



OIL AND GAS COMPANIES ARE THE WORLD
ECONOMY'S "MOTOR OF CHANGES"

REVIEW OF ENERGY PROVIDERS' SUMMIT

XVIII ST. PETERSBURG INTERNATIONAL ECONOMIC FORUM, 2014

© JSC Rosneft

www.rosneft.ru

**OIL AND GAS COMPANIES ARE THE WORLD
ECONOMY'S "MOTOR OF CHANGES"**

REVIEW OF ENERGY PROVIDERS' SUMMIT

XVIII ST. PETERSBURG INTERNATIONAL ECONOMIC FORUM, 2014



XVIII SAINT PETERSBURG INTERNATIONAL ECONOMIC FORUM



This year the motto of St. Petersburg International Economic Forum was "To strengthen confidence in the era of changes". As always, institutors of the forum paid special attention to the business-dialog and issue discussion, not only as well as signing of contracts.

82

OVERALL NUMBER OF EVENTS

SPIEF2014



7 590
Amount of
participants



175
Amount of contracts
signed



401 400 000 000 rubbles
Overall amount of contracts signed within SPIEF 2014



450
Speakers



1 439
Newsmen

OFFICIAL DELEGATIONS FROM

73

COUNTRIES



PRESIDENT OF THE RUSSIAN FEDERATION OPENING REMARKS



Good afternoon, colleagues, ladies and gentlemen!

It has become a good tradition to hold summit meetings of energy companies – and of all other companies that are directly linked with energy – within the framework of the Saint Petersburg International Economic Forum.

I would like to say a few words about Russia and our developments. I would like to note here that because of its huge energy resources and its good geographic location (this is something I have already mentioned at our narrow format meeting), Russia plays a special part in the development of energy in Europe and the Asia-Pacific region, as well as in global energy as a whole. It makes a significant contribution to maintaining a balance between hydrocarbon demand and supply on the global market.

Throughout the past years, our oil and gas production has been growing steadily. We give special attention to increasing oil recovery and high-level processing. We are very active in geological exploration and development of new fields. We have provided significant benefits for oil and gas production on the marine shelf as well as for the development of hard-to-recover reserves. All this factors should help develop our resource base for decades.

In the past five years, the production of gas condensate in Russia has increased by almost 6 percent, of gas – by almost 15 percent, and of coal – by over 17 percent.

We fully uphold the principle of sovereignty over national resources. At the same time, Russia is ready to let our long-term international partners take part in our fuel and energy sector. As you may know, this is what we do,

and many years of experience have shown that this leads to mutual benefit. This not only helps to develop the Russian fuel and energy sector, but also increases Russia's presence on international energy markets, which fully meets the interests of both the producing countries and companies as well as the consumers.

It is not by chance that even when much was said about the need to restrict energy dependence on Russia (which I find absurd because there has never been any unilateral dependence: the dependence is always mutual, which leads to greater reliability and stability of the global economy and the energy industry), despite all that, the supply of our energy resources to Europe, for instance, is constantly growing. Thus, last year exports of gas through pipeline systems grew by almost 10 percent compared to 2012. In absolute figures, we have reached a record high for the past years of over 188 billion cubic meters.

I would like to stress that we support conscientious performance of contractual obligations. We expect that the consumers and the transit countries have the same responsible approach. Honestly speaking, we are seriously concerned over the statements made by some Ukrainian radicals who are threatening to block the transit of our gas to Europe. We hope common sense will prevail and this will not happen.

The situation with our neighbor confirms yet again the timeliness of our initiatives to build direct fuel supply routes to the European Union, such as the South Stream, which we are already building. I believe the European Commission should take an active stand on this issue, because protection of the interests of the European consumers is one of, if not the main job of this organization.

Today Europe accounts for over 70 percent of our oil exports and almost all of our pipeline gas. However, we have to admit that energy consumption in Europe is growing slowly due to low economic growth rates, while political and regulatory risks are increasing. Transit is also an issue.

In these circumstances, our desire to open up new markets is natural and understandable. Primarily we are talking about the dynamically growing Asia-Pacific region. This not only gives us a chance to increase our exports, but also serves as a major impetus for the development of East Siberia and the Far East of Russia.

Yes, we are aware of the fact that our partners are planning to expand the number of gas suppliers to Europe, for instance. However, far from dramatizing the situation, we actually welcome this development. I am certain that the European Union representatives understand quite well that supplies from Russia help diversify the EU's energy balance.

“ We need to increase energy efficiency of our economies, focus on innovative technologies and develop the refining of hydrocarbons, things like petrochemical and gas-chemical production ”

The development of the liquefied natural gas market is a good opportunity to consolidate fragmentary regional gas markets. For us this is a priority task.

Thus, apart from the LNG facility already operating within the Sakhalin-2 project, the Yamal LNG plant is being built. Rosneft is planning to build yet another facility on Sakhalin, and Gazprom – in Vladivostok and on the Baltic coast. A large part of these projects is also directed at the Asia-Pacific market.

I would like to speak in some detail about prospects for shale gas production. Ever since such fields were commissioned in the United States, the supply has been growing. Thus, our American friends and partners intend to shortly become net exporters. This is clearly good for the global market, and in the final count, this is good for us as well.

However, to organize LNG exports from North America to Europe – the experts present here at the moment are well aware of this – there should be a proper infrastructure on both sides of the Atlantic. This will require large capital investment and time. Besides, the price of LNG in the Asia-Pacific region, as you also know, is about 1.6 times higher than in Europe. This is a fact, at least for now.

Obviously, LNG producers in the US would primarily want to compete for the premium Asian market. Nobody will ever operate at a loss – actually all of us, and you first and foremost, are always aiming for maximum profit. This is natural; this is the law of market economy.

“ Today, reliable and stable energy supply largely determines the stable progress of national economies and the global economy as a whole. It is in our common interest to make energy cooperation more efficient and mutually beneficial and to relieve it of the unnecessary excessive political influence that deforms the economic basis and principles of this strategic industry ”

I would like to repeat here that the price of Russian pipeline gas is competitive and – what is more important – predictable, because it is based on tested and efficient pricing methods. Other natural gas exporters, by the way, use these methods, as well.

Colleagues, friends,

Energy is the most important basis for sustainable development of the global economy. Expert assessments show that there are sufficient accessible resources on the globe, and they will last long enough. At the same time, we all know the laws of declining efficiency, and they apply to the situation in the fuel and energy sector.

The largest and most efficient reserves are usually discovered and developed at the early stage of exploration and development of a geological area. This means that ‘easy’ reserves, the so-called ‘cream’, have already been removed or are about to run out. Therefore, we have to move to new areas, often hard to access, or increase production at old fields using secondary or even tertiary production methods and develop reserves that were traditionally considered economically less efficient and hard to reach.

However, I would also like to note that today’s prices on the global market do not hamper economic development. Moreover, they are stable, which is of principal importance for the development of long-term pro-

jects in the fuel and energy and other sectors of the economy. To reduce costs, we need to increase energy efficiency of our economies, focus on innovative technologies and develop the refining of hydrocarbons, things like petrochemical and gas-chemical production.

It is very important for Russia to resolve these issues. Our country intends not only to retain, but also to strengthen its position as one of the leading energy suppliers and to become a leader in the qualitative transformation of the global energy sector as well.

The challenges in the energy sector are clearly of global nature, and we can only meet them together, by means of cooperation. It is

important that this is exactly what the major companies are doing.

In the meantime, we do not see the existing regulatory system – I would like to say a few words about this, if I may – and coordination of efforts in the energy sector as sufficient and perfect. Rather frequently, regulation tends to distort even market signals and leads to subsidies being channeled to the so-called ‘favorite types of energy’. In Europe, in the energy sector of the European Union these are the so-called renewable sources. This is clearly a distortion of the market that is detrimental to competition; it makes entire industries less competitive.

I hope participants in today’s summit will manage to work out a set of proposals on the most called for priority measures to raise the quality of energy markets’ regulation and take another look at the possible format for comparing tax, regulatory and legislative regimes in various jurisdictions and also give recommendations on international legal support of the operation of competitive, transparent and open energy markets.

Ladies and gentlemen, friends and partners,

We will appreciate any recommendations you may have regarding Russian legislation and established practice of applying the law. I am certain that expanding the formats of our cooperation will help to build a truly effective global economy.

In conclusion, I would like to reiterate that today, reliable and stable energy supply determines to a great extent the stable progress of national economies and the global economy as a whole. It is in our common interest to make energy cooperation more efficient and mutually beneficial and to relieve it of the unnecessary excessive political influence that deforms the economic basis and principles of this strategic industry. I am confident that our summit will help resolve this important issue.

I wish you interesting discussions and promising contracts. I leave you to your work and wish you all the best.

Thank you.

ROSNEFT'S PRESIDENT ADDRESS



Dear ladies and gentlemen! Dear colleagues! Dear guests of the Forum!

On behalf of Rosneft company, which traditionally has been acting as a sponsor and one of the organizers of the Forum, I would like to welcome the representatives of government authorities, the leaders of oil and gas businesses, energy companies, the representatives of the financial community, the technology and service companies and other entities who have demonstrated interest towards our work.

I would like to draw your attention to the fact that during the last year the weight of our community in the global economy has considerably grown. Whereas in the previous year the participants represented the capital of 2.5 trillion US dollars, today it exceeds 3.5 trillion dollars.

Traditionally, at the beginning of my presentation, I believe I should make certain statements concerning the limitation of responsibility upon a number of disputing provisions related to our outlooks.

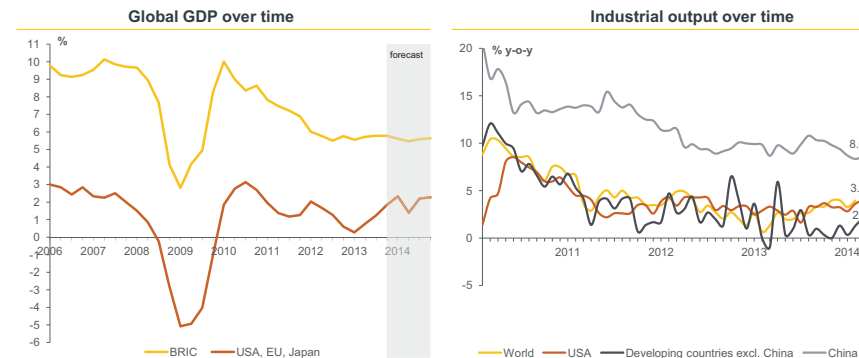
In this presentation we would like to ensure certain succession with our previous approach and estimates.

For now we can state that the majority of our estimates and outlooks have been confirmed in practice.

Last year we came to the conclusion that the ability to overcome the crisis and the recovery of the global economy right now is not very certain, and this trend has been confirmed.

The almost zero current growth in the global exports shows that despite the quarterly GDP growth, the global economy is far from full recovery. At the same time we can observe stronger influence of the political factors over

“ Whereas in the previous year the participants represented the capital of 2.5 trillion US dollars, today it exceeds 3.5 trillion dollars ”

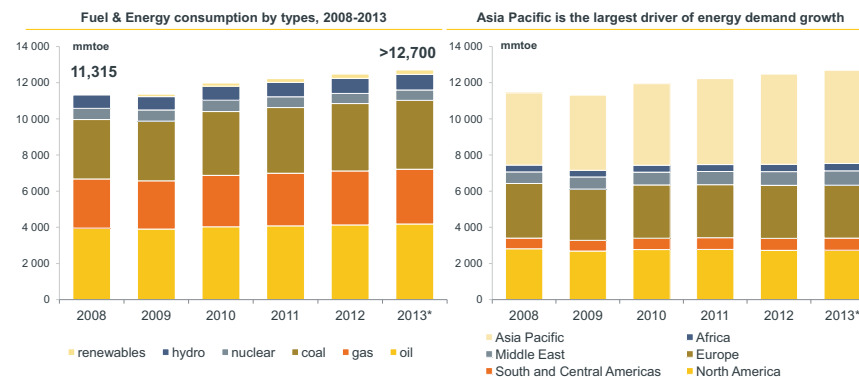


the economic dynamics, the fact that our moderator has already referenced to.

The global demand for energy carriers continues to grow even despite the continued crisis phenomena, and that particularly concerns the economies of certain regions. During the past five years the general energy demand grew by 12%, and in Asia-Pacific region during the same period of time the growth amounted to 29%. At the same time the share of Asia-Pacific in the global energy consumption grew from 35% to 41%, while the share of America and Europe went down from 50% to 45%.

As far as the prospect for the Asia-Pacific countries and first of all China is concerned, the outlook prepared by the Chinese experts calls for almost fivefold increase of the energy resources demand in the country. I should also note that IEA has reconsidered its outlook concerning this aspect more than once.

During the visit of the Russian President Vladimir Putin to China on May 21, Gazprom and CNPC have signed a strategic 30-year contract for the supply of 38 billion cubic meters of gas a year. Our company together with



* expected values

CNPC have also signed the schedule of the Tianjin refinery construction with an agreement to increase the crude oil supply by 9.1 million tons a year to provide the plant with raw materials. That will enable our company to achieve the annual supply of crude oil to China of 46 million tons by 2020, which makes 55 billion cubic meters of energy if transformed into gas equivalent.

Now that we speak of the most important indicator – the oil price, there are active factors beneficial to its stability in the range of 90-110 dollars per barrel. Against the growth of tension and respective risks there might be certain deviations both from the lower and upper limit of this range.

