



BASHNEFT
JOINT STOCK OIL COMPANY

Bashneft Group Investor presentation

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Sberbank CIB

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London



Certain statements in this presentation may contain assumptions or forecasts with respect to forthcoming events within Bashneft Group. The words “expect”, “estimate”, “intend”, “will”, “could”, negations thereof and similar expressions identify forward-looking statements. We wish to caution you that these statements are only predictions and that actual events or results may differ materially. We do not intend to update these statements to reflect events and circumstances occurring after the above-mentioned date or to reflect the occurrence of unanticipated events. Many factors could cause the actual results of Bashneft Group to differ materially from those contained in our projections or forward-looking statements, including, among others, general economic conditions, our competitive environment, risks associated with operating in Russia, rapid technological and market changes in our industries, as well as many other risks specifically related to Bashneft Group.

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1. Business Overview and Key Achievements in 2Q2013



Vertically-integrated Value Chain: from Oil Well to Petrol Tank



Exploration

Production

Reserve life of 18 years
Own R&D

Sustainable production growth

Upstream



Refining

Three interconnected refineries in close proximity to most of Bashneft's oil fields creating economic efficiency



Marketing: Wholesale & Retail

Petroleum products and petrochemical sales of 19.3mmt in 2012

Intensively developing retail network present in 23 Russian regions

Downstream

Bashneft's key achievements in the second quarter of 2013

Operating results

- **Average daily oil production** increased by 1.0% to **314.8 thousand bbl/d**;
- **Average daily refining** reached the level of **424.0 thousand bbl/d**;
- **Refining depth** increased to **86.0%**;
- **The share of light products** added **1.0 p.p.** and reached **61.2%**.

Financial results

- **Revenue** added **7.4%** and reached **134.9 billion roubles**;
- **EBITDA** totalled **22.7 billion roubles**, adding **7.1%**;
- **Net income** increased by **9.8%** to **13.2 billion roubles**.

Main events

- The Group acquired a 100% stake in LLC Alternativa, which owns a network of 12 filling stations in the Orenburg Region and operates under the Q&R brand name;
- The Meeting of Shareholders decided to pay dividends for 2012 amounting to 24 roubles per ordinary registered share and per preferred registered share of JSOC Bashneft and elected a new membership of JSOC Bashneft's Board of Directors;
- Start of pilot production at the R. Trebs and A. Titov fields in the Nenets Autonomous District in August 2013



* - Compared to the first quarter of 2013.



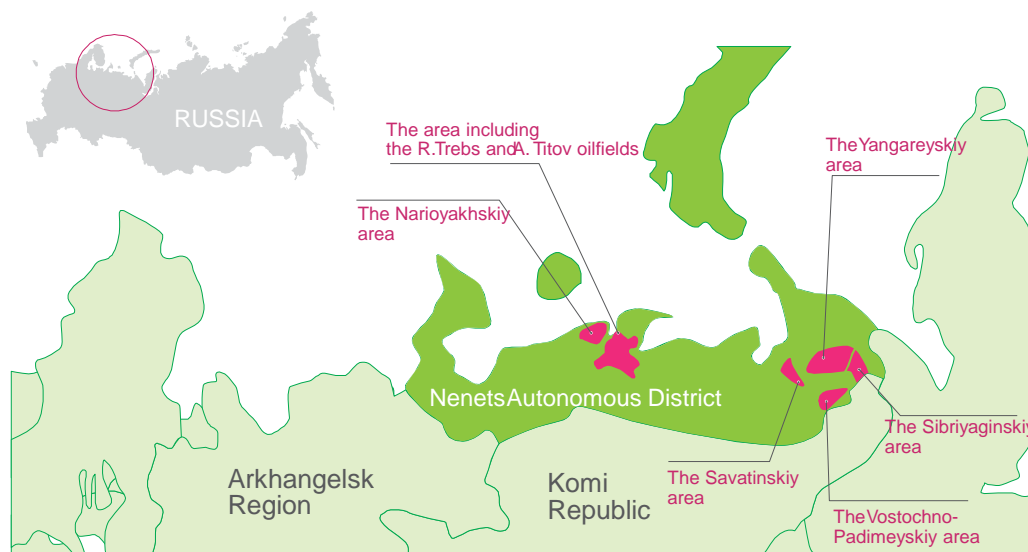
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2. Start of pilot production at the R. Trebs and A. Titov fields



Pilot production at the R. Trebs and A. Titov fields is a new stage in developing a large-scale project in the strategic region of exploration and production



STATUS OF THE PROJECT

- Pilot production started in August 2013;
- In 2013 oil production is expected to total ~ 300 thousand tonnes;
- 3D seismic survey amounted to 1,350 sq. km;
- Field facilities were constructed at 12 exploration wells; these wells were also connected to associated equipment;
- Over 40 kilometres of oil-gathering pipelines were built;
- About 80 kilometres of power lines were constructed;
- The first stage of the Central Gathering Station (CGS) with the capacity of 1.5 million tonnes per year was built;
- A metering station was constructed;
- A high-pressure pipeline connecting the CGS at the R. Trebs oilfield and the metering station in Varandey with the total length exceeding 31 kilometres was built;
- As of June 30, 2013, CAPEX exceeded 20.4 billion roubles (less a one-off payment for the licence totalling 18.5 billion roubles.).

KEY FACTS

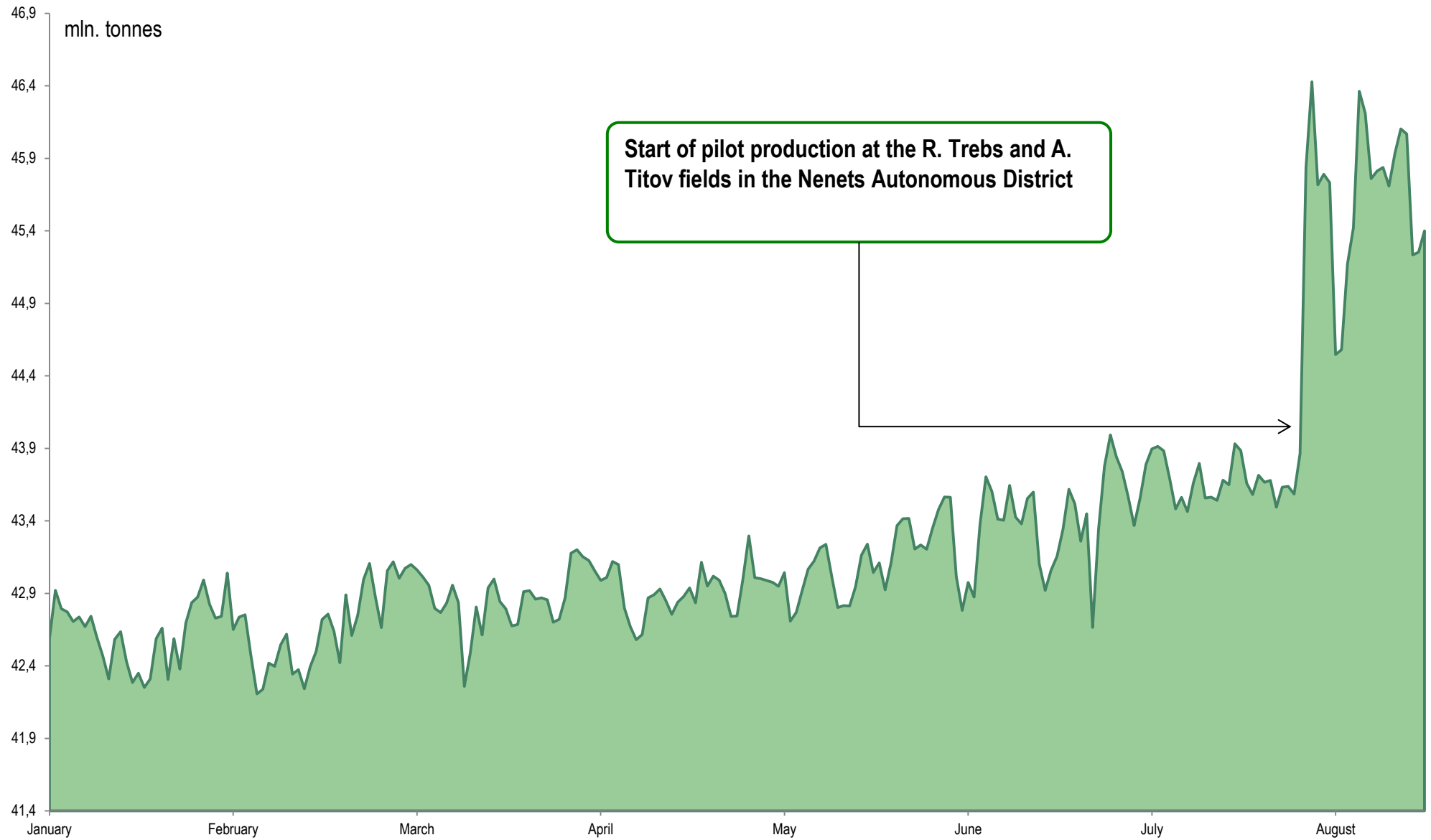
ABC1 reserves	C1+C2: 140.1 million tonnes C3: 59.3 million tonnes
Reserves under PRMS*	Contingent 3C resources: 743 million barrels Prospective resources: 60 million barrels
The licence is valid until	2036

- Commercial production is to start in 2016;
- Peak production is to total 4.8 million tonnes;
- Production is to reach a plateau by 2020;
- The expected number of production wells at the two fields is ~ 200;
- The cost of project implementation totals 180 billion roubles.

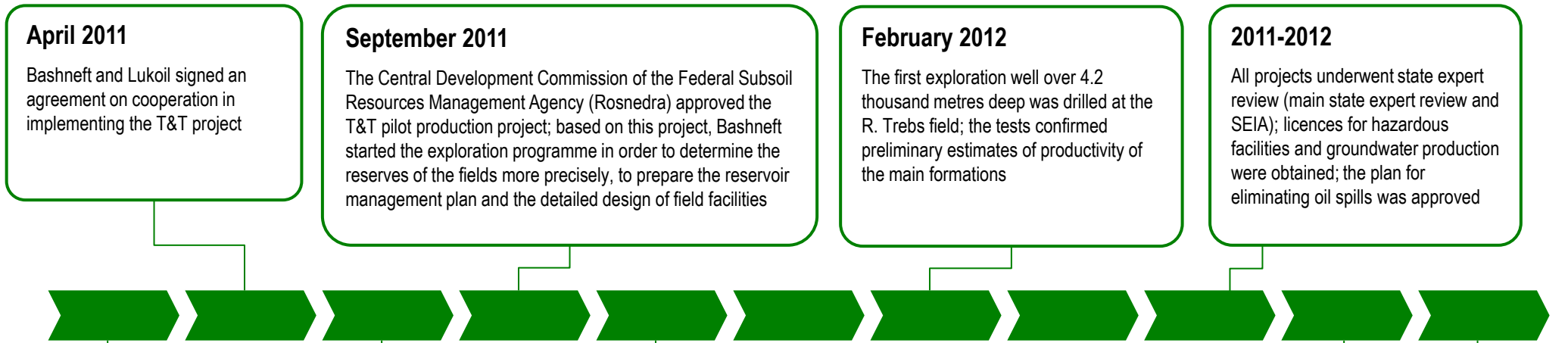
RESULTS ACHIEVED IN 2013 AND PLANS FOR 2014

- In May 2013, production drilling began at three sites at the R. Trebs field and two sites at the A. Titov field; overall, the company plans to drill 16 wells;
- Schlumberger provides integrated drilling service;
- Bashneft's Drilling Support Centre (DSC) provides geological support for drilling;
- Oil from the fields is supplied via a pipeline to the metering station in Varandey and then to the Varandey terminal to be subsequently exported;
- In 2014 production is expected to total ~ 0.9 million tonnes;
- In 2014 preparation for commercial production will continue;
- In 2014 geological exploration will continue, including seismic survey and exploration drilling.

Average daily oil output performance since the beginning of 2013



Key stages of the T&T project development



April 2011
 Bashneft and Lukoil signed an agreement on cooperation in implementing the T&T project

September 2011
 The Central Development Commission of the Federal Subsoil Resources Management Agency (Rosnedra) approved the T&T pilot production project; based on this project, Bashneft started the exploration programme in order to determine the reserves of the fields more precisely, to prepare the reservoir management plan and the detailed design of field facilities

February 2012
 The first exploration well over 4.2 thousand metres deep was drilled at the R. Trebs field; the tests confirmed preliminary estimates of productivity of the main formations

2011-2012
 All projects underwent state expert review (main state expert review and SEIA); licences for hazardous facilities and groundwater production were obtained; the plan for eliminating oil spills was approved

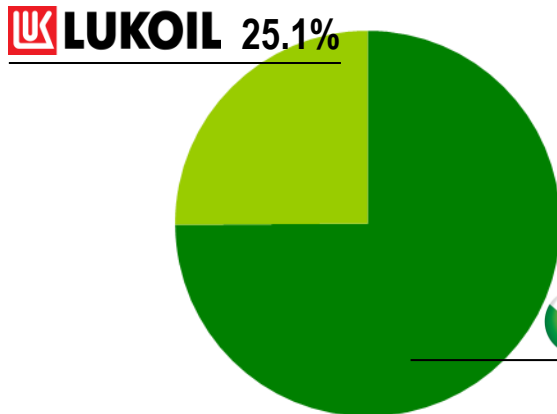
February 2011
 Bashneft won the competition and obtained the licence for the subsoil area of federal significance including the R. Trebs and A. Titov fields

July 2011
 At the first public consultations held in the Nenets Autonomous District (the Zapolyarny District), the material concerning the Environmental Impact Assessment (EIA) of the T&T project was approved

December 2011
 The licence for the T&T fields was transferred from JSOC Bashneft to LLC Bashneft-Polyus. The key documents related to creating a joint venture LLC Bashneft-Polyus were signed:

- Lukoil acquired a 25.1% stake for 4.8 billion roubles, while Bashneft's stake totalled 74.9%;
- LLC Bashneft-Polyus acquired 29 prospecting and exploration wells in the licence area from Lukoil for US\$ 60 million;
- It was decided to finance the project on a pro rata basis.

August 2013
 Construction of facilities at the first stage of the T&T project was completed and pilot production of oil started at the fields



BASHNEFT 74.9%
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2012
 The Board of Directors of LLC Bashneft-Polyus was formed



In 2011-2013, as part of preparing for pilot production at the R. Trebs and A. Titov fields, LLC Bashneft-Polyus, which operates the project, did the following:

- 12 exploration wells were reentered and connected to associated equipment, and field facilities were constructed;
- Over 40 kilometres of oil-gathering pipelines were built and commissioned;
- About 80 kilometres of power lines were constructed and connected to grids.



