of the Company Corporate Secretary.



MEMBERS OF THE ROSNEFT MANAGEMENT BOARD

[AS OF 31 DECEMBER, 2014]



IGOR SECHIN

President, Chairman of the Rosneft Management Board, Deputy Chairman of the Rosneft Board of Directors

Born in 1960.

1984, graduated from the Leningrad State University. Doctoral Candidate in Economics. Has government and industry awards.

President, Chairman of the Rosneft Management Board (since May 2012).

Deputy Chairman of the Rosneft Board of Directors (since 2013).

Chairman of the Board of Directors of OJSC ROSNEFTEGAZ, LLC RN-TsIR, OJSC Inter RAO, LLC National Oil Consortium, OJSC DTsSS, CJSC SPbMTSB [St Petersburg International Commodities Exchange]; member of the Boards of Directors of SARAS S.p.A., Pirelli & C. S.p.A., and Chairman of the Supervisory Board of LLC TsSKA Professional Hockey Club.

Owns 13,489,350 Rosneft shares (0.1273% of the Company charter share capital).

YURI KALININ
Deputy Chairman of the Management Board, Rosneft Vice President, HR and Social Affairs



Born in 1946.

1979, graduated from the D.I. Kurskiy Saratov Institute of Law.

Has government and industry awards: Order of Merit to the Fatherland, II degree, Order of Merit to the Fatherland, III degree, Order of Merit to the Fatherland, IV degree, two Orders of Courage, Order of the Red Banner of Labour, Medal of Labour Veteran, Merited Lawyer of the Russian Federation, Ivan Kalita Order, and other awards.

Rosneft Vice President, HR and Social Affairs, (since February 2013)

Member of the Rosneft Management Board (since February 2013), Deputy Chairman of the Management Board (since October 2014).

Member of the NEFTEGARANT Non-Government Pension Fund Board.

Owns 203,916 Rosneft shares (0.0019% of the Company charter share capital).

LARISA KALANDA
State Secretary, Rosneft Vice President



Born in 1964.

1985, graduated from the Sverdlovsk Institute of Law; 1994, completed a postgraduate course at the Institute of Philosophy and Law of the Belarus Academy of Sciences. Distinguished Lawyer of the Russian Federation.

Deputy Chairman of the Rosneft Management Board (2009 - May 2012).

Member of the Rosneft Management Board (since May 2012).

State Secretary, Rosneft Vice President, Government Relations (since December 2012).

Acting General Director, OJSC ROSNEFTEGAZ (since 2007) (concurrently).

Member of the Boards of Directors of OJSC ROSNEFTEGAZ and OJSC RusHydro.

Owns 2,171,818 Rosneft shares (0.0205% of the Company charter share capital).

ERIC MAURICE LIRON
Rosneft First Vice President



Born in 1954.

1980, graduated from the School of Radio Engineering, Electronics and Computer Science (Paris, France).

Rosneft Vice President, Drilling, Completions and Oilfield Services, (since April 2013).

Rosneft First Vice President, Upstream (Production) (since July 2013).

Member of the Rosneft Management Board (since September 2013).

Chairman of the Boards of Directors of OOO Taas-Yuriakh Neftegazodobycha, LLC Orenburg Drilling Company, OJSC Orenburgneft, OJSC Varyoganneftegaz, and member of the Boards of Directors of OJSC NGK Slavneft, OJSC Udmurtneft, and OJSC Tomskneft VNK.

Owns 543,804 Rosneft shares (0.0051 % of the Company charter share capital).



PETR LAZAREV

Rosneft Financial Director

DIDIER CASIMIRORosneft Vice President,
Commerce and Logistics**IGOR MAYDANNIK**Rosneft Vice President,
Legal Support of Business**ZELJKO RUNJE**Rosneft Vice President,
Offshore Projects**SVYATOSLAV SLAVINSKIY**Rosneft Vice President,
Economics and Finance**RASHID SHARIPOV**Vice President, Chief of the Rosneft
President Office

Born in 1967.

1990, graduated from the Plekhanov Moscow National Economy Institute.

Member of the Rosneft Management Board (since June 2011).

Rosneft Financial Director (since February 2012).

General Director, LLC Invest-M-com (renamed from YUKOS-Moscow) (since 2007) (concurrently).

General Director, CJSC YUKOS-M (since 2008) (concurrently).

Executive Financial Director, OJSC RN-Management (renamed from TNK-BP Management) (since 2013) (concurrently).

Financial Director, OJSC RN Holding (since 2013) (concurrently).

Chairman of the Boards of Directors of OJSC Far-Eastern Bank, JSC NPF (Non-Government Pension Fund) NEFTEGARANT, Chairman of the Supervisory Board of LLC Neftepromleasing, Chairman of the Board of NPF (Non-Government Pension Fund) NEFTEGARANT; member the Boards of Directors of OJSC Rosneft Nefteprodukt MZ (Lube Plant), LLC NGK ITERA, Pirelli & C. S.p.A., Rosneft SH Investments Limited, Rosneft Finance S.A., TOC Investments Corporation, Taihu Limited.

Owns 448,066 Rosneft shares (0.0042% of the Company charter share capital).

Born in 1966.

1991, graduated with distinction from the University of Ghent (Belgium); 1992, graduated from the University of Ghent (Belgium)/University of Lisbon (Portugal).

Rosneft Vice President (since May 2012).

Member of the Rosneft Management Board (since June 2012).

Rosneft Vice President, Commerce and Logistics (since March 2013).

Deputy Chairman, Marketing and Supplies, of Ruhr Oel GmbH; Chairman of the Boards of Directors of LLC RN-Trade, OJSC Buriatnefteprodukt, OJSC Rosneft-Altainefteprodukt, OJSC Rosneft-Smolensknefteprodukt, OJSC Rosneft-Kubannefteprodukt, OJSC Rosneft-Murmansknefteprodukt, OJSC Rosneft-Stavropoliye, CJSC Rosneft-Armenia, CJSC East-Siberian Fuel Company, OJSC Saratovnefteprodukt, OJSC Tulanefteprodukt, OJSC RN-Yaroslavl, LLC RN-West, PAO Lisichansknefteprodukt; member of the Boards of Directors of LLC NGK-ITERA, OAO Rosneft-Artag, OJSC Rosneft-KBTK, OJSC Rosneft-Karachayevo-Cherkesknefteprodukt, OAO Rosneft-Kurgannefteprodukt, OJSC Rosneft-Yamalnefteprodukt, CJSC SPbMTSB [St Petersburg International Commodities Exchange], LLC Krasnoleninsk Refinery, OJSC Saratov Refinery, OJSC NGK Slavneft, OJSC Slavneft-YANOS, Rosneft Trade Limited, Rosneft Trading S.A., Rosneft Global Trade S.A., RN-MMG Pte Ltd, Rosneft Techno S.A., Lanard Holdings Limited, Pirelli & C. S.p.A., and member of the SIA ITERA Latvia Board.

Owns 457,598 Rosneft shares (0.0043% of the Company charter share capital).

Born in 1965.

1987, graduated from the M.V. Lomonosov Moscow State University.

Rosneft Vice President, Legal Support of Business, Property and Corporate Governance (since September 2013).

Rosneft Vice President, Legal Support of Business, Rosneft (since September 2013).

Member of the Rosneft Management Board (since July 2013).

Deputy Executive Director, Legal Support, OJSC RN-Management (renamed from TNK-BP Management- 2013) (concurrently).

Member of the Board of Directors of LLC RN-Service.

Owns 432,964 Rosneft shares (0.0041% of the Company charter share capital).

Born in 1954.

Graduated with distinction from the Alaska State University.

Has a Letter of Acknowledgement from the President of the Russian Federation.

Rosneft Vice President (since October 2012).

Rosneft Vice President, Offshore Projects (since March 2013).

Member of the Rosneft Management Board (since November 2012).

Chairman of the Boards of Directors of LLC RN-Exploration, Chairman of the Supervisory Board of OJSC Rosneft-Sakhalin; member of the Boards of Directors of LLC Arctic Scientific Centre, CJSC Rosshelf, CJSC Arcticshelfneftegaz, CJSC Sakhalin-morneftegaz-Shelf, LLC Caspian Oil Company, OJSC DTsSS, member of the Supervisory Boards of CJSC RN-Astra, CJSC RN-Shelf-Far East, RN Nordic Oil AS, and member of the Management Board of LLC RN-UfaNIPIneft.

Owns 377,318 Rosneft shares (0.0036% of the Company charter share capital).

* Management Board membership also includes Nayl Mukhitov, Rosneft Vice-President – Head of Security, (since 2012), Andrey Votinov, Rosneft Vice-President, Capital Construction, (since 2013), Igor Pavlov, General Director of OJSC Angarsk Petrochemical Company, (since 2012).

Born in 1970.

1994, graduated from the M.V. Lomonosov Moscow State University; 1995, graduated from l'Université Paris-Dauphine.

Rosneft Vice President, Economics and Finance (since April 2013).

Member of the Rosneft Management Board (since September 2013).

Acting General Director, CJSC Eastern Petrochemical Company and OJSC Angarskneftekhimprojekt (concurrently) (since 2014).

Chairman of the Supervisory Board of OJSC VBRR (Eastern Bank of Reconstruction and Development).

Owns 378,949 Rosneft shares (0.0036% of the Company charter share capital).

Born in 1968.

1991, graduated from the Moscow State Institute for International Relations; 1993 graduated from the California Western School of Law. Master of Law.

Vice President, Chief of the of Rosneft President Office (since September 2013).

Deputy Chairman of the Rosneft Management Board (September 2013 - October 2014).

President of OJSC RN Holding (since 2013) (concurrently).

Owns 4,443 Rosneft shares (0.00004 % of the Company charter share capital).



REMUNERATION OF BOARD OF DIRECTORS MEMBERS AND MANAGEMENT

The Rosneft Board of Directors members are recognised experts in different areas and have experience and competence to make decisions on the Company's long-term sustainable development.

In order to motivate Board of Directors members for a long-term and effective collaboration with Rosneft, the Company is using a system of remuneration for Board of Directors members which stipulates a level of remuneration commensurate with the remuneration in major vertically integrated oil companies.

Remuneration is paid to the Rosneft Board directors for performing in the reporting period the functions of members of the Rosneft Board of Directors and of the Board Committees, and of the functions of the Board Chairman and Board Committee Chairmen.

In order to assure Board directors' efficient work, the Company uses a policy of reimbursing to Board directors' expenses associated with performance of their functions.

The final resolution on payment of remuneration to members of the Board of Directors and on reimbursement of expenses incurred by them rests entirely with the General Meeting of Shareholders.

The Annual General Meeting of Shareholders held on June 27, 2014 (unnumbered Minutes) resolved to approve the remuneration to the members of the Company Board of Directors for the period of their service in the following amounts:

- Matthias Warnig – US\$580,000;
- Andrey Kostin – US\$560,000;
- Nikolay Laverov – US\$550,000;
- John Mack – US\$580,000;
- Alexander Nekipelov – US\$630,000;
- Donald Humphreys – US\$560,000;
- Sergey Chemezov – US\$530,000.

Thus, the total amount of the said remuneration is equal to RUB 134,665,692.

In addition to that, the AGM resolution above approved reimbursement to the members of the Rosneft Board of Directors of expenses associated with performance of their functions, specifically, for accommodation, meals, travel, including VIP lounge services, and other payments and tariffs for air and (or) rail transport services, the total amount of which was RUB 5,826,780.

As of December 31, 2014, the Company had fulfilled its obligation to pay remuneration to the said Rosneft Board of Directors members for the period of their service.

The Company does not have a long-term incentive program - LTI (optional program).

The expenses for insurance of Board of Directors members' liability as members of the Company's governance bodies are carried by the Company.

REMUNERATION OF ROSNEFT MANAGEMENT

Remuneration paid to the Company managers (President, First Vice President, Vice Presidents and officers of equivalent rank) and to the heads of Rosneft's stand-alone subdivisions consists of a monthly salary and an annual bonus.

No additional remuneration is paid to Company managers for their work in governance bodies of Rosneft or its subsidiaries and affiliates (Rosneft Management Board, boards of directors of subsidiaries).

The size of managers' monthly salary is stipulated in employment contracts entered into when managers are hired.

The annual bonus to Rosneft managers is calculated based upon achievement of individual and team performance targets set to them by the Company's governance bodies in the reporting year.

The annual bonus to the Company President is calculated based upon delivery of individual performance targets set to the President by the Board of Directors, which correspond to the Company performance targets.

The decision to pay the annual bonus is taken by the Rosneft Board of Directors based on the Company's performance in the reporting year

Approval of managers' performance indicators and review of their achievement are carried out as follows:

- performance indicators are developed on the basis of the Company's Development Strategy, the Long-Term Development Program, instructions from the Federal Executive Authorities, and the Company's objectives in the reporting year;
- company and Stream performance indicators and individual performance indicators to the top managers are approved by the Rosneft Board of Directors;
- individual performance indicators to the heads of stand-alone subdivisions are approved by the Rosneft Management Board;
- based on the results of the reporting year, individual and team performance is measured using audited consolidated financial accounts and management accounts;
- the size of bonuses to the top managers is approved by the Rosneft Board of Directors, and to the heads of stand-alone subdivisions - by the Management Board.

The Company's top managers, as well as other employees, may be awarded a bonus for an outstanding contribution to the Company's development during the reporting period.

Total amount of remuneration, benefits or/and expense reimbursement to the Rosneft Management Board members amount to RUB 2.8 bln, including:

| Indicator | RUB |
|---|----------------------|
| Remuneration for service on a governance body | 0 |
| Salary* | 743,685,440 |
| Bonuses | 1,210,048,473 |
| Commissions | 0 |
| Benefits | 0 |
| Reimbursement of expenses | 1,249,763 |
| Other types of remuneration | 843,901,029 |
| TOTAL | 2,798,884,705 |

* The structure of remuneration paid to the Company management (fixed/variable part ratio) corresponds to generally-accepted international practices.



SHARE CAPITAL

ROSNEFT SHARES WERE INCLUDED IN THE MOSCOW EXCHANGE TOP-TIER QUOTATION LIST.

As of 31 December, 2014, the Rosneft charter share capital was equal to RUB 105,981,778.17 and divided into 10,598,177,817 ordinary registered uncertified shares at par value of RUB 0.01 each.

In accordance with the Charter, Rosneft has the right to additional placement of 6,332,510,632 ordinary registered uncertified shares at par value of RUB 0.01 each and the total par value of RUB 63,325,106.32 (authorised shares). These shares grant the same rights as Rosneft's outstanding ordinary shares. A resolution on increasing Rosneft charter share capital by placement through open subscription of additional authorised

shares is taken by the General Meeting of Shareholders.

The state registration number of Rosneft ordinary shares issue is 102-00122 A.

The date of state registration of Rosneft ordinary shares issue is September 29, 2005.

In 2014, there were no issues or placements of Rosneft additional shares.

The number of shareholders registered in the Rosneft Shareholder Register as of December 31, 2014 (without taking into account information disclosed

by nominee shareholders) was 29,719 (including 7 nominee shareholders). The number of nominee shareholders did not change, year-on-year.

As of December 31, 2014, Rosneft had no preferred shares.

ROSNEFT SHAREHOLDERS WHO OWN MORE THAN 1% OF THE COMPANY SHARE CAPITAL*

| Shareholders | As of 31 December 2013 | | As of 31 December 2014 | |
|--|------------------------|---------------------------|------------------------|---------------------------|
| | Number of shares | Stake in share capital, % | Number of shares | Stake in share capital, % |
| OJSC ROSNEFTEGAZ** (shareholder) | 7,365,816,383 | 69.50 | 7,365,816,383 | 69.50 |
| Non-Bank Credit Organization and Closed Joint-Stock Company National Settlement Depository (nominee Central Depository)*** | 3,179,709,451 | 30.00 | 3,187,680,194 | 30.08 |
| Other legal entities which own less than 1% of shares | 1,590,676 | 0.02 | 1,528,138 | 0.01 |
| The Russian Federation represented by the Federal Agency for State Property Management | 1 | Less than 0.01 | 1 | Less than 0.01 |
| Individuals | 51,061,306 | 0.48 | 43,121,771 | 0.41 |
| Account of unidentified entities | 0 | 0.00 | 31,330 | Less than 0.01 |
| TOTAL | 10,598,177,817 | 100.00 | 10,598,177,817 | 100.00 |

* Information in the Table is based on the data from the Rosneft Shareholder Register.

** OJSC ROSNEFTEGAZ is held in 100% federal ownership. The stake in Rosneft owned directly by the Russian Government (represented by the Federal Agency for State Property Management) is 0.000000009% (one share).

*** The total number of nominee-held shares is 2,092,900,097 shares, which makes up a 19.75% stake in the Rosneft charter share capital and which is owned by BP Russian Investments Limited.

During 2014, on a monthly basis, Rosneft updated information on its corporate Internet site concerning shareholders who own more than 1% of its charter share capital. The Rosneft management is not aware of the existence of Company shareholders with equity stakes exceeding 1% (all holders of Rosneft shares with equity stakes exceeding 1% of the total shares outstanding), other than those listed above.

Rosneft shares are traded in Russia's organised stock market, MICEX Stock Exchange (member of the Moscow Exchange Group).

May 20, 2014, the Moscow Exchange elevated Rosneft shares from tier-B to the tier-A2 quotation list.

The Company's sustainable position in the market, growing operational

and financial performance indicators, including due to a successful integration in 2013, compliance with legislative requirements on the stock market and on fighting unlawful use of insider information, compliance with corporate conduct standards and requirements of the Exchange made it possible for the Company listing to go up and its shares to be elevated to the tie-A2 quotation list.

June 9, 2014 as a result of listing modification, Rosneft shares were included in the MICEX Stock Exchange First (top) Tier quotation list.

Order № 06-1380/pz-i of the Federal Service for Financial Markets dated 20 June, 2006, permitted placement and trading of 2,140,000,000 Rosneft ordinary registered uncertified shares outside the Russian Federation.

In July 2006, Rosneft listed Global Depositary Receipts (GDRs) on the London Stock Exchange. The issue of GDRs, which certify rights in respect of Rosneft's ordinary registered shares in accordance with foreign law, was carried out by the J.P. Morgan depositary bank. One Global Depositary Receipt certifies the rights in respect of one Rosneft ordinary registered share. As of December 31, 2014, GDRs were issued for 793 mln Rosneft ordinary shares representing 7.5% of the Company's total shares outstanding.

The list of rights which owners of Rosneft's ordinary shares are entitled to, including the voting right based on each Rosneft voting share, is set out in para 5.8 of the Company Charter posted on the www.rosneft.ru website.

INFORMATION ON BOARD OF DIRECTORS AND MANAGEMENT BOARD MEMBERS OWNERSHIP OF ROSNEFT SHARES

| Board of Directors and Management Board Members | Number of ordinary shares (as of 31 December, 2014) | Stake in share capital, % |
|---|--|------------------------------|
| Andrey Akimov | - | - |
| Andrey Bokarev | - | - |
| Matthias Warnig | 92,633 | 0.0009 |
| Andrey Votinov | 248,926 | 0.0023 |
| Robert Dudley | - | - |
| Larisa Kalanda | 2,171,818 | 0.0205 |
| Yuri Kalinin | 203,916 | 0.0019 |
| Didier Casimiro | 457,598 | 0.0043 |
| Nikolay Laverov | 75,009 | 0.0007 |
| Petr Lazarev | 448,066 | 0.0042 |
| Eric Maurice Liron | 543,804 | 0.0051 |
| Igor Maydannik | 432,964 | 0.0041 |
| Nayl Mukhitov | - | - |
| Alexander Nekipelov | 83,521 | 0.0008 |
| Igor Pavlov | 280,465 | 0.0026 |
| Zeljko Runje | 377,318 | 0.0036 |
| Igor Sechin | 13,489,350 | 0.1273 |
| Sviatoslav Slavinskiy | 378,949 | 0.0036 |
| Donald Humphreys | 60,000 (GDR) | 0.0006 |
| Artur Chilingarov | - | - |
| Rashid Sharipov | 4,443 | 0.00004 |



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

| Board of Directors and Management Board Members | Transaction date | Quantity of purchased/sold shares | Type of transaction |
|---|-------------------|-----------------------------------|---------------------|
| | 26 June 2014 | 29,293 | disposal |
| Alexander Nekipelov | 30 September 2014 | 26,116 | acquisition |
| | 29 October 2014 | 778 | acquisition |
| Igor Sechin | 17 March 2014 | 3,159,270 | acquisition |
| | 18 March 2014 | 1,330,080 | acquisition |
| Andrey Votinov | 18 March 2014 | 44,336 | acquisition |
| Larisa Kalanda | 18 March 2014 | 110,840 | acquisition |
| Yuri Kalinin | 18 March 2014 | 44,336 | acquisition |
| Didier Casimiro | 18 March 2014 | 133,008 | acquisition |
| Petr Lazarev | 18 March 2014 | 44,336 | acquisition |
| Eric Maurice Liron | 18 March 2014 | 177,344 | acquisition |
| Igor Maydannik | 18 March 2014 | 66,504 | acquisition |
| Igor Pavlov | 18 March 2014 | 13,300 | acquisition |
| Zeljko Runje | 18 March 2014 | 133,008 | acquisition |
| Sviatoslav Slavinskiy | 18 March 2014 | 53,203 | acquisition |
| Rashid Sharipov | 18 March 2014 | 443 | acquisition |
| Donald Humphreys | 21 August 2014 | 60,000 (GDR) | acquisition |

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

The Company Regulation on Insider Information obliges members of the Board of Directors and of the Management Board, and the President to disclose to the Company information on transactions which they execute with Rosneft securities.

In 2014, members of the Rosneft Board of Directors and of the Management Board executed transactions with Company securities. Details of such transactions were presented to the Company in compliance with the procedure and time limits stipulated by the internal documents and were disclosed to the stock market in compliance with the applicable legislation.

DIVIDEND POLICY

May 17, 2006, the Company Board of Directors voted to approve the Rosneft Regulation on Dividend Policy¹, which was developed in accordance with Russian legislation, the Company Charter, and the Code of Corporate Conduct.

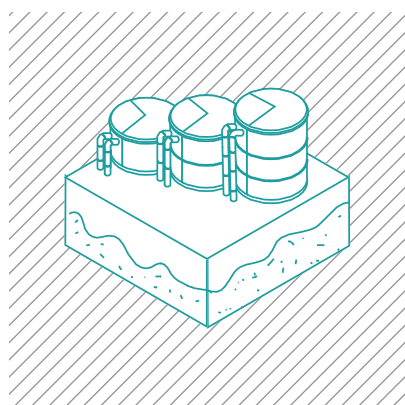
Rosneft's dividend policy is set to observe a balance between the interests of the Company and of its shareholders and is intended to improve Rosneft's investment attractiveness and shareholder value. The Company strictly observes the rights of its shareholders, and does all it can to increase the return on their shares.

According to the Charter:

1. The date on which persons entitled to dividends are to be determined shall not be set earlier than 10 days from the date of the resolution on dividend payout (dividend declaration) and later than 20 days from the date of such resolution;
2. The period for transferring dividends to a nominee shareholder and to a trust manager who is a professional stock market trading member, both registered in the Rosneft Shareholder Register, shall not exceed 10 business days, and to other persons registered in the Rosneft Shareholder Register – 25 business days, from the date on which persons entitled to dividends are to be determined.

A resolution on dividend payout (including the amount of dividends

and the form of payment) is taken by the Rosneft General Meeting of Shareholders based on the Board of Directors' recommendations. As stated in the Company Regulation on Dividend Policy, in determining dividend amounts the Board of Directors is guided by the level of net income as reflected in the Company's non-consolidated financial statements to the Russian Accounting Standards. The amount to be paid in dividends recommended by the Board of Directors is subject to the Company's financial performance in the reporting year, but is usually equal to at least 10% of the Company's net income.



25%

**OF IFRS NET INCOME
PAID IN DIVIDENDS**

Rosneft pursues a strategy of steady increases of the amount of its dividend payments. In determining the amount of dividends, the Board of Directors takes account of the dividend policy of other leading oil & gas companies. A number of other factors may also have an effect on the size of dividend payments, including the Company's business development prospects, its financial situation and financing needs, the overall macroeconomic situation and market environment, as well as other factors, including those connected with tax and legislation.

Acting on the verbal instruction of the President of the Russian Federation, the Company management recommended increasing dividend payments up to 25% of the net income to the International Financial Reporting Standards (IFRS).

April 28, 2014, the Board of Directors recommended that the General Meeting of Shareholders allocate 99.9% of the Company's 2013 non-consolidated net income (RAS), or RUB 136,187 mln, for the payment of 2013 dividends, representing RUB 12.85 per one ordinary share, 59.6% higher year-on-year. June 27, 2014, the Annual General Meeting of Shareholders resolved to pay dividends in accordance with the Board of Directors' recommendations. RUB 136,064 mln was paid in dividends to Rosneft shareholders.

RUB 12.85 was paid in dividends to the Russian Federal Budget and

1. March 3, 2011, the Board of Directors resolved to supplement the Company's dividend policy principles with the commitment to try to achieve a year-on-year growth of dividends subject to the growth rate of the Company's net income, its financial situation and the investment projects it has.



ROSNEFT DIVIDEND HISTORY

| | Dividends per share*, RUB | Total dividends declared, RUB mln | Total dividends paid, RUB mln | Payout ratio, RAS, % |
|---|------------------------------|--------------------------------------|----------------------------------|-------------------------|
| 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% |
| 2005 | 1.25 | 11,335 | 11,335 | 20.0% |
| DIVIDENDS PAID OUT AFTER THE IPO WHICH CLOSED ON JULY 18, 2006 | | | | |
| 2006 | 1.33 | 14,096 | 14,080 | 13.3%** |
| 2007 | 1.60 | 16,957 | 16,941 | 10.5% |
| 2008 | 1.92 | 20,349 | 20,332 | 14.4% |
| 2009 | 2.30 | 24,374 | 24,354 | 11.7% |
| 2010 | 2.76 | 29,251 | 29,227 | 15.2% |
| 2011 | 3.45 | 36,564 | 36,533 | 33.1% |
| | 4.08 | 41,928 | 41,889 | |
| 2012 | 8.05 | 85,315 | 85,244 | 28.2% |
| 2013 | 12.85 | 136,187 | 136,064 | 99.9% |

* The dividend amounts per share take account of the 1:100 share split carried out in September 2005.

** 2006 net income adjusted for non-recurring items.

RUB 94,651 mln was paid in dividends to OJSC ROSNEFTEGAZ (held 100% in federal ownership). As of year-end 2014, Rosneft had no dividend payments outstanding to the Federal Budget and to OJSC ROSNEFTEGAZ.

Dividends were paid to all persons registered in the Rosneft Shareholder Register, except for (1) persons who had not informed the Registrar of the issuer in a timely fashion of changes in the data recorded on their registration form, (2) returns sent to the Company by nominee shareholders in accordance with clause 42 of the Federal Law on Joint-Stock Companies.

April 23, 2015, the Rosneft Board of Directors recommended that the General Meeting of Shareholders approve 2014 dividends at the level of RUB 8.21 per share. The total amount of recommended 2014 dividends is RUB 87 bln. The ratio of dividends to the 2014 non-consolidated net

income to Russian Accounting Standards is 17.4%. The ratio of dividends to the consolidated IFRS net income is 25%.

RISK MANAGEMENT, INTERNAL CONTROL AND AUDIT

GENERAL INFORMATION

In accordance with the recommendations of the Corporate Governance Code of the Bank of Russia¹, requirements of Russian Legislation² and other generally recognized best practices, an Internal Control and Risk Management System (IC&RMS) has been set up and is continuously improved in Rosneft in order to provide reasonable assurance in the delivery of the Company's goals.

The goals and objectives of the IC&RMS are set out in the Company Policy on the Internal Control and Risk Management³ that has been developed in line with the recommendations of the international professional organizations specializing in risk management, internal control and internal audit services, and cover the following areas:

- Providing reasonable assurance in the delivery of the Company's goals;
- Assuring effectiveness of financial and business operations, rational use of resources and soundness of assets;
- Assuring compliance with the applicable laws and local normative documents;

- Assuring completeness and reliability of accounting (financial), statistical, managerial and other reporting.

Continuous development and improvement of IC&RMS allows the Company to respond to changes both in the external and internal environment as appropriate, increase the effectiveness and efficiency of operations, safeguard and boost the Company's value.

IC&RMS BODIES

The key IC&RMS bodies of the Company are: Audit Commission, Board of Directors, Board Audit Committee, Management Board, President, Company Management, Risk Management Department, Internal Control Department, Internal Audit Department and Procurement and Procedure Control Department.

SUMMARY OF IC&RMS MANDATE AND KEY ACHIEVEMENTS IN 2014:

Rosneft Board of Directors

The Board of Directors shall carry out the strategic management of the business of the Company on behalf and in the interests of all shareholders of the Company.

In accordance with the Regulations on the Board of Directors of Rosneft Oil Company⁴ a core function of the Board of Directors in the area of control over financial and business operations of the Company assumes approval of the main vectors of development of the system of internal control and risk management, implementation control, organization and execution of evaluation and assessment of the effectiveness of IC&RMS.

Rosneft Board Audit Committee

Rosneft Board Audit Committee was established with the purpose of an in-depth consideration of issues and preparation of recommendations to the Company Board of Directors on matters within its remit pertaining to control of the Company's financial and business operations and on other matters delegated to the Committee by the Board of Directors.

Pursuant to the Regulations on the Rosneft Board of Directors Audit Committee⁵ the main task of the Committee shall be rendering assistance to the Company Board of Directors in its assuring protection of the interests of Company shareholders by exercising control of completeness and reliability of the Company's financial statements and other reports, reliability and efficiency of the system of internal

1. Code of Corporate Governance recommended by the Bank of Russia in its letter No. 06-52/2463 from April 10th, 2014.
2. Federal Law "On Accounting" No.402-ФЗ from December 6th, 2011, Code on Corporate Governance of the Bank of Russia, which is followed by the Company according to Russian Government Directive No.ИШ-П-13-5859 dated July 31st 2014.
3. Company Policy "Internal Control and Risk Management System" No.П4-01 П-01, approved by Rosneft Board of Directors, Minutes No.16 from May 7th, 2013.
4. Regulations on the Board of Directors of Rosneft Oil Company approved by the General Shareholders Meeting of Rosneft Oil Company on June 27, 2014 (Minutes without No.).
5. Regulations on the Rosneft Board of Directors Audit Committee approved by Rosneft Board of Directors Resolution dated October 01, 2014 (Minutes No. 7 dated October 06, 2014).



control and risk management, compliance, internal audit, and the system of corporate governance.

In addition to the core functions listed in the table on Page 46, the Committee also undertakes reviews and prepares recommendations to the Board of Directors with regard to its competencies, i.e.:

- Approval of the key vectors of development of IC&RMS and follow-up;
- Organization and execution of evaluation and assessment of the effectiveness of IC&RMS.

Audit Commission

As of December 31, 2014 the Internal Audit Commission consisted of 5 (five) members

Rosneft has adopted a new version of Regulations on the Audit Commission of Rosneft Oil Company approved by the General Shareholders Meeting of Rosneft Oil Company on June 27, 2014.

An Audit Commission of five members is elected by the General Shareholders Meeting for the period until the next annual general shareholders' meeting. A Company shareholder or any person nominated by a shareholder may be a member of the Internal Audit Commission. Internal Audit Commission members cannot concurrently be members of the Board of Directors or hold other positions in the Company's governance bodies.

The Audit Commission shall inspect/audit activities carried out by the Company, including identification and assessment of risks arising from and in the course of business operations of the Company.

Rosneft Audit Commission shall audit/inspect financial and business operations of the Company, validate reliability and accuracy of the data fed to Rosneft's annual report and annual financial statements of the Company.

3 meetings of the Audit Commission were held over the reporting period.

In compliance with the approved 2014-2015 work plan and Guidelines on organizing the checking process for the Audit Commission of joint-stock companies with the participation of the Russian Federation, approved by Order No. 254 of the Federal Agency for Management of State Property dated 26 August 2013, the Audit Commission undertook a desktop review of Rosneft's financial and business operations and issued opinions on its review of the annual financial statements and on the accuracy of the data presented in the annual report.

Audit Commission membership (as of December 31, 2014)

By a decision of Rosneft's General Shareholders Meeting dated June 27, 2014, the following persons were elected members of the Internal Audit Commission:

Zenkov, Oleg Sergeevich

Born in 1977

Education: higher

Entity: Federal Agency for Management of State Property (Rosimushchestvo)

Position: Aide to the Deputy Minister – Head of Rosimushchestvo

Poma, Sergey Ivanovich

Born in 1959

Education: higher

Entity: Russian National Association of Securities Market Participants (NAUFOR)

Position: Deputy Chairman of the Management Board

Sabantsev, Zakhar Borisovich

Born in 1966

Education: higher

Entity: Ministry of Finance of the Russian Federation

Position: Financial Policy Department, Chief of Section, Banking sector monitoring

Fisenko, Tatyana Vladimirovna

Born in 1961

Education: higher

Entity: Ministry of Energy of the Russian Federation

Position: Director for Budget Planning and Accounting Department

Khadziev, Alan Fyodorovich

Born in 1981

Education: higher

Entity: ROSSETI

Position: Acting Director for Special Projects Department

Audit Commission members did not receive remuneration in the reporting year for their service on the Audit Commission.

Risk Management Department

In accordance with the requirements of the IC&RMS Policy¹ and the Risk Management System Concept² the Company has set up and is continuously improving Enterprise Wide Risk Management System (EWRM).

EWRM is an entirety of interrelated components integrated into various business processes of the Company, including strategic and business planning, exercised at all levels of governance and within all functional disciplines in order to:

- Create and safeguard the Company's value;
- Effectively accomplish the goals, including strategic objectives and business plan targets.

Responsibility for the development and maintenance of the enterprise wide risk management system has been assigned to Risk Management Department.

Corporate risk status reports generated based on the EWRM system include:

1. Report containing the results of the analysis of the Company's strategic risks through 2030. This report is generated in the context of information about the Company's strategic shapes and objectives, and information from local and global data sources

1. Company's Policy "Internal Control and Risk Management System" was approved by the Rosneft Board of Directors (Minutes No.16 dated May 07, 2013).
2. Risk Management System Concept (approved by Rosneft Board of Directors, Minutes No. 19 from June 16, 2013).

concerning growth prospects and risks in oil and gas industry through 2030. Strategic risks assessment (prioritization) is performed by all senior executives concerned and heads of independent structural divisions of the Company.

2. Corporate reporting containing information about risks related to financial and business operations of the Company. These reports reflect information concerning all major risks impacting ongoing financial and business operations, including business plan targets and indicators over a one year horizon.

Improvement of the risk management system is done in compliance with the requirements of the Russian and international legislation, and best practices in risk management.

In 2014 and Q1 2015 EWRM work was shaped by the following changes in the external environment:

- Introduction of a new Code of Corporate Governance of the Bank of Russia¹;
- Requirements from Rosimushchestvo to develop a risk section as part of the long-term development program of the Company²;
- Instructions given by the President of Russia to the Government of the Russian Federation to develop provisions on risk management in state companies³;
- Draft requirements from Rosimushchestvo with respect to risk section in the annual report for state companies⁴;
- Changes in GRI⁵ requirements with respect to risk section in sustainability reporting.

A list of the key actions and initiatives implemented as part of EWRM development in 2014 includes:

1. Development of the Company's strategic risks matrix.

2. Implementation of a procedure of quarterly monitoring of risks relating to financial and business operations, including reporting updates and follow-up control.

3. Putting 4 (four) more Company's subsidiaries under EWRM umbrella: Ryazan Oil Refining Company, RN-Yuganskneftegaz, ITERA, and RN-Vostoknefteprodukt.

4. Development of a high level risk assessment model and improvement of the approaches towards portfolio-based risk management.

5. Organization and execution of expert reviews of investment projects in terms of completeness and sufficiency of risk assessment.

6. Ensuring comprehensive coverage for the corporate risks. All losses that occurred in 2014 (including major accidents at Achinsk and Ryazan refineries) were reviewed with the insurance companies to estimate the size of loss and ensure payout of the insurance indemnity.

Key activities planned for 2015 within the framework of EWRM development are:

1. Improvement of the approaches and methodology of qualitative and quantitative risk assessment.

2. Development of portfolio-based approach towards risk management.

3. Timely update of risk reports, including reporting on strategic risks and risks related to financial and business operations.

4. Improvement of the methodology as related to corporate risk management.

5. Better integration of the elements of the risk management system into business planning and budgeting processes.

6. Step-wise integration of the Company's major subsidiaries into EWRM perimeter.

Corporate insurance

Rosneft considers insurance as a risk management tool which allows transferring financial losses from insurable risks in the event of risk occurrence to insurance companies. Insurance covers Rosneft's ownership interests in relation to:

- Ownership, usage and asset management (property damage insurance);
- Obligatory indemnification (third-party liability insurance);
- Entrepreneurial activities (Entrepreneurial risks insurance).

Rosneft resorts to liability insurance if this is required under the federal legislation, including Federal Law No. 225-FZ "On Mandatory Insurance of the Owner of a Hazardous Facility against Civil Liability for Harm Caused by an Accident at the Hazardous Facility". In accordance with Federal Law No.225 the subject of mandatory insurance is the proprietary interest of the owner of a hazardous facility, associated with his liability to cover for the damage inflicted upon victims (part 1 of article 1 of the Federal Law).

Rosneft resorts to insurance of risks inherent in key assets, including insurance of property and potential losses from business interruption as a result of equipment malfunction or occurrence of an accident. Also, the Company implemented a comprehensive third-party liability insurance program covering Rosneft's operations in

1. Code of Corporate Governance approved by the Board of Directors of the Bank of Russia from 21 March 2014.

2. Rosimushchestvo Letter No. ОД-11/ 18576 from 29 April 2014.

3. Instruction of the President of Russia No. Пр-3013, item 1.

4. Rosimushchestvo letter No. 11/2035 from 23 January 2015.

5. Global Reporting Initiative (GRI). G4 Sustainability reporting guidelines.



Russia and foreign countries, including insurance against damage resulting from onshore and offshore operations.

Internal Control Department

In accordance with the IC&RM Policy¹ and Standard on Internal Control² (IC Standard) Rosneft implements and constantly improves Internal Control System (ICS).

The Internal Control Department, part of Rosneft's Chief of Staff Organization, provides methodological support and assistance to the Company management in formalizing and increasing the effectiveness of the business processes through development and implementation of the requirements for the design of controls and their weight in the business processes.

Completeness of information regarding risks and control procedures embedded in business processes allows the Management to make effective management decisions and accomplish the identified goals by means of duly prevention of undesirable events in the business processes, which contributes directly to the accomplishment of the strategic goals of the Company while ensuring high level of governance.

The objectives of the Internal Controls are consistent with the objectives of IC&RM, identified in the Company Policy on Internal Control and Risk Management System¹, and are being delivered through IC processes.

Delivery of the goals set in front of Internal Controls assumes accomplishment of the following objectives:

- Development and upgrade of the key areas of IC development as consistent with the Company's needs, requirements of stakeholders, risk assessment of the business processes, etc.
- Development, implementation and execution of control procedures, including methodological support to

the organization and effective functioning of the internal controls in the Company.

- Identification of gaps in the existing control procedures, development and implementation of corrective actions; control procedures unification and optimization.
- Development and implementation of a mechanism of interaction and sharing information related to internal controls and risk management among all structural divisions of Rosneft and Group companies.

A list of the key actions and initiatives implemented as part of internal controls development in 2014 includes:

- Company Standard "Internal Control System"², defining the key parameters of internal controls effectiveness, setting out the objectives of the processes within the system, and describing the key aspects of interaction between the participants of the system.
- 2015-2019 Internal Controls Development Program describing the vision, goals, objectives and a list of key actions to be taken in the area of internal controls to facilitate the delivery of the Company's strategic goals, was developed.
- Above 100 risk matrixes and control procedures were generated for 11 business processes in Rosneft Head Office and 18 Group companies, reflecting gaps in the design of business processes' controls. Work in underway to improve the effectiveness of the controls' design by means of implementing a series of corrective actions.
- Standard risk matrixes and controls were developed for pilot business processes. Implementation of standard control procedures in the Group companies is in progress.
- A system designed to communicate the status of Internal Controls to the Company's Executives was put in place.

- Regular training on Internal Controls is provided for Rosneft employees and the Leaders of the Group companies and joint ventures.

- As part of development of the compliance system in the Company a consolidated corporate action program dedicated to compliance was developed; analysis of compliance risks was performed and a consolidated set of actions focused on compliance risks management was prepared; subject-specific training is provided for the Senior Executives and the Leaders of independent structural divisions.

Internal Audit

In Rosneft the internal audit function is performed by the head of Internal Audit and Control, a structural division — Internal Audit Department. In accordance with the organizational structure of Rosneft, approved by the Board of Directors, directly subordinate to the head of Internal Audit and Control are the Internal audit department and the Contracting control and Compliance Department (CCD).

Internal Audit Department

Taking into account the recommendations of the Corporate Governance Code³ of the Bank of Russia in 2014 a policy of the Company "On internal audit"⁴ was developed, which formalizes the principles and common approaches to the organization of internal audit in Rosneft and the subsidiaries.

Internal Audit assists the Board of Directors and the executive bodies of the Company in increasing the effectiveness of the corporate governance, improving its financial and business operations through systemic and consistent approach towards analysis and assessment of the internal control and risk management system, as well as corporate governance as the tools providing reasonable assurance in the delivery of objectives set by the Company.

1. Internal control and risk management system policy, approved by BoD Minutes No.16 dated May 7, 2013.

2. Company Standard "Internal Control System" approved by the Management Board (Minutes No.Пр-ИС54n dated December 31, 2014).

3. Code of Corporate Governance recommended by a letter Bank Russia № 06-52/2463 from 10th April, 2014

4. Policy was approved by the Board of Directors decision (Minutes No.20 dated February 02, 2015), put into force on 18th February 2015 by the Order No.60 dated 18th February, 2015.

Annual Internal Audit Work Plan is endorsed by the Audit Committee and approved by the President of the Company; internal audit reports are reviewed by Rosneft Board of Directors. The existing reporting line where the head of Internal Audit and Control reports to the Board of Directors and the executive bodies of the Company ensures independence that is sufficient for the delivery of the functions assigned to the internal audit.

The key objectives of the internal audit are:

- Assessment of the effectiveness of the Company's internal control and risk management system at the corporate level and at the level of the business processes;
- Execution of audits and limited scope audits of the financial and business operations of the Company and its subsidiaries;
- Assessment of the effectiveness of the governance processes in the Company and its subsidiaries and development of recommendations on improvements.

The key areas of the Internal Audit Department audits in 2014 was Upstream (22% of audits) and Downstream (20% of audits). More than 90% of the audits - a thematic inspections and audits, which are aimed at identifying opportunities to improve the most important business processes in the Company and activities of the key subsidiaries. In 2014, more than 100 audits were performed covering 87% of the key business processes established in the Company. Based on the results of the internal audits the Internal Audit jointly with the business stream leaders develop actions aimed at improving the business processes, and increasing the effectiveness of the internal control and risk management system; action plans are being developed to address the identified violations and weaknesses. Head of Rosneft Internal Audit and Control executes functional management of

internal audit in the subsidiaries and the coordination of the activities of internal audit and control divisions organized in 93 of Rosneft's subsidiaries. Auditors and inspectors of subsidiaries are involved in the audits carried out by Internal Audit Department or perform standalone audits of areas recommended by the Internal Audit Department. It ensures the implementation of a risk-based approach aimed at maximum coverage by audits of risks that hinder the achievement of the objectives of the Company and enhances the effectiveness of internal audit at the level of all companies of the Group.

Head of Rosneft Internal Audit and Control interacts with Company's management and control bodies, external auditor, the Audit Commissions of the subsidiaries and affiliates, each year confirms to the Board of Directors (Internal Audit Committee) the fact of organizational independence of the internal audit.

Contracting control and Compliance Department

The key objectives of the Contracting Control and Compliance Department (CCD) are:

- Implementation of ongoing monitoring of compliance of tender procedures and contracts award with the requirements of the legislation, and local normative documentation;
- Maintaining a consolidated list of contracts awarded by the Company and its subsidiaries;
- Consolidation of a list of contractors;
- Identification of violations in the Company's contracting processes and control over their elimination;
- Keeping the key control procedures updated throughout the process of contracting.

As part of transition to risk-oriented controls, in 2014 the Matrix of control procedures relating to procurement and contracts administration was updated and the key control procedures of Contracting Control and Compliance Department were ascertained.



INFORMATION DISCLOSURE

In the area of information disclosure, Rosneft takes guidance in the Federal Law "On securities market", the Federal Law "On joint-stock companies", the Regulations on information disclosure by issuers of securities, approved by order of the Federal Service for Securities Market dated 04 October 2011 No. 11-46/пз-н¹ (for the purposes of this section, the Information Disclosure Regulations). In addition, our Company abides by the requirements of MICEX (the trading ground for our shares) and of the London Stock Exchange (the trading ground for our depositary receipts), the Rosneft Information Policy Regulations, as well as other requirements and regulations.

The Rosneft information disclosure policy is based on the principles of regularity, responsiveness, accessibility, reliability and relevance. Our Company assures that full information is disclosed to all stakeholders in a timely manner in relation to all aspects of its activity (except where such information constitutes commercial secret).

Our primary channel for information disclosure is the Rosneft website (<http://www.rosneft.ru>, <http://www.rosneft.com>) which contains information on material facts, events, governance structure, financial and business results of our Company. Also posted on our website are the Company Charter and other internal documents, annual reports and sustainability reports, Russian quarterly accounting (financial) statements, quarterly IFRS consolidated financial statements and related management

discussion and analysis (MD&A), analyst's guidebook, presentations, press releases, information on affiliates and other information that could affect the prices of Rosneft securities. Our Company website is regularly updated in line with the normative documents applicable in Rosneft.

In accordance with the Regulations of Information Disclosure by Posting on the Internet, our Company also makes use of its webpage provided by one of the securities market information agencies (Interfax).

Besides, our Company discloses information in the form of brochures and booklets, holds regular meetings, conference calls and press conferences for interested parties. Upon shareholder

demand, our Company provides copies of its fundamental internal documents, documentation related to General Shareholders Meetings, lists of affiliates and other documents in accordance with the requirements of the Federal Law "On joint-stock companies".

ENHANCING INFORMATION TRANSPARENCY

Openness is one of the cornerstone principles of Rosneft corporate governance. Our Company is a persistent leader by the quantity of corporate event publications.

Seeking to enhance its information transparency and openness, our Company focuses primarily on improved efficiency of interaction with its shareholders and investors. Rosneft has permanently functioning telephones and e-mail boxes that shareholders and investors may use to communicate with the Company. There exists a call-center for shareholders, including a hotline.

Financial statements transparency is an important corporate governance element. On 4 March 2015, Rosneft published its full 2014 IFRS consolidated financial statements.

As part of its investor, shareholder and other stakeholder relations process, Rosneft presented regularly its IFRS financial results throughout 2014. In addition, our Company continuously seeks to enhance its operating

~500

**BILLION RUBLES:
TOTAL DIVIDENDS PAID*
SINCE IPO**

* Including dividend payout planned for 2014.

>25%

**AVERAGE ANNUAL DIVIDEND
GROWTH RATE SINCE
COMPANY IPO**

1. On 17 March 2015, this document was replaced with Bank of Russia Regulation dated 30 December 2014 No. 454-П "On disclosure of information by issuers of securities".

transparency through regular management meetings for analysts from the largest investment banks, representatives of international investment funds and generally recognized rating agencies. In 2014, Rosneft credit ratings matched the sovereign ratings of the Russian Federation. As of 31 December 2014, Moody's rating was at Baa2, Standards&Poors, at BBB-. More details on our Company's credit ratings and factors impacting our financial results may be found in the "Investors and shareholders" section of our website at: www.rosneft.ru/Investors. Speaking at key events, primarily annual general shareholders meetings, Company management regularly raises the ever important topic of close interaction with investors and shareholders and protection of their interests.

During 2014, Company management continued to actively grow their individual shareholdings in the Company, signaling their confidence that our Company will continue to develop

successfully and that its shareholder value will grow. In 2014, members of Rosneft Board of Directors and Management Board acquired 5,396,902 shares and GDRs in the Company, increasing their share to 0.1826%.

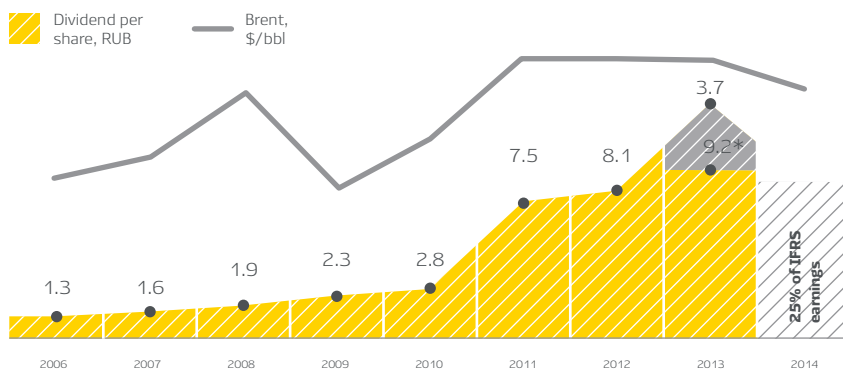
In accordance with the Rosneft Sustainability Policy, annual round tables with stakeholders have been held in the Company presence regions since 2007 (in 2014, 13 such round tables were held). The range of topics covers matters of social and economic collaboration, environment and nature protection activities, health and safety, social sphere and charity.

Rosneft specifically focuses on the quality and relevance of the information disclosed to stakeholders in the Sustainability Report. Based on 2014 results, our Company plans to issue a report compliant with the new version (G4) of the Sustainability Reporting Guidelines (GRI). The report will be independently audited by Ernst & Young.

"Please note that our investor base is starting towards more professional investors, which suggests that our Company is followed by analysts, professional investors, and, apparently, they are starting to trust us more, assessing our organizational capabilities. I would like to thank all our shareholders and confirm that high dividend yield is one of our priorities".

Rosneft Management Board Chairman I.I. Sechin, addressing the annual General Shareholders Meeting

AVERAGE ANNUAL DIVIDEND GROWTH RATE SINCE COMPANY IPO



* With earnings adjusted by RUB 167 bln from revaluation of TNK-BP assets.



OFFSHORE PROJECTS DEVELOPMENT



DISCOVERY OF THE NEW ARCTIC FIELD, POBEDA, IN THE KARA SEA WITH THE TOTAL RECOVERABLE RESERVES OF 130 MLN TONS OF OIL AND 396 BCM OF FREE GAS, START OF COMMERCIAL OIL PRODUCTION FROM THE CHAIVO NORTHERN TIP LICENSE BLOCK AND THE ARKUTUN DAGI FIELD IN THE SEA OF OKHOTSK PROVED TO BE KEY EVENTS IN RUSSIA'S OIL AND GAS INDUSTRY.

DISCOVERY OF THE POBEDA FIELD IS THE KEY EVENT OF THE GLOBAL OIL AND GAS INDUSTRY IN 2014

AUGUST 9, 2014, THE WORLD'S MOST NORTHERN EXPLORATION WELL UNIVERSITETSKAYA-1 BEGAN TO BE DRILLED IN THE VOSTOCHNO-PRINOVOZEMELSKIY-1 LICENSE BLOCK OF THE KARA SEA. THE GO-AHEAD TO THE OPERATIONS WAS GIVEN BY PRESIDENT VLADIMIR PUTIN DURING THE TELECONFERENCE WITH THE COMPANY MANAGEMENT BOARD CHAIRMAN IGOR SECHIN WHO WAS ON THE WEST ALPHA SEMISUBMERSIBLE DRILLING RIG.

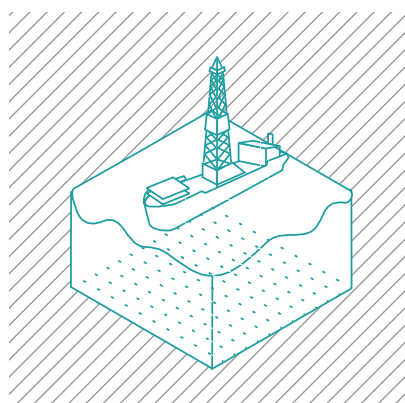
The depth of the Universitetskaya-1 vertical well is 2,113 m. The well was drilled from the West Alpha semisubmersible drilling rig in the open seas at the water depth of 81 m, on the 74th parallel, 250 km off the continental part of the Russian Federation. The rig was contracted from North Atlantic Drilling, a Norwegian company. The drilling operations were characterised by a record-setting drilling time and absolute compliance with all technological and environmental requirements.

Rosneft organised 3 research expeditions in the Arctic. The metocean observation system in the Kara Sea was fully reinstated. Special attention is being given to biological studies, in particular, to monitoring habitats of marine mammals and birds.

The well was placed on the Universitetskaya prospect prepared for drilling by a 3D seismic and geotechnical site survey conducted in 2012.

Cretaceous and Jurassic oil and gas prospects were penetrated discovering the Pobeda oil and gas field. Gas was discovered in the Cenomanian and

Aptian-Albian sediments, and oil was discovered in the Jurassic sediments. Presence of the oil and gas system in the north-western part of the West-Siberian oil and gas-bearing basin was confirmed.



THE POBEDA FIELD IN THE KARA SEA IS A CONTINUATION OF THE WEST-SIBERIAN OIL AND GAS-BEARING BASIN.

“It is my pleasure to inform you of a discovery of the first oil and gas condensate field in the new Kara marine province. The field has produced first oil. It is very good light oil comparable to Siberian Light. This is a unique result from the first exploration drilling in an absolutely new field which we want to call Pobeda [Victory]. Geological exploration was preceded by a number of detailed surveys of the environment: weather, metocean, ice condition and movement, specificities of the fauna. Over a number of years, Rosneft has been conducting this kind of investigation in the Kara, Laptev, and Chukchee Seas, and all the data collected are taken into account when planning exploration, designing future platforms, and defining the overall logistics to support offshore projects”.

**Igor Sechin,
Chairman of the Rosneft
Management Board**



Drilling of the first well in the Pobeda field

The planned logging and coring program of the well was fully completed. Side cores, drilling cuttings and fluid samples were taken; LWD, wireline logging and VSP were performed. Oil and gas bearing-capacity of the reservoir was confirmed by wireline testing.

The expert group of the State Reserves Commission recognized the discovery of the Pobeda field and recommended that the Rosgeolfond State Reserves Booking Authority book recoverable reserves of the Pobeda field totaling 130 mmt of oil and 396 bcm of free gas. The reserves are now on the state balance sheet.

The State Reserves Commission confirmed the discovery of the new arctic field, Pobeda, on the shelf of the Kara Sea with the total recoverable reserves of 130 mln tons of oil and 396 bcm of free gas.

In October 2014, the specialists of TomskNIPIneft, an in-house R&D institute, completed the tests of the physical and chemical properties of the oil recovered from the Universitetskaya -1 well.

In terms of key properties (density and sulfur content) that superlight oil is superior to the Brent, Siberian Light and WTI benchmarks, and is comparable to the oil from the White Tiger field on the Vietnamese shelf. The mass content of sulfur in the Pobeda oil is less than 0.02% while Brent has 0.2-1%.

130

MMT IS THE TOTAL RECOVERABLE OIL RESERVE OF THE NEW ARCTIC FIELD POBEDA ON THE KARA SEA SHELF

396

BCM IS THE TOTAL RECOVERABLE FREE GAS RESERVE OF THE NEW ARCTIC FIELD POBEDA ON THE KARA SEA SHELF

The area of the Universitetskaya structure is 1200 square kilometers with the height of the trap reaching 550 m. In total, over 30 structures were discovered in the three Vostochno-Prinovozemelskiy Blocks of the Kara Sea with the resource base of the three blocks currently estimated by DeGolyer&MacNaughton at 78 bln boe, or 11 bln toe. According to expert estimates, in terms of resource, the Kara marine oil province will exceed such oil and gas-bearing provinces as the Gulf of Mexico, the Brazilian shelf, the Arctic shelf of Alaska and Canada.



PROJECTS IN THE RUSSIAN FAR EAST, OFFSHORE SAKHALIN ISLAND. APPLICATION OF UNIQUE TECHNOLOGY SOLUTIONS



Teleconference of Russian Federation President Vladimir Putin with Rosneft Management Board Chairman Igor Sechin

SAKHALIN-1 LAUNCHES A NEW PROJECT PHASE - ARKUTUN-DAGI FIELD

June 27, 2014, during the teleconference with the Rosneft Management Board Chairman, the President of the Russian Federation gave a go-ahead to the start-up of the Berkut oil and gas production platform in the Arkutun-Dagi field.

Rosneft and ExxonMobil as members of the Sakhalin-1 Consortium put in operation the Berkut platform in the Arkutun-Dagi field having successfully installed the topsides on the gravity base substructure. The operation set a world record in the total weight of the integrated topsides and its floatover installation in the open seas. A unique transportation operation delivered the topsides to the planned location covering the distance of over 2,600 km. A few global industry records were set

while manufacturing, delivering and installing the topsides, including open-sea floatover installation. The weight of the topsides is 42 kt and the total weight of the platform is in excess of 200 kt. It is the largest structure of this type in the world. All the docking operations on the Berkut platform were performed in strict compliance with safety requirements and all the systems to be hooked up during the first phase were duly tested.

Berkut is a unique offshore drilling platform. It set a world record in open-sea floatover installation.

The first oil from the Arkutun-Dagi field was produced in January 2015. Oil from the field is sent to the Chaivo Onshore Treatment Facility in Sakhalin, then moved by pipeline to the Di Kastri Oil Terminal in the Khabarovsk Region. When the planned capacity is reached, Arkutun-Dagi will produce 4.5 mmtpa.

“The world’s most powerful drilling rig can, according to the development model, drill extended-reach wells of at least 7 kilometers, but the record of up to 14 thousand meters has already been set by the Yas-treb rig. Despite the project’s extreme complexity, the benefit for all participants is obvious”.

**Igor Sechin,
Rosneft Management Board
Chairman**

Sakhalin-1 is the first large-scale offshore project being delivered in Russia on the PSA terms and conditions (signed in 1996).

“Development of Sakhalin – of its natural resources and continental shelf – has a great - one could say - a national importance for us. And it is owing to such projects as the Berkut platform that we can reach out to immensely rich but hard-to-tap fields, create new capacities and new jobs, and in general, strengthen the socio-economic development of the Far East, a region so important for this country”.

Vladimir Putin, President of the Russian Federation



Open sea Berkut topsides installation

In 2014, the total oil and condensate production by the Sakhalin-1 project exceed 7.6 mmt.

Over 2.5 bcm of gas was supplied to consumers in Russia's Far East.

Cutting-edge technologies and work organisation methods are being applied in Chaivo and Odoptu field development

THE INTERESTS HELD BY THE PARTICIPANTS ARE AS FOLLOWS:

- ROSNEFT – 20%**
- EXXONMOBIL – 30%**
- SODECO – 30%**
- ONGC VIDESH LTD. – 20%**

Berkut Platform Unique Technical Characteristics

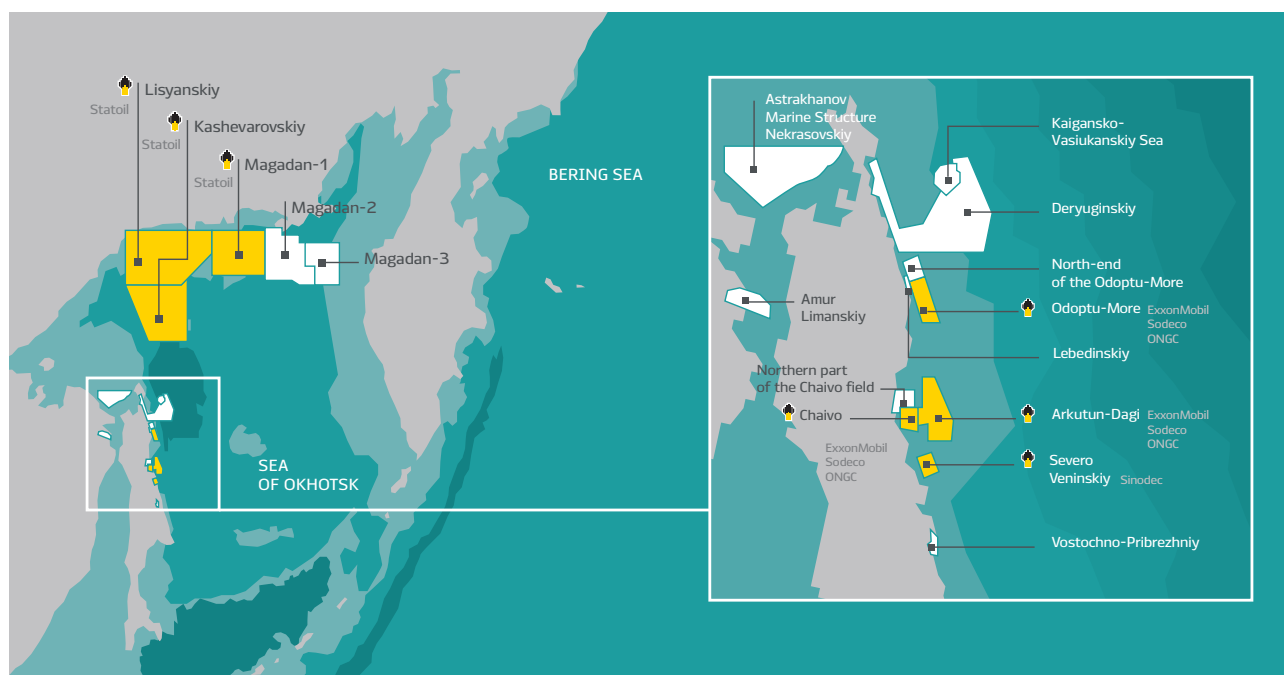
- The most powerful top drive in the world enabling extended-reach drilling
- Integrated drilling process system which is practically free from manual labour
- Unprecedented safety standards: resistant to magnitude 9 earthquakes, resistant to up to minus 44 degrees Celsius frost, resistant to over 18 meter- wave storms, up to 2-meter thick ice pressure
- Stand-alone power system with zero emissions

The Berkut topsides are 105 meters long, 60 meters wide and 144 meters tall (with the sub-structure), practically equal to a 50-storied building. In essence, the platform is a gigantic well pad providing for maximum efficiency of offshore field development.

45 wells will be drilled from this platform alone, with peak daily production of 12 kt, which means 4.5 mmt of oil per annum. 28 oil producers, 16 water injectors and 1 oil slurry injector are planned to be drilled.



ROSNEFT PROJECTS OFFSHORE SAKHALIN ISLAND



CHAIVO NORTHERN TIP PROJECT

In September 2014, the Company put on stream the Chaivo Northern Tip field located in the shallow part of the Sakhalin north-eastern shelf.

The go-ahead to the field operation was given by the President of the Russian Federation during the teleconference with the Rosneft Management Board Chairman, which was also attended by the Russia Energy Minister.

In 2014, agreements were signed between Rosneft, RN-Shelf-Far East and the Sakhalin-1 Consortium allowing the use of the Sakhalin-1 infrastructure for drilling, production, treatment and shipment of hydrocarbons from the Chaivo Northern Tip field.

The field is being drilled by Yastreb, a unique onshore drilling rig. Two directional wells were put in operation ahead of schedule:

- NC-1 (10,825 m) well was commissioned October 1, 2014 with the daily flow rate of over 2.7 kt/day
- NC-2 (9,923 m) well was commissioned October 27, 2014 with the daily flow rate of about 3.2 kt/day.

The total initial flow rate of the two wells is in excess of 6 kt/day.

The Chaivo Northern Tip wells are unique in extended-reach design complexity. High-tech ICD completion systems were used in the wells to shut-off gas breakthroughs and ensure maximum cumulative production.

The 2014 total oil production from the Chaivo Northern Tip field was around 279 kt. This field, as well as other Sakhalin offshore projects, is producing high-quality light oil, Sokol. Sokol has very low sulfur content, 0.25%, and 36.8 degree API density, which makes it possible to sell it with a premium to Dubai and Oman grades.

RUSSIA OFFSHORE EXPLORATION DELIVERABLES

In 2014, Rosneft performed E&A work in the license blocks on the Arctic and Far-Eastern shelves and the shelves of the southern seas.

10,825

M OF THE ACTUAL BOREHOLE LENGTH IS A RECORD FOR WELLS DRILLED BY RUSSIAN OPERATORS OF PROJECTS IN THE RUSSIAN FEDERATION.

Exploration Drilling

In 2014, the Company completed drilling of 3 wells with 13,627 of total meters drilled.

The Universitetskaya-1 exploration and appraisal well was drilled on the Arctic shelf (Vostochno-Prinovozeml'skiy-1 LB) discovering the world's most northern field, Pobeda [Victory]. Drilling results confirmed presence of 6 potential oil and gas targets in the Jurassic and Cretaceous sediments.

The NC-2 exploration well was drilled on the Far-Eastern shelf (Chaivo Northern Tip LB). The well helped define the geological structure of the northern pericline of the structure which controls the Chaivo field. The well is being operated.

The Rybachiya-1 exploration and appraisal well was drilled in the Caspian Sea (Severo-Caspiyskiy LB) discovering the field that was given the same name. Drilling and testing results confirmed presence of 3 potential oil and gas targets in the Jurassic and Cretaceous sediments.

Geological Field Expeditions

Five geological field expeditions were organised on the shores and islands of the Barents, East-Siberian, Chukchee,



Yastreb drilling rig

and Laptev Seas to collect rock material and study the quality of the source rock and reservoir rock of the Arctic shelf.

INTERNATIONAL OFFSHORE PROJECTS DEVELOPMENT

Participation in the Offshore Projects of the Socialist Republic of Vietnam

In the Socialist Republic of Vietnam, Rosneft is participating in the joint gas and condensate production project and in the E&A projects on the PLDD prospect in the 06.1 Block (Rosneft Vietnam B.V. – 35%, ONGC – 45%, PetroVietnam – 20%).

In 2013, the Company signed a production sharing agreement to develop Block 05.3/11. The current estimate of the resource is 39.6 bcm of gas and 9.2 mmt of gas condensate.

Rosneft is also a participant in the Nam Con Son offshore pipeline project which is designed to treat and move gas and gas condensate produced from the offshore blocks of the Nam Con Son basin (Rosneft Vietnam Pipelines B.V. – 32.7%, Perenco – 16.3%, PetroVietnam – 51%).

In 2014, the total gas and condensate production from the Block 06.1 fields

amounted to ca. 24.6 mm boe, which is much higher than the minimum gas offtaker (PetroVietnam Gas) commitments under the current contract. At the end of December 2014, the Company demonstrated 4,572 accident-free days and zero LTIFR performance in its Block 06.1 sites (12 years of safe work was achieved on June 22, 2014).

In 2014, reinterpretation of 3D seismic data was done leading the Company to a decision to drill an exploration well on the PLDD structure in 2016, current estimation of reserves amounts to 12.6 bcm of gas and 0.6 mlt of gas condensate.

Processing and interpretation of 3D seismic data acquired in 2013 were completed on exploration Block 05.3/11 3D resulting in identification of exploration targets where exploration wells are to be drilled in 2016.

At the end of May 2014, a Gas Transmission Agreement was signed between the Nam Con Son Pipeline Partners and the Block 12W Operator, PetroVietnam Gas, to move associated gas from the Zua field, which increased the gas throughput of the Nam Con Son pipeline. As a result of the Agreement, over the life of the project, the Company will add up to \$14 million in revenues.

Yastreb Drilling Rig

Built in 2002 in Louisiana by Parker Drilling commissioned and specified by Sakhalin -1 (delivered to Sakhalin in the same year)

Drilling rig: Parker Drilling, 262 model (incorporating customer's specifications)

Mast and substructure: PARCO, overall height - 54.86 m

Winch: OIME Hercules, single drum, 2,237.1 KWT (3,000 h.p.)

Top drive: NOV TDX 1250 (after modernisation)

Rated pressure 51,710 kPa

Lifting capacity 1,250 t

Horsepower: 2 x 1,350 h.p.

Torque (continuous operation): 142.4 kilonewtons per meter

Drilling pumps: National 12-P-160, 4pcs, 1,193 KWT each (1,600 h.p.)

Power supply: 6 Caterpillar 3,516 B turbocharged aftercooled (TAA) diesel generators, total capacity 12.6 MWT.





Tow streamer operations

Venezuela Offshore Business Development Potential

As part of business development, Rosneft is considering the possibility of participating in the development of the Rio Caribe and Mejillones offshore gas condensate fields in Venezuela. Jointly with PDVSA, the resource base of the project was estimated, field development, infrastructure construction, and gas monetization options were assessed. In 2015, a feasibility study (TEO) of the project is planned to be conducted and in-house geological and flow models are planned to be built to support the final decision regarding the project.

Business Development Potential on the Shelf of the Republic of Azerbaijan (Absheron Field)

As part of implementing the Joint Venture (JV) Agreement between Rosneft and the State Oil Company of

the Republic of Azerbaijan (SOCAR), Rosneft is considering participation in the Absheron field development project on the Azeri shelf. In 2014, a feasibility study (TEO) of the Absheron project was completed. Work continues on estimating a fair market value of the asset and creation of a JV.

Business Development Potential on the Shelf of the Republic of Cuba

May 23, 2014, a Memorandum of Understanding was signed at the St.

Petersburg International Economic Forum with the Cuban National Oil Company, CUPET, and Russian Zarubezhneft on a joint investigation of the Block 37 prospects in Cuba.

Rosneft and Zarubezhneft, jointly with contractors, are working on reinter-pretation and reprocessing of the 2D seismic data. The work is planned to be completed in 2Q 2015.

12

**YEARS OF SAFE WORK
DEVELOPING OFFSHORE
BLOCK 06.1 IN THE SOCIALIST
REPUBLIC OF VIETNAM**



3D seismic operations in the Black Sea

| Region | Seismic surveys | | Exploration drilling, well / m drilled | Air, gravity and magnetic surveys, line km | Electrical surveys, line km. | Geological field expeditions, number of | Geotechnical site surveys, number of sites |
|---------------------------------|-----------------|---------------------|--|--|------------------------------|---|--|
| | 2D, line km. | 3D, km ² | | | | | |
| Arctic offshore projects | 31,051 | 7,979 | 1/2,014 | 225,006 | 0 | 5 | 8 |
| Southern seas offshore projects | 0 | 3,460 | 1/1,690 | 0 | 0 | 0 | 0 |
| Far-Eastern offshore projects | 250 | 1,500 | 1/9,923 | 0 | 1,300 | 0 | 2 |
| Total | 31,301 | 12,939 | 3 / 13,627 | 225,006 | 1,300 | 5 | 10 |



UPSTREAM: EXPLORATION AND PRODUCTION

THE 2014 RESULTS CONFIRMED ROSNEFT'S LEADING POSITIONS IN RESERVES AND PRODUCTION AMONG GLOBAL PUBLIC OIL COMPANIES, ALSO IN THE SIZE OF HYDROCARBON RESOURCES.

251.6 ^{MM}
^{TOE}

NEW RECORD IN
HYDROCARBON PRODUCTION

129 ^{BLN}
^{BOE}

NEW RECORD IN
ABC1+C2 HYDROCARBON RESERVES

>40 ^{MMT}

NEW RECORD IN PRODUCTION
FROM THREE GREENFIELDS - VANKOR,
VERKHNECHONSKOYE AND UVAT

2014 MAIN RESULTS

ROSNEFT IS THE BIGGEST PUBLIC COMPANY IN THE WORLD IN TERMS OF RESERVES AND PRODUCTION. IN 2014, ROSNEFT CONTINUED TO INCREASE HYDROCARBON PRODUCTION FULLY REPLACING PRODUCTION WITH NEW RESERVES WHILE MAINTAINING INDUSTRY LEADERSHIP IN EFFICIENCY.

STABLE GROWTH OF HYDROCARBON PRODUCTION

In 2014, hydrocarbon production was 251.6 mm tons of oil equivalent, a 4.8% organic growth, year-on-year. With the new assets added, from the acquisition date production grew by 14.5%.

In 2014, crude and liquids production totaled 204.9 mmt. Daily crude and liquids production remained at the level of 4.2 mm bbl/day.

New producing assets achieved maximum production levels since the beginning of their development – 22.0 mmt from the Vankor field, 8.2 mmt from the Verkhnechonskoye field, and 10.0 mmt from the Uvat project.

The Company continued to stabilise its brownfield production, primarily by efficient waterflood management and drilling wells with multistage hydraulic fracturing. Most noticeable successes in slowing down production decline rates were scored by Varyoganneftegaz and Samotlorneftegaz.

Gas production grew by 48.6% and reached over 56.7 bcm with the new assets added from the acquisition date.

CONTINUOUS PRODUCTION REPLACEMENT WITH NEW RESERVES

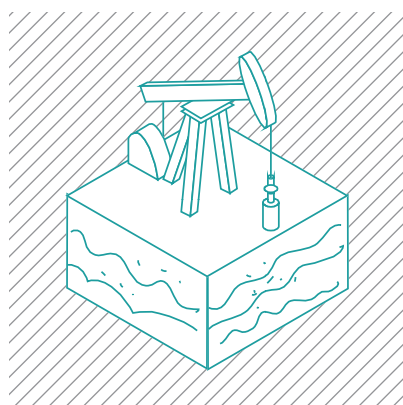
In 2014, Rosneft continued efficient replacement of its resource base. The Company's 2014 ABC1+C2 hydrocarbon reserves amounted to 129 bln boe

251.6

MM TOE IN 2014. ROSNEFT IS THE WORLD'S BIGGEST PUBLIC COMPANY IN PRODUCTION

129

BLN BOE (ABC1+C2). ROSNEFT IS THE WORLD'S BIGGEST PUBLIC COMPANY IN RESERVES



5

IN 2014, THE COMPANY DISCOVERED 5 NEW FIELDS AND 64 NEW HYDROCARBON ACCUMULATIONS IN THE EXISTING FIELDS

(ca. 17 bln toe). Investment in exploration was twice the 2013 amount, primarily due to increasing the scope of offshore E&A operations.

In 2014, replacement of ABC1 commercial hydrocarbon reserves, including acquisitions, amounted to 461 mm toe, or 156% vs. 2013 (read the "E&A Operations and Resource Base Replacement" section on page 82).

As of December 31, 2014, the Company holds 858 licenses, including 50 offshore licenses.

In 2014, 28 new licenses were acquired. All license commitments are being honoured. A massive exploration program was carried out on the Arctic and Far Eastern shelf (read the "Offshore Projects Development" section on page 66).

The exploration program was successfully delivered; 100 exploration wells were drilled and tested with the success rate of 80%; 5 new fields were discovered, including 2 offshore fields, and 64 new accumulations in the existing fields.



Igor Sechin reports to Vladimir Putin on Rosneft's performance in 2014

Key Performance Indicators

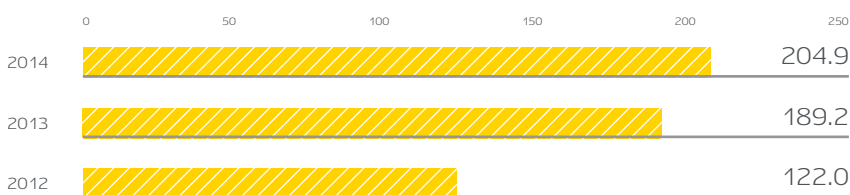
- Best lifting cost. Unit opex - \$3.9/ boe.
- High capex efficiency. Exploration and production unit capex - \$5.3/ boe.
- Upstream Energy Efficiency Improvement Program approved by the Company Board of Directors (Minutes No.13 dated December

12, 2014). The Program includes energy efficiency improvement actions in the area of artificial lift, reservoir pressure maintenance, etc. In 2014, the effect from the Program exceeded RUB 2 bln.

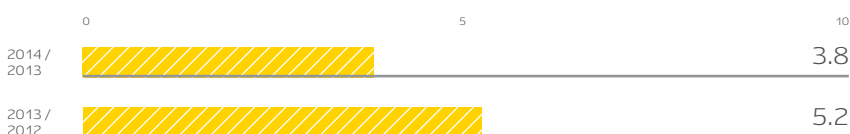
- Supplier relations optimisation. The effect from external contractors reducing their rates down to

the 2013 level was ca. RUB 5 bln, including ca. RUB 1bln from materials and oilfield services procurement and ca.RUB 4 bln from well construction.

PRODUCTION OF OIL, GAS CONDENSATE AND LIQUIDS, MMT



PRODUCTION DECLINE RATE STABILISATION IN ACQUIRED BROWNFIELDS, %*



* Gross production of Samotlorneftegaz (including RN-Nizhnevartovsk), Varyoganneftegaz and RN-Nyagan.



ROSNEFT'S RESOURCE BASE AND PRODUCTION

2.1

BLN T OIL AND CONDENSATE RESOURCE ONSHORE

23.4

BLN T OIL AND CONDENSATE RESOURCE OFFSHORE

11.5

BLN T TOTAL OIL AND CONDENSATE RESOURCE ON THE TERRITORY OF THE RUSSIAN FEDERATION

0.9

TCM GAS RESOURCE ONSHORE

22.3

TCM GAS RESOURCE OFFSHORE

7.2

TCM TOTAL GAS RESOURCE ON THE TERRITORY OF THE RUSSIAN FEDERATION



LEGEND

- Oil assets, oil+condensate and liquids production
- Gas projects, gas production
- Oil and gas condensate reserves by the region, bln t
- Gas reserves by the region, tcm
- E&A assets

IN 2014, SUCCESSFUL E&A OPERATIONS DISCOVERED 64 NEW ACCUMULATIONS IN THE EXISTING FIELDS AND 5 NEW FIELDS, INCLUDING 2 OFFSHORE FIELDS. THE TOTAL DISCOVERED RESERVES AMOUNT TO CA.560 MMT OF OIL EQUIVALENT.



E&A OPERATIONS AND RESOURCE BASE REPLACEMENT

THE 2014 RESULTS CONFIRMED ROSNEFT'S LEADING POSITIONS IN THE RESOURCE BASE VOLUME AND EXPLORATION AND APPRAISAL EFFICIENCY. THE COMPANY CARRIED OUT E&A OPERATIONS IN ALL THE REGIONS WHERE IT HAS THE RIGHT TO SUBSOIL RESOURCE USE IN THE RUSSIAN FEDERATION, INCLUDING THE FAR EAST, EAST AND WEST SIBERIA, THE VOLGA-URALS AND TIMAN-PECHORA REGIONS, AND THE SOUTH OF RUSSIA.

ONSHORE EXPLORATION

2014 saw growth in the main types of E&A operations: 2D seismic surveys went up by 3% to reach over 2,000 line km; 3D seismic surveys exceeded 9,000 sq.km demonstrating a ca. 9% growth vs. 2013; exploration drilling penetrated 223 km of rock, a 4 km growth, year-on-year. Exploration drilling efficiency demonstrated an 80% success rate vs. 76% in 2013.

With onshore E&A costs remaining practically at the 2013 level, RUB 42.9 bln, the unit cost of adding 1 ton of oil equivalent in 2014 went down by 7% to the RUB 112 level.

Reserves additions in West Siberia – 186.5 mm tons of oil and 72.2 bcm of gas.

57 Exploration wells demonstrating an 89% success rate.

Tavricheskoye field discovered as part of the Uvat project in the south of the Tyumen region plus 18 new hydrocarbon accumulations.

Total reserves additions in East Siberia -ca. 49 mm tons of oil and 43.6 bcm of gas; 9 new accumulations discovered.

Total reserves additions in the Volgo-Urals region - 42.5 mm tons of oil and 4.0 bcm of gas;

Rudnikovskoye and Yuzhno-Barsukovskoye fields discovered in the samara region plus 37 new hydrocarbon accumulations.

STABLE RESOURCE BASE REPLACEMENT

As at 2014 year end, Rosneft's remaining recoverable ABC 1+C2 reserves (IFRS) amount to 11.5 bln tons of oil and condensate and 7.2 tcm of gas.

In 2014, replacement of ABC 1 commercial hydrocarbon reserves, including acquisitions, amounted to 461 mm

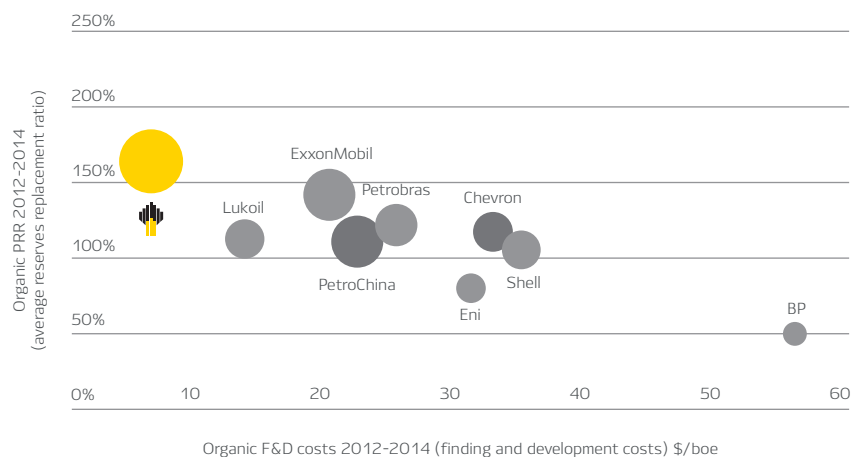
toe, or 156% vs. 2013, and the reserves-to-production ratio (R/P) is 45 years.

Adding reserves is one of the Company's key priorities. In 2014, successful E&A operations discovered 64 new accumulations in the existing fields and 5 new fields, including 2 offshore fields. The total discovered reserves amount to ca.560 mmt of oil equivalent.

The 2014 ABC 1 reserves added by E&A operations amounted to:

- Oil+ condensate – 252 mmt
- Gas – 132 bcm

RESERVES REPLACEMENT AND F&D COSTS*



*Excluding affiliated companies. PetroChina, Petrobras, Eni – 2011–2013 data.

**INDEPENDENT INTERNATIONAL
AUDIT OF ROSNEFT RESERVES
STATES GROWTH OF RESERVES
IN ALL CATEGORIES**

In 2014, Rosneft once again confirmed its leading positions among public oil companies in proved hydrocarbon reserves and in hydrocarbon resources.

According to Degolyer&MacNaughton's independent audit, as on December 31, 2014, Rosneft's SEC (US Securities and Exchange Commission) proved hydrocarbon reserves amounted to ca. 34 bln boe

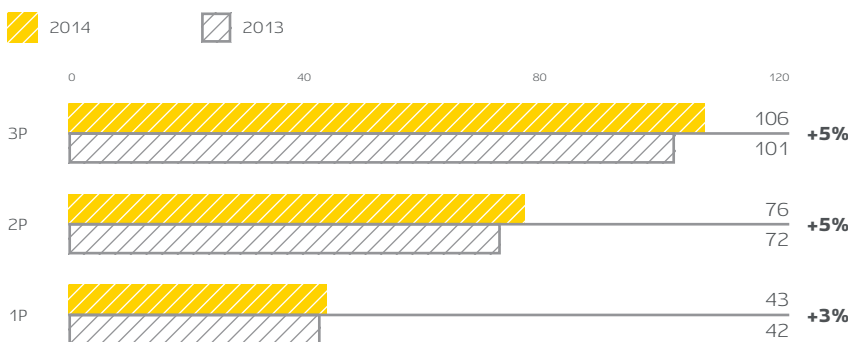
(4.6 bln toe), including ca. 25.4 bln boe (3.4 bln toe) of liquids (oil, condensate, NGL) and ca. 50 tcf (over 1.4 tcm) of gas reserves. Thus, in 2014, the SEC hydrocarbon reserves replacement ratio amounted to 154%; the oil, condensate and NGL reserves replacement ratio to 116%, and the gas reserves replacement ratio reached 263%. The total hydrocarbon reserves additions amounted to 963 mm boe (134 mm toe).

The Company demonstrated growth of reserves in all categories of the PRMS international classification as well. Thus, as on December 31, 2014,

proved 1P hydrocarbon reserves amounted to 43.09 bln boe (over 5.8 bln toe), including ca. 30.8 bln bbl (ca. 4.2 bln t) of liquids (oil, condensate, NGL) and ca. 7.13 tcf (ca. 2.02 tcm) of gas. As at 2014 year end, the Rosneft proved hydrocarbon reserves-to-production ratio (R/P) was 24 years, including 20 years for oil and 39 years for gas.

PRMS PROVED RESERVES-TO-PRODUCTION RATIO – 20 YEARS FOR OIL RESERVES AND 39 YEARS FOR GAS RESERVES

PRMS; OIL AND GAS RESERVES, BLN BOE



HIGH RESERVES REPLACEMENT RATIO DURING THE INVESTMENT CYCLE (10 YEARS):

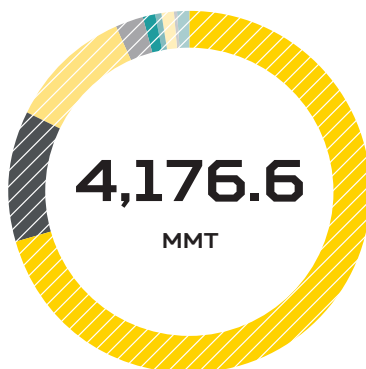
240%

HYDROCARBON RESERVES REPLACEMENT

194%

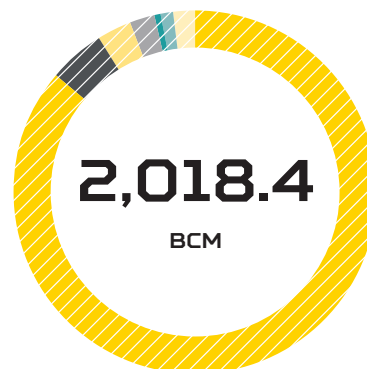
OIL, GAS CONDENSATE AND NGL RESERVES REPLACEMENT

PRMS PROVED LIQUID RESERVES STRUCTURE (OIL, CONDENSATE, NGL), MMT



- 3,056.8 West Siberia
- 504 East Siberia
- 475 Central Russia
- 48.5 Timan-Pechora
- 29.1 South of Russia
- 10.2 Far East
- 25.3 Outside of Russia
- 4.2 Arctic offshore
- 23.4 Offshore (except for Arctic)

PRMS PROVED MARKETABLE GAS RESERVES STRUCTURE BCM



- 1,799.3 West Siberia
- 107.1 East Siberia
- 42.5 Central Russia
- 35.6 South of Russia
- 2.3 Far East
- 6 Outside of Russia
- 25.6 Offshore (except for Arctic)



PRODUCTION OVERVIEW BY THE REGION OF OPERATIONS

WEST SIBERIA

West Siberia is the Company's main oil producing region. In 2014, the West-Siberian assets accounted for 59% of the Company's production. The Company's key producing assets in West Siberia are LLC RN-Yuganskneftegaz (31% of Rosneft's total production), OJSC Samotlorneftegaz (11% of Rosneft's total production) in the Khanty-Mansi Autonomous District, and LLC RN-Uvatneftegaz (5% of Rosneft's total production) in the south of the Tyumen Region.

LLC RN-Yuganskneftegaz

RN-Yuganskneftegaz is operating in 32 license blocks. Most of its proved reserves (84%) are concentrated in Priobskoye, Mamontovskoye, Malobalyksoye, and Prirazlomnoye fields.

In 2014, hydrocarbon production exceeded 68 mm toe, with oil production amounting to ca. 64.5 mmt, or over 12% of the total oil production in the Russian Federation.

Production is sustained by additional well interventions, by putting on stream new fields and acquiring new license blocks.

In 2014, RN-Yuganskneftegaz began commercial operation of the Vstrechnoye field with the initial flow rates of up to 300 t/day. The Company acquired Vostochno-Tokaiskiy and Priobskiy licenses (for subsoil resources in lower horizons). Additional well interventions resulted in ca.546 kt of incremental oil production.

The Company's strategic objective is further stabilisation of the RN-Yuganskneftegaz production level, then gradually proceeding to increase production in the medium term.

OJSC Samotlorneftegaz

Samotlorneftegaz is operating in 10 license blocks (in 7 blocks as subsoil resource user). Most of its proved

reserves (over 97%) are concentrated in the Samotlor field, one of the world's largest fields (in the 1980-s Samotlor production peaked at 150 mmt per annum).

In 2014, hydrocarbon production exceeded 26.5 mm toe, with oil production amounting to ca.22 mmt, or 4% of the total oil production in the Russian Federation.

In 2014, Samotlorneftegaz began production in the Yuzhno-Mikhpayskiy license block, 14 months ahead of the plan, putting on stream 5 producing wells and reactivating 2 abandoned exploration wells. In 2015, oil production from the new block is expected to reach above 200 kt.

LLC RN-Uvatneftegaz

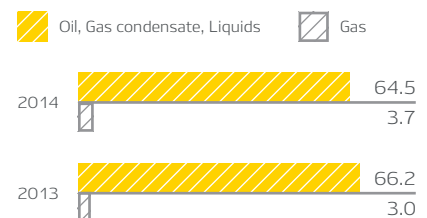
RN-Uvatneftegaz is operating in 17 license blocks (in 14 blocks as subsoil resource user). Most of its proved reserves (over 80%) are concentrated in the Usttegus and Urna fields.

In 2014, oil production amounted to ca.10 mmt, which is 12.7% higher, year-on-year. High efficiency of E&A

VSTRECHNOYE FIELD WAS PUT ON STREAM WITH THE INITIAL FLOW RATE OF 300 TONS/DAY



YUGANSKNEFTEGAZ ANNUAL PRODUCTION, MM TOE



operations added 20 mmt of reserves. A new field, Tavricheskoye, was discovered (read the “Onshore Exploration in Russia and Resource Base Replacement” section on page 82). Licenses were acquired to get the right to hydrocarbon exploration, appraisal and production in the Yuganskiy license blocks.

In 2015, the Company is planning to reach the “plateau” production from the Uvat group of fields of 10 mmt per annum.

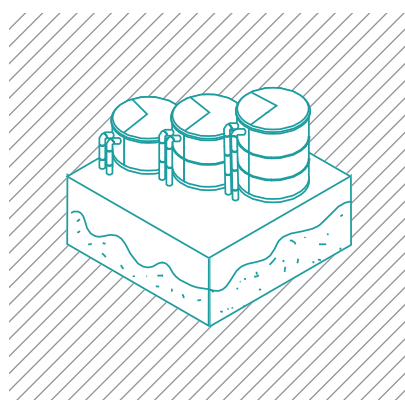
EAST SIBERIA

In East Siberia, the Company has its major new producing assets. In 2014, record-high production levels were achieved in the Vankor and Verkhnechonskoye fields, above 30 mmt in total. By development of the

Vankor field cluster, Yurubcheno-Takhomskoye, Srednebotubinskoye and Kuyumba fields, the region will ensure the Company’s main production growth in the medium term.

CJSC Vankorneft

Vankorneft is developing the Vankor oil and gas condensate field, the world’s



largest field discovered in the past 20 years.

In 2014, the Vankor field reached its production “plateau”.

Hydrocarbon production exceeded 26 mm toe, with oil production amounting to over 22 mmt, or ca. 4% of the total oil production in the Russian Federation.

In 2014, the Company continued its efforts to increase field production efficiency. Due to well design optimization and a 12.5% reduction in the cost of 1 meter per total meters drilled in development drilling, a record-high commercial speed of development drilling was achieved demonstrating a ca. 11% growth.

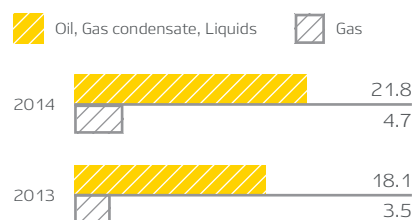
As part of associated petroleum gas utilisation, a gas treatment unit, a compressor station and a gas pipeline were put in operation at Vankor providing for gas delivery to the Gazprom Unified Gas Supply System to then be sold, marking actual beginning of the monetisation of gas produced from the field.

DECEMBER 10, 2014, THE 50-MILLIONTH TON OF OIL WAS PRODUCED BY THE UVAT PROJECT SINCE IT WAS LAUNCHED IN FEBRUARY 2009.

NOVEMBER 10, 2014, THE 90-MILLIONTH TON OF OIL WAS PRODUCED SINCE THE BEGINNING OF VANKOR DEVELOPMENT IN 2004



SAMOTLORNEFTEGAZ ANNUAL PRODUCTION*, MM TOE



* Production for 2013 is stated from the date of acquisition.



OJSC Verkhnechonskneftegaz

Verkhnechonskneftegaz is engaged in the exploration and development of the Verkhnechonskoye (VC) oil and gas condensate field, second-largest field in East Siberia, located in the Irkutsk Region.

In 2014, oil production amounted to ca. 8.2 mmt, 6.5% higher than the 2013 level. Production growth was supported by the development drilling program and IOR methods used on the base well stock.

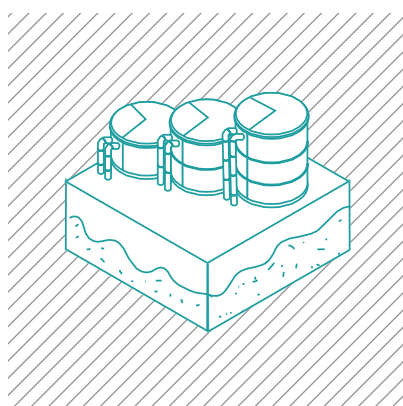
In 2014, due to infrastructure optimisation, the Company reached a historic maximum of VC daily production at the level of 23.5 kt/day.

OJSC Vostochno-Sibirskaya neftegazovaya kompaniya (Vostsibneftegaz)

Vostsibneftegaz is executing a project of Phase 1 extended sector development of the Yurubcheno-Takhomskoye field located in the Evenki region of the Krasnoyarsk Administrative Territory. Based on 2014 results, the ABC 1+C2 recoverable oil reserves within the

Yurubchen reservoir boundary amount to 311 mmt. According to field development plans, production is expected to “plateau” at 5 mmt per annum.

In 2014, oil and gas condensate production increased by 3% to go above 54 kt. Yurubcheno-Takhomskoye horizontal development wells drilled



DUE TO INFRASTRUCTURE OPTIMISATION, VERKHNECHONSKOYE FIELD ACHIEVED A HISTORIC MAXIMUM OF DAILY PRODUCTION AT 23.5 KT /DAY

from well pad 6, when tested, flowed from 395 to 437 tons of oil per day, which is higher than the annual average maximum for new wells (208 tons per day) contemplated by the design documents.

OJSC Taas-Yuriakh Neftegazodobycha

Taas-Yuriakh Neftegazodobycha is developing the Srednebotubinskoye field located in the Mirniy region of the Republic of Sakha (Yakutia).

Based on 2014 results, the Srednebotubinskoye ABC 1+C2 recoverable oil reserves amounted to 167 mmt. The recoverable ABC 1+C2 reserves of free gas amounted to 181 bcm. An express estimation of the Osinskiy horizon reserves was carried out; reserves were booked on the government balance sheet.

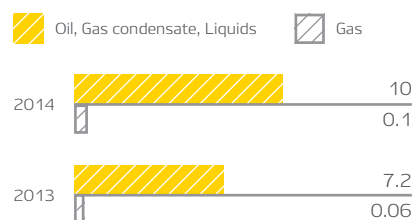
Commercial reserves additions were 2 bcm of gas and 1 mmt of oil and condensate.

According to field development plans, production is expected to “plateau” at 5 mmt per annum.



LLC RN-Uvatneftegaz

RN-UVATNEFTEGAZ* ANNUAL PRODUCTION, MM TOE



* 2013 production is from the acquisition date.

In 2014, oil and gas condensate production practically quadrupled and reached 907 kt. Licenses were acquired to hydrocarbon exploration, appraisal and production in the Srednebiriukkiy and Nizhnedzherbinskiy license blocks.

VOLGA-URALS REGION

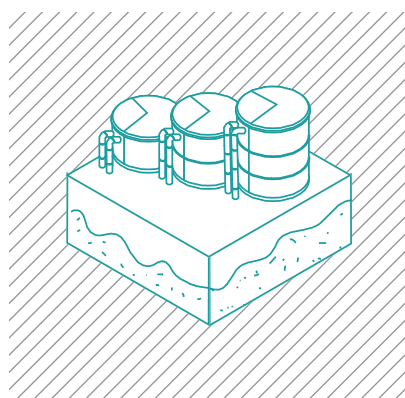
The Volga-Urals region is one of Rosneft's historical production centres in the Russian Federation; some fields have been operated for about 80 years. In 2014, the Company's total production in the region amounted to 34 mmt, or 17% of Rosneft's overall production.

OJSC Samaraneftgaz

Samaraneftgaz is operating in 161 license blocks (in 160 blocks as subsoil resource user). Nearly half of its proved reserves are concentrated in 10 largest fields, including Mukhanovskoye, Kuleshovskoye, Barinovsko-Lebyazhinskoye, Mikhailovsko-Kokhanskoye, Neklyudovskoe, etc.

In 2014, hydrocarbon production amounted to ca. 11.7 mm toe, with oil and gas condensate production going up by 1.8% to exceed 11.2 mmt.

Production increase was achieved due to the development drilling program, to bringing on stream the Samarskiy and



NOVEMBER 27, 2014, THE FIRST MILLION TONS OF OIL WAS PRODUCED FROM SREDNEBOTUOBONSKOYE FIELD SINCE IT WAS PUT ON STREAM IN OCTOBER 2013.

Berezovskiy license blocks acquired in 2014, and IOR methods used on the base well stock. In 2014, development and exploration drilling increased significantly (by 59%) with 245 km of rock drilled. Construction of 81 wells was completed, 62% higher, year-on-year.

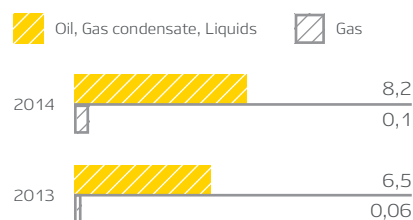
OJSC Orenburgneft

Orenburgneft is operating in the 126 license blocks (in 91 blocks as subsoil resource user). More than half of its proved reserves are concentrated in 7 largest fields, including Rostashinskoye, Sorochinsko-Nikolskoye, Garshinskoye, Pokrovskoye, etc.

In 2014, hydrocarbon production amounted to 22 mm toe, with oil and gas condensate production reaching 19 mmt.



VERKHNECHONSKNEFTEGAZ* ANNUAL PRODUCTION, MM TOE



* 2013 production is from the acquisition date.



FAR EAST (ONSHORE)

OJSC Sakhalinmorneftegaz

OJSC Sakhalinmorneftegaz is developing (Rosneft being the subsoil resource user) 31 onshore license blocks in Sakhalin, where exploration and production of oil began in the late 19th century, and 3 license blocks (Rosneft being the subsoil resource user) offshore the Sea of Okhotsk, oil production also going back to the late 19th century.

Most of Sakhalinmorneftegaz proved reserves (ca. 80%) are concentrated in 5 fields: Odoptu-More, Katangli, Mongi, R.S. Mirzoyev, and Nabil.

In 2014, hydrocarbon production exceeded 1.6 mm toe, with oil and gas condensate production at the level of ca. 1.3 mmt. A development license for the Lebedinskoye field was acquired. In November 2014, the field's first well was brought on stream with the initial flow rate of 95 t/day (read the "Offshore Projects Development" section on page 66).

Most of RN-Krasnodarneftegaz' proved reserves (80%) are concentrated in the Anastasievsko-Troitskoye field.

In 2014, hydrocarbon production amounted to ca. 3.4mm toe, with oil and gas condensate production at the level of ca. 870 kt.

The cost of 1 meter per total meters drilled (development drilling) was reduced practically by 22% with the total meters drilled increasing by 15% to reach 23 km. The commercial speed of development drilling went up by 29%.

Technology Application to Sustain Production

- Additional interventions in 1,904 wells ensured 1.2 mmt of incremental oil production.
- Wide application of the multistage hydraulic fracturing technology by RN-Yuganskneftegaz resulted in 834 kt of incremental oil production, 1.8 higher than the 2013 level. Multistage hydraulic fracturing was also piloted in the fields of Tomskneft, RN-Uvatneftegaz and Verkhnechonskneftegaz.
- In 2014, production of hard-to-recover reserves from the West Siberia fields reached practically 7 mmt, 40% above plan, with multistage hydraulic fracturing as one of the contributors.

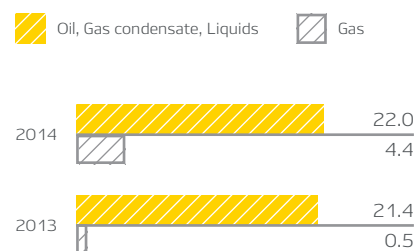
KRASNODAR TERRITORY

LLC RN-Krasnodarneftegaz

RN-Krasnodarneftegaz is operating (Rosneft being the subsoil resource user) in the 31 license blocks in the Krasnodar Territory, one of the oldest production centres in the European part of the Russian Federation.



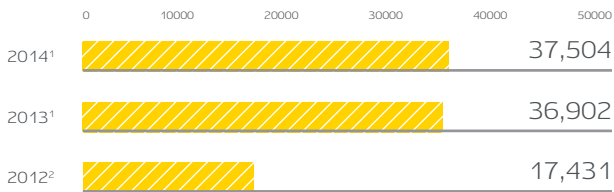
VANKOR ANNUAL PRODUCTION, MM TOE



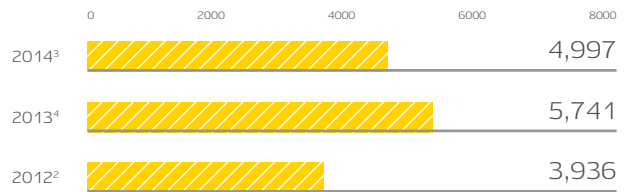


Elnikovskoye oil treatment unit, Udmurtneft

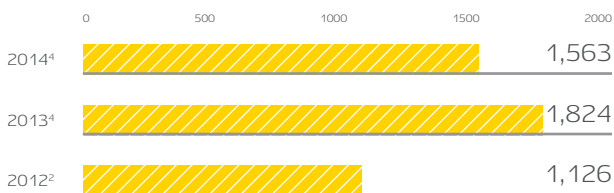
**ACTIVE OIL WELLS
(PCS AS AT YEAR-END)**



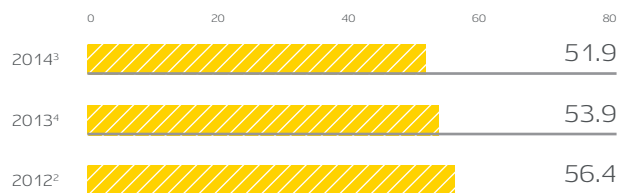
**DEVELOPMENT DRILLING,
KM DRILLED**



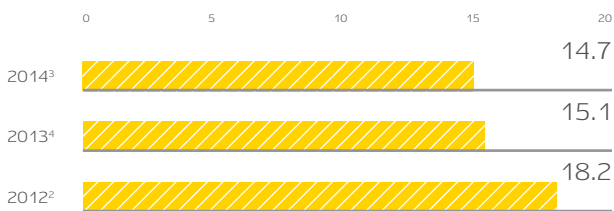
**NEWLY-DRILLED OIL WELLS PUT IN OPERATION
TO INCREASE PRODUCTION (PCS)**



**AVERAGE FLOW RATE
OF NEWLY-DRILLED WELLS (T/DAY)**



**AVERAGE FLOW RATE
OF PRODUCING WELLS (T/DAY)**



1. Including Sakhalin -1 and Tomskneft
 2. As per the Annual Report (consolidated companies, excluding Sakhalin -1 and Tomskneft).
 3. Including Sakhalin -1 and Tomskneft, without the Gas Stream
 4. Proforma data, TNK-BP assets from January 1, 2013, including Sakhalin -1 and Tomskneft, without the Gas Stream



CREATING TECHNOLOGY INTENSIVE SERVICES

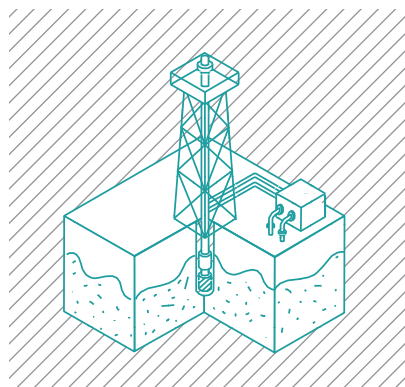
“ROSNEFT HAS BEEN CREATING IMPORTANT BACKGROUND FOR FURTHER PERSISTENT GROWTH OF ITS CORE BUSINESS IN THE REGIONS OF EXTRACTION AND REFINING OF HYDROCARBONS. TO THIS END THE COMPANY WILL IMPLEMENT THE STRATEGY AIMED AT (A) DEVELOPMENT OF BREAK-THROUGH OILFIELD SERVICES, COVERING THE STRATEGIC NEEDS OF THE COMPANY, AND PROVIDING INDUSTRY’S BEST ECONOMIC EFFICIENCY ON THE BASIS OF ITS OWN DRILLING AND SERVICE COMPANY RN-BURENIE WITH POSSIBLE ATTRACTION OF PARTNERS; (B) CREATION OF A POOL OF INNOVATIVE TECHNOLOGIES AND COMPETENCES IN ALL KEY AREAS OF ITS FURTHER DEVELOPMENT”.

Igor Sechin, Chairman of the Management Board, Rosneft

From Igor Sechin’s keynote speech at the summit of Energy Companies within the St. Petersburg International Economic Forum 2014, May 24.

In 2014, Rosneft launched a program aimed at extension of its services on the basis on its own drilling and service company, RN-Burenie. The key objectives in this area include development of in-house drilling services, upgrade and re-equipment, creation of a breakthrough oilfield services business that’s well placed to help the Company deliver its strategic objectives and achieve the highest economic effectiveness and operating efficiency across the industry.

In 2014 the Company put an increased focus on development of drilling, well servicing and workover services. The segment was expanded both through development and enhancement of the performance of in-house contractors, and acquisition of the most effective third-party companies. As a result, the Company boost its rig count from 81 to 213 rigs, and the number of crews grew from 51 to 200. In 2014, the share of in-house workover service reached 40% versus 30% in the previous year, thus making it possible to satisfy Company’s increasing service demand using in-house resources.



This growth was driven by a recent acquisition of Orenburg Drilling Company and Weatherford drilling assets in Russia.

The Company expects to gain significant advantages from expansion of its services, such as financial transparency and efficiency, higher mobility and better responsiveness to business needs.

A number of cost optimization and performance improvement efforts made by the Company allowed to keep oilfield service rates same as in 2013, while corporate social programs were delivered in full. In particular, cost per meter metric remained at last year’s level. The cost of in-house services is 5-9% lower compared to the cost of services provided by third-party contractors, and the Company is planning to continue using this advantage extensively in future.

The Company has been putting a strong emphasis on application of advanced service technology and thus improvement of wellwork and drilling efficiency. Advanced multistage

213

DRILLING RIGS

100%

AVAILABILITY OF OILFIELD SERVICES TO SUPPORT 2015 BUSINESS PLAN DELIVERY



Vankorneft I

fracturing systems, rotary steerable systems, well design optimization in order to accelerate well construction, see heavy use in Company operations.

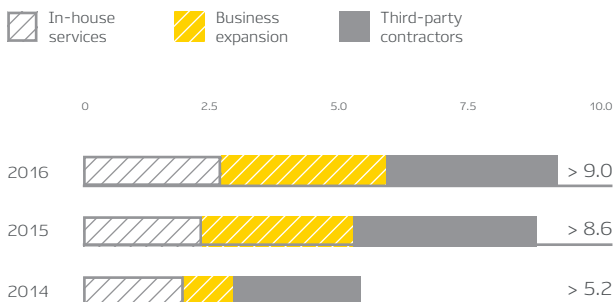
Thus, well design optimization at Vankorneft (transition to duel-string completion) resulted in 11% drilling rate improvement. Application of directional drilling technology by RN-Burenie at Yuganskneftegaz fields shows a 12% higher drilling rate compared to

the average drilling rate in the region. Roll-out of casing drilling technology in ROSPAN INTERNATIONAL allowed to shorten well construction cycle by four days and reduce accident risks involved in drilling highly complicated gas wells in permafrost.

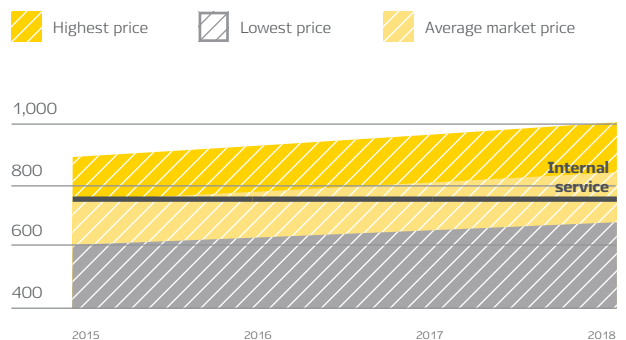
The Company continues to aim its efforts at building in-house oilfield services and in 2015 plans to keep going with the program of extending

its drilling and workover capabilities. To improve operating performance even further the Company is now considering a program to develop the in-house frac services.

DEVELOPMENT DRILLING, MLN M



PROJECTED SERVICE RATES*



* Daily rate dynamics for drilling rig 320T (Volga-Urals region)





RN-Burenie at work

The Company's key short-term objectives are:

- Growing drilling volume by 7-10% a year over the nearest 5 years
- Reaching a target share in in-house drilling services at 75-80%

In 2015, the Company is planning to continue the program of re-equipping its drilling rig fleet. To this end 13 drilling rigs were bought from Russia's Uralmash. Another 15 drilling rigs are planned to be bought from local manufacturers.

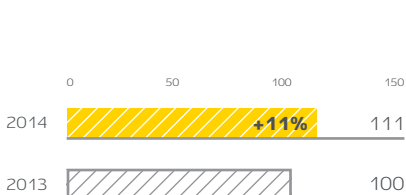
Over 2015-2017, the Company is planning to develop in-house expertise in hydraulic fracturing and coil tubing technologies. As part of this initiative Rosneft is planning to develop relations with the leading contractors in this segment and considers a possibility to set up a fracturing business unit.

As far as third-party contractors are concerned, Rosneft intends to follow its long-term partnership strategy.

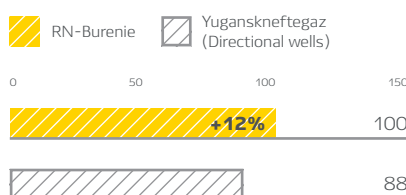
Under 2015 procurement campaign, a number of long-term contracts were initiated in order to provide the contractors with the guaranteed scopes of work in return for the possibility

to keep the current service rates, and improve the efficiency by means of expanding operating experience in certain regions of the Company's operations. The Company holds on to a zero inflation policy on the basis of Russia's oilfield services market review and market potential for cost reduction and efficiency improvement.

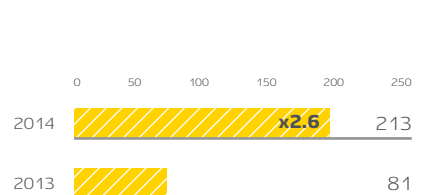
HIGHER OVERALL DRILLING RATE AT VANKOR, %



RN-BURENIE VS. THIRD-PARTY CONTRACTORS COVERAGE AT YUGANSKNEFTEGAZ, %



GROWING RIG COUNT





Pile installation during construction



DEVELOPMENT OF INTERNATIONAL PROJECTS IN HIGH-POTENTIAL PETROLEUM REGIONS

ROSNEFT IS A GLOBAL ENERGY COMPANY WITH A DIVERSIFIED PORTFOLIO OF ASSETS LOCATED IN HIGH-POTENTIAL REGIONS OF INTERNATIONAL OIL AND GAS BUSINESS.

VENEZUELAN PROJECTS DEVELOPMENT

Rosneft is one of the major international investors in the Bolivarian Republic of Venezuela which possesses the most promising resource base in the global petroleum industry. The Company continues to consistently expand its cooperation with the Venezuelan state-owned company Petróleos de Venezuela, S.A. (PDVSA) in the sphere of oil production.

Most of the Company's projects in Venezuela have to do with production of challenging extra-heavy hydrocarbons requiring the use of world-class high-technology solutions. The list of projects that are being implemented within the framework of joint ventures (JVs) with PDVSA includes the following:

- Petromonagas – an integrated project to produce extra-heavy 8.5 API oil and upgrade it to 16 API. Rosneft has a 16.67% interest in the project;
- Petroperija - a mature field, with a 40% Rosneft's interest in the project;
- Boqueron - a mature field, with a 26.67% Rosneft's interest in the project;
- PetroMiranda - a new integrated project to produce extra-heavy oil up to 8.2 API, with a 32% Rosneft's interest in the project;
- PetroVictoria – a new integrated project, with a 40% Rosneft's interest in the project.

JV PetroMiranda was formed in 2010 between Corporación Venezolana del Petróleo (CVP), a PDVSA subsidiary, and LLC National Petroleum Consortium (NPC), to develop a project which included production, upgrading and sale of Junin-6 Block oil. As part of implementing the cooperation expansion strategy, as a result of the December 2014 transaction which involved acquisition of Lukoil's 20% interest in the NPC charter capital, the Company interest in the project grew to 80%, with the remaining 20% interest in NPC belonging to OJSC GazpromNeft.

The Junin-6 Block is situated in the Orinoco river heavy oil belt and is characterized by high volume of estimated oil initially in place - 8.5 billion tons of extra-heavy oil up to 8.2 API. At present, the project is at Phase 1 which includes appraisal activities involving exploration work, concept and front-end engineering of infrastructure facilities and an upgrader. Also as part of Phase 1, work is underway to commence pilot development of the most promising and most-explored area in the Block, the data from which is used in building understanding of the geologic structure thus allowing to reduce the burden on the project's cash flow. In 2014, production was reported to grow by 130%, from 677 thousand barrels in 2013 to 1,562 thousand barrels in 2014.

In 2014, activities to hand over project leader's functions from OJSC GazpromNeft to the Company have been completed, and at present, work is underway to have a new project management structure approved, which

will allow for considerable improvement in operational control and will have a positive impact on the project implementation efficiency.

Rosneft is the Junin-6 project implementation operator on behalf of the Russian Federation.

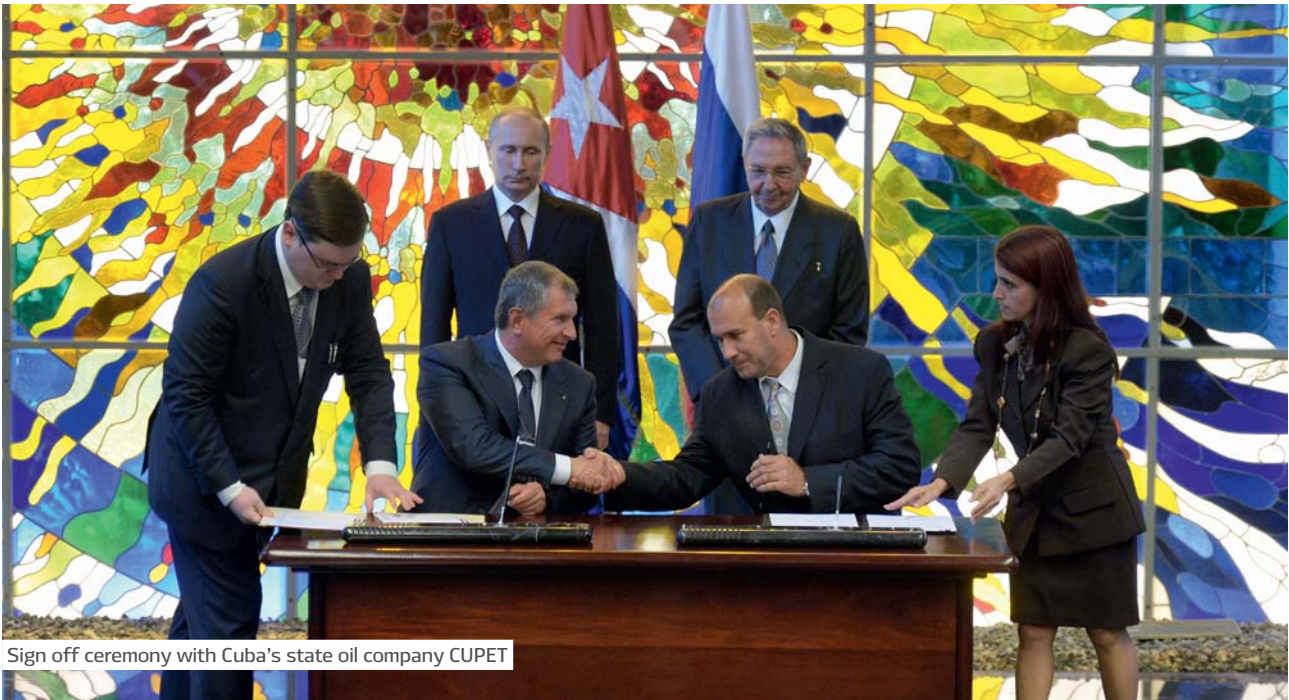
JV PetroVictoria registration procedures have been completed (Carabobo-2 project). In August of 2014, the Company paid to the Government of Venezuela the first part of the bonus for the right to participate in the Carabobo-2 project.

In October of 2014, Venezuelan President N. Maduro signed a decree re-assigning to JV PetroVictoria the rights for subsoil development within the boundaries of the allocated areas, which makes it possible to commence the phase of active development of the Carabobo-2 project.

Rosneft works to create two service JVs to provide the infrastructure construction services and drilling and oilfield services required in order to raise efficiency of the Company and PDVSA's joint projects.

In August of 2014, a transaction to acquire the Precision Drilling Venezuela, C.A. asset from the Weatherford Group was completed, which in the future will make it possible to improve the quality of drilling services and build up production, as well as to reduce the Venezuelan JVs' drilling costs.

The Company also plans expanding its cooperation with PDVSA in the implementation of projects on the



Sign off ceremony with Cuba's state oil company CUPET

Venezuelan shelf. In July of 2014, a new Cooperation Agreement was signed between the Company and PDVSA, providing for the implementation of offshore projects on the Rio Caribe and Mejillones blocks, according to which the parties are planning to agree basic commercial terms for the creation of a JV.

The Company continues to implement projects aimed to strengthen social and cultural relations between Russia and Venezuela. In particular, reconstruction of the Commander Hugo Chavez Square in the city of Sabaneta has been completed, with the Company active participation and provision of funding. Besides, work is underway in the area of personnel training and Venezuelan students' studies in the Russian State University of Oil and Gas named after I.M. Gubkin (see also section Social Responsibility on page 140).

COOPERATION WITH THE REPUBLIC OF CUBA

Rosneft works to strengthen partnership with the Cuban state-owned company Union Cuba - Petroleo (CUPET) in the area of joint projects implementation on the territory of the Republic of Cuba.

A Memorandum of Cooperation between Rosneft and CUPET, a Memorandum of Understanding between Rosneft, Zarubezhneft and CUPET, and a Cooperation Agreement between Rosneft and CUPET have been signed to identify the following areas of cooperation with the Cuban partners:

- review hydrocarbon potential of offshore Block 37;
- review oil recovery enhancement potential of mature fields;
- consider a possibility to create a logistics center to supply Rosneft's projects in Latin America.

Rosneft is implementing the following social projects:

- a trilateral agreement for the provision of educational services has been signed between Rosneft, CUPET and the Russian State University of Oil and Gas named after I.M. Gubkin, providing for training of 20 students at the Company's expense;
- a Cooperation Agreement has been signed between Rosneft, the Cuban Medical Services Corporation (SMC), and the International Group of Tour Operators and Travel Agencies (JSC HAVANATUR), providing for recreation of 1,940 Company employees and family members at Cuban resorts, as

well as for treatment of 31 employee at the Varadero City Hospital and Central Clinic Cira Garcia in Havana.

COOPERATION WITH THE REPUBLIC OF ECUADOR

Rosneft is establishing cooperation with the Republic of Ecuador. A Memorandum of Understanding has been signed between Rosneft and the Coordinating Ministry for Strategic Sectors of the Republic of Ecuador, for identification of potential oil exploration and development projects.

Negotiations are in progress with the Coordinating Ministry for Strategic Sectors of the Republic of Ecuador and state-owned companies Petroamazonas and Petroecuador, with a view to set up in February of 2015 a data room to review geological and geophysical materials on the oil and gas fields situated on the Ecuadorian continental and offshore blocks, determine their hydrocarbon potential, and make decisions regarding development of such projects by the Company.



CONTRACTORS AND SUPPLIERS RELATIONS



1.4 TRLN
RUB

OJSC ROSNEFT'S PURCHASES IN 2014

6,191

COMPANIES PASSED ACCREDITATION IN ROSNEFT, INCLUDING 3,589 SMALL AND MEDIUM-SIZED COMPANIES

CONTRACTORS AND SUPPLIERS RELATIONS

ROSNEFT IS THE BIGGEST CONSUMER OF GOODS, EQUIPMENT AND SERVICES AMONG RUSSIAN OIL AND GAS COMPANIES. THE PRIMARY OBJECTIVE OF THE PROCUREMENT PROCESS CONSISTS IN PROVIDING THE COMPANY WITH GOODS, WORKS AND SERVICES AT REASONABLE PRICES, PROMPTLY AND TO THE REQUIRED LEVEL OF QUALITY.

2014 PROCUREMENT PLAN FOR MATERIALS AND EQUIPMENT, WORKS AND SERVICES WAS DELIVERED AT 99%. THE SHARE OF LONG-TERM CONTRACTS EXCEEDED 40% OF THE OVERALL COST OF PURCHASED MATERIALS AND EQUIPMENT. THE LARGEST PART OF THE CONTACTS WERE SERVICES AND WORKS CONTRACTS.



2014 key achievements in procurement.

- maximum transparency of the Company's procurement activities was ensured by publishing and making available its procurement plans, information on tenders and their results, reports on awarded contracts (more than 99% of procurement information is publicly available on the Internet);
- savings from the 2014 tender procedures amounted to over 2.4%;
- an Electronic Trading Platform was launched and the first tenders are being run;
- competition is continuously growing due to involving new suppliers and contractors in the bidding procedures, in-depth analysis of the markets for the works, services and goods to be procured, and involving foreign suppliers from the Asia Pacific Region. These activities resulted in a twofold growth of suppliers accredited by the Company, over 6,000;
- category management of goods, works, services procurement and supply was implemented, which means specialising in certain categories and focusing on a detailed supplier and contractor market analysis, review of previous purchases and supplies and analysis of development prospects;
- a quality management system is being implemented for goods, works, services supplied: audits and inspections at manufacturers' facilities, in-coming control;
- long-term contracts for works and services account for over 40% of the total purchase value;
- working groups on interaction with Asia Pacific companies were formed;
- an Advisory Board was set up to perform public auditing of purchases from small and medium businesses for their efficiency.



[Home](#)

Information on Rosneft' and its Subsidiaries' Procurement Operations

Procurement Information" Section is dedicated to procurement operations of Rosneft and its Subsidiaries. Information on procurement operations is posted on:
 - Official site of the Russian Federation for information related to placement of orders for supplies of goods, execution of works and rendering of services (www.zakupki.gov.ru);
 applicable legislation of Russian Federation;
 - This site in "Procurement Register" Sub-section; and
 - Relevant E-Trading Platform (in case any e-trading site is involved)

Procurement Information

- [Procurement Register](#)
- [Procurement Regulations Register](#)
- [Procurement Plans Register](#)
- [Contract Reports Register](#)
- [Information for Suppliers](#)

- [Procurement Register](#)
- [Procurement Regulations Register](#)
- [Procurement Plans Register](#)
- [Contract Reports Register](#)
- [Information for Suppliers](#)

» [Русский](#)

- Oilfield Services
- Sales of Oil, Gas, Gas Condensate and Light Hydrocarbon Multi-Component Mixtures
- Sales of Petroleum Products
- Construction
- R&D in Capital Construction and Development
- Maintenance and Repair
- Transportation
- IT Projects and Telecommunications
- Materials and Equipment Supplies
- Disposal of Idle Assets
- Consulting and Auditing

<http://zakupki.rosneft.com>

Company's strategic priorities in Suppliers and Contractors relations

- compliance with legislative and regulatory requirements, and Russian Federation Government instructions when procuring goods, works, services;
- improvement of efficiency, transparency and reliability of procurement and supplies:
 - process automation (implementation of the ERP system, ETP);
 - development of the post-warranty maintenance and capital repair system;
- a bigger share of long-term procurement contracts (especially for operations);
- standardisation and unification of works, goods and services to be purchased;
- taking account of the total cost of ownership (TCO) when purchasing goods, works and services;
- execution and further development of the import substitution program.
- enhancement of competition among bidders; maintaining a high level of transparency and information accessibility for all bidders;
- participation in Russian Federation Government programs aimed at giving more access to small and medium businesses to the bidding process and at interacting with related businesses.



GAS BUSINESS

ROSNEFT IS A LEADER IN GAS PRODUCTION
AMONG RUSSIAN OIL COMPANIES

56.7 ^{BCM}
2014 GAS PRODUCTION

7.2 ^{TCM}
RECOVERABLE RESERVES UNDER
THE RUSSIAN CLASSIFICATION
(ABC1 + C2 RESERVES)

GAS BUSINESS

ROSNEFT IS RUSSIA'S THIRD LARGEST GAS PRODUCER AND RANKS ONLY SECOND AMONG INDEPENDENT PRODUCERS IN TERMS OF GAS OUTPUT. THE COMPANY DEVELOPS SIGNIFICANT GAS RESERVES IN WEST AND EAST SIBERIA AND HOLDS A UNIQUE PORTFOLIO OF LICENSES FOR THE DEVELOPMENT OF HYDROCARBON RESOURCES ON THE RUSSIAN CONTINENTAL SHELF. ROSNEFT'S STRATEGIC GOAL IN GAS BUSINESS DEVELOPMENT IS TO ENSURE CONTINUED GROWTH OF THE COMPANY SHAREHOLDER VALUE THROUGH INCREASED GAS PRODUCTION SUPPORTED BY HIGHLY EFFECTIVE LONG-TERM GAS SALES PORTFOLIO.

Gas production counts for 19% of the Company's overall hydrocarbons production. Gas potential development is one of the key strategic objectives pursued by the Company, and a number of significant steps have been made so far towards this goal. The Company holds considerable gas reserves in early development stage conditioning huge growth potential to be yet unlocked and enabling steadfastly production ramp up. Associated petroleum gas utilization is expected to improve drastically.

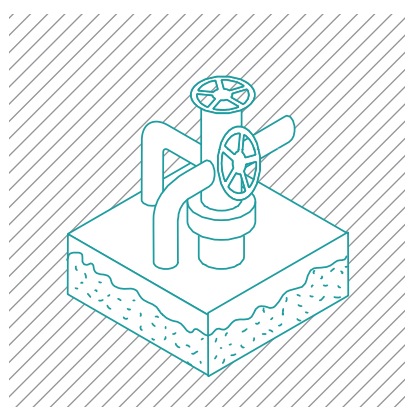
Rosneft has 30 (thirty) subsidiaries and joint ventures based in West and East Siberia, Central Russia, south of European Russia, Far East, also Vietnam and Venezuela engaged in gas production.

In 2014, Company's overall gas production totaled a record high 56.7 bcm¹ of gas; gas production increment amounted to 49% vs. 2013.

In 2014, ABC 1+C2 reserves reached 7.2 tcm, up 110% vs. 2013. The discovery of an offshore field called Pobeda in the Kara Sea and acquisition of a license of federal significance, i.e. Minkhovskoye license area, contributed to the highest increment of gas reserves in absolute and percent-age terms according to the Russian

classification. (For more detail, please, see Exploration And Reserves Replacement Section on page 66).

In 2015, Rosneft will continue increasing gas production, improving the efficiency of sales channels and also making preparations for the launch of major gas projects aiming to become a leader among independent gas producers in Russia.



56.7

BCM – OVERALL GAS PRODUCTION IN 2014, UP 49% YEAR-ON-YEAR

Gas business development achievements:

- Acquisition of 3 licenses, including a license of federal significance for development of Minkhovskoye field bearing 210.23 bcm of ABC 1+C2 reserves and gas resources of 361.52 bcm, as well as 31.87 mln tons of crude oil and condensate;
- Framework Agreement signed with Alltech Group to promote cooperation in field development in the Nenets Autonomous District, assuming inter alia creation of a Joint Venture with Rosneft as a Majority Shareholder. Alltech Group will enter the JV with the licenses for the Korovinskoye and Kumzhinskoye gas condensate fields (C 1+C2 reserves ~160 bcm);
- Transaction completed to sell a 49% stake in LLC Yugragazpererabotka to SIBUR Holding. The Company signed long-term contracts for supply of associated petroleum gas (10 bcma) and purchase of dry gas;
- Long-term gas supply contracts signed with RUSAL, EuroSibEnerg, GAS Group, EuroChem and Fortum for above 40 bcm of gas in 2014 – 2029;
- Sibneftegaz consolidation resulting from assets swap with NOVATEK.

1. Produced gas net of gas flared and gas for GTL



LLC RN-Yuganskneftegaz

Rosneft acquired a gas asset with annual gas production of 10 bcm and potential for further increase up to 15 bcma subject to modest investment.

GAS MARKET DEVELOPMENT IN RUSSIA

The Company is substantially involved in the transformations taking place in the natural gas market and engaged across the board, including federal executive authorities, industrial and expert communities, in the following areas:

- Development of the Concept of domestic gas market development (fair competition, transparent and economically justified pricing and tariff setting, export liberalization, target model for the gas market);
- Updating strategic industry documents – Russia’s Energy Strategy, General Development Plan for Gas Industry and Eastern Gas Program;
- Development of exchange trading tools for domestic gas sales and purchases;
- Development of natural gas fuel market;
- Introduction of adjustments to the relevant laws and regulations to address

issues around third-party access to main gas pipelines.

Starting from 2014, Company representatives are the members of the Expert Council on state control in gas industry under the Federal Tariff Service of Russia, which is responsible for development of proposals and expert opinion with regard to improvements in state control and pricing and tariff setting methodology for gas industry (for more detail, please, see page 121).

GAS BUSINESS STRATEGIC GOALS

Rosneft’s strategic goal in gas business development is to ensure continued growth of the Company shareholder value through increased gas production supported by highly effective long-term gas sales portfolio.

In pursuance of the above goal the Company has identified a list of strategic objectives:

- Improve performance efficiency in gas production;
- Develop the available resource base and ensure its effective monetization assuming potential production ramp up;
- Increment gas production in East Siberia and the Russian Far East;

- Develop gas sales capabilities in Asia Pacific markets;
- Develop LNG production and enter LNG global market. Create the base and build the required competencies to implement arctic LNG projects;
- Improve the efficiency of monetization of associated petroleum gas and liquids through extension of representation in gas value chain;
- Become the leader among Russia’s independent gas producers;
- Implement cutting-edge technology based on global experience in gas production, processing, transportation and marketing.



GAS PRODUCTION

Production figures for the year 2014 have reached a record high 56.73 bcm¹, including natural gas – 28.52 bcm, and associated petroleum gas – 28.21 bcm. The share of international projects in Vietnam and Venezuela in overall gas production is 0.79 bcm (0.64 bcm – natural gas) (for more detail, please, see page 73 and 94).

Based on 2014 results, Rosneft ranks among top three gas producers in Russia in terms of gas output, with 8.8% share in overall production in Russia.

2014 achievements in gas production

In 2014, gas production growth amounted to 18.56 bcm, or 49%, vs. 2013. Of this 33% production increase (or 12.43 bcm) is attributed to inorganic growth resulting from consolidation of TNK-BP and ITERA assets. The remaining 16% increase (or 6.13 bcm) in production of natural gas and associated petroleum gas was primarily achieved due to:

- Production growth by Vankorneft by 4.7 bcm resulting from enhanced production of natural gas and associated petroleum gas, and also better utilization of associated petroleum gas, i.e. utilization rate of 61%, following start-up of a gas treatment unit, compressor station and gas pipeline enabling delivery of gas to Gazprom

unified gas supply system and further sale at a rate of 5.6 bcm;

- Production growth by RN-Yuganskneftegaz by 0.7 bcm resulting from enhanced production of associated petroleum gas and start-up of gathering and transportation facilities for

2014 GAS PRODUCTION* IN RUSSIA (ACCORDING TO THE CENTRAL CONTROL ADMINISTRATION OF THE FUEL AND ENERGY COMPLEX), BCM



- **439.4** Gasprom
- **63.5** NOVATEK
- **56.5** Rosneft
- **82.7** Other

*Produced gas net of gas flared and gas for GTL

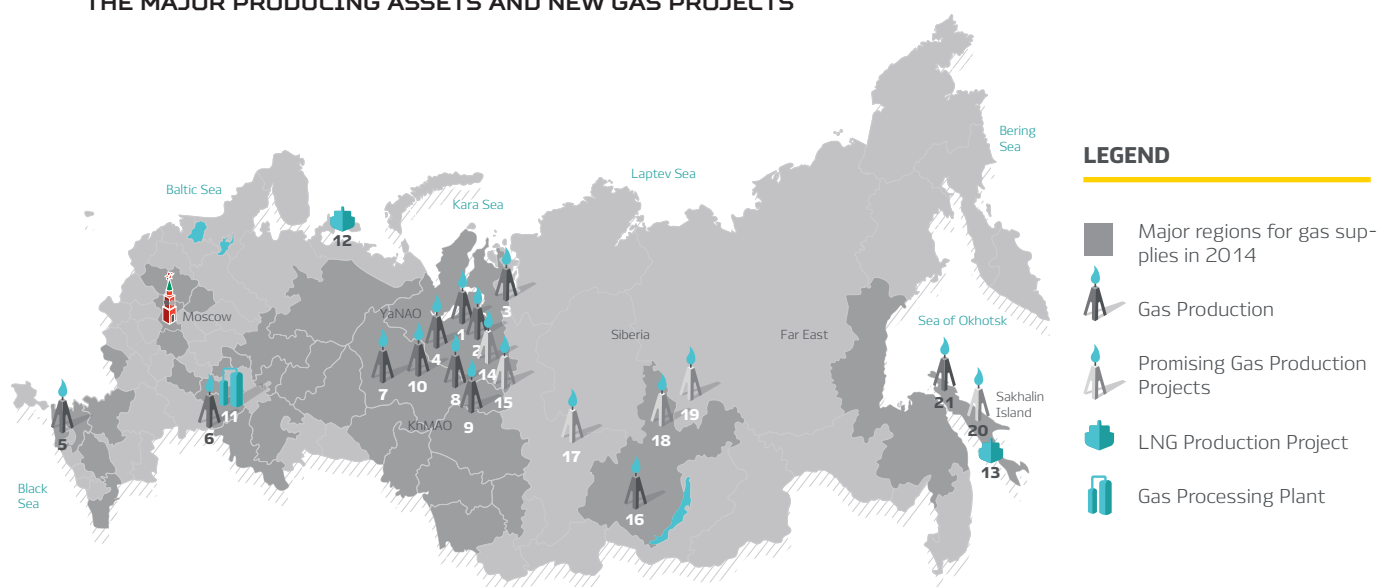
gas from Mayskaya group of fields, which allowed to achieve a 88% APG utilization rate;

- Production growth by RN-Purneftegaz by 0.6 bcm resulting from drilling 11 new wells in Tarasovskoye field, and associated petroleum gas utilization rate improved to 95%, following start-up of a booster compressor station at Kharampur group of fields;
- Gas production growth by 0.1 bcm as a result of enhanced gas production by Samaraneftgaz, Orenburgneft and others;
- Feeding first gas from Khadyryakhinskoye field, Sibneftegaz, to Urenгой-Chelyabinsk main gas pipeline.