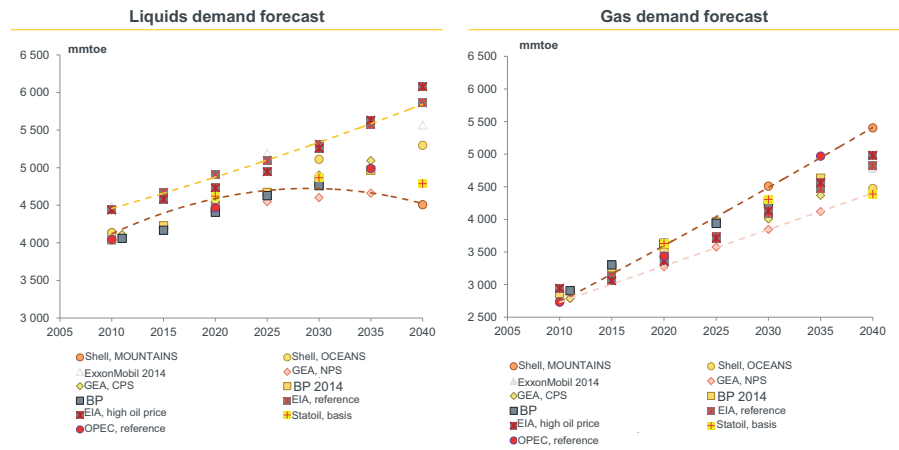
The indicators of the tight recovery oil in the United States and the budget indicators of the OPEC and independent producers against the background of the global economy growth do not allow for any stable decline in oil prices. Essentially there exist a certain balance of supply and demand in the market, and all of the main players do accept this fact.

Quite a narrow price range has been determined, within which the oil price growth may be accompanied by the decrease of production costs in the global economy. Both the producers and the consumers simultaneously benefit from that. Against the expected global economic

dynamics of 3.5-4% yearly growth, the annual increase of oil prices by 2-3% is quite balanced, which would enable both the oil and gas producers and service companies to plan their investments on the long-term basis and continue the extraction of high technology resources profitably. It is important to note that within those price conditions there is also a good balance not only for the producer country budgets, but also the consumer country budgets, which ensures additional revenues.

The majority of the participants of the market do agree that in the long-term outlook oil and gas would retain their importance, while the share of gas would be slightly growing. The expansion of use of renewable energy sources continues, but it has somewhat slowed down.

We have briefly discussed a number of fundamental factors that influence the market in general, in the contemporary market to a large extent we can observe a greater role of financial players, who are often less informed about the real influence of basic factors and who are ready to respond to everything, like a hearsay or an unproven hypothesis. These players can be easily manipulated, as in the energy industry changes are indeed taking place. Besides, we can observe the intentional work to distort the market, and there are specific examples that show it.



Intentional promotion of painless rejection of hydrocarbons through quick development of renewable sources and dramatic increase of energy efficiency takes place in the European Union. At the same time the price that have to be paid for this is being understated, and the society doesn't see the real picture that in many ways technology for this process is not ready. The practical implementation of such

(24-25%) up to 2050. It will be counterproductive if the recent political tensions would lead to the rejection of the effective ways of the EU energy development for the sake of purely political motivations.

Henry Hub prices have more than doubled for now, reaching the level of more than 4.7 dollars per million BTU, and it doesn't look like any seasonal factor. And even with the

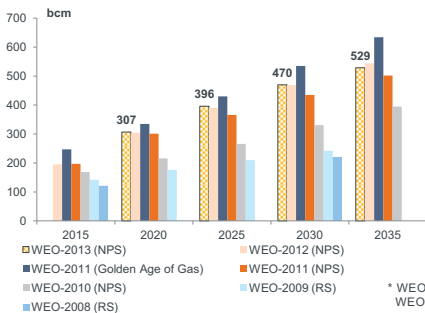
“Our company together with CNPC have also signed the schedule of the Tianjin refinery construction with an agreement to increase the crude oil supply by 9.1 million tons a year to provide the plant with raw materials. That will enable our company to achieve the annual supply of crude oil to China of 46 million tons by 2020, which makes 55 billion cubic meters of energy if transformed into gas equivalent”

objectives leads to a total distortion of the market relations and very heavy cost burden that the consumers will have to bear.

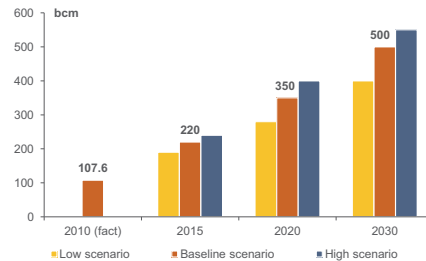
Still, according to the recent outlook made by the European Commission, the share of gas in the energy balance EU-27 will remain stable

strong price level increase the stagnation in the US gas production has not yet been overcome. The US gas price dynamics dispels the illusions that LNG will become a serious factor in the European gas market on its basis, certainly if the EU countries are not

Change in Chinese Gas Demand Forecasts, IEA*



Chinese Gas Demand Forecast (CNPC-2014)



* WEO (NPS) – World economic outlook (new policy scenario)
WEO (RS) – World economic outlook (reference scenario)

intending to subsidize its imports, as they have massively been subsidizing the use of the renewables.

In the United States the issue of LNG export really saw some heated debate. Not long ago some of the lobbyists have stated that massive export wouldn't lead to any price growth, but that really doesn't fit into the market logics. Prices have started to grow even against the lack of exports. And recently a big group of senators have made an outcry against exports, providing arguments that it would lead to a considerable (more than twofold) price increase that would undermine the domestic consumption, and in the longer term export possibilities as well.

Here is another example. There continues the growth of the tight oil production in the United States, more than 1.5 times during the past 4 years. This is an important phenomenon, but it doesn't lead to the destabilization of the global market. As seen by the leading energy agencies, by 2020-2022 the production of oil in the United States may grow by 45% more. However, there remain some big doubts about the respective resources been sufficient to maintain high levels of output in the long run. Thus, both the shale gas and the tight oil cannot be described as factors that

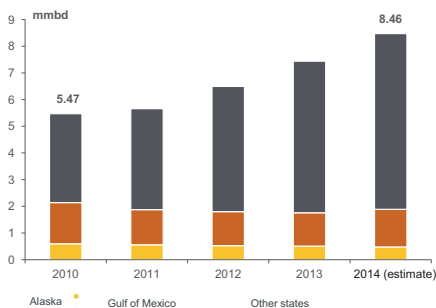
would dramatically change the situation in the global energy industry.

There is a more weighted and balanced attitude towards the unconventional hydrocarbons in different parts of the world. Experts know that these particular resources are much more complicated than the traditional ones. The economically recoverable resources usually constitute first percentages of the total resources. The technologies tried out on certain deposits have to be adapted for application to different ones, and any proven conclusions can only be made after the results of the development. This kind of experience is now limited for the North America. The IEA states that there might be sharp growth in the world tight oil production by 2025 up to the level of 5.7 million barrels per day with the subsequent stagnation and a gradual decline after that.

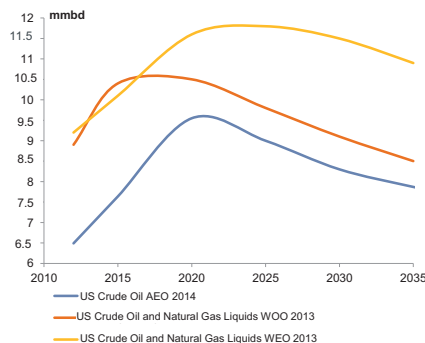
The 40-year ban for oil exports from the US as well as the artificial obstacles for oil transportation from Canadian oil-bearing sands into the US market are also examples of market realities distortion.

At the last Forum we spoke about the inter-country competition, but we are against this competition being ruled by subjective methodologies that are far from being market-based.

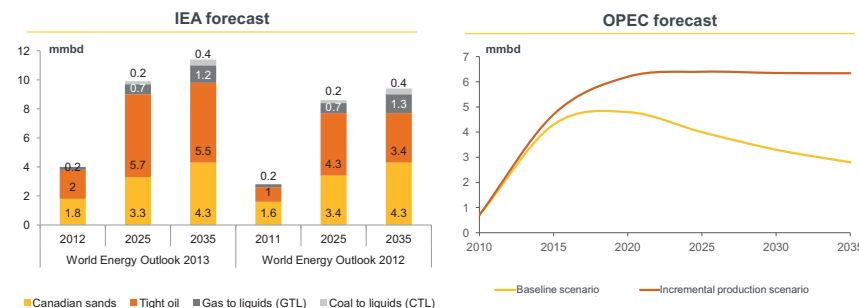
US oil production, 2010-2014



US oil production forecast until 2035



Global Tight Oil Production Forecasts Till 2035



Going back to the issue of instability in the markets and quite often their inadequate signals towards the fundamental indicators, we believe that an important method of softening this is to achieve greater transparency through improving the objective and all-round awareness on the part of all market participants. There is not enough information, for example, on the energy consumption structure, on introduction of production capacities, on the characteristics of the investment projects, on the orders of large-scale equipment. There are also questions about the transparency and the pricing mechanisms at the goods exchanges and trading organizations.

It seems to us that in order to soften these drawbacks we have to create new mechanisms, which would be in the first place relying on interaction between the companies and the expert community, with the support, but without the dominant position of the regulatory authorities. The present agencies, for example, the EU Competition Directorate, reflect only the interests of the consumer market. It is possible to develop an interoperate conflict resolution group which would consider the cases of market manipulation and competition distortions, including those in the pricing area.

Another important trend which produces influence over the development of the oil and gas industry is a continued consolidation

amongst the players of the oil and gas industry and all service and technology companies in Russia and abroad.

By the end of 1990s the global oil and gas industry has set a course towards complicating the development conditions because of the depletion of the traditional resources. This has led to greater intensity on the capital and technology sides and the decline in their profitability. Exploitation of unconventional deposits required greater investments in new technologies and new types of services, which created an even heavier financial burden. As a result, the industry started consolidating, and the giants of the global industry appeared together with the new technological leaders.

Russia has seen the start of such consolidation later because of the prevalent traditional hydrocarbons base. But with the development of the depleted fields and the need to access new regions Russian companies would inevitably follow the global industry development trends.

Service companies respond to the challenges by acquiring extensive high-margin assets.

Our conclusions in respect of the market development allow to be confidently building long-term strategies for the company up to 2033 and beyond. It is based upon the current position of Rosneft as the biggest public company in the world in terms of the amount of production and reserves.

Let me remind you that Rosneft didn't receive any actives through the privatization in Russia. On the contrary, the company has been formed in the market environment and has successfully launched its IPO complying with all the standards, which turned it into an international public company with a private property form. At the same time the governmental revenues from placing and further selling a part of the company to BP exceeded the total financial result of the oil and gas sector privatization three times.

Among the shareholders of Rosneft there are about 150 thousand Russian citizens. We always remember that fact, and we believe it is our duty to develop our long-term operations

below 5 dollars for barrel of oil equivalent and the capital investment cost below 8 dollars for barrel of oil equivalent, which is considerably better than other companies may demonstrate, and this is impossible without achieving technological dominance.

The consumption growth in the Asia-Pacific region, the need to develop resource bases in geographic proximity to this area, the reduction of transportation costs and infrastructure expenditures as well as the tax incentivization provided by the Russian government, make investments into the Eastern Siberia and Far East more and more attractive.

This is the trend that we found several years ago, and we started developing the

“ Effective utilization of the potential of new reserves types and offshore drilling require development in Russian oil service sector and often creation of unique technologies ”

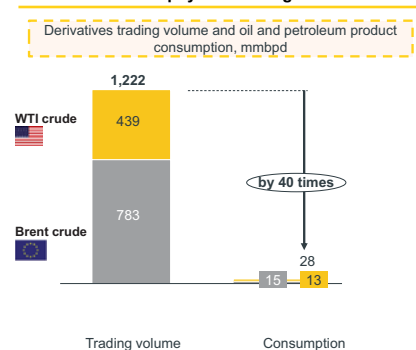
We and our partners are convinced that these investments will help to consolidate the energy security of the consumers of the whole Asia-Pacific region and assist in the development of partnership between consumers and suppliers on the long-term basis.

Effective utilization of the potential of new reserves types and offshore drilling require development in Russian oil service sector and often creation of unique technologies. For this purpose Rosneft is making the most important prerequisites for the future stable growth of its core business in production and refining. And with this regard we are going to implement the strategy in: - formation of high-tech oil services business of the new type, which would enable us to en-

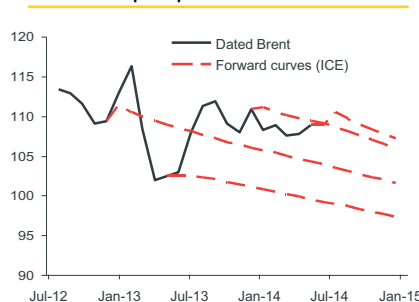
sure and support the strategic needs of the company and to bring about the best efficiency on the basis of our own service company RN-Burenie and our partners; - creation of a pool of innovative technologies and competences in all of the key areas of our future development.

And today within this forum I have the honor to announce a number of deals that we have been able to achieve with Prime Shipping, Seadrill and General Electric. The company is going to develop these projects aimed at improving the economic efficiency in terms of transportation, drilling (including offshore drilling) and all services utilizing hi-tech equipment.

Futures trading volume is many times greater than physical trading...

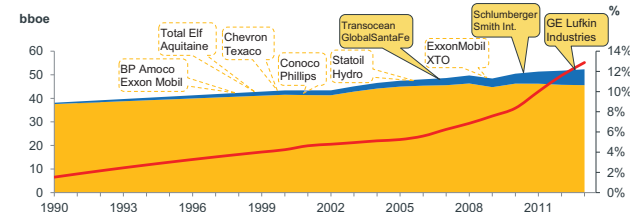


... with the futures market distorting the perceptions of the out

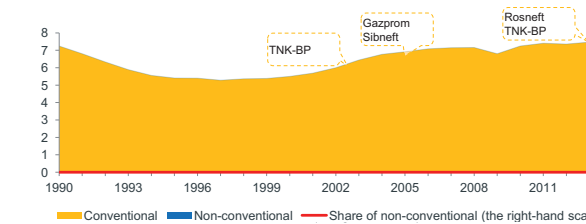


Shift to More Complex Reserves Stimulates Consolidation in the Oil And Gas Sector

Global trend of increased production of non-conventional reserves



Russia is embarking on the road of developing non-conventional reserves



Service companies are meeting the challenges by acquiring growing high-margin technology businesses

taking into full account the interests of our shareholders, both national and international.

