UKRAINE
Oil & Gas

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The Gas Issue

Ukraine To Be Gazpromed?

June 5, 2006

Summary

Ukraine To Face Another Gas Price Hike. In 2H06 we expect the price of imported gas for Ukraine to jump by 34%, to about USD 128/ths cm. The increase implies a yearly average import price of USD 111/ths cm, which is 17% higher than the current price and 10% above our previous forecast. Uncertainty regarding Turkmen gas supplies makes Ukraine more dependent on Gazprom and RosUkrEnergo (RUE) and will push the negotiators to accept a higher price.

Domestic Prices To Grow Accordingly. The price for domestic industrial consumers will increase proportionally to the import price, from USD 108 to around USD 146/ths cm (excluding transportation and delivery costs). Given the doubling of transportation tariffs in 1H06, end-user prices for industrial consumers would increase to about USD 166/ths cm, an jump of about 40% since the beginning of this year. The implied yearly average price for end-users is about USD 143/ths cm (~85% yoy growth).

Domestic Nitrogen Fertilizer Producers Nearing The Break Even Point. With our estimated break-even gas price of USD 160-170/ths cm (at ammonia export price of USD 220 mt), in 2H06 Ukrainian producers of nitrogen fertilizers will just barely be able to remain profitable. Steel makers will be able to weather a gas price increase of up to USD 200/ths cm, without significantly changing to technology. The five Ukrainian electricity generating companies and Kievenergo would react to higher gas prices by increasing electricity tariffs by about 8-10%.

Gazprom: Yearning For The Ukrainian Gas Market. We maintain our view that Gazprom will succeed in using gas prices as a lever over the Ukrainian authorities to gain access to the Ukrainian market. Technically, this will result in licensing Ukrgaz-Energo, the JV created by RUE and Naftogaz Ukrayiny, to sell 32 bcm of gas to Ukrainian consumers (about 50% of the local market).

RosUkrEnergo: IPO On The Way? At the first glance, the recent disclosure by RUE's owners and the acquisition of Astrakhan Oil & Gas Company seem to suggest that the company's IPO plans are not just talk. However, we believe that the IPO has little to do with increasing the company's capitalization. It looks like Gazprom is going to use it as an instrument to get support from future European shareholders and improve its leverage over transit countries.

Gas Balance 2006: A 22.5 bcm Hole

Despite the existence of an allegedly signed contract between Ukraine and Turkmenistan in December of last year, Turkmenistan did not supply a single cm of the gas agreed upon. Instead, Turkmen gas was purchased by Gazprom and resold to Ukraine through RosUkrEnergo (RUE), the company controlled by Gazprom. If the deal remains idle, Ukraine will face a 22.5 bln hole in its gas balance. The gap can be closed, but at a painful price to Ukrainian gas consumers.

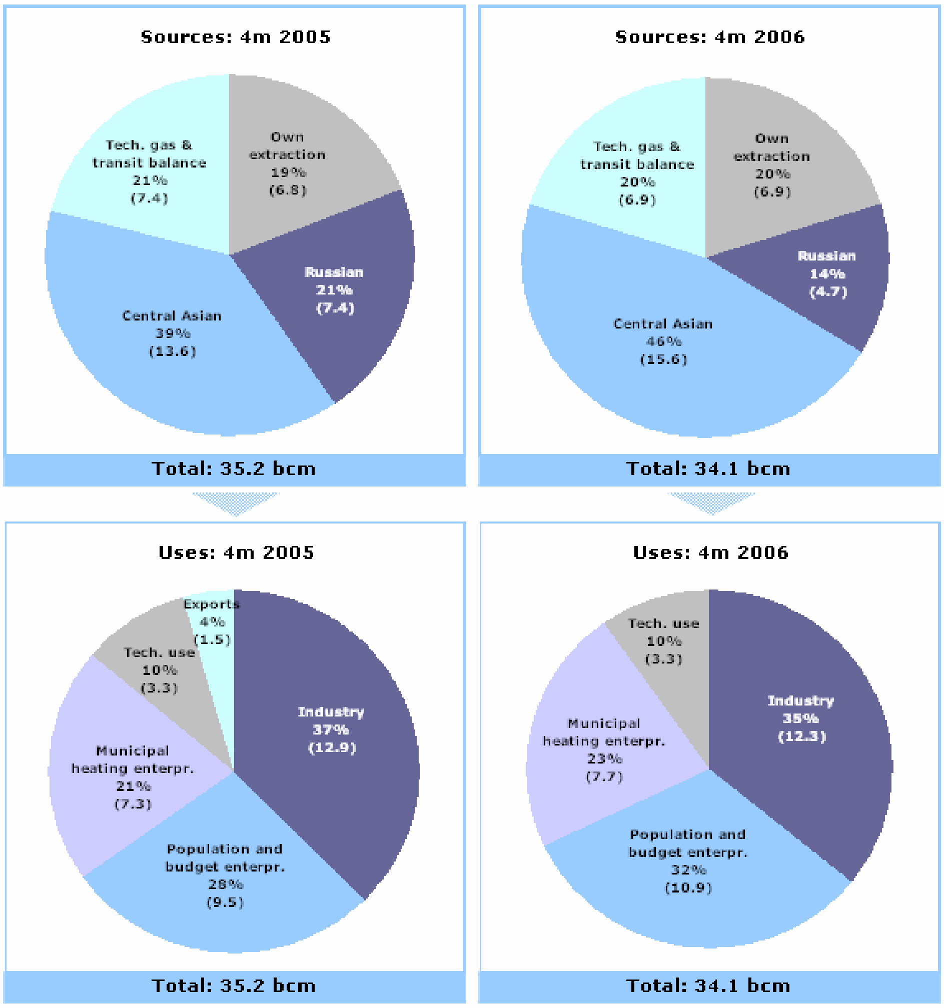
Gas Balance Changes, 4m06 Data Confirms Our Expectations

