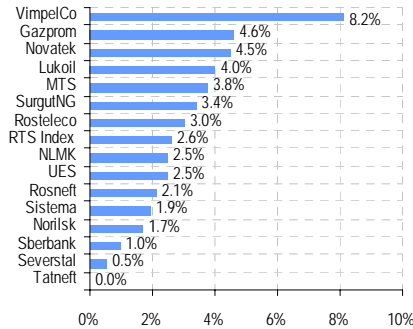
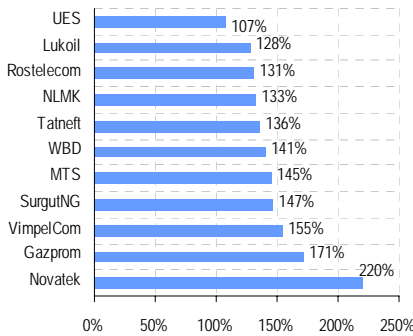


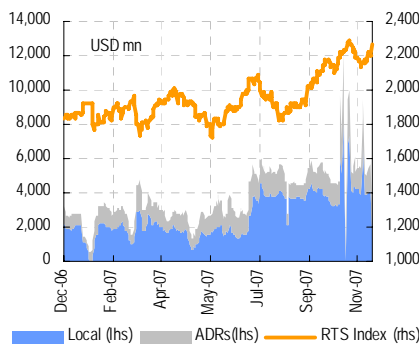
Blue chips: Advancers and decliners



Volume monitor: Daily/3M avg. volume



RTS index and weekly trading volumes



Upcoming events

Today	Sitronics 3Q07 US GAAP results
10 Dec	Mechel 3Q07 US GAAP results
12 Dec	LUKoil 3Q07 US GAAP results
14 Dec	Wimm-Bill-Dann 3Q07 US GAAP results
20 Dec	VTB 3Q07 IFRS results
Mid Dec	OGK-1 9M07 IFRS results
Mid Dec	TGK-9 new share issue

Market

Heartening US employment data, positive news on domestic gas tariffs, and the deal with Ukraine for 2008 gas prices led to bullish trading on Russian equities yesterday, paced by Gazprom. The RTS gained 2.6% to 2262 and the MICEX 3.3% to 1895. However, some profit taking could take place this morning as WTI is below USD87 on poor US oil inventory data yesterday.

Top news and ideas

- Gazprom: Disappointing 2007 IFRS financials.** Net income fell 22% below the Bloomberg consensus median, and the company failed to keep costs in check. The stock continued its rally yesterday, taking it, in our view, towards an 'overvalued' level.
- Oil and Gas Sector: Talks with China stall?** We believe Russia represents the cheapest oil and gas supply option for China, while China represents a huge market for Russia. It is our view, therefore, that the pipelines will be built and a price compromise will be reached sooner or later.
- TGK-4: Placement pushed back to January 28.** The deadline has been pushed back at the request of CEZ and KEPCO. We see Prosperity Capital Management, CEZ and Basic Element as front runners in the race for TGK-4.
- Norilsk Nickel: RusAl in the driver's seat.** Although RusAl's offer for Prokhorov's blocking stake is 20% below the price asked of Potanin, Prokhorov claimed yesterday that the RusAl deal would be more profitable. We believe this drawn-out verbal horse trading may be ultimately irrelevant as a RusAl-Norilsk merger could prove irresistible.
- CTC Media: Rumored to be in production company M&A talks.** Kostafilm and Sokho are apparently on CTC's radar. In our view, the move will enhance the business mix, reducing programming rights costs, the major cost item.

Other highlights

- Brief - Rosstat yesterday reported November CPI at 1.2% m-o-m.** This brings YTD inflation to 10.6% and was above market expectations of 0.8-1%. Food prices were the main culprit yet again, with fruits and vegetables rising 6.2% m-o-m. This report increases, in our view, the probability of 2007 CPI topping 12%.

>>> More news on page 6

Russian market in context

	Last Close	Performance/Trends				
		1D	1WK	1M	3M	12M
RTS Index	2,262	2.6%	4.3%	-0.3%	17.8%	23.2%
MSCI EM Europe Index	814	3.4%	4.9%	0.9%	23.1%	29.0%
MSCI EM Index	1,269	1.8%	3.5%	-2.7%	16.0%	42.4%
S&P500 Index	1,485	1.5%	1.1%	-2.3%	0.4%	5.1%
OIX (Oil majors) Index	825	2.0%	3.1%	-3.2%	7.9%	24.6%
GSCI (Commodities) index	5,813	0.7%	-1.0%	-1.6%	1.4%	-15.7%
Oil (WTI), USD/bbl	87.5	-0.9%	1.0%	-6.9%	15.5%	40.1%
Nickel, USD/ton	25,593	-3.8%	-9.6%	-19.3%	-8.7%	-25.6%
Steel (HR), USD/ton	595	1.3%	1.3%	1.3%	6.3%	17.8%
LT U.S. Treasury YTM	4.4%	4.4%	4.4%	4.6%	4.8%	4.6%
EMBI-Russia spread, bp	163	168	169	162	139	114
RUB/USD	24.47	24.46	24.31	24.67	25.60	26.21

