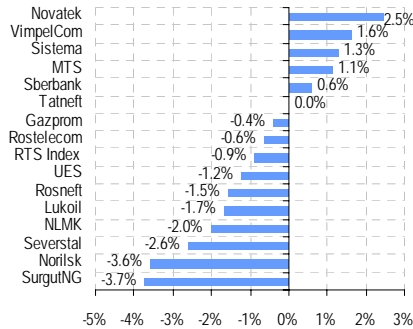
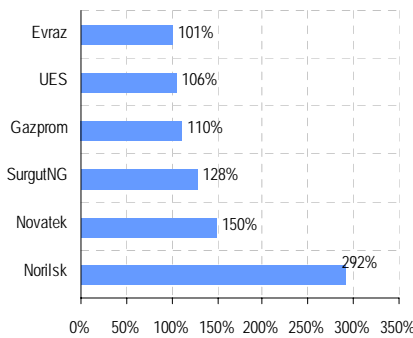


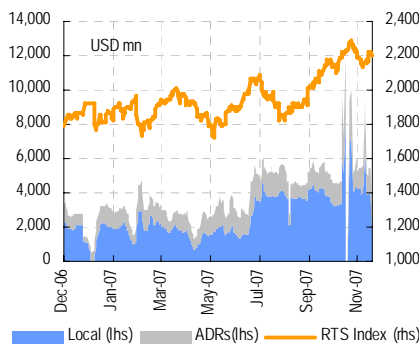
Blue chips: advancers and decliners



Volume monitor: daily/3M avg. volume



RTS index and weekly trading volumes



Upcoming events

04 Dec	Core CPI
04 Dec	Magnitogorsk Steel 3Q07 US GAAP results
05 Dec	Sitronics 3Q07 US GAAP results
Mid Dec	Wimm-Bill-Dann 3Q07 U.S. GAAP results
Mid Dec	OGK-1 9M2007 IFRS
Mid Dec	TGK-9 new share issue

Market

Unaffected by the election results, Russian equities tracked lower international markets Monday on heightened worries of global credit conditions. The RTS lost 0.9% to 2201 and the MICEX declined 0.6% to 1839. Weaker metal prices as well as bearish US and Asian markets could lead to a negative opening this morning.

Top news and ideas

- Rosneft: Three VPs resign in shake-up.** We view the resignation of Alexander Sapronov in particular as a negative as it may indicate disagreement over refining strategy. However, we believe investors should note that such incidents are commonplace in Russian state owned businesses.
- Oil and gas sector: List of strategic gas deposits made public.** The disputed Kirinsky field was on the list, perhaps, in our view, to pressure ExxonMobil. We believe the list may help Gazprom secure future development rights to listed fields.
- Pharmacy Chain 36.6: Gets new president.** The appointment of Jere Calmes was announced yesterday. Calmes's expertise is in incorporating IT systems to maximize efficiency – just the medicine for 36.6 after its 3Q07 difficulties in this area, in our view.
- OGK-1: Approves JV with TNK-BP.** The JV is to be named NVG Ltd and will be centered on a Tyumen-located power plant. TNK-BP will purchase a 25% stake in the JV for cash, which will be used to fund the Tyumen power plant investment program.
- Severstal: Disappointing 9M07 results force stock down.** Management remains confident that full year targets will be reached. We believe that while there may be some short term weakness, negative catalysts are already priced in to Servestal's share value.
- Golden Telecom: VimpelCom talks to buy GT part of Altimo's asset streamlining.** While we welcome the creation of a mobile-fixed telco, we believe the deal may be part of Altimo's efforts to resolve its conflicts and rebuild its name. We see limited upside for GT minorities.

>>> More news on page 6

Russian market in context

	Last Close	Performance/Trends				
		1D	1WK	1M	3M	12M
RTS Index	2,201	-0.9%	1.1%	-1.2%	15.5%	22.9%
MSCI EM Europe Index	783	-0.5%	3.3%	-1.2%	18.6%	26.1%
MSCI EM Index	1,243	0.1%	4.7%	-5.1%	14.0%	41.4%
S&P500 Index	1,472	-0.6%	4.6%	-2.5%	-1.1%	4.5%
OIX (Oil majors) Index	815	0.6%	2.9%	-2.0%	7.5%	23.7%
GSCI (Commodities) index	5,813	0.7%	-1.0%	-1.6%	1.4%	-15.7%
Oil (WTI), USD/bbl	89.3	0.7%	1.0%	-6.9%	20.6%	40.8%
Nickel, USD/ton	26,608	0.8%	-8.9%	-16.1%	-9.5%	-23.0%
Steel (HR), USD/ton	595	1.3%	1.3%	1.3%	6.3%	17.8%
LT U.S. Treasury YTM	4.4%	4.4%	4.3%	4.6%	4.9%	4.6%
EMBI-Russia spread, bp	169	159	167	189	139	116
RUB/USD	24.42	24.35	24.26	24.68	25.63	26.31

Source: Datastream, Bloomberg

Rosneft: Three VPs resign in shake-up

George Lilis, CFA, e-mail: George.Lilis@mdmbank.com

Bloomberg ticker	Company name	Price, USD	Rating	12M High/Low	2007 P/E	2007 EV/EBITDA	MCAP, USD mn
ROSN RU	Rosneft	8.94	Not Rated	9.49/7.66	22.9	12.5	94,755