All field facilities are constructed in full compliance with regulatory requirements for construction and environmental protection

Start-up crude oil distillation facilities: the first stage of the Central Gathering Station (CGS) at the R. Trebs field



The project is aimed at gradual development of the CGS at the R. Trebs field, where all oil produced at the T&T fields will be distilled:

- The first stage with the capacity of up to 1.5 million tonnes per year has been commissioned;
- At subsequent stages, the capacity of the CGS will be increased to 4.5 million tonnes per year.



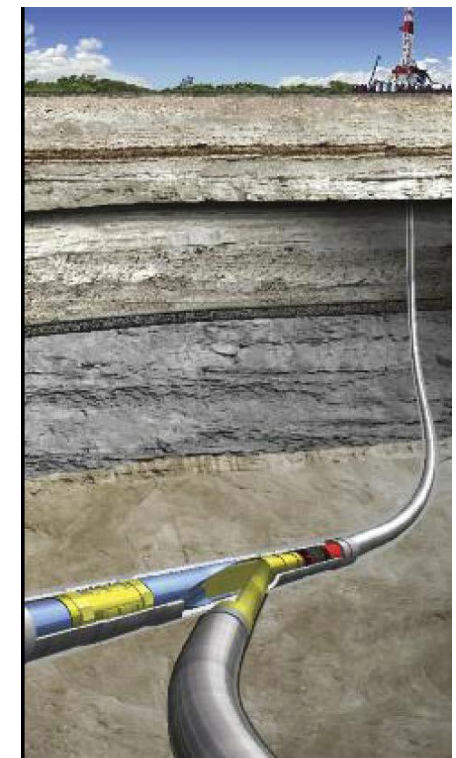
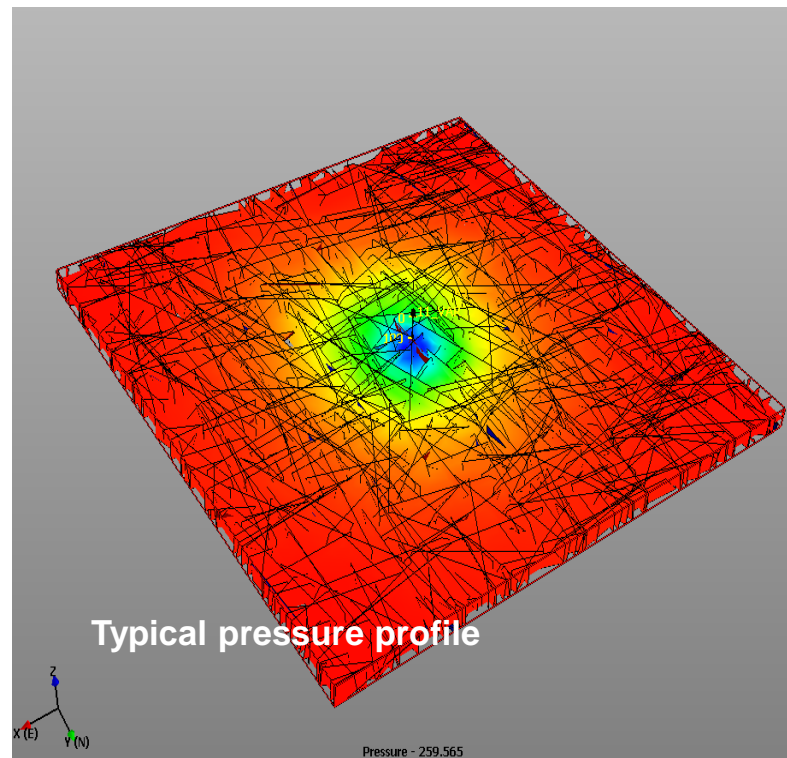
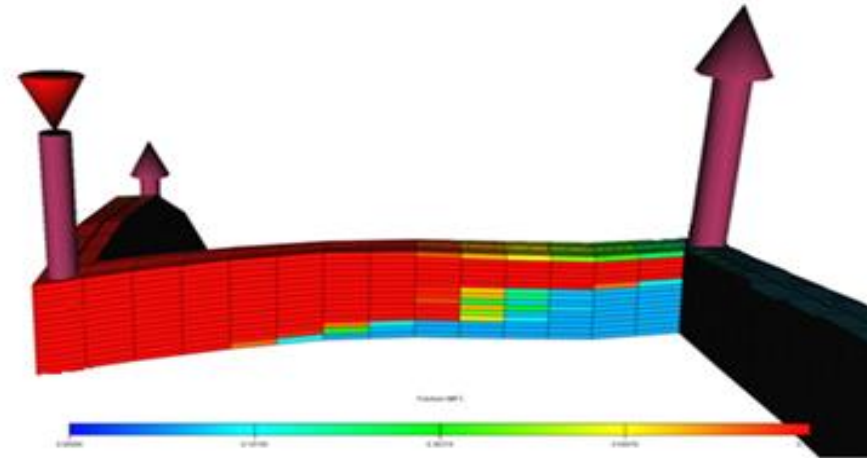


External transport and product loading facilities

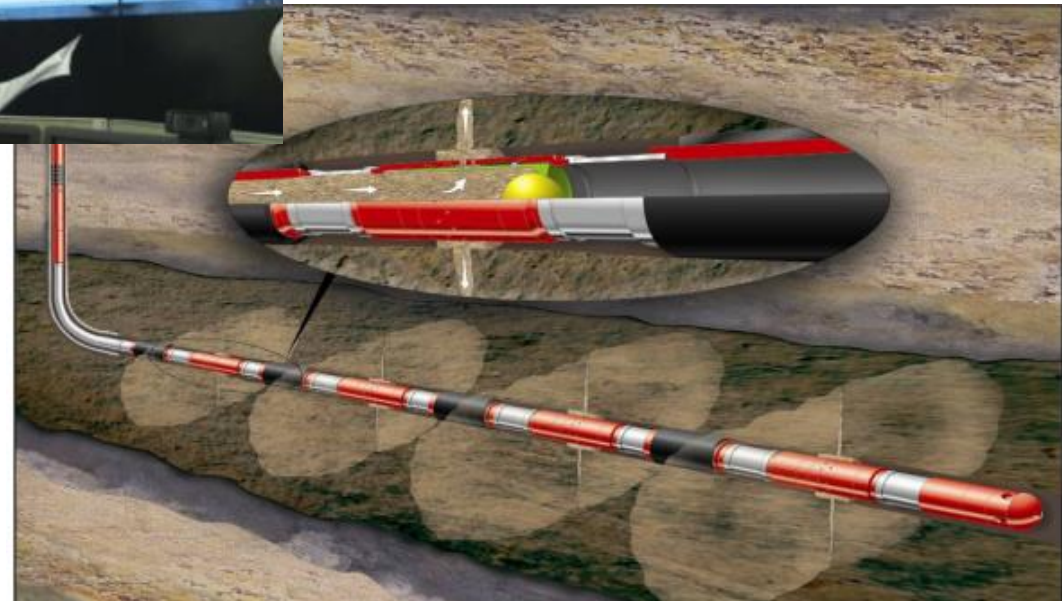
- a high-pressure pipeline between the CGS at the R. Trebs oilfield and the metering station in Varandey with the total length exceeding 31 kilometres;
- a metering station;
- external connection of the metering station to Lukoil's terminal.



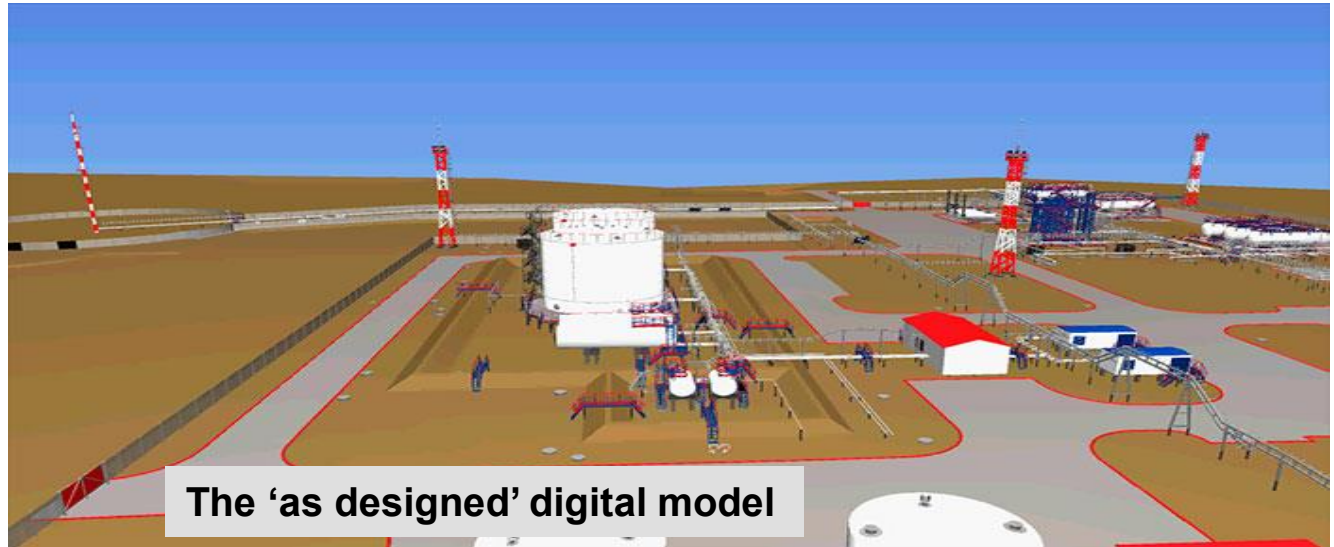
- Field development involving **maintaining reservoir energy** by means of water-alternating-gas (WAG) injection;
- Optimization of field development resulting in a considerable increase in the recovery factor through **miscible displacement** combined with WAG injection;
- **Direct DFN** (Discrete Fracture Network) modelling in order to describe filtration processes in fractured carbonate reservoirs adequately;
- **Drilling of horizontal and multilateral wells** throughout the entire period of field development.



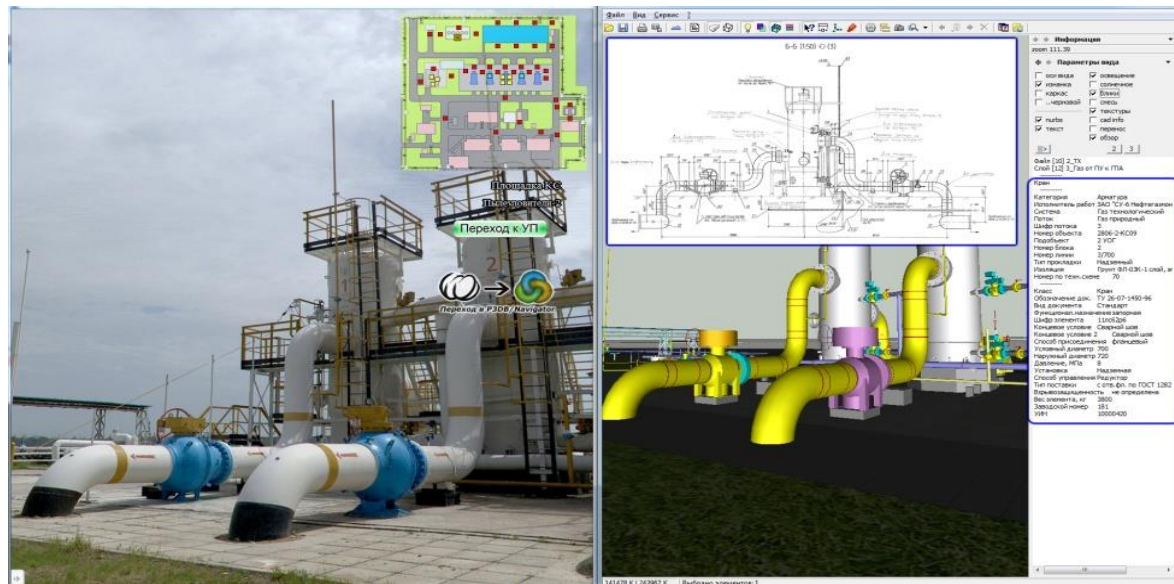
- An operational **drilling support centre (DSC)** designed and built by Schlumberger;
- Enhancing the efficiency of well drilling by using **rotary steerable systems**;
- Horizontal well completion with **'premium ports'**: a system of inflow control devices enabling water shutoff;
- Using **modern Arctic drilling rigs** with the derrick capacity of 320 tonnes, with a four-stage cleaning system and a topdrive, which makes it possible to drill wells with a deviation of up to 2,100 metres;
- Using **smart downhole inflow control systems** in multilateral wells.



- Using **3D engineering** for large on-site facilities;
- Using advanced solutions when constructing facilities in permafrost areas: 100% of reservoirs have **ground thermal stabilization systems**.



The 'as designed' digital model



An electronic technical passport based on integrating the 2D general layout, 3D models, spherical panoramas and electronic executive documents



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3. Bashneft Group petrochemical assets consolidation and divestment



Transition to a single share

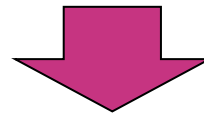
- The historical complexity of the corporate structure had prevented the Group from fully achieving strategic goals;
- As part of streamlining its corporate structure, in 2012 the Group completed reorganization in Downstream segment through consolidation of five subsidiaries, OJSC Ufimsky refinery plant, OJSC Novoil, OJSC Ufaneftekhim, OJSC Bashkirnefteprodukt and OJSC Orenburgnefteprodukt, with JSOC Bashneft.

Petrochemical business

- OJSC Ufaogsintez was not included in reorganization through consolidation with Bashneft in order to develop petrochemical production as a separate business;
- Complex restructuring of petrochemical assets of Bashneft Group on the basis of OJSC United Petrochemical Company “UPC” was needed to develop separate petrochemical production business.