I would like to note that the proven reserves of oil and gas of the company amount to 33 million barrels under SEC classification and are considered largest in the world. The development cost of these resources is also at a record low level, and we would do our best to maintain this advantage in future. Our task is to maintain the operation cost level stably

company eastward. The company is going to make great emphasis upon the large-scale implementation of new projects in that region. With the participation of foreign and Russian companies there will be created capacities for oil and gas refining, petrochemical industries, shipbuilding, key equipment supplies for offshore drilling as well as dozens of thousands of highly skilled employment opportunities.



It is important to note that this kind of dynamics is a part of contemporary processes that involve major companies becoming more universal after a period of excessive outsourcing and external supplies and finally consolidating key technological competences on the house. Service and technological sectors also see consolidation processes allowing to speed up achievement of leading positions in order to further develop a more hi-tech resource base.

At different times our own teachers such as ExxonMobil and Statoil, and General Electric as a supplier of equipment have followed the same way which enabled them to achieve the leadership in terms of deepwater production, in the LNG markets etc.

The composition of Rosneft assets does correspond to the key challenges the industry is facing.

With the purpose of maintaining the level of production and stable positive cash flow, the company is going to pay special attention to mature projects, including large-scale drilling that would help us to extend the life of mature fields for decades. The development of

the company gas business in this period will be carried out by launching major gas projects like Rospan and Kharampur field.

By 2020 we are going to launch several new clusters of gas and oil production based on such major assets as the Vankor cluster, south of Krasnoyarsk Territory and Western Siberia, which will allow the principal production growth in 2020-2025. During the same period we will continue gas business growth, as the continuation of high-tech development of tight reserves is expected together with a considerable production increase in the international projects. You know that the perimeter of the company has more than 2 billion tons of reserves and considerable resource potential that could be developed.

The increasing growth of the company up to 2033 is linked to the commercial start of offshore production. Arctic projects would enable Rosneft to become the biggest operator of this kind of reserves. In terms of offshore production it is too early to make precise estimations, but the geologic experts suggest the possibility of major discoveries.

“ We may speak about the potential doubling of our business scale by 2033, whereas the average rate of liquid hydrocarbons production growth is going to be more than 4%, almost fully through organic growth ”

In the period up to 2020 the production of hydrocarbons in our company will grow by approximately 30%, including the increase in liquids production by 15% and in gas production threefold.

In the period up to 2025 the yearly production of hydrocarbons in the company is going to grow by 50%.

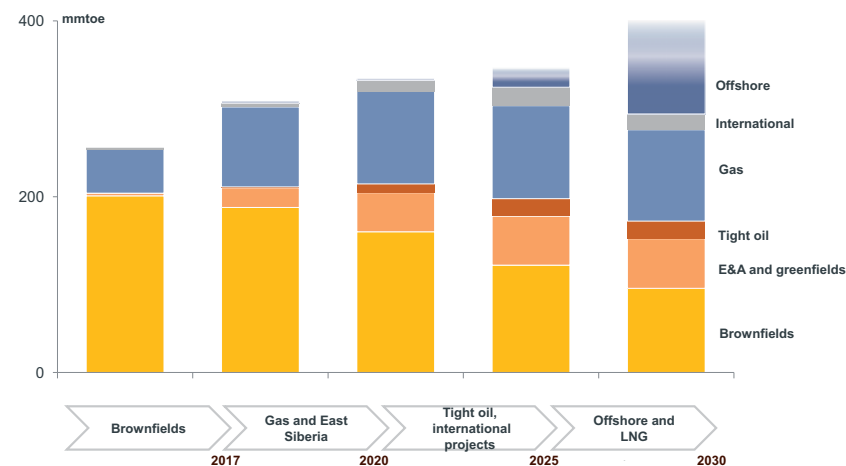
We may speak about the potential doubling of our business scale by 2033, whereas the average rate of liquid hydrocarbons production growth is going to be more than 4%, almost fully through organic growth.

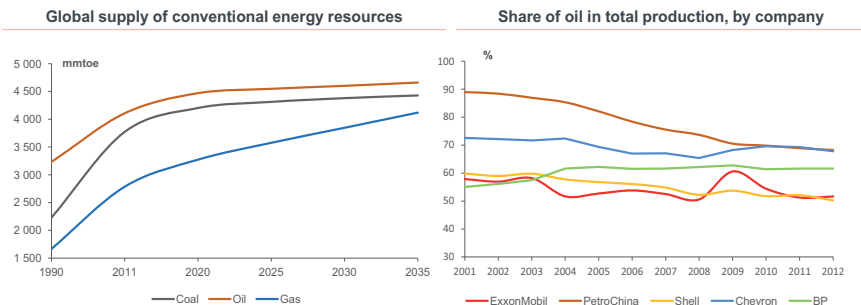
The share of gas is going to grow up to one third in the overall balance of the company production. In the domestic gas market in Russia the share of Rosneft would reach 20%. It

is important to note that this kind of dynamics reflects both global and Russian trends.

The company is finishing the comprehensive upgrade of its refining sector. The production of high quality gasoline and diesel oil will grow by half, while mazut production will decrease by 46%. As a result, this particular sector, just like in case of the world majors, will become a strong generator of revenues both in the domestic and export markets. We are expecting that with the completion of upgrade the EBITDA in Downstream would go up to 11 dollars per barrel of refining.

The scale of the company, the global nature of its operations, the quality changes in its cooperation with partners bring the need to further optimize processes in terms of the





management decisions and turn the company into a strategic energy, technologic and operational holding with a very precise structure of its business processes.

Right now this model is being developed for the oil marketing and sales. The following stages are planned: separating sales networks into a separate business entity, attracting partners, organizing the work based on new principles, and the possible future IPO entrance.

Another element of the execution of our strategy in terms of creating a well-focused sales business of the world class is the decision to acquire international oil-trading business from Morgan Stanley. The deal is following its schedule, and we are actively working with the regulators in order to receive respective permits. Everything is going all right for now.

As the result Rosneft would match global majors in terms of the key set of competences, and we will hopefully become one of the global leaders in such areas as offshore development, production of unconventional hydrocarbons, monetization of oil and gas in the global market.

And at the same time financial indicators of the company will become stronger. The rate of EBITDA and cash flow generation growth would enable us to reduce debt to EBITDA ratio to 1-1.3% during the next two years.

Following a very intense investment phase in 2014-2016 the company will generate free

cash flow in the amount of 5-7 dollars per barrel of oil equivalent without taking into account the prepayment and bank financing, which would enable us to develop large-scale development program without any additional borrowings.

We are confident that the market will appreciate our resolution to follow this strategy.

As many can recall, at the last summit we were very detailed in terms of how the tax legislation in Russia may be improving.

In order to demonstrate the importance of these processes I can give you a simple illustration. The outlook of the company is based upon the recent tax innovations, and if those decisions were not made, the production of hydrocarbons by our company and other Russian companies in the industry would have gone into stagnation as the result of the ineffective investments refusal, and after stagnation a very quick decline is usually coming.

So as far as only Rosneft is concerned in terms of insufficient investment, it would have led to a loss of profit of 32 trillion rubles by 2033, which would mean receiving 12 trillion rubles less for the budget.

Taking into consideration the multiplicative effects, the amount of loss could be sufficiently bigger, and it has to be taken into account that at the suppliers of equipment and services would have incurred losses as well.

We are the biggest taxpayer in the country. In 2013 the tax burden upon Rosneft was

“As the result Rosneft would match global majors in terms of the key set of competences, and we will hopefully become one of the global leaders in such areas as offshore development, production of unconventional hydrocarbons, monetization of oil and gas in the global market”

53%. The aggregate tax payments in the government budget exceeded 2.4 trillion rubles.

During the last year considerable changes took place in terms of the development of a modern taxation system, and the tax burden that Rosneft carries is much heavier in comparison with biggest public international companies because of a bigger share of EMT and export duties.

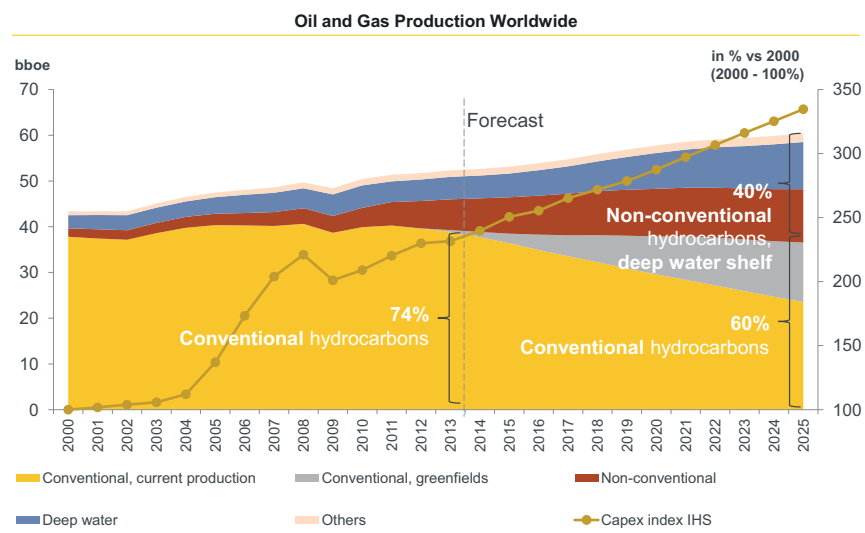
In the taxation structure of the Russian companies the profit tax is considerably smaller.

If to take a general look at the economy, the tax burden situation hasn't yet been thoroughly analyzed. We can take a look at the taxation in the oil and gas sector. The burden is multiply different and at the same time the global practice doesn't separate the taxation of hydrocarbons in terms of the type, as they usually accompany each other.

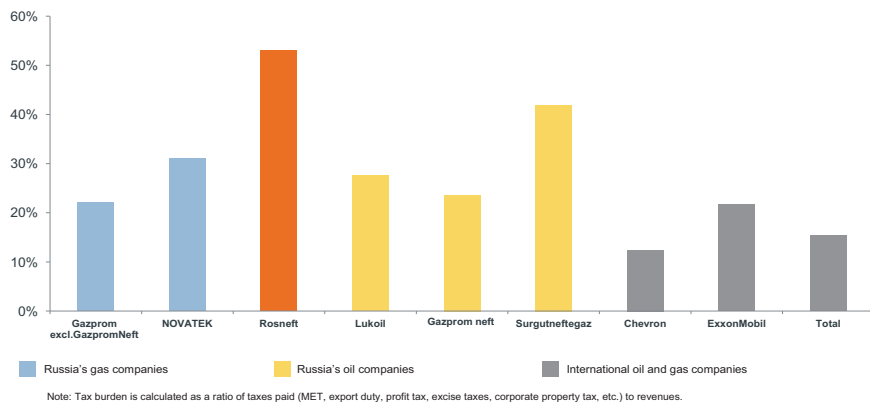
Beyond the oil and gas sphere the resource principle of rent requisitioning is not well-maintained. There still isn't any adequate taxation based on the analysis of unique natural resources use, profitability in the sphere of mineral fertilizers production, ferrous and non-ferrous metals.

A separate extensive issue is posed by different non-system privileges and exemptions. In the gas industry their amount exceeds 2 hundred billion rubles per year. Today, during a meeting with the President our colleague, President of Lucoil Mr. Alekperov even appealed to the President, asking him to discuss the issue of tax maneuver at the next presidential commission of the energy complex.

Yet in such industries as railways, for instance, the effective tax burden is even less



Tax burden for Russian and international companies in the oil and gas sector, 2013

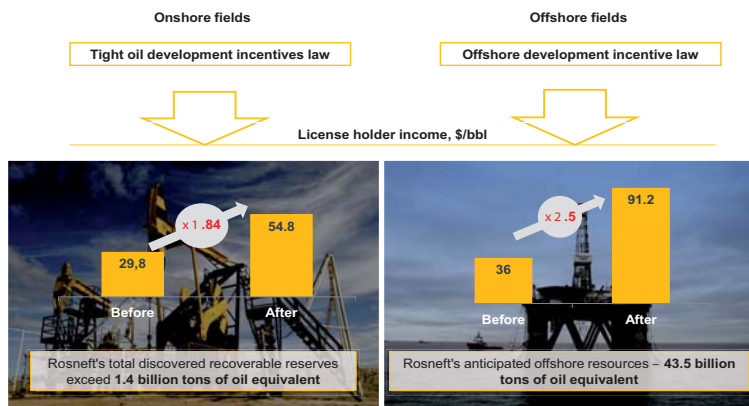


than 10%. That is considerably smaller than average in the economy.

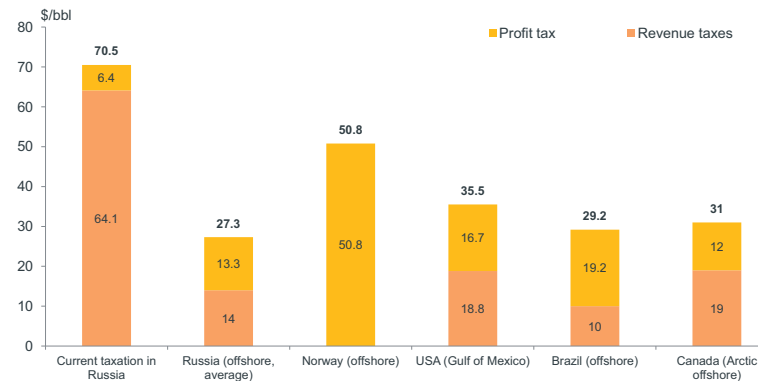
Thus, the fiscal regime within the oil, gas and other sectors and its stabilization remain to be the most important element in improving of capitalization in the company, which could yet be another instrument to increase the revenue the budget is enjoying.

At the same time a positive example is the decision to provide tax stimulation for offshore and hard-to-recover reserves development. It creates additional profitability for the investments in new projects. New taxation rules for resource developers place the investment profitability of new Russian offshore projects and other tight reserves among the leading ones in the world.

