



TATNEFT



Presentation to Investors

TATNEFT

July, 2006



TATNEFT

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FOR INTERNATIONAL INVESTORS

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Agenda

- Introduction
- Corporate Overview and Strategy
- Financial Overview
- Transaction Process
- Q&A

Introduction

Executive Summary

Well-Defined Corporate Strategy

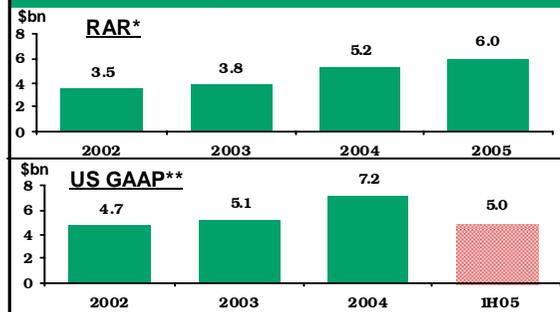
- Maintain crude oil production from existing fields
- Expand reserves base outside of Tatarstan
- Increase refining capacity
- Strengthen corporate governance
- Enhance international investor relations efforts

Solid Performance on Key Indicators

- Annual production growth since 2001
- Steady reserve levels 2002-2006
- Longest reserve life among Russian oil majors
- Average flow rates up 2001-2005
- Lifting costs down-to-flat 2001-2004
- Controlled capex
- Total debt down 69% 2001 – 1H'05



Strong Revenue Growth



Renewed Commitment to High Corporate Governance Standards

- Establishment of new board committees: audit, disclosure, corporate governance and compensation
- Election of independent directors
- Strengthening financial reporting and internal audit functions
- Enhancement of control procedures

*Audited RAR numbers

** Audited US GAAP numbers except for 1H'05

Converted from RR into USD using historical exchange rates as reported in the 20-F



TATNEFT

Corporate Overview and Strategy



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Company Overview

Business Overview

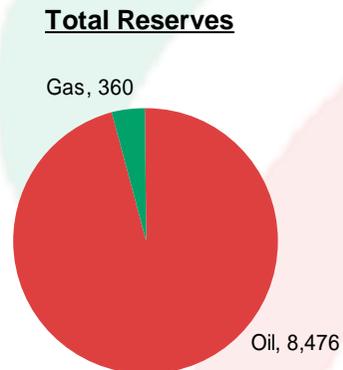
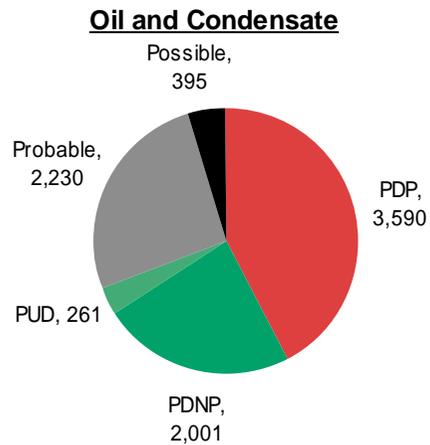
- Operational assets located in Russia and Ukraine
- Upstream assets concentrated in Republic of Tatarstan
 - 500 kbpd of production with steady 1% annual growth in 5 previous years
 - 5,851.1 mmbbl of proved oil reserves (as of 1 Jan 2006)
- Refining
 - New 137 kbpd greenfield project underway in Tatarstan
- Retail: 553 gas stations (primarily Moscow region, Tatarstan, Ukraine)
- Advanced geophysical and enhanced recovery business units

Key Operational Data

Revenue: 2004 (% growth)	\$7,452m (41%)
Revenue: 1H'05 (% growth)	\$4,842m (65%)
Net Income: 2004 (% growth)	\$844m (67%)
Net Income: 1H'05 (% growth)	\$551m (69%)

Source: Press release of 26 June 2006

Reserves, mmbbl



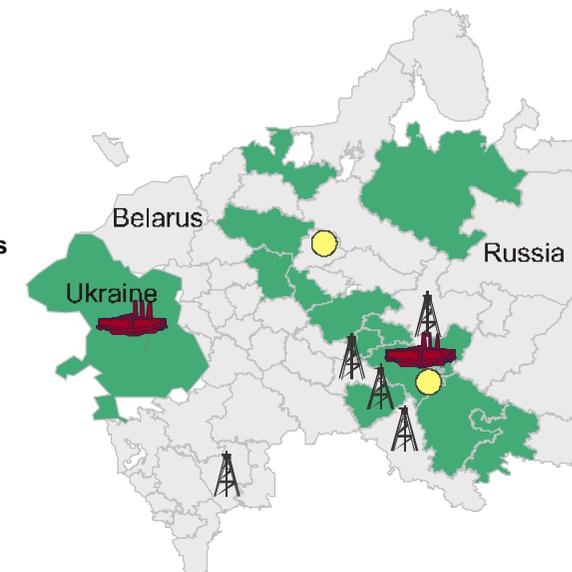
Total 1P: 5,851 mmbbl

Total 3P: 8,476 mmbbl

Data as of 1 January 2006, Source: Miller & Lents report
 PUD = Proved Undeveloped Reserves
 PDNP = Proved Developed Non-Producing Reserves
 PDP = Proved Developed Producing Reserves

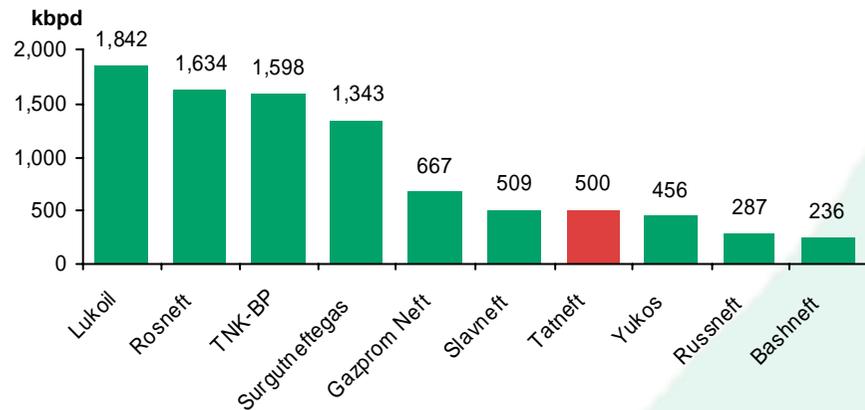
Operational Map

- Petrochemicals
- Retail Network
- Refineries
- Producing Fields



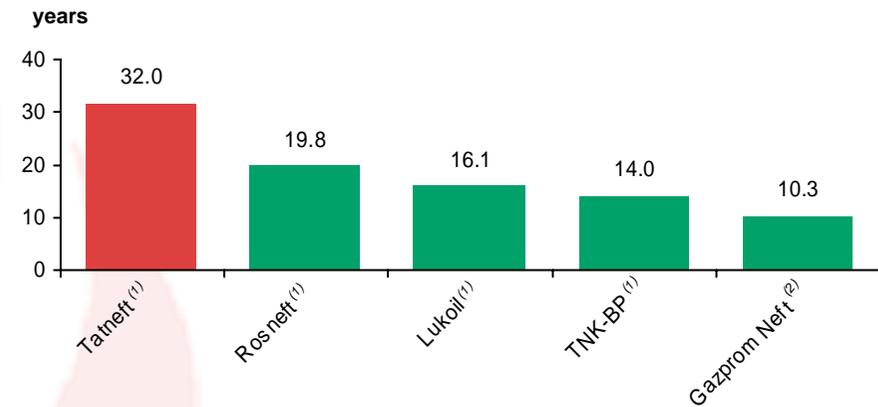
Peer Group

Production

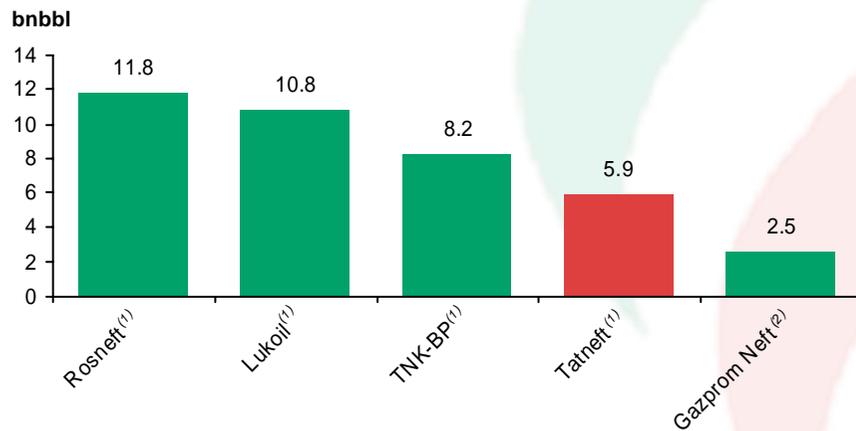


Source: Interfax report as of Dec'05

Reserves Life Ratio



Reserves

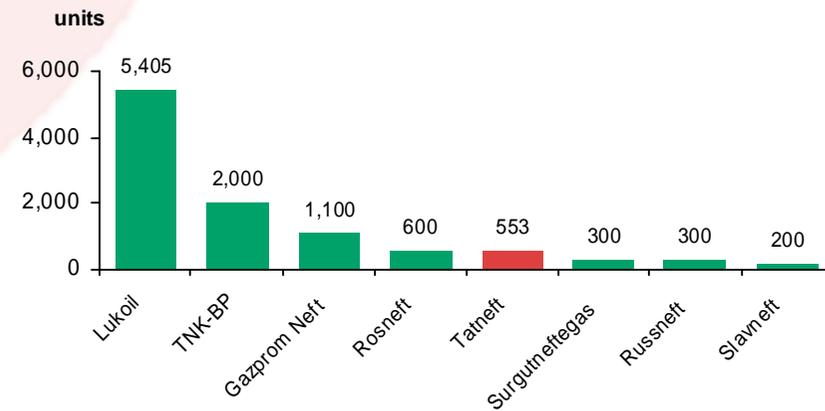


Source: Companies' Web Sites, SEC Proved Oil reserves

(1) As of the end 2005

(2) As of the end 2004

Retail Units



Source: As per Companies' Web Sites (June 2006)

