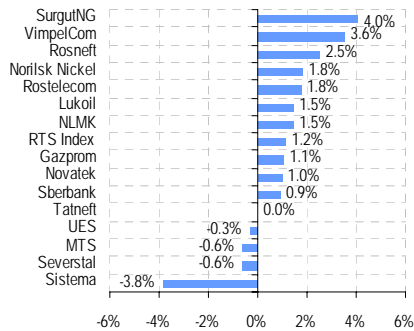
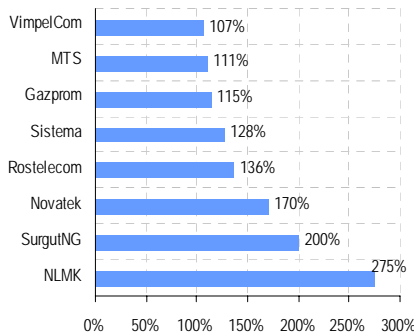


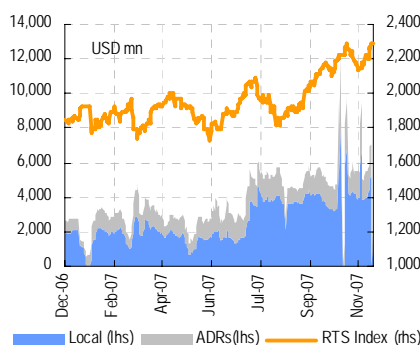
Blue chips: Advancers and decliners



Volume monitor: Daily/3M avg. volume



RTS index and weekly trading volumes



Upcoming events

| | |
|---------|-------------------------------------|
| 10 Dec | Mechel 3Q07 US GAAP results |
| 10 Dec | Sistema Hals 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

■ A higher than expected 3Q07 Russian GDP growth rate and a recovery in commodity prices on Friday pushed Russian indices close to new records. Both the RTS and MICEX gained 1.2% to 2285 and 1913 respectively. Volatility could increase in the coming days, as we expect the US Fed rate decision this week and the possible announcement of Putin's favored presidential candidate early next week.

Top news and ideas

- **Gazprom: Wins Libyan exploration rights.** We suspect fiscal terms are unfavourable – the gas discoveries will have to be big to justify the costs. Gazprom simply wants to get its foot in the door and once again did not pay attention to capital returns.
- **Norilsk Nickel: VTB may fund Potanin.** VTB Bank is willing to fund some, but not all, of Potanin's purchase of Prokhorov's Norilsk stake, leaving Potanin still in need of another creditor. We believe the stake will go to RusAl eventually.
- **VimpelCom: Allegedly bids USD750 mn for SMARTS.** The price is reasonable on financial multiples and inexpensive on asset valuation. This deal would confirm VimpelCom's M&A acumen, and smooth competition in the region.
- **Politics: New scenario on Putin's future emerges.** According to a scenario aired by various Russian news sources, Russia and Belarus will unify and Putin will become president of the new state. Not a likely scenario, in our view.
- **Economics: 3Q07 real GDP growth tops expectations.** At 7.6%, 3Q07 real GDP growth dipped below first and second quarter levels, but sailed past street estimates. We believe the Russian economy is in rude health – robust enough to have withstood the credit crunch and clearly set to surpass government growth targets for the year.

Other highlights

■ **Brief – AvtoVaz, Renault signed partnership agreement on Saturday (Kommersant).** Renault purchased a 25% stake in AutoVaz, worth an estimated USD1.3 bn. Renault and Rosoboronexport will form a holding company, controlling 50% of the automaker. This is a highly advantageous partnership for Renault as it provides access to the desirable Russian market.

Russian market in context

| | Last Close | Performance/Trends | | | | |
|--------------------------|------------|--------------------|-------|--------|-------|--------|
| | | 1D | 1WK | 1M | 3M | 12M |
| RTS Index | 2,286 | 1.2% | 3.0% | 1.0% | 20.4% | 23.5% |
| MSCI EM Europe Index | 824 | 1.2% | 5.2% | 3.4% | 26.5% | 29.9% |
| MSCI EM Index | 1,283 | 0.2% | 3.2% | 0.4% | 19.3% | 44.9% |
| S&P500 Index | 1,505 | -0.1% | 1.6% | 3.5% | 3.6% | 6.7% |
| OIX (Oil majors) Index | 843 | -0.2% | 4.1% | 1.9% | 12.5% | 27.6% |
| GSCI (Commodities) index | 5,813 | 0.7% | -1.0% | -1.6% | 1.4% | -15.7% |
| Oil (WTI), USD/bbl | 88.3 | -2.2% | 1.0% | -8.4% | 15.1% | 41.3% |
| Nickel, USD/ton | 26,350 | 3.2% | -0.2% | -17.9% | -3.5% | -23.5% |
| Steel (HR), USD/ton | 595 | 1.3% | 1.3% | 1.3% | 6.3% | 17.8% |
| LT U.S. Treasury YTM | 4.6% | 4.5% | 4.4% | 4.7% | 4.7% | 4.7% |
| EMBI-Russia spread, bp | 150 | 153 | 163 | 159 | 138 | 108 |
| RUB/USD | 24.55 | 24.42 | 24.35 | 24.62 | 25.66 | 26.19 |

