



TATNEFT

Presentation to Investors

July 2007

1

Tatneft is an International Oil Company

- Tatneft operates in several countries
- Main oil production assets are located in Tatarstan
- E&P operations in Russia and abroad
- Network of petrol stations in Russia and Ukraine
- Strong positions in petrochemicals (tires) production and oilfield services

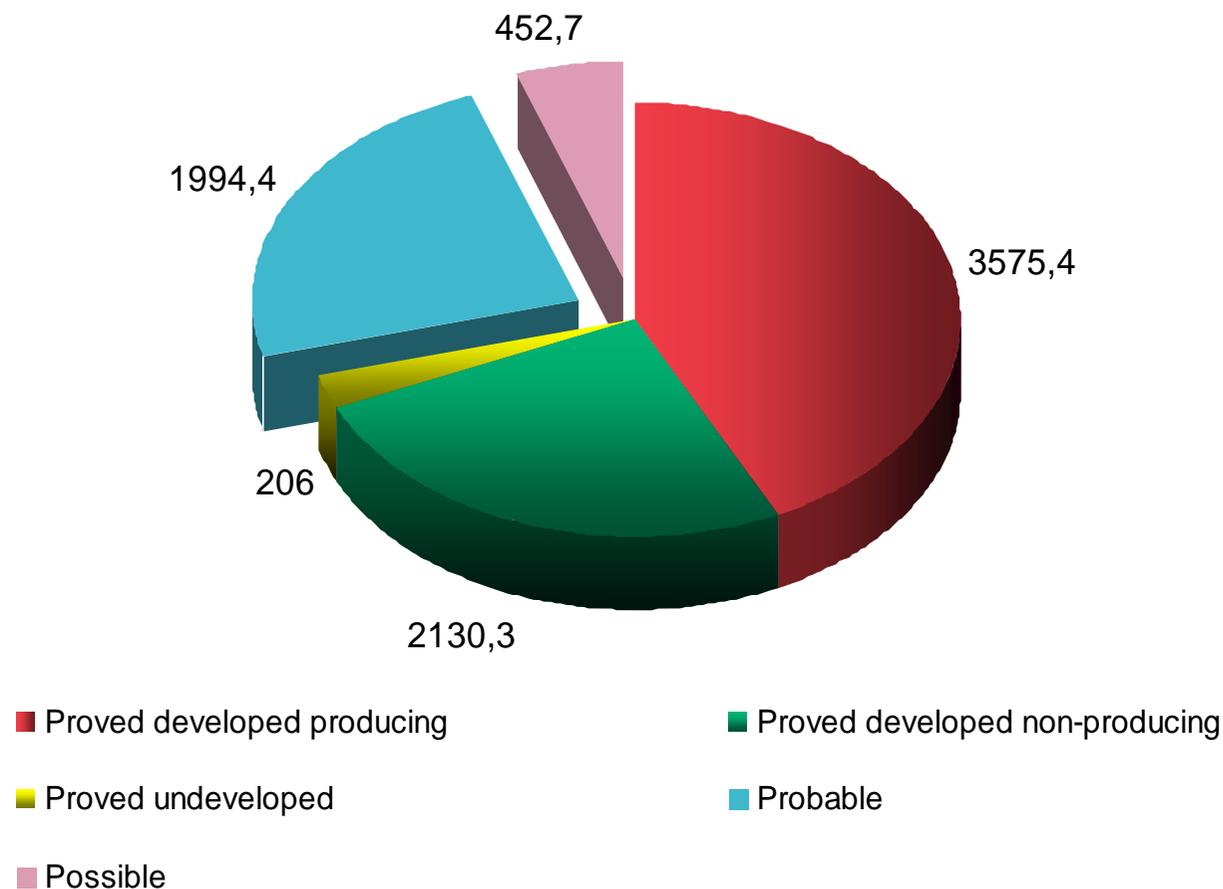




E&P Strategy

Oil and Condensate Reserves, Million Bbl (as of Jan. 1, 2007)

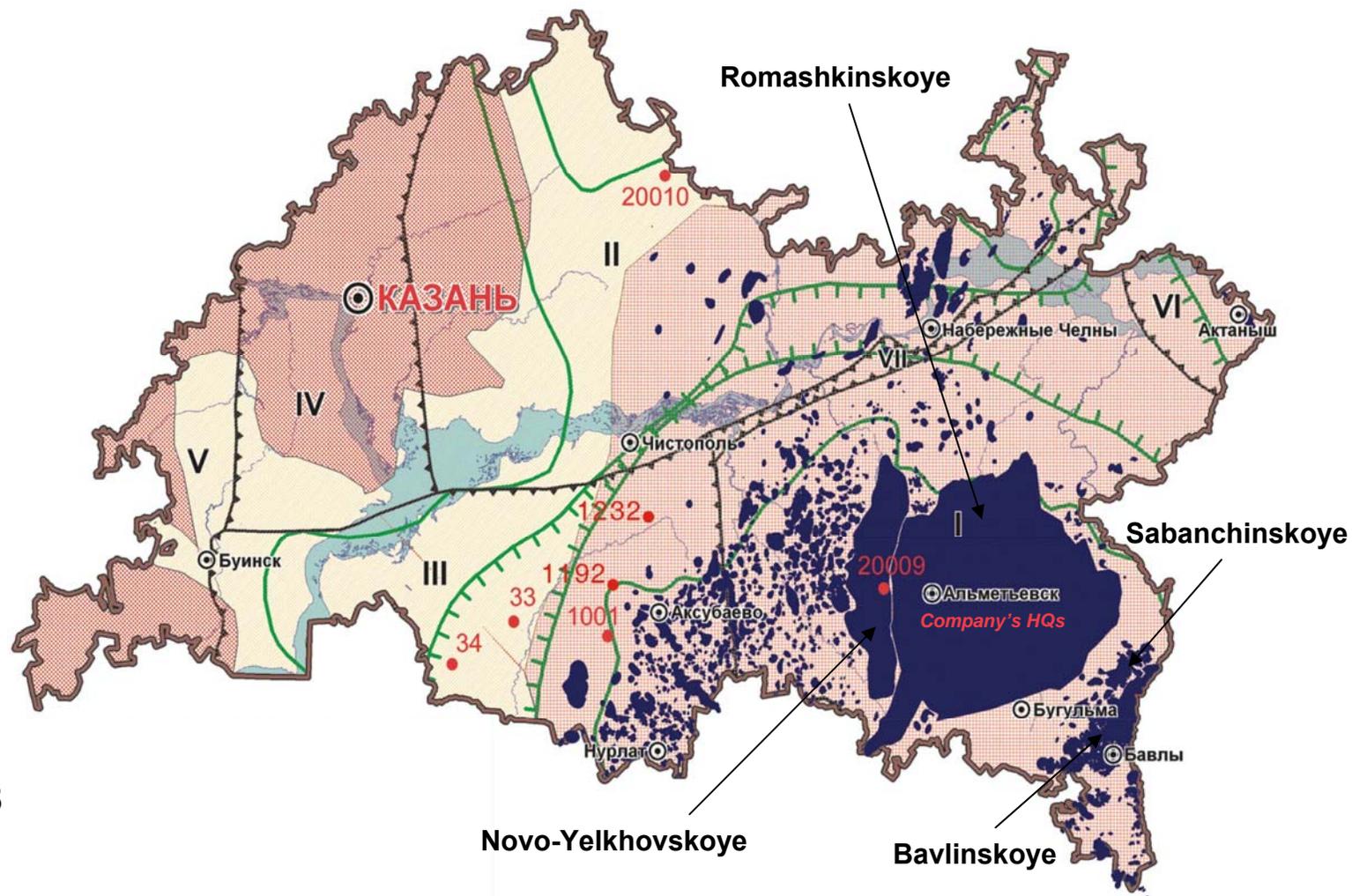
- Total proved reserves of oil and condensate – 5,911.7 mln. bbl
- Total proved, probable, and possible reserves – 8,358.8 mln. bbl



3

Major Production Assets in Tatarstan

- Romashkinskoye – largest field (3.4 bln. barrels of 1P reserves)
- Novo-Yelkhovskoye, Bavlinskoye, Sabanchinskoye – other large fields
- Useful life of existing reserves – 32 years
- License extensions track record: Romashkinskoye production license extended until 2038