Source: Datastream, Bloomberg

Gazprom: Disappointing 2Q07 IFRS financials

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

Bloomberg ticker	Price, USD	FV, USD	Rating	12M High/Low	1M Perf.	3M Perf.	12M Perf.
GAZP RU	14.02	n/a	Not Rated	14.1/8.75	9.9%	35.7%	19.5%
Financials, USD mn		2006E	2007E	2008E	Price performance, USD		
Revenue	85,549	92,727	100,098				
EBITDA	36,582	41,247	44,877				
Net income	22,318	25,003	27,468				
Revenue growth	56%	8%	8%				
EBITDA growth	53%	13%	9%				
Net income growth	81%	12%	10%				
EBITDA margin	43%	44%	45%				
Net margin	26%	27%	27%				
EV/Revenue	4.3	4.0	3.7				
EV/EBITDA	10.1	9.0	8.3				
P/E	14.4	12.8	11.7				
MCAP, USD mn	320,761	Com., mn	22,749				
EV, USD mn	371,113	Pref., mn					
Free float	39%	Total, mn	22,749				

Source: Datastream, IBES consensus

Gazprom results dip below market expectations. Gazprom reported its unaudited 2Q07 IFRS financials yesterday. The numbers were below market expectations after last quarter's surprisingly upbeat results. 2Q07 net income totaled RUB103 bn (USD4.2 bn), 22% below the Bloomberg consensus median estimate of RUB132 bn (USD6.3 bn). On a y-o-y basis, net income fell by 24.6%, while EBITDA dropped by less, 11.4%, to RUB184.7 bn (USD7.53 bn) and sales actually rose by 5.3%.

Sales advance; natural gas volumes stay flat. On the top line, sales advanced in the second quarter to RUB532 bn compared to 2Q06, aided by higher domestic tariffs, better prices to FSU countries and lower customs duties. Total natural gas volumes, however, were flat on a y-o-y basis at 121.3 bcm vs. 120.9 bcm in 2Q06. Even within the three main categories (Europe, FSU and Russia), volumes were almost at exactly the same level as in the same quarter a year ago. We note that European prices fell from USD270 per mcm in 1Q07 to slightly below USD250 per mcm in 2Q07, according to our calculations.

Poor cost control performance returns. EBITDA margin fell to 34.7% in 2Q07 vs 41.2% a year ago. Total opex rose 18% y-o-y, as most primary cost items increased y-o-y. Higher expenses for fuel purchases from Central Asian countries negatively affected the purchased oil and gas line, although the 18% y-o-y growth rate this quarter was well below 1Q07's 43%. On the contrary, staff costs spiked again (27% y-o-y), more than in 1Q07 (18%), and repairs and maintenance jumped 39%, reversing the favorable trend of previous quarters. Finally, we note that the effective tax rate was higher than expected, reaching 30.5% from 22% in 1Q07, while Gazprom's interest expenses rose by more than 50% due to higher debt level.

Stock rally ignored poor results yesterday. The stock continued its rally yesterday (up 4.6%) on the favorable 25% gas tariff increase for the domestic market for 2008, as well as the agreement with Ukraine on a 38% increase for gas prices next year, while ignoring what were, in our view, poor results. A series of positive news stories that appear to indicate significant upside on Gazprom's revenue side has driven the stock lately, but, in our view, investors should pay attention to the company's inability to show improvement on the cost side. Gazprom will host a conference call next week during which we hope get more explanation of the cost side. The company raised its capex by 32% in the first six months of this year, and we believe that the need for evermore capex to develop the multitude of promising giant fields available will be one of the main headaches for investors in coming quarters. In addition, we see the recent stock price rally as pushing the stock towards being overvalued and therefore are not too hot on Gazprom at this point. We do not officially cover this stock.

Gazprom 2Q07 unaudited IFRS financials

RUB bn	2Q07	2Q06	YoY
Revenue	532.4	505.6	5.3%
EBITDA	184.7	208.5	-11.4%
Net Income	102.8	136.3	-24.6%
EBITDA margin	34.7%	41.2%	
Net margin	19.3%	27.0%	
Volumes, Bcm	121.3	120.9	
Far Abroad	39.5	39.3	
FSU	22.3	22.3	
Russia	59.5	59.3	

Source: Company data

Oil and Gas Sector: Talks with China stall?

