

EXHIBIT 24

UPDATE ON THE PRIVATIZATION OF UKRTELECOM

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SOURCE: US EMBASSY KIEV

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1. SUMMARY: THE GOVERNMENT OF UKRAINE (GOU) RECENTLY TOOK THE FIRST STEP NECESSARY TO PRIVATIZE THE STATE TELECOM MONOPOLY BY REGISTERING IT AS A JOINT STOCK COMPANY. THE UKRTELECOM PRIVATIZATION PROPOSAL HAS BEEN DRAFTED AND WILL BE SUBMITTED TO PARLIAMENT SOON. THE PLAN CALLS FOR 25 PERCENT OF THE MONOPOLY, WORTH AN ESTIMATED UAH 700 MILLION (APPROXIMATELY USD 130 MILLION), TO BE SOLD THIS YEAR. THE GOVERNMENT ESTIMATED UKRTELECOM'S TOTAL VALUE TO BE UAH 4.01 BILLION, USD 729 MILLION AT THE CURRENT OFFICIAL EXCHANGE RATE OF UAH 5.5/USD 1. REPORTEDLY, GOU AND EBRD ARE NEGOTIATING THE FINANCING SCHEME TO BE USED IN PRE-PRIVATIZATION PREPARATIONS OF UKRTELECOM.
END SUMMARY.

2. THE FUTURE PRIVATIZATION OF UKRTELECOM, THE STATE-OWNED TELECOM GIANT, REMAINS A POTENTIAL FOREIGN INVESTMENT OPPORTUNITY IN UKRAINE. AS PRESENTLY STRUCTURED, IN ADDITION TO THE ACTUAL MONOPOLY OF OWNERSHIP OF 25 OBLAST LOCAL LOOPS, UKRTELECOM USUALLY RECEIVES BY MANDATE OF THE UKRAINE GOVERNMENT A SHARE IN ANY PRIVATE OR PUBLIC TELECOM COMPANY OPERATING IN UKRAINE OR SIGNS A MEMORANDUM OF UNDERSTANDING WITH THE FIRM. THE EXTENT OF CONTINUED MONOPOLY CONTROL OVER THE LOCAL LOOPS AND PRIVATE TELECOM COMPANIES AFTER PRIVATIZATION AND SALE OF UKRTELECOM IS STILL UNKNOWN, AND WILL DEPEND ON HOW GOU BREAKS UP THE COMPANY PRIOR TO SALE.

3. OPPOSITION FORCES IN THE NATIONAL PARLIAMENT (RADA) HAVE DELAYED PRIVATIZATION OF UKRTELECOM. FOUR DRAFT LAWS ON PRIVATIZATION OF UKRTELECOM HAVE BEEN SUBMITTED BY GOU TO THE PARLIAMENT. UKRAINIAN OFFICIALS HAVE REPEATEDLY ANNOUNCED PLANS TO SELL 25 PERCENT OF UKRTELECOM SHARES AND DELEGATE THE MANAGEMENT OF THE COMPANY TO THE INVESTOR WHO BUYS THIS 25 PERCENT. HOWEVER, UNDER EXISTING LAWS ON SALE OF STRATEGIC STATE PROPERTY, THE SALE PLAN CANNOT WORK WITHOUT PARLIAMENT FIRST APPROVING.

4. GOU RECENTLY TOOK THE FIRST STEPS NECESSARY TO PRIVATIZE THE STATE TELECOM MONOPOLY. IN THE WEEK OF JANUARY 7, THE GOU FINISHED INCORPORATING UKRTELECOM, AND REGISTERED IT AS A JOINT-STOCK COMPANY. THE PREVIOUS WEEK, PRESIDENT KUCHMA ISSUED A DECREE DESIGNED TO ACCELERATE THE PRIVATIZATION PROCESS; THE DECREE INSTRUCTED THE CABINET OF MINISTERS TO SUBMIT TO PARLIAMENT BY JANUARY 15 LEGISLATION THAT WOULD LIFT THE BAN ON THE PRIVATIZATION OF UKRTELECOM.

5. THE HEAD OF THE STATE COMMITTEE FOR COMMUNICATIONS AND INFORMATION TECHNOLOGIES STATED THAT THE UKRTELECOM PRIVATIZATION PROPOSAL HAS BEEN DRAFTED AND WOULD BE SUBMITTED TO PARLIAMENT. THE PLAN CALLED FOR 25 PERCENT OF THE MONOPOLY'S SHARES - WORTH AN ESTIMATED UAH 700 MILLION - TO BE SOLD THIS YEAR. (THE GOVERNMENT ESTIMATED UKRTELECOM'S TOTAL VALUE TO

1.)

6. ACCORDING TO INVESTMENT NEWS WEEKLY REPORT OF JANUARY 26, THE STATE COMMUNICATIONS COMMITTEE AND EBRD RECENTLY HELD A NEGOTIATING SESSION TO DISCUSS POSSIBLE FINANCING SCHEMES TO BE USED IN PRE-PRIVATIZATION PREPARATIONS OF UKRTELECOM. (THE OPTIONS INCLUDE EXTENDING A LOAN WITH AN OPTION OF REPAYMENT BY UKRTELECOM'S SHARES OR AN INTEREST-FREE LOAN AGAINST AN OBLIGATION TO SELL UKRTELECOM'S SHARES FOR THE LOAN AMOUNT TO THE EBRD AFTER THE COMPANY IS SOLD TO A STRATEGIC INVESTOR).

7. U.S. INVESTORS AND EQUIPMENT SUPPLIERS ARE URGED TO EXERCISE CAUTION BEFORE CONCLUDING INVESTMENTS IN UKRAINE. POST SUGGESTS CONSULTING THE COUNTRY COMMERCIAL GUIDE AVAILABLE AT: [HTTP://WWW.USATRADE.GOV](http://www.usatrade.gov) AND DISCUSSING THE PROSPECTIVE INVESTMENTS WITH EMBASSY STAFF, THE AMERICAN CHAMBER OF COMMERCE, ACCOUNTING FIRMS, LEGAL COUNSEL AND OTHER SOURCES.

FOR DETAILED INFORMATION, PLEASE CONTACT YOUR NEAREST USDOC EXPORT ASSISTANCE CENTER, WITH A COPY TO: DAVID HUNTER, CS KIEV SENIOR COMMERCIAL OFFICER; AND RUBEN BELIAEV, CS KIEV COMMERCIAL SPECIALIST, E-MAIL: RUBEN BELIAEV@MAIL.DOC.GOV; THE COMMERCIAL SERVICE, U.S. EMBASSY KIEV, 7, KUDRIAVSKY UZVIZ, KIEV 254053, UKRAINE, TEL: (380-44) 417-1413, 417-2669; FAX: (380-44) 417-1419

ANOTHER VALUABLE SOURCE OF INFORMATION ON ALL CIS COUNTRIES, INCLUDING UKRAINE, IS BISNIS, THE OFFICIAL USG CLEARING HOUSE OF TRADE INFORMATION IN NIS. PLEASE CONTACT TREVOR GUNN, DEPUTY DIRECTOR, OR JULIANA KINAL, INTERNATIONAL TRADE SPECIALIST BUSINESS INFORMATION SERVICE FOR THE NEWLY INDEPENDENT STATES (BISNIS), IN WASHINGTON D.C. (202) 482-4655 OR BY WRITING TO BISNIS, U.S. DEPARTMENT OF COMMERCE, ROOM 7413, WASHINGTON, D.C. 20230, OR FAX (202) 482-2293, 1-800/USA-TRADE
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