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Analyst's Notebook

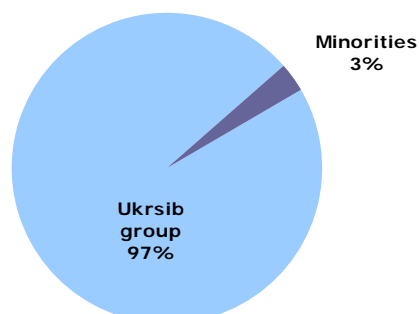
Ukraine / Chemicals
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Azot Cherkasy: Ownership Reshuffle?

On May 18, 2006, Azot Cherkasy (**AZOT: BUY**) failed to conduct an EGM due to a lack of quorum (less than 60% of the company's shareholders were present). The company's major shareholder, Ukrсіб group, has full control over the company and the failure to gather quorum may mean an ownership change shake-up is on the way.

As we explained in our report from March 2006, among Ukrainian fertilizer producers, Azot Cherkasy is one of the most likely acquisition targets. Although it is premature to make any far-reaching conclusions, we feel that the recent gas crisis and the likelihood of the gas issue to flaring up again in June this year might have pushed existing owners (Ukrсіб group) to consider selling the company. The most likely bidders are Russian chemical majors.

Azot Cherkasy Ownership*



* The share of Ukrсіб group (97%) is estimated based on public sources. It also includes about 12-15% share of other shareholder, Cliringovy Dom, whose share was diluted and is said to be bought out by Ukrсіб in 2005.

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