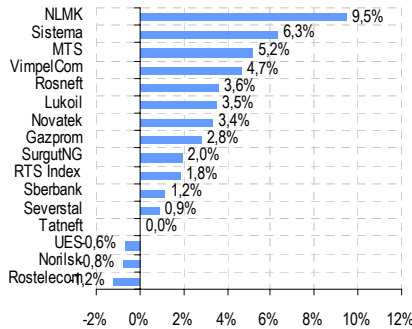
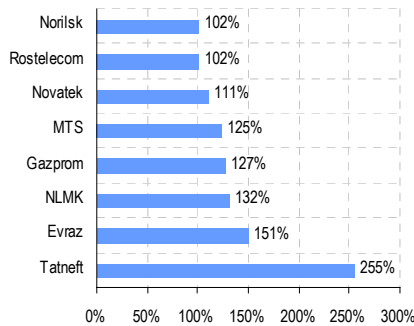


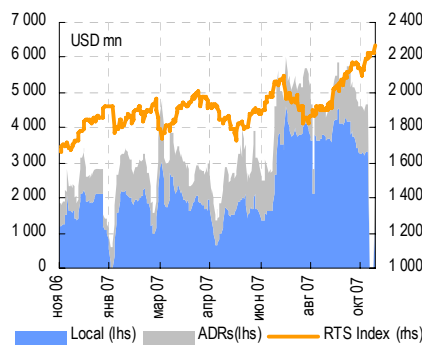
Blue chips: advancers and decliners



Volume monitor: daily/3M avg. volume



RTS index and weekly trading volumes



Upcoming events

08 Nov	Golden Telecom 3Q07 USGAAP results
08 Nov	Baltika 9M07 IFRS results
08 Nov	Vozrozhdenie bank 3Q07 IFRS results
10 Nov	Magnit 9M07 trading update
early Nov	TGK-2 2006 IFRS
early Nov	TGK-7 2006 IFRS
early Nov	Lebedyansky 3Q07 IFRS
29 Nov	Comstar 3Q07 US GAAP results
29 Nov	VimpelCom 3Q07 US GAAP results

Market

- Another excellent day's trading yesterday saw the RTS gain 1.8% to 2269 and the MICEX advance 1.5% to 1908, paced by further US dollar weakness and oil prices attaining new records as WTI approached the USD100 per barrel milestone. US oil inventories and US productivity data will attract investors' interest later today.

Top news and ideas

- Gazprom: Signs its first "reciprocal" deal.** The deal with Dutch company Gasunie sees Gazprom sell a 9% stake in Nord Stream in return for an option to buy 9% of the Balgzand Bacton Line, which we believe will provide more support for Nord Stream in the EU and give Gazprom indirect access to more European gas distribution markets.
- Gazprom: Eyes European electricity market.** Gazprom has negotiated a JV agreement to build combined cycle power plants in Europe, according to Austrian and Russian press reports. This could be an effort to overcome EU regulatory obstacles, but we question the economics of such an effort.
- Volga Telecom: Reports good 9M07 RAS results.** Top-line growth was highest in sector (17% y-o-y in RUB) and EBITDA margin held steady at 38%. Volga suggested full-year earnings growth of not less than 10%, implying dividend yields of 1.1% for common and 3.1% for prefs.
- Economics: October inflation exceeds estimates.** CPI reached 9.3% YTD on a 1.6% m-o-m increase, with concerning signs for core inflation. We view the inflation situation bad enough to cast doubts over 2008's 7% target.

Other highlights

- Brief - Transneft's oil transportation tariff could be raised by 11-12% in 2008** according to the preliminary calculations of the Federal Tariffs Service (*RBC Daily*). This would be in line with this year's inflation figures and therefore not offering significant upside to Transneft to cover some of its extra construction costs.
- TGK-2 plans to sell RUB4 bn of bonds this year to fund its investment program (Bloomberg).** The ruble-denominated bonds will mature in three years with the coupon not exceeding 8.5%, the company said yesterday. Overall TGK-2 plans to spend RUB38.8 bn to construct 1145 MW of new capacity by 2011.

Russian market in context

	Last Close	Performance/Trends				
		1D	1WK	1M	3M	12M
RTS Index	2 269	1.8%	1.9%	7.3%	16.2%	35.5%
MSCI EM Europe Index	806	2.2%	1.4%	7.9%	19.0%	37.5%
MSCI EM Index	1 305	1.4%	-2.5%	4.7%	22.7%	55.7%
S&P500 Index	1 520	1.2%	-0.7%	-2.4%	3.0%	9.9%
OIX (Oil majors) Index	852	2.9%	3.4%	6.5%	15.9%	36.5%
GSCI (Commodities) index	5 813	0.7%	-1.0%	-1.6%	1.4%	-15.7%
Oil (WTI), USD/bbl	96.7	2.9%	1.0%	19.1%	34.2%	61.1%
Nickel, USD/ton	31 548	1.3%	2.1%	5.0%	7.9%	1.0%
Steel (HR), USD/ton	588	0.0%	0.0%	4.0%	-0.4%	16.3%
LT U.S. Treasury YTM	4.7%	4.6%	4.7%	4.9%	5.0%	4.8%
EMBI-Russia spread, bp	135	139	139	130	119	109
RUB/USD	24.67	24.67	24.70	25.01	25.56	26.70