The Company is focused on long-term gas business development. One of the key objectives is finding a technology to enable development of Turonian deposits. A target innovative project "Selection and development of tight Turonian gas deposits technology" was completed in 2014. The Company has started experimental production of tight gas reserves of the Turonian field at the Kharampurskoye field. Based on the results of the experimental production the best technology will be selected for commercial development of Turonian deposits across all Company's license areas.

1. Produced gas net of gas flared and gas for GTL

THE MAJOR PRODUCING ASSETS AND NEW GAS PROJECTS



1. ROSPAN

ROSPAN is viewed as the major contributor to natural gas production growth over the next five years. 2014 production amounted to 3.98 bcm; growth potential – up to 18 bcma. In 2014, a unified field development document was approved for Valanginian gas development. Novy-Urengoy GTU expansion project entered its active phase.

2. SIBNEFTEGAZ

2014 production amounted to 10.90 bcm. 2014 – Start of gas production at Khadyryakhinskoye field.

3. VANKOR CLUSTER

2014 production amounted to 5.3 bcm. Development of a new production region. 2014 – continued implementation of the program aimed at improving associated gas utilization. Gas treatment and transportation facilities put into operation to feed gas to Gazprom unified gas supply system.

4. PURNEFTEGAZ

2014 production amounted to 4.8 bcm. 2014 – APG utilization rate reached above 95%.

5. KRASNODARNEFTEGAZ

2014 production amounted to 3.1 bcm. 2014 – continued implementation of the program aimed at improving associated gas utilization.

6. ORENBURGNEFT

2014 production amounted to 2.9 bcm. Gas processing at Pokrovskoye and Zaykinsky GPP.

7. RN-NYAGANNEFTEGAZ

2014 production amounted to 1.5 bcm. 2014 – keeping up with APG utilization rate at above 95%.

8. VARYOGANNEFTEGAZ

2014 production amounted to 3.0 bcm. Gas cap monetization potential. 2014 – financing of a pilot project on gas resources monetization began.

9. SAMOTLORNEFTEGAZ

2014 production amounted to 5.7 bcm. 2014 – keeping up with APG utilization rate at above 95%.

10. YUGANSKNEFTEGAZ

2014 production amounted to 4.5 bcm. 2014 – continued implementation of the program aimed at improving associated gas utilization.

11. OTRADNENSK AND NEFTEGORSK GAS PROCESSING PLANTS IN THE SAMARA REGION AND ZAGORSK INTEGRATED OIL AND GAS TREATMENT UNIT IN THE ORENBURG REGION

Center of production of high added value products.

12. PECHORA LNG

Potential project: JV with Alltech Group. Objective – creating a new gas production center in the Nenets Autonomous Region. The scope assumes a number of projects including gas processing and gas supply to end users.

13. FAR EAST LNG (PART OF SAKHALIN-1 PROJECT)

Rosneft's and its partners' under Sakhalin-1 Project natural gas monetization. 2014 – engineering and design work in progress. Principle engineering solutions developed.

14. KHARAMPUR

Promising gas production projects in West Siberia.

16. BRATSKECOGAZ

Gas distribution to households in Irkutsk Region.

17. YURUBCHENO-TOKHOMSKAYA GROUP OF FIELDS

18. VERKHNECHONSKNEFTEGAZ

19. TAAS-YURYAKH NEFTEGAZODOBYCHA

20. NORTH VENINSKOE

Promising gas production projects in East Siberia and Far East.

21. RN-SAKHALINMORNEFTEGAZ, NORTH CHAIVO.

Gas distribution to households in Sakhalin and Khabarovsk regions.



GAS PRODUCTION IN KEY REGIONS OF OPERATIONS

West Siberia is the largest gas production region operated by Rosneft. In 2014, gas production in the region increased by 44% and totaled 41.78 bcm. Natural gas output in the region amounted to 23.08 bcm primarily coming from Sibneftegaz, ROSPAN INTERNATIONAL, and RN-Purneftegaz. Associated petroleum gas production in the region made up 18.7 bcm with the largest inputs from Samotlorneftegaz, RN-Yuganskneftegaz, RN-Nyaganneftegaz and Tomskneft.

In **East Siberia** gas is produced at Vankor fields, the largest ones in this region. In 2014 associated petroleum gas production totaled 4.55 bcm, natural gas – 0.769 bcm. Overall production growth of 4.69 bcm in the region in 2014 is significantly higher compared to the previous year, which is explained by more rational utilization of associated petroleum gas.

The largest volumes of gas produced in **Central Russia** in 2014 came from Orenburgneft and Samaraneftegaz. Production growth made up 22% vs. 2013.

GAS PRODUCTION IN KEY REGIONS OF COMPANY OPERATIONS IN RUSSIA AND GLOBALLY, BCM



- **41.78** West Siberia
- **5.32** East Siberia
- **3.27** Central Russia
- **3.05** South of Russia
- **0.99** Far East
- **1.53** Other
- **0.79** International projects

RN-Krasnodarneftegaz is the major gas asset in the south of Russia producing both natural gas and associated petroleum gas.

Associated petroleum gas from Sakhalin-1 project except royalty and government take, and associated petroleum gas and natural gas produced by RN-Sakhalinmorneftegaz are the main contributors in the **Far East**.

Overseas gas production was maintained by international projects in Vietnam and Venezuela. (For more detail see Section DEVELOPMENT OF INTERNATIONAL PROJECTS on page 94).

IMPLEMENTATION OF A PROGRAM AIMED AT IMPROVEMENT OF ASSOCIATED PETROLEUM GAS UTILIZATION RATE

In 2014, associated petroleum gas (APG) utilization rate reached 81% (up 11% vs. 2013). A significant progress was made due to implementation of a dedicated program aimed at improving the efficiency of APG utilization. Commissioning of an export pipeline for Vankorneft gas became a crucial milestone in program implementation.

Far East LNG Project

For effective monetization of gas resources from Sakhalin-1 and Company's offshore projects on the Sakhalin island, Rosneft is planning to implement Far East LNG Project under Sakhalin-1 Production Sharing Agreement (PSA).

Project scope assumes construction of an LNG plant in the Russian Far East starting with a 5 mtpa train, and LNG sea port terminal with related gas transportation infrastructure in the pipeline. LNG plant start-up is planned for 2019-2020.

The total resource base on the shelf of the Sea of Okhotsk, including Rosneft share, is 581.5 bcm of gas. These reserves will be the resource base for the LNG plant.

Project status

In September 2013, the Company jointly with Exxon Mobil Development Company commenced work on stage one of FEED works for the Far East LNG Project.

At this time the following progress has been made as part of the first stage of FEED works: rationale provided for the resource base and LNG plant capacity of 5 mtpa, completed concept design, developed and brought into line with the Government of Sakhalin Region (Resolution No. 451-p dated September 18, 2014) Declaration of intent to invest in the Far East LNG Project, completed field surveys on land and sea to confirm a possibility for construction of the LNG plant at the Ilyinskoye site.

Full-scale front-end engineering and design work is planned for 2015-2016, based on which a final investment decision on project implementation will be made by investors.

In December 2014, the Authorized Government Body for Sakhalin-1 Project approved 2015 Work scope and Budget estimate including finance for Far East LNP Project design work under Sakhalin-1 Product Sharing Agreement.



ROSPAN

ROSPAN INTERNATIONAL: application of unique technology.

ROSPAN INTERNATIONAL is on the key gas assets operated by Rosneft. The subsidiary is engaged in exploration and development of Novy-Urengoy, East Urengoy and Resursniy license areas of the Urengoy, East Urengoy, and North Ossetian fields in the Yamalo-Nenets Autonomous District. ABC1 + C2 reserves total 1,188 mcm. The Achimov play at the depth of 3,600 – 3,900 meters constitutes the key and the most challenging development target. The complexity of development stems from extremely tough geology with very low permeability, abnormally high initial reservoir pressure and temperature.

The Achimov deposits development tactics implies hydraulic fracturing combined with drilling.

In 2014, ROSPAN INTERNATIONAL carried out 2 record-breaking frac jobs at the Urengoyskoe field, delivering nearly 9 times increase in production rate. 400 tons of proppant were pumped into the benches of Achimov formation to complete the job. Earlier the record was set at 312 tons. The flow rate increased from 70 to 650 thousand cubic meters per day for gas and from 12 to above 200 tons per day for condensate. Meanwhile, BTP is close to dew point pressure, which provides optimal conditions for the deposit exploitation.

Another new technology that was tested in 2014 was designed to reduce the amount of proppant and increase fracture conductivity. Application of such technology delivered well productivity

1.5 times greater vs. average productivity of Ach3-4 well stock at Novo-Urengoy license area.

During the year the subsidiary implemented a number of new well drilling technologies, including successful application of a technology based on motorized control system which reduced the drilling time by 24 hours; casing drilling technology was successfully applied in a few wells. These technologies are expected to be scaled up in future.



REFINING, COMMERCE AND LOGISTICS

GRAND-SCALE REFINING UPGRADE PROGRAM

ENHANCED PRODUCT QUALITY AND PROGRESSIVE
MARKETING POLICY

> 207 MLN TONS
2014 SALES OF CRUDE OIL,
PETROLEUM AND PETROCHEMICAL
PRODUCTS

11
REFINERIES IN RUSSIA*

100 MLN TONS
2014 RECORD-BREAKING
THROUGHPUT INSIDE
AND OUTSIDE RUSSIA

20.9 MLN TONS**
2014 EURO-4/5 MOTOR FUELS
OUTPUT, UP 18%

* Including 50% stake in Yaroslavl Refinery
** Russian refineries

CRUDE OIL REFINING

ROSNEFT IS THE LEADER OF THE RUSSIAN REFINING INDUSTRY. THE COMPANY OWNS AND OPERATES 11* REFINERIES IN KEY REGIONS OF RUSSIA, ACCOUNTING FOR 32% OF TOTAL REFINING CAPACITY IN RUSSIA.

ROSNEFT IS CURRENTLY IMPLEMENTING A GRAND-SCALE REFINING UPGRADE PROGRAM COMPRISING MORE THAN 30 PROJECTS OF NEW CONSTRUCTION AND UPGRADE OF CRUDE PROCESSING FACILITIES WITH THE TOTAL CAPACITY OF 40 MLN TONS.

* Including YANOS

86.6

MLN TONS FEEDSTOCK THROUGHPUT AT THE REFINERIES IN RUSSIA, INCREASE OF 11.3%.



REFINERIES UPGRADE: PROGRESS

● Completion date in 2015-2016 ● Completion date in 2017 and further // Upgrade

| | Ryazan | Angarsk | Novokuibyshevsk | Syzran | Kuibyshev | Komsomolsk | Effect |
|---------------|--------|---------|-----------------|--------|-----------|------------|-----------------|
| Vacuum block | | | | | | | Conversion rate |
| Isomerization | | | | | | | Euro 5 gasoline |
| Cat Cracker | // | | | ● | ● | | Light yields |
| Hydrotreater | ●// | ●● | ● | ● | // | ● | Euro 5 fuel |
| Reformer | | | | // | // | | Euro-5 gasoline |
| Alkylation | | ● | | ● | ● | | Euro-5 gasoline |
| Coker* | | | // | | | | Conversion rate |
| Hydrocracker | ● | | ● | | | ● | Light yields |
| MTBE | ● | ● | | ● | ● | | Euro-5 gasoline |

* Delayed coking or flexicoking

ROSNEFT REFINING ASSETS IN RUSSIA



| | Tuapse refinery | Achinsk refinery | Effect |
|---------------|-----------------|------------------|-----------------|
| Vacuum block | | ● | Conversion rate |
| Isomerization | ● | | Euro 5 gasoline |
| Cat Cracker | | | Light yields |
| Hydrotreater | ● | ● | Euro 5 fuel |
| Reformer | ● | | Euro-5 gasoline |
| Alkylation | | | Euro-5 gasoline |
| Coker* | ● | ● | Conversion rate |
| Hydrocracker | ● | ● | Light yields |
| MTBE | | | Euro-5 gasoline |

LEGEND

- Retail coverage
- Producing assets
- Ports of presence
- Company's refinery





Novokuibyshevsk refinery

THE COMPANY'S REFINING CAPACITY IN 2014

| Refinery | Design capacity at the year end | Throughput, mln tn | Light yields |
|-------------------------------|---------------------------------|--------------------|--------------|
| Tuapse | 12.0 | 8.6 | 50.6% |
| Achinsk | 7.5 | 5.1 | 55.8% |
| Angarsk Petrochemical Company | 10.2 | 10.0 | 62.4% |
| Komsomolsk | 8.0 | 7.6 | 58.7% |
| Ryazan | 18.8 | 16.5 | 55.1% |
| Saratov | 7.0 | 7.1 | 43.7% |
| SLAVNEFT-YANOS* | 7.5 | 7.7 | 53.0% |
| The Samara group: | 24.1 | 22.1 | 55.3% |
| Novokuibyshevsk | 8.8 | 8.2 | 55.5% |
| Kuibyshev | 6.8 | 6.7 | 54.8% |
| Syzran | 8.5 | 7.1 | 55.6% |
| Mini-refineries | 5.4 | 1.9 | - |
| LINIK | 8.0 | | |
| ROG Refineries* | 11.5 | 10.5 | 74.9% |
| Mozyr Refinery* | - | 2.7 | - |

* Rosneft share.

STRUCTURE OF PETROLEUM PRODUCT OUTPUT, MLN T

| Refinery | Naphtha | Gasolines | Jet | Diesel | Fuel oil | Other |
|-----------------------------------|---------|-----------|-----|--------|----------|-------|
| Tuapse | 1.6 | — | — | 2.8 | 4.1 | — |
| Achinsk | 0.4 | 0.7 | 0.2 | 1.6 | 1.7 | 0.3 |
| Angarsk Petrochemical Company | 0.2 | 1.4 | 0.6 | 3.3 | 2.5 | 0.8 |
| Komsomolsk | 1.1 | 0.4 | 0.3 | 2.7 | 2.9 | — |
| Ryazan | 0.5 | 3.0 | 1.2 | 4.3 | 5.5 | 1.3 |
| Saratov | — | 1.1 | — | 2.0 | 1.8 | 1.9 |
| SLAVNEFT-YANOS* | 0.3 | 1.1 | 0.5 | 2.2 | 2.7 | 0.4 |
| The Samara group: | 0.7 | 3.2 | 0.5 | 7.5 | 6.9 | 1.8 |
| Novokuibyshevsk | 0.4 | 1.0 | 0.3 | 2.8 | 2.1 | 0.9 |
| Kuibyshev | 0.2 | 1.0 | — | 2.4 | 2.5 | 0.2 |
| Syzran | 0.1 | 1.2 | 0.2 | 2.3 | 2.3 | 0.7 |
| Other (including mini-refineries) | 1.0 | — | 0.1 | 0.7 | — | 2.1 |
| ROG Refineries* | 0.5 | 2.1 | 0.6 | 4.6 | 0.4 | 2.5 |

* Rosneft share.

MAIN ACHIEVEMENTS IN REFINING IN 2014

In 2014, Rosneft continued implementing a large-scale refining upgrade program which implies transition to production of fuels compliant with the specifications of the Technical regulations of the Customs Union "On requirements for automobile and aviation gasoline, diesel and marine fuel, jet fuel and fuel oil". The delivery of the upgrade program will allow an increase in refining throughput and contribute to a significant improvement of the quality of the finished petroleum products.

Alongside with that, the Company is implementing a number of other initiatives aimed at improving oil conversion rate, enhancing environmental safety, and delivering a comprehensive refining performance and operating efficiency improvement program.

In 2014, the total throughput of the Russian refineries reached 86.6 mln t with the average oil conversion rate of 65.25%.

In 2014, the output of finished products manufactured at the Russian refineries totaled 83.9 mln tons, including Euro-4/5 fuels in the amounts that outpaced 2013 volumes by 3.0 mln tons.

Maintaining the highest standards of product quality is a key priority for Rosneft's refining business.

Construction projects completed in 2014:

- Isomerization Unit at Novokuibyshevsk and Kuibyshev refineries;
- CCR Unit at Novokuibyshevsk refinery;
- Fuel oil Vacuum Distillation Unit, PSA Unit, Isomerization Unit at Ryazan refinery.

Outcomes of new technology implementation:

- Development of the recipe and production of K-4-20 compressor oil for high pressure compressors;
- Development and introduction of additives to substitute offshore additives used in production of hydraulic oils;

- Increased volumes of production of a local additive – Complexal-Eco-D – for diesel fuel.

Novokuibyshevsk Refinery

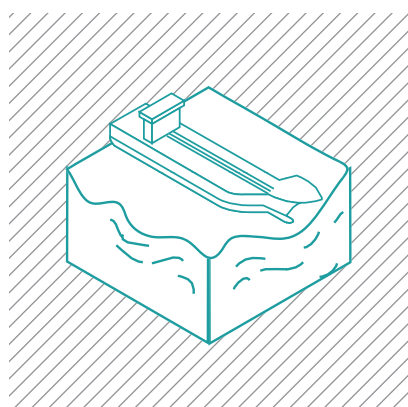
2014 throughput totaled 8.2 mln tons of feedstock. Oil conversion rate reached 73%.

In 2014, the investments were mainly channeled to sustain projects and major construction completion projects – CCR, Isomerization and Hydrocracker Units.

In November-December 2014, a 1.2 mtpa Continuous Catalyst Regeneration Reformer and a 280 ktpa Isomerization Unit were commissioned. It is expected that the quality of automobile gasolines will improve significantly. By the beginning of 2015 the units were fully operational and harmonized to improve the refinery's product slate.

Kuibyshev Refinery

2014 throughput totaled 6.7 mln tons of feedstock. Oil conversion rate reached 60.6%. The refinery launched production of Euro-5 diesel. In 2014, the output of Euro-4/5 fuels was 695 KT greater compared to 2013.



20.9*

**MLN TONS –
2014 OUTPUT OF EURO-4/5
FUELS, UP 18%**

* At Russian refineries.

In 2014, the investments were mainly channeled to completion of an Isomerization Unit construction and ongoing construction of an FCC Unit with a nameplate capacity of 1,150 ktpa. It is expected that construction and assembly activities at some facilities will be completed in 2015.

In September 2014, a 280 ktpa Isomerization Unit became operational.

Syzran Refinery

2014 throughput totaled 7.1 mln tons of feedstock. Oil conversion rate reached 66%. In 2014, the output of Euro-4/5 fuels was 1,488 KT greater compared to 2013.

At this time, a number of investment projects are underway aimed at qualitative improvements of the product slate, particularly motor fuels:

- Automobile gasolines – construction of a Catalytic Cracker with a capacity of 1,250 ktpa, Alkylation Unit with a capacity of 160 ktpa, MTBE production Unit with a capacity of 40 ktpa;
- Diesel fuels – construction of a Diesel Hydrotreater with a capacity of 2,500 ktpa.

Commissioning of the above process units will allow an increase in light yields and a transition to manufacturing motor fuels to Euro-5 specifications.

Ryazan Refinery

2014 throughput of the refinery amounted to 16.5 mln tons. Oil conversion rate reached 65.3%.

At the end of 2014, the refinery commissioned a fuel oil vacuum distillation unit, a PSA Unit, and a low temperature Isomerization Complex. A comprehensive program is being implemented at the refinery aimed at increasing its profitability through higher yields of premium quality petroleum products supplied mainly to the premium market in the Moscow region.

Saratov Refinery

2014 throughput totaled 7.1 mln tons of feedstock. Oil conversion rate reached 73.4%. All motor fuels



manufactures at the refinery meet the requirements of the Euro-5 Standard.

In 2014, the Visbreaker was put into operation after being debottlenecked up to 1 mtpa; upgraded ELOU-AVT-6 Unit allowed an increase in the throughput of crude distillation units up to 7 mln tons.

Tuapse Refinery

Tuapse refinery upgrade, being one of the largest strategic projects run by the Company, has the following objectives:

- Sustainable growth and higher profitability due to increased production of premium quality products with higher added value, and strengthening of Rosneft's position both on the domestic and outer markets of petroleum products;
- Increased refinery throughput from 5.2 to 12.0 mtpa;
- Satisfying growing demand in high quality motor fuels that meet the requirements of the Technical Regulations, in the south of Russia.

At the end of 2013 – early 2014, a unique in terms of its capacity crude distillation unit AVT-12 was put into operation. It was a major part of Phase I upgrade project at the Tuapse refinery. The capacity of the unit is more than twice as much as that of the three old units commissioned back in 1949, 1953 and 1972. Test run of ELOU-AVT-12 proved the design parameters of the unit effective for processing of crude oil with 1.1% sulphur content as feedstock.

In 2014, construction and assembly work continued on the second launch complex of the new refinery.

Tuapse refinery construction project is in progress, aiming at:

- Reaching 98.9% conversion rate;
- Increased light yields up to 10.6 mtpa.

In July–September 2014, a number of process facilities from Phase II scope were put into operation (expansion of the crude oil tank farm, natural gas pipelines, tie-in to

Dzhubga-Lazarevskoye-Sochi natural gas pipeline, and some others).

MINI-REFINERIES

The Company has a stake in a few topping plants in Russia, whose total throughput in 2014 amounted to 1.9 mln tons. The largest of them is Nizhnevartovsk refinery, which accounted for processing of 1.5 mln tons of crude in 2014.

REFINERIES OUTSIDE RUSSIA

Ruhr Oel GmbH

Rosneft has a 50% stake in Ruhr Oel GmbH (ROG) JV in Germany. Ruhr Oel GmbH owns stakes in four refineries in Germany (Gelsenkirchen – 100%; Bayernoil – 25%; MiRO – 24%, and PCK Schwedt – 37.5%), and in five supply pipelines and sea terminals in the North Sea, Baltic Sea, Mediterranean Sea and Adriatic Sea.

Ruhr Oel GmbH (ROG) JV is a leader in the German market in terms of refining throughput, sales of motor fuels and petrochemical products. The conversion rate is above 95%.

- № 1 in Germany in terms of total refining capacity – above 21.0 mln tons in 2014 (including Rosneft's share of 10.6 mln tons);
- A leader in the ethylene and propylene markets in Germany and in Europe;
- One of the leading global companies producing solvents.

The primary goal of the Company consists in ensuring sustainable profitability of refining operations at ROG refineries. To this end, Rosneft in co-operation with its partner BP, which is in turn a major shareholder in Rosneft, implements a comprehensive program aimed at increasing the efficiency of the refining and petrochemicals business, reducing ROG refineries costs, and developing business in Germany.

In 2014, the total volume of crude oil supplied by Rosneft and Rosneft Trading S.A. to Germany for processing, including for other ROG refineries'

shareholders, amounted to 21.3 mln tons, or nearly 25% of crude oil imported to Germany.

Mozyr Refinery

The Company processes its crude oil at Mozyr Refinery in Belarus under a processing agreement. The Company has a 21% stake in Mozyr refinery through Slavneft. In 2014, the volume of Rosneft's crude feedstock processed at Mozyr refinery amounted to 2.7 mln tons, at conversion rate of 73.6%.

Saras S.p.A.

The Company is a minority shareholder in Saras S.p.A. (20.99%)¹. Saras S.p.A. is a major player in the petroleum products market in the Mediterranean region accounting for around 10% of the fuel market supply in Italy.

The major asset of Saras S.p.A. is Sarroch refinery in Sardinia. It is one of the largest refineries with the highest complexity index in the Mediterranean region with a throughput capacity of up to 15 mtpa. The refinery is integrated with a 575 MW IGCC power plant. In addition, Saras S.p.A. owns a number of retail assets in Italy and in the South of Spain, the Ulassai wind park and others.

MAIN ACHIEVEMENTS IN PETROCHEMICALS, GAS PROCESSING AND CATALYST MANUFACTURING IN 2014

Petrochemicals

The Company produces petrochemical products at the Angarsk Polymer Plant in Russia. The capacity of the Pyrolysis unit – the major process unit at the plant – is 300 ktpa of ethylene. In 2014, the Angarsk Polymer Plant processed 778 kt of feedstock and produced 528 kt of high margin petrochemical products (products with high added value).

Gas processing

Total processing capacity of Neftegorsk and Otradnensky gas

1. The Company does not consolidate Saras S.p.A. refining data because investments are reflected as equity pickup



Catalytic reforming unit at Komsomolsk refinery

processing plants in the Samara region amounts to 1.8 bcma.

In 2014, the Neftegorsk GPP and Otradnensky GPP processed 428.5 and 260.5 bcm of associated gas, respectively. At present the Company is implementing a comprehensive upgrade program at its gas processing facilities. The scope of the program includes revamp and replacement of worn-out equipment with contemporary packaged units which will allow an improvement in operating efficiency and increase the level of automation.

Zaykinskoye Gas Processing enterprise, a part of Orenburgneft, comprises Pokrovskaya gas treatment unit and Zaykinskoye gas processing plant, with the total processing capacity of 2.6 bcma.

In 2014, Zaykinskoye gas processing enterprise processed 2,533.8 bcm of associated gas (including 319.5 mcm at Pokrovskaya gas treatment unit, and 2,214.3 mcm at Zaykinskoye gas processing plant).

Catalyst manufacturing

Among the key achievements in catalyst production, it stands to mention

test runs and launch of a new pour point depressant additive – VES-410D – at Syzran refinery. The additive, designed to improve the low-temperature properties of diesel fuels, is manufactured at Angarsk catalyst and organic synthesis plant. As part of import substitution program, the reformers at Syzran and Ryazan refineries are now loaded with the local reforming catalysts manufactured at Angarsk catalyst and organic synthesis plant.

Catalysts regeneration section construction project is underway at Novokuibyshevsk Catalysts Plant. Detailed engineering and design were completed; the major process equipment was delivered to the construction site.



Creation of a powerful refining center in East Siberia and the Far East

Rosneft is creating a powerful refining center in the Russian Far East and East Siberia to serve the region's growing need for sufficient volume of high quality fuel at competitive prices.

Stable supply of high quality fuel to industrial customers and retail consumers will create additional conditions conducive to economic and social development of the Russian Far East. As a result of major upgrade of production facilities at the Komsomolsk and Achinsk Refineries and the Angarsk Petrochemical Co., as well as development of the Eastern Petrochemical Company (VNHK) construction project, the Company will become more competitive and increase exports of products with high added value to the Asia-Pacific markets.

Achinsk Refinery

In 2014, the Achinsk Refinery processed 5.1 mln tons of crude oil. The conversion rate reached 64.4%.

After a major accident that took place at the refinery on 15 June 2014 during a startup after the turnaround, post-accident recovery efforts were begun by Rosneft. In September 2014, crude distillation section became operational. In November 2014, all process units that were damaged in that accident were fully repaired and restarted. It is important to realize that despite emergency shutdown of the Achinsk refinery, petroleum product supplies to East Siberia and the Far East were never interrupted due to deliveries from other Company's refineries and purchase of the outstanding volumes from third parties.

Startup of the 2.05 mtpa Hydrocracker Complex with an integrated Hydrotreater will allow to reach a 96% conversion rate and start production of a 100% of gasoline and diesel fuels fully compliant with the Euro-5 requirements.

Angarsk Petrochemical Company

In 2014, Angarsk Petrochemical Company processed 10.0 mln tons of crude oil. The conversion rate reached 72.4%. With the beginning of production of Euro-4/5 gasoline, the output of eco-fuels increased by 361 kt year-on-year.

At this time the company continues implementing its comprehensive refinery upgrade program aimed at improving the quality of the manufactured petroleum products:

- Automobile gasolines – construction of Cat Cracker Gasoline Hydro-treater, Sulphuric Acid Alkylation Unit, MTBE Production Plant;
- Diesel fuels – construction of Diesel Hydrotreater and Utilities.

Construction and assembly works are in progress at all facilities mentioned above.

Komsomolsk Refinery

In 2014, the refinery processed 7.6 mln tons of crude feedstock. The conversion rate reached 60.9%. The output of Euro-4/5 motor fuels was 579 kt greater compared to 2013.

Construction of the Hydrocracker and Hydrotreater with a capacity of 3.65 mtpa will allow to increase the conversion rate up to 92.4% and produce motor fuels to Euro-4/5 specifications.

At this time, erection of steel structures and installation of equipment is underway at the Hydrocracker and Hydrotreater, Sulphur Production Unit, Hydrogen Production Unit and the Utilities.

Construction of ESPO pipeline offshoot to Komsomolsk Refinery with all infrastructure required was approved. Engineering and design and construction of the pipeline will be financed through long-term tariff arrangements.

Eastern Petrochemical Company (VNHK)

Delivery of VNHK construction project is crucial for social and economic development of the Far East as long as it addresses the following issues:

- Increasing throughput capacity and producing high value added products inland; industry diversification and development of related industries;
- Finding solutions to shortfall in petroleum products and high retail prices in the Far Eastern Federal District;
- Opening the region up for development and building a petrochemical cluster on the base of the Eastern Petrochemical Company (VNHK);
- Upgrading and developing regional transport, energy and social infrastructure;
- Boosting budget receipts through extra taxes; creating new jobs.

At this juncture the Company is moving ahead with engineering and design works for the VNHK project and considers its further implementation a strategic priority.

IMPROVING OIL AND GAS SALES EFFICIENCY



CRUDE SALES

Rosneft has been implementing a policy aimed at ensuring a required balance of crude monetization channels, including crude oil processing at its own refining facilities in Russia and Germany, export sales under long-term and tender-based spot contracts, and domestic sales.

The Company is monitoring the economic effectiveness of crude monetization channels on an ongoing basis, as a result, in 2014 the share of high margin channels increased to 40.2% of the total volume of crude (vs. 38.9% in 2013).

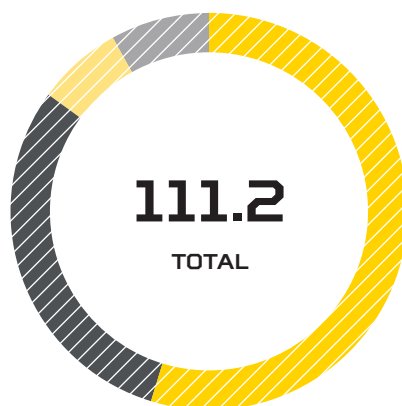
In the reporting year, the Company supplied 86.6 mln tons of crude oil to the company-owned refineries in Russia, an 11% growth over 2013 supplies (77.8 mln tons).

In addition to crude oil supplies to its own refineries in Russia, in 2014 the Company supplied 3.3 mln tons of

equity crude to Ruhr Oel GmbH refineries in Germany, 15% down year-on-year. Reduction in supplies of equity crude to ROG refineries was driven by

a decision to substitute equity crude with purchased crude while redirecting the equity crude to other export channels.

2014 CRUDE OIL SALES, MLN TONS



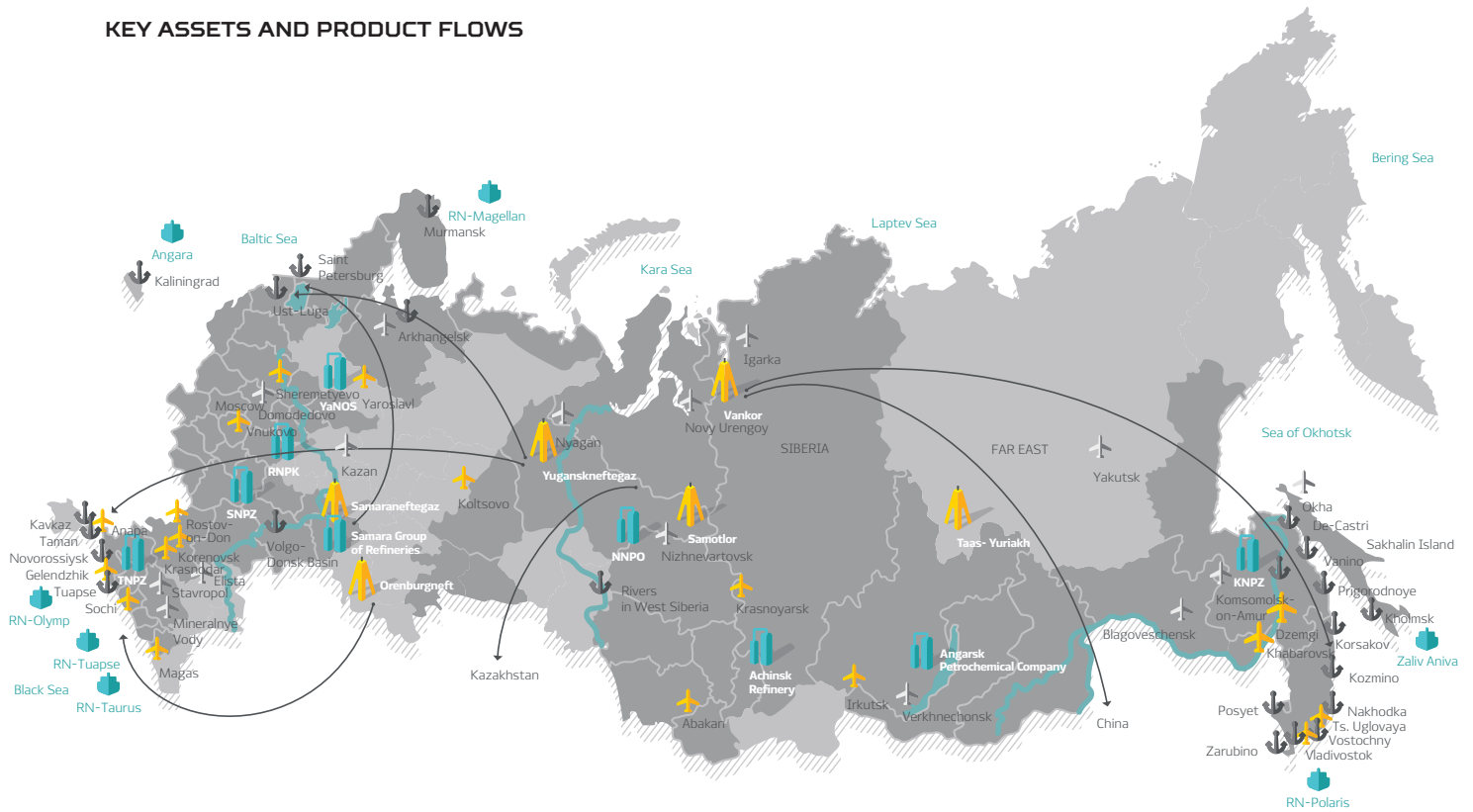
- 61.1 Europe and other destinations
- 33.5 Asia-Pacific region
- 7.8 CIS
- 8.8 Domestic market

In 2014, Rosneft continued supplying crude oil to Mozyr Refinery (the Republic of Belarus) under processing agreement. Total supplies amounted to 2.7 mln tons, a 60% growth vs. 2013. Petroleum products manufactured at Mozyr Refinery were exported, sold domestically through the Company's retail network, and supplied to the markets of Belarus and Ukraine.

Total supplies to third parties in 2014 amounted to 111.2 mln tons, including 8.8 mln tons of crude oil sold domestically. Crude oil exports totaled 102.4 mln tons. Supplies to Asia Pacific countries appear to be the most lucrative export channel – pipeline deliveries to China, sales in Kozmino and De-Castri ports. Supplies to Asia Pacific grew by 41% year-on-year.



KEY ASSETS AND PRODUCT FLOWS



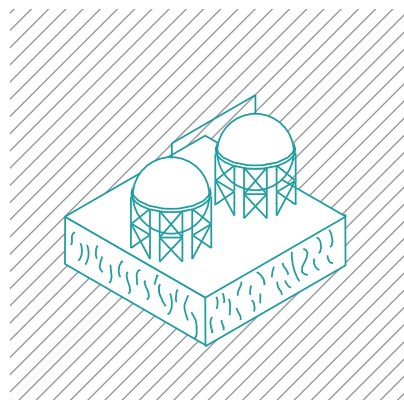
LEGEND

| | | | |
|----------------------|--------------------|----------------------------|--------------------|
| Retail coverage | Producing assets | Company owned retail sites | Tanker/fuel vessel |
| Marketable oil flows | Company's refinery | Partners' retail sites | Ports of presence |

The Company exported 61.1 mln tons of crude oil to North-West, Central and Eastern Europe, Mediterranean countries and other distant foreign countries. CIS exports amounted to 7.8 mln tons. Supplies to Asia Pacific countries amounted to 33.5 mln tons, including 22.6 mln tons of crude oil supplied to China via pipeline under long-term contracts, and the remaining volumes were exported via Kozmino and De-Castri ports.

The largest part of Rosneft's export volumes are shipped via Transneft facilities, including the trunk pipeline network and the ports. In the reporting year, most often preferred routes of crude oil supply were:

- pipeline transport – 97 mln tons, or 94.6% of total crude oil exports. Of this amount above 40 mln tons were exported via seaports (including 14.5 mln tons – in Primorsk; 7.8 mln tons – in Novorossiysk; 8.9 mln tons – in Ust-Luga; 9.2 mln tons – in Kozmino), and around 56 mln tons of crude oil were supplied to China (22.6 mln tons), Belarus (6.9



34.3

**MLN TONS –
2014 CRUDE OIL
SUPPLIES UNDER
LONG-TERM CONTRACTS,
41% GROWTH**

mln tons), Central and Eastern Europe (26.5 mln tons) via pipeline;

- railway and mixed transport – 5.5 mln tons, or 5.4% of total exports. These were largely supplies to Belarus via CPC oil pipeline (4.7 mln tons) and railroad (0.8 mln tons).

In 2014, 1.7 mln tons of equity crude oil was shipped via De-Castri export terminal, a 30% growth compared to 2013. Such increase resulted from incremental production by Sakhalin-1 project consortium, and the start of commercial production at Severnoye Chaivo. De-Castri export terminal with a capacity of 12 mtpa is owned by Sakhalin-1 project consortium, where Rosneft holds a 20% stake.

In 2014, export supplies via Kozmino exceeded 2013 supplies by 37%.

In 2014, the Company shipped 4.7 mln tons of crude oil and gas condensate via Caspian Pipeline Consortium (CPC) inter alia against Russia's quota managed by Transneft. The CPC pipeline

runs from the Tengiz oil field in West Kazakhstan to the Novorossiysk sea port. Rosneft has been participating in the CPC project since 1996 through Rosneft Shell Caspian Ventures Ltd. joint venture (7.5% stake in the project). The Company holds 51% in the joint venture, with Shell holding the remaining 49%.

CRUDE OIL SUPPLIES UNDER LONG-TERM CONTRACT

In 2014, the Company continued supplying Urals crude oil to Glencore, Vitol and Trafigura via Novorossiysk, Primorsk and Ust-Luga ports, on prepayment basis. These contracts provide a sustainable long-term channel for crude oil supply, with contract prices corresponding to those obtained by the Company in regular tenders.

In 2014, 11.7 mln tons of crude oil were supplied under those contracts, including:

- Glencore – 6.4 mln tons;
- Vitol – 3.2 mln tons;
- Trafigura – 2.1 mln tons.

In 2014, the Company continued supplying crude oil to the China National Petroleum Corporation (CNPC) under a long-term contract signed in 2009. The 2014 supply volumes were 15 mln tons, including those supplied under the contract between Rosneft and Transneft that provides resource backing for the contract between Transneft and CNPC (under this contract, Rosneft sells crude oil to Transneft for subsequent delivery to CNPC). In addition, the Company continued supplies under the long-term contract signed in June 2013. The volume of supply under that contract was 0.6 mln tons in 2014.

In 2014, supplies under a new contract with the China National Petroleum Corporation (CNPC) began. The terms of the contract stipulate delivery of Urals crude oil in transit through Kazakhstan to provide feedstock for the refineries in the West of China. The total of 7 mln tons of crude oil was supplied under that contract within a year.

EXTENDING COOPERATION IN CRUDE OIL AND PETROLEUM PRODUCT TRADING

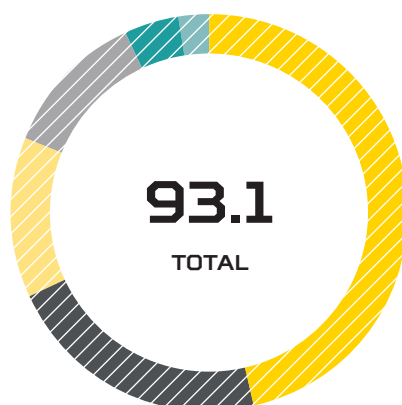
In Q2 2014, Rosneft and BP Oil International Limited signed a set of agreements designed to organize long-term deliveries of petroleum products on a pre-paid basis. The terms of the transaction provide for export deliveries of petroleum products with possible substitution with crude oil

within 5 years on a pre-paid basis. Fuel oil supplies under the contract began in August 2014.

In 2014, a Rosneft Group company and PDVSA (Venezuela) signed two long-term contracts for supply of crude oil and petroleum products by the Venezuelan company on a pre-payment basis. Together, the two transactions stipulate delivery of above 3.2 mln tons of crude oil and 17.1 mln tons of petroleum products over the next 5 years. Prepayment under both contracts is estimated at US\$ 4 bln. In addition to economic benefits, execution of these contracts would allow to address the issue of dividends payment by the Company's joint ventures in Venezuela.

Rosneft and ESSAR, an Indian company, during the official visit of the President of Russia to Delhi on 11 December 2014, signed the key terms and conditions of crude oil and petroleum products supplies to ESSAR refinery. It is anticipated that the contract for supply of 10 mtpa of crude oil and petroleum products over a 10-year period will be agreed by the parties in 2015.

PETROLEUM PRODUCTS SALES, MLN TONS



- **43.3** Europe and other destinations
- **20.3** Wholesale in Russia
- **12.0** Asia-Pacific
- **11.2** Retail sales in Russia
- **4.0** Bunkering
- **2.3** LNG



57.6

MLN TONS –
2014 CRUDE OIL EXPORTS,
UP 13%

PETROLEUM PRODUCT SALES

Petroleum product export sales

The Company has significantly increased its petroleum product export sales to 57.6 mln tons in 2014 (vs. 50.6 mln tons in 2013).

In 2014, the Company was successfully monetizing a higher market value of premium quality fuel oil manufactured at Ryazan refinery due to segregated supplies of this product to the Baltic Sea and Black Sea ports. 1.8 mln tons of fuel oil was supplied to the Baltic ports and 1.1 mln tons to the Black Sea ports with extra market premium.

During St. Petersburg International Economic Forum three 5-year contracts for the supply of petroleum products to the Mongolian market were signed with NIK, Shunkhlai and Magnai for the total cost of 2.4 bln US\$ and total supply volume of 2.3 mln tons. After the Forum, in May





2014, similar contracts were signed with Mongolian companies Just Oil, Oin Birj, Sod Mongol Group, M-Oil and UBZhd for the amount of 2.2 bln US\$ and the supply volume of 2 mln tons.

With these contracts the Company will be able to increase its market share in Mongolia up to nearly 80%. All contracts stipulate minimum monthly take amounts.

Domestic petroleum product sales

2014 petroleum product sales in the domestic market totaled 31.5 mln tons (vs. 31.8 mln tons in 2013).

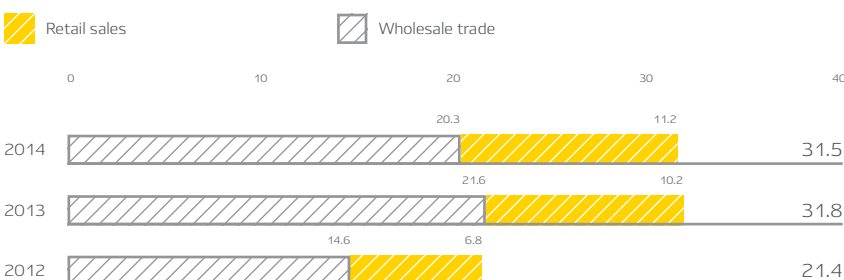
Rosneft is the major seller of exchange-based trading in motor fuels in the Russian Federation. In 2014, the Company accounted for 26% of gasoline, 30% of diesel fuel, and 39% of fuel oil traded through exchange. The Company outreaches the volumes of exchange-based trading approved by the joint decree of the Federal Antimonopoly Service (FAS) and the RF Ministry of Energy from 30 April 2014. In 2014 the stake of the Company in sales volumes was 15.6% for gasolines vs. 10% rate, 9.3% for diesels vs. 5% rate. Rosneft complies with Resolution No.1035 of the Government of the Russian Federation

from 11 October 2012 in terms of the criteria of regularity and steadiness in selling petroleum products through exchange.

Under the state contracts with the Ministry of Defense of the Russian Federation as the sole supplier in the Central and Eastern Commands the Company supplied above 526 KT of petroleum products from its refineries (including 228 KT of jet fuel) in 2014.

Also, in 2014, the Company increased domestic sales of fuel oil by 32% year-on-year. More than 200 KT of fuel oil was supplied to the domestic market under newly agreed direct contracts.

DOMESTIC SALES OF PETROLEUM PRODUCTS, MLN TONS.



Petroleum product sales in the CIS countries

From February 2014, Rosneft set up stable supplies of petroleum products to the Republic of Armenia in the amounts sufficient to meet the country's demand. Over 2014, the Company supplied above 200 KT of high quality gasoline and diesel fuels manufactured at the Company's Russian refineries.

In addition, Rosneft supplies gasoline and diesel fuels to the Kyrgyz Republic to its retail subsidiary Bishkek Oil Company for further sales through company-owned retail network and large wholesale. Starting from October 2014, the Company supplied around 60 KT of petroleum products.

Despite tough political and economic environment in Ukraine, the Company continued supplying petroleum products to the Ukrainian market. In 2014, the amount of petroleum products supplied to Ukraine exceeded 150 KT.

The Company continues working on expansion of the geography of its operations and diversification of supply routes. A joint venture was set up with Petrocas Energy to develop commercial activities in the South Caucasus and Central Asia – the regions featuring a significant growth potential. Petrocas Energy specializes in logistics, trading and retail sales of petroleum products.

GAS SALES

The Company supplies natural, dry and associated gas to consumers in the Russian Federation. Associated petroleum gas is supplied to the company-owned gas processing plants (GPP) and to the gas processing complex of SIBUR Holding. Natural and dry lean gas is supplied to consumers via Gazprom's unified gas distribution system under a gas transportation contract. Natural and dry lean gas is supplied both to end users and regional retail companies in above 30 regions.

In accordance with its long-term development strategy Rosneft intends to establish itself as a leader in the domestic gas market of the Russian Federation. In the absence of technical capability to export gas via gas pipeline the Company is building up its trading competencies and finding ways to optimize supplies to the domestic market for the sake of profit maximization.

Most lucrative for the Company are gas supplies to the customers in the Urals region and local supplies from the fields in the Southern Federal District in the South of Siberia Federal District.

In order to increase its share in the gas market the Company is currently

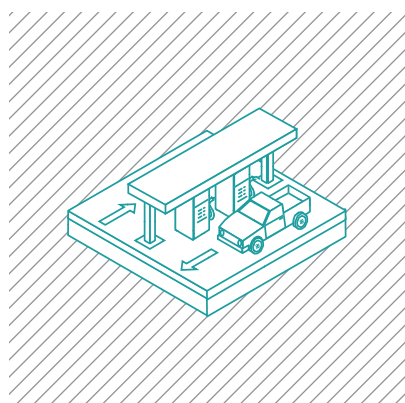
moving towards extension of its contracts portfolio and diversification of sales channels.

In 2014, Rosneft signed long-term gas supply contracts with RUSAL, EuroSibEnerg, GAZ Group, EuroChem and Fortum for the total amount of above 40 bcm of gas.

In 2014, the Company's domestic gas sales increased by 46% and amounted to 55.9 bcm of gas, including 32.75 bcm in West Siberia, 3.1 bcm in South Russia, 0.6 bcm in the Far East, 19.4 bcm in European Russia and other regions.

Increased gas supplies in 2014 were driven by extension of the Company's contracts portfolio as a result of consolidation of ITERA and TNK-BP, which provided Rosneft with access to the consumer market in the premium regions of the Russian Federation.

In October 2014, Russia launched its first auction of natural gas at the St. Petersburg International Mercantile Exchange (SPIMEX). Rosneft took part in gas trading at two delivery bases (balance points) – Nadym and Vyngapurovskaya compressor stations – for delivery in the next month. Based on the results of three trading sessions (October, November, December) the Company signed supply contracts with end users for the delivery of above 100 mmcm of gas.



2,571

**COMPANY-OWNED AND LEASED
RETAIL SITES IN AND OUTSIDE
RUSSIA**

RETAIL SALES

At the end of 2014, Rosneft's retail business geography comprised 59 Russian regions, from Murmansk in the north to the North Caucasus in the south, and from Smolensk in the west to Sakhalin in the east. The Company also owns retail networks in Abkhazia, Ukraine and Belarus; in 2014 Rosneft made acquisitions in Kirgizia.

As of December 31, 2014, the existing retail network included 2,571 company-owned and leased sites, including 194 retail sites in Ukraine, Belarus, Abkhazia and Kirgizia. Company-owned and leased retail sites had in total 1,840 shops, 636 cafés, and 197 car washes. At 90 retail sites, there were small repair and maintenance posts.

As of December 31, 2014, Company marketing subsidiaries owned 150 operational oil depots, 3.0 mmcm in total capacity. The Company is continuously working on optimization and improvement of the efficiency of its oil depot operations. As part of this effort, the Company shutdown 25 oil depots that failed to meet the relevant technical requirements; work is in progress to automate oil depot operations, reduce product losses, enhance quality control, and optimize logistics. An independent technical audit of oil depots was conducted in order to check their compliance with industrial and environmental safety requirements.

In 2014, the Company continued implementing its retail network optimization program, which focuses on shutting down inefficient sites, upgrading the existing sites, and new construction. As a result, in 2014 the Company built 6 retail sites and upgraded 15 existing sites, shut down and mothballed 35 inefficient sites.

As a general partner of the Sochi Olympics 2014, in 2014 the Company launched seven Olympic brand retail sites fully covering the needs of the guests and hosts of the Olympic Games. A-Cafés were opened at these retail sites under a franchising agreement with Autogrill (Italy) offering the superior level of service based on the highest standards of catering, food and beverage quality. Also, the first flagship



Company's logistics infrastructure

RN-Nakhodkanefteprodukt Oil Terminal

The terminal is mainly used to export petroleum products manufactured at the Komsomolsk Refinery, the Angarsk Petrochemical Company, and the Achinsk Refinery. The terminal is also used for petroleum products reloading for the Magadan, Kamchatsk and the island of Sakhalin regions. The transshipment capacity is about 7 mln tons of petroleum products a year.

An upgrade program is currently underway to ensure compliance of the production facilities with the new industrial, environmental and fire safety requirements. In 2014, the Company made investments to upgrade the existing tank farm, process pipelines and utilities. In 2014, the Company shipped 7.2 mln tons of petroleum products via the Nakhodka terminal (including export and domestic bunkering). This is a record high over the 47

years the terminal has been in operation.

RN-Arkhangelsknefteprodukt Oil Terminal

LLC RN-Arkhangelsknefteprodukt provides transshipment of both equity and third party petroleum products. In addition, the company provides bunkering fuel transshipment services.

In 2014, petroleum products transshipment volumes (including bunkering) via the terminal amounted to 2.5 mln tons.

Since 2014 an upgrade program has been implemented at the oil terminal facilities to improve industrial, environmental and fire safety.

RN-Tuapsenefteprodukt Oil Terminal

The nameplate capacity of the terminal, located near the Tuapse Refinery, is 17 mtpa. The terminal is used mainly to export oil products

manufactured at the Tuapse, Achinsk and Samara refineries. An upgrade program is currently underway to ensure compliance of the production facilities with the new industrial, environmental and fire safety requirements, and expand the capacity of both RN-Tuapsenefteprodukt and Tuapse Refinery to support the projected cargo turnover. In 2014, the Company made investments to revamp the truck loading facility, upgrade process equipment at the berths of the trading port and utilities, build waste treatment facilities.

In 2014, the Company shipped 11.4 mln tons of petroleum products via the Tuapse terminal (including export and domestic bunkering), and if transshipment of third-party products is factored in, the figure goes up to 14 mln tons. Of that amount 7.2 mln tons of petroleum products was shipped through the new deep-water jetty.

Pirelli tire center was opened at one of these Olympic brand retail sites.

In order to maintain BP brand strength, in 2014 the Company developed a Concept of renewal of its offer for multifunctional retail sites under BP brand, and upgraded the additive used in blending BP Ultimate gasolines.

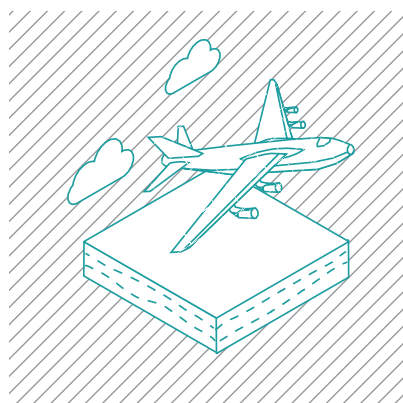
2014 retail sales totaled 11.2 mln tons of fuel, the average daily throughput per site being 11.8 t/d. The Company retail operations include gasoline, diesel fuel, consumer lubricants and liquefied gases.

PETROCHEMICALS SALES

In 2014, Rosneft sold 3.1 mln tons of petrochemical products, same as last year. This amount includes 2.1 mln tons of petrochemical products sold overseas (including 1.9 mln tons manufactured at Ruhr Oel GmbH refineries), and 1 mln tons sold domestically.

In Q4 2014, the Company held annual tenders selling 0.9 mln tons

of petrochemical products, which allowed to equalize the sales volumes and establish long-term agreements with the customers. Formula pricing is expected to be applied for the first time in respect of petrochemical product supply.



~30%

**A LEADING POSITION IN THE
RUSSIAN MARKET OF JET FUEL**

B2B

Jet fuel sales

Rosneft takes a leading position in the Russian market of jet fuel having a 30% market share. The Company sells jet fuel through 18 fueling complexes controlled by the Company and 18 fueling complexes-partners.

The Company has increased in-wing sales (high premium channel) through execution of supply contracts with the major airline companies and attracting them to new airports (Aeroflot, Transaero, North Wind/Icar, Turkish Airlines, and Lufthansa).

As a result, in 2014 jet fuel sales increased by 9.7% year-on-year. Jet fuel sales to airline companies reached 64% in 2014.

In 2014, the Company arranged for jet fuel supplies to 34 airfields of the Ministry of Defense of the Russian Federation under the resolution of the Government of the Russian Federation

(including in-wing fueling at 7 airfields).

Bunkering business

Rosneft's activities in the bunkering business embrace all major sea and river bunkering ports in Russia, and a few overseas destinations. Bunkering fuel sales in 2014 amounted to 4 mln tons.

In 2014, the Company continued extending its presence in Russia's key bunkering markets, having entered into long-term contracts with the largest foreign ship owners MAERSK, CMA CGM, and also through signing new contract with Sakhalin Energy, HYUNDAI, NYK, K-LINE, MOL EVERGREEN for provision of bunkering services in the Far East ports. In addition, the Company signed new contracts with the major owners of the river craft – Yenisei inland navigation company and Joint Stock Volga Shipping.

In 2014, the Company implemented the following initiatives aimed at extending the Company's presence in the bunkering market, including:

- in the Black Sea, a modern bunkering tanker (RN Tuapse) was set afloat;
- as part of product line expansion, commercial production of new marine fuels was launched - RME 180 at Angarsk Petrochemical Company and Komsomolsk refinery; RMG 380 at Syzran and Saratov refineries, marine distillate fuel DMF-I at Ryazan refinery and DMF-III at Syzran refinery (which contributes to increased revenues from the sales of bunkering fuel).

Bitumen product sales

In 2014, bitumen materials sales volume remained unchanged compared to 2013 and amounted to 2 mln tons. Domestic market sales made up 99% of total sales volume in the reporting period. In 2014, the share of end consumers in the bitumen products sales structure reached 25%.

Lubricant sales

The total volume of lube sales made up 736 KT in 2014, of which 455 KT (62% of the total output) of the product were sold domestically.

In the reporting period, premium lube sales amounted to 48 KT, up 14% year-on-year (42 KT).

In 2014, a number of initiatives were implemented to extend the Company's presence in the lubes market in Russia, including:

- broader cooperation with end consumers: execution of 29 direct contracts;
- signature of 17 strategic partnership agreements for petroleum products supply;
- signature of a Memorandum on developing strategic partnership with AvtoVAZ, stipulating supplies of lubricants for production, sales of Rosneft's lubricants via a network of branded shops and service stations, as well as sponsorship of LADA SPORT ROSNEFT team.



ENERGY EFFICIENCY IMPROVEMENTS AND ENERGY SAVING

ROSNEFT IS THE THIRD LARGEST FUEL AND ENERGY CONSUMER IN THE RUSSIAN FEDERATION, ACCOUNTING FOR OVER 3% OF THE NATIONAL ENERGY BALANCE

24.6 MLN TONS
OF REFERENCE
FUEL

COMPANY AGGREGATE FUEL
AND ENERGY CONSUMPTION
IN 2014

ENERGY EFFICIENCY IMPROVEMENTS AND ENERGY SAVING

FUEL AND ENERGY CONSUMPTION

Rosneft is the third largest fuel and energy consumer in the Russian Federation, accounting for over 3% of the national energy balance.

In aggregate, our Company's fuel and energy consumption amounted to 24.6 million tons of conventional fuel in 2014.

ENERGY SAVING PROGRAM IMPLEMENTATION

In 2014, our Company launched the "Rosneft Energy Saving Program 2014-2018", approved by the Board of Directors in December 2013 (Minutes No. 21 dated 20 December 2013). The Program includes activities aimed at improving the efficiency of electricity and heat, as well as furnace fuel utilization across the core areas of operations.

As the result of the Rosneft Energy Saving Program delivery in 2014, actual fuel and economy savings amounted to 526 thousand tons of conventional fuel or ca. RUB 3.7 billion in monetary terms. Also in 2014, as part of the Energy Saving Program update, the Rosneft Energy Saving Program 2015-2019 was developed and approved by the Board of Directors (Board Minutes No. 13 dated 12 December 2014), whereby total fuel and energy savings over 5 years will amount to 5,198 thousand tons

of conventional fuel or over RUB 35.3 million in monetary terms.

ENERGY EFFICIENCY ENHANCEMENT AND ENERGY SAVING POLICY IMPLEMENTATION

In 2013, Company management decided to implement the Energy Management System in the Company operations, in accordance with the requirements of GOST R ISO

50001:2012. This solution, once implemented, will allow us to draw on global best practices in the energy saving area and move our Company to a totally new level of energy efficiency enhancement and energy saving process management.

Methodological and organizational support of this project is charged to the newly created Energy Efficiency Commission, which includes leaders of corporate center functions responsible for technical and economic parameters of operations.

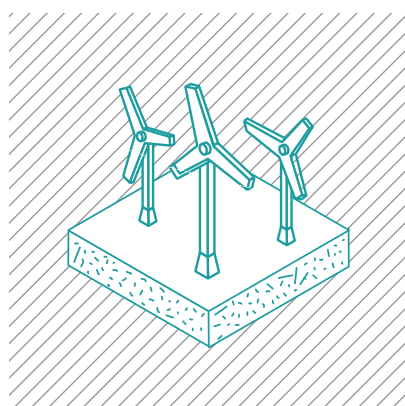
In 2013, the Energy Efficiency Commission approved the "Rosneft Energy Efficiency Improvement Roadmap 2014-2016" which, once implemented, will allow us to have our Company Energy Management System certified by 2017.

POWER BUSINESS DEVELOPMENT

As part of the critical power supply facility construction program, Rosneft launched the following facilities in 2014:

RN-Yuganskneftegaz

- 110 kV high-voltage line from Priobskoe GTPP to Parfenoskaya 110 kV substation, which allowed to reduce electricity flows via the Tyumenenergo grid.



35.3

**BILLION RUBLES
[5.2 MILLION TONS OF
CONVENTIONAL FUEL] –
TOTAL ANTICIPATED FUEL AND
ENERGY SAVING IN 2015-2019
FROM ROSNEFT ENERGY SAVING
PROGRAM.**



Assembly works

Orenburgneft

- Yuzhnaya-Rostashinskaya 110 kV HV line;
- Vakhitovskaya 110/35/6 kV 2x25 MVA substation.

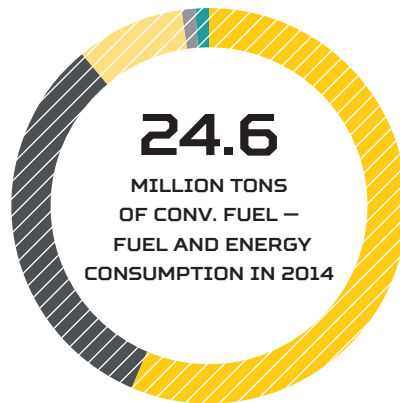
Vankorneft

- secured connection of OGF-1 110 kV 2x40 MVA substation to the Tyumen electricity grid, with OGF-1 capacity upgrade of 20 MW;
- CGF 110/35/10 kV 2x80 MVA substation (Phase Two);
- WKOF-North 110/35/10 kV 2x40 MVA substation (Phase Two);
- OGF-2 42 MW GEPP.

RN-Uvatneftegaz

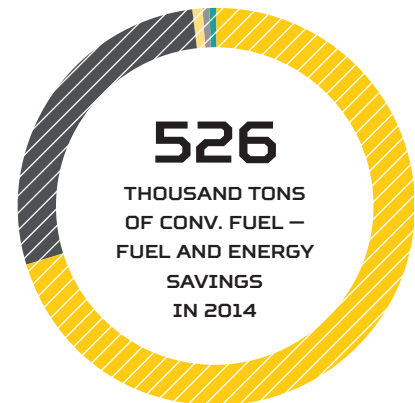
- Ust-Tegusskoe 61 MW GTPP (Phase Two).

ELECTRICITY DISTRIBUTION BY STREAM OF BUSINESS IN 2014



- **57%** Oil and gas production
- **33%** Oil refining
- **9%** Petrochemicals and gas processing
- **1%** Oil products distribution
- **1%** Oilfield services

EFFECTIVE FUEL AND ENERGY SAVING IN 2014



- **70.5%** Oil and gas production
- **27.8%** Oil refining
- **0.8%** Petrochemicals and gas processing
- **0.6%** Oil products distribution
- **0.3%** Oilfield services



EQUIPMENT AND TECHNOLOGY LOCALISATION

“...TODAY, LARGE-SCALE ENERGY AND TRANSPORT PROJECTS ARE BEING LAUNCHED IN RUSSIA AND OUR PLANS TO BRING ON STREAM NEW SHIPBUILDING CAPACITIES NEED TO BE SYNCHRONIZED WITH MAJOR RUSSIAN CUSTOMERS' INVESTMENT PROGRAMS.

THAT IS WHY ROSNEFT AND SOME OTHER RUSSIAN COMPANIES ARE ACTIVE IN DEVELOPING THE FAR EASTERN SHIPBUILDING CENTRE. THEY HAVE SERIOUS PLANS TO USE THE SHIPYARD'S CAPACITIES TO HAVE OFFSHORE OIL PLATFORMS AND SUPPLY VESSELS MANUFACTURED FOR THEM”.

RUSSIA'S PRESIDENT VLADIMIR PUTIN ADDRESSING A MEETING ON CREATION OF A SHIPBUILDING COMPLEX IN THE FAR EAST, VLADIVOSTOK, NOVEMBER 2014.

ТТ150/6

EQUIPMENT AND TECHNOLOGY LOCALISATION

THE COMPANY'S STRATEGIC GOAL WITH REGARD TO EQUIPMENT AND TECHNOLOGY LOCALISATION IS TO ENSURE IMPLEMENTATION OF ITS STRATEGIC PRIORITIES ON EFFICIENT DEVELOPMENT OF ITS RESOURCE BASE WITH A MAXIMUM RETURN FOR ALL SHAREHOLDERS AND MINIMUM IMPACT ON THE ENVIRONMENT.

INDUSTRIAL AND SHIPBUILDING CLUSTER IN THE FAR EAST

The Rosneft and Gazprombank Consortium is creating in the Far East of Russia an industrial and shipbuilding cluster based on the Far Eastern Shipbuilding and Ship Repair Centre, JSC (hereafter - FESRC, JSC) the core of which will be the new shipbuilding complex, Zvezda, in the town of Bolshoi Kamen.

The Decree of the Russian Federation President On the Development of Shipbuilding in the Far East issued July 21 2014 as part of a preparatory phase of the cluster development, charged the Government of the Russian Federation with the task of implementing actions listed in the Decree, including sale of FESRC shares and of 30 Ship Repair Yard (30 SRZ) shares to the Rosneft and Gazprombank Consortium, to be delivered within a 12-month period.

IMPLEMENTATION AND LOCALISATION OF ENERGY-EFFICIENT SOLUTIONS

Rosneft is intensely working on developing industrial clusters in the Russian

Federation, in particular, by involving foreign partners. In 2014, in order to support localisation development in this area, Rig Research Pte. Ltd, a joint venture with GE (General Electric), a world leader in implementing energy-efficient solutions for various industries, was set up.

THE SAPPHIRE APPLIED ENGINEERING AND TRAINING CENTRE, A SUBSIDIARY OF RIG RESEARCH PTE. LTD., A ROSNEFT AND GE JV, IS AN ENGINEERING SUPPORT CENTRE FOR IMPLEMENTATION AND LOCALISATION OF ADVANCED ENERGY-EFFICIENT EQUIPMENT MANUFACTURING.

Engineering support for implementation and localisation of GE energy-efficient equipment manufacturing in the Russian Federation will be provided by a wholly owned subsidiary of the joint venture, the Sapphire Applied Engineering and Training Centre based in St. Petersburg. Using one of the Company's strategic projects as an example, the specialists of the Centre implemented energy-efficient solutions at the FEED stage, which,

"Wherever necessary, foreign experience also needs to be taken on board, no doubt about it; technological alliances with the leading global manufacturers need to be entered into".

President of the Russian Federation Vladimir Putin

"According to the Company plans, the Zvezda new shipbuilding complex will be focused on building support vessels and marine equipment in the Company's interests associated with delivering its own offshore projects as well as helping meet the ever growing demand for shipbuilding products from other Russian oil and gas and shipping companies".

Chairman of the Rosneft Management Board, Chairman of the Board of Directors of the Far East Shipbuilding and Shiprepairing Center



according to preliminary estimates, assure reduction of the Company's total cost of equipment ownership and opex.

In addition to that, in 2014, over 80 employees, managers and technical specialists of the Company took advanced training courses in two main areas (technical training and leadership competences development) at the Centre as part of the Joint Rosneft and GE Program.

In 2015, the Sapphire Centre is planning to run technical training sessions in support of the Company's localisation projects in shipbuilding, energy efficiency, gas monetisation, artificial lift, wellwork and drilling.

CREATION OF OILFIELD SERVICES INDUSTRIAL CLUSTER FOR OFFSHORE PROJECTS IN RUSSIA'S ARCTIC ZONE

Rosneft has begun conceptual development of and organisational preparation for creation of an industrial cluster of oilfield services for offshore projects in the Arctic Zone of the Russian Federation. The industrial cluster is intended to become part of a single

complex with an onshore support base in the village of Rosliakovo, Murmansk Region, to supply the Company's arctic offshore projects.

According to the existing plans, the industrial cluster will incorporate the following facilities:

- multifunctional dry docks with bateauportes to manufacture concrete foundations for oil and gas production platforms and offshore LNG plants;
- modular topsides assembly site;
- subsea oil and gas production equipment manufacturing (assembly) plant;
- offshore tieback infrastructure.

In 2014, Rosneft held negotiations on acquiring required land plots and involving technology partners from among Russian and foreign companies.



INNOVATIONS, SCIENTIFIC AND TECHNOLOGICAL ACTIVITIES



THE BIGGEST SUMMER EXPEDITION IN THE
NORTHERN SEAS IN 20 YEARS;
REINSTATEMENT OF A METEOCEAN OBSERVATION
SYSTEM IN THE KARA SEA.

75 PATENTS

ISSUED TO ROSNEFT FOR IN-HOUSE
HIGH ADDED-VALUE TECHNOLOGIES

>170 RUB
BLN

SPENT ON INNOVATIONS IN 2014

INNOVATIONS AND SCIENTIFIC AND TECHNOLOGICAL ACTIVITIES

IN THE CONTEMPORARY WORLD, THE LEVEL OF TECHNOLOGICAL DEVELOPMENT IS ONE OF THE KEY FACTORS OF COMPETITIVENESS AND A PREREQUISITE FOR A COMPANY'S SUSTAINABLE DEVELOPMENT.

Rosneft's innovative activities are aimed at creation and implementation of state-of-the-art technologies to achieve the following goals:

- Upstream:
 - replace hydrocarbon reserves at the level of least 100% of the current production;
 - increase the hydrocarbon recovery factor from greenfields, develop systemic actions to enhance oil recovery from brownfields;
 - ensure efficient 95% utilisation of associated gas;
 - develop technologies to efficiently bring on stream unconventional and tight hydrocarbon reserves.
- Downstream (Refining):
 - improve the crude conversion factor;
 - implement advanced heavy cuts refining technologies and petrochemical technologies;
 - develop in-house catalysts (import substitution).

>170

RUB BLN IS THE COMPANY'S 2014 INNOVATIONS SPEND, A 15% YEAR-ON-YEAR GROWTH

The program consists of the following key blocks:

- targeted innovative projects;
- targeted modernization and operational efficiency improvement programs;
- actions towards innovative activities improvement.

All tasks planned for 2014 were completed.

33.2

RUB. BLN. IS THE 2014 R&D SPEND

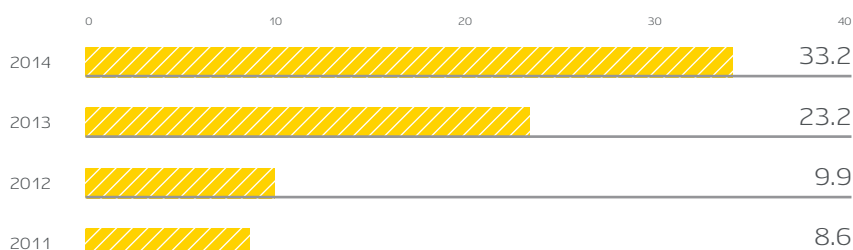
TARGETED INNOVATIVE PROJECTS

The reporting year saw a continuation of patent-seeking activity with special attention given to the implementation of R&D results and obtaining intellectual property rights. In 2014, the targeted innovative projects resulted in the Company making 65 applications for documents confirming intellectual property rights, including 4 abroad.

In 2014, the number of patents issued in one year went up 1.4 times

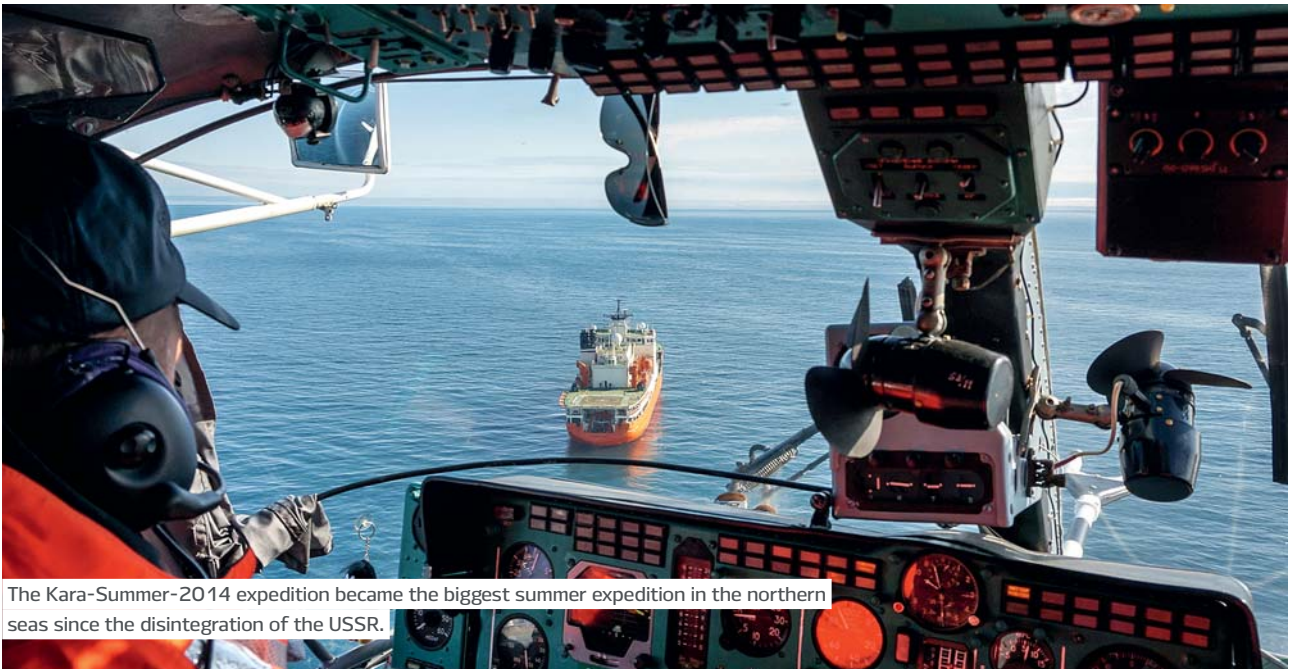
In order to achieve these goals, Rosneft is carrying out the Innovative Development Program (approved by Board of Directors meeting Minutes No.34 dated April 1, 2011) compliant with the applicable national, regional and corporate legislation and regulations.

R&D FUNDING, RUB BLN



x4

R&D FUNDING INCREASE SINCE 2011



The Kara-Summer-2014 expedition became the biggest summer expedition in the northern seas since the disintegration of the USSR.

and reached 75 patents. The Company gives special attention to the implementation of R&D results and obtaining intellectual property rights.

CREATION OF IN-HOUSE HIGH-ADDED VALUE TECHNOLOGIES

Upstream

- As part of arctic shelf development, the Arctic R&D Centre carried out two major expeditions - Kara-Winter-2014 and Kara-Summer-2014».

Unique technologies were used, such as a radar probe for contact-free ice thickness measurements. During the Kara-Summer-2014 expedition, a met-ocean observation system in the Kara

Sea was fully reinstated by installing an advanced automated station on Uyedineniye Island.

Special attention was given to biological investigations, including monitoring habitats of marine mammals and birds.

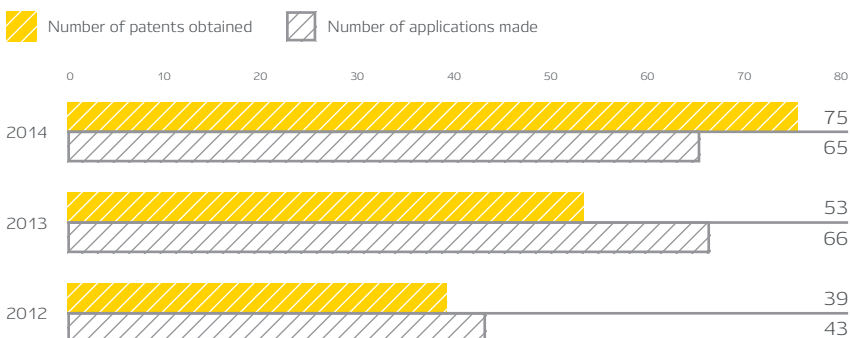
In addition to that, early geochemical investigations were performed offshore Laptev and Chukchee Seas in order to detect hydrocarbon prospects.

- As part of the project aimed at developing a technology for tight Turonian gas, a massive R&D and pilot program was carried out involving 6 in-house R&D institutes (NIPIs) and industry leading service companies.

A NEW TECHNOLOGY FOR TIGHT TURONIAN GAS WAS DEVELOPED, 3 PATENT APPLICATIONS WERE MADE, AND 10 TECHNOLOGY MANUALS WERE CREATED TO IMPROVE OPERATING EFFICIENCY AND PROMOTE FURTHER INVESTIGATION OF THE RESERVOIR

- It was for the first time in Russia that a well was drilled in the Turonian formation with multi-stage hydraulic fracturing. When tested, its flow rate was over 200 kcm/day (Kharampur field, RN-Purneftegaz). The developed technology served as the basis for design documentation and will enable

NUMBER OF PATENTS OBTAINED, APPLICATIONS FOR INVENTIONS AND UTILITY MODELS MADE, AND STATE REGISTRATION CERTIFICATES FOR SOFTWARE TOOLS ISSUED





In the production laboratory

Rosneft to efficiently produce over 770 bcm of gas.

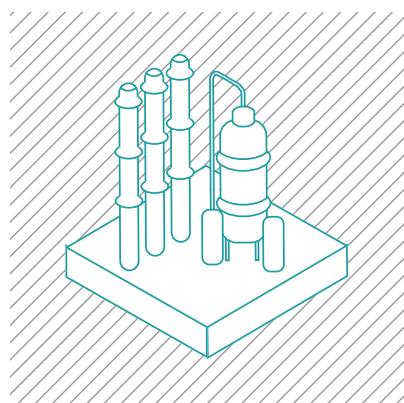
- Jointly with the National Intellectual Development Foundation and the M.V. Lomonosov Moscow State University (MSU), projects were initiated and are successfully being executed to develop a new associated petroleum gas (APG) treatment technology, new types of sensors for a system of remote monitoring of hazardous explosive facilities, and a system of environmental and quality control of Rosneft products:

– The new APG treatment technology is based on the MSU-developed gas separation method using capillary gas condensation in inorganic membrane vapours. In case the project is successful, Rosneft will have a proprietary APG dehydration technology enabling a significant capex and opex reduction vs. analogous technologies.

– Development of new types of sensors is aimed to improve the safety of Rosneft's hazardous operational facilities and ensure maximum quality of refined products and compliance with the set environmental standards. In case the project is successful, the quality and efficiency of the safety and environmental control systems at the Company's

operational facilities will be significantly improved.

- In 2014, a 3S-separation gas treatment unit with the throughput of 160 mmcm per annum was developed and built at the site of the Pravdinskaya Compressor Station, RN-Yuganskneftegaz. Its purpose is to ensure the required quality of the gas supplied for RN-Yuganskneftegaz own needs and



for Poikovskiy village consumption. The unit is planned to be commissioned and put in operation in 2015.

- The unit will ensure 11 kcm per annum of stable condensate converted from associated gas to be sold to third parties at market prices. The uniqueness of the unit is manifested by the associated petroleum gas treatment technology (3S-separation) based on the application of a low-temperature supersonic gas separator whose design has incorporated advanced aerodynamics achievements.

- Samaraneftegaz successfully pilot tested prototype equipment for dual completions for production using ESP and sucker-rod pumps and for injection. The equipment was recommended to be rolled out across the Company. The technologies have the potential for 20-30 wells across the Company with the incremental production of ca. 150 ktpa.

- The RN-KIN software developed as part of a targeted investment program was used to build over 150 flow models for 21 fields of RN-Yuganskneftegaz, RN-Purneftegaz and RN-Severnaya Neft, which were successfully applied to support design documentation, statements of requirements, and feasibility (TEO) of the oil

150

FLOW MODELS FOR 21 FIELDS WERE BUILT USING INNOVATIVE SOFTWARE TOOLS

recovery factor when submitted to the Central Development Commission and the State Reserves Committee.

- A targeted innovative project on creating algorithms, methodologies and software modules was completed resulting in developing the RN-KIN software tool to be used for designing field development. In order to implement the RN-KIN tool, license agreements were signed with 13 subsidiaries of the Company worth the total of RUB 97.15 mln excluding VAT. In order to support the young specialists training program, a non-exclusive license for the RN-KIN software was issued to the Samara State Technology University at reduced rates.

REFINING AND PETROCHEMICAL STREAM

The Company's Innovations Division includes the United Research and Development Centre (limited liability company), which is a new generation in-house R&D centre (RN-TsIR) designed to perform applied technology research and development for the Company's oil and gas sector. The Centre has state-of-the-art equipment and a flexible infrastructure providing for a fast increase of its commercial research and development capacity to be able meet new challenges set by Rosneft.

Since October 19, 2012, RN-TsIR has been one of key participants in the Skolkovo Research Centre focused on energy efficiency and energy saving.

In 2014, RN-TsIR successfully conducted research and design work delivering the following results:

GTL

- A high-efficiency Fischer-Tropsch synthesis catalyst for processing natural/associated gas and converting it to components of high-added value fuels and products directly at Rosneft fields using packaged units (GTL 1.5 compact package).

A pilot batch of the Fischer-Tropsch synthesis catalyst is available.

- A catalyst and a method for the methane aromatisation process (GTL 2.0) was developed. The important

advantage of the technology is utilisation of natural and associated petroleum gas converting it to valuable chemical products without significant additional costs for syngas production (the process has no analogues).

SYNTHETIC LUBES

- The laboratory technologies for hydroformylation of C4 aldehydes from propylene using Rhodium catalysts were replicated at the pilot level (ca.20 tpa). The project is aimed at producing a series of polymer plasticisers and base synthetic ether oils with a broad range of applications suited for heat-stressed items, aviation and marine equipment operation, including in the Arctic.
- A technology was developed for production of synthetic high-index low pour-point base oils as components of motor, vacuum, compressor, and transmission lubes for aviation, missiles and space equipment.
- A laboratory technology was developed for production of highly dearomatised white oils and a laboratory technology for production of low pour-point base oils. The project is aimed at creating in-house technologies for production of high-added value lubes: white oils for medical and technical purposes,

Alternative Energy Projects

As part of investigating alternative energy the Company, jointly with the N.M. Emmanuel Biochemical Physics Institute of the Russian Academy of Sciences and the M.V. Lomonosov Moscow State University (MSU), is conducting fundamental research to develop 3rd-generation thin-film metal oxide solar cells. Two patents were issued for the inventions of the Two-Sided Solar Photoconverter and the Tandem Solar Photoconverter. Test benches in Moscow and Sochi developed as part of cooperation with the Russian Academy of Sciences were used to conduct a set of metrological experiments on solar activity and seasonal and weather dependence of solar energy conversion efficiency.

The ultimate goal of the project is development of a technology to manufacture a new type of solar cells and panels which would be 2-3 times cheaper than their analogues and have comparable energy conversion efficiency.

108

**EFFICIENT TECHNOLOGIES
SUCCESSFULLY TESTED IN 2014**

»2

**MMT OF INCREMENTAL OIL
PRODUCTION RESULTING
FROM NEW TECHNOLOGIES
IMPLEMENTATION**

1.8

**BLN RUBLES WORTH OF
ECONOMIC EFFECT FROM
NEW TECHNOLOGIES
IMPLEMENTATION**



and lubes for arctic application to ensure operability of machines and equipment in the Arctic and Far North. Implementation of project results will relax dependence on the imports of strategic materials.

CRUDE REFINING CATALYSTS

One of the most relevant objectives for Rosneft's technological development is creation of technologies for making competitive catalysts and zeolites for crude refining processes specifically tailored to the Rosneft refineries.

Currently, formulations and methods have been developed for making:

- diesel fraction isodewaxing catalyst;
- catalysts for high-temperature hydrofinishing of hydrotreated low pour-point diesel fractions for production of diesel fuels for the cold and arctic climate;
- diesel fraction hydrotreatment catalyst;
- vacuum gasoil hydrofining catalyst substrates.

A catalyst was developed for cyclisation of normal alkanes into naphthene

and aromatic hydrocarbons as components of fuels and oils;

DEVELOPMENT OF IN-HOUSE CAPABILITIES IN REFINING CATALYSTS MANUFACTURING TO PHASE OUT CATALYSTS PURCHASED EXTERNALLY AND INCREASE THE OUTPUT OF FINISHED PRODUCTS FULLY COMPLIANT WITH THE CURRENT OPERATING AND ENVIRONMENTAL REQUIREMENTS.

A catalyst based on aluminophosphate zeolite was developed for production of low pour-point fuels and isoparaffin oils.

POLYMER MATERIALS

- Formulations of new-generation composite materials were developed based on polydicyclopentadiene (PDCPD) with various inorganic fillers. Depending on the type of the filler, the new composites demonstrate a broad range of operational properties. They are designed to be used in oil production equipment, for hydrocarbon storage

and transportation (balloons, pipes, large containers)

ADVANCED TECHNOLOGIES ADAPTATION AND IMPLEMENTATION IN 2014

The Company is active bringing on board efficient prospective technologies developed by Russian and foreign companies. In 2014, testing, adaptation and implementation of new technologies were organized as part of the System of New Technologies (SNT) projects and the Pilot Testing Program (PTS).

In 2014, 13 subsidiaries completed testing of 26 technologies as a part of SNT projects and 92 technologies as a part of PTS.

- 76 tests were conducted in 2014 as part of the SNT projects resulting in 22.6 kt of incremental oil production and RUB 65.6 mln in cost reductions.
- 138 projects in 7 areas were executed as part of the Pilot Testing Program; in 2014, tests for 92 pilot projects were completed culminating in 57.6 kt of incremental oil production and RUB 204.2 mln in cost reductions

CASH FLOW FROM SNT PROJECT PORTFOLIOS, BY YEAR





Novokuibyshevsk refinery



SOCIAL RESPONSIBILITY

ROSNEFT IS ONE OF THE BEST EMPLOYERS IN THE COUNTRY. COMPANY'S INVESTMENT IN CREATING OPTIMAL WORKING CONDITIONS AT PRODUCTION FACILITIES, IN HEALTH PROTECTION AND HEALTHY LIFE-STYLE PROMOTION IN 2014 AMOUNTED TO AROUND 17.8 BILLION RUBLES.

THE COMPANY MAINTAINS HIGH STANDARDS OF SOCIAL PROTECTION OF EMPLOYEES.

>3 TRILLION RUBLES
2014 TAX PAYMENTS

36.9 BILLION RUBLES
CAPITAL INVESTMENTS IN THE AREA OF ENVIRONMENTAL PROTECTION

248.9 THOUSAND PEOPLE
ROSNEFT PERSONNEL HEADCOUNT

29.8 BILLION RUBLES
OVERALL COST OF SOCIAL PROGRAMS IMPLEMENTATION

HEALTH & SAFETY

OBSERVANCE OF THE HIGHEST STANDARDS IN THE AREA OF INDUSTRIAL AND FIRE SAFETY, HEALTH AND ENVIRONMENTAL PROTECTION IS THE KEY PRIORITY FOR THE COMPANY.

In its operations, the Company is guided by the following principles:

- Absolute priority of life and health of people
- Preservation of favorable environment and biological diversity
- Priority of preventive actions over the actions aimed at containment and remediation of consequences of harmful events
- Openness and reliability of Company's reports in the area of health, safety and environment.

Key objectives of the Company's activity in the area of health, safety and environment are as follows:

- Zero fatality, zero production accident and fire rate
- Compliance with the best global industrial standards in the area of health, safety and environment

In 2014, in line with its key objectives, the Company introduced a Standard on Health and Safety Leadership, providing for requirements to the process of fostering leadership practices in the area of health and safety among managers of all levels.

Rosneft operates a health, safety and environment management system. The principles and approaches applied in the area ensure continuous improvement of the management system

through effective decision-making at all stages of activity – from planning and implementation of appropriate actions to monitoring and performance assessment.

Since May 2006, the health, safety and environment management system has been audited on an annual basis for compliance with the requirements of International Standard on Environmental Management Systems (ISO 14001:2004) and Standard on Occupational Health and Safety Assessment Systems (OHSAS 18001:2007).

In February-May 2014, Bureau Veritas Certification agency conducted another compliance audit, which confirmed effectiveness of the management

system and its compliance with the requirements of ISO 14001 and OHSAS 18001.

A long-term program for promoting the occupational safety culture and conscious health and safety leadership was developed and approved by the Company's President. Rosneft pays special attention to the matters of ensuring safety in its operations.

The Company regularly develops and implements actions aimed to prevent production-related accidents and decrease their rate.

In 2014, the Company developed and introduced Corporate Regulations on the procedure for organizing safe implementation of simultaneous works at the well pad sites operated by the Group entities, aimed to ensure a coherent approach to simultaneous works.

Analysis and monitoring of industrial safety evaluations of equipment, technical devices, buildings and facilities of Company's hazardous production sites have been organized.

In 2014, the following internal regulatory documents in the area of fire safety were developed, revised and introduced:

- Company's Instruction on organization of safe implementation of hot work at Company facilities

5.9

BILLION RUBLES – 2014 FUNDING OF COMPANY'S BASIC ACTIVITIES IN THE AREA OF HEALTH PROTECTION

12.4

BILLION RUBLES – 2014 FUNDING OF COMPANY'S ACTIVITIES IN THE AREA OF INDUSTRIAL SAFETY



Rosneft young specialists

- Company's Guidelines on development/ update of the plan for containment and elimination of emergency situations and fires, and procedure for conducting drills at fuel stations and retail outlets of the Company that are not hazardous production facilities
- Company's Regulations on the procedure for fire safety precautions training of Company employees
- Guidelines on equipping Company facilities with fire-fighting appliances, machinery and other resources for fire suppression

The Company introduced a systematic approach to control over implementation of ordinances issued by the State Fire Supervision Authority of the Russian EMERCOM, which allowed eliminating 98% of violations of fire safety specifications at zero cost.

Thanks to the measures taken, the number of fires at Company's facilities reduced by 19% in 2014 compared to 2013. The number of fires that resulted from violations

of process equipment operating procedures went 25% down versus 2013, and the rate of fires at motor transport halved.

Activities for preventing violations associated with departures from electrical equipment operating and installation procedures have been

developed based on an analysis of system-defined causes of incidents and cascaded to Company Subsidiaries, thus providing for a 40% decline in the number of fires for this type of causes in 2014.

2014 Schedule of Emergency and Fire Response Exercises at Subsidiaries' Facilities approved by the Company's Management Board Chairman envisages 418 scheduled drills.

The total of 420 drills was reported in 2014, including 97 complex exercises, 177 special tactical drills and 146 command post exercises. Altogether 20,526 employees of the Company, its contractors and emergency response teams were involved in the drills.

10.8

**BILLION RUBLES –
2014 EXPENSES ON ENSURING
FIRE SAFETY OF COMPANY
FACILITIES**

1.15

**BILLION RUBLES –
2014 EXPENSES ON BLOWOUT
AND RADIATION SAFETY
ACTIVITIES**



ENVIRONMENT PROTECTION - 2014 RESULTS

ROSNEFT USES AN INTEGRATED HSE MANAGEMENT SYSTEM.



DEVELOPMENT OF THE ENVIRONMENTAL SAFETY MANAGEMENT SYSTEM - 2014 RESULTS

In 2014, the Rosneft Board of Directors set a strategic goal of becoming a recognized environmental safety leader among global oil and gas companies by 2030, and defined the Company's environmental safety performance indicators until 2018.

In order to achieve the strategic goal, the following key objectives were set:

- improve HSE accountability and raise HSE awareness at all levels of Company management and all stages of decision-making;
- implement world best HSE practices;
- minimize adverse impact on the environment;
- develop demand for Russian R&D solutions for priority environmental objectives, search for and implement innovative technologies;
- ensure preservation of biodiversity and ecosystems, in particular, while executing offshore projects in the Arctic.

The Company's activities in the area of environment protection are based on the following principles:

- absolute priority of people's lives and health;
- preservation of favourable environment and biological diversity;

- precedence of hazard prevention over containment and response;
- openness and reliability of the Company's HSE reports.

The Integrated HSE Management System (hereinafter – HSE IMS) operated by the Company since 2006 is being continuously improved in order to assure effective HSE decision-making at all stages of its activities – from planning and implementation of required actions to monitoring their effectiveness and reviewing results and corrective actions.

The HSE Management System is audited on an annual basis for compliance with the International Environmental Management Standard (ISO 14001:2004) and Occupational

Development of Collaboration with Government Authorities and Ecological NGOs

Following up on the Declaration on Environment Protection and Biological Diversity Preservation While Exploring for and Developing Mineral Resources of Russia's Arctic Continental Shelf (signed by partner companies ExxonMobil, Eni, and Statoil), in 2014, the Company signed the following agreements:

- Agreement between the Russian Federation Ministry for Civil Defence, Emergency and Natural Disaster Response (EMERCOM of Russia) and the Rosneft Oil Company on Cooperation in Ensuring the Safety of Population and Territories While Performing Operations Related to Development of Hydrocarbon Resources in the Territorial Sea of the Russian Federation and on the Continental Shelf of the Russian Federation in the Arctic;
- Agreement between the Russian Federation Transportation Ministry (Mintrans of Russia) and the Rosneft Oil Company on Cooperation in the Search and Rescue of People in Distress, Oil and Product Spill Response in the Territorial Sea of the Russian Federation Arctic Zone, the Arctic Continental Shelf of the Russian Federation, and in

the Special Economic Zone of the Russian Federation in the Arctic;

- Agreements between the Polar Explorers Association, an Inter-Regional Public Organization, and the Rosneft Oil Company on Cooperation in Ensuring Environmental Safety in the Arctic.

Following up on the Protocol of Intent between Rosneft and the World Wildlife Fund (WWF) Russia on Organising Interaction for a Constructive Dialogue in Environment Protection, Including Protection of Polar Bears and Other Representatives of Arctic Wildlife (hereinafter – Protocol), the following events were held:

- joint working meetings and consultations on actions aimed at studying Red Book animals, preservation of Arctic biodiversity and ecosystems, protection and rescue of animals and birds while responding to emergency oil spills at Company sites;
- a number of joint meetings on sharing practical experience, e.g. interaction in assessment of environment impact of the Companies planned

activities, including on the Arctic shelf, and in searching for new environment protection technologies;

- an International Conference on Holarctic Sea Mammals (September 22-27, 2014) organised by WWF with Company support;
- working meetings on walrus conservation when operating in the Company's Arctic offshore license blocks as part of the Expert Consultative Group on Atlantic Walrus Species Preservation.

As part of interaction between Rosneft and the Russian Arctic National Park, the Company a project on creation of an alternative power supply system for the said Specially Protected Natural Area base located near Cape Zhelaniya of Severniy Island, Novaya Zemlya Archipelago, using primarily solar and wind energy. This project will help the Russian Arctic National Park to successfully achieve the objectives of preserving Russian Arctic natural sites of special historic and esthetic value, as well as helping environmental safety of the Arctic;

Health and Safety Standard (OHSAS 18001:2007).

In 2014, Bureau Veritas Certification conducted its regular supervisory audit of 9 subsidiaries and of the Headquarters for HSE IMS compliance with ISO 14001 and OHSAS 18001. Its findings confirmed the effectiveness and recognized the strengths of the Management System.

In order to improve HSE leadership and accountability at all management levels and decision-making stages, a three-tier industrial and environmental safety management system is being used (corporate management level, stream management level and subsidiary management level). In 2014, HSE structural subdivisions were set up in business streams (Upstream, Downstream (Refining and

Petrochemical), Commerce and Logistics, Gas Stream).

The three-tier HSE management system will make it possible to improve monitoring efficiency by identifying and implementing world best HSE practices and innovative technologies, and enhance control of implementation of environmental impact minimization actions.

Environmental Legislation Compliance.

In order to assure compliance with environmental legislation, the Company uses a multi-tier system of internal operational control which provides for timely prevention, identification, countering, planning against and elimination of environmental non-compliances.

Compliance with environmental legislation is an equally important priority while working offshore. Thus, exploration well Universitetskaya-1 in the Vostochno-Pronovozemeskiy-1 License Block of the Kara Sea, a joint project with ExxonMobil, was drilled in 2014 in absolute compliance with all technological and environmental requirements.

The well was drilled in open water, 250 kilometers off the continental part of the Russian Federation. The water depth in the drilling location is 81 meters; the vertical well depth is 2,113 meters. When preparing for drilling, a detailed survey of the environment was done, including the weather and metocean conditions, ice and ice movement, specific features of the local fauna. The following work was done as part of the 2014





Field surveys and mammal observations

Operational Environmental Control and Monitoring Program:

- two field surveys of the drilling location using a research vessel and required instrument investigations on board the drilling platform, including sea water, benthic sediments and atmospheric air sampling and testing;
- observation of sea mammals when performing seismic and geologic site surveys of the Vostochno-Pronovozemskiy-1, Vostochno-Pronovozemskiy-2, and Vostochno-Pronovozemskiy-3 License Blocks.

All the works were performed based on a positive expert opinion of the State Expert Review Authority in strict compliance with the respective regulations and permits observing environmental requirements to the subsoil resource license holder (Read more in Offshore Project Development section on page 66).

Environmental Programs Delivery Status

Subsidiaries of the Group operating in the KhMAO-Yugra Administrative

122.6

BLN RUBLES FOR FUNDING ACTIONS OF THE ENVIRONMENTAL SAFETY AND RECLAMATION PROGRAMS IN THE KHANTY-MANSI AUTONOMOUS DISTRICT

>1,7

BLN RUBLES WAS THE TOTAL 2014 SPEND ON HISTORICAL LEGACY ELIMINATION

District have developed and agreed with the Territorial Environmental Supervision Authorities environmental safety and reclamation programs for 2015-2019, including:

- construction, reconstruction, and major repairs of pipelines and site facilities of the operational infrastructure;
- remediation of oil-contaminated land;
- production waste management;
- elimination of environmental legacy sites;
- and other organisational and technical actions aimed at ensuring environmental safety on the territories where the Company subsidiaries operate.

The total financing envisaged for these programs in 2015-2019 will amount to RUB 122.6 bln.

Apart from actions aimed at ensuring environmental safety in the course

2014 ENVIRONMENTAL LEGACY PROGRAM STATUS

| # | Subsidiary | 2014 | |
|---|----------------------------|----------|---------|
| | | hectares | RUB mln |
| OIL-CONTAMINATED LAND AREA REMEDIATION | | | |
| 1 | LLC RN-Yuganskneftegaz | 59.2 | 41.8 |
| 2 | LLC RN-Stavropolneftegaz | 3.5 | 1.3 |
| 3 | LLC RN-Krasnodarneftegaz | 2.7 | 6.4 |
| 4 | LLC RN-Purneftegaz | 4.7 | 1.9 |
| 5 | LLC RN-Sakhalinmorneftegaz | 5.4 | 7.6 |
| TOTAL | | 75.5 | 59.0 |
| # | Subsidiary | km | RUB mln |
| OIL SLURRY RECYCLING | | | |
| 1 | LLC RN-Yuganskneftegaz | 92 | 279 |
| 2 | LLC RN-Stavropolneftegaz | 10 | 36 |
| 3 | LLC RN-Krasnodarneftegaz | 12 | 54,6 |
| 4 | LLC RN-Sakhalinmorneftegaz | 26 | 170.5 |
| TOTAL | | 140 | 540.1 |
| DRILLING CUTTINGS RECYCLING | | | |
| 1 | LLC RN-Yuganskneftegaz | 538 | 1,091 |
| 2 | LLC RN-Purneftegaz | 14 | 52 |
| TOTAL | | 552 | 1,143 |

ENVIRONMENTAL SAFETY PERFORMANCE INDICATORS

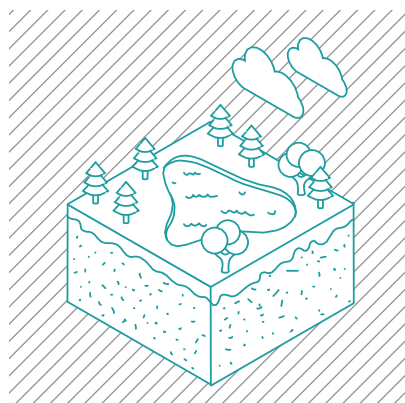
| Indicator | Measurement unit | 2013 | 2014 |
|------------------------------|------------------|--------|--------|
| Environment protection capex | RUB mln | 36,843 | 36,930 |
| Environment protection opex | RUB mln | 16,986 | 22,045 |

of current activities, since 2010 the Company has been implementing an Environmental Legacy Program.

The total 2014 spend on eliminating environmental legacy was RUB 1,742 mln.

In 2014, resulting from the implementation of the Environmental Legacy Program, the "legacy" oil slurry and drilling cutting pits was fully eliminated on the territory of LLC RN-Purneftegaz operations.

In 2014, the capital investment in environmental protection and prudent use of the environment was maintained at the previous year level and amounted to RUB 36,930 mln.



~37

BLN WAS THE 2014 CAPEX IN ENVIRONMENTAL PROTECTION AND PRUDENT USE OF THE ENVIRONMENT



Key Environment Protection Measures Implemented Todate

As part of implementing long-term Targeted Environmental Programs (hereinafter – TEP), in 2014, environment protection measures were taken aimed at a comprehensive negative environmental impact reduction. In particular, mention should be made of the following:

- LLC RN-Yuganskneftegaz worked on developing and agreeing design documentation and construction/reconstruction of oily waste disposal landfills in the Malo-Balykskoye (Phase II), Asomkinskoye, Yuzhno-Surgutskoye, and Mamontovskoye fields. A new landfill began to be designed in the Prirazlomnoye field. Sewage and treatment facilities at the Ugutskoye field Booster Pump Station were commissioned. The 2014 total financing for TEP facilities amounted to RUB 54.9 mln.
- LLC RN-Stavropolneftegaz completed construction and commissioned a produced water disposal system in the Belozerskoye field designed to stop discharge of produced and waste water generated in the process of operations at the Belozersko-Neftekumskiy Block. The total cost of the facility was RUB 403.3 mln.
- LLC RN-Sakhalinmorneftegaz completed construction and put into operation a treatment facility at the Katangli field with the purpose of preventing contamination of water with oily runoffs from the field. The total cost of the facility was RUB 616.5 mln.
- Grozneftegaz prepared design documents for the construction of a landfill for disposal and recycling of oily waste from the Khayan-Kort field. Financing of the project in 2014 amounted to RUB 12.0 mln.

In order to reduce negative environmental impact, based on the

quadrupartite agreement (Rosneft, the Federal Antimonopoly Service, the Federal Agency for Technical Regulation and Metrology, and the Federal Agency for Environmental, Technological and Nuclear Supervision), environmental safety facilities are being built at the Company's refining and petrochemical enterprises:

- a waste water treatment facility worth RUB 2.2 bln is being built for the Angarsk Petrochemical Company (expected to be commissioned in 2015–2016). It is designed to drastically improve the quality of waste water outflows. The building for a waste water mechanical treatment facility was put in operation upstream of the UV Decontamination Station;
- construction and assembly of the 2nd phase of a treatment facility, recycling water supply nodes No.2 and 3, a preliminary treatment facility for biologically treated waste water (Tuapse Municipal Utility Company), a drainage system with erosion protection, water culverts No.1, 2, 3 of the Site Water Supply and Sewage Networks continue at the LLC RN-Tuapse Refinery;
- an industrial waste water treatment facility for Recycling Water Block-3 is being designed at the LLC Novokuibyshevsk Lubes and Additive Plant. Construction is planned to be completed in 2016 (preliminary cost is estimated at RUB 1.1 bln).

The Company's oil product supply assets are consistently modernizing, reconstructing and constructing environmental safety facilities. The work is being done on an annual basis. Thus, in 2014, the following key environmental safety actions were implemented:

LLC RN-Tuapsenefteprodukt completed the 2nd phase of the gas-handling

and gas-equalising systems modernisation making it possible to reduce contaminant air emissions during tanker-loading operations by 99%. Reconstruction of the right bank treatment facilities (start-up phase III) was completed aimed at improving the quality of disposed waste water, increasing the volume of reused waste water and excluding hydrocarbon emissions from the open surface of the sump (eliminated);

Rosneft-Smolensknefteprodukt carried out reconstruction of waste water treatment equipment at two retail sites, filling station-133 and filling complex-4 whereby significantly improving the quality of disposed waste water;

CJSC Irkutsknefteprodukt, as part of retail site reconstruction, equipped the tank farm with breathing valves and installed a fuel dispenser with an oil product vapour recirculation system, which made it possible to reduce contaminant air emissions;

CJSC Karelianefteprodukt carried out re-equipment of tank-truck loading sites and of local treatment facilities at the Petrozavodskaya and Kochkomovskaya oil depots whereby significantly improving the quality of disposed waste water (discharge of untreated waste water is not possible);

CJSC Penzanefteprodukt replaced liquid motor fuel tanks at a number of retail sites –petrol complexes No.22, 29, 56, which led to a significant reduction of contaminant air emissions;

LLC Penza-Terminal completed reconstruction of a product loading site at the Penza oil depot. Making the process of gasoline loading in tank trucks airtight led to reduction of contaminant air emissions, and making the system of runoff water collection and disposal airtight reduced oil product migration.



Remediation on Barsukovskoye field



COMPANY TEAM

ROSNEFT'S MAIN ASSET IS A TEAM OF HIGHLY SKILLED EMPLOYEES MOTIVATED TO DEMONSTRATE SUPERIOR PERFORMANCE IN THE CHALLENGING ENVIRONMENT OF OUR TIME.



At the production site

As of December 2014 Rosneft's headcount reached 249 thousand employees. The main reasons for the headcount increase were acquisition of new assets and extension of the Company's business and operations.

The median age of Company's employees remained almost unchanged being 39.4 years (39.2 at year-end 2013).

Executive positions were held by 31,700 thousand employees (29,100 at year-end 2013). As of 31 December 2014, the number of employees in executive positions remained almost the same compared with a year earlier (12.8%) representing 12.7% of the total headcount.

PERFORMANCE IMPROVEMENT

One of the Company's key priorities is ensuing continuous efficiency and performance improvement across the board. In 2014, while pursuing this goal the Company launched development and approval of key performance indicators for all business streams, intending to continue the effort in 2015.

To improve business performance through development and implementation of numerous bottom-up initiatives in Refining and Petrochemicals subsidiaries a dedicated incentive program has been developed and implemented to encourage people in operations to creatively work for continuous improvement.

To increase motivation and instill a sense of responsibility in employees for their individual performance an integrated spot bonus award concept (on a monthly basis) has been developed and implemented to recognize employees for outstanding performance in Refining and Petrochemical subsidiaries.

In 2014, to enhance the Company's organizational capability a succession plan was developed for Level 1 executive positions in Rosneft including more than 400 candidates. In 2014 selection of potential successors was done by HR Committees that had been set up in all key businesses and support functions. HR Committees led by the Company's senior managers are collegial bodies designed

to assure deeper engagement of Leadership in creating, developing and promoting talent pools within the organization.

To improve governance efficiency and operational transparency a standard organizational structure has been developed, approved and implemented across petroleum product supply subsidiaries (regional sales); retail assets consolidation has taken place in the Moscow, Rostov and Saint-Petersburg regions. Operations in all of these regions are run by integrated management teams.

In 2014, the Company launched a project to create a single HR and payroll template solution on the base on an integrated information platform.

The solution is planned to be rolled out across the main group subsidiaries once the pilot project is over. Below are the key benefits from this large scale project:

- Reducing the risk of employee personal data leak due to data loss prevention controls embedded in the rolled-out solutions;
- Building a company-wide integrated HR and payroll system, enabling walk-through of compliance with the Labor Law and the Company's policies;
- Standardizing the Company's recurring business processes as related to HR management and payroll system;
- Optimizing routine HR processes (including reporting), reducing the level of service required to maintain HR and payroll processes.

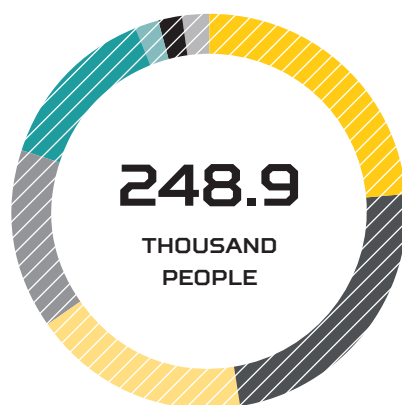
PERSONNEL TRAINING AND DEVELOPMENT SYSTEM

Rosneft's corporate personnel training and development system aims to achieve the following strategic objectives:

- Assure the level of employees' occupational competences to meet the Company's current and future business needs;

- Improve the Company's managerial competences by developing an internal succession pool;
- Provide the Company's strategic projects with qualified personnel;
- Comply with statutory requirements regarding the level of personnel training in operational quality and safety in the fuel and energy sector;
- Assure the required level of competence for all Rosneft employees involved in managing the industrial safety system.

ROSNEFT'S HEADCOUNT AS OF 31 DECEMBER 2014 (EMPLOYEES) BY BUSINESS STREAM



- **60,198** Exploration & Production
- **34,369** Refining
- **58,594** Commerce & Logistics
- **44,612** Core Upstream and Downstream Services
- **36,304** Other Services
- **5,678** Research
- **4,263** Head Office (Rosneft)
- **4,848** Other

261.2

TOTAL OF 261.2 THOUSAND MAN/COURSES DELIVERED IN 2014 COVERING ALL DISCIPLINES AND TYPES OF TRAINING

261.2 thousand man-courses delivered in 2014 covering all business disciplines and types of training.

In 2014, the Company delivered 261.2 thousand man-courses covering all business disciplines and types of training, including 22.3 thousand man-courses of corporate training.

Among corporate training programs delivered in 2014 a special part is played by programs dedicated to the Company's strategic projects.

Offshore production

Completed training of 12 drilling supervisors in "Offshore drilling" at Gubkin Russian State University, including traineeship in Stena Drilling in Aberdeen (Great Britain). All graduates were awarded international certificates of competence and permits for offshore operations. Program graduates rotate within the Company from onshore to offshore operations.

A retraining program in "Offshore oil and gas field development" has been launched for 36 specialists at Gubkin Russian State University.

In September 2014, two groundbreaking retraining programs – "Petroleum geology of the Russian shelves" and "Environmental protection in offshore field development" – were launched under the Agreement on strategic cooperation with Lomonosov Moscow State University. 36 Company's employees have already stepped into the program.

The Company provided occupational training programs "Basic Offshore Safety Induction and Emergency Training" with the award of international BOSIET certificates, "Well Control and Blowout Prevention", and some others (in total above 20 courses for 160 Company's employees).

Work has commenced on the creation of an Offshore Drilling Center equipped with a full-scope drilling simulator at the premises of Gubkin University. The Center has been designed for professional training of offshore drilling rig operators.





Familiarization tour

Tight oil production

The Company has set up training in 30 programs including international conferences and forums on enhanced oil recovery, horizontal and sidetrack drilling, production enhancement, exploration and appraisal, reservoir geology and development of hard-to-recover reserves, etc.

Refining technologies

26 corporate training programs were delivered for more than 350 executives and specialists in Refining and Petrochemicals.

7 on-the-job trainings (38 employees) took place at JV ROG refineries in Germany, and refineries in Finland and Spain.

Techniques and Technology Localization

As part of the Agreement on Strategic cooperation between Rosneft and General Electric (GE) a number of training programs are offered to Rosneft employees with the engagement of lecturers from GE's corporate university Crotonville. The program includes executive courses in building leadership, intrinsic motivation, and GE technology solutions for gas turbines,

reciprocating and centrifugal compressors, and process equipment for natural gas liquefaction.

Monitoring of universities and other providers of secondary vocational training designed to develop expertise in shipbuilding, ship repair and ship operations has been completed.

Traditionally, the Company has put much effort in developing its internal training capabilities aiming to accumulate and share knowledge within the organization and thus building internationally recognized training facilities of its own.

In 2014, the Company provided coordination and methodological support while helping to develop training facilities in the regions: engineering and design, construction, repair and maintenance (59 training sites); 13 group subsidiaries acquired 28 simulator complexes (7 in Upstream and 21 in Downstream), 130 employees were trained to become trainers in simulator training.

A program for the years 2014-2020 was developed and further approved by the Company management to provide training facilities in Refining and Petrochemicals subsidiaries with process simulators to enable the staff

operating in hazardous environment to develop their skills and competencies (as part of refineries upgrade program). The scope of the program provides for acquisition of 167 simulator complexes for 15 refineries.

A set of video tutorials was created to guide the viewers in Oil and Gas Production – 20 videos, and Refining and Petrochemicals – 35 videos.

215 internal trainers were trained, including 84 trainers for the School of Excellence program.

328 mentors were trained in Mentoring Excellence program. Mentor's Guide was written and distributed to mentors in the subsidiaries as a self-learning tool.

Rosneft Order on the System of Internal Corporate Training for the Company's employees was developed and approved to facilitate implementation and promotion of in-house training both in the Head Office and the subsidiaries, further systematization, storage and sharing of professional knowledge, and foster motivation of corporate instructors and trainers.

A continuous process of improving the system of competence-based evaluation of all categories of personnel is

underway in the Company. The system is instrumental in accomplishing the following business objectives:

- Planning the Company's personnel training and development;
- Selecting candidates for succession pool and expert communities;
- Creating a talent pool;
- Providing leadership with relevant information about the level of competence which is required for hiring and promotion decisions.

For the purpose of employees evaluation the Company resorts to sophisticated assessment tools generally accepted in major international companies, such as testing, personality questionnaire, competency-based interviews, assessment centers, business simulation games, 360° appraisal, etc. The results of such assessment are fed into Personal Development Plans and provide the basis for planning specific training and development needs for the Company's employees.

Thus, in 2014:

- assessment exercise was completed for 12,465 employees across the Company;
- selection of tools for assessment of the behaviors of employees in typical and extraordinary emergencies was completed. Implementation of the selected tools is planned for 2015.

In addition, the corporate and managerial competencies matrix is being updated in line with best practices generally accepted in foreign and Russian oil and gas companies.

As part of a target innovation project – Implementation of a Competence-Based Methodology of Personnel Evaluation and Development across All Segments of Company Business (the project is expected to run through 2016) – that is being executed in cooperation with Gubkin University, National Research Tomsk Polytechnic University, and Russia's leading consulting companies work is in progress to develop corporate competence-based personnel evaluation and development system. In 2014,

pilot assessment was completed for the personnel in Refining, Production and Offshore Projects. Also as part of pilot implementation of the system in 2014 assessment was completed for 900 Company's employees. Competency profiles development is in progress for Oil Product Supply, Logistics and Transport, Materials Supply, Capital Construction, Economics and Finance, and Procurement.

Rosneft participates in the government project to develop industry occupational standards:

- 9 industry-specific occupational standards have been developed in cooperation with the National Oil and Gas Institute for Upstream operations and handed over to the Ministry of Labor and Social Security for review and approval as appropriate. On 27 November 2014, the Minister of Labor and Social Protection signed an Order on approval of one of the nine standards – Drilling supervisor in oil and gas industry.
- The Company has reviewed 30 draft occupational standards posted on the official website of the Ministry of Labor for public consideration, including draft law Recommended practices for occupational standards application.

YOUTH POLICY

Rosneft's youth policy is geared towards achieving the following key objectives:

- Building an external talent pool by screening most talented graduates motivated to get highest quality professional training and a job in the Company;
- Ensuring influx of the required number of young talents among the best university graduates with the competence level adequate to the Company's business requirements;
- Facilitating young specialists' efficient performance by accelerating their induction and adjustment, developing professional and managerial skills and engaging them in innovative, research and engineering activities;

- Supporting government policy in vocational and professional education and training.

Rosneft's corporate continuing education program – School – University – Enterprise.

Building an external talent pool begins in high school. Rosneft classes for grades 10 and 11 are opened in the best schools in all strategically important regions where the Company has its presence.

In 2014, there were 87 Rosneft classes in 43 Russian cities in the Southern, North Caucasus, Volga, Northwestern, Urals, Siberian and Far Eastern Federal Districts. First Rosneft classes appeared in Buzuluk, Buguruslan, Nyagan, Nizhnevartovsk, Novy Urengoy. The training program covered 2,050 students.

High quality of education in Rosneft classes is achieved through comprehensive and advanced school programs and organization of additional profession-oriented education with the engagement of lecturers from partner universities, annual workshops for training and development of the teachers of Rosneft classes. In 2014, 35 physics teachers, 52 maths teachers and 41 school principals advanced their skills in Lomonosov Moscow State University.

In Rosneft classes a lot of emphasis is put on occupational guidance. In 2014, 9 Ladder to Success workshops were offered to students in the 10th grade (1030 students from 46 schools). I want to be an oilman book was written and issued to tell students about a variety of jobs and careers in oil and gas industry.

Work on building the external talent pool for the Company continues in universities.

Rosneft and its subsidiaries have long-term cooperation agreements with 34 higher education institutions, including 13 universities awarded with a status of a strategic partner. In 2014, 5 more cooperation agreements were signed with higher education institutions. Three cooperation agreements – with MGIMO-University, Gubkin Oil and Gas University, and Saint-Petersburg





Academic University – were signed during the 18th International Economic Forum in Saint-Petersburg. Furthermore, Rosneft partnered with Plekhanov Russian University of Economics and Admiral Nevelsky Maritime State University.

Rosneft and its subsidiaries support talented students by giving corporate scholarships to the best of them. In 2014, scholarships were awarded and paid to 508 students. Corporate scholarship fellows have a priority right to on-the-job practice and a subsequent employment in Rosneft subsidiaries.

As part of international cooperation program, in 2014, new formats were introduced to provide training at the partner-universities and on-the-job practice at the Company's premises to foreign specialists engaged in international projects in Cuba, Venezuela, Mongolia – 45 people.

Involvement with young specialists is one the Company's key priorities in its HR policy. The main areas of work with young specialists are:

- young specialist induction and adjustment;
- mentoring;

- engaging young specialist in innovative activity and addressing production challenges;
- identifying and developing young specialists with strong scientific and technological and leadership potential;
- training and development of young specialist.

In 2014, the number of young specialists employed by the Company in 88 subsidiaries totaled 3,324 persons. As part of the corporate training and development program for young specialists and their mentors 5,071 man/courses were delivered focusing on development of occupation-specific technical competencies and management competency. 1,862 young specialists took part in scientific and engineering conferences organized by Rosneft; 92 young specialists became the winners in the concluding interregional conference. 80 winning projects presented by the conference participants were recommended for implementation.

For the purposes of identifying and developing high potential young specialists and building a talent pool within the organization business games aiding in performance evaluation were held and two-module training

was offered to the most promising specialists. Based on the results of screening and subsequent training 69 young specialists from 42 subsidiaries were recommended to be moved to the talent pools of the subsidiaries.

To secure HR resources and develop highly qualified engineering skills in Upstream a comprehensive program of career planning and young specialists development for the years 2015-2025 was developed and approved in 2014.

SOCIAL PARTNERSHIP AND SOCIAL BENEFITS FOR EMPLOYEES

In 2014, the majority subsidiaries of Rosneft held negotiations with their trade unions and renewed collective labor agreements that were updated in line with the newest Model collective agreement.

Under the Model collective agreement the subsidiaries are free to prioritize their objectives in the area of social security and determine the best scope of social benefits and compensations that the subsidiary can provide based on its financial position.

Meanwhile the Company is continuously working on improvements

to the Model collective agreement. Partnership relations that Rosneft has built with the Interregional Trade Union Organization make this work highly constructive – proposals from both parties are reviewed in working sessions, then, the Model collective agreement is revisited to address most critical requirements of the employees.

Thus, in 2014, Rosneft took an active part in the work of the sectoral commission on development of an agreement for oil and gas sector and construction sector for oil and gas complex in Russia for 2014-2016. The Company's subsidiaries however haven't supported the industrial agreement because it contained a number of items that were not consistent with Rosneft's social policy. Hence, given the importance of the sectoral agreement the Company continues its effort in finding ways to link Rosneft's subsidiaries to it under specific terms.

SOCIAL PROGRAMS

The Company's social programs are designed in the first place to ensure safe and comfortable working conditions, support and promote a healthy lifestyle, address housing issues and improve the quality of life for employees and their families, provide material support for veteran and retired workers.

CORPORATE PENSIONS AND SUPPORT FOR VETERANS

From 2000, Rosneft put in place its corporate pension program to enhance social security of its employees when they retire. In addition to retirement pension from the state each employee can get two non-state pensions on retirement:

- corporate pension generated from the employer's funds;
- personal pension generated from the employee's funds through personal pension contracts.

The scope of the project aimed at providing social support to the Company's veterans has been extended by 3,300 veterans from the new assets acquired by the Company, to whom

the corporate pensions would be paid through NEFTEGARANT Non-State Pension Fund.

In 2014, the Company released above RUB 315 mln from the approved business plan to the subsidiaries to be distributed among the veterans as occasional cash aid, payment for health resort treatment, and other forms of welfare.

CORPORATE HOUSING ASSISTING PROGRAMS

One of the key areas of the social policy in Rosneft is provision of housing to the Company's employees in the subsidiaries.

A comprehensive housing assistance program offering mortgage loans, housing construction, and lodging has been implemented since 2005 across the Company. In 2014, 880 families improved their living arrangements resorting to the corporate mortgage program (versus 783 families in 2013).

In some regions where the residential stock is still low (Grozny, Achinsk, Komsomolsk-on-Amur) the Company erects apartment buildings for its employees in order to create and maintain favorable working conditions. In these regions the employees are provided with housing through corporate mortgage program or provision of company-owned apartments.

CONDITIONS OF WORK AND RECREATION

Rosneft has model standards aimed at improving both working and social and living condition for the Company's employees; standard requirements have been set for provision of meals for employees.

In 2014, 78 shift camps in the regions of the Company's operations accommodated nearly 20 thousand Company's and contractors' employees.

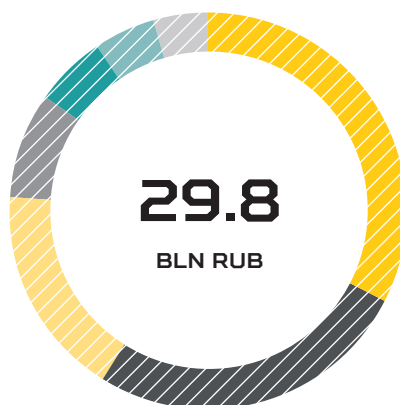
Total spend on development and improvement of the existing shift camps and support bases amounted to RUB 2.4 bln.

HEALTH CARE AND INSURANCE

Rosneft is particularly concerned with health care and personal insurance coverage for its employees, including:

- delivery of health care at the production sites and in the shift camps;
- voluntary medical insurance providing employees with a wide range of health services in addition to the scope guaranteed by compulsory health insurance;
- providing health resort and rehabilitation treatment for employees;

SOCIAL POLICY SPENDING IN 2014, BLN RUB



- **9.7** Creating optimal workplace environment
- **7.9** Health care, healthy lifestyle support and other social expenditure
- **5.1** Non-state pensions
- **2.6** Charity
- **1.7** Social infrastructure maintenance
- **1.5** Provision of housing
- **1.3** Social and economic development of regions

29.8

BLN RUB – TOTAL 2014 SPEND ON THE COMPANY'S SOCIAL PROGRAMS



- preventive healthcare (preventive immunization and medical examination);
- recreational sports, promotion of healthy lifestyles, etc.

In 2014, the Company focused on development of the system of occupational health services across the Company. Draft standards setting out modern requirements for provision of emergency medical services at production sites have been developed and are planned to be implemented in 2015. Health posts are being equipped with advanced medical equipment and facilities as planned.

Arrangements have been made to set up health posts and provide medical service to the employees operating on the Arctic shelf in the Kara Sea.

To ensure consistency in implementation of standards in the area of recreation and rehabilitation a new regulation stipulating the procedure for provision of health resort vouchers to the employees and their families has been put into effect.

In 2014, more than 50 thousand employees, retirees and family members enjoyed recreation and rehabilitation in the health resorts of Sochi, Anapa, Belokurikha, Crimea and other regions of Russia.

Heart disease prevention theme has become central during health days that were held with the engagement of the leading cardiologists and the use of state-of-the-art medical diagnostic equipment.

SOCIAL AND ECONOMIC DEVELOPMENT OF THE REGIONS AND CHARITY

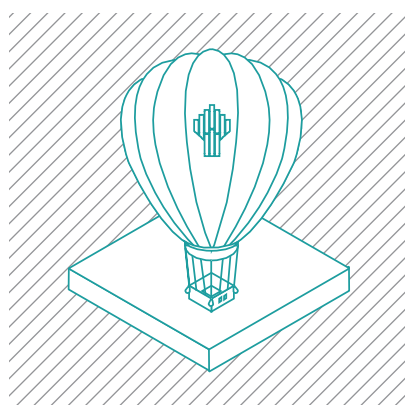
Rosneft as a largest company in Russia attaches a lot of importance to developing partnership relations with the regions where it has operations, and takes an active part in delivering social and economic programs in these regions.

The main areas of the Company's charitable activities are support for regional administrations in developing their social infrastructure, funding socially

meaningful programs to promote health care and recreational sports, revival of the cultural heritage, and strengthening of the cultural and ethical aspects within the communities.

The above activities are funded under the relevant agreements with the local authorities and from the budget of specific programs run by the Company's subsidiaries. In a number of regions the Company receives tax benefits as consistent with the federal and regional legislation.

In total, in 2014, based on Cooperation Agreements and by way of charity in the regions of its presence, the Company funded construction, repairs, equipment and other types of support for 125 kindergartens and preschool daycare facilities. Rosneft delivered 454 projects in education and science,



49 health care projects, 190 projects in sports, and 160 cultural projects. In addition, the Company funded or shared the cost of construction, restoration and retrieval of 57 sites as part of cultural and spiritual heritage revival effort.

Significant funds are allocated for projects aimed to support the indigenous peoples of the North. Thus, in 2014 the Company spent above 50 mln RUB as its contribution to the preservation of the cultural heritage, habits and traditions, living habits, improvement of living conditions, and the purchases of lubes and fuels.

Rosneft is deeply involved in construction and restoration of churches in many regions of the country. Rosneft has sponsored the erection of the Nativity of Christ Cathedral in Yuzhno-Sakhalinsk, provided financial support to the Church of Holy Wisdom (Moscow) and the Cathedral of the airborne forces in Sokolniki (Moscow), churches in Amur and Birobidzhan Eparchies of the Russian Orthodox Church, Memorial Chapel of the Church of the Savior on blood in Yekaterinburg.

2.64

BLN RUB – COMPANY SPEND ON CHARITY IN 2014. ROSNEFT'S CHARITY PROGRAMS WERE FINANCED BASED ON THE RESOLUTIONS MADE BY THE CORPORATE GOVERNANCE BODIES

1.74

BLN RUB – APPROPRIATED FOR SOCIAL PROGRAMS IN THE REGIONS OF PRESENCE UNDER COOPERATION AGREEMENTS IN PLACE

APPENDIX #1

Consolidated financial statements and independent auditor's report

Independent auditor's report

TO THE SHAREHOLDERS AND THE BOARD OF DIRECTORS OF ROSNEFT OIL COMPANY

We have audited the accompanying consolidated financial statements of Rosneft Oil Company and its subsidiaries, which comprise the consolidated balance sheet as at December 31, 2014, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for 2014, and a summary of significant accounting policies and other explanatory information.

Audited entity's responsibility for the consolidated financial statements

Management of Rosneft Oil Company is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the fairness of these consolidated financial statements based on our audit.

We conducted our audit in accordance with the federal standards on auditing effective in the Russian Federation and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The audit procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management of the audited entity, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Rosneft Oil Company and its subsidiaries as at December 31, 2014, and their financial performance and cash flows for 2014 in accordance with International Financial Reporting Standards.

Other matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The information accompanying the consolidated financial statements which has been disclosed as Supplementary oil and gas disclosure on page 199 is presented for purposes of additional analysis and is not within the scope of International Financial Reporting Standards. Such information has not been subjected to the auditing procedures applied in our audit of the financial statements and, accordingly, we express no opinion on it.

R.G. Romanenko

Partner
Ernst & Young LLC

March 4, 2015

Details of the audited entity

Name: Rosneft Oil Company
Record made in the State Register of Legal Entities on July 19, 2002, State Registration Number 1027700043502.
Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.

Details of the auditor

Name: Ernst & Young LLC
Record made in the State Register of Legal Entities on 5 December 2002, State Registration Number 1027739707203.
Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.
Ernst & Young LLC is a member of self-regulatory organization of auditors Non Profit partnership "Russian Audit Chamber" ("SRO NP APR"). Ernst & Young LLC is included in the control copy of the register of auditors and audit organizations, main registration number 10201017420.

Consolidated Balance Sheet

Rosneft Oil Company
In billions of Russian rubles

| | Notes | As of December 31 | |
|---|----------|-------------------|--------------------|
| | | 2014 | 2013 (restated) |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 20 | 216 | 275 |
| Restricted cash | 20 | 1 | 1 |
| Other short-term financial assets | 21 | 723 | 232 |
| Accounts receivable | 22 | 554 | 415 |
| Inventories | 23 | 233 | 202 |
| Prepayments and other current assets | 24 | 404 | 330 |
| Total current assets | | 2,131 | 1,455 |
| Non-current assets | | | |
| Property, plant and equipment | 25 | 5,666 | 5,275 |
| Intangible assets | 26 | 49 | 35 |
| Other long-term financial assets | 27 | 281 | 37 |
| Investments in associates and joint ventures | 28 | 347 | 327 |
| Bank loans granted | | 14 | 12 |
| Deferred tax assets | 17 | 24 | 14 |
| Goodwill | 26 | 215 | 210 |
| Other non-current non-financial assets | 29 | 9 | 12 |
| Total non-current assets | | 6,605 | 5,922 |
| Assets held for sale | 8 | - | 154 |
| Total assets | | 8,736 | 7,531 |
| LIABILITIES AND EQUITY | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | 30 | 494 | 488 |
| Loans and borrowings and other financial liabilities | 31 | 1,216 | 701 |
| Income tax liabilities | | 39 | 11 |
| Other tax liabilities | 32 | 162 | 161 |
| Provisions | 33 | 36 | 22 |
| Prepayment on oil supply agreements | 34 | 80 | - |
| Other current liabilities | | 4 | 4 |
| Total current liabilities | | 2,031 | 1,387 |
| Non-current liabilities | | | |
| Loans and borrowings and other financial liabilities | 31 | 2,190 | 1,684 |
| Deferred tax liabilities | 17 | 594 | 648 |
| Provisions | 33 | 107 | 116 |
| Prepayment on oil supply agreements | 34 | 887 | 470 |
| Other non-current liabilities | 35 | 46 | 28 |
| Total non-current liabilities | | 3,824 | 2,946 |
| Liabilities associated with assets held for sale | 8 | - | 29 |
| Equity | | | |
| Share capital | 37 | 1 | 1 |
| Additional paid-in capital | 37 | 493 | 477 |
| Other funds and reserves | | (500) | (14) |
| Retained earnings | | 2,878 | 2,666 |
| Rosneft shareholders' equity | | 2,872 | 3,130 |
| Non-controlling interests | 18 | 9 | 39 |
| Total equity | | 2,881 | 3,169 |
| Total liabilities and equity | | 8,736 | 7,531 |

President

_____ I.I. Sechin

March 4, 2015

Consolidated Statement of Profit or Loss

Rosneft Oil Company
In billions of Russian rubles, except earnings per share data,
and share amounts

| | Notes | For the years ended December 31 | |
|---|-----------|---------------------------------|--------------------|
| | | 2014 | 2013 (restated) |
| REVENUES AND EQUITY SHARE IN (LOSSES)/PROFITS OF ASSOCIATES AND JOINT VENTURES | | | |
| Oil, gas, petroleum products and petrochemicals sales | 9 | 5,440 | 4,624 |
| Support services and other revenues | | 75 | 58 |
| Equity share in (losses)/profits of associates and joint ventures | 28 | (12) | 12 |
| Total revenues and equity share in (losses)/profits of associates and joint ventures | | 5,503 | 4,694 |
| COSTS AND EXPENSES | | | |
| Production and operating expenses | | 469 | 389 |
| Cost of purchased oil, gas, petroleum products and refining costs | | 495 | 432 |
| General and administrative expenses | | 114 | 111 |
| Pipeline tariffs and transportation costs | | 471 | 392 |
| Exploration expenses | | 19 | 17 |
| Depreciation, depletion and amortization | 25, 26 | 464 | 392 |
| Taxes other than income tax | 10 | 1,195 | 1,024 |
| Export customs duty | 11 | 1,683 | 1,382 |
| Total costs and expenses | | 4,910 | 4,139 |
| OPERATING INCOME | | | |
| Finance income | 12 | 30 | 21 |
| Finance expenses | 13 | (219) | (56) |
| Other income | 14 | 64 | 246 |
| Other expenses | 14 | (54) | (59) |
| Foreign exchange differences | | 64 | (71) |
| Income before income tax | | 478 | 636 |
| Income tax expense | 17 | (128) | (81) |
| Net income | | 350 | 555 |
| Net income attributable to: | | | |
| – Rosneft shareholders | | 348 | 549 |
| – non-controlling interests | 18 | 2 | 6 |
| Net income attributable to Rosneft per common share (in RUB) – basic and diluted | 19 | 32.84 | 53.28 |
| Weighted average number of shares outstanding (millions) | | 10,598 | 10,304 |

Consolidated Statement of Other Comprehensive Income

Rosneft Oil Company
In billions of Russian rubles

| | Notes | For the years ended December 31 | |
|---|-------|---------------------------------|--------------------|
| | | 2014 | 2013 (restated) |
| NET INCOME | | 350 | 555 |
| Other comprehensive (loss)/income – to be reclassified to profit or loss in subsequent periods | | | |
| Foreign exchange differences on translation of foreign operations | | (87) | (11) |
| Foreign exchange cash flow hedges | 6 | (498) | – |
| (Loss)/ gain from changes in fair value of financial assets available-for-sale | | (1) | 3 |
| Income tax related to other comprehensive (loss)/income – to be reclassified to profit or loss in subsequent period | | 100 | – |
| Total other comprehensive loss – to be reclassified to profit or loss in subsequent periods, net of tax | | (486) | (8) |
| Total comprehensive (loss)/income, net of tax | | (136) | 547 |
| Total comprehensive (loss)/income, net of tax, attributable to: | | | |
| – Rosneft shareholders | | (138) | 541 |
| – non-controlling interests | | 2 | 6 |

Consolidated Statement of Changes in Shareholders' Equity

Rosneft Oil Company
In billions of Russian rubles,
except share amounts

| | Number of shares (millions) | Share capital | Additional paid-in capital | Treasury shares | Other funds and reserves | Retained earnings | Total shareholders' equity | Non-controlling interests | Total equity |
|---|-----------------------------|---------------|----------------------------|-----------------|--------------------------|-------------------|----------------------------|---------------------------|--------------|
| Balance at January 1, 2013 (restated) | 9,238 | 1 | 385 | (299) | (6) | 2,202 | 2,283 | 39 | 2,322 |
| Net income | – | – | – | – | – | 549 | 549 | 6 | 555 |
| Other comprehensive loss | – | – | – | – | (8) | – | (8) | – | (8) |
| Total comprehensive (loss)/income | – | – | – | – | (8) | 549 | 541 | 6 | 547 |
| Sale of treasury shares | 1,360 | – | 28 | 299 | – | – | 327 | – | 327 |
| (Notes 7, 37) | – | – | – | – | – | (85) | (85) | – | (85) |
| Acquisition of subsidiaries (Note 7) | – | – | – | – | – | – | – | 114 | 114 |
| Sale of 9.99% of OJSC RN Holding shares (Note 37) | – | – | (125) | – | – | – | (125) | 224 | 99 |
| Voluntary offer to acquire OJSC RN Holding shares (Note 37) | – | – | 189 | – | – | – | 189 | (342) | (153) |
| Other | – | – | – | – | – | – | – | (2) | (2) |
| Balance at December 31, 2013 (restated) | 10,598 | 1 | 477 | – | (14) | 2,666 | 3,130 | 39 | 3,169 |
| Net income | – | – | – | – | – | 348 | 348 | 2 | 350 |
| Other comprehensive loss | – | – | – | – | (486) | – | (486) | – | (486) |
| Total comprehensive (loss)/income | – | – | – | – | (486) | 348 | (138) | 2 | (136) |
| Acquisition of non-controlling interest in a subsidiary (Note 18) | – | – | 16 | – | – | – | 16 | (32) | (16) |
| Dividends declared on common stock (Note 37) | – | – | – | – | – | (136) | (136) | – | (136) |
| Balance at December 31, 2014 | 10,598 | 1 | 493 | – | (500) | 2,878 | 2,872 | 9 | 2,881 |

Consolidated Statement of Cash Flows

Rosneft Oil Company
In billions of Russian rubles

| | Notes | For the years ended December 31 | |
|--|--------|---------------------------------|--------------------|
| | | 2014 | 2013 (restated) |
| OPERATING ACTIVITIES | | | |
| Net income | | 350 | 555 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation, depletion and amortization | 25, 26 | 464 | 392 |
| Loss on disposal of non-current assets | 14 | 18 | 13 |
| Impairment of assets | 14 | 2 | 9 |
| Dry hole costs | | 4 | 5 |
| Foreign exchange loss | | 146 | 94 |
| Equity share in losses/(profits) of associates and joint ventures | 28 | 12 | (12) |
| Loss from disposal of subsidiaries and non-production assets | 14 | 6 | 5 |
| Movements in bad debt provision | | 2 | (1) |
| Gain on notes write-off | 31 | - | (32) |
| Non-cash income from acquisition of subsidiaries, net | 7 | - | (209) |
| Gain on disposal of investments in associates and joint ventures | 14 | (56) | - |
| Finance expenses | 13 | 219 | 56 |
| Finance income | 12 | (30) | (21) |
| Income tax expense | 17 | 128 | 81 |
| Changes in operating assets and liabilities: | | | |
| Increase in accounts receivable, gross | | (89) | (112) |
| Increase in inventories | | (27) | (7) |
| Decrease in restricted cash | | - | 8 |
| Increase in prepayments and other current assets | | (72) | (59) |
| Increase in accounts payable and accrued liabilities | | 145 | 36 |
| Increase in other tax liabilities | | 1 | 16 |
| Increase in current provisions | | 4 | 11 |
| Increase in other current liabilities | | 1 | 3 |
| Increase in other non-current liabilities | | 16 | 4 |
| Increase in long-term prepayment on oil supply agreements | | 497 | 470 |
| Interest paid on long-term prepayment on oil supply agreements | | (11) | (5) |
| Long-term loans granted by subsidiary banks | | (19) | (24) |
| Repayment of long-term loans granted by subsidiary banks | | 17 | 25 |
| Acquisition of trading securities | | (19) | (22) |
| Proceeds from sale of trading securities | | 19 | 21 |
| Net cash provided by operating activities before income tax and interest | | 1,728 | 1,300 |
| Income tax payments | | (115) | (91) |
| Interest received | | 12 | 7 |
| Dividends received | | 1 | - |
| Net cash provided by operating activities | | 1,626 | 1,216 |
| INVESTING ACTIVITIES | | | |
| Capital expenditures | | (533) | (560) |
| Acquisition of pipeline capacity rights | | (16) | - |
| Acquisition of rights to use trademarks "Sochi 2014" | | - | (1) |
| Acquisition of licenses | | (28) | (12) |
| Acquisition of short-term financial assets | | (547) | (237) |
| Proceeds from sale of short-term financial assets | | 341 | 77 |
| Acquisition of long-term financial assets | | - | (9) |
| Proceeds from sale of long-term financial assets | | - | 1 |
| Financing of joint venture | | (173) | - |
| Acquisition of interest in associates and joint ventures | 28 | (21) | (76) |
| Proceeds from sale of investments in associates and joint ventures | 28 | 21 | - |
| Acquisition of subsidiaries, net of cash acquired | 7 | (28) | (1,407) |
| Sale of property, plant and equipment | | 3 | 5 |
| Placements under reverse REPO agreements | | (9) | (7) |
| Receipts under reverse REPO agreements | | 11 | 6 |
| Net cash used in investing activities | | (979) | (2,220) |

Consolidated Statement of Cash Flows (continued)

Rosneft Oil Company
In billions of Russian rubles

| | Notes | For the years ended December 31 | |
|--|-----------|---------------------------------|--------------------|
| | | 2014 | 2013 (restated) |
| FINANCING ACTIVITIES | | | |
| Proceeds from short-term loans and borrowings | 31 | 274 | 96 |
| Repayment of short-term loans and borrowings | | (215) | (24) |
| Proceeds from long-term loans and borrowings | 31 | 362 | 1,103 |
| Repayment of long-term loans and borrowings | | (817) | (254) |
| Interest paid | | (96) | (63) |
| Proceeds from bonds issuance | 31 | 35 | 110 |
| Repayment of other financial liabilities | | (12) | (15) |
| Proceeds from sale of subsidiaries stock | 37 | - | 97 |
| Dividends paid to shareholders | | (136) | (85) |
| Acquisition of non-controlling interests in subsidiaries | | (169) | - |
| Net cash (used in)/provided by financing activities | | (774) | 965 |
| Net decrease in cash and cash equivalents | | (127) | (39) |
| Cash and cash equivalents at beginning of period | 20 | 275 | 299 |
| Effect of foreign exchange on cash and cash equivalents | | 68 | 15 |
| Cash and cash equivalents at end of period | 20 | 216 | 275 |

Notes to Consolidated Financial Statements

1. GENERAL

Open joint stock company ("OJSC") Rosneft Oil Company ("Rosneft") and its subsidiaries (collectively, the "Company") are principally engaged in the exploration, development, production and sale of crude oil and gas and the 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 (the "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 OJSC ROSNEFTEGAS. As of December 31, 2005, 100% of the shares of Rosneft less one share were owned by OJSC ROSNEFTEGAS and one share was owned by the Russian Federation Federal Agency for the Management of Federal Property. Subsequently, OJSC ROSNEFTEGAS's ownership interest decreased through additional issuance of shares during Rosneft's Initial Public Offering ("IPO") in Russia, an issuance of Global Depository Receipts ("GDR") for the shares on the London Stock Exchange and the share swap realized during the merger of Rosneft and certain subsidiaries during 2006. In March 2013 in the course of the acquisition of TNK-BP (Note 7), OJSC ROSNEFTEGAS sold 5.66% of Rosneft shares to BP plc. ("BP"). As of December 31, 2014 OJSC ROSNEFTEGAS' ownership interest in Rosneft was 69.50%.