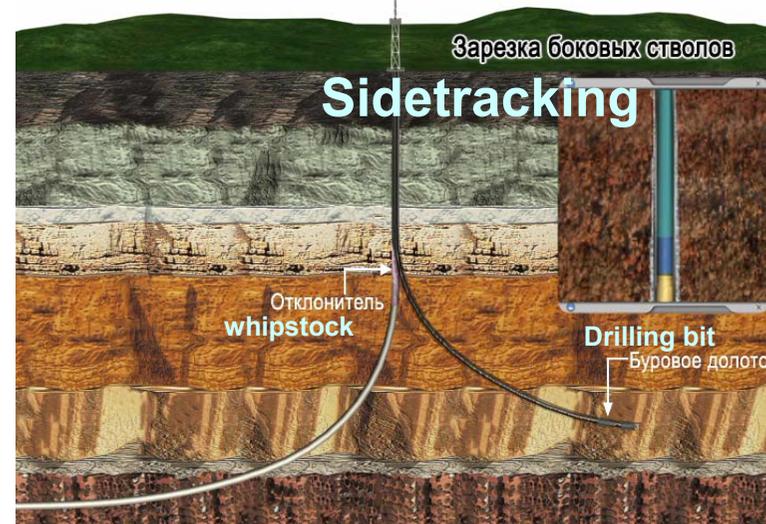
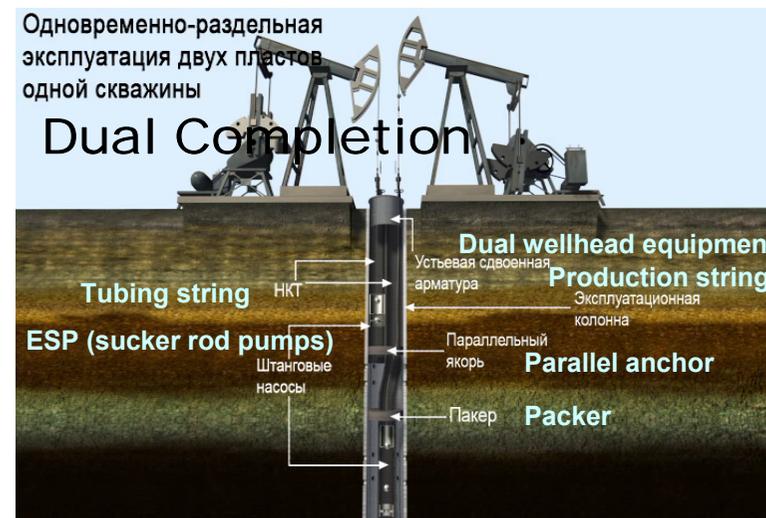
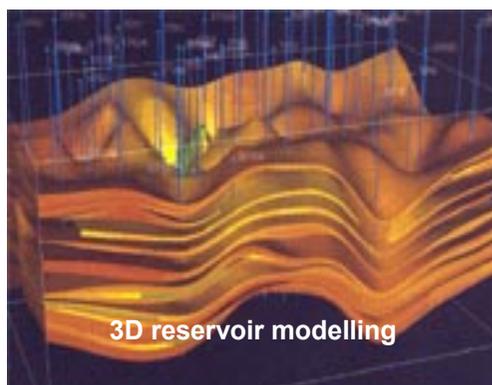
Source: Tatarstan Oil & Gas Development Program Until 2020

4

Extensive Use of Innovative Technologies

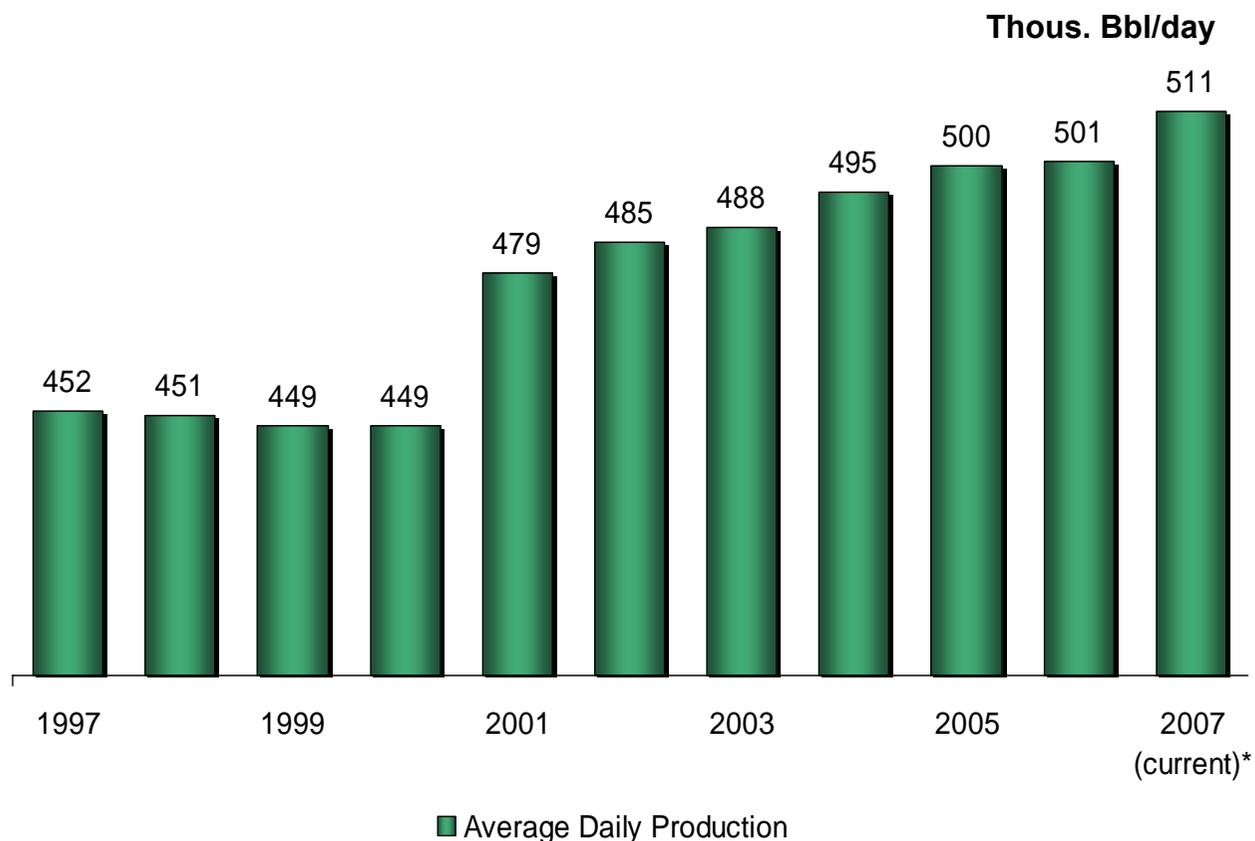
- Hundreds of patented technologies used in the areas of:
 - Drilling
 - Wells completion
 - Workovers
 - Oil and gas treatment
 - Environmental protection
 - Geophysical studies

- In-house RD centre – TatNIPneft
- Successful marketing of own technologies in Russia and abroad



Production Trend in the Last Ten Years

- Production volumes have been growing over the last several years
- Growth achieved due to application of modern technologies and expansion of reserve base
- Production growth expected to continue in the future



* InfoTEK data as of June 21, 2007

6

Production Strategy in Tatarstan

- **Maintain current levels of production from fields in Tatarstan**
- **19,299 producing and 8,817 injection wells in operation***
- **Utilize know-how to maximize efficient crude oil production**
- **Application of differentiated taxation to crude oil production from major fields**
- **Keep production costs under control**



**SUSTAINED PRODUCTION FROM
MAJOR FIELDS**



** As of June 30, 2007*



July 2007

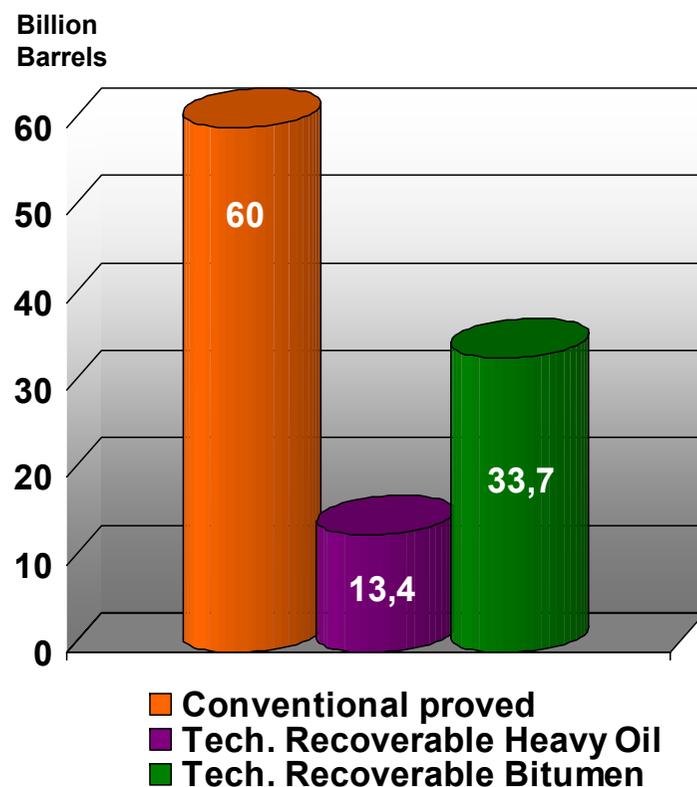


- E&P projects in Russia: Samara, Orenburg, Ulyanovsk Regions, Kalmyk Republic and Nenets Autonomous Region
- Outside of Russia: four blocks in Libya; a PSA project in Syria
- 1.9 mln. barrels of crude produced in 2006 outside of Tatarstan
- Production plan outside of Tatarstan for 2007 – approx. 2.3 mln. barrels
- Plan to increase production outside of Tatarstan to at least 5 mln. barrels per year by 2010 (in Russia only)
- Considering acquisition of new licenses in strategic regions



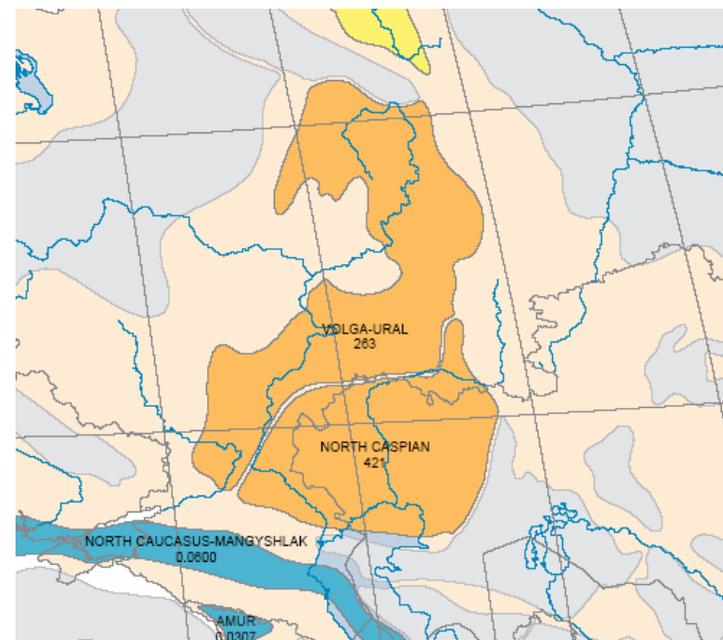
**EXPANSION OF RESERVES AND
PRODUCTION GROWTH**

