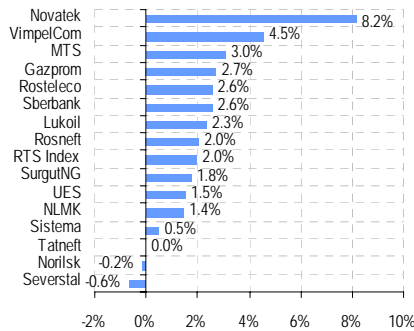
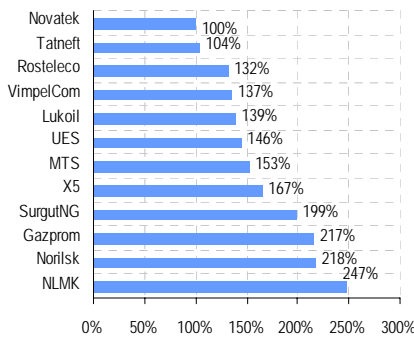


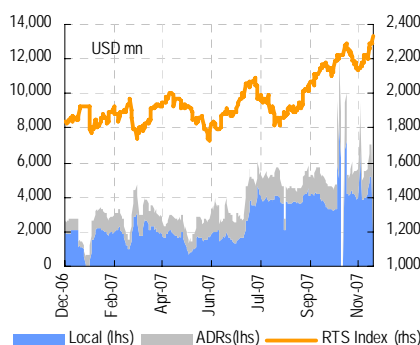
Blue chips: Advancers and decliners



Volume monitor: Daily/3M avg. volume



RTS index and weekly trading volumes



Upcoming events

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

■ **Putin's announcement on his favoured presidential candidate boosted Russian equities yesterday with the RTS rising 2% to a new record of 2330 and the MICEX advancing by 1.7% to a new record of 1946.** Positive momentum from domestic politics and international market sentiment may continue today. The Fed decision on interest is expected later today with most eyes on the post meeting statement.

Top news and ideas

- **Gazprom: Conference call provides expenses, prices guidance.** According to company guidance, if oil stays around USD90, EU gas prices will move above USD350 per th cm. In our view, Gazprom's recent rally has been excessive, leading to a rich valuation.
- **Sistema Hals: 9M07 US GAAP results please market.** Strong performance from the real estate development segment paced eye-catching revenue and net margin growth. We expect revenue growth to pick up as new projects start generating returns.
- **TGK-9: IES gets state's stake.** IES bought the 33.94% share for RUB15.49 bn (RUB0.00801 per share), 9.2% higher than the market price. IES is still not committed to acquiring a controlling stake, muddying the takeover waters, in our view.
- **Dalsvyaz: Posts first ever 9M07 IFRS results.** The figures confirm the positive trends of increased VAS contribution and margin improvement revealed under RAS. We therefore believe they are already reflected in the stock value.
- **Politics: Putin endorses Dmitry Medvedev.** Medvedev is now hot favorite to win next March's presidential election by landslide. As a pro-free-market, pro-business Putin loyalist with international diplomatic experience, we view Medvedev as the best option for the markets.

Other highlights

- **Brief - Comstar reported that Access Industries will exercise its option to acquire 11.06% of Comstar's stock for USD6.97 each, a total of USD322 mn.** Comstar will book a USD55.8 mn gain from the call option mark-to-market in 4Q07 given an 8% stock price decline since the end of September and remain subject to a less volatile revaluation of the put option going forward.

>>> More news on page 7

Russian market in context

	Last Close	Performance/Trends				
		1D	1WK	1M	3M	12M
RTS Index	2,330	2.0%	5.9%	3.0%	21.9%	26.8%
MSCI EM Europe Index	839	1.9%	6.6%	5.4%	27.1%	33.7%
MSCI EM Index	1,277	-0.5%	2.4%	-0.1%	17.4%	44.8%
S&P500 Index	1,516	0.8%	3.0%	4.3%	3.0%	7.3%
OIX (Oil majors) Index	846	0.4%	3.9%	2.2%	11.1%	28.0%
GSCI (Commodities) index	5,813	0.7%	-1.0%	-1.6%	1.4%	-15.7%
Oil (WTI), USD/bbl	87.9	-0.5%	1.0%	-8.8%	13.4%	41.6%
Nickel, USD/ton	25,803	-2.1%	-3.0%	-19.5%	-2.0%	-26.1%
Steel (HR), USD/ton	595	0.0%	0.0%	1.3%	5.3%	17.8%
LT U.S. Treasury YTM	4.6%	4.6%	4.4%	4.6%	4.7%	4.7%
EMBI-Russia spread, bp	144	150	153	169	146	103
RUB/USD	24.53	24.55	24.42	24.48	25.66	26.19

Source: Datastream, Bloomberg

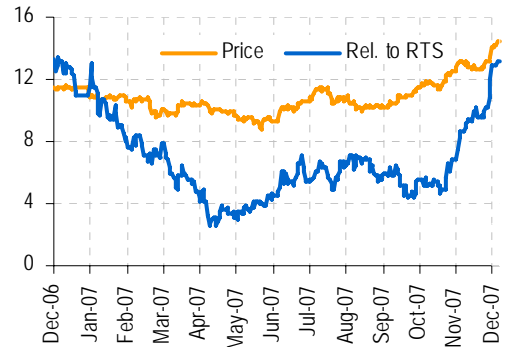
Gazprom: Conference call provides expenses, prices guidance

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	14.50	n/a	Not Rated	14.55/8.75	10.9%	40.6%	26.7%