Under Russian legislation, natural resources, including oil, gas, precious metals and minerals and other commercial minerals situated in 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, use and protection of subsurface resources in the territory of the Russian Federation. Pursuant to the law, subsurface resources may be developed only on the basis of a license. A license is issued by the regional governmental body and contains information on the site to be developed and the period of activity, as well as financial and other conditions. The Company holds licenses issued by competent authorities for the geological study, exploration and development of oil and gas blocks, fields, and shelf in areas where its subsidiaries are located.

The Company is subject to export quotas set by the Russian Federation State Pipeline Commission to allow equal access to the limited capacity of the oil pipeline system owned and operated by OJSC AK Transneft. The Company exports certain quantities of crude oil through bypassing the OJSC AK Transneft system thus achieving higher export capacity. The remaining production is processed at the Company's and third parties' refineries for further sale on domestic and international markets.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards, including all International Financial Reporting Standards ("IFRS") and Interpretations issued by the International Accounting Standards Board ("IASB") and effective in the reporting period, and are fully compliant therewith.

These consolidated financial statements have been prepared on a historical cost basis, except certain financial assets and liabilities measured at fair value (Note 38).

Rosneft and its subsidiaries maintain their books and records in accordance with statutory accounting and taxation principles and practices applicable in respective jurisdictions. These consolidated financial statements were derived from the Company's statutory books and records.

The Company's consolidated financial statements are presented in billions of Russian rubles ("RUB"), unless otherwise indicated.

The consolidated financial statements were approved and authorized for issue by the President of the Company on March 4, 2015.

Subsequent events have been evaluated through March 4, 2015, the date these consolidated financial statements were issued.

3. SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements differ from the financial statements issued for statutory purposes in that they reflect certain adjustments, not recorded in the Company's statutory books, which are appropriate for presenting the financial position, results of operations and cash flows in accordance with IFRS. The principal adjustments relate to: (1) recognition of certain expenses; (2) valuation and depreciation of property, plant and equipment; (3) deferred income taxes; (4) valuation allowances for unrecoverable assets; (5) accounting for the time value of money; (6) accounting for investments in oil and gas property and conveyances; (7) consolidation principles; (8) recognition and disclosure of guarantees, contingencies, commitments and certain assets and liabilities; (9) business combinations and goodwill; (10) accounting for derivative instruments; (11) purchase price allocation to the identifiable assets acquired and the liabilities assumed.

The consolidated financial statements include the accounts of majority-owned, controlled subsidiaries and special-purpose entities where the Company holds a beneficial interest. All significant intercompany transactions and balances have been eliminated. The equity method is used to account for investments in associates in which the Company has the ability to exert significant influence over the associates' operating and financial policies. The investments in entities where the Company holds the majority of shares, but does not exercise control, are also accounted for using the equity method. Investments in other companies are accounted for at fair value or cost adjusted for impairment, if any.

Business combinations, goodwill and other intangible assets

Acquisitions by the Company of controlling interests in third parties (or interest in their charter capital) are accounted for using the acquisition method.

Acquisition date is the date when effective control over the acquiree passes to the Company.

The cost of an acquisition is measured as an aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the Company elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or a liability, should be recognized within profit or loss for the period if they do not represent measurement-period adjustments. If the contingent consideration is classified as equity, it should not be re-measured.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the fair value of net identifiable assets acquired and liabilities assumed. If the aggregate of consideration transferred and the amount of non-controlling interest is lower than the fair value of the net assets of the subsidiary acquired and liabilities assumed, the difference is recognized in profit or loss for the period.

Associates

Investments in associates are accounted for using the equity method unless they are classified as non-current assets held for sale. Under this method, the carrying value of investments in associates is initially recognized at the acquisition cost.

The carrying value of investments in associates is increased or decreased by the Company's reported share in the profit or loss and other comprehensive income of the investee after the acquisition date. The Company's share in the profit or loss and other comprehensive income of an associate is recognized in the Company's consolidated statement of profit or loss or in the consolidated statement of other comprehensive income, respectively. Dividends paid by the associate are accounted for as a reduction of the carrying value of investments.

The Company's net investment in associates includes the carrying value of the investment in these associates as well as other long-term investments that are, in substance, investments in associates, such as loans. If the share in losses exceeds the carrying value of the investment in associates and the value of other long-term investments related to investments in these associates, the Company ceases to recognize its share in losses when the carrying value reaches zero. Any additional losses are provided for and liabilities are recognized only to the extent that the Company has legal or constructive obligations or has made payments on behalf of the associate.

If the associate subsequently makes profits, the Company resumes recognizing its share in these profits only after its share of the profits equals the share of losses not recognized.

The carrying value of investments in associates is tested for impairment by reconciling its recoverable amount (the higher of its value in use and fair value less costs to sell) to its carrying value, whenever impairment indicators are identified.

Joint arrangements

The Company participates in joint arrangements either in the form of joint ventures or joint operations.

A joint venture implies that the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint venture involves establishing a legal entity where the Company and other participants have respective equity interests. Equity interests in joint ventures are accounted for under the equity method.

The Company's share in net profit or loss and in other comprehensive income of joint ventures is recognized in the consolidated statement of profit or loss and in consolidated statement of other comprehensive income, respectively, from the date when joint control commences until the date when joint control ceases.

A joint operation implies that the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. In relation to its interest in a joint operation the Company recognizes its assets, including its share of any assets held jointly, its liabilities, including its share of any liabilities incurred jointly, its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation, and expenses, including its share of any expenses incurred jointly.

Cash and cash equivalents

ⒹCash represents cash on hand, in the Company's bank accounts, in transit and interest bearing deposits which can be effectively withdrawn at any time without prior notice or any 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. Restricted cash is presented separately in the consolidated balance sheet if its amount is significant.

Financial assets

The Company recognizes financial assets in its balance sheet when, and only when, it becomes a party to the contractual provisions of the financial instrument. When financial assets are recognized initially, they are measured at fair value, which is usually the price of the transaction, i.e. the fair value of consideration paid or received.

When financial assets are recognized initially, they are classified as one of the following, as appropriate: (1) financial assets at fair value through profit or loss, (2) loans issued and accounts receivable, (3) financial assets held to maturity, or (4) financial assets available for sale.

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated as financial assets at fair value through profit or loss at initial recognition. Financial assets held for trading are those which are acquired principally for the purpose of sale or repurchase in the near future or are part of a portfolio of identifiable financial instruments that have been commonly managed and for which there is evidence of a recent pattern of actual short term profit taking, or which are derivative instruments (unless the derivative instrument is defined as an effective hedging instrument). Financial assets at fair value through profit or loss are classified in the consolidated balance sheet as current assets and changes in the fair value are recognized in the consolidated statement of profit or loss as Finance income or Finance expenses.

All derivative instruments are recorded in the consolidated balance sheet at fair value in either current financial assets, non-current financial assets, current liabilities related to derivative instruments, non-current liabilities related to derivative instruments. The recognition and classification of a gain or loss that results from recognition of an adjustment 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 International Accounting Standard ("IAS") 39 Financial Instruments: Recognition and Measurement are recognized immediately in the profit or loss for the period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Subsequent to initial recognition, the fair value of financial assets at fair value that are quoted in an active market is defined as bid prices for assets and ask prices for issued liabilities as of the measurement date.

If no active market exists for financial assets, the Company measures the fair value using the following methods:

- analysis of recent transactions with peer instruments between independent parties;
- current fair value of similar financial instruments;
- discounting future cash flows.

The discount rate reflects the minimum return on investment an investor is willing to accept before starting an alternative project, given its risk and the opportunity cost of forgoing other projects.

Loans issued and accounts receivable include non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market, not classified as financial assets held for trading and have not been designated as at fair value through profit or loss or available for sale. If the Company cannot recover all of its initial investment in the financial asset due to reasons other than deterioration of its quality, the financial asset is not included in this category. After initial recognition, loans issued and accounts receivable are measured at amortized cost using the effective interest rate method ("EIR"), less impairment losses. The EIR amortization is included in Finance income in the consolidated statement of profit or loss. The losses arising from impairment are recognized in the consolidated statement of profit or loss in Finance expenses.

The Company does not classify financial assets as held to maturity if, during either the current financial year or the two preceding financial years, the Company has sold, transferred or exercised a put option on more than an insignificant (in relation to the total) amount of such investments before maturity unless: (1) the financial asset was close enough to maturity or the call date so that changes in the market rate of interest did not have a significant effect on the financial asset's fair value; (2) after substantially all of the financial asset's original principal had been collected through scheduled payments or prepayments; or (3) due to an isolated non-recurring event that is beyond the Company's control and could not have been reasonably anticipated by the Company.

Dividends and interest income are recognized in the consolidated statement of profit or loss on an accrual basis. The amount of accrued interest income is calculated using the effective interest rate.

All other financial assets not included in the other categories are designated as financial assets available for sale. Specifically, the shares of other companies not included in the first category are designated as available for sale. In addition, the Company may include any financial asset in this category at the initial recognition.

Financial liabilities

The Company recognizes financial liabilities on its balance sheet when, and only when, it becomes a party to the contractual provisions of the financial instrument. When financial liabilities are recognized initially, they are measured at fair value, which is usually the price of the transaction, i.e. the fair value of consideration paid or received.

When financial liabilities are recognized initially, they are classified as one of the following:

- financial liabilities at fair value through profit or loss;
- other financial liabilities.

Financial liabilities at fair value through profit or loss are financial liabilities held for trading unless such liabilities are linked to the delivery of unquoted equity instruments.

At the initial recognition, the Company may include in this category any financial liability, except for equity instruments that are not quoted in an active market and whose fair value cannot be reliably measured. After initial recognition, however, the liability cannot be reclassified.

Financial liabilities not classified as financial liabilities at fair value through profit or loss are designated as other financial liabilities. Other financial liabilities include, inter alia, trade and other accounts payable, and loans and borrowings payable.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognized in profit or loss in the consolidated statement of profit or loss. Other financial liabilities are carried at amortized cost.

The Company writes off a financial liability (or part of a financial liability) from its balance sheet when, and only when, it is extinguished – i.e. when the obligation specified in the contract is discharged, cancelled or expires. The difference between the carrying value of a financial liability (or a part of a financial liability) extinguished or transferred to another party and the redemption value, including any transferred non-monetary assets and assumed liabilities, is recognized in profit or loss. Any previously recognized components of other comprehensive income pertaining to this financial liability are also included in the financial result and are recognized as gains and losses for the period.

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 consolidated financial statements is equal to the amount of diluted earnings per share.

Inventories

Inventories consisting primarily of crude oil, petroleum products, petrochemicals and materials and supplies are accounted for at the weighted average cost unless net realizable value is less than cost. Materials that are used in the production are not written down below cost if the finished products into which they will be incorporated are expected to be sold above cost.

Repurchase and resale agreements

Securities sold under repurchase agreements ("REPO") and securities purchased under agreements to resell ("reverse REPO") generally do not constitute a sale for accounting purposes of the underlying securities for accounting purposes, and so are treated as collateralized financing transactions. Interest paid or received on all REPO and reverse REPO transactions is recorded in Finance expense or Finance income, respectively, at the contractually specified rate using the effective interest method.

Exploration and production assets

Exploration and Production assets include exploration and evaluation assets, mineral rights and oil and gas properties (development assets and production assets).

Exploration and evaluation costs

The Company recognizes exploration and evaluation costs using the successful efforts method as permitted by IFRS 6 Exploration for and Evaluation of Mineral Resources. Under this method, costs related to exploration and evaluation (license acquisition costs, exploration and appraisal drilling) are temporarily capitalized in cost centers by field (well) until the drilling program results in the discovery of economically feasible oil and gas reserves.

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 to Exploration expenses in the consolidated statement of profit or loss.

Exploration and evaluation costs, except for costs associated with seismic, topographical, geological, and geophysical surveys, are initially capitalized as exploration and evaluation assets. Exploration and evaluation assets are recognized at cost less impairment, if any, as property, plant and equipment until the existence (or absence) of commercial reserves has been established. The initial cost of exploration and evaluation assets acquired through a business combination is formed as a result of purchase price allocation. The cost allocation to mineral rights to proved properties and mineral rights to unproved properties is performed based on the respective oil and gas reserves information. Exploration and evaluation assets are subject to technical, commercial and management review as well as review for indicators of impairment at least once a year. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When indicators of impairment are present, impairment test is performed.

If subsequently commercial reserves are discovered, the carrying value, less losses from impairment of the respective exploration and evaluation assets, is classified as oil and gas properties (development assets). However, if no commercial reserves are discovered, such costs are expensed after exploration and evaluation activities have been completed.

Development and production

Oil and gas properties (development assets) are accounted for on a field-by-field basis and represent (1) capitalized costs to develop discovered commercial reserves and to put fields into production, and (2) exploration and evaluation costs incurred to discover commercial reserves reclassified from exploration and evaluation assets to oil and gas properties (development assets) following the discovery of commercial reserves.

Oil and gas properties (development assets) costs include the expenditures to acquire such assets, directly identifiable overhead expenses, capitalized financing costs and related asset retirement (decommissioning) obligation costs. Oil and gas properties (development assets) are generally recognized as construction in progress.

Following the commencement of commercial production, oil and gas properties (development assets) are reclassified as oil and gas properties (production assets).

Other property, plant and equipment

Property, plant and equipment are stated at historical cost as of the acquisition date, except for property, plant and equipment acquired prior to January 1, 2009, which is stated at deemed cost, net of accumulated depreciation and impairment. The cost of maintenance, repairs, and the replacement of minor items of property is charged to operating expenses. Renewals and betterments of assets are capitalized.

Upon the 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 profit or loss.

Depreciation, depletion and amortization

Oil and gas properties are depleted using the unit-of-production method on a field-by-field basis starting from the commencement of commercial production.

In applying the unit-of-production method to mineral licenses, the depletion rate is based on total proved reserves. In applying the unit-of-production method to other oil and gas properties, the depletion rate is based on proved developed reserves.

Other property, plant and equipment are depreciated using the straight-line method over their estimated useful lives from the time they are ready for use, except for catalysts which are amortized using the unit-of-production method.

Components of other property, plant and equipment and their respective estimated useful lives are as follows:

| Property, plant and equipment | Useful life, not more |
|--|-----------------------|
| Buildings and structures | 30-45 years |
| Plant and machinery | 5-25 years |
| Vehicles and other property, plant and equipment | 6-10 years |
| Service vessels | 20 years |
| Offshore drilling assets | 20 years |

Land generally has an indefinite useful life and is therefore not depreciated.

Land leasehold rights are amortized on a straight-line basis over their expected useful life, which averages 20 years.

Construction grants

The Company recognizes construction grants from local governments when there is a reasonable assurance that the Company will comply with the conditions attached and that the grant will be received. The construction grants are accounted for as a reduction of the cost of the asset for which the grant is received.

Impairment of non-current assets

The Company assesses at each balance sheet date whether there is any indication that an asset or cash-generating unit may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset or cash-generating unit.

In assessing whether there is any indication that an asset may be impaired, the Company considers internal and external sources of information. It considers at least the following:

External sources of information:

- during the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
- significant changes with an adverse effect on the Company have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Company operates or in the market to which an asset is dedicated;
- market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially;
- the carrying amount of the net assets of the Company is more than its market capitalization.

Internal sources of information:

- evidence is available of obsolescence or physical damage of an asset;
- significant changes with an adverse effect on the Company have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used (e.g., the asset becoming idle and reassessing the useful life of an asset as finite rather than indefinite);
- information on dividends from a subsidiary, joint venture or associate;
- evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected. Such evidence includes the existence of:
 - cash flows for acquiring the asset, or subsequent cash needs for operating or maintaining it, that are significantly higher than those originally budgeted;
 - actual net cash flows or operating profit or loss flowing from the asset that are significantly worse than those budgeted;
 - a significant decline in budgeted net cash flows or operating profit, or a significant increase in budgeted loss, flowing from the asset;
 - operating losses or net cash outflows for the asset, when current period amounts are aggregated with budgeted amounts for the future.

The following factors indicate that exploration and evaluation assets may be impaired:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area;
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

The recoverable amount of an asset or a cash-generating unit is the higher of:

- the value in use of an asset (cash-generating unit); and
- the fair value of an asset (cash-generating unit) less costs to sell.

If the asset does not generate cash inflows that are largely independent of those from other assets, its recoverable amount is determined for the asset's cash-generating unit.

The Company initially measures the value in use of a cash-generating unit. When the carrying amount of a cash-generating unit is greater than its value in use, the Company measures the unit's fair value for the purpose of measuring the recoverable amount. When the fair value is less than the carrying value impairment loss is recognized.

Value in use is determined by discounting the estimated value of the future cash inflows expected to be derived from the asset or cash-generating unit, including cash inflows from its sale. The value of the future cash inflows from a cash-generating unit is determined based on the forecast approved by management of the business unit to which the unit in question pertains.

Impairment of financial assets

At each balance sheet date the Company analyzes whether there is objective evidence of impairment for all categories of financial assets, except those recorded at fair value through profit or loss. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include (but not limited to) indications that the debtors or a group of debtors is experiencing financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Capitalized interest

Interest expense related to the use of borrowed funds used for capital construction projects and the acquisition of property, plant and equipment is capitalized provided that the 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.

Capitalized borrowing costs include exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Leasing agreements

Leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the asset, are classified as financial lease and are capitalized at the commencement of the lease at the fair value of the leased property or, if it is lower than the cost, at the present value of the minimum lease payments. Lease payments are apportioned between the finance expenses and reduction of the lease liability in order to achieve a constant rate of interest on the remaining balance of the liabilities. Finance expenses are charged directly to the consolidated statement of profit or loss.

Leased property, plant and equipment are accounted for using the same policies applied to the Company's own assets. In determining the useful life of a leased item of property, plant and equipment, consideration is given to the probability of the title being transferred to the lessee at the end of the lease term.

If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life. Where such certainty exists, the asset is depreciated over its useful life.

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 statement of profit or loss on a straight-line basis over the lease term.

Asset retirement (decommissioning) obligations

The Company has asset retirement (decommissioning) obligations associated with its core business activities. The nature of the assets and potential obligations are as follows:

The Company's exploration, development and production activities involve the use of wells, related equipment and operating sites, oil gathering and treatment facilities, tank farms and in-field pipelines. Generally, licenses 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 license requirements, as well as actual dismantling and other related costs. These liabilities are measured by the Company using the present value of the estimated future costs of decommissioning of these assets. The discount rate is reviewed at each reporting date and reflects current market assessments of the time value of money and the risks specific to the liability.

In accordance with IFRS Interpretations Committee ("IFRIC") Interpretation 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities, the provision is reviewed at each balance sheet date as follows:

- upon changes in the estimates of future cash flows (e.g., the costs of and timeframe for abandoning one well) or a discounting rate, changes in the amount of the liability are included in the cost of the item of property, plant, and equipment, whereby such cost may not be negative and may not exceed the recoverable value of the item of property, plant, and equipment;
- any changes in the liability due to its nearing maturity (change in the discount) are recognized in Finance expenses.

The Company's refining and distribution activities involve refining operations, marine and other distribution terminals, and retail sales. The Company's refining operations consist of major petrochemical operations and industrial complexes. Legal or contractual asset retirement (decommissioning) obligations related to petrochemical, oil refining 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 decommissioning period for such assets are not determinable.

Because of the reasons described above the fair value of an asset retirement (decommissioning) obligation of the refining and distribution segment 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.

Income tax

From 2012 Russian tax legislation allows income taxes to be calculated on a consolidated basis. The main subsidiaries of the Company were therefore combined into the Consolidated group of taxpayers (Note 41). For subsidiaries which are not included in the Consolidated group of taxpayers, income tax was calculated on an individual subsidiary basis. Deferred income tax assets and liabilities are recognized in the accompanying consolidated financial statements in the amount determined by the Company in accordance with IAS 12 Income Taxes.

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

A deferred tax liability is recognized for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which:
 - is not a business combination; and
 - affects neither accounting profit, nor taxable profit;
- the investments in subsidiaries when the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

A prior period tax loss used to reduce the current amount of income tax is recognized as a deferred tax asset.

A deferred tax asset is recognized only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

The Company recognizes deferred tax assets for all deductible temporary differences arising from investments in subsidiaries and associates, and interests in joint ventures, to the extent that the following two conditions are met:

- the temporary difference will reverse in the foreseeable future; and
- taxable profit will be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the taxation authority of the same jurisdiction and the Company intends to settle its current tax assets and liabilities on a net basis.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date.

The Company reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized.

Deferred tax assets and liabilities are classified as Non-current Deferred tax assets and Non-current Deferred tax liabilities, respectively.

Deferred tax assets and liabilities are not discounted.

Recognition of revenues

Revenues are recognized when risks and rewards pass to the customer which usually occurs when the title passes to the customer, provided that 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 usually 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 (Note 11). Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts, volume rebates and reimbursable taxes.

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 statement of profit or loss represent all expenses incurred by the Company to transport crude oil for refining and to end customers, and to deliver petroleum products from refineries to end customers (these may include pipeline tariffs and any additional railroad transportation costs, handling costs, port fees, sea freight and other 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

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 when environmental assessments or clean-ups are probable and the costs can be reasonably estimated.

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

Refundable excise is deducted from revenues. Non-refundable excise and customs duties are not deducted from revenues and are recognized as expenses in Taxes other than income tax in the consolidated statement of profit or loss.

Value-added tax ("VAT") receivable and payable is recognized, respectively, as Prepayments and other current assets and Other tax liabilities in the consolidated balance sheet.

Functional and presentation currency

The consolidated financial statements are presented in Russian rubles, which is the functional currency of Rosneft Oil Company and all of its subsidiaries operating in the Russian Federation. A functional currency of the foreign subsidiaries is generally the U.S. dollar.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of these transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities nominated in foreign currencies at year-end exchange rates are recognized in the profit or loss for the period.

Foreign exchange gains and losses resulting from the translation of monetary assets and liabilities designated as foreign currency cash flow hedging instruments are recognized within other comprehensive income and reclassified to profit or loss in the period when the hedged item affects profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The Company's subsidiaries

The results and financial position of all of the Company's subsidiaries, joint ventures and associates that have a functional currency which is different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at that reporting date;
- income and expenses for each statement of profit or loss and each statement of other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognized as a separate component of other comprehensive income.

Prepayment on oil supply contracts

In the course of business the Company enters into long-term oil supply contracts. The contract terms may require the buyer to make a prepayment.

The Company considers long-term oil supply contracts to be a regular way sales entered into and continued to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Company's expected purchase, sale or usage requirements. A regular way sale contracts are exempted from the scope of IAS 32 Financial Instruments: Presentation and IAS 39 Financial Instruments: Recognition and Measurement.

Conditions for meeting the definition of a regular way sale are not met if either of the following applies:

- the ability to settle net in cash or another financial instrument, or by exchanging financial instruments, is not explicit in the terms of the contract, but the Company has a practice of settling similar contracts net in cash or another financial instrument or by exchanging financial instruments (whether with the counterparty, by entering into offsetting contracts or by selling the contract before its exercise or lapse);
- for similar contracts, the Company has a practice of taking delivery of the underlying item and selling it within a short period after delivery for the purpose of generating a profit from short-term fluctuations in price or dealer's margin.

Prepayments for the delivery of goods or respective deferred revenue are accounted for as non-financial liabilities because the outflow of economic benefits associated with them is the delivery of goods and services rather than a contractual obligation to pay cash or another financial asset.

Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of new standards and interpretations effective as of January 1, 2014.

The application of the following standards and interpretations had no significant impact on the Company's financial position or results of operations:

- Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32 Financial Instrument: Presentation. Amendments clarify assets and liabilities offsetting rules and introduce new related disclosure requirements;
- Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36 Impairment of Assets. The amendments require additional disclosures about the measurement of impaired assets (or a group of assets) with a recoverable amount based on fair value less costs of disposal;
- Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39 Financial Instruments: Recognition and Measurement. Under the amendments there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria are met;
- Interpretation 21 Levies (IFRIC 21). The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs.

In 2014 the Company presented separate consolidated statements of profit or loss and other comprehensive income.

Certain prior year balances have been reclassified to conform to the current year presentation.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements requires management to make a number of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. The actual results, however, could differ from those estimates.

The most significant accounting estimates and assumptions used by the Company's management in preparing the consolidated financial statements include:

- estimation of oil and gas reserves;
- estimation of rights to, recoverability and useful lives of non-current assets;
- impairment of goodwill (Note 26 "Intangible assets and goodwill");
- allowances for doubtful accounts receivable and obsolete and slow-moving inventories (Note 22 "Accounts receivable" and Note 23 "Inventories");
- assessment of asset retirement (decommissioning) obligations (Note 3 "Significant accounting policies", Topic "Asset retirement (decommissioning) obligations" and Note 33 "Provisions");
- assessment of legal and tax contingencies, recognition and disclosure of contingent liabilities (Note 41 "Contingencies");
- assessment of deferred income tax assets and liabilities (Note 3 "Significant accounting policies", Topic "Income tax" and Note 17 "Income tax");
- assessment of environmental remediation obligations (Note 33 "Provisions" and Note 41 "Contingencies");
- fair value measurements (Note 38 "Fair value of financial instruments");
- assessment of ability to renew operating leases and to enter into new lease agreements;
- purchase price allocation to the identifiable assets acquired and the liabilities assumed (Note 7 "Acquisition of subsidiaries").

Significant estimates and assumptions affecting the reported amounts are those used in determining the economic recoverability of reserves.

Such estimates and assumptions may change over time when new information becomes available, e.g.:

- obtaining more detailed information on reserves (either as a result of more detailed engineering calculations or additional exploration drilling activities);
- conducting supplemental activities to enhance oil recovery;
- changes in economic estimates and assumptions (e.g. a change in pricing factors).

Effective January 1, 2014, the Company estimates oil and gas reserves quantities in accordance with the Petroleum Resources Management System (PRMS) approved by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, and the Society of Petroleum Evaluation Engineers. Previously reserve estimates used in unit-of-production depreciation and supplementary oil and gas disclosures were prepared in accordance with the requirements adopted by the U.S. Securities and Exchange Commission (SEC). The change did not have a material impact on the Company's consolidated financial position and results of operations. The reserve quantities in accordance with PRMS are disclosed in the supplementary oil and gas disclosure (Note 43).

5. NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers. IFRS 15 establishes a single framework for revenue recognition and contains requirements for related disclosures. The new standard replaces IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on Revenue recognition. The standard is effective for annual periods beginning on or after January 1, 2017, with earlier application permitted. The Company is currently assessing the impact of the standard on the consolidated financial statements.

In May 2014, the IASB issued an amendment to IFRS 11 Joint Arrangements, entitled Accounting for Acquisitions of Interests in Joint Operations. The amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business and requires the application of IFRS 3 Business Combinations, for such acquisitions. The amendment is effective for annual periods beginning on or after January 1, 2016, with earlier application permitted. The Company is currently assessing the impact of the amendment on the consolidated financial statements.

In May 2014, the IASB issued amendments to IAS 16 Property, Plant and Equipment, and IAS 38 Intangible Assets, entitled Clarification of Acceptable Methods of Depreciation and Amortization. Amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate, because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. These amendments are effective for annual periods beginning on or after January 1, 2016 with earlier application permitted. The Company does not expect the amendments to have a material impact on the consolidated financial statements.

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments. The final version of IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement, and all previous versions of IFRS 9. IFRS 9 brings together the requirements for the classification and measurement, impairment and hedge accounting of financial instruments. In respect of impairment IFRS 9 replaces the 'incurred loss' model used in IAS 39, with a new 'expected credit loss' model that will require a more timely recognition of expected credit losses. The standard is effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. The Company is currently assessing the impact of the standard on the consolidated financial statements.

In September 2014, the IASB issued amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures entitled Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. These narrow scope amendments clarify, that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not), and a partial gain or loss is recognized when a transaction involves assets that do not constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016 with earlier application permitted. The Company does not expect the amendments to have a material impact on the consolidated financial statements as their requirements are already incorporated in the accounting policy of the Company.

In November 2013, the IASB issued amendments to IAS 19 Employee Benefits, entitled Defined Benefit Plans: Employee Contributions. The narrow-scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The amendments are effective for annual periods beginning on or after July 1, 2014 with earlier application permitted. The Company does not expect the amendments to have a material impact on the consolidated financial statements.

6. CAPITAL AND FINANCIAL RISK MANAGEMENT

Capital management

The Company's capital management objectives are to secure the ability to continue as a going concern and to optimize the cost of capital in order to enhance value to shareholders.

The Company's management performs regular assessment of the net debt to capital employed ratio to ensure it meets the Company's current rating requirements.

The Company's capital consists of debt obligations, which include long and short-term loans and borrowings, financial lease liabilities, liabilities related to derivative financial instruments and other short-term financial liabilities, equity attributable to equity holders of Rosneft that includes share capital, reserves and retained earnings, as well as non-controlling interest. Net debt is a non-IFRS measure and is calculated as a sum of loans and borrowings and other financial liabilities as reported in the consolidated balance sheet, less cash and cash equivalents and other short-term financial assets. The net debt to capital employed ratio enables the users to see how significant net debt is relative to capital employed.

The Company's net debt to capital employed ratio was as follows:

| | As of December 31 | |
|--|-------------------|--------------------|
| | 2014 | 2013 (restated) |
| Total debt | 3,406 | 2,385 |
| Cash and cash equivalents | (216) | (275) |
| Other short-term financial assets | (723) | (232) |
| Net debt | 2,467 | 1,878 |
| Total equity | 2,881 | 3,169 |
| Total capital employed | 5,348 | 5,047 |
| Net debt to capital employed ratio, % | 46.1% | 37.2% |

Financial risk management

In the normal course of business the Company is exposed to the following financial risks: market risk (including foreign currency risk, interest rate risk and commodity price risk), credit risk and liquidity risk. The Company has introduced a risk management system and developed a number of procedures to measure, assess and monitor risks and select the relevant risk management techniques.

The Company has developed, documented and approved the relevant policies pertaining to market, credit and liquidity risks and the use of derivative financial instruments.

Foreign currency risk

The Company undertakes transactions nominated in foreign currencies and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the U.S. dollar and Euro. Foreign exchange risk arises from assets, liabilities, commercial transactions and financing nominated in foreign currencies.

The carrying values of monetary assets and liabilities nominated in foreign currencies are presented in the table below:

| | Assets as of December 31 | | Liabilities as of December 31 | |
|--------------|--------------------------|------------|-------------------------------|----------------|
| | 2014 | 2013 | 2014 | 2013 |
| Доллар США | 1,150 | 518 | (2,687) | (1,966) |
| Евро | 124 | 67 | (163) | (133) |
| Итого | 1,274 | 585 | (2,850) | (2,099) |

The Company seeks to identify and manage foreign exchange rate risk in a comprehensive manner, considering an integrated analysis of natural economic hedges, to benefit from the correlation between income and expenses. The Company chooses the currency in which to hold cash, such as the Russian ruble, U.S. dollar or other currency for a short-term risk management purposes.

The long-term risk management strategy of the Company may involve the use of derivative or non-derivative financial instruments in order to minimize foreign exchange rate risk exposure.

Cash flow hedging of the Company's future exports

The Company is exposed to foreign currency risk on U.S. dollar nominated export revenue. The Company attracted borrowings for its investing activities in the same currency as the forecasted revenue stream to economically hedge the foreign currency risk exposure.

On October 1, 2014, the Company designated certain U.S. dollar nominated borrowings as a hedge of the expected highly probable U.S. dollar nominated export revenue stream in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

On October 1, 2014 a portion of future monthly export revenues expected to be received in U.S. dollars over the period from January 2015 through December 2019 were designated as a hedged item. The Company's U.S. dollar nominated borrowings were designated as hedging instruments. The nominal amounts of the hedged item and the hedging instruments are equal. The cash flow hedge position was US\$ 29.490 million as of December 31, 2014 (RUB 1.659 billion at the Central Bank of Russia's ("CBR") official exchange rate as of December 31, 2014). To the extent that a change in the foreign currency rate impacts the fair value of the hedging instrument, the effects are recognized in other comprehensive income or loss and then reclassified to profit or loss in the same period in which the hedged item affects profit or loss.

The impact on other comprehensive income is comprised of the following:

| | 2014 | 2013 |
|---|--------------|----------|
| Foreign exchange cash flow hedges before income tax | (498) | - |
| Reclassification to profit or loss | - | - |
| Income tax | 100 | - |
| Total recognized in other comprehensive loss | (398) | - |

A schedule of the expected reclassification of the accumulated loss from the remeasurement of hedging instruments recognized in other comprehensive income or loss to profit or loss as of December 31, 2014 is as follows:

| | 2015 | 2016 | 2017 | 2018 | 2019 | Total |
|------------------|--------|--------|--------|--------|--------|-------|
| Reclassification | (99.6) | (99.6) | (99.6) | (99.6) | (99.6) | (498) |
| Income tax | 20 | 20 | 20 | 20 | 20 | 100 |

The expected reclassification is calculated using the CBR official exchange rate as of December 31, 2014 and may be different using actual exchange rates in the future.

Sensitivity analysis for foreign exchange risk on financial instruments

The level of currency risk is assessed on a monthly basis using a sensitivity analysis and is maintained within the limits adopted in line with the Company's policy. The table below summarizes the impact on the Company's income before income tax and equity as a result of the depreciation/(appreciation) of the Russian Ruble against the U.S. dollar and Euro.

| | U.S. dollar effect | | Euro effect | |
|---------------------------|--------------------|-----------|-------------|-------|
| | 2014 | 2013 | 2014 | 2013 |
| Currency rate change in % | 28.1% | 9.77% | 28.59% | 7.86% |
| Gain/(loss) | 267/(267) | (120)/120 | (8)/8 | (5)/5 |
| Equity | (148)/148 | (14)/14 | (34)/34 | (3)/3 |

Interest rate risk

Loans and borrowings raised at variable interest rates expose the Company to interest rate risk arising on the possible movement of variable element of the overall interest rate.

As of December 31, 2014, the Company's variable rate liability, based on LIBOR and EURIBOR alone, totaled RUB 2.416 billion (net of interest payable). In 2014 and 2013, variable rate funds raised by the Company were primarily nominated in U.S. dollars and Euros.

The Company analyzes its interest rate exposure, including by performing scenario analysis to measure the impact of an interest rate shift on annual income before income tax.

The table below summarizes the impact of a potential increase or decrease in LIBOR on the Company's profit before tax, as applied to the variable element of interest rates on loans and borrowings. The increase/decrease is based on management estimates of potential interest rate movements.

| | Increase/decrease in interest rate, basis points | Effect on income before income tax, billion RUB |
|------|--|---|
| 2014 | +3 | (1) |
| | -3 | 1 |
| 2013 | +6 | (1) |
| | -6 | 1 |

The potential change in EURIBOR is insignificant.

The sensitivity analysis is limited only to variable rate loans and borrowings and is conducted with all other variables held constant. The analysis is prepared with the assumption that the amount of variable rate liability outstanding at the balance sheet date was outstanding for the whole year. The interest rate on variable rate loans and borrowings will effectively change throughout the year in response to fluctuations in market interest rates.

The impact measured through the sensitivity analysis does not take into account other potential changes in economic conditions, that may accompany the relevant changes in market interest rates.

Credit risk

The Company controls its own exposure to credit risk. All external customers and their financial guarantors, other than related parties, undergo a creditworthiness check (including sellers, which act on prepayment basis). The Company performs an ongoing assessment and monitoring of the financial position and the risk of default. In the event of a default by the parties on their respective obligations under the financial guarantee contracts, the Company's exposure to credit risk will be limited to the corresponding contract amounts. As of December 31, 2014, management assessed such risk as remote.

In addition, 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 and performs trade finance operations. Banking relationships are primarily with the Russian subsidiaries of large international banking institutions and certain large Russian banks. The Company's exposure to credit risk is limited to the carrying amount of financial assets recognized in the consolidated balance sheet.

Liquidity risk

The Company has mature liquidity risk management processes covering short-term, mid-term and long-term funding. Liquidity risk is controlled through maintaining sufficient reserves and the adequate amount of committed credit facilities and loan funds. Management conducts regular monitoring of projected and actual cash flow information, analyzes the repayment schedules of the existing financial assets and liabilities and performs annual detailed budgeting procedures.

The contractual maturities of the Company's financial liabilities are presented below:

| Year ended December 31, 2013 | On demand | 12 months | 1 to 5 years | > 5 years | Total |
|---|-----------|-----------|--------------|-----------|-------|
| Loans and borrowings | - | 721 | 1,359 | 556 | 2,636 |
| Finance lease liabilities | - | 5 | 6 | 3 | 14 |
| Accounts payable to suppliers and contractors | - | 187 | - | - | 187 |
| Salary and other benefits payable | - | 45 | - | - | 45 |
| Voluntary offer to acquire OJSC RN Holding securities (Note 37) | 153 | - | - | - | 153 |
| Banking customer accounts | 36 | - | - | - | 36 |
| Other accounts payable | - | 22 | - | - | 22 |
| Derivative financial liabilities | - | 6 | - | - | 6 |
| Part of other current liabilities | - | 7 | - | - | 7 |

| Year ended December 31, 2014 | On demand | 12 months | 1 to 5 years | > 5 years | Total |
|---|-----------|-----------|--------------|-----------|-------|
| Loans and borrowings | – | 1,181 | 1,604 | 870 | 3,655 |
| Finance lease liabilities | – | 6 | 10 | 7 | 23 |
| Accounts payable to suppliers and contractors | – | 272 | – | – | 272 |
| Salary and other benefits payable | – | 55 | – | – | 55 |
| Banking customer accounts | 62 | – | – | – | 62 |
| Other accounts payable | – | 34 | – | – | 34 |
| Derivative financial liabilities | – | 137 | – | – | 137 |

Loans and borrowings above exclude certain Yukos related borrowings and promissory notes payable that were carried in the books of the former Yukos subsidiaries the Company acquired at auctions for the sale of Yukos's assets. The borrowings and promissory notes payable are being disputed by the Company (Notes 31, 41).

7. ACQUISITION OF SUBSIDIARIES

Acquisitions of 2014

Acquisition of LLC Orenburg Drilling Company

In February 2014 the Company obtained control over LLC Orenburg Drilling Company. The acquisition of a 100% interest in this company was completed in April 2014. The consideration payable amounted to US\$ 247 million (RUB 8.8 billion at the CBR official exchange rate at the date of the transaction).

| ASSETS | |
|--|-----------|
| Current assets | |
| Accounts receivable | 2 |
| Inventories | 2 |
| Total current assets | 4 |
| Non-current assets | |
| Property, plant and equipment | 6 |
| Intangible assets | 1 |
| Total non-current assets | 7 |
| Total assets | 11 |
| LIABILITIES | |
| Current liabilities | |
| Accounts payable and accrued liabilities | 3 |
| Loans and borrowings | 1 |
| Total current liabilities | 4 |
| Non-current liabilities | |
| Loans and borrowings | 1 |
| Deferred tax liabilities | 1 |
| Total non-current liabilities | 2 |
| Total liabilities | 6 |
| Total identifiable net assets at fair value | 5 |
| Goodwill | 4 |
| Total consideration transferred | 9 |

Goodwill in the amount of RUB 4 billion relates to the expected synergies arising from the improved efficiency of drilling project implementation at the Company's greenfields and brownfields through cost control at each stage of well construction. Accordingly, the goodwill was fully attributed to the Exploration and production segment.

In the fourth quarter of 2014 the allocation of the purchase price of LLC Orenburg Drilling Company was finalized. The acquisition of LLC Orenburg Drilling Company did not contemplate any contingent consideration.

Acquisition of assets from Weatherford International plc.

On July 31, 2014 the Company completed the acquisition of a controlling interest in 8 entities engaged in drilling and workover services in Russia and Venezuela from Weatherford International plc ("the Weatherford assets") for a total consideration of RUB 18 billion (US\$ 0.5 billion at the CBR official exchange rate at the date of the transaction). The acquisition allows the Company to strengthen its position in the drilling and workover services market and increase the efficiency of drilling and hydrocarbons production.

As of December 31, 2014 the Weatherford assets purchase price allocation was not completed. Preliminary purchase price allocation is based on the historical value of acquired assets and liabilities. Allocation of the purchase price to the fair value of the assets acquired and liabilities assumed will be finalized within 12 months from the acquisition date.

The following table summarizes the Company's preliminary allocation of the Weatherford assets purchase price:

| ASSETS | |
|--|-----------|
| Current assets | |
| Accounts receivable | 5 |
| Inventories | 2 |
| Total current assets | 7 |
| Non-current assets | |
| Property, plant and equipment | 16 |
| Deferred tax asset | 1 |
| Total non-current assets | 17 |
| Total assets | 24 |
| LIABILITIES | |
| Current liabilities | |
| Accounts payable and accrued liabilities | 5 |
| Total current liabilities | 5 |
| Non-current liabilities | |
| Deferred tax liabilities | 1 |

| | |
|---|----|
| Total non-current liabilities | 1 |
| Total liabilities | 6 |
| Total identifiable net assets at fair value | 18 |
| Total consideration transferred | 18 |

The acquisition of the Weatherford assets does not contemplate any contingent consideration, except for working capital adjustments.

Acquisition of CJSC Bishkek Oil Company

In September 2014 the Company acquired 100% interest in four entities of the CJSC Bishkek Oil Company ("BOC") engaged in the retail and wholesale of petroleum products in the Republic of Kyrgyzstan through its own network of gas stations and a tank farm. The acquisition consideration amounted to US\$ 39 million (RUB 1.5 billion at the CBR official exchange rate at the date of the transaction), including contingent consideration.

As of December 31, 2014 the BOC purchase price allocation was not completed. Preliminary purchase price allocation is based on the historical value of assets and liabilities. The excess of purchase price over fair value of the acquired BOC net assets is recorded as goodwill. This goodwill was fully attributed to the Refining and distribution segment. Allocation of the purchase price to the fair value of the assets acquired and liabilities assumed will be finalized within 12 months from the acquisition date.

Acquisitions of 2013

Acquisition of TNK-BP

On March 21, 2013, the Company completed the acquisition of an aggregate 100% equity interest in TNKBP Limited, the ultimate holding company of TNK-BP, and of its subsidiary TNK Industrial Holdings Limited (collectively, with their subsidiaries referred to as "TNK-BP").

TNK-BP is a vertically integrated group of companies operating a diversified upstream and downstream portfolio, with assets in Russia, Ukraine, Belarus, Venezuela, Vietnam and Brazil. TNK-BP was Russia's third largest oil producer. TNK-BP operates in Russia's major hydrocarbon regions, including West Siberia, Volga-Urals and East Siberia.

The fair value of consideration paid was RUB 1.767 billion at the acquisition date. The acquisition was effected through two independent transactions with BP and the AAR consortium.

The consideration transferred is presented below:

| | |
|--|--------------|
| BP's 50% equity interest in TNK-BP: | |
| US\$ 16.65 billion in cash at the CBR official exchange rate as of the date of acquisition | 515 |
| 1,360,449,797 Rosneft's treasury shares (12.84% of share capital) at fair value | 327 |
| AAR's 50% equity interest in TNK-BP: | |
| US\$27.73 billion in cash at the CBR official exchange rate as of the date of acquisition | 858 |
| Total cash and equity instruments | 1,700 |
| Fair value of the Company's investment in OJSC Verkhnechonskneftegaz | 67 |
| Total consideration transferred | 1,767 |

The fair value of the Rosneft's treasury shares included in the consideration transferred at the acquisition of TNK-BP was determined at the closing price of the Rosneft's global depository receipts listed on the London Stock Exchange as of March 21, 2013.

As a result of the TNK-BP acquisition, the Company's interest in OJSC Verkhnechonskneftegaz increased from 25.94% to the controlling interest and was accounted for under IFRS 3 Business Combinations as a step acquisition.

The corresponding revaluation of the Company's non-controlling interest in OJSC Verkhnechonskneftegaz of RUB 38 billion is included in Other income in the consolidated statement of profit or loss for the year ended December 31, 2013. The fair value of the non-controlling interest in OJSC Verkhnechonskneftegaz of RUB 67 billion is included in the consideration transferred.

The acquisition of TNK-BP did not contemplate contingent consideration.

In the course of the transaction the following entities were acquired:

| Name | Country of incorporation | Core activity | Preferred and common shares, % | Voting shares, % |
|--|--------------------------|--|--------------------------------|------------------|
| EXPLORATION AND PRODUCTION | | | | |
| OJSC Nizhnevartovskoe Neftegazodobyvayushee Predpriyatie | Russia | Oil and gas development and production | 94.67 | 96.51 |
| OJSC Varyoganneftegaz | Russia | Oil and gas development and production | 89.34 | 90.91 |
| LLC Varyoganneft JV | Russia | Oil and gas development and production | 94.67 | 96.51 |
| OJSC TNK-Nyagan | Russia | Oil and gas development and production | 94.67 | 96.51 |
| OJSC Tumenneftegaz | Russia | Oil and gas development and production | 94.67 | 96.51 |
| OJSC Orenburgneft | Russia | Oil and gas development and production | 95.13 | 96.61 |
| LLC Buguruslannefit | Russia | Oil and gas development and production | 95.13 | 96.61 |
| OJSC Yugraneft Corporation | Russia | Oil and gas development and production | 75.30 | 76.77 |
| OJSC Samotlorneftegaz | Russia | Oil and gas development and production | 94.67 | 96.51 |
| OJSC TNK-Nizhnevartovsk | Russia | Oil and gas development and production | 94.67 | 96.51 |
| CJSC ROSPAN INTERNATIONAL | Russia | Oil and gas development and production | 94.67 | 96.51 |
| OJSC Verkhnechonskneftegaz | Russia | Oil and gas development and production | 70.05 | 71.42 |
| LLC TNK-Uvat | Russia | Oil and gas development and production | 94.67 | 96.51 |
| LLC Tagulskoe | Russia | Field survey and exploration | 100.00 | 100.00 |
| OJSC Suzun | Russia | Field survey and exploration | 100.00 | 100.00 |
| TNK Vietnam B.V. | The Netherlands | Oil and gas development and production | 100.00 | 100.00 |
| REFINING, LOGISTICS AND DISTRIBUTION | | | | |
| LLC Nizhnevartovskoe Neftepererabatyvayushee Obedinenie | Russia | Petroleum refining | 94.67 | 96.51 |
| CJSC RORC | Russia | Petroleum refining | 94.67 | 96.51 |
| OJSC Saratov Oil Refinery | Russia | Petroleum refining | 81.01 | 87.98 |
| CJSC Karel'yanefteprodukt | Russia | Marketing and distribution | 94.67 | 96.51 |
| LLC Kurskobnefteprodukt | Russia | Marketing and distribution | 94.67 | 96.51 |
| OJSC Kaluganefteprodukt | Russia | Marketing and distribution | 93.04 | 96.51 |
| OJSC Rjazan Oil Produkt | Russia | Marketing and distribution | 93.55 | 96.51 |
| OJSC Tulanefteprodukt | Russia | Marketing and distribution | 87.51 | 92.29 |
| CJSC PCEC | Russia | Marketing and distribution | 94.67 | 96.51 |
| OJSC TNK-Stolitsa | Russia | Marketing and distribution | 94.67 | 96.51 |

| Name | Country of incorporation | Core activity | Preferred and common shares, % | Voting shares, % |
|---------------------------------|--------------------------|----------------------------|--------------------------------|------------------|
| LLC ZSNP | Russia | Marketing and distribution | 94.67 | 96.51 |
| OJSC Saratovnefteprodukt | Russia | Marketing and distribution | 87.98 | 90.29 |
| LLC TNK-BP Northern Capital | Russia | Marketing and distribution | 94.67 | 96.51 |
| LLC TNK Lubricants | Russia | Marketing and distribution | 97.33 | 98.25 |
| CJSC TNK South Management | Russia | Marketing and distribution | 94.67 | 96.51 |
| LLC TNK-BP Marketing | Russia | Marketing and distribution | 94.67 | 96.51 |
| OJSC TNK-Yaroslavl | Russia | Marketing and distribution | 89.03 | 90.76 |
| FLLC *TNK-BP West* | Belarus | Marketing and distribution | 100.00 | 100.00 |
| LLC TNK-Industries | Russia | Marketing and distribution | 94.67 | 96.51 |
| CJSC Koltsovo Fueling Company | Russia | Marketing and distribution | 94.67 | 96.51 |
| LLC TZK-Aktiv | Russia | Marketing and distribution | 94.67 | 96.51 |
| PRJSC LINIK | Ukraine | Petroleum refining | 95.21 | 95.21 |
| TNK Trade Limited | Cyprus Republic | Marketing and distribution | 100.00 | 100.00 |
| LLC Krasnoleninsky Oil Refinery | Russia | Petroleum refining | 94.67 | 96.51 |
| OTHER | | | | |
| TNK Industrial Holdings Limited | British Virgin Islands | Holding company | 100.00 | 100.00 |
| TNK-BP Limited | British Virgin Islands | Holding company | 100.00 | 100.00 |
| TNK-BP International Limited | British Virgin Islands | Holding company | 100.00 | 100.00 |
| TNK Pipelines Vietnam B.V. | The Netherlands | Transportation services | 100.00 | 100.00 |
| Novy Investments Limited | Cyprus Republic | Holding company | 100.00 | 100.00 |
| TNK Management Company Limited | Cyprus Republic | Holding company | 100.00 | 100.00 |
| OJSC TNK-BP Holding | Russia | Holding company | 94.67 | 96.51 |
| OJSC TNK-BP Management | Russia | Management company | 100.00 | 100.00 |

As a result of the acquisition, the Company significantly increased its crude oil production and refining capacity, accessed new geographical markets and substantially expanded its retail network. Management believes that the acquisition of TNK-BP places the Company in a leading position globally among public companies operating in the oil and gas sector, reinforces its position as a regional upstream leader in Russia and Europe, creates significant synergies arising from joint development activities, optimization of oil and oil product logistics, production and sales of natural gas together with improving internal controls over costs and assets.

The Company accounted for the acquisition of TNK-BP as a business combination. The Company consolidated the operating result of the acquired business from March 21, 2013, the date the control was obtained.

The following table summarizes the Company's allocation of the purchase price to the fair value of assets acquired and liabilities assumed:

| ASSETS | |
|--|--------------|
| Current assets | |
| Cash and cash equivalents | 178 |
| Restricted cash | 5 |
| Accounts receivable | 53 |
| Inventories | 60 |
| Prepayments and other current assets | 79 |
| Total current assets | 375 |
| Non-current assets | |
| Property, plant and equipment | 2,235 |
| Intangible assets | 24 |
| Other financial assets | 13 |
| Investments in associates and joint ventures | 207 |
| Deferred tax assets | 9 |
| Other non-current non-financial assets | 9 |
| Total non-current assets | 2,497 |
| Total assets | 2,872 |
| LIABILITIES | |
| Current liabilities | |
| Accounts payable and accrued liabilities | 117 |
| Loans and borrowings | 31 |
| Income tax liabilities | 3 |
| Other tax liabilities | 61 |
| Provisions | 7 |
| Other current liabilities | 12 |
| Total current liabilities | 231 |
| Non-current liabilities | |
| Loans and borrowings | 203 |
| Deferred tax liabilities | 344 |
| Provisions | 39 |
| Other non-current liabilities | 9 |
| Total non-current liabilities | 595 |
| Total liabilities | 826 |
| Total identifiable net assets at fair value | 2,046 |
| Non-controlling interests measured at fair value | (112) |

| ASSETS | |
|---------------------------------|----------------|
| Gain on bargain purchase | (167) |
| Total consideration transferred | 1,767 |
| TNK-BP acquisition cash flow: | |
| Net cash acquired | 178 |
| Cash paid | (1,373) |
| Net cash outflow | (1,195) |

The bargain purchase gain, arising from the acquisition of TNK-BP, is a result of the exclusive position of the Company on the Russian market. The Company was the only potential buyer, that was able to offer mainly cash consideration for the business acquired without payment deferrals. Additionally, the Company's bargaining power was further enhanced through two separate transactions with BP and the AAR consortium to acquire a non-controlling ownership interest of 50% in each transaction.

Deferred tax liabilities in the amount of RUB 344 billion are mainly attributable to the revaluation of property, plant and equipment.

The fair value of the accounts receivable approximates its outstanding contractual amounts at the acquisition date. There are no accounts receivable that are not expected to be collected.

Net cash outflow of RUB 1.195 billion was included in Acquisition of subsidiaries, net of cash acquired in the investing activities in the consolidated statement of cash flow for the year ended December 31, 2013.

From March 21, 2013 (the date of acquisition) TNK-BP's revenues and net income included in the consolidated statement of profit or loss for the year ended December 31, 2013 were RUB 1.551 billion and RUB 107 billion, respectively.

Had the TNK-BP acquisition taken place at the beginning of the reporting period (January 1, 2013), the revenues and net income of the combined entity would have been RUB 5.069 billion and RUB 582 billion, respectively, for the year ended December 31, 2013.

Acquisition of LLC Basic Jet Fuel Operator and LLC General Avia

In May 2013, the Company acquired a 100% interest in LLC Basic Jet Fuel Operator and LLC General Avia for a consideration of RUB 6 billion. The entities' main activities are jet fuel sales, storage and fuelling services at airports in Krasnodar, Sochi, Anapa, Gelendzhik and Abakan.

The purchase price allocation of consideration paid for the acquisition of LLC Basic Jet Fuel Operator and LLC General Avia is as follows:

| ASSETS | |
|--------------------------------------|----------|
| Property, plant and equipment | |
| Total non-current assets | 1 |
| Goodwill | 1 |
| Total net assets acquired | 5 |
| Стоимость приобретения | 6 |

Goodwill in the amount of RUB 5 billion arising on the acquisition of LLC Basic Jet Fuel Operator and LLC General Avia relates primarily to the expected increase in jet fuel sales through direct contracts with domestic air carriers.

Acquisition of LLC Oil and Gas Company ITERA

On July 2, 2013 the Company acquired a 49% ownership interest in LLC Oil and Gas Company ITERA, a major independent natural gas producer and supplier in Russia. As a result of this acquisition, the Company's interest in LLC Oil and Gas Company ITERA increased to 100%. This acquisition was accounted for as a step acquisition under IFRS 3 Business Combinations.

In the course of the transaction the following entities were acquired:

| Name | Country of incorporation | Основная деятельность | Preferred and common shares, % | Voting shares, % |
|--|--------------------------|--|--------------------------------|------------------|
| LLC KYNSKO-CHASELSKOYE NEFTEGAZ | | | | |
| OJSC Bratskekgaz | Russia | Oil and gas development and production | 100.00 | 100.00 |
| OJSC Sibneftegaz | Russia | Oil and gas development and production | 79.00 | 79.00 |
| OJSC Purgaz | Russia | Oil and gas development and production | 48.94 | 48.94 |
| Refining, marketing and distribution | Russia | Oil and gas development and production | 49.00 | 49.00 |
| LLC SIBGASTRANZIT | | | | |
| CJSC Uralsevergas | Russia | Marketing and distribution | 100.00 | 100.00 |
| SIA ITERA Latvija | Russia | Marketing and distribution | 67.00 | 67.00 |
| Other | Latvia | Marketing and distribution | 66.00 | 66.00 |
| LLC OIL AND GAS COMPANY ITERA | | | | |
| LLC Firma Proekt | Russia | Holding company | 100.00 | 100.00 |
| LLC Linko-Optim | Russia | Holding company | 100.00 | 100.00 |
| LLC OVIT | Russia | Holding company | 100.00 | 100.00 |
| LLC ITERA Finance | Russia | Holding company | 100.00 | 100.00 |
| LLC EK ENEKO | Russia | Finance services | 100.00 | 100.00 |
| CJSC Regiongas-Invest | Russia | Holding company | 100.00 | 100.00 |
| OJSC Raschetnij center Urala | Russia | Heat production | 100.00 | 100.00 |
| ITERA-Turkmenistan Ltd. | Russia | Collecting activity | 99.90 | 99.90 |
| Davonte Holdings Ltd. | Cyprus | Holding company | 100.00 | 100.00 |
| Davonte Holdings Ltd. | Cyprus | Holding company | 100.00 | 100.00 |

The acquisition of LLC Oil and Gas Company ITERA improves business efficiency and creates new opportunities for its growth. It forms a stable platform for the consistent implementation of the Company's gas strategy.

The fair value of the consideration transferred was RUB 189 billion at the acquisition date and included cash in the amount of RUB 95 billion and the fair value of non-controlling interest in LLC Oil and Gas Company ITERA of RUB 94 billion.

The following table summarizes the Company's allocation of the purchase price to the fair value of assets acquired and liabilities assumed:

| ASSETS | |
|--------------------------------------|----|
| Current assets | |
| Cash and cash equivalents | 1 |
| Accounts receivable | 11 |
| Prepayments and other current assets | 2 |
| Total current assets | 14 |

| ASSETS | |
|--|-----|
| Non-current assets | |
| Property, plant and equipment | 78 |
| Other financial assets | 1 |
| Investments in associates and joint ventures | 132 |
| Deferred tax assets | 1 |
| Total non-current assets | 212 |
| Total assets | 226 |
| LIABILITIES | |
| Current liabilities | |
| Accounts payable and accrued liabilities | 6 |
| Loans and borrowings | 12 |
| Total current liabilities | 18 |
| Non-current liabilities | |
| Loans and borrowings | 10 |
| Deferred tax liabilities | 16 |
| Total non-current liabilities | 26 |
| Total liabilities | 44 |
| Total identifiable net assets at fair value | 182 |
| Non-controlling interests measured at fair value | (1) |
| Goodwill | 8 |
| Total consideration transferred | 189 |

Goodwill in the amount of RUB 8 billion arising on the acquisition of LLC Oil and Gas Company ITERA relates to the expected multiplier effect that will enhance the Company's gas business expansion through access to the assets and gas marketing channels of LLC Oil and Gas Company ITERA, as well as through synergies from the consolidation of the Company's gas business management in LLC Oil and Gas Company ITERA, which will lead to the consistent implementation of the Company's gas strategy. LLC Oil and Gas Company ITERA's acquisition allows the Company to accelerate development of the Kynsko-Chaselskoe hydrocarbon fields. Goodwill was fully attributed to the Exploration and production segment.

Through the LLC Oil and Gas Company ITERA purchase price allocation the Company recognized goodwill arising on the step acquisition of OJSC Sibneftegas in the amount of RUB 4 billion. Goodwill was fully attributed to the Exploration and production segment.

The acquisition of LLC Oil and Gas Company ITERA did not contemplate contingent consideration.

Acquisition of LLC TNK-Sheremetyevo

On September 30, 2013 the Company acquired a 50% ownership interest in LLC TNK-Sheremetyevo, a 74.9% shareholder of CJSC TZK Sheremetyevo, for a consideration of US\$ 300 million (RUB 9.7 billion at the CBR official exchange rate at the date of the transaction). As a result of the acquisition, the Company's interest in LLC TNK-Sheremetyevo increased to 100%. The main activities of CJSC TZK-Sheremetyevo are jet fuel sales, storage and fuelling services at Sheremetyevo International Airport in Moscow.

The acquisition of the 50% interest in LLC TNK-Sheremetyevo was accounted for under IFRS 3 Business Combinations as a step acquisition. The fair value of the previously held non-controlling interest in LLC TNK-Sheremetyevo of RUB 11 billion and a loan to LLC TNK-Sheremetyevo from the Company of RUB 5.5 billion are included in the consideration transferred.

Starting from September 30, 2013, the assets and liabilities of LLC TNK-Sheremetyevo and CJSC TZK Sheremetyevo are included in the Company's consolidated balance sheet. In October 2013, LLC TNK-Sheremetyevo was renamed to LLC RN-Aero Sheremetyevo. The consideration for the acquisition of a 50% interest in LLC TNK-Sheremetyevo was fully paid in October 2013.

The following table summarizes the Company's allocation of the LLC TNK-Sheremetyevo purchase price:

| ASSETS | |
|--|-----|
| Current assets | |
| Cash and cash equivalents | 3 |
| Accounts receivable | 2 |
| Other current assets | 1 |
| Total current assets | 6 |
| Non-current assets | |
| Property, plant and equipment | 4 |
| Other non-current assets | 2 |
| Total non-current assets | 6 |
| Total assets | 12 |
| LIABILITIES | |
| Current liabilities | |
| Accounts payable and accrued liabilities | 4 |
| Loans and borrowings | 2 |
| Total current liabilities | 6 |
| Total liabilities | |
| Total identifiable net assets at fair value | 6 |
| Non-controlling interests measured at fair value | (1) |
| Goodwill | 21 |
| Total consideration transferred | 26 |

Goodwill in the amount of RUB 21 billion relates primarily to the expected synergies arising from an access to the premium sales in Moscow International Sheremetyevo Airport, the largest airport in Russia in terms of jet fuel consumption and traffic.

The acquisition of LLC TNK-Sheremetyevo did not contemplate contingent consideration.

Acquisition of LLC Taas-Yuriakh Neftegazodobycha

In October 2013 the Company completed a number of transactions to acquire a 65% ownership interest in LLC Taas-Yuriakh Neftegazodobycha, increasing its ownership interest to 100%. The Company also acquired the majority of the entity's debt. The total consideration for the 65% ownership interest amounted to US\$ 3.139 million (RUB 101 billion as of the date of the transaction), including the entity's debt. LLC TaasYuriakh Neftegazodobycha holds an exploration license for the Central block of the Kurungskoe license field in the Srednebotuobinskoe oil and gas condensate deposit.

The acquisition of an additional 65% ownership interest in LLC Taas-Yuriakh Neftegazodobycha was accounted for under IFRS 3 Business Combinations, as a step acquisition. The fair value of previously held non-controlling interest in LLC Taas-Yuriakh Neftegazodobycha of RUB 36 billion is included in the consideration transferred.

The following table summarizes the Company's allocation of the LLC Taas-Yuriakh Neftegazodobycha purchase price:

| ASSETS | |
|--|------------|
| Current assets | |
| Prepayments and other current assets | 2 |
| Total current assets | 2 |
| Non-current assets | |
| Property, plant and equipment | 146 |
| Total non-current assets | 146 |
| Total assets | 148 |
| LIABILITIES | |
| Current liabilities | |
| Accounts payable and accrued liabilities | 4 |
| Total current liabilities | 4 |
| Non-current liabilities | |
| Loans and borrowings | 1 |
| Deferred tax liabilities | 23 |
| Total non-current liabilities | 24 |
| Total liabilities | 28 |
| Total identifiable net assets at fair value | 120 |
| Goodwill | 17 |
| Total consideration transferred | 137 |

Goodwill in the amount of RUB 17 billion arising on the acquisition of LLC Taas-Yuriakh Neftegazodobycha relates to the expected effect of improved efficiency of Eastern Siberia fields development as a result of shared infrastructure. Goodwill was fully attributed to Exploration and production segment.

The acquisition of LLC Taas-Yuriakh Neftegazodobycha did not contemplate contingent consideration.

Acquisition of OJSC Sibneftegas

In November 2013, the Company completed the acquisition of a 40% ownership interest in Artic Russia B.V. from Enel, an Italian oil and gas company, for a cash consideration of RUB 59 billion. Artic Russia B.V. is a parent company holding a controlling interest in LLC Sever-Energiya, which holds licenses for exploration and production within the Samburgskiy license area and for the geological study, exploration and production of hydrocarbons within the Yevo-Yakhinskiy, Yaro-Yakhinskiy and Severo-Chaselskiy license areas.

In December 2013, the Company and OJSC NOVATEK swapped a 40% ownership interest in Artic Russia B.V., owned by the Company, for a 51% ownership interest in OJSC Sibneftegas, owned by OJSC NOVATEK. The transaction did not involve any cash consideration. Following the swap, the Company accumulated a 100% ownership interest in OJSC Sibneftegas. OJSC Sibneftegas holds licenses for hydrocarbon production within the Pyreinoye gas condensate field and for the geological study, exploration and production of hydrocarbons within the Beregovoy and Khadyryakhinskiy license areas.

The acquisition of an additional 51% interest in OJSC Sibneftegas was accounted for under IFRS 3 Business Combinations, as a step acquisition. The fair value of the previously held non-controlling interest in OJSC Sibneftegas of RUB 7.1 billion and is included in the consideration transferred.

Starting from December 27, 2013, the assets and liabilities OJSC Sibneftegas are included in the Company's consolidated balance sheet.

The consideration transferred is presented below:

Совокупная стоимость приобретения представлена ниже:

| | |
|--|------------|
| Fair value of 49% interest in OJSC Sibneftegas, obtained as a result of the acquisition of LLC Oil and Gas Company ITERA | 57 |
| Fair value of 40% interest in Artic Russia B.V. | 58 |
| Total consideration transferred | 115 |

The following table summarizes the Company's allocation of the consideration transferred to the fair value of assets acquired and liabilities assumed:

| ASSETS | |
|--|------------|
| Current assets | |
| Cash and cash equivalents | 2 |
| Accounts receivable and other current assets | 2 |
| Total current assets | 4 |
| Non-current assets | |
| Property, plant and equipment | 136 |
| Total non-current assets | 136 |
| Total assets | 140 |
| LIABILITIES | |
| Non-current liabilities | |
| Loans and borrowings | 15 |
| Deferred tax liabilities | 25 |
| Total liabilities | 40 |
| Total identifiable net assets at fair value | 100 |
| Goodwill | 15 |
| Total consideration transferred | 115 |

Goodwill in the amount of RUB 15 billion arising on the acquisition of OJSC Sibneftegas relates to the expected synergies from developing the Company's fields in close proximity to Sibneftegas' infrastructure.

Goodwill in the amount of RUB 4 billion was previously recognized through finalizing the allocation of the purchase price of LLC Oil and Gas Company ITERA. Goodwill was fully attributed to Exploration and production segment.

The acquisition of OJSC Sibneftegas did not contemplate contingent consideration.

Finalization of the allocation of the purchase price of LLC Basic Jet Fuel Operator, LLC General Avia, LLC Oil and Gas Company ITERA, LLC TNK-Sheremetyevo, LLC Taas-Yuriakh Neftegazodobycha and OJSC Sibneftegas

At the date of the issuance of the consolidated financial statements for the year ended December 31, 2013 the Company made a preliminary allocation of the purchase price of LLC Basic Jet Fuel Operator, LLC General Avia, LLC Oil and Gas Company ITERA, LLC TNK-Sheremetyevo, LLC Taas-Yuriakh Neftegazodobycha and OJSC Sibneftegas to the fair value of assets acquired and liabilities assumed. In the second quarter of 2014 the allocation of the purchase price of LLC Basic Jet Fuel Operator, LLC General Avia, LLC Oil and Gas Company ITERA, and LLC TNK-Sheremetyevo was finalized. In the fourth quarter of 2014 the allocation of the purchase price of LLC Taas-Yuriakh Neftegazodobycha and OJSC Sibneftegas was finalized.

The following table summarizes the effect from the finalized estimation on the consolidated balance sheet as of December 31, 2013:

| | Before finalized estimation | Effect from finalized estimation | | | | | After finalized estimation |
|--|-----------------------------|--|-------|--------------|-------------------------------|-------------|----------------------------|
| | | Basic Jet Fuel Operator and General Avia | ITERA | Sheremetyevo | Taas-Yuriakh Neftegazodobycha | Sibneftegas | |
| ASSETS | | | | | | | |
| Current assets | 1,455 | - | - | - | - | - | 1,455 |
| Non-current assets | | | | | | | |
| Property, plant and equipment | 5,330 | (6) | (14) | 1 | - | (36) | 5,275 |
| Intangible assets | 37 | - | - | - | - | (2) | 35 |
| Other long-term financial assets | 40 | - | (3) | - | - | - | 37 |
| Investments in associates and joint ventures | 327 | - | - | - | - | - | 327 |
| Bank loans granted | 12 | - | - | - | - | - | 12 |
| Deferred tax assets | 14 | - | - | - | - | - | 14 |
| Goodwill | 164 | 5 | 12 | 1 | 17 | 11 | 210 |
| Other non-current non-financial assets | 12 | - | - | - | - | - | 12 |
| Total non-current assets | 5,936 | (1) | (5) | 2 | 17 | (27) | 5,922 |
| Assets held for sale | 147 | - | - | - | 7 | - | 154 |
| Total assets | 7,538 | (1) | (5) | 2 | 24 | (27) | 7,531 |
| LIABILITIES AND EQUITY | | | | | | | |
| Current liabilities | 1,387 | - | - | - | - | - | 1,387 |
| Non-current liabilities | | | | | | | |
| Loans and borrowings and other financial liabilities | 1,684 | - | - | - | - | - | 1,684 |
| Deferred tax liabilities | 660 | (1) | (3) | - | - | (8) | 648 |
| Provisions | 116 | - | - | - | - | - | 116 |
| Prepayment on oil supply agreements | 470 | - | - | - | - | - | 470 |
| Other non-current liabilities | 28 | - | - | - | - | - | 28 |
| Total non-current liabilities | 2,958 | (1) | (3) | - | - | (8) | 2,946 |
| Liabilities associated with assets held for sale | 28 | - | - | - | 1 | - | 29 |
| Equity | | | | | | | |
| Share capital | 1 | - | - | - | - | - | 1 |
| Additional paid-in capital | 477 | - | - | - | - | - | 477 |
| Other funds and reserves | (14) | - | - | - | - | - | (14) |
| Retained earnings | 2,662 | - | (2) | 2 | 23 | (19) | 2,666 |
| Rosneft shareholders' equity | 3,126 | - | (2) | 2 | 23 | (19) | 3,130 |
| Non-controlling interest | 39 | - | - | - | - | - | 39 |
| Total equity | 3,165 | - | (2) | 2 | 23 | (19) | 3,169 |
| Total liabilities and equity | 7,538 | (1) | (5) | 2 | 24 | (27) | 7,531 |

The effect from finalized estimation on the consolidated statement of profit or loss for 2013:

| | Before finalized estimation | Effect from finalized estimation | | After finalized estimation |
|--|-----------------------------|----------------------------------|-------------|----------------------------|
| | | Taas-Yuriakh Neftegazodobycha | Sibneftegas | |
| Revenues and equity share in (losses)/profits of associates and joint ventures | 4,694 | - | - | 4,694 |
| Costs and expenses | 4,139 | - | - | 4,139 |
| Operating income | 555 | - | - | 555 |
| Finance income | 21 | - | - | 21 |
| Finance expenses | (56) | - | - | (56) |
| Other income | 242 | 23 | (19) | 246 |
| Other expenses | (59) | - | - | (59) |
| Foreign exchange differences | (71) | - | - | (71) |
| Income before income tax | 632 | 23 | (19) | 636 |
| Income tax expense | (81) | - | - | (81) |
| Net income | 551 | 23 | (19) | 555 |
| Net income attributable to: | | | | |
| - Rosneft shareholders | 545 | 23 | (19) | 549 |
| - non-controlling interests | 6 | - | - | 6 |

The amounts of goodwill arising from acquisitions, mentioned in the Note 7 above, are not tax deductible.

8. ASSETS HELD FOR SALE

Assets and liabilities of LLC Taas-Yuriakh Neftegazodobycha

As of December 31, 2013 the assets and liabilities of LLC Taas-Yuriakh Neftegazodobycha were classified as assets held for sale and liabilities associated with assets held for sale (restated):

| ASSETS | |
|---|------------|
| Current assets | |
| Advances issued and other current assets | 3 |
| Total current assets | 3 |
| Non-current assets | |
| Property, plant and equipment | 151 |
| Total non-current assets | 151 |
| Total assets held for sale | 154 |
| LIABILITIES | |
| Current liabilities | |
| Accounts payable and accrued liabilities | 3 |
| Total current liabilities | 3 |
| Non-current liabilities | |
| Loans and borrowings | 3 |
| Deferred tax liabilities | 23 |
| Total non-current liabilities | 26 |
| Total liabilities associated with assets held for sale | 29 |

Following a reconsideration of plans and the expected disposal period in the second quarter of 2014, the assets and liabilities of LLC Taas-Yuriakh Neftegazodobycha are no longer classified as assets held for sale and liabilities associated with assets held for sale. This reclassification did not have a material effect on the financial position or results of the operations of the Company.

9. SEGMENT INFORMATION

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 the production of crude oil and natural gas. The Refining and distribution segment is engaged in processing crude oil and other hydrocarbons into petroleum products, as well as in the purchase, sale and transportation of crude oil and petroleum products. Corporate and other unallocated activities do not represent the operating segment and include corporate activity, activities involved in field development, the maintenance of infrastructure and the functioning of the first two segments, as well as banking and finance services, and other activities. Substantially all of the Company's operations and assets are located in the Russian Federation.

Segment performance is evaluated based on both revenues and operating income which are measured on the same basis as in the consolidated financial statements, and of revaluation of intersegment transactions at market prices.

Operating segments in 2014:

| | Exploration and production | Refining and distribution | Corporate and other unallocated activities | Adjustments | Consolidated |
|--|----------------------------|---------------------------|--|----------------|--------------|
| REVENUES AND EQUITY SHARE IN PROFITS OF ASSOCIATES AND JOINT VENTURES | | | | | |
| Revenues from external customers | – | 5,440 | 75 | – | 5,515 |
| Intersegment revenues | 2,154 | – | – | (2,154) | – |
| Equity share in losses of associates and joint ventures | (12) | – | – | – | (12) |
| Total revenues and equity share in profits of associates and joint ventures | 2,142 | 5,440 | 75 | (2,154) | 5,503 |
| COSTS AND EXPENSES | | | | | |
| Costs and expenses other than depreciation, depletion and amortization | 1,357 | 5,123 | 120 | (2,154) | 4,446 |
| Depreciation, depletion and amortization | 383 | 71 | 10 | – | 464 |
| Total costs and expenses | 1,740 | 5,194 | 130 | (2,154) | 4,910 |
| Operating income | 402 | 246 | (55) | – | 593 |
| Finance income | | | | | 30 |
| Finance expenses | | | | | (219) |
| Total finance expenses | | | | | (189) |
| Other income | | | | | 64 |
| Other expenses | | | | | (54) |
| Foreign exchange differences | | | | | 64 |
| Income before income tax | | | | | 478 |
| Income tax | | | | | (128) |
| Net income | | | | | 350 |

Operating segments in 2013 (restated):

| | Exploration and production | Refining and distribution | Corporate and other unallocated activities | Adjustments | Consolidated |
|--|----------------------------|---------------------------|--|----------------|--------------|
| REVENUES AND EQUITY SHARE IN PROFITS OF ASSOCIATES AND JOINT VENTURES | | | | | |
| Revenues from external customers | – | 4,624 | 58 | – | 4,682 |
| Intersegment revenues | 1,895 | – | – | (1,895) | – |
| Equity share in profits of associates and joint ventures | 12 | – | – | – | 12 |
| Total revenues and equity share in profits of associates and joint ventures | 1,907 | 4,624 | 58 | (1,895) | 4,694 |
| COSTS AND EXPENSES | | | | | |
| Costs and expenses other than depreciation, depletion and amortization | 1,097 | 4,431 | 114 | (1,895) | 3,747 |
| Depreciation, depletion and amortization | 329 | 56 | 7 | – | 392 |
| Total costs and expenses | 1,426 | 4,487 | 121 | (1,895) | 4,139 |
| Operating income | 481 | 137 | (63) | – | 555 |

| | Exploration and production | Refining and distribution | Corporate and other unallocated activities | Adjustments | Consolidated |
|---------------------------------|----------------------------|---------------------------|--|-------------|--------------|
| Finance income | | | | | 21 |
| Finance expenses | | | | | (56) |
| Total finance expenses | | | | | (35) |
| Other income | | | | | 246 |
| Other expenses | | | | | (59) |
| Foreign exchange differences | | | | | (71) |
| Income before income tax | | | | | 636 |
| Income tax | | | | | (81) |
| Net income | | | | | 555 |

Oil and gas and petroleum products sales comprise the following (based on the country indicated in the bill of lading):

| | 2014 | 2013 |
|--|--------------|--------------|
| OIL AND GAS SALES | | |
| International sales of crude oil | 2,458 | 2,116 |
| International sales of crude oil – CIS, other than Russia | 100 | 128 |
| Domestic sales of crude oil | 112 | 81 |
| Sales of gas | 168 | 103 |
| Total oil and gas sales | 2,838 | 2,428 |
| PETROLEUM PRODUCTS AND PETROCHEMICAL SALES | | |
| International sales of petroleum products | 1,544 | 1,201 |
| International sales of petroleum products – CIS, other than Russia | 70 | 84 |
| Domestic sales of petroleum products | 882 | 817 |
| International sales of petrochemical products – Europe | 88 | 82 |
| Domestic sales of petrochemical products | 18 | 12 |
| Total petroleum products and petrochemicals sales | 2,602 | 2,196 |

The Company is not dependent on any of its major customers or any one particular customer as there is a liquid market for crude oil and petroleum products. As of December 31, 2014, the amount of current receivable from the Company's major customer totaled RUB 52 billion, or around 13% of the Company's trade receivables.

10. TAXES OTHER THAN INCOME TAX

Taxes other than income tax for the years ended December 31 comprise the following:

| | 2014 | 2013 |
|------------------------|--------------|--------------|
| Mineral extraction tax | 982 | 829 |
| Excise tax | 139 | 136 |
| Property tax | 28 | 22 |
| Social charges | 38 | 31 |
| Other | 8 | 6 |
| Total taxes | 1,195 | 1,024 |

11. EXPORT CUSTOMS DUTY

Export customs duty for the years ended December 31 comprises the following:

| | 2014 | 2013 |
|--|--------------|--------------|
| Export customs duty on oil sales | 1,224 | 1,025 |
| Export customs duty on gas sales | – | 1 |
| Export customs duty on petroleum products and petrochemicals sales | 459 | 356 |
| Total export customs duty | 1,683 | 1,382 |

12. FINANCE INCOME

Finance income for the years ended December 31 comprises the following:

| | 2014 r. | 2013 r. |
|--------------------------------------|---------|---------|
| Interest income on | | |
| Deposits and certificates of deposit | 12 | 5 |
| Loans issued | 10 | 6 |
| Notes receivable | 2 | 2 |
| Bonds | 3 | 3 |
| Current/settlement accounts | 1 | 1 |
| Other interest income | 1 | 1 |

| | 2014 r. | 2013 r. |
|--|-----------|-----------|
| Interest income on | | |
| Total interest income | 29 | 18 |
| Gain from changes in fair value of non-derivative short-term financial assets at fair value recognized in profit or loss | – | 3 |
| Gain from disposal of financial assets | 1 | – |
| Total finance income | 30 | 21 |

13. FINANCE EXPENSES

Finance expenses for the years ended December 31 comprise the following:

| | 2014 | 2013 |
|--|--------------|-------------|
| Interest expense on: | | |
| Loans and borrowings | (57) | (38) |
| Use of funds under terms of prepayment agreements (Note 34) | (28) | (5) |
| Other interest expenses | (2) | (1) |
| Total interest expenses | (87) | (44) |
| Net loss from operations with derivative financial instruments | (122) | (4) |
| Loss from disposal of financial assets | (1) | – |
| Increase in provision due to the unwinding of discount | (9) | (8) |
| Total finance expenses | (219) | (56) |

The weighted average rate used to determine the amount of borrowing costs eligible for capitalization is 5.42% and 3.97% p.a. in 2014 and 2013, respectively.

14. OTHER INCOME AND EXPENSES

Other income for the years ended December 31 comprises the following:

| | 2014 | 2013 (restated) |
|--|-----------|--------------------|
| Gain from the sale of LLC "Yugragazpererabotka" (Note 28) | 56 | – |
| Non-cash income from acquisition of subsidiaries, net (Note 7) | – | 209 |
| Compensation payment for licenses from joint venture parties | 1 | 2 |
| Other | 7 | 35 |
| Total other income | 64 | 246 |

Other expenses for the years ended December 31 comprise the following:

| | 2014 | 2013 |
|--|-----------|-----------|
| Sale and disposal of property, plant and equipment and intangible assets | 18 | 13 |
| Disposal of companies and non-production assets | 6 | 5 |
| Impairment of assets | 2 | 9 |
| Social payments, charity, sponsorship, financial aid | 12 | 12 |
| Other | 16 | 20 |
| Total other expenses | 54 | 59 |

Impairment of assets relate to a number of market quoted financial assets and certain other assets which were impaired due to sustained decrease in market prices.

15. PERSONNEL EXPENSES

Personnel expenses for the years ended December 31 comprise the following:

| | 2014 | 2013 |
|--|------------|------------|
| Salary | 178 | 144 |
| Statutory insurance contributions | 39 | 31 |
| Expenses for non-statutory defined contribution plan | 5 | 4 |
| Other employee benefits | 9 | 6 |
| Total personnel expenses | 231 | 185 |

Personnel expenses are included in Production and operating expenses, General and administrative expenses and Other expenses in the consolidated statement of profit or loss.

16. OPERATING LEASES

Operating lease agreements have various terms and conditions and primarily consist of indefinite tenancy agreements for the lease of land plots under oilfield pipelines and petrol stations, agreements for the lease of rail cars and rail tank cars for periods over 12 months, and agreements for the lease of land plots for industrial sites of the Company's oil refining plants. The agreements provide for an annual revision of the rental rates and contractual terms and conditions.

Total operating lease expenses for the years ended December 31, 2014 and 2013 amounted to RUB 15 billion and RUB 16 billion, respectively. The expenses were recognized within Production and operating expenses, General and administrative expenses and Other expenses in the statement of profit or loss.

Future minimum lease payments under non-cancellable operating leases as of December 31 are as follows:

| | 2014 | 2013 |
|--|------------|------------|
| Less than 1 year | 22 | 16 |
| From 1 to 5 years | 60 | 50 |
| Over 5 years | 173 | 163 |
| Total future minimum lease payments | 255 | 229 |

17. INCOME TAX

Income tax expenses for the years ended December 31 comprise the following:

| | 2014 | 2013 |
|--|-------------|------------|
| Current income tax | 223 | 98 |
| Prior period adjustments | (5) | (16) |
| Current income tax expense | 218 | 82 |
| Deferred tax relating to origination and reversal of temporary differences | (90) | (1) |
| Deferred income tax benefit | (90) | (1) |
| Total income tax expense | 128 | 81 |

Except for the applicable regional tax reliefs, the Russian income tax rate of 20% was applied to companies domiciled in Russian Federation in 2014 and 2013. The income tax rate may vary from 20% for subsidiaries incorporated in other jurisdictions. The rate is calculated according to local fiscal regulations.

Temporary differences between these consolidated financial statements and tax records gave rise to the following deferred income tax assets and liabilities:

| | Consolidated balance sheet as of December 31 | | Consolidated statement of profit or loss for the years, ended December 31 | |
|--|---|--------------------|--|--------------------|
| | 2014 | 2013 (restated) | 2014 | 2013 (restated) |
| Short-term financial assets | 6 | 4 | 2 | 1 |
| Short-term accounts receivable, net of allowance | 3 | 2 | 1 | (1) |
| Inventories | - | 2 | (2) | - |
| Prepayments and other current assets | - | 1 | (1) | 1 |
| Long-term financial assets | 1 | 2 | (1) | - |
| Long-term accounts receivable, net of allowance | 1 | 1 | - | 1 |
| Property, plant and equipment | 8 | 5 | 3 | - |
| Other non-current assets | 1 | - | 1 | - |
| Short-term accounts payable and accrued liabilities | 12 | 7 | 5 | 1 |
| Current financial liabilities | - | 1 | (1) | 1 |
| Other current liabilities | 31 | 5 | 26 | 3 |
| Long-term accounts payable and accrued liabilities | 3 | 3 | - | - |
| Long-term accrued provisions | 12 | 12 | - | 2 |
| Tax loss carry forward | 67 | 8 | 58 | - |
| Valuation allowance for deferred income tax assets | (5) | (7) | 2 | (5) |
| Less: deferred tax liabilities offset | (116) | (32) | - | - |
| Deferred tax assets | 24 | 14 | 93 | 4 |
| Property, plant and equipment | (447) | (437) | (6) | (4) |
| Mineral rights | (263) | (243) | 3 | 1 |
| Less: deferred tax assets offset | 116 | 32 | - | - |
| Deferred tax liabilities | (594) | (648) | (3) | (3) |
| Deferred income tax benefit | | | 90 | 1 |
| Net deferred tax liabilities | (570) | (634) | | |
| Recognized in the consolidated balance sheet as following | | | | |
| Deferred tax assets | 24 | 14 | | |
| Deferred tax liabilities | (594) | (648) | | |
| Net deferred tax liabilities | (570) | (634) | | |

Net deferred tax liabilities reconciliation is as follows:

| | 2014 | 2013 (restated) |
|---|--------------|--------------------|
| As of January 1 | (634) | (260) |
| Deferred income tax benefit, recognized in the consolidated statement of profit or loss | 90 | 1 |
| Acquisition of subsidiaries (Note 7) | (1) | (398) |
| Reclassification (from)/to assets held for sale | (23) | 23 |
| Deferred tax expenses recognized in other comprehensive income | (2) | - |
| As of December 31 | (570) | (634) |

A reconciliation between tax expense and the product of accounting profit multiplied by 20% tax rate for the years ended December 31 is as follows:

| | 2014 | 2013 (restated) |
|---|------------|--------------------|
| Income before income tax | 478 | 636 |
| Income tax at statutory rate of 20% | 96 | 127 |
| Increase/(decrease) resulting from: | | |
| Effect of income tax rates in other jurisdictions | 5 | 3 |
| Effect of income tax reliefs | (15) | (13) |

| | 2014 | 2013 (restated) |
|--|------------|--------------------|
| Effect of non-taxable income from acquisition of subsidiaries (Note 7) | – | (41) |
| Effect of tax on dividends received from non-resident company | 32 | – |
| Effect of non-taxable income and non-deductible expenses | 10 | 5 |
| Income tax | 128 | 81 |

Unrecognized deferred tax assets in the consolidation balance sheet for the years ended December 31, 2014 and 2013 amounted to RUB 14 billion and RUB 5 billion, respectively, related to unused tax losses. Tax loss carry forwards available for utilization by the Company expire in 2015-2024.

18. NON-CONTROLLING INTERESTS

Non-controlling interests include:

| | As of December 31, 2014 | | 2014 | As of December 31, 2013 | | 2013 |
|--|------------------------------|--|--|------------------------------|--|--|
| | Non-controlling interest (%) | Non-controlling interest in net assets | Non-controlling interest in net income | Non-controlling interest (%) | Non-controlling interest in net assets | Non-controlling interest in net income |
| CJSC Vankorneft | – | – | 3 | 6.04 | 29 | 3 |
| OJSC Grozneftegaz | 49.00 | 3 | – | 49.00 | 3 | (3) |
| OJSC Rosneft Sakhalin | 45.00 | 2 | – | 45.00 | 2 | – |
| OJSC Russian Regional Development Bank (VBRR) | 15.33 | 1 | – | 15.33 | 1 | – |
| SIA ITERA Latvija (Note 7) | 34.00 | 1 | – | 34.00 | 1 | – |
| CJSC TZK Sheremetyevo (Note 7) | 25.10 | 1 | – | 25.10 | 1 | – |
| OJSC RN Holding (Notes 7, 37) | – | – | – | – | – | 2 |
| OJSC Verkhnechonskneftegaz (Notes 7, 37) | – | – | – | – | – | 1 |
| OJSC Samotlorneftegaz (Notes 7, 37) | – | – | – | – | – | 1 |
| LLC RN-Uvatneftegaz (Notes 7, 37) | – | – | – | – | – | 1 |
| OJSC Orenburgneft (Notes 7, 37) | – | – | – | – | – | 1 |
| Non-controlling interests in other entities | various | 1 | (1) | various | 2 | – |
| Non-controlling interests as of the end of the reporting period | | 9 | 2 | | 39 | 6 |

19. EARNINGS PER SHARE

For the years ended December 31 basic earnings per share comprise the following:

| | 2014 | 2013 (restated) |
|--|--------------|--------------------|
| Net income attributable to shareholders of Rosneft | 348 | 549 |
| Weighted average number of issued common shares outstanding (millions) | 10,598 | 10,304 |
| Total basic earnings per share (RUB) | 32.84 | 53.28 |

20. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

| | As of December 31 | |
|---|-------------------|------------|
| | 2014 | 2013 |
| Cash on hand and in bank accounts in RUB | 117 | 58 |
| Cash on hand and in bank accounts in foreign currencies | 84 | 172 |
| Deposits | 12 | 43 |
| Other | 3 | 2 |
| Total cash and cash equivalents | 216 | 275 |

Cash accounts nominated in foreign currencies represent primarily cash in U.S. dollars.

Deposits are interest bearing and nominated primarily in RUB.

Restricted cash comprises the obligatory reserve of subsidiary banks with the CBR in the amount of RUB 1 billion as of December 31, 2014 and 2013.

21. OTHER SHORT-TERM FINANCIAL ASSETS

Other short-term financial assets comprise the following:

| | As of December 31 | |
|--|-------------------|------|
| | 2014 | 2013 |
| Financial assets available-for-sale | | |
| Bonds and promissory notes | 65 | 21 |
| Stocks and shares | 61 | 22 |
| Financial assets held-to-maturity | | |
| Bonds | 6 | – |
| Loans and accounts receivable | | |
| Loans granted | 1 | 17 |
| Loans issued to associates | 7 | 4 |

| | As of December 31 | |
|---|-------------------|------------|
| | 2014 | 2013 |
| Notes receivable, net of allowance | 57 | 21 |
| Loans granted under reverse repurchase agreements | - | 1 |
| Deposits and certificates of deposit | 512 | 131 |
| Held-for-trading financial assets at fair value through profit or loss | | |
| Corporate bonds | 9 | 11 |
| State bonds | 5 | 4 |
| Total other short-term financial assets | 723 | 232 |

As of December 31, 2014 and 2013 available-for-sale bonds and notes comprise the following:

| Type of security | 2014 | | | 2013 | | |
|---|-----------|--------------------|---------------------------------|-----------|--------------------|-------------------------------|
| | Balance | Interest rate p.a. | Date of maturity | Balance | Interest rate p.a. | Date of maturity |
| State bonds (federal loan bonds issued by the Ministry of Finance of the Russian Federation) | - | | | 6 | 7.0-8.1% | March 2014 - June 2015 |
| Municipal bonds | - | | | 2 | 8.35-9.0% | December 2014 - November 2018 |
| Corporate bonds | 7 | 3.72-11.0% | February 2015 - October 2026 | 13 | 3.72-10.0% | February 2014 - November 2024 |
| Promissory notes | 58 | 9.5%-15.0% | September 2015 - September 2019 | - | - | - |
| Total | 65 | | | 21 | | |

Состав облигаций, удерживаемых до погашения, по состоянию на 31 декабря 2014 и 2013 гг. представлен в таблице ниже:

| Type of security | 2014 | | | 2013 | | |
|---|----------|--------------------|----------------------------|----------|--------------------|------------------|
| | Balance | Interest rate p.a. | Date of maturity | Balance | Interest rate p.a. | Date of maturity |
| State bonds (federal loan bonds issued by the Ministry of Finance of the Russian Federation) | 3 | 7.0% | June 2015 | - | - | - |
| Corporate bonds | 3 | 8.75-10.5% | March 2015 - November 2015 | - | - | - |
| Total | 6 | | | - | | |

As of December 31, 2014, notes receivable include corporate notes receivable that are nominated in Euro with a nominal interest rate of 2.843% p.a. and with a maturity through April 2016 and nominally interest-free corporate notes receivable that are nominated in RUB with weighted average effective interest rate of 8.62% p.a. with maturities through September 2015.

As of December 31, 2013, notes receivable include corporate notes receivable that are primarily nominated in RUB with nominal interest rates ranging from 4.25% to 10.7% p.a. with maturities to December 2014 and nominally interest-free corporate notes receivable with a weighted average effective interest rate of 4.8% p.a. with maturities to December 2014.

As of December 31, 2014, deposits and certificates of deposit nominated in U.S. dollars amount to RUB 468 billion and bear interest rates ranging from 0.45% to 4.0% p.a. Deposits and certificates of deposit nominated in RUB amount to RUB 44 billion and bear interest rates ranging from 8.0% to 10.65% p.a.

As of December 31, 2014 and 2013 trading securities comprise the following:

| Type of security | 2014 | | | 2013 | | |
|---|-----------|--------------------|--------------------------------|-----------|--------------------|------------------------------|
| | Balance | Interest rate p.a. | Date of maturity | Balance | Interest rate p.a. | Date of maturity |
| Корпоративные облигации | 9 | 5.375-11.3% | February 2015 - September 2044 | 11 | 1.99-13.5% | February 2014 - October 2026 |
| Государственные и муниципальные облигации | 5 | 6.9-12.0% | August 2015 - February 2036 | 4 | 5.5-12.0% | April 2014 - February 2036 |
| Итого | 14 | | | 15 | | |

22. ACCOUNTS RECEIVABLE

Accounts receivable include the following:

| | As of December 31 | |
|--|-------------------|------------|
| | 2014 | 2013 |
| Trade receivables | 413 | 378 |
| Banking loans to customers | 32 | 16 |
| Other accounts receivable | 120 | 30 |
| Total | 565 | 424 |
| Allowance for doubtful accounts | (11) | (9) |
| Total accounts receivable, net of allowance | 554 | 415 |

The allowance for doubtful accounts is recognized at each balance sheet date based on estimates of the Company's management regarding the expected cash inflows to repay accounts receivable.

The Company recognized allowance for doubtful accounts for all significant past due accounts receivable as of December 31, 2014 and 2013.

As of December 31, 2014 and 2013 accounts receivable were not pledged as collateral for loans and borrowings provided to the Company.

23. INVENTORIES

Inventories comprise the following:

| | As of December 31 | |
|---------------------------------------|-------------------|------------|
| | 2014 | 2013 |
| Crude oil and associated gas | 70 | 69 |
| Petroleum products and petrochemicals | 115 | 96 |
| Materials and supplies | 48 | 37 |
| Total | 233 | 202 |

Materials and supplies mostly include spare parts. Petroleum products and petrochemicals include those designated both for sale and for own use.
For the years ended December 31:

| | 2014 | 2013 |
|--|------|------|
| Cost of inventories recognized as an expense during the period | 640 | 581 |

Cost of inventories recognized as an expense during the period is included in Production and operating expenses, Cost of purchased oil, gas, petroleum products and refining costs and General and administrative expenses in the consolidated statement of profit or loss.

24. PREPAYMENTS AND OTHER CURRENT ASSETS

Prepayments comprise the following:

| | As of December 31 | |
|---|-------------------|------------|
| | 2014 | 2013 |
| Value added tax and excise receivable | 162 | 183 |
| Prepayments to suppliers | 40 | 36 |
| Settlements with customs | 142 | 80 |
| Profit tax advance payments | 49 | 23 |
| Other | 11 | 8 |
| Total prepayments and other current assets | 404 | 330 |

Settlements with customs primarily represent export duties related to the export of crude oil and petroleum products (Note 11).

25. PROPERTY, PLANT AND EQUIPMENT AND CONSTRUCTION IN PROGRESS

| | Exploration and production | Refining and distribution | Corporate and other unallocated activities | Total |
|--|----------------------------|---------------------------|--|----------------|
| Cost as of January 1, 2013 (restated) | 2,593 | 701 | 68 | 3,362 |
| Depreciation, depletion and impairment losses as of January 1, 2013 (restated) | (630) | (145) | (17) | (792) |
| Net book value as of January 1, 2013 (restated) | 1,963 | 556 | 51 | 2,570 |
| Prepayments for property, plant and equipment as of January 1, 2013 | 4 | 46 | 9 | 59 |
| Total as of January 1, 2013 (restated) | 1,967 | 602 | 60 | 2,629 |
| COST | | | | |
| Acquisition of subsidiaries (Note 7) | 2,327 | 272 | 1 | 2,600 |
| Additions | 355 | 226 | 14 | 595 |
| Disposals | (38) | (6) | (2) | (46) |
| Reclassification to assets held for sale (Note 8) | (151) | – | – | (151) |
| Foreign exchange differences | 11 | 4 | – | 15 |
| Cost of asset retirement (decommissioning) obligations | 7 | – | – | 7 |
| As of December 31, 2013 (restated) | 5,104 | 1,197 | 81 | 6,382 |
| DEPRECIATION, DEPLETION AND IMPAIRMENT LOSSES | | | | |
| Depreciation and depletion charge | (335) | (53) | (4) | (392) |
| Disposals and other movements | 17 | 4 | 3 | 24 |
| Impairment of assets | – | (1) | – | (1) |
| Foreign exchange differences | (7) | (1) | – | (8) |
| As of December 31, 2013 (restated) | (955) | (196) | (18) | (1,169) |
| Net book value as of December 31, 2013 (restated) | 4,149 | 1,001 | 63 | 5,213 |
| Prepayments for property, plant and equipment as of December 31, 2013 | 4 | 49 | 9 | 62 |
| Total as of December 31, 2013 (restated) | 4,153 | 1,050 | 72 | 5,275 |
| COST | | | | |
| Acquisition of subsidiaries (Note 7) | 22 | – | – | 22 |
| Additions | 411 | 226 | 16 | 653 |
| Disposals | (41) | (6) | (3) | (50) |
| Reclassification from assets held for sale (Note 8) | 151 | – | – | 151 |
| Foreign exchange differences | 138 | 48 | 11 | 197 |
| Cost of asset retirement (decommissioning) obligations | (17) | – | – | (17) |
| As of December 31, 2014 | 5,768 | 1,465 | 105 | 7,338 |

| | Exploration and production | Refining and distribution | Corporate and other unallocated activities | Total |
|---|-------------------------------|------------------------------|---|----------------|
| DEPRECIATION, DEPLETION AND IMPAIRMENT LOSSES | | | | |
| Depreciation and depletion charge | (385) | (71) | (7) | (463) |
| Disposals and other movements | 21 | 5 | 1 | 27 |
| Impairment of assets | (1) | (2) | - | (3) |
| Foreign exchange differences | (103) | (17) | (2) | (122) |
| As of December 31, 2014 | (1,423) | (281) | (26) | (1,730) |
| Net book value as of December 31, 2014 | 4,345 | 1,184 | 79 | 5,608 |
| Prepayments for property, plant and equipment as of December 31, 2014 | 6 | 47 | 5 | 58 |
| Total as of December 31, 2014 | 4,351 | 1,231 | 84 | 5,666 |

The cost of construction in progress included in property, plant and equipment was RUB 1.083 billion and RUB 928 billion as of December 31, 2014 and 2013, respectively.

Depreciation charge for the years ended December 31, 2014 and 2013 includes depreciation which was capitalized as part of the construction cost of property, plant and equipment and the cost of inventory in the amount of RUB 4 billion and RUB 4 billion, respectively.

The Company capitalized RUB 54 billion and RUB 33 billion of interest expenses on loans and borrowings in 2014 and 2013, respectively.

During 2014 and 2013 the Company received government grants for capital expenditures in the amount of RUB 10 billion and RUB 7 billion, respectively. Grants are accounted for as a reduction of additions in the Exploration and production segment.

Exploration and evaluation assets

Exploration and evaluation assets included in the Exploration and production segment, including mineral rights to unproved properties, comprise the following:

| | 2014 | 2013 |
|---|------------|------------|
| Cost as of January 1 (restated) | 175 | 109 |
| Impairment losses as of January 1 | (10) | (10) |
| Net book value as of January 1 (restated) | 165 | 99 |
| Acquisition of subsidiaries (Note 7) | - | 121 |
| Capitalized expenditures | 26 | 16 |
| Reclassified to development assets | (13) | (16) |
| Reclassification to assets held for sale (Note 8) | - | (53) |
| Reclassification from assets held for sale (Note 8) | 53 | - |
| Expensed | (3) | (2) |
| Foreign exchange differences | 8 | - |
| Cost as of December 31 (restated) | 246 | 175 |
| Impairment losses as of December 31 | (10) | (10) |
| Net book value as of December 31 (restated) | 236 | 165 |

Provision for asset retirement (decommissioning) obligations

The provision for asset retirement (decommissioning) obligations was RUB 37 billion and RUB 64 billion as of December 31, 2014 and 2013, respectively, and included in Property, plant and equipment.

26. INTANGIBLE ASSETS AND GOODWILL

Intangible assets and goodwill comprise the following:

| | Rights for land lease | Other intangible assets | Total intangible assets | Goodwill |
|--|-----------------------|----------------------------|----------------------------|------------|
| Cost as of January 1, 2013 | 18 | 9 | 27 | 144 |
| Amortization as of January 1, 2013 | (5) | (3) | (8) | - |
| Net book value as of January 1, 2013 | 13 | 6 | 19 | 144 |
| COST | | | | |
| Additions | 1 | 3 | 4 | - |
| Disposals | (6) | (4) | (10) | - |
| Acquisition of subsidiaries (Note 7) | 10 | 14 | 24 | 66 |
| As of December 31, 2013 (restated) | 23 | 22 | 45 | 210 |
| AMORTIZATION | | | | |
| Amortization charge | (2) | (2) | (4) | - |
| Disposal of amortization | 2 | - | 2 | - |
| As of December 31, 2013 (restated) | (5) | (5) | (10) | - |
| Net book value as of December 31, 2013 (restated) | 18 | 17 | 35 | 210 |
| COST | | | | |
| Additions | - | 17 | 17 | - |
| Acquisition of subsidiaries (Note 7) | - | 1 | 1 | 5 |
| Disposals | - | (3) | (3) | - |
| Foreign exchange differences | 4 | - | 4 | - |
| As of December 31, 2014 | 27 | 37 | 64 | 215 |
| AMORTIZATION | | | | |
| Amortization charge | (2) | (3) | (5) | - |
| Disposal of amortization | - | 1 | 1 | - |
| Foreign exchange differences | (1) | - | (1) | - |
| As of December 31, 2014 | (8) | (7) | (15) | - |
| Net book value as of December 31, 2014 | 19 | 30 | 49 | 215 |

The Company performed its annual goodwill impairment test as of October 1 of each year. The impairment test was carried out at the beginning of the fourth quarter of each year using the data that was appropriate at that time. Considering the significance of macroeconomic changes in the fourth quarter of 2014, the Company re-performed the test as of December 31, 2014 applying revised macroeconomic forecasts. The excess of fair value over identified net assets comprised RUB 3.767 billion and RUB 1.106 billion for the Exploration and production and Refining and distribution segments, respectively. As a result of the annual test, no impairment of goodwill was identified in 2014 and 2013.

Goodwill acquired through business combinations has been allocated to related groups of cash generating units being its operating segments – the Exploration and production segment and the Refining and distribution segment. In assessing whether goodwill has been impaired, the current values of the operating segments (including goodwill) were compared with their estimated value in use.

| | As of December 31 | |
|----------------------------|-------------------|--------------------|
| | 2014 | 2013 (restated) |
| GOODWILL | | |
| Exploration and production | 75 | 71 |
| Refining and distribution | 140 | 139 |
| Total | 215 | 210 |

The Company has estimated the value in use of the operating segments using a discounted cash flow model.

Future cash flows have been adjusted for risks specific to the segment and discounted using a rate, that reflects current market assessments of the time value of money and the risks specific to the segment for which the future cash flow estimates have not been adjusted.

The Company's business plan, approved by the Company's Board of Directors, is the primary source of information for the determination of the operating segments' value in use. The business plan contains internal forecasts of oil and gas production, refinery throughputs, sales volumes of 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, petroleum product margins and cost inflation rates, are set. These assumptions take into account existing prices, U.S. dollar and RUB inflation rates, other macroeconomic factors and historical trends, as well as markets volatility.

In determining the value in use for each of the operating segments, cash flows have been discounted and aggregated with the segments' terminal value. In determining the terminal value of the Company's segments in the post-forecast period the Gordon model was used.

Key assumptions applied to calculation

Changes in these factors have the biggest effect on the sensitivity of discounted cash flows:

- Discount rate. The discount rate calculation is based on the Company's weighted average cost of capital adjusted to reflect the pre-tax discount rate and amounts to 11.0% p.a. in 2014 (6.9% p.a. in 2013).
- Estimated average annual RUB/U.S. dollar exchange rate. The average annual RUB/U.S. dollar exchange rate applied was as follows: RUB 50.0, RUB 55.5 and RUB 52.5 for 2015, 2016 and 2017, respectively.
- Oil price. The forecasted Urals oil price applied was as follows: RUB 2.950, RUB 3.219 and RUB 3.832.5 per barrel for 2015, 2016 and 2017, respectively.
- Production volumes. Estimated production volumes were based on detailed data for the fields and take into account fields' development plan approved by management through the long-term planning process. The model has used average rates of operation decline equal to natural rates of production decline for the existing assets provided that there is no production drilling. These rates were 8.0% of annual decline for the period after 2026.

As of December 31, 2014 and 2013 the Company did not have any intangible assets with indefinite useful lives. As of December 31, 2014 and 2013 no intangible assets have been pledged as collateral.

Sensitivity to changes in assumptions

The effects of changes in key assumptions are as follows:

- Changes in pre-tax weighted average cost of capital – The long-term increase of weighted average cost of capital over 14.8% may have a significant effect on the discounted cash flows of the Refining and distribution segment and may likely lead to the segment's goodwill impairment.
- Changes in oil prices – The long-term decrease of oil prices below RUB 3.265 per barrel for the periods 2017 – onwards may have a significant effect on the discounted cash flows of the Refining and distribution segment and may likely lead to the segment's goodwill impairment.

27. OTHER LONG-TERM FINANCIAL ASSETS

Other long-term financial assets comprise the following:

| | As of December 31 | |
|---|-------------------|--------------------|
| | 2014 | 2013 (restated) |
| Bonds | 4 | 1 |
| Bank deposits | 6 | 6 |
| Financial assets available for sale: | | |
| – Shares of OJSC INTER RAO UES | 1 | 1 |
| – Shares of OJSC Russian Grids | 1 | 1 |
| – Shares of AS Latvijas Gaze, ASE esti GAAS | 3 | 2 |
| Long-term loans issued to associates and joint ventures | 259 | 20 |
| Long-term borrowings | – | 3 |
| Loans to employees | 2 | 1 |
| Derivative financial instruments | – | 1 |
| Other | 5 | 1 |
| Total other long-term financial assets | 281 | 37 |

Pursuant to contracts, long-term loans issued to associates and joint ventures are mostly US\$ nominated and have a maturity of three to nine years and bear interest rate ranging from 3.5% to 14.5% p.a. In 2014 the Company provided a long-term loan to its joint venture in the amount of US\$ 4 billion (RUB 226 billion at the CBR official exchange rate at the date of loan issuance) earning an interest of 3.5% to 6% p.a. and maturing in 5 years.

Pursuant to contracts, long-term RUB nominated deposits have a maturity period of 5 years and bear interest rate of 8% p.a.

As of December 31, 2014 and 2013, there were no overdue long-term financial assets for which no impairment provision was created.

As of December 31, 2014 and 2013, shares were impaired in the amount of RUB 1 billion and RUB 2 billion.

No long-term financial assets were pledged as collateral as of December 31, 2014 and 2013.

As of December 31, 2014 and 2013, no long-term financial assets were received by the Company as collateral.

28. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Investments in associates and joint ventures comprise the following:

| Name of an investee | Country | The Company's share as of December 31, 2014, % | As of December 31 | |
|--|-----------|---|-------------------|--------------------|
| | | | 2014 | 2013 (restated) |
| JOINT VENTURES | | | | |
| Polar Lights Company LLC | Russia | 50.00 | 1 | 1 |
| Rosneft Shell Caspian Vent. | Russia | 51.00 | 1 | 1 |
| Taihu Ltd (OJSC Udmurtneft) | Cyprus | 51.00 | 21 | 20 |
| Lanard Holdings Ltd | Cyprus | 50.00 | 18 | 18 |
| CJSC Arktikshelfneftegaz | Russia | 50.00 | 3 | 3 |
| National Oil Consortium LLC | Russia | 80.00 | 27 | 12 |
| Saras S.p.A. | Italy | 20.99 | 17 | 13 |
| OJSC NGK Slavneft | Russia | 49.94 | 143 | 166 |
| Boqueron S.A., Petroperija S.A., PetroMonagas S.A. | Venezuela | various | 9 | 17 |
| PETROVICTORIA S.A. | Venezuela | 40.00 | 25 | - |
| NVGRES Holdings Limited (NVGRES LLC) | Cyprus | 25.01 | 4 | 5 |
| ЗАО «Мессояханефтегаз» | Россия | 50.00 | - | 2 |
| ЗАО «СТС» | Россия | 50.00 | 4 | 4 |
| Petrocas | Кипр | 49.00 | 8 | - |
| Pipeline consortiums | various | various | 3 | 2 |
| ASSOCIATES | | | | |
| CJSC Purgaz | Russia | 49.00 | 55 | 56 |
| Other associates | various | various | 8 | 7 |
| Total associates and joint ventures | | | 347 | 327 |

Equity share in profits/(losses) of associates and joint ventures:

| | The Company's share as of December 31, 2014, % | Share in income/(loss) of equity investees | |
|--|---|--|-----------|
| | | 2014 | 2013 |
| OJSC Verkhnechonskneftegaz | Note 7 | - | 3 |
| Taihu Ltd | 51.00 | 11 | 9 |
| NGK ITERA LLC | Note 7 | - | 2 |
| OJSC NGK Slavneft | 49.94 | (17) | (4) |
| CJSC Purgaz | 49.00 | - | - |
| National Oil Consortium LLC | 80.00 | - | - |
| Lanard Holdings Ltd | 50.00 | - | - |
| Other | various | (6) | 2 |
| Total equity share in (losses)/profits of associates and joint ventures | | (12) | 12 |

Unrecognized share of losses of associates and joint ventures comprise the following:

| Name of an investee | As of December 31, | |
|--|--------------------|----------|
| | 2014 | 2013 |
| Veninneft LLC | 4 | - |
| Adai Petroleum Company LLP | 4 | 2 |
| Total unrecognized share of losses of associates and joint ventures | 8 | 2 |

Financial information of significant associates and joint ventures as of December 31, 2014 and 2013 is presented below:

| Taihu Ltd | As of December 31, | |
|--|--------------------|--------------|
| | 2014 | 2013 |
| Cash and cash equivalents | 1 | 1 |
| Accounts receivable | 24 | 18 |
| Other current assets | 2 | 1 |
| Other non-current assets | 82 | 80 |
| Total assets | 109 | 100 |
| Short-term loans and borrowings | (11) | (7) |
| Income tax liabilities | (1) | (1) |
| Other current liabilities | (16) | (10) |
| Long-term loans and borrowings | (27) | (31) |
| Deferred tax liabilities | (6) | (5) |
| Other non-current liabilities | (7) | (6) |
| Total liabilities | (68) | (60) |
| Net assets | 41 | 40 |
| The Company's share, % | 51.00 | 51.00 |
| Total Company's share in net assets | 21 | 20 |

| Taihu Ltd | 2014 | 2013 |
|--|--------------|--------------|
| Revenues | 116 | 111 |
| Finance income | 6 | 1 |
| Finance expenses | (1) | (1) |
| Depreciation, depletion and amortization | (4) | (3) |
| Other expenses | (90) | (85) |
| Income before income tax | 27 | 23 |
| Income tax | (6) | (5) |
| Net income | 21 | 18 |
| The Company's share, % | 51.00 | 51.00 |
| Total Company's share in net income | 11 | 9 |

The Company's share of currency translation effect amounted to a loss of RUB 10 billion and RUB 2 billion for the years ended December 31, 2014 and 2013, respectively, which was included in foreign exchange differences on translation of foreign operations in the consolidated statement of other comprehensive income.

| OJSC NGK Slavneft | As of December 31 | |
|--|-------------------|--------------|
| | 2014 | 2013 |
| Cash and cash equivalents | 14 | 28 |
| Accounts receivable | 7 | 11 |
| Other current assets | 10 | 7 |
| Other non-current assets | 415 | 407 |
| Total assets | 446 | 453 |
| Short-term loans and borrowings | (44) | (24) |
| Tax liabilities | (15) | (17) |
| Other current liabilities | (30) | (23) |
| Long-term loans and borrowings | (47) | (33) |
| Deferred tax liabilities | (11) | (10) |
| Other non-current liabilities | (13) | (14) |
| Total liabilities | (160) | (121) |
| Net assets | 286 | 332 |
| The Company's share, % | 49.94 | 49.94 |
| Total Company's share in net assets | 143 | 166 |

| OJSC NGK Slavneft | 2014 | 2013 |
|--|--------------|--------------|
| Revenues | 197 | 193 |
| Finance income | 1 | 2 |
| Finance expenses | (30) | (2) |
| Depreciation, depletion and amortization | (31) | (26) |
| Other expenses | (173) | (170) |
| Loss before income tax | (36) | (3) |
| Income tax | 1 | (5) |
| Net loss | (35) | (8) |
| The Company's share, % | 49.94 | 49.94 |
| Total Company's share in net loss | (17) | (4) |

In 2014 OJSC NGK Slavneft and its subsidiaries declared dividends of RUB 6 billion which were recognized as a reduction of the investment in OJSC NGK Slavneft.

| CJSC Purgaz | As of December 31 | |
|--|-------------------|--------------|
| | 2014 | 2013 |
| Current assets | 3 | 2 |
| Non-current assets | 8 | 11 |
| Total assets | 11 | 13 |
| Current liabilities | (1) | (2) |
| Non-current liabilities | (1) | - |
| Total liabilities | (2) | (2) |
| Net assets | 9 | 11 |
| The Company's s share, % | 49.00 | 49.00 |
| Total Company's share in net assets | 4 | 5 |
| Goodwill | 51 | 51 |
| Total investment | 55 | 56 |

| CJSC Purgaz | 2014 | 2013 |
|-------------------|------|------|
| Revenue | 12 | 6 |
| Cost of sales | (11) | (5) |
| Gross profit | 1 | 1 |
| Other expenses | (1) | - |
| Profit before tax | - | 1 |
| Income tax | - | - |

| CJSC Purgaz | 2014 | 2013 |
|-------------------------------------|-------|-------|
| Net income | - | 1 |
| The Company's share, % | 49.00 | 49.00 |
| Total Company's share in net income | - | - |

In 2014 CJSC Purgaz declared dividends of RUB 1 billion which were recognized as a reduction of the investment in CJSC Purgaz. Investments in Lanard Holdings LTD include goodwill of RUB 17 billion.

OJSC NGK Slavneft

As a result of TNK-BP acquisition (Note 7) the Company obtained 49.9% interest in OJSC NGK Slavneft. The investment in OJSC NGK Slavneft of RUB 173 billion at the acquisition date is accounted for as an investment in a joint venture using the equity method.

OJSC NGK Slavneft holds licenses for the exploration and production of oil and gas at 31 license areas located in West Siberia and the Krasnoyarsk region. The annual production of OJSC NGK Slavneft is 17 million tonnes of crude oil. The crude oil produced (excluding export) is processed at OJSC NGK Slavneft's refineries. The OJSC NGK Slavneft's refineries process over 26 million tonnes of hydrocarbons and produce over 5 million tonnes of gasoline annually.

Investments in Venezuela

As a result of the TNK-BP acquisition (Note 7) the Company obtained equity interests in certain assets in Venezuela. The most significant of these investments is in PetroMonagas S.A. in which the Company holds a 16.7% interest. The investment in Venezuela of RUB 17 billion is accounted for as an investment in joint venture using the equity method.

PetroMonagas S.A. is engaged in the exploration and development of oil and gas fields in the eastern part of Orinoko Basin. In 2014 PetroMonagas S.A. produced 53.4 million barrels of oil equivalent. PetroMonagas S.A. is an integrated project involving the extra-heavy crude oil extraction and the upgrading, production and export of synthetic crude oil.

On May 23, 2013 the Company entered into a joint venture agreement with Corporacion Venezolana del Petroleo, a subsidiary of Petróleos de Venezuela S.A. ("PDVSA"), Venezuelan state oil company. On November 14, 2013 the Petrovictoria S.A. joint venture was incorporated to effect the exploration of heavy oil of Project Carabobo-2 in Venezuela. On August 27, 2014 the Company paid a 40% of bonus in the amount of \$440 million (RUB 16 billion at the CBR official exchange rate at the transaction date) for participation in Petrovictoria S.A. as a minority partner.

National Oil Consortium LLC

In January 2013, the Company acquired an additional 20% ownership interest in LLC National Oil Consortium ("NOC") for RUB 6 billion. As a result of this acquisition and the TNK-BP acquisition (Note 7), the Company's interest in NOC increased to 60%. NOC provides financing for the exploration project at Junin-6 block in Venezuela jointly with a subsidiary of PDVSA. The interest in NOC continues to be accounted for as an equity investment due to joint control under the shareholder's agreement.

On December 23, 2014 the Company and OJSC Lukoil entered into an agreement on the Company's acquisition of 20% share in the NOC. The acquisition was completed in January 2015. Following the transaction, the Company's ownership interest in NOC increased to 80%, with the remaining 20% interest owned by OJSC Gazprom Neft.

Acquisition of interest in refining assets

On April 23, 2013 the Company acquired a 13.70% interest in Saras S.p.A. ("Saras") for a total consideration of EURO 178.5 million (RUB 7 billion at the CBR official exchange rate at the acquisition date) from Angelo Moratti S.p.A., Gian Marco Moratti and Massimo Moratti.

On June 14, 2013 as a result of a voluntary public offer with respect to 69.310.933 ordinary shares the Company acquired an additional 7.29% interest in Saras for the total consideration of EURO 95 million (RUB 4 billion at the CBR official exchange rate at the acquisition date).

As a result of this acquisition, the Company's interest in the equity of Saras increased to 20.99% and is accounted for as an equity investment.

Saras is a leading Italian and European crude oil refiner which sells and distributes petroleum products in Italy and in international markets. Saras is also engaged in electric power production and sale, industrial engineering and scientific research services to the oil, electric power and environment sectors, and hydrocarbons exploration.

Sale of interest in LLC Yugragazpererabotka

In February 2014, the Company and OJSC Sibur-Holding entered into an agreement to sell 49% of LLC Yugragazpererabotka, owned through OJSC RN Holding, a subsidiary of the Company. The transaction was completed in March 2014. Proceeds from the disposal of interest in the LLC Yugragazpererabotka amounted to RUB 56 billion at the CBR official exchange rate as of the date of the disposal. During the first quarter of 2014, the Company received a cash payment of RUB 2.1 billion. The gain on the disposal of investments in LLC Yugragazpererabotka amounting to RUB 56 billion is included in the Other income in the consolidated statement of profit or loss for 2014.

Acquisition of interest in Petrocas Energy Limited and creation of a joint venture

In December 2014 the Company established a joint venture with Petrocas Energy International Limited ("Petrocas") by acquiring a 49% interest in its share capital. The payment of US\$ 144 million (RUB 9.3 billion at the CBR official exchange rate as of the date of transaction) was made in January 2015.

Petrocas owns and operates high-technology storage assets in oil and oil products logistics as well as the largest retail network of 140 branded gas stations in Georgia and conducts trading activities in the Caspian and Black Sea regions..

29. OTHER NON-CURRENT NON-FINANCIAL ASSETS

Other non-current non-financial assets comprise the following:

| | As of December 31 | |
|---|-------------------|-----------|
| | 2014 | 2013 |
| Long-term advances issued | 6 | 6 |
| Prepaid insurance | - | 1 |
| Other | 3 | 5 |
| Total other non-current non-financial assets | 9 | 12 |

30. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Кредиторская задолженность и начисления включают:

| | As of December 31 | |
|---|-------------------|------------|
| | 2014 | 2013 |
| FINANCIAL LIABILITIES | | |
| Accounts payable to suppliers and contractors | 272 | 187 |
| Voluntary offer to acquire OJSC RN Holding securities (Note 37) | | 153 |
| Salary and other benefits payable | 55 | 45 |
| Banking customer accounts | 62 | 36 |
| Other accounts payable | 34 | 22 |
| Total financial liabilities | 423 | 443 |
| NON-FINANCIAL LIABILITIES | | |
| Short-term advances received | 71 | 45 |
| Total accounts payable and accrued liabilities | 494 | 488 |

In 2014 current accounts payable were settled within 41 days (2013: 47 days) on average. Interest rates on banking customer accounts amount to 0-7.5% p.a. Trade and other payables are non-interest bearing.

31. LOANS AND BORROWINGS AND OTHER FINANCIAL LIABILITIES

Loans and borrowings comprise the following:

| | Currency | As of December 31 | |
|--|------------|-------------------|--------------|
| | | 2014 | 2013 |
| LONG-TERM | | | |
| Bank loans | RUB | 143 | 115 |
| Bank loans | US\$, Euro | 2,067 | 1,711 |
| Bonds | RUB | 138 | 131 |
| Eurobonds | US\$ | 408 | 247 |
| Customer deposits | RUB | 6 | 12 |
| Customer deposits | US\$, Euro | 5 | 5 |
| Borrowings | Euro | 6 | - |
| Promissory notes payable | US\$ | 2 | - |
| Other borrowings | US\$ | 278 | - |
| Less: current portion of long-term loans and borrowings | | (877) | (545) |
| Long-term loans and borrowings | | 2,176 | 1,676 |
| Finance lease liabilities | US\$ | 18 | 12 |
| Less: Current portion of long-term finance lease liabilities | | (4) | (4) |
| Total loans and borrowings and other financial liabilities | | 2,190 | 1,684 |
| SHORT-TERM | | | |
| Bank loans | RUB | 53 | 2 |
| Bank loans | US\$, Euro | - | 88 |
| Customer deposits | RUB | 18 | 11 |
| Customer deposits | US\$, Euro | 6 | 2 |
| Borrowings | Euro | - | 3 |
| Borrowings – Yukos related | RUB | - | 11 |
| Promissory notes payable – Yukos related | RUB | 20 | 20 |
| Promissory notes payable | RUB | - | 1 |
| Obligations under a repurchase agreement | RUB | 13 | 1 |
| Other borrowings | RUB | 15 | - |
| Other borrowings | US\$ | 73 | - |
| Current portion of long-term loans and borrowings | | 877 | 545 |
| Short-term loans and borrowings and current portion of long-term loans and borrowings | | 1,075 | 684 |
| Current portion of long-term finance lease liabilities | | 4 | 4 |
| Short-term liabilities related to derivative financial instruments | | 137 | 6 |
| Other short-term financial liabilities | | - | 7 |
| Total short-term loans and borrowings and other financial liabilities | | 1,216 | 701 |
| Total loans and borrowings and other financial liabilities | | 3,406 | 2,385 |

Long-term loans and borrowings

Long-term bank loans comprise the following:

| Currency | Interest rate p.a. | Maturity date | As of December 31 | |
|-----------------------------------|---------------------------------|---------------|-------------------|--------------|
| | | | 2014 | 2013 |
| US\$ | LIBOR + 1.00% LIBOR + 4.50% | 2015–2029 | 1,964 | 1,634 |
| EUR | EURIBOR + 0.35% EURIBOR + 2.40% | 2016–2020 | 108 | 86 |
| RUB | 7.20%-11.00% | 2015–2018 | 143 | 115 |
| Total | | | 2,215 | 1,835 |
| Debt issue costs | | | (5) | (9) |
| Total long-term bank loans | | | 2,210 | 1,826 |

Long-term bank loans from foreign banks to finance special-purpose business activities nominated in US\$ are partially secured by oil export contracts. If the Company fails to make timely debt repayments, the terms of such contracts are normally provide the lender with the express right of claim for contractual revenue in the amount of failing loan repayments which purchaser generally remit directly through transit currency accounts in lender banks. The outstanding balance of Accounts receivable arising from such contracts amounts to RUB 22 billion and RUB 24 billion as of December 31, 2014 and 2013, respectively, and is included in Trade receivables of purchasers and customers.

Certain US\$ nominated loans raised for the replenishment of working capital were assumed through the acquisition of TNK-BP (Note 7). As of December 31, 2014 the total outstanding debt for the above mentioned loans amounted to US\$ 0.88 billion (RUB 49 billion at the CBR official exchange rate as of December 31, 2014).

In March 2013, the Company drew down four long-term unsecured loans from a group of international banks for a total of US\$ 31.04 billion to finance the acquisition of TNK-BP (Note 7). The first debt agreement of US\$ 4.09 billion was entered into with a syndicate of foreign banks for 5 years at floating rates. The second debt agreement was entered into with a syndicate of foreign banks at floating rates in the amount of US\$ 12.74 billion for 2 years. The third debt agreement was entered into with a syndicate of foreign banks at floating rates for 2 years in the amount of US\$ 11.88 billion. The fourth debt agreement in the amount of US\$ 2.33 billion was entered into with a syndicate of foreign banks for 5 years at floating rates. In December 2013 the Company partially repaid a long-term loan from international banks in the amount of US\$ 5.1 billion. In 2014, the Company partially repaid two out of four unsecured long-term loans from international banks in the amount of US\$ 12.40 billion (RUB 603 billion at the CBR official exchange rate at the transaction date), including US\$ 0.76 billion (RUB 28 billion at the CBR official exchange rate at the transaction date) repaid as early repayment. As of December 31, 2014 the total debt for the above mentioned loans amounted to US\$ 13.55 billion (RUB 762 billion at the CBR official exchange rate as of December 31, 2014).

In June 2013, the Company drew down funds under long-term floating rate collateralized loan agreement with a foreign bank in the amount of US\$ 2 billion (RUB 113 billion at the CBR official exchange rate as of December 31, 2014). The loan is repayable within 16 years and is secured by oil export contracts.

In November 2013, the Company drew down funds under floating rate unsecured long-term loan from an international bank in the amount of US\$ 0.75 billion (RUB 42 billion at the CBR official exchange rate as of December 31, 2014) for 5 years.

In December 2013, the Company drew down funds under a long-term floating rate unsecured loan from the group of international banks for a total amount of US\$ 0.50 billion (RUB 28 billion at the CBR official exchange rate as of December 31, 2014) for 5 years.

In March 2014, the Company drew down funds under a long-term fixed rate unsecured loan from a Russian bank for a total amount of RUB 12.5 billion repayable in the first quarter of 2017.

In July-August 2014, the Company drew down funds under a floating rate long-term unsecured loans from Russian banks in the total amount of equivalent RUB 18.1 billion at the CBR official exchange rate as of December 31, 2014 for a term of 5 to 10 years.

In November 2014, the Company drew down funds under a fixed rate in the total amount of RUB 15 billion repayable in the fourth quarter of 2018.

In February 2014, the Company placed two issues of documentary interest-bearing non-convertible bearer bonds with a total nominal value of RUB 35 billion and a term of 10 years. Coupon payments are made on a semi-annual basis at a fixed rate of 8.9% p.a. for the first 10 coupon periods.

Non-convertible interest-bearing RUB nominated bearer bonds in circulation comprise the following:

| | Security ID | Date of issue | Total volume in RUB billions | Coupon (%) | As of December 31 | |
|----------------------------------|---------------------|---------------|------------------------------|------------|-------------------|------------|
| | | | | | 2014 | 2013 |
| Bonds | 04.05 | October 2012 | 20 | 8.6% | 20 | 20 |
| Bonds | 07.08 | March 2013 | 30 | 8.0% | 31 | 31 |
| Bonds | 06.09.10 | June 2013 | 40 | 7.95% | 40 | 40 |
| SE Bonds* | 50-05, 50-06 | December 2013 | 40 | 7.95% | 11 | 40 |
| SE Bonds | 50-01, 50-07 | February 2014 | 35 | 8.90% | 36 | - |
| SE Bonds* | 50-02, 50-03, 50-04 | | | | | |
| | 50-08, 50-09, 50-10 | | | | | |
| | 50-11, 50-12, 50-13 | | | | | |
| | 50-14, 50-15, 50-16 | | | | | |
| | 50-17, 50-24 | December 2014 | 625 | 11.90%** | - | - |
| Total long-term RUB bonds | | | | | 138 | 131 |

* On the reporting date these issues are partially used as an instrument under REPO transactions.

** For the first coupon period.

All of the above mentioned bonds are issued with the a maturity period of 6 and 10 years with quarterly and semi-annual coupon payments, respectively. Bonds are provided for early repurchase at the request of a bond holder as set in the respective offering documents. In addition, the issuer, at any time and at its discretion, may early purchase/repay the bonds with the possibility of subsequent bonds circulation. Such purchase/repayment of the bonds does not constitute an early redemption.

Corporate Eurobonds comprise the following:

| | Coupon rate (%) | Currency | Maturity | As of December 31 | |
|----------------------------------|-----------------|----------|----------|-------------------|------------|
| | | | | 2014 | 2013 |
| Eurobonds (Series 1) | 3.149% | US\$ | 2017 | 57 | 33 |
| Eurobonds (Series 2) | 4.199% | US\$ | 2022 | 114 | 66 |
| Eurobonds (Series 7) | 6.250% | US\$ | 2015 | 29 | 17 |
| Eurobonds (Series 2) | 7.500% | US\$ | 2016 | 61 | 38 |
| Eurobonds (Series 4) | 6.625% | US\$ | 2017 | 48 | 30 |
| Eurobonds (Series 6) | 7.875% | US\$ | 2018 | 68 | 43 |
| Eurobonds (Series 8) | 7.250% | US\$ | 2020 | 31 | 20 |
| Total long-term Eurobonds | | | | 408 | 247 |

In the fourth quarter of 2012, the Company raised the funds through Eurobonds placement in the total amount of US\$ 3.0 billion. Eurobonds were placed in two tranches at a nominal value: one in the amount of US\$ 1.0 billion (RUB 56 billion at the CBR official exchange rate as of December 31, 2014) with the coupon of 3.149% p.a. to mature in March 2017, and the other one in the amount of US\$ 2.0 billion (RUB 113 billion at the CBR official exchange rate as of December 31, 2014) with the coupon of 4.199% p.a. to mature in March 2022. The funds received will be used for general corporate purposes.

Eurobonds of the second, the forth, the sixth, the seventh and the eighth series were assumed through the acquisition of TNK-BP (Note 7)

Customer deposits represent fixed-term deposits placed by customers with the Company's subsidiary banks, nominated in RUB and foreign currencies. As of December 31, 2014, RUB nominated deposits bear interest rates ranging from 0.10% to 12.80% p.a. and deposits nominated in foreign currencies bear interest rates ranging from 0.10% to 7.90% p.a.

In December 2014 the Company attracted other long-term floating rate borrowing funds in total amount of equivalent RUB 278 billion at the CBR official exchange rate as of December 31, 2014 repayable in the fourth quarter of 2017 under repurchasing agreements operations. Own corporate bonds were used as an instrument for those deals.

The Company is obliged to comply with a number of restrictive financial and other covenants contained in several of its loan agreements. Such covenants include maintaining certain financial ratios.

As of December 31, 2014 and 2013 the Company was in compliance with all restrictive financial and other covenants contained in its loan agreements.