New Russian Fiscal Regime is a Basis for National Energy Projects Development



Tax Incentives for Offshore Development



Summarizing, we can see that in the energy industry important processes are taking place, which require continuous analysis. Being a responsible company we try to develop our strategy taking all these factors fully into account. We are going to pursuit it in close cooperation with our partners, many of which are participating in this summit.

I would like to wish everybody success, thank you very much for coming and for your attention.

Thank you very much.

ENERGY PROVIDERS' SUMMIT PARTICIPANTS



Ichiyo Ishikawa

Journalist, NHK Japan Broadcasting Corporation

Japan

Energy resources are the blood, the oxygen, the food for the global economy and the globalization in the world, and the interests of the producing and consuming countries overlap in the stability of the energy resources supply.

Therefore, despite all possible political contradictions, today's meeting held in Russia as an economic and energy state is very important, involving the leading executives of the major energy companies from America, Europe, Asia and other regions in the environment of open exchange of views about the future of the energy sector. Why oil and gas still represent such a driver of the economic growth? And there comes up a question: isn't it the old type of economy? Should we speak about alternative energy resources, for example, about renewable sources of energy? I suppose such view does exist. However, the fact is that price for oil and gas does produce a decisive effect over the global economic development. Besides, the processing and refining of these energy resources and their transportation definitely provide a new field for innovation.



Stephen Greenlee

President of ExxonMobil Exploration Company

USA

The Arctic has been estimated by the US, and has contained perhaps 20% of the remaining resources left on the planet yet to be discovered. ExxonMobil and Rosneft, have concluded the Agreement several years ago to combine the resources, to combine the talents, combine the capabilities of both of these great companies. So with that we created this Strategic Cooperation Agreement that saw us working together on Russian resources and Russian areas from exploration with success development and production based on our experience that we have in Sakhalin. ExxonMobil is pleased to work with Rosneft in this joint venture. I think it's also a fair question to answer: who will get the benefit? Who really achieves the benefits from this work we are doing? The real benefits, from the standpoint, will get the local communities in Russia and Russian industry, and the industry as a whole. The main proof to my words is our experience in Sakhalin. Over 90% of the workforce there are Russian nationals, and we have created over 3000 high-paying jobs. With this success we will be able to replicate that over and over again in these new ventures that we are exploring. So I think from the standpoint of macro looking at material resources we can benefit the overall energy balance as we move forward.



Bob Dudley

Director and Member of the Board of Directors, Chairman of the Executive Committee of the Board of Directors, President of BP Group

UK

We are present in Russia for over 20 years and we have a good fortune and privilege now to be a major shareholder in Rosneft, which is a great professional company, who is embarking not only on great projects here in Russia, but taking on great international partnerships with good companies. But it is one thing to be a shareholder and quite another is to be a participant and have the confidence to convince the company to invest in one or another country. And I see BP investing in other projects with our partner Rosneft. The President today encouraged the investment in projects such as shale development. This project is vital to be able to meet the world's demand for energy sources. Today, we work in the world where politicians too often can hardly forecast the situation for the next 18 months. In Russia, according to the agreement with China, are trying to look forward, signing long-term contracts for 25-30 years. We must act in the same way, realizing that our relations with Rosneft do not consist of occasional transactions, but stay as strategic partnership, based on mutual benefit and reliance. And we are very pleased to be part of Russian energy complex.



Lorenzo Simonelli

President and CEO of GE Transportation, a subsidiary of the American General Electric

USA

We are proactively working on technology solutions to look at ways in which we bring down the costs and try to avoid unplanned downtime. And I also think as we go forward there's an increasing aspect of collaboration with Rosneft because together we can see what the challenges are, and we can work on the solutions. We established a research center that will focus on the effective process design development for local companies and thus will contribute to the localization of manufacturing. We believe that in the sector that unites General Electric and Rosneft we have chances of success.



Tim Dodson

Executive Vice-President Statoil


Norway 

I could start with a lot of different aspects like resource scarcity or resource complexity when talked about stability. But from a Statoil point of view we see a number of fundamental challenges which our industry is facing. We choose to summarize those up with 3 "C". Those are competitiveness, carbon efficiency, and community trust. Our industry needs access to resources. The world's population needs access to energy but we also need an acceptance from local communities, a license to operate, if you like, in order to do those things. We also have our joint ventures together with Rosneft in the Arctic. So let me use it as an example. How can we build trust for operating in the Arctic? Our recipe for this is linked with three words. First is transparency. That is really the new currency for trust, being open about what we are doing. Second, dialog. We need to engage with all stakeholders. And then third, responsibility.



Rafael Ramirez

Minister of People's Power for the oil and mining industry in Venezuela, PDVSA President

Venezuela 

We cannot impose low price cycles and extremely high price cycles. We need to respect the laws and interests of oil producers and for that we need fair profits to be generated by the resources, which in turn require investment in exploration, in production, in supplies to the market.

We count on the cooperation with Rosneft to create and develop our joint ventures.



Rovnag Abdullayev

President of the State Oil Company (SOCAR)

Azerbaijan Republic 

Social responsibility of the state oil companies is constantly increasing; such companies are playing a greater role in the social development of their countries. From the example of Azerbaijan I can say that a well-organized oil sector together with the good governmental policy in its regard may act as the driver for the whole economy of the country. In the period from 2000 to 2013 the country GDP grew 13 times and first of all due to the oil sector. The social responsibility is enormous, and Rosneft is a brilliant example of development in Russia, and we are going to continue our cooperation on the common business.



Alex Beard

Director of the oil commodity department of Glencore company

UK 

In 2000 and 2001 when Western banks were still contemplating coming back to Russia, trading companies like Glencore were here and were financing second, third year producers at that stage with oil price at 10-15 dollars, providing companies with the access to the Western market, thus developing the global economy. In the later years, of course we moved into a new phase. The oil price has increased tremendously over last 10 years to the benefit of many producing nations, and that has led us to different forms of investment – we very often act both as shareholders and owners. We see tremendous opportunity in Russia, tremendous talent pool and fantastic national resource base.

IGOR SECHIN INTERVIEW WITHIN ENERGY PROVIDERS' SUMMIT



Ichijo Ishikawa: Many companies are interested in strategic relationships with Russia and in strategic investments into Russia. And it seems to me it is based upon trust. So I want to ask you, what trust means to you and to your business.

Igor Sechin: It seems to me that those were very correct words which Mr. Dudley said, and by the way, it also was mentioned

by Stephen Greenlee. Trust is the most important thing to ensure longevity of our projects.

These are the projects developed over decades, and their stable development ought to be guaranteed by the participants of these processes. Mutual long-term interests and trust are the key elements of all the long-term partnerships that bind us. And I believe that the senior executives of all the

major companies who are present here do adhere to these kinds of principles, because only on their basis we can guarantee stability. The stability in this sense is what markets depend upon, what millions of people depend upon, and we are fully aware of our responsibility.

Ichijo Ishikawa: Igor Ivanovich, sometimes companies make obvious progress

in competition, but its shares value does not grow correspondingly. Rosneft is producing 27% more hydrocarbons than ExxonMobil, at the same time production costs are 3.5 times smaller. Why then the capital of ExxonMobil amounts to 430 billion dollars, while that of Rosneft makes only 70 billion at the present time?

Igor Sechin: Mr. Ishikawa, that is an interesting question indeed. Not all the factors depend on the company. There are differences in business conduct. The market takes into account country factors when evaluating shares, and the rate for Russian issuers makes up approximately 2.5%. And this factor is still quite subjective. If not to take it into account, the company capitalization will immediately jump from 70 to 100. The thing is that Russian Federation independent rating has been changed, and the rating of all Russian companies changed automatically.

The second element mentioned in my presentation is the taxation burden. Our companies have it extremely different. The average taxation burden of ExxonMobil is 22%, while Rosneft has 53%. Our social responsibility level is much higher. The difference in natural resources legislation is also of principal importance. In the United States the proprietor of the land is also the proprietor of deposits and natural resources. It also makes a substantial element of company capitalization.

I would also like to mention shipping costs, for example, the average Transneft tariff is 6 dollars per barrel. ExxonMobil has its own transport capacities, so their effectiveness is much higher and the cost amount is around 1 dollar per barrel. In addition, Rosneft is a young company, in 1999 we produced only 4 million tons of oil, today we produce 240 million tons in oil equivalent.



“Trust is the most important thing to ensure longevity of our projects. These are the projects developed over decades, and their stable development ought to be guaranteed by the participants of these processes. Mutual long-term interests and trust are the key elements of all the long-term partnerships that bind us”

But the production is not the only area allowing to make profit. ExxonMobil have twice bigger share of refining, which allows for additional effectiveness. Exxon has long passed the period of capital accumulation, and primary investments have been made long ago. Rosneft only has these processes under way. But we understand the course of necessary actions, I hope I have partially shown the company strategy in my presentation, and we will implement it, getting the increase in production and refining, finish-

ing the modernization of our plants. Rosneft potential has certainly been evaluated, and we are going to increase the value of the company steadily and insistently during daily work with our partners.

Ichiyo Ishikawa: Igor Ivanovich, then would you tell us about the intentions to sell the state share package? Members of the government have stated the realization of the whole state package in Rosneft in the near future. For example, the Minister

of Finance Mr. Siluanov said they might make a profitable sale to Chinese investors. Igor Ivanovich, what would be your comments, do you think it is a good moment for selling the state share package?

Igor Sechin: Mr. Ichiyo Ishikawa is a very meticulous moderator. We have indeed heard the declaration of the Minister of Economic Development, and the information that the privatization possibility for 19.5% Rosneft shares is under discussion has been partially confirmed by the chairmen of the government. As far as the favorable moment is concerned, I think we can expect the opportunity or form the opportunity ourselves, thus the conditions for selling this package will be formed and they will determine the most effective technique. I don't see any problems to hinder this deal. As regards selling the 19.5% package or leaving it state-owned, any of these decisions will retain the governmental control, as the majority ownership of 51% is left untouched. From the strategic point of view, lowering the state share below 51% is counterproduc-

ive, because the controlling package ensures, for example, the offshore works, the possibility initially guaranteed to the company and its shareholders during the first share placement in 2006. Presence of the offshore package was one of the main conditions in terms of selling shares to private customers (at the moment we have more than 150 thousand shareholders) and foreign stockholders.

Journalists with a reference to the opinion of the Minister of Finance Mr. Siluanov have asked me today about Chinese companies possibly expressing interest in buying our shares. I think it is too early to say who will buy, as the one who pays most is the one to buy, as it is described in the works of leading economists. And if the company will be charged with organizing this sale, we will make it more effective than anybody else, as we have a deeper understanding of the company peculiarities, its underestimated potential, the strategy, ways to increase capitalization, and of course we count on governmental support on this issue.

CREATION OF ENERGY PROVIDERS' SUMMIT'S FRONT OFFICE



Igor Sechin: It seems to us that the need of cooperative analysis and work would be best satisfied through the already existing traditions of our regular meetings in the form of St. Petersburg energy summits. I would like to propose to your attention the idea of at least minimum institutionalization of this tradition, for example, through creating a standing secretariat consisting of several people, who could prepare the agenda for the next summit with the involvement of other participants, ensure the exchange of information etc.

The secretariat could discuss the future agenda formation with the principal or even all participants, ensure information exchange, as now we often lack the information about ordering equipment, capabilities of service companies. That could make the trends in this sector more transparent and prepare the discussion for the future in a better way. We can see that the corporate level is an ele-

ment of stabilization in the market, and the manipulation signs that you can see could be not as acute in case of timely reaction to their emergence.

Stephen Greenlee: I think it is an interesting idea, and I think it would have good merit. I think, in the context of certainly open and competitive environment that we all work in, something that would exist, so that we could discuss problems with the offshore mutually beneficial issues that are relative to the problems that we might face. There would be the forum for us to have that discussion on a regular basis. With all of us have been working in the energy sector.

Tim Dodson: I think it is only together in partnership on all issues and at all times that we can move forward together.

Alex Beard: ...also supporting Igor Ivanovich's idea of the secretariat.



WHAT WOULD BE THE MAJOR EVENT OF THE YEAR IN THE ECONOMIC SECTOR - OPINIONS OF SPIEF PARTICIPANTS

Lorenzo Simonelli

I think the technological development state will be seen in new products that will be introduced with efficiency and productivity beyond what we've seen before.



Tim Dodson

The strategic relations with Rosneft are very important for us this year.



Rafael Ramirez

We believe that there has always been a shortage of natural resources, and that will continue for a long time into the future.



Ichijo Ishikawa

The Russian turn to the East continues, especially to China. But don't forget there is one more interesting market for you, which is Japan. I hope that the cooperation between Rosneft and Japan will develop not only in the oil sphere, but also in the gas sphere that is so important to Japan.



Igor Sechin

The sector will continue developing, and we will struggle for the costs decrease, trying to reach new efficiency. High political risks will be characteristic of the year 2014. We certainly want these risks to be reduced. We have many projects to work on, but I think our work in the Kara Sea will have special importance. I hope we will confirm our hopes to find a rich deposit there.



APPENDIX 1

REVIEW OF THE CONTRACTS SIGNED



PIRELLI

Memorandum of Understanding in the Sphere of Producing and Shipping of Synthetic Rubber in the City of Nakhodka

Igor Sechin, Rosneft President and Chairman of the Management Board and Marco Tronchetti Provera, Pirelli's Chairman and CEO, had signed a Memorandum of understanding in the sphere of synthetic rubber producing and shipping in the city of Nakhodka in the framework of the realization petro-chemical cluster Far East Petrochemical Company (FEPCO). The signature ceremony was led by President of the Russian Federation Vladimir Putin.

According to this Memorandum, Rosneft and Pirelli claimed their intentions on using the petro-chemical cluster "Far East Petrochemical Company", which is situated in Nakhodka, for synthetic rubber production. The product will be delivered on Pirelli's own tire production facilities in South-Pacific region. Above all, Rosneft and Pirelli show intention to develop research, design and experimental projects in this sphere in Nakhodka. Styrene butadiene rubber, which is supposed to be produced there, is an environmentally-friendly material, which is used in production of so called "green tires". It improves adherence on both wet and dry road and helps to reduce fuel spending.