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Sino-Russian talks hit wall. Several news media reported yesterday that the pipeline projects to supply crude oil and natural gas to China could be delayed as negotiations between the two countries appear to have hit a wall. Chinese officials stated in their domestic media that there is no certainty as to when a final agreement will be signed, adding that the major obstacle to negotiations has been the request from the Russian side to raise the prices of both crude oil and natural gas exported to China in order to reach international benchmarks. On the crude side, exports (11.3 mn tons primarily through Rosneft) have been priced around USD64 per boe this year which is not far from the WTI YTD average of USD71 per boe. On the gas side, while Gazprom has not revealed the asking price for its future volumes, previous statements from company representatives lead us to believe that they will seek prices close to European netback parity (after transportation is taken into account).

Russia, China need each other. We believe we have reached a point in the negotiations where both sides are putting all their cards on the table, trying everything to put pressure on the other side. China is desperate for both crude oil and gas and Russia is one of the lowest cost options available to them. On the other hand, Russia knows that China is one of the fastest growing and largest oil and gas markets in the world, and therefore needs to take a leading position in its supply. The construction of the pipelines is a necessity for both sides and we believe that at the end of the day they will be built even though they may be delayed or face cost overruns (the crude pipeline cost was raised from USD11 bn to USD12 bn again due to the US dollar depreciation). Delays in the pipelines may be negative news for Gazprom, Rosneft and Transneft in the short term, but if Russian firms can be successful in these talks and manage to get higher prices, then they will benefit long-term.

TGK-4: Placement pushed back to January 28

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TGK-4 offers deadline extended. Investors may submit bids for the state's stake in TGK-4 until January 28, a UES spokeswoman told Interfax yesterday. We remind investors that it had previously been planned to stop accepting bids on December 17, but the deadline was postponed at the request of CEZ and KEPCO both of which asked for time to obtain Federal Antimonopoly Service approval and to better learn the company.

High competition for the stock is expected. In January, UES will sell the state's 22.6% (post money) stake. The 29.56% (post money) stake of additional shares will be placed shortly after the buyer of the state's stake is announced, and at the same price. The competition is expected to be high – ten companies including Prosperity Capital Management (PCM), which currently owns 19%, CEZ, KEPCO, Basic Element have revealed an interest in the company. PCM CEO Alexander Branis said recently that his company hopes to cooperate with an international investor to compete for these stakes. We view PCM, CEZ and Basic Element as front runners at this stage.

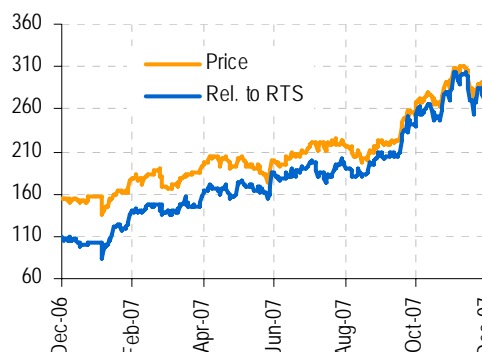
Norilsk Nickel: RusAl in the driver's seat

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

Bloomberg ticker	Price, USD	FV, USD	Rating	12M High/Low	1M Perf.	3M Perf.	12M Perf.
GMKN RU	277.00	n/a	Not Rated	309.9/135.5	-9.2%	25.7%	78.7%

Financials, USD mn	2006A	2007E	2008E
Revenue	15,322	13,765	11,724
EBITDA	11,172	8,943	6,569
Net income	7,459	6,195	4,653
Revenue growth	33%	-10%	-15%
EBITDA growth	47%	-20%	-27%
Net income growth	49%	-17%	-25%
EBITDA margin	72.9%	65.0%	56.0%
Net margin	49%	45%	40%
EV/Revenue	3.2	3.5	4.1
EV/EBITDA	4.3	5.4	7.4
P/E	6.8	8.2	10.9
MCAP, USD mn	50,691	Com., mn	183
EV, USD mn	48,506	Pref., mn	
Free float	45%	Total, mn	183

Price performance, USD



Source: Bloomberg

Source: Datastream, IBES consensus

Potantin wants discount for Prokhorov stake. New developments in the Prokhorov-Potantin-RusAl saga were made public yesterday. First, Vladimir Potantin's investment vehicle, Interros, asked Mikhail Prokhorov to lower the asking price for his 25% stake in Norilsk Nickel, claiming that the RusAl bid was 20% lower than the USD15.7 bn asking price. Later in the day, Onexim Group, Prokhorov's investment company, issued a statement rejecting the request and adding that RusAl's bid was more profitable for them. RusAl has offered Mikhail Prokhorov 11% of its shares and USD7 bn in cash while the asking price from Potantin, who has first refusal rights on the stake, is only in cash.