The data for 4m06 confirms our general expectation that this year Ukrainian gas consumers will depend mostly on Turkmen gas prices and its availability – either to RUE or Naftogaz (see our research from January 2006). In 4m06 Ukraine imported only 4.7 bcm of Russian gas, 37.2% less than over the same period last year. The balance was closed by Central Asian gas supplies (mostly Turkmen), which increased by 14.4% yoy, from 13.6 to 15.6 bcm in the first four months of this year.

Domestic Gas Consumption Still High

The government's plan to decrease the country's gas consumption this year by 10% has had little success so far. Over the first four months of this year consumption of gas by industry, the population and municipal heating enterprises increased by 1.3% yoy and amounted to 30.8 bcm, compared to 30.4 bcm consumed in 4m05. This was mainly due to the exceptionally cold winter which led to higher gas consumption by the population (+14% yoy), which was only partly offset by lower gas use by large industries (-5% yoy).

Ukraine's Gas Balance*



** the numbers in parentheses state for the physical volumes, in bcm*
Source: ISI Emerging Markets

A Hole In Need Of A Billion Dollar Patch?

January's agreement assumes that RUE will supply 34 bcm of gas in 2006. If RUE sells more than this amount, it is unclear what the price will be. According to Gazprom officials, extra volumes are to be sold at USD 230 – if so, the average price of imported gas may be well above USD 95, even if Gazprom does not revise the January price (USD 95) upward in the course of the upcoming negotiations. We will discuss different price scenarios below in the section "Gas Price Projections."

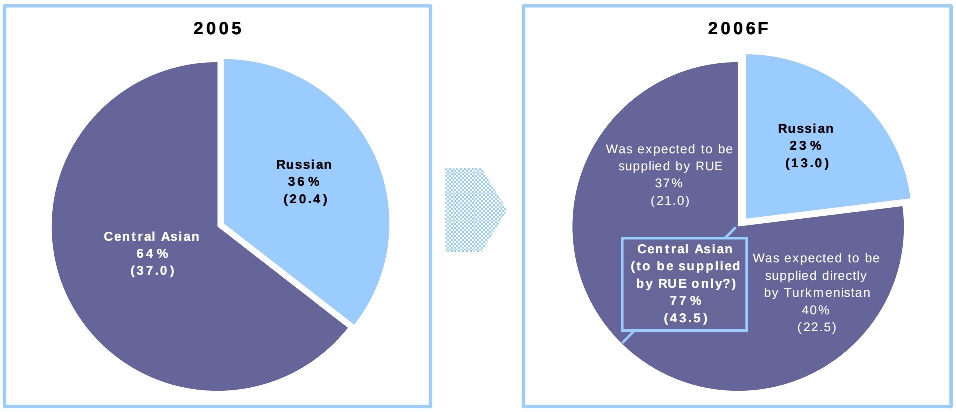
RUE: A Monopoly Seller

It appears that Turkmenistan effectively used Russia-Ukraine conflict to its advantage and thus managed to work out a favorable deal with Gazprom. This collusion resulted in the involvement of RUE as the only intermediary for Turkmen gas exports to Ukraine (before RUE only provided delivery), which means that RUE will become the sole supplier of *all* gas to Ukraine.

