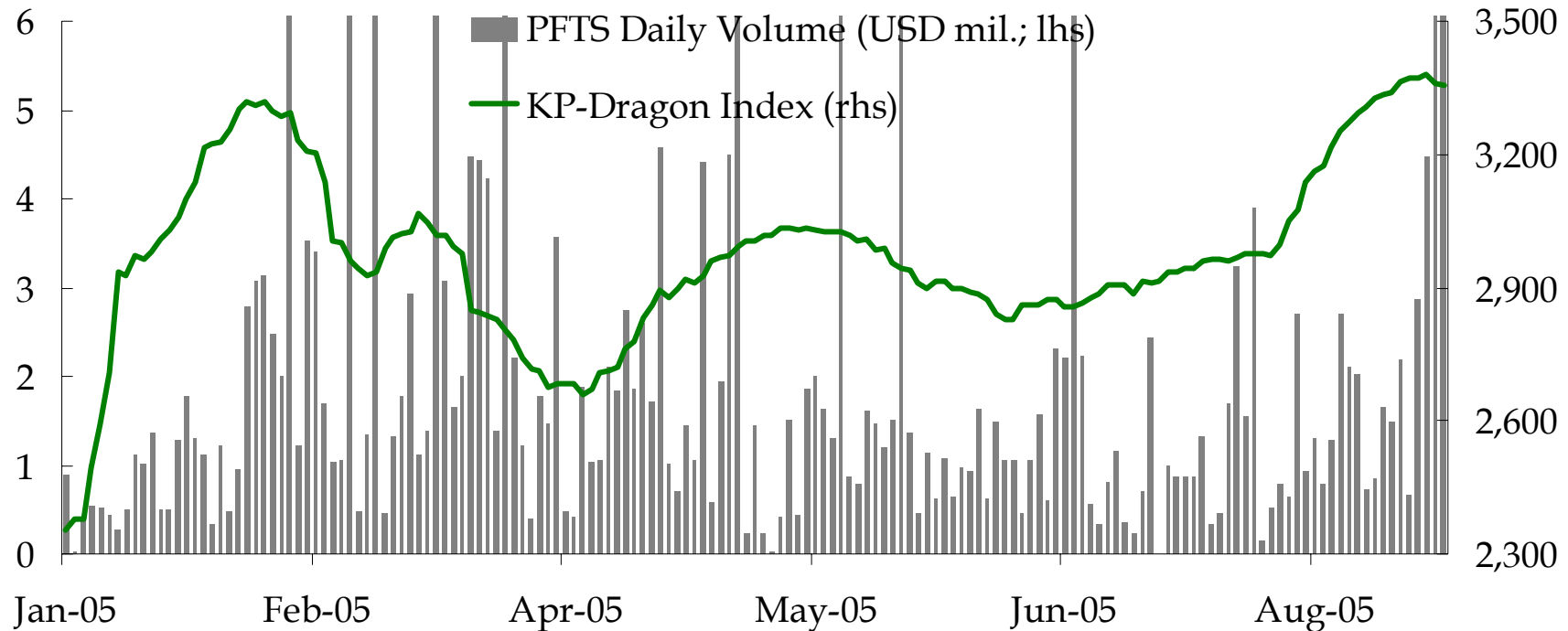




Ukrainian Equity Market

Kyiv
October 2005

Equity Market Performance (January-August 2005)