Source: Datastream, Bloomberg

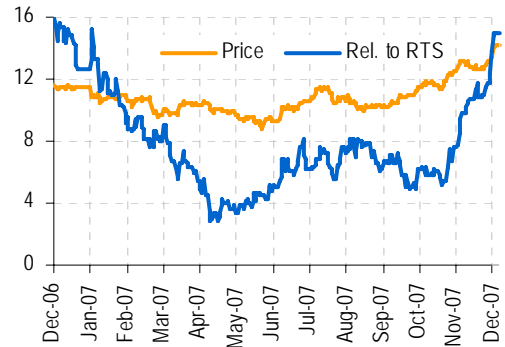
Gazprom: Wins Libyan exploration rights

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 | 14.19 | n/a | Not Rated | 14.17/8.75 | 8.0% | 38.8% | 20.8% |

| Financials, USD mn | 2006E | 2007E | 2008E |
|--------------------|---------|-----------|---------|
| 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 | 4.4 | 4.0 | 3.7 |
| EV/EBITDA | 10.2 | 9.0 | 8.3 |
| P/E | 14.4 | 12.9 | 11.7 |
| MCAP, USD mn | 322,353 | Com., mn | 22,749 |
| EV, USD mn | 372,705 | Pref., mn | |
| Free float | 39% | Total, mn | 22,749 |

Price performance, USD



Source: Bloomberg

Source: Datastream, IBES consensus

Gazprom wins Block 64 of Libyan auction. The Libyan government announced yesterday the winners of the exploration rights for 12 blocks in the country's western, central and southern desert, primarily for natural gas. Gazprom won block #64 at the Ghadames area and will pay a minimum bonus of USD10 mn when they sign the agreement. More importantly, though, Gazprom will keep only 9.8% of any future production with the remaining 90.2% going to the Libyan National Oil Company (LNOC). Lukoil participated in the auctions but its bid came fifth for the same block and it made no other bids. Novatek withdrew from the auction, as we wrote on our Friday's Morning Call, as the company viewed the terms of the auctions as not profitable.

Gazprom block may have significant exploration upside. Libya has the fourth largest natural gas reserves in Africa, with 52 tcf and current annual production of 12 bcm. Of this amount, 8bcm is exported to Italy through a sub-sea pipeline, 1 bcm is exported to Spain through LNG, and the rest is consumed locally. The government hopes that gas produced in the blocks auctioned will be enough to justify the construction of one more LNG train in the near future. We remind investors that this was the fourth round of auctions in Libya and the first for natural gas after the removal of US sanctions. We note that of the 12 blocks offered at Sunday's auction, six did not find winners, two were won by their sole bidders (Occidental and RWE) and the remaining four were won by Gazprom, Shell, Algeria's Sonatrach and Poland's PGNG. The critical point in the auctions was what percentage of future production would be given to LNOC, with Gazprom giving the largest portion in its bid for block #64. However, this was the block with most bids, which indicates that it may have the most exploration upside.

Gazprom eager to get foot hold in N. Africa. The poor fiscal terms of the auctions probably kept away most of the 40 international oil and gas companies that initially expressed interest, and led to poor results for these well advertised auctions. In our view, Gazprom's winning bid in such conditions highlights the fact that Gazprom wanted to get access to at least one block at any cost. Exploring and later producing in Libya will give access to the country's exports to southern Europe. As we have argued in the past, this is part of Gazprom's long term strategy: Supply Europe with gas from both the Northeast (Russia) and the South (Africa). We remind clients that Gazprom is in talks to swap natural gas assets with Italy's ENI in Algeria and possibly Egypt as well. Overall, we believe that the fiscal terms of these rights are unfavorable and the gas discoveries have to be large to justify the costs. Gazprom simply wants to get its foot in the door and once again did not pay attention to capital returns.

Norilsk Nickel: VTB may fund Potanin

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| Bloomberg ticker | Company name | Price, USD | Rating | 12M High/Low | 2007 P/E | 2007 EV/EBITDA | MCAP, USD mn |
|------------------|----------------|------------|-----------|--------------|----------|----------------|--------------|
| GMKN RU | Norilsk Nickel | 277.00 | Not Rated | 309.9/195 | 6.8 | 4.3 | 52,804 |

Source: IBES consensus, Data Stream

VTB Bank to Potanin's rescue? VTB may fund Vladimir Potanin in his purchase of Mikhail Prokhorov's stake in Norilsk Nickel, VTB CEO Andrey Kostin said on Saturday. We remind investors that Mikhail Prokhorov offered his 25% plus one share to Potanin at USD15.7 bn. Kostin said that VTB would not lend the entire sum but did not disclose the amount the bank is ready to provide.

The merger with RusAl is still likely. As VTB does not want to lend the entire sum, Potanin still has to find another source to fund the deal. The jury is still out on whether he will be able to raise the necessary money, as Prokhorov's offer expires at the beginning of January. If Potanin does not accept the offer, Prokhorov will sell his stake to RusAl as part of a pre-arranged deal. However, even if Potanin finds the money to finance the deal, he may want to sell the stake to RusAL, as he recently told the *Financial Times* that the merger of Norilsk Nickel and RusAl makes sense, on the basis that a big company would have more clout to finance ambitious projects. Overall, we view this merger as a negative for minority shareholders of Norilsk Nickel in the long term, as the risk of more low ROIC acquisitions in the future increases due to an increased risk of the implementation of more government-friendly strategies.