Source: Datastream, Bloomberg

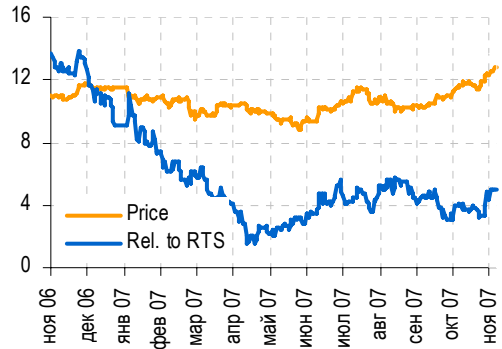
Gazprom: Signs its first “reciprocal” deal

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.
SIBN RU Equity	12,78	n/a	Not Rated	12,83/8,75	10,9%	19,3%	16,3%

Financials, USDmn	2006A	2007E	2008E
Revenues	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/Revenues	4,0	3,7	3,4
EV/EBITDA	9,4	8,3	7,6
P/E	13,1	11,7	10,6
MCAP, USD mn	291 870	Com., mn	22 749
EV, USD mn	342 222	Pref., mn	
Free float	39%	Total, mn	22 749

Price performance, USD



Source: Bloomberg

Source: Datastream, IBES consensus

Gazprom sells Nord Stream stake for Balgzand Bacton option. Gazprom officials yesterday signed a deal with Nederlandse Gasunie, a Dutch gas distribution company, which gives Gasunie a 9% stake in the Nord Stream pipeline and Gazprom the option to buy a 9% stake in the Balgzand Bacton Line (BBL). President Putin and Dutch Prime Minister Balkende were also present in the signing of the agreement, indicating the political support of the two governments. Indeed, political support seems to be necessary for this controversial project to move ahead as there have been strong reactions from other countries regarding its viability.

Gasunie CEO places Nord Stream costs above previous estimates. Gasunie would take 4.5% from E.On and another 4.5% from BASF reducing the two partners' stakes from 24.5% down to 20% while Gazprom would retain its 51% stake. More interesting though was Gasunie's CEO comment that his company might spend approximately USD1.1 bn, which would imply USD12.2 bn total cost for the project compared to previous estimates of USD7.2 bn. On the other hand, the BBL pipeline is a venture of units of Gasunie, German E.ON and the Belgian gas distribution company Fluxys, and supplies gas from the Netherlands to the UK. News media reported yesterday that the total cost of this pipeline was USD1 bn, much lower than that of the Nord Stream project.

Nord Stream construction delayed. In other related news, Nord Stream CEO Matthias Warnig told reporters yesterday that the start of the pipeline's construction would be delayed by six months and is now scheduled for July 2009. However, he insisted that first gas will be shipped in the end of 2010. The joint venture needs more time to get permission from Germany, Sweden, Finland and Denmark, whose waters the pipeline will go through, Warnig added. An environmental study of the proposed pipeline will be submitted for approval to these countries in the next few weeks. Political and environmental concerns have so far delayed and cast doubt over the future of Nord Stream, which seeks to avoid transit countries for gas deliveries to Northern Europe.

Deal gives Gazprom EU support, access to UK. This is clearly a politically driven agreement and an effort by Gazprom to kill two birds with one stone. First, it involves a second EU country in the project, which gives the Nord Stream consortium more political power to overcome resistance from other EU countries, including Poland which has been the most vocal opponent thus far. Second, this is the first deal that indirectly gives Gazprom access to the British gas distribution market, a long term target of the company. Although the deal is relatively small it could be used as a guide for future agreements. In addition, we believe that since the value of the two stakes exchanged is obviously not equal, Gazprom may announce more deals with the Dutch side at a later date. Overall, we find the agreement as a positive step towards gaining more political support for Nord Stream and getting access to European gas distribution markets, but we are concerned over the delays and cost overruns of Nord Stream.

Gazprom: Eyes European electricity market

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Bloomberg ticker	Price, USD	FV, USD	Rating	12M High/Low	1M Perf.	3M Perf.	12M Perf.
SIBN RU Equity	12,78	n/a	Not Rated	12,83/8,75	10,9%	19,3%	16,3%

Gazprom in Austrian electricity JV. According to news media reports in both Austria and Russia, Gazprom and Austrian utilities company Verbund AG are in negotiations to create an electricity generation venture. The JV would build combined cycle power plants in Central and Eastern Europe, but it is unclear whether it will include the Russian market where Gazprom has significant presence already or not. Utilizing Verbund's expertise on the sector could lead to significant improvements in fuel and operating efficiencies, particularly if the venture expands in Russia. We remind clients that Gazprom has already announced a venture with Luxemburg's Soteg to build an 800 MW power plant in Germany that is expected to come on line in 2010. No officials of the two companies confirmed or denied the rumors yesterday.

