



# US GAAP Financial and Operating Results for the Second Quarter 2010

August 18, 2010

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Forward-looking statements include, among other things, statements concerning the potential exposure of Gazprom Neft to market risks and statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions. These forward-looking statements are identified by their use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "objectives", "outlook", "probably", "project", "will", "seek", "target", "risks", "goals", "should" and similar terms and phrases. There are a number of factors that could affect the future operations of Gazprom Neft and could cause those results to differ materially from those expressed in the forward-looking statements included in this presentation, inclusively (without limitation): (a) price fluctuations in crude oil and oil products; (b) changes in demand for the Company's products; (c) currency fluctuations; (d) drilling and production results; (e) reserve estimates; (f) loss of market and industry competition; (g) environmental and physical risks; (h) risks associated with the identification of suitable potential acquisition properties and targets, and successful negotiation and completion of such transactions; (i) economic and financial market conditions in various countries and regions; (j) political risks, project delay or advancement, approvals and cost estimates; and (k) changes in trading conditions.

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## **Vadim Yakovlev**

Deputy Chairman of the Management Board,  
First Deputy CEO, CFO



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## **Boris Zilbermints**

Deputy Chairman of the Management Board,  
Deputy CEO for Exploration and Production



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## **Anatoly Cherner**

Deputy Chairman of the Management Board,  
Deputy CEO for Refining and Marketing

- Increased 2Q10 production 8.3% vs. 2Q09 to 13.0 Mmtoe
- Expanded refining\* throughput 8.2% Y-o-Y
- Company increased its share in Sibir Energy up to 80,37%
- Oilfield services spin off and future sale of assets
- Started construction works at new MHC/ Diesel Hydro Treatment complex in Panchevo (NIS)
- Production Sharing Agreement signed with Equatorial Guinea
- First period of Malka Oil upstream assets full consolidation – Integration with Gazprom Neft Vostok (100% subsidiary)
- Launch of sales under new G-Family Lubricants brand

- Macro Environment
- Upstream
- Downstream
- Financials
- Q & A
- Appendix

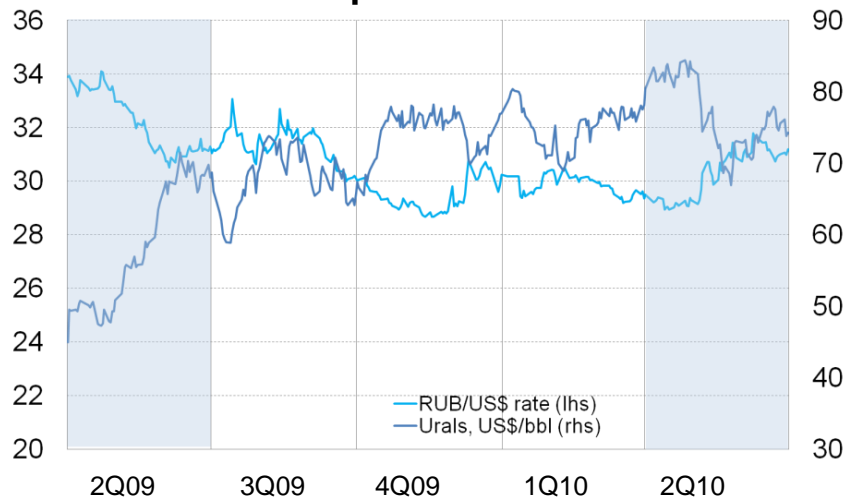
## Macro Environment

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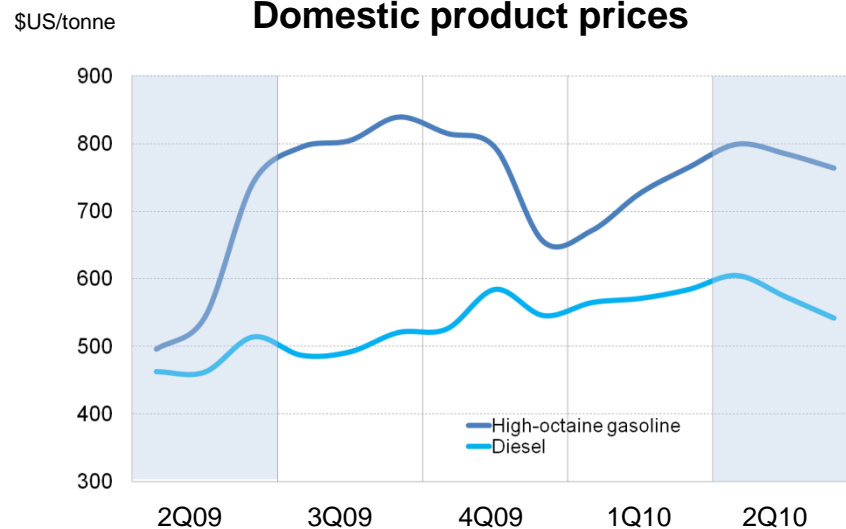
**Crude price steady Q-o-Q as Ruble weakens slightly**

# Taxes up on higher crude prices

## Urals price Vs. FX



## Domestic product prices



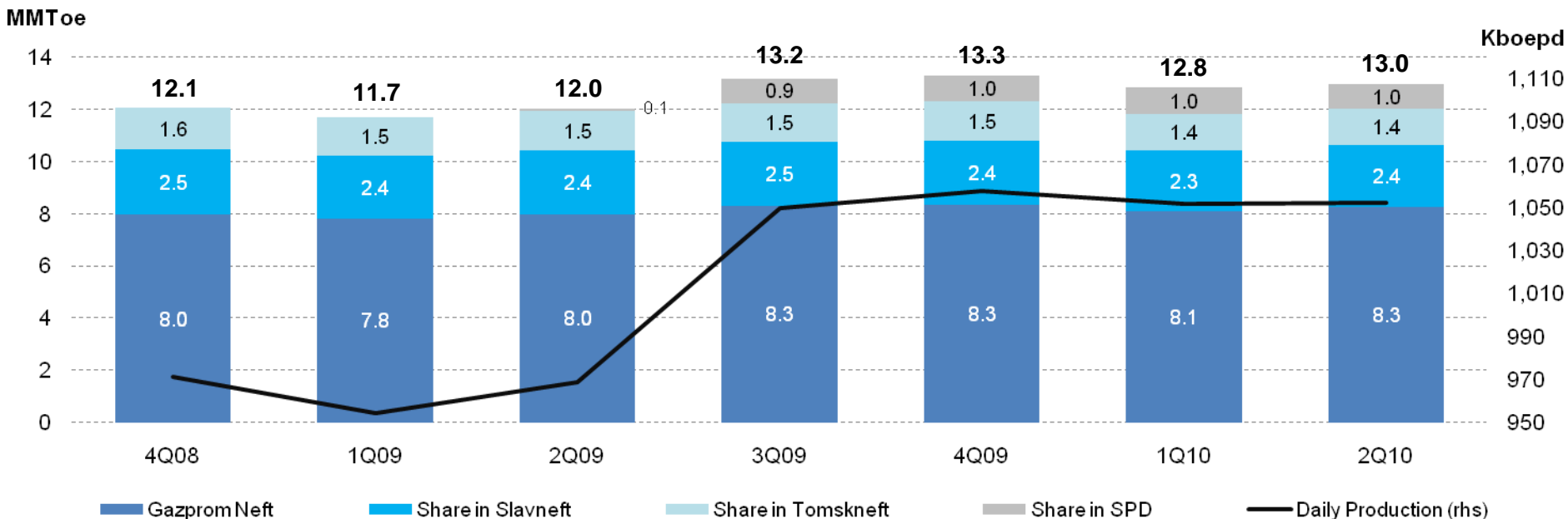
	2Q10	1Q10	2Q09	Q-o-Q	Y-o-Y	1H10	1H09	Y-o-Y
Average Urals price, \$US/bbl	76.89	75.36	58.47	+2.0%	+31.5%	76.11	50.96	+49.4%
Crude export duty, \$US/bbl	38.43	35.98	18.21	+6.8%	+111.0%	37.21	16.73	+122.4
US\$/RUB rate	30.24	29.89	32.21	+1.2%	-6.1%	30.07	33.07	-9.1%
Average Crude export netbacks, \$US/bbl	31.5	32.2	33.8	-2.2%	+24.0%	31.8	28.2	12.7%
Average Refining netbacks, \$US/bbl	40.9	39.1	31.3	+4.7%	+30.8%	40.0	27.2	47.0%