Oilfield service business

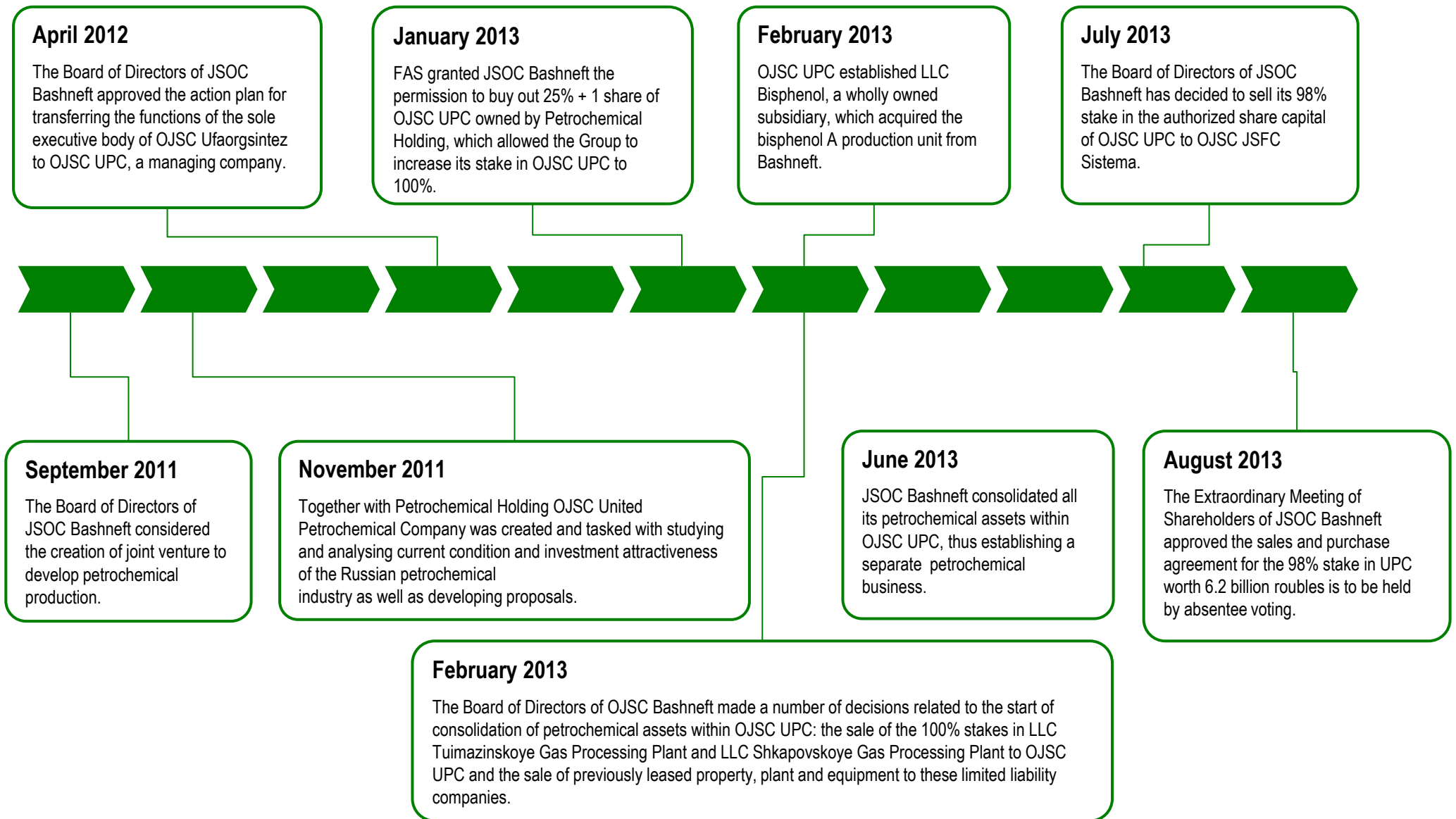
- Bashneft completed the creation of an oilfield service holding company on the basis of LLC Bashneft-Service Assets, its wholly owned subsidiary;
- The oilfield service holding company managed by LLC Bashneft-Service Assets includes 11 oilfield service companies with market development potential.



**Bashneft consistently simplifies the corporate governance structure
focusing on core assets development**



Petrochemical assets consolidation timeline



Investments in petrochemical segment don't meet strategic goals of Bashneft

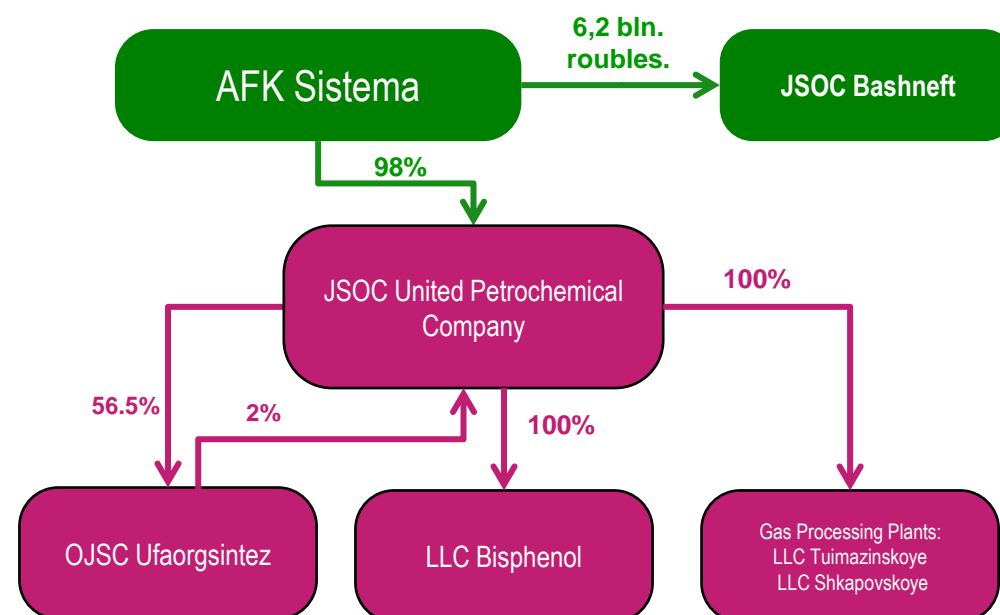
Rationale for the transaction

- Petrochemical business is a non-core business for JSOC Bashneft;
- Strategy of the Company does not envisage development of this segment as a separate line of business within Bashneft Group;
- Further development of the petrochemical segment for the purposes of optimization and enhancement of profitability requires significant capital investments.

The buyer and the structure of a possible transaction

- AFK Sistema (the controlling shareholder of JSOC Bashneft with the stake exceeding 75%) is interested in the development of the petrochemical business line of the Group;
- Price for 98% stake of UPC according to the independent valuation fulfilled by one of the Big Four audit firms equals to 6.2 bln. roubles;
- Meeting of Shareholders of JSOC Bashneft approved the sales and purchase agreement.

Possible structure of the UPC sale



Sale of petrochemical assets will allow Bashneft to increase the operational efficiency of core businesses within the Group



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4. Bashneft operational results



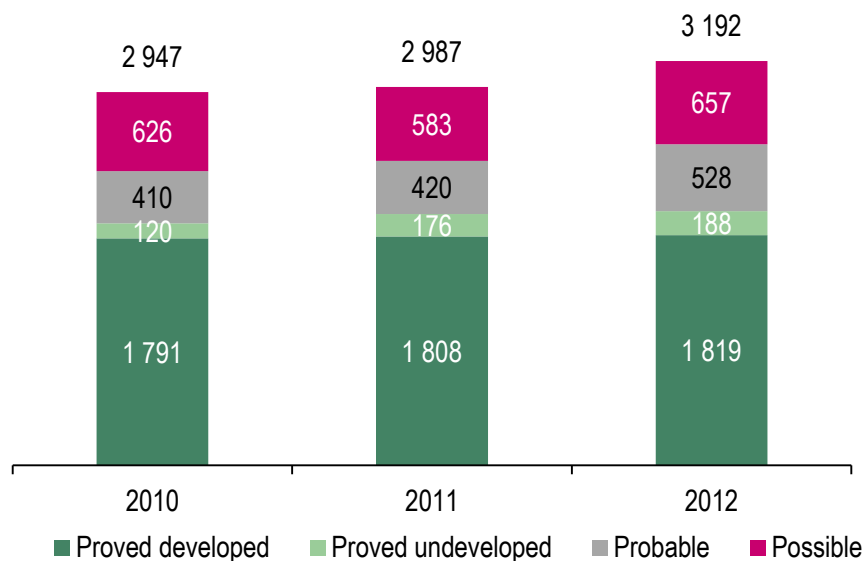
Bashneft Group's key indicators for 2Q2013

2Q2013	1Q2013	Δ, %	Indicator	2Q2013	2Q2012	Δ, %
3.24	3.38	-4.2%	Urals price, thousand roubles/barrel	3.24	3.31	-2.3%
3,924	3,844	2.1%	Crude oil production, thousand tonnes	3,924	3,811	3.0%
5,285	5,216	1.3%	Oil refining, thousand tonnes	5,285	4,954	6.7%
5,082	4,437	14.5%	Petroleum product sales, thousand tonnes	5,082	4,737	7.2%
134.9	125.6	7.4%	Revenue, billion roubles	134.9	126.5	6.6%
22.7	21.2	7.1%	EBITDA, billion roubles	22.7	23.8	-4.4%
13.2	12.0	9.8%	Income for the period attributable to the shareholders of the parent company, billion roubles	13.2	10.7	22.9%
8.5	5.8	45.4%	Capital expenditures, billion roubles	8.5	8.4	0.3%
77.8	81.8	-4.8%	Adjusted net debt, billion roubles	77.8	69.0	12.8%

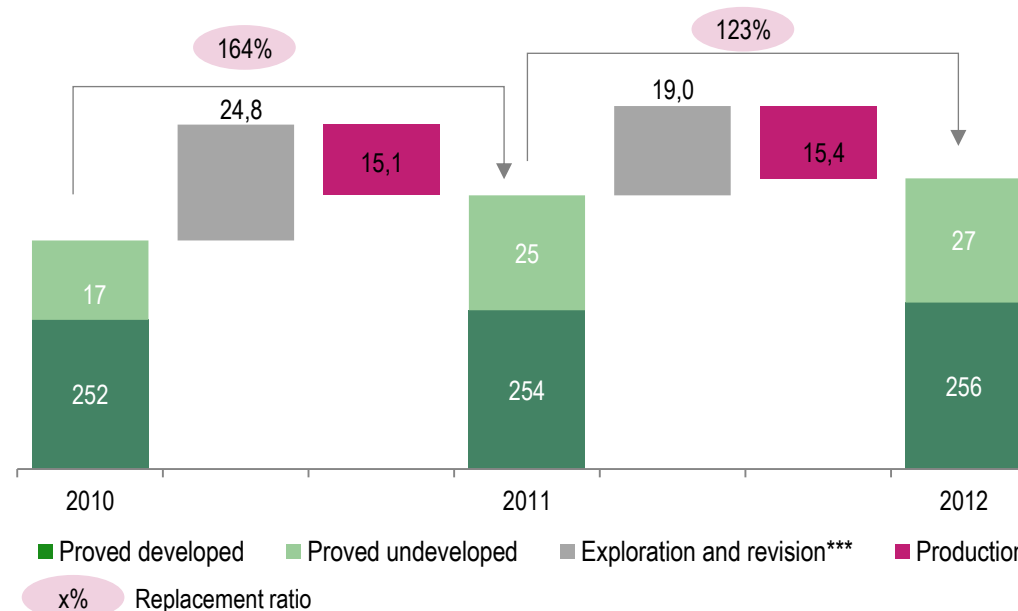


Strong Track-Record of Reserves Replacement

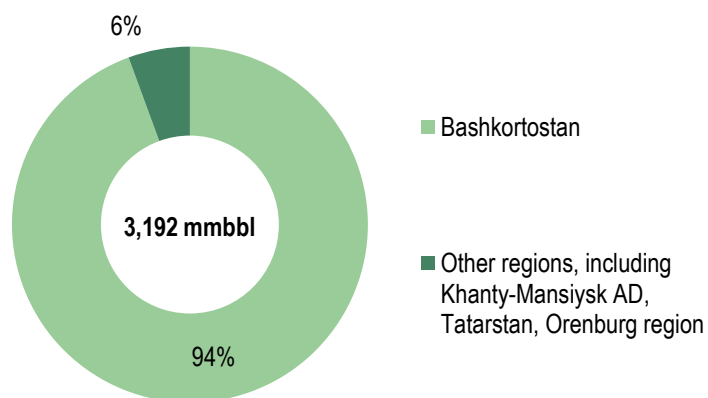
RESERVES DYNAMICS*, mmbbl



RESERVES REPLACEMENT, mmt



CONCENTRATION OF RESERVES*



COMMENTS

- 192 fields, of which 171 in operation
- As of end 2012, proved oil reserves (1P) - 2,007 mmbbl; (2P) – 2,535 mmbbl; (3P) – 3,192 mmbbl
- Reserve life of 18 years (1P)
- Bashkortostan oilfields remain relatively underexplored, preliminary seismic remapping of the region suggests high potential for finding new attainable deposits
- Trebs and Titov resources amount to 140.1 mmt (C1+C2) and 59.3 mmt (C3)** - the source of future reserve growth

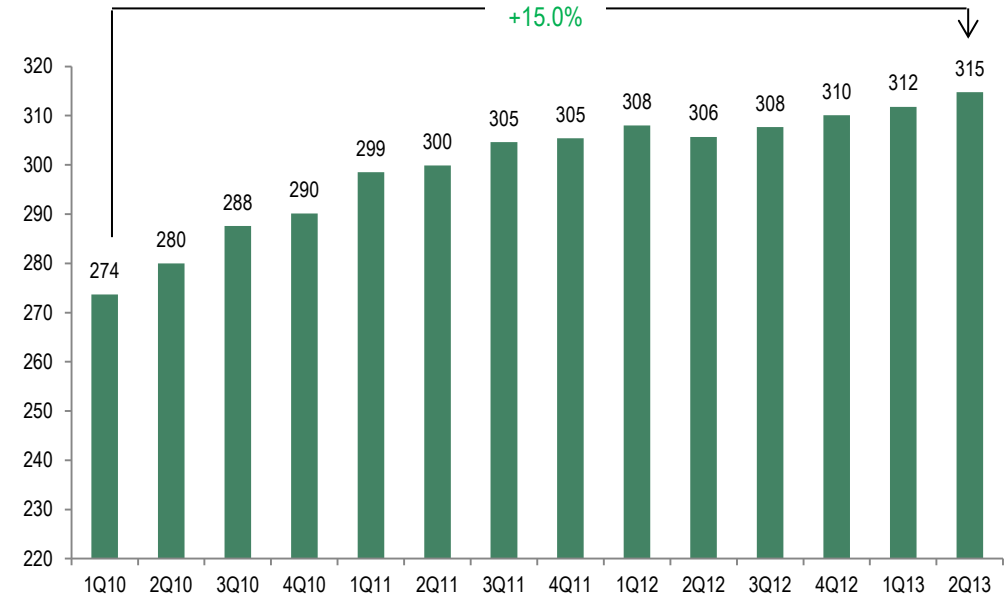
Note: (*) PRMS classification

Note: (**) currently not accounted for as reserves according to PRMS. Information on reserves is based on evaluations of Miller and Lents
 (***) Exploration and revision calculated as proved developed plus proved undeveloped reserves in year t plus production in year (t-1) minus proved developed in year (t-1) minus proved undeveloped reserves in year (t-1)

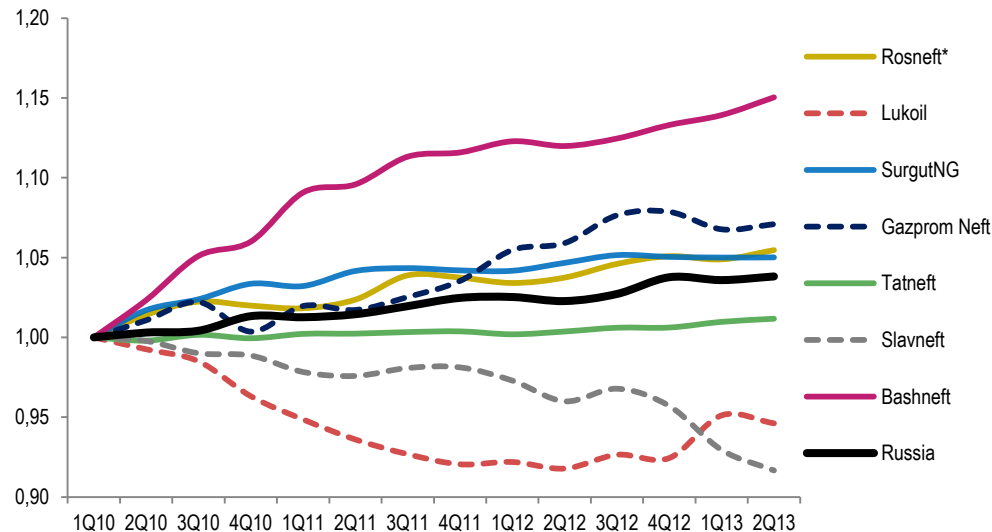
Production hits a new record high

- In the second quarter of 2013, the Group's average daily production reached 314.8 thousand bbl/d, hitting a record high since 1996;
- In the second quarter of 2013, oil production added 2.1% quarter-on-quarter and reached 3,924 thousand tonnes;
- The average production rate of existing wells is at a consistently high level of 2.9 tonnes per day; it added 16.0% compared to 2010.