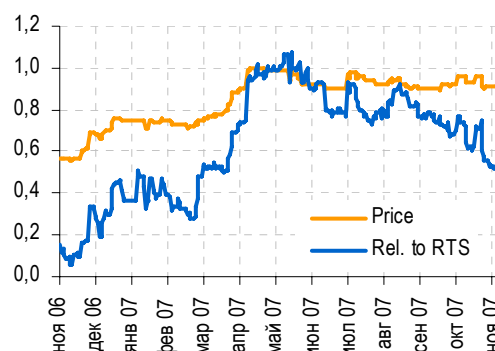
Electricity market entrance raises questions. If the reports are true and there are ongoing negotiations between the two companies, a new aspect of Gazprom's strategy would be revealed. Expansion in the European electricity markets is a part of a strategy that has been vaguely discussed in the past but never seriously considered before. We view this as a possible scenario though because a) it would be easier to overcome EU regulation if it enters the electricity market where it does not have any monopolistic positions (as it does in natural gas) and b) has already expanded in that market in Russia where it could in the future replace UES as the power monopoly. While this is another way for Gazprom to potentially bypass EU political and regulatory obstacles, we do question the economic prospect of it. Expansion in the power sector outside Russia might give Gazprom an advantage due to its access to cheap gas resources to fuel these plants, but we believe that returns on capital are inferior to those Gazprom can get by focusing on its core gas production and exports to Europe.

Volga Telecom: Reports good 9M07 RAS results

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

Bloomberg ticker	Price, USD	FV, USD	Rating	12M High/Low	1M Perf.	3M Perf.	12M Perf.
NNSI RU Equity	5,80	6,31	Hold	6,6/3,9	6,4%	16,0%	48,7%
NNSIP RU Equity	3,90	5,68	Buy	4,5/3,07	1,3%	6,3%	27,0%
Financials, USDmn	2006A	2007E	2008E				
Revenues	914	1 095	1 211				
EBITDA	321	419	473				
Net income	78	133	160				
Revenue growth	9%	20%	11%				
EBITDA growth	17%	31%	13%				
Net income growth	11%	71%	20%				
EBITDA margin	35%	38%	39%				
Net margin	9%	12%	13%				
EV/Revenues	2,4	2,0	1,8				
EV/EBITDA	7,0	5,3	4,7				
P/E	22,4	13,1	10,9				
MCAP, USD mn	1 747	Com., mn	246				
EV, USD mn	2 232	Pref., mn	82				
Free float	62%	Total, mn	328				

Price performance, USD



Source: Bloomberg

Source: Datastream, IBES consensus

Top-line growth solid in 9M07. Volga Telecom reported its 9M07 results on Tuesday, which showed solid revenue growth of 24% y-o-y in USD terms (17% y-o-y in RUB) – the highest in the sector - to USD715 mn on stronger contributions from intra-zone revenues and internet services (up 56% and 52% y-o-y, respectively). While growth in intra-zone traffic reflects positive implications from the CPP introduction in July 2006, internet proceeds were boosted by a 260% increase in the company's broadband subscriber base to 265,000 over the period. We note that the company does not include its mobile revenues in RAS results, meaning consolidated IFRS revenue growth should be even higher. However, we point out that in the 3Q07 revenues were up just 2% q-o-q in USD terms (flat in RUB) given lack of growth in local services and negative dynamics in Internet proceeds (despite a 42% q-o-q pick-up in net adds), which is likely explained by a shift to less expensive local tariff plans and lower usage of the internet in the summer season.

9M07 EBITDA margin stable. EBITDA rose 24% y-o-y in USD terms (up 17% in rubles) to USD272 mn. EBITDA margin held stable at 38%. Despite surging payments to operators which pushed overall cost growth ahead of revenues, the company proved able to keep labor costs under control (up just 8% y-o-y vs. total cost growth of 27%) mostly due to a 7% headcount cut YTD (16% y-o-y).

Results look good. Overall, we view the company's 9M07 financials as good, with strong to-line growth and stable EBITDA margin (a good indicator of the IFRS-based margin). The company also said that it was on track to meet its full-year net income guidance of not less than 10%, which would imply dividend yield of 1.1% for common and 3.1% for pref stock.

Volga Telecom 3Q07/9M07 RAS results

USD mn	3Q06	2Q07	3Q07	q-o-q change	y-o-y change	9M06	9M07	y-o-y change
Revenues	189	241	245	2%	30%	576	715	24%
- local	97	109	109	0%	12%	285	323	13%
- Intra-zone	40	46	47	2%	19%	87	137	56%
- VAS	20	30	28	-7%	40%	56	84	52%
- from operators	31	34	35	2%	12%	90	102	14%
Operating costs	153	181	192	6%	25%	426	542	27%
- wages	25	73	26	-65%	3%	159	173	8%
- payments to operators	14	26	29	15%	106%	25	78	212%
Operating income	36	59	54	-10%	50%	150	173	15%
EBITDA	74	92	88	-4%	19%	220	272	24%
EBITDA margin	39%	38%	36%	-2pp	-3pp	38%	38%	0pp
Net income	32	33	25	-24%	-22%	85	89	4%
Net margin	17%	14%	10%	-4pp	-7pp	15%	12%	-3pp

Source: Company data, MDM estimates

Economics: October inflation exceeds estimates

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Inflation provides unpleasant surprise. Inflation in Russia appears to be heading in the exact opposite direction to that which the government would desire. CPI surprised once again on the upside with the final figure for October being 1.6% m-o-m, at the high end of previous government guidance and above the 1.4% expected by the Bloomberg consensus of 18 economists. Year to date the inflation rate now stands at 9.3% compared to 7.5% in the same period a year ago.