Financials, USD mn	2006E	2007E	2008E
Revenue	88,809	100,425	113,212
EBITDA	38,229	45,701	51,802
Net income	23,833	28,035	32,135
Revenue growth	56%	13%	13%
EBITDA growth	53%	20%	13%
Net income growth	81%	18%	15%
EBITDA margin	43%	46%	46%
Net margin	27%	28%	28%
EV/Revenue	4.3	3.8	3.4
EV/EBITDA	10.0	8.4	7.4
P/E	13.9	11.8	10.3
MCAP, USD mn	330,998	Com., mn	22,749
EV, USD mn	382,330	Pref., mn	
Free float	39%	Total, mn	22,749

Price performance, USD



Source: Bloomberg

Source: Datastream, IBES consensus

Costs increases and EU gas prices explained. Gazprom held a conference call yesterday with its 2Q07 financials the main subject. No significant issues were covered, but helpful explanations and forward guidance were provided. The company shed light on the high increase in operating expenses, the big majority of which came from the revaluation of assets belonging to non-consolidated subsidiaries, revaluation of financial investments related to the German investment arm, and higher leasing expenses. Company officials said they expect the final figure for 2007 payroll expenses to be 13% higher y-o-y. Pension related expenses will be reviewed again at the end of the year and revisions will depend on changes in the value of the bonds in their funds, as expected. More importantly, on the gas price charged to European customers, company officials said that if oil remains around USD90/boe, it should range slightly above USD350 per th cm – significantly above the USD250 price realized in 1H07 but in line with market expectations.

New record share value excessive. Company representatives spent some time on the details of the trading and marketing business in Europe. They said that close to 10% of total volumes to Europe are the volumes that go through the trading/marketing business (most of it sold to the German subsidiary) and 50% of these volumes are not even supplied from Russia. Overall, no big surprises came from the call, as is usually the case. The company hardly ever provides any guidance other than items that are of high certainty, like increases in the average base salary for 2007. The stock however has reached new record levels due to general positive market momentum as well as the decision on gas tariffs and the Ukraine gas price agreement last week. We view the recent run as excessive and not justified by the company's poor fundamentals, resulting in a rich valuation.

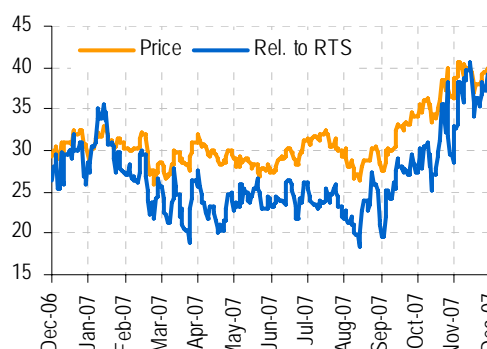
Sistema Hals: 9M07 US GAAP results please market

Maria Shevtsova, e-mail: Maria.Shevtsova@mdmbank.com

Bloomberg ticker	Price, USD	FV, USD	Rating	12M High/Low	1M Perf.	3M Perf.	12M Perf.
SSA LI	40.50	41.90	Buy	41.9/25.85	-0.2%	35.5%	38.8%

Financials, USD mn	2006A	2007E	2008E
Revenue	10,863	12,056	13,141
EBITDA	4,024	4,842	5,277
Net income	903	1,205	1,314
Revenue growth	49%	11%	9%
EBITDA growth	41%	20%	9%
Net income growth	93%	33%	9%
EBITDA margin	37%	40%	40%
Net margin	8%	10%	10%
EV/Revenue	3.9	3.5	3.2
EV/EBITDA	10.5	8.7	8.0
P/E	21.7	16.2	14.9
MCAP, USD mn	19,562	GDRs., mn	483
EV, USD mn	42,150		
Free float	23%	Total, mn	483

Price performance, USD



Source: Bloomberg

Source: Bloomberg, MDM estimates, Datastream, IBES consensus

Strong top line. Sistema Hals released 9M07 unaudited US GAAP results yesterday. Total revenues for 3Q07 reached USD78 mn, up 43% y-o-y, paced by a strong performance from the real estate development segment (68.6% of total revenues for 9M07), and in particular, from the completion and sale of the Sadovnicheskaya 75 building in Moscow, the sale of the 'Camenniy Ostrov' project, and price inflation on sale of Avrora land plots. Margins also saw improvement in 3Q07: operating margin increased 0.7pp to 25.9% y-o-y, and net margin rose 22.2pp to 28.2% y-o-y. The OIBDA, however, experienced some weakness; the margin slid 0.4pp to 29.4% y-o-y.

Strong bottom line despite mounting SG&A. The company reported 3Q07 total net income of USD22 mn, ballooning 572% from 3Q06. SG&A expenses also increased significantly for 9M07 to USD41.3 mn, up 60% y-o-y, which excludes the effect of the one-off USD98 mn stock-option expense from 1H07. The primary cause of the increase was the additional personnel required to match the increasing number of new development projects. As an alternative to rising labor costs, the company is trying a new option of contracting third party workers on its projects. An agreement has been signed with a Chinese company that currently works on Olympic projects in China, and the management expects efficient low cost work from them.

Exceeding growth in revenue in 4Q07 expected. The company continues to focus on growing its well-balanced portfolio with new acquisitions as well as diversifications of its projects. Growth is targeted on both developing premium locations in the Moscow region as well as entering regional markets (like its 100K sq.m. Sochi project). The company expects to start recognizing revenues from new projects (Dnepropetrovskaya, Nahimovskiy, Yartsevskaya, Michurinsky) as early as 4Q07, bulking in 2008. We note that the market was pleased with the results; the stock rallied 4.6% to USD9.83 yesterday, supported by the overall positive market momentum as well. We do not officially cover this stock.