Source: IBES consensus, Data Stream

Three senior managers resign in top level shake-up. Rosneft, the largest Russian oil producer, announced yesterday the resignation of three key managers after many weeks of speculation that the company may announce changes at the top, including, it was rumored, the CEO position. The three senior managers include Vice President for refining and sales Alexander Sapronov, VP working in strategic projects and science Alexei Kuznetsov, and VP Valery Borisenko, head of information technology. The company immediately announced their replacements. VP Dmitry Bogdanov will head the refining and sales in addition to his current role as head of the commercial department, while head of science Mars Khasanov will replace the other two outgoing managers. Rosneft did not provide a specific explanation for the resignations.

Management resignations a negative. Speculation that the company could see a group of senior managers leaving has been circulating over the last two or three months. The rumors included the possible resignation of Rosneft CEO Sergei Bogdanchikov to pursue a political career, as he has achieved his goal of creating the largest Russian oil company and one of the largest in the world. Nevertheless, we view the resignation of these three key managers as a negative development for the company. In particular, we are more puzzled with the resignation of Alexander Sapronov as he was heading what will be, in our view, the most critical side of Rosneft's development in the coming years, refining. This resignation, if it was not for personal reasons, could indicate the existence of major disagreements within the company regarding future strategy in the downstream segment. On the other hand we remind investors that such resignations are not unusual in Russian state controlled companies and may not mean too much in terms of Rosneft's long term prospects. We do not officially cover this stock.

Oil and gas sector: List of strategic gas deposits made public

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Strategic gas deposits list released. The Russian Natural Resources Ministry published on its website yesterday a list with 31 natural gas deposits considered 'strategic'. This list came without the complimentary list for oil deposits and before the much anticipated law for the development of strategic natural resources has been made public. This list includes deposits in the Yamal-Nenets region, the Sakha republic in the Far East, offshore basins in the Arctic and offshore zones near Sakhalin Island. The latter group of deposits includes the Kirinsky block in the Sea of Okhotsk off Sakhalin, for which ExxonMobil had gained rights back in the 90's before the Russia government cancelled the auction in 2004. ExxonMobil had recently tried to recover its rights for Kirinsky which is estimated to contain approximately 700 mn tons of reserves.

List publication good news for Gazprom. The Ministry did not publish any details as to what exactly 'strategic' means and who would have the right to develop these fields. We suspect that these details will be known when the law becomes public, most likely after presidential elections next year. We believe that the big beneficiary will be Gazprom, as it will be very easy for the gas behemoth to get the rights for the development of these fields. To take this one step further, we also suspect that the timing of this announcement, and the inclusion of the Kirinsky block, could be an attempt to send a message to ExxonMobil. It is important to note when considering Russian relations with ExxonMobil the ongoing disagreement between Gazprom and the American super-major over the end market for the gas volumes extracted from the Sakhalin-3 project. The inclusion of Kirinsky could put further pressure on the Sakhalin-3 consortium, which would be good news for Gazprom as it would leave the state owned company to dominate Russian gas exports to China in the future.

Pharmacy Chain 36.6: Gets new president.

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Pharmacy Chain 36.6 changes President. Pharmacy Chain 36.6 announced the appointment of Jere Calmes as new President of OAO Pharmacy Chain 36.6 and CEO of the Management Company. He will be responsible for the operational management and the business expansion strategy of the company. Previously, he was executive VP at Vimpelcom until he joined Wind Telecomunicazioni SpA. in Italy as CEO. He also serves on the advisory board of Amdocs Inc.

We view the change as a positive. The company has suffered deteriorating results in the previous several quarters, mounting debt with acquisitions and has fallen behind schedule in the process of integrating new chains. Calmes's expertise is in incorporating sophisticated IT systems into operational activity, which leads to more efficient performance. We believe that his experience will eliminate technical problems the company experienced in the third quarter, which ultimately led to a decrease in sales and profitability. Under Calmes' supervision, the company has already started implementing changes, entering into sales-lease-back sale of its property to raise the required capital.

OGK-1: Approves JV with TNK-BP

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Bloomberg ticker	Company name	Price, USD	Rating	12M High/Low	2007 P/E	2007 EV/EBITDA	MCAP, USD mn
OGKA RU	OGK-1	0.14	Hold	0.18/0.09	190.1	42.3	5,134

Source: IBES consensus, Data Stream

The joint venture with BP is approved by the Board. OGK-1's board has approved the establishment of a joint venture with TNK-BP. OGK-1 will transfer to the joint venture, named NVG Ltd., the assets of Nizhnevartovskaya GRES, a Tyumen-located power plant with existing capacity of 1600 MWs. In the first stage, OGK-1 will control 100% of the venture; but, after an additional share issue for the JV, OGK-1's stake will be reduced to 75%, while TNK-BP will acquire a 25% stake for cash. The money earned from the placement will be invested into constructing a new generating unit with an installed capacity at 800 MW.