Food increases pace CPI acceleration. In terms of components, the most worrisome trend in our view has been the continuing rise in core inflation. This came at a 2.1% m-o-m rate, higher than the headline figure for a third consecutive month and now stands at 8.9% YTD. Food products prices gained 3.3% m-o-m and reached 11.6% YTD while services prices were remained essentially even and maintained their above 11% pace (11.7% YTD). Within the food category, big increases were evident in the dairy products segment (9.6% up m-o-m), butter (up 12.7%) and vegetable oil (higher by 26.3% from last month).

Increase in government spending announced. In other news, president Putin officially approved yesterday a USD26 bn increase in government spending. The sources of the funds include the proceeds from the sales of Yukos assets (USD13.6 bn) and the Stabilization Fund (USD12.4 bn) that reached USD147.6 bn by the end of October, according to the Finance Ministry. The funds will be used for housing (USD9.6 bn), the new development bank (USD7.2 bn) that will be managed by Vnesheconombank and the state owned company Nanotechnology (USD5.2 bn).

Core inflation rate major concern. Not only was the inflation rate at the high end of expectations, but the composition of it increased our concerns over its future pace. The most concerning sign in our opinion was the continued increase of the core inflation rate at a rate higher than the headline figure. All in all, we believe that the point has been reached where even administrative measures will not be enough to prevent the negative trend this year. At this stage, not only we believe the CPI rate for 2007 is a lost cause, but we have also started questioning the government's targets for 2008 as well. With current trends on both the core inflation level and the food products level, we view the 7% rate the government has previously targeted for 2008 as an impossible target without major changes in macro-economic trends (primarily oil prices). This could be the next big issue for investors of Russian equities next year.

Briefs

Utilities

- Onexim, the investment fund owned by Mikhail Prokhorov, might not support Energy Polyus spin off (Interfax). Energy Polyus is supposed to own energy assets which are not involved in power delivery to arctic subsidiaries of Norilsk Nickel. Onexim CEO Dmitry Razumov said. Energy Polyus will be spun off only with OGK-3 shares, which is not interesting for investors, he added. In our view it could be difficult to come to an agreement about the business separation without any changes in the assets being spun off.
- The Federal Grid Company plans to issue five year Eurobonds for RUB14 bn (Interfax). The company plans to meet investors in coming days. The bond issue is organized in order to facilitate FGC's investment plan.

Economics, politics

- The Russian and Chinese Prime Ministers held yesterday critical talks on the long term agreement for crude oil supplies to China and the signing of the agreement for the oil pipeline to the Chinese borders (Bloomberg). Russia is seeking to provide crude at higher prices, as the old agreement includes outdated and relatively low crude prices. As a result, a final agreement could be delayed or perhaps not reached at all.