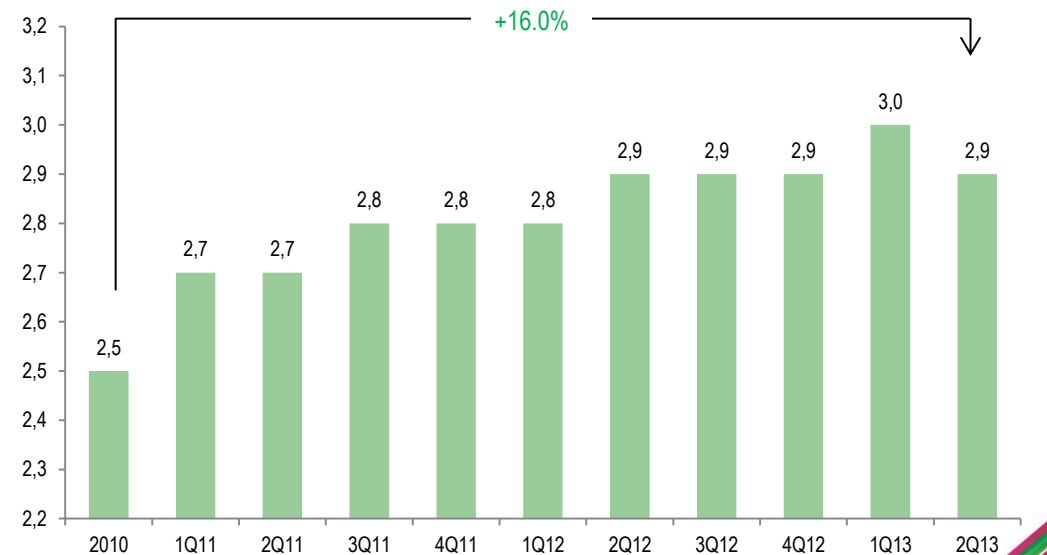
Average daily oil production, thousand bbl/d



Index of changes in average daily production (1Q '10 = 1)



Well production rate, tonnes per day

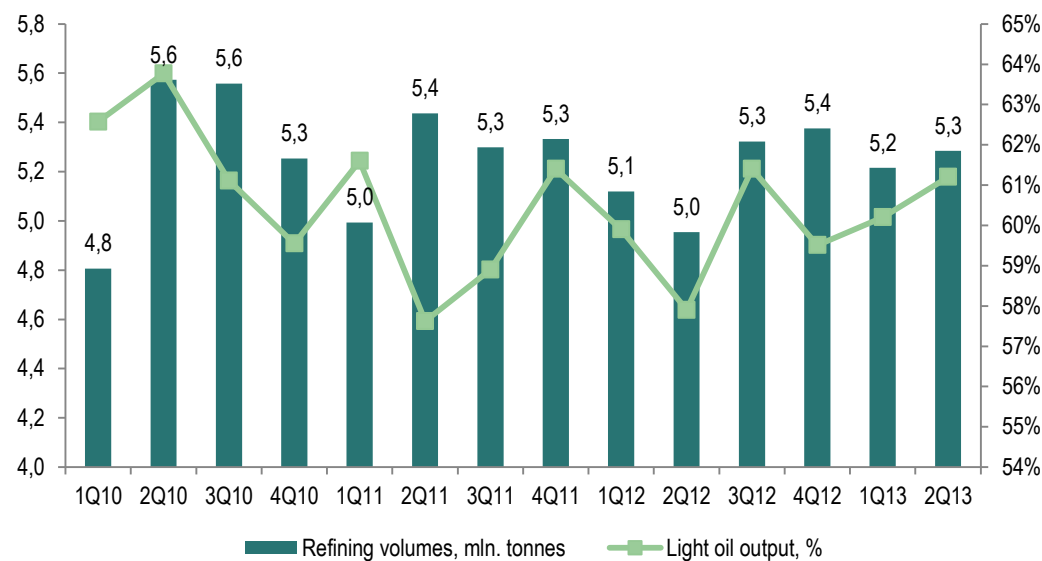


* - Rosneft's production is adjusted to include production of TNK-BP Holding starting from the first quarter of 2010.

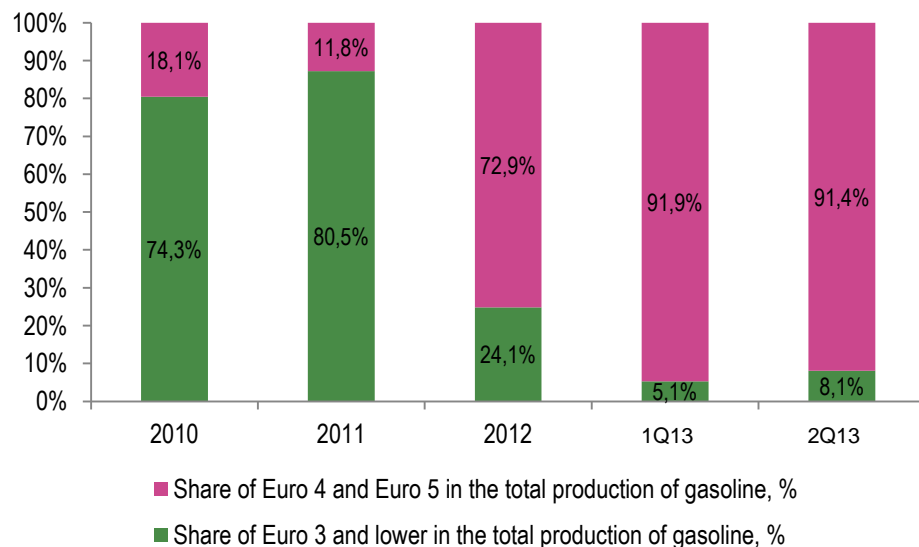
The refinery upgrade programme implemented at the Ufa refineries enables Bashneft to meet the requirements of the Technical Regulations for fuel quality in due time

- In the first half of 2013 Bashneft's refineries in Ufa processed 10,501 thousand tonnes of oil, which is 4.2% more than in the same period in 2012 (10,074 thousand tonnes). The increase in refining was primarily related to a low base in the first half of 2012, when Ufimsky refinery plant was shut down for scheduled major overhaul;
- In the first half of 2013, the share of light products totalled 60.7%, which is 1.8 basis points higher than in 2012 (58.9%);
- Refining depth increased by 0.2 basis points to 85.3% in the first half of 2013;
- In the first half of 2013, the share of gasoline meeting the Euro 4 and Euro 5 standards amounted to 91.6%.

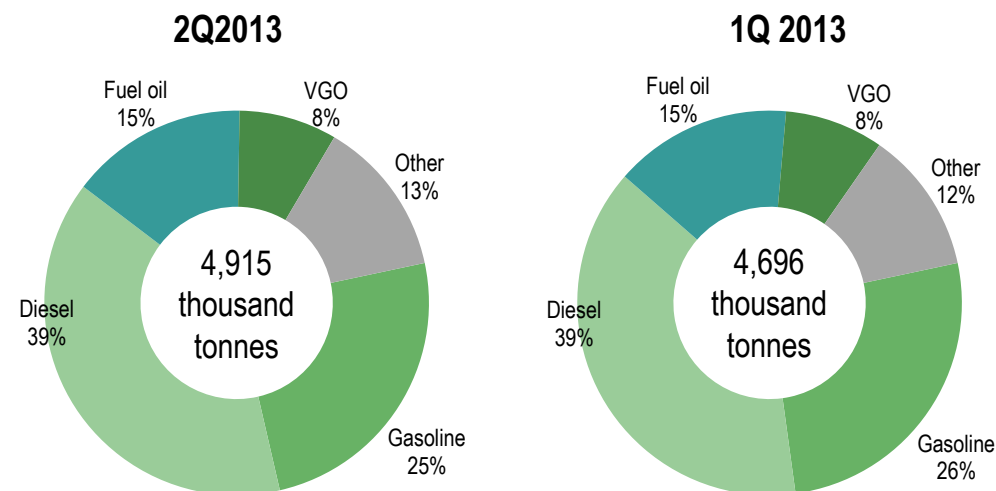
Oil refining



Output of gasoline meeting the Euro standard

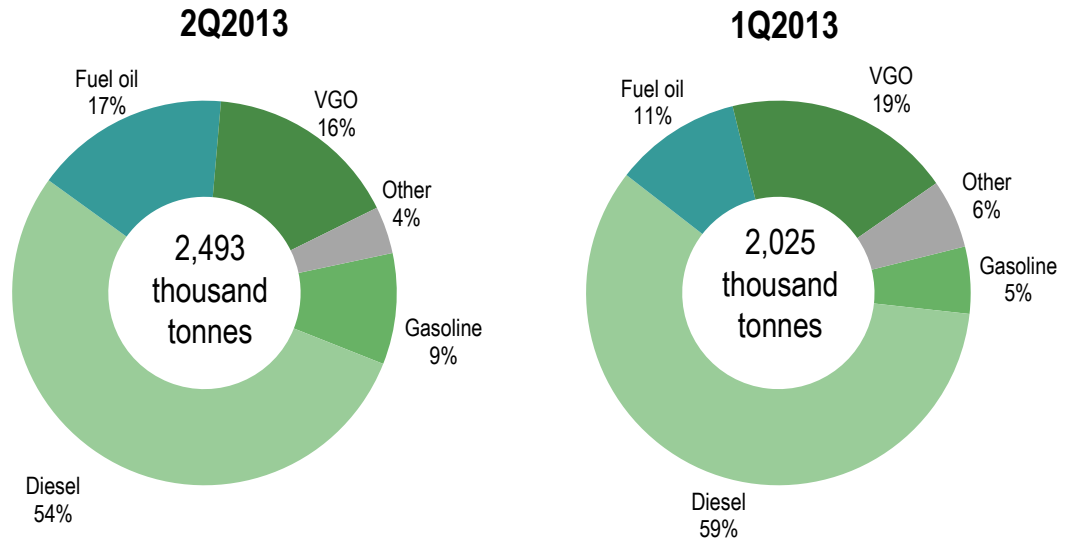


Petroleum products and petrochemicals

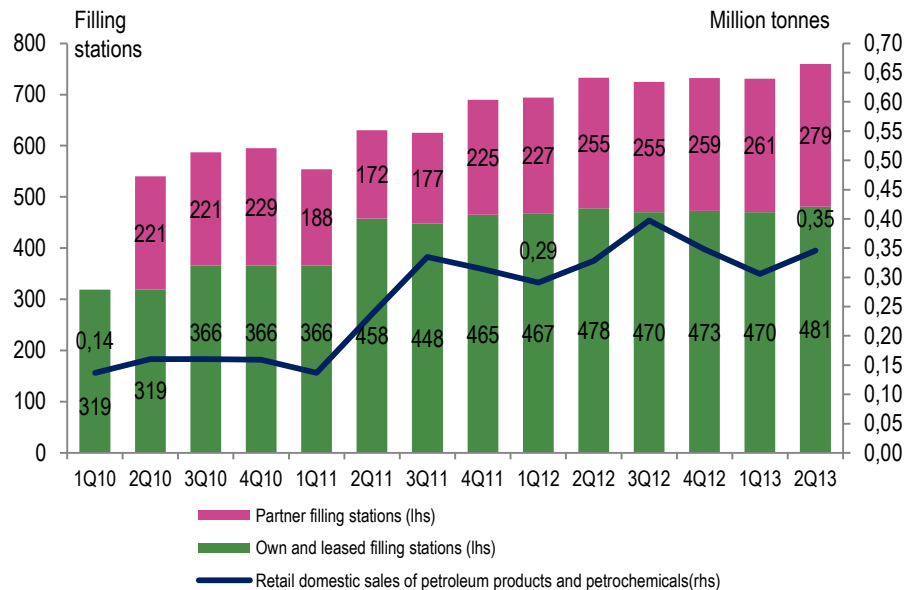


- Bashneft acquired a 100% stake in LLC Alternativa, which owns a network of 12 filling stations in the Orenburg Region and operates under the Q&R brand name;
- As of 30 June 2013, distribution base of Bashneft Group consists of 481 operating petrol stations, and 279 partner's petrol stations operating under Bashneft brand;
- Fuel sales via Bashneft's filling stations increased by more than 152.6% since the beginning of 2010 and totalled 346 thousand tonnes in the second quarter of 2013;
- Since April 2010, Bashneft has been actively implementing a partnership programme; currently, it sells fuel via 279 partner filling stations in 20 regions of Russia.