Potantin's efforts to raise cash for deal to no avail. Various media sources also reported that Potantin has already intensified his effort to finance the deal by contacting several international bankers and institutional investors, but without any success so far. The deadline for Potantin's decision is around December 22nd and the deal must be completed within two weeks of that date.

RusAl deal a long term play for Prokhorov, in our view. Assuming a company value for of USD50-60 bn RusAl (not listed yet), the implied value of RusAl's offer to buy Prokhorov's stake is around USD12.5 to USD13.5 bn, certainly below the asking price from Potantin. Obviously, cash is different from RusAl shares in terms of value, and Prokhorov clearly expects the RusAl shares to be worth more in the long term, as the company will eventually be listed and there is the possibility of a merger with Norilsk Nickel on the cards. On the other hand, that option is also of higher risk as cash would offer perfect security.

Norilsk-RusAl merger may be irresistible. Looking at the overall picture, our view is that all these statements and arguments may not matter a great deal. As we have argued previously, the probability of a Norilsk Nickel-RusAl merger is high and has likely been guided from the Kremlin. If this is the case, our guess is that all parties know this and find such a course impossible to resist. Long-term, we repeat our view that a merger would transform the enlarged company to a more powerful entity on a global scale but with more state control and fewer rewards for minority shareholders.

CTC Media: Rumored to be in production company M&A talks

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

Bloomberg ticker	Company name	Price, USD	Rating	12M High/Low	2007 P/E	2007 EV/EBITDA	MCAP, USD mn
CTCM US	CTC Media	24.67	Not Rated	28.77/19.59	25.3	15.1	3,748

Source: IBES consensus, Data Stream

CTC reportedly plans to buy production assets. *Vedomosti* speculates today that CTC Media is considering acquiring several media production companies by the end of this year, citing undisclosed sources. The CTC BoD allegedly approved a number of M&As suggested by management, with '*Kostafilm*' (previously '*Kinokonstanta*') and producer Sergei Kolvarski's '*Sokho*' reportedly on the takeover shortlist. Neither CTC nor the companies have confirmed the rumors.

Positive strategic step. We note that CTC highlighted growth incentives via acquisitions in Russia and CIS as a priority for 2007, which can be well accommodated by the company's solid cash position (USD249 mn as of end 3Q07). However, CTC CEO Alexander Rodnyanski assured earlier this year that the company was not interested in the low-margin production business (to avoid dilution to its target of 45-47% EBITDA margin for 2007.) At the same time, we would see the issue as viable given that Mr. Rodnyanski specified that production could be interesting as far as it could help to build programming rights library. That said, in our view, the prospect of in-house production as part of the CTC business mix is a good way to lower programming rights costs (the heaviest cost item) and thus enhance the value-creation chain, particularly in the context of domestically produced content driving competition. We plan initiating CTC coverage shortly.

News Briefs

Oil and Gas

TNK-BP is to invest as much as USD1.5 bn in refining more high-octane gasoline as Russia's growing economy supports demand for new cars (Bloomberg). Earlier, Rosneft had reported plans to upgrade its former Yukos refineries for more high-octane gasoline. Russian Oil majors' drive for high-octane gasoline volumes could boost their downstream margins further.

Urals Energy Plc, a British oil company with operations in Russia, raised USD130 mn by issuing 32.9 mn shares. This is a 28% capital increase and the proceeds are expected to be used for debt pay down.

Telecoms and Technology

VimpelCom buys 20% stakes in two GSM operators in the Northern Caucasus from Sothern Telecom for a reported USD500-600 per subscriber (*Interfax*). The deals raise VimpelCom's ownership to 100% in both assets. The price suggested is in line with VimpelCom's valuation (USD600/sub).

Industrials, Consumer, Banks

Pharmstandard, the Russian drug-maker, announced yesterday that its sales in the first nine months of the year reached USD300 mn, up 53% from the same period a year ago. This was above market expectations justifying a 7% jump in the stock's value yesterday.