After signing the Memorandum, Igor Sechin said: "Practical implementation of this agreement means remarkable opportunities for both Rosneft and Pirelli. It will also help to encourage major investments from bank actives on the principles, common to project financing".

Memorandum of Understanding and Cooperation in Marketing and Retail

Rosneft President, Chairman of the Management Board Igor Sechin and Pirelli & C. S.p.A. CEO Marco Tronchetti Provera 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 President of the Russian Federation Vladimir Putin.

BY ROSNEFT

The document was signed with reference to the Framework Agreement signed by the parties on the 19th of December of 2012. In the frame of long-ranged cooperation the parties intend to organize the opening of new retail sites of Pirelli within the Rosneft subsidiary retail network (60 sites will be opened in the period between 2014 and 2015, and by 2019 the total number of sites will climb to 200), and to assist to the expansion of the "Safe road" marketing initiative which was successfully implemented in 2013 in the Moscow region (within the joint program clients of Rosneft retail sites could check the tire condition, collect a discount on the Pirelli production and a tire-centers network). Moreover taking into consideration the positive experience of operations of the first Pirelli flagship store opened in 2013 in Sochi the parties agreed to work on the creation of a new concept flagship tire-center with an expanded range of services and exclusive design in one of the key regions of the Russian Federation.

Within the reached agreements the parties created a working group for the discussion of further expansion of cooperation.

PDVSA

Contract for Oil and Oil Products Supplies

Rosneft Group and PDVSA signed a long-term contract for oil and oil products supplies by the Venezuelan company on a pre-paid basis. The document was signed by Rosneft President, Chairman of the Management Board of Rosneft Igor Sechin and the Venezuelan Minister of public power for oil and metal mining industry, PDVSA President Rafael Ramirez. The signature ceremony was led by President of the Russian Federation Vladimir Putin.

BP

Agreement on Development of Domanik Formations

Rosneft and BP Exploration Operating Company Limited signed a Heads of Agreement on Domanik formations. The document was signed today within the framework of the St. Petersburg International Economic Forum by Rosneft President and Chairman of the Management Board Igor Sechin and BP Russia President David Campbell.

The signature ceremony was led by President of the Russian Federation Vladimir Putin.

The Heads of Agreement provides for implementation of a joint pilot project by Rosneft and BP relating to the Domanik formations and, in the event of success, the possible development of unconventional Domanik resources in the Volga-Urals region. The joint venture company (Rosneft 51%, BP 49%) will be incorporated in Russia. BP will compensate part of the historical costs to Rosneft for exploration of the Domanik formations and will provide carry financing of up to 300 million USD for the pilot program, which will be conducted in two phases at license blocks in the Orenburg Region.

ALSTOM

Cooperation in the Energy Sector

Within the Petersburg International Economic Forum Rosneft President, Chairman of the Management Board Igor Sechin and Alstom President Patrick Kron has signed a Memorandum of understanding expanding the cooperation in electric energy sector.

The Memorandum provides the possibility for installation of different Alstom solutions and products for power generation, industrial automation and emission control on Rosneft's facilities.

Commenting on the signing, Igor Sechin said: "The signed agreement will allow Rosneft, the worldwide leader of oil and gas industry, to increase the effectiveness of its operational business and improve the economic performance of industrial facilities. The cooperation with the leading company of the sector, Alstom, proves the Rosneft's aim on implementation of the best practices and the Company's aim at high-technology development".

Alstom CEO Patrick Kron stated: "Alstom is the global leader in power plant design and construction with the set of all necessary resources, experience and knowledge for organization and development of energy equipment production, its modernization and upgrade, providing and using integrated technical and commercial solutions. We are glad to apply our vast experience and knowledge for the good of Rosneft, therefore the positive foundation has been laid".

EXXONMOBIL

Agreement on Implementation of the Far East LNG Project

Rosneft President, Chairman of the Management Board Igor Sechin and President of ExxonMobil Development Neil Duffin signed an Agreement to extend the existing Strategic Agreement on implementation of the Far East LNG project. Work to progress engineering surveys on land and sea are scheduled for summer of 2014.

At this time, conceptual design development has been completed, characteristics defined, and the potential sites for the LNG plant facilities agreed upon, as well as the gas liquefaction technology, as part of the initial design stage. Preparations for the second design stage have been carried out. Initial design capacity of the plant is approximately 5 million tons of liquefied natural gas per year with a possibility for expansion. Natural gas from Rosneft reserves in the Far East and from Sakhalin-1 project reserves will be used as raw feed for LNG plant.

With completion of the conceptual designs, construction and commissioning of the LNG plant, loading line, and offshore facilities are targeted for 2018-2019.

Moreover Igor Sechin and President of ExxonMobil Russia Glenn Waller signed an Agreement of rendering of services by the Sakhalin-1 consortium. The Agreement envisages services for the drill, production, preparation, transportation, storage and shipping of hydrocarbons, produced at the north-end of the Chayvo field using the infrastructure of the Sakhalin-1 consortium in accordance with the licence obligations and the joint processing development chart.

SOCAR

Joint-Venture Agreement

Rosneft President, Chairman of the Management Board Igor Sechin and President of the State Oil Company of the Azerbaijan Republic (SOCAR) Rovnag Abdullayev signed a joint venture. The Agreement provides for oil and gas exploration and production projects in different jurisdictions, including Azerbaijan and Russia. The signature ceremony was led by President of the Russian Federation Vladimir Putin.

The parties agreed upon creation of a joint venture on a parity basis, and to include shares of participation in producing assets in Russia, Azerbaijan, and third countries into its authorized capital. The list of assets will be agreed upon further.

Commenting on the signing, Igor Sechin and Rovnag Abdullayev noted that this Agreement will enable start of specific joint operations in the region of selection and implementation of large-scale projects in Siberia, in the Russian shelf of the Caspian Sea, and other water areas. It will also create opportunities for both Companies to enter new markets.

SEADRILL IN NORTH ATLANTIC DRILLING

Investment and Long-Term Partnership a Cooperation Agreement

Rosneft, North Atlantic Drilling Ltd. and Seadrill Limited signed an Investment and Cooperation Agreement at the 18th St. Petersburg International Economic Forum to form a long-term partnership with a view to capture the opportunities in developing Rosneft's offshore and onshore projects until at least 2022. The signing ceremony was led by Vladimir Putin, President of the Russian Federation.

The Agreement contemplates Rosneft acquiring a significant stake in North Atlantic Drilling Ltd. with the latter entering Russia's onshore drilling market, and signing of long-term contracts for onshore and offshore drilling. The parties also signed a letter of award for 6 harsh environment offshore drilling rigs. Overall, the use of up to 9 offshore drilling rigs is contemplated.

"Participation in a leading company that specializes in harsh environment drilling operations is an important step in the journey to develop Russia's Arctic shelf. Signing large-scale long-term contracts will enable Rosneft to secure what's needed to develop offshore projects in parallel with implementing the onshore drilling costs optimization program. I am confident that very soon we will see a significant positive effect on drilling operations both in on- and offshore projects," Igor Sechin said following the signing ceremony.

Alf Ragnar Lovdal, the Chief Executive Officer of North Atlantic Drilling, said: "We have sought to access the growth opportunity represented by the Russian market for several years, and we are very pleased to have reached an Agreement with Rosneft for this landmark transaction. The Russian market is one of the most attractive opportunities in the world and offers tremendous growth potential for North Atlantic Drilling. By partnering best in class drilling company with a supermajor which produces over 5 million barrels per day, we, after closing of this transaction, will have created a powerful force in the Russian market and for Arctic regions on a global basis. We look forward to closing this important transaction and working with Rosneft for many years to come".

GENERAL ELECTRIC

Technology Cooperation Agreement in Furtherance of the Initiative to Set Up a Research and Development Center

Rosneft and General Electric signed a Technology Cooperation Agreement in furtherance of the initiative to set up a research and development center. The Technology Cooperation Agreement provides for a mechanism whereby individual targeted R&D agreements will be signed. This lays the foundation for a project management approach to the research center's activities and will enhance joint funding of research and design activities and broaden the scope of common research projects.

Rosneft and GE have already agreed the basic terms and conditions on which a Joint Advanced Research and Technology Center will be set up in Moscow. The Center will focus on advancing the technologies that the two Companies already have and developing new joint technology that can be used within the partnership. In addition, the Center will be the venue for joint research projects.

"Advanced technology development is an integral part of Rosneft's activity. I am confident that our cooperation with GE in this area will help both Companies to achieve a new level in Russian field development," said Igor Sechin, President and Chairman of the Management Board, Rosneft, upon signing the Agreement.

"This Agreement is another step on our way to build effective oil and gas infrastructure in Russia together with our strategic partner Rosneft. R&D has become an important focus in the development of oil and gas sector and our joint technology cooperation plays a big role in helping the region to identify and implement the ideal solutions to address needs of the industry," said Ron Pollett, President and CEO GE in Russia/CIS.

SANORS HOLDING LIMITED

Sale and Purchase Agreement for the Acquisition of Enterprise Group SANORS

Rosneft and SANORS Holding Limited signed agreement of sale and purchase, according to which Rosneft acquired enterprises of SANORS group of companies.

The Agreement was signed by Rosneft President, Chairman of the Management Board Igor Sechin and SANORS Holding Limited (Novokuibyshevsk Petrochemical Company) President Igor Soglaev, in the presence of Nikolay Merkushkin, governor of the Samara region.

The document implies Rosneft's purchase of 100% stocks of SANORS Holding Limited. The transaction is to be completed after obtaining permits of anti-monopoly and other regulatory authorities by third quarter of 2014.

"This transaction with SANORS is a key phase in the development of petrochemical strategy of Rosneft," Igor Sechin said after the signing. "One of the tasks of the project is to build new world-class petrochemical complex in the Samara region. Deep integration of oil and gas resources and processing resources will lead to significant synergistic effect in the region of oil and gas processing and petrochemistry, and will provide impetus for accelerated development of the industries which accumulate high value added.

'Consolidation of share capital in the hands of one owner will promote accelerated development of SANORS's plants sideways better processing' – President of the Holding Igor Soglaev commented on the Agreement.

Governor of Samara region Nikolay Merkushkin mentioned that acquisition of SANORS petrochemical holding by Rosneft will get petrochemical industry to the new level. "Integration of Novokuibyshevsk site headed by Rosneft will let to fix the positive dynamics of development of the petrochemical plants of the region. Regarding the availability of the crude materials, this will have a good impact on the marketability of the final output. As a result the importance and influence of the petrochemical complex of the region on the economy of the Novokuibyshevsk and Samara region will rise," – said Nikolay Merkushkin.

AVTODOR

Agreement of Cooperation

Rosneft CEO Igor Sechin and chairman of State Company Russian Highways (Avtodor). Sergey Kelbakh signed an Agreement on Cooperation between Companies.

The document in particular envisages that the parties will cooperate in the development of new solutions for road-side infrastructure, creation and implementation of high quality innovative materials in the sphere of construction, maintenance and reconditioning of roads.

The Agreement also indicated that Rosneft and Avtodor will coordinate efforts during the preparation of proposals for improving the legal and regulatory framework in these areas.

After signing an Agreement Igor Sechin said: "The implementation of this Agreement opens up new horizons for several sectors of Rosneft's activity.

The additional push will be given to development of high technologies of refinery to create improved bitumen and polymer-bitumen binders, opened an additional distribution channel for the Company's quality products. The Agreement will also allow Rosneft to provide Russian drivers with brand new retail offers at all sites of company's roadside service. At the same time, cooperation with Avtodor will have a positive impact on country's economy - both in terms of development of the domestic R&D, and from the perspective of the overall improvement of the quality of roadways in Russia".

Sergei Kelbakh in his speech said: "The joint implementation of the Agreement will contribute to the development of the motorways network, enhancing their durability through the use of high quality bitumen binders, introduction of innovative materials and technologies that will reduce costs and financial losses. One of the key areas of agreement is the development of a network of high-quality roadside service as an essential component of the socio-economic potential of the country. Cooperation with Rosneft will set new standards of quality of services provided to all users of motorways, will create a favorable investment climate in the development of road infrastructure, improve safety on the roads, increase the level of comfort on the way."

URALVAGONZAVOD

Agreement of Cooperation in the Sphere of Oil Products Supplies

Within the Petersburg International Economic Forum Rosneft and Uralvagonzavod signed an Agreement of Cooperation in the sphere of oil products supplies. The document was signed by Rosneft President, Chairman of the Management Board Igor Sechin and the General Director of Uralvagonzavod Oleg Sienko.

The Agreement envisages the joint R&D in the sphere of the development, production and implementation of high-tech lubricant materials. Moreover is it assumed that Rosneft specialists will analyze with the further implementation in the processing chain of production actual to Uralvagonzavod facilities.

Commenting on the signing Igor Sechin said: "The signed agreements will allow us to build up strategic cooperation with the leading industry company in Russia. Thanks to the agreements Rosneft will secure with lubricant materials the facilities of the corporation on attractive economical terms and an uninterrupted basis. We consider that facing the challenges of the current economic and political situation it is vital to join forces aimed at the competitive recovery of the Russian production".

Oleg Sienko noted that: "We consider positively the perspectives of the cooperation with Rosneft. The supplies of industrial oil products will allow to leverage the expenses for the service of our production facilities. Moreover we plan to create joint programs of import-substituting with an obligational solicitation of consents from machinery producers. This totally reflects the interests of the Russian industry".

PETROVIETNAM OIL CORPORATION

Agreement, Defining Major Terms for Long-Term Oil Supplies in Vietnam

Rosneft President, Chairman of the Management Board Igor Sechin and PetroVietnam Oil Corporation President Nguyen Xuan Son signed an Agreement, defining major terms for long-term oil supplies to Dung Quat Oil Refinery in Vietnam. The signature ceremony was led by Vladimir Putin, President of the Russian Federation. The Agreement provides supply of the ESPO oil up to 6 million tons annually via Kozmino terminal in 2014-2039 after the accomplishment of the final stage of the refinery modernization.