Russian Oil Reserves



Source: OGJ (est. as of Jan. 1, 2007); US Geological Survey
 Note: BP Statistical Review estimates Russian proved crude oil reserves at 74.4 billion barrels

Largely Untapped Resource



- Volga-Urals basin ranked 4th for natural bitumen, estimated to contain 263 billion barrels of natural bitumen in place

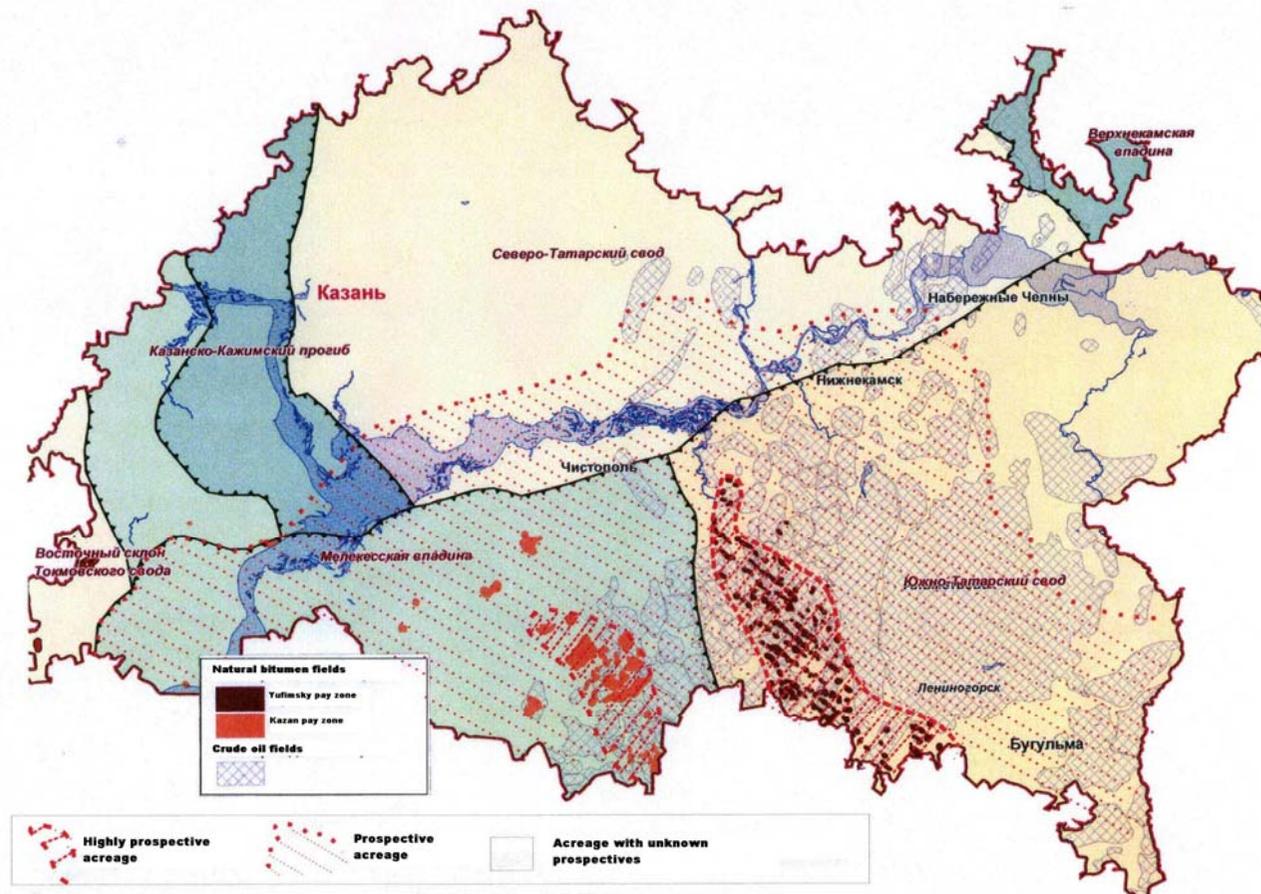
Source: Meyer, R.F., Attanasi, E.D., and Freeman, P.A., 2007, Heavy Oil and Natural Bitumen Resources in Geological Basins of the World: U.S. Geological Survey Open-File Report 2007-1084

Rationale

- Expansion of reserve base
- 36% of all bitumen resources in Russia are located in Tatarstan*
- Up to 50 billion barrels of natural bitumen resources in Tatarstan*
- Large resources are on Tatneft licensed fields
- Growing heavy oil/bitumen industry worldwide
- Positive experience in Canada (oil sands) and other regions