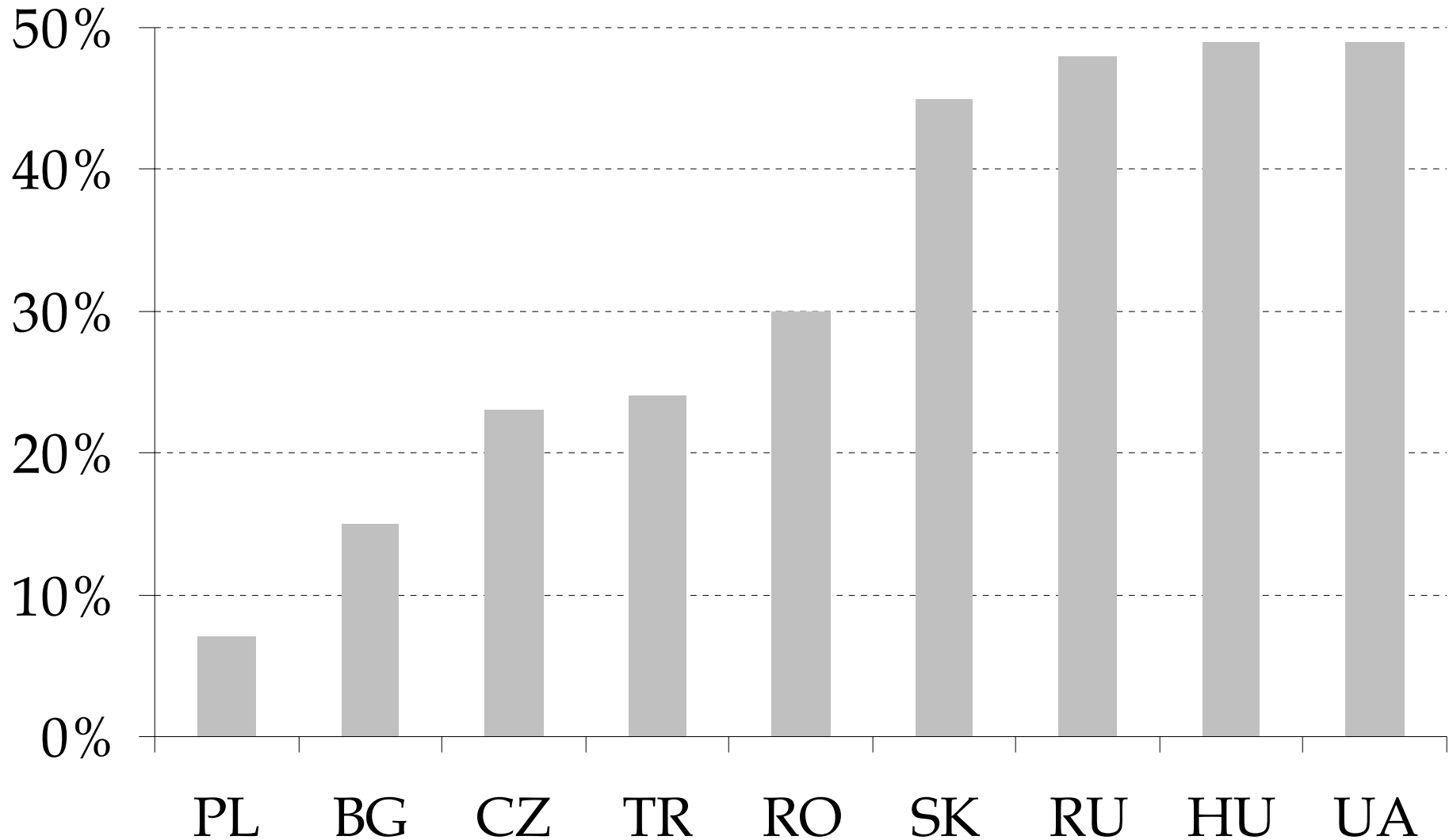


- KP-Dragon Index up over 45% YTD, growth leader in region
- Turnover has risen substantially, investor interest broadened
- Acceleration of reforms, privatization key to further growth