OGK-1's Board defined the terms of the placement. In separate news, OGK-1's board has defined the terms of its own additional share issue, the company reported yesterday. OGK-1 will sell 22.5 bn additional shares at a par value of RUB0.57478/share, which constitutes 33.5% (post money) of the company's equity. The company wants to attract as much as RUB47.9 bn to fund its investment plans. RWE, Fortum, IES and RusAl had revealed an interest to acquiring control of OGK-1. OGK-1 is a sound play for foreign investors, in our view and we reiterate our Hold recommendation.

Severstal: Disappointing 9M07 results force stock down

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Bloomberg ticker	Price, USD	FV, USD	Rating	12M High/Low	1M Perf.	3M Perf.	12M Perf.
CHMF RU	22.45	n/a	Not Rated	23.84/10.85	-3.6%	29.8%	92.7%
Financials, USD mn				Price performance, USD			
Revenue	2006A	2007E	2008E				
EBITDA	13,753	14,519	15,160				
Net income	3,439	3,732	3,842				
Revenue growth	1,728	1,872	1,942				
EBITDA growth	19%	6%	4%				
Net income growth	4%	9%	3%				
EBITDA margin	-30%	8%	4%				
Net margin	25%	26%	25%				
EV/Revenue	13%	13%	13%				
EV/EBITDA	1.7	1.7	1.6				
P/E	7.0	6.4	6.2				
EV/EBITDA	13.1	12.1	11.7				
MCAP, USD mn	22,623	Com., mn	1,008	<p>Source: Bloomberg</p>			
EV, USD mn	23,957	Pref., mn					
Free float	10%	Total, mn	1,008				

Source: Datastream, IBES consensus

Revenues up 10% but net income drops 18% in 3Q07. Severstal, Russia's largest steel maker, yesterday reported 3Q07 financials that fell below investors' expectations, driving its stock down 2.6%. Several production disruptions led to higher than expected lost volumes. As a result, 3Q07 revenues rose by 10% y-o-y, aided by positive changes in the product mix and still strong price increases, but net income fell by 18% y-o-y.

Strong domestic prices, high consumption boost sales. On the revenue side, domestic sales advanced by 25% y-o-y in 3Q07, with robust consumption levels accompanied by continued strength in prices. 9M07 EBITDA in Russia Steel gained 47% y-o-y. The mining business saw its EBITDA for the same period rising by 18% y-o-y, with a 2.4% growth in volumes and 16% in prices. The European business, Lucchini, saw revenue advancing by 15% y-o-y and EBITDA margin rising to 12.9%. Finally, the NA business (SNA) was affected by the relining of a blast furnace that drove 3Q07 sales down 14% y-o-y.

Heavy toll of disruptions highlighted by quarter on quarter comparisons. On a q-o-q basis, the one off disruptions were felt even more, as EBITDA dropped 24% and revenue lost 12% from 2Q07. The accident at the Vorkutaugol unit in late June and railroad bottlenecks at Karelsky Okatysh caused slowdowns in domestic volumes. Apparently the low volumes resulted in a negative impact on the EBITDA margin as fixed costs were allocated to lower production.

CEO expresses confidence in short and long term prospects. Severstal CEO Alexei Mordashov expressed his confidence that the company will be in position to meet market full year expectations, implying that the fourth quarter set fair and will allow the company to cover the lost ground. In terms of lost volumes, it seems that domestic volumes are back on track in Vorkutaugol and SNA, while railroad bottlenecks have subsided. He also expressed confidence that product prices in Russia and worldwide will maintain their strong trend in the coming months. While we may see some stock price weakness in the short term as some analysts had probably not included a big portion of the lost volumes in their estimates, we believe that most of these one off events are already reflected in Severstal's stock price. Finally, we note that during the conference call yesterday the company's CFO said that the Celtic Resources deal will be completed early next year. We do not officially cover this stock.

Severstal: 9M07 financials

USD, mn	3Q07	2Q07	QoQ change	9M07	9M06	YoY change
Revenue	3557	4041	-12.0%	11283	9123	23.7%
EBITDA	891	1173	-24.0%	2986	2149	38.9%
Net Income	326	604	-46.0%	1326	825	60.7%
EBITDA margin	25.0%	29.0%		26.5%	23.6%	
Net margin	9.2%	14.9%		11.8%	9.0%	

Source: Company Data

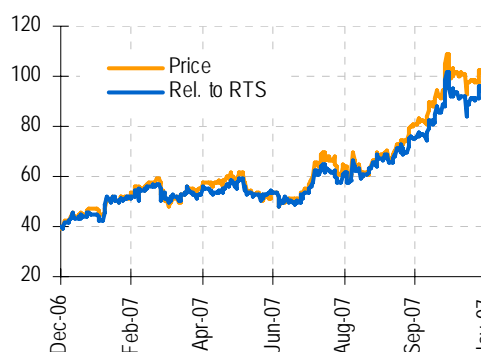
Golden Telecom: VimpelCom in talks to buy GT as part of Altimo's assets streamlining

Ekaterina Generalova, e-mail: Ekaterina.Generalova@mdmbank.com

Bloomberg ticker	Price, USD	FV, USD	Rating	12M High/Low	1M Perf.	3M Perf.	12M Perf.
GLDN US	104.53	Under review	Under review	108.85/38.85	3.1%	49.4%	165.6%