Stock performance summary									
	Company name	Last price, USD	1D	1WK	1M	3M	12M	YTD	12M High/Low
Oil and gas	Gazprom	14.10	4.6%	10.0%	9.9%	35.7%	19.5%	22.6%	14.1/8.75
	Novatek	70.00	4.5%	7.2%	19.7%	39.2%	6.1%	10.2%	70/46.5
	Rosneft	9.21	2.1%	6.4%	2.1%	11.2%	-2.5%	0.7%	9.49/7.66
	Lukoil	88.20	4.0%	2.9%	-6.8%	16.7%	-3.4%	0.3%	95/71.9
	TNK-BP Holding	2.16	-0.2%	-1.1%	-5.3%	10.5%	-12.9%	-16.8%	2.6/1.67
	Surgutneftegaz	1.19	3.4%	2.9%	-7.8%	-3.5%	-20.4%	-22.0%	1.53/1.07
	Gazprom Neft	5.17	0.0%	0.0%	2.4%	37.7%	22.8%	13.4%	5.3/3.7
	Tatneft	6.13	4.0%	5.4%	-0.7%	16.7%	15.9%	22.9%	6.25/3.95
	Bashneft	15.40	0.0%	-0.6%	-4.9%	14.1%	-7.8%	-3.8%	17.2/12
	Transneft pref	1,930.00	2.7%	3.5%	-5.9%	23.7%	-17.9%	-15.9%	2495/1435
	Integra	15.01	1.4%	2.1%	-3.2%	n/a	n/a	n/a	21.55/13.55
	C.A.T Oil	14.95	0.1%	-8.0%	-17.9%	-25.5%	-21.1%	-25.3%	25.56/14.93
West Siberian Resources	0.76	4.7%	3.6%	-10.3%	-5.0%	-37.3%	-33.5%	1.14/0.66	
Utilities	UES	1.27	2.5%	4.1%	3.3%	3.3%	38.8%	25.8%	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%	2.9%	-2.1%	5.5%	39.5%	16.7%	0.18/0.1
	OGK-4	0.13	0.0%	2.9%	3.3%	11.6%	71.4%	66.0%	0.13/0.08
	OGK-5	0.17	0.0%	0.6%	1.9%	6.9%	44.2%	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	98.76	3.8%	7.2%	10.1%	53.0%	99.4%	96.8%	98.76/45.81
	Sistema	40.00	1.9%	3.9%	3.6%	40.4%	34.2%	25.0%	40.6/25.85
	VimpelCom	37.30	8.1%	3.6%	17.0%	46.4%	129.8%	136.2%	37.3/14.79
	Comstar	11.65	2.2%	14.2%	-9.5%	10.2%	67.6%	38.7%	13.71/6.92
	Rostelecom	11.20	3.0%	7.2%	15.5%	12.6%	71.0%	46.4%	11.2/6.45
	Golden Telecom	106.29	2.2%	0.8%	6.4%	51.0%	163.6%	126.9%	108.85/40.33
	MGTS	32.42	-0.9%	7.8%	5.2%	3.4%	32.5%	22.1%	34.29/22.53
	Uralsvyazinform	0.07	2.4%	2.2%	0.6%	7.6%	26.2%	-6.3%	0.07/0.05
	Volga Telecom	5.82	0.2%	-1.4%	0.3%	26.0%	28.2%	-3.8%	6.6/4.47
	Sibirtelecom	0.12	-0.4%	0.0%	3.5%	24.0%	22.7%	5.8%	0.13/0.09
	Northwest Telecom	1.74	0.8%	0.4%	-6.3%	15.3%	13.2%	1.8%	1.92/1.23
	Center Telecom	0.91	0.0%	1.1%	-1.1%	0.6%	32.1%	20.7%	1/0.66
	Southern Telecom	0.21	-1.4%	-1.4%	3.5%	21.8%	35.3%	15.0%	0.23/0.15
	Dalsvyaz	5.40	0.0%	-1.8%	0.0%	17.4%	50.0%	29.8%	5.7/3.46
	Bashinformsvyaz	0.16	0.0%	-6.1%	-8.2%	-8.8%	-13.2%	-29.0%	0.23/0.16
