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Fax # (095) 267 5300, (501) 258 6226. Phone # (501) 258 6262.

Political News

Secretary of the Security Council Alexander Lebed announced that President Boris Yeltsin signed **decrees laying out functions of the Security Council and outlining a program for fighting crime**. The first decree gives a strictly advisory role to the Security Council, which is intended to be directly subordinate to the President. Under the document, Lebed himself is entitled to little powers in economic sphere: the Security Council Secretary is responsible for advising the President on security issues, including "introduction, prolongation and cancellation of states of emergency". Another presidential decree specifies which concrete steps are to be undertaken in order to fight organized crime in Moscow and its surrounding regions.

Full scale **military operations resumed in the breakaway republic of Chechnya** in the beginning of this week. On Wednesday Russian forces bombarded two Chechen villages, targeting headquarters of separatist leader Zelimkhan Yandarbiyev. On Thursday Russian Major General Nikolay Skripnik died of wounds after his armored vehicle hit a rebel mine. Security Council Secretary Alexander Lebed said he was ready to meet with Yandarbiyev to discuss truce, since this week both sides of the conflict actually violated an existing six-week cease-fire agreement.

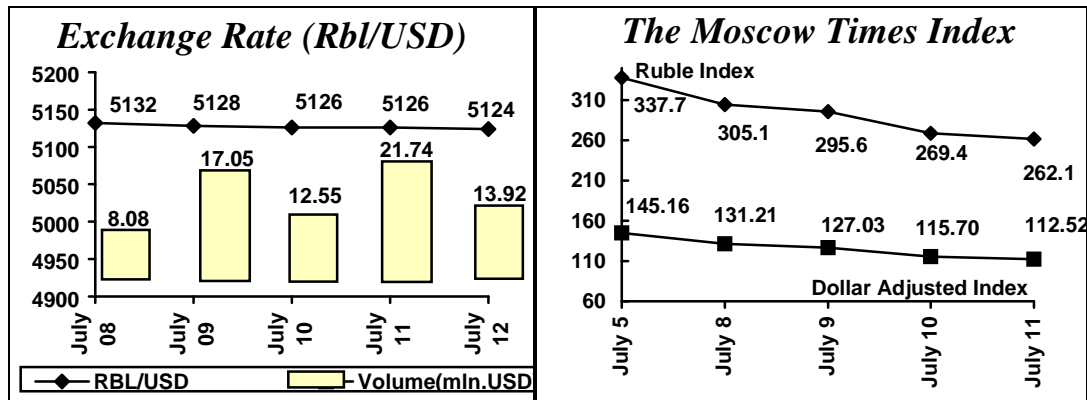
Economic News

President Boris Yeltsin announced that he will keep **Prime Minister Victor Chernomyrdin as the head of the government**, adding that at present, his administration's most important task is to "revive production, to provide enterprises with orders and people with work, to generate the growth of living standards of Russians"

President Boris Yeltsin's top economic adviser Alexander Livshits said Russia must increase **tax collection** by some 30 trillion rubles (\$6 billion) and raise **utilities charges** with contributions to pension funds in order to improve the economic situation which was hit by pre-election government spending. Livshits called for clearing the way for increased foreign investment. He expects that monthly inflation will not exceed 1.5 percent to 2 percent by the end of the year (in May inflation was 1.6 percent). According to Livshits, the government will keep Yeltsin's pre-election promises of timely wage payments to federal employees and compensations to Russians who lost their savings in pyramid-scheme investment funds.

The Central Bank imposed **new requirements on commercial banks**, increasing reserve requirements on ruble deposit accounts of up to 30 days to 20 percent from 18 percent, and to 2.5 percent from 1.25 percent on hard currency accounts.

The State Duma passed a first reading of a **bill increasing pensions** 37 percent from August 1st. The document must be approved in two more readings to become law. Prime Minister Victor Chernomyrdin addressed the lower house of the parliament with a letter, warning that the measure will lead to a significant increase in pension arrears by the end of the year.



Yields on six-month **Treasury bills** went up slightly to 91.68 percent annually at Wednesday's primary auction, where 6.51 trillion rubles worth of notes were placed on initial demand of 7.81 trillion rubles. Yields on four-month bills fell to 67.78 percent from 87.12 percent last week; 1.76 trillion rubles worth of bonds were placed of the entire 2-trillion ruble tranche.

Interfax quoted an undisclosed source in the Finance Ministry as saying that the Russian **government** was **considering issuing Eurobonds** worth \$300 million to \$500 million, with the first tranche to be issued in October or November.