# Upstream

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**Unlocking potential of existing portfolio and capturing new opportunities**

## Group hydrocarbon production



- Stable hydrocarbon production in 2Q10

- Organic growth Q-o-Q & Y-o-Y at own fields

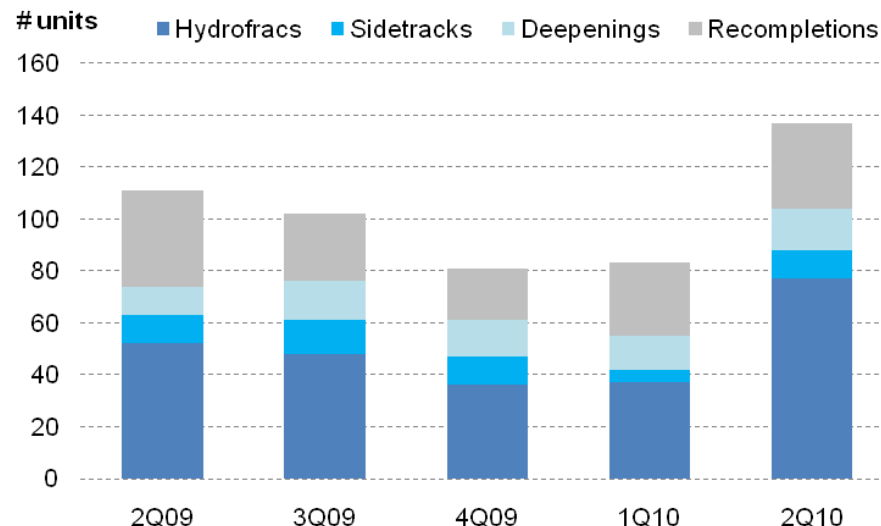
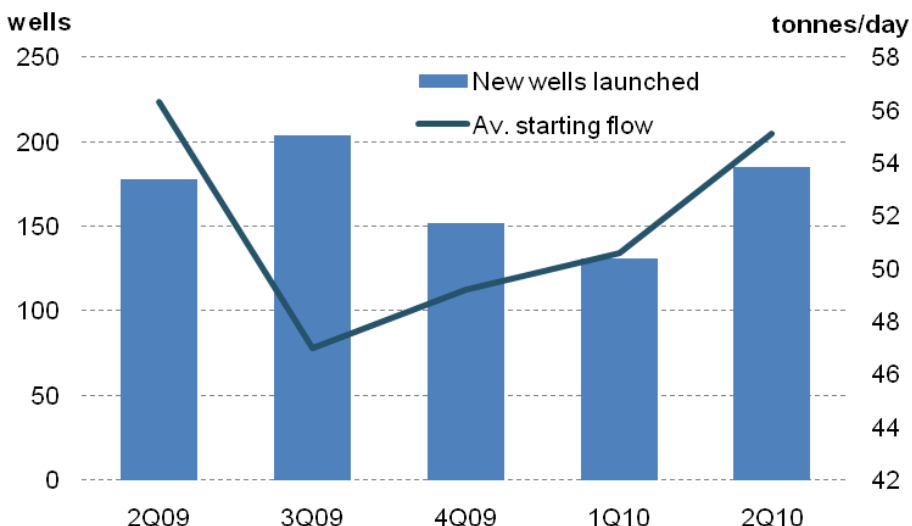
- Hydrocarbon production growth Q-o-Q leaders by absolute amounts:

- Priobskoye (+77.6 MTonnes),
- Vyngapurovskoye (+61.7 MTonnes),
- Taylakovskoye (+5.3 Mtonnes) - Slavneft
- Nizhne- and Zapadno-Luginetskoye (+25.4 MTonnes) – Malka oil assets

# Intensified development at 100% owned fields

## New wells and average initial production

## Other E&P activity



- Solid performance in 2Q10:
- Overcome the low-base 1Q10 effect
  - Resulting production growth q-o-q and y-o-y
  - Expectation of further incremental production growth

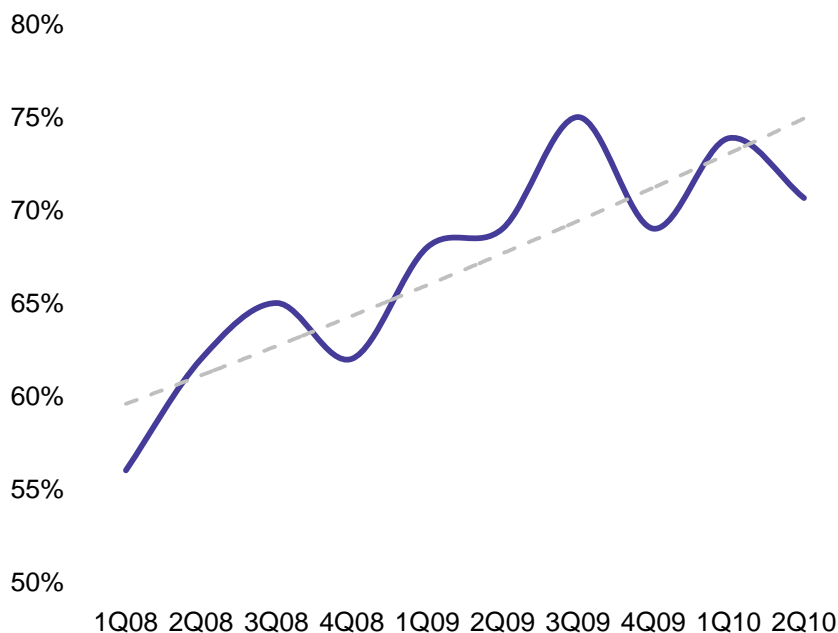
- Recovery in main operations at 100% owned fields Q-o-Q :
  - +54 new wells launched
  - +40 hydrofracturings
  - +9 deepenings & sidetracks