Stock performance summary

	Company name	Last price, USD	1D	1WK	1M	3M	12M	YTD	12M High/Low
Oil and gas	Gazprom	12.83	2.8%	4.6%	10.9%	19.3%	16.3%	11.6%	12.83/8.75
	Novatek	58.50	3.4%	4.5%	3.0%	11.2%	-2.9%	-7.9%	66/46.5
	Rosneft	9.02	3.6%	1.3%	5.1%	9.6%	3.9%	-1.4%	9.49/7.66
	Lukoil	94.60	3.5%	4.8%	9.0%	21.3%	12.2%	7.6%	94.6/71.9
	TNK-BP Holding	2.28	-0.2%	0.0%	10.1%	12.3%	1.3%	-12.1%	2.6/1.67
	Surgutneftegaz	1.30	2.0%	-0.5%	-4.1%	16.1%	-2.3%	-15.4%	1.53/1.07
	Gazprom Neft	5.05	2.0%	8.6%	18.8%	23.2%	24.1%	10.7%	5.05/3.7
	Tatneft	6.14	-0.4%	4.1%	9.1%	21.2%	20.7%	23.8%	6.18/3.95
	Bashneft	16.20	0.6%	-0.2%	14.1%	10.6%	-4.7%	1.3%	17.65/12
	Transneft pref	2 050.00	5.7%	7.4%	7.9%	13.9%	-7.2%	-10.7%	2540/1435
	Integra	15.50	1.5%	-2.5%	-1.4%	n/a	n/a	n/a	21.55/13.55
	C.A.T Oil	18.21	-0.2%	-3.4%	-5.4%	-12.0%	1.7%	-9.0%	25.56/17.12
	West Siberian Resources	0.86	-0.9%	-3.5%	-2.7%	1.9%	-26.4%	-25.9%	1.16/0.66
	UES	1.23	-0.6%	-0.4%	2.5%	-3.0%	59.4%	21.9%	1.37/0.77
Utilities	OGK-1	0.11	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	0.18/0.1
	OGK-3	0.15	0.0%	-5.8%	-1.7%	-14.9%	58.7%	19.2%	0.18/0.09
	OGK-4	0.13	0.0%	2.0%	1.7%	7.5%	108.9%	60.6%	0.13/0.06
	OGK 5	0.17	0.5%	-0.5%	8.1%	4.1%	59.3%	28.2%	0.17/0.1
	OGK-6	0.12	n/a	n/a	n/a	n/a	n/a	n/a	0.17/0.09
Telecoms and technology	MTS	89.71	5.2%	9.2%	17.9%	40.8%	102.1%	78.7%	89.71/42.99
	Sistema	38.60	6.3%	3.3%	13.5%	32.0%	44.3%	20.6%	39.9/25.85
	VimpelCom	31.87	4.7%	-3.4%	10.6%	49.2%	145.9%	101.8%	34.93/12.96
	Comstar	12.87	4.2%	3.9%	-1.2%	25.0%	80.5%	53.2%	13.71/6.9
	Rostelecom	9.70	-1.2%	-2.0%	-8.2%	2.6%	86.5%	26.8%	10.7/5.2
	Golden Telecom	99.86	0.2%	0.5%	20.7%	64.0%	167.1%	113.2%	108.85/35.75
	MGTS	30.67	1.9%	1.1%	-1.7%	-12.3%	32.0%	16.0%	34.29/21.19
	Uralsvyazinform	0.06	-0.7%	0.1%	-0.8%	10.1%	49.8%	-6.8%	0.07/0.04
	Volga Telecom	5.80	0.9%	2.7%	6.4%	16.0%	48.7%	-4.1%	6.6/3.9
	Sibirtelecom	0.12	0.0%	3.6%	4.1%	10.6%	30.7%	2.2%	0.13/0.09
	Northwest Telecom	1.85	0.9%	0.6%	5.1%	11.0%	50.6%	8.6%	1.85/1.13
	Center Telecom	0.92	0.0%	0.0%	-4.7%	-2.7%	60.5%	22.0%	1/0.56
	Southern Telecom	0.20	3.9%	4.5%	4.2%	13.0%	62.6%	11.1%	0.23/0.12
	Dalsvyaz	5.40	1.9%	5.9%	3.8%	10.2%	74.2%	29.8%	5.4/3.07
	Bashinformsvyaz	0.18	0.0%	0.0%	-0.6%	0.6%	0.6%	-22.6%	0.23/0.17
	RBC	9.24	0.1%	-2.9%	1.1%	2.0%	-23.3%	-24.2%	12.1/7.53
	Sitronics	7.20	1.4%	-4.4%	16.1%	10.8%	n/a	n/a	12/5
CTC Media	24.97	0.0%	-1.3%	6.6%	5.0%	7.7%	4.0%	28.77/19.59	
Rambler Media	36.99	0.5%	-3.3%	-2.4%	-15.4%	11.7%	9.6%	55/32.96	
Metals and mining	Norilsk Nickel	305.00	-0.8%	4.5%	14.2%	42.5%	107.5%	94.3%	307.5/135.5
	Polyus Gold	45.50	0.0%	1.6%	5.8%	3.4%	-4.2%	-7.7%	55.25/38.3
	Severstal	23.50	0.9%	-0.4%	6.8%	38.2%	80.8%	109.8%	23.84/10.84
	Evraz Group	74.70	1.6%	3.6%	19.1%	43.1%	183.0%	190.8%	82.6/24.25
	Mechel	86.41	7.3%	4.7%	48.7%	114.8%	288.7%	239.1%	86.73/22.1
	NLMK	44.89	9.5%	16.3%	19.4%	47.2%	113.8%	93.1%	44.89/20.8
	MMK	1.35	-1.1%	6.7%	17.0%	22.3%	73.0%	54.6%	1.39/0.77
	TMK	43.50	0.4%	-1.7%	0.0%	12.5%	n/a	24.3%	46.99/25.8
	VSMPO	325.00	2.2%	2.2%	12.8%	11.7%	39.5%	10.9%	330/233
	Sberbank	4.35	1.2%	0.9%	6.5%	10.4%	81.5%	26.1%	4.42/2.36
Rosbank	7.57	-0.3%	0.3%	4.7%	-1.2%	23.9%	-2.2%	7.67/5.55	
X5	35.50	3.8%	-1.1%	-3.5%	16.3%	54.0%	36.5%	37.5/22.5	
Seventh Continent	26.10	0.0%	0.4%	2.6%	3.0%	0.5%	-2.2%	29.3/24.1	
Industrials, consumer, banks	Dixy Group	14.00	-1.1%	-1.1%	10.2%	3.8%	35.6%	29.1%	15.6/13.95
	Magnit	46.10	0.2%	1.5%	10.2%	3.8%	35.6%	29.1%	47.6/33.75
	Wimm-Bill-Dann	123.41	4.0%	2.8%	14.7%	26.8%	193.2%	85.4%	123.41/42.09
	Lebedyansky	93.00	0.0%	-0.8%	6.3%	-5.1%	17.7%	16.3%	99/73.5
	Nutritek	52.00	0.0%	1.5%	4.0%	1.9%	22.8%	9.6%	53.8/44.9
	Baltika (euro)	33.41	0.0%	1.0%	1.0%	1.9%	22.8%	9.6%	36.96/31.12
	Razgulay	5.31	2.1%	11.8%	30.0%	28.9%	37.9%	32.8%	5.31/3.6
	Severstal Auto	48.00	0.0%	-2.0%	-1.5%	19.6%	89.0%	58.7%	49/25
	AvtoVAZ	1.60	0.0%	-0.3%	11.5%	23.5%	48.9%	58.4%	1.74/0.65
	Aeroflot	3.47	0.0%	-0.3%	11.5%	23.5%	48.9%	58.4%	3.48/2.17
	Veropharm	47.00	1.1%	1.5%	12.4%	5.4%	66.7%	48.0%	48.65/27.75
	Apteka 36.6	75.25	0.0%	-0.3%	0.3%	-9.3%	61.8%	29.2%	96.1/46.5
	Pharmstandard	22.13	1.5%	1.3%	11.4%	33.3%	n/a	n/a	22.13/13.6
	Kalina	41.25	0.0%	3.1%	16.2%	-2.7%	-5.2%	-19.9%	51.5/34.25
	Oriflame (euro)	41.31	2.4%	3.2%	-1.9%	9.0%	48.1%	35.5%	44.07/27.77
	Cherkizovo	14.80	0.7%	3.5%	9.2%	16.1%	-5.3%	8.8%	16.1/11.05
Sistema Hals	10.00	0.4%	2.6%	0.0%	-18.4%	n/a	-24.8%	15.05/9.1	
RTS Index	2 268.92	1.8%	1.9%	7.3%	16.2%	35.5%	18.1%	2268.92/1663.19	