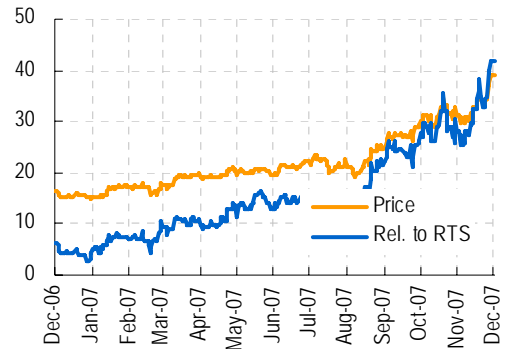
VimpelCom: Allegedly bids USD750 mn for SMARTS

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

| Bloomberg ticker | Price, USD | FV, USD | Rating | 12M High/Low | 1M Perf. | 3M Perf. | 12M Perf. |
|------------------|------------|--------------|--------------|--------------|----------|----------|-----------|
| VIP US | 38.91 | Under review | Under review | 38.91/14.79 | 23.9% | 54.5% | 137.8% |

| Financials, USD mn | 2006A | 2007E | 2008E |
|--------------------|--------|-----------|-------|
| Revenue | 4,868 | 6,005 | 6,501 |
| EBITDA | 2,452 | 3,023 | 3,276 |
| Net income | 812 | 1,200 | 1,353 |
| Revenue growth | 52% | 23% | 8% |
| EBITDA growth | 43% | 23% | 8% |
| Net income growth | 32% | 48% | 13% |
| EBITDA margin | 50% | 50% | 50% |
| Net margin | 17% | 20% | 21% |
| EV/Revenue | 8.6 | 7.0 | 6.4 |
| EV/EBITDA | 17.1 | 13.9 | 12.8 |
| P/E | 49.1 | 33.3 | 29.5 |
| MCAP, USD mn | 39,906 | ADRs, mn | 1,026 |
| EV, USD mn | 41,908 | | |
| Free float | 28% | Total, mn | 1,026 |

Price performance, USD



Source: Bloomberg

Source: Bloomberg, MDM estimates

VimpelCom negotiates acquisition of SMARTS. VimpelCom made a bid of USD500-550 mn for 100% of the equity of SMARTS, a GSM operator in the Povolzhie region (15 regions surrounding the Southern section of the Volga River), Interfax reported last Friday. A source close to SMARTS specified that VimpelCom valued the company at USD750 mn, including USD250 mn in debt. About 97% of SMARTS belongs to its founder Gennadi Kirushkin, who confirmed that the negotiations are underway.

Bid price appealing on multiples basis. SMARTS reported 9M07 revenues of USD229 mn (RUB5.7 bn, up 29% y-o-y), EBITDA of USD93 mn (RUB2.3 bn, up 27% y-o-y), and an EBITDA margin of 40.4%. The bid price implies 2007E EV/Sales and EV/EBITDA of 2.4x and 6x, respectively, which suggests attractive pricing vs. the average for mobile operators.

Price also provides value on asset based valuation. SMARTS operates in the Povolzhie region around the Southern Volga, with mobile penetration exceeding 124% in N. Novgorod and close to 100% in other regions (vs. 115% nationwide). SMARTS served about 3.98 mn mobile subscribers as of October 2007, according to ACM Consulting, securing a 10.5% market share in this area. The bid price implies an EV/subscriber of USD192, which is inexpensive relative to prices of recent deals (VimpelCom paid USD406 per sub of Severnaya Korona in Irkutsk and allegedly USD500-550 per sub in two operators of the Northern Caucasus.) We believe the more than 50% discount from recent deals may be explained by a lower ARPU level of USD6 and continued legal issues, related to a notorious raider attack.

Deal would be positive for VimpelCom. The deal would confirm VimpelCom's pro-active stance on regional expansion and strong M&A expertise (SMARTS has struggled to sell itself for 6 years), which is a positive given scarcity of remaining assets in Russia. The deal would be in line with VimpelCom's strategy to consolidate in its regions of presence and facilitate competitive environment, preventing potential price erosion, which is beneficial for all market players in the region.

Politics: New scenario on Putin's future emerges

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

Russia, Belarus to Unify? Russian news media speculated over the weekend that a new scenario may develop that would give president Putin a new 'national leader' role after his term expires in March. According to this scenario president Putin would become president of a unified Russia-Belarus State after he steps down as president of Russia, while Belarusian president Lukashenko will be chairman of the Unified State's parliament. This would be an indirect way to overcome constitutional limits and create a new national leader role for President Putin. This theory comes only a few days before Putin's visit to Minsk (December 13 and 14). As a reminder, the two countries are in talks for several different issues including new gas prices, trade and economic co-operation and a common currency.

Results mean United Russia can amend constitution. In other related news, the official results of last week's parliamentary elections were announced. United Russia won 64.3% of total votes and 315 seats out of the available 450 state Duma seats, which gives it a large enough majority to amend the constitution. The Communist party won 11.6% (57 seats), Vladimir Zhirinovskiy's LDPR won 8.1% (40 seats) and Sergei Mironov's Fair Russia won 7.7% (38 seats). The overall turnout was 63%.