# Downstream

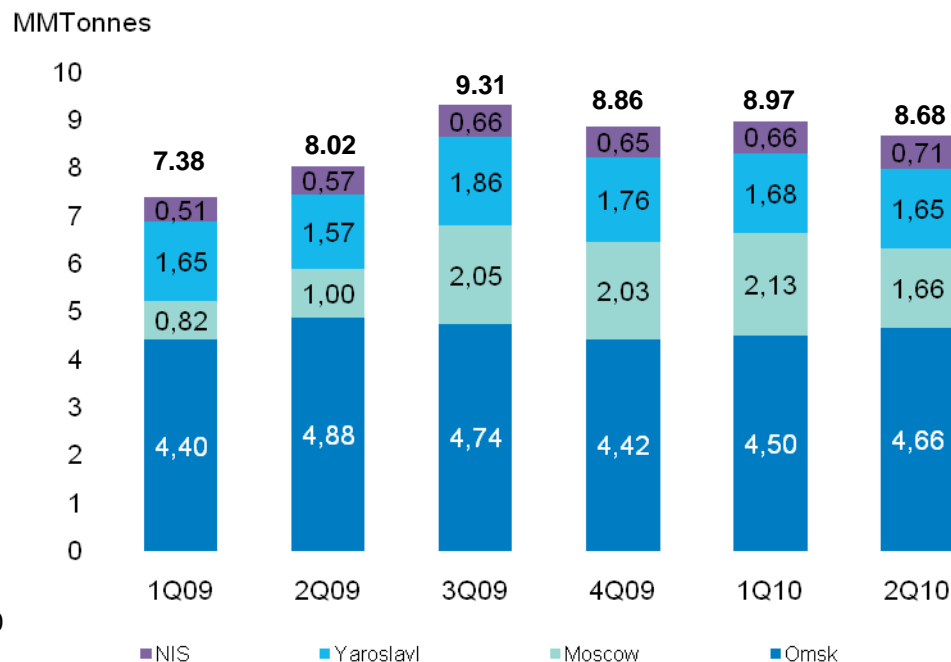
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**Managing structural advantages for optimal returns**

## Gazprom Neft refining cover



## Gazprom Neft refining throughput



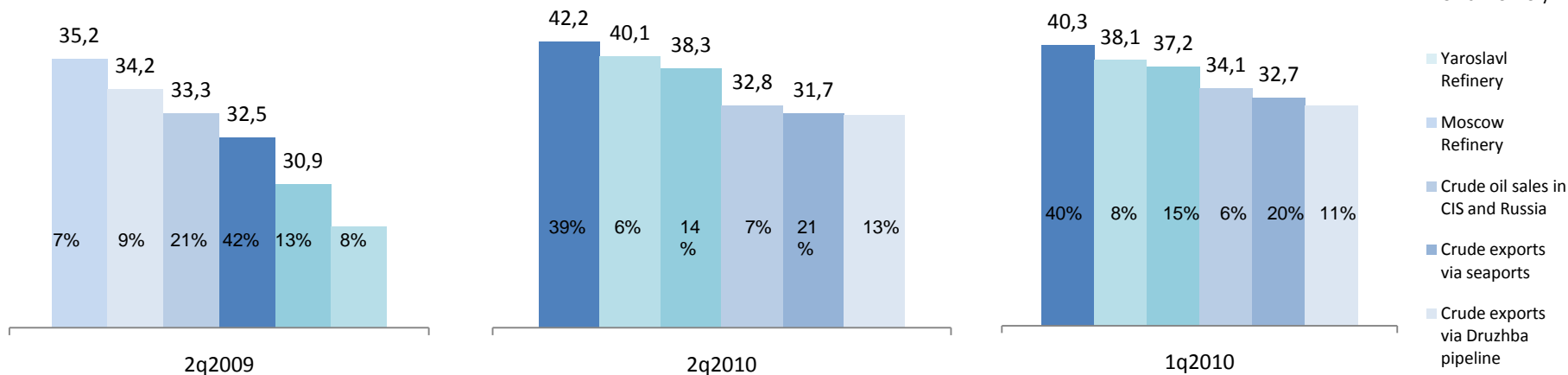
- Drop in refining cover due to the seasonal repair works at refineries during 2Q10
- Systematically increased refining exposure to take advantage of the Russian export tax differential

- The Sibir acquisition added refining capacity in Moscow serving Russia's highest value markets

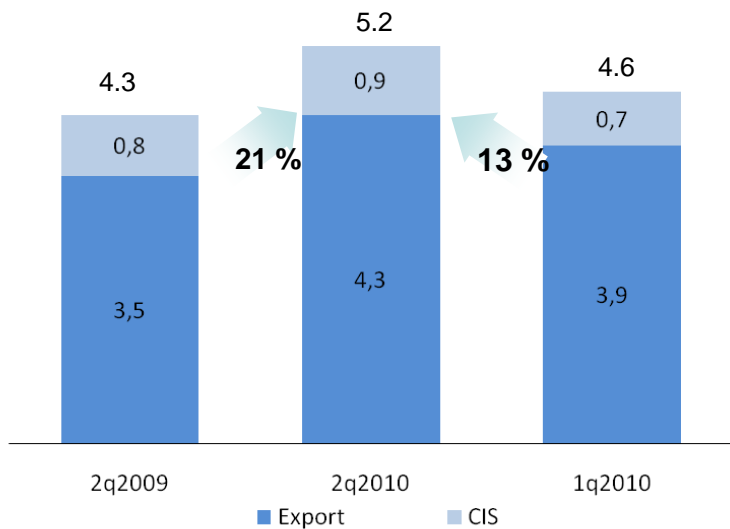
# Crude and product sales up on strong netbacks