Financials, USD mn	2006A	2007E	2008E
Revenue	855	1,167	1,461
EBITDA	228	323	426
Net income	86	117	157
Revenue growth	28%	37%	25%
EBITDA growth	14%	42%	32%
Net income growth	13%	37%	34%
EBITDA margin	27%	28%	29%
Net margin	10%	10%	11%
EV/Revenue	4.5	3.3	2.6
EV/EBITDA	16.9	11.9	9.1
P/E	44.8	32.7	24.4
MCAP, USD mn	3,831	ADRs, mn	37
EV, USD mn	3,858		
Free float	40%	Total, mn	37

Price performance, USD



Source: Bloomberg

Source: Datastream, IBES consensus

VimpelCom and GT confirm acquisition talks. In a joint statement yesterday, the companies confirmed being in discussions for the potential acquisition by VimpelCom's fully owned subsidiary of all GT's outstanding shares for USD105 per share (or USD4.2 bn). However, the companies assured the discussions need not necessarily lead to an agreement, eschewing more detailed comments.

Altimo disposes of some Ukrainian telecom assets. In separate news, Altimo (44% and 26.6% respective stakes in VimpelCom and GT) said that it has sold Ukrainian Advanced Technologies (a WiMAX operator) to Intec Holding and reduced its voting 6.6% interest in Ukrainian number 3 mobile operator Astelit (owned via a 13.2% stake in Turkcell) in favor of Visor Holding (through securing a buyback option) to comply with NY court ruling linked to an Altimo-Telenor conflict in Ukraine. We remind clients that this news comes on the heels of peaceful resolution of a prolonged struggle over Altimo's 25.1% stake in MegaFon, disputed by IPOC.

Creation of mobile-fixed telco important strategic step... The VimpelCom & GT news was welcomed by the market (share prices were up 1.6% and 3.0% respectively), though the respective rumors have been around since July, boosting both stocks by more than 70% since then. As we wrote in previous Morning Calls, we would welcome synergies stemming from a converged mobile-fixed entity in terms of potential service mix and cost savings, which is an important strategic step (particularly on the VimpelCom's side) given maturing growth stage for the Russian mobile sector.

...but limited upside for GT minorities We would view the deal as part of Altimo's large-scale asset swap-restructuring story and its potentially more aggressive stance as an international player as the holding has been taking concrete action to resolve its prolonged conflicts with business partners (Telenor, IPOC) and striving to restore its 'good name.' On the other hand, the price offered by VimpelCom does not imply upside for GT minorities, and it will take time before the value of the merged businesses unlocks. That said, we would recommend Comstar as a good alternative for those investors seeking more exposure to a segment-specific business direction, particularly given recent evidence of the company's success in implementation of a new broadband strategy and a pullback in the stock price

News Briefs

Oil and Gas

Lukoil announced yesterday that it plans to accelerate development of Yuzhno-Khyluyuskoye field with ConocoPhillips and start production next year. The company added that it plans to upgrade its refineries and reach a refining output of 42 mn tons by 2009 and 65.7 mn tons by 2017. The field's faster than previously expected development could aid Lukoil's production growth rate next year.

Industrials, Consumer, Banks

X5 Retail Group may buy Ramstore (Interfax) and has requested Merrill Lynch consulting services to evaluate the option. The Ramstore chain will be sold in bulk and could be worth as much as USD1 bn. The acquisition of Ramstore would further strengthen X5's market share, especially in the Moscow region, and may fend off foreign intrusion as Wal-Mart, Tesco and Auchan were considered as potential buyers.

