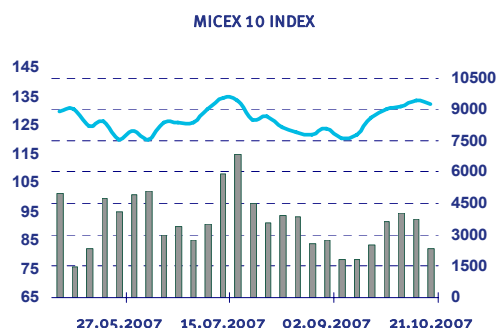
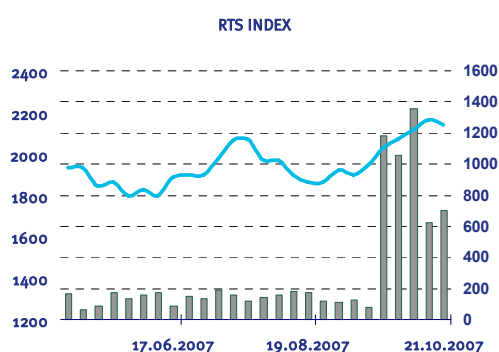


VOTING IN FAVOUR



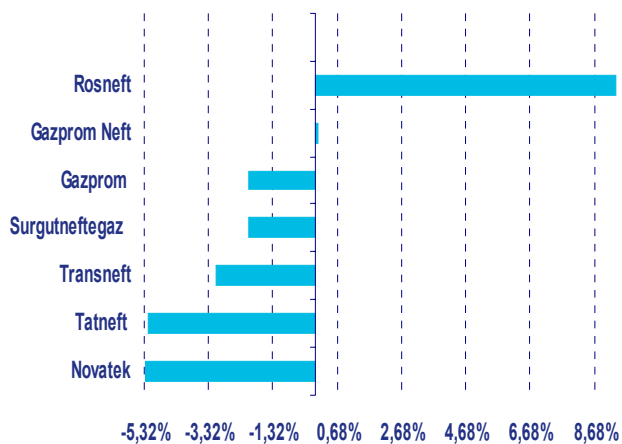
On 26 October, RAO UES will hold an EGM, during which the issue of its break-up will be decided. For those shareholders who have voted against it, the repurchase price has been set at RUB32.15 per common share. Taking into account the current market value of less than RUB30 per share, there arises an arbitrage opportunity in this stock of above 5%. By our forecasts, this opportunity could be used by the market during the current week. The fact that RAO UES shares have lagged behind the general market trend over the last two months also makes them attractive for investments in an overheated market. After subsidiaries were spun off in early September, share trading volumes plunged sharply but since the end of last week, the trading volumes of RAO UES shares have increased strongly and the share price has risen by 3%, standing out against the general performance of a declining market.

There were large-scale acquisitions of second-tier utilities shares such as OGK-1 and OGK-3 as well. Investor interest in utilities shares was stirred up by a withdrawal of investors from stocks in oil & gas companies. The end of the reporting period of the major oil & gas companies led to fixation sales of their shares and buying stocks in companies that have lagged behind the market during the last month.

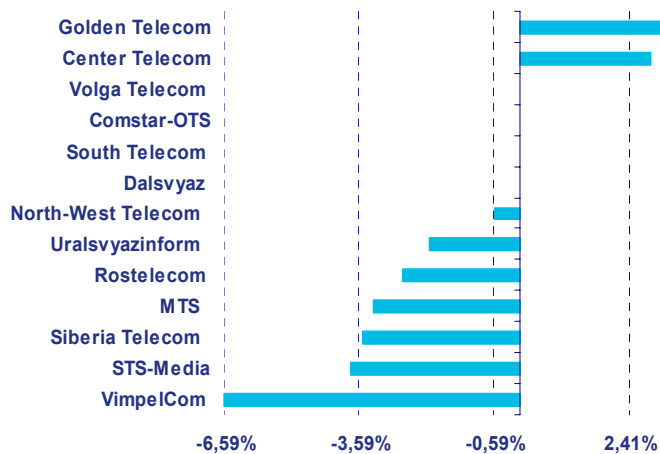
In addition to some technical underestimation, RAO UES shares are attractive from the position of fundamental analysis too. Taking into account the conversion ratios of RAO UES shares into the stocks of spun-off affiliates (should the vote go in favour of restructuring), the shares are being traded at a discount of more than 50%. A further liberalisation of the electricity and generation markets makes investments in this sector even more attractive in the long term. Investing in RAO UES appears to be attractive not only thanks to strong fundamentals, but also judging from the overall market situation.