* Estimates based on Russian geological data

Map of Bitumen Resources in Tatarstan

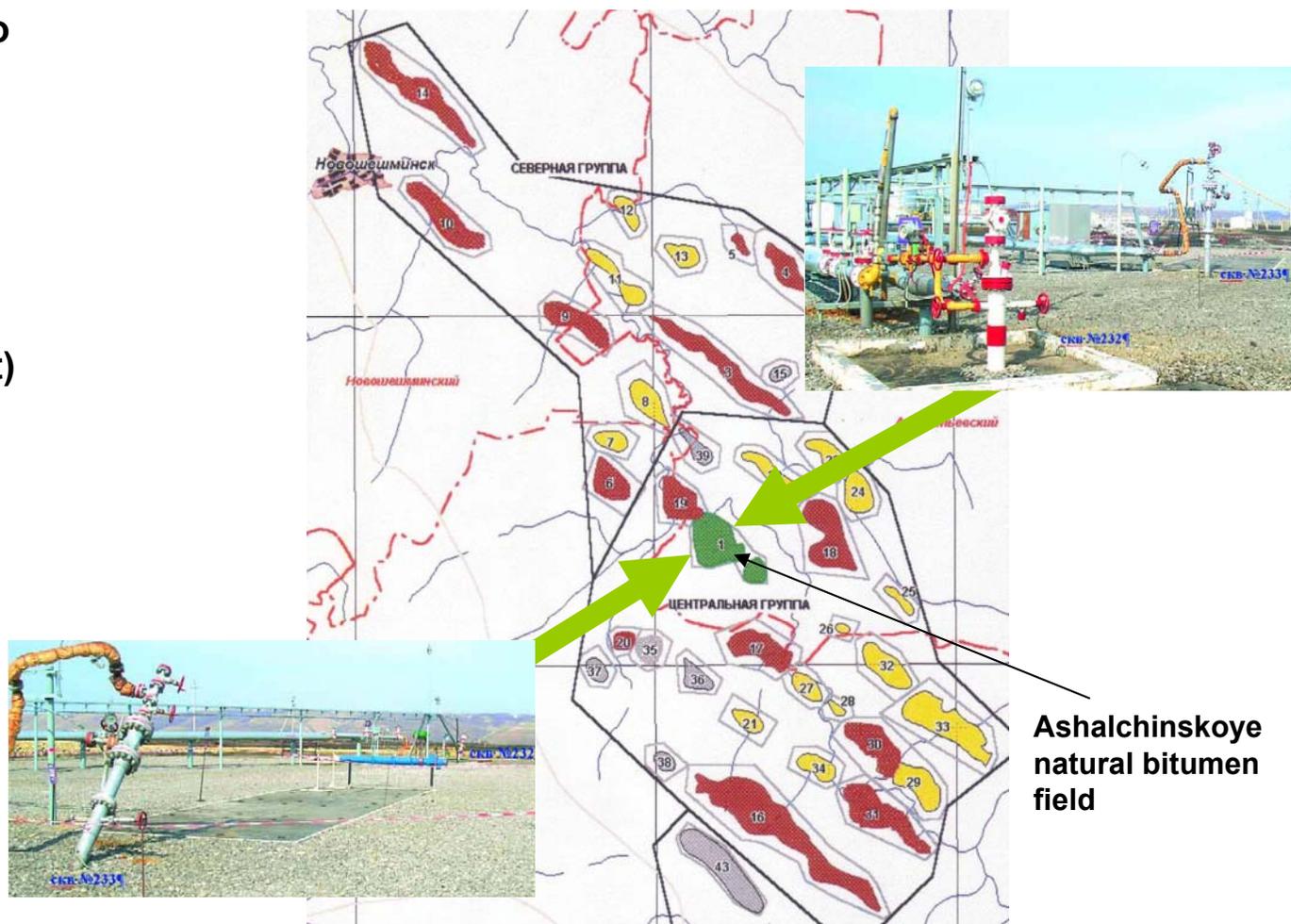


Source: Tatarstan Oil & Gas Development Program Until 2020

Current Steps

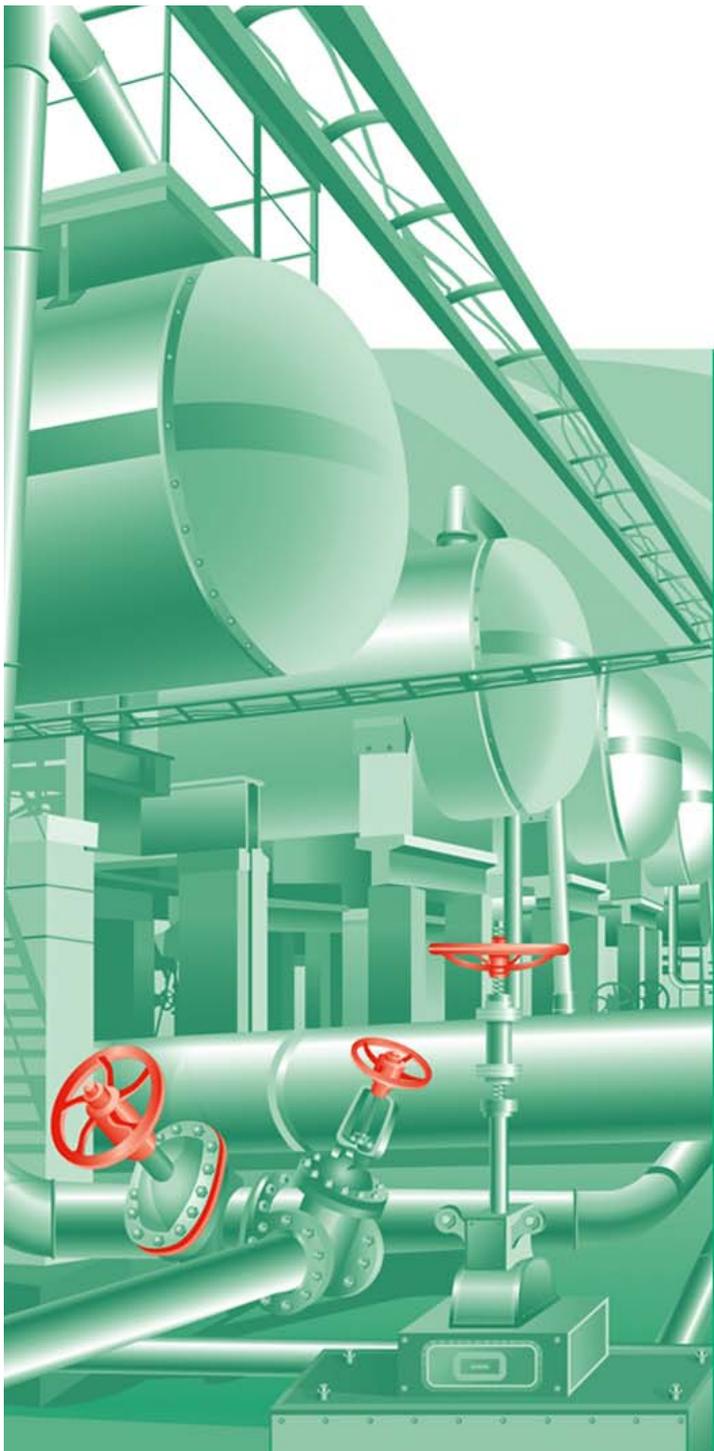
- Seeking strategic partner to develop bitumen resources
- Pilot project on Ashalchinskoye field employing innovative technologies
- Second pair of wells drilled (phase 2 of the pilot project)
- Discussing governmental support for the project
- Economics analysis is underway
- 228 mln. barrels of bitumen booked as possible reserves (SPE)

Natural Bitumen Producing Wells at Ashalchinskoye Field

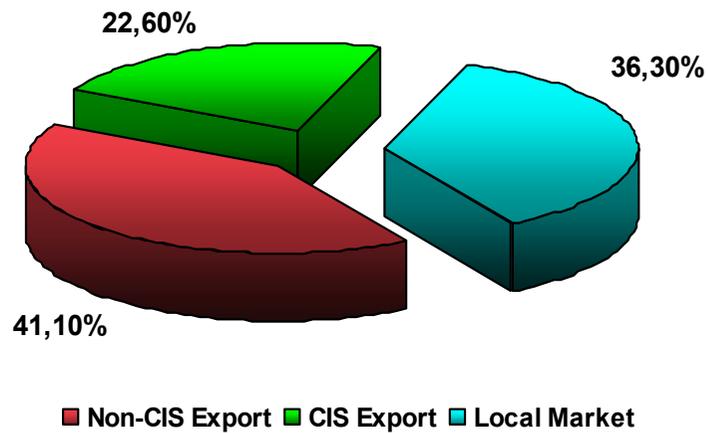




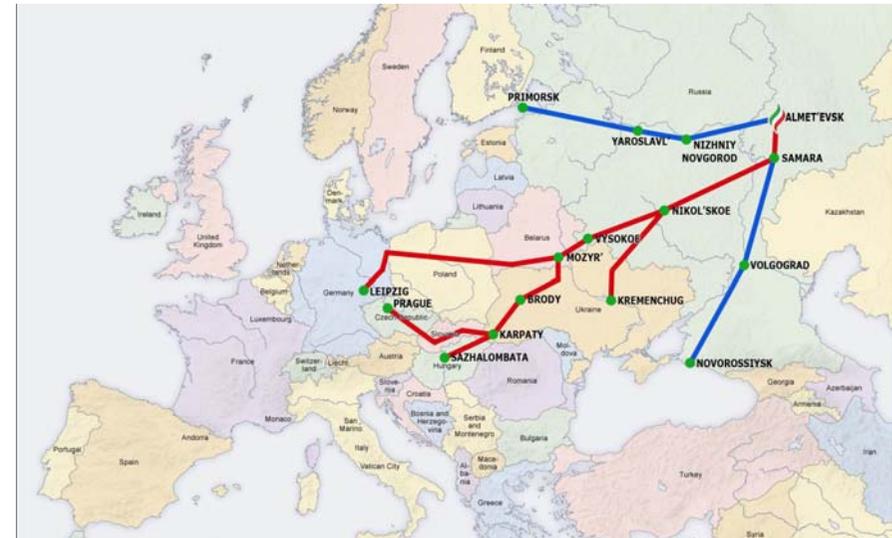
Refining and Marketing Strategy



Breakdown of Crude Sales by Delivery Destinations



Major Pipeline Delivery Routes



Volumes of Crude Oil Delivered in 2006

- Non-CIS – 10,507 thousand tons
- CIS – 5,767 thousand tons
- Local Market (Russia) – 9,235 thousand tons

Construction of New Oil Refining and Petrochemical Facility in Nizhnekamsk

Project Overview

- Project commenced 2005
- Total estimated investment in construction (incl. VAT) 130 bln RR
- Incl. RF Government financing for infrastructure construction 16.5 bln RR

Phase 1: Oil Refinery with Aromatics Unit

- Capacity 140 Thous. Bbl/day
- Planned completion 2009

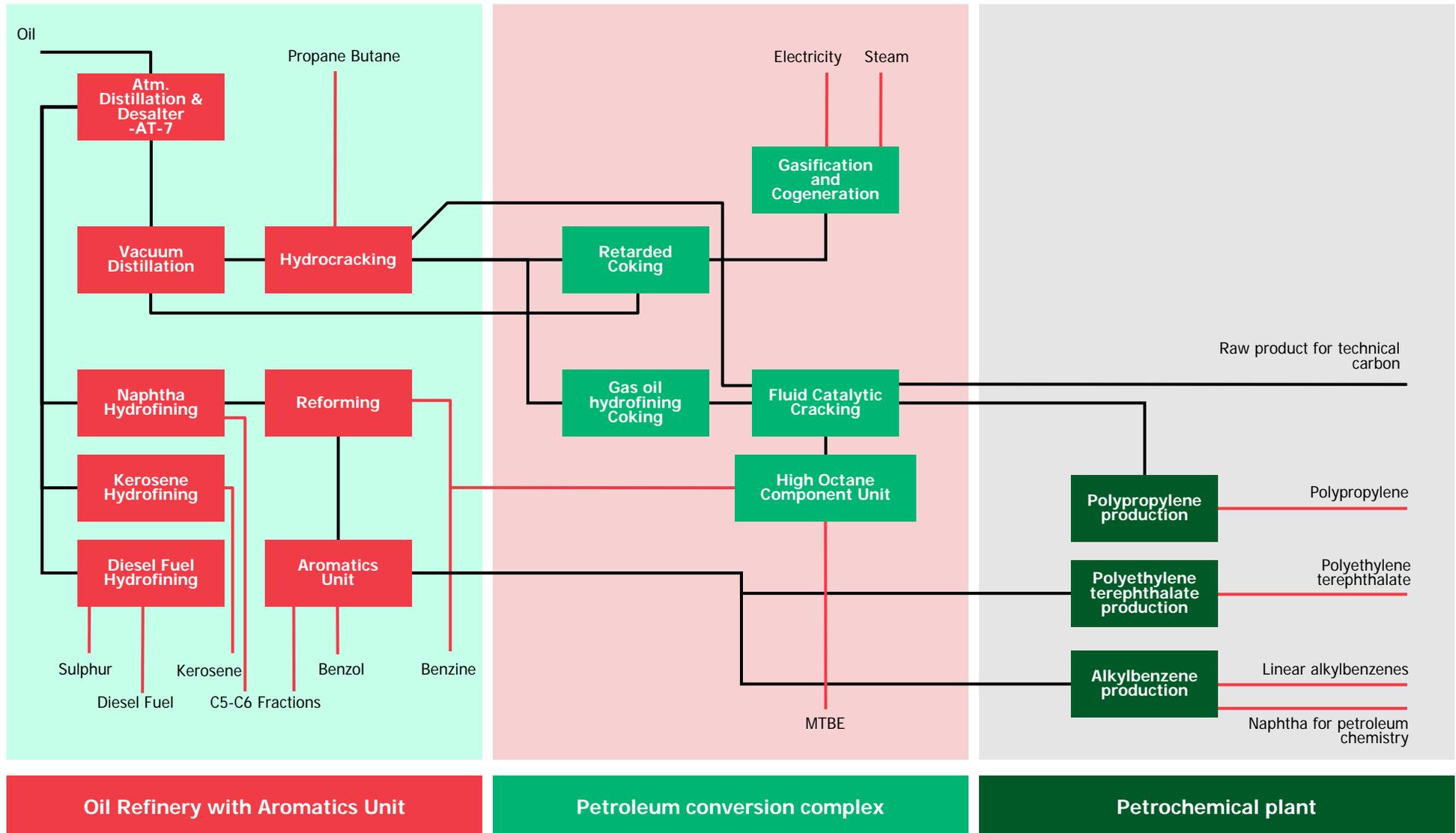
Phase 2: Petroleum Conversion Complex

- Capacity of refining heavy residuals 44 Thous. Bbl/day
- Planned completion 2010

Phase 3: Petrochemical Plant

- Planned completion 2010-2011





Current Activities

- Front End Engineering and Design (FEED) is being prepared by Foster Wheeler – expected to be completed by the end of 2007
- Project Management Company is being selected. Bidders are large international players
- EPC expected to be selected in the fall
- Routine site preparation works are underway

Financing

- Aim – secure project financing
- Current expenditures are financed by Tatneft in form of loans
- Bridge financing options for Phase I are under consideration
- Sponsors' equity contributions are planned at the project financing stage
- External infrastructure to be financed from the RF Investment Fund (RR16.5 bln.)