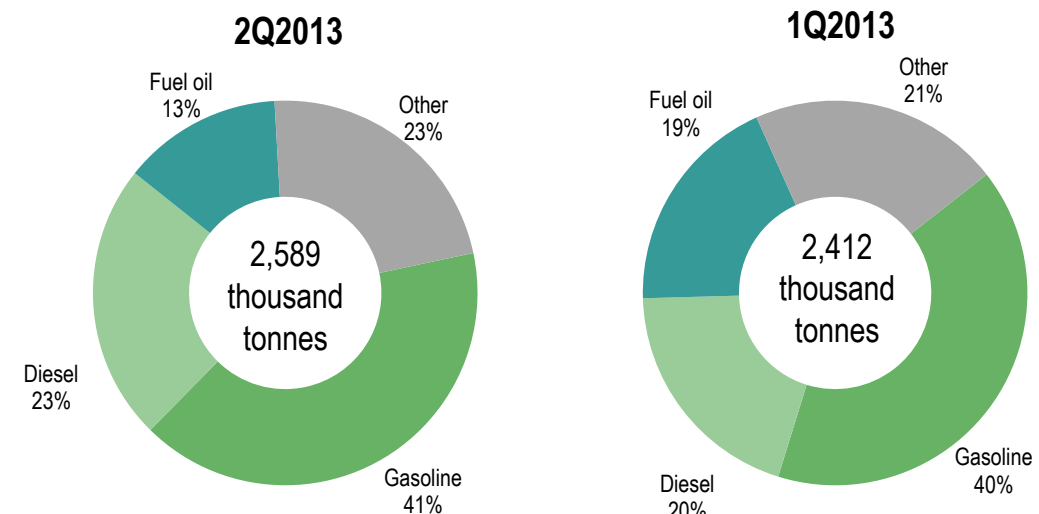
Exports of petroleum products and petrochemicals



Number of filling stations, retail sales of petroleum products



Domestic sales of petroleum products and petrochemicals



Upstream

- Expand upstream assets through organic growth and acquisitions
- Continue development of the Trebs and Titov fields and implement an extensive geological study in the Republic of Bashkortostan

Refining

- Upgrade refinery complex so that 100% of oil products are Euro 4 or Euro 5 compliant by 2015
- Increase refining depth and light yield by 2016
- Cease production of vacuum gas oil and fuel oil by 2017

Marketing and Sales

- Increase sales margin throughout the Russian Federation by developing small wholesale and retail distribution channels
- Sell up to 80% of gasoline in retail both through own network and those of partners

Corporate governance

- Simplify legal form and divest non core assets
- Implement an integrated planning system for internal controls and managerial reporting

Cost controls

- Sustain current level of oil production from existing oil fields by improving efficiency and introducing new technology
- Reach peak production at Trebs and Titov fields by 2020

Introduction of global HSE standards

- Reduce negative environmental impact by conducting bio-decontamination projects



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5. Bashneft financial results



Macro indicators, 2Q2013*

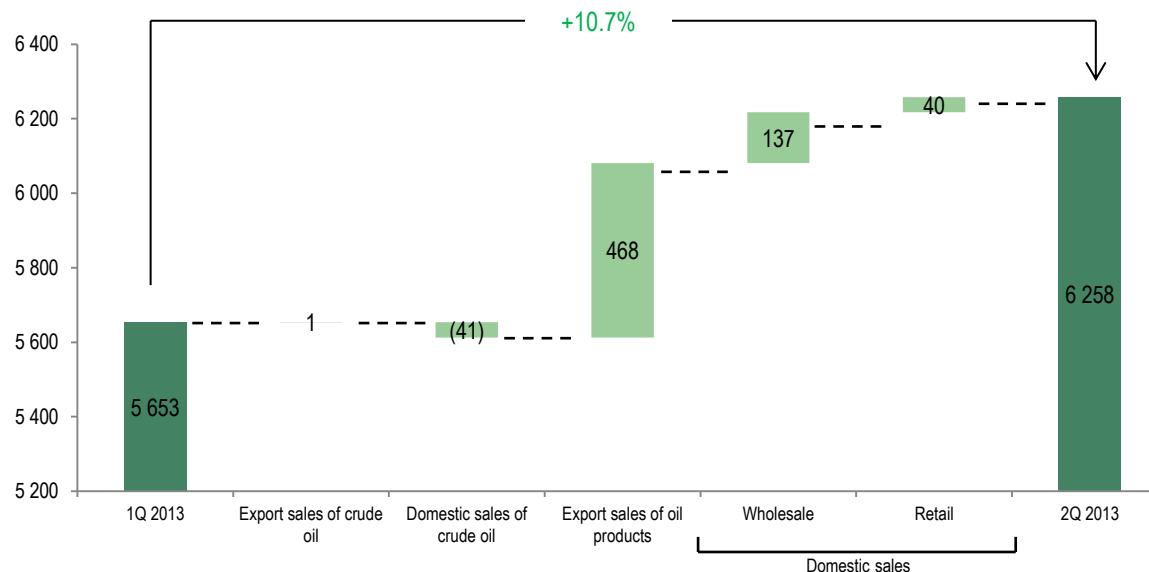
2Q2013	1Q2013	Δ, %	Indicator	2Q2013	2Q2012	Δ, %
31.6	30.4	3.9%	Average RUB/USD exchange rate	31.6	31.0	1.9%
1.6%	1.9%	-0.3 p.p.	Inflation for the period, %	1.6%	1.7%	-0.1 p.p.
24.2	24.0	1.0%	Diesel fuel - summer (Russia), thousand roubles/tonne	24.2	22.4	8.0%
25.5	26.1	-2.4%	High-octane gasoline (Russia), thousand roubles/tonne	25.5	24.4	4.4%
8.5	8.4	1.1%	Fuel oil (Russia), thousand roubles/tonne	8.5	9.2	-7.5%
5.0	5.3	-5.8%	Mineral extraction tax (oil), thousand roubles/tonne	5.0	4.8	2.7%
12.0	12.4	-2.9%	Crude oil export duty, thousand roubles/tonne	12.0	13.7	-12.6%
7.9	8.2	-2.9%	Export duty on light and medium distillates, thousand roubles/tonne	7.9	9.1	-12.6%

* Prices for oil and petroleum products presented on this slide are industry averages. Data on the mineral extraction tax and export duty rates do not include possible exemptions for each specific player in the industry. The data on prices and tax rates are not for Group valuation.

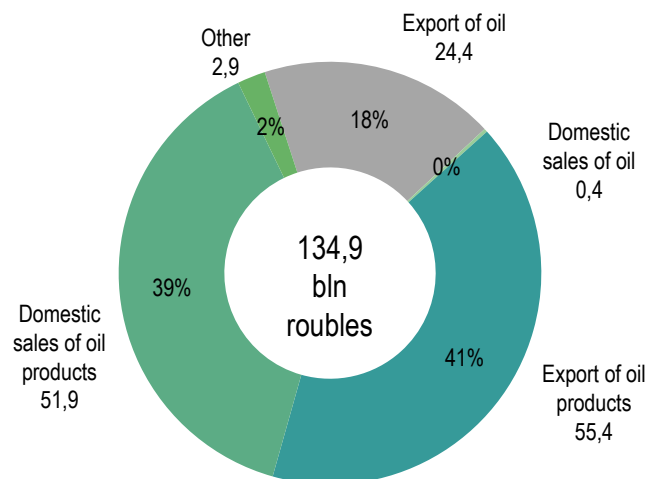


- In the second quarter of 2013, the revenue of Bashneft Group totalled 134,903 million roubles, which is 7.4% higher than in the first quarter of 2013. The increase in revenue was caused mainly by a rise in sales of petroleum products and petrochemicals;
- For the six months ended June 30, 2013, revenue increased by 6.2% as compared to the same period in 2012 and totalled 260,483 million roubles. This change was also caused by an increase in sales of petroleum products.

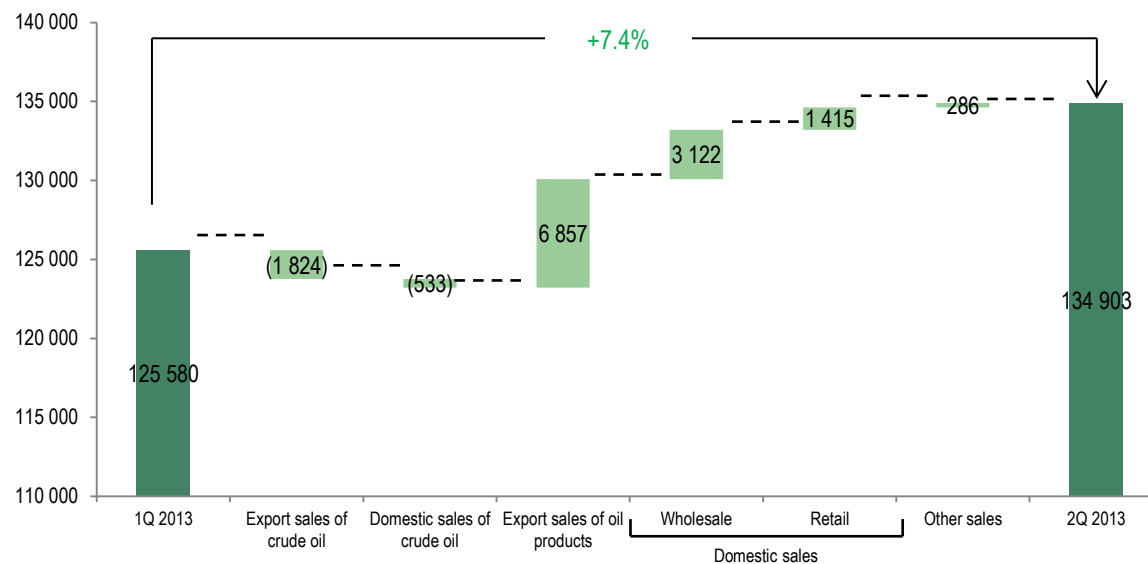
Revenue factor analysis, thousand tonnes, 2Q2013 vs. 1Q2013