Commenting on the Agreements signed, Igor Sechin said: "PetroVietnam is one of the main Rosneft partners among Asian-Oceanian countries. Long-term contracts for oil supplies are the crucial phase in the development of cooperation between the two Companies."

ONGC VIDESH LTD

Memorandum of Understanding (MOU) for Cooperation in Exploration, Appraisal and Hydrocarbon Production on the Continental Shelf of the Russian Federation

Igor Sechin, President and Chairman of the Management Board, Rosneft and Dinesh Kumar Sarraf, Chairman of the Board of Directors, ONGC Videsh Ltd and Chairman & Managing Director, ONGC signed a Memorandum of Understanding at the St. Petersburg International Economic Forum, in the presence of Mr. Vladimir Putin, President of the Russian Federation. The Memorandum paves the way for the Companies' cooperation in subsurface surveys, exploration and appraisal activities and hydrocarbons production in Russia's offshore Arctic.

The parties will jointly consider forming a consortium led by Rosneft and involving other partners.



UNICREDIT, INTESA, CLESSIDRA FUND

Agreement to Acquire the Shares of Pirelli & C. S.p.A

Rosneft attracted strategic investments of pension capital funds and financial institutions on principles similar to project financing in the ambit of the development of the Italian company. An Agreement was signed that envisages the acquisition from an international consortium of banks including Unicredit, Intesa, Clessidra fund a 50% share in the company, holding a 26,19% stake of Pirelli & C. S.p.A.

The deal criteria are determined on the basis of 12 euro per share price. The closing of the deal, including the transfer of ownership for the shares and the changes in the Board of Directors of Pirelli & C. S.p.A., will come off upon the approval of regulatory agencies and in accordance with the Italian, European and Russian law.

By providing the closing of the deal Rosneft strengthens ties with Pirelli & C. S.p.A. within the already entered engagements and the realization of plans of both Companies for the expansion of joint Russian and international projects.

FORTUM

Contract for Gas Supplies

Within the Petersburg International Economic Forum Rosneft and Fortum signed a long-term contract for gas supplies.

The 3 year-term contract is the additional agreement to the already operational contract for gas supplies with period between 2014 till 2015. In 2013 Rosneft started to supply Fortum's TPP in the Tyumen District with natural gas. Therefore Rosneft confirms its status as a reliable supplier of high-quality products. Fortum is one of the leading producer and supplier of heat and electric energy in the Urals and West Siberia regions.

The realization of the gas potential is one of the strategic goals of Rosneft. The Company is planning to expand its presence in the gas market and is already developing this business sector by signing long-term contracts for gas supplies with the biggest consumers. By 2020 the Company is aimed at producing 100 bcm of gas yearly, doubling its share in the Russian market (to around 20%).

Commenting on the signing Igor Sechin said: "The signed agreements are a confirmation of the mutually beneficial partnership between Companies. These contracts allow Rosneft strengthen its positions on the Russian market by supplying ultimate customers".

CUBAPETROLEO

Memorandum of Cooperation

Rosneft President, Chairman of the Management Board Igor Sechin and General Director of Union Cuba Petroleo (CUPET) Juan Torres Naranjo signed Memorandum of Cooperation regarding projects implementation within the territory of the Republic of Cuba. The signature ceremony was led by President of the Russian Federation Vladimir Putin.

For the purpose of this Memorandum, there has been created a working group composed of field-oriented representatives of either Party.

MUBADALA PETROLEUM

Strategic Cooperation Agreement

Rosneft President, Chairman of the Management Board Igor Sechin and Chairman of the Mubadala Petroleum Board of Directors and UAE Energy Minister H.E. Suhail bin Mohammed Faraj Faris Al Mazrouei in course of St. Petersburg International Economic Forum have concluded a Strategic Cooperation Agreement to foster greater co-operation between the two Companies in the exploration and production sector. The signature ceremony was led by President of the Russian Federation Vladimir Putin.

The non-binding Agreement provides for potential participation of Mubadala Petroleum in the development of Rosneft assets in Eastern Siberia and Rosneft participation in international projects carried out by Mubadala Petroleum.

NIC

Contract for Oil Products Supplies

Rosneft expands its presence at the oil products market of Mongolia. 5-year term contract for oil products supplies with the leading importer of Mongolia – NIC was signed.



The document was signed by Rosneft President, Chairman of the Management Board Igor Sechin and NIC LLC Executive director Sonomtseren Altantsetseg. The signing ceremony was led by President of the Russian Federation Vladimir Putin.

The overall cost of supplies - 1.3 bln US dollars, volume - more than 1.2 mln t, duration - June 2014 - May 2019. The overall Mongolian market share of NIC accounts for 25%.

Rosneft is aimed at increasing the volumes of supplies to the Mongolian market - the Company already reached similar agreements with other local companies. This will allow Rosneft to supply up to 80% of the needs of oil products of the Mongolian market. Agreements will be signed in the nearest future.

It is worth noting that the Agreements are signed with the ultimate consumers which allowed to tie up the economically attractive contracts for all the parties.

Commenting on the signing Igor Sechin said: "The Mongolian market has a great capability of growth and therefore it is important that Rosneft takes a firm position in it. At the same time the Company is aimed at the expanding of the mutually beneficial cooperation with Mongolian partners".

GALILEO S.A.

Agreement of Cooperation Aimed at the Expansion of Use of Gas as Motor Fuel in Russia

Rosneft President, Chairman of the Management Board Igor Sechin and CEO of GNC Galileo S.A. Osvaldo del Campo signed an Agreement of Cooperation aimed at the expansion of use of gas as motor fuel in Russia.

The document envisages the organization of cooperation between the Companies aimed at the extension of use of natural gas as motor fuel in Russia, which will allow boosting the economic efficiency and energy security of the transport network of Russia. Moreover the implementation of the Agreement will expand the use of green technologies.

Commenting on the signing Igor Sechin said: "The Agreement with one of the world leaders in CNG and LNG technology is an important landmark in the context of the realization of the orders of the President and the Government of the Russian Federation. Moreover the Agreement will allow Rosneft to strengthen its share on the Russian CNG and LNG market by expanding the geography of operations and providing a whole new service level to its customers".

"We are pleased to place our 30 years' technological experience at Rosneft's service to profit from the abundant natural gas resources in Russia, and bring a cheaper and environmentally friendly fuel to consumers. The purpose of our gas compressors, liquefaction systems, dispensers, virtual pipelines and customized solutions is to accompany consumers on their shift to a more sustainable future", added Osvaldo del Campo.

PIETRO BARBARO

Heads of Agreement on Acquisition of 95% Share of Prime Shipping Group of Companies, Engaged in Transportation of Oil and Oil Products by Inland Water-Ways of the Russian Federation and Adjoining Seas

Rosneft President, Chairman of the Management Board Igor Sechin and Pietro Barbaro Group owner Giovanni Barbaro signed Heads of Agreement on acquisition of 95% share of Prime Shipping group of companies, engaged in transportation of oil and oil products by inland water-ways of the Russian Federation and adjoining seas.

Heads of Agreement envisage that investor in the project will be a joint venture of Rosneft and Sberbank Merchant Banking (acting by Sberbank Investments LLC), which is a financial partner of Rosneft in the transaction, and raising debt capital from Sberbank of Russia for the execution of the transaction. Pietro Barbaro Group has international practice in the river and sea transportation industry, and will remain the minority partner in Prime Shipping. Rothschild acts as a financial advisor of Pietro Barbaro Group on the transaction.

Commenting on the signing of Heads of Agreement Rosneft President Igor Sechin said: "This transaction will allow Rosneft, as one of Prime Shipping shareholders, to expand and strengthen capacities of Rosneft in oil and oil-products river transportation industry and to assure efficient supply of products to the best sales routes. This transaction is also attractive for us from the financial side as a result of partnership with Sberbank".

EUROCHEM

6-Year Contract for Gas Supplies

Rosneft and EuroChem signed a 6-year contract for gas supplies. The document was signed by Rosneft President, Chairman of the Management Board Igor Sechin and the General Director of OJSC "Mineral and Chemical Company "EuroChem" Dmitry Strejnev.

The Agreement envisages a total volume of 9.82 bcm of gas supplies to EuroChem production facilities till the 31st of December of 2019. The signed agreements lay the foundation for the expansion of cooperation between the Companies in the gas sphere. Commenting on the signing Igor Sechin said: "We are proud to give a start to the cooperation between our Companies. The long-term contract, signed today, is the evidence that Rosneft and EuroChem see a great potential for the expansion of our mutually beneficial partnership. We consider that the cooperation between the two Companies should reach beyond gas trading".

Dmitry Strejnev noted that: "Natural gas is an essential raw material for the production of ammonia, the main component of nitrogen fertilizers. The contract signed today with one of the biggest producers of natural gas will allow to satisfy 64% of the needs of one of our production facility, located in the Tula District. The strategy of EuroChem envisages a substantial development of production and we need gas supplies to our facilities to be diversified. This will allow us to secure our competitive performance on the global market and Rosneft will contract in our company a responsible partner".

RUSAL, EUROSIBENERGO AND RUSSIAN MACHINES

Set of Contracts for Gas and Oil Products Supplies

Rosneft Group, RUSAL, EuroSibEnergO PLC and Russian Machines signed a set of contracts for gas and oil products supplies. The documents were signed - on behalf of the Rosneft Group by Rosneft President, Chairman of the Management Board Igor Sechin and on behalf of RUSAL, EuroSibEnergO PLC and Russian Machines by Oleg Deripaska. In particular the contracts envisages Rosneft supplies of gas and coke to Rusal subsidiaries.

The agreements for gas are designed for a period till the 2029 and presume supplies of over 20 bcm of gas from Rosneft during this period. The importance of these agreements cannot be underestimated within the ambit of the strategic goal of Rosneft - increase to a 20% share of the Russian gas market.

The reached agreements - are a sign of the strategic status of the relations between the two Companies. For Rosneft this cooperation creates a guarantee outlet for gas and coke.

Commenting on the signing Igor Sechin said: "The signed agreements are an important element of the realization of the gas strategy of Rosneft. On the other hand, these contracts are an evidence of the commitment of both Companies to develop long-term partnership".

After the signing Oleg Deripaska said: "We are pleased to start a long-term cooperation in the power sector with the biggest Russian oil and gas company and I am sure that our partnership will evolve dynamically".

RUSAL

Agreement of Cooperation in the Sphere of Oil Products Supplies

Rosneft and RUSAL signed an Agreement of Cooperation in the sphere of oil products supplies. The document was signed by Rosneft President, Chairman of the Management Board Igor Sechin and the General Director of RUSAL Oleg Deripaska.

The Agreement envisages the joint R&D in the sphere of the development, production and implementation of lubricant materials actual to RUSAL production facilities and the conclusion of contracts for supplies of a wide range of high-tech lubricant materials and technical fluids for the procurement of the industry facilities of RUSAL Group. Such a format of cooperation will allow RUSAL to optimize its shopping processes inside the Company and will lead to the leverage of expenses in the future.

Moreover the document envisages the joint R&D in the sphere of the creation and implementation of modern solutions in the sphere of lubricant materials.

Commenting on the signing Igor Sechin said: "The quality of Rosneft's lubricant materials has been highly praised by the biggest industry companies in Russia. We consider that the cooperation with RUSAL will be an additional boost to the development of lubricants production sector of the Company. The experience of the implementation of our oil products at the RUSAL facilities will stimulate the creation of new products".

Commenting on the signing of the Agreements, Oleg Deripaska said: "The development of a long-term and mutually beneficial cooperation with Russia's leading companies is one of our top priorities. The partnership with Rosneft will not only provide RUSAL's plants with the raw materials required for the continued production of aluminum, but will also create a platform for the development of new products. This cooperation will help unite our efforts in improving the competitiveness of Russian resource production and reduce our dependence on imports."

MAGNAI TRADE AND SHUNKHLAI

Two 5-Year Term Contracts for Oil Products Supplies with Leading Importers of Mongolia - Magnai Trade and SHUNKHLAI

Rosneft expands its presence at the oil products market of Mongolia. Rosneft signed two 5-year term contracts for oil products supplies with leading importers of Mongolia - Magnai Trade and Shunkhlai. The documents were signed by Rosneft President, Chairman of the Management Board Igor Sechin and CEOs of the Mongolian companies.

The overall cost of supplies - 1 bln US dollars, volume - more than 1 mln tons, duration - June 2014 - May 2019.

As result uninterrupted supplies of fuel to the Mongolian market will be secured, Rosneft will receive a guaranteed distribution channel and will increase its market share in Mongolia. The overall market share of the named companies accounts for 28%.

Rosneft is aimed at increasing the volumes of supplies to the Mongolian market - the Company already reached similar agreements with other local companies. This will allow Rosneft to supply up to 80% of the needs of oil products of the Mongolian market. Agreements will be signed in the nearest future.

It is worth noting that the agreements are signed with the ultimate consumers which allowed to tie up the economically attractive contracts for all the parties.

Moreover within the Forum Rosneft and the Governmental Agency for oil of Mongolia signed an Agreement of Cooperation. The document was signed by the Company's President Igor Sechin and the head of the Agency Gungaajv Olziburen. The Agreement envisages the realization of a joint evaluation of perspectives of infrastructure projects in the sphere of securing of oil products supplies to Mongolia and also in the sphere of the development of oil and gas fields in Mongolia.

ALLTECH GROUP

Framework Agreement of Cooperation with Regard to Development of the Gas Business in the Nenets Autonomous District

Rosneft President, Chairman of the Management Board Igor Sechin and Alltech Group President Dmitry Bosov signed a Framework Agreement of Cooperation with regard to the development of gas fields in the North of the Nenets Autonomous District. The Framework Agreement envisages above all the obligation of parties for the creation of a joint venture aimed at the development of the gas business in the Nenets Autonomous District, procedure and terms of the Parties' contributions to the joint venture and further financing of the project. The Alltech Group will contribute to the joint venture the companies that hold licenses for the development of Korovinskoye and Kumzhinskoye gas condensate fields, which reserves by category C1+C2 constitutes around 160 bcm of gas. Rosneft group will receive a majority share in the joint venture.