Sistema Hals: 3Q07 and 9M07 US GAAP results comparison

USD, mn	3Q07	3Q06	y-o-y change	9M07	9M06	y-o-y change
Net revenues	77.8	54.5	43%	207.5	161.1	29%
Operating profit (loss)	20.1	13.7	47%	(71.8)	55.7	-229%
Operating profit (loss), adj.*	20.1	13.7	47%	26.2	55.7	-53%
OIBDA	22.9	16.3	41%	(62.9)	60.0	-205%
OIBDA, adj.*	22.9	16.3	41%	35.0	60.0	-42%
Net profit (loss)	21.9	3.3	572%	(77.6)	34.3	-326%
Net profit (loss), adj.*	21.9	3.3	572%	20.3	34.3	-41%
Operating margin	25.9%	25.2%	0.7 pp	-34.6%	34.6%	-34.6 pp
Operating margin, adj.*	25.9%	25.2%	0.7 pp	12.6%	34.6%	-22.0 pp
OIBDA margin	29.4%	29.8%	-0.4 pp	-30.3%	37.2%	-67.5 pp
OIBDA margin, adj.*	29.4%	29.8%	-0.4 pp	16.9%	37.2%	-20.3 pp
Net margin	28.2%	6.0%	22.2 pp	-37.4%	21.3%	-58.7 pp
Net margin, adj.*	28.2%	6.0%	22.2 pp	9.8%	21.3%	-11.5 pp

* Stock-based compensation of USD98 mn

Source: Company data

TGK-9: IES gets state's stake

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IES buys TGK-9 stake. IES acquired the government's 33.94% stake in TGK-9 for USD631 mn (RUB15.49 bn) or at RUB0.00801/share. The price is equal to the minimum price approved by the UES board on 30 November 2007. This is, however, 9.2% higher than TGK-9's current market price, which was RUB0.00733/share as of yesterday.

IES buy out not a sure thing. TGK-9's Board approved on Monday the price for the additional shares at RUB0.00801. The company will accept bids from investors between December 11 and 17. Overall, the company plans to sell a 27.18% (post money) stake. IES plans to participate in the placement, but has not decided the amount of shares it is ready to buy, said the company's representative. If IES accumulates more than 50% it would make an offer to investors at a price not less than RUB0.00801, which may push up the stock, in our view. However, some part of IES's stake could go to EBRD, which agreed to buy 5-12% in TGK-9 from IES. In our view, there is still doubt cast over the situation.

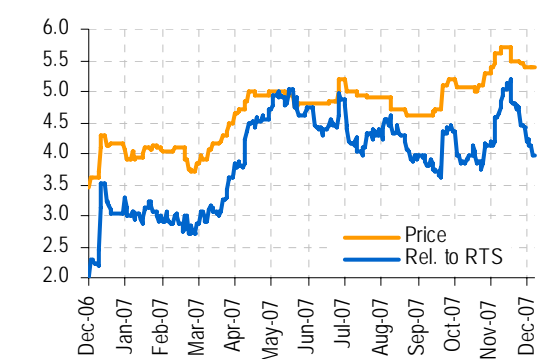
Dalsvyaz: Posts first ever 9M07 IFRS results

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Bloomberg ticker	Price, USD	FV, USD	Rating	12M High/Low	1M Perf.	3M Perf.	12M Perf.
ESPK RU	5.40	5.46	Hold	5.7/3.46	-3.6%	17.4%	56.1%
ESPKP RU	4.51	4.91	Hold	4.95/3.6	0.0%	1.2%	25.1%

Financials, USD mn	2006A	2007E	2008E
Revenue	400	548	614
EBITDA	101	173	218
Net income	13	48	70
Revenue growth	1%	37%	12%
EBITDA growth	39%	71%	26%
Net income growth	18%	269%	46%
EBITDA margin	25%	32%	36%
Net margin	3%	9%	11%
EV/Revenue	2.3	1.6	1.5
EV/EBITDA	8.9	5.2	4.1
P/E	50.6	13.7	9.4
MCAP, USD mn	658	Com., mn	96
EV, USD mn	903	Pref., mn	31
Free float	61%	Total, mn	127

Price performance, USD	
Price	Rel. to RTS



Source: Bloomberg

Source: Datastream, IBES consensus

New reporting format introduced. Dalsvyaz yesterday reported its first ever 9M07 IFRS results, which on the one hand gives more insight into financial trends, but on the other does not provide comparative y-o-y figures. The data reflects the contribution of Sakha telecom (a 51% stake bought in January), which, however, is difficult to quantify. To provide clients with a frame of reference, we believe it is important to note that Sakha contributed 20% and 15% to consolidated 1H07 IFRS top-line and EBITDA, respectively.

Revenues up 6% YTD on local, VAS and intra-zone. Revenues totaled USD425 mn in 9M07 (up 6% YTD in USD terms and 1% YTD in RUB), with local services, VAS and intra-zone proceeds proving to be major top-line drivers. We highlight that Dalsvyaz remains at the vanguard of broadband development in the region – the number of its broadband subs grew more than two-fold to 133,000 and internet top-line contribution was up 15% as of end 9M07 vs. 13% in 2006. At the same time, we note that mobile revenues declined, suggesting Dalsvyaz keeps on losing market share in a tough, competitive environment.

Margins are strong. 9M07 EBITDA reached USD145 mn (up 41% YTD in USD and 37% YTD in RUB) and EBITDA margin improved by 9pp YTD to 34%. This was largely due to efficient cost-control coming on the back of a 10% (YTD) headcount cut. In addition, Dalsvyaz reversed an USD8 mn of back-tax reserve after the court ruled in its favor with regard to the network increased capacity payments. We remind that 2006 Dalsvyaz's net income was depressed by the reserve created to pay USD30 mn in back tax bill. In 9M07 net income soared 360% YTD to USD57 mn, boosting net margin up 10 pp YTD to 13%.