Revenue breakdown for 2Q2013, billion roubles

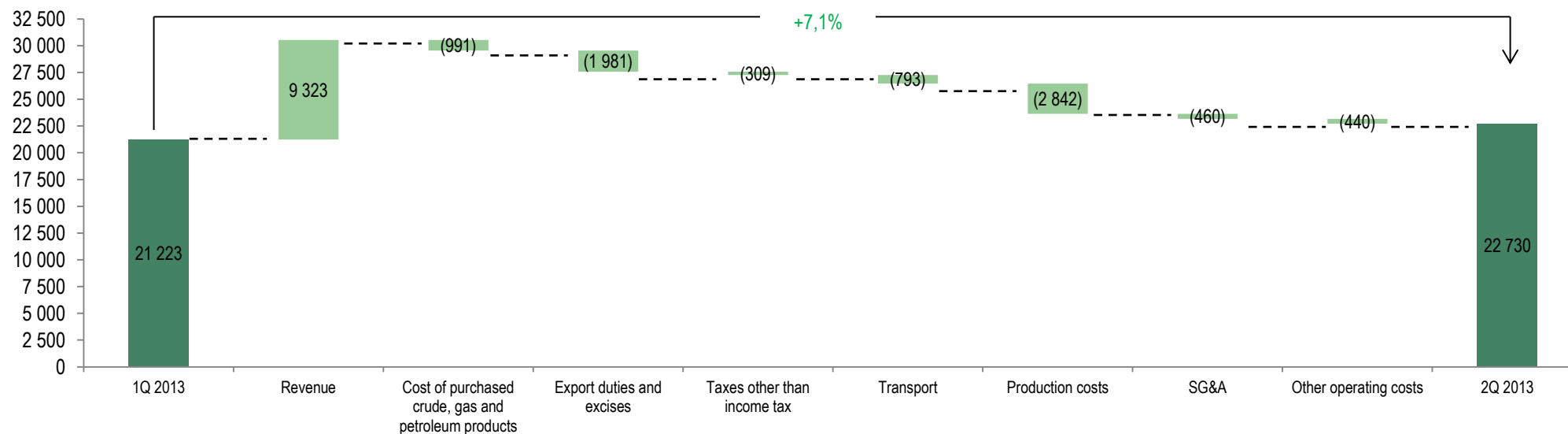


Revenue factor analysis, million roubles, 2Q2013 vs. 1Q2013

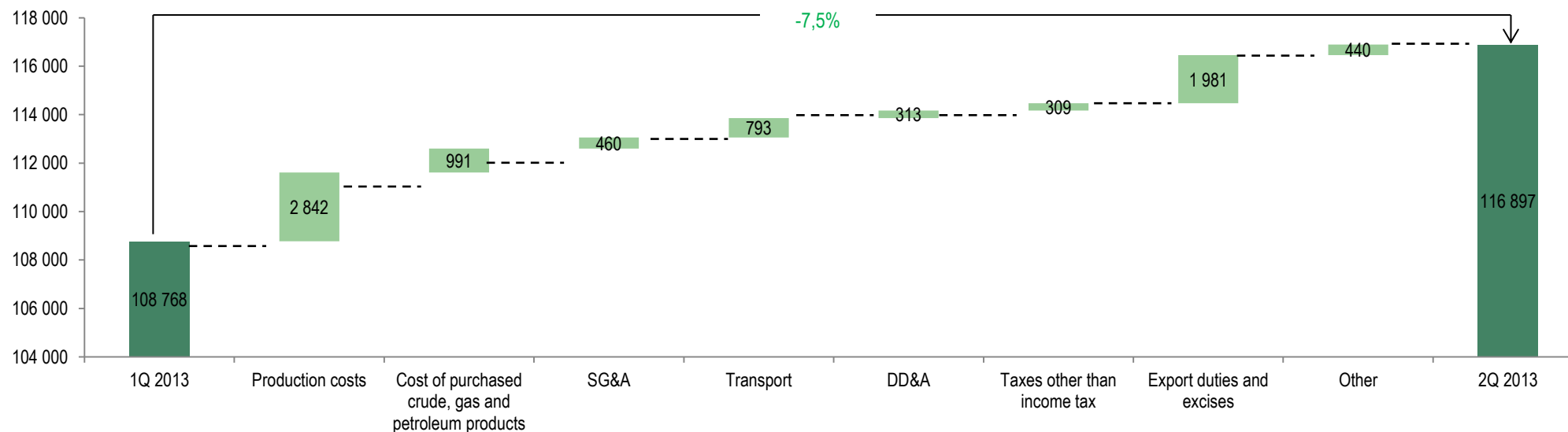


Factor analysis of EBITDA and operating expenses

EBITDA factor analysis, million roubles, 2Q2013 vs. 1Q2013



Factor analysis of operating expenses, million roubles, 2Q2013 vs. 1Q2013

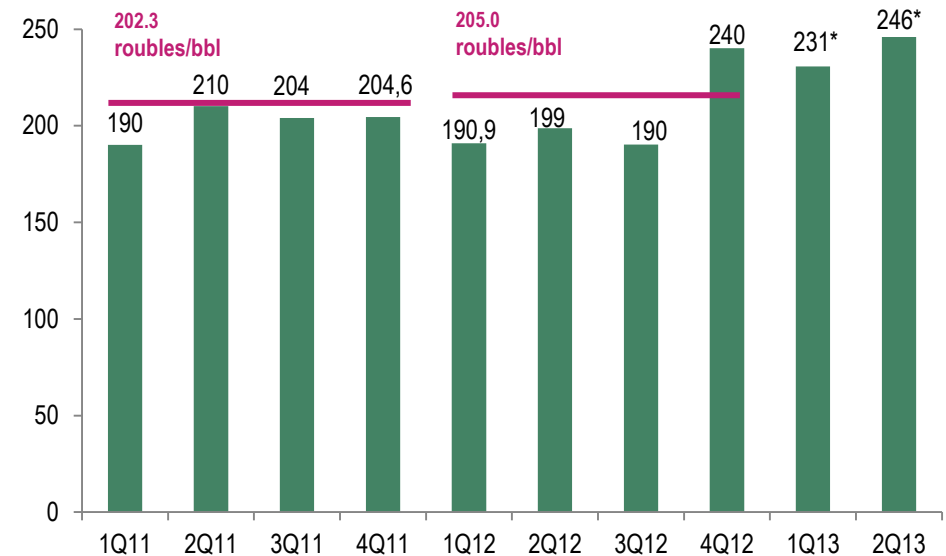


Changes in operating expenses

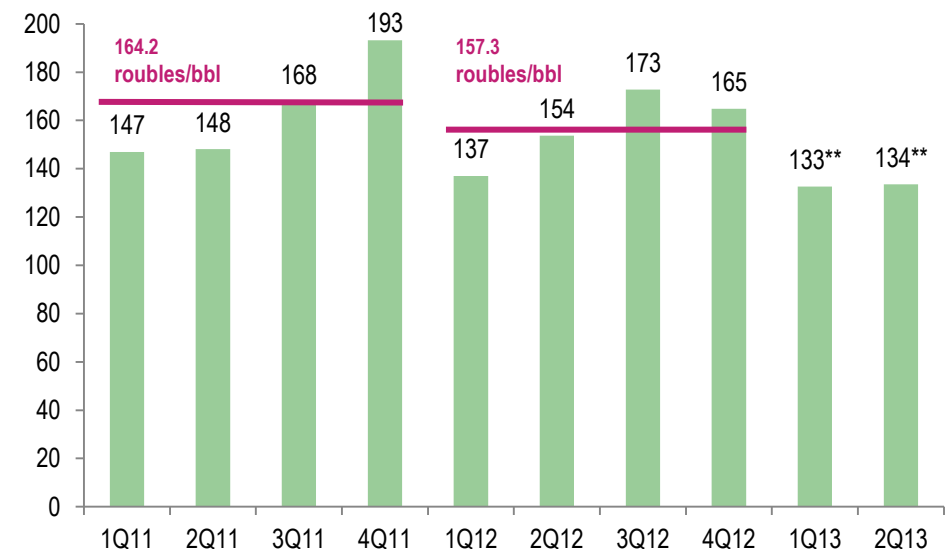
2Q2013	1Q2013	Δ, %	Operating expenses, billion roubles	2Q2013	2Q2012	Δ, %
15.3	12.5	22.8%	Production and operating expenses	15.3	13.8	10.6%
29.7	28.7	3.5%	Cost of purchased crude oil, gas and petroleum products	29.7	26.6	11.8%
3.9	3.5	13.2%	Selling, general and administrative expenses	4.0	3.7	5.2%
7.6	6.8	11.7%	Transportation costs	7.5	6.4	17.8%
4.7	4.4	7.1%	Depletion and depreciation	4.7	5.0	-5.4%
16.8	16.5	1.9%	Taxes other than income tax	16.8	17.2	-2.3%
38.6	36.6	5.4%	Export duties and excise	38.6	36.8	4.7%
0.3	-0.1	-	Other operating income/expenses, net	0.3	-1.8	-
116.9	108.8	7.5%	Total operating expenses:	116.9	107.7	8.5%

- In the second quarter of 2013, the cost of purchased crude oil, gas and petroleum products rose by 3.5% as compared to the first quarter of 2013 and amounted to 29,696 million roubles. This change was caused mainly by an increase in refining, which was partially offset by a drop in oil prices;
- In the second quarter of 2013, transportation costs went up by 11.7% as compared to the first quarter of 2013 and totalled 7,552 million roubles. This was caused primarily by an overall increase in sales volumes;
- In the second quarter of 2013, the total amount of export duties on oil and petroleum products increased by 6.6% as compared to the first quarter of 2013 to 29,812 million roubles due to an increase in export sales of petroleum products to countries outside the CIS. This change was partially offset by lower export duty rates;
- In the second quarter of 2013, the total amount of excises increased by 1.5% as compared to the first quarter of 2013 to 8,746 million roubles due to an increase in sales in Russia. This growth was partially offset by an increase in the share of high-octane gasoline and diesel fuel of higher grades taxed at lower rates in the Group's output.

Unit production costs, roubles/bbl



Unit refining costs, roubles/bbl**



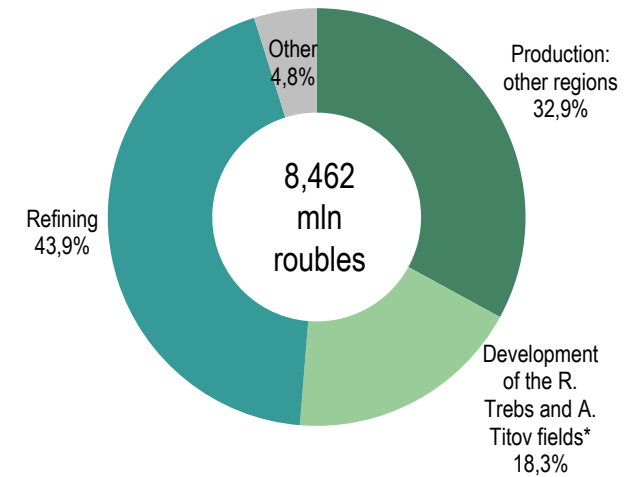
- In the second quarter of 2013, unit costs for production of crude oil increased by 20.0% as compared to the first quarter of 2013 and totalled 245.9 roubles per barrel due to a seasonal increase in the amount of geological and engineering operations and seismic works in the second quarter of 2013;
- For the six months ended June 30, 2013, unit costs for production of crude oil increased by 22.4% as compared to the same period in 2012 and amounted to 238.4 roubles per barrel due to higher cost of services provided by contractors and a rise in heat and electricity prices;
- In the second quarter of 2013, unit refining costs remained the same as in the first quarter of 2013;
- For the six months ended June 30, 2013, unit refining costs decreased by 8.3% as compared to the same period in 2012 and amounted to 133.1 roubles per barrel due to the shutdown of the Ufimsky refinery plant for scheduled major overhaul and repair works at Novoil in the second quarter of 2012. The reduction was partially offset by a rise in heat and electricity prices and inflation.

1 tonne = 7.3 barrels of crude oil

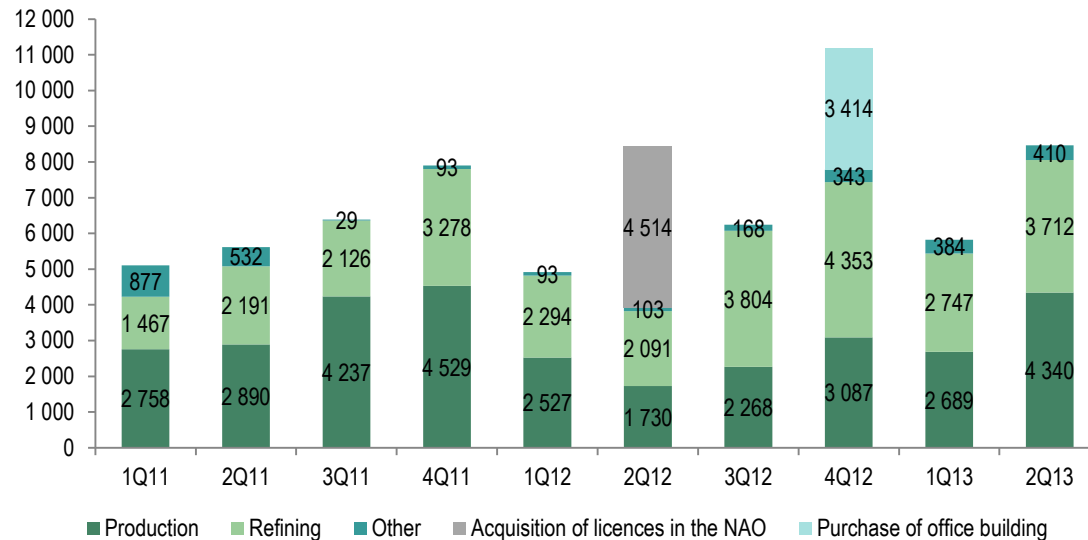
* Comparable financial data on production and operating costs was revised due to the fact that operations of the service organisations have been separated into the separate Group's segment
 **Comparable financial data on production and operating costs was revised due to the fact that operations of the petrochemical complex have been separated into the separate Group's segment

- In the second quarter of 2013, capital expenditures increased by 45.4% as compared to the first quarter of 2013 and totalled 8,462 million roubles. This increase was related mainly to higher capital expenditure on the development of the R. Trebs and A. Titov fields and construction of a catalytic cracking gasoline hydrotreater at Bashneft-UNPZ and a hydrogen production unit at Bashneft-Novoil in the Refining and Marketing segment;
- For the six months of 2013, capital expenditures increased by 7.0% as compared to the same period in 2012, which was related mainly to an increase in CAPEX in the Refining and Marketing segment.

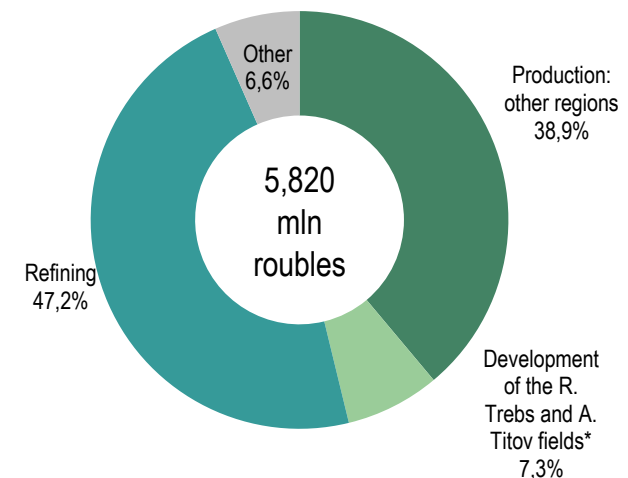
CAPEX breakdown in 2Q 2013



CAPEX and investments in the acquisition of property, plant and equipment, million roubles



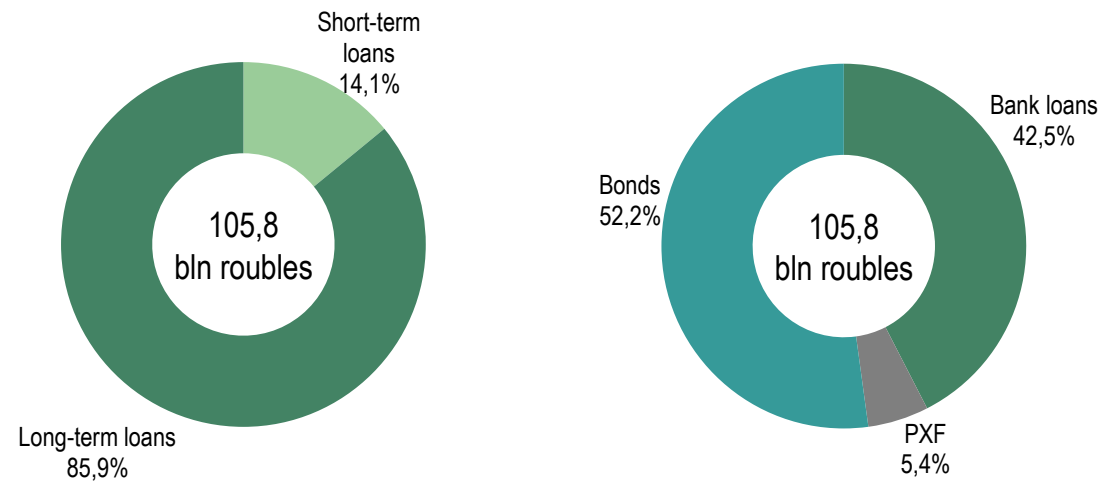
CAPEX breakdown in 1Q 2013



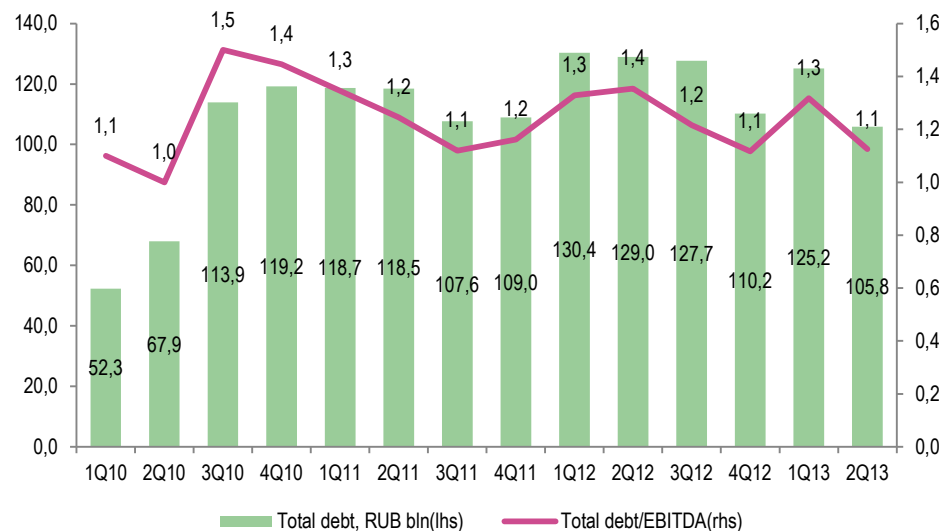
*Capital expenditures on the development of the R. Trebs and A. Titov fields partially accounted on JSOC Bashneft due to the fact that the Company holds the license on these fields. LLC Bashneft-Polyus renders construction services.

- As of June 30, 2013, the total debt of the Group in the form of short-term and long-term borrowings amounted to 105,832 million roubles compared to 125,186 million roubles as of March 31, 2013;
- The reduction in the total debt is due to repayment of loans;
- As of June 30, 2013, the annual weighted average interest rate on loans stood at 8.6%.