STOCK PERFORMANCE BY INDUSTRY – ONE WEEK (16.10-23.10)

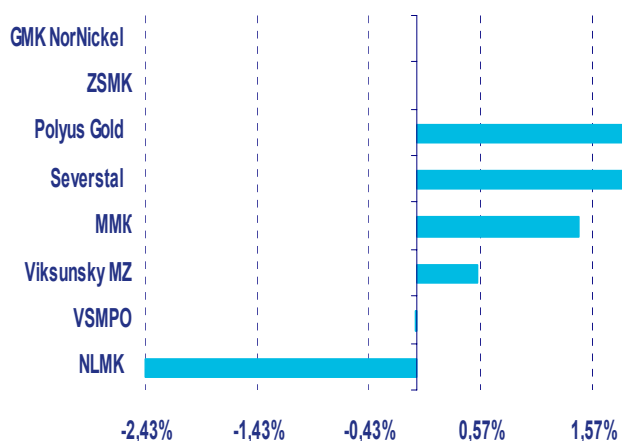
OIL AND GAS



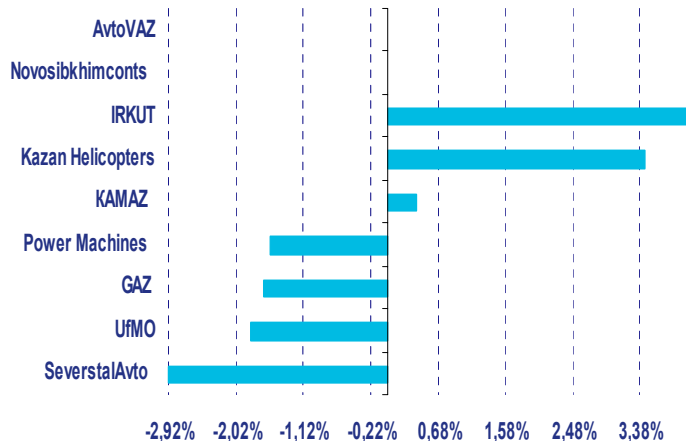
TELECOMMUNICATION



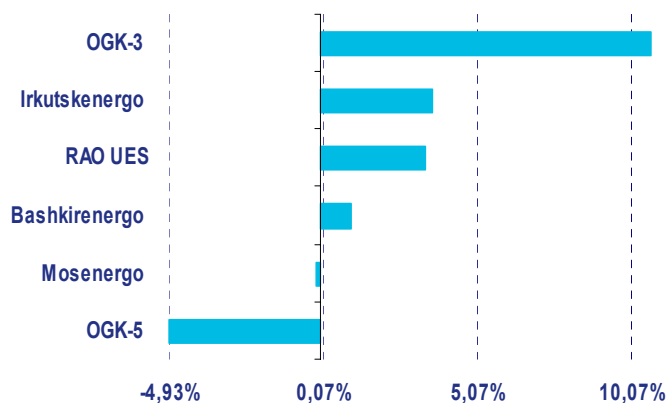
METALLURGY



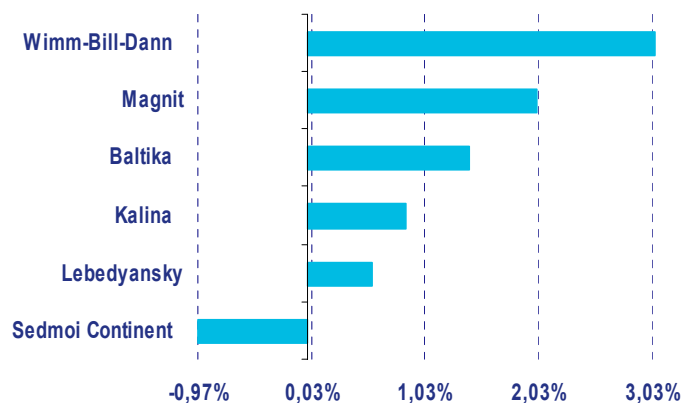
ENGINEERING



ELECTRIC UTILITIES



CONSUMER GOODS



RUSSIA'S EVENTS

Date	Event
25	RF gold and foreign exchange reserves
26	RF Monetary base

RUSSIA ISSUERS

Date	Issuer	Event
22	Aeroflot	Publication of 1H07 IFRS financials

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Analysts' criteria of stock investment rating valuation

Investment rating	Valuation criteria
BUY	Stock upside potential to the target price not lower than 15%
HOLD	Stock upside potential to the target price from 0% to 15%
SELL	Negative stock upside potential