## Domestic refining once again most profitable option

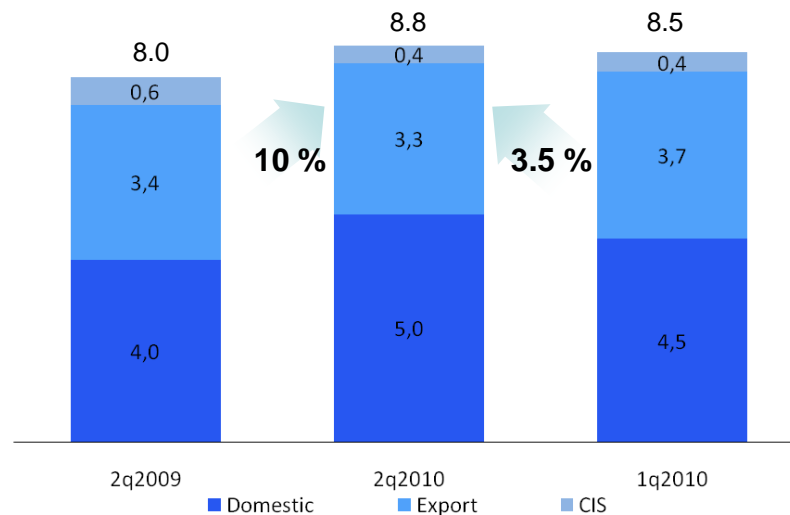
US\$/bbl



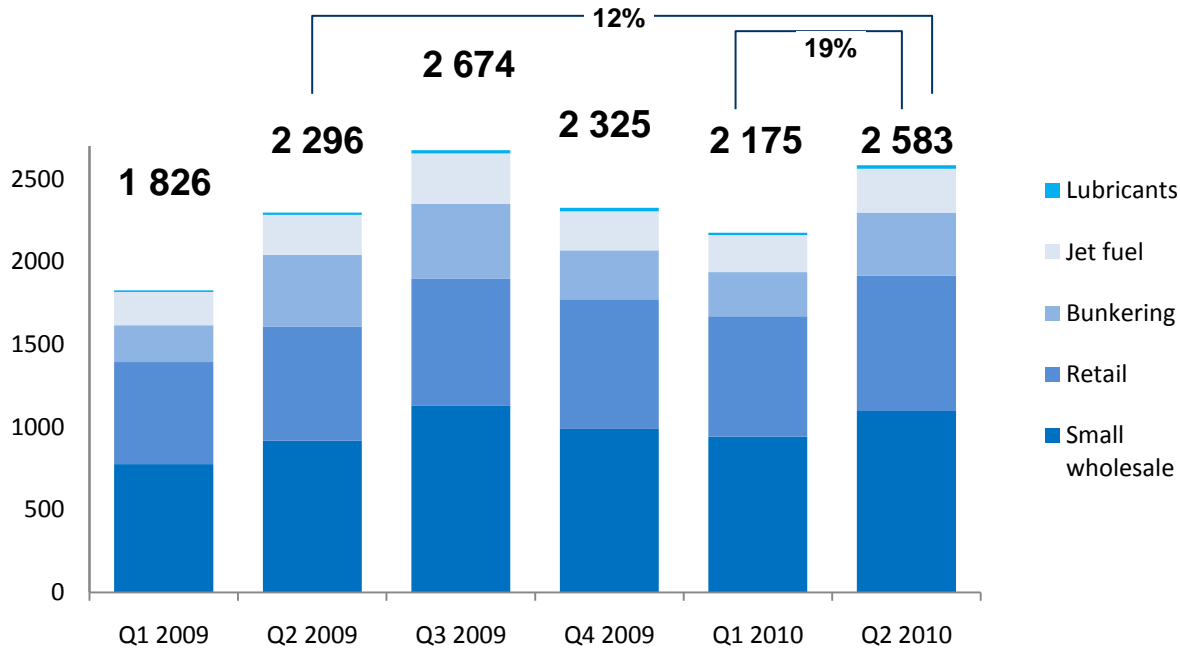
## Crude oil sales (MMTonnes)



## Petroleum product sales (MMTonnes)



## Premium channels sales



### Aviation

- #1 retail supplier of aviation fuel in Russia
- Sales volumes +18% (Q-o-Q) +11% (Y-o-Y)
- Opened new fueling terminals in Bryansk, Tomsk, Chita
- Finalized Murmansk terminal modernization
- Total locations: 12 airports in Russia 5 abroad

### Lubricants

- +46% sales growth vs. 2Q09
- Planned product range increase from 82 items to 250 by 2015



### Bunker

- Russia's leading bunker fuel supplier
- Opened new terminals to serve St. Petersburg
- Total locations reached 20

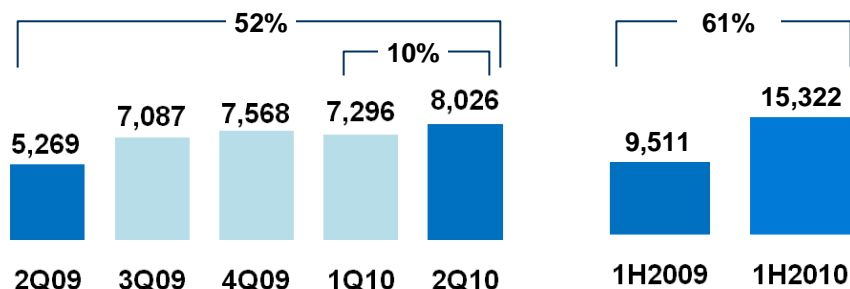
# Financials

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**Integrated business model and superior execution generate solid results**

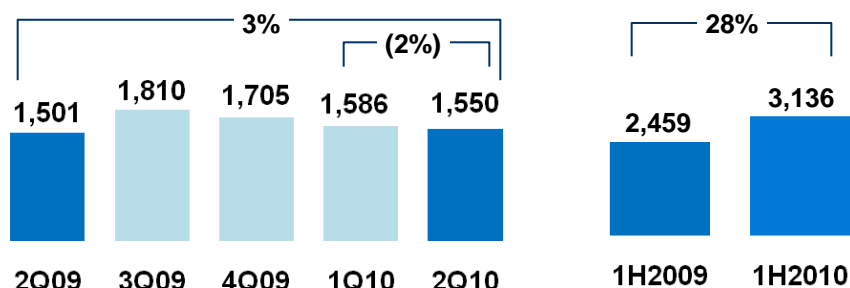
# EBITDA up 28%, net income falls due to one-offs

## Revenues



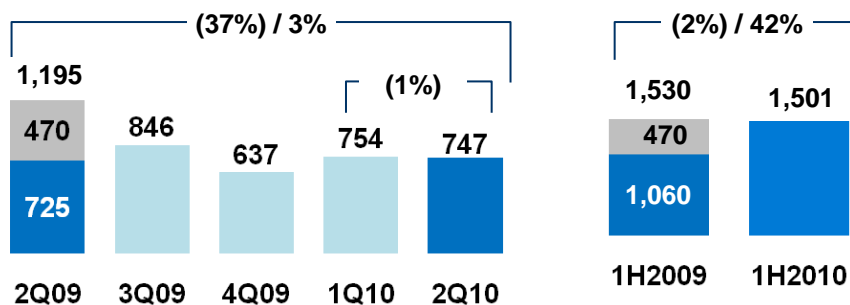
- New acquisitions and higher oil prices drove revenues up Y-o-Y
- Changes to the sales mix also influenced the increase of quarterly revenues

## EBITDA\*



- Strong Y-o-Y EBITDA rise due to increased sales and higher prices, but tempered by a higher tax burden and growth of transportation costs
- Slight decrease in Q-o-Q EBITDA was due to higher export duties and increase in upstream development activity

## Net Income

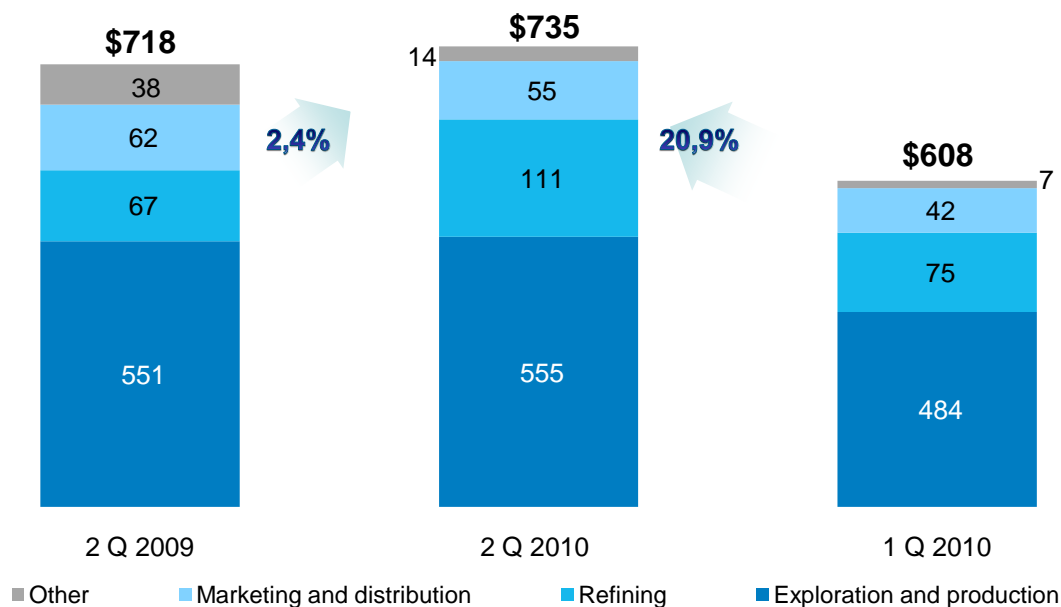


- Y-o-Y decrease in net income stems from one-off gain from Sibir Energy acquisition in 1H2009

■ - One-off gain from Sibir energy acquisition

# Organic Capex Breakdown

## Capex Dynamics, US\$ mln



- 2Q10 Capex is 2.4% up Y-o-Y to the increase in the Company's investment program for 2010 and Ruble appreciation.