	RBC	9.43	1.0%	2.2%	1.6%	12.2%	-21.2%	-23.0%	12.1/7.53
	Metals and mining	Sitronics	5.65	4.1%	0.0%	-21.5%	-5.7%	n/a	n/a
CTC Media		24.67	2.0%	2.6%	-1.2%	2.2%	15.3%	2.7%	28.77/19.59
Rambler Media		32.03	-1.4%	-0.7%	-13.4%	-23.3%	-4.8%	-5.1%	55/31.79
Norilsk Nickel		277.00	1.7%	-2.5%	-9.2%	25.7%	78.7%	76.4%	309.9/135.5
Polyus Gold		42.20	0.0%	-0.5%	-7.3%	3.6%	-16.9%	-14.4%	55.25/38.3
Severstal		22.57	0.5%	0.5%	-4.0%	33.9%	92.4%	101.5%	23.84/10.85
Evrast Group		78.00	0.9%	11.4%	4.4%	50.0%	205.9%	203.6%	82.6/24.5
Mechel		94.50	5.4%	14.4%	9.4%	112.5%	276.6%	270.9%	95.18/23.73
NLMK		41.00	2.5%	7.9%	-8.7%	22.4%	65.3%	76.3%	44.89/20.8
MMK		1.36	1.5%	7.9%	1.1%	21.4%	76.6%	56.3%	1.4/0.77
TMK		45.20	0.4%	11.6%	3.9%	13.3%	n/a	29.1%	46.99/28.63
VSMPO		310.00	0.0%	-1.6%	-4.6%	9.2%	15.9%	5.8%	330/266
Industrials, consumer, banks	Sberbank	4.25	1.0%	2.2%	-2.3%	13.0%	61.6%	23.2%	4.42/2.63
	Rosbank	7.43	1.4%	5.4%	-2.2%	1.6%	21.7%	-4.3%	7.67/5.64
	X5	31.75	1.3%	4.1%	-10.6%	-6.9%	22.1%	22.1%	37.5/24.6
	Seventh Continent	26.40	0.4%	1.5%	1.1%	3.9%	1.5%	-1.1%	29.3/24.1
	Dixy Group	14.30	2.5%	3.2%	0.3%	9.9%	36.4%	29.6%	15.6/13.85
	Magnit	46.25	0.0%	-0.5%	0.3%	9.9%	36.4%	29.6%	48.45/33.75
	Wimm-Bill-Dann	122.70	12.7%	7.3%	-0.6%	9.0%	127.7%	84.4%	134.62/52.4
	Lebedyansky	84.00	1.2%	-5.1%	-9.7%	-6.9%	4.7%	5.0%	99/73.5
	Nutritek	50.50	-1.9%	-4.4%	-2.9%	5.2%	21.0%	15.1%	53.8/44.9
	Baltika (euro)	34.53	0.0%	2.9%	5.1%	5.2%	21.0%	15.1%	36.96/31.59
	Razgulay	5.16	0.0%	3.2%	-2.8%	28.4%	28.7%	29.0%	5.45/3.6
	Severstal Auto	48.60	0.0%	-0.8%	1.3%	16.4%	80.0%	60.7%	51.1/27
	AvtoVAZ	1.80	0.0%	0.0%	3.7%	32.8%	63.6%	64.4%	1.8/0.67
	Aeroflot	3.60	0.0%	0.0%	3.7%	32.8%	63.6%	64.4%	3.6/2.17
	Veropharm	48.60	0.0%	0.7%	3.4%	8.0%	62.0%	53.1%	49.2/29.1
	Apteka 36.6	67.00	0.0%	-11.0%	-11.0%	-15.7%	27.6%	15.0%	96.1/52.5
	Pharmstandard	27.40	15.1%	33.7%	23.8%	64.8%	n/a	n/a	27.4/13.6
Kalina	43.40	0.0%	0.0%	5.2%	18.9%	-9.2%	-15.7%	51.5/34.25	
Oriflame (euro)	41.62	-0.5%	-0.1%	2.4%	1.4%	45.4%	38.7%	44.07/28	
Cherkizovo	13.50	0.9%	2.9%	-8.8%	11.3%	-5.3%	-0.7%	17.35/11.05	
Sistema Hals	8.90	1.1%	-3.8%	-11.0%	-18.6%	n/a	-33.1%	15.05/8.8	
RTS Index	2,262.28	2.6%	4.3%	-0.3%	17.8%	23.2%	17.7%	2288.15/1724.69	