Overview of Sales via Petrol Stations

Key markets

- Moscow Region, Tatarstan
- Ukraine

Number of units (Jan. 1, 2007):

- Russia – 411
- Ukraine – 146

Sales increase

- 2004-2007: 43 new gas stations launched
- 306 mln gallons of fuel sold in 2006

Development strategy until 2010 approved

- Increase presence in target markets
- Enter new markets





Financial Highlights*

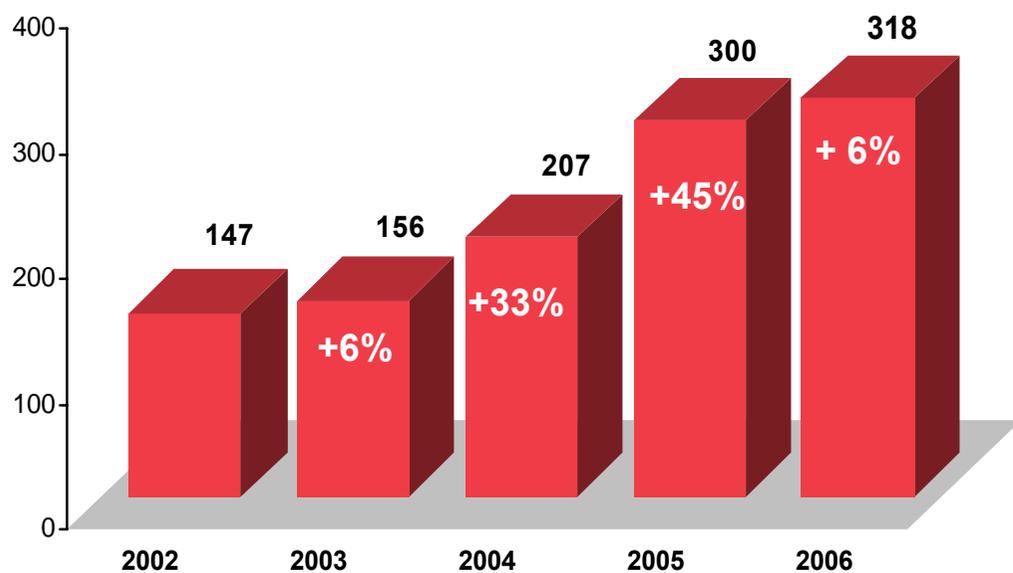
** Based on the company's audited U.S. GAAP financial statements (except for capex and netbacks discussion)*

16

Revenue and Net Income Growth

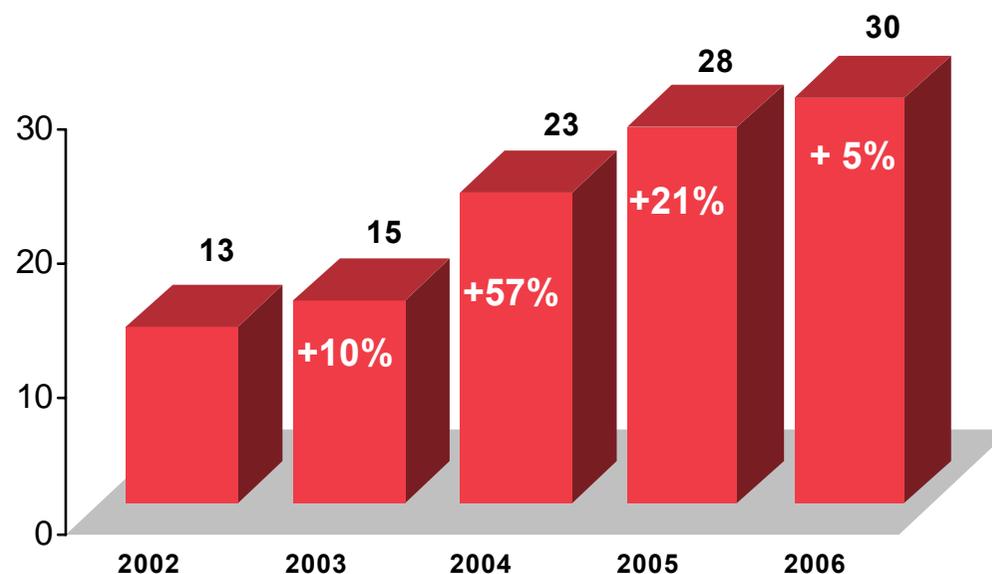
Revenue

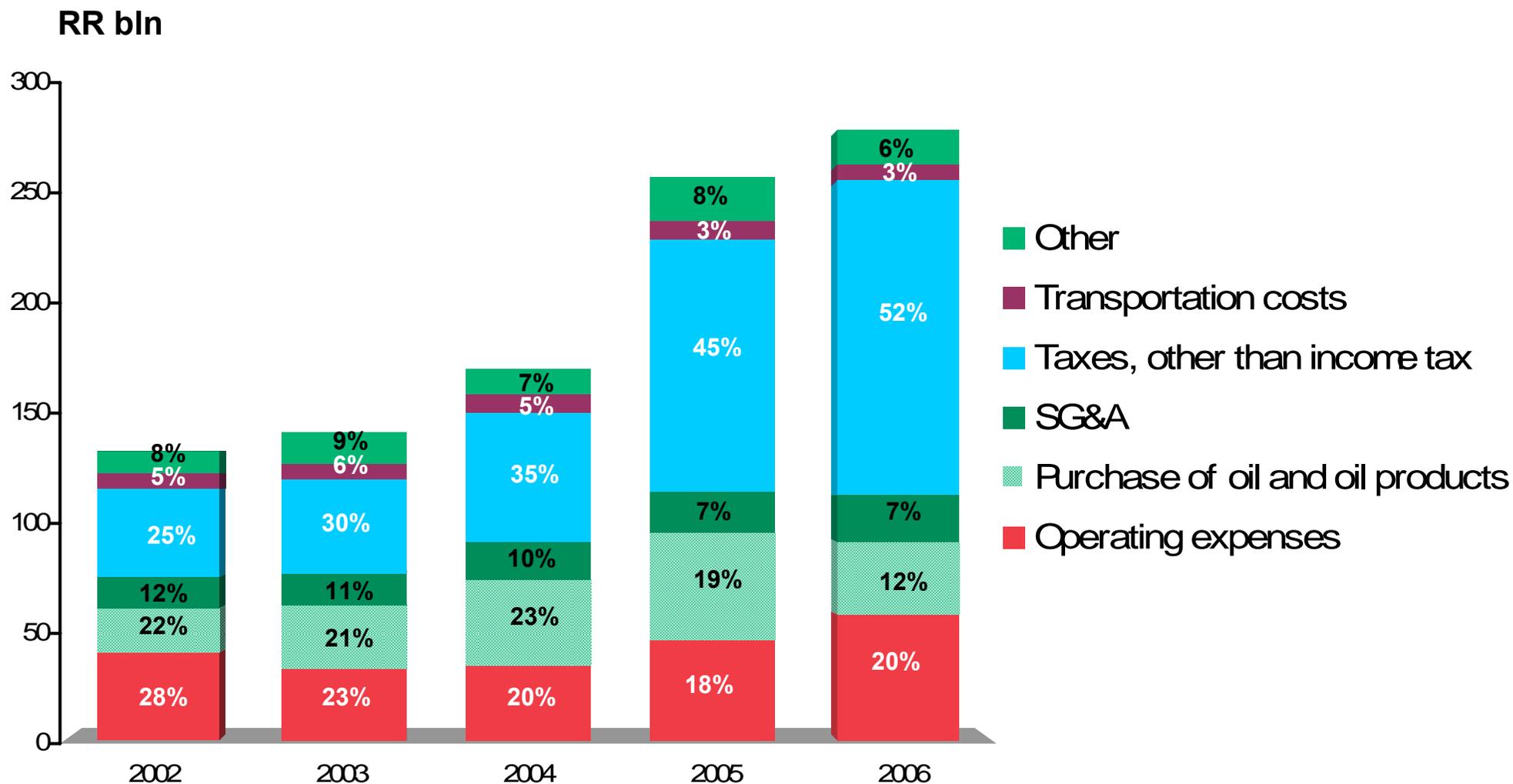
RR bln.