Short-term loans and borrowings

In November 2013, the Company drew down two floating rates tranches of unsecured loan from international bank in the total amount of US\$ 1.5 billion (RUB 49 billion at the CBR official exchange rate as of December 31, 2013): the first in the amount of US\$ 0.5 billion (RUB 16 billion at the CBR official exchange rate as of December 31, 2013) for 1 year and the second in the amount of US\$ 1.0 billion (RUB 33 billion at the CBR official exchange rate as of December 31, 2013) maturing within 6 months. During 2014, the Company repaid the US\$ 0.5 billion tranche in accordance with the repayment schedule and repaid the US\$ 1 billion tranche in full ahead of schedule.

In the third quarter of 2014, the Company drew down funds from a Russian bank under a fixed rate debt agreements of RUB 51.96 billion. The debt is due in the third quarter of 2015.

Customer deposits represent fixed-term deposits placed by customers with the Company's subsidiary banks, nominated in RUB and foreign currencies. As of December 31, 2014 the RUB nominated deposits bear interest rates ranging from 0.01% to 17.00% p.a. and deposits nominated in foreign currencies bear interest rates ranging from 0.01% to 9.50% p.a.

Promissory notes payable – Yukos related comprise amounts that were carried in the books of the former Yukos subsidiaries the Company acquired through the auctions for the sale of Yukos's assets. The promissory notes are being disputed by the Company. The promissory notes are claimed to be primarily payable on demand and bear interest rates ranging from 0% to 18% p.a. (Note 41).

In 2013-2014 the Company received cash under repurchase agreements and recognized these transactions as a collateralized loan. As of December 31, 2014 and 2013, the liabilities of the Company under repurchase agreements amounted to RUB 13 billion and RUB 1 billion, respectively, and the fair value amounted to RUB 13.5 billion and RUB 1.1 billion, respectively.

In November 2014, the Company drew down other short-term fixed rate borrowing funds in total amount of RUB 15 billion repayable in the fourth quarter of 2015 under repurchasing agreements operations. Own corporate bonds were used as an instrument for those deals.

In December 2014, the Company drew down other short-term floating rate borrowing of equivalent RUB 73.33 billion at the CBR official exchange rate as of December 31, 2014 with the repayment in the first quarter of 2015 under repurchasing agreements operations. Own corporate bonds were used as an instrument for the deal.

In 2014 the Company had neither delays in payments under loan agreements nor overdue interest payments.

Finance lease

Repayments of finance lease obligations comprise the following:

| | As of December 31, 2014 | | |
|-------------------|-------------------------|-----------------|---|
| | Minimum lease payments | Finance expense | Present value of minimum lease payments |
| Less than 1 year | 6 | (2) | 4 |
| From 1 to 5 years | 10 | (2) | 8 |

| | As of December 31, 2014 | | |
|--------------|-------------------------|-----------------|---|
| | Minimum lease payments | Finance expense | Present value of minimum lease payments |
| Over 5 years | 7 | (1) | 6 |
| Total | 23 | (5) | 18 |

| | As of December 31, 2013 | | |
|-------------------|-------------------------|-----------------|---|
| | Minimum lease payments | Finance expense | Present value of minimum lease payments |
| Less than 1 year | 5 | (1) | 4 |
| From 1 to 5 years | 6 | (1) | 5 |
| Over 5 years | 3 | - | 3 |
| Total | 14 | (2) | 12 |

Finance leases entered into by the Company do not contain covenants and are entered into over the long-term, with certain leases having purchase options at the end of the lease term. Finance leases are nominated in RUB and US\$.

The following is the analysis of the property, plant and equipment under capital leases recognized in Property, plant and equipment (Note 25):

| | As of December 31 | |
|--|-------------------|-----------|
| | 2014 | 2013 |
| Plant and machinery | 18 | 12 |
| Vehicles | 6 | 6 |
| Total cost | 24 | 18 |
| Less: accumulated depreciation | (12) | (9) |
| Total net book value of leased property | 12 | 9 |

Liabilities related to derivative financial instruments

Short-term liabilities related to derivative financial instruments include liabilities related to cross-currency rate swaps and currency forward transactions.

In accordance with the foreign currency and interest rate risk management policy the Company entered into cross-currency rate swap transactions and currency forward transactions to sell US\$. The transactions balance the currency of revenues and liabilities and reduce the overall interest rates on borrowings.

The cross-currency rate swaps and the currency forward transactions are recorded in the consolidated balance sheet at fair value. The measurement of the fair value of the transactions is based on discounted cash flow model and consensus-forecast of foreign currency rates. The consensus-forecast takes into account the forecast of the key international banks and agencies. The Bloomberg system is the main information source for the model.

Open derivative financial instruments comprise the following:

| | Issue date | Expiry date | Nominal amount as of December 31, 2014 | | Interest rate type | Fair value of the liabilities as of December 31 | |
|--------------|------------|-------------|--|--------------|--------------------|---|----------|
| | | | US\$ million | RUB billion* | | 2014 | 2013 |
| | | | Swaps | 2012 | | 2015 | 1,982 |
| Swaps | 2012 | 2017 | 641 | 36 | floating | 9 | 1 |
| Swaps | 2013 | 2018 | 2,138 | 120 | floating | 14 | 1 |
| Swaps | 2014 | 2015 | 1,440 | 81 | fixed | 29 | - |
| Swaps | 2014 | 2019 | 1,010 | 57 | floating | 6 | - |
| Forwards | 2012 | 2015 | 1,072 | 60 | - | 25 | - |
| Total | | | 8,283 | 465 | | 137 | 6 |

* the equivalent nominal amount at the CBR official exchange rate as of December 31, 2014.

In accordance with the schedule of the currency forward transactions, opened in 2012, the Company executed transactions in 2012-2014 for the nominal amount of US\$ 187 million (RUB 11 billion at the CBR official exchange rate as of December 31, 2014).

In 2014 the Company entered into a cross-currency rate swap transaction with one bank for a term of less than twelve months for the nominal amount of US\$ 320 million (RUB 18 billion at the CBR official exchange rate as of December 31, 2014) at the fixed interest rate. The transaction was executed in 2014.

32. OTHER SHORT-TERM TAX LIABILITIES

Other short-term tax liabilities comprise the following:

| | As of December 31 | |
|------------------------------------|-------------------|------------|
| | 2014 | 2013 |
| Mineral extraction tax | 69 | 81 |
| VAT | 55 | 50 |
| Excise duties | 11 | 14 |
| Personal income tax | 1 | 1 |
| Property tax | 7 | 6 |
| Other | 19 | 9 |
| Total other tax liabilities | 162 | 161 |

33. PROVISIONS

| | Asset retirement obligations | Environmental remediation provision | Legal, tax and other claims | Total |
|--|------------------------------|-------------------------------------|-----------------------------|-----------|
| As of January 1, 2013 (restated), including | 58 | 15 | 3 | 76 |
| Non-current | 58 | 13 | - | 71 |
| Current | - | 2 | 3 | 5 |

| | Asset retirement obligations | Environmental remediation provision | Legal, tax and other claims | Total |
|--|------------------------------|-------------------------------------|-----------------------------|------------|
| Provisions charged during the year | 15 | 4 | 2 | 21 |
| Increase/(decrease) in the liability resulting from: | | | | |
| – Changes in estimates | (5) | – | 3 | (2) |
| – Change in the discount rate | (3) | – | – | (3) |
| – Unwinding of discount | 6 | 2 | – | 8 |
| – Utilized | (2) | (5) | (1) | (8) |
| – Acquisition of TNK-BP (Note 7) | 25 | 17 | 4 | 46 |
| As of December 31, 2013, including | 94 | 33 | 11 | 138 |
| Non-current | 91 | 24 | 1 | 116 |
| Current | 3 | 9 | 10 | 22 |
| Provisions charged during the year (Note 41) | 4 | 4 | 16 | 24 |
| Increase/(decrease) in the liability resulting from: | | | | |
| – Changes in estimates | (6) | 2 | (1) | (5) |
| – Change in the discount rate | (15) | (1) | – | (16) |
| – Unwinding of discount | 7 | 2 | – | 9 |
| – Utilized | (1) | (5) | (1) | (7) |
| As of December 31, 2014, including | 83 | 35 | 25 | 143 |
| Non-current | 80 | 24 | 3 | 107 |
| Current | 3 | 11 | 22 | 36 |

Asset retirement (decommissioning) obligations represent an estimate of costs for wells liquidation, reclamation of sand pits, slurry ponds, disturbed lands and dismantling pipelines and power transmission lines. The budget for payments under asset retirement obligations is prepared on an annual basis. Depending on the current economic environment the entity's actual expenditures may vary from the budgeted amounts.

34. LONG-TERM PREPAYMENT ON OIL SUPPLY AGREEMENTS

During 2013-2014 the Company entered into a number of long-term crude oil supply contracts which involve the receipt of prepayment. The total minimum delivery volume approximates 400 million tonnes of crude oil.

The contracts include the following main terms:

- prepayment amounts shall not to exceed 30% of the total contracted volume;
- the crude oil price is calculated based on current market prices;
- prepayment is settled through the physical deliveries of crude oil.

The prepayments will be reimbursed starting from 2015. The Company considers these contracts to be a regular way sale contracts which were entered into for the purpose of the delivery of a non-financial item in accordance with the Company's expected sale requirements.

| | 2014 | 2013 |
|--------------------------|------------|------------|
| As of January 1 | 470 | – |
| Received | 497 | 470 |
| Less current portion | (80) | – |
| As of December 31 | 887 | 470 |

35. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities comprise the following:

| | As of December 31 | |
|--|-------------------|-----------|
| | 2014 | 2013 |
| Ruhr Oel GmbH liabilities due BP | 24 | 16 |
| Shelf projects liabilities | 19 | 10 |
| Liabilities for investing activities | 1 | 1 |
| Other | 2 | 1 |
| Total other non-current liabilities | 46 | 28 |

Other non-current liabilities mostly comprise the Ruhr Oel GmbH pension and other liabilities due to BP group relating to BP group employees of Ruhr Oel GmbH plants.

36. PENSION BENEFIT OBLIGATIONS

Defined contribution plans

The Company makes payments to the State Pension Fund of the Russian Federation. These payments are calculated by the employer as a percentage of Salary expense and are expensed as accrued.

The Company also maintains a defined contribution corporate pension plan to finance the non-state pensions of its employees.

Pension contributions recognized in the consolidated statement of profit or loss were as follows:

| | 2014 | 2013 |
|------------------------------------|-----------|-----------|
| State Pension Fund | 34 | 23 |
| NPF Neftegarant | 5 | 4 |
| Total pension contributions | 39 | 27 |

37. SHAREHOLDERS' EQUITY

Common shares

As of December 31, 2014 and 2013:

| Authorized common shares | |
|--------------------------------------|--------|
| quantity, millions | 10,598 |
| amount, billions of RUB | 0.6 |
| Issued and fully paid shares | |
| quantity, millions | 10,598 |
| amount, billions of RUB | 0.6 |
| Nominal value of 1 common share, RUB | 0.01 |

Starting from 2011 the Company distributes dividends in the amount of 25% of IFRS net income, attributable to the Company's shareholders. According to Russian legislation the basis of distribution is identified as the current period net profit of OJSC Rosneft Oil Company calculated in accordance with Russian accounting standards.

On June 20, 2013, the annual General Meeting of Shareholders approved dividends on the Company's common shares for 2012 in the amount of RUB 85 billion or RUB 8.05 per share. In the third quarter of 2013, the approved dividends were paid.

On June 27, 2014, the annual General Meeting of Shareholders approved dividends on the Company's common shares for 2013 in the amount of RUB 136 billion or RUB 12.85 per share. In the third quarter of 2014, the approved dividends were paid.

Treasury shares

In March 2013, the Company transferred 1.360.449.797 of its own shares to BP as a consideration for the acquisition of TNK-BP (Note 7).

Additional paid-in capital

| | 2014 | 2013 |
|---|------|-------|
| Additional paid-in capital as of January 1 | 477 | 385 |
| Sale of treasury shares (Note 7) | - | 28 |
| Sale of 9.99% of OJSC RN Holding shares | - | (125) |
| Voluntary offer to acquire OJSC RN Holding shares | - | 189 |
| Change in ownership interests in subsidiaries (Note 18) | 16 | - |
| Additional paid-in capital as of December 31 | 493 | 477 |

In the third quarter of 2013 9.99% of interest in OJSC RN Holding, a subsidiary of the Company, was sold to certain unrelated third parties for a cash consideration of an aggregate RUB 97 billion. As these transactions did not result in a loss of control over OJSC RN Holding, the difference between the fair value of consideration transferred and the carrying amount of the disposed share of net assets is recognized in the additional paid-in capital.

On November 6, 2013, the Company announced a voluntary offer to acquire OJSC RN Holding shares held by minority shareholders. The voluntary offer was announced for 1.918.701.184 ordinary and 450.000.000 preferred shares of OJSC RN Holding. The offer price was set at RUB 67 (US\$ 2.07 at the CBR official exchange rate as of the date of offering) per one ordinary share and RUB 55 (US\$ 1.70 at the CBR official exchange rate as of the date of offering) per one preferred share of OJSC RN Holding. The voluntary offer term of 75 days expired on January 20, 2014. As a result of the voluntary offer, a total of 2.298.025.633 shares, including 1.873.812.294 ordinary shares and 424.213.339 preferred were purchased from OJSC RN Holding non-controlling shareholders. These amounted to 14.88% of OJSC RN Holding's share capital. During the first quarter of 2014, the Company settled its liabilities to OJSC RN Holding shareholders in full and paid RUB 149 billion in cash for the purchase of these shares. As a result of the voluntary offer, the Company became the owner of more than 95% of OJSC RN Holding shares. In May 2014, the Company executed its statutory right to purchase the remaining OJSC RN Holding shares. As a result the Company became the owner of 100% of OJSC RN Holding shares. The RUB 4 billion paid in cash for the purchase of the shares has been transferred directly to the shareholders and nominal shareholders or deposited with a public notary.

During the third quarter of 2014, the Company's additional paid-in capital increased by RUB 16 billion as a result of the acquisition of non-controlling interests in subsidiaries.

38. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial assets and liabilities is determined as follows:

- the fair value of financial assets and liabilities quoted on active liquid markets is determined in accordance with the market prices;
- the fair value of other financial assets and liabilities is determined in accordance with generally accepted models and is based on discounted cash flow analysis that relies on prices used for existing transactions in the current market;
- the fair value of derivative financial instruments is based on market quotes. In illiquid and highly volatile markets fair value is determined on the basis of valuation models that rely on assumptions confirmed by observable market prices or rates as of the reporting date.

Assets and liabilities of the Company that are measured at fair value on a recurring basis in accordance with the fair value hierarchy are presented in the table below.

| | Fair value measurement as of December 31, 2014 | | | |
|---|--|--------------|----------|--------------|
| | Level 1 | Level 2 | Level 3 | Total |
| ASSETS | | | | |
| Current assets | | | | |
| Held-for-trading | 8 | 6 | - | 14 |
| Available-for-sale | 1 | 125 | - | 126 |
| Non-current assets | | | | |
| Available-for-sale | - | 5 | - | 5 |
| Derivative financial instruments | - | - | - | - |
| Total assets measured at fair value | 9 | 136 | - | 145 |
| Derivative financial instruments | - | (137) | - | (137) |
| Total liabilities measured at fair value | - | (137) | - | (137) |

| | Fair value measurement as of December 31, 2014 | | | |
|---------------------------|--|---------|---------|-------|
| | Level 1 | Level 2 | Level 3 | Total |
| ASSETS | | | | |
| Current assets | | | | |
| Held-for-trading | 3 | 12 | - | 15 |
| Available-for-sale | 11 | 32 | - | 43 |
| Non-current assets | | | | |
| Available-for-sale | - | 4 | - | 4 |

Fair value measurement as of December 31, 2014

| | Level 1 | Level 2 | Level 3 | Total |
|---|-----------|------------|----------|------------|
| Derivative financial instruments | – | 1 | – | 1 |
| Total assets measured at fair value | 14 | 49 | – | 63 |
| Derivative financial instruments | – | (6) | – | (6) |
| Total liabilities measured at fair value | – | (6) | – | (6) |

There have been no transfers between Level 1 and Level 2 during the period.

The fair value of financial assets available for sale, held-for-trading financial assets at fair value through profit or loss and derivative financial instruments included in Level 2 is measured at the present value of future estimated cash flows, using inputs such as market interest rates and market quotes of forward exchange rates.

The carrying value of cash and cash equivalents and derivative financial instruments recognized in this consolidated financial statement equal their fair value. The carrying value of accounts receivable, accounts payable, loans issued and other financial assets recognized in this consolidated financial statement approximate their fair value.

There have been no transfers between Level 1 and Level 2 during the period.

| | Carrying value | | Fair value (Level 2) | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | As of December 31, 2014 | As of December 31, 2013 | As of December 31, 2013 | As of December 31, 2014 |
| FINANCIAL LIABILITIES | | | | |
| Financial liabilities at amortized cost: | | | | |
| Loans and borrowings with a variable interest rate | (2,413)* | (1,717) | (1,994)* | (1,722) |
| Loans and borrowings with a fixed interest rate | (838) | (643) | (736) | (639) |
| Financial lease liabilities | (18) | (12) | (18) | (12) |

* Including the financial instruments designated as hedging instruments with carrying value of RUB 1.659 billion and fair value RUB 1.371 billion.

39. RELATED PARTY TRANSACTIONS

For the purposes of these consolidated financial statements, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In 2013 and 2014 the Company entered into transactions with the following related parties: joint ventures and associates, enterprises directly or indirectly controlled by the Russian Government, key management, and pension funds (Note 36).

Related parties may enter into transactions which unrelated parties may not, and transactions between related parties may not be effected on the same terms as transactions between unrelated parties.

In the course of its ordinary business, the Company enters into transactions with other companies controlled by the Russian Government. In the Russian Federation, electricity and transport tariffs are regulated by the Federal Tariff Service, an authorized governmental agency of the Russian Federation. Bank loans are recorded based on the market interest rates. Taxes are accrued and paid in accordance with the applicable tax law. The Company sells crude oil and petroleum products to related parties in the ordinary course of business at the prices close to average market prices. Gas sales prices in the Russian market are regulated by the Federal Tariff Service.

Transactions with companies directly or indirectly controlled by the Russian Government

Revenues and income

| | 2014 | 2013 |
|---|------|------|
| Oil, gas, petroleum products and petrochemicals sales | 171 | 160 |
| Support services and other revenues | – | 2 |
| Finance income | 2 | 2 |
| | 173 | 164 |

Costs and expenses

| | 2014 | 2013 |
|--|------|------|
| Production and operating expenses | 8 | 13 |
| Cost of purchased oil, gas and petroleum products and refining costs | 9 | 2 |
| Pipeline tariffs and transportation costs | 395 | 318 |
| Other expenses | 6 | 8 |
| Financial expenses | 44 | 2 |
| | 462 | 343 |

Other operations

| | 2014 | 2013 |
|--|-------|------|
| Purchase of financial assets and investments in associates | (1) | (8) |
| Sale of financial assets and investments in associates | – | 15 |
| Loans received | 13 | 22 |
| Loans repaid | (26) | – |
| Repayment of loans and borrowings issued | – | 1 |
| Deposits placed | (187) | (56) |
| Deposits repaid | 83 | 10 |

Settlement balances

| | As of December 31 | |
|--------------------------------------|-------------------|------|
| | 2014 | 2013 |
| Cash and cash equivalents | 24 | 135 |
| Accounts receivable | 18 | 15 |
| Prepayments and other current assets | 38 | 25 |
| Other financial assets | 283 | 66 |
| | 363 | 241 |

| | As of December 31 | |
|--|-------------------|------|
| | 2014 | 2013 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | 8 | 9 |
| Loans and borrowings and other financial liabilities | 159 | 125 |
| | 167 | 134 |

Transactions with joint ventures

Crude oil is purchased from joint ventures at Russian domestic market prices.

Revenues and income

| | 2014 | 2013 |
|---|------|------|
| Oil, gas, petroleum products and petrochemicals sales | 10 | 8 |
| Support services and other revenues | 2 | 6 |
| Finance income | 2 | 1 |
| | 14 | 15 |

Costs and expenses

| | 2014 | 2013 |
|--|------|------|
| Production and operating expenses | 1 | 2 |
| Cost of purchased oil, gas and petroleum products and refining costs | 115 | 108 |
| Pipeline tariffs and transportation costs | 10 | 8 |
| Other expenses | 2 | 4 |
| | 128 | 122 |

Other operations

| | 2014 | 2013 |
|--|------|------|
| Purchase of financial assets and investments in associates | - | (4) |
| Loans received | 5 | - |
| Loans and borrowings issued | (11) | (4) |
| Repayment of loans and borrowings issued | - | 4 |

Settlement balances

| | As of December 31 | |
|--|-------------------|------|
| | 2014 | 2013 |
| ASSETS | | |
| Accounts receivable | 15 | 5 |
| Prepayments and other current assets | 1 | 1 |
| Other financial assets | 20 | 4 |
| | 36 | 10 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | 23 | 17 |
| Loans and borrowings and other financial liabilities | 5 | 1 |
| | 28 | 18 |

Transactions with associates

Revenues and income

| | 2014 | 2013 |
|---|------|------|
| Oil, gas, petroleum products and petrochemicals sales | 11 | 6 |
| Support services and other revenues | 1 | 1 |
| Finance income | 2 | 1 |
| | 14 | 8 |

Costs and expenses

| | 2014 | 2013 |
|-----------------------------------|------|------|
| Production and operating expenses | 6 | 7 |
| Other expenses | 3 | 2 |
| | 9 | 9 |

Other operations

| | 2014 | 2013 |
|-----------------------------|------|------|
| Loans and borrowings issued | (1) | (1) |

Settlement balances

| | As of December, 31 | |
|--|--------------------|------|
| | 2014 | 2013 |
| ASSETS | | |
| Accounts receivable | 17 | 1 |
| Other financial assets | 19 | 13 |
| | 36 | 14 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | 2 | 2 |
| | 2 | 2 |

Transactions with non-state pension funds

Costs and expenses

| | 2014 | 2013 |
|----------------|------|------|
| Other expenses | 3 | 3 |

Settlement balances

| | As of December, 31 | |
|--|--------------------|------|
| | 2014 | 2013 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | 1 | - |
| | 1 | - |

Compensation to key management personnel

For the purpose of these consolidated financial statements key management personnel includes: President of Rosneft, Vice-Presidents, members of the Board of Directors, members of the Management Board, members of the Audit Committee, directors of departments and heads of independent units, as well as others charged with governance.

Short-term benefits of the key management personnel, including payroll, bonuses, personal income tax and social taxes, severance payments and contributions to insurance programs of the key management personnel amounted to RUB 7 billion and RUB 8 billion in 2014 and 2013, respectively.

On June 27, 2014, the Annual General Shareholders Meeting approved the remuneration to the following members of the Company's Board of Directors for the period of their service in the following amounts: Mr. Matthias Warnig – US\$ 580,000 (RUB 19.6 million at the CBR official exchange rate on June 27, 2014); Mr. Andrey Kostin – US\$ 560,000 (RUB 18.9 million at the CBR official exchange rate on June 27, 2014); Mr. Nikolai Laverov – US\$ 550,000 (RUB 18.6 million at the CBR official exchange rate on June 27, 2014); Mr. John Mack – US\$ 580,000 (RUB 19.6 million at the CBR official exchange rate on June 27, 2014); Mr. Alexander Nekipelov – US\$ 630,000 (RUB 21.3 million at the CBR official exchange rate on June 27, 2014); Mr. Donald Humphreys – US\$ 560,000 (RUB 18.9 million at the CBR official exchange rate on June 27, 2014); Mr. Sergey Chemezov – US\$ 530,000 (RUB 17.9 million at the CBR official exchange rate on June 27, 2014).

On June 20, 2013, the Annual General Shareholders Meeting decided to transfer to each of the following independent members of the Board of Directors of Rosneft as a compensation for their services in the capacity of the Company's directors for the periods June 20, 2012 – November 30, 2012 and November 30, 2012 – June 20, 2013: 76,373 shares of Rosneft to Mr. Mattias Warnig and Mr. Michail Kuzovlev, each, 75,009 shares of Rosneft to Mr. Nikolay Laverov, 85,920 shares of Rosneft to Mr. Alexander Nekipelov, 79,101 shares of Rosneft to Mr. Hans-Joerg Rudloff and Mr. Sergey Shishin, each, 72,282 shares of Rosneft to Mr. Dmitry Shugaev and Mr. Ilya Scherbovich, each.

40. KEY SUBSIDIARIES

Ниже приведен перечень наиболее существенных предприятий Группы с учетом различий в видах деятельности:

| Name | Country of incorporation | Core activity | 2014 | | 2013 | | |
|---|--------------------------|--|--------------------------------|------------------|--------------------------------|------------------|--|
| | | | Preferred and common shares, % | Voting shares, % | Preferred and common shares, % | Voting shares, % | |
| EXPLORATION AND PRODUCTION | | | | | | | |
| OJSC Orenburgneft | Russia | Oil and gas development and production | 100.00 | 100.00 | 100.00 | 100.00 | |
| OJSC Samotlorneftegaz | Russia | Oil and gas development and production | 100.00 | 100.00 | 100.00 | 100.00 | |
| OJSC Tumenneftegaz | Russia | Oil and gas development and production | 100.00 | 100.00 | 100.00 | 100.00 | |
| PJSC Verkhnechonskneftegaz | Russia | Oil and gas development and production | 99.94 | 99.94 | 100.00 | 100.00 | |
| CJSC Vankorneft | Russia | Oil and gas development and production | 100.00 | 100.00 | 93.96 | 93.96 | |
| RN-Yuganskneftegaz LLC | Russia | Oil and gas production operator services | 100.00 | 100.00 | 100.00 | 100.00 | |
| REFINING, MARKETING AND DISTRIBUTION | | | | | | | |
| CJSC RORC | Russia | Petroleum refining | 100.00 | 100.00 | 100.00 | 100.00 | |
| OJSC Angarsk Petrochemical Company | Russia | Petroleum refining | 100.00 | 100.00 | 100.00 | 100.00 | |
| OJSC Novokuybyshev Refinery | Russia | Petroleum refining | 100.00 | 100.00 | 100.00 | 100.00 | |
| RN-Komsomolsky Refinery LLC | Russia | Petroleum refining | 100.00 | 100.00 | 100.00 | 100.00 | |
| OJSC Syzran Refinery | Russia | Petroleum refining | 100.00 | 100.00 | 100.00 | 100.00 | |
| OJSC Achinsk Refinery | Russia | Petroleum refining | 100.00 | 100.00 | 100.00 | 100.00 | |
| OJSC Kuybyshev Refinery | Russia | Petroleum refining | 100.00 | 100.00 | 100.00 | 100.00 | |
| OJSC Saratov Oil Refinery | Russia | Petroleum refining | 85.48 | 91.13 | 85.48 | 91.13 | |
| CJSC PCEC | Russia | Marketing and distribution | 100.00 | 100.00 | 100.00 | 100.00 | |
| OJSC RN-Stolitsa | Russia | Marketing and distribution | 100.00 | 100.00 | 100.00 | 100.00 | |
| Rosneft Trading S.A. | Switzerland | Marketing and distribution | 100.00 | 100.00 | 100.00 | 100.00 | |

| Name | Country of incorporation | Core activity | 2014 | | 2013 | |
|---|--------------------------|----------------------------|--------------------------------|------------------|--------------------------------|------------------|
| | | | Preferred and common shares, % | Voting shares, % | Preferred and common shares, % | Voting shares, % |
| Rosneft Trade Limited | Cyprus Republic | Marketing and distribution | 100.00 | 100.00 | 100.00 | 100.00 |
| OTHER | | | | | | |
| OJSC RN Holding | Russia | Holding company | 100.00 | 100.00 | 100.00 | 100.00 |
| Neft-Aktiv LLC | Russia | Investing activity | 100.00 | 100.00 | 100.00 | 100.00 |
| Rosneft Finance S.A. | Luxemburg | Finance services | 100.00 | 100.00 | 100.00 | 100.00 |
| OJSC Russian Regional Development Bank (VBRR) | Russia | Banking | 84.67 | 84.67 | 84.67 | 84.67 |

As of December 31, 2013, the ownership percentage was calculated based on the terms of the voluntary public offering of RN Holding shares (Note 37).

41. CONTINGENCIES

Russian business environment

Russia continues economic reforms and the 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 the economic, financial and monetary measures taken by the government. Management believes it is taking the appropriate measures to support the sustainability of the Company's business in the current circumstances.

In 2014, the Russian economy was impacted by a significant drop in crude oil prices and a significant devaluation of the Russian rouble, as well as by sanctions imposed on Russia by several countries. In December 2014, the rouble interest rates have increased significantly after the Central Bank of Russia raised its key rate to 17%. The combination of the above resulted in a higher cost of capital, increased inflation and uncertainty regarding further economic growth, which could negatively affect the Company's future financial position, results of operations and business prospects. Management believes it is taking the appropriate measures to support the sustainability of the Company's business in the current circumstances.

In 2014, the USA and EU issued a number of sectorial sanctions. These sanctions restrict certain U.S. and EU persons from providing financing, goods and services in support of exploration or production of deep water, Arctic offshore, or shale projects that have a potential to produce oil in the Russian Federation to certain entities. The Company considers these sanctions in its activities, continuously monitors them and analyses the effect of the sanctions on the Company's financial position and results of operations.

During 2014 economic and political instability in Ukraine was increasing. The Company's assets and operations in Ukraine are not significant. The Company's assets and liabilities, related to its activities in Ukraine are recognized based on the appropriate measurements as of December 31, 2014. The Company continues to monitor the situation in Ukraine and to execute a number of measures in order to minimize the effects of possible risks. The risk assessment is constantly reviewed in order to reflect the current situation.

Guarantees and indemnities issued

In 2013, the Company provided an unconditional unlimited guaranty in favor of the Government and municipal authorities of Norway for the potential ongoing ecological liabilities of RN Nordic Oil AS with respect to its operating activities on the Norwegian continental shelf. A parent company guarantee is required by the Norway Legislation and is an imperative condition for licensing the operations of RN Nordic Oil AS on the Norwegian continental shelf jointly with Statoil ASA.

The Company's 2012 agreements with Eni S.p.A, Statoil ASA and the ExxonMobil Oil Corporation entered into in line with the Russian Federation shelf exploration program came into force in 2013. These agreements contain mutual guarantees that are unconditional, unlimited and open-ended and also provide that the partners will pay a commercial discovery bonus to the Company.

In the second quarter of 2014, the partner agreement with the ExxonMobil Oil Corporation signed in 2013 for seven new offshore projects came into force. These agreements contain mutual guarantees that are unconditional, unlimited and open-ended and that also provide for a commercial discovery bonus to be paid to the Company.

The partner agreement with the ExxonMobil Oil Corporation for difficult to extract oil reserves in Western Siberia also contain mutual guarantees that are unconditional, unlimited and open-ended, and that provide for production bonus payments to the Company starting from the moment of commercial production.

Legal claims

In 2006, Yukos Capital S.a.r.l. ("Yukos Capital"), a former subsidiary of the Yukos Oil Company, initiated separate international commercial arbitration proceedings against each of OJSC Yuganskneftegaz, OJSC Samaraneftgaz and OJSC Tomskneft VNK alleging defaults under various RUB nominated loans.

During 2006-2007, the arbitration tribunals in the proceedings issued awards in favor of Yukos Capital. According to these awards OJSC Yuganskneftegaz was ordered to pay approximately RUB 12.9 billion in loan principal and interest, plus arbitration charges and legal costs; OJSC Samaraneftgaz was ordered to pay RUB 3.1 billion in loan principal and interest plus post-award interest of 9% p.a. on the amount of loan principal and interest; and OJSC Tomskneft VNK was ordered to pay RUB 4.35 billion plus interest at 9% p. a., plus default penalties of 0.1% per day (from December 1, 2005, through the date of the award), in addition to legal costs.

During 2007-2013 various Russian arbitration courts declared the above loan agreements between Yukos Capital and each of OJSC Yuganskneftegaz, OJSC Samaraneftgaz and OJSC Tomskneft VNK void including (in certain cases) on public policy grounds.

During 2007-2010, Yukos Capital initiated proceedings in various Russian and non-Russian courts to seek recognition and enforcement of the international arbitration awards. Russian courts have annulled the arbitration awards against OJSC Yuganskneftegaz, and declined recognition and enforcement in Russia of the arbitration awards against OJSC Tomskneft VNK and OJSC Samaraneftgaz.

On June 25, 2010 in respect of arbitral awards to OJSC Yuganskneftegaz the Supreme Court of the Netherlands held that Rosneft's lawsuit concerning the judgment of the Amsterdam Court of Appeal was inadmissible. That judgment of the Amsterdam Court of Appeal enforced ICAC awards in the Netherlands (the Court of first instance dismissed the enforcement) despite that they had been properly set aside by a competent court. Although the Company does not agree with the decisions of the abovementioned Dutch courts, on August 11, 2010 it implemented them and made payments in respect of the claim.

Yukos Capital is currently pursuing a lawsuit in England against the Company, as successor to OJSC Yuganskneftegaz for interest on the annulled awards in the amount of approximately RUB 4.6 billion as of the date of its particulars of claim. The Company will continue to defend its position vigorously.

In the United States the U.S. District Court for the Southern District of New York enforced the arbitration award against OJSC Samaraneftgaz and judged in favor of Yukos Capital in 2013 in the amount of approximately US\$ 186 million (RUB 10 billion at the CBR official exchange rate at December 31, 2014). OJSC Samaraneftgaz continues to defend its position in the United States vigorously, including by challenging any requirement that it take actions in Russia that violate Russian law and conflict with the earlier Russian arbitration court decisions that declared the underlying loans by Yukos Capital to be void and that denied the enforcement of the underlying arbitration award.

Yukos Capital is pursuing lawsuits in France, Ireland, and Singapore seeking the recognition and enforcement of the international arbitration award against OJSC Tomskneft VNK. OJSC Tomskneft VNK will continue to defend its position vigorously in each of those jurisdictions.

Yukos International (UK) B.V. has initiated proceedings in the Amsterdam District Court claiming damages of up to US\$ 333 million (RUB 18.7 billion at the CBR official exchange rate at December 31, 2014), plus statutory interest in effect from February 7, 2011, plus costs, against the Company and other correspondents unrelated to the Company with respect to the alleged injury supposedly caused by the entry of a freezing order in 2008 that Yukos International (UK) B.V. claims restricted its ability to invest certain funds as it chose. The Company filed its Statement of Defense where asserts various defenses including that the court properly granted the freezing order and that Yukos International (UK) B.V. suffered no damages as a result of having its funds deposited in an interest bearing account of its choice.

A hearing on the merits was held in January 2014. On 11 February 2015, the Amsterdam District Court issued a judgment granting the claim of Yukos International (UK) B.V. that the freezing orders were improper. The Court, however, rejected the claimant's request that its damages be based on the hypothetical investment in gold commodities or in the alternative measure of statutory interest. Yukos International (UK) B.V. will have to bring separate court proceedings in which the Dutch court will consider a proper measure of damages, if any are to be awarded at all, and any responsibility on the part of Yukos International (UK) B.V. for its alleged damages.

The Company and its subsidiary participate in arbitral proceedings related to the bankruptcy of OJSC Sakhaneftgaz and OJSC Lenaneftgaz for the recovery of certain loans and guarantees of indemnity in the amount of RUB 1.3 billion, stated above account receivable was reserved in full.

During 2009-2012, the Federal Antimonopoly Service ("FAS Russia") and its regional bodies claimed that the Company and some of its subsidiaries (associates) violated certain antimonopoly regulations with respect to petroleum products trading and passed respective decisions on administrative liability. As of December 31, 2014, the total amount of administrative fines levied by FAS Russia and its regional bodies against Rosneft and its subsidiaries is immaterial.

On March 7, 2011, Norex Petroleum Limited ("Norex") filed a lawsuit against OJSC Tyumen Oil Company ("TNK"), a predecessor of OJSC TNK-BP Holding, subsequently renamed to OJSC RN Holding, and certain other defendants in the amount of US\$ 1.5 billion (RUB 84 billion at the CBR official exchange rate on December 31, 2014) claiming the recovery of damages and compensation of moral damage caused by allegedly illegal takeover of the shares of LLC Corporation Yugraneft owned by Norex. The lawsuit was accepted by the Supreme Court of the State of New York (first instance court). On September 17, 2012, the Court dismissed Norex's action holding that it was time-barred. Norex filed an appeal against this judgment.

On April 25, 2013, the New York Appeal department confirmed that the dismissal of Norex's claim was justified. On May 28, 2013, Norex filed a motion for leave to appeal the decision affirming the lower court's dismissal of Norex's complaint to the New York Court of Appeals.

On September 12, 2013, the New York Court of Appeals accepted Norex's claim. The hearing was held on May 6, 2014. On June 27, 2014 the New York Court of Appeals issued a decision, satisfying Norex's complaint and sent the case to the Court of First Instance. The hearing was held on January 12, 2015. The Court's decision is expected.

In 2013, several individuals, non-controlling shareholders of OJSC RN Holding, filed a number of lawsuits against the Company, claiming the right to receive an offer from the Company to acquire the shares of OJSC RN Holding according to the Russian legislation. On October 25, 2013 Moscow Arbitration Court dismissed these claims. These decisions were upheld by the Court of Appeals on January 15 and 20, 2014. On one of court decisions a shareholder filed a cassation appeal. Court decisions of First and Appeal Instance are left unchanged by the Federal Arbitration Court of Moscow district order from May 8, 2014. The definition of the Supreme Court from September 11, 2014 barred the plaintiff (one of the shareholders) from transferring the request for the hearing to the Board on Economic Disputes of the Supreme Court of the Russian Federation.

In October-November 2014 a former minority shareholder of OJSC RN Holding filed a lawsuit against the Company claiming the recovery of damages caused by the forced redemption of shares. Cases are pending before the Court of First Instance.

From September 2013, Federal Service for Supervision of Nature Resources Usage ("Rosprirodnadzor") performed inspections of Rosneft. Inspections were conducted to ensure compliance with legislation on geological exploration, rational use and protection of mineral resources, mandatory requirements of legislation concerning protection of environmental and natural resources. In December 2013 as a result of procedures performed the regulator issued a report.

The administrative procedures were completed in the second quarter of 2014. The Company was held administratively liable to a fine. The total amount of the fines did not have a material impact on the Company's financial position or results of operations.

The amount and timing of any outflow related to the above claims cannot be estimated reliably.

Rosneft and its subsidiaries are involved in other litigations which arise from time to time in the course of their business activities. Management believes that the ultimate result of those litigations will not materially affect the performance or financial position of the Company.

Taxation

Legislation and regulations regarding taxation in Russia continue to evolve. Various legislative acts 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 with respect to reported and discovered violations of Russian 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.

Effective January 1, 2012, the rules of market price defining for the fiscal control purposes were changed and the list of entities that could be recognized as interdependent entities and the list of managed deals were expanded. Due to the absence of law enforcement precedents based on the new rules and certain contradictions in the provisions of the new law, these rules cannot be considered clear and precise. To eliminate significant risks posed by related party transactions to the consolidated financial statements, the Company developed methods for pricing all types of controlled transactions between related parties and a standard for preparing the reporting documentation. The Company also researches databases to determine the market price levels (ROIs) for the controlled transactions annually.

In 2013 and 2014 the Company and the Federal Tax Service signed a pricing agreement with respect to the taxation of oil sales transactions in Russia. The agreements were signed as part of the new order of fiscal control over the pricing of related party transactions to match the market parameters.

On June 30, 2014 the period for the Federal Tax Service to make a decision to conduct an examination of calculation and payment of the taxes on related party transactions made during 2012 has expired. Due to the fact that earlier the Company provided the Russian Federal Tax Service and the regional tax authorities with the sufficient explanations concerning the related party transactions, according to the received individual requests, the Company believes that the risks concerning the related party transactions in 2012 will not have a material effect on the Company's financial position or results of operations.

In line with the additions to part one of the Tax Code of the Russian Federation, instituted by the Federal Law of the Russian Federation of November 16, 2011 No. 321-FZ, the Company created the consolidated group of taxpayers which included Rosneft and its 22 subsidiaries. Rosneft became a responsible taxpayer of the group. In 2013 the number of members of the consolidated group of taxpayers increased to 44 including Rosneft, and in 2014 it increased to 58. Since January 1, 2015 under the terms of the agreement, the number of members of the consolidated group of taxpayers decreased to 51.

The Company management believes that the creation of the consolidated group of taxpayers does not significantly change the tax burden of the Company for the purpose of these consolidated financial statements.

In 2014, amendments to the tax legislation aimed at the fiscal stimulation of decreasing the number of the entities registered abroad in the Russian economy were issued, and took effect on January 1, 2015. In particular these amendments in the Russian tax legislation included terms of beneficial ownership, fiscal residence of legal entities, and income tax rules for the controlled foreign companies.

During the reporting period, the tax authorities continued their examinations of Rosneft and certain of its subsidiaries for the fiscal years 2010-2013. Rosneft and its subsidiaries dispute a number of claims in pre-trial and trial appeal in federal tax service. The Company management does not expect the results of the examinations to have a material impact on the Company's consolidated balance sheet 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, that will be required to settle these liabilities. Potential liabilities that management identified at the reporting date as those that can be subject to different interpretations of 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 the exploration and development of production facilities and the modernization of refineries and the distribution network. The budgets for these projects are generally set on an annual basis.

The total amount of contracted but not yet performed deliveries related to the construction and acquisition of property, plant and equipment amounted to RUB 351 billion and RUB 328 billion as of December 31, 2014 and December 31, 2013, respectively.

Environmental liabilities

The Company periodically evaluates its environmental liabilities pursuant to environmental regulations. Such liabilities are recognized in the consolidated financial statements as identified. Potential liabilities, that could arise as a result of changes in existing regulations or regulation of civil litigation or of changes in environmental standards cannot be reliably estimated but may be material. With the existing system of control, management believes that there are no material liabilities for environmental damage other than those recorded in these consolidated financial statements.

In June 2014 an accident took place at the Company's Achinsk refinery. The Company is currently evaluating the potential impact of the accident and consulting with international insurance companies. Additionally, the Company is working on a model for the calculation of insurance payments, recovering the Company's business risk caused by the production break at the Achinsk refinery as well as the payments under Achinsk property insurance contracts. Management believes that the damages will not have a material effect on the Company's financial position or results of operations.

Long-term contracts

In June 2013 the Company signed a crude oil supply agreement with PKN ORLEN S.A. to supply the Czech Republic via Druzhba pipeline. The agreement provides a total amount of not more than 8.3 million tonnes of crude oil to be supplied at market prices during the period through June 30, 2016. In the third quarter of 2013 the Company started deliveries under the contract.

In June 2013 the Company and CNPC signed long-term agreements for the supply of crude oil to China for a period of 25 years. The price of each delivery will be determined by a formula based on the quoted market prices during the delivery period. Crude oil supplies under these agreements started in July 2013.

In September 2013 the Company and OJSC Enel OGC-5 signed an agreement for providing long-term gas supplies to Enel OGC-5. As part of the agreement the Company will deliver gas during the period from 2014 to 2025 to Konakovskaya, Sredneurskaya and Nevinomysskaya Power Stations of OGC-5. The agreement provides a total amount of approximately 5.14 billion cubic meters of gas.

Other matters

In August 2014, the Company and North Atlantic Drilling Limited ("NADL") signed a framework agreement anticipating the Company's acquisition of shares in NADL through an exchange of assets and investments in NADL share capital. As of December 31, 2014 the parties have not yet received all corporate and regulatory approvals required to complete the transaction.

42. EVENTS AFTER THE REPORTING PERIOD

In February 2015, the Company fully repaid unsecured long-term loan (borrowed to finance the acquisition of TNK-BP) from international banks in the total amount of US\$ 7.13 billion (RUB 467 billion at the CBR official exchange rate at the transaction date).

In February 2015, the Company fully matured Eurobonds (Series 7) in the amount of US\$ 500 million (RUB 34.5 billion at the CBR official exchange rate at the transaction date) assumed under acquisition of TNK-BP.

43. SUPPLEMENTARY OIL AND GAS DISCLOSURE (UNAUDITED)

IFRS do not require information on oil and gas reserves to be disclosed. 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 future financial results. The Company's activities are conducted primarily in Russia, which is considered as one geographic area.

Presented below are capitalized costs relating to oil and gas production

Consolidated subsidiaries and joint operations

| | As of December, 31 | | |
|--|--------------------|--------------------|--------------------|
| | 2014 | 2013 (restated) | 2012 (restated) |
| Oil and gas properties related to proved reserves | 5,522 | 4,929 | 2,484 |
| Oil and gas properties related to proved reserves for resale | – | 98 | – |
| Oil and gas properties related to unproved reserves for resale | – | 53 | – |
| Oil and gas properties related to unproved reserves | 246 | 175 | 109 |
| Total capitalized costs | 5,768 | 5,255 | 2,593 |
| Accumulated depreciation and depletion | (1,423) | (955) | (630) |
| Net capitalized costs | 4,345 | 4,300 | 1,963 |

Presented below are costs incurred in oil and gas property acquisition, exploration and development activities

Consolidated subsidiaries and joint operations

| | 2014 | 2013 (restated) |
|---|------------|--------------------|
| Acquisition of properties – proved oil and gas reserves | 28 | 2,206 |
| Acquisition of properties – unproved oil and gas reserves | 15 | 130 |
| Exploration costs | 27 | 22 |
| Development costs | 379 | 339 |
| Total costs incurred | 449 | 2,697 |

Presented below are the results of operations relating to oil and gas production

Consolidated subsidiaries and joint operations

| | 2014 | 2013 (restated) |
|---|--------------|--------------------|
| Revenue | 2,154 | 1,895 |
| Production costs (excluding production taxes) | (257) | (204) |
| Selling, general and administrative expenses | (46) | (20) |
| Exploration expense | (19) | (17) |
| Depreciation, depletion and amortization | (383) | (329) |
| Unwinding of discount | (7) | (6) |
| Taxes other than income tax | (1,018) | (856) |
| Income tax | (81) | (96) |
| Results of operations relating to oil and gas production | 343 | 367 |

Reserve quantity information

Beginning from 2014 the Company discloses its reserves calculated in accordance with the Petroleum Resources Management System (PRMS). The comparative information as of December 31, 2013 and for year ended December 31, 2013 has also been restated to PRMS. For the purposes of the evaluation of reserves as of December 31, 2014 and 2013 the Company used the oil and gas reserve information prepared by DeGolyer and MacNaughton, independent reservoir engineers. Proved reserves are those estimated quantities of petroleum which, through the analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable from a given date forward from known reservoirs and under defined economic conditions and operating methods. In certain cases, the 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 license agreements or may be discovered as a result of secondary and tertiary extraction which have been successfully tested and checked for commercial benefit. Proved developed reserves are the quantities of crude oil and gas expected to be recovered from existing wells using existing equipment and operating methods.

Proved undeveloped oil and gas reserves are 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 drilling units offsetting productive units that are reasonably certain of production when drilled. 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 management included in proved reserves those reserves which the Company intends to extract after the expiry of the current licenses. The licenses for the development and production of hydrocarbons currently held by the Company generally expire between 2015 and 2058, and the licenses for the most important deposits expire between 2017 and 2044. In accordance with the effective version of the law of the Russian Federation, On Subsurface Resources (the "Law"), licenses 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 the rational use of subsurface resources and necessary environmental protection. In accordance with the Law and upon the gradual expiration of old licenses issued under the previous version of the Law, the Company extends its hydrocarbon production licenses for the whole productive life of the fields. Extension of the licenses depends on compliance with the terms set forth in the existing license agreements. As of the date of these consolidated financial statements, the Company is generally in compliance with all the terms of the license agreements and intends to continue complying with such terms in the future.

The Company's estimates of net proved oil and gas reserves and changes thereto for the years ended December 31, 2014 and 2013 are shown in the table below and expressed in million barrels of oil equivalent (oil production data was recalculated from tonnes to barrels using a field specific coefficients; gas production data was recalculated from cubic meters to barrels of oil equivalent ("boe") using average ratio).

Consolidated subsidiaries and joint operations

| | 2014, mln boe | 2013 (restated), mln boe |
|---|------------------|--------------------------------|
| Beginning of year | 39,330 | 22,078 |
| Beginning of year – reserves of associated companies as of December 31, 2012* | – | 1,353 |
| Revisions of previous estimates | 2,398 | (346) |
| Extensions and discoveries | 566 | 286 |
| Improved recovery | – | 57 |
| Purchase of new reserves (Note 7) | – | 17,449 |
| Sale of reserves | – | – |
| Production | (1,687) | (1,547) |
| End of year | 40,607 | 39,330 |

| | 2014, mln boe | 2013 (restated), mln boe |
|--|------------------|--------------------------------|
| of which: | | |
| Proved reserves under PSA Sakhalin 1 | 220 | 248 |
| Proved reserves of assets in Canada | 5 | 5 |
| Proved reserves of assets in Vietnam | 24 | 27 |
| Proved developed reserves | 18,034 | 17,647 |
| Minority interest in total proved reserves | 63 | 167 |
| Minority interest in proved developed reserves | 43 | 123 |

* Reported transfer of reserves of associated companies' as of December 31, 2012 which became consolidated subsidiaries as of December 31, 2013 after the acquisition of an additional ownership interest.

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 based on PRMS. Estimated future cash inflows from oil, condensate and gas production are computed by applying the projected prices the company uses in its long-term forecast, to year-end quantities of estimated net proved reserves. Future development and production costs are those estimated future expenditures necessary to develop and produce estimated proved reserves as of year-end based on current expenses and costs and forecasts. In certain cases, future values, either higher or lower than current values, were used as a result of anticipated changes in operating 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 for the estimation of future net pre-tax cash flows, net of the tax bases of related assets.

Discounted future net cash flows are calculated using a 10% p.a. 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 table 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 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.

Standardized measure of discounted future net cash flows

Consolidated subsidiaries and joint operations

| | 2014 | 2013 (restated) |
|--|---------------|--------------------|
| Future cash inflows | 78,961 | 50,236 |
| Future development costs | (3,934) | (4,057) |
| Future production costs | (41,894) | (24,756) |
| Future income tax expenses | (6,157) | (3,466) |
| Future net cash flows | 26,976 | 17,957 |
| Discount for estimated timing of cash flows | (17,694) | (11,821) |
| Discounted value of future cash flows as of the end of year | 9,282 | 6,136 |

Share of other (minority) shareholders in discounted value of future cash flows

Consolidated subsidiaries and joint operations

| | UOM | 2014 | 2013 (restated) |
|---|---------|------|--------------------|
| Share of other (minority) shareholders in discounted value of future cash flows | RUB bln | 15 | 26 |

Changes therein relating to proved oil and gas reserves

Consolidated subsidiaries and joint operations

| | 2014 | 2013 (restated) |
|--|--------------|--------------------|
| Discounted value of future cash flows as of the beginning of year | 6,136 | 3,821 |
| Discounted value of future cash flows as of the beginning of year (associated companies) | - | 175 |
| Sales and transfers of oil and gas produced, net of production costs and taxes other than income taxes | (833) | (815) |
| Changes in price estimates, net | 3,282 | (95) |
| Changes in estimated future development costs | 109 | (118) |
| Development costs incurred during the period | 379 | 339 |
| Revisions of previous reserves estimates | 677 | (57) |
| Increase in reserves due to discoveries, less respective expenses | 161 | 70 |
| Net change in income taxes | (1,019) | (462) |
| Accretion of discount | 614 | 400 |
| Net changes due to purchases (sales) oil and gas fields | - | 3,081 |
| Other | (224) | (203) |
| Discounted value of future cash flows as of the end of year | 9,282 | 6,136 |

Company's share in costs, inventories and future cash flows of the joint ventures and associates

| | Единица измерения | 2014 | 2013 (restated) |
|---|-------------------|-------|--------------------|
| Share in capitalized costs relating to oil and gas producing activities (total) | RUB bln | 54 | 139 |
| Share in results of operations for oil and gas producing activities (total) | RUB bln | (12) | 12 |
| Share in estimated proved oil and gas reserves | mln boe | 2,069 | 2,045 |
| Share in estimated proved developed oil and gas reserves | mln boe | 1,244 | 1,305 |
| Share in discounted value of future cash flows | RUB bln | 417 | 313 |

APPENDIX #2

Main Factors of Risk

| Type of risk | Description and ways of minimizing the risk |
|---|---|
| INDUSTRY RISKS | |
| Prices for crude oil, gas and petroleum products | <p>prices for crude oil, gas and petroleum products are the main factor determining financial and, indirectly, operational indicators of Rosneft's business. prices for Company outputs depend mainly on world market conditions, and the balance of supply and demand in various Russian regions. Ability of the Company to control prices for its outputs is very limited.</p> <p>Fall in prices for crude oil, gas or petroleum products has negative impact on the business results and financial position of Rosneft.</p> <p>Decline of prices may lead to reduction in volumes of crude oil and gas, which the Company can produce profitably, and this may in turn lead to reduction in the volume of reserves, which can be efficiently developed, and to lower economic efficiency of prospecting and exploration programs.</p> <p>Rosneft has sufficient opportunities for reallocating goods flows in case of significant price difference between domestic and international markets. The Company is also able to reduce capital and operating expenses quickly in order to meet its commitments in case of a sharp decline in prices for crude oil, gas and petroleum products.</p> |
| Dependence on monopolistic providers of services for the transportation of crude oil, gas and petroleum products and on their tariffs | <p>Rosneft depends on monopolistic providers for transportation of oil and oil products, and has no control over the infrastructure which they use and the charges which they levy. OJSC Transneft, which is a state-owned natural monopoly, transports crude oil and petroleum products through the system of trunk pipelines. Rosneft has not incurred any serious losses due to breakdown or leakages from Transneft pipeline system throughout the period of cooperation.</p> <p>However, any serious disruption in operation of the Transneft pipeline system or restriction on access to its capacities could prevent transportation of crude oil and petroleum products, with adverse effect on Rosneft's operating results and financial position.</p> <p>Rosneft, as well as other Russian oil producing companies, has to pay for transportation services provided by Transneft. The level of tariffs charged by Transneft for its transport services is regulated by the Federal Tariff Service. Failure to pay for transportation services may result in cancellation or suspension of Rosneft's access to the pipeline system with adverse effect on operating results and financial position of the Company. Transneft periodically raises the level of tariffs for use of its pipeline system, increasing Rosneft's expenses, and this has adverse effect on business results and financial position of the Company. Similar risks attach to use of the pipeline system of OJSC Gazprom.</p> <p>The Company also depends on transportation of crude oil and petroleum products by railway. OJSC Russian Railways ('RZhD') is a state-owned natural monopoly providing transportation services by railway. RZhD tariffs are subject to antimonopoly control they have been on a traditional rising trend. Further tariff increases lead to increase of expenses for crude oil and petroleum product transportation, and may have adverse effect on the Company's business results and financial position.</p> |
| Geographical and climate conditions | <p>Rosneft operates in regions that have stable climates and are not generally subject to natural hazards and disasters. However, abnormally low temperatures during the winter in a number of northern regions may complicate operations of the Company's oil production enterprises.</p> <p>Hold-ups in the functioning of export terminals may be caused by climate conditions in the areas of their locations.</p> <p>Rosneft dispatches a part of its crude oil export via Company-owned sea port terminals and terminals controlled by Transneft. Petroleum products are exported via Company-owned sea port terminals in Tuapse (Krasnodar Territory) and Nakhodka (Primorsky Territory).</p> <p>Exports via Black Sea terminals to Mediterranean ports may be restricted by throughput capacity of the Bosphorus Strait and by weather conditions (storm winds) in the Black Sea during the autumn. Also, severe ice conditions may lead to closure of export terminals on the Baltic Sea and at De-Kastri (Khabarovsk Territory) during the winter.</p> <p>Any extended hold-ups in the functioning of export terminals may have adverse effect on the Company's operating results and financial position.</p> <p>Ability to reallocate goods flows enables Rosneft to minimize a part of its logistics risks.</p> |
| Sale of gas output | <p>Rosneft is exposed to several risks in connection with sale of the gas it produces. The Unified Gas Supply System ('UGSS') is owned and operated by OJSC Gazprom and transports practically all gas in Russia. Under existing regulations, Gazprom should provide access to UGSS for all internal independent suppliers on an equal basis, since Gazprom itself does not fully use capacity of the system. However, these 'equal access' regulations may not operate. Moreover, by virtue of its priority right to use of UGSS capacities, OJSC Gazprom has substantial freedom in assigning third-party access to the system.</p> <p>Prices for gas sold by the company in Russia depend on regulated prices which are set by the RF Government. If rates of increase of regulated gas prices are lower than expected, this may have adverse effect on business results and the financial position of the Company.</p> <p>Further growth in gas output will depend on sufficient access to UGSS capacities, which are not guaranteed at present.</p> |
| Factual amounts of reserves | <p>Crude oil and gas reserve data are only estimates and are inherently uncertain. The actual size of reserves may differ materially from these estimates.</p> <p>Data on oil & gas reserves in the present report are estimative and are based mainly on the results of analytical work by the company DeGolyer & MacNaughton, which is an independent consultant to Rosneft on petroleum engineering issues.</p> <p>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, future cash flows and the timing of development expenditures necessarily depend upon several variables and assumptions.</p> <p>Many of the assumptions, which have been used in reserve estimation, do not depend on the Company and may turn out to be inaccurate over time. Estimate of reserves and use of alternative systems of reserve calculation in accordance with the Russian system of reserve classification are inevitably subject to many uncertainties. Accurate estimation of any reserves and resources depends on the quality of available information and interpretation of petroleum engineering and geological data. Exploration drilling, interpretation of data, testing and production, which are carried out after the estimates are made, could require significant upward or downward adjustment of data on Rosneft's reserves and resources. Moreover, different reserve assessment specialists may give differing estimates of reserves and of potential income from those reserves on the basis of the same data. Factual amounts of production, revenues and expenses associated with reserves and resources, will differ from estimative figures, and these differences may be substantial.</p> <p>There are also various uncertainties associated with the Russian system of reserve classification, which takes only geological factors into consideration and does not consider financial viability of extracting reserves.</p> <p>Exploration drilling is also associated with numerous risks, including the risk that oil & gas companies will not discover oil & gas reserves that are commercially productive.</p> <p>Rosneft carries out exploration work in various geographical regions, including territories with unfavorable climatic conditions and high levels of expenses. Expenses for drilling, construction and operation of wells are often partially undefined. As a result, Rosneft may incur additional costs or be constrained to downsize, suspend or cease drilling work due to a variety of factors, including: unforeseen geological conditions, encountered during drilling work; anomalous levels of formation pressure (either high or low), heterogeneity in geological formations, equipment breakdowns and accidents, unfavorable weather, and shortages or late delivery of drilling rigs and equipment.</p> <p>If Rosneft is unable to carry out efficient exploration work or acquire assets, which contain confirmed reserves, the amount of its confirmed reserves will diminish proportionally to production as those reserves are exhausted. Future production by the Company depends to a significant extent on successful discovery, acquisition and development of oil & gas fields. If efforts by Rosneft do not prove successful, this will lead to reduction in the total amount of the Company's confirmed reserves and lowering of production volumes, which will have adverse effect on business results and the financial position of the Company.</p> <p>Rosneft is a world leader by amounts of oil reserves and has an enormous resource base, which minimizes risks associated with decline of oil production due to future revision of reserve amounts.</p> |

| Type of risk | Description and ways of minimizing the risk |
|-------------------|---|
| Competition risks | <p>The oil & gas industry is intensely competitive. Rosneft competes mainly with other leading Russian oil & gas companies in the following areas of business:</p> <ul style="list-style-type: none"> • purchase of exploration and production licenses at auctions and sales held by Russian Government agencies; • acquisition of other Russian companies, that may already own mineral licenses or existing assets associated with hydro-carbon production; • engaging the services of leading independent service companies, whose capacity to render the required services may be limited; • obtaining equipment for capital projects, which may be in short supply; • employment of highly skilled and experienced staff; • acquisition of existing retail enterprises and of land plots to develop new retail enterprises; • acquisition of, or gaining access to, oil refining facilities. <p>Rosneft is among industry leaders in Russia and globally, which substantially improves its competitive positions. The Company has a substantial portfolio of new projects to maintain and strengthen its competitive positions in the future.</p> <p>Rosneft may encounter risks arising from intensification of competition in sale of its production on domestic and external markets. The following steps are being taken to minimize risks in sale of petroleum products on the domestic market in a context of intense competition:</p> <ul style="list-style-type: none"> • capacity loading of Company refineries is planned with due regard to market forecasts in order to avoid inventory build-up of certain petroleum products; • the Company uses the Russia-wide structure of its oil refining and oil product wholesaling business and system of counterparties to best advantage in order to quickly reallocate regional goods flows on the domestic market and to ensure rapid adjustment of volumes between the domestic market and export; • upgrading work, which is being carried out at refineries, will increase refining depth, helping to meet growing demand for high-octane gasolines and petroleum products with low sulfur content; • the Company is working continuously to develop its own network of filling stations and refueling complexes meeting the latest European standards, since retail is the most stable segment for petroleum product sales on the domestic market, being less subject to sudden price fluctuations and falls in demand in comparison with other segments. A system of payment for fuel sales at filling stations using electronic cards is widely used in order to attract more customers (particularly corporate customers) and Rosneft stations can also serve cards of other providers. <p>Geographical diversity, which enables reallocation of crude oil and petroleum product deliveries from one region to another, is one of the most effective means of responding to the competition risk on export markets.</p> |

COUNTRY AND REGIONAL RISKS

| | |
|--------------------|---|
| Country and region | <p>Rosneft has operations in all Federal Districts of the Russian Federation. Development prospects for the Federal Districts are discussed in the Program for Medium-term Socio-Economic Development of the Russian Federation. Risks of military conflicts, public disturbance, strikes and declaration of a state of emergency in regions of Company operations are insignificant. The Company notes possible influence of risks related to international political environment on its activities.</p> <p>The Company is also exposed to risks related to its international operations. In developing market countries the Company is more prone to political, economic, social and legal risks than countries with 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, including due to possible changes in international political environment. In order to minimize its economic and financial risks Rosneft strives to diversify its types of business and the regions where it carries out investment projects, expanding the geography of its business and the nature of its various projects.</p> <p>In case of the occurrence of risks, associated with the political, economic and social situation in Russia as a whole or in specific regions, and risks associated with fluctuations in the global economy, the Company will take whatever measures are possible to limit their negative impact. The parameters of such measures will depend on the specifics of the situation, in each particular case.</p> <p>The Company plans to carry out the following measures of a general nature to maintain its business in case of negative impact due to country or regional changes:</p> <ul style="list-style-type: none"> • to take whatever measures are possible to support projects, which are already being developed with the Company's support; • to work closely with executive bodies of the Government of the Russian Federation, administrative regions of the Russian Federation and municipal government bodies; • to optimize and limit expenses <p>Changes in the country and its regions, the nature and frequency of such changes and related risks are hardly predictable, as well as their influence on future activities of the Company. In case of such changes that may negatively affect its activities, the Company would make every possible effort to minimize their negative impact.</p> |
|--------------------|---|

FINANCIAL RISKS

| | |
|---------------------------|---|
| Currency | <p>Most of Rosneft's gross revenue is generated from export of crude oil and petroleum products. Consequently, fluctuations in exchange rates of currencies against the ruble have impact on the Company's business results, subjecting the Company to currency risk.</p> <p>The currency structure of revenues and liabilities acts as an in-built hedging mechanism, where factors compensate one another by acting in opposite directions and minimize the impact of currency risk on the Company's business results.</p> |
| Changes in interest rates | <p>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 interbank loan rates. 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.</p> <p>To manage liquidity risks the Company primarily uses internal instruments and reserves for financial risks management, allowing the Company to guarantee discharge of its obligations.</p> <p>As of the end of 2014, the Company enjoyed investment-grade ratings assigned by the world's leading rating agencies: Moody's (Baa2), S&P (BBB-).</p> |
| Inflation | <p>The inflation rates in the Russian Federation materially impact the Company results of operations.</p> |

LEGAL RISKS

| | |
|---------------------------------------|--|
| Inspections by regulatory authorities | <p>Rosneft was included into the plan of scheduled inspections of legal entities and individual entrepreneurs for 2013 by the Central Body of the Federal Service for Supervision of Natural Resources ("Rosprirodnadzor") in accordance with Order by Rosprirodnadzor No. 581 dated 31.10.2012. The routine field inspection was carried out from September 23 till December 16, 2013.</p> <p>The inspection checked compliance with legislation on geological survey, sustainable use and management of mineral resources, as well as with regulatory requirements in the area of mineral resources and environment protection.</p> <p>An act was drawn following the results of the inspection (16.12.2013), the inspection did not reveal grounds for early termination, suspension or limitation of exploration rights of the Company.</p> <p>Administrative follow-up on the inspection was completed in the second quarter of 2014. Directives were issued with regard to Rosneft to apply administrative sanctions in the form of fines. The total amount of fines would not materially affect operating results or financial standing of the Company.</p> |
|---------------------------------------|--|

| Type of risk | Description and ways of minimizing the risk |
|--------------------------------|--|
| Changes to currency regulation | <p>Rosneft is heavily involved in foreign economic relations. Part of the Company's assets and liabilities are denominated in foreign currency. So the Government mechanism of currency regulation has impact on Company business.</p> <p>Overall, Russian legislation governing currency regulation and currency control did not undergo substantial changes having impact on the business of Rosneft during the reporting period.</p> <p>Rosneft constantly monitors changes in currency legislation and strictly adheres to the provisions of legislation in the sphere of foreign currency.</p> |
| Changes to tax legislation | <p>The most substantial changes to tax legislation in the reporting period are:</p> <p>General taxation matters:</p> <ul style="list-style-type: none"> • Article 11.1 of the Russian Tax Code took effect from 1 January 2014 which introduces certain concepts and terms used in the taxation of hydrocarbons production activities, including such new concepts as, for example, "hydrocarbon deposit", "commercial development of a hydrocarbon deposit", "new offshore hydrocarbon deposit". • the list of regions hosting regional investment projects and offering tax benefits has been expanded (benefits cover income tax and MET). The Republic of Khakassiya and the Krasnoyarsk Territory were added. • The provisions of Part One of the Russian Tax Code were expanded by adding Section V.2. "Tax control in the form of tax monitoring". As part of a tax monitoring exercise, certain categories of taxpayers provide tax authorities with access to their documents (information) that serves as the basis for the calculation of payment of tax liabilities, and disclose the policy for recognizing revenues, expenses and taxable objects in their books of tax and financial accounts. • The provisions of Part One of the Russian Tax Code were expanded by adding provisions regulating taxation of profits earned by foreign entities controlled by Russian entities. The changes determine the conditions to be satisfied for a foreign entity to qualify as a controlled foreign company; the criteria for individuals and entities to be deemed controlling persons; the procedure for taxation and grounds for the exemption of the profits earned by a controlled foreign company; liability for the controlling person's failure to pay in whole or in part the tax on the profits earned by a controlled foreign company. • Agreements establishing consolidated groups of taxpayers registered in 2014 were suspended until 1 January 2016. <p>VAT</p> <p>Clarity was added as to the moment of determining the taxable base in connection with immovable property divestments. In particular, the day on which the immovable property is delivered to the buyer of such property on the basis of a transfer certificate or another document evidencing such transfer of immovable property is deemed to be the proper moment for determining the taxable base.</p> <p>Excises</p> <p>The "big tax maneuver" was made (reduction of motor oil excise rates, increase in MET rates on oil and gas condensate, reduction of export customs duties on oil and petroleum products). The list of excisable goods was expanded to include benzene, paraxylene, ortoxylene, jet fuel and natural gas.</p> <p>Profit tax</p> <p>Provisions were introduced which charge the depositary with the tax agent's responsibilities in connection with distributions of dividends to both Russian and foreign entities. The profit tax rate was increased from 9 to 13 percent on dividend income earned by Russian entities.</p> <p>MET</p> <ul style="list-style-type: none"> • Special procedure was introduced for the determination of the MET taxable base in relation to the production of hydrocarbons at offshore greenfields – it now equals the value of the minerals produced, determined by multiplying the quantity of the mineral produced by the unit value of the mineral produced calculated in accordance with Article 340 of the Russian Tax Code, taking into account the provisions of Article 340.1 of the Russian Tax Code. • Article 342 of the Russian Tax Code was expanded to include Item 2.1, which establishes tax rates in relation to hydrocarbons (other than associated gas) produced at offshore greenfields, that differ depending on the area where the hydrocarbons are produced. • Clarity was added on the terms of applying the 0% MET rate to the production of oil and natural gas at certain license areas (within the Sakha (Yakut) Republic, the Irkutsk Region, the Krasnoyarsk Territory, in the Nenets Autonomous Area, Yamal and Gydansky Peninsulas). • In connection with the enactment of the "tax maneuver" law, provisions were made for a phased increase of tax rates on oil and gas condensate. <p>Transport tax</p> <p>Offshore stationary and floating platforms, offshore mobile drilling rigs, and drilling vessels are exempt from the transport tax.</p> <p>Property tax</p> <p>A tax benefit in the form of an exemption from the property tax is granted in relation to the property deployed on the continental shelf of the Russian Federation.</p> <p>Tax legislation is a particularly changeable branch of law, where legal statutes are subject to frequent amendments, additions and clarifications. In order to reduce risks associated with changes in tax law the Company carries out careful analysis of law drafts and newly passed legal acts in the field of taxation. Rosneft constantly monitors changes to tax legislation and assesses and forecasts the impact of such changes on its business, so that likelihood of risks arising in connection with amendments to legislation on tax and duties that have come into force is not high.</p> |

| Type of risk | Description and ways of minimizing the risk |
|---|---|
| Changes to rules for customs control and duties | <p>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, the establishment and application of customs regimes, and the setting, introduction and levying of customs charges. Customs regulation is carried out in accordance with international agreements of the Russian Federation in the area of customs issues, with the provisions of the Customs Code of the Customs Union, the Federal Law on Customs Regulation, the decision of the Eurasian Economic Commission, the Federal Law on the Customs Tariff and other federal laws and legal acts adopted in accordance with such laws in the sphere of Government regulation of foreign trade.</p> <p>Federal Law dated 24.11.2014 No. 366-FZ provides for a phased reduction of the export customs duties on oil through changes, to occur in 2015, 2016, 2017 and thereafter, to the operands of the marginal oil customs duty rate calculation formula (Cl.3.1. of the Law dated 21.05.1993 No. 5003-1 "On customs tariff") with concurrent increases in the MET rates on oil and gas condensate. For example, previously, pursuant to Cl. 3.1 of the Customs Tariff Law, in a scenario of Urals remaining above US\$182.5 per ton during the monitoring period, the export duty rate on crude oil (ordinary, not subject to tax benefits) was not to exceed the marginal duty rate calculated as the sum total of US\$29.2/ton and the factors of 57% for 2015, 55% for 2016 of the difference between the prevailing price per 1 ton of crude oil and US\$182. The Law changed these factors to 42% for 2015, 36% for 2016 and 30% for 2017. As long as the average Urals price on the global commodity markets prevailing in the monitoring period does not exceed US\$ 182.5, the marginal rates remained unchanged.</p> <p>As regards the crude oil in relation to which special formulas for the calculation of export customs duty rates were introduced by the Government of the Russian Federation, the marginal rate calculation algorithm changed, too. At present, the reference rate is less than that initially set.</p> <p>Our monitoring of the tax law in the reporting period did not identify any material novelties or changes that would affect Rosneft operations, for which reason the probability of risks related to changes in the customs regulation law is assessed to be insignificant.</p> |
| Changes to antimonopoly legislation | <p>Rosneft has significant shares of wholesale markets in the Russian Federation for motor gasoline, diesel fuel, jet fuel and fuel oil, so Company business in this sphere is subject to additional requirements designed to protect competition, entailing risks associated with changes to antimonopoly legislation. Antimonopoly regulation is carried out in accordance with Russian federal laws and legal acts associated with these laws.</p> <p>Joint Order of the FAS of Russia and the Ministry of Energy of the Russian Federation on Approval of Minimum Quantities of Petroleum Products to be Sold at Exchange and Requirements to Exchange Trading for Deals with Petroleum Products by Entities with Dominant Positions on the Relevant Goods Markets ("Order") came into force on 16.07.2013. Since enforcement of the Order the Company, to create intrinsic exchange indicators, which will be recognized as market regulators by the regulator, shall monthly sell through the exchange no less than determined minimal volumes of petroleum products established by the Order, and at the same time comply with other requirements to exchange trading established by the Order. The Company complies with these demands.</p> <p>Besides, certain constrains to the Company's activity were imposed by Improvement Notice of the FAS of Russia dated 29.12.2012, issued following coordination of acquisition of TNK-BP Limited and its subsidiary TNK Industrial Holdings Limited. These constrains were reflected in the requirement to agree with the FAS of Russia the Procedure for selling and pricing petroleum products on the domestic market (the respective Standard was agreed by FAS Russia on 28.01.2015), as well as requirements to sell some of the filling stations in several regions, where the Company's dominant position has enhanced in the wake of TNK-BP integration.</p> <p>Rosneft constantly monitors both amendments to existing legislation and law drafts, which are in preparation, assessing the nature of any amendments, taking them into account in its business and generating proposals on making adjustments to such law drafts, in order to minimize risks arising from changes in antimonopoly legislation, in particular, some of the Company proposals were incorporated in the so-called "4th anti-monopoly package". The Company takes all necessary measures in its business while 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 when carrying out sales of petroleum products, and also implementing other recommendations of antimonopoly bodies which are intended to ensure that petroleum product pricing is economically justified.</p> |
| Legal regulation of sub-soil use | <p>Onshore and continental shelf sub-soil use legislation is a key component of legal regulation of Rosneft's core business activities, wherefore the Company monitors amendments to current industry-specific legislation and takes account of them in its business.</p> <p>In the reporting period, the following material changes were made by way of legal regulation of sub-soil use relationships:</p> <ul style="list-style-type: none"> • the regime governing the use of subsoil areas of federal significance (UNFZ) was simplified. • In particular, provisions were made for a possibility to conduct exploration and production of minerals within subsoil areas of federal significance both during and after subsoil geological studies, without first obtaining a decision from the Government of the Russian Federation, except where such exploration and production of minerals are conducted by a legal entity controlled by foreign investors, or by a foreign investor. • the deadline for the submission of bids for the award of subsoil areas for geological studies (other than UNFZ) was reduced from 60 to 30 days; the procedure and time frames for the drafting and expert assessment of subsoil geological study design documents, in their turn, were simplified. • provisions were made permitting to rectify technical errors made during the process of issuance or re-issuance of subsoil licenses. • Respective corrections may be made, in particular, to information on subsoil area boundaries if any slips of the pen, typos, grammar or arithmetic errors are identified. • by way of an improvement of the subsoil use charge payment system, the procedure for determining the amount of the charge for bidding at subsoil license tenders or auctions, and the procedure for determining the specific amount of the regular subsoil use charge rate, took effect. <p>Besides the above-mentioned general changes in the area of subsoil use regulation, Rosneft as the holder offshore licenses on the Russian continental shelf engages in the drafting of proposals pursuant to the plan of comprehensive promotion of offshore hydrocarbon fields development on the Russian continental shelf and in the Russian part (Russian sector) of the Caspian seabed, approved in 2014.</p> |

| Type of risk | Description and ways of minimizing the risk |
|---|---|
| Legislation regarding land use and urban construction | <p>Adherence to legislation regarding land use and urban construction if one of Rosneft's priorities, as land is a key object in Company's activities.</p> <ul style="list-style-type: none"> In the reporting period, by way of legal regulation of land use relationships a series of amendments were made to the Land Code of the Russian Federation, and certain regulations of the Government of the Russian Federation were passed (to take effect in March 2015). <p>The key novelty is the acknowledgement of the auction-based form of acquisition of rights (ownership or tenancy) to government-owned or municipally owned land plots as the priority one. The requirements to auction rules were standardized.</p> <p>At the same time, the list of circumstances under which a land plot tenancy may be acquired without an auction now includes such scenario as allotment, to the subsoil user, of a land plot necessary for the performance of work in connection with subsoil use.</p> <p>Among other things, restricted-purpose permission issued, in particular, for the purposes of geological studies, is introduced as a form of land plot use, and a procedure for obtaining such a permission is established.</p> <p>Subject to the exceptions relation to the acquisition of rights to land plots necessary for the purposes of geological studies, exploration and production of minerals at subsoil areas, the above-mentioned changes to the land law will not impact Rosneft core business.</p> <ul style="list-style-type: none"> In the area of legal regulation of urban construction relationships significant changes were made to the Urban Development Code of the Russian Federation as regards exclusion of well bores from the list of facilities that require expert assessment of design documentation and issuance of a construction permit. This exception applies, in particular, if well bores (their construction, or reconstruction) are provided for in the mineral field development technical project document or other project documents for the conduct of subsoil use-related activities, drafted, agreed and approved in accordance with the subsoil law of the Russian Federation. <p>Such changes will have a positive effect on the Company core business of well construction by drilling due to lead time reduction caused by the exclusion of the requirement to obtain additional permissions</p> |
| Health, safety and environment | <p>A large number of facilities used by Rosneft in its business fall within hazardous category. In order to eliminate risks of industrial nature in Company's activities, as well as minimize environmental impact, Rosneft adheres to provisions of legislation related to control of operation of hazardous production facilities.</p> <p>In the reporting period, by way of legal regulation of industrial safety of hazardous industrial facilities:</p> <ul style="list-style-type: none"> requirements to the procedure for the development of action plans to localize and clean up after accidents at hazardous industrial facilities, and requirements to the contents thereof took effect; rules were set for taking action to prevent and clean up after oil and petroleum product spills on the Russian continental shelf, in inland seas, territorial seas and the zone adjacent thereto; a Code of Rules "Vehicle fueling stations. Fire safety requirements" was approved; Federal standards and rules in the industrial safety area "Rules of industrial safety for hazardous industrial facilities where excessive pressure equipment is used" were approved. <p>To assure compliance with the industrial safety requirements, the Company has undertaken to make its current operations consistent with the requirements of the law.</p> <p>To mitigate the negative environmental impact from operations, the Company continuously monitors changes to the laws regulating natural resources management and environment protection areas.</p> <p>In the reporting period, the key changes in this area relate mainly to the system of charges for adverse environmental impacts and its individual components, namely:</p> <ul style="list-style-type: none"> clarity was added to the procedure for effecting payments for adverse impacts, depending on the facility class. Persons operating Class IV facilities are exempt from such liability; coefficients were set for negative environmental impact charge rates; clarity was added to the parameters of determining the standard rates of pollutant discharges (SAD) into bodies of water depending on their purpose; a procedure for the formulation of SAD by subscribers of drainage system operations was established; indexing of standard adverse environmental impact charge rates was determined for years 2015-2017; a procedure for and certain features of calculating the changes for emission of pollutants produced during associated petroleum gas flaring and/or dissipation was developed. <p>Some of the changes related to the introduction of new requirements to activities impacting the environment, such as introduction of classes of facilities impacting the environment (4 classes) and respective criteria, a comprehensive environmental clearance and requirements to the procedure of obtaining one, etc.</p> <p>Among other things, changes were made to the legislation which provide for the formulation of new approaches to the regulation of activities in the area of industrial and consumer waste management, waste certification, development of ownership relationships, identification of those liable to pay for adverse environmental impact caused by waste disposal, formulation of requirements to the licensing of various types of activity.</p> <p>The Company has undertaken to align its current business operations producing adverse environmental impacts, with the updated legal requirements.</p> |
| Current court cases in which the Company is involved | <p>Rosneft has previously participated or is currently participating in the following court cases, which may have substantial impact on the Company's financial results:</p> <p>1. In 2006, YUKOS Capital S.a.r.l. (hereinafter, YUKOS Capital), an ex-subsidiary of OAO NK YUKOS, initiated litigation before the International Court of Commercial Arbitration under the Chamber of Commerce and Industry of the Russian Federation against OAO Yuganskneftegaz, alleging default on certain Ruble-denominated loans as the cause of action. As the result, four awards were entered in favor of YUKOS Capital S.a.r.l. in connection with the above-mentioned loans, for a total amount of ca. RUB 12.9 billion. In 2007, the Company successfully challenged the awards entered by the ICCA of CCI Russia which were overturned by Russian courts, including the Supreme Arbitration Court of the Russian Federation.</p> <p>In court proceedings over the period from 2007 through 2013, Russian arbitration courts ruled that the above-mentioned loan agreements between Yukos Capital and Yuganskneftegaz were void.</p> |

| Type of risk | Description and ways of minimizing the risk |
|--|---|
| Current court cases in which the Company is involved | <p>On 25 June 2010, the Supreme Court of The Netherlands ruled to dismiss the Rosneft complaint against the decision made by the Amsterdam Court of Appeals to enforce the ICCA decisions in The Netherlands (the court of first appearance refused to grant enforcement) notwithstanding their reversal by a court of competent jurisdiction. Although Rosneft disagrees with the rulings of the above-mentioned Dutch courts, it complied therewith and on 11 August 2010 made appropriate payments in discharge of the claim brought against Rosneft.</p> <p>At present, a claim brought by Yukos Capital against Rosneft as the legal successor to Yuganskneftegaz is pending before English courts, with Yukos Capital seeking payment of interest on overturned arbitration awards, of approximately RUB 4.6 billion as of the claim filing date. Rosneft will continue to vigorously defend its case.</p> <p>2. The company Yukos International (UK) BV has initiated court proceedings against Rosneft and other co-defendants not affiliated with Rosneft in the Amsterdam District Court, demanding the compensation of losses amounting to USD 333 mln (RUB 18.7 billion at the Russian Central Bank exchange rate as of 31 December 2014) as well as interest accrued as established by law since February 7, 2011, together with costs. In these proceedings Yukos International (UK) BV is claiming damages, which were allegedly caused by issuance by the Amsterdam Court in 2008 of an attachment order in relation to a bank account, which, as Yukos International UK BV claims, limited its ability to invest certain amounts at its discretion. Rosneft filed its statement of defense setting out various defense arguments, including the fact that the attachment order was duly issued by the court, and that Yukos International (UK) BV did not incur any loss as the consequence of depositing its funds on an interest-bearing account of its own choosing.</p> <p>Hearing on the merits took place in January 2014. On 11 February 2015, the Amsterdam District Court entered an award granting the claim brought by Yukos International (UK) BV to invalidate the funds freezing orders. At the same time, the court dismissed the claimant's request to base an assessment of alleged losses on hypothetical investment in golden assets or, as an alternative, on statutory interest rates. Yukos International (UK) B.V. will have to initiate a separate litigation in which the Dutch court will consider a proper assessment of losses, if any, and the issue of whether Yukos International (UK) B.V. is to be held in any way liable for the alleged losses. In March 2015, Rosneft and a number of its subsidiaries, including Samarneftegaz, Tomskneft and Angarsk Petrochemical Company, concluded Dispute Settlement Agreement with Yukos Finance B.V., Yukos Capital sarl, Stichting Administratiekantoor Yukos International, Stichting Administratiekantoor Financial Performance Holdings, Consolidated Nile, LP, General Nile, LLC, Yukos International (UK) B.V., Luxtona Limited, Financial Performance Holdings B.V., Yukos Hydrocarbons Investments Limited, CN & GN (PTC) Ltd. and private persons controlling these companies. Pursuant to the Agreement the Parties shall renounce all claims and end all existing litigations and disputes, and shall not have any claims towards each other in future in connection to bankruptcy and liquidation of Yukos Oil Company. The Agreement does not stipulate for any cash or other payments to be made by Rosneft or its subsidiaries. On 31 March 2015 the Parties concluded the deal and signed all relevant documents to recall ongoing legal proceedings in Holland, England, Russia, USA and other jurisdictions.</p> <p>3. Rosneft and a subsidiary are involved in arbitrations ensuing from Sakhaneftegaz and Lenaneftegaz bankruptcy case, seeking repayments under separate loan agreements and guarantee agreements, total of RUB 1.3 billion; a provision has been set aside for the entire amount so receivable.</p> <p>4. In 2009-2012, the Federal Antimonopoly Service and its regional offices (FAS Russia) issued a number of decisions against Rosneft and certain of its subsidiaries (affiliates) on the basis of violations of certain provisions of the antimonopoly law in connection with petroleum product sales, such violations carried administrative penalties. As of 31 December 2014, the total amount of administrative penalties imposed by FAS and its regional offices on Rosneft and its subsidiaries is immaterial.</p> <p>5. In the course of 2013, certain individuals - shareholders of RN Holding filed claims against Rosneft, the third party is RN Holding, to oblige Rosneft to send to shareholders of RN Holding - owners of other shares of respective categories (types) and owners of issuance securities convertible into such shares - a public offer for acquisition of such securities from them according to the procedure established by the Russian legislation. On 25.10.2013 the Moscow Arbitrage Court dismissed these actions and these decisions were upheld by an appeal court on 15 and 20 January 2014. A shareholder complained against the court awards entered in one of the cases, the Federal Arbitration Court for the Moscow Circuit ruled on 8 May 2014 to uphold the awards entered by the court of the first appearance and the court of appeal. The Supreme Court ruled on 11 September 2014 to dismiss motion made by the claimant (one of the shareholders) to pass the petition for review by the Economic Disputes Panel of the Supreme Court of the Russian Federation.</p> <p>6. In October-November 2014 ex-shareholders of RN Holding lodged claims against Rosneft seeking compensation for damages inflicted by wrong (as was alleged by the claimants) determination of share price in connection with squeeze-out. The cases are being reviewed by a court of first appearance.</p> <p>Besides the above, Rosneft is also involved in a number of other courts cases, which arise in the course of its ordinary business. Rosneft management believes that the ultimate result of such court proceedings will not have any material impact on the Company results of operations or financial standing.</p> <p>Rosneft regularly monitors verdicts delivered by higher courts and assesses trends in the interpretation of laws at the level of regional arbitrage courts, making full use of its monitoring data both for the purposes of defending its rights and lawful interests in court and for regulation of issues that arise in the course of Company business. Risks associated with changes in court practice are therefore believed to be insignificant.</p> |
| EU and US sanctions | <p>In 2014, the USA and the EU imposed a series of sectoral sanctions. These sanctions limit the ability of US and EU persons to provide certain persons mentioned in US and EU regulations with any new financing, as well as work, goods or services which may be used by certain persons in the Russian Federation in connection with the implementation of projects of deepwater oil exploration and production, Arctic oil exploration and production, and shale oil products. The Company takes note of these sanctions in its activities and continuously monitors them to mitigate any negative effects.</p> |
| Procurement activities | <p>Rosneft is an entity falling under the Federal Law No. 223-FZ dated 18.07.2011 "On procurement of goods, work, services by certain types of legal entities" (hereinafter, the Procurement Law). On 05.05.2014, amendments to the Code of Administrative Offenses took effect which introduced administrative responsibility for violations of the Procurement law, in particular, for failure to disclose information on unscrupulous suppliers.</p> <p>Pursuant to Government Resolution dated 31.10.2014 No. 1132, the Company is obligated to maintain a register of executed contracts, disclosing in it information on the material terms of an executed contract, and on its performance.</p> <p>Pursuant to Government Resolution dated 11.12.2014 No. 1352, the Company is obligated to procure at least 18% of all procurement volumes from small and mid-sized businesses, and to approve a list of goods, work, services to be sourced exclusively among small and mid-sized businesses.</p> <p>Rosneft complies with the provisions of the Procurement Law, any complementing regulations and Rosneft internal local documents, for which reason no material risks exist in the area of procurement activities.</p> |

APPENDIX #3

Report on Observance of Principles and Recommendations of the Code of Corporate Governance

This Report on Observance of Principles and Recommendations of the Code of Corporate Governance promulgated by the Bank of Russia (hereinafter, the CCG), is prepared factoring in the specific features set out in Clause 70.4 of the Securities Issuer Information Disclosure Regulations, approved by the Bank of Russian on 30.12.2014 No. 454-П; this Report describes how the Company complies with the key CCG principles and recommendations.

The Company prioritizes creating favorable conditions for shareholders' participation in the General Shareholder Meeting as one of the most essential aspects of its corporate governance model and practices (including expansion of the geography of meeting venues (10 cities); hotline access for shareholders during preparations for the meeting; establishment of a shorter shareholder meeting notice deadline than is required by the law); definition of the rules aimed to build an independent and professional Board of directors (the Company has in place the Director Independence Criteria, together with a requirement that there are at least 1/3 of independent directors among all Board members); the Company executive bodies are set up by the Board of Directors; the Board of Directors reviews matters of strategic development of the Company and its controlled companies across all significant areas of activity (entering into material transactions, the functioning of the internal control and risk management system, ensuring information transparency, definition of the top management compensation system); information disclosure, and in particular compliance with the MICEX Top Market listing rules.

In reporting year the Company carried out an assessment of observance of the principles of corporate governance set out in the CCG, by benchmarking the Company corporate standards against CCG recommendations. As our analysis showed, the Company observes the majority of the CCG principles and recommendations. Explanations of any reasons, factors and/or circumstances owing to which the Company does not observe, in whole or in part, the corporate governance principles as set out in the CCG, as well as the mechanisms and tools used by Company instead of those recommended by the CCG, are reflected herein in a tabular form. At the same time, seeking to improve the corporate governance model and practices, the Rosneft Board of Directors has approved an Action Plan (a roadmap) on the implementation of the key CCG provisions in Rosneft operations (hereinafter, the Action Plan (roadmap), providing for the introduction of CCG recommendations in the following areas:

- provision and disclosure of information, use of electronic means of shareholder communication;
- Board of Directors performance appraisals, refinement of the Board members' remuneration and compensation system;
- the top management compensation system and disclosure of compensation details by the Company;
- improvement of the internal control and risk management system.

| # | Corporate governance principle(s) or key criterion (recommendation) | Summary description of the extent to which the principle or key criterion is not complied with | Explanation of key reasons, factors and circumstances, by reason of which the principle or key criterion is not complied with in whole or in part, description of alternative corporate governance mechanisms and tools used |
|--------|---|---|--|
| 1. | SHAREHOLDER RIGHTS AND EQUAL TREATMENT OF SHAREHOLDERS AS THEY EXERCISE THEIR RIGHTS | | |
| 1.1. | The company shall assure equal and fair treatment of all shareholders as they exercise their right to participate in the governance of the company. The corporate governance system and practice shall provide an even playground for all shareholders of a given type, including minority shareholders (holders of insignificant blocks of shares) and foreign shareholders, and ensure their equal treatment vis-à-vis the company.. | | |
| 1.1.1. | The Company has in place an internal document defining the main procedures for the general shareholders meeting preparation, convocation and holding, consistent with the Code of Corporate Governance recommendations, which sets out, in particular, the Company's obligation to: <ul style="list-style-type: none"> • notify shareholders of the forthcoming general shareholders meeting and provide access to materials, and in particular, to publish the notice and materials on the Company website at least 30 days prior to meeting date (unless a longer period is prescribed by the laws of the Russian Federation); • disclose the date of record for the purposes of participation in the general shareholders meeting at least 7 days before such date of record; • to disclose, in connection with the general shareholders meeting, additional information and materials concerning the agenda, as recommended in the Code of Corporate Governance. | Partially observed Not observed as regards the following: <ul style="list-style-type: none"> • provision, to shareholders, of access to the general shareholders meeting materials at least 30 days prior to the meeting date; • disclosure of the date of record for the purposes of participation in the general shareholders meeting at least 7 days before such date of record; • disclosure, in connection with the general shareholders meeting, of additional information on the persons that initiated inclusion of an issue in the general shareholders meeting agenda or nominated candidates to the Company governance bodies. | Pursuant to Clause 5.2.1 of the GSM ¹ Regulations, the general shareholders meeting information (materials) is to be made available for review at least 20 days before the general shareholders meeting date, unless a longer term is prescribed by the law. The date of record for the purposes of participation in the general shareholders meeting is to be disclosed by the Company at least 5 days before such date of record (Clause 4.3.1. of the GSM Regulations). The list of additional information and materials to be disclosed to the persons entitled to participate in the general shareholders meeting set out in Clause 5.1.2 of the GSM Regulations. Pursuant to the Action Plan (the "road map"), the Company 2014 annual general shareholder meeting agenda includes matters of amending the Charter and the GSM Regulations. |
| 1.1.2. | The Company assumes obligations to provide shareholders, during general shareholders meeting preparations and holding, with an opportunity to ask questions regarding company activities of members of the Company governance and control bodies, the member of the Audit Committee, the chief accountant, the Company auditors, as well as of candidates to governance and control bodies. These obligations are set out in the company charter and internal regulations. | Observed | - |
| 1.1.3. | The Company assumes obligations to adhere to the principle of zero tolerance towards actions that would result in unreasonable re-distribution of corporate controls (e.g., voting "quasi-treasury" shares, making of decisions to pay dividends on preference shares in stranded financial circumstances, making of a decision not to pay dividends on preference shares if sufficient sources exist to finance such payment). Such obligations are set out in the Company charter and internal regulations. | Partially observed. The Company Charter or internal regulations do not prohibit voting "quasi-treasury" shares, or making of decisions to pay dividends on preference shares in stranded financial circumstances, etc. | The Company de-facto adheres to this obligation. Since the coming into force of the CCG, no instances of voting "quasi-treasury" shares at the general shareholders meeting were observed. The Company constitutional documents do not provide for the issuance of preference shares (Clause 5.2 of the Charter). |
| 1.2. | Shareholders shall be given equal and fair opportunity to participate in the company profits by receiving dividends . | | |
| 1.2.1. | The Company has in place an internal document defining the Company dividend policy that corresponds to the Code of Corporate Governance recommendations and establishing, among other things: <ul style="list-style-type: none"> - the procedure for determining what part of net profits (minimum part (ratio) of consolidated net profit, for companies producing consolidated financial statements) to be distributed as dividends, and the conditions of their declaration; - the minimum amount of dividend distributable on different classes (types) of Company shares; - the duty to disclose the document defining the company dividend policy, on the Company website. | Partially observed. Not observed as regards setting aside the minimum portion (ratio) of the consolidated net earnings for dividend distribution purposes, or the minimum amount of dividends on Company shares of various types, in a Company internal document. | The Company has in place the Regulations of Rosneft Dividend Policy, approved by decision of the Board of Directors on 17.05.2006 (with the additions approved by resolution of the Board of Directors on 03.03.2011). <ul style="list-style-type: none"> • the size of dividends is determined factoring in the amount of net profits, determined with reference to the Company accounting statements issued in accordance with the requirements of the Russian law (Clause 1 Art. 6 of the Dividend Policy Regulations). The recommended amount of dividend is determined by the Board of Directors. In compliance with the assignments given by the President of the Russian Federation, the Board of Directors recommended to increase the dividend payout level to 25% of the net profits defined with reference to the consolidated financial statements. • The Company is authorized to issue only one type of shares, i.e. ordinary shares (Clause 5.2. of the Charter). |

1. Regulation on General Shareholders' Meeting of Rosneft was approved by GSM of Rosneft on June 26th, 2014 (further - Regulation on GSM).

| # | Corporate governance principle(s) or key criterion (recommendation) | Summary description of the extent to which the principle or key criterion is not complied with | Explanation of key reasons, factors and circumstances, by reason of which the principle or key criterion is not complied with in whole or in part, description of alternative corporate governance mechanisms and tools used |
|---|--|---|--|
| 2. COMPANY BOARD OF DIRECTORS | | | |
| 2.1. | The Board of Directors shall determine the key strategic areas of the company activities in the longer term, the company key performance indicators, engage in the strategic management of the company, determine the key principles and approaches to setting up a company risk management and internal control system, oversee the activities of the company governance bodies, determine the company policy on remuneration of the members of the board of directors and executive bodies, and perform other critical roles. | | |
| 2.1.1. | The Company has in place a board of directors which: <ul style="list-style-type: none"> determines the key strategic vectors of the Company activity in a longer-term perspective, the Company key performance indicators; oversees the activities of the Company executive bodies; determines the principles and approaches to the risk management and internal control processes in the Company; determines the Company policy on the compensation of members of the board of directors and executive bodies and other key managers of the company. | Observed | - |
| 2.2. | The Board of Directors shall be an efficient and professional company governance body capable of exercising unbiased independent judgment and making decisions in the best interest of the company and its shareholders. The Board of Directors Chairman shall facilitate the process of exercising the functions vested in the Board of Directors in a manner that is as efficient as possible. Board of Directors meetings, preparations therefor and Board members' participation in such meetings shall assure that the Board of Directors operates as efficiently as possible. | | |
| 2.2.1. | The board of directors is chaired by an independent director, or else there is a senior independent director appointed from among the elected independent directors to coordinate the activities of independent directors and liaise with the chairman of the board of directors. | Not observed | Considering the Company shareholding structure (JSC ROSNEFTEGAZ holds 69.5% in the Company charter capital), as well as the fact that the Russian Federation is a direct shareholder of the Company, most of board members are professional attorneys who vote on the matter of the Board Chairman election in accordance with the directives issued by the Government of the Russian Federation. |
| 2.2.2. | The internal documents of the Company provide for a procedure for preparing and holding meetings of the Board of Directors whereby board members are given an opportunity to get properly prepared for such meetings, and, in particular, provide for the following: <ul style="list-style-type: none"> time frames for notifying board members of the forthcoming meeting; timeframes for the circulation of documents (voting ballots) and obtaining the completed documents (ballots) where meetings are held in absentia; opportunity for board members absent from a meeting held in person to submit their written opinions on agenda items and be heard; possibility to discuss and vote by means of teleconferencing and video-conferencing. | Observed | - |
| 2.2.3. | The most important matters are resolved upon at the meetings of the Board of Directors held in person. The list of such issues is consistent with the recommendations of the Code of Corporate Governance ² . | Partially observed. Not observed as regards formal provision, in the Charter, for the Board of Directors to make decisions in relation to the matters referred to in Clause 168 of the CCG in physical meeting, with the exception of those concerning approval of the Company long-term development strategy and overseeing its implementation, approval of Company financial and business plans (budgets) and overseeing its implementation, as well as matters related to preparations for, and holding of, the general shareholders meeting. | The provision requiring that Board decisions be made during meetings in person is set out in Clause 10.5.4 of the Charter in relation to matters of determining the priority vectors of Company activities, adopting the long-term Company development strategy and overseeing its implementation, approving Company financial and business plans (business plans, budgets) and overseeing their implementation, as well as matters related to preparing and holding a general shareholders meeting (Clauses (1-3) 10.2.1., (1-3) 10.2.3 of the Charter). A mandatory requirement to hold meetings in person on other matters referred to in Cl. 168 of CCG may impact performance, by the Board of Directors, of its priority strategic competencies. The form of Board of Directors meetings is determined by the Board Chairman at the time of meeting convocation, with reference to the merits of the matter at hand and the directors' opinion. Each of the directors has the right to point out that it would be expedient to review a specific matter at a meeting held in person, with reference to the merits of the matter at hand and its importance to the Company. The approach existing in the Company creates the necessary balance between the strategic competencies of the Board and efficient corporate control on the part of the Board. |
| 2.3. There shall be a sufficient number of independent directors on the board of directors. | | | |
| 2.3.1. | Independent directors account for at least one third of the elected board of directors members. Independent directors fully meeting the independence criteria recommended by the Code of Corporate Governance. | Observed | - |
| 2.3.2. | The Board of Directors (or the Nominations (HR, Appointments) Committee) assesses whether nominees to the board of directors members meet the independence criteria. | Partially observed. In fact, no assessment was undertaken by the Board HR and Compensations Committee to ascertain whether nominees to the Board of Directors meet the independence criteria. | This CCG principle is set out in Clause 2.2.5 of Rosneft Board of Directors Regulations, approved by GSM on 27.06.2014. In accordance with Clause 1.3.1 of the Rosneft Board HR and Compensations Committee Regulations, the Committee performs preliminary assessments of nominees to the Board of Directors, which could include nominee independence assessments. In accordance with the Action Plan (the "road map"), the Company plans to conduct such nominee assessments in connection with elections to the Company Board of Directors. |
| 2.4. The Board of Directors shall establish committees for first-line review of the most important issues of the Company operations. | | | |
| 2.4.1. | The Company board of directors has established an audit committee, consisting of independent directors, with a range of functions set out in the Company internal documents and being in conformity with the Recommendations of the Code of Corporate Governance ³ . | Partially observed. Not observed as regards appointment of only independent directors to the Board Audit Committee | The Company has in place 3 Board committees (the Audit Committee, the HR and Compensations Committee, the Strategic Planning Committee), with 4 directors serving on each of these. Considering that there are total of 9 people on the Board of Directors, the restrictions imposed by CCG (a board member cannot serve on more than two committees), and the minimum number of independent directors recommended by the CCG (3 directors), observance of the CCG principle concerning independence of all directors on the Board audit committee is not seen as possible. |

2. Stated in Paragraph 168 5 of the Corporate Governance Code.

3. Stated in Paragraph 172 5 of the Corporate Governance Code.

| # | Corporate governance principle(s) or key criterion (recommendation) | Summary description of the extent to which the principle or key criterion is not complied with | Explanation of key reasons, factors and circumstances, by reason of which the principle or key criterion is not complied with in whole or in part, description of alternative corporate governance mechanisms and tools used |
|-----------|--|--|--|
| 2.4.2. | The board of directors has set up a compensations committee (may be combined with the nominations (HR, appointments) committee), which consists only of independent directors, and with a range of functions being in conformity with the Recommendations of the Code of Corporate Governance ⁴ . | Partially observed. Not observed as regards appointment of only independent directors to the Board HR and Compensations Committee | The Company has in place 3 Board committees (the Audit Committee, the HR and Compensations Committee, the Strategic Planning Committee), with 2-4 independent directors serving on each of these. Considering that there are total of 9 people on the Board of Directors, Each Board committee is chaired by an independent director. Considering the restrictions imposed by CCG (a board member cannot serve on more than two committees), and the minimum number of independent directors recommended by the CCG on the Company Board of Directors (3 independent directors), full observance of the CCG recommendation principle concerning independence of all directors on the Board HR and compensations committee is not seen as possible. |
| 2.4.3. | The board of directors has set up a nominations (HR, appointments) committee (may be combined with the compensations committee) the majority of its members being independent directors, and with a range of functions being in conformity with the Recommendations of the Code of Corporate Governance ⁵ . | Partially observed. Not observed as regards appointment of a majority of independent directors to the above-mentioned Board committee. | The Company has in place 3 Board committees (the Audit Committee, the HR and Compensations Committee, the Strategic Planning Committee), with 2-4 independent directors serving on each of these. Considering that there are total of 9 people on the Board of Directors, Each Board committee is chaired by an independent director. Considering the restrictions imposed by CCG (a board member cannot serve on more than two committees), and the minimum number of independent directors recommended by the CCG on the Company Board of Directors (3 independent directors), full observance of the CCG recommendation principle concerning independence of all directors on the Board HR and compensations committee is not seen as possible. |
| 2.5. | The board of directors shall assure performance assessments of the board as a whole, its committees and board members. | | |
| 2.5.1. | The board of directors performance assessments are carried out on a regular basis at least once a year, and at least once in every three years such assessment is carried out with the engagement of an external organization (consultant). | Not observed | This CCG principle is expected to be implemented in the Company activities in accordance with the Action Plan ("road map"). |
| 3. | COMPANY CORPORATE SECRETARY | | |
| 3.1. | Efficient current interaction with shareholders, coordination of company activities aimed at the protection of shareholder rights and interests, support of efficient Board of Directors activities are underpinned by the corporate secretary (or a dedicated structural unit led by the corporate secretary). | | |
| 3.1.1. | The corporate secretary reports to the board of directors, and is appointed to and removed from his office with the board of directors' approval. | Observed | - |
| 3.1.2. | The Company has in place an internal document that defines the rights and responsibilities of the Corporate secretary (the Corporate Secretary Regulations), which conforms to the Recommendations of the Code of Corporate Governance ⁶ . | Partially observed. Not observed as regards setting out, in a Company internal document, of the conditions and procedure for the payment of the corporate secretary's compensation, and corporate secretary's responsibility. | The Company has in place the Corporate Secretary Regulations, approved by the Board of Directors on 17.05.2006. Due to the requirement for the implementation of the above-mentioned CCG principle, the Company is currently developing a new version of the Corporate Secretary Regulations. |
| 3.1.3. | The Corporate Secretary position is not to be combined with any other roles in the Company. The Corporate Secretary functions are aligned with the recommendations of the Code of Corporate Governance. The Corporate Secretary has sufficient resources for the performance of his functions ⁷ . | Partially observed. Not observed as regards limitation on the scope of functions performed by the corporate secretary. | In the Company, the corporate secretary functions are assigned to the Corporate Governance Department Director. Such practice is in line with the Rosimushchestvo explanations to the effect that it is possible to combine the Corporate Secretary position with that of the Secretary of Board of Directors or another position that implies a role in the corporate governance procedures. |
| 4. | SYSTEM OF COMPENSATION OF BOARD MEMBERS, MEMBERS OF EXECUTIVE BODIES AND OTHER KEY EXECUTIVES OF THE COMPANY | | |
| 4.1. | The level of compensation paid by the company must be sufficient to attract, motivate and retain people that possess the competencies and qualifications needed by the company. Compensation to members of the board of directors, members of executive bodies and other Company key executives shall be paid in accordance with the compensation policy adopted by the Company. | | |
| 4.1.1. | In the company, all payments, benefits and privileges provided to the board members, executive bodies and other key executives are regulated. | Observed | - |
| 4.2. | The board of directors members' compensation system shall assure convergence of the directors' financial interests with those of the shareholders. | | |
| 4.2.1. | The Company does not use any other forms of monetary reward of the board of directors members other than the fixed annual remuneration. | Observed | - |
| 4.2.2. | Company board members are not allowed to participate in stock option plans, and their right to sell their respective shareholdings is not made conditional upon the achievement of specified performance indicators. | Observed | - |
| 4.3. | The compensation system established for the company members of executive bodies and other key executives shall make compensation dependent on the results of the company operations and their personal input in such results. | | |
| 4.3.1. | The company has in place a long-term incentive program for members of executive bodies and other key executives of the company. | Partially observed. The Company does not have in place a long-term incentive program for members of executive bodies and other company key executives. | As part of the annual incentive arrangements for members of executive bodies and other key executives, bonuses are paid in shares with an at least 6-months ban on share sale. |
| 5. | RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM | | |
| 5.1. | The company shall have in place an efficiently functioning risk management and internal control system, aimed at obtaining reasonable assurance that the company accomplishes its goals. | | |
| 5.1.1. | The board of directors defines the principles and approaches to the design of the Company risk management and internal control system. | Observed | - |

4. Stated in Paragraph 180 b of the Corporate Governance Code.

5. Stated in Paragraph 186 b of the Corporate Governance Code.

6. Stated in Paragraph 217 b of the Corporate Governance Code.

7. Stated in Paragraph 218 b of the Corporate Governance Code.

| # | Corporate governance principle(s) or key criterion (recommendation) | Summary description of the extent to which the principle or key criterion is not complied with | Explanation of key reasons, factors and circumstances, by reason of which the principle or key criterion is not complied with in whole or in part, description of alternative corporate governance mechanisms and tools used |
|-----------|--|--|--|
| 5.1.2. | The company has in place a separate risk management and internal control unit. | Observed | - |
| 5.1.3. | The company has developed and implemented an anti-corruption policy that defines measures aimed at the development of elements of corporate culture, organizational structure, rules and procedures assuring prevention of corruption. | Observed | - |
| 5.2. | To enable systemic independent assessment of reliability and effectiveness of the risk management and internal control system and corporate governance practices, the company shall arrange for internal audits. | | |
| 5.2.1. | The company has in place a separate structural unit charged with internal audit functions, functionally subordinated to the company board of directors. The range of functions vested in such unit corresponds to the recommendations of the Code of Corporate Governance. Such functions include, among other things: <ul style="list-style-type: none"> • internal control system effectiveness assessment; • risk management system effectiveness assessment; • corporate governance assessment (if no corporate governance committee exists). | Observed | - |
| 5.2.2. | The internal audit unit leader reports to the company board of directors, and is appointed to, and removed from, his office by decision of the company board of directors. | Observed | - |
| 5.2.2. | The company has in place an internal audit policy (Internal Audit Regulations), approved by the board of directors, that defines the purposes, tasks and functions of internal audit. | Observed | - |
| 6. | COMPANY INFORMATION DISCLOSURE, COMPANY INFORMATION POLICY | | |
| 6.1. | The Company and its activities shall be transparent to shareholders, investors and other interested parties. | | |
| 6.1.1. | The company has in place an internal document that determines the company information policy consistent with the recommendations of the Code of Corporate Governance. The Company information policy includes the following methods of interaction with investors and other stakeholders: <ul style="list-style-type: none"> - setting up a dedicated page on the company website, to contain answers to frequently asked questions of shareholders and investors, a regularly updated calendar of company corporate events, as well as other information useful for shareholders and investors; - regular analyst meetings with members of executive bodies and other key company executives; - regular presentations (including in the form of teleconferences, webcasts) and meetings with members of governance bodies and other key company executives, including those incidental to the publication of company financial statements or related to key investment projects and company strategic development plans. | Observed | - |
| 6.1.2. | The company information policy is implemented by the company executive bodies. Proper information disclosure and information policy compliance control is exercised by the company board of directors. | Observed | - |
| 6.1.3. | The company has in place procedures that provide for the coordination among all company functions and structural units, dealing with disclosure of information or whose activities may result in the requirement to disclose information. | Observed | - |
| 6.2. | The company shall on a timely basis disclose complete, up-to-date and reliable information on the company to support making of informed decisions by company shareholders and investors. | | |
| 6.2.1. | If foreign investors hold a significant stake in the company capital, the company assures that, concurrently with Russian-language disclosure, the most essential corporate information (including the notice of shareholders meeting, the company annual report) is disclosed in a foreign language that is commonly used in the financial market. | Observed | - |
| 6.2.2. | The company assures that information is disclosed not only about the company as such, but also about any material subsidiary legal entities. | Observed | - |
| 6.2.3. | The company shall disclose its annual and interim (half-year) consolidated or standalone financial statements, prepared in accordance with the International Financial Reporting Standards (IFRS). Such annual consolidated or individual financial statements are disclosed accompanied by an auditor's opinion, whereas the interim (half-year) consolidated or standalone financial statements, accompanied by an audit review report or an auditor's opinion. | Observed | - |
| 6.2.4. | The company discloses a special memorandum containing the plans of the controlling person in relation to the company. Such memorandum is prepared in accordance with the Recommendations of the Code of Corporate Governance ⁸ . | Not observed | The Company has no influence over decision-making by the controlling person (the Russian Federation represented by Rosmushchestvo), for which reason this CCG principle is unfeasible. |
| 6.2.5. | The company assures disclosure of detailed backgrounds of Board of Directors members are disclosed, including the information on whether they are independent directors, as well as prompt disclosure on the loss of the independent director status by a Board member. | Observed | - |

8. Stated in Paragraph 279 6 of the Corporate Governance Code.

| # | Corporate governance principle(s) or key criterion (recommendation) | Summary description of the extent to which the principle or key criterion is not complied with | Explanation of key reasons, factors and circumstances, by reason of which the principle or key criterion is not complied with in whole or in part, description of alternative corporate governance mechanisms and tools used |
|-----------|--|--|---|
| 6.2.6. | The company discloses information on capital structure in accordance with the Code of Corporate Governance recommendations. | Observed | |
| 6.2.7. | The company annual report includes additional information recommended by the Code of Corporate Governance: <ul style="list-style-type: none"> a summary overview of the most significant transactions (including interconnected transactions entered into by the company and its subsidiaries) over the most recent year; a report on the board of directors activities (including board committees) over the year, containing, among other things, information on the number of meetings held in person or in absentia, on each director's participation in meetings, descriptions of the most important issues and the most complex problems reviewed at the Board of Directors Board committee meetings, the main recommendations formulated by the committees for the board of directors; details of direct or indirect shareholdings of the members of the company board of directors and executive bodies; details of conflicts of interest facing members of the board of directors and executive bodies (including by reason of such persons being involved in the governing bodies of company competitors). e) a description of the system of compensation paid to the board members, including the size of individual annual bonus due each board member (broken down by basic, extra fee for the chairmanship in the board of directors, for chairmanship (membership) in the board committees, the amount of participation in the long-term incentive program, amount of each board member's participation in stock option plan, if any), compensations for expenses related to their involvement in the board activities, as well as company expenses of procuring insurance of liability incurred by directors as members of governing bodies; details of total annual compensation: (a) paid to a group of not less than five top paid members of executive bodies and other key company executives, broken down by type of compensation; (b) paid to all members of executive bodies and other key executives of the company covered by the company compensation company, broken down by type of compensation; details of annual compensation received or due to be received by the chief executive officer from the company (or another legal entity from the company group), broken down by each type of compensation, both received on account of his service in the capacity of the chief executive officer, and otherwise. | Partially observed. Not observed as regards disclosure, in the annual report, details of the chief executive officer's remuneration in the year. | It is expected that this CCG principle will be implemented in the Company operations in accordance with the Action Plan ("road map"). |
| 6.3. | Provision, by the company, of information and documents in response to shareholder inquiries shall follow the principles of equality and ease of access. | | |
| 6.3.1. | In accordance with the company information policy, company shareholders owning equal numbers of voting shares in the company, are provided equal access to the company information and documents. | Observed | - |
| 7. | MATERIAL CORPORATE ACTIONS | | |
| 7.1. | Actions that significantly influence or may influence the shareholding structure and the company financial condition and, respectively, shareholder position (material corporate actions), shall be taken on a fair basis that would assure that the rights and interests of shareholders and other stakeholders are respected. | | |
| 7.1.1. | The company charter determines the list (criteria) of transactions or other actions which constitute material corporate actions reserved for the company board of directors, including: <ul style="list-style-type: none"> company reorganization, acquisition of 30 or more percent of the company voting stock (takeover), increase or reduction of the company charter capital, listing and delisting of company shares transactions of sale of shares (units) in company material subsidiaries, resulting in the company losing control over such subsidiaries; transactions, including interrelated transactions, with the property of the company or legal entities under its control, the cost of which exceeds a threshold indicated in the company charter or which is material for the company business; establishment of a legal entity under the company control which is material for the company business; and divestment, by the company, of treasury and "quasi-treasury" shares. | Partially observed Not observed as regards classification of divestment, by the Company, of treasury and "quasi-treasury" shares, as a material corporate action. By virtue of the Law "On joint-stock companies" and the Charter, decisions to apply for delisting of the Company shares are reserved for the Company general shareholders meeting rather than for the Board of Directors. The Charter does not provide directly for such material corporate action as acquisition of 30 percent or more of a company voting stock (merger). | Material corporate actions whereof review and/or formulation of proposal in relation thereto reserved for the company Board of Directors include matters referred to in Clauses 9.3.3 (1)-(4), 10.2.1 (21), 10.2.4 (6), 10.2.5 - 10.2.7, 10.2.13 (2, 3, 4 (i)) of the Charter. Since the coming into force of the CCG, no such material corporate actions as divestment of the Company treasury and quasi-treasury shares, delisting of Company shares, acquisition of 30 percent or more of the Company voting shares, were taken. There are no obstacles to compliance with the specified CCG principle. |

| # | Corporate governance principle(s) or key criterion (recommendation) | Summary description of the extent to which the principle or key criterion is not complied with | Explanation of key reasons, factors and circumstances, by reason of which the principle or key criterion is not complied with in whole or in part, description of alternative corporate governance mechanisms and tools used |
|--------|--|--|---|
| 7.2. | The Company shall assure that the procedure for taking material corporate actions is such that would allow shareholders to obtain full information on such actions in a timely manner, enabling them to influence such actions and guaranteeing that their rights in connection with such actions are respected and adequately protected. | | |
| 7.2.1. | <p>The company internal documents establish the principle of equal treatment of all company shareholders of society in connection with material corporate actions affecting the rights and legitimate interests of shareholders, and provide for additional measures protecting the rights and legitimate interests of the company shareholders as set out in the Code of Corporate Governance, including the following:</p> <ul style="list-style-type: none"> • engagement of an independent appraiser enjoying an impeccable reputation recognized by the market and experienced in assessments in the respective sphere, or disclosure of the bases for not engaging an independent appraiser in the determination of the cost of the property divested or acquired in a major transaction or and interested-party transaction; • determination of the price of company shares, in connection with their acquisition and buy-back, by an independent appraiser enjoying an impeccable reputation recognized by the market, and experienced in assessments in the respective sphere, factoring in average share price over a reasonable period of time, without regard to the effect from the transaction so entered into by the company (and in particular, without regard to the effect from changes in the share price caused by spreading of information about the company entering into such transaction), and also without regard to the discount on divestment of less than controlling stake; and • an extended list of grounds on which company board members and other persons referred to in the law may be found to be interested in company transactions, with the purpose of assessing actual affiliation of the respective persons. | <p>Partially observed. The Company internal documents do not contain requirements to the appraiser's experience and reputation, assessment methodology, further grounds for the finding of affiliation of the Company Board of Directors and top management members.</p> | <p>Pursuant to Sub-clause 7) Clause 1 Art. 65 of the Law "On joint-stock companies" and Clause 10.2.1. (13) of the charter, the Board of Directors determines the price (monetary assessment) of property in circumstances referred to in the Law "On joint-stock companies". Independent appraisers are selected in accordance with the tender procedures approved by the Company internal in the area of procurement of goods, works and services and assuring objective selection of appraisers not only on the basis of the minimum cost of services criterion, but also based on sustained business reputation and considerable experience in the respective sphere.</p> <p>By reason of the requirements of Clauses 1 and 3 of Art. 75 of the Law "On joint-stock companies", buy-back of shares by the Company is effected at the price determined by the company Board of Directors, but not below the market value which has to be determined by the independent appraiser.</p> <p>The Company which has been is a public company since 2006, engages independent appraisers on a mandatory basis in connection with any actions that give rise to the right to request buy-back of shares.</p> <p>The assessment methodology (i.e. the fair price determination procedure) is defined independently by the appraiser, factoring in the requirements of Assessment Standards and assessment best practices. It is not seen as appropriate to prescribe selective requirements to assessment procedures in the Company documents, as this might limit shareholders' and investors' access to best assessment services as identified in open tender procedures. Compliance with this principle will be assured by engagement of first-class appraisers through transparent tender procedures.</p> <p>The Company takes effort to identify actual affiliation of the Company top management, based on assignment given by the Prime Minister of the Russian Federation No. VP-P13-9308 dated 11.12.2011 and Rosneft order dated 23.12.2011 No. 728. Such data are taken into consideration when determining interested persons by way of obtaining agreements from Company units in connection with laying transactions before the Board of Directors for review. As regards reflection of this CCG principle in the Charter, the Company takes the following into consideration: shareholders and board members entitled to seek invalidation of such transactions do not have any legally established (as part of information disclosure and provision of information to shareholders) ways of obtaining information on contractors' executives (other than members of governing bodies) for the purposes of identifying affiliation and effectively challenging such related-party transactions. on that basis, given the existing legislative framework (and taking into account Company efforts aimed to identify affiliation), Charter amendment cannot be viewed as an effective way of increasing shareholder protection.</p> |

APPENDIX #4

List of Major Transactions and Non-Arm's Length Transactions Made by Rosneft in 2014

All of the non-arm's length transactions of Rosneft in 2014 were made on the market conditions. Rosneft did not make any major transactions in 2014.