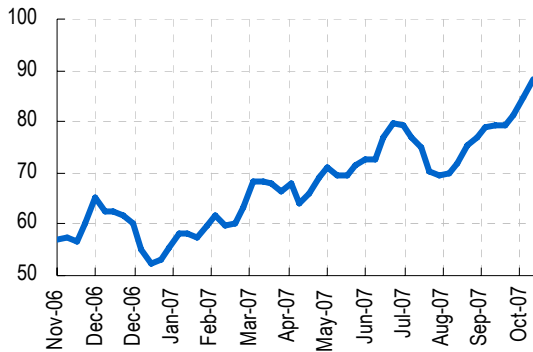
Source: Bloomberg

Stock valuation summary											
Company name		MCAP,	P/E			EV/EBITDA			EV/Revenue		
		USD mn	2006E	2007E	2008E	2006E	2007E	2008E	2006E	2007E	2008E
Oil and gas	Gazprom	291 870	13,1	11,7	10,6	9,4	8,3	7,6	4,0	3,7	3,4
	Novatek	17 761	25,8	19,0	14,5	16,1	12,3	9,6	7,7	5,9	4,4
	Lukoil	80 505	10,8	11,5	11,6	7,1	7,5	7,4	1,3	1,3	1,3
	Rosneft	95 603	23,1	19,5	17,9	12,6	11,1	9,4	3,0	2,7	2,6
	Surgutneftegaz	51 426	12,3	12,6	15,1	6,0	6,2	7,0	2,2	2,1	2,2
	Gazprom Neft	23 942	7,3	8,5	8,8	4,8	5,4	5,9	1,2	1,3	1,3
	Tatneft	13 863	11,0	11,8	12,4	6,8	7,6	8,6	1,3	1,3	1,3
	Bashneft	2 754	6,0	6,7	7,2	3,4	3,9	4,1	0,7	0,8	0,9
	Transneft pref	14 169	6,3	5,4	4,9	4,2	3,5	3,0	2,3	2,0	1,8
	West Siberian Resources	1 011	30,6	25,5	9,6	9,7	7,2	4,5	3,6	2,6	1,9
Aggregate - oil and gas	591 891	12,8	11,9	11,4	7,8	7,3	7,0	2,6	2,3	2,1	
Utilities	UES	50 482	33,5	29,4	19,8	17,3	14,1	10,2	3,4	3,0	2,6
	Mosenergo	7 293	76,7	30,6	20,0	17,1	11,9	7,9	2,4	2,1	1,7
	OGK-1	5 089	n/a	55,9	38,3	42,0	27,5	19,7	4,6	4,2	3,4
	OGK-2	3 509	n/a	43,9	24,7	192,7	21,8	13,0	3,9	3,3	2,6
	OGK-3	6 933	n/a	81,6	49,5	100,4	39,5	35,5	9,1	7,5	6,5
	OGK-4	6 313	n/a	n/a	52,2	78,6	47,3	26,0	6,5	6,0	4,6
	OGK-5	6 038	51,2	62,9	44,7	64,6	29,4	21,7	6,3	4,9	4,1
OGK-6	3 208	40,0	25,4	13,6	17,7	13,9	9,0	2,9	2,5	2,0	
Aggregate - utilities	88 865	24,7	27,7	21,3	34,9	15,6	11,7	3,4	2,9	2,5	
Telecoms and technology	MTS	35 794	28,7	20,2	18,0	12,0	10,1	9,2	6,0	5,1	4,6
	Sistema	18 644	20,6	15,5	14,2	9,8	8,2	7,5	3,6	3,3	3,0
	VimpelCom	32 686	40,3	27,2	24,2	14,1	11,5	10,6	7,1	5,8	5,3
	Aggregate - mobile telecoms	87 124	29,9	21,0	18,8	12,0	9,9	9,1	5,6	4,7	4,3
	Comstar	5 379	65,6	48,5	15,7	18,2	10,4	9,1	6,0	4,5	4,0
	Rostelecom	7 710	n/a	67,0	56,3	19,6	17,5	15,6	3,3	3,3	3,1
	Golden Telecom	3 660	42,8	31,3	23,3	16,2	11,4	8,7	4,3	3,2	2,5
	MGTS	2 877	16,6	11,8	10,7	10,1	7,5	6,8	4,2	3,3	3,1
	Uralsvyazinform	2 401	77,4	17,5	13,5	9,7	6,5	5,6	2,7	2,3	2,1
	Volga Telecom	1 747	22,4	13,1	10,9	7,0	5,3	4,7	2,4	2,0	1,8
	Sibirtelecom	1 680	39,4	8,0	6,3	8,5	4,9	4,1	2,1	1,7	1,5
	Northwest Telecom	1 932	41,1	16,4	15,7	9,3	6,3	5,8	3,0	2,4	2,2
	Center Telecom	1 754	26,0	27,4	15,9	6,4	5,9	5,0	2,3	2,0	1,8
	Southern Telecom	716	55,1	17,9	15,9	6,5	6,0	5,5	2,3	2,0	1,9