Russia-Belarus Union possible, but not likely. We believe that the scenario aired by Russian news media is not one of high probability, but we cannot completely rule it out. Any scenario that would give Putin a national leader role is possible, in our opinion. Such a scenario would be positive for stock markets as Putin would remain at the forefront of Russian policy making. However, the international reactions and Lukashenko's unreliability do not give it a high probability. In any case, we believe we are entering a critical week for politics and stock markets sentiment, as United Russia will announce its preferred presidential candidate on December 17th. It is almost certain that this candidate will be Putin's preference and would essentially be president elect since we expect Putin's favorite to win by landslide victory in March. Among those candidates at the top of Putin's list are First Deputy Prime Ministers Sergei Ivanov and Dmitry Medvedev and Prime Minister Viktor Zubkov. The most important trait in predicting the candidate is loyalty to President Putin, and of the three, we would put Zubkov on the top according to this criterion.

Economics: 3Q07 real GDP growth tops expectations

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GDP dips q-o-q, but tops Bloomberg consensus. On Friday the Russian Federal Statistics Service (Rosstat) released its report on GDP data for the third quarter of 2007. Real GDP growth hit 7.6%, slightly below the 7.8% rate of 2Q07 and the year high of 7.9% in 1Q07. However, this rate was above MEDT's projection of 6.7% as well as the 7% median estimate of 14 economists polled by Bloomberg. The break-down of industries did not provide big surprises, with most maintaining the high y-o-y growth rates seen in the previous quarter. All construction and consumer spending related industries continued their amazing growth rates, with construction (21.3% y-o-y), real estate (12.5%), retail trade (11.4%) and hotels/restaurants (10.3%) showing particular strength. Financial and intermediation services also recorded impressive growth while fishing and agriculture related industries saw declines from their second quarter rates.

Annual GDP growth rate should easily top government targets. This data provided more evidence of the strength of the Russian economy. The impressive point the data makes, in our view, is that GDP growth was not even hindered by the global credit crisis that took place at the heart of the third quarter and affected the Russian money market. Of course, there is always the probability that we might see some lagging effect in the next quarter but we believe this will be of limited size. Capital investment and consumer spending trends have exceeded the most optimistic scenarios and have been the primary drivers of the economy's growth this year. We see the official government estimates of 7.3% for total 2007 real GDP growth rate as being easily exceeded, as this would require a 4Q07 rate below 7%, which we see as a low probability scenario.