Non-arm's length transactions endorsed by Board of Directors of Rosneft

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|--|--|---|-------------------|
| TRANSACTIONS WHERE CJSC ARCTICSHELFNEFTEGAZ IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| Z. Runje – Member of Management Board of Rosneft, Member of Board of Directors of CJSC Arcticshelfneftegaz – a party to the transactions | | | |
| 1 | Procurement by Rosneft (borrower) of an interest-bearing loan from CJSC Arcticshelfneftegaz (lender) in the amount of up to 60,000.0 K rubles for the term of up to 5 years. The total contract value inclusive of the interest is up to 80,000.0 K rubles | Transaction price – up to 81,000.00 K rubles | April 4, 2014 |
| 2 | Granting by Rosneft (lender) of an interest-bearing loan to CJSC Arcticshelfneftegaz (borrower) for funding the operating activities in the amount of up to 148,200.0 K rubles for the term of 2 years. The total contract value inclusive of the interest is up to 177,840.0 K rubles | Transaction price – up to 177,840.0 K rubles | June 26, 2014 |
| 3 | Granting by Rosneft (lender) to CJSC Arcticshelfneftegaz (borrower) of an interest-bearing loan for funding the investment activity in the amount of up to 6,000.0 K rubles for the term of 5 years. The total contract value inclusive of the interest is up to 9,300.0 K rubles | Transaction price – up to 9,300.0 K rubles | June 26, 2014 |
| 4 | Change in terms and conditions of the transaction on procurement by Rosneft (borrower) from CJSC Arcticshelfneftegaz (lender) of an interest-bearing loan in the amount of 60,000.0 K rubles regarding an increase of the total transaction value inclusive of the chargeable interest up to 258,301.4K rubles | Transaction price – up to 258,301.4K rubles | July 25, 2014 |
| TRANSACTIONS WHERE CJSC VANKORNEFT IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Granting by Rosneft (licensor) to CJSC Vankorneft (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 12,560.8K rubles (inclusive of VAT) | Transaction price – 12,560.8K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Assignment and performance by CJSC Vankorneft (agent) at the expense of Rosneft (principal) of the actions associated with arrangement of execution of exploration works on Rosneft license areas in the territory of the Krasnoyarsk Region for the compensation in the amount of 99,871.0 K rubles (inclusive of VAT) | Transaction price – 99,871.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Performance by CJSC Vankorneft (technical customer) upon assignment, on behalf and at the expense of Rosneft (developer) of the actions associated with fulfillment of functions of the technical customer on arrangement of construction (reconstruction) of industrial facilities of Rosneft for the compensation in the amount of 42,368.0 K rubles | Transaction price – 42,368.0 K rubles | December 24, 2013 |
| 4 | Supply by Rosneft (supplier) of petroleum products to CJSC Vankorneft (buyer) in the volume of 10.9 kt for the total price of 403,300.0 K rubles (inclusive of VAT) | Transaction price – 403,300.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 5 | Change in terms and conditions of the transaction on sale by Rosneft (seller) to CJSC Vankorneft (buyer) of petroleum products regarding an increase of the volume of sold petroleum products up to 2.5 kt and the total value of up to 157,000.0 K rubles (inclusive of VAT) | Transaction price – up to 157,000.0 K rubles (inclusive of VAT) | February 26, 2014 |
| 6 | Transfer by Rosneft (lessor) for lease to CJSC Vankorneft (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 16,529.0 K rubles per year (inclusive of VAT) | Transaction price – 16,529.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 7 | Change in terms and conditions of the transaction on sale by Rosneft (seller) of petroleum products to CJSC Vankorneft (buyer) regarding an increase of the volume of sold petroleum products up to 15.800 kt and the total value of up to 615,300.0 K rubles | Transaction price – up to 615,300.0 K rubles | June 26, 2014 |
| 8 | Provision by Rosneft (contractor) of the services to CJSC Vankorneft (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 126,080.0 K rubles (inclusive of VAT) | Transaction price – up to 126,080.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 9 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to CJSC Vankorneft (borrower) for funding the investment activity in the amount of 28,473,300.0 K rubles regarding introduction of a zero interest rate and a decrease of the total transaction value up to 15,973,023.7K rubles | Transaction price – up to 15,973,023.7K rubles | August 18, 2014 |
| 10 | Performance by Rosneft (agent) upon assignment, on behalf and at the expense of CJSC Vankorneft (principal) of the actions associated with arrangement of delivery of material and technical resources (MTR), provision of the services associated with installation, supervision, setting to work and commissioning of equipment, services associated with inspecting the quality of manufacture of MTR and other services for the compensation in the amount of 11,271.17K rubles (inclusive of VAT) | Transaction price – 11,271.17K rubles (inclusive of VAT) | September 8, 2014 |
| 11 | Provision by Rosneft (contractor) of the services to CJSC Vankorneft (customer) associated with insurance of the customer's assets, machines and mechanisms against breakdown, damages resulting from an interruption in the customer's operations, arrangement of reinsurance protection for the compensation in the amount of 3,089.59K rubles (inclusive of VAT) | Transaction price – 3,089.59K rubles (inclusive of VAT) | October 6, 2014 |
| 12 | Granting by Rosneft (licensor) to CJSC Vankorneft (licensee) of the non-exclusive rights to use in the business activity of the licensee in the territory of the Russian Federation of trademarks owned by Rosneft for the term of 10 years for the compensation in the amount of 218.89K rubles (inclusive of VAT) | Transaction price – 218.89K rubles (inclusive of VAT) | October 6, 2014 |
| 13 | Granting by Rosneft (licensor) to CJSC Vankorneft (licensee) of the right to use the software of SS RN-KIN for the compensation in the amount of 7,473.46K rubles (exclusive of VAT) | Transaction price – 7,473.46K rubles (exclusive of VAT) | November 12, 2014 |
| 14 | Granting by Rosneft (lender) of an interest-bearing loan to CJSC Vankorneft (borrower) in the amount of 1,626,706.8K rubles for the term of 2 years. The total contract value inclusive of the interest is up to 2,017,116.5K rubles | Transaction price – up to 2,017,116.5K rubles | December 12, 2014 |
| TRANSACTIONS WHERE CJSC VNHK IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Granting by Rosneft (lender) of an interest-bearing loan to CJSC VNHK (borrower) for funding the investment activity in the amount of 25,871,878.0 K rubles for the term of 3 years. The total contract value inclusive of the interest is 33,633,441.4K rubles | Transaction price – 33,633,441.4K rubles | December 24, 2013 |
| 2 | Granting by Rosneft (licensor) to CJSC VNHK (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 1,506.6K rubles (inclusive of VAT) | Transaction price – 1,506.6K rubles (inclusive of VAT) | December 24, 2013 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|--|---|--|-------------------|
| 3 | Granting by Rosneft (lender) of an interest-bearing loan to CJSC VNHK (borrower) for funding the operating activities in the amount of up to 1,623,000.0 K rubles for the term of 2 years. The total contract value inclusive of the interest is up to 1,947,600.0 K rubles | Transaction price – up to 1,947,600.0 K rubles | June 26, 2014 |
| 4 | Transfer by Rosneft (initial buyer) to CJSC VNHK (buyer) of rights and responsibilities of the buyer under the contract for supply of 5 gas turbines and technological equipment for a thermal station for the total price of EUR 150,400.0 K (exclusive of VAT), entered into between Rosneft (buyer) and GE Energy Products France SNC (Seller) subject to payment by CJSC VNHK to Rosneft (initial buyer) of the amount equal to EUR 45,120.0 K (exclusive of VAT) as a compensation for incurred expenses; | Transaction price – EUR 45,120.0 K (exclusive of VAT) | June 26, 2014 |
| 5 | Transfer by Rosneft (initial customer) to CJSC VNHK (customer) of rights and responsibilities of the customer under the contract of consulting services on installation, adjustment supervision and testing on guarantee values of 5 gas turbines, training in operation and maintenance for the total price of EUR 6,667.047K (exclusive of VAT), entered into between Rosneft (customer) and GE Rus LLC (consultant); | Transaction price – EUR 6,667.047K (exclusive of VAT) | June 26, 2014 |
| 6 | Provision by Rosneft (surety) of suretyship to GE Rus LLC (lender) for CJSC VNHK (beneficiary) for fulfillment by CJSC VNHK fully and timely of its financial obligations under the contract of consulting services on installation, adjustment supervision and testing on guarantee values of 5 gas turbines, training in operation and maintenance in favour of GE Rus LLC. The surety amount is equal to the amount of financial obligations of CJSC VNHK (beneficiary) to GE Rus LLC (lender) – EUR 6,667.047K (exclusive of VAT) | Transaction price – EUR 6,667.047K (exclusive of VAT) | June 26, 2014 |
| 7 | Provision by Rosneft (guarantor) to GE Energy Products France SNC (seller) of the guarantee with regard to fulfillment by CJSC VNHK (buyer) fully and timely of its financial obligations under the contract for supply of 5 gas turbines and technological equipment for a thermal station, in favour of GE Energy Products France SNC. The guarantee amount is equal to the amount of remaining financial obligations of CJSC VNHK (buyer) to GE Energy Products France SNC (seller) – EUR 105,280.0 K (exclusive of VAT) | Transaction price – EUR 105,280.0 K (exclusive of VAT) | June 26, 2014 |
| 8 | Provision by Rosneft (contractor) of the services to CJSC VNHK (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 12,990.0 K rubles (inclusive of VAT) | Transaction price – up to 12,990.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 9 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to CJSC VNHK (borrower) in the amount of 4,307,185.5K rubles for funding the investment activity, by means of extension of the loan repayment period till September 6, 2017 on the following terms and conditions: the outstanding amount of the principal debt is 4,101,589.0 K rubles; from the date of extension of the loan agreement with regard to the actual outstanding amount of the borrower an interest rate is applied within a range of the market interval of prices, approved by the Budget Committee of Rosneft as of the extension date; the transaction value inclusive of the interest is 5,785,106.0 K rubles | Transaction price – 5,785,106.0 K rubles | December 12, 2014 |
| 10 | Transfer by Rosneft (owner) to CJSC VNHK (successor) of all rights and responsibilities of the owner under the service contract for technical maintenance of five sets of gas turbine equipment in the total amount of US\$ 126,332.1K (exclusive of VAT), entered into between Rosneft (owner) and GE International Inc and GE Rus LLC (contractors) | Transaction price – US\$ 126,332.1K (exclusive of VAT) | December 12, 2014 |
| TRANSACTIONS WHERE CJSC VNHK IS A BENEFICIARY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Provision by Rosneft (guarantor) of the guarantee to GE International Inc and GE Rus LLC (contractors) to pay under an unconditional and absolute obligation of sums payable by CJSC VNHK (beneficiary) to contractors under the service contract for technical maintenance of five sets of gas turbine equipment in the total amount of US\$ 126,332.1K (exclusive of VAT), in case of non-performance by CJSC VNHK of its obligations in terms provided for under the contract | Transaction price – US\$ 126,332.1K (exclusive of VAT) | December 12, 2014 |
| 2 | Provision by Rosneft (surety) of a suretyship in favour of OJSC Alfa-Bank (bank) for CJSC VNHK (buyer, beneficiary) within opening of a standby letter of credit in favour of GE Energy Products France (seller) in the amount of EUR 45,120.0 K for the term of up to December 30, 2016. The total contract value inclusive of the interest is up to EUR 45,729.68K | Transaction price – up to EUR 45,729.68K | December 24, 2014 |
| TRANSACTIONS WHERE CJSC NEFTYANOE KHOZYAISTVO PUBLISHING HOUSE IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Provision by CJSC Neftyanoe Khozyaistvo Publishing House (contractor) of the services (performance of the works) to Rosneft (customer) for preparing and publishing the quarterly Rosneft Science and Technology Bulletin and publishing scientific and technical polygraphic printing products. The total amount of the contractor's fee is 9,020.0 K rubles (inclusive of VAT) | Transaction price – 9,020.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Performance by CJSC Neftyanoe Khozyaistvo Publishing House (agent) upon assignment of Rosneft (principal) on its own behalf and at the expense of Rosneft or on behalf and at the expense of Rosneft of the actions associated with conducting the campaign for subscription to the Science and Technology Bulletin of Rosneft and its distribution and arrangement of collection of payments for subscription to Rosneft Science and Technology Bulletin. The total contract value is 300.0 K rubles (inclusive of VAT) | Transaction price – 300.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Provision by CJSC Neftyanoe Khozyaistvo Publishing House (contractor) of the services (performance of the works) for Rosneft (customer) associated with creation and placement of advertising – information and scientific-technical materials on Rosneft activity in Neftyanoe Khozyaistvo magazine for the compensation in the amount of 7,500.0 K rubles (inclusive of VAT) | Transaction price – 7,500.0 K rubles (inclusive of VAT) | April 15, 2014 |
| TRANSACTIONS WHERE CJSC PARKOIL IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| D. Casimiro (before June 30, 2014) Member of Management Board of Rosneft, Member of Board of Directors of CJSC PARKOil – a party to the transactions | | | |
| 1 | Procurement by Rosneft (borrower) from CJSC PARKOil (lender) of an interest-bearing loan in the amount of up to 130,000.0 K rubles for the term of up to 5 years. The total contract value inclusive of the interest is up to 175,500.0 K rubles | Transaction price – up to 175,500.0 K rubles | April 4, 2014 |
| TRANSACTIONS WHERE CJSC KRASNOYARSKGEOFIZIKA IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| A.V. Votinov (before December 29, 2014) – Member of Management Board of Rosneft, General Director of CJSC Krasnoyarskgeofizika – a party to the transactions | | | |
| 1 | Procurement by Rosneft (borrower) from CJSC Krasnoyarskgeofizika (lender) of an interest-bearing loan in the amount of up to 70,000.0 K rubles for the term of up to 5 years. The total contract value inclusive of the interest is up to 94,500.0 K rubles | Transaction price – up to 94,500.0 K rubles | April 4, 2014 |
| TRANSACTIONS WHERE CJSC RN SPETSSTROY | | | |
| Persons/entities related to the transactions: | | | |
| A.V. Votinov (before July 30, 2014) – Member of Management Board of Rosneft, General Director of CJSC RN SpetsStroy – a party to the transactions | | | |
| 1 | Change in terms and conditions of the transaction on provision by CJSC RN SpetsStroy (lender) of an interest-bearing loan to Rosneft (borrower) in the amount of 1,600,000.0 K rubles, by means of extension of the loan repayment period till 5 years on the following terms and conditions: the outstanding amount of the principal debt is 848,356.0 K rubles; the interest rate – within a range of the market interval of prices, established (changed) by the Budget Committee of Rosneft; the total contract value inclusive of the interest is 2,288,186.9K rubles | Transaction price – 2,288,186.9K rubles | December 12, 2014 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|---|---|--|-------------------|
| TRANSACTIONS WHERE CJSC RN-ASTRA IS A PARTY | | | |
| Persons/entities related to the transactions: OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) Z. Runje – Member of Management Board of Rosneft, Member of Board of Directors of CJSC RN-Astra – a party to the transactions | | | |
| 1 | Provision by Rosneft (contractor) to CJSC RN-Astra (customer) of the services associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 600.0 K rubles (inclusive of VAT) | Transaction price – up to 600.0 K rubles (inclusive of VAT) | July 25, 2014 |
| TRANSACTIONS WHERE CJSC RN-MAMONTOVO IS A PARTY | | | |
| Persons/entities related to the transactions: OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Granting by Rosneft (licensor) to CJSC RN-Mamontovo (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 80.9K rubles (inclusive of VAT) | Transaction price – 80.9K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Change in terms and conditions of the transaction on procurement by Rosneft (borrower) of an interest-bearing loan from CJSC RN-Mamontovo (lender) in the amount not exceeding 5,000,000.0 K rubles regarding an increase of the loan amount up to 10,000,000.0 K rubles and the total transaction value inclusive of the chargeable interest up to 13,500,000.0 K rubles | Transaction price – up to 13,500,000.0 K rubles | April 4, 2014 |
| 3 | Transfer by Rosneft (lessor) for lease to CJSC RN-Mamontovo (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 3,698.0 K rubles per year (inclusive of VAT) | Transaction price – 3,698.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| TRANSACTIONS WHERE CJSC RN-TRANS IS A PARTY | | | |
| Persons/entities related to the transactions: OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Provision by CJSC RN-Trans (contractor) of the transportation/forwarding services to Rosneft (customer), associated with transportation by rail of oil and gas condensate in the domestic market and for export in the volume of up to 17,184.521 kt for the compensation in the amount of up to 53,787,722.28K rubles (inclusive of VAT) | Transaction price – up to 53,787,722.28K rubles (inclusive of VAT) | November 30, 2013 |
| 2 | Provision by CJSC RN-Trans (contractor) to Rosneft (customer) of the transportation/forwarding services associated with arrangement of transportation by rail of oil, oil processing and petrochemical products, transportation/forwarding services at shipments via motor transport for export in the volume of up to 37,784.296 kt for the compensation in the amount of up to 35,786,545.13K rubles (inclusive of VAT) | Transaction price – up to 35,786,545.13K rubles (inclusive of VAT) | November 30, 2013 |
| 3 | Provision by CJSC RN-Trans (contractor) for Rosneft (customer) of the transportation/forwarding services associated with arrangement of transportation by rail of oil processing and petrochemical products in the volume of up to 30,245.192 kt for the compensation in the amount of up to 78,717,694.72K rubles (inclusive of VAT) | Transaction price – up to 78,717,694.72K rubles (inclusive of VAT) | November 30, 2013 |
| 4 | Performance by CJSC RN-Trans (agent) upon assignment, on behalf and at the expense of Rosneft (principal) or on its own behalf and at the expense of Rosneft of the actions, associated with payment of tariffs, levies, services, carriage charges or other contributions, associated with transportation of oil and petroleum products in the territory of the Russian Federation and foreign states for a compensation in the total amount of 381,870.42K rubles (inclusive of VAT) | Transaction price – 381,870.42K rubles (inclusive of VAT) | November 30, 2013 |
| 5 | Granting by Rosneft (licensor) to CJSC RN-Trans (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 3 136.7K rubles (inclusive of VAT) | Transaction price – 3 136.7K rubles (inclusive of VAT) | December 24, 2013 |
| 6 | Transfer by Rosneft (lessor) for lease to CJSC RN-Trans (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 146,111.0 K rubles per year (inclusive of VAT) | Transaction price – 146,111.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 7 | Provision by Rosneft (contractor) of the services to CJSC RN-Trans (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 436,880.0 K rubles (inclusive of VAT) | Transaction price – up to 436,880.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 8 | Granting by Rosneft (licensor) to CJSC RN-Trans (licensee) of the non-exclusive rights to use in the business activity of the licensee in the territory of the Russian Federation of trademarks owned by Rosneft for the term of 10 years for the compensation in the amount of 2 18.89K rubles (inclusive of VAT) | Transaction price – 2 18.89K rubles (inclusive of VAT) | October 6, 2014 |
| 9 | Provision by CJSC RN-Trans (contractor) of the transportation/forwarding services to Rosneft (customer) associated with arrangement of transportation by rail of oil, oil processing and petrochemical products, transportation/forwarding services, associated with storage of the cargoes in the tank cars and in the load stations/freight end-faces, transportation/forwarding services at shipments via motor transport from the customer's sites for export in the volume of up to 13,147.8 kt for the compensation in the amount of up to 5,424,571.8K rubles (inclusive of VAT) | Transaction price – up to 5,424,571.8K rubles (inclusive of VAT) | November 27, 2014 |
| 10 | Provision by CJSC RN-Trans (contractor) to Rosneft (customer) of the transportation/forwarding services associated with arrangement of transportation by rail of oil processing and petrochemical products, transportation/forwarding services, associated with storage of the cargoes in the tank cars and in the load stations/freight end-faces, at export carriages from the customer's sites to ports of the Russian Federation for subsequent customs clearance and exportation in the volume of up to 24,875.5 kt for the compensation in the amount of up to 28,397,813.0 K rubles (inclusive of VAT) | Transaction price – up to 28,397,813.0 K rubles (inclusive of VAT) | November 27, 2014 |
| 11 | Provision by CJSC RN-Trans (contractor) to Rosneft (customer) of the transportation/forwarding services, associated with transportation by rail, transportation/forwarding services, associated with storage of the cargoes in the tank cars in load stations/freight end-faces, at transportation of crude oil for feeding the Company refineries, oil and gas condensate in the domestic market and for export in the volume of up to 14,657.7 kt for the compensation in the amount of up to 44,652,596.5K rubles (inclusive of VAT) | Transaction price – up to 44,652,596.5K rubles (inclusive of VAT) | November 27, 2014 |
| 12 | Provision by CJSC RN-Trans (contractor) to Rosneft (customer) of the transportation/forwarding services, associated with freight forwarding, and services associated with arrangement of transportation by rail of oil processing and petrochemical products, transportation/forwarding services, associated with storage of the cargoes in the tank cars and in the load stations/freight end-faces, transportation/forwarding services at shipments via motor transport from the customer's sites in the domestic market in the volume of up to 34,088.7 kt for the compensation in the amount of up to 71,520,791.6K rubles (inclusive of VAT) | Transaction price – up to 71,520,791.6K rubles (inclusive of VAT) | November 27, 2014 |
| 13 | Performance by CJSC RN-Trans (agent) upon assignment, on behalf and at the expense of Rosneft (principal) or on its own behalf and at the expense of the principal of the actions, associated with payment of rail tariffs, cargo guarding and escorting of charges, services associated with supply of the rolling stock for international transportation, carriage and other charges for transportation in the territory of foreign states, services associated with ferry cargo forwarding, transportation/forwarding services, services associated with supply of the rolling stock, owned by third parties under the ownership right or lease, for export and / or international transportation – for the compensation in the amount of up to 401,858.3K rubles (inclusive of VAT) | Transaction price – up to 401,858.3K rubles (inclusive of VAT) | November 27, 2014 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|----|---|---|-------------------|
| 14 | Change in terms and conditions of the transaction on provision by CJSC RN-Trans (contractor) of the services Rosneft (customer) associated with preparing a package of documents to escort shipments of petroleum derivatives and oil, placed under the customs regime till the time of handing over to the first carrier, as well as with round-the-clock preparing and delivery to the terminal of a package of vessel documents at shipment of products for the compensation in the amount of 39,805.0 K rubles (inclusive of VAT) regarding an increase of the volume of provided services and the amount of the compensation up to 49,162.6K rubles (inclusive of VAT) | Transaction price – up to 49,162.6K rubles (inclusive of VAT) | December 24, 2014 |

TRANSACTIONS WHERE CJSC RN-SHELF-DALNIY VOSTOK IS A PARTY

Persons/entities related to the transactions:

OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)
Z. Runje – Member of Management Board of Rosneft, Member of Board of Directors of CJSC RN-Shelf-Dalnyi Vostok – a party to the transactions

| | | | |
|----|---|--|-------------------|
| 1 | Granting by Rosneft (licensor) to CJSC RN-Shelf-Dalnyi Vostok (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 7 11.4K rubles (inclusive of VAT) | Transaction price – 7 11.4K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Performance by CJSC RN-Shelf-Dalnyi Vostok (agent) upon assignment and at the expense of Rosneft (principal) of the actions associated with arrangement of execution of exploration works on the license areas of Rosneft of the shelves of the Sea of Okhotsk, the Chuckchee Sea and the Laptev Sea. The total amount of the agent's compensation under the transaction is 1,646,878.47K rubles (inclusive of VAT) | Transaction price – 1,646,878.47K rubles (inclusive of VAT) | February 5, 2014 |
| 3 | Provision by CJSC RN-Shelf-Dalnyi Vostok (contractor) of the services to Rosneft (customer) associated with control of well drilling on the license area of Rosneft on the shelf of the Sea of Okhotsk for the compensation in the amount of 70,817.99K rubles (inclusive of VAT) | Transaction price – 70,817.99K rubles (inclusive of VAT) | April 4, 2014 |
| 4 | Performance by CJSC RN-Shelf-Dalnyi Vostok (agent) on behalf and at the expense of Rosneft (principal) of the actions associated with preparation for carrying out 3D seismic exploration works on the license area of Rosneft on the shelf of the Sea of Okhotsk for the compensation in the amount of 374.0 K rubles (inclusive of VAT) | Transaction price – 374.0 K rubles (inclusive of VAT) | April 4, 2014 |
| 5 | Transfer by Rosneft (lessor) for lease to CJSC RN-Shelf-Dalnyi Vostok (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 4,637.0 K rubles per year (inclusive of VAT) | Transaction price – 4,637.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 6 | Performance by CJSC RN-Shelf-Dalnyi Vostok (agent) upon assignment and at the expense of Rosneft (principal) of the actions associated with arrangement of execution of exploration works on the license area of Rosneft on the shelf of the East Siberian Sea for the compensation in the amount of 65,725.4K rubles (inclusive of VAT) | Transaction price – 65,725.4K rubles (inclusive of VAT) | July 25, 2014 |
| 7 | Provision by CJSC RN-Shelf-Dalnyi Vostok (contractor) of the services to Rosneft (customer) associated with development of the project for prospecting and estimation works on the license area of Rosneft on the shelf of the Sea of Okhotsk for the compensation in the amount of 4,019.64K rubles (inclusive of VAT) | Transaction price – 4,019.64K rubles (inclusive of VAT) | July 25, 2014 |
| 8 | Provision by Rosneft (contractor) of the services to CJSC RN-Shelf-Dalnyi Vostok (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 11,440.0 K rubles (inclusive of VAT) | Transaction price – up to 11,440.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 9 | Performance by CJSC RN-Shelf-Dalnyi Vostok (agent) upon assignment and at the expense of Rosneft (principal) of the actions associated with arrangement of control and analysis of the current state development of the north end of Chayvo field; operational accounting of crude hydrocarbons by their types (oil, gas condensate, accompanying (petroleum) and natural gas); treatment, transportation, storage and transfer/shipment of treated crude hydrocarbons for sales; documenting sales of oil and gas, as well as escorting of tanker shipments; implementation of Rosneft rights and responsibilities under the Product Treatment Agreement with regard to the north end of Chayvo field – for the compensation in the amount of 97,255.0 K rubles (inclusive of VAT) | Transaction price – 97,255.0 K rubles (inclusive of VAT) | October 31, 2014 |
| 10 | Transfer by Rosneft (lessor) for lease to CJSC RN-Shelf-Dalnyi Vostok (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 180,476.0 K rubles per year (inclusive of VAT) | Transaction price – 180,476.0 K rubles per year (inclusive of VAT) | December 24, 2014 |

TRANSACTIONS WHERE CJSC RN-ENERGONEFT IS A PARTY

Persons/entities related to the transactions:

OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

| | | | |
|---|--|--|-------------------|
| 1 | Performance by CJSC RN-Energoneft (technical customer) upon assignment, on behalf and at the expense of Rosneft (developer) of the actions associated with fulfillment of functions of the technical customer on arrangement of construction (reconstruction) of industrial facilities of Rosneft for the compensation in the amount of 27,068.0 K rubles (inclusive of VAT) | Transaction price – 27,068.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Granting by Rosneft (licensor) to CJSC RN-Energoneft (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 1,104.9K rubles (inclusive of VAT) | Transaction price – 1,104.9K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Transfer by Rosneft (lessee) for sub-lease to CJSC RN-Energoneft (sub-lessee) of immovable assets (non-residential premises with the total area of 797.52 sq. m and 6 parking spaces in the building located at: Moscow, 3-1 Begovaya Street). The total contract value is 29,298.3K rubles (inclusive of VAT) | Transaction price – 29,298.3K rubles (inclusive of VAT) | April 15, 2014 |
| 4 | Transfer by Rosneft (lessor) for lease to CJSC RN-Energoneft (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 144,609.0 K rubles per year (inclusive of VAT) | Transaction price – 144,609.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 5 | Performance by CJSC RN-Energoneft (agent) upon assignment of Rosneft (principal) on its own behalf and at the expense of Rosneft or on behalf and at the expense of Rosneft of the actions associated with arrangement of performance of the works (provision of the services) for abandonment and suspension of some fixed assets owned by Rosneft and located in the region of presence of CJSC RN-Energoneft for the compensation in the amount of 21.0 K rubles (inclusive of VAT) | Transaction price – 21.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 6 | Provision by CJSC RN-Energoneft (keeper) of the services to Rosneft (depositor) associated with storage of the mothballed movable assets that are not engaged in the operating process owned by Rosneft for the compensation in the amount of 312.0 K rubles (inclusive of VAT) | Transaction price – 312.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 7 | Provision by Rosneft (contractor) of the services to CJSC RN-Energoneft (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 2,710.0 K rubles (inclusive of VAT) | Transaction price – up to 2,710.0 K rubles (inclusive of VAT) | July 25, 2014 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|---|---|---|-------------------|
| TRANSACTIONS WHERE CJSC ROSNEFTEFLOT IS A PARTY | | | |
| Persons/entities related to the transactions: OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Granting by Rosneft (licensor) to CJSC Rosnefteflot (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 242.9K rubles (inclusive of VAT) | Transaction price – 242.9K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Transfer by Rosneft (lessor) for lease to CJSC Rosnefteflot (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 66,497.0 K rubles per year (inclusive of VAT) | Transaction price – 66,497.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 3 | Provision by Rosneft (contractor) of the services to CJSC Rosnefteflot (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 93,030.0 K rubles (inclusive of VAT) | Transaction price – up to 93,030.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 4 | Granting by Rosneft (licensor) to CJSC Rosnefteflot (licensee) of the non-exclusive rights to use in the business activity of the licensee in the territory of the Russian Federation of trademarks owned by Rosneft for the term of 10 years for the compensation in the amount of 218.89K rubles (inclusive of VAT) | Transaction price – 218.89K rubles (inclusive of VAT) | October 6, 2014 |
| TRANSACTIONS WHERE CJSC ROSNEFT-ARMENIA IS A PARTY | | | |
| Persons/entities related to the transactions: D. Casimiro – Member of Management Board of Rosneft, Member of Board of Directors of CJSC Rosneft-Armenia – a party to the transactions | | | |
| 1 | Supply by Rosneft (supplier) of petroleum products to CJSC Rosneft-Armenia (buyer) in the volume of up to 370.0 kt for the total price not exceeding US\$ 400,000.0 K | Transaction price – not exceeding US\$ 400,000.0 K | December 24, 2013 |
| TRANSACTIONS WHERE CJSC SAKHALINMORNEFTEGAZ-AMK IS A PARTY | | | |
| Persons/entities related to the transactions: OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Provision by Rosneft (sole shareholder) of financial assistance to CJSC Sakhalinmorneftegaz-AMK (Subsidiary) in the amount not exceeding 100.0 K rubles | Transaction price – not exceeding 100.0 K rubles (exclusive of VAT) | February 5, 2014 |
| TRANSACTIONS WHERE CJSC SAKHALINMORNEFTEGAZ-SHELF IS A PARTY | | | |
| Persons/entities related to the transactions: OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) Z. Runje – Member of Management Board of Rosneft, Member of Board of Directors of CJSC Sakhalinmorneftegaz-Shelf – a party to the transactions | | | |
| 1 | Provision by Rosneft (contractor) of the services to CJSC Sakhalinmorneftegaz-Shelf (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 640.0 K rubles (inclusive of VAT) | Transaction price – up to 640.0 K rubles (inclusive of VAT) | July 25, 2014 |
| TRANSACTIONS WHERE CJSC TZS IS A PARTY | | | |
| Persons/entities related to the transactions: D. Casimiro – Member of Management Board of Rosneft, Member of Board of Directors of CJSC TZS – a party to the transactions | | | |
| 1 | Granting by Rosneft (licensor) of the non-exclusive rights to CJSC TZS (licensee) to use in the territory of the Russian Federation of trademarks, registered in the name of Rosneft for the compensation in the amount of 2,400.0 K rubles (inclusive of VAT) | Transaction price – 2,400.0 K rubles (inclusive of VAT) | May 15, 2014 |
| TRANSACTIONS WHERE LLC ROSNEFT-MONGOLIA IS A PARTY | | | |
| Persons/entities related to the transactions: OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Supply by Rosneft (supplier) of petroleum products to LLC Rosneft-Mongolia (buyer) in the volume of up to 1,178.0 kt on terms CRT Naushki, CRT Solovyevsk, CRT Abaza. The total contract value is up to US\$ 1,300,000.0 K | Transaction price – up to US\$ 1,300,000.0 K | May 22, 2014 |
| TRANSACTIONS WHERE NPF NEFTEGARANT IS A PARTY | | | |
| Persons/entities related to the transactions: P.I. Lazarev – Member of Management Board of Rosneft, Chairman of Council of NPF Neftegarant – a party to the transactions Yu.I. Kalinin – Member of Management Board of Rosneft, Member of of NPF Neftegarant – a party to the transactions | | | |
| 1 | Remittance by Rosneft (contributor) of the pension contributions to NPF Neftegarant (fund) to arrange non-state retirement insurance for pensioners – veterans and employees of Rosneft in the amount of 344,732.55K rubles (exclusive of VAT) | Transaction price – 344,732.55K rubles (exclusive of VAT) | March 17, 2014 |
| 2 | Transfer by Rosneft (lessor) for lease to NPF Neftegarant (lessee) of a non-residential premise with the total area of 10 sq. m, located at: Moscow, Sofiyanskaya Embankment, 26/1, for the fee in the amount of 384.0 K rubles per year (inclusive of VAT) | Transaction price – 384.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 3 | Change in terms and conditions of the transaction on payment by Rosneft (contributor) of contributions to NPF Neftegarant (fund) to arrange non-state pension provision for veterans in the amount of 42,034.693K rubles (exclusive of VAT) regarding extension of the contract validity period till December 30, 2017 and an increase of the total contributed amount up to 102,552.241K rubles (exclusive of VAT) | Transaction price – up to 10,552.241K rubles (exclusive of VAT) | October 6, 2014 |
| TRANSACTIONS WHERE OJSC AZKIOS IS A PARTY | | | |
| Persons/entities related to the transactions: P.I. Lazarev (before June 26, 2014) – Member of Management Board of Rosneft, Member of Board of Directors of OJSC AZKIOS – a party to the transactions | | | |
| 1 | Supply by Rosneft (supplier) of petroleum products to OJSC Angarskiy Zavod Katalizatorov i Organicheskogo Sinteza (buyer) in the volume of 0.055 kt in the total value of 1,465.75K rubles | Transaction price – 1,465.75K rubles | December 24, 2013 |
| 2 | Performance by OJSC Angarskiy Zavod Katalizatorov i Organicheskogo Sinteza (agent) upon assignment of Rosneft (principal) on its own behalf and at the expense of Rosneft or on behalf and at the expense of Rosneft of the actions, associated with provision of the services (performance of the works) in the framework of the Summary List of Target Innovative Projects of Rosneft for the compensation in the amount of 6,000.0 K rubles (inclusive of VAT) | Transaction price – 6,000.0 K rubles (inclusive of VAT) | June 2, 2014 |
| 3 | Granting by Rosneft (lender) of an interest-bearing loan to OJSC Angarskiy Zavod Katalizatorov i Organicheskogo Sinteza (borrower) for funding the investment activity in the amount of up to 715,200.8K rubles for the term of 3 years. The total contract value inclusive of the interest is up to 951,217.1K rubles | Transaction price – up to 951,217.1K rubles | June 26, 2014 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|--|---|---|-------------------|
| TRANSACTIONS WHERE OJSC ANGARSKNEFTEKHIMPROEKT IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| A.V. Votinov – Member of Management Board of Rosneft, Chairman of Board of Directors of OJSC Angarskneftekhimproekt – a party to the transactions | | | |
| I.V. Pavlov – Member of Management Board of Rosneft, Member of Board of Directors of OJSC Angarskneftekhimproekt – a party to the transactions | | | |
| 1 | Granting by Rosneft (licensor) to OJSC Angarskneftekhimproekt (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 270.4K rubles (inclusive of VAT) | Transaction price – 270.4K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Transfer by Rosneft (lessor) for lease to OJSC Angarskneftekhimproekt (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 119.0 K rubles per year (inclusive of VAT) | Transaction price – 119.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 3 | Granting by Rosneft (licensor) to OJSC Angarskneftekhimproekt (licensee) of the non-exclusive rights to use in the business activity of the licensee in the territory of the Russian Federation of trademarks owned by Rosneft for the term of 10 years for the compensation in the amount of 218.89K rubles (inclusive of VAT) | Transaction price – 218.89K rubles (inclusive of VAT) | October 6, 2014 |
| TRANSACTIONS WHERE OJSC ANPZ VNK IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| I.V. Pavlov – Member of Management Board of Rosneft, Chairman of Board of Directors of OJSC ANPZ VNK – a party to the transactions | | | |
| 1 | Provision by OJSC ANPZ VNK (contractor) of the services to Rosneft (customer) associated with arranging and managing petroleum product shipments by rail, pipe and truck for export and to the domestic market of the Russian Federation, and services associated with information support in the volume of up to 7,389.1 kt for the compensation in the amount of 75,072.0 K rubles (inclusive of VAT) | Transaction price – 75,072.0 K rubles (inclusive of VAT) | November 30, 2013 |
| 2 | Transfer by Rosneft (lessor) for lease to OJSC ANPZ VNK (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 28,014.0 K rubles per year (inclusive of VAT) | Transaction price – 28,014.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 3 | Performance by OJSC ANPZ VNK (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arranging registration of the title to and transactions with immovable assets in the territory of Krasnoyarsk Region for the compensation in the amount of 60.0 K rubles (inclusive of VAT) | Transaction price – 60.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 4 | Granting by Rosneft (lender) of an interest-bearing loan to OJSC ANPZ VNK (borrower) for funding the operating activities up to 1,623,000.0 K rubles for the term of 2 years. The total contract value inclusive of the interest is up to 1,947,600.0 K rubles | Transaction price – up to 1,947,600.0 K rubles | June 26, 2014 |
| 5 | Granting by Rosneft (lender) of an interest-bearing loan to OJSC ANPZ VNK (borrower) for funding the investment activity in the amount of up to 13,662,326.4K rubles for the term of 3 years | Transaction price – up to 13,662,326.4K rubles | June 26, 2014 |
| 6 | Provision by Rosneft (contractor) of the services to OJSC ANPZ VNK (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 8,960.0 K rubles (inclusive of VAT) | Transaction price – up to 8,960.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 7 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to OJSC ANPZ VNK (borrower) for funding the investment activity in the amount of 8,906,220.5K rubles regarding introduction of a zero interest rate and a decrease of the total transaction value up to 6,464,664.8K rubles | Transaction price – up to 6,464,664.8K rubles | August 18, 2014 |
| 8 | Provision by Rosneft (contractor) of the services to OJSC ANPZ VNK (customer) associated with insurance of the customer's assets, machines and mechanisms against breakdown, damages resulting from an interruption in the customer's operations, arrangement of reinsurance protection for the compensation in the amount of 4,328.99K rubles (inclusive of VAT) | Transaction price – 4,328.99K rubles (inclusive of VAT) | October 6, 2014 |
| 9 | Granting by Rosneft (lender) of an interest-bearing loan to OJSC ANPZ VNK (borrower) for funding the operating activities in the amount of 6,510,000.0 K rubles for the term of 2 years. The total contract value inclusive of the interest is up to 7,942,200.0 K rubles | Transaction price – up to 7,942,200.0 K rubles | October 6, 2014 |
| 10 | Granting by Rosneft (licensor) to OJSC ANPZ VNK (licensee) of the non-exclusive rights to use in the business activity of the licensee in the territory of the Russian Federation of trademarks owned by Rosneft for the term of 10 years for the compensation in the amount of 218.89K rubles (inclusive of VAT) | Transaction price – 218.89K rubles (inclusive of VAT) | October 6, 2014 |
| 11 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to OJSC ANPZ VNK (borrower) for funding the investment activity in the amount of 13,662,326.4K rubles regarding an increase of the loan amount up to 17,251,326.4K rubles | Transaction price – up to 17,251,326.4K rubles | October 6, 2014 |
| 12 | Transfer by OJSC ANPZ VNK (lessor) for lease to Rosneft (lessee) of non-residential premises with the total area of 10.4 sq. m, located at: Krasnoyarsk Region, Bolsheulyisk district, industrial zone of the refinery, as well as assets – parts of the equipped working place for the term of 9 months for the fee in the amount of 120.07K rubles (inclusive of VAT) | Transaction price – 120.07K rubles (inclusive of VAT) | November 12, 2014 |
| 13 | Provision by OJSC ANPZ VNK (contractor) of the services to Rosneft (customer) associated with arranging and managing shipments of petroleum products produced by the contractor by rail, pipe and truck for export and to the domestic market of the Russian Federation in the volume of up to 7,400.0 kt, and services associated with information support of the customer for the compensation in the amount of 86,446.8K rubles (inclusive of VAT) | Transaction price – 86,446.8K rubles (inclusive of VAT) | November 27, 2014 |
| 14 | Granting by Rosneft (licensor) to OJSC ANPZ VNK (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 1,953.4K rubles (inclusive of VAT) | Transaction price – 1,953.4K rubles (inclusive of VAT) | December 24, 2013 |
| 15 | Supply by Rosneft (supplier) of petroleum products to OJSC ANPZ VNK (buyer) in the volume of 98.57Kt for the total price of 480,100.0 K rubles | Transaction price – 480,100.0 K rubles | December 24, 2013 |
| 16 | Provision by OJSC ANPZ VNK (contractor) of the services to Rosneft (customer) associated with oil refining in the volume of up to 8,400.0 kt in the total amount of up to 33,453,000.0 K rubles (inclusive of VAT) | Transaction price – up to 33,453,000.0 K rubles (inclusive of VAT) | December 24, 2013 |
| TRANSACTIONS WHERE OJSC BURYATNEFTEPRODUKT IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Granting by Rosneft (licensor) to OJSC Buryatnefteprodukt (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 253.6K rubles (inclusive of VAT) | Transaction price – 253.6K rubles (inclusive of VAT) | December 24, 2013 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|---|---|--|-----------------|
| 2 | Procurement by Rosneft (borrower) from OJSC Buryatnefteprodukt (lender) of an interest-bearing loan 300,000.0 K rubles for the term of up to 5 years. The total contract value inclusive of the interest is up to 405,000.0 K rubles | Transaction price – up to 405,000.0 K rubles | April 4, 2014 |
| 3 | Transfer by Rosneft (lessor) for lease to OJSC Buryatnefteprodukt (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 585.0 K rubles per year (inclusive of VAT) | Transaction price – 585.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 4 | Provision by Rosneft (sub-licensor) of the non-exclusive rights to OJSC Buryatnefteprodukt (sub-licensee) to use of trademarks with Olympic symbols, owned by Sochi-2014 Organizing Committee for the compensation in the amount of 7,095.0 K rubles (inclusive of VAT) | Transaction price – 7,095.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 5 | Provision by Rosneft (contractor) of the services to OJSC Buryatnefteprodukt (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 200.0 K rubles (inclusive of VAT) | Transaction price – up to 200.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 6 | Granting by Rosneft (licensor) to OJSC Buryatnefteprodukt (licensee) of the non-exclusive rights to use in the business activity of the licensee in the territory of the Russian Federation of trademarks owned by Rosneft for the term of 10 years for the compensation in the amount of 2,301.0 K rubles (inclusive of VAT) | Transaction price – 2,301.0 K rubles (inclusive of VAT) | October 6, 2014 |

TRANSACTIONS WHERE OJSC VARYOGANNEFTEGAZ IS A PARTY

Persons/entities related to the transactions:

E.M. Liron – Member of Management Board of Rosneft, Member of Board of Directors of OJSC Varyoganneftegaz – a party to the transactions

| | | | |
|---|--|---|-------------------|
| 1 | Change in terms and conditions of the transaction on provision by OJSC Varyoganneftegaz (lender) of an interest-bearing loan to Rosneft (borrower) in the amount of 5,000,000.0 K rubles for the term of up to 5 years on the following terms and conditions: the outstanding amount of the principal debt is 3,000.0 K rubles; the interest rate – within a range of the market interval of prices, established (changed) by the Budget Committee of Rosneft; the total contract value inclusive of the interest is 7,084,839.8K rubles | Transaction price – 7,084,839.8K rubles | December 12, 2014 |
|---|--|---|-------------------|

TRANSACTIONS WHERE OJSC VBRR IS A PARTY

Persons/entities related to the transactions:

OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

S.I. Slavinsky – Member of Management Board of Rosneft, Chairman of Supervisory Board of OJSC VBRR – a party to the transactions

P.I. Lazarev (before June 30, 2014) – Member of Management Board of Rosneft, Chairman of Supervisory Board of OJSC VBRR – a party to the transactions

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|---|--|--|-------------------|
| 1 | Granting by Rosneft (licensor) to OJSC Russian Regional Development Bank (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 227.6K rubles (inclusive of VAT) | Transaction price – 227.6K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Transfer by Rosneft (lessor) for lease to OJSC VBRR (lessee) of a non-residential premise with the total area of 16.7 sq. m, located at: Moscow, 26/ 1-1 Sofiyskaya Embankment, and equipment for the fee in the amount of 1,143.0 K rubles per year (inclusive of VAT) | Transaction price – 1,143.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 3 | Provision by OJSC VBRR (underwriter) of the following services (performance of the works) to Rosneft (issuer) associated with organization of arranging placement of commercial bonds: provision of underwriting services, including: conclusion of the transactions on placement of bonds by satisfying requests for purchase of bonds in accordance with Rules for Trading in Securities in Stock Exchange and in accordance with decisions on issue of bonds and Prospectus of Bonds; remittance of funds, gained from placement of commercial bonds, from the underwriter's account to the issuer's account. The maximum commission fee payable to the underwriter for provided services associated with placement of commercial bonds does not exceed 100.0 K rubles | Transaction price – not exceeding 100.0 K rubles | December 9, 2014 |
| 4 | Provision by OJSC VBRR (underwriter) of the following services (performance of the works) for Rosneft (issuer) associated with organization of arranging placement of commercial bonds: provision of underwriting services, including: conclusion of the transactions on placement of bonds by satisfying requests for purchase of bonds in accordance with Rules for Trading in Securities in Stock Exchange and in accordance with decisions on issue of bonds and Prospectus of Bonds; remittance of funds, gained from placement of commercial bonds, from the underwriter's account to the issuer's account. The maximum commission fee payable to the underwriter for provided services associated with placement of commercial bonds does not exceed 100.0 K rubles | Transaction price – not exceeding 100.0 K rubles | December 9, 2014 |
| 5 | Provision by OJSC VBRR (bank) of the services to Rosneft (client) associated with opening settlement and transit accounts in the foreign currency – the pound sterling of the United Kingdom of Great Britain as well as cash and settlement services for the compensation in the amount of up to 7,000.0 K rubles per year (exclusive of VAT) | Transaction price – up to 7,000.0 K rubles per year (exclusive of VAT) | December 24, 2014 |
| 6 | Provision by OJSC VBRR (bank) of the services to Rosneft (client) associated with opening settlement and transit accounts in the foreign currency – Chinese yuan, as well as cash and settlement services for the compensation in the amount of up to 6,700.0 K rubles per year (exclusive of VAT) | Transaction price – up to 6,700.0 K rubles per year (exclusive of VAT) | December 24, 2014 |
| 7 | Provision by OJSC VBRR (bank) of the services to Rosneft (client) associated with opening settlement and transit accounts in the foreign currency – Hong Kong dollar, as well as cash and settlement services for the compensation in the amount of up to 6,700.0 K rubles per year (exclusive of VAT) | Transaction price – up to 6,700.0 K rubles per year (exclusive of VAT) | December 24, 2014 |

TRANSACTIONS WHERE PJSC VCGN (BEFORE DECEMBER 22, 2014 – OJSC VERKHNECHONSKNEFTEGAZ) IS A PARTY

Persons/entities related to the transactions:

OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

| | | | |
|---|---|--|-------------------|
| 1 | Performance by OJSC Verkhnechonskneftegaz (agent) upon assignment and at the expense of Rosneft (principal) of legal and other actions associated with arrangement of execution of exploration works on Rosneft license areas in the territory of Irkutsk Region and Krasnoyarsk Region for the compensation in the amount of 120,087.50K rubles (inclusive of VAT) | Transaction price – 120,087.50K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Performance by Rosneft (consignee) on its own behalf, upon assignment and at the expense of OJSC Verkhnechonskneftegaz (consignor) of the actions associated with sales of oil for export in the volume of 9,350.77 kt for the commission fee in the amount of 2,912,053.45K rubles (inclusive of VAT) | Transaction price – 2,912,053.45K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Change in terms and conditions of the transaction on procurement by Rosneft (borrower) of an interest-bearing loan from OJSC Verkhnechonskneftegaz (lender) in the amount not exceeding 38,000,000.0 K rubles regarding an increase of the loan amount up to 60,000,000.0 K rubles and the total transaction value inclusive of the chargeable interest up to 81,000,000.0 K rubles | Transaction price – up to 81,000,000.0 K rubles | April 4, 2014 |
| 4 | Provision by Rosneft (contractor) of the services to OJSC Verkhnechonskneftegaz (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 27,620.0 K rubles (inclusive of VAT) | Transaction price – up to 27,620.0 K rubles (inclusive of VAT) | July 25, 2014 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|---|---|---|-------------------|
| 5 | Granting by Rosneft (licensor) to OJSC Verkhnechonskneftegaz (licensee) of the non-exclusive rights to use in the business activity of the licensee in the territory of the Russian Federation of trademarks owned by Rosneft for the term of 10 years for the compensation in the amount of 218.89K rubles (inclusive of VAT) | Transaction price – 218.89K rubles (inclusive of VAT) | October 6, 2014 |
| 6 | Change in terms and conditions of the transaction on provision by OJSC Verkhnechonskneftegaz (lender) of an interest-bearing loan to Rosneft (borrower) in the amount of 38,000,000.0 K rubles for the term of up to 5 years on the following terms and conditions: interest rate – within a range of the market interval of prices, established (changed) by the Budget Committee of Rosneft; the total contract value inclusive of the interest is 54,730,570.5K rubles | Transaction price – 54,730,570.5K rubles | December 12, 2014 |
| 7 | Granting by Rosneft (licensor) to OJSC VCNG (licensee) of the right to use the software of SS RN-KIN for the compensation in the amount of 7,473.46K rubles (exclusive of VAT) | Transaction price – 7,473.46K rubles (exclusive of VAT) | June 2, 2014 |
| 8 | Provision by OJSC VCNG (lender) of an interest-bearing loan to Rosneft (borrower) in the amount not exceeding 75,000,000.0 K rubles for the term of up to 5 years. The total contract value inclusive of the interest is 108,750,000.0 K rubles | Transaction price – 108,750,000.0 K rubles | December 24, 2014 |

TRANSACTIONS WHERE OJSC GROZNEFTEGAZ IS A PARTY

Persons/entities related to the transactions:

OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)
N.M. Mukhitov – Member of Management Board of Rosneft, Member of Board of Directors of OJSC Grozneftegaz – a party to the transactions

| | | | |
|----|--|---|-------------------|
| 1 | Performance by OJSC Grozneftegaz (agent) upon assignment, on behalf and at the expense of Rosneft (principal) or on its own behalf and at the expense of Rosneft of the actions, associated with assurance of arrangement of escorting and guarding of the rail tank cars carrying crude oil while in rail transit for the compensation in the total amount of 59.5K rubles (inclusive of VAT) | Transaction price – 59.5K rubles (inclusive of VAT) | November 30, 2013 |
| 2 | Performance by OJSC Grozneftegaz (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of legal and other actions associated with arrangement of preparation of the depletion plans for field development (FDP), integrated projects and current development monitoring of the fields owned by Rosneft and performance of exploration works on Rosneft license areas in the territory of the Chechen Republic. The total amount of the agent's compensation under the transaction is 7,061.9K rubles (inclusive of VAT) | Transaction price – 7,061.9K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Granting by Rosneft (licensor) to OJSC Grozneftegaz (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 1,607.3K rubles (inclusive of VAT) | Transaction price – 1,607.3K rubles (inclusive of VAT) | December 24, 2013 |
| 4 | Provision by OJSC Grozneftegaz (contractor) of the services to Rosneft (customer) associated with production in the oil and gas fields, where the development licenses are owned of oil, gas condensate, natural and associated gas and handover of the produced hydrocarbon resources to Rosneft for subsequent sales for the compensation in the amount of 4,657,421.3K rubles (inclusive of VAT) | Transaction price – 4,657,421.3K rubles (inclusive of VAT) | December 24, 2013 |
| 5 | Performance by OJSC Grozneftegaz (technical customer) upon assignment, on behalf and at the expense of Rosneft (developer) of the actions associated with fulfillment of functions of the technical customer on arrangement of construction (reconstruction) of industrial facilities of Rosneft for the compensation in the amount of 19,312.0 K rubles (inclusive of VAT) | Transaction price – 19,312.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 6 | Performance by OJSC Grozneftegaz (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arrangement of abandonment and suspension of 40 wells for the compensation in the amount of 1,085.2K rubles (inclusive of VAT) | Transaction price – 1,085.2K rubles (inclusive of VAT) | December 24, 2013 |
| 7 | Performance by OJSC Grozneftegaz (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arrangement of abandonment and suspension of 35 wells for the compensation in the amount of 737.7K rubles (inclusive of VAT) | Transaction price – 737.7K rubles (inclusive of VAT) | March 17, 2014 |
| 8 | Procurement by Rosneft (borrower) from OJSC Grozneftegaz (lender) of an interest-bearing loan 100,000.0 K rubles for the term of up to 5 years. The total contract value inclusive of the interest is up to 135,000.0 K rubles | Transaction price – up to 135,000.0 K rubles | April 4, 2014 |
| 9 | Transfer by Rosneft (lessor) for lease to OJSC Grozneftegaz (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 25.0 K rubles per year (inclusive of VAT) | Transaction price – 25.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 10 | Performance by OJSC Grozneftegaz (agent) upon assignment and at the expense of Rosneft (principal) of the actions associated with arrangement of development of the integrated project for development of the area of Rosneft fields in the territory of operations of OJSC Grozneftegaz for the compensation in the amount of 168.04K rubles (inclusive of VAT) | Transaction price – 168.04K rubles (inclusive of VAT) | May 15, 2014 |
| 11 | Provision by Rosneft (contractor) of the services to OJSC Grozneftegaz (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 100.0 K rubles (inclusive of VAT) | Transaction price – up to 100.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 12 | Change in terms and conditions of the transaction on sale by Rosneft (supplier) of natural gas to OJSC Grozneftegaz (buyer) in the volume of 143.6 mln cubic meters for the total price of 44,003.2K rubles (inclusive of VAT) regarding an increase of the transaction value up to 51,070.8K rubles (inclusive of VAT) | Transaction price – up to 51,070.8K rubles (inclusive of VAT) | August 18, 2014 |
| 13 | Performance by Rosneft (agent) upon assignment, on behalf and at the expense of OJSC Grozneftegaz (principal) of the actions associated with arrangement of delivery of material and technical resources (MTR), provision of the services associated with installation, supervision, setting to work and commissioning of equipment, services associated with inspecting the quality of manufacture of MTR and other services for the compensation in the amount of 1,990.42K rubles (inclusive of VAT) | Transaction price – 1,990.42K rubles (inclusive of VAT) | September 8, 2014 |
| 14 | Performance by OJSC Grozneftegaz (agent) upon assignment, on behalf and at the expense of Rosneft (principal) or on its own behalf and at the expense of Rosneft of the actions, associated with assurance of arrangement of escorting and guarding of the rail tank cars carrying crude oil while in rail transit for the compensation in the amount of 58.6K rubles (inclusive of VAT) | Transaction price – 58.6K rubles (inclusive of VAT) | November 27, 2014 |
| 15 | Performance by OJSC Grozneftegaz (technical customer) upon assignment, on behalf and at the expense of Rosneft (developer) of the actions associated with fulfillment of functions of the technical customer on arrangement of construction (reconstruction) of industrial facilities of Rosneft for the compensation in the amount of 19,312.0 K rubles (inclusive of VAT) | Transaction price – 19,312.0 K rubles (inclusive of VAT) | December 24, 2014 |
| 16 | Transfer by OJSC Grozneftegaz (lessor) for lease to Rosneft (lessee) of a non-residential premise in an office building at the address: Chechen Republic, Grozny, Leninsky District, S.Sh. Lorschev Street – 2a, for the term of 11 months for the fee in the amount of 8,476.02 K rubles (inclusive of VAT) | Transaction price – 8,476.02 K rubles (inclusive of VAT) | December 24, 2014 |

TRANSACTIONS WHERE OJSC DAGNEFTEGAZ IS A PARTY

Persons/entities related to the transactions:

OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

| | | | |
|---|--|--|-------------------|
| 1 | Granting by Rosneft (licensor) to OJSC Dagneftegaz (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 767.5K rubles (inclusive of VAT) | Transaction price – 767.5K rubles (inclusive of VAT) | December 24, 2013 |
|---|--|--|-------------------|

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|--|---|--|-------------------|
| 2 | Granting by Rosneft (lender) of an interest-bearing loan to OJSC Dagneftegaz (borrower) for funding the investment activity in the amount of up to 405,478.3K rubles for the term of 3 years. The total contract value inclusive of the interest is up to 539,286.2K rubles | Transaction price – up to 539,286.2K rubles | June 26, 2014 |
| 3 | Provision by Rosneft (contractor) of the services to OJSC Dagneftegaz (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 110.0 K rubles (inclusive of VAT) | Transaction price – up to 110.0 K rubles (inclusive of VAT) | August 18, 2014 |
| TRANSACTIONS WHERE OJSC INGUSHNEFTEGAZPROM IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Purchase by Rosneft (buyer) from OJSC Ingushneftegazprom (seller) of marketable oil in the volume of 81.07 kt in the amount of 1,576,858.35K rubles (inclusive of VAT) | Transaction price – 1,576,858.35K rubles (inclusive of VAT) | December 24, 2013 |
| TRANSACTIONS WHERE LLC KRASNOLENINSKIY NEFTEPERERABATYVAYUSCHIY ZAVOD IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| A.V. Votinov – Member of Management Board of Rosneft, Member of Board of Directors of LLC Krasnoleninskiy Neftepererabatyvayuschiy Zavod – a party to the transactions | | | |
| D. Casimiro – member of Management Board of Rosneft, Member of Board of Directors of LLC Krasnoleninskiy Neftepererabatyvayuschiy Zavod – a party to the transactions | | | |
| I.V. Pavlov – Member of Management Board of Rosneft, Chairman of Board of Directors of LLC Krasnoleninskiy Neftepererabatyvayuschiy Zavod – a party to the transactions | | | |
| 1 | Provision by LLC Krasnoleninskiy Neftepererabatyvayuschiy Zavod (contractor) of the services to Rosneft (customer) associated with processing of oil in the volume of up to 342.818 kt in the total amount of up to 1,055,618.0 K rubles (inclusive of VAT) | Transaction price – up to 1,055,618.0 K rubles (inclusive of VAT) | December 24, 2013 |
| TRANSACTIONS WHERE OJSC NGK SLAVNEFT IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| D. Casimiro – Member of Management Board of Rosneft, Member of Board of Directors of OJSC NGK Slavneft – a party to the transactions | | | |
| E.M. Liron – Member of Management Board of Rosneft, Member of Board of Directors of OJSC NGK Slavneft – a party to the transactions | | | |
| I.V. Pavlov – Member of Management Board of Rosneft, Member of Board of Directors of OJSC NGK Slavneft – a party to the transactions | | | |
| 1 | Provision by OJSC NGK Slavneft (contractor) of the transportation/forwarding services to Rosneft (customer) associated with arranging shipment of petroleum products in the volume of up to 5,938,358.0 tons for the compensation in the amount of up to 3,106,166.421K rubles (inclusive of VAT) | Transaction price – up to 3,106,166.421K rubles (inclusive of VAT) | November 30, 2013 |
| 2 | Purchase by Rosneft (buyer) from OJSC NGK Slavneft (seller) of marketable oil in the volume of 314.27 kt in the amount of 4,802,430.78K rubles (inclusive of VAT) | Transaction price – 4,802,430.78K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Provision by OJSC NGK Slavneft (contractor) of the transportation/forwarding services to Rosneft (customer) associated with arranging shipment of petroleum products in the volume of up to 8,263.6 kt for the compensation in the amount of up to 5,505,594.3K rubles (inclusive of VAT) | Transaction price – up to 5,505,594.3K rubles (inclusive of VAT) | November 27, 2014 |
| TRANSACTIONS WHERE OJSC NK ROSNEFT-ALTAINEFTEPRODUKT IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| D. Casimiro – Member of Management Board of Rosneft, Chairman of Board of Directors of OJSC NK Rosneft-Altainefteprodukt – a party to the transactions | | | |
| 1 | Granting by Rosneft (licensor) to OJSC NK Rosneft-Altainefteprodukt (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 457.6K rubles (inclusive of VAT) | Transaction price – 457.6K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Supply by Rosneft (supplier) to OJSC NK Rosneft-Altainefteprodukt (buyer) of petroleum products, liquefied hydrocarbon gases (LHG) in the volume of 484.95 kt for the total price of 25,630,080.0 K rubles (inclusive of VAT) | Transaction price – 25,630,080.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Supply by Rosneft (supplier) of oils to OJSC NK Rosneft-Altainefteprodukt (buyer) in the volume of 3.2 kt for the total price of 247,681.9K rubles (inclusive of VAT) | Transaction price – 247,681.9K rubles (inclusive of VAT) | December 24, 2013 |
| 4 | Provision by OJSC NK Rosneft-Altainefteprodukt (contractor) of the services to Rosneft (customer) associated with acceptance, storage and issue of petroleum products in the volume of 60.0 kt for the compensation in the amount of 16,377.0 K rubles (inclusive of VAT) | Transaction price – 16,377.0 K rubles (inclusive of VAT) | February 5, 2014 |
| 5 | Transfer by Rosneft (lessor) for lease to OJSC NK Rosneft-Altainefteprodukt (lessee) of fixed assets owned by Rosneft for the fee in the amount of 13,869.0 K rubles per year (inclusive of VAT) | Transaction price – 13,869.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 6 | Performance by OJSC NK Rosneft-Altainefteprodukt (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arranging registration of the title to and transactions with immovable assets in the territory of the Altai Region for the compensation in the amount of 60.0 K rubles (inclusive of VAT) | Transaction price – 60.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 7 | Performance by OJSC NK Rosneft-Altainefteprodukt (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arrangement of land management and settlement of the land relationships between Rosneft and the holders of the title to the land plots occupied by the immovable assets of Rosneft located in the territory of the Altai Region for the compensation in the amount of 60.0 K rubles (inclusive of VAT) | Transaction price – 60.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 8 | Granting by Rosneft (lender) of an interest-bearing loan to OJSC NK Rosneft-Altainefteprodukt (borrower) for funding the operating activities in the amount of up to 190,300.0 K rubles for the term of 2 years. The total contract value inclusive of the interest is up to 228,360.0 K rubles | Transaction price – up to 228,360.0 K rubles | June 26, 2014 |
| 9 | Provision by Rosneft (contractor) of the services to OJSC NK Rosneft-Altainefteprodukt (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 170.0 K rubles (inclusive of VAT) | Transaction price – up to 170.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 10 | Granting by Rosneft (lender) of an interest-bearing loan to OJSC NK Rosneft-Altainefteprodukt (borrower) in the amount of 1,069,736.5K rubles for the term of 2 years. The total contract value inclusive of the interest is up to 1,326,473.3K rubles | Transaction price – 1,326,473.3K rubles | December 12, 2014 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|---|---|---|-------------------|
| TRANSACTIONS WHERE OJSC NK ROSNEFT – ARTAG IS A PARTY | | | |
| Persons/entities related to the transactions: OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) D. Casimiro – Member of Management Board of Rosneft, Chairman of Board of Directors of OJSC NK Rosneft-Artag – a party to the transactions | | | |
| 1 | Granting by Rosneft (licensor) to OJSC NK Rosneft-Artag (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 345.5K rubles (inclusive of VAT) | Transaction price – 345.5K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Supply by Rosneft (supplier) to OJSC NK Rosneft-Artag (buyer) of petroleum products, liquefied hydrocarbon gases (LHG) in the volume of 78.49 kt for the total price of 4,055,140.0 K rubles (inclusive of VAT) | Transaction price – 4,055,140.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Transfer by Rosneft (lessor) for lease to OJSC NK Rosneft-Artag (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 11,873.0 K rubles per year (inclusive of VAT) | Transaction price – 11,873.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 4 | Performance by OJSC NK Rosneft-Artag (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arrangement of land management and settlement of the land relationships between Rosneft and the holders of the title to the land plots occupied by the immovable assets of Rosneft located in the territory of the Republic of North Ossetia – Alania for the compensation in the amount of 60.0 K rubles (inclusive of VAT) | Transaction price – 60.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 5 | Granting by Rosneft (lender) of an interest-bearing loan to OJSC NK Rosneft-Artag (borrower) for funding the investment activity in the amount of up to 93,000.0 K rubles for the term of 3 years. The total contract value inclusive of the interest is up to 123,690.0 K rubles | Transaction price – up to 123,690.0 K rubles | June 26, 2014 |
| 6 | Provision by Rosneft (contractor) of the services to OJSC NK Rosneft-Artag (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 2,850.0 K rubles (inclusive of VAT) | Transaction price – up to 2,850.0 K rubles (inclusive of VAT) | July 25, 2014 |
| TRANSACTIONS OJSC NK ROSNEFT-DAGNEFT IS A PARTY | | | |
| Persons/entities related to the transactions: OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Granting by Rosneft (licensor) to OJSC NK Rosneft-Dagneft (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 1,726.9K rubles (inclusive of VAT) | Transaction price – 1,726.9K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Purchase by Rosneft (buyer) from OJSC NK Rosneft-Dagneft (seller) of marketable oil in the volume of 180.12 kt in the amount of 2,969,873.29K rubles (inclusive of VAT) | Transaction price – 2,969,873.29K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Procurement by Rosneft (borrower) from OJSC NK Rosneft-Dagneft (lender) of an interest-bearing loan in the amount not exceeding 100,000.0 K rubles for the term of up to 5 years. The total contract value inclusive of the interest is up to 135,000.0 K rubles | Transaction price – up to 135,000.0 K rubles | April 4, 2014 |
| 4 | Transfer by Rosneft (lessor) for lease to OJSC NK Rosneft-Dagneft (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 5,139.0 K rubles per year (inclusive of VAT). | Transaction price – 5,139.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 5 | Provision by OJSC NK Rosneft-Dagneft (contractor) of the services to Rosneft (customer) associated with upkeep and maintenance of the mothballed immovable assets owned by Rosneft, which are not engaged in the operating process for the compensation in the amount of 180.0 K rubles (inclusive of VAT) | Transaction price – 180.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 6 | Granting by Rosneft (lender) of an interest-bearing loan to OJSC NK Rosneft-Dagneft (borrower) for funding the investment activity in the amount of up to 146,059.0 K rubles for the term of 3 years. The total contract value inclusive of the interest is up to 194,258.5K rubles | Transaction price – up to 194,258.5K rubles | June 26, 2014 |
| 7 | Provision by Rosneft (contractor) of the services to OJSC NK Rosneft-Dagneft (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 190.0 K rubles (inclusive of VAT) | Transaction price – up to 190.0 K rubles (inclusive of VAT) | August 18, 2014 |
| 8 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to OJSC NK Rosneft-Dagneft (borrower) for funding the investment activity in the amount of 119,270.0 K rubles regarding changing the interest rate, an increase of the total transaction value inclusive of the chargeable interest up to 184,197.3K rubles, as well as extension of the loan repayment period | Transaction price – up to 184,197.3K rubles | November 27, 2014 |
| 9 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to OJSC NK Rosneft-Dagneft (borrower) in the amount of 145,631.0 K rubles for funding the investment activity, by means of extension of the loan repayment period till December 27, 2017 on the following terms and conditions: the outstanding amount of the principal debt is 118,587.1K rubles; from the date of extension of the loan agreement with regard to the actual outstanding amount of the borrower an interest rate is applied within a range of the market interval of prices, approved by the Budget Committee of Rosneft as of the extension date; the total contract value inclusive of the interest is 218,573.4K rubles | Transaction price – 218,573.4K rubles | December 12, 2014 |
| TRANSACTIONS WHERE JSC ROSNEFT – KABARDINO – BALKARSKAYA FUEL COMPANY IS A PARTY | | | |
| Persons/entity related to the transactions: OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) D. Casimiro – Member of Management Board of Rosneft, Chairman of Board of Directors of JSC Rosneft – Kabardino-Balkarskaya Fuel Company – a party to the transactions | | | |
| 1 | Granting by Rosneft (licensor) to JSC Rosneft – Kabardino-Balkarskaya Fuel Company (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 351.1K rubles (inclusive of VAT) | Transaction price – 351.1K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Supply by Rosneft (supplier) to JSC Rosneft – Kabardino-Balkarskaya Fuel Company (buyer) of petroleum products, liquefied hydrocarbon gases (LHG) in the volume of 62.89Kt for the total price of 3,090,720.0 K rubles (inclusive of VAT) | Transaction price – 3,090,720.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Transfer by Rosneft (lessor) for lease to JSC Rosneft – Kabardino-Balkarskaya Fuel Company (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 14,370.0 K rubles per year (inclusive of VAT) | Transaction price – 14,370.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 4 | Performance by JSC Rosneft – Kabardino-Balkarskaya Fuel Company (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arrangement of land management and settlement of the land relationships between Rosneft and the holders of the title to the land plots occupied by the immovable assets of Rosneft located in the territory of the Kabardino-Balkarian Republic for the compensation in the amount of 60.0 K rubles (inclusive of VAT) | Transaction price – 60.0 K rubles (inclusive of VAT) | May 15, 2014 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|--|--|--|-------------------|
| 5 | Granting by Rosneft (lender) of an interest-bearing loan to JSC Rosneft – Kabardino-Balkarskaya Fuel Company (borrower) for funding the investment activity in the amount of up to 40,972.4K rubles for the term of 3 years. The total contract value inclusive of the interest is up to 54,493.3K rubles | Transaction price – up to 54,493.3K rubles | June 26, 2014 |
| 6 | Provision by Rosneft (contractor) of the services to JSC Rosneft – Kabardino-Balkarskaya Fuel Company (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 10.0 K rubles (inclusive of VAT) | Transaction price – up to 10.0 K rubles (inclusive of VAT) | July 25, 2014 |
| TRANSACTIONS WHERE JSC ROSNEFT – KARACHAEVO-CHERKESKNEFTEPRODUKT IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| D. Casimiro – Member of Management Board of Rosneft, Chairman of Board of Directors of JSC Rosneft – Karachaevo-Cherkessknefteprodukt – a party to the transactions | | | |
| 1 | Granting by Rosneft (licensor) to JSC Rosneft – Karachaevo-Cherkessknefteprodukt (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 434.2K rubles (inclusive of VAT) | Transaction price – 434.2K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Supply by Rosneft (supplier) to JSC Rosneft – Karachaevo-Cherkessknefteprodukt (buyer) of petroleum products, liquefied hydrocarbon gases (LHG) in the volume of 70.78 kt for the total price of 3,509,040.0 K rubles (inclusive of VAT) | Transaction price – 3,509,040.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Provision by JSC Rosneft – Karachaevo-Cherkessknefteprodukt (contractor) of the services to Rosneft (customer) associated with acceptance, storage and issue of petroleum products in the volume of 10.0 kt for the compensation in the amount of 5,700.0 K rubles (inclusive of VAT) | Transaction price – 5,700.0 K rubles (inclusive of VAT) | February 5, 2014 |
| 4 | Performance by JSC Rosneft – Karachaevo-Cherkessknefteprodukt (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arranging registration of the title to and transactions with immovable assets in the territory of the Karachayev-Cherkessian Republic for the compensation in the amount of 60.0 K rubles (inclusive of VAT) | Transaction price – 60.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 5 | Transfer by Rosneft (lessor) for lease to JSC Rosneft – Karachaevo-Cherkessknefteprodukt (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 57,750.0 K rubles per year (inclusive of VAT) | Transaction price – 57,750.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 6 | Performance by JSC Rosneft – Karachaevo-Cherkessknefteprodukt (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arrangement of land management and settlement of the land relationships between Rosneft and the holders of the title to the land plots occupied by the immovable assets of Rosneft located in the territory of the Karachayev-Cherkessian Republic for the compensation in the amount of 60.0 K rubles (inclusive of VAT) | Transaction price – 60.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 7 | Granting by Rosneft (lender) of an interest-bearing loan to JSC Rosneft – Karachaevo-Cherkessknefteprodukt (borrower) for funding the operating activities in the amount of up to 11,330.0 K rubles for the term of 2 years. The total contract value inclusive of the interest is up to 13,596.0 K rubles | Transaction price – up to 13,596.0 K rubles | June 26, 2014 |
| 8 | Granting by Rosneft (lender) of an interest-bearing loan to JSC Rosneft – Karachaevo-Cherkessknefteprodukt (borrower) for funding the investment activity in the amount of up to 80,390.5K rubles for the term of 3 years. The total contract value inclusive of the interest is up to 106,919.4K rubles | Transaction price – up to 106,919.4K rubles | June 26, 2014 |
| 9 | Provision by Rosneft (contractor) of the services JSC Rosneft – Karachaevo-Cherkessknefteprodukt (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 3,890.0 K rubles (inclusive of VAT) | Transaction price – up to 3,890.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 10 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to JSC Rosneft – Karachaevo-Cherkessknefteprodukt (borrower) in the amount of 40,000.0 K rubles for funding the operating activities, by means of extension of the loan repayment period till December 31, 2016 on the following terms and conditions: the outstanding amount of the principal debt is 27,508.8K rubles; from the date of extension of the loan agreement with regard to the actual outstanding amount of the borrower an interest rate is applied within a range of the market interval of prices, approved by the Budget Committee of Rosneft as of the extension date; the total contract value inclusive of the interest is 46,876.5K rubles | Transaction price – 46,876.5K rubles | December 12, 2014 |
| 11 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to JSC Rosneft – Karachaevo-Cherkessknefteprodukt (borrower) in the amount of 64,261.9K rubles for funding the operating activities, by means of extension of the loan repayment period till December 31, 2016 on the following terms and conditions: the outstanding amount of the principal debt is 33,000.0 K rubles; from the date of extension of the loan agreement with regard to the actual outstanding amount of the borrower an interest rate is applied within a range of the market interval of prices, approved by the Budget Committee of Rosneft as of the extension date; the total contract value inclusive of the interest is 51,861.4K rubles | Transaction price – 51,861.4K rubles | December 12, 2014 |
| TRANSACTIONS WHERE OJSC NK ROSNEFT-KUBANNEFTEPRODUKT IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| D. Casimiro – Member of Management Board of Rosneft, Chairman of Board of Directors of OJSC NK Rosneft-Kubannefteprodukt – a party to the transactions | | | |
| 1 | Performance by OJSC NK Rosneft-Kubannefteprodukt (technical customer) upon assignment, on behalf and at the expense of Rosneft (developer) of the actions associated with fulfillment of functions of the technical customer on arrangement of construction (reconstruction) of industrial facilities of Rosneft for the compensation in the amount of 11,127.0 K rubles (inclusive of VAT) | Transaction price – 11,127.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Supply by Rosneft (supplier) to OJSC NK Rosneft-Kubannefteprodukt (buyer) of oils in the volume of 1.2 kt for the total price of 99,867.9K rubles (inclusive of VAT) | Transaction price – 99,867.9K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Granting by Rosneft (licensor) to OJSC NK Rosneft-Kubannefteprodukt (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 913.1K rubles (inclusive of VAT) | Transaction price – 913.1K rubles (inclusive of VAT) | December 24, 2013 |
| 4 | Supply by Rosneft (supplier) to OJSC NK Rosneft-Kubannefteprodukt (buyer) of petroleum products, liquefied hydrocarbon gases (LHG) in the volume of 1,114.80 kt for the total price of 56,288,350K rubles (inclusive of VAT) | Transaction price – 56,288,350K rubles (inclusive of VAT) | December 24, 2013 |
| 5 | Provision by OJSC NK Rosneft-Kubannefteprodukt (contractor) of the services to Rosneft (customer) associated with acceptance, storage and issue of petroleum products in the volume of 43.0 kt for the compensation in the amount of 8,270.62K rubles (inclusive of VAT) | Transaction price – 8,270.62K rubles (inclusive of VAT) | February 5, 2014 |
| 6 | Transfer by Rosneft (lessor) for lease to OJSC NK Rosneft-Kubannefteprodukt (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 967,241.0 K rubles per year (inclusive of VAT) | Transaction price – 967,241.0 K rubles per year (inclusive of VAT) | May 15, 2014 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|--|---|---|-------------------|
| 7 | Performance by OJSC NK Rosneft-Kubannefteprodukt (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arranging registration of the title to and transactions with immovable assets in the territory of the Krasnodar Region for the compensation in the amount of 60.0 K rubles (inclusive of VAT) | Transaction price – 60.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 8 | Performance by OJSC NK Rosneft-Kubannefteprodukt (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arrangement of land management and settlement of the land relationships between Rosneft and the holders of the title to the land plots occupied by the immovable assets of Rosneft located in the territory of the Krasnodar Region for the compensation in the amount of 60.0 K rubles (inclusive of VAT) | Transaction price – 60.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 9 | Performance by OJSC NK Rosneft-Kubannefteprodukt (agent) on behalf, upon assignment and at the expense of Rosneft (principal) of the actions associated with arrangement of the disposal of the non-core assets of Rosneft and the assets that are not engaged in the operating process for the compensation in the amount of 200.0 K rubles (inclusive of VAT) | Transaction price – 200.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 10 | Provision by Rosneft (contractor) of the services to OJSC NK Rosneft-Kubannefteprodukt (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 59,310.0 K rubles (inclusive of VAT) | Transaction price – up to 59,310.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 11 | Purchase by Rosneft (buyer) from OJSC NK Rosneft-Kubannefteprodukt (seller) a package of design and estimate documentation on the project Reconstruction of Petroleum-Storage Depot of Affiliate of OJSC NK Rosneft-Kubannefteprodukt for storage of light petroleum products with the capacity of 10.0 thousand cubic meters, located at the address: Krasnodar Region, Sochi, Adlersky District, Aviatzionnaya Street 17/10, at the price of 30,900.0 K rubles (inclusive of VAT) | Transaction price – 30,900.0 K rubles (inclusive of VAT) | November 27, 2014 |
| 12 | Performance by OJSC NK Rosneft-Kubannefteprodukt (technical customer) upon assignment, on behalf and at the expense of Rosneft (developer) of the actions associated with fulfillment of functions of the technical customer on arrangement of construction (reconstruction) of industrial facilities of Rosneft for the compensation in the amount of 1,217.0 K rubles (inclusive of VAT) | Transaction price – 1,217.0 K rubles (inclusive of VAT) | December 24, 2014 |
| TRANSACTIONS WHERE OJSC NK ROSNEFT-KURGANNEFTEPRODUKT IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| D. Casimiro – Member of Management Board of Rosneft, Chairman of Board of Directors of OJSC NK Rosneft-Kurgannefteprodukt – a party to the transactions | | | |
| 1 | Performance by OJSC NK Rosneft-Kurgannefteprodukt (technical customer) upon assignment, on behalf and at the expense of Rosneft (developer) of the actions associated with fulfillment of functions of the technical customer on arrangement of construction (reconstruction) of industrial facilities of Rosneft for the compensation in the amount of 88.0 K rubles | Transaction price – 88.0 K rubles | December 24, 2013 |
| 2 | Supply by Rosneft (supplier) of oils to OJSC NK Rosneft-Kurgannefteprodukt (buyer) in the volume of 1.4 kt for the total price of 102,796.9K rubles (inclusive of VAT) | Transaction price – 102,796.9K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Granting by Rosneft (licensor) to OJSC NK Rosneft-Kurgannefteprodukt (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 504.9K rubles (inclusive of VAT) | Transaction price – 504.9K rubles (inclusive of VAT) | December 24, 2013 |
| 4 | Supply by Rosneft (supplier) of petroleum products, liquefied hydrocarbon gases (LHG) to OJSC NK Rosneft-Kurgannefteprodukt (buyer) in the volume of 230.35 kt for the total price of 11,902,210.0 K rubles (inclusive of VAT) | Transaction price – 11,902,210.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 5 | Provision by OJSC NK Rosneft-Kurgannefteprodukt (contractor) of the services to Rosneft (customer) associated with acceptance, storage and issue of petroleum products in the volume of 40.0 kt for the compensation in the amount of 13,400.0 K rubles (inclusive of VAT) | Transaction price – 13,400.0 K rubles (inclusive of VAT) | February 5, 2014 |
| 6 | Transfer by Rosneft (lessor) for lease to OJSC NK Rosneft-Kurgannefteprodukt (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 18,846.0 K rubles per year (inclusive of VAT) | Transaction price – 18,846.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 7 | Performance by OJSC NK Rosneft-Kurgannefteprodukt (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arranging registration of the title to and transactions with immovable assets in the territory of the Kurgan Region for the compensation in the amount of 60.0 K rubles (inclusive of VAT) | Transaction price – 60.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 8 | Performance by OJSC NK Rosneft-Kurgannefteprodukt (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arrangement of land management and settlement of the land relationships between Rosneft and the holders of the title to the land plots occupied by the immovable assets of Rosneft located in the territory of the Kurgan Region for the compensation in the amount of 60.0 K rubles (inclusive of VAT) | Transaction price – 60.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 9 | Provision by Rosneft (contractor) of the services to OJSC NK Rosneft-Kurgannefteprodukt (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 70.0 K rubles (inclusive of VAT) | Transaction price – up to 70.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 10 | Performance by OJSC NK Rosneft-Kurgannefteprodukt (technical customer) upon assignment, on behalf and at the expense of Rosneft (developer) of the actions associated with fulfillment of functions of the technical customer on arrangement of construction (reconstruction) of industrial facilities of Rosneft for the compensation in the amount of 746.4K rubles (inclusive of VAT) | Transaction price – 746.4K rubles (inclusive of VAT) | December 24, 2014 |
| TRANSACTIONS WHERE OJSC NK ROSNEFT-MZ NEFTEPRODUKT IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| P.I. Lazarev – Member of Management Board of Rosneft, Chairman of Board of Directors of OJSC NK Rosneft-MZ Nefteprodukt – a party to the transactions | | | |
| 1 | Performance by OJSC NK Rosneft-MZ Nefteprodukt (technical customer) upon assignment, on behalf and at the expense of Rosneft (developer) of the actions associated with fulfillment of functions of the technical customer on arrangement of construction (reconstruction) of industrial facilities of Rosneft for the compensation in the amount of 3,225.0 K rubles (inclusive of VAT) | Transaction price – 3,225.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Granting by Rosneft (licensor) to OJSC NK Rosneft-MZ Nefteprodukt (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 129.3K rubles (inclusive of VAT) | Transaction price – 129.3K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Transfer by Rosneft (lessor) for lease to OJSC NK Rosneft-MZ Nefteprodukt (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 13,780.0 K rubles per year (inclusive of VAT) | Transaction price – 13,780.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 4 | Change in terms and conditions of the transaction on procurement by Rosneft (borrower) of an interest-bearing loan from OJSC NK Rosneft-MZ Nefteprodukt (lender) in the amount of 50,000.0 K rubles regarding an increase of the total transaction value inclusive of the chargeable interest up to 1,885,479.5K rubles | Transaction price – up to 1,885,479.5K rubles | July 25, 2014 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|---|--|---|-------------------|
| 5 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to OJSC NK Rosneft-MZ Nefteprodukt (borrower) for funding the investment activity in the amount of up to 62,070.8K rubles regarding an increase of the total transaction value inclusive of the chargeable interest up to 562,102.2K rubles | Transaction price – up to 562,102.2K rubles | June 26, 2014 |
| 6 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to OJSC NK Rosneft-MZ Nefteprodukt (borrower) for funding the operating activities in the amount of up to 5,980.7K rubles regarding an increase of the total transaction value inclusive of the chargeable interest up to 91,234.8K rubles | Transaction price – up to 91,234.8K rubles | June 26, 2014 |
| 7 | Provision by Rosneft (contractor) of the services to OJSC NK Rosneft-MZ Nefteprodukt (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 680.0 K rubles (inclusive of VAT) | Transaction price – up to 680.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 8 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to OJSC NK Rosneft-MZ Nefteprodukt (borrower) for funding the investment activity in the amount of up to 90,352.7K rubles regarding changing the interest rate, a decrease of the total transaction value inclusive of the chargeable interest up to 139,783.0 K rubles, as well as extension of the loan repayment period | Transaction price – up to 139,783.0 K rubles | November 27, 2014 |
| 9 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to OJSC NK Rosneft-MZ Nefteprodukt (borrower) in the amount of 144,681.0 K rubles for funding the operating activities, by means of extension of the loan repayment period till December 31, 2016 on the following terms and conditions: the outstanding amount of the principal debt is 50,318.2K rubles; from the date of extension of the loan agreement with regard to the actual outstanding amount of the borrower an interest rate is applied within a range of the market interval of prices, approved by the Budget Committee of Rosneft as of the extension date; the total contract value inclusive of the interest is 71,094.4K rubles | Transaction price – 71,094.4K rubles | December 12, 2014 |

TRANSACTIONS WHERE OJSC NK ROSNEFT-MURMANSKNEFTEPRODUKT IS A PARTY

Persons/entities related to the transactions:

OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

D. Casimiro – Member of Management Board of Rosneft, Chairman of Board of Directors of OJSC NK Rosneft-Murmansknefteprodukt – a party to the transactions

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|---|--|---|-------------------|
| 1 | Granting by Rosneft (licensor) to OJSC NK Rosneft-Murmansknefteprodukt (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 440.6K rubles (inclusive of VAT) | Transaction price – 440.6K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Supply by Rosneft (supplier) to OJSC NK Rosneft-Murmansknefteprodukt (buyer) of petroleum products in the volume of 144.18 kt for the total price of 8,019,340K rubles (inclusive of VAT) | Transaction price – 8,019,340K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Provision by OJSC NK Rosneft-Murmansknefteprodukt (contractor) of the services to Rosneft (customer) associated with acceptance, storage and issue of petroleum products in the volume of 40.0 kt for the compensation in the amount of 25,440.0 K rubles (inclusive of VAT) | Transaction price – 25,440.0 K rubles (inclusive of VAT) | February 5, 2014 |
| 4 | Transfer by Rosneft (lessor) for lease to OJSC NK Rosneft-Murmansknefteprodukt (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 35,742.0 K rubles per year (inclusive of VAT) | Transaction price – 35,742.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 5 | Performance by OJSC NK Rosneft-Murmansknefteprodukt (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arrangement of land management and settlement of the land relationships between Rosneft and the holders of the title to the land plots occupied by the immovable assets of Rosneft located in the territory of the Murmansk Region for the compensation in the amount of 60.0 K rubles (inclusive of VAT) | Transaction price – 60.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 6 | Performance by OJSC NK Rosneft-Murmansknefteprodukt (agent) upon assignment of Rosneft (principal) on its own behalf and at the expense of Rosneft or on behalf and at the expense of Rosneft of the actions associated with arrangement of performance of the works (provision of the services) for abandonment and suspension of wells and some fixed assets owned by Rosneft and located in the region of presence of OJSC NK Rosneft-Murmansknefteprodukt for the compensation in the amount of 15.0 K rubles (inclusive of VAT) | Transaction price – 15.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 7 | Provision by Rosneft (contractor) of the services to OJSC NK Rosneft-Murmansknefteprodukt (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 30.0 K rubles (inclusive of VAT) | Transaction price – up to 30.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 8 | Performance by Rosneft (agent) upon assignment, on behalf and at the expense of OJSC NK Rosneft-Murmansknefteprodukt (principal) of the actions associated with arrangement of delivery of material and technical resources (MTR), provision of the services associated with installation, supervision, setting to work and commissioning of equipment, services associated with inspecting the quality of manufacture of MTR and other services for the compensation in the amount of 322.08K rubles (inclusive of VAT) | Transaction price – 322.08K rubles (inclusive of VAT) | September 8, 2014 |
| 9 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to OJSC NK Rosneft-Murmansknefteprodukt (borrower) for funding the investment activity in the amount of 424,000.0 K rubles regarding changing the interest rate, an increase of the total transaction value inclusive of the chargeable interest up to 678,147.8K rubles, as well as extension of the loan repayment period | Transaction price – up to 678,147.8K rubles | November 27, 2014 |

TRANSACTIONS WHERE OJSC NK ROSNEFT-SMOLENSKNEFTEPRODUKT IS A PARTY

Persons/entities related to the transactions:

OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

D. Casimiro – Member of Management Board of Rosneft, Chairman of Board of Directors of OJSC NK Rosneft-Smolensknefteprodukt – a party to the transactions

| | | | |
|---|---|--|-------------------|
| 1 | Performance by OJSC NK Rosneft-Smolensknefteprodukt (technical customer) upon assignment, on behalf and at the expense of Rosneft (developer) of the actions associated with fulfillment of functions of the technical customer on arrangement of construction (reconstruction) of industrial facilities of Rosneft for the compensation in the amount of 878.0 K rubles (inclusive of VAT) | Transaction price – 878.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Supply by Rosneft (supplier) to OJSC NK Rosneft-Smolensknefteprodukt (buyer) of oils in the volume of 0.7 kt for the total price of 37,781.7K rubles (inclusive of VAT) | Transaction price – 37,781.7K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Granting by Rosneft (licensor) to OJSC NK Rosneft-Smolensknefteprodukt (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 691.4K rubles (inclusive of VAT) | Transaction price – 691.4K rubles (inclusive of VAT) | December 24, 2013 |
| 4 | Supply by Rosneft (supplier) of petroleum products to OJSC NK Rosneft-Smolensknefteprodukt (buyer) in the volume of 535.53 kt for the total price of 27,004,990.0 K rubles (inclusive of VAT) | Transaction price – 27,004,990.0 K rubles (inclusive of VAT) | December 24, 2013 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|----|---|---|-------------------|
| 5 | Provision by OJSC NK Rosneft-Smolensknefteprodukt (contractor) of the services to Rosneft (customer) associated with acceptance, storage and issue of petroleum products in the volume of 56.0 kt for the compensation in the amount of 21,509.04K rubles (inclusive of VAT) | Transaction price – 21,509.04K rubles (inclusive of VAT) | February 5, 2014 |
| 6 | Transfer by Rosneft (lessor) for lease to OJSC NK Rosneft-Smolensknefteprodukt (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 17,082.0 K rubles per year (inclusive of VAT) | Transaction price – 17,082.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 7 | Performance by OJSC NK Rosneft-Smolensknefteprodukt (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arranging registration of the title to and transactions with immovable assets in the territory of the Smolensk Region for the compensation in the amount of 60.0 K rubles (inclusive of VAT) | Transaction price – 60.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 8 | Performance by OJSC NK Rosneft-Smolensknefteprodukt (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arrangement of land management and settlement of the land relationships between Rosneft and the holders of the title to the land plots occupied by the immovable assets of Rosneft located in the territory of the Smolensk Region for the compensation in the amount of 60.0 K rubles (inclusive of VAT) | Transaction price – 60.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 9 | Provision by Rosneft (contractor) of the services to OJSC NK Rosneft-Smolensknefteprodukt (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 490.0 K rubles (inclusive of VAT) | Transaction price – up to 490.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 10 | Performance by OJSC NK Rosneft-Smolensknefteprodukt (technical customer) upon assignment, on behalf and at the expense of Rosneft (developer) of the actions associated with fulfillment of functions of the technical customer on arrangement of construction (reconstruction) of industrial facilities of Rosneft for the compensation in the amount of 1,444.0 K rubles (inclusive of VAT) | Transaction price – 1,444.0 K rubles (inclusive of VAT) | December 24, 2014 |

TRANSACTIONS WHERE OJSC NK ROSNEFT-STAVROPOLYE IS A PARTY

Persons/entities related to the transactions:

OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

D. Casimiro – Member of Management Board of Rosneft, Chairman of Board of Directors of OJSC NK Rosneft-Stavropolye – a party to the transactions

| | | | |
|----|--|--|-------------------|
| 1 | Supply by Rosneft (supplier) of oils to OJSC NK Rosneft-Stavropolye (buyer) in the volume of 1.1 kt for the total price of 83,001.6K rubles (inclusive of VAT) | Transaction price – 83,001.6K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Granting by Rosneft (licensor) to OJSC NK Rosneft-Stavropolye (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 1,037.0 K rubles (inclusive of VAT) | Transaction price – 1,037.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Supply by Rosneft (supplier) of petroleum products, liquefied hydrocarbon gases (LHG) to OJSC NK Rosneft-Stavropolye (buyer) in the volume of 534.82 kt for the total price of 27,041,120.0 K rubles (inclusive of VAT) | Transaction price – 27,041,120.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 4 | Transfer by Rosneft (lessor) for lease to OJSC NK Rosneft-Stavropolye (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 123.0 K rubles per year (inclusive of VAT) | Transaction price – 123.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 5 | Performance by OJSC NK Rosneft-Stavropolye (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arrangement of land management and settlement of the land relationships between Rosneft and the holders of the title to the land plots occupied by the immovable assets of Rosneft located in the territory of the Stavropol Region for the compensation in the amount of 60.0 K rubles (inclusive of VAT) | Transaction price – 60.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 6 | Performance by OJSC NK Rosneft-Stavropolye (agent) on behalf, upon assignment and at the expense of Rosneft (principal) of the actions associated with arrangement of the disposal of the non-core assets of Rosneft and the assets that are not engaged in the operating process for the compensation in the amount of 50.0 K rubles (inclusive of VAT) | Transaction price – 50.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 7 | Granting by Rosneft (lender) of an interest-bearing loan to OJSC NK Rosneft-Stavropolye (borrower) for funding the operating activities in the amount of up to 113,410.0 K rubles for the term of 2 years. The total contract value inclusive of the interest is up to 136,092.0 K rubles | Transaction price – up to 136,092.0 K rubles | June 26, 2014 |
| 8 | Granting by Rosneft (lender) of an interest-bearing loan to OJSC NK Rosneft-Stavropolye (borrower) for funding the investment activity in the amount of up to 41,820.0 K rubles for the term of 3 years. The total contract value inclusive of the interest is up to 55,620.6K rubles | Transaction price – up to 55,620.6K rubles | June 26, 2014 |
| 9 | Provision by Rosneft (contractor) of the services to OJSC NK Rosneft-Stavropolye (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 240.0 K rubles (inclusive of VAT) | Transaction price – up to 240.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 10 | Granting by Rosneft (lender) of an interest-bearing loan to OJSC NK Rosneft-Stavropolye (borrower) in the amount of 1,626,706.8K rubles for the term of 2 years. The total contract value inclusive of the interest is up to 2,017,116.5K rubles | Transaction price – up to 2,017,116.5K rubles | December 12, 2014 |
| 11 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to OJSC NK Rosneft-Stavropolye (borrower) in the amount of 166,100.0 K rubles for funding the operating activities, by means of extension of the loan repayment period till October 17, 2016 on the following terms and conditions: the outstanding amount of the principal debt is 166,100.0 K rubles; from the date of extension of the loan agreement with regard to the actual outstanding amount of the borrower an interest rate is applied within a range of the market interval of prices, approved by the Budget Committee of Rosneft as of the extension date; the total contract value inclusive of the interest is 250,578.9K rubles | Transaction price – 250,578.9K rubles | December 12, 2014 |

TRANSACTIONS WHERE OJSC NK ROSNEFT-YAMALNEFTEPRODUKT IS A PARTY

Persons/entities related to the transactions:

OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

D. Casimiro – Member of Management Board of Rosneft, Chairman of Board of Directors of OJSC NK Rosneft-Yamalnefteprodukt – a party to the transactions

| | | | |
|---|---|---|-------------------|
| 1 | Supply by Rosneft (supplier) of petroleum products to OJSC NK Rosneft-Yamalnefteprodukt (buyer) in the volume of 62.65 kt for the total price of 3,575,850.0 K rubles (inclusive of VAT) | Transaction price – 3,575,850.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Granting by Rosneft (licensor) to OJSC NK Rosneft-Yamalnefteprodukt (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 324.5K rubles (inclusive of VAT) | Transaction price – 324.5K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Transfer by Rosneft (lessor) for lease to OJSC NK Rosneft-Yamalnefteprodukt (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 23,654.0 K rubles per year (inclusive of VAT) | Transaction price – 23,654.0 K rubles per year (inclusive of VAT) | May 15, 2014 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|--|---|--|-------------------|
| 4 | Performance by OJSC NK Rosneft-Yamalnefteprodukt (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arranging registration of the title to and transactions with immovable assets in the territory of the Yamalo-Nenets Autonomous District for the compensation in the amount of 60.0 K rubles (inclusive of VAT) | Transaction price – 60.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 5 | Performance by OJSC NK Rosneft-Yamalnefteprodukt (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arrangement of land management and settlement of the land relationships between Rosneft and the holders of the title to the land plots occupied by the immovable assets of Rosneft located in the territory of the Yamalo-Nenets Autonomous District for the compensation in the amount of 60.0 K rubles (inclusive of VAT) | Transaction price – 60.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 6 | Provision by Rosneft (contractor) of the services to OJSC NK Rosneft-Yamalnefteprodukt (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 10.0 K rubles (inclusive of VAT) | Transaction price – up to 10.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 7 | Provision by OJSC NK Rosneft-Yamalnefteprodukt (contractor) of the services to Rosneft (customer) associated with acceptance, storage and issue of petroleum products in the volume of 30.0 kt for the compensation in the amount of 7,500.0 K rubles (inclusive of VAT) | Transaction price – 7,500.0 K rubles (inclusive of VAT) | February 5, 2014 |
| TRANSACTIONS WHERE OJSC OHINSKAYA POWER PLANT IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Granting by Rosneft (licensor) to OJSC Ohinskaya Power Plant (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 88.1K rubles (inclusive of VAT) | Transaction price – 88.1K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Provision by Rosneft (contractor) of the services to OJSC Ohinskaya Power Plant (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 130.0 K rubles (inclusive of VAT) | Transaction price – up to 130.0 K rubles (inclusive of VAT) | August 18, 2014 |
| 3 | Granting by Rosneft (lender) of an interest-bearing loan to OJSC Ohinskaya Power Plant (borrower) for funding the investment activity in the amount of 321,120.0 K rubles for the term of 3 years. The total contract value inclusive of the interest is up to 427,089.6K rubles | Transaction price – up to 427,089.6K rubles | August 18, 2014 |
| 4 | Purchase by Rosneft (buyer) from OJSC Ohinskaya Power Plant (seller) by subscription of at least 251,717,949 additional ordinary inscribed undocumented shares of OJSC Ohinskaya Power Plant at the price of placement of one additional ordinary share 7.80 rubles. The total contract value does not exceed 1,963,400.0 K rubles | Transaction price – not exceeding 1,963,400.0 K rubles | November 12, 2014 |
| 5 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to OJSC Ohinskaya Power Plant (borrower) for funding the investment activity in the amount of 100,400.0 K rubles regarding changing the interest rate, an increase of the total transaction value inclusive of the chargeable interest up to 186,927.6K rubles, as well as extension of the loan repayment period | Transaction price – up to 186,927.6K rubles | November 27, 2014 |
| 6 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to OJSC Ohinskaya Power Plant (borrower) in the amount of 226,100.0 K rubles for funding the investment activity, by means of extension of the loan repayment period till October 24, 2017 on the following terms and conditions: the outstanding amount of the principal debt is 189,791.9K rubles; from the date of extension of the loan agreement with regard to the actual outstanding amount of the borrower an interest rate is applied within a range of the market interval of prices, approved by the Budget Committee of Rosneft as of the extension date; the total contract value inclusive of the interest is 342,323.3K rubles | Transaction price – 342,323.3K rubles | December 12, 2014 |
| TRANSACTIONS WHERE OJSC PNO IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Granting by Rosneft (licensor) to OJSC PNO (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 16.3K rubles (inclusive of VAT) | Transaction price – 16.3K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Transfer by Rosneft (lessor) for lease to OJSC PNO (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 578.0 K rubles per year (inclusive of VAT) | Transaction price – 578.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| TRANSACTIONS WHERE OJSC RN INGUSHNEFT IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Provision by OJSC RN Ingushneft (contractor) of the services to Rosneft (customer) associated with production on Sernovodskoe field, where the development licenses are owned by Rosneft, of oil, associated gas and handover of the produced hydrocarbon resources to Rosneft for subsequent sales for the compensation in the amount of 57,028.1K rubles (inclusive of VAT) | Transaction price – 57,028.1K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Performance by OJSC RN Ingushneft (agent) upon assignment and at the expense of Rosneft (principal) of the actions associated with arrangement of preparation of the depletion plans for field development (FDP), integrated projects and current development monitoring of the fields owned by Rosneft and performance of exploration works on Rosneft license areas in the territory of the Republic of Ingushetia. The total amount of the agent's compensation under the transaction is 700.0 K rubles (inclusive of VAT) | Transaction price – 700.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Supply by Rosneft (seller) of crude oil to OJSC RN Ingushneft (buyer) in the volume of 1.44 kt for the total price of 22,437.27K rubles (inclusive of VAT) | Transaction price – 22,437.27K rubles (inclusive of VAT) | December 24, 2013 |
| 4 | Performance by OJSC RN Ingushneft (technical customer) upon assignment, on behalf and at the expense of Rosneft (developer) of the actions associated with fulfillment of functions of the technical customer on arrangement of construction (reconstruction) of industrial facilities of Rosneft for the compensation in the amount of 5,878.0 K rubles (inclusive of VAT) | Transaction price – 5,878.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 5 | Transfer by Rosneft (lessor) for lease to OJSC RN Ingushneft (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 2,960.0 K rubles per year (inclusive of VAT) | Transaction price – 2,960.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 6 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to OJSC RN Ingushneft (borrower) for funding the investment activity in the amount of 9,835.0 K rubles regarding an increase of the total transaction value inclusive of the chargeable interest up to 120,331.5K rubles | Transaction price – up to 120,331.5K rubles | June 26, 2014 |
| 7 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to OJSC RN Ingushneft (borrower) for funding the operating activities in the amount of up to 15,283.0 K rubles regarding an increase of the total transaction value inclusive of the chargeable interest up to 188,308.6K rubles | Transaction price – up to 188,308.6K rubles | June 26, 2014 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|---|---|--|-------------------|
| 8 | Performance by OJSC RN Ingushneft (technical customer) upon assignment, on behalf and at the expense of Rosneft (developer) of the actions associated with fulfillment of functions of the technical customer on arrangement of construction (reconstruction) of industrial facilities of Rosneft for the compensation in the amount of 6,065.14K rubles (inclusive of VAT) | Transaction price – 6,065.14K rubles (inclusive of VAT) | December 24, 2014 |
| 9 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to OJSC RN Ingushneft (borrower) in the amount of 156,923.8K rubles for funding the operating activities on the following terms and conditions: the outstanding amount of the principal debt is 118,802.7K rubles; the total contract value inclusive of the interest is 393,897.4K rubles | Transaction price – 393,897.4K rubles | December 24, 2014 |
| TRANSACTIONS WHERE OJSC RN MANAGEMENT IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) OJSC ROSNEFTEGAZ (before March 17, 2014) – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares, an affiliate of which – I.I. Sechin, Chairman of Board of Directors of OJSC ROSNEFTEGAZ, is President of OJSC RN Management – a party to the transactions I.I. Sechin (before March 17, 2014) – Member of Board of Directors, President of Management Board of Rosneft, President of OJSC RN Management – a party to the transactions | | | |
| 1 | Provision by OJSC RN Management (contractor) of the services to Rosneft (customer) associated with evaluation of the energy saving potential on the process of mechanization of oil production for the compensation in the amount of 3,540.0 K rubles (inclusive of VAT) | Transaction price – 3,540.0 K rubles (inclusive of VAT) | February 5, 2014 |
| 2 | Obtaining by Rosneft (successor) from OJSC RN Management (lessee) in the full scope of rights and responsibilities of the lessee under the agreement for lease of immovable assets (non-residential premises with the total area of 407.05 sq. m. in the building located at: Moscow, 3-1 Begovaya Street). The total amount of lease payment is US\$ 124.19K (inclusive of VAT) | Transaction price – US\$ 124.19K (inclusive of VAT) | February 5, 2014 |
| 3 | Obtaining by Rosneft (successor) from OJSC RN Management (lessee) in the full scope of rights and responsibilities of the lessee under the agreement for lease of immovable assets (non-residential premises and parking with the total area of 4,072.2 sq. m. in the building located at: Moscow, 3-1 Begovaya Street). The total amount of lease payment is US\$ 14,927.99K | Transaction price – US\$ 14,927.99K | February 5, 2014 |
| 4 | Performance by OJSC RN Management (agent) on its own behalf and at the expense of Rosneft (principal) of the actions to arrange provision of the services, associated with operation and maintenance of the office leased by Rosneft, located at: Moscow, 3-1 Begovaya Street for the compensation in the amount of 69.814K rubles (inclusive of VAT) | Transaction price – 69.814K rubles (inclusive of VAT) | June 26, 2014 |
| 5 | Conclusion by OJSC RN Management (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the transactions for supply of the equipment in the field of information technologies, communication, automated operation process control systems, metrology; supply of software; acquisition of property rights; provision of the services (performance of the works) in the field of information technologies. The total amount of the agency fee is 3,171.907K rubles (inclusive of VAT) | Transaction price – 3,171.907K rubles (inclusive of VAT) | June 26, 2014 |
| TRANSACTIONS WHERE OJSC RN HOLDING IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| R.R. Sharipov – Member of Management Board of Rosneft, President of OJSC RN Holding – a party to the transactions Yu.I. Kalinin (before June 30, 2014) – Member of Management Board of Rosneft, Chairman of Board of Directors of OJSC RN Holding – a party to the transactions L.V. Kalanda (before June 30, 2014) – Member of Management Board of Rosneft, Member of Board of Directors of OJSC RN Holding – a party to the transactions D. Casimiro (before June 30, 2014) – Member of Management Board of Rosneft, Member of Board of Directors of OJSC RN Holding – a party to the transactions P.I. Lazarev (before June 30, 2014) – Member of Management Board of Rosneft, Member of Board of Directors of OJSC RN Holding – a party to the transactions I.V. Majdannik (before June 30, 2014) – Member of Management Board of Rosneft, Member of Board of Directors of OJSC RN Holding – a party to the transactions N.M. Mukhitov (before June 30, 2014) – Member of Management Board of Rosneft, Member of Board of Directors of OJSC RN Holding – a party to the transactions I.V. Pavlov (before June 30, 2014) – Member of Management Board of Rosneft, Member of Board of Directors of OJSC RN Holding – a party to the transactions S.I. Slavinsky (before June 30, 2014) – Member of Management Board of Rosneft, Member of Board of Directors of OJSC RN Holding – a party to the transactions | | | |
| 1 | Procurement by Rosneft (borrower) from OJSC RN Holding (lender) of an interest-bearing loan in the amount not exceeding 67,900,000.0 K rubles for the term of up to 5 years. The total contract value inclusive of the interest is up to 91,665,000.0 K rubles | Transaction price – up to 91,665,000.0 K rubles | February 26, 2014 |
| 2 | Change in terms and conditions of the transaction on fulfillment by OJSC RN Holding (agent) of the instruction of Rosneft (principal) on arrangement of purchase, processing, transportation and sale of APG and its refined products regarding an increase of the volume of purchase, processing, transportation and sale of APG and its refined products, as well as the amount of the agency fee up to 105,388.4K rubles (inclusive of VAT) | Transaction price – up to 105,388.4K rubles (inclusive of VAT) | February 26, 2014 |
| 3 | Supply by Rosneft (supplier) to OJSC RN Holding (buyer) of combustible natural dry stripped gas in the volume of at least 1,999,000.0 thousand cubic meters for the total price of up to 7,706,969.94K rubles (inclusive of VAT) subject to transfer of gas to Izluchinsk GDS and Nizhnevartovsk GDS-1 of LLC Gazprom Transgaz Tomsk | Transaction price – up to 7,706,969.94K rubles (inclusive of VAT) | June 26, 2014 |
| 4 | Provision by Rosneft (contractor) of the services to OJSC RN Holding (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 380.0 K rubles (inclusive of VAT) | Transaction price – up to 380.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 5 | Change in terms and conditions of the transaction on provision by OJSC RN Holding (lender) of an interest-bearing loan to Rosneft (borrower) in the amount of 65,000,000.0 K rubles for the term of up to 5 years on the following terms and conditions: the outstanding amount of the principal debt is 60,549,093.6K rubles; the interest rate – within a range of the market interval of prices, established (changed) by the Budget Committee of Rosneft; the total contract value inclusive of the interest is 91,937,848.0 K rubles | Transaction price – 91,937,848.0 K rubles | December 12, 2014 |
| 6 | Change in terms and conditions of the transaction on supply by Rosneft (supplier) of combustible natural dry stripped gas to OJSC RN Holding (buyer) in the volume of up to 1,999,000.0 thousand cubic meters in the total amount of 7,706,969.94K rubles (inclusive of VAT) regarding extension of the contract, an increase of the volume of supplied gas up to 5,540,000.0 thousand cubic meters and the total transaction value up to 19,986,996.0 K rubles (inclusive of VAT) | Transaction price – up to 19,986,996.0 K rubles (inclusive of VAT) | December 24, 2014 |
| TRANSACTIONS WHERE OJSC RN-YAROSLAVL IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| D. Casimiro – Member of Management Board of Rosneft, Member of Board of Directors of OJSC RN-Yaroslavl – a party to the transactions | | | |
| 1 | Granting by Rosneft (lender) of an interest-bearing loan to OJSC RN-Yaroslavl (borrower) in the amount of 573,500.0 K rubles for the term of 2 years. The total contract value inclusive of the interest is up to 711,140.0 K rubles | Transaction price – up to 711,140.0 K rubles | December 12, 2014 |
| TRANSACTIONS WHERE OJSC ROSNEFTEGAZ IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) I.I. Sechin – Member of Board of Directors, President, Chairman of Management Board of Rosneft, Chairman of Board of Directors of OJSC ROSNEFTEGAZ – a party to the transactions A.I. Akimov – Member of Board of Directors of Rosneft, Member of Board of Directors of OJSC ROSNEFTEGAZ – a party to the transactions L.V. Kalanda – Member of Management Board of Rosneft, Acting General Director, Member of Board of Directors of OJSC ROSNEFTEGAZ – a party to the transactions | | | |
| 1 | Transfer by Rosneft (lessor) for lease to OJSC ROSNEFTEGAZ (lessee) of a non-residential premise with the total area of 21.4 sq. m, located at: Moscow, Sofiyskaya Embankment, 26/1 – 1, for the fee in the amount of 132.0 K rubles per year (inclusive of VAT) | Transaction price – 132.0 K rubles per year (inclusive of VAT) | May 15, 2014 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|--|--|---|-------------------|
| TRANSACTIONS WHERE OJSC SAMARANEFTEKHIMPROEKT IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| I.V. Pavlov – Member of Management Board of Rosneft, Member of Board of Directors of OJSC Samaraneftekhimprom – a party to the transactions | | | |
| 1 | Granting by Rosneft (licensor) to OJSC Samaraneftekhimprom (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 274.4K rubles (inclusive of VAT) | Transaction price – 274.4K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Transfer by Rosneft (lessor) for lease to OJSC Samaraneftekhimprom (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 114.0 K rubles per year (inclusive of VAT) | Transaction price – 114.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 3 | Provision by Rosneft (contractor) of the services to OJSC Samaraneftekhimprom (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 1,600.0 K rubles (inclusive of VAT) | Transaction price – up to 1,600.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 4 | Change in terms and conditions of the transaction on provision by OJSC Saratovnefteprodukt (lender) of an interest-bearing loan to Rosneft (borrower) in the amount of 2,200,000.0 K rubles for the term of up to 5 years on the following terms and conditions: the outstanding amount of the principal debt is 1,713,032.6K rubles; the interest rate – within a range of the market interval of prices, established (changed) by the Budget Committee of Rosneft; the total contract value inclusive of the interest is 3,175,016.1K rubles | Transaction price – 3,175,016.1K rubles | December 12, 2014 |
| TRANSACTIONS WHERE OJSC SARATOVSKIY NPZ IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| I.V. Pavlov – Member of Management Board of Rosneft, Chairman of Board of Directors of OJSC Saratovskiy NPZ – a party to the transactions | | | |
| 1 | Provision by Rosneft (contractor) of the services to OJSC Saratovskiy NPZ (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 4,610.0 K rubles (inclusive of VAT) | Transaction price – up to 4,610.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 2 | Supply by Rosneft (supplier) of petroleum products to OJSC Saratovskiy NPZ (buyer) in the volume of 1.8 kt for the total price of 1,854.0 K rubles (inclusive of VAT) | Transaction price – 1,854.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Granting by Rosneft (licensor) to OJSC Saratovskiy NPZ (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 443.7K rubles (inclusive of VAT) | Transaction price – 443.7K rubles (inclusive of VAT) | December 24, 2013 |
| 4 | Provision by OJSC Saratovskiy NPZ (contractor) of the services to Rosneft (customer) associated with processing of oil in the volume of up to 8,328.131 kt in the total amount of up to 30,955,662.2K rubles (inclusive of VAT) | Transaction price – up to 30,955,662.2K rubles (inclusive of VAT) | December 24, 2013 |
| 5 | Procurement by Rosneft (borrower) from OJSC Saratovskiy NPZ (lender) of an interest-bearing loan in the amount of 300,000.0 K rubles for the term of up to 5 years. The total contract value inclusive of the interest is up to 405,000.0 K rubles | Transaction price – up to 405,000.0 K rubles | April 4, 2014 |
| 6 | Provision by Rosneft (contractor) of the services to OJSC Saratovskiy NPZ (customer) associated with insurance of the customer's assets, machines and mechanisms against breakdown, damages resulting from an interruption in the customer's operations, arrangement of reinsurance protection for the compensation in the amount of 2,202.23K rubles (inclusive of VAT) | Transaction price – 2,202.23K rubles (inclusive of VAT) | October 6, 2014 |
| 7 | Granting by Rosneft (licensor) to OJSC Saratovskiy NPZ (licensee) of the non-exclusive rights to use in the business activity of the licensee in the territory of the Russian Federation of trademarks owned by Rosneft for the term of 10 years for the compensation in the amount of 218.89K rubles (inclusive of VAT) | Transaction price – 218.89K rubles (inclusive of VAT) | October 6, 2014 |
| 8 | Granting by Rosneft (lender) of an interest-bearing loan to OJSC Saratovskiy NPZ (borrower) in the amount of 6 577 050.1K rubles for the term of 2 years. The total contract value inclusive of the interest is up to 8,155,542.1K rubles | Transaction price – up to 8,155,542.1K rubles | December 12, 2014 |
| 9 | Change in terms and conditions of the transaction on sale by Rosneft (seller) of petroleum products to OJSC Saratovskiy NPZ (buyer) in the volume of 1.8 kt for the total price of 1,854.0 K rubles (inclusive of VAT) regarding an increase of the total price of petroleum products up to 3,877.0 K rubles (inclusive of VAT) | Transaction price – up to 3,877.0 K rubles (inclusive of VAT) | December 24, 2014 |
| TRANSACTIONS WHERE OJSC SVNIINP IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| I.V. Pavlov – Member of Management Board of Rosneft, Chairman of Board of Directors of OJSC SvNIINP – a party to the transactions | | | |
| 1 | Provision by OJSC SvNIINP (contractor) of the services (performance of the works) for Rosneft (customer) in the framework of the Summary List of Target Innovative Projects of Rosneft for the compensation in the amount of 25,075.0 K rubles (inclusive of VAT) | Transaction price – 25,075.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Granting by Rosneft (licensor) to OJSC SvNIINP (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 60.6K rubles (inclusive of VAT) | Transaction price – 60.6K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Change in terms and conditions of the transaction on provision by OJSC SvNIINP (contractor) of the services (performance of the works) for Rosneft (customer) in the framework of the Summary List of Target Innovative Projects of Rosneft regarding an increase of the volume of the performed works and the amount of the compensation up to 9,651.456K rubles (exclusive of VAT) | Transaction price – up to 9,651.456K rubles (exclusive of VAT) | June 2, 2014 |
| 4 | Provision by OJSC SvNIINP (contractor) of the services (performance of the works) for Rosneft (customer) associated with selection, delivery and in-depth study of samples of heavy high viscosity Venezuelan oil, furnishing of initial data for of technical and economic assessments of development of the base complex for upgrading of extra heavy Venezuelan oil for the compensation in the amount of 9,500.0 K rubles (inclusive of VAT) | Transaction price – 9,500.0 K rubles (inclusive of VAT) | December 12, 2014 |
| TRANSACTIONS WHERE OJSC SLAVNEFT-YANOS IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| I.V. Pavlov – Member of Management Board of Rosneft, Chairman of Board of Directors of OJSC Slavneft-YANOS – a party to the transactions | | | |
| 1 | Supply by Rosneft (supplier) of petroleum products to OJSC Slavneft-YANOS (buyer) in the volume of 4.993 kt for the total price of 97,405.6K rubles (inclusive of VAT) | Transaction price – 97,405.6K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Provision by OJSC Slavneft-YANOS (contractor) of the services to Rosneft (customer) associated with processing of oil in the volume of up to 8,940.0 kt in the total amount of up to 24,994,483.3K rubles (inclusive of VAT) | Transaction price – up to 24,994,483.3K rubles (inclusive of VAT) | December 24, 2013 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|---|---|--|-------------------|
| TRANSACTIONS WHERE OJSC TOMSKNEFT VNK IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| E.M. Liron – Member of Management Board of Rosneft, Chairman of Board of Directors of OJSC Tomskneft VNK – a party to the transactions | | | |
| 1 | Performance by OJSC Tomskneft VNK (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of legal and other actions associated with arrangement of preparation of the depletion plans for field development (FDP), integrated projects and current development monitoring of the fields owned by Rosneft, performance of exploration works on Rosneft license areas in the territory of the Tomsk Region. The total amount of the agent's compensation under the transaction is 4,122.51K rubles (inclusive of VAT) | Transaction price – 4,122.51K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Granting by Rosneft (licensor) to OJSC Tomskneft VNK (licensee) of the right to use software products for the compensation in the amount of 11,403.819K rubles (exclusive of VAT) | Transaction price – 11,403.819K rubles (exclusive of VAT) | December 24, 2013 |
| 3 | Granting by Rosneft (licensor) to OJSC Tomskneft VNK (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 1,884.3K rubles | Transaction price – 1,884.3K rubles | December 24, 2013 |
| 4 | Purchase by Rosneft (buyer) of oil from OJSC Tomskneft VNK (supplier) in the volume of up to 5,135.0 Kt in the total amount of 71,890,000.0 K rubles (inclusive of VAT) | Transaction price – 71,890,000.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 5 | Transfer by Rosneft (lessor) for lease to OJSC Tomskneft VNK (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 711.0 K rubles per year (inclusive of VAT) | Transaction price – 711.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 6 | Provision by Rosneft (contractor) of the services to OJSC Tomskneft VNK (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 12,820.0 K rubles (inclusive of VAT) | Transaction price – up to 12,820.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 7 | Performance by Rosneft (agent) upon assignment, on behalf and at the expense of OJSC Tomskneft VNK (principal) of the actions associated with arrangement of delivery of material and technical resources (MTR), provision of the services associated with installation, supervision, setting to work and commissioning of equipment, services associated with inspecting the quality of manufacture of MTR and other services for the compensation in the amount of 21,340.0 K rubles (inclusive of VAT) | Transaction price – 21,340.0 K rubles (inclusive of VAT) | September 8, 2014 |
| 8 | Performance by OJSC Tomskneft VNK (technical customer) upon assignment, on behalf and at the expense of Rosneft (developer) of the actions associated with fulfillment of functions of the technical customer on arrangement of construction (reconstruction) of industrial facilities of Rosneft for the compensation in the amount of 12,893.0 K rubles (inclusive of VAT) | Transaction price – 12,893.0 K rubles (inclusive of VAT) | December 24, 2014 |
| TRANSACTIONS WHERE OJSC TOMSKNIPINEFT IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| A.V. Votinov – Member of Management Board of Rosneft, Member of Board of Directors of OJSC TomskNIPIneft – a party to the transactions | | | |
| 1 | Provision by OJSC TomskNIPIneft (contractor) of the services (performance of the works) for Rosneft (customer) in the framework of the Summary List of Target Innovative Projects of Rosneft for the compensation in the amount of 12,860.0 K rubles (inclusive of VAT) | Transaction price – 12,860.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Granting by Rosneft (licensor) to OJSC TomskNIPIneft (licensee) of the right to use software and provision of the services for technical support of the transferred software for the compensation in the amount of 6.1K rubles (inclusive of VAT) | Transaction price – 6.1K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Provision by Rosneft (contractor) of the services to OJSC TomskNIPIneft (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 680.0 K rubles (inclusive of VAT) | Transaction price – up to 680.0 K rubles (inclusive of VAT) | August 18, 2014 |
| 4 | Provision by OJSC TomskNIPIneft (contractor) of the services to Rosneft (customer) associated with development of digital information classifiers on objects of thematic sections of the geo-data base of the corporate GIS and creation of libraries of conventional signs in AutoCAD format for digital topographic information for the compensation in the amount of 7,141.172K rubles (inclusive of VAT) | Transaction price – 7,141.172K rubles (inclusive of VAT) | September 8, 2014 |
| 5 | Granting by Rosneft (licensor) to OJSC TomskNIPIneft (licensee) of the right to use software products of SS RN-KIN and SS RN-KIM for the compensation in the amount of 11,403.82K rubles (exclusive of VAT) | Transaction price – 11,403.82K rubles (exclusive of VAT) | November 12, 2014 |
| 6 | Provision by OJSC TomskNIPIneft (contractor) of the services (performance of the works) for Rosneft (customer) associated with study the effectiveness of the impact of alkali-PAV-polymer blends for the compensation in the amount of 500.0 K rubles (inclusive of VAT) | Transaction price – 500.0 K rubles (inclusive of VAT) | November 12, 2014 |
| TRANSACTIONS WHERE OJSC TULANEFTPRODUKT IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| D. Casimiro – Member of Management Board of Rosneft, Member of Board of Directors of OJSC Tulaneftprodukt – a party to the transactions | | | |
| 1 | Change in terms and conditions of the transaction on provision by OJSC Tulaneftprodukt (lender) of an interest-bearing loan to Rosneft (borrower) in the amount of 1,300,000.0 K rubles for the term of up to 5 years on the following terms and conditions: the outstanding amount of the principal debt is 775,397.7K rubles; the interest rate – within a range of the market interval of prices, established (changed) by the Budget Committee of Rosneft; the total contract value inclusive of the interest is 1,876,342.5K rubles | Transaction price – 1,876,342.5K rubles | December 12, 2014 |
| TRANSACTIONS WHERE OJSC UDMURTNEFT IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| E.M. Liron – Deputy Chairman of Management Board of Rosneft, Chairman of Board of Directors of OJSC Udmurtneft – a party to the transactions | | | |
| 1 | Performance by OJSC Udmurtneft (agent) upon assignment of Rosneft (principal) on its own behalf and at the expense of Rosneft or on behalf and at the expense of Rosneft of the actions associated with arrangement of execution of pilot works in the framework of the Target Innovative Projects for the compensation in the amount of 580.0 K rubles (inclusive of VAT) | Transaction price – 580.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Granting by Rosneft (licensor) to OJSC Udmurtneft (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 390.7K rubles (inclusive of VAT) | Transaction price – 390.7K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Purchase by Rosneft (buyer) of oil from OJSC Udmurtneft (supplier) in the volume of up to 3,206.4 kt in the total amount of 48,096,000.0 K rubles (inclusive of VAT) | Transaction price – 48,096,000.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 4 | Performance by Rosneft (consignee) on its own behalf, upon assignment and at the expense of OJSC Udmurtneft (consignor) of the actions associated with sales for export of crude oil owned by OJSC Udmurtneft in the volume of up to 3.0 mln tons for the compensation in the amount of up to US\$ 15,054.0 K (inclusive of VAT) | Transaction price – up to US\$ 15,054.0 K (inclusive of VAT) | December 24, 2013 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|--|---|--|-------------------|
| 5 | Performance by Rosneft (consignee) on its own behalf, upon assignment and at the expense of OJSC Udmurtneft (consignor) of the actions associated with sales on the domestic market of crude oil owned by OJSC Udmurtneft, in the volume of up to 1,078.8 kt for the compensation in the amount of up to 99,723.72K rubles (inclusive of VAT) | Transaction price – up to 99,723.72K rubles (inclusive of VAT) | December 24, 2013 |
| 6 | Provision by Rosneft (contractor) of the services to OJSC Udmurtneft (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 4,840.0 K rubles (inclusive of VAT) | Transaction price – up to 4,840.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 7 | Performance by Rosneft (agent) upon assignment, on behalf and at the expense of OJSC Udmurtneft (principal) of the actions associated with arrangement of delivery of material and technical resources (MTR), provision of the services associated with installation, supervision, setting to work and commissioning of equipment, services associated with inspecting the quality of manufacture of MTR and other services for the compensation in the amount of 27,681.3K rubles (inclusive of VAT) | Transaction price – 27,681.3K rubles (inclusive of VAT) | September 8, 2014 |
| TRANSACTIONS WHERE LLC VAL SHATSKOGO IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Payment by Rosneft (participant) of an additional contribution to the charter capital of LLC Val Shatskogo (Subsidiary) by cash in the amount of 539,061.74K rubles | Transaction price – 539,061.74K rubles | November 12, 2014 |
| TRANSACTIONS WHERE LLC VOSTOK-ENERGY IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Granting by Rosneft (licensor) to LLC Vostok-Energy (licensee) of the right to use software for the compensation in the amount of 74.6K rubles (inclusive of VAT) | Transaction price – 74.6K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Granting by Rosneft (lender) of an interest-bearing loan to LLC Vostok-Energy (borrower) for funding the investment activity in the amount of up to 4,500.0 K rubles for the term of 5 years. The total contract value inclusive of the interest is up to 6,975.0 K rubles | Transaction price – up to 6,975.0 K rubles | June 26, 2014 |
| 3 | Change in the terms and conditions of the transaction for granting by Rosneft (lender) of an interest-bearing loan to LLC Vostok-Energy (borrower) in the amount of 229,143.0 K rubles for funding the investment activity, by means of extension of the loan repayment period till December 30, 2017 on the following terms and conditions: the outstanding amount of the principal debt is 229,143.0 K rubles; from the date of extension of the loan agreement with regard to the actual outstanding amount of the borrower an interest rate is applied within a range of the market interval of prices, approved by the Budget Committee of Rosneft as of the extension date; the total contract value inclusive of the interest is 377,703.7K rubles | Transaction price – 377,703.7K rubles | December 12, 2014 |
| TRANSACTIONS WHERE LLC DUBININSKOE IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Granting by Rosneft (licensor) to LLC Dubininskoe (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 55.0 K rubles (inclusive of VAT) | Transaction price – 55.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Provision by Rosneft (contractor) of the services to LLC Dubininskoe (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 1,600.0 K rubles (inclusive of VAT) | Transaction price – up to 1,600.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 3 | Granting by Rosneft (lender) of an interest-bearing loan to LLC Dubininskoe (borrower) for funding the investment activity in the amount of 129,600.0 K rubles for the term of 3 years. The total contract value inclusive of the interest is up to 172,368.0 K rubles | Transaction price – up to 172,368.0 K rubles | August 18, 2014 |
| 4 | Granting by Rosneft (licensor) to LLC Dubininskoe (licensee) of the non-exclusive rights to use in the business activity of the licensee in the territory of the Russian Federation of trademarks owned by Rosneft for the term of 10 years for the compensation in the amount of 218.89K rubles (inclusive of VAT) | Transaction price – 218.89K rubles (inclusive of VAT) | October 6, 2014 |
| TRANSACTIONS WHERE LLC CASPIAN OIL COMPANY IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| Z. Runje – Member of Management Board of Rosneft, Member of Board of Directors of LLC Caspian Oil Company – a party to the transactions | | | |
| 1 | Granting by Rosneft (lender) of an interest-bearing loan to LLC Caspian Oil Company (borrower) for funding the investment activity in the amount of up to 637,552.9K rubles for the term of up to 30 years. The total contract value inclusive of the interest is up to 2,167,679.9K rubles | Transaction price – up to 2,167,679.9K rubles | June 26, 2014 |
| 2 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC Caspian Oil Company (borrower) for funding the investment activity in the amount of 637,552.9K rubles regarding an increase of the loan amount up to 751,052.9K rubles and an increase of the total transaction value inclusive of the chargeable interest up to 2,525,214.1K rubles | Transaction price – up to 2,525,214.1K rubles | October 6, 2014 |
| TRANSACTIONS WHERE LLC KNPZ-SERVICE IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Granting by Rosneft (licensor) to LLC KNPZ-Service (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 55.0 K rubles (inclusive of VAT) | Transaction price – 55.0 K rubles (inclusive of VAT) | December 24, 2013 |
| TRANSACTIONS WHERE LLC KOMPANIYA POLYARNOE SIYANIE IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Granting by Rosneft (licensor) to LLC Kompaniya Polyarnoe Siyanie (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 32.4K rubles (inclusive of VAT) | Transaction price – 32.4K rubles (inclusive of VAT) | December 24, 2013 |
| TRANSACTIONS WHERE LLC KOMSOMOLSKNEFTEZAVODREMSTROI IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| | Granting by Rosneft (licensor) to LLC Komsomolskneftezavodremstroi (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 64.7K rubles (inclusive of VAT) | Transaction price – 64.7K rubles (inclusive of VAT) | December 24, 2013 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|--|--|---|-------------------|
| TRANSACTIONS WHERE LLC KRASNOLENINSKIY NEFTEPERERABATYVAYUSCHIY ZAVOD IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| A.V. Votinov – Member of Management Board of Rosneft, Member of Board of Directors of LLC Krasnoleninskiy Neftepererabatyvayuschiy Zavod – a party to the transactions | | | |
| D. Casimiro – Member of Management Board of Rosneft, Member of Board of Directors of LLC Krasnoleninskiy Neftepererabatyvayuschiy Zavod – a party to the transactions | | | |
| I.V. Pavlov – Member of Management Board of Rosneft, Chairman of Board of Directors of LLC Krasnoleninskiy Neftepererabatyvayuschiy Zavod – a party to the transactions | | | |
| 1 | Supply by Rosneft (supplier) to LLC Krasnoleninskiy Neftepererabatyvayuschiy Zavod (buyer) of flammable natural dry stripped gas in the volume not exceeding 472.0 thousand cubic meters in the total value of 1,600.0 K rubles (inclusive of VAT) | Transaction price – 1,600.0 K rubles (inclusive of VAT) | February 26, 2014 |
| 2 | Change in terms and conditions of the transaction on supply by Rosneft (supplier) to LLC Krasnoleninskiy Neftepererabatyvayuschiy Zavod (buyer) of flammable natural dry stripped gas with regard to increase in the volume of supply up to 1,475. Thousand cubic meters and the total value up to 4,850.0 K rubles (inclusive of VAT) | Transaction price – up to 4,850.0 K rubles (inclusive of VAT) | February 26, 2014 |
| 3 | Granting by Rosneft (lender) of an interest-bearing loan to LLC Krasnoleninskiy Neftepererabatyvayuschiy Zavod (borrower) for funding the operating activities in the amount of up to 78,431.7K rubles for the term of 2 years. The total contract value inclusive of the interest is up to 94,118.0 K rubles | Transaction price – up to 94,118.0 K rubles | June 26, 2014 |
| 4 | Provision by Rosneft (contractor) of the services to LLC Krasnoleninskiy Neftepererabatyvayuschiy Zavod (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 20.0 K rubles (inclusive of VAT) | Transaction price – up to 20.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 5 | Supply by Rosneft (supplier) of petroleum products to LLC Krasnoleninskiy Neftepererabatyvayuschiy Zavod (buyer) in the volume of 0.041 kt for the total price of 1,394.0 K rubles (inclusive of VAT) | Transaction price – 1,394.0 K rubles (inclusive of VAT) | December 24, 2013 |
| TRANSACTIONS WHERE LLC NATIONAL PETROLEUM CONSORTIUM (LLC NPC) IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares, an affiliate of which – I.I. Sechin, Chairman of Board of Directors of OJSC ROSNEFTEGAZ, is Chairman of Board of Directors of LLC National Petroleum Consortium – a party to the transactions | | | |
| I.I. Sechin – Member of Board of Directors, President of Management Board of Rosneft, Chairman of Board of Directors of LLC National Petroleum Consortium – a party to the transactions | | | |
| 1 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan of LLC National Petroleum Consortium (borrower) for funding the statutory activities in the amount of 759,247.0 K rubles regarding an increase of the loan amount up to 1,157,331.8K rubles and an increase of the total transaction value inclusive of the chargeable interest up to 1,665,014.4K rubles | Transaction price – up to 1,665,014.4K rubles | October 6, 2014 |
| 2 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC National Petroleum Consortium (borrower) for funding the investment activity in the amount of 6,388,852.8K rubles regarding an increase of the loan amount up to 8,431,745.3K rubles and an increase of the total transaction value inclusive of the chargeable interest up to 11,565,000.2K rubles | Transaction price – up to 11,565,000.2K rubles | October 6, 2014 |
| TRANSACTIONS WHERE LLC NGK ITERA IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| D. Casimiro – Member of Management Board of Rosneft, Member of Board of Directors of LLC NGK ITERA – a party to the transactions | | | |
| P.I. Lazarev – Member of Management Board of Rosneft, Member of Board of Directors of LLC NGK ITERA – a party to the transactions | | | |
| 1 | Purchase by Rosneft (buyer) from LLC NGK ITERA (supplier) of combustible natural dry stripped gas in the volume of at least 1,325.300 thousand cubic meters for the total price of 4,771,834.626K rubles (inclusive of VAT), subject to transfer of gas to GDS of TPP-1 and TPP-2 in Tyumen of LLC Gazprom Transgaz Surgut; | Transaction price – 4,771,834.626K rubles (inclusive of VAT) | February 26, 2014 |
| 2 | Purchase by Rosneft (buyer) from LLC NGK ITERA (supplier) of combustible natural dry stripped gas in the volume of at least 2,361,200 thousand cubic meters for the total price of 5,846,606.799K rubles (inclusive of VAT), subject to transfer of gas to 196.7 km of Urengoy-Surgut-Chelyabinsk gas pipeline, as well as in tie-in point of gas pipeline-connection D1020, located in the area of Beregovoe gas condensate field, in Zapolyarnoe-Urengoy gas pipeline; | Transaction price – 5,846,606.799K rubles (inclusive of VAT) | February 26, 2014 |
| 3 | Purchase by Rosneft (buyer) from LLC NGK ITERA (supplier) of combustible natural dry stripped gas in the volume of at least 4,900,000.0 thousand cubic meters for the total price of 21,084,063.0 K rubles (inclusive of VAT), subject to transfer of gas in outlets of Konakovo GDS of LLC Gazprom Transgaz Moskva and GDS of Sredneurskaya State District Power Station of Gazprom Transgaz Ekaterinburg; | Transaction price – 21,084,063.0 K rubles (inclusive of VAT) | February 26, 2014 |
| 4 | Supply by Rosneft (supplier) to LLC NGK ITERA (buyer) of combustible natural dry stripped gas in the volume of at least 986,300.0 thousand cubic meters for the total price of 2,442,193.921K rubles (inclusive of VAT), subject to transfer of gas on the boundary of the division of gas pipelines of CJSC Geotransgaz and LLC Gazprom Transgaz Surgut, as well as on zero km between gas-measuring stations KS-1 Yamburgskaya and KS-2 Yamburgskaya and northern safety valves NSV of LLC Gazprom Transgaz Yugorsk; | Transaction price – 2,442,193.921K rubles (inclusive of VAT) | February 26, 2014 |
| 5 | Supply by Rosneft (supplier) to LLC NGK ITERA (buyer) of combustible natural dry stripped gas in the volume of at least 758,600.0 thousand cubic meters for the total price of 3,410,656.232K rubles (inclusive of VAT), subject to transfer of gas in outlets of GDS of LLC Gazprom Transgaz Yugorsk in the Sverdlovsk Region and GDS of LLC Gazprom Transgaz Ekaterinburg in the Sverdlovsk Region. | Transaction price – 3,410,656.232K rubles (inclusive of VAT) | February 26, 2014 |
| 6 | Payment by Rosneft (participant) of an additional contribution to the charter capital of LLC NGK ITERA (Subsidiary) by cash in the amount of 4,194,600.31K rubles | Transaction price – 4,194,600.31K rubles | March 27, 2014 |
| 7 | Performance by Rosneft (agent) on its own behalf, at the expense and upon assignment of LLC NGK ITERA (principal) of legal and other actions associated with acquisition for the principal of the appraisal's services to determine the market value of shares purchased and sold by LLC NGK ITERA for the compensation in the amount of 11.8K rubles (inclusive of VAT) | Transaction price – 11.8K rubles (inclusive of VAT) | March 27, 2014 |
| 8 | Procurement by Rosneft (borrower) from LLC NGK ITERA (lender) of an interest-bearing loan in the amount of 10 000 000.0 K rubles for the term of up to 5 years. The total contract value inclusive of the interest is up to 13,500,000.0 K rubles | Transaction price – up to 13,500,000.0 K rubles | April 4, 2014 |
| 9 | Granting by Rosneft (lender) of an interest-bearing loan to LLC NGK ITERA (borrower) for funding the operating activities in the amount of up to 2,845,043.0 K rubles for the term of 2 years. The total contract value inclusive of the interest is up to 3,414,051.6K rubles | Transaction price – up to 3,414,051.6K rubles | June 26, 2014 |
| 10 | Granting by Rosneft (licensor) to LLC NGK ITERA (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 707.9K rubles (inclusive of VAT) | Transaction price – 707.9K rubles (inclusive of VAT) | December 24, 2013 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|--|--|--|-------------------|
| 11 | Provision by Rosneft (contractor) of the services to LLC NGK ITERA (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 3 14,930.0 K rubles (inclusive of VAT) | Transaction price – up to 3 14,930.0 K rubles (inclusive of VAT) | July 25, 2014 |
| TRANSACTIONS WHERE LLC NEFTEPROMLEASING IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| P.I. Lazarev – Member of Management Board of Rosneft, Chairman of Supervisory Board of LLC Neftepromleasing – a party to the transactions) | | | |
| 1 | Granting by Rosneft (licensor) to LLC Neftepromleasing (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 182.4K rubles (inclusive of VAT) | Transaction price – 182.4K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Transfer by Rosneft (lessee) for sub-lease to LLC Neftepromleasing (sub-lessee) of immovable assets (non-residential premises with the total area of 380.52 sq. m and 2 parking stalls in the building located at: Moscow, 3-1 Begovaya Street). The total contract value is 11,384.7K rubles (inclusive of VAT) | Transaction price – 11,384.7K rubles (inclusive of VAT) | April 15, 2014 |
| 3 | Transfer by Rosneft (lessor) for lease to LLC Neftepromleasing (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 34.0 K rubles per year (inclusive of VAT) | Transaction price – 34.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 4 | Provision by Rosneft (contractor) of the services to LLC Neftepromleasing (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 1,300.0 K rubles (inclusive of VAT) | Transaction price – up to 1,300.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 5 | Provision by Rosneft (surety) of suretyship to CJSC Sberbank Leasing (lender) for obligations of LLC Neftepromleasing (beneficiary) under the contract for leasing of 19 drilling rigs, entered into between CJSC Sberbank Leasing and LLC Neftepromleasing. The surety amount is equal to the amount of obligations of LLC Neftepromleasing (beneficiary) to CJSC Sberbank Leasing (lender) – 9,288,434.21K rubles (inclusive of VAT) | Transaction price – 9,288,434.21K rubles (inclusive of VAT) | September 8, 2014 |
| 6 | Transfer by LLC Neftepromleasing (lessor) for leasing to Rosneft (lessee) of 17 motor vehicles for a term from 21 to 37 months; upon completion of the leasing – transfer by LLC Neftepromleasing of motor vehicles to Rosneft in ownership. The total contract value is up to 92,672.5K rubles (inclusive of VAT) | Transaction price – up to 92,672.5K rubles (inclusive of VAT) | September 8, 2014 |
| 7 | Granting by Rosneft (licensor) to LLC Neftepromleasing (licensee) of the non-exclusive rights to use in the business activity of the licensee in the territory of the Russian Federation of trademarks owned by Rosneft for the term of 10 years for the compensation in the amount of 2 18.89K rubles (inclusive of VAT) | Transaction price – 2 18.89K rubles (inclusive of VAT) | October 6, 2014 |
| TRANSACTIONS WHERE LLC NK ROSNEFT-NTC IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| A.V. Votinov – Member of Management Board of Rosneft, Member of Management Board of LLC NK Rosneft-NTC – a party to the transactions | | | |
| 1 | Provision by LLC NK Rosneft-NTC (contractor) of the services to Rosneft (customer) associated with development and agreement of the Standard Rates of In-Process Losses in Hydrocarbon Production by Field in the Territory of Rosneft Operations for 2015 for the compensation in the amount of 5,100.0 K rubles (inclusive of VAT) | Transaction price – 5,100.0 K rubles (inclusive of VAT) | November 30, 2013 |
| 2 | Granting by Rosneft (licensor) to LLC NK Rosneft-NTC (licensee) of the right to use software products for the compensation in the amount of 11,403.819K rubles (exclusive of VAT) | Transaction price – 11,403.819K rubles (exclusive of VAT) | December 24, 2013 |
| 3 | Provision by LLC NK Rosneft-NTC (contractor) of the services to Rosneft (customer) associated with search and evaluation of prospective areas of unallocated stock of subsoil for detection of gas and gas condensate fields for the compensation in the amount of 12,000.0 K rubles (inclusive of VAT) | Transaction price – 12,000.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 4 | Granting by Rosneft (licensor) to LLC NK Rosneft-NTC (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 3,082.7K rubles (inclusive of VAT) | Transaction price – 3,082.7K rubles (inclusive of VAT) | December 24, 2013 |
| 5 | Payment by Rosneft (participant) of an additional contribution to the charter capital of LLC NK Rosneft-NTC (Subsidiary) by cash in the amount of 4,743,729.75K rubles. The amount, to which the nominal value of Rosneft's share in the charter capital of LLC NK Rosneft-NTC is 4,743,729.75K rubles | Transaction price – 4,743,729.75K rubles | December 24, 2013 |
| 6 | Performance by LLC NK Rosneft-NTC (contractor) of the works (provision of the services) for Rosneft (customer) for construction of the 2nd stage of the Science Center Test Range in the Southern Federal District: design, design and survey works, works to provide designer supervision, adjust the design documents, support and get them approved by the regulatory and supervisory organizations, for the compensation in the total amount of 100,000.0 K rubles (inclusive of VAT) | Transaction price – 100,000.0 K rubles (inclusive of VAT) | April 4, 2014 |
| 7 | Transfer by Rosneft (lessor) for lease to LLC NK Rosneft-NTC (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 3,196.0 K rubles per year (inclusive of VAT) | Transaction price – 3,196.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 8 | Provision by LLC NK Rosneft-NTC (contractor) of the services to Rosneft (customer) associated with carrying out field measurements, calculations, for preparation of feasibility studies and agreement of an acceptable level of norms and standards of losses of crude hydrocarbons in production, technologically allied with the accepted scheme and technology of field development throughout the territory of Rosneft operations for the compensation in the amount of 5,100.0 K rubles (inclusive of VAT) | Transaction price – 5,100.0 K rubles (inclusive of VAT) | November 27, 2014 |
| TRANSACTIONS WHERE LLC PKHK TSSKA IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares, an affiliate of which – I.I. Sechin, Chairman of Board of Directors of OJSC ROSNEFTEGAZ, is Chairman and A.I. Akimov is Member of Supervisory Board of LLC PKHK TSSKA – a party to the transactions | | | |
| I.I. Sechin – Member of Board of Directors, President, Chairman of Rosneft, Chairman of Supervisory Board of LLC PKHK TSSKA – a party to the transactions | | | |
| A.I. Akimov – Member of Board of Directors of Rosneft, Member of Supervisory Board of LLC PKHK TSSKA – a party to the transactions | | | |
| A.R. Bokarev – Member of Board of Directors of Rosneft, Member of Supervisory Board of LLC PKHK TSSKA – a party to the transactions | | | |
| 1 | Procurement by Rosneft (borrower) from LLC PKHK TSSKA (lender) of an interest-bearing loan in the amount not exceeding 3,500,000.0 K rubles for the term of up to 5 years. The total contract value inclusive of the interest is up to 4,725,000.0 K rubles | Transaction price – up to 4,725,000.0 K rubles | March 17, 2014 |
| TRANSACTIONS WHERE LLC RN-ABKHAZIA IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Granting by Rosneft (licensor) to LLC RN-Abkhazia (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 32.6K rubles (inclusive of VAT) | Transaction price – 32.6K rubles (inclusive of VAT) | December 24, 2013 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|--|---|---|-------------------|
| 2 | Sale by Rosneft (supplier) of petroleum products to LLC RN-Abkhazia (buyer) in the volume of up to 60.0 Kt for the total price not exceeding 2,500,000.0 K rubles (inclusive of VAT) | Transaction price – not exceeding 2,500,000.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Provision by Rosneft (contractor) of the services to LLC RN-Abkhazia (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 10.0 K rubles (inclusive of VAT) | Transaction price – up to 10.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 4 | Granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Abkhazia (borrower) for funding the operating activities in the amount of up to 210,355.29K rubles for the term of 2 years. The total contract value inclusive of the interest is up to 252,426.34K rubles | Transaction price – up to 252,426.34K rubles | August 18, 2014 |
| TRANSACTIONS WHERE LLC RN-AKTIV (BEFORE AUGUST 29, 2014 – LLC ZAPAD-SHMIDT INVEST) IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Payment by Rosneft (participant) of an additional contribution to the charter capital of LLC RN-Aktiv (Subsidiary) by cash in the amount of 12,420,343.054K rubles (exclusive of VAT) | Transaction price – 12,420,343.054K rubles (exclusive of VAT) | July 25, 2014 |
| 2 | Provision by LLC RN-Aktiv (lender) of an interest-bearing loan to Rosneft (borrower) in the amount of up to 850,000.0 K rubles for the term of up to 5 years. The total contract value inclusive of the interest is up to 1,232,500.0 K rubles | Transaction price – up to 1,232,500.0 K rubles | November 27, 2014 |
| 3 | Granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Aktiv (borrower) in the amount of 1,626,706.8K rubles for the term of 2 years. The total contract value inclusive of the interest is up to 2,017,116.5K rubles | Transaction price – up to 2,017,116.5K rubles | December 12, 2014 |
| TRANSACTIONS WHERE LLC RN-ARKHANGELSKNEFTEPRODUKT IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Provision by LLC RN-Arkhangelsknefteprodukt (contractor) of the services to Rosneft (customer) associated with loading and unloading, storage of cargoes, delivered for subsequent bunkering of vessels in the volume of 159.0 kt for the compensation in the amount of 1,590.0 K rubles (inclusive of VAT) | Transaction price – 1,590.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Performance by LLC RN-Arkhangelsknefteprodukt (technical customer) upon assignment, on behalf and at the expense of Rosneft (developer) of the actions associated with fulfillment of functions of the technical customer on arrangement of construction (reconstruction) of industrial facilities of Rosneft for the compensation in the amount of 150.0 K rubles (inclusive of VAT) | Transaction price – 150.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Granting by Rosneft (licensor) to LLC RN-Arkhangelsknefteprodukt (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 680.1K rubles (inclusive of VAT) | Transaction price – 680.1K rubles (inclusive of VAT) | December 24, 2013 |
| 4 | Supply by Rosneft (supplier) of petroleum products, liquefied hydrocarbon gases (LHG) to LLC RN-Arkhangelsknefteprodukt (buyer) in the volume of 250,66 kt for the total price of 13,413,540.0 K rubles (inclusive of VAT) | Transaction price – 13,413,540.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 5 | Provision by LLC RN-Arkhangelsknefteprodukt (contractor) of the services to Rosneft (customer) associated with acceptance, storage and issue of petroleum products in the volume of 11.0 kt for the compensation in the amount of 8,604.97K rubles (inclusive of VAT) | Transaction price – 8,604.97K rubles (inclusive of VAT) | February 5, 2014 |
| 6 | Transfer by Rosneft (lessor) for lease to LLC RN-Arkhangelsknefteprodukt (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 185,785.0 K rubles per year (inclusive of VAT) | Transaction price – 185,785.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 7 | Performance by LLC RN-Arkhangelsknefteprodukt (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arranging registration of the title to and transactions with immovable assets in the territory of the Arkhangelsk Region for the compensation in the amount of 60.0 K rubles (inclusive of VAT) | Transaction price – 60.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 8 | Performance by LLC RN-Arkhangelsknefteprodukt (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arrangement of land management and settlement of the land relationships between Rosneft and the holders of the title to the land plots occupied by the immovable assets of Rosneft located in the territory of the Arkhangelsk Region for the compensation in the amount of 600.0 K rubles (inclusive of VAT) | Transaction price – 600.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 9 | Provision by LLC RN-Arkhangelsknefteprodukt (contractor) of the services to Rosneft (customer) associated with upkeep and maintenance of the mothballed immovable assets owned by Rosneft, which are not engaged in the operating process for the compensation in the amount of 81,929.0 K rubles (inclusive of VAT) | Transaction price – 81,929.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 10 | Provision by Rosneft (contractor) of the services to LLC RN-Arkhangelsknefteprodukt (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 40.0 K rubles (inclusive of VAT) | Transaction price – up to 40.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 11 | Granting by Rosneft (licensor) to LLC RN-Arkhangelsknefteprodukt (licensee) of the non-exclusive rights to use in the business activity of the licensee in the territory of the Russian Federation of trademarks owned by Rosneft for the term of 10 years for the compensation in the amount of 2,301.0 K rubles (inclusive of VAT) | Transaction price – 2,301.0 K rubles (inclusive of VAT) | October 6, 2014 |
| 12 | Provision by Rosneft (contractor) of the services to LLC RN-Arkhangelsknefteprodukt (customer) associated with insurance of the customer's assets, machines and mechanisms against breakdown, damages resulting from an interruption in the customer's operations, arrangement of reinsurance protection for the compensation in the amount of 339.27K rubles (inclusive of VAT) | Transaction price – 339.27K rubles (inclusive of VAT) | October 6, 2014 |
| 13 | Performance by LLC RN-Arkhangelsknefteprodukt (technical customer) upon assignment, on behalf and at the expense of Rosneft (developer) of the actions associated with fulfillment of functions of the technical customer on arrangement of construction (reconstruction) of industrial facilities of Rosneft for the compensation in the amount of 1,317.0 K rubles (inclusive of VAT) | Transaction price – 1,317.0 K rubles (inclusive of VAT) | December 24, 2014 |
| TRANSACTIONS WHERE LLC RN-AERO IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Granting by Rosneft (licensor) to LLC RN-Aero (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 379.0 K rubles (inclusive of VAT) | Transaction price – 379.0 K rubles (inclusive of VAT) | December 24, 2013 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|--|--|--|-------------------|
| 2 | Supply by Rosneft (supplier) of petroleum products to LLC RN-Aero (buyer) in the volume of up to 3,186.172 kt for the total price of up to 90,965,210.0 K rubles (inclusive of VAT) | Transaction price – up to 90,965,210.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Provision by Rosneft (contractor) of the services to LLC RN-Aero (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 140,680.0 K rubles (inclusive of VAT) | Transaction price – up to 140,680.0 K rubles (inclusive of VAT) | July 25, 2014 |
| TRANSACTIONS WHERE LLC RN-BUNKER IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Granting by Rosneft (licensor) to LLC RN-Bunker (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 2,107.2K rubles (inclusive of VAT) | Transaction price – 2,107.2K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Sale by Rosneft (supplier) of petroleum products to LLC RN-Bunker (buyer) in the volume of 4,091.0 kt for the total price of 78,747,493.0 K rubles (inclusive of VAT) | Transaction price – 78,747,493.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Provision by Rosneft (contractor) of the services to LLC RN-Bunker (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 38,110.0 K rubles (inclusive of VAT) | Transaction price – up to 38,110.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 4 | Supply by Rosneft (supplier) of petroleum products to LLC RN-Bunker (buyer) in the volume of 4,718 kt for the total price of 82,691,525.0 K rubles (inclusive of VAT) | Transaction price – 82,691,525.0 K rubles (inclusive of VAT) | November 27, 2014 |
| 5 | Assumption by Rosneft (surety) of the obligations to bear responsibility for performance by LLC RN-Bunker (beneficiary) to Sakhalin Energy Investment Company LTD (buyer) of the supplier's obligations under the contract for supply of products (low-viscosity marine fuel, winter / summer diesel fuel), entered into between LLC RN-Bunker (supplier) and Sakhalin Energy Investment Company LTD (buyer) for the term of up to January 28, 2019, in the volume of up to 210.0 kt for the total price of up to 7,140,000.0 K rubles (inclusive of VAT) at the written request of the buyer and in case of non-performance by the supplier of its obligations under the contract for supply of products. The surety and the supplier bear joint responsibility to the buyer. | Transaction price – up to 7,140,000.0 K rubles (inclusive of VAT) | December 12, 2014 |
| TRANSACTIONS WHERE LLC RN-BURENIE IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Supply by Rosneft (supplier) of petroleum products to LLC RN-Burenie (buyer) in the volume of 19.08 kt for the total price of 872,461.0 K rubles (inclusive of VAT) | Transaction price – 872,461.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Granting by Rosneft (licensor) to LLC RN-Burenie (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 4,315.6K rubles (inclusive of VAT) | Transaction price – 4,315.6K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Change in terms and conditions of the transaction on sale by Rosneft (seller) to LLC RN-Burenie (buyer) of diesel fuel in the volume of 3.85 kt regarding an increase of the total price up to 150,000.0 K rubles (inclusive of VAT) | Transaction price – up to 150,000.0 K rubles (inclusive of VAT) | February 26, 2014 |
| 4 | Transfer by Rosneft (lessee) for sub-lease to LLC RN-Burenie (sub-lessee) of immovable assets (non-residential premises with the total area of 781.45 sq. m and 22 parking spaces in the building located at: Moscow, 3-1 Begovaya Street). The total contract value is 36,362.9K rubles (inclusive of VAT) | Transaction price – 36,362.9K rubles (inclusive of VAT) | April 15, 2014 |
| 5 | Granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Burenie (borrower) for funding the investment activity in the amount of up to 12,600,000.0 K rubles for the term of 3 years. The total contract value inclusive of the interest is up to 16,380,000.0 K rubles | Transaction price – up to 16,380,000.0 K rubles | April 15, 2014 |
| 6 | Granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Burenie (borrower) for funding the operating activities in the amount of up to 5,000,000.0 K rubles for the term of 3 years. The total contract value inclusive of the interest is up to 6,500,000.0 K rubles | Transaction price – up to 6,500,000.0 K rubles | April 15, 2014 |
| 7 | Transfer by Rosneft (lessor) for lease to LLC RN-Burenie (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 10,480.0 K rubles per year (inclusive of VAT) | Transaction price – 10,480.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 8 | Provision by Rosneft (contractor) of the services to LLC RN-Burenie (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 18,230.0 K rubles (inclusive of VAT) | Transaction price – up to 18,230.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 9 | Performance by Rosneft (agent) upon assignment, on behalf and at the expense of LLC RN-Burenie (principal) of the actions associated with arrangement of delivery of material and technical resources (MTR), provision of the services associated with installation, supervision, setting to work and commissioning of equipment, services associated with inspecting the quality of manufacture of MTR and other services for the compensation in the amount of 22,774.0 K rubles (inclusive of VAT) | Transaction price – 22,774.0 K rubles (inclusive of VAT) | September 8, 2014 |
| 10 | Granting by Rosneft (licensor) to LLC RN-Burenie (licensee) of the non-exclusive rights to use in the business activity of the licensee in the territory of the Russian Federation of trademarks owned by Rosneft for the term of 10 years for the compensation in the amount of 218.89K rubles (inclusive of VAT) | Transaction price – 218.89K rubles (inclusive of VAT) | October 6, 2014 |
| 11 | Performance by Rosneft (agent) on its own behalf, upon assignment and at the expense of LLC RN-Burenie (principal) of the actions associated with arrangement of consulting services for determination of the market value and due checking of acquired assets for the compensation in the amount not exceeding 60.0 K rubles (inclusive of VAT) | Transaction price – not exceeding 60.0 K rubles (inclusive of VAT) | November 12, 2014 |
| 12 | Granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Burenie (borrower) in the amount of 1,626,706.8K rubles for the term of 2 years. The total contract value inclusive of the interest is up to 2,017,116.5K rubles | Transaction price – up to 2,017,116.5K rubles | December 12, 2014 |
| 13 | Change in terms and conditions of the transaction on provision by LLC RN-Burenie (lender) of an interest-bearing loan to Rosneft (borrower) in the amount of up to 4,000,000.0 K rubles on the following terms and conditions: the outstanding amount of the principal debt is 2,724,645.2K rubles; the term of the loan is till August 19, 2018; the transaction value inclusive of the interest is up to 9,472,891.4K rubles | Transaction price – up to 9,472,891.4K rubles | December 30, 2014 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|--|---|--|-------------------|
| TRANSACTIONS WHERE LLC RN-VOSTOKNEFTEPRODUKT IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Provision by LLC RN-Vostoknefteprodukt of comprehensive services to Rosneft associated with acceptance, accumulation (protection) of petroleum products of Rosneft, transported by sea for subsequent bunkering of the Russian and foreign fleet in the volume of up to 10.0 kt. The total amount of the fee is 10,541.30K rubles (inclusive of VAT) | Transaction price – 10,541.30K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Granting by Rosneft (licensor) to LLC RN-Vostoknefteprodukt (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 796.9K rubles (inclusive of VAT) | Transaction price – 796.9K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Supply by Rosneft (supplier) of petroleum products to LLC RN-Vostoknefteprodukt (buyer) in the volume of 1,601,11 kt for the total price of 90,426,020.0 K rubles (inclusive of VAT) | Transaction price – 90,426,020.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 4 | Transfer by Rosneft (lessor) for lease to LLC RN-Vostoknefteprodukt (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 5,263.0 K rubles per year (inclusive of VAT) | Transaction price – 5,263.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 5 | Performance by LLC RN-Vostoknefteprodukt (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arranging registration of the title to and transactions with immovable assets in the territory of the Khabarovsk Region for the compensation in the amount of 60.0 K rubles (inclusive of VAT) | Transaction price – 60.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 6 | Performance by LLC RN-Vostoknefteprodukt (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arrangement of land management and settlement of the land relationships between Rosneft and the holders of the title to the land plots occupied by the immovable assets of Rosneft located in the territory of the Khabarovsk Region for the compensation in the amount of 60.0 K rubles (inclusive of VAT) | Transaction price – 60.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 7 | Granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Vostoknefteprodukt (borrower) for funding the operating activities in the amount of up to 540,000.0 K rubles for the term of 2 years. The total contract value inclusive of the interest is up to 540,000.0 K rubles | Transaction price – up to 540,000.0 K rubles | June 26, 2014 |
| 8 | Provision by Rosneft (contractor) of the services to LLC RN-Vostoknefteprodukt (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 3,350.0 K rubles (inclusive of VAT) | Transaction price – up to 3,350.0 K rubles (inclusive of VAT) | July 25, 2014 |
| TRANSACTIONS WHERE LLC RN-EKATERINBURGNEFTEPRODUKT IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Supply by Rosneft (supplier) of oils to LLC RN-Ekaterinburgnefteprodukt (buyer) in the volume of 0.5 kt for the total price of 59,325.1K rubles (inclusive of VAT) | Transaction price – 59,325.1K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Granting by Rosneft (licensor) to LLC RN-Ekaterinburgnefteprodukt (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 402.0 K rubles (inclusive of VAT) | Transaction price – 402.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Supply by Rosneft (supplier) of petroleum products to LLC RN-Ekaterinburgnefteprodukt (buyer) in the volume of 48.14kt for the total price of 2,531,250.0 K rubles (inclusive of VAT) | Transaction price – 2,531,250.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 4 | Granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Ekaterinburgnefteprodukt (borrower) for funding the operating activities in the amount of up to 50,680.0 K rubles for the term of 2 years. The total contract value inclusive of the interest is up to 60,816.0 K rubles | Transaction price – up to 60,816.0 K rubles | June 26, 2014 |
| 5 | Granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Ekaterinburgnefteprodukt (borrower) for funding the investment activity in the amount of up to 17,830.0 K rubles for the term of 3 years. The total contract value inclusive of the interest is up to 23,713.8K rubles | Transaction price – up to 23,713.8K rubles | June 26, 2014 |
| 6 | Provision by Rosneft (contractor) of the services to LLC RN-Ekaterinburgnefteprodukt (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 10.0 K rubles (inclusive of VAT) | Transaction price – up to 10.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 7 | Granting by Rosneft (licensor) to LLC RN-Ekaterinburgnefteprodukt (licensee) of the non-exclusive rights to use in the business activity of the licensee in the territory of the Russian Federation of trademarks owned by Rosneft for the term of 10 years for the compensation in the amount of 1,416.0 K rubles (inclusive of VAT) | Transaction price – 1,416.0 K rubles (inclusive of VAT) | October 6, 2014 |
| 8 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Ekaterinburgnefteprodukt (borrower) in the amount of 77,011.5K rubles for funding the operating activities, by means of extension of the loan repayment period till December 31, 2016 on the following terms and conditions: the outstanding amount of the principal debt is 27,011.5K rubles; from the date of extension of the loan agreement with regard to the actual outstanding amount of the borrower an interest rate is applied within a range of the market interval of prices, approved by the Budget Committee of Rosneft as of the extension date; the total contract value inclusive of the interest is 35,718.1K rubles | Transaction price – 35,718.1K rubles | December 12, 2014 |
| 9 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Ekaterinburgnefteprodukt (borrower) in the amount of 271,000.0 K rubles for funding the operating activities, by means of extension of the loan repayment period till December 31, 2016 on the following terms and conditions: the outstanding amount of the principal debt is 124,725.0 K rubles; from the date of extension of the loan agreement with regard to the actual outstanding amount of the borrower an interest rate is applied within a range of the market interval of prices, approved by the Budget Committee of Rosneft as of the extension date; the total contract value inclusive of the interest is 164,927.5K rubles | Transaction price – 164,927.5K rubles | December 12, 2014 |
| TRANSACTIONS WHERE LLC RN-INGUSHNEFTEPRODUKT IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Granting by Rosneft (licensor) to LLC RN-Ingushnefteprodukt (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 109.1K rubles (inclusive of VAT) | Transaction price – 109.1K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Supply by Rosneft (supplier) of petroleum products, liquefied hydrocarbon gases (LHG) to LLC RN-Ingushnefteprodukt (buyer) in the volume of 79.54 kt for the total price of 4,114.530K rubles (inclusive of VAT) | Transaction price – 4,114.530K rubles (inclusive of VAT) | December 24, 2013 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|---|--|--|-------------------|
| 3 | Procurement by Rosneft (borrower) from LLC RN-Ingushnefteprodukt (lender) of an interest-bearing loan in the amount of 100,000.0 K rubles for the term of up to 5 years. The total contract value inclusive of the interest is up to 135,000.0 K rubles | Transaction price – up to 135,000.0 K rubles | April 4, 2014 |
| 4 | Provision by Rosneft (contractor) of the services to LLC RN-Ingushnefteprodukt (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 10.0 K rubles (inclusive of VAT) | Transaction price – up to 10.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 5 | Performance by Rosneft (agent) upon assignment, on behalf and at the expense of LLC RN-Ingushnefteprodukt (principal) of the actions associated with arrangement of delivery of material and technical resources (MTR), provision of the services associated with installation, supervision, setting to work and commissioning of equipment, services associated with inspecting the quality of manufacture of MTR and other services for the compensation in the amount of 16.13K rubles (inclusive of VAT) | Transaction price – 16.13K rubles (inclusive of VAT) | September 8, 2014 |
| 6 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Ingushnefteprodukt (borrower) for funding the investment activity in the amount of 263,717.4K rubles regarding extension of the loan repayment period | Transaction price – 263,717.4K rubles | November 27, 2014 |
| 7 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Ingushnefteprodukt (borrower) in the amount of 104,917.4K rubles for funding the operating activities, by means of extension of the loan repayment period till December 31, 2016 on the following terms and conditions: the outstanding amount is 65,702.1 K rubles; the transaction value is 65,702.1 K rubles | Transaction price – 65,702.1 K rubles | December 12, 2014 |
| 8 | Conclusion by Rosneft (lender) and LLC RN-Ingushnefteprodukt (borrower, debtor) of the debt forgiveness agreement, the subject – matter of which is partial release of LLC RN-Ingushnefteprodukt from the obligation on repayment to Rosneft of the principal debt in the total amount of 70,000.0 K rubles under loan agreements in the total amount of 138,308.4K rubles | Transaction price – 70,000.0 K rubles | December 30, 2014 |