-Modernization program implementation at company's refineries boosted refining Capex in 2Q10

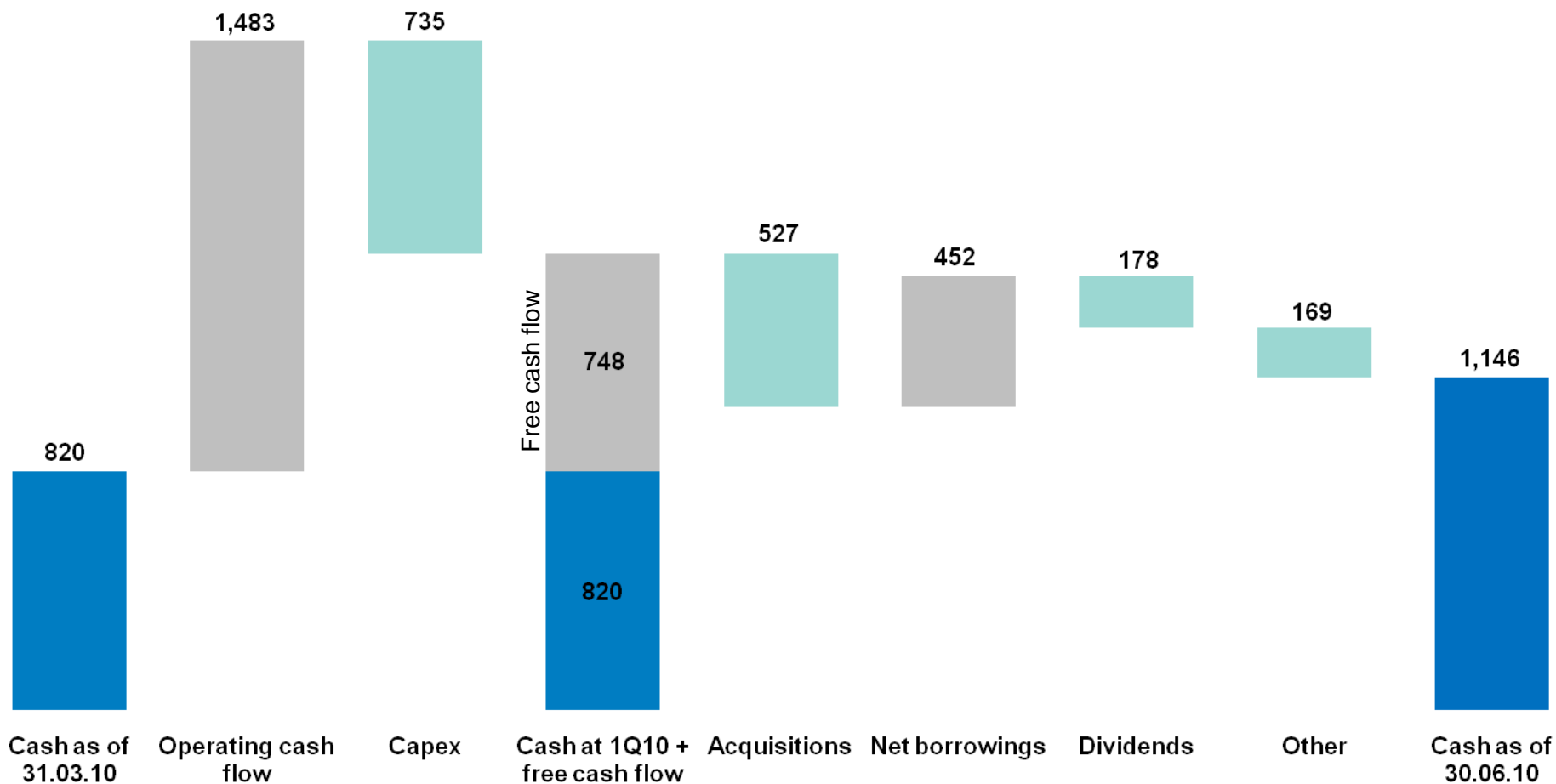
- Seasonal factors influenced the low base of total capital expenditures in 1Q10

	2Q09	2Q10	1Q10
<b>Upstream</b>	\$9.89/Bbl	\$9.69/Bbl	\$7.93/Bbl
<b>Brownfields</b>	\$8.18/Bbl	\$8.53/Bbl	\$6.02/Bbl
<b>Greenfields</b>	\$14.58/Bbl	\$12.21/Bbl	\$12.23Bbl

# Cash Covers Capex, M&A and Dividends

US\$ mln

## Cash reconciliation: 2Q10 vs. 1Q10



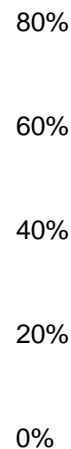
## Gearing ratio and maturity mix

Gearing ratio



## Debt maturity

ST/Total debt



■ Short term ■ Current portion of Long Term Debt ■ Long Term Debt

- Company net debt/EBITDA target < 1.5;
- Current net debt/EBITDA - 1

Due to Company refinancing efforts (partly drawdown of recently signed PXF facility):

- Average rate reduced from 5,1% to 4,6%
- Portion of long term debt in total indebtedness increased from 55% up to 65%