The positive trends were already factored in. We are pleased with increasing VAS top-line contribution, improving margins and a reversal of its back tax reserve (which is beneficial for prefs. dividend yield). But the IFRS figures mostly confirmed trends revealed under RAS financials, which make us believe they will have a neutral impact on Dalsvyaz's stock performance.

Dalsvyaz 9M07 IFRS results

USD mn	1H06	1H07 (incl. Sakha)	y-o-y change	2006	9M07 (incl. Sakha)	YTD change
Revenues	187	278	49%	400	425	6%
local	72	107	48%	148	162	10%
intrazone	28	49	75%	63	72	16%
VAS	24	42	75%	53	64	22%
interconnect	29	37	27%	65	59	-10%
mobile	17	22	33%	37	34	-9%
Operating costs excl. D&A	126	188	49%	299	280	-6%
EBITDA	61	90	48%	101	145	44%
EBITDA margin	32%	32%	0pp	25%	34%	9pp
Net income	13	30	125%	12	57	359%
Net margin	7%	11%	4pp	3%	13%	10pp

Source: Company data, MDM estimates

Politics: Putin endorses Dmitry Medvedev

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Putin surprises with early decision, endorses Medvedev. President Putin yesterday proclaimed Dmitry Medvedev as his preferred candidate for the March presidential elections, surprising markets by making the announcement a few days earlier than expected. According to most political analysts, Medvedev will now advance toward a landslide victory in the March presidential elections. The markets reacted positively, with both the RTS and MICEX gaining around 2% yesterday. The decision puts an end to the speculation of recent months regarding President Putin's preference as successor. Most likely, President Putin will step aside and take a role as a Prime Minister or perhaps the much-touted role of 'national leader'.

Medvedev a pro-market, pro-business Putin loyalist. Medvedev, 42, a law professor by profession, graduated from university in 1989 when the Berlin wall fell, and has been chief of staff and first deputy prime minister under Putin, as well as Gazprom Chairman for several years. Amid this background, the market viewed him as representing the 'liberal' faction within the Kremlin: a pro-market, westernized politician loyal to Putin (he comes from St. Petersburg and has worked close with Putin since 1990). The important aspects in our view include his youth, the fact that he would be the first president with a post-soviet political background, the first hand experience of the business and economic world he gained at Gazprom, and his liberal credentials.

Announcement a bonus for Gazprom, negative for Rosneft. In terms of the business implications of this announcement, Gazprom may be losing its Chairman but gaining far more as Medvedev, if elected, will certainly be keen to protect the company's interests in cases of internal conflicts. Rosneft, on the other hand, may indeed see a management reshuffle, and the recent resignations of top managers may have only been the appetizer. Igor Sechin, current chief of staff of the president, might have been eager to secure his position in the post-Putin era and the Rosneft CEO position may be tailor-made for him. Under this scenario, current Rosneft CEO Sergey Bogdanchikov would leave the company, and he would unfortunately be joined by a host of experienced managers loyal to him. Of course, several other changes will be made, particularly in state controlled companies, with politicians moving around in order to secure their positions in a new era, and others being moved as the new leadership team seeks to secure its power base.

Kudrin, Nabiullina look secure to continue economic policies. With regards to the macroeconomic policy, we believe that the same course of action will be continued, with emphasis on foreign direct investment, infrastructure development, reform in the healthcare and educational systems, and possibly a toning down of the re-nationalization trend. Most likely, the liberal ministers of the cabinet, including finance minister Kudrin and minister of economics Nabiullina will probably maintain their positions and will have opportunity to continue their policies. Of great interest will be whether Medvedev will install a new strategy in the fight against inflation.

Medvedev perfect for Putin and markets. While we were surprised with the timing, as we expected the announcement to come later this week, we were not surprised with the name of the successor. Among the three most likely candidates, Ivanov had seen his relations with Putin frosting over in recent months while Zubkov is probably considered not as experienced in the international arena. In our view, Medvedev is both loyal to Putin and competent – even in international affairs – making him the perfect selection for Putin. The reaction of the markets showed that Medvedev was the perfect selection for investors as well, as he is considered the most free-market oriented of the three, with experience as Gazprom chairman. Even though we may see some more upside for the markets, as positive comments from analysts continue, we do not believe that the market will gain much more from here because of Medvedev's selection. Most investors did expect a relatively smooth transition and are satisfied that Putin will keep an active role after giving his protégé the presidential job.

News Briefs

Oil and Gas

Imperial Energy Plc, the British based oil company with operations in Russia, announced yesterday that all six exploration licenses of its Alliancneftegaz subsidiary in Western Siberia were extended by the Russian government until end 2009. This is a positive, signaling that the company's relations with the Natural Resources Ministry are improving, in our view.

US oil services company Halliburton announced yesterday that it had signed a contract with Rosneft to provide fracturing in the Priobskoye field in western Siberia (Bloomberg). The contract will involve 317 wells in this giant field. This may be considered negative news for CAT Oil, which specializes in fracturing, but we remind investors that it has also recently secured a big contract with Rosneft.

Utilities

UES shareholders who voted against the break up or did not vote at all, offered RUB85 bn for repurchase (Interfax). UES is to announce the final result today. We remind investors that UES will repurchase the common shares at RUB32.15 per share and the prefs at RUB29.44 per share. According to Russian law, not more than 10% of UES net assets (RUB102 bn) can be repurchased.

Generating companies will be allowed to sell power plants (Interfax). UES and Energy Ministry refused a proposal to impose a moratorium for changing the configuration of OGKs and TGKs, said UES CEO Anatoly Chubais yesterday. We believe that this offers generating companies some opportunities for asset swaps in the future.