Dalsvyaz	650	50,0	13,5	9,3	8,9	5,2	4,1	2,2	1,6	1,5	
Bashinformsvyaz	172	7,5	8,1	4,6	3,3	3,2	n/a	1,1	1,0	0,8	
Sitronics	1 375	31,8	14,9	10,9	8,9	6,1	4,9	0,8	0,6	0,5	
Aggregate - fixed line telecoms	30 678	40,4	23,4	16,5	10,3	7,5	6,8	3,0	2,4	2,2	
RBC	1 063	26,9	27,8	13,2	16,0	11,0	8,0	4,7	3,7	2,9	
CTC Media	3 783	25,6	19,6	15,4	15,3	11,9	9,6	7,3	5,6	4,5	
Rambler Media	555	45,8	22,9	15,0	28,0	12,7	8,8	6,9	4,0	3,1	
Aggregate - media	5 401	32,8	23,4	14,5	19,8	11,9	8,8	6,3	4,5	3,5	
Metals and mining	Norilsk Nickel	55 815	7,5	9,0	12,0	4,8	6,0	8,2	3,5	3,9	4,6
	Polyus Gold	8 691	41,5	54,0	61,9	19,7	23,6	23,4	8,5	8,8	8,9
	Severstal	23 681	13,7	12,7	12,2	7,3	6,7	6,5	1,8	1,7	1,6
	Evraz Group	26 198	14,5	14,5	13,9	8,8	8,4	9,2	2,8	2,6	2,5
	Mechel	11 662	14,5	15,5	17,6	8,8	9,0	9,1	2,2	2,1	2,1
	NLMK	26 903	12,9	13,5	13,4	8,0	8,3	8,0	3,7	3,6	3,3
	MMK	13 669	8,4	8,4	7,6	5,9	5,7	5,3	1,8	1,7	1,6
	TMK	9 483	14,3	9,9	12,5	8,6	6,4	8,2	2,6	2,2	2,0
	VSMPO	3 900	15,4	12,1	9,6	9,9	8,0	6,3	3,8	3,2	2,5
	Aggregate - metals and mining	180 001	17,5	17,3	17,5	10,2	9,4	9,3	3,7	3,4	3,3
Sberbank *	244	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Aggregate - banks	244	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Industrials, consumer, banks	X5	7 685	37,8	27,6	19,9	17,0	12,6	10,1	1,8	1,2	1,0
	Magnit	3 319	40,6	29,5	20,0	17,3	12,2	9,0	1,0	0,7	0,6
	Seventh Continent	1 958	30,1	23,6	16,7	14,4	10,3	7,7	1,5	1,1	0,8
	Lebedyansky	1 898	18,8	16,0	14,0	12,0	10,0	8,7	2,3	1,9	1,6
	Baltika (euro)	5 691	12,3	11,0	9,2	7,5	6,8	5,6	2,4	2,1	1,8
	Wimm-Bill-Dann	5 430	34,6	25,5	21,0	17,7	13,7	11,2	2,5	2,1	1,8
	Aggregate - FMCG	25 981	29,0	22,2	16,8	14,3	10,9	8,7	1,9	1,5	1,3
	Razgulay	563	26,5	12,8	11,8	8,8	6,2	5,9	1,1	0,9	0,9
	Severstal Auto	1 632	26,0	16,5	14,9	13,4	9,2	7,5	1,9	1,3	1,0
	AvtoVAZ	293	2,3	2,0	1,1	1,8	1,7	n/a	0,2	0,2	0,2
	Aeroflot	3 855	13,3	15,0	12,0	9,4	8,4	6,7	1,4	1,2	1,0
	Veropharm	470	19,1	14,2	11,1	12,2	9,3	7,0	4,1	3,2	2,6
	Kalina	402	13,7	11,3	11,0	8,4	7,3	6,9	1,2	1,1	1,0
	Oriflame (euro)	2 301	22,9	18,4	14,0	15,4	13,1	10,9	2,4	2,1	1,8
Aggregate valuation	1 019 702	13,7	12,6	11,8	8,8	8,2	7,7	2,7	2,5	2,3	
FF-adj. MCAP W.A. valuation	294 461	16,5	15,4	14,3	10,4	8,8	8,3	3,6	3,3	3,2	