Stock performance summary

| | Company name | Last price, USD | 1D | 1WK | 1M | 3M | 12M | YTD | 12M High/Low |
|------------------------------|-------------------|-----------------|-------------|-------------|--------------|--------------|--------------|------------------------|--------------|
| Oil and gas | Gazprom | 14.17 | 1.1% | 6.6% | 8.0% | 38.8% | 20.8% | 23.2% | 14.17/8.75 |
| | Novatek | 71.00 | 1.0% | 9.7% | 21.6% | 43.4% | 8.4% | 11.8% | 71/46.5 |
| | Rosneft | 9.41 | 2.5% | 3.6% | 4.0% | 13.6% | -0.6% | 2.8% | 9.47/7.66 |
| | Lukoil | 88.35 | 1.5% | 2.1% | -3.4% | 18.2% | -2.5% | 0.5% | 95/71.9 |
| | TNK-BP Holding | 2.16 | -0.1% | 0.1% | -5.6% | 11.2% | -13.7% | -16.7% | 2.6/1.67 |
| | Surgutneftegaz | 1.24 | 4.0% | 3.2% | -4.6% | 0.7% | -17.5% | -19.1% | 1.53/1.07 |
| | Gazprom Neft | 5.60 | 0.0% | 8.3% | 5.7% | 49.7% | 33.0% | 22.8% | 5.6/3.7 |
| | Tatneft | 6.14 | 0.7% | 3.2% | -1.1% | 19.9% | 16.2% | 23.3% | 6.25/3.95 |
| | Bashneft | 15.40 | 0.0% | 0.0% | -4.9% | 14.1% | -7.8% | -3.8% | 17.2/12 |
| | Transneft pref | 1,950.00 | 0.0% | 2.6% | -2.0% | 21.9% | -20.2% | -15.0% | 2495/1435 |
| | Integra | 14.85 | -1.0% | -0.4% | -5.8% | n/a | n/a | n/a | 21.55/13.55 |
| | C.A.T Oil | 15.38 | 1.6% | 1.5% | -16.2% | -23.8% | -18.6% | -23.1% | 25.56/14.93 |
| West Siberian Resources | 0.76 | -1.6% | 1.0% | -7.8% | -3.2% | -35.0% | -34.2% | 1.1/0.66 | |
| Utilities | UES | 1.27 | -0.3% | 1.7% | 3.1% | 5.1% | 35.1% | 25.6% | 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 | 0.15 | 1.4% | 1.4% | -0.7% | 7.0% | 38.1% | 18.4% | 0.18/0.1 |
| | OGK-4 | 0.13 | -0.6% | 2.3% | 1.8% | 10.9% | 65.0% | 65.0% | 0.13/0.08 |
| | OGK-5 | 0.17 | 0.0% | -0.1% | 1.8% | 8.8% | 44.6% | 30.7% | 0.18/0.11 |
| Telecoms and technology | OGK-6 | 0.13 | n/a | n/a | n/a | n/a | n/a | n/a | 0.17/0.11 |
| | MTS | 96.23 | -0.6% | 6.1% | 2.6% | 56.9% | 92.7% | 91.7% | 98.76/45.81 |
| | Sistema | 40.29 | -3.8% | 2.0% | -0.8% | 41.4% | 35.4% | 25.9% | 41.9/25.85 |
| | VimpelCom | 38.91 | 3.6% | 15.8% | 23.9% | 54.5% | 137.8% | 146.4% | 38.91/14.79 |
| | Comstar | 11.80 | 2.6% | 5.4% | -8.2% | 14.6% | 70.5% | 40.5% | 13.71/6.92 |
| | Rostelecom | 11.55 | 1.8% | 6.9% | 19.1% | 16.3% | 79.1% | 51.0% | 11.55/6.45 |
| | Golden Telecom | 105.94 | 0.6% | 4.4% | 4.8% | 57.6% | 150.2% | 126.2% | 108.85/42.35 |
| | MGTS | 32.74 | 0.2% | 4.1% | 6.9% | 4.5% | 33.8% | 23.4% | 34.29/22.77 |
| | Uralsvyazinform | 0.07 | -0.1% | 1.1% | -1.0% | 10.5% | 24.9% | -5.9% | 0.07/0.05 |
| | Volga Telecom | 5.79 | 0.2% | 0.3% | -10.2% | 25.4% | 29.5% | -4.3% | 6.6/4.47 |
| | Sibirtelecom | 0.12 | 0.0% | -1.7% | -4.8% | 29.3% | 25.9% | 5.8% | 0.13/0.09 |
| | Northwest Telecom | 1.77 | 0.5% | 1.6% | -7.9% | 17.6% | 14.1% | 3.6% | 1.92/1.23 |
| | Center Telecom | 0.91 | 0.0% | 1.1% | 0.6% | 0.6% | 37.1% | 20.7% | 1/0.66 |
| | Southern Telecom | 0.21 | 0.0% | -1.4% | -3.7% | 21.8% | 40.3% | 15.0% | 0.23/0.15 |