Telecoms and Technology

Russian Telecom Minister Leonid Reiman considers VimpelCom's proposed takeover of Golden Telecom as a "positive process" (Interfax). This blessing at regulator level increases the probability the deal will go through, in our view. At the conditions disclosed (bid price of USD105) we would view the deal as neutral for GT minorities.

Metals and Mining

TMK, the world's second largest maker of seamless pipes, announced yesterday that it had extended a contract with TNK-BP from three to five years (Interfax). The additional value is estimated at USD500 mn, putting the total value of the contract at USD2 bn.

Industrials, Consumer, Banks

Aeroflot officials said that Russia's scheduled 9M freeze on import duties for 300+ seat planes is a boon to Transaero, but no help to Aeroflot (Bloomberg). Aeroflot has 15 Airbus A330s sub-300 seat on order, while Transaero plans to lease more Boeing-747s next year, which have 300+ seats. We find it odd that the decree targeted at Russian airlines in need of fleet upgrades missed Aeroflot.

GM is considering to partner with GAZ (RBC Daily). GM believes that by 2008 the Russian market will become second largest European market by volume after Germany. Given that GM missed the opportunity to partner with AvtoVaz this week, GAZ may be the only remaining option to gain access to the growing Russian market.

Real Estate

Teorema Holding, the parent company of real estate developer Teorema, postponed its IPO on the LSE yesterday due to poor market conditions, (Interfax). The company wanted to raise USD400-500 mn, at a price range of USD10-14 a share, but had to reduce its targets to as low as USD7.5-8.5. We believe the IPO will still happen when the circumstances become more favorable.

Economics

Finance Minister Alexei Kudrin said yesterday that foreign direct investment could reach USD45 bn in 2007, up from USD26 bn in 2006 (Interfax). He added that GDP growth this year will reach 7.4% and national debt 7.5% of total GDP. His higher GDP estimate is in line with our expectations and far higher than government's 6.7% official estimate, which seems outdated after the recently announced 3Q07 figure.

MEDT officials raised industrial production forecasts yesterday (Interfax). For 2008 their forecast went from 5.2% to 5.7%, in 2009 from 4.9% to 5.5%, and in 2010 from 5.2% to 5.6%. In addition, GDP growth is now expected to reach 6.6% in 2008 (up from 6.4% previously), 6.3% in 2009 (up from 6%), and 6.4% in 2010 (up from 6.3%). We view this as just a mark to market adjustment from the MEDT.