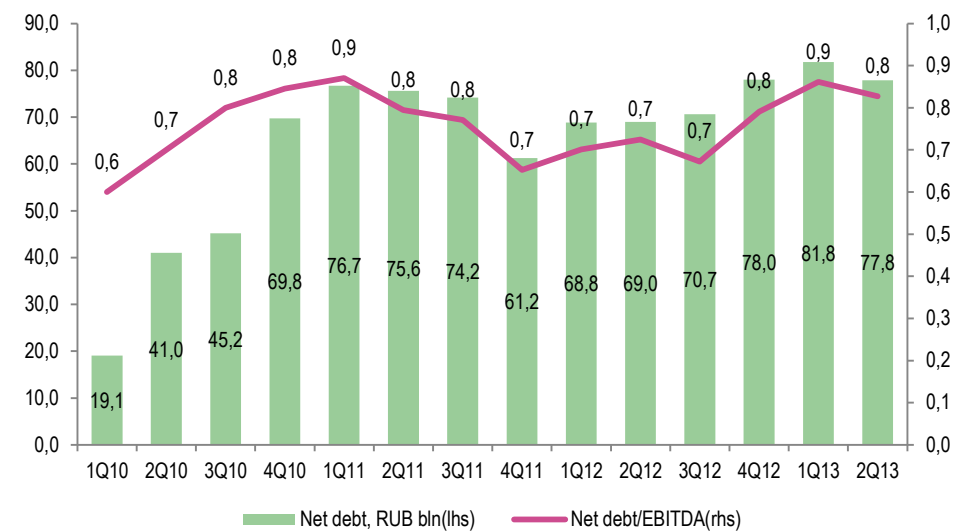
Debt structure



Total debt ratios



Net debt ratios





BASHNEFT

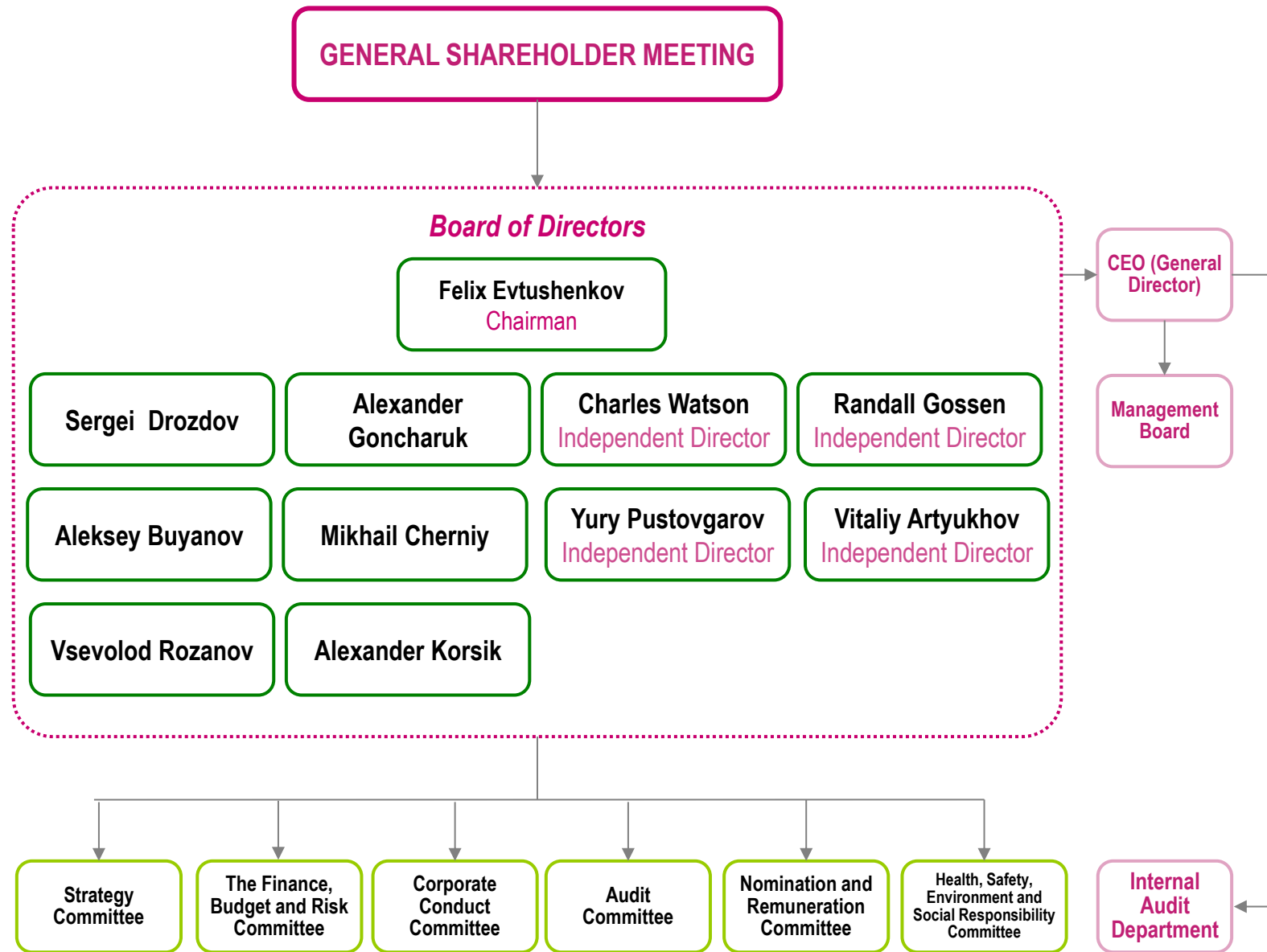
JOINT STOCK OIL COMPANY

Appendix: Group Structure, Reorganization and Corporate Governance



OVERVIEW OF COMMITTEES

- **Nomination and Remuneration Committee** discusses major questions concerning the motivation and compensation systems for employees, provides recommendations as to how assess management' performance and nominates candidates for senior executive positions in the Company
- **The Finance, Budget and Risk Committee** is tasked with preliminary examination of the Company's budget, the results of budget implementation and issues related to risk management and insurance
- **Strategy Committee** reviews the overall long-term strategy of the Company and the functional strategies of its divisions
- **Audit Committee** facilitates monitoring of the credibility of financial statements, efficiency of internal audit and risk management
- The major task of **Corporate Conduct Committee** is to work out recommendations as to the creation of an efficient corporate governance system which guarantees protection of shareholders' rights and interests, as well as improvement of efficiency of the interaction between the Board of Directors and the Company's management
- **Health, Safety, Environment and Social Responsibility Committee** has been created in order to produce recommendations to the Board of Directors concerning the environmental policy, measures for environmental protection, process safety, protecting employees' life and health, efficient use of natural resources.





Felix Evtushenkov

Chairman of the Board of Directors of JSOC Bashneft

2008–2011 Vice President, Head of the Business Unit «Consumer Assets» of JSFC Sistema

2011–2012 First Vice President, Head of the Core Assets Business Unit of JSFC Sistema

From 2012 First Vice President of JSFC Sistema



Vitaliy Artyukhov

Independent director, *Member of the Budget and Audit Committee, Chairman of the Audit Committee, Member of the Corporate Conduct Committee*

1991–2004 First Deputy Minister for Finance of the Russian Federation, the Deputy and the first Deputy Minister for Transport of the Russian Federation, and other administrative positions

From 2005 Director of the "Centre" Central Research Institute of Shipbuilding Industry. (FSUE Central Scientific and Research Institute "Centre")



Aleksey Buyanov

Non-executive director, Member of the Audit Committee, Member of the Strategy Committee

1998–2002 Vice-President of MTS OJSC

In 2002 Vice President, Head of the Financial Restructuring Department of JSFC Sistema

From 2002 First Vice President and Head of the Finance and Investment Group, Senior Vice President, Chief Financial Officer of JSFC Sistema



Mikhail Cherniy

Non-executive director, Chairman of the Strategy Committee, Member of the Nominating and Compensation Committee, Member of Finance, Budget and Risk Committee

2009–2011 Deputy General Director for Strategy and Energy Markets of OJSC Bashkirenergo

2011–2012 Executive Vice President of the Core Assets Business Unit of JSFC Sistema

From 2012 Executive Vice President of JSFC Sistema



Sergei Drozdov

Non-executive director, Chairman of the Corporate Conduct Committee

2002–2011 Director and the First Vice President — Head of the Property Functional Division of JSFC Sistema

From 2010 Senior Vice President, Head of the Corporate Governance Complex of JSFC Sistema



Vsevolod Rozanov

Non-executive director, Member of the Finance, Budget and Risk Committee, Member of the Strategy Committee

2006–2008 Vice President and Chief Financial Officer of OJSC MTS

2008–2013 President and General Director of Sistema Shyam TeleServices Limited

From 2013 Senior Vice President and Chief Financial Officer of OJSC JSFC Sistema



Alexander Goncharuk

Chairman of the Nominating and Compensation Committee

2009–2012 Mr. Goncharuk was the Chairman of the Board of Directors of JSOC Bashneft

From 2010 Director of JSFC Sistema

From 2012 Deputy Chairman of JSFC Sistema Board of Directors



Randall Gossen

Independent director, *Chairman of HSE Committee, Member of the Corporate Conduct Committee*

2008–2012 Vice President of Nexen, Inc. for Global Business Relations

2005–2008 and 2008–2011 Twice elected as President of the World Petroleum Council. Also holds the position of Special Advisor to UNGC and is a member of the International Council of the Global Leadership Foundation



Charles Watson

Independent director, *Member of the Strategy Committee, Member of HSE Committee, Member of the Audit Committee*

1999–2006 Executive Vice President for Shell in the Middle East

2007–2009 CEO of Shell Energy Europe

2009–2011 Executive Vice President for Shell in Russia and the Caspian Region, Chairman of the Board of Directors of Sakhalin Energy Investment Company and a Board Director of Salym Petroleum Development



Alexander Korsik

Executive director, Member of the Strategy Committee, Member of the Nominating and Compensation Committee

2007–2009 Chairman of the Board of Directors, OAO NK RussNeft.

From 2009 Senior Vice-president of JSFC Sistema, Head of the Fuel and Energy Business Unit, JSFC Sistema.

From April 2011 Mr. Korsik has been the President of JSOC Bashneft



Yury Pustovgarov

Independent director, *Member of HSE Committee, Member of the Audit Committee*

2010–2011 Deputy Prime Minister, Republic of Bashkortostan

From 2011 President of the Chamber of Commerce, Republic of Bashkortostan. Holds the Honorary Title of Honored Engineer of the Republic of Bashkortostan

Experienced Management Team



Alexander Korsik

President, Chairman of the Management Board

2006–2007 President of Itera
2007–2009 Chairman of the Board of Directors of Rusneft
From 2009 Senior Vice President in JSFC Sistema, Head of the Fuel and Energy Complex Business Unit, Sistema
2011 President of Bashneft
18 years in the industry



Viktor Gantsev

Senior Vice President, Oil Refining and Petrochemicals

2006–2009 General Director, Ufaneftekhim
May–October 2009 First Deputy General Director for Oil Refining and Petrochemicals, Sistema-Invest
October 2009 Senior Vice President for Oil Refining and Petrochemicals
35 years in the industry



Mikhail Stavskiy

First Vice President, Upstream and Geology

2000–2004 General Director, Sibneft-Noybrskneftegaz
2004–2005 Vice President, Production, Sibneft
2005–2010 Vice President, Production, Rosneft
May 2011 First Vice President, Production and Geology, Bashneft
28 years in the industry



Maxim Andriasov

The First Vice President, Refining and Commerce

2009–2010 Director of TNK-BP Zapad in the Republic of Belarus
2010–2012 Head of the Performance Unit South-East of TNK-BP
May 2012 Vice President for Regional Sales of Bashneft
15 years in the industry



Oleg Mikhaylov

Vice-President for Oil and Gas Production

2011–2012 Vice-President for the West Siberia Division, Upstream at TNK-BP
July 2012–March 2013 Vice-President for Operations and Asset Management, Upstream at TNK-BP
April 2013 Vice-President for Oil and Gas Production of Bashneft
15 years in the industry



Igor Marchenko

Vice-President of the Strategy and Development Dept.

2009–2011 Executive Vice-President, the Director of the Strategy Department of the Fuel and Energy Business, Executive Vice-President for Development of Oil Assets of the Core Assets Business Unit of JSFC Sistema
April 2012 Vice-President of the Strategy and Development Department of Bashneft
19 years in the industry



Yuri Krasnevsky

Vice President for Geology and Development

2007 Head of the Multidisciplinary Group in Samotlor Business Unit of OJSC TNK-BP
2008–2011 Director for New Technologies and Innovations in Development of the Upstream Division of OJSC TNK-BP
July 2011 Vice President for Geology and Development of Bashneft
36 years in the industry



Denis Stankevich

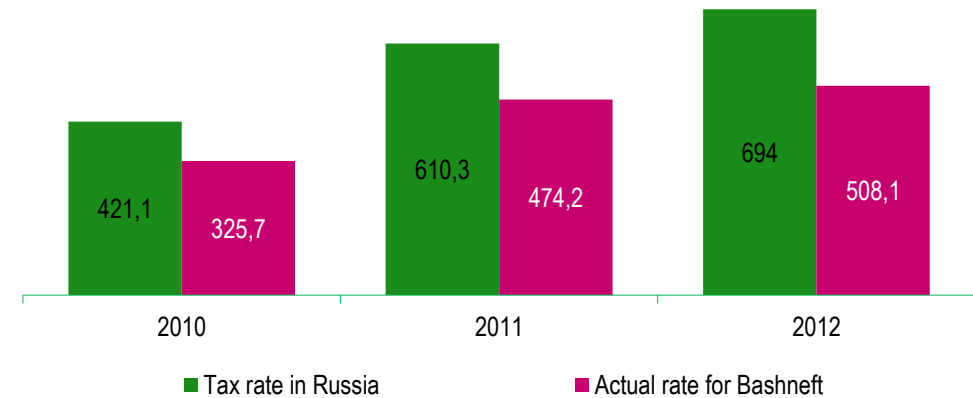
Vice-President for Economics and Finance and CFO

2004–2009 General Director of OJSC ASPEC
2010–2013 Financial Director for Refining and Commerce of JSOC Bashneft
April 2013 Vice-President for Economics and Finance and Chief Financial Officer of Bashneft
14 years in the industry

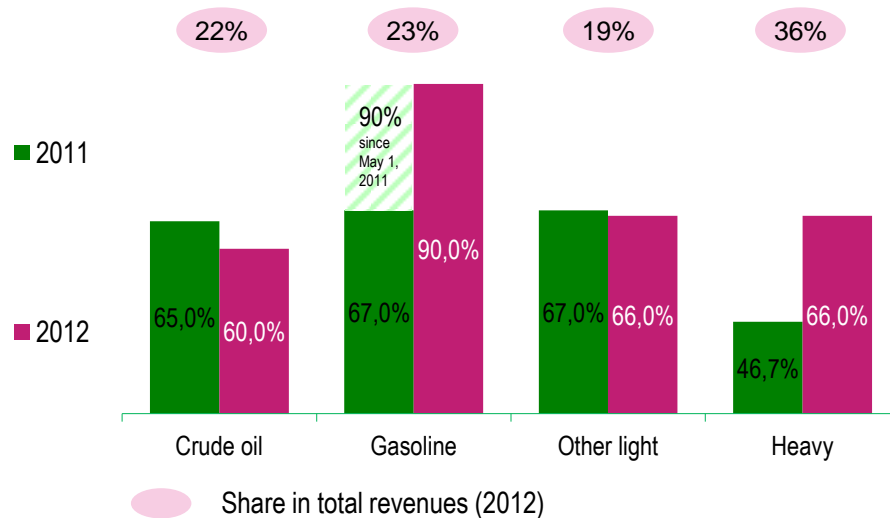
BASHNEFT MINERAL EXTRACTION TAX EXEMPTIONS

- Relief on depleted fields with level of reserve depletion > 80%
- Relief on small fields with initial recoverable reserves of oil <5 mn t and level of reserve depletion < 5%
- MET relief on fields in Tatarstan and Bashkortastan from January 1, 2012 to December 31, 2015
- Relief on T&T field prior until the accumulated oil production reached 15 mn t