No Direct Supplies Of Turkmen Gas In 4m06

Our fears have been confirmed by the fact that, in contrast to our expectations, in 4m06 Turkmenistan did not supply gas through the direct agreement supposedly reached between Ukraine and Turkmenistan in December 2005. Moreover, the Turkmen authorities have stated that Turkmenistan can not supply gas to Ukraine in 2006, as the latter did not agree with Gazprom on transportation issues. The recently announced intentions of the Ukrainian government to agree with Turkmenistan on direct supplies of at least 10.7 bcm look unrealistic. We believe that, instead of direct supplies, this year Turkmen gas will be supplied solely by RUE.

Ukraine's Gas Imports



Source: ISI Emerging Markets, Concorde Capital projections

Lack Of Direct Supplies Weakens Ukraine's Bargaining Power

We do not believe the recently announced owners of a 50% stake in RUE, Dmitry Firtash and Ivan Fursin, actually pursue the interests of the Ukrainian authorities. As RUE is *de-facto* controlled by Gazprom, the new agreement between Gazprom and Turkmenistan will result in significant deterioration of Ukraine's bargaining power in gas talks.

RUE's Sales To Double In 2006

The ability to sell gas, instead of just delivering it to Ukraine would enable RUE to boost its sales by more than 2x from last year's USD 4 bln, and to make about USD 2 bln in operating income. For details see the Appendix to this report.

RUE/Naftogaz JV To Get Control Of The Ukrainian Gas Market

We believe that Ukrgaz-Energo (UGE), a JV created by RosUkrEnergo and Naftogaz Ukrayiny, is likely to get a license to supply the 32 bcm of gas it applied for in March. The government intentionally limited UGE's gas sales at 5 bcm to enable Naftogaz to resell imported gas instead of UGE. By doing so, the state authorities were able to restrict Gazprom's access to the local market and to support Naftogaz. However, we believe that during the upcoming gas negotiations Gazprom is likely succeed in getting the limit raised.

UGE would benefit a great deal from selling gas to local consumers: we expect it to recieve at least USD 3.5 bln in 2006 revenue and to top the list of the largest Ukrainian companies in 2006.

Negotiations: What To Expect

As we have already mentioned, Ukraine cannot rely on the Turkmen gas agreement anymore, which will significantly limit its power in the upcoming negotiations in June. Given the checks and balances, we expect the parties to agree on a price ranging from the current USD 95 to USD 110 per ths cm on the border. In exchange, Ukraine will have to give Gazprom greater access to Ukraine's domestic gas market. We also expect the issue of sufficient gas supplies to remain open after the negotiations.

The Agenda

In addition to the price of RUE's gas and UGE's access to the local market, the other important issues to be agreed on are:

☑ the volume of gas to be supplied by RUE and directly by Turkmenistan

☑ the price cap for different categories of consumers, which eventually will determine UGE's margin

☑ the settlement of Naftogaz's debt to RUE for the gas supplied over 4m06 (presumably, about USD 605 mln)

☑ the formalization of agreements for a longer term, with a fixed import price

The Cornerstones

The issues surrounding the supply of Turkmen gas, the price of RUE's gas and the licensing of UGE to sell gas on the local market will be the main points of the upcoming talks.

We believe the Ukrainian party will attempt to offer Gazprom access to the Ukrainian gas market in exchange for a preferable gas price, as market share is perhaps the only thing Ukraine can afford to offer which Russia would be willing to accept.

Besides negotiating with Gazprom/RUE, the Ukrainian authorities also have to clarify outstanding gas issues with Turkmenistan. It will be extremely hard to outdo Gazprom in the competition for the Turkmenbashi's favor. Especially taking into account that given the current circumstances the dominant strategy for Turkmenistan is to cooperate with Gazprom against the Ukrainian party.

Checks And Balances

Although the issues to be discussed are very complex and the negotiations are going to be tough, we expect the parties to find a compromise. Having analyzed all the checks and balances we believe that the talks will lead to basically three outcomes: the gas import price will increase, Gazprom will get access to the Ukrainian gas market and Ukraine will end-up with only one supplier of gas, RUE.