Stock performance summary									
	Company name	Last price, USD	1D	1WK	1M	3M	12M	YTD	12M High/Low
Oil and gas	Gazprom	14.55	2.7%	9.9%	10.9%	40.6%	26.7%	26.5%	14.55/8.75
	Novatek	76.80	8.2%	15.8%	31.5%	53.3%	17.6%	20.9%	76.8/46.5
	Rosneft	9.60	2.0%	7.4%	6.1%	16.4%	2.7%	4.9%	9.6/7.66
	Lukoil	90.40	2.3%	6.3%	-1.2%	19.9%	1.0%	2.8%	95/71.9
	TNK-BP Holding	2.18	0.7%	0.4%	-4.9%	12.0%	-12.7%	-16.1%	2.6/1.67
	Surgutneftegaz	1.26	1.8%	9.1%	-2.9%	1.2%	-13.7%	-17.6%	1.53/1.07
	Gazprom Neft	5.60	0.0%	8.3%	5.7%	49.7%	31.5%	22.8%	5.6/3.7
	Tatneft	6.26	1.7%	5.4%	0.6%	21.7%	20.5%	25.4%	6.26/3.95
	Bashneft	15.40	0.0%	0.0%	-4.9%	14.1%	-7.8%	-3.8%	17.2/12
	Transneft pref	2,010.00	3.1%	6.9%	1.0%	26.4%	-16.6%	-12.4%	2495/1435
	Integra	14.81	-0.3%	0.7%	-6.1%	n/a	n/a	n/a	21.55/13.55
C.A.T Oil	15.15	-1.5%	-1.8%	-17.4%	-23.4%	-19.2%	-24.3%	25.56/14.93	
West Siberian Resources	0.76	0.0%	1.3%	-7.8%	-5.1%	-35.0%	-34.2%	1.1/0.66	
Utilities	UES	1.29	1.5%	4.5%	4.6%	7.1%	34.9%	27.5%	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	0.14	n/a	n/a	n/a	n/a	n/a	n/a	0.18/0.12
	OGK-3	0.15	0.0%	1.4%	-0.7%	7.0%	38.2%	18.4%	0.18/0.1
	OGK-4	0.13	0.0%	-0.6%	1.8%	10.9%	65.0%	65.0%	0.13/0.08
	OGK-5	0.18	0.5%	0.2%	2.0%	10.2%	44.6%	31.0%	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	99.16	3.0%	8.1%	5.7%	58.9%	98.6%	97.6%	99.16/45.81
	Sistema	40.50	0.5%	1.3%	-0.2%	35.5%	38.8%	26.6%	41.9/25.85
	VimpelCom	40.67	4.5%	19.1%	29.5%	58.8%	150.6%	157.6%	40.67/14.79
	Comstar	12.30	4.2%	7.9%	-4.3%	16.6%	75.7%	46.4%	13.71/7
	Rostelecom	11.85	2.6%	10.4%	22.2%	19.3%	82.6%	54.9%	11.85/6.49
	Golden Telecom	106.47	0.5%	1.9%	5.3%	54.4%	149.2%	127.3%	108.85/42.73
	MGTS	33.66	2.6%	3.9%	9.7%	7.2%	37.6%	26.5%	34.29/22.77
	Uralsvyazinform	0.07	2.0%	3.7%	1.0%	12.4%	17.2%	-4.0%	0.07/0.05
	Volga Telecom	5.90	1.9%	1.5%	-8.5%	27.8%	29.7%	-2.5%	6.6/4.55
	Sibirtelecom	0.12	3.4%	1.7%	-1.6%	33.7%	32.3%	9.3%	0.13/0.09
	Northwest Telecom	1.80	1.4%	2.3%	-6.5%	20.2%	16.1%	5.1%	1.92/1.23
	Center Telecom	0.91	0.0%	1.1%	0.6%	0.6%	33.1%	20.7%	1/0.68
	Southern Telecom	0.21	0.0%	-1.4%	-3.7%	21.8%	42.8%	15.0%	0.23/0.15
	Dalsvyaz	5.40	0.0%	0.0%	-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	9.85	2.7%	5.1%	5.3%	18.4%	-17.6%	-19.7%	12.1/7.53
	Sitronics	5.68	10.7%	6.6%	-18.9%	-9.8%	n/a	n/a	12/5
	Metals and mining	CTC Media	26.81	2.4%	11.1%	9.7%	8.5%	27.6%	11.7%
Rambler Media		31.00	-0.6%	-3.0%	-16.2%	-26.4%	-7.5%	-8.1%	55/31
Norilsk Nickel		276.50	-0.2%	0.2%	-10.7%	24.0%	82.5%	76.1%	309.9/135.5
Polyus Gold		43.10	-0.9%	2.1%	-7.9%	4.9%	-12.0%	-12.6%	55.25/38.3
Severstal		22.95	-0.6%	2.2%	0.3%	32.9%	104.9%	104.9%	23.84/10.85
Evrast Group		86.00	7.5%	11.7%	15.9%	68.6%	237.9%	234.8%	86/24.5
Mechel		98.80	-1.1%	3.8%	16.2%	116.4%	274.2%	287.8%	99.89/23.73
NLMK		42.50	1.4%	8.7%	3.7%	29.6%	82.6%	82.8%	44.89/20.8
MMK		1.37	0.7%	1.5%	7.0%	22.3%	77.9%	57.5%	1.4/0.77
TMK		47.49	2.6%	6.7%	10.4%	18.9%	n/a	35.7%	47.49/29
VSMPO		310.00	0.0%	-1.6%	-3.7%	9.2%	15.5%	5.8%	330/268
Sberbank		4.39	2.6%	3.2%	2.1%	18.0%	53.4%	27.2%	4.42/2.86
Rosbank		7.26	-0.9%	3.3%	-2.5%	2.5%	19.7%	-6.7%	7.67/5.64
X5		33.46	-0.1%	7.9%	-2.3%	-3.6%	29.2%	28.7%	37.5/24.6
Industrials, consumer, banks	Seventh Continent	26.40	0.0%	0.4%	-4.9%	4.8%	1.5%	-1.1%	29.3/24.1
	Dixy Group	15.00	0.0%	7.5%	1.0%	14.4%	44.2%	36.6%	15.6/13.85
	Magnit	48.75	1.8%	4.8%	1.0%	14.4%	44.2%	36.6%	48.75/33.75
	Wimm-Bill-Dann	119.00	0.3%	2.6%	-5.6%	6.3%	127.1%	78.8%	134.62/52.4
	Lebedyansky	86.00	2.7%	-2.8%	-7.6%	-4.7%	5.8%	7.5%	99/73.5
	Nutritek	50.00	-1.0%	-4.3%	-3.8%	3.2%	18.6%	13.0%	53.8/44.9
	Baltika (euro)	34.13	0.0%	-1.0%	2.6%	3.2%	18.6%	13.0%	36.96/31.79
	Razgulay	5.22	0.4%	1.4%	4.4%	27.6%	32.8%	30.5%	5.45/3.6
	Severstal Auto	51.25	2.3%	5.7%	6.2%	20.6%	83.0%	69.4%	51.25/27.9
	AvtoVAZ	2.05	0.0%	0.0%	3.7%	31.4%	65.9%	64.4%	2.05/0.67
	Aeroflot	3.60	0.0%	0.0%	3.7%	31.4%	65.9%	64.4%	3.6/2.17
	Veropharm	50.25	1.5%	2.6%	7.8%	13.2%	67.5%	58.3%	50.25/29.1
	Apteka 36.6	77.00	2.7%	13.2%	1.7%	0.9%	42.6%	32.2%	96.1/54
	Pharmstandard	26.15	-0.6%	10.8%	12.4%	53.4%	n/a	n/a	27.4/13.6
	Kalina	43.40	0.0%	0.0%	0.9%	24.0%	-11.4%	-15.7%	51.5/34.25
	Oriflame (euro)	41.79	1.4%	0.6%	0.4%	1.9%	43.1%	39.5%	44.07/28
	Cherkizovo	14.13	2.8%	4.7%	-11.0%	15.3%	0.2%	3.9%	17.35/11.05
Sistema Hals	9.83	4.6%	11.7%	2.3%	-4.1%	n/a	-26.1%	15.05/8.75	
RTS Index	2,330.45	2.0%	5.9%	3.0%	21.9%	26.8%	21.3%	2330.45/1724.69	