Tatneft 2006 data

Strategic Goals

1. Maintaining crude oil production from existing fields:

- Maintaining the current level of production through secondary and tertiary recovery methods is expected to maximise value from existing resource and generate cashflow to fund support operations. Potential benefit from the proposed introduction of differentiated unified natural resources production tax

2. Expanding our reserves base outside Tatarstan:

- Expand and diversify the reserves base in the Russian Federation and beyond: establish strategic alliances to develop and operate oil projects

3. Developing the company's oil refining capabilities:

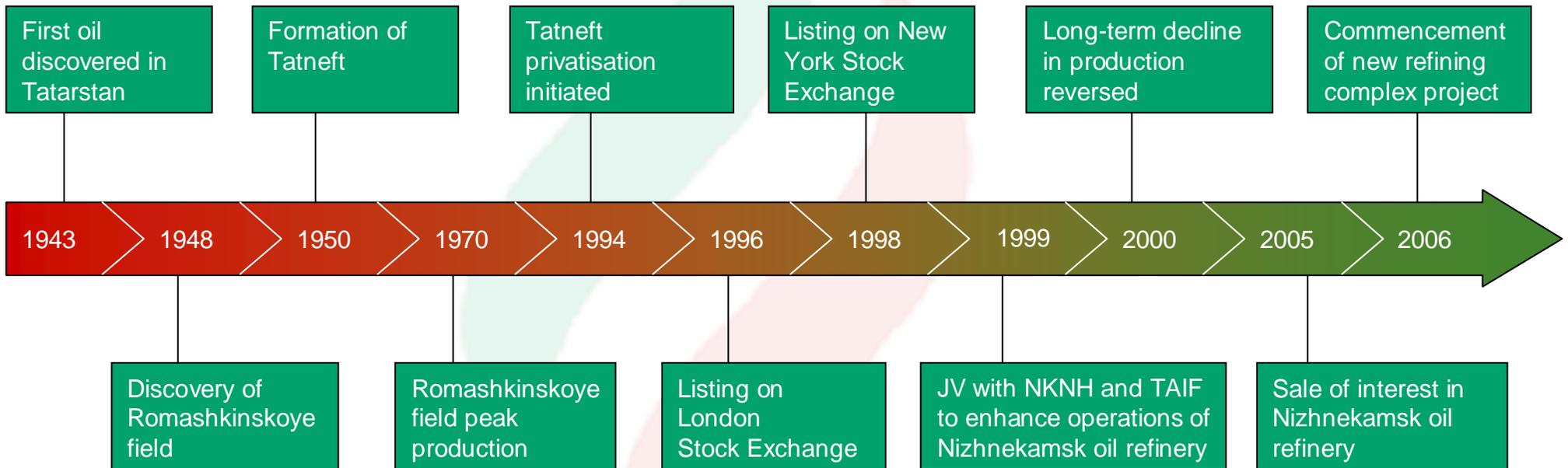
- Invest to increase refining capacity in order to optimise Tatneft's integration across the value chain

4. Improving our corporate governance:

- Seek to achieve improvements in accordance with Russian and international standards, such as those of the OECD Principles of Corporate Governance and Russian Code of Corporate Conduct. Audit, Disclosure, Compensation and Corporate Governance committees have been established. Financial reporting and internal audit functions have been strengthened

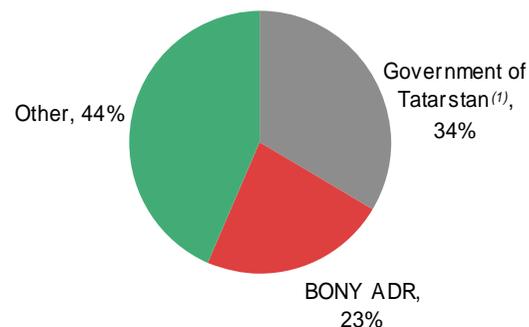
Corporate aim: to strengthen and enhance the status of an internationally recognised, financially stable company, as one of the largest Russian vertically integrated producers of oil and gas, refined products and petrochemicals

History Of Tatneft



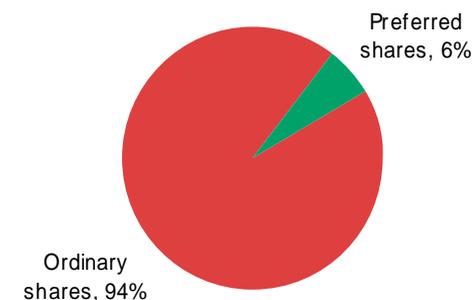
Shareholder Structure and Trading

Shareholding Structure

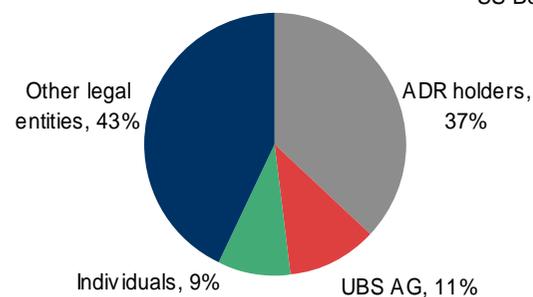


% of total share capital

Split of Ordinary Shares vs. Preferred



Non-Government Ownership Profile⁽²⁾



ADR Programme⁽³⁾

Registered holders	13
Beneficial holders	2,691
US Beneficial holders	>2,340

Listing History

- Listing history (all secondary offerings)
 - 1995 – Listing on RTS
 - 1996 – GDRs listed in London
 - 1998 – ADRs listed on NYSE
 - 1999 – Listing on MICEX

(1) Government of Tatarstan holds indirectly via Svyazinvestneftekhim 33.59% of capital stock and 35.87% of Ordinary Shares of the company. It also holds a Golden share with significant veto power. Svyazinvestneftekhim is 100% owned by the Tatarstan government

(2) Annual Report on form 20-F for 2004 as filed with SEC

(3) As of March 31, 2006

Corporate Governance

Remedial Steps on Financial Controls

- Introduced independent directors
- Established New Committees
 - Audit
 - Disclosure
 - Compensation
 - Corporate governance
- Created new division for US GAAP reporting
- Hired experienced professionals
- Creation of internal audit department
- Introduced new board practices relating to approval of transactions
 - Loans outside of ordinary course of business
 - Large transactions
- Set up the framework for the group's regulations and controls

Audit Committee

- Established in 2004 pursuant to applicable SEC rules for:
 - control over financial reporting
 - control over independence of audit and its compliance with legislation
 - reporting on non-conforming practices
 - approving auditors' services to maintain independence

Members of Audit Committee

Sushovan Ghosh, Chairman

Mr. Ghosh was born in 1957. He graduated with First Class Honors in 1979 from the Queen Mary's College of the University of London with a specialisation in Electrical and Electronics Engineering. He is also a Fellow of the Institute of Chartered Accountants, England and Wales. From 1998 to 2000 and since 2002 he has served as the Managing Director of SGI Group Ltd. (U.K.), and from 2001 to 2002 he was Deputy Head of the International Investments and Trading Department and Director of Finance of Renaissance Capital in Russia.

David W. Waygood

Mr. Waygood was born in 1950. He is an Associate of the Institute of Bankers in the United Kingdom. From 1998 to 1999, Mr. Waygood served as Group Representative in the Moscow representative office of National Westminster Bank plc. In 2000 and 2001, he was Director at LTP Trade plc, London, a trade finance company. Since August 2001, he has been Director of Waygood Limited, an international business consultancy.

Maria Voskresenskaya

Ms. Voskresenskaya was born in 1955. She graduated from the Moscow Financial Academy in 1977 with a specialisation in economy. She is a U.S. Certified Public Accountant and a certified Russian Auditor. She is also on the Board of Directors of the Independent Directors Association in Russia. She worked at Ernst & Young Moscow office from 1991 until 2003, where she became a partner. During 1993 and 1994, she worked at Ernst & Young Philadelphia office in the United States. Since 2004 she served as a director of Brentcross Ltd.

Radik R. Gaizatullin

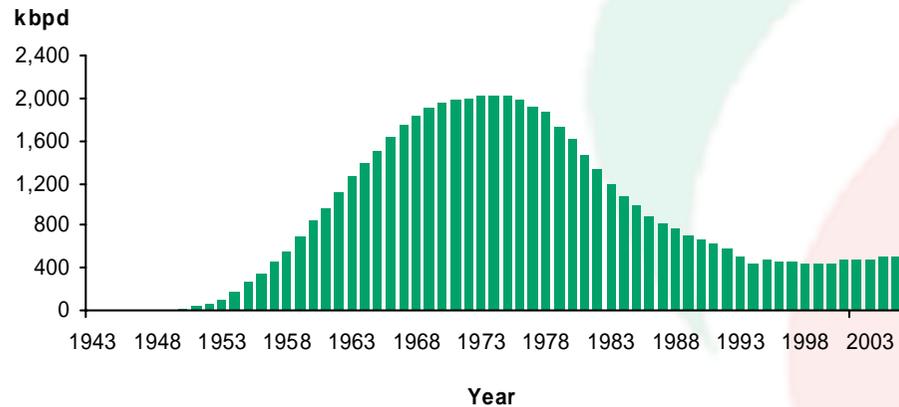
Mr. Gaizatullin was born in 1964. In 1999, he joined the Ministry of Finance of the Republic of Tatarstan as Head of the Section for Financing Agriculture and Food Industry. In June 2000, he was appointed Deputy Minister of Finance of the Republic of Tatarstan, and in 2001 he was appointed First Deputy Minister of Finance of the Republic of Tatarstan. Since June 27, 2002, he has served as Finance Minister of the Republic of Tatarstan. He has been a member of our Board of Directors since 2001.