TRANSACTIONS WHERE LLC RN-INOSTRANNYE INVESTITSII IS A PARTY

Persons/entities related to the transactions:

OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

| | | | |
|---|---|---|-------------------|
| 1 | Transfer by Rosneft (lessee) for sub-lease to LLC RN-Inostrannye Investitsii (sub-lessee) of a non-residential premise with the total area of 5,94 sq. m and 1 parking stall, located at: Moscow, Begovaya Street 3-1 for a term of 11 months for the fee in the amount of 313.86K rubles (inclusive of VAT) | Transaction price – 313.86K rubles (inclusive of VAT) | June 2, 2014 |
| 2 | Payment by Rosneft (participant) of a contribution to the assets of LLC RN-Inostrannye Investitsii (Subsidiary) by cash in the amount of 3,000.0 K rubles (exclusive of VAT) | Transaction price – 3,000.0 K rubles (exclusive of VAT) | July 25, 2014 |
| 3 | Payment by Rosneft (participant) of an additional contribution to the charter capital of LLC RN-Inostrannye Proekty (Subsidiary) by cash in the amount of 3,800,000.0 K rubles (exclusive of VAT) | Transaction price – 3,800,000.0 K rubles (exclusive of VAT) | July 25, 2014 |
| 4 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Inostrannye Proekty (borrower) for funding the operating activities in the amount of 92,534.361K rubles regarding an increase of the total transaction value inclusive of the chargeable interest up to 125,968.8K rubles | Transaction price – up to 125,968.8K rubles | July 25, 2014 |
| 5 | Payment by Rosneft (participant) of an additional contribution to the charter capital of LLC RN-Inostrannye Proekty (Subsidiary) by cash in the amount of 1,269,200.0 K rubles | Transaction price – 1,269,200.0 K rubles | September 8, 2014 |

TRANSACTIONS WHERE LLC RN-INFORM IS A PARTY

Persons/entities related to the transactions:

OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

| | | | |
|----|--|---|-------------------|
| 1 | Provision by LLC RN-Inform (contractor) of the services to Rosneft (customer) associated with maintenance of the equipment for the compensation in the amount of 748,052.68K rubles (inclusive of VAT) | Transaction price – 748,052.68K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Provision by LLC RN-Inform (contractor) to Rosneft (customer) of the telecommunication and communication services for the compensation in the amount of 406,392.9K rubles (inclusive of VAT) | Transaction price – 406,392.9K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Provision by LLC RN-Inform (contractor) of the services to Rosneft (customer) associated with purchase of software for the compensation in the amount of 230,834.0 K rubles (inclusive of VAT) | Transaction price – 230,834.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 4 | Provision by LLC RN-Inform (contractor) to Rosneft (customer) of the services associated with improving the management organization technology, carrying out experiments, analyses for the compensation in the amount of 501,284.65K rubles (inclusive of VAT) | Transaction price – 501,284.65K rubles (inclusive of VAT) | December 24, 2013 |
| 5 | Provision by LLC RN-Inform (contractor) of the services to Rosneft (customer) associated with supporting activities in the field of information technologies for the compensation in the amount of 126,591.0 K rubles (inclusive of VAT) | Transaction price – 126,591.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 6 | Provision by LLC RN-Inform (agent) to Rosneft (principal) of the services associated with purchase of the equipment, communication services for the compensation in the amount of 878,691.5K rubles (inclusive of VAT) | Transaction price – 878,691.5K rubles (inclusive of VAT) | December 24, 2013 |
| 7 | Provision by LLC RN-Inform (lessor) for lease to Rosneft (lessee) of the equipment and facilities for the compensation in the amount of 47,652.67K rubles (inclusive of VAT) | Transaction price – 47,652.67K rubles (inclusive of VAT) | December 24, 2013 |
| 8 | Granting by Rosneft (licensor) to LLC RN-Inform (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 11,583.3K rubles (inclusive of VAT) | Transaction price – 11,583.3K rubles (inclusive of VAT) | December 24, 2013 |
| 9 | Performance by LLC RN-Inform (contractor) of the works for Rosneft (customer) associated with information system creation, implementation and development for the compensation in the amount of 3,417,812.4K rubles (inclusive of VAT) | Transaction price – 3,417,812.4K rubles (inclusive of VAT) | December 24, 2013 |
| 10 | Provision by LLC RN-Inform (contractor) of the services for Rosneft (customer) associated with information system support for the compensation in the amount of 3,153,513.0 K rubles (inclusive of VAT) | Transaction price – 3,153,513.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 11 | Transfer by Rosneft (lessee) to LLC RN-Inform (sub-lessee) for sub-lease of immovable assets (non-residential premises with the total area of 6,941.21 sq. m and 108 parking stalls in the building located at: Moscow, 3-1 Begovaya Street). The total contract value is 319,250.6K rubles (inclusive of VAT) | Transaction price – 319,250.6K rubles (inclusive of VAT) | April 15, 2014 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|----|---|---|-------------------|
| 12 | Transfer by Rosneft (lessor) for lease to LLC RN-Inform (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 46,444.0 K rubles per year (inclusive of VAT) | Transaction price – 46,444.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 13 | Provision by LLC RN-Inform (contractor) of the services (performance of the works) for Rosneft (customer) associated with the Unified Information – Analytical System creation, introduction, development and further maintenance for the compensation in the amount of 11,700.0 K rubles (inclusive of VAT) | Transaction price – 11,700.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 14 | Provision by LLC RN-Inform (contractor) of the services to Rosneft (customer) in the field of information security for the compensation in the amount of 307,680.0 K rubles (inclusive of VAT) | Transaction price – 307,680.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 15 | Provision by Rosneft (contractor) of the services to LLC RN-Inform (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 32,150.0 K rubles (inclusive of VAT) | Transaction price – up to 32,150.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 16 | Granting by Rosneft (licensor) to LLC RN-Inform (licensee) of the non-exclusive rights to use in the business activity of the licensee in the territory of the Russian Federation of trademarks owned by Rosneft for the term of 10 years for the compensation in the amount of 218.89K rubles (inclusive of VAT) | Transaction price – 218.89K rubles (inclusive of VAT) | October 6, 2014 |
| 17 | Provision by Rosneft (sub-licensor) to LLC RN-Inform (sub-licensee) of the non-exclusive sub-license for the right to use and display trademarks in the territory of the Russian Federation applicably to transport vehicles, use on the web-site and in social network services within 4 years and 5 months for the compensation in the amount of 253.287K rubles (inclusive of VAT) | Transaction price – 253.287K rubles (inclusive of VAT) | November 12, 2014 |
| 18 | Provision by LLC RN-Inform (contractor) of the services to Rosneft (customer) associated with maintenance of the information technology equipment for the compensation in the amount of 50.0 K rubles (inclusive of VAT) | Transaction price – 50.0 K rubles (inclusive of VAT) | December 24, 2014 |
| 19 | Provision by LLC RN-Inform (contractor) of the services to Rosneft (customer) associated with the technical support of software products for the compensation in the amount of 68.57K rubles (inclusive of VAT) | Transaction price – 68.57K rubles (inclusive of VAT) | December 24, 2014 |

TRANSACTIONS WHERE LLC RN-KEMEROVONEFTEPRODUKT IS A PARTY

Persons/entities related to the transactions:

OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

| | | | |
|---|---|---|-------------------|
| 1 | Granting by Rosneft (licensor) to LLC RN-Kemerovonefteprodukt (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 361.6K rubles (inclusive of VAT) | Transaction price – 361.6K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Supply by Rosneft (supplier) of petroleum products to LLC RN-Kemerovonefteprodukt (buyer) in the volume of 179.09 kt for the total price of 9,341,210.0 K rubles (inclusive of VAT) | Transaction price – 9,341,210.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Kemerovonefteprodukt (borrower) for funding the operating activities in the amount of up to 10,000.0 K rubles for the term of 2 years. The total contract value inclusive of the interest is up to 12,000.0 K rubles | Transaction price – up to 12 000.0 K rubles | June 26, 2014 |
| 4 | Provision by Rosneft (contractor) of the services to LLC RN-Kemerovonefteprodukt (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 10.0 K rubles (inclusive of VAT) | Transaction price – up to 10.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 5 | Granting by Rosneft (licensor) to LLC RN-Kemerovonefteprodukt (licensee) of the non-exclusive rights to use in the business activity of the licensee in the territory of the Russian Federation of trademarks owned by Rosneft for the term of 10 years for the compensation in the amount of 1,416.0 K rubles (inclusive of VAT) | Transaction price – 1,416.0 K rubles (inclusive of VAT) | October 6, 2014 |

TRANSACTIONS WHERE LLC RN-KOMSOMOLSKIY NPZ IS A PARTY

Persons/entities related to the transactions:

OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

I.V. Pavlov (from May 29, 2014 to October 12, 2014) – Member of Management Board of Rosneft, General Director of LLC RN-Komsomolskiy NPZ – a party to the transactions

| | | | |
|---|---|--|-------------------|
| 1 | Supply by Rosneft (supplier) of petroleum products to LLC RN-Komsomolskiy NPZ (buyer) in the volume of 19.96 kt for the total price of 95,689.5K rubles (inclusive of VAT) | Transaction price – 95,689.5K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Granting by Rosneft (licensor) to LLC RN-Komsomolskiy NPZ (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 3,441.4K rubles (inclusive of VAT) | Transaction price – 3,441.4K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Performance by LLC RN-Komsomolskiy NPZ (technical customer) upon assignment, on behalf and at the expense of Rosneft (developer) of the actions associated with fulfillment of functions of the technical customer on arrangement of construction (reconstruction) of industrial facilities of Rosneft for the compensation in the amount of 324,301.0 K rubles (inclusive of VAT) | Transaction price – 324,301.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 4 | Provision by LLC RN-Komsomolskiy NPZ (contractor) of the services to Rosneft (customer) associated with processing of oil in the volume of up to 8,160.0 kt in the total amount of up to 22,386,960.0 K rubles (inclusive of VAT) | Transaction price – up to 22,386,960.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 5 | Performance by LLC RN-Komsomolskiy NPZ (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arranging registration of the title to and transactions with immovable assets in the territory of the Khabarovsk Region for the compensation in the amount of 60.0 K rubles (inclusive of VAT) | Transaction price – 60.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 6 | Performance by LLC RN-Komsomolskiy NPZ (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arrangement of land management and settlement of the land relationships between Rosneft and the holders of the title to the land plots occupied by the immovable assets of Rosneft located in the territory of the Khabarovsk Region for the compensation in the amount of 60.0 K rubles (inclusive of VAT) | Transaction price – 60.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 7 | Performance by LLC RN-Komsomolskiy NPZ (agent) upon assignment of Rosneft (principal) on its own behalf and at the expense of Rosneft or on behalf and at the expense of Rosneft of the actions associated with arrangement of performance of the works (provision of the services) for abandonment and suspension of wells and some fixed assets owned by Rosneft and located in the region of presence of LLC RN-Komsomolskiy NPZ for the compensation in the amount of 3.0 K rubles (inclusive of VAT) | Transaction price – 3.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 8 | Performance by LLC RN-Komsomolskiy NPZ (agent) on behalf, upon assignment and at the expense of Rosneft (principal) of the actions associated with arrangement of the disposal of the non-core assets of Rosneft and the assets that are not engaged in the operating process for the compensation in the amount of 20.0 K rubles (inclusive of VAT) | Transaction price – 20.0 K rubles (inclusive of VAT) | May 15, 2014 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|--|--|--|-------------------|
| 9 | Transfer by Rosneft (lessor) for lease to LLC RN-Komsomolskiy NPZ (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 3,240,000.0 K rubles per year (inclusive of VAT) | Transaction price – 3,240,000.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 10 | Provision by Rosneft (contractor) of the services LLC RN-Komsomolskiy NPZ (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 38,290.0 K rubles (inclusive of VAT) | Transaction price – up to 38,290.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 11 | Provision by Rosneft (contractor) of the services to LLC RN-Komsomolskiy NPZ (customer) associated with insurance of the customer's assets, machines and mechanisms against breakdown, damages resulting from an interruption in the customer's operations, arrangement of reinsurance protection for the compensation in the amount of 2,269.34K rubles (inclusive of VAT) | Transaction price – 2,269.34K rubles (inclusive of VAT) | October 6, 2014 |
| 12 | Performance by LLC RN-Komsomolskiy NPZ (technical customer) upon assignment, on behalf and at the expense of Rosneft (developer) of the actions associated with fulfillment of functions of the technical customer on arrangement of construction (reconstruction) of industrial facilities of Rosneft for the compensation in the amount of 560,871.0 K rubles (inclusive of VAT) | Transaction price – 560,871.0 K rubles (inclusive of VAT) | December 24, 2014 |
| TRANSACTIONS WHERE LLC RN-KRASNODARNEFTGAZ IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Performance by LLC RN-Krasnodarneftegaz (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arrangement of re-abandonment of 157 wells and reconstruction of 354 destroyed foundation piers for the compensation in the amount of 4,424.4K rubles (inclusive of VAT) | Transaction price – 4,424.4K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Performance by LLC RN-Krasnodarneftegaz (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of legal and other actions associated with arrangement of preparation of the depletion plans for field development (FDP), integrated projects and current development monitoring of the fields owned by Rosneft, performance of exploration works on Rosneft license areas in the territory of the Krasnodar Region. The total amount of the agent's compensation under the transaction is 14,160.04K rubles (inclusive of VAT) | Transaction price – 14,160.04K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Provision by LLC RN-Krasnodarneftegaz (contractor) of the services to Rosneft (customer) associated with transportation of oil in the volume of 37.05 kt for the compensation in the amount of 405.7K rubles (inclusive of VAT) | Transaction price – 405.7K rubles (inclusive of VAT) | December 24, 2013 |
| 4 | Granting by Rosneft (licensor) to LLC RN-Krasnodarneftegaz (licensee) of the right to use software products for the compensation in the amount of 11,403.819K rubles (exclusive of VAT) | Transaction price – 11,403.819K rubles (exclusive of VAT) | December 24, 2013 |
| 5 | Granting by Rosneft (licensor) to LLC RN-Krasnodarneftegaz (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 4,247.0 K rubles (inclusive of VAT) | Transaction price – 4,247.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 6 | Provision by LLC RN-Krasnodarneftegaz (contractor) of the services to Rosneft (customer) associated with production in the oil and gas fields, where the development licenses are owned by Rosneft, of oil, gas condensate, natural and associated gas and handover of the produced hydrocarbon resources to Rosneft for subsequent sales for the compensation in the amount of 10,061,247.0 K rubles (inclusive of VAT) | Transaction price – 10,061,247.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 7 | Performance by LLC RN-Krasnodarneftegaz (technical customer) upon assignment, on behalf and at the expense of Rosneft (developer) of the actions associated with fulfillment of functions of the technical customer on arrangement of construction (reconstruction) of industrial facilities of Rosneft for the compensation in the amount of 95,338.0 K rubles (inclusive of VAT) | Transaction price – 95,338.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 8 | Performance by LLC RN-Krasnodarneftegaz (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arrangement of re-abandonment of 134 wells and reconstruction of 354 destroyed foundation piers for the compensation in the amount of 1,019.4K rubles (inclusive of VAT) | Transaction price – 1,019.4K rubles (inclusive of VAT) | March 17, 2014 |
| 9 | Performance by LLC RN-Krasnodarneftegaz (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arrangement of carrying out the works for elimination of environmental damage. The total amount of the agency fee is 3,263.28K rubles (inclusive of VAT) | Transaction price – 3,263.28K rubles (inclusive of VAT) | April 15, 2014 |
| 10 | Performance by LLC RN-Krasnodarneftegaz (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arranging registration of the title to and transactions with immovable assets in the territory of the Krasnodar Region for the compensation in the amount of 60.0 K rubles (inclusive of VAT) | Transaction price – 60.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 11 | Performance by LLC RN-Krasnodarneftegaz (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arrangement of land management and settlement of the land relationships between Rosneft and the holders of the title to the land plots occupied by the immovable assets of Rosneft located in the territory of the Krasnodar Region for the compensation in the amount of 1,200.0 K rubles (inclusive of VAT) | Transaction price – 1,200.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 12 | Provision by LLC RN-Krasnodarneftegaz (contractor) of the services to Rosneft (customer) associated with upkeep and maintenance of the mothballed immovable assets owned by Rosneft, which are not engaged in the operating process for the compensation in the amount of 894.0 K rubles (inclusive of VAT) | Transaction price – 894.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 13 | Performance by LLC RN-Krasnodarneftegaz (agent) upon assignment of Rosneft (principal) on its own behalf and at the expense of Rosneft or on behalf and at the expense of Rosneft of the actions associated with arrangement of performance of the works (provision of the services) for abandonment and suspension of wells and some fixed assets owned by Rosneft and located in the region of presence of LLC RN-Krasnodarneftegaz for the compensation in the amount of 2,094.0 K rubles (inclusive of VAT) | Transaction price – 2,094.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 14 | Performance by LLC RN-Krasnodarneftegaz (agent) on behalf, upon assignment and at the expense of Rosneft (principal) of the actions associated with arrangement of the disposal of the non-core assets of Rosneft and the assets that are not engaged in the operating process for the compensation in the amount of 120.0 K rubles (inclusive of VAT) | Transaction price – 120.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 15 | Transfer by Rosneft (lessor) for lease to LLC RN-Krasnodarneftegaz (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 2,514,836.0 K rubles per year (inclusive of VAT) | Transaction price – 2,514,836.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 16 | Provision by Rosneft (contractor) of the services to LLC RN-Krasnodarneftegaz (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 24,310.0 K rubles (inclusive of VAT) | Transaction price – up to 24,310.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 17 | Performance by Rosneft (agent) upon assignment, on behalf and at the expense of LLC RN-Krasnodarneftegaz (principal) of the actions associated with arrangement of delivery of material and technical resources (MTR), provision of the services associated with installation, supervision, setting to work and commissioning of equipment, services associated with inspecting the quality of manufacture of MTR and other services for the compensation in the amount of 3,003.2K rubles (inclusive of VAT) | Transaction price – 3,003.2K rubles (inclusive of VAT) | September 8, 2014 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|----|--|---|-------------------|
| 18 | Provision by LLC RN-Krasnodarneftegaz (contractor) of the services to Rosneft (customer) associated with arrangement of transporting oil by rail in the volume of up to 35.8 kt for the compensation in the amount of up to 392.5K rubles (inclusive of VAT) | Transaction price – up to 392.5K rubles (inclusive of VAT) | November 27, 2014 |
| 19 | Change in terms and conditions of the transaction on supply by Rosneft (seller) natural and accompanying gas to LLC RN-Krasnodarneftegaz (buyer) regarding an increase of the volume of supplied gas up to 381.733 mln cubic meters and an increase of the total contract value up to 1,097,284.0 K rubles (inclusive of VAT) | Transaction price – up to 1,097,284.0 K rubles (inclusive of VAT) | November 27, 2014 |
| 20 | Granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Krasnodarneftegaz (borrower) for funding the operating activities in the amount of up to 100,000,000.0 K rubles for the term of up to 6 years. The total contract value is up to 100,000,000.0 K rubles | Transaction price – up to 100,000,000.0 K rubles | December 9, 2014 |
| 21 | Provision by LLC RN-Krasnodarneftegaz (contractor) of the services (performance of the works) to Rosneft (customer) associated with maintenance of the proper operating condition of the customer's non-residential premises, located at: Krasnodar, 47 Kubanskaya Naberezhnaya Street for the compensation in the amount of 3,095.0 K rubles (inclusive of VAT) | Transaction price – 3,095.0 K rubles (inclusive of VAT) | December 24, 2014 |
| 22 | Performance by LLC RN-Krasnodarneftegaz (technical customer) upon assignment, on behalf and at the expense of Rosneft (developer) of the actions associated with fulfillment of functions of the technical customer on arrangement of construction (reconstruction) of industrial facilities of Rosneft for the compensation in the amount of 27,300.0 K rubles (inclusive of VAT) | Transaction price – 27,300.0 K rubles (inclusive of VAT) | December 24, 2014 |

TRANSACTIONS WHERE LLC RN-KRASNOYARSKNEFTEPRODUKT IS A PARTY

Persons/entities related to the transactions:

OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

A.V. Votinov – Member of Management Board of Rosneft, Member of Management Board of LLC RN-Krasnoyarsknefteprodukt – a party to the transactions

| | | | |
|---|--|--|-------------------|
| 1 | Granting by Rosneft (licensor) to LLC RN-Krasnoyarsknefteprodukt (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 429.3K rubles (inclusive of VAT) | Transaction price – 429.3K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Supply by Rosneft (supplier) of petroleum products to LLC RN-Krasnoyarsknefteprodukt (buyer) in the volume of 770.02 kt for the total price of 38,374,520.0 K rubles (inclusive of VAT) | Transaction price – 38,374,520.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Provision by Rosneft (contractor) of the services to LLC RN-Krasnoyarsknefteprodukt (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 20.0 K rubles (inclusive of VAT) | Transaction price – up to 20.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 4 | Granting by Rosneft (licensor) to LLC RN-Krasnoyarsknefteprodukt (licensee) of the non-exclusive rights to use in the business activity of the licensee in the territory of the Russian Federation of trademarks owned by Rosneft for the term of 10 years for the compensation in the amount of 2,301.0 K rubles (inclusive of VAT) | Transaction price – 2,301.0 K rubles (inclusive of VAT) | October 6, 2014 |

TRANSACTIONS WHERE LLC RN-KRASNOYARSKNIPINEFT IS A PARTY

Persons/entities related to the transactions:

OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

A.V. Votinov – Member of Management Board of Rosneft, Member of Management Board of LLC RN-KrasnoyarskNIPineft – a party to the transactions

| | | | |
|---|---|--|-------------------|
| 1 | Provision by LLC RN-KrasnoyarskNIPineft (contractor) of the services to Rosneft (customer) associated with uploading and storage of seismic information in Rosneft Corporate Seismic Information Storage Center for the compensation in the amount of 100.0 K rubles (inclusive of VAT) | Transaction price – 100.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Provision by LLC RN-KrasnoyarskNIPineft (contractor) of the services (performance of the works) for Rosneft (customer) in the framework of the Summary List of Target Innovative Projects of Rosneft for the compensation in the amount of 15,000.0 K rubles (inclusive of VAT) | Transaction price – 15,000.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Granting by Rosneft (licensor) to LLC RN-KrasnoyarskNIPineft (licensee) of the right to use software products for the compensation in the amount of 11,403.819K rubles (exclusive of VAT) | Transaction price – 11,403.819K rubles (exclusive of VAT) | December 24, 2013 |
| 4 | Granting by Rosneft (licensor) to LLC RN-KrasnoyarskNIPineft (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 1,273.2K rubles (inclusive of VAT) | Transaction price – 1,273.2K rubles (inclusive of VAT) | December 24, 2013 |
| 5 | Provision by LLC RN-KrasnoyarskNIPineft (contractor) of the services to Rosneft (customer) associated with storage and technical maintenance of seismic information in Rosneft Corporate Seismic Information Storage Center for the compensation in the amount of 3,845.12K rubles (inclusive of VAT) | Transaction price – 3,845.12K rubles (inclusive of VAT) | April 4, 2014 |
| 6 | Transfer by Rosneft (lessor) for lease to LLC RN-KrasnoyarskNIPineft (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 180.0 K rubles per year (inclusive of VAT) | Transaction price – 180.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 7 | Provision by LLC RN-KrasnoyarskNIPineft (contractor) of information – consulting services to Rosneft (customer) associated with theme Petroleum Potential of Minusinskaya Hollow and Kuznetsky Basin for the compensation in the amount of 10,160.0 K rubles (inclusive of VAT) | Transaction price – 10,160.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 8 | Performance by LLC RN-KrasnoyarskNIPineft (contractor) of the works to Rosneft (customer) associated with technical and economic assessments of the options for transportation of hydrocarbons from the license areas of Vankor province for the compensation in the amount of 67,664.53K rubles (inclusive of VAT) | Transaction price – 67,664.53K rubles (inclusive of VAT) | June 26, 2014 |

TRANSACTIONS WHERE LLC RN-NAKHODKANEFTEPRODUKT IS A PARTY

Persons/entities related to the transactions:

OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

| | | | |
|---|---|---|-------------------|
| 1 | Provision by LLC RN-Nakhodkanefteprodukt (contractor) of the services to Rosneft (customer) associated with transshipment of petroleum products in the volume of up to 6,000.0 kt for subsequent shipment beyond the boundaries of the Russian Federation for the compensation in the amount of up to 1,550,500.0 K rubles (inclusive of VAT) | Transaction price – up to 1,550,500.0 K rubles (inclusive of VAT) | November 30, 2013 |
| 2 | Provision by LLC RN-Nakhodkanefteprodukt (contractor) of the services to Rosneft (customer) associated with transshipment including making berths available for loading operations, as well as for loading and unloading, storage of petroleum products, delivered for subsequent bunkering of vessels in the volume of 2,520.0 kt for the compensation in the amount of 1,055,203.2K rubles (inclusive of VAT) | Transaction price – 1,055,203.2K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Performance by LLC RN-Nakhodkanefteprodukt (technical customer) upon assignment, on behalf and at the expense of Rosneft (developer) of the actions associated with fulfillment of functions of the technical customer on arrangement of construction (reconstruction) of industrial facilities of Rosneft for the compensation in the amount of 28.148K rubles (inclusive of VAT) | Transaction price – 28.148K rubles (inclusive of VAT) | December 24, 2013 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|--|---|--|-------------------|
| 4 | Granting by Rosneft (licensor) to LLC RN-Nakhodkanefteprodukt (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 1,028.2K rubles (inclusive of VAT) | Transaction price – 1,028.2K rubles (inclusive of VAT) | December 24, 2013 |
| 5 | Provision by LLC RN-Nakhodkanefteprodukt (contractor) of the services to Rosneft (customer) associated with loading and unloading of cargoes, storage of cargoes in the volume of up to 50.0 kt for their subsequent deliveries within the boundaries of the Russian Federation for the compensation in the amount of up to 12,755.8K rubles (inclusive of VAT) | Transaction price – up to 12,755.8K rubles (inclusive of VAT) | December 24, 2013 |
| 6 | Purchase by Rosneft (buyer) from LLC RN-Nakhodkanefteprodukt (seller) of its immovable assets, located at: Primorski Krai, Nakhodka, for a total price of 2,080.394 K rubles (inclusive of VAT) | Transaction price – 2,080.394 K rubles (inclusive of VAT) | February 26, 2014 |
| 7 | Transfer by LLC RN-Nakhodkanefteprodukt (lessor) to Rosneft (lessee) for temporary use of its immovable assets, located at: Primorski Krai, Nakhodka, for the fee in the amount of 1,309.268K rubles (inclusive of VAT) | Transaction price – 1,309.268K rubles (inclusive of VAT) | February 26, 2014 |
| 8 | Transfer by Rosneft (lessor) for lease to LLC RN-Nakhodkanefteprodukt (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 487,470.0 K rubles per year (inclusive of VAT) | Transaction price – 487,470.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 9 | Performance by LLC RN-Nakhodkanefteprodukt (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arranging registration of the title to and transactions with immovable assets in the territory of Primorski Krai for the compensation in the amount of 60.0 K rubles (inclusive of VAT) | Transaction price – 60.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 10 | Performance by LLC RN-Nakhodkanefteprodukt (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arrangement of land management and settlement of the land relationships between Rosneft and the holders of the title to the land plots occupied by the immovable assets of Rosneft located in the territory of the Primorski Krai for the compensation in the amount of 60.0 K rubles (inclusive of VAT) | Transaction price – 60.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 11 | Performance by LLC RN-Nakhodkanefteprodukt (agent) upon assignment and at the expense of Rosneft (principal) of the actions associated with maintenance of the proper operation condition of immovable assets – «protective structure – shelter» as well as other actions, associated with fulfillment by Rosneft of its obligations under the contract of rights and obligations with regard to the civil defense objects and assets, as well as with implementation of civil defense measures for the compensation in the amount of 10,559.0 K rubles (inclusive of VAT) | Transaction price – 10,559.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 12 | Sale by Rosneft (seller) to LLC RN-Nakhodkanefteprodukt (buyer) of design and estimate documentation on the project Reconstruction of Jetty (Hydrotechnics of Deep Water Part) at the price of 8,132.8K rubles (inclusive of VAT) | Transaction price – 8,132.8K rubles (inclusive of VAT) | June 26, 2014 |
| 13 | Provision by Rosneft (contractor) of the services to LLC RN-Nakhodkanefteprodukt (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 4,930.0 K rubles | Transaction price – up to 4,930.0 K rubles | July 25, 2014 |
| 14 | Performance by Rosneft (agent) upon assignment, on behalf and at the expense of LLC RN-Nakhodkanefteprodukt (principal) of the actions associated with arrangement of delivery of material and technical resources (MTR), provision of the services associated with installation, supervision, setting to work and commissioning of equipment, services associated with inspecting the quality of manufacture of MTR and other services for the compensation in the amount of 739.82K rubles (inclusive of VAT) | Transaction price – 739.82K rubles (inclusive of VAT) | September 8, 2014 |
| 15 | Provision by Rosneft (contractor) of the services to LLC RN-Nakhodkanefteprodukt (customer) associated with insurance of the customer's assets, machines and mechanisms against breakdown, damages resulting from an interruption in the customer's operations, arrangement of reinsurance protection for the compensation in the amount of 354.18K rubles (inclusive of VAT) | Transaction price – 354.18K rubles (inclusive of VAT) | October 6, 2014 |
| 16 | Performance by LLC RN-Nakhodkanefteprodukt (technical customer) upon assignment, on behalf and at the expense of Rosneft (developer) of the actions associated with fulfillment of functions of the technical customer on arrangement of construction (reconstruction) of industrial facilities of Rosneft for the compensation in the amount of 10,728.0 K rubles (inclusive of VAT) | Transaction price – 10,728.0 K rubles (inclusive of VAT) | December 24, 2014 |
| TRANSACTIONS WHERE LLC RN-NOVOSIBIRSKNEFTEPRODUKT IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Granting by Rosneft (licensor) to LLC RN-Novosibirsknefteprodukt (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 477.0 K rubles (inclusive of VAT) | Transaction price – 477.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Supply by Rosneft (supplier) of petroleum products to LLC RN-Novosibirsknefteprodukt (buyer) in the volume of 146.29 kt for the total price of 7,511,240.0 K rubles (inclusive of VAT) | Transaction price – 7,511,240.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Novosibirsknefteprodukt (borrower) for funding the operating activities in the amount of up to 120,000.0 K rubles for the term of 2 years. The total contract value inclusive of the interest is up to 144,000.0 K rubles | Transaction price – up to 144,000.0 K rubles | June 26, 2014 |
| 4 | Provision by Rosneft (contractor) of the services to LLC RN-Novosibirsknefteprodukt (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 7,880.0 K rubles (inclusive of VAT) | Transaction price – up to 7,880.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 5 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Novosibirsknefteprodukt (borrower) for funding the investment activity in the amount of 47,383.5K rubles regarding establishment of an interest rate, an increase of the total transaction value inclusive of the chargeable interest up to 63,034.3K rubles, as well as extension of the loan repayment period | Transaction price – up to 63,034.3K rubles | November 27, 2014 |
| 6 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Novosibirsknefteprodukt (borrower) in the amount of 274,080.6K rubles for funding the operating activities, by means of extension of the loan repayment period till December 31, 2016 on the following terms and conditions: the outstanding amount of the principal debt is 50,660.0 K rubles; from the date of extension of the loan agreement with regard to the actual outstanding amount of the borrower an interest rate is applied within a range of the market interval of prices, approved by the Budget Committee of Rosneft as of the extension date; the total contract value inclusive of the interest is 66,989.2K rubles | Transaction price – 66,989.2K rubles | December 12, 2014 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|--|--|---|-------------------|
| TRANSACTIONS WHERE LLC RN-POZHARNAYA BEZOPASNOST IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Granting by Rosneft (licensor) to LLC RN-Pozharnaya Bezopasnost (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 257.5K rubles (inclusive of VAT) | Transaction price – 257.5K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Change in terms and conditions of the transaction on procurement by Rosneft (borrower) of an interest-bearing loan from LLC RN-Pozharnaya Bezopasnost (lender) in the amount not exceeding 450,000.0 K rubles regarding an increase of the loan amount up to 1,000,000.0 K rubles and the total transaction value inclusive of the chargeable interest up to 1,350,000.0 K rubles | Transaction price – up to 1,350,000.0 K rubles | April 4, 2014 |
| 3 | Transfer by Rosneft (lessor) for lease to LLC RN-Pozharnaya Bezopasnost (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 15,438.0 K rubles per year (inclusive of VAT) | Transaction price – 15,438.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 4 | Provision by Rosneft (contractor) of the services to LLC RN-Pozharnaya Bezopasnost (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 110.0 K rubles (inclusive of VAT) | Transaction price – up to 110.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 5 | Granting by Rosneft (licensor) to LLC RN-Pozharnaya Bezopasnost (licensee) of the non-exclusive rights to use in the business activity of the licensee in the territory of the Russian Federation of trademarks owned by Rosneft for the term of 10 years for the compensation in the amount of 218.89K rubles (inclusive of VAT) | Transaction price – 218.89K rubles (inclusive of VAT) | October 6, 2014 |
| TRANSACTIONS WHERE LLC RN-PERERABOTKA (BEFORE AUGUST 26, 2014 – LLC RN-PRIMORSKIY NPZ) | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Granting by Rosneft (licensor) to LLC RN-Primorskiy NPZ (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 27.6K rubles (inclusive of VAT) | Transaction price – 27.6K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Procurement by Rosneft (borrower) from LLC RN-Primorskiy NPZ (lender) of an interest-bearing loan in the amount not exceeding 10,000.0 K rubles for the term of up to 5 years. The total contract value inclusive of the interest is up to 13,500.0 K rubles | Transaction price – up to 13,500.0 K rubles | April 4, 2014 |
| TRANSACTIONS WHERE LLC RN-PURNEFTEGAZ IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Performance by LLC RN-Purneftegaz (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of legal and other actions associated with arrangement of preparation of the depletion plans for field development (FDP), integrated projects and current development monitoring of the fields owned by Rosneft, performance of exploration works on Rosneft license areas in the territory of the Yamalo-Nenets Autonomous District. The total amount of the agent's compensation under the transaction is 22,687.3K rubles (inclusive of VAT) | Transaction price – 22,687.3K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Performance by LLC RN-Purneftegaz (consignee) on its own behalf, upon assignment and at the expense of Rosneft (consignor) of the actions associated with sale of oil in the volume of 22.03 kt for the compensation in the amount of 3,365.89K rubles (inclusive of VAT) | Transaction price – 3,365.89K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Performance by LLC RN-Purneftegaz (agent) upon assignment of Rosneft (principal) on its own behalf and at the expense of Rosneft or on behalf and at the expense of Rosneft of the actions associated with arrangement of execution of pilot works in the framework of the Target Innovative Projects for the compensation in the amount of 1,200.0 K rubles (inclusive of VAT) | Transaction price – 1,200.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 4 | Granting by Rosneft (licensor) to LLC RN-Purneftegaz (licensee) of the right to use software products of SS RN-KIN and SS RN-KIM for the compensation in the amount of 11,403.819K rubles (exclusive of VAT) | Transaction price – 11,403.819K rubles (exclusive of VAT) | December 24, 2013 |
| 5 | Granting by Rosneft (licensor) to LLC RN-Purneftegaz (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 3,415.2K rubles (inclusive of VAT) | Transaction price – 3,415.2K rubles (inclusive of VAT) | December 24, 2013 |
| 6 | Provision by LLC RN-Purneftegaz (contractor) of the services to Rosneft (customer) associated with production in the oil and gas fields, where the development licenses are owned by Rosneft, of oil, gas condensate, natural and associated gas and handover of the produced hydrocarbon resources to Rosneft for subsequent sales for the compensation in the amount of 49,608,112.5K rubles (inclusive of VAT) | Transaction price – 49,608,112.5K rubles (inclusive of VAT) | December 24, 2013 |
| 7 | Performance by LLC RN-Purneftegaz (technical customer) upon assignment, on behalf and at the expense of Rosneft (developer) of the actions associated with fulfillment of functions of the technical customer on arrangement of construction (reconstruction) of industrial facilities of Rosneft for the compensation in the amount of 635,540.0 K rubles (inclusive of VAT) | Transaction price – 635,540.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 8 | Sale by Rosneft (seller) to LLC RN-Purneftegaz (buyer) of petroleum products: crude methanol in the volume of 14,4 kt for the total price of 240,000.0 K rubles (inclusive of VAT). | Transaction price – 240,000.0 K rubles (inclusive of VAT) | February 26, 2014 |
| 9 | Performance by LLC RN-Purneftegaz (agent) upon assignment and at the expense of Rosneft (principal) of the actions associated with arrangement of elaboration of an integrated project for development of the region, where Rosneft fields locate in the territory of operations of LLC RN-Purneftegaz; integrated projects for development Komsomolskoe and Barsukovskoe fields. The total amount of the agency fee is 444.01K rubles (inclusive of VAT) | Transaction price – 444.01K rubles (inclusive of VAT) | April 15, 2014 |
| 10 | Performance by LLC RN-Purneftegaz (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arrangement of performance of the works, associated with elimination of environmental damage. The total amount of the agency fee is 926.41K rubles (inclusive of VAT) | Transaction price – 926.41K rubles (inclusive of VAT) | April 15, 2014 |
| 11 | Transfer by Rosneft (lessee) for sub-lease to LLC RN-Purneftegaz (sub-lessee) of wells in federal ownership located in the territory of the Yamalo-Nenets Autonomous District, for the fee in the amount of 87,708.0 K rubles per year (inclusive of VAT) | Transaction price – 87,708.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 12 | Performance by LLC RN-Purneftegaz (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arranging registration of the title to and transactions with immovable assets in the territory of the Yamalo-Nenets Autonomous District for the compensation in the amount of 60.0 K rubles (inclusive of VAT) | Transaction price – 60.0 K rubles (inclusive of VAT) | May 15, 2014 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|--|---|---|--------------------|
| 13 | Performance by LLC RN-Purneftegaz (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arrangement of land management and settlement of the land relationships between Rosneft and the holders of the title to the land plots occupied by the immovable assets of Rosneft located in the territory of the Yamalo-Nenets Autonomous District for the compensation in the amount of 9,120.0 K rubles (inclusive of VAT) | Transaction price – 9,120.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 14 | Provision by LLC RN-Purneftegaz (contractor) of the services to Rosneft (customer) associated with upkeep and maintenance of the mothballed immovable assets owned by Rosneft, which are not engaged in the operating process for the compensation in the amount of 161,524.0 K rubles (inclusive of VAT) | Transaction price – 161,524.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 15 | Performance by LLC RN-Purneftegaz (agent) upon assignment of Rosneft (principal) on its own behalf and at the expense of Rosneft or on behalf and at the expense of Rosneft of the actions associated with arrangement of performance of the works (provision of the services) for abandonment and suspension of wells and some fixed assets owned by Rosneft and located in the region of presence of LLC RN-Purneftegaz for the compensation in the amount of 3,403.0 K rubles (inclusive of VAT) | Transaction price – 3,403.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 16 | Performance by LLC RN-Purneftegaz (agent) on behalf, upon assignment and at the expense of Rosneft (principal) of the actions associated with arrangement of the disposal of the non-core assets of Rosneft and the assets that are not engaged in the operating process for the compensation in the amount of 170.0 K rubles (inclusive of VAT) | Transaction price – 170.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 17 | Transfer by Rosneft (lessor) for lease to LLC RN-Purneftegaz (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 21,958,300.000 K rubles per year (inclusive of VAT) | Transaction price – 21,958,300.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 18 | Provision by Rosneft (contractor) of the services to LLC RN-Purneftegaz (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 20,170.0 K rubles (inclusive of VAT) | Transaction price – up to 20,170.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 19 | Performance by Rosneft (agent) upon assignment, on behalf and at the expense of LLC RN-Purneftegaz (principal) of the actions associated with arrangement of delivery of material and technical resources (MTR), provision of the services associated with installation, supervision, setting to work and commissioning of equipment, services associated with inspecting the quality of manufacture of MTR and other services for the compensation in the amount of 4,256.7K rubles (inclusive of VAT) | Transaction price – 4 256.7K rubles (inclusive of VAT) | September 8, 2014 |
| 20 | Provision by Rosneft (contractor) of the services to LLC RN-Purneftegaz (customer) associated with insurance of the customer's assets, machines and mechanisms against breakdown, damages resulting from an interruption in the customer's operations, arrangement of reinsurance protection for the compensation in the amount of 570.43K rubles (inclusive of VAT) | Transaction price – 570.43K rubles (inclusive of VAT) | October 6, 2014 |
| 21 | Performance by LLC RN-Purneftegaz (agent/technical customer) upon assignment and at the expense of Rosneft (principal) of the actions associated arranging pilot development of PK 1 reservoir in the Severo-Komsomolskoe field for the compensation in the amount of 15,017.0 K rubles (inclusive of VAT) | Transaction price – 15,017.0 K rubles (inclusive of VAT) | November 27, 2014 |
| 22 | Granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Purneftegaz (borrower) for funding the operating activities in the amount of up to 120,000,000.0 K rubles for the term of up to 6 years. The total contract value is up to 120,000,000.0 K rubles | Transaction price – up to 120,000,000.0 K rubles | December 9, 2014 |
| 23 | Provision by LLC RN-Purneftegaz (lessor) for lease to Rosneft (lessee) of assets for the term of 1 year for the fee in the amount of 52.4K rubles (inclusive of VAT) | Transaction price – 52.4K rubles (inclusive of VAT) | December 24, 2014 |
| 24 | Performance by LLC RN-Purneftegaz (technical customer) upon assignment, on behalf and at the expense of Rosneft (developer) of the actions associated with fulfillment of functions of the technical customer on arrangement of construction (reconstruction) of industrial facilities of Rosneft for the compensation in the amount of 662,738.0 K rubles (inclusive of VAT) | Transaction price – 662,738.0 K rubles (inclusive of VAT) | December 24, 2014 |
| TRANSACTIONS WHERE LLC RN-RAZVEDKA I DOBYCHA (BEFORE AUGUST 20, 2014 – LLC RN-VOSTOCHNAYA SIBIR) IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| A.V. Votinov (before July 30, 2014) – Member of Management Board of Rosneft, General Director of LLC RN-Vostochnaya Sibir – a party to the transactions | | | |
| 1 | Payment by Rosneft (participant) of a contribution to the assets of LLC RN-Razvedka i Dobycha (Subsidiary) in the amount of 899,999.323 K rubles | Transaction price – 899,999.323 K rubles | September 26, 2014 |
| 2 | Granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Razvedka i Dobycha (borrower) for funding the statutory activities in the amount of up to 1,595,705.0 K rubles for the term of 2 years | Transaction price – up to 1,595,705.0 K rubles | September 26, 2014 |
| 3 | Change in the terms and conditions of the transaction for granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Razvedka i Dobycha (borrower) for funding the investment activity in the amount of 7,078,192.0K rubles regarding introduction of a zero interest rate and extension of the loan repayment period | Transaction price – 7,078,192.0K rubles | September 26, 2014 |
| 4 | Change in the terms and conditions of the transaction for granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Razvedka i Dobycha (borrower) for funding the investment activity in the amount of 59 345 252.2K rubles regarding introduction of a zero interest rate, extension of the loan repayment period and a decrease of the total transaction value inclusive of the charged interest up to 60,438,505.6K rubles | Transaction price – up to 60,438,505.6K rubles | September 26, 2014 |
| TRANSACTIONS WHERE LLC RN-SAKHALINMORNEFTEGAZ IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Provision by LLC RN-Sakhalinmorneftegaz (contractor) of the services to Rosneft (customer) associated with transportation of oil in the volume of 1,662.41kt in the total amount of 1,601.013K rubles (inclusive of VAT) | Transaction price – 1,601.013K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Performance by LLC RN-Sakhalinmorneftegaz (consignee) on its own behalf, upon assignment and at the expense of Rosneft (consignor) of the actions associated with sale of oil in the volume of 1.944 kt for the compensation in the amount of 1,013.01K rubles (inclusive of VAT) | Transaction price – 1,013.01K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Granting by Rosneft (licensor) to LLC RN-Sakhalinmorneftegaz (licensee) of the right to use software products of SS RN-KIN and SS RN-KIM for the compensation in the amount of 11,403.819K rubles (exclusive of VAT) | Transaction price – 11,403.819K rubles (exclusive of VAT) | December 24, 2013 |
| 4 | Granting by Rosneft (licensor) to LLC RN-Sakhalinmorneftegaz (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 4,038.1K rubles (inclusive of VAT) | Transaction price – 4,038.1K rubles (inclusive of VAT) | December 24, 2013 |
| 5 | Provision by LLC RN-Sakhalinmorneftegaz (contractor) of the services to Rosneft (customer) associated with production in the oil and gas fields, where the development licenses are owned by Rosneft, of oil, gas condensate, natural and associated gas and handover of the produced hydrocarbon resources to Rosneft for subsequent sales for the compensation in the amount of 13,429,373.8K rubles (inclusive of VAT) | Transaction price – 13,429,373.8K rubles (inclusive of VAT) | December 24, 2013 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|--|---|--|-------------------|
| 6 | Performance by LLC RN-Sakhalinmorneftegaz (technical customer) upon assignment, on behalf and at the expense of Rosneft (developer) of the actions associated with fulfillment of functions of the technical customer on arrangement of construction (reconstruction) of industrial facilities of Rosneft for the compensation in the amount of 99,632.0 K rubles (inclusive of VAT) | Transaction price – 99,632.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 7 | Performance by LLC RN-Sakhalinmorneftegaz (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of legal and other actions associated with arrangement of preparation of the depletion plans for field development (FDP), integrated projects and current development monitoring of the fields owned by Rosneft, performance of exploration works on Rosneft license areas in the territory of the Sakhalin Region. The total amount of the agent's compensation under the transaction is 8,621.1K rubles (inclusive of VAT) | Transaction price – 8,621.1K rubles (inclusive of VAT) | December 24, 2013 |
| 8 | Sale by Rosneft (seller) to LLC RN-Sakhalinmorneftegaz (buyer) of petroleum products: crude methanol in the volume of 1.0 kt for the total price of 12,425.0 K rubles (inclusive of VAT) | Transaction price – 12,425.0 K rubles (inclusive of VAT) | February 26, 2014 |
| 9 | Performance by LLC RN-Sakhalinmorneftegaz (agent) upon assignment and at the expense of Rosneft (principal) of the actions associated with arrangement of development of the integrated project for development of the area of Rosneft fields in the territory of operations of LLC RN-Sakhalinmorneftegaz for the compensation in the amount of 250.27K rubles (inclusive of VAT) | Transaction price – 250.27K rubles (inclusive of VAT) | April 15, 2014 |
| 10 | Performance by LLC RN-Sakhalinmorneftegaz (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arrangement of performance of the works, associated with elimination of environmental damage. The total amount of the agency fee is 5,059.42K rubles (inclusive of VAT) | Transaction price – 5,059.42K rubles (inclusive of VAT) | April 15, 2014 |
| 11 | Performance by LLC RN-Sakhalinmorneftegaz (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arranging registration of the title to and transactions with immovable assets in the territory of the Sakhalin Region for the compensation in the amount of 60.0 K rubles (inclusive of VAT) | Transaction price – 60.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 12 | Performance by LLC RN-Sakhalinmorneftegaz (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arrangement of land management and settlement of the land relationships between Rosneft and the holders of the title to the land plots occupied by the immovable assets of Rosneft located in the territory of the Sakhalin Region for the compensation in the amount of 1,200.0 K rubles (inclusive of VAT) | Transaction price – 1,200.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 13 | Provision by LLC RN-Sakhalinmorneftegaz (contractor) of the services to Rosneft (customer) associated with upkeep and maintenance of the mothballed immovable assets owned by Rosneft, which are not engaged in the operating process for the compensation in the amount of 2,669.0 K rubles (inclusive of VAT) | Transaction price – 2,669.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 14 | Performance by LLC RN-Sakhalinmorneftegaz (agent) upon assignment of Rosneft (principal) on its own behalf and at the expense of Rosneft or on behalf and at the expense of Rosneft of the actions associated with arrangement of performance of the works (provision of the services) for abandonment and suspension of wells and some fixed assets owned by Rosneft and located in the region of presence of LLC RN-Sakhalinmorneftegaz for the compensation in the amount of 263.0 K rubles (inclusive of VAT) | Transaction price – 263.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 15 | Transfer by Rosneft (lessor) for lease to LLC RN-Sakhalinmorneftegaz (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 3,806,581.0 K rubles per year (inclusive of VAT) | Transaction price – 3,806,581.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 16 | Provision by Rosneft (contractor) of the services to LLC RN-Sakhalinmorneftegaz (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 33,260.0 K rubles (inclusive of VAT) | Transaction price – up to 33,260.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 17 | Performance by Rosneft (agent) upon assignment, on behalf and at the expense of LLC RN-Sakhalinmorneftegaz (principal) of the actions associated with arrangement of delivery of material and technical resources (MTR), provision of the services associated with installation, supervision, setting to work and commissioning of equipment, services associated with inspecting the quality of manufacture of MTR and other services for the compensation in the amount of 982.40K rubles (inclusive of VAT) | Transaction price – 982.40K rubles (inclusive of VAT) | September 8, 2014 |
| 18 | Performance by LLC RN-Sakhalinmorneftegaz (agent) of the works for Rosneft (principal) associated with theme Development of Project of Mining Allotment for Hole Making on the license area of subsurface resources of federal significance, including the north end of Chayvo field, and on the license area of subsurface resources of federal significance, including Lebedinskaya structure within the territorial sea of the Russian Federation in the area of the Sea of Okhotsk. The total value of the works is 2,736.0 K rubles (inclusive of VAT) | Transaction price – 2,736.0 K rubles (inclusive of VAT) | December 24, 2014 |
| 19 | Provision by LLC RN-Sakhalinmorneftegaz (lessor) for lease to Rosneft (lessee) of movable and immovable assets for the term of 11 months for the fee in the amount of 74.9K rubles (inclusive of VAT) | Transaction price – 74.9K rubles (inclusive of VAT) | December 24, 2014 |
| 20 | Performance by LLC RN-Sakhalinmorneftegaz (technical customer) upon assignment, on behalf and at the expense of Rosneft (developer) of the actions associated with fulfillment of functions of the technical customer on arrangement of construction (reconstruction) of industrial facilities of Rosneft for the compensation in the amount of 80,927.0 K rubles (inclusive of VAT) | Transaction price – 80,927.0 K rubles (inclusive of VAT) | December 24, 2014 |
| TRANSACTIONS WHERE LLC RN-SAKHALINMORNEFTEGAZ IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Provision by LLC RN-SakhalinNIPImorneft (contractor) of the services to Rosneft (customer) associated with study, evaluation and possibility of developing of natural bitumens and high viscosity oils for the compensation in the amount of 8,000.0 K rubles (inclusive of VAT) | Transaction price – 8,000.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Granting by Rosneft (licensor) to LLC RN-SakhalinNIPImorneft (licensee) of the right to use software products of SS RN-KIN and SS RN-KIM for the compensation in the amount of 11,403.819K rubles (exclusive of VAT) | Transaction price – 11,403.819K rubles (exclusive of VAT) | December 24, 2013 |
| 3 | Granting by Rosneft (licensor) to LLC RN-SakhalinNIPImorneft (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 3,202.6K rubles (inclusive of VAT) | Transaction price – 3,202.6K rubles (inclusive of VAT) | December 24, 2013 |
| 4 | Performance by LLC RN-SakhalinNIPImorneft (contractor) of the works for Rosneft (customer) associated with compilation of results of field development on the shelf of the Sea of Okhotsk for the compensation in the amount of 11,554.56K rubles (inclusive of VAT) | Transaction price – 11,554.56K rubles (inclusive of VAT) | April 15, 2014 |
| 5 | Transfer by Rosneft (lessor) for lease to LLC RN-SakhalinNIPImorneft (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 6,408.0 K rubles per year (inclusive of VAT) | Transaction price – 6,408.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 6 | Granting by Rosneft (licensor) to LLC RN-SakhalinNIPImorneft (licensee) of the non-exclusive rights to use in the business activity of the licensee in the territory of the Russian Federation of trademarks owned by Rosneft for the term of 10 years for the compensation in the amount of 218.89K rubles (inclusive of VAT) | Transaction price – 218.89K rubles (inclusive of VAT) | October 6, 2014 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|--|--|--|-------------------|
| 7 | Provision by LLC RN-SakhalinNIPImorneft (contractor) of the services (performance of the works) for Rosneft (customer) associated with theme Preparation of Technological Concept for Development of Sakhalin Projects (Development of North End of Chayvo Field on shelf of Okhotsk Sea)» for the compensation in the amount of 10,721.24K rubles (inclusive of VAT) | Transaction price – 10,721.24K rubles (inclusive of VAT) | October 31, 2014 |
| TRANSACTIONS WHERE LLC RN-SEVERNAYA NEFT IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Performance by LLC RN-Severnaya Neft (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of legal and other actions associated with arrangement of preparation of the depletion plans for field development (FDP), integrated projects and current development monitoring of the fields owned by Rosneft and performance of exploration works on Rosneft license areas in the territory of the Nenets Autonomous District and Komi Republic. The total amount of the agent's compensation under the transaction is 27,070.39K rubles (inclusive of VAT) | Transaction price – 27,070.39K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Supply by Rosneft (seller) of crude oil to LLC RN-Severnaya Neft (buyer) in the volume of 5.32 kt for the total price of 80,965.17K rubles (inclusive of VAT) | Transaction price – 80,965.17K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Performance by LLC RN-Severnaya Neft (consignee) on its own behalf, upon assignment and at the expense of Rosneft (consignor) of the actions associated with sale of oil in the volume of 4.88 kt for the compensation in the amount of 3,416.34K rubles (inclusive of VAT) | Transaction price – 3,416.34K rubles (inclusive of VAT) | December 24, 2013 |
| 4 | Granting by Rosneft (licensor) to LLC RN-Severnaya Neft (licensee) of the right to use software products of SS RN-KIN and SS RN-KIM for the compensation in the amount of 11,403.819K rubles (exclusive of VAT) | Transaction price – 11,403.819K rubles (exclusive of VAT) | December 24, 2013 |
| 5 | Granting by Rosneft (licensor) to LLC RN-Severnaya Neft (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 2,736.9K rubles (inclusive of VAT) | Transaction price – 2,736.9K rubles (inclusive of VAT) | December 24, 2013 |
| 6 | Provision by LLC RN-Severnaya Neft (contractor) of the services to Rosneft (customer) associated with processing of oil in the volume of up to 101.356 kt in the total amount of up to 243,983.2K rubles (inclusive of VAT) | Transaction price – up to 243,983.2K rubles (inclusive of VAT) | December 24, 2013 |
| 7 | Provision by LLC RN-Severnaya Neft (contractor) of the services to Rosneft (customer) associated with production in the oil and gas fields, where the development licenses are owned by Rosneft, of oil, associated gas and handover of the produced hydrocarbon resources to Rosneft for subsequent sales for the compensation in the amount of 15,239,695.5K rubles (inclusive of VAT) | Transaction price – 15,239,695.5K rubles (inclusive of VAT) | December 24, 2013 |
| 8 | Performance by LLC RN-Severnaya Neft (technical customer) upon assignment, on behalf and at the expense of Rosneft (developer) of the actions associated with fulfillment of functions of the technical customer on arrangement of construction (reconstruction) of industrial facilities of Rosneft for the compensation in the amount of 211,559.0 K rubles (inclusive of VAT) | Transaction price – 211,559.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 9 | Performance by LLC RN-Severnaya Neft (agent) upon assignment and at the expense of Rosneft (principal) of the actions associated with arrangement of elaboration of an integrated project for development of the region, where Rosneft fields locate in the territory of operations of LLC RN-Severnaya Neft; integrated projects for development of Osoveyskoe field, fields of Gamburtsev swell (Khasyreyskoe, Cheryupskoe, Nyadeyuskoe), fields of Sorokin Swell (Labaganskoe, Naulskoe). The total amount of the agency fee is 250.0 K rubles (inclusive of VAT) | Transaction price – 250.0 K rubles (inclusive of VAT) | April 15, 2014 |
| 10 | Performance by LLC RN-Severnaya Neft (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arranging registration of the title to and transactions with immovable assets in the territory of the Nenets Autonomous District and Komi Republic for the compensation in the amount of 60.0 K rubles (inclusive of VAT) | Transaction price – 60.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 11 | Performance by LLC RN-Severnaya Neft (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arrangement of land management and settlement of the land relationships between Rosneft and the holders of the title to the land plots occupied by the immovable assets of Rosneft located in the territory of the Nenets Autonomous District and Komi Republic for the compensation in the amount of 600.0 K rubles (inclusive of VAT) | Transaction price – 600.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 12 | Provision by LLC RN-Severnaya Neft (contractor) of the services to Rosneft (customer) associated with upkeep and maintenance of the mothballed immovable assets owned by Rosneft, which are not engaged in the operating process for the compensation in the amount of 1,759.0 K rubles (inclusive of VAT) | Transaction price – 1,759.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 13 | Performance by LLC RN-Severnaya Neft (agent) on behalf, upon assignment and at the expense of Rosneft (principal) of the actions associated with arrangement of the disposal of the non-core assets of Rosneft and the assets that are not engaged in the operating process for the compensation in the amount of 200.0 K rubles (inclusive of VAT) | Transaction price – 200.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 14 | Transfer by Rosneft (lessor) for lease to LLC RN-Severnaya Neft (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 6,100,225.00K rubles per year (inclusive of VAT) | Transaction price – 6,100,225.00K rubles per year (inclusive of VAT) | May 15, 2014 |
| 15 | Provision by Rosneft (contractor) of the services to LLC RN-Severnaya Neft (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 17,260.0 K rubles (inclusive of VAT) | Transaction price – up to 17,260.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 16 | Performance by Rosneft (agent) upon assignment, on behalf and at the expense of LLC RN-Severnaya Neft (principal) of the actions associated with arrangement of delivery of material and technical resources (MTR), provision of the services associated with installation, supervision, setting to work and commissioning of equipment, services associated with inspecting the quality of manufacture of MTR and other services for the compensation in the amount of 7,564.34K rubles (inclusive of VAT) | Transaction price – 7,564.34K rubles (inclusive of VAT) | September 8, 2014 |
| 17 | Provision by Rosneft (contractor) of the services to LLC RN-Severnaya Neft (customer) associated with insurance of the customer's assets, machines and mechanisms against breakdown, damages resulting from an interruption in the customer's operations, arrangement of reinsurance protection for the compensation in the amount of 398.92K rubles (inclusive of VAT) | Transaction price – 398.92K rubles (inclusive of VAT) | October 6, 2014 |
| 18 | Granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Severnaya Neft (borrower) for funding the operating activities in the amount of up to 120,000,000.0 K rubles for the term of up to 6 years. The total contract value is up to 120,000,000.0 K rubles | Transaction price – up to 120,000,000.0 K rubles | December 9, 2014 |
| 19 | Transfer by LLC RN-Severnaya Neft (lessor) for lease to Rosneft (lessee) of an office premise at the address: Nenets Autonomous District, Naryan-Mar, Lenin Street 29-115 and assets for the term of 11 months for the fee in the amount of 210.0 K rubles (inclusive of VAT) | Transaction price – 210.0 K rubles (inclusive of VAT) | December 24, 2014 |
| 20 | Performance by LLC RN-Severnaya Neft (technical customer) upon assignment, on behalf and at the expense of Rosneft (developer) of the actions associated with fulfillment of functions of the technical customer on arrangement of construction (reconstruction) of industrial facilities of Rosneft for the compensation in the amount of 277,372.0 K rubles (inclusive of VAT) | Transaction price – 277,372.0 K rubles (inclusive of VAT) | December 24, 2014 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|----|--|---|-------------------|
| 21 | Supply by Rosneft (supplier) of diesel fuel to LLC RN-Severnaya Neft (buyer) in the volume of 21.944 kt for the total price of 767,085.38K rubles (inclusive of VAT) | Transaction price – 767,085.38K rubles (inclusive of VAT) | December 30, 2014 |

TRANSACTIONS WHERE LLC RN-SERVICE IS A PARTY

Persons/entities related to the transactions:

OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

I.V. Majdannik – Member of Management Board of Rosneft, Member of Board of Directors of LLC RN-Service – a party to the transactions

| | | | |
|----|---|--|--------------------|
| 1 | Granting by Rosneft (licensor) to LLC RN-Service (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 1,579.9K rubles (inclusive of VAT) | Transaction price – 1,579.9K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Transfer by Rosneft (lessee) for sub-lease to LLC RN-Service (sub-lessee) of immovable assets (non-residential premises with the total area of 620.3 sq. m and 10 parking spaces in the building located at: Moscow, 3-1 Begovaya Street). The total contract value is 23,609.5K rubles (inclusive of VAT) | Transaction price – 23,609.5K rubles (inclusive of VAT) | April 15, 2014 |
| 3 | Transfer by Rosneft (lessor) for lease to LLC RN-Service (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 110,760.0 K rubles per year (inclusive of VAT) | Transaction price – 110,760.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 4 | Provision by LLC RN-Service (contractor) of the services to Rosneft (customer) associated with upkeep and maintenance of the mothballed immovable assets owned by Rosneft, which are not engaged in the operating process for the compensation in the amount of 17,835.0 K rubles (inclusive of VAT) | Transaction price – 17,835.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 5 | Provision by LLC RN-Service (keeper) of the services to Rosneft (depositor) associated with storage of the mothballed movable assets that are not engaged in the operating process owned by Rosneft for the compensation in the amount of 1,330.0 K rubles (inclusive of VAT) | Transaction price – 1,330.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 6 | Performance by LLC RN-Service (agent) upon assignment of Rosneft (principal) on its own behalf and at the expense of Rosneft or on behalf and at the expense of Rosneft of the actions associated with arrangement of performance of the works (provision of the services) for abandonment and suspension of wells and some fixed assets owned by Rosneft and located in the region of presence of LLC RN-Service for the compensation in the amount of 556.0 K rubles (inclusive of VAT) | Transaction price – 556.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 7 | Provision by Rosneft (contractor) of the services to LLC RN-Service (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 3,070.0 K rubles (inclusive of VAT) | Transaction price – up to 3,070.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 8 | Payment by Rosneft (participant) of an additional contribution to the charter capital of LLC RN-Service (Subsidiary) by cash in the amount of 2,719,117.398K rubles (exclusive of VAT) | Transaction price – 2,719,117.398K rubles (exclusive of VAT) | July 25, 2014 |
| 9 | Change in terms and conditions of the transaction on procurement by Rosneft (borrower) of an interest-bearing loan from LLC RN-Service (lender) in the amount of 2,000,000.0 K rubles regarding an increase of the total transaction value inclusive of the chargeable interest up to 3,856,109.6K rubles | Transaction price – up to 3,856,109.6K rubles | July 25, 2014 |
| 10 | Payment by Rosneft (participant) of a contribution to the assets of LLC RN-Service (Subsidiary) in the amount of 2,600,000.0 K rubles | Transaction price – 2,600,000.0 K rubles | September 26, 2014 |

TRANSACTIONS WHERE LLC RN-SERVICE AND LLC RN-AKTIV (BEFORE AUGUST 29, 2014 – LLC ZAPAD-SHMIDT INVEST)

Persons/entities related to the transactions:

OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

Provision by Rosneft (guarantor) of the guarantee in favour of Weatherford Worldwide Holdings GmbH, Weatherford Drilling International Holdings (BVI) Ltd. and Weatherford Holdings RUS Ltd. (sellers) with regard to timely and full payment by Rosneft subsidiaries – LLC RN-Service and LLC RN-Aktiv (beneficiaries), purchasing from sellers of shares/stakes in charter capitals of CJSC Orenburgneft, CJSC Nizhnevartovskburneft, LLC Nizhnevartovskoe Predpriyatie Po Remontu Skvazhin-1, LLC Upravlenie Po Kapitalnomu Remontu Skvazhin, LLC Chernogotnefteservis and OJSC Belorusskoe Upravlenie Po Povysheniyu Nefteotdachi Plastov i Kapitalnomu Remontu Skvazhin, of all payable sums, comprising the purchase price. The guarantee amount makes 100% of the purchase price, payable on behalf of LLC RN-Service and LLC RN-Aktiv, and may reach US\$ 398.5 mln

Transaction price – up to US\$ 398.5 mln

July 25, 2014

TRANSACTIONS WHERE LLC RN-STAVROPOLNEFTEGAZ IS A PARTY

Persons/entities related to the transactions:

OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

| | | | |
|---|--|--|-------------------|
| 1 | Provision by LLC RN-Stavropolneftegaz (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arrangement of reconstruction of 30 destroyed foundation piers for the compensation in the amount of 73.8K rubles (inclusive of VAT) | Transaction price – 73.8K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Performance by LLC RN-Stavropolneftegaz (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of legal and other actions associated with arrangement of preparation of the depletion plans for field development (FDP), integrated projects and current development monitoring of the fields owned by Rosneft and performance of exploration works on Rosneft license areas in the territory of the Stavropol Region. The total amount of the agent's compensation under the transaction is 9,439.70K rubles (inclusive of VAT) | Transaction price – 9,439.70K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Granting by Rosneft (licensor) to LLC RN-Stavropolneftegaz (licensee) of the right to use software products of SS RN-KIN and SS RN-KIM for the compensation in the amount of 11,403.819K rubles (exclusive of VAT) | Transaction price – 11,403.819K rubles (exclusive of VAT) | December 24, 2013 |
| 4 | Granting by Rosneft (licensor) to LLC RN-Stavropolneftegaz (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 3,691.3K rubles (inclusive of VAT) | Transaction price – 3,691.3K rubles (inclusive of VAT) | December 24, 2013 |
| 5 | Provision by LLC RN-Stavropolneftegaz (contractor) of the services to Rosneft (customer) associated with production in the oil and gas fields, where the development licenses are owned by Rosneft, of oil, gas condensate, natural and associated gas and handover of the produced hydrocarbon resources to Rosneft for subsequent sales for the compensation in the amount of 6,784,199.3K rubles (inclusive of VAT) | Transaction price – 6,784,199.3K rubles (inclusive of VAT) | December 24, 2013 |
| 6 | Performance by LLC RN-Stavropolneftegaz (technical customer) upon assignment, on behalf and at the expense of Rosneft (developer) of the actions associated with fulfillment of functions of the technical customer on arrangement of construction (reconstruction) of industrial facilities of Rosneft for the compensation in the amount of 25,741.0 K rubles (inclusive of VAT) | Transaction price – 25,741.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 7 | Performance by LLC RN-Stavropolneftegaz (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arrangement of reconstruction of 30 destroyed foundation piers for the compensation in the amount of 63.6K rubles (inclusive of VAT) | Transaction price – 63.6K rubles (inclusive of VAT) | March 17, 2014 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|--|---|--|-------------------|
| 8 | Performance by LLC RN-Stavropolneftegaz (agent) upon assignment and at the expense of Rosneft (principal) of the actions associated with arrangement of development of the integrated project for development of the area of Rosneft fields in the territory of operations of LLC RN-Stavropolneftegaz for the compensation in the amount of 117.13K rubles (inclusive of VAT) | Transaction price – 117.13K rubles (inclusive of VAT) | April 15, 2014 |
| 9 | Performance by LLC RN-Stavropolneftegaz (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arrangement of performance of the works, associated with elimination of environmental damage. The total amount of the agency fee is 420.04K rubles (inclusive of VAT) | Transaction price – 420.04K rubles (inclusive of VAT) | April 15, 2014 |
| 10 | Transfer by Rosneft (lessor) for lease to LLC RN-Stavropolneftegaz (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 960,576.0 K rubles per year (inclusive of VAT) | Transaction price – 960,576.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 11 | Performance by LLC RN-Stavropolneftegaz (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arranging registration of the title to and transactions with immovable assets in the territory of Stavropol Region for the compensation in the amount of 64.0 K rubles (inclusive of VAT) | Transaction price – 64.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 12 | Performance by LLC RN-Stavropolneftegaz (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arrangement of land management and settlement of the land relationships between Rosneft and the holders of the title to the land plots occupied by the immovable assets of Rosneft located in the territory of the Stavropol Region for the compensation in the amount of 1,276.8K rubles (inclusive of VAT) | Transaction price – 1,276.8K rubles (inclusive of VAT) | May 15, 2014 |
| 13 | Provision by LLC RN-Stavropolneftegaz (contractor) of the services to Rosneft (customer) associated with upkeeping and maintenance of the mothballed immovable assets owned by Rosneft, which are not engaged in the operating process for the compensation in the amount of 302.0 K rubles (inclusive of VAT) | Transaction price – 302.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 14 | Performance by LLC RN-Stavropolneftegaz (agent) upon assignment of Rosneft (principal) on its own behalf and at the expense of Rosneft or on behalf and at the expense of Rosneft of the actions associated with arrangement of performance of the works (provision of the services) for abandonment and suspension of wells and some fixed assets owned by Rosneft and located in the region of presence of LLC RN-Stavropolneftegaz for the compensation in the amount of 520.0 K rubles (inclusive of VAT) | Transaction price – 520.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 15 | Performance by LLC RN-Stavropolneftegaz (agent) on behalf, upon assignment and at the expense of Rosneft (principal) of the actions associated with arrangement of the disposal of the non-core assets of Rosneft and the assets that are not engaged in the operating process for the compensation in the amount of 120.0 K rubles (inclusive of VAT) | Transaction price – 120.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 16 | Provision by Rosneft (contractor) of the services to LLC RN-Stavropolneftegaz (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 5,560.0 K rubles (inclusive of VAT) | Transaction price – up to 5,560.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 17 | Performance by Rosneft (agent) upon assignment, on behalf and at the expense of LLC RN-Stavropolneftegaz (principal) of the actions associated with arrangement of delivery of material and technical resources (MTR), provision of the services associated with installation, supervision, setting to work and commissioning of equipment, services associated with inspecting the quality of manufacture of MTR and other services for the compensation in the amount of 2,940.4K rubles (inclusive of VAT) | Transaction price – 2,940.4K rubles (inclusive of VAT) | September 8, 2014 |
| 18 | Granting by Rosneft (licensor) to LLC RN-Stavropolneftegaz (licensee) of the non-exclusive rights to use in the business activity of the licensee in the territory of the Russian Federation of trademarks owned by Rosneft for the term of 10 years for the compensation in the amount of 218.89K rubles (inclusive of VAT) | Transaction price – 218.89K rubles (inclusive of VAT) | October 6, 2014 |
| 19 | Granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Stavropolneftegaz (borrower) for funding the operating activities in the amount of up to 100,000,000.0 K rubles for the term of up to 6 years. The total contract value is up to 100,000,000.0 K rubles | Transaction price – up to 100,000,000.0 K rubles | December 9, 2014 |
| 20 | Provision by LLC RN-Stavropolneftegaz (lessor) for lease to Rosneft (lessee) of fixed assets for the term of 11 months for the fee in the amount of 30.5K rubles (inclusive of VAT) | Transaction price – 30.5K rubles (inclusive of VAT) | December 24, 2014 |
| 21 | Performance by LLC RN-Stavropolneftegaz (technical customer) upon assignment, on behalf and at the expense of Rosneft (developer) of the actions associated with fulfillment of functions of the technical customer on arrangement of construction (reconstruction) of industrial facilities of Rosneft for the compensation in the amount of 37,840.0 K rubles (inclusive of VAT) | Transaction price – 37,840.0 K rubles (inclusive of VAT) | December 24, 2014 |
| TRANSACTIONS WHERE LLC RN-STROI IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Granting by Rosneft (licensor) LLC RN-Stroi (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 80.9K rubles (inclusive of VAT) | Transaction price – 80.9K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Procurement by Rosneft (borrower) from LLC RN-Stroi (lender) of an interest-bearing loan in the amount of 50,000.0 K rubles for the term of up to 5 years. The total contract value inclusive of the interest is 67,500.0 K rubles | Transaction price – 67,500.0 K rubles | April 4, 2014 |
| TRANSACTIONS WHERE LLC RN-TRANS IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Provision by LLC RN-Trans (contractor) of the services to Rosneft (customer) associated with preparing a package of documents to escort petroleum derivatives and oil, placed under the customs regime, as well as of the services associated with round-the-clock preparing and delivery to the terminal of a package of vessel documents at shipment of products for the compensation in the total amount of 62,448.0 K rubles (inclusive of VAT) | Transaction price – 62,448.0 K rubles (inclusive of VAT) | February 5, 2014 |
| TRANSACTIONS WHERE LLC RN-TRADE IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Granting by Rosneft (licensor) to LLC RN-Trade (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 853.8K rubles (inclusive of VAT) | Transaction price – 853.8K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Supply by Rosneft (supplier) of petroleum products to LLC RN-Trade (buyer) in the volume of 162.36Kt for the total price of 8,672,650.0 K rubles (inclusive of VAT) | Transaction price – 8,672,650.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Change in terms and conditions of the transaction on procurement by Rosneft (borrower) of an interest-bearing loan from LLC RN-Trade (lender) in the amount not exceeding 10,000,000.0 K rubles regarding an increase of the loan amount up to 40,000,000.0 K rubles and the total transaction value inclusive of the chargeable interest up to 54,000,000.0 K rubles | Transaction price – up to 54,000,000.0 K rubles | April 4, 2014 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|--|---|--|-------------------|
| 4 | Transfer by Rosneft (lessor) for lease to LLC RN-Trade (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 9,464.0 K rubles per year (inclusive of VAT) | Transaction price – 9,464.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 5 | Provision by Rosneft (contractor) of the services to LLC RN-Trade (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 8,650.0 K rubles (inclusive of VAT) | Transaction price – up to 8,650.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 6 | Granting by Rosneft (licensor) to LLC RN-Trade (licensee) of the non-exclusive rights to use in the business activity of the licensee in the territory of the Russian Federation of trademarks owned by Rosneft for the term of 10 years for the compensation in the amount of 2,301.0 K rubles (inclusive of VAT) | Transaction price – 2,301.0 K rubles (inclusive of VAT) | October 6, 2014 |
| 7 | Granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Trade (borrower) for funding the operating activities in the amount of up to 100,000,000.0 K rubles for the term of up to 6 years. The total contract value is up to 100,000,000.0 K rubles | Transaction price – up to 100,000,000.0 K rubles | December 9, 2014 |
| TRANSACTIONS WHERE LLC RN-TUAPSENEFTEPRODUKT IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| A.V. Votinov – Member of Management Board of Rosneft, General Director, Chairman of Management Board of LLC RN-Tuapsenefteprodukt – a party to the transaction | | | |
| 1 | Provision by LLC RN-Tuapsenefteprodukt (contractor) of the services to Rosneft (customer) associated with acceptance, shipment and storage of petroleum products in the volume of up to 20.0 kt for the compensation in the amount of 23,600.0 K rubles (inclusive of VAT) | Transaction price – 23,600.0 K rubles (inclusive of VAT) | November 30, 2013 |
| 2 | Provision by LLC RN-Tuapsenefteprodukt (contractor) of the services to Rosneft (customer) associated with transshipment for export by rail of petroleum products and execution of the shipping documents in the volume of up to 20.7 kt for the compensation in the amount of 10,877.0 K rubles (inclusive of VAT) | Transaction price – 10,877.0 K rubles (inclusive of VAT) | November 30, 2013 |
| 3 | Granting by Rosneft (licensor) to LLC RN-Tuapsenefteprodukt (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 636.8K rubles (inclusive of VAT) | Transaction price – 636.8K rubles (inclusive of VAT) | December 24, 2013 |
| 4 | Provision by LLC RN-Tuapsenefteprodukt (contractor) of comprehensive services to Rosneft (customer) associated with acceptance of petroleum products, supplied by rail and/or by industrial pipelines from LLC RN-Tuapsinskiy NPZ, their accumulation (protection) and shipment in port Tuapse for bunkering of foreign vessels in the volume of up to 340.0 kt. The total amount of the fee is 250,000.0 K rubles (inclusive of VAT) | Transaction price – 250,000.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 5 | Provision by LLC RN-Tuapsenefteprodukt (contractor) of the services to Rosneft (customer) associated with transshipment of petroleum products in the volume of up to 11,367.177 kt for export by sea in the amount of up to 4,570,905.0 K rubles (inclusive of VAT) | Transaction price – up to 4,570,905.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 6 | Performance by LLC RN-Tuapsenefteprodukt (technical customer) upon assignment, on behalf and at the expense of Rosneft (developer) of the actions associated with fulfillment of functions of the technical customer on arrangement of construction (reconstruction) of industrial facilities of Rosneft for the compensation in the amount of 59,689.0 K rubles (inclusive of VAT) | Transaction price – 59,689.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 7 | Performance by LLC RN-Tuapsenefteprodukt (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arranging registration of the title to and transactions with immovable assets in the territory of the Krasnodar Region for the compensation in the amount of 60.0 K rubles (inclusive of VAT) | Transaction price – 60.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 8 | Performance by LLC RN-Tuapsenefteprodukt (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arrangement of land management and settlement of the land relationships between Rosneft and the holders of the title to the land plots occupied by the immovable assets of Rosneft located in the territory of the Krasnodar Region for the compensation in the amount of 60.0 K rubles (inclusive of VAT) | Transaction price – 60.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 9 | Performance by LLC RN-Tuapsenefteprodukt (agent) on behalf, upon assignment and at the expense of Rosneft (principal) of the actions associated with arrangement of the disposal of the non-core assets of Rosneft and the assets that are not engaged in the operating process for the compensation in the amount of 50.0 K rubles (inclusive of VAT) | Transaction price – 50.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 10 | Transfer by Rosneft (lessor) for lease to LLC RN-Tuapsenefteprodukt (lessee) of fixed assets owned by Rosneft for the fee in the amount of 2,586,915.0 K rubles per year (inclusive of VAT) | Transaction price – 2,586,915.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 11 | Provision by Rosneft (contractor) of the services to LLC RN-Tuapsenefteprodukt (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 13,000.0 K rubles (inclusive of VAT) | Transaction price – up to 13,000.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 12 | Provision by Rosneft (contractor) of the services to LLC RN-Tuapsenefteprodukt (customer) associated with insurance of the customer's assets, machines and mechanisms against breakdown, damages resulting from an interruption in the customer's operations, arrangement of reinsurance protection for the compensation in the amount of 473.49 K rubles (inclusive of VAT) | Transaction price – 473.49 K rubles (inclusive of VAT) | October 6, 2014 |
| 13 | Provision by LLC RN-Tuapsenefteprodukt (contractor) of the services to Rosneft (customer) associated with transshipment for export by rail of petroleum products in the volume of up to 20.7 kt and execution of the shipping documents for the compensation in the amount of 9,238.0 K rubles (inclusive of VAT) | Transaction price – 9,238.0 K rubles (inclusive of VAT) | November 27, 2014 |
| 14 | Performance by LLC RN-Tuapsenefteprodukt (technical customer) upon assignment, on behalf and at the expense of Rosneft (developer) of the actions associated with fulfillment of functions of the technical customer on arrangement of construction (reconstruction) of industrial facilities of Rosneft for the compensation in the amount of 34,225.0 K rubles (inclusive of VAT) | Transaction price – 34,225.0 K rubles (inclusive of VAT) | December 24, 2014 |
| TRANSACTIONS WHERE LLC RN-TUAPSINSKIY NPZ IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| A.V. Votinov – Member of Management Board of Rosneft, General Director, Chairman of Management Board of LLC RN-Tuapsinskiy NPZ – a party to the transaction | | | |
| 1 | Granting by Rosneft (licensor) to LLC RN-Tuapsinskiy NPZ (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 3,587.2K rubles (inclusive of VAT) | Transaction price – 3,587.2K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Performance by LLC RN-Tuapsinskiy NPZ (technical customer) upon assignment, on behalf and at the expense of Rosneft (developer) of the actions associated with fulfillment of functions of the technical customer on arrangement of construction (reconstruction) of industrial facilities of Rosneft for the compensation in the amount of 510,000.0 K rubles (inclusive of VAT) | Transaction price – 510,000.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Provision by LLC RN-Tuapsinskiy NPZ (contractor) of the services to Rosneft (customer) associated with processing of oil in the volume of up to 10,800.0 kt in the total amount of up to 41,481,720.0 K rubles (inclusive of VAT) | Transaction price – up to 41,481,720.0 K rubles (inclusive of VAT) | December 24, 2013 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|----|--|---|------------------|
| 4 | Sale by Rosneft (seller) of petroleum products to LLC RN-Tuapsinskiy NPZ (buyer) in the volume of up to 72.0 kt for the total price of up to 1,998,000.0 K rubles (inclusive of VAT) | Transaction price – up to 1,998,000.0 K rubles (inclusive of VAT) | April 4, 2014 |
| 5 | Transfer by Rosneft (lessor) for lease to LLC RN-Tuapsinskiy NPZ (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 17,800,784.0 K rubles per year (inclusive of VAT) | Transaction price – 17,800,784.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 6 | Performance by LLC RN-Tuapsinskiy NPZ (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arranging registration of the title to and transactions with immovable assets in the territory of the Krasnodar Region for the compensation in the amount of 60.0 K rubles (inclusive of VAT) | Transaction price – 60.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 7 | Performance by LLC RN-Tuapsinskiy NPZ (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arrangement of land management and settlement of the land relationships between Rosneft and the holders of the title to the land plots occupied by the immovable assets of Rosneft located in the territory of the Krasnodar Region for the compensation in the amount of 60.0 K rubles (inclusive of VAT) | Transaction price – 60.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 8 | Provision by Rosneft (contractor) of the services to LLC RN-Tuapsinskiy NPZ (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 7,880.0 K rubles (inclusive of VAT) | Transaction price – up to 7,880.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 9 | Provision by Rosneft (contractor) of the services to LLC RN-Tuapsinskiy NPZ (customer) associated with insurance of the customer's assets, machines and mechanisms against breakdown, damages resulting from an interruption in the customer's operations, arrangement of reinsurance protection for the compensation in the amount of 4,626.62K rubles (inclusive of VAT) | Transaction price – 4,626.62K rubles (inclusive of VAT) | October 6, 2014 |
| 10 | Granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Tuapsinskiy NPZ (borrower) for funding the operating activities in the amount of up to 120,000,000.0 K rubles for the term of up to 6 years. The total contract value is up to 120,000,000.0 K rubles | Transaction price – up to 120,000,000.0 K rubles | December 9, 2014 |

TRANSACTIONS WHERE LLC RN-UFAPIPEFT IS A PARTY

Persons/entities related to the transactions:

OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

A.V. Votinov – Member of Management Board of Rosneft, Member of Management Board of LLC RN-UfaNIPIneft – a party to the transactions

Z. Runje – Member of Management Board of Rosneft, Member of Management Board of LLC RN-UfaNIPIneft – a party to the transactions

| | | | |
|----|--|--|-------------------|
| 1 | Provision by LLC RN-UfaNIPIneft (contractor) of the services to Rosneft (customer) associated with drafting instruction guidelines on the theme Improvement of Hydrodynamical Studies of Wells in Low-Permeability Gas Reservoirs for the compensation in the amount of 4,000.0 K rubles (inclusive of VAT) | Transaction price – 4,000.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Provision by LLC RN-UfaNIPIneft (contractor) of the services to Rosneft (customer) associated with drafting instruction guidelines on carrying out hydrodynamical and gas-condensate investigations on gas and gas condensate wells for the compensation in the amount of 3,000.0 K rubles (inclusive of VAT) | Transaction price – 3,000.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Provision by LLC RN-UfaNIPIneft (contractor) of the services (performance of the works) to Rosneft (customer) in the framework of the Summary List of Target Innovative Projects of Rosneft for the compensation in the amount of 182,171.0 K rubles (inclusive of VAT) | Transaction price – 182,171.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 4 | Granting by Rosneft (licensor) to LLC RN-UfaNIPIneft (licensee) of the right to use software products for the compensation in the amount of 11,403.819K rubles (exclusive of VAT) | Transaction price – 11,403.819K rubles (exclusive of VAT) | December 24, 2013 |
| 5 | Granting by Rosneft (licensor) to LLC RN-UfaNIPIneft (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 4,649.7K rubles (inclusive of VAT) | Transaction price – 4,649.7K rubles (inclusive of VAT) | December 24, 2013 |
| 6 | Provision by LLC RN-UfaNIPIneft (contractor) of the services (performance of the works) to Rosneft (customer) in the framework of the Summary List of Target Innovative Projects of Rosneft for the compensation in the amount of 155,000.0 K rubles (inclusive of VAT) | Transaction price – 155,000.0 K rubles (inclusive of VAT) | March 17, 2014 |
| 7 | Provision by LLC RN-UfaNIPIneft (contractor) of the services to Rosneft (customer) associated with elaboration and agreement of the local normative document of the Company Preparation and Application of Process Liquids for the compensation in the amount of 2,425.0 K rubles (inclusive of VAT) | Transaction price – 2,425.0 K rubles (inclusive of VAT) | April 15, 2014 |
| 8 | Transfer by Rosneft (lessor) for lease to LLC RN-UfaNIPIneft (lessee) of fixed assets owned by Rosneft for the fee in the amount of 1,307.0 K rubles per year (inclusive of VAT) | Transaction price – 1,307.0 K rubles per year (inclusive of VAT) | May 15, 2014 |
| 9 | Change in terms and conditions of the transaction with regard to provision by LLC RN-UfaNIPIneft (contractor) of the services to Rosneft (customer) associated with drafting the plan for development of technologies in the field of servicing and isolation works regarding expansion of the list of provided services and increase of the compensation amount up to 5,300.0 K rubles (inclusive of VAT) | Transaction price – up to 5,300.0 K rubles (inclusive of VAT) | June 2, 2014 |
| 10 | Provision by Rosneft (contractor) of the services to LLC RN-UfaNIPIneft (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 10.0 K rubles (inclusive of VAT) | Transaction price – up to 10.0 K rubles (inclusive of VAT) | August 18, 2014 |
| 11 | Granting by Rosneft (licensor) to LLC RN-UfaNIPIneft (licensee) of the non-exclusive rights to use in the business activity of the licensee in the territory of the Russian Federation of trademarks owned by Rosneft for the term of 10 years for the compensation in the amount of 218.89K rubles (inclusive of VAT) | Transaction price – 218.89K rubles (inclusive of VAT) | October 6, 2014 |

TRANSACTIONS WHERE LLC RN-UCHET IS A PARTY

Persons/entities related to the transactions:

OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

| | | | |
|---|--|---|-------------------|
| 1 | Provision by LLC RN-Uchet (contractor) of the services to Rosneft (customer) associated with arranging and carrying out the financial, tax and operational accounting for the compensation in the amount of 747,391.96K rubles per year (inclusive of VAT) | Transaction price – 747,391.96 K rubles per year (inclusive of VAT) | December 24, 2013 |
| 2 | Provision by LLC RN-Uchet (contractor) of the services to Rosneft (customer) associated with providing a server space with installed software for the compensation in the amount of 273.76K rubles per year (inclusive of VAT) | Transaction price – 273.76K rubles per year (inclusive of VAT) | December 24, 2013 |
| 3 | Provision by LLC RN-Uchet (contractor) of the services to Rosneft (customer) associated with arranging and conducting the Rosneft Best Accountant 2014 for the compensation in the amount of 7,098.88K rubles (inclusive of VAT) | Transaction price – 7,098.88K rubles (inclusive of VAT) | December 24, 2013 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|---|--|---|-------------------|
| 4 | Granting by Rosneft (licensor) to LLC RN-Uchet (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 12,160.5K rubles (inclusive of VAT) | Transaction price – 12,160.5K rubles (inclusive of VAT) | December 24, 2013 |
| 5 | Provision by LLC RN-Uchet (contractor) of the services to Rosneft (customer) associated with fulfillment of technical functions to maintain contracts on disposal of core assets of Rosneft for the compensation in the amount of 27,383.84K rubles (inclusive of VAT) | Transaction price – 27,383.84K rubles (inclusive of VAT) | April 4, 2014 |
| 6 | Transfer by Rosneft (lessee) for sub-lease to LLC RN-Uchet (sub-lessee) of immovable assets (non-residential premises with the total area of 2,325.37 sq. m and 7 parking spaces in the building located at: Moscow, 3-1 Begovaya Street). The total contract value is 83,809.5K rubles (inclusive of VAT) | Transaction price – 83,809.5K rubles (inclusive of VAT) | April 15, 2014 |
| 7 | Provision by LLC RN-Uchet (contractor) of the services to Rosneft (customer) associated with maintenance of contracts, associated with disposal of core assets of Rosneft for the compensation in the amount of 27,383.84K rubles per year (inclusive of VAT) | Transaction price – 27,383.84K rubles per year (inclusive of VAT) | May 15, 2014 |
| 8 | Provision by Rosneft (contractor) of the services to LLC RN-Uchet (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 340.0 K rubles (inclusive of VAT) | Transaction price – up to 340.0 K rubles (inclusive of VAT) | July 25, 2014 |

TRANSACTIONS WHERE LLC RN-TSIR IS A PARTY

Persons/entities related to the transactions:

OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares, an affiliate of which – I.I. Sechin, Chairman of Board of Directors of OJSC ROSNEFTEGAZ, is Chairman of Board of Directors of LLC RN-TsIR – a party to the transactions

I.I. Sechin – Member of Board of Directors, President, Chairman of Management Board of Rosneft, Chairman of Board of Directors of LLC RN-TsIR – a party to the transactions

N.M. Mukhitov – Member of Management Board of Rosneft, Member of Board of Directors of LLC RN-TsIR – a party to the transactions

I.V. Pavlov – Member of Management Board of Rosneft, Member of Board of Directors of LLC RN-TsIR – a party to the transactions

| | | | |
|---|--|---|-------------------|
| 1 | Provision by LLC RN-TsIR (contractor) of the services (performance of the works) to Rosneft (customer) in the framework of the Summary List of Target Innovative Projects of Rosneft for the compensation in the amount of 238,700.0 K rubles (exclusive of VAT) | Transaction price – 238,700.0 K rubles (exclusive of VAT) | December 24, 2013 |
| 2 | Procurement by Rosneft (borrower) from LLC RN-TsIR (lender) of an interest-bearing loan in the amount of 30,000.0 K rubles for the term of up to 5 years. The total contract value inclusive of the interest is up to 40,500.0 K rubles | Transaction price – up to 40,500.0 K rubles | April 4, 2014 |
| 3 | Provision by LLC RN-TsIR (contractor) of the services (performance of the works) to Rosneft (customer) in the framework of the Summary List of Target Innovative Projects of Rosneft for the compensation in the amount of 268,100.0 K rubles (exclusive of VAT) | Transaction price – 268,100.0 K rubles (exclusive of VAT) | June 2, 2014 |
| 4 | Granting by Rosneft (licensor) to LLC RN-TsIR (licensee) of the non-exclusive rights to use in the business activity of the licensee in the territory of the Russian Federation of trademarks owned by Rosneft for the term of 10 years for the compensation in the amount of 218.89K rubles (inclusive of VAT) | Transaction price – 218.89K rubles (inclusive of VAT) | October 6, 2014 |
| 5 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC RN-TsIR (borrower) for funding the operating activities in the amount of 60,400.0 K rubles regarding changing the interest rate, an increase of the total transaction value inclusive of the chargeable interest up to 83,047.1K rubles and extension of the loan repayment period | Transaction price – up to 83,047.1K rubles | November 27, 2014 |
| 6 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC RN-TsIR (borrower) in the amount of 50 000.0 K rubles for funding the operating activities, by means of extension of the loan repayment period till December 31, 2016 on the following terms and conditions: the outstanding amount of the principal debt is 50 000.0 K rubles; from the date of extension of the loan agreement with regard to the actual outstanding amount of the borrower an interest rate is applied within a range of the market interval of prices, approved by the Budget Committee of Rosneft as of the extension date; the total contract value inclusive of the interest is 73,215.6K rubles | Transaction price – 73,215.6K rubles | December 12, 2014 |
| 7 | Performance by LLC RN-TsIR (contractor) of the works to Rosneft (customer) associated with elaboration of the technology of deeply dearomatized white oils and arctic lubricating materials for the compensation in the amount of 78,124.56K rubles (exclusive of VAT) | Transaction price – 78,124.56K rubles (exclusive of VAT) | December 24, 2014 |

TRANSACTIONS WHERE LLC RN-CHELYABINSKNEFTEPRODUKT IS A PARTY

Persons/entities related to the transactions:

OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions)