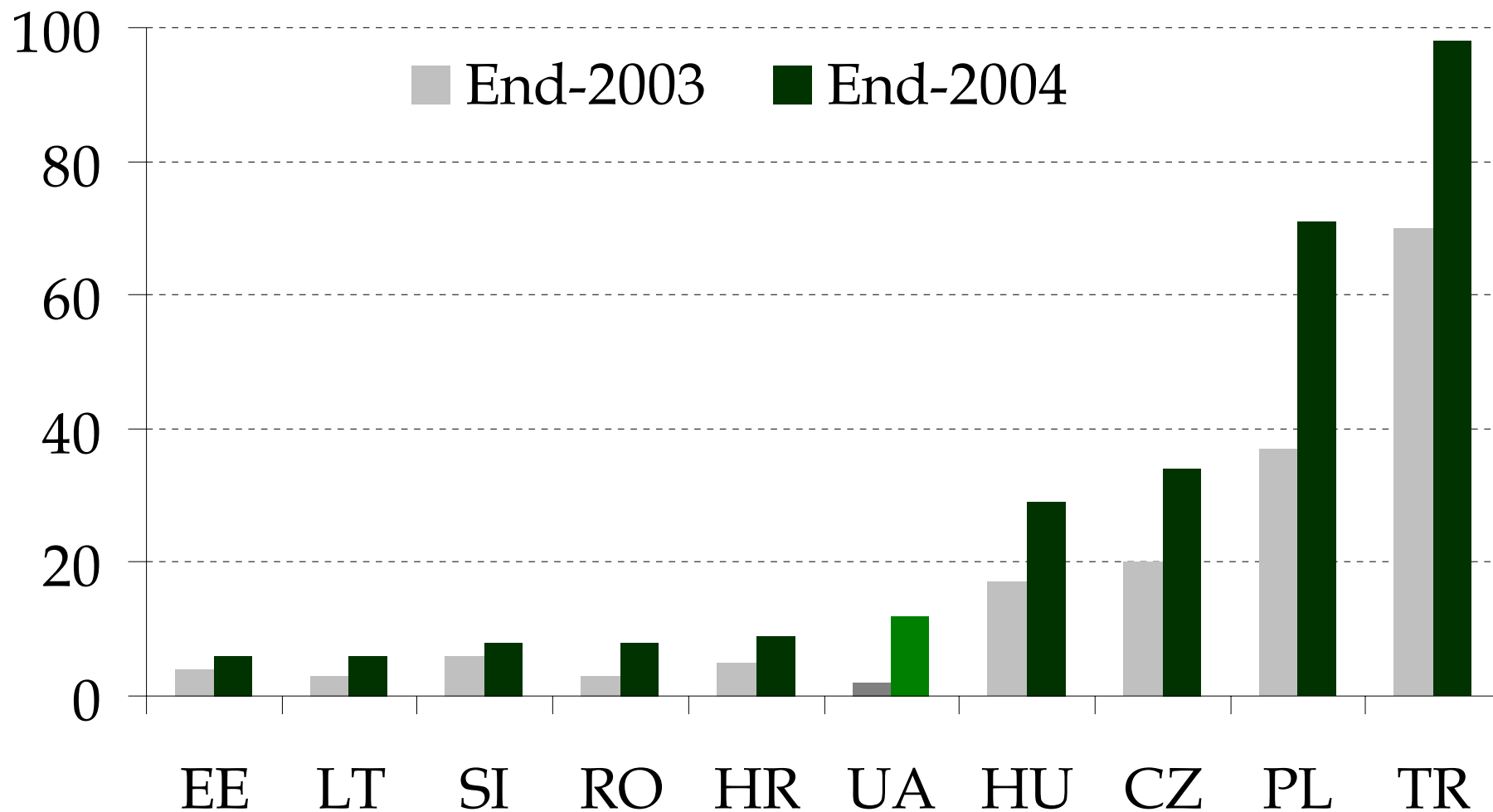
Ukrainian Blue Chips (September 1, 2005)

Company Name	Sector	Market Cap	Free Float	Recommended
		USD mil.	(%)	as
Ukrtelecom	Telecoms	2,790	2%	Under Review
Ukrnafta	Oil & Gas	2,115	8%	Buy
Zaporizhstal	Metallurgy	1,038	4%	Buy
Stirol	Chemicals	732	4%	Under Review
Zakhidenergo	Energy Generation	333	30%	Buy
Centrenergo	Energy Generation	262	22%	Buy
NPR	Metallurgy	410	21%	Under Review
Dniproenergo	Energy Generation	264	24%	Buy
Kyivenergo	Integrated Utility	172	9%	Buy
Donbasenergo	Energy Generation	102	14%	Buy