Company News

‘**Omsk Refinery**’ will pay 3,061 percent dividends on common shares of 100 rubles par value and 18,368 percent dividends on preferred shares of same par value. According to the company's General Director Konstantin Potapov, last year ‘Omsk Refinery’ refined 16.4 million tonnes of oil, which is 4.5 percent more than in 1994; output of motor oil rose 17 percent. The company's net profit for 1995 amounted to 1,184 billion rubles.

‘**Ryazan Refinery**’ held an annual shareholders' meeting on the 27th 1996. Valentin Antonchenkov was elected General Director of the company. ‘Ryazan Refinery’ will pay no dividends. Under the law “On Joint Stock Companies”, holders of preferred shares will have voting rights at the next shareholders' meeting since they received no dividends this year.

Member of ‘**Gazprom**’ board Alexander Semenyaka said the company would sell a 9 percent stake of ‘Gazprom’ shares by issuing American Depositary Receipts or Global Depositary Receipts. According to Semenyaka, shares may be offered for sale in September or October this year.

‘**Norilsk Nickel**’ representatives announced results of the company's annual shareholders' meeting held on the 28th of June. Last year ‘Norilsk Nickel’ increased output of nickel by 11 percent, copper - by 7.9 percent and cobalt - by 8.5 percent. The company reported that its balance profit amounted to 4999.1 billion rubles, net profit - to 138 billion rubles and sales proceeds - 14,288.6 billion rubles. In 1995 ‘Norilsk Nickel’ exported 88 thousand tonnes of nickel and 115.5 thousand tonnes of copper. The company will pay 175.2 percent dividends on preferred shares of 250 rubles par value.

President Boris Yeltsin signed decree ordering Russian government to support ‘**Baltic Sea Shipping**’. The company ran losses of 215 billion rubles last year, and currently is on the verge of terminating operations. The government, which holds a

29 percent stake in the company, reportedly lost some \$150 million because of 'Baltic Sea Shipping's hard situation.

‘**Kotlass Pulp and Paper**’ had to decrease its output by 50 to 70 percent and partly stopped several lines of production for reconstruction. Many of company's workers had to start selling their shares as they had not been paid salaries for a certain time. ‘Kotlass Pulp and Paper’ owns 28 percent of its shares.

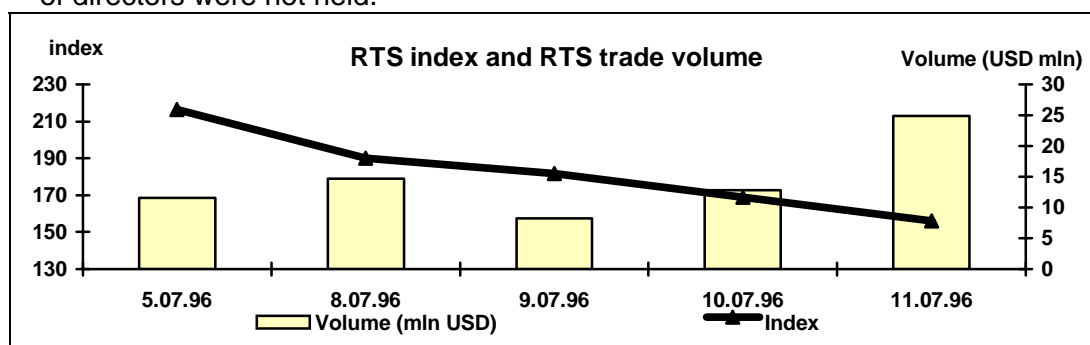
‘**Tomsk Pulp and Paper**’ ran losses of 13 billion rubles last year. Recently the company held an annual shareholders' meeting, at which Gennady Oshepkov was re-elected General Director of the company.

‘**Noyabrskneftegas**’ produced 1,600 thousand tonnes of oil in May, which is 44 thousand tonnes more than it was planned.

At ‘**Ural Automobile Plant**’ annual shareholders' meeting a new Charter was adopted. The company's General Director Yury Gorozhaninov said that last year the plant increased output by 10 percent compared with the level of 1994. It was decided to pay no dividends.

‘**Izhorsky Plant**’ balance profit for the first quarter of 1996 went up to 37.1 billion rubles compared with 31.6 billion rubles in the first quarter of 1995, the company's deputy General Director said. ‘Izhorsky Plant’ net profit for 1995 rose to 99 billion rubles compared with 27.5 billion rubles in 1994. The company held its annual shareholders' meeting in April, at which it was decided to pay 282.6 percent dividends on preferred shares of 1,000 rubles par value (the company paid 78 percent dividends on preferred shares for 1994).

At ‘**Nizhegorod Airlines**’ shareholders' meeting amendments were made to the company's Charter and the board of directors' annual report. Elections to the board of directors were not held.



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