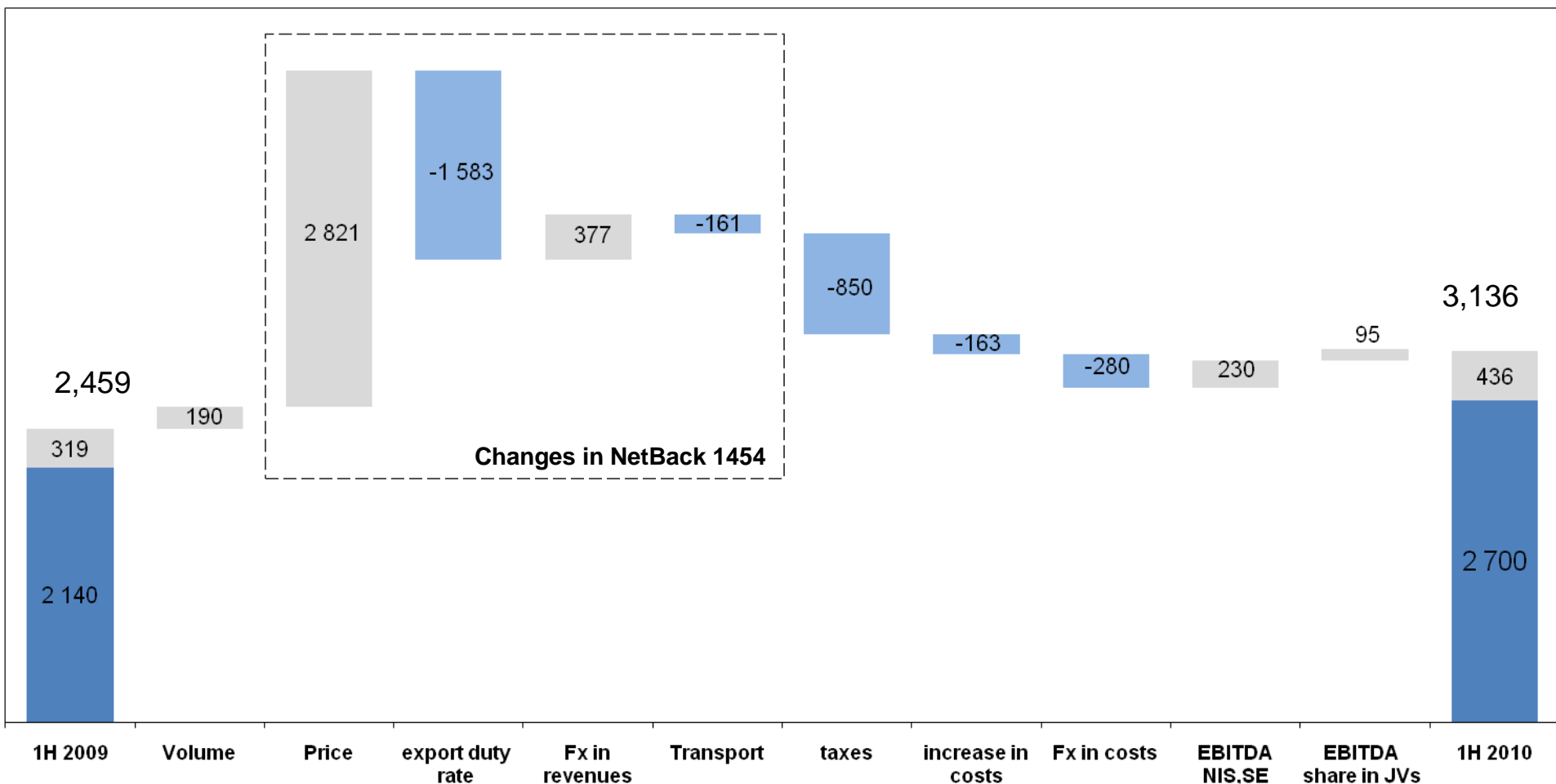
# Strategic management priorities for 2010



- Sustain production levels of mature fields by applying industry best practice technology
- Increase Priobskoye production 9% Y-o-Y
- Salym Petroleum production increase 3% Y-o-Y
- Execute Cenomanian gas developments for 2011 startup
- Transfer Gazprom's Novoport and Orenburg oil fields to Gazprom Neft
- Prepare for development of Novoport and Messoyakha fields
- Invest in quality and complexity at all refineries
- Continue and intensify rebranding and integration of the retail network
- Oilfield services spin off and sale of assets
- Finalize international agreements and build international management team

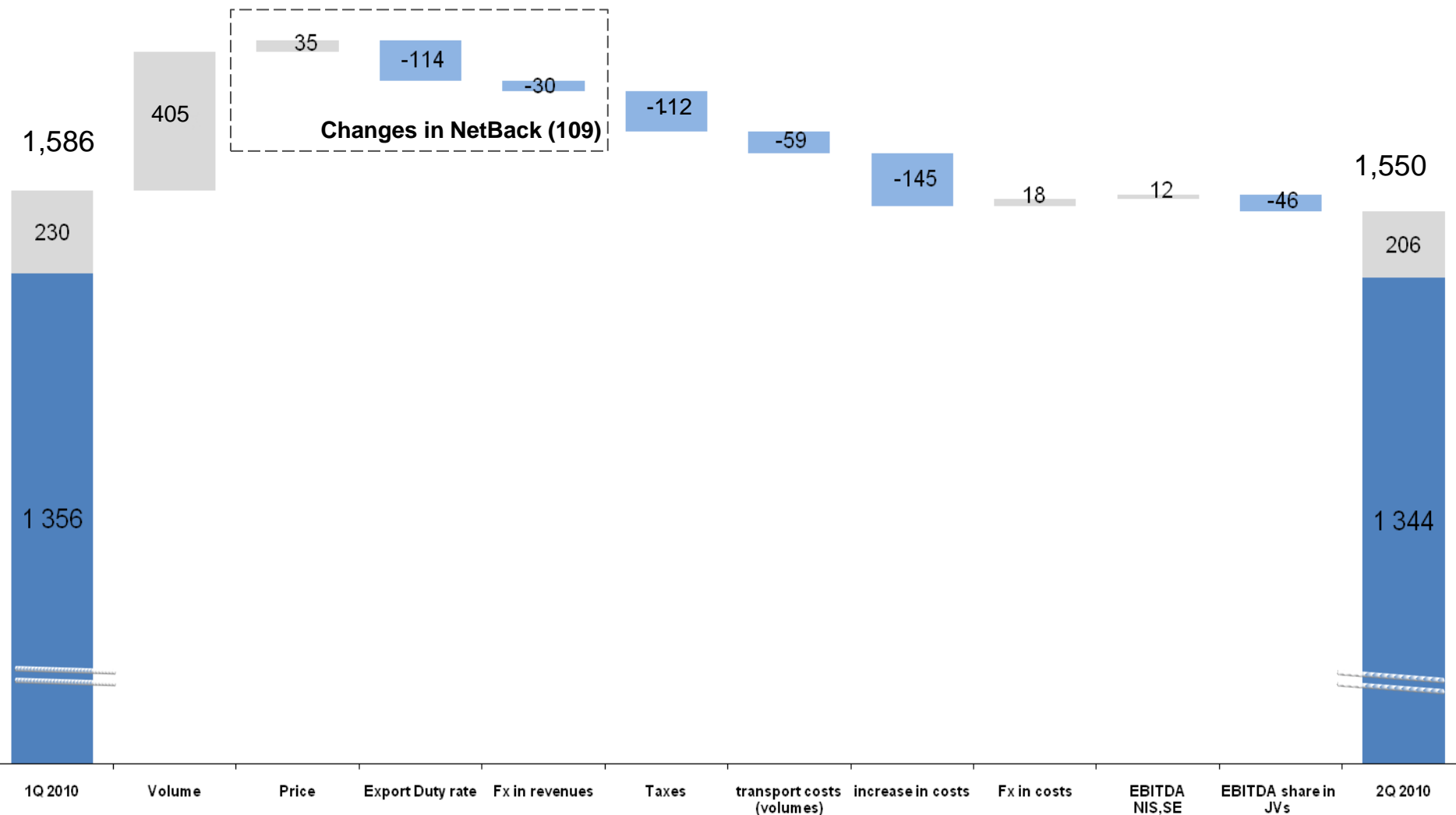
# Appendix

# EBITDA reconciliation (1H10 vs. 1H09)



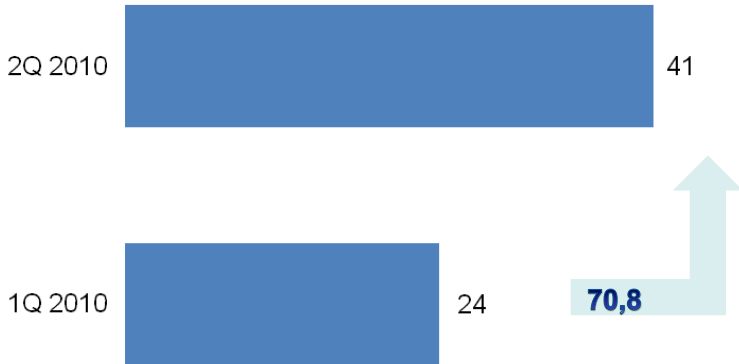
# EBITDA reconciliation (2Q10 vs. 1Q10)

EBITDA 2Q 2010 vs 1Q 2010, \$ mln.