Stock performance summary									
	Company name	Last price, USD	1D	1WK	1M	3M	12M	YTD	12M High/Low
Oil and gas	Gazprom	13.24	-0.4%	3.8%	6.1%	29.3%	13.8%	15.1%	13.29/8.75
	Novatek	66.30	2.5%	5.2%	16.3%	29.2%	2.0%	4.4%	66.3/46.5
	Rosneft	8.94	-1.5%	2.1%	2.6%	9.7%	-1.8%	-2.3%	9.49/7.66
	Lukoil	85.05	-1.7%	-2.8%	-6.9%	14.8%	-5.6%	-3.3%	95/71.9
	TNK-BP Holding	2.17	0.4%	0.9%	-5.1%	11.5%	-12.9%	-16.4%	2.6/1.67
	Surgutneftegaz	1.16	-3.8%	-1.3%	-9.1%	-6.9%	-16.8%	-24.5%	1.53/1.07
	Gazprom Neft	5.17	0.0%	0.0%	4.4%	32.6%	22.8%	13.4%	5.3/3.7
	Tatneft	5.93	-0.4%	1.7%	-4.3%	12.9%	14.2%	18.9%	6.25/3.95
	Bashneft	15.40	0.0%	-1.0%	-4.3%	14.1%	-7.2%	-3.8%	17.2/12
	Transneft pref	1,880.00	-1.1%	-0.5%	-3.1%	26.2%	-22.5%	-18.1%	2495/1435
	Integra	14.70	-1.4%	0.7%	-5.2%	n/a	n/a	n/a	21.55/13.55
	C.A.T Oil	15.42	1.8%	-10.2%	-17.3%	-24.2%	-18.3%	-22.9%	25.56/15.15
	West Siberian Resources	0.75	-0.2%	-1.0%	-12.3%	-9.8%	-37.9%	-35.0%	1.14/0.66
Utilities	UES	1.23	-1.2%	1.3%	-0.5%	-0.2%	33.0%	22.1%	1.37/0.92
	OGK-1	0.12	n/a	n/a	n/a	n/a	n/a	n/a	0.18/0.09
	OGK-2	0.13	n/a	n/a	n/a	n/a	n/a	n/a	0.18/0.12
	OGK-3	0.14	0.0%	3.6%	-2.1%	2.1%	38.8%	16.7%	0.18/0.1
	OGK-4	0.13	2.9%	2.9%	3.3%	11.6%	71.4%	66.0%	0.13/0.08
	OGK 5	0.18	0.0%	0.7%	1.6%	6.5%	46.3%	30.6%	0.18/0.11
	OGK-6	0.13	n/a	n/a	n/a	n/a	n/a	n/a	0.17/0.11
Telecoms and technology	MTS	91.71	1.1%	8.1%	9.0%	40.2%	82.4%	82.7%	93.78/45.81
	Sistema	40.00	1.3%	5.0%	9.1%	34.0%	42.9%	25.0%	40.6/25.85
	VimpelCom	34.14	1.6%	0.3%	8.5%	35.2%	108.9%	116.2%	36/14.79
	Comstar	11.40	1.8%	7.0%	-7.0%	5.8%	58.3%	35.7%	13.71/6.92
	Rostelecom	10.73	-0.6%	6.7%	9.3%	8.9%	68.3%	40.3%	10.8/6.38
	Golden Telecom	104.53	3.0%	3.7%	3.1%	49.4%	165.6%	123.2%	108.85/38.85
	MGTS	32.36	2.9%	7.5%	7.0%	1.8%	36.1%	21.9%	34.29/22.23
	Uralsvyazinform	0.06	-0.5%	0.6%	-1.3%	5.4%	25.8%	-7.4%	0.07/0.05
	Volga Telecom	5.81	0.7%	-1.5%	1.0%	25.8%	27.7%	-4.0%	6.6/4.47
	Sibirtelecom	0.12	0.0%	1.7%	5.2%	24.1%	24.1%	7.6%	0.13/0.09
	Northwest Telecom	1.76	0.7%	-1.1%	-4.7%	11.7%	16.1%	2.7%	1.92/1.23
	Center Telecom	0.90	0.0%	-1.1%	-2.2%	-0.6%	29.7%	19.3%	1/0.66
	Southern Telecom	0.21	0.0%	0.0%	9.1%	23.5%	39.1%	16.7%	0.23/0.15
	Dalsvyaz	5.40	-0.9%	-1.8%	1.9%	17.4%	57.0%	29.8%	5.7/3.44
	Bashinformsvyaz	0.17	0.0%	0.0%	-2.3%	-2.8%	-7.5%	-24.4%	0.23/0.17
	RBC	9.36	0.0%	2.3%	0.9%	16.3%	-22.7%	-23.6%	12.1/7.53
	Metals and mining	Sitronics	5.33	-4.0%	-6.5%	-26.0%	-14.7%	n/a	n/a
CTC Media		24.13	0.3%	2.3%	-3.3%	2.3%	9.9%	0.5%	28.77/19.59
Rambler Media		31.95	0.0%	-1.7%	-13.6%	-24.8%	-5.0%	-5.3%	55/31.79
Norilsk Nickel		276.00	-3.6%	-5.5%	-10.2%	26.9%	80.4%	75.8%	309.9/135.5
Polyus Gold		42.20	-3.0%	-0.5%	-7.3%	3.4%	-16.9%	-14.4%	55.25/38.3
Severstal		22.45	-2.6%	0.9%	-3.6%	29.8%	92.7%	100.4%	23.84/10.85
Evraz Group		77.00	5.3%	13.1%	0.1%	52.2%	208.0%	199.7%	82.6/24.5
Mechel		95.18	4.6%	27.2%	14.3%	115.5%	277.1%	273.5%	95.18/23.73
NLMK		39.10	-2.0%	-0.3%	-3.5%	19.6%	61.6%	68.2%	44.89/20.8
MMK		1.35	-3.6%	8.4%	-0.7%	20.5%	73.1%	55.2%	1.4/0.77
TMK		44.50	2.3%	8.5%	1.7%	13.4%	n/a	27.1%	46.99/28.63
VSMPO		315.00	0.0%	-1.1%	-0.9%	10.9%	23.5%	7.5%	330/255
Sberbank		4.26	0.6%	2.3%	-1.0%	12.6%	70.5%	23.3%	4.42/2.5
Rosbank	7.01	-0.2%	-0.4%	-8.0%	-3.1%	15.9%	-9.7%	7.67/5.64	
Industrials, consumer, banks	X5	31.00	-0.8%	-5.3%	-12.7%	-8.8%	19.2%	19.2%	37.5/24.6
	Seventh Continent	26.30	0.8%	-1.3%	0.8%	4.6%	-1.7%	-1.5%	29.3/24.1
	Dixy Group	13.95	0.7%	0.7%	1.1%	10.2%	36.8%	30.3%	15.6/13.85
	Magnit	46.50	-0.5%	-3.3%	1.1%	10.2%	36.8%	30.3%	48.45/33.75
	Wimm-Bill-Dann	115.93	1.2%	0.1%	0.0%	6.4%	133.0%	74.2%	134.62/49.75
	Lebedyansky	88.50	0.0%	0.0%	-4.8%	1.7%	10.3%	10.6%	99/73.5
	Nutritek	52.25	-0.5%	-1.1%	0.5%	5.9%	20.0%	14.1%	53.8/44.9
	Baltika (euro)	34.43	-1.0%	4.1%	4.1%	5.9%	20.0%	14.1%	36.96/31.59
	Razgulay	5.15	0.0%	3.0%	-1.0%	28.1%	29.1%	28.8%	5.45/3.6
	Severstal Auto	48.50	0.0%	-1.0%	1.0%	18.3%	82.7%	60.3%	51.1/26.55
	AvtoVAZ	1.65	0.0%	0.0%	3.7%	32.8%	60.0%	64.4%	1.74/0.67
	Aeroflot	3.60	0.0%	0.0%	3.7%	32.8%	60.0%	64.4%	3.6/2.17
	Veropharm	49.00	-0.4%	1.6%	5.4%	8.9%	59.6%	54.3%	49.2/29.1
	Apteka 36.6	68.00	0.0%	-9.6%	-9.6%	-14.5%	30.8%	16.7%	96.1/52
	Pharmstandard	23.60	0.0%	18.1%	7.8%	41.9%	n/a	n/a	23.6/13.6
	Kalina	43.40	0.0%	0.0%	5.2%	18.9%	-9.1%	-15.7%	51.5/34.25
	Oriflame (euro)	41.62	0.6%	3.6%	1.8%	3.0%	49.2%	38.7%	44.07/28
Cherkizovo	13.50	-2.9%	-6.3%	-7.5%	10.2%	-5.3%	-0.7%	17.35/11.05	
Sistema Hals	8.80	-1.1%	-5.3%	-11.1%	-23.5%	n/a	-33.8%	15.05/8.8	
RTS Index	2,200.75	-0.9%	1.1%	-1.2%	15.5%	22.9%	14.5%	2288.15/1724.69	