Exploration and Production

Upstream Overview

- Longest reserve life among Russian oil majors: 32 years
 - Primarily proved developed reserves
- Reserves concentrated in Volga Urals basin
 - Historical centre of Russian oil industry and advanced R&D activity
 - Situated in major transportation infrastructure hub
- Brownfield development strategy
 - Using enhanced recovery techniques to maximum production from existing operations and optimise lifting costs
- Strategy for reserve expansion

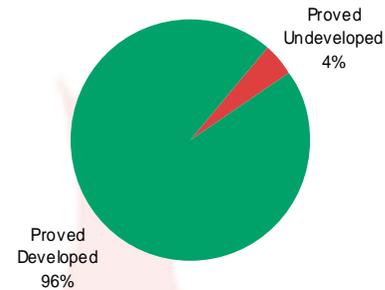
Tatneft Production History



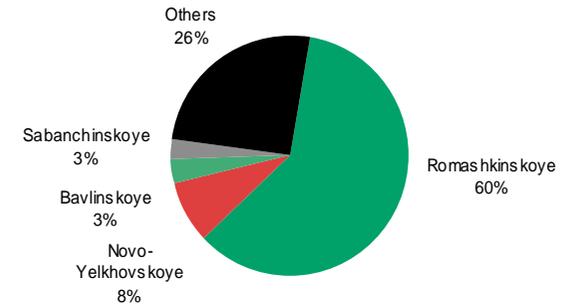
Production prior to 1994 represents output from Tatarstan. From 1994 on, production represents output from Tatneft, which accounts for most of the output of Tatarstan

Proved Reserves – 5,851 mmbbl

By Status

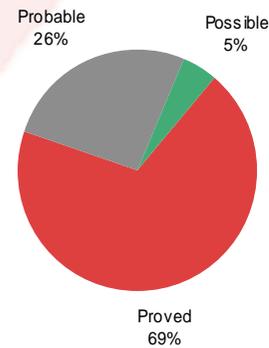


By Field

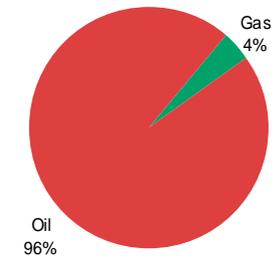


Reserves

Oil and Condensate



By Hydrocarbon



As of 1 January 2006
Source: Miller & Lents report
3P reserves of 8,476 mmbbl

Exploration and Production

Tatneft's Assets are Strategically Located At the Hub of Russia's Trunk Pipeline Infrastructure

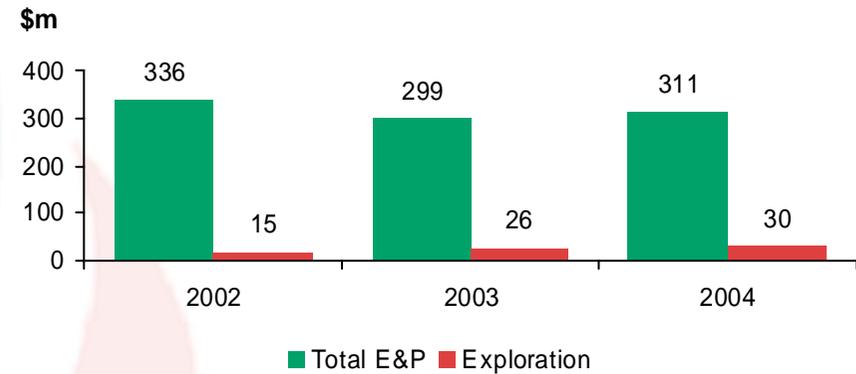


Exploration and Production

Reserves and Production

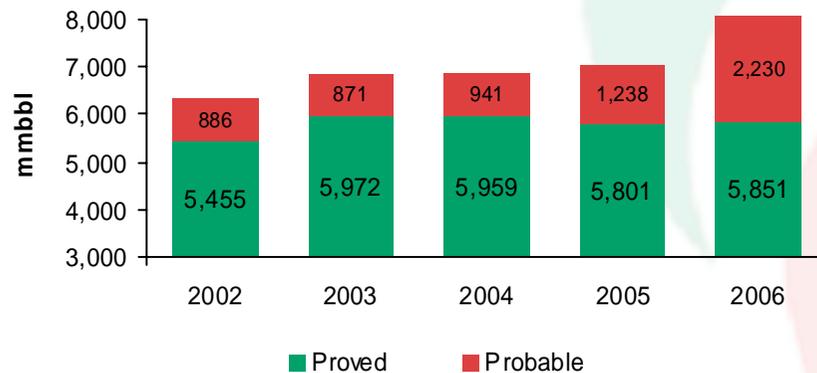
- Sustained levels of capital expenditure, focused on further development of existing resources
- Reserve levels have been maintained, even as the production base matures
- Production has been gradually increasing in recent years following investment in secondary and tertiary recovery techniques

Capital Expenditure⁽¹⁾

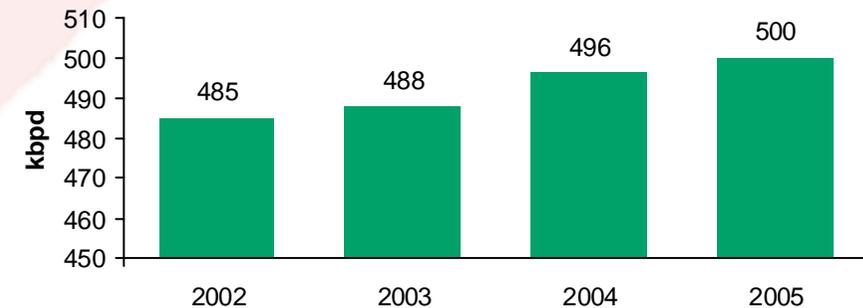


Converted from RR into USD using historical exchange rates as reported in the 20-F

Reserves History⁽²⁾



Production History



(1) Adjusted to exclude the effects of SFAS 143 restatement and capitalisation of leases, which is assumed to wholly relate to E&P expenditure

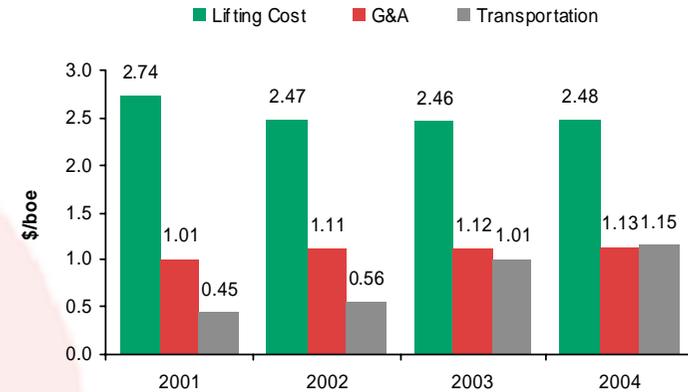
(2) As of 1 January

Exploration and Production

Enhanced Recovery

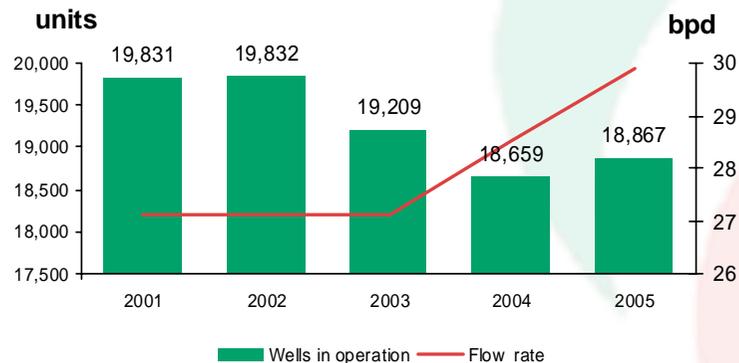
- Increased production efficiencies...
 - Rising flow rates
 - Controlled lifting costs
- ... through the use of enhanced technologies
 - Optimisation of water flooding
 - Chemical and steam injection
 - Multidirectional and radial drilling techniques

Exploration and Production Costs



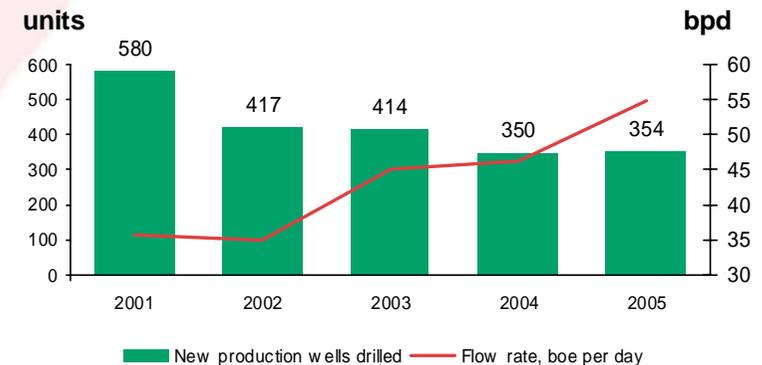
Source: Form 20-F of SEC filings

Total Wells in Operation/Flow Rates



Source: Information from the Company

New Wells/Flow Rates



Refining and Marketing

Refining Overview

- During privatisation, Tatneft did not acquire major refining assets
- Tatneft refines much of its crude through:
 - Moscow refinery
 - Nizhnekamsk (TAIF) refinery (Tatarstan)
 - Kremenchug refinery (Ukraine)
- Tatneft recently launched a project to construct a new 137 kbpd refinery at Nizhnekamsk, Tatarstan
- In June 2006, Tatneft's application for a \$610 million grant from the state investment fund to finance infrastructure of the new Nizhnekamsk refinery has received preliminary approval

Marketing Overview

- Three key markets:
 - Moscow region: 124 stations*
 - Tatarstan: 140 stations*
 - Ukraine: 145 stations*
- Virtually all stations company owned
- Focused on continued expansion of marketing operations
 - 2004: 33 new stations built
- Expansion strategy through 2010 recently approved
 - Increase presence in current target markets
 - Expand into selected new markets
- Re-branding campaign

* As of 1 January 2005

Refining Throughput

Region	Tatneft Owned		Third Party Facilities	
	Total Capacity (kbpd)	Interest ⁽¹⁾	Refinery	'05 Product Throughput (kbpd)
Kichuyi	8	100%	Moscow	39.4
Ukraine	363	9%	Ryazan	4.7
<u>Under Construction</u>			Nizhnekamsk-TAIF**	114.7
New Nizhnekamsk*	137	40%	NORSI	24.1
				182.9