# First period of Malka Oil assets full consolidation

STS Service production, M tonnes



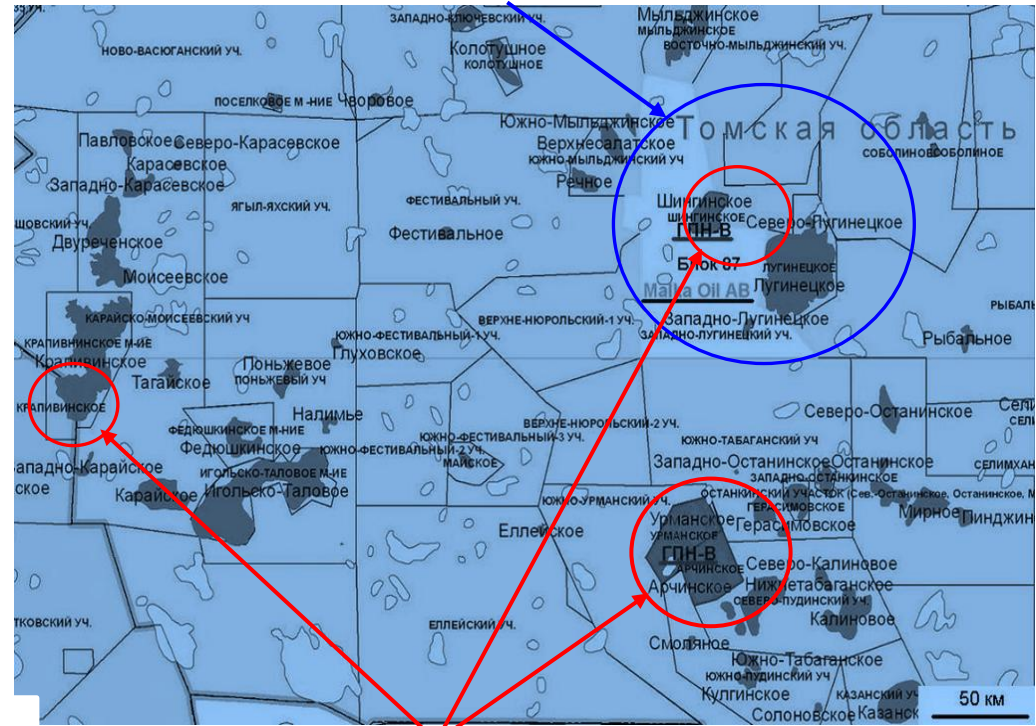
-February 4, 2010 the Company completed the acquisition of 100% of STS Service, previously owned by Malka Oil

-STS Service owns license Block in the Tomsk region comprising:

- Zapadno Luginetskoye field
- Nizhneluginetskoye
- Part of Shinginskoye field
- 11 prospective structures within the area

-C2 reserves 11,5 MMTonnes

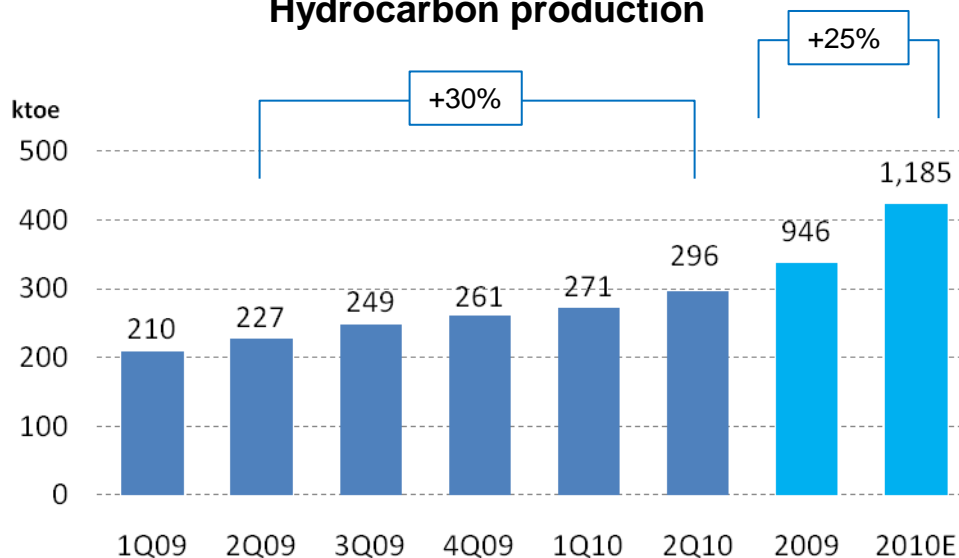
STS Service fields



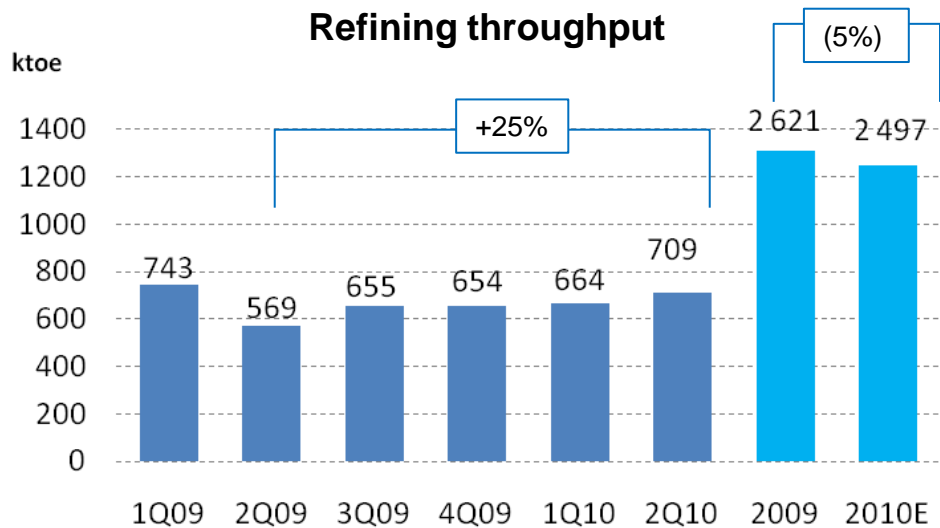
Gasprom Neft Vostok fields

- Synergy effect with Gazprom Neft upstream assets
- Potential Proved Reserves growth - up to 10,8 MMTonnes
- Potential production growth - up to 1 MMTonnes

## Hydrocarbon production



## Refining throughput



## 2Q 2010 key developments:

- Production growth 30% (Y-o-Y)  
9% (Q-o-Q)
- Refining growth 25% (Y-o-Y)  
7% (Q-o-Q)
- Euro diesel output growth 8% (Q-o-Q)



