

July 15, 2010

Press Release

Russian Technologies, Renault and Troika Dialog sign base agreement regulating deals for the restructuring of OJSC AVTOVAZ

On July 15, 2010 Russian Technologies State Corporation, Renault and Troika Dialog Investment Company announced that the shareholders of OJSC AVTOVAZ had signed a Base Agreement on the parties' fulfillment of the main stages and methods of restructuring and recapitalizing OJSC AVTOVAZ. These stages and methods were formalized between the OJSC AVTOVAZ shareholders in a Memorandum of Understanding (MoU) signed on November 27, 2009, in the presence of Russian Federation Prime Minister Vladimir Putin, French Prime Minister François Fillon and Vladimir Artyakov, Governor of the Samara region.

The shareholders signed the MoU leading up to the Russian government's announcement that AVTOVAZ would receive massive government support, allocating in December 2009 some 40 billion rubles of financial aid. AVTOVAZ used the loan proceeds to redeem its bank debt and provide for business liquidity. The terms under which the government offered financial support called for the gradual, partial conversion of the borrowed funds into AVTOVAZ shares; preserving Renault's stake, according to the MoU, called for the French partner's participation in AVTOVAZ's new equity capital.

Following the signing of the MoU, the shareholders and AVTOVAZ worked on its practical realization: industry ministers within the Russian Federation government confirmed and approved a Program of Development (business plan) for AVTOVAZ for 2020 outlining the creation of a new line of automobiles.

The AVTOVAZ business plan calls for, in particular:

- beginning in 2015, manufacturing 900,000 automobiles per year, 70% of which AVTOVAZ models;
- ensuring that AVTOVAZ's share of the Russian market remains above 25%;
- developing exports.

The business plan also called for specific stages and methods for increasing AVTOVAZ capital. Acting as coordinator of the parties' efforts was leading Russian investment company Troika Dialog.

The joint work between the shareholders and AVTOVAZ resulted in the finalization of the Basic Agreement, which explicitly regulates the shareholders' interactions during the process of restructuring and recapitalizing AVTOVAZ. In particular, according to the terms of the Basic Agreement, by 2012 Renault will invest in AVTOVAZ the equivalent of 240 million euros, keeping its stake in AVTOVAZ at a level no lower than 25% plus 1 share. Renault's contribution will support the production of new models on the B0 (Logan) platform. Renault is also assisting AVTOVAZ in the development of an entry-level model to replace the "classic" Lada model. Russian Technologies State Corporation, in turn, will convert a proportional part of AVTOVAZ's debt into shares.

In 2012, following the completion of the main recapitalizing phases, the parties will announce the initial results and set down the main vectors of the strategic partnership's future development.

Commenting, Igor Zavyalov, Deputy General Director at Russian Technologies State

Corporation for Finance and Economics and member of the OJSC AVTOVAZ Board of Directors, said: "Realizing the agreement between the core shareholders in AVTOVAZ is the latest important step in developing Russia's auto industry, which is proceeding according to the industry development strategy approved by the relevant government ministries."

Christian Esteve, Senior Vice President of the Renault group and Leader of the Eurasia Region, said: "Russia remains one of our priority regions, meaning Renault is interested in continuing its active and long-term partnership with AVTOVAZ – there are unique prospects for both sides."

Igor Komarov, President of AVTOVAZ: "In its work on the restructuring program, AVTOVAZ is simultaneously addressing several important questions affecting the company's development prospects and Russia's auto market overall. Thanks to the Russian Federation government's financial support, AVTOVAZ was able to redeem its bank debt and optimize business prospects, while through the strategic partnership with Renault we are organizing modern manufacturing using advanced foreign technologies."

Serguei Skvortsov, Managing Director at Troika Dialog Investment Company: "We are pleased to act as coordinator of the process of restructuring and recapitalizing AVTOVAZ – the torch-bearer of Russia's auto industry. It's good that the partners are basing their actions on long-term partnership plans – this will certainly have a positive effect on AVTOVAZ's operations and the consumer qualities of Lada automobiles."

Information for editors:

About Russian Technologies State Corporation

Russian Technologies State Corporation was founded in 2007 in accordance with Russian Federation federal law. Russian Technologies State Corporation's operations are aimed at facilitating the development, manufacture and export of high-tech industrial products by lending support, on the domestic and foreign markets, to Russian companies developing and manufacturing high-tech industrial products and by attracting investments for organizations in a range of industrial sectors.

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About Renault in Russia

Renault was the first company to start assembling foreign-make vehicles in Russia. The Russian company was created in partnership with the Moscow government in 1998. Since 2006, Renault's share in the business has totaled 94.1%. Renault has invested more than 400 million euros in the organization of manufacturing in Moscow, beginning assembly of the Logan sedan in 2005 and the Sandero hatchback in 2010. With a 25% stake in AVTOVAZ, Renault is the largest investor in Russia's auto industry. Over a period of 10 years, Renault has sold more than 450,000 automobiles, including more than 280,000 Logan sedans. After several years among the top-three foreign-make sedan sales on the Russian market, in 2009 Renault Logan took the lead in total sales among all foreign-make automobiles purchased in Russia. Renault has more than 100 sales points in more than 70 Russian cities with populations starting from 300,000 spanning from Kaliningrad to Vladivostok.

www.renault.com

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About Troika Dialog

Founded in 1991, Troika Dialog is the leading independent full service investment bank and asset management firm in Russia. The company's business consists of securities sales and trading, investment banking, private wealth and asset management, retail distribution and alternative investment. Troika Dialog operates in 21 cities across Russia and has offices in London, New York, Kiev, Almaty and Nicosia.

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About OJSC AVTOVAZ

OJSC AVTOVAZ is one of the largest automobile manufacturers in Eastern Europe. AVTOVAZ's production capacity is capable of manufacturing more than one million automobiles a year. Since 1970, AVTOVAZ has manufactured more than 25 million LADA automobiles and assembly kits. AVTOVAZ's product line comprises mass-produced passenger cars priced from 170,000 to 350,000 rubles. AVTOVAZ currently has an approximate 30% share of the Russian passenger car market.

OJSC AVTOVAZ's tax payments provide more than 40% of the Togliatti budget, 20% of the Samara region budget and about 1% of the federal budget.

www.lada-auto.ru

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