

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

The Extraordinary Shareholders' Meeting of Rosneft ('ESM') scheduled for **April 10, 2012**, will vote on amendments to the major transaction (**Resolution 1 and Part 1 of the Resolution 2**). In accordance with the Russian legislation, if either of the Resolutions is approved by the ESM, all such Rosneft's shareholders **who voted against or did not vote** in respect of the approved Resolution (1 or 2.1) **have the right to submit their shares for repurchase by Rosneft** (the 'Buyback'). Rosneft has requested that J.P. Morgan AG, as Depositary for its GDR program ('J.P. Morgan' or the 'Depositary'), to establish procedures for eligible GDR holders to participate in the Buyback by arranging to cancel their GDRs and instructing the Depositary to deliver the underlying shares into the Buyback.

Who is eligible to participate in the Buyback?

Shareholders and GDR holders who (i) owned their positions as of the **February 28, 2012** ESM record date and (ii) either voted against or did not submit a vote in respect of the Resolution 1 (subject to its approval by the ESM) or Part 1 of Resolution 2 (subject to its approval by the ESM) can have their shares purchased by Rosneft at a fixed price, as determined by the company's Board of Directors.

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

Rosneft's Board of Directors has approved **a fixed price of RUB 212** to be offered **for each ordinary share** eligible to participate in the Buyback. The consideration paid on shares delivered into the Buyback by the Depositary at the instruction of an eligible GDR holder will be converted into US Dollars and remitted by the Depositary to the participating GDR holder **net of a cancellation fee of US \$0.05 per GDR** cancelled.

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

The independent valuation of Rosneft's share price was ordered by Rosneft and conducted by **CJSC 'Professional Evaluation Center'** (the 'PEC') as of December 31, 2011, in total compliance with the requirements of the Russian law. The valuation was confirmed by the **Non-commercial partnership 'Association of professional appraisers'**.

The PEC valuation was conducted using three main traditional methods: comparative (market-based) method, income method and cost method. The comparative method is based on the current situation on the stock market and the information on the transactions in shares of companies from a specified industry. Comparative method is traditionally the key valuation method subject to availability of sufficient market information. Within the comparative method the main methodology – market capitalization – was used. The market price of Rosneft's stock was calculated as **6-month** (ended December 31, 2012) **weighted average price on MICEX and LSE** and amounted to **RUB 212 per share**. Within the comparative method the comparable company methodology was also used. PEC decided not to use the results under this methodology as there are no sufficiently comparable companies. Within the income method a DCF model was used. The range of Rosneft's stock price under the DCF model confirms the results obtained under the market capitalization methodology. Within the income method a discounted dividends approach was used. The result does not reflect the market value of the company. The cost methodology based on US GAAP consolidated financial statements was also applied. However, it proved not useful. Under US GAAP rules the intangible assets (such as licenses) are not listed at their real value in the financial statements, but they represent a substantial portion of Rosneft's real value.

The PEC Valuation revealed, after all the above methods were applied, that the market capitalization method provides the best approximation of Rosneft's stock value. The market value of Rosneft common stock was defined at RUB 212 per share.

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

The total value of the **Buyback is limited to 10% of Rosneft's net assets** under non-consolidated Russian Accounting Standards on the ESM date (the 'Net Asset Value'). On **December 31, 2011 the Net Asset Value was RUB 1,119 bln**. If the value of stock to be repurchased by Rosneft exceeds 10% of the Net Asset Value, the stock will be repurchased **on a pro-rata share basis**. GDRs not accepted into the Buyback will be returned to participating GDR holders. To the extent rounding results in a fractional GDR being returned, cash-in-lieu of such fractional GDRs may be paid by the Depositary.

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

As all of the GDRs are held in one or more of the following clearing systems (Euroclear, Clearstream or The Depositary Trust Company (DTC)), GDR holders wishing to participate in the Buyback will have to arrange with the broker, dealer, bank, or other nominee who is the clearing system participant to deliver their GDRs to the Depositary for cancellation in compliance with the provisions of the Deposit Agreement

(including paying the Depositary the \$0.05 per GDR cancellation fee) and to instruct the Depositary to deliver the underlying shares into the Buyback. Participating GDR holders will have to certify (the "Buyback Certification") that they owned the GDRs as of the ESM record date of February 28, 2012 and either voted against or did not submit any voting instruction with respect to the Resolution 1 or Resolution 2. Such Buyback Certification will be in addition to any usual certifications required by the Depositary for cancellation of Rosneft GDRs, as per terms and conditions in accordance with the Deposit Agreement between Rosneft and J.P. Morgan. On the date set by the Depositary as the deadline for accepting GDRs for cancellation pursuant to the Buyback ('Buyback GDR Cancellation Date'), Euroclear, Clearstream and DTC will advise the Depositary of the total number of GDRs presented for participation in the Buyback. The Depositary will ensure that each instruction is supported by a Buyback Certification. Subsequently, the Depositary will make arrangements through its Russian custodian to deliver those shares underlying the cancelled GDRs for which Buyback Certifications were timely received into the Buyback. The Depositary will collect any RUB paid with respect to all shares accepted into the Buyback. After converting the funds into US dollars, the Depositary will remit payment to each participating GDR holder. Shares that are not accepted into the Buyback will be redeposited with the Depositary's custodian and GDRs subsequently re-issued by the Depositary to participating GDR holders. The Depositary has agreed to waive GDR issuance fees on account of any GDRs subsequently reissued on the deposit of Shares not accepted into the Buyback.

What is the time period for the Buyback?

If the Resolution 1 or Part 1 of the Resolution 2 are approved at the ESM, Rosneft will accept shares into the Buyback **for 45 calendar days from the date of the ESM**. To allow sufficient processing time, the Depositary expects to set the Buyback GDR cancellation **deadline on May 18, 2012**, or one week prior to the Buyback deadline expected to be established by Rosneft for holders of ordinary shares.

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

Prior to the deadline established by the Depositary for participation in the Buyback, an instruction to cancel GDRs in relation to the Buyback may be reversed through the applicable clearing system in which the GDRs are held. Subsequent to the GDR deadline, an instruction to cancel GDRs cannot be reversed.

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

In accordance with the Russian law, Rosneft has **30 calendar days to effect payment** to its shareholders after the end of the Buyback period. Consequently, it is expected that cash will be remitted by Rosneft to the Depositary no later than June 24, 2012. The Depositary will convert all received funds to US dollars and remit any payments owing to a participating GDR holder through the applicable clearing system, Euroclear, Clearstream or DTC.