The strategic goals of both sides are quite clear: Russia needs control over Ukraine's transit pipelines, while Ukraine wants to reduce dependence on Russian gas supplies. In the short term, Ukraine's main task will be to secure sufficient gas supplies at an affordable price. Whether the country succeeds will depend on its choice of tactical goals, ability to effectively use its own strengths and prey on Russia's weaknesses. The choice of the Ukrainian negotiators and time will also be a factor.

Negotiators' Tactics And Relative Power

Ukraine's tactical goals

1. No or moderate price increase
2. Pre-agreed supply volume this year and on
3. Fulfillment of the direct contract with Turkmenistan
4. Price fixed in LT
5. RUE to sell gas directly to Naftogaz and not to UGE

Russia's tactical goals

1. Gas price increase
2. Price not fixed in LT
3. No commitment on supply volume in excess of 34 bcm agreed in Jan
4. Retain RUE as an intermediary for all Turkmen gas
5. RUE to sell gas directly to UGE, not to Naftogaz

Negotiations

Ukraine – Strengths:

+ major transit route
+ decides on Gazprom's access to the local market
+ implicit political support from U.S. and European countries

Weaknesses:

- dependent on RUE as a monopoly supplier, no credible commitment from Turkmenistan
- cannot afford significant price hike
- cannot revise transit tariff (fixed in January's agreement)
- gas debt to RUE

Russia – Strengths:

+ a quasi-monopoly gas supplier
+ coordinates its strategy with a potential alternative supplier, Turkmenistan
+ no commitment on price (starting 2H06), and on volumes in excess of 34 bcm for 2006
+ the largest supplier to EU
+ high chances to diversify destinations and transit routes in LT

Weaknesses:

- still depend on Ukraine as the major transit route
- low political support from the global community
- coming G8 summit

Possible results

1. Only a minor increase of gas price at the Russia-Ukraine border
2. RUE supplies 45-50 bcm instead of 34 bcm at the agreed price. Extra 6.5-11.5 bcm to be supplied by RUE as well (instead direct supply from Turkmenistan) at much higher price, USD 180-230/ths cm
3. In 2006, as well as in 2007, RUE is the only supplier of Russian and Turkmen gas to Ukraine
4. RUE supplies 32 bcm to UGE at the above price, the remainder is sold to Naftogaz
5. UGE gets the license from NERC allowing to sell 32 bcm in the Ukrainian market
6. Price fixed only till the end of 2006

Inadequate Representation Risk

Another point worth mentioning is that Ukrainian party may face a problem which we call "inadequate representation". The absence of a stable government may result in a lack of coordination, the Ukrainian delegation may consist of people with low commitment and lacking decisive power.

Revocation Risk Low

Although the coalition has not been formed yet, we think that whatever forces come, a coalition memorandum will have a specific clause that January's gas agreement must not be revoked.

Timing Matters

We believe that Ukraine will attempt to speed up negotiations in order to get an agreement reached during warmer weather when gas consumption is lower. With the G8 energy summit in Russia this July rapidly approaching, Ukraine will have a good chance to achieve its tactical goals if it acts fast. These same reasons may motivate Russia to postpone negotiations.

Gas Price Projections

In order to examine the variety of possible outcomes for the upcoming gas talks, we have developed four scenarios. Weighted with probability, the scenarios suggest the year-average price of gas imported to Ukraine will be about USD 111/ths cm at the Russia-Ukraine border. The resulting annual average price for domestic industrial consumers will be around USD143/ths cm (ex. VAT, incl. transportation and delivery costs).

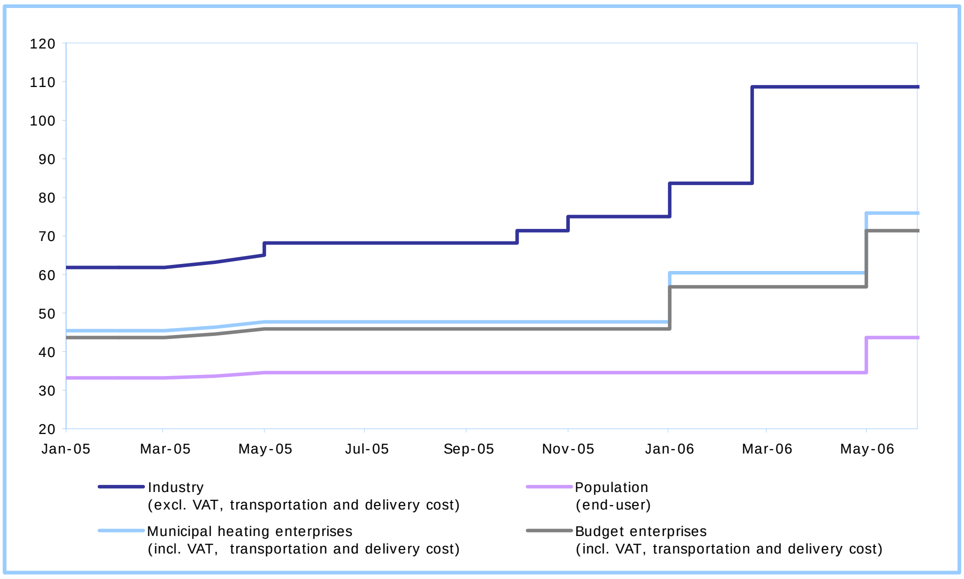
Domestic Prices Increased By 26-56% In January-May 2006

Following the increase of RosUkrEnergo's gas price in January 2006, in February the government established new gas prices for different categories of consumers. The major victims were industrial enterprises – which faced a 30% surge from USD 83.6 per ths cm in December of 2005 (excluding transportation and VAT), to $108.5/ths cm effective from February 20, 2006.

As expected, the price for another large consuming category, the general population, increased right after the elections. On May 1, the general population began paying USD 43.6 per ths cm, 25.7% more than it had been paying since April 1999.

The price of natural gas for municipal heating and budget enterprises increased by 58.7% and 55.8% respectively, since December 2005. The latest increase of 25% is effective from May 1, 2006.

Gas Price* Dynamics By Category Of Consumer, USD per ths cm



** the price set by NERC for domestic consumers*
Source: NERC

Import Gas Prices: Scenario Breakdown

Scenario 1 (Probability: 45%). In our first scenario RUE's gas price stays at USD 95 in 2H06. In return the Ukrainian government grants UGE access to the local market by issuing a license to sell 32 bcm in 2006. In addition, the scenario assumes that Turkmenistan does not deliver 22.5 bcm of contracted gas and the Russian and Ukrainian parties agree that RUE partially covers the deficit by selling 11 bcm (out of the 22.5 bcm volume not delivered by Turkmenistan) at the same USD 95/ths cm. However, the remaining 11.5 bcm are considered as "extra volume" and sold at a price higher than USD 95/ths cm – for USD 205, which is the mean of the USD 180-230 range.

	1H 2006		2H 2006		Total 2006F	
	Price at the Russia-Ukraine border USD/ths cm	Volume supplied bcm	Price at the Russia-Ukraine border USD/ths cm	Volume supplied bcm	Weighted average price at the border USD/ths cm	Total volume supplied bcm
Russian gas supplied by RUE	95.0	6.50	95.0	6.50	95.0	13.00
Middle Asian gas supplied by RUE	95.0	21.75	95.0	10.25	95.0	32.00
Middle Asian gas supplied by RUE in excess of planned 34 bcm	-	-	205.0	11.50	205.0	11.50
Total	**95.0**	**28.25**	**139.8**	**28.25**	**117.4**	**56.50**

Resulting 2006 year-average gas price at the border: **USD 117.4 / ths cm**

Scenario 2 (Probability: 40%). The second scenario assumes that the Ukrainian party sacrifices access to the Ukrainian market for UGE in exchange for RUE's commitment to supply all necessary volumes of gas to Ukraine at a fixed price of USD110/ths cm. That is, RUE sells 32 bcm to UGE and the remaining 24.5 bcm to Naftogaz Ukrayiny, and the whole volume is sold at USD 110/ths cm at the border.

	1H 2006		2H 2006		Total 2006F	
	Price at the Russia-Ukraine border USD/ths cm	Volume supplied bcm	Price at the Russia-Ukraine border USD/ths cm	Volume supplied bcm	Weighted average price at the border USD/ths cm	Total volume supplied bcm
Russian gas supplied by RUE	95.0	6.50	110.0	6.50	102.5	13.00
Middle Asian gas supplied by RUE	95.0	21.75	110.0	21.75	102.5	43.50
Total	**95.0**	**28.25**	**110.0**	**28.25**	**102.5**	**56.50**

Resulting 2006 year-average gas price at the border: **USD 102.5 / ths cm**

Scenario 3 (Probability: 10%). This scenario optimistically assumes that Turkmenistan eventually supplies at least half the volume it was supposed to (11.25 bcm). In return, RUE agrees to supply the remainder, 45.25 bcm. The Ukrainian party allows RUE's price increase to USD 110 per ths cm and grants a license to UGE. Turkmenistan's gas price is assumed to be as agreed in December last year, USD 65 at the Turkmen/Uzbek border. Taking the transportation cost USD 25 per ths cm, Ukraine receives Turkmen gas at USD 90 at the Russia-Ukraine border.

	1H 2006		2H 2006		Total 2006F	
	Price at the Russia-Ukraine border USD/ths cm	Volume supplied bcm	Price at the Russia-Ukraine border USD/ths cm	Volume supplied bcm	Weighted average price at the border USD/ths cm	Total volume supplied bcm
Russian gas supplied by RUE	95.0	6.50	110.0	6.50	102.5	13.00
Middle Asian gas supplied by RUE	95.0	21.75	110.0	10.50	99.9	32.25
Gas supplied by Turkmenistan on the direct contract	-	-	90.0	11.25	90.0	11.25
Total	**95.0**	**28.25**	**102.0**	**28.25**	**98.5**	**56.50**

Resulting 2006 year-average gas price at the border: **USD 98.5 / ths cm**

Scenario 4 (Probability: 5%). The most critical assumption in this scenario is that the Ukrainian party refuses to license UGE for the volume it wants, thereby depriving Gazprom of direct access to Ukrainian consumers. In response, RUE increases its gas price to USD 160 and Gazprom blocks Turkmenistan's sale of 22.5 bcm by direct contract. Instead, the latter volume is supplied by RUE for USD 230 (as "extra volume").

	1H 2006		2H 2006		Total 2006F	
	Price at the Russia-Ukraine border USD/ths cm	Volume supplied bcm	Price at the Russia-Ukraine border USD/ths cm	Volume supplied bcm	Weighted average price at the border USD/ths cm	Total volume supplied bcm
Russian gas supplied by RUE	95.0	6.50	160.0	6.50	127.5	13.00
Middle Asian gas supplied by RUE	95.0	19.88	160.0	1.13	98.5	21.00
Middle Asian gas supplied by RUE in excess of planned 34 bcm	-	1.88	230.0	20.63	210.8	22.50
Total	**88.7**	**28.25**	**211.1**	**28.25**	**149.9**	**56.50**

Resulting 2006 year-average gas price at the border: **USD 149.9/ths cm**

Probability-weighted annual average gas import price: **USD 111.2/ths cm**

RUE Gas Costs Not To Increase Much, If Any

In our scenarios we assume that RUE's price won't be fueled by Turkmen gas costs for the company. This is because Gazprom contracted all its volume and is now explicitly interested in cheap Turkmen gas. According to media reports Turkmenistan and Gazprom agreed on USD 65/ths cm. Taking into account that Gazprom is now the largest buyer of Turkmen gas, its bargaining power is strong enough and it can effectively control Turkmen prices.

Though, the probability of a price increase still exists. Gasprom says there will be a price formula for the Turkmen gas it purchases, which is to be determined in July. If they agree on a higher price, Gazprom will react by attempting to revise RUE's price for Ukraine.

Recently, Russia and Kazakhstan agreed on 2.3x increase of Kazakh gas prices for Gazprom, from USD 60 to USD 140/ths cm. This increase is not factored into our scenarios, as we assume RUE will sell only Turkmen gas. However, if in reality Gazprom mixes it with Kazakh gas, the increase may raise RUE's gas cost and result in higher gas prices for Ukraine in 2H06 than our estimate.

Gas Prices For Industry: What Will Be The New Cap?

We believe that in response to the growing price of gas at the border, the government will revise the gas price cap for different categories of domestic consumers. For industry, we estimate the cap to increase by 34% in 2H06 to USD 146/ths cm, from the current USD 108/ths cm.

In our forecast of the price for industry, we assume that Naftogaz will retain its 14% markup over the price of imported gas, and factor in expected increases of gas transportation tariffs.

According to current regulations, Ukrgaz-Energo and local gas traders can supply gas to final consumers at unregulated transportation/delivery tariffs. Although these are not usually disclosed and can differ from supplier to supplier, for the sake of our scenario we apply a simplifying assumption that unregulated tariffs will be about 30% higher than the regulated tariffs.

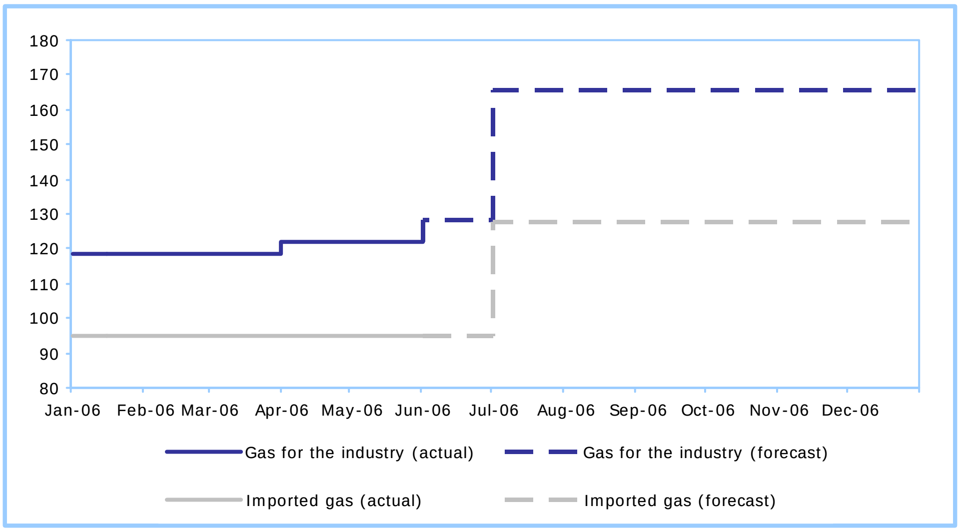
Gas Price For The Industry In 2006, USD/ths cm

	Jan-06	Apr-06	Jun-06F	Jul-06F	Dec-06F	Year-average
The price of imported gas at the border	95.0	95.0	95.0	127.6	127.6	111.2
% change to the prev. period	-	-	-	*34.3%*	-	
Naftogaz margin, %	14%	14%	14%	14%	14%	14%
Gas price cap for the industry (excl. transportation cost and VAT)	**108.5**	**108.5**	**108.5**	**145.8**	**145.8**	**127.0**
% change to the prev. period	-	-	-	*34.3%*	-	
Transportation and delivery cost (estimated)	10.0	13.7	19.9	19.9	19.9	16.5
% change to the prev. period	-	*37.0%*	*45.6%*	-	-	
Gas price for the industry incl. transportation cost (excl. VAT)	**118.5**	**122.2**	**128.5**	**165.7**	**165.7**	**143.5**
% change to the prev. period	-	*3.1%*	*5.1%*	*29%*	-	

Source: NERC, Concorde Capital estimates

According to our forecast, the gas price for Ukrainian industrial consumers will follow the import price in 2H06:

Gas Prices In 2006, USD/ths cm



Source: Concorde Capital estimates

Appendix. RUE Preparing For IPO

In January this year RosUkrEnergo announced its plans to hold an IPO in 12-18 months. However, despite recently disclosing its shareholding structure and acquisition of oil & gas assets, we doubt its public offering will see high investor demand. This may be not a problem for RUE's owners, who are pursuing strategic geopolitical goals and not higher capitalization. Even if the IPO happens, we believe it will be a tactical step towards the improvement of Gazprom control over gas matters in the region.

Ownership Disclosure Brings More Questions Than Answers
In April this year RUE revealed that besides Gazprom's 50%+1 stake, it is owned by two Ukrainian individuals, Dmitry Firtash (45%) and Ivan Fursin (5%). Firtash is not a new name in Ukraine. He was rumored to have interests in the country's titan holding (Crimsky Titan), a chemical plant (Rivneazot), and Crimsoda, the major Ukrainian soda ash producer. According to the recent announcements, he also controls companies producing nitrogen fertilizers in Tajikistan and Estonia, and Zangaz, a Russian pipe-making company related to Gazprom, with a subsidiary in Austria.

It also appears that Firtash owns about a 10% stake in JKX Oil & Gas Company, whose daughter company, Poltava Oil & Gas, is the largest private oil and gas producer in Ukraine.

However, given Firtash's and Fursin's connections within the former Ukrainian politic scene we suspect that these owners represent only the tip of the iceberg. The main questions are who are the real beneficiaries, how powerful are they and do their interests match the interest of the current political forces and Ukrainian society? So far, we do not have the answers, but we admit these could alter our forecasts and estimates quite materially.

Asset Acquisitions To Improve IPO Prospects
According to media reports (referring to Russian regional authorities), in May RUE acquired a 75%-1 stake in the Asrtrakhan Oil And Gas Company (AGNK). The company's major asset is the license to develop a 220-bcm gas deposit on the Caspian coast. RUE also plans to build a gas processing plant in Astrakhan with a processing capacity of six bcm a year.

Before the acquisition, RUE's only assets were gas contracts. The acquisition looks like a logical step on the way to RUE's IPO, and is strategically justified. Provided the acquisition is officially confirmed by the owners, RUE may turn from a pure intermediary into an exploration and production company, which would look more attractive to investors than a company with a tiny balance sheet.

Notwithstanding the positive side of acquiring production assets, we believe the negative effect of RUE's low transparency and poor image will prevail, putting its IPO plans at risk.

The Real Reason For The IPO
We believe that RUE's IPO has little to do with increasing the company's capitalization. It looks like Gazprom is going to use it as an instrument to improve its leverage over its opponents in Europe and gain more control over its transit routes. Specifically, a public placement will enable RUE/Gazprom to defend its interests under the banner of "defending the interests of minority shareholders."

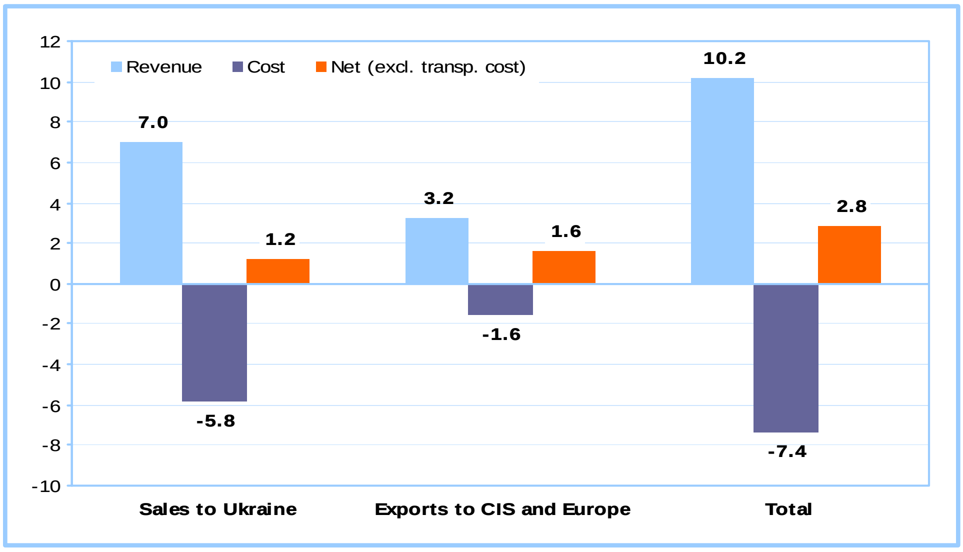
The Economics Of RUE

As we have already mentioned (see the second section of the report), RUE is going to turn from an intermediary into a huge gas selling company. This definitely make the company's owners better off. Our estimations suggest that (under Scenario 1, see p.7) the company will more than double its USD 4 bln sales from last year and make about USD 2 bln in operating income.

RUE Economics* (under Scenario 1, see p.7)

Sales to Ukraine	**Volume bcm**	**Avg cost USD/ths cm**	**Avg price USD/ths cm**	**Gain/Loss USD/ths cm**
Russian gas	13.0	230.0	102.5	-127.5
Turkmen gas	32.0	65.0	102.5	37.5
"Extra volume" (Turkmen gas)	11.5	65.0	205.0	140.0
Total	**56.5**	**102.9**	**123.4**	**20.4**
		Cost USD mln	**Revenue USD mln**	**Gain/Loss USD mln**
		5813.7	6968.3	1154.6
Exports to CIS and Europe	**Volume bcm**	**Avg cost USD/ths cm**	**Avg price USD/ths cm**	**Gain/Loss USD/ths cm**
Uzbek gas	7.0	44.0	180.0	136.0
Kazah gas	8.0	100.0	180.0	80.0
Russian gas	2.0	230.0	250.0	20.0
Total	**17.0**	**92.2**	**188.2**	**96.0**
		Cost USD mln	**Revenue USD mln**	**Gain/Loss USD mln**
		1568.0	3200.0	1632.0
Total		**Cost USD mln**	**Revenue USD mln**	**Gain/Loss USD mln**
		7381.7	**10168.3**	**2786.6**
Approx. transit and storage cost, USD mln				800.0
Net gain/loss from operations				**1986.6**

** Not consolidated with the Ukrgaz-Energo JV*
Source: Concorde Capital estimates



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