| | Dalsvyaz | 5.40 | 0.0% | -0.9% | -3.6% | 17.4% | 56.1% | 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 | 9.57 | 0.4% | 2.3% | 2.5% | 16.0% | -20.1% | -21.8% | 12.1/7.53 |
| | Metals and mining | Sitronics | 5.13 | -3.2% | -7.6% | -26.7% | -17.9% | n/a | n/a |
| CTC Media | | 26.17 | 4.5% | 8.8% | 7.1% | 8.4% | 22.9% | 9.0% | 28.77/19.59 |
| Rambler Media | | 31.20 | -1.0% | -2.3% | -15.7% | -24.8% | -6.9% | -7.6% | 55/31.2 |
| Norilsk Nickel | | 277.00 | 1.8% | -3.2% | -10.5% | 24.9% | 79.9% | 76.4% | 309.9/135.5 |
| Polyus Gold | | 43.50 | 0.2% | 0.0% | -7.1% | 5.5% | -13.0% | -11.8% | 55.25/38.3 |
| Severstal | | 23.10 | -0.6% | 0.2% | 1.0% | 35.9% | 97.4% | 106.3% | 23.84/10.85 |
| Evrax Group | | 80.00 | 0.1% | 9.4% | 7.8% | 55.6% | 213.7% | 211.4% | 82.6/24.5 |
| Mechel | | 99.89 | 5.9% | 9.8% | 17.5% | 125.3% | 283.5% | 292.0% | 99.89/23.73 |
| NLMK | | 41.90 | 1.5% | 5.0% | 2.2% | 28.9% | 73.1% | 80.2% | 44.89/20.8 |
| MMK | | 1.36 | 0.0% | -2.9% | 6.3% | 21.4% | 76.6% | 56.3% | 1.4/0.77 |
| TMK | | 46.30 | 2.9% | 6.4% | 7.7% | 16.5% | n/a | 32.3% | 46.99/28.85 |
| VSMPO | | 310.00 | 0.0% | -1.6% | -3.7% | 9.2% | 15.5% | 5.8% | 330/268 |
| Industrials, consumer, banks | Sberbank | 4.28 | 0.9% | 1.2% | -0.5% | 15.1% | 53.1% | 24.1% | 4.42/2.8 |
| | Rosbank | 7.30 | -0.7% | 4.0% | -1.7% | 3.3% | 20.1% | -5.9% | 7.67/5.64 |
| | X5 | 33.48 | 4.1% | 7.1% | -2.2% | -3.0% | 28.8% | 28.8% | 37.5/24.6 |
| | Seventh Continent | 26.40 | 0.0% | 1.1% | -4.9% | 4.3% | 1.5% | -1.1% | 29.3/24.1 |
| | Dixy Group | 15.00 | 1.0% | 8.3% | -0.7% | 13.2% | 41.7% | 34.2% | 15.6/13.85 |
| | Magnit | 47.90 | 1.6% | 2.5% | -0.7% | 13.2% | 41.7% | 34.2% | 48.45/33.75 |
| | Wimm-Bill-Dann | 118.64 | 1.4% | 3.6% | -5.9% | 5.2% | 121.8% | 78.3% | 134.62/52.4 |
| | Lebedyansky | 83.75 | -0.3% | -5.4% | -10.0% | -7.2% | 3.3% | 4.7% | 99/73.5 |
| | Nutritek | 50.50 | 0.0% | -3.8% | -2.9% | 3.2% | 18.3% | 13.0% | 53.8/44.9 |
| | Baltika (euro) | 34.13 | 0.0% | -2.0% | 2.6% | 3.2% | 18.3% | 13.0% | 36.96/31.79 |
| | Razgulay | 5.20 | 0.0% | 1.0% | 4.0% | 27.1% | 32.3% | 30.0% | 5.45/3.6 |
| | Severstal Auto | 50.10 | 0.0% | 3.3% | 3.8% | 20.0% | 78.9% | 65.6% | 51.1/27.9 |
| | AvtoVAZ | 2.00 | 0.0% | 0.0% | 3.7% | 31.4% | 65.9% | 64.4% | 2/0.67 |
| | Aeroflot | 3.60 | 0.0% | 0.0% | 3.7% | 31.4% | 65.9% | 64.4% | 3.6/2.17 |
| | Veropharm | 49.50 | 0.0% | 0.6% | 6.2% | 11.5% | 65.0% | 55.9% | 49.5/29.1 |
| | Apteka 36.6 | 75.00 | 5.6% | 10.3% | -1.0% | -3.5% | 40.2% | 28.8% | 96.1/53.5 |
| | Pharmstandard | 26.30 | -0.5% | 11.4% | 13.1% | 53.1% | n/a | n/a | 27.4/13.6 |
| | Kalina | 43.40 | 0.0% | 0.0% | 0.9% | 19.9% | -11.4% | -15.7% | 51.5/34.25 |
| Oriflame (euro) | 41.31 | 0.6% | -0.1% | -1.0% | 3.5% | 42.6% | 37.6% | 44.07/28 | |
| Cherkizovo | 13.75 | 0.4% | -1.1% | -13.4% | 13.4% | -2.5% | 1.1% | 17.35/11.05 | |
| Sistema Hals | 9.40 | 7.4% | 5.6% | -2.2% | -8.3% | n/a | -29.3% | 15.05/8.75 | |
| RTS Index | 2,285.85 | 1.2% | 3.0% | 1.0% | 20.4% | 23.5% | 18.9% | 2288.15/1724.69 | |