Source: MDM estimates, IBES consensus

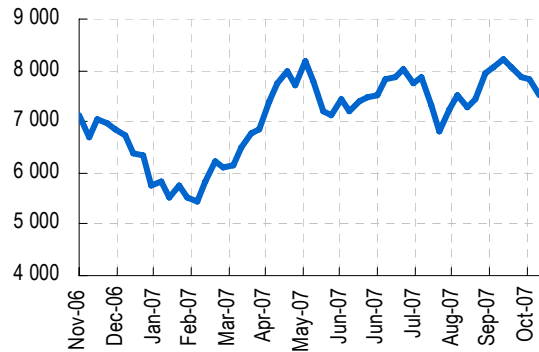
Key commodities

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



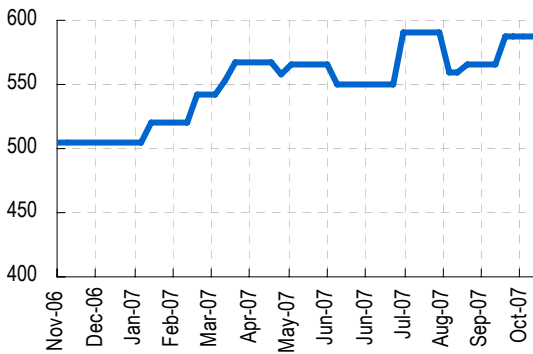
Source: Bloomberg

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



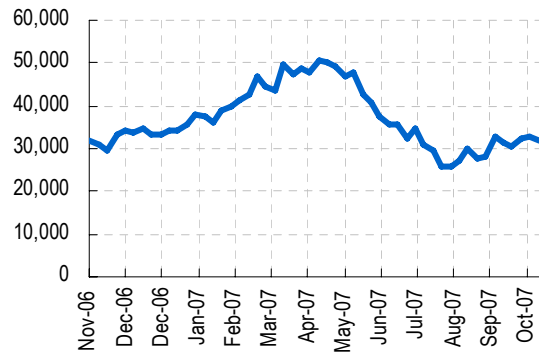
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MB-Steel HR Coil CIS, USD/ton



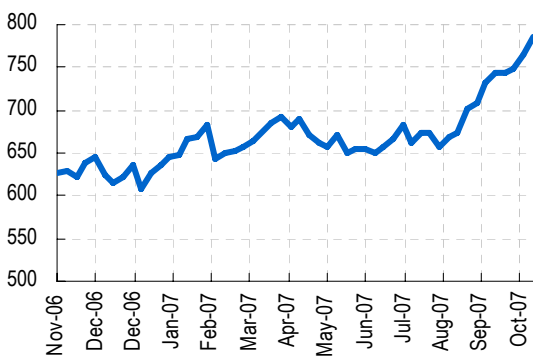
Source: Bloomberg

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



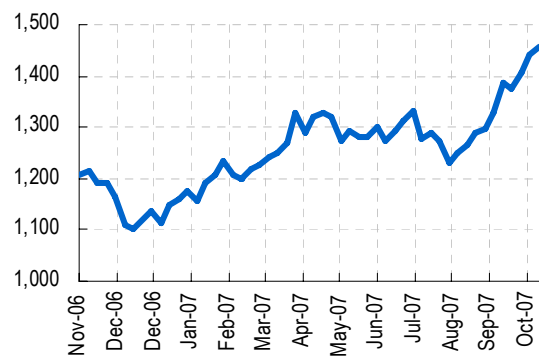
Source: Bloomberg

Gold Bullion, USD/oz



Source: Bloomberg

MB-Platinum Matthey, USD/oz



Source: Bloomberg



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