The creation of the joined venture is planned to be finalized no later than the 1st of September of 2014.

It is assumed that the joined venture will lay the foundation for the creation of a new center of gas production in the Nenets Autonomous District, within which it is presumed the realization of different projects both in gas processing and gas-supply of ultimate consumers.

Commenting on the signing Igor Sechin said: "The development of this project represents an important element of Rosneft's Gas strategy. The creation of the joint venture forms a solid basis for the effective development of gas fields of the Nenets Autonomous District".

After the signing Dmitry Bosov noted that: "The cooperation with Rosneft represents a new phase of the development of fields in region, owned by the Alltech Group. The capabilities, possessed by Rosneft, its experience are a unique addition to the work made by our company".

MINISTRY OF EMERGENCY SITUATIONS OF RUSSIA

Cooperation Agreement

Rosneft President, Chairman of the Management Board Igor Sechin and Minister of Civil Defense, Emergencies and Disaster Relief of the Russian Federation Vladimir Puchkov signed a Cooperation Agreement in the region of protection of territories and population during exploration of hydrocarbon resources on the continental shelf of the Russian Federation in the Arctic. "The Agreement with Ministry of Emergency Situations is an important part of the Company group of actions aimed at environment protection and conservation of biological diversity, also at the Arctic coast", Rosneft President Igor Sechin noted.

MINISTRY OF THE DEVELOPMENT OF THE RUSSIAN FAR EAST

Cooperation Agreement for Socio-Economic Development of the Regions of the Far Eastern Federal District

Within the XVIII St. Petersburg International Economic Forum, Rosneft President, Chairman of the Management Board Igor Sechin and the Minister of the Development of the Russian Far East Alexander Galushka signed a Cooperation Agreement in the region of socio-economic development of the Far East regions.

According to the Agreement, the parties intend to develop cooperation within the Primorsk Territory for the implementation of investment project for the construction of oil refining and petrochemical plant with the working capacity up to 30 million per year of raw hydrocarbons - the Far Eastern Petrochemical Company (FEPCO) - on the terms of public-private partnership.

The Agreement reflects mutual interest of the parties in the realization of the Eastern Petroleum Company Project aimed at socio-economic development of the Far Eastern Federal District.

To create conditions for implementation of Eastern Petroleum Company project, which are aimed at improvement of investment climate, the parties agreed - as required by the Russian law - to evaluate the issue concerning measures of State support, particularly, by including certain objects of outer infrastructure and objects of social infrastructure under FEPCO project into a project of the Federal target Program

"Economic and social development of the Far East and Baikal region for a period until 2025".

According to the Company's predictions the implementation of the FEPCO project will allow to achieve a positive effect concerning deficiency high-quality motor fuels in the region, will promote the development of the Russian market of oil production and creation of a modern petroleum cluster in the region, provide a synergy and multiplicative effect associated with the increase of output in related sectors (production of plastics and plastic material products, energy, and plants serving FEPCO).

The implementation of the project will provide additional income for the budget of the Russian Federation, creation of new workplaces, renovation and development of social, energy, transport, and logistic infrastructures, revival of trade and economic ties, and increase of investment attractiveness of Primorsk Territory and the Far Eastern region in general.

Commenting on the signing, Igor Sechin highlighted: "The Far East is an area of strategic interests for Rosneft. The Company implements a lot of major projects here, which will significantly contribute to priority development of the Far Eastern Federal District both in economy and social terms. The Far East Petrochemical Company is one of our major projects, and we expect powerful multiplicative effect, which will enable the creation of up to 100 thousand new workplaces".

MINISTRY OF TRANSPORT OF THE RUSSIAN FEDERATION

Agreement of Cooperation in Fields Relating to the Search and Rescue of People in Distress, Prevention and Control of Possible Emergency Situations, Including Oil and Oil Products Spillage within the Territorial Sea and at the Continental Shelf of the Russian Federation in the Arctic

Rosneft President, Chairman of the Management Board Igor Sechin and Minister of Transport of the Russian Federation Maksim Sokolov signed an Agreement of Cooperation. The parties agreed upon cooperation in fields relating to the search and rescue of people in distress, prevention and control of possible emergency situations, including oil and oil products spillage within the territorial sea and at the continental shelf of the Russian Federation in the Arctic.

The Agreement is intended to provide conditions necessary for secure exploration and development of oil and gas fields within the territorial sea and at the continental shelf of the Russian Federation in the Arctic, and to ensure careful exploration of mineral resources of the Arctic.

FEDERAL SUBJECTS OF RUSSIAN FEDERATION

Cooperation Agreements with Federal Subjects of Russian Federation (the Republic of Karelia, the Republic of Dagestan, the Republic of Ingushetia, the Irkutsk Region, the Kostroma Region, the Orenburg Region, the Samara Region, the Sakhalin Region, the Tyumen Region, the Khanty-Mansi Autonomous Area – Yugra, the Nenets Autonomous Area and the Baikal Territory)

Rosneft President, Chairman of the Management Board Igor Sechin and heads of subordinate entities of the Russian Federation – the Republic of Karelia, the Republic of Dagestan, the Republic of Ingushetia, the Irkutsk region, the Kostroma region, the Orenburg region, the Samara region, the Sakhalin region, the Tyumen region, the Khanty-Mansi Autonomous Area – Yugra, the Nenets Autonomous Area and the Baikal Territory – signed Cooperation Agreements at the St. Petersburg International Economic Forum.

The Agreements envisage the cooperation between parties in implementing a broad range of specialized programs, including industrial, financial, investment and social programs. The said Agreements will help foster a favorable economic, legal and organizational environment for the regions' development and facilitate the Company's business activities on the territory of subordinate entities of the Russian Federation.

MOSCOW GOVERNMENT

Agreement on Cooperation in Industrial Production, Finance, Economics, Investment Activity and Social Development

Igor Sechin, President and Chairman of the Management Board, Rosneft, and Sergei Sobyanin, Mayor of Moscow, signed an Agreement on Cooperation in Industrial Production, Finance, Economics, Investment Activity and Social Development.

The document provides the definition of the bases of cooperation between Rosneft and the Government of Moscow to facilitate comprehensive development of the city, creation of favorable economic, legal and organizational conditions for the business activity of Rosneft in the territory of Moscow and other matters aimed at achieving the balance of mutual interests. In particular, the Agreement provides for implementation by Rosneft of investment projects in the territory of Moscow using the innovative technology aimed at mitigating adverse environmental impacts and/or efficient use of natural resources. In addition to that, it is planned in the framework of the Agreement to satisfy the demand of the Moscow economy for petroleum products and effect cooperation between the Government of Moscow and Rosneft in urban construction and development of the Moscow sports infrastructure.

MOSCOW STATE UNIVERSITY OF FOREIGN AFFAIRS

Cooperation Agreement

Rosneft President, Chairman of the Management Board Igor Sechin, Rector of Moscow State Institute of International Relations (University) of the MFA of Russia Anatoly Torkunov, and Director of International Institute of Energy Policy and Diplomacy of Moscow State Institute of International Relations (University) of the MFA of Russia Valery Salygin signed Cooperation Agreement. The parties agreed to develop basic department of Rosneft "Global Energy Policy and Energy Security" at Moscow State Institute of International Relations (University) of the MFA of Russia and to implement program of personnel training, continuing education, and further training.

The parties also agreed upon joint research programs in the region of topical issues of oil and gas complex strategic development, global energy policy and energy security; preparation of expert and analytical materials regarding international practices in the region of innovations, innovative technologies of oil and gas industry. The parties are also planning joint museum and exhibition projects regarding activity of Rosneft. The parties create a joint working group for development of cooperation as part of this Agreement, and for coordination of activities.

ASSOCIATION OF POLAR EXPLORERS

Cooperation Agreement

Rosneft President, Chairman of the Management Board Igor Sechin and Association of Polar Explorers President Artur Chilingarov signed an Agreement of Cooperation. The parties agreed upon cooperation in the region of exploration and development of the Arctic shelf of the Russian Federation.

ST PETERSBURG ACADEMIC UNIVERSITY — NANOTECHNOLOGY RESEARCH AND EDUCATION CENTRE OF THE RUSSIAN ACADEMY OF SCIENCES AND ALFEROV'S FOUNDATION

Partnership Agreement on Cooperation

Rosneft President, Chairman of the Management Board Igor Sechin, Rector of St. Petersburg Academic University, Vice-President of Russian Academy of Sciences, Noble laureate Zhores Alferov and Executive Director of Foundation for Support of Education and Science (Alferov's foundation) Evgeniy Mozgovoy have concluded a Cooperation Agreement. Recognizing the importance of professional education and science in the development of oil and gas industry, and growing demand of fuel and energy complex for the creation and application of high technologies to the industry, Rosneft, St. Petersburg Academic University — Nanotechnology Research and Education Centre of the Russian Academy of Sciences and Foundation for support of education and science (Alferov's foundation) decided to create a system of partner relations.

GUBKIN RUSSIAN STATE UNIVERSITY OF OIL AND GAS AND UNION CUBA PETROLEO

Service Agreement for Personnel Training

Rosneft President, Chairman of the Management Board Igor Sechin, General Director of Union Cuba Petroleo (CUPET) Juan Torres Naranjo, and rector of the Gubkin Russian State University of Oil and Gas Viktor Martynov signed Service Agreement for personnel training.

Under the terms and conditions of the Agreement, Rosneft carries out a series of actions to organize training of Cuba Petroleo engineers in the Gubkin Russian State University of Oil and Gas (National research university). Education of the Cubans will start as early as in September of this year. It involves master's programs in petroleum engineering and chemical engineering.

Rosneft will not only ensure financial support for the project, but will allow engineers to undertake an internship at their production facilities, and will introduce them to innovations in the region of oil and gas production.

"Cuban citizens haven't been studying at our university since 1992, and today we're happy to reinforce our cooperation," Viktor Martynov said. "One out of nine students at the Gubkin University is a foreigner. The university has relevant experience, and is able to train Cuban oil workers on a higher level".

GUBKIN RUSSIAN STATE UNIVERSITY OF OIL AND GAS

Cooperation Agreement

Rosneft President, Chairman of the Management Board Igor Sechin and Rector of the Gubkin Russian State University of Oil and Gas Viktor Martynov signed Cooperation Agreement.

Recognizing the importance of professional education and science in the development of oil and gas industry, and growing demands of fuel and energy sector for the creation and implementation of high technologies into production, Rosneft and the Gubkin Russian State University of Oil and Gas decided to create a system of partnership.

APPENDIX 2 MEDIA PUBLISHING OF ENERGY PROVIDERS'



Rosneft will be Supplying Mongolia with Oil Products over a Span of Five Years (Until 2019 year), the Overall Cost of Supplies - \$1 bln

Interfax, 23.05.2014

Rosneft (MOEX: ROSN) signed 5-year contracts for petroleum products supplies with leading importers of Mongolia - Magnai Trade and Shunkhlai, is said in Russian oil company's announcement.

The overall cost of supplies is \$1 bln, volume - more than 1 mln tons, duration - June 2014 - May 2019. "Consequently uninterrupted supplies of fuel to the Mongolian oil products market will be guaranteed, Rosneft will get an ensured distribution channel and will increase its market share in Mongolia", -noticed Rosneft. The overall market share of the named companies accounts for 28%.

Rosneft is aimed at increasing the volumes of supplies to the Mongolian market. The Company has already reached similar agreements with other market participants. This will allow Rosneft to supply up to 80% Mongolian market's demand in petroleum products. The corresponding agreements will be signed in the short run.

Rosneft and Venezuelan PDVSA Signed a Long-Term Contract for Supplies of Oil and Oil Products

RBC, 24.05.2014

Within the St. Petersburg International Economic Forum Rosneft Group and PDVSA signed a long-term contract for oil and oil products supplies by the Venezuelan company on a pre-paid basis.

The document was signed by Rosneft President Igor Sechin and the Venezuelan Minister of public power for oil and metal mining industry, PDVSA President Rafael Ramirez. The signature ceremony was led by President of the Russian Federation Vladimir Putin.

"The document envisages the supplies of over 1.6 mln tons of oil and 7.5 mln tons of oil products within 5 years. The pre-payment within the contract will be \$2 bln", - the press office of Rosneft reported.

It is noted that it is the first time such a big deal for oil and oil products supplies between a Russian and a Venezuelan company is made.

SUMMIT EVENTS

Rosneft Can Buy 95% Shares of Russian Oil Transportation Group Prime Shipping

Finam.ru, 23.05.2014

Rosneft can purchase 95% shares of Prime Shipping, engaged in transportation of oil and oil products by inland waterways of the Russian Federation and adjacent seas. A Preliminary Agreement was signed today within the St. Petersburg International Economic Forum, Rosneft announced. Pietro Barbaro will act as a seller.

Preliminary terms of the contract provide that in the function of investor will be a joint venture between Rosneft and Sberbank Merchant Banking (represented by LLC «Sberbank Investments»), which acts as a financial partner of Rosneft in this transaction. Also, the document assumes attraction of debt financing from Sberbank for this transaction.

Rosneft and General Electric Signed a Cooperation Agreement in the Field of Research

RIA Novosti, 23.05.2014

Rosneft and General Electric (GE) signed an Agreement on Technological Cooperation in the development of the initiative on foundation of the research and development center, said in the Russian company's press release.

"Thus, developing project approach to the research center activities will substantially increase the potential of co-financing of scientific and technical developments and topics of joint research projects", -the release explains.

Rosneft indicates that Companies agreed on the basic conditions of the foundation of the joint center for advanced studies in Moscow. GE agreed on of the creation in Moscow. The work of the center will focus on the improvement of existing and development of the new collaborative technologies.