## Main targets for 2010:

- Production – 1,185 ktoe
- Refining – 2,497 ktoe
- Euro diesel production growth
- NIS shares start trading at Serbian Stock Exchange

bbbl	barrel
boe	barrel of oil equivalent
tonne	metric ton
toe	tonnes of oil equivalent
MMbbl	million barrels
MMboe	million barrels of oil equivalent
MMTonnes	million tonnes
MMtoe	million tonnes of oil equivalent
kbpd	thousand barrels per day
kboepd	thousand barrels of oil equivalent per day
ktpd	thousand tonnes per day
tpa	tonnes per year
bcm	billion cubic metres
bcf	billion cubic feet

For additional definitions:

<http://ir.gazprom-neft.com/>

## Crude Oil

		2Q09	3Q09	4Q09	1Q10	2Q10		2Q09	3Q09	4Q09	1Q10	2Q10
Gazprom Neft (own)	<b>MMTonnes</b>	7.421	7.648	7.581	7.292	7.452	<b>MMbbl</b>	55	56	55	54	55
Magma		0.013	0.076	0.071	0.065	0.068		-	-	1	-	-
NIS		0.183	0.198	0.207	0.217	0.231		1	1	2	2	2
Share in Slavneft		2.347	2.393	2.366	2.277	2.298		17	18	17	17	17
Share in Tomskneft		1.386	1.363	1.334	1.269	1.276		10	10	10	10	10
Share in SPD*		0.075	0.932	0.977	1.024	0.962		1	7	7	7	7
<b>Total Gazprom Neft Group</b>		<b>11.425</b>	<b>12.610</b>	<b>12.536</b>	<b>12.144</b>	<b>12.287</b>		<b>84</b>	<b>92</b>	<b>92</b>	<b>90</b>	<b>91</b>

## Marketable Gas

		2Q09	3Q09	4Q09	1Q10	2Q10		2Q09	3Q09	4Q09	1Q10	2Q10
Gazprom Neft (own)	<b>bcm</b>	0.399	0.404	0.540	0.550	0.557	<b>bcf</b>	14	14	19	19	19
Magma		0,001	0,005	0,005	0,004	0,004		-	-	-	-	-
NIS		0,055	0,063	0,067	0,067	0,081		2	2	2	2	3
Share in Slavneft		0,095	0,094	0,096	0,086	0,090		3	3	3	3	3
Share in Tomskneft		0,184	0,138	0,215	0,147	0,128		7	5	8	5	5
Share in SPD*		-	-	-	-	-		-	-	-	-	-
<b>Total Gazprom Neft Group</b>		<b>0,734</b>	<b>0,704</b>	<b>0,923</b>	<b>0,854</b>	<b>0,861</b>		<b>26</b>	<b>24</b>	<b>32</b>	<b>29</b>	<b>30</b>

## Refining throughput

		2Q09	3Q09	4Q09	1Q10	2Q10		2Q09	3Q09	4Q09	1Q10	2Q10
Omsk	MMToe	4.88	4.74	4.42	4.50	4.67	MMbboe	35.8	34.7	32.4	33.0	34.2
Moscow		0.99	2.05	2.03	2.13	1.66		7.3	15.0	14.9	15.6	12.2
NIS		0.57	0.65	0.65	0.66	0.71		4.2	4.8	4.8	4.8	5.2
Share in Yaroslavl		1.57	1.86	1.76	1.68	1.65		11.5	13.6	12.9	12.3	12.1
<b>Total Gazprom Neft Group</b>		<b>8.01</b>	<b>9.30</b>	<b>8.86</b>	<b>8.97</b>	<b>8.69</b>		<b>58.8</b>	<b>68.1</b>	<b>65.0</b>	<b>65.7</b>	<b>63.7</b>

## Conversion rate

		2Q09	3Q09	4Q09	1Q10	2Q10
Omsk	%	86	90	85	83	85
Moscow		72	80	67	69	72
NIS		-	-	-	68	
Yaroslavl		67	67	66	63	66

## Light Products Yield

		2Q09	3Q09	4Q09	1Q10	2Q10
Omsk	%	68	70	69	69	71
Moscow		59	58	59	58	55
NIS		-	-	-	59	65
Yaroslavl		57	57	57	56	60

# Sales volumes



<i>Sales Volumes</i>		2Q09	3Q09	4Q09	1Q10	2Q10
<b>Oil</b>						
Export (excl. CIS)	MMbbl	25.7	27.9	30.8	28.6	31.5
CIS	MMbbl	5.9	7.3	5.1	5.2	6.4
Domestic	MMbbl	1.1	0.7	0.4	-	-
<b>Total</b>	<b>MMbbl</b>	<b>32.7</b>	<b>35.9</b>	<b>36.3</b>	<b>33.8</b>	<b>37,9</b>
Export (excl. CIS)	MMTonnes	3.5	3.8	4.2	3.9	4.3
CIS	MMTonnes	0.8	1.0	0.7	0.7	0.9
Domestic	MMTonnes	0.2	0.1	0.1	-	-
<b>Total</b>	<b>MMTonnes</b>	<b>4.5</b>	<b>4.9</b>	<b>5.0</b>	<b>4.6</b>	<b>5.2</b>
<b>Gas</b>	<b>bcm</b>	<b>0.8</b>	<b>0.8</b>	<b>0.9</b>	<b>1.7</b>	<b>1.0</b>
<b>Petroleum products</b>						
Export (excl. CIS)	MMTonnes	3.4	3.4	3.4	3.7	3.3
CIS	MMTonnes	0.6	0.6	0.6	0.4	0.5
Domestic	MMTonnes	4,0	5.2	4.6	4.4	5.0
<b>Total</b>	<b>MMTonnes</b>	<b>8.0</b>	<b>9.2</b>	<b>8.6</b>	<b>8.5</b>	<b>8.8</b>

<b>Retail network (aver.)</b>		<b>2Q09</b>	<b>3Q09</b>	<b>4Q09</b>	<b>1Q10</b>	<b>2Q10</b>
<b>Gazprom Neft</b>	<b>units</b>	<b>1,494</b>	<b>1,499</b>	<b>1,523</b>	<b>1,515</b>	<b>1,534</b>
Active	units	1,386	1,364	1,416	1,429	1,443
Russia	units	803	760	787	798	800
CIS (excl. Russia)	units	105	126	152	158	161
Europe	units	478	478	477	473	482
Non-operating	units	108	135	107	86	91
Russia	units	83	112	89	86	90
CIS (excl. Russia)	units	11	9	4	-	1
Europe	units	14	14	14	-	-

## Average daily sales per site by region

		<b>2Q09</b>	<b>3Q09</b>	<b>4Q09</b>	<b>1Q10</b>	<b>2Q10</b>
Central	tpd	8.7	9.5	9.2	8.8	11.1
North West	tpd	8.8	8.2	8.7	9.0	9.5
Urals	tpd	10.5	12.2	12.0	9.5	10.0
Volga Region	tpd	9.0	12.6	13.8	13.6	12,2
Siberian	tpd	8.2	9.2	9.2	8.6	11.3
<b>Total Russia</b>	<b>tpd</b>	<b>8.7</b>	<b>9.8</b>	<b>9.7</b>	<b>9.0</b>	<b>9.8</b>
CIS ("Gazprom Neft Asia")	tpd	6.2	7.5	6.7	5.5	7.1
Europe (NIS)	tpd	3.3	3.5	3.1	2.5	3.6