* Under construction/not launched

** Existing facility owned by TAIF

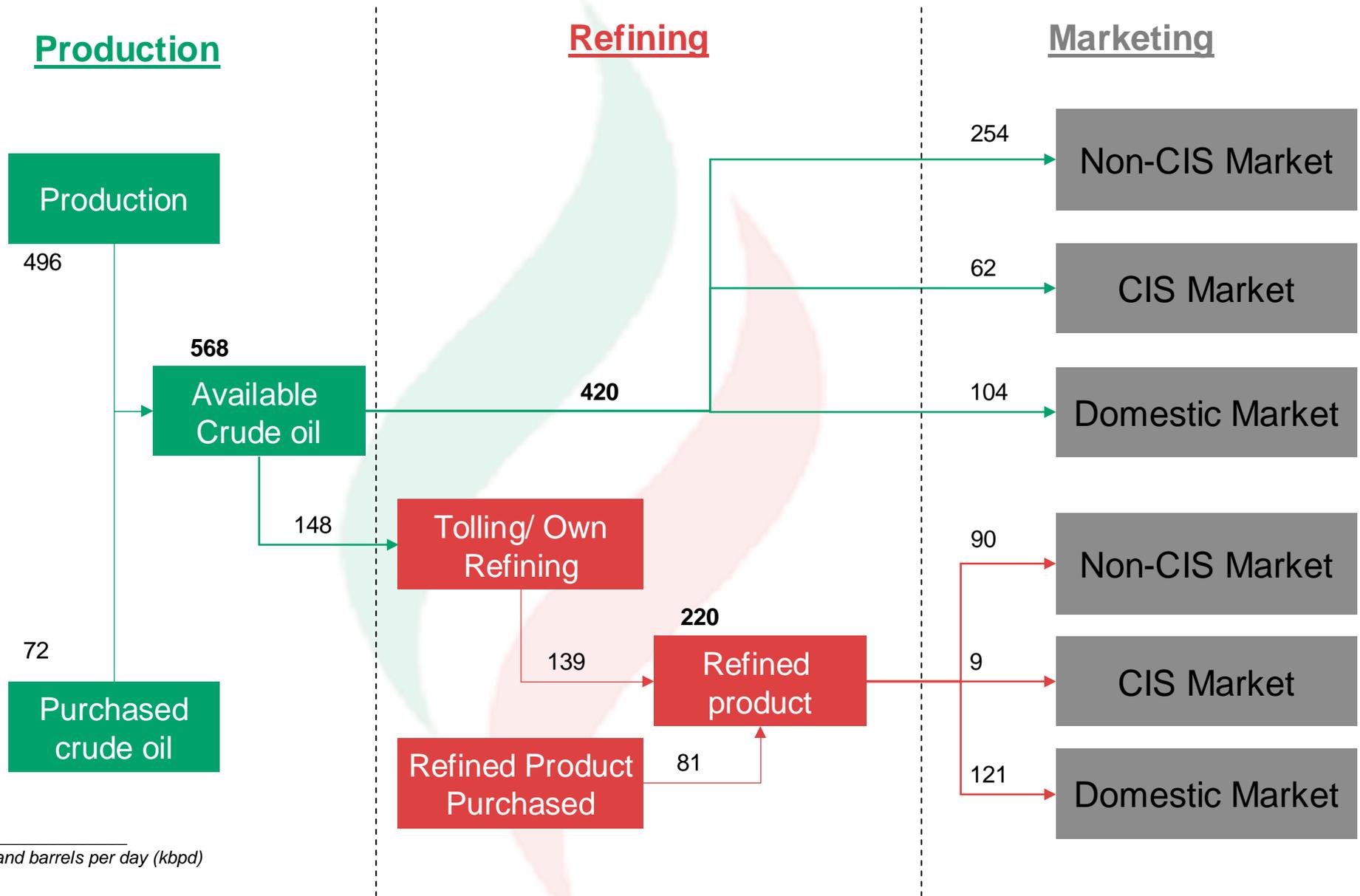
1) Direct interest only

Marketing Interests

Region	2005	2006
Russia	402	408
Ukraine	145	145
Russia and Ukraine	547	553

As of 1 January

Flows of Crude and Product (2004)



In thousand barrels per day (kbpd)

New Projects: Nizhnekamsk Refinery

Construction of Greenfield Nizhnekamsk Refinery

Project Overview

Construction began	2005
Ownership structure	
- Tatneft	40%
- Svyazinvestneftekhim	9%
- IPCG Fund	51%
Total budgeted cost	\$3,200m
Government infrastructure grant ⁽¹⁾	\$610m

Phase 1: Oil Refinery

Capacity	137 kbpd
Planned Completion Date	2008

Phase 2: Deep Refining unit

Fuel oil capacity	68 kbpd
Planned Completion Date	2009

Phase 3: Petrochemical Plant

Planned Completion Date	2010
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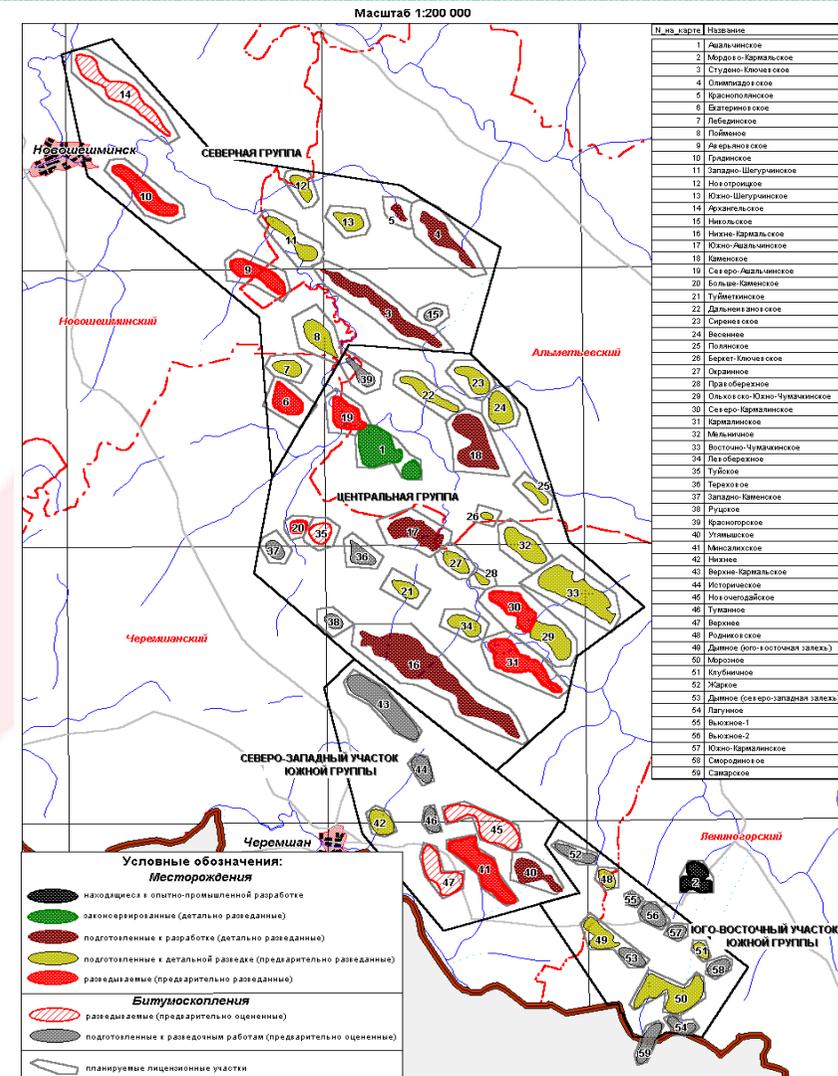
⁽¹⁾ Subject to governmental approval

New Projects: Bitumen

Development of Bitumen Reserves: Pilot Programme

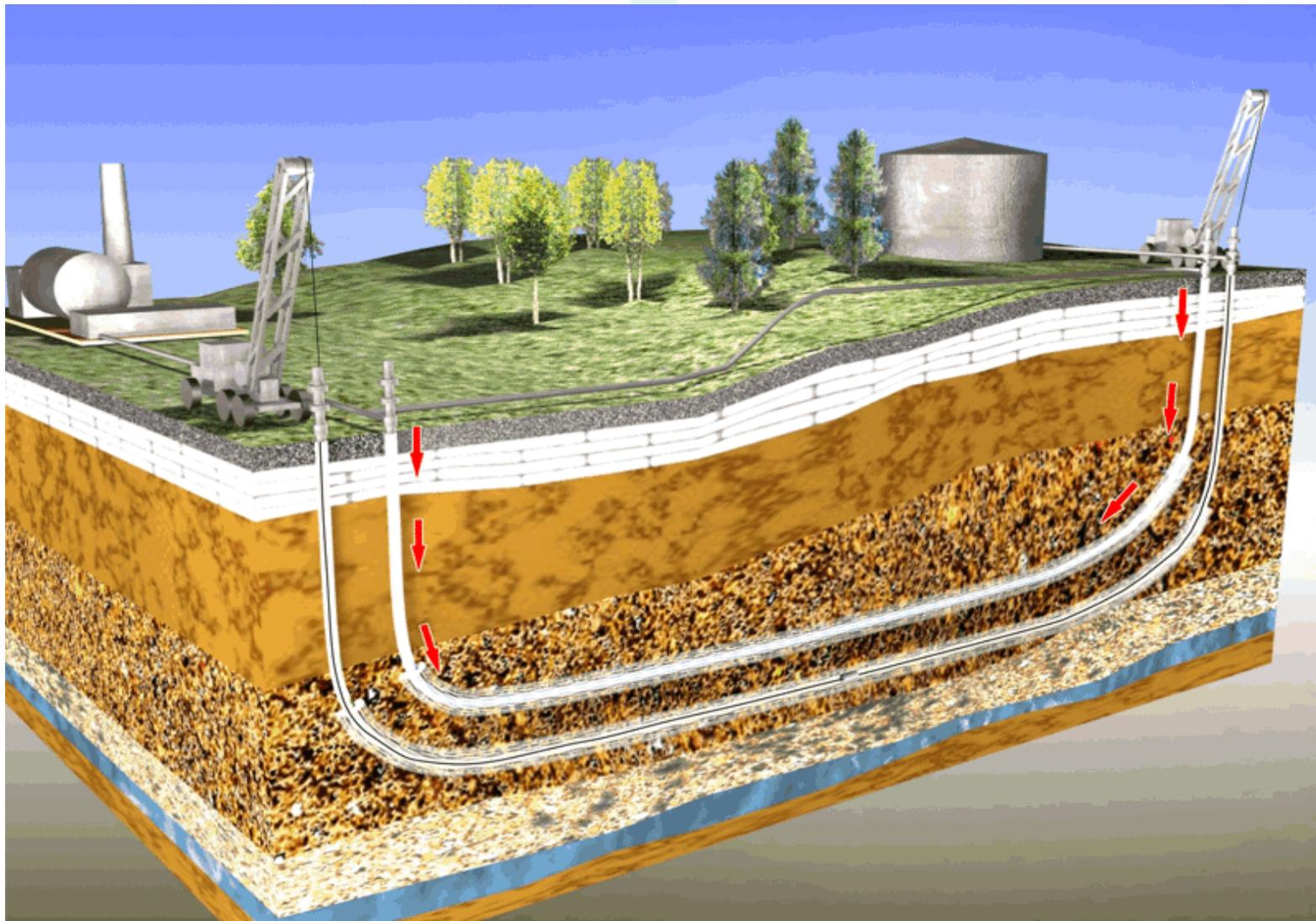
- Reserves currently estimated at 28 bnbbbl
- Analyzing economic recovery factor
- Pilot project currently underway to test economic viability of recovery
 - In process of discussing reduction of tax burden associated with bitumen production
- Initial pilot programme results
 - 100+ bpd flow rates
 - Development well costs: \$1.0-1.5m
- Tatneft know-how based on technologies similar to those used in Canada
- Tatneft is currently carrying out a review of the project in conjunction with reserves engineers in order to assess potential reserves levels