| | | | |
|---|---|---|-------------------|
| 1 | Supply by Rosneft (supplier) of oils to LLC RN-Chelyabinsknefteprodukt (buyer) in the volume of 0.4 kt for the total price of 22,687.636K rubles (inclusive of VAT) | Transaction price – 22,687.636 K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Granting by Rosneft (licensor) to LLC RN-Chelyabinsknefteprodukt (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 363.2K rubles (inclusive of VAT) | Transaction price – 363.2K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Supply by Rosneft (supplier) of petroleum products to LLC RN-Chelyabinsknefteprodukt (buyer) in the volume of 92.98 kt for the total price of 4,697,370.0 K rubles (inclusive of VAT) | Transaction price – 4,697,370.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 4 | Granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Chelyabinsknefteprodukt (borrower) for funding the operating activities in the amount of up to 80,292.0 K rubles for the term of 2 years. The total contract value inclusive of the interest is up to 96,350.4K rubles | Transaction price – up to 96,350.4K rubles | June 26, 2014 |
| 5 | Provision by Rosneft (contractor) of the services to LLC RN-Chelyabinsknefteprodukt (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 10.0 K rubles (inclusive of VAT) | Transaction price – up to 10.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 6 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Chelyabinsknefteprodukt (borrower) for funding the investment activity in the amount of 64,498.5K rubles regarding establishment of an interest rate, an increase of the total transaction value inclusive of the chargeable interest up to 85,802.4K rubles, as well as extension of the loan repayment period | Transaction price – up to 85,802.4K rubles | November 27, 2014 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|--|--|---|-------------------|
| 7 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Che-lyabinsknefteprodukt (borrower) in the amount of 109,351.2K rubles for funding the operating activities, by means of extension of the loan repayment period till December 31, 2016 on the following terms and conditions: the outstanding amount of the principal debt is 59,077.4K rubles; from the date of extension of the loan agreement with regard to the actual outstanding amount of the borrower an interest rate is applied within a range of the market interval of prices, approved by the Budget Committee of Rosneft as of the extension date; the total contract value inclusive of the interest is 78,119.7K rubles | Transaction price – 78,119.7K rubles | December 12, 2014 |
| 8 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Che-lyabinsknefteprodukt (borrower) in the amount of 66,300.0 K rubles for funding the operating activities, by means of extension of the loan repayment period till December 31, 2016 on the following terms and conditions: the outstanding amount of the principal debt is 66,300.0 K rubles; from the date of extension of the loan agreement with regard to the actual outstanding amount of the borrower an interest rate is applied within a range of the market interval of prices, approved by the Budget Committee of Rosneft as of the extension date; the total contract value inclusive of the interest is 87,670.4K rubles | Transaction price – 87,670.4K rubles | December 12, 2014 |
| TRANSACTIONS WHERE LLC RN-CHECHENNEFTEPRODUKT IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Granting by Rosneft (licensor) to LLC RN-Chechennefteprodukt (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 290.6K rubles (inclusive of VAT) | Transaction price – 290.6K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Supply by Rosneft (supplier) of petroleum products to LLC RN-Chechennefteprodukt (buyer) in the volume of 71.06 kt for the total price of 3,567,680.0 K rubles (inclusive of VAT) | Transaction price – 3,567,680.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Provision by Rosneft (contractor) of the services to LLC RN-Chechennefteprodukt (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 10.0 K rubles (inclusive of VAT) | Transaction price – up to 10.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 4 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Chechennefteprodukt (borrower) in the amount of 558,585.0 K rubles for funding the investment activity, by means of extension of the loan repayment period till September 15, 2016 on the following terms and conditions: the outstanding amount is 540,885.0 K rubles; the transaction value is 558,585.0 K rubles | Transaction price – 558,585.0 K rubles | December 12, 2014 |
| 5 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Chechennefteprodukt (borrower) in the amount of 104,530.0 K rubles for funding the investment activity, by means of extension of the loan repayment period till December 31, 2016 on the following terms and conditions: the outstanding amount is 35,000.0 K rubles; the transaction value is 35,000.0 K rubles | Transaction price – 35,000.0 K rubles | December 12, 2014 |
| 6 | Purchase by Rosneft (buyer) of gasoline from LLC RN-Chechennefteprodukt (seller) in the total amount of 188.89K rubles (inclusive of VAT) | Transaction price – 188.89K rubles (inclusive of VAT) | December 24, 2014 |
| 7 | Conclusion by Rosneft (lender) and LLC RN-Chechennefteprodukt (borrower, debtor) of the debt forgiveness agreement, the subject – matter of which is partial release of LLC RN-Chechennefteprodukt from the obligation on repayment to Rosneft of the principal debt in the amount of 30,000.0 K rubles under the loan agreement for 104,530.0 K rubles | Transaction price – 30,000.0 K rubles | December 30, 2014 |
| TRANSACTIONS WHERE LLC RN-SHELF ABKHAZIA IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Granting by Rosneft (licensor) to LLC RN-Shelf Abkhazia (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 27.6K rubles (inclusive of VAT) | Transaction price – 27.6K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Shelf Abkhazia (borrower) for funding the operating activities in the amount of up to 4,193.0 K rubles for the term of 2 years. The total contract value inclusive of the interest is up to 5,031.6K rubles | Transaction price – up to 5,031.6K rubles | June 26, 2014 |
| 3 | Granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Shelf Abkhazia (borrower) for funding the investment activity in the amount of up to 78,416.0 K rubles for the term of 5 years. The total contract value inclusive of the interest is up to 121,544.8K rubles | Transaction price – up to 121,544.8K rubles | June 26, 2014 |
| 4 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Shelf Abkhazia (borrower) for funding the investment activity in the amount of 239,615.5K rubles regarding changing the interest rate, an increase of the total transaction value inclusive of the chargeable interest up to 1,105,715.5K rubles, as well as extension of the loan repayment period | Transaction price – up to 1,105,715.5K rubles | November 27, 2014 |
| TRANSACTIONS WHERE LLC RN-SHELF ARKTIKA IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Performance by LLC RN-Shelf Arktika (agent) upon assignment and at the expense of Rosneft (principal) of the actions associated with arrangement of execution of exploration works on the license areas of Rosneft of the shelves of Pechora, Kara and Barents Seas. The total amount of the agent's compensation under the transaction is 1,114,849.52K rubles (inclusive of VAT) | Transaction price – 1,114,849.52K rubles (inclusive of VAT) | February 5, 2014 |
| 2 | Granting by Rosneft (licensor) to LLC RN-Shelf Arktika (licensee) of the right to use software and provision of the services associated with technical support. The total contract value is 726.2K rubles (inclusive of VAT) | Transaction price – 726.2K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Procurement by Rosneft (borrower) from LLC RN-Shelf Arktika (lender) of an interest-bearing loan in the amount of 10,000.0 K rubles for the term of up to 5 years. The total contract value inclusive of the interest is up to 13,500.0 K rubles | Transaction price – up to 13,500.0 K rubles | April 4, 2014 |
| 4 | Provision by Rosneft (contractor) of the services to LLC RN-Shelf Arktika (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 4,880.0 K rubles (inclusive of VAT) | Transaction price – up to 4,880.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 5 | Change in terms and conditions of the transaction with regard to provision by LLC RN-Shelf Arktika (lender) of an interest-bearing loan to Rosneft (borrower) in the amount of 10,000.0 K rubles regarding an increase of the loan amount up to 300,000.0 K rubles and an increase of the total transaction value inclusive of the chargeable interest up to 435,000.0 K rubles | Transaction price – up to 435,000.0 K rubles | September 8, 2014 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|--|---|---|-------------------|
| 6 | Granting by Rosneft (licensor) to LLC RN-Shelf Arktika (licensee) of the non-exclusive rights to use in the business activity of the licensee in the territory of the Russian Federation of trademarks owned by Rosneft for the term of 10 years for the compensation in the amount of 218.89K rubles (inclusive of VAT) | Transaction price – 218.89K rubles (inclusive of VAT) | October 6, 2014 |
| TRANSACTIONS WHERE LLC RN-EXPLORATION IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| Z. Runje – Member of Management Board of Rosneft, Chairman of Board of Directors of LLC RN-Exploration – a party to the transactions | | | |
| 1 | Granting by Rosneft (licensor) to LLC RN-Exploration (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 1,263.7K rubles (inclusive of VAT) | Transaction price – 1,263.7K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Performance by LLC RN-Exploration (agent) upon assignment and at the expense of Rosneft (principal) of the actions associated with arrangement of execution of exploration works on the license area of Rosneft on the shelf of the Black Sea for the compensation in the amount of 235,706.05K rubles (inclusive of VAT) | Transaction price – 235,706.05K rubles (inclusive of VAT) | February 5, 2014 |
| 3 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Exploration (borrower) for funding the investment activity in the amount of 23,323.0 K rubles regarding an increase of the total transaction value inclusive of the chargeable interest up to 802,053.0 K rubles | Transaction price – up to 802,053.0 K rubles | June 26, 2014 |
| 4 | Provision by Rosneft (contractor) of the services to LLC RN-Exploration (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 1,640.0 K rubles (inclusive of VAT) | Transaction price – up to 1,640.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 5 | Provision by LLC RN-Exploration (contractor) of the services to Rosneft (customer) associated with creation of a regional geological model of the shelf part of southern seas of the Russian Federation, modeling of formation of hydrocarbon systems, evaluation of resources and geological risks for the compensation in the amount of 59,500.00K rubles (inclusive of VAT) | Transaction price – 59,500.00K rubles (inclusive of VAT) | July 25, 2014 |
| 6 | Granting by Rosneft (licensor) to LLC RN-Exploration (licensee) of the non-exclusive rights to use in the business activity of the licensee in the territory of the Russian Federation of trademarks owned by Rosneft for the term of 10 years for the compensation in the amount of 218.89K rubles (inclusive of VAT) | Transaction price – 218.89K rubles (inclusive of VAT) | October 6, 2014 |
| 7 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Exploration (borrower) in the amount of 1,424,502.0 K rubles for funding the investment activity, by means of extension of the loan repayment period till December 30, 2017 on the following terms and conditions: the outstanding amount of the principal debt is 1,282,090.0 K rubles; from the date of extension of the loan agreement with regard to the actual outstanding amount of the borrower an interest rate is applied within a range of the market interval of prices, approved by the Budget Committee of Rosneft as of the extension date; the total contract value inclusive of the interest is 2,240,332.7K rubles | Transaction price – 2,240,332.7K rubles | December 12, 2014 |
| 8 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Exploration (borrower) in the amount of 535,800.0 K rubles for funding the investment activity, by means of extension of the loan repayment period till December 30, 2017 on the following terms and conditions: the outstanding amount of the principal debt is 535,800.0 K rubles; from the date of extension of the loan agreement with regard to the actual outstanding amount of the borrower an interest rate is applied within a range of the market interval of prices, approved by the Budget Committee of Rosneft as of the extension date; the total contract value inclusive of the interest is 876,745.0 K rubles | Transaction price – 876,745.0 K rubles | December 12, 2014 |
| 9 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Exploration (borrower) in the amount of 715,000.0 K rubles for funding the investment activity, by means of extension of the loan repayment period till November 20, 2017 on the following terms and conditions: the outstanding amount of the principal debt is 455,711.8.0 K rubles; from the date of extension of the loan agreement with regard to the actual outstanding amount of the borrower an interest rate is applied within a range of the market interval of prices, approved by the Budget Committee of Rosneft as of the extension date; the total contract value inclusive of the interest is 740,984.9K rubles | Transaction price – 740,984.9K rubles | December 12, 2014 |
| 10 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Exploration (borrower) in the amount of 34,575.0 K rubles for funding the investment activity, by means of extension of the loan repayment period till November 13, 2017 on the following terms and conditions: the outstanding amount of the principal debt is 24,750.0 K rubles; from the date of extension of the loan agreement with regard to the actual outstanding amount of the borrower an interest rate is applied within a range of the market interval of prices, approved by the Budget Committee of Rosneft as of the extension date; the total contract value inclusive of the interest is 40,199.7K rubles | Transaction price – 40,199.7K rubles | December 12, 2014 |
| 11 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Exploration (borrower) in the amount of 933,472.2K rubles for funding the investment activity, by means of extension of the loan repayment period till October 18, 2017 on the following terms and conditions: the outstanding amount of the principal debt is 603,274.1K rubles; from the date of extension of the loan agreement with regard to the actual outstanding amount of the borrower an interest rate is applied within a range of the market interval of prices, approved by the Budget Committee of Rosneft as of the extension date; the total contract value inclusive of the interest is 975,902.5K rubles | Transaction price – 975,902.5K rubles | December 12, 2014 |
| 12 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Exploration (borrower) in the amount of 129,918.2K rubles for funding the operating activities, by means of extension of the loan repayment period till March 17, 2016 on the following terms and conditions: the outstanding amount of the principal debt is 17,793.0 K rubles; from the date of extension of the loan agreement with regard to the actual outstanding amount of the borrower an interest rate is applied within a range of the market interval of prices, approved by the Budget Committee of Rosneft as of the extension date; the total contract value inclusive of the interest is 35,538.5K rubles | Transaction price – 35,538.5K rubles | December 12, 2014 |
| 13 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Exploration (borrower) in the amount of 365,243.2K rubles for funding the operating activities, by means of extension of the loan repayment period till September 15, 2016 on the following terms and conditions: the outstanding amount of the principal debt is 14,423.5K rubles; from the date of extension of the loan agreement with regard to the actual outstanding amount of the borrower an interest rate is applied within a range of the market interval of prices, approved by the Budget Committee of Rosneft as of the extension date; the total contract value inclusive of the interest is 417,817.5K rubles | Transaction price – 417,817.5K rubles | December 12, 2014 |
| 14 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Exploration (borrower) in the amount of 362,326.0 K rubles for funding the operating activities, by means of extension of the loan repayment period till December 31, 2016 on the following terms and conditions: the outstanding amount of the principal debt is 178,000.0 K rubles; from the date of extension of the loan agreement with regard to the actual outstanding amount of the borrower an interest rate is applied within a range of the market interval of prices, approved by the Budget Committee of Rosneft as of the extension date; the total contract value inclusive of the interest is 250,659.9K rubles | Transaction price – 250,659.9K rubles | December 12, 2014 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|--|--|--|-------------------|
| TRANSACTIONS WHERE LLC RN-EXPLORATION AND LLC RN-BURENIE ARE PARTIES | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| Z. Runje – Member of Management Board of Rosneft, Chairman of Board of Directors of LLC RN-Exploration – a party to the transactions | | | |
| 1 | Acceptance by Rosneft (successor) from LLC RN-Exploration (customer) of the customer's rights and obligations under the contract with LLC RN-Burenie (general contractor) for performance of works on construction of of prospecting and appraisal well №6 on Preobrazhensky license area in the amount not exceeding 3,454.47K roubles (inclusive of VAT). Transaction value – the transaction has no valuation | Transaction value – the transaction has no valuation | October 6, 2014 |
| 2 | Acceptance by Rosneft (successor) from LLC RN-Exploration (customer) of the customer's rights and obligations under the contract with LLC RN-Burenie (general contractor) for performance of works on construction of exploratory well №6 on Sanarsky license area in the amount not exceeding 9,748.78K roubles (inclusive of VAT). Transaction value – the transaction has no valuation | Transaction value – the transaction has no valuation | October 6, 2014 |
| 3 | Acceptance by Rosneft (successor) from LLC RN-Exploration (customer) of the customer's rights and obligations under the contract with LLC RN-Burenie (general contractor) for performance of works on construction of exploratory well № 10 on Mogdinsky license area in the amount not exceeding 13,213.94K roubles (inclusive of VAT). Transaction value – the transaction has no valuation | Transaction value – the transaction has no valuation | October 6, 2014 |
| 4 | Acceptance by Rosneft (successor) from LLC RN-Exploration (customer) of the customer's rights and obligations under the contract with LLC RN-Burenie (general contractor) for performance of works on construction of exploratory well №73 on Danilovsky license area in the amount not exceeding 14,031.19K roubles (inclusive of VAT). Transaction value – the transaction has no valuation | Transaction value – the transaction has no valuation | October 6, 2014 |
| 5 | Acceptance by Rosneft (successor) from LLC RN-Exploration (customer) of the customer's rights and obligations under the contract with LLC RN-Burenie (general contractor) for performance of works on construction of of prospecting and appraisal well № 3 on Vostochno-Sugdinsky license area in the amount not exceeding 428,967.43K roubles (inclusive of VAT). Transaction value – the transaction has no valuation | Transaction value – the transaction has no valuation | October 6, 2014 |
| 6 | Acceptance by Rosneft (successor) from LLC RN-Exploration (customer) of the customer's rights and obligations under the contract with LLC RN-Burenie (general contractor) for performance of works on construction of exploratory well № 11 on Mogdinsky license area in the amount not exceeding 420,875.36K roubles (inclusive of VAT). Transaction value – the transaction has no valuation | Transaction value – the transaction has no valuation | October 6, 2014 |
| 7 | Acceptance by Rosneft (successor) from LLC RN-Exploration (customer) of the customer's rights and obligations under the contract with LLC RN-Burenie (general contractor) for performance of works on construction of exploratory well № 74 on Danilovsky license area in the amount not exceeding 388,611.24K roubles (inclusive of VAT). Transaction value – the transaction has no valuation | Transaction value – the transaction has no valuation | October 6, 2014 |
| 8 | Acceptance by Rosneft (successor) from LLC RN-Exploration (customer) of the customer's rights and obligations under the contract with LLC RN-Burenie (general contractor) for performance of works on construction of of prospecting and appraisal well № 7 on Preobrazhensky license area in the amount not exceeding 436,859.69K roubles (inclusive of VAT). Transaction value – the transaction has no valuation | Transaction value – the transaction has no valuation | October 6, 2014 |
| 9 | Acceptance by Rosneft (successor) from LLC RN-Exploration (customer) of the customer's rights and obligations under the contract with LLC RN-Burenie (general contractor) for performance of works on construction of exploratory well № 75 on Danilovsky license area in the amount not exceeding 428,921.18K roubles (inclusive of VAT). Transaction value – the transaction has no valuation | Transaction value – the transaction has no valuation | October 6, 2014 |
| TRANSACTIONS WHERE LLC RN-EXPLORATION AND LLC RN-KRASNOYARSKNIPINEFT ARE PARTIES | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| Z. Runje – Member of Management Board of Rosneft, Chairman of Board of Directors of LLC RN-Exploration – a party to the transactions | | | |
| A.V. Votinov – Member of Management Board of Rosneft, Member of Management Board of LLC RN-KrasnoyarskNIPIneft – a party to the transactions | | | |
| 1 | Acceptance by Rosneft (successor) from LLC RN-Exploration (customer) of the customer's rights and obligations under the contract with LLC RN-KrasnoyarskNIPIneft (contractor) for performance of works on elaboration of design and estimate documentation for construction of prospecting and appraisal well № 3 of Vostochno-Sugdinsky license area in the amount not exceeding 808.27K roubles (inclusive of VAT). Transaction value – the transaction has no valuation | Transaction value – the transaction has no valuation | October 6, 2014 |
| 2 | Acceptance by Rosneft (successor) from LLC RN-Exploration (customer) of the customer's rights and obligations under the contract with LLC RN-KrasnoyarskNIPIneft (contractor) for performance of works on elaboration of design and estimate documentation for construction exploratory well № 74 of Danilovsky license area in the amount not exceeding 808.27K roubles (inclusive of VAT). Transaction value – the transaction has no valuation | Transaction value – the transaction has no valuation | October 6, 2014 |
| 3 | Acceptance by Rosneft (successor) from LLC RN-Exploration (customer) of the customer's rights and obligations under the contract with LLC RN-KrasnoyarskNIPIneft (contractor) for performance of works on elaboration of design and estimate documentation for construction exploratory well № 11 of Mogdinsky license area in the amount not exceeding 1,720.86K roubles (inclusive of VAT). Transaction value – the transaction has no valuation | Transaction value – the transaction has no valuation | October 6, 2014 |
| 4 | Acceptance by Rosneft (successor) from LLC RN-Exploration (customer) of the customer's rights and obligations under the contract with LLC RN-KrasnoyarskNIPIneft (contractor) for performance of works on elaboration of design and estimate documentation for construction of prospecting and appraisal well № 7 of Preobrazhensky license area in the amount not exceeding 1,262.42K roubles (inclusive of VAT). Transaction value – the transaction has no valuation | Transaction value – the transaction has no valuation | October 6, 2014 |
| 5 | Acceptance by Rosneft (successor) from LLC RN-Exploration (customer) of the customer's rights and obligations under the contract with LLC RN-KrasnoyarskNIPIneft (contractor) for performance of works on elaboration of design and estimate documentation for construction exploratory well № 75 of Danilovsky license area in the amount not exceeding 3,962.9K roubles (inclusive of VAT). Transaction value – the transaction has no valuation | Transaction value – the transaction has no valuation | October 6, 2014 |
| TRANSACTIONS WHERE LLC RN-YUGANSKNEFTEGAZ IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Performance by LLC RN-Yuganskneftegaz (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arrangement of re-abandonment of 12 wells and reconstruction of 328 destroyed foundation piers for the compensation in the amount of 246.0 K roubles (inclusive of VAT) | Transaction price – 246.0 K roubles (inclusive of VAT) | December 24, 2013 |
| 2 | Performance by LLC RN-Yuganskneftegaz (agent) upon assignment and at the expense of Rosneft (principal) of the actions associated with arrangement of preparation of the depletion plans for field development (FDP), integrated projects and current development monitoring of the fields owned by Rosneft and performance of exploration works on Rosneft license areas in the territory of the Khanty-Mansiysk Autonomous District – Yugra. The total amount of the agent's compensation under the transaction is 36,862.02K roubles (inclusive of VAT) | Transaction price – 36,862.02 K roubles (inclusive of VAT) | December 24, 2013 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|----|---|---|-------------------|
| 3 | Performance by LLC RN-Yuganskneftegaz (consignee) on its own behalf, upon assignment and at the expense of Rosneft (consignor) of the actions associated with sale of LHMCM (light hydrocarbon multi-component mixture) in the volume of 7.92 thousand cubic meters for the compensation in the amount of 4,269.9K rubles (inclusive of VAT) | Transaction price – 4,269.9K rubles (inclusive of VAT) | December 24, 2013 |
| 4 | Performance by LLC RN-Yuganskneftegaz (consignee) on its own behalf, upon assignment and at the expense of Rosneft (consignor) of the actions associated with sale of oil in the volume of 86.38 kt for the compensation in the amount of 13,332.05K rubles (inclusive of VAT) | Transaction price – 13,332.05K rubles (inclusive of VAT) | December 24, 2013 |
| 5 | Granting by Rosneft (licensor) to LLC RN-Yuganskneftegaz (licensee) of the right to use software products of SS RN-KIN and SS RN-KIM for the compensation in the amount of 11,403.819K rubles (exclusive of VAT) | Transaction price – 11,403.819K rubles (exclusive of VAT) | December 24, 2013 |
| 6 | Granting by Rosneft (licensor) to LLC RN-Yuganskneftegaz (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 8,175.4K rubles (inclusive of VAT) | Transaction price – 8,175.4K rubles (inclusive of VAT) | December 24, 2013 |
| 7 | Supply by Rosneft (seller) of petroleum products to LLC RN-Yuganskneftegaz (buyer) in the volume of 140.0 kt for the total price of 5,022,060.00K rubles (inclusive of VAT) | Transaction price – 5,022,060.00K rubles (inclusive of VAT) | December 24, 2013 |
| 8 | Performance by LLC RN-Yuganskneftegaz (agent) upon assignment of Rosneft (principal) on its own behalf and at the expense of Rosneft or on behalf and at the expense of Rosneft of the actions associated with arrangement of execution of pilot works in the framework of the Target Innovative Projects for the compensation in the amount of 105,177.0 K rubles (inclusive of VAT) | Transaction price – 105,177.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 9 | Performance by LLC RN-Yuganskneftegaz (technical customer) upon assignment, on behalf and at the expense of Rosneft (developer) of the actions associated with fulfillment of functions of the technical customer on arrangement of construction (reconstruction) of industrial facilities of Rosneft for the compensation in the amount of 2,376,300.0 K rubles (inclusive of VAT) | Transaction price – 2,376,300.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 10 | Sale by Rosneft (seller) to LLC RN-Yuganskneftegaz (buyer) of petroleum products: crude methanol, methanol of A industrial grade in the volume of 2.2 kt for the total price of 39,600.0 K rubles (inclusive of VAT) | Transaction price – 39,600.0 K rubles (inclusive of VAT) | February 26, 2014 |
| 11 | Performance by LLC RN-Yuganskneftegaz (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arrangement of re-abandonment of 11 wells and reconstruction of 299 destroyed foundation piers for the compensation in the amount of 239.9K rubles (inclusive of VAT) | Transaction price – 239.9K rubles (inclusive of VAT) | March 17, 2014 |
| 12 | Performance by LLC RN-Yuganskneftegaz (agent) upon assignment and at the expense of Rosneft (principal) of the actions associated with arrangement of elaboration of an integrated project for development of the region, where Rosneft fields locate in the territory of operations of LLC RN-Yuganskneftegaz; integrated projects for development Priobskoe, Malobalykskoe, Prirazlomnoe and Mamontovskoe fields. The total amount of the agency fee is 1,469.15K rubles (inclusive of VAT) | Transaction price – 1,469.15K rubles (inclusive of VAT) | April 15, 2014 |
| 13 | Performance by LLC RN-Yuganskneftegaz (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arrangement of performance of the works, associated with elimination of environmental damage. The total amount of the agency fee is 18,779.6K rubles (inclusive of VAT) | Transaction price – 18,779.6K rubles (inclusive of VAT) | April 15, 2014 |
| 14 | Performance by LLC RN-Yuganskneftegaz (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arranging registration of the title to and transactions with immovable assets in the territory of the Khanty-Mansiysk Autonomous District – Yugra for the compensation in the amount of 1,920.0 K rubles (inclusive of VAT) | Transaction price – 1,920.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 15 | Performance by LLC RN-Yuganskneftegaz (agent) upon assignment, on behalf and at the expense of Rosneft (principal) of the actions associated with arrangement of land management and settlement of the land relationships between Rosneft and the holders of the title to the land plots occupied by the immovable assets of Rosneft located in the territory of the Khanty-Mansiysk Autonomous District – Yugra for the compensation in the amount of 15,184.9K rubles (inclusive of VAT) | Transaction price – 15,184.9K rubles (inclusive of VAT) | May 15, 2014 |
| 16 | Provision by LLC RN-Yuganskneftegaz (contractor) of the services to Rosneft (customer) associated with upkeep and maintenance of the mothballed immovable assets owned by Rosneft, which are not engaged in the operating process for the compensation in the amount of 45,029.0 K rubles (inclusive of VAT) | Transaction price – 45,029.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 17 | Provision by LLC RN-Yuganskneftegaz (keeper) of the services to Rosneft (depositor) associated with storage of the mothballed movable assets that are not engaged in the operating process owned by Rosneft for the compensation in the amount of 6,397.0 K rubles (inclusive of VAT) | Transaction price – 6,397.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 18 | Performance by LLC RN-Yuganskneftegaz (agent) on behalf, upon assignment and at the expense of Rosneft (principal) of the actions associated with arrangement of the disposal of the non-core assets of Rosneft and the assets that are not engaged in the operating process for the compensation in the amount of 200.0 K rubles (inclusive of VAT) | Transaction price – 200.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 19 | Performance by LLC RN-Yuganskneftegaz (agent) upon assignment of Rosneft (principal) on its own behalf and at the expense of Rosneft or on behalf and at the expense of Rosneft of the actions associated with arrangement of performance of the works (provision of the services) for abandonment and suspension of wells and some fixed assets owned by Rosneft and located in the region of presence of LLC RN-Yuganskneftegaz for the compensation in the amount of 8,541.0 K rubles (inclusive of VAT) | Transaction price – 8,541.0 K rubles (inclusive of VAT) | May 15, 2014 |
| 20 | Sale by Rosneft (seller) to LLC RN-Yuganskneftegaz (buyer) of design and estimate documentation on the project Reconstruction of System for Transportation of Gas from Yuzhno-Balykskoe Field at the price of 18,752.39K rubles (inclusive of VAT) | Transaction price – 18,752.39K rubles (inclusive of VAT) | June 2, 2014 |
| 21 | Provision by Rosneft (contractor) of the services to LLC RN-Yuganskneftegaz (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 149,570.0 K rubles (inclusive of VAT) | Transaction price – up to 149,570.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 22 | Transfer by Rosneft (lessor) for lease to LLC RN-Yuganskneftegaz (lessee) of some fixed assets owned by Rosneft for the fee in the amount of 43,000,000.0 K rubles (inclusive of VAT) | Transaction price – 43,000,000.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 23 | Performance by LLC RN-Yuganskneftegaz (agent) upon assignment and at the expense of Rosneft (principal) of the actions associated with arrangement of implementation of the program of pilot works for evaluation and determination of the technical capability to carry out development of reserves, deposits and accumulations of hydrocarbons of the Achimov and Bazhenov deposits on the license areas of Rosneft. The total amount of the agent's compensation under the transaction is 1,264.212K rubles (inclusive of VAT) | Transaction price – 1,264.212K rubles (inclusive of VAT) | September 8, 2014 |
| 24 | Performance by Rosneft (agent) upon assignment, on behalf and at the expense of LLC RN-Yuganskneftegaz (principal) of the actions associated with arrangement of delivery of material and technical resources (MTR), provision of the services associated with installation, supervision, setting to work and commissioning of equipment, services associated with inspecting the quality of manufacture of MTR and other services for the compensation in the amount of 54,289.22K rubles (inclusive of VAT) | Transaction price – 54,289.22K rubles (inclusive of VAT) | September 8, 2014 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|--|--|--|-------------------|
| 25 | Provision by Rosneft (contractor) of the services to LLC RN-Yuganskneftegaz (customer) associated with insurance of the customer's assets, machines and mechanisms against breakdown, damages resulting from an interruption in the customer's operations, arrangement of reinsurance protection for the compensation in the amount of 1,032.75K rubles (inclusive of VAT) | Transaction price – 1,032.75K rubles (inclusive of VAT) | October 6, 2014 |
| 26 | Granting by Rosneft (licensor) to LLC RN-Yuganskneftegaz (licensee) of the non-exclusive rights to use in the business activity of the licensee in the territory of the Russian Federation of trademarks owned by Rosneft for the term of 10 years for the compensation in the amount of 218.89K rubles (inclusive of VAT) | Transaction price – 218.89K rubles (inclusive of VAT) | October 6, 2014 |
| 27 | Granting by Rosneft (lender) of an interest-bearing loan to LLC RN-Yuganskneftegaz (borrower) for funding the operating activities in the amount of up to 120,000,000.0 K rubles for the term of up to 6 years. The total contract value is up to 120 000 000.0 K rubles | Transaction price – up to 120,000,000.0 K rubles | December 9, 2014 |
| 28 | Performance by LLC RN-Yuganskneftegaz (technical customer) upon assignment, on behalf and at the expense of Rosneft (developer) of the actions associated with fulfillment of functions of the technical customer on arrangement of construction (reconstruction) of industrial facilities of Rosneft for the compensation in the amount of 2,759,637.0 K rubles (inclusive of VAT) | Transaction price – 2,759,637.0 K rubles (inclusive of VAT) | December 24, 2014 |
| TRANSACTIONS WHERE LLC OKHABANK IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ (before March 25, 2015) – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Granting by Rosneft (lender) of a subordinated loan to LLC Okhabank (borrower) in the amount of 135,000.0 K rubles for the term of 10 years and 1 day. The total contract value inclusive of the interest is up to 310,664.2K rubles | Transaction price – up to 310,664.2K rubles | November 12, 2014 |
| TRANSACTIONS WHERE LLC SAMARANIPINEFT IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| A.V. Votinov – Member of Management Board of Rosneft, Chairman of Board of Directors, Member of Management Board of LLC SamaraNIPIneft – a party to the transactions | | | |
| 1 | Provision by LLC SamaraNIPIneft (contractor) of the services to Rosneft (customer) associated with study of hydrocarbon potential in regions where Rosneft operate and consideration of the expediency to involve them in development for the compensation in the amount of 60,000.0 K rubles (inclusive of VAT) | Transaction price – 60,000.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Provision by LLC SamaraNIPIneft (contractor) of the services to Rosneft (customer) associated with study the potential oil and gas content and evaluation of prospects for development of hard to recover reserves for the compensation in the amount of 10,000.0 K rubles (inclusive of VAT) | Transaction price – 10,000.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Provision by LLC SamaraNIPIneft (contractor) of the services to Rosneft (customer) associated with supporting the development and monitoring the development of key fields of high viscosity oil and hard to recover reserves of Rosneft for the compensation in the amount of 18,000.0 K rubles (inclusive of VAT) | Transaction price – 18,000.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 4 | Provision by LLC SamaraNIPIneft (contractor) of the services (performance of the works) to Rosneft (customer) in the framework of the Summary List of Target Innovative Projects of Rosneft for the compensation in the amount of 77,000.0 K rubles (inclusive of VAT) | Transaction price – 77,000.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 5 | Granting by Rosneft (licensor) to LLC SamaraNIPIneft (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 1,365.8K rubles (inclusive of VAT) | Transaction price – 1,365.8K rubles (inclusive of VAT) | December 24, 2013 |
| 6 | Change in terms and conditions of the transaction on provision by LLC SamaraNIPIneft (contractor) of the services (performance of the works) to Rosneft (customer) associated with development of drill fluid systems regarding a decrease in the volume of provided services (performed works) and the amount of the compensation up to 3,825.0 K rubles (inclusive of VAT). | Transaction price – up to 3,825.0 K rubles (inclusive of VAT). | March 17, 2014 |
| 7 | Provision by LLC SamaraNIPIneft (contractor) of the services (performance of the works) to Rosneft (customer) in the framework of the Summary List of Target Innovative Projects of Rosneft for the compensation in the amount of 3,000.0 K rubles (inclusive of VAT) | Transaction price – 3,000.0 K rubles (inclusive of VAT) | June 2, 2014 |
| 8 | Change in terms and conditions of the transaction on performance by LLC SamaraNIPIneft (contractor) of the works to Rosneft (customer) associated with elaboration of local normative documents on formation of prices for construction of wells regarding expansion of the list of the performed works and an increase of the amount of compensation up to 83,257.5K rubles (inclusive of VAT), as well as prolongation of the work performance period | Transaction price – up to 83,257.5K rubles (inclusive of VAT) | June 2, 2014 |
| 9 | Provision by Rosneft (contractor) of the services to LLC SamaraNIPIneft (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 590.0 K rubles (inclusive of VAT) | Transaction price – up to 590.0 K rubles (inclusive of VAT) | July 25, 2014 |
| 10 | Granting by Rosneft (licensor) of the non-exclusive rights to LLC SamaraNIPIneft (licensee) to use in the business activity of the licensee in the territory of the Russian Federation of trademarks owned by Rosneft for the term of 10 years for the compensation in the amount of 218.89K rubles (inclusive of VAT) | Transaction price – 218.89K rubles (inclusive of VAT) | October 6, 2014 |
| 11 | Change in terms and conditions of the transaction on performance by LLC SamaraNIPIneft (contractor) of the works to Rosneft (customer) associated with elaboration of local normative documents on formation of prices for construction of wells for the compensation in the amount of 83,257.5K rubles (inclusive of VAT) regarding specification of the type and scope performed works, an increase of the amount of compensation up to 126,257.5K rubles (inclusive of VAT), as well as prolongation of the work performance period | Transaction price – up to 126,257.5K rubles (inclusive of VAT) | December 30, 2014 |
| TRANSACTIONS WHERE LLC SANATORIY NEFTYANIK KUBANI IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Granting by Rosneft (licensor) to LLC Sanatoriya Neftyanik Kubani (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 16.3K rubles (inclusive of VAT) | Transaction price – 16.3K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Procurement by Rosneft (borrower) from LLC Sanatoriya Neftyanik Kubani (lender) of an interest-bearing loan in the amount of 20,000.0 K rubles for the term of up to 5 years. The total contract value inclusive of the interest is up to 27,000.0 K rubles | Transaction price – up to 27,000.0 K rubles | April 4, 2014 |
| 3 | Granting by Rosneft (lender) of an interest-bearing loan to LLC Sanatoriya Neftyanik Kubani (borrower) for funding the investment activity in the amount of up to 250.0 K rubles for the term of 3 years. The total contract value inclusive of the interest is up to 332.5K rubles | Transaction price – up to 332.5K rubles | August 18, 2014 |
| 4 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC Sanatoriya Neftyanik Kubani (borrower) for funding the operating activities in the amount of 3,273.78K rubles regarding an increase of the total transaction value inclusive of the chargeable interest up to 27,175.5K rubles | Transaction price – up to 27,175.5K rubles | August 18, 2014 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|---|--|--|-------------------|
| 5 | Sale by Rosneft (seller) to LLC Sanatoriy Neftyanik Kubani (buyer) of technical documentation (findings of engineering and geological engineering surveys) on the project Reconstruction of Sanatorium Neftyanik Kubani in Anapa (construction of a sports center in Anapa) at the price of 1,941.94K rubles (inclusive of VAT) | Transaction price – 1,941.94K rubles (inclusive of VAT) | September 8, 2014 |
| 6 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC Sanatoriy Neftyanik Kubani (borrower) for funding the operating activities in the amount of 76,860.5K rubles regarding changing the interest rate, an increase of the total transaction value inclusive of the chargeable interest up to 103,703.7K rubles and extension of the loan repayment period | Transaction price – up to 103,703.7K rubles | November 27, 2014 |
| 7 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC Sanatoriy Neftyanik Kubani (borrower) in the amount of 154,963.8K rubles for funding the operating activities, by means of extension of the loan repayment period till December 31, 2016 on the following terms and conditions: the outstanding amount of the principal debt is 139,596.3K rubles; from the date of extension of the loan agreement with regard to the actual outstanding amount of the borrower an interest rate is applied within a range of the market interval of prices, approved by the Budget Committee of Rosneft as of the extension date; the total contract value inclusive of the interest is 184,717.6K rubles | Transaction price – 184,717.6K rubles | December 12, 2014 |
| TRANSACTIONS WHERE LLC TAAS-YURYAKH NEFTEGAZODOBYCHA IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| E.M. Liron – Deputy Chairman of Management Board of Rosneft, Chairman of Board of Directors of LLC Taas-Yuryakh Neftegazodobycha – a party to the transactions | | | |
| 1 | Purchase by Rosneft (buyer) of oil from LLC Taas-Yuryakh Neftegazodobycha (supplier) in the volume of 1,440.00 kt for the total price of 22,005,273.01K rubles (inclusive of VAT) | Transaction price – 22,005,273.01K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Performance by Rosneft (consignee) on its own behalf, upon assignment and at the expense of LLC Taas-Yuryakh Neftegazodobycha (consignor) of the actions associated with sales of oil for export in the volume of 1,440.0 kt for the commission fee in the amount of 448,450.58K rubles (inclusive of VAT) | Transaction price – 448,450.58K rubles (inclusive of VAT) | December 24, 2013 |
| 3 | Performance by Rosneft (consignee) on its own behalf, upon assignment and at the expense of LLC Taas-Yuryakh Neftegazodobycha (consignor) of the actions associated with sale of oil in the domestic market in the volume of 1,440.0 kt for the commission fee in the amount of 49,511.87K rubles (inclusive of VAT) | Transaction price – 49,511.87K rubles (inclusive of VAT) | December 24, 2013 |
| 4 | Performance by Rosneft (consignee) on its own behalf, upon assignment and at the expense of LLC Taas-Yuryakh Neftegazodobycha (consignor) of the actions associated with sales of oil for export in the volume of 168.0 kt for the commission fee in the amount of 37,900.55K rubles (inclusive of VAT) | Transaction price – 37,900.55K rubles (inclusive of VAT) | February 5, 2014 |
| 5 | Procurement by Rosneft (borrower) from LLC Taas-Yuryakh Neftegazodobycha (lender) of an interest-bearing loan in the amount of 3,000,000.0 K rubles for the term of up to 5 years. The total contract value inclusive of the interest is up to 4,050,000.0 K rubles | Transaction price – up to 4,050,000.0 K rubles | April 4, 2014 |
| 6 | Granting by Rosneft (lender) of an interest-bearing loan to LLC Taas-Yuryakh Neftegazodobycha (borrower) for funding the investment activity in the amount of up to 585,173.4K rubles for the term of 3 years. The total contract value inclusive of the interest is up to 778,280.1K rubles | Transaction price – up to 778,280.1K rubles | June 26, 2014 |
| 7 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC Taas-Yuryakh Neftegazodobycha (borrower) for funding the operations in the amount of 142,529.05K rubles regarding changing the interest rate, an increase of the total transaction value inclusive of the chargeable interest up to 197,529.40K rubles, as well as extension of the loan repayment period | Transaction price – up to 197,529.40K rubles | June 26, 2014 |
| 8 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC Taas-Yuryakh Neftegazodobycha (borrower) for funding the operations in the amount of 312,469.01K rubles regarding changing the interest rate, an increase of the total transaction value inclusive of the chargeable interest up to 559,416.61K rubles, as well as extension of the loan repayment period | Transaction price – up to 559,416.61K rubles | June 26, 2014 |
| 9 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC Taas-Yuryakh Neftegazodobycha (borrower) for funding the operations in the amount of 315,690.34K rubles regarding changing the interest rate, an increase of the total transaction value inclusive of the chargeable interest up to 560,235.71K rubles, as well as extension of the loan repayment period | Transaction price – up to 560,235.71K rubles | June 26, 2014 |
| 10 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC Taas-Yuryakh Neftegazodobycha (borrower) for funding the operations in the amount of 161,066.50K rubles regarding changing the interest rate, an increase of the total transaction value inclusive of the chargeable interest up to 270,838.35K rubles, as well as extension of the loan repayment period | Transaction price – up to 270,838.35K rubles | June 26, 2014 |
| 11 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC Taas-Yuryakh Neftegazodobycha (borrower) for funding the operations in the amount of 161,066.50K rubles regarding changing the interest rate, an increase of the total transaction value inclusive of the chargeable interest up to 270,426.61K rubles, as well as extension of the loan repayment period | Transaction price – up to 270,426.61K rubles | June 26, 2014 |
| 12 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC Taas-Yuryakh Neftegazodobycha (borrower) for funding the operations in the amount of 180,394.48K rubles regarding changing the interest rate, an increase of the total transaction value inclusive of the chargeable interest up to 302,930.92K rubles, as well as extension of the loan repayment period | Transaction price – up to 302,930.92K rubles | June 26, 2014 |
| 13 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC Taas-Yuryakh Neftegazodobycha (borrower) for funding the operations in the amount of 483,199.50K rubles regarding changing the interest rate, an increase of the total transaction value inclusive of the chargeable interest up to 836,954.50K rubles, as well as extension of the loan repayment period | Transaction price – up to 836,954.50K rubles | June 26, 2014 |
| 14 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC Taas-Yuryakh Neftegazodobycha (borrower) for funding the operations in the amount of 492,863.49 K rubles regarding changing the interest rate, an increase of the total transaction value inclusive of the chargeable interest up to 840,104.45K rubles, as well as extension of the loan repayment period | Transaction price – up to 840,104.45K rubles | June 26, 2014 |
| 15 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC Taas-Yuryakh Neftegazodobycha (borrower) for funding the operations in the amount of 502,527.48K rubles regarding changing the interest rate, an increase of the total transaction value inclusive of the chargeable interest up to 847,597.51K rubles, as well as extension of the loan repayment period | Transaction price – up to 847,597.51K rubles | June 26, 2014 |
| 16 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC Taas-Yuryakh Neftegazodobycha (borrower) for funding the operations in the amount of 589,503.39K rubles regarding changing the interest rate, an increase of the total transaction value inclusive of the chargeable interest up to 925,582.06K rubles, as well as extension of the loan repayment period | Transaction price – up to 925,582.06K rubles | June 26, 2014 |
| 17 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC Taas-Yuryakh Neftegazodobycha (borrower) for funding the operations in the amount of 605,610.04K rubles regarding changing the interest rate, an increase of the total transaction value inclusive of the chargeable interest up to 940,628.93K rubles, as well as extension of the loan repayment period | Transaction price – up to 940,628.93K rubles | June 26, 2014 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|--|--|---|-------------------|
| 37 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC Taas-Yuryakh Neftegazodobycha (borrower) for funding the operations in the amount of 612 052.70K rubles regarding changing the interest rate, an increase of the total transaction value inclusive of the chargeable interest up to 947,057.91 K rubles, as well as extension of the loan repayment period | Transaction price – up to 947,057.91 K rubles | June 26, 2014 |
| 38 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC Taas-Yuryakh Neftegazodobycha (borrower) for funding the operations in the amount of 634,602.01K rubles regarding changing the interest rate, an increase of the total transaction value inclusive of the chargeable interest up to 969,407.13K rubles, as well as extension of the loan repayment period | Transaction price – up to 969,407.13K rubles | June 26, 2014 |
| 39 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC Taas-Yuryakh Neftegazodobycha (borrower) for funding the operations in the amount of 674,904.07K rubles regarding changing the interest rate, an increase of the total transaction value inclusive of the chargeable interest up to 981,381.45K rubles, as well as extension of the loan repayment period | Transaction price – up to 981,381.45K rubles | June 26, 2014 |
| 40 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC Taas-Yuryakh Neftegazodobycha (borrower) for funding the operations in the amount of 802,111.17K rubles regarding changing the interest rate, an increase of the total transaction value inclusive of the chargeable interest up to 1,412,951.14K rubles, as well as extension of the loan repayment period | Transaction price – up to 1,412,951.14K rubles | June 26, 2014 |
| 41 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC Taas-Yuryakh Neftegazodobycha (borrower) for funding the operations in the amount of 563,732.75K rubles regarding changing the interest rate, an increase of the total transaction value inclusive of the chargeable interest up to 613,528,11 K rubles, as well as extension of the loan repayment period | Transaction price – up to 613,528,11 K rubles | June 26, 2014 |
| 42 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC Taas-Yuryakh Neftegazodobycha (borrower) for funding the operations in the amount of 214,202.34K rubles regarding changing the interest rate, an increase of the total transaction value inclusive of the chargeable interest up to 418,908.90K rubles, as well as extension of the loan repayment period | Transaction price – up to 418,908.90K rubles | June 26, 2014 |
| 43 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC Taas-Yuryakh Neftegazodobycha (borrower) for funding the operations in the amount of 62,493.80K rubles regarding changing the interest rate, an increase of the total transaction value inclusive of the chargeable interest up to 174,427.57K rubles, as well as extension of the loan repayment period | Transaction price – up to 174,427.57K rubles | June 26, 2014 |
| 44 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC Taas-Yuryakh Neftegazodobycha (borrower) for funding the operations in the amount of 61,082.86K rubles regarding changing the interest rate, an increase of the total transaction value inclusive of the chargeable interest up to 169,881.06 K rubles, as well as extension of the loan repayment period | Transaction price – up to 169,881.06K rubles | June 26, 2014 |
| 45 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC Taas-Yuryakh Neftegazodobycha (borrower) for funding the operations in the amount of 600,227.56K rubles regarding changing the interest rate, an increase of the total transaction value inclusive of the chargeable interest up to 1,642,760.83 K rubles, as well as extension of the loan repayment period | Transaction price – up to 1,642,760.83K rubles | June 26, 2014 |
| 46 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC Taas-Yuryakh Neftegazodobycha (borrower) for funding the operations in the amount of 161,066.50K rubles regarding changing the interest rate, an increase of the total transaction value inclusive of the chargeable interest up to 424,394.24 K rubles, as well as extension of the loan repayment period | Transaction price – up to 424,394.24K rubles | June 26, 2014 |
| 47 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC Taas-Yuryakh Neftegazodobycha (borrower) for funding the operations in the amount of 172,341.16K rubles regarding changing the interest rate, an increase of the total transaction value inclusive of the chargeable interest up to 444,258.80K rubles, as well as extension of the loan repayment period | Transaction price – up to 444,258.80K rubles | June 26, 2014 |
| 48 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC Taas-Yuryakh Neftegazodobycha (borrower) for funding the operations in the amount of 734,463.24 K rubles regarding changing the interest rate, an increase of the total transaction value inclusive of the chargeable interest up to 1,272,514.97K rubles, as well as extension of the loan repayment period | Transaction price – up to 1,272,514.97K rubles | June 26, 2014 |
| 49 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC Taas-Yuryakh Neftegazodobycha (borrower) for funding the operations in the amount of 502,527.48K rubles regarding changing the interest rate, an increase of the total transaction value inclusive of the chargeable interest up to 830,104.11 K rubles, as well as extension of the loan repayment period | Transaction price – up to 830,104.11 K rubles | June 26, 2014 |
| 50 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC Taas-Yuryakh Neftegazodobycha (borrower) for funding the operations in the amount of 704,964.48K rubles regarding changing the interest rate, an increase of the total transaction value inclusive of the chargeable interest up to 1,929,414.95K rubles, as well as extension of the loan repayment period | Transaction price – up to 1,929,414.95K rubles | June 26, 2014 |
| 51 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC Taas-Yuryakh Neftegazodobycha (borrower) for funding the operations in the amount of 915,373.13K rubles regarding changing the interest rate, an increase of the total transaction value inclusive of the chargeable interest up to 2,439,969.02 K rubles, as well as extension of the loan repayment period | Transaction price – up to 2,439,969.02 K rubles | June 26, 2014 |
| 52 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to LLC Taas-Yuryakh Neftegazodobycha (borrower) for funding the operations in the amount of 1,500,000.00K rubles regarding changing the interest rate, an increase of the total transaction value inclusive of the chargeable interest up to 2,820,075.46K rubles, as well as extension of the loan repayment period | Transaction price – up to 2,820,075.46K rubles | June 26, 2014 |
| 53 | Provision by Rosneft (contractor) of the services to LLC Taas-Yuryakh Neftegazodobycha (customer) associated with arrangement and procurement of goods, works, services for needs of the customer for the compensation in the amount of up to 7,690.0 K rubles (inclusive of VAT) | Transaction price – up to 7,690.0 K rubles (inclusive of VAT) | August 18, 2014 |
| 54 | Granting by Rosneft (lender) of an interest-bearing loan to LLC Taas-Yuryakh Neftegazodobycha (borrower) in the amount of 1,626,706.8K rubles for the term of 2 years. The total contract value inclusive of the interest is up to 2,017,116.5K rubles | Transaction price – up to 2,017,116.5K rubles | December 12, 2014 |
| TRANSACTIONS WHERE LLC YU-KUBAN IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Procurement by Rosneft (borrower) from LLC Yu-Kuban (lender) of an interest-bearing loan in the amount of 10,000.0 K rubles for the term of up to 5 years. The total contract value inclusive of the interest is up to 13,500.0 K rubles | Transaction price – up to 13,500.0 K rubles | April 4, 2014 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|--|---|--|-------------------|
| TRANSACTIONS WHERE LLC PSC RN-OKHRANA IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Granting by Rosneft (licensor) to LLC PSC RN-Okhrana (licensee) of the right to use software and provision of the services for technical support of the transferred software. The total contract value is 193.7K rubles (inclusive of VAT) | Transaction price – 193.7K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Provision by LLC PSC RN-Okhrana (contractor) of the services to Rosneft (customer) associated with technical maintenance and repair of fire-extinguishing equipment in Rosneft offices in Moscow for the compensation in the amount of 5,753.3K rubles (inclusive of VAT) | Transaction price – 5,753.3K rubles (inclusive of VAT) | May 15, 2014 |
| 3 | Provision by LLC PSC RN-Okhrana (contractor) of the services to Rosneft (customer) associated with maintenance of technical security equipment in Rosneft offices in Moscow for the compensation in the amount of 29,999.27K rubles (inclusive of VAT) | Transaction price – 29,999.27K rubles (inclusive of VAT) | May 15, 2014 |
| 4 | Provision by LLC PSC RN-Okhrana (contractor) of the services to Rosneft (customer) associated with protection of assets (including during transportation), securing safety of Rosneft employees, securing an order during mass events with the participation of Rosneft for the compensation in the amount of 1,251,592.184K rubles (inclusive of VAT) | Transaction price – 1,251,592.184K rubles (inclusive of VAT) | May 15, 2014 |
| 5 | Provision by LLC PSC RN-Okhrana (contractor) of the services (performance of the works) to Rosneft (customer) associated with upgrading technical security systems in Rosneft office at the address: Moscow, 26/ 1-1 Sofiyaskaya Embankment for the compensation in the amount of 2,645.104K rubles (inclusive of VAT) | Transaction price – 2,645.104K rubles (inclusive of VAT) | June 26, 2014 |
| 6 | Provision by LLC PSC RN-Okhrana (contractor) of the services to Rosneft (customer) associated with technical maintenance of technical security equipment in the customer's offices in Moscow for the compensation in the amount of 59,096.06 K rubles (inclusive of VAT) | Transaction price – 59,096.06 K rubles (inclusive of VAT) | November 27, 2014 |
| TRANSACTIONS WHERE PERSEIMORNEFTEGAZ S.A R.L. IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Change in terms and conditions of the transaction on provision by Rosneft (contractor) of the services to Perseimorneftegaz S.A R.L. (operator) in the field of management, coordination activity, protection of labour and environment, interaction with governmental authorities and other persons, information technologies, security, business support and other fields of activity carried out by Perseimorneftegaz S.A R.L. by sending of Rosneft employees to work at an agreed place within an agreed period of time for the compensation in the amount not exceeding 250.0 mln rubles and no more than 750.0 mln rubles for a period of exploration works. | Transaction price – not exceeding 250.0 mln rubles and no more than 750.0 mln rubles for a period of exploration works | December 24, 2013 |
| 2 | Change in terms and conditions of the transaction on provision by Perseimorneftegaz S.A R.L. (operator) of the services to Rosneft (license holder) within the framework of implementation of the project on Perseevskiy license area in the Barents Sea regarding adjustment of provisions on responsibility of Perseimorneftegaz S.A R.L. to Rosneft (without changing the price for the services provided by the operator). | Transaction price – the supplementary agreement has no valuation | December 24, 2013 |
| 3 | Change in terms and conditions of the transaction on provision by Rosneft (contractor) of the services to Perseimorneftegaz S.A R.L. (operator) associated with staffing regarding change in conditions on the effective term of the Staffing Service Agreement | Transaction price – the transaction has no valuation | July 25, 2014 |
| TRANSACTIONS WHERE KASHEVARMORNEFTEGAZ S.A R.L. IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Change in terms and conditions of the transaction on provision by Rosneft (contractor) of the services to Kashevarmorneftegaz S.A R.L. (operator) in the field of management, coordination activity, protection of labour and environment, interaction with governmental authorities and other persons, information technologies, security, business support and other fields of activity carried out by Kashevarmorneftegaz S.A R.L. by sending of Rosneft employees to work at an agreed place within an agreed period of time for the compensation in the amount not exceeding 250.0 mln rubles and no more than 750.0 mln rubles for a period of exploration works. | Transaction price – not exceeding 250.0 mln rubles and no more than 750.0 mln rubles for a period of exploration works | December 24, 2013 |
| 2 | Change in terms and conditions of the transaction on provision by Kashevarmorneftegaz S.A R.L. (operator) of the services to Rosneft (license holder) within the framework of implementation of the project on Kashevarovskiy license area in the Sea of Okhotsk regarding adjustment of provisions on responsibility of Kashevarmorneftegaz S.A R.L. to Rosneft (without changing the price for the services provided by the operator). | Transaction price – the supplementary agreement has no valuation | December 24, 2013 |
| 3 | Change in terms and conditions of the transaction on provision by Rosneft (contractor) of the services to Kashevarmorneftegaz S.A R.L. (operator) associated with staffing regarding change in conditions on the effective term of the Staffing Service Agreement | Transaction price – the transaction has no valuation | July 25, 2014 |
| TRANSACTIONS WHERE LISYANSKMORNEFTEGAZ S.A R.L. IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Change in terms and conditions of the transaction on provision by Rosneft (contractor) of the services to Lisianskmorneftegaz S.A R.L. (operator) in the field of management, coordination activity, protection of labour and environment, interaction with governmental authorities and other persons, information technologies, security, business support and other fields of activity carried out by Lisianskmorneftegaz S.A R.L. by sending of Rosneft employees to work at an agreed place within an agreed period of time for the compensation in the amount not exceeding 250.0 mln rubles and no more than 750.0 mln rubles for a period of exploration works. | Transaction price – not exceeding 250.0 mln rubles and no more than 750.0 mln rubles for a period of exploration works | December 24, 2013 |
| 2 | Change in terms and conditions of the transaction on provision by Lisianskmorneftegaz S.A R.L. (operator) of the services to Rosneft (license holder) within the framework of implementation of the project on Lisianskiy license area in the Sea of Okhotsk regarding adjustment of provisions on responsibility of Lisianskmorneftegaz S.A R.L. to Rosneft (without changing the price for the services provided by the operator). | Transaction price – the supplementary agreement has no valuation | December 24, 2013 |
| 3 | Change in terms and conditions of the transaction on provision by Rosneft (contractor) of the services to Lisianskmorneftegaz S.A R.L. (operator) associated with staffing regarding change in conditions on the effective term of the Staffing Service Agreement | Transaction price – the transaction has no valuation | July 25, 2014 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|--|---|--|-------------------|
| TRANSACTIONS WHERE MAGADANMORNEFTEGAZ S.A R.L. IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Change in terms and conditions of the transaction on provision by Rosneft (contractor) of the services to Magadanmorneftegaz S.A R.L.(operator) in the field of management, coordination activity, protection of labour and environment, interaction with governmental authorities and other persons, information technologies, security, business support and other fields of activity carried out by Magadanmorneftegaz S.A R.L.by sending of Rosneft employees to work at an agreed place within an agreed period of time for the compensation in the amount not exceeding 250.0 mln roubles and no more than 750.0 mln roubles for a period of exploration works. | Transaction price – not exceeding 250.0 mln roubles and no more than 750.0 mln roubles for a period of exploration works | December 24, 2013 |
| 2 | Change in terms and conditions of the transaction on provision by Magadanmorneftegaz S.A R.L. (operator) of the services to Rosneft (license holder) within the framework of implementation of the project on the license area Magadan-1 in the Sea of Okhotsk regarding adjustment of provisions on responsibility of Magadanmorneftegaz S.A R.L. to Rosneft (without changing the price for the services provided by the operator). | Transaction price – the supplementary agreement has no valuation | December 24, 2013 |
| 3 | Change in terms and conditions of the transaction on provision by Rosneft (contractor) of the services to Magadanmorneftegaz S.A R.L.(operator) associated with staffing regarding change in conditions on the effective term of the Staffing Service Agreement | Transaction price – the transaction has no valuation | July 25, 2014 |
| TRANSACTIONS WHERE ROSNEFT TRADING S.A. IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| D. Casimiro – Member of Management Board of Rosneft, Member of Board of Directors of Rosneft Trading S.A. – a party to the transactions | | | |
| 1 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to Rosneft Trading S.A. (borrower) for funding the operating activities in the amount of US\$ 700,000.0 K regarding changing the interest rate, change in the total transaction value inclusive of the charged interest up to US\$ 684,343.0 K, as well as extension of the loan repayment period | Transaction price – up to US\$ 684,343.0 K. | April 4, 2014 |
| 2 | Performance by Rosneft Trading S.A. (agent) upon assignment, on behalf and at the expense of Rosneft (principal) or on its own behalf and at the expense of Rosneft of the actions, associated with arrangement transportation, transshipment of oil and petroleum products for the compensation in the amount of US\$ 36,540.0 K | Transaction price – US\$ 36,540.0 thous. | September 8, 2014 |
| 3 | Supply by Rosneft (supplier) to Rosneft Trading SA (buyer) of mazut for export in the volume of up to 855.0 kt in the total value of up to US\$ 585,900.0 K upon FOB terms Tuapse | Transaction price – Up to US\$ 585,900.0 K | December 24, 2014 |
| TRANSACTIONS WHERE RN NORDIC OIL IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| Z. Runje – Member of Management Board of Rosneft, Member of Board of Directors of RN Nordic Oil AS – a party to the transactions | | | |
| 1 | Granting by Rosneft (lender) of an interest-bearing loan to RN Nordic Oil AS (borrower) for funding the investment activity in the amount of up to US\$ 23,046.1K for the term of 3 years. The total contract value inclusive of the interest is up to US\$ 25,811.6K | Transaction price – up to US\$ 25,811.6K | June 26, 2014 |
| 2 | Change in terms and conditions of the transaction on granting by Rosneft (lender) of an interest-bearing loan to RN Nordic Oil AS (borrower) for funding the operating activities in the amount of up to US\$ 1,208.0 K regarding an increase of the total transaction value inclusive of the chargeable interest up to US\$ 20,671.9K | Transaction price – up to US\$ 20,671.9K | June 26, 2014 |
| TRANSACTIONS WHERE ROSNEFT GLOBAL TRADE S.A. IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| D. Casimiro – Member of Management Board of Rosneft, Member of Board of Directors of Rosneft Global Trade S.A. – a party to the transactions | | | |
| 1 | Granting by Rosneft (lender) of an interest-bearing loan to Rosneft Global Trade S.A. (borrower) for funding the investment activity in the amount not exceeding US\$ 1,000.0 K for the term of 3 years. The total contract value inclusive of the interest is up to US\$ 1,093.0 K | Transaction price – up to US\$ 1,093.0 K | April 15, 2014 |
| TRANSACTIONS WHERE ROSNEFT TRADE LIMITED IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| D. Casimiro – Member of Management Board of Rosneft, Member of Board of Directors of Rosneft Trade Limited – a party to the transactions | | | |
| 1 | Granting by Rosneft (lender) to Rosneft Trade Limited (borrower) of an interest-bearing loan for funding the operating activities in the amount not exceeding EUR 110,000.0 K for the term of up to 2 years. The total contract value inclusive of the interest is up to EUR 117,700.0 K | Transaction price – up to EUR 117,700.0 K | March 27, 2014 |
| 2 | Performance by Rosneft (agent) upon assignment, on behalf and at the expense of Rosneft Trade Limited (principal) or on its own behalf and at the expense of Rosneft Trade Limited of the actions associated with arrangement of transportation and transshipment of petroleum products for the total price of 5,049,824.04K rubles for the compensation in the amount of 504.93K rubles (inclusive of VAT) | Transaction price – 504.93K rubles (inclusive of VAT) | December 24, 2013 |
| TRANSACTIONS WHERE TNK TRADING INTERNATIONAL S.A. IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| D. Casimiro – Member of Management Board of Rosneft, Member of Board of Directors of TNK Trading International S.A. – a party to the transactions | | | |
| 1 | Granting by Rosneft (lender) of an interest-bearing loan to TNK Trading International S.A. (borrower) for funding the operating activities in the amount of US\$ 2,000,000.0 K. The total contract value inclusive of the interest is up to US\$ 2,400,000.0 K | Transaction price – up to US\$ 2,400,000.0 K | October 31, 2014 |
| TRANSACTIONS WHERE TOC INVESTMENTS CORPORATION IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| P.I. Lazarev – Member of Management Board of Rosneft, Member of Board of Directors of TOC Investments Corporation – a party to the transactions | | | |
| 1 | Granting by Rosneft (lender) of an interest-bearing loan TOC Investments Corporation (borrower) in the amount of 9,286,287.5K rubles for the term of 2 years. The total contract value inclusive of the interest is up to 11,514,996.6K rubles | Transaction price – up to 11,514,996.6K rubles | December 12, 2014 |
| TRANSACTIONS WHERE CJSC RN-SHELF-DALNIY VOSTOK, CJSC RN-ASTRA AND CJSC SAKHALINMORNEFTEGAZ-SHELF ARE PARTIES | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| Z.Runje – Member of Management Board of Rosneft, Member of Board of Directors of CJSC RN-Astra, CJSC Sakhalinmorneftegaz-Shelf and CJSC RN-Shelf-Dalnyi Vostok | | | |
| 1 | Provision by Exxon Neftegaz Limited (acting as an operator of Consortium Sakhalin-1) of the services (performance of the works) to Rosneft (customer) associated with lifting and treatment of crude oil and accompanying gas (including conduct of tests and measurements), transportation of products to the point of delivery, re-injection, as well as operation, technical maintenance and repair of the customer's structures. The total contract value is 43,248,000.0 K rubles (inclusive of VAT) | Transaction price – 43,248,000.0 K rubles (inclusive of VAT) | October 6, 2014 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|---|--|--|-----------------|
| 2 | Provision by Exxon Neftegas Limited (acting as an operator of Consortium Sakhalin-1) of the services to Rosneft (customer) associated with administration of oil shipment in accordance with the effective agreement between recipients of crude oil, entered into by participants of Consortium Sakhalin-1. The total contract value is 13,981,100.0 K rubles (inclusive of VAT) | Transaction price – 13,981,100.0 K rubles (inclusive of VAT) | October 6, 2014 |
| 3 | Change in terms and conditions of the transaction on provision by Exxon Neftegas Limited (acting as an operator of Consortium Sakhalin-1) of the services (performance of the works) Rosneft (customer) associated with drilling and conduct of hydrodynamical studies of wells in the amount of 4,352,000.0 K rubles (inclusive of VAT) regarding an increase of the volume of provided services (performed works): drilling of 3 additional wells, carrying out planning and surveying of the works and construction of temporary and permanent facilities of Northern Chayvo; change in the price formation procedure and an increase in the total transaction value up to 25,190,000.0 K rubles (inclusive of VAT) | Transaction price – up to 25,190,000.0 K rubles (inclusive of VAT) | October 6, 2014 |

TRANSACTIONS WHERE OJSC AK TRANSNEFT IS A PARTY

Persons/entities related to the transactions:

M. Warrig – Member of Board of Directors of Rosneft, Chairman of Board of Directors of OJSC AK Transneft – a party to the transactions

| | | | |
|---|--|--|-------------------|
| 1 | Provision by OJSC AK Transneft (contractor) of the services to Rosneft (customer) associated with compounding of highly paraffinic oil in the volume of up to 2,822.0 kt in the total amount of 399,595.2K rubles (inclusive of VAT) | Transaction price – 399,595.2K rubles (inclusive of VAT) | December 24, 2013 |
| 2 | Provision by OJSC AK Transneft (contractor) of the services to Rosneft (customer) associated with arrangement of the services for acceptance and pooled storage of oil in the tank farm of the trunk oil pipeline system of OJSC AK Transneft for the compensation in the amount of 40,000.0 K rubles inclusive of VAT | Transaction price – 40,000.0 K rubles inclusive of VAT | December 24, 2013 |
| 3 | Provision by OJSC AK Transneft (contractor) of information services to Rosneft (customer) by means of submission of operational reports on acceptance-transfer of oil owned by Rosneft, processing and execution of routing orders of Rosneft for the compensation in the amount of 41,206.84K rubles (inclusive of VAT) | Transaction price – 41,206.84K rubles (inclusive of VAT) | December 24, 2013 |
| 4 | Provision by OJSC AK Transneft (contractor) of the services to Rosneft (customer) associated with compounding of high sulfur (heavy) and very high sulfur (bituminous) oil in the volume of up to 14,507.0 kt in the total amount of 1,913,830.2K rubles (inclusive of VAT) | Transaction price – 1,913,830.2K rubles (inclusive of VAT) | December 24, 2013 |
| 5 | Provision by OJSC AK Transneft (contractor) of the services to Rosneft (customer) associated with transportation of petroleum products by the system of trunk product pipelines in the volume of 10.0 mln tons for the compensation in the amount of 17,000,000.0 K rubles (inclusive of VAT) | Transaction price – 17,000,000.0 K rubles (inclusive of VAT) | December 24, 2013 |
| 6 | Provision by OJSC AK Transneft (contractor) of information services to Rosneft (customer) associated with transportation of petroleum products for the compensation in the amount of 1,400.0 K rubles (inclusive of VAT) | Transaction price – 1,400.0 K rubles (inclusive of VAT) | December 24, 2014 |

TRANSACTIONS WHERE OJSC BANK VTB IS A PARTY

Persons/entities related to the transactions:

M. Warrig – Member of Board of Directors of Rosneft, Member of Supervisory Board of OJSC Bank VTB – a party to the transactions

| | | | |
|---|--|--|-------------------|
| 1 | Provision by OJSC Bank VTB of the services to Rosneft (client) associated with opening settlement and transit currency accounts in the foreign currency – EUR, as well as cash and settlement services for the compensation in the amount of up to 8,000.0 K rubles per year (exclusive of VAT) | Transaction price – up to 8,000.0 K rubles per year (exclusive of VAT) | December 24, 2014 |
| 2 | Provision by OJSC Bank VTB of the services to Rosneft (client) associated with opening settlement and transit accounts in the foreign currency – the pound sterling of the United Kingdom of Great Britain, as well as cash and settlement services for the compensation in the amount of up to 8,000.0 K rubles per year (exclusive of VAT) | Transaction price – up to 8,000.0 K rubles per year (exclusive of VAT) | December 24, 2014 |
| 3 | Provision by OJSC Bank VTB of the services to Rosneft (client) associated with opening settlement and transit currency accounts in the foreign currency – Chinese yuan, as well as cash and settlement services for the compensation in the amount of up to 8,700.0 K rubles per year (exclusive of VAT) | Transaction price – up to 8,700.0 K rubles per year (exclusive of VAT) | December 24, 2014 |
| 4 | Provision by OJSC Bank VTB of the services to Rosneft (client) associated with opening settlement and transit accounts in the foreign currency – Hong Kong dollar, as well as cash and settlement services for the compensation in the amount of up to 8,700.0 K rubles per year (exclusive of VAT) | Transaction price – up to 8,700.0 K rubles per year (exclusive of VAT) | December 24, 2014 |

TRANSACTIONS WHERE OJSC GAZPROM IS A PARTY

Persons/entities related to the transactions:

OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares, an affiliate of which – A.I. Akimov, Chairman of Board of Directors of OJSC ROSNEFTEGAZ, is Member of Board of Directors of OJSC Gazprom – a party to the transactions

A.I. Akimov – Member of Board of Directors of Rosneft, Member of Board of Directors of OJSC Gazprom – a party to the transactions

| | | | |
|---|---|--|-----------------|
| 1 | Change in terms and conditions of the transaction on provision by OJSC Gazprom (contractor) of the services to Rosneft (customer) associated with transportation of gas by Gazprom's GTS in the volume of 30,775.09 mln cubic meters for the compensation in the amount of 26,292,075.4K rubles (inclusive of VAT) regarding an increase of the volume of transported gas up to 31,372.0 mln cubic meters and the amount of the compensation up to 27,772,349.0 K rubles (inclusive of VAT) | Transaction price – up to 27,772,349.0 K rubles (inclusive of VAT) | August 18, 2014 |
|---|---|--|-----------------|

TRANSACTIONS WHERE OJSC SOGAZ IS A PARTY

Persons/entities related to the transactions:

OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares, an affiliate of which – S.S. Ivanov, Member of Board of Directors of OJSC SOGAZ, – a party to the transactions

| | | | |
|---|--|---|----------------|
| 1 | Provision by OJSC SOGAZ (insurer) of the services to Rosneft (policy holder) associated with insurance of risks of losses from business activities. Insurance period – 3 years. The total contract value (insurance premium) is 448,079.1K rubles (exclusive of VAT) | Transaction price – 448,079.1K rubles (exclusive of VAT) | April 15, 2014 |
| 2 | Provision by OJSC SOGAZ (insurer) of the services to Rosneft (policy holder) associated with package insurance of the civil liability for the term till January 1, 2017. The total contract value (insurance premium) is 409,500.0 K rubles (exclusive of VAT) | Transaction price – 409,500.0 K rubles (exclusive of VAT) | April 15, 2014 |
| 3 | Provision by OJSC SOGAZ (insurer) of the services to Rosneft (policy holder) associated with insurance of immovable assets (a building, located at: Moscow, Sofiyskaya Embankment, 26/1 and 2) for a term of 4 years. The insured sum is 1,556,594.0 K rubles. The total contract value (insurance premium) is 620.3K rubles (exclusive of VAT) | Transaction price – 620.3K rubles (exclusive of VAT) | June 26, 2014 |
| 4 | Provision by OJSC SOGAZ (insurer) of the services to Rosneft (policy holder) associated with insurance civil liability operation of an advertising structure on the face of the building located at: Moscow, 26/1-1 Sofiyskaya Embankment, for a term of 1 year. The insured sum is 5,000.0 K rubles. The total contract value (insurance premium) is 7.5K rubles (exclusive of VAT) | Transaction price – 7.5K rubles (exclusive of VAT) | June 26, 2014 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|---|--|---|-------------------|
| 5 | Change in terms and conditions of the transaction on Provision by OJSC SOGAZ (insurer) of the services to Rosneft (policy holder) associated with voluntary health insurance of the employees, their family members and pensioners of Rosneft regarding an increase in a number of insured persons up to 4,705 and the total transaction value (insurance premium) up to 165,381.058K rubles (exclusive of VAT) | Transaction price – up to 165,381.058K rubles (exclusive of VAT) | June 26, 2014 |
| 6 | Provision by OJSC SOGAZ (insurer) of the services to Rosneft (policy holder) associated with voluntary health insurance of the employees, their family members and pensioners of Rosneft (totally 5,837 persons). The insurance period for the employees of Rosneft affiliate in the territory of the Chechen Republic – 1 year, for other insured persons 3 years. The total contract value (insurance premium) is 877,838.686K rubles (exclusive of VAT) | Transaction price – 877,838.686K rubles (exclusive of VAT) | June 26, 2014 |
| TRANSACTIONS WHERE SARAS S.P.A. IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares, an affiliate of which – I.I. Sechin, Chairman of Board of Directors of OJSC ROSNEFTEGAZ, is Member of Board of Directors of Saras S.p.A. – a party to the transactions | | | |
| I.I. Sechin – President, Chairman, Deputy Chairman of Board of Directors of Rosneft, Member of Board of Directors of Saras S.p.A. – a party to the transactions | | | |
| 1 | Supply by Rosneft (supplier) to Saras S.p.A. (buyer) of vacuum gasoil in the volume of up to 180.0 kt for the total price of up to US\$ 179,000.0 K upon FOB terms to any Black Sea port | Transaction price – up to US\$ 179,000.0 K | June 26, 2014 |
| TRANSACTIONS WHERE BP EXPLORATION OPERATING COMPANY LIMITED IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| R. Dudley – Member of Board of Directors of Rosneft (Entity is a part of the same group of entities R. Dudley is and a party to the transactions) | | | |
| 1 | Provision by BP Exploration Operating Company Limited (contractor) to Rosneft (customer) of consulting and information services, services associated with processing of data, improvement of employees' competences and other services, carrying out scientific research, planning and surveying and other works. The total contract value does not exceed 1,650,000.0 K rubles (inclusive of VAT) | Transaction price – not exceeding 1,650,000.0 K rubles (inclusive of VAT) | February 5, 2014 |
| 2 | Establishment by Rosneft (participant) and BP Exploration Operating Company Limited (participant) of a joint venture for implementation of the program of pilot works with regard to Domanik deposits in Volga-Ural region. The agreement on the joint venture establishment has no individual value | Transaction price – the transaction has no individual value | May 22, 2014 |
| TRANSACTIONS WHERE BP OIL INTERNATIONAL LTD. IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| R. Dudley – Member of Board of Directors of Rosneft (Entity is a part of the same group of entities R. Dudley is and a party to the transactions) | | | |
| 1 | Supply by Rosneft (supplier) to BP Oil International Ltd. (buyer) of residual fuel oil in the volume of up to 270.0 kt for the total price of up to US\$ 190,000.0 K upon FOB terms to any Black Sea port | Transaction price – up to US\$ 190,000.0 K | February 5, 2014 |
| 2 | Supply by Rosneft (supplier) to BP Oil International Ltd (buyer) of crude oil in the volume of up to 840.0 kt for the total price of up to US\$ 638,400.0 K upon FOB Novorossiysk terms | Transaction price – up to US\$ 638,400.0 K | April 15, 2014 |
| 3 | Supply by Rosneft (supplier) to BP Oil International Ltd (buyer) of crude oil in the volume of up to 1,200.0 kt for the total price of up to US\$ 900,000.0 K upon FOB Primorsk terms. | Transaction price – up to US\$ 900,000.0 K | April 15, 2014 |
| 4 | Supply by Rosneft (supplier) to BP Oil International Ltd. (buyer) straight-run gasoline (naphtha) for export in the volume of up to 132.0 kt for the total price of up to US\$ 100,000.0 K upon FOB Tuapse terms | Transaction price – up to US\$ 100,000.0 thous. | December 24, 2014 |
| TRANSACTIONS WHERE BP P.L.C IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| R. Dudley – Member of Board of Directors of Rosneft, President of BP Group of Entities, Director and Member of Board of Director of BP p.l.c. – a party to the transactions) | | | |
| 1 | Obtaining by Rosneft (licensee) from BP p.l.c. (licensor) of the license for the right to use and display trademarks in the territory of the Russian Federation for the compensation in the amount of 1,507,830.10K rubles (exclusive of VAT). | Transaction price – 1,507,830.10K rubles (exclusive of VAT) | December 24, 2013 |
| TRANSACTIONS WHERE BP SINGAPORE PTE LTD. IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| R. Dudley – Member of Board of Directors of Rosneft (Entity is a part of the same group of entities R. Dudley is and a party to the transactions) | | | |
| 1 | Supply by Rosneft (supplier) to BP Singapore PTE Ltd. (buyer) of oil in the volume of up to 100.0 kt for the total price of up to US\$ 83,000.0 K upon FOB Kozmino terms | Transaction price – up to US\$ 83,000.0 K | February 5, 2014 |
| 2 | Supply by Rosneft (supplier) to BP Singapore PTE Ltd. (buyer) for export of crude oil in the volume of up to 100.0 kt for the total price of up to US\$ 82,000.0 K upon FOB Kozmino terms | Transaction price – up to US\$ 82,000.0 K | December 24, 2014 |

Non-arm's length transactions endorsed by Rosneft General Shareholders Meeting:

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|--|---|--|---------------|
| TRANSACTIONS WHERE CJSC VANKORNEFT IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Making by Rosneft (buyer) of the transaction with CJSC Vankorneft (supplier) associated with purchase in the period: second half of 2014 – first half of 2015 of crude oil from CJSC Vankorneft in the volume of 26,272.8 kt in the total maximum amount of up to 510,029,017.2K rubles inclusive of VAT | Transaction price – up to 510,029,017.2K rubles inclusive of VAT | June 27, 2014 |
| TRANSACTIONS WHERE OJSC VBRR IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| S.I. Slavinskiy – Member of Management Board of Rosneft, Chairman of Supervisory Board of OJSC VBRR – a party to the transactions | | | |
| P.I. Lazarev (before June 30, 2014) – Member of Management Board of Rosneft, Member of Supervisory Board of OJSC VBRR – a party to the transactions | | | |
| 1 | Making by Rosneft (client) in the framework of the General Agreement on the Universal Terms of Deposit Operations of the transactions with OJSC VBRR (bank) for placement by Rosneft of the money in rubles and/or US dollars and/or EUR for the total maximum amount of 493,000,000.0 K rubles on the following terms and conditions: <ul style="list-style-type: none"> term – from one day to three years; interest rate: for rubles – not lower than MosPrime (MIBOR) for the respective term minus 15%; for US dollars – not lower than Libor (US dollars) for the respective term minus 10%; for EUR – not lower than Libor (EUR) for the respective term minus 10%. transactions (for structured deposits) may include fixing of the exchange rate and the link of the parties' obligations to changes in foreign exchange rates (within the corridor from 20 from 60 rubles per 1 US\$, from 30 to 80 rubles per EUR 1). | Transaction price – up to 493,000,000.0 K rubles | June 27, 2014 |
| 2 | Making by Rosneft (client) in the framework of the General Agreement on the Universal Terms of Conversion Operations of the transactions with OJSC VBRR (bank) for sales/purchases of foreign currency (conversion operations), including in combination with the reverse purchase and sale of currency, with the currency pairs of US dollar/ruble, EUR/ruble, EUR/US dollar for the total maximum amount of 2,400,000,000.0 K at the following exchange rates: <ul style="list-style-type: none"> for the transactions with the US dollar/ruble pair – not higher/lower than the weighted average rate at the MICEX-RTS for the day of settlement plus/minus 0.7 rubles, for the transactions with the EUR/ruble pair – not higher/lower than the weighted average rate at the MICEX-RTS for the day of settlement plus/minus 0.8 rubles, for the transactions with the EUR/US dollar pair – not higher/lower than the weighted average rate at the MICEX-RTS plus/minus EURO.05 | Transaction price – up to 2,400,000,000.0 K rubles | June 27, 2014 |
| 3 | Making by Rosneft (client) of the transactions with OJSC VBRR (bank) for engagement by Rosneft of loans in rubles and / or US dollars and / or EUR for the total maximum amount of 432,000,000.0 K rubles on the following terms and conditions: <ul style="list-style-type: none"> term: up to 365 days (inclusively); interest rate: <ul style="list-style-type: none"> – for rubles – not higher than MosPrime (MIBOR) for the respective term plus 15%; – for US dollars – not higher than Libor for the respective term plus 10%; – for EUR – not higher than Libor (EBPO) for the respective term plus 10%. | Transaction price – up to 432,000,000.0 K rubles | June 27, 2014 |
| 4 | Making by Rosneft (client) with OJSC VBRR (bank) of the transactions for sale/purchase of options, forwards, option structures, mixed (forwards and options) structures for the total maximum amount of 363,580,000.0 K rubles or its equivalent in the foreign currency at the Russian Central Bank exchange rate for the date of the respective transaction on the following terms and conditions: <ul style="list-style-type: none"> subject matter – hedging of currency and price risks for the basis assets; basis asset – currency pairs, prices for goods; economic result – regarding currency pairs: fixing the prices for the basis assets at a level not lower than the prices fixed in the Company Business Plan; regarding the Company obligations: fixing and / or reduction of the rate for engagement of loans on Rosneft obligations in the currency other than US dollars; term: up to 10 years. | Transaction price – up to 363,580,000.0 K rubles | June 27, 2014 |
| 5 | Making by Rosneft (client) and OJSC VBRR (bank) of REPO/reverse REPO transactions for the total maximum amount of 493,000,000.0 K rubles or its equivalent in the foreign currency at the Russian Central Bank exchange rate for the date of the respective transaction on the following terms and conditions: <ul style="list-style-type: none"> subject – matter – bilateral sale (purchase) of securities; yield at placement of funds – not lower than the average deposit rate for the respective term based on an analysis of the proposals of at least four banks at the time of making the transaction; rate for engagement of loans – not exceeding the loan rate for the respective term based on an analysis of the proposals of at least three banks at the time of making the transaction; term: up to one year. | Transaction price – up to 493,000,000.0 K rubles | June 27, 2014 |
| 6 | Making of the transactions between Rosneft (client) and OJSC VBRR (bank) for sales/purchases of bonds, promissory notes for the total maximum amount of 493,000,000.0 K rubles or its equivalent in the foreign currency at the Russian Central Bank exchange rate for the date of the respective transaction on the following terms and conditions: <ul style="list-style-type: none"> subject – matter – bonds, promissory notes of various issuers; yield – not lower than the average deposit rate for the respective term based on an analysis of the proposals of at least four banks at the time of making the transaction; term: up to 10 years. | Transaction price – up to 493,000,000.0 K rubles | June 27, 2014 |
| TRANSACTIONS WHERE OJSC RN HOLDING IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| R.R. Sharipov – Member of Management Board of Rosneft, President of OJSC RN Holding – a party to the transactions | | | |
| 1 | Making of the transaction between OJSC RN Holding (lender) and Rosneft (borrower) associated with granting an interest-bearing loan on the following terms and conditions: <ul style="list-style-type: none"> loan agreement value – not exceeding 250 bln rubles; loan agreement term – 5 years; interest rate – within a range of the market interval of prices, established (changed) by the Company Budget Committee. The procedure to change terms and conditions of the loan agreement regarding bringing of the interest rate in compliance with the decision of the Company Budget Committee is stipulated by the parties in the loan agreement. The total maximum value of the agreement inclusive of the interest is 337,500,000.0 K rubles | Transaction price – 337,500,000.0 K rubles | June 27, 2014 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|---|---|--|---------------|
| TRANSACTIONS WHERE LLC RN-YUGANSKNEFTEGAZ IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares (Entity is an affiliate of OJSC ROSNEFTEGAZ and a party to the transactions) | | | |
| 1 | Making by Rosneft (customer) of the transaction with LLC RN-Yuganskneftegaz (contractor) for provision of the services (performance of the works) associated with production of hydrocarbons on oil-gas fields, where the development licenses are owned by the Company, including: oil in the volume of 65,824.01 kt, accompanying gas in the volume of 4,849.17 mln cubic meters and handover of the produced hydrocarbon resources to the Company for subsequent sales for the compensation for the total maximum amount of 206,957,877.76K rubles | Transaction price – 206,957,877.76K rubles | June 27, 2014 |
| TRANSACTIONS WHERE GPB BANK (JSC) (BEFORE OCTOBER 24, 2014 – GPB (OJSC)) IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares, an affiliate of which – A.I. Akimov, Member of Board of Directors of OJSC ROSNEFTEGAZ, is Deputy Chairman of Board of Directors of OJSC VBRR – a party to the transactions | | | |
| S.S. Ivanov – Member of Board of Directors of OJSC ROSNEFTEGAZ is Member of Board of Directors of Bank GPB (JSC) – a party to the transactions | | | |
| A.I. Akimov – Member of Board of Directors of Rosneft, Chairman of Board of Management Board, Deputy Chairman of Board of Gazprombank (Open Joint Stock Company) – a party to the transactions | | | |
| 1 | Making by Rosneft (client) in the framework of the General Agreements on the Universal Terms of Deposit Operations and on Deposit Operations with Conversion of Transactions of the transactions with OJSC VBRR (bank) for placement by Rosneft of the money in rubles and/or US dollars and/or EUR for the total maximum amount of 493,000,000.0 K rubles on the following terms and conditions Performance by Rosneft (client) with Bank GPB (JS) (bank) for placement by Rosneft of funds in rubles and / or US dollars and / or EUR for the total maximum amount of 2,400,000,000.0 K rubles with possible conversion of deposit on the following terms and conditions: <ul style="list-style-type: none"> term – from one day to three years; interest rate: for rubles – not lower than MosPrime (MIBOR) for the respective term minus 15%; for US dollars – not lower than Libor (US dollars) for the respective term minus 10%; for EUR – not lower than Libor (EUR) for the respective term minus 10%. <ul style="list-style-type: none"> transactions (for structured deposits) may include fixing of the exchange rate and the link of the parties' obligations to changes in foreign exchange rates (within the corridor from 20 from 60 rubles per 1 US\$, from 30 to 80 rubles per EUR 1). | Transaction price – up to 2,400,000,000.0 K rubles | June 27, 2014 |
| 2 | Making by Rosneft (client) with Bank GPB (JS) (bank) of the transactions for purchase and sale of foreign currency (conversion operations), including in combination with the reverse purchase and sale of currency, with the currency pairs of US dollar/ruble, EUR/ruble, EUR/US dollar for the total maximum amount of 2,400,000,000.0 K at the following exchange rates: <ul style="list-style-type: none"> for the transactions with the US dollar/ruble pair – not higher/lower than the weighted average rate at the MICEX-RTS for the day of settlement plus/minus 0.7 rubles, for the transactions with the EUR/ruble pair – not higher/lower than the weighted average rate at the MICEX-RTS for the day of settlement plus/minus 0.8 rubles, for the transactions with the EUR/US dollar pair – not higher/lower than the weighted average rate at the MICEX-RTS plus/minus EURO.05 | Transaction price – up to 2,400,000,000.0 K rubles | June 27, 2014 |
| 3 | Making by Rosneft (client) of the transactions with Bank GPB (JS) (bank) for engagement of loans, including in the framework of the Agreement on the Procedure for Entering into Loan Transactions Using the Reuters Dealing System and Other Remote Banking Systems as well as long-term loans in rubles and / or US dollars and / or EUR for the total maximum amount of 1,707,083,626.0 K rubles on the following terms and conditions: <ol style="list-style-type: none"> loans for the term of up to 1 year: <ul style="list-style-type: none"> total maximum amount – 1,522,000,000.0 K rubles; term: up to 365 days (inclusively); interest rate: <ul style="list-style-type: none"> for rubles – not higher than MosPrime (MIBOR) for the respective term plus 15%; for US dollars – not higher than Libor (US dollars) for the respective term plus 10%; for EUR – not higher than Libor (EBPO) for the respective term plus 10%. long-term loans: <ul style="list-style-type: none"> total maximum amount – 185,083,626.0 K rubles; term – from 366 days to 7 years; interest rate no more than 12% p.a.; arrangement fee – no more than 1% of the loan amount; loan use fee – no more than 0.5% p.a. | Transaction price – up to 1,707,083,626.0 K rubles | June 27, 2014 |
| 4 | Making by Rosneft (client) with Bank GPB (JS) of the transactions for sale/purchase of options, forwards, currency swaps, option structures, mixed (forwards and options) structures for the total maximum amount of 500,000,000.0 K rubles or its equivalent in the foreign currency at the Russian Central Bank exchange rate for the date of the respective transaction on the following terms and conditions: <ul style="list-style-type: none"> subject matter – hedging of currency and price risks for the basis assets; basis asset – currency pairs, prices for goods; economic result – regarding currency pairs: fixing the prices for the basis assets at a level not lower than the prices fixed in the Company Business Plan; regarding the Company obligations: fixing and / or reduction of the rate for engagement of loans on Rosneft obligations in the currency other than US dollars; term: up to 10 years. | Transaction price – up to 500,000,000.0 K rubles | June 27, 2014 |
| 5 | Making by Rosneft (client) with Bank GPB (JS) (bank) of the transactions for the currency/interest rate (cross-currency) swap for the total maximum amount of 600,000,000.0 K rubles or its equivalent in the foreign currency at the Russian Central Bank exchange rate for the date of the respective transaction on the following terms and conditions: <ul style="list-style-type: none"> subject – matter – periodic (one-time) payment by each side of the sums of money depending on the change of the basis asset indicator; basis asset – lending rates in various currencies including those based on volatile indicators (MosPrime (MIBOR), Libor (US dollars), EURibor), charged on the par swap rate in various currencies; economic result – fixing and / or reduction of the rate for engagement of loans for Rosneft; term: up to 10 years. | Transaction price – up to 600,000,000.0 K rubles | June 27, 2014 |
| 6 | Making of the transactions between Rosneft (client) and Bank GPB (JS) (bank) of REPO/reverse REPO transactions for the total maximum amount of 1 000 000 000.0 K rubles or its equivalent in the foreign currency at the Russian Central Bank exchange rate for the date of the respective transaction on the following terms and conditions: <ul style="list-style-type: none"> subject – matter – bilateral sale (purchase) of securities; yield at placement of funds – not lower than the average deposit rate for the respective term based on an analysis of the proposals of at least four banks at the time of making the transaction; rate for engagement of loans – not exceeding the loan rate for the respective term based on an analysis of the proposals of at least three banks at the time of making the transaction; term: up to one year. | Transaction price – up to 1,000,000,000.0 K rubles | June 27, 2014 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|---|---|--|---------------|
| 7 | <p>Making of the transactions between Rosneft (client) and Bank GPB (JS) (bank) for sales/purchases of bonds, promissory notes for the total maximum amount of 600,000,000.0 K rubles or its equivalent in the foreign currency at the Russian Central Bank exchange rate for the date of the respective transaction on the following terms and conditions:</p> <ul style="list-style-type: none"> subject – matter – bonds, promissory notes of various issuers; yield – not lower than the average deposit rate for the respective term based on an analysis of the proposals of at least four banks at the time of making the transaction; term: up to 10 years. | Transaction price – up to 600,000,000.0 K rubles | June 27, 2014 |
| 8 | <p>Making of the transactions between Rosneft (client) and Bank GPB (JS) (bank) associated with sales/purchase credit linked notes for the total maximum amount of 1,000,000,000.0 K rubles or its equivalent in the foreign currency at the Russian Central Bank exchange rate for the date of the respective transaction on the following terms and conditions:</p> <ul style="list-style-type: none"> subject – matter – purchase-sale of the issued securities (credit linked notes), that have an identification number in the European depository and clearing center (EURclear); yield – not lower than the average deposit rate for the respective term based on an analysis of the proposals of at least four banks at the time of making the transaction; term: up to one year | Transaction price – up to 1,000,000,000.0 K rubles | June 27, 2014 |

TRANSACTIONS WHERE OJSC AK TRANSNEFT IS A PARTY

Persons/entities related to the transactions:

M. Warnig – Member of Board of Directors of Rosneft, Chairman of Board of Directors of OJSC AK Transneft – a party to the transactions

| | | | |
|---|--|---|---------------|
| 1 | <p>Making by Rosneft (customer) of the transaction with OJSC AK Transneft (contractor) for provisions in 2015 of the services to Rosneft associated with transportation of crude oil by main pipelines in the volume of 180,716.322 kt for the compensation for the total maximum amount of 244,757,122.8K rubles</p> | Transaction price – 244,757,122.8K rubles | June 27, 2014 |
| 2 | <p>Change in terms and conditions of the transaction – contract of services for transportation of oil for 2014 between OJSC AK Transneft and Rosneft dated 02.12.2013 (hereinafter – «Contract of Transportation Services»), approved by the General Shareholders Meeting of Rosneft on 20.06.2013:</p> <p>1) Terms and conditions of the Contract of Transportation Services as amended: Provision by OJSC AK Transneft in 2014 of the services for transportation of crude oil by main pipelines in the volume of 180,716.0 kt for the compensation for the total maximum amount of 252,971,262.0 K rubles (inclusive of VAT);</p> <p>2) The price (money value) of the transaction as amended was determined by the Decision of Board of Directors of Rosneft dated 28.04.2014 (Minutes № 34). Transaction price:</p> <ul style="list-style-type: none"> tariffs established by Order of Federal Tariff Service №226-e/3 dated 27.09.2012 with regard to various sectors of transportation in rubles per 100 tkm (exclusive of VAT); tariffs established by competent authorities of foreign states (in transporting oil by pipeline in the territory of foreign states); agency fee of OJSC AK Transneft in the amount of 2% of the value of services associated with transportation of oil by pipeline in the territory of foreign states. | Transaction price – up to 252,971,262.0 K rubles (inclusive of VAT) | June 27, 2014 |

TRANSACTIONS WHERE OJSC BANK OF MOSCOW IS A PARTY

Persons/entities related to the transactions:

A.L. Kostin – Deputy Chairman of Board of Directors of Rosneft, Chairman of Board of Directors of OJSC Bank of Moscow – a party to the transactions

| | | | |
|---|--|--|---------------|
| 1 | <p>Performance by Rosneft (client) in the framework of the General Agreement on the Universal Terms of Deposit Operations with OJSC Bank of Moscow (bank) for placement by Rosneft of funds in rubles and / or US dollars and / or EUR for the total maximum amount of 493,000,000.0 K rubles on the following terms and conditions:</p> <ul style="list-style-type: none"> term – from one day to three years; interest rate: <ul style="list-style-type: none"> for rubles – not lower than MosPrime (MIBOR) for the respective term minus 15%; for US dollars – not lower than Libor (US dollars) for the respective term minus 10%; for EUR – not lower than Libor (EUR) for the respective term minus 10%. transactions (for structured deposits) may include fixing of the exchange rate the link of the parties' obligations to changes in foreign exchange rates (within the corridor from 20 from 60 rubles per 1 US\$, from 30 to 80 rubles per EUR 1). | Transaction price – up to 493,000,000.0 K rubles | June 27, 2014 |
|---|--|--|---------------|

TRANSACTIONS WHERE OJSC SOGAZ IS A PARTY

Persons/entities related to the transactions:

OJSC ROSNEFTEGAZ – a Rosneft shareholder that owns in excess of 20% of the Company's voting shares whose affiliates:

- **I.I. Sechin**, Chairman of Board of Directors of OJSC and L.V. Kalanda, Member of Board of Directors of OJSC ROSNEFTEGAZ and the person who exercises the authority of the sole executive body of OJSC ROSNEFTEGAZ (Acting General Director of OJSC ROSNEFTEGAZ), are insured persons (beneficiaries) under the transaction;

- **S.S. Ivanov**, Member of Board of Directors of OJSC ROSNEFTEGAZ is the Chairman of Management Board, Member of Board of Directors of OJSC SOGAZ, which is a party to the transaction.

I.I. Sechin – Deputy Chairman of Board of Directors, President, Chairman of Management Board of Rosneft is an insured person (beneficiary) under the transaction;

A.D. Nekipelov, A.I. Akimov, A.R. Bokarev, M. Warnig, R. Dudley, N.P. Laverov, D. Humphreys, A.N. Chilingarov – Members of Board of Directors of Rosneft are insured persons (beneficiaries) under the transaction;

Yu.I. Kalinin, A.V. Votinov, L.V. Kalanda, D. Casimiro, P.I. Lazarev, E.M. Liron, I.V. Majdannik, N.M. Mukhitov, I.V. Pavlov, Z. Runje, S.I. Slavinsky, R.R. Sharipov – Members of Management Board of Rosneft are insured persons (beneficiaries) under the transaction.

| | | | |
|---|--|------------------------------------|---------------|
| 1 | <p>To approve the agreement for insurance of the liability of Rosneft, any subsidiary of Rosneft, Members of Board of Directors, Members of Management Board, President of Rosneft, management and employees of Rosneft (hereinafter – the Agreement) between Rosneft (policy holder) and OJSC SOGAZ (insurer) as the non-arm's length transaction, on the following terms and conditions:</p> <p>Subject-matter of the contract: with due regard for all provisions of the Agreement, the Insurer undertakes, in case of occurrence of any of the loss events listed in the Agreement, to pay the insurance indemnity to the relevant insured person/entity and/or beneficiary and/or any third party that is entitled to receive such an indemnity.</p> <p>Insured persons/entities:</p> <ol style="list-style-type: none"> Rosneft; Any Rosneft subsidiary (as listed in the Agreement); Any person who was before commencement of the period, is at the time of commencement of the period of insurance or in the course of the period of insurance becomes: (a) a Member of Board of Directors of Rosneft or a subsidiary / representative office / affiliate (hereinafter – the Company), a director or an officer of the Company ((including, without limitations: a member of a collegial executive body, a sole executive body), except for an external auditor or a receiver in bankruptcy); (b) an independent director of the Company; (c) an employee of the Company; (d) a director of a separate legal entity appointed at the direction of the Company; (e) a director according to a securities prospectus or an officer mentioned as such in any listing information or a prospectus for the securities issued by the Company; (f) a shadow or de-factor director, approved person (in a foreign jurisdiction); (g) a chief accountant, a chief legal officer, a risk manager of the Company; (h) a director or an office holder of OJSC ROSNEFTEGAZ with regard to the action (omission) in making managerial decisions in relation to Rosneft, arising from the OJSC ROSNEFTEGAZ ownership of Rosneft's securities; (i) a spouse of an insured person in relation to the losses that result from a demand to such insured person; (j) an administrator, heir, legitimate representative or executor of a deceased, incompetent or bankrupt insured person in relation to the losses that result from a demand in connection with a faulty action of such an Insured Person. | Transaction price – US\$ 3,000,000 | June 27, 2014 |
|---|--|------------------------------------|---------------|

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|--|--|--|---------------|
| | <p>Beneficiaries under the Agreement: Insured Persons / entities, the Policy holder and any third parties that may suffer damage/ losses.</p> <p>Agreement price (total insurance premium): US\$ 3,000,000.</p> <p>Insurance period: from July 10, 2014 to July 10, 2017 with the Agreement effect extending to the events/actions/circumstances that occurred/were performed starting from July 10, 2006, exclusively with regard to OJSC TNK-BP Holding (at the present time OJSC RN Holding) starting with March 21, 2013 (continuous insurance coverage start date).</p> <p>Insured sum under the Agreement (liability limit): US\$ 150 000 000 (one hundred fifty million).</p> <p>Additional limits for independent directors (over and above the general liability limit): US\$ 1,000,000 (One million) – a special additional limit for each independent director, US\$ 6,000,000 (Six million) – additional insured sum for all independent directors.</p> <p>Objects of insurance: property interests of the Insured Persons associated with their obligation to compensate the losses suffered by the beneficiaries and/or other persons and associated with any costs and expenses incurred by the Insured Persons.</p> <p>Loss events under the Agreement: occurrence of all of the following circumstances: (a) occurrence of the Insured Persons' obligation to compensate a pecuniary or non-pecuniary damage or any other legitimate or objective compensation in connection with faulty actions of the Insured Persons in any jurisdiction, (b) presentation of claims against the Insured Persons in connection with the losses of any other persons as mentioned in p. (a) above.</p> <p>Deductible (to be deducted when the Policy Holder pays compensation upon the claims against the insured persons or the Insured Person itself):</p> <ul style="list-style-type: none"> • for any securities-related claims presented in the U.S.A. or Canada: US\$ 500,000; • for any securities-related claims presented in any other countries: US\$ 250,000; • for the rest of the claims presented in the U.S.A. and Canada: US\$ 100,000; • for the rest of the claims presented worldwide: US\$ 100,000. | | |
| TRANSACTIONS WHERE OJSC BANK VTB IS A PARTY | | | |
| Persons/entities related to the transactions: | | | |
| M. Warrig – Member of Board of Directors of Rosneft, Member of Supervisory Board of OJSC Bank VTB – a party to the transactions | | | |
| 1 | <p>Making by Rosneft (client) in the framework of the General Agreement on the Universal Terms of Deposit Operations of the transactions with OJSC Bank VTB for placement by Rosneft of funds in rubles and / or US dollars and / or EUR for the total maximum amount of 2,400,000,000.0 K rubles on the following terms and conditions:</p> <ul style="list-style-type: none"> • term – from one day to three years; • interest rate: for rubles – not lower than MosPrime (MIBOR) for the respective term minus 15%; for US dollars – not lower than Libor (US dollars) for the respective term minus 10%; for EUR – not lower than Libor (EUR) for the respective term minus 10%. transactions (for structured deposits) may include fixing of the exchange rate and the link of the parties' obligations to changes in foreign exchange rates (within the corridor from 20 from 60 rubles per 1 US\$, from 30 to 80 rubles per EUR 1). | Transaction price – up to 2,400,000,000.0 K rubles | June 27, 2014 |
| 2 | <p>Making by Rosneft (client) in the framework of the General Agreement on Forward Transactions on Financial Markets and the General Agreement on Universal Terms of Conversion Operations using by electronic means of the transactions with OJSC Bank VTB associated with sale/purchase of foreign currency (conversion operations), including in combination with the reverse purchase and sale of currency, with the currency pairs of US dollar/ruble, EUR/ruble, EUR/US dollar for the total maximum amount of 2,400,000,000.0 K at the following exchange rates: – for the transactions with the US dollar/ruble pair – not higher/lower than the weighted average rate at the MICEX-RTS for the day of settlement plus/minus 0.7 rubles, for the transactions with the EUR/ruble pair – not higher/lower than the weighted average rate at the MICEX-RTS for the day of settlement plus/minus 0.8 rubles, – for the transactions with the EUR/US dollar pair – not higher/lower than the weighted average rate at the MICEX-RTS plus/minus EURO.05</p> | Transaction price – up to 2,400,000,000.0 K rubles | June 27, 2014 |
| 3 | <p>Making by Rosneft (client) of the transactions with OJSC Bank VTB for engagement of loans, including in the framework of the Agreement on the Procedure for Entering into Loan Transactions Using the Reuters Dealing System and Other Remote Banking Systems as well as long-term loans in rubles and / or US dollars and / or EUR for the total maximum amount of 1,830,472,710.0 K rubles on the following terms and conditions:</p> <p>1) loans for the term of up to 1 year:</p> <ul style="list-style-type: none"> • total maximum amount – 1,522,000,000.0 K rubles; • term: up to 365 days (inclusively); • interest rate: <ul style="list-style-type: none"> – for rubles – not higher than MosPrime (MIBOR) for the respective term plus 15%; – for US dollars – not higher than Libor (US dollars) for the respective term plus 10%; – for EUR – not higher than Libor (EBPO) for the respective term plus 10%. <p>2) long-term loans:</p> <ul style="list-style-type: none"> • total maximum amount – 308,472,710.0 K rubles; • term – from 366 days to 7 years; • interest rate no more than 12% p.a.; • arrangement fee – not exceeding 1% of the loan amount; • loan use fee – not exceeding 0.5% p.a. | Transaction price – up to 1,830,472,710.0 K rubles | June 27, 2014 |
| 4 | <p>Making by Rosneft (client) with OJSC Bank VTB of the transactions for sale/purchase of options, forwards, currency swaps, option structures, mixed (forwards and options) structures for the total maximum amount of 500,000,000.0 K rubles or its equivalent in the foreign currency at the Russian Central Bank exchange rate for the date of the respective transaction on the following terms and conditions:</p> <ul style="list-style-type: none"> • subject matter – hedging of currency and price risks for the basis assets; • basis asset – currency pairs, prices for goods; • economic result – regarding currency pairs: fixing the prices for the basis assets at a level not lower than the prices fixed in the Company Business Plan; regarding the Company obligations: fixing and / or reduction of the rate for engagement of loans on Rosneft obligations in the currency other than US dollars; • term: up to 10 years. | Transaction price – up to 500,000,000.0 K rubles | June 27, 2014 |
| 5 | <p>Making by Rosneft (client) with OJSC Bank VTB in the framework of the General Agreement on Operations Using Derivative Financial Instruments of the transactions for the currency/interest rate (cross-currency) swap for the total maximum amount of 600,000,000.0 K rubles or its equivalent in the foreign currency at the Russian Central Bank exchange rate for the date of the respective transaction on the following terms and conditions:</p> <ul style="list-style-type: none"> • subject – matter – periodic (one-time) payment by each side of the sums of money depending on the change of the basis asset indicator; • basis asset – lending rates in various currencies including those based on volatile indicators (MosPrime (MIBOR), Libor (US dollars), EURibor), charged on the par swap rate in various currencies; • economic result – fixing and / or reduction of the rate for engagement of loans for Rosneft; • term: up to 10 years. | Transaction price – up to 600,000,000.0 K rubles | June 27, 2014 |

| # | Transaction subject matter and substantial terms and conditions | Transaction price, effected transaction price | Decision date |
|---|---|--|---------------|
| 6 | <p>Making of the transactions between Rosneft (client) and OJSC Bank VTB of REPO/reverse REPO transactions for the total maximum amount of 1,000,000,000.0 K rubles or its equivalent in the foreign currency at the Russian Central Bank exchange rate for the date of the respective transaction on the following terms and conditions: – subject – matter – bilateral sale (purchase) of securities;</p> <ul style="list-style-type: none"> • yield at placement of funds – not lower than the average deposit rate for the respective term based on an analysis of the proposals of at least four banks at the time of making the transaction; • rate for engagement of loans – not exceeding the loan rate for the respective term based on an analysis of the proposals of at least three banks at the time of making the transaction; • term: up to one year. | Transaction price – up to 1,000,000,000.0 K rubles | June 27, 2014 |
| 7 | <p>Making of the transactions between Rosneft (client) and OJSC Bank VTB associated with sale/purchase bonds, promissory notes for the total maximum amount of 600,000,000.0 K rubles or its equivalent in the foreign currency at the Russian Central Bank exchange rate for the date of the respective transaction on the following terms and conditions:</p> <ul style="list-style-type: none"> • subject – matter – bonds, promissory notes of various issuers; • yield – not lower than the average deposit rate for the respective term based on an analysis of the proposals of at least four banks at the time of making the transaction; • term: up to 10 years. | Transaction price – up to 600,000,000.0 K rubles | June 27, 2014 |
| 8 | <p>Making of the transactions between Rosneft (client) and OJSC Bank VTB associated with sales/purchase credit linked notes for the total maximum amount of 1,000,000,000.0 K rubles or its equivalent in the foreign currency at the Russian Central Bank exchange rate for the date of the respective transaction on the following terms and conditions:</p> <ul style="list-style-type: none"> • subject – matter – purchase-sale of the issued securities (credit linked notes), that have an identification number in the European depository and clearing center (Euroclear); • yield – not lower than the average deposit rate for the respective term based on an analysis of the proposals of at least four banks at the time of making the transaction; • term: up to one year. | Transaction price – up to 1,000,000,000.0 K rubles | June 27, 2014 |

APPENDIX #5

Information on delivery of the
Russian Federation President's
instructions and directives
and the Russian Federation
Government's instructions

1. DISPOSAL OF NON-CORE ASSETS

Non-core Assets Disposal Program

Rosneft has been continuously working on optimization of the company-owned assets, its subsidiaries and affiliates. The Company has developed and is consistently implementing the Non-Core and Inefficient Assets Disposal Program in accordance with the Policy on Corporate Property Management Principles and the Standard for Management of Non-Core and Inefficient Assets, which were developed by the Company and approved by the Board of Directors.

The Company's property is subject to annual certification, technical audit and economic and legal expert review.

In the reporting period, the Company:

- 1) carried out transactions for disposal of shares (stakes) in 2 subsidiaries of the Rosneft Group;
- 2) sold highly liquid but non-core shares of 18 issuers, including those of OJSC Sberbank of Russia, OJSC RusGidro, OJSC FGC UES, etc.;
- 3) generated a list of immovable assets not used by the Company (564 assets, including pipelines and power lines abandoned as a result of production termination; wells located within third-party license areas; social assets (apartments, recreation facilities)). Actions aimed at the assets preparation for disposal were delivered.
- 4) liquidated 38 subsidiaries (including 13 offshore subsidiaries, for de-offshorization purposes);
- 5) completed reorganization of 25 subsidiaries of the Rosneft Group.

The following activities are planned for 2015-2018: disposal of shares of 38 subsidiaries of the Rosneft Group, liquidation of 136 subsidiaries of the Rosneft Group (including 41 offshore companies), reorganization of 253 subsidiaries of the Rosneft Group and divestment of other non-core assets.

| Item No. | Asset Name | Asset ID (if applicable) | Line item in the balance sheet reflecting the asset as at the reporting date preceding asset divestment | Bookkeeping accounts (incl. analytics) reflecting revenue and expenses from asset divestment | Book value of an asset, K RUB | Actual cost of sale, K RUB | Delta between actual cost of sale and book value of an asset, K RUB | Reason for the variance between the actual cost of sale and the book value of an asset |
|--------------|--|--------------------------|---|--|-------------------------------|----------------------------|---|--|
| 1. | OJSC "Quadra (TGK-4), common stock | - | Line 1170 | 91.01/91.02.1 | 4 | 4 | 0.00 | |
| 2. | OJSC "OGK-2", common stock | - | Line 1170 | 91.01/91.02.1 | 17 | 17 | 0.00 | |
| 3. | OJSC "RAO Energy System of East", common stock | - | Line 1170 | 91.01/91.02.1 | 15 | 15 | 0.00 | |
| 4. | OJSC "TGK-1", common stock | - | Line 1170 | 91.01/91.02.1 | 22 | 22 | 0.00 | |
| 5. | OJSC "TGK-14", common stock | - | Line 1170 | 91.01/91.02.1 | 1 | 1 | 0.00 | |
| 6. | OJSC "TGK-5", common stock | - | Line 1170 | 91.01/91.02.1 | 2 | 2 | 0.00 | |
| 7. | OJSC "TGK-6", common stock | - | Line 1170 | 91.01/91.02.1 | 2 | 2 | 0.00 | |
| 8. | OJSC "TGK-9", common stock | - | Line 1170 | 91.01/91.02.1 | 18 | 18 | 0.00 | |
| 9. | OJSC "E.ON Russia" (OGK-4), common stock | - | Line 1170 | 91.01/91.02.1 | 222 | 222 | 0.00 | |
| 10. | OJSC "Enel OGK-5" | - | Line 1170 | 91.01/91.02.1 | 38 | 38 | 0.00 | |
| 11. | OJSC "Volzhsk TGK", common stock | - | Line 1170 | 91.01/91.02.1 | 57 | 57 | 0.00 | |
| 12. | OJSC "Kuzbassenergo", common stock | - | Line 1170 | 91.01/91.02.1 | 2 | 2 | 0.00 | |
| 13. | OJSC "Mosenergo", common stock | - | Line 1170 | 91.01/91.02.1 | 24 | 25 | 1.00 | Selling stock at market price |
| 14. | OJSC "Rushydro", common stock | - | Line 1170 | 91.01/91.02.1 | 195 | 197 | 2.00 | Selling stock at market price |
| 15. | OJSC "Federal Grid Company of Unified Energy System", common stock | - | Line 1170 | 91.01/91.02.1 | 48 | 49 | 1.00 | Selling stock at market price |
| 16. | OJSC "Sberbank of Russia", preferred stock | - | Line 1170 | 91.01/91.02.1 | 8 | 9 | 1.00 | Selling stock at market price |
| 17. | OJSC "IDGC of the North West", common stock | - | Not applicable, because the Seller is a foreign entity | | 36 | 1,962 | 1926.27 | Selling stock at market price |
| 18.1 | OJSC "TGK-2", common stock | - | Not applicable, because the Seller is a foreign entity | | 33 | 423 | 390.34 | Selling stock at market price |
| 18.2 | OJSC "TGK-2", preferred stock | - | Not applicable, because the Seller is a foreign entity | | 3 | 42 | 38.63 | Selling stock at market price |
| 19. | CJSC "Nefteprombank", common stock | - | Line 1170 | 91 | 4,625 | 34,646 | 30,021 | Selling stock at market price, determined in negotiations |
| 20. | CJSC "NPB-Service", common stock | - | Line 1170 | 91 | 47 | 4,423 | 4,377 | Selling stock at market price, determined in negotiations |
| Total | | | | | 5,418 | 42,176 | 36,757 | |

2. PROCUREMENT OF GOODS, WORKS, SERVICES

2.1. Approval of the Procurement Regulation, procurement transparency enhancement

A new version of the Procurement Regulation covering procurement of goods, works and services in Rosneft and its subsidiaries was developed to ensure further improvement of the procurement process and update the existing local regulatory framework.

The new version of the Procurement Regulation covering procurement of goods, works and services:

- reflects changes in the existing legislation and addresses the requirements of the Government of the Russian Federation articulated after the adoption of the existing version of the regulation;
- reflects specific requirements as applied to small and medium businesses engaged in procurement activities.

2.2. Reduction of unit costs of purchased goods, works, services

Pursuant to sub-paragraph "e" of paragraph 1 of the List of Instructions by the President of the Russian Federation with regard to Priority Measures Aimed at Improving the Investment Climate in the Russian Federation, dated April 02, 2011, No. Pr-846, joint-stock companies with government participation are instructed to take measures towards reducing unit costs of purchased goods (works, services) by at least 10% per annum in real terms over three years.

In 2012-2014, Rosneft applied the Methodological Guidelines for Estimating and Monitoring Reduction of Unit Costs of Purchased Goods (Works, Services) in Real Terms Based on the 2010 Price Level, which were agreed by the Ministry of Energy of Russia (Letter No. SK-5226/05 dated June 13, 2012) and approved by the Board of Directors (Minutes No.4 dated August 07, 2012).

In 2012, 2013 and 2014, a KPI defined as Purchased Goods (Works, Services) Unit Cost Reduction Ratio was included in the KPIs of the Company's senior managers and general directors of the Rosneft Group subsidiaries (153 key subsidiaries) for annual bonus payment purposes.

It is envisaged that annual remuneration for the Company's President shall be dependent on the delivery of the cost reduction KPIs.

Scheduled procurement data are published on the government procurement website and the Rosneft corporate website pursuant to Federal Law N 223-FZ On Procurement of Goods, Works and Services by Certain Types of Legal Entities dated July 18, 2011.

Using the 1.3744 deflator, the average price reduction for the goods (works, services) purchased by Rosneft in 2014 was 13%. The estimation was governed by the Company's Methodological Guidelines for Estimating and Monitoring Reduction of Unit Costs of Purchased Goods (Works, Services) in Real Terms Based on the 2010 Price Level.

2.3. Ensuring efficiency of procurement from small and medium businesses, incl. in terms of purchasing innovative and high-tech products

Actions taken by Rosneft:

- Advisory Council provisions approved (advisory body);
- Innovation activities classification criteria approved (adoption of the concept of innovative products as applied to goods, works and services pursuant to Order No. 1618 of the Ministry of Industry and Trade of the Russian Federation from 01 November 2012);
- "Innovations development" and "small and medium businesses access" metrics added to the KPIs of the senior managers;
- Company's electronic trading platform pre-launched;
- Acceptance of offers for implementation of innovative products, including those from small and middle business (one-window system) was organized on the Company's website (www.rosneft.ru/science_and_innovations).
- The following was developed:
 - Draft pilot program of partnership with small and medium business companies
 - Draft methodology for estimation of product or service lifecycle to implement criteria "product lifecycle value" and provision for innovative products purchases.
 - Draft amendments to local documents on procurement regarding participation of and simplification of participation of small and medium business companies in Company's procurement process.

2.4. Expanding procurement of Russia-made goods

Share of suppliers registered in Russian Federation amounted to c.95% of the total supplier amount.

3. DETERMINATION OF DIVIDEND AMOUNTS

Pursuant to the Rosneft Dividend Policy, in its decisions on dividend amounts the Board of Directors is guided by the level of net income as reflected in the Company's non-consolidated financial accounts prepared in accordance with Russian Accounting Standards.

Rosneft has been the first publicly owned company that has started dividend payments in amounts not less than 25% of net income.

Since 2011, Rosneft has been allocating 25% of its net income to dividend payments according to IFRS data.

4. COMPLIANCE WITH THE ANNUAL REPORT PATTERN RECOMMENDED BY THE GOVERNMENT DECREE NO. 1214

The Annual Report has been prepared in accordance with the suggested pattern of an annual report of a joint-stock company with federally owned shares as approved by the RF Government Decree No. 1214 dated December 31, 2010. In addition, the present Annual Report was generated in line with the instructions of the President of Russia following the meeting on performance improvement within state-run companies from 9 December 2014 (Order No. 3013, Item 3). As per the instructions, the Annual Report now contains information regarding the status of long-term development programs and delivery of the key performance indicators (for more detail, please, see pp. 22 and 26)

5. STRATEGY DEVELOPMENT AND UPDATE, PERFORMANCE, LONG-TERM PLANNING

5.1. Development and approval of Innovative Development Programs

Pursuant to sub-paragraph "b" of paragraph 1 of the List of Instructions by the President of the Russian Federation, dated February 07, 2011, No. Pr-307, the RF Government Directive No. 1221p-P13 dated March 24, 2011, the Rosneft Innovative Development Program was approved by the Board of Directors on April 01, 2011 (Minutes No.34).

5.2. 2014+ Investment Program was developed and approved as part of the Company's 2014-2015 Business Plan at the Board of Directors meeting on 20 December 2013 (Minutes No.21).

5.3. Development and approval of the Joint-Stock Company Strategy and Long-term Development Program

Development and approval of the Long-Term Development Program and Due Diligence

On December 09, 2014, the Rosneft Board of Directors approved the Rosneft Development Strategy for the term till 2030, endorsed the Rosneft Long-Term Development Program, and approved the Standard for the Rosneft Long-Term Development Program Delivery Audit.

The Rosneft Long-Term Development Program envisages the following:

- tasks across business streams and corporate functions, which shall match the Company Development Strategy and contribute to delivery of the strategic benchmarks;
- the list of performed actions aimed at delivery of strategic objectives as well as actions related to enhancement of performance, investment attractiveness and transparency, increase of return on investments, including increase of return on capital employed and higher labor efficiency;
- key parameters characteristic of the Company's demand in labor and other resources.

The Company strategic development objectives are available on the Rosneft corporate website: <http://www.rosneft.ru/news/pressrelease/09122014.html>.

In January 2015, the procedure of selecting an independent auditor for checking the Long-Term Development Program delivery was initiated. The audit results will be submitted to the Rosneft Board of Directors.

5.4. Operations of the unified Rosneft Treasury, its subsidiaries and affiliates

Centralization of the Rosneft Group subsidiary treasury functions was completed back in 2005 via creation of the Unified Treasury based on the corporate Finance function and the corporate bank - OJSC Russian Regional Development Bank.

The applicable business processes and corporate treasury systems have been endorsed by the Ministry of Finance of the Russian Federation.

Business processes related to financial solvency management, budgeting and acceptance of the Rosneft Group subsidiaries' financial operations are specified in respective Policies and Standards.

5.5. Approval of principles of co-investment into Russian and international venture funds

Pursuant to paragraph 5 of the Rosneft Innovative Development Program – Actions fostering Innovations – actions related to the Company's interaction with venture funds have been specified. If a corporate decision on feasibility of co-investment into Russian and international venture funds is made, such actions will be implemented.

5.6. Ensuring energy efficiency across subsidiaries

The Rosneft Energy Efficiency Program was developed and approved by the Board of Directors on 12 December 2014 (the Program passport was prepared in compliance with the RF Ministry of Energy guidelines).

Pursuant to the requirement to perform primary inspections, an energy audit followed by energy passport issuance was carried out across all subsidiaries as early as in 2012-2013. At present, a schedule has been prepared for subsequent energy audits to be performed in 2015-2018.

5.7. Securing environmental responsibility mechanisms

Pursuant to the sub-paragraph "l" of paragraph 1 of the List of Instructions by the President of the Russian Federation, dated June 06, 2010, No. Pr-1640, as well as in compliance with Directive No. 17 10p-P13, dated March 30, 2012, approved by V.V. Putin, Chairman of the Government of the Russian Federation, on August 07, 2012 the Rosneft Board of Directors endorsed the Procedure of Applying Voluntary Mechanisms of Environmental Responsibility and Obligatory Regular Publication of Non-Financial Reports on Rosneft Sustainable Development, including (in terms of voluntary mechanisms of environmental reporting) implementation of:

- 1.1. the environmental management system in compliance with ISO 14001:2004 (Environmental Management Systems – Requirements and Application Guidelines) within the framework of the HSE Integrated Management System (hereinafter referred to as the HSE IMS);
- 1.2. an environmental audit compliant with ISO 19011:2002 (Guidelines for Auditing Quality Management Systems and/or Environmental Management Systems).

Over the period of February-May 2014, the Bureau Veritas Certification certifying body conducted a scheduled supervisory audit, which confirmed the HSE IMS compliance with the requirements of ISO 14001:2004 (Environmental Management System).

In order to expand the Company's ISO 14001 certificate application scope, certification of 15 Upstream and Downstream subsidiaries is scheduled for 2015-2018.

In order to improve the HSE IMS, the Environmental Policy as well as a number of Rosneft internal regulations have been revised in terms of internal audits (including with account of recommendations outlined in ISO 19011:2002: Guidelines for Auditing Quality Management Systems and/or Environmental Management Systems), corrective and preventive actions, and documentation management.

6. ACTIVITIES PERFORMED BY MANAGEMENT AND SUPERVISION BODIES

6.1. Assuring transparency of subsidiaries financial and economic activity

Rosneft is governed by the principles of financial and economic transparency, prevention of any conflict of interest among the Company's management (including among members of the governance bodies) and the Company, and other cases of abuse of office.

Pursuant to the UN Anti-Corruption Convention dated October 31, 2003 and ratified by the Russian Federation in 2006, as well as in the follow-up RF Federal Law On Anti-Corruption Enforcement, regulations aimed at transparency enhancement and anti-corruption enforcement are applied in Rosneft as in an international public company, including the Policy on Countering Involvement in Corruption Practices and the Corporate Fraud Prevention Policy.

Pursuant to the above corporate regulations, a list of positions has been approved, which specifies officials who shall provide the Company with data on their income, property and estate liabilities, both with regard to themselves and with regard to their spouses and minority age children. The aforementioned list includes the positions of the Chairman of the Management Board, Vice Presidents, Chief Accountant, Heads of Departments and their deputies, Heads of Divisions and their deputies, Directors of Subsidiaries and their deputies.

The core executives shall file asset and income disclosure in full and in a timely manner.

Advanced level of corporate governance and information openness are the key priorities in Rosneft business. The Company is consistently demonstrating leadership in terms of the amount of disclosed messages related to corporate business.

Additional information is provided in the Information Disclosure chapter of the Corporate Governance section on pages 64-65 of the Annual Report.

Efficiency and transparency enhancement in the Company

The matter of enhancing Rosneft efficiency and transparency was reviewed by the Board of Directors on 9 December 2014. The Rosneft Management Board was assigned to:

- develop a set of measures (list of actions) aimed at enhancing management efficiency (including by means of increasing decision-making responsibility of all members of management bodies);
- develop a set of measures (list of actions) aimed at enhancing the Company's business efficiency and transparency, as well as investment attractiveness, in terms of domestic market supply with fuel and energy resources of standard quality level at reasonable prices and compliance with process and environmental safety requirements;
- include the aforementioned measures in respective sections of the Long-Term Development Program during its update, specifying implementation timelines and performance indicators (qualitative, quantitative, etc.).

Implementation of the Corporate Governance Code of the Bank of Russia in the Company's business

In accordance with the Rosneft Board of Directors resolution dated 27 October 2014 (Minutes No.8 dated October 30, 2014) adopted pursuant to the Directives of the Government of the Russian Federation No.5667p-P13 dated September 02, 2014, the Company has performed a comparative review of the currently applicable corporate governance standards and key provisions of the Corporate Governance Code of the Bank of Russia.

Based on the results of the review the Company generated and submitted to the Federal Agency for Federal Property Management and the Ministry of Energy a draft road map for implementation of the Corporate Governance Code key recommendations

On 27 February 2015 the road map was approved by the Board of Directors

6.2. Remuneration for the management and employees of the companies, KPI system development. Data on formation of the Company Board of Directors special committees, remuneration for the management and for the Board of Directors members, development of the KPI system.

Rosneft has established a BoD HR and Remuneration Committee. The functions and the activities of the Committee, as well as interaction with the BoD HR and Remuneration Committee are set out in, and governed by, the Rosneft Regulation on the Board of Directors HR and Remuneration Committee (approved by the Rosneft Board of Directors resolution dated 1 October 2010 (Minutes No.6 from 6 October 2014).

Since 2009, the Company has been using a management incentive system based on delivery of key performance indicators (KPIs) (The Regulation on Annual Bonuses for Rosneft Managers was approved pursuant to the resolution of the Board of Directors dated March 05, 2009).

The senior management target KPIs and deliverables are annually approved by the Board of Directors resolution on the basis of recommendations provided by the HR and Remuneration Committee.

The Rosneft performance indicators system includes:

- Financial and economic indicators (TSR, EBITDA, ROACE, cost savings, net income);
- Industry-wide indicators (production volumes, hydrocarbons reserve replacement).

KPIs for the Company senior managers are based on the targets established in the Rosneft Development Strategy and Long-Term Development Program.

On December 09, 2014, the Board of Directors approved the Regulation on the Company Key Performance Indicators.

The procedure applicable in the Company provides for annual KPI update based on the Company development targets aligned with the instructions from the President and the Government of the Russian Federation, and the approved Long-Term Development Program.

The procedure of remuneration payments to the Rosneft BoD members is outlined in the Regulation on the Process of Calculation and Payment of Remuneration and Compensation of Expenses to Members of the Rosneft Board of Directors, which stipulates that¹:

- 1) the decision of the Rosneft General Shareholders Meeting shall serve as a basis for remuneration payment;
- 2) remuneration shall be paid to independent directors and authorized representatives of the RF government interests;
- 3) no remuneration shall be paid to the Board of Directors members with the status of government officials, the Rosneft sole executive body (President), as well as members of the Rosneft collegial executive body;
- 4) the minimum amount of remuneration for a single member of the Board of Directors has been determined;
- 5) Rosneft shall reimburse expenses related to performance of respective functions by the Board of Directors members.

The Company shall disclose data regarding the total amount of remunerations, benefits and/or compensations for the Rosneft Board of Directors and collegial executive body (Management Board) in the quarterly report of the securities issuer and in the Annual Report.

6.3. Bringing the OJSC Board of Directors and employees remuneration system in compliance with the recommendations of the Federal Agency for the Management of Federal Property

Within the framework of implementation of the RF Government assignment, Rosneft has performed the following actions and made the following decisions:

- the Regulation on Annual Bonuses for Rosneft Senior Managers and Heads of Stand-Alone Subdivisions was amended (approved by the Board of Directors on December 28, 2011, No.9);
- the Regulation on Annual Bonuses for the General Director and Senior Managers of a Rosneft Group Subsidiary was put into effect (approved by the Board of Directors on December 28, 2011, No.9, in effect since February 28, 2012).

The aforementioned Regulations envisage annual bonus payment subject to delivery of respective individual KPIs by each manager belonging to the specified categories.

1. Approved by the Rosneft Board of Directors resolution (Minutes No.4 dated May 04, 2009), revised and amended pursuant to resolutions of the Rosneft Board of Directors (Minutes No. 19 dated May 02, 2012, Minutes, Minutes No. 15 dated May 06, 2013, Minutes No.6 dated September 23, 2013).

- the Regulation on Annual Bonuses for Mid-Level Managers, Specialists and Employees of the Rosneft Head Office was amended (approved by the Board of Directors on December 28, 2011, No.9, in effect since December 05, 2012). The Regulation envisages annual bonus payment subject to delivery of respective individual KPIs set for mid-level managers.

The other employees of the Rosneft Head Office receive their bonuses on the basis of collective KPIs reflecting Rosneft corporate and business stream performance, as well as on the basis of personal contribution assessment (personal contribution factor).

6.4. Labor efficiency enhancement

Pursuant to the RF Government directives, on 9 December 2014, the Rosneft Board of Directors received the following assignments (Minutes No.12):

- Ensure development of an action plan aimed at labor efficiency increase across Rosneft, including determination of the calculation methodology and target indicators for assessment of the aforementioned actions delivery across the Rosneft core business segments;
- Make sure the target labor efficiency indicators are included in the KPI lists of respective Rosneft senior managers for annual bonus payment purposes.

6.5. Insurance of the liability of independent directors representing the government interests

The Corporate Governance Code of the Bank of Russia recommends that a joint-stock company should use its own funds to provide liability insurance for the Board of Directors members so that in case any damage is caused to the Company or third parties as a result of the BoD members' actions, such damage could be reimbursed out of the insurance company funds.

In late 2011, the Federal Agency for Federal Property Management developed recommendations for provision of liability insurance for governance body members in joint-stock companies with government participation (communicated to the Company via Letter No. GN/15-36794 dated 29 November 2011).

Taking into account the scale of Rosneft projects, materiality and significance of delivered transactions, as well as wide use of foreign law for project deal structuring and Rosneft stock trading at international facilities, the Company has been providing liability insurance to the Company governance body members for eight years now, including independent members of the Board of Directors. Insurance is intended to compensate to the Company, its shareholders, creditors and other parties the damage caused by unintentional erroneous actions (inaction) of the insured in the course of management activities.

As endorsed by the General Shareholders Meeting on June 27, 2014, the insurance contract terms and conditions shall remain identical to the previously applied contract, and the total liability insurance coverage amount (indemnity limit) shall be \$150 mln (for the insurance term from July 10, 2014, through July 10, 2017), with \$1 mln of a special additional limit for each independent director and \$6 mln of additional coverage for all independent directors.

7. CONTROL, AUDIT, ANTI-CORRUPTION

Accession to the Anti-Corruption Charter

The Company supports the decision on adoption of the Anti-Corruption Charter of the Russian Business and rigorously adheres to anti-corruption principles determined by federal laws and Decrees of the President of the Russian Federation.

APPENDIX #6

Audit report on the financial statements of Rosneft Oil Company for the year ended 31 December 2014

Independent auditor's report

TO THE SHAREHOLDERS AND THE BOARD OF DIRECTORS OF ROSNEFT OIL COMPANY

We have audited the accompanying financial statements of Rosneft Oil Company which consist of the balance sheet as of 31 December 2014, the income statement for 2014 and appendices thereto.

Audited entity's responsibility for the financial statements

The management of Rosneft Oil Company is responsible for the preparation and fair presentation of these financial statements in accordance with rules on the preparation of financial statements established in the Russian Federation and for the internal control system relevant to the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the fairness of these statements based on our audit.

We conducted our audit in accordance with the federal standards on auditing effective in the Russian Federation and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. Audit procedures selection depends on the auditor's judgment based on the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control system relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Rosneft Oil Company as of 31 December 2014, its financial performance and its cash flows for 2014 in accordance with rules on the preparation of financial statements established in the Russian Federation.

Important facts

Without qualifying our opinion, we draw attention to the fact that, as discussed in note 19 of the appendices to the financial statements, in 2014 Rosneft Oil Company applied International Financial Reporting Standards to account for hedges.

Other matters

The financial statements of Rosneft Oil Company for the year ended 31 December 2012 were audited by another auditor which issued an audit report dated 8 February 2013 with an unmodified opinion.

The accompanying financial statements are not intended to present the financial position and results of operations in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than the Russian Federation. Accordingly, the accompanying financial statements are not designed for those who are not informed about accounting principles, procedures and practices in the Russian Federation.

R.G. Romanenko

Partner
Ernst & Young LLC
March 30, 2015

Details of the audited entity

Name: Rosneft Oil Company
Record made in the State Register of Legal Entities on July 19, 2002, State Registration Number 1027700043502.
Address: Russia 115035, Moscow, Sofiyskaya Embankment, 26/1.

Details of the auditor

Name: Ernst & Young LLC
Record made in the State Register of Legal Entities on 5 December 2002, State Registration Number 1027739707203.
Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.
Ernst & Young LLC is a member of self-regulatory organization of auditors Non Profit partnership "Russian Audit Chamber" ("SRO NP APR"). Ernst & Young LLC is included in the control copy of the register of auditors and audit organizations, main registration number 10201017420.

Balance sheet at 31 December 2014

OJSC Rosneft
Monetary unit: kRUB

| Explanatory note | Line code | At 31 December | | | |
|------------------------------------|---|----------------|----------------------|----------------------|----------------------|
| | | 2014 | 2013 | 2012 | |
| ASSETS | | | | | |
| I. NON-CURRENT ASSETS | | | | | |
| 7 | Intangible assets | 1110 | 19,823,242 | 9,586,295 | 9,528,715 |
| 9 | Research and development results | 1120 | 2,595,082 | 1,952,071 | 1,284,250 |
| 8 | Intangible exploration assets | 1130 | 64,928,439 | 36,457,262 | 28,960,090 |
| 8 | Tangible exploration assets | 1140 | 9,944,290 | 5,558,235 | 5,138,375 |
| 6 | Fixed assets | 1150 | 956,824,133 | 838,018,865 | 715,931,051 |
| | Income-bearing investments in tangible assets | 1160 | - | - | - |
| 12 | Financial investments | 1170 | 3,816,440,204 | 2,401,568,509 | 424,432,357 |
| 21 | Deferred tax assets | 1180 | 73,628,448 | 16,025,030 | 12,665,564 |
| 10 | Other non-current assets | 1190 | 38,320,987 | 44,977,476 | 40,791,691 |
| | Total for Section I | 1100 | 4,982,504,825 | 3,354,143,743 | 1,238,732,093 |
| II. CURRENT ASSETS | | | | | |
| 11 | Inventories | 1210 | 114,414,155 | 95,983,700 | 50,079,505 |
| | Value-added tax on purchased assets | 1220 | 56,191,201 | 59,707,919 | 20,034,996 |
| 15, 18 | Accounts receivable | 1230 | 1,847,735,638 | 848,191,801 | 419,415,580 |
| | Including: | | | | |
| | Accounts receivable expected to be settled within 12 months after the reporting date | 1231 | 858,676,950 | 755,221,100 | 390,790,889 |
| | Accounts receivable expected to be settled in over 12 months after the reporting date | 1232 | 989,058,688 | 92,970,701 | 28,624,691 |
| 12 | Financial investments (other than cash equivalents) | 1240 | 645,291,444 | 425,964,971 | 569,479,045 |
| 13 | Short-term derivative financial instruments at fair value through profit or loss | 1241 | - | 88,015 | 2,816,129 |
| 13 | Long-term derivative financial instruments at fair value through profit or loss | 1242 | - | 773,849 | 1,660,150 |
| 14 | Cash and cash equivalents | 1250 | 127,975,011 | 199,904,499 | 233,428,053 |
| | Other current assets | 1260 | 13,614,675 | 7,646 | 8,554 |
| | Including: | | | | |
| | Unbilled accrued revenue under construction contracts | 1261 | - | - | - |
| | Total for Section II | 1200 | 2,805,222,124 | 1,630,622,400 | 1,296,922,012 |
| | BALANCE | 1600 | 7,787,726,949 | 4,984,766,143 | 2,535,654,105 |
| EQUITY AND LIABILITIES | | | | | |
| III. EQUITY AND RESERVES | | | | | |
| 1, 19 | Share capital (pooled capital, charter capital, partners' contributions) | 1310 | 105,982 | 105,982 | 105,982 |
| 19 | Treasury shares | 1320 | - | - | (68,216,969) |
| 19 | Revaluation of non-current assets | 1340 | 15 | 15 | 15 |
| 19 | Additional capital (without revaluation) | 1350 | 113,261,430 | 113,276,744 | 113,276,492 |
| 19 | Reserve capital | 1360 | 5,299 | 5,299 | 5,299 |
| 19 | Other funds and reserves | 1365 | (398,110,282) | - | - |
| 20 | Retained earnings (uncovered loss) | 1370 | 1,640,125,129 | 1,274,971,376 | 1,222,980,772 |
| | Total for Section III | 1300 | 1,355,387,573 | 1,388,359,416 | 1,268,151,591 |
| IV. NON-CURRENT LIABILITIES | | | | | |
| 16 | Loans and borrowings | 1410 | 3,230,812,633 | 1,729,241,793 | 905,695,447 |
| 21 | Deferred tax liabilities | 1420 | 58,997,819 | 43,735,992 | 19,196,992 |
| 24 | Provisions | 1430 | 37,705,894 | 38,242,591 | 45,298,397 |
| | Long-term derivative financial instruments at fair value through profit or loss | 1440 | - | - | - |
| 16 | Other liabilities | 1450 | 886,778,534 | 470,151,376 | - |
| | Total for Section IV | 1400 | 4,214,294,880 | 2,281,371,752 | 970,190,836 |
| V. CURRENT LIABILITIES | | | | | |
| 16 | Loans and borrowings | 1510 | 864,389,446 | 622,881,018 | 74,848,915 |
| 15, 18 | Accounts payable | 1520 | 1,197,024,178 | 671,333,226 | 211,561,388 |
| | Deferred income | 1530 | 144,815 | 63,798 | 53,430 |
| 24 | Provisions | 1540 | 19,212,252 | 14,820,150 | 10,318,055 |
| 13 | Short-term derivative financial instruments at fair value through profit or loss | 1545 | 136,952,201 | 5,688,020 | 357,811 |
| | Other liabilities | 1550 | 321,604 | 248,763 | 172,079 |
| | Total for Section V | 1500 | 2,218,044,496 | 1,315,034,975 | 297,311,678 |
| | BALANCE | 1700 | 7,787,726,949 | 4,984,766,143 | 2,535,654,105 |

Income statement for the 2014 reporting year

OJSC Rosneft
Monetary unit: kRUB

| Explanatory note | Item | Line code | For January-December | |
|----------------------|--|-------------|----------------------|----------------------|
| | | | 2014 | 2013 |
| 2,20,26 | Revenue | 2110 | 4,299,680,200 | 3,544,443,140 |
| 20 | Cost of sales | 2120 | (2,451,243,380) | (1,970,725,706) |
| 20 | Gross income (loss) | 2100 | 1,848,436,820 | 1,573,717,434 |
| 20 | Selling expenses | 2210 | (1,610,827,753) | (1,307,050,333) |
| 20 | Administrative expenses | 2220 | (66,620,484) | (48,120,979) |
| 20 | Oil and gas reserves exploration and estimation expenses | 2230 | (15,543,533) | (19,689,828) |
| 20 | Operating income (loss) | 2200 | 155,445,050 | 198,856,294 |
| 20 | Income from equity participation in other entities | 2310 | 507,777,727 | 73,321,614 |
| 20 | Interest receivable | 2320 | 66,169,534 | 57,949,838 |
| 16.20 | Interest payable | 2330 | (130,954,202) | (67,752,187) |
| 20 | Gains from changes in the fair value of derivative financial instruments | 2333 | 1,727 | 408,521 |
| 20 | Losses from changes in the fair value of derivative financial instruments | 2334 | (127,866,895) | (9,486,741) |
| 17.20 | Other income | 2340 | 1,258,575,874 | 363,870,852 |
| 17,19,20 | Other expenses | 2350 | (1,223,215,634) | (462,388,545) |
| 20 | Income (loss) before tax | 2300 | 505,933,181 | 154,779,646 |
| | Current income tax | 2410 | 36,578,563 | (18,265,319) |
| 21 | Including permanent tax assets (liabilities) | 2421 | 186,244,916 | 8,032,406 |
| 21 | Change in deferred tax liabilities | 2430 | (15,261,827) | (24,539,000) |
| 21 | Change in deferred tax assets | 2450 | 57,603,418 | 3,359,466 |
| | Other | 2460 | (83,529,045) | 21,970,414 |
| | Tax on prior year income | 2461 | 17,290,555 | 17,588,742 |
| | Imputed income tax | 2464 | - | - |
| | Income tax re-distribution within consolidated taxpayer group | 2465 | (1,292,030) | 4,381,672 |
| | Tax effect of the results of other operations not included in net income (loss) for the period | 2466 | (99,527,570) | - |
| 22 | Net income (loss) | 2400 | 501,324,290 | 137,305,207 |
| FOR REFERENCE | | | | |
| | Result of the revaluation of non-current assets not included in net income (loss) for the period | 2510 | - | - |
| 17, 19 | Result from other operations not included in net income (loss) for the period | 2520 | (398,125,596) | 253 |
| | Comprehensive income for the period | 2500 | 103,198,694 | 137,305,460 |
| 22 | Basic earnings (loss) per share, RUB per share | 2900 | 47.30 | 13.05 |

President of Rosneft Oil Company
General Director of LLC RN-Uchet
(Contract No. 100013/04618D dated 1 July 2014)
30 March 2015

I. I. Sechin

V. A. Surkov

Statement of changes in equity for the 2014 reporting year

OJSC Rosneft
Monetary unit: kRUB

1. Changes in equity.

| Наименование показателя | Line code | Share capital | Treasury shares | Additional capital | Reserve capital | Other funds and reserves | Retained earnings (uncovered loss) | Total |
|--|-----------|---------------|-----------------|--------------------|-----------------|--------------------------|------------------------------------|---------------|
| Equity at 31 December 2012 | 3100 | 105,982 | (68,216,969) | 113,276,507 | 5,299 | - | 1,222,980,772 | 1,268,151,591 |
| FOR THE 2013 REPORTING YEAR | | | | | | | | |
| Total increase in equity: | 3210 | - | 68,216,969 | 1,850 | - | - | 137,305,936 | 205,524,755 |
| Including: | | | | | | | | |
| Net income | 3211 | x | x | x | x | x | 137,305,207 | 137,305,207 |
| Revaluation of property | 3212 | x | x | - | x | - | - | - |
| Earnings directly increasing equity | 3213 | x | x | 1,850 | x | - | 729 | 2,579 |
| Additional issue of shares, sale of shares | 3214 | - | 68,216,969 | - | x | - | x | 68,216,969 |
| Increase in the par value of shares | 3215 | - | - | - | x | - | - | x |
| Legal entity reorganization | 3216 | - | - | - | - | - | - | - |
| Total decrease in equity: | 3220 | - | - | (1,598) | - | - | (85,315,332) | (85,316,930) |
| Including: | | | | | | | | |
| Loss | 3221 | x | x | x | x | x | - | - |
| Revaluation of property | 3222 | x | x | - | x | - | - | - |
| Expenses directly decreasing equity | 3223 | x | x | (1,598) | x | - | - | (1,598) |
| Decrease in the par value of shares | 3224 | - | - | - | x | - | - | - |
| Decrease in the number of shares | 3225 | - | - | - | x | - | - | - |
| Legal entity reorganization | 3226 | - | - | - | - | - | - | - |
| Dividends | 3227 | x | x | x | x | x | (85,315,332) | (85,315,332) |
| Change in additional capital | 3230 | x | x | - | - | - | - | x |
| Change in reserve capital | 3240 | x | x | x | - | x | - | x |
| Equity at 31 December 2013 | 3200 | 105,982 | - | 113,276,759 | 5,299 | - | 1,274,971,376 | 1,388,359,416 |
| FOR THE 2014 REPORTING YEAR | | | | | | | | |
| Total increase in equity: | 3310 | - | - | 9,194 | - | - | 501,340,338 | 501,349,532 |
| Including: | | | | | | | | |
| Net income | 3311 | x | x | x | x | x | 501,324,290 | 501,324,290 |
| Revaluation of property | 3312 | x | x | - | x | - | - | - |
| Earnings directly increasing equity | 3313 | x | x | 9,194 | x | - | 16,048 | 25,242 |
| Additional issue of shares, sale of shares | 3314 | - | - | - | x | - | x | - |
| Increase in the par value of shares | 3315 | - | - | - | x | - | - | x |
| Legal entity reorganization | 3316 | - | - | - | - | - | - | - |
| Total decrease in equity: | 3320 | - | - | (24,508) | - | (398,110,282) | (136,186,585) | (534,321,375) |
| Including: | | | | | | | | |
| Loss | 3321 | x | x | x | x | x | - | - |
| Revaluation of property | 3322 | x | x | - | x | - | - | - |
| Expenses directly decreasing equity | 3323 | x | x | (24,508) | x | (398,110,282) | - | (398,134,790) |
| Decrease in the par value of shares | 3324 | - | - | - | x | - | - | - |
| Decrease in the number of shares | 3325 | - | - | - | x | - | - | - |
| Legal entity reorganization | 3326 | - | - | - | - | - | - | - |
| Dividends | 3327 | x | x | x | x | x | (136,186,585) | (136,186,585) |
| Change in additional capital | 3330 | x | x | - | - | - | - | x |
| Change in reserve capital | 3340 | x | x | x | - | x | - | x |
| Equity at 31 December 2014 | 3300 | 105,982 | - | 113,261,445 | 5,299 | (398,110,282) | 1,640,125,129 | 1,355,387,573 |

President of Rosneft Oil Company
General Director of LLC RN-Uchet
(Contract No. 100013/04618D dated 1 July 2014)
30 March 2015

I. I. Sechin
V. A. Surkov

Statement of changes in equity for the 2014 reporting year

OJSC Rosneft
Monetary unit: kRUB

2. Adjustments due to changes in the accounting policy and correction of errors

| Item | Line code | At 31 December 2012 | Change in equity for 2013 | | At 31 December |
|--|-----------|------------------------|---------------------------|-----------------------|----------------|
| | | | Through net income (loss) | Through other factors | |
| Total equity | | | | | |
| Before adjustments | 3400 | 1,264,547,495 | 136,278,784 | (17,097,382) | 1,383,728,897 |
| Adjustment due to: | | | | | |
| Changes in the accounting policy | 3410 | 3,604,096 | 1,026,423 | - | 4,630,519 |
| Correction of errors | 3420 | - | - | - | - |
| After adjustments | 3500 | 1,268,151,591 | 137,305,207 | (17,097,382) | 1,388,359,416 |
| Including: | | | | | |
| Retained earnings (uncovered loss): | | | | | |
| Before adjustments | 3401 | 1,219,376,676 | 136,278,784 | (85,314,603) | 1,270,340,857 |
| Adjustment due to: | | | | | |
| Changes in the accounting policy | 3411 | 3,604,096 | 1,026,423 | - | 4,630,519 |
| Correction of errors | 3421 | - | - | - | - |
| After adjustments | 3501 | 1,222,980,772 | 137,305,207 | (85,314,603) | 1,274,971,376 |
| Other equity items that have been adjusted (By items) | | | | | |
| Before adjustments | 3402 | 45,170,819 | - | 68,217,221 | 113,388,040 |
| Adjustment due to: | | | | | |
| Changes in the accounting policy | 3412 | - | - | - | - |
| Correction of errors | 3422 | - | - | - | - |
| After adjustments | 3502 | 45,170,819 | - | 68,217,221 | 113,388,040 |

3. Net assets

| Item | Line code | At 31 December | | |
|------------|-----------|----------------|---------------|---------------|
| | | 2014 | 2013 | 2012 |
| Net assets | 3 600 | 1 355 394 686 | 1 388 423 214 | 1 268 205 021 |

President of Rosneft Oil Company
General Director of LLC RN-Uchet
(Contract No. 100013/04618D dated 1 July 2014)
30 March 2015

I. I. Sechin

V. A. Surkov

Statement of cash flows for the 2014 reporting year

OJSC Rosneft
Monetary unit: kRUB

| Item | Line code | 2014 | 2013 |
|---|-------------|------------------------|------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Total proceeds | 4110 | 5,760,646,373 | 4,128,296,069 |
| Including: | | | |
| From the sale of products, goods, work and services | 4111 | 4,857,613,816 | 3,700,180,153 |
| Lease payments, license payments, royalties, commissions and other similar payments | 4112 | 113,059,260 | 89,070,731 |
| From resale of financial investments | 4113 | 12,373,182 | - |
| Other proceeds | 4119 | 777,600,115 | 339,045,185 |
| Total cash disbursements | 4120 | (4,722,726,687) | (3,331,718,495) |
| Including: | | | |
| Payments to suppliers (contractors) for raw materials, work and services | 4121 | (4,022,603,294) | (2,700,665,438) |
| Payroll-related payments | 4122 | (23,976,322) | (18,351,744) |
| Interest on debt obligations | 4123 | (81,107,628) | (56,354,154) |
| Income tax | 4124 | (15,221,473) | (39,363,208) |
| Exploration costs | 4128 | (13,421,255) | (18,135,826) |
| Other payments | 4129 | (566,396,715) | (498,848,125) |
| Net cash flows from operating activities | 4100 | 1,037,919,686 | 796,577,574 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Total proceeds | 4210 | 852,901,252 | 538,281,162 |
| Including: | | | |
| From sale of non-current assets (other than financial investments) | 4211 | 6,416 | 8,500,949 |
| From sale of shares (interests) in other entities | 4212 | - | - |
| From repayment of loans issued and sale of debt securities (receivables from other parties) | 4213 | 331,399,383 | 445,172,425 |
| Dividends, interest on debt financial instruments and similar proceeds from equity participation in other entities | 4214 | 506,001,126 | 76,506,785 |
| Other proceeds | 4219 | 15,494,327 | 8,101,003 |
| Total payments | 4220 | (2,455,099,603) | (2,558,967,878) |
| Including: | | | |
| Purchase, creation, upgrading, reconstruction and preparation for use of non-current assets | 4221 | (173,273,415) | (208,075,852) |
| Purchase of shares (interests) in other entities | | (256,721,722) | (1,805,166,139) |
| Purchase of debt securities (receivables from other parties), provision of loans to other parties | 4223 | (1,942,511,610) | (441,984,735) |
| Interest on debt obligations included in the value of investment asset | 4224 | - | - |
| Exploration assets | 4228 | (41,296,236) | (13,282,775) |
| Other payments | 4229 | (41,296,620) | (90,458,377) |
| Net cash flows used in investing activities | 4200 | (1,602,198,351) | (2,020,686,716) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Total proceeds | 4310 | 1,910,810,190 | 1,964,382,985 |
| Including: | | | |
| Loans and borrowings received | 4311 | 1,250,825,747 | 1,854,365,834 |
| Cash contributions of shareholders (participants) | 4312 | - | - |
| Issue of shares, increase in interests | 4313 | - | - |
| Issue of bonds, promissory notes and other debt securities, etc. | 4314 | 659,984,443 | 109,986,250 |
| Other proceeds | 4319 | - | 30,901 |
| Total payments | 4320 | (1,457,429,764) | (786,967,237) |
| Including: | | | |
| Payments to shareholders (participants) due to the buyback of shares (interests) in the entity or due to their withdrawal | 4321 | - | - |
| Dividends and other distributions of income among shareholders (participants) | 4322 | (136,088,774) | (82,275,050) |
| Repayment (redemption) of promissory notes and other debt securities, repayment of loans and borrowings | 4323 | (1,321,340,990) | (704,265,394) |
| Other payments | 4329 | - | (426,793) |
| Net cash flows from financing activities | 4300 | 453,380,426 | 1,177,415,748 |
| Net decrease in cash and cash equivalents for the reporting period | 4400 | (110,898,239) | (46,693,394) |
| Balance of cash and cash equivalents at the beginning of the reporting period | 4450 | 199,904,499 | 233,428,053 |
| Balance of cash and cash equivalents at the end of the reporting period | 4500 | 127,975,011 | 199,904,499 |
| Effect of changes in the exchange rate of foreign currency to the ruble | 4490 | 38,968,751 | 13,169,840 |

President of Rosneft Oil Company
General Director of LLC RN-Uchet
(Contract No. 100013/04618D dated 1 July 2014)
30 March 2015

I. I. Sechin

V. A. Surkov

Explanatory notes to the balance sheet and the income statement of Rosneft oil company for the 2014 reporting year

These Explanatory Notes to the balance sheet and the income statement constitute an integral part of the financial statements of Rosneft Oil Company for the 2014 reporting year prepared in accordance with the applicable legislation of the Russian Federation.

The reporting date of these financial statements, as of which they are prepared, is 31 December 2014.

1. ENTITY AND TYPES OF ACTIVITY

Company description

Open joint-stock company Rosneft Oil Company (hereinafter, the "Company") was established in accordance with Decree No. 327 of the President of the Russian Federation, On Priority Measures for Improving the Activities of Oil Companies, dated 1 April 1995 and pursuant to Resolution No. 971 of the Government of the Russian Federation, On the Transformation of State Enterprise Rosneft into Open Joint-Stock Company Rosneft Oil Company, dated 29 September 1995.

The Company is a legal entity that operates on the basis of its Charter and the laws of the Russian Federation.

Legal address (location) of the Company:

Legal address of the Company: 26/1 Sofiyskaya Embankment, Moscow, Russian Federation, 115035.

Governing bodies of the Company

General Shareholders' Meeting of the Company

The General Shareholders' Meeting is the supreme governing body of the Company. The scope of authority of the General Shareholders' Meeting of the Company, the procedure for convening and holding it and its proceedings are determined in accordance with federal laws, the Charter of the Company and the Regulation on the General Shareholders' Meeting of the Company.

The address of the place for holding the General Shareholders' Meeting is determined by the Company's Board of Directors.

The annual General Shareholders' Meeting is held not earlier than two months and not later than six months after the end of the financial year.

The General Shareholders' Meeting is chaired by the Chairman of the Company's Board of Directors or, in his absence, a member of the Board of Directors selected by the decision of the Board of Directors.

Board of Directors of the Company

The Company's Board of Directors is responsible for the general management of the Company's activities, except for the matters that fall within the authority of the General Shareholders' Meeting according to federal laws and the Charter of the Company.

The members of the Company's Board of Directors are elected by the General Shareholders' Meeting to serve until the next annual General Shareholders' Meeting.

The Board of Directors of Rosneft Oil Company that served as of 31 December 2014 was formed by the decision of the General Shareholders' Meeting of the Company held on 27 June 2014.

As of 31 December 2014, the Board of Directors of Rosneft Oil Company comprises:

| | |
|---------------------------------|--|
| Aleksandr Dmitrievich Nekipelov | Chairman of the Board of Directors of Rosneft Oil Company, Director of the Moscow School of Economics of Lomonosov Moscow State University |
| Igor Ivanovich Sechin | Deputy Chairman of the Board of Directors of Rosneft Oil Company, President, Chairman of the Management Board of Rosneft Oil Company |
| Matthias Warnig | Deputy Chairman of the Board of Directors of Rosneft Oil Company, non-executive director, Managing Director of Nord Stream AG (Switzerland) |
| Andrey Igorevich Akimov | Member of the Board of Directors of Rosneft Oil Company (since 27 June 2014), Chairman of the Management Board of Joint-stock Company Gazprombank |
| Andrey Removich Bokarev | Member of the Board of Directors of Rosneft Oil Company (since 27 June 2014), President of CJSC Transmashholding, member of the Bureau of the Board of the Russian Union of Industrialists and Entrepreneurs |
| Robert Dudley | Member of the Board of Directors of Rosneft Oil Company, Director and a member of the Board of Directors, Chairman of the Executive Committee of the Board of Directors, CEO of BP Group |
| Nikolay Pavlovich Laverov | Member of the Board of Directors of Rosneft Oil Company, non-executive director, member of the Presidium of the Russian Academy of Sciences |
| Donald Humphreys | Member of the Board of Directors of Rosneft Oil Company, non-executive director |
| Artur Nikolaevich Chilingarov | Member of the Board of Directors of Rosneft Oil Company (since 27 June 2014), Special Representative of the President of the Russian Federation for International Cooperation in the Arctic and Antarctic, Deputy Chairman of the Expert Council for the Arctic and Antarctic of the Council of the Federation of the Federal Assembly of the Russian Federation, President of the Interregional Public Organization Association of Polar Explorers, associate member of the Russian Academy of Science. |

In accordance with clause 2 of Article 64 of the Federal Law, On Joint-stock Companies, and the Regulation on the Calculation and Payment of Remuneration and Compensations for Expenses to the Members of the Board of Directors of the Company, remuneration to the members of the Board of Directors during the period when they perform their duties is paid on the basis of a decision of the General Shareholders' Meeting.

On 27 June 2014, the annual General Shareholders' Meeting (unnumbered minutes) approved remuneration to the following members of the Board of Directors of the Company for the period during which they performed their duties:

- Matthias Warnig: USD 580,000
- Andrey Leonidovich Kostin: USD 560,000
- Nikolay Pavlovich Laverov: USD 550,000
- John Mack: USD 580,000
- Aleksandr Dmitrievich Nekipelov: USD 630,000
- Donald Humphreys: USD 560,000
- Sergey Viktorovich Chemezov: USD 530,000

As of 31 December 2014, the Company fulfilled its obligation and paid remuneration to the above members of the Board of Directors of Rosneft Oil Company for the period during which they performed their duties.

Sole executive body of the Company

The President of Rosneft Oil Company is its sole executive body.

Igor Ivanovich Sechin was appointed as President of the Company by the decision of the Board of Directors of Rosneft Oil Company (Minutes No. 22 of the Board of Directors meeting dated 23 May 2012) and took office on 24 May 2012.

Collegial executive body of the Company

Pursuant to the Charter, the Management Board is the collegial executive body of the Company.

As of 31 December 2014, members of the Management Board of the Company elected by the decision of the Board of Directors of the Company dated 11 July 2014 included:

| | | |
|----|-------------------------------|---|
| 1. | Igor Ivanovich Sechin | President, Chairman of the Management Board of Rosneft Oil Company |
| 2. | Yuri Ivanovich Kalinin | Deputy Chairman of the Management Board, Vice President for HR and Social Policy at Rosneft Oil Company |
| 3. | Eric Maurice Liron | First Vice President of Rosneft Oil Company in charge of production |
| 4. | Rashid Ravelevich Sharipov | Vice President, Head of the President Office of Rosneft Oil Company |
| 5. | Larisa Vyacheslavovna Kalanda | State Secretary, Vice President of Rosneft Oil Company in charge of communication with the authorities |
| 6. | Didier Casimiro | Vice President for Commerce and Logistics at Rosneft Oil Company |

| | | |
|-----|--------------------------------|---|
| 7. | Igor Vladimirovich Maydannik | Vice President for Legal Support at Rosneft Oil Company |
| 8. | Nail Mansurovich Mukhitov | Vice President, Head of Security at Rosneft Oil Company |
| 9. | Svyatoslav Igorevich Slavinsky | Vice President for Economics and Finance at Rosneft Oil Company |
| 10. | Zeljko Runje | Vice President for Offshore Projects at Rosneft Oil Company |
| 11. | Petr Ivanovich Lazarev | Financial Director of Rosneft Oil Company |
| 12. | Andrey Valeryevich Votinov | Vice President for Capital Construction at Rosneft Oil Company |
| 13. | Igor Vladimirovich Pavlov | General Director of OJSC Angarsk Petrochemical Company |

The Board of Directors of Rosneft Oil Company made the following decisions with respect to the Management Board of the Company:

- Appointment as members of the Management Board (Minutes No. 1 dated 14 July 2014)
- Appointment of Y.I. Kalinin as Deputy Chairman of the Management Board (Minutes No. 6 dated 6 October 2014)

Management Board members are paid salaries as stated in their individual employment contracts with the Company, but receive no additional remuneration for performing the functions of Management Board members.

Control of the Company's financial and business operations

Control of the Company's financial and business operations is exercised by the Audit Commission. The Audit Commission's operating procedure is specified in the Regulation on the Audit Commission of the Company, as approved by the General Shareholders' Meeting of the Company.

The Audit Commission of the Company comprises five (5) members who are elected by the General Shareholders' Meeting to serve until the next annual General Shareholders' Meeting. As of 31 December 2014, the Audit Commission of the Company comprises:

| | | |
|----|------------------------------|---|
| 1. | Oleg Sergeevich Zenkov | Advisor to Deputy Minister who is the Head of the Federal Property Management Agency (Rosimushchestvo) |
| 2. | Sergey Ivanovich Poma | Deputy Chairman of the Management Board of the National Association of Securities Market Participants (NAUFOR, a self-regulatory non-profit organization) |
| 3. | Zakhar Borisovich Sabantsev | Head of the Banking Sector Monitoring, Consolidation and Analytics Unit of the Financial Policy Department of the Ministry of Finance of the Russian Federation (Russian Ministry of Finance) |
| 4. | Tatyana Vladimirovna Fisenko | Director of the Budget Planning and Accounting Department of the Ministry of Energy of the Russian Federation (Russian Ministry of Energy) |
| 5. | Alan Fedorovich Khadzhev | Acting Director of the Special Projects Department of OJSC Rosseti |

The members of the Company's Audit Commission received no remuneration for their service on the Audit Commission in 2014.

Structure of the Company's share capital

Information about the shareholders of Rosneft Oil Company as of 31 December 2014 is presented below:

- OJSC ROSNEFTEGAS held 7,365,816,383 common shares in Rosneft Oil Company, representing 69.5% of the total number of common shares and the share capital of the Company.
- Non-banking Credit Organization Closed Joint-Stock Company National Settlement Depository (NSD) was the nominee for 3,187,680,194 common shares in Rosneft Oil Company, representing 30.08% of the total number of common shares and the share capital of the Company (the nominee is the central depository).
- Other legal entities with a share of less than 1% were the holders of or the nominees for 1,528,138 common shares in Rosneft Oil Company, representing 0.01% of the total number of common shares and the share capital of the Company.
- Individuals held 43,121,771 common shares in Rosneft Oil Company, representing 0.41% of the total number of common shares and the share capital of the Company.
- The Russian Federation, acting through the Federal Property Management Agency, held 1 common share in Rosneft Oil Company, representing 0.00000009% of the total number of common shares and the share capital of the Company.
- 31,330 common shares in Rosneft Oil Company, representing 0.0003% of the total number of common shares and the share capital of the Company were recorded in the account for unidentified persons.

Description of the Company's activities

In accordance with clause 3.4 of Article 3 of Rosneft Oil Company's Charter (revised version) approved by the annual General Shareholders' Meeting of the Company on 27 June 2014 (unnumbered minutes), the Company prospect, explores, extracts and processes oil, gas and gas condensate, sells oil, gas, gas condensate, and oil and gas products to consumers in and outside the Russian Federation, conducts any related activities, and works with precious metals and precious stones. The Company is engaged, in particular, in the following principal activities:

1. Geological prospecting and exploration to find the deposits of oil, gas, coal and other minerals; extraction, transportation and processing of oil, gas, coal and other minerals, and timber; production of oil products, petrochemicals and other products, including liquefied natural gas, gas products and gas chemicals, electric power, wood products, consumer goods, and provision of services to the public; storage and sale (including domestic and export sales) of oil, liquefied and gaseous gas, oil products, gas products and gas chemicals, coal, electric power, wood products, and other products from hydrocarbons and other raw materials.
2. Investing, including transactions with securities.
3. Managing the fulfillment of orders placed by the federal government and regional consumers of the products made by the Company and its subsidiaries and associates, including deliveries of oil, gas and oil products.
4. Investment management, construction, engineering, technological and other services for upstream and downstream projects, and research and development, procurement and distribution, economic, foreign economic and legal support for the Company, its subsidiaries and associates, and third-party customers. Surveying commodity and service markets, and the securities market, conducting sociological and other research. Regulating and coordinating the activities of subsidiaries and associates.
5. Leasing out immovable and other property, using leased property.
6. Assisting in securing the interests of the Russian Federation when it prepares and implements production sharing agreements for subsurface areas and hydrocarbon deposits.
7. Managing advertising and publishing activities, conducting exhibitions, fairs, auctions, etc.
8. Intermediary, consulting, marketing and other activities, including foreign economic activities (including export/import operations), performing work and providing services on a contractual basis.
9. Ensuring the protection of the Company's employees and property.
10. Using precious metals and precious stones in technological processes as elements of equipment and materials.
11. Arranging and holding mobilization training and civil defense events, working with state secrets and protecting them.

The Company has the following branches and representative offices:

1. A branch in the Chechen Republic located at: 7/84 Revolution Av., Grozny, 364051
2. A representative office in the North Caucasus located at: 54 Krasnaya St., Krasnodar, 350610
3. A representative office in the Yamalo-Nenets Autonomous District located at: 3 microdistrict 10, Gubkinsky, 629830
4. A representative office in the Far East located at: 17 Khabarovskaya St., Sakhalin Region, Yuzhno-Sakhalinsk, 693010
5. A representative office in the Stavropol Territory located at: 5, 50 let Pionerii St., Neftekumsk, 356880
6. A representative office in the Khanty-Mansi Autonomous District (Yugra) located at: 26 Lenina St., Nefteyugansk, 628309
7. A representative office in the Komi Republic located at: 1 Pripolyarnaya St., Usinsk, 169710
8. A representative office in the Khabarovsk Territory located at: 22 Shevchenko St., Khabarovsk, 680000
9. A representative office in the Asia Pacific region located at: Central International Trade Center, Tower D, 6A, Jianguomenwai Av., Chaoyang District, Beijing, PRC, 100022
10. A representative office in the Middle East located at: Office A 1101, Tower C6, Sector W35, Bainunah St., Bateen area, Abu Dhabi, UAE

2. OPERATING INDICATORS

In 2014, the Company retained its production at 88 million toe, which is comparable to 2013.

Refining volume totaled 91.271 million tons, up 20.03 million tons year on year, with 90.864 million tons and 0.407 million tons processed by full-scale refineries and mini-refineries, respectively. Primary distillation volume grew 28.11% year on year. The increase in refining volumes in 2014 was due to the upgrading of refineries and the purchase of new assets.

Sales of the Company's oil products amounted to 82.7 million tons, up 17.5 million tons (26.8%) year on year, with export sales of oil products in particular amounting to 46.5 million tons, up 12.3 million tons (36%) year on year. The growth in oil product sales volumes was driven by an increase in output.

Sales of oil in 2014 amounted to 88.8 million tons, with export sales of oil in particular amounting to 69.8 million tons.