Source: Bloomberg

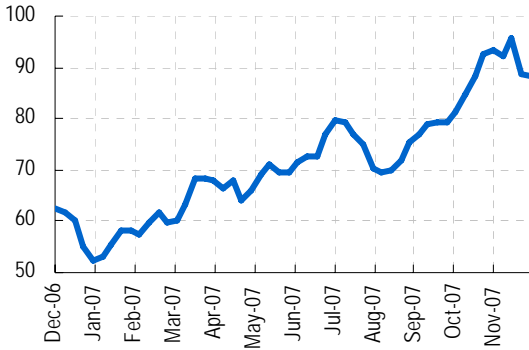
Stock valuation summary

	Company name	MCAP,		P/E		EV/EBITDA			EV/Revenue			
		USD mn	2006	2007E	2008E	2006	2007E	2008E	2006	2007E	2008E	
Oil and gas	Gazprom	330,998	13.9	11.8	10.3	10.0	8.4	7.4	4.3	3.8	3.4	
	Novatek	23,316	30.3	23.2	20.1	19.3	14.8	13.6	9.5	7.1	5.9	
	Lukoil	76,930	9.3	9.2	10.7	6.3	6.2	6.6	1.2	1.1	1.1	
	Rosneft	101,750	20.8	16.6	17.5	11.1	9.5	9.2	2.9	2.5	2.6	
	Surгутneftegaz	50,214	12.1	13.4	14.7	5.3	6.1	6.5	1.9	1.9	1.9	
	Gazprom Neft	26,550	7.1	7.6	8.0	5.0	5.2	5.3	1.3	1.3	1.3	
	Tatneft	14,108	10.7	11.8	10.6	6.5	7.3	6.6	1.1	1.1	1.1	
	Bashneft	2,618	6.0	4.9	5.1	3.2	2.9	2.9	0.7	0.7	0.7	
	Transneft pref	13,892	5.6	5.4	4.9	3.9	3.5	3.2	2.1	1.9	1.7	
	West Siberian Resources	891	20.1	9.5	7.3	9.1	5.6	4.2	3.2	2.1	1.7	
	Aggregate - oil and gas	640,376	12.9	11.5	11.3	7.8	7.1	6.8	2.8	2.4	2.2	
Utilities	UES	52,821	30.3	25.2	20.2	16.9	12.9	11.1	3.3	2.8	2.6	
	Mosenergo	9,818	84.5	45.1	22.8	26.9	18.4	11.4	3.2	2.7	2.2	
	OGK-1	5,134	n/a	56.4	38.6	42.3	27.8	19.9	4.7	4.2	3.4	
	OGK-2	3,601	n/a	45.0	25.4	197.6	22.3	13.3	4.0	3.3	2.7	
	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	6,208	52.6	64.7	46.0	66.5	30.2	22.4	6.5	5.1	4.2	
	Aggregate - utilities	94,455	24.7	27.2	21.5	35.9	15.8	11.9	3.4	2.9	2.5	
Telecoms and technology	MTS	39,565	31.8	22.3	19.9	13.1	11.1	10.1	6.6	5.6	5.1	
	Sistema	19,562	21.7	16.2	14.9	10.5	8.7	8.0	3.9	3.5	3.2	
	VimpelCom	41,711	51.4	34.8	30.8	17.8	14.5	13.3	9.0	7.3	6.7	
		Aggregate - mobile telecoms	100,837	34.9	24.4	21.9	13.8	11.4	10.5	6.5	5.4	5.0
	Comstar	5,141	62.7	46.3	15.0	17.6	10.1	8.8	5.7	4.3	3.8	
	Rostelecom	9,331	n/a	81.1	68.1	23.9	21.4	19.0	4.0	4.0	3.7	
	Golden Telecom	3,902	45.6	33.4	24.9	17.2	12.2	9.2	4.6	3.4	2.7	
	MGTS	3,151	10.0	9.3	9.1	6.4	6.4	6.2	3.2	3.0	2.9	
	Uralsvyazinform	2,491	80.4	18.2	14.0	9.9	6.6	5.8	2.7	2.4	2.2	
	Volga Telecom	1,784	22.9	13.4	11.1	7.1	5.4	4.8	2.5	2.1	1.9	
	Sibirtelecom	1,796	42.2	8.6	6.7	9.0	5.1	4.3	2.2	1.8	1.6	
	Northwest Telecom	1,892	40.3	16.0	15.4	9.2	6.2	5.7	3.0	2.4	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	9.2	8.5	n/a	3.5	3.3	n/a	0.9	0.9	n/a	
	Sitronics	1,085	n/a	n/a	21.1	2365.7	10.8	6.4	0.9	0.7	0.6	
	Aggregate - fixed line telecoms	32,795	40.6	24.5	n/a	10.5	7.8	7.1	3.0	2.5	n/a	
RBC	1,133	19.2	16.1	17.5	12.1	11.1	8.4	4.6	3.7	3.1		
CTC Media	4,073	29.8	21.7	17.0	16.3	12.1	9.7	8.3	6.3	5.0		
Rambler Media	466	38.4	19.2	12.6	23.6	10.7	7.4	5.8	3.4	2.6		
	Aggregate - media	5,671	29.1	19.0	15.7	17.3	11.3	8.5	6.3	4.5	3.6	
Metals and mining	Norilsk Nickel	50,600	7.0	8.3	9.0	4.5	5.0	5.2	3.1	3.2	3.3	
	Polyus Gold	8,232	45.5	57.1	52.4	18.3	21.9	21.7	7.7	7.4	7.7	
	Severstal	23,126	11.7	10.0	10.2	6.1	5.5	5.4	1.6	1.5	1.5	
	Evraz Group	30,161	13.4	11.8	12.1	8.2	7.4	7.9	3.0	2.6	2.6	
	Mechel	13,334	15.3	11.4	11.5	8.8	6.4	6.3	2.4	1.9	1.8	
	NLMK	25,470	11.7	11.6	11.3	7.9	7.6	7.5	3.6	3.5	3.3	
	MMK	13,923	7.8	7.5	6.9	5.7	5.2	4.9	1.7	1.6	1.5	
	TMK	10,353	17.4	13.1	10.0	11.1	8.7	6.9	2.8	2.3	2.1	
	VSMPO	3,720	14.1	12.2	9.7	9.2	7.9	6.2	3.6	3.1	2.4	
		Aggregate - metals and mining	178,920	17.3	16.2	14.9	9.7	8.7	8.1	3.6	3.1	3.0
Industrials, consumer, banks	Sberbank *	247	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
		Aggregate - banks	247	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
	X5	7,243	46.2	28.9	22.0	17.0	12.5	9.8	1.6	1.1	0.9	
	Magnit	3,510	40.4	30.0	20.5	18.3	12.6	9.2	1.0	0.7	0.5	
	Seventh Continent	1,980	26.8	22.6	16.4	14.6	10.5	7.9	1.5	1.1	0.8	
	Lebedyansky	1,755	17.6	14.9	13.0	11.3	9.4	8.3	2.0	1.7	1.5	
	Baltika (euro)	5,835	11.4	9.8	8.2	7.2	6.2	5.4	2.2	1.9	1.5	
	Wimm-Bill-Dann	5,236	35.8	26.2	20.6	17.6	13.7	11.5	2.3	1.9	1.6	
		Aggregate - FMCG	25,560	29.7	22.1	16.8	14.3	10.8	8.7	1.8	1.4	1.1
	Razgulay	553	26.0	13.4	11.7	8.8	6.5	6.0	1.1	0.9	0.9	
	Severstal Auto	1,743	16.0	13.4	10.3	10.9	8.2	6.5	1.3	1.1	0.8	
	AvtoVAZ	59	0.5	0.2	0.3	1.4	1.1	n/a	0.1	0.1	0.1	
	Aeroflot	4,000	13.3	13.5	9.6	9.2	7.7	5.9	1.4	1.1	1.0	
Veropharm	503	18.6	13.4	10.7	12.6	9.2	7.7	3.9	3.1	2.6		
Kalina	423	13.7	11.6	11.0	8.4	7.2	7.2	1.2	1.1	1.0		
Oriflame (euro)	2,327	23.6	17.8	14.3	15.7	12.9	10.9	2.3	2.1	1.9		
	Aggregate valuation	1,088,470	13.7	12.2	11.4	8.7	7.8	7.3	2.7	2.4	2.3	
	FF-adj. MCAP W.A. valuation	313,714	17.4	15.8	#VALUE!	12.3	8.9	8.1	3.9	3.5	#VALUE!	