Bitumen Reserves Schematic



New Projects: Heavy Oil Production

Schematic of Heavy Oil Production Pilot Project for Tatneft





Financial Overview



Macroeconomic Environment

Domestic Market

	2002	2003	2004	2005
Oil Price (\$/bbl)	11.42	7.84	11.30	26.26
Inflation	15.1%	12.0%	11.7%	10.9%
Nominal Appreciate of the Rouble	(5.4%)	7.3%	5.8%	(3.7%)

International Market

	2002	2003	2004	2005
Oil Price (\$/bbl)	25.02	28.83	38.22	54.38
Gasoil (Rotterdam Barge Prices) (\$/boe) ⁽¹⁾	30.68	37.14	52.43	73.68

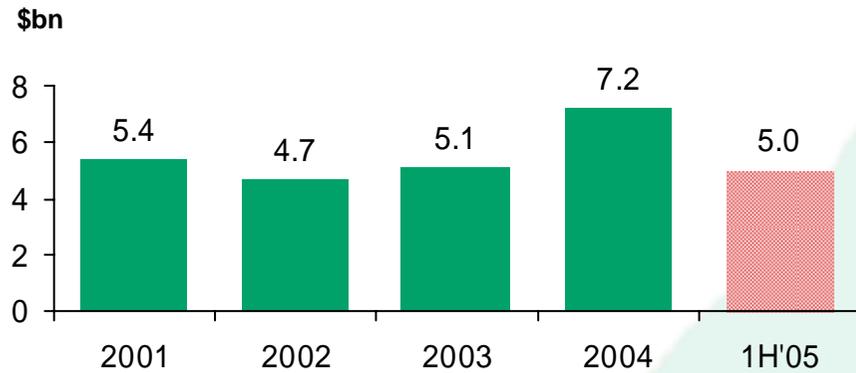
Source: Annual Report on form 20-F for 2004 as filed with SEC; Bloomberg, Platt's
 Converted from RR into USD using historical exchange rates as reported in the 20-F
 (1) Year average

Financial Highlights

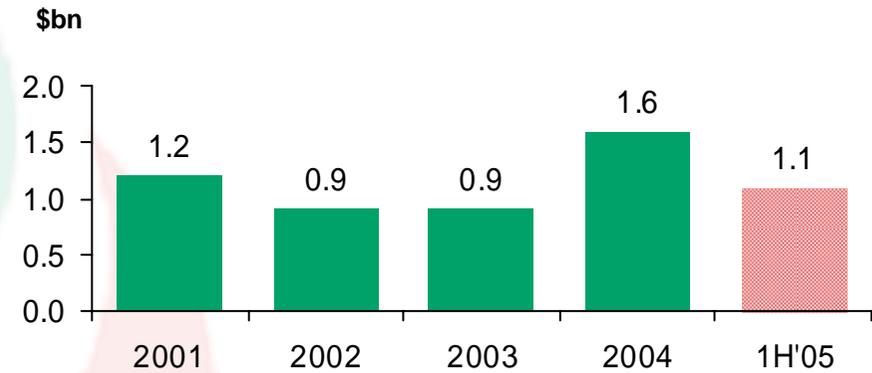
- Steady revenue and income growth from 2002 onwards
- Excess cash: potential for new investments and dividends
- Debt being repaid from free cash flow, no new borrowings planned
- Margin expansion
 - Rising revenues, driven largely by oil prices
 - Effective cost containment
- Increasing dividend payout

Key Metrics

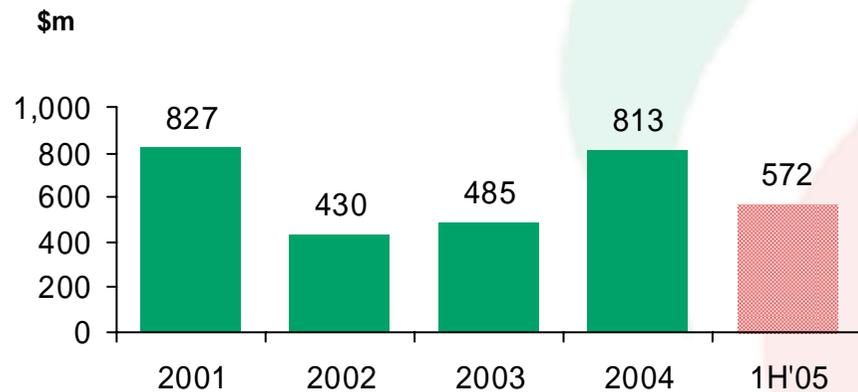
Revenues



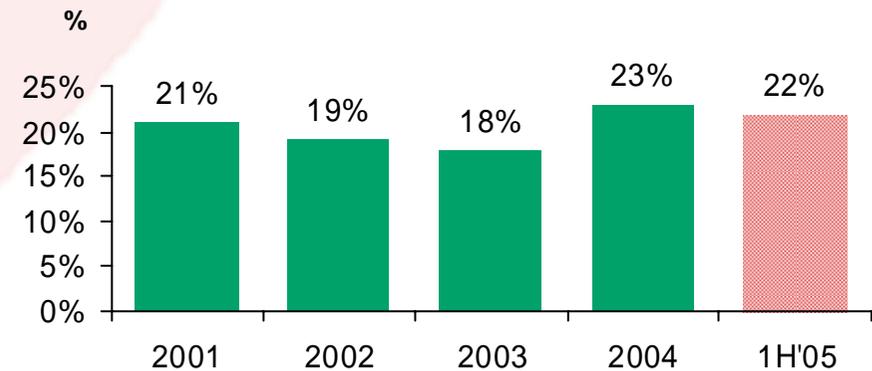
Adjusted EBITDA*



Net Income



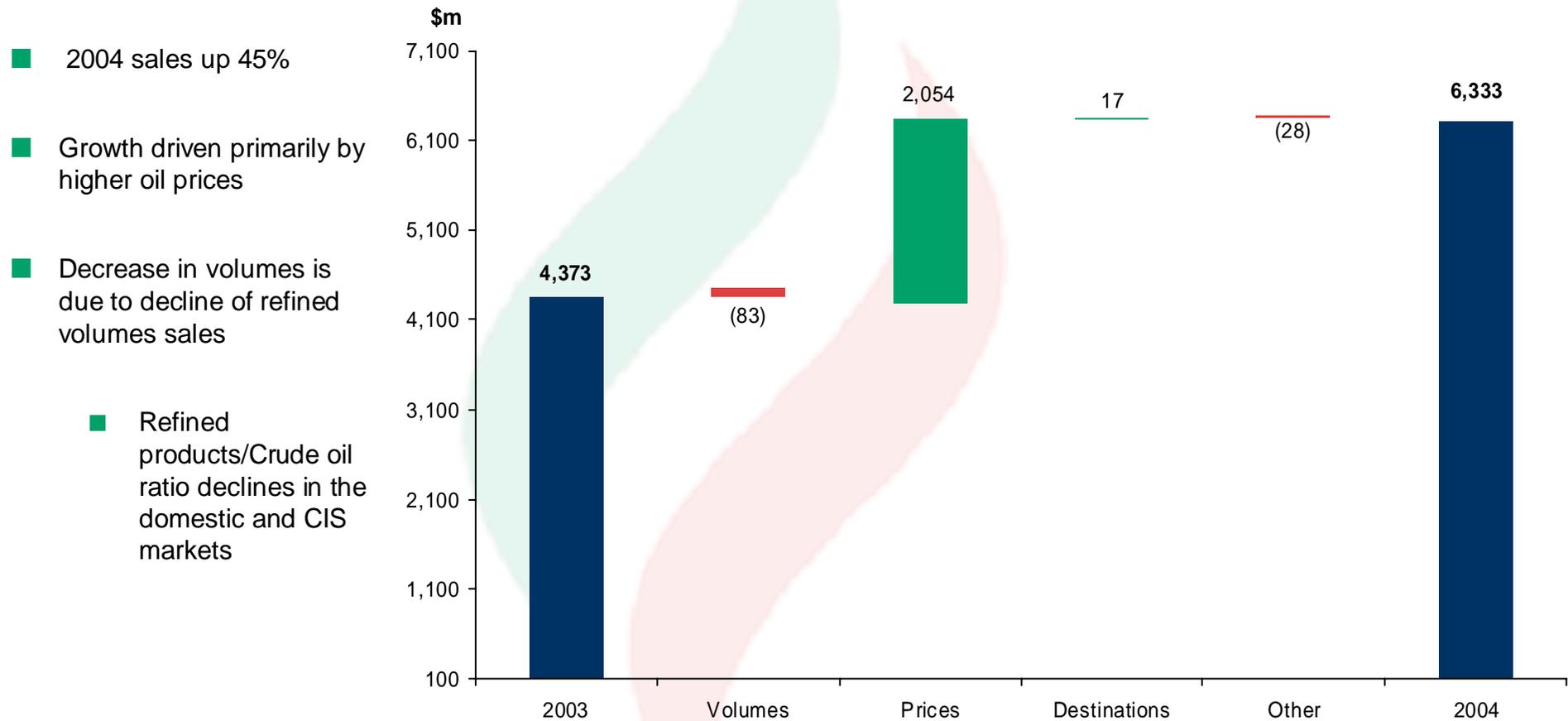
Adjusted EBITDA Margin*



Converted from RR into USD using historical exchange rates as reported in the 20-F
 Source: Annual Report on form 20-F for 2004 as filed with SEC
 * For a reconciliation of adjusted EBITDA to net income, see slide 40 of this presentation.