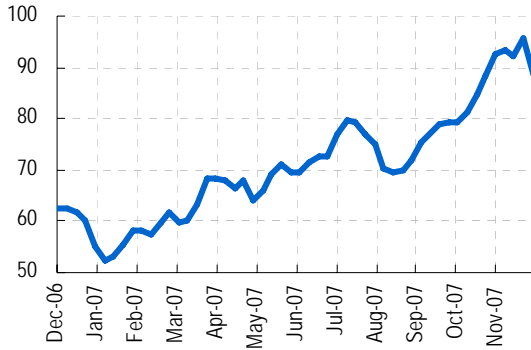
Source: Bloomberg

Stock valuation summary													
	Company name	MCAP,			P/E			EV/EBITDA			EV/Revenue		
		USD mn	2006E	2007E	2008E	2006E	2007E	2008E	2006E	2007E	2008E		
Oil and gas	Gazprom	301,197	13.5	12.0	11.0	9.6	8.5	7.8	4.1	3.8	3.5		
	Novatek	20,129	29.2	21.6	16.4	18.3	14.0	10.9	8.7	6.7	5.0		
	Lukoil	72,378	9.7	10.4	10.4	6.5	6.8	6.7	1.2	1.2	1.2		
	Rosneft	94,755	22.9	19.3	17.8	12.5	11.0	9.3	3.0	2.7	2.6		
	Surгутneftegaz	46,239	11.0	11.3	13.6	5.3	5.5	6.1	1.9	1.8	1.9		
	Gazprom Neft	24,511	7.4	8.7	9.1	4.9	5.6	6.1	1.3	1.3	1.3		
	Tatneft	13,389	10.6	11.4	11.9	6.6	7.4	8.3	1.2	1.3	1.3		
	Bashneft	2,618	5.7	6.4	6.8	3.2	3.7	3.8	0.7	0.8	0.8		
	Transneft pref	12,994	5.8	5.0	4.5	4.0	3.3	2.9	2.2	1.8	1.7		
	West Siberian Resources	880	26.6	22.1	8.4	8.7	6.5	4.0	3.2	2.4	1.7		
	Aggregate - oil and gas	588,209	12.9	11.8	11.3	7.9	7.3	6.9	2.7	2.4	2.1		
Utilities	UES	50,564	33.5	29.5	19.8	17.3	14.1	10.2	3.4	3.0	2.6		
	Mosenergo	6,996	73.6	29.4	19.2	16.4	11.4	7.5	2.3	2.0	1.6		
	OGK-1	5,134	n/a	56.4	38.6	42.3	27.8	19.9	4.7	4.2	3.4		
	OGK-2	3,397	n/a	42.5	23.9	186.9	21.1	12.6	3.8	3.2	2.6		
	OGK-3	6,791	n/a	79.9	48.5	98.4	38.7	34.8	8.9	7.3	6.4		
	OGK-4	6,525	n/a	n/a	53.9	81.2	48.9	26.8	6.8	6.2	4.8		
	OGK 5	6,211	52.6	64.7	46.0	66.6	30.2	22.4	6.5	5.1	4.2		
	OGK-6	3,475	43.4	27.5	14.8	19.1	15.0	9.7	3.2	2.7	2.2		
	Aggregate - utilities	89,093	24.3	27.3	21.1	34.6	15.5	11.6	3.3	2.9	2.5		
Telecoms and technology	MTS	36,592	29.4	20.6	18.4	12.2	10.3	9.4	6.2	5.2	4.7		
	Sistema	19,320	21.4	16.0	14.7	10.0	8.3	7.6	3.7	3.3	3.1		
	VimpelCom	35,014	43.1	29.2	25.9	15.1	12.2	11.3	7.6	6.2	5.7		
		Aggregate - mobile telecoms	90,926	31.3	21.9	19.7	12.4	10.3	9.5	5.8	4.9	4.5	
	Comstar	4,765	58.1	42.9	13.9	16.5	9.5	8.2	5.4	4.1	3.6		
	Rostelecom	8,471	n/a	73.7	61.8	21.6	19.3	17.2	3.6	3.6	3.4		
	Golden Telecom	3,831	44.8	32.7	24.4	16.9	11.9	9.1	4.5	3.3	2.6		
	MGTS	3,017	17.4	12.4	11.2	10.6	7.8	7.0	4.4	3.5	3.3		
	Uralsvyazinform	2,400	77.4	17.5	13.5	9.7	6.5	5.6	2.7	2.3	2.1		
	Volga Telecom	1,765	22.6	13.3	11.0	7.0	5.4	4.8	2.5	2.1	1.9		
	Sibirtelecom	1,762	41.4	8.4	6.6	8.8	5.1	4.2	2.2	1.8	1.6		
	Northwest Telecom	1,842	39.2	15.6	15.0	9.0	6.1	5.6	2.9	2.3	2.1		
	Center Telecom	1,738	25.8	27.2	15.8	6.4	5.8	5.0	2.3	2.0	1.8		
	Southern Telecom	746	57.4	18.6	16.6	6.7	6.2	5.7	2.3	2.1	1.9		