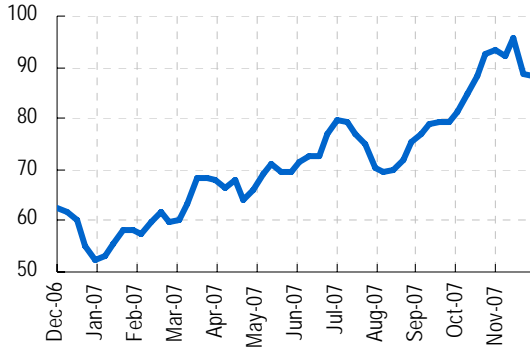
Source: Bloomberg

| 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 | 322,353 | 14.4 | 12.9 | 11.7 | 10.2 | 9.0 | 8.3 | 4.4 | 4.0 | 3.7 | |
| | Novatek | 21,556 | 31.3 | 23.1 | 17.6 | 19.6 | 15.0 | 11.7 | 9.4 | 7.2 | 5.4 | |
| | Lukoil | 75,186 | 10.1 | 10.8 | 10.8 | 6.7 | 7.0 | 6.9 | 1.2 | 1.2 | 1.2 | |
| | Rosneft | 99,737 | 24.1 | 20.3 | 18.7 | 13.1 | 11.5 | 9.7 | 3.2 | 2.9 | 2.7 | |
| | Surгутneftegaz | 49,351 | 11.8 | 12.1 | 14.5 | 5.7 | 5.9 | 6.6 | 2.1 | 2.0 | 2.1 | |
| | Gazprom Neft | 26,550 | 8.0 | 9.5 | 9.8 | 5.3 | 6.0 | 6.6 | 1.4 | 1.4 | 1.4 | |
| | Tatneft | 13,850 | 11.0 | 11.8 | 12.4 | 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 | 13,478 | 6.0 | 5.2 | 4.6 | 4.1 | 3.4 | 2.9 | 2.2 | 1.9 | 1.7 | |
| | West Siberian Resources | 890 | 26.9 | 22.4 | 8.5 | 8.8 | 6.5 | 4.0 | 3.3 | 2.4 | 1.7 | |
| | Aggregate - oil and gas | 624,677 | 13.6 | 12.4 | 11.9 | 8.3 | 7.7 | 7.3 | 2.9 | 2.5 | 2.3 | |
| Utilities | UES | 52,041 | 34.5 | 30.4 | 20.4 | 17.5 | 14.2 | 10.3 | 3.4 | 3.0 | 2.6 | |
| | Mosenergo | 6,897 | 72.6 | 28.9 | 18.9 | 16.1 | 11.2 | 7.4 | 2.3 | 1.9 | 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 | 3,482 | n/a | 43.5 | 24.5 | 191.3 | 21.6 | 12.9 | 3.9 | 3.2 | 2.6 | |
| | OGK-3 | 6,886 | n/a | 81.0 | 49.2 | 99.7 | 39.2 | 35.3 | 9.0 | 7.4 | 6.4 | |
| | OGK-4 | 6,485 | n/a | n/a | 53.6 | 80.7 | 48.6 | 26.7 | 6.7 | 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 | |
| | Aggregate - utilities | 90,603 | 24.6 | 27.7 | 21.4 | 35.0 | 15.7 | 11.8 | 3.4 | 2.9 | 2.5 | |
| Telecoms and technology | MTS | 38,396 | 30.8 | 21.6 | 19.3 | 12.8 | 10.8 | 9.9 | 6.5 | 5.4 | 5.0 | |
| | Sistema | 19,460 | 21.5 | 16.1 | 14.8 | 10.3 | 8.5 | 7.8 | 3.8 | 3.4 | 3.1 | |
| | VimpelCom | 39,906 | 49.1 | 33.3 | 29.5 | 17.1 | 13.9 | 12.8 | 8.6 | 7.0 | 6.4 | |
| | | Aggregate - mobile telecoms | 97,762 | 33.8 | 23.7 | 21.2 | 13.4 | 11.1 | 10.2 | 6.3 | 5.3 | 4.8 |
| | Comstar | 4,932 | 60.1 | 44.4 | 14.4 | 17.0 | 9.7 | 8.5 | 5.6 | 4.2 | 3.7 | |
| | Rostelecom | 9,076 | n/a | 78.9 | 66.2 | 23.2 | 20.8 | 18.5 | 3.9 | 3.9 | 3.6 | |
| | Golden Telecom | 3,883 | 45.4 | 33.2 | 24.7 | 17.1 | 12.1 | 9.2 | 4.6 | 3.4 | 2.7 | |
| | MGTS | 3,077 | 17.8 | 12.7 | 11.4 | 10.7 | 7.9 | 7.2 | 4.4 | 3.5 | 3.3 | |
| | Uralsvyazinform | 2,436 | 78.6 | 17.8 | 13.7 | 9.8 | 6.5 | 5.7 | 2.7 | 2.3 | 2.2 | |
| | Volga Telecom | 1,755 | 22.5 | 13.2 | 11.0 | 7.0 | 5.3 | 4.7 | 2.5 | 2.0 | 1.8 | |
| | Sibirtelecom | 1,748 | 41.0 | 8.4 | 6.5 | 8.8 | 5.0 | 4.2 | 2.1 | 1.7 | 1.6 | |
| | Northwest Telecom | 1,862 | 39.6 | 15.8 | 15.1 | 9.0 | 6.1 | 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 | 980 | 22.7 | 10.6 | 7.7 | 6.5 | 4.5 | 3.6 | 0.6 | 0.5 | 0.4 | |
| | Aggregate - fixed line telecoms | 32,075 | 40.5 | 24.3 | 17.4 | 10.6 | 7.8 | 7.1 | 3.1 | 2.5 | 2.2 | |
| RBC | 1,100 | 27.8 | 28.7 | 13.7 | 16.5 | 11.4 | 8.2 | 4.9 | 3.8 | 3.0 | | |
| CTC Media | 3,976 | 26.9 | 20.6 | 16.2 | 16.1 | 12.6 | 10.1 | 7.7 | 5.9 | 4.8 | | |
| Rambler Media | 469 | 38.7 | 19.4 | 12.6 | 23.6 | 10.7 | 7.4 | 5.8 | 3.4 | 2.6 | | |
| | Aggregate - media | 5,544 | 31.1 | 22.9 | 14.2 | 18.7 | 11.5 | 8.6 | 6.1 | 4.4 | 3.5 | |
| 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 | 8,309 | 39.7 | 51.6 | 59.2 | 18.7 | 22.3 | 22.2 | 8.0 | 8.4 | 8.4 | |
| | Severstal | 23,278 | 13.5 | 12.4 | 12.0 | 7.2 | 6.6 | 6.4 | 1.8 | 1.7 | 1.6 | |
| | Ervaz Group | 28,057 | 15.6 | 15.5 | 14.9 | 9.3 | 8.9 | 9.8 | 3.0 | 2.8 | 2.7 | |
| | Mechel | 13,481 | 16.8 | 17.9 | 20.4 | 10.2 | 10.4 | 10.5 | 2.6 | 2.5 | 2.4 | |
| | NLMK | 25,111 | 12.0 | 12.6 | 12.5 | 7.4 | 7.7 | 7.4 | 3.4 | 3.4 | 3.1 | |
| | MMK | 13,822 | 8.5 | 8.5 | 7.7 | 5.9 | 5.8 | 5.4 | 1.8 | 1.7 | 1.6 | |
| | TMK | 10,093 | 15.2 | 10.6 | 13.3 | 9.2 | 6.8 | 8.7 | 2.8 | 2.3 | 2.2 | |
| | 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 | 176,561 | 17.4 | 17.2 | 17.4 | 10.0 | 9.3 | 9.2 | 3.6 | 3.4 | 3.2 |
| Industrials, consumer, banks | Sberbank * | 245 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | |
| | | Aggregate - banks | 245 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | |
| | X5 | 7,248 | 35.7 | 26.0 | 18.7 | 16.1 | 12.0 | 9.6 | 1.7 | 1.2 | 0.9 | |
| | Magnit | 3,449 | 42.2 | 30.6 | 20.8 | 18.0 | 12.6 | 9.4 | 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 | 1,709 | 16.9 | 14.4 | 12.6 | 11.0 | 9.1 | 7.9 | 2.1 | 1.7 | 1.5 | |
| | Baltika (euro) | 5,823 | 12.6 | 11.3 | 9.4 | 7.6 | 7.0 | 5.7 | 2.4 | 2.2 | 1.8 | |
| | Wimm-Bill-Dann | 5,220 | 33.2 | 24.5 | 20.2 | 17.0 | 13.2 | 10.8 | 2.4 | 2.0 | 1.8 | |
| | | Aggregate - FMCG | 25,429 | 28.5 | 21.8 | 16.4 | 14.1 | 10.7 | 8.5 | 1.8 | 1.5 | 1.2 |
| | Razulay | 551 | 25.9 | 12.5 | 11.6 | 8.7 | 6.1 | 5.8 | 1.1 | 0.9 | 0.9 | |
| | Severstal Auto | 1,703 | 27.2 | 17.2 | 15.6 | 13.8 | 9.6 | 7.8 | 2.0 | 1.3 | 1.0 | |
| | AvtoVAZ | 58 | 0.5 | 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 | 495 | 20.2 | 15.0 | 11.7 | 12.8 | 9.8 | 7.4 | 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) | 2,301 | 22.9 | 18.4 | 14.0 | 15.4 | 13.1 | 10.9 | 2.4 | 2.1 | 1.8 | | |
| | Aggregate valuation | 1,062,427 | 14.3 | 13.2 | 12.3 | 9.1 | 8.5 | 7.9 | 2.8 | 2.6 | 2.4 | |
| | FF-adj. MCAP W.A. valuation | 306,496 | 17.6 | 16.5 | 15.1 | 11.0 | 9.4 | 8.7 | 4.0 | 3.6 | 3.4 | |