Key Drivers of Sales, Costs and Earnings Trends

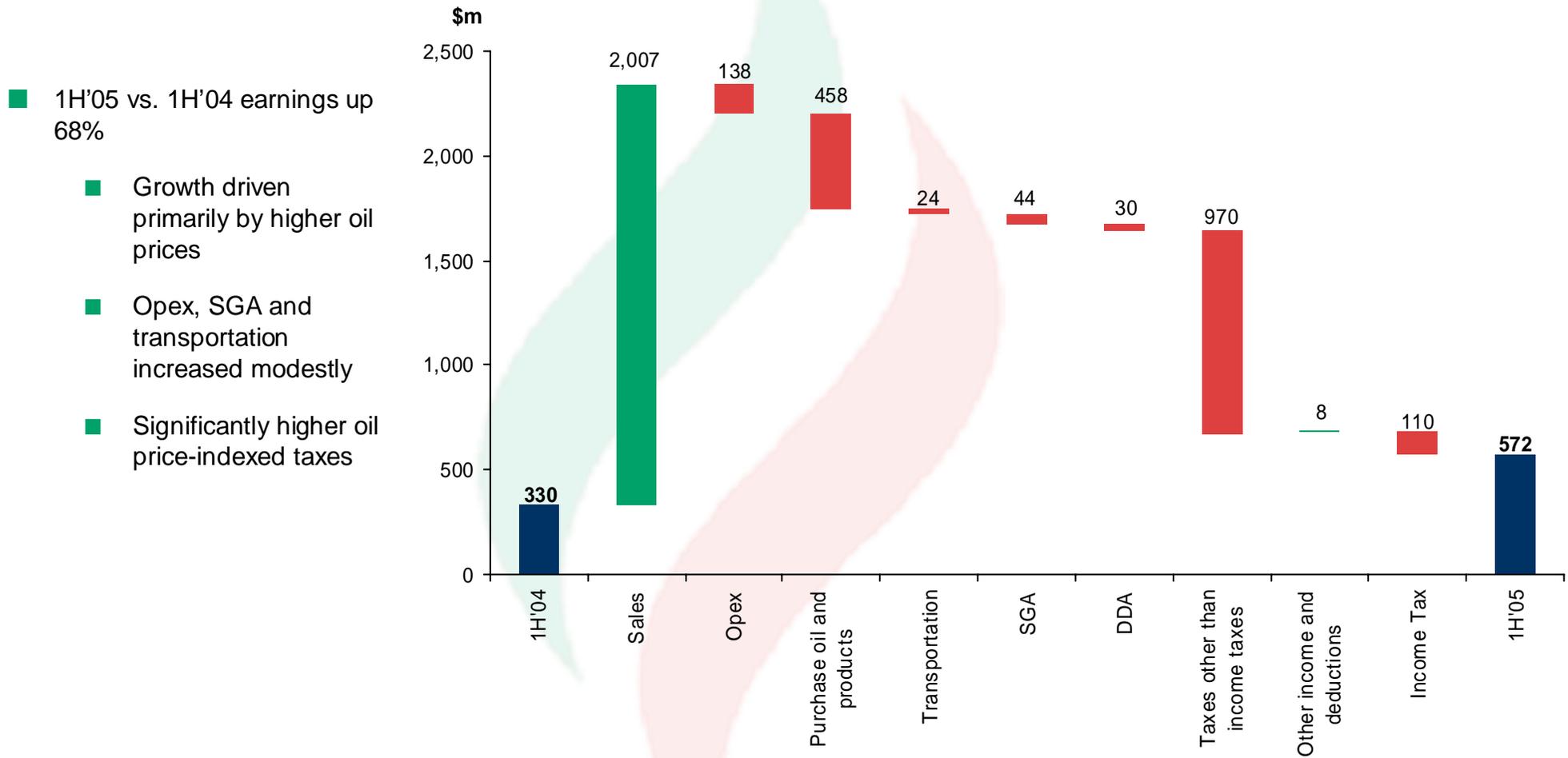
Sales of Crude Oil and Refined Products 2003 vs. 2004



Converted from RR into USD using historical exchange rates as reported in the 20-F

Key Drivers of Sales, Costs and Earnings Trends

Net Income 1H'04 vs. 1H'05



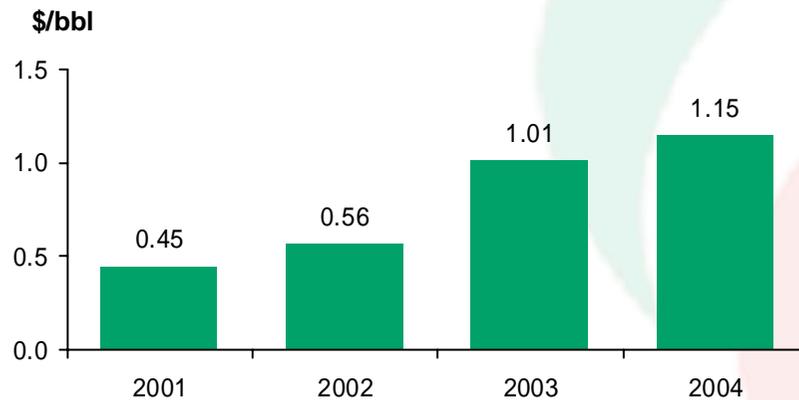
Converted from RR into USD using historical exchange rates as reported in the 20-F

Operating Expenditure per Barrel

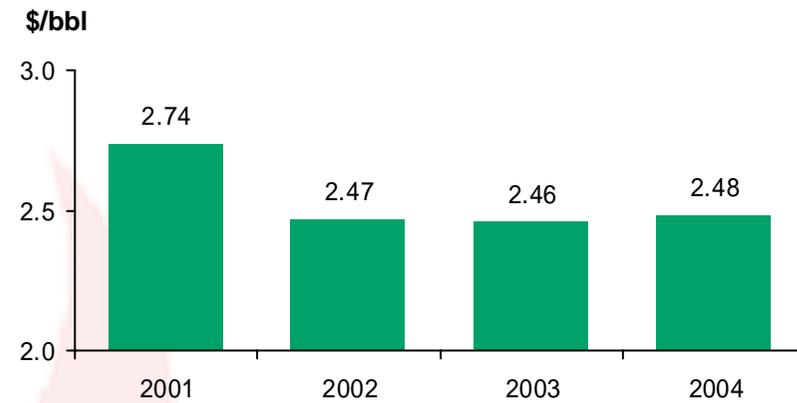
Operating Expenditures

- Lifting costs have remained controlled due to efficiency increases
- Transportation costs have increased due to prices imposed by the pipeline operator Transneft
- SG&A remains tightly controlled

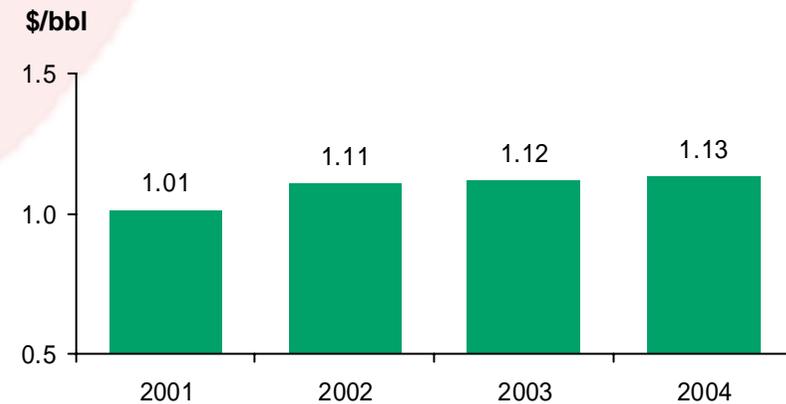
Transportation Costs



Lifting Costs



SG&A



Source: Annual Report on form 20-F for 2004 as filed with SEC

Capital Expenditure

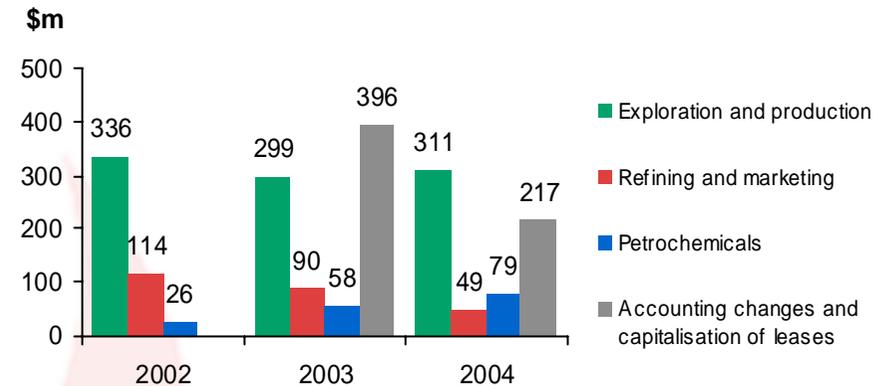
Strategy and Performance

- In 2003 and 2004, operating cash flow exceeded combined cash and non-cash capex
- Investment is focused on exploration and production to maintain production levels
- Refining and marketing capex made to improve the oil refining capacities and increase the number of gas stations