	Dalsvyaz	658	50.6	13.7	9.4	8.9	5.2	4.1	2.3	1.6	1.5		
	Bashinformsvyaz	168	7.4	7.9	4.5	3.2	3.1	n/a	1.1	1.0	0.8		
	Sitronics	1,018	23.6	11.0	8.0	6.7	4.6	3.7	0.6	0.5	0.4		
		Aggregate - fixed line telecoms	31,164	40.2	23.7	17.0	10.4	7.7	7.0	3.0	2.5	2.2	
	RBC	1,076	27.2	28.1	13.4	16.2	11.1	8.1	4.8	3.7	3.0		
	CTC Media	3,656	24.7	19.0	14.9	14.8	11.5	9.2	7.0	5.4	4.4		
Rambler Media	480	39.6	19.8	12.9	24.1	10.9	7.6	6.0	3.5	2.7			
	Aggregate - media	5,212	30.5	22.3	13.7	18.4	11.2	8.3	5.9	4.2	3.3		
Metals and mining	Norilsk Nickel	50,508	6.8	8.2	10.9	4.3	5.4	7.4	3.2	3.5	4.1		
	Polyus Gold	8,060	38.5	50.1	57.4	18.0	21.5	21.4	7.7	8.1	8.1		
	Severstal	22,623	13.1	12.1	11.7	7.0	6.4	6.2	1.7	1.7	1.6		
	Evraz Group	27,005	15.0	14.9	14.4	9.0	8.7	9.5	2.9	2.7	2.6		
	Mechel	12,846	16.0	17.0	19.4	9.7	9.9	10.0	2.4	2.3	2.3		
	NLMK	23,433	11.2	11.7	11.7	6.9	7.2	6.9	3.2	3.1	2.9		
	MMK	13,720	8.5	8.4	7.6	5.9	5.7	5.4	1.8	1.7	1.6		
	TMK	9,701	14.6	10.2	12.8	8.8	6.5	8.3	2.6	2.2	2.1		
	VSMPO	3,780	14.9	11.7	9.3	9.6	7.8	6.1	3.7	3.1	2.5		
		Aggregate - metals and mining	171,675	16.9	16.7	16.9	9.8	9.0	8.9	3.5	3.3	3.1	
Industrials, consumer, banks	Sberbank *	242	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a		
		Aggregate - banks	242	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a		
	X5	6,711	33.0	24.1	17.3	15.1	11.2	9.0	1.6	1.1	0.9		
	Magnit	3,348	41.0	29.7	20.2	17.5	12.3	9.1	1.0	0.7	0.6		
	Seventh Continent	1,973	30.3	23.8	16.8	14.5	10.4	7.7	1.5	1.1	0.8		
	Lebedyansky	1,806	17.9	15.2	13.3	11.5	9.5	8.3	2.2	1.8	1.5		
	Baltika (euro)	5,872	12.7	11.4	9.5	7.7	7.1	5.7	2.4	2.2	1.8		
	Wimm-Bill-Dann	5,101	32.5	24.0	19.7	16.7	12.9	10.6	2.4	1.9	1.7		
		Aggregate - FMCG	24,811	27.9	21.4	16.1	13.8	10.6	8.4	1.8	1.5	1.2	
	Razgulay	546	25.7	12.4	11.5	8.7	6.1	5.7	1.1	0.9	0.9		
	Severstal Auto	1,649	26.3	16.6	15.1	13.5	9.3	7.6	1.9	1.3	1.0		
	AvtoVAZ	295	2.3	2.0	1.1	1.8	1.7	n/a	0.2	0.2	0.2		
	Aeroflot	4,000	13.8	15.6	12.4	9.7	8.7	6.9	1.4	1.2	1.0		
	Veropharm	490	20.0	14.8	11.6	12.7	9.7	7.3	4.3	3.3	2.7		
	Kalina	423	14.4	11.9	11.5	8.8	7.6	7.2	1.3	1.1	1.1		
Oriflame (euro)	2,318	23.1	18.5	14.1	15.5	13.2	10.9	2.4	2.1	1.9			
	Aggregate valuation	1,011,052	13.6	12.5	11.7	8.7	8.1	7.6	2.7	2.5	2.3		
	FF-adj. MCAP W.A. valuation	291,081	16.6	15.5	14.3	10.5	8.9	8.3	3.7	3.4	3.2		