Source: MDM estimates, IBES consensus

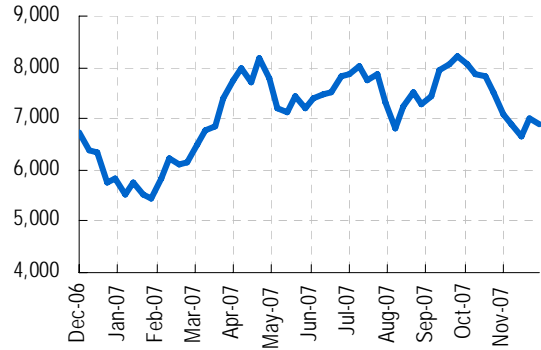
Key commodities

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



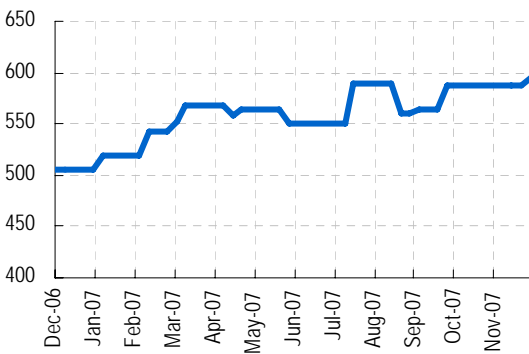
Source: Bloomberg

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



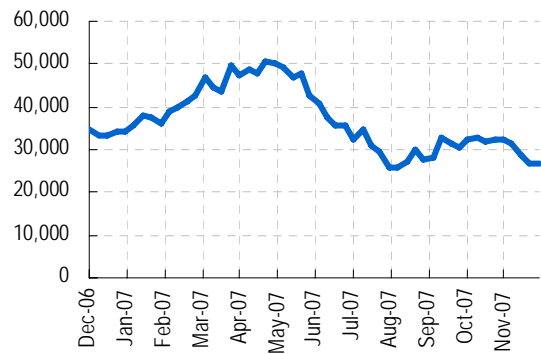
Source: Bloomberg

MB-Steel HR Coil CIS, USD/ton



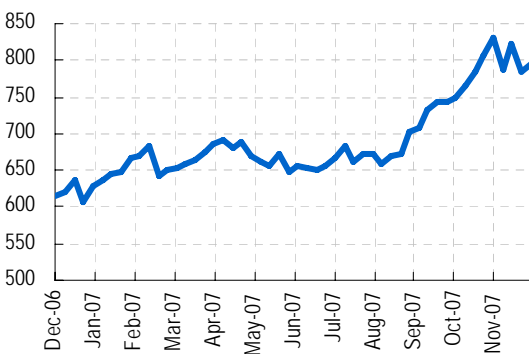
Source: Bloomberg

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



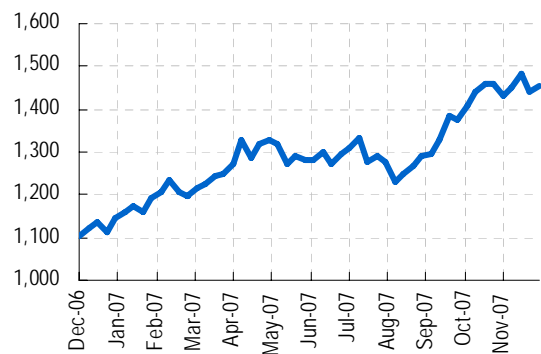
Source: Bloomberg

Gold Bullion, USD/oz



Source: Bloomberg

MB-Platinum Matthey, USD/oz



Source: Bloomberg



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