Net Income

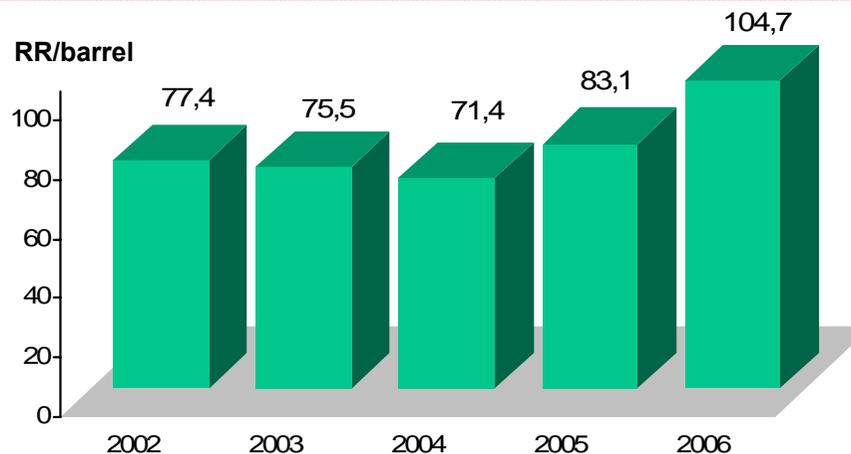
RR bln.



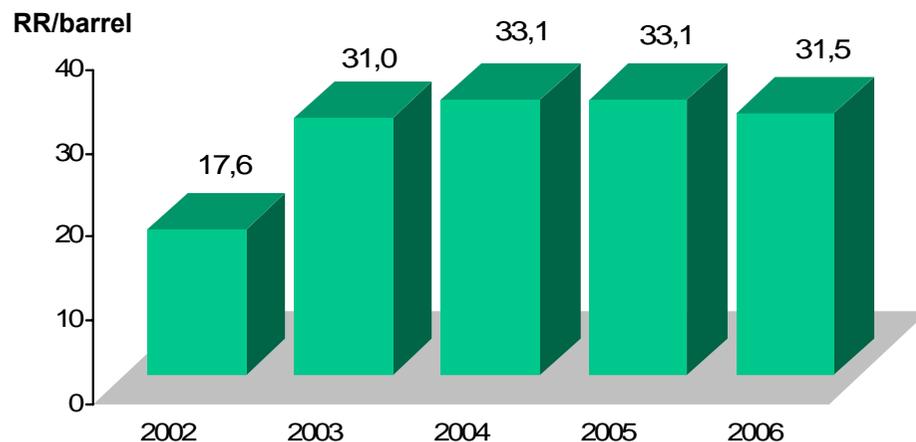


Note: Percentages show components in total costs.

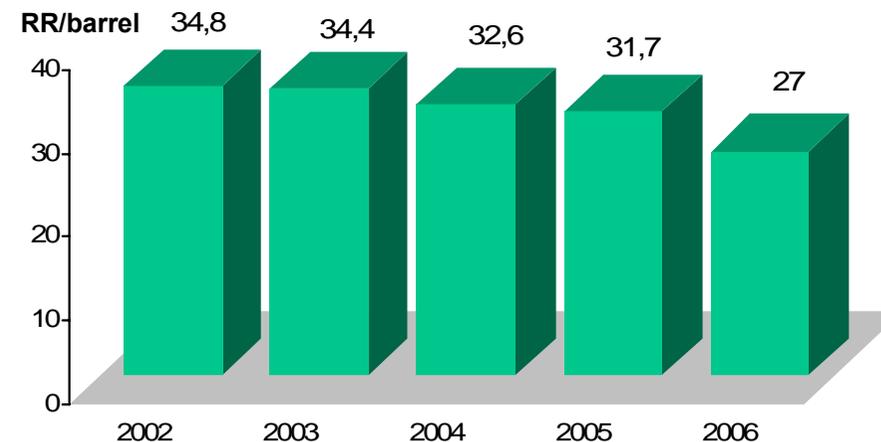
Lifting Costs



Transportation Costs

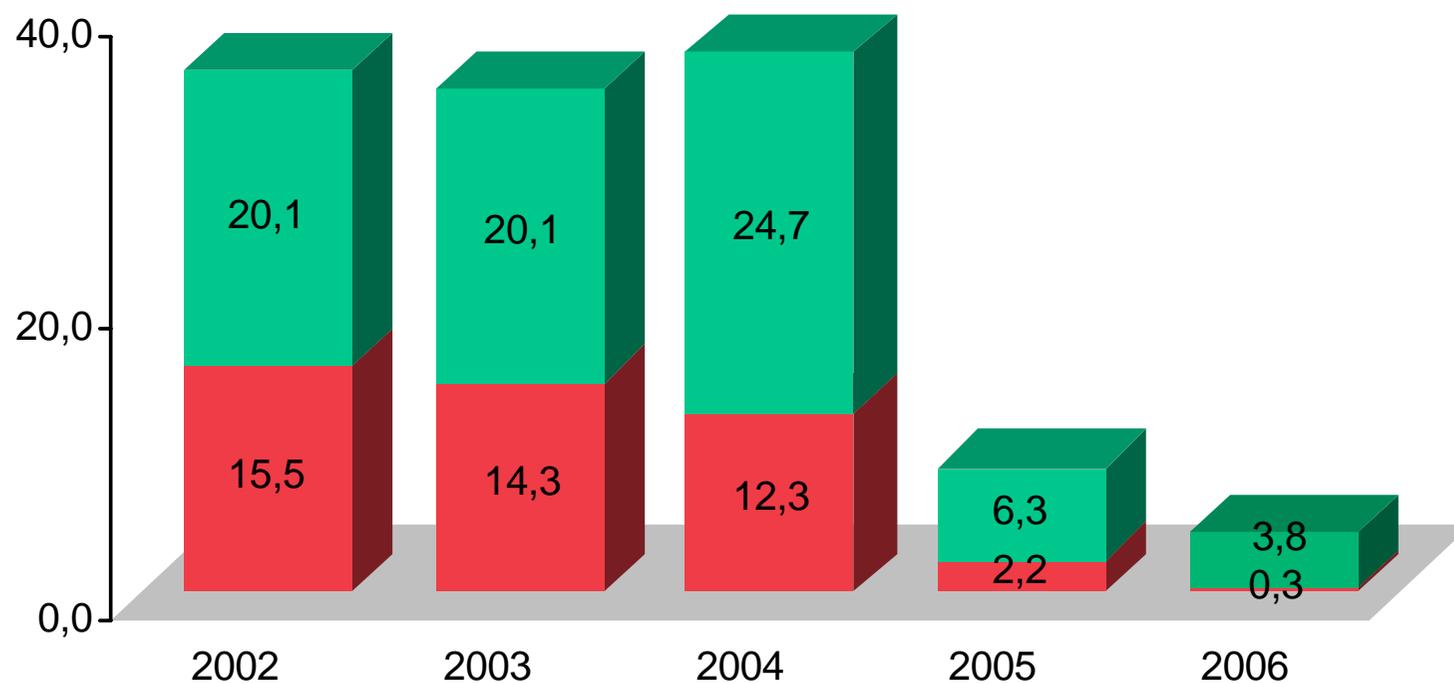


Selling, General and Administrative Expenses



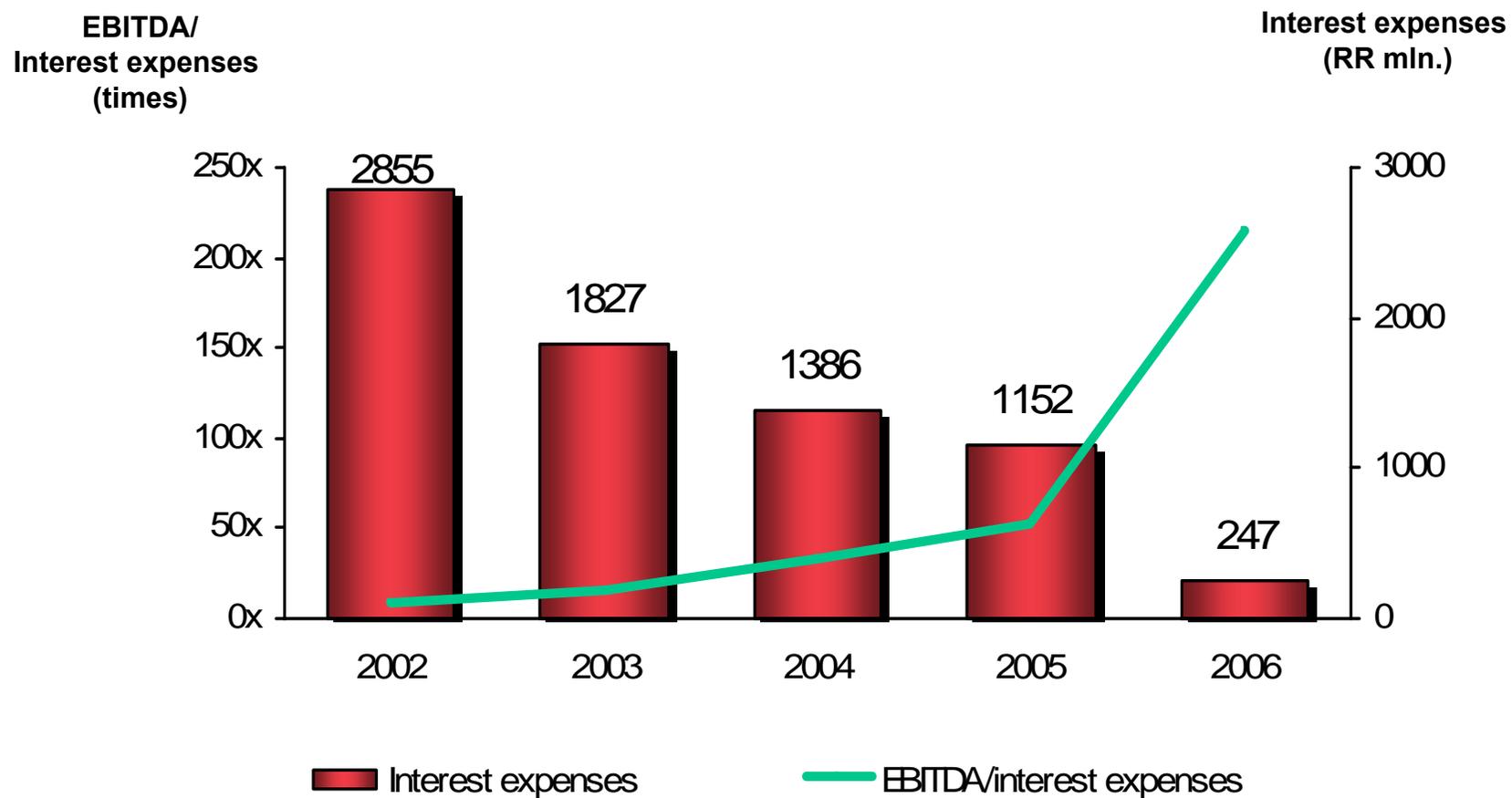
Long-term and Short-term Loans and Notes Payable

RR bln.