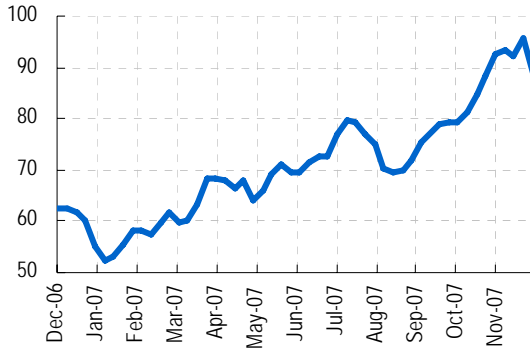
Source: Bloomberg

Stock valuation summary												
	Company name	MCAP,		P/E			EV/EBITDA			EV/Revenue		
		USD mn	2006	2007E	2008E	2006	2007E	2008E	2006	2007E	2008E	
Oil and gas	Gazprom	320,761	14.4	12.8	11.7	10.1	9.0	8.3	4.3	4.0	3.7	
	Novatek	21,252	30.9	22.8	17.3	19.3	14.7	11.5	9.2	7.1	5.3	
	Lukoil	75,058	10.1	10.8	10.8	6.7	7.0	6.9	1.2	1.2	1.2	
	Rosneft	97,617	23.6	19.9	18.3	12.8	11.3	9.6	3.1	2.8	2.7	
	Surгутneftegaz	47,694	11.4	11.7	14.0	5.5	5.7	6.4	2.0	1.9	2.0	
	Gazprom Neft	24,511	7.4	8.7	9.1	4.9	5.6	6.1	1.3	1.3	1.3	
	Tatneft	13,816	10.9	11.8	12.3	6.8	7.6	8.6	1.3	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	13,339	5.9	5.1	4.6	4.1	3.4	2.9	2.2	1.9	1.7	
	West Siberian Resources	900	27.2	22.7	8.5	8.9	6.6	4.1	3.3	2.4	1.7	
	Aggregate - oil and gas	616,666	13.4	12.2	11.7	8.2	7.6	7.1	2.8	2.5	2.2	
Utilities	UES	52,123	34.6	30.4	20.5	17.5	14.2	10.3	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	3,379	n/a	42.2	23.8	185.9	21.0	12.5	3.8	3.1	2.5	
	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	6,176	52.3	64.3	45.7	66.2	30.1	22.2	6.5	5.0	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	90,599	24.6	27.5	21.2	34.6	15.6	11.7	3.4	2.9	2.5	
Telecoms and technology	MTS	39,405	31.6	22.2	19.8	13.1	11.1	10.1	6.6	5.5	5.1	
	Sistema	19,320	21.4	16.0	14.7	10.4	8.6	7.9	3.8	3.5	3.2	
	VimpelCom	38,255	47.1	31.9	28.3	16.4	13.3	12.3	8.3	6.7	6.2	
		Aggregate - mobile telecoms	96,980	33.4	23.4	20.9	13.3	11.0	10.1	6.2	5.2	4.8
	Comstar	4,869	59.4	43.9	14.2	16.8	9.6	8.4	5.5	4.1	3.7	
	Rostelecom	8,814	n/a	76.6	64.3	22.5	20.1	17.9	3.8	3.8	3.5	
	Golden Telecom	3,895	45.6	33.3	24.8	17.2	12.1	9.2	4.6	3.4	2.7	
	MGTS	3,054	17.6	12.6	11.3	10.7	7.9	7.1	4.4	3.5	3.3	
	Uralsvyazinform	2,428	78.3	17.7	13.6	9.8	6.5	5.7	2.7	2.3	2.1	
	Volga Telecom	1,768	22.7	13.3	11.0	7.0	5.4	4.8	2.5	2.1	1.9	
	Sibirtelecom	1,738	40.8	8.3	6.5	8.7	5.0	4.2	2.1	1.7	1.6	
	Northwest Telecom	1,832	39.0	15.5	14.9	8.9	6.0	5.6	2.9	2.3	2.1	
	Center Telecom	1,754	26.0	27.4	15.9	6.4	5.9	5.0	2.3	2.0	1.8	
	Southern Telecom	737	56.7	18.4	16.4	6.6	6.1	5.6	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	158	6.9	7.4	4.3	3.1	2.9	n/a	1.0	0.9	0.7	
	Sitronics	1,079	25.0	11.7	8.5	7.1	4.9	3.9	0.6	0.5	0.4	
		Aggregate - fixed line telecoms	31,706	40.3	24.0	17.2	10.6	7.7	7.1	3.0	2.5	2.2
RBC	1,085	27.5	28.4	13.5	16.3	11.2	8.1	4.8	3.8	3.0		
CTC Media	3,738	25.3	19.4	15.2	15.1	11.8	9.5	7.2	5.6	4.5		
Rambler Media	481	39.7	19.9	13.0	24.2	11.0	7.6	6.0	3.5	2.7		
	Aggregate - media	5,304	30.8	22.5	13.9	18.5	11.3	8.4	6.0	4.3	3.4	
Metals and mining	Norilsk Nickel	50,691	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	22,743	13.2	12.2	11.7	7.0	6.5	6.3	1.8	1.7	1.6	
	Evrast Group	27,356	15.2	15.1	14.6	9.1	8.7	9.6	2.9	2.7	2.6	
	Mechel	12,754	15.9	16.9	19.3	9.7	9.9	9.9	2.4	2.3	2.2	
	NLMK	24,571	11.7	12.3	12.2	7.3	7.5	7.3	3.4	3.3	3.0	
	MMK	13,822	8.5	8.5	7.7	5.9	5.8	5.4	1.8	1.7	1.6	
	TMK	9,854	14.9	10.3	13.0	8.9	6.6	8.5	2.7	2.2	2.1	
	VSMPO	3,720	14.6	11.5	9.1	9.4	7.6	6.0	3.7	3.1	2.4	
		Aggregate - metals and mining	173,571	17.0	16.8	17.0	9.8	9.1	9.0	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	n/a
	X5	6,873	33.8	24.7	17.8	15.4	11.4	9.2	1.6	1.1	0.9	
	Magnit	3,330	40.8	29.6	20.1	17.4	12.2	9.1	1.0	0.7	0.6	
	Seventh Continent	1,980	30.4	23.8	16.9	14.6	10.4	7.8	1.5	1.1	0.8	
	Lebedyansky	1,714	17.0	14.5	12.7	11.0	9.1	8.0	2.1	1.7	1.5	
	Baltika (euro)	5,887	12.7	11.4	9.5	7.7	7.1	5.7	2.4	2.2	1.8	
	Wimm-Bill-Dann	5,399	34.4	25.4	20.9	17.6	13.6	11.1	2.5	2.1	1.8	
		Aggregate - FMCG	25,184	28.2	21.6	16.3	13.9	10.6	8.5	1.8	1.5	1.2
	Razgulay	547	25.7	12.4	11.5	8.7	6.1	5.8	1.1	0.9	0.9	
	Severstal Auto	1,652	26.4	16.7	15.1	13.5	9.3	7.6	1.9	1.3	1.0	
	AvtoVAZ	52	0.4	0.4	0.2	1.4	1.3	n/a	0.1	0.1	0.1	
	Aeroflot	4,000	13.8	15.6	12.4	9.7	8.7	6.9	1.4	1.2	1.0	
	Veropharm	486	19.8	14.7	11.5	12.6	9.7	7.2	4.2	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	1,049,729	14.1	13.0	12.1	9.0	8.4	7.9	2.8	2.6	2.4	
	FF-adj. MCAP W.A. valuation	304,052	17.5	16.2	14.9	10.9	9.3	8.6	3.9	3.6	3.3	