Source: MDM estimates, IBES consensus

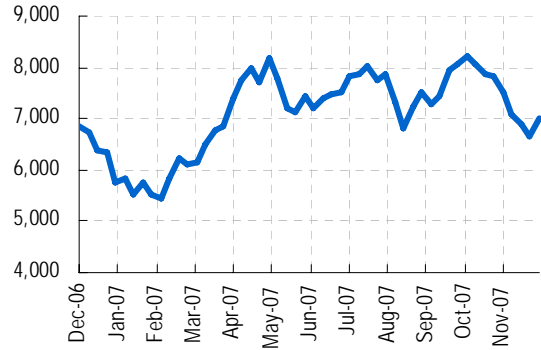
Key commodities

London WTI Crude Oil Index – PRICE INDEX, USD/bbl



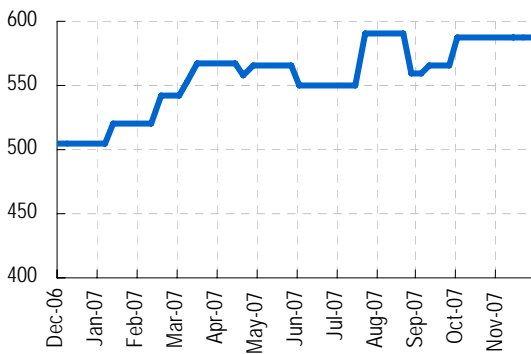
Source: Bloomberg

LME-Copper, Grade A Cash – A.M. OFFICIAL, USD/ton



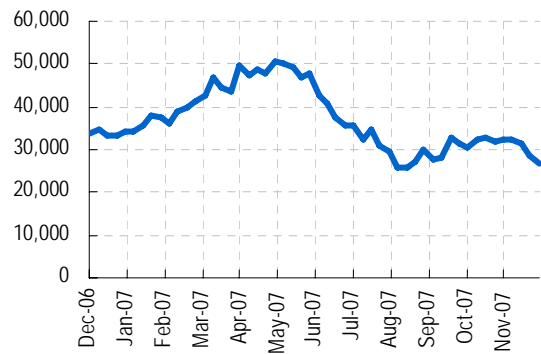
Source: Bloomberg

MB-Steel HR Coil CIS, USD/ton



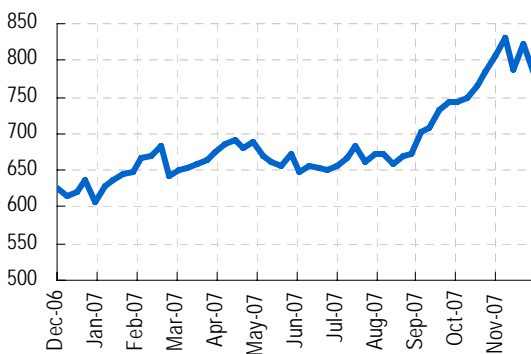
Source: Bloomberg

LME-Nickel Cash – A.M. OFFICIAL, USD/ton



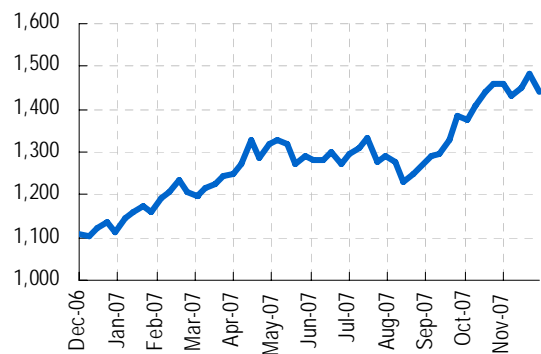
Source: Bloomberg

Gold Bullion, USD/oz



Source: Bloomberg

MB-Platinum Matthey, USD/oz



Source: Bloomberg



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