In 2014, the Company acquired 14 new mineral licenses, including those permitting the geological surveying, exploration and production of hydrocarbons:

- Two licenses were received pursuant to the orders of the Russian Government without tenders or auctions for the purpose of the geological surveying, exploration and production of hydrocarbons within the offshore subsurface areas of federal significance in the Laptev Sea (Pritaimyrsky area) and the Sea of Okhotsk (Deryuginsky area).
- Nine licenses were received in auctions for the purpose of the geological surveying, exploration and production of hydrocarbons, including licenses for the Passedsky (the Nenets Autonomous District), Nizhnedzherbinsky and Srednebiryuisky (the Sakha Republic (Yakutia)) subsurface areas, and subsurface areas of federal significance, including the Lebedinskoye oil and gas condensate field (the Sea of Okhotsk), the Yuzhno-Klyuchevoi area (the Krasnodar Territory), the Vostochno-Tokaysky area (the Khanty-Mansi Autonomous District), and the Minkhovskiy, Karkasny and Yuzhno-Kustarnikoviy areas (the Yamalo-Nenets Autonomous District).
- One license was received following the discovery of the Ichemminskoye field in the Krasnodar Territory.
- Two licenses were received for conducting geological surveys in order to prospect and appraise hydrocarbon deposits, including the Razdolyevsky area (the underlying beds of the Karabulak-Achalukskoye field) in the Republic of Ingushetia and the Vashutkinsky area in the Nenets Autonomous District.

In 2014, the Company received three auxiliary licenses, including:

- Two licenses for the construction and operation of underground facilities that are not related to the extraction of minerals in order to drill directional wells from the coast of Sakhalin Island to the Astrakhanovskoye more-Nekrasovskiy area and from the coast of Sakhalin Island to a subsurface area comprising part of the Lebedinskoye oil and gas condensate field.
- One license for conducting geological surveys in order to study the feasibility of storing produced water in the Belozersky-Neftekumskiy area.

In 2014, in order to extend reserves in the existing fields, Rosneft Oil Company received three addenda for its current licenses, including the ones for an area of federal significance comprising the northernmost tip of the Chaivo field in the Sea of Okhotsk and for the areas of the Priobskoye and Yuzhno-Balykskoye fields in the Khanty-Mansi Autonomous District.

At the end of 2014, the average headcount of the Company was 4,033 persons, up 970 persons year on year. The increase in the headcount was due to a change in the organizational structure of Rosneft Oil Company as a result of the integration processes after new asset acquisitions.

3. BASIS OF PREPARATION

The accounting records are maintained in accordance with Federal Law No. 402-FZ, On Accounting, dated 6 December 2011, the Statute on Accounting and Reporting in the Russian Federation approved by Order No. 34n of the Russian Ministry of Finance dated 29 July 1998 (as amended on 30 December 1999, 24 March 2000, 18 September 2006, 26 March 2007, 25 October 2010 and 24 December 2010), and applicable Accounting Statements. The Company's financial statements for the 2014 reporting year were prepared in accordance with the Law and Accounting Statements.

4. CHANGES IN OPENING BALANCES IN THE FINANCIAL STATEMENTS FOR THE 2014 REPORTING YEAR

To ensure the comparability of financial statements, the adjustment of opening balances was reflected in line with the changes in the accounting policy:

- Property tax and expenses for holding the meetings of shareholders, the governing bodies and the Board of Directors of the Company are recognized in expenses relating to ordinary activities as general (administrative) expenses (previously included in other expenses).
- Long-term prepaid expenses are no longer reclassified to short-term expenses when income from the use of an item giving rise to prepaid expenses is expected to be received within 365 (366) days.
- Insurance expenses that are to be recorded in accounts receivable are excluded from prepaid expenses.
- Utilization expenses and the cost of flared associated gas are included in the production cost of oil (previously included in other expenses).
- Deferred tax assets, previously recognized as permanent tax liabilities, are recognized in an amount equal to the allowance for the impairment of financial investments, the allowance for the impairment of inventories and the depreciation of the shares for which market value is determined (a change in the accounting method).
- Gains on sale and other disposal of other property are recorded within other income in line 2340, Other income, in the income statement (previously recognized separately in line 2331, Gains on sale and other disposal of other property, in the income statement).
- Losses on sale and other disposal of property, and tax payments (other than property tax) are recorded within other expenses in line 2350, Other expenses, in the income statement (previously recognized separately in line 2332, Losses on sale and other disposal of other property, and line 2335, Tax payments, in the income statement).
- Cash flows were redistributed among the respective lines due to a change in the accounting policy (a change in the statement of cash flows form) and due to a change in the approach to recognizing personal income tax withheld from salary in the statement of cash flows.

The Company also adopted the following changes in the accounting policy and the key changes in estimates which did not result in a retrospective restatement of comparative statements:

- The list of provisions to be recognized was extended and now includes: provision for the retirement of fixed assets, provision for environmental activities and for the retirement of non-production assets, and provision for the adjustment of average salary.
- Assets with a value of not more than RUB 40,000 per unit are recorded and reported as inventories.
- The criterion for recognizing an error as material was changed from 15% to 10% of the line affected.
- The approach to recording VAT on advances issued/received was changed: accounts receivable and accounts payable are presented in the balance sheet on a net of VAT basis.

Table 1. Changes in the opening balances of the balance sheet (kRUB)

| Item Date | LLine | As previously reported | As currently reported | Changes | Reason |
|--|-------|------------------------|-----------------------|-----------|--|
| ASSETS | | | | | |
| Deferred tax assets | | | | | |
| At 31 December 2012 | 1180 | 9,061,468 | 12,665,564 | 3,604,096 | Due to the application of a new accounting method for deferred taxes, deferred tax assets are recognized in an amount equal to the allowance for the impairment of financial investments, the allowance for the impairment of inventories and the shares for which market value is determined. |
| At 31 December 2013 | 1180 | 11,394,511 | 16,025,030 | 4,630,519 | |
| Other non-current assets | | | | | |
| At 31 December 2012 | 1190 | 41,493,556 | 40,791,691 | (701,865) | Due to changes in the accounting policy, long-term prepaid expenses are not reclassified to short-term expenses and insurance expenses are not prepaid expenses. |
| At 31 December 2013 | 1190 | 45,420,305 | 44,977,476 | (442,829) | |
| Inventories | | | | | |
| At 31 December 2012 | 1210 | 50,246,678 | 50,079,505 | (167,173) | Due to changes in the accounting policy, long-term prepaid expenses are not reclassified to short-term expenses, promissory note forms are recorded in inventories and insurance expenses are not prepaid expenses. |
| At 31 December 2013 | 1210 | 96,060,770 | 95,983,700 | (77,070) | |
| Accounts receivable | | | | | |
| At 31 December 2012 | 1230 | 418,546,528 | 419,415,580 | 869,052 | |
| At 31 December 2013 | 1230 | 847,683,278 | 848,191,801 | 508,523 | |
| Accounts receivable expected to be settled within 12 months after the reporting date | | | | | |
| At 31 December 2012 | 1231 | 390,751,235 | 390,790,889 | 39,654 | Due to changes in the accounting policy, insurance expenses are not prepaid expenses and postage stamps are recorded in accounts receivable. |
| At 31 December 2013 | 1231 | 755,173,353 | 755,221,100 | 47,747 | |
| Accounts receivable expected to be settled in over 12 months after the reporting date | | | | | |
| At 31 December 2012 | 1232 | 27,795,293 | 28,624,691 | 829,398 | Due to changes in the accounting policy, insurance expenses are not prepaid expenses. |

| Item Date | LLine | As previously reported | As currently reported | Changes | Reason |
|---|-------|------------------------|-----------------------|-----------|--|
| At 31 December 2013 | 1232 | 92,509,925 | 92,970,701 | 460,776 | |
| Cash and cash equivalents | | | | | |
| At 31 December 2012 | 1250 | 233,428,067 | 233,428,053 | (14) | Due to changes in the accounting policy, promissory note forms are recorded in inventories and postage stamps are recorded in accounts receivable. |
| At 31 December 2013 | 1250 | 199,904,615 | 199,904,499 | (116) | |
| BALANCE | | | | | |
| At 31 December 2012 | 1600 | 2,532,050,009 | 2,535,654,105 | 3,604,096 | |
| At 31 December 2013 | 1600 | 4,980,147,116 | 4,984,766,143 | 4,619,027 | |
| EQUITY AND LIABILITIES | | | | | |
| Retained earnings (uncovered loss) | | | | | |
| At 31 December 2012 | 1370 | 1,219,376,676 | 1,222,980,772 | 3,604,096 | Due to the application of a new accounting method for deferred taxes, deferred tax assets are recognized in an amount equal to the allowance for the impairment of financial investments, the allowance for the impairment of inventories and the shares for which market value is determined. |
| At 31 December 2013 | 1370 | 1,270,340,857 | 1,274,971,376 | 4,630,519 | |
| Accounts payable | | | | | |
| At 31 December 2012 | 1520 | 211,561,388 | 211,561,388 | - | Due to changes in the accounting policy, insurance expenses are not prepaid expenses and are recorded in accounts payable. |
| At 31 December 2013 | 1520 | 671,344,718 | 671,333,226 | (11,492) | |
| BALANCE | | | | | |
| At 31 December 2012 | 1700 | 2,532,050,009 | 2,535,654,105 | 3,604,096 | |
| At 31 December 2013 | 1700 | 4,980,147,116 | 4,984,766,143 | 4,619,027 | |

Table 2. Changes in the income statement (kRUB)

| Item | LLine | As previously reported for 2013 | Changes | As currently reported for 2013 | Reason |
|---|-------------|---------------------------------|--------------------|--------------------------------|---|
| Cost of sales | 2120 | (1,969,312,483) | (1,413,223) | (1,970,725,706) | Due to a change in the accounting policy, utilization expenses and the cost of flared associated gas are included in the production cost of oil (previously included in other expenses). |
| Gross income (loss) | 2100 | 1,575,130,657 | (1,413,223) | 1,573,717,434 | |
| Administrative expenses | 2220 | (39,985,741) | (8,135,238) | (48,120,979) | Due to a change in the accounting policy, property tax and expenses for holding the meetings of shareholders, the governing bodies and the Board of Directors of the Company are recognized in expenses relating to ordinary activities as general (administrative) expenses (previously included in other expenses). |
| Operating income (loss) | 2200 | 208,404,755 | (9,548,461) | 198,856,294 | |
| Gains on sale and other disposal of other property | 2331 | 76,577,657 | (76,577,657) | - | Due to a change in the accounting policy (a change in the reporting forms), line 2331, Gains on sale and other disposal of other property, is included in line 2340, Other income, and line 2332, Losses on sale and other disposal of other property, and line 2335, Tax payments, are included in line 2350, Other expenses. The comparative data of the income statement for the 2013 reporting year for gains and losses from changes in the fair value of derivative financial instruments (lines 2333 and 2334, respectively) are presented on a net basis for comparing them with the similar data for the 2014 reporting year (by adding the financial result for each financial instrument to gains or losses). This adjustment is a change in the presentation of information about the amount of income and expenses and has no impact on the financial result. |
| Losses on sale and other disposal of other property | 2332 | (84,043,732) | 84,043,732 | - | |
| Gains from changes in the fair value of derivative financial instruments | 2333 | 18,925,153 | (18,516,632) | 408,521 | |
| Losses from changes in the fair value of derivative financial instruments | 2334 | (28,003,373) | 18,516,632 | (9,486,741) | |
| Tax payments | 2335 | (8,203,310) | 8,203,310 | - | |
| Other income | 2340 | 287,293,195 | 76,577,657 | 363,870,852 | |
| Other expenses | 2350 | (379,689,964) | (82,698,581) | (462,388,545) | |
| Income (loss) before tax | 2300 | 154,779,646 | - | 154,779,646 | |
| Permanent tax assets (liabilities) | 2421 | 7,005,983 | 1,026,423 | 8,032,406 | Due to the application of a new accounting method for deferred taxes, deferred tax assets are recognized in an amount equal to the allowance for the impairment of financial investments, the allowance for the impairment of inventories and the shares for which market value is determined. |
| Change in deferred tax assets | 2450 | 2,333,043 | 1,026,423 | 3,359,466 | |
| Net income (loss) | 2400 | 136,278,784 | 1,026,423 | 137,305,207 | |

Due to the recorded changes, net earnings per share for the 2013 reporting year amounted to RUB 12.96 per share.

Table 3 Changes in the statement of cash flows (kRUB)

| Item | Line | As previously reported for 2013 | Changes | As currently reported for 2013 | Reason |
|---|------|---------------------------------|---------------|--------------------------------|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Total cash disbursements | 4120 | (3,331,718,495) | - | (3,331,718,495) | |
| Payments to suppliers (contractors) for raw materials, work and services | 4121 | (2,718,801,264) | 18,135,826 | (2,700,665,438) | Due to a change in the accounting policy (a change in the reporting forms: line 4128, Exploration costs, added), cash flows related to exploration costs are included in line 4128. |
| Payroll-related payments | 4122 | (15,933,017) | (2,418,727) | (18,351,744) | Due to a change in the approach to recognizing the amounts of withheld (paid) personal income tax, the amounts were excluded from line 4129, Other payments, and included in line 4122, Payroll-related payments. |
| Taxes and levies (other than income tax) | 4125 | (417,792,990) | 417,792,990 | - | Due to a change in the accounting policy (a change in the reporting forms), line 4125, Taxes and levies (other than income tax), is included in line 4129, Other payments. |
| Exploration costs | 4128 | - | (18,135,826) | (18,135,826) | Due to a change in the accounting policy (a change in the reporting forms: line 4128, Exploration costs, added), cash flows related to exploration costs are included in line 4128. |
| Other payments | 4129 | (83,473,862) | (415,374,263) | (498,848,125) | Due to a change in the accounting policy (a change in the reporting forms), line 4125, Taxes and levies (other than income tax), was included in line 4129, Other payments. Also, due to a change in the approach to recognizing the amounts of withheld (paid) personal income tax, the amounts were included in line 4122, Payroll-related payments. |
| Net cash flows from operating activities | 4100 | 796,577,574 | - | 796,577,574 | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Total payments | 4220 | (2,558,967,878) | - | (2,558,967,878) | |
| Purchase, creation, upgrading, reconstruction and preparation for use of non-current assets | 4221 | (221,358,627) | 13,282,775 | (208,075,852) | Due to a change in the accounting policy (a change in the reporting forms: line 4228, Exploration assets, added), cash flows related to payments for exploration assets are included in line 4228. |
| Exploration assets | 4228 | - | (13,282,775) | (13,282,775) | |
| Net cash flows used in investing activities | 4200 | (2,020,686,716) | - | (2,020,686,716) | |

Corrections were made to the Explanatory Notes to the balance sheet and the income statement for the 2014 reporting year in line with the above information to ensure data comparability.

5. INFORMATION ABOUT THE ACCOUNTING POLICY

The Company developed its accounting policy in accordance with the principles established by Accounting Statement 1/2008, Accounting Policies of an Organization, approved by Order No. 106n of the Russian Ministry of Finance dated 6 October 2008:

- Economic entity assumption according to which the Company's assets and liabilities are accounted for separately from the assets and liabilities of other legal entities and individuals
- Going concern assumption according to which the Company will continue in business in the foreseeable future and it neither intends nor has to liquidate or significantly curtail its activities, and, therefore, its liabilities will be duly discharged
- Consistency assumption according to which the Company will consistently apply the adopted accounting policy in its activities
- Time period assumption

Key accounting methods provided for by the Company's accounting policy in 2014 are reflected below in the respective Explanatory Notes to the balance sheet and the income statement for the 2014 reporting year.

Information on changes in the accounting policy effective from 1 January 2015

The changes in the accounting policy effective from 1 January 2015 are caused by the development or selection of new accounting methods the application of which results in a more accurate presentation of business facts in the accounts and financial statements, makes the accounting process less labor intensive, without compromising the accuracy of information, and harmonizes the accounting principles of Rosneft Oil Company Group, in particular:

Expenses for conducting 3D and 4D seismic surveys in support of development are to be capitalized as intangible assets after confirming the commercial viability of oil and gas production. Expenses for the construction of successful abandoned appraisal and exploration wells are capitalized.

Costs associated with fixed assets and incurred after the date when fixed assets were put into operation (for the demobilization of construction (drilling) equipment, materials, personnel from the construction site (field), etc.) increase the cost of previously commissioned fixed assets. Other costs incurred after the recognition of a fixed asset are recognized in expenses relating to ordinary activities or in other expenses depending on whether the fixed asset is used for principal or other activities.

Advances for the purchase of fixed assets and income-bearing investments in tangible assets are recorded in the balance sheet in line 1150, Fixed assets, in the same way as advances for capital construction.

6. FIXED ASSETS AND CAPITAL CONSTRUCTION IN PROGRESS

Assets intended for use in the manufacturing of products, performance of work and provision of services, or for administrative needs over their useful lives of more than 12 months are accounted for as fixed assets.

Fixed assets include buildings, structures, machinery, equipment, measuring and control instruments and devices, computers, vehicles, tools, fixtures and fittings, etc. Fixed assets also include land plots and natural resources. The Russian Classifier of Fixed Assets approved by Resolution No. 359 of the State Committee of the Russian Federation for Standardization, Methodology and Certification dated 26 December 1994 is used to determine the structure and grouping of fixed assets.

Items intended solely to be leased out are recorded in line 1150, Fixed assets. The net book value of such items at the beginning and at the end of the period was RUB 444,521 million and RUB 507,946 million, respectively.

An asset is recognized as a fixed asset on the date it is ready for operation. Using the substance-over-form principle, the completed capital construction projects and purchased real estate items that are actually in operation are also included in fixed assets, regardless of whether the documents for their state registration have actually been submitted. Such items are depreciated in accordance with the established procedure.

For accounting purposes, fixed assets are depreciated using the straight-line method:

- Assets put into operation before 1 January 2002: At the depreciation rates set by Resolution No. 1072 of the Council of Ministers of the USSR, dated 22 October 1990
- Assets put into operation after 1 January 2002: At the depreciation rates calculated based on the useful lives set by Resolution No. 1 of the Government of the Russian Federation, dated 1 January 2002

The main groups of fixed assets have the following useful lives:

| | |
|-------------------------|-----------------|
| Buildings | 30 to 100 years |
| Structures | 10 to 15 years |
| Machinery and equipment | 5 to 7 years |

Assets with a value of not more than RUB 40,000 per unit have been recorded and reported as inventories since 1 January 2014. To ensure the safety of the assets during production or operation, the Company makes arrangements to control their movements.

Fixed assets include the following assets (irrespective of their value):

- Land plots
- Buildings
- Structures
- Transfer devices
- Downhole equipment
- Vehicles

Items to be leased out are recorded and reported within fixed assets, irrespective of their value.

Fixed assets are reported in the balance sheet at their net book value.

Fixed assets were not revalued following the completion of the mandatory revaluation of fixed assets in accordance with the Resolutions of the Russian Government.

Table 4. Information on fixed assets (kRUB)

| Group of fixed assets | Period | At the beginning of the period | | Changes for the period | | | At the end of the period | | |
|---|--------|--------------------------------|--------------------------|------------------------|---------------------|----------------|--------------------------|-----------------|--------------------------|
| | | Depreciation charge | Accumulated depreciation | Additions | Disposals | | Depreciation charge | Historical cost | Accumulated depreciation |
| | | | | | Depreciation charge | Net book value | | | |
| Total fixed assets | 2014 | 874,486,715 | 343,558,938 | 143,707,458 | 577,492 | 379,017 | 102,324,065 | 1,017,237,664 | 445,305,511 |
| | 2013 | 700,723,909 | 269,935,624 | 191,255,555 | 7,026,824 | 10,465,925 | 80,650,138 | 874,486,715 | 343,558,938 |
| Buildings and structures | 2014 | 734,512,530 | 289,563,944 | 127,717,729 | 400,182 | 315,279 | 83,749,189 | 861,514,798 | 372,912,951 |
| | 2013 | 588,119,332 | 228,502,550 | 160,206,566 | 4,535,949 | 9,277,419 | 65,597,343 | 734,512,530 | 289,563,944 |
| Machinery, equipment, vehicles | 2014 | 135,954,971 | 53,001,709 | 15,951,835 | 164,069 | 62,751 | 18,270,807 | 151,679,986 | 71,108,447 |
| | 2013 | 108,807,621 | 40,609,405 | 30,727,898 | 2,395,103 | 1,185,445 | 14,787,407 | 135,954,971 | 53,001,709 |
| Total other fixed assets | 2014 | 4,019,214 | 993,285 | 37,894 | 13,241 | 987 | 304,069 | 4,042,880 | 1,284,113 |
| | 2013 | 3,796,956 | 823,669 | 321,091 | 95,772 | 3,061 | 265,388 | 4,019,214 | 993,285 |
| Including fixed assets that are not depreciated | 2014 | 2,323,857 | - | 5,062 | - | 130 | - | 2,328,789 | - |
| | 2013 | 2,305,681 | - | 18,176 | - | - | - | 2,323,857 | - |

The historical cost of fixed assets as of 31 December 2014 amounted to RUB 1,017,238 million. It increased in comparison with 2013, as new assets were put into operation. Fixed assets that were put into operation amount to RUB 143,707 million.

Table 5 Information on fixed assets requiring state registration (kRUB)

| | At 31 December 2014 | At 31 December 2013 | At 31 December 2012 |
|---|---------------------|---------------------|---------------------|
| Fixed assets whose title has not yet been registered | 260,170,117 | 248,126,006 | 150,733,367 |
| Including fixed assets whose registration documents have not yet been accepted by the state authorities | 253,970,461 | 245,392,407 | 150,075,655 |

Table 6 Information on the use of fixed assets (kRUB)

| Groups of fixed assets | At 31 December 2014 | At 31 December 2013 | At 31 December 2012 |
|--|---------------------|---------------------|---------------------|
| Total assets leased out (historical cost), including | 917,937,906 | 757,457,095 | 610,842,381 |
| Buildings | 42,441,273 | 34,561,052 | 29,440,150 |
| Structures | 737,371,853 | 610,020,301 | 486,854,303 |
| Mothballed fixed assets (historical cost) | 21,745,044 | 21,035,314 | 20,899,023 |
| Total fixed assets leased (contract or cadastral value), including | 53,019,747 | 55,171,387 | 50,507,023 |
| Land plots | 48,571,323 | 49,619,737 | 46,950,240 |
| Other fixed assets | 4,448,424 | 5,551,650 | 3,556,783 |
| Change in the value of fixed assets as a result of supplementary construction, retrofitting, refurbishment, or partial liquidation | 16,305,272 | 15,451,296 | 9,226,507 |

Table 7 Information on construction in progress (kRUB)

| Construction in progress by type of asset | At 31 December 2014 | At 31 December 2013 | At 31 December 2012 |
|--|---------------------|---------------------|---------------------|
| Equipment for installation | 23,631,453 | 16,523,231 | 11,758,138 |
| Construction in progress | 347,192,735 | 279,910,164 | 265,106,296 |
| Including advances issued for capital construction | 60,878,375 | 53,526,109 | 48,916,292 |
| Other | 14,067,792 | 10,657,693 | 8,278,332 |
| Total | 384,891,980 | 307,091,088 | 285,142,766 |

In 2014, the total value of the construction in progress amounted to RUB 200,673 million (net of VAT). Investments in the purchase of equipment, both requiring and not requiring installation, fixed assets and land plots, and in appraisal and exploration drilling amounted to RUB 12,728 million (net of VAT), including the share of expenditure incurred to purchase the items with a value of up to RUB 40,000 per unit included in inventories, as it is impossible to determine the final value of assets before the completion of the work performed to render them fit for use.

7. INTANGIBLE ASSETS

Intangible assets include:

- Exclusive right of a patent holder to an invention, industrial design or utility model
- Exclusive right to computer software and databases
- Exclusive right to integrated circuit topologies
- Exclusive right to a trademark, service mark, or appellation of origin
- Exclusive right to selection achievements
- Exclusive right to trade secrets (know-how)
- Oil and gas production licenses

- Exclusive subsoil use rights when entering into international agreements that give the right to implement oil and gas exploration and production projects in a foreign jurisdiction or in the Russian Federation (licenses, concession agreements, subsoil use contracts, agreements on the provision of a participating interest, etc.)
- Geological exploration and production licenses (combined licenses), provided that the production of mineral resources in the license area is commercially viable; such licenses are accounted for in the same way as costs arising in connection with the exploration and appraisal of fields until it is confirmed that production is commercially viable
- Other mineral licenses (for the construction of underground gas storage facilities, the production of conventional mineral resources and the abstraction of underground water)
- Digital and electronic maps, as well as other spatial data
- Complex items comprising several protected intellectual properties (including those combining exclusive and non-exclusive rights)
 - Multimedia products
 - Audiovisual works (cinematic works or works involving media similar to those used in cinema (TV movies, videos, etc.))
 - Websites, etc.
- Other intangible assets

Geological exploration and production licenses (mixed licenses) are accounted for in the same way as costs arising in connection with the exploration and appraisal of fields until it is confirmed that production is commercially viable.

Intangible assets are recognized at their actual (historical) cost, determined in accordance with Accounting Statement 14/2007, Intangible Assets, approved by Order No. 153n of the Russian Ministry of Finance dated 27 December 2007.

When an intangible asset is created in-house, the related costs are to be capitalized beginning from the development stage, i.e. when the Company can demonstrate:

- The technical feasibility of creating the intangible asset
- Its intention and ability to create the intangible asset and use it
- How the intangible asset will generate probable economic benefits
- The availability of sufficient technical, financial and other resources to complete development and use the intangible asset
- Ability to reliably estimate costs related to the intangible asset during its development

Costs incurred at the research stage are not capitalized and are treated as either expenses relating to ordinary activities or other expenses, depending on the purpose of research.

Intangible assets created in-house mean:

Intangible assets created by the Company's employees when performing their job duties

Intangible assets resulting from the work performed by contractors under contracts that carry the risks of negative results for the Company

The Company created the following intangible assets in the reporting period:

- Exclusive right to computer software and databases with a historical cost of kRUB 87,532
- Patents with a historical cost of kRUB 9,485
- Multimedia products with a historical cost of kRUB 12,914
- Digital forest management maps with a historical cost of kRUB 13,559

The actual (historical) cost of an intangible asset acquired under a contract providing for non-monetary compensation (settlement) is determined on the basis of the cost of assets transferred or transferable by the Company. The cost of assets transferred or transferable by the Company is determined on the basis of the price it would normally use to determine the cost of similar assets under comparable circumstances.

Where it is impossible to determine the cost of assets transferred or transferable by the Company under such contracts, the cost of an intangible asset received by the Company is determined on the basis of the price at which similar intangible assets are purchased under comparable circumstances.

Intangible assets are not revalued and are not tested for impairment.

Intangible assets are amortized using the straight-line method or the unit-of-production method:

- Exclusive right of a patent holder to an invention, industrial design or utility model: straight-line method
- Exclusive right to computer software and databases: straight-line method
- Exclusive right to integrated circuit topologies: straight-line method
- Exclusive right to a trademark, service mark, or appellation of origin: straight-line method
- Oil and gas production licenses, provided that the production of mineral resources in the license area is commercially viable: unit-of-production method
- Exclusive subsoil use rights when entering into international agreements that give the right to implement oil and gas exploration and production projects in a foreign jurisdiction or in the Russian Federation (licenses, concession agreements, subsoil use contracts, agreements on the provision of a participating interest, etc.): straight-line method
- Geological exploration and production licenses (mixed licenses), provided that the production of mineral resources in the license area is commercially viable: unit-of-production method
- Other mineral licenses (for the construction of underground gas storage facilities, the production of conventional mineral resources and the abstraction of underground water): straight-line method
- Digital and electronic maps, as well as other spatial data: straight-line method
- Other intangible assets: straight-line method
- The Company determines the useful life of an intangible asset upon its recognition.
- The useful life of an intangible asset is determined on the basis of:
 - The term of the Company's rights to intellectual property or means of individualization, and the period of control over the asset
 - The period during which the Company is expected to use the asset and receive economic benefits

The Company annually reviews the useful life of an intangible asset in order to determine whether or not it should be revised. In the event of a significant change in the duration of the period during which the Company is expected to use the asset, the asset's useful life is to be revised. The resulting adjustments are recorded and reported as changes in estimates.

The main groups of intangible assets have the following useful lives:

| | |
|--|----------------|
| Trademarks | 5 to 10 years |
| Patents | 5 to 25 years |
| Exclusive rights to computer software and databases | 2 to 5 years |
| Oil and gas production licenses * | 9 to 48 years |
| Geological exploration and production licenses (mixed licenses) * | 15 to 40 years |
| Other mineral licenses (for the construction of underground gas storage facilities, the production of conventional mineral resources and the abstraction of underground water) | 1 to 25 years |

* - Provided that the production of mineral resources in the license area is commercially viable

Intangible assets are not amortized if their useful lives cannot be determined.

The Company annually reviews the amortization method for an intangible asset during inventory counts in order to determine if it should be revised. If the calculation of the expected flow of future economic benefits from an intangible asset has changed significantly, the amortization method for that asset is also changed. The resulting adjustments are recorded and reported as changes in estimates.

If the timing for receiving future economic benefits is not reliably estimated during inventory counts, no changes are made to the amortization method.

The Company determined that there was no need to revise the amortization method and the useful lives of intangible assets in the reporting period.

The Company has determined useful lives for all intangible assets.

Intangible assets are reported in the balance sheet at their net book value.

Table 8 Information on intangible assets (kRUB)

| Group of fixed assets | Period | At the beginning of the period | | Changes for the period | | | | At the end of the period | |
|--|--------|--------------------------------|--------------------------|------------------------|---------------------|----------------|---------------------|--------------------------|--------------------------|
| | | Depreciation charge | Accumulated depreciation | Additions | Disposals | | Depreciation charge | Historical cost | Accumulated depreciation |
| | | | | | Depreciation charge | Net book value | | | |
| Total intangible assets: | 2014 | 9,960,078 | 825,988 | 10,611,033 | 58,605 | 1 | 348,746 | 20,512,505 | 1,116,129 |
| | 2013 | 9,544,877 | 478,385 | 415,289 | 56 | 32 | 347,659 | 9,960,078 | 825,988 |
| Trademarks | 2014 | 7,823 | 3,363 | 94 | - | - | 920 | 7,917 | 4,283 |
| | 2013 | 7,768 | 2,452 | 55 | - | - | 911 | 7,823 | 3,363 |
| Patents | 2014 | 27,919 | 4,041 | 9,485 | - | - | 2,257 | 37,404 | 6,298 |
| | 2013 | 18,808 | 2,080 | 9,111 | - | - | 1,961 | 27,919 | 4,041 |
| Exclusive rights to computer software and databases | 2014 | 834,491 | 605,968 | 87,532 | - | - | 208,095 | 922,023 | 814,063 |
| | 2013 | 662,755 | 353,749 | 171,736 | - | - | 252,219 | 834,491 | 605,968 |
| Oil and gas production licenses (including mixed exploration and production licenses issued after commercial viability is confirmed) | 2014 | 8,982,015 | 123,625 | 10,487,431 | 1 | 1 | 114,020 | 19,469,444 | 237,644 |
| | 2013 | 8,748,631 | 78,561 | 233,472 | 56 | 32 | 45,120 | 8,982,015 | 123,625 |
| Other licenses | 2014 | 792 | 435 | 18 | - | - | 40 | 810 | 475 |
| | 2013 | 780 | 382 | 12 | - | - | 53 | 792 | 435 |
| Other intangible assets | 2014 | 107,038 | 88,556 | 26,473 | 58,604 | - | 23,414 | 74,907 | 53,366 |
| | 2013 | 106,135 | 41,161 | 903 | - | - | 47,395 | 107,038 | 88,556 |

Table 9 Information on intangible assets created by the Company (kRUB)

| Historical cost by group of intangible assets | At 31 December 2014 | At 31 December 2013 | At 31 December 2012 |
|---|---------------------|---------------------|---------------------|
| Total, including | 1,027,942 | 963,056 | 781,742 |
| Patents | 31,012 | 21,527 | 12,852 |
| Exclusive rights to computer software and databases | 922,023 | 834,491 | 662,755 |
| Other | 74,907 | 107,038 | 106,135 |

Table 10 Information on construction in progress made to create intangible assets (kRUB)

| Investments in progress | At 31 December 2014 | At 31 December 2013 | At 31 December 2012 |
|---|---------------------|---------------------|---------------------|
| Total investments in the creation of individual intangible assets, including: | 426,866 | 452,205 | 462,223 |
| Trademarks | 1,043 | 2,079 | 1,589 |
| Patents | 321 | 51 | 382 |
| Exclusive rights to computer software and databases | 387,902 | 428,795 | 455,133 |
| Other intangible assets | 37,600 | 21,280 | 5,119 |

Intangible assets received for use are recorded off the balance sheet and are estimated on the basis of the amount of remuneration specified in the contract.

Table 11 Information on intangible assets received by the Company for use (kRUB)

| Cost by group of intangible assets | At 31 December 2014 | At 31 December 2013 | At 31 December 2012 |
|--|---------------------|---------------------|---------------------|
| Total, including | 9,144,588 | 7,487,854 | 7,138,739 |
| Non-exclusive rights to software programs, rights of access to information resources, Olympic symbols trademarks | 9,144,588 | 7,487,854 | 7,138,739 |

Table 12 Information on fully amortized intangible assets (kRUB)

| Cost by group of intangible assets | At 31 December 2014 | At 31 December 2013 | At 31 December 2012 |
|---|---------------------|---------------------|---------------------|
| Total, including | 637,822 | 131,334 | 37,779 |
| Trademarks | 26 | 26 | - |
| Patents | 243 | 5 | 5 |
| Exclusive rights to computer software and databases | 598,680 | 93,608 | 37,717 |
| Oil and gas production licenses | 164 | 29 | 48 |
| Other licenses | 64 | 21 | 9 |
| Other | 38,645 | 37,645 | - |

8. OIL AND GAS RESERVES EXPLORATION AND EVALUATION COSTS

Oil and gas reserves exploration and evaluation expenses are recognized using the successful efforts method of accounting, according to which only those costs are capitalized that are directly incurred in the discovery of new fields that will result in future economic benefits, while exploration costs (both direct and indirect), including geological and geophysical costs, are charged to expenses as incurred.

The following oil and gas reserves exploration and evaluation costs should be capitalized:

- Costs related to acquiring mineral rights for oil and gas reserves (geological exploration licenses, geological exploration and production licenses)
- Costs related to appraisal/exploration wells

Capitalized exploration and evaluation costs lead to the creation of exploration assets:

- Exploration/appraisal wells – tangible exploration assets
- Licenses – intangible exploration assets

Expenses related to the construction of offshore appraisal/exploration wells abandoned as successful in the license areas that did not prove to be commercially viable to recover oil and gas are capitalized as follows:

Expenses related to the construction of offshore appraisal/exploration wells abandoned as successful are initially recognized as tangible exploration assets and then transferred to intangible exploration assets in the event that the discovery of hydrocarbon reserves is confirmed and there is a possibility that these reserves will be approved by the State Committee on Reserves both with regard to the well (current reserves estimation) and the subsurface area (reserves estimation based on geological results of the well).

Until the decision on commercial viability has been reached, expenses related to the construction of offshore appraisal/exploration wells abandoned as successful are recognized as intangible exploration assets in the form of information received as the result of drilling the offshore appraisal/exploration wells.

As at the reporting date, the Company annually tests exploration assets for any indication of impairment when making the decision on the commercial viability of oil and gas production in a licensed area. Impairment testing is performed by field (licensed area). Where there is evidence of impairment, the Company writes down the exploration assets to the carrying value of the licenses and wells at a field (licensed area) or, in the event of the recoverability of exploration assets, to the realizable value.

The company derecognizes exploration assets at the respective subsurface area if it proves to be commercially viable or if production is considered impractical.

Once the commercial viability of the subsurface area has been established, exploration assets in this area are subject to reclassification:

- Exploration and production licenses become intangible assets.
- Appraisal/exploration wells become fixed assets (development wells construction in progress).

If production proves to be impractical, exploration assets are subject to impairment and are subsequently written off to other expenses of the Company.

Exploration assets are not depreciated.

The following costs are not capitalized in the value of assets and are taken to current-period expenses as oil and gas exploration and evaluation expenses:

- Costs incurred at the regional stage
- Exploration costs not related to appraisal and exploration drilling, including costs for the follow-up exploration of fields which have been put on stream and considered commercially developed
- Costs related to the maintenance of subsurface areas where exploration is being carried out and of fields which are not commercially operated
- Costs related to the preparation of project technical documentation for developing fields which are not commercially operated

Table 13 Information on exploration assets (kRUB)

| Groups of licenses | Period | At the beginning of the period | | Changes in cost over the period | | At the end of the period | |
|-------------------------------|--------|--------------------------------|-------------------------------|---------------------------------|------------|--------------------------|-------------------------------|
| | | Cost | Accumulated impairment losses | Additions | Disposals | Cost | Accumulated impairment losses |
| Tangible exploration assets | 2014 | 5,558,235 | - | 29,607,967 | 25,150,676 | 10,015,526 | 71,236 |
| | 2013 | 5,138,514 | 139 | 2,147,859 | 1,728,138 | 5,558,235 | - |
| Intangible exploration assets | 2014 | 40,210,659 | 3,753,397 | 33,224,409 | 8,506,432 | 64,928,636 | 197 |
| | 2013 | 37,871,035 | 8,910,945 | 7,739,025 | 5,399,401 | 40,210,659 | 3,753,397 |

The disposal of intangible exploration assets in 2014 was mainly due to the write-off of licenses totaling RUB 3,753.2 million as a result of a termination of the right to use subsurface resources, and due to a reclassification of licenses totaling RUB 4,742.6 million from exploration assets to intangible assets, as in 2014 the Company obtained information confirming commercial oil or gas production in those subsurface areas.

The disposal of tangible exploration assets in 2014 was mainly due to the transfer of the value of Universitetskaya 1, an appraisal well in the Kara Sea abandoned as successful, totaling RUB 22,582.6 million to intangible exploration assets and expensed costs related to the construction of appraisal/exploration wells which did not produce oil flow (dry wells) totaling RUB 822.8 million, and due to the reclassification of wells from exploration assets in subsurface areas, where in 2014 commercial oil or gas production was confirmed, to construction in progress (appraisal and exploration drilling) totaling RUB 201.3 million; additions to fixed assets amounted to RUB 1,542.7 million.

9. RESEARCH AND DEVELOPMENT RESULTS

The Company's costs are recognized in the accounts as R&D in progress if all of the following conditions are met:

- R&D contracts indicate that in the course of work new scientific knowledge is expected to be produced and/or used (information which is unknown, given the current level of technology)
- It is assumed that the positive result of R&D activities will create an opportunity for future economic benefits
- It is assumed that the positive completion of R&D activities will make it possible to demonstrate the use of its results in production for management requirements
- The amount of expenses can be defined and confirmed

When R&D projects are developed in-house, the related costs are capitalized from the beginning of the project stage if the Company is able to demonstrate:

- The technical feasibility of developing such R&D projects
- Its intention and ability to develop and use an R&D project
- How the R&D project is likely to generate economic benefits
- The availability of sufficient technical, financial and other resources to complete the development of and use the R&D projects
- The ability to reliably measure costs related to the development of the R&D project

R&D costs incurred at the research stage are not capitalized and are recognized as expenses relating to ordinary activities, or as other expenses depending on the purpose of the research.

R&D projects developed in-house include:

- R&D projects developed by Company employees in the course of performing their job duties
- R&D projects resulting from contractor work under contracts in respect of which the Company bears the risk of negative results

R&D costs are written off to expenses relating to ordinary activities on the first day of the month following the month in which the actual use of the obtained results began.

Upon the completion of R&D activities, in the event of a positive result, the costs related to R&D in progress form the value of R&D project. In the event of a negative result, R&D costs are written off to other expenses.

The R&D project value is written off on a monthly basis using the straight-line method in the amount of 1/12 of the annual amount.

In the event that the use of an R&D project is suspended, the related costs in the form of a monthly write-off amount are recognized as other expenses during the period for which the use of the R&D project has been suspended.

The write-off period for R&D costs is determined by the Company based on the expected period of use of the results from these activities. This period may not exceed 5 years.

Table 14 R&D results profile (kRUB)

| R&D description | Period | At the beginning of the period | | Change over the reporting period | | | At the end of the period | |
|-----------------|--------|--------------------------------|---|----------------------------------|-----------|---|--------------------------|---|
| | | Cost | Part of the value written off to expenses | Additions | Disposals | Part of the value written off to expenses | Cost | Part of the value written off to expenses |
| R&D | 2014 | 18,250 | 2,802 | 196,353 | 13,572 | 1,934 | 201,031 | 631 |
| | 2013 | 10,360 | - | 11,250 | 3,360 | 3,026 | 18,250 | 2,802 |

Changes in R&D project value written-off in the amount of kRUB 4,105 in 2014 and kRUB 224 in 2013 were made in the course of reclassifying R&D projects to intangible assets at net book value upon the receipt of registration documents.

Table 15 Costs of R&D in progress (kRUB)

| R&D description | Period | At the beginning of the period | Change over the reporting period | | | At the end of the period |
|--------------------------|--------|--------------------------------|----------------------------------|--------------------------------|--|--------------------------|
| | | | Costs for the period | Costs expensed as unsuccessful | Recognized as intangible assets, R&D or fixed assets | |
| Costs of R&D in progress | 2014 | 1,936,623 | 1,242,119 | – | 784,060 | 2,394,682 |
| | 2013 | 1,273,890 | 831,908 | – | 169,175 | 1,936,623 |

10. OTHER NON-CURRENT ASSETS

Other non-current assets include assets which are assumed to produce economic benefits over a period exceeding 12 months. This line includes deferred expenses, asset retirement obligations (discounted) (hereinafter – the ARO asset), and other assets.

Deferred expenses are included in other non-current assets when their write-off period exceeds 12 months after the reporting date.

Deferred expenses relating to several periods are written off using the straight-line method.

Non-current assets include asset retirement obligations (discounted).

The amount of the ARO asset (with regard to sites or facilities which, when abandoned, require disposal of materials and/or remediation of a land plot) is determined based on the estimated costs at the reporting date, which the Company is expected to incur when dismantling fixed assets and remediating natural resources on occupied land plots.

The ARO asset is depreciated monthly using the unit of production method. The monthly unit of production rate is determined for each field as a ratio of a monthly production volume for a specific month to the overall oil and gas reserves at the beginning of the reporting period. The unit of production rate is applied to the net book value of the ARO asset.

Other non-current assets are valued based on actual costs, except for ARO assets that are subject to accounting estimates.

Table 16 Information on other non-current assets (kRUB)

| Other non-current assets by type | At 31 December 2014 | At 31 December 2013 | At 31 December 2012 |
|---|---------------------|---------------------|---------------------|
| Deferred expenses with the write-off period exceeding 12 months - total | 3,016,936 | 2,921,159 | 4,090,128 |
| Including: | | | |
| Software | 2,594,189 | 1,599,324 | 2,063,945 |
| Rights to use Olympic symbols | 422,747 | 1,321,835 | 2,026,183 |
| ARO asset | 35,163,938 | 42,056,317 | 36,701,563 |
| Additional borrowing costs (long-term) | 140,113 | - | - |
| Total | 38,320,987 | 44,977,476 | 40,791,691 |

11. INVENTORIES

Inventories are accounted for at their actual cost calculated based on the amount of actual acquisition costs, net of value added tax and other recoverable taxes (except in instances stipulated by Russian law).

Upon disposal, inventories are depreciated using the following methods:

- Oil, construction materials, equipment, spare parts, fuel, packaging, fixtures and fittings, instruments and tools, other inventories – by the cost of every inventory unit (inventory unit is a consignment)
- Oil products – by the average cost of production broken down by refinery
- Self-produced semi-finished products – by the average cost of production broken down by refinery
- Self-produced oil and gas – by the average cost of production broken down by operator

Special protective clothes handed over for use are accounted for as materials. The value of special protective clothes with the service life of more than 12 months is depreciated using the straight-line method over the specified period of its use. The value of special protective clothes with the service life of less than 12 months is written off when the clothes are handed over for use.

Materials, fuel, spare parts and other material resources are recorded at their actual acquisition cost.

Work in progress and finished products are recorded at their actual cost; goods are recorded at their acquisition cost.

Dispatched finished products and dispatched goods, the title to which is not yet transferred to the buyer, are recorded within inventories.

Inventories also comprise transportation and procurement costs attributable to the balance of goods at the warehouse and dispatched but unsold goods.

Costs to sell (transportation costs, storage costs, intermediary service costs, customs duties etc.) are recorded within inventories where it is possible to compare certain consignments of finished products and goods recognized in accounting records before the sale of consignments to which they relate.

Deferred expenses are recorded within inventories when their write-off period does not exceed 12 months after the reporting date.

Inventories also comprise deferred expenses, for which the expected income period cannot be determined reliably.

Deferred expenses relating to several periods are written off using the straight-line method.

In accordance with the requirement of prudence, the Company accounts for the impairment of inventories using the method of provisioning.

Allowances for impairment of inventories are made at the end of the reporting year for specific inventory items and/or similar or related inventory items, in respect of which there were circumstances in the reporting year that caused the decrease of their current (market) value.

The value of inventories is recorded in the balance sheet net of allowance for their impairment.

Table 17 Information on inventories (kRUB)

| Inventories by type | At 31 December 2014 | | At 31 December 2013 | | At 31 December 2012 | |
|-----------------------------------|---------------------|--------------------------|---------------------|--------------------------|---------------------|--------------------------|
| | Cost | Allowance for impairment | Cost | Allowance for impairment | Cost | Allowance for impairment |
| Total | 114,473,644 | (59,489) | 96,045,041 | (61,341) | 50,137,054 | (57,549) |
| Raw materials | 12,906,302 | (14,964) | 11,670,020 | (26,938) | 7,457,804 | (25,488) |
| Costs related to work in progress | 7,555,253 | - | 7,104,345 | - | 4,872,054 | - |
| Finished products and goods | 94,012,089 | (44,525) | 76,902,044 | (34,403) | 37,426,324 | (32,061) |
| Deferred expenses | - | - | 368,632 | - | 380,872 | - |

An increase in the value of inventories is due to a higher volume and cost of purchased and produced goods. In 2012-2014, inventories were not pledged.

Table 18 Information on the movements of inventories and allowances for their impairment in the reporting period (kRUB)

| Inventories by type | Cost of inventories | | Movements in allowance | | | Uncovered loss on impairment of inventories |
|---------------------|---------------------|---------------|---|---|---------------------|---|
| | Additions | Disposals | Allowance accrued in the reporting period | Allowance reversed due to disposal of inventories | Allowance write-off | |
| Total | 6,576,037,580 | 6,557,608,977 | 11,383 | 9,585 | 3,650 | - |
| Raw materials | 985,679,363 | 984,443,081 | 1,085 | 9,409 | 3,650 | - |

| Inventories by type | Cost of inventories | | | | Movements in allowance | | Uncovered loss on impairment of inventories |
|-----------------------------------|---------------------|---------------|---|--|------------------------|---|---|
| | Additions | Disposals | Allowance accrued in the reporting period | Allowance reversed due to disposal of inventoriesw | Allowance write-off | | |
| Costs related to work in progress | 2,222,517,477 | 2,222,066,569 | X | X | X | X | |
| Finished products and goods | 3,367,200,301 | 3,350,090,256 | 10,298 | 176 | - | - | |
| Deferred expenses | 640,439 | 1,009,071 | X | X | X | X | |

12. FINANCIAL INVESTMENTS

Financial investments are initially recognized at their actual costs. Subsequently, financial investments whose market value can be determined are remeasured at market value; and financial investments whose market value cannot be determined are not remeasured, but tested for impairment.

The valuation of financial investments whose market value can be determined is adjusted to the current market value on a quarterly basis. The valuation adjustment is recorded within other income (expenses).

In general, the current market value may be determined if the relevant quotations are available in the securities market. In this case, the current market value of financial investments is their market value determined as appropriate by an organizer of the trade in the securities market.

The historical cost of debt securities whose current market value cannot be determined is not adjusted for the difference between the historical cost and nominal value.

Debt securities and loans issued are not measured at present value.

At disposal of assets recognized as financial investments, for which the current market value is determined, the value of such assets is based on their most recent valuation.

Financial investments whose current market value cannot be determined are measured at historical cost of each unit disposed.

Joint operations are recognized as follows:

- If participants are engaged in joint operations, the balance sheet of the Company (participant) reflects a part of its expenses and liabilities related to the performance of joint operations, as well as financial results of such operations.
- If participants jointly use assets in shared ownership, the balance sheet of the Company (participant) reflects its assets in shared ownership, share of income received from the joint use of assets, and liabilities and expenses incurred due to the agreement implementation.
- If participants are engaged in joint venture under a simple partnership agreement, the balance sheet of the Company (participant) reflects financial investments as investments in joint venture, as well as profit receivable or loss distributable to the participant.

Deposits with the maturity period not exceeding 91 days are not considered to be financial investments and are recorded within cash in the financial statements.

Short-term debts related to financial investments are reclassified into long-term debts in cases when the payment terms envisaged by the agreement are revised and increased to exceed 365 days after the reporting date.

Long-term debts related to financial investments are reclassified into short-term debts when the term to maturity under the agreement remains 365 days or less after the reporting date.

The value of all financial investments previously remeasured at market value is recorded at the current market value as of the reporting date. The Company did not record financial investments carried at market value with undetermined market value at the reporting date.

The Company did not record financial investments pledged or transferred to third parties (except for sale).

Table 19 Information on financial investments (kRUB)

| Financial investments by type | At 31 December 2014 | At 31 December 2013 | At 31 December 2012 |
|--|----------------------|----------------------|---------------------|
| Total | 4,461,731,648 | 2,827,533,480 | 993,911,402 |
| Long-term investments - total | 3,816,440,204 | 2,401,568,509 | 424,432,357 |
| Units and shares | 2,395,855,245 | 2,058,883,618 | 237,581,551 |
| Long-term loans issued | 1,248,105,908 | 262,082,376 | 109,684,998 |
| Other long-term financial investments | 172,479,051 | 80,602,515 | 77,165,808 |
| Short-term investments - total | 645,291,444 | 425,964,971 | 569,479,045 |
| Short-term loans issued | 65,310,081 | 251,626,492 | 533,347,986 |
| Deposits | 501,028,860 | 129,304,982 | - |
| Promissory notes and bonds received | 17,829,983 | 24,183,850 | 29,311,232 |
| Accounts receivable acquired under the assignment agreements | 87,782 | 89,481 | 90,212 |
| Other short-term financial investments | 61,034,738 | 20,760,166 | 6,729,615 |

The change in the 2014 long-term financial investments from RUB 2,401,569 million to RUB 3,816,440 million was mainly due to the acquisition of shares of OJSC RN-Holding in the amount of RUB 153,303 million; increase in interests and investments in share capitals of subsidiaries and associates in the amount of RUB 128,238 million (including investments in LLC NGK ITERA in the amount of RUB 63,665 million); acquisition of investment units in the amount of RUB 58,340 million; changes in other financial investments, including due to the purchase of promissory notes in the amount of RUB 39,297 million; increase in loans issued in the amount of RUB 986,024 million, including due to debt reclassification, increase in the allowance for temporary impairment of long-term financial investments in the amount of RUB 4,538 million.

Long-term units and shares include investments whose market value can be determined. The difference between the current market value at the reporting date and the assessment (as of 31 December 2014) of long-term financial investments whose market value can be determined is RUB 300.9 million (write-down). The amount of write-down was taken to the financial result and recorded as other expenses.

The change in the 2014 short-term financial investments from RUB 425,965 million to RUB 645,291 million was mainly due to the placement of short-term deposits in the amount of RUB 371,724 million, reclassification of loans issued and repayment of principal debt, as well as an increase in the allowance for temporary impairment of short-term financial investments in the amount of RUB 751 million.

At the end of the reporting year, the allowance for impairment of financial investments amounted to RUB 25,772 million. In the current year, the allowance amounted to RUB 6,134 million, including RUB 3,619 million for units and shares and RUB 2,428 million for promissory notes and bonds received. The amount of RUB 845 million included in the allowance accrued in prior periods was recognized as other income of the reporting period.

Table 20 The list of subsidiaries and associates

| # | Name of the entity | Actual value of a financial investment at 31 December 2014 (kRUB) | Company's interest | |
|-------------------------------|----------------------------|---|-------------------------------|---------------------------------|
| | | | Interest in share capital (%) | Percentage of voting shares (%) |
| OIL PRODUCING ENTITIES | | | | |
| 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 | 18,082,633 | 100.00 | 100.00 |
| 8. | JSC Rosneft-Dagneft | 368,085 | 68.70 | 91.60 |

| # | Name of the entity | Actual value of a financial investment at 31 December 2014 (kRUB) | Company's interest | |
|------------------------------------|---|---|-------------------------------|---------------------------------|
| | | | Interest in share capital (%) | Percentage of voting shares (%) |
| 9. | JSC Grozneftegaz | 43 | 51.00 | 51.00 |
| 10. | JSC RN Ingushneft | 51 | 51.00 | 51.00 |
| 11. | LLC NGK ITERA | 251,337,010 | 99.99982 | |
| 12. | LLC Polyarnoye Siyanie Company | 288,931 | 50.00 | |
| 13. | JSC Dagneftegaz | 131,832 | 40.00 | 40.00 |
| 14. | JSC VCNG | 7,480,494 | 25.94 | 25.94 |
| 15. | PETROVICTORIA S.A. | 15,903,919 | 40.00 | |
| REFINERIES | | | | |
| 16. | LLC RN-Tuapse Refinery | 279,447 | 100.00 | |
| 17. | LLC RN-Komsomolsk Refinery | 573,357 | 100.00 | |
| 18. | CJSC VNHK | 576,384 | 100.00 | 100.00 |
| 19. | JSC NK Rosneft - MZ Nefteprodukt | 108,102 | 65.42 | 65.42 |
| OIL PRODUCT SUPPLY ENTITIES | | | | |
| 20. | LLC RN-Nakhodkanefteprodukt | 1,050,611 | 100.00 | |
| 21. | LLC RN-Arkhangel'sknefteprodukt | 546,456 | 100.00 | |
| 22. | LLC RN-Tuapsenefteprodukt | 2,028,708 | 100.00 | |
| 23. | LLC RN-VNP | 97,910 | 100.00 | |
| 24. | JSC NK Rosneft-Stavropolye | 238,201 | 100.00 | 100.00 |
| 25. | LLC RN-Bunker | 10 | 100.00 | |
| 26. | LLC RN-Kemerovonefteprodukt | 10 | 100.00 | |
| 27. | LLC RN-Krasnoyarsknefteprodukt | 10 | 100.00 | |
| 28. | LLC RN-Novosibirsknefteprodukt | 10 | 100.00 | |
| 29. | LLC RN-Chechennefteprodukt | 10 | 100.00 | |
| 30. | LLC RN-Ekaterinburgnefteprodukt | 10 | 100.00 | |
| 31. | LLC RN-Chelyabinsknefteprodukt | 10 | 100.00 | |
| 32. | LLC RN-Ingushnefteprodukt | 100 | 100.00 | |
| 33. | LLC RN-Aero | 240,010 | 100.00 | |
| 34. | LLC RN-Trade | 480,010 | 99.9999 | |
| 35. | JSC NK Rosneft-Kubannefteprodukt | 612,569 | 89.50 | 96.61 |
| 36. | JSC NK Rosneft - Kabardino-Balkarskaya Fuel Company | 1,044,977 | 99.81 | 99.81 |
| 37. | JSC NK Rosneft-Kurgannefteprodukt | 113,043 | 83.32 | 90.33 |
| 38. | JSC NK Rosneft - Karachaevo-Cherkessknefteprodukt | 57,161 | 85.99 | 85.99 |
| 39. | JSC NK Rosneft - Smolensknefteprodukt | 190,953 | 66.67 | 86.97 |
| 40. | JSC NK Rosneft-Altaynefteprodukt | 51,260 | 64.18 | 64.18 |
| 41. | JSC NK Rosneft-Yamalnefteprodukt | 48,622 | 49.52 | 49.52 |
| 42. | JSC NK Rosneft-Murmansknefteprodukt | 6,676 | 45.38 | 60.51 |
| 43. | JSC NK Rosneft-ARTAG | 30 | 38.00 | 50.67 |
| 44. | LLC RN-Abkhazia | 47 | 51.00 | |
| 45. | LLC Yu-Kuban | 9,215 | 49.00 | |
| OTHER ENTITIES | | | | |
| Holdings | | | | |
| 46. | Rosneft Limited | 1,707,564,188 | 100.00 | 100.00 |
| 47. | Rosneft Industrial Holdings Limited | 464 | 22.90 | 0.0 |
| 48. | LLC RN-Pererabotka | 10 | 100.00 | |
| 49. | LLC RN-Aktiv | 12,425,293 | 99.9996 | |
| 50. | LLC RN-Kommerciya | 4,520 | 100.00 | |
| 51. | LLC RN-Razvedka i dobycha | 13,166,928 | 99.99992 | |
| Sakhalin projects group | | | | |
| 52. | CJSC RN-Shelf-Dal'niy Vostok | 32,124 | 100.00 | 100.00 |
| 53. | LLC West Kamchatka Holding B.V. | 3,040 | 60.00 | 60.00 |
| 54. | CJSC RN-Astra | 10 | 100.00 | 100.00 |
| 55. | LLC RN-Shelf-Arktika | 4,950 | 99.00 | |
| 56. | JSC Rosneft-Sakhalin | 110 | 55.00 | 55.00 |
| Foreign Projects Division | | | | |
| 57. | LLC RN-Foreign Projects | 22,351,943 | 100.00 | |
| 58. | LLC RN-Foreign Investments | 685,000 | 100.00 | |
| 59. | LLC RN-Exploration | 28,099 | 99.996 | |
| 60. | LLC Rosneft Shell Caspian Ventures Ltd | 316 | 51.00 | 51.00 |
| 61. | LLC NPC | 17,101,544 | 60.00 | |
| Servicing entities | | | | |
| 62. | LLC RN-Burenie | 4,611,819 | 100.00 | |
| 63. | LLC RN-Service | 5,693,422 | 50.60 | |
| 64. | LLC RN-Energoneft | 20 | 100 | |

| # | Name of the entity | Actual value of a financial investment at 31 December 2014 (kRUB) | Company's interest | |
|-------------------------------------|--|---|-------------------------------|---------------------------------|
| | | | Interest in share capital (%) | Percentage of voting shares (%) |
| 65. | LLC RN-Pozharnaya bezopasnost | 203,461 | 100.00 | |
| 66. | LLC Dubinskoye | 26,015,000 | 100.00 | |
| 67. | JSC RN-Mamontovo | 9,952,145 | 100.00 | 100.00 |
| 68. | LLC RN-Inform | 10 | 100.00 | |
| 69. | LLC RN-Uchet | 10 | 100.00 | |
| 70. | OJSC Purnefteotdacha | 309 | 61.54 | 61.54 |
| 71. | LLC PSC RN-Okhrana | 32,021 | 99.98 | |
| 72. | LLC KNPZ-Service | 30 | 100.00 | |
| Financial institutions | | | | |
| 73. | OJSC RRDB | 2,758,375 | 84.67 | 84.67 |
| 74. | LLC Okhabank | 23,489 | 33.40 | |
| Scientific entities | | | | |
| 75. | LLC Arctic Scientific Center | 300,000 | 66.67 | |
| 76. | LLC RN-SakhalinNIPImorneft | 33,799 | 100.00 | |
| 77. | LLC RN-UfaNIPIneft | 77,010 | 100.00 | |
| 78. | LLC NK Rosneft-NTC | 4,825,480 | 100.00 | |
| 79. | LLC RN-KrasnoyarskNIPIneft | 10 | 100.00 | |
| Logistics and transportation | | | | |
| 80. | LLC Rosneft-Mongolia | 76,134 | 100.00 | |
| 81. | CJSC RN-Trans | 8,902,080 | 100.00 | 100.00 |
| 82. | LLC Vostok Asia Transit | 2,294 | 66 | |
| 83. | CJSC Rosnefteflot | 6,170 | 51.00 | 51.00 |
| 84. | LLC TK-BA | 374,337 | 33.33 | |
| Other entities | | | | |
| 85. | CJSC Sakhalinmorneftegaz-Shelf | 3,750 | 100.00 | 100.00 |
| 86. | LLC YUKOS CIS Investment | 28,787 | 100.00 | |
| 87. | LLC RN-Shelf of Abkhazia | 96 | 100.00 | |
| 88. | OJSC Okhinskaya TETS | 1,288,499 | 81.99 | 81.99 |
| 89. | LLC Val Shatskogo | 264,992 | 85.86 | |
| 90. | LLC Vostok-Energy | 56,100 | 51.00 | |
| 91. | LLC Pursatkom | 1,742 | 49.00 | |
| 92. | CJSC Rosshelf | 248,326 | 26.42 | 26.42 |
| 93. | CJSC Neftyanoe Khozaystvo Publishing House | 4 | 25.00 | 25.00 |
| 94. | CJSC Ros&Neft | 12 | 25.00 | 25.00 |
| 95. | LLC Neftyanik Kubani Health Resort | 3,670,467 | 96.20 | |
| Liquidation and bankruptcy | | | | |
| 96. | LLC Komsomolskneftezavodremstroi | 30 | 100.00 | |
| 97. | LLC RN-Stroy | 192,310 | 100.00 | |
| 98. | CJSC Sakhalinmorneftegaz-AMK | 10 | 100.00 | 100.00 |
| Total: | | 2,183,112,284 | | |

Table 2.1 Key operations related to the acquisition and disposal of long-term financial investments (kRUB)

| List of financial investments | Actual value of a financial investment at the date of acquisition or disposal | Interest, % |
|---|---|-------------|
| Acquired financial investments | 154,302,979 | |
| OJSC RN Holding | 153,302,979 | 15.33 |
| OJSC Sakhalin Energy Company | 1,000,000 | 8.0073 |
| Financial investments disposed of due to their write-off | 3,145 | |
| CJSC Ordalia 2000 | 820 | 100.00 |
| LLC PSC Sluzhby Korporativnoy Bezopasnosti | - | 100.00 |
| LLC FTT Service | 2,325 | 100.00 |

In 2014, changes mainly occurred in the following interests and investments:

- LLC NPC - as a result of acquisition of a 20% interest, financial investments increased by RUB 7,487.7 million and direct ownership interest of Rosneft Oil Company increased from 40% to 60%
- LLC NGK ITERA - increase in actual investments by RUB 63,665 million, increase in ownership interest to 99.999982% due to an increase in the share capital
- LLC NK Rosneft-NTC - increase in actual investments by RUB 4,743.7 million, the interest remained unchanged at 100%;
- LLC RN-Service - increase in actual investments by RUB 2,719 million, increase in ownership interest from 34.86254% to 50.60%
- LLC RN-Aktiv - increase in actual investments by RUB 12,420 million, increase in ownership interest from 99.00% to 99.9996%
- LLC RN-Foreign Projects - increase in actual investments by RUB 5,101 million, the interest remained unchanged at 100%
- PETROVICTORIA S.A. - increase in actual investments by RUB 15,899.8 million, the interest remained unchanged at 40% etc.

Table 22 Information on long-term and short-term loans issued (kRUB)

| Loans issued | Balance at 31 December 2013 | Loans issued | Loans collected | Reclassified due to changes in the maturity period | Balance at 31 December 2014 |
|-------------------------|-----------------------------|--------------|-----------------|--|-----------------------------|
| Total, including | 5 13,708,868 | 983,455,320 | 183,748,199 | - | 1,313,415,989 |
| Long-term loans issued | 262,082,376 | 976,452,684 | 65,545,931 | 75,116,779 | 1,248,105,908 |
| Short-term loans issued | 251,626,492 | 7,002,636 | 118,202,268 | (75,116,779) | 65,310,081 |

13. DERIVATIVE FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Derivatives are financial instruments that simultaneously meet the following criteria:

- The value of a financial instrument is changed in line with the changes in the applied interest rate, security rate, price of goods, foreign currency exchange rate, price or interest rate index, credit rating or credit index or other "basic" variables
- The acquisition of a financial instrument does not require any investments or requires initial net investments but in amounts lower than for other instruments, the price of which has a similar response to market factor changes; and other types of contracts that are expected to have a similar response to market factor changes
- Financial instrument calculations are performed subsequently

Short-term liabilities related to derivative financial instruments include liabilities arising from cross currency and interest rate swaps and forward exchange transactions.

In managing foreign currency and interest rate risks, the Company entered into cross currency and interest rate swaps and forward exchange transactions to sell US dollars that help match the currency of revenue and the currency of liabilities, and reduce absolute interest rates for the debt financing raised.

Cross currency and interest rate swaps and deliverable forwards are recorded in the balance sheet at fair value. The method for determining the fair value of transactions is based on the assessment of the present discounted value of future cash flows using the consensus projections of foreign exchange rates. The consensus projections comprise forecasts of key international banks and agencies. The Bloomberg system is the key source of information for making projections.

The outstanding deals with derivative financial instruments are presented below:

| | Issued, year | Repaid, year | Nominal amount at 31 December 2014 | | Interest rate type | Fair value of a liability at 31 December (kRUB) | |
|--------------|--------------|--------------|------------------------------------|----------------|--------------------|---|------------------|
| | | | USD, million | RUB, million* | | 2014 | 2013 |
| Swaps | 2012 | 2015 | 1,982 | 111,387 | Fixed | 53,710,289 | 3,487,126 |
| Swaps | 2012 | 2017 | 641 | 36,045 | Floating | 9,267,057 | 1,380,912 |
| Swaps | 2013 | 2018 | 2,138 | 120,145 | Floating | 14,072,579 | 819,982 |
| Swaps | 2014 | 2015 | 1,440 | 80,938 | Fixed | 28,861,462 | - |
| Swaps | 2014 | 2019 | 1,010 | 56,742 | Floating | 6,253,949 | - |
| Forwards | 2012 | 2015 | 1,072 | 60,238 | - | 24,786,865 | - |
| Total | | | 8,283 | 465,495 | | 136,952,201 | 5,688,020 |

* equivalent of the nominal amount at the CBR official exchange rate as of 31 December 2014.

In accordance with the schedule of forward exchange transactions entered into in 2012, the Company completed the transactions in the nominal amount of USD 187 million from 2012 to 2014 (RUB 10,542 million at the CBR official exchange rate as of 31 December 2014).

In 2014, the Company concluded a contract with a bank to enter into a cross currency and interest rate swap in the nominal amount of USD 320 million for the period of less than 12 months (RUB 18,003 million at the CBR official exchange rate as of 31 December 2014) at a fixed rate. The contract was completed in 2014.

14. CASH

Cash includes the Company's amounts with banks and credit institutions, in operational and other cash offices, as well as deposits with the maturity period not exceeding 91 days.

For the purposes of the statement of cash flows, cash flows are classified based on the criteria specified in clauses 9 - 11 of Accounting Statement 23/2011.

Cash flows that cannot be reliably classified are recognized as cash flows from operating activities.

Foreign currency cash flows are translated into Russian rubles at the official rate of the foreign currency to Russian ruble set by the Central Bank of the Russian Federation at the date of payment or receipt. The average exchange rate is not applied to translate cash flows. There is no cash unavailable for use by the Company.

Table 23 Information on the Company's cash flows (kRUB)

| Cash | At 31 December 2014 | At 31 December 2013 | At 31 December 2012 |
|---|---------------------|---------------------|---------------------|
| Cash | 127,975,011 | 169,904,499 | 190,433,620 |
| including restricted cash | - | - | 335,466 |
| Deposits with the maturity period not exceeding 91 days | - | 30,000,000 | 42,994,433 |

15. ACCOUNTS RECEIVABLE AND PAYABLE

Accounts receivable and payable are accounted for and recorded in financial statements in accordance with the respective existing agreements. Accounts receivable from suppliers and contractors include advances issued that are recorded in the balance sheet less VAT deductible or deducted at the reporting date in accordance with the Tax Code of the Russian Federation. VAT on advances (deductible but not claimed for deduction at the reporting date) is recorded in the balance sheet within other current assets.

Accounts payable to suppliers and contractors include advances received that are recorded in the balance sheet less VAT on advances received.

Accounts receivable include non-income-bearing financial investments within Rosneft Oil Company Group.

The Company receives no government financing.

The provision for doubtful debts is made on the basis of settlements with other organizations and individuals for products, goods, work and services, advances issued and other accounts receivable, and is recorded in the income statement as other expenses.

Short-term accounts receivable and payable are converted into long-term in cases where payment periods under existing contracts are revised and increased to exceed 365 days.

Long-term accounts receivable and payable are converted into short-term where the term to maturity under existing contracts is 365 days or less.

Similarly, part of long-term accounts receivable and payable are converted into short-term if the debt under existing contracts is repaid by installments in different periods.

Table 24 Information on accounts receivable (kRUB)

| Accounts receivable by type | At 31 December 2014 | At 31 December 2013 | At 31 December 2012 |
|--|----------------------|---------------------|---------------------|
| Accounts receivable - total | 1,847,735,638 | 848,191,801 | 419,415,580 |
| Long-term accounts receivable | 989,058,688 | 92,970,701 | 28,624,691 |
| Advances issued | 411,972 | 2,312,165 | - |
| Other debtors, including | 988,646,716 | 90,658,536 | 28,624,691 |
| Loans issued to the companies within Rosneft Oil Company Group | 849,508,635 | 57,319,554 | 17,706,866 |
| Interest on long-term loans, promissory notes | 127,565,240 | 26,090,172 | 5,984,052 |

| Accounts receivable by type | At 31 December 2014 | At 31 December 2013 | At 31 December 2012 |
|---|---------------------|---------------------|---------------------|
| Short-term accounts receivable | 858,676,950 | 755,221,100 | 390,790,889 |
| Including: | | | |
| Suppliers and contractors | 257,556,527 | 294,634,809 | 148,715,325 |
| Advances issued | 60,548,729 | 29,317,555 | 14,707,732 |
| Other accounts receivable, including | 540,571,694 | 431,268,736 | 227,367,832 |
| Due from the budget and state non-budgetary funds | 96,626,391 | 41,977,131 | 25,118,825 |
| Loans and promissory notes issued to the companies within Rosneft Oil Company Group | 30,973,719 | 7,937,676 | 14,191,636 |
| Settlements under commission agreements, other accounts receivable | 208,894,597 | 76,024,037 | 34,474,144 |
| Interest on deposits, loans, promissory notes | 23,471,675 | 76,029,444 | 96,470,944 |

As of 31 December 2013, the Company's accounts receivable amounted to RUB 848,192 million, including the provision for doubtful debts in the amount of RUB 11,771 million. In 2014, accounts receivable increased by RUB 999,544 million and amounted to RUB 1,847,736 million as of 31 December 2014, including the provision for doubtful debts in the amount of RUB 15,568 million. The accounts receivable increased primarily due to the increase in loans issued to the companies within Rosneft Oil Company Group and interest accrued on loans and deposits.

Table 25 Information on accounts payable (kRUB)

| Accounts payable by type | At 31 December 2014 | At 31 December 2013 | At 31 December 2012 |
|--|----------------------|---------------------|---------------------|
| Accounts payable | 1,197,024,178 | 671,333,226 | 211,561,388 |
| Suppliers and contractors | 613,735,328 | 487,901,829 | 117,932,513 |
| Payables to the Company's employees | 46,597 | 32,421 | 1,014 |
| Payables to the budget and non-budgetary funds | 63,957,612 | 39,881,520 | 39,015,725 |
| Advances received | 147,035,386 | 53,736,812 | 14,943,775 |
| Other accounts payable | 372,249,255 | 89,780,644 | 39,668,361 |

As of 31 December 2013, the Company's accounts payable amounted to RUB 671,333 million. In 2014, accounts payable increased by RUB 525,691 million and amounted to RUB 1,197,024 million as of 31 December 2014. The increase in accounts payable was primary attributable to settlements with the companies within Rosneft Oil Company Group under commission and agency agreements, as well as payments for purchased products and operator services relating to production and processing.

16. LONG-TERM AND SHORT-TERM LOANS AND BORROWINGS, OTHER LIABILITIES AND COLLATERAL PLEDGED

Loans and borrowings payable are accounted for and recorded in financial statements in accordance with the respective existing agreements.

The Company reclassifies short-term payables into long-term payables if the repayment period under the existing agreement is revised and increased to exceed 365 days. The Company reclassifies long-term payables into short-term payables where the outstanding repayment period becomes 365 days or less.

The interest amounts payable under loans and borrowings received are accrued on a straight-line basis regardless of the conditions of loans (borrowings). Additional expenses for loans (borrowings), other than commissions on loans (borrowings) raised, such as bank commissions for using loan funds, originating a loan, obtaining and maintaining a line of credit, and other bank commissions (fees) related to raising loans (borrowings) are recorded as a lump sum in other expenses.

Where commissions on loans (borrowings) are material, they are included in other expenses on a straight-line basis over the loan (borrowing) maturity period.

The commissions on loans (borrowings) that are not written off as of the reporting date are shown on the balance sheet as other non-current assets or other current assets depending on their remaining period of recognition as expenses (more than 12 months or less than 12 months, respectively).

For the purposes of capitalizing interest on loans and borrowings into the cost of acquired assets, such investment assets shall comprise those assets that necessarily take a substantial period of time (over 12 months) to get ready for their intended use through acquisition, construction or production.

Investment assets consist of work-in-progress and construction-in-progress which will subsequently be accounted for by the borrower and/or customer (investor, buyer) as fixed assets (including land), intangible assets, exploration and evaluation costs or other non-current assets.

In March 2014, the Company used funds of a long-term loan raised from a Russian bank in the amount of RUB 12.5 billion bearing a fixed interest rate and maturing in the first quarter of 2017.

In July and August 2014, the Company raised long-term loans from Russian banks for a total amount equivalent to RUB 18.09 billion at the CBR official exchange rate at 31 December 2014. The loans mature in 5 to 10 years and bear a floating interest rate.

In November 2014, Rosneft Oil Company raised a long-term loan of RUB 15.00 billion maturing in the fourth quarter of 2018 and bearing a fixed interest rate.

In the third quarter of 2014, the Company used funds of short-term loans raised from a Russian bank for a total amount of RUB 51.96 billion bearing fixed interest rates.

Loans payable recorded in the financial statements as of the reporting date include the accrued interest.

Borrowing costs included in other expenses amounted to RUB 56 million.

Total interest of RUB 59,101 million was accrued on the Company's loans for the reporting period. Interest payable increased by RUB 18,287 million year on year.

Interest capitalized in the cost of investment assets created (acquired) was RUB 11,717 million.

Table 26 Information on long-term and short-term loans and borrowings (kRUB)

| Loans and borrowings, by type | Balance at 31 December 2013 | Received (accrued) | Repaid (paid) | Reclassified | Balance at 31 December 2014 |
|---|-----------------------------|----------------------|--------------------|----------------------|-----------------------------|
| Long-term loans and borrowings | 1,729,241,793 | 2,561,587,546 | 635,789,197 | (424,227,509) | 3,230,812,633 |
| Including | | | | | |
| Long-term loans | 1,242,060,085 | 833,066,144 | 316,734,136 | (424,816,153) | 1,333,575,940 |
| Long-term borrowings | 346,662,088 | 1,042,360,440 | 316,817,192 | 540,898 | 1,072,746,234 |
| Long-term interest accrued under loan and borrowing agreements | 3,221,847 | 25,592,662 | 2,067,376 | 47,746 | 26,794,879 |
| Long-term promissory notes issued | 6,412,611 | - | 101,366 | - | 6,311,245 |
| Long-term interest accrued on promissory notes | 885,162 | 568,300 | 69,127 | - | 1,384,335 |
| Bonds issued | 130,000,000 | 660,000,000 | - | - | 790,000,000 |
| Short-term loans and borrowings | 622,881,018 | 736,526,050 | 919,245,131 | 424,227,509 | 864,389,446 |
| Including | | | | | |
| Short-term loans | 73,313,408 | 310,211,215 | 331,560,494 | - | 51,964,129 |
| Short-term borrowings | 65,693,244 | 4,344 | 36,389,299 | (540,898) | 28,767,391 |
| Current portion of long-term loans and borrowings | 469,380,757 | 340,406,277 | 471,928,478 | 424,816,153 | 762,674,709 |
| Current portion of long-term interest accrued under loan and borrowing agreements | 1,159,475 | 57,808,567 | 57,218,211 | - | 1,749,831 |
| Short-term interest accrued under loan and borrowing agreements | 12,080,520 | 10,631,136 | 10,144,349 | (47,746) | 12,519,561 |
| Interest accrued on bonds issued (coupon income) | 1,253,614 | 17,464,511 | 12,004,300 | - | 6,713,825 |

In February 2014, the Company issued two series of exchange-traded documentary interest-bearing non-convertible bearer bonds with a total nominal value of RUB 35,000 million maturing in ten years. Coupon payments are made every six months at a fixed rate of 8.90% p.a. for the first ten coupon periods.

In December 2014, the Company issued four series of exchange-traded documentary interest-bearing non-convertible bearer bonds with a total nominal value of RUB 400,000 million maturing in six years, and ten series of exchange-traded documentary interest-bearing non-convertible bearer bonds with a total nominal value of RUB 225,000 million maturing in ten years.

Information on RUB-denominated interest-bearing non-convertible bearer bonds issued as of 31 December is provided below:

| | Series number | Issue date | Total nominal value RUB, million | Coupon rate | At 31 December | |
|--|---|---------------|-------------------------------------|-------------|----------------|----------------|
| | | | | | 2014 | 2013 |
| Bonds | 04,05 | October 2012 | 20,000 | 8.6% | 20,000 | 20,000 |
| Bonds | 07,08 | March 2013 | 30,000 | 8.0% | 30,000 | 30,000 |
| Bonds | 06,09,10 | June 2013 | 40,000 | 7.95% | 40,000 | 40,000 |
| Exchange-traded bonds | BO-05, BO-06 | December 2013 | 40,000 | 7.95% | 40,000 | 40,000 |
| Exchange-traded bonds | BO-01, BO-07 | February 2014 | 35,000 | 8.90% | 35,000 | - |
| Exchange-traded bonds | BO-02, BO-03, BO-04, BO-08, BO-09, BO-10, BO-11, BO-12, BO-13, BO-14, BO-15, BO-16, BO-17, BO-24 | December 2014 | 625,000 | 11.90%* | 625,000 | - |
| Total long-term RUB-denominated bonds | | | | | 790,000 | 130,000 |

*For the first coupon period.

All these bond series have maturity of six or ten years; coupon payments are made every six months for bonds maturing in ten years and every three months for bonds maturing in six years. The bonds offer an early purchase/buyback option exercisable upon demand of their holders at the time determined in the bond issue documents. In addition, the issuer may, at any time and at its own discretion, early purchase/buy back the bonds before maturity upon a specific decision of the company, and may further put these bonds in circulation. Early purchase/buyback of the bonds does not mean their repayment.

On 24 July 2012, the Company issued and sold 40 promissory notes with a nominal value RUB 274 million each and a total amount of RUB 10,976 million, which have consecutive (quarterly) maturity dates over a ten-year period, and bear an interest rate of 9% p.a. These promissory notes were partly paid in 2012 to 2014. As of 31 December 2014, the promissory notes (principal) payable amounted to RUB 6,311 million.

The repayment schedule of long-term promissory notes issued as of 31 December 2014 is as follows: (RUB, million)

| | |
|--|--------------|
| 2015 | - |
| 2016 | - |
| 2017 | 1,098 |
| 2018 | 1,098 |
| 2019 and after | 4,115 |
| Total long-term amount payable: | 6,311 |

The repayment schedule of long-term loans and borrowings, and bonds issued as of 31 December 2014 is as follows: (RUB, million)

| | |
|--|------------------|
| 2015 | 762,675 |
| 2016 | 292,556 |
| 2017 | 304,226 |
| 2018 | 405,385 |
| 2019 and after | 2,194,155 |
| Total long-term amount payable: | 3,958,997 |

Loans are partially secured by crude oil export contracts.

As of 31 December 2014, guarantees and sureties issued by the Company totaled RUB 59,673 million and included collateral provided in foreign currency in the amount of USD 1,241 million and EUR 159 million at the CBR exchange rate ruling at the transaction date. Items pledged as collateral were as follows:

| Items pledged as collateral | Share in the total collateral amount, % |
|--|---|
| Revenue from sales of oil and oil products | 34.06 |
| Sureties | 65.94 |

In 2013, Rosneft Oil Company's 2012 agreements with Eni S.p.A, Statoil ASA and the ExxonMobil Oil Corporation took effect, which are part of the Company's cooperation in the development of the Russian continental shelf. These agreements stipulate that the parties shall provide mutual guarantees that are unlimited, unconditional and indefinite, and that the partners shall pay commercial discovery bonuses to Rosneft Oil Company.

In the second quarter of 2013, Rosneft Oil Company provided an unconditional, unlimited and indefinite guarantee (surety) to the government of Norway and Norwegian government authorities which fully covers the contingent obligations of RN Nordic Oil AS that this company may incur as a result of its operations on the Norwegian continental shelf. Provision by the parent company of a guarantee to cover RN Nordic Oil's obligations arising from environmental risks is an imperative requirement of Norwegian legislation and is a prerequisite for RN Nordic Oil AS to be granted a license for operating on the Norwegian continental shelf jointly with Statoil.

In the second quarter of 2014, Rosneft Oil Company's 2013 agreements with the ExxonMobil Oil Corporation took effect as part of cooperation in the implementation of seven new projects on the Russian continental shelf. These agreements also stipulate that the parties shall provide mutual guarantees that are unlimited, unconditional and indefinite, and that the partner shall pay a commercial discovery bonus to Rosneft Oil Company.

The cooperation between Rosneft Oil Company and the ExxonMobil Oil Corporation to develop tight oil and gas reserves in Western Siberia is governed by an agreement stipulating that the parties shall provide mutual guarantees that are unlimited, unconditional and indefinite and the partner shall pay to Rosneft Oil Company a bonus for each barrel of oil extracted after the start of commercial production.

Table 27 Information on other long-term liabilities (kRUB)

| Other long-term liabilities, by type | Balance at the beginning of the year | Received (accrued) | Repaid (reclassified to short-term debt) | Balance at the end of the period |
|---|---|--------------------|---|-------------------------------------|
| Other long-term liabilities, including: | 470,151,376 | 497,135,640 | 80,508,482 | 886,778,534 |
| Long-term prepayment under crude oil and oil product supply contracts | 470,151,376 | 497,135,640 | 80,508,482 | 886,778,534 |

In 2013 and 2014, the Company signed a number of long-term oil supply contracts that provide for receipt of a prepayment. The total minimum amount of future supplies under these contracts is around 400 million tons.

The contracts include the following main terms:

- Prepayment shall not exceed 30% of the cost of the total contracted amount of crude oil
- The oil price shall be based on current market quotes
- Prepayment is settled through physical deliveries of crude oil

The settlement of prepayment shall start from 2015. The Company considers these contracts to be regular contracts signed for the supply of goods in the ordinary course of business.

17. ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCY

Changes in foreign exchange rates, particularly in US dollar rates, have a significant effect on the Company's financial and business performance.

Table 28 Information on changes in RUB/USD exchange rates

| As of 31 December | Exchange rate |
|-------------------|---------------|
| 2014 | 56.26 |
| 2013 | 32.73 |
| 2012 | 30.37 |

Foreign exchange differences from the Company's operations outside the Russian Federation taken to additional capital in the reporting period included: foreign exchange gains of RUB 9.2 million and foreign exchange losses of RUB 24.5 million.

Foreign exchange differences arising in the reporting period from operations involving assets and liabilities denominated in foreign currency, and from translation of such assets and liabilities as of the reporting date, were taken to the other income and expense account, except for liabilities designated as hedging instruments (refer to Note 19).

Table 29 Foreign exchange differences taken to other income and expenses (kRUB)

| Foreign exchange differences | For 2014 | For 2013 |
|--|---------------|-------------|
| Foreign exchange gains, including: | 1,128,807,135 | 227,356,450 |
| gains from translation of foreign currency denominated assets and liabilities due in foreign currency | 1,115,066,365 | 227,322,743 |
| gains from translation of foreign currency denominated assets and liabilities due in rubles | 13,740,770 | 33,707 |
| Foreign exchange losses, including: | 1,095,887,151 | 305,276,499 |
| losses from translation of foreign currency denominated assets and liabilities due in foreign currency | 1,094,258,172 | 305,148,612 |
| losses from translation of foreign currency denominated assets and liabilities due in rubles | 1,628,979 | 127,887 |

Currency conversion transactions are recorded in the income statement in other income and other expenses on a net basis; only foreign exchange gains or losses are recognized as income (expense).

Table 30 Income and expenses from dealing in foreign currency (kRUB)

| Income and expenses | For 2014 | For 2013 |
|---|-------------|-----------|
| Income | 17,695,842 | 6,413,189 |
| Expenses | 20,933,253 | 6,186,467 |
| Total income and expense balance recorded in the income statement as other income / expense | (3,237,411) | 226,722 |

18. TAX PAYABLES

The Company's tax liabilities are recorded in accounting using the periodicity convention.

The rates of the main taxes paid in 2014 were as follows:

- Income tax – 20%
- Value added tax – 18%

In 2014, the number of participants in the consolidated taxpayer group with Rosneft Oil Company as the responsible participant, which was established for the purposes of income tax calculation and payment, increased year-on-year from 44 to 58 entities.

The mineral extraction tax included in the cost of products, goods, work and services sold amounted to RUB 423,746 million in 2014; RUB 405,136 million in 2013.

In 2014, the accrued export duty amounted to RUB 1,321,783 million; in 2013: RUB 1,101,609 million.

Settlements with the budget and non-budgetary funds are presented in the table below:

Table 31 Settlements with the budget and state non-budgetary funds (kRUB)

| | At 31 December 2014 | At 31 December 2013 | At 31 December 2012 |
|--|---------------------|---------------------|---------------------|
| Receivables from the budget and state non-budgetary funds – total | 96,626,391 | 41,977,131 | 25,118,825 |
| Value added tax (VAT) | 54,462,735 | 33,120,119 | 17,685,760 |
| Income tax | 42,033,002 | 8,727,381 | 6,853,517 |
| Other taxes and levies receivable | 112,449 | 42,979 | 568,422 |
| Receivables from state non-budgetary funds | 18,205 | 86,652 | 11,126 |
| Payables to the budget and state non-budgetary funds – total | 63,957,612 | 39,881,520 | 39,015,725 |
| Mineral extraction tax | 29,100,332 | 35,993,842 | 32,359,258 |
| Income tax | 31,896,657 | 1,586,914 | 5,045,261 |
| Property tax | 2,166,381 | 2,021,339 | 1,519,401 |
| Payables to state non-budgetary funds | 1,279 | 1,071 | 506 |
| Other taxes and levies payable | 792,963 | 278,354 | 91,299 |

Current taxes and levies receivable increased by RUB 54,718 million from 31 December 2013 year on year primarily due to a larger amount of VAT recoverable from the budget for the fourth quarter of 2014 comparing to the same period of 2013, and due to income tax overpayment arising from a exceeding of advance payments over income tax expense as a result of tax loss for 2014. Taxes and levies payable increased by RUB 24,076 million from 31 December 2013 primarily due to income tax accrued in December 2014 on dividends received from a foreign entity.

As of 31 December 2014, 2013 and 2012, the Company did not have overdue tax and levy liabilities.

According to provisions of Chapter 14, Tax Control, of the Russian Tax Code, desk-top and field audits of tax and levy payers and tax agents may cover three calendar years preceding the year in which a decision to hold the tax audit is taken. The Company's management believes that the results of tax audits will not have a material impact on the Company's financial position because tax liabilities are estimated in accordance with requirements of the tax legislation.

19. EQUITY

Share capital

As of 31 December 2014, the Company's share capital amounts to RUB 105,981,778.17 and is divided into 10,598,177,817 ordinary shares with a par value of RUB 0.01 each.

Reserve and additional capital, other funds and reserves

The Company's equity also includes reserve and additional capital. The Company's reserve capital represents reserve capital formed in accordance with constitutional documents and is equal to 5% of the share capital. As of 31 December 2014, the reserve capital is fully formed and amounts to RUB 5,299 million.

As of 31 December 2014, the Company's additional capital amounts to RUB 113,261 million (as of 31 December 2013, additional capital amounted to RUB 113,277 million).

Cash flow hedging of the Company's future exports

The Company is exposed to foreign currency risk on U.S. dollar nominated export revenue. The Company attracted borrowings for its investing activities in the same currency as the forecasted revenue stream to economically hedge the foreign currency risk exposure.

Since the accounting and reporting law of the Russian Federation does not provide for recognition of hedging transactions (i.e. measures aimed at foreign currency risk management) pursuant to paragraph 7 of Accounting Statement 1/2008, Accounting Policies of an Organization, the Company applied IAS 39, Financial Instruments: Recognition and Measurement. In accordance with this standard, provided that the criteria for recognizing accounting hedge is met, the effective portion of the gain or loss on the hedging instrument is recognized in other comprehensive income (in line Result of other operations not included in net income (loss) for the period of the income statement, and in other funds and reserves (III. Equity and Reserves), while the ineffective portion is recognized immediately in other expenses in the income statement.

Thus, on 1 October 2014, pursuant to IAS 39, Financial Instruments: Recognition and Measurement, the Company designated certain U.S. dollar nominated borrowings as a hedge of the expected highly probable U.S. dollar nominated export revenue stream. The revaluation of the hedging instrument recognized in other funds and reserves are reclassified to the income statement, when the hedged transaction (revenue denominated in foreign currency) affects the financial result, i.e. when a forecast sale occurs.

On 1 October 2014, a portion of the future monthly export revenue expected to be received in US dollars over the period from January 2015 through December 2019 was designated as hedged item. The Company's borrowings denominated in US dollars are designated as hedging instruments. The nominal amounts of the hedged item and the hedging instrument are equal. As of 31 December 2014, the nominal amount totals USD 29,490 million (RUB 1,659 billion at the CBR exchange rate as of 31 December 2014). To the extent that a change in the foreign currency rate impacts the hedging instrument, the effects shall be recorded in other funds and reserves and are recognized in profit or loss of the period, in which the hedged transactions are recognized.

The amounts recognized in other funds and reserves on hedging transactions are presented below:

Table 32 Amounts recognized in other funds and reserves on hedging transactions (kRUB)

| | For the 2014 reporting year | For the 2013 reporting year |
|--|-----------------------------|-----------------------------|
| Foreign exchange difference on cash flow hedges before tax | (497,637,852) | - |
| Reclassified to profit or loss | - | - |
| Tax effect * | 99,527,570 | - |
| Total recognized in other funds and reserves | (398,110,282) | - |

* The difference between the accounting profit (loss) and the taxable profit (loss) resulted from recognitions of hedging transactions. Other tax effect is recognized in line 2466 of the income statement.

A schedule of the expected reclassification of the accumulated loss from the remeasurement of hedging instruments recognized in other comprehensive income or loss to profit or loss as of 31 December 2014 is as follows: (RUB mln)

| | 2015 | 2016 | 2017 | 2018 | 2019 | Total |
|-------------------|------------|------------|------------|------------|------------|-----------|
| Reclassifications | (99,527.6) | (99,527.6) | (99,527.6) | (99,527.6) | (99,527.6) | (497,638) |
| Income tax | 19,905.6 | 19,905.6 | 19,905.6 | 19,905.6 | 19,905.6 | 99,528 |

The expected reclassification is calculated using the CBR exchange rate as of 31 December 2014 and may be different when actual exchange rates are used in the future.

Treasury shares

In 2014, the Company did not repurchase its shares.

Net assets

As of 31 December 2014, the Company's net assets amount to RUB 1,355,395 million. The net assets decreased by RUB 33,028 million or 2% as compared to the prior balance sheet date (RUB 1,388,423 million). As of 31 December 2014, the Company's net assets exceed its share capital by RUB 1,355,289 million.

20. INCOME AND EXPENSES, RETAINED EARNINGS

Revenue from sales of goods, work and services is recognized as and when the goods are shipped, work is performed and services are rendered, and settlement documents are presented to customers (clients).

To ensure the timely provision of primary documents to the accounting department, if necessary, the Company uses the accrual methodology in accordance with Accounting Statement 9/99, Revenues of an Organization, provided that the criteria for revenue recognition are met. In this case, revenue is recognized based on updates provided by Company's business units.

The Company applies a method that involves calculating the incomplete cost of goods (direct costing), and therefore administrative expenses are expensed in the period of sale, i.e. are fully recognized in the reporting period without allocating them to balances of work in progress and finished goods.

Selling expenses are allocated between sold goods and goods that were shipped but not sold, including finished goods at the warehouse.

The Company's total advertising expenses (not broken down by type of good) are recognized in selling expenses.

The use of profit is recognized in accounting records and financial statements in the year following the reporting years pursuant to the decision of the shareholders' meeting. A portion of the profit, which was not paid as dividends pursuant to the decision of the shareholders, is recognized in the financial statements in retained earnings. If this profit is used for capital investments, the total balance of the retained earnings is not decreased.

As of 31 December 2014, retained earnings of prior years amount to RUB 1,138,801 million. As of 31 December 2013, this amount was RUB 1,274,971 million. Changes in the profit of prior years resulted mainly from accrued dividends in the amount of RUB 136,187 million.

The following income and expenses affected the retained earnings for the reporting year:

Table 33 Company's income and expenses (kRUB)

| | For the 2014 reporting year | For the 2013 reporting year |
|--|-----------------------------|-----------------------------|
| Revenue (net) from the sale of goods, work, services (net of value-added tax), including | 4,299,680,200 | 3,544,443,140 |
| Sales of principal goods/products | 3,441,078,265 | 2,862,999,133 |
| Trading and procurement | 852,186,984 | 679,186,708 |
| Intermediation | 6,414,951 | 2,257,299 |
| Cost of the goods, products, work and services sold, including | (2,451,243,380) | (1,970,725,706) |
| Principal activities | (1,947,017,090) | (1,606,324,369) |
| Trading and procurement | (504,226,290) | (364,401,337) |
| Gross income | 1,848,436,820 | 1,573,717,434 |

| | For the 2014 reporting year | For the 2013 reporting year |
|---|-----------------------------|-----------------------------|
| Selling expenses | (1,610,827,753) | (1,307,050,333) |
| Administrative expenses | (66,620,484) | (48,120,979) |
| Oil and gas exploration and evaluation expenses | (15,543,533) | (19,689,828) |
| Profit (loss) from the sale of goods, work, and services | 155,445,050 | 198,856,294 |
| Profit (loss) from other income and expenses, including: | 350,488,131 | (44,076,648) |
| Interest receivable | 66,169,534 | 57,949,838 |
| Interest payable | (130,954,202) | (67,752,187) |
| Income from interests in other entities* | 507,777,727 | 73,321,614 |
| Gains from changes in the fair value of derivative financial instruments | 1,727 | 408,521 |
| Losses from changes in the fair value of derivative financial instruments | (127,866,895) | (9,486,741) |
| Gains from the sale and other disposal of other property, including: | 56,551,513 | 76,577,657 |
| Gains from the sale of short-term securities | 56,063,110 | 65,008,345 |
| Losses from the sale and other disposal of other property, including: | (60,442,852) | (84,043,732) |
| Cost of disposed short-term securities | (55,386,838) | (65,221,936) |
| Other income, including: | 1,202,024,361 | 287,293,195 |
| Translation differences | 1,128,807,135 | 227,356,450 |
| Return of excise tax | 41,386,079 | 21,404,252 |
| Other expenses, including: | (1,162,772,782) | (378,344,813) |
| Translation differences | (1,095,887,151) | (305,276,499) |

*Dividends received from a non-resident of the Russian Federation are recognized in the income from interests in other entities in the 2014 income statement on a net basis, net of the relevant income tax payable to the budget of the Russian Federation. The income tax amounted to kRUB 32,185,566.

Table 34 Allocation of the Company's expenses recognized in the income statement by type (kRUB)

| | For the 2014 reporting year | For the 2013 reporting year |
|---|-----------------------------|-----------------------------|
| Material costs | 3,520,824,697 | 2,790,700,412 |
| Payroll | 15,113,857 | 11,427,350 |
| Social charges | 3,503,771 | 2,887,926 |
| Depreciation and amortization | 100,025,990 | 78,636,374 |
| Oil and gas exploration and evaluation expenses | 15,543,533 | 19,689,828 |
| Other expenses, including: MET | 489,223,302 | 442,244,956 |
| Total | 4,144,235,150 | 3,345,586,846 |

21. DEFERRED TAX ASSETS AND LIABILITIES, PERMANENT TAX ASSETS AND LIABILITIES

Permanent and temporary differences between the accounting profit and the taxable profit for the reporting period are recognized in the accounting records. Temporary and permanent differences, which are calculated by comparing financial and tax accounting data on income and expenses, result in permanent tax liabilities and assets and deferred tax liabilities and assets.

Current income tax is determined in the accounting based on the following:

- Contingent income (expense)
- Permanent tax asset
- Permanent tax liability
- Deferred tax asset
- Deferred tax liability

The Company calculates income tax expenses and balances on a monthly basis.

The Company recognizes deferred tax assets and deferred income tax liabilities on a gross basis as non-current assets and non-current liabilities, respectively.

Provision for doubtful debt recognized in the accounting records is a source of temporary difference.

Changes in deferred taxes for the reporting period, including deferred taxes that were accrued or written off due to amended tax returns, are recognized in full in line 2430, Changes in deferred tax liabilities, and line 2450, Changes in deferred tax assets.

The net amount of permanent tax assets (liabilities) is provided in the income statement for reference only.

A 20% income tax rate is used to calculate deferred and permanent tax assets and liabilities.

Table 35 Deferred and permanent tax assets and liabilities (kRUB)

| Description | Balance at the beginning of the year | Accrued for the reporting year | Paid for the reporting year | Balance at the end of the year |
|--|--------------------------------------|--------------------------------|-----------------------------|--------------------------------|
| Deferred tax asset | 16,025,030 | 67,126,521 | 9,523,103 | 73,628,448 |
| Including deferred tax asset arisen due to amended tax returns | X | 757,334 | 1,888,909 | X |
| Deferred tax liability | 43,735,992 | 30,689,564 | 15,427,737 | 58,997,819 |
| Including deferred tax liability arisen due to amended tax returns | X | 6,569,617 | 1,455,618 | X |
| Permanent tax asset | X | 245,828,189 | X | X |
| Permanent tax liability | X | 59,583,273 | X | X |

In 2014, contingent income tax expense amounted to RUB 101,187 million, and in 2013 to RUB 30,956 million. The permanent and temporary differences that led to the adjustment of the contingent income tax expense are presented in the table below.

Table 36 Permanent and temporary differences that led to the adjustment of the contingent income tax expense (kRUB)

| Description | Balance at the beginning of the year | Accrued for the reporting year | Paid for the reporting year | Balance at the end of the year |
|--|--------------------------------------|--------------------------------|-----------------------------|--------------------------------|
| Deductible temporary differences | 80,125,150 | 335,632,605 | 47,615,515 | 368,142,240 |
| Including deductible temporary differences arisen due to amended tax returns | X | 3,786,670 | 9,444,545 | X |

| Description | Balance at the beginning of the year | Accrued for the reporting year | Paid for the reporting year | Balance at the end of the year |
|---|--------------------------------------|--------------------------------|-----------------------------|--------------------------------|
| Taxable temporary differences | 218,679,960 | 153,447,820 | 77,138,685 | 294,989,095 |
| Including taxable temporary differences arisen due to amended tax returns | X | 32,848,085 | 7,278,090 | X |
| Positive permanent differences | X | 1,229,140,945 | X | X |
| Negative permanent differences | X | 297,916,365 | X | X |

22. DIVIDENDS

Number of shares and their par value

According to constitutional documents, share capital represents the Company's capital. The holders of ordinary shares are entitled to one vote per share at shareholders' meetings. The Company placed 10,598,177,817 ordinary shares with a par value of RUB 0.01 each for the total amount of RUB 105,981,778.17.

Amount of dividends

In 2014, the Company's net income amounted to RUB 501,324 million, and net earnings per share amounted to RUB 47.30.

In the first half of 2015, the Board of Directors will provide recommendations on the amount of dividends on the Company's shares for 2014.

Based on the Company's result for 2013, the annual shareholders' meeting that took place on 27 June 2014 (meeting minutes w/o number of 2 July 2014) decided that dividends should be paid on Rosneft Oil Company's ordinary shares in the amount of RUB 136,187 million or RUB 12.85 per share. As of 31 December 2014, the Company paid dividends in the amount of RUB 136,064 million. Dividends were paid to all of Rosneft Oil Company's registered shareholders except for (1) shareholders who did not promptly notify the issuer's registrar of changes in relevant data, and (2) returns to the Company from nominal holders made in accordance with Article 42 of the Federal Law, On Joint-Stock Companies.

23. EVENTS AFTER THE REPORTING DATE

In January-February 2015, the Company raised short-term loans with a floating rate in the total amount of RUB 100 billion from a Russian bank.

In January 2015, the Company placed RUB-denominated bonds in the total nominal amount of RUB 400 billion, maturing in 6 years, with a fixed coupon rate of 11.90% for the first four coupon periods and coupon payments once in three months.

In February 2015, the Company repaid, early and in full, a long-term loan raised from foreign banks for the purchase of TNK-BP in the total amount of USD 7.13 billion (RUB 467 billion at the CBR exchange rate as of the date of payment).

24. CONTINGENCIES. PROVISIONS

Contingent assets and contingent liabilities

1. In 2006, Yukos Capital S.a.r.l. (hereinafter, "Yukos Capital"), a former subsidiary of the Yukos Oil Company, initiated proceedings in the International Commercial Arbitration Court (hereinafter, "ICAC") at the Russian Federation's Chamber of Commerce and Industry against OJSC Yuganskneftegaz, justifying its claims regarding OJSC Yuganskneftegaz's non-fulfilled obligations under several RUB-denominated loans. As a result, four arbitration awards were issued in favor of Yukos Capital in relation to these loans in the total amount of RUB 12.9 billion. In 2007, the Company successfully challenged the ICAC awards and the ICAC awards were set aside by the Russian courts, including the Supreme Arbitration Court of the Russian Federation.

As a result of the proceedings that took place in 2007-13, the Russian arbitration courts declared the abovementioned loan agreements void between Yukos Capital and OJSC Yuganskneftegaz.

On 25 June 2010, the Supreme Court of the Netherlands declared the Company's appeal of the decision of the Amsterdam Court of Appeals inadmissible, enforcing the ICAC awards in the Netherlands (the court of the first instance declined the enforcement) regardless of the fact that they were set aside by a competent court. Although the Company does not agree with the decisions of the aforementioned Dutch courts, on 11 August 2010 it complied with those decisions and arranged for the relevant payments to be made with respect to the claim against the Company.

Currently, the English courts are examining a claim filed by Yukos Capital against Rosneft Oil Company being a successor of OJSC Yuganskneftegaz, where Yukos Capital requires the payment of interest under the canceled arbitration awards in an amount approximating RUB 4.6 billion as of the date the claim was filed. Rosneft Oil Company intends to defend its position vigorously.

2. Yukos International (UK) B.V. has initiated proceedings in the Amsterdam District Court against Rosneft Oil Company and other co-defendants unrelated to Rosneft Oil Company, claiming losses of up to USD 333 million (RUB 18.7 billion at the CBR exchange rate as of 31 December 2014), plus statutory interest from 7 February 2011 and costs. Under these proceedings, Yukos International (UK) B.V. claimed losses that were said to be incurred as a result of the 2008 order of the Amsterdam court to freeze its bank account, which limited its ability to invest certain funds at its own discretion. Rosneft Oil Company appealed the claim, providing various grounds that included the fact that the court issued the order properly, and that Yukos International (UK) B.V. incurred no losses since it placed its funds in a selected interest-bearing account.

In January 2014, hearings on the merits of the claim took place. On 11 February 2015, the Amsterdam District Court stated that the order to freeze the bank account of Yukos International (UK) B.V. had not been properly issued. However, the court dismissed the plaintiff's claim to assess the losses based on a theoretical investment in gold, or, alternatively, on statutory interest. Yukos International (UK) B.V. should initiate separate proceedings, under which the Dutch court will consider the proper assessment of losses, if necessary, and the liability of Yukos International (UK) B.V., if any, for losses that are said to be incurred.

3. Rosneft Oil Company and its subsidiary participate in arbitral proceedings related to the bankruptcy of OJSC Sakhaneftegaz and OJSC Lenaneftegaz for the recovery of certain loans and guarantees of indemnity in the amount of RUB 1.3 billion. The accounts receivable stated above was reserved in full.

4. During 2009-12, the Federal Antimonopoly Service (hereinafter, "FAS of Russia") and its regional bodies claimed that Rosneft Oil Company and some of its subsidiaries (associates) violated certain antimonopoly regulations regarding oil products trading and passed the respective decisions on administrative liability. As of 31 December 2014, the total amount of administrative fines imposed by the FAS of Russia and its regional bodies on Rosneft Oil Company and its subsidiaries is insignificant.

5. In 2013, several individuals that are non-controlling shareholders of OJSC RN Holding filed a number of lawsuits against Rosneft Oil Company, with OJSC RN Holding being the third party, claiming that Rosneft Oil Company was liable for sending a public offer to the holders of other OJSC RN Holding's shares of relevant types, and to the holders of securities convertible to such shares on purchasing such securities in accordance with the procedure established by Russian law. On 25 October 2013, the Moscow Arbitration Court dismissed the shareholders' claims. These decisions remain in force based on the rulings of the court of appeal dated 15 January 2014 and 20 January 2014. One of the shareholders filed a cassation appeal against the court orders in one of the cases. Based on the ruling of the Federal Arbitration Court of the Moscow District of 8 May 2014, the orders of the first and appeal instance courts were upheld. By decision of the Supreme Court of 11 September 2014, the plaintiff (one of the shareholders) was denied the ability to transfer the claim to the Judicial Board for Economic Disputes of the Supreme Court of the Russian Federation.

6. In October-November 2014, former shareholders of OJSC RN Holding filed claims against Rosneft Oil Company for losses incurred as a result of an incorrect (in the plaintiffs' view) valuation of shares under a compulsory buyout. The cases are pending in the first instance court.

7. Since September 2013, Rosprirodnadzor has been performing planned field inspections in order to assess the Company's compliance with laws on exploration, the rational use and protection of subsurface resources, and other laws and regulations on environmental and resource protection. A report was issued based on the results of the inspection that took place in December 2013.

The administrative procedures on the results of the inspection were completed in the second quarter of 2014. Decisions were made to hold Rosneft Oil Company administratively liable in the form of fines. The total amount of the fines has no significant impact on the performance or financial position of the Company.

The exact amounts and timeframes for probable cash flows under the above proceedings cannot be measured reliably.

In addition, Rosneft Oil Company is involved in other litigations which arise from time to time in the course of its business activities. Management believes that the ultimate result of those litigations will not materially affect the performance or financial position of the Company.

8. Customs duties, which are recognized in selling expenses, are calculated in the course of preparing the financial statements based on the volume of goods sold, customs duty rate and USD exchange rate as of the date the final customs declaration is drafted. A portion of selling expenses is recognized based on temporary customs declarations.

The deviation in customs duties on the goods sold in the reporting year and accrued on temporary customs declarations from the customs duties accrued on the final customs declaration, if the latter is issued after the reporting date, is recognized in other income.

As of the date these financial statements were prepared, this future adjustment cannot be measured reliably, but this amount may be significant later.

9. Effective 1 January 2012, the market price defining rules for tax control purposes were changed, and the lists of entities that could be recognized as interdependent entities and lists of controlled transactions were expanded. Due to the absence of law enforcement precedents based on the new rules, as well as the existence of contradictions in certain provisions of the new law, these rules cannot be considered clear and precise. To minimize the significant impact of risks related to transactions between interdependent entities on the Company's financial statements, the Company developed pricing methods for all types of controlled transactions between interdependent entities, as well as a standard for preparing the reporting documentation. Also, databases are analyzed annually to determine the arm's length nature of prices (margins) in the controlled transactions.

The period allotted to the Russian Federal Tax Service to check the accuracy of tax calculation and payments for transactions between the interdependent entities in 2012 expired on 30 June 2014. Due to the fact that the Company has previously provided sufficient comments on the transactions between the interdependent entities to the Russian Federal Tax Service, the Company believes that the risks relating to pricing under intragroup transactions in 2012 are not significant for its financial position and performance.

During the reporting period, the tax authorities continued to check the Company's operations in 2010-13. The Company is challenging a number of claims in Russian courts. Management believes that the results of the audits will have no significant impact on the Company's financial position or performance.

Provisions

A provision is an obligation of the Company with an indefinite amount and/or time of settlement. A provision may arise:

- From laws and other regulations, court rulings or agreements
- As a result of the Company's activities which indicate, based on the existing practices or statements of the Company, that the Company undertakes certain obligations and, consequently, is reasonably expected to settle these obligations

A provision is recognized when the following criteria are met:

- The Company has an obligation resulting from its past business operations that cannot be avoided.
- It is likely that settling the provision will result in an outflow of the Company's economic benefits (the likelihood is > 50%).
- The amount of the provision can be reliably estimated.

Pursuant to Accounting Statement 8/2010, Provisions, Contingent Liabilities and Contingent Assets the Company has environmental provisions.

An environmental provision arises from the environmental impact resulting from the Company's operations.

The amount of the environmental provision is determined based on the estimated expenditures (planned expenditures) of the Company that are expected to be incurred for settling the provision during restoration of the impacted lands and water bodies as of the reporting date. The estimation is performed based on the Company's internal (management) reports that form the system of environmental information.

Information about the Company's provisions is presented in the table below.

Table 37 Provisions (kRUB)

| Description | Provision | Period | Balance at the beginning of the period | Arisen (accrued) for the reporting period | Provision debited to expenses or accounts payable | Provision written off as excessive or not meeting the recognition criteria | Increase (+) / decrease (-) of a provision, when expenses/income (reversal of expenses) is recognized upon the recognition of provisions | Balance at the end of the period |
|---|---|--------|--|---|---|--|--|----------------------------------|
| PROVISIONS FORMED FROM THE EXPENSE ACCOUNTS - TOTAL, INCLUDING BY TYPES: | | | | | | | | |
| Total: | | 2014 | 18,043,203 | 16,698,136 | 10,079,168 | 274 | (2,362,809) | 22,299,088 |
| | | 2013 | 15,854,946 | 9,266,405 | 7,078,148 | - | - | 18,043,203 |
| Provision for annual year-end bonuses | Planned amount of annual year-end bonuses to employees, with insurance contributions at the effective interest rate | 2014 | 9,038,246 | 11,617,589 | 7,665,189 | - | - | 12,990,646 |
| | | 2013 | 5,486,675 | 7,931,858 | 4,380,287 | - | - | 9,038,246 |
| Provision for future vacation payments | The Company's obligation for vacation payments based on the number of unused vacation days, with insurance contributions at the effective interest rate | 2014 | 1,208,250 | 2,306,964 | 1,818,559 | - | - | 1,696,655 |
| | | 2013 | 672,592 | 1,538,702 | 1,003,044 | - | - | 1,208,250 |
| Environmental provisions | Formed on all environmental obligations. The estimation is made by place of occurrence. Recognized at present value | 2014 | 7,796,707 | 2,739,640 | 594,950 | - | (2,362,809) | 7,578,588 |
| | | 2013 | 9,695,679 | (204,155) | 1,694,817 | - | - | 7,796,707 |
| Provisions for legal claims | Provisions are recognized separately for each legal claim | 2014 | - | 33,943 | 470 | 274 | - | 33,199 |
| | | 2013 | - | - | - | - | - | - |
| PROVISIONS FORMED FROM THE INCREASED COST OF ASSETS: | | | | | | | | |
| Total: | | 2014 | 35,019,538 | 2,654,103 | 2,271,534 | - | (783,049) | 34,619,058 |
| | | 2013 | 39,761,506 | 11,212,044 | 808,868 | - | (15,145,144) | 35,019,538 |
| Provision for fixed asset liquidation | Formed on all immovable oil and gas assets. The estimation is made by field. Recognized at present value | 2014 | 34,822,844 | 1,337,929 | 615,653 | - | (3,206,547) | 32,338,573 |
| | | 2013 | 39,588,770 | 11,188,086 | 808,868 | - | (15,145,144) | 34,822,844 |
| Environmental provisions | Obligations to be included in the value of assets (08*) | 2014 | 196,694 | 1,316,174 | 1,655,881 | - | 2,423,498 | 2,280,485 |
| | | 2013 | 172,736 | 23,958 | - | - | - | 196,694 |

The provision for fixed asset liquidation presented in the column Arisen (accrued) for the reporting period in Table 37 includes the provision and expenses on discount amortization (interest) recognized as a result of the passage of time. The increase in the provision for the reporting period (interest) as a result of approaching the provision's settlement date should be recognized as expenses for the reporting period in the accounting records and financial statements. The effects from changes in the provision for liquidation in the rate and the discount period are presented in the column Increase (+)/decrease (-) of a provision, when expenses/income (reversal of expenses) is recognized upon recognition of provisions in Table 37.

The environmental provision presented in the column Increase (+)/decrease (-) of a provision, when expenses/income (reversal of expenses) is recognized upon recognition of provisions in Table 37 includes effects from the revised estimations of value and the extent to which an obligation is settled, reclassification between obligations formed from expenses on regular activities, and increased asset value.

25. RELATED PARTY TRANSACTIONS

In the normal course of its business, Rosneft Oil Company enters into transactions with entities which are related parties in accordance with Russian law.

The list of related parties was developed based on the relationships between the entities, taking into account substance over form.

Rosneft Oil Company's related parties also include entities that are not affiliates according to Russian law, but meet the definition of an affiliate in accordance with IFRS 24, Related Parties Disclosures.

The total amounts of transactions and balances with related parties are disclosed separately for the following groups of related parties that have different relationships with Rosneft Oil Company:

- Subsidiaries (entities consolidated by Rosneft Oil Company as subsidiaries)
- Associates (entities consolidated by Rosneft Oil Company as associates)
- Main owners (shareholders holding more than 20% of the voting shares)
- State-controlled entities
- Joint venture participants
- Other related parties

The Cash flows section of the Table is broken down in the event of significant cash flows (more than 15% of any item of the cash flow statement).

Subsidiaries

This section discloses information concerning transactions with those subsidiaries in which Rosneft Oil Company holds, directly or through other entities, more than 50% of the ordinary voting shares, or which are controlled by other means.

Table 38 Transactions with subsidiaries (kRUB)

| Transactions | For the 2014 reporting year | For the 2013 reporting year |
|--|-----------------------------|-----------------------------|
| SALES REVENUE AND OTHER INCOME | | |
| Oil and gas sales | 209,771,255 | 317,487,576 |
| Petroleum products and petrochemicals sales | 657,683,133 | 737,455,102 |
| Income from leasing out property | 110,638,224 | 102,811,702 |
| Other income | 56,747,609 | 73,871,257 |
| | 1,034,840,221 | 1,231,625,637 |
| COSTS AND EXPENSES | | |
| Oil and gas purchases | 1,079,308,033 | 811,806,402 |
| Petroleum products and petrochemicals purchases | 17,287,869 | 6,653,225 |
| Logistics and transportation | 147,463,906 | 106,511,625 |
| Oil and gas production services | 245,746,598 | 217,297,226 |
| Cost of processing | 179,315,321 | 138,124,670 |
| Leases of assets | 526,189 | 449,501 |
| Other expenses | 57,088,244 | 56,023,605 |
| | 1,726,736,160 | 1,336,866,254 |
| OTHER TRANSACTIONS | | |
| Purchase of fixed assets | 82,489 | - |
| Loans and borrowings issued | 1,314,361,820 | 301,746,123 |
| Repayment of loans and borrowings issued | 45,317,776 | 445,068,109 |
| Proceeds from short-term loans and borrowings | 136,096 | 17,276,580 |
| Repayment of short-term loans and borrowings | 35,430,238 | 47,561,398 |
| Proceeds from long-term loans and borrowings | 877,334,836 | 392,693,617 |
| Repayment of long-term loans and borrowings | 276,347,700 | 174,394,923 |
| Deposits placed | 99,000,000 | - |
| Deposits repaid | 99,000,000 | - |
| Interest receivable | 34,756,678 | 40,173,676 |
| Interest payable | 26,080,894 | 912,374 |
| Dividends received | 506,838,686 | 72,611,593 |
| CASH FLOWS | | |
| Cash flows from operating activities | | |
| Proceeds from: | | |
| Sale of products, goods, work and services | 885,382,293 | 869,019,228 |
| Lease payments, license payments, royalties, commissions and other similar payments | 112,475,024 | 88,000,587 |
| Other proceeds | 362,636,233 | 213,444,495 |
| Payments to/for: | | |
| Suppliers (contractors) for feedstock, materials, work and services | (1,643,801,110) | (1,132,876,487) |
| Exploration costs | (8,537,014) | (11,240,758) |
| Cash flows from investing activities | | |
| Proceeds from | | |
| Sale of non-current assets (other than financial investments) | 6,416 | 8,500,894 |
| Repayment of loans, receivables from other parties, etc. | 45,445,580 | 445,096,368 |
| Dividends, interest on debt financial instruments and similar proceeds from equity participation in other entities | 491,073,062 | 72,416,307 |
| Payments | | |
| For the purchase, creation, upgrading, reconstruction and preparation for use of non-current assets | (163,075,688) | (212,531,432) |
| For the purchase of shares (interests) in other entities | (29,178,991) | (59,470,776) |
| Provision of loans to other parties | (1,314,361,820) | (301,746,123) |
| Exploration assets | (6,678,790) | (6,416,846) |
| Other payments | (40,243,108) | (55,033,674) |
| Cash flows from financing activities | | |
| Proceeds from | | |
| Loans and borrowings received | 877,470,932 | 409,970,197 |
| Payments | | |
| For the repayment of loans and borrowings, repayment (redemption) of promissory notes, etc. | (311,879,301) | (224,443,196) |

Table 39 Assets and liabilities under transactions with subsidiaries (kRUB)

| Assets and liabilities | Balance as of 31 December 2014 | Balance as of 31 December 2013 |
|---|--------------------------------|--------------------------------|
| ASSETS | | |
| Cash and cash equivalents | 79,298,306 | 22,810,148 |
| Accounts receivable, including | 1,370,897,950 | 443,670,888 |
| Long-term accounts receivable | 97,100,410 | 24,781,657 |
| Advances paid for capital construction and equipment for installation | 49,612,690 | 52,052,057 |

| Assets and liabilities | Balance as of 31 December 2014 | Balance as of 31 December 2013 |
|--|-----------------------------------|-----------------------------------|
| Short-term advances paid | 4,889,421 | 1,779,434 |
| Provision for doubtful debts as of the end of the reporting period | 12,231,758 | 8,914,436 |
| Short-term and long-term investments | 3,366,290,550 | 2,530,428,620 |
| including long-term | 3,302,281,730 | 2,297,449,410 |
| | 4,816,486,806 | 2,996,909,656 |
| LIABILITIES | | |
| Short-term accounts payable | 910,301,800 | 566,748,616 |
| Short-term and long-term loans and borrowings (including interest) | 877,490,778 | 299,433,908 |
| including long-term | 842,704,178 | 228,415,037 |
| | 1,787,792,578 | 866,182,524 |

Associates

This section discloses information concerning transactions with those associations in which Rosneft Oil Company holds, directly or through other entities, more than 20% but less than 50% of the ordinary voting shares (or no control is provided for other reasons), and which Rosneft Oil Company holds significant influence over.

Table 40 Transactions with associates (kRUB)

| Transactions | For the 2014 reporting year | For the 2013 reporting year |
|---|--------------------------------|--------------------------------|
| SALES REVENUE AND OTHER INCOME | | |
| Oil and gas sales | 3,117,967 | 2,673,111 |
| Petroleum products and petrochemicals sales | 8,665,037 | 10,961 |
| Income from leasing out property | 83,625 | 710 |
| Other income | 3,700,836 | 555,046 |
| | 15,567,465 | 3,239,828 |
| COSTS AND EXPENSES | | |
| Oil and gas purchases | 83,405,119 | 53,741,238 |
| Logistics and transportation | 9,583,886 | 8,617,238 |
| Leases of assets | 208,926 | 101,324 |
| Processing costs | 11,929,979 | 5,052,757 |
| Other expenses | 96,082 | 154,945 |
| | 105,223,992 | 67,667,502 |
| OTHER TRANSACTIONS | | |
| Purchase of fixed assets | 5,355 | - |
| Loans and borrowings issued | 167,771,170 | 2,032,665 |
| Repayment of loans and borrowings issued | 33,000 | 69,385 |
| Proceeds from short-term loans and borrowings | 1,050 | - |
| Repayment of short-term loans and borrowings | 970 | - |
| Proceeds from long-term loans and borrowings | 32,141,934 | 4,571,469 |
| Repayment of long-term loans and borrowings | 139,942 | 2,660 |
| Interest receivable | 3,574,793 | 696,699 |
| Interest payable | 1,503,097 | 9 |
| Dividends received | 937,758 | 596,258 |

Table 41 Assets and liabilities under transactions with associates (kRUB)

| Assets and liabilities | Balance at 31 December 2014 | Balance at 31 December 2013 |
|---|--------------------------------|--------------------------------|
| ASSETS | | |
| Accounts receivable, including | 16,590,722 | 5,742,117 |
| Long-term accounts receivable | 5,858,067 | 3,187,711 |
| Advances paid for capital construction and equipment for installation | 4,954 | - |
| Short-term advances paid | 915,954 | 1,347,784 |
| Provision for doubtful debts as of the end of the reporting period | 774,368 | 778,525 |
| Short-term and long-term investments | 280,656,489 | 24,032,915 |
| including long-term | 279,267,446 | 21,722,722 |
| | 297,247,211 | 29,775,032 |
| LIABILITIES | | |
| Short-term accounts payable | 27,015,754 | 3,627,032 |
| Short-term and long-term loans and borrowings (including interest) | 71,650,159 | 4,580,451 |
| including long-term | 71,650,159 | 4,579,409 |
| | 98,665,913 | 8,207,483 |

Information on compensation paid to key management personnel

For information disclosure purposes, key management personnel includes the President of the Company, Vice Presidents, members of the Board of Directors, members of the Management Board, members of the Audit Commission, heads of independent structural units (departments and divisions) as well as other officials that possess the respective powers.

In 2014, short-term compensation to key management personnel, including salary, bonuses and severance pay, amounted to kRUB 6,971,493. This amount includes individual income tax and contributions to non-budgetary funds.

The Company also maintains medical insurance coverage for key management personnel. In 2014, voluntary medical insurance payments amounted to kRUB 58,140.

Principal owners

In 2013 and 2014, the amount of dividends paid to the majority shareholder was RUB 59,295 million (for 2012) and RUB 94,651 million (for 2013), respectively.

State-controlled entities

Table 42 Information on transactions with state-controlled entities (kRUB)

| Transactions | 2014 | 2013 |
|---|-----------------|-----------------|
| SALES REVENUE AND OTHER INCOME | | |
| Oil and gas sales | 111,755,883 | 139,011,675 |
| Oil products and petrochemicals sales | 48,837,520 | 60,444,723 |
| Gains on transactions involving term transaction financial instruments | 6,207,945 | 2,179,918 |
| Other income | 5,201,592 | 755,773 |
| | 172,002,940 | 202,392,089 |
| COSTS AND EXPENSES | | |
| Oil and gas purchases | 9,466,228 | 26,654,291 |
| Oil products purchases | 1,411,912 | 129,401 |
| Logistic services and transportation expenses | 253,039,234 | 194,653,165 |
| Customs duties | 1,323,957,248 | 1,273,993,137 |
| Property lease expenses | 665,593 | 720,650 |
| Losses from transactions involving term transaction financial instruments | 2,310,998 | 280,665 |
| Electricity costs | 27,250 | 27,368 |
| Other expenses | 2,133,140 | 2,379,645 |
| | 1,593,011,603 | 1,498,838,322 |
| OTHER TRANSACTIONS | | |
| Proceeds from short-term loans and borrowings | 181,674,136 | 305,913,063 |
| Repayment of short-term loans and borrowings | 207,288,024 | 281,803,940 |
| Proceeds from long-term loans and borrowings | 12,500,000 | - |
| Deposits placed | 2,136,219,495 | 1,448,709,288 |
| Deposits repaid | 2,030,863,474 | 1,403,872,618 |
| Interest payable | 8,275,307 | 1,163,836 |
| Interest receivable | 2,206,789 | 1,182,399 |
| Guarantees and sureties issued | - | 2,475,138 |
| CASH FLOWS | | |
| Cash flows from operating activities | | |
| Payments to | | |
| Suppliers (contractors) for feedstock, materials, work and services | (2,047,852,503) | (1,490,282,707) |
| Cash flows from investing activities | | |
| Proceeds | | |
| Other proceeds | 6,207,945 | 2,179,918 |
| Payments | | |
| Exploration assets | - | (6,858,615) |
| Cash flows from financing activities | | |
| Proceeds | | |
| Proceeds from loans and borrowings | 194,174,136 | 305,913,063 |
| Payments | | |
| Repayment of short-term loans and borrowings | (207,288,024) | (281,803,940) |

Table 43 Assets and liabilities under transactions with state-controlled entities (kRUB)

| Assets and liabilities | Outstanding balance at 31 December 2014 | Outstanding balance at 31 December 2013 |
|---|---|---|
| ASSETS | | |
| Cash and cash equivalents | 23,728,826 | 142,634,386 |
| Accounts receivable, including | 57,383,943 | 31,983,074 |
| Long-term accounts receivable | - | 1,906 |
| Advances issued for capital construction and equipment for installation | 96,048 | 570 |
| Short-term advances issued | 41,207,680 | 17,146,388 |
| Provision for doubtful debts at the end of the reporting period | 305,994 | 306,039 |
| Short-term and long-term financial investments | 281,920,215 | 36,440,345 |
| including long-term | 628,215 | 929,163 |
| | 363,032,984 | 211,057,805 |
| LIABILITIES | | |
| Short-term accounts payable | 4,821,622 | 20,014,878 |
| Short-term and long-term loans and borrowings (including interest) | 112,633,767 | 124,343,528 |
| including long-term | 12,500,000 | - |
| | 117,455,389 | 144,358,406 |

Joint venture participants

There are no transactions with companies involved in joint activities with Rosneft Oil Company for the period of 2013-14.

Other related parties

Other related parties include a non-state pension fund operating in the interests of the Company's employees.

Table 44 Information on transactions with other related parties (kRUB)

| Transactions | 2014 | 2013 |
|---|---------|---------|
| SALES REVENUE AND OTHER INCOME | | |
| Other income | 324 | 382 |
| | 324 | 382 |
| COSTS AND EXPENSES | | |
| Expenses under non-state pension agreements | 363,146 | 343,964 |
| | 363,146 | 343,964 |

Table 45 Assets and liabilities under transactions with other related parties (kRUB)

| Assets and liabilities | Outstanding balance at 31 December 2014 | Outstanding balance at 31 December 2013 |
|--------------------------------|---|---|
| ASSETS | | |
| Accounts receivable, including | - | 9 |
| Short-term advances issued | - | 9 |
| | - | 9 |
| LIABILITIES | | |
| Short-term accounts payable | 9,615 | - |
| | 9,615 | - |

In the reporting period, Rosneft Oil Company mainly used the monetary form of settlements with related parties.

26. SEGMENT INFORMATION

The Company, its subsidiaries and associates (hereinafter, the "Rosneft Oil Company Group") operate as a vertically integrated business. The Rosneft Oil Company Group is principally engaged in the exploration, development, production and sales of oil and gas, as well as the production, transportation and sales of petroleum products in the Russian Federation and abroad. Management information, which is regularly analyzed by those persons with the power to make decisions on resource allocation in the Company and further performance evaluation, is prepared for the business purposes of Rosneft Oil Company Group as a whole. Given the fact that the business of the Company as a legal entity is an integral part of the Group management, management decision-making and resource allocation is performed by the duly authorized persons at the level of Rosneft Oil Company Group; certain management reports reflecting financial performance, the amount of assets and liabilities by segment, which refer only to the Company's operations and are not related to the Group in general, are not prepared for business lines. Therefore, segment information is fully disclosed in the consolidated financial statements of the Rosneft Oil Company Group.

Information on revenue, broken down by segment, is presented in the explanatory notes below, as this data is provided to the Company's authorized representatives on a regular basis. Segment information was prepared taking into account the economic, foreign currency, credit and price risks the Company may be exposed to.

Table 46 Information on sales revenue by segment (kRUB)

| Name of the segment | Net revenue for the reporting year | | |
|---------------------------------|------------------------------------|----------------------|----------------------|
| | Total | External market | Domestic market |
| Oil | 1,995,923,274 | 1,753,676,984 | 242,246,290 |
| Gas | 113,850,820 | - | 113,850,820 |
| Oil products and petrochemicals | 2,061,532,593 | 1,219,238,080 | 842,294,513 |
| Other sales | 128,373,513 | - | 128,373,513 |
| Total: | 4,299,680,200 | 2,972,915,064 | 1,326,765,136 |

Other sales include the sales of materials, fixed assets, proceeds from the lease of fixed assets, etc.

27. OTHER ASPECTS OF THE COMPANY'S BUSINESS

Environmental matters

The activities of oil and gas companies are always subject to environmental risks. The Company's management believes that its activities comply with legislative requirements regarding environmental protection, and, therefore, the Company has no risk of significant liabilities in this area, except for those already disclosed and recorded in these financial statements.

Insurance

The Company continues to insure its property, motor vehicles, cargoes, shipments, construction works and the liability of its officials.

Energy resources

Information on the total costs related to energy resources used in 2014 is given below.¹

Table 47 Information on resources used (kRUB)

| No. | Energy resource | Amount |
|-----|-----------------|--------|
| 1 | Electric energy | 27,595 |
| 2 | Heat energy | 4,207 |

Operating environment in the Russian Federation

In 2014, the Russian economy was affected by a significant drop in crude oil prices and the devaluation of the Russian ruble, as well as by sanctions imposed by several countries. In December 2014, the ruble interest rates increased significantly after the Central Bank of Russia raised its key rate to 17%. The combination of the above factors led to a higher cost of capital, increased inflation, and uncertainty regarding further economic growth, which could negatively affect the Company's future financial position, results of operations and business prospects. Management believes it is taking the appropriate measures to support the sustainability of the Company's business in the current circumstances.

¹ The requirement of Article 22 of Federal Law No. 261-FZ, On Saving Energy and Increasing Energy Efficiency, and on Amendments to Certain Legislative Acts of the Russian Federation, dated 23 November 2009.

In accordance with Article 2 of Federal Law No. 261-FZ, an energy resource is an energy carrier that is used or can be used for both economic and other activities, as well as a type of energy (atomic, heat, electrical, electromagnetic or other type).

GLOSSARY

2D seismic – a seismic survey which produces a two-dimensional image of the subsurface.

3D seismic – a seismic survey which produces a three-dimensional image of the subsurface.

Associated petroleum gas (APG) – a natural gas found with oil, either dissolved into it or as a cap of free gas above it. APG contains significant quantities of ethane, propane, butane and other saturated hydrocarbons. APG can be utilized in two areas:
a) energy – to produce power for oil field purposes
b) petrochemistry – refined to produce dry gas (supplied to main pipeline), natural gasoline, natural gas liquids and liquefied gas for domestic consumption.

bbl – barrel (1 bbl = 0.135 metric tons)

boe – barrels of oil equivalent. Boe is a measurement of gas by its thermal equivalent in barrels of crude oil.

Condensate – light hydrocarbons produced with natural gas. Condensate condenses into a liquid at normal temperatures and pressures.

EBITDA – earnings before interest, taxes, depreciation and amortization.

ESP – electric submersible pump.

Inhibition – the action of treating pipelines with chemicals (inhibitors) to slow down metal corrosion.

Net debt – long-term and short-term debt less cash and cash equivalents.

Organic capital expenditure – capital expenditure excluding acquisitions.

Possible reserves – reserves that may exist but are less well-defined by well control than probable reserves.

Possible reserves include:

- a) reserves based on log interpretation and other evidence of hydrocarbon saturation in zones behind the pipe in existing wells
- b) possible extensions to proven and probable reserve areas where indicated by geophysical and geological studies
- c) those to be recovered by enhanced recovery methods where data is insufficient to classify the reserves as proven or probable.

Probable reserves – reserves that are based on reasonable evidence of producible hydrocarbons within the limits of a structure or reservoir above known or inferred fluid contacts. They have been defined to a lesser degree of certainty than proven reserves because of limited well control and/or the lack of definitive production tests.

Proved reserves – estimated quantities of crude oil, and/or natural gas which, based on geological and engineering data, with reasonable certainty, can be recovered in the future from known reservoirs under existing economic and operating conditions.

PRMS – Petroleum Resources Management System, formerly Society of Petroleum Engineers (SPE); a methodology that provides a reflection of the total resources available to be managed over the whole life of a field. PRMS guidelines rely to a large extent on continuity of reservoir geology rather than production.

Remediation – the action of removing pollution or contaminants from soil, groundwater, sediment or surface water to protect public health and the

environment or from a brownfield site intended for redevelopment.

Reserve replacement ratio – ratio of total proven reserves added in a given year to that year's production.

ROACE – return on average capital employed. This is calculated as the ratio of net income to average capital employed; average capital employed is calculated as the average sum of total shareholder equity, minority interest, long-term and short-term debt at the beginning and end of a period.

SEC – the U.S. Securities and Exchange Commission. The standard for proven reserves requires that continuity of production be demonstrated.

ABBREVIATIONS

2P (reserves) – proved and probable (reserves)

3P (reserves) – proved, probable and possible (reserves)

APG – associated petroleum gas

HSE – health, safety and environment

LOF – life of field

OGP – The International Association of Oil and Gas Producers

PRMS – Petroleum Resources Management System

SEC – US Securities and Exchange Commission

UNITS

bbl – barrel (1 bbl = 0.134 metric tons)

bcm – billion cubic meters

bcma – billion cubic meters per annum

b/d – barrels per day

bn – billion

boe – barrel of oil equivalent

cub. m – cubic meters

ft. – feet

ha – hectare

km – kilometer

mb/d – thousand barrels per day

mboe/d – thousand barrels of oil equivalent per day

mln – million

mmbbl – million barrels

mmb/d – mln barrels per day

mboe – million barrels of oil equivalent

mboe/d – mln barrels of oil equivalent per day

mmcm – million cubic meters

RUB – rouble

sq. km – square kilometer

th. – thousand

tons/d – tons per day

USD – US dollar



GENERAL INFORMATION ABOUT ROSNEFT

Date of state registration and registration number of Oil Company Rosneft:

- Date of state registration of the Company as a legal entity: December 7, 1995;
- Number of State Registration Certificate of the Company: 024.537;
- Date of entry in the Uniform State Register of Legal Entities about a legal entity established prior to July 1, 2002: August 12, 2002;
- Series and number of Certificate of Entry in the Uniform State Register of Legal Entities about a legal entity established prior to July 1, 2002: Series 77 No. 004856711;
- Primary State Registration Number under which entry about establishment of the Company is made in the Uniform State Register of Legal Entities: 1027700043502.

Constituent entity of the Russian Federation in whose territory the Company is registered: Moscow.

Main types of operations of the Company: geological prospecting and geological exploration work aimed at oil, gas, coal and other minerals search; extraction, transportation and processing of oil, gas, coal and other minerals and timber; production of oil products, petrochemicals and other products, including electric power, woodworking products, fast moving consumer goods and provision of services to the public; storage and sale (including sale in the domestic market and export sale) of oil, gas, oil products, coal, electric power, woodworking products, and other hydrocarbon and other derivatives.

Pursuant to Decree of the Government of the Russian Federation dated August 20, 2009, No. 1226-r, Rosneft has been included into the list of strategic enterprises charged with implementation of uniform public policy in those branches of economy where such entities operate.

Pursuant to Decree of the President of the Russian Federation dated May 21, 2012, No. 688, Rosneft has been included into the list of strategic enterprises and strategic joint stock companies.

CONTACT INFORMATION

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Open Joint-Stock Company Rosneft Oil Company

Abbreviated Name:

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English Version: www.rosneft.com