Rosneft Acquires SANORS Holding Limited

Kommersant, 23.05.2014

23 May 2014, within St. Petersburg International Economic Forum, Rosneft and SANORS Holding Limited signed Agreement of sale and purchase, according to which Rosneft acquired enterprises of SANORS group of companies.

The Agreement was signed by Rosneft President, Chairman of the Management Board Igor Sechin and SANORS Holding Limited (Novokuibyshevsk Petrochemical Company) President Igor Soglaev.

The document implies Rosneft's purchase of 100% stocks of Novokuibyshevsk Petrochemical Company.

The transaction is to be completed after obtaining permits of anti-monopoly and other regulatory authorities by third quarter of 2014.

Rosneft and Exxon Will Conduct Engineering surveys on LNG (Liquefied Natural Gas) project in Sakhalin in summer

Interfax, 23.05.2014

Rosneft (MOEX: ROSN) and ExxonMobil have extended the Agreement duration on the implementation of the LNG project in Sakhalin, is said in Rosneft's report.

Works on conducting engineering surveys on land and sea are scheduled for summer of 2014.

As part of the initial design stage conceptual design development has been completed, operation factors are defined and the proposed site of placement of the LNG plant and gas liquefaction technology are agreed on; preparation for the beginning of the second stage of design is conducted .

The initial design capacity of the plant is approximately 5 million tons of liquefied natural gas per year with a possible increase. Natural gas from the Rosneft reserves in the Far East and from Sakhalin-1 project reserves, will serve as raw material for gas liquefaction plant.

Completion of construction and commissioning of the LNG plant, the inlet pipeline and offshore facilities are scheduled for 2018-2019.

Rosneft and ALLTECH Group Will Create a Joint Venture on the Project "Pechora LNG" Until September 2014

Gazeta.ru, 23.05.2014

President of OJSC "NK Rosneft" Igor Sechin and President of the ALLTECH Group Dmitry Bosov signed a Framework Agreement on cooperation in the project on development of gas fields in the North of the Nenets Autonomous district, is informed in the press release of Rosneft. The project known as the "Pechora LNG".

The document stipulates the obligation of the parties on creation of the joint venture for development of the gas business in the Nenets Autonomous district, as well as the order and terms of payment by the parties of investments in joint venture and further financing of the project. ALLTECH Group will bring in the joint venture company that owns the licenses to develop Korovinskoe and Kumzhinskoe gas condensate fields, which recoverable gas reserves in C1+C2 categories account about 160 billion cubic meters of gas.

The Rosneft group receives a majority stake in the joint venture. Creation and registration of a JV is scheduled to be completed not later than 1 September 2014.

Rosneft Participation in the Development of Scientific-Industrial Complex of Moscow Provides for the Agreement that Was Signed by Sobyenin and Sechin

Interfax, 23.05.2014

Mayor of Moscow Sergei Sobyenin and President of Rosneft Igor Sechin signed an Agreement on cooperation in the sphere of industry, economy and investment.

As stated by Sergei Sobyenin, the signing of this Agreement is an important stage of "Moscow interaction with one of the largest taxpayers". "This will allow the government of Moscow together with Rosneft to ensure the development of scientific-industrial complex of the capital," he said. The purpose of this Agreement is the "development of economic potential and creation of new highly qualified jobs". Sergei Sobyenin has concretized, that he meant "the participation of Moscow scientific institutes and industrial companies together with Rosneft not only in the city life but also in the development of oil and gas fields on the continental shelf".

According to Mayor, the Moscow government would provide "Rosneft with full support in its economic activities in the city, including support in solving land and property issues and the administrative procedures".

The Agreement also envisages the development of a number of investment projects in the city, directed on decrease of negative impact on the environment and on the rational use of natural resources.

Rosneft Has Concluded Agreements on Cooperation with Sakhalin and Tyumen Regions and the Republic of Ingushetia, Zabaikalsky Krai, Khanty and Nenets Autonomous Areas

ITAR-TASS, 23.05.2014

At the St. Petersburg International Economic Forum Rosneft signed the Agreement on Cooperation with Sakhalin and Tyumen regions and the Republic of Ingushetia, Zabaikalsky Krai, Khanty-Mansi and Nenets Autonomous areas.

The Agreement stipulates the cooperation between the parties in the field of implementing a number of specialized programs, including industrial, financial, investment and social. "These Agreements will contribute to the creation of favorable economic, legal and organizational conditions for comprehensive development of the regions and implementation of the Company business activity on the territory of subjects of the Russian Federation", - Rosneft says.

Rosneft and ExxonMobil Can Start Drilling in the Black Sea at the End of the Year

RIA Novosti, 24.05.2014

Rosneft and the U.S. oil giant ExxonMobil completed geological exploration in the framework of their joint project in the Black sea and plan to start drilling in the end current - the beginning of next year, said Vice-President of ExxonMobil Stephen Greenlee at the summit of the energy companies as part of the St. Petersburg International Economic Forum. "We are optimistic about the future. ExxonMobil is pleased to be working with Rosneft," said Greenlee.

Exxon Deepens Russian Ties as Ukraine Election Approaches

Bloomberg, 24.05.2014

Exxon Mobil Corp. extended its partnership with Russia's state-controlled oil company even as U.S. and European nations threaten additional sanctions to punish Vladimir Putin's regime for its actions in Ukraine.

Exxon signed the Agreement with JSC Rosneft President Igor Sechin at a forum in St. Petersburg today, extending a pact that involves drilling for crude in the Arctic and Siberia and liquefying natural gas for export in Russia's Far East, according to a statement on Moscow-based Rosneft's website. Exxon didn't immediately return a phone message seeking comment.

Exxon is among American oil producers that rebuffed U.S. State Department pressure to skip the International Economic Forum this week in Putin's hometown. With at least \$30 billion already invested in Russia's oil and gas sector, U.S. and European explorers are betting the Ukraine crisis won't derail their aspirations to capture some of Russia's 75 billion barrels of reserves.

Rosneft and ONGC Videsh Limited Signed a Memorandum for Cooperation on the Shelf of the Russian Federation

RIA Novosti, 24.05.2014

Rosneft and ONGC Videsh Ltd signed a Memorandum of Understanding at the St. Petersburg International Economic Forum.

The Memorandum provides for the Companies' cooperation in subsurface surveys, exploration and appraisal activities and hydrocarbons production in Russia's offshore Arctic.

The document was signed by Igor Sechin, President and Chairman of the Management Board, Rosneft and Dinesh Kumar Sarraf, Chairman of the Board of Directors and ONGC Videsh Ltd Managing Director.

Rosneft Norwegian Seadrill Cooperation Will Enable Us to Reduce the Risks of Deficiency of Technologies and Equipment

ITAR-TASS, 24.05.2014

Cooperation of Rosneft and Norwegian service company Seadrill will allow the Russian company to reduce risks of deficiency of technologies and equipment for field development. This was stated by Rosneft President Igor Sechin at a press conference during the St. Petersburg International Economic Forum 2014.

"We have access to technology. In the market there are risks associated with the deficit of technologies and special equipment. This creates conditions for transferring the input fields. But we agreed with Seadrill. We buy share capital on the market conditions, we have agreed to exchange assets. We will guarantee the use of Seadrill capacity for drilling on our program," he said.

Rosneft Will Acquire a Share in the Capital of Pirelli, the Companies Will Discuss the Possibility of Synthetic Rubber Producing in Far East Petrochemical Company (FEPCO)

Interfax, 24.05.2014

Igor Sechin, Rosneft President, and Marco Tronchetti Provera, Pirelli's Chairman and CEO, have signed a set of documents on the Companies' cooperation, the journalist of "Interfax" reported from the signing ceremony.

The signed documents refer to the occurrence of NK Rosneft in the share capital of Pirelli and joint production of synthetic rubber in Nakhodka, as well as trade and marketing.

Rosneft and PetroVietnam Oil Corporation Agreed Upon the Main Terms of Long-Term Oil Supplies to Vietnam

Oilru.com, 24.05.2014

Rosneft President, Chairman of the Management Board Igor Sechin and PetroVietnam Oil Corporation President Nguyen Xuan Son signed an Agreement, defining major terms for long-term oil supplies to Dung Quat Oil Refinery in Vietnam. The signature ceremony was led by Vladimir Putin, President of the Russian Federation. The Agreement provides supply of the ESPO oil up to 6 million tons annually via Kozmino terminal in 2014-2039 after the accomplishment of the final stage of the refinery modernization.

Rosneft and BP Sign Agreement on Development of Domanik Formations

Oilru.com, 24.05.2014

Rosneft and BP Exploration Operating Company Limited signed a Heads of Agreement on Domanik formations. The document was signed within the framework of the St. Petersburg International Economic Forum in presence of President of the Russian Federation Vladimir Putin.

The document was signed by Rosneft President and Chairman of the Management Board Igor Sechin and BP Russia President David Campbell.

The Heads of Agreement provides for implementation of a joint pilot project by Rosneft and BP relating to the Domanik formations and, in the event of success, the possible development of unconventional Domanik resources in the Volga-Urals region.

The joint venture company (Rosneft 51%, BP 49%) will be incorporated in Russia.

BP will compensate part of the historical costs to Rosneft for exploration of the Domanik formations and will provide carry financing of up to 300 million USD for the pilot program, which will be conducted in two phases at license blocks in the Orenburg Region.

BP Signs Shale Deal with Rosneft

Financial Times, 25.05.2014

BP confirmed its commitment to Russia after signing a shale oil deal with state-owned oil company Rosneft, despite US Government-led sanctions against Moscow and the company's chief executive. The contract was one of a string of deals signed in a ceremony at the finale of the now-controversial St. Petersburg International Economic Forum by Rosneft boss Igor Sechin - as President Vladimir Putin looked on with a smile.

In a show of strength, Rosneft signed more than a dozen contracts on the final day of the forum. They included a multiyear contract to buy oil and products from Venezuela's state oil group, a move that will strengthen the Russian company's position as a third-party trader, and a deal to buy a "significant stake" in North Atlantic Drilling, a subsidiary of SeaDrill.

The Kremlin has made development of new types oil deposit – including shale, the Arctic, and fields in little-developed east Siberia – a priority amid declining production at older fields.

SUMMARY - Russia vs. Sanctions: 40 in Favor of Rosneft

RIA Novosti, 24.05.2014

This year Rosneft signed about four dozens of international agreements at the St. Petersburg International Economic Forum, the geography of which covers both hemispheres. This "triumph account" shows that Russia remains one of the key players on the world energy market, despite the threat of economic sanctions.

This year the forum was held on the background of serious cooling of Russia's relations with the West, particularly the European Union - the main consumer of Russian energy resources, because of the situation in Ukraine and joining of Crimea to Russia. The head of Rosneft Igor Sechin was caught in the US "black list". He once again declared, that he did not feel the impact of sanctions, and several times during the forum spoke about them with the share of sarcasm.

"I think that for rational people the cooperation is much more important," he said. Later he added that none of Rosneft partners boycotted the forum. A number of global oil and gas companies, in particular, the British BP and ExxonMobil, actually confirmed Sechin's words and its status as a "rational people", signing with Rosneft a number of documents and stating its intention to continue the cooperation.

"The threat is no longer a threat," the head of Rosneft added on Saturday, again commenting on penalties at the request of journalists.

Billionaire Fredriksen Bets on Russia With Rosneft Rig Deal

Bloomberg, 26.05.2014

North Atlantic Drilling Ltd., the rig-owner controlled by billionaire John Fredriksen, signed a cooperation deal with Rosneft that will make Russia's biggest oil company one of its largest shareholders.

The accord, signed as the U.S. and the European Union threaten further sanctions against Russia over Ukraine, will see Rosneft employ as many as nine offshore rigs for the equivalent of 35 rig years, the Hamilton, Bermuda-based driller said. Rosneft will buy "a significant" stake and Seadrill Ltd. will remain the biggest owner. Seadrill, 24.5 percent owned by Fredriksen, holds 69.7 percent of North Atlantic.

Seadrill and North Atlantic Drilling see "huge possibilities" in the Russian market and aren't concerned the tensions will be an obstacle, Seadrill Chief Financial Officer Rune Magnus Lundetrae said in a phone interview from London today. "We operate in many parts of the world where there is or can be unrest, so it's just business as usual for us. Right now, there are no challenges related to Rosneft and sanctions."

BP Defies US Sanctions to Sign Shale Oil Deal in Russia

The Times, 26.05.2014

BP has signed an Agreement with its Russian joint venture partner Rosneft to explore for shale oil.

According to reports from the St. Petersburg International Economic Forum, the British oil major will jointly explore for so-called hard to recover oil in the Volga-Urals region of central Russia.

The contract was one of a number of deals signed with western companies despite the imposition of American sanctions against Moscow because of the situation in Ukraine.

Bob Dudley, the chief executive of BP, who was at the forum alongside other European energy bosses including Ben van Beurden of Shell, attended a meeting with Vladimir Putin at which he reaffirmed his company's commitment to Russia. BP owns a 20 per cent stake in Rosneft.

Business is Stronger than Politics

Komsomolskaya Pravda, 28.05.2014

Despite the boycott, which was initiated by the American authorities, the St. Petersburg International Economic Forum has passed with great success. The largest Russian companies completed hundreds of agreements on billions of dollars. Rosneft reached especially great achievements. Reputable foreign media have noted that the largest country's oil company strengthened its positions on the global energy market. It was confirmed by major contracts, which were negotiated between Rosneft and its foreign partners..

Oil "Moves" the Country. What Marked Igor Sechin at the SPIEF

Arguments and Facts, 28.05.2014

On the St. Petersburg International Economic Forum 2014, which ended this weekend, Rosneft (by the way, the General partner of the forum) actually became the champion. The Company has prepared and signed 50 agreements, and President-Chairman of the Management Board Igor Sechin has become in these days the most cited after Vladimir Putin's news. Despite the difficult political situation, none of the partners did not come out of its projects.

ENERGY PROVIDERS' SUMMIT PARTICIPANTS





ROSNEFT