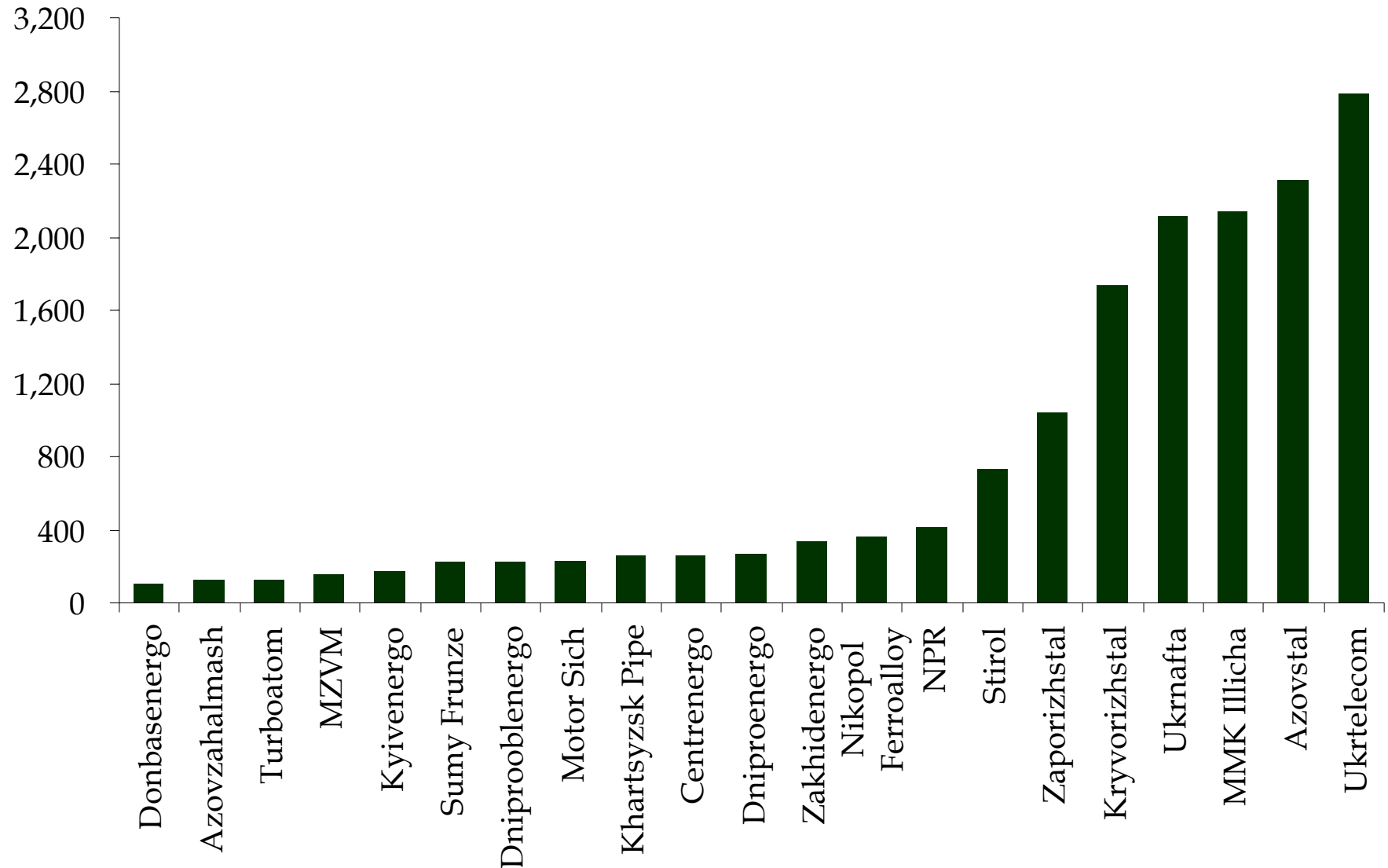
Market Performance: Ukraine vs. Regional Peers (8M05; USD)



Market Capitalization: Ukraine vs. Regional Peers (USD bil.)



Top Stocks by Market Capitalization (Sep-02, 2005; USD mil.)



Fundamental Drivers

- **New Ukrainian leadership: greater transparency, faster reforms and improved corporate governance**
- **Strong macro fundamentals provide sound footing**
- **Sovereign and equity risk convergence towards CEE levels in 5-9 years**
- **Tariff and commodity price convergence within 10 years**
- **Decoupling from Russia: valuation comparison expanded to GEM universe**

Current Developments and Challenges

- 2006 parliamentary elections
- Privatization and de-privatization
- Reforms:
 - energy and coal sector
 - stock market and corporate governance laws
 - pension system
- Liquidity challenge
- Debut IPOs