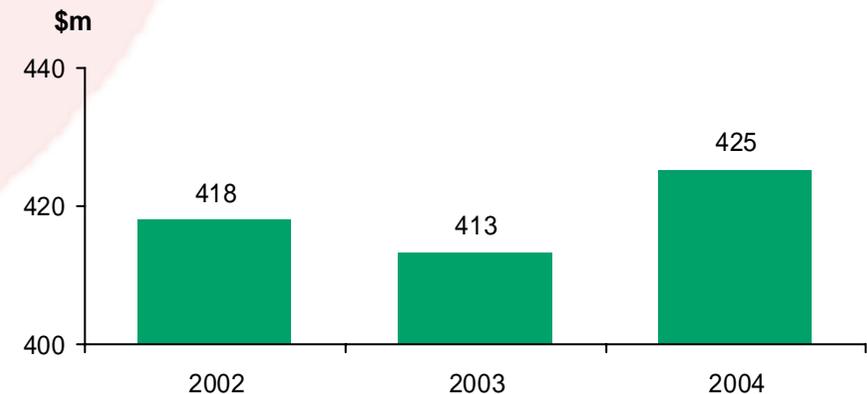
Capex Outlook

- Over the past several years, Tatneft has not been spending heavily on Capex
- While E&P Capex is expected to increase due to the use of more modern techniques and technology, we expect this to lead to greater operational efficiency in the future

Capex by Segment



Cash Capex Trend

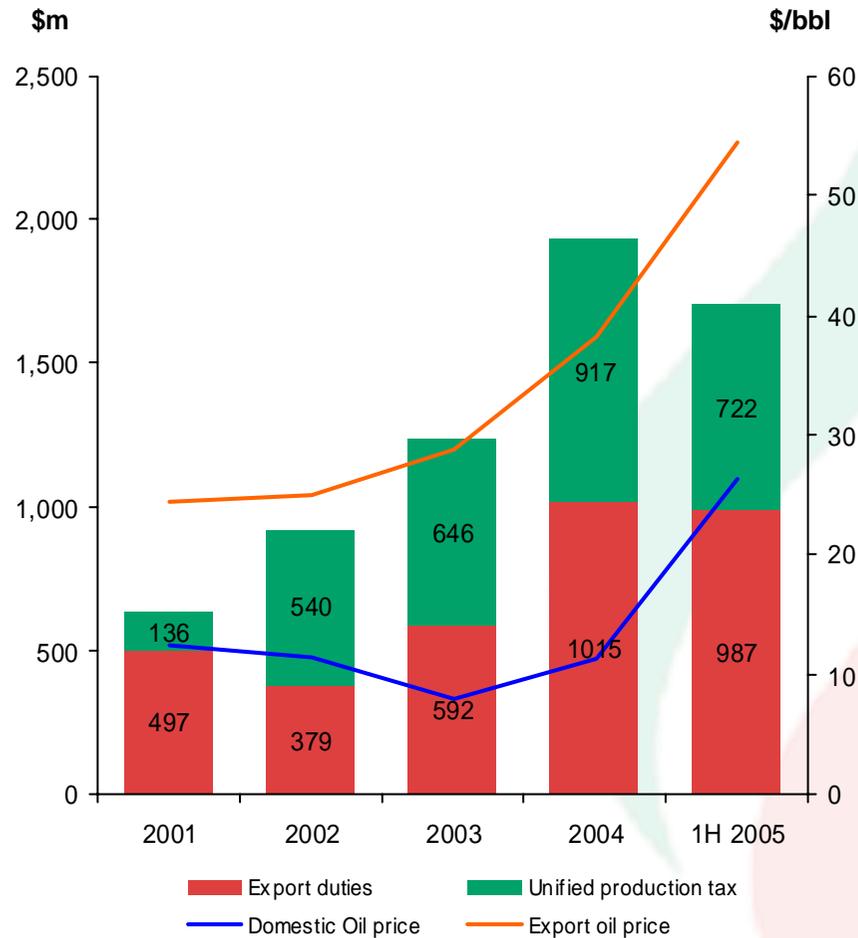


Excludes non-cash items resulting from accounting changes and capitalisation of leases

Source: Annual Report on form 20-F for 2004 as filed with SEC; Miller & Lents report
Converted from RR into USD using historical exchange rates as reported in the 20-F

Taxation

Historical Taxation Expense



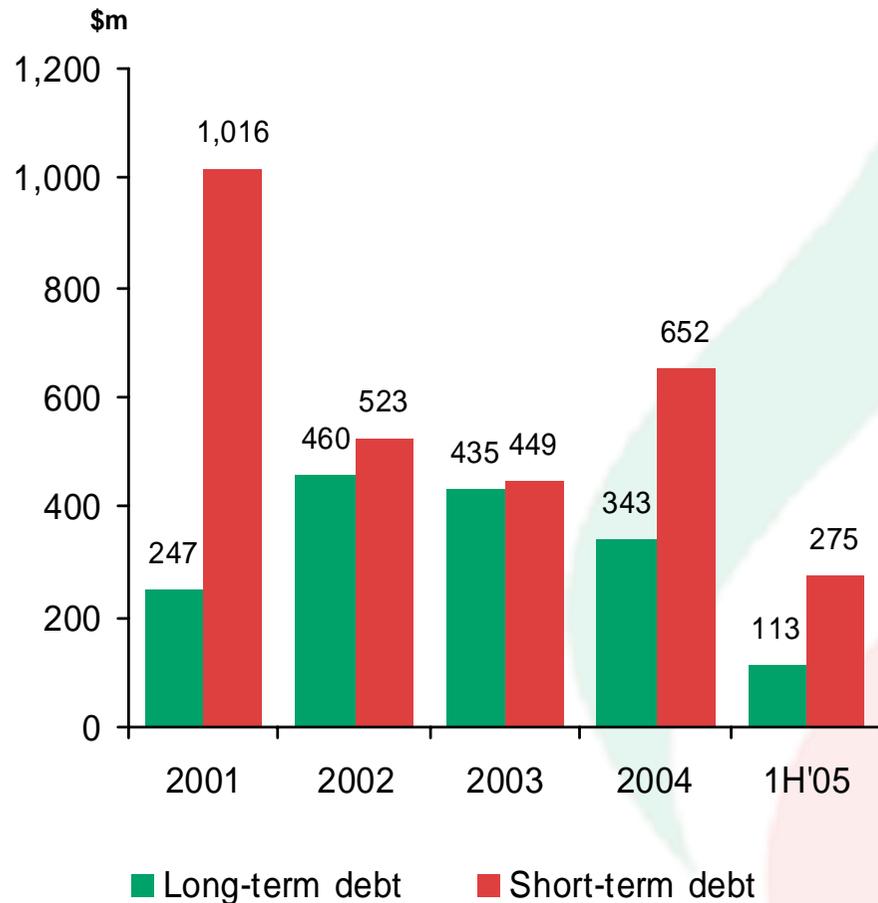
Proposed Differentiated Production Tax

- In June 2006, a draft law was passed by the Duma proposing a lower rate for the unified natural resources production tax, whereby oil companies with more mature fields would pay a lower rate. The law remains under review at this time
- The possible introduction of this law may benefit Tatneft because the majority of its reserves are considered mature
- As there can be no assurances that the draft law will be enacted as proposed, Tatneft cannot currently confirm the impact that this differentiated tax rate would have on its operations

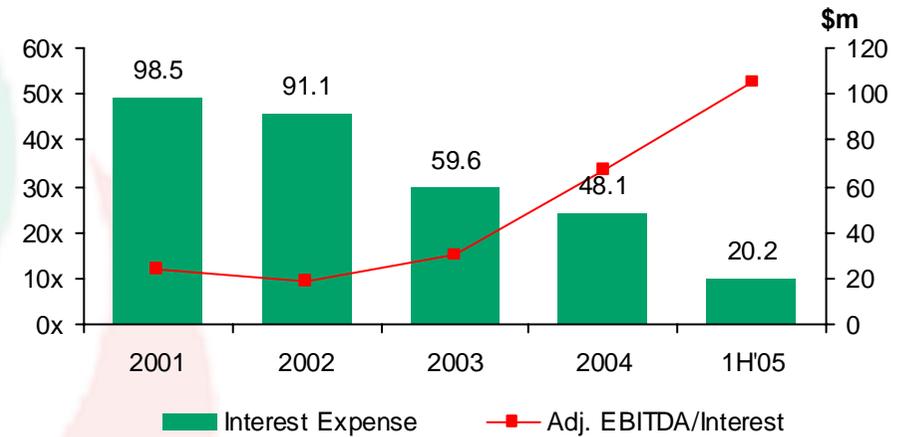
Converted from RR into USD using historical exchange rates as reported in the 20-F

Debt Profile

Long-Term vs Short-term



Adjusted EBITDA/Interest Expense⁽¹⁾



Comments

- Company is using free cash flow to pay down debt
- Total debt as of the end 2005 is estimated to be under \$300m
- No immediate plans for further borrowing

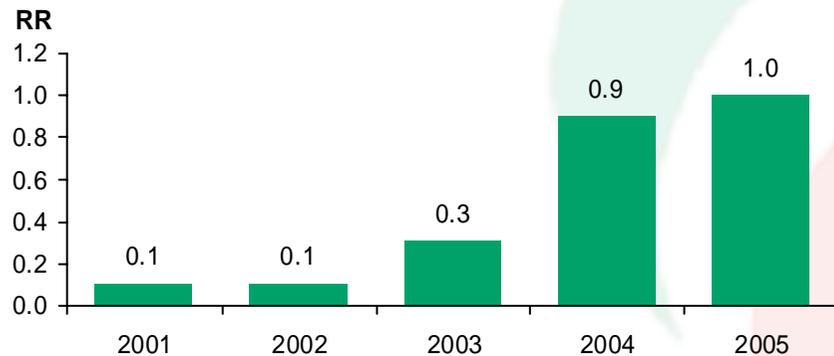
⁽¹⁾ Annual Report on form 20-F for 2004 as filed with SEC; For a reconciliation of adjusted EBITDA to net income, see slide 40 of this presentation. Converted from RR into USD using historical exchange rates as reported in the 20-F for 2004 and prior; 1H 2005 from FactSet