Source: MDM estimates, IBES consensus

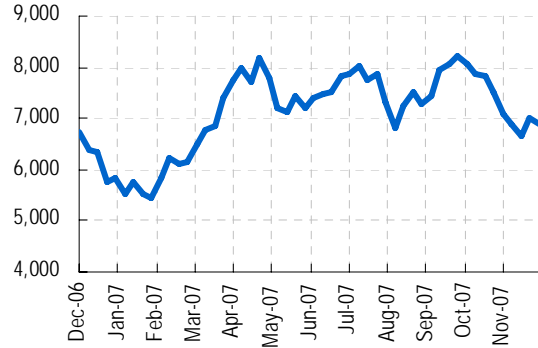
Key commodities

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



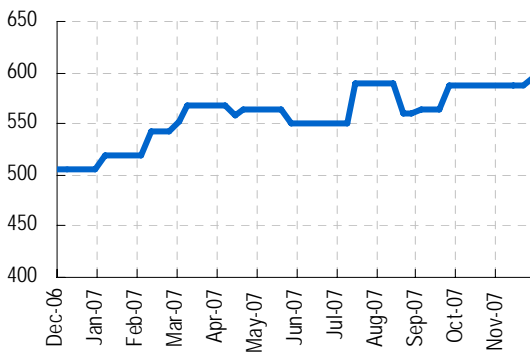
Source: Bloomberg

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



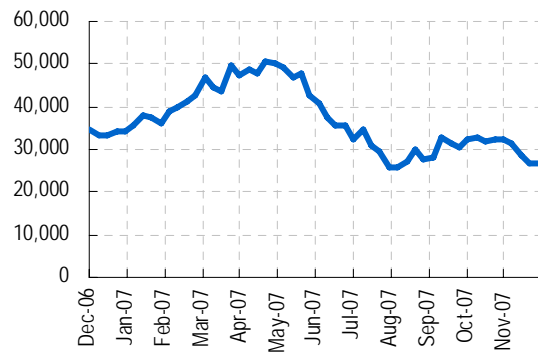
Source: Bloomberg

MB-Steel HR Coil CIS, USD/ton



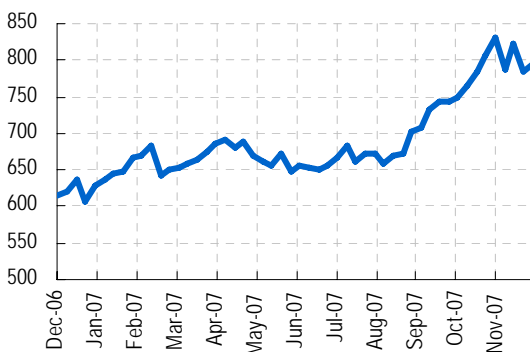
Source: Bloomberg

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



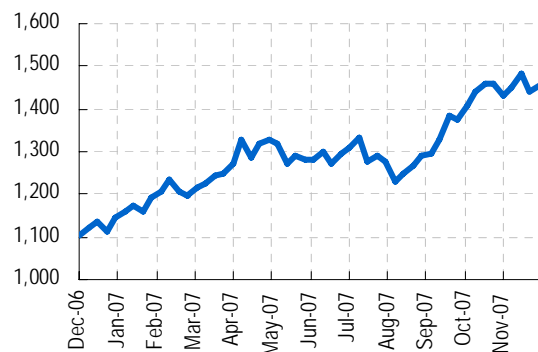
Source: Bloomberg

Gold Bullion, USD/oz



Source: Bloomberg

MB-Platinum Matthey, USD/oz



Source: Bloomberg



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