Source: MDM estimates, IBES consensus

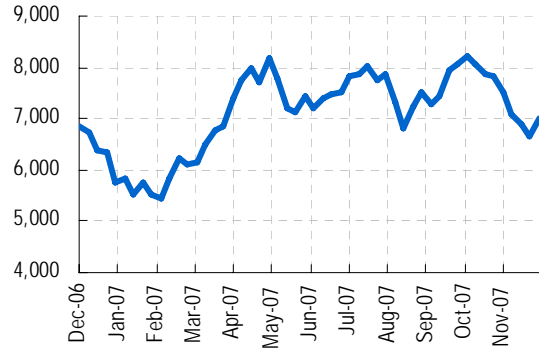
Key commodities

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



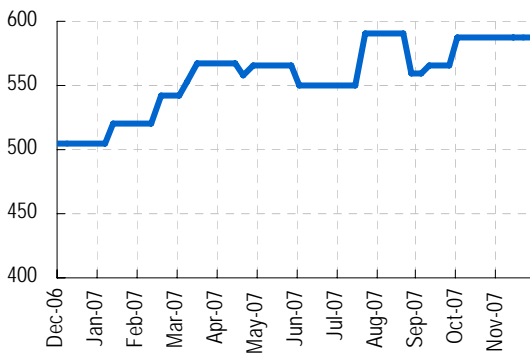
Source: Bloomberg

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



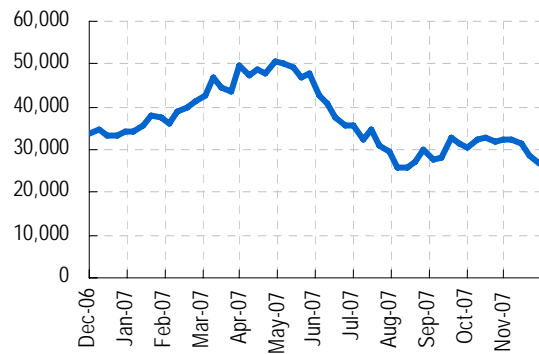
Source: Bloomberg

MB-Steel HR Coil CIS, USD/ton



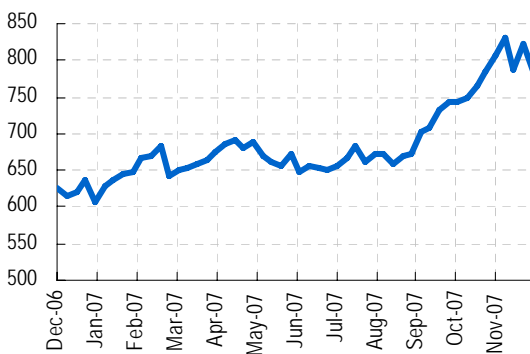
Source: Bloomberg

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



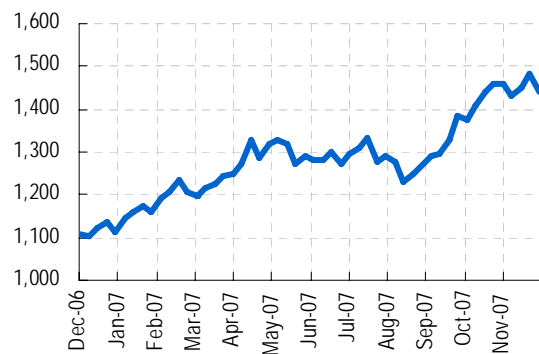
Source: Bloomberg

Gold Bullion, USD/oz



Source: Bloomberg

MB-Platinum Matthey, USD/oz



Source: Bloomberg



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