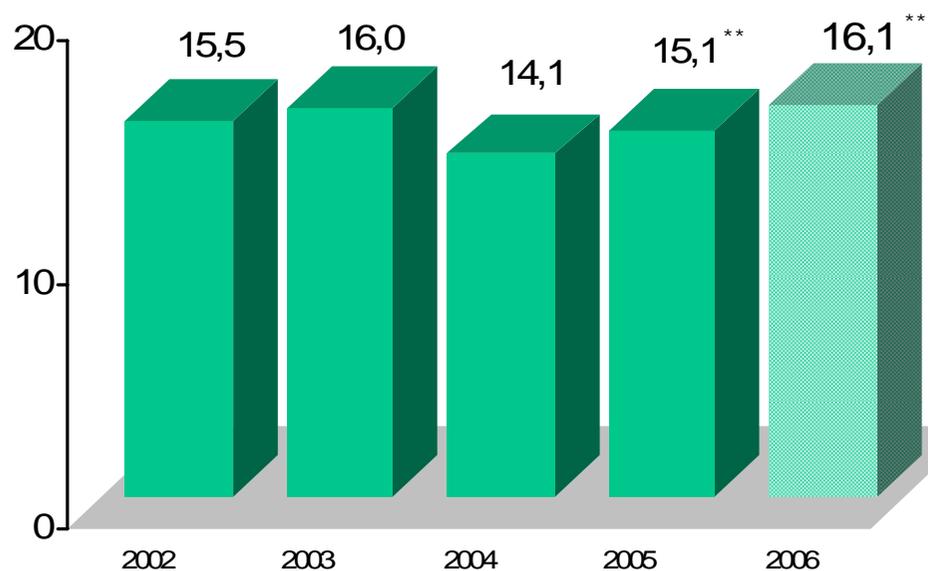
■ Long-term loans & notes ■ Short-term loans & notes

Adj. EBITDA / Interest Expenses

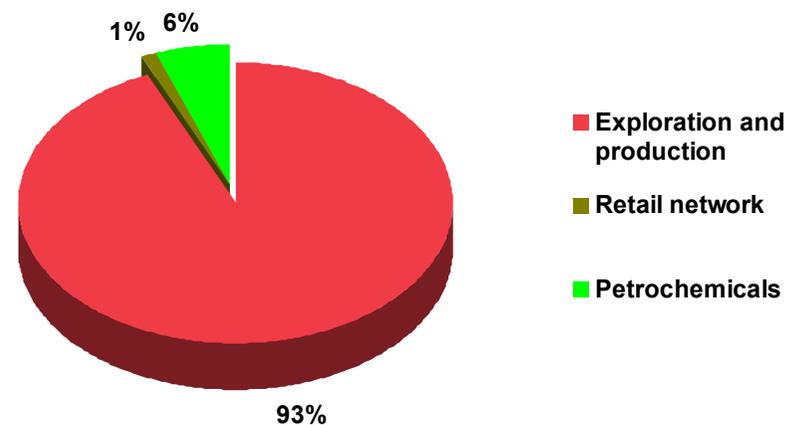


* For reconciliation of adjusted EBITDA to net profit see slide A1 of this presentation

CAPEX Trend (RR bln.)*

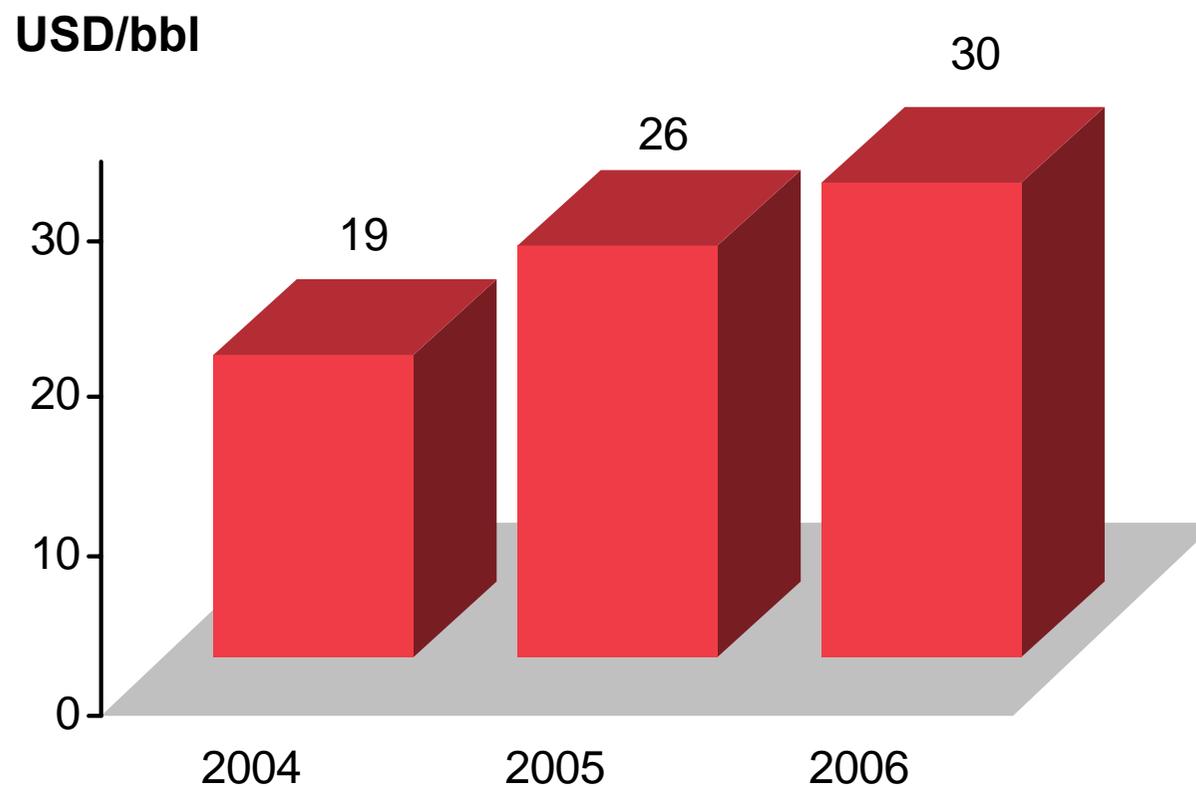


CAPEX by segments in 2006 (RR bln.)



* Except non-cash items, due to changes in the leasing accounting and capitalization policy
 ** Does not include expenditures relating to the construction of new refining and petrochemical complex in Nizhnekamsk

Crude Oil Netbacks* 2004-2006

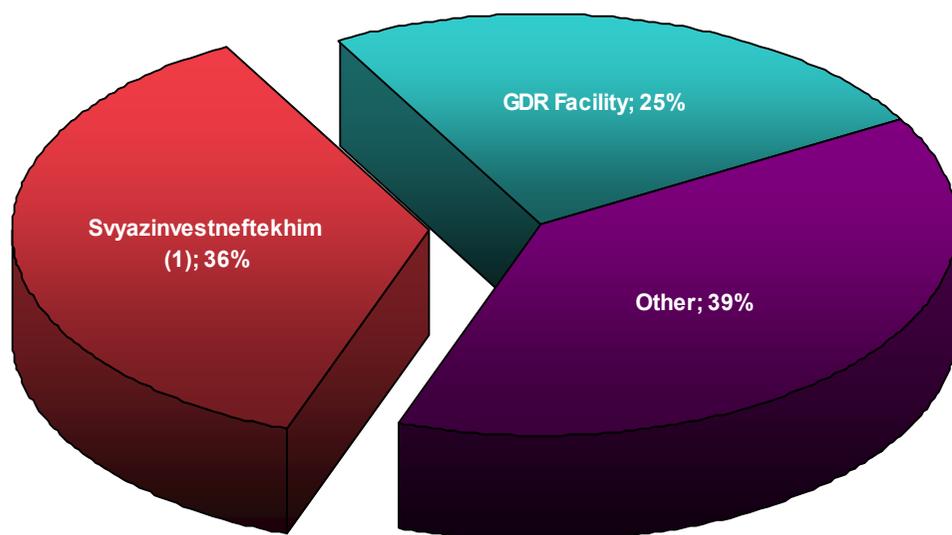


* Average netbacks on sales to all destinations



Shareholding Structure and Capitalization Growth



Shareholders of Common Stock^(*)