Share Performance and Dividends

Comments

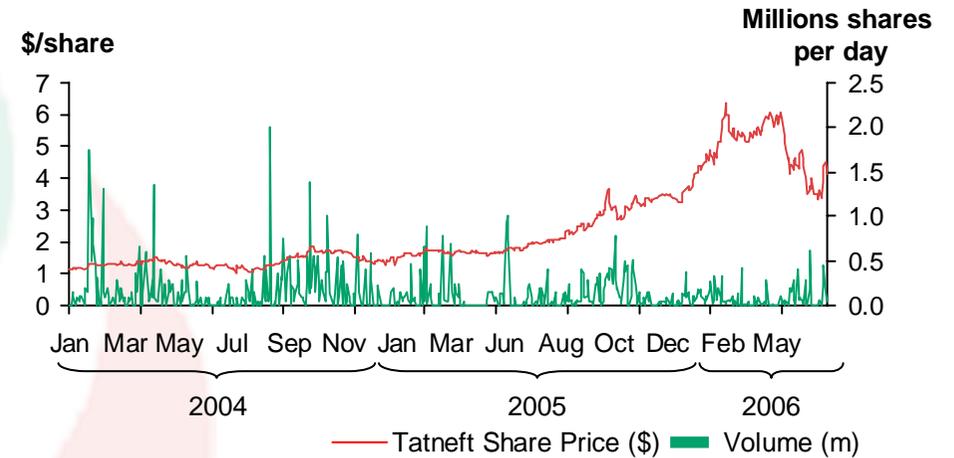
- Tatneft has seen very strong share price growth over the past twelve months, driven largely by macroeconomic factors
- Since January 2004 Tatneft's share price has outperformed both the RTS Russian Index and the FTSE All Share Oil & Gas Index
- Company has increased the level of dividends during the last few years

Dividend per Share Declared: 2001-2005

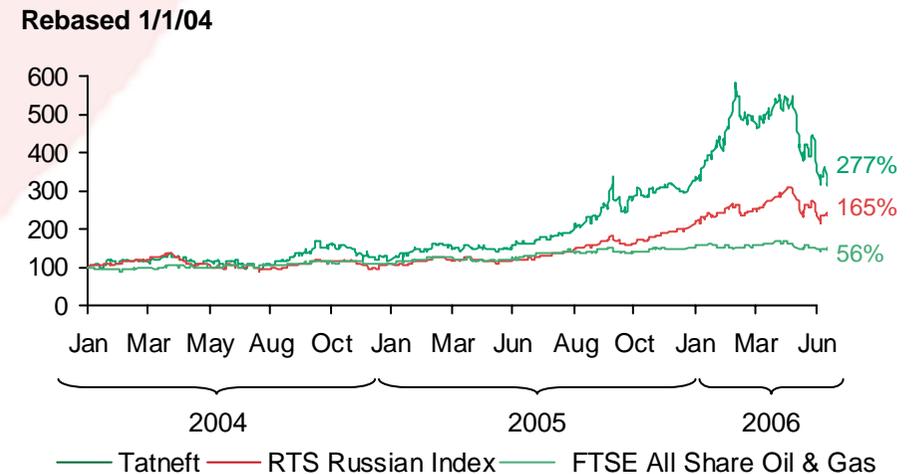


(1) One ADS represents 20 Ordinary Shares
 (2) Source: Annual Report on form 20-F for 2004 as filed with SEC

Share Performance and Market Value



Oil and Gas Market Trend





Transaction Process



Process Overview

- Tatneft currently has a primary listing in Moscow, with ADR trading in London and New York
- Tatneft has decided to voluntarily delist from the NYSE and to seek to terminate the registration of its shares with the SEC when circumstances permit
- London will become Tatneft's sole international listing
- 2005 H1 and 2004 annual results have also been announced recently
- 2005 annual and 2006 H1 results currently expected in Q4 2006
- Implementation of enhanced Investor Relations program

Rationale for Sole International Listing in London

- While the Company wishes to retain an international listing, multiple international listings are deemed unnecessary and costly
- Costs associated with the SEC registration have increased substantially
- De-registration removes need for compliance with costly and partially duplicative regulation
- Concentration of international trading in its depositary receipts in a single market is desirable
- Strong corporate governance and regulatory framework in London

Disclosure

- 2005 H1 and 2004 annual results have been announced recently
- 2005 annual and 2006 H1 results currently expected in Q4 2006
- Significant work undertaken and new hires made to promote compliant disclosure
- Commitment to timely ongoing disclosure
- Commitment to proactive Investor Relations

Timetable of Key Events

- **June 30, 2006** - Board of Directors considers a resolution authorising the Company to:
 - Amend Deposit Agreement
 - Enter into new deposit agreement relating to the Rule 144A Deposit Facility
 - Apply for delisting from the NYSE
 - Apply, when circumstances permit, for termination of registration of the Company's ordinary shares with the SEC
- **July 7, 2006** – The Company files with the SEC a post-effective amendment to the Registration Statement on Form F-6 relating to the ADRs to remove from registration all previously registered but unissued ADRs
- **July 10, 2006** - The Company and the Depositary sign amendments to Deposit Agreement; Depositary gives notice of amendments to owners (as defined in Deposit Agreement)
- **August 10, 2006** - Amendments to Deposit Agreement take effect
- **August 18, 2006** - The Company files its application for delisting from the NYSE
- **August 18, 2006** - Expected date of announcement of the Certification Date
- **Q4 2006** - Filing with the SEC of the Company's annual report on Form 20-F for the year ended December 31, 2005
- **Q4 2006** - Certification Date
- **Q4 2006** (within a few business days after the Certification Date) - Depositary commences sale (outside the U.S.) of ordinary shares underlying all GDRs except those beneficially owned by persons who (i) have certified that they are not "resident in the United States" or (ii) have certified that they are QIBs and have been approved by the Company
- **Q4 2006** (following completion of sales of ordinary shares by the Depositary) - Beneficial owners other than those who (i) have certified that they are not "resident in the United States" or (ii) have certified that they are QIBs and have been approved by the Company, may receive pro rata net proceeds of sale of shares underlying their GDRs against surrender of their GDRs and payment of the Depositary's fee and any other applicable charges and taxes

Proposed Amendments to the Depository Agreement

- Requirement that beneficial owners of the ADRs must certify that they are not resident in the United States or QIBs
 - Company currently expects to permit certain U.S.-resident QIBs with the largest holdings of depository receipts to continue to hold depository receipts
- New provision that the ordinary shares underlying ADRs beneficially owned by persons who have not certified non-U.S. residence or QIBs and have been approved by the Company on or before the Certification Date will be sold by Depository outside the United States, and that, upon completion of those sales, the proceeds of those sales will be transferred to the beneficial holders of such ADRs
- Redesignating the ADRs as “Global Depository Receipts” (“GDRs”) (following Certification Date)
- Provision that deposits into the restructured GDR facility will be accepted only from persons who are not resident in the United States
- Provision that transfers of the GDRs may not be made to U.S.-resident persons other than to “qualified institutional buyers” or “QIBs” who take delivery pursuant to a new deposit facility that the Company intends to establish to permit (i) purchase and holding of depository receipts representing the Company’s ordinary shares by U.S.-resident QIBs and (ii) trading in such depository receipts among U.S.-resident QIBs (the “Rule 144A deposit facility”)
- Company plans to retain right to require sale of ordinary shares underlying GDRs beneficially owned by U.S.-resident persons (including under the Rule 144A deposit facility) to facilitate deregistration from the SEC



TATNEFT

Q&A



TATNEFT



Required Disclosure



Reconciliation of Adjusted EBITDA to Net Income

	<u>2001</u>	<u>2002</u> (restated)	<u>2003</u>	<u>2004</u>	<u>1H'05</u>
	(in millions of Russian Rubles)				
Net income	24,144	13,470	14,880	23,410	15,986
Cumulative effect of change in accounting principle	—	—	(4,742)	—	—
Minority interest	1,698	471	(63)	1,025	87
Income tax expense	1,244	5,363	4,582	10,861	6,769
Other income (expenses)*	(567)	(1,525)	(313)	1,668	849
Transfer of social assets	593	1,293	2,162	455	515
Loss on disposal of PP&E and impairment of investments	2,502	851	2,325	726	601
Bad debt charges and credits, net	(1,027)	(261)	(262)	(714)	(145)
DD&A	6,139	7,541	8,850	9,237	5,225
Adjusted EBITDA	34,726	27,203	27,419	46,668	29,887

Throughout this presentation, we have presented adjusted earnings before interest, taxes, depreciation and amortization (or “adjusted EBITDA”). We have defined adjusted EBITDA as (i) net income before income taxes, minority interest and cumulative effect of change in accounting principle plus (ii) (a) other income (expenses), (b) transfer of social assets, (c) loss on disposals of property, plant and equipment and impairment of investments, (d) bad debt charges and credits, net and (e) depreciation, depletion and amortization, all as shown in our consolidated financial statements.

The above table reconciles adjusted EBITDA to net income for all periods presented. For further information, see the Consolidated Statements of Operations and Comprehensive Income on page F-4 of the Company’s Annual Report on Form 20-F for the year ended December 31, 2004 and the unaudited Interim Consolidated Statements of Operations and Comprehensive income on page F-3 in the Company’s report on Form 6-K furnished to the Securities and Exchange Commission on June 26, 2006.

Adjusted EBITDA should not be viewed in isolation as an alternative to net income calculated in accordance with U.S. GAAP. Other companies may define EBITDA or adjusted EBITDA differently, and our adjusted EBITDA as presented throughout this presentation therefore may not be directly comparable with similarly named statistics presented by other companies.

* Includes earnings from equity investments, foreign exchange gain/loss, interest income, interest expense and other income, net