

Market color

- Global markets remain volatile. Demand for risk and a sell-off of short positions are supporting markets this morning. The dollar has retreated against the six-currency basket to 81.1, while crude prices advanced 0.6% to \$107.8/bbl.
- Russian Sovereign Eurobonds finished trading on Friday around the previous day's closing levels, but were able to compensate for the morning's losses.
- OFZ yields, having shot up 20 bps across the curve in the morning, declined by day end, remaining 4 bps above Thursday's levels.
- CIS Eurobond markets were still weak, but there were no real sales amid extremely low investor activity.

In focus

- It is possible that after the G-8 meeting and China's announcements, we can expect an end to economic cooling and a transition to stimulus for economic growth. However, the continuing uncertainty regarding the upcoming elections in Greece in June will keep investors' risk perception high and limit the pace of market growth.
- We expect markets to jump at the open, but any attempts to use this opportunity to close long positions will only increase market volatility.

Troika's opening prices

- Russian Eurobonds: up slightly.
- Ruble bonds: flat.
- Other CIS: up slightly.

Debt Markets Today

Infrastructure

Problem regarding taxation of Eurobond coupons almost resolved

The Duma budgetary committee suggested that coupon payments on Eurobonds be excluded from the normal taxation on income of foreign legal entities. The new rules would be introduced retroactively (from 2007). If these amendments are approved, the withholding tax story will finally become a thing of the past.

Page 4

Corporate news

Alliance Oil Company 1Q12 results preview

The company faced two headwinds in 1Q12 – unexpectedly declining output at the newly launched Kolvinskoye greenfield, coupled with informal retail pricing restraints ahead of the March presidential elections.

Page 4

Troika's electronic execution platform for CIS fixed income markets can be found on Bloomberg: TRDB <Go>. For FX and futures trading see TRDS <Go>.

Main benchmark performance

	Last close	1 day	Change 1 month	YTD		Last close	1 day	Change 1 month	YTD
Banks Corr/account & Deposits, R bln	698.30	-10.70	-106.70	-657.78	US S&P 500 Index	1,295.22	-0.74%	-6.87%	2.99%
Liabilities to CBR on REPO, R bln	859.12	66.61	124.16	142.67	Europe 600 STOXX Index	238.88	-1.14%	-7.93%	-2.31%
Liabilities to Minfin on deposits, R bln	35.60	0.00	-13.80	-525.40	Asia Pacific MSCI Index	112.58	-2.49%	-8.94%	-1.12%
Interbank o/n rate, %	5.79	29 bps	-3 bps	16 bps	Russia MICEX Stock Index	1,271.48	-1.27%	-13.60%	-9.32%
RUONIA rate, %	6.14	26 bps	79 bps	128 bps	LIBOR USD 3-m	0.467	0 bps	0 bps	-11 bps
MosPRIME 3m, %	7.04	15 bps	30 bps	-18 bps	LIBOR EUR 3-m	0.611	0 bps	-5 bps	-68 bps
xCC 12-mec, %	6.94	12 bps	115 bps	89 bps	USD 5-Yr Swap Rate	1.10	2 bps	-4 bps	-12 bps
IRS 12-mec, %	7.49	2 bps	73 bps	16 bps	US Treas 10-Yr	1.72	2 bps	-28 bps	-16 bps
RUB / USD	31.300	-0.67%	-5.81%	2.68%	GER Bunds 10-Yr	1.42	1 bps	-33 bps	-41 bps
RUB / Basket	35.160	0.92%	4.52%	-3.57%	iTraxx Crossover	753	0 bps	98 bps	-2 bps
US Dollar Index	81.29	-0.11%	2.28%	1.38%	SovX CEEMEA	320	1 bps	34 bps	-30 bps
EUR / USD	1.278	0.63%	-2.67%	-1.39%	CDS 5-Yr Rus	245	-2 bps	50 bps	-30 bps
KAZ/USD	148.02	-0.06%	-0.24%	0.32%	CDS 5-Yr Ukr	855	4 bps	45 bps	7 bps
UAH/USD	8.06	-0.02%	-0.45%	-0.20%	CDS 5-Yr Kazkh	262	0 bps	48 bps	-39 bps
BYR/USD	8,205.0	-0.79%	-1.89%	2.32%	BRENT Crude	107.14	0.33%	10.86%	-1.09%

This research report is prepared by TROIKA DIALOG or its affiliate named herein and provides general information only. Neither the information nor any opinion expressed constitutes a recommendation, an offer or an invitation to make an offer, to buy or sell any securities or other investment or any options, futures or derivatives related to such securities or investments. It is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. Investors should seek financial advice regarding the appropriateness of investing in any securities, other investment or investment strategies discussed or recommended in this report and should understand that statements regarding future prospects may not be realized.

Investors should note that income from such securities or other investments, if any, may fluctuate and that price or value of such securities and investments may rise or fall. Accordingly, investors may receive back less than originally invested. Past performance is not necessarily a guide to future performance.

Any information relating to the tax status of financial instruments discussed herein is not intended to provide tax advice or to be used by anyone to provide tax advice. Investors are urged to seek tax advice based on their particular circumstances from an independent tax professional.

Foreign currency rates of exchange may adversely affect the value, price or income of any security or related investment mentioned in this report. In addition, investors in securities such as ADRs or GDRs, whose values are influenced by the currency of the underlying security, effectively assume currency risk.

The information contained herein has been obtained from, and any opinions herein are based upon, sources believed to be reliable, but no representation is made that it is accurate or complete and it should not be relied upon as such. All such information and opinions are subject to change without notice.

From time to time, TROIKA DIALOG or its affiliates or the principals or employees of its affiliates may have or have had positions or derivative positions in the securities or other instruments referred to herein or make or have made a market or otherwise act or have acted as principal in transactions in any of these securities or instruments or may provide or have provided investment banking or consulting services to or serve or have served as a director or a supervisory board member of a company being reported on herein.

TROIKA DIALOG maintains strict internal policies, which are designed to manage any actual or potential conflicts of interest from harming the interests of investors.

Further information on the securities referred to herein may be obtained from TROIKA DIALOG upon request.

This report may not be reproduced, copied nor extracts taken from it, without the express written consent of TROIKA DIALOG.

For residents of the United States: This research report is being distributed in the United States by TROIKA DIALOG USA, INC., which accepts responsibility for the contents hereof. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact TROIKA DIALOG USA, INC., not its affiliate. Further information on the securities referred to herein may be obtained from TROIKA DIALOG USA, INC. upon request.

For residents of the United Kingdom and rest of Europe: Except as may be otherwise specified herein, this research report is communicated to persons who are qualified as eligible counterparties or professional clients (as defined in the FSA Rules) and is made available to such persons only. The information contained herein is not intended for, and should not be relied upon by, retail clients (as defined in the FSA Rules).

© TROIKA DIALOG 2012

Moscow	Equity Research Fixed Income Options Trading	Phone +7 (495) 258 0550, Fax +7 (495) 258 0547 Phone +7 (495) 258 0511, Fax +7 (495) 258 0582 Phone +7 (495) 258 0510, Fax +7 (495) 258 0547 Phone +7 (495) 258 0555	salesdesk@troika.ru, tradingdesk@troika.ru research@troika.ru fid@troika.ru options@troika.ru
London	Fixed Income Sales	Phone +44 (207) 936 0432, Fax +44 (207) 822 0779	td_uk@troika.ru
New York	Fixed Income Sales	Phone +1 (212) 300 9605, Fax +1 (212) 300 9601	td_usa@troika.ru
BLOOMBERG	Electronic execution platform for CIS fixed income markets		TRDB <Go>