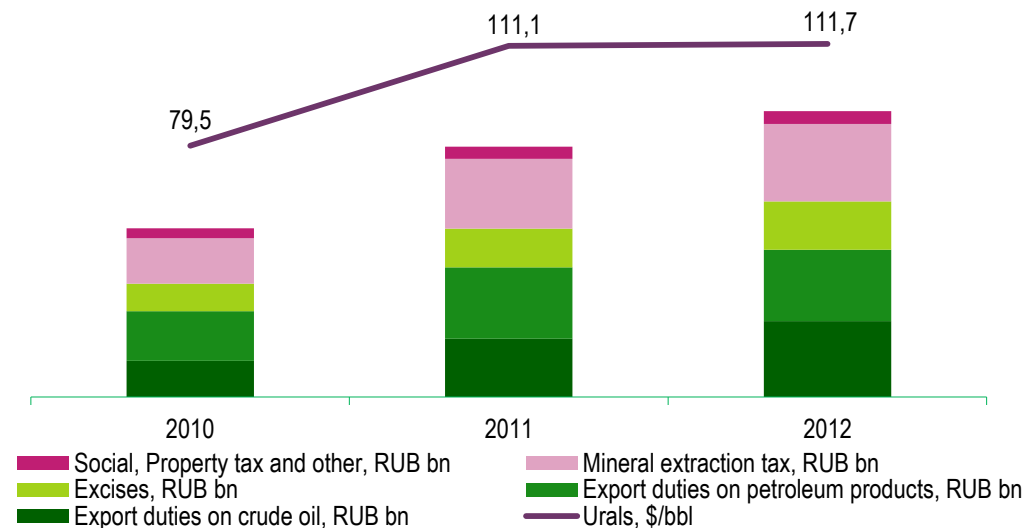
MINERAL EXTRACTION TAX, RUB/BBL



NEW EXPORT DUTIES REGIME (“60/66”)*

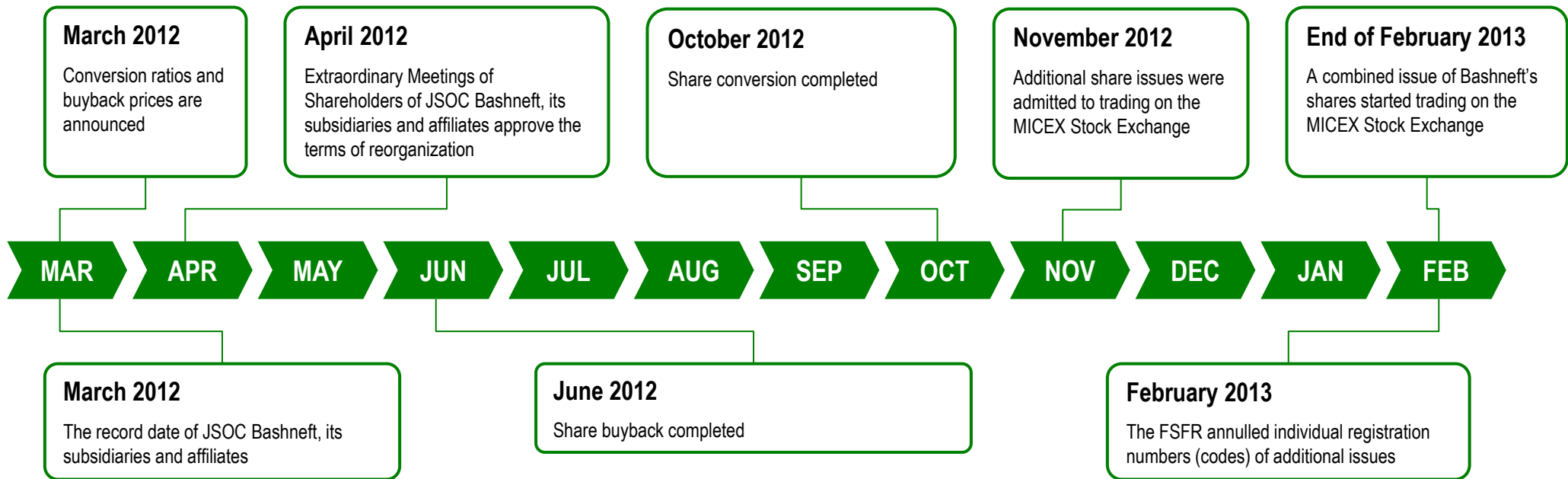


TAXES AND DUTIES OTHER THAN INCOME TAX



Note: (*) Crude oil rate represents percentage of difference between oil price monitoring and 25.0 USD/bbl which added to the base duty of 29.2 USD/bbl, while Gasoline, Other light and Heavy rates represent percentage of Crude oil duty

Carried Out within the Announced Timeframe, in Compliance with the Russian Law and Market Practices

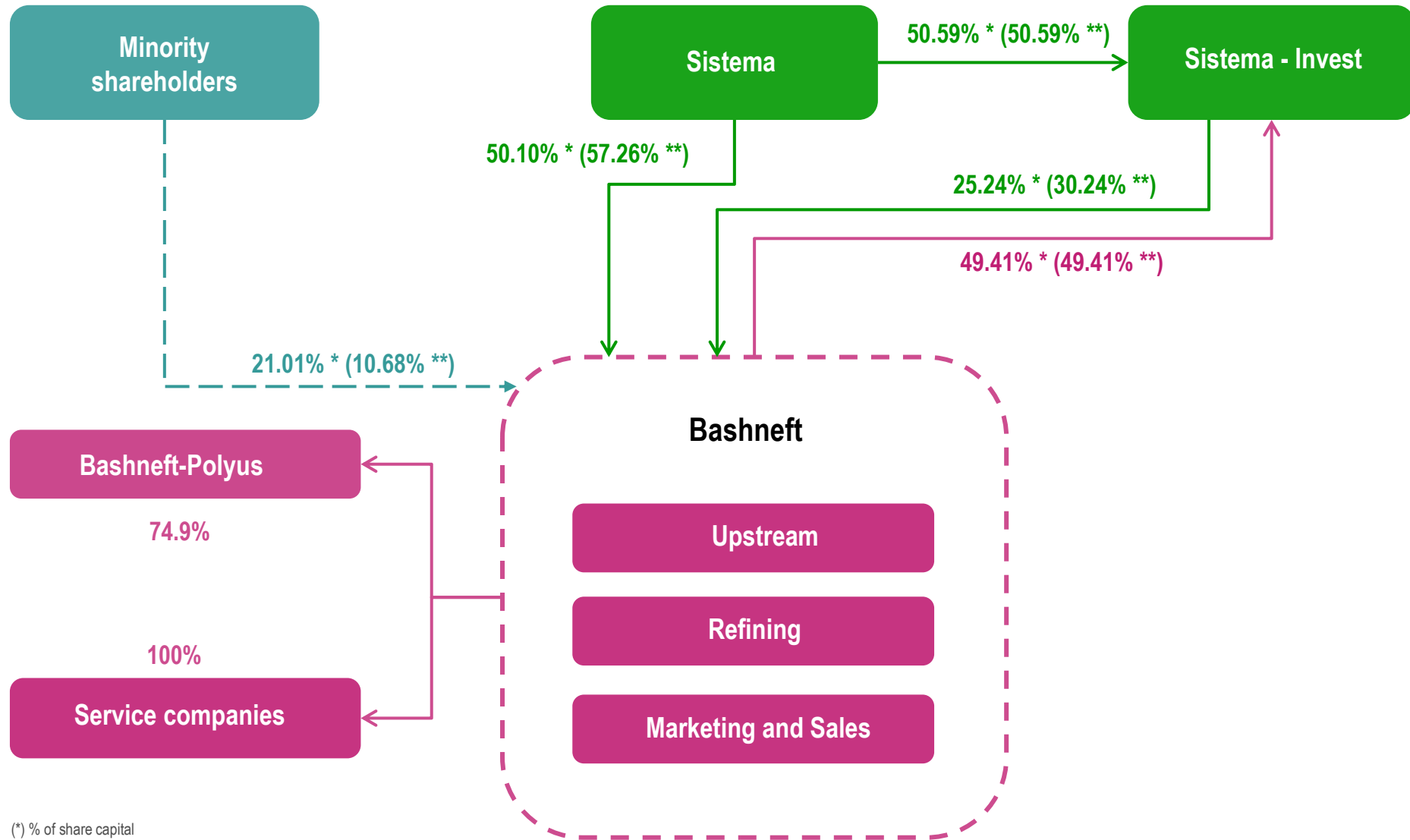


THE OBJECTIVES OF REORGANIZATION

- Forming a fledged vertically integrated company
- Increasing the liquidity of Bashneft Group's shares
- Growth of investment attractiveness
- Protecting the rights of minority shareholders
- Consolidating cash flows in a single centre
- Creation of a single center of decision-making
- Reduce tax risks

THE PRINCIPLES OF THE REORGANIZATION

- The use of independent appraisers for the purpose of assessing repurchase shares and the calculation of the share conversion
- Participation of leading international financial advisers
- Protection of minority shareholders rights
- Compliance with interests of all security holders
- Compliance with interests of creditors and regions of presence
- Compliance with labor rights of employees

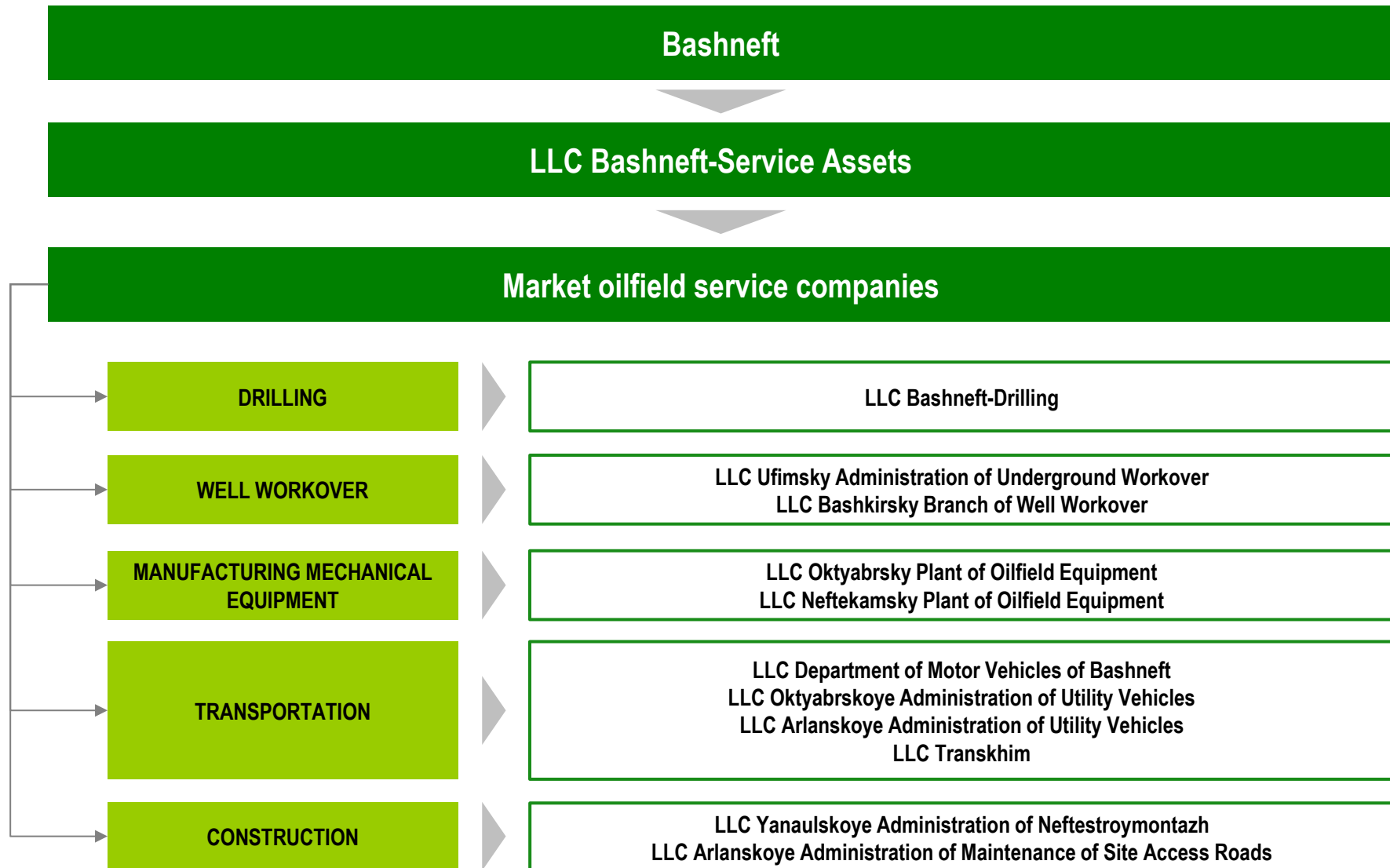


Note: (*) % of share capital
 (**) % of voting shares



Reorganization of Oilfield Service Companies Will Improve Efficiency and Cost Controls

LLC Bashneft-Service Assets, the oilfield service holding company, holds 11 oilfield service companies which have a market development potential



Bashneft's strategic goal in the sphere of HSE is to become an industry leader among Russian companies

The HSE committee, which consists of eight members of the Board of Directors, including independent directors, has been established

Bashneft issued a statement related to HSE

The Company assumed responsibility protecting individuals and preserving the surrounding environment

Bashneft has adopted and is implementing functional strategy for HSE

OBJECTIVES OF THE STRATEGY FOR HSE FIRST STAGE (2013-2014)

Reduction of industrial injuries

- The development, implementation and training of unified corporate standards of HSE;
- No fatal accidents;
- Reducing the number of traffic accidents.

Reducing negative impacts on the environment

- Reduction of emissions;
- Achieving associated gas utilization level of 90%;
- Reduction of oil spills and pipeline accidents.

Increasing the efficiency of the HSE management system

- Certification in accordance with international standards;
- Alignment of management contractors;
- Introduction of an integrated HSE management system in a single platform.



BASHNEFT

JOINT STOCK OIL COMPANY

Thanks for your attention!

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