(*) – as of May 14th, 2007

(1) – Svyazinvestneftekhim is 100% owned by the Government of Tatarstan

Source: Shareholders Register and The Bank of New York

Private Holdings Profile, incl. GDR program ⁽²⁾

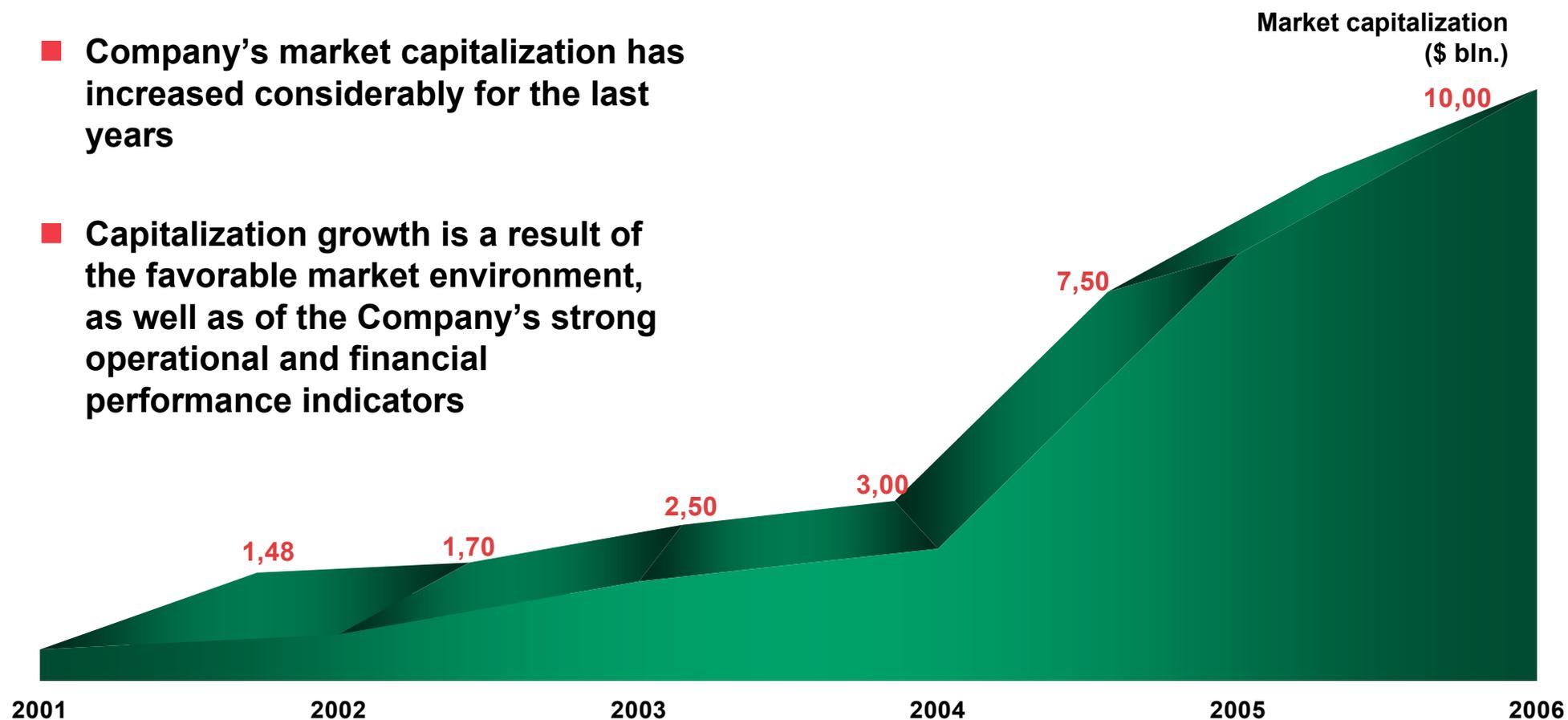
Holder	Percentage of ordinary shares
IPCG Fund Ltd.	6.53%
URALSIB – Capital Management	5.34%
Treasury shares	1.67%
Management	0.47%
Other shareholders (various entities and individuals)	49.9%

(2) - ordinary shares only. Number of shares in GDR Facility does not include GDRs held by other shareholders indicated (where known)

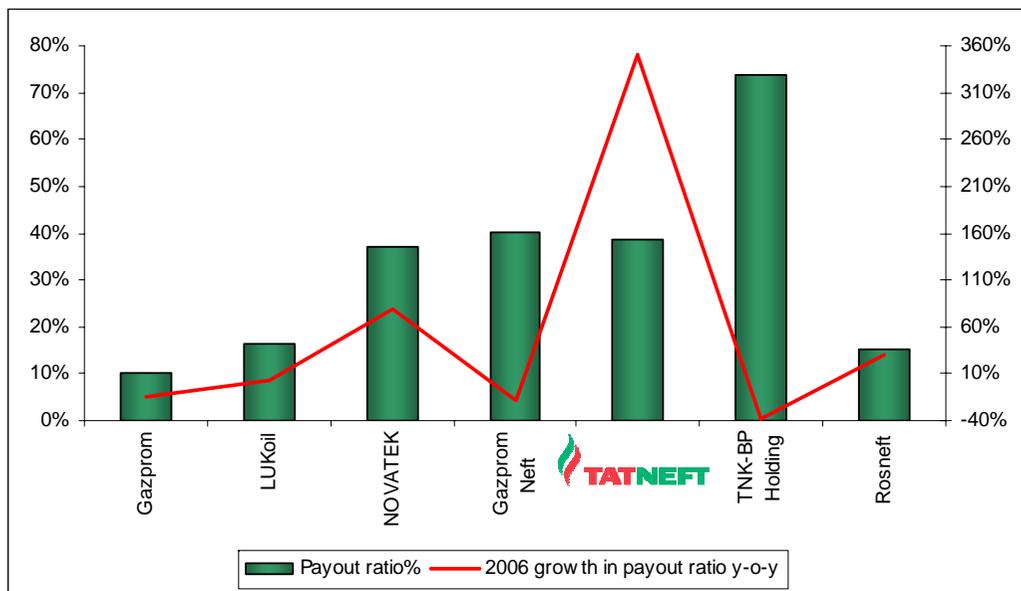
Source: Shareholders Register; The Bank of New York; IPCG Fund's Schedule 13D filed with the SEC on Aug. 1, 2006; Company's analysis

Market capitalization: 2001-2006

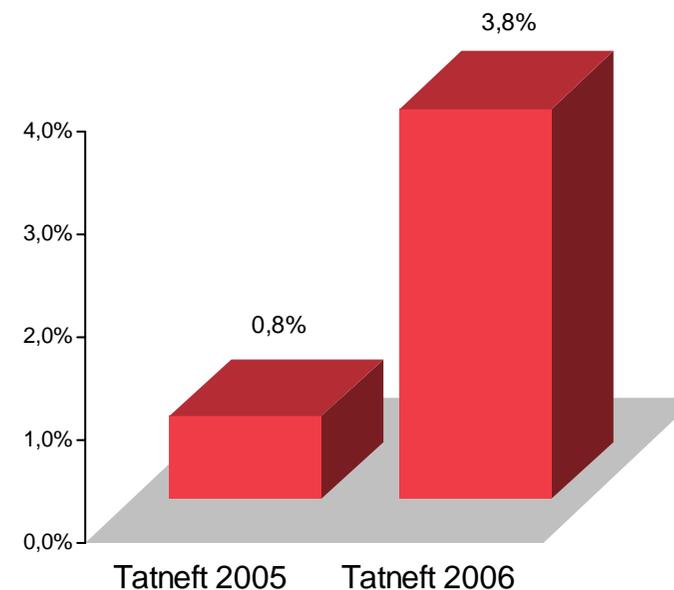
- Company's market capitalization has increased considerably for the last years
- Capitalization growth is a result of the favorable market environment, as well as of the Company's strong operational and financial performance indicators



2006 Dividend payout ratio



2006 Dividend yield



Dividend yield = total amounts of proposed dividends in percentage to the market price per share

Source: Troika Dialog estimates, July 06, 2007

A1

Reconciliation of Adjusted EBITDA to Net Profit

mln RR	2001	2002 (recalculation)	2003	2004	2005	2006
Net profit	24 144	13 470	14 880	23 410	28 245	29 773
Overall effect of changes in principles	-	-	(4 742)	-	-	-
Minority interest	1 698	471	(63)	1 025	654	745
Income tax expenses	1 244	5 363	4 582	10 861	13 682	12 106
Other profit (cost)*	(567)	(1 525)	(313)	1 668	(763)	(3 451)
Transfer of social assets	593	1 293	2 162	455	352	40
Loss on disposal of fixed assets and investments devaluation	2 502	851	2 325	726	6 893	3 438
Net allowance and write-off for bad debts	(1 027)	(261)	(262)	(714)	422	(81)
Depreciation and amortization	6 139	7 541	8 850	9 237	11 013	10 623
EBITDA	34 726	27 203	27 419	46 688	60 496	53 243

In this presentation we have shown the adjusted profit before interest, taxes, depreciation, and amortization (or adjusted EBITDA). We define adjusted EBITDA as (i) net profit before income tax, minority interest and overall effect of changes in accounting principles plus (ii) (a) other profit (cost), (b) transfer of social assets, (c) loss on disposal of fixed assets and investments devaluation, (d) net allowance and write-off for bad debts and (e) amortization and depreciation, according to our consolidated financial statement.

In the table above the adjusted EBITDA is reconciled to the net profit for all indicated time periods. For extra information refer to the Consolidated Statements of Operations and Comprehensive Income of the Company's respective U.S. GAAP financial statements.

The adjusted EBITDA should not be considered separately as an alternative metric to the net profit, calculated by U.S. GAAP. Other companies may otherwise define EBITDA or adjusted EBITDA, and our adjusted EBITDA shown in this presentation may not be directly collated with the other companies' data containing similar terminology.

* Includes net profit on investment in shares, profit/loss arising from exchange rate differences, interest profit or loss, and any other profit.



July 2007

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