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- Today the State Property Fund published the dates it plans to hold privatization tenders for 25%-27% stakes in five Oblenergos: CHEON, LVON, POON, PREN and SOEN
- We estimate the probability of at least one tender being held as high
- Conflicts between main shareholders (if not already concluded) is likely to inflate tender prices

Company	Ticker	Stake for sale	Date of tender	Hosting exchange
Poltavaoblenergo	POON	25% + 1	22-Apr-09	Ukrainian Interbank Currency Exchange
Prykarpatooblenergo	PREN	25.02%	24-Apr-09	PFTS exchange
Lvivoblenergo	LVON	26.98%	29-Apr-09	INNEX exchange
Chernihivoblenergo	CHEON	25% + 1	14-May-09	Ukrainian International Stock Exchange
Sumyoblenergo	SOEN	25% + 1	22-May-09	Ukrainian International Stock Exchange
<i>Odesaoblenergo*</i>	<i>ODEN</i>	<i>25% + 1</i>	<i>TBA*</i>	<i>TBA*</i>

* According to the SPF, announcement of tender for Odesaoblenergo is postponed due to bureaucratic reasons – announcement is scheduled for March 25
Source: SPF's official newspaper

Probability of a tender taking place: fair

This is the second attempt to privatize these Oblenergos by the Cabinet of Ministers, after the tenders failed to take place due to opposition from the President. The government's position looks stronger now: unlike its attempt last year in May 2008, the Cabinet now controls the SPF.

Still, there is no certainty about the tenders - two events could easily spoil the plans, even in the final hour before a tender: first, a presidential ban (as was the case last year); second and the most intriguing, a possible ban from any of about 700 local courts throughout Ukraine.

We estimate the probability of at least one tender being held as high; and the chances of all tenders taking place as low.

Starting prices: uncertain

Today an SPF representative told us that it has not yet decided on the methodology to estimate the starting prices for the tenders. Officially, the starting price will be set as the weighted average price of PFTS trades over the six months before a tender. Still, taking into account falling market prices, the SPF, in its official announcement, reserved a right to adjust market-based prices upward by using some multiplier.

Kolomoyskiy and Grigorishyn will define price levels

As before, we believe there are only two real candidates for privatization: Kolomoyskiy and Grigorishyn, who jointly control 36%-40% stakes in each of the five companies. We believe it will be possible to check whether two main candidates (which have been engaged in a permanent battle for control) have found common ground.

If we see massive trades in any of the selected Oblenergo stocks on the PFTS with sharp decreases in trading prices – this will be a sign that the main shareholders (having reached some agreement) are trying to reduce the starting prices of the tenders, in order to buy the stakes for cheap.

The lack of massive bearish trades could be a positive signal for the market, indicating that rival shareholders are preparing to battle for the stakes, and are ready to pay high premiums.

WATCH:

- Scheduling of Odesaoblenergo tender (March 25, 2009)
- Announcement of starting prices (3 days before a tender)
- Reaction from the President (if any)
- Court rulings